

# doro CAPITAL MARKETS DAY

November 14, 2017

Robert Puskaric  
CEO

Carl-Johan Zetterberg Boudrie  
CFO



# Agenda



MARKET  
TRENDS



BUSINESS  
UPDATE



FINANCIAL  
REVIEW



STRATEGIC  
DIRECTION

# An introduction to today's presenters



**Robert Puskaric**  
*CEO*

- Mr. Puskaric became the CEO of Doro in 2017
- Holds an Bachelors of Business Administration (Civilekonom) from Lund University, Sweden
- Before joining Doro, Mr. Puskaric was President Ericsson Denmark, President and Head of Business Unit Ericsson Mobile Platforms, President Ericsson Russia and President of Region Northern Europe, Eastern Europe and Central Asia. Board of Lund University



**Carl-Johan Zetterberg Boudrie**  
*CFO*

- Mr. Zetterberg Boudrie became CFO in 2017 and vice president of Doro Care in 2016
- Holds an M.Sc. in Electrical Engineering from Royal Institute of Technology and Master of Science in Business Administration from Stockholm University
- Previous experiences includes CFO on Lekolar, Vice President Business Development at Beijer Electronics, Manager at Capgemini Consulting

# MARKET TRENDS

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ONGOING TRANSFORMATION IN OUR INDUSTRY



# Trends impacting Doro's industry



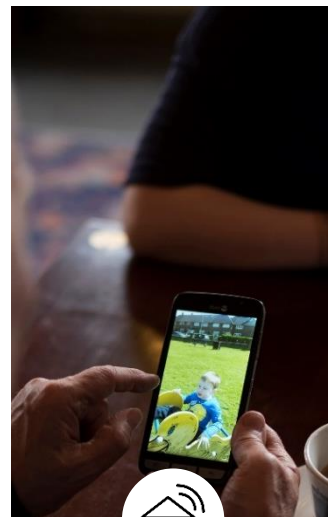
SENIOR  
POPULATION



PUBLIC  
FINANCING



DIGITAL  
TRANSFORMATION



MOBILE HEALTH  
& SMART HOMES



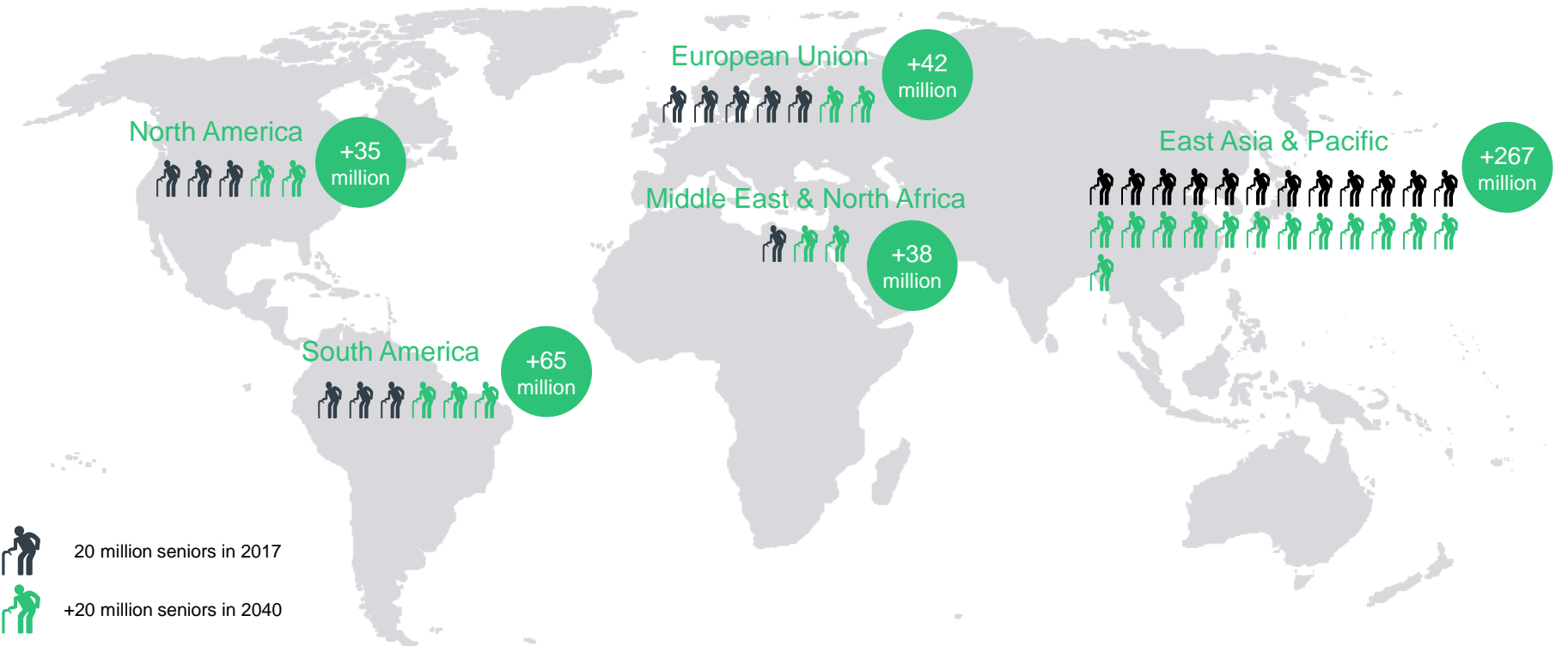
MARKET  
ENVIRONMENT

# SENIOR POPULATION

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AGEING DEMOGRAPHIC IN OUR KEY MARKETS

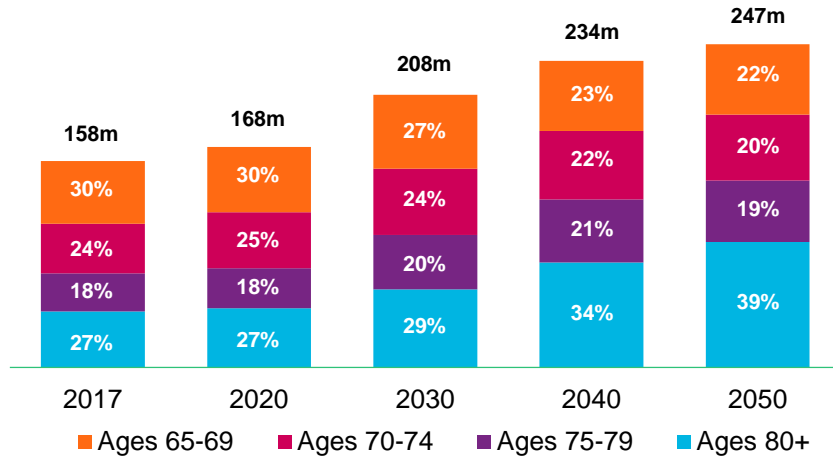
# Senior population is growing globally



Source: UN World Population Prospects

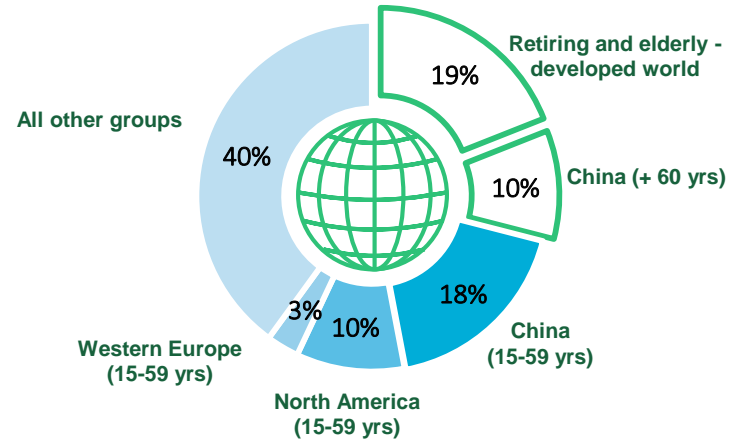
# High valued consumer group that is getting older

Senior population in EU & North America  
(millions)



People over 80 years to account  
for nearly 40% of senior population  
by 2050

Share of global urban consumption growth 2015-2030  
(%)



Retiring and elderly in the developed world are set  
to generate ~30% of global urban consumption  
growth from 2015-2030



# Mobility difficulties or impairments to increase due to ageing



With age new challenges arise and that's why Doro tailors products and services to make everyday life easier for seniors and allow them to stay connected

# PUBLIC FINANCING

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PRESSURE TO REDUCE SOCIAL COSTS

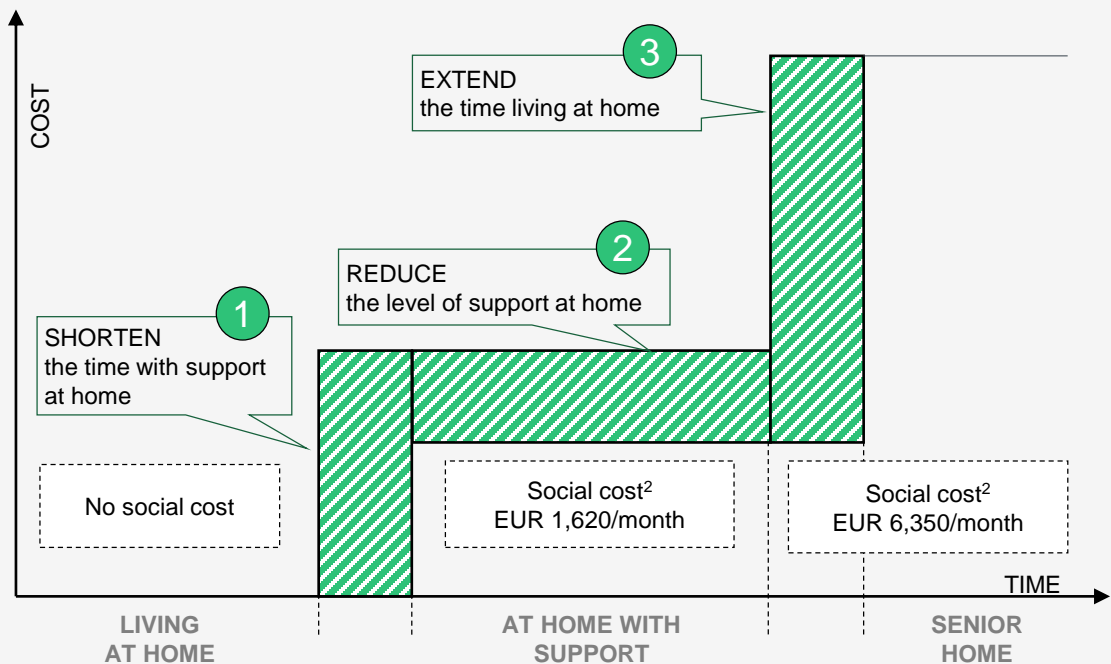
# Declining old-age support ratio worldwide



Working age population decreasing relative to seniors globally  
Demand for innovative solutions to handle shift in demographics

# Public pressure to reduce social costs

Social care costs increase in stages when seniors age



Municipalities face increased numbers of elderly together with dwindling resources

By offering systems and devices that make seniors feel safe and that enable relatives and friends to fulfil needs, Doro aims to

1

Extend time living at home without home care support

2

Reduce the level of home care support needed at home, decreasing social costs

3

Prolong living at home with home care support, lessening the need for moving into a senior home

Vital for all societies that we live at home longer

# Need for cost effective healthcare and care increasing

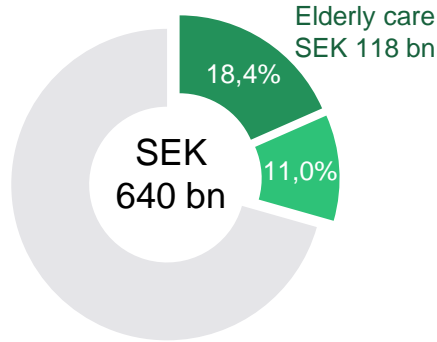
UK healthcare funding gap  
2020-2021



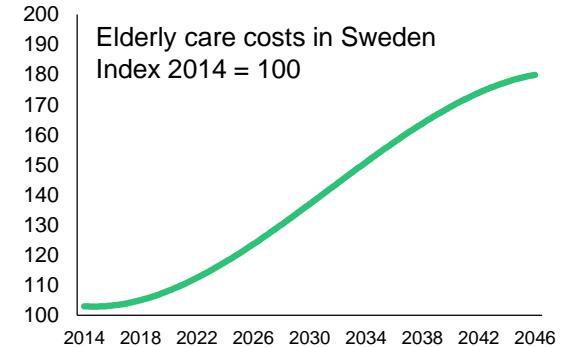
Rise in chronic conditions to  
increase costs by



Elderly care costs amount to 1/5 of  
Swedish municipality costs today...



...and are expected to increase by 80%  
in 30 years despite shifting focus  
to home care



How will we pay for  
the increasing costs of care and healthcare?

# DIGITAL TRANSFORMATION

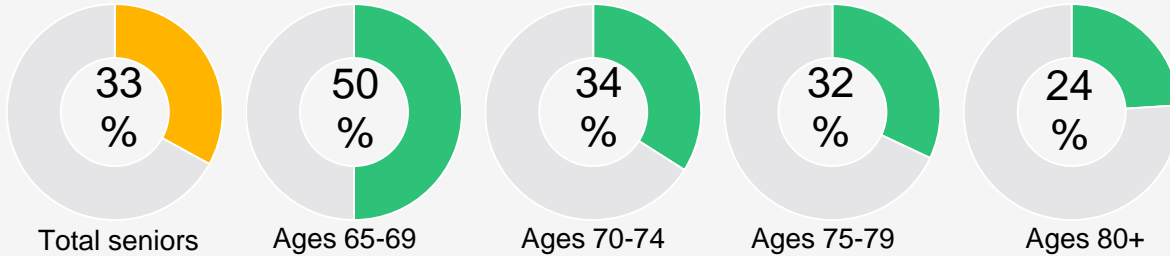
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SENIORS INCREASINGLY INTERESTED IN TECHNOLOGY



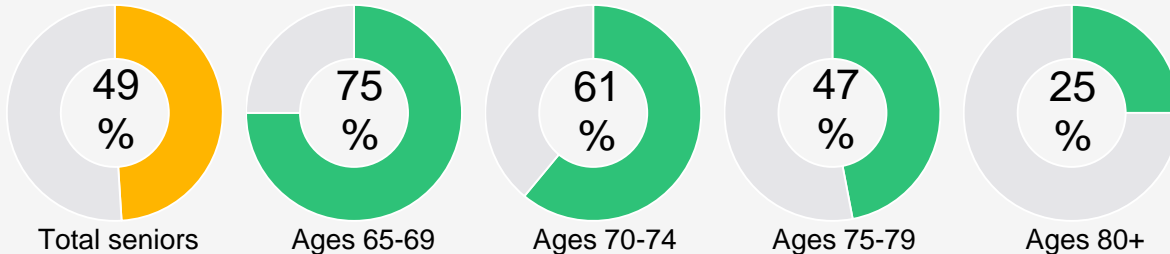
# Seniors: biggest growth segment for smartphone ownership

Smartphone ownership in 2014



Seniors are continuously migrating towards smartphones

Smartphone ownership in 2017



Among younger generations smartphone penetration has reached peak levels

Seniors daily smartphone usage growing fast, up from 36 to 54 minutes since 2016

# Attitudes towards technology shifting among seniors

29%

New technology scares them

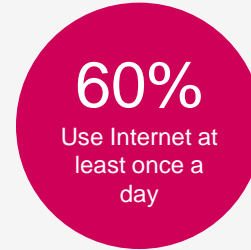
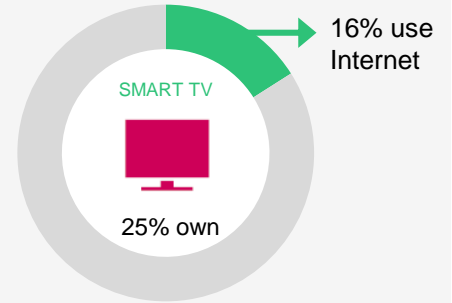
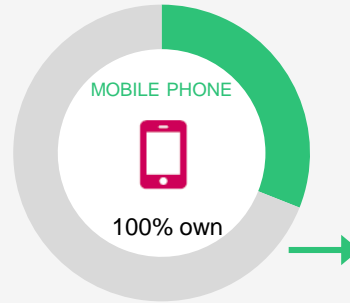
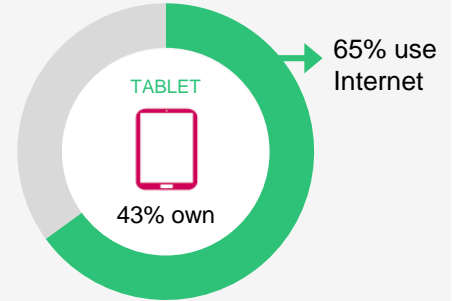
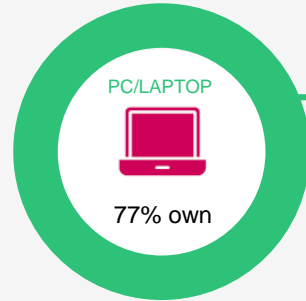
45%

Are prepared to use technology that enhances their lives

32%

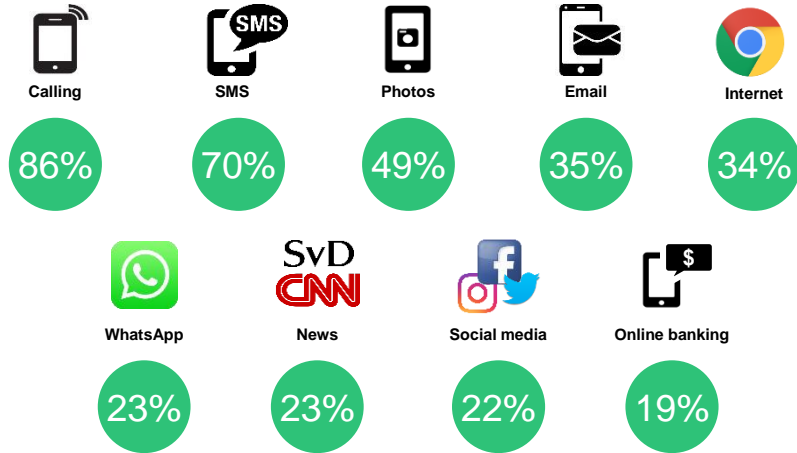
Think that technology is fantastic and try to use it as much as they can

## Devices owned and used for accessing Internet

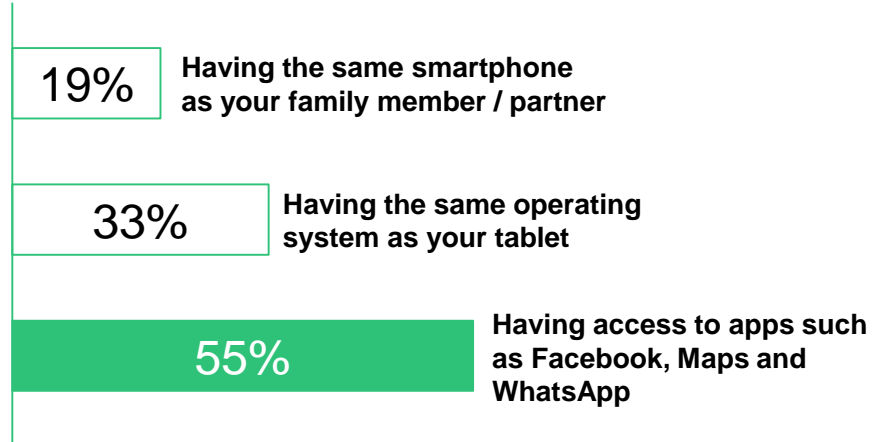


# Mobile behaviour supporting technology shift

Mobile phone activities among seniors  
(% of users)



Importance of factors in deciding to buy a new phone  
(% that think it's important)



Seniors are increasingly interested in having access to social media and e.g. online banking – demand for smartphones and advanced feature phones increasing

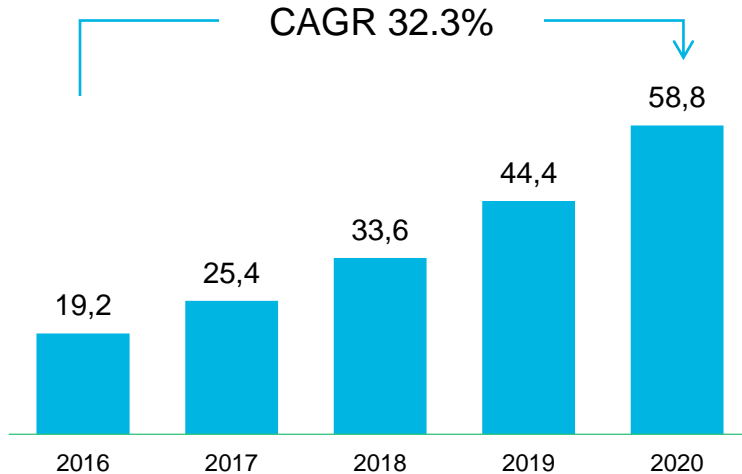
# MOBILE HEALTH & SMART HOMES

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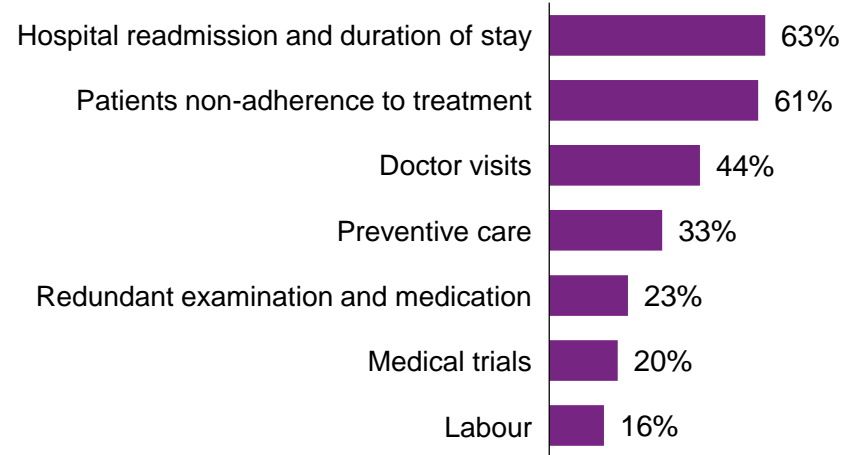
TECHNOLOGY IS GOING MAINSTREAM

# Mobile health disruption expected in near future

Global mHealth market expected to grow rapidly



Expected impact of mobile health solutions



Mobile health market is estimated to expand rapidly with mHealth already showing evidence of technological benefits both for providers and patients

# Future smart homes are optimised for health monitoring

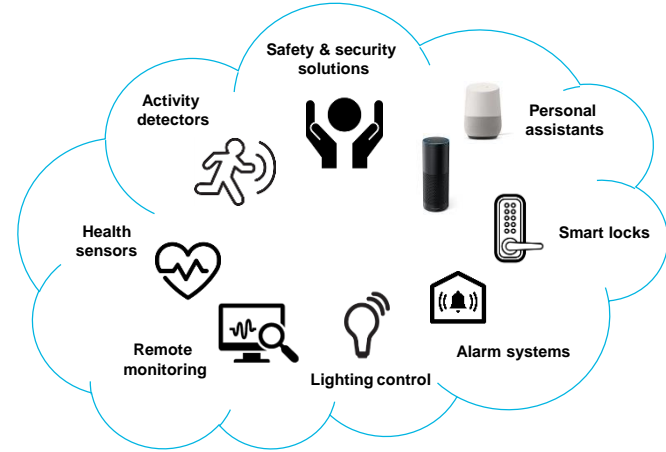
Homes are getting smarter while the world's largest companies entering the sector

**\$96bn**  
Smart home  
market in 2021

**30%**  
CAGR  
2017-2021

By 2021, the smart home market is expecting to near \$100 billion

Smart home solutions are making homes more intelligent...

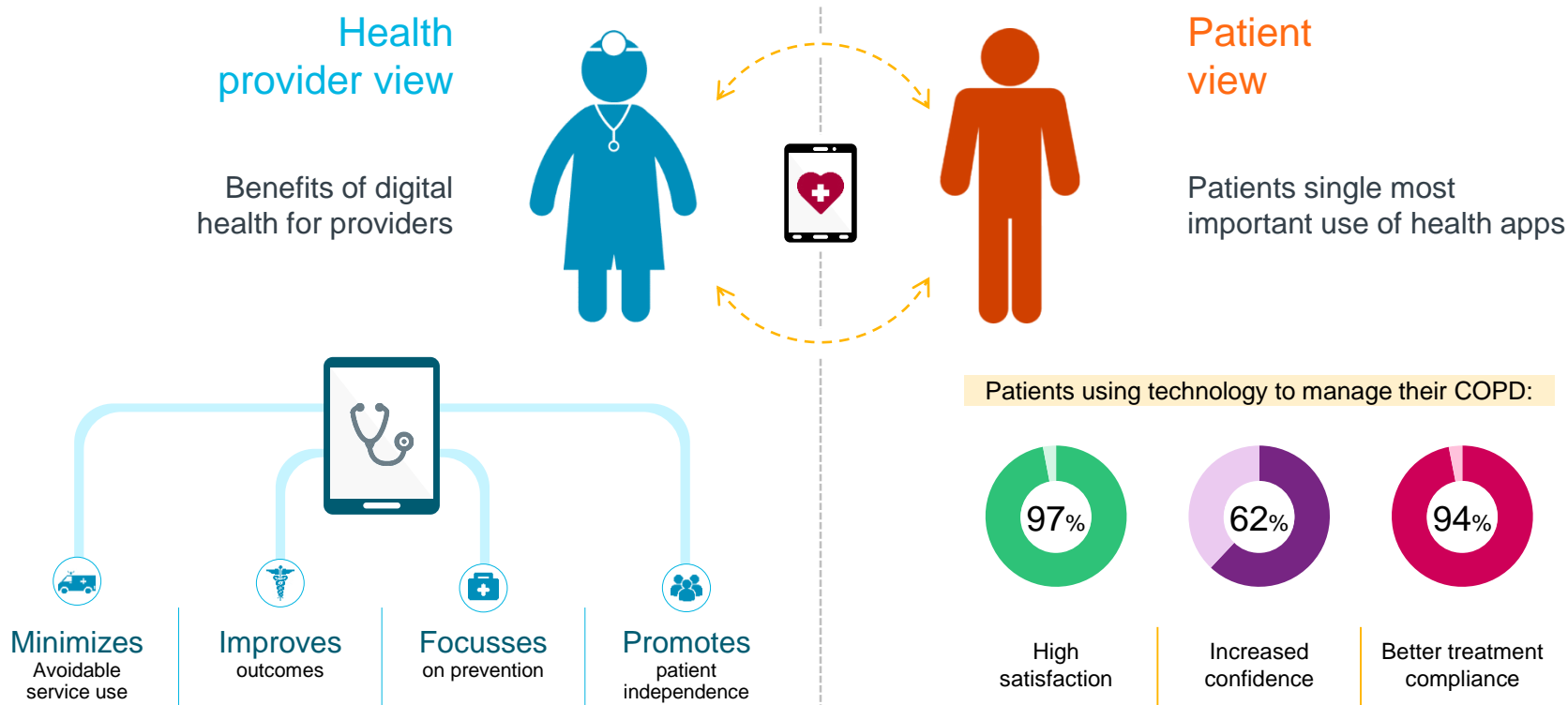


...and a safer place for the elderly

Relatives to remotely monitoring their aging parents, will be a \$50 billion market in North America



# Evidence of significant benefits for providers and patients



# MARKET ENVIRONMENT

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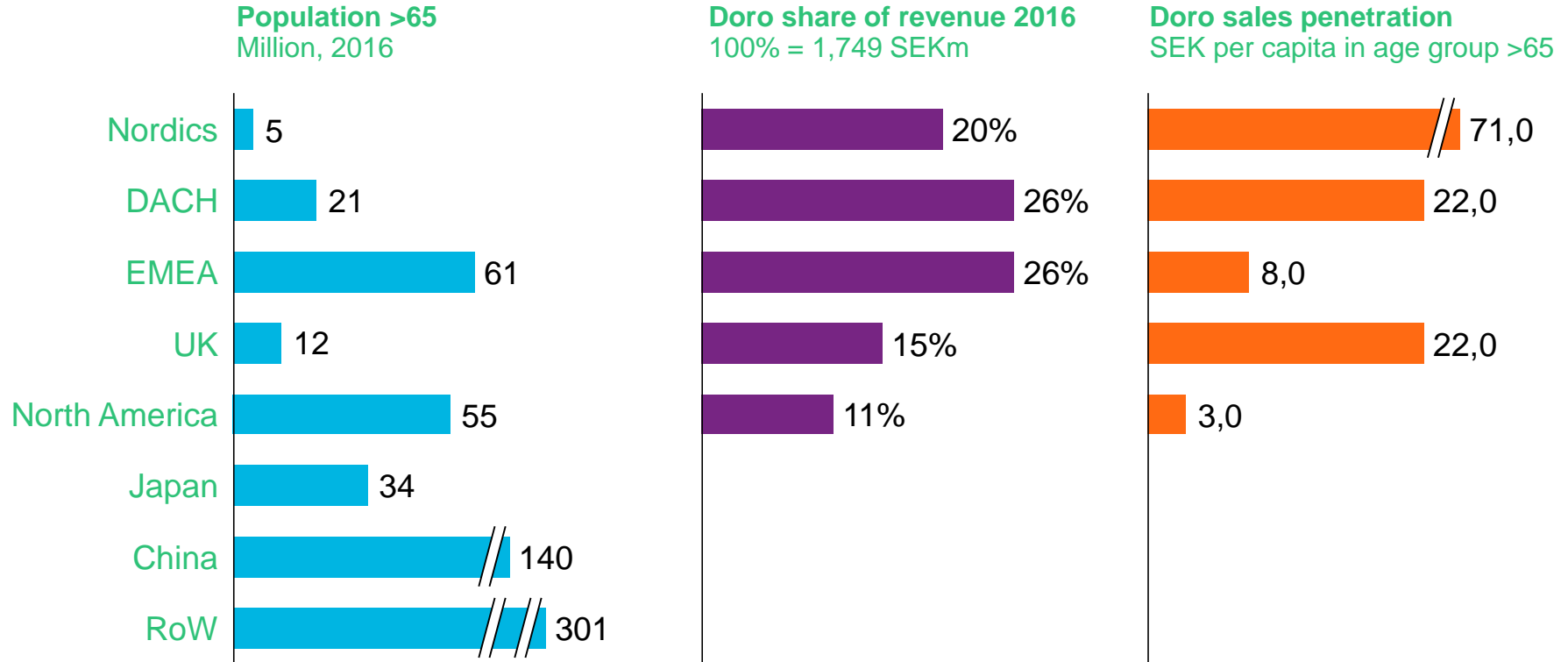
MOBILE PHONE AND TELECARE MARKET

# Senior mobile phone segment in Europe



Note: \*Growth estimated to be achieved by 2030 in EU and North America

# Opportunity to increase penetration in developed markets



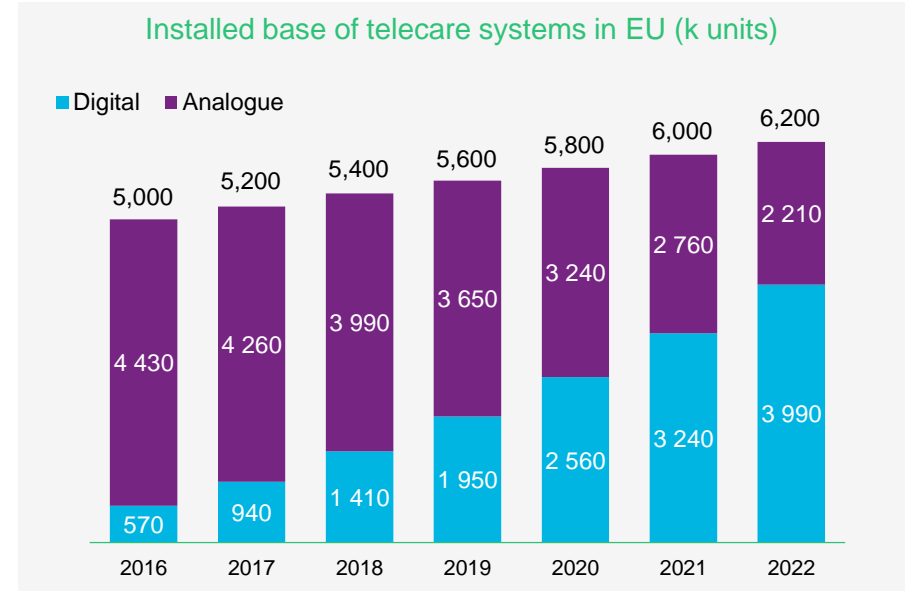
# TeleCare base expected to turn digital

European telcos expected to close down analogue networks by 2025

Digital alarm chain offers 10-15% improved total cost of ownership

Increased security due to visible alarm units and faster call setup

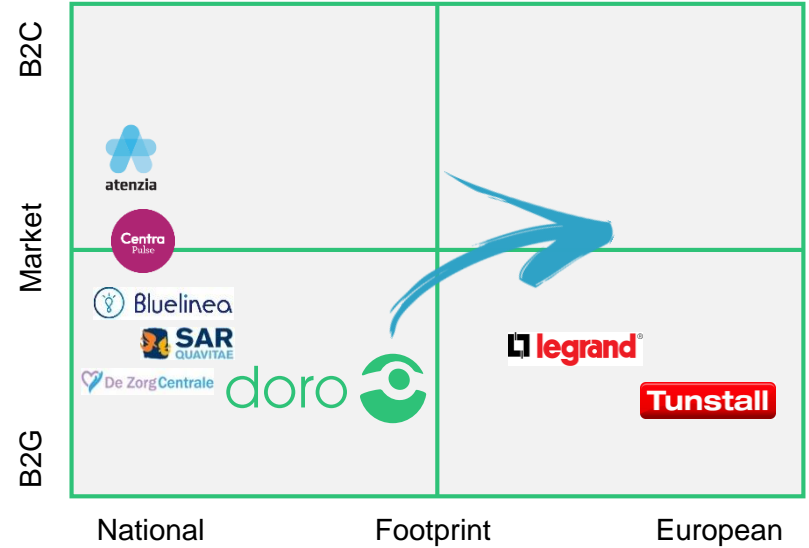
Ability to launch additional services on a digital alarm chain



Strong potential for Doro's digital telecare service chain

# Fragmented European TeleCare market

B2C price examples	Spain	France	United Kingdom	Holland
Upfront fee (€)	50 - 100	50 - 100	100 - 300	100
Monthly fee (€)	40 - 50	25 - 50	15 - 35	15 - 35



Majority of players focused on B2G market with limited geographical coverage

Business to consumer still immature but expected to grow



# Conclusions on market trends

- Seniors want to be included in today's digital living giving a growing need for simplified technology
- Senior mobile phone purchase and usage represents the fastest growing segment the next 5 years
- Current Telecare solutions can be made more efficient and intelligent through technology advancements
- Public financed elderly Care needs to be optimized given growing need and as well as demographic changes
- A growing need for privately financed health and social care solutions



SENIOR  
POPULATION



PUBLIC  
FINANCING



DIGITAL  
TRANSFORMATION



MOBILE HEALTH  
& SMART HOMES



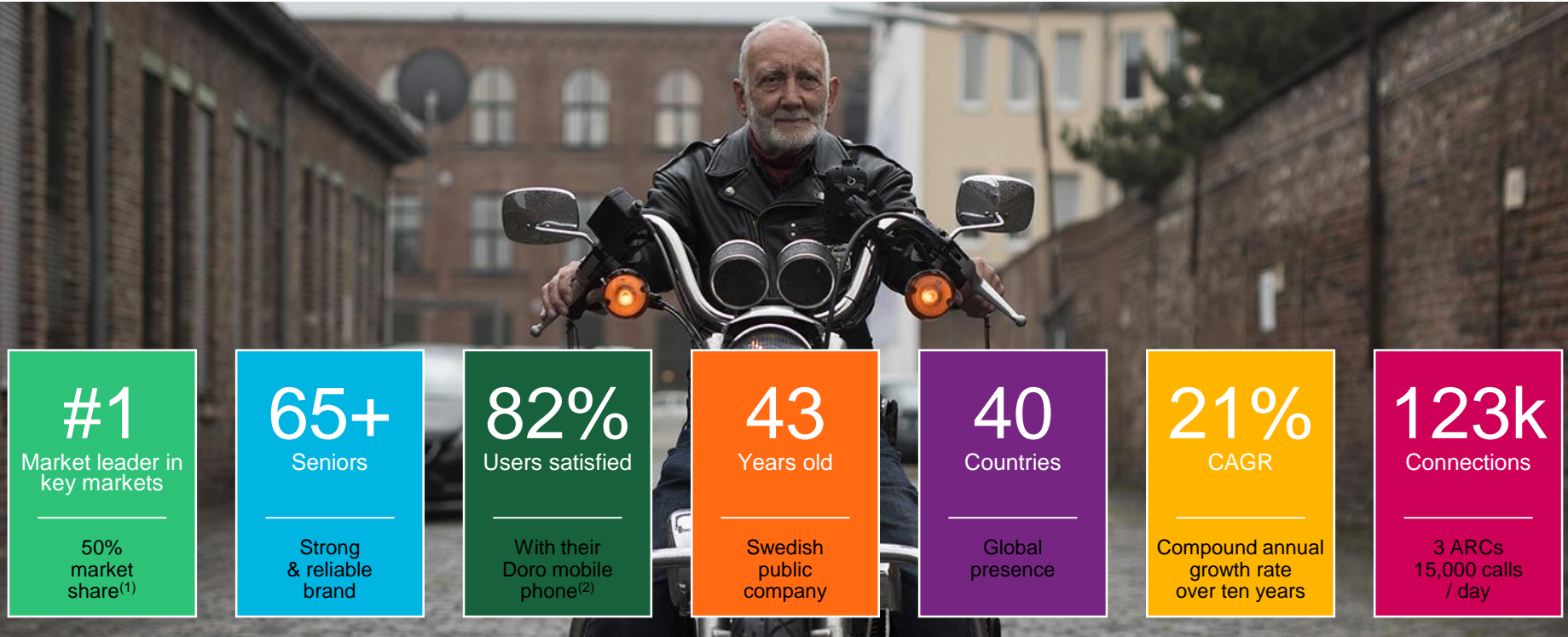
MARKET  
ENVIRONMENT

# BUSINESS UPDATE

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PLATFORM FOR COMPANY TRANSFORMATION

# Doro today



# Complete offering provided to seniors with various needs

58%



## Active seniors

Seniors who are active but need some guidance in the use of mobile technology and devices



Easy-to-use smartphones and feature phones

32%



## Fragile seniors

Seniors who are fragile with regards to certain capabilities, such as eyesight, hearing, or mobility, and hence struggle using mainstream technology



Safety applications



Easy-to-use smartphones and feature phones

10%



## Dependent seniors

Suffer from long term conditions, loneliness or loss of autonomy and need support to live in their own home through dedicated devices



Feature phones

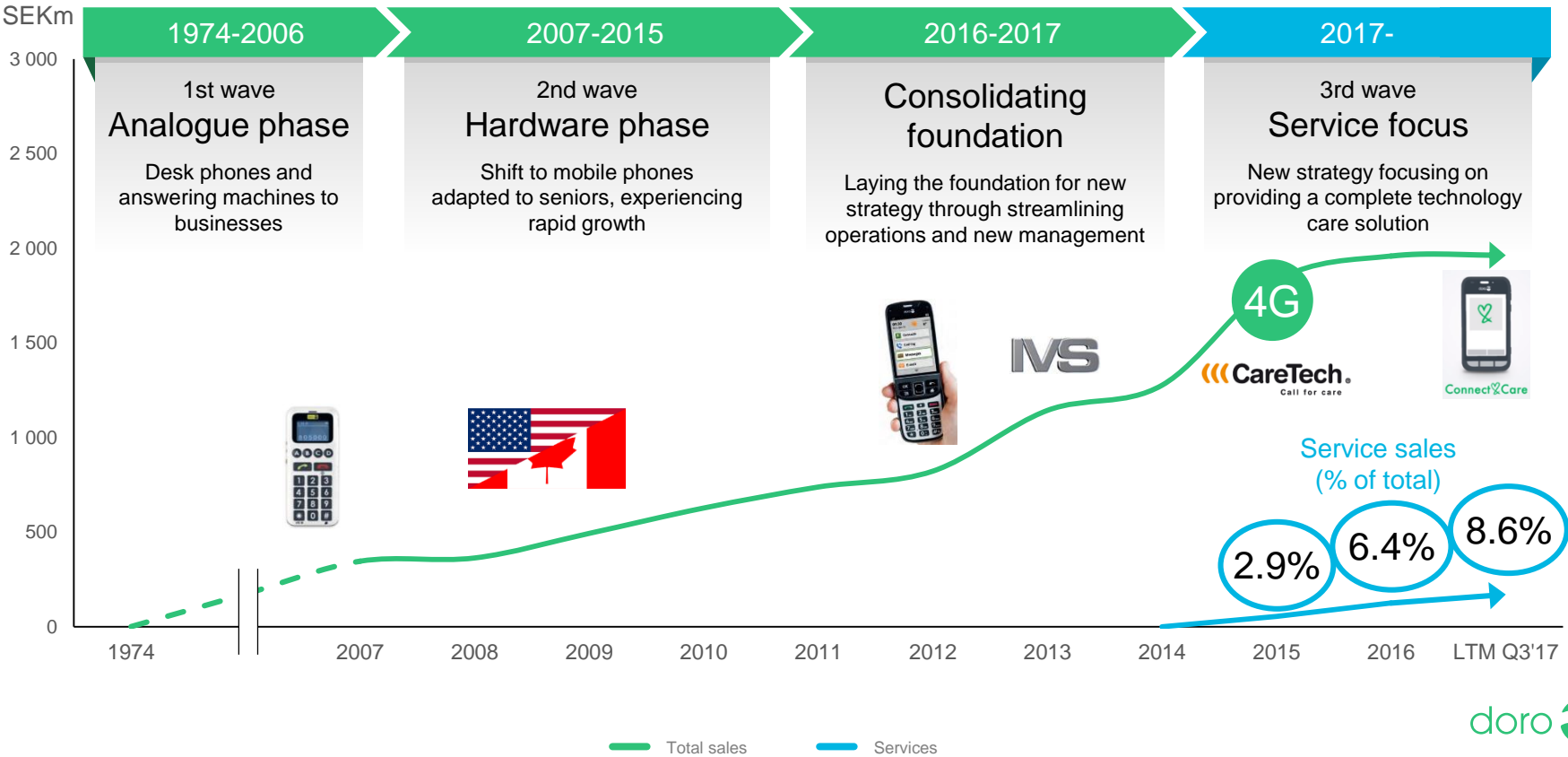


Care devices



Alarm services

# Decade of strong sales growth...



# ...with strong foundation in product and service offering

## PHONES

### Feature Phones

70%  
of sales



- Simple and easy-to-use
- Straight-forward menu systems and clear shortcut buttons

### Smartphones

16%  
of sales



- Touchscreens and advanced features
- Unique Doro DNA: logical UI, physical buttons, clear sound, and applications tailored for seniors

## CARE

### Care devices

5%  
of sales



- Digital Care devices create a secure and safe home life for seniors
- Portable or permanent alarm devices, IR and smoke detectors, door alarms and bed alarms

### Care services

9%  
of sales

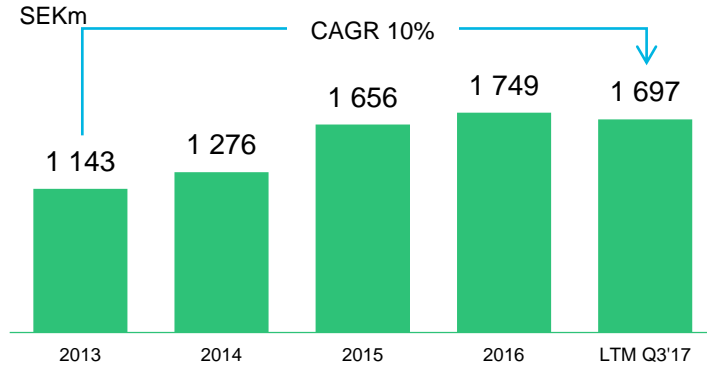


- Alarm receiving services for municipalities and other care providers
- Two call centers are operated in Sweden and one in Norway receiving 7 million calls a year



# Innovative senior focus driving mobile phone sales

Strong growth in mobile sales...



...driven by new smartphones models



Award winning phones come with unique Doro DNA...

## Unique easy-to-use interface

Intuitive navigation encouraging discovery

## Doro keyboard

Large keys, vocal commands, predictions

## Guided usage

Built-in questionnaires and remote help



**Doro Connect & Care®**  
Helps family and friends take care of the senior



**My Doro Manager**  
Tool for remote support by family and friends



**Loud and clear sound**  
Hear everything that is said



**Assistance button**  
Help is one press away



**Easy to hold**  
Comfortable grip and hold



**Physical buttons**  
Easy to navigate



red dot award 2017  
winner



Gizlogic Gold  
Award 2017

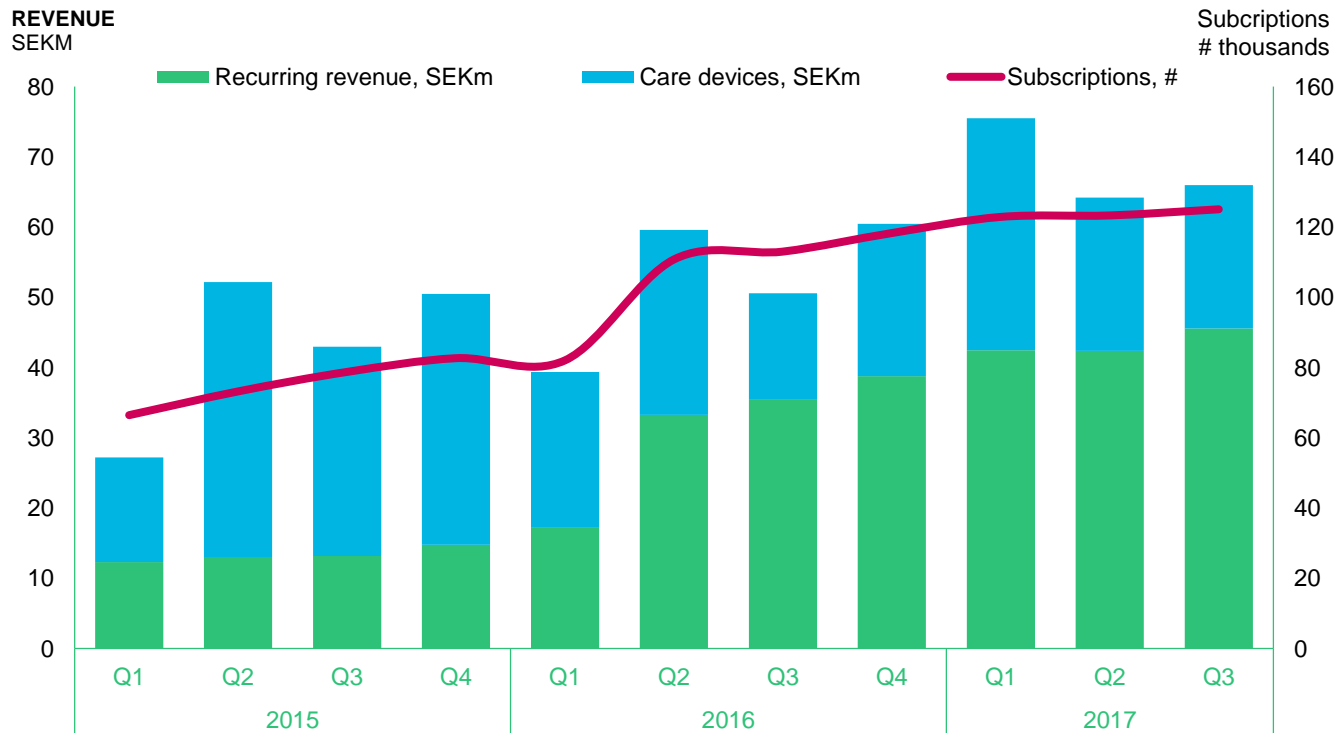


...specially adapted to the senior population

# Telecare generates improving recurring revenues

Doro's care segment  
has seen rapid revenue  
growth with subscriptions  
increasing consistently

Care services  
generate a recurring  
revenue stream  
to Doro's business



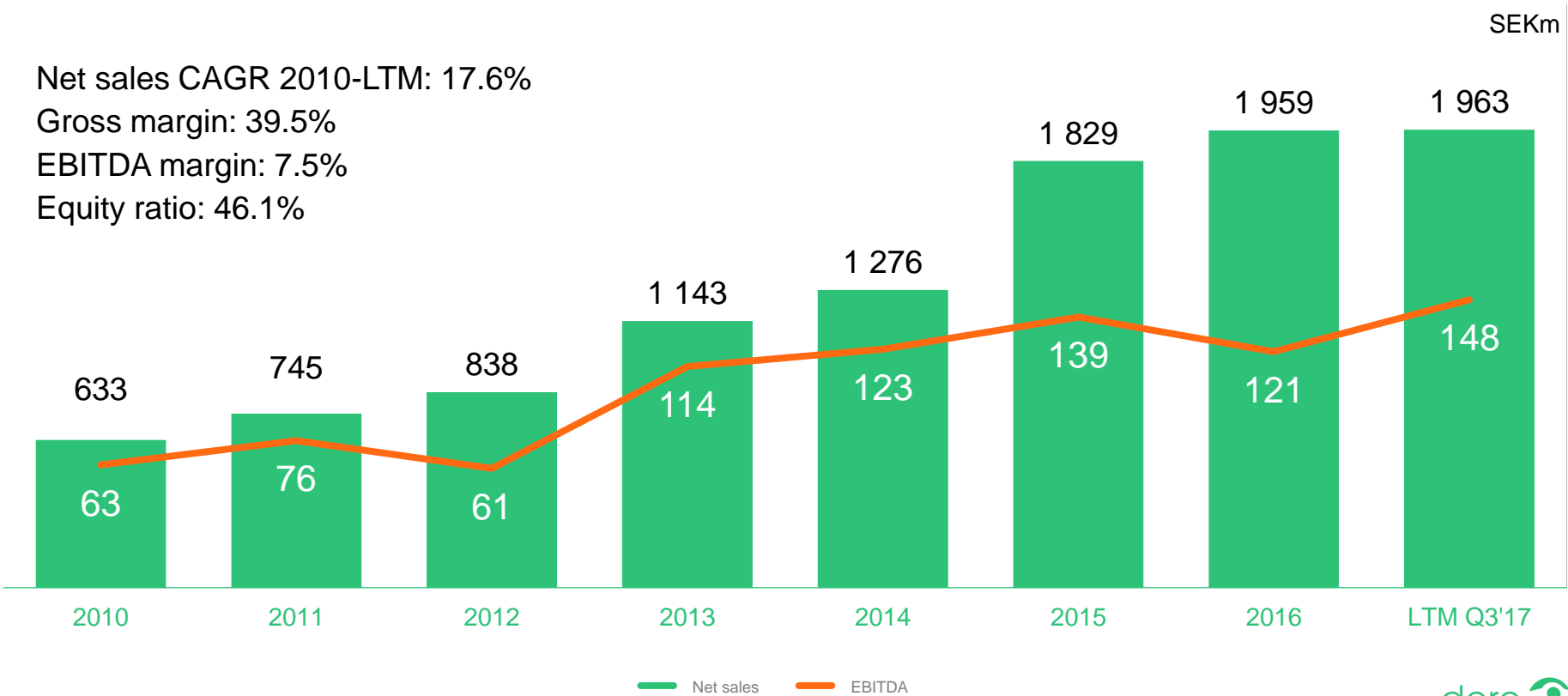


# FINANCIAL REVIEW

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HIGH GROWTH COUPLED WITH STRONG RESULTS

# Strong growth with improving profitability following operational streamlining



# Targeting operational excellence to create solid foundation for 3rd wave transformation



# Financial update on interim Q3 2017

## Net sales Q3 2017



### Smartphone sales

- Sales growing according to plan. Share of total phone sales stable at around 19%
- New smartphone Doro 8040 launched, still healthy sales of predecessor 8030



### Feature phone sales

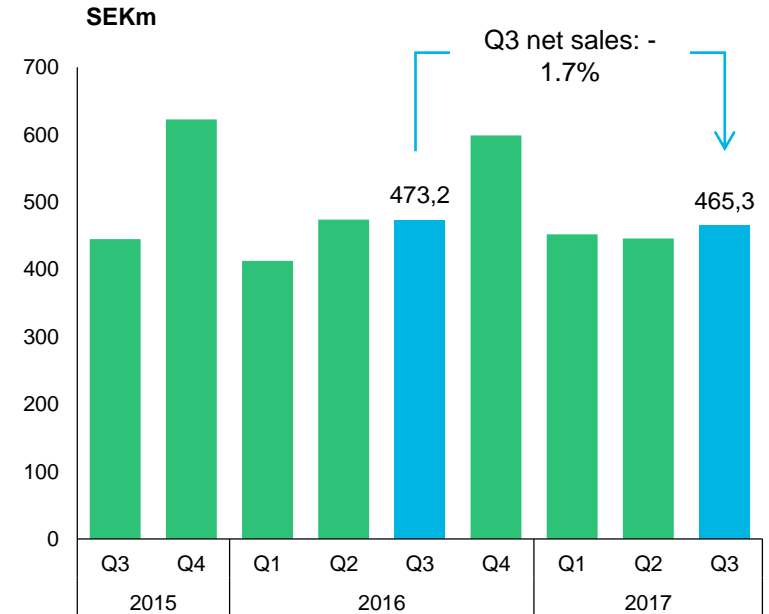
- Strong sales growth for advanced models
- Stable or increased market shares despite slow general mobile phone markets, thanks to senior segment orientation
- New models 1360 and 2404 successfully launched



### Doro Care

- Strong sales growth of 30%
- Stable growth of recurring revenue q/q and increase y/y, continued healthy sales in Germany
- Subscription increase of 11% y/y to 125k at end of Q3

## Quarterly net sales development



# Financial update on interim Q3 2017

## Profitability Q3 2017

### Margin

- Gross margin decreased by 1.8 p.p. to 37.5%, mainly due to revaluation of FX contracts
- Operating margin 4.6% (2.9)

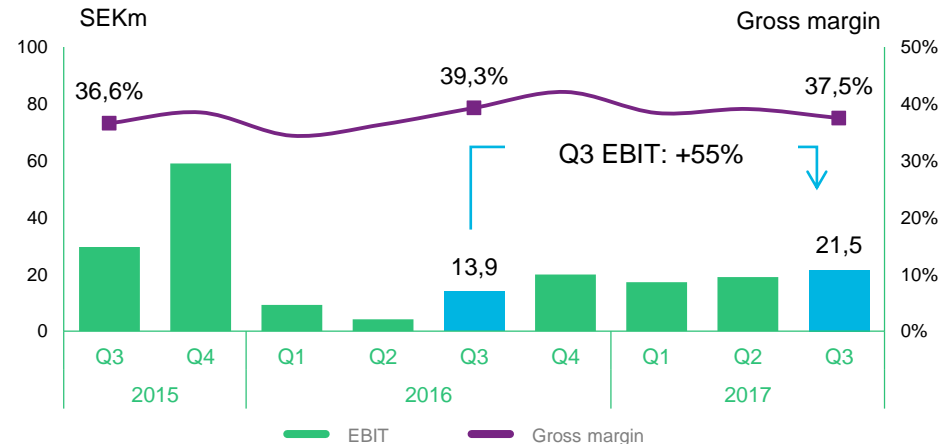
### Profit

- EBITA SEK 22.6m (15.9)
- EBIT SEK 21.5m (13.9)
- Profit after tax SEK 15.7m (12.6)

### Comments

- Positive sales mix supportive
- Lower cost base y/y, efforts to increase productivity continue
- Unchanged outlook 2017: sales and EBIT expected to increase compared to 2016

## Quarterly gross margin and EBIT development



## Financial position

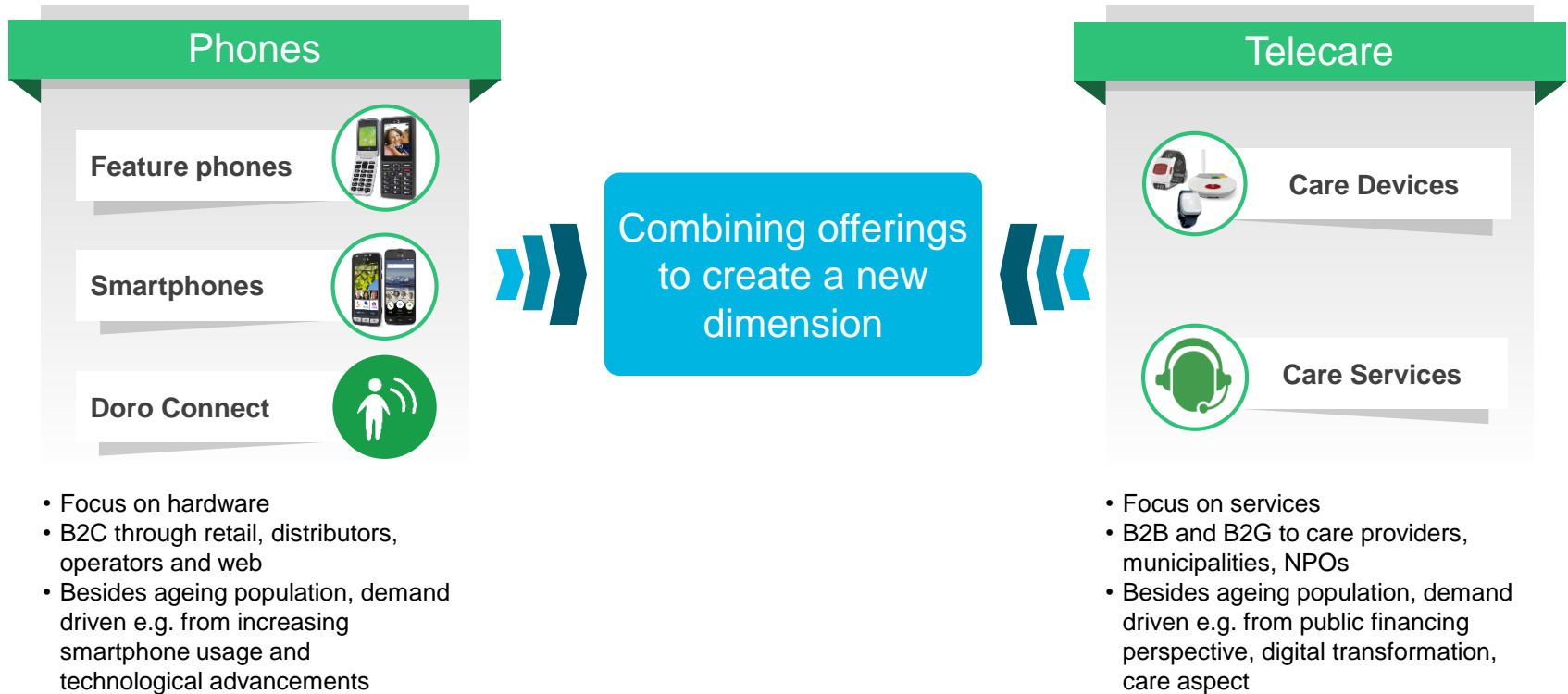
- Net debt: 120.6m
- Net debt / EBITDA LTMQ3'17: 0.8x
- Equity/assets ratio: 46.1%

# 3<sup>RD</sup> WAVE COMPANY TRANSFORMATION

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JOURNEY TO A COMPLETE SOLUTION PROVIDER

# Segments are currently addressed separately but...



# ...Doro is transforming to a complete solution provider...

1974-2006

1st wave

## Analogue phase

Desk phones and answering machines  
to businesses



2007-2016

2nd wave

## Mobile phone phase

Shift to mobile phones adapted to seniors,  
experiencing rapid growth



2017-

3rd wave

## Service focus

New strategy focusing on providing a  
complete technology care solution



By creating a cloud based service offering Doro is evolving to  
a service centric complete solution provider



# Taking Doro to a leading technology care player

## Capitalise on current assets

- Strong brand well recognized among Seniors
- Established sales channels in +40 countries
- Logistics capacity to handle +3 million units a year
- Excellent understanding of Senior needs
- Extensive knowledge of digital TeleCare

## Deliver on changes in society

- Well positioned to tackle demographic challenges and reduced budgets in public welfare
- Offering affordable solutions for in-home care in B2G, B2B and B2C
- Primary focus to make seniors and their relatives feel safe

## Evolve with new technology trends

- Evolve along with technology trends by focusing on software & services
- We will provide high value care services, phones, sensors and other hardware components
- Leverage mobile and fixed network changes

## STRATEGIC EXECUTION

**EXTENDING**  
Mobile leadership

**EXPANDING**  
TeleCare

**EXECUTING**  
SmartCare

# EXTENDING MOBILE LEADERSHIP

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BUILDING ON EXISTING MOBILE ASSETS

# Leverage existing mobile phone portfolio further

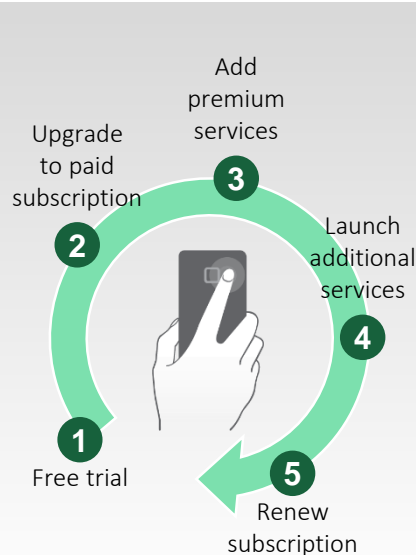


# Create stickiness and differentiation with services

## Doro Connect

- 24/7 alarm receiving centre
- Designed to help relatives create extra comfort and security for older relatives
- Encourages seniors to more social and active life
- Available in selected countries in 2018

## Revenue model



## Service levels

### Doro Connect Bas

Monthly payment + hardware cost

- + Alarm to family and friends
- + Alarm to Doro's ARC
- + Dispatch of care provider



### Doro Connect

Monthly payment + hardware cost

- + Alarm to family and friends
- + Alarm to Doro's ARC
- + Dispatch of care provider



### Doro Connect premium

Monthly payment + hardware cost

- + Alarm to family and friends
- + Alarm to Doro's ARC
- + Dispatch of care provider

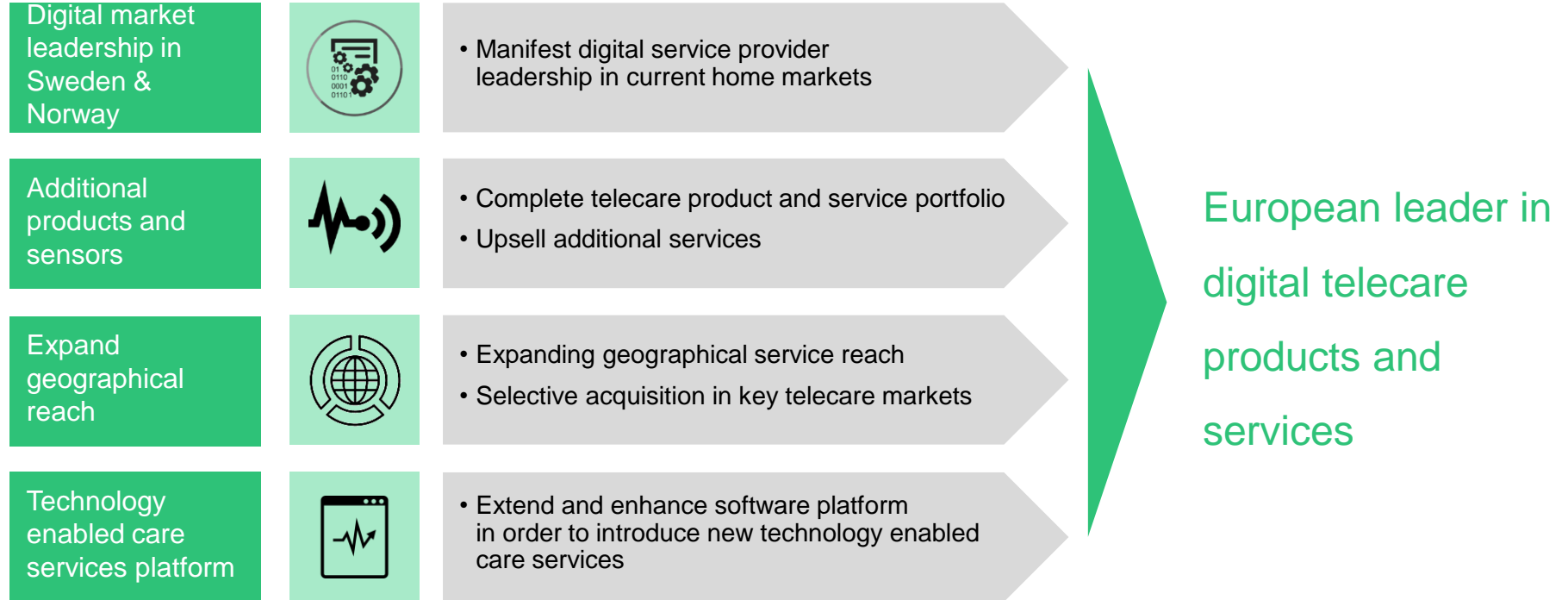


# EXPANDING TELECARE

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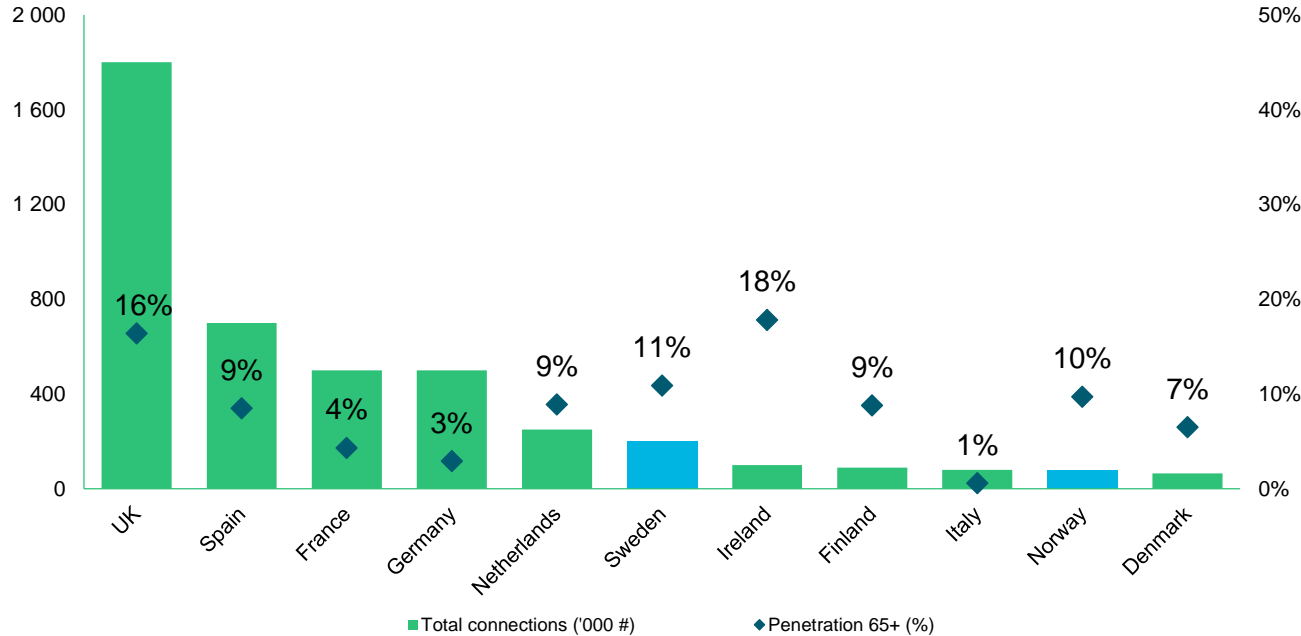
TAKING CARE SERVICES GLOBAL

# Leverage existing mobile phone portfolio further



# Potential to increase telecare penetration in Europe

Telecare connections and senior penetration rate in Europe



Telecare market  
still untapped in  
many markets with  
huge potential to  
take current  
analogue  
connections digital

INTRODUCING  
**SMARTCARE**  
BY DORO



INTEGRATED SMART SOLUTIONS FOR SENIORS



# INTRODUCTION

## TO SMARTCARE BY DORO



### GEAR BOX

Connecting seniors, relatives, care givers and other service providers



### SMART

Self-calibrating to individual behaviour

Real-time detection and auto alarm generating



### SERVICE CENTERED

Notifications/ Alarm handling/ Care giving

Sold as monthly subscription - upfront start fee



### ECOSYSTEM

Doro Connect/ Doro Smartphone/ Doro SmartCare

Open to 3rd party products and services



### B2C/B/G

For the private market because we care

For evolved public financed elderly care

# SMARTCARE

SOLVES CHALLENGES FOR ALL



## SENIORS

Staying in own home  
close to friends and family

Remaining free  
and independent



## RELATIVES

Know that loved one is  
safe and secure

Someone is always close  
for a helping hand



## CARE PROVIDERS

Enables delivery of more  
and better care for less

Created efficiencies and  
improved safeguarding  
at the same time



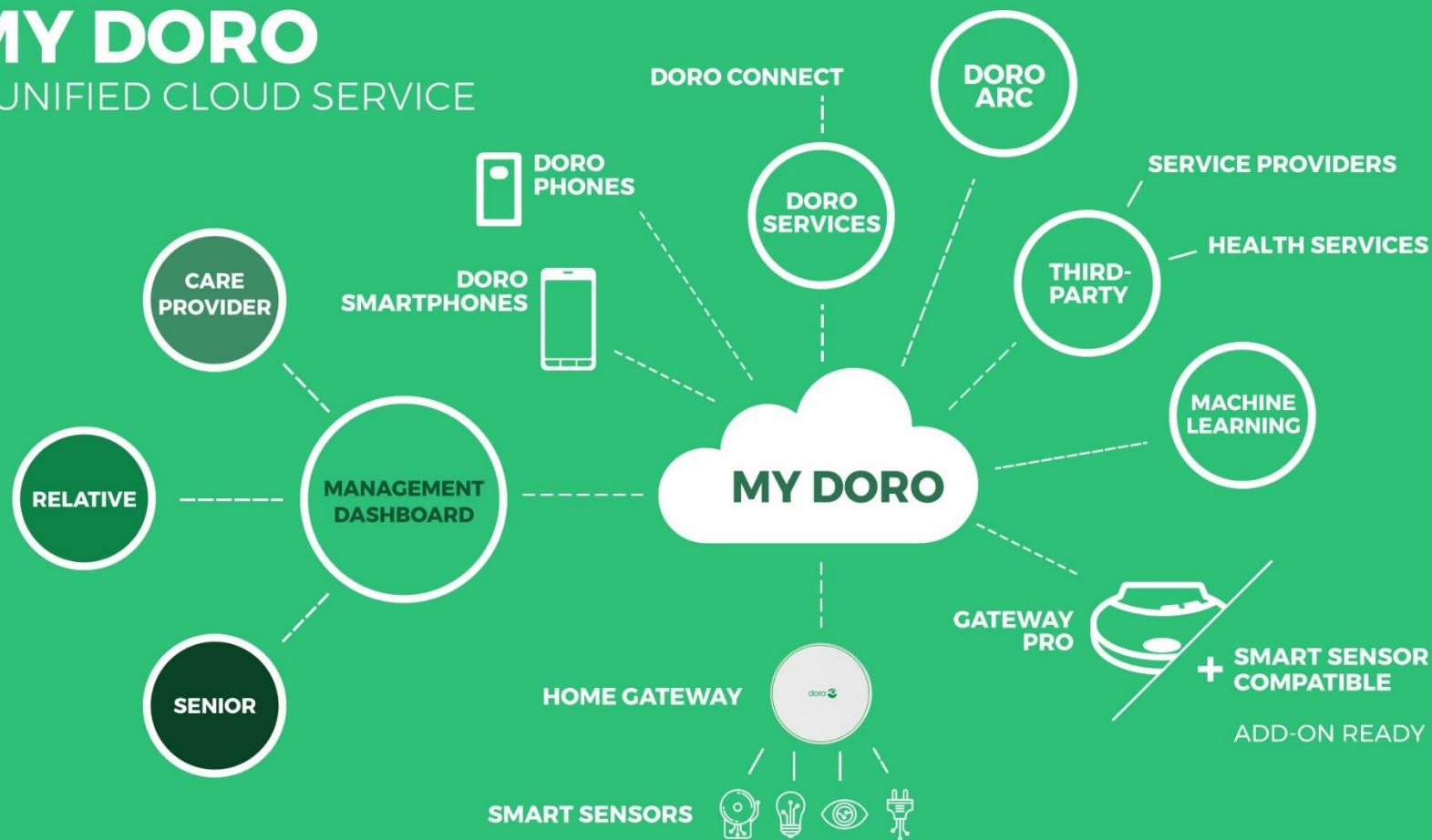
## SERVICE PROVIDERS

Tailor-made delivery of  
certified services

Well known client segment

# MY DORO

A UNIFIED CLOUD SERVICE



# MY DORO

FOR SENIORS AND RELATIVES

# MY DORO PRO

FOR CARE PROVIDERS AND ALARM CENTERS

# FROM ALARM TO ACTION

FOR WHEN IT MATTERS THE MOST



CAUSE



AUTOMATED  
DETECTION



ASSISTANCE  
KEY PRESSED

TRIGGER



RELATIVE



ARC

RESPONSE



RELATIVE



CARE  
PROVIDER

SOS

EMERGENCY  
SERVICES

ACTION

# MACHINE LEARNING

LEARNS TO KNOW YOU



**ROUTINES  
BEHAVIOR  
PATTERNS**



# ARTIFICIAL INTELLIGENCE

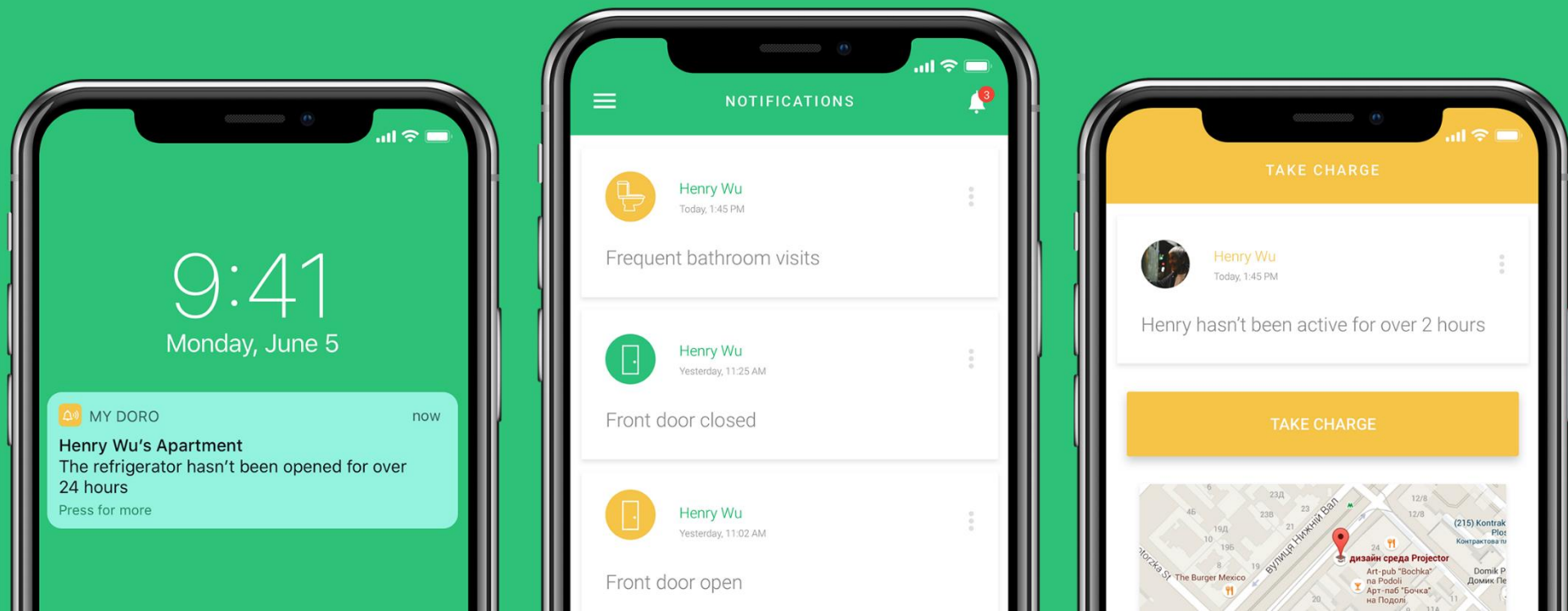
KNOWS WHAT TO DO



**ANALYZING  
PREVENTING  
ACTING**

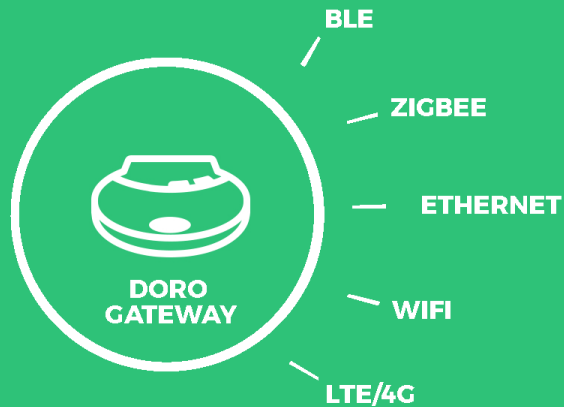
# RICH NOTIFICATIONS

FOR ALARMS, WARNINGS AND EVERYTHING IN BETWEEN



# THE CARE IP GATEWAY

AVAILABLE FOR +120K INSTALLATIONS IN SWEDEN AND NORWAY



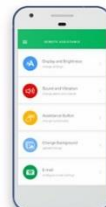
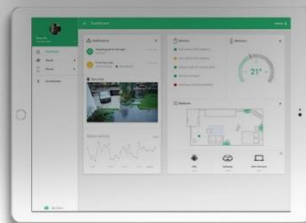


# STARTER KIT

EASY AS 1-2-3



# ON ANY DEVICE



# STRATEGIC IMPLEMENTATION

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IDEALLY POSITIONED TO TACKLE FUTURE PLANS

# Doro is ideally positioned to take advantage of new market openings

## Our elements for success...

### Market access

- Existing market channels in +40 countries
- Operators, retailers, municipalities & web
- Extensive supply chain network
- Leverage partner network; revenue sharing for services

### Offering and technology

- Strong brand recognized in senior segment
- Award winning mobile phone portfolio for seniors
- Complete digital care service chain

### Consumer understanding

- Long experience from working with senior segment
- Deep understanding of needs and challenges of senior consumers
- Strong knowledge in adapting technology for seniors

...set us apart from our competitors

# VALUE CREATION

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NEW FINANCIAL TARGETS ESTABLISHED

# New financial targets

## GROWTH



Target:  
Average annual net  
sales growth of  
at least 10%  
(incl. potential M&As)

## PROFITABILITY



Target:  
Long term  
operating profit  
(EBIT)  
of at least 8%

## SHARE OF SERVICES



Target:  
Long term share of  
total revenues coming  
from services of at  
least 30%

## CAPITAL STRUCTURE



Target:  
Net debt in  
relation to  
EBITDA no greater  
than 2.5x

## DIVIDEND



Target:  
33% of net profit  
(with consideration of  
capital structure and  
share buybacks)

“WE CREATE SAFETY AND SECURITY  
FOR ALL STAGES OF A SENIORS LIFE  
WITH COMPLETE TECHNOLOGY CARE  
SOLUTIONS THAT ENABLES THEM  
TO LIVE LIFE AT ITS FULL”

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OUR WINNING VALUE PROPOSITION

# Q&A

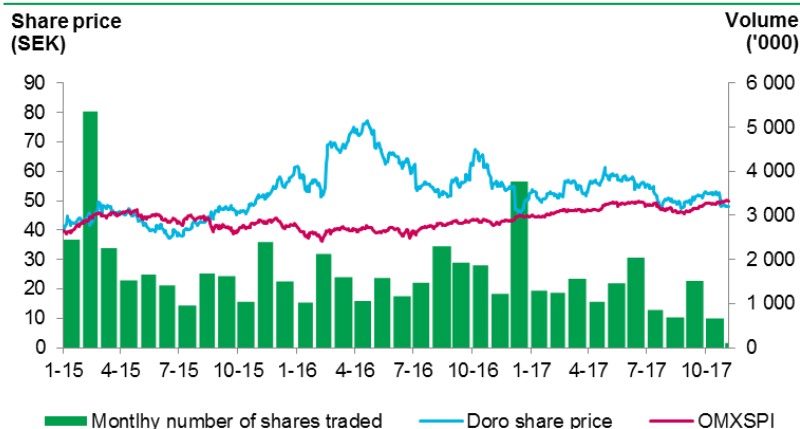
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CAPITAL MARKETS DAY



# The Doro share

## Share price development



## Share capital history

Year	Transaction	Change in number of shares	Issue price, SEK	Amount, SEKm
2001	Directed issue	11,764,705	8.50	100.0
2005	New share issue	7,141	1.00	0.0
2005	Reverse split, 5:1	-17,180,000	0.00	0.0
2006	New share issue, 3:1	12,885,000	6.00	71.2
2006	Offset issue	227,631	7.66	1.5
2009	Directed issue	1,700,000	9.50	16.2
2011	Directed issue	241,543	25.56	6.3
2013	Directed issue	1,457,000	27.89	40.6
2014	Warrant program	398,209	35.30	14.1
2015	Directed issue	2,033,772	41.50	84.4
2017	Warrant program	517,000	42.00	21.7

## Major shareholders as of 31 October 2017

Shareholders	Shares	%
Luxemburg AIF Clients Account	3,389,806	14.3%
Rite Venture Förvaltning	1,916,199	8.1%
FCP Objectif Investissement, Microcaps	982,000	4.1%
Humble kapitalförvaltning	887,377	3.7%
Origa Quest 1	838,201	3.5%
Avanza Pension	801,017	3.4%
Clearstream Banking s.a w8IMY	740,436	3.1%
Nordea Investment Funds	736,209	3.1%
Linc AB	600,000	2.5%
Origan AB	540,000	2.3%
<b>Top 10</b>	<b>11,431,245</b>	<b>48.1%</b>
Other shareholders	12,324,010	51.9%
<b>Total</b>	<b>23,755,255</b>	<b>100.0%</b>

- Doro is listed on Nasdaq Stockholm since 1993
- As per 6 November 2017, the share price was SEK 48 resulting in a market cap of SEK 1,140 million
- In June, staff exercised warrants within the incentive program created in August 2014 to subscribe for 517,000 new shares, raising approximately SEK 21.7 million
- In 2016, dividend amounted to SEK 23.2 million equal to SEK 1.00 per share

# Disclaimer

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- The information provided is for informational purposes only. It should not be considered as financial advice. DORO does not make any guarantee or other promise as to any results that may be obtained from using the content. DORO disclaims any and all liability in the event any information, prove to be inaccurate, incomplete or unreliable.

## FORWARD-LOOKING STATEMENTS

- This presentation contains forward-looking statements with words such as “believes”, “anticipates”, “outlook”, “confident”, “meeting” and “expects” about expected revenues and earnings, anticipated demand, internal estimates and liquidity. These forward-looking statements involve a number of unknown risks, uncertainties and other factors that could cause actual results to differ materially. Unknown risks, uncertainties and other factors are discussed in the “Risk” section of the Annual Report 2016 and in the Interim Report.

## CONSOLIDATED FINANCIAL RESULTS

- Doro provides financial information adjusted for items such as currency effects and one-off cost items solely as supplemental financial information to help investors and the financial community make meaningful comparisons of Doro’s operating results from one financial period to another. These adjustments might not be in accordance with IFRS.





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