

# DORO JANUARY-MARCH 2018

Robert Puskaric, President & CEO

Carl-Johan Zetterberg Boudrie, CFO

April 27<sup>th</sup> 2018



# AGENDA

- Market update
- First quarter 2018
- Concluding remarks and Q&A session

# MARKET UPDATE



# CURRENT KEY MARKET DYNAMICS

- **Slowdown in general mobile phone market** in Western Europe persistent. Feature phone market particularly weak in Q1 with a decrease of 11.5% y/y\*)
- Several **4G feature phones to be launched in 2018**, of which Doro is the only senior choice with a unique value proposition
- **Online retail in Europe is growing** – growth rate of 14% 2017 vs 2016 – seniors in particular increase from 32% to 35% 17 vs 16. Mobile phones and services by far the most popular\*\*)
- **Swedish government is investing SEK 350m** in new technology in the care of the elderly 2018 – enables us to develop our Care business further.



\*) source: IDC

\*\*\*) source: European E-commerce report



# FIRST QUARTER 2018



# BUSINESS HIGHLIGHTS

## Category Products

- Challenging quarter – sales decrease of 9.5%
- Several actions to halt negative sales development:
  - New distributor set up in Central and Eastern Europe
  - Strengthened sales organization in Southern Europe
  - Launch of new phones at MWC; Doro 8035 (smartphone) and Doro 7060 (4G feature phone)
- Doro 8040 – an award winning device
  - Best Senior Phone in Italy by Cellulare Magazine
  - Red Dot Award 2018
  - Plus X Award



# BUSINESS HIGHLIGHTS

## Category Services

- Sales in Category Services increased by 11.9%, mainly due to growth in subscribers, higher revenue per user and positive service sales mix
- Increased market shares for Doro Care in Norway. Sole supplier of social alarm handling services to Oslo municipality after contract expansion (starting April)
- SmartCare by Doro announced and demonstrated at MWC – great PR results
- Dedicated Group function SmartCare & Services

### The Sun

This smart home can look after your elderly relatives for you

The journalist interviewed the Doro team during MWC. The article goes into detail on SmartCare by Doro and the different alerts it will give to family and friends of users, and showcases what it will look like from photos the journalist took during the briefing. He has included statistics from the press release on the number of people having some duty of care, and also mentions Doro's sensitivity around data and privacy.

By: Sean Keach



This smart home can look after your elderly relatives for you



### SYDSVENSKAN

#### Mobilföretag lanserar tjänst för äldres trygghet

Sydsvenskan, 27.02.2018  
TEXT: THOMAS FROSTBERG  
Side 17  
Udgivet på print.  
Annoncerværdi: 74.010 dkk. Læsere: 183.000.

■ Tryghetsløsninger for ældre i hjemmet står idag for en mindre del af omsættin...

© Sydsvenskan. Alle rettigheder fortrykkes. Denne artikel er udgivet som en del af en avis. Sydsvenskan er et af de største tryk- og mediekoncerner i Danmark. Sydsvenskan er et af de største tryk- og mediekoncerner i Danmark.

Læs hele nyheden på <http://ret.nu/GUhi8KI>



# NET SALES Q1 2018



## Sales in Category Products

- Sales in category Products were 9.5% lower y/y
- Smartphones stable, share of total phone sales at 22%
- Overall weak mobile phone market in Western Europe, especially regarding feature phones



## Sales in Category Services

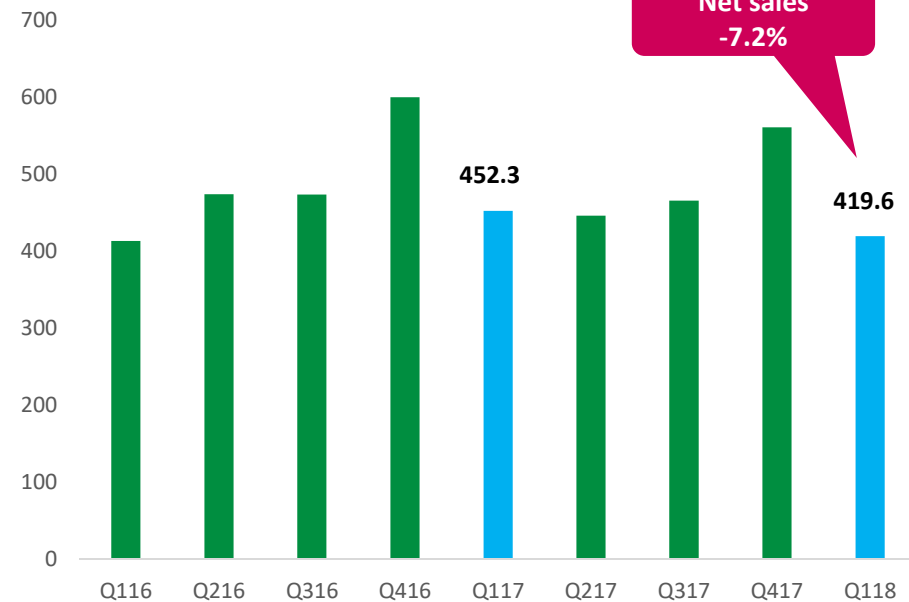
- Sales in category Services increased 11.9% y/y
- Sales growth mainly due to increased number of subscriptions, higher ARPU and positive service sales mix in Doro Care



## Comments

- Services share of total sales 12.6% (10.4)
- Increased market share for Doro Care in Norway
- Strong comparative quarter for category Products in largest region Nordics

SEKm





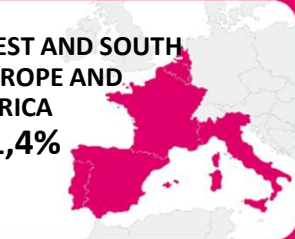
# SALES PER MARKET Q1 2018

**NORDICS**  
**-11,1%**



- Moderate increase in Nordic mobile phone end user market and high stock levels at customers
- Strong comparative quarter (Q1 2017)

**WEST AND SOUTH EUROPE AND AFRICA**  
**+1,4%**



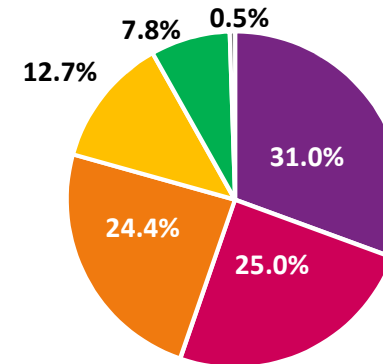
- Sales in Western Europe supported by high share of smartphones
- Africa still weak due to mobile phone import restrictions in Algeria

**CENTRAL AND EASTERN EUROPE**  
**-14,4%**



- High stock levels at customers due to weak end user sales previous quarter
- Decline in feature phone market in the region

**Sales per market Q1'18**  
(Sales Q1'18/Growth y/y Q1'18)



- Nordics (SEK 130.2m/-11.1%)
- West and South Europe and Africa (SEK 105.1m/1.4%)
- Central and Eastern Europe (SEK 102.4m/-14.4%)
- United Kingdom and Ireland (SEK 53.2m/7.0%)
- North America (SEK 32.6m/44.9%)
- Rest of the World (SEK 2.1m/-62.5%)

# PROFITABILITY Q1 2018

## Margin

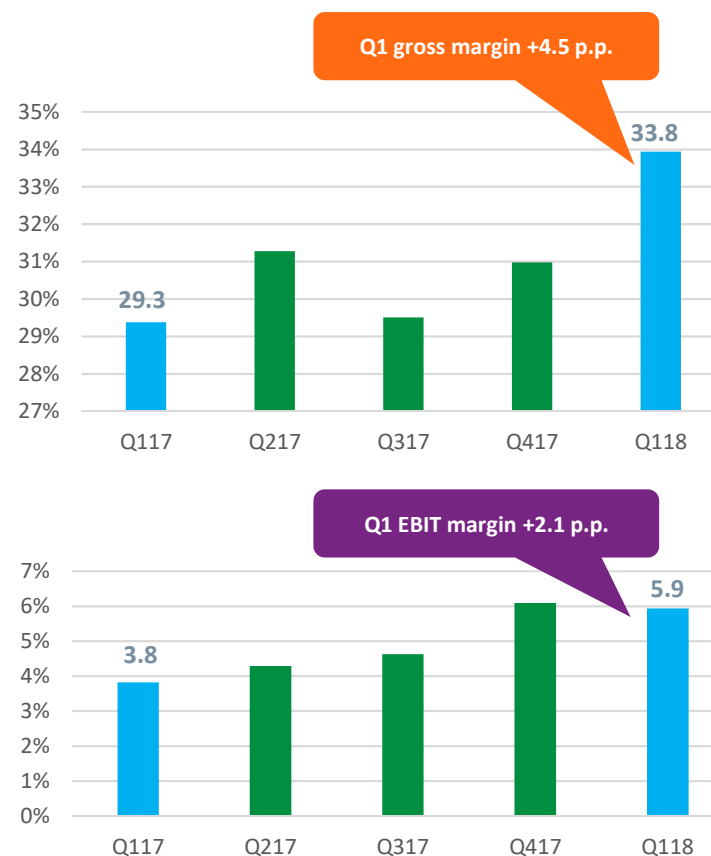
- Gross margin increased by 4.5 p.p. to 33.8%, supported by positive currency effects in Products and higher profitability in Services
- Operating margin increased 2.1 p.p. to 5.9%

## Profit

- EBITDA SEK 38.5m (31.3)
- EBIT SEK 24.9m (17.3)
- Profit after tax SEK 18.6m (13.0)

## Comments

- Increased number of efficiency measures in progress
- Actions in logistics and support functions initiated



# CASH FLOW Q1 2018

## Cash flow

- Free Cash Flow before acquisitions amounted to SEK 32.2m (26.5)
- Increase in cash flow y/y mainly due to higher EBIT and a decrease in working capital

## Net debt

- Net debt decreased q/q, to SEK 81.1m from SEK 102.9m, and y/y from SEK 124.3m
- Equity/assets ratio at 54.8% end of first quarter, up from 49.6% at year's end and 47.0% end of Q1'17.



# CONCLUDING REMARKS AND Q&A



# CONCLUDING REMARKS

## Q1 negative

- Materially lower product sales y/y in Nordics and Central and Eastern Europe
- Overall mobile phone market in Europe remained in decline

## Q1 positive

- Category Services increased sales by 11.9%
- Three out of five regions increased sales despite weak European mobile phone market
- Group gross margin increased to 33.9%, EBIT margin up to 5.9%
- Cash flow increased 21% y/y, net debt decreased further

## Priorities ahead

- Increase market share in South and Eastern Europe, activate additional sales channels
- Accelerate development of integrated safety services
- Execute consolidation of warehouse units

**Outlook for 2018 unchanged: sales in the range of SEK 1.9bn – 2.1bn, EBIT in the range of SEK 100m – 140m, excluding potential M&A**



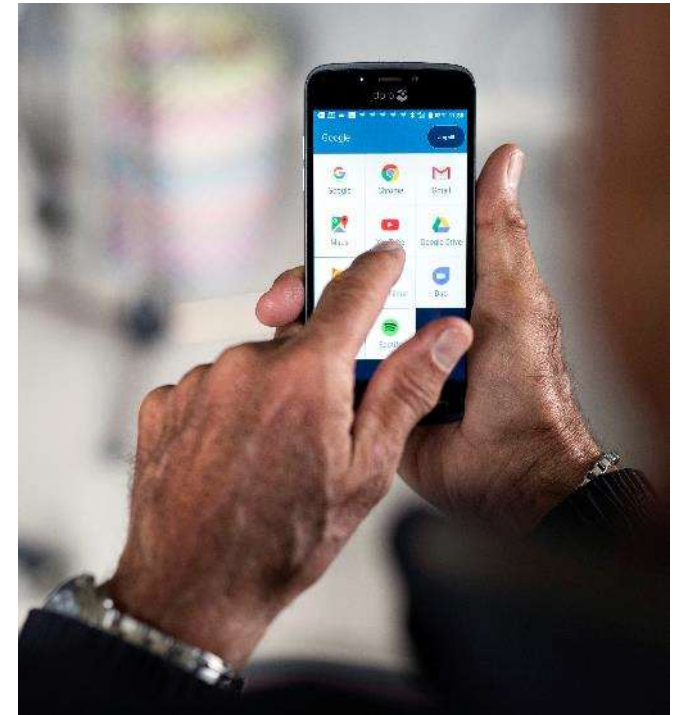
# Q&A

Thank you for your attention!

Next report:

Q2 on July 13, 2018

Contact: [ir@doro.com](mailto:ir@doro.com)



# DISCLAIMER

## 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 2017 and in the Interim Report.

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