

Doro July – September 2017

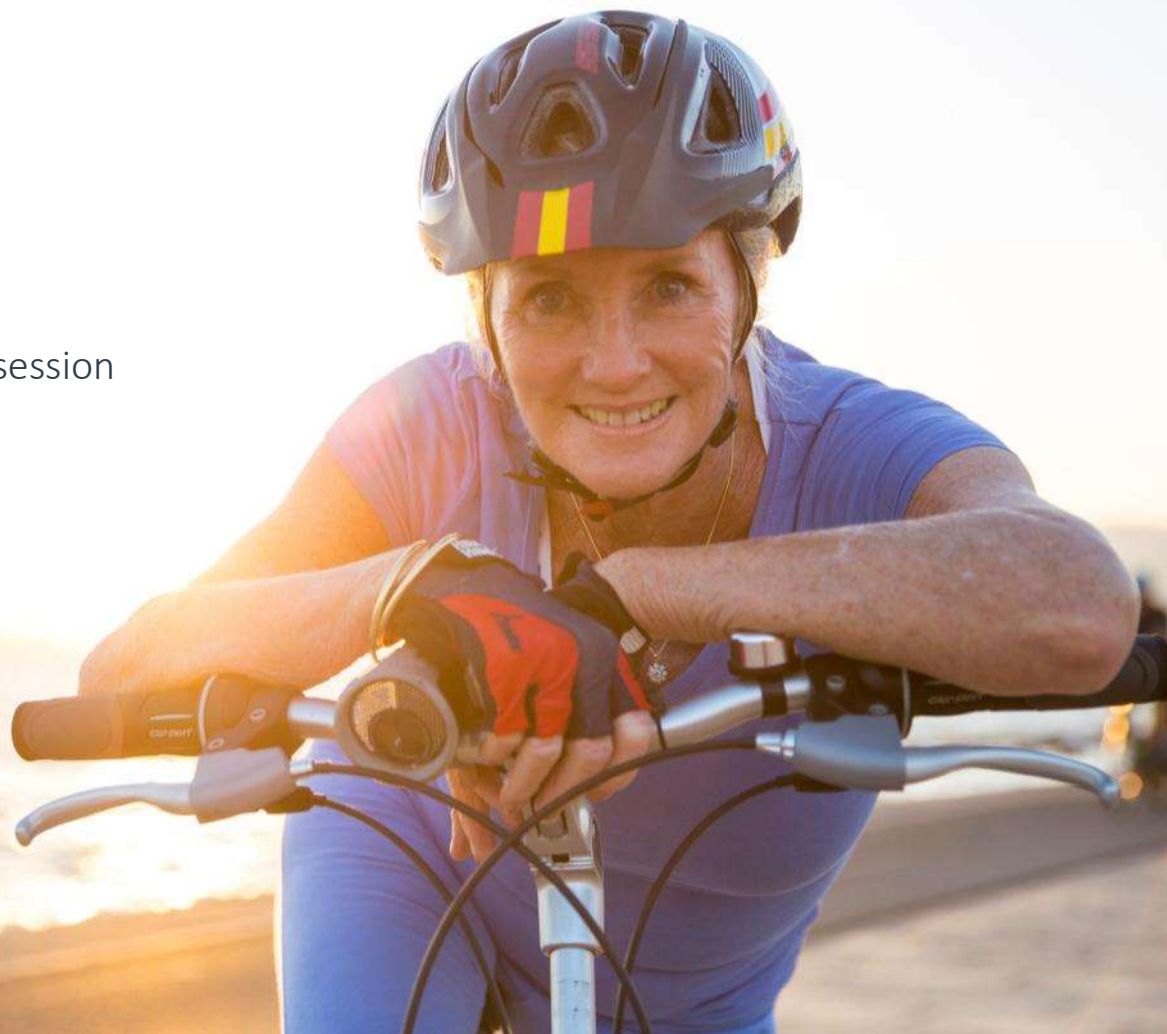
Robert Puskaric, President & CEO
Magnus Eriksson, CFO

October 24th 2017

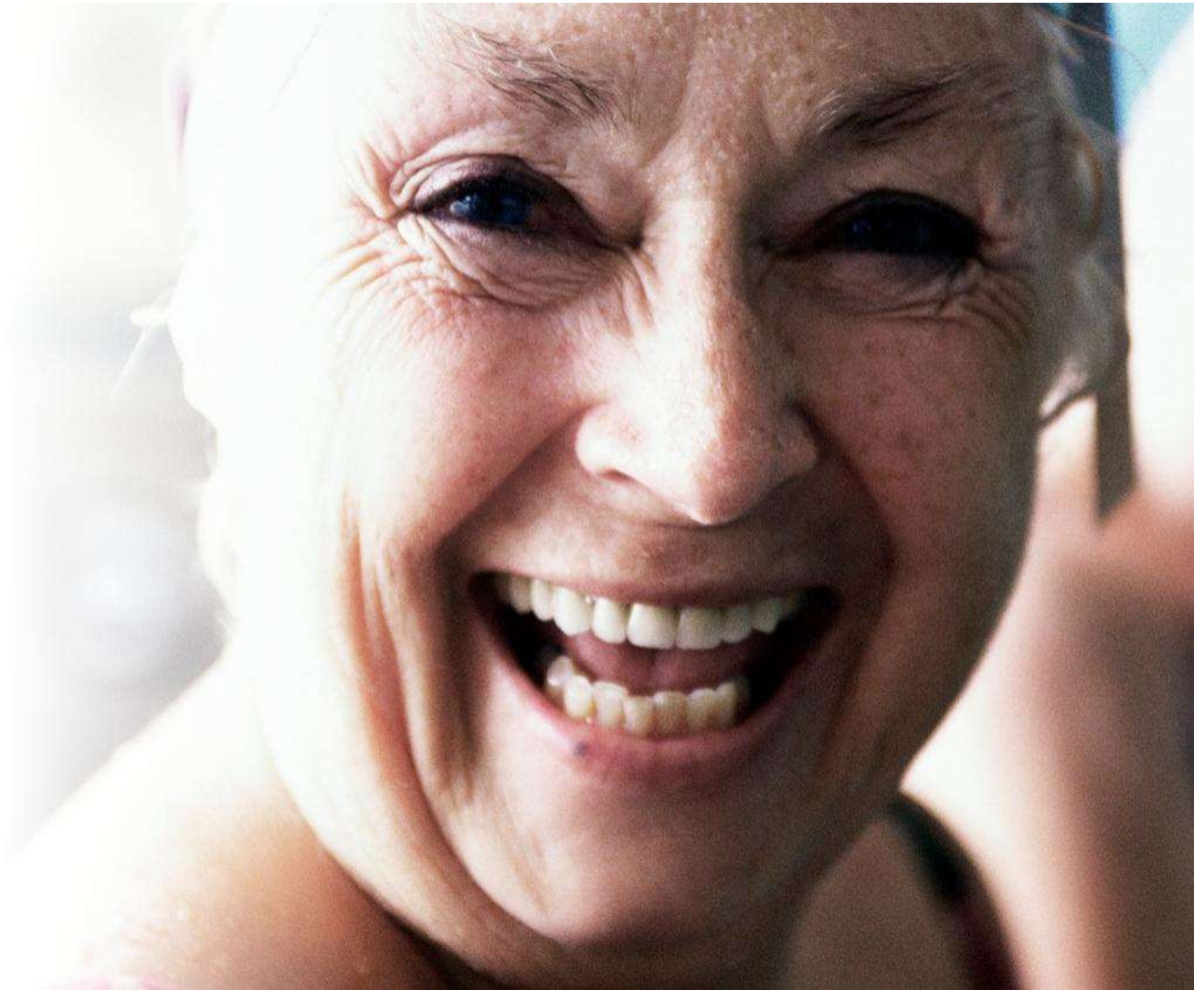


Agenda

1. Market update
2. Third quarter 2017
3. Concluding remarks and Q&A session



Market update

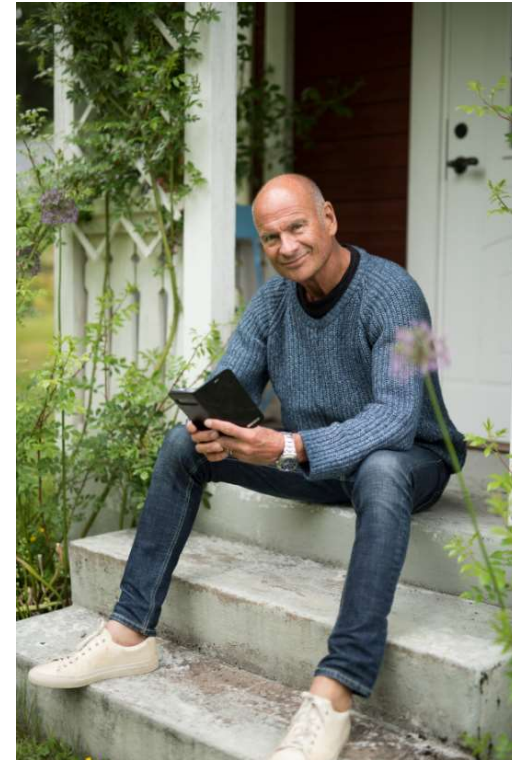


Current key market dynamics influencing our business

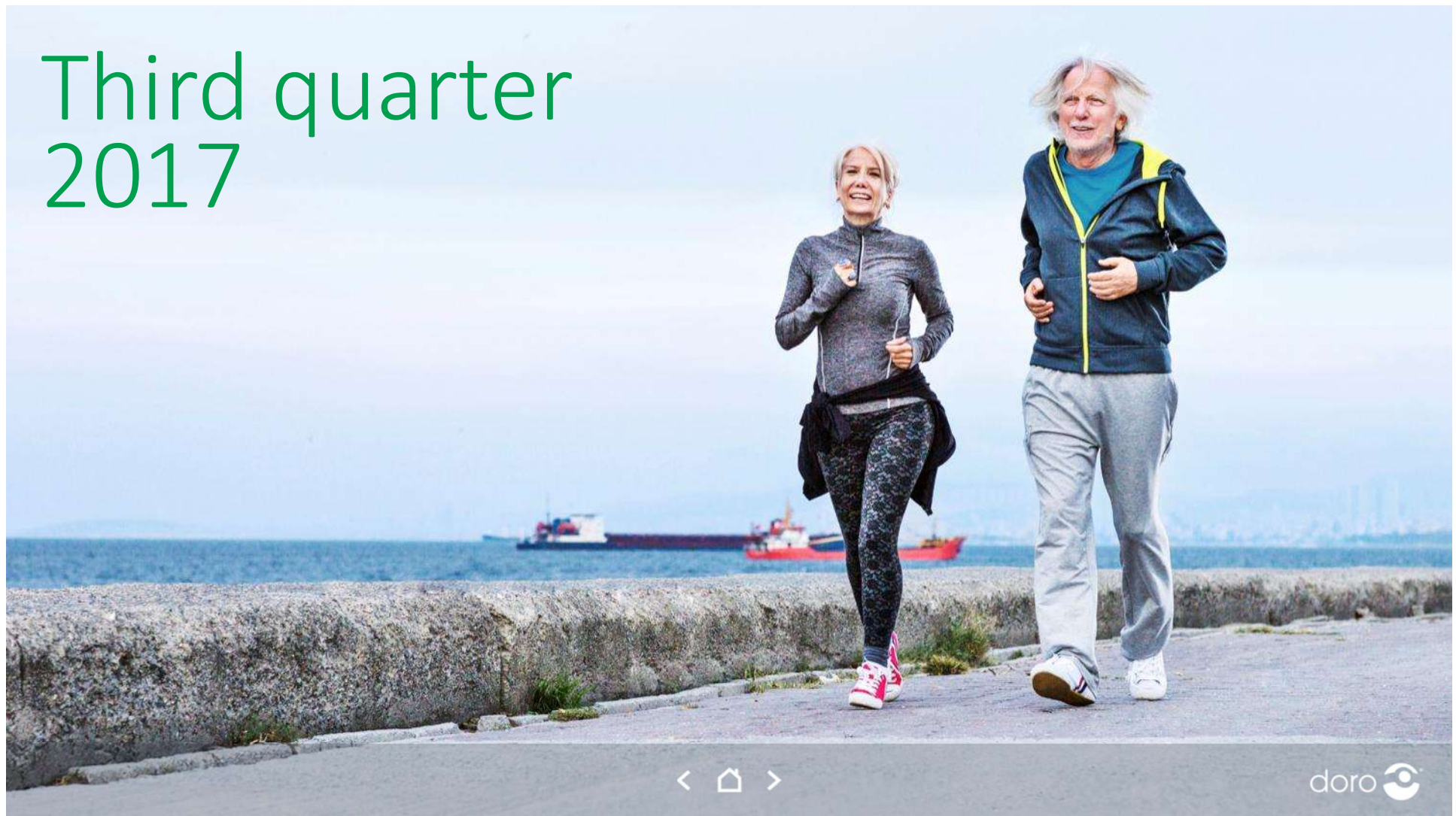
- Continued healthy **economic outlook** in Europe and the US.
- Segment consumer electronics decreased 1% in 2017 in the US*)
- As previously mentioned sales of feature phones tend to migrate **from operators to retailers**. Online channel growing
- The **global smartphone market continues to grow** – decreasing ASP, extended geographical reach and penetration**)
- **Feature phone market still relevant**, share of global mobile phone deliveries remain stable.
- Continued **strong market interest in technology enabled care solutions**.

*) Euromonitor – US market

**) Statista global



Third quarter 2017



doro 

Business highlights

Doro Consumer

- Continued growth in sales in the UK supported by increased marketing efforts, active operators and stable consumer demand
- Stable or higher market shares in weak general market, thanks to senior segment orientation
- Doro featured in Google/Android media campaign
- New smartphone Doro 8040 launched with positive acknowledgements:
 - The Plus X award received for innovation, high quality, design and ease-of-use
 - Positive reviews in media like Mobil, Libération, el Economista, la Republica and Aftonbladet

Doro Care

- Healthy revenue growth of 30%
- Continued healthy sales performance in Germany
- New contracts won in Sweden and Norway, defending our strong market position
- Growth in subscriber base in Sweden y/y, stable q/q
- Continued intense competition and price pressure in Sweden and the UK

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

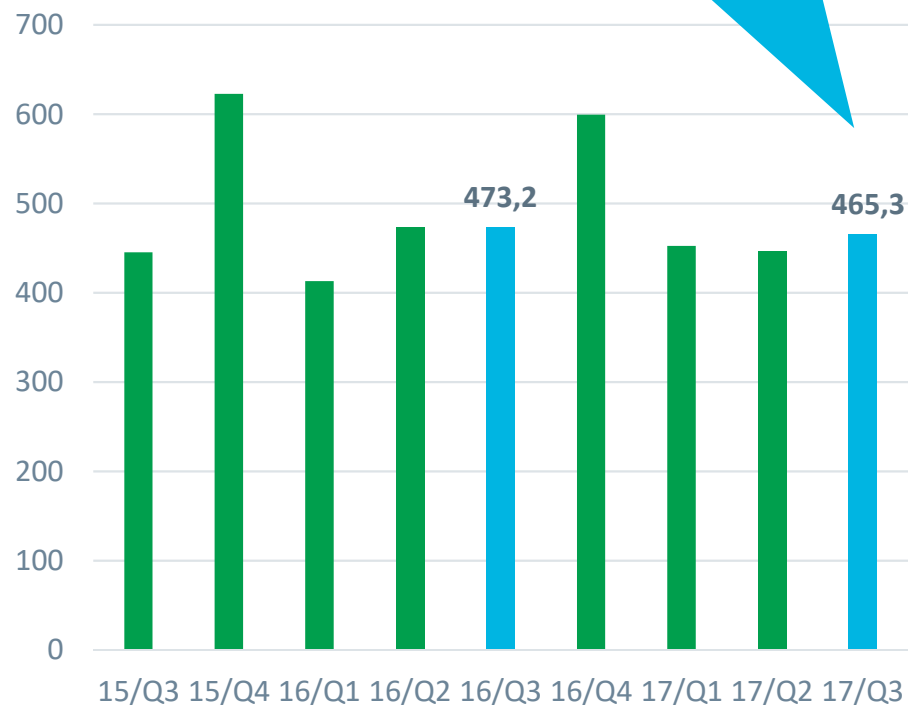
- Strong sales growth for advanced models
- Stable or increased market shares despite slow general mobile phone markets, thanks to senior segment orientation
- New models 1360 and 2404 successfully launched



Doro Care

- Strong sales growth of 30%
- Stable growth of recurring revenue q/q and increase y/y, continued healthy sales in Germany

SEKm



Sales development per market

Nordic



- Lower sales y/y, slow general market demand
- Stock levels still at elevated levels at resellers

UK



- Accelerated sales growth
- Stable demand for mobile phones, increased marketing efforts, operators active with customer offerings

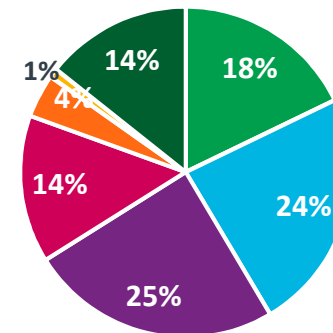
USA / Canada



- Year-on-year sales decrease halted in Q3
- Preparing for launch of 4G phone in second half of 2018

July – September 2017

(Sales Q3'17/ Growth Q3'17)



- Nordic (SEK 82.2m / -5,7%)
- Europe, Middle East and Africa (SEK 108.9m / -12.5%)
- DACH* (SEK 113.5m / -6.5%)
- United Kingdom (SEK 66.5m / 20.0%)
- USA and Canada (SEK 19.7m / -39.9%)
- Other regions
- Care (SEK 66.0m / 30.4%)

*Germany, Austria, Switzerland, Central Europe

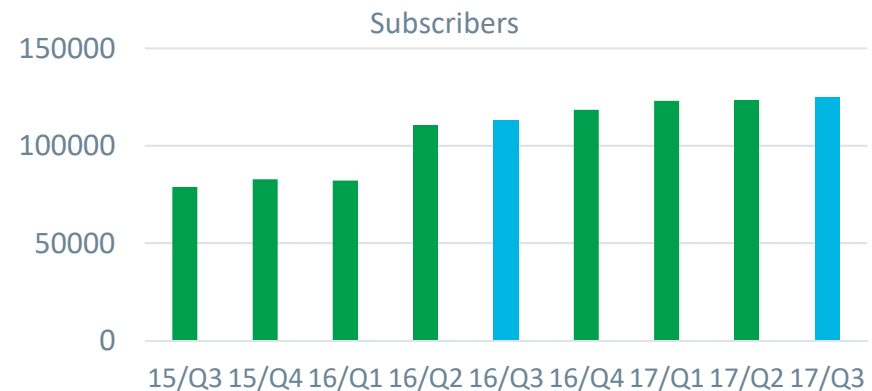
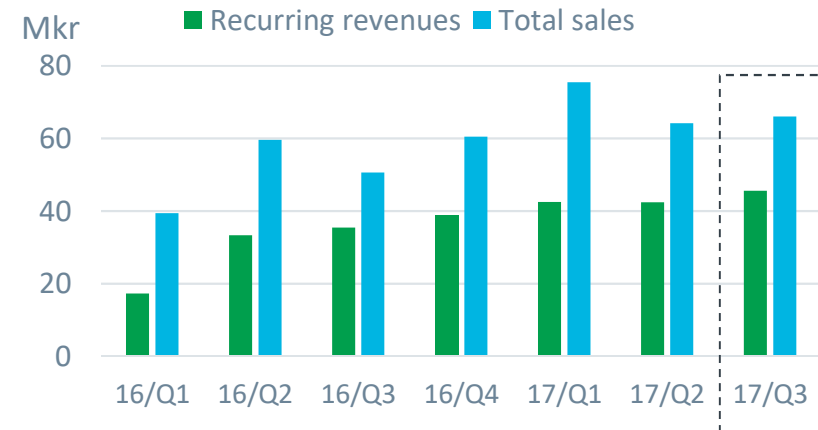
Doro Care

Sales Recurring revenue

- Total sales SEK 66.0m, of which recurring revenue SEK 45.6m
- Recurring revenue +29% y/y

Subscribers

- Subscription increase 11% y/y to 125k at end Q3
- Slight increase in subscriptions q/q



Trygghetssentralen is included from Q2 2016.

Profitability Q3 2017

Margin

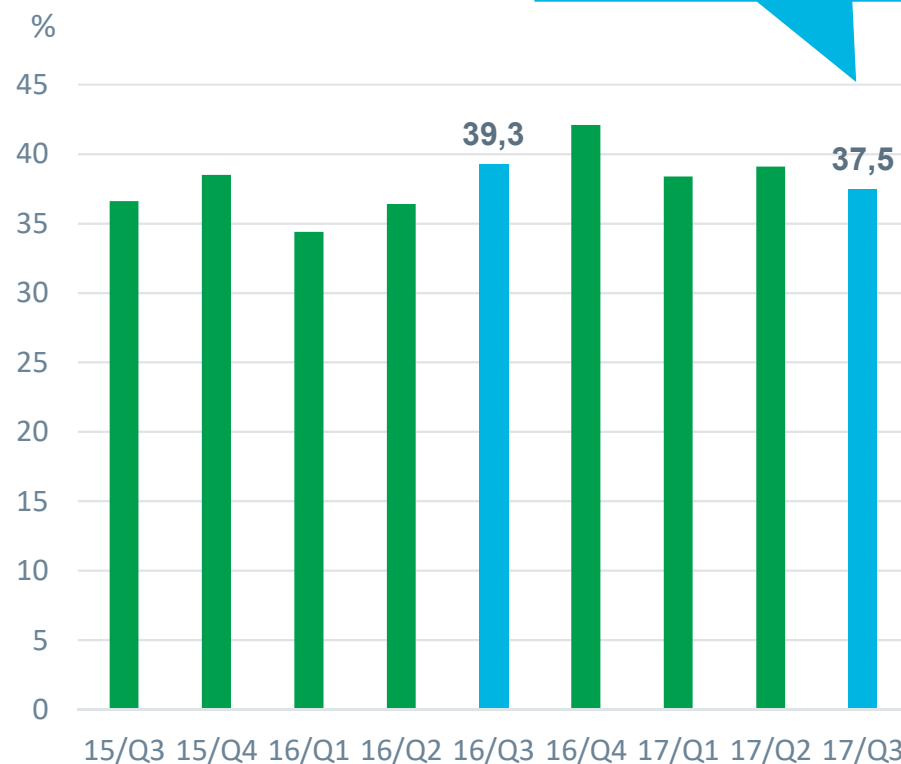
- Gross margin decreased by 1.8 p.p. to 37.5%, mainly due to revaluation of FX contracts
- Operating margin 4.6% (2.9)

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



Cash flow

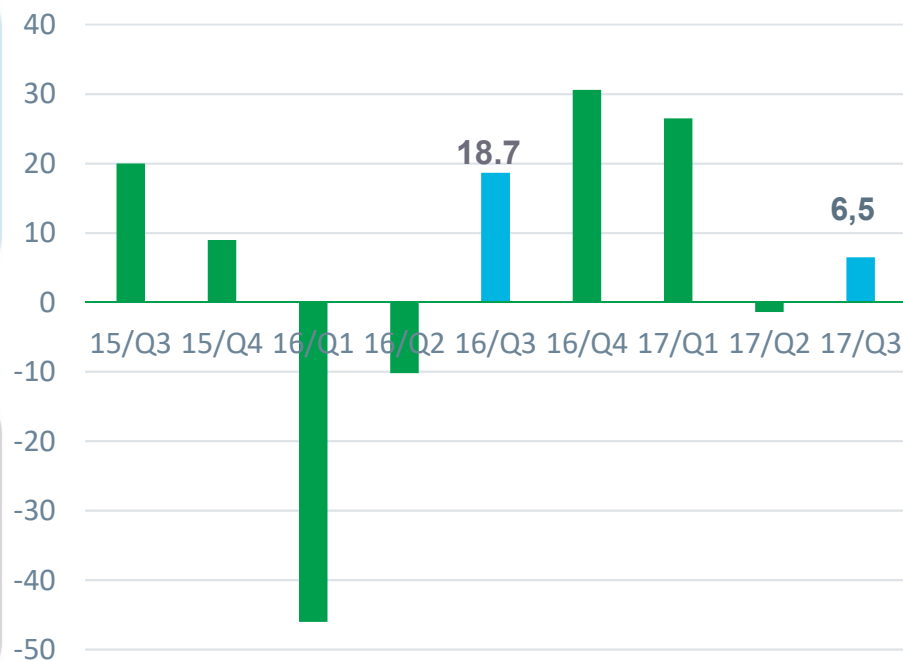
Cash flow

- Free Cash Flow before acquisitions amounted to SEK 6.4m (18.7).
- Increase in WC due to stock build-up main reason for lower cash flow

Net debt

- Net debt decreased q/q, to SEK 120.6m from SEK 127.2m. Material decrease y/y from SEK 178.6m in Q3'16
- Equity/assets ratio 46.1% (42.5)

SEKm



Concluding
remarks

Q&A session



Summary

Q3 negative

- Group sales down 1.7%: lower sales in US/Canada, -40% y/y, and in EMEA, -12.5% y/y, (due to import ban in Algeria)
- Cash flow materially lower mainly due to stock build-up

Q3 positive

- Significantly increased EBIT at 21.5m (13.9) and improved operating margin of 4.6% (2.9)
- Doro Care revenue increased 30% y/y
- UK sales increased 20% y/y
- Negative y/y sales decrease in US/Canada halted in Q3
- Market shares maintained or increased in weak general mobile phone market, thanks to senior segment orientation

Priorities ahead

- Continuous process to enhance efficiency and lower cost base in operations
- Drive the integration of soft- and hardware into new products and services
- Finalize the updated Doro strategy and present it at a CMD on November 13, 2017

Unchanged outlook 2017: both sales and EBIT expected to increase compared to 2016

Thank you for your
attention

Q&A

CMD: November 13, 2017

Next report:
Q4 on February 15, 2018



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 2016 and in the Interim Report.

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