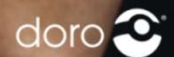


# Doro October – December 2017

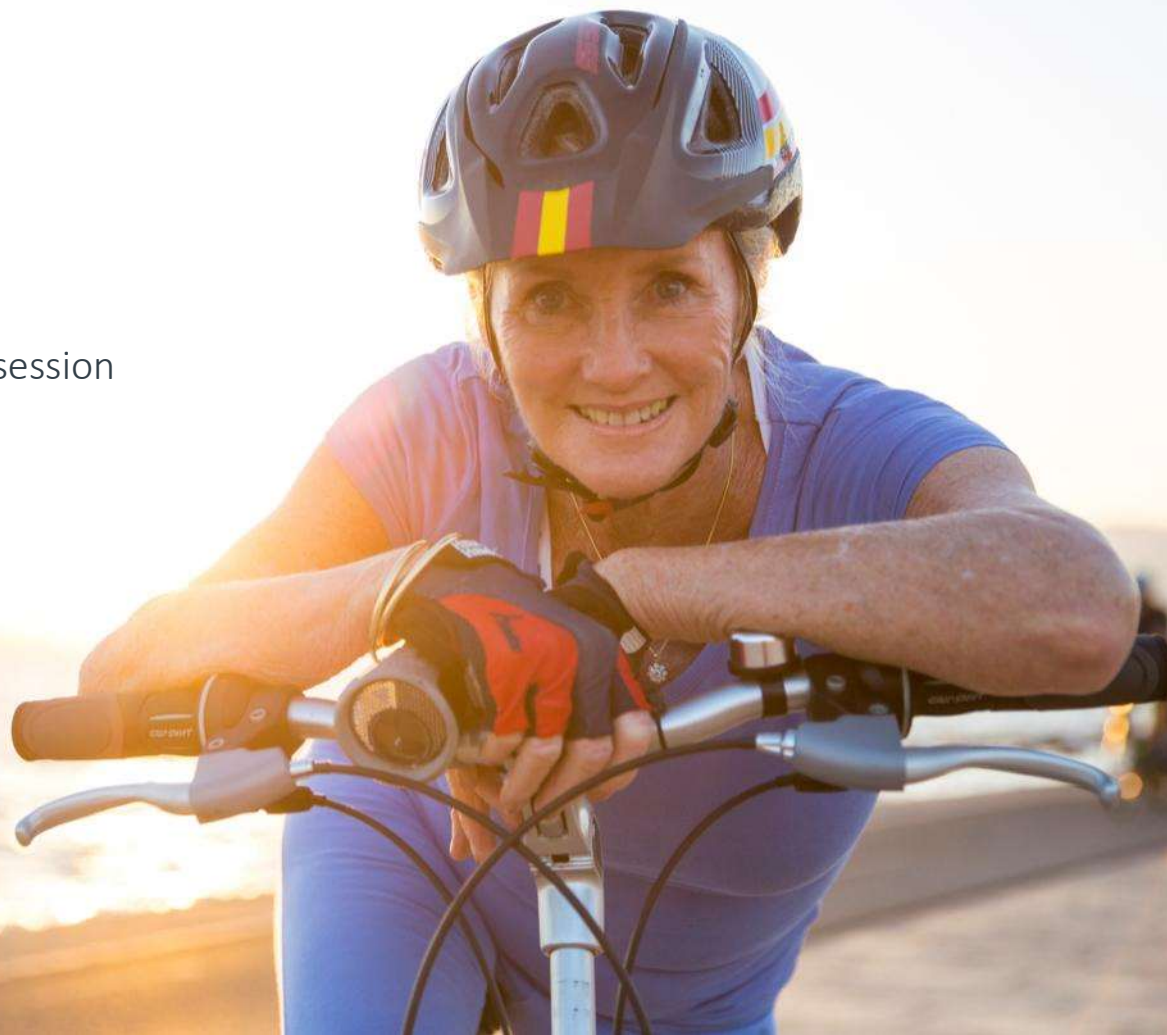
Robert Puskaric, President & CEO  
Carl-Johan Zetterberg Boudrie, CFO

February 15<sup>th</sup> 2018

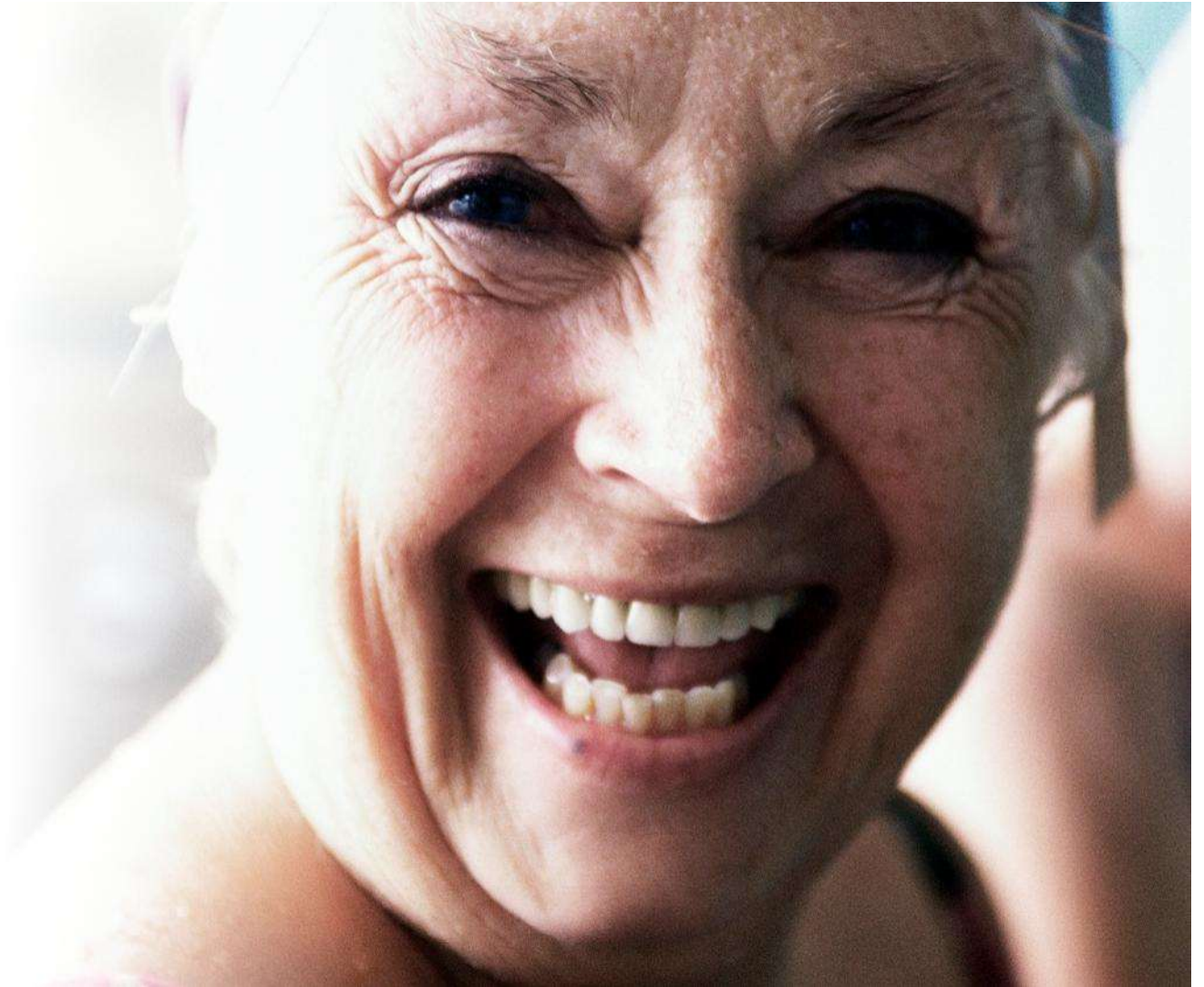


# Agenda

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



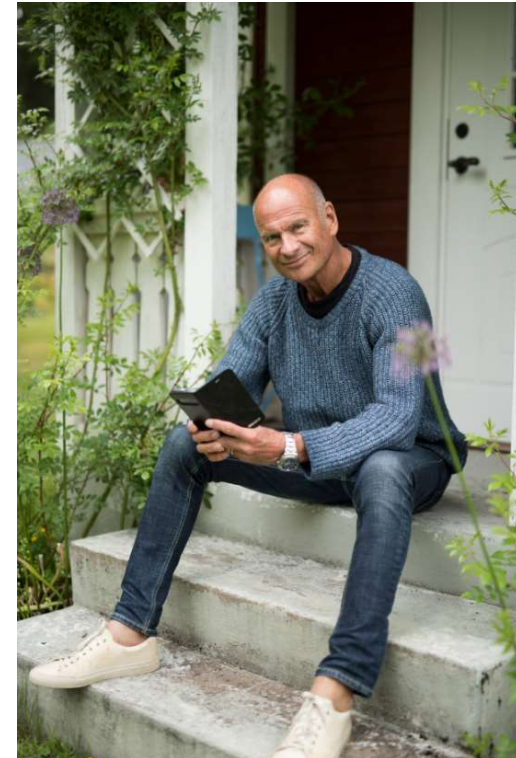
# Market update





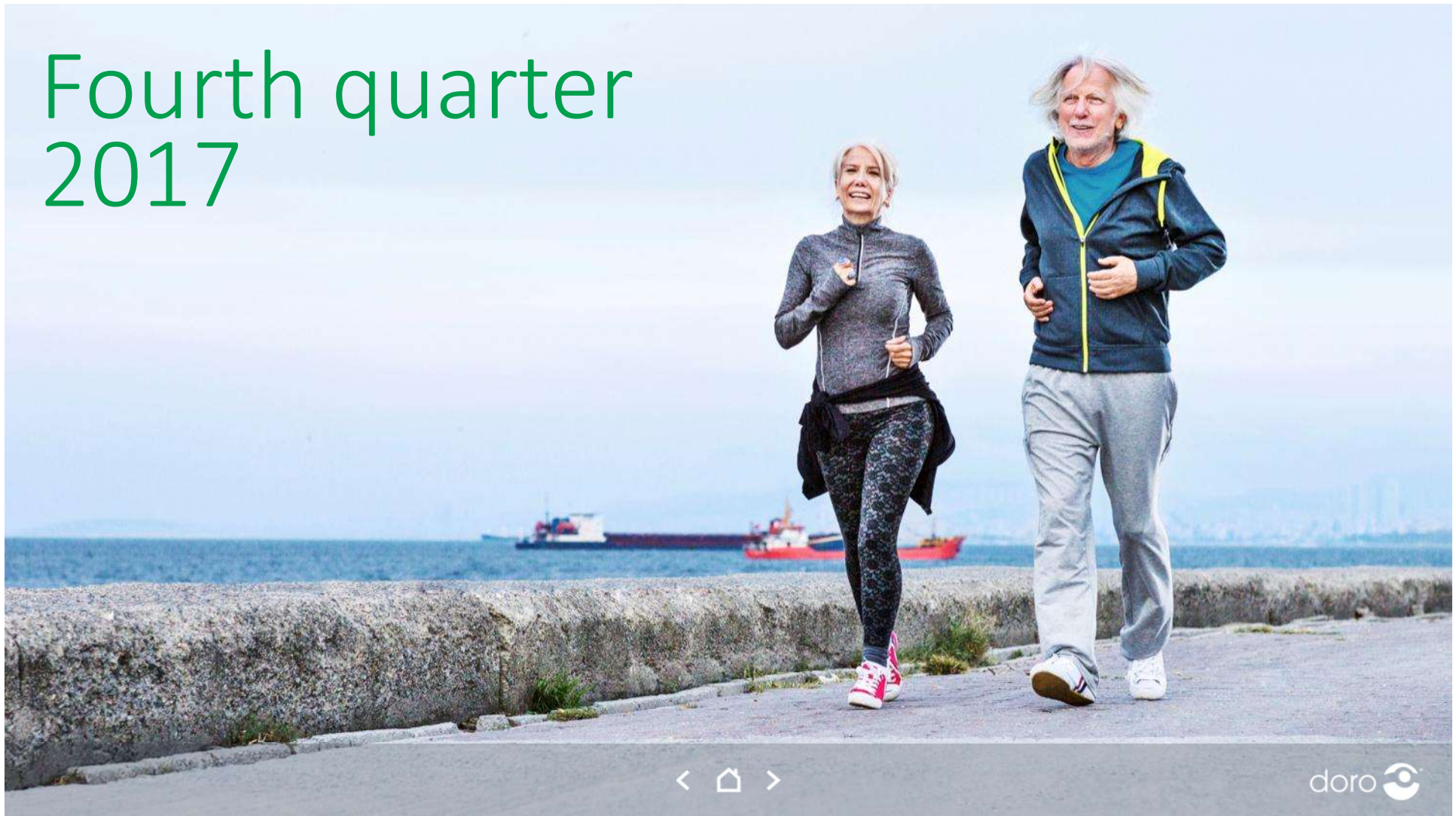
## Current key market dynamics influencing our business

- The worldwide mobile phone market reached a total of 1,994 million units in 2017, up 0.6% from 1,983 million units in 2016\*)
  - Although total market volume growth in 2017 was less than 1%, the mobile phone ASP will climb a staggering 9% from 2016
- **Feature phone market still relevant** – out of the almost 2 billion mobile phones sold globally, feature phones still account for 20%
- **Continued demand for smartphones among seniors** – almost 50% of seniors 65+ have a smartphone\*\*). Seniors 70+ the age group increasing mobile surf the most in Sweden\*\*\*)
- **Google Home and Amazon Alexa platforms moving in to assist elderly people living at home** - gives clients more access to family members and assistance to ensure they get the right care on time\*\*\*\*)



\*) IDC, \*\*) Doro River Research 2017, \*\*\*) Telenor, \*\*\*\*) CNBC

# Fourth quarter 2017



## Business highlights

### Doro Consumer

- Healthy 14% sales growth y/y in region DACH, though not enough to compensate for downturn in Nordic and UK
- Sales of new smartphone Doro 8040 started in most of our markets:
  - Great reviews in Swedish magazine Mobil - "Thoughtful solution. Mobil recommends"
  - Article in ntv, German television news channel - "The almost ideal smartphone for grandma and grandpa"

### Doro Care

- Strong revenue growth of 17% y/y, recurring revenue growth slightly higher
- First alarm handling assignment using Doro Connect in combination with ARC – Kristiansund municipality, Norway (1 270 users)
- Development of Smartcare by Doro on schedule, first demo planned for Mobile World Congress in February

### Strategy

- Updated strategy going forward presented at capital markets day including new financial targets

## Net sales Q4 2017



### Smartphone sales

- Sales development satisfactory with healthy volume growth. Share of total phone sales increased to around 24%
- Sales of new smartphone Doro 8040 started in most of our markets



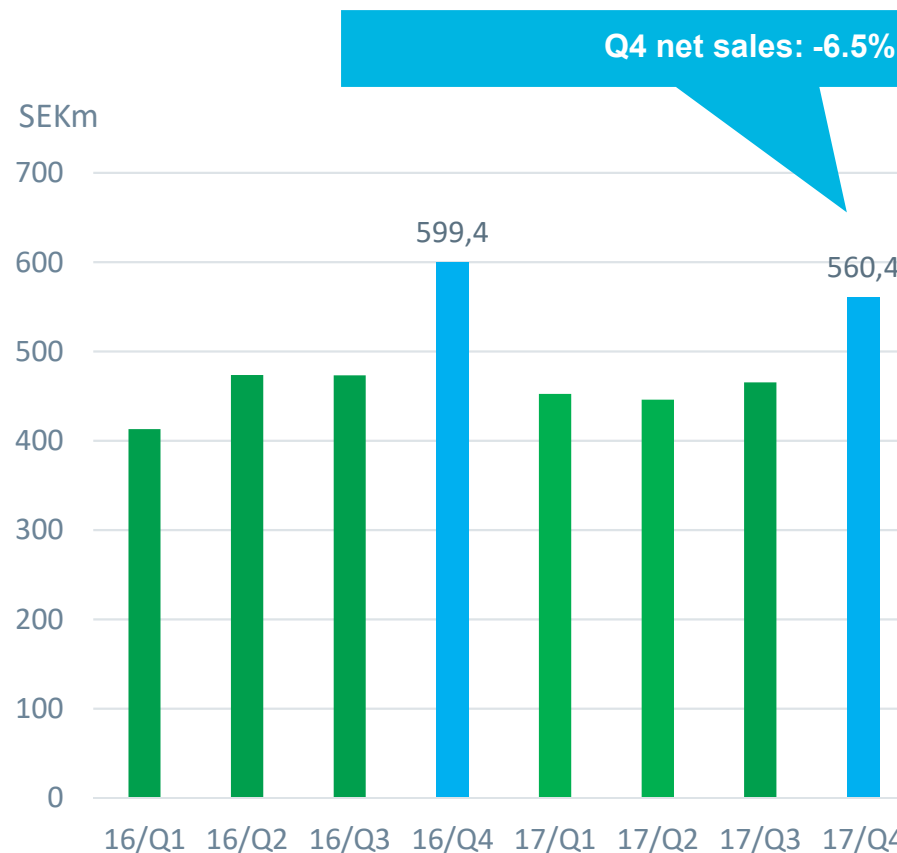
### Feature phone sales

- Mixed picture in the different regions, weak in Nordics and UK, strong in DACH. Overall volumes down y/y
- Stable position in France despite new competitor in 3G
- Launch of 4G feature phone in US & Canada and Europe scheduled for second half of 2018



### Doro Care

- Strong sales growth of 17% y/y
- Even stronger growth of 25% for recurring revenue y/y, continued healthy export sales
- Subscriber growth of 7% y/y in Sweden/Norway



## Sales development per market

### Nordic



- Price increase notifications drove sales in Q4 2016, not repeated this year
- Big product launches from major brands

### UK



- Weak general mobile phone market demand
- Stock levels at resellers decreased towards end of period

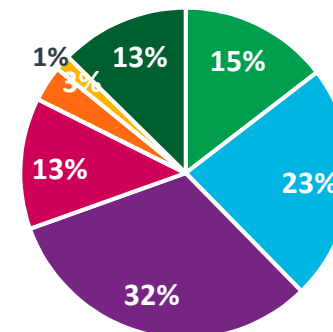
### USA / Canada



- Year-on-year sales growth slightly positive
- 4G feature phone to be launched in second half of 2018

## October – December 2017

(Sales Q4'17/ Growth y/y Q4'17)



- Nordic (SEK 82.1m / -31.4%)
- Europe, Middle East and Africa (SEK 129.9m / 1.9%)
- DACH\* (SEK 179.5m / 14.2%)
- United Kingdom (SEK 72.2m / -28.3%)
- USA and Canada (SEK 28.4m / 1.1%)
- Other regions (SEK 8.7m / 31.8%)
- Care (SEK 70.9m / 17.2%)

\*Germany, Austria, Switzerland, Central Europe



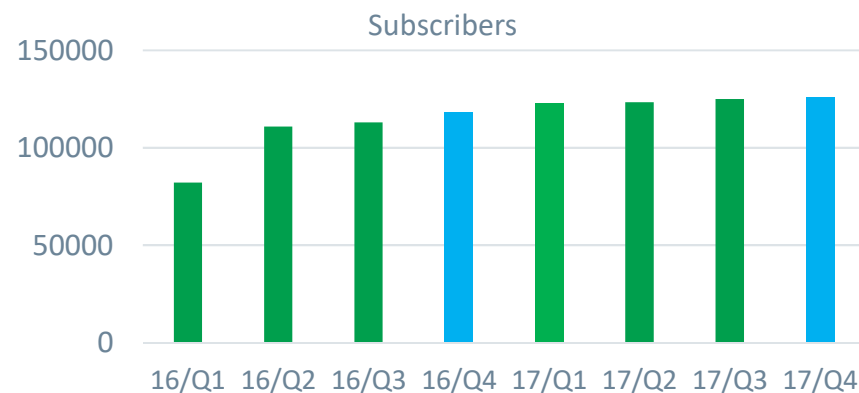
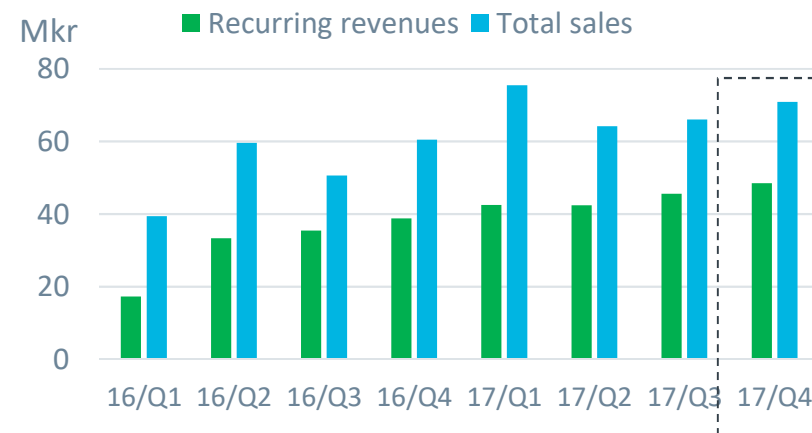
## Doro Care

### Sales Recurring revenue

- Total sales SEK 70.9m, of which recurring revenue SEK 48.5m
- Recurring revenue +25% y/y

### Subscribers

- Subscription increase 7% y/y to 126k at end Q4
- Slight increase in subscriptions q/q



Trygghetssentralen is included from Q2 2016.

## Profitability Q4 2017

### Margin

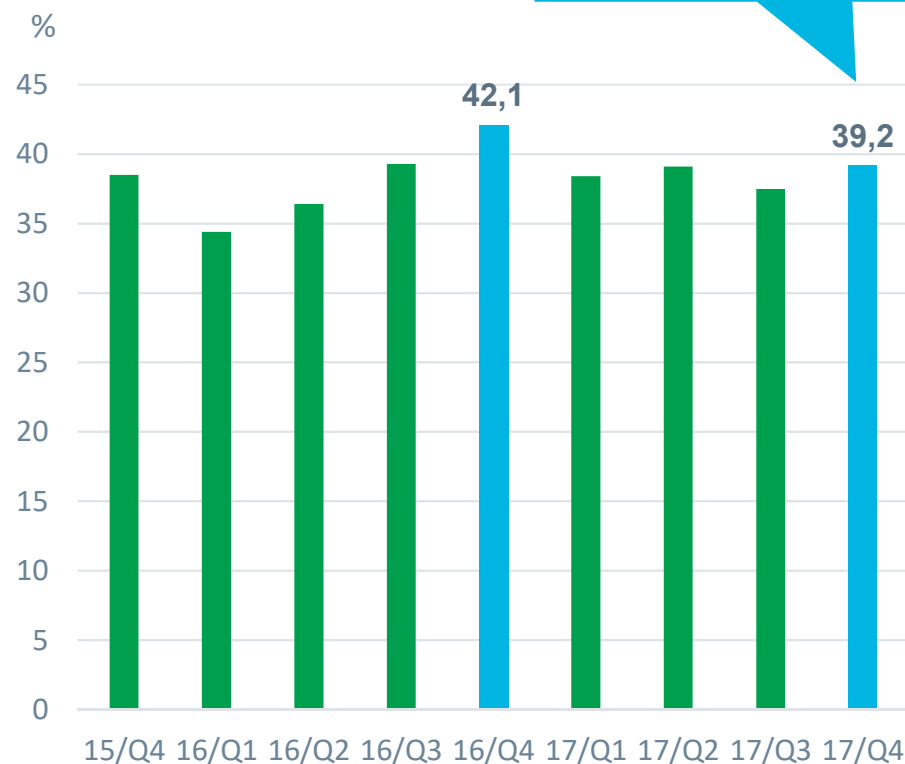
- Gross margin decreased by 2.9 p.p. to 39.2%, mainly due to negative currency effects
- Operating margin 6.1% (3.4)

### Profit

- EBITA SEK 35.7m (21.4)
- EBIT SEK 34.1m (20.3)
- Profit after tax SEK 22.5m (11.4)

### Comments

- Material restructuring costs in Q4 2016 distort comparison
- Lower cost base y/y, efforts to increase efficiency continue



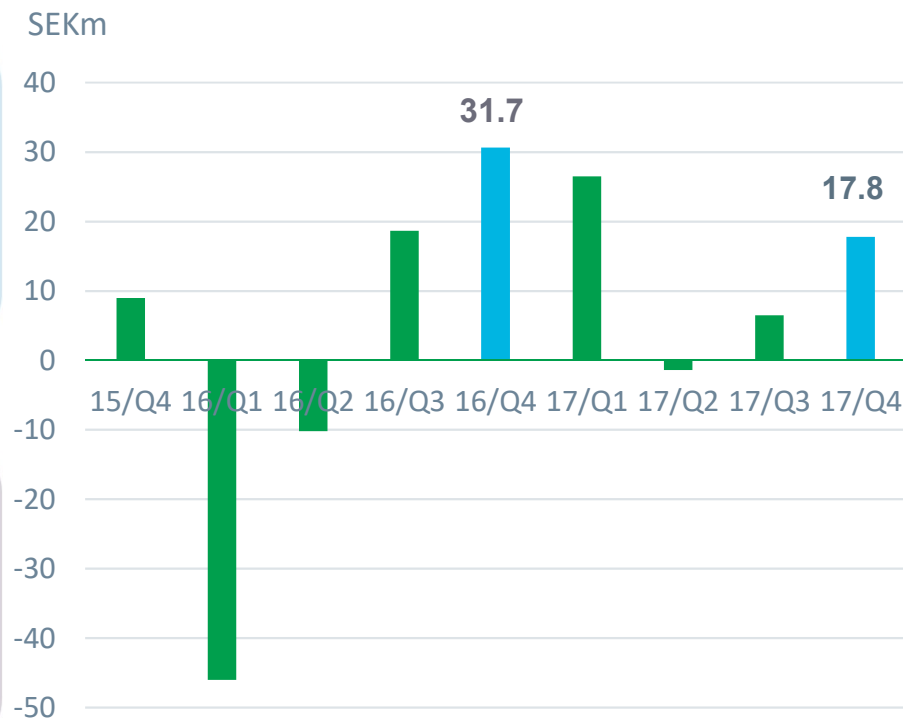
## Cash flow

### Cash flow

- Free Cash Flow before acquisitions amounted to SEK 17.8m (31.7)
- Lower cash flow y/y mainly due to increase in working capital

### Net debt

- Net debt decreased q/q, to SEK 102.9m from SEK 120.6m. Material decrease y/y from SEK 149.5m at end of Q4'16
- Equity/assets ratio 49.6% (40.4)



Concluding  
remarks

Q&A session





## Concluding remarks

### Q4 negative

- Group sales down 6.5%: weak sales development end of period in Nordic and UK, growth in all other regions
- Gross margin burdened by negative currency effects y/y

### Q4 positive

- Care performed well with a revenue growth of 17% y/y
- DACH sales up 14% y/y - initiating first steps of geographic expansion into Eastern Europe
- EBIT margin at 6.1% thanks to decreasing operating costs
- Stronger balance sheet - Net debt at end of 2017 at SEK 102.9m, significant decrease q/q and y/y

### Priorities ahead

- Execute on updated strategy: Extending mobile leadership, Expanding telecare, Executing Smartcare by Doro
- Continued focus on efficiency, striving towards operational excellence
- Return to positive sales growth

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

Thank you for your  
attention

Q&A

Next report:  
Q1 on April 27, 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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