



# DORO JANUARY – MARCH 2019

A photograph of an elderly woman with short, wavy, light-colored hair and a man with short brown hair, both smiling warmly. They are outdoors, with a bright, slightly blurred background suggesting a beach or park setting. The woman is in the foreground, slightly to the left, and the man is behind her to the right.

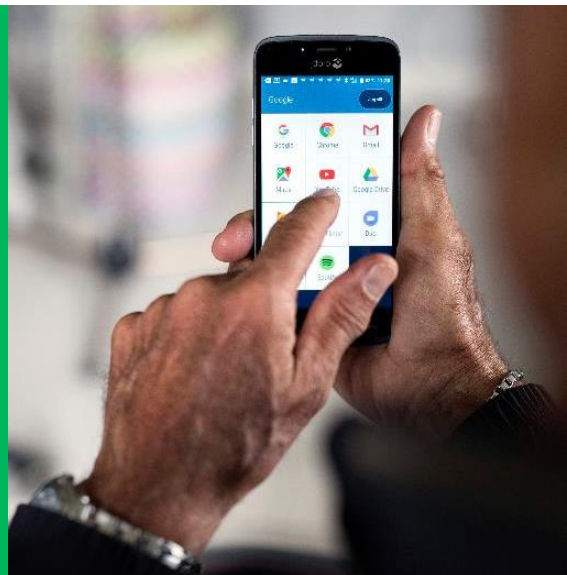
Robert Puskaric, President & CEO

Carl-Johan Zetterberg Boudrie, CFO

May 3<sup>rd</sup> 2019

# AGENDA

- Key highlights
- First Quarter 2019
- Concluding remarks and Q&A session



# KEY HIGHLIGHTS



# KEY HIGHLIGHTS IN THE QUARTER

## Customer

- Gaining senior mobile phone market share in key markets
- Initial order with a major mobile virtual network operator in North America

## Financials

- Double digit sales growth (+11.1%)
- Products growing despite market situation
- Growth in Services of 62.2%

## Market

- Doro increasing or maintaining market share in key markets
- Continued activity with a number of relevant acquisition opportunities in care services





# FIRST QUARTER 2019



# BUSINESS HIGHLIGHTS

## Category Products

- Key markets increasing market share in senior category, despite continued market decline
- United Kingdom showing strong growth, supported by gained market share in feature phones and launch of smartphones with new customers
- Solid growth in North America continues, double digit growth both year on year and quarter on quarter
- Upcoming range of products presented at Mobile World Congress together with the Grand Mother Experience, very positive feedback received



# BUSINESS HIGHLIGHTS

## Category Services

- Transition to service-based company on track, Services accounting for 18% of net sales in quarter
- Continued strong growth in public care business, especially a very strong development for Norway in the quarter
- Welbeing continues to drive sales growth in the United Kingdom, a new country director appointed to support continued growth journey
- The technology enabled care service, Response by Doro, launched with one of the largest electronic retail chains in Scandinavia





# NET SALES Q1 2019



## Sales in Category Products

- Sales in category Products were 3.8% higher y/y
- Increasing market share in key market in a continued weak market for mobile phones
- North America shows continued good trend with quarter on quarter growth



## Sales in Category Services

- Sales in category Services increased 62.2% y/y
- Growth driven by strong development in Norway and the United Kingdom
- Services share of total sales 18.3% (12.6)

SEKm

600

400

300

200

100

0

Q217

Q317

Q417

Q118

Q218

Q318

Q418

Q119

420

466

Net sales  
+11.1%

# SALES PER MARKET Q1 2019

NORDICS  
-0.5%



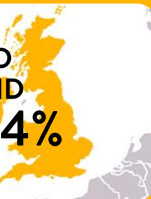
- Services developing strongly in Norway and maintained position in Sweden
- Despite increased market share Products suffered a decline in the quarter as market continues to be challenging
- Response by Doro launched with Elkjöp

CENTRAL  
AND EASTERN  
EUROPE  
-13.5%



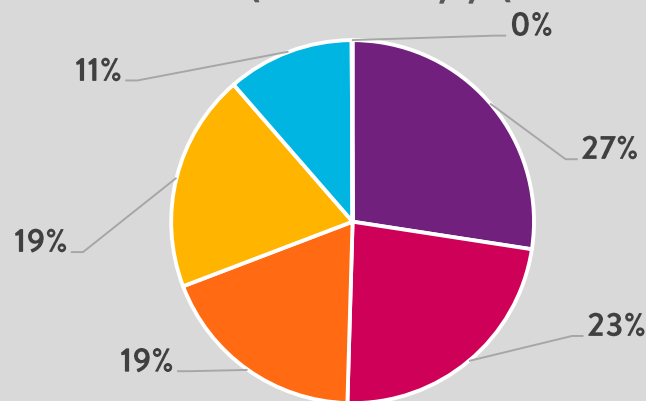
- Keeping market share in region in a weak market
- Restructuring of customers' business impacted sales in quarter negatively
- Eastern Europe on similar levels as last year

UK AND  
IRELAND  
+72.4%



- Our acquired entity Welbeing continues to contribute positively
- Growth in Products from increased market share phones and smartphones launched with new customers

Sales Q1'19/Growth y/y Q1'19



- Nordics (SEK 129.6m/-0.5%)
- West and South Europe and Africa (SEK 108.8m/3.5%)
- Central and Eastern Europe (SEK 88.6m/-13.5%)
- United Kingdom and Ireland (SEK 91.7m/72.4%)
- North America (SEK 53.4m/63.8%)
- Rest of the World (SEK 0.4m/-81.0%)

# PROFITABILITY Q1 2019

## Margin

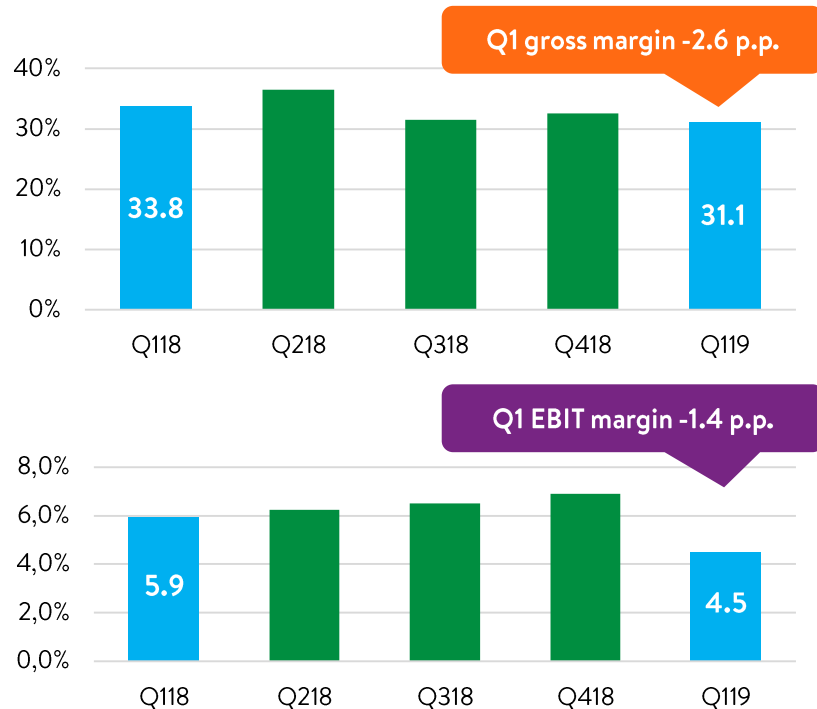
- Gross margin decreased by 2.6 p.p. to 31.1%, driven by decrease in gross margin for Products due to market mix and currency effects
- Operating margin decreased 1.4 p.p. to 4.5%

## Profit

- EBITDA SEK 43.6m (38.5)
- EBIT SEK 21.2m (24.9)
- Profit after tax SEK 15.4m (18.6)

## Comments

- Continued improvement in gross profit in Services
- Stable result in a transition towards services



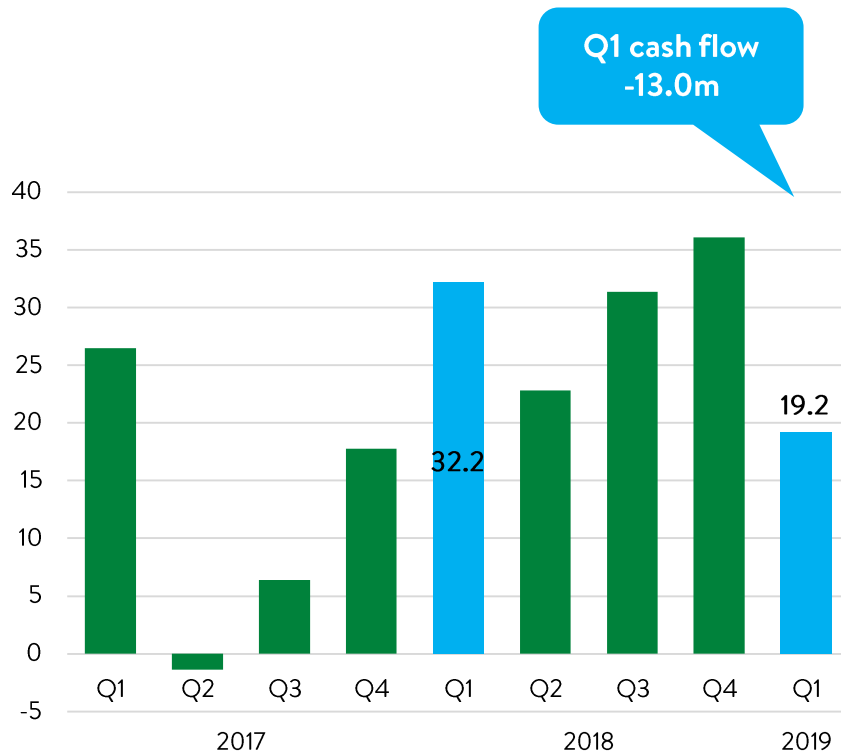
# CASH FLOW Q1 2019

## Cash flow

- Free Cash Flow before acquisitions amounted to SEK 19.2m (32.2)
- Decrease in cash flow y/y mainly due to lower working capital improvement

## Net debt

- Net debt increased q/q, to SEK 156.7m from SEK 105.8m, and increased y/y from SEK 81.1m\*
- Equity/assets ratio at 46.1% end of first quarter, flat against Q4'18 at 46.7% and down from 54.8% end of Q1'18.



\*Note: The increase in net debt was due to applying IFRS 16 from 1 January 2019, which added a financial leasing liability of SEK 67.6m

# CONCLUDING REMARKS AND Q&A





# CONCLUDING REMARKS

## Q1 positive

- Double digit growth overall supported by Products and Services
- Transition towards services according to plan, 18% of net sales from Services
- Good growth in Services continues, +62% y/y
- Increasing market share in mobile phones in key markets
- Stable result and cash flow in the transition to services

## Q1 challenges

- The negative trend in mobile phone market continues
- Gross margin decrease driven by currency effects and market mix in Products

## Priorities ahead

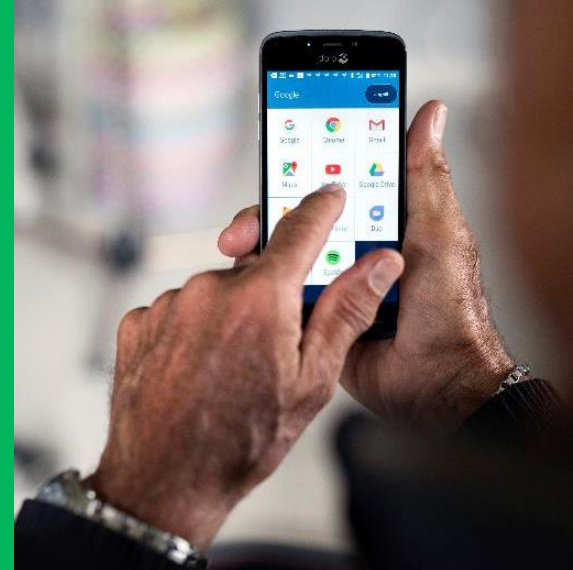
- Further expand our reach and develop our offering in technology enabled care solutions
- Continue to drive transformation towards a service-based company, building competence and optimise operations and organisation

## Maintained Outlook 2019

- The overall market for mobile phones is expected to remain challenging, Doro has maintained and is expected to maintain or increase market share in senior segment.
- Services is growing organically and we are active in multiple acquisition discussions and we expect continued double-digit growth for Services in 2019.
- The profitability is expected to remain at a healthy level.

# Q&A

- Thank you for your attention!
- Next report: Q2 on July 12, 2019
- Contact: [ir@doro.com](mailto:ir@doro.com)



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- 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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