



DORO APRIL – JUNE 2019



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July 12th 2019

AGENDA

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



KEY HIGHLIGHTS



KEY HIGHLIGHTS IN THE QUARTER

Customer

- Services continues to grow (+34.0%), accounting for 19% of total turnover
- Back to growth in Central and Eastern Europe after a few challenging quarters

Financials

- Continued sales growth (+8.3%), growth in both Products and Services
- Operating profit of SEK 34.9m excluding restructuring costs, an increase of 34%

Market

- Increased or maintained market share in our key markets
- Demand for more complete digital solutions increasing



SECOND QUARTER 2019



BUSINESS HIGHLIGHTS

Category Products

- Growth in a challenging market and turbulent quarter with surge from trade war activities, Doro gaining market share
- Central and Eastern Europe showing good growth after a few challenging quarters, supported by major retailer returning to normal levels after restructuring and large smartphone order
- North America shows continued growth compared to last year
- A strong range of new products to be launched at IFA during the third quarter



BUSINESS HIGHLIGHTS

Category Services

- Continue to increase share of services, accounting for 19% of net sales in quarter
- Good growth in public care business, driven by organic growth in Norway and Welbeing acquisition
- Signs of increased demand for broader and digitally enabled care service, although conversion takes time
- Increased focus going forward on Public Care, developing our offering and efficiency in service delivery to become a leader in the European market



NET SALES Q2 2019



Sales in Category Products

- Sales in category Products were 3.7% higher y/y
- Gaining or maintaining market share in our key markets despite continued weak market for mobile phones
- Central and Eastern Europe back to growth in quarter supported by large smartphone order



Sales in Category Services

- Sales in category Services increased 34.0% y/y, with organic growth of 6.8% y/y
- Continued organic growth in Norway and increase in United Kingdom supported by Welbeing acquisition
- Services share of total sales 18.8% (15.2)

SEKm

600

400

300

200

100

0

Q317

Q417

Q118

Q218

Q318

Q418

Q119

Q219

424

460

Net sales
+8.3%

SALES PER MARKET Q2 2019

NORDICS
-3.9%



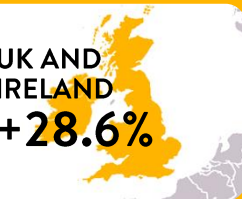
- Maintaining strong position in Sweden and organic growth in Norway for Services
- Declining market for mobile phones resulting in sales decline despite maintained market share

CENTRAL AND EASTERN EUROPE
+15.8%



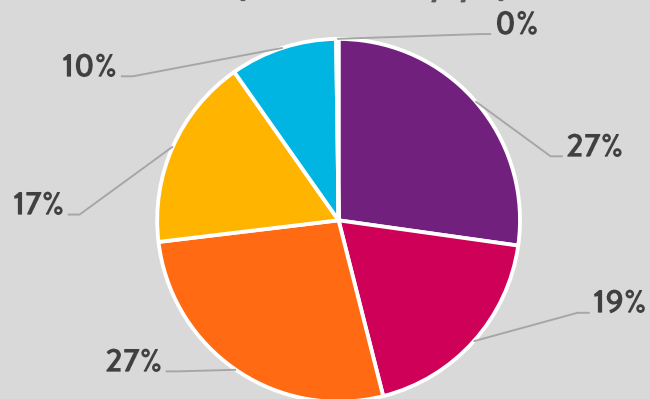
- Back to growth after a few challenging quarters
- Restructuring in previous quarter of customers' business impacted sales in current quarter positively
- Large smartphone order in the quarter

UK AND IRELAND
+28.6%



- Public Care developing positively as our acquired entity Welbeing contributes positively
- Gaining market share in challenging market, especially retailers are suffering

Sales Q2'19/Growth y/y Q2'19



- Nordics (SEK 125.6m/-3.9%)
- West and South Europe and Africa (SEK 86.8m/-10.0%)
- Central and Eastern Europe (SEK 124.8m/15.8%)
- United Kingdom and Ireland (SEK 79.1m/28.6%)
- North America (SEK 44.0m/39.2%)
- Rest of the World (SEK 1.0m/-56.5%)

PROFITABILITY Q2 2019

Margin

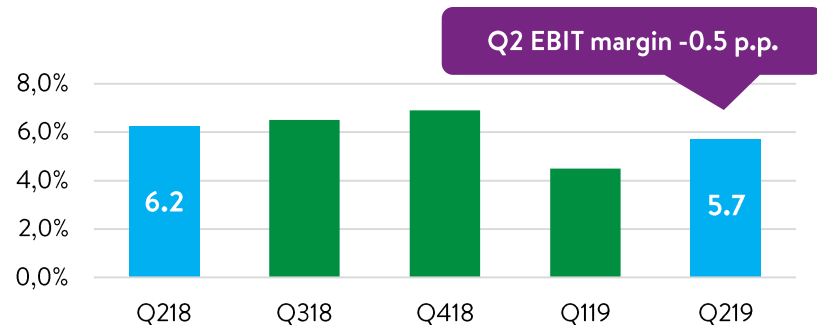
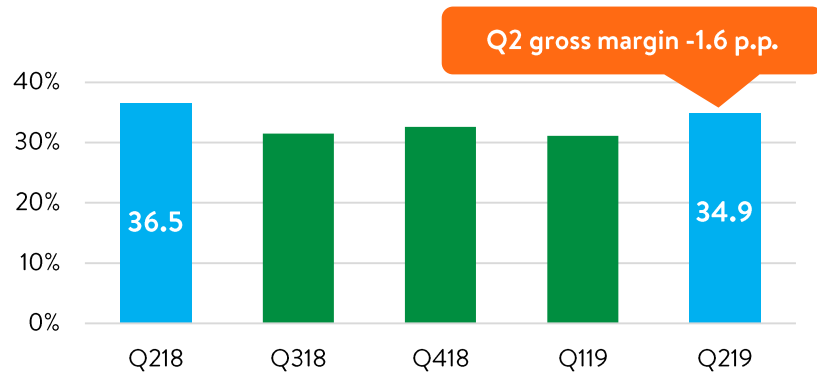
- Gross margin decreased y/y by 1.6 p.p. to 34.9%, currency effects in Products and market mix impacting negatively. Increased q/q by 3.8 p.p.
- Operating margin decreased 0.5 p.p. to 5.7%, excluding restructuring costs operating margin increased to 7.6%

Profit

- EBITDA SEK 47.3m (44.1)
- EBIT SEK 26.2m (26.1), excluding restructuring costs EBIT of SEK 34.9m
- Profit after tax SEK 18.7m (20.8)

Comments

- Positive gross margin trend compared to last three quarters. Increased focus on efficient service delivery going forward.
- Improved operating profit of 34% excluding restructuring costs



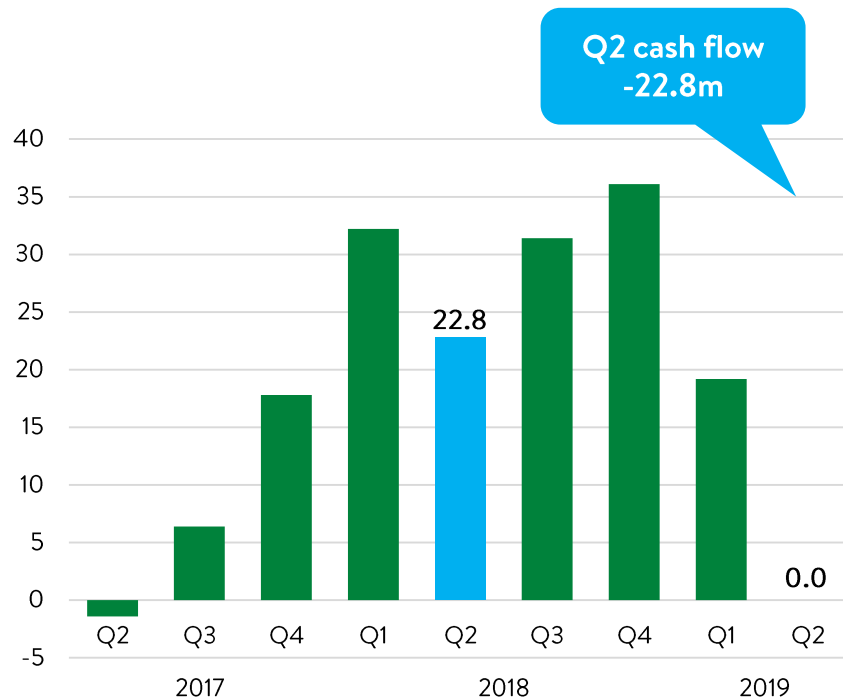
CASH FLOW Q2 2019

Cash flow

- Free Cash Flow before acquisitions amounted to SEK 0.0m (22.8)
- Decrease in cash flow y/y mainly due to negative working capital development in quarter

Net debt

- Net debt decreased q/q, to SEK 154.6m from SEK 156.7m, and decreased y/y from SEK 174.6m*
- Equity/assets ratio at 46.5% end of second quarter, flat against Q1'19 at 46.1% and down from 46.9% end of Q2'18.



*Note: After adoption of IFRS 16 from 1 January 2019, net debt includes a financial leasing liability of SEK 63.3m in Q2'19

CONCLUDING REMARKS AND Q&A



CONCLUDING REMARKS

Q2 positive

- Continued growth in both Products and Services
- Good growth in Services continues, +34% y/y
- Increasing share of services sales, 19% of total net sales
- Maintaining or increasing market share in senior mobile phone category
- Improved operating profit of 34% excluding restructuring costs

Q2 challenges

- The challenging market situation in mobile phone market continues
- Gross margin decrease y/y driven by negative currency effects and market mix in Products

Priorities ahead

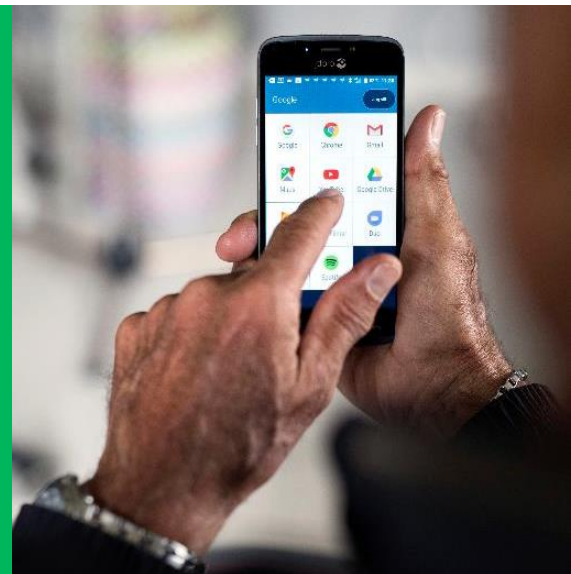
- Increasing focus on Public Care, further develop or offering and efficiency in services
- Develop structure and competence to become a European leader in technology enabled care solutions
- Be agile and adapt to market development in mobile phone business

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: Q3 on October 25, 2019
- Contact: 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 2018 and in the Interim Report.

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