

DORO

OCTOBER – DECEMBER 2019

Carl-Johan Zetterberg
Boudrie, President & CEO

Ronnie Ekman, Act. CFO

Thursday 13th 2020



AGENDA

- Key highlights
- Fourth quarter 2019
- Concluding remarks and Q&A session



KEY HIGHLIGHTS



KEY HIGHLIGHTS IN THE QUARTER

+11.1 %

Net sales

Good sales development, both in quarter and full year

23.9 %

growth in Services

Double digit sales growth in Services

6.7 %

underlying operating margin

Stable operating margin, excluding restructuring costs and write-downs, despite negative currency effects.

No 1

Market leader in telecare in three markets; Norway, Sweden and UK. Worldwide market leader in senior phones.



FOURTH QUARTER 2019



BUSINESS HIGHLIGHTS

Category Products

- Increased market share - strengthened our position as market leader.
- Good sales of our new mobile phones that were launched during the third quarter.
- Strong offering and a great understanding of the needs of our customers and consumers.



BUSINESS HIGHLIGHTS

Category Services

- Sales increased by 23.9 % (y/y), mainly related to the acquisition of Centra Pulse and Connect.
- Organic growth 3.9 % - a number of new public contracts for social alarm services in Norway and Sweden.
- Continued trend towards technology enabled care to overcome society's challenges ex. Swedish governments strategy for life science with technology enabled care as one of the focus areas.



NET SALES Q4 2019



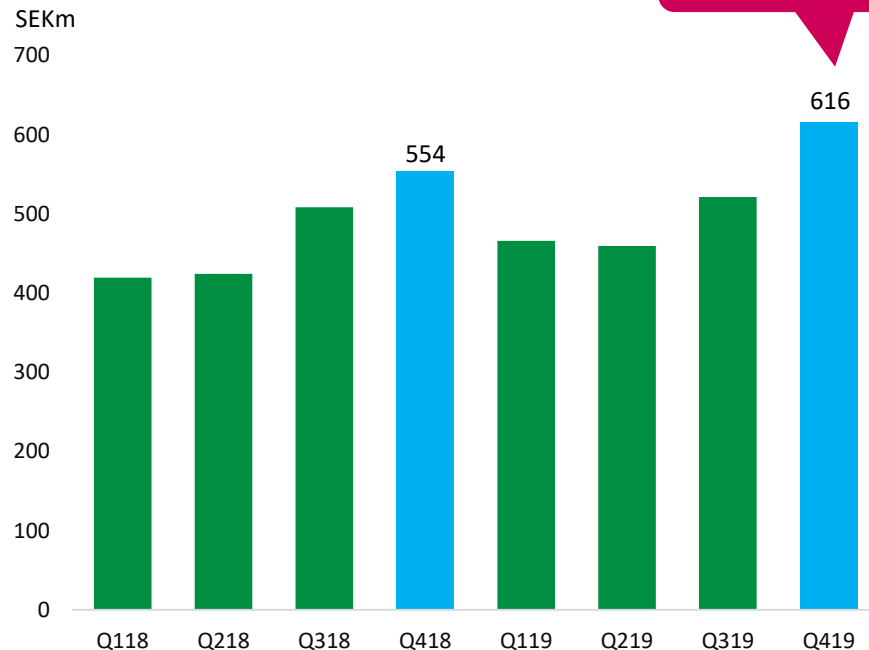
Sales in Category Products

- Sales increased 8.8 % y/y
- Gained market shares in all major markets, despite continued challenging market conditions
- Good sales of our new mobile phones that were launched during the third quarter.



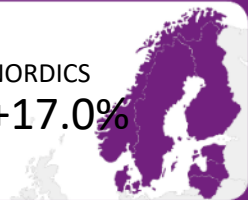
Sales in Category Services

- Sales in category Services increased 23.9% y/y, with organic growth of 3.9% y/y
- Start to see increased demand for technology enabled care services and products for ex Doro visit and mobile personal care phones with GPS



SALES PER MARKET Q4 2019

NORDICS
+17.0%



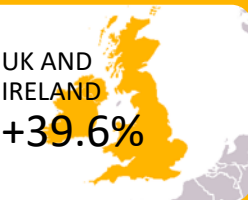
- Gaining market shares in senior phones segment
- New public contracts for social alarm services in Sweden and Norway

CENTRAL
AND EASTERN
EUROPE
-9.6%



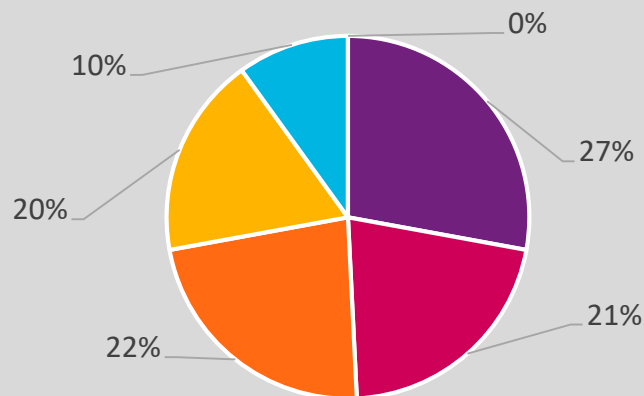
- Retail sales in Germany decreased due to weak consumer electronic market
- New sales organization in Eastern Europe during the year

UK AND
IRELAND
+39.6%



- Sales recovered strongly in the fourth quarter, acquisition of Centra Pulse and Connect plus organic growth
- Earlier certificate problems now resolved and the company's new phones have been well received

Sales Q4'19/Growth y/y Q4'19



- Nordics (SEK 168.9m/17.0%)
- West and South Europe and Africa (SEK 125m/6.7%)
- Central and Eastern Europe (SEK 137.5m/-9.6%)
- United Kingdom and Ireland (SEK 122.9m/39.6%)
- North America (SEK 60.5m/31.0%)
- Rest of the World (SEK 1m/0%)

PROFITABILITY Q4 2019

Margin

- Margin negatively impacted by:
 - Currency effects and logistic costs
- Operating margin was 6.7 percent, excluding restructuring costs and write-downs. Including one-offs operating margin was 5.0 percent

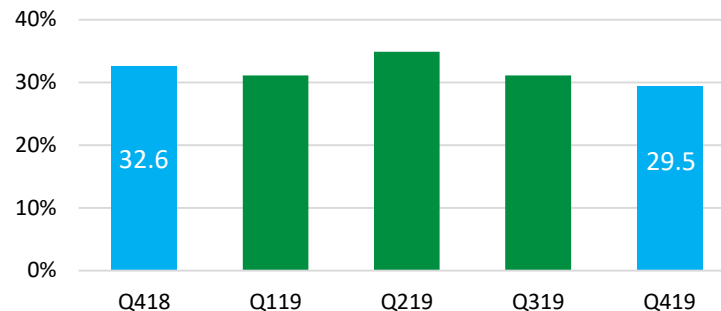
Profit

- EBITDA SEK 61.1m (57.4)
- EBIT SEK 30.9m (38), excluding restructuring costs and write-downs EBIT of SEK 41.5m
- Profit after tax SEK 20.8m (25.6)

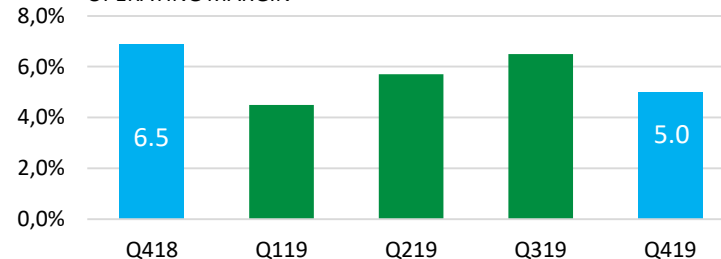
Comments

- Focused effort to extract synergies from acquisitions and review working methods in the alarm centers
- Gross margin Services - positive trend compared with Q3

GROSS MARGIN



OPERATING MARGIN



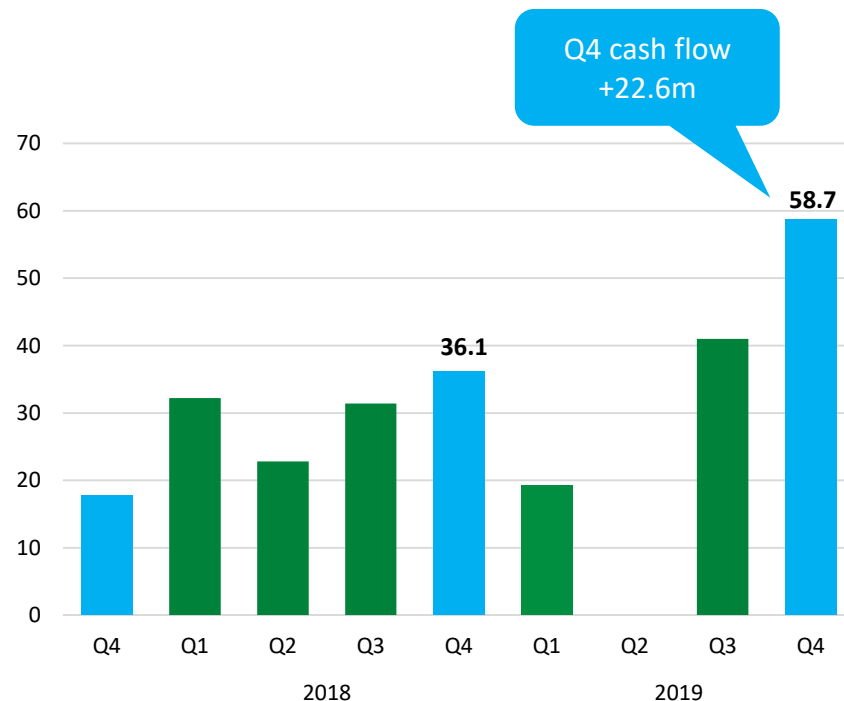
CASH FLOW Q4 2019

Cash flow

- Free Cash Flow before acquisitions amounted to SEK 58.7m (36.1)
- Increase in cash flow y/y mainly due to improved working capital development in the quarter

Net debt

- Net debt decreased q/q, to SEK 84.1 m from SEK 142.4m, and decreased y/y from SEK 105.8m*
- Equity/assets ratio at 46.6% end of fourth quarter, up against Q3'19 at 44.4% and slightly down from 46.7% end of Q4'18.



*Note: After adoption of IFRS 16 from 1 January 2019, net debt includes a financial leasing liability of SEK 62,6m in Q4'19

CONCLUDING REMARKS AND Q&A



CONCLUDING REMARKS

Q4 positive

- Increasing sales of +11.1%, both on Services +23.9% and Products +8.8%.
- Earlier certificate problems in UK now resolved and the company's new phones have been well received.
- Increasing market share in senior mobile phone category in all major markets.

Q4 challenges

- The challenging mobile phone market continues.
- Gross margin affected by negative currency effects due to the strong USD.
- Higher proportion of air freight than anticipated has affected margin negatively.
- Lower margin within acquired business has had a negative impact on the gross margin in the Service business.

Priorities ahead

- Reduce logistic costs.
- Improve service delivering and increase efficiency in alarm receiving centers.
- Continue to develop and expand our offer in technology enabled care
- Closely monitor the development of novel coronavirus (2019-nCoV) to secure safety of personnel and supply of products

Q&A

- Thank you for your attention!
- Next report: Q1 April 24, 2020
- 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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- Doro provides financial information adjusted for items such as currency effects and one-off cost items solely as supplemental financial information to help investors and the financial community make meaningful comparisons of Doro’s operating results from one financial period to another. These adjustments might not be in accordance with IFRS.

THANK YOU!

IR@DORO.COM