



DORO JULY – SEPTEMBER 2019

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October 25th 2019

AGENDA

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



KEY HIGHLIGHTS



KEY HIGHLIGHTS IN THE QUARTER

20 %

share of Services, full year

Fast paced transformation to a services based technology enabled care company

17 %

growth in Services

Double digit sales growth in Services and continued overall growth

7 %

underlying operating margin

Improved operating margin, excl. acquisition costs, moving towards our financial target (8%)

No 1

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



THIRD QUARTER 2019



BUSINESS HIGHLIGHTS

Category Products

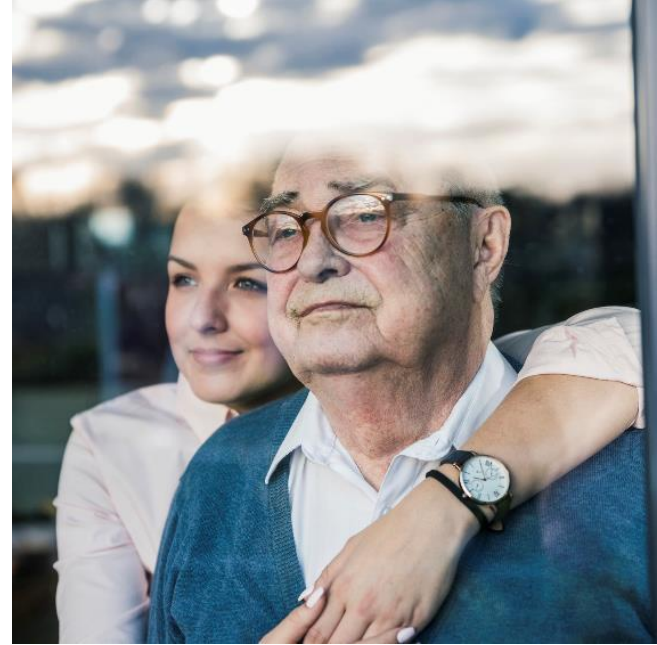
- Launch of five new senior phones at IFA in Berlin:
 - one flagship smartphone Doro 8080
 - four feature phones
- Successful introduction for the new products
- Certificate problems in UK during Q2 significantly affected sales in Q3
- Increased market shares in senior mobile phones in all other major markets



BUSINESS HIGHLIGHTS

Category Services

- Transformation to a services based technology enabled care company - 20 % of Doro's sales in Services (full-year basis)
- Acquisition of UK company Centra Pulse and Connect – now handling close to 200,000 connections in the UK
- Strong organic growth, 11.1%, mainly driven by Norway
- Positive trend in Sweden – new contracts won in the quarter
- Market leader in telecare in three markets; Sweden, Norway and Europe's biggest market UK
- Focused effort to improve gross margin going forward



NET SALES Q3 2019



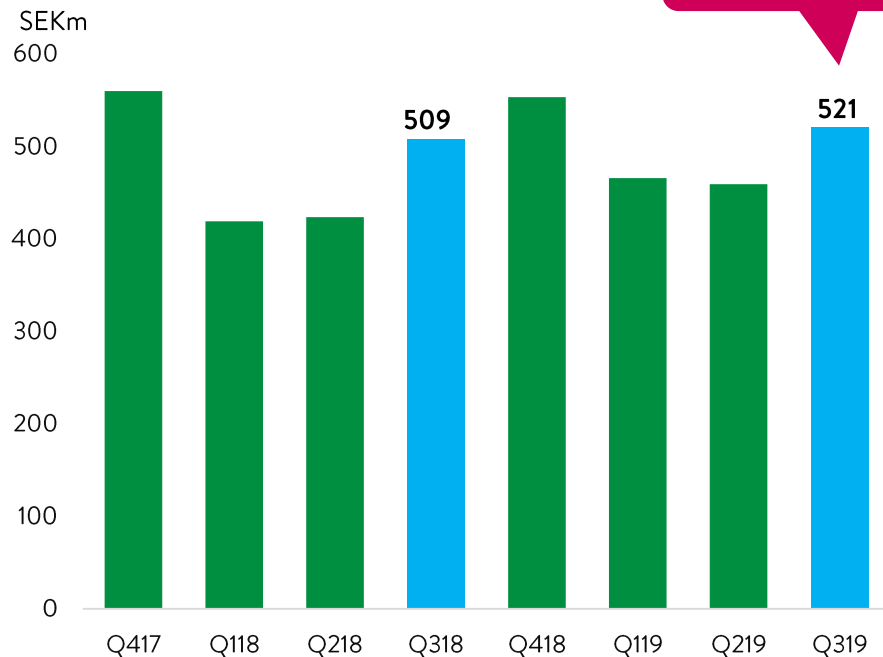
Sales in Category Products

- Sales on par with last year
- Certificate issues in UK burdened the sales significantly in the region
- Gained market shares in all other major markets, despite continued challenging market conditions



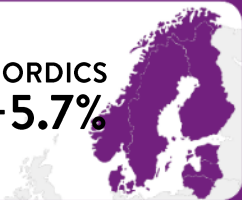
Sales in Category Services

- Sales in category Services increased 16.8% y/y, with organic growth of 11.1% y/y
- Strong organic growth in Norway through new contracts in the year
- Services share of total sales 20% on a full-year basis



SALES PER MARKET Q3 2019

NORDICS
+5.7%



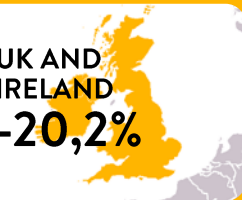
- Gaining market shares in senior phones and organic growth in Norway for Services
- Successful launch of flagship smartphone Doro 8080

CENTRAL
AND EASTERN
EUROPE
+7,8%



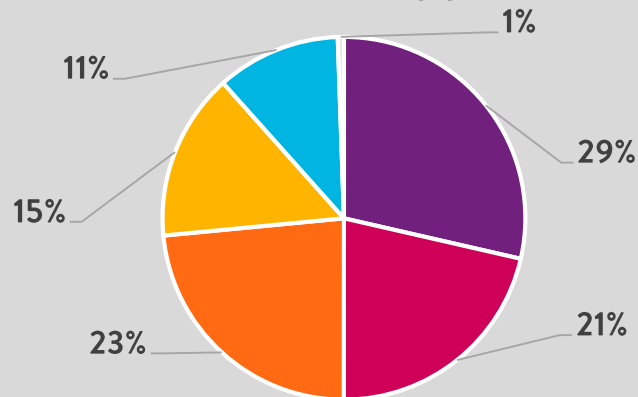
- Declining phone market but Doro defends its market shares.
- New products has been well received in the market.

UK AND
IRELAND
-20,2%



- Certificate issues during Q2 impacted sales significantly
- Increased sales in Services – acquisition of Centra Pulse and Connect combined with organic growth

Sales Q3'19/Growth y/y Q3'19



- Nordics (SEK 149.3m/5.7%)
- West and South Europe and Africa (SEK 111.9m/-2.5%)
- Central and Eastern Europe (SEK 122.5m/7.8%)
- United Kingdom and Ireland (SEK 77.9m/-20.2%)
- North America (SEK 57.7m/35.8%)
- Rest of the World (SEK 2.9m/178.7%)

PROFITABILITY Q3 2019

Margin

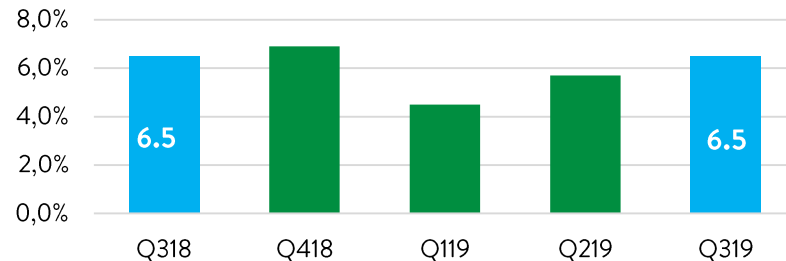
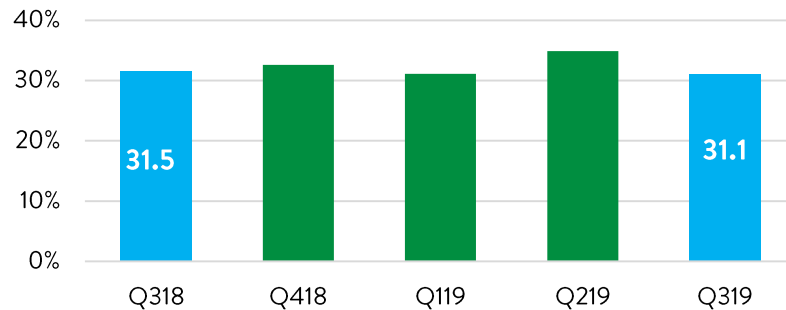
- Margin negatively impacted by:
 - Products: Currency effects and logistic costs
 - Services: High direct services costs in Norway
- Operating margin, excluding acquisition costs, increased to 7.0%

Profit

- EBITDA SEK 57.3m (54.3)
- EBIT SEK 33.8m (33.3), excluding acquisition costs EBIT of SEK 36.5 m
- Profit after tax SEK 23.0m (26.5)

Comments

- Focus to improve gross margin going forward
- Improved operating margin, excl. acquisition costs, in the right direction towards financial goal (8%)



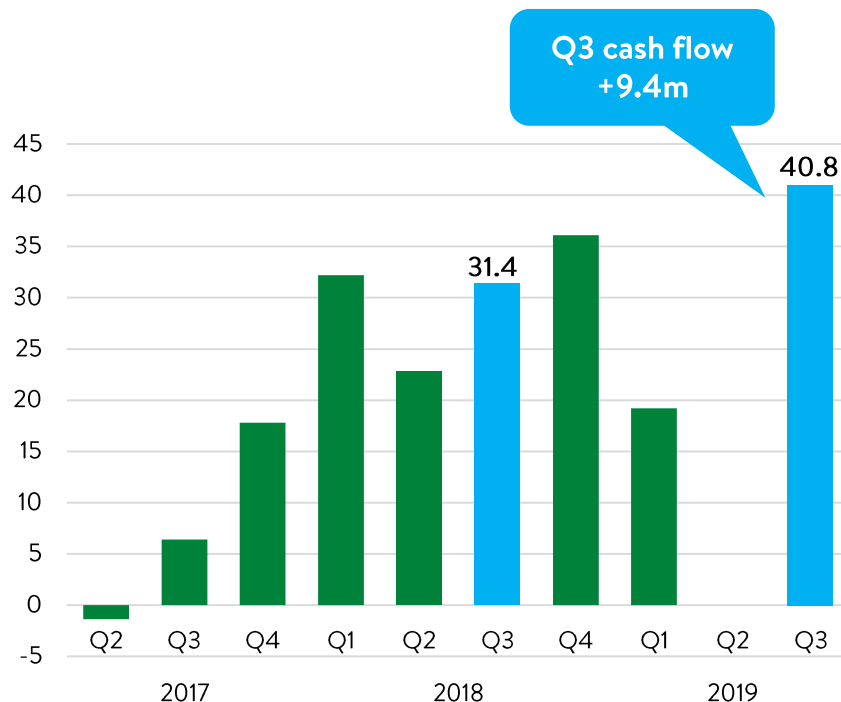
CASH FLOW Q3 2019

Cash flow

- Free Cash Flow before acquisitions amounted to SEK 40.8m (31.4)
- 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 142.4m from SEK 154.6m, and increased y/y from SEK 141.2m*
- Equity/assets ratio at 44.4% end of third quarter, down against Q2'19 at 46.5% and down from 46.7% end of Q3'18.



*Note: After adoption of IFRS 16 from 1 January 2019, net debt includes a financial leasing liability of SEK 70.3m in Q3'19

CONCLUDING REMARKS AND Q&A

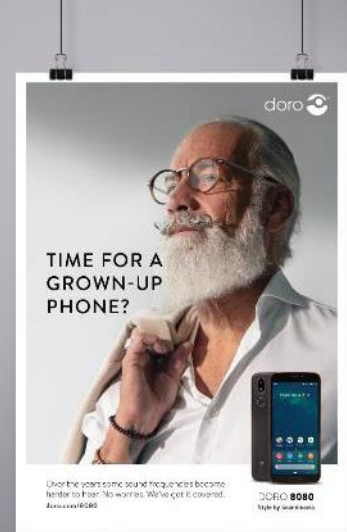


CONCLUDING REMARKS

Q3 positive	Q3 challenges	Priorities ahead	Maintained Outlook 2019
<ul style="list-style-type: none">• Acquisition of UK telecare company Centra Pulse and Connect – market leader in UK• Increasing share of services sales, 20% on yearly basis - 18,4% of total net sales Q3• Successful launch and sell in of new smartphone and feature phones• Increasing market share in senior mobile phone category	<ul style="list-style-type: none">• Significant sales drop in UK due to certificate problems in previous quarter• The challenging mobile phone market continues• Gross margin decrease y/y driven by negative currency effects, high logistics costs as well as high personnel costs in direct services for Norway	<ul style="list-style-type: none">• Increasing focus on Public Care, further develop our offering and efficiency in services• Integrate Centra Pulse and Connect and leverage synergies• Develop structure and competence to become a European leader in technology enabled care solutions• Gross margin improvements	<ul style="list-style-type: none">• 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 phone 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: Q4 on February 13, 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!

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