



DORO APRIL-JUNE 2018

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July 13th 2018

AGENDA

- Market update
- Second quarter 2018
- Concluding remarks and Q&A session



MARKET UPDATE



CURRENT KEY MARKET DYNAMICS

- **Early market data shows continued weak mobile phone market** – feature phone market challenging with continued increased competition. However Doro maintains market shares in the senior segment.
- **Google investing heavily in KaiOS** – highlighting the importance of developing feature phones further, 197 MSEK *)
- **The smart assistant trend continues** – adding launch of Alibabas AliGenie and Samsung Bixby 2.0, voice enabled devices take bigger part of the market **)
- **Care** – indication towards more technology enabled care solutions in future municipality procurements



*) <https://www.mobil.se>

**) Acando – 10 digital trends 2018

INSIGHTS STRENGTHENING OUR 3RD TRANSFORMATION

- 5000 respondents confirm our strategy - being a full technology solution provider for seniors. New consumer research conducted by Doro in June *Seniors experience and attitudes towards technology* *)
 - Two of three respondents (66.6%) say that they have a great interest in technology
 - They are curious how technology solutions can help them in their daily life. Four out of ten want to learn more
 - They feel that technology solutions contribute to safety. Six out of ten want to learn more
 - Two out of five respondents would be very confident with a smart care home solution that enable them to feel safer at home



*) source: Doro/Novus Seniors' experience and attitudes towards technology – June 2018

SECOND QUARTER 2018



BUSINESS HIGHLIGHTS

Category Products

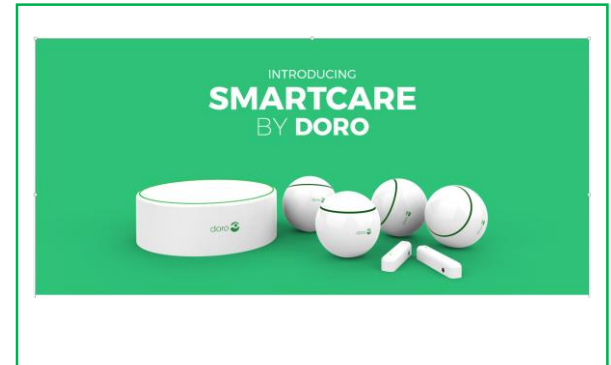
- **Continued challenging market** for mobile phones
- **Doro 8040** – Plus X award
 - Awarded “**Brand of the Year 2018**” – senior smartphone category
- Launch of **first 4G clam smart feature phone**
 - Doro 7060/7070 in Nordics June, Europe Q3
 - Doro 7050 US planned for Q4 2018
- **Advertorial in the Economist with Google/Android** - this time on extending independence among seniors



BUSINESS HIGHLIGHTS

Category Services

- Strong growth in category Services driven by the acquisition of Welbeing, UK, as well as continued positive development of the Nordic Care business
- Accelerating the execution of our strategy
 - Welbeing acquisition – entering UK market
 - Service development in accordance to plan
 - Response by Doro to be launched during October 2018 in Sweden
 - SmartCare by Doro to start with friendly trials in Q3 2018



NET SALES Q2 2018



Sales in Category Products

- Continued weak mobile phone market in Western Europe, especially in feature phones segment
- Sales in category Products were 10.1% lower y/y
- Smartphones share of total phone sales declined to 17%



Sales in Category Services

- Sales in category Services increased 41.5% y/y
- Sales growth driven by acquisition of Welbeing (included from June 1 2018) and good development in the Nordics for Doro Care
- Services share of total sales 15.2% (10.2)

SEKm

700

600

500

400

300

200

100

0

Q316

Q416

Q117

446
Q217

Q317

Q417

Q118

424
Q218

Net sales
-4.9%

SALES PER MARKET Q2 2018

NORDICS
-0.9%



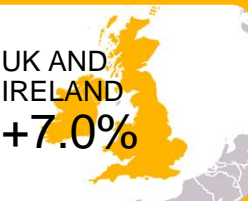
- Doro Care showing continued growth
- As in the previous quarter, the mobile phone market has been challenging

CENTRAL
AND EASTERN
EUROPE
-16.0%



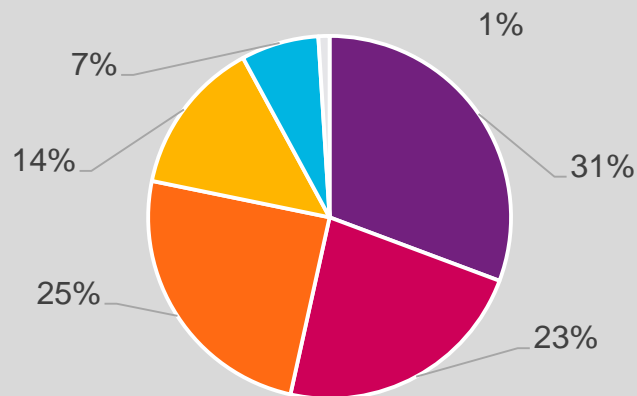
- Weak market for mobile phones impacting a number of important customers in Germany negatively
- Increased competition in non senior mobile phone segment

UK AND
IRELAND
+7.0%



- Weak sales of smartphones due to delayed testing of Doro 8035 at major operators
- Welbeing acquisition has compensated the weak product sales

Sales Q2'18/Growth y/y Q2'18



- Nordics (SEK 130.7m)/-0.9%
- West and South Europe and Africa (SEK 96.4m/-2.8%)
- Central and Eastern Europe (SEK 107.8m/-16.0%)
- United Kingdom and Ireland (SEK 61.5m/7.0%)
- North America (SEK 31.6m/23.9%)
- Rest of the World (SEK 2.3m/-51.1%)

PROFITABILITY Q2 2018

Margin

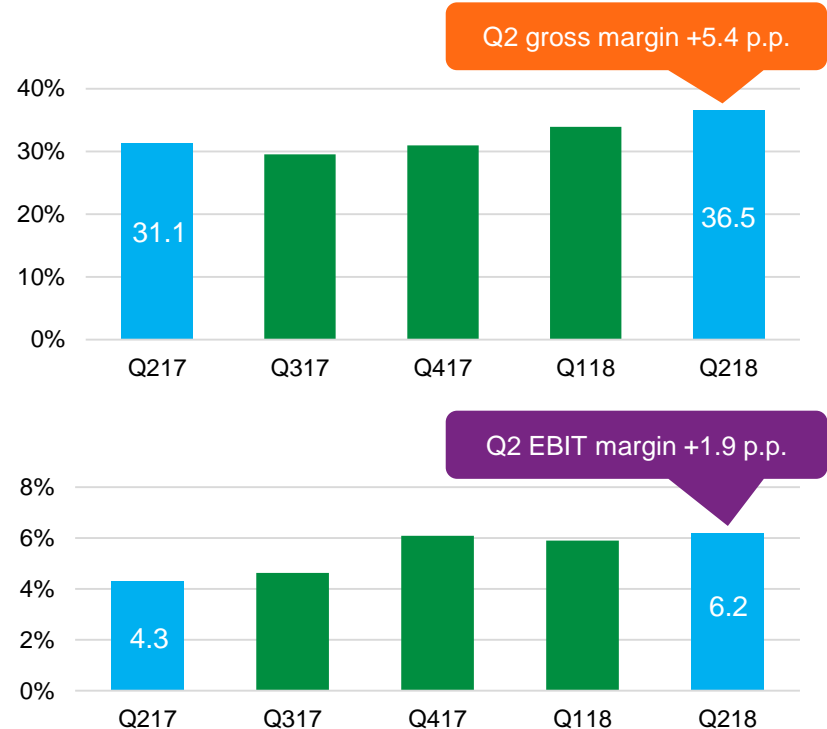
- Gross margin increased by 5.4 p.p. to 36.5%, supported by higher share of Service sales and positive currency effects in Products
- Operating margin increased 1.9 p.p. to 6.2%

Profit

- EBITDA SEK 44.1m (33.8)
- EBIT SEK 26.1m (19.1)
- Profit after tax SEK 20.8m (15.3)

Comments

- Move towards technology enabled care services requiring new competences
- Transformation program to be launched to drive competence shift as well as reducing costs by an estimated SEK 30m



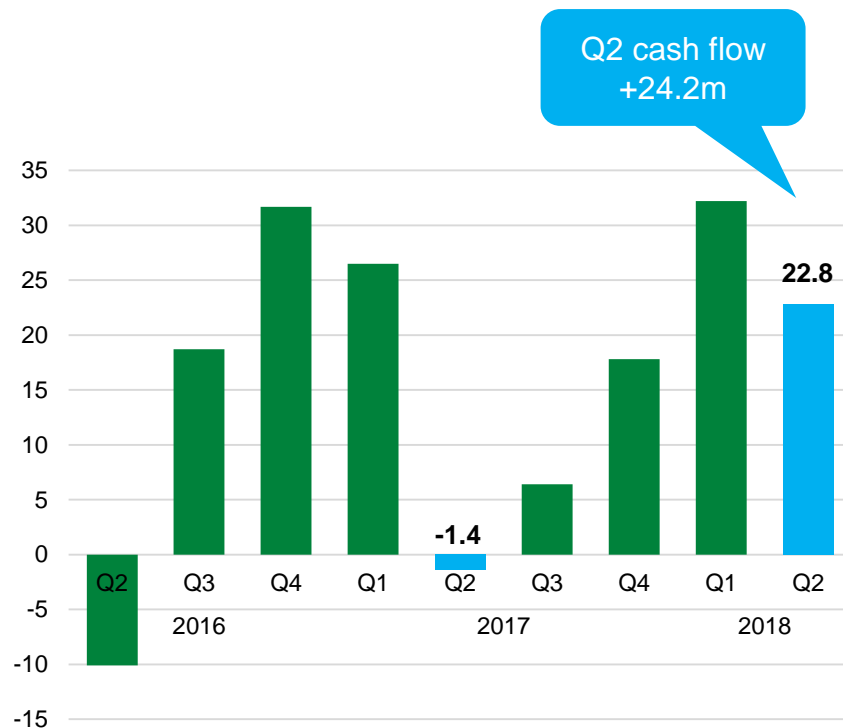
CASH FLOW Q2 2018

Cash flow

- Free Cash Flow before acquisitions amounted to SEK 22.8m (-1.4)
- Increase in cash flow y/y mainly due to higher EBIT and a decrease in inventory

Net debt

- Net debt increased q/q, to SEK 174.6m from SEK 81.1m, and y/y from SEK 127.2m
- Equity/assets ratio at 46.9% end of second quarter, down from 54.8% at Q1'18 and 44.6% end of Q2'17.



CONCLUDING REMARKS AND Q&A

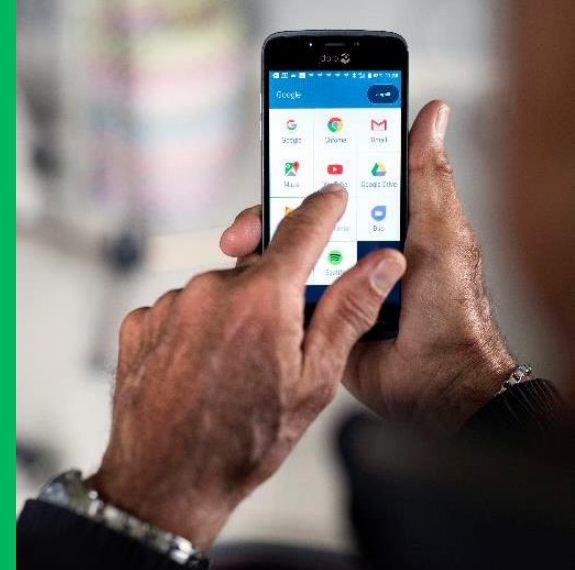


CONCLUDING REMARKS

Q2 positive	Q2 challenges	Priorities ahead	Outlook 2018
<ul style="list-style-type: none">• Acquisition of Welbeing strengthening our service business and geographical presence• Sales in category Services increased 41.5% y/y• Launch of a smart 4G feature phone strengthening offer• EBIT margin up to 6.2% and improved cash flow	<ul style="list-style-type: none">• Continued decline in product sales y/y, especially in Central and Eastern Europe• Indications of overall mobile phone market in Europe continue to decline	<ul style="list-style-type: none">• Launch of Response and SmartCare by Doro• Increased efforts to improve product sales and leverage strengthened product portfolio• Transformation program to further build competence in technology enabled care solutions and reduce yearly costs of an estimated SEK 30m	<ul style="list-style-type: none">• We firm up on our outlook for 2018 and expect sales in the range SEK 1.9bn – 2.0bn and an operating profit (EBIT) in the range SEK 105m – 135m, including Welbeing, but excluding any further acquisitions or restructuring costs.

Q&A

- Thank you for your attention!
- Next report: Q3 on October 19, 2018
- Contact: ir@doro.com



DISCLAIMER

- FORWARD-LOOKING STATEMENTS

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