

tobii

Second Quarter 2018

July 20, 2018

Welcome to our presentation of the Q2 2018 report



Henrik Eskilsson, CEO



Johan Wilsby, CFO

Good progress in all three business units

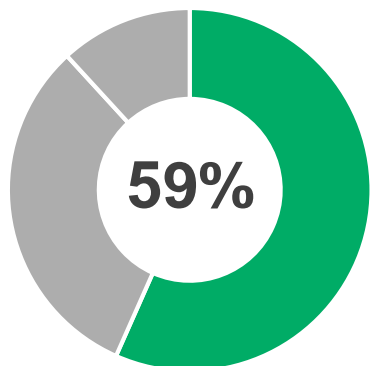
- Positive sales trend with increasing growth rate in Tobii Dynavox
- Continued very strong sales in Tobii Pro
- Strong momentum in the VR segment in Tobii Tech



Tobii Dynavox

- Global leader in assistive technology for communication
- Market share close to 50%
- Provides products that enable tens of thousands of users with special needs to speak and communicate effectively
- We empower people with disabilities to do what they once did, or never thought possible.

Share of the Group's sales



AVA'S STORY

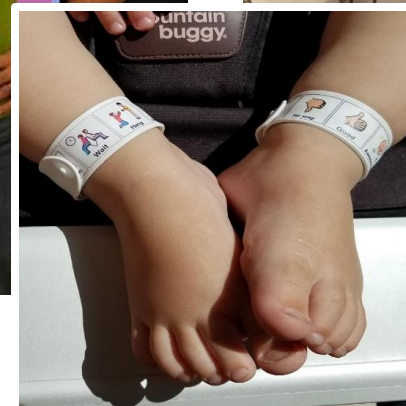
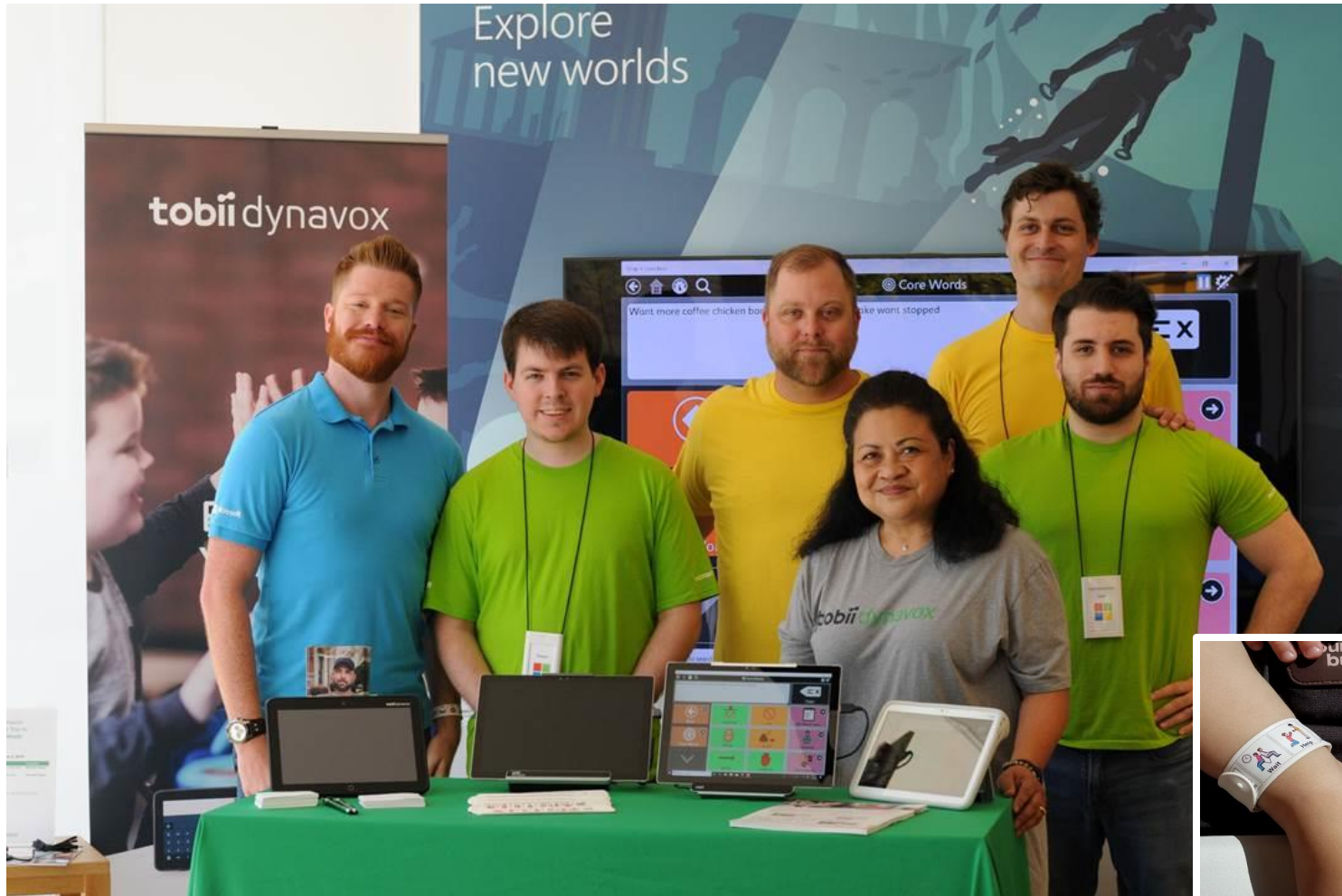
<https://www.youtube.com/watch?v=RJ35Zp8ZrJw>

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dynavox

Tobii Dynavox Q2 highlights

- Positive sales trend and sales growth by 8 % adjusted for currency
- Strong increase in number of units – helped more than twice as many users as in Q2 2017
- Continued very positive response to new products
- Launched the Speech Case for iPad
- Launched 7 inch version of Indi speech device
- Localization of Snap software to Swedish and Dutch
- Continued investments in product development

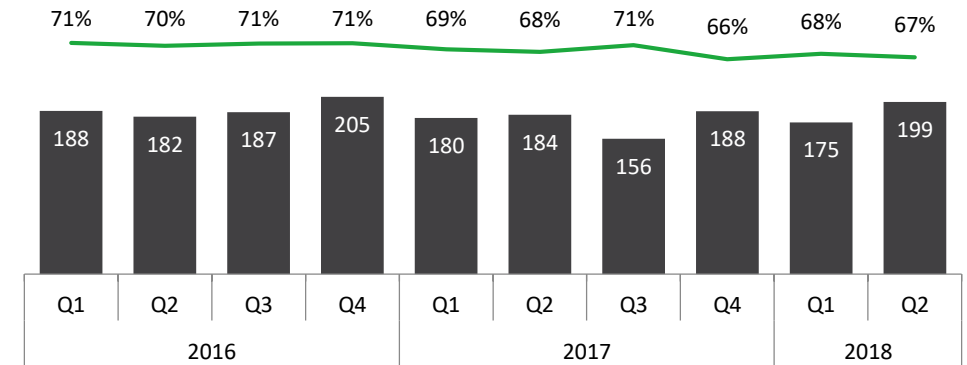
Positive trend in society towards inclusion



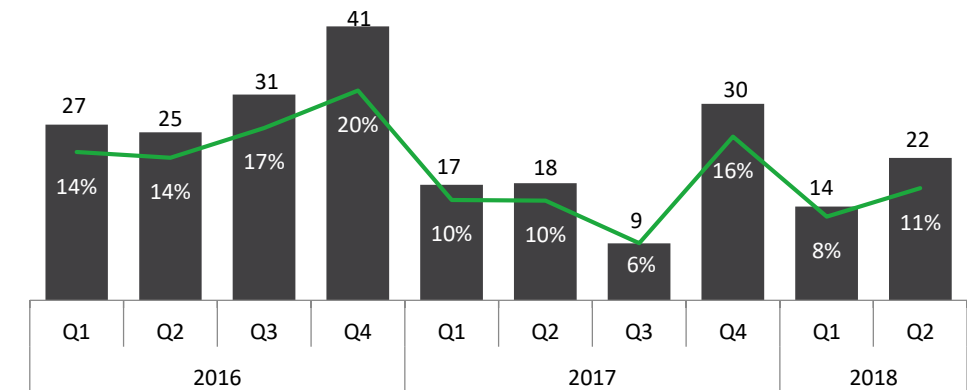
Tobii Dynavox Q2 financials

- Revenue grew 8% adjusted for currency and non-adjusted
- Gross margin was 67% (68%)
- EBIT margin was 11% (10%)

Revenue (SEK million) and Gross Margin



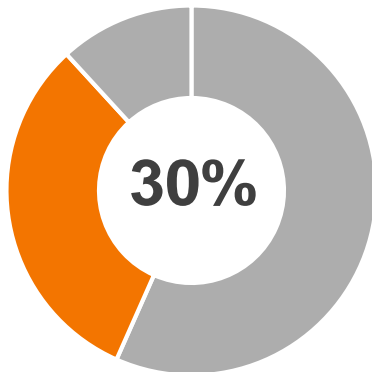
EBIT (SEK million) and EBIT Margin



Tobii Pro

- World leader in eye-tracking solutions for understanding human behavior
- Market share over 60%
- Provides eye tracker hardware and analysis software, plus market research consulting
- 2,000 academic and 3,000 commercial customers

Share of the Group's sales



tobii pro

Tobii Pro Q2 highlights

- Continued very strong sales
- Volume order of Glasses 2 from leading car manufacturer
- Stellar performance tests of Spectrum
- Launched VR analytics software

Eye tracking analytics in VR

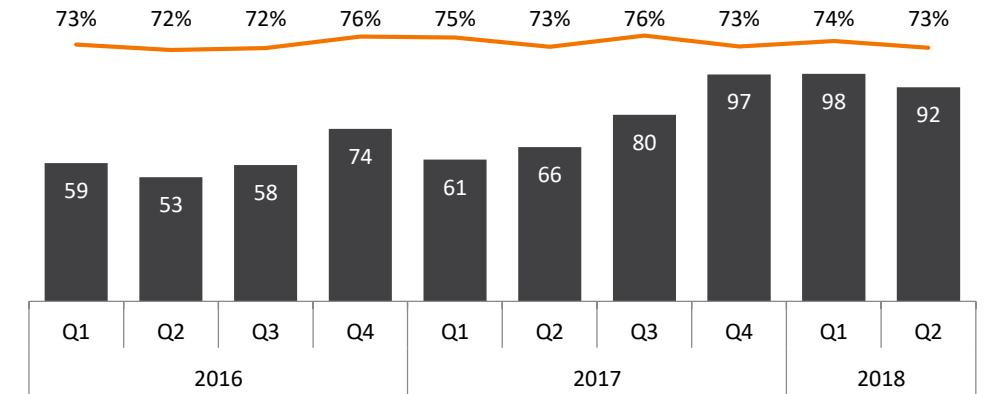


<https://www.tobii.com/product-listing/vr-analytics/>

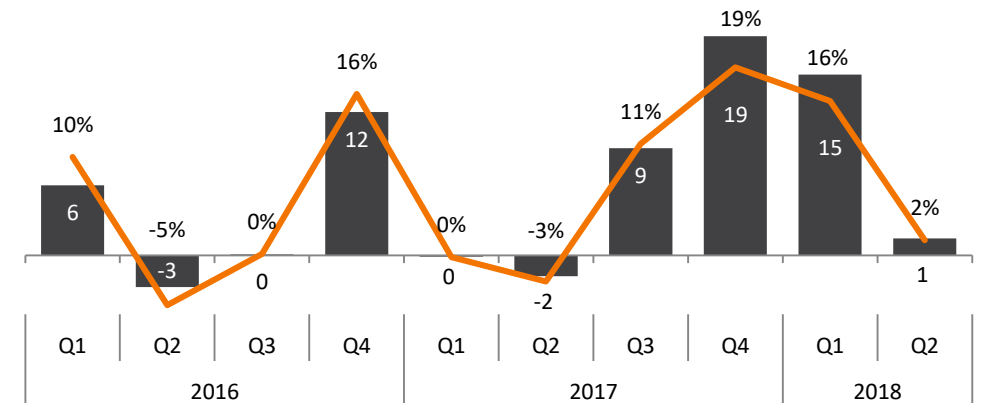
Tobii Pro Q2 financials

- Revenue increased 37% adjusted for currency
 - 39% increase non-adjusted
- Gross margin at 73% (73%)
- EBIT margin at 2% (-3%)

Revenue (SEK million) and Gross Margin



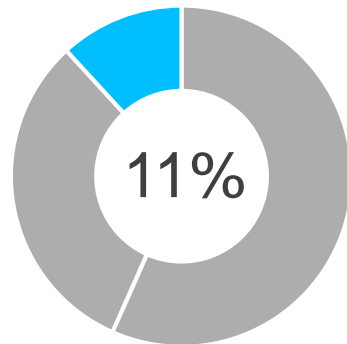
EBIT (SEK million) and EBIT Margin



Tobii Tech

- World's leading supplier of eye tracking technology to integration customers
- Targets high volume markets such as PC gaming, mainstream computers, virtual reality, augmented reality, smartphones, and numerous niche markets

Share of the Group's sales



Tobii Tech Q2 highlights

- Advancements in VR, both in ongoing integration projects and in dialogues with potential additional customers
- Dell launched updated version of gaming notebook Alienware 17 with eye tracking
- Dell announced Alienware Academy – an upcoming training solution for e-sports which includes Tobii eye tracking
- Standardization of eye tracking with USB standard approved by USB.org and eye tracking API for software developers for Windows 10
- First design projects started for products with the new Tobii IS-5 platform
- Tobii announced collaboration with Lumus to bring eye tracking to their AR devkit

Continued strong progress in VR market

- Good progress in integration projects with significant VR customers and partners
- These projects mostly target products in market during 2019
- Pipeline of numerous additional projects



AR/VR Headset Market Share by Form Factor, 2018 – 2022

Technology	Form Factor	2018 sold units (millions)	2022 sold units
Virtual Reality	Screenless Viewer	3,1	3,0
	Standalone HMD	1,3	21,7
	Tethered HMD	3,8	14,4
Augmented Reality	Screenless Viewer	0,4	0,7
	Standalone HMD	0,2	13,9
	Tethered HMD	0,1	12,1
Total		8,9	65,9

Source: IDC Worldwide Quarterly AR and VR Headset Tracker, June 19, 2018

Growing traction in streaming and e-sports

- Increased use in streaming & training
- Strong partnership with Dell Alienware – announced Alienware Academy



Standardization of eye tracking – a foundational condition for mainstreaming

- USB standard developed by Tobii, Microsoft, Intel and Eye Tech DS approved by USB.org
- Microsoft released eye tracking API for Windows 10



<https://blog.tobii.com/usb-hid-standard-eye-tracking-9720ea461bb5>

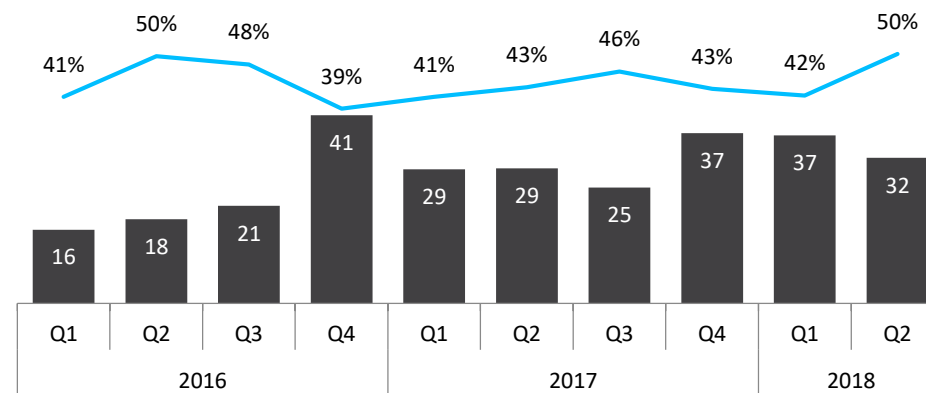
<https://blog.tobii.com/eye-tracking-development-news-microsoft-build-c86264e69d3c>



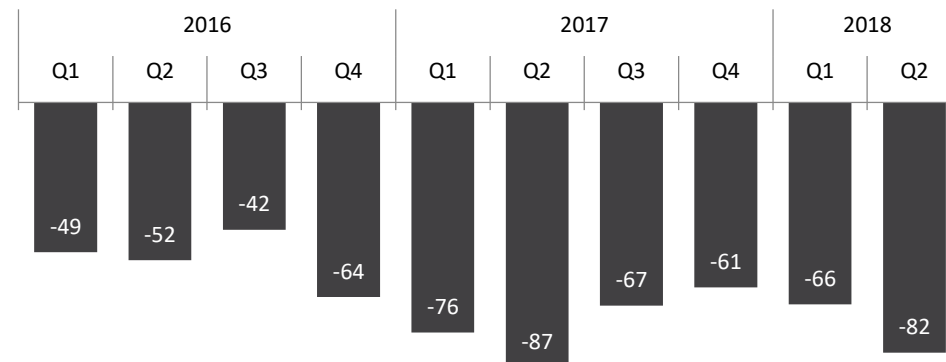
Tobii Tech Q2 financials

- Revenue increased 5% year-over-year, adjusted for currency
 - 8% non-adjusted
- Gross margin was 50% (43%)
 - Larger portion of sales to niche market customers
- Operating loss amounted to -82 MSEK (-87)
 - Lower external development costs

Revenue (SEK million) and Gross Margin



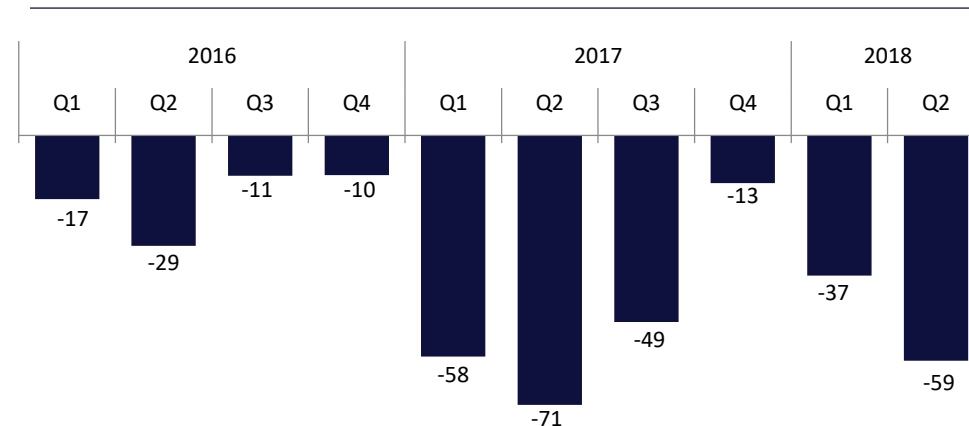
EBIT (SEK million)



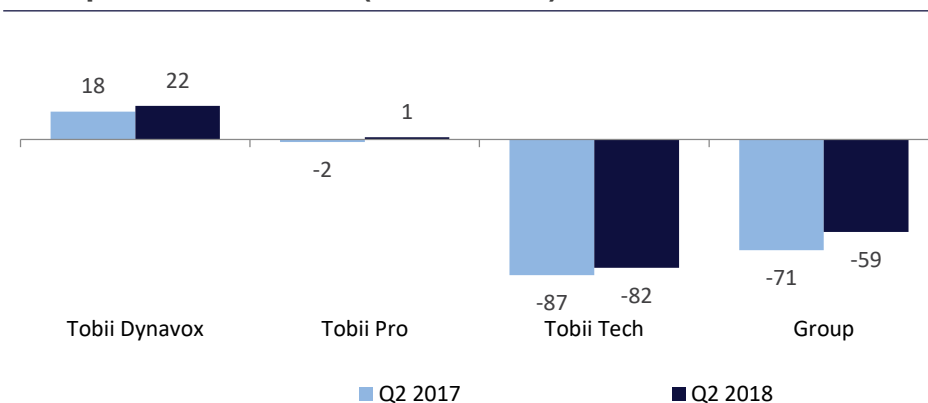
Tobii Group Q2 financials

- Revenue increased 15% year-over-year adjusted for currency
 - 14% non-adjusted
- Gross margin was 70% (71%)
- Group EBIT was -59 MSEK (-71)
 - Impacted by strong sales growth in Tobii Dynavox and Tobii Pro, and lower external R&D costs in Tobii Tech

EBIT for the Group (SEK million)



EBIT per business unit (SEK million)



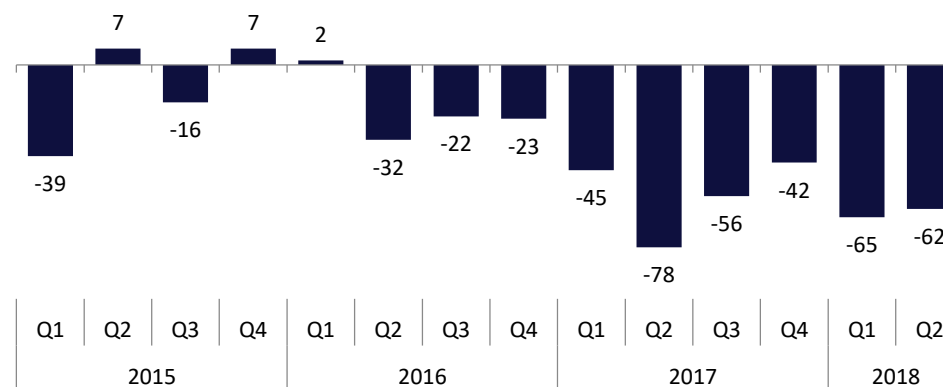
Balance sheet and cash flow

- Cash flow in Q218 positively impacted by a decrease in trade working capital after strong Q1 sales
- Continued strong cash position at 407 MSEK

Group balance and cash flow summary

Tobii Group (MSEK)	Q2 2018	Q2 2017
Total Assets	1 316	1388
Equity	899	1 029
Equity Ratio	68	74
Net Cash (+)/Net Debt(-)	407	631
Cash flow after continuous investments	-62	-78

Group cash flow after continuous investments (MSEK)



Summary

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THE WORLD LEADER IN EYE TRACKING

- Proven technology with strong unique benefits in large markets
- Global technology and market leadership

tobii dynavox

- Profitable
- Clear no. 1 position
- Market with significant unmet needs support long-term growth opportunity

tobii pro

- Profitable
- Clear no. 1 position
- Long-term growth opportunity by driving use beyond early adopters

tobii tech

- Clear no. 1 position
- Leading IP portfolio
- Multiple very large mass-market opportunities