



Fourth Quarter and Full Year 2017

February 8, 2018

Welcome to our presentation of Tobii's year-end report



Henrik Eskilsson, CEO



Johan Wilsby, CFO

Fourth quarter in summary

- Very strong sales growth in Tobii Pro
- Full sales recovery in Tobii Dynavox, successful new product portfolio
- Broad acceptance of eye tracking as key technology for coming generations of VR headsets



We are growing

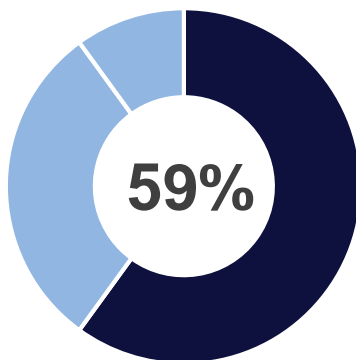
- In 2017, we grew our team by 120 to 900 Tobiiians
- #7 in Universum's ranking of Sweden's best employers



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

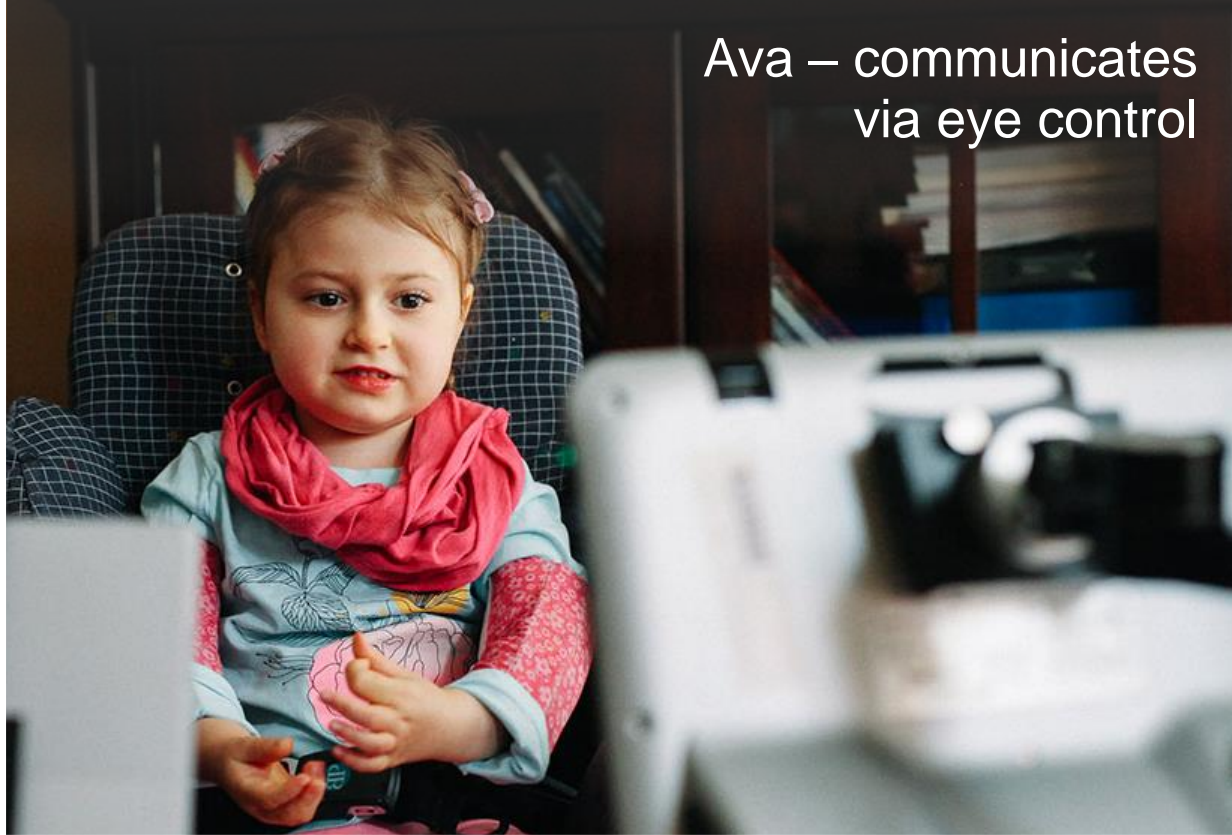
Share of the Group's sales



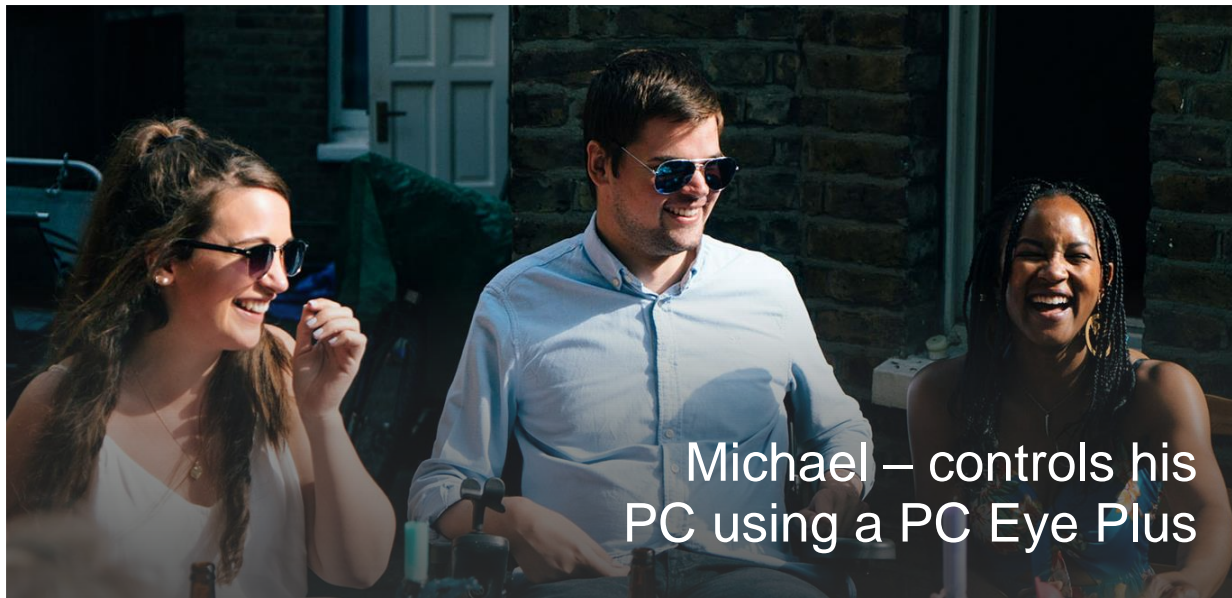
tobii
dynavox



Cabe – uses an I-110 touch device as his voice



Ava – communicates via eye control



Michael – controls his PC using a PC Eye Plus

Full sales recovery driven by great market response to new touch solutions



Indi, speech tablet



I-110, medical-grade, touch-based speech generating device

Watch video: <http://bit.ly/2goTjKc>

Our revamped portfolio

Medical grade



Example products

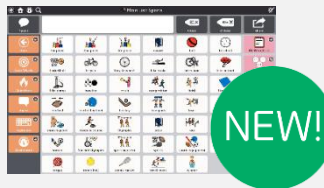
*I-110
I-Series
PCEye Plus*

Mid-range



*Indi
EyeMobile Plus
PCEye Mini*

Software



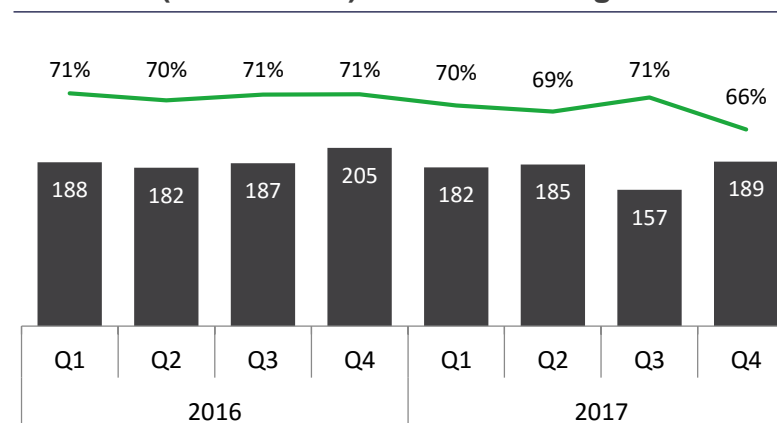
*Snap
Communicator
Windows Control*

All products: www.tobiidynavox.com/en-US/products/

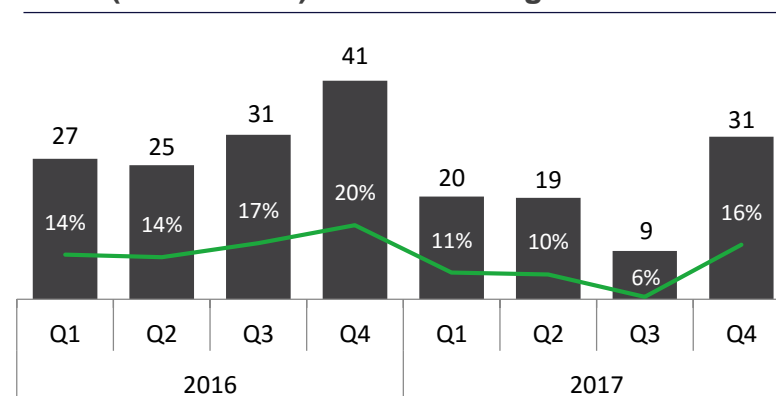
Tobii Dynavox Q4 financials

- Revenues grew 20% in Q4 compared to Q3
 - Strong increase in touch device sales
 - Some
- Revenues compared to Q4 2016 declined 8%, and by 1% adjusted for currency
 - Now back on same level as before the decline
- Gross margin at 66% (71%)
 - Product mix changes
 - Non-recurring items
- EBIT margin at 16% (20%)

Revenue (SEK million) and Gross Margin



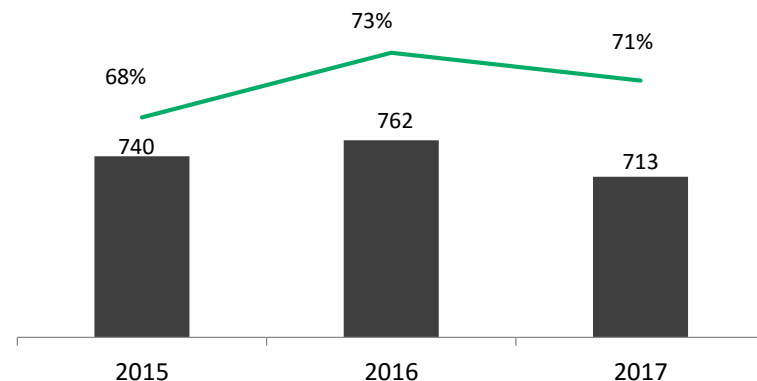
EBIT (SEK million) and EBIT Margin



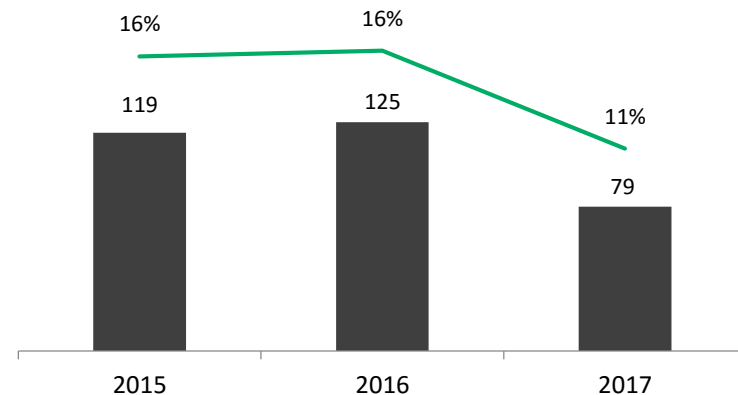
Tobii Dynavox full year financials

- Revenues declined 6%
 - 6% also adjusted for currency
- Gross margin at 69% (71%)
 - Product mix changes
- EBIT margin at 11% (16%)
 - Lower revenue coupled with decline in gross margin

Revenue (SEK million) and Gross Margin



EBIT (SEK million) and EBIT Margin



Updated long-term financial target

Tobii Dynavox's mission is to empower people with disabilities to do what they once did, or never thought possible.

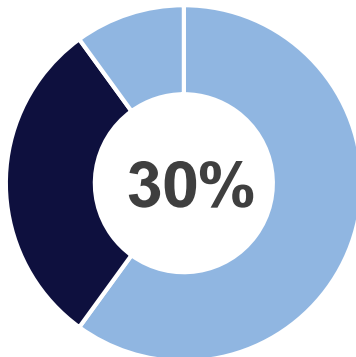
An overall objective is to retain and expand its position as the world leader in assistive technology for communication. Very low global penetration offers the potential for long-term market growth, driven by gradually more effective reimbursement systems in more countries and increased awareness among caregivers and professionals. Tobii Dynavox is also driving growth by developing products that are both more fit-for-purpose and easier to use, over a broad spectrum of price points.

Tobii Dynavox's long-term financial target is to increase revenue on average by 10% per year with an EBIT margin of 15-20%.

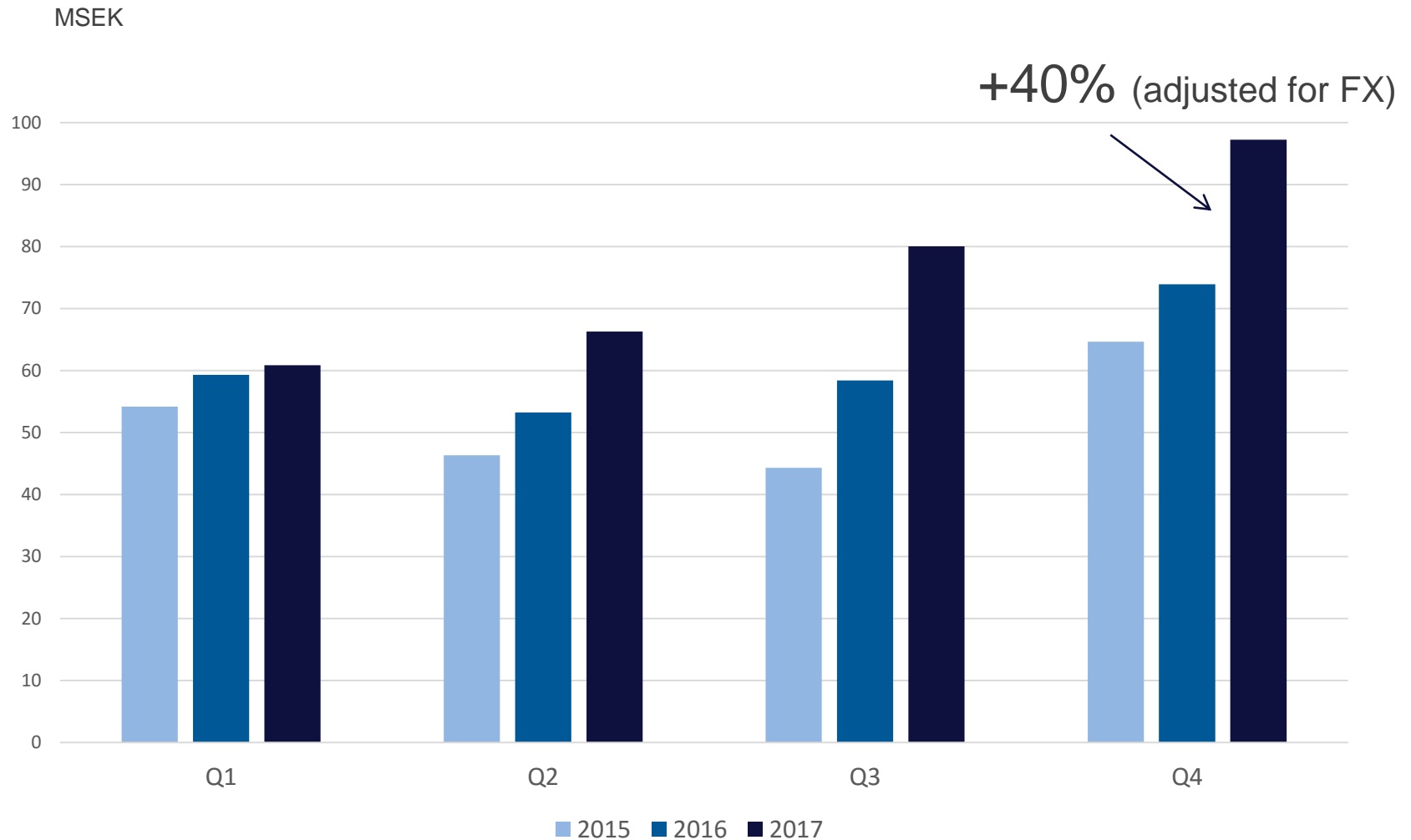
Tobii Pro

- World leader in eye-tracking solutions for understanding human behavior
- 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

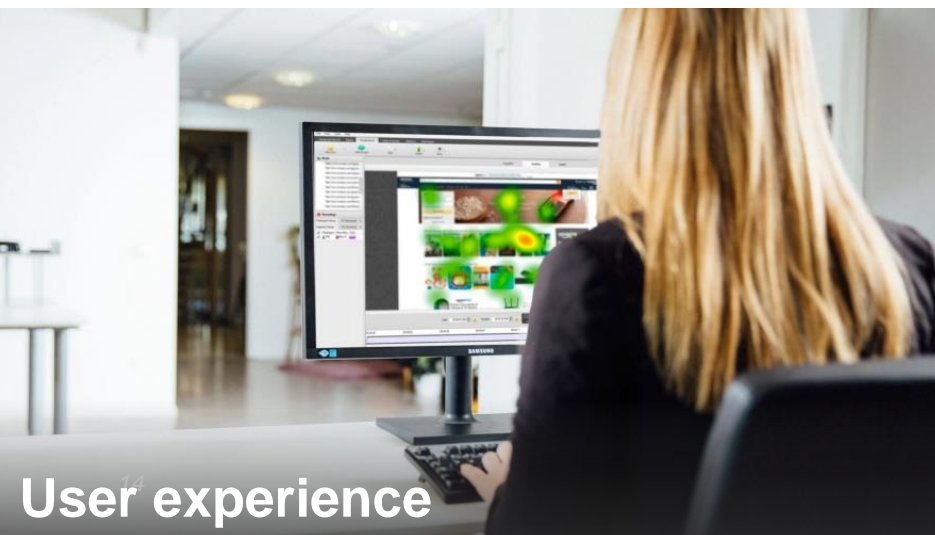


Very strong sales growth



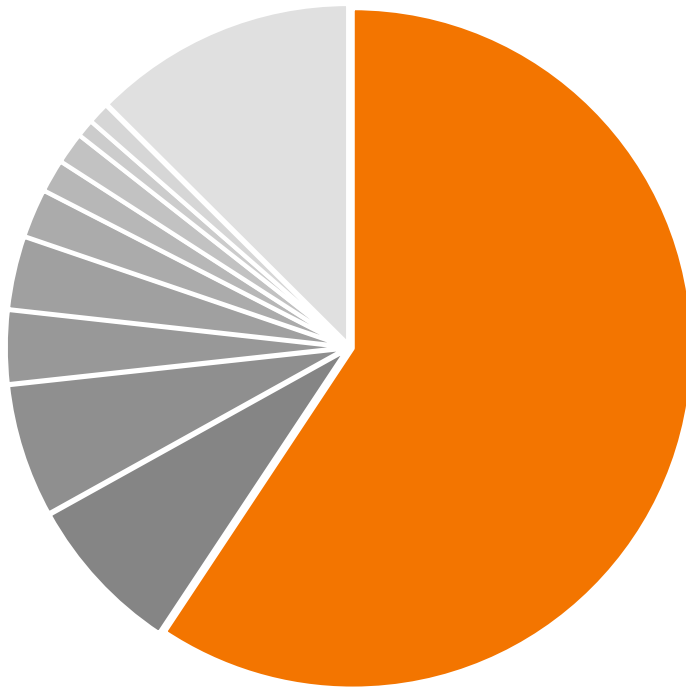
Growth is driven by steadily increasing demand for powerful insights

tobiipro



Increased market share

- Tobii Pro's main competitor, SMI, was acquired in Q2 2017
- A significant part of that business has been captured by Tobii Pro



tobiipro

60%

share of the global
market for eye tracking
research solutions

New products contribute to growth

tobii pro



Eye tracking in virtual reality open up entire new domains of research

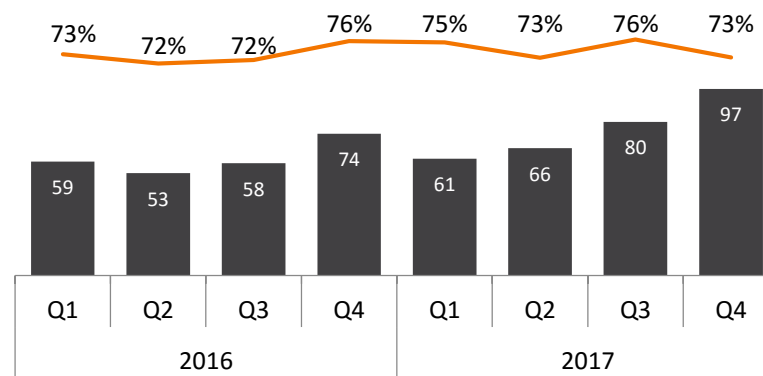


1200 hz Pro Spectrum eye tracker strengthens the position in advanced academic research

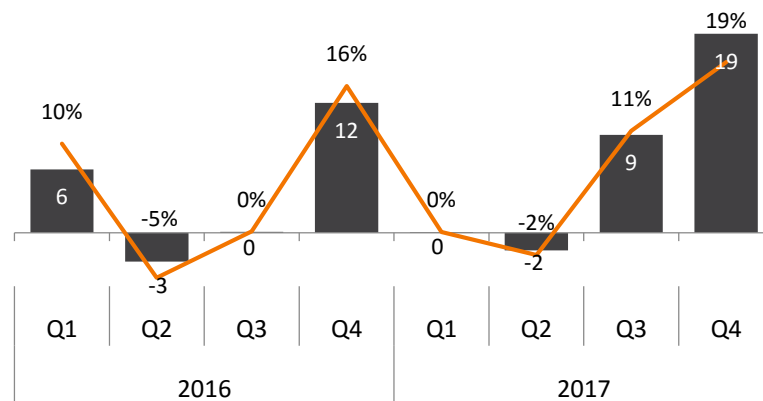
Tobii Pro Q4 financials

- Revenue increased 32%
 - 40% adjusted for currency effects
 - Strong sales across customer segments and geographies
- Gross margin at 73% (76%)
- EBIT margin at 19% (16%)

Revenue (SEK million) and Gross Margin



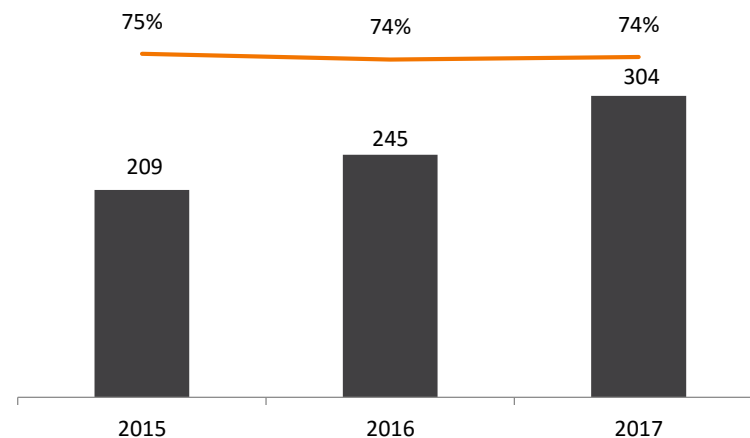
EBIT (SEK million) and EBIT Margin



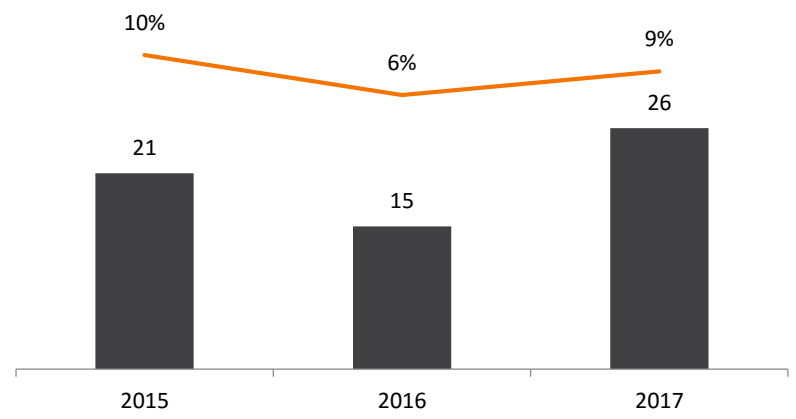
Tobii Pro full year financials

- Revenue increased 24%
 - 25% adjusted for currency effects
 - Strong sales across products, customer segments and geographies
- Gross margin at 74% (74%)
- EBIT margin at 9% (6%)

Revenue (SEK million) and Gross Margin



EBIT (SEK million) and EBIT Margin



Updated long-term financial target

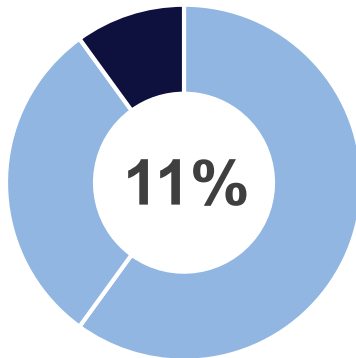
Tobii Pro's mission is to empower professionals with revolutionary insights into human behavior, using eye tracking as our foundation.

An overall objective is to retain and expand the business area's position as the world's leading supplier of eye-tracking systems for behavioral studies. There is considerable potential to increase market penetration within existing customer segments, but also to expand the business area's products and services into new segments. Growth in this market is driven by steadily increased knowledge of eye tracking in the market and by development of new products and offerings that make for higher customer value and increasingly cost-efficient use of eye-tracking across a broader spectrum of areas of use.

Tobii Pro's long-term financial target is to increase revenue on average by 15-20% per year, and to reach an EBIT margin of 15% by 2020.

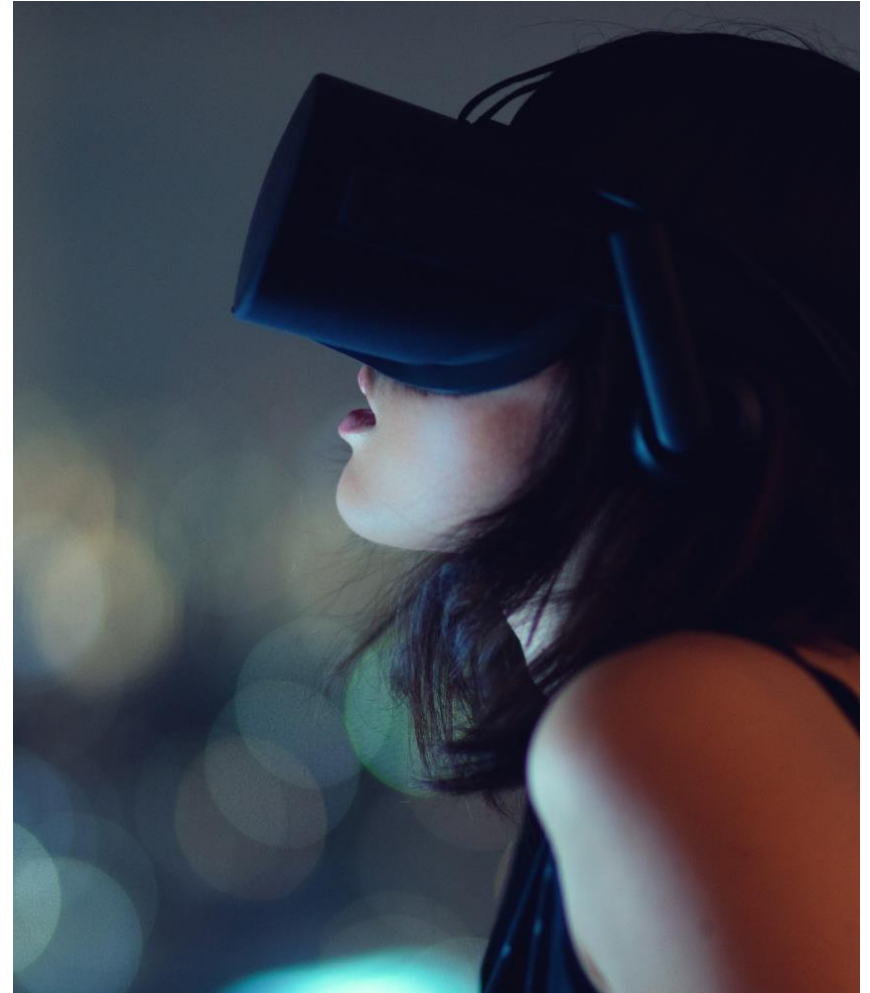
Tobii Tech

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



Intense work to implement eye tracking in VR with multiple partners

- >5 major projects in proof-of-concept or product development stage
- Mostly target products in market end 2018 / 2019
- Pipeline of additional projects
- Well positioned to seize substantial long-term opportunity



Eye tracking deemed essential to the future VR and AR devices

engadget

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Tobii proves that eye tracking is VR's next killer feature

Expect to see it in every future VR headset.

Devindra Hardawar, @devindra
01.13.18 in [Gadgets](#)

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No more maybes: Eye tracking is the next step for VR, and it's almost ready to go

Expect to see it in VR headsets towards the end of 2018



tom's **HARDWARE**

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Tobii's Poised For Big Wins In VR Eye Tracking

by [Seth Colaner](#) January 23, 2018 at 8:45 AM

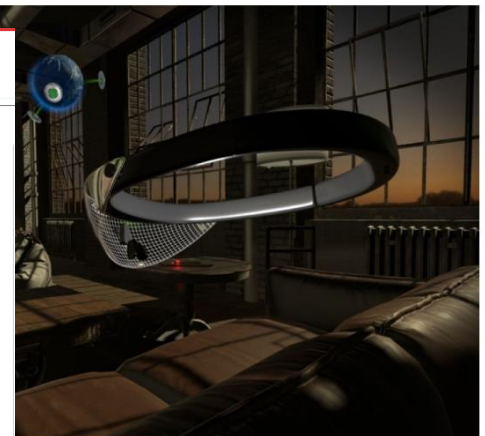


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COMMENTS

LAS VEGAS, NV -- At CES 2018, Tobii showed us eye tracking inside a VR HMD that was as perfect an implementation as we've seen. That, coupled with the company's unique position in the current market, places Tobii in a prime position for the market's future.

The Demo, Improved

We've been, er, tracking Tobii's eye-tracking technology for quite some time, from [gaming peripheral](#) to integration [with gaming laptops](#) to [research](#). Back at GDC 2017, [we saw the company's eye tracking embedded into an HTC Vive](#), and we were sufficiently impressed. At CES 2018, Tobii showed us much of the same demo on the same HMD (although there were a couple of extra scenarios thrown in), but we were stuck by how superb the eye tracking felt this time around.



Read blog:
[Eye tracking is VR's next killer feature](#)

IDC Worldwide AR & VR Headset Tracker

AR/VR Headset Market Share by Form Factor, 2017 – 2021				
Technology	Form Factor	2017 sold units (millions)	2021 sold units (millions)	2021 sold units (millions)
Virtual Reality	Screenless Viewer	5,6	8,8	40,1
	Standalone HMD	0,4	15,6	
	Tethered HMD	3,4	15,7	
Augmented Reality	Screenless Viewer	0,1	0,4	19,1
	Standalone HMD	0,1	12,7	
	Tethered HMD	0,0	6,0	
Total		9,6	59,2	59,2

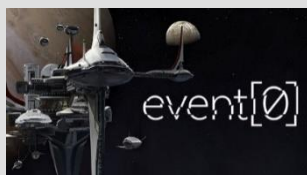
Tobii believes most of standalone/tethered headsets will have built-in eye tracking

Tobii believes most of standalone/tethered headsets will have built-in eye tracking

Source: IDC Worldwide Quarterly AR and VR Headset Tracker, December 19, 2017

Continued investments in PC market

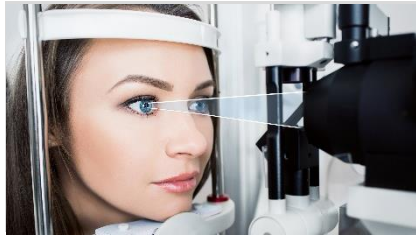
- Growing no. of available games. passed 100 titles milestone
- Eye tracking streaming to over a million live viewers during E-league Counterstrike Major
- Several on-going customer dialogues



New integration customers in niche applications



Psychology/Rehabilitation



Health testing



Assistive technology

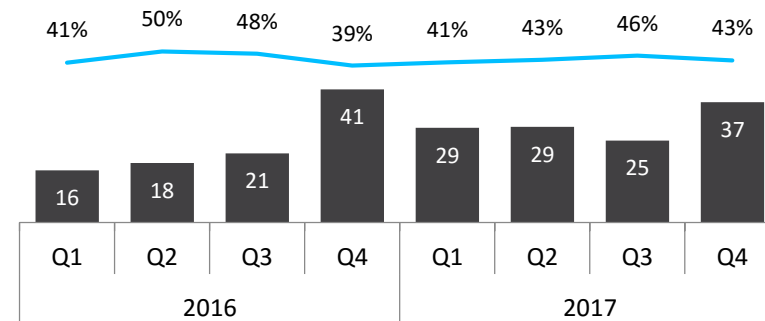


Lie detection

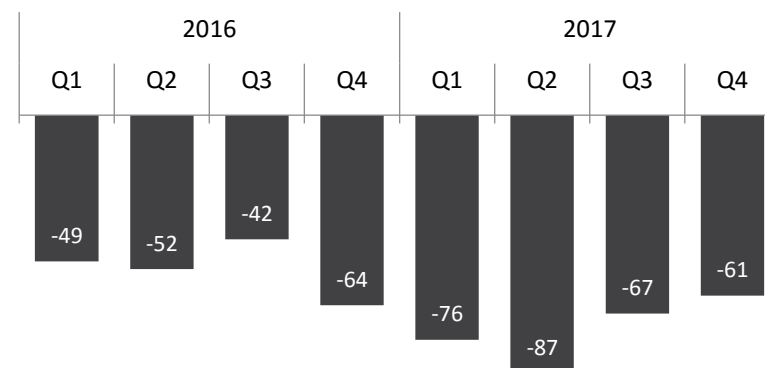
Tobii Tech Q4 financials

- Revenue declined 10% year-over-year
 - 1% adjusted for currency effects
 - Positive launch effects and NRE in the corresponding quarter 2016
- Gross margin was 43% (39%)
- Operating loss amounted to -61 MSEK (-64)
 - Continued organizational growth
 - Significant one-off costs in Q4 2016

Revenue (SEK million) and Gross Margin



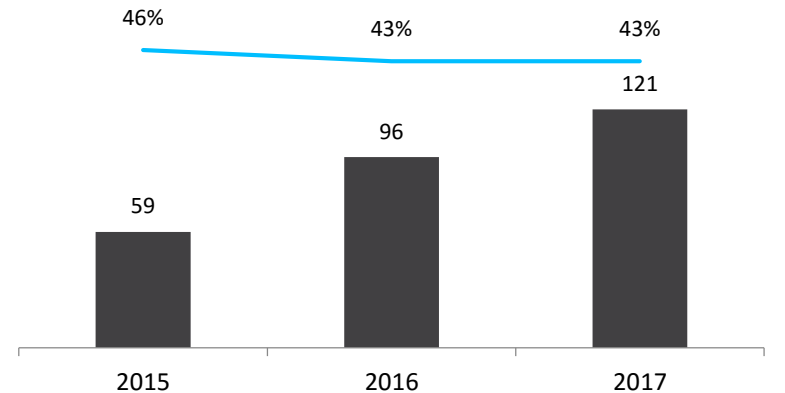
EBIT (SEK million)



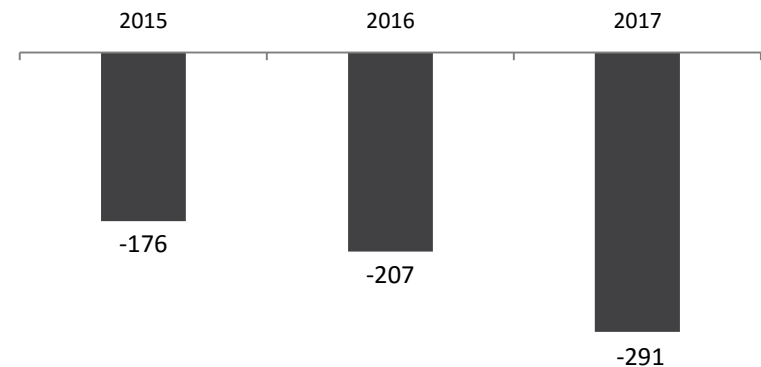
Tobii Tech full year financials

- Revenue increased 25% year-over-year
 - External sales increased 42%
 - Large sales increase of own end-user product Tobii eye tracker 4C
- Gross margin was 43% (43%)
- Operating loss amounted to -291 MSEK (-207)
 - Continued large organizational growth
 - Investments in next-generation eye-tracking platform for PC
 - Major investments in eye tracking technology for VR
 - Sales and marketing

Revenue (SEK million) and Gross Margin



EBIT (SEK million)



Updated long-term financial target

Tobii Tech's mission is to make technology understand humans.

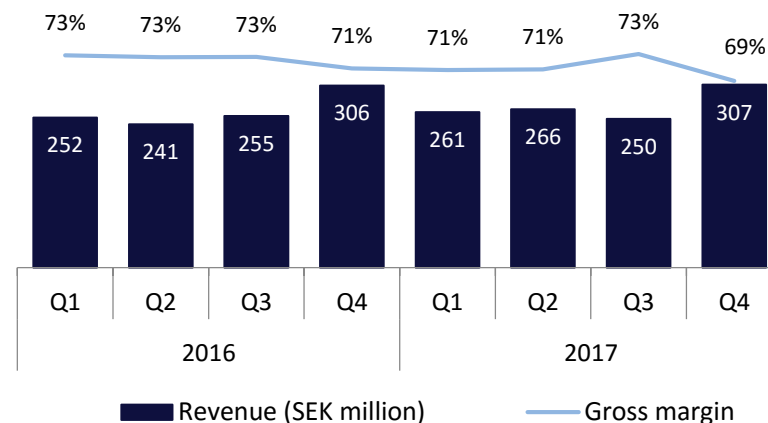
A central part of Tobii's vision is that most computers, VR and AR headsets, smartphones and vehicles will be equipped with built-in eye-tracking in the future. Given high penetration in these areas, Tobii estimates the total market in the long term can amount to more than a billion units annually. An overall objective is to retain its position as the world's leading supplier of eye-tracking technology for integration into high-volume products and, in the long term, to achieve sales of several billion SEK with good profitability. This development is expected to take place gradually over a number of years and will require considerable investments in technology and market development.

For Tobii Tech, the financial target is to reach profitability in 2021.

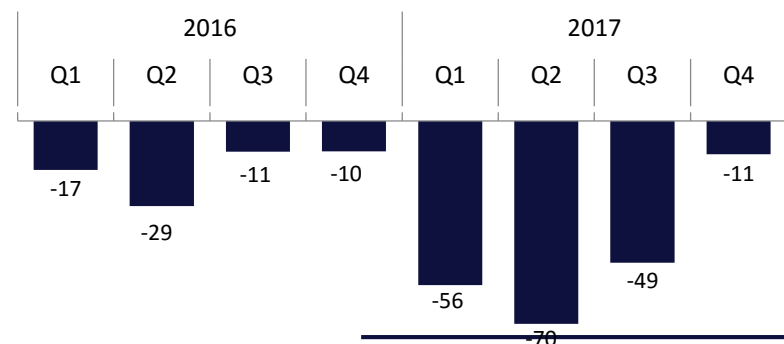
Tobii Group Q4 financials

- Revenue flat year-over-year
 - 8% increase adjusted for currency effects
 - Strong growth in Tobii Pro
- Gross margin was 69% (71%)
 - Product mix changes contribute negatively
 - Some non-recurring items
- Group EBIT -11 MSEK (-10)
 - Tobii Dynavox EBIT 10 MSEK lower
 - Tobii Pro EBIT 7 MSEK higher
 - Tobii Tech EBIT down by 4 MSEK

Revenue (SEK million) and Gross Margin



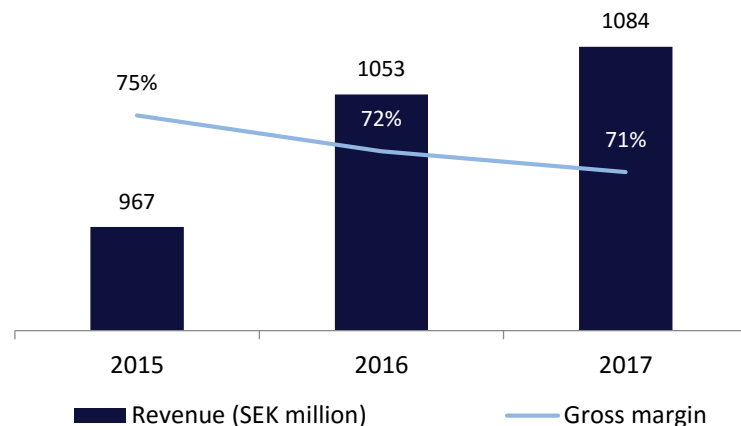
EBIT for the Group (SEK million)



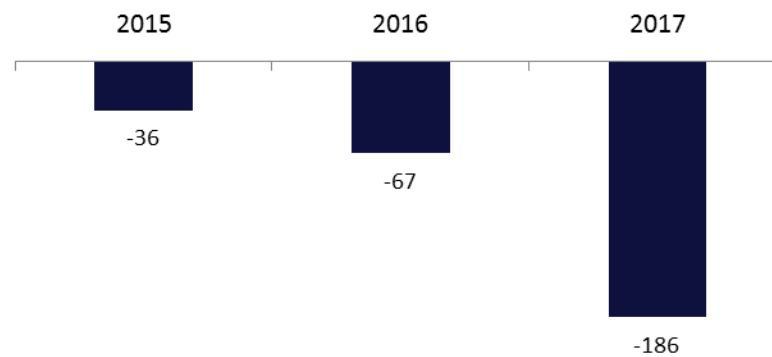
Tobii Group full year financials

- Revenue increased 3% year-over-year
 - Tobii Pro and Tech grew materially
- Gross margin was 71% (72%)
 - Changes in product mix
- Group EBIT was -186 MSEK (-67)
 - Increased investments in R&D in all business units, especially in Tobii Tech

Revenue (SEK million) and Gross Margin



EBIT for the Group (SEK million)



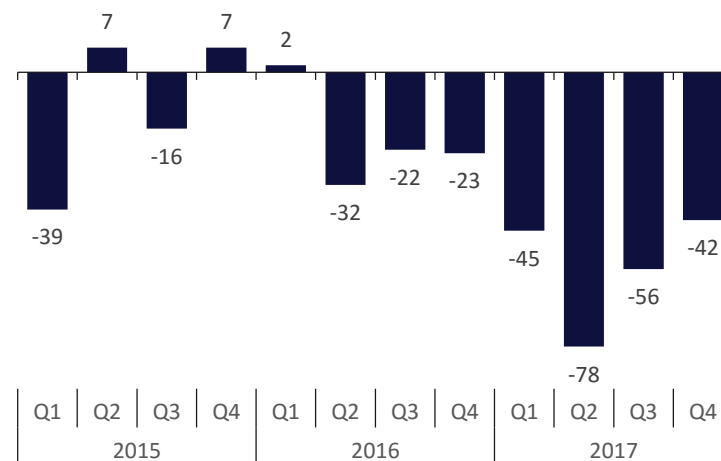
Balance sheet and cash flow

- Cash flow in Q417 materially stronger than previous quarters despite a material headcount ramp up over the last year.
- Continued strong cash position at 537 MSEK

Group balance and cash flow summary

Tobii Group (MSEK)	Q4 2017	Q4 2016
Total Assets	1 343	1 487
Equity	1 059	1 215
Equity Ratio	79	82
Net Cash (+)/Net Debt(-)	537	772
Cash flow after continuous investments	-42	-23

Group cash flow after continuous investments (MSEK)





Updated long-term financial target

Tobii's mission is to fundamentally transform and improve both lives and entire industries through humanized technology. With eye-tracking as a base, Tobii creates the conditions for new insights into human behavior and user interfaces adapted to us humans.

Tobii considers the company to be fully financed to execute on its current business plan.

The financial target for the Group is to reach profitability in 2020.

Tobii conducts an active acquisition strategy in all three business units, and potential acquisitions may require separate financing.

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Q&A