



First Quarter 2018

April 26, 2018

Welcome to our presentation of the Q1 2018 report



Henrik Eskilsson, CEO



Johan Wilsby, CFO

A good start of the year

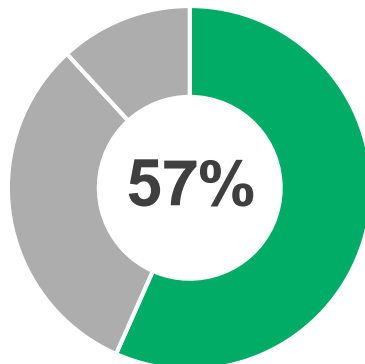
- Continued very strong sales growth in Tobii Pro
- Back in growth in Tobii Dynavox
- Very strong momentum in the VR segment in Tobii Tech



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



MICHAEL'S STORY

<https://www.youtube.com/watch?v=XR41y5R5K8s>

tobii
dynavox



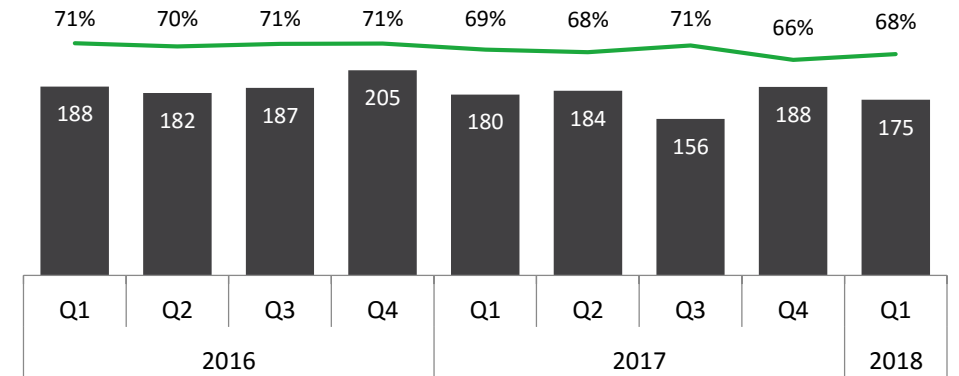
Tobii Dynavox back in growth

- Tobii Dynavox back in growth : +4% YoY adjusted for FX
- Continued strong positive response and sales growth of new touch device products
- Localization of Snap software to German and Spanish during Q1. Many additional languages planned during 2018
- Continued investments in product development – plan to launch more important products in both touch and eye tracking segments during the year
- Microsoft announced accessibility adaptations of several of their software, by integrating Tobii Dynavox PCS Symbols into Microsoft Word Online, Outlook.com and other software

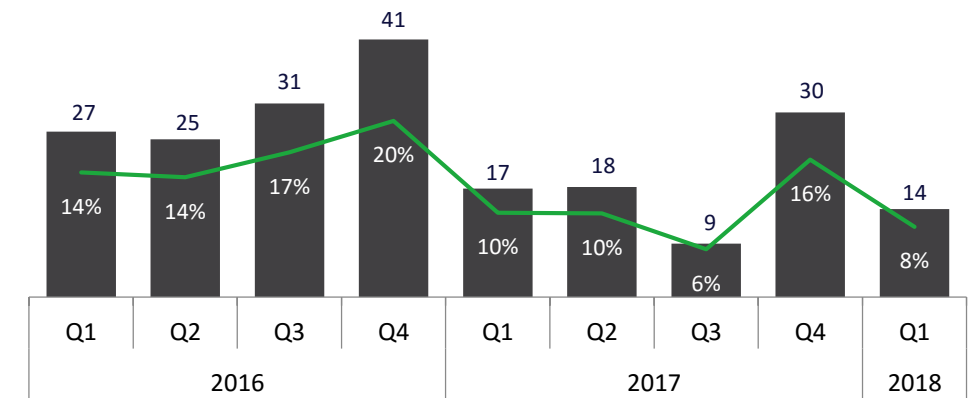
Tobii Dynavox Q1 financials

- Revenue grew YoY 4% adjusted for currency
 - Not adjusted for currency -3%
- Gross margin at 68% (69%)
- EBIT margin at 8% (10%)

Revenue (SEK million) and Gross Margin



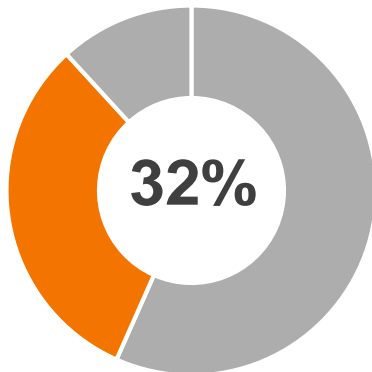
EBIT (SEK million) and EBIT Margin



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

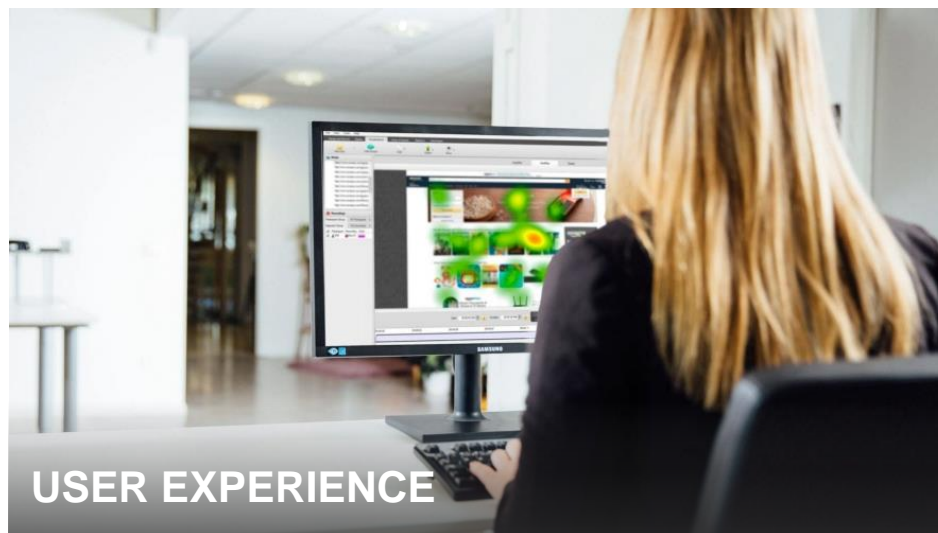
Share of the Group's sales



tobiipro

Sales grew by 66% YoY

tobii pro

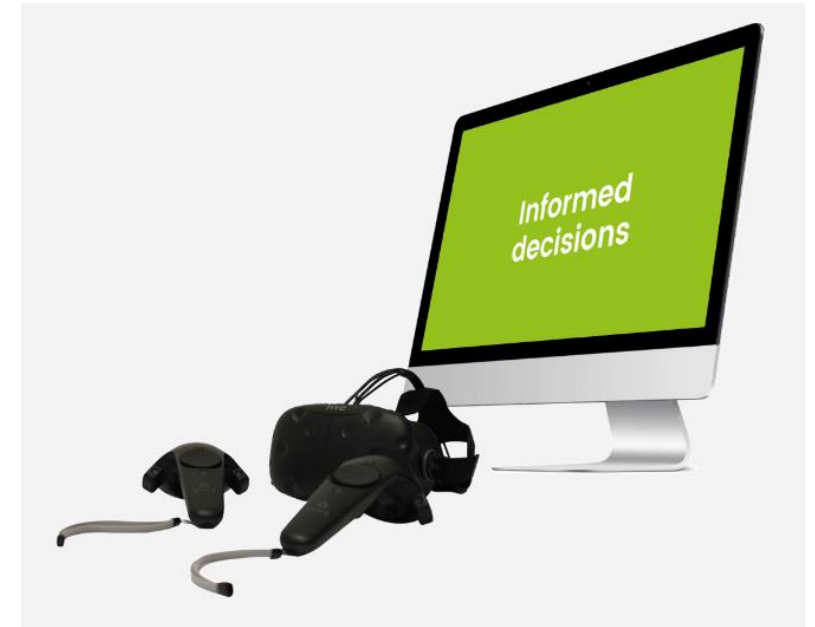


Acuity acquisition

- Strengthened our position in the strategically important UK market through the acquisition of Acuity ETS and Acuity Intelligence



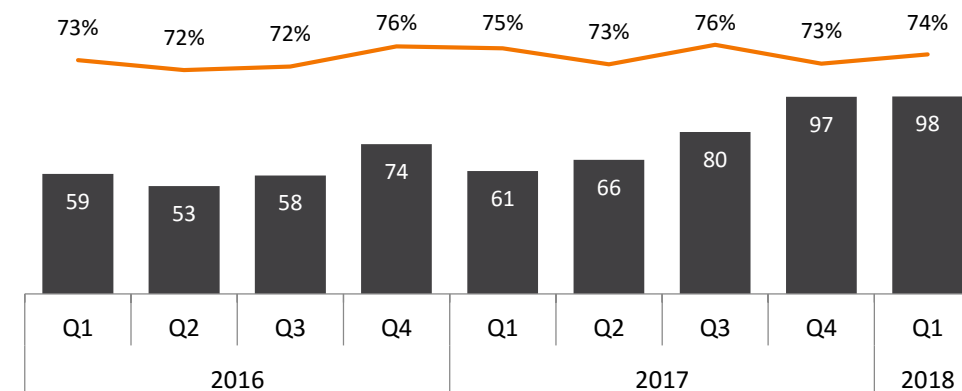
Tobii Pro global offices



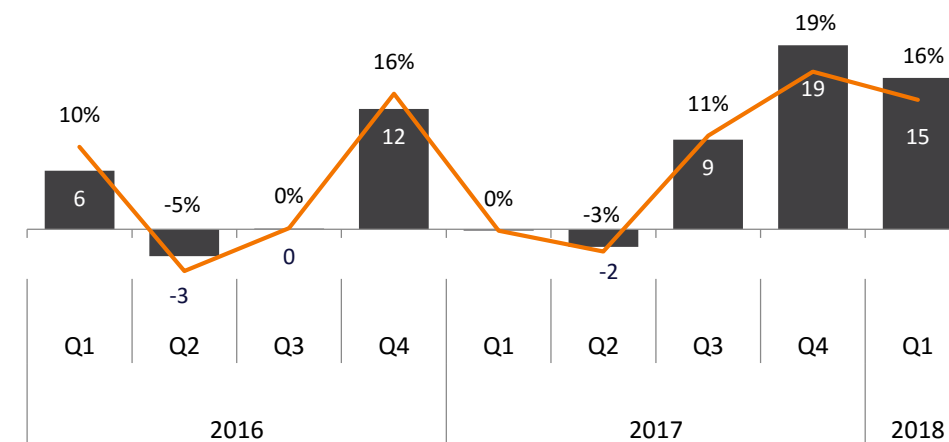
Tobii Pro Q1 financials

- Revenue increased 66% adjusted for FX
 - +61% growth non currency adjusted
- Gross margin at 74% (75%)
- EBIT margin at 16% (0%)

Revenue (SEK million) and Gross Margin



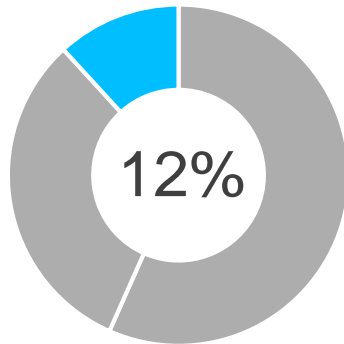
EBIT (SEK million) and EBIT Margin



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



We target multiple very large opportunities

GAMING COMPUTERS



**Addressable
market size**

20M high-performance
gaming PCs per year

VIRTUAL REALITY



40M VR headsets
per year by 2021

AUGMENTED REALITY



20M AR headsets
per year by 2021

MAINSTREAM COMPUTERS



**Addressable
market size**

260M PCs and 180M
tablets per year

SMARTPHONES



1.4 bn smartphones per year

NICHE MARKETS



Wide range of applications, each with volumes
from hundreds to hundreds of thousands

Qualcomm collaboration

- Standalone headsets are believed to be the biggest drivers of growth in the VR and AR device markets
- Qualcomm is the processing platform of choice for all major standalone VR headsets, including recently announced devices such as Oculus Go, HTC Vive Focus and Lenovo Mirage (Google Daydream)
- Tobii and Qualcomm have collaborated extensively to integrate Tobii eye tracking into Qualcomm's reference design for stand-alone VR headsets
- Puts Tobii in pole position to supply eye tracking technology to future generations of Qualcomm-based headsets
- The collaboration includes go-to-market engagements

Qualcomm



The Qualcomm reference design VR headset with integrated Tobii eye tracking was first shown at GDC conference in March 2018

GDC confirms strong demand in VR

“To say we were sufficiently impressed would be an understatement. Tobii’s recent technological progress puts it at the top of the VR eye-tracking game.”

[Tom’s hardware](#)

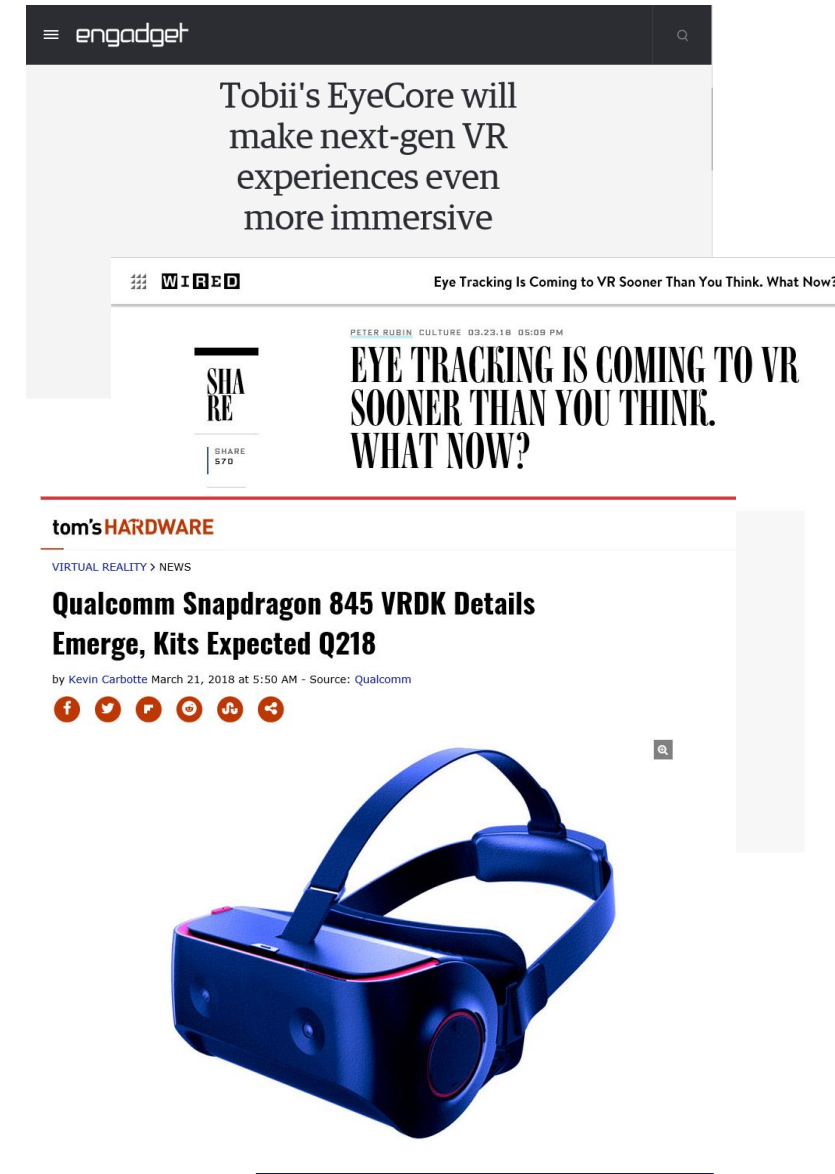
“It may sound simple, and *it is*. But that’s exactly the point: It removes another layer of abstraction from the environment. It’s intuitive.”

“In other words: Eye-tracking is essential for VR. I’m sold.”

[PC World](#)

“Overall, I was very impressed with how much easier VR applications were to use with eye tracking enabled. [...] I can't wait to see what other applications VR and AR developers decide to work this capability into with the next generation of HMDs.”

[Engadget](#)



tobii

Pole position in a large upcoming market

- >5 major integration projects with significant VR customers and partners
- Mostly target products in market end 2018 / 2019
- Pipeline of numerous additional projects

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

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

Continue to work in tight partnership with lead PC customers

- Announced several of the best and most significant game integrations to date, including mega-titles such as Farcry 5, Final Fantasy XV, Kingdom Come and Warhammer: Vermintide 2
- Eye tracking streaming to over a million live viewers during E-league Counterstrike Major
- Alienware (Dell) launched updated top-of-the-line 17-inch gaming notebook with Tobii eye tracking

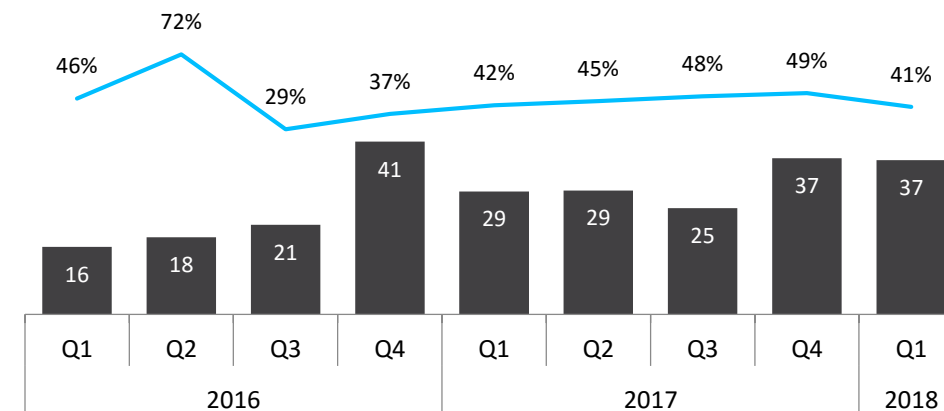
tobii tech



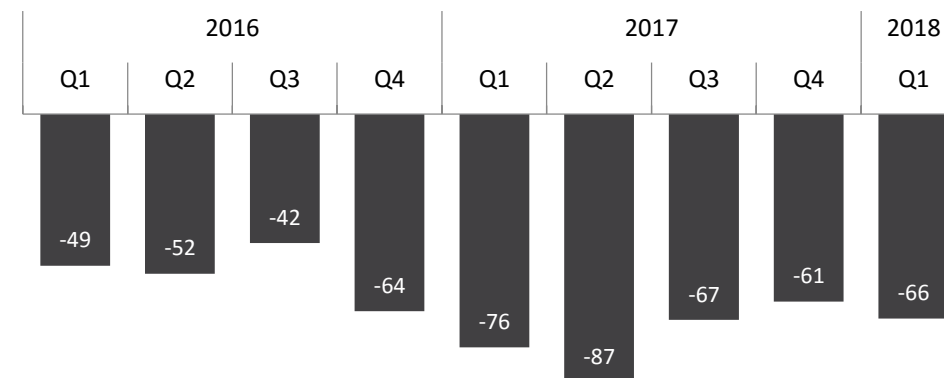
Tobii Tech Q1 financials

- Revenue increased 37% year-over-year, adjusted for currency
 - 26% growth not adjusted for FX
- Gross margin was 42% (41%)
- Operating loss amounted to -66 MSEK (-76)
 - Continued large organizational growth during last few quarters
 - Major investments in eye tracking technology and integration in VR

Revenue (SEK million) and Gross Margin



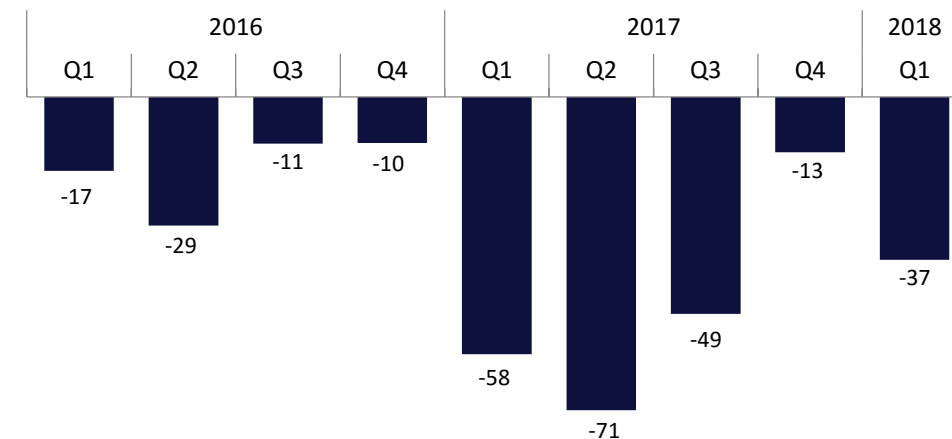
EBIT (SEK million)



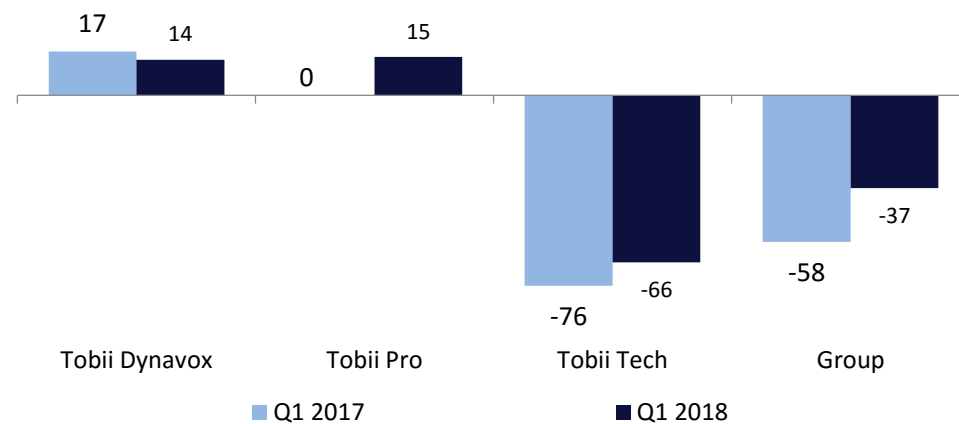
Tobii Group Q1 financials

- Revenue increased 21% year-over-year adjusted for currency
 - 14% growth not adjusted for FX
- Gross margin was 70% (71%)
- Group EBIT was -37 MSEK (-58)
 - Improved results despite increased investments in R&D in all business units, especially in Tobii Tech

EBIT for the Group (SEK million)



EBIT per business unit (SEK million)



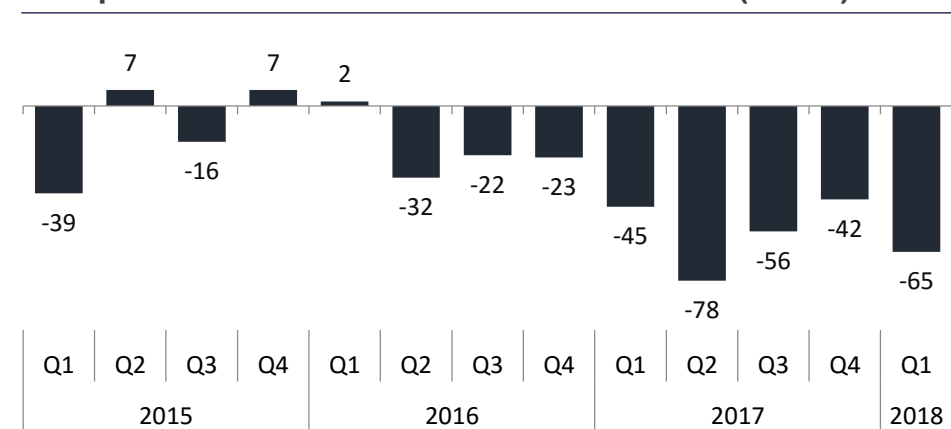
Balance sheet and cash flow

- Cash flow in Q1 18 impacted by increase in trade working capital after strong Q1 sales
- Acuity acquisition completed in March
- Continued strong cash position at 459 MSEK

Group balance and cash flow summary

| Tobii Group (MSEK) | Q1 2018 | Q1 2017 |
|--|---------|---------|
| Total Assets | 1 314 | 1 439 |
| Equity | 945 | 1 085 |
| Equity Ratio | 72 | 75 |
| Net Cash (+)/Net Debt(-) | 459 | 730 |
| Cash flow after continuous investments | -65 | -45 |

Group cash flow after continuous investments (MSEK)



Summary

tobii

THE WORLD LEADER IN EYE TRACKING

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

tobiidynavox

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

tobiipro

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

tobiitech

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