ABG NORDIC TECHNOLOGY & IT SEMINAR

May 21, 2019

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Tobii – the global leader in eye tracking

- Founded 2001
- Headquartered in Sweden, with 15 offices across Europe, North America and Asia
- Ca 1,000 employees
- Organic sales growth every year since inception
- Additional growth-generating acquisitions
- Global reach, 98% of sales outside Sweden

Net sales
SEK million

Tobii office
Sales representation

218 315 333 369 412 621 967 1053 1079 1302

Net sales
Our vision is a world where all technology works in complete harmony with natural human behavior.
Introduction to eye-tracking

- Eye tracking technology enables a device to know where a person is looking and can detect the presence, attention and focus of the user.
- Enables more natural user interfaces in various types of devices, e.g. to control a computer by eyes.
- Implemented through combination of optical hardware and algorithms.
- Recently been introduced in the PC and Virtual Reality markets for mainstream consumers.

Eye-tracking technology in five steps:

1. An eye tracker consists of cameras, illuminators, and algorithms.
2. The illuminators create a pattern of near-infrared light on the eyes.
3. The camera takes high-resolution images of the user’s eyes and the pattern.
4. The image processing algorithms first identify details in the user’s eye and reflexion patterns.
5. Based on these details the eye position and gaze point are calculated, for instance in a computer monitor, using a multiregister 3D eye model algorithm.

Eye tracking solutions are a combination of products and services:

- Eye-tracking systems
- Device hardware
- Application software
- Services
Three business units – each one undisputed global leader

- Global leader in assistive technology for communication
  
  tobii dynavox
  
  60% of Tobii’s gross sales Q1 2019

- Global leader in eye-tracking solutions for research
  
  tobii pro
  
  28% of Tobii’s gross sales Q1 2019

- Global leader in eye-tracking technology for integration into consumer devices and other volume products
  
  tobii tech
  
  12% of Tobii’s gross sales Q1 2019
Tobii Dynavox’s mission is to empower people with disabilities to do what they once did, or never thought possible.
Significant unmet need

- 50 million people need assistive technology to communicate
- Low penetration (1-2% globally) provide foundation for long-term market growth
Rock-solid global leader position

- Strongest presence and distribution in the industry
- Most comprehensive offering of leading products
- Unmatched access to reimbursement
- Leading clinical expertise and training organization
- Strong eye tracking technology advantage

Global market share

- 40% Overall assistive technology communication market
- 70% Eye controlled assistive technology

Revenue by customer category

- Private clients
- Private insurance
- Public funding

Top 10 customers

- Medicare
- Medicaid
- Humana
- Kaiser Permanente
- Norwegian labour and welfare administration
- Carecentrix
- Tricare
- German Krankenkassen
- UK NHS
- United Healthcare
Tobii Dynavox 2018 highlights

• Increased sales significantly through the updated portfolio of touch based products and large-scale training initiatives

• Launched several new touch-based products, including SpeechCase for iPad and Indi 7

• Launched communication software Snap + Core First in 10 new languages

• Acquired the UK-based company Smartbox Assistive Technology to strengthen the Company’s geographic presence and to broaden the offering of communication solutions
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’s mission is to empower professionals with revolutionary insights into human behavior, using eye tracking as our foundation.
Tobii Pro is organized towards three segments

Scientific Research

Professional Performance

Market Research & User Experience
#1 position in eye-tracking solutions for behavior research

- Superior technology
- Leading and broad portfolio of solutions including eye tracker devices, analytics software and SaaS solutions
- Deep expertise in eye tracking studies
- Research services arm with global footprint
- Strongest global sales channels and brand

Global market share

- 60%

Revenue by customer category

- Academic institutions (>2,500 customers)
- Enterprise (>3,500 customers)
- Government

Top 10 customers

- Nielsen
- Ipsos
- Explorer Research
- Facebook
- Toyota
- Microsoft
- P&G
- Unilever
- Google
- West Japan Railway Co.
Tobii Pro 2018 highlights

- Sharply increased sales through a stronger offering, higher market maturity and increased market share
- Strengthened UK and global sales presence and consulting offering through acquisition of Acuity ETS and Acuity Intelligence
- Expanded our VR offering with Tobii Pro VR Analytics software, and Tobii Pro Lab VR 360 analytics software
- Launched Tobii Pro Sprint, a web-based eye-tracking solution for user testing
- Launched Tobii Pro Nano, a new portable research eye tracker
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’s mission is to enable devices to visually sense the user - to transform your everyday experiences to be more intelligent, intuitive and insightful.
Three volume market opportunities currently in focus

- PC
- Virtual Reality
- Niche Applications
Continued work in tight partnership with lead PC customers

• Very large addressable market
  • 1.2 billion play games on PC
  • 20 M high-end gaming PCs per year – growing rapidly
  • 400 M watch e-sports; 200 M practice e-sports – growing very rapidly
  • Long term: 400M PCs and Tablets per year

• Smart sensor trend gaining momentum in PC

• USB.org approved standard for eye tracking by Tobii and Microsoft, and native Microsoft Windows integration

• Launched the Tobii IS5 eye-tracking platform for integration in computers and monitors

• Dell launched new version of Alienware 17 gaming laptop and new Alienware Area 51-m (first with IS-5 built-in)

• Growing no. of available games, >140 titles

• Significant traction in e-sports broadcasting and game streaming
Tobii Aware increases the addressable PC market

• Tobii Aware is a software that brings new benefits to the PC market:
  • Improved privacy & security
  • Digital wellbeing
  • Enhanced device performance
  • Increased efficiency

• Lenovo is the first OEM customer for new Tobii Aware
Eye tracking is becoming a must-have in VR and AR

- IDC project rapid growth of VR & AR markets
  - >50% growth in 2019 to 9 M units
  - >60% CAGR to almost 70 M units by 2023

- Deep Qualcomm collaboration and reference design for mobile VR headsets with Tobii eye tracking

- HTC announced the Vive Pro Eye
  - The first major VR headset with built-in eye tracking

- Working with several major partners and customers to integrate Tobii eye tracking into upcoming devices

- Expect eye tracking to be mainstream in VR & AR within 3 years

HTC Vive Pro Eye – the first major VR headset with built-in eye tracking
Design wins in Niche Applications

• In total over a dozen design wins with a broad range of innovative customers:
  • Control of medical devices
  • Medical diagnostics and therapy
  • Cognitive assessments
  • Optometry
  • Assistive Technology
  • Lie detection
  • Entertainment

• Products coming to market in 2018-2020 at an increasing rate

• Material opportunity with high margins for Tobii
Tobii Tech Q1 financials

Tobii Tech’s long-term financial goal is to achieve sales of several billion SEK with good profitability.

A mid-term financial target is to reach profitability in 2021.
Tobii Group - Financials

**Financial target**

Tobii Group’s financial target is to reach profitability in 2020

**Net sales and gross margins**

Sales grew 21%, or 18% adjusted for currency

**Operating result (EBIT)**

Going forward, we plan for only minor cost increases, to reach our target of profitability in 2020
Tobii R&D

- 500 MSEK gross R&D spend 2018
- Close to 500 engineers (employees and consultants), of which 20 PhD
- 50 nationalities only in Sweden

Tobii Gross R&D Spend (MSEK)

R&D as % of revenue

- Tobii Pro: 23%
- Tobii Dynavox: 17%
- Tobii Tech: >100%

- Machine Vision
- Deep Learning
- Optronics
- Mechatronics
- ASIC engineering
- UX Research
- Application Software Development
- Game Development
- Cloud Development
- Clinical Language Development
Tobii has a leading portfolio of patents related to eye tracking

- A structured approach to patents
- Tobii’s patent portfolio provides:
  - freedom to operate
  - defensive protection
  - support sustainable margins
  - licensing opportunity
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
Tobii’s long-term financial targets

- **Tobii Dynavox**: Average yearly growth of 10%

- **Tobii Pro**: Average yearly growth of 15-20%

- **Tobii Tech**: Long-term, Tobii Tech’s goal is to reach several billion SEK in revenue

- **Group**: -

**Revenue Growth**

- **Tobii Dynavox**: Average yearly growth of 10%

- **Tobii Pro**: Average yearly growth of 15-20%

- **Tobii Tech**: Long-term, Tobii Tech’s goal is to reach several billion SEK in revenue

**Profitability**

- **Tobii Dynavox**: EBIT margin of 15-20%

- **Tobii Pro**: EBIT margin of 15% in 2020

- **Tobii Tech**: Profitable in 2021

- **Group**: Profitable in 2020