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Company Comment	IT/Technology	Sweden	13 December 2023
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Acquires FotoNation to accelerate Automotive ambitions

Tobii announced a transformative acquisition of FotoNation from US-listed Xperi to accelerate its ambitions within the automotive and DMS space. The acquired entity is expected by Tobii to generate SEK 180-220m in revenue in 2024 (adds c. 23% to our sales estimates) and be EBIT accretive. Automotive-related revenue for the unit is expected at SEK 30-50m in 2024, and expected to generate SEK 500m in revenue by 2028. Tobii intends to raise SEK 300m in a rights issue in Q1/24.

New reporting to show automotive clearly

Tobii will consolidate its existing automotive business with FotoNation (Autosense) in a new reporting segment. Together, they will have design wins with 7 OEMs across more than 100 models, of which 6 from Autosense and 1 OEM from Tobii. These OEMs represents more than 15% of the global annual automobile production including a large Korean, a large premium German and a large Japanese car manufacturer.

As stated above, the transaction is expected to be EBIT accretive and generate revenue of SEK 180-220m in 2024, of which SEK 30-50m attributable to the new reporting segment. LTM numbers for Autosense as of Q3/23 is revenue of SEK 177m and EBIT of SEK -161m. The new Autosense segment is expected to generate SEK 500m in revenue by 2028 and reach cash flow break even in 2026, driven by large volume of design wins scheduled for start of production in 2025 and 2026.

Purchase price

The consideration for 100% of the shares in FotoNation amounts to a minimum USD 45m, structured as follows:

- No upfront cash or share consideration
- Approximately USD 30m of the consideration will be structured as a promissory note at 8% interest. The promissory note and interest are paid in three annual installments starting in 2027.
- A future payment of USD 15m will be paid in four annual installments starting in 2028.
- Additional earnouts can be paid in 2031 if the segment meets certain volume and deployment targets.

To finance operational expenses needed in 2024 and 2025, Tobii intends to raise SEK 300m through a rights issue in Q1/24, subject to EGM approval.

Webcast at 9.30

Tobii will hold a webcast at 9.30 CET. Link: <https://corporate.tobii.com/investors/investor-presentation-2023>

Key figures				
(SEKm)	2022	2023E	2024E	2025E
Revenues (m)	776	743	877	1,036
Adj. EBIT	(120)	(173)	(82)	25
PTP (m)	(97)	(177)	(82)	25
EPS	(0.92)	(1.68)	(0.82)	0.10
EPS (adjusted)	(0.92)	(1.68)	(0.82)	0.10
DPS	0.00	0.00	0.00	0.00
Revenue growth (%)	(35.7)	(4.2)	18.0	18.2
EPS growth (%)	n.a.	n.a.	n.a.	n.a.
Operating margin (%)	(15.5)	(23.3)	(9.3)	2.4
ROCE (%)	(13.6)	(23.7)	(12.6)	3.5
Net Debt/EBITDA (x)	(11.0)	7.4	1.2	1.1
PER (adjusted)	(18.2)	(4.5)	(9.2)	77.0
Dividend yield (%)	0.0	0.0	0.0	0.0
Free Cash Flow Yield (%)	(1.8)	(26.3)	(28.5)	(14.1)
P/BV (x)	2.3	1.4	1.7	1.6
EV/EBIT (x)	(12.0)	(4.0)	(11.2)	40.9
EV/Sales (x)	1.85	0.92	1.04	0.99

Source: SEB

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