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Results Reaction	IT/Technology	Sweden	19 July 2024
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Q2: Overall, largely in line

Tobii's Q2 numbers did not materially differ from our estimates, particularly when accounting for a SEK 10m one-off related to restructuring, burdening EBIT. The company commits to SEK 200m in cost savings over the coming quarters which should start to be visible in Q3/24 although we do not know to what extent this is from the recently acquired FotoNation. Executing on costs should mean upside to our estimates, assuming revenue performance will be decent.

Outcome:

Q2 revenue of SEK 201m, 1% versus SEB at SEK 199m (-10% vs thin FactSet cons SEK 224m). Gross profit came in at SEK 160m (4% vs SEB at SEK 154m for a margin of 79%; 77% Q2/23). EBIT of SEK -66m vs SEB -54m (cons SEK -40m). EBIT includes a SEK 10m one off for restructuring (i.e., adjusted EBIT SEK -56m). Organic growth of -16% (SEB -11%) with segments Integrations (revenue SEK 84m, -16% organic growth), Products & Solutions (revenue SEK 109m, -15% organic growth), and Autosense (revenue SEK 9m, recently added).

Outlook:

The company says that it continues to focus on costs and expanding its cost savings initiatives, and quantifying that all initiatives are currently expected to generate SEK 200m in lower cash cost the coming four quarters (not specified how much is attributable to recently acquired FotoNation where cost initiatives already have been mentioned), and that savings should start to be visible in Q3/24.

We note that the CEO letter is focused on integration, synergies and costs with some but few comments on market outlook, where it highlights continued lumpiness in Products & Solutions and a weak Asian market.

Impact:

Tobii specifying SEK 200m in savings gives some credibility to its high ambitions on savings (although a large portion of these savings are likely to be taken out within recently acquired FotoNation). We have limited cost savings in our estimates going forward, hence, good execution on costs would mean upside to our current estimates.

Other comments: Deviation table

Q2 deviation to estimates

SEKm	Actual	SEB est.	Deviation		Consensus	Deviation		Actual	y/y
	Q2/24	Q2/24E	Abs	Rel	Q2/23E	Abs	Rel	Q2/23	
Revenue	201	199	2	1%	224	-23	-10%	185	9%
Cost of goods and services sold	-41	-45	4	-8%				-42	-2%
Gross profit	160	154	6	4%	168	-8	-5%	143	12%
Selling expenses	-81	-78	-3	4%			n.a.	-84	-4%
R&D expenses	-105	-88	-17	19%			n.a.	-78	35%
Administrative expenses	-40	-42	2	-5%			n.a.	-33	21%
Other op. income & exp.	1	0	1	n.a.			n.a.	3	-67%
Total operating expenses	-225	-208	-17	8%				-192	17%
Operating profit	-66	-54	-12	22%	-40	-26	65%	-49	35%
Net financials	-7	0	-7	n.a.				10	-170%
Profit before tax	-73	-54	-19	35%			n.a.	-39	87%
Taxes	0	0	0	n.a.				-1	-100%
Net profit, cont. ops	-73	-54	-19	35%			n.a.	-40	83%
Revenue growth split - Group									
Organic	-16%	-11%		-4.8pp			-16.0pp	5%	-21.3pp
FX	0%	0%		0.3pp			0.0pp	6%	-5.7pp
Structural	25%	19%		5.7pp			24.6pp	0%	24.6pp
Total revenue growth	9%	7%		1.2pp			8.6pp	11%	-2.1pp
Profitability - Group									
Gross margin	79%	78%		1.1pp			78.6pp	77%	1.3pp
EBIT margin	-33%	-27%		-5.7pp			-32.8pp	-26%	-6.3pp
Revenue per segment									
Products & Solutions	109	101	8	8%			n.a.	127	-14%
Integrations	84	87	-3	-4%			n.a.	58	45%
Autosense	9	10						0	n.a.

Source: SEB, FactSet

Conference call details: Webcast at 9.00 CET

Link: <https://ir.financialhearings.com/tobii-q2-report-2024>

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