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Results Reaction	IT/Technology	Sweden	25 October 2024
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### Q3: Execution on costs while organic growth weak

**Tobii's Q3 show positive development in terms of cost reductions, with cash costs at SEK 223m in Q3 versus SEK 276m in Q2/24. On the negative side, organic growth is weaker than expected, albeit offset by recent M&A. We see positive extrapolations on the cost performance although as the company has highlighted parts of acquired FotoNation's sales will decrease in the coming years, extrapolating top line should weigh negatively.**

#### Outcome:

Q3 revenue of SEK 211m, 0% versus SEB at SEK 212m (FactSet cons was SEK 213m). Gross profit came in at SEK 169m (1% vs SEB at SEK 167m for a margin of 80.1%; 75.3% Q3/23). EBIT of SEK -17m vs SEB SEK -40m (cons SEK -33m). Organic growth of -6% (SEB 11%) with segments Integrations (revenue SEK 108m, -17% organic growth), Products & Solutions (revenue SEK 92m, 1% organic growth), and Autosense (revenue SEK 11m, SEB SEK 10m).

Low organic growth is thus offset by performance in recently acquired FotoNation, although the company has highlighted parts of this company's revenue will decline after 2024, so difficult to know to which degree this should be extrapolated. Good positive surprise on costs with opex SEK 21m lower than our expectations, although it seems like SEK 7m of this is driven by other operating income which we suspect is forex-related.

#### Outlook:

The company highlighted that it is satisfied with performance from recent cost initiatives. For reference, the company highlighted that cash costs came in at SEK 223m in Q3 versus SEK 276m in Q2/24.

#### Impact:

At first glance, costs coming in lower than our expectations should result in positive extrapolations, although as organic performance came in weaker than expected, offset by M&A growth in Integrations, with the company highlighting that revenue will come down in the coming years, means that it could weigh negatively on estimate revisions.

#### Other comments: Deviation table

### Q3/24 deviation to estimates

SEKm	Actual	SEB est.	Deviation		Consensus	Deviation		Actual	y/y
	Q3/24	Q3/24E	Abs	Rel	Q3/24E	Abs	Rel	Q3/23	
Revenue	211	212	-1	0%	213	-2	-1%	150	41%
Cost of goods and services sold	-42	-45	3	-7%				-37	14%
<b>Gross profit</b>	<b>169</b>	<b>167</b>	<b>2</b>	<b>1%</b>	<b>170</b>	<b>-1</b>	<b>-1%</b>	<b>113</b>	<b>50%</b>
Selling expenses	-69	-76	7	-10%			n.a.	-83	-17%
R&D expenses	-88	-91	3	-3%			n.a.	-68	29%
Administrative expenses	-35	-39	4	-10%			n.a.	-31	13%
Other op. income & exp.	7	0	7	n.a.			n.a.	0	n.a.
<b>Total operating expenses</b>	<b>-185</b>	<b>-206</b>	<b>21</b>	<b>-10%</b>				<b>-182</b>	<b>2%</b>
<b>Operating profit</b>	<b>-17</b>	<b>-40</b>	<b>23</b>	<b>-57%</b>	<b>-33</b>	<b>16</b>	<b>-49%</b>	<b>-69</b>	<b>-75%</b>
Net financials	2	0	2	n.a.				-6	-134%
<b>Profit before tax</b>	<b>-16</b>	<b>-40</b>	<b>24</b>	<b>-59%</b>			<b>n.a.</b>	<b>-75</b>	<b>-79%</b>
Taxes	-1	0	-1	n.a.				0	n.a.
<b>Net profit, cont. ops</b>	<b>-17</b>	<b>-40</b>	<b>23</b>	<b>-57%</b>			<b>n.a.</b>	<b>-75</b>	<b>-77%</b>
<b>Revenue growth split - Group</b>									
Organic	-6%	11%		-17.3pp		-6.0pp	-18%	12.2pp	
FX	-2%	-3%		1.3pp		-2.0pp	3%	-5.3pp	
Structural	49%	33%		15.3pp		48.7pp	0%	48.7pp	
<b>Total revenue growth</b>	<b>41%</b>	<b>41%</b>		<b>-0.7pp</b>		<b>40.7pp</b>	<b>-15%</b>	<b>55.4pp</b>	
<b>Profitability - Group</b>									
Gross margin	80%	79%		1.4pp		80.1pp	75%	4.8pp	
EBIT margin	-8%	-19%		10.6pp		-8.1pp	-46%	37.9pp	
<b>Revenue per segment</b>									
Products & Solutions	92	105	-13	-12%		n.a.	94	-2%	
Integrations	108	97	11	11%		n.a.	56	93%	
Autosense	11	10					0	n.a.	

Source: SEB, FactSet

### Conference call details: Webcast at 9.00 CET

Link: <https://ir.financialhearings.com/tobii-q3-report-2024>

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