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24 July 2012

# TomTom reports second quarter 2012 results

## Financial summary

- Group revenue decreased by 17% to €262 million
- Consumer revenue decreased by 26% to €155 million
- Automotive revenue was flat at €60 million
- Licensing revenue decreased by 7% to €29 million
- Business Solutions revenue increased by 26% to €18 million
- Gross margin of 52% (Q2 2011: 51%)
- Adjusted EPS[1] of €0.09 (Q2 2011: €0.10)
- Net cash flow from operating activities of €10 million (Q2 2011: -€32 million)

## Operational summary

- Global agreement with Apple for maps and related information
- New range of Nike+ SportWatch launched
- WEBFLEET subscriber base grew 37% to 209,000 (Q2 2011: 152,000)
- 6" PND launched

## 2012 outlook

- Guidance maintained to deliver revenue of around €1.1 billion and adjusted EPS[1] of around €0.35.

## Key figures

| (in € millions) | Q2 '12 | Q2 '11 | y.o.y. change | Q1 '12 | q.o.q. change |
|---|---|---|---|---|---|
| Revenue | 262 | 314 | -17% | 233 | 12% |
| Gross result | 136 | 160 | -15% | 114 | 19% |
| *Gross margin* | *52%* | *51%* | | *49%* | |
| EBITDA[2] | 41 | 46 | -10% | 28 | 47% |
| *EBITDA margin* | *16%* | *15%* | | *12%* | |
| EBIT[2] | 14 | -494 | | 0 | |
| *EBIT margin* | 5% | | | 0% | |
| Net result attributable to the group[2] | 9 | -489 | | -2 | |
| EPS, € diluted | 0.04 | -2.20 | | -0.01 | |
| Adjusted EPS, € diluted[1] | 0.09 | 0.10 | -15% | 0.04 | 118% |

*Change percentages are based on non-rounded figures*

## TomTom's Chief Executive Officer, Harold Goddijn:

*"Since we communicated that we would be taking a more modular approach to our products, selling map content, navigation software and HD Traffic as standalone solutions, we have signed a number of deals, especially in the automotive sector. Although the revenue impact of these deals will not become visible immediately they are forming the foundation for the future growth of the business. In addition they provide us with a clear indication that this strategy for unlocking more of the value of our core assets is resonating with customers.*

*At the same time the state of the economy remains a challenging factor. We reduced our cost base in line with previously announced plans and we are focused on execution and fully realising the benefits of our new product unit structure. We maintain our guidance for 2012 to deliver revenue of around €1.1 billion and adjusted earnings per share of around €0.35."*

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*[1] Earnings per share adjusted for impairment, acquisition-related amortisation and restructuring charges on a post-tax basis.*
*[2] Q2 2011 operating expenses include restructuring expenses of €0.2 million and an impairment charge of €512 million.*

### Business review

We launched two new PNDs in the quarter, the TomTom Start 60 with a 6″ screen, tapping into the demand for larger screen PNDs, and the TomTom Via 130, featuring a new Speak & Go function, which recognises over 1,000 commands and their synonyms.

Together with Nike we introduced a new range of the Nike+ SportWatch. The range includes several editions and colour combinations, and introduces a starter product for those new to running.

We announced that TomTom will be the global supplier to PSA of location and navigation content, software and services. Lexus introduced its new Lexus CT200h Hybrid, which has an integrated and connected TomTom navigation solution as a dealer option in Belgium, France, the Netherlands and Poland. Renault announced the new Clio, which will be made available with the R-Link system including TomTom navigation. The relationship with Fiat was extended to the Fiat 500L, which will carry our navigation solutions as an option.

We signed a licensing agreement with Apple, who will start to use our global map content and related information in iOS6. Research In Motion started using TomTom HD Traffic for its BlackBerry applications. In the quarter we also launched a geocoding web service, enabling businesses to process high volumes of addresses into geographic coordinates to allow location analysis.

We launched our local search app for iPhone and Android smartphones, TomTom Places, in Sweden, Austria, Norway, Spain and Ireland. It is now available in 10 countries across Europe. By the end of the year TomTom Places will be available in 25 countries.

Business Solutions grew its WEBFLEET installed base by 37% compared to the second quarter of 2011 to 209 thousand. In the quarter a new feature was introduced to WEBFLEET allowing dispatches to be based on shortest travel time rather than the shortest distance, which helps to improve the response time of service companies.

## Financial review

### Revenue split

| *(in € millions)* | Q2 '12 | Q2 '11 | y.o.y. change | Q1 '12 | q.o.q. change |
|---|---|---|---|---|---|
| Group | 262 | 314 | -17% | 233 | 12% |
| Consumer | 155 | 209 | -26% | 126 | 23% |
| Automotive | 60 | 60 | 0% | 58 | 2% |
| Licensing | 29 | 32 | -7% | 33 | -10% |
| Business Solutions | 18 | 14 | 26% | 16 | 10% |
| Hardware | 163 | 218 | -26% | 135 | 20% |
| Content & Services | 99 | 96 | 3% | 98 | 1% |

*Change percentages are based on non-rounded figures*

### Revenue

The group generated €262 million of revenue for the quarter, a decrease of 17% compared to the same quarter last year (Q2 2011: €314 million) and a 12% increase sequentially (Q1 2012: €233 million). Year on year, revenue for Consumer and Licensing declined, which was partially offset by an increase in revenue of Business Solutions.

The revenue of the Consumer business unit over the past quarter amounted to €155 million, which is a €54 million decrease year on year (Q2 2011: €209 million) and an increase of €29 million sequentially (Q1 2012: €126 million). The year on year decrease was driven by lower PND sales as the PND market sizes in our core geographies declined in an overall weak consumer electronics market together with the impact of the GPS chip related product issue.

The market size in Europe for PNDs was 2.4 million units compared to 2.8 million units in the same quarter last year. The North American market size was 1.7 million units compared to 2.1 million units last year. Our market share in Europe was flat compared to last year at 45%. Our North American market share was impacted by the GPS chip related product issue and declined from 23% to 19%. We currently see our North American market share slowly recovering towards more normal levels.

Despite the difficult market conditions for our partners, Automotive revenue remained stable year on year at €60 million (Q2 2011: €60 million). Sequentially revenue increased by 2.2% (Q1 2012: €58 million).

Licensing revenue decreased year on year by €2.3 million or 7.2% to €29 million and decreased by €3.4 million sequentially (Q2 2011: €32 million, Q1 2012: €33 million). The year on year reduction is due to a decline in the PND segment and the timing of revenue from new contract wins.

Business Solutions revenue increased by €3.6 million or 26% year on year to €18 million (Q2 2011: €14 million) driven by organic growth of the subscriber base. Sequentially revenue increased by €1.6 million or 10% (Q1 2012: €16 million).

Hardware revenue for the quarter was €163 million for the group, a decrease of 26% year on year (Q2 2011: €218 million) and an increase compared to the first quarter of 20% (Q1 2012: €135 million).

Content & Services revenue was €99 million for the quarter compared to €96 million in Q2 2011, an increase of 3.3%. Sequentially, Content & Services revenue increased by 1.2% (Q1 2012: €98 million). Content & Services revenue represented 38% of total revenue (Q2 2011: 31%; Q1 2012: 42%).

**Gross margin**

The gross margin for the group was 52%. The gross margin increased by 1 percentage point compared to the same quarter last year. Based on constant currencies the gross margin would have been 54%. Sequentially the gross margin increased by 3 percentage points. The first quarter 2012 gross margin included a one-off charge of €13 million.

**Operating expenses**[3]

Total operating expenses for the quarter amounted to €122 million, a decrease of €20 million or 14% compared to the same quarter last year (Q2 2011: €142 million). Compared to the first quarter, operating expenses increased by €7.8 million or 6.9% (Q1 2012: €114 million). We are well on track to achieve the previously announced cost savings.

The year on year decrease in operating expenses was mainly the result of lower marketing and SG&A expenses. Marketing expenses decreased by €15 million year on year to €16 million (Q2 2011: €30 million). The decrease was driven by an overall reduction in marketing spend and the timing of the 2012 summer marketing campaign, which started later in the quarter and will partly run in Q3 2012. SG&A expenses decreased by €8.8 million year on year to €41 million (Q2 2011: €50 million) reflecting the result of our overall cost savings programme.

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[3] *Comparative operating expenses for Q2 2011 exclude an impairment charge of €512 million.*

The sequential increase was mainly the result of higher R&D and marketing expenses. R&D expenses increased by €4.3 million sequentially to €43 million (Q1 2012: €38 million) mainly as a result of more projects in the quarter. Marketing expenses saw a seasonal sequential increase of €3.0 million (Q1 2012: €13 million).

As a percentage of revenue, operating expenses for the quarter were 47% compared to 45% in Q2 2011 and 49% in Q1 2012.

**Financial results**

The total interest charge for the quarter was €3.0 million (Q2 2011: €6.1 million, Q1 2012: €3.5 million). The interest expense on the loan facilities for the quarter amounted to €2.0 million. The amortisation of transaction costs related to the facility amounted to €1.1 million and the interest income generated on cash balances amounted to €0.1 million.

The other financial result for the quarter of -€0.5 million comprised primarily of a foreign exchange loss as a result of the balance sheet revaluations not fully offset by the FX hedging result.

**Debt financing**

On 30 June 2012, the carrying value of our borrowings amounted to €338 million, a decrease of €19 million compared to the previous quarter as the result of an early repayment of our borrowings of €20 million (Q1 2012: €357 million). Excluding transaction costs, which are netted against the borrowings, our outstanding borrowings amounted to €340 million (Q1 2012: €360 million).

Net debt as of 30 June 2012 was €191 million compared to €192 million at the end of the previous quarter. Net debt is the sum of the borrowings (€340 million) minus cash and cash equivalents at the end of the period (€149 million).

The net debt to the last twelve months EBITDA ratio was 0.96 times compared to 0.94 at the end of the previous quarter.

**Balance sheet**

As of the end of Q2 2012, accounts receivable plus other receivables amounted to €207 million. Our accounts receivable balance is driven by our revenues, which explains the decrease of €34 million year on year and the increase of €54 million sequentially. The inventory level was €64 million, a decrease of €37 million year on year and an increase of €8.7 million compared to the previous quarter. Cash and cash equivalents at the end of the quarter were €149 million.

Current liabilities were €741 million compared to €627 million at the end of the same quarter last year and €733 million in the previous quarter. The year on year increase is mainly caused by the presentation of the remaining outstanding bank loan as short term. A forward start facility, which will replace the existing borrowings as from 31 December 2012, is in place.

**Cash flow**

During the quarter, we recorded cash flow from operations of €19 million (Q2 2011: -€23 million). The increase in cash flow was mainly driven by the reduced working capital utilisation in the quarter compared to the prior year quarter.

The cash flow used in investing activities during the quarter decreased to €10 million from €25 million in same quarter last year. Sequentially the decrease was €2.8 million.

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# TOMTOM NV

# INTERIM FINANCIAL REPORT
# (unaudited)

# 30 JUNE 2012

**Contents:**

# Semi-annual financial report

## Introduction

TomTom NV (the Company) and its subsidiaries (the group) is the world's leading supplier of in-car location and navigation products and services focused on providing all customers with the world's best navigation experience. TomTom has 3,500 employees working in its offices across all continents. The commercial activities of the group are carried out through four customer facing business units – Consumer, Automotive, Business Solutions and Licensing. The first three of these business units sell their navigation products and services to one specific customer group, whilst Licensing sells its content and services to multiple customer groups.

It is our mission to provide all drivers with the world's best navigation experience. We tailor our activities towards multiple audiences and aim to play a leading role across all platforms where our products and services can be of use.

## Market and TomTom outlook 2012

The weak economy continues to impact demand for our products, most notably through declining consumer demand for consumer electronics products and new cars.

In Automotive we will continue to roll out solutions with our partners into new models. In addition, we have won and expect to win further new contracts that will drive revenue growth in future years. In Licensing we aim to compensate for declining revenue from one of our biggest customers through new customer wins and by bringing new products to the market. Business Solutions is expected to continue to grow strongly, by both increasing its WEBFLEET subscriber base and also growing in areas beyond fleet management services. Consumer revenue is expected to continue to be impacted by the declining PND market sizes although revenues will also be generated from new product areas such as fitness.

We expect to deliver full year revenue of around €1.1 billion and adjusted earnings per share of around €0.35.

## Financial review for the six month period ended 30 June 2012

*Revenues*

Total revenues were €495 million in H1 2012 down from €579 million in H1 2011. The decrease is primarily driven by the decrease in Consumer revenue. Year on year, Consumer revenue decreased by 23% to €280 million in H1 2012 compared to €366 million in H1 2011. Automotive revenue decreased by €1.6 million from €120 million in H1 2011 to €118 million in H1 2012. Licensing revenue decreased by €3.5 million to €62 million (H1 2011: €66 million) and Business Solutions reported a revenue increase of €5.6 million to €34 million in H1 2012 (H1 2011: €28 million).

*Gross result*

Gross profit decreased to €250 million in H1 2012 from €301 million in H1 2011. The gross margin decreased to 51% compared with 52% in H1 2011. The H1 2012 gross profit was negatively impacted by a €13 million charge relating to the rectification of a GPS chip product issue.

*Operating expenses*

Operating expenses in H1 2012 were €236 million, a decrease of €540 million compared to the same period last year (H1 2011: €777 million). This decrease is mainly caused by the impairment charge of €512 million in 2011. Excluding the effect of the impairment charge our operating expenses decreased by €28 million. This decrease is mainly the result of an overall lower cost base following our reorganisation and cost reduction programme as announced in 2011.

*Operating result*
The operating result for H1 2012 was €14 million compared to a loss of €476 million in H1 2011.

*Financial result*
The group recorded €6.5 million of interest expenses in H1 2012, a decrease of €5.6 million compared to the previous year (H1 2011: €12 million). The year on year decrease was the result of the reduction in borrowings following the repayments in the second half of 2011 and the first half of 2012 and the year on year decrease in Euribor. The other finance result in H1 2012 was a gain of €2.1 million (H1 2011: €3.9 million) mainly as a result of our foreign exchange derivatives portfolio and the revaluation of our non-euro denominated monetary balances, such as accounts payable, accounts receivable and cash balances.

*Income taxes (excluding effects of impairment charge)*
The net income tax charge in all the jurisdictions in which we operate was €2.2 million in H1 2012, a decrease compared to last year (H1 2011: €6.2 million). The effective tax rate in H1 2012 was 22.8% compared to 22.4% in H1 2011.

*Cash flow*
Cash flow generated from operations was €35 million versus a cash outflow of €18 million in the same period last year. The cash flow was driven by the operating result adjusted for non-cash items and by changes in working capital. Net interest paid decreased year on year to €4.2 million in H1 2012 compared to €9.1 million in H1 2011. Corporate income tax paid increased to €5.3 million from €3.1 million in the previous year.

Cash flow used in investing activities was €24 million, a decrease of €18 million from €42 million in the same period last year.

**Related party transactions**

For related party transactions please refer to note 10 of our interim financial statements.

**Principal risks and uncertainties H1 2012**

A detailed discussion of the group's principal risks and uncertainties can be found in the 2011 Annual Report.

In the 2011 Annual Report, we described the key business risks which we are aware of, which could have a material adverse effect on our financial position and results.

Those risk categories and risk factors are deemed incorporated and repeated in this report by reference.

Other risks not known to us, or currently regarded not to be material, could later turn out to have a negative material impact on our business, objectives, revenues, income, assets, liquidity or capital resources.

**Responsibility statement**

The Board of Management hereby declares that, to the best of their knowledge:

- the interim financial statements prepared in accordance with IAS 34, "Interim Financial Reporting", give a true and fair view of the assets, liabilities, financial position, profit and loss of the company and the undertakings included in the consolidation taken as a whole; and

- the interim management board report gives a fair review of the information required pursuant to section 5:25d(8)/(9) of the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht).

Harold Goddijn, CEO
Marina Wyatt, CFO
Alain De Taeye
24 July 2012

## Consolidated condensed statement of income

| (in € thousands) | Q2 '12 | Q2 '11 | H1 '12 | H1 '11 |
|---|---|---|---|---|
| Revenue | 261,662 | 314,224 | 494,563 | 579,371 |
| Cost of sales | 125,643 | 154,269 | 244,434 | 278,494 |
| **Gross profit** | **136,019** | **159,955** | **250,129** | **300,877** |
| Research and development expenses | 42,593 | 40,776 | 80,903 | 82,505 |
| Amortisation of technology & databases | 21,096 | 19,204 | 42,333 | 37,824 |
| Marketing expenses | 15,576 | 30,148 | 28,134 | 40,396 |
| Selling, general and administrative expenses | 41,040 | 49,844 | 81,294 | 99,163 |
| Impairment charge | 0 | 511,936 | 0 | 511,936 |
| Stock compensation expense | 1,780 | 2,025 | 3,676 | 4,872 |
| **Total operating expenses** | **122,085** | **653,933** | **236,340** | **776,696** |
| **Operating result** | **13,934** | **-493,978** | **13,789** | **-475,819** |
| Interest result | -3,043 | -6,050 | -6,524 | -12,094 |
| Other finance result | -475 | 2,185 | 2,101 | 3,850 |
| Result associates | 43 | 60 | 234 | -272 |
| **Result before tax** | **10,459** | **-497,783** | **9,600** | **-484,335** |
| Income tax | -1,544 | 8,443 | -2,189 | 5,466 |
| **Net result** | **8,915** | **-489,340** | **7,411** | **-478,869** |
| **Net result attributable to:** | | | | |
| Equity holders of the parent | 8,863 | -489,247 | 7,330 | -478,667 |
| Non-controlling interests | 52 | -93 | 81 | -202 |
| **Net result** | **8,915** | **-489,340** | **7,411** | **-478,869** |
| Basic number of shares (in thousands) | 221,895 | 221,888 | 221,895 | 221,861 |
| **Diluted number of shares (in thousands)** | **221,993** | **222,168** | **221,970** | **223,328** |
| EPS, € basic | 0.04 | -2.20 | 0.03 | -2.16 |
| **EPS, € diluted[1]** | **0.04** | **-2.20** | **0.03** | **-2.16** |

[1]In 2011 no additional shares from assumed conversion are taken into account as the effect would be anti-dilutive.

## Consolidated condensed statement of comprehensive income

| (in € thousands) | Q2 '12 | Q2 '11 | H1 '12 | H1 '11 |
|---|---|---|---|---|
| **Net result** | **8,915** | **-489,340** | **7,411** | **-478,869** |
| **Other comprehensive income:** | | | | |
| Currency translation differences | 3,239 | 3,223 | 2,030 | -7,145 |
| Cash flow hedges | 0 | 655 | 0 | 3,229 |
| **Other comprehensive income for the period** | **3,239** | **3,878** | **2,030** | **-3,916** |
| **Total comprehensive income for the period** | **12,154** | **-485,462** | **9,441** | **-482,785** |
| **Attributable to:** | | | | |
| Equity holders of the parent | 11,909 | -485,493 | 9,103 | -482,309 |
| Non-controlling interests | 245 | 31 | 338 | -476 |
| **Total comprehensive income for the period** | **12,154** | **-485,462** | **9,441** | **-482,785** |

*The items in the statement above are presented net of tax.*

## Consolidated condensed balance sheet

| (in € thousands) | 30 June 2012 | 31 December 2011 |
|---|---|---|
| Goodwill | 381,569 | 381,569 |
| Other intangible assets | 847,368 | 871,528 |
| Property, plant and equipment | 28,784 | 32,555 |
| Deferred tax assets | 11,866 | 10,493 |
| Investments in associates | 3,482 | 4,450 |
| **Total non-current assets** | **1,273,069** | **1,300,595** |
| Inventories | 64,062 | 65,502 |
| Trade receivables | 163,105 | 184,939 |
| Other receivables and prepayments | 43,855 | 51,242 |
| Other financial assets | 1,327 | 2,784 |
| Cash and cash equivalents | 148,910 | 193,579 |
| **Total current assets** | **421,259** | **498,046** |
| **Total assets** | **1,694,328** | **1,798,641** |
| Share capital | 44,379 | 44,379 |
| Share Premium | 975,260 | 975,260 |
| Other reserves | 132,432 | 131,213 |
| Accumulated deficit | - 433,758 | -444,852 |
| **Equity attributable to equity holders of the parent** | **718,313** | **706,000** |
| Non-controlling interests | 2,789 | 2,451 |
| **Total equity** | **721,102** | **708,451** |
| Provisions | 55,786 | 50,114 |
| Deferred tax liability | 176,236 | 182,273 |
| **Total non-current liabilities** | **232,022** | **232,387** |
| Trade payables | 99,533 | 116,616 |
| Borrowings[1] | 338,159 | 383,810 |
| Tax and social security | 21,139 | 20,942 |
| Provisions | 44,611 | 51,213 |
| Other liabilities and accruals | 237,762 | 285,222 |
| **Total current liabilities** | **741,204** | **857,803** |
| **Total equity and liabilities** | **1,694,328** | **1,798,641** |

1 The borrowings are fully due in 2012; a forward start facility, which will replace the existing borrowings as from 31 December 2012, is in place.

## Consolidated condensed statements of cash flows

| (in € thousands) | Q2 '12 | Q2 '11 | H1 '12 | H1 '11 |
|---|---|---|---|---|
| Operating result | 13,934 | -493,978 | 13,789 | -475,819 |
| Financial gains/(losses) | 618 | 2,297 | 3,576 | -897 |
| Depreciation and amortisation | 27,329 | 28,093 | 55,566 | 54,415 |
| Impairment charge | 0 | 511,936 | 0 | 511,936 |
| Change in provisions | 3,359 | 135 | -1,885 | -2,683 |
| Equity-settled stock compensation expenses | 1,627 | 2,120 | 3,210 | 4,805 |
| Changes in working capital: | | | | |
| Change in inventories | -10,843 | -3,099 | -2,158 | -8,587 |
| Change in receivables and prepayments | -53,716 | -71,283 | 25,676 | 99,641 |
| Change in current liabilities (exc. Provisions) | 36,889 | 683 | -62,467 | -200,406 |
| **Cash generated from operations** | **19,197** | **-23,096** | **35,307** | **-17,595** |
| Interest received | 121 | 448 | 551 | 886 |
| Interest paid | -2,093 | -4,883 | -4,727 | -9,946 |
| Corporate income taxes | -6,954 | -4,660 | -5,318 | -3,072 |
| **Net cash flows from operating activities** | **10,271** | **-32,191** | **25,813** | **-29,727** |
| Investments in intangible assets | -9,738 | -20,448 | -21,072 | -32,917 |
| Investments in property, plant and equipment | -2,147 | -4,430 | -4,012 | -8,797 |
| Dividend received | 1,447 | 0 | 1,447 | 0 |
| **Total cash used in investing activities** | **-10,438** | **-24,878** | **-23,637** | **-41,714** |
| Repayment of borrowings | -20,000 | 0 | -48,000 | 0 |
| Proceeds on issue of ordinary shares | 0 | 160 | 0 | 724 |
| **Total cash used in financing activities** | **-20,000** | **160** | **-48,000** | **724** |
| **Net decrease in cash and cash equivalents** | **-20,167** | **-56,909** | **-45,824** | **-70,717** |
| Cash and cash equivalents at beginning of period | 168,014 | 289,316 | 193,579 | 305,600 |
| Exchange rate effect on cash balances held in foreign currencies | 1,063 | -172 | 1,155 | -2,648 |
| **Cash and cash equivalents at end of period** | **148,910** | **232,235** | **148,910** | **232,235** |

## Consolidated condensed statement of changes in equity

| (in € thousands) | Share capital | Share premium | Other reserves[1] | Acc. deficit | Shareholders' equity | Non-controlling interest | Total |
|---|---|---|---|---|---|---|---|
| **1 January 2011** | **44,362** | **974,554** | **117,419** | **-222** | **1,136,113** | **5,416** | **1,141,529** |
| **Comprehensive income** | | | | | | | |
| Result for the period | 0 | 0 | 0 | -478,667 | -478,667 | -202 | -478,869 |
| **Other comprehensive income** | | | | | | | |
| Currency translation differences | 0 | 0 | -6,871 | 0 | -6,871 | -274 | -7,145 |
| Cash flow hedge | 0 | 0 | 3,229 | 0 | 3,229 | 0 | 3,229 |
| Transfer to legal reserves | 0 | 0 | 18,100 | -18,100 | 0 | 0 | 0 |
| **Total other comprehensive income** | **0** | **0** | **14,458** | **-18,100** | **-3,642** | **-274** | **-3,916** |
| **Total comprehensive income** | **0** | **0** | **14,458** | **-496,767** | **-482,309** | **-476** | **-482,785** |
| **Transactions with owners** | | | | | | | |
| Dividend paid | 0 | 0 | 0 | 0 | 0 | -172 | -172 |
| Change in non-controlling interests | 0 | 0 | 0 | -107 | -107 | 442 | 335 |
| Stock compensation expense | 0 | 0 | 5,029 | 274 | 5,303 | 0 | 5,303 |
| Issue of share capital | 17 | 706 | -225 | 0 | 498 | 0 | 498 |
| **30 June 2011** | **44,379** | **975,260** | **136,681** | **-496,822** | **659,498** | **5,210** | **664,708** |
| **1 January 2012** | **44,379** | **975,260** | **131,213** | **-444,852** | **706,000** | **2,451** | **708,451** |
| **Comprehensive income** | | | | | | | |
| Result for the period | 0 | 0 | 0 | 7,330 | 7,330 | 81 | 7,411 |
| **Other comprehensive income** | | | | | | | |
| Currency translation differences | 0 | 0 | 1,773 | 0 | 1,773 | 257 | 2,030 |
| Transfer to legal reserves | 0 | 0 | -610 | 610 | 0 | 0 | 0 |
| **Total other comprehensive income** | **0** | **0** | **1,163** | **610** | **1,773** | **257** | **2,030** |
| **Total comprehensive income** | **0** | **0** | **1,163** | **7,940** | **9,103** | **338** | **9,441** |
| **Transactions with owners** | | | | | | | |
| Stock compensation expense | 0 | 0 | 56 | 3,154 | 3,210 | 0 | 3,210 |
| **30 June 2012** | **44,379** | **975,260** | **132,432** | **-433,758** | **718,313** | **2,789** | **721,102** |

[1] Other reserves include Legal reserve and the Stock compensation reserve

## Notes to the consolidated interim financial statements of TomTom NV

### 1. General

TomTom NV (the "Company") has its statutory seat and headquarters in Amsterdam, the Netherlands. The consolidated interim financial statements comprise the financial information of the Company and its subsidiaries (together referred to as the "group") and have been prepared by the Management Board and authorised for issue on 24 July 2012.

The consolidated interim financial statements have neither been reviewed nor audited.

### 2. Summary of significant accounting policies

The principal accounting policies and method of computations applied in these consolidated interim financial statements are consistent with those applied in the annual financial statements for the year ended 31 December 2011, except as described below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

*Basis of preparation*

The consolidated interim financial statements for the six months ended 30 June 2012 have been prepared in accordance with IAS 34 'Interim Financial Reporting'. As permitted by IAS 34, the consolidated interim financial statements do not include all of the information required for full annual financial statements and the notes to these consolidated interim financial statements are presented in a condensed format. Accordingly, the condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2011, which have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the European Union.

*Change in accounting policies and disclosures*

All IFRS standards and interpretations that were in issue but not yet effective for reporting periods beginning on 1 January 2012 have not yet been adopted.

*Use of estimates*

The preparation of these interim financial statements requires that the group makes assumptions, estimates and judgements that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities as of the date of the interim financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. Estimates are used when accounting for items and matters such as revenue recognition, inventory obsolescence, product warranty costs, depreciation and amortisation, asset valuations, impairment assessments, taxes, earn-out provisions, other provisions, stock-based compensation and contingencies. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and the future periods if the revision affects both current and future periods. For TomTom's critical accounting estimates and judgments, reference is made to the notes to the Consolidated financial statements in the 2011 Annual Report.

*Change in accounting estimates*

During 2012 the group reduced the estimated economic useful life of certain intangible assets to better reflect the fast technological change. This change resulted in an additional amortisation charge of approximately €3.8 million in H1 2012. The full year 2012 impact is estimated to be approximately €7.5 million.

### 3. Segment reporting

The internal management reporting is structured based primarily upon the market segments in which the four operating segments – Consumer, Automotive, Licensing and Business Solutions - operate. Consumer generates revenue mainly from the sale of PNDs, maps and related navigation services. Automotive sells in-dash navigation solutions, as well as digital map data to customers in the Automotive segment. Business Solutions provides fleet management services to fleet owners and Licensing generates revenue by licensing digital map- and other related content to customers in various different segments.

Following the change in organisation structure as part of our reorganisation programme, the allocation keys used to allocate the operating expenses of shared functions to the four operating segments have been changed in 2012. Accordingly the comparative information for the first half of 2011 has been adjusted to reflect this change and is, therefore, not necessarily comparable with the previously reported segment information.

Management assesses the performance of segments based on the measures of revenue and earnings before interest and taxes (EBIT), whereby the EBIT measure includes the allocation of expenses from supporting functions within the group. As the four operating segments serve only external customers, there is no inter-segment revenue. The allocation of expenses has been determined based on relevant measures, which reflect the level of benefits of these functions to each of the operating segments.

| (in € millions) | H1 '12 | H1 '11 |
|---|---|---|
| **External revenue** | **494.6** | **579.4** |
| Consumer | 280.4 | 365.8 |
| Automotive | 118.2 | 119.8 |
| Licensing | 62.3 | 65.7 |
| Business Solutions | 33.7 | 28.1 |
| **EBIT** | **20.5** | **43.2** |
| Consumer | 9.6 | 36.3 |
| Automotive | -5.2 | 0.7 |
| Licensing | 4.9 | 0.7 |
| Business Solutions | 11.2 | 5.5 |

The effects of non-recurring items, such as impairment (if any) are excluded from management's measurement basis. Interest income and expenses, and tax are not allocated to segments. A reconciliation of the segments' performance measure (EBIT) to the group's operating result is presented below.

| (in € millions) | H1 '12 | H1 '11 |
|---|---|---|
| **Total segment EBIT** | **20.5** | **43.2** |
| Unallocated expenses | -6.7 | -7.1 |
| Impairment charge | 0 | -511.9 |
| Interest result | -6.5 | -12.1 |
| Other finance result | 2.1 | 3.9 |
| Result associates | 0.2 | -0.3 |
| **Reported result before tax** | **9.6** | **-484.3** |

A segmentation of assets is not provided internally to the chief operating decision maker and hence, no segmentation of segment assets is reported.

## 4. Remuneration policy for members of the Management Board

This note should be read in conjunction with note 7 Employee Benefits in the Annual Report for 2011. In accordance with the Remuneration Policy, remuneration for the Management Board consists of four components: base-salary, short-term incentive, long-term incentive and pension. The long-term incentive component is set out in the 2009 Stock Option Plan as amended following the 2011 AGM. In May 2012, each of the Management Board members was granted 175,000 new share options under this plan.

## 5. Earnings per share

The calculation of basic and diluted earnings per share is based on the following data:

| | H1 '12 | H1 '11 |
|---|---|---|
| **Earnings** (in € thousands) | | |
| Earnings (net result attributable to equity holders) | 7,330 | -478,667 |
| **Number of shares** (in thousands) | | |
| Weighted average number of ordinary shares for basic EPS | 221,895 | 221,861 |
| **Effect of dilutive potential ordinary shares** (in thousands) | | |
| Share options and restricted stocks | 75 | 1,467 |
| Weighted average number of ordinary shares for diluted EPS | 221,970 | 223,328 |

## 6. Goodwill

Goodwill is allocated to operating segments following a consistent allocation as in the year-end 2011 allocation. Within TomTom we have identified four operating segments being Consumer, Automotive, Licensing and Business Solutions. The recoverable amount of an operating segment is based on the higher of "value in use" or "fair value less cost to sell" calculations. The "fair value less cost to sell" resulted in a higher recoverable amount.

In H1 2012 no impairment charge has been recorded (H1 2011: €473 million). The 2011 impairment charge related to the Consumer segment and was triggered by a faster than expected decline in the PND market size followed by a profit warning in 2011.

The calculation method for the impairment test is consistent with the method used at year end. For a detailed explanation of the calculation method, reference is made to the 2011 Annual Report.

## 7. Shareholders' equity

| | H1 '12 No. (in thousands) | H1 '12 (in € thousands) | H1 '11 No. (in thousands) | H1 '11 (in € thousands) |
|---|---|---|---|---|
| Ordinary shares | 600,000 | 120,000 | 600,000 | 120,000 |
| Preferred shares | 300,000 | 60,000 | 300,000 | 60,000 |
| **Total authorised** | **900,000** | **180,000** | **900,000** | **180,000** |
| **Issued and fully paid ordinary shares** | **221,895** | **44,379** | **221,895** | **44,379** |

All shares have a par value of €0.20 per share.

In H1 2012, no shares were issued following the exercise of share options by employees (H1 2011: 86,927).

### 8. Share-based compensation

Share-based compensation expenses amounted to €3.7 million in H1 2012 versus €4.9 million in the same period last year.

In May 2012 the group issued 4.3 million stock options under the 2009 share option plan. The 2009 share option plan was adopted for members of management and eligible employees. The plan aims to encourage members of the Management Board and selected employees to focus on the group's long-term success by providing such individuals an economic interest in any growth of equity value of the Company, subject to terms and conditions of the 2009 Share Option Plan.

The 2009 share option plan qualifies as an 'Equity-settled share based payment plan'. The options granted in 2011 and 2012 under the 2009 plan will vest after three years (cliff vesting) while the previously granted options in 2010 and 2009 vest in three equal yearly portions, the first third after one year, the second third after two years and the remaining third after three years from the grant date. These terms result in options under the plan that cannot be transferred, pledged or charged and may be exercised only by the option holder over a period of seven years from the grant date but only after completion of the vesting period. Options expire after the exercise period. The options will be covered at the time of exercise by issuing new shares.

In addition to the stock options grant, the group also issued new performance shares and restricted stock units to certain groups of employees. The performance share plan is classified as a cash-settled plan and the restricted stock plan is an equity-settled plan. Both plans have a three years service period as the only vesting condition.

For further information on our share based compensation, see the Annual Report 2011, note 22.

### 9. Change in restructuring provision

Out of the €14 million restructuring provision formed at year-end 2011, €13 million has been utilised in H1 2012.

### 10. Related party transactions

Refer to note 4 for transactions with key management personnel.

In the normal course of business, the group receives map development and support services from its associate Infotech Enterprises Ltd. Such transactions take place at the normal market conditions and the total payments made for these services in H1 2012 amounted to €6.8 million (H1 2011: €6.5 million).

### 11. Seasonality

In the 12 months ended June 2012, the group had revenues of €1,188 million compared to revenues for the 12 months period ending June 2011 of €1,470 million.

The group's sales are impacted by seasonality, particularly within the Consumer segment. Consumer revenue is generally higher in the second half year due to the holiday sales in the fourth quarter and traditionally low sales in the first quarter. In the 12 months ended June 2012, Consumer had revenues of €747 million compared with the same period ended June 2011 of €1,065 million.

Other operating segments' revenue is generally not materially affected by seasonality.

Besides the normal market seasonality, the group revenue can also be affected by new product launches.

## 12. Commitments and contingent liabilities

In the first half of 2012, there were no material changes to the group's commitments and contingent liabilities from those disclosed in our Annual Report 2011, note 29.

**- END -**

## For more information

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### Audio web cast Second quarter 2012 results

The information for our Second quarter results audio web cast is as follows:
Date and time: 24 July 2012 at 14:00 CET
http://corporate.tomtom.com/events.cfm

TomTom is listed at NYSE Euronext Amsterdam in the Netherlands
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### About TomTom

Founded in 1991, TomTom (AEX:TOM2) is the world's leading supplier of in-car location and navigation products and services focused on providing all drivers with the world's best navigation experience. Headquartered in Amsterdam, TomTom has 3,500 employees and sells its products and services in over 40 countries.

Our products include dedicated portable navigation devices, fleet management solutions, map content, navigation software and real-time services including the award winning TomTom HD Traffic.

For the world's most up-to-date route planner, including live traffic information, go to www.tomtom.com/livetraffic

For further information, please visit www.tomtom.com

*This document contains certain forward-looking statements relating to the business, financial performance and results of the Company and the industry in which it operates. These statements are based on the Company's current plans, estimates and projections, as well as its expectations of external conditions and events. In particular the words "expect", "anticipate", "estimate", "may", "should", "believe" and similar expressions are intended to identify forward-looking statements. Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. These include, but are not limited to: the level of consumer acceptance of existing and new and upgraded products and services; the growth of overall market demand for the Company's products or for personal navigation products generally; the Company's ability to sustain and effectively manage its recent rapid growth; and the Company's relationship with third party suppliers, and its ability to accurately forecast the volume and timing of sales. Additional factors could cause future results to differ materially from those in the forward-looking.*