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TomTom reports fourth quarter and full year results

Financial headlines FY 2011
- Revenue of €1,273 million and normalised EPS[1] of €0.31 at top end of guidance
- Broadened revenue with growth in all areas except for PNDs
- Net debt decreased from €294 million to €194 million; leverage ratio of 0.88

Financial headlines Q4 2011
- Group revenue of €357 million
  - Consumer revenue decreased by 40% year on year to €242 million
  - Automotive revenue increased by 2% year on year to €56 million
  - Licensing revenue increased by 3% year on year to €40 million
  - Business Solutions revenue increased by 19% year on year to €19 million
  - Content and Services revenue increased by 10% year on year to €107 million
- Net cash flow from operating activities of €134 million

Operational headlines Q4 2011
- Restructured organisation to reduce costs and increase effectiveness of R&D
- Signed aftermarket automotive deals with Ford and Opel
- Secured full control of map operations in India, Indonesia and Thailand
- Grew HD Traffic installed base to 1.5 million users; available in 23 countries
- Increased fleet management subscriber base to 180 thousand, up 34%
- Entered car lease market with telematics services

Outlook full year 2012
- We expect to deliver revenue of around €1.1 billion and adjusted EPS[2] of around €0.35

Key figures

(in € millions)	**Q4 '11**	**Q4 '10**	*change*	**FY '11**	**FY '10**	*change*
Revenue	357	516	-31%	1,273	1,521	-16%
Gross result	166	237	-30%	640	744	-14%
EBITDA	47	95		206	295	
EBITDA (normalised)	61	96	-37%	221	299	-26%
Operating result	10	65		-425	186	
Operating result (normalised)	24	66	-64%	102	190	-46%
Net result	12	52		-438	108	
Net result (normalised)	17	50	-67%	68	107	-36%
EPS, € diluted	0.05	0.23		-1.97	0.49	
EPS, € diluted (normalised)	0.07	0.22	-66%	0.31	0.48	-35%
Adjusted EPS, € diluted	0.16	0.29	-43%	0.55	0.70	-22%

[1] Normalised results exclude restructuring and impairment charges to match the basis on which we provided our guidance for 2011. Normalised results exclude restructuring charges of €13.6 million in Q4 '11 (€1.3 million in Q4 '10), €14.8 million in FY '11 (€3.3 million in FY '10), a non-cash impairment charge of €512 million in FY ’11 and the tax charge has been adjusted for impairment, restructuring and one-off gains (Q4 ’11: €5.9 million, Q4 ’10: €3.0 million, FY ’11: €6.3 million, FY ’10: €3.0 million)

[2] Earnings per share adjusted for impairment, acquisition-related amortisation and restructuring charges on a post-tax basis

TomTom's Chief Executive Officer, Harold Goddijn

"Our business units performed as expected during the quarter in tough market conditions. In the period we executed a restructuring programme designed to reduce costs and organise the company around its products.

The new product unit structure enables us to better adapt to the fast changing industries we operate in. It equips us better to bring new products to the market and to leverage our key map, traffic and navigation assets.

Looking to the coming year we will increase our focus on the growth parts of our business, in order to claim a leading position in the rise of the connected car, and to grow our position as a fleet management services and location and navigation content provider. At the same time, we will continue to fully leverage our leading position in the PND market."

Outlook 2012

We expect continued growth in Automotive, Licensing and Business Solutions. In Automotive we will continue to roll out solutions with our partners into new models. In addition we expect to win new contracts that will drive revenue growth in future years. In Licensing we aim to grow revenue through new customer wins and by bringing new products to the market. Business Solutions is expected to continue to grow strongly, both by increasing its WEBFLEET subscriber base and by growing in areas beyond fleet management services.

The visibility in our core PND markets is limited as there remains great uncertainty about the rate of decline of customer demand for the category in the year ahead. This is exacerbated by an uncertain macro-economic climate in our core markets.

As a result we expect full year revenue of around €1.1 billion. We reduced operating expenses in 2011 to €538 million and we aim for around €500 million in 2012. We target full year capital expenditure of approximately €65 million. We expect to deliver adjusted earnings per share of around €0.35 (2011: €0.55). The adjusted earnings per share range assumes an effective tax rate of 22% (2011: 19%) and a full year EUR/USD currency exchange rate of 1.30 (2011: 1.40).

Note: *We believe adjusted earnings provide a better view on the underlying performance of our business and a better measure for future cash flows. The adjustments reverse the effects on profits on a post-tax basis of non-cash acquisition related amortisation, exceptional items and other one-offs such as impairments and restructuring charges. The expected acquisition related amortisation charge for 2012 is approximately €55 million. In 2011 the adjustments were: non-cash impairment charge of €512 million, acquisition related amortisation of €64 million and one-off restructuring charges of €15 million.*

Business review

The market size in Europe for PNDs was 3.2 million units compared to 3.5 million units in the same quarter of last year. The North American market size was 4.0 million units compared to 6.6 million units last year. The European and North American markets combined declined by 29% year over year.

Our PND market share in Europe was 47%, which is two percentage points up from the previous quarter. Our North American market share grew sequentially to 26% from 25%.

We introduced the GO LIVE 1005 WORLD in The Netherlands, Spain, Italy and the United Kingdom after the successful launch of the travel specific PND in the USA and Germany. The

GO 1050 World and VIA series, with lifetime Maps, were made available at leading retailers and online in China.

With Ford we signed an agreement to sell the GO LIVE 1000 and GO LIVE 1005 models with a specifically designed cradle for Ford models in Europe.

TomTom Connect, a semi-integrated navigation solution including TomTom HD Traffic tailored specifically to Opel and Vauxhall cars was launched in the quarter. Our partner Fiat announced it will integrate our semi integrated navigation solution with TomTom HD Traffic on the New Daily, Iveco's new light commercial vehicle.

TomTom HD Traffic was rolled out in the Czech Republic and was available in 23 countries across Europe and North America at the end of the quarter. At the end of the year 1.5 million people around the globe were actively using our LIVE Services, compared to 690 thousand at the start of the year.

During the quarter, a number of partnerships were announced with local governments. In a partnership with PTV we will provide historical traffic data to the city of Zürich. The Province of North Holland was provided with historical congestion and flow information.

For geo-marketing agencies, insurance companies and other customers we introduced Custom Probe Counts, a traffic product providing an indicator of traffic density for roads globally. Custom Probe Counts can be used as an additional dataset for location based studies.

We gained full control of our map-making subsidiaries in India, Thailand and Indonesia. In order to reap the full potential in these emerging markets, we bought out the minority shareholders.

In the quarter we launched WEBFLEET Mobile, a smartphone app that provides managers with essential information about their vehicle fleet when they are travelling. A new feature launched in WEBFLEET was vehicle maintenance planning, which enables our customers to optimise their fleet's utility and as a result reduce carbon emissions. WEBFLEET’s installed base grew by 34% to 180 thousand (end of 2010: 134 thousand). We entered the private car lease market with our telematics solutions, providing drivers with instant feedback on their driving behaviour and fuel consumption.

Financial review

Revenue split

(€ millions)	Q4 '11	Q4 '10	change	FY '11	FY '10	change
Consumer	242	406	-40%	833	1,158	-28%
Automotive	56	55	2%	235	179	31%
Licensing	40	39	3%	142	131	9%
Business Solutions	19	16	19%	64	53	20%
Hardware	250	418	-40%	867	1,164	-26%
Content & Services	107	98	10%	407	357	14%

Based on non-rounded figures

Revenue

Group revenue for the quarter was €357 million, a decrease of 31% year on year (Q4 2010: €516 million), and an increase of 6.2% sequentially (Q3 2011: €336 million). The year on year decrease results from lower Consumer sales which were not compensated for by the increases in revenue in Automotive, Licensing and Business Solutions.

Consumer revenue in Q4 2011 was €242 million, which represents a 40% decrease year on year (Q4 2010: €406 million) and a 7.8% increase sequentially (Q3 2011: €225 million). The year on year decrease resulted mainly from the smaller size of the PND market especially in the US, from less participation by TomTom in US holiday season promotions compared to last year and by a proactive effort to go into Q1 with lower channel inventory than in previous years. Content & Services revenue in the Consumer business unit, on the other hand, increased strongly, mainly due to higher LIVE services revenue.

Automotive revenue increased by 2.1% from €55 million in Q4 2010 to €56 million in Q4 2011. Sequentially, revenue decreased by 5.3% (Q3 2011: €59 million) due to fewer production days in relation to the Christmas holiday season and as a result of our automotive partners managing the supply chain ahead of the new year.

Licensing generated revenues of €40 million in this quarter, a 3.3% increase compared to €39 million in Q4 2010. Sequentially, revenue increased by 12% (Q3 2011: €36 million) resulting from increased sales to PND and GIS customers.

Business Solutions achieved strong growth in Q4 2011, generating revenue of €19 million, a 19% increase year on year (Q4 2010: €16 million). The number of WEBFLEET subscriptions activated during the quarter reached a record number of nearly 19 thousand representing a 34% increase year on year. Sequentially, revenue increased by 13% from €17 million in Q3 2011.

Hardware revenue decreased by 40% year on year to €250 million (Q4 2010: €418 million), reflecting the PND revenue decline in our Consumer business. Sequentially, hardware revenue increased by 9.2% (Q3 2011: €229 million).

Revenue from Content & Services for the quarter was €107 million, a 10% increase year on year and flat compared to Q3 2011. The year on year increase was primarily attributed to higher Content & Services revenue within Consumer. Content & Services revenue accounted for 30% of total group revenue for the quarter.

Gross margin

The gross margin for the group was 46%. The gross margin was flat compared to the same quarter last year and was down by 5 percentage points sequentially (Q4 2010: 46%; Q3 2011: 51%). The sequential decrease results from the seasonal change in the revenue mix, a strengthening of the USD against the euro and the effect of the accelerated write-off of pre-paid third party services.

Operating expenses
For comparison purposes, we have excluded the impact of the restructuring charges from the operating expenses review.

Total operating expenses for the quarter were €142 million, a €29 million (17%) decrease year on year (Q4 2010: €171 million) and a €10 million (7.8%) increase sequentially (Q3 2011: €132 million). Q4 2011 operating expenses as a percentage of revenue were 40% (Q4 2010: 33%; Q3 2011:39%).

The main reduction in our operating expenses was in marketing, as we did not repeat the advertising campaign of the fourth quarter of the prior year. As a result, marketing spending was reduced from €48 million in Q4 2010 to €19 million in Q4 2011 (60% decrease year on year).

Amortisation of technology and databases for the quarter was €27 million, a €4 million increase year on year (Q4 2010: €23 million) and a €7 million increase sequentially. The increase results from accelerated amortisation of certain technologies.

Financial results
The net interest charge for the quarter was €3.8 million. Interest paid on our term loan for the quarter was €3.4 million. The amortisation of the transaction costs related to the term loan amounted to €1.3 million and the interest income was €0.9 million.

The other financial result for the quarter was a gain of €0.7 million, which mainly came from a foreign exchange gain resulting from the revaluation of monetary items on our balance sheet.

Tax
The normalised tax rate, which excludes one-off tax items of €5.9 million (Q4 2010: €3.0 million) as well as the tax effects of our restructuring charge, for the fourth quarter was 20.7% (Q4 2010: 21.3%; Q3 2011: 22.1%).

Cash flows
The cash inflow from operations for the quarter was €138 million compared with €143 million in the same quarter last year. The decrease resulted from the lower operating result (Q4 2011: €10 million versus Q4 2010: €65 million), which was almost fully offset by a year on year decrease in working capital.

The cash flow used in investing activities during the quarter was €11 million, down by €11 million compared to the same quarter last year (Q4 2010: €22 million) and €9 million lower compared to the previous quarter (Q3 2011: €20 million). The decrease was driven by lower capitalisation of technologies.

Cash flows used in financing activities amounted to €114 million representing a €110 million repayment of our borrowings and €4 million related to the buy-out of some minority shareholders in our map-making business.

Debt financing
Following the 2011 repayment of €210 million, the carrying value of our borrowings as of 31 December 2011 was €384 million (31 December 2010: €588 million). This carrying value includes the transaction costs, which are netted against the borrowings. The nominal value of the outstanding borrowings was €388 million.

Net debt as at year end 2011 was €194 million, down from €294 million at the end of 2010. The net debt to the last twelve months EBITDA ratio was 0.88 times compared to 0.98 at year end 2010.

Balance sheet

As at year end 2011, accounts receivable plus other receivables totalled €236 million, down by €112 million compared to €348 million at the end of 2010. The inventory level was reduced to €66 million from €94 million at the end of last year and €73 million at the end of the previous quarter. Cash and cash equivalents at the end of the quarter were €194 million.

Current liabilities were €858 million compared to €834 million in the same quarter last year and €543 million in the previous quarter. The sequential increase was mainly caused by the reclassification of our remaining outstanding borrowings to current liabilities as they become due at the end of 2012. A forward start facility agreement comprising of a €250 million term loan facility and a €150 million revolving credit facility is in place to replace our current facilities from the end of 2012.

At the end of the quarter we had shareholders' equity of €708 million up from €694 million at the beginning of the quarter.

Consolidated income statements

(in € thousands)	**Q4 2011**	**Q4 2010**	**FY 2011**	**FY 2010**
Revenue	357,401	515,834	1,273,217	1,521,083
Cost of sales	191,426	279,251	633,545	777,018
Gross result	165,975	236,583	639,672	744,065
Research and development expenses	46,745	44,129	172,822	161,875
Amortisation of technology & databases	27,007	22,723	84,619	77,644
Marketing expenses	20,507	48,287	78,062	104,788
Selling, general and administrative expenses	60,511	53,778	208,917	199,941
Impairment charge	0	0	511,936	0
Stock compensation expense	789	2,940	7,985	13,495
Total operating expenses[1]	**155,559**	**171,857**	**1,064,341**	**557,743**
Operating result	10,416	64,726	-424,669	186,322
Interest result	-3,826	-8,074	-21,862	-35,064
Other finance result	714	5,128	6,093	-15,962
Result associates	-94	707	-432	-1,270
Result before tax	**7,210**	**62,487**	**-440,870**	**134,026**
Income tax	4,583	-10,307	1,919	-26,356
Net result	**11,793**	**52,180**	**-438,951**	**107,670**
Non-controlling interests	-94	475	-1,107	-98
Net result attributed to the group	**11,887**	**51,705**	**-437,844**	**107,768**
Basic number of shares (in thousands)	221,895	221,748	221,874	221,724
Diluted number of shares (in thousands)	221,939	223,964	221,904	222,040
EPS, € basic	0.05	0.23	-1.97	0.49
EPS, € diluted	**0.05**	**0.23**	**-1.97**	**0.49**

[1] Operating expenses include restructuring charges of €13.6 million in Q4 '11 (€1.3 million in Q4 '10), €14.8 million in FY '11 (€3.3 million in FY '10)

Consolidated balance sheet

(in € thousands)	**31 Dec 2011**	**31 Dec 2010**
Goodwill	381,569	854,713
Other intangible assets	871,528	946,263
Property, plant and equipment	32,555	38,977
Deferred tax assets	10,493	22,265
Investments	4,450	7,720
Total non-current assets	**1,300,595**	**1,869,938**
Inventories	65,502	93,822
Trade receivables	184,939	305,821
Other receivables and prepayments	51,242	41,853
Other financial assets	2,784	5,724
Cash and cash equivalents	193,579	305,600
Total current assets	**498,046**	**752,820**
Total assets	**1,798,641**	**2,622,758**
Share capital	44,379	44,362
Share Premium	975,260	974,554
Other reserves	131,213	117,419
Accumulated (deficit)	-444,852	-222
Non-controlling interests	2,451	5,416
Total equity	**708,451**	**1,141,529**
Borrowings	0	384,011
Provisions	50,114	51,051
Long-term liability	0	926
Deferred tax liability	182,273	211,014
Total non-current liabilities	**232,387**	**647,002**
Trade payables	116,616	218,419
Borrowings	383,810	203,586
Tax and social security	20,942	35,443
Provisions	51,213	58,237
Other liabilities and accruals	285,222	318,542
Total current liabilities	**857,803**	**834,227**
Total equity and liabilities	**1,798,641**	**2,622,758**

Consolidated statements of cash flows

(in € thousands)	Q4 2011	Q4 2010	FY 2011	FY 2010
Operating result	10,416	64,726	-424,669	186,322
Financial gains/(losses)	7,786	-4,394	4,554	-11,789
Amortisation and depreciation	36,999	30,501	119,097	109,098
Impairment charge	0	0	511,936	0
Equity-settled stock compensation expense	1,067	2,092	7,996	12,901
Change to provisions	-6,645	1,500	-10,224	-5,180
Changes in working capital:				
Change in inventories	9,683	-13,965	27,915	-26,987
Change in receivables and prepayments	31,185	-65,138	113,384	-27,617
Change in current liabilities	47,253	127,530	-154,770	28,545
Cash generated from operations	**137,744**	**142,852**	**195,219**	**265,293**
Interest received	1,535	278	2,871	977
Interest paid	-3,997	-6,125	-18,459	-25,589
Corporate income taxes paid	-1,119	4,260	-5,456	-30,378
Net cash flow from operating activities	**134,163**	**141,265**	**174,175**	**210,303**
Investments in intangible assets	-9,512	-14,140	-57,918	-47,096
Investments in property, plant and equipment	-3,370	-8,155	-16,502	-17,866
Dividend received	1,628	0	1,628	0
Total cash flow used in investing activities	**-11,254**	**-22,295**	**-72,792**	**-64,962**
Repayments on borrowings	-110,000	-85,000	-210,000	-210,000
Proceeds on issue of ordinary shares	0	815	724	817
Acquisition of non-controlling interests	-4,004	0	-4,243[1]	0
Total cash flow from financing activities	**-114,004**	**-84,185**	**-213,519**	**-209,183**
Net increase in cash and cash equivalents	**8,905**	**34,785**	**-112,136**	**-63,842**
Cash and cash equivalents at beginning of period	182,312	267,615	305,600	368,403
Exchange rate effect on cash balances held in foreign currencies	2,362	3,200	115	1,039
Cash and cash equivalents at end of period	**193,579**	**305,600**	**193,579**	**305,600**

[1] Includes - €0.2 million which was classified as investments in financial fixed assets in the previous quarter

Accounting policies

Basis of accounting

The condensed consolidated financial information for the three-month and twelve-month periods ended 31 December 2011 with related comparative information have been prepared using accounting policies which are based on International Financial Reporting Standards (IFRS). Accounting policies and methods of computation followed in the condensed consolidated financial information, for the periods ended 31 December 2011, are the same as those followed in the Financial Statements for the year ended 31 December 2011. Further disclosures as required under IFRS for a complete set of consolidated financial statements are not included in the condensed consolidated financial information. The consolidated and company financial statements of TomTom NV for the year ended 31 December 2011 have been prepared and audited but are not yet published. The quarterly condensed consolidated information in this press release is unaudited.

For more information

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Audio webcast fourth quarter 2011 results

The information for our fourth quarter results audio webcast is as follows:
Date and time:
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 over 3,500 employees and sells its products more than 40 countries.

Our products include portable navigation devices, in-dash infotainment systems, fleet management solutions, maps 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 please visit 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 suggested 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 its relations with third party suppliers, and its ability to accurately forecast the volume and timing of sales. Additional presently unknown factors could also cause future results to differ materially from those in the forward-looking statements.