Second quarter and H1 2014 results

Financial and operational highlights

Financial summary Q2 '14

- Revenue of €252 million (Q2 '13: €250 million)
- Gross margin of 56% (Q2 '13: 51%)
- EBIT of €10 million (Q2 '13: €8 million)
- Net result of €9 million (Q2 '13: €8 million)
- Adjusted[1] EPS of €0.08 (Q2 '13: €0.07)
- Net cash position of €51 million (Q2 '13: €6 million)

Operational summary Q2 '14

- TomTom Cardio GPS sport watches now available in 26 countries
- Daimler's Smart car equipped with a navigation system featuring TomTom maps, traffic and navigation software
- Delivery of TomTom Traffic for Audi in China announced
- Partnership with AOL's MapQuest extended to power core mapping services across all its digital platforms
- Telematics completed the acquisition of DAMS Tracking's installed base, reinforcing its leading position in Europe

Outlook 2014

- Full year outlook increased; revenue now expected of at least €925 million and adjusted[1] EPS of at least €0.25

Key figures[2]

(€ in millions, unless stated otherwise)	**Q2 '14**	**Q2 '13**	**y.o.y. change**	**H1 '14**	**H1 '13**	**y.o.y. change**
Consumer	169	172	–2%	294	295	0%
Automotive	31	30	1%	60	59	1%
Licensing	27	29	–5%	53	58	–9%
Telematics	26	20	29%	51	39	29%
REVENUE	252	250	1%	457	452	1%
GROSS RESULT	140	128	9%	257	240	7%
Gross margin	*56%*	*51%*		*56%*	*53%*	
EBITDA	37	40	–7%	67	69	–3%
EBITDA margin	*15%*	*16%*		*15%*	*15%*	
EBIT	10	8	34%	12	8	53%
EBIT margin	*4%*	*3%*		*3%*	*2%*	
NET RESULT	9	8	15%	16	5	200%
DATA PER SHARE (in €)						
EPS - diluted	0.04	0.03		0.07	0.02	
Adjusted EPS - diluted[1]	0.08	0.07		0.16	0.10	

Change percentages are based on non-rounded figures.

[1] *Earnings per share adjusted for acquisition-related amortisation & gain on a post-tax basis.*
[2] *Segment revenue and operating expenses breakdown reflect TomTom's new reporting structure as announced on 28 March 2014.*

TomTom's Chief Executive Officer, Harold Goddijn

"We reported a strong second quarter with top line growth and an improved gross margin.
Our Consumer business held up well in the second quarter, mainly driven by European PND and sport revenue, and we continued our accelerating growth path in Telematics.
In Automotive, we are making good progress in delivering a complete set of leading connected navigation system components to our OEM customers, which is reflected in the record number of quotations we have been involved in during the first half of the year.
The development of our new real-time map-making platform will result in better maps at lower cost. The platform is scheduled to roll out from late this year onwards. Our new map is continuously releasable and processes sensor and crowd-sourced data from our own and customer applications in near real-time. Customers will experience all the advantages of a locally stored map, while receiving incremental updates. This puts TomTom in a leading position to master future map use requirements for Highly Automated Driving and pilots are in progress with our customers.
Driven by our strong first half year results, we are increasing our full year guidance for 2014."

Outlook 2014

Given our strong first half year results, we are increasing our full year outlook for 2014. We now expect revenue of at least €925 million and adjusted[1] earnings per share of at least €0.25.

We also re-iterate that we expect our gross margin to stay strong, we will maintain tight control on operating costs, and we expect capital investments of more than €100 million. We expect to increase our net cash position for the year as a whole.

Financial and business review[2]

Group revenue for the quarter was €252 million, a 1% increase compared to €250 million in the same quarter last year. The year on year growth in revenue came from the strong increase in Telematics revenue partly offset by a modest decline in Consumer and Licensing revenue.

Consumer

Consumer revenue for the quarter was €169 million, slightly lower compared to €172 million in Q2 '13. Automotive hardware revenue, which is reported under Consumer, represented €19 million in Q2 '14 (Q2 '13: €23 million). Excluding Automotive hardware revenue, Consumer showed growth for the second consecutive quarter. This growth was driven by European PND and sport revenue.

The European PND market decline continues to slow down. The estimated market size in Europe[3] was 1.9 million units in the second quarter, 11% lower compared to the same period last year. Our European market share for the quarter was approximately 52% and we saw a strengthening of our ASP. The estimated PND market size in North America was 1 million units in Q2 '14, 24% lower compared to the same period last year. Our North American market share for the second quarter was approximately 15% and we saw a fairly stable ASP.

In sport, we more than doubled our revenue in the quarter. The successful introduction of our Cardio GPS sport watches, which is already available in 26 countries, was the main driver behind this success.

Automotive

Automotive revenue for the quarter was €31 million, an increase of 1% compared to the same quarter last year (Q2 '13: €30 million).

In the second quarter, TomTom started shipping a new navigation system to Daimler. This in-dash navigation product, developed in partnership with Renault, will equip the new Smart. It has a 7" capacitive touchscreen and features TomTom maps, navigation software and real-time traffic service. In China, we extended our partnership with AutoNavi to deliver Audi with our real-time traffic service. Audi

[3] *Europe refers to EMEA17: AT, CH, DE, BE, NL, FR, IT, GB, ES, PT, TR, CZ, PL, DK, SE, FI, ZA.*

Second quarter and H1 2014 results / Continued

A3 models are currently shipping with TomTom's traffic service in China. We launched our real-time traffic service in Turkey in the second quarter and our traffic service is now available in 37 countries globally.

Our map-making technology puts TomTom in a leading position to provide the advanced map features required for Highly Automated Driving (HAD) purposes, where high freshness and assured quality are key. We are currently upgrading our mobile mapping fleet of vans with laser sensors (LiDAR) and high-resolution 3D cameras to enable the capture of the next generation of detailed high quality map features required by HAD systems. In parallel, we continue our commitment to expand our map coverage globally. Currently our navigable map covers 43 million km of roads in 118 countries.

TomTom launched the Advanced Driver Assistance Interface Specifications (ADASIS) Toolkit in June 2014. This toolkit provides our Automotive customers a robust benchmarking and on-road testing tool for ADAS applications such as adaptive cruise control, predictive powertrain management, eco driving/coaching and curve speed warnings. The ADASIS toolkit is an easy-to-use package based on TomTom's NavKit software and enhanced map content, like gradient and curvature information. It enables our Automotive customers to create applications that generate energy savings, increase performance and improve safety.

Licensing

Licensing generated revenue of €27 million for the quarter, which is 5% lower compared to €29 million in Q2 '13. The year on year decrease reflects the impact of phasing out a major contract in the first half of last year partly offset by a year on year increase in GIS revenue.

In the quarter, we extended our partnership agreement with AOL's MapQuest, giving their users access to TomTom's map database, across all digital platforms including MapQuest.com and its smartphone and tablet apps.

Telematics

(€ in millions, unless stated otherwise)	**Q2 '14**	**Q2 '13**	**y.o.y. change**	**H1 '14**	**H1 '13**	**y.o.y. change**
Hardware revenue	7.5	6.5	15%	15.3	13.1	18%
Subscription revenue	18.1	13.4	36%	35.4	26.2	35%
Total Telematics revenue	25.6	19.9	29%	50.7	39.3	29%
Monthly ARPU (€)	16.30	17.10	–5%			
WEBFLEET subscriber installed base (#)	395,000	269,000	47%			

Change percentages are based on non-rounded figures.

We continued our strong growth path in Telematics in the second quarter. Telematics revenue in Q2 '14 was €26 million, which represents 29% growth year on year (Q2 '13: €20 million). This increase is mainly driven by the growth in the WEBFLEET subscriber base, both organically and through recent acquisitions. The recurring SaaS revenue for the quarter was €18 million compared to €13 million in the same quarter last year, an increase of 36% year on year. At the end of the second quarter Telematics reported an installed base of 395,000 active subscribers, a 47% increase compared to 269,000 at the end of Q2 '13, and now services more than 30,000 customers.

Telematics completed the acquisition of the DAMS Tracking's installed base in June. DAMS Tracking is based in France and has 27,000 vehicles under subscription. With this second acquisition within one year, TomTom Telematics further strengthened its leading market position in Europe.

In the second quarter, Telematics announced a partnership with Allianz to launch a consumer telematics car insurance product. The Allianz insurance solution helps French consumers to assess their driving by providing actionable insights via a smartphone app. TomTom's telematics platform processes a range of vehicle and driving performance data for Allianz, recorded by the TomTom LINK 100 OBD device in the vehicle and processed by the app. This partnership underpins that TomTom Telematics is a reliable technology partner, not only for fleet management, but also for the insurance industry. Our SaaS business applications allow insurance companies to create innovative products and services to help people to drive greener, safer and more efficiently.

Hardware and Content & Services revenue split[2]

Hardware revenue for the quarter was €148 million (Q2 '13: €146 million) and Content & Services revenue was €104 million (Q2 '13: €105 million). Content & Services revenue accounted for 41% of total revenue for the quarter (Q2 '13: 42%).

Gross margin

The gross margin for the quarter was 55.5%. The gross margin increased by 4.4 percentage points compared to the same quarter last year. The year on year increase was mainly due to higher margins on certain hardware products and partly due to the strengthening of the euro against the US dollar.

Operating expenses

Total operating expenses for the quarter were €130 million, €10 million higher compared to the same quarter last year (Q2 '13: €120 million). The year on year increase was mainly driven by higher marketing expenses in the Consumer segment.

Financial income and expenses

The net interest result for the quarter was nil compared to a net interest charge of €0.3 million in Q2 '13. The interest line in Q2 '14 includes one-off tax related interest income, which offset the interest expense on the loan facilities. The interest expense on the loan facilities in the quarter amounted to €0.7 million. The other financial result was a loss of €0.3 million for the quarter, which consisted primarily of foreign exchange loss on the revaluation of monetary balance sheet items.

Income tax

The net income tax expense for the quarter was €1.0 million, flat year on year. The effective tax rate (ETR) for the quarter was 10% versus an ETR of 11% in Q2 '13. The relatively low ETR reflects benefits from tax incentives, which are made available for companies with significant research and development activities in the Netherlands.

Net result and adjusted[1] EPS

The net result for the quarter was €8.9 million (Q2 '13: €7.7 million). The adjusted[1] EPS in Q2 '14 was €0.08 (Q2 '13: €0.07).

Balance sheet

At the end of the quarter, trade receivables plus other receivables totalled €180 million compared to €175 million at the end of Q2 '13. The inventory level was €41 million, a decrease of €6 million compared to the end of the same quarter last year. Cash and cash equivalents at the end of the quarter were €226 million versus €181 million at the end of Q2 '13.

Current liabilities excluding deferred revenue were €370 million compared to €318 million at the end of Q2 '13. The year on year increase is mainly related to the fact that no borrowings were classified as current at the end of Q2 '13. Deferred revenue was €108 million at the end of Q2 '14, compared to €84 million at the end of the same quarter last year. The main reason for the year on year increase is related to more sales of lifetime maps and lifetime traffic in our PNDs.

At 30 June 2014 we had a net cash position of €51 million (Q2 '13: net cash of €6 million). Net cash is the sum of the cash and cash equivalents at the end of the period (€226 million) minus the borrowings (€175 million).

Cash flow

The cash flow from operating activities for the quarter was €33 million compared to €45 million in the same quarter last year. The Q2 '13 cash flow included a €10 million tax refund. Adjusted for this impact, the cash flow from operating activities decreased by €2 million year on year, mainly due to a slightly higher working capital utilisation in Q2 '14.

The cash flow used in investing activities during the quarter increased by €3 million year on year to €27 million (Q2 '13: €24 million). The majority of the investments related to our new Map production platform, the Navigation engine NavKit, customer specific investments in Automotive and the recent acquisitions in Telematics.

- END -

TOMTOM NV
INTERIM FINANCIAL REPORT
30 JUNE 2014
(Unaudited)

Contents:

Semi-annual financial report

Introduction

TomTom NV (the 'Company') and its subsidiaries (together referred to as 'the group') is the world's leading provider of location and navigation solutions. TomTom has 4,000 employees (FTE) working in its offices across all continents. The commercial activities of the group are carried out through four customer facing business units – Consumer, Automotive, Licensing and Telematics. Consumer generates revenue mainly from the sale of PNDs, sport watches, maps and related navigation products and services. The Automotive business unit develops and sells navigation software, services and content, such as maps and traffic, to car manufacturers and their suppliers worldwide. Licensing generates revenue by licensing digital maps, traffic and other content to a wide range of customers, and Telematics provides fleet management services and related products to fleet owners.

Market and TomTom outlook 2014

Consumer's focus is to maximise value from the PND category and establish a multiproduct consumer business. Automotive revenue development will largely depend on the new car sales and take rates of our current partners. Licensing will focus on working with its large customers to develop and deepen TomTom's product offering. Telematics is expected to continue to grow organically and if opportunities arise, pursue some smaller acquisitions.

Given our solid first half year results, we are increasing our full year outlook for 2014 for the group. We now expect revenue of at least €925 million and adjusted[1] earnings per share of at least €0.25.
We also re-iterate that we expect our gross margin to stay strong, we will maintain tight control on operating costs, and we expect capital investments of more than €100 million. We expect to increase our net cash position for the year as a whole.

Financial review for the six-month period ended 30 June 2014

Group revenue for the first half year of 2014 was €457 million, which is €5 million higher compared to €452 million in the first half of 2013. The increase in revenue was mainly driven by higher Telematics revenue partially offset by lower Licensing revenue in combination with flat Consumer and Automotive revenue.

The segment revenue and operating expenses review reflects TomTom's new internal reporting structure as announced on 28 March 2014.

Revenue

Consumer revenue for H1 '14 was €294 million, flat year on year. This is mainly driven by higher PND revenue in Europe and strong growth in sport revenue. Automotive generated revenue of €60 million, up by 1% compared to €59 million in the first half year of 2013. Licensing revenue in H1 '14 was €53 million, which is €5 million lower compared to H1 '13. The year on year decrease reflects the impact of phasing out of a major contract. Telematics revenue grew year on year by 29% from €39 million in H1 '13 to €51 million in H1 '14. The increase was mainly due to the accelerating growth in the WEBFLEET subscriber base, both organically and through recent acquisitions. In H1 '14 Telematics acquired DAMS Tracking's installed base. DAMS Tracking is based in France and has 27,000 vehicles under subscription.

Gross margin

The gross profit for H1 '14 was €257 million, an increase of €17 million compared to the same period last year. The gross margin in H1 '14 increased to 56% from 53% in H1 '13. The year on year increase is primarily due to higher margins on certain hardware products and partly due to the strengthening of the euro against the US dollar.

Operating expenses

Operating expenses in H1 '14 were €245 million compared to €233 million in H1 '13. The year on year increase is mainly driven by higher marketing and R&D expenses partially offset by lower SG&A expenses.

Operating result

The operating result for H1 '14 was €11.7 million compared to €7.7 million in H1 '13.

Financial result

The group recorded €1.0 million of interest expenses in H1 '14 compared to interest expenses of €1.4 million in the same period of 2013. The other finance result in H1 '14 was a loss of €1.5 million versus a loss of €2.3 million in H1 '13. The loss in H1 '14 mainly came from foreign exchange results from the revaluation of monetary balance sheet items.

The result of associates for H1 '14 was a gain of €0.1 million versus a gain of €2.8 million in H1 '13. The gain in 2013 included a one-off gain of €2.5 million as the result of the remeasurement of the carrying value of our previously held interest in the associate mapIT to its fair value when we acquired the remaining 51% interest.

Income taxes

In H1 '14, the group recorded an income tax gain of €7.1 million versus an income tax charge of €1.4 million in the same period last year. The income tax gain was caused by the release of a tax provision following the finalisation of an overseas tax audit. Excluding the impact of the tax settlement the normalised effective tax rate (ETR) for H1 '14 was 11% versus an ETR of 20% in H1 '13.

Cash flow

The cash flow from operating activities was €19 million versus €138 million in the same period last year. Adjusted for the impact of the €80 million tax refund received in H1 '13, the cash flow from operating activities decreased by €39 million year on year. This year on year decrease was mainly driven by higher working capital utilisation in the first half of 2014.

The cash flow used in investing activities was €51 million, an increase of €6 million compared to €45 million in the same period last year mainly due to higher investments in our Map production platform as well as the recent acquisitions.

Related party transactions

For related party transactions please refer to note 8 of our interim financial report.

Principal risks and uncertainties H1 2014

In the 2013 Annual Report, we described the key business risks and uncertainties which we are aware of, and which could have a material adverse effect on our financial position and results.

We have assessed the risks for the second half year of 2014 and believe that the risk categories and risk factors identified are in line with those presented in the 2013 Annual Report. Those 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

With reference to the statement within the meaning of article 5:25d (2c) of the Financial Supervision Act, the Management Board 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 Financial Supervision Act.

Amsterdam, 24 July 2014

The Management Board

Harold Goddijn / Chief Executive Officer

Marina Wyatt / Chief Financial Officer

Alain De Taeye / Member of the Management Board

Consolidated condensed statement of income

(€ in thousands)	Q2 '14 Unaudited	Q2 '13 Unaudited	H1 '14 Unaudited	H1 '13 Unaudited
REVENUE	**251,951**	**250,246**	**457,329**	**451,833**
Cost of sales	112,089	122,386	200,178	211,508
GROSS RESULT	**139,862**	**127,860**	**257,151**	**240,325**
Research and development expenses	46,225	44,422	89,403	83,382
Amortisation of technology and databases	21,114	19,392	42,296	38,300
Marketing expenses	21,499	11,314	30,797	22,063
Selling, general and administrative expenses	40,792	45,084	82,913	88,885
TOTAL OPERATING EXPENSES	**129,630**	**120,212**	**245,409**	**232,630**
OPERATING RESULT	**10,232**	**7,648**	**11,742**	**7,695**
Interest result	10	–263	–1,009	–1,380
Other financial result	–306	–1,299	–1,482	–2,294
Result of associates	–75	2,560	61	2,813
RESULT BEFORE TAX	**9,861**	**8,646**	**9,312**	**6,834**
Income tax (expense)/income	–1,010	–977	7,094	–1,364
NET RESULT	**8,851**	**7,669**	**16,406**	**5,470**
Attributable to:				
- Equity holders of the parent	8,850	7,301	16,344	5,033
- Non-controlling interests	1	368	62	437
NET RESULT	**8,851**	**7,669**	**16,406**	**5,470**
Basic number of shares (in thousands)	222,238	221,904	222,207	221,899
Diluted number of shares (in thousands)	224,521	224,052	224,361	222,224
EARNINGS PER SHARE (in €)				
Basic	0.04	0.03	0.07	0.02
Diluted	0.04	0.03	0.07	0.02

Consolidated condensed statement of comprehensive income

(€ in thousands)	Q2 '14 Unaudited	Q2 '13 Unaudited	H1 '14 Unaudited	H1 '13 Unaudited
NET RESULT	**8,851**	**7,669**	**16,406**	**5,470**
OTHER COMPREHENSIVE INCOME:				
Items that will not be reclassified to profit or loss:				
Actuarial (losses)/gains on defined benefit obligations	–466	220	–466	220
Items that may be subsequently reclassified to profit or loss:				
Currency translation differences	999	–4,123	2,282	–4,391
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	**533**	**–3,903**	**1,816**	**–4,171**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**9,384**	**3,766**	**18,222**	**1,299**
Attributable to:				
- Equity holders of the parent	9,308	3,587	18,178	1,240
- Non-controlling interests	76	179	44	59
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD[1]	**9,384**	**3,766**	**18,222**	**1,299**

[1] The items in the statement above are presented net of tax.

Consolidated condensed balance sheet

(€ in thousands)	30 June 2014 Unaudited	31 December 2013 Audited
ASSETS		
NON-CURRENT ASSETS		
Goodwill	381,569	381,569
Other intangible assets	799,394	803,635
Property, plant and equipment	26,898	25,804
Deferred tax assets	8,777	9,681
Investments in associates	2,971	2,854
TOTAL NON-CURRENT ASSETS	**1,219,609**	**1,223,543**
CURRENT ASSETS		
Inventories	41,314	42,260
Trade receivables	144,829	115,429
Other receivables and prepayments	35,495	38,121
Other financial assets	268	376
Cash and cash equivalents	226,324	257,785
TOTAL CURRENT ASSETS	**448,230**	**453,971**
TOTAL ASSETS	**1,667,839**	**1,677,514**
EQUITY AND LIABILITIES		
EQUITY		
Share capital	44,462	44,435
Share premium	977,787	977,087
Other reserves	181,876	160,087
Accumulated deficit	−331,773	−329,463
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**872,352**	**852,146**
Non-controlling interests	2,159	2,115
TOTAL EQUITY	**874,511**	**854,261**
NON-CURRENT LIABILITIES		
Borrowings	99,608	99,348
Deferred tax liability	163,896	171,727
Provisions	51,647	55,857
Deferred revenue	41,950	38,300
TOTAL NON-CURRENT LIABILITIES	**357,101**	**365,232**
CURRENT LIABILITIES		
Borrowings	74,284	74,089
Trade payables	87,562	82,337
Tax and social security	23,415	28,101
Provisions	39,175	23,975
Deferred revenue	66,030	75,516
Accruals and other liabilities	145,761	174,003
TOTAL CURRENT LIABILITIES	**436,227**	**458,021**
TOTAL EQUITY AND LIABILITIES	**1,667,839**	**1,677,514**

Consolidated condensed statements of cash flows

(€ in thousands)	Q2 '14 Unaudited	Q2 '13 Unaudited	H1 '14 Unaudited	H1 '13 Unaudited
Operating result	10,232	7,648	11,742	7,695
Financial (losses)/gains	−34	−1,610	331	−4,253
Depreciation and amortisation	26,673	32,212	54,856	60,920
Change in provisions	−184	806	5,415	−1,218
Equity-settled stock compensation expenses	447	1,470	1,385	2,912
Changes in working capital:				
Change in inventories	5,578	5,348	2,423	−2,154
Change in receivables and prepayments	−38,045	−23,277	−26,837	10,660
Change in liabilities (excluding provisions)[1]	33,703	4,883	−23,665	−20,018
CASH GENERATED FROM OPERATIONS	**38,370**	**27,480**	**25,650**	**54,544**
Interest received	1,061	613	1,164	995
Interest paid	−824	−635	−1,719	−1,507
Corporate income taxes (paid)/received	−5,364	18,030	−6,490	83,678
CASH FLOWS FROM OPERATING ACTIVITIES	**33,243**	**45,488**	**18,605**	**137,710**
Investments in intangible assets	−21,999	−18,101	−42,396	−35,800
Investments in property, plant and equipment	−3,767	−4,034	−7,249	−7,623
Investments in financial fixed assets	−1,262	−2,335	−1,263	−2,335
Dividend received	0	456	0	955
CASH FLOWS FROM INVESTING ACTIVITIES	**−27,028**	**−24,014**	**−50,908**	**−44,803**
Repayment of borrowings	0	0	0	−75,000
Dividends paid	0	0	0	−204
Proceeds on issue of ordinary shares	399	157	452	157
CASH FLOWS FROM FINANCING ACTIVITIES	**399**	**157**	**452**	**−75,047**
Net increase/(decrease) in cash and cash equivalents	**6,614**	**21,631**	**−31,851**	**17,860**
Cash and cash equivalents at the beginning of period	219,279	160,955	257,785	164,459
Effect of exchange rate changes on cash balances held in foreign currencies	431	−1,447	390	−1,180
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	**226,324**	**181,139**	**226,324**	**181,139**

[1] Includes the movement of non-current deferred revenue.

Consolidated condensed statement of changes in equity

(€ in thousands)	Share capital	Share premium	Other[1] reserves	Accumulated deficit	Total	Non-controlling interests	Total equity
BALANCE AS AT 1 JANUARY 2013	**44,379**	**975,260**	**159,011**	**–342,875**	**835,775**	**2,642**	**838,417**
COMPREHENSIVE INCOME							
Result for the period	0	0	0	5,033	5,033	437	5,470
OTHER COMPREHENSIVE INCOME							
Currency translation differences	0	0	–4,013	0	–4,013	–378	–4,391
Transfer to legal reserves	0	0	15,934	–15,934	0	0	0
Actuarial gains on defined benefit obligations	0	0	0	220	220	0	220
TOTAL OTHER COMPREHENSIVE INCOME	**0**	**0**	**11,921**	**–15,714**	**–3,794**	**–378**	**–4,171**
TOTAL COMPREHENSIVE INCOME	**0**	**0**	**11,921**	**–10,681**	**1,240**	**59**	**1,299**
TRANSACTIONS WITH OWNERS							
Dividends paid	0	0	0	0	0	–204	–204
Stock compensation related movements	9	222	–73	2,913	3,071	0	3,071
BALANCE AS AT 30 JUNE 2013 (Unaudited)	**44,388**	**975,482**	**170,859**	**–350,643**	**840,086**	**2,497**	**842,583**
BALANCE AS AT 1 JANUARY 2014	**44,435**	**977,087**	**160,087**	**–329,463**	**852,146**	**2,115**	**854,261**
COMPREHENSIVE INCOME							
Result for the period	0	0	0	16,344	16,344	62	16,406
OTHER COMPREHENSIVE INCOME							
Currency translation differences	0	0	2,300	0	2,300	–18	2,282
Transfer to legal reserves	0	0	18,919	–18,919	0	0	0
Actuarial losses on defined benefit obligations	0	0	0	–466	–466	0	–466
TOTAL OTHER COMPREHENSIVE INCOME	**0**	**0**	**21,219**	**–19,385**	**1,834**	**–18**	**1,816**
TOTAL COMPREHENSIVE INCOME	**0**	**0**	**21,219**	**–3,041**	**18,178**	**44**	**18,222**
TRANSACTIONS WITH OWNERS							
Stock compensation related movements	27	700	570	731	2,028	0	2,028
BALANCE AS AT 30 JUNE 2014 (Unaudited)	**44,462**	**977,787**	**181,876**	**–331,773**	**872,352**	**2,159**	**874,511**

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

Notes to the consolidated interim financial statements

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 2014.

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 2013, 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 2014 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 2013, which have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the European Union. The presentation currency of the group is the euro (€).

Other new accounting standards and developments

The following standards that are effective from 1 January 2014, have been adopted (early) by the group from 1 January 2013:

1. IFRS 10 ‘Consolidated financial statements’
2. IFRS 11 ‘Joint arrangements’
3. IFRS 12 ‘Disclosures of interests in other entities'
4. IFRS 13 ‘Fair value measurement’
5. IAS28R ‘Investments in Associates’

Other than certain additional disclosures, all the above-mentioned standards had no material impact on the recognition and measurement of the group’s assets, liabilities, income and expenses. All other standards and interpretations issued and effective for the reporting period starting 1 January 2014 did not have a material impact for the group.

All IFRS standards and interpretations that were in issue but not yet effective for reporting periods beginning on 1 January 2014 have not yet been adopted.

Use of estimates

The preparation of these interim financial statements requires management to make certain 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. 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 areas involving a higher degree of judgement or areas where assumptions and estimates are significant to the (interim) financial statements, reference is made to Note 4 of the Consolidated financial statements in the 2013 Annual Report.

3. Segment reporting

As of 1 January 2014, the internal management reporting, which is used as the basis for segment reporting, was changed. The hardware component of sales to automotive customers is reported in Consumer instead of in Automotive in order to clearly identify automotive revenue which comes from content and software. Additionally, due to client portfolio redistribution a minor amount of revenue was moved from Licensing to Automotive. Accordingly, the reported segment information and their comparative figures have been adjusted to reflect these changes and are not necessarily consistent with the numbers reported previously.

The internal management reporting is structured around four operating segments – Consumer, Automotive, Licensing and Telematics. Consumer generates revenue mainly from the sale of PNDs, sport watches, maps and related navigation products and services. The Automotive business unit develops and sells navigation software, services and content, such as traffic and maps, to car manufacturers and their suppliers worldwide. Licensing generates revenue by licensing high-quality digital maps, traffic and other content to a wide range of customers, and Telematics provides fleet management services and related solutions to fleet owners.

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

(€ in millions)	H1 '14 Unaudited	H1 '13 Unaudited
Revenue[1]		
Consumer	293.8	295.1
Automotive	59.8	59.3
Licensing	53.2	58.2
Telematics	50.7	39.3
TOTAL	**457.3**	**451.8**
EBIT		
Consumer	15.8	11.1
Automotive	– 7.8	– 4.4
Licensing	– 6.3	– 5.5
Telematics	16.5	13.2
TOTAL	**18.2**	**14.4**

[1] Segment revenue and EBIT breakdown reflect TomTom's new reporting structure as announced on 28 March 2014.

The effects of non-recurring items, such as goodwill impairments (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 result before tax is presented below.

(€ in millions)	H1 '14 Unaudited	H1 '13 Unaudited
Total Segment EBIT	**18.2**	**14.4**
Unallocated expenses	– 6.5	– 6.7
Interest result	– 1.0	– 1.4
Other finance result	– 1.5	– 2.3
Result of associates	0.1	2.8
RESULT BEFORE TAX	**9.3**	**6.8**

4. Earnings per share

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

	H1 '14 Unaudited	H1 '13 Unaudited
Earnings (€ in thousands)		
Net result attributed to equity holders	16,344	5,033
Number of shares (in thousands)		
Weighted average number of ordinary shares for basic EPS	222,207	221,899
Effect of dilutive potential ordinary shares (in thousands)		
Share options and restricted stocks	2,154	325
Weighted average number of ordinary shares for diluted EPS	224,361	222,224

5. Goodwill

Goodwill is allocated to operating segments identified according to the core business activities as monitored by management. Within TomTom we have identified four operating segments being Consumer, Automotive, Licensing and Telematics. 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 '14 no impairment charge has been recorded (H1 '13: nil).

6. Shareholders' equity

	30 June 2014		31 December 2013	
	No.	(€ in thousands) Unaudited	No.	(€ in thousands)
AUTHORISED:				
Ordinary shares	600,000,000	120,000	600,000,000	120,000
Preferred shares	300,000,000	60,000	300,000,000	60,000
TOTAL	**900,000,000**	**180,000**	**900,000,000**	**180,000**
ISSUED AND FULLY PAID:				
Ordinary shares	222,311,912	44,462	222,176,212	44,435

All shares have a par value of €0.20 per share. In H1 '14, 135,700 shares were issued following the exercise of share options by employees (H1 '13: 45,000).

7. Share-based compensation

Share-based compensation expenses amounted to €3.7 million in H1 '14 versus €3.8 million in the same period last year.

In May 2014, the group granted 1.2 million stock options under the 2009 stock option plan of which 610,000 stock options were granted to Management Board members. The 2009 stock 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 stock option plan.

In addition to the stock option grant, the group also granted new phantom shares to certain groups of employees. The phantom share plan is classified as a cash-settled plan. The plan has a three-year service period as the only vesting condition.

For further information on our share-based compensation, reference is made to note 22 in our 2013 Annual Report.

8. Related party transactions

Refer to note 7 for stock options granted to the Management Board during H1 '14.

In the normal course of business, the group receives map development and support services from its associate CYENT Ltd. (previously Infotech Enterprises Ltd.) Such transactions take place at the normal market conditions and the total payments made for these services in H1 '14 amounted to €9.2 million (H1 '13: €7.6 million). Transactions and balances with other associates are not material and hence are not disclosed.

9. Seasonality

In the 12 months ended June 2014, the group had revenue of €969 million compared to revenue for the 12 months period ending June 2013 of €1,014 million.

The group's sales within the Consumer segment are traditionally higher in the second half of the year due to the holiday sales in the fourth quarter and traditionally low sales in the first quarter. This trend has become less apparent in recent years. In the 12 months ended 30 June 2014, Consumer had revenue of €650 million compared to €690 million in the same period ended 30 June 2013.

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.

10. Commitments and contingent liabilities

In the first half of 2014, there were no material changes to the group's commitments and contingent liabilities from those disclosed in note 29 of our 2013 Annual Report.

11. Business combinations

H1 '14

In H1 '14, the group made two acquisitions for an aggregate consideration of €9.2 million. The purchase price from both acquisitions was mainly allocated to intangible assets. The acquisitions are not deemed to be material individually or in the aggregate and as a consequence no additional disclosures are included.

H1 '13

Effective from 1 June 2013 the group acquired the remaining 51% of equity interest in its associate mapIT, a company based in South Africa, for a consideration of €3.0 million. The previously held 49% interest has been remeasured to fair value resulting in a gain of €2.5 million which is included under the line Result associates in the income statement.

The net fair value of assets and liabilities acquired amounted to €6.0 million of which €7.1 million was allocated to the intangible assets. No goodwill was recognised and other than the remeasurement gain above, this acquisition had no material impact on the group revenue and results for H1 '13.

12. Fair value and fair value estimation

The fair values of our monetary assets and liabilities as at 30 June 2014 are estimated to approximate their carrying value. There has been no change in the fair value estimation technique and hierarchy of the input used to measure the financial assets/liabilities carried at fair value through profit or loss compared to the method and hierarchy disclosed in our 2013 Annual Report.

13. Subsequent events

There has been no subsequent event from 30 June 2014 to the date of issue of these consolidated interim financial statements.

- END -

Accounting policies - basis of accounting

The condensed consolidated financial information for the three-month and six-month period ended 30 June 2014 with related comparative information has 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 period ended 30 June 2014, are the same as those followed in the Financial Statements for the year ended 31 December 2013. Further disclosures as required under IFRS for a complete set of consolidated financial statements are not included in the condensed consolidated financial information. The quarterly and interim condensed consolidated information in this press release is unaudited.

For more information

TomTom Investor Relations
ir@tomtom.com
+31 20 757 5194

Audio webcast second quarter 2014 results

The information for our second quarter 2014 results audio webcast is as follows:

- Date and time: 24 July 2014 at 14.00 CET
- corporate.tomtom.com/presentations.cfm

TomTom is listed at NYSE Euronext Amsterdam in the Netherlands
ISIN: NL0000387058 / Symbol: TOM2

About TomTom

TomTom empowers movement. Every day millions of people around the world depend on TomTom to make smarter decisions. We design and develop innovative products that make it easy for people to keep moving towards their goals. Our map-based components include map content, online map-based services, real-time traffic, and navigation software. Our consumer products include PNDs, navigation apps, and GPS sports watches. Our main business products are custom in-dash navigation systems and a fleet management system, which is offered to fleet owners as an online service with integrated in-vehicle cellular devices. Our business consists of four customer facing business units: Consumer, Automotive, Licensing and Telematics. Founded in 1991 and headquartered in Amsterdam, we have 4,000 employees worldwide and sell our products in over 35 countries. For further information, please visit www.tomtom.com.

Forward-looking statements/Important notice