

First quarter 2015 results

FINANCIAL AND OPERATIONAL HIGHLIGHTS

Financial summary Q1 '15

- Group revenue of €205 million (Q1 '14: €205 million)
- Gross margin of 54% (Q1 '14: 57%)
- EBITDA of €21 million (Q1 '14: €30 million)
- Adjusted EPS¹ of €0.01 (Q1 '14: €0.08, of which €0.04 related to a one-off tax gain)
- Net cash position of €77 million (Q1 '14: €44 million)

Operational summary Q1 '15

- Consumer launched the new TomTom RIDER for motorcyclists
- Volkswagen selects TomTom Maps in North America and TomTom Traffic in Europe
- TomTom to deliver LIVE Services to Hyundai and Kia in Europe
- Global partnership with Fiat extended to deliver maps and navigation in the Uconnect™ infotainment system in Latin America
- Telematics increased its installed base by 39% and recurring subscription revenue by 32% year on year

Outlook 2015

- Full year outlook re-iterated; Revenue expected of around €1 billion and adjusted EPS¹ expected of around €0.20.

Key figures

(€ in millions, unless stated otherwise)	Q1 '15	Q1 '14	y.o.y. change
Consumer	121.6	125.1	-3%
Automotive	23.6	29.2	-19%
Licensing	29.0	26.0	12%
Telematics	31.1	25.1	24%
REVENUE	205.3	205.4	0%
GROSS RESULT	109.9	117.3	-6%
<i>Gross margin</i>	54%	57%	
EBITDA	21.4	29.7	-28%
<i>EBITDA margin</i>	10%	14%	
OPERATING RESULT (EBIT)	-5.1	1.5	
<i>EBIT margin</i>	-2%	1%	
NET RESULT	-6.9	7.6	
ADJUSTED NET RESULT	2.4	17.4	-86%
DATA PER SHARE (in €)			
EPS - fully diluted	-0.03	0.03	
Adjusted EPS ¹ - fully diluted	0.01	0.08	-87%

Change percentages are based on non-rounded figures.

TOMTOM'S CHIEF EXECUTIVE OFFICER, HAROLD GODDIJN

"We have started the year in line with our expectations. Our Consumer activities held up well in the first quarter, through a combination of a resilient PND market and growth in sports products. Our Automotive business contracted as anticipated and newly booked business continued at levels which will support a growing business. We saw continued strong growth in our Telematics recurring subscription revenue and Licensing delivered double-digit revenue growth in the quarter."

¹ Earnings per fully diluted share count adjusted for acquisition-related amortisation & gain on a post-tax basis.

OUTLOOK 2015

Despite the currency headwinds caused by the weakening of the euro, we are re-iterating our guidance for the year. We expect revenue to grow to around €1 billion, we are maintaining the level of investment (both CAPEX and OPEX) in our core technologies at similar levels to last year and adjusted EPS¹ is expected of around €0.20.

FINANCIAL AND BUSINESS REVIEW

We generated revenue of €205 million in the first quarter, flat compared to the same quarter last year (Q1 '14: €205 million). Our Telematics, Licensing and sport businesses grew strongly to broadly counterbalance the reduction in PND and Automotive revenue. We reported a gross margin of 54% in the first quarter (Q1 '14: 57%). The weakening of the euro caused the year on year decline of 3 percentage points. The net result for the quarter was a loss of €6.9 million, which translates to adjusted earnings per share of €0.01.

Consumer

(€ in millions, unless stated otherwise)	Q1 '15	Q1 '14	y.o.y. change
Consumer products	100.7	104.7	-4%
Automotive hardware	20.9	20.4	2%
Total Consumer revenue	121.6	125.1	-3%
Key PND market data			
Market size Europe ² (# units sold in millions)	1.4	1.6	-8%
<i>TomTom market share</i>	51%	52%	
Market size North America (# units sold in millions)	0.7	0.8	-17%
<i>TomTom market share</i>	16%	19%	

Change percentages are based on non-rounded figures.

Total Consumer revenue for the quarter was €122 million, a decline of 3% compared to the same quarter last year (Q1 '14: €125 million). The year on year decline was mainly driven by lower PND and related content & services revenue, partly offset by strong growth in sport revenue. Automotive hardware revenue was €21 million in the quarter (Q1 '14: €20 million). The slight year on year increase was driven by changes in the product mix.

In the quarter we saw a unit decline of 8% in the European² PND market, whilst the North American market declined by 17%. Our market share in Europe remained broadly flat whilst we continued to strengthen our ASP. We saw market share improvements towards the end of the quarter in both regions.

Within our drive business, we launched our new TomTom RIDER specifically developed for motorcyclists. We continued to see strong growth in our sport business. We added Nike+ to the list of platforms available to TomTom GPS sport watch users, enabling them to track their progress, and share their performance with the Nike+ community. We also continued to expand the number of retail doors across the world.

Automotive

Our Automotive business generated revenue of €24 million in the quarter, compared to €29 million in Q1 '14. This decline is mainly due to the phasing out of certain contracts.

In the quarter, we announced an agreement to deliver maps to Volkswagen in North America. Volkswagen will launch in-dash navigation systems with TomTom maps in its new multimedia system, which will be introduced across multiple car lines, including the Jetta, Passat and Beetle. We also continued to expand our position as a premium connected traffic service provider in the automotive market. In the quarter, we announced that we will deliver our real-time traffic service to Volkswagen, Hyundai, and Kia in Europe. We extended our global partnership with Fiat to deliver maps and navigation in the Uconnect™ infotainment systems in Latin America. We also announced a new deal with South Korea's SsangYong Motor Company. Our maps and navigation software will be included in the all-new Tivoli model throughout Europe beginning in May 2015.

² Europe refers to EMEA17: AT, CH, DE, BE, NL, FR, IT, GB, ES, PT, TR, CZ, PL, DK, SE, FI, ZA.

Licensing

Our Licensing revenue was €29 million in Q1 '15, 12% higher compared to the same quarter last year (Q1 '14: €26 million). The year on year increase was mainly caused by higher traffic revenue and to a lesser extent by FX.

Telematics

(€ in millions, unless stated otherwise)	Q1 '15	Q1 '14	y.o.y. change ¹
Hardware and other services revenue ²	8.5	8.0	6%
Subscription revenue	22.6	17.1	32%
Total Telematics revenue	31.1	25.1	24%
Monthly subscription ARPU (€)	15.8	16.7	-5%
Subscriber installed base (# in thousands)	482	348	39%

¹ Change percentages are based on non-rounded figures.

² Other services revenue comprises installation services and separately purchased traffic service and/or map content.

Telematics revenue for the quarter was €31 million, a 24% increase compared to €25 million in Q1 '14. The recurring subscription revenue for the quarter increased by 32% year on year to €23 million (Q1 '14: €17 million). Our monthly subscription ARPU decreased slightly year on year, owing to the impact of acquisitions, product mix changes, and regional mix changes.

In the quarter, Telematics launched its next generation of WEBFLEET OptiDrive, incorporating predictive real-time driving advice to empower drivers to drive green and safe. OptiDrive 360 uses vehicle data and map data on the road ahead to advise business drivers when to release the gas or shift gear and what their optimum speed should be. This allows professional drivers and businesses' management to create a full improvement programme for learning, coaching while driving, post-trip evaluation and in-company comparison.

Hardware and Content & Services revenue split

Content & Services revenue for the quarter was €99 million or 48% of total revenue. This revenue mix is comparable with the same quarter last year.

(€ in millions)	Q1 '15	Q1 '14	y.o.y. change
Hardware revenue	106.0	106.0	0.1%
Content & Services revenue	99.3	99.4	-0.2%
Total revenue	205.3	205.4	-0.1%

Change percentages are based on non-rounded figures.

Gross margin

Actual key Q1 '15 financials recalculated based on last year (Q1 '14) FX rates (€ in millions, unless stated otherwise)	Q1 '15 actual reported	Q1 '15' recalculated at Q1 '14 FX rates
Revenue	205	199
Gross result	110	113
<i>Gross margin</i>	53.5%	57.0%
EBIT	-5	2
<i>EBIT margin</i>	-2.5%	0.9%
P&L RATES IN €	Q1 '15	Q1 '14
US dollar	1.15	1.37
GB pound	0.75	0.83

¹ The Q1 '15 income and expenses in US dollar and GB pound have been reconverted to euro using Q1 '14 average exchange rates. All other foreign currencies have not been reconverted.

First quarter 2015 results / Continued

The gross margin for the quarter was 54%, which is 3 percentage points lower compared to 57% in Q1 '14. The year on year decrease was mainly due to weakening of the euro against the US dollar. At constant currency rates for the US dollar and GB pound, our gross margin and operating result were relatively flat year on year whilst revenue was slightly down.

Operating expenses

Total operating expenses for the quarter were €115 million, which is €1 million lower compared to €116 million in the same quarter last year. The lower operating expenses were mainly driven by lower Amortisation of technology and databases partially offset by slightly higher SG&A expenses. The increase in SG&A costs partially reflects amortisation of acquired customer contracts following our recent acquisitions. Marketing expenses were relatively flat year on year.

Depreciation and amortisation

(€ in millions)	Q1 '15	Q1 '14	y.o.y. change
Depreciation	3.1	3.8	-20%
Amortisation	23.4	24.4	-4%
Total	26.5	28.2	-6%
<i>Of which acquisition-related amortisation</i>	<i>12.7</i>	<i>13.2</i>	<i>-4%</i>

Change percentages are based on non-rounded figures.

Total depreciation and amortisation costs amounted to €26 million in the quarter, 6% lower compared to last year (Q1 '14: €28 million). Acquisition-related amortisation amounted to €12.7 million in the quarter compared to €13.2 million in Q1 '14. This year on year decline relates to certain map-making tools that have been fully amortised in 2014, partly offset by increased amortisation charges relating to acquisitions in Telematics.

Financial income and expenses

The interest charge for the quarter was €0.2 million versus an interest charge of €1.0 million in Q1 '14. The lower interest charge is due to the lower interest rate applied against lower outstanding borrowings this year. The other financial result for the quarter was a loss of €2.6 million (Q1 '14: loss of €1.2 million), mainly reflecting the impact of losses resulting from the revaluation of foreign currency denominated monetary balance sheet items which were not fully offset by the positive hedging results.

Income tax

The net income tax for the quarter was a gain of €0.8 million versus a net income tax gain of €8.1 million in Q1 '14. Our Q1 '14 tax result was driven by a one-off release of a tax provision following the finalisation of an overseas tax audit. The effective tax rate (ETR) for the quarter was 10.9%.

Net result

(€ in millions, unless stated otherwise)	Q1 '15	Q1 '14	y.o.y. change
Net result	-6.9	7.6	
Net result attributed to equity holders	-7.1	7.5	
Amortisation of acquired intangibles	12.7	13.2	-4%
Tax effect of adjustments	-3.2	-3.3	-4%
Adjusted net result	2.4	17.4	-86%
Adjusted EPS ¹ , € fully diluted	0.01	0.08	-87%

Change percentages are based on non-rounded figures.

The result for the quarter was a loss of €6.9 million compared to a gain of €7.6 million in Q1 '14. The adjusted net result on a post-tax basis was €2.4 million compared to €17.4 million in Q1 '14.

Adjusted EPS for the quarter was €0.01 versus €0.08 in Q1 '14. Q1 '14 included a one-off tax settlement of €0.04.

Balance sheet

Trade receivables at the end of the quarter equalled €117 million compared to €133 million at the end of Q4 '14 mainly due to seasonally lower revenue in the first quarter of the year. Inventory was €47 million which is at the same level as at the end of Q4 '14. Cash and cash equivalents amounted to €117 million at the end of Q1 '15 (Q4 '14: €153 million).

Current liabilities excluding deferred revenue amounted to €243 million compared to €291 million at the end of Q4 '14. The quarter on quarter decrease was mainly driven by lower personnel-related accruals and lower trade payables balances.

Deferred revenue for the quarter amounted €143 million (Q4 '14: €146 million).

The carrying value of outstanding borrowings at the end of Q1 '15 was €39 million compared to €49 million at the end of 2014. The net cash position at the end of the quarter was €77 million (Q4 '14: €103 million).

Cash flow

The net cash used in operating activities during the quarter was €13 million compared to €15 million in Q1 '14.

The cash flow used in investing activities during the quarter was stable at €24 million compared to the same quarter of last year. The majority of the investments related to our new transactional map-making platform, our navigation engine NavKit and customer specific investments in Automotive.

In the first quarter, 2 million options, related to our long-term employee incentive programmes, were exercised resulting in an €11 million cash inflow.

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Consolidated condensed statement of income

(€ in thousands)	Q1 '15 Unaudited	Q1 '14 Unaudited
REVENUE	205,275	205,378
Cost of sales	95,403	88,089
GROSS RESULT	109,872	117,289
Research and development expenses	43,290	43,178
Amortisation of technology and databases	18,522	21,182
Marketing expenses	9,748	9,298
Selling, general and administrative expenses	43,381	42,120
TOTAL OPERATING EXPENSES	114,941	115,778
OPERATING RESULT	-5,069	1,511
Interest result	-204	-1,020
Other financial result	-2,574	-1,176
Result of associates	97	136
RESULT BEFORE TAX	-7,750	-549
Income tax gain	845	8,103
NET RESULT	-6,905	7,554
Attributable to:		
- Equity holders of the parent	-7,145	7,492
- Non-controlling interests	240	62
NET RESULT	-6,905	7,554
Basic number of shares (in thousands)	224,429	222,191
Diluted number of shares (in thousands)	228,661	224,431
EARNINGS PER SHARE (in €)		
Basic	-0.03	0.03
Diluted	-0.03	0.03

Consolidated condensed balance sheet

(€ in thousands)	31 March 2015 Unaudited	31 December 2014 Audited
Non-current assets		
Goodwill	381,569	381,569
Other intangible assets	797,524	800,583
Property, plant and equipment	33,440	30,294
Deferred tax assets	22,453	18,438
Investments in associates	3,612	3,289
TOTAL NON-CURRENT ASSETS	1,238,598	1,234,173
Current assets		
Inventories	46,747	46,575
Trade receivables	116,968	133,266
Other receivables and prepayments	34,812	33,198
Other financial assets	3,551	1,186
Cash and cash equivalents	117,367	152,949
TOTAL CURRENT ASSETS	319,445	367,174
TOTAL ASSETS	1,558,043	1,601,347
Equity		
Share capital	45,118	44,713
Share premium	1,002,493	986,684
Other reserves	219,142	202,289
Accumulated deficit	-354,256	-335,163
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	912,497	898,523
Non-controlling interests	2,454	2,073
TOTAL EQUITY	914,951	900,596
Non-current liabilities		
Borrowings	39,005	48,925
Deferred tax liability	166,578	166,551
Provisions	51,216	48,496
Deferred revenue	57,192	54,963
TOTAL NON-CURRENT LIABILITIES	313,991	318,935
Current liabilities		
Trade payables	79,109	88,218
Tax and social security	14,714	18,113
Provisions	28,642	34,074
Deferred revenue	85,887	90,717
Accruals and other liabilities	120,749	150,694
TOTAL CURRENT LIABILITIES	329,101	381,816
TOTAL EQUITY AND LIABILITIES	1,558,043	1,601,347

Consolidated condensed statements of cash flows

(€ in thousands)	Q1 '15 Unaudited	Q1 '14 Unaudited
Operating result	-5,069	1,511
Financial gains	1,970	380
Depreciation and amortisation	26,493	28,184
Change in provisions	-3,709	5,599
Equity-settled stock compensation expenses	946	938
Changes in working capital:		
Change in inventories	823	-3,156
Change in receivables and prepayments	13,211	11,192
Change in liabilities (excluding provisions) ¹	-46,562	-57,368
CASH GENERATED FROM OPERATIONS	-11,897	-12,720
Interest received	116	103
Interest (paid)	-239	-895
Corporate income taxes (paid)	-1,209	-1,127
CASH FLOWS FROM OPERATING ACTIVITIES	-13,229	-14,639
Investments in intangible assets	-18,791	-20,396
Investments in property, plant and equipment	-5,162	-3,482
CASH FLOWS FROM INVESTING ACTIVITIES	-23,953	-23,878
Repayment of borrowings	-10,000	0
Proceeds on issue of ordinary shares	11,198	52
CASH FLOWS FROM FINANCING ACTIVITIES	1,198	52
Net (decrease) in cash and cash equivalents	-35,984	-38,465
Cash and cash equivalents at the beginning of period	152,949	257,785
Effect of exchange rate changes on cash balances held in foreign currencies	402	-41
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	117,367	219,279

¹ Includes the movement of non-current deferred revenue.

Accounting policies - basis of accounting

The condensed consolidated financial information for the three-month period ended 31 March 2015 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 31 March 2015, are the same as those followed in the Financial Statements for the year ended 31 December 2014. 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 condensed consolidated information in this press release is unaudited.

For more information

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Audio webcast first quarter 2015 results

The information for our first quarter 2015 results audio webcast is as follows:

- Date and time: 21 April 2015 at 14.00 CET
- corporate.tomtom.com/presentations.cfm

TomTom is listed at NYSE Euronext Amsterdam in the Netherlands

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About TomTom

TomTom (TOM2) 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 46 countries. For further information, please visit www.tomtom.com.

Forward-looking statements/Important notice

This document contains certain forward-looking statements with respect to the financial condition, results of operations and business of TomTom NV and its subsidiaries (referred to as 'the company' or 'the group') and certain of the plans and objectives of the company with respect to these items. In particular the words 'expect', 'anticipate', 'estimate', 'may', 'should', 'believe' and similar expressions are intended to identify forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. Actual results may differ materially from those expressed in these forward-looking statements, and you should not place undue reliance on them. We have based these forward-looking statements on our current expectations and projections about future events, including numerous assumptions regarding our present and future business strategies, operations and the environment in which we will operate in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, levels of customer spending in major economies, changes in consumer tastes and preferences, changes in law, the performance of the financial markets, the levels of marketing and promotional expenditures by the company and its competitors, raw materials and employee costs, changes in exchange and interest rates (in particular changes in the US dollar and GB pound versus the euro can materially affect results), changes in tax rates, future business combinations, acquisitions or disposals, the rate of technological changes, political and military developments in countries where the company operates and the risk of a downturn in the market. Statements regarding market share, including the company's competitive position, contained in this document are based on outside sources such as specialized research institutes, industry and dealer panels in combination with management estimates. Where full-year information regarding 2014 is not yet available to the company, these statements may also be based on estimates and projections prepared by outside sources or management. Market shares are based on sales in units unless otherwise stated. The forward-looking statements contained refer only to the date in which they are made, and we do not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this document.