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PRESENTATION

Operator

Good day, ladies and gentlemen. Welcome to the TomTom second quarter 2014 earnings conference call. (Operator Instructions).

I will now turn the conference over to your hostess for today's conference Bisera Grubestic, Investor Relations Officer. You may begin.

Bisera Grubestic - TomTom NV - IR Officer

Thank you, operator. Good afternoon and welcome to our conference call, during which we will discuss our operational highlights and financial results for the second quarter of 2014.

With me today are Harold Goddjin, our CEO; and Marina Wyatt, our CFO.

You can also listen to the call on our website and a recording of the call will be available shortly afterwards. And as usually, I would like to point out that Safe Harbor applies.

We will start today's call with Harold who will discuss the key operational developments, followed by a more detailed look at the quarterly financial results from Marina. We will then take your questions and this call will finish at 14.45 CET.

And with that, Harold, I would like to hand over to you.

Harold Goddjin - TomTom NV - CEO

Thank you very much, Bisera, and good morning, good afternoon. Thank you for joining us on today's earnings call.

We reported both revenue growth and a higher EBIT for the second quarter in a row. Group revenue was EUR252 million in the quarter which is a 1% increase year on year, and the gross margin was strong at 56%.



We delivered EBIT of EUR10 million, and adjusted earnings per share of EUR0.08. Marina will provide further information on the financials. I will now discuss some of the key operational highlights and I will do that per business unit.

So let's have a look at consumer first. The consumer business performed well and if you exclude some automotive-related hardware, the revenue grew for the second consecutive quarter.

European PND business was strong; we gained market share and improved our average selling price.

Our North American market share was approximately 15% in the quarter and we saw fairly stable ASPs.

During the quarter, we completed the rationalization of the entire PND range into our NavKit software platform, with the introduction of the entry level GO devices. All market-based TomTom devices will now offer lifetime maps and lifetime traffic services and will benefit further from continuous investments into our navigation platform.

In sport, we more than doubled our revenue in the quarter. The success of our Cardio GPS sport watches which is available now in 26 countries was the main driver behind this growth. We launched an above-the-line international marketing campaign for our Cardio GPS sport watches in June and that campaign is still running.

Now move on to our automotive business units. We're making good progress and are delivering a very complete set of leading connected navigation system components to our OEMs. And that is reflected in the record number of quotations we've been involved in during the first half of the year.

We started shipping a new navigation system to Daimler. This is an in-dash product that is developed in partnership with Renault and we will equip the new Smart car, it has a 7-inch capacitive touch screen, it features TomTom maps, navigation software and real-time traffic services.

In China, we started to supply Audi with real-time traffic information. We also extended our traffic coverage geographically to Turkey.

TomTom traffic is now available in 37 countries.

Our new map-making platform puts TomTom in a leading position to provide advanced map features required for highly automated driving purposes where freshness and quality are key.

We're upgrading our entire mobile mapping fleet with laser sensors and high resolution cameras, and we started to capture data for the next generation of detailed high quality map features.

In addition, we launched the advanced driver assistance interface specifications toolkit and that helps our customers for robust benchmarking and on-road testing for new applications such as that of cruise control, eco driving and assisted braking.

The toolkit enables our car OEM customers to create applications that generate energy savings, increase performance and improve safety.

As I said earlier, we're enjoying keen interest from OEs and tier 1s for our platform and for our technologies which resulted in a record number of quotations, and also much closer co-operation with key players in the industry.

Within licensing, we entered into a partnership with MapQuest to power core mapping services across all the digital assets including mapquest.com and its smartphone and tablet applications.

Let's move on to maps. So we continue to make good progress in the development of our new real-time mapping platform and we expect to have substantially competed that platform by the end of 2014. The first pilots are being made available to the customers, support MultiNet-R map formats and they're currently being tested.



We have a long heritage and experience in combining multiple resources in the map-making process. And in the new map-making world, we will combine professional map-making with crowdsourcing to deliver freshness and quality.

Our new map is continuously releasable and processes sensor and crowdsourced data from our own and from our customers' applications in near real time. Our overall objective is to deliver better maps faster and at lower cost.

The next slide for telematics; let's move on to our fleet management business. We continued to accelerate growth in telematics in the second quarter. The number of subscriptions increased by 47% year on year and we reached 395,000 customers by the end of the second quarter.

We completed our second acquisition of DAMS Tracking and we increased, as a result of that, the installed base with 27,000 vehicles. That happened in June.

We also announced a partnership with Allianz to launch a customer telematics car insurance product and this partnership underpins that telematics is a reliable technology partner, not only for fleet management, but also for the insurance industry.

Our software as a service business application allow insurance companies to create innovative products and services to help people drive greener, safer and more efficiently.

Our WEBFLEET platform sets new standards for businesses and developers to build innovative end-to-end business processes, and our open API strategy clearly delivers more possibilities for our partners to grow.

We recently had our first telematics developer conference in May, and over 120 partners joined us to share and promote their WEBFLEET-based software solutions.

This concludes my part of the presentation and I'm now handing over to Marina for a more detailed view on the financials.

Marina Wyatt - TomTom NV - CFO

Thank you, Harold. I will now review the financial results.

Overall revenue grew by 1% and we saw strong growth from telematics, which was partly offset by a small decrease in consumer and in licensing.

Consumer revenue decreased by 2% year on year, to EUR169 million. However, excluding automotive hardware revenue, which we include within consumer, consumer showed growth for the second consecutive quarter. And this was driven by the performance of European PNDs, and also by sport revenue.

The EMEA PND market showed a slightly lower level of decline than we had seen previously, at around 11%. In EMEA, our market share was 52%, which was 1 percentage point higher than last year in the same quarter.

We estimate our North American market share for the second quarter at around 15%, and this market was 24% smaller than in the prior year.

Sports revenue more than doubled in the second quarter and we expect this growth rate to continue, fueled in part by the contribution from new products, such as our cardio watch.

Automotive revenue was EUR31 million in the second quarter, which was slightly up on last year. Licensing revenue was EUR2 million lower compared to last year, which mainly resulted from the phasing out of a major contract in the second quarter of last year. And we also saw some level of growth from our GIS Group within licensing.

Telematics revenue grew by 29% year on year, and the WEBFLEET installed base increased by 47% year on year, and 27% organically. Recurring subscription revenue grew by 36% year on year.

Our gross margin increased to 56% and this was mainly due to higher margins on some of our hardware products, and partly due to the strengthening of the euro against the US dollar.

Total operating expenses for the quarter were EUR130 million, which was EUR10 million higher year on year. And this increase was the result of higher marketing expenses because of the advertising campaigns launched around the cardio watch and traffic, which started towards the end of the second quarter.

EBIT for the quarter was EUR10 million and we delivered a net result of EUR9 million, which translated into adjusted EPS of EUR0.08.

We finished the quarter with a net cash position of EUR51 million. We generated EUR33 million from operating activities. Capital investments for the quarter were EUR27 million and they largely related to investments in our new map production platform, our navigation engine, customer-specific automotive projects and also, the recent acquisitions in telematics.

Given our solid second quarter results, if we look at our outlook for the full year now, we're increasing our full-year outlook for 2014.

We now expect revenue of at least EUR925 million and adjusted earnings per share of at least EUR0.25. Our previous guidance was for revenue of at least EUR900 million and adjusted earnings per share of around EUR0.25.

And we also continue to reiterate 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 EUR100 million this year. And overall, we expect to increase our net cash position for the year as a whole.

Operator, we would now like to start with the Q&A session please.

QUESTIONS AND ANSWERS

Operator

Thank you. (Operator Instructions). Youssef Essaegh, Barclays.

Youssef Essaegh - Barclays - Analyst

It's regarding telematics. Thanks for also giving us a little bit more detail on the drivers of this division. Could you tell us a little bit why the ARPU has been trending down? Has it been because of increased competition from Fleetmatics and a few others being aggressive in Europe, or is it more a regional mix or more client mix?

Harold Goddjin - TomTom NV - CEO

So, Youssef, thank you for the question. The ARPU is mostly intact, but the discrepancy between growth on the top line and the number of installed bases mostly a result of the acquisitions, which did not contribute the whole year. So it's a timing issue there.

Second element is that we started to bundle some hardware with some of the product offerings in telematics. So you don't see that translated immediately into top line growth.

And I think, thirdly, there was a foreign exchange effect.

Marina Wyatt - TomTom NV - CFO

Yes, and when we -- if I can just add to that. When we look at ARPUs, it is a blended ARPU across the subscriptions. And behind that, there are ARPUs on direct sales, ARPUs on sales that are made via partners. And behind the scenes, we look at each of those indicators.

So what you see here is a blend, but actually when you -- and that's caused by the fact that there are relatively more sales via partners made in the quarter relative to the comparator period. So that's what affects it. When you actually strip that away, the underlying ARPUs are pretty stable. So what you should not take away from here is that ARPUs are going down, because actually it's just a blended mix.

Youssef Essaegh - Barclays - Analyst

Okay. And do you expect that there will be -- the mix that you have this quarter between direct sales and through distributors, do you expect it to remain the same, or is it going to continue to fluctuate and we're going to see this metric change more or less every quarter?

Marina Wyatt - TomTom NV - CFO

Yes, there will be a little bit of fluctuation between the quarters. That's -- we've tried to balance the fact that we want to give you a bit more disclosure now but without going into more detail than makes sense to do. So there will be a bit of fluctuation. I think the question to ask is really what's going on with the underlying ARPU underneath that. And what we can say about this quarter is it's stable.

Youssef Essaegh - Barclays - Analyst

Okay. Thank you. If I can, just a quick follow up on the consumer division. You mentioned in one of the slides that you will be expanding the product ranges. Do you mean staying with cardio and broadening the portfolio, or do you have in mind more types of consumer devices? And if you can tell us more on the timing of these, if that's the case. Thank you.

Harold Goddjin - TomTom NV - CEO

Yes. So we are successful in sports. Marina said it, we doubled our revenue in the first half. We expect that to happen again in the second half. We made good inroads with the new products. We will continue to innovate in that space. And I would define that as the sports segment.

What it is exactly what we are going to do, I want to keep it under wraps for the moment, but expect new products to come from TomTom this year and next.

Youssef Essaegh - Barclays - Analyst

Thank you very much.

Operator

Marc Hesselink, ABN AMRO.



Marc Hesselink - ABN AMRO Bank - Analyst

First question is on the PND. In the last conference call, you talked about that inventories were very lean in PND. What do you see there at the moment?

And then, secondly, obviously you've talked a bit already on marketing costs being up, but you see that you've started to campaign in June. So do you expect those costs to further accelerate over the remainder of the year? And then, related to that, previously you said that SG&A costs would be down year over year. Is that still the target?

Marina Wyatt - TomTom NV - CFO

Okay. So three questions there. If I deal with the OpEx ones first. Yes, so what's happened this year is that we have run an above-the-line campaign in marketing which started in Q2. And as a result of that, our marketing spend in Q2 is significantly higher than it was last year, and higher than last quarter.

That campaign -- so we're running campaigns around traffic, and also around the cardio watch. And that campaign will run into Q3 as well. So you'll see a continued higher than normal run rate level of marketing spend through Q3. And in the second half of the year, in general, marketing spend will be relatively high.

As currently planned, I would expect marketing overall to be slightly higher than last year, spend-wise, but a bit of flexibility in that, but that's what we're expecting. Last year, we had very high spend in Q4. This year, it's more spread out through Q2, Q3 and Q4, so a little bit less lumpy than last year.

On the SG&A side, for the year as a whole, I would expect there will be a slight decrease in SG&A compared with last year, yes. We are continuously, particularly in the G&A side, looking for more efficiency there.

And sorry, what was the other question you asked as well?

Marc Hesselink - ABN AMRO Bank - Analyst

Yes, the final was on -- the other one was on inventory in PND. You mentioned it was very lean in the previous quarter. What do you see there now?

Marina Wyatt - TomTom NV - CFO

Yes, I don't think there's anything really to report any differently on that. The stock in the channel's in very good shape.

Marc Hesselink - ABN AMRO Bank - Analyst

Okay. Thank you.

Operator

Andrew Humphrey, Morgan Stanley.

Andrew Humphrey - Morgan Stanley - Analyst

Just one for me. Of the CapEx you highlighted this quarter, can you give us an indication of how much of that is going on specific customer projects?

Marina Wyatt - *TomTom NV - CFO*

It's not the largest piece of it. There is some work on both ongoing and new customer projects. And some of those customer projects have not yet hit the market, and we'll see those coming through later this year and in 2015. But that is a piece of it. There are quite a number of components, as I said in the script. So it doesn't dominate it, it's a piece of it.

Andrew Humphrey - *Morgan Stanley - Analyst*

Okay. Thank you.

Marina Wyatt - *TomTom NV - CFO*

Okay.

Operator

Hans Slob, Rabobank.

Hans Slob - *Rabobank - Analyst*

First, it's a question about your market share in US PND. It was down in the second quarter versus Q1, while you are launching the new range of products there. When do you expect that there will be, let's say, an improvement of your market share in the US, or what is holding it back? So what's really going on there?

And second question is about your EBIT loss in automotive that almost doubled in the first half. Could you explain this; why did it increase, whereas your sales were more or less stable?

Harold Goddjin - *TomTom NV - CEO*

Yes, Hans, let me -- thank you for the question. Let me first look at the -- let me take the first one. US PND market is difficult, we know that. Not only from a global perspective in terms of market decline, but also our market share is below where we want to see.

We have decided at least to hold our ASPs, so we run an operation in the US that is for profit, but we are not planning to aggressively regain market share or we let it go its course. It's a profitable market for us. Hopefully, with the introduction of new products, our market share will go up. But it is now part of our business that is not as significant as it once used to be.

Hans Slob - *Rabobank - Analyst*

Okay. Thanks.

Marina Wyatt - *TomTom NV - CFO*

And just talking about the EBIT in automotive. It's a fairly simple explanation actually. It's really that the level of investments we are making in the Map, as we flagged at the start of this year, is higher. And the majority of the costs of the Map in our segment note are borne by automotive and licensing. Automotive, relatively, has grown its revenue versus the licensing side, and bears more of the cost. And that's what hits the EBIT.



Hans Slob - *Rabobank - Analyst*

Yes, okay. That's clear explanations. Thanks.

Operator

(Operator Instructions). [Shyam Kumar], TT International.

Shyam Kumar - *TT International - Analyst*

A couple of questions. The first one in terms of automated driving systems. At what point do you think automakers will start introducing more automated driving products dependent on your mapping capabilities? And if you can give any overview on how you see the development of the intimacy between automakers and mapping over the next two years in terms of automated driving please.

Harold Goddjin - *TomTom NV - CEO*

Yes. So automotive -- highly automated driving is a long-term objective. And the success of highly automated driving will be partly dependent on technology, partly on legislation, user acceptance. So I can't predict what the end result is going to be.

But in the running up to highly automated driving, we see more and more safety and convenience features connected to the Map. And a couple of features that are starting to make it into the mainstream are adaptive cruise control, braking and assisted braking in front of a corner. Those systems require not always but sometimes reliable Map content. Curvature warning, for instance, is an important element for a safety system. So that will continue step by step.

We're also involved in a number of research programs, or we're working closely together with industry, where we have actually cars driving in an automated way, driving with our maps. And we're learning from that and from that we will help to get the specifications for mapping content right and also learn how we can best produce those maps in a cost-effective way.

And thirdly, how we can collect information from the car to compare what we see in real time on the road with what we have in our database and try to look for differences and change the map in an automated way as a result of that.

So it's a number of items; it's mostly in the research state, but some of the features that we're now delivering also make it into the car in commercial applications.

Shyam Kumar - *TT International - Analyst*

And how do we think about the quality of your mapping and your ability to help automotive deliver that product versus your peers in the space please?

Harold Goddjin - *TomTom NV - CEO*

So we're actually quite excited about what we can do here and most importantly, because we have a transactional map-making process, at least that's what we're working on, the platform that we have completed by the end of 2014, or largely completed by the end of 2014.

And we think that transactional map-making is kind of critical and pivotal to get those systems up and running in a cost effective way. The closed loop system where you compare on a continuous basis what you observe in reality -- what you have stored in the Map that requires fast automated transactions, and we're testing some of those things to great success.

So we are excited because we can make better maps, but we can also make them at lower cost in a highly automated way. And that is our overall gain. And I think there's some recognition also in the industry that we're on the right track there to deliver the systems for the future. And that gives us not only [jam] in 2019, but it also greatly improves our chances of winning deals that are happening today that are not necessarily reliant on those features, but where carmakers say we want to invest in you in a relationship and see what we can do collectively. Because I think there is a sense that no one can deliver those systems in isolation. There's a higher degree of cooperation needed to get this done.

So we are, both from a technology perspective as well as from a relative position in the value chain, quite excited about those new opportunities. We're embracing them; we're working hard and as a result of that, we see greater intimacy with some of our key customers and better opportunities to win deals in the future and higher levels of activity to win current contracts that are available now.

So the overall sense in the automotive team is that we are on the right track; there are some green shoots. And the sense is that this will in the medium term lead to higher revenues coming out of the automotive segment.

Shyam Kumar - *TT International - Analyst*

Perfect. Can I just ask -- switch tack to telematics quickly? I notice in the quarter you announced a usage-based insurance contract with Allianz. Can you actually -- because this seems like a relatively new industry usage-based insurance for consumer and I don't have huge knowledge about it. Can you please outline what you see in terms of the strategic opportunity with this please?

Harold Goddjin - *TomTom NV - CEO*

Yes, so let's first start with the interests of the insurance industry themselves. They have a desire to differentiate between high risk customers and low risk customers to differentiate their pricing, but also to make safe drivers from not so safe drivers and technology can help there.

And that helps the industry to tailor their offerings, reduce their overall cost. We're making technology available to do just that and try to do it in a cost effective way. So we are collecting information from the CANbus; I don't know if you're familiar with the technology, but we can collect data straight from the vehicle. We profile that data and give an indication of the driving style; where drivers are going; what time of day and night they're driving and so on and so forth. That helps to profile the risks.

There are also some benefits for users, because users can also learn to improve their driving style; drive more eco-friendly; save money on fuel. There is some direct feedback mechanism where your driving style is compared to the average driving style and so on and so forth.

So there's an element of real safety and cost improvement, there's a marketing element as well, I don't want to deny that. And the strategic importance of course is that it's a vast market. So the interest is for us to get this to work, learn from it and try to expand that to a market that is in potential very, very large.

Shyam Kumar - *TT International - Analyst*

I guess you've won just one contract in that space, Allianz, but you must be in ongoing discussions with other insurance companies in other geographies.



Harold Goddjin - *TomTom NV - CEO*

Yes, it's not the first one, we've done more in the UK. I think we've spoken about it a year ago or three quarters of a year ago; that's ongoing. So there's continued interest, continued development in that area.

And it's one of the things that we need to explore, we need to look it. It can grow, but it can also fall flat on its face. It's just too early to say, but there is potential. I think what works against us in that industry is that there is no [lower] profitability anyway and the opportunity for part differentiation and further discount is very limited.

But if we can prove that this technology can help both in making driving safer or further segmentation and diversification for our offerings, I think we're onto something, but time will tell whether that will -- what type of results that will yield for TomTom.

Shyam Kumar - *TT International - Analyst*

Perfect. And can I just ask one last question? Just on licensing and location-based advertising, are you seeing growth in the number of new verticals interested in licensing maps at the moment please?

Harold Goddjin - *TomTom NV - CEO*

No, I think in the consumer space we find that our traditional customers find it increasingly difficult to compete with the three large ecosystems, like Google, Apple and Microsoft. So there's concentration taking place.

In a general sense in a licensing environment it's a fairly stable business, but it's not a business that I think will grow dramatically in the midterm. But there are some other verticals in the GIS space that show good growth and good potential also for new applications, government initiatives, local authorities for traffic, route planning, all sorts of modeling. Other applications that until recently I hadn't heard from before show an interest of licensing our content and our technology and actually signing deals and are prepared to pay for that.

So in a GIS market there is a -- that's a broader opportunity and I think on balance, I think the outlook for the licensing income is in the midterm fairly stable.

Shyam Kumar - *TT International - Analyst*

Perfect. Thank you very much, Harold.

Operator

Marc Zwartsenburg, ING.

Marc Zwartsenburg - *ING Financial Markets - Analyst*

A couple of questions left. First of all, on the expectations for the full year on your guidance top line, can you take me through the key assumptions, particularly for the consumer segment, going through the quarters to arrive at your -- at least EUR925 million target? Because it seems that if I look to last year, that there is a different seasonality perhaps in the second half. Can you perhaps dig in a bit on that?

Second question is on automotive. How should we see the development of automotive in the second half of this year and going into next year in terms of also rolling off a bit the hardware component? That's my second question.

And the last question is, can you give me a sense of the deferred revenue per share that's currently on the balance sheet? Thanks.

Marina Wyatt - *TomTom NV - CFO*

Yes, let me talk firstly about the revenue outlook for the year. I think you're right. In the end, the biggest part of our revenue by quite a long way is consumer and so it is consumer that is driving how we show the outlook.

In the second half of last year, we had an uptick coming through from the introduction of lifetime maps, lifetime traffic and we grew quite a lot of market share in the second half of last year. Now this year, we have managed to grow that a little bit more, but in looking forward to the rest of the year, we don't anticipate that we'll get that same uptick coming through again that gives you a kind of one-off lift up.

We've performed very well so far this year; we're doing our absolute best to keep that going and keep going, but in the end, the PND market is declining, albeit in Europe at a slightly lower rate than we've seen, and I think we have to expect that it will be very difficult for us to maintain that performance in the second half of the year. So that feeds into the guidance.

I think less seasonality than we saw or less uplift in the second half in PND than we saw last year. As we've already said, our plan is to double sport revenue overall from the year. We're starting off from a base last year of low 10s of millions, but if we double it this year it starts to get meaningful and that bodes well for next year.

That's really the backdrop behind the guidance for the rest of the year. Telematics will continue well, while automotive and licensing will be flat to down a bit year on year.

Marc Zwartsenburg - *ING Financial Markets - Analyst*

But how would consumer develop between Q3 and Q4? Is Q3 then well below Q2 or to make at least Q4 as a seasonal stronger quarter be higher than Q3, or how should we see that?

Marina Wyatt - *TomTom NV - CFO*

Yes, Q4 will be bigger than Q3; it is. But I'm just saying we won't get that uptick that we got last year from that big gain in market share.

Marc Zwartsenburg - *ING Financial Markets - Analyst*

Okay, thank you. And the other questions?

Marina Wyatt - *TomTom NV - CFO*

Yes. Could you just repeat them? Thanks.

Marc Zwartsenburg - *ING Financial Markets - Analyst*

The automotive. How should we see automotive develop into the second half and into next year, also because of the roll off of the hardware component in certain contracts and (inaudible) coming on stream maybe later on. Can you give us a little bit of feel for that?

Marina Wyatt - TomTom NV - CFO

Yes. What I expect overall for automotive for the year is that the -- seasonally, Q3 is the smallest quarter in automotive and that won't be any different this year. And as I said before, I expect overall for the full year our revenue to be a bit lower than it was last year. Flat to down a bit is where we expect it to come out.

What's going on within that, clearly our classification of automotive now does not include the hardware piece. The hardware piece is sitting within consumer and that is getting smaller. On the content and services piece, that's what's reflected in automotive and as I said, flat to slightly down.

On the hardware contracts, our main hardware contracts are with Renault, which is the biggest one. We also have business with Mazda, Seat and Toyota and gradually the latter three of those in the hardware form are reaching the ends of their lives and they will roll off over the next few periods. Renault will continue.

Marc Zwartsenburg - ING Financial Markets - Analyst

Okay. And then my last question, the deferred revenue per share?

Marina Wyatt - TomTom NV - CFO

Yes, the deferred revenue in the balance sheet now I think is about EUR110 million -- something -- EUR104 million and it's on the -- EUR108 million, I beg your pardon. And it's grown from last year, it was EUR84 million from memory. So it's on the increase because of the fact that there is more lifetime maps and more lifetime traffic in the mix.

Marc Zwartsenburg - ING Financial Markets - Analyst

And if you would include that fully in the P&L what would be the impact on the EPS level?

Marina Wyatt - TomTom NV - CFO

I'd need to double check that and get back to you. I'm sorry, I won't do that off the top of my head. But it's a significant amount as you can see coming through.

Marc Zwartsenburg - ING Financial Markets - Analyst

Yes. Maybe a final one. Can you give me the market size for rest of the world where it stands now?

Marina Wyatt - TomTom NV - CFO

For PNDs?

Marc Zwartsenburg - ING Financial Markets - Analyst

Yes.

Marina Wyatt - *TomTom NV - CFO*

Yes, we need to just -- I'll just need to look that up for you and come back to you in a sec.

Marc Zwartsenburg - *ING Financial Markets - Analyst*

Okay. Yes, great. Thank you very much.

Operator

[Shanti Zhar], Evalueserve.

Shanti Zhar - *Evalueserve - Analyst*

Just one from me. You have recently acquired DAMS Tracking in June, and I just want to know whether you want to -- you are looking at further telematics deal going forward?

Harold Goddjin - *TomTom NV - CEO*

Yes, so this is the second one that we acquired, so it's important for us that the integration of our first acquisition is going well and according to plan. The combining of the two companies in Spain has led to accelerated growth actually, so from a commercial perspective and from a transition perspective, we're happy with the results that we've achieved there.

We're now starting the integration of our second company; we hope that will go as well. And we will continue to look for similar acquisitions, although I have to say that we are very picky and it really needs to fit in our product portfolio and our customer portfolio, the price needs to be right and on and so forth. But yes, if there are good opportunities to do similar things we will look at that very carefully.

Shanti Zhar - *Evalueserve - Analyst*

Thanks a lot.

Bisera Grubestic - *TomTom NV - IR Officer*

Thank you, operator. I would like to thank you all for joining us this afternoon. If you have any follow-up questions at a later time, please don't hesitate to give us a call. Thank you all very much and operator you can close the call.

Operator

Thank you. That will conclude today's conference call. Thank you for your participation. Ladies and gentlemen you may now disconnect.



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