



# **TomTom Fourth Quarter and Full Year 2007 Financial Results**

**21 February 2008**

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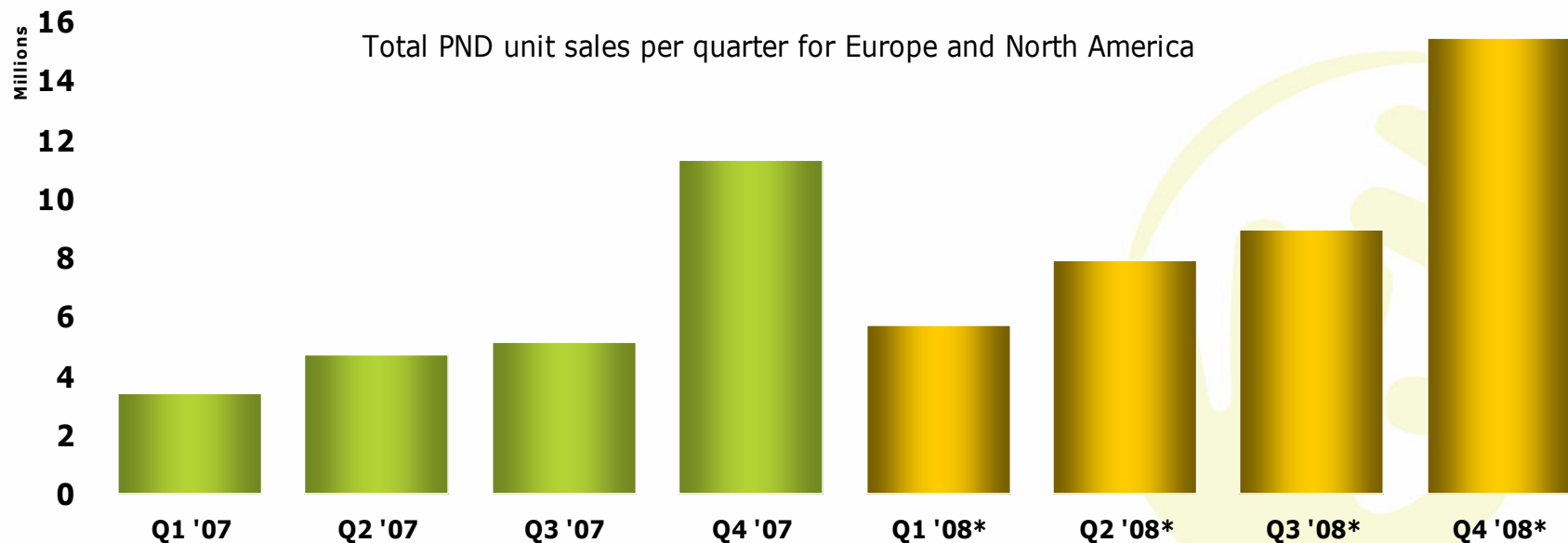
## Fourth quarter highlights

- Record revenue of €634 million revenue (4.3 million PNDs shipped)
- Gross margin of 42% and operating margin of 23%
- Record net profit of €107 million; fully diluted EPS €0.87
- Cash from operations of €155 million
- European market share 49%; US market share 27%
- TomTom WORK more than doubled its subscriber base to 34,000
- TomTom HD Traffic™ launched in the Netherlands
- TomTom community delivers one millionth Map Share™ report

## Update on Tele Atlas acquisition

- On 18 November 2007, TomTom launched a new cash offer of €30 per Tele Atlas share
- TomTom purchased 29.9% of Tele Atlas' issued share capital
- On 28 November 2007, the European Commission announced start of phase II review – we still expect to have reasonable insight about the likely outcome of the second phase review by the end of March 2008
- On 4 December 2007, TomTom placed 8.2 million new ordinary shares at a price of €56 per share - net proceeds of €450 million
- Acquisition of the remaining 70.1% of Tele Atlas' shares to be financed from committed financing provided by the Financing Banks together with cash balances
- Updates on the timetable and the Tender Offer will be provided if and when appropriate

- Strong growth in 2007
  - European PND market grew 75% year-on-year to 15 million units
  - US PND market close to quadrupled year-on-year to 9.5 million units
- Clear seasonal trend with significant underlying growth
- Continued strong growth in 2008 expected to 38 million units

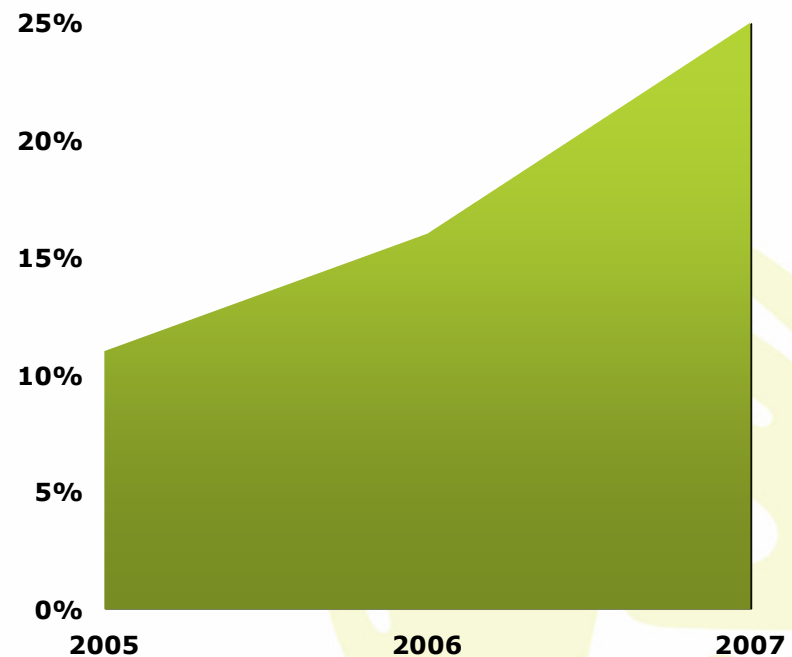




## Strong market share performance

- TomTom's European market share in Q4 2007 was 49%; for the full year 48%
- TomTom's North American market share in Q4 2007 was 27%; for the full year 25%
- For 2008 our target is to maintain our leading market share in Europe of around 50% and to grow our North American market share to around 30%

North American market share over the last three years



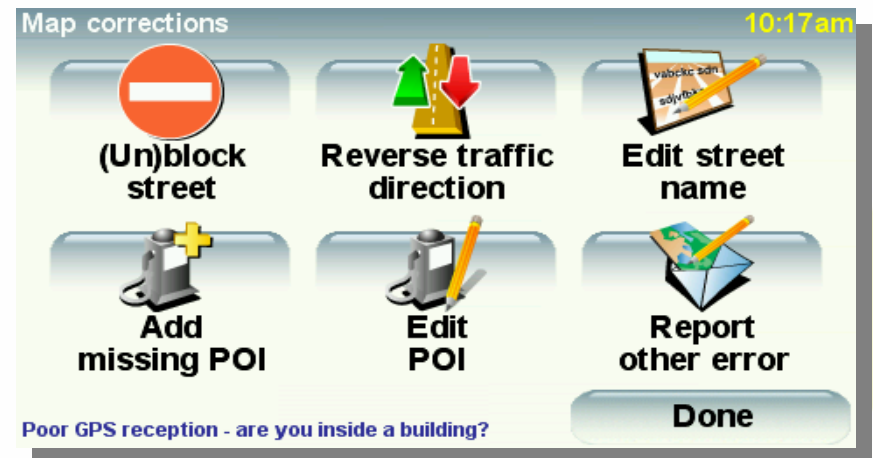
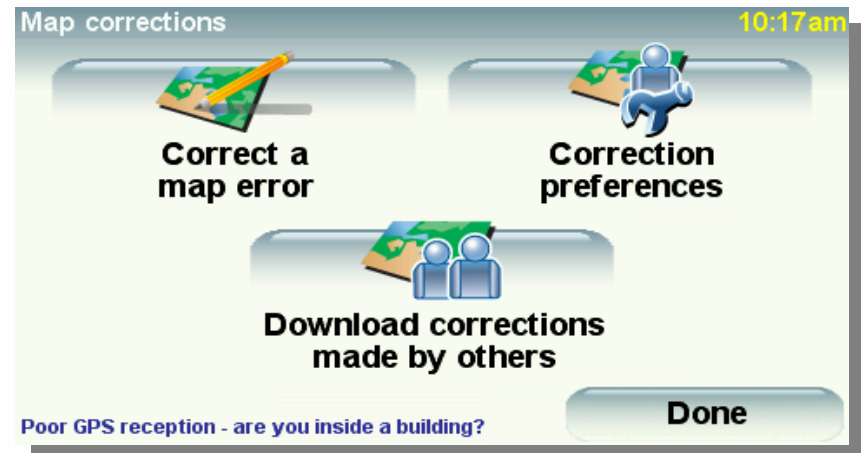


## Broad product portfolio line up

- Key to our success is our ability to launch attractive and innovative products
- In 2007 TomTom completely refreshed the entire product line up
- Including the introduction of a new mid range product: TomTom ONE XL
- Innovation is showcased by introducing important features like enhanced positioning technology, 'Help me!' menu and speech recognition



- More than one million Map Share contributions
- Great relevance - these are the corrections our customers care about and 66% of the corrections have an immediate effect on their devices
- Corrections are available free to all customers on a daily basis via TomTom HOME, instantly making their map more up to date than any other navigation product on the market
- In 2008 we will raise the bar, so that people can change even more immediately on their device

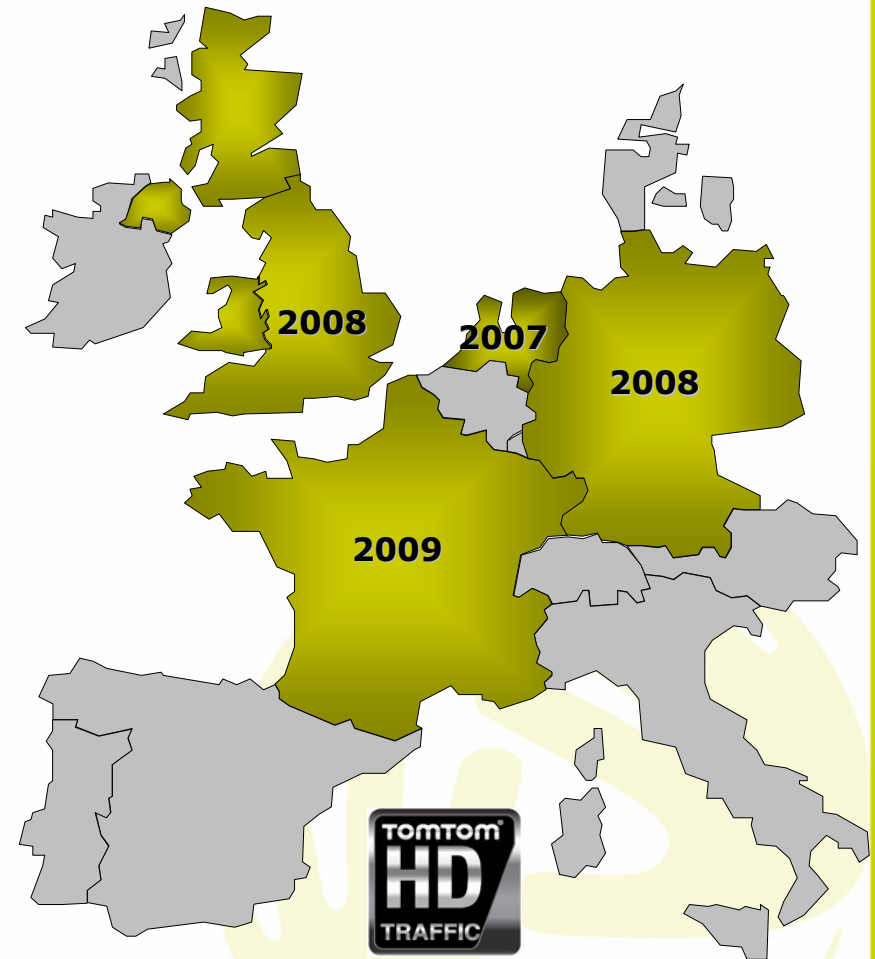






## Roll-out of HD Traffic™ according to plan

- Always the smartest route with the world's most advanced traffic information service
- HD Traffic works straight out of the box - just turn on the device for a live connection to the TomTom Traffic Centre; no installation, configuration, activation, cables or antennas required
- All-inclusive fixed fee - initial subscription period included in price of device; no hidden costs and a subscription that can easily be renewed
- Target to make available to 50% of our installed base in Europe before year end 2008.



## **Grow usage, expand the addressable market and develop a replacement market**

- Deliver extensive roadmap of new products and services
- Maintain European market share at c.50% and increase it in the US to c.30%
- Improve the quality of travel time prediction through HD Traffic and other innovations
- Enhance the functionality of Map Share
- Stimulate more traffic to TomTom HOME by improving content, access and functionality
- Win major automotive contracts
- Improve the quality of our location and navigation services via community generated content
- Make our services available across a wider range of connected navigation solutions



# Fourth Quarter 2007 Financials

## Financial summary – quarter

<i>in € millions</i>	<b>Q4 '07</b>	<b>Q4 '06</b>	$\Delta$	<b>Q3 '07</b>
<b>Revenue</b>	<b>634</b>	<b>478</b>	<b>33%</b>	<b>427</b>
Gross profit	268	218	23%	208
Gross margin	42%	46%	-	49%
Operating profit	144	126	15%	133
Operating profit margin	23%	26%	-	31%
<b>Net profit</b>	<b>107</b>	<b>80</b>	<b>33%</b>	<b>99</b>
Net profit margin	17%	17%	-	23%

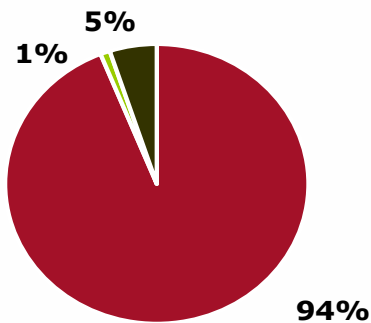
# Financial summary – full year

<i>in € millions</i>	<b>FY 2007</b>	<b>FY 2006</b>	$\Delta$
<b>Revenue</b>	<b>1,737</b>	<b>1,364</b>	27%
Gross profit	764	579	32%
Gross margin	44%	42%	
Operating profit	428	340	26%
Operating margin	25%	25%	
<b>Net profit</b>	<b>317</b>	<b>222</b>	43%
Net profit margin	18%	16%	

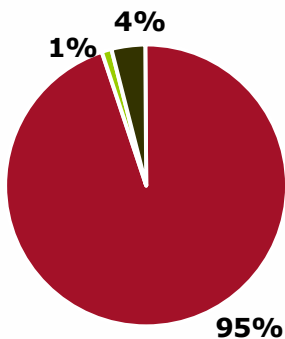
# Revenue by product and geography

## By product group

FY 2007

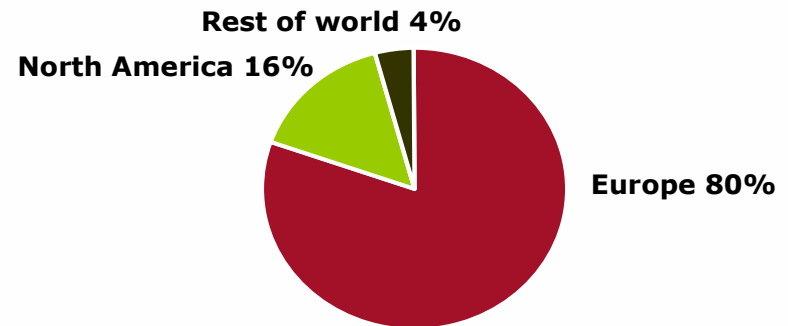


Q4 2007

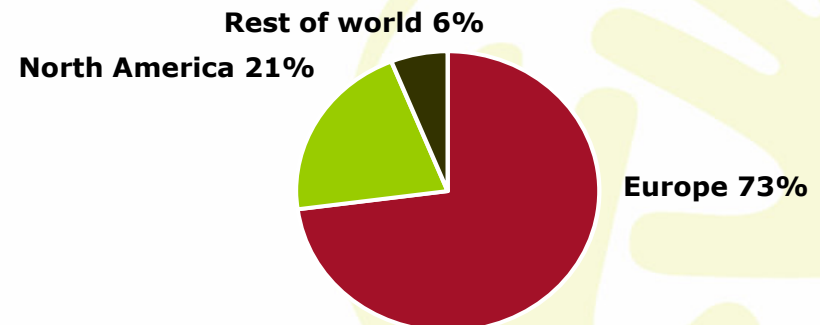


## By geography

FY 2007



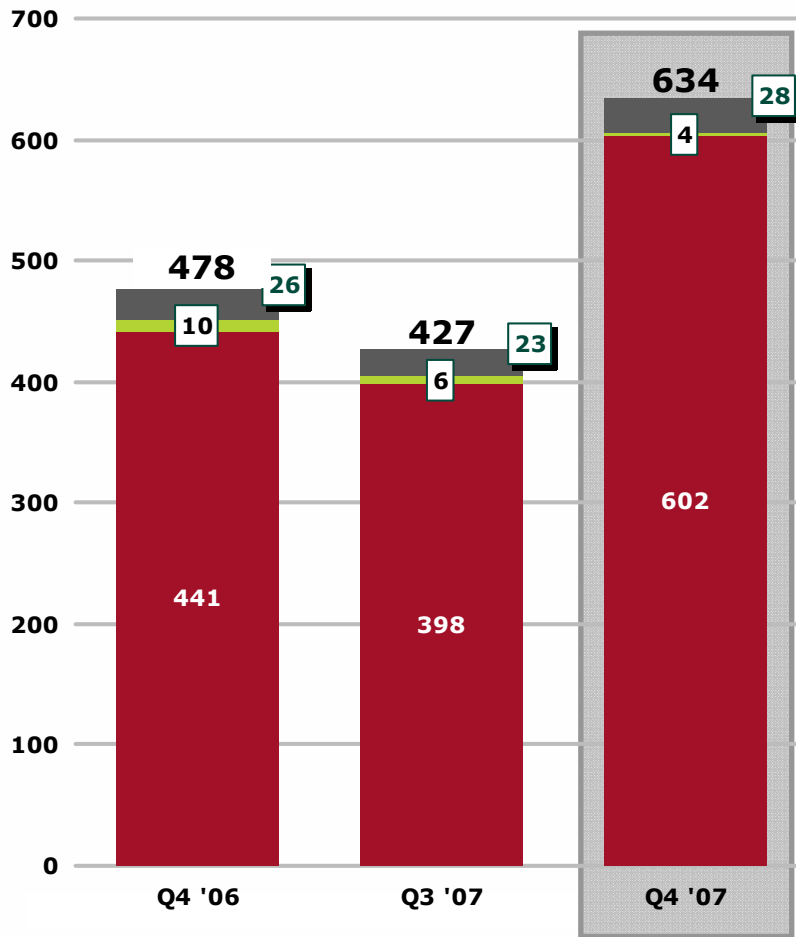
Q4 2007



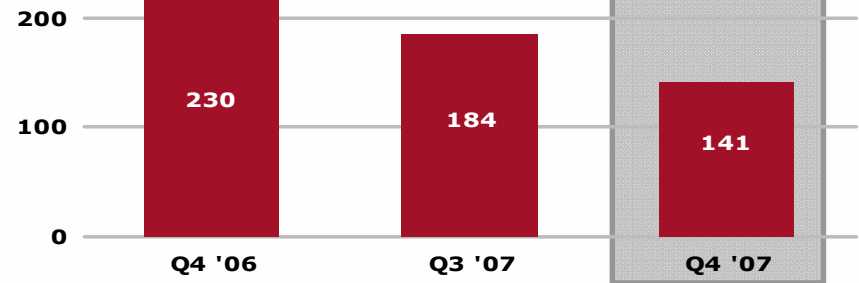
■ PNDs    ■ PDA/smartphone solutions    ■ Other

# Fourth quarter revenue analysis

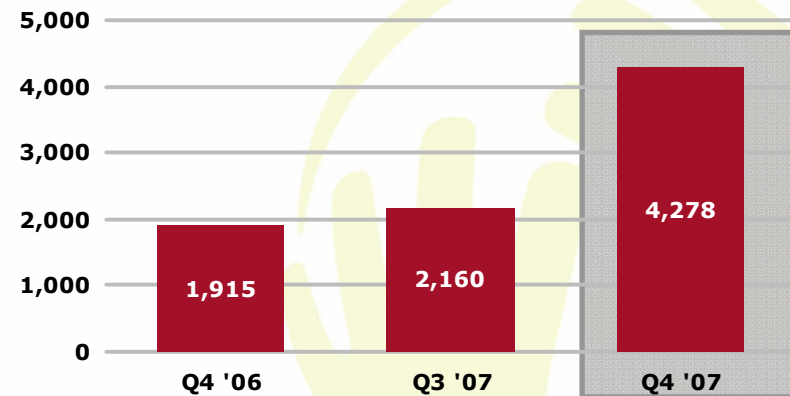
**Revenue** (in € millions)



**ASP PNDs** (in €)



**Units PNDs** (in '000s)



■ PNDs    ■ PDA/smartphone solutions    ■ Other

## Operating expenses overview

<i>in € millions</i>	<b>Q4 '07</b>	<b>Q3 '07</b>	<b>Q4 '06</b>
R&D	19.5	16.5	12.8
<i>% of revenue</i>	3.1%	3.9%	2.7%
Marketing	62.1	21.1	44.6
<i>% of revenue</i>	9.8%	4.9%	9.3%
Other SG&A	35.2	28.3	28.6
<i>% of revenue</i>	5.5%	6.6%	6.0%
<b>Operating expenses</b>	<b>116.8</b>	<b>65.9</b>	<b>86.1</b>
<i>% of revenue</i>	18.4%	15.4%	18.0%
Accounting charge for share options	7.0	8.9	6.5
<i>% of revenue</i>	1.1%	2.1%	1.4%
<b>Total operating expenses</b>	<b>123.8</b>	<b>74.8</b>	<b>92.6</b>
<i>% of revenue</i>	19.5%	17.5%	19.4%



## Earnings overview

*in € millions*

	Q4 '07	Q3 '07	Q4 '06
<b>Operating profit</b>	<b>144.4</b>	<b>133.5</b>	<b>125.7</b>
Interest income (expenses)	4.3	6.0	2.3
Exchange rate gain (loss)	(4.5)	(5.7)	(13.5)
Result of associate	0.8		
Taxation	(38.3)	(35.2)	(34.0)
<i>effective tax rate</i>	26.4%	26.3%	29.7%
<b>Net profit</b>	<b>106.6</b>	<b>98.5</b>	<b>80.4</b>
Average diluted shares outstanding (in millions)	122.1	119.2	117.5
Diluted EPS (in €)	0.87	0.83	0.68

## Cash flow overview

*in € millions*

	Q4 '07	Q3 '07	Q4 '06
<b>Operating profit</b>	<b>144</b>	<b>133</b>	<b>126</b>
Depreciation and amortisation	7	6	5
Other	(1)	1	(1)
Changes to provisions	19	10	7
Changes in working capital	(14)	27	(5)
<b>Cash generated from operations</b>	<b>155</b>	<b>178</b>	<b>132</b>
Interest received	5	6	4
Interest paid	(0)	(0)	(1)
Tax paid	(29)	(25)	(72)
<b>Net cash flow from operating activities</b>	<b>130</b>	<b>159</b>	<b>62</b>
<b>Total cash flow used in investing activities</b>	<b>(826)</b>	<b>(7)</b>	<b>(2)</b>
<b>Total cash flow from financing activities</b>	<b>452</b>	<b>0</b>	<b>1</b>
<b>Net increase in cash and cash equivalents</b>	<b>(244)</b>	<b>153</b>	<b>61</b>

## Balance sheet

<i>in € millions</i>	<b>Q4 '07</b>	<b>Q3 '07</b>	<b>Q4 '06</b>
<b>Non-current assets</b>			
Intangible assets	56	57	39
Property, plant & equipment	18	14	8
Deferred tax assets	24	18	12
Investment in associate	817	-	-
<b>Current assets</b>			
Inventories	131	124	123
Receivables, prepayments & financial instruments	460	280	283
Cash and equivalents	463	709	438
<b>Total assets</b>	<b>1,970</b>	<b>1,202</b>	<b>903</b>
Shareholders' equity	1,352	784	551
Provisions	96	77	44
Long-term liabilities	0.8	0.9	1.3
Current liabilities (excl. provisions)	520	340	307
<b>Total equity and liabilities</b>	<b>1,970</b>	<b>1,202</b>	<b>903</b>

## 2008 full year financial outlook

- European PND market of 21 million units
- North American PND market of 17 million units
- We expect our volumes of PNDs to grow to between 14 million and 15 million units worldwide
- Full year revenue guidance range of between €2.0 billion and €2.2 billion
- Full year gross margin of approx. 40% of revenue
- Full year operating margin of approx. 20% of revenue



**Questions?**



## **Annex**

**For further information please contact TomTom Investor Relations**

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## Accounting charge for share-based compensation

Under IFRS, share options have to be accounted in the P&L through a specific charge.

TomTom accounts for this charge as follows:

- at the date of issuance, options are valued by a Black & Scholes model and the calculations are reviewed by our auditors
- the monthly charge to the P&L is calculated as total value of the options / number of months of the vesting period.

For Q4 2007, total accounting charge for share options was: €6.8m

- €2.1m (Nov 2006) + €0.2m (Aug 2006) + €0.2m (May 2006) + €0.0m (Feb 2006) + €3.2m (Nov 2005) + €1.0m (Aug 2005) and €0.1m (before Aug 2005).

In May 2007 TomTom introduced a Share Based Incentive Plan. In Q4 we have recognised expenses for an amount of €0.2m. These expenses are estimated by TomTom and benchmarked with a model that is built together with a third party. This model will be applied consistently over the vesting period of the share plan.

## Outstanding shares

Common shares outstanding end of Q3 2007	113,482,059
Common shares outstanding end of Q4 2007	121,785,186

**Average shares outstanding end of Q4 2007** **115,649,722**

Share options as of end of Q3 2007	10,093,428
Exercised share options in Q4 2007	146,877
Anti-dilutive shares options	60,000

Average share options outstanding Q4 2007: 10,011,580  
 10,093,428 -/- 39,946 (weighted average of exercised options in Q4)  
 -/- 41,902 (weighted average forfeited options in Q4)

Non dilutive share options: 3,657,411  
 $10,011,580 \times (\text{exercise price}) / (\text{average share price})$

**Average shares outstanding from dilution of options <sup>1</sup>** **6,354,169**

**Average fully diluted number of shares outstanding Q4 2007** **122,003,891**

1. Calculated according to Treasury Method using an average Q4 share price of €56.50.



# Share options vesting schedule

## Number of options in 2008-2010 (in '000s)

10 Aug 2008	10 Nov 2008	28 Feb 2009	9 May 2009	8 Aug 2009	9 Nov 2009	8 Mar 2010	
1,103							€26.44
	3,308						€28.82
		90					€25.50
			113				€37.68
				188			€28.58
					1,668		€33.96
						30	€30.91

*At 21 February 2008 there were 3.1m vested options; not exercised (average exercise price € 2.29)*

## Explanation of accounting result associates

Tele Atlas net loss Q3 YTD 2007	-/- € 11,6m
Expected full year result of Tele Atlas <sup>1</sup>	€ 1,5m

**Estimated result Tele Atlas Q4 2007** **€ 13,1m**

Additional amortisation (after tax) resulting from PPA<sup>2</sup> € 8,7m

**Net profit Tele Atlas adjusted for TomTom PPA corrections** **€ 4,4m**

Days in Q4 (92 in total) that TomTom owned 28.3%: 9 days  
 Days in Q4 (92 in total) that TomTom owned 29.9%: 45 days

### Calculation result associate Tele Atlas:

$$(\text{€}4,4\text{m} \times 28.3\% \times 9/92) + (\text{€}4,4\text{m} \times 29.9\% \times 45/92) = \text{€ } 0,8\text{m}$$

The result associate is a non-cash result in the TomTom profit and loss.

1. Based upon analyst reports from Lehman Brothers and Fortis.
2. PPA = Purchase price allocation - at acquisition date all assets of Tele Atlas are valued at fair value.



**End**