

Fourth quarter and full year 2013 results

Financial and operational highlights

Financial summary Q4 '13

- Group revenue of €268 million (Q4 '12: €289 million)
- Gross margin of 54% (Q4 '12: 53%)
- EBIT margin of 2% (Q4 '12: 9%)
- Cash flow from operating activities of €51 million (Q4 '12: €91 million)

Financial summary FY '13

- Group revenue of €963 million (FY '12: €1,057 million)
- Gross margin of 54% (FY '12: 52%)
- EBIT margin of 3% (FY '12: 7%)
- Adjusted¹ EPS of €0.26 (FY '12: €0.40)
- Cash flow from operating activities of €180 million² (FY '12: €167 million)
- Net cash of €83 million (YE '12: net debt of €86 million)

Operational summary Q4 '13

- TomTom Traffic launched in Brazil
- TomTom Traffic enters into a partnership agreement with Total Traffic + Weather Network (Clear Channel) in North America
- Business Solutions grows its installed base by 38% year on year to 330,000 WEBFLEET subscriptions

Outlook 2014

- Revenue of around €900 million
- Adjusted¹ EPS of around €0.20

Key figures

(€ in millions)	Q4 '13	Q4 '12	y.o.y. change	FY '13	FY '12	y.o.y. change
Consumer	165	187	-12%	567	639	-11%
Automotive	46	44	3%	192	212	-9%
Licensing	32	37	-14%	119	133	-10%
Business Solutions	24	20	19%	85	73	16%
REVENUE	268	289	-7%	963	1,057	-9%
GROSS RESULT	143	154	-7%	521	555	-6%
<i>Gross margin</i>	<i>54%</i>	<i>53%</i>		<i>54%</i>	<i>52%</i>	
EBITDA	33	53	-37%	143	181	-21%
<i>EBITDA margin</i>	<i>12%</i>	<i>18%</i>		<i>15%</i>	<i>17%</i>	
EBIT	4	25	-83%	26	70	-64%
<i>EBIT margin</i>	<i>2%</i>	<i>9%</i>		<i>3%</i>	<i>7%</i>	
NET RESULT	3	99	-97%	20	129	-84%
DATA PER SHARE (in €)						
EPS - diluted	0.01	0.45	-97%	0.09	0.58	-85%
Adjusted EPS - diluted ¹	0.06	0.13	-52%	0.26	0.40	-34%

Change percentages are based on non-rounded figures

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

² €180 million excludes a €80 million one-off tax gain received from the Dutch tax authorities.

TomTom's Chief Executive Officer, Harold Goddijn

'2013 was a solid year for us, both operationally and financially. We launched important new products, such as our new PND range and our first TomTom own branded GPS sports watches, and we increased the velocity and productivity of our development activities. We delivered a strong gross margin and generated significant cash from operations.

We achieved a net cash position mid-way through the year and built on this through to the end of the year. In the year ahead we plan to step up our investments in our new map making platform and navigation software, which will further strengthen TomTom's capabilities and its competitive position.'

Outlook 2014

For the group we expect full year revenue of around €900 million.

In the Consumer market, our strategy is to maximise value from the PND category and to diversify into other product categories that have a natural fit with our brand, distribution and product design capabilities. In fleet management (Business Solutions), we achieved market leadership in Europe and our strategy is to continue to grow through a combination of organic growth and targeted acquisitions. Revenue development in Automotive in 2014 will be muted as we transition ourselves to a pure content and software supplier. Our strategy going forward is to offer individual connected navigation system components, such as maps, traffic services and navigation software, as well as a complete pre-integrated connected navigation system. In the Licensing segment, which includes mobile device vendors, government organisations and internet service providers, we are working to licence a wider portfolio of products and to capitalise on our flexible approach to partnering.

We expect the gross margin to stay strong, we will maintain tight control on operating costs and we expect to deliver adjusted earnings per share of around €0.20.

Our capital investments are expected to increase to more than €100 million, as we invest at a higher level in our map and navigation software and we continue to target acquisitions in the fleet management area.

Financial and business review

We generated revenue of €268 million in the fourth quarter, a decline of 7% compared to €289 million in Q4 '12. On a full year basis, our revenue, although lower year on year, performed well relative to market trends. The net result for the year was €20 million, which translates to adjusted earnings per share of €0.26 for 2013.

Consumer

Consumer revenue for the quarter was €165 million, a decline of 12% compared to the same quarter last year (Q4 '12: €187 million). PND is the main revenue contributor in the Consumer segment.

The PND market size in Europe³ was 2.2 million units in the fourth quarter, 14% lower compared to Q4 '12. For the full year, the PND market size in Europe equalled 8.4 million units, 14% lower compared to 2012. Our European PND revenue declined less than the rate of market decline because of increased market share and strengthening of our ASP. We estimate our European market share for the quarter at around 53%, up by three percentage points compared to Q4 '12.

The PND market in size in North America was 1.8 million units in the fourth quarter, 27% lower compared to Q4 '12 and remains a challenging market for our PNDs. The PND market size in North America equalled 5.4 million units in 2013, 26% lower compared to 2012. We estimate our North American market share for the quarter at around 15%, down by four percentage points compared to Q4 '12. We will introduce our new PND range in North America during the first quarter of 2014.

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

Automotive

Our Automotive business generated revenue of €46 million in the fourth quarter, which is 3% higher compared to €44 million in Q4 '12. This increase was driven by higher revenue from systems sales.

Automotive revenue in 2013 was €192 million, a decline of 9% compared to €212 million in 2012. Our Automotive business unit is in transition. Although we will continue to manufacture previously-developed in-dash hardware, when quoting for automotive contracts, we focus on maps, traffic and navigation software.

Licensing

Our Licensing revenue declined to €32 million in Q4 '13 from €37 million in Q4 '12. On a full year basis, Licensing reported total revenue of €119 million, which is €14 million lower compared to €133 million in 2012. This decline mainly resulted from the phasing out of a major contract, which has not yet been fully replaced by new contract wins, and lower GIS Licensing revenue.

In the quarter, we announced a partnership agreement with Clear Channel (Total Traffic + Weather Network) in North America. The agreement combines TomTom's real-time and predictive traffic flow data with Total Traffic + Weather Network's traffic incident, construction and congestion data to create the most comprehensive traffic solution available in North America. The combined data offering will be available across multiple platforms including radio, television, automotive, online and mobile.

We continued our commitment to expanding our map and traffic coverage globally. Currently our navigable map covers 41 million km of roads in 114 countries and we expanded our traffic service to Brazil.

Business Solutions

Our fleet management business enjoyed another quarter of strong growth, and reported revenue of €24 million in Q4 '13, a 19% increase compared to €20 million in Q4 '12. This increase is driven by growth in the WEBFLEET subscriber base and the related recurring revenue. The recurring SaaS revenue amounted €16 million for the quarter, 30% higher compared to Q4 '12.

Revenue for 2013 was €85 million, which represents 16% growth year on year (2012: €73 million). The recurring SaaS revenue amounted €57 million, a 25% increase year on year (2012: €46 million). At the end of the year, Business Solutions reported 27,000 customers, the largest managed fleet management systems customer base in the world, and an installed base of 330,000 active subscribers, a 38% increase from 239,000 at the start of 2013.

Hardware and Content & Services revenue split

Hardware revenue for the quarter was €177 million compared to €191 million in Q4 '12. Content & Services revenue in the quarter was €91 million, 8% lower compared to Q4 '12, mainly due to lower Licensing revenue and lower Consumer service revenue. As a percentage of revenue, Content & Services revenue remained at 34%, the same as in Q4 '12.

On a full year basis, revenue from Content & Services was €371 million (FY '12: €400 million) and accounted for 38% of total revenue (FY '12: 38%). Content & Services revenue was impacted by lower Licensing revenue and by the trend towards bundling lifetime maps and traffic on the sale of a PND.

Geographical revenue split

From a regional perspective, 72% of our revenue in the fourth quarter was generated in Europe (Q4 '12: 66%), 21% in North America (Q4 '12: 27%) and the remaining 7% in the rest of the world (Q4 '12: 7%).

On a full year basis, 74% of our revenue was generated in Europe (FY '12: 73%), 18% in North America (FY '12: 20%) and the remaining 8% in the rest of the world (FY '12: 7%).

Gross margin

The gross margin for the quarter was 54%, which is one percentage point higher compared to 53% in Q4 '12. On a full year basis, we reported a gross margin of 54% in 2013 (FY '12: 52%).

Operating expenses

Total operating expenses for the quarter were €139 million, which is €9.5 million higher compared to the same quarter last year (Q4 '12: €130 million). The increase was mainly caused by higher marketing expenses as we ran radio, outdoor and print campaigns to support our recent product launches.

On a full year basis, total operating expenses totalled €496 million compared to €484 million in 2012, explained by higher SG&A (higher variable personnel expenses) and marketing expenses.

Financial income and expenses

The net interest charge for the quarter was €0.8 million versus an interest charge of €2.4 million in Q4 '12. The lower interest charge reflects a lower interest rate applied against lower outstanding borrowing this year. The other financial result for the quarter was a gain of €0.3 million (Q4 '12: charge of €0.3 million), which consisted primarily of foreign exchange gains.

On a full year basis, the total financial income and expense charge equalled €4.6 million compared to €10.4 million in 2012.

Income tax

The net income tax charge for the quarter was €0.6 million versus a net income tax gain of €77 in Q4 '12. The income tax gain in the prior year resulted from settlement of prior years' tax discussions with the Dutch tax authority. The effective tax rate (ETR) for the quarter was 16.5% compared to a normalised ETR of 11.7% in Q4 '12, which excludes the one-off €80 million tax settlement from the Dutch tax authorities in 2012. The ETR for the full year equalled 16.7% compared to 18.8% in 2012. Our ETR reflects benefits from the tax incentives which are made available for companies with significant research and development activities in the Netherlands.

Net result and adjusted¹ EPS

The net result for the quarter was €3 million compared to €99 million in Q4 '12. Excluding the impact of the €80 million one-off tax gain in 2012, the net result for Q4 '12 would have been €19 million. The adjusted EPS for Q4 '13 was €0.06 versus an adjusted EPS of €0.13 in Q4 '12. Adjusted EPS for 2013 was €0.26 compared to the adjusted EPS of €0.40 in 2012.

Balance sheet

Trade receivables at the end of the quarter equalled €115 million compared to €150 million at the end of Q4 '12. The year on year decrease is attributed to better collection results and to lower revenue. Inventory was €42 million, €2 million lower compared to Q4 '12. Cash and cash equivalents increased from €164 million at the end of Q4 '12 to €258 million at the end of Q4 '13.

At the end of Q4 '13 the carrying value of our outstanding borrowings was €173 million (Q4 '12: €247 million). The nominal amount of the outstanding borrowings excluding the transaction costs was €175 million (Q4 '12: €250 million).

Current liabilities excluding deferred revenue were €383 million compared to €398 million at the end of Q4 '12. The year on year decrease was mainly driven by lower provisions in 2013. Trade payables amounted to €82 million, €2 million lower compared to Q4 '12. Tax and social security liabilities amounted to €28 million compared to €33 million at the end of Q4 '12. This decrease is mainly due to a lower corporate income tax provision.

Deferred revenue for the quarter ended at €114 million (Q4 '12: €95 million). The main reason for the year on year increase is related to the increase of deferred revenue related to the lifetime maps content and lifetime traffic services bundled in our PND ranges.

At 31 December 2013 we had a net cash position of €83 million (Q4 '12: net debt of €86 million). Net cash is the sum of the cash and cash equivalents at the end of the period (€258 million) minus the outstanding gross borrowings (€175 million).

Cash flow

Cash flow from operating activities for the quarter was €51 million compared to €91 million in Q4 '12. The year on year decrease was mainly driven by lower results and higher working capital utilisation in Q4 '13.

Fourth quarter and full year 2013 results / Continued

On a full year basis, we generated strong cash flow from operating activities of €260 million compared to €167 million in 2012. Excluding the one-off €80 million refund from the Dutch tax authorities, our cash flow from operating activities was €180 million which represents an 8% increase year on year. The year on year increase is mainly attributed to strong working capital management.

The cash flow used in investing activities during the quarter increased by €7 million year on year to €21 million. On a full year basis the cash flow used in investing activities was €91 million, an increase of €40 million year on year. Maps continues to be our largest area of investment and we also saw increased activity in customer specific Automotive projects and in navigation software development.

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Consolidated condensed statement of income

(€ in thousands)	Q4 '13	Q4 '12	FY '13	FY '12
REVENUE	267,563	289,010	963,454	1,057,134
Cost of sales	124,126	134,678	442,207	502,398
GROSS RESULT	143,437	154,332	521,247	554,736
Research and development expenses	43,324	45,257	165,408	166,315
Amortisation of technology and databases	22,175	21,777	81,436	84,011
Marketing expenses	27,882	14,238	62,577	57,305
Selling, general and administrative expenses	45,288	46,698	178,300	169,716
Stock compensation	535	1,723	7,980	7,140
TOTAL OPERATING EXPENSES	139,204	129,693	495,701	484,487
OPERATING RESULT	4,233	24,639	25,546	70,249
Interest result	-800	-2,374	-2,945	-12,084
Other financial result	317	-290	-1,619	1,642
Result of associates	112	137	3,091	726
RESULT BEFORE TAX	3,862	22,112	24,073	60,533
Income tax (expense)/income	-637	77,403	-4,010	68,660
NET RESULT	3,225	99,515	20,063	129,193
Attributable to:				
- Equity holders of the parent	3,255	99,112	19,539	128,724
- Non-controlling interests	-30	403	524	469
NET RESULT	3,225	99,515	20,063	129,193
Basic number of shares (in thousands)	222,061	221,895	221,950	221,895
Diluted number of shares (in thousands)	224,994	222,316	223,307	222,024
EARNINGS PER SHARE (in €)				
Basic	0.01	0.45	0.09	0.58
Diluted	0.01	0.45	0.09	0.58

Consolidated condensed balance sheet

(€ in thousands)	31 December 2013	31 December 2012
ASSETS		
NON-CURRENT ASSETS		
Goodwill	381,569	381,569
Other intangible assets	803,635	821,233
Property, plant and equipment	25,804	26,770
Deferred tax assets	9,681	13,610
Investments in associates	2,854	3,880
TOTAL NON-CURRENT ASSETS	1,223,543	1,247,062
CURRENT ASSETS		
Inventories	42,260	44,383
Trade receivables	115,429	149,834
Other receivables and prepayments	38,121	118,262
Other financial assets	376	444
Cash and cash equivalents	257,785	164,459
TOTAL CURRENT ASSETS	453,971	477,382
TOTAL ASSETS	1,677,514	1,724,444
EQUITY AND LIABILITIES		
EQUITY		
Share capital	44,435	44,379
Share premium	977,087	975,260
Other reserves	160,087	159,011
Accumulated deficit	-329,463	-342,875
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	852,146	835,775
Non-controlling interests	2,115	2,642
TOTAL EQUITY	854,261	838,417
NON-CURRENT LIABILITIES		
Borrowings	99,348	173,437
Deferred tax liability	171,727	170,909
Provisions	55,857	48,268
Deferred revenue	38,300	18,130
TOTAL NON-CURRENT LIABILITIES	365,232	410,744
CURRENT LIABILITIES		
Borrowings	74,089	73,703
Trade payables	82,337	84,162
Tax and social security	28,101	33,263
Provisions	23,975	33,192
Deferred revenue	75,516	77,126
Other liabilities and accruals	174,003	173,837
TOTAL CURRENT LIABILITIES	458,021	475,283
TOTAL EQUITY AND LIABILITIES	1,677,514	1,724,444

Consolidated condensed statements of cash flows

(€ in thousands)	Q4 '13	Q4 '12	FY '13	FY '12
Operating result	4,233	24,639	25,546	70,249
Financial (losses)/ gains	-3,179	-4,226	-7,757	-784
Depreciation and amortisation	29,083	28,528	117,419	110,670
Change in provisions	1,293	-928	-5,285	-9,428
Equity-settled stock compensation expenses	-29	1,210	4,440	5,700
Changes in working capital:				
Change in inventories	12,865	12,861	3,753	13,819
Change in receivables and prepayments	21,557	33,058	33,059	47,660
Change in liabilities (excluding provisions) ¹	-7,215	3,249	16,861	-51,210
CASH GENERATED FROM OPERATIONS	58,608	98,391	188,036	186,676
Interest received	71	214	1,139	1,197
Interest paid	-749	-3,466	-2,863	-9,908
Corporate income taxes received/(paid)	-7,093	-4,244	73,196	-11,025
CASH FLOWS FROM OPERATING ACTIVITIES	50,837	90,895	259,508	166,940
Investments in intangible assets	-15,380	-11,075	-68,414	-42,990
Investments in property, plant and equipment	-5,898	-3,519	-16,184	-9,311
Acquisition of subsidiary	0	0	-6,942	0
Dividend received	35	40	1,036	1,487
CASH FLOWS FROM INVESTING ACTIVITIES	-21,243	-14,554	-90,504	-50,814
Repayment of borrowings	0	-290,000	-75,000	-388,000
Proceeds of new term loan	0	247,140	0	247,140
Redemption of vested equity instruments	0	-4,605	0	-4,605
Dividends paid	-174	-317	-377	-317
Proceeds on issue of ordinary shares	1,351	0	1,508	0
CASH FLOWS FROM FINANCING ACTIVITIES	1,177	-47,782	-73,869	-145,782
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	30,771	28,559	95,135	-29,656
Cash and cash equivalents at beginning of period	227,538	136,528	164,459	193,579
Effect of exchange rate changes on cash balances held in foreign currencies	-524	-628	-1,809	536
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	257,785	164,459	257,785	164,459

¹ Includes the movement of non-current deferred revenue.

Accounting policies - basis of accounting

The condensed consolidated financial information for the three-month and twelve-month periods ended 31 December 2013 with related comparative information have been prepared using accounting policies which are based on International Financial Reporting Standards (IFRS). Accounting policies and methods of computation followed in the condensed consolidated financial information, for the period ended 31 December 2013, 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 consolidated and company financial statements of TomTom NV for the year ended 31 December 2013 have been prepared and audited but are not yet published. The quarterly condensed consolidated information in this press release is unaudited.

For more information

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Audio webcast fourth quarter and full year 2013 results

The information for our fourth quarter and full year 2013 results audio webcast is as follows:

- Date and time: 11 February 2014 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 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 Business Solutions. Founded in 1991 and headquartered in Amsterdam, we have 3,600 employees worldwide and sell our products in over 35 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 2013 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.