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PRESENTATION

Operator

Good day, ladies and gentlemen and welcome to the TomTom second-quarter 2016 earnings conference call. (Operator Instructions). Please note that this conference is being recorded. I will now turn the call over to your hostess for today's conference, Bisera Grubestic, Head of Treasury and Investor Relations. You may begin.

Bisera Grubestic - *TomTom NV - Head of Treasury & IR*

Thank you, Lisa. Good afternoon and welcome to our conference call during which we will discuss our operational highlights and financial results for the second quarter 2016. With me today are Harold Goddijn, our CEO and Taco Titulaer, our CFO. You can also listen to the call on our website and the recording of the call will be available shortly afterwards. And as usual, I would like to point out that Safe Harbor applies.

We will start today's call with Harold will discuss the key operational developments, followed by a more detailed look at the financial results and the financial outlook for 2016 from Taco. We will then take your questions and with that, Harold, I would like to hand over to you.

Harold Goddijn - *TomTom NV - CEO*

Well, thank you, Bisera and welcome, ladies and gentlemen. Thank you for joining us on today's earnings call. Overall, we reported today a solid set of results in the second quarter. Gross profit grew by 8% on flat revenue of EUR265 million. Gross margin continued to strengthen as we are growing recurring Content & Services business. Taco will provide further information on the financial highlights and the financial outlook for 2016 later in his presentation and I will now discuss the key operational highlights for the quarter.

In Consumer, we saw continued growth of our sport activity. Sports watch activations nearly doubled you. Also Automotive Hardware had a good quarter from stronger sales on the legacy platform. This platform, however, will go end-of-life at the end of next quarter. However, growth was offset by lower PND revenue compared to last year caused by the decline of the market.

Our marketshare improved in both Europe, as well as North America, but in the PND market, we saw unit decline of 18% in Europe, whilst the North American market declined by 22% year-on-year. Our marketshare in both regions improved slightly year-on-year.

Our mapmaking platform is essential for creating a stronger market position, as well as for pursuing new opportunities in the Automotive and Licensing markets. The platform, together with our traffic navigation software, will enable TomTom to pursue further growth opportunities with



existing and new customers for connected navigation and for advanced driver assistance systems and for autonomous driving. We are committed to play a leading role in autonomous driving and our product roadmap reflects our strategy to map the global road network with precise road geometry data.

In this quarter, we have launched HD Maps and RoadDNA coverage in 17 states across the United States. Our automotive order intake is on track and we are especially pleased that Volvo cars selected TomTom as a supplier for maps for traffic and for software in its new infotainment system.

Our Telematics business continued to perform well. The installed base reached 652,000 subscribers by the end of the quarter and that represents a 29% growth compared with the same quarter last year. This was achieved through a combination of organic growth and the acquisition of Finder in Poland. The underlying industry dynamics for our fleet management business continue to remain favorable.

We also see new opportunities arising in the connected car services industry. In the quarter, we announced a collaboration with PSA Group whereby our fleet Web management service products will be available for connected Peugeot, Citroen and DS fleet vehicles. And this concludes my part of the presentation. I'm handing over to Taco now.

Taco Titulaer - TomTom NV - CFO

Thank you, Harold. I shall now begin a more detailed look at our financial results. We generated revenue of EUR265 million in the second quarter; flat compared to the same quarter last year. Consumer and Licensing were down, Telematics and Automotive were up and let me know briefly discuss the business units one by one.

So in Consumer, the PND and related business declined with a similar pace as in Q1. Market size was down with 16%. Combined marketshare strengthened in most regions. The sport category, as already said by Harold, continued to grow with double-digit percentage numbers and the product activation rate even doubled compared to last year.

Finally, Automotive Hardware was strong on the back of high volumes of a number of legacy platforms that will go end-of-life starting this quarter. Automotive delivered a strong performance with revenue growth of over 30% to EUR35 million. This increase is driven by higher volumes on existing contracts and ramping up of new contracts like the one explained by Harold, the PSA deal.

Licensing revenue was EUR33 million in the second quarter, 14% lower compared with the same quarter last year. The year-on-year decrease results from a catch-up we recorded in the second quarter of 2015 on content delivered in the first quarter of 2015. Excluding this catch-up of licensing, revenue would have been flat.

Then Telematics, the revenue was up 14% year-on-year to EUR40 million. The recurring subscription revenue for the quarter increased by 21% year-on-year to EUR29 million. Our monthly subscription, the ARPU, decreased year-on-year owing to the impact of the acquisition in Poland.

For the whole group, I'm especially pleased with the gross margin in the quarter of 55%, which is 4 percentage points higher compared with the 51% in Q2 2015. The year-on-year increase is driven by the higher proportion of Content & Services revenue and the total revenue of the quarter. Total operating expenses for the quarter were EUR133 million compared with EUR134 million in the same quarter last year. There were some one-off effects like a positive outcome of a pending custom case and lower costs of our share-based people incentive plan. Excluding one-off effects, our operating expenses are trending up versus prior year resulting from the investment needed to support our Automotive order book. We expect a run rate for OpEx in the full-year 2016 to be up with approximately 8% to 9% versus 2015.

We delivered a net result of EUR12 million this quarter, which translates in an adjusted earnings per share of EUR0.10 on a fully diluted basis. At the end of the quarter, we reported a net cash position of EUR58 million. Our cash flow used in operating activities for the quarter was EUR33 million, EUR5 million higher compared with last year. The cash flow used in investing activities, excluding the effects of acquisitions, increased by EUR3 million to EUR30 million, mainly reflecting increased investments in customer-specific automotive investments and our mapmaking platform.

Let me now move on to our outlook for 2016 on slide 4. We are reiterating our guidance for the full year. We expect revenue of around EUR1,050 million and adjusted earnings per share expected to grow by around 10% to EUR0.23. We expect the levels of investments, both CapEx and OpEx in our core technologies, to be higher than last year. In particular, reinvesting in the advanced content and software for the automotive industry and in our new mapmaking platform. That concludes the formal part of the presentation. Operator, we would now like to start with the Q&A session.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions). Francois Bouvignies, UBS.

Francois Bouvignies - UBS - Analyst

Yes, hello, thank you for taking my question. I have a couple, if I may. The first one I wanted to talk about, maybe you can talk about the Google partnership with Fiat Chrysler. Is it changing anything for you guys in that Google and Apple are pushing more and more to enter these markets? Do you see any disruptions for you? That's the first one.

The second one is on the Automotive products portfolio. As we see more autonomous car penetration in the future, do you think there is an opportunity to change the way you monetize your maps? And I will have a follow-up question, if I may, after.

Harold Goddijn - TomTom NV - CEO

Thank you. Yes, so it's not entirely clear I think what the partnership between Google and Fiat Chrysler entails. Both Fiat and Chrysler are important customers of ours. We don't see any changes in their attitude and our opportunity to win business in their current car lines. What will happen in the autonomous driving space, we assume that this is a cooperation for autonomous driving, but we don't have complete visibility of what that entails. We will need to wait and see how that will develop.

On the second question, maps, I think for autonomous driving, I think there's some important developments and more clarity has come through in the last couple of months. We've spoken, of course, on a continuous basis with a lot of executives with the carmakers. There was some doubt whether maps and high definition maps would be needed for autonomous driving, but I think that doubt has now gone away and I think universally industry leaders that we are talking to believe that highly accurate maps will be part of the center set that will drive autonomous cars over the road.

So there is more clarity that high definition maps will be needed. There is also more experience now, people who -- companies try to build those high definition maps from crowd-sourced data. That's not that easy. We believe and the industry believes that those high definition maps need to be made as we are making them using traditional methods in combination with crowd-sourcing technologies. So I think we are trending favorably there.

But at the same time, we also need to observe that the autonomous driving car is quite some time out and it will be a gradual development and of course, we will be looking for revenue opportunities in the meantime to capitalize on those high definition maps and I think there are some opportunities both in guidance, as well as in ADAS type of technology where we can start monetizing the additional detail that we are providing in those maps.



Francois Bouvignies - UBS - Analyst

Okay, thank you. And the last one, it was on the OpEx in the coming quarters and even years if it's possible. I mean do you see any change since last quarter or do you have more visibility of how you think you are going to invest in terms of OpEx and CapEx and maybe that you will see more leverage in the coming quarters or years as Automotive revenues are coming through?

Harold Goddijn - TomTom NV - CEO

Yes, so what we said in the call already is that we envisage that our operational expenses will go up with 8% to 9% on a full-year basis based on the reported number of EUR518 million in 2015. As our OpEx increased 4% in H1, that means that the increase that we foresee in the second half is above 10%. That will be in all lines, but especially in the R&D line. After that, we will update the markets when we give guidance on 2017, so that's not the right time now, but what we said already before is that that's the nature of order intake in Automotive that you have to do things, either bespoke engineering for the client, integration work, additional demands on features or coverage that might not have been fully covered by your current roadmap.

Francois Bouvignies - UBS - Analyst

Thank you very much.

Operator

Marc Hesselink, ABN AMRO.

Marc Hesselink - ABN AMRO - Analyst

Yes, thanks. The first question is on the good (inaudible) in Automotive in this quarter. It was mentioned that this was partly due to higher volumes in existing contracts. Does it imply that the take rates are moving up and that they are higher than your initial expectations on what people put into the order book?

The second thing is the order intake in Automotive, I think last quarter you said has been trending pretty well. Did you see that trend also continuing in the second quarter, especially also with the forward contract listed, the trend is similar to last year or even a bit higher growth in that?

And finally, also in autonomous driving, you also already mentioned something like the progress that people need a map. Can you elaborate a bit more on why exactly you need the high definition map for autonomous driving? And maybe related to that, I've read some articles also on the Tesla accident, if there would be a LIDAR or a high definition map, this kind of accident could have been prevented. Can you share your view on that one?

Harold Goddijn - TomTom NV - CEO

Yes, so I think your first question is about sales to existing customers. So we've seen slightly higher income from -- licensing income from existing customers, typically because their sales numbers were slightly better than we had anticipated. And we see that coming through in our Licensing income. I can't say that the attachment rates have gone up. I can't say it at this moment, but generally speaking sales by our customers were slightly higher than we had anticipated at the beginning of the year.

On the order intake, yes, I think things in the first half were okay. I mean there was a big contract available. One of the biggest contracts available in the first half was Volvo. We won that, so that was nice. So we are on track and at the end of Q3, we will give you an update of how the order intake is developing compared to last year.



Autonomous driving, so why do you need maps? Well, the reason why you need those maps is they are not by itself sufficient to guide a car because you do need exactly where the car is on the road and for the positioning, you need that map and you need a high precision location methodology that we are providing. So we are doing both the map and we are doing RoadDNA as a means to position that car correctly with a high level of accuracy on the street. And it seems to us that there is now increasingly consensus that that is indeed needed. So that was a positive for us this quarter.

Now it's difficult for me, of course, to comment on what happened at Tesla. We have got our own theories, but we don't have intimate knowledge of exactly what happened and what specifications of the LIDAR and radar and camera were and whether it could have been prevented. So I don't feel it's right for me to comment on that specific case.

Marc Hesselink - *ABN AMRO - Analyst*

Okay, that's clear. Maybe a follow-up on the Volvo contract because it's pretty far out that it's going to work for 2019. What does it mean for your assumptions on such a contract? Do you have significantly higher attachment rates or how do you build that up?

Harold Goddijn - *TomTom NV - CEO*

Well, the assumptions are based on the quote we've given and the quote obviously involves volumes, expected volumes, what Volvo expects to sell in the different markets and based on those numbers, we come to a total estimate of the value of the contract. So we have a pretty precise distribution and of course, for companies like Volvo, there is also an element of uncertainty whether those numbers will be hit or whether they will be exceeded. But, generally speaking, we find that carmakers have a pretty good way of estimating sales volumes. So that's the way we typically tend to do this.

Marc Hesselink - *ABN AMRO - Analyst*

Okay, thank you.

Operator

Andrew Humphrey, Morgan Stanley.

Andrew Humphrey - *Morgan Stanley - Analyst*

Hi there. Thanks for taking my questions. Just a couple, if I may. One is looking broadly at high definition maps, clearly, the developments that we're seeing in the industry are manifold and you're indicating that auto manufacturers are increasingly coming around to the view that those are an essential part of future driving applications. I wonder if maybe I can ask the question from the supply side. You've said that you're looking to develop those maps gradually. I think you're at the point today where you have about 160,000 kilometers mapped on high definition, which is clearly at this point less than about 0.5% of your total mapping database. What kind of timeframe should we expect those maps to be ready for those future driving applications?

And that feeds into my second question really, which is on OpEx again. You've clearly highlighted the investments that you're making there in R&D this year. Can you give us any clarity on how that will track into 2017, whether we should expect continued increases in investment in those technologies over the next say two, three years?



Harold Goddijn - *TomTom NV - CEO*

Yes, so first on map production. So we are following -- so there are two different schools of thinking in autonomous driving. One is generally supported by the carmakers who want to bring autonomous driving or automated driving functions first on motorways, then go to country roads, to eventually go into cities. There is another school of thought which thinks more about enclosed areas. So you have a small area that you completely map and there you start driving autonomously and from there out you expand. That's the more the way that Google is attacking the problem. And when you say closed areas, you need to think about industrial states or shopping centers or logistical distribution centers or what have you. In any case where you control the environment much better.

We are following the requirement of our key customers, which are the carmakers. We are building high definition maps for connecting roads, motorways. We do this in North America and Europe. We think we will be ready by the end of this year, beginning of next year to have the major road network covered. And that's great because it gives everybody something to test against and work against, take specification into consideration and for us also it's great to gain experience not only in the specifications of a product, but also how we can produce them cost effectively.

And producing those type of maps cost effectively is an area of continued investment. There are new technologies available that weren't available only two or three years ago that have to do with image recognition, deep learning, neural networks that gives us very significant cost advantages building and creating those maps.

So we are now supporting the two highest road classes and you are right. As soon as you enter -- bring in another road class, the number of miles you need to cover grows significantly. But in the meantime, we are also learning how we can produce and make and maintain those maps much more cost-effective than we've ever been able to do using very advanced image recognition and deep learning and neural networks.

So it's a bit of a trade-off. We've got some time to figure it all out. We've got some time to figure out how we bring in crowd-sourced data into the whole equation, but it's clear to us and to the whole industry that we need to be really cost-effective and rely on high levels of automation to be able to do this in a cost-effective way and that's where our efforts are geared towards.

In the meantime, obviously, given the task ahead, we are also looking at ways to commercialize products that we have available now and there are various ways of doing that and indeed, we have solved or licensed to at least one customer some data sets that were produced for highly automated driving. So that's very encouraging.

Andrew Humphrey - *Morgan Stanley - Analyst*

So can I infer from that as far as OpEx is concerned that, and I don't want to put words in your mouth, so correct me if I'm wrong, but it seems like there's been a lot of investment going into the platform in the last couple of years for real-time updates of mapping databases in situ. Even though coverage on high definition maps needs to increase exponentially, is it then fair to assume that we shouldn't expect similar exponential increases in OpEx?

Harold Goddijn - *TomTom NV - CEO*

Well, it's again -- and Taco alluded to that. We want to give you more guidance or more information about the OpEx levels that we need to sustain when we give guidance for 2017. This is not the moment and we are learning all the time as well on what is needed, but I think we will come with further information later on.

Andrew Humphrey - *Morgan Stanley - Analyst*

Okay, thanks very much.



Operator

Marc Zwartsenburg, ING.

Marc Zwartsenburg - ING - Analyst

Yes, thanks for take my questions. A couple of financial ones. (technical difficulty) perhaps with the expected tax rate for the full year is my first question. Then on the hardware sales in Telematics, can you give us a bit of flavor? The combination of the hardware and subscription revenue, how we should look at and read the hardware declining and subscription growing and how we should read that to the future. That on Telematics.

Then another question on deferred revenues. You mentioned them in the press release. What has been the impact on this quarter's gross margin, the negative impact from still deferring the revenues in the quarter and what would have been the impact on EPS if the deferred revenue were still included?

Then on account receivables, it's going up quite a bit in the quarter. Can you give us any color on that, what is driving that? And then on the Volvo contract, can you give us a bit more detail on take rate assumptions because you mentioned that was mainly based on volumes, but can you give us any feel for the in-car penetration within the contract, what we should assume there? That's it. Thank you.

Harold Goddijn - TomTom NV - CEO

Yes, so I'm not sure if I --

Marc Zwartsenburg - ING - Analyst

Have them all.

Harold Goddijn - TomTom NV - CEO

I wrote down all your questions, Marc. But the effective tax rate, yes, that is a difficult one. As you also saw in this Q2 that we see some money back from filings we did over the previous years. What we tend to do is that when we do our corporate tax filing, we take a very cautious approach because if you, at the end, have to pay more, then you also have to pay interest on that outstanding amount for the time that it takes to have your filing completed.

And then so we received some money back and that had a positive influence on the tax line. And if the EBIT is at levels there it is now then this can have enormous swing factors. But the rule of thumb is that you need to work with roughly 10% for the effective tax rate.

Marc Zwartsenburg - ING - Analyst

(technical difficulty) assume that for the full year given that you had quite some money coming in and then somewhere in the third or the fourth quarter (multiple speakers).

Harold Goddijn - TomTom NV - CEO

I wouldn't do for the second half of the year.

Marc Swartzsburg - *ING - Analyst*

Okay. So that's what you also assuming your guidance of the EUR0.23?

Harold Goddijn - *TomTom NV - CEO*

Yes. Then deferred, so we have deferred revenue in all the businesses that we operate in, but not so much in Telematics by the way, but the big chunk is in Consumer, then in Licensing and then in Automotive. Consumer, we expect that we will see still a net addition to the deferred revenue for this year, but as of next year we will see a net release. For Automotive, this has been growing this year and that will continue to grow in the years after that. And in Licensing, it is quite stable, but there you have very much seasonal platforms where we have some big customers paying the full year in advance at a certain point in the year. So that brings me to the question you were asking. We had a benefit of the release in deferred revenue this quarter of roughly EUR0.03, similar to what it was in Q1 as well by the way.

Marc Swartzsburg - *ING - Analyst*

So a benefit on your EPS you mean, but on the margin, on the gross margin?

Harold Goddijn - *TomTom NV - CEO*

No, so I am looking at -- that's a bit too detailed. I don't have that in front of me.

Marc Swartzsburg - *ING - Analyst*

Okay, but there was a small benefit in the second quarter from a release, a net release of some deferred revenues?

Harold Goddijn - *TomTom NV - CEO*

So we continuously have release of deferred revenue and we continuously have additions to, and the net effect that will influence the earnings per share. So as we had a net release year-over-year in the second quarter that affected our earnings per share with EUR0.02.

Marc Swartzsburg - *ING - Analyst*

Okay.

Harold Goddijn - *TomTom NV - CEO*

Accounts receivable, I wouldn't read too much into that. That is just timing where the contracts are signed within the quarter. As an effect, it happens in June or in May. That just means that we have some more deals going out in June compared to last year.

Marc Swartzsburg - *ING - Analyst*

So that's good.



Harold Goddijn - *TomTom NV - CEO*

Yes, that's good. But that can also mean that in May it was different, right, so that has to be (inaudible). So for the whole quarter, I wouldn't read too much into it.

And then the Volvo contract, I think what makes the Volvo contract is the volume of cars times the take rate times the ARPU, so the price that you can get per car. And the price that you can get per car is then again a combination of software, services and content. The content is highly influenced by the region where you sell your map because, in some regions, the map is more expensive than in other regions. The take rate assumptions that are in the contract is not for us to disclose. That's client confidential information.

Marc Zwartsenburg - *ING - Analyst*

Okay. And then on the Telematics, on the hardware versus license? Subscription revenues?

Harold Goddijn - *TomTom NV - CEO*

So what you need to bear in mind that last year we saw a very strong Q2. So Telematics revenue went up with 13% sequentially and then declined to 9% in Q3 and a big effect last year was the high volume of hardware. So at Telematics, we sell directly to the very big customers and to the very small customers, but the customers in between we work with value-added distributors and they can, at certain moments, buy more hardware for us because they want to have more inventory or not and when that sales sell through that is we can only see that later.

Marc Zwartsenburg - *ING - Analyst*

So an indication for the next quarter is that subscription revenues might be a bit weaker?

Harold Goddijn - *TomTom NV - CEO*

That is very hard to draw that conclusion from what you saw here. What I can give you as an indication is that last year we saw a sequential decline and we are not aiming for a sequential decline this year. So Telematics as a whole went up with 17% in H1. The guidance for the full year is that we will go up with roughly 20%. So that implicitly says that we expect some stronger revenues in H2, so stronger annual growth rates in H2.

Marc Zwartsenburg - *ING - Analyst*

Okay, thanks very much.

Operator

Shyam Kumar, TT International.

Shyam Kumar - *TT International - Analyst*

Hi, can I just ask on a couple of new contracts? Can I ask on the PSA contract just because it's I guess the first time you guys are actually going into (technical difficulty)? Can you just give us a sense of how impactful this could be on revenues and margins as a trend in terms of not just this contract, but potentially other contracts that could come in the next 12, 18 months please and just sort of flesh that out please?

Harold Goddijn - *TomTom NV - CEO*

Sorry, are you referring to the WIP (multiple speakers)?

Shyam Kumar - *TT International - Analyst*

Yes, exactly that.

Harold Goddijn - *TomTom NV - CEO*

Yes, yes, yes. It's new; it's kind of innovative. So the way it works is that there is already a TCU, so telecom unit built into the car, all the cars, at least factory effectively and PSA is looking to generate revenues on that connectivity, on that capability and we put a standard connection on top of that. So every driver or owner of a PSA car who wants to have WEBFLEET as a service can easily connect without having to install additional hardware and that is the relevance.

For us, it's an important way to market our services. We don't know exactly how big this is going to be, but it is a trend and it's technology that is only open for the telematics players who have good international coverage or good international distribution and a good international presence. So it will help to -- if this trend continues, it will lower the cost for customers to take those services and we believe it will help some level of concentration in the industry because the smaller players cannot offer those services on top of the open interface.

So I think it's important, it's interesting. What it will do in the short term is probably not that much. In the longer term, I think it will be an important marketing and distribution tool for us and there is indeed interest from other carmakers to do similar services.

Shyam Kumar - *TT International - Analyst*

Okay, very good. And also in terms of you recently announced the Moscow contract to help design the traffic flows. Can you just give us some more information about that sort of smart city contract, how impactful a contract can be? What exactly is your value-added for the city of Moscow and scope for further contracts along those lines please?

Harold Goddijn - *TomTom NV - CEO*

Yes, so the value that we can bring is a huge amount of data and technologies to query that data. So we know where traffic is, we know where congestion is taking place. We can indicate hotspots, we can help tuning traffic lights, we can do it on a static way, we can do it dynamically. So we have a lot of insight in traffic patterns in the city and we've built that insight over a number of years. So we have also a lot of historical data. That's a very unique database and a very unique set of capabilities.

So we are marketing those services to help those cities understand those traffic flows. We are doing that independently, but we are also doing that in connection and together with engineering companies who are specialized in advising cities to manage their traffic flows. I wouldn't say it's a huge business for us, but it's very interesting. It's for a good cause. We already have a unique database and it's a scalable model, so we are trying this in other cities as well. We had some success -- we had some success in Berlin, in Zurich. There's a couple of North American cities who are interested in similar services. So we continue to work through the commercials and try to see how we can productize those services so we can scale them up.

Shyam Kumar - *TT International - Analyst*

And are these the kind of ongoing contracts or is it kind of short one year you get Moscow where it needs to get to and how does it work?



Harold Goddijn - *TomTom NV - CEO*

No, those are typically contracts that are for four or five years. So you want to continuously monitor what is going on and want to continuously measure the effects of traffic rules you put in place and traffic lights and whatever there is to influence traffic flows in the city, in and around the city.

Shyam Kumar - *TT International - Analyst*

Okay, perfect. And one last one, just back on Automotive and the order book, at what point do you think you start getting contracts flowing into your order book based on demand for ADAS type services from the automakers please?

Harold Goddijn - *TomTom NV - CEO*

I think ADAS is around a quarter and we are doing those contracts already. The fact that we have our HD Maps is helping us. The fact that we are collecting all the attributes now based on image recognition and deep learning is helping us to maintain those databases and build those databases in a much more cost-effective way. So I think there is -- we've started -- it is a trend. I think it's a good step up towards self-driving, autonomous driving at various levels. So I think there is a -- it's another product in the Automotive portfolio that is maturing rapidly now.

Shyam Kumar - *TT International - Analyst*

Thank you very much.

Bisera Grubestic - *TomTom NV - Head of Treasury & IR*

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

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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