

First quarter 2016 results

FINANCIAL AND OPERATIONAL HIGHLIGHTS

Financial summary Q1 '16

- Group revenue of €217 million (Q1 '15: €205 million)
- Gross margin of 57% (Q1 '15: 54%)
- EBITDA of €26 million (Q1 '15: €21 million)
- Adjusted EPS¹ of €0.03 (Q1 '15: €0.01)
- Net cash position of €50 million (Q1 '15: €77 million)

Operational summary Q1 '16

- Consumer launched TomTom RIDER 410 for motorcyclists and the GO Mobile app for iPhone
- PSA Group launched its new global infotainment platform, built on the full suite of TomTom products
- Partnership with Fiat extended to deliver maps, traffic and navigation on the all new Uconnect™ 7" HD Nav and Uconnect™ 7" HD Nav LIVE systems
- HD Maps and RoadDNA coverage launched for all interstates and highways in California and Nevada
- Telematics increased its installed base by 30% and recurring subscription revenue by 28% year on year

Outlook 2016

- Full year outlook re-iterated; Revenue expected of around €1,050 million and adjusted EPS¹ expected of around €0.23.

Key figures

(€ in millions, unless stated otherwise) ¹	Q1 '16	Q1 '15	y.o.y. change
Consumer	116.6	121.6	-4%
Automotive	29.7	23.6	26%
Licensing	33.7	29.0	16%
Telematics	37.1	31.1	19%
REVENUE	217.2	205.3	6%
GROSS RESULT	123.3	109.9	12%
<i>Gross margin</i>	<i>57%</i>	<i>54%</i>	
EBITDA	25.6	21.4	19%
<i>EBITDA margin</i>	<i>12%</i>	<i>10%</i>	
OPERATING RESULT (EBIT)	-4.3	-5.1	
<i>EBIT margin</i>	<i>-2%</i>	<i>-2%</i>	
NET RESULT ²	4.8	-6.9	
ADJUSTED NET RESULT	7.9	2.4	
DATA PER SHARE (in €)			
EPS - fully diluted	0.02	-0.03	
Adjusted EPS - fully diluted ³	0.03	0.01	

¹ Change percentages and totals are based on non-rounded figures

² Net result in Q1 '16 includes a gain from a remeasurement of certain deferred tax assets and liabilities

³ Earnings per fully diluted share count adjusted for acquisition-related amortisation & gain on a post-tax basis

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

TOMTOM'S CHIEF EXECUTIVE OFFICER, HAROLD GODDIJN

"TomTom started the year with good revenue growth in Sport and B2B activities.

Consumer Sport saw the sell-out nearly doubling year on year and the new sport watches are winning numerous awards, which is another proof point of success.

Automotive delivered a strong performance and announced many customer deals during the quarter. We extended HD map and RoadDNA coverage in the quarter, enabling self-driving car testing in key regions of the US. Autonomous Driving continues to push boundaries; at TomTom we're excited to be playing a role in enabling the automotive industry to bring this closer to reality.

We are also developing new products for the Connected Car services industry, which take advantage of the capabilities of our Telematics technology. This allows us to target new business and consumer markets, including OEMs, dealerships, importers, servicing and leasing companies and the usage-based insurance (UBI) sector."

OUTLOOK 2016

We are re-iterating our guidance for the year. We expect revenue to grow to around €1,050 million. Adjusted EPS¹ is expected of around €0.23.

We expect the level of investment (both CAPEX and OPEX) in our core technologies to be higher than in 2015. In particular, we are investing in advanced content and software for the automotive industry (e.g. to enable Autonomous Driving) and in our new map-making platform.

FINANCIAL AND BUSINESS REVIEW

The revenue for the quarter was €217 million, 6% higher compared with the same quarter last year (Q1 '15: €205 million). The year on year revenue growth of Automotive, Licensing and Telematics more than offset a decline of 4% in Consumer revenue. The gross margin for the quarter was 57% (Q1 '15: 54%). The net result for the quarter was €4.8 million, which translates to adjusted earnings per share of €0.03.

Consumer

(€ in millions, unless stated otherwise)	Q1 '16	Q1 '15	y.o.y. change
Consumer products	97.1	100.7	-4%
Automotive hardware	19.5	20.9	-6%
Total Consumer revenue	116.6	121.6	-4%
Key PND market data			
Market size Europe ² (# units sold in millions)	1.1	1.3	-13%
TomTom market share	52%	51%	
Market size North America (# units sold in millions)	0.5	0.7	-22%
TomTom market share	17%	16%	

Change percentages and totals are based on non-rounded figures

Total Consumer revenue for the quarter was €117 million, compared with €122 million in the same quarter last year. The Automotive hardware revenue decreased by 6% year on year to €20 million in the quarter (Q1 '15: €21 million). Total Consumer products revenue amounted to €97 million in the quarter, compared with €101 million in the same quarter last year. The year on year decrease was driven by lower PND and related content & services revenue partly offset by a considerable growth in Sport revenue.

In the quarter, we saw a unit decline of 13% in the European² PND market, whilst the North American market declined by 22% year on year. Our market share in both regions improved slightly year on year.

In Drive, we launched the TomTom RIDER 410, our new generation PNDs for motorcyclists. The RIDER 410 'Great Rides Edition' comes with a range of new features, including Lifetime World Maps, Lifetime TomTom Traffic, route planning with TomTom MyDrive, hands-

² Europe refers to EMEA12: AT, BE, CH, CZ, DE, ES, FR, GB, IT, NL, PL, SE. The market definition for Europe changed from EMEA17 to EMEA12 as of Q1 '16

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free calling and roundtrip planning. We also introduced the GO Mobile app for iPhone in the quarter. With on-board Maps, TomTom Traffic, superior routing and Speed Camera warnings in countries where available, the app is the ideal travel companion for mobile users. The new app features a global map license so drivers can use it all over the world even without a network connection.

In Sport, we launched TomTom Golfer 2, our second generation GPS sport watch designed to help golfers improve their game by using automatic shot detection to give detailed post-round analysis. A golfer can see key golf course data like distance to hazards and green, and keep track of the score, distance and time of their round. TomTom Golfer 2 uses GPS technology to automatically recognise nearby courses.

Automotive

Our Automotive business generated revenue of €30 million in the quarter, an increase of 26% year on year reflecting growth in maps and traffic revenue underpinned by recently announced contracts.

In the quarter, PSA Group launched its new global infotainment platform, which is built on the full suite of TomTom products: maps, navigation software and live traffic service. This new system will be available on the new DS5 as "DS Connect Nav", followed by the Citroen Space Tourer and the Peugeot Traveller. Additional models from all three brands will be rolled out later in the year on a global scale. In addition, we announced an agreement to deliver maps and navigation to the new Volkswagen Up! smartphone App starting from June 2016.

We extended our partnerships with Fiat Chrysler and Toyota this quarter. TomTom will provide turn-by-turn navigation, traffic and maps into the all new Uconnect™ 7" HD Nav and Uconnect™ 7" HD Nav LIVE systems, starting with Fiat Tipo CinquePorte and Station Wagon, and the new Fiat 500S. We announced that Toyota Europe will extend traffic and local search services to three years at no additional cost to their end customers. Furthermore, Toyota Proace, a light commercial vehicle developed in partnership with PSA Group, will receive a new infotainment system featuring TomTom maps, navigation software, traffic and other connected services.

We also released HD map and RoadDNA products covering all interstates and highways in California and Nevada. This product launch adds to our coverage of Germany and Michigan, bringing TomTom's HD Map coverage to around 70,000 kilometers globally. By matching RoadDNA data with vehicle sensor data, a vehicle knows its lane-level location more precisely, even while traveling at high speeds or when changes occur to the roadside.

Licensing

Our Licensing revenue was €34 million in Q1 '16, 16% higher compared with the same quarter last year (Q1 '15: €29 million). The year on year increase reflects growth in our Consumer Licensing and Geospatial segments driven by new customer wins as well as by renewing/extending existing customer contracts starting from Q2 '15.

In the quarter, we extended our partnership with PTV. We provide global mapping and traffic content for use in PTV's newest Logistics and Traffic product suite. Our products enable PTV to provide easy-to-use visualisation, simulation and optimisation tools in relation to 'big data' challenges.

Telematics

(€ in millions, unless stated otherwise) ¹	Q1 '16	Q1 '15	y.o.y. change
Hardware and other services revenue ²	8.2	8.5	-3%
Subscription revenue	28.9	22.6	28%
Total Telematics revenue	37.1	31.1	19%
Monthly subscription ARPU (€)	15.3	15.8	-3%
Subscriber installed base (# in thousands)	625	482	30%

¹ Change percentages and totals are based on non-rounded figures

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

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Telematics revenue for the quarter was €37 million, a 19% increase compared with €31 million in Q1 '15. The recurring subscription revenue for the quarter increased by 28% year on year to €29 million (Q1 '15: €23 million). Our monthly subscription ARPU decreased slightly year on year, owing to the impact of acquisitions.

Hardware and Content & Services revenue split

Content & Services revenue was €116 million, representing 53% of total revenue for the quarter (Q1 '15: 48%).

(€ in millions)	Q1 '16	Q1 '15	y.o.y. change
Hardware revenue	101.6	106.0	-4%
Content & Services revenue	115.6	99.3	17%
Total revenue	217.2	205.3	6%

Change percentages and totals are based on non-rounded figures

Gross margin

The gross margin for the quarter was 57%, which is 3 percentage points higher compared with 54% in Q1 '15. The year on year increase was mainly driven by a higher proportion of Content & Services revenue in the quarter.

Operating expenses

Total operating expenses for the quarter were €128 million compared with €115 million in the same quarter last year. The higher operating expenses were mainly driven by increased SG&A expenses reflecting higher number of FTE's and higher marketing expenses to support our new and broader product range.

FX sensitivity

Actual key Q1 '16 financials recalculated based on last year (Q1 '15) FX rates (€ in millions, unless stated otherwise)

	Q1 '16 actual reported	Q1 '16' recalculated at Q1 '15 FX rates
Revenue	217.2	216.1
Gross result	123.3	125.8
Gross margin	57%	58%
EBIT	-4.3	-0.9
EBIT margin	-2.0%	0.0%
P&L RATES IN €	Q1 '16	Q1 '15
US dollar	1.09	1.15
GB pound	0.76	0.75

¹ The Q1 '16 income and expense in US dollar and GB pound have been converted to euro using Q1 '15 average rates. All other foreign currencies have not been converted

Depreciation and amortisation

(€ in millions)	Q1 '16	Q1 '15	y.o.y. change
Cost of sales	2.0	2.5	-21%
Research and development	2.7	1.8	49%
Amortisation of technology & database	20.6	18.5	11%
Marketing	0.1		
Selling, general and administrative	4.5	3.6	23%
Total depreciation and amortisation	29.9	26.5	13%
<i>Of which acquisition-related amortisation</i>	<i>13.7</i>	<i>12.7</i>	<i>8%</i>

Change percentages and totals are based on non-rounded figures

Total depreciation and amortisation costs amounted to €30 million in the quarter, 13% higher compared with last year (Q1 '15: €26 million). Acquisition-related amortisation increased to €13.7 million from €12.7 million in Q1 '15. This year on year increase reflects the increased amortisation charges from acquisitions in the second and the fourth quarter of 2015.

Financial income and expenses

The net interest charge in Q1 '16 was €0.3 million compared with €0.2 million in the same quarter last year. Other financial result for the quarter was a gain of €1.7 million compared with a loss of €2.6 million in Q1 '15. This gain results from the revaluation of monetary balance sheet items partly offset by our hedging results.

Income tax

The net income tax for the quarter was a gain of €7.3 million versus a net income tax gain of €0.8 million in Q1 '15. The gain in the quarter mainly came from a remeasurement of certain deferred tax assets and liabilities resulting from the application of the innovation box facility in the Netherlands.

Net result

(€ in millions, unless stated otherwise)	Q1 '16	Q1 '15	y.o.y. change
Net result	4.8	-6.9	
Net result attributed to equity holders	4.8	-7.1	
Remeasurement of deferred tax liability	-7.6		
Acquisition-related amortisation	13.7	12.7	8%
Tax effect of adjustments	-3.0	-3.2	-5%
Adjusted net result	7.9	2.4	
Adjusted EPS, € fully diluted	0.03	0.01	

Change percentages and totals are based on non-rounded figures

The net result for the quarter was €4.8 million compared with a loss of €6.9 million in Q1 '15. The adjusted net result on a post-tax basis was €7.9 million compared with €2.4 million in Q1 '15. Adjusted EPS for the quarter was €0.03 versus €0.01 in Q1 '15.

Balance sheet

Trade receivables plus other receivables at the end of the quarter equalled €178 million compared with €192 million at the end of Q4 '15. This decline was mainly due to seasonally lower revenue in the first quarter of the year. Inventory was €57 million compared with €49 million at the end of Q4 '15. Cash and cash equivalents amounted to €115 million at the end of Q1 '16 (Q4 '15: €148 million).

Current liabilities excluding deferred revenue amounted to €247 million compared with €293 million at the end of Q4 '15. The quarter on quarter decrease was mainly driven by lower trade payables balances.

Deferred revenue for the quarter amounted to €183 million (Q4 '15: €187 million).

At 31 March 2016, we reported a net cash position of €50 million (Q4 '15: €98 million). Net cash is the sum of the cash and cash equivalents at the end of the period (€115 million) minus the borrowings (€65 million).

Cash flow

The net cash used in operating activities during the quarter was €18 million compared with €13 million in Q1 '15. The year on year movement mainly reflects an increase in working capital position in the first quarter this year (e.g. inventory).

The cash flow used in investing activities during the quarter increased by €7 million year on year to €31 million, mainly reflecting investment in map content, the map-making platform and customer specific investments (e.g. Automotive).

The cash flow from financing activities was €17 million mainly reflecting a €20 million increased utilisation from our revolving credit facility, partly offset by the repayment of the outstanding borrowings from our recently acquired subsidiary. In addition, 0.3 million options related to our long-term employee incentive programmes were exercised in the quarter, resulting in a €1.2 million cash inflow.

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Consolidated condensed statement of income

(€ in thousands)	Q1 '16 Unaudited	Q1 '15 Unaudited
REVENUE	217,155	205,275
Cost of sales	93,850	95,403
GROSS RESULT	123,305	109,872
Research and development expenses	44,533	43,290
Amortisation of technology and databases	20,626	18,522
Marketing expenses	15,058	9,748
Selling, general and administrative expenses	47,401	43,381
TOTAL OPERATING EXPENSES	127,618	114,941
OPERATING RESULT	-4,313	-5,069
Interest result	-305	-204
Other financial result	1,711	-2,574
Result of associates	327	97
RESULT BEFORE TAX	-2,580	-7,750
Income tax gain	7,346	845
NET RESULT	4,766	-6,905
Attributable to:		
- Equity holders of the parent	4,792	-7,145
- Non-controlling interests	-26	240
NET RESULT	4,766	-6,905
Basic number of shares (in thousands)	230,612	224,429
Diluted number of shares (in thousands)	234,964	228,661
EARNINGS PER SHARE (in €)		
Basic	0.02	-0.03
Diluted	0.02	-0.03

Consolidated condensed balance sheet

(€ in thousands)	31 March 2016	31 December 2015
	Unaudited	Audited
Goodwill	403,529	403,437
Other intangible assets	806,684	810,908
Property, plant and equipment	41,516	38,869
Investments in associates	3,780	3,546
Deferred tax assets	30,298	33,493
TOTAL NON-CURRENT ASSETS	1,285,807	1,290,253
Inventories	57,476	48,657
Trade receivables	129,589	138,593
Other receivables and prepayments	48,222	53,533
Other financial assets	341	967
Cash and cash equivalents	114,630	147,565
TOTAL CURRENT ASSETS	350,258	389,315
TOTAL ASSETS	1,636,065	1,679,568
Share capital	46,154	46,099
Share premium	1,037,183	1,035,451
Other reserves	227,556	228,216
Accumulated deficit	-342,520	-340,956
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	968,373	968,810
Non-controlling interests	1,644	1,723
TOTAL EQUITY	970,017	970,533
Borrowings	64,336	44,254
Deferred tax liability	140,000	149,806
Provisions	31,306	35,065
Deferred revenue	89,842	83,726
TOTAL NON-CURRENT LIABILITIES	325,484	312,851
Trade payables	79,167	94,951
Income taxes	2,654	4,382
Other taxes and social security	8,759	13,056
Borrowings	0	4,287
Provisions	31,470	32,573
Deferred revenue	93,479	103,147
Accruals and other liabilities	125,035	143,788
TOTAL CURRENT LIABILITIES	340,564	396,184
TOTAL EQUITY AND LIABILITIES	1,636,065	1,679,568

Consolidated condensed statements of cash flows

(€ in thousands)	Q1 '16 Unaudited	Q1 '15 Unaudited
Operating result	-4,313	-5,069
Financial gains	954	1,970
Depreciation and amortisation	29,870	26,493
Change in provisions	-3,217	-3,709
Equity-settled stock compensation expenses	947	946
Changes in working capital:		
Change in inventories	-8,132	823
Change in receivables and prepayments	11,672	13,211
Change in liabilities (excluding provisions) ¹	-44,046	-46,562
CASH GENERATED FROM OPERATIONS	-16,265	-11,897
Interest received	42	116
Interest (paid)	-264	-239
Corporate income taxes (paid)	-1,870	-1,209
CASH FLOWS FROM OPERATING ACTIVITIES	-18,357	-13,229
Investments in intangible assets	-21,304	-18,791
Investments in property, plant and equipment	-7,735	-5,162
Acquisition of subsidiaries and other businesses	-2,331	0
CASH FLOWS FROM INVESTING ACTIVITIES	-31,370	-23,953
Change in utilisation of credit facility	20,000	-10,000
Repayment of borrowings	-4,287	0
Dividends paid	144	0
Proceeds on issue of ordinary shares	1,235	11,198
CASH FLOWS FROM FINANCING ACTIVITIES	17,092	1,198
Net (decrease) in cash and cash equivalents	-32,635	-35,984
Cash and cash equivalents at the beginning of period	147,565	152,949
Effect of exchange rate changes on cash balances held in foreign currencies	-300	402
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	114,630	117,367

¹ Includes movements in the non-current portion of deferred revenue presented under Non-Current liabilities

Accounting policies - basis of accounting

The condensed consolidated financial information for the three-month period ended 31 March 2016 with related comparative information has been prepared using accounting policies which are based on International Financial Reporting Standards (IFRS). Accounting policies and methods of computation followed in the condensed consolidated financial information, for the period ended 31 March 2016, are the same as those followed in the Financial Statements for the year ended 31 December 2015. Further disclosures as required under IFRS for a complete set of consolidated financial statements are not included in the condensed consolidated financial information. The quarterly condensed consolidated information in this press release is unaudited.

For more information

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Audio webcast first quarter 2016 results

The information for our first quarter 2016 results audio webcast is as follows:

- Date and time: 19 April 2016 at 14.00 CET
- corporate.tomtom.com/presentations.cfm

TomTom is listed at NYSE Euronext Amsterdam in the Netherlands

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About TomTom

TomTom (TOM2) empowers movement. Every day millions of people around the world depend on TomTom to make smarter decisions. We design and develop innovative products that make it easy for people to keep moving towards their goals. Our map-based components include map content, online map-based services, real-time traffic, and navigation software. Our consumer products include PNDs, navigation apps, sport watches and action camera. Our main business products are custom in-dash navigation systems and a fleet management system, which is offered to fleet owners as an online service with integrated in-vehicle cellular devices. Our business consists of four customer facing business units: Consumer, Automotive, Licensing and Telematics. Founded in 1991 and headquartered in Amsterdam, we have over 4,600 employees worldwide. 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 specialised research institutes, industry and dealer panels in combination with management estimates. 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.