

Third quarter 2015 results

FINANCIAL AND OPERATIONAL HIGHLIGHTS

Financial summary Q3 '15

- Group revenue of €254 million (Q3 '14: €235 million)
- Gross margin of 53% (Q3 '14: 57%)
- EBITDA of €33 million (Q3 '14: €41 million)
- Net result of €2 million (Q3 '14: €6 million)
- Adjusted EPS¹ of €0.05 (Q3 '14: €0.07)
- Net cash position €94 million (Q3 '14: €104 million)

Operational summary Q3 '15

- New generation GPS sports and fitness watches with integrated music player and 24/7 activity tracking introduced
- The new Fiat 500 and Lancia Ypsilon equipped with TomTom maps, traffic and navigation across Europe
- New Alfa Romeo Giulia powered with TomTom maps and navigation globally
- Partnership with Bosch in the area of mapping technology for automated driving announced
- RoadDNA, precise localisation technology for automated driving, launched
- Telematics increased its installed base by 26% and recurring subscription revenue by 31% year on year

Outlook 2015

- Full year outlook re-iterated; Revenue expected of around €1 billion and adjusted EPS¹ expected of around €0.20

Key figures

(in € millions, unless stated otherwise)	Q3 '15	Q3 '14	y.o.y. change	YTD '15	YTD '14	y.o.y. change
Consumer	161.2	153.3	5%	447.7	446.9	0%
Automotive	26.0	26.1	0%	75.6	85.9	-12%
Licensing	35.2	26.8	32%	102.8	79.9	29%
Telematics	31.8	28.4	12%	98.0	79.2	24%
REVENUE	254.2	234.6	8%	724.1	691.9	5%
GROSS RESULT	135.1	133.3	1%	379.6	390.4	-3%
Gross margin	53%	57%		52%	56%	
EBITDA	32.7	41.0	-20%	82.0	107.6	-24%
EBITDA margin	13%	17%		11%	16%	
OPERATING RESULT (EBIT)	4.9	7.8	-38%	0.4	19.6	-98%
EBIT margin	2%	3%		0%	3%	
NET RESULT	1.7	5.8	-70%	-2.6	22.2	
ADJUSTED NET RESULT	11.6	14.7	-21%	26.5	50.6	-48%
DATA PER SHARE (in €)						
EPS - fully diluted	0.01	0.03	-70%	-0.01	0.10	
Adjusted EPS ¹ - fully diluted	0.05	0.07	-25%	0.11	0.23	-49%

Change percentages are based on non-rounded figures.

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

"Our third quarter revenue growth is in line with our plan to deliver growth in the second half of the year.

We launched a new generation GPS sports watches with integrated music player and 24/7 activity tracking; we announced new deals with automotive customers; and we saw continued growth in our licensing and fleet management businesses.

For most countries, our maps are already being maintained on our new transactional map-making system, which will be fully deployed towards the end of this year. With this technological innovation, TomTom is well positioned to address the need for accurate and up-to-date maps, for navigation applications and driver assistance applications, including Highly Automated Driving.

Our location technologies are gaining significant interest in the automotive industry as reflected in the level of bookings we secured this year, which so far exceeds €250 million. This level of order intake is substantially higher than in previous years, which is a good indication that our strategy in automotive is taking hold."

OUTLOOK 2015

We are re-iterating our guidance for revenue and adjusted EPS¹ for 2015. We expect revenue to grow to around €1 billion, and adjusted EPS¹ is expected of around €0.20. We expect the level of investment (both CAPEX and OPEX) in our core technologies to be modestly higher than last year.

FINANCIAL AND BUSINESS REVIEW

Revenue for the third quarter amounted to €254 million, 8% higher compared with the same quarter last year (Q3 '14: €235 million).

Consumer, Licensing and Telematics reported year on year growth, whilst our Automotive revenue remained flat in the third quarter. Our gross margin equalled to 53% in the third quarter (Q3 '14: 57%). The net result for the quarter was a gain of €2 million, which translates to adjusted EPS¹ of €0.05.

Consumer

(in € millions, unless stated otherwise)

	Q3 '15	Q3 '14	y.o.y. change	YTD '15	YTD '14	y.o.y. change
Consumer products	146.0	138.8	5%	394.5	392.6	0%
Automotive hardware	15.2	14.5	5%	53.2	54.3	-2%
Total Consumer revenue	161.2	153.3	5%	447.7	446.9	0%
Key PND market data						
Market size Europe ² (# units sold in millions)	1.9	2.1	-8%	5.0	5.4	-8%
TomTom market share	52%	51%		52%	52%	
Market size North America (# units sold in millions)	0.8	1.0	-20%	2.2	2.7	-19%
TomTom market share	19%	14%		18%	16%	

Change percentages are based on non-rounded figures.

Total Consumer revenue for the quarter was €161 million, an increase of 5% compared with the same quarter last year (Q3 '14: €153 million). The Automotive hardware revenue was €15.2 million in the quarter (Q3 '14: €14.5 million); this year on year increase was driven by changes in the product mix. Consumer products revenue increased by 5% compared with Q3 '14. This was driven by a resilient growth of our PND and niche categories in the drive segment and growth of our sports revenue.

In the quarter, we saw a unit decline of 8% in the European² PND market, whilst the North American market declined by 20%. Our market share in both Europe and North America increased year on year. We strengthened our ASP, as our product mix in the quarter was skewed towards higher priced models.

In the quarter, we extended our sports product range with the launch of a new generation of sports and fitness watches. The unique combination of an integrated music player, built-in heart rate monitor, 24/7 activity tracking, multi-sport functionality and GPS, makes it easier for users to get more from their workout.

² Europe refers to EMEA17: AT, CH, DE, BE, NL, FR, IT, GB, ES, PT, TR, CZ, PL, DK, SE, FI, ZA.

Third quarter 2015 results / Continued

We further expanded our Consumer product offering to the B2B market with the introduction of the TRUCKER 5000. TRUCKER 5000 is specifically designed for drivers of large vehicles and includes information such as customised routes for the user's specific vehicle type, size, weight, cargo and speed.

Automotive

Our Automotive business generated revenue of €26 million in the quarter, which was flat year on year.

(in € millions)	Q3 '15	Q3 '14	y.o.y. change	YTD '15	YTD '14	y.o.y. change
Revenue	26.0	26.1	0%	75.6	85.9	-12%

Change percentages are based on non-rounded figures.

In the third quarter, we extended our partnerships with Fiat Chrysler. TomTom will provide turn-by-turn navigation, traffic and maps into the Uconnect™ 5" Radio Nav LIVE infotainment system for the new Fiat 500 and the new Lancia Ypsilon across Europe. In addition, TomTom has been chosen as navigation partner for the new Alfa Romeo Giulia globally. TomTom's navigation software and maps are integrated in the two Connect NAV systems with 6,5" and 8,4" screens, developed together with Magneti Marelli. We also extended our agreement with South Korea's SsangYong Motors to supply TomTom maps and navigation on the new Korando model throughout Europe from September 2015.

We announced a partnership with Bosch to collaborate in the area of mapping technology for Highly Automated Driving (HAD). High-precision maps are essential for HAD and need to be accurate to decimetre precision. Under this partnership, TomTom is designing the necessary maps, while Bosch, on the basis of its systems engineering work, is defining the specifications of these maps. In parallel, we extended our map content with RoadDNA, precise localisation technology for automated driving. We also launched an HAD Map of Germany, covering the complete Autobahn network.

Licensing

(in € millions)	Q3 '15	Q3 '14	y.o.y. change	YTD '15	YTD '14	y.o.y. change
Revenue	35.2	26.8	32%	102.8	79.9	29%

Change percentages are based on non-rounded figures.

Our Licensing revenue was €35 million in Q3 '15, 32% higher compared with the same quarter last year (Q3 '14: €27 million). The year on year increase of €8 million is mainly driven by growth in map and to a lesser extent in traffic revenues in both the Consumer Licensing and the Geospatial segments.

Telematics

(in € millions, unless stated otherwise)	Q3 '15	Q3 '14	y.o.y. ¹ change	YTD '15	YTD '14	y.o.y. ¹ change
Hardware and other services revenue ²	6.7	9.2	-28%	26.2	24.9	5%
Subscription revenue	25.1	19.2	31%	71.8	54.3	32%
Total Telematics revenue	31.8	28.4	12%	98.0	79.2	24%
Monthly subscription ARPU (€)	15.7	15.6				
Subscriber installed base (# in thousands)	522	414				

¹ Change percentages are based on non-rounded figures.

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

Telematics revenue for the quarter was €32 million, a 12% increase compared with €28 million in Q3 '14. The recurring subscription revenue for the quarter increased by 31% year on year to €25 million (Q3 '14: €19 million). This increase is driven by the ongoing growth of the WEBFLEET subscriber base. At the end of the third quarter Telematics reported an installed base of 522,000 subscribers, a 26% increase compared with 414,000 at the end of Q3 '14. Telematics hardware revenue amounted to €7 million, €2 million lower compared with €9 million in Q3 '14. This decrease is caused by an exceptionally strong second quarter this year, and hardware revenue is expected to grow again in the fourth quarter.

Hardware and Content & Services revenue split

Content & Services revenue for the quarter was €115 million or 45% of total revenue (Q3 '14: 43%).

(in € millions)	Q3 '15	Q3 '14	y.o.y. change	YTD '15	YTD '14	y.o.y. change
Hardware revenue	139.4	132.8	5%	394.9	386.3	2%
Content & Services revenue	114.8	101.8	13%	329.2	305.6	8%
Total revenue	254.2	234.6	8%	724.1	691.9	5%

Change percentages are based on non-rounded figures.

Gross margin

The gross margin for the quarter was 53%, which is 4 percentage points lower compared with 57% in Q3 '14. The year on year decrease was mainly due to the weakening of the euro against the US dollar, partially offset by a relatively higher share of Content & Services revenue. At constant currency rates for the US dollar and GB pound, our Q3 '15 gross margin and operating result would have been higher.

Operating expenses

Total operating expenses for the quarter were €130 million, €5 million higher compared with €125 million in the same quarter last year. The year on year increase was mainly driven by an increase in personnel and marketing expenses, partially offset by lower amortisation of technology and databases.

FX sensitivity

Actual key Q3 '15 / YTD '15 financials recalculated based on last year (Q3 '14 / YTD '14) FX rates (in € millions, unless stated otherwise)	Q3 '15 actual reported	Q3 '15 ¹ recalculated at Q3 '14 FX rates	YTD '15 actual reported	YTD '15 ¹ recalculated at YTD '14 FX rates
Revenue	254.2	244.1	724.1	695.5
Gross result	135.1	140.4	379.6	398.8
Gross margin	53%	58%	52%	57%
EBIT	4.9	15.0	0.4	31.0
EBIT margin	2%	6%	0%	4%
P&L RATES IN €	Q3 '15	Q3 '14	YTD '15	YTD '14
US dollar	1.11	1.34	1.12	1.36
GB pound	0.71	0.79	0.73	0.81

¹ The Q3 '15 / YTD '15 income and expenses in US dollar and GB pound have been reconverted to euro using Q3 '14 / YTD '14 average exchange rates. All other foreign currencies have not been reconverted.

Depreciation and amortisation

(in € millions)	Q3 '15	Q3 '14	y.o.y. change	YTD '15	YTD '14	y.o.y. change
Depreciation	3.7	3.2	16%	10.1	9.4	7%
Amortisation	24.1	30.0	-20%	71.5	78.6	-9%
Total	27.8	33.2	-16%	81.6	88.0	-7%
<i>Of which acquisition-related amortisation</i>	<i>13.1</i>	<i>12.0</i>	<i>9%</i>	<i>38.9</i>	<i>38.1</i>	<i>2%</i>

Change percentages are based on non-rounded figures.

Total depreciation and amortisation costs amounted to €28 million in the third quarter, 16% lower compared with the same quarter last year (Q3 '14: €33 million). Acquisition-related amortisation amounted to €13 million (Q3 '14: €12 million). This reflects lower amortisation from certain map-making tools that have been fully amortised in 2014, offset by increased amortisation charges mainly relating to our recent acquisitions in Telematics.

Financial income and expenses

The net interest charge for the quarter was €0.3 million compared with a net interest charge of €1.0 million in Q3 '14. The other financial result was a loss of €2.6 million for the quarter, which consisted primarily of a foreign exchange loss on the revaluation of monetary balance sheet items not fully offset by our hedging results.

Income tax

The income tax charge for the quarter was close to nil compared with an income tax charge of €0.6 million in the same quarter last year.

Net result and adjusted EPS

(in € millions, unless stated otherwise)	Q3 '15	Q3 '14	y.o.y. change	YTD '15	YTD '14	y.o.y. change
Net result	1.7	5.8	-70%	-2.6	22.2	
Net result attributed to equity holders	1.8	5.7	-68%	-2.7	22.1	
Acquisition related amortisation	13.1	12.0	9%	38.9	38.1	2%
Tax effect of adjustments	-3.3	-3.0	9%	-9.7	-9.5	2%
Adjusted net result	11.6	14.7	-21%	26.5	50.6	-48%
Adjusted EPS, € fully diluted	0.05	0.07	-25%	0.11	0.23	-49%

Change percentages are based on non-rounded figures.

The net result for the quarter was a gain of €1.7 million compared with a gain of €5.8 million in Q3 '14. The adjusted net result on a post-tax basis was €12 million compared with €15 million in Q3 '14. Adjusted EPS for the quarter was €0.05 versus €0.07 in Q3 '14.

Balance sheet

At the end of the quarter, trade receivables plus other receivables amounted to €199 million compared with €168 million at the end of Q3 '14. The inventory level was €54 million, relatively flat compared with the end of the same quarter last year. Cash and cash equivalents at the end of the quarter were €124 million versus €279 million at the end of Q3 '14.

Current liabilities excluding deferred revenue were €279 million compared with €371 million at the end of Q3 '14. The year on year decrease is mainly due to a decrease in the current portion of borrowings and provisions, as well as lower accruals balance, partly offset by higher trade payable balance.

Deferred revenue was €190 million at the end of Q3 '15, compared with €139 million at the end of the same quarter last year. The year on year increase reflects the increasing number of products with lifetime service offerings within Consumer, as well as an increased deferred revenue position related to Licensing and Automotive contracts with upfront payments.

At 30 September 2015, we reported a net cash position of €94 million (Q3 '14: net cash of €104 million). Net cash is the sum of the cash and cash equivalents at the end of the period (€124 million) minus the borrowings (€30 million).

Cash flow

The cash flow from operating activities for the quarter was €47 million compared with €68 million in Q3 '14. The year on year decrease mainly came from higher utilisation of working capital in the third quarter.

The cash flow used in investing activities during the quarter was €31 million (Q3 '14: €22 million). The majority of the investments in the quarter related to our new map production platform and the connected navigation system components for the Automotive industry.

In the quarter, 0.6 million options related to our long-term employee incentive programmes, were exercised resulting in a €3 million cash inflow.

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Consolidated condensed statement of income

(in € thousands)	Q3 '15 Unaudited	Q3 '14 Unaudited	YTD '15 Unaudited	YTD '14 Unaudited
REVENUE	254,231	234,564	724,119	691,893
Cost of sales	119,161	101,271	344,557	301,449
GROSS RESULT	135,070	133,293	379,562	390,444
Research and development expenses	43,275	39,052	138,636	128,456
Amortisation of technology and databases	19,589	26,227	56,755	68,522
Marketing expenses	22,616	18,993	57,661	49,790
Selling, general and administrative expenses	44,703	41,178	126,113	124,090
TOTAL OPERATING EXPENSES	130,183	125,450	379,165	370,858
OPERATING RESULT	4,887	7,843	397	19,586
Interest result	-328	-1,017	-755	-2,027
Other financial result	-2,633	-657	-4,906	-2,139
Result of associates	-210	232	3	294
RESULT BEFORE TAX	1,716	6,401	-5,261	15,714
Income tax gain / (expense)	8	-619	2,615	6,475
NET RESULT	1,724	5,782	-2,646	22,189
Attributable to:				
- Equity holders of the parent	1,812	5,741	-2,702	22,085
- Non-controlling interests	-88	41	56	104
NET RESULT	1,724	5,782	-2,646	22,189
Basic number of shares (in thousands)	229,199	222,740	226,974	222,386
Diluted number of shares (in thousands)	236,881	225,914	231,610	224,714
EARNINGS PER SHARE (in €)				
Basic	0.01	0.03	-0.01	0.10
Diluted	0.01	0.03	-0.01	0.10

Consolidated condensed balance sheet

(in € thousands)	30 September 2015 Unaudited	31 December 2014 Audited
Non-current assets		
Goodwill	381,569	381,569
Other intangible assets	813,185	800,583
Property, plant and equipment	37,846	30,294
Deferred tax assets	29,446	18,438
Investments in associates	3,411	3,289
TOTAL NON-CURRENT ASSETS	1,265,457	1,234,173
Current assets		
Inventories	53,848	46,575
Trade receivables	165,563	133,266
Other receivables and prepayments	33,903	33,198
Other financial assets	554	1,186
Cash and cash equivalents	124,427	152,949
TOTAL CURRENT ASSETS	378,295	367,174
TOTAL ASSETS	1,643,752	1,601,347
Equity		
Share capital	45,914	44,714
Share premium	1,029,141	986,683
Other reserves	226,451	202,289
Accumulated deficit	-364,060	-335,163
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	937,446	898,523
Non-controlling interests	1,846	2,073
TOTAL EQUITY	939,292	900,596
Non-current liabilities		
Borrowings	29,171	48,925
Deferred tax liability	159,206	166,551
Provisions	46,608	48,496
Deferred revenue	81,552	54,963
TOTAL NON-CURRENT LIABILITIES	316,537	318,935
Current liabilities		
Trade payables	109,077	88,218
Tax and social security	20,268	18,113
Provisions	25,100	34,074
Deferred revenue	108,786	90,717
Accruals and other liabilities	124,692	150,694
TOTAL CURRENT LIABILITIES	387,923	381,816
TOTAL EQUITY AND LIABILITIES	1,643,752	1,601,347

Consolidated condensed statements of cash flows

(in € thousands)

	Q3 '15 Unaudited	Q3 '14 Unaudited	YTD '15 Unaudited	YTD '14 Unaudited
Operating result	4,887	7,843	397	19,586
Financial gains / (losses)	-6,586	150	-2,463	497
Depreciation and amortisation	27,805	33,158	81,560	88,014
Change in provisions	-1,250	-5,212	-6,075	203
Equity-settled stock compensation expenses	672	1,463	2,742	2,849
Changes in working capital:				
Change in inventories	-5,776	-13,570	-6,500	-11,148
Change in receivables and prepayments	-3,838	11,687	-43,065	-15,166
Change in liabilities (excluding provisions) ¹	33,021	35,443	38,532	11,778
CASH GENERATED FROM OPERATIONS	48,935	70,962	65,128	96,613
Interest received	103	145	392	1,309
Interest (paid)	-347	-628	-901	-2,347
Corporate income taxes (paid) / received	-2,031	-2,834	-3,399	-9,325
CASH FLOWS FROM OPERATING ACTIVITIES	46,660	67,645	61,220	86,250
Investments in intangible assets	-23,369	-17,019	-64,280	-60,676
Investments in property, plant and equipment	-7,371	-4,723	-17,559	-11,972
Investments in financial fixed assets	-500	0	-17,461	0
Dividend received	105	0	105	0
CASH FLOWS FROM INVESTING ACTIVITIES	-31,135	-21,742	-99,195	-72,648
Change in utilisation of credit facility	-15,000	0	-20,000	0
Change in non-controlling interest	0	0	-126	0
Proceeds on issue of ordinary shares	3,035	5,366	29,913	5,818
CASH FLOWS FROM FINANCING ACTIVITIES	-11,965	5,366	9,787	5,818
Net (decrease) / increase in cash and cash equivalents	3,560	51,269	-28,188	19,420
Cash and cash equivalents at the beginning of period	121,627	226,324	152,949	257,785
Effect of exchange rate changes on cash balances held in foreign currencies	-760	1,028	-334	1,416
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	124,427	278,621	124,427	278,621

¹ Includes the movement of non-current deferred revenue.

Accounting policies - basis of accounting

The condensed consolidated financial information for the three-month and the nine-month period ended 30 September 2015 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 30 September 2015, are the same as those followed in the Financial Statements for the year ended 31 December 2014. 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 has not been audited nor reviewed.

For more information

TomTom Investor Relations

ir@tomtom.com

+31 20 757 5194

Audio webcast third quarter 2015 results

The information for our third quarter 2015 results audio webcast is as follows:

- Date and time: 20 October 2015 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, sports 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 4,400 employees worldwide and sell our products in 48 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. 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.