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PRESENTATION

Operator

Welcome to TomTom Fourth Quarter 2021 Earnings Conference Call. (Operator Instructions) Please note that this conference is being recorded. I will now turn the conference over to your host today, Freek Borst from Investor Relations. You may begin, sir.

Freek Borst - TomTom N.V. - Investor Relations

Thank you, operator. Good afternoon, and welcome to our conference call, during which we will discuss our operational and financial highlights for the fourth quarter 2021. With me today are Harold Goddijn, our CEO; and Taco Titulaer, our CFO. We will start today's call with Harold, who will discuss the key operational developments, followed by a more detailed look at the financial results and outlook from Taco. We will then take your questions. As usual, I would like to point out that safe harbor applies. And with that, Harold, I'd like to hand it over to you.

Harold C. A. Goddijn - TomTom N.V. - Co-Founder, Chairman of the Management Board & CEO

Yes, thank you, Freek, and welcome, ladies and gentlemen. Thank you for joining us today. I will go briefly of our key operational highlights and strategic progress, and then Taco will give you further information on the financials and the outlook. We look back on 2021 with mixed feelings. The global semiconductor shortages and other supply chain issues caused delays in car production that resonated throughout the entire industry. But on the flip side, we recorded our best order intake in years, which contributed to a growing backlog of EUR 1.9 billion.

Included in that backlog is the partnership with Volkswagen. We will launch an EV-centric navigation service for the VW brands, and it's a clear proof point that we are shifting from a traditional role as a supplier towards longer-term partnerships with our customers. I also want to highlight the launch of our TomTom IndiGO digital cockpit platform. The platform is designed to help carmakers develop holistic modern user experiences at a fraction of the time and cost that is normally associated with in-car software development. The platform has built-in functionality for modern workflows, early integration and incremental upgrades. TomTom Indigo will start shipping towards the end of 2022, beginning of 2023.

We are seeing attractive opportunities to continue to build on a strong Automotive backlog and a strong product and technology base. With the connected car becoming mainstream, we can also further harmonize our product portfolio. A cloud-first product range can be deployed both across automotive and enterprise markets. Our core products will be suitable for a wider range of use cases also in the Enterprise space. And as a result, we see significant opportunities in the fast-growing Enterprise market. We continue to invest in innovative mapmaking technologies, and we expect that, that will result in better and fresher maps. As we achieve higher levels of automation, we expect material efficiency gains to come through in 2023. A combination of growing revenue and the realization of cost efficiencies, will set us up for strong free cash flow as of 2023, with the ambition to reach 10% free cash flow yield over time. I'm looking forward to update you on our strategy on our Capital Markets Day in the second half of this year. This concludes my part of the presentation. I'm now handing over to Taco.

Taco J. F. Titulaer - TomTom N.V. - Member of Management Board & CFO

Thank you, Harold. I will provide some commentary on the financials and outlook. We'll then go to the Q&A. In the fourth quarter, we reported group revenue of EUR 115 million, 8% lower than the same quarter last year. Location Technology revenue decreased 11% to EUR 91 million. Let me go through revenue business by business. Automotive IFRS revenue was EUR 47 million, representing a 21% decrease from the fourth quarter of 2020. The Automotive operational revenue decreased 17% to EUR 71 million, slightly better than the development of car production volumes in Europe and North America. Enterprise reported revenue of EUR 44 million, a year-on-year increase of 4%. This increase is primarily due to the expansion of contracts from existing customers.

During the fourth quarter, consumer revenue increased 3% year-on-year to EUR 25 million. Previously -- previous quarters' sell-in was impacted by supply chain issues, leading to pent-up demand, which we were able to satisfy this quarter. In the fourth quarter, gross margin was 82%, comparable to last year. Operating expenses were EUR 130 million, representing a decrease of EUR 52 million compared with the same quarter last year. This decrease is mainly associated with lower amortization as the Tele Atlas databases, that were acquired in 2008, were fully amortized last year. Excluding the impact of depreciation and amortization, operating expenses were roughly flat year on year. Increased research and development costs related to our application layer were offset by savings in sales and marketing.

Free cash flow in the quarter was an inflow of EUR 57 million compared with an inflow of EUR 34 million in the same quarter last year. The improved free cash flow is mainly the result of timing of invoicing and faster collection from our customers. Lastly, our net cash position was EUR 356 million at the end of the fourth quarter.

Now moving to the next slide. As mentioned earlier by Harold, we reported an Automotive backlog of EUR 1.9 billion, an increase from the EUR 1.8 billion of last year. Our Automotive backlog is the sum of total expected IFRS revenue from all awarded deals. As such, the backlog decreases when revenue is recognized and increases when new deals are awarded. Importantly, it also increases or decreases when customers revise their forecast for car production volumes. The increase in our backlog represents our second-best order intake, which was partly offset by customers' downwards revisions of near-term car production volumes on existing deals. To provide additional transparency on Automotive revenue expectations, we give an indication of how the backlog will materialize in revenues over the coming years. Most of the recommended revenue for 2022 will be the outcome of the current backlog. Reported revenue for later years will be based on a combination of new deals and our backlog. We will provide an update to our backlog on an annual basis with our full year results.

This brings me to the outlook for the coming years, presented on the next slide. We have provided guidance for both 2022 and 2023. And, although we see supply chain issues persisting into 2022, we expect Automotive operational revenue to significantly increase with roughly 15%. As our automotive product offering shifts towards a Software-as-a-Service model, corresponding increases in Automotive reported revenue are phased over a longer period of time. In Enterprise, we renewed various customer contracts. Some of these renewals reflect lower usage, translating into a reduced contract value. This will impact our Enterprise revenue as of the fourth quarter of 2022 and beyond.

In summary, we expect Location Technology revenue will be roughly flat in 2022. Group revenue is expected to be in the range of EUR 470 million and EUR 510 million. In 2022, we'll continue investing in our mapmaking platform and application layer, leading to negative free cash flow of around 5% of group revenue. We have good visibility on a return to group revenue growth in 2023, along with continued strong Automotive operational revenue growth. We expect group revenue of around EUR 500 million to EUR 550 million, and Location Technology revenue between EUR 425 million and EUR 475 million in 2023. Higher revenue and efficiency gains should lead to strong positive free cash flow generation, from 2023 onwards. We expect free cash flow as a percentage of group revenue of at least 5% in 2023.

Operator, we would now like to start the Q&A session.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) The first question is from Francois Bouvignies from UBS.

Francois-Xavier Bouvignies - UBS Investment Bank, Research Division - Technology Analyst

Hi, thank you very much. My first question is on the backlog, if I may, of EUR 1.9 billion. So maybe can you give us a sense of how much exactly was the impact on your backlog from the revision -- the revaluation of some contracts. And more importantly, how is your market share doing? I know we talk about that every quarter, but if we look at your guidance and the production of cars, you used to, in the past, outperform significantly even on the operational Automotive revenue side, but it seems that it's really slowing down, this outperformance, if there -- if any. And -- this is a question on your market share dynamic here. So, I was just -- how do you feel about the market share globally, and to explain this performance versus production, maybe, that it is less strong. Yes, that would be my first question.

Taco J. F. Titulaer - TomTom N.V. - Member of Management Board & CFO

Okay, thank you Francois. Let me take your first question and then I hand over to Harold for the market share and take rate question. Yes, a rough estimate is that it is close to EUR 100 million. It's a bit less than that, but that's the order of magnitude. On market share, Harold?

Harold C. A. Goddijn - TomTom N.V. - Co-Founder, Chairman of the Management Board & CEO

Yes, market share. So we have been on a good trajectory. We won a couple of significant accounts in the past couple of years. They have not materialized in sales. So we see that coming through accelerating the sales in 2023, when most of those contracts start to deliver invoiced revenue. Difficult to say where we are absolutely in terms of market share. I think 2021 was a good year with the further expansion into the German carmakers, with a significant deal with Volkswagen Group. As far as we can see, we haven't lost anything. So, you would expect that, that market share has been -- will continue to grow. But I think it's fair to say that the rate at which that market share is growing, is slowing down a little bit.

Francois-Xavier Bouvignies - UBS Investment Bank, Research Division - Technology Analyst

And why is that, you think?

Harold C. A. Goddijn - TomTom N.V. - Co-Founder, Chairman of the Management Board & CEO

Well, I think it's mostly the addressable markets where we are operating, what is available and what comes up for grabs. Those are the main drivers.

Francois-Xavier Bouvignies - UBS Investment Bank, Research Division - Technology Analyst

Okay. And maybe -- on the investment side, so you seem to decide to invest more heavily in 2022. And it's not the first time that you increased your investment. What can you say about the level of confidence about this return on investment? And when are we going to see the benefits would be very interesting?

Harold C. A. Goddijn - TomTom N.V. - Co-Founder, Chairman of the Management Board & CEO

Yes. So we are on this trajectory for some time. And we've touched upon the -- what it is we're doing. The key thing that will have a positive impact on efficiency and cost base is automation of mapmaking. And we are quite excited about what's going on. We are on this path for some time, and

we are, again, spending a considerable amount of money this year in getting that -- achieving high degrees of automation. And we think we are now in a position that we can start planning for significant cost efficiencies coming through in 2023. And it's not just the cost efficiencies, I think, that are important, but it's also product quality that will improve significantly as a result of those investments.

So we are historically very much navigation focused, and that's great because it's a very difficult use case. But there's a lot more out there, and our maps and technology are less suitable for instance, let's say, visualization. We can close those gaps by deploying those more modern software-driven map development programs. And the third dimension is freshness. By having these automated processes in place, we expect that time between a change in the real world and the time that's reflected in the application will reduce significantly. So net-net, we will end up with a better product that we can build more efficiently, and that can serve more use cases. So that's why it's important that we do what we're doing in 2022 and not slow down, but keep going, keep pushing. So towards the end of 2022 and beginning of 2023, those effects will become visible in both product quality and cost efficiency.

There's another level of investment that's taking place, and that is in the harmonization of our product portfolio. So, we had two distinct product development lines, one for Automotive and one for everything that's not Automotive. But because Automotive is getting online now, we have a cloud-first approach to Automotive products. There's an opportunity to share the technology base for broader products that are also suitable to sell in the Enterprise market. As a result of that, we think that the quality and our competitiveness in the Enterprise market will also improve. That is important because we see that's a fast-growing segment, and we see opportunities to grow our presence in our top line also in the Enterprise space. The Enterprise space has been growing, but slowly. And we think that there is opportunity for accelerating that growth in the midterm.

Francois-Xavier Bouvignies - UBS Investment Bank, Research Division - Technology Analyst

Thank you Harold. Since I follow you, I mean it's been a while now, you -- it was more about investing than cost savings, if you like, or gains. And I think it was part of your strategy to invest. So it's the first time I hear you talking about operational leverage and efficiency. So -- my question is, is it -- is there a change you want maybe to run the business? I mean are you changing something? Or are we going to see this gain efficiency offset by further investment down the line like in the past to continue to expand, if you see what I mean?

So are you changing a bit?

Harold C. A. Goddijn - TomTom N.V. - Co-Founder, Chairman of the Management Board & CEO

Yes, we are. We are changing. And this is technology-driven. You have to bear in mind mapmaking is a -- it's a labor-intensive activity. It's a big commitment to build and maintain a map that spans the globe. And in that area, we see indeed a breakthrough in the technologies we're using to build those maps. So -- and those -- and the elements here are the availability of much more data that's in the open source. A lot of data that we are now collecting from vehicles that used to be GPS only, but it's more and more rich sensors that also produce video images, pictures, traffic signs, that are hitting our servers. So, the way we build those maps is much more extracting data from signals that are hitting our servers. And in the olden days, we had to go out and find the information, or collect the information, or produce the information ourselves. Now it's about extracting features from an enormous amount of data that's hitting our servers. And the technologies that enable that our computer vision, cloud technology in general, AI, and machine learning. All that stuff is now coming together to do a significant proportion of map production in a more automated way.

It's not everything. There are still some labor-intensive activities that -- where we don't have the solution for automation. But in a significant proportion of the map operation, the emphasis is on software-driven mapmaking systems. We are on this for quite some time. This is not new. And there's more and more proof points that we are on the right track and can indeed look forward to significant improvement in efficiency in 2023. That's where the plan is based on. We also -- it also means that the organization is going through tremendous change. We have been able to attract an awful lot of talent. Also in difficult times during the corona crisis, in the last 2 years, we've been able to attract talent from class-leading tech companies. A lot of engineers like the stuff that we're doing. It's cutting-edge. It's impactful, it's important work with a real-world consequence and impact. And that's what helps us to transition also our capabilities from pure mapmaking to also building a world-class software engineering

capability. Yes, you add all that up, the strategy is for top line growth, cost efficiency, and as I said also in my introductory remark, that has to lead to much stronger cash flow going forward.

There's a reason we gave also some guidance for 2023. We need to get over the hump in '22. But in '23, we expect cash flow of around 5% or higher than 5%. But the goal is to stretch that to at least 10% going forward. How long it will take us to get there? I can't give you a date, but we will drive the operation of this company more like a tech software firm with higher growth, operational leverage and stronger cash flow. Those are the key ingredients that we're walking towards.

Operator

Thank you for your question. We have the next question from Marc Hesselink from ING.

Marc Hesselink - ING Groep N.V., Research Division - Research Analyst

Yes, thank you. First question -- and sorry, if I missed it, I dialed in slightly too late. If you look at the Automotive growth and then more the operational growth, in the coming years, the impact of deferred revenue, do you think that that is going to increase? And so therefore, the growth that you show on the operational growth is going to be more than what you see in the IFRS line? And my second question would be on IndiGO. You announced that you have your first client. Can you say a bit more about that? Is that already a significant volume? What does it mean for the ASP, do you typically stack that then with your other products? Is there like a spillover effect that because of this product, you can also sell more of the other ones, a bit of extra background on that one, please.

Taco J. F. Titulaer - TomTom N.V. - Member of Management Board & CFO

Yes. I was very busy finding the answer to your first question, so I missed the second question, but I'll leave it to Harold to answer. But to answer your first question, the addition to the deferred revenue in Automotive we expect in the coming 2 years in absolute terms is relatively stable. So that as a percentage, it goes down. But in absolute terms, it's roughly EUR 50 million.

Harold C. A. Goddijn - TomTom N.V. - Co-Founder, Chairman of the Management Board & CEO

Okay. And then on IndiGO, first contract has been signed, very excited about that. It's a -- we expect the end '22, '23 to start shipping that product. Don't expect huge numbers. It will take time before you will see that, but it is a significant win, and it opens the market. I think it adds credibility, robustness to the product offering. It will help us to sell this also to other potential customers. There's a side effect also, working with IndiGO. So IndiGO is designed to make software integration easier. And of course, that matters also for our own products, our own navigation services. So, the cost for integration are significantly lower than when you have to start from scratch and design and adjust your software to different operating systems and screen sizes and what not. So, all this is taken care of in IndiGO as a framework, and that makes it for us much easier and faster also, and cheaper, to bring our software services to life.

Marc Hesselink - ING Groep N.V., Research Division - Research Analyst

Maybe as an idea -- the reason that you started to develop this, is this -- is there sort of a pull from your client? You're in discussions with your client and they ask you to add this to the product stack? Or does it work a little bit the other way around? You see -- you think that clients need this, and therefore, you started developing this?

Harold C. A. Goddijn - TomTom N.V. - Co-Founder, Chairman of the Management Board & CEO

Well, it's kind of interesting. It's a bit of both. So we had various -- we have, of course, interaction with customers, and we had some board interaction with a large carmaker, and we had a bit of a workshop on how would you do it? If you had to start from scratch and you had to bring software into the vehicle, what would you do? There was a question that we got asked. What would you do to make this faster and efficient? And we came up with this product concept of IndiGO, TomTom IndiGO. And we liked it so much that we started to develop it, but we developed it for our own risk. So, it wasn't a customer-driven development, it was an original software product coming from our own people. But the fact that we did find the customer so quickly after the launch of the -- of the product, seems to suggest that we're on to something significant.

Marc Hesselink - ING Groep N.V., Research Division - Research Analyst

Yes. And also beyond that, because you had quite a big launch event there. Can you share a bit the initial feedback from -- maybe from other clients?

Harold C. A. Goddijn - TomTom N.V. - Co-Founder, Chairman of the Management Board & CEO

Yes. So this is a -- this is an industry first. There is no comparable product offering. So, it was well received. We got -- webinars and customer events and whatnot. And really a lot of interest and also people are looking into it in detail. We won a prize for this product as well, which helps also to give it more weight and credibility. I think, generally speaking, the industry recognizes that this is something that is needed. So I think it was well-received, generally speaking. I haven't heard much negatives about the whole concept. So -- and it helps us also to get a discussion with our customers and for project work at a different level. We have this. It helps us also to have a more strategic approach to partnerships and software development for the cockpit.

Marc Hesselink - ING Groep N.V., Research Division - Research Analyst

Okay. And the final question I had is the comment in the press release that you see a bit more shift towards the Software-as-a-Service model. Is that a shift from your automotive clients that they -- instead of going from a license model where they pay upfront, that they really want to make that shift because I remember from the past that, that was always a very difficult switch for your clients? Or is this related to other products?

Taco J. F. Titulaer - TomTom N.V. - Member of Management Board & CFO

No, it is more in the IFRS treatment. If you have a product that is continuously updated and refreshed, you need -- from an IFRS point of view, you need to treat it as a Software-as-a-Service. In essence, that is what it is as well. From a cash point of view, the payment treatment is still very much that it is paid fully upfront.

Operator

Thank you for your question. (Operator Instructions) We have one question from Miki Sugimoto from Redwheel.

Miki Sugimoto - RWC Partners Limited - Investment Professional

Thank you, good afternoon. This is Miki Sugimoto from Red Wheels, and I just wanted to confirm for this year auto outlook perhaps I misheard but the operational revenue, you're looking for 15% year-on-year increase? Also separately, I wondered what's the -- what you have assumed for the general market auto production for this year? That's my first question.

Taco J. F. Titulaer - TomTom N.V. - Member of Management Board & CFO

So the -- your first question is our operational increase of automotive revenue?

Miki Sugimoto - RWC Partners Limited - Investment Professional

The operational revenue, yes.

Taco J. F. Titulaer - TomTom N.V. - Member of Management Board & CFO

So there we expect that will increase with 15%.

Miki Sugimoto - RWC Partners Limited - Investment Professional

Okay, and what auto production are you assuming for industry in general in Europe and U.S. for this year?

Taco J. F. Titulaer - TomTom N.V. - Member of Management Board & CFO

Yes, a similar number. So, in the high teens.

Miki Sugimoto - RWC Partners Limited - Investment Professional

Okay. Okay, and then if I may go to the next question is -- Again, just confirming what's the previous person asked is that the software recognition is truly accounting treatment, and it has nothing to do with the way the OEMs are -- payments happening to TomTom?

Taco J. F. Titulaer - TomTom N.V. - Member of Management Board & CFO

No.

Miki Sugimoto - RWC Partners Limited - Investment Professional

No, okay.

Taco J. F. Titulaer - TomTom N.V. - Member of Management Board & CFO

The OEMs like to pay at the time of production and add it -- the full amount to the bill of materials.

Miki Sugimoto - RWC Partners Limited - Investment Professional

Okay. Then just thinking of the -- could we have a little bit more color on the new EV-centric map, that you -- your new win with VW. I just wonder what the key differences are? Is it in the -- I guess, there would be new features that perhaps they may be more ASPs higher or the way you update it is different, a little bit more color would be very helpful?

And also in terms of -- sorry, just one more thing is that, would it be applied to most of the VW EVs? Or what would be the take up of -- the usage within their models?

Harold C. A. Goddijn - TomTom N.V. - Co-Founder, Chairman of the Management Board & CEO

Yes, thank you. So the solution that we are licensing to VW is both for electrical vehicles and for combustion engines. So it is across the whole range of all their cars and all their brands. There's a few exceptions. I think China is not included. But otherwise, it encompasses the whole product portfolio of the VW Group. We mentioned EV-centric because EV, electric vehicles play such an important role in the Volkswagen product portfolio, Volkswagen strategy and EV services are -- there's still a lot of development going on there. We haven't cracked it completely, how we calculate range, how we optimize for charging, where do we charge? How fast can we charge? How long do you need to charge to optimize your road? What is the impact of weather, of hills, of traffic jams? What is the impact of all those events on the consumption model? So there's quite a bit of algorithmic work going on there and machine learning to distinguish those patterns and achieve a higher accuracy in planning and range calculation.

And the second element is how do you present all this to the end-user? How do you give the end-user the interaction and confidence that what it is he can see and how does he interact with all that together -- to make it all meaningful? So there's quite a bit of work. It's harder than you think at first sight, to be honest. There's quite a bit of variables and the usability, user experience bit is also not to be underestimated.

Miki Sugimoto - RWC Partners Limited - Investment Professional

Okay. And may I ask roughly that for the -- this particular contract to start be recognized in revenue. This would be more like 3 or 4 years down the line of the usual car model development or...?

Harold C. A. Goddijn - TomTom N.V. - Co-Founder, Chairman of the Management Board & CEO

No. This will happen faster.

Taco J. F. Titulaer - TomTom N.V. - Member of Management Board & CFO

Yes. So maybe if I can chip in. The -- commercially, the product will launch in 2023. From an operational point of view, we expect to receive meaningful revenue in the year after. From an accounting point of view, we have to wait until 2025.

Miki Sugimoto - RWC Partners Limited - Investment Professional

Okay. And then my other final question would be more about ADAS for the OEMs and all the new wins that you had seen this year. How much of these ADAS features is included, or have you seen?

Harold C. A. Goddijn - TomTom N.V. - Co-Founder, Chairman of the Management Board & CEO

Yes. We saw -- I can't give you the exact percentage, but there is a big drive to -- especially in Europe, to get intelligent speed assists enabled in cars. It becomes a requirement in 2023, where the carmaker need to display the maximum speed that is allowed. And we have some class-leading products in that space, and we see good demand for those, and that's accelerating our ADAS product and the percentage of ADAS in the overall revenue mix.

Operator

We have the next question from Wim Gille from ABN-ODDO.

Wim Gille - ABN AMRO Bank N.V., Research Division - Head of Research & Equity Research Analyst

Yes, a very good afternoon. I have got 2 questions. First, during the call, you mentioned that your Enterprise business is growing underlying, but let's say, from a revenue perspective, we don't see that not yet. Meanwhile, on the outlook, we also see that you have to renegotiate some of the contracts, most notably with your largest client in the Enterprise business, which will take a fair chunk out of the revenues in 2023. Can you give us a bit of more granularity and feeling on where we are with respect to those, let's say, discussions that you have with new clients? And how should we model the Enterprise business going forward? So, when should we finally see some real tangible growth in that area?

And the second question was more on the investment side that you mentioned quite a bit of products are supposed to be developed in 2022, hence a higher OpEx in that year. But those projects are -- will cease to or come to an end in 2022 and hence the OpEx in 2023 will come down. So, can you give us a bit more feeling on where OpEx, on an absolute level in 2023 will end up based on your current modeling and guidance?

Taco J. F. Titulaer - TomTom N.V. - Member of Management Board & CFO

Yes. Let me take the second question and then I'll hand over to Harold to answer the Enterprise question. So to put things in perspective, OpEx last year was EUR 0.5 billion. We expect OpEx to grow this year as to roughly EUR 510 million. That is on the back of a decrease of D&A. So the cash spend will be higher. So, D&A will decline from roughly EUR 75 million to EUR 55 million. So, there's an incremental decline of D&A of EUR 20 million, with a stable CapEx number and an increase in OpEx of EUR 10 million. So you'll see EUR 30 million extra roughly in OpEx this year. The year after, in 2023, we think that D&A will modestly decline further to, let's say, EUR 50 million, but we expect the total OpEx number to reduce to around EUR 470 million. If you look at the details of that EUR 470 million, then most lines will go up, apart from the geographical data line where we see the most significant reduction. So, the reduction in OpEx, overall reduction will be driven out of that line, the geographical data. I hope that answers your question around OpEx. Harold, on Enterprise?

Harold C. A. Goddijn - TomTom N.V. - Co-Founder, Chairman of the Management Board & CEO

Yes. So -- yes, there's a lot going on in the Enterprise space as well. I can split that into two different type of customers we are engaging with. You have typically the larger enterprises who take uncompiled maps from us. And there is a number of discussions going on, which will hopefully lead to new contract wins, with new customers as well. And second is the broader Enterprise market, where we will launch some new products also already in 2022, and where we also see good opportunities to further grow our API and SDK business. I think the bigger push for Enterprise sales, we're preparing that now, and I think that will start to become visible to the market at the end of '22, beginning of '23, where we'll launch some new products and new services as well.

Operator

We do not have any other questions. I will hand over the conference to you, sir.

Freek Borst - TomTom N.V. - Investor Relations

Thank you. Since there are no further questions, I would like to thank you all for joining us this afternoon. Operator, you may now close the call.

Operator

That concludes the conference for today. Thank you for participating. You may all disconnect.

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