



# NEW ACCOUNTING STANDARDS: IFRS 15 & 16

**TomTom** 

TACO TITULAER – CFO  
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# Introduction

IFRS 15 & 16:  
only an accounting impact  
→ it does not change the underlying  
economics

Impact	Range <sup>1</sup>
None	-
Small	< €5m
Medium	€5m - €25m
Large	> €25m

*<sup>1</sup> The ranges are indicative and the final outcome of the transition can be different*

# IFRS 15

‘Revenue from contracts with customers’

# Directional impact IFRS 15: the Group

No changes in economics, only changes in accounting

P&L			BS & CF		
	Impact			Impact	
Revenue	Small	=	Assets	Medium	↓
Gross profit	Medium	↑	Liabilities	Medium	↑
Net result	Medium	↑	Cash flows	None	

↑ increase ↓ decrease

# Directional impact IFRS 15: Automotive & Enterprise

## Situation

- Revenues in this segment relate to services, software and licensing of content
- In some situations customisation and / or integration efforts are funded by customers

## Accounting implications

- Impact is determined on a **contract by contract basis**
- Impact will be **primarily on license of map as a master copy**. TomTom must assess whether there is a right to use the content as it exists at a **point in time** or a right to have access to our content over a **period of time**
- Revenue related to customisation efforts of software (non recurring engineering) which is delivered to an OEM must be recognised at start of production (currently recognised over the contract period)
- Service revenue is expected to have a small impact

P&L		BS	
	Impact		Impact
Revenue	Medium ↑	Assets	Medium ↓
Net result	Medium ↑	Liabilities	Medium ↓

↑ increase ↓ decrease

# Directional impact IFRS 15: Telematics

## Situation

- Telematics business provides a range of services for businesses with a fleet of connected vehicles
- These services most often contain a telematics control unit (TCU) that enables collection of data from the vehicle

## Accounting implications

- The TCU hardware revenue is not considered a distinct performance obligation under IFRS 15 and as such the hardware revenue must be allocated over the expected service period

P&L			BS		
	Impact			Impact	
Revenue	Small	↑	Assets	None	
Net result	Small	↑	Liabilities (net)	Medium	↑

↑ increase ↓ decrease

# Directional impact IFRS 15: Consumer

## Situation

- Consumer sometimes contributes to marketing development funds and co-op advertising of customers
- These considerations are typically initiated to stimulate sales via these retail channels

## Accounting implications

- The marketing related considerations paid to retailers will be accounted for as a reduction of revenue while these expenses are currently accounted for as marketing expenses

P&L		BS	
	Impact		Impact
Revenue	Medium ↓	Assets	None
Net result	None	Liabilities	None

↑ increase ↓ decrease

# IFRS 16

## 'Leases'

# IFRS 16 Implications

## Balance Sheet

	Current situation		IFRS 16
	Finance leases	Operating leases	All leases
Assets	n/a	-	
Liabilities	n/a	-	€€€
Off balance sheet lease commitments		 €€€	

In 2016, our off-balance operating lease commitments were €77 million

## Income Statement

	Current situation		IFRS 16
	Finance leases	Operating leases	All leases
Revenue	n/a		
Operating costs	n/a	Single lease expense	-
<b>EBITDA</b>			
D&A	D&A	-	D&A
<b>EBIT</b>			
Finance costs	Interest	-	Interest
<b>Net result</b>			

In 2016, our operating lease expenses were €20 million

# Directional impact IFRS 16: the Group

- IFRS 16 will require almost all leases of companies to be on the balance sheet of lessees
- TomTom only has straight forward lease contracts for buildings and cars
- The impact on the balance sheet is estimated to be large

P&L	Impact
EBITDA	Medium ↑
EBIT	Small ↑
Net result	Small ↑

BS	Impact
Assets	Large ↑
Liabilities	Large ↑

Cash flows	Impact
Operational	Medium ↑
Financing	Medium ↓
Total	None

↑ increase ↓ decrease

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