



TomTom reports strong holiday sales and stable gross margins in the fourth quarter

Substantial growth in revenues and profits for the full year 2005

Fourth quarter highlights:

Compared with Q3 2005:

- Revenue increased by 16% to € 289 million
- 779,000 integrated units shipped, up 45%
- Stable gross margin of 43%
- Operating margin of 23%, down from 33% due to seasonally high marketing spend

Compared with Q4 2004:

- Revenue increased by 226%
- Integrated units shipped increased by 413%
- Operating margin improved by 2 percentage points
- Net profit increased by 289% to € 48 million
- Fully diluted EPS improved by 273% to € 0.41

Full year highlights:

- Revenue increased by 275% to € 720 million
- Operating margin improved by 4 percentage points to 27%
- Net profit increased by 411% to € 143 million
- Fully diluted EPS improved by 385% to € 1.26

Operational highlights:

- Grew leading market share position in Europe
- Increased market share in North America; TomTom rose to number two US market position on the back of a successful advertising campaign
- Successful ramp up of the TomTom ONE across Europe, extending our reach to a broader customer base

Outlook 2006

Assumption that the European market for integrated portable navigation devices will grow to around 7.0 million units in 2006, up from around 3.8 million units in 2005. Full year 2006 revenues expected to be in the range of € 1.0 billion to € 1.1 billion. We continue to target an operating margin of around 20% of revenue.

Key figures

(in € millions)	Q4 '05 (unaudited)	Q3 '05 (unaudited)	Q4 '04 (unaudited)	FY '05 (audited)	FY '04 (audited)	% change*
Revenue	289	250	90	720	192	275%
Gross profit	123	108	40	311	85	266%
Operating profit	67	82	19	195	43	353%
Net profit	48	59	12	143	28	411%
EPS (fully diluted - € per share)	0.41	0.50	0.11	1.26	0.26	385%

*percentage changes are based on amounts rounded to the nearest million

Tom Tom's Chief Executive Officer, Harold Goddijn said:

"2005 was a very exciting year for TomTom. We increased our revenues nearly four times and our profits by more than five times. The consumer market for portable in-car navigation took-off, driven by the success of integrated devices such as the TomTom GO range. A growing market inevitably attracts competition but despite many new entrants into the market we continued to lead the market in Europe. Sell through in the fourth quarter was very strong and was double that of the third quarter. According to GfK, the market research company, we extended our European market share in the fourth quarter to 56% measured in units.

Our success is driven by our track record of delivering easy to use, category defining products, our broad and deep relationships with distributors and retailers and by the strength of the TomTom brand. We are increasingly well placed in the growing North American market, where we have become the number two player, on the back of our successful fourth quarter advertising campaign.

We look forward to another year of growth and profitability in 2006 for TomTom. We are set to continue to take advantage of the strong market trends and to retain and grow our customer base with a larger product range in personal in-car navigation, a presence in the business to business market and a richer stream of content and services."

Strategy

We expect to see good growth in the sector for the coming years as consumer adoption for in-car navigation rapidly increases and penetration levels remain low. TomTom is in a strong position to take hold of this opportunity - we have a track record of introducing category defining products supported by investment in the brand and broad and deep distribution. On top of this, we have a scalable business model which enables us to expand and adapt our business quickly and efficiently. In 2006 we plan to enlarge our target audience by increasing our distribution further, particularly in North America, and by addressing new customer segments with the convergence of navigation, tracking & tracing and messaging solutions for the commercial vehicle market. The recent acquisition of the road traffic technology company Applied Generics, will help us to take navigation to the next level as the technology has the potential to deliver much more accurate and higher quality traffic flow information than is currently available.

Outlook 2006

TomTom operates in a growth market with relatively low levels of penetration and rapid product innovation. As such, it is difficult to predict the level of growth in 2006. We have assumed the European market for integrated portable navigation devices will grow to around 7.0 million units in 2006, up from around 3.8 million units in 2005. At this early stage in the year we are giving a range of estimates for 2006 performance. We estimate that our volumes of integrated units will almost double to between 3.0 million and 3.3 million units and that we will deliver revenues of between € 1.0 billion and € 1.1 billion. We continue to target an operating margin of around 20% of revenue after including a non cash accounting charge for share options of between € 24 million and € 26 million. Revenues are expected to be stronger in the second and fourth quarters owing to seasonality and to the timing of new product introductions and investment in marketing will also be highest in these quarters.

Full year 2005 summary:

Revenue for the full year was € 720 million, 3.7 times higher than 2004's revenue of € 192 million. The gross profit margin decreased slightly from 44% to 43% and in the same period the operating margin increased from 23% to 27% as a result of leverage in our operating costs. Net income increased from € 28 million in 2004 to € 143 million in 2005.

Integrated product revenue as a percentage of total revenue increased from 60% in 2004 to 86% in 2005. There were 1,688,000 integrated units sold compared to 248,000 units in 2004. The number of non-integrated units sold in 2005 was 524,000 compared to 438,000 in 2004.

Operational review fourth quarter:

In the fourth quarter, we successfully introduced the TomTom ONE, and we were able to sharply increase our sales volume. Sales were strong in the quarter and spiked particularly in the weeks immediately preceding Christmas. The product mix included a higher proportion of TomTom ONE units, which resulted in a 16% decrease in the average selling price of integrated devices for the quarter to € 337. Our gross margin remained stable at 43% in the fourth quarter compared to the previous quarter because of continued reductions in our product costs.

In North America we increased our brand awareness via a major TV, radio and print marketing campaign and this helped to significantly grow our sales and market share.

Following the addition of a small software development team in our Taipei office, we are developing our software for the Asian market.

In January of 2006 we acquired Applied Generics based in Edinburgh, Scotland. Applied Generics has developed technology that makes it possible to generate real time road traffic information based on the analysis of mobile network usage and cell-switching. The technology is commercially deployed and has the potential to deliver high quality traffic information at a fraction of the investment normally required to generate traffic information.

Financial Review**Revenue**

Revenues in the fourth quarter were € 289 million, compared with third quarter revenues of € 250 million. This includes our North American operation which grew in the same period from € 10 million to € 26 million to deliver 9% of group revenues in the quarter. The growth in the quarter was driven by strong demand across our GO range and for our new product, the TomTom ONE, which also made a strong contribution. In total we shipped 779,000 integrated units in the quarter up from 538,000 in the third quarter, an increase of 45%.

Channel Inventory

Channel inventory owned by retailers at the end of fourth quarter was stable compared to the end of third quarter and represented a lower number of weeks of inventory on hand. Sell through by retailers in the quarter was very strong and doubled compared to the third quarter.

Average Selling Price

The average selling price of integrated devices compared to the previous quarter decreased from € 402 to € 337 reflecting the increased proportion of the TomTom ONE in the product mix and bringing the average selling price for the year to date for integrated units to € 368.

Non-integrated and other

Revenues of non-integrated products decreased in the quarter to € 16 million from € 20 million. We see decreasing demand for PDA based solutions, which is only partly compensated for by increasing smart-phone solution sales.

Other revenues decreased in the quarter due to lower map upgrade sales as we completed our upgrade program early in the quarter.

(unaudited)	Q4 '05	Q3 '05	Q4 '04	FY '05	FY '04	% change*
Revenue (in € millions)						
Integrated devices	263	216	71	622	116	436%
Non-Integrated solutions	16	20	16	65	69	-6%
Other	10	14	4	33	8	313%
Total	289	250	90	720	192	275%
Number of units sold (000s)						
Integrated devices	779	538	152	1,688	248	581%
Non-Integrated solutions	140	160	94	524	438	20%
Total	919	698	246	2,212	686	222%
Average selling price (in €)						
Integrated devices	337	402	465	368	466	-21%
Non-Integrated solutions	116	125	170	125	157	-20%
Weighted average selling price	303	339	350	311	269	16%

*percentage changes are based on amounts rounded to the nearest million

Gross Margin

With the introduction of the TomTom One we reached a new lower price point in the market which gives us access to a larger consumer base. Despite the lower price point we maintained our strong gross margin through a combination of the cost engineering of our products and cost reductions. The gross margin in the quarter was 43%, the same level as the previous quarter. The strengthening of the dollar against the Euro during the fourth quarter had a negative effect of 1% on the gross margin.

Operating Margin

The operating margin in the quarter was 23%, down from 33% in the previous quarter. This was primarily due to the increase in marketing expenditure up from € 11 million to € 36 million. This is the result of seasonally high marketing expenditure and our first major US advertising campaign. Marketing expenditure was 12.4% of revenue compared with 4.2% in the third quarter. Research and development expenditure was 1.0% of revenue compared with 0.9% in the third quarter and selling, general & administrative costs were 4.8% of revenue, slightly down from 4.9% in the previous quarter. The non cash accounting charge for share options was 1.2% of revenue (€ 3.3 million), up from 0.4% in the third quarter.

Financial Income and Expenses

We recorded a net gain of € 4 million in the quarter, which was mainly from gains on forward foreign exchange contracts to purchase US dollars in order to pay our most significant contract manufacturers. We revalue all forward contracts at the end of each period whether or not they have matured. This gain therefore is made up of both realized and unrealized net gains.

Tax

The effective tax rate for the company in the quarter was 32.0% and was mainly influenced by the Dutch tax rate of 31.5%.

Cash flow

In the fourth quarter we generated € 15 million of cash from our operations. As expected, we made significant tax payments in the quarter and we paid a total amount of € 63 million in tax relating to 2004 and 2005 corporate income tax. As a result of the tax payments and increased working capital we saw a decrease of our cash and cash equivalents of € 52 million in the fourth quarter.

Balance sheet

Our balance sheet is strong with € 178 million of cash. During the quarter our inventories and receivables increased as we continued to grow the business. Trade payables were lower, affected by the timing of payments for inventory receipts. Balance sheet provisions increased from € 10 million to € 21 million due to additions to provisions related to the growth of the business.

At the end of the quarter, we had shareholder's equity of € 306 million, up from € 38 million at the start of the year.

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Q4 2005 Results Presentation Audio Web cast Information

The information for our fourth quarter results audio web cast is as follows:

Time: Tuesday 14 February 2006 at 2 PM CET

Place: www.tomtom.com

Please log on to our website to listen in.

About TomTom

TomTom NV is a leading provider of personal navigation products and services to the consumer market. TomTom's products are developed with an emphasis on innovation, quality, ease of use and value. TomTom's products include all-in-one navigation devices which enable customers to navigate right out of the box, as well as navigation software products which integrate with third party devices such as PDAs and smartphones. TomTom's portfolio of products and services includes the award-winning TomTom GO family of integrated navigation devices, the TomTom ONE, the TomTom Navigator software for PDAs, TomTom MOBILE navigation software for smart phones and TomTom Plus, a location-based content and services offering for TomTom's navigation products and Datafactory's Webfleet platform for Tracking and Tracing services. TomTom was founded in 1991 in Amsterdam and has offices in the Netherlands, the United Kingdom, Germany, the United States and Taiwan. TomTom's products are sold through a network of leading retailers in 20 countries and online.

TomTom NV Fourth Quarter Financial Statements

1.1 Consolidated Income Statement for the three month period from 30 September to 31 December 2005

(unaudited) (in € thousands)	Q4 2005	Q4 2004
Revenue	289,028	89,604
Cost of sales	165,591	49,172
Gross profit	123,437	40,432
Operating expenses		
Research & development	2,958	1,966
Marketing	35,875	9,483
Selling, general and administrative	13,893	9,073
Stock compensation expense	3,329	665
Total operating expenses	56,055	21,217
Operating profit	67,382	19,215
Net financial income and (expenses)	3,837	-0,605
Profit before taxation	71,219	18,610
Taxation	22,787	6,155
Net profit	48,432	12,455
	Pro-forma & unaudited	
Average number of shares outstanding (in thousands)	107,281	100,000
Average number of shares outstanding, diluted (in thousands)	117,156	108,810
Earnings per share - basic (in Euros)	0.45	0.12
Earnings per share- diluted (in Euros)	0.41	0.11

TomTom NV Fourth Quarter Financial Statements

1.2 Consolidated Income Statement for the twelve month period from 1 January to 31 December 2005

(audited) (in € thousands)	FY 2005	FY 2004
Revenue	720,031	192,429
Cost of sales	409,194	107,192
Gross profit	310,837	85,237
Operating expenses		
Research & development	8,949	4,554
Marketing	63,556	19,391
Selling, general and administrative	38,014	16,811
Stock compensation	5,241	1,044
Total operating expenses	115,760	41,800
Operating profit	195,077	43,437
Net financial income and (expenses)	14,664	-0,774
Profit before taxation	209,741	42,663
Taxation	66,784	14,946
Net profit	142,957	27,717
	Pro-forma & unaudited	
Average number of shares outstanding (in thousands)	104,248	100,000
Average number of shares outstanding, diluted (in thousands)	113,674	107,001
Earnings per share - basic (in Euros)	1.37	0.28
Earnings per share- diluted (in Euros)	1.26	0.26

TomTom NV Fourth Quarter Financial Statements

2. Consolidated Balance Sheet

(audited)
(in € thousands)

	31 Dec 2005	31 Dec 2004
Non-current assets		
Intangible assets	15,845	960
Property, plant and equipment	5,168	2,050
Total non-current assets	21,013	3,010
Current Assets		
Inventories	103,183	13,402
Trade receivables	150,985	29,383
Other receivables and prepayments	6,391	4,975
Financial instruments	3,651	-
Cash and cash equivalents	178,377	40,167
Total current assets	442,587	87,927
Total assets	463,600	90,937
Equity and liabilities		
Shareholders' Equity		
Share capital	21,456	18
Share Premium	115,091	619
Legal reserves	1,740	946
Cumulative translation reserve	73	15
Stock compensation reserve	11,589	2,614
Retained earnings	156,394	33,594
Total equity	306,343	37,806
Provisions	20,981	394
Long term liabilities		
Deferred tax liability	1,057	1,301
Total long term liabilities	1,057	1,301
Current liabilities		
Trade payables	55,390	25,608
Tax and social security	16,147	12,867
Other accruals	42,618	6,248
Other liabilities	21,064	6,713
Total current liabilities	135,219	51,436
Total equity and liabilities	463,600	90,937

TomTom NV Fourth Quarter Financial Statements

3. Statement of changes in equity for the year ended 31 December, 2005.

(audited) (in € thousands)	Share capital	Share premium	Legal reserves	Cumul. transl. adjust.	Stock compens. reserve	Retained earnings	Total
Balance 1 Jan 2004	18	619	579	30	103	6,244	7,593
Translation differences				-15			-15
Profit for the year						27,717	27,717
Transfer to legal reserves			367			-367	-
Transfer to stock compensation reserve					2,511		2,511
Balance 31 Dec 2004	18	619	946	15	2,614	33,594	37,806
Translation differences				58			58
Profit for the year						142,957	142,957
Transfer to legal reserves			794			-794	-
Transfer to stock compensation reserve					8,975		8,975
Recapitalization	19,982	-619				-19,363	-
Issue of share capital	1,456	115,091					116,547
Balance 31 Dec 2005	21,456	115,091	1,740	73	11,589	156,394	306,343

TomTom NV Fourth Quarter Financial Statements

4.1 Consolidated cash flow statement for Q4 2005

(unaudited) (in € thousands)	Q4 2005	Q4 2004
Cash flow from operating activities		
Operating profit	67,384	19,216
Foreign exchange results	4,390	-300
Adjustments for non-cash items:		
Depreciation and amortization	1,663	367
Additions to provisions and other liabilities	10,704	199
Additions to stock compensation reserve	7,059	2,132
Changes in working capital:		
(Increase) / decrease in inventories	-35,224	7,601
(Increase) in receivables	-24,837	-4,984
(Decrease) / Increase in current liabilities (excl income tax)	-16,065	18,203
Cash generated from operations	15,074	42,434
Interest received	1,343	133
Corporate income taxes paid	-63,408	-8,029
Net cash flow from operating activities	-46,991	34,537
Investments in intangible fixed assets	-3,077	-188
Investments in property, plant and equipment	-2,061	-1,053
Total cash flow used in investing activities	-5,138	-1,241
Net (decrease) increase in cash and cash equivalents	-52,129	33,297
Cash and Cash equivalents at beginning of period	230,506	6,870
Cash and Cash equivalents at end of period	178,377	40,167

TomTom NV Fourth Quarter Financial Statements

4.2 Consolidated Cash Flow Statement for the period 1 January to 31 December 2005

(audited) (in € thousands)	FY 2005	FY 2004
Cash flow from operating activities		
Operating profit	195,077	43,437
Foreign exchange results	8,679	-451
Adjustments for non-cash items:		
Depreciation and amortisation	3,423	1,128
Additions to provisions	20,888	324
Additions to stock compensation reserve	8,974	2,511
Changes in working capital:		
(Increase) in inventories	-89,782	-11,184
(Increase) in receivables	-121,710	-23,677
Increase in current liabilities (excl income tax)	76,928	32,376
Cash generated from operations	102,477	44,464
Interest received	3,136	169
Corporate income taxes paid	-62,528	-8,387
Net cash flow from operating activities	43,085	36,246
Cash flow used in investing activities		
Investments in intangible assets	-16,464	-653
Investments in property, plant and equipment	-4,957	-2,321
Total cash flow used in investing activities	-21,421	-2,974
Cash flow from financing activities		
Proceeds on issue of shares	116,546	0
Total cash flow from financing activities	116,546	0
Net increase in cash and cash equivalents	138,210	33,272
Cash and Cash equivalents at beginning of period	40,167	6,895
Cash and Cash equivalents at end of period	178,377	40,167

TomTom NV Fourth Quarter Financial Statements

5.1 Accounting policies

Basis of accounting

The financial statements for the three-month period ended 31 December 2005 with related comparative information have been prepared in accordance with International Financial Reporting Standards (IFRS). Accounting policies and methods of computation followed in the interim financial statements, for the period ended 31 December 2005, are the same as those followed in the Financial Statements included in the IPO prospectus.

Business combinations

Investments in affiliated companies are included in the balance sheet based on net asset value. The costs of the acquisition are allocated to assets and liabilities (purchase price allocation). Intangible assets arising from acquisitions are amortised using the straight-line method over their estimated economic lives. The part of the purchase price that cannot be allocated to assets and liabilities is allocated to goodwill.

5.2 Segment reporting

The Company offers integrated and non-integrated solutions under the business line of personal navigation solutions. The Company generates sales across different geographical regions.

(unaudited) (in € thousands)	Q4 2005	Q4 2004	FY 2005	FY 2004
Revenues per Region				
Europe	259,252	86,501	670,416	186,795
North America	26,391	3,103	42,320	5,634
Rest of World	3,385	0	7,295	0
Total	289,028	89,604	720,031	192,429

This document contains certain forward-looking statements relating to the business, financial performance and results of the Company and the industry in which it operates. These statements are based on the Company's current plans, estimates and projections, as well as its expectations of external conditions and events. In particular the words "expect", "anticipate", "estimate", "may", "should", "believe" and similar expressions are intended to identify forward-looking statements. Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. These include, but are not limited to: the level of consumer acceptance of existing and new and upgraded products and services; the growth of overall market demand for the Company's products or for personal navigation products generally; the Company's ability to sustain and effectively manage its recent rapid growth; and the Company's relationship with third party suppliers, and its ability to accurately forecast the volume and timing of sales. Additional factors could cause future results to differ materially from those in the forward-looking statements.