

# Q4 AND FY 2020 RESULTS

Harold Goddijn – CEO

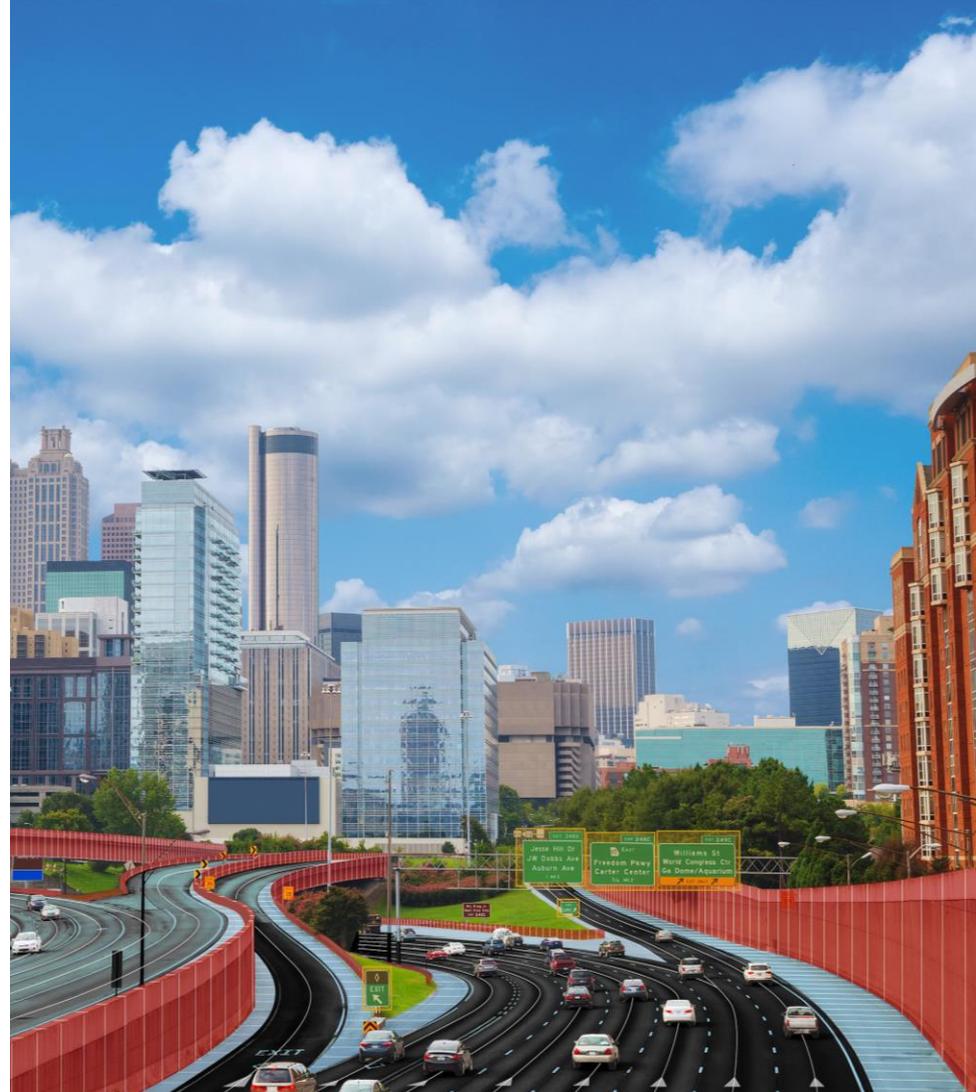
Taco Titulaer – CFO

4 FEBRUARY 2021

**TOMTOM** 

# Operational highlights

- Automotive backlog of €1.8 billion
- A contract extension to provide maps and traffic to Precisely
- A new multi-year agreement to provide Maps APIs to Targa Telematics
- A contract extension to provide full-stack navigation to Mitsubishi in selected car models
- The launch of TomTom Hazard Warnings
- Celebrated the 10th edition of the TomTom Traffic Index which cities and governments have increasingly used to monitor traffic patterns in the wake of COVID-19



# Strategic priorities

**Improve location platform**

**Accelerate online**

**Better maps, faster at lower cost**

**Employer of choice**

**2020**

Uber and Verizon using our Maps APIs and SDKs

**2021**

Target Enterprise applications, including fleet logistics and on-demand services

**2020**

Closed new Automotive deals for online navigation

**2021**

Faster software update cycles, ease of integration, and flexibility

**2020**

Improved support for display, navigation, and search; faster update cycle time

**2021**

Automate, automate, automate

**2020**

Acted fast to enable remote working, prioritized health and safety of our employees while promoting employee engagement

**2021**

Invest in our employees and company culture, attract top talent to drive innovation

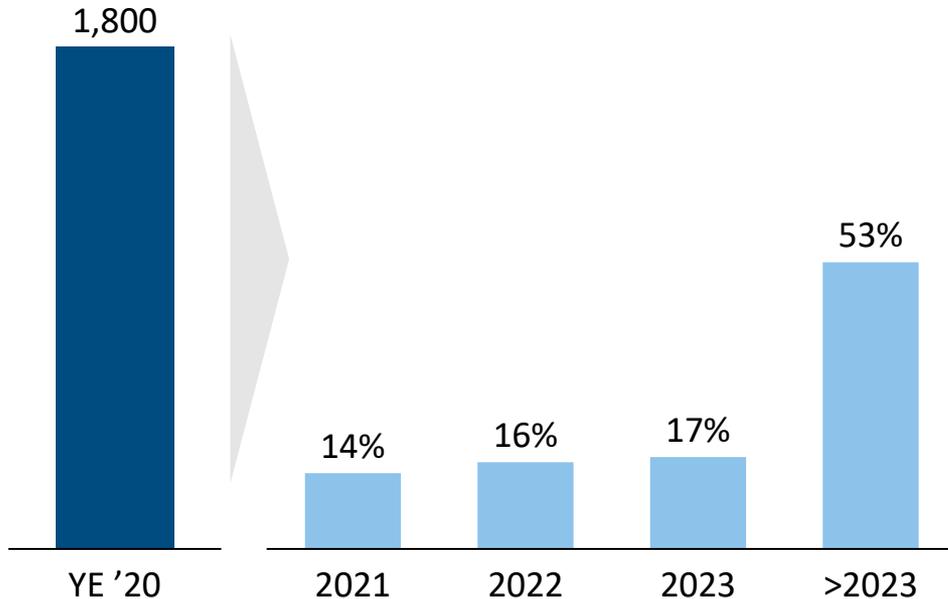
# Financial highlights

- Group revenue of €125m (Q4 '19: €156m)
- Location Technology revenue of €101m (Q4 '19: €110m)
- Automotive operational revenue of €90m (Q4 '19: €116m)
- Free cash flow of €34m (Q4 '19: €48m)
- Net cash of €372m (Q4 '19: €437m)
- Resume share buyback



# Automotive backlog

Estimated IFRS Automotive backlog  
in € million, phasing of revenues in %



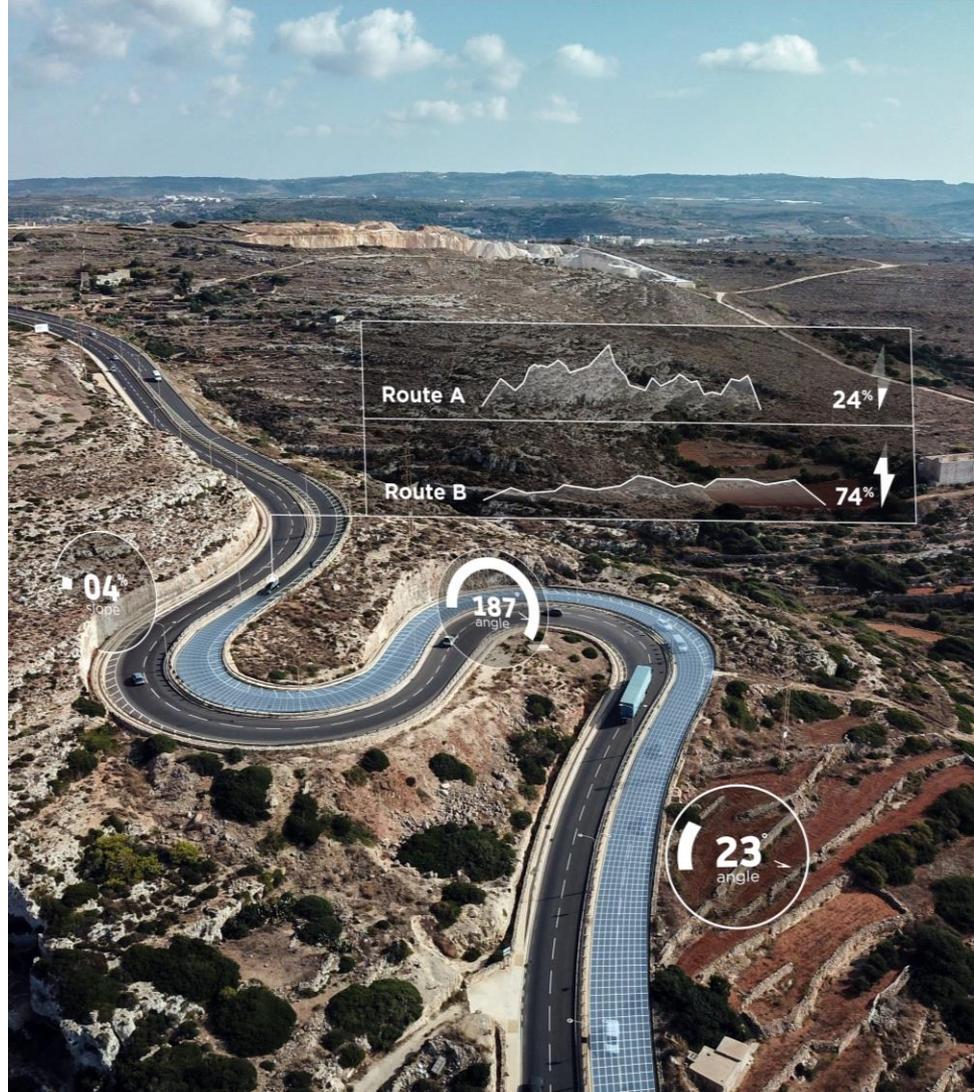
- Automotive backlog is defined as the cumulative expected IFRS revenue from all awarded Automotive deals
- Automotive awards do not provide minimum volume or purchase requirements. Volumes are based on our and our clients' estimates of car sales and take rates
- Year on year change of the backlog is the result of the following:
  - Revenue recognition during the year
  - Estimate of cumulative value of all awarded contracts during the year
  - Changes in our customers' car production forecasts for previously awarded deals

# Outlook 2021

in € million	Outlook 2021	Actuals 2020
Group revenue	520 – 570	528
Location Technology revenue	420 – 450	392
FCF as % of Group revenue	Around 6%	-5%

2021 outlook based on:

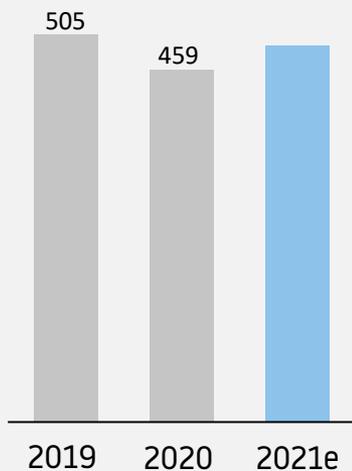
- Expectation that car production volumes in 2021 will not reach 2019 levels
- USD FX rate of 1.20



# R&D cash spend

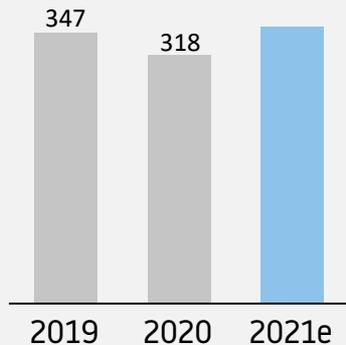
Continued investment in our mapping and application platforms

Total cash spend



Around 70%  
cash spend is R&D

R&D cash spend



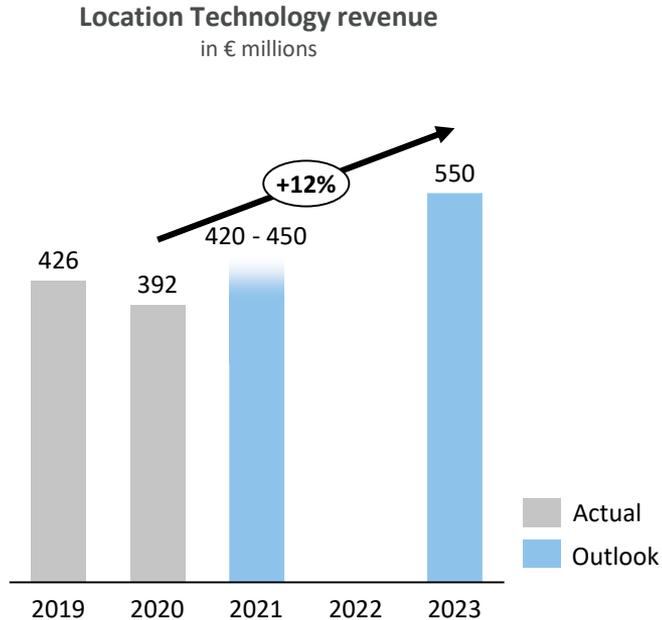
Around 95% of R&D cash  
spend is OPEX

R&D cash spend break-down

		Today	Trend
A	<b>Geographical data</b>	<b>65%</b>	<b>↓</b>
	• Sourcing	25%	↓
	• Processing	25%	→
	• Engineering	50%	↑
B	<b>Application layer</b>	<b>35%</b>	<b>↑</b>

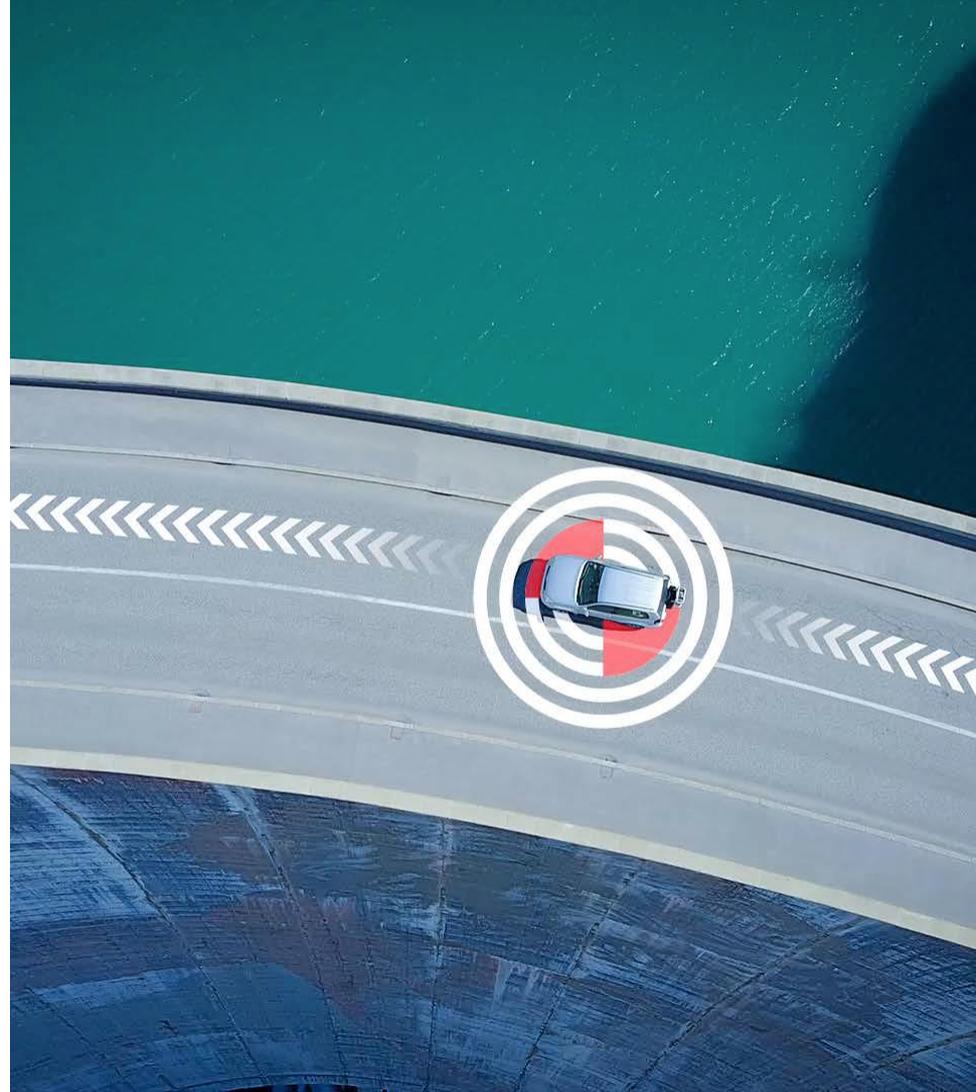
Cash spend will increase over the coming years, though at a lower pace and within our mid-term FCF guidance

# Mid-term outlook



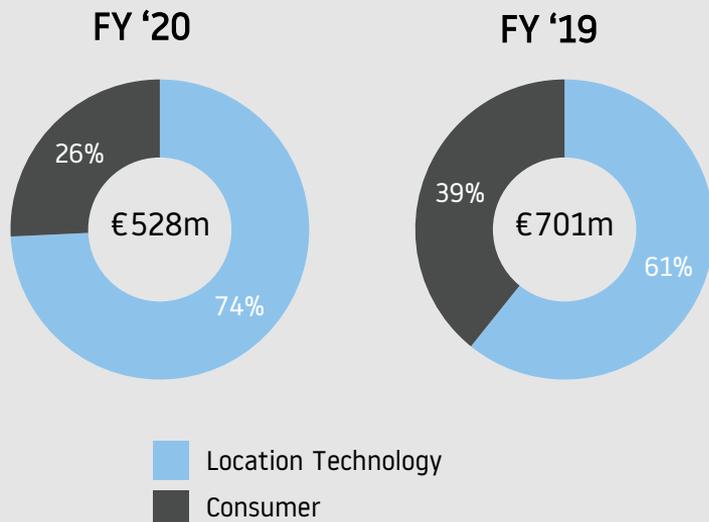
- Our mid-term outlook for Location Technology revenue is to grow to €550 million in 2023. Growth expected from new Enterprise opportunities, and increased take-rates in Automotive
- Our mid-term outlook for TomTom's total free cash flow is a yield of around 10% of Group revenue
- Given the current uncertainty resulting from cyclical and structural market developments, we are not providing a longer-term view at this time

**Thank you -  
Any questions?**

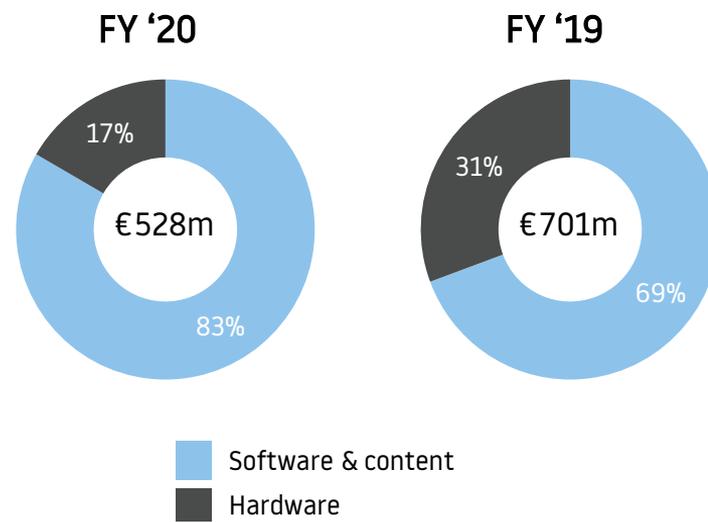


# Revenue breakdown

## BY SEGMENT



## BY TYPE



# P&L

(€ in thousands)	Q3 '19	Q4 '19	Q1 '20	Q2 '20	Q3 '20	Q4 '20	FY '20	FY '19
<b>REVENUE</b>	<b>164,206</b>	<b>156,223</b>	<b>131,197</b>	<b>123,703</b>	<b>147,851</b>	<b>125,434</b>	<b>528,185</b>	<b>700,759</b>
<i>Automotive</i>	55,404	69,190	49,788	51,588	65,945	59,843	227,164	265,665
<i>Enterprise</i>	41,141	41,187	41,481	42,211	39,654	41,651	164,997	160,317
<i>Consumer</i>	67,661	45,846	39,928	29,904	42,252	23,940	136,024	274,777
Cost of sales	36,277	32,249	28,631	17,921	35,861	22,381	104,794	185,557
<b>GROSS RESULT</b>	<b>127,929</b>	<b>123,974</b>	<b>102,566</b>	<b>105,782</b>	<b>111,990</b>	<b>103,053</b>	<b>423,391</b>	<b>515,202</b>
<i>Gross margin</i>	78 %	79 %	78 %	86 %	76 %	82 %	80 %	74 %
Research and development expenses	80,272	91,175	76,195	75,055	80,155	79,473	310,878	322,785
Amortization of technology and databases	65,038	65,120	64,740	64,314	64,293	63,165	256,512	261,194
Marketing expenses	7,057	9,002	6,854	4,946	5,825	6,018	23,643	29,436
Selling, general and administrative expenses	32,647	36,398	32,524	25,665	29,327	32,552	120,068	132,744
<b>TOTAL OPERATING EXPENSES</b>	<b>185,014</b>	<b>201,695</b>	<b>180,313</b>	<b>169,980</b>	<b>179,600</b>	<b>181,208</b>	<b>711,101</b>	<b>746,159</b>
<b>OPERATING RESULT (EBIT)</b>	<b>-57,085</b>	<b>-77,721</b>	<b>-77,747</b>	<b>-64,198</b>	<b>-67,610</b>	<b>-78,155</b>	<b>-287,710</b>	<b>-230,957</b>
<i>EBIT margin</i>	-35%	-50%	-59%	-52%	-46%	-62%	-54%	-33%
<b>EBITDA</b>	<b>15,854</b>	<b>-4,588</b>	<b>-5,442</b>	<b>7,313</b>	<b>3,856</b>	<b>-7,828</b>	<b>-2,101</b>	<b>61,028</b>
<i>EBITDA margin</i>	10%	-3%	-4%	6%	3%	-6%	-0%	9%
Net result from continuing operations	-43,429	-68,958	-62,753	-62,015	-66,968	-65,903	-257,639	-192,965
Net result tax profit from discontinued operations								825,852
<b>NET RESULT</b>	<b>-43,429</b>	<b>-68,958</b>	<b>-62,753</b>	<b>-62,015</b>	<b>-66,968</b>	<b>-65,903</b>	<b>-257,639</b>	<b>632,887</b>

# Balance Sheet

(€ in thousands)	30-Sep-19	31-Dec-19	31-Mar-20	30-Jun-20	30-Sep-20	31-Dec-20
<b>ASSETS</b>						
Goodwill	192,294	192,294	192,294	192,294	192,294	192,294
Intangible assets	444,646	380,160	312,168	247,122	181,458	117,475
Other contract related assets	23,679	23,923	26,519	29,885	25,864	26,080
Other non-current assets	72,125	71,454	78,481	79,026	74,443	78,835
Inventories	27,483	25,315	23,971	31,902	27,611	26,146
Trade receivables	136,755	99,776	66,507	52,751	110,105	79,661
Unbilled receivables	33,359	34,374	42,393	52,688	56,400	58,313
Other receivables and prepayments	59,435	45,351	44,539	38,996	35,016	26,765
Cash and cash equivalents and fixed term deposits	392,865	436,520	431,563	373,369	346,463	372,450
<b>TOTAL ASSETS</b>	<b>1,382,641</b>	<b>1,309,167</b>	<b>1,218,435</b>	<b>1,098,033</b>	<b>1,049,654</b>	<b>978,019</b>
<b>TOTAL EQUITY</b>	<b>735,016</b>	<b>665,932</b>	<b>574,294</b>	<b>516,281</b>	<b>450,503</b>	<b>387,616</b>
Deferred tax liability	42,764	27,283	20,570	14,216	7,527	1,344
Lease liability	34,672	34,268	42,924	43,926	40,143	43,673
Provisions	56,809	55,020	53,555	49,482	54,706	48,932
Trade payables	46,651	47,085	32,266	25,144	22,169	21,998
Deferred revenue	348,230	369,317	395,411	371,950	396,954	403,706
Other contract related liabilities	37,692	26,745	21,031	18,150	19,274	19,084
Accruals and other liabilities	80,807	83,517	78,384	58,884	58,378	51,666
<b>TOTAL LIABILITIES</b>	<b>647,625</b>	<b>643,235</b>	<b>644,141</b>	<b>581,752</b>	<b>599,151</b>	<b>590,403</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,382,641</b>	<b>1,309,167</b>	<b>1,218,435</b>	<b>1,098,033</b>	<b>1,049,654</b>	<b>978,019</b>

# Cash flow

(€ in thousands)	Q3 '19	Q4 '19	Q1 '20	Q2 '20	Q3 '20	Q4 '20	FY '20	FY '19
Operating result	-57,085	-77,721	-77,747	-64,198	-67,610	-78,155	-287,710	-211,941
Financial gains/(losses)	1,424	-1,098	145	-1,059	-2,249	-1,724	-4,887	-319
Depreciation and amortisation	72,939	73,133	72,305	71,511	71,465	70,328	285,609	291,985
Other	-12,608	-9,031	800	-1,151	78	2,374	2,101	-23,599
Changes in working capital <sup>1</sup>	23,431	68,062	22,596	-53,089	-19,185	43,272	-6,406	50,477
<b>CASH GENERATED FROM OPERATIONS</b>	<b>28,101</b>	<b>53,345</b>	<b>18,099</b>	<b>-47,986</b>	<b>-17,501</b>	<b>36,095</b>	<b>-11,293</b>	<b>106,603</b>
Interest (paid)/received	77	-52	-291	-213	-87	-283	-874	-1,125
Corporate income taxes (paid)/received	-1,062	-2,034	-2,004	-3,932	-1,399	-678	-8,013	-11,799
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>27,116</b>	<b>51,259</b>	<b>15,804</b>	<b>-52,131</b>	<b>-18,987</b>	<b>35,134</b>	<b>-20,180</b>	<b>93,679</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>-4,445</b>	<b>-226,046</b>	<b>-1,949</b>	<b>32,216</b>	<b>36,340</b>	<b>6,907</b>	<b>73,514</b>	<b>627,087</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>-2,231</b>	<b>-3,762</b>	<b>-18,633</b>	<b>-2,971</b>	<b>-3,996</b>	<b>-4,080</b>	<b>-29,680</b>	<b>-759,116</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>20,440</b>	<b>-178,549</b>	<b>-4,778</b>	<b>-22,886</b>	<b>13,357</b>	<b>37,961</b>	<b>23,654</b>	<b>-38,350</b>
<b>Free cash flow</b>								
Cash flow from operating activities	27,116	51,259	15,804	-52,131	-18,987	35,134	-20,180	93,679
Investments in intangible assets	-1,573	-1,462						-11,416
Investment in tangible assets	-2,872	-2,118	-2,111	-1,849	-1,027	-1,311	-6,298	-12,644
<b>Free cash flow from total operations</b>	<b>22,671</b>	<b>47,679</b>	<b>13,693</b>	<b>-53,980</b>	<b>-20,014</b>	<b>33,823</b>	<b>-26,478</b>	<b>69,619</b>
Free cash flow from discontinued operations								-3,866
<b>Free cash flow from continuing operations</b>	<b>22,671</b>	<b>47,679</b>	<b>13,693</b>	<b>-53,980</b>	<b>-20,014</b>	<b>33,823</b>	<b>-26,478</b>	<b>65,753</b>
<i>FCF from continuing operations as a % revenue</i>	<i>14%</i>	<i>31%</i>	<i>10%</i>	<i>-44%</i>	<i>-14%</i>	<i>27%</i>	<i>-5%</i>	<i>9%</i>

<sup>1</sup> Includes the movement of non-current deferred revenue.

# Outstanding shares

	Q4 '20	YTD '20
Common shares outstanding at the end of the period	132,366,672	132,366,672
Shares in issue at the beginning of the period	130,223,136	131,541,998
Shares in issue at the end of the period	130,262,819	130,262,819
<b>Average shares in issue during the period<sup>1</sup></b>	<b>130,236,659</b>	<b>130,561,603</b> [A]
In the money share options at the beginning of the period	928,280	2,709,084
In the money share options at the end of the period	892,280	1,352,404
<b>Average potential dilutive share options outstanding during the period<sup>2</sup></b>	<b>904,338</b>	<b>1,502,562</b>
Average non-dilutive share options during the period	650,125	1,051,315
<b>Average shares outstanding from dilution of options<sup>3</sup></b>	<b>254,213</b>	<b>451,247</b> [B]
<b>Average shares outstanding from dilution of restricted stock units</b>	<b>670,886</b>	<b>693,482</b> [C]
<b>Average fully diluted shares outstanding during Q4 '20 and YTD '20<sup>4</sup></b>	<b>131,161,758</b>	<b>131,706,332</b> [A+B+C]

<sup>1</sup> Shares held in treasury of 2,103,853 are taken into account when calculating the weighted average shares outstanding.

<sup>2</sup> In the money options based on average share price for the period.

<sup>3</sup> Weighted average diluted options based on the period outstanding.

<sup>4</sup> The average share price for the quarter was €6.91 and the average share price for the year was €7.58

# Important Notice

## DISCLAIMER

This document contains certain forward-looking statements with respect to the financial position and results of TomTom's activities. 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. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements, and you should not place undue reliance on them. Many of these risks and uncertainties relate to factors that are beyond TomTom's ability to control or estimate precisely, such as levels of customer spending in major economies, changes in consumer preferences, the performance of the financial markets, the levels of marketing and promotional expenditures by TomTom and its competitors, costs of raw materials, employee costs, exchange-rate and interest-rate fluctuations, changes in tax rates, changes in law, acquisitions or disposals, the rate of technological changes, political developments in countries where TomTom operates and the risk of a downturn in the market. Statements regarding market share, including TomTom'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.

The forward-looking statements contained herein speak only as of the date they are made. We do not assume any obligation to update any public information or forward-looking statement in this document to reflect events or circumstances after the date of this document, except as may be required by applicable laws.

You will be solely responsible for your own assessment of the market and the market position of TomTom and you will conduct your own analysis and be solely responsible for forming your own view of the potential future performance of TomTom's business. This document does not constitute or form part of, and should not be constructed as, an offer or invitation to subscribe for or purchase any TomTom securities.

## NON-GAAP MEASURES

The financial information in this report includes measures, which are not defined by generally accepted accounting principles (GAAP) such as IFRS. We believe this information, along with comparable GAAP measurements, gives insight to investors because it provides a basis for evaluating our operational performance. Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with GAAP. Wherever appropriate and practical, we provide reconciliations to relevant GAAP measures.

**Operational revenue** is IFRS revenue adjusted for the movement of deferred and unbilled revenue

**Gross margin** is calculated as gross profit divided by IFRS revenue

**EBIT** is equal to the operating result

**EBIT margin** is calculated as operating result divided by IFRS revenue

**EBITDA** is equal to operating result plus depreciation and amortization charges

**EBITDA margin** is calculated as operating result plus depreciation and amortization charges divided by IFRS revenue

**Net cash** is defined as our cash and cash equivalents minus the nominal value of our outstanding bank borrowings

**Free cash flow** is cash from operating activities from continuing operations minus capital expenditure (investments in intangible assets and property, plant and equipment) of continuing operations

**Automotive backlog** is the cumulative IFRS revenue from all awarded Automotive deals



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