

# Q2 2020 RESULTS



Harold Goddijn – CEO  
Taco Titulaer – CFO  
15 July 2020

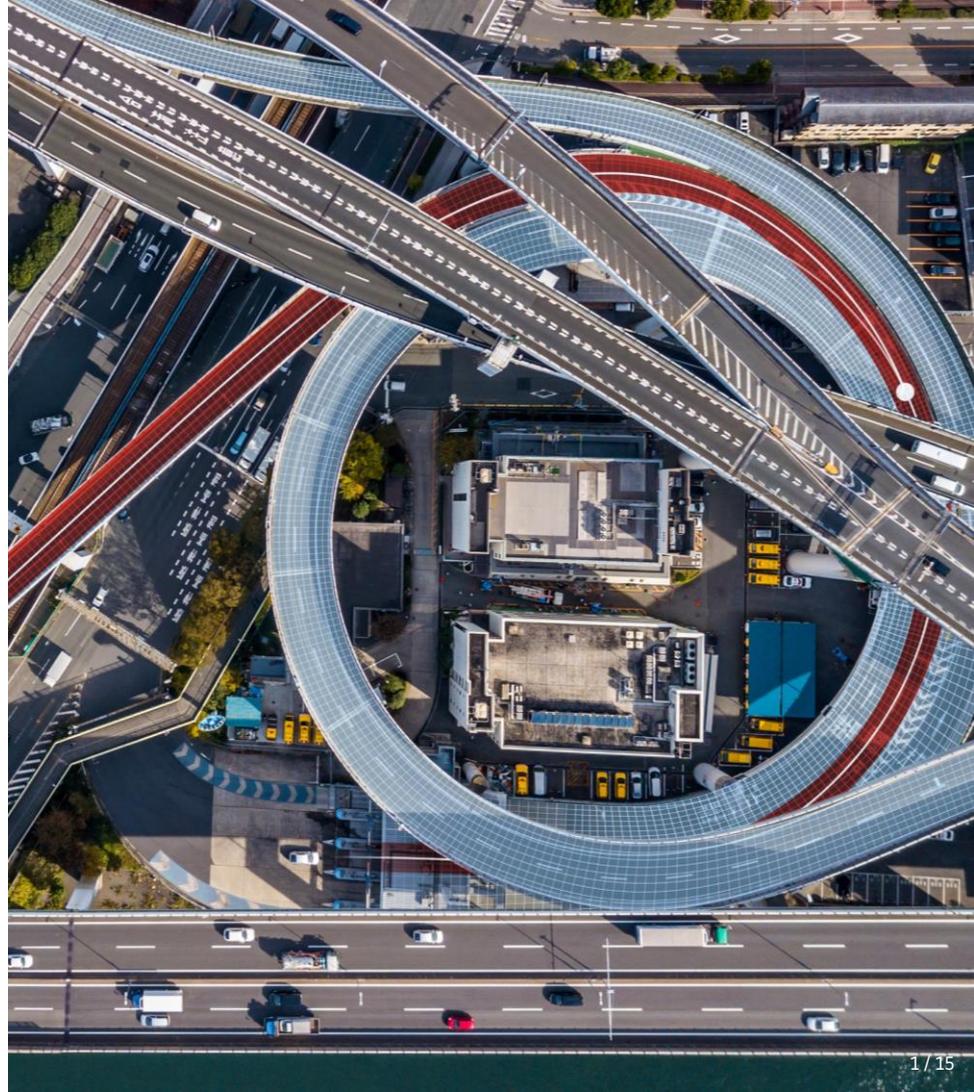
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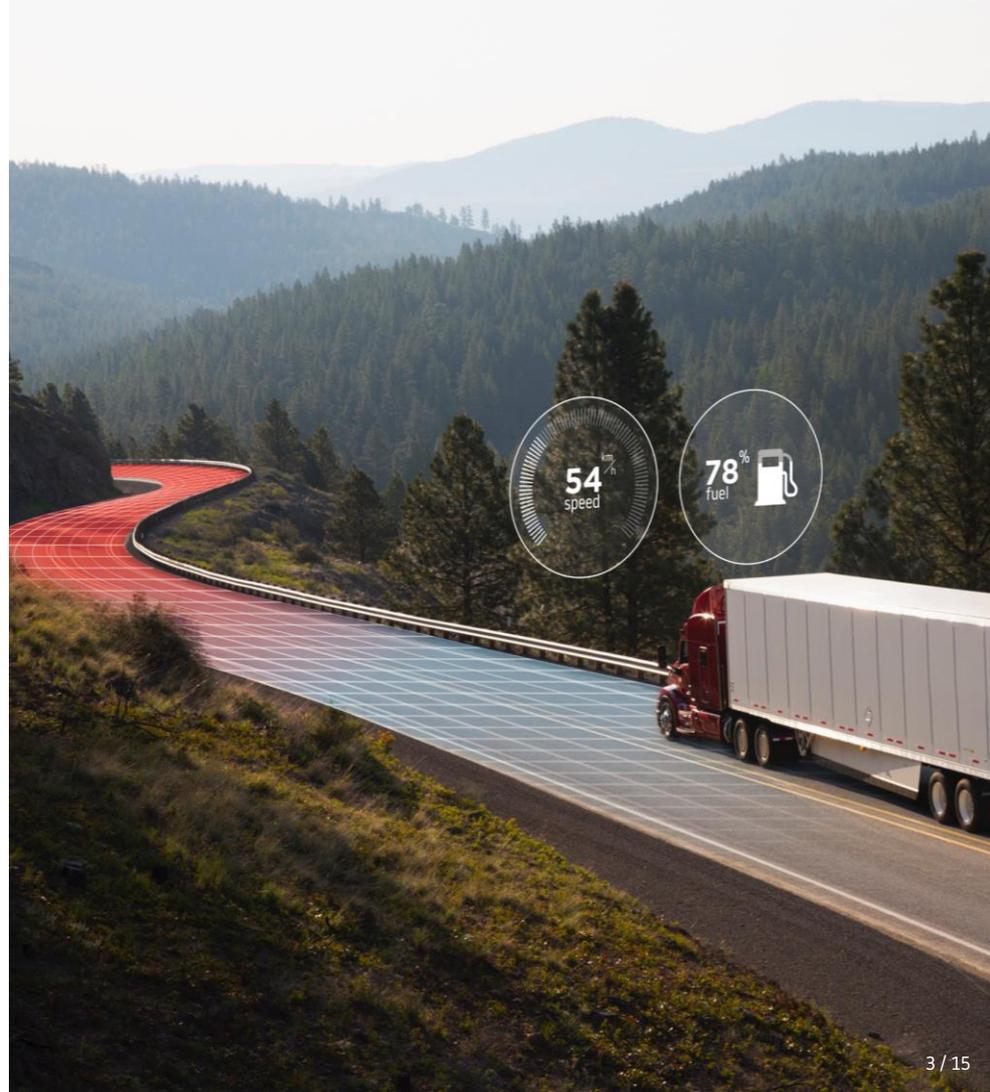
# Operational highlights

- A multi-year traffic service deal for Ford's SYNC 4 platform
- A partnership with Delphi Technologies that delivers passenger car fuel savings of over 10%
- A new global deal to provide maps and traffic data for ViaMichelin
- A partnership with Foursquare to add millions of POIs worldwide and improve Search

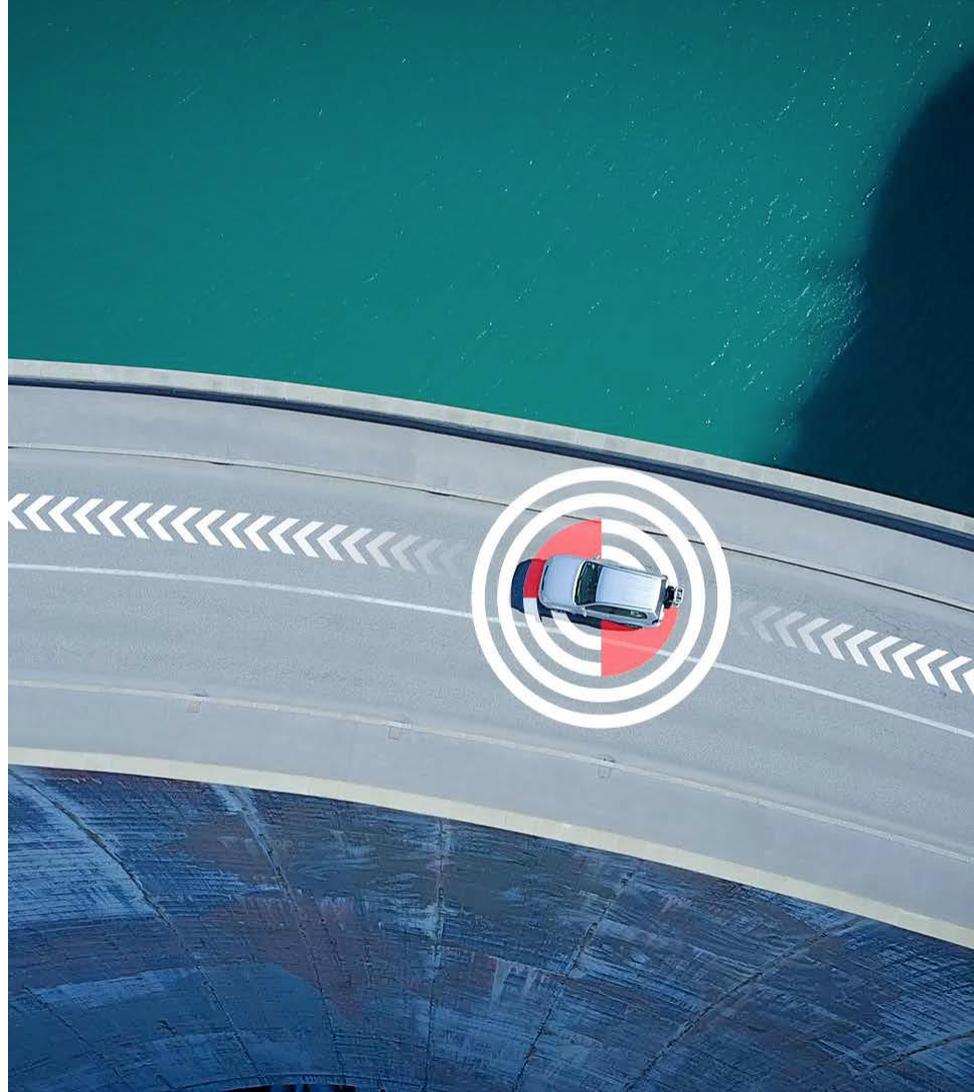


# Financial highlights

- Group revenue of €124m (Q2 '19: €211m)
- Automotive operational revenue of €48m (Q2 '19: €90m)
- Gross margin of 86% (Q2 '19: 67%)
- Free cash outflow of €54m (Q2 '19: inflow of €16m)
- Net cash of €373m (Q2 '19: €372m)

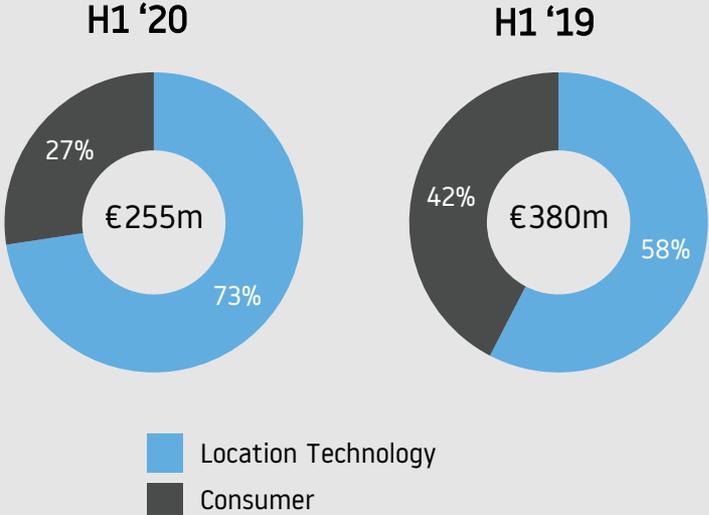


**Thank you –  
Any questions?**

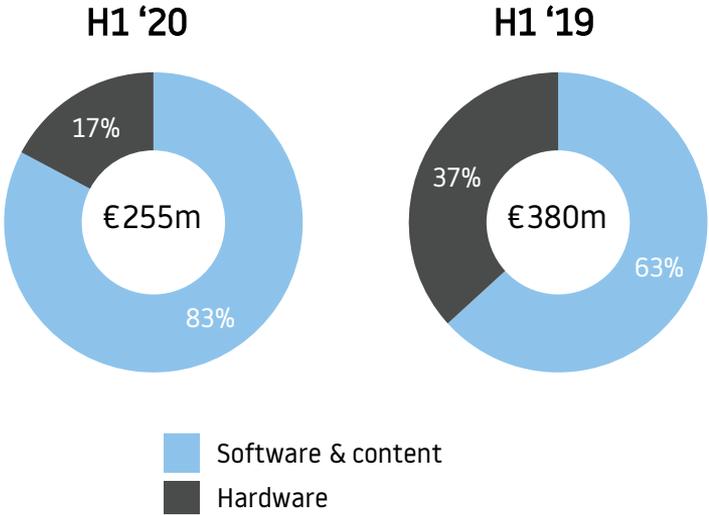


# Revenue breakdown

## BY SEGMENT



## BY TYPE



# P&L

| (€ in thousands)                             | Q1 '19         | Q2 '19         | Q3 '19         | Q4 '19         | Q1 '20         | Q2 '20         | H1 '20          | H1 '19         |
|--|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|----------------|
| <b>REVENUE</b>                               | <b>169,527</b> | <b>210,803</b> | <b>164,206</b> | <b>156,223</b> | <b>131,197</b> | <b>123,703</b> | <b>254,899</b>  | <b>380,330</b> |
| <i>Automotive</i>                            | 65,126         | 75,944         | 55,404         | 69,190         | 49,788         | 51,588         | 101,375         | 141,070        |
| <i>Enterprise</i>                            | 37,833         | 40,156         | 41,141         | 41,187         | 41,481         | 42,211         | 83,692          | 77,989         |
| <i>Consumer</i>                              | 66,568         | 94,703         | 67,661         | 45,846         | 39,928         | 29,904         | 69,832          | 161,271        |
| Cost of sales                                | 48,273         | 68,759         | 36,277         | 32,249         | 28,631         | 17,921         | 46,552          | 117,032        |
| <b>GROSS RESULT</b>                          | <b>121,254</b> | <b>142,044</b> | <b>127,929</b> | <b>123,974</b> | <b>102,566</b> | <b>105,782</b> | <b>208,347</b>  | <b>263,298</b> |
| <i>Gross margin</i>                          | 72%            | 67%            | 78%            | 79%            | 78%            | 86%            | 82%             | 69%            |
| Research and development expenses            | 72,498         | 78,840         | 80,272         | 91,175         | 76,195         | 75,055         | 151,250         | 151,339        |
| Amortisation of technology and databases     | 24,474         | 106,561        | 65,038         | 65,120         | 64,740         | 64,314         | 129,055         | 131,035        |
| Marketing expenses                           | 6,945          | 6,432          | 7,057          | 9,002          | 6,854          | 4,946          | 11,799          | 13,377         |
| Selling, general and administrative expenses | 30,529         | 33,170         | 32,647         | 36,398         | 32,524         | 25,665         | 58,188          | 63,699         |
| <b>TOTAL OPERATING EXPENSES</b>              | <b>134,446</b> | <b>225,003</b> | <b>185,014</b> | <b>201,695</b> | <b>180,313</b> | <b>169,980</b> | <b>350,292</b>  | <b>359,450</b> |
| <b>OPERATING RESULT (EBIT)</b>               | <b>-13,192</b> | <b>-82,959</b> | <b>-57,085</b> | <b>-77,721</b> | <b>-77,747</b> | <b>-64,198</b> | <b>-141,945</b> | <b>-96,152</b> |
| <i>EBIT margin</i>                           | -8%            | -39%           | -35%           | -50%           | -59%           | -52%           | -56%            | -25%           |
| <b>EBITDA</b>                                | <b>18,779</b>  | <b>30,983</b>  | <b>15,854</b>  | <b>-4,588</b>  | <b>-5,442</b>  | <b>7,313</b>   | <b>1,871</b>    | <b>49,761</b>  |
| <i>EBITDA margin</i>                         | 11%            | 15%            | 10%            | -3%            | -4%            | 6%             | 1%              | 13%            |
| Net result from continuing operations        | -15,325        | -65,254        | -43,429        | -68,958        | -62,753        | -62,015        | -124,767        | -80,579        |
| Net result from discontinued operations      | 18,615         | 807,237        |                |                |                |                |                 | 825,852        |
| <b>NET RESULT</b>                            | <b>3,290</b>   | <b>741,983</b> | <b>-43,429</b> | <b>-68,958</b> | <b>-62,753</b> | <b>-62,015</b> | <b>-124,767</b> | <b>745,273</b> |
| Diluted EPS from continuing operations       | -0.07          | -0.34          | -0.33          | -0.52          | -0.48          | -0.48          | -0.95           | -0.38          |

# Balance Sheet

| (€ in thousands)                                  | 31-Mar-19        | 30-Jun-19        | 30-Sep-19        | 31-Dec-19        | 31-Mar-20        | 30-Jun-20        |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>ASSETS</b>                                     |                  |                  |                  |                  |                  |                  |
| Goodwill  | 192,294          | 192,294          | 192,294          | 192,294          | 192,294          | 192,294          |
| Intangible assets                                 | 613,978          | 509,597          | 444,646          | 380,160          | 312,168          | 247,122          |
| Other contract related assets                     | 27,715           | 21,606           | 23,679           | 23,923           | 26,519           | 29,885           |
| Other non-current assets                          | 75,281           | 73,421           | 72,125           | 71,454           | 78,481           | 79,026           |
| Inventories                                       | 25,571           | 19,033           | 27,483           | 25,315           | 23,971           | 31,902           |
| Trade receivables                                 | 99,631           | 111,981          | 136,755          | 99,776           | 66,507           | 52,751           |
| Unbilled receivables                              | 26,169           | 42,621           | 33,359           | 34,374           | 42,393           | 52,688           |
| Other receivables and prepayments                 | 45,522           | 56,891           | 59,435           | 45,351           | 44,539           | 38,996           |
| Cash and cash equivalents and fixed term deposits | 206,593          | 372,030          | 392,865          | 436,520          | 431,563          | 373,369          |
| Assets held for sale                              | 155,325          |                  |                  |                  |                  |                  |
| <b>TOTAL ASSETS</b>                               | <b>1,468,079</b> | <b>1,399,474</b> | <b>1,382,641</b> | <b>1,309,167</b> | <b>1,218,435</b> | <b>1,098,033</b> |
| <b>TOTAL EQUITY</b>                               | <b>780,425</b>   | <b>774,619</b>   | <b>735,016</b>   | <b>665,932</b>   | <b>574,294</b>   | <b>516,281</b>   |
| Deferred tax liability                            | 78,827           | 57,605           | 42,764           | 27,283           | 20,570           | 14,216           |
| Lease liability                                   | 38,938           | 36,757           | 34,672           | 34,268           | 42,924           | 43,926           |
| Provisions  | 70,353           | 67,261           | 56,809           | 55,020           | 53,555           | 49,482           |
| Trade payables                                    | 46,383           | 52,871           | 46,651           | 47,085           | 32,266           | 25,144           |
| Deferred revenue                                  | 291,145          | 296,861          | 348,230          | 369,317          | 395,411          | 371,950          |
| Other contract related liabilities                | 36,376           | 40,519           | 37,692           | 26,745           | 21,031           | 18,150           |
| Accruals and other liabilities                    | 76,631           | 72,981           | 80,807           | 83,517           | 78,384           | 58,884           |
| Liabilities associated with assets held for sale  | 49,001           |                  |                  |                  |                  |                  |
| <b>TOTAL LIABILITIES</b>                          | <b>687,654</b>   | <b>624,855</b>   | <b>647,625</b>   | <b>643,235</b>   | <b>644,141</b>   | <b>581,752</b>   |
| <b>TOTAL EQUITY AND LIABILITIES</b>               | <b>1,468,079</b> | <b>1,399,474</b> | <b>1,382,641</b> | <b>1,309,167</b> | <b>1,218,435</b> | <b>1,098,033</b> |
| <b>Net cash</b>                                   | <b>240,551</b>   | <b>372,030</b>   | <b>392,865</b>   | <b>436,520</b>   | <b>431,563</b>   | <b>373,369</b>   |
| <i>Net cash classified as held for sale</i>       | 33,958           |                  |                  |                  |                  |                  |
| <i>Net cash of continuing operations</i>          | 206,593          | 372,030          | 392,865          | 436,520          | 431,563          | 373,369          |

# Cash flow

| (€ in thousands)  | Q1 '19         | Q2 '19          | Q3 '19        | Q4 '19          | Q1 '20         | Q2 '20         | H1 '20         | H1 '19          |
|---|----------------|-----------------|---------------|-----------------|----------------|----------------|----------------|-----------------|
| Operating result  | 5,824          | -82,959         | -57,085       | -77,721         | -77,747        | -64,198        | -141,945       | -77,136         |
| Financial gains/(losses)                                    | -437           | -208            | 1,424         | -1,098          | 145            | -1,059         | -914           | -644            |
| Depreciation and amortisation                               | 31,971         | 113,942         | 72,939        | 73,133          | 72,305         | 71,511         | 143,816        | 145,913         |
| Other   | -196           | -1,764          | -12,608       | -9,031          | 800            | -1,151         | -351           | -1,960          |
| Changes in working capital <sup>1</sup>                     | -34,186        | -6,830          | 23,431        | 68,062          | 22,596         | -53,089        | -30,493        | -41,016         |
| <b>CASH GENERATED FROM OPERATIONS</b>                       | <b>2,976</b>   | <b>22,181</b>   | <b>28,101</b> | <b>53,345</b>   | <b>18,099</b>  | <b>-47,986</b> | <b>-29,887</b> | <b>25,157</b>   |
| Interest received   | 277            | 213             | 339           | 357             | 95             | 585            | 680            | 490             |
| Interest (paid)   | -437           | -1,203          | -262          | -409            | -386           | -798           | -1,184         | -1,640          |
| Corporate income taxes (paid)/received                      | -1,887         | -6,816          | -1,062        | -2,034          | -2,004         | -3,932         | -5,936         | -8,703          |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                 | <b>929</b>     | <b>14,375</b>   | <b>27,116</b> | <b>51,259</b>   | <b>15,804</b>  | <b>-52,131</b> | <b>-36,327</b> | <b>15,304</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                 | <b>-9,913</b>  | <b>867,491</b>  | <b>-4,445</b> | <b>-226,046</b> | <b>-1,949</b>  | <b>32,216</b>  | <b>30,267</b>  | <b>857,578</b>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                 | <b>-2,902</b>  | <b>-750,221</b> | <b>-2,231</b> | <b>-3,762</b>   | <b>-18,633</b> | <b>-2,971</b>  | <b>-21,604</b> | <b>-753,123</b> |
| <b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b> | <b>-11,886</b> | <b>131,645</b>  | <b>20,440</b> | <b>-178,549</b> | <b>-4,778</b>  | <b>-22,886</b> | <b>-27,664</b> | <b>119,759</b>  |
| <b>Free cash flow</b>                                       |                |                 |               |                 |                |                |                |                 |
| Cash flow from operating activities                         | 929            | 14,375          | 27,116        | 51,259          | 15,804         | -52,131        | -36,327        | 15,304          |
| Investments in intangible assets                            | -4,851         | -3,530          | -1,573        | -1,462          |                |                |                | -8,381          |
| Investment in tangible assets                               | -5,062         | -2,592          | -2,872        | -2,118          | -2,111         | -1,849         | -3,960         | -7,654          |
| <b>Free cash flow from total operations</b>                 | <b>-8,984</b>  | <b>8,253</b>    | <b>22,671</b> | <b>47,679</b>   | <b>13,693</b>  | <b>-53,980</b> | <b>-40,287</b> | <b>-731</b>     |
| Free cash flow from discontinued operations                 | -11,244        | 7,378           |               |                 |                |                |                | -3,866          |
| <b>Free cash flow from continuing operations</b>            | <b>-20,228</b> | <b>15,631</b>   | <b>22,671</b> | <b>47,679</b>   | <b>13,693</b>  | <b>-53,980</b> | <b>-40,287</b> | <b>-4,597</b>   |
| <i>FCF from continuing operations as a % revenue</i>        | <i>-12%</i>    | <i>7%</i>       | <i>14%</i>    | <i>31%</i>      | <i>10%</i>     | <i>-44%</i>    | <i>-16%</i>    | <i>-1%</i>      |

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

# Outstanding shares

|   | Q2 '20             | H1 '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  | 129,955,625        | 131,541,998        |                |
| Shares in issue at the end of the period  | 130,207,823        | 130,207,823        |                |
| <b>Average shares in issue during the period<sup>1</sup></b>                              | <b>130,106,968</b> | <b>130,898,356</b> | <b>[A]</b>     |
| In the money share options at the beginning of the period                                 | 2,316,964          | 2,709,084          |                |
| In the money share options at the end of the period                                       | 928,280            | 2,111,964          |                |
| <b>Average potential dilutive share options outstanding during the period<sup>2</sup></b> | <b>840,473</b>     | <b>1,651,565</b>   |                |
| Average non-dilutive share options during the period                                      | 482,735            | 978,759            |                |
| <b>Average shares outstanding from dilution of options<sup>3</sup></b>                    | <b>357,738</b>     | <b>672,806</b>     | <b>[B]</b>     |
| <b>Average shares outstanding from dilution of restricted stock units</b>                 | <b>1,733,591</b>   | <b>1,370,323</b>   | <b>[C]</b>     |
| <b>Average fully diluted shares outstanding during Q1 '20 and H1 '20<sup>4</sup></b>      | <b>132,198,297</b> | <b>132,941,485</b> | <b>[A+B+C]</b> |

<sup>1</sup> Shares held in treasury of 2 158 849 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 €7.30 and the average share price for the year was €8.22

# 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.

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## 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 revenue

**EBIT** is equal to the operating result

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

**Net cash** is defined as our cash and cash equivalents, including cash classified as held-for-sale (IFRS 5) 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



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