

#### Fourth Quarter 2006 Results

22 February 2007



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# Agenda

<b>Business Review</b>	Harold Goddijn, CEO
Financial review	Marina Wyatt, CFO
Business Outlook	Harold Goddijn, CEO



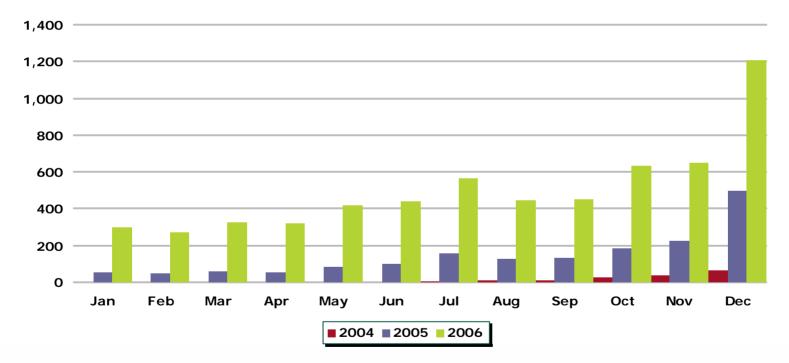
# **Fourth Quarter Highlights**

- Record quarter €478 million revenue and €80 million net profit
- Strong gross margin of 46%
- Cash generated from operations of €132 million
- 1.9 million PNDs shipped: more than double Q4 '05
- New ONE range a great success
- Joint development with Vodafone NL for new advanced travel time information system



# Strong Growth of PNDs in Europe Continues

Trends in PND sell-out\* in Europe over the last three years



\* Based on December 2006 GfK sell out figures for PNDs, (covers approx. 2/3 of overall market)



# TomTom Products are the World's Favourite and Most Sold PNDs

- Market leader in Europe with 50% market share
- Units shipped in North America 3 times higher than prior year, 20% exit market share
- Won more than 150 consumer awards
- TomTom ONE is the world's number one selling PND







#### **Installed Base Grew to Over 8 Million**

#### • TomTom HOME

- Portal to manage content
- Access maps, voices, traffic, safety cams etc.
- Access upgrades
- Share data

- Growing Aftermarket
  - Accessories
  - Peripherals
  - Map updates

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# Next Generation Travel Time Information

- Implementation on schedule, available throughout the Netherlands in second half of 2007
- Wide coverage major, regional, local and urban roads
- Accurate journey times and automatically optimized routing become a reality
- A unique and unrivalled traffic information service
- High level of interest from Operators in other countries





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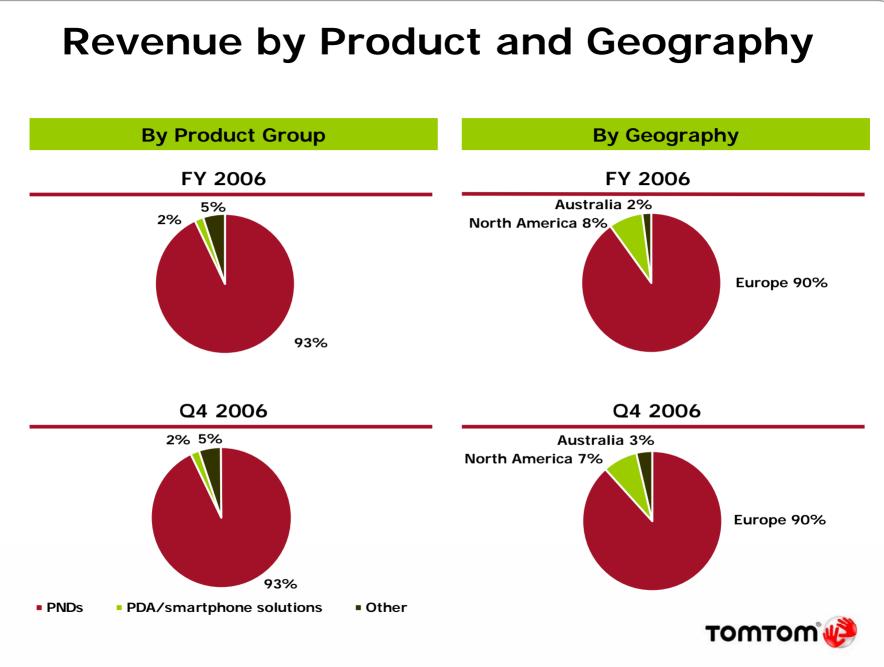


## **Financial Summary**

in € millions	Q4 '06	Q3 '06	Δ	2006	2005	Δ
Revenue	478	353	35%	1,364	720	89%
Gross Profit	218	154	42%	579	311	86%
Gross Margin	46%	44%	-	42%	43%	-
Operating Profit	126	101	25%	340	195	74%
Operating Profit Margin	26%	29%	-	25%	27%	-
Net Profit	80	73	10%	222	143	55%
Net Profit Margin	17%	21%	-	16%	20%	-

\* The figures in the table contain rounded numbers

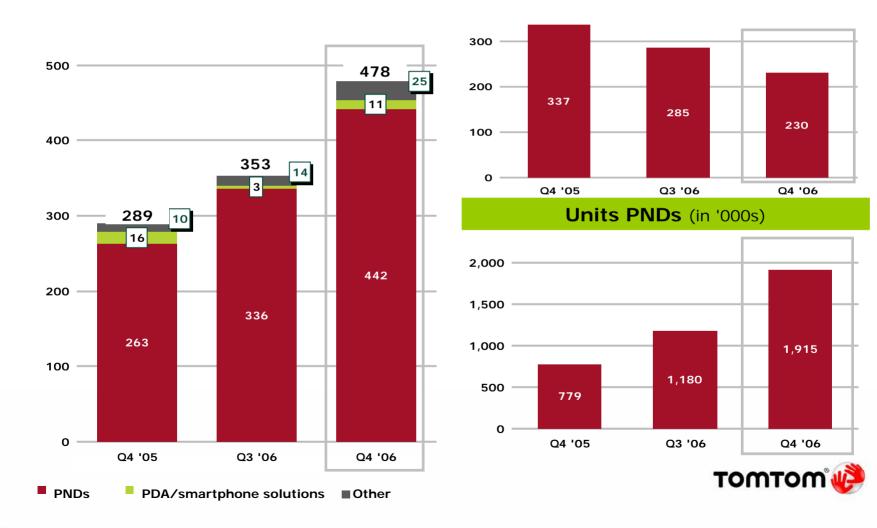




## **Fourth Quarter Revenue Analysis**

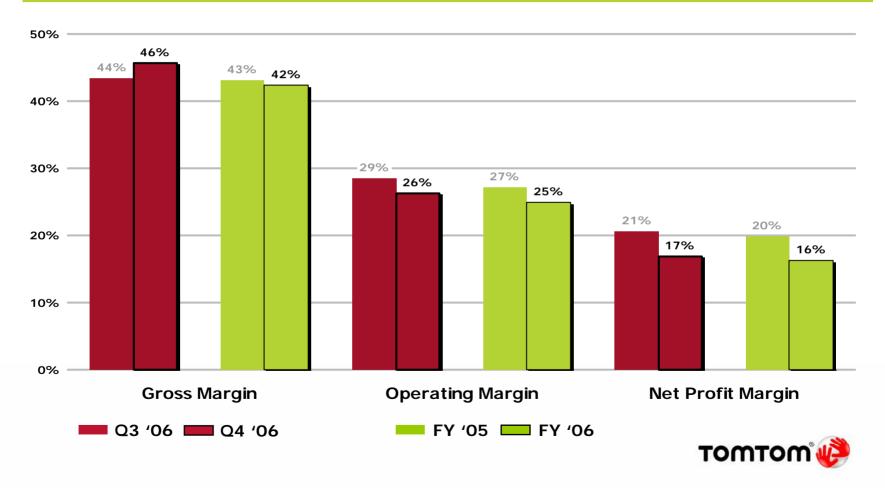
**Revenue** (in € millions)





# **Margin Comparison**

#### Margins (% of revenue)



## **Operating Expenses Overview**

in € millions	Q4 '0	6 Q3 '06	Q4 '05
R&D	12.8	8.6	3.0
% of revenue	2.7%	2.4%	1.0%
Marketing	44.6	15.5	35.9
% of revenue	9.3%	4.4%	12.4%
Other SG&A	28.6	24.0	13.9
% of revenue	6.0%	6.8%	4.8%
Operating expenses	86.1	48.1	52.8
% of revenue	18.0%	6 13.6%	18.2%
Accounting charge for share options	6.5	5.1	3.3
% of revenue	1.4%	1.4%	1.2%
Total operating expenses	92.6	53.2	56.1
% of revenue	19.4%	6 15.1%	19.4%

\* The figures in the table contain rounded numbers



#### **Earnings Overview**

in € millions	Q4 '06	Q3 '06	Q4 ′05
Operating profit	125.7	100.6	67.4
Net financial expenses and income	(11.3)	3.3	3.8
of which FX gains / losses	<i>(13.5)</i>	<i>0.8</i>	<i>3.3</i>
Taxation	(34.0)	(31.2)	(22.8)
effective tax rate	<i>29.7%</i>	<i>30.1%</i>	<i>32.0%</i>
Net Profit	80.4	72.6	48.4
Average # of shares outstanding, diluted (in millions)	118	117	117
Diluted EPS (in € per share)	.68	.62	.41

\* The figures in the table contain rounded numbers



#### **Cash Flow Overview**

in € millions	Q4 '06	Q3 '06	2006	2005
Operating profit	125.7	100.6	340.2	195.1
Depreciation and amortization	5.1	4.5	18.2	3.4
Additions to provisions	6.8	10.3	22.8	20.9
Changes in working capital	(5.0)	2.0	10.0	(134.6)
Other operating items	(0.6)	0.0	0.9	17.6
Cash generated from operations	132.0	117.4	392.1	102.4
Interest received	3.5	2.7	9.4	3.1
Tax paid	(73.4)	(19.0)	(110.0)	(62.5)
Net cash flow from operating activities	62.1	101.1	291.5	43.0
Total cash flow used in investing activities	(2.4)	(4.4)	(28.6)	(21.4)
Total cash flow from financing activities	0.9	0.0	1.1	116.5
Net increase in cash and cash equivalents	60.5	96.7	264.1	138.1
* The figures in the table contain rounded numbers			тот	om 🐌

#### **Balance Sheet**

in € millions	YE 2006	Q3 2006	YE 2005
Non-Current Assets			
Intangible Assets	39.2	41.8	15.8
Property, plant & equipment	7.9	8.0	5.2
Deferred Tax Assets	12.1	5.4	1.3
Current Assets			
Inventories	123.0	108.7	103.2
Receivables, Prepayments & Financial Instruments	283.0	277.4	159.7
Cash and Equivalents	437.8	378.0	178.4
Total Assets	903.0	819.3	463.6
Shareholders' Equity	550.8	462.9	306.3
Provisions	43.8	37.0	21.0
Long-term Liabilities	1.3	12.9	1.1
Current Liabilities	307.1	306.4	135.2
Total Equity and Liabilities	903.0	819.3 <b>TO</b>	мтом 🌮

\* The figures in the table contain rounded numbers

# 2007 FY Financial Outlook

- Expected PND market size: Europe 14 million units, North America 4 million units
- Total PNDs for TomTom estimated at 7 to 8 million units
- TomTom revenue estimated at €1.6 billion to €1.8 billion
- Consistent target gross margin of c. 40% and operating margin of c. 20% of revenue
- Revenues stronger in the second half, first quarter lower than Q4 '06, marketing higher in second and fourth quarters



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# TomTom's development

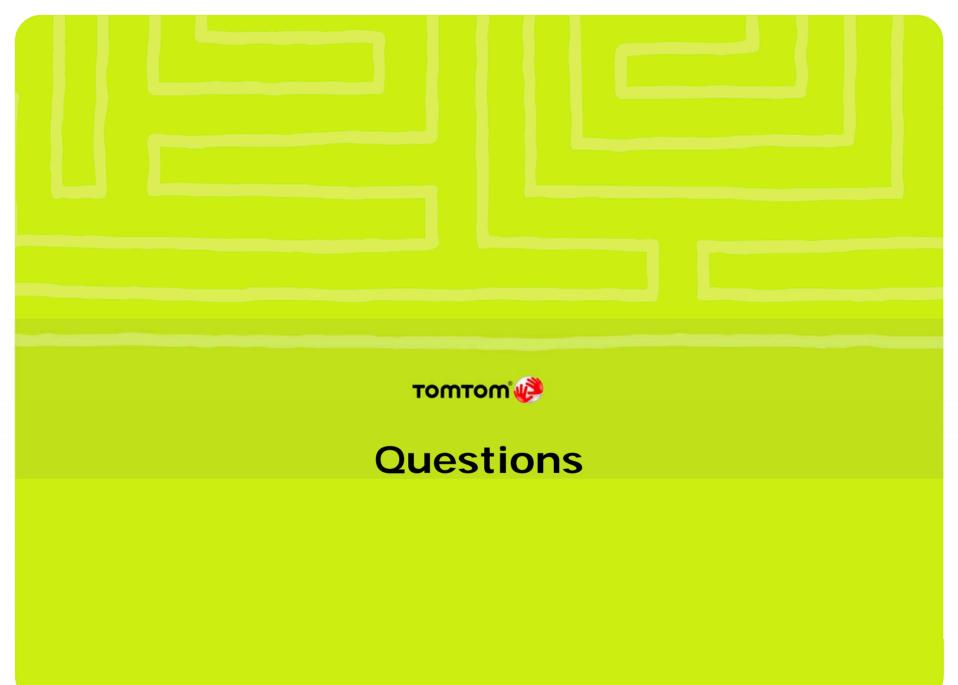
- In 5 years TomTom's revenue grew from €8 million to €1.4 billion
- We defined the personal navigation category
- We are the largest company in the space with an installed base of 8 million users
- TomTom owners benefit from less stress, less distance travelled, and greater safety to reach their destination.
- The market is large and penetration levels are still low. This ensures strong growth opportunities for years to come
- Product differentiation continues to be the key to success
  - The aftermarket for maps, accessories, content and services is growing
  - Accurate and timely travel time information will be the killer application and will accelerate market acceptance as a result of increased use of PNDs



# **TomTom 2007 Priorities**

- Deliver exciting roadmap of new products and services
- Be first to market with key innovations
- Maintain 50% market share in Europe and increase market share in North America
- Roll-out travel time information service in the Netherlands and prepare for roll-out to other geographies
- Provide easy access to the network and better content for our customers
- Develop aftermarket sales to address growing installed base
- Fundamentally better navigation is our vision and current and future TomTom customers will benefit from this.







#### Annex

#### For further information please contact TomTom Investor Relations

Tel: +31 20 850 0994 ir@tomtom.com www.investors.tomtom.com

# World's first embedded PND solution for the automotive industry

- Designed a complete PND that can dock with a 2-DIN car radio
- Joint development with Fujitsu-Ten (Eclipse)
- PND will control car radio whilst docked
- PND can also be integrated in other applications





# TomTom launched FM Transmitter Mount in Europe

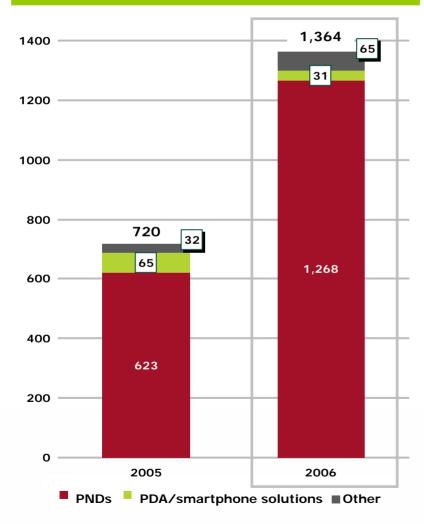
- Available for European portable navigation customers for the first time: wireless integration of navigation instructions and music through car stereo
- The FM Transmitter Mount broadcasts navigation instructions and music from a TomTom GO device over the air to the car radio, like a short range radio station



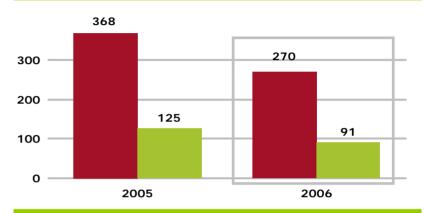


#### **Revenue Analysis 2006**

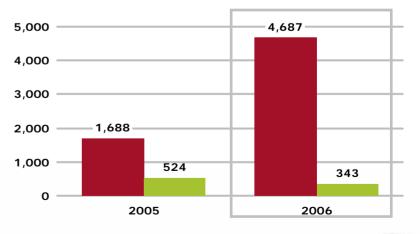
**Revenue** *in € millions* 



ASP PNDs (in €)



Units PNDs (in '000s)





# **Operating Expenses Overview 2006**

in € millions	2006	2005	Δ
R&D	36	9	300%
% of revenue	2.7%	1.2%	
Marketing	101	63	60%
% of revenue	7.4%	8.8%	
Other SG&A	80	38	111%
% of revenue	5.9%	5.3%	
Operating expenses	217	111	96%
% of revenue	15.9%	15.3%	
Accounting charge for share options	21	5	320%
% of revenue	1.6%	0.7%	
Total operating expenses	238	116	105%
% of revenue	17.5%	16.1%	
* The figures in the table contain rounded numbers		тот	om 🧼

#### **Earnings Overview 2006**

in € millions	2006	2005	Δ
Operating profit	340	195	74%
Net financial expenses and income	(25)	15	
of which FX gains / losses	<i>(32)</i>	<i>12</i>	
Taxation	(93)	(67)	39%
effective tax rate	29.6%	31.8%	
Net Profit	222	143	55%
Average # of shares outstanding, diluted (in millions)	117	114	3%
Diluted EPS (in € per share)	1.90	1.26	51%

\* The figures in the table contain rounded numbers



#### Cash Flow 2006

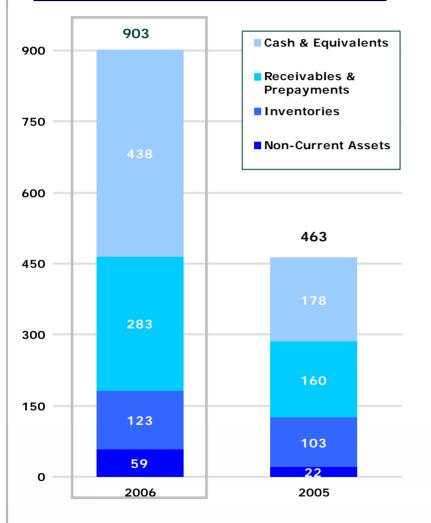
in € millions	2006	2005	Δ
Operating profit	340	195	74%
Depreciation and amortization	18	3	500%
Additions to provisions	23	21	9%
Changes in working capital	10	(135)	
Other operating items	1	18	
Cash generated from operations	392	102	284%
Interest received	9	3	200%
Tax paid	(110)	(63)	75%
Net cash flow from operating activities	291	43	577%
Total cash flow used in investing activities	(29)	(21)	38%
Total cash flow from financing activities	1	117	
Net increase in cash and cash equivalents	264	138	51%

\* The figures in the table contain rounded numbers

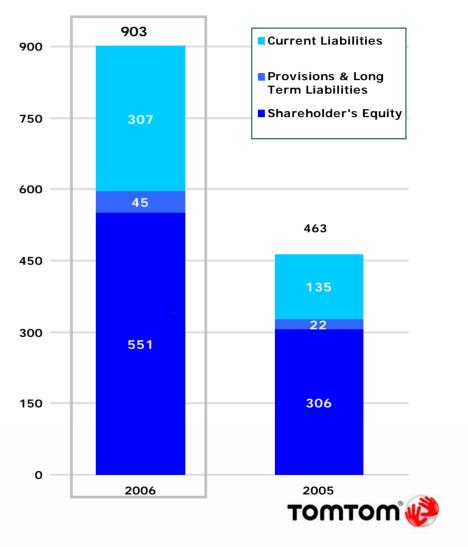


#### **Balance Sheet Analysis 2006**

**Assets** *in € millions* 



**Equity & Liabilities** *in € millions* 



# **Accounting Charge for Share Options**

- Under IFRS, share options have to be accounted in the P&L through a specific charge.
- TomTom accounts for this charge as follows:
  - At the date of issuance, options are valued by a Black & Scholes model and the calculations are reviewed by our auditors;
  - The monthly charge to the P&L is calculated as total value of the options / number of months of the vesting period.
- As at 9 November 2006, TomTom issued 1,705,000 options with a vesting period of 36 months. These options were valued at € 28.1m.
  - Monthly charge per month from Nov 2006 = € 782K {€ 28.1m / 36 months}.
- For Q4 2006, total accounting charge for share options was: € 6.5m.
  - € 1.3m {Nov'06} + € 0.2m {Aug '06} + € 0.2m {May '06} + € 0.1 {Feb '06};
  - € 1.1m x 3 months {Nov '05} and € 0.4m x 3 months {Aug '05} and € 0.1m x 3 months {before Aug '05}.



# **Outstanding Shares**

Common shares outstanding end of Q3 2006 Common shares outstanding end of Q4 2006	110,757,091 112,921,566
Average shares outstanding end of Q4 2006	112,160,347
Share options as of end of Q3 2006 New shares options as of 9 November 2006 Exercised share options in Q4 Anti-dilutive shares options	11,106,006 1,705,000 2,164,475 1,084,674
Average share options outstanding Q4 2006: 11,106,006 + 972,174 {weighted average of granted options in Q4} -/- 1,403,256 {weighted average of exercised share options} -/- 1,08	9,590,250 84,674
Non dilutive share options: 9,590,250 * (exercise price)/(average share price)	4,233,231
Average shares outstanding from dilution of options <sup>1</sup>	5,357,019
Average fully diluted number of shares outstanding Q4 2006	117,517,366
<sup>1</sup> Calculated according to Treasury Method using an average Q4 share price of €3	3.66



# **Share Options Vesting Schedule**

#### Number of options in 2006-2009 (in '000s)

Jun 007	1 Nov 2007	1 Dec 2007	10 Aug 2008	10 Nov 2008	28 Feb 2009	9 May 2009	8 Aug 2009	9 Nov 2009		
2,081									€0.75	
	1,500								€3.75	
		190							€3.75	
			1,110						€26.44	
				3,308					€28.82	
					105	110			€25.50	
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							188	1,705	€28.58 €33.96	
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