

# Q3 2020 RESULTS



Harold Goddijn – CEO

Taco Titulaer – CFO

14 October 2020

Shaosheng Road  
Fair chance Sun Sat 0:00 – 24:00  
\$ 17.00 / hour



350 McAllister St, San Francisco  
TO RETURN, A BRIDGE  
Accessories for sale  
Powersoft Music  
Valid For 2021-06-01-06-30  
VISA

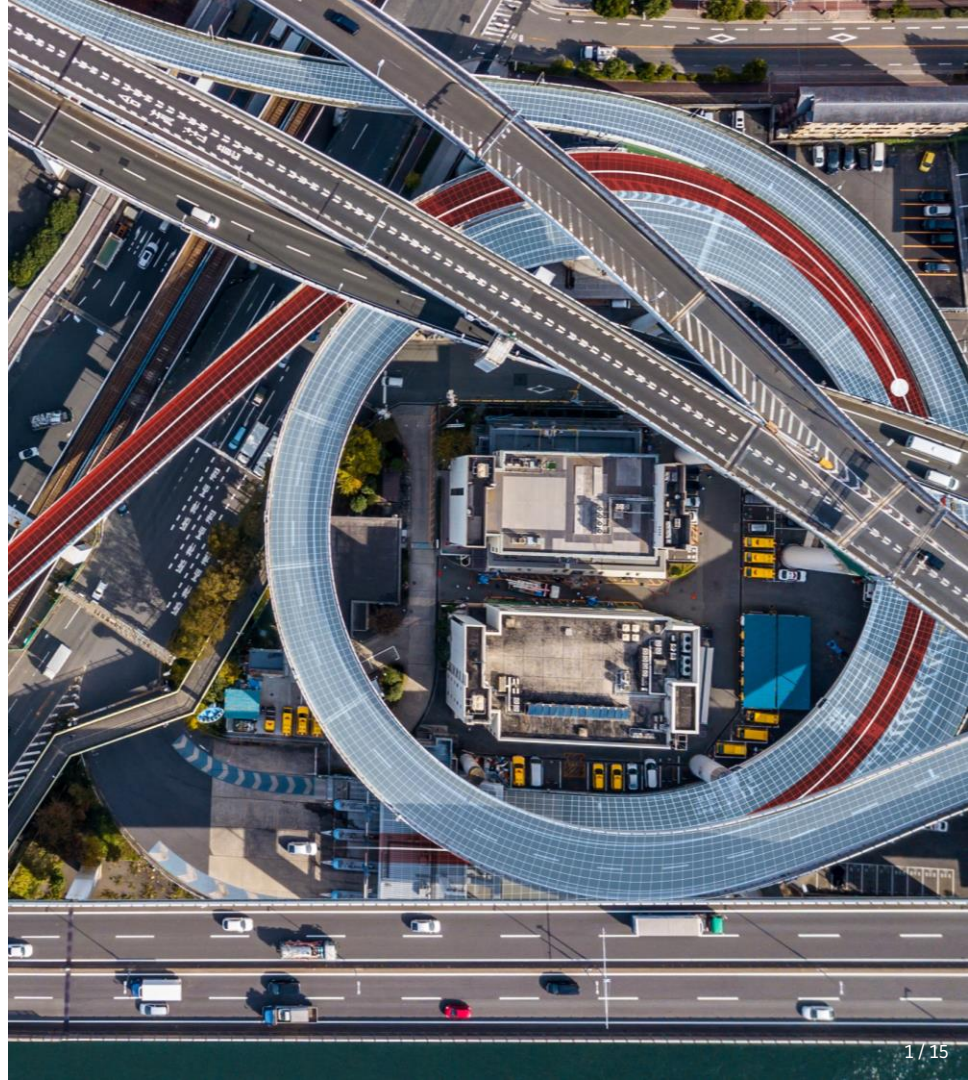


**TOMTOM**



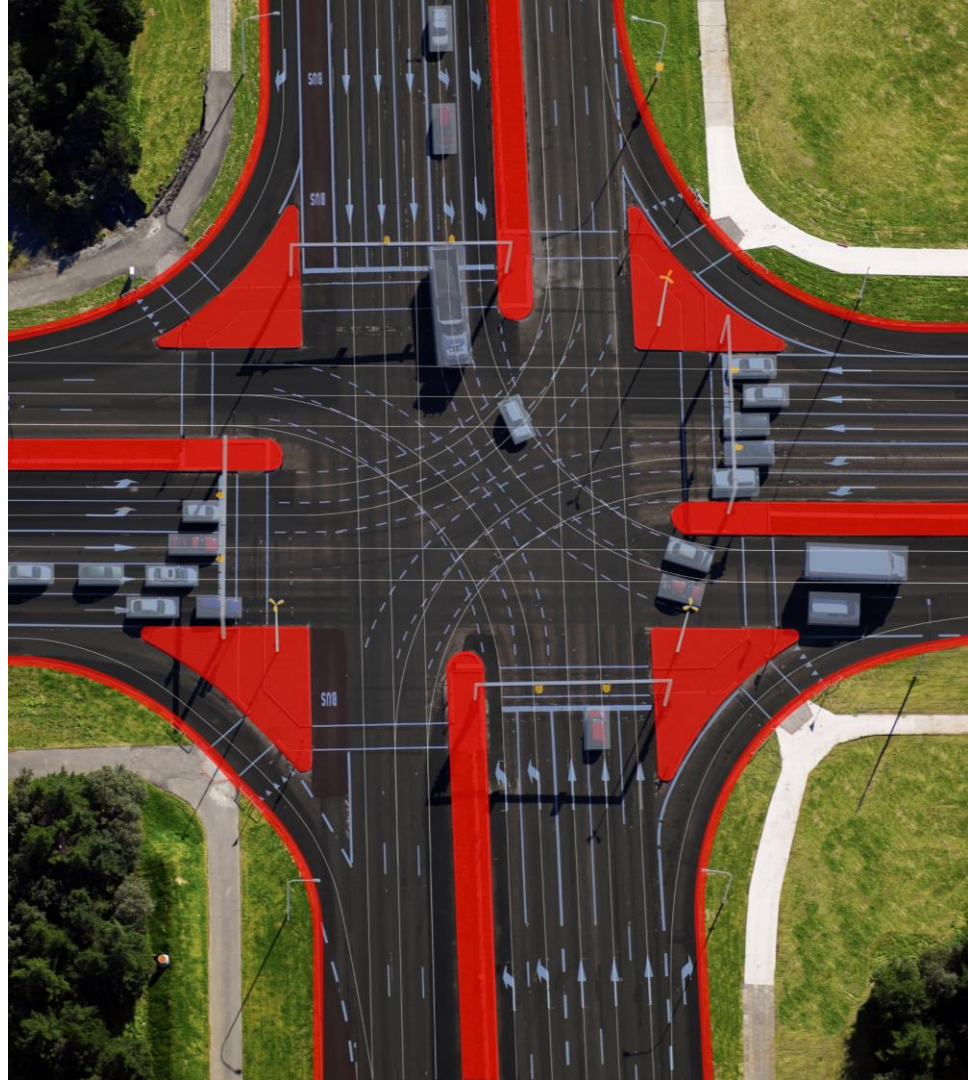
# Operational highlights

- Market conditions continue to improve
- A multiyear contract extension to provide maps, traffic and maps APIs to Uber
- A map editing partnership with Uber helping us maintain the freshest maps
- A new global deal to provide maps, navigation and traffic to Maserati
- A new product launch, RoadCheck, allowing for safer activation of automated driving functions



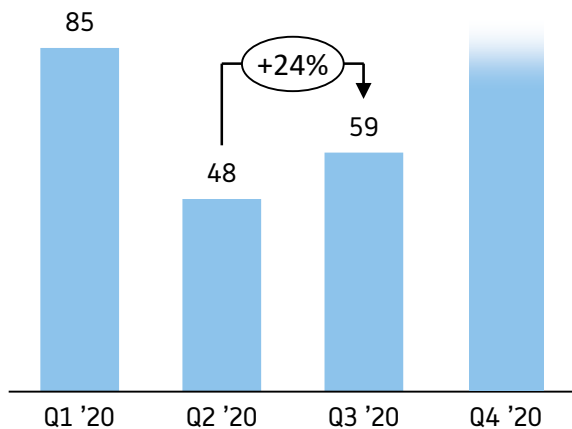
# Financial highlights

- Group revenue of €148m (Q2 '20 €124m | Q3 '19: €164m)
- Automotive operational revenue of €59m (Q2 '20: €48m | Q3 '19: €88m)
- Gross margin of 76% (Q2 '20 86% | Q3 '19: 78%)
- Free cash flow -/- €20m (Q2 '20 -/- €54m | Q3 '19: €23m)
- Net cash of €346m (Q2 '20: €373m | Q3 '19: €393m)



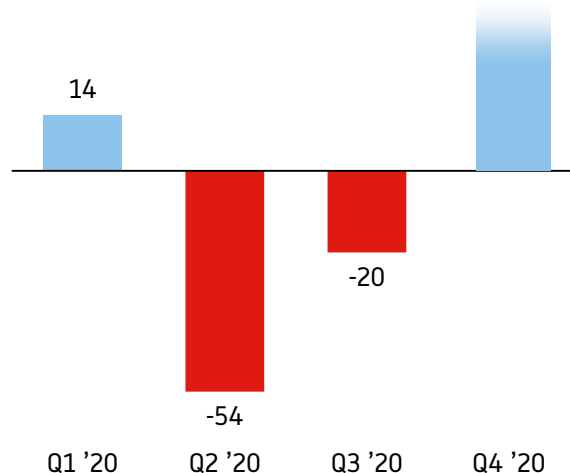
# Quarter on quarter development

Automotive operational revenue  
in € millions



Strong sequential growth expected in Q4 '20

Free cash flow  
in € millions

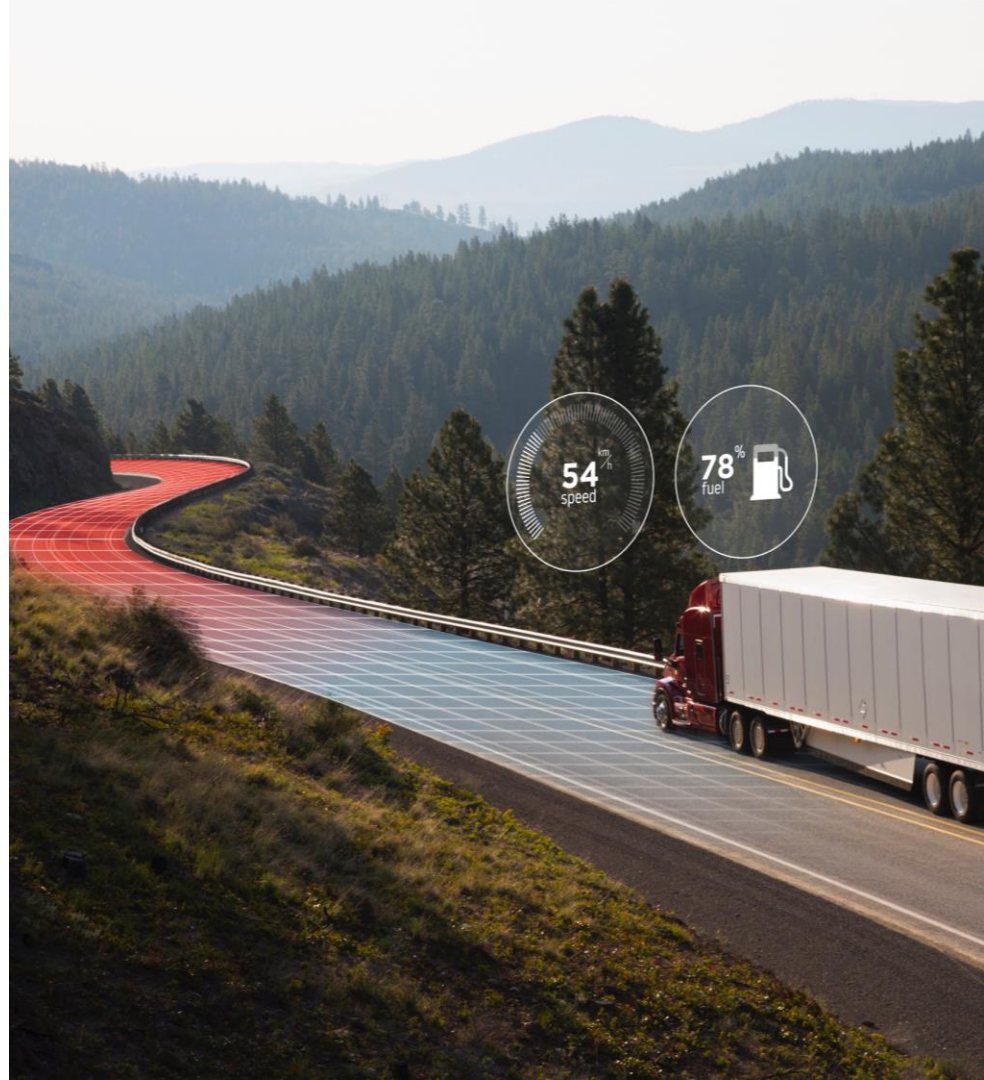


Free cash flow is expected around €30m in Q4 '20

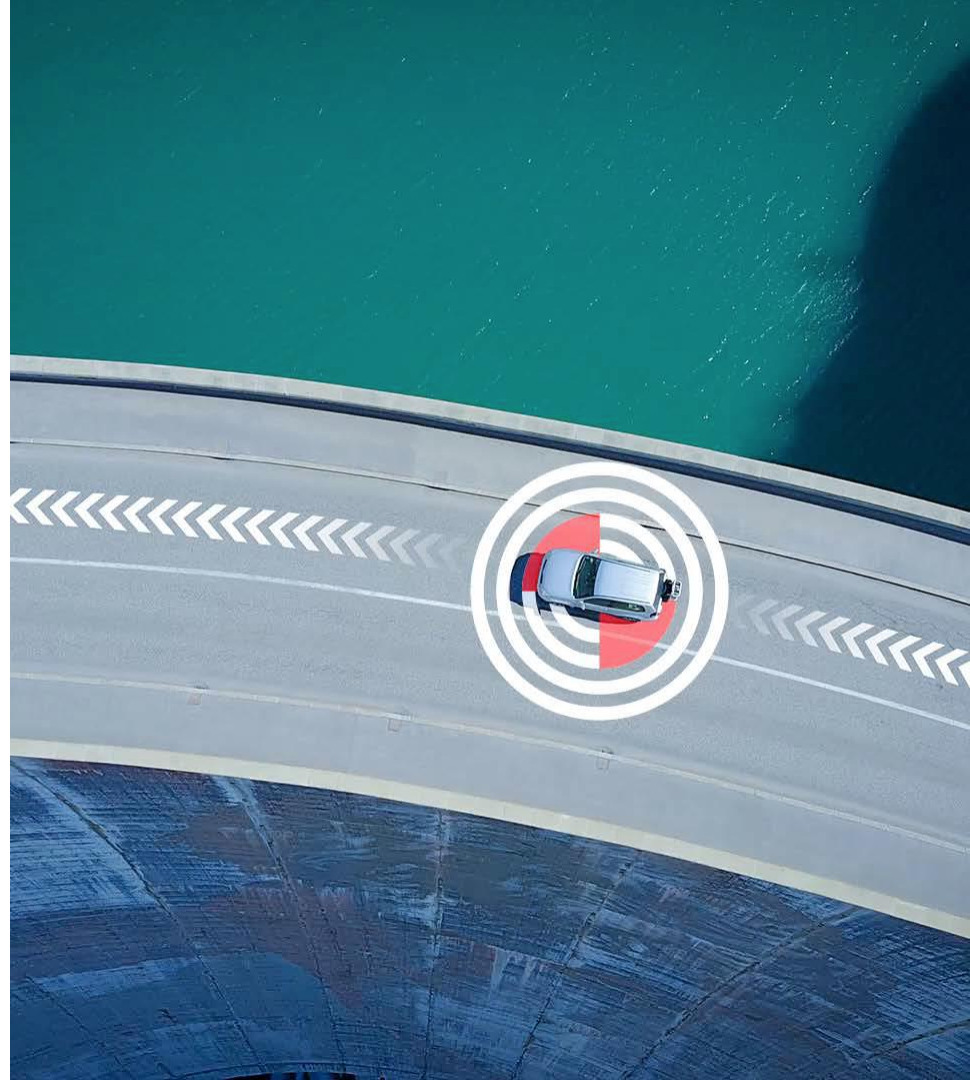


# 2020 Outlook

- Full year revenue expected around €530m
- Full year free cash flow expected around +/- €30m



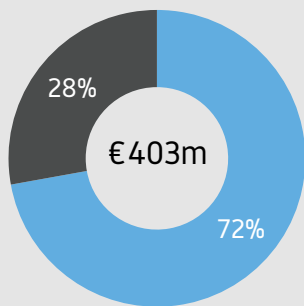
**Thank you –  
Any questions?**



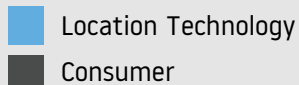
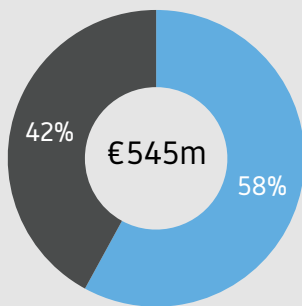
# Revenue breakdown

## BY SEGMENT

YTD '20

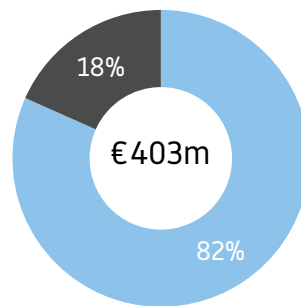


YTD '19

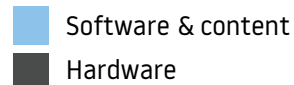
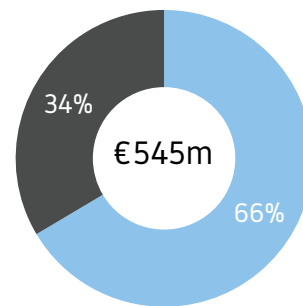


## BY TYPE

YTD '20



YTD '19



# P&L

(€ in thousands)	Q2 '19	Q3 '19	Q4 '19	Q1 '20	Q2 '20	Q3 '20	YTD '20	YTD '19
<b>REVENUE</b>	<b>210,803</b>	<b>164,206</b>	<b>156,223</b>	<b>131,197</b>	<b>123,703</b>	<b>147,851</b>	<b>402,750</b>	<b>544,536</b>
Automotive	75,944	55,404	69,190	49,788	51,588	65,945	167,320	196,474
Enterprise	40,156	41,141	41,187	41,481	42,211	39,654	123,346	119,130
Consumer	94,703	67,661	45,846	39,928	29,904	42,252	112,084	228,932
Cost of sales	68,759	36,277	32,249	28,631	17,921	35,861	82,413	153,309
<b>GROSS RESULT</b>	<b>142,044</b>	<b>127,929</b>	<b>123,974</b>	<b>102,566</b>	<b>105,782</b>	<b>111,990</b>	<b>320,337</b>	<b>391,227</b>
Gross margin	67 %	78%	79%	78%	86%	76%	80%	72%
Research and development expenses	78,840	80,272	91,175	76,195	75,055	80,155	231,405	231,610
Amortization of technology and databases	106,561	65,038	65,120	64,740	64,314	64,293	193,348	196,073
Marketing expenses	6,432	7,057	9,002	6,854	4,946	5,825	17,625	20,434
Selling, general and administrative expenses	33,170	32,647	36,398	32,524	25,665	29,327	87,514	96,346
<b>TOTAL OPERATING EXPENSES</b>	<b>225,003</b>	<b>185,014</b>	<b>201,695</b>	<b>180,313</b>	<b>169,980</b>	<b>179,600</b>	<b>529,892</b>	<b>544,463</b>
<b>OPERATING RESULT (EBIT)</b>	<b>-82,959</b>	<b>-57,085</b>	<b>-77,721</b>	<b>-77,747</b>	<b>-64,198</b>	<b>-67,610</b>	<b>-209,555</b>	<b>-153,236</b>
EBIT margin	-39%	-35%	-50%	-59%	-52%	-46%	-52%	-28%
<b>EBITDA</b>	<b>30,983</b>	<b>15,854</b>	<b>-4,588</b>	<b>-5,442</b>	<b>7,313</b>	<b>3,856</b>	<b>5,726</b>	<b>65,616</b>
EBITDA margin	15%	10%	-3%	-4%	6%	3%	1%	12%
Net result from continuing operations	-65,254	-43,429	-68,958	-62,753	-62,015	-66,968	-191,735	-124,008
Net result tax profit from discontinued operations	807,237							825,852
<b>NET RESULT</b>	<b>741,983</b>	<b>-43,429</b>	<b>-68,958</b>	<b>-62,753</b>	<b>-62,015</b>	<b>-66,968</b>	<b>-191,735</b>	<b>701,844</b>
<b>Automotive operational revenue</b>	<b>89,639</b>	<b>88,254</b>	<b>116,010</b>	<b>85,339</b>	<b>47,858</b>	<b>59,354</b>	<b>192,551</b>	<b>264,632</b>
Diluted EPS from continuing operations	-0.34	-0.33	-0.52	-0.48	-0.48	-0.51	-1.47	-0.67



# Balance Sheet

(€ in thousands)	30-Jun-19	30-Sep-19	31-Dec-19	31-Mar-20	30-Jun-20	30-Sep-20
<b>ASSETS</b>						
Goodwill	192,294	192,294	192,294	192,294	192,294	192,294
Intangible assets	509,597	444,646	380,160	312,168	247,122	181,458
Other contract related assets	21,606	23,679	23,923	26,519	29,885	25,864
Other non-current assets	73,421	72,125	71,454	78,481	79,026	74,443
Inventories	19,033	27,483	25,315	23,971	31,902	27,611
Trade receivables	111,981	136,755	99,776	66,507	52,751	110,105
Unbilled receivables	42,621	33,359	34,374	42,393	52,688	56,400
Other receivables and prepayments	56,891	59,435	45,351	44,539	38,996	35,016
Cash and cash equivalents and fixed term deposits	372,030	392,865	436,520	431,563	373,369	346,463
<b>TOTAL ASSETS</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>1,049,654</b>
<b>TOTAL EQUITY</b>	<b>774,619</b>	<b>735,016</b>	<b>665,932</b>	<b>574,294</b>	<b>516,281</b>	<b>450,503</b>
Deferred tax liability	57,605	42,764	27,283	20,570	14,216	7,527
Lease liability	36,757	34,672	34,268	42,924	43,926	40,143
Provisions	67,261	56,809	55,020	53,555	49,482	54,706
Trade payables	52,871	46,651	47,085	32,266	25,144	22,169
Deferred revenue	296,861	348,230	369,317	395,411	371,950	396,954
Other contract related liabilities	40,519	37,692	26,745	21,031	18,150	19,274
Accruals and other liabilities	72,981	80,807	83,517	78,384	58,884	58,378
<b>TOTAL LIABILITIES</b>	<b>624,855</b>	<b>647,625</b>	<b>643,235</b>	<b>644,141</b>	<b>581,752</b>	<b>599,151</b>
<b>TOTAL EQUITY AND LIABILITIES</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>1,049,654</b>
<b>Net cash</b>	<b>372,030</b>	<b>392,865</b>	<b>436,520</b>	<b>431,563</b>	<b>373,369</b>	<b>346,463</b>

# Cash flow

(€ in thousands)	Q2 '19	Q3 '19	Q4 '19	Q1 '20	Q2 '20	Q3 '20	YTD '20	YTD '19
Operating result	-82,959	-57,085	-77,721	-77,747	-64,198	-67,610	-209,555	-134,220
Financial gains/(losses)	-208	1,424	-1,098	145	-1,059	-2,249	-3,163	779
Depreciation and amortisation	113,942	72,939	73,133	72,305	71,511	71,465	215,281	218,852
Other	-1,764	-12,608	-9,031	800	-1,151	78	-273	-14,568
Changes in working capital <sup>1</sup>	-6,830	23,431	68,062	22,596	-53,089	-19,185	-49,678	-17,585
<b>CASH GENERATED FROM OPERATIONS</b>	<b>22,181</b>	<b>28,101</b>	<b>53,345</b>	<b>18,099</b>	<b>-47,986</b>	<b>-17,501</b>	<b>-47,388</b>	<b>53,258</b>
Interest received	213	339	357	95	585	266	946	829
Interest (paid)	-1,203	-262	-409	-386	-798	-353	-1,537	-1,902
Corporate income taxes (paid)/received	-6,816	-1,062	-2,034	-2,004	-3,932	-1,399	-7,335	-9,765
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>14,375</b>	<b>27,116</b>	<b>51,259</b>	<b>15,804</b>	<b>-52,131</b>	<b>-18,987</b>	<b>-55,314</b>	<b>42,420</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>867,491</b>	<b>-4,445</b>	<b>-226,046</b>	<b>-1,949</b>	<b>32,216</b>	<b>36,340</b>	<b>66,607</b>	<b>853,133</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>-750,221</b>	<b>-2,231</b>	<b>-3,762</b>	<b>-18,633</b>	<b>-2,971</b>	<b>-3,996</b>	<b>-25,600</b>	<b>-755,354</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>131,645</b>	<b>20,440</b>	<b>-178,549</b>	<b>-4,778</b>	<b>-22,886</b>	<b>13,357</b>	<b>-14,307</b>	<b>140,199</b>
<b>Free cash flow</b>								
Cash flow from operating activities	14,375	27,116	51,259	15,804	-52,131	-18,987	-55,314	42,420
Investments in intangible assets	-3,530	-1,573	-1,462					-9,954
Investment in tangible assets	-2,592	-2,872	-2,118	-2,111	-1,849	-1,027	-4,987	-10,526
<b>Free cash flow from total operations</b>	<b>8,253</b>	<b>22,671</b>	<b>47,679</b>	<b>13,693</b>	<b>-53,980</b>	<b>-20,014</b>	<b>-60,301</b>	<b>21,940</b>
Free cash flow from discontinued operations	7,378							-3,866
<b>Free cash flow from continuing operations</b>	<b>15,631</b>	<b>22,671</b>	<b>47,679</b>	<b>13,693</b>	<b>-53,980</b>	<b>-20,014</b>	<b>-60,301</b>	<b>18,074</b>
<i>FCF from continuing operations as a % revenue</i>	<i>7%</i>	<i>14%</i>	<i>31%</i>	<i>10%</i>	<i>-44%</i>	<i>-14%</i>	<i>-15%</i>	<i>3%</i>

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

# Outstanding shares

	Q3 '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	130,207,823	131,541,998
Shares in issue at the end of the period	130,223,136	130,223,136
<b>Average shares in issue during the period<sup>1</sup></b>	<b>130,220,376</b>	<b>130,670,717 [A]</b>
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	928,280	1,465,154
<b>Average potential dilutive share options outstanding during the period<sup>2</sup></b>	<b>941,164</b>	<b>1,637,960</b>
Average non-dilutive share options during the period	658,260	1,114,226
<b>Average shares outstanding from dilution of options<sup>3</sup></b>	<b>282,904</b>	<b>523,734 [B]</b>
<b>Average shares outstanding from dilution of restricted stock units</b>	<b>474,586</b>	<b>536,564 [C]</b>
<b>Average fully diluted shares outstanding during Q3 '20 and YTD '20<sup>4</sup></b>	<b>130,977,866</b>	<b>131,731,015 [A+B+C]</b>

<sup>1</sup> Shares held in treasury of 2 143 536 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 €7.04 and the average share price for the year was €7.81



# 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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LANE #3

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