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PRESENTATION

Operator

Good day, ladies and gentlemen. Welcome to TomTom’s Fourth Quarter and Full Year 2019 Earnings Conference Call. (Operator Instructions) Please note that this conference is being recorded.

I will now turn the call over to your host for today’s conference, Bruno Priuli, Investor Relations Officer. Please go ahead. You may begin.

Bruno Priuli - TomTom N.V. - IR Officer

Thank you, operator. Good afternoon, and welcome to our conference call during which we will discuss our operational and financial highlights for the fourth quarter and full year 2019.

With me today are Harold Godijin, our CEO; and Taco Titulaer, our CFO. We will start today’s call with Harold, who will discuss the key operational developments, followed by a more detailed look at the financial results from Taco. We will then take your questions. As usual, I would like to point out that safe harbor applies.

And with that, Harold, I would like to hand it over to you.

Harold C. A. Godijin - TomTom N.V. - Co-Founder, Chairman of the Management Board & CEO

Yes, thank you very much, Bruno, and welcome to our conference call.

We closed 2019 on a positive note with strong gross margin and cash generation. The full year results were in line with our latest guidance, and we expect the Location Technology business to continue to grow in the coming years.

2019 was an important year for TomTom. We finalized Telematics divestment, and we are now a more focused Location Technology business. Our advanced mapping platform technology helped us to claim a leading position in the emerging HD Map market and the enterprise business showed strong revenue growth. Taco will provide further information on the financial highlights and the financial outlook for 2020 later during this presentation, and I will discuss our key operational highlights and strategic priorities for the year.

During our Capital Markets Day, we introduced automotive backlog as a new KPI to give you better visibility in our future Automotive revenue development. The automotive backlog represents the sum of the total expected IFRS revenue, resulting from all existing awarded deals. The automotive backlog increased since the end of Q2 2019 from EUR 1.6 billion to around EUR 1.8 billion. Order intake and win rate were high. We converted most of the opportunities that were available to us, including the first HD Map deals.
We recently announced a series of new automotive deals. Fiat Chrysler chose TomTom as its global supplier for maps, navigation, traffic and other services for the new Uconnect 5 infotainment system. The brands are Abarth, Alfa Romeo, Chrysler, Dodge, Fiat, Jeep, Lancia and Ram Trucks will all benefit from our products.

Our ADAS Map was integrated to Daimler Trucks predictive power control system, and that allows certain driving functions in the truck to be automated on highways and interurban roads. By automatically adapting speed and predicting gear shifting based on the road ahead, the technology delivers a safer and more comfortable ride, but most importantly, it leaves a significant fuel savings of up to 5% per vehicle as well as lower CO2 emissions.

The new deal with Subaru was announced as for the 2020 Subaru Outback and the legacy U.S. vehicle models. Subaru selected our global map as well as our navigation software and a new user interface was developed for the next-generation infotainment platform.

In the next slide, I want to give you a short overview of our strategic priorities for 2020 and beyond. We're all excited about the progress we've made so far and the opportunities that are ahead of us. And to keep that positive momentum, we will continue to invest in strategic areas, whilst maintaining a positive cash flow philosophy. We will continue to advance our mapmaking capabilities. Investments in software, machine learning and artificial intelligence will lead to a higher degree of automation, and that will result in faster cycle times, lower operational cost per modification, and generally, a more competitive mapping platform. Spending less money in maintaining and building the map allows us to spend more on innovation and differentiating technologies and applications, and that’s a very critical component to our future success.

In the Automotive business, we are transitioning our vehicle integrated navigation system to an online service. This will allow us to deliver a much improved user experience. We will further strengthen our Maps APIs, they are successful. We have early traction, especially in the enterprise space.

All in all, we’re in a strong position. We’re in a stronger position than last year. We have a clear product road map, fantastic team and a strong balance sheet. On top of that, we’re generating cash. So we are ready to capture the opportunities that will open up over the years to come, both in the midterm and certainly in the longer term.

This concludes my part of the presentation. I’m handing over to Taco for a more detailed overview of the financials.

**Taco J. F. Titulaer - TomTom N.V. - Member of Management Board & CFO**

Thank you, Harold. Let me make a couple of comments on the financials and the outlook for the year, and then we can go to the Q&A.

In the fourth quarter of 2019, we reported group revenue of EUR 156 million, which is 10% lower compared with last year. Main reason for the lower group revenue is the anticipated decline in Consumer. Location Technology represents roughly 70% of our group revenue and increased 4% year-on-year to EUR 110 million. Let me go through the details one by one.

Automotive IFRS revenue was down by 6% to EUR 69 million in the quarter, while operational revenue for Automotive increased by 20% to EUR 160 million. Enterprise revenue was up by 24% to EUR 41 million in the quarter. Consumer revenue was down by 32% to EUR 46 million in the quarter, reflecting a decrease in both consumer product as well as automotive hardware revenue.

Gross margin was strong at 79% during the quarter, increasing by 12 percentage points year-on-year. This improvement is mainly the result of a larger proportion of high-margin software and content revenue versus hardware in our revenue mix.

Total operating expenses in the quarter was EUR 202 million, an increase of EUR 72 million compared with the same quarter last year.

As explained, in the previous quarters, the change in the estimated remaining useful life of our map database increased our amortization expenses. Also, R&D expenses increased due to lower capitalization of tools and content, higher personnel costs incurred to support our growing Location Technology business and a EUR 7 million onetime restructuring expense due to a higher degree of automation in our mapmaking system. Moreover,
our SG&A shows a year-on-year increase, mainly due to a one-time gain of EUR 13 million, resulting from a litigation settlement during the fourth quarter of 2018.

The free cash flow from continuing operations was an inflow of EUR 48 million in the quarter, which is EUR 18 million below last year. The lower cash generated from operations is mainly the result of higher personnel expenses and a one-off cash in -- related to the litigation settlement in the fourth quarter of 2018.

Our deferred revenue position is now EUR 369 million compared with EUR 281 million at the end of 2018.

Automotive and Consumer maintained their trends, which means Automotive was up with $106 million to now $278 million, and Consumer is down with $24 million to now $68 million.

At the end of 2019, we reported a net cash position of EUR 437 million. We will execute share buyback of up to EUR 50 million, which represents 4% of our total issued share capital. The share buyback program covers our long-term incentive plan. Our expectations are that the share buyback will be completed before year-end.

Now let me comment on the guidance on the next slide. We delivered on our guidance for 2019. Group revenue for the full year totaled EUR 701 million, 4% above the initial guidance of EUR 675 million.

Our Consumer business outperformed our initial expectations as a result of replacement sales due to the GPS Week Number Rollover issue.

Gross margin of the year came in strong at 74%. The adjusted net results for the full year from continuing operations of EUR 34 million, which translates to an adjusted earnings per share of EUR 0.20. Free cash flow as a percentage of revenue was 9%, close to our initial outlook.

Let's now move on to the outlook for 2020 in more detail. We expect Location Technology's revenue to be between EUR 450 million and EUR 475 million at year-end 2020. We reiterate our midterm revenue guidance for the segment to grow its revenue to around EUR 500 million by 2021, which represents a CAGR of around 10% for the period between 2018 and 2021. Our expectations are supported by a growing automotive backlog of around EUR 1.8 billion and the growth of our Enterprise business. We will continue to invest to improve our competitive position and capture market opportunities.

Free cash flow for the year is expected to be mid- to high single digits percentage of group revenue, with a double-digit FCF as a percentage of group revenue as a midterm target.

The automotive backlog on the next slide. During our Capital Markets Day, we introduced automotive backlog as a new KPI, with the aim of giving better visibility of our future Automotive revenue. Our automotive backlog increased since the end of H1 2019 from around EUR 1.6 billion to around EUR 1.8 billion. The automotive backlog represents the sum of the total expected IFRS revenue resulting from all existing awarded automotive deals. Changes in the backlog are the result of revenue recognition during the period. In this case, the reported revenue in H2, bringing it down with EUR 125 million, offset by an increase as a result of the combination of an estimate of the cumulative value of newly awarded contracts and a reassessment of the previously awarded contracts, which amounts to EUR 325 million. The phasing of 1.1 -- sorry, EUR 1.8 billion backlog into revenue is shown on this slide, where you can see that 2/3 will be reported from 2022 onwards. We'll give an update on the automotive backlog on an annual basis during our full year results.

Looking at the profile of our balance sheet on Slide 9. As previously explained, the nature of our technologies and product is changing. The quality of our products materially increased over the years and the value of our map database is more determined by its refreshed status. We will capitalize a lot less and what we capitalize will be for a shorter duration on our balance sheet. We will, therefore, amortize faster as well.

In 2019, we had a total D&A of EUR 292 million, and this level of amortization will continue in 2020. We expect our intangible assets to be below EUR 200 million by the end of 2020 as shown on this slide. As of 2021, the annual amortization will be much lower and will continue to decline in the years after.
I would now like to comment on our expected 2020 cash spend, and particularly our R&D spend on the next slide. Our total cash spend in 2019 increased compared to 2018 with 14%. For 2020, we expect a more limited increase in our total cash spend. As mentioned by Harold earlier, we will continue to invest in R&D, especially in our mapmaking platform to achieve a higher degree of automation to provide better maps at lower costs. We will also continue to invest in our online architecture to deliver great user experience for connected cars and to improve our Maps APIs.

Operator, this concludes my remarks. We would now like to start with the Q&A session.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) And your first question comes from the line of Francois Bouvignies from UBS.

Francois-Xavier Bouvignies - UBS Investment Bank, Research Division - Technology Analyst

The first question I had is on your orders. Harold, you talked about the orders intake has been solid in 2019. I just wanted to have your view on what is driving that? Is it a market that is growing fast? Or is it because of your market share? Any specifics around that. And how do you see the order intake for 2020? Although you don't disclose the order bookings anymore, just to have a qualitative comments around it. That would be my first question.

Harold C. A. Goddijn - TomTom N.V. - Co-Founder, Chairman of the Management Board & CEO

Yes. Francois, thank you. Yes, so I think the -- generally speaking, we have significantly invested in the last years in everything that has to do with navigation onboard. We have a couple of class-leading products here, including traffic, and our navigation software is now a clear market leader. There's no that many players who can keep up the investment levels that are required for in-car navigation, including the move to online. We've been doing that consistently. I think our customers are happy with the products they take from us. So we are happy that we haven't lost any customers. We get repeat orders. And generally speaking, we're winning market share. It's a combination of all that, that helps us to get stronger in that market. And I expect those trends to continue, especially now with online navigation that is not easy to master. You need to understand that contrary to what you see in a mobile phone, in a car, the navigation system needs to work online, but also needs to be an off-line fallback position if your car is parked in garage or if -- or even if connectivity is not available at all. That means you need to be able to deliver a hybrid experience that gives the optimum user experience in an online situation and a, let's say, somewhat degraded, but still acceptable performance when there is no connectivity. That's not easy. I think we're leading the pack. I think our customers are seeing that they're generally happy with the product road map and, I think, on the strength of that product road map. I believe that in vehicle infotainment, we can continue to win market share.

Francois-Xavier Bouvignies - UBS Investment Bank, Research Division - Technology Analyst

And for the 2020 order intake as a whole for the market, do you see that as a -- like a better year than 2019 -- `18? Or how do you see the addressable market to some extent?

Harold C. A. Goddijn - TomTom N.V. - Co-Founder, Chairman of the Management Board & CEO

Yes. It's hard to predict what the available market is. It's -- I don't want to say anything about the size of the available market in 2020, I think, that wouldn't be right. We don't know enough about it at this stage to give you an accurate report. What we do see, however, is a slight change in attitudes with automotive customers, and there are more looking for more strategic and longer-term partnerships rather than the best price on the latest set of RFQs and RFPs. And I think that's driven by the insight and the requirement to work more collaborative and more efficiently to
provide a much better user experience than what we've been able to do in the past when things were changing rapidly. So I think there's some positive trends there that will help us to establish those longer-term partnerships and solidify them in 2020.

François-Xavier Bouvignies - UBS Investment Bank, Research Division - Technology Analyst

And what do you mean? I mean, is it like the contracts are longer? Or concretely, what does it mean, this change?

Harold C. A. Goddijn - TomTom N.V. - Co-Founder, Chairman of the Management Board & CEO

Well, so, I think, traditionally, what we have seen is that the order -- that the contracts you win in the automotive industry are very much RFQ, request for quotation driven, and mostly driven by where a purchasing department has the latest in the last say in which software developer selects it to power the next generation. That model has some problems. Most importantly is that you need -- a carmaker needs to start all over again with a completely new software stack, new integration, new level of risk and a level of capital destruction goes with that. I think the trend now starts -- seems to start heading for more longer-term partnerships where you work in a more collaborative fashion to deliver location component in an IVI system on a longer-term scale, more as a partner than as a vendor. And I think that is -- we've been waiting for that change. I think that change is overdue, but we now see the first signs that, that's actually happening.

François-Xavier Bouvignies - UBS Investment Bank, Research Division - Technology Analyst

Okay. That's interesting. And on the HD Maps, I mean, you talked briefly about the first deals of HD Maps. Should we expect -- what -- is it like the truck? Or is it like for cars now because this one was...

Harold C. A. Goddijn - TomTom N.V. - Co-Founder, Chairman of the Management Board & CEO

No. So the first one was indeed for trucks, and we made a reference to that deal in our comments earlier. It's very much an HD Map product that's used in a slightly different way. We now have won deals for passenger cars as well in 2019. And it was an important one to get confirmation than what we think is the right product, it's actually meeting market expectations.

François-Xavier Bouvignies - UBS Investment Bank, Research Division - Technology Analyst

Okay. And can you -- we have the sense of the pricing versus a traditional map? I'm not asking the price, but just the magnitude of the average selling price, for example?

Harold C. A. Goddijn - TomTom N.V. - Co-Founder, Chairman of the Management Board & CEO

Well, look, I think what we see for the first time is that carmakers are -- want a subscription model with us. So you get a -- the first contracts we've signed are a certain amount of money per year subscription for a fairly long period of time. So you get a more recurring revenue stream out of HD Maps. That's what we're seeing so far. There's a word of caution, of course, and that is that the full automated driving is taking longer. But what we do see is more and more higher levels of automation vehicles that start to benefit from HD Maps. I think the most important significant development we're seeing is kind of the -- what we've adapted, cruise control on steroids where the car not only keeps its speed, but it keeps its speed dependence on the maximum speed traffic conditions. Car can overtake, can prepare for leaving the motorway and so on and so forth. And for those level 2.5 applications, HD Maps are now requested by a number of carmakers.

François-Xavier Bouvignies - UBS Investment Bank, Research Division - Technology Analyst

Okay. And last one from me is HD Maps, do you expect their contracts to be meaningful in 2020 for you in terms of size of your bookings?
Harold C. A. Goddijn - TomTom N.V. - Co-Founder, Chairman of the Management Board & CEO

For 2020, the invoiced revenue will not be meaningful. Bookings, hopefully, will continue in 2020. Revenue will follow in later years.

Operator

Your next question comes from the line of Marc Hesselink from ING.

Marc Hesselink - ING Groep N.V., Research Division - Research Analyst

My first question would be on the FCA contract that you announced earlier this month or last month. Could you talk a bit more about -- so what is the scope increase versus the initial FCA contract that you have? And I'm talking about -- it's not only a larger number of cars, but it's also clearly that you've increased the software part that you put into and the functionality that you put into. And related to that, is that extra functionality that you're adding, is that something that -- it is more or less a blueprint for other contracts, for other clients going into the future?

Harold C. A. Goddijn - TomTom N.V. - Co-Founder, Chairman of the Management Board & CEO

Well, the -- so we have traditionally strong relationships on the Italian side, and Fiat has been a customer for us for a very long time. But we've never really managed to increase our footprint in Detroit. That has changed dramatically with this contract that we signed some time ago. So for us, only -- it's a major breakthrough in the North American market, with one of the Big 3. It was a crucial deal for us to win. We did win it. Not only did we get the mandate, but we've also been asked by FCA to bring -- have a bigger -- better input and responsibility for the end user experience. So what you see here, what we pioneered with Fiat Chrysler is that the large part of the responsibility for user experience and user interaction was with TomTom. So we've not only engineered all thing, but we did extensive market research and testing and -- to make sure that the offered solution is fit-for-purpose in the North American context as part of the wider IVI software system that everything is well integrated. And I'm very, very pleased the way that worked, both in terms of product, but mostly in terms of collaboration. It was a very collaborative effort, very efficient software development. And I've seen a lot of smiling executives all around. So I think that's a good blueprint for us to have a more meaningful role and more responsibility for what the end product looks like. We're very excited. We're going to launch in the -- I think, in 4, 5 months from now. The first vehicles will go into the market. We have high expectations. And for us, this was a critical deal to establish our footprint in the North American market.

Marc Hesselink - ING Groep N.V., Research Division - Research Analyst

Okay. And the blueprint part for other clients, and not looking at the numbers, but the license fee that you get per car, is that significantly higher than when you used to get for the old FCA contract?

Harold C. A. Goddijn - TomTom N.V. - Co-Founder, Chairman of the Management Board & CEO

Well, it's a different contract. I'm not in a position to discuss commercials, but it's a full stack product, including map updates, including services, traffic information, EV routing, EV charging points and availability. It's a complete software stack that we deliver and maintain with a significant proportion of online services that come with that package. So both in terms of volume, strategic positioning, quality of the product, this is a very critical deal for us.

Marc Hesselink - ING Groep N.V., Research Division - Research Analyst

Okay, clear. And second question would be on the -- the Automotive revenue should -- you guided they picked up the market, they will be more or less flattish year-over-year in 2020, because -- partly because this contract is going -- coming online in the second half of the year. But still, I
would like to get a little bit of feel, what's that happening on the operational revenues? Because if I'm correct, then the first part is expected to be a bit lower this year than last year. So that would imply that operational revenue for automotive would be down year-over-year, which I can't really square with -- I mean, at least some FCA contract coming online with the comment on the higher take rates, which pushed up the backlog. Could you explain me the moving parts there, please?

**Taco J. F. Titulaer** - TomTom N.V. - Member of Management Board & CFO

Yes. So let me first answer your question on the -- where the -- sorry, Marc, I'm just taking my numbers in front of me. The deferred revenue of Automotive increased in 2019 with EUR 115 million. If you -- and the expectation for next year is that it will increase again with EUR 105 million. So the part of this deferred goes up with EUR 105 million, that's indeed a bit lower than what we've seen in 2019. The IFRS revenue, the implicit guidance that we've given is that Enterprise would go up at 5% roughly this year and Automotive with 10%. Does that answer your questions?

**Marc Hesselink** - ING Groep N.V., Research Division - Research Analyst

Yes, partly. I mean it shows that -- where you will be at the end of the year, but still, it seems rather low growth for -- from the auto operational revenue perspective, given the 2 points made before around the FCA contract coming online and also the higher...

**Harold C. A. Goddijn** - TomTom N.V. - Co-Founder, Chairman of the Management Board & CEO

FCA will -- the start of production will be in the second half of 2020, which we normally see is that, that will start with 1 car line, et cetera. So the full revenue effect will not really materialize in 2020.

**Marc Hesselink** - ING Groep N.V., Research Division - Research Analyst

Okay. Clear. And then on the cost side -- the cash cost side. You already explained it will be up, but not as much as before. Is there a bit more magnitude that you can give to that number?

**Taco J. F. Titulaer** - TomTom N.V. - Member of Management Board & CFO

Yes, we can. So the OPEX, the total OPEX, including D&A and excluding CAPEX was EUR 746 million. In 2019, we expect that, that would grow to roughly EUR 780 million with a fairly flat D&A number and a further decline in our CAPEX number of -- yes, that the CAPEX is expected to climb with another EUR 10 million.

**Operator**

Your next question comes from the line of Wim Gille from ABN AMRO Bank.

**Wim Gille** - ABN AMRO Bank N.V., Research Division - Head of Research & Equity Research Analyst

First of all, on the backlog, you showed quite a healthy increase in the second half of about EUR 200 million. I understand that there’s a bit of a split between new order wins that we will likely hear about 2 years from now and a bit of contracts kind of reassessments, if you will. Can you give us a bit of feeling what type of contracts you have won in this particular number? So are we talking about HD Maps or ADAS or SD? Is it more related to services, et cetera?

And my second question would be on IVI. During the Capital Markets Day, you already mentioned that you are planning to play a bigger role. I think we’ve seen the first signs of an increased presence of you guys in IVI software, if you will, with the Subaru contract, and also to a lesser extent,
but also included in the FCA contract. So can you give us a bit of a feeling what are the critical roadblocks that you or milestones that you need to accomplish to kind of get your product lineup in this particular space up to speed? And can you share us -- with us what the customer feedback has been so far in terms of the discussions that you had with clients? Those were my 2 first questions.

**Taco J. F. Titulaer** - TomTom N.V. - Member of Management Board & CFO

Yes. On the new order, yes, I would say everything you mentioned, but with the exception from HD mapping deals, we closed some of those, but that was in the H1. There was nothing that we lost, by the way, but there was nothing to win in H2. But the nature of the order intake was a combination of mapping and ADAS -- traditional mapping, ADAS and services.

**Wim Gille** - ABN AMRO Bank N.V., Research Division - Head of Research & Equity Research Analyst

And with existing clients or also new clients?

**Taco J. F. Titulaer** - TomTom N.V. - Member of Management Board & CFO

Existing clients, yes.

**Wim Gille** - ABN AMRO Bank N.V., Research Division - Head of Research & Equity Research Analyst

Fair. And then with respect to the role that you intend to play in kind of a more holistic approach about IVI software?

**Harold C. A. Goddijn** - TomTom N.V. - Co-Founder, Chairman of the Management Board & CEO

Yes, Wim. Yes, so I'm sure you follow the industry, where car executives are starting to make comments about the complexity of the software landscape. And we've seen some dramatic problems in 2019 with major car lines and major product interactions being delayed because of software issues that are -- kind of demonstrate the complexity of what the industry is trying to achieve here. That is seen as a problem, increasingly also by the car executives, and they're looking for a more effective way of bringing software into the dashboard, and we significantly play a role there. That is as well drives for us to come up with the IVI concept, which is, on one hand, a simplification in the underlying technology, and on the other hand, it provides a much better integration and user interface, not only for traditional navigation but also some integrated safety features like death spot, death corner overtaking other ADAS functionality like adaptive speed control and what have you.

There is a clear need to achieve a level of simplification, but also a sophistication in order to bring software in the dashboard. What are we doing? We're playing a role here in -- we've developed a couple of lighthouse products. IVI is one of them. We are marketing that actively with our customers. We're doing workshops. We're trying to understand the level of appetite and influence our key customers want to have on the development of the roadmap. I think the feedback we've collected so far is positive, both at CES as well as what we see in one-on-ones. And it's a clear view from TomTom what the future of IVI can look like, and we are very excited to develop that thinking in a product further in 2020, together with some of our leading customers.

**Wim Gille** - ABN AMRO Bank N.V., Research Division - Head of Research & Equity Research Analyst

And in terms of the software development from a technological perspective, are you guys already where you need to be? Or are there more meaningful investments to be made to make this product lineup, basically, live up to the expectations of the car executives?
Harold C. A. Goddijn - TomTom N.V. - Co-Founder, Chairman of the Management Board & CEO

Well, there is a minimum viable product that you need to continue to invest in the stuff continuously. There is -- it's quite relentless. But we would be ready for commercial introduction in 2022 and in 2021. That's the timeline we have in mind, but that is within the realm of possibilities, but it's not just that we -- a lot of what we're doing and we have been doing over the last couple of years will contribute to that design vision. And I think we're making good progress. There's a lot of excitement and a lot of enthusiasm to keep going in this direction.

Wim Gille - ABN AMRO Bank N.V., Research Division - Head of Research & Equity Research Analyst

Very good. And some of the order intake that you already reported to date, does it include the IVI stuff that we just discussed? Or is this still more in a, let's say, marketing phase, if you will, and not yet embedded in order intake?

Harold C. A. Goddijn - TomTom N.V. - Co-Founder, Chairman of the Management Board & CEO

No. It's not in the order intake. This is clearly a pre-RFI, pre-RFQ work that we are now committing to together with some of our key customers.

Wim Gille - ABN AMRO Bank N.V., Research Division - Head of Research & Equity Research Analyst

Very good. Then I have a question on the share buyback. You mentioned that you're going to do a EUR 50 million share buyback, but you're not going to cancel any shares so as to offset the dilution from share-based payments. If I look back at my cash flow statements to 2012, you have a cumulative share-based compensation of about EUR 30 million. So I do understand that you have an ongoing dilution of about 1 million shares based on share performance plans. But the gap still seems a bit big for me. So can you maybe explain to me a little bit better what the gap is that we are looking at? Or are you already kind of front-loading, if you will, on treasury shares in order to be able to kind of offset the dilution that you expect in the future years?

Taco J. F. Titulaer - TomTom N.V. - Member of Management Board & CFO

You're correct, is that the run rate for at least this year and what we've seen in the last couple of years is roughly EUR 1 million. So the backlog where we are today is 5.4 million and we have less than 1 million treasury shares left from our previous share buyback. So by the end of Q2, these numbers -- so if you look at the current treasury shares, less than 1 million, the backlog over 5 million, adding another 1 million this year, if you multiply the 5 million times the share price roughly of today of EUR 10, then you end up with the EUR 50 million.

Wim Gille - ABN AMRO Bank N.V., Research Division - Head of Research & Equity Research Analyst

Fair. And the backlog of 5.5 million, sorry, a different approach to that thing. How long is your typical vesting period? In other words, how do we get to...

Taco J. F. Titulaer - TomTom N.V. - Member of Management Board & CFO

3 years.

Wim Gille - ABN AMRO Bank N.V., Research Division - Head of Research & Equity Research Analyst

3 years. So how do we get to a backlog of 5.5 million, if the run rate is 1 million shares a year?
Thank you. This concludes today's presentation. Thank you for participating. You may now disconnect.

(Operator Instructions) There are no further questions, please continue.

Yes. That's fairly -- that's good. And last question from my end. You mentioned, Harold, in the prepared remarks that you had an excellent win rate. Can you, let's say, quantify that? Or can you give us a bit more feeling on market share developments based on your internal calculations in 2019?

No. I don't have those numbers also because the -- of course, the German kind of -- what's happening there is not very transparent to us. What we do know is that, especially on the software side, our market share, we now have the largest vendor of navigation software for embedded systems in the auto industry. And we can also see that a lot of companies who used to have an offering in that space are no longer offering that. So there is a level of consolidation taking place, and we are the prime beneficiary of that. What we do know is our market share in traffic is high. 85% market share in Europe and about 40% market share in North America for embedded systems, so that's good. And the investment in creating modular software components that can be used to cost efficiently build a good product have really started to pay off with a significant market share win, but also consolidation is taking place. As I said earlier, it's kind of good to see that it's really happening. And that is -- I think it's a positive trend for us.

If there are no further questions, I would like to thank you all for joining us this afternoon. Operator, you can close the call.

Operator

Thank you. This concludes today's presentation. Thank you for participating. You may now disconnect.

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