



TomTom Reports Second Quarter Results 2007
Strong revenue and profitability

Second quarter 2007 financial highlights

- Revenue of €380 million, up 29% sequentially and up 37% year on year
- Portable navigation device (PND) volume of 1.8 million, up 36% sequentially and up 118% year on year
- Gross margin of 45%, up 5 points sequentially and up 2 points year on year
- Operating margin of 25%, up 6 points sequentially and up 2 points year on year
- Net profit of €68 million, up 56% sequentially and up 81% year on year
- Fully diluted EPS of €0.58, up 56% sequentially and up 81% year on year
- Net cash flow from operating activities of €72 million

Second quarter 2007 operational highlights

- New TomTom GO range launched
- Map Share™ proprietary map improvement technology announced
- Joint development announced with Vodafone UK to deliver unique new advanced travel time information system in the UK

Outlook 2007

- European and North American markets for PNDs together expected to grow to around 21 million units in 2007
- Revenue expectation for 2007 of between €1.6 billion to €1.8 billion maintained
- PND unit forecast for 2007 increased to between 8 and 9 million
- Gross margin of at least 40% of revenue and operating margin of at least 20% of revenue now expected for the full year

Tele Atlas N.V. acquisition

- Today we announce that TomTom N.V. intends to make a cash offer of € 21.25 per ordinary share for Tele Atlas N.V. We refer to a joint press release for detailed information.

Key figures*

<i>(unaudited)</i> <i>(in € millions)</i>	Q2'07	Q1'07	Change	Q2'06	Change	H1 '07	H1 '06	Change
Revenue	380	296	29%	277	37%	676	533	27%
Gross profit	169	118	43%	118	44%	288	207	39%
<i>Gross margin</i>	45%	40%		43%		43%	39%	
Operating profit	93	57	65%	64	47%	150	114	32%
<i>Operating margin</i>	25%	19%		23%		22%	21%	
Net profit	68	44	56%	38	81%	112	69	62%
EPS - fully diluted (in €)	0.58	0.37	56%	0.32	81%	0.96	0.59	62%

* percentages are based on non-rounded figures

TomTom's Chief Executive Officer, Harold Goddijn said:

"In the second quarter of 2007, TomTom again delivered good results with strong revenue and strong profitability. We continue to deliver high margins, demonstrating our ability to manage our growth and costs.

These results are underpinned by the quality of our products and services. We continue to provide innovation leadership in the personal navigation category which was once more demonstrated recently by the positive reaction of our partners to the launch of our new GO range and our revolutionary new Map Share™ technology in early June.

We are especially excited about our second country contract to deliver superior real time traffic services. This will be made available to our customers in the UK in the first half of 2008. The launch of the Dutch service is expected in the second half of 2007.

For the second half of the year, we have a strong product line-up in place and market conditions in both Europe and North America continue to be very positive. We now expect to ship a higher number of PND units and to deliver stronger margins for the full year when compared to our guidance last quarter.

Outlook 2007

The PND market will grow at a faster rate in 2007 than previously assumed. We now expect that the European PND market will grow to between 14 and 15 million units in 2007 (2006: 8.5 million), while the American PND market is expected to grow to between 6 and 7 million units (2006: 2.5 million). We now expect that our volumes of PNDs will nearly double to between 8 million and 9 million units worldwide.

We reiterate our full year revenue guidance of between €1.6 billion and €1.8 billion and we now expect to deliver a gross margin of at least 40% of revenue and an operating margin of at least 20% of revenue for the full year.

TomTom is well positioned for continued growth in the second half of the year particularly in the seasonally strong fourth quarter.

Operational review

The European market for PNDs for the quarter doubled year on year to over 3 million units. In the same period the North American market tripled to well over 1 million units. Our market shares remained strong with European market share in the quarter being a little under 50%, and our market share in North America being over 20%.

In April, we introduced our first midrange product, the TomTom ONE XL. With a 4.3 inch touch screen and a new slick design we now have a product portfolio which addresses every important price point through our value, mid and premium ranges.

In June, we revealed the successor of our premium product range, the TomTom GO. It offers unique new features and technologies and delivers the most cutting-edge satellite navigation solutions available on the market today. Some examples of these innovations are the unique new TomTom Map Share™ technology that allows users to improve maps instantly and to benefit from all improvements made by other users, and an extensive industry leading range of safety features.

TomTom took the next step in the execution of its content and services strategy by entering into an agreement with Vodafone UK to deliver our new revolutionary traffic information system. This agreement followed a similar agreement with Vodafone in the Netherlands which was announced in October last year. We plan to roll out this service in the Netherlands in the second half of this year, and in the UK in the first half of next year. It is our ambition to have our traffic services available to 50% of our installed European base by the end of 2008.

The acquisition of a team of approximately 90 engineers from Siemens VDO and the establishment of a dedicated automotive team in Eindhoven mark early steps towards the development of solutions aimed at the in-dash navigation market.

TomTom WORK continues to make good progress and now has over 24,000 active subscribers, a sequential increase of 33% and a year on year increase of over 250%. In June TomTom WORK was awarded the "Frost & Sullivan's 2007 European Commercial Vehicle Telematics Product Differentiation Innovation of the Year Award".

Financial review

<i>(unaudited)</i> <i>(in € millions)</i>	Q2'07	Q1'07	Change	Q2'06	Change	H1'07	H1'06	Change
Revenue								
PNDs	352	271	30%	257	37%	623	490	27%
PDA/smartphone solutions	7	8	-9%	8	-9%	15	17	-12%
Other	21	17	26%	12	81%	38	26	51%
Total	380	296	29%	277	37%	676	533	27%
Number of units sold (in 000s)								
PNDs	1,807	1,330	36%	830	118%	3,137	1,592	97%
PDA/smartphone solutions	216	184	17%	82	163%	400	173	131%
Total	2,023	1,514	34%	912	122%	3,537	1,765	100%
Average selling price								
PNDs (in €)	195	204	-4%	310	-37%	198	308	-36%
PDA/smartphone solutions (in €)	34	44	-22%	97	-65%	38	101	-62%

* percentages are based on non-rounded figures

Revenue

Revenue for the second quarter was €380 million, an increase of 29% sequentially (Q1 2007: €296 million) and 37% year on year (Q2 2006: €277 million).

Revenue from PND sales represented 93% of total revenue in the quarter (Q1 2007: 92%; Q2 2006: 93%) and increased by €81 million or 30% compared to the first quarter to €352 million (Q2 2006: €257 million). This was due to seasonality and the introduction of new products, of which the ONE XL was the main driver.

Europe represented 82% of total revenue for the quarter (Q1 2007: 86%; Q2 2006: 89%), revenues from North America were 15% of total revenue (Q1 2007: 12%; Q2 2006: 10%) and revenues from the rest of the world were 3% of total revenue (Q1 2007: 2%; Q2 2006: 1%).

Other revenues increased to €21 million for the quarter, up from €17 million in the first quarter of 2007 and increased by 81% year on year (Q2 2006: €12 million) as we saw increased sales from map downloads and PLUS services.

Revenues from Software Solutions for PDA and smartphones saw little movement and came in at €7 million for the quarter, down from €8 million both in the first quarter of 2007 and the second quarter of 2006.

Volumes and average selling prices

In the second quarter 1.8 million PND units were shipped which represented a 36% increase sequentially (Q1 2007: 1.3 million) and 118% year on year (Q2 2006: 0.8 million).

The average selling price of PNDs for the quarter was €195, a decrease of 4% compared to the previous quarter and a decrease of 37% year on year (Q2 2006: €310). The

decrease in ASP was driven by a shift in the product mix from our premium line towards our mid range products following the introduction of the ONE XL.

Channel inventory

The stock in the channel at the end of the quarter was stable compared to the previous quarter. This was for a large part due to the build up of stock of the newly introduced ONE XL making up for the sell-out of the existing GO range.

Gross margin

The gross margin for the quarter was 44.6% an increase of 4.6 percentage points sequentially (Q1 2007: 40.0%) and an increase of 1.9 percentage points compared to the second quarter of 2006 (Q2 2006: 42.5%). The sequential increase of gross margin was mainly caused by the higher product margin of the products sold in the second quarter. This was the result of the introduction of new, high margin products together with cost reductions across our continuing products.

Operating expenses

Total operating expenses for the quarter increased by 23% or €14.5 million to €76 million compared to the first quarter (Q1 2007: €61.6 million). The increase was mainly caused by seasonally high marketing spend and increased R&D expenses. Year on year there was a 40% (€21.9 million) increase in operating expenses (Q2 2006: €54.2 million). Operating expenses (excluding stock compensation expenses) as a proportion of revenue for the quarter were stable at 18% (Q1 2007: 18%; Q2 2006: 18%).

The research and development (R&D) expenses for the quarter increased sequentially by 26% to €13.5 million (Q1 2007: €10.7 million), and year on year by 46% (Q2 2006: €9.2 million). This increase was due to the growth of our R&D department. Over the past year we have added 250 new employees in our research and development department including the engineers from Siemens VDO. R&D expenses represented 3.6% of revenue compared to 3.6% in the previous quarter and 3.3% in the second quarter of last year.

Marketing expenses were seasonally high at €33.3 million (Q1 2007: €20.8 million), an increase of 60%. This was due to increased advertising spend to support the launch of new products. Marketing costs showed an increase of 29% year on year (Q2 2006: €25.8 million). They represented 8.8% of revenue, up from 7.0% in the previous quarter and down from 9.3% in the second quarter of last year.

Selling, general and administrative (SG&A) expenses for the quarter decreased by 5% to €21.5 million sequentially (Q1 2007: €22.6 million) and increased by 51% year on year (Q2 2006: €14.2 million). The sequential decrease results from lower professional charges, in particular legal expenses and tight control of costs. SG&A costs represented 5.6% of revenue compared to 7.6% in the previous quarter and 5.1% in the second quarter last year.

Stock compensation expenses for the quarter increased by 3% sequentially to €7.8 million (Q1 2007: €7.5 million; Q2 2006: €4.9 million). The stock compensation expenses for the quarter include €0.3 million of expenses for the share based incentive plan that was introduced in the second quarter and which has replaced the share option plan going forward.

The operating profit for the quarter was €93 million or 24.5% of revenue which was 5.4 percentage points higher than in the first quarter of 2007 and 1.5 percentage points higher than in the second quarter of 2006.

Financial income and expenses

Financial income and expenses consisted of an expense of €0.4 million compared to a gain of €3.1 million in the first quarter of 2007 and an expense of €11.9 million in the second quarter of 2006. The financial expense results from a €5.0 million loss on foreign exchange hedge instruments as a result of the weakening of the US dollar against the euro during the quarter. This was almost entirely offset by €4.6 million of interest income.

Tax

Income tax increased by 54% to €24.6 million compared to the first quarter of 2007 (Q1 2007: €16.0 million) and increased by 76% compared to the second quarter of 2006 (Q2 2006: €14.0 million). The effective tax rate for the quarter was 26.5% (Q1 2007: 26.7%; Q2 2006: 26.9%).

Cash flow

In the second quarter €105 million of cash was generated by operations mainly driven by the operating profit of €93.4 million. Net cash increased by €43.7 million. The cash outflow on investing activities largely consisted of the acquisition of a patent portfolio in the second quarter.

Balance sheet

At the end of the second quarter, we had shareholder's equity of €679 million, up from €602 million at the beginning of the quarter. Cash and cash equivalents at the end of the period amounted to €556 million (Q1 2007: €513 million).

The acquisition of a patent portfolio in the second quarter was the driver of the sequential increase in intangible assets. Our outstanding trade receivables increased in the quarter by €60 million to €264 million due to strong sales at the end of the quarter. Inventories decreased sequentially by €19 million to €66 million due to strong demand from customers. Our warranty and intellectual property related provisions increased, reflecting the growth of the business. Trade payables increased by €29 million due to high volumes of product deliveries which were quickly turned around.

Contacts

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Audio web cast Q2 2007 results

The information for our second quarter results audio web cast is as follows:

Time: Monday 23 July 2007 at 14:00 CET

Place: <http://investors.tomtom.com/tomtom/presentations/>

TomTom is listed on the Amsterdam Stock Exchange

ISIN: NL0000387058

Symbol: TOM2

About TomTom

TomTom NV is the world's largest navigation solution provider. TomTom's products are developed with an emphasis on innovation, quality, ease of use, safety and value. TomTom's products include all-in-one navigation devices which enable customers to navigate right out of the box; these are the award-winning TomTom GO family, the TomTom ONE XL, TomTom ONE and the TomTom RIDER. TomTom PLUS, is the location-based content and services offering for TomTom's navigation products easily available through TomTom HOME. TomTom also provides navigation software products which integrate with third party devices; the TomTom NAVIGATOR software for PDAs and smartphones. TomTom WORK combines industry leading communication and smart navigation technology with leading edge tracking and tracing expertise. TomTom's products are sold through a network of leading retailers in 25 countries and online. TomTom was founded in 1991 in Amsterdam and has offices in Europe, North America and Asia Pacific. TomTom is listed at Euronext, Amsterdam Stock Exchange in The Netherlands. For more information, go to <http://www.tomtom.com>.

Consolidated income statements

(unaudited)
(in € thousands)

	Q2 '07	Q2 '06	H1 '07	H1 '06
Revenue	380,287	277,127	676,143	533,007
Cost of sales	210,844	159,248	388,496	326,424
Gross profit	169,443	117,879	287,647	206,583
Operating expenses				
Research and development	13,507	9,236	24,187	14,802
Marketing	33,339	25,775	54,099	40,723
Selling, general and administrative	21,460	14,245	44,087	27,436
Stock compensation	7,783	4,915	15,331	9,686
Total operating expenses	76,089	54,171	137,704	92,647
Operating profit	93,354	63,708	149,943	113,936
Net financial expenses and income	-388	-11,905	2,734	-16,731
Profit before tax	92,966	51,803	152,677	97,205
Income tax	24,621	13,960	40,586	28,097
Net profit	68,345	37,843	112,091	69,108
Average number of shares outstanding				
Basic (in 000s)	113,018	109,900	112,970	109,093
Diluted (in 000s)	117,387	117,342	117,334	117,008
Earnings per share - basic (in €)	0.60	0.34	0.99	0.63
Earnings per share - diluted (in €)	0.58	0.32	0.96	0.59

Consolidated balance sheets

(unaudited)
(in € thousands)

	30 Jun 2007	31 Dec 2006
Non-current assets		
Intangible assets	59,750	39,183
Property, plant and equipment	10,323	7,926
Deferred tax assets	17,880	12,061
Total non-current assets	87,953	59,170
Current assets		
Inventories	65,908	123,005
Trade receivables	263,563	265,990
Other receivables and prepayments	17,077	16,320
Other financial assets	2,754	682
Cash and cash equivalents	556,438	437,801
Total current assets	905,740	843,798
Total assets	993,693	902,968
Equity and liabilities		
Shareholders' equity		
Share capital	22,654	22,584
Share Premium	115,631	115,075
Legal reserves	5,096	2,804
Stock compensation reserve	46,988	32,364
Retained earnings	488,239	377,963
Total equity	678,608	550,790
Provisions	66,697	43,785
Deferred tax liability	1,025	1,300
Current liabilities		
Trade payables	64,516	66,744
Tax and social security	51,634	72,557
Accruals	55,814	88,683
Other liabilities	75,399	79,109
Total current liabilities	247,363	307,093
Total equity and liabilities	993,693	902,968

Consolidated statements of cash flows

(unaudited)
(in € thousands)

	Q2'07	Q2'06	H1 '07	H1 '06
Cash flow from operating activities				
Operating profit	93,354	63,708	149,943	113,936
Financial losses	-6,584	-6,196	-11,675	-8,014
Depreciation and amortization	5,109	5,696	10,381	8,603
Change to provisions	20,842	2,513	22,931	5,776
Change to stock compensation reserve	7,076	4,761	14,624	9,451
Changes in working capital:				
Decrease in inventories	19,364	27,107	57,096	53,188
(Increase)/Decrease in receivables and prepayments	-70,044	-47,104	1,124	-71,515
Increase/(Decrease) in current liabilities	35,882	18,295	-41,737	31,356
Cash generated from operations	104,999	68,780	202,687	142,781
Interest received	4,608	1,820	8,801	3,180
Corporate income taxes paid	-37,148	-7,309	-59,822	-17,590
Net cash flow from operating activities	72,459	63,291	151,666	128,371
Investments in intangible assets	-26,087	-1,443	-27,432	-17,635
Investments in property, plant and equipment	-3,270	-2,302	-5,913	-4,115
Total cash flow used in investing activities	-29,357	-3,745	-33,345	-21,750
Proceeds on issue of shares	626	116	626	220
Total cash flow from financing activities	626	116	626	220
Net increase in cash and cash equivalents	43,728	59,662	118,947	106,841
Cash and cash equivalents at beginning of period	512,598	225,132	437,801	178,377
Exchange rate effect on cash balances held in foreign currencies	112	-3,512	-310	-3,936
Cash and cash equivalents at end of period	556,438	281,282	556,438	281,282

Consolidated statement of changes in stockholders' equity

(unaudited)
(in € thousands)

	Share capital	Share premium	Legal reserves	Stock compens. reserve	Retained earnings	Total
31 Dec 2006	22,584	115,075	2,804	32,364	377,963	550,790
Translation differences			477			477
Transfer to legal reserves			1,815		-1,815	0
Net income (expense) recognised directly in equity	0	0	2,292	0	-1,815	477
Profit for the year					112,091	112,091
Total recognised income and expense	0	0	2,292	0	110,276	112,568
Stock compensation reserve				14,989	0	14,989
Issue of Share Capital	70	556		-365		261
30 Jun 2007	22,654	115,631	5,096	46,988	488,239	678,608

Accounting policies

Basis of accounting

The condensed consolidated financial statements for the three-month period ended 30 June 2007 with related comparative information have been prepared using International Financial Reporting Standards (IFRS). Accounting policies and methods of computation followed in the interim financial statements, for the period ended 30 June 2007, are the same as those followed in the Financial Statements for the year ended 31 December 2006. Further disclosures as required under IFRS for a complete set of consolidated financial statements are not included in the condensed consolidated financial statements.

Segment reporting

The Company offers PNDs and navigation solutions for PDAs and smartphones. The Company generates sales across different geographical regions.

<i>(unaudited)</i> <i>(in € millions)</i>	Q2'07	Q2'06	H1 '07	H1 '06
Revenues per Region				
Europe	311,450	247,575	565,396	482,647
North America	56,663	27,200	93,009	43,635
Rest of world	12,174	2,352	17,738	6,725
Total	380,287	277,127	676,143	533,007

This document contains certain forward-looking statements relating to the business, financial performance and results of the Company and the industry in which it operates. These statements are based on the Company's current plans, estimates and projections, as well as its expectations of external conditions and events. In particular the words "expect", "anticipate", "estimate", "may", "should", "believe" and similar expressions are intended to identify forward-looking statements. Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. These include, but are not limited to: the level of consumer acceptance of existing and new and upgraded products and services; the growth of overall market demand for the Company's products or for personal navigation products generally; the Company's ability to sustain and effectively manage its recent rapid growth; and the Company's relationship with third party suppliers, and its ability to accurately forecast the volume and timing of sales. Additional factors could cause future results to differ materially from those in the forward-looking statements.