

TomTom publishes quarterly 2017 consolidated condensed statement of income using IFRS 15 and IFRS 16 accounting standards

Amsterdam, 5 October 2018

Transition to new accounting standards

The purpose of this report is to provide disclosure on the 2017 quarterly impact of the IFRS 15 and IFRS 16 accounting standards adoption.

The impact on our income statement for full year 2017 is provided for completeness, as it was previously disclosed in [the Q4 and full year 2017 results report](#), on page 12, published on 6 February 2018.

We also provide the adjusted earnings per share based on our new definition, and the net movement of deferred and unbilled revenues and deferred cost of sales per segment.

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Consolidated condensed statement of income using IFRS 15 and IFRS 16 accounting standards: Q1 2017

(€ in millions)	Q1 '17 Reported	IFRS 15	IFRS 16	Q1 '17 Restated
Automotive & Enterprise	74.1	3.4		77.5
<i>Automotive</i>	41.1	3.6		44.7
<i>Enterprise</i>	33.0	-0.2		32.8
Telematics	40.6	-0.7		39.9
Consumer	98.0	-2.4		95.6
Total Revenue	212.7	0.3		213.0
Cost of sales	80.3	-0.8		79.6
Gross result	132.4	1.1		133.5
Research and development expenses	50.2			50.2
Amortisation of technology and databases	22.4			22.4
Marketing expenses	14.3	-1.5		12.8
Selling, general and administrative expenses	50.3		-0.7	49.6
Impairment charge				
Total operating expenses	137.2	-1.5	-0.7	135.0
Operating result (EBIT)	-4.9	2.6	0.7	-1.5
EBITDA	28.0	1.8	4.2	34.0
Interest result	-0.2		-0.3	-0.4
Other financial result	0.4			0.4
Result of associates	0.1			0.1
Result before tax	-4.5	2.6	0.5	-1.4
Income tax (expense) / gain	-0.1	-0.6	-0.1	-0.8
Net result	-4.6	2.0	0.4	-2.2
Earnings per share:				
EPS, € diluted	-0.02	0.01	0.00	-0.01
Adjusted EPS ¹ , € diluted	-0.04	0.01	0.00	-0.03
Basic number of shares (in millions)	233.1	233.1	233.1	233.1
Diluted number of shares (in millions)	236.9	236.9	236.9	236.9

¹For the new adjusted EPS definition refer to page 7 and 8 of this press release.

Consolidated condensed statement of income using IFRS 15 and IFRS 16 accounting standards: Q2 2017

(€ in millions)	Q2 '17 Reported	IFRS 15	IFRS 16	Q2 '17 Restated
Automotive & Enterprise	87.0	0.5		87.5
<i>Automotive</i>	48.4	0.6		49.0
<i>Enterprise</i>	38.6	-0.2		38.5
Telematics	40.1	0.9		41.0
Consumer	126.3	-1.8		124.6
Total Revenue	253.4	-0.4		253.0
Cost of sales	92.8	-2.4		90.4
Gross result	160.6	2.0		162.6
Research and development expenses	53.5			53.5
Amortisation of technology and databases	24.4			24.4
Marketing expenses	21.8	-2.2		19.5
Selling, general and administrative expenses	51.7		-0.8	51.0
Impairment charge	168.7			168.7
Total operating expenses	320.1	-2.2	-0.8	317.1
Operating result (EBIT)	-159.5	4.3	0.8	-154.5
EBITDA	45.2	0.9	4.3	50.4
Interest result	-0.3		-0.2	-0.6
Other financial result	1.5			1.5
Result of associates	0.2			0.2
Result before tax	-158.1	4.3	0.6	-153.3
Income tax (expense) / gain	-1.9	-1.0	-0.1	-3.0
Net result	-160.1	3.3	0.4	-156.4
Earnings per share:				
EPS, € diluted	-0.68	0.01	0.00	-0.67
Adjusted EPS ¹ , € diluted	0.02	0.01	0.00	0.03
Basic number of shares (in millions)	234.4	234.4	234.4	234.4
Diluted number of shares (in millions)	238.1	238.1	238.1	238.1

¹For the new adjusted EPS definition refer to page 7 and 8 of this press release.

Consolidated condensed statement of income using IFRS 15 and IFRS 16 accounting standards: Q3 2017

(€ in millions)	Q3 '17 Reported	IFRS 15	IFRS 16	Q3 '17 Restated
Automotive & Enterprise	81.1	0.3		81.3
<i>Automotive</i>	47.2	0.4		47.7
<i>Enterprise</i>	33.8	-0.2		33.7
Telematics	39.4	1.3		40.7
Consumer	97.2	-0.6		96.6
Total Revenue	217.7	1.0		218.6
Cost of sales	77.1	-2.7		74.5
Gross result	140.5	3.7		144.2
Research and development expenses	51.6			51.6
Amortisation of technology and databases	24.4			24.4
Marketing expenses	11.6	-1.2		10.4
Selling, general and administrative expenses	58.8		-0.7	58.1
Impairment charge				
Total operating expenses	146.5	-1.2	-0.7	144.6
Operating result (EBIT)	-6.0	4.9	0.7	-0.4
EBITDA	31.2	0.0	4.3	35.5
Interest result	-0.2		-0.2	-0.5
Other financial result	-0.1			-0.1
Result of associates	0.2			0.2
Result before tax	-6.2	4.9	0.5	-0.8
Income tax gain / (expense)	0.8	-1.1	-0.1	-0.4
Net result	-5.3	3.8	0.4	-1.2
Earnings per share:				
EPS, € diluted	-0.02	0.02	0.00	0.00
Adjusted EPS ¹ , € diluted	0.15	0.01	0.00	0.16
Basic number of shares (in millions)	235.2	235.2	235.2	235.2
Diluted number of shares (in millions)	237.8	237.8	237.8	237.8

¹For the new adjusted EPS definition refer to page 7 and 8 of this press release.

Consolidated condensed statement of income using IFRS 15 and IFRS 16 accounting standards: Q4 2017

(€ in millions)	Q4 '17 Reported	IFRS 15	IFRS 16	Q4 '17 Restated
Automotive & Enterprise	86.6	0.2		86.9
<i>Automotive</i>	53.9	0.4		54.3
<i>Enterprise</i>	32.8	-0.2		32.6
Telematics	42.0	0.0		41.9
Consumer	91.0	-1.6		89.4
Total Revenue	219.6	-1.4		218.2
Cost of sales	89.0	-0.3		88.7
Gross result	130.6	-1.1		129.5
Research and development expenses	52.5			52.5
Amortisation of technology and databases	41.1			41.1
Marketing expenses	9.7	-0.7		9.1
Selling, general and administrative expenses	56.8		-0.3	56.5
Impairment charge				
Total operating expenses	160.0	-0.7	-0.3	159.1
Operating result (EBIT)	-29.5	-0.4	0.3	-29.6
EBITDA	36.8	-2.1	3.7	38.4
Interest result	-0.3		-0.2	-0.4
Other financial result	0.9			0.9
Result of associates	0.2			0.2
Result before tax	-28.6	-0.4	0.1	-28.9
Income tax (expense) / gain	-5.8	0.1		-5.8
Net result	-34.5	-0.3	0.1	-34.7
Earnings per share:				
EPS, € diluted	-0.15	0.00	0.00	-0.15
Adjusted EPS ¹ , € diluted	0.02	0.00	0.00	0.02
Basic number of shares (in millions)	232.2	232.2	232.2	232.2
Diluted number of shares (in millions)	235.0	235.0	235.0	235.0

¹For the new adjusted EPS definition refer to page 7 and 8 of this press release.

Consolidated condensed statement of income using IFRS 15 and IFRS 16 accounting standards: FY 2017

(€ in millions)	FY '17 Reported	IFRS 15	IFRS 16	FY '17 Restated
Automotive & Enterprise	328.8	4.4		333.2
<i>Automotive</i>	190.6	5.1		195.7
<i>Enterprise</i>	138.2	-0.7		137.5
Telematics	162.1	1.5		163.6
Consumer	412.5	-6.4		406.1
Total Revenue	903.4	-0.5		902.9
Cost of sales	339.3	-6.2		333.1
Gross result	564.1	5.7		569.8
Research and development expenses	207.9			207.9
Amortisation of technology and databases	112.3			112.3
Marketing expenses	57.4	-5.6		51.8
Selling, general and administrative expenses	217.7		-2.6	215.1
Impairment charge	168.7			168.7
Total operating expenses	763.9	-5.6	-2.6	755.7
Operating result (EBIT)	-199.8	11.3	2.6	-186.0
EBITDA	141.2	0.6	16.5	158.3
Interest result	-1.0		-0.9	-1.9
Other financial result	2.7			2.7
Result of associates	0.8			0.8
Result before tax	-197.4	11.3	1.7	-184.4
Income tax (expense) / gain	-7.0	-2.6	-0.4	-10.0
Net result	-204.4	8.7	1.3	-194.4
Earnings per share:				
EPS, € diluted	-0.87	0.04	0.01	-0.83
Adjusted EPS ¹ , € diluted	0.15	0.03	0.01	0.18
Basic number of shares (in millions)	233.7	233.7	233.7	233.7
Diluted number of shares (in millions)	236.8	236.8	236.8	236.8

¹For the new adjusted EPS definition refer to page 7 and 8 of this press release.

Adjusted earnings per share

Adjusted net result is calculated as net result attributed to equity holders adjusted for movement of deferred/unbilled revenue, deferred cost of sales, impairments and material restructuring and disposal costs on a post-tax basis.

Adjusted EPS is calculated as adjusted net result divided by the weighted average number of diluted shares over the period. In 2017, no additional shares from assumed conversion are taken into account as the effect would be anti-dilutive.

(€ in millions, unless stated otherwise)	Q1 '17	Q2 '17	Q3 '17	Q4 '17	FY '17
Net result	-2.2	-156.4	-1.2	-34.7	-194.4
Net result attributed to equity holders	-2.2	-156.2	-1.2	-34.4	-194.0
One-off items ¹		168.7	15.4	45.1	229.2
Tax effect on one-off items			-3.3	-8.6	-11.9
Movement of deferred and unbilled revenues and deferred CoS movement	-5.8	-7.0	34.5	2.4	24.1
Tax effect on movement of deferred and unbilled revenues and deferred CoS movement	1.2	1.5	-7.3	-0.5	-5.1
Adjusted net result	-6.8	7.0	38.1	4.0	42.3
Diluted number of shares (in millions)	236.9	238.1	237.8	235.0	236.8
Adjusted EPS, € fully diluted	-0.03	0.03	0.16	0.02	0.18

¹One-off items include the following:

- Q2 2017: acquisition-related impairment charge of €168.7 million.
- Q3 2017: restructuring charge of €3.6 million in cost of sales and restructuring charge of €11.8 million in operating expenses (€7.6 million in SG&A, €3.7 million in R&D and €0.5 million in marketing).
- Q4 2017: restructuring charge of €11.4 million in cost of sales, restructuring and disposal charge of €16.5 million in amortisation of technology and databases, accelerated amortisation and disposal charge in SG&A of €12.6 million and a remeasurement of our deferred tax liability in the tax line of €4.6 million.

Net movement of deferred and unbilled revenues and deferred cost of sales per segment

(€ in millions)	Q1 '17	Q2 '17	Q3 '17	Q4 '17	FY '17
Automotive	10.0	12.3	5.1	21.3	48.7
Enterprise	-10.9	-16.0	36.2	-13.8	-4.6
Telematics	0.5	-1.5	-1.6	-0.1	-2.7
Consumer	-5.3	-1.9	-5.2	-4.9	-17.2
Total	-5.8	-7.0	34.5	2.4	24.1

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Accounting policies

The new accounting policies which are disclosed in our 2017 Annual Report in the section 'Basis for Preparation' are subject to change until the group presents its first financial statements that include the date of initial application and, therefore, the actual impact of adopting the new standards at 1 January 2018 may change.

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.

EBIT is equal to our operating result

EBITDA is equal to our operating result plus depreciation, amortisation and impairment charges. Under IFRS 15, certain development costs related to customisation efforts for customers are capitalised as contract related assets instead of intangible assets. Accordingly, when charged to the income statement these costs are not considered as amortisation and are not adjusted for in the EBITDA measure.

Adjusted net result is calculated as net result attributed to equity holders adjusted for movement of deferred/unbilled revenue, deferred cost of sales, impairments and material restructuring and disposal costs on a post-tax basis.

Adjusted EPS is calculated as adjusted net result divided by the weighted average number of diluted shares over the period. In 2017, no additional shares from assumed conversion are taken into account as the effect would be anti-dilutive.

For more information

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About TomTom

TomTom (TOM2) empowers movement. Every day millions of people around the world depend on TomTom to make smarter decisions. We design and develop innovative products that make it easy for people to keep moving towards their goals. Our map-based components include map content, online map-based services, traffic, and navigation software. Our consumer products include PNDs, navigation apps, and sports watches. Our main business products are custom in-dash navigation systems and a fleet management system, which is offered to fleet owners as an online service with integrated in-vehicle cellular devices. Our business consists of four customer facing business units: Automotive, Enterprise, Telematics and Consumer. Founded in 1991 and headquartered in Amsterdam, we have more than 4,800 employees worldwide. For further information, please visit www.tomtom.com.