

# Q3 2019 RESULTS



Harold Goddijn – CEO

Taco Titulaer – CFO

16 OCTOBER 2019

**TomTom** 



# Operational highlights

- Navigation technology is now integrated in the Microsoft Connected Vehicle Platform
- Mapmaking platform further enhanced: 2.4 billion modifications completed in a single month
- Over 1 million TomTom ADAS enabled vehicles on the road
- Launched our own fully self-driving vehicle, Trillian, to test autonomous driving technologies
- New Maps APIs for electric vehicles range anxiety applications now available



# Financial highlights

- Group revenue of €164 million (Q3 '18: €176 million)
- Gross margin of 78% (Q3 '18: 71%)
- Adjusted EPS of €0.33 (Q3 '18: €0.10)
- Free cash flow of €23 million (Q3 '18: €15 million<sup>1</sup>)
- Net cash position of €393 million (Q3 '18: €179 million)
- Deferred revenue position of €348 million (Q3 '18: €256 million)

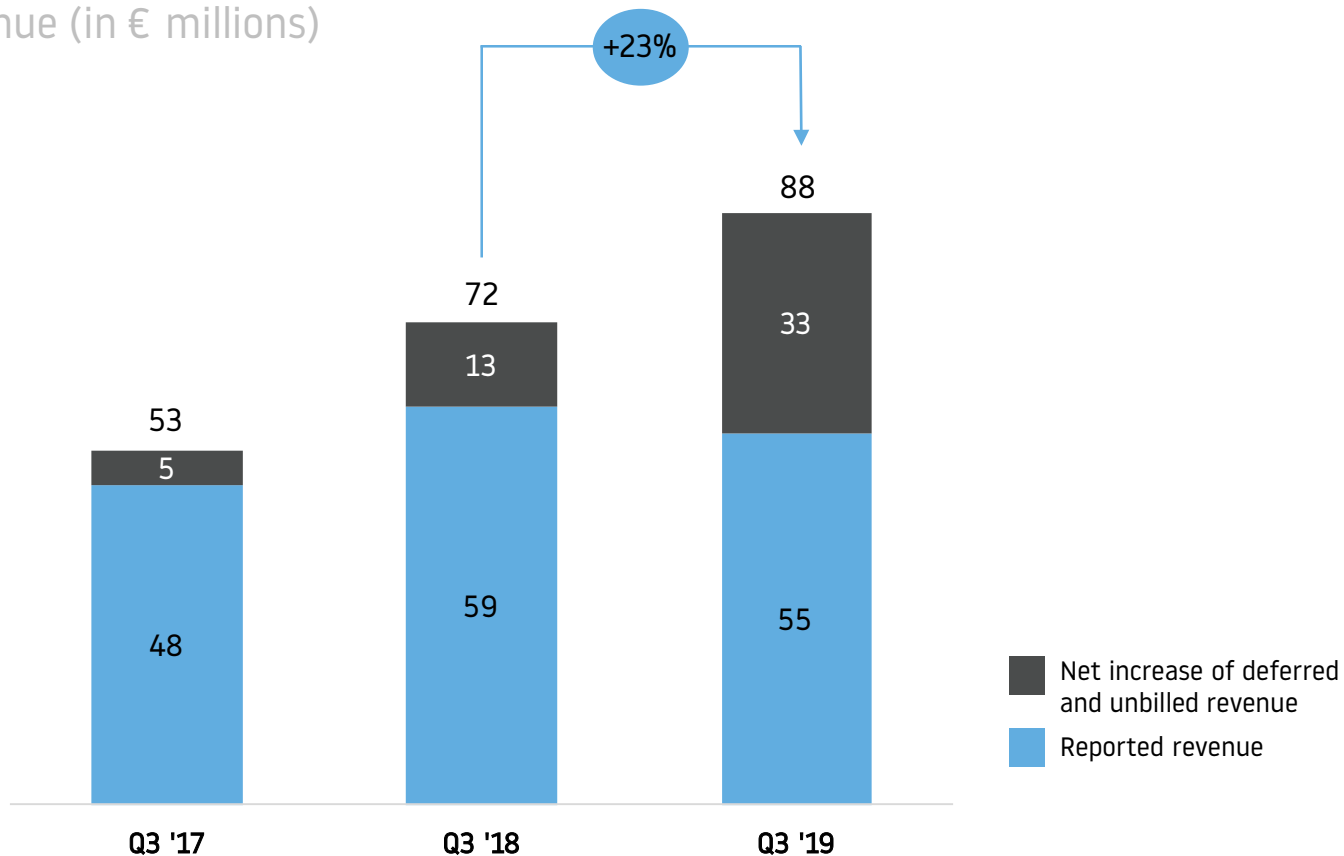
The figures presented above are for continuing operations only.

<sup>1</sup> Q3 '18 Free cash flow from continuing operations is indicative.



# Continued growth in Automotive

Operational revenue (in € millions)



# 2019 Outlook updated

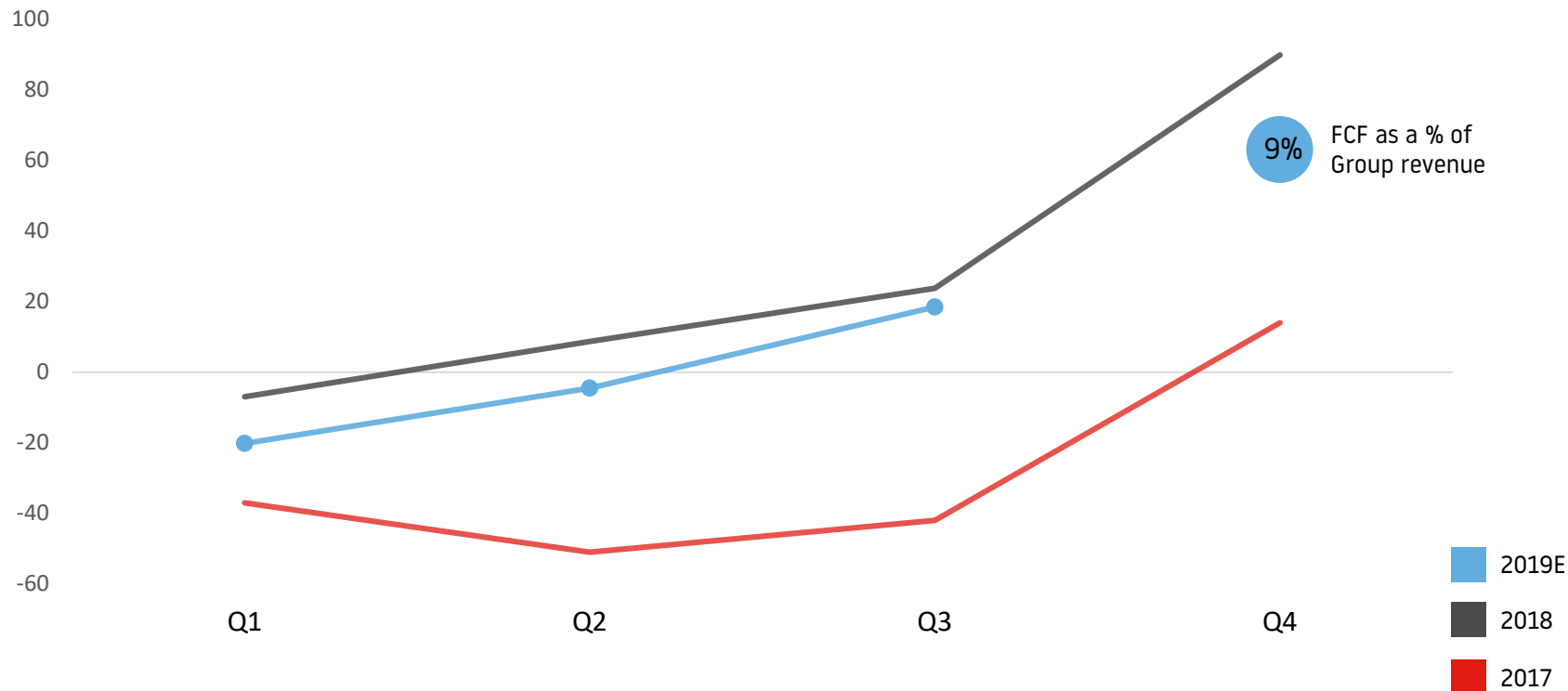
- Location Technology revenue expected to grow by 14% year on year
- Gross margin of at least 70% in the year
- Adjusted EPS of around €0.20
- Location Technology business to grow its revenue with a CAGR of around 10% for the period between 2018 and 2021, supported by an Automotive backlog of €1.6 billion

	Updated Outlook 2019	Previous Outlook 2019	Actuals 2018
Revenue	~€700 million	>€700 million	€687 million
of which from Location Technology	€425 million	€435 million	€372 million
FCF <sup>1</sup> as % of Group revenue	9%	9%	13%

<sup>1</sup> Free cash flow before financing activities.

# Cumulative free cash flows

Expected strong FCF for Q4 due to seasonality of cash payments

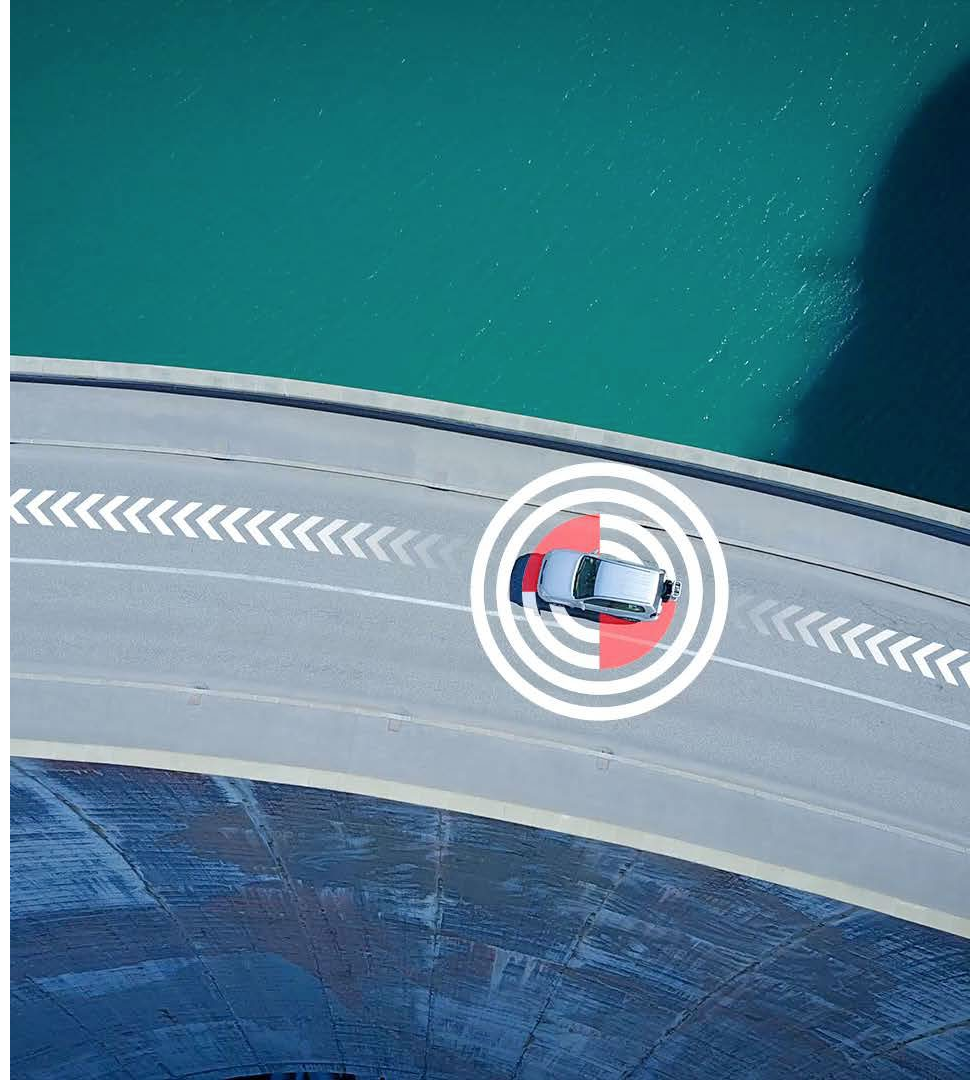


2019 FCF excludes the impact of the Telematics divestment.

2017 and 2018 FCF are high level estimates only, which involves use of assumptions on working capital movement and others. 2017 FCF also excludes acquisition.



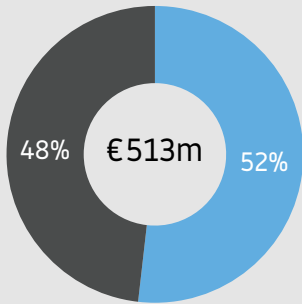
**Thank you -  
Any questions?**



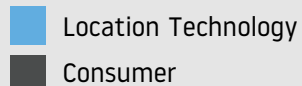
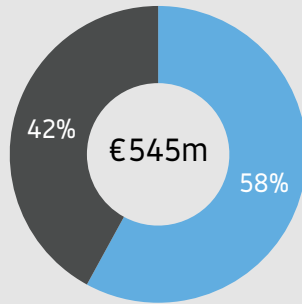
# Revenue break-down

## BY SEGMENT

YTD '18

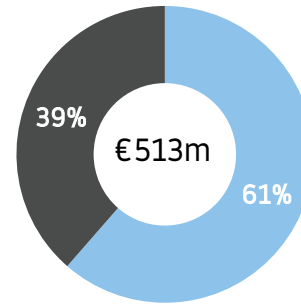


YTD '19

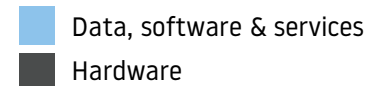
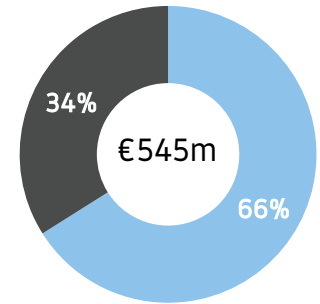


## BY TYPE

YTD '18



YTD '19





# P&L

(€ in thousands)	Q2 '18	Q3 '18	Q4 '18	Q1 '19	Q2 '19	Q3 '19	YTD '19	YTD '18
<b>REVENUE</b>	<b>187,524</b>	<b>176,330</b>	<b>173,999</b>	<b>169,527</b>	<b>210,803</b>	<b>164,206</b>	<b>544,536</b>	<b>512,797</b>
<i>Automotive</i>	62,574	59,365	73,397	65,126	75,944	55,404	196,474	171,649
<i>Enterprise</i>	30,036	33,906	33,225	37,833	40,156	41,141	119,130	94,001
<i>Consumer</i>	94,914	83,059	67,377	66,568	94,703	67,661	228,932	247,147
Cost of sales	56,237	50,275	56,638	48,273	68,759	36,277	153,309	154,832
<b>GROSS RESULT</b>	<b>131,287</b>	<b>126,055</b>	<b>117,361</b>	<b>121,254</b>	<b>142,044</b>	<b>127,929</b>	<b>391,227</b>	<b>357,965</b>
<i>Gross margin</i>	70%	71%	67%	72%	67%	78%	72%	70%
Research and development expenses	52,461	50,637	71,902	72,498	78,840	80,272	231,610	148,951
Amortisation of technology and databases	26,105	27,126	31,200	24,474	106,561	65,038	196,073	77,000
Marketing expenses	7,072	7,570	7,439	6,945	6,432	7,057	20,434	20,576
Selling, general and administrative expenses	35,418	30,521	19,568	30,529	33,170	32,647	96,346	95,787
<b>TOTAL OPERATING EXPENSES</b>	<b>121,056</b>	<b>115,854</b>	<b>130,109</b>	<b>134,446</b>	<b>225,003</b>	<b>185,014</b>	<b>544,463</b>	<b>342,314</b>
<b>OPERATING RESULT (EBIT)</b>	<b>10,231</b>	<b>10,201</b>	<b>-12,748</b>	<b>-13,192</b>	<b>-82,959</b>	<b>-57,085</b>	<b>-153,236</b>	<b>15,651</b>
<i>EBIT margin</i>	5%	6%	-7%	-8%	-39%	-35%	-28%	3%
<b>EBITDA</b>	<b>44,821</b>	<b>43,778</b>	<b>27,774</b>	<b>18,779</b>	<b>30,983</b>	<b>15,854</b>	<b>65,616</b>	<b>114,266</b>
<i>EBITDA margin</i>	24%	25%	16%	11%	15%	10%	12%	22%
Net result from continuing operations	7,814	4,535	-9,184	-15,325	-65,254	-43,429	-124,008	6,321
Net result tax profit from discontinued operations	11,974	12,625	10,607	18,615	807,237		825,852	37,015
<b>NET RESULT</b>	<b>19,788</b>	<b>17,160</b>	<b>1,423</b>	<b>3,290</b>	<b>741,983</b>	<b>-43,429</b>	<b>701,844</b>	<b>43,336</b>
<b>EPS FROM CONTINUING OPERATIONS (in €)</b>								
Diluted EPS	0.03	0.02	-0.04	-0.07	-0.34	-0.33	-0.67	0.03
Diluted Adjusted EPS <sup>1</sup>	0.04	0.10	0.09	0.00	-0.01	0.33	0.23	0.22
<b>Net result from continuing operations</b>	<b>7,814</b>	<b>4,535</b>	<b>-9,184</b>	<b>-15,325</b>	<b>-65,254</b>	<b>-43,429</b>	<b>-124,008</b>	<b>6,321</b>
Movement of deferred and unbilled revenue	-10,325	12,931	28,700	6,578	-10,736	60,632	56,474	24,100
Acquisition related amortization	11,643	11,643	11,643	11,643	91,999	51,821	155,463	34,929
Tax impact	-306	-5,701	-9,360	-3,826	-17,017	-24,740	-45,583	-13,714
<b>Adjusted net result</b>	<b>8,826</b>	<b>23,408</b>	<b>21,799</b>	<b>-930</b>	<b>-1,008</b>	<b>44,284</b>	<b>42,346</b>	<b>51,636</b>

<sup>1</sup> Earnings per fully diluted share count adjusted for movement of deferred and unbilled revenue, impairments and acquisition related amortization on a post-tax basis.

# Balance Sheet

(€ in thousands)	30-Jun-18	30-Sep-18	31-Dec-18	31-Mar-19	30-Jun-19	30-Sep-19
<b>ASSETS</b>						
Goodwill	255,451	255,858	192,294	192,294	192,294	192,294
Intangible assets	693,202	684,229	634,728	613,978	509,597	444,646
Contract related assets	20,428	20,896	24,497	27,715	21,606	23,679
Other non-current assets	87,065	86,175	70,968	75,281	73,421	72,125
Inventories	33,742	35,717	26,400	25,571	19,033	27,483
Trade receivables	118,939	128,868	92,530	99,631	111,981	136,755
Unbilled receivables	30,580	26,375	22,512	26,169	42,621	33,359
Other receivables and prepayments	27,163	34,088	54,998	45,522	56,891	59,435
Cash and cash equivalents	155,292	178,522	247,675	206,593	372,030	392,865
Assets held for sale			128,323	155,325		
<b>TOTAL ASSETS</b>	<b>1,421,862</b>	<b>1,450,728</b>	<b>1,494,925</b>	<b>1,468,079</b>	<b>1,399,474</b>	<b>1,382,641</b>
<b>TOTAL EQUITY</b>	<b>750,873</b>	<b>771,266</b>	<b>774,109</b>	<b>780,425</b>	<b>774,619</b>	<b>735,016</b>
Deferred tax liability	84,076	84,506	80,436	78,827	57,605	42,764
Lease liability	44,874	40,647	38,730	38,938	36,757	34,672
Provisions	60,911	65,841	74,412	70,353	67,261	56,809
Trade payables	56,420	49,903	51,076	46,383	52,871	46,651
Deferred revenue	277,108	284,694	280,910	291,145	296,861	348,230
Contract related liabilities	57,845	48,376	38,665	36,376	40,519	37,692
Accruals and other liabilities	89,755	105,495	101,180	76,631	72,981	80,807
Liabilities associated with assets held for sale			55,407	49,001		
<b>TOTAL LIABILITIES</b>	<b>670,989</b>	<b>679,462</b>	<b>720,816</b>	<b>687,654</b>	<b>624,855</b>	<b>647,625</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,421,862</b>	<b>1,450,728</b>	<b>1,494,925</b>	<b>1,468,079</b>	<b>1,399,474</b>	<b>1,382,641</b>
<b>Net cash</b>	<b>155,292</b>	<b>178,522</b>	<b>252,112</b>	<b>240,551</b>	<b>372,031</b>	<b>392,865</b>
Net cash classified as held for sale			4,437	33,958		
Net cash of continuing operations	155,292	178,522	247,675	206,593	372,031	392,865

# Cash flow

(€ in thousands)	Q2 '18	Q3 '18	Q4 '18	Q1 '19	Q2 '19	Q3 '19	YTD '19	YTD '18
Operating result	24,890	23,782	-45	5,824	-82,959	-57,085	-134,220	55,558
Financial gains/(losses)	-1,421	523	1,420	-437	-208	1,424	779	-1,151
Depreciation and amortisation	38,515	38,654	43,666	31,971	113,942	72,939	218,852	114,522
Other	-2,778	2,569	7,530	-196	-1,764	-12,608	-14,568	-3,181
Changes in working capital <sup>1</sup>	-4,566	-7,387	37,898	-34,186	-6,830	23,431	-17,585	-16,980
<b>CASH GENERATED FROM OPERATIONS</b>	<b>54,640</b>	<b>58,141</b>	<b>90,469</b>	<b>2,976</b>	<b>22,181</b>	<b>28,101</b>	<b>53,258</b>	<b>148,768</b>
Interest received	100	187	32	277	213	339	829	397
Interest (paid)	-126	-506	-517	-437	-1,203	-262	-1,902	-1,076
Corporate income taxes (paid)/received	-1,687	-1,407	-2,711	-1,887	-6,816	-1,062	-9,765	-6,389
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>52,927</b>	<b>56,415</b>	<b>87,273</b>	<b>929</b>	<b>14,375</b>	<b>27,116</b>	<b>42,420</b>	<b>141,700</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>-24,587</b>	<b>-27,915</b>	<b>-9,112</b>	<b>-9,913</b>	<b>867,491</b>	<b>-4,445</b>	<b>853,133</b>	<b>-74,781</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>-2,720</b>	<b>-5,307</b>	<b>-4,657</b>	<b>-2,902</b>	<b>-750,221</b>	<b>-2,231</b>	<b>-755,354</b>	<b>-10,114</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>25,620</b>	<b>23,193</b>	<b>73,504</b>	<b>-11,886</b>	<b>131,645</b>	<b>20,440</b>	<b>140,199</b>	<b>56,805</b>
Free cash flow (total operations)	28,340	28,500	78,161	-8,984	881,866	22,671	895,553	66,919
<b>Free cash flow from continuing operations</b>	<b>16,034</b>	<b>15,163</b>	<b>66,134</b>	<b>-20,228</b>	<b>15,805</b>	<b>22,671</b>	<b>18,248</b>	<b>23,741</b>
<i>FCF from continuing operations as a % revenue</i>	<i>9%</i>	<i>9%</i>	<i>38%</i>	<i>12%</i>	<i>7%</i>	<i>14%</i>	<i>3%</i>	<i>5%</i>

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

<sup>2</sup> 2018 Free cash flows from continuing operations are indicative.



# Outstanding shares

	Q3 '19	YTD '19
Common shares outstanding at the end of the period	132,366,672	132,366,672
Shares in issue at the beginning of the period	131,068,158	231,240,514
Shares in issue at the end of the period	131,447,251	131,447,251
<b>Average shares in issue during the period<sup>1</sup></b>	<b>131,304,561</b>	<b>184,281,451 [A]</b>
In the money share options at the beginning of the period	3,164,464	2,805,980
In the money share options at the end of the period	2,803,141	2,803,141
<b>Average potential dilutive share options outstanding during the period<sup>2</sup></b>	<b>2,643,414</b>	<b>2,111,413</b>
Average non-dilutive share options during the period	1,282,864	773,900
<b>Average shares outstanding from dilution of options<sup>3</sup></b>	<b>1,360,550</b>	<b>1,337,513 [B]</b>
<b>Average shares outstanding from dilution of restricted stock units</b>	<b>618,127</b>	<b>460,417 [C]</b>
<b>Average fully diluted shares outstanding during Q3 '19 and YTD '19<sup>4</sup></b>	<b>133,283,238</b>	<b>186,079,381 [A+B+C]</b>

<sup>1</sup> Shares held in treasury of 919,421 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 €10.56 and the average share price year-to-date was €8.80

# 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.

The forward-looking statements contained herein speak only as of the date they are made. We do not assume any obligation to update any public information or forward-looking statement in this document to reflect events or circumstances after the date of this document, except as may be required by applicable laws.

You will be solely responsible for your own assessment of the market and the market position of TomTom and you will conduct your own analysis and be solely responsible for forming your own view of the potential future performance of TomTom's business. This document does not constitute or form part of, and should not be constructed as, an offer or invitation to subscribe for or purchase any TomTom securities.

## 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.

**Automotive operational revenue** is IFRS Automotive revenue adjusted for the movement of deferred and unbilled revenue

**Automotive backlog** is the cumulative expected IFRS revenue from all awarded Automotive deals

**Gross margin** is calculated as gross profit divided by revenue

**EBIT** is equal to our operating result

**EBIT margin** is calculated as operating result divided by revenue

**EBITDA** is equal to our operating result plus depreciation and amortization charges

**EBITDA margin** is calculated as operating result plus depreciation and amortization charges divided by revenue

**Adjusted net result** is calculated as net result of continuing operations attributed to equity holders adjusted for movement of deferred/unbilled revenue, impairments and acquisition related amortization 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

**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 flow before financing from continuing operations





TOMTOM NV  
DE RUIJTERKADE 154  
1011 AC AMSTERDAM  
THE NETHERLANDS

@:IR@TOMTOM.COM

T: +31 20 757 5194

[WWW.TOMTOM.COM/INVESTORS](http://WWW.TOMTOM.COM/INVESTORS)

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