

FIRST QUARTER 2020 RESULTS

FINANCIAL SUMMARY FIRST QUARTER 2020

- Group revenue decreased by 23% to €131 million (Q1 '19: €170 million)
- Location Technology revenue of €91 million (Q1 '19: €103 million)
- Automotive operational revenue decreased by 2% to €85 million (Q1 '19: €87 million)
- Free cash flow is an inflow of €14 million (Q1 '19: outflow of €20 million)
- Net cash is €432 million (Q1 '19: €241 million)

OPERATIONAL SUMMARY

- Verizon to integrate TomTom's Maps APIs and SDKs into its location services offering
- Proactive measures taken regarding the health and safety of our employees and partners
- Traffic data widely used to monitor consequences of COVID-19 measures on economic activity
- Share buyback suspended until further notice; 2.4 million shares purchased for €16.6 million

TOMTOM'S CHIEF EXECUTIVE OFFICER, HAROLD GODDIJN

"The COVID-19 pandemic impacts our Automotive and Consumer revenue, with no material impact on our Enterprise revenue. Our Automotive revenue arises principally from customer vehicle sales, which are sharply impacted by factory closures. Our Consumer revenue is impacted by a steep decline in demand arising from retail stores being closed, retailers reducing their inventory levels, and people not driving. Recovery will depend on how quickly economic normality is restored, including vehicle production and end-customer demand, which is currently uncertain.

Given the nature of our business, nearly all our employees can perform their work from home. With the health and safety of our employees and partners as our highest priority, we acted swiftly and decisively to enable remote working, which has enabled us to sustain our engineering development activities and customer service levels.

The year has started well for Automotive and Enterprise orders, including new business, expansions and extensions to existing deals. Our investments to improve our location technology products are delivering to plan, enabling us to continue executing on our business strategy.

Because of our strong debt-free balance sheet, we have the resilience to maintain our course, despite the current uncertainties."

KEY FIGURES

(€ in millions, unless stated otherwise)	Q1 '20	Q1 '19	y.o.y. change
Location Technology	91.3	102.9	-11 %
Consumer	39.9	66.6	-40 %
Revenue	131.2	169.5	-23%
Gross result	102.6	121.3	-15%
Gross margin	78%	72%	
EBITDA	-5.4	18.8	
EBITDA margin	-4%	11%	
Net result¹	-62.8	3.3	
EPS, € fully diluted	-0.48	0.01	
Free cash flow (FCF)	13.7	-20.2	
FCF as a % of revenue	10%	-12%	

¹ All figures presented in the table above relate to continuing operations, except for the Q1' 19 Net result.

OUTLOOK 2020

We have [withdrawn our full year guidance](#) given the uncertainty in the market.

The impact of the COVID-19 pandemic, resulting in the closure of some automotive factories and retail channels, will cause a deviation from our original outlook for 2020. With expected lower revenues from Automotive and Consumer, while continuing our R&D activities in line with our long term strategy, we expect to have a negative free cash flow in 2020.

At this point, given the uncertainty regarding the severity and duration of the pandemic's economic impact, the specific implications on revenue and free cash flow for 2020 cannot be reliably assessed or quantified.

We will provide an updated guidance when we can estimate the duration and consequences of the current situation.

FINANCIAL AND BUSINESS REVIEW

GROUP REVENUE

Revenue for the first quarter amounted to €131 million, a 23% decrease compared with the same quarter last year (Q1 '19: €170 million).

Location Technology

(€ in millions)	Q1 '20	Q1 '19	y.o.y. change
Automotive	49.8	65.1	-24 %
Enterprise	41.5	37.8	10 %
Location Technology revenue	91.3	102.9	-11%

Location Technology revenue in the quarter decreased by 11% to €91 million (Q1 '19: €103 million) resulting from a decrease in Automotive, partly offset by an increase in Enterprise.

Automotive revenue in the quarter was €50 million representing a 24% decrease from Q1 '19. Automotive operational revenue decreased by 2% to €85 million (Q1 '19: €87 million). The year on year reported revenue decline is a result of higher deferral rates in the quarter in combination with lower operational revenue following factory closures. For some of our customers, revenue is recognized over time based upon the estimated total contract value, which decreased following the impact of COVID-19; leading to a higher deferred revenue position.

Enterprise revenue in Q1 '20 was €41 million, 10% higher compared with the same quarter last year (Q1 '19: €38 million), reflecting increased revenue from existing and new customers.

Our Enterprise business announced that Verizon will integrate TomTom's Maps APIs and SDKs in its location services offering, making it easier for the developer community to build upon and integrate the platform. This agreement is an expansion of the existing TomTom and Verizon agreement, where TomTom provides location-based services to enhance Verizon's current suite of location-based data, navigation, and intelligence.

Our Automotive business, together with the Toyota Research Institute - Advanced Development, Inc. (TRI-AD) and DENSO, announced a successful proof of concept demonstrating a fast high definition (HD) map-building method for roads, essential for safer automated driving.

TomTom's live and historical traffic data is being used by governments, authorities, NGOs and media as a critical insight into the economic activity of areas impacted by COVID-19. Our traffic data reflects people movement closely, allowing analysis of how traffic patterns have shifted as travel restrictions have gone into effect around the world.

Following the recommendations of the governments and health authorities of the countries in which we operate, most of our employees are now working from home. As a global technology company TomTom employees are used to collaborating across multiple locations and time zones with colleagues who are not in the same physical place; as a result TomTom's services have been uninterrupted to date.

Consumer

(€ in millions)	Q1 '20	Q1 '19	y.o.y. change
Consumer products	35.1	53.0	-34 %
Automotive hardware	4.8	13.6	-65 %
Total Consumer revenue	39.9	66.6	-40%

Consumer revenue for the quarter decreased year on year by 40% to €40 million (Q1 '19: €67 million). The decline in Consumer revenue was accelerated by retail closures in March following the COVID-19 governmental measures.

GROSS MARGIN

The gross margin for the quarter was 78% compared with 72% in Q1 '19. Gross margin continues to improve as a result higher proportions of higher margin software and content revenue.

OPERATING RESULT

Operating result in the quarter was a loss of €78 million (Q1 '19: loss of €13 million).

Total operating expenses in the quarter was €180 million, an increase of €46 million compared with the same quarter last year (Q1 '19: €134 million), mainly due to higher amortization of technology and databases. The change in the estimated remaining useful life of our map database was reflected from Q2 '19 onwards.

FINANCIAL INCOME, EXPENSES AND INCOME TAX

Total financial result, including result associate, for the quarter was an income of €5.1 million (Q1 '19: an expense €2.3 million). Included in the financial result is a one-off gain of €2.5 million resulting from a change in the classification of the group's investment in Cyient from an associate to a financial asset held at fair value. The change is effective from 1 January 2020 and the group has elected to account for future changes in fair value through other comprehensive income. The remaining gain is mainly the result of revaluation of monetary balance sheet items.

The net income tax gain for the quarter was €9.9 million compared with a gain of €0.1 million in Q1 '19. The tax gain is mainly the result of a release of deferred tax liability in line with the increased amortization of acquisition-related intangible assets.

BALANCE SHEET

Other intangible assets decreased to €312 million from €380 million at the end of 2019 due to the amortization of the map database. Cash balances, including fixed term deposits, decreased by €5 million as a result of cash outflows from the share buyback program, partly offset by free cash flow generated in the quarter.

Trade receivables were €67 million in Q1 '20 compared with €100 million at the end of 2019, resulting from lower operational revenue in the quarter and faster cash collection. The inventory level at the end of the quarter was €24 million, a €1 million decrease from the end of last year.

Current liabilities excluding deferred revenue, were €154 million, compared with €177 million at the end of 2019. The decrease is mainly due to decreases in trade payables as well as personnel-related accruals included in 'Accruals and other liabilities'.

DEFERRED REVENUE

(€ in millions)	31 March 2020	31 December 2019
Automotive	315.4	278.3
Enterprise	20.3	23.3
Consumer	59.7	67.7
Total	395.4	369.3

Total deferred revenue was €395 million at the end of Q1 '20, compared with €369 million at the end of 2019. The increase is driven by larger revenue deferrals in Automotive, partly offset by releases of deferred revenue in Enterprise and Consumer.

NET MOVEMENT OF DEFERRED AND UNBILLED REVENUE

(€ in millions)	Q1 '20	Q1 '19
Automotive	35.6	21.6
Enterprise	-9.5	-7.9
Consumer	-8.0	-7.1
Total	18.0	6.6

The net movement of deferred and unbilled revenue in combination with the reported revenue gives insight into the operational revenue. The year on year operational revenue for Automotive decreased by 2%, Enterprise increased by 7% and Consumer decreased by 46%. Total operational revenue for the Group decreased by 15% versus a decrease of 23% based on IFRS reported revenue. The delta is mainly explained by higher deferral rates in the quarter for Automotive revenue.

CASH FLOW

In Q1 '20, the free cash flow from continuing operations was an inflow of €14 million versus an outflow of €20 million in the same quarter last year. The net inflow is driven by a stronger collection of receivables in the quarter combined with a lower pay-out of variable employee expenses compared with Q1 '19.

The cash flow from financing activities for the quarter was an outflow of €19 million (Q1 '19: outflow of €3 million). This outflow is represented by the payment of lease liabilities, the execution of the share buyback program offset by cash received from the exercise of 392 thousand options relating to our long-term employee incentive programs (Q1 '19: 124 thousand options).

On 31 March 2020, the Group had no outstanding bank borrowings and reported a net cash position of €432 million (Q1 '19: net cash of €241 million).

Free cash flow is reconciled to the cash flow statement as follows:

(€ in millions)	Q1 '20	Q1 '19
Cash flow from operating activities	15.8	0.9
Investments in intangible assets	0.0	-4.9
Investments in property, plant and equipment	-2.1	-5.1
Free cash from flow total operations	13.7	-9.0
Free cash flow from discontinued operations	0.0	-11.2
Free cash flow from continuing operations	13.7	-20.2

SHARE BUYBACK

The share buyback program to repurchase ordinary shares for an amount up to €50 million, commenced on 2 March 2020 and was suspended on 31 March as a precautionary measure in light of the COVID-19 pandemic.

Until the suspension of the program, the total number of shares repurchased during Q1 '20 was 2,354,433 for an aggregate consideration of €16.6 million. TomTom will use the shares to cover its commitments arising from its long term incentive plans.

- END -

CONSOLIDATED CONDENSED STATEMENT OF INCOME

(€ in thousands)	Q1 '20 Unaudited	Q1 '19 Unaudited
Revenue	131,197	169,527
Cost of sales	28,631	48,273
Gross profit	102,566	121,254
Research and development expenses	76,195	72,498
Amortization of technology and databases	64,740	24,474
Marketing expenses	6,854	6,945
Selling, general and administrative expenses	32,524	30,529
Total operating expenses	180,313	134,446
Operating result	-77,747	-13,192
Financial income/(expense) and result of associate	5,079	-2,253
Result before tax	-72,668	-15,445
Income tax gain	9,915	120
Net result from continuing operations	-62,753	-15,325
Result after tax from discontinued operations	0	18,615
Net result from discontinued operations	0	18,615
Net result¹	-62,753	3,290
Earnings per share (in €):		
Basic	-0.48	0.01
Diluted	-0.48	0.01
Earnings per share from continuing operations (in €):		
Basic	-0.48	-0.07
Diluted	-0.48	-0.07

¹ The net result is fully attributed to the equity holders of the parent

CONSOLIDATED CONDENSED BALANCE SHEET

(€ in thousands)	31 March 2020	31 December 2019
	Unaudited	Audited
Goodwill	192,294	192,294
Other intangible assets	312,168	380,160
Property, plant and equipment	27,218	28,588
Lease assets	41,373	32,667
Other contract related assets	7,598	2,489
Other investments	4,299	4,573
Deferred tax assets	5,591	5,626
Total non-current assets	590,541	646,397
Inventories	23,971	25,315
Trade receivables	66,507	99,776
Unbilled receivables	42,393	34,374
Other contract related assets	18,921	21,434
Other receivables and prepayments	44,539	45,351
Fixed term deposits	222,523	222,579
Cash and cash equivalents	209,040	213,941
Total current assets	627,894	662,770
Total assets	1,218,435	1,309,167
Total equity	574,294	665,932
Lease liabilities	29,773	22,531
Deferred tax liability	20,570	27,283
Provisions	44,810	46,746
Deferred revenue	231,666	216,378
Total non-current liabilities	326,819	312,938
Trade payables	32,266	47,085
Lease liabilities	13,151	11,737
Provisions	8,745	8,274
Deferred revenue	163,745	152,939
Other contract related liabilities	21,031	26,745
Income taxes	15,238	14,701
Accruals and other liabilities	63,146	68,816
Total current liabilities	317,322	330,297
Total equity and liabilities	1,218,435	1,309,167

CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS

(€ in thousands)	Q1 '20 Unaudited	Q1 '19 Unaudited
Operating result from continuing operations	-77,747	-13,192
Operating result from discontinued operations	0	19,016
Operating result	-77,747	5,824
Financial gains/(losses)	145	-437
Depreciation and amortization	72,305	31,971
Change in provisions	-413	-1,107
Equity-settled stock compensation expenses	1,213	911
Changes in working capital:		
Change in inventories	1,525	433
Change in receivables and prepayments	21,384	-4,537
Change in liabilities (excluding provisions) ¹	-313	-30,082
Cash flow from operations	18,099	2,976
Interest received	95	277
Interest paid	-386	-437
Corporate income taxes paid	-2,004	-1,887
Cash flow from operating activities	15,804	929
Investments in intangible assets	0	-4,851
Investments in property, plant and equipment	-2,111	-5,062
Dividends received	162	0
Cash flow from investing activities	-1,949	-9,913
Repayment of lease liabilities	-3,612	-3,434
Proceeds on issue of ordinary shares	1,548	532
Purchase of treasury shares	-16,569	0
Cash flow from financing activities	-18,633	-2,902
Net decrease in cash and cash equivalents	-4,778	-11,886
Cash and cash equivalents at the beginning of period	213,941	252,112
Exchange rate changes on cash balances held in foreign currencies	-123	325
Total cash and cash equivalents at the end of the period²	209,040	240,551
Cash held in short term fixed deposits	222,523	0
Net cash at the end of the period	431,563	240,551

¹ Includes movements in the non-current portion of deferred revenue presented under non-current liabilities.

² Cash and cash equivalents at the end Q1' 19 includes cash classified as held for sale of €34 million.

ACCOUNTING POLICIES

The condensed consolidated financial information for the three-month period ended 31 March 2020 and the related comparative information has been prepared using accounting policies and methods of computation which are based on International Financial Reporting Standards (IFRS) as disclosed in the Financial Statements for the year ended 31 December 2019.

Unless otherwise indicated, the quarterly condensed consolidated information in this press release is neither audited nor reviewed. Due to rounding, amounts may not add up precisely to totals. All change percentages are calculated before rounding.

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 as 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

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

Free cash flow is cash from continuing operating activities minus capital expenditure (investments in intangible assets and property, plant and equipment) of continuing operations

Net cash is cash and cash equivalents, including cash classified as held for sale, plus cash held in fixed term deposits minus the nominal value of our outstanding bank borrowings

FOR MORE INFORMATION

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AUDIO WEBCAST FIRST QUARTER 2020 RESULTS

The information for our audio webcast is as follows:

Date and time: April 15, 2020 at 14:00 CET

<https://corporate.tomtom.com/investors/financial-publications/quarterly-results>

TomTom is listed at NYSE Euronext Amsterdam in the Netherlands

ISIN: NL0013332471 / Symbol: TOM2

ABOUT TOMTOM

TomTom is the leading independent location technology specialist, shaping mobility with highly accurate maps, navigation software, real-time traffic information and services.

To achieve our vision of a safer world, free of congestion and emissions, we create innovative technologies that keep the world moving. By combining our extensive experience with leading business and technology partners, we power connected vehicles, smart mobility and, ultimately, autonomous driving.

Headquartered in Amsterdam with offices in 30 countries, TomTom's technologies are trusted by hundreds of millions of people worldwide.

For further information, please visit **www.tomtom.com**.

FORWARD-LOOKING STATEMENTS / IMPORTANT NOTICE

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 the company operates and the risk of a downturn in the market. Statements regarding market share, including the company'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.

This document contains inside information as meant in clause 7 of the Market Abuse Regulation.