

First quarter 2018 results

FINANCIAL AND OPERATIONAL HIGHLIGHTS

Financial summary Q1 '18

- Revenue of €192 million (Q1 '17: €213 million)
- Gross margin of 70% (Q1 '17: 63%)
- EBITDA of €44 million (Q1 '17: €34 million)
- Adjusted EPS¹ of €0.10 (Q1 '17: -€0.03)
- Net cash position of €129 million (Q1 '17: €79 million)
- Deferred revenue position of €275 million (Q1 '17: €232 million)

Operational summary Q1 '18

- Automotive operational revenue increased by 42% in the quarter
- Additional TomTom Connected Car Services provided to Hyundai and Kia
- TomTom On-Street Parking reaches coverage in 100 European cities
- Telematics installed base increased by 14% year on year, reaching more than 826,000 subscriptions

Outlook 2018

- Full year outlook re-iterated; expected revenue of around €800 million and adjusted EPS¹ of around €0.25.

Key figures

(€ in millions, unless stated otherwise)	Q1 '18	Q1 '17	y.o.y. change
Automotive & Enterprise	79.8	77.5	3%
Telematics	42.8	39.9	7%
Consumer	69.2	95.6	-28%
REVENUE	191.8	213.0	-10%
GROSS RESULT	133.5	133.5	
<i>Gross margin</i>	<i>70%</i>	<i>63%</i>	
EBITDA	44.2	34.0	30%
<i>EBITDA margin</i>	<i>23%</i>	<i>16%</i>	
OPERATING RESULT (EBIT)	6.9	-1.5	
<i>EBIT margin</i>	<i>4%</i>	<i>-1%</i>	
NET RESULT	6.4	-2.2	
ADJUSTED NET RESULT	22.6	-6.8	
DATA PER SHARE (in €)			
EPS - fully diluted	0.03	-0.01	
Adjusted EPS ¹ - fully diluted	0.10	-0.03	

Change percentages and totals calculated before rounding.

This report includes the following non-GAAP measures: Automotive operational revenue, gross margin, EBIT (margin), EBITDA (margin), adjusted net result, adjusted EPS and net cash, which are further explained on page 10 of this report. 2017 figures are restated under the new IFRS 15 and IFRS 16 accounting standards.

TOMTOM'S CHIEF EXECUTIVE OFFICER, HAROLD GODDIJN

"TomTom started the year with a solid set of results. Nearly 70% of our revenues is now derived from data, software & services, boosting our gross margin. Automotive operational revenue in the quarter amounted to €78 million, an increase of 42% compared with the same quarter last year."

¹ Earnings per fully diluted share count adjusted for movement of deferred revenue, unbilled revenue, deferred cost of sales, impairments and material restructuring and disposal costs on a post-tax basis.

OUTLOOK 2018

We are re-iterating our guidance for the year.

	Outlook 2018
Revenue	~ €800 million
Gross margin	close to 70%
Adjusted EPS	~ €0.25
OPEX & CAPEX (excl. acquisitions)	~ €700 million

For the period between 2016 and 2020, we expect the combined reported revenue of the Automotive, Enterprise and Telematics businesses to grow at a CAGR of around 12.5%, taking into account new IFRS accounting standards and current exchange rates.²

FINANCIAL AND BUSINESS REVIEW

Revenue for the first quarter amounted to €192 million, 10% lower compared with the same quarter last year (Q1 '17: €213 million). Automotive, Enterprise and Telematics jointly grew by 4% year on year, which was offset by lower Consumer revenue. Gross margin for the quarter equalled 70% (Q1 '17: 63%). The net result adjusted for movement of deferred revenue, unbilled revenue and deferred cost of sales on a post-tax basis was a gain of €22.6 million, which translates to an adjusted EPS of €0.10 (Q1 '17: -€0.03).

Automotive & Enterprise

(€ in millions, unless stated otherwise)	Q1 '18	Q1 '17	y.o.y. change
Automotive	49.7	44.7	11%
Enterprise	30.1	32.8	-8%
Total Automotive & Enterprise revenue	79.8	77.5	3%

Change percentages and totals calculated before rounding.

Automotive & Enterprise combined revenue in the quarter was €80 million (Q1 '17: €78 million). Automotive generated revenue of €50 million in the quarter, representing an 11% increase year on year. This increase mainly came from the ramp-up of existing contracts.

Enterprise revenue in Q1 '18 was €30 million compared with €33 million in the same quarter last year. This decline was mainly caused by a weaker US dollar.

In the quarter, Automotive business announced that both Hyundai and Kia expanded their connected car services to include TomTom On-Street and Off-Street Parking, TomTom EV Service, and TomTom Fuel Price Service. It will be available on all new Hyundai cars produced for Europe, starting from November 2018. For Kia drivers, it will be available starting with the next generation of Kia Ceed, and gradually applied to the whole model range by 2019.

At the Mobile World Congress in Barcelona, we announced a collaboration with Elektrobit, focused on demonstrating electronic horizon-based ADAS and autonomous driving functions, including features such as curve-speed warnings, fuel-efficient driving and range determination. The joint project will combine TomTom AutoStream and Elektrobit's EB robinos Predictor to establish an easy-to-use demonstrator, evaluation and development platform for the automotive market.

We expanded several of our connected car services during the quarter. TomTom EV Service was launched in North America. The live service designed to assist drivers in making informed decisions about when and where to charge their vehicles, now includes more than 45,000 global charging stations with real-time availability information.

² Our previous expectation, and based on IAS 18 accounting standards, was a CAGR of 15% between 2016 and 2020. 2016 revenue has not materially changed under new IFRS accounting standards.

First quarter 2018 results / Continued

TomTom On-Street Parking service was expanded to 100 European cities. The service provides drivers with the probability of finding a parking space on the street, as well as the average search-time. We also launched TomTom Audio Traffic, where personalised traffic reports relevant to the specific route are delivered over voice to drivers.

Telematics

(€ in millions, unless stated otherwise)	Q1 '18	Q1 '17	y.o.y. change ¹
Subscriptions	33.2	30.7	8%
Hardware and other services ²	9.6	9.3	3%
Total Telematics revenue	42.8	39.9	7%
Monthly revenue per subscription (€)	13.4	14.3	-6%
Subscriber installed base (# in thousands)	826	723	14%

¹ Change percentages and totals calculated before rounding.

² Other services revenue comprises installation services and separately purchased traffic service and/or map content.

Telematics revenue for the quarter was €43 million, 7% higher compared with the same quarter last year. The recurring subscription revenue for the quarter increased by 8% year on year to €33 million (Q1 '17: €31 million). Monthly revenue per subscription decreased by 6% year on year, mainly due to a mix effect caused by growing aftermarket connected car volumes, which are priced at lower levels compared with the traditional fleet management services.

At the end of Q1 '18, Telematics reached 826,000 fleet management and connected car subscriptions. This represents a 14% year on year increase, from 723,000 subscriptions at the end of Q1 '17.

Consumer

(€ in millions, unless stated otherwise)	Q1 '18	Q1 '17	y.o.y. change
Consumer products	57.0	82.9	-31%
Automotive hardware	12.2	12.7	-4%
Total Consumer revenue	69.2	95.6	-28%

Change percentages and totals calculated before rounding.

Total Consumer revenue for the quarter was €69 million, a decline of 28% compared with the same quarter last year (Q1 '17: €96 million), reflecting a decrease in Consumer products and to a lesser extent in Automotive hardware revenue.

Data, software & services and Hardware revenue split

(€ in millions)	Q1 '18	Q1 '17	y.o.y. change
Data, software & services	130.4	130.3	0%
Hardware	61.3	82.7	-26%
Total revenue	191.8	213.0	-10%

Change percentages and totals calculated before rounding.

Data, software & services revenue in the quarter was €130 million, flat compared with the same quarter prior year. As a percentage of total revenue, data, software & services increased to 68% in Q1 '18 from 61% in Q1 '17. Hardware revenue for the quarter was €61 million, 26% lower compared with €83 million in Q1 '17.

Gross margin

The gross margin for the quarter was 70%, seven percentage points higher compared with 63% in Q1 '17, reflecting the shift of revenue mix towards higher margin data, software & services revenue.

At constant currency rates for the US dollar and GB pound, Q1 '18 gross margin would have been 67% and the operating result would have been €3.7 million lower.

Operating expenses

Total operating expenses for the quarter were €127 million, which is €8 million lower compared with the same quarter last year (Q1 '17: €135 million). The decrease in R&D, SG&A and marketing expenses is driven by our decreasing Consumer segment. The decrease is partly offset by increased investments in research and development in our navigation technology.

Depreciation and amortisation

(€ in millions)	Q1 '18	Q1 '17	y.o.y. change
Cost of sales	1.4	2.6	-46%
Research and development	2.0	3.0	-33%
Amortisation of technology & databases	24.1	22.4	7%
Marketing	0.1	0.1	0%
Selling, general and administrative	9.8	7.4	32%
Total	37.4	35.5	5%
<i>Of which acquisition-related amortisation</i>	<i>13.1</i>	<i>13.9</i>	<i>-6%</i>

Change percentages and totals calculated before rounding.

Total depreciation and amortisation expenses amounted to €37 million in the quarter, 5% higher compared with last year (Q1 '17: €36 million). This increase is caused by higher amortisation of technology and databases, which is a result of increased capital expenditures in the past years.

FX sensitivity

(€ in millions, unless stated otherwise)	Q1 '18 actual	Q1 '18 ¹ recalculated at Q1 '17 FX rates
Revenue	191.8	196.2
Gross result	133.5	132.4
<i>Gross margin</i>	<i>70%</i>	<i>67%</i>
EBIT	6.9	3.2
<i>EBIT margin</i>	<i>4%</i>	<i>2%</i>
FX RATES IN €	Q1 '18	Q1 '17
US dollar	1.22	1.06
GB pound	0.88	0.86

¹ The Q1 '18 income and expenses in US dollar and GB pound have been converted to euro using Q1 '17 average exchange rates. All other foreign currencies have not been converted.

Financial income and expenses

The net interest charge for the quarter was €0.4 million (Q1 '17: €0.4 million). The other financial result for the quarter was a gain of €1.7 million (Q1 '17: €0.4 million), which consisted primarily of foreign exchange gains from the revaluation of monetary balance sheet items.

Income tax

The net income tax for the quarter was a charge of €2.0 million versus a net income tax charge of €0.8 million in Q1 '17.

Net result and adjusted EPS

(€ in millions, unless stated otherwise)	Q1 '18	Q1 '17	y.o.y. change
Net result	6.4	-2.2	8.6
Net result attributed to equity holders	6.4	-2.2	8.6
Movement of deferred revenue, unbilled revenue and deferred CoS	21.1	-5.8	26.9
Tax effect on movement of deferred revenue, unbilled revenue and deferred CoS	-4.9	1.2	-6.1
Adjusted net result	22.6	-6.8	29.4
Adjusted EPS, € fully diluted	0.10	-0.03	0.13

Change amounts and totals calculated before rounding.

The net result for the quarter was a gain of €6.4 million compared with a loss of €2.2 million in Q1 '17. The net result adjusted for movement of deferred revenue, unbilled revenue and deferred cost of sales on a post-tax basis was a gain of €22.6 million compared with a loss of €6.8 million in Q1 '17.

Adjusted EPS for the quarter was a gain of €0.10, versus a loss of €0.03 in the same quarter last year.

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

(€ in millions)	Q1 '18	Q1 '17
Automotive	28.0	10.0
Enterprise	-0.7	-10.9
Telematics	-0.5	0.5
Consumer	-5.6	-5.3
Total	21.1	-5.8

Totals calculated before rounding.

Balance sheet

Trade receivables plus other receivables totalled €162 million in Q1 '18 compared with €188 million at the end of Q1 '17. The inventory level at the end of the quarter was €34 million, compared with €63 million at the end of the same quarter last year. Cash and cash equivalents at the end of the quarter were €129 million versus €84 million at the end of Q1 '17.

Current liabilities excluding deferred revenue were €227 million compared with €251 million at the end of 2017. The sequential decrease is mainly due to a decrease in accruals and other liabilities.

Deferred revenue was €275 million at the end of Q1 '18, compared with €232 million at the end of the same quarter last year and €261 million at the end of last year. The year on year increase reflects the increased deferred revenue position related to Automotive contracts with upfront payments for multi-year service offerings.

Deferred revenue balance by segment

(€ in millions)	31 Mar 2018	31 Dec 2017
Automotive	128.3	98.0
Enterprise	5.9	15.7
Telematics	30.5	31.4
Consumer	110.5	116.3
Total deferred revenue	275.2	261.3

Totals calculated before rounding.

First quarter 2018 results / Continued

At 31 March 2018, the group had no outstanding bank borrowings and reported a cash position of €129 million (Q1 '17: net cash of €79 million).

Cash flow

The cash flow from operating activities for the quarter was €32 million compared with an outflow of €1.6 million in Q1 '17. The year on year increase was mainly driven by the higher EBITDA and lower working capital utilisation in Q1 '18.

The cash flow used in investing activities excluding acquisitions, decreased by €2.5 million year on year. The vast majority of our investments in the quarter related to map content and various technology platforms to support growth in Automotive and Enterprise.

CAPEX (excluding acquisitions)

(€ in millions)	Q1 '18	Q1 '17	y.o.y. change
Map content	6.1	5.4	12%
Mapmaking platform	9.8	7.3	34%
Applications	1.2	4.3	-73%
Telematics	1.7	4.3	-61%
Other	3.6	3.5	3%
Total	22.4	24.9	-10%

Change percentages and totals calculated before rounding.

The cash flow used in financing activities for the quarter was an outflow of €2.1 million (Q1 '17: €7.1 million). In the quarter, 0.2 million options (Q1 '17: 0.5 million options) related to our long-term employee incentive programmes, were exercised resulting in a €0.7 million cash inflow (Q1 '17: €2.2 million).

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Consolidated condensed statement of income

(€ in thousands)	Q1 '18 Unaudited	Q1 '17 Unaudited
REVENUE	191,779	213,034
Cost of sales	58,252	79,558
GROSS RESULT	133,527	133,476
Research and development expenses	47,950	50,226
Amortisation of technology and databases	24,071	22,429
Marketing expenses	8,180	12,776
Selling, general and administrative expenses	46,440	49,571
TOTAL OPERATING EXPENSES	126,641	135,002
OPERATING RESULT	6,886	-1,526
Interest result	-417	-429
Other financial result	1,721	398
Result of associates	163	125
RESULT BEFORE TAX	8,353	-1,432
Income tax (expense)	-1,966	-758
NET RESULT	6,387	-2,190
Attributable to:		
- Equity holders of the parent	6,399	-2,244
- Non-controlling interests	-12	54
NET RESULT	6,387	-2,190
EARNINGS PER SHARE (in €)		
Basic	0.03	-0.01
Diluted ¹	0.03	-0.01
Basic number of shares (in thousands)	230,086	233,074
Diluted number of shares (in thousands)	232,252	236,938

¹ In 2017, no additional shares from assumed conversion are taken into account as the effect would be anti-dilutive.

Consolidated condensed balance sheet

(€ in thousands)	31 March 2018 Unaudited	31 December 2017 Unaudited
Goodwill	256,115	256,319
Other intangible assets	705,387	718,397
Property, plant and equipment	29,892	33,621
Lease assets	40,936	41,054
Contract assets	18,198	12,742
Deferred tax assets	6,845	7,453
Investments in associates	4,271	4,223
TOTAL NON-CURRENT ASSETS	1,061,644	1,073,809
Inventories	33,576	31,609
Trade receivables	113,910	114,254
Other receivables and prepayments	47,653	53,444
Other financial assets	298	0
Cash and cash equivalents	128,537	120,850
TOTAL CURRENT ASSETS	323,974	320,157
TOTAL ASSETS	1,385,618	1,393,966
Share capital	47,064	47,064
Share premium	1,067,234	1,068,149
Treasury shares	-43,632	-48,790
Other reserves	227,591	228,609
Accumulated deficit	-572,583	-575,438
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	725,674	719,594
Non-controlling interests	2,287	2,308
TOTAL EQUITY	727,961	721,902
Lease liability	28,156	29,970
Deferred tax liability	83,816	85,804
Provisions	43,257	43,727
Deferred revenue	168,282	148,058
TOTAL NON-CURRENT LIABILITIES	323,511	307,559
Trade payables	54,999	51,441
Income taxes	3,821	1,702
Other taxes and social security	8,532	7,025
Lease liability	12,602	13,573
Provisions	35,004	37,173
Deferred revenue	106,915	113,246
Accruals and other liabilities	112,273	140,345
TOTAL CURRENT LIABILITIES	334,146	364,505
TOTAL EQUITY AND LIABILITIES	1,385,618	1,393,966

Consolidated condensed statements of cash flows

(€ in thousands)	Q1 '18 Unaudited	Q1 '17 Unaudited
Operating result	6,886	-1,526
Financial (losses) / gains	-253	1,916
Depreciation, amortisation and impairment	37,353	35,536
Change in provisions	-4,558	-5,301
Equity-settled stock compensation expenses	1,586	1,767
Changes in working capital:		
Change in inventories	720	-8,252
Change in receivables and prepayments	3,291	-12,807
Change in liabilities (excluding provisions) ¹	-9,038	-10,506
CASH GENERATED FROM OPERATIONS	35,987	827
Interest received	110	107
Interest (paid)	-444	-454
Corporate income taxes (paid)	-3,295	-2,068
CASH FLOWS FROM OPERATING ACTIVITIES	32,358	-1,588
Investments in intangible assets	-18,815	-21,780
Investments in property, plant and equipment	-3,539	-3,103
Acquisitions of subsidiaries and other businesses	0	-24,493
Dividend received	75	0
CASH FLOWS FROM INVESTING ACTIVITIES	-22,279	-49,376
Movement in lease liability	-2,786	-3,963
Change in utilisation of credit facility	0	-5,000
Repayment of borrowings	0	-326
Proceeds on issue of ordinary shares	699	2,171
CASH FLOWS FROM FINANCING ACTIVITIES	-2,087	-7,118
Net increase / (decrease) in cash and cash equivalents	7,992	-58,082
Cash and cash equivalents at the beginning of period	120,850	142,527
Exchange rate changes on cash balances held in foreign currencies	-305	-18
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	128,537	84,427

¹ Includes the movement of non-current deferred revenue presented under Non-Current liabilities.

Accounting policies - basis of accounting

The condensed consolidated financial information for the three-month period ended 31 March 2018 with related comparative information has been prepared using accounting policies which are based on International Financial Reporting Standards (IFRS). Accounting policies and methods of computation followed in the condensed consolidated financial information, for the period ended 31 March 2018, are the same as those followed in the Financial Statements for the year ended 31 December 2017 except for three new standards which are effective as of 1 January 2018.

The Group has adopted IFRS 9 'Financial Instruments', IFRS 15 'Revenue from Contracts with Customers' and IFRS 16 'Leases' (early adoption as permitted by the transitional guidance). The impact of these standards is explained in our Annual Report 2017 in Section 1 'General Information and Basis of Reporting'. Further disclosures as required under IFRS for a complete set of consolidated financial statements are not included in the condensed consolidated financial information. The quarterly condensed consolidated information in this press release is unaudited.

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 revenue adjusted for the movement of deferred and unbilled revenue

Gross margin is calculated as gross result 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 amortisation charges

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

Adjusted net result is calculated as net result attributed to equity holders adjusted for movement of deferred revenue, 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

Net cash is defined as our cash and cash equivalents minus the nominal value of our outstanding bank borrowings

For more information

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Audio webcast first quarter 2018 results

The information for our audio webcast is as follows:

- Date and time: 17 April 2018 at 14:00 CEST
- corporate.tomtom.com/presentations.cfm

TomTom is listed at Euronext Amsterdam in the Netherlands

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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.

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 specialised 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.