



ANNUAL REPORT 2014



ICONS by category

DRIVE

-  CAR
-  MOTORCYCLE
-  CAMPER & CARAVAN
-  TRUCK

SPORT

-  RUNNING
-  CYCLING
-  SWIMMING
-  GOLF

PRODUCT-RELATED

-  CONNECTED CAR
-  DIGITAL MAP
-  MULTINET-R
-  REAL-TIME TRAFFIC INFORMATION
-  NAVKIT NAVIGATION ENGINE
-  NAVCLOUD
-  CLOUD-BASED PRODUCTS
-  WEBFLEET
-  TELEMATICS APP CENTER
-  FLEET

FINANCE & STRATEGY

-  ACCOUNTING POLICIES
-  SIGNIFICANT ESTIMATES
-  OUTLOOK
-  STRATEGY

FORWARD-LOOKING STATEMENTS/IMPORTANT NOTICE

This document contains certain forward-looking statements with respect to the financial condition, results of operations and business of TomTom NV (the company) and certain of the plans and objectives of TomTom and its subsidiaries (together with the company referred to as 'the group') with respect to these items. In particular the words 'expect', 'anticipate', 'estimate', 'may', 'should', 'would', 'believe' and similar expressions are intended to identify forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. Actual results may differ materially from those expressed in these forward-looking statements, and you should not place undue reliance on them. 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. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, levels of customer spending in major economies, changes in consumer tastes and preferences, changes in law, the performance of the financial markets, the levels of marketing and promotional expenditures by the group and its competitors, raw materials and employee costs, changes in exchange and interest rates (in particular changes in the USD and GBP versus the euro can materially affect results), changes in tax rates, future business combinations, acquisitions or disposals, the rate of technological changes, political and military 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. Where full year information regarding 2014 is not yet available to the company, these statements may also be based on estimates and projections prepared by outside sources or management. Market shares are based on sales in units unless otherwise stated. The forward-looking statements contained refer only to the date in which they are made, and we do not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this annual report.

MESSAGE FROM THE CEO

Dear stakeholder,

I am pleased to report that 2014 was a good year for TomTom. We made good progress with our investments in our core technologies across the group, achieving important milestones and positioning TomTom back for growth. We made further inroads in establishing a multi-product consumer business with our GPS sport watches, we announced new deals with automotive customers and we saw accelerated growth in our fleet management business.

Improvements to our organisational structure and R&D set-up over recent years have created a stronger basis for the future of TomTom. As well as being able to look forward to the benefits of a more efficient organisational structure, we will continue to build on a growth and performance-oriented culture that embraces teamwork, strong employee engagement, and the drive for excellence.

2014 marked a year in which we achieved significant milestones with our technologies. We made substantial progress with the first version of our unique transactional map-making platform that will provide incremental map updates, enabling near real-time maps. With this technological innovation, TomTom is well positioned to address the need for accurate and up-to-date maps, for navigation applications and driver assistance applications, including Highly Automated Driving.

We invested to maintain our leadership position in traffic, increasing our global coverage and enhancing our traffic services. Over 40 countries around the world now have access to TomTom's historic and real-time traffic information. TomTom also became the first company to use real-time weather information to calculate routes and arrival times. By knowing the exact traffic situation across the entire road network, including weather conditions, we give drivers more insight about the road ahead, making journeys faster and more predictable.

We made good progress on investments in our modular navigation software, which is used by our consumer drive products such as PNDs and offered as a modular connected navigation system with maps and traffic to our automotive customers for their embedded systems. We are committed to using the Navigation Data Standard (NDS) industry standard map format, which we are integrating into our navigation software on device-based and server-based navigation applications. The ability of NDS to support incremental updates fits well with our transactional map-making capability, making it possible to keep an on-board map up-to-date.

Our European PND business held up well in 2014. We improved our European market share and average selling price (ASP). The North American market continued to decline faster than in Europe and it remains a challenging market for PNDs. Our strategy is to maximise the value from the PND category, which we believe will remain a meaningful category in its own right for the foreseeable future. With the introduction of our own branded GPS sport watches we made a successful step into the sports market. In 2014, we extended our sport watch range with the launch of TomTom Runner Cardio, equipped with a built-in heart rate monitor, which made heart rate training easily accessible to athletes. We also delivered a GPS watch to help golfers to improve their game. We will continue to invest in our consumer business and we look

forward to bringing innovative and relevant new products to the market in 2015.

Our strategy of offering modular Connected Navigation System (CNS) components, including maps, traffic and navigation software and services, to automotive OEMs and Tier 1 vendors is driving growth in our Automotive business. In 2014, we continued to deliver our modular CNS components to our existing customers and we secured new partnerships and deals. Key strategic partnerships with Bosch SoftTec and Volkswagen Research to develop Advanced Driving Systems, and jointly research the future of Highly Automated Driving build on TomTom's expertise in mapping, traffic and navigation and position TomTom as a leading innovator in the future of automated driving. We also continued to strengthen our position as a premium traffic service provider in the automotive industry, underlined by new contract wins such as Daimler, Toyota, Fiat, and Audi. Our order bookings for 2014 exceeded €220 million, which together with earlier secured orders will support growth in our Automotive business from 2016 onwards.

In our Licensing business, we diversified and grew our customer base globally and announced a number of strategic deals that enable us to offer cloud-based navigation and location services, a pedestrian-friendly map layer and an indoor mapping offering.

Our Telematics business performed strongly in 2014. We saw accelerated growth in the WEBFLEET subscriber base reaching close to half a million subscriptions by the year end. This was achieved through a combination of solid organic growth and two acquisitions: DAMS Tracking in France and Fleetlogic in the Netherlands. Today, our Telematics business is recognised as the largest and fastest growing telematics provider in Europe. We are increasingly becoming the fleet management service provider of choice for fleet owners of any size, with recurring revenue streams accounting for around 70% of Telematics' total revenue. Our established and scalable technology platform, in combination with our ongoing commitment to innovation, sustained investment in R&D and capacity to leverage economies of scale, enables us to continue to capitalise on the favourable industry trends.

The demand for applications that use location is expected to continue to grow globally across many industries, and we see new opportunities for TomTom. Over the past year, we have been positioning ourselves for growth and the results of our investments give us confidence for the future. Each of our business units has its own strategy, which includes developing and launching new products, and expanding our commercial footprint in both existing and new markets. While remaining cautious about the short-term economic outlook in our core markets and closely monitoring the developments in the PND market, we are committed to deliver top line revenue growth in 2015. We will continue to execute on our existing strategy to grow our telematics, automotive and consumer businesses: we expect continued strong growth in our fleet management business, to announce new deals with automotive customers, and to further develop and grow a multi-product consumer business.

I would like to thank all of our stakeholders: our shareholders for their continued support and confidence in TomTom as we continue our journey in this dynamic and fast moving industry; our customers for their loyalty and valuable feedback that drives us to constantly innovate; and finally our employees for their dedication, energy and hard work.

Harold Goddijn / Chief Executive Officer, TomTom NV