



# ANNUAL REPORT 2014



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## 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

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## 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.

**TomTom 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. Best known for being a global leader in navigation and mapping products, TomTom also creates GPS sport watches, as well as state-of-the-art fleet management solutions and industry-leading location-based products.**

TomTom was founded in 1991 and has grown from a Dutch-based start-up company into a leading multi-national, global brand. The original founders remain committed to the business and together with the 4,000 employees are focused on driving innovation and helping people achieve their goals.

In 1991, TomTom began a journey that would change the way people drive, beginning with software development for B2B mobile applications and personal digital assistants (PDAs) for consumers. In just two years, TomTom became the market leader in PDA software with navigation applications such as EnRoute (later renamed RoutePlanner) and Citymaps. By June 2002, the TomTom Navigator was launched, providing customers across Europe with an easy-to-use, affordable navigation solution for the first time.

A year after the successful launch of TomTom Navigator, it was clear there was a strong demand for an all-in-one, easy-to-use, portable navigation device. TomTom recruited an experienced hardware team ready to take on this challenge. The result was not just a new product, but also an entirely new category in consumer electronics: the Portable Navigation Device (PND). The PND became the fastest selling consumer technology device in history, as the trusted travel companion for millions of drivers. Demand grew rapidly across Europe and North America and in the ten years since its launch, over 77 million TomTom PND devices have been sold in 35 countries.

In the years that followed, TomTom continued to innovate and create new products, both in the B2C and the B2B segments. Its consumer product portfolio was extended with its own branded GPS sport watches, which enable runners, cyclists, swimmers and golfers to keep moving towards their goals. A number of new businesses were acquired including Datafactory AG (which formed TomTom Telematics), Applied Generics (which formed TomTom Traffic), the automotive engineering team from the Siemens R&D division (which formed TomTom's Automotive business) and Tele Atlas, one of the largest digital map-making companies in the world (which formed TomTom Maps). These acquisitions provided specialist data, technology, knowledge, and resources to deliver a best-in-class navigation and location-based experience for our customers.

Today, TomTom's B2B activities are focused on fleet management solutions, embedded navigation systems and location-based solutions. TomTom Telematics grew into a leading global provider of fleet management and vehicle telematics solutions, reaching an installed base of 464,000 vehicles at the end of 2014, and is recognised as the fastest growing telematics provider in Europe today. TomTom is set to revolutionise the way maps will be delivered, with the introduction of its new map-making engine that provides incremental map updates, enabling near real-time maps. With the deployment of this important technological innovation, TomTom will be uniquely positioned to fully address the need for highly accurate and always up-to-date maps, enabling its customers to lead the future of Highly Automated Driving.

Together with its state-of-the-art real-time traffic information and navigation software, TomTom's products are sold to customers across various markets, reaching 800 million people around the world every day.

## **TOMTOM'S ACTIVITIES AT A GLANCE**

### **Core technologies**

TomTom's core technology assets are maps, traffic and navigation. These assets underly many of TomTom's products, and are used in PNDs, embedded navigation systems, smartphone applications, and web-based applications.

#### **Maps**



TomTom provides global map coverage with fully navigable maps for 126 countries. Its maps with voice-guided navigation are available in 46 unique languages. Map-making at TomTom is about efficiently dealing with changes and the increasing use of our state-of-the-art transactional map-making engine will enable TomTom to deliver high quality map content with short delivery cycles. TomTom is the leader in the use of probe traces in quality map-making and in handling consumer feedback. Today, over 12 trillion probe traces have been collected and over 500,000 map edits are processed each day.

#### **Traffic**



TomTom creates real-time and historic traffic information for highways, major roads and secondary roads. Its traffic service is available in over 40 countries and it provides drivers highly accurate measurements of traffic jams and delays for better route calculation and expected times of arrival (ETAs). TomTom uses a wide range of sources to generate real-time traffic information; an important source of traffic data comes from its own community input that delivers over 5 billion speed measurements per day. TomTom's traffic technology intelligently combines the data from all available sources into a database with both traffic flow and incident data for the entire road network covered.

**Navigation**



NavKit, TomTom's proprietary navigation engine, is the foundation for many of TomTom's products brought to the market today and delivers best-in-class dynamic routing performance. The navigation engine provides interfaces (APIs) that enable the development of a fully customised navigation application on any device or platform. NavKit can be provided with a state-of-the-art and off-the-shelf reference User Interface. NavKit navigation technology is also offered with cloud-based services that enable on-line navigation. We also offer a cloud service that provides a secure storage facility for navigation data to allow for a seamless navigation experience across different devices.

**Group business structure**

Our activities are organised around four customer-facing business units that leverage our brand, capabilities, and common technology assets to provide consumers, businesses, governments and local authorities with industry-leading location-based products.



“Leading provider of location-based products”

BUSINESS UNITS	CONSUMER	AUTOMOTIVE	LICENSING	TELEMATICS
Principal business	B2C devices	B2B connected navigation systems	B2B system components	B2B fleet telematics
Core products				
Customers	Consumers	Automotive OEMs, Tier 1 headunit vendors	Mobile device vendors, web service providers, GIS owners	Fleet owners
Core markets	Europe & North America	Europe & North America	Europe & North America	Europe

Our Consumer business is focused on creating innovative and easy-to-use location-based products that give consumers the knowledge they need to get where they want to go effortlessly and quickly. Consumer activities are focused on the drive and sports categories; products include PNDs, GPS sport watches and smartphone navigation applications. TomTom consumer products are recognised for their smart and intuitive user interface, strong GPS performance and innovative design and features.

Our Automotive business provides cutting-edge modular components, being maps, traffic and navigation software, to car manufacturers and Tier 1 head unit vendors. Each component can be integrated as a stand-alone product, or combined into the Connected Navigation System, to deliver seamless compatibility, advanced user experience and cost-effective implementation.

Our Licensing business sells TomTom map, traffic and navigation software. It also offers cloud-based products and platforms that allow developers easy access to create location-enabled applications for businesses and governments. Licensing focuses on two types of customers:

- **B2B2C**, where TomTom's products are incorporated in end user applications such as smartphones and tablets, and on the internet; and
- **B2B**, serving professional users for location-based applications such as geographical information systems (GIS) providers, governmental bodies and traffic management institutions.

Our Telematics business offers fleet management solutions for commercial fleets of any size and is also a partner for the insurance industry to provide usage-based insurance products. Telematics' WEBFLEET Software-as-a-Service (SaaS) solution is highly intuitive to use, allows for seamless integration with third-party applications and offers information security certified to ISO 27001 standards. Telematics products enable businesses to improve vehicle performance, save fuel, support drivers, increase overall fleet efficiency, and contribute to environmentally responsible logistics operations.