



# 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.

unit strategies were presented, and constructive discussions and reviews were performed with the Management Board. In addition, the Supervisory Board was kept regularly informed of intended organisational changes, appointments of key positions and material contracts.

During discussions with the Management Board, specific attention was given to the various R&D projects, which were discussed and monitored at each quarterly meeting. A strong attention point of the Supervisory Board was the company's delivery of significant technology milestones, including the delivery of the first version of the unique transactional map-making platform that will provide incremental map updates. In addition, progress on investments in the field of modular navigation software was closely monitored. The Supervisory Board was regularly updated on the positioning of these technological innovations and their traction in the market.

The Consumer business, and in particular the continued decline of the PND market in North America, were important attention topics during discussions with the Management Board. The company's undertakings in the sports market were closely monitored and several product presentations and demonstrations were provided during the year.

Updates on the progress made with modular Connected Navigation System components, an important driver for growth for the Automotive business, featured regularly on the Supervisory Board agenda. Also in this respect, the Supervisory Board was frequently updated on the bookings made which, together with orders secured earlier, will support growth for the Automotive business onwards.

For the Telematics business, the Supervisory Board was involved in the acquisitions of *DAMS Tracking*, in France, and *Fleetlogic*, in the Netherlands. These acquisitions reflected the execution of the strategy of the Telematics business to expand the WEBFLEET installed base, both organically and through potential bolt-on acquisitions and partnerships.

The company's results and its cash generation from operations were presented and closely monitored throughout the year. Regarding the financial management of the company, the Supervisory Board reviewed and approved the budget for 2015 and was involved in the refinancing project that resulted in a new €250 million revolving credit facility for the company. It oversaw the tendering procedure for the selection of a new audit firm and decided to nominate Ernst & Young Accountants LLP for appointment by the General Meeting in 2015 for a three-year term. The Supervisory Board was regularly updated on the company's Investor Relations activities, such as share price developments and financial analysts' research and communication with shareholders and investors. The press releases regarding the full year and half-year results, and the quarterly trading updates were reviewed and approved. A proposal from the Management Board in relation to the dividend policy was discussed and challenged by the members of the Supervisory Board. The decision of the Management Board on the company's dividend policy was published on the [company's website](#) in October 2014.

Through its Audit Committee, the Supervisory Board was kept informed of the company's risks, both general and financial, and of the actions taken and systems in place to manage these risks. Time was also dedicated to discussing the company's organisational

structure and R&D set-up, and it was concluded that the improvements made over the past years have created a stronger basis for the future of TomTom.

The composition and functioning of the Management Board and the performance of its individual members were discussed, alongside the succession planning for the key positions within the organisation.

The Supervisory Board received updates on the company's legal compliance programme, corporate social responsibility and the developments with respect to corporate governance.

## **SELF-ASSESSMENT**

The Supervisory Board reviewed and discussed its own functioning, as well as that of its members, its committees and the Chairman. During this meeting the Management Board was not present but had been requested to provide feedback. The evaluation of the Chairman was discussed by the entire Supervisory Board, without the Chairman present. In preparation for these discussions, the members of the Supervisory Board and Management Board provided feedback through a written assessment. The assessment included reviews of the composition and expertise of the Supervisory Board, its time management, effectiveness, dynamics and succession planning. The Supervisory Board's overview of the company's strategy, human resources management, risk management and internal controls was also reviewed.

The Supervisory Board was very positive about the organisation of the meetings, its agenda setting, effectiveness and strategic overview. The dynamics between the Management Board and the Supervisory Board was perceived as transparent. The improvement made with regard to gaining insights into the constantly changing landscape in which TomTom operates was welcomed by the Supervisory Board. In order to be kept more up-to-date on the actual functioning of new technologies and products, the Supervisory Board requested that demonstrations of such innovations would feature regularly on the agenda for 2015.

The Supervisory Board intends to bring in a third-party to assess its functioning every three years; the next such occasion being in 2015.

## **REMUNERATION COMMITTEE REPORT**

The Remuneration Report describes the activities of the Remuneration Committee (Committee), the Remuneration Policy and its application in 2014. The Remuneration Policy (including the Management Board Stock Option Plan) was first adopted by the General Meeting in 2005 and has since been amended several times, most recently in 2014. In line with Dutch legislation, the execution of the Remuneration Policy in 2014 will be put on the agenda for discussion as a separate agenda item at the General Meeting on 24 April, 2015.

### **Committee meetings**

The Remuneration Committee met four times in the course of 2014, with an overall attendance rate of 100%. Each meeting was also attended by Alain De Taeye, the VP Reward and HR Operations, the SVP Group HR and the Company Secretary. Preparation meetings attended by the Chairman of the Committee, the VP Reward and HR Operations and the Company Secretary were held prior to each Committee meeting.