







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.

of 40% to reflect the company's strategy and to align the metric with the employee bonus plan. The other two performance criteria, the EBIT KPI and the cash flow KPI, remained the same as in the previous year. The EBIT KPI remained at the same weighting level of 40% while the weighting for the cash flow KPI is reduced to 20%. The focused nature of the KPIs reflects the Supervisory Board's opinion that the current economic climate continues to require strong financially driven KPIs with a focus on top line growth. These KPIs are an important measure of the success of the execution of the company's strategy and, as such, the remuneration is directly linked to performance and the company's strategy.

Applying the pre-determined performance criteria to the 2014 results of the company, the Supervisory Board has awarded an overall pay-out ratio of 101% of the 'on-target' bonus percentage under the short-term incentive scheme.

The Supervisory Board is of the opinion that the continuous challenging economic environment and competitive market warranted strong financial control and that therefore the strictly financial nature of the KPIs set for 2014 was appropriate.

3. Long-term incentive

The long-term incentive component is laid down in the TomTom Management Board Stock Option Plan. The Management Board Stock Option Plan is aimed at attracting and retaining key talent, in order to ensure the company's continued high performance. It therefore aligns the company's long-term incentives with common practices within international companies operating in the technology sector.

With regard to the Management Board Stock Option Plan, all options shall be granted conditional to continued employment of the Management Board members only. The vesting of the options is not subject to the achievement of pre-determined performance criteria. The options will vest three years after the grant date.

The Supervisory Board confirmed that the unconditional option plan, where value only materialises upon the successful execution of the company's long-term strategy by the Management Board, reflects the company's vision and the corresponding strategy considerations for 2014 to 2016, with a strong focus on top line growth.

In 2014, the Supervisory Board decided to set annual stock option grants as a percentage of the annual base salary of the Management Board members. The level for the CEO was set to a grant value equivalent to 100% of the annual base salary, and for the other two members of the Management Board to a grant value equivalent to 60% of the annual base salary.

4. Benefits

Members of the Management Board are eligible for, and can opt to participate in the company's pension plans or receive a contribution to their respective private pension plan. According to the Remuneration Policy, the contribution to be paid by the company on behalf of a member of the Management Board is based on a percentage of the gross annual base salary and is capped at 20% of the gross annual base salary.

The contribution to the respective private pension plan of Alain De Taeye is capped at 10% of his gross annual base salary.

Harold Goddijn has opted to waive his rights to take part in the company's pension plan and does not receive any contribution from the company.

In addition to the abovementioned remuneration components, the Management Board members are entitled to remuneration for items such as medical insurance, death and disability insurance, housing and car allowances. They also benefit from directors' and officers' liability insurance coverage. These benefits are in line with market practice. The company does not provide loans to members of the Management Board.

Outlook 2015

The Supervisory Board does not intend to change the Remuneration Policy in the foreseeable future.

A remuneration benchmark against TomTom's peer group shall be performed in the course of 2015 to assess the appropriateness of the base salary of the members of the Management Board. The outcome of this benchmark may have an impact on the base salaries of the Management Board members. In any event, an indexation of 2.7% of the salaries of all members of the Management Board shall take place in 2015.

For the short-term incentive scheme of 2015, the Supervisory Board feels it is appropriate to apply KPIs and weighting that measure the company's strategy in consideration of its financial position. Given the focus on revenue growth and considering the company's current financial position, the Supervisory Board decided to remove the cash flow KPI for 2015. As such, the two performance criteria will be a revenue KPI weighted at 50% and an EBIT KPI also weighted at 50%. These KPIs fully align with the KPIs set for the employee annual bonus plan.

The Supervisory Board is of the opinion that the unconditional Management Board Option Plan is appropriate and corresponds with the company's long-term focus on growth.

To align the company's contribution to the private pension plan of Alain De Taeye with competitive market levels, the Supervisory Board decided to increase the contribution from 10% to 20% of the annual base salary. This means that both members of the Management Board who benefit from the company's contribution to their respective private pension plans receive the maximum contribution as provided for in the Remuneration Policy.

Employee arrangements and severance agreements

All members of the Management Board have an employment contract with the company. The employment contracts are entered into for an indefinite period, but the term of office of members of the Management Board is four years. After this period, they may be reappointed for another term of not more than four years at a time.

A notice period of 12 months is applicable to all members of the Management Board. In the event that the employment of a member of the Management Board is terminated by the company, or on its initiative, he or she shall be entitled to a fixed amount of 50% of one year's base salary, including holiday allowance if applicable. The severance compensation due will be paid to members of the Management Board during the agreed notice period of 12 months in addition to the salary.