



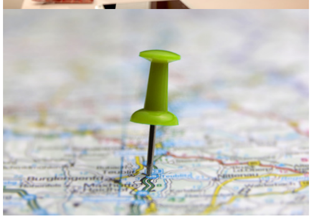

ANNUAL REPORT 2014

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.

27. Borrowings

(€ in thousands)	2014	2013
Non-current	48,925	99,348
Current	0	74,089
TOTAL	**48,925**	**173,437**

On 22 December 2014, the group signed a new credit facility agreement (the 'new facility'), replacing the previous facility agreement. The agreement is effective up to 31 March 2018 and includes two additional one-year extension options.

The new facility comprises of a revolving credit facility for an amount of €250 million, of which €50 million was drawn at the end of December 2014. Netted with the transaction costs of €1.1 million, the carrying amount of the group's outstanding borrowings at 31 December 2014 was €48.9 million. The interest is in line with market conditions and is based on Euribor plus a margin that depends on certain leverage covenants. The average interest paid on borrowings in 2014 was 1.3% (2013: 1.2%).

At 31 December 2014 the outstanding borrowings are presented as a non-current liability, as management expects to maintain at least a similar level of utilisation in the coming twelve months.

As the contractual interest rate is based on market interest rates plus a certain margin, and the fact that there has been no significant change to the group's credit rating, the fair value of the borrowings at the end of 2014 and 2013 is estimated to approximate their carrying value.

Accounting policy

Borrowings are recognised initially at fair value, net of transaction costs incurred. Subsequently, amounts are stated at amortised cost with the difference being recognised in the income statement over the period of the borrowings using the effective interest rate method.

28. Financial risk management

Financial risk factors

The group's activities result in exposure to a variety of financial risks including credit, foreign currencies, liquidity and interest rate risk. Management policies have been established to identify, analyse and monitor these risks, and to set appropriate risk limits and controls. Financial risk management is carried out in accordance with our Corporate Treasury Policy. The written principles and policies are reviewed periodically to reflect changes in market conditions, the activities of the business, and laws and regulations affecting the group's business.

Credit

Credit risk arises primarily from cash and cash equivalents held at financial institutions, and, to a certain extent, from trade receivables relating to wholesale customers.

Cash balances are held with counterparties that have a credit risk rating of at least BBB-, as rated by an acknowledged rating agency. Moreover, to avoid significant concentration of exposure to particular financial institutions, it has been ensured that transactions and businesses are properly spread among different counterparties.

The group's exposure to wholesale customers is managed through establishing proper credit limits and continuous credit risk assessments for each individual customer.

Procedures include aligning credit and trading terms and conditions with an assessment of the individual characteristics and risk profile of each customer. This assessment is made based on past experiences and independent ratings from external rating agencies whenever available.

As at 31 December 2014, total bad debt provision represented approximately 0.4% of group revenue (2013: 0.3%).

Foreign currencies

The group operates internationally and conducts business in multiple currencies. Revenues are earned in euro, pound sterling (GBP), the US dollar (USD) and other currencies, and do not necessarily match cost of sales and other costs which are largely in euro and the US dollar and to a certain extent in other currencies. Foreign currency exposures on commercial transactions relate mainly to estimated purchases and sales transactions that are denominated in currencies other than reporting currency - the euro (€).

The group manages foreign currency transaction risk through options and forward contracts to cover forecasted net exposures. All such transactions are carried out within the guidelines set by Corporate Treasury Policy, which is reviewed annually by the Audit Committee.

A 2.5% strengthening/weakening of the euro as at 31 December 2014 against the currencies listed below would have increased (decreased) profit or loss by the amount shown below. This analysis assumes that all other variables remain constant. The analysis was performed on the same basis as in 2013.

	2014		2013	
(€)	Strengthen	Weaken	Strenghten	Weaken
GBP	248,885	–236,708	–327,148	311,664
USD	–823,283	783,392	–228,989	278,258

Liquidity and loan covenant

The approach to managing liquidity is to ensure that sufficient funds are available to meet financial obligations when they fall due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

To ensure there is sufficient cash to meet expected operational expenses, including the servicing of financial obligations, actual and future cash flow requirements are regularly monitored, taking into account the maturity profiles of financial assets and liabilities and the rolling forecast of the group's liquidity reserve, which comprises cash and cash equivalents and an undrawn credit facility of €200 million.

Under the covenants of the facility, the group is required to meet certain performance indicators with regard to its interest cover (4.0) and leverage ratio (3.0), which are tested twice a year. Interest cover is defined as the ratio of the last twelve months (LTM) EBITDA to LTM interest expense for the relevant test period. The leverage ratio is defined as the ratio of total consolidated net debt as at the testing date to the consolidated LTM EBITDA in respect of the relevant period ending on that date. In case of a breach of these covenants, the banks are contractually entitled to request early repayment of the outstanding amount. On 31 December 2014, the group complied with the loan covenants and, based on the group's plan for 2015, management expects to be able to comply with the loan covenants during 2015.

The outstanding borrowings of €50 million from the credit facility has a one-month maturity period from the date of draw down but can continuously be rolled-over up to the end date of the facility agreement at management's discretion. Assuming the amount utilised remains the same until the end of the agreement and the level of market interest as well as the required performance indicators remain constant based on the situation as at 31 December 2014, the annual interest due up to 31 March 2018 would be €0.4 million.

Interest rates

Interest rate risk arises primarily from the existing long-term borrowings. These borrowings have a floating interest coupon based on Euribor plus a spread that depends on leverage levels. Interest rate risk is hedged with appropriate hedging instruments whenever deemed necessary in accordance with the Corporate Treasury Policy.

Based on the expectation of interest rate movements in the coming period and the acceptability of potential exposure, the current policy is not to hedge the interest rate of current borrowings. Accordingly, changes in Euribor may have an impact on the group's results for the coming year.

Market-related interest income is received on the cash balances. Our intention is to prioritise capital preservation and when possible we invest our surplus cash using approved investment instruments, such as bank deposits and money market fund investments. All transactions and counterparty risk limits are governed by Corporate Treasury Policy.

Capital risk management

The group's financing policy aims to maintain a capital structure that enables the group to achieve its strategic objectives and daily operational needs, and to safeguard the group's ability to continue as a going concern.

In order to maintain or adjust the capital structure, the group may issue new shares, adjust its dividend policy, return capital to shareholders or sell assets to reduce debt, taking into account relevant interest cover and leverage covenants of external borrowings as disclosed above.

As at 31 December 2014, the group had a net cash position of €103 million (31 December 2013: €83 million).

Further quantitative disclosures are included throughout these consolidated financial statements.