



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.

Other provisions

Other provisions include an amount of €8.4 million (2013: €6.8 million) related to the defined benefit pension plan in Germany as disclosed in [note 6. Personnel expenses](#), and the remainder relates mainly to provisions for expected earn-out payments. The amount of 'Other provisions' estimated to be settled/utilised within the coming twelve months amounted to €4.2 million.

32. Commitments, contingent assets and liabilities

The group has a number of long-term financial commitments, which are not shown in the group's balance sheet as at 31 December 2014.

Operating leases

These are operating leases for buildings, cars and office equipment, which consist of:

(€ in thousands)	2014	2013
Commitments less than 1 year	15,298	13,835
Commitments between 1 - 5 years	34,380	40,442
Commitments longer than 5 years	974	2,198
TOTAL	50,652	56,475

No discount factor is used in determining the operating lease commitments.

Purchase commitments

As at 31 December 2014, the group had open purchase commitments with contract manufacturers for certain products and components. Contract manufacturers order the requisite component parts from their suppliers on the basis of forecasts of the number of units required. Manufacturers have commitments on these components. In certain circumstances, the group has a contractual obligation to purchase these components from the manufacturers.

Other commitments

The group has contracts with third-party suppliers or other business partners that include minimum royalty or revenue share payments over the duration of the contracts that range from 1 to 5 years. The total commitments under these contracts are presented below.

(€ in thousands)	2014	2013
Commitments less than 1 year	9,541	7,517
Commitments between 1 - 5 years	9,430	11,333
TOTAL	18,971	18,850

The group has given a guarantee as described in section 479C of the UK Companies Act to TomTom Software Ltd. Accordingly, TomTom Software Ltd. is exempted from the requirements of the Companies Act 2006 relating to audit by virtue of section 479A.

In addition, a German subsidiary, TomTom Germany GmbH & Co. KG., which is included in these consolidated financial statements, applies the exemption as described in section 264b of the German Commercial Code (HGB) with regard to the publication of the annual financial statements and the drawing up of a management report and the notes to the financial statements.

Contingencies

Please refer to [note 31. Provisions](#) for disclosures on tax and legal contingencies.

In 2014, we won an arbitration award in which the Tribunal ruled that one of our suppliers must repay royalties paid by TomTom in prior periods. TomTom has recently filed a motion in local Court to recognise this award and render it internationally enforceable. Our supplier may choose to oppose our motion and file a separate Court action to overturn the arbitration award. While we believe it is more likely than not that the Court will uphold and recognise the arbitration award, we cannot be certain of such an outcome, and a final judgement in this matter, including the quantum and timing of any final judicial award, remains uncertain. Consequently, we have not recognised the asset, and given that further disclosure could seriously prejudice our position, no further disclosure is provided. If TomTom is ultimately successful and the arbitration award is enforced, the amount awarded will not have a significant impact on TomTom's financial position.

Based on legal advice, there were no other contingencies that management expects to have a material adverse effect on the group's financial position as at 31 December 2014.

33. Remunerations of members of the Management Board and the Supervisory Board

The Remuneration Policy

The Remuneration Policy for members of the Management Board is drawn up by the Supervisory Board and approved by the General Meeting.

The on-target bonus percentage is set at 80% of the base salary for the CEO and at 64% of the base salary for the other members of the Management Board. The maximum annual incentive achievable is 120% of the annual base salary for the CEO and 96% of the annual base salary for the other members of the Management Board. The actual bonus pay-out depends on certain challenging financial targets (gross profit, EBIT and cash flow). The total remuneration paid/payable to or on behalf of the members of the Management Board for the year ended 31 December 2014, amounted to approximately €2.3 million (2013: €2.5 million), of which 38% represented bonus payments (2013: 46%). In 2014, the bonus achievement was 101% of the on-target bonus percentage (2013: 131%).

In accordance with the Code, the remuneration of Supervisory Board members does not depend on the results of the company. The company does not grant either stock options or shares to its Supervisory Board members and the company does not provide loans to them.

Overview of salaries, performance-related bonuses and other emoluments of the Management Board

The remuneration of the Management Board members comprises of the direct remuneration paid or payable in relation to their employment in the year and other remuneration related expenses that comprise social security contributions and share-based awards. The expenses/ (gains) recognised for share-based awards are determined in accordance with IFRS 2 and do not represent the amounts paid or payable to Management Board members. The expenses for the direct remuneration and other remuneration-related expenses are presented below:

Direct remuneration

(in €)	Salary	Short-term benefits Bonus	Other emoluments	Post-employment benefits	Total Direct remuneration
2014					
Harold Goddijn	450,000	363,600	0	0	813,600
Marina Wyatt	400,000	258,560	53,716	78,087	790,363
Alain De Taeye	375,000	242,400	21,000	37,500	675,900
	1,225,000	864,560	74,716	115,587	2,279,863
2013					
Harold Goddijn	450,000	471,600	0	0	921,600
Marina Wyatt	400,000	335,360	17,811	40,000	793,171
Alain De Taeye	375,000	314,400	21,000	37,500	747,900
	1,225,000	1,121,360	38,811	77,500	2,462,671

Other remuneration-related expenses

(in €)	Share-based ¹ expenses	Other short-term ² expenses	Total including Other and Direct remuneration
2014			
Harold Goddijn	236,486	8,381	1,058,467
Marina Wyatt	167,218	26,439	984,020
Alain De Taeye	164,765	8,381	849,046
	568,469	43,201	2,891,533
2013			
Harold Goddijn	-47,138	131,389	1,005,851
Marina Wyatt	-47,138	42,988	789,021
Alain De Taeye	-45,474	79,824	782,250
	-139,750	254,201	2,577,122

¹ The gain in the share-based expenses in 2013 results from the forfeiture of the 2011 share options. Following this forfeiture the costs incurred in previous periods have been reversed.

² Other short-term expenses in 2013 include the expenses incurred in relation to the crisis levy imposed by the Dutch government amounting to €123 thousand for Mr Harold Goddijn, €14 thousand for Mrs Marina Wyatt and €72 thousand for Mr Alain De Taeye. Although these expenses do not represent actual benefits paid to the Management Board, they have been included as the expenses incurred are in relation to their employment.

The share-based awards scheme is set out in the Management Board Stock Option Plan 2009 as amended in the 2011 and 2014 General Meeting. In May 2014, each of the Management Board members were granted new stock options under this plan. The following tables summarise information about outstanding stock options of each member of the Management Board, as well as the movements during the year.

Board member	Year of grant	Outstanding 1 Jan 2014	Granted in 2014	Expired in 2014	Forfeited in 2014	Outstanding 31 Dec 2014 ¹	Exercise price (€)	Expiry date
Harold Goddijn	2009	181,500				181,500	5.71	16-06-16
	2010	150,000				150,000	5.32	12-05-17
	2012	175,000			-61,250	113,750	3.51	9-05-19
	2013	155,000				155,000	3.53	8-05-20
	2014		300,000			300,000	5.28	13-05-21
Marina Wyatt	2009	181,500				181,500	5.71	16-06-16
	2010	150,000				150,000	5.32	12-05-17
	2012	175,000			-61,250	113,750	3.51	9-05-19
	2013	155,000				155,000	3.53	8-05-20
	2014		160,000			160,000	5.28	13-05-21
Alain De Taeye	2009	181,500				181,500	5.71	16-06-16
	2010	150,000				150,000	5.32	12-05-17
	2012	175,000			-61,250	113,750	3.51	9-05-19

Board member	Year of grant	Outstanding 1 Jan 2014	Granted in 2014	Expired in 2014	Forfeited in 2014	Outstanding 31 Dec 2014 ¹	Exercise price (€)	Expiry date
	2013	155,000				155,000	3.36	8-05-20
	2014		150,000			150,000	4.93	13-05-21
TOTAL		1,984,500	610,000	0	-183,750	2,410,750		

¹ The options granted in 2013 are conditional upon fulfilment of certain (performance) vesting conditions hence they are not yet vested. The 2014 options have no performance conditions and will vest in 3 years after the grant date assuming the members of the Management Board are still in service of the company. As the vesting conditions for the options granted in 2012 were not fully met, part of those options were forfeited.

For a description of the stock option plans, reference is made to [note 7. Share-based compensation](#).

Overview of remuneration of the members of the Supervisory Board

(€)	2014	2013
Peter Wakkie (Chairman) ¹	56,667	48,000
Karel Vuursteen ²	20,333	61,000
Doug Dunn	47,000	47,000
Guy Demuyneck	51,000	51,000
Rob van den Bergh ²	15,667	47,000
Ben van der Veer	50,000	50,000
Toine van Laack ³	47,000	31,333
Jacqueline Tammenoms Bakker ⁴	32,000	0
Anita Elberse ⁴	31,333	0
TOTAL	351,000	335,333

¹ Peter Wakkie was appointed Chairman as of 1 May 2014.

² Karel Vuursteen and Rob van den Bergh resigned on 1 May 2014.

³ Toine van Laack serves as a member of the Supervisory Board from 23 April 2013.

⁴ Jacqueline Tammenoms Bakker and Anita Elberse serve as members of the Supervisory Board from 1 May 2014.

34. Related party transactions

The expenses relating to remuneration of key management personnel are presented in the following table:

(€)	Salary and bonus ¹	Other short-term ² benefits	Post employment benefits	Share-based expenses	Total remuneration
2014					
Management board and senior management ³	2,588,885	222,095	115,587	727,803	3,654,370
Supervisory Board	351,000	0	0	0	351,000
2013					
Management board and senior management	4,705,411	441,964	94,250	723,943	5,965,568
Supervisory Board	335,333	0	0	0	335,333

¹ In 2014, the total bonus expense amounted to €1.0 million versus €2.2 million in 2013.

² In 2014, Other short-term benefits of the Management Board and senior management included the employer's portion of social securities of €125 thousand (2013: €96 thousand). The 2013 amount included the crisis levy of €289 thousand. Although the expenses relating to the crisis levy do not represent actual benefits paid to the Management Board and senior management they have been included in the table above as these expenses were incurred in relation to their employment.

³ The composition of Management Board and senior management changed from 7 to 4 in December 2013.

Certain key management personnel also hold ownership interests in TomTom NV, as disclosed in the Corporate Governance section under [Notification of substantial shareholdings and short positions](#).

In the normal course of business, the group receives map development and support services from its associate Cyient Ltd. Such transactions take place at normal market conditions and the total payments made for these services in 2014 amounted to €18.9 million (2013: €17.5 million). There was no outstanding payable due to Cyient Ltd. as at 31 December 2014 (31 December 2013: €1.9 million). Transactions and balances with other associates are not material and hence are not disclosed.

35. Auditor's remuneration

The total remuneration to Deloitte Accountants BV for the statutory audit of 2014 for the group amounted to €445,000 (2013: €445,000). The total service fees paid/payable to the Deloitte network amounted to €763,000 (2013: €935,000). Included in the total remuneration is an amount of €558,000 (2013: €578,000) invoiced by Deloitte Accountants BV, which includes an amount of €73,000 (2013: €73,000) for other statutory audits and €60,000 (2013: €60,000) for audit-related services. The service fees paid to the Deloitte Network included an amount of €117,000 (2013: €289,000) relating to tax services and €68,000 (2013: €68,000) relating to statutory audits. Details of the audit, audit-related and non-audit fees paid to Deloitte can also be found in the [Audit Committee Report](#).