EDISON

QuickView

TomTom

Software

15 July 2026

Focus further down the road

Despite the unchanged FY26 guidance accompanying the Q226 results, the market seems impatient to see TomTom's recovery potential reflected in the group's financial performance, and has marked the shares down. It is at precisely such moments that in-depth due diligence can unearth important investment opportunities for longer-term investors.

Financials - Guidance unchanged

Q226 group revenue fell by 8% to €135m (Q225: €146m) giving €263.7m for H126, down 8% y-o-y. Q226 Location Technology revenue decreased by 5% to €119.4m. Automotive operational revenue decreased in Q2 by 2% to €76.0m. Group gross margin for H126 was 90% versus 88% in H125. H126 operating expenses fell by €50m y-o-y to €216m, helping H126 operating profit to rise to €22.3m (Q225: negative €14.1m), a margin of 8%. Operating cash flow was €11m (H125: €28m). Period-end net cash fell to €234m (June 2025: €263m). FY26 guidance was reiterated. FY26 revenues are expected to be between €495m and €555m (with Location Technology contributing between €435m and €485m). Operating margins are expected to be around 3% versus break-even in FY25 with free cash flow negative due to continued investment in lane model maps. Management anticipates a return to revenue growth and an improvement in profitability from 2027 onwards.

Strategy - data, software and services

TomTom is building the type of industrial-strength product required for security- and safety-critical applications, using AI to optimise processes and minimise maintenance costs. At the same time, customers (such as Volkswagen and Hyundai) ask for ever higher levels of accuracy, more dynamic data and lane level information. As automated driving and navigation are increasingly unified, TomTom can provide the data, software and services necessary to achieve this. The question is how long investors have to wait for this to show through in the financials? There was disappointment on the Q2 release that revenue growth will not resume until FY27.

Valuation - price volatility could be an opportunity

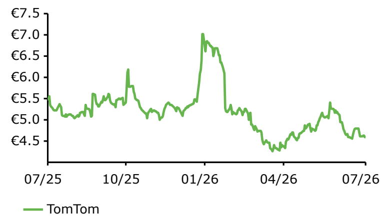
TomTom seems to be at an inflection point in its development. While this can offer patient buy-and-hold investors an entry point, it can be challenging for others who are trying to perfect their investment timing. It is unsurprising that market sentiment at inflection points can be affected by changes in the expected trajectory of recovery, however it is at precisely such moments that in-depth due diligence can unearth important investment opportunities.

Consensus forecasts					
Year end	Revenue (€m)	EBITDA (€m)	EPS (€)	P/E (x)	EV/EBITDA (x)
12/25	554.7	19.6	(0.05)	N/A	17.3
12/26e	525.0	46.0	0.19	23.9	7.4
12/27e	544.0	62.0	0.31	14.8	5.5

Source: Company estimates (pre-Q2 consensus, five brokers)

Price	**€4.59**
Market cap	**€573m**

Share price performance



Share details

Code	TOM2
Listing	NXT AM
Shares in issue	125.0m
Net cash/(debt) at 30 June 2026	€234.0m

Business description

TomTom is a provider of automotive, enterprise and consumer navigation and location-based products and services. It is based in the Netherlands.

Bull points

- Digital map market expected to grow at 11% CAGR to 2034.
- Return to profitability in FY26.
- New CEO appointed in April 2026.

Bear points

- Challenging recent financial history.
- No revenue growth until FY27.
- Well financed competitors.

Analysts

Dan Ridsdale	+44 (0)20 3077 5700
Ross Jobber	+44 (0)20 3077 5700

tmt@edisongroup.com

Edison profile page

London | New York | Frankfurt
20 Red Lion Street
London, WC1R 4PS
United Kingdom