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TomTom's (TMOAF) CEO Harold Goddijn on Q4 2015 Results - Earnings Call Transcript

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TomTom NV (OTCPK:TMOAF) Q4 2015 Earnings Conference Call February 9, 2016 8:00 AM ET

Operator

Good day, ladies and gentlemen. Welcome to the TomTom Fourth Quarter and Full-Year 2015 Earnings Conference Call. At this time, all participants are in a listen-only mode. We will be facilitating a question-and-answer session towards the end of today's prepared remarks. [Operator Instructions] Please note that this conference is being recorded.

I will now turn the call over to your hostess for today's conference, Bisera Grubestic, Head of Treasury and Investor Relations. You may begin, madam.

Bisera Grubestic

Thank you, Hannah. Good afternoon. And welcome to our conference call, during which we will discuss our operational highlights and financial results for the fourth quarter and full-year 2015.

With me today are Harold Goddijn, our CEO; and Taco Titulaer, TomTom CFO. You can also listen to the call on our website. And a recording of the call will be available shortly afterwards. And, as usually, I would like to point out that Safe Harbor applies.

We will start today's call with Harold, who will discuss the key operational developments, followed by a more detailed look at the 2015 financial results and the financial outlook for 2016 from Taco. We will then take your questions.

And with that, Harold, I would like to hand over to you.

Harold Goddijn

Thank you very much, Bisera. Welcome, ladies and gentlemen. And thank you for joining us today's earnings call.

We delivered top-line growth in 2015 for the first time in five years. All our four business units delivered revenue growth in the fourth quarter. 2015 revenue was over €1 billion, which is 6% higher compared with last year. The weakening of the euro impacted our profitability negatively in 2015. Nevertheless, we delivered on our guidance.

Net result for the year was €18 million, which translates to adjusted earnings per share of €0.21. Taco will provide further information on the financial highlights and the financial outlook for 2016 later during his presentation.

I will now discuss our key operational highlights per business unit.

Let's start with the Consumer business. Our Consumer Drive products held up well in 2015, thanks to resilient PND category and the introduction of niche products. Our PND business developed better than the market this year. We maintained our leading market position in Europe, improved our market share in North America and strengthened our average selling price, which resulted in value share growth.

Our strategy is to continue to extract value from the PND category, which we believe will remain a sizeable category for the foreseeable future. Our Sports products revenue grew strongly this year. We launched the third generation GPS sport watch in Q4 with integrated music player, built-in heart-rate monitor and 24/7 activity tracking. We were pleased with the acceptance of those new products, which resulted in a significant year-on-year increase in sales.

We entered the action camera market with the launch of the Bandit. It's the first action camera with a built-in media server. We will continue to bring new innovative products to the market in 2016.

Automotive broke the 2014 record for new bookings, which exceeded €300 million in 2015. This, together with order secured earlier, will deliver revenue growth in our Automotive business in the coming years. The level of bookings is substantially higher than in previous. And it's a good indication that we are growing faster than the market.

Our renewed product portfolio delivers navigation software to the automotive industry that is easy to integrate and delivers a much improved end-user experience.

Our business will continue to require high level of investments in the near future. And it is needed to support delivery of new business won and a sustainable future growth for TomTom. We announced that BMW has chosen our traffic information in Russia, Australia, and New Zealand. The service is available across car-line as part of the Connected Drive offer on BMW.

In addition, Daimler chose our navigation services for its new Mercedes me app. Our Licensing business unit announced a multi-year deal with Uber in the first quarter to provide maps and traffic data for the Uber driver application.

Let me now give you a quick update on our maps. We completed the move to our new map-making platform by the end of 2015. This platform is the first of its kind in the industry and a leap forward in map-making technologies. With our new platform our map is updated continuously using transactions with automatic quality checks, and update will become available to consumer applications as soon as the transaction was completed.

This dramatically reduces the time between change detection and publishing a new map, which we can also do incrementally to deliver real-time maps. Some customer applications, such as automated driving place a high premium being up-to-date with the latest real-world changes.

New technologies are in development that rely on artificial intelligence and deep learning that have the potential to automate image recognition and automated map-making. Our map-making platform is designed with the emergence of those technologies in mind. In combination with existing map-making technologies, this will bring us the scalability that we need to make the maps for autonomous driving in a cost effective way.

Our Telematics business continued to perform strongly. The subscriber installed base passed the 600,000 vehicle landmark by the end of the year and delivered a 30% growth compared to last year. This was achieved through a combination of organic growth and the acquisition of Finder, which is the leading fleet management service provider in Poland.

Today, our Telematics business is recognized as the largest and fastest growing telematics provider in Europe. Our established and scalable technology platform in combination with our ongoing commitment to innovate, sustained investment in R&D and operational leverage, enables us to continue to capitalize on the favorable industry trends.

The extensive vehicle-related data telematics technology can deliver is also opening up new opportunities for aftermarket connected car services. This, ladies and gentlemen, completes my part of the presentation. I'm handing over to Taco now.

Taco Titulaer

Thank you, Harold. On Slide 6, I shall now begin a more detailed look at our financial results. We generated revenue of €282 million in the fourth quarter, an increase of 9% compared with last year. We saw growth coming through across all of our four business units in the quarter.

In 2015, we delivered revenue of over €1 billion, this is 6% higher compared with last year. Our Licensing, Telematics and Consumer Sports businesses grew strongly to offset the reduction in PND revenue, which remains the biggest revenue contributor for the group.

Consumer revenue was up 1% year on year to €624 million. This is the result of a resilient PND business and a 40% growth in our Sports activities. Automotive revenue delivered a modest decline in 2015 due to the phasing out of certain legacy contracts in combination with the highest share of deferred revenue compared with last year.

Our order book is good, is a good leading indicator for future growth in this segment. As Harold already mentioned earlier, our order book for this year is above €300 million. If you compare it with €220 million of 2014 and the €130 million of 2013, you can calculate the CAGR of 50% over this period.

Licensing revenue was up by 27% year on year to €142 million. This increase throughout the year is driven both by existing accounts as well as new accounts like Uber.

Telematics revenue was up by 22% year on year to €135 million. This increase was driven by strong growth in subscriber installed base. The weakening of the euro impacted our profitability negatively in 2015. On a full-year basis, our gross margin was 52% compared to 55% last year. FX and an impairment charge of €11 million related to certain Automotive customers specific. Software impacted our gross margin negatively. At constant currencies for the U.S. dollar and the GB pound, our gross margin for 2015 would have been 56%.

OpEx for the year amounted €518 million, which is €16 million above last year. This increase is driven by the growth of our workforce and higher marketing, which is partly offset by a decrease in D&A and one-off gain from a settlement of a litigation case in Q2. We expect the run rate for OpEx in 2016 overall to be up to what we have seen in 2015. We delivered a net result of €80 million this year, which translates in adjusted earnings per share of €0.21 on a fully diluted basis, in line with our guidance.

If you add the movements in our net deferred revenue and deferred cost of sales year-on-year of close to €42 million, take off 25% corporate income tax and divide by the total number of shares, it would add €0.14 to our bottom line. We generated €119 million cash from operating activities similar to last year. Capital investment equals to €55 million in the quarter and €154 million for the full year 2015.

If you strip out for acquisitions, our CapEx would have been €107 million in 2015. The majority of the investments related to the two new acquisitions we made this year as well as investments in our new transactional map-making platform, our navigation software and some customer specific investments we had to make in Automotive.

We finished the year with a net cash position of €98 million compared to €103 million last year.

Let me conclude with Slide 7, our full-year outlook. We are committed to deliver revenue and earnings growth in 2016. We expect revenue of around €1.050 billion. The adjusted earnings per share is expected to grow by around 10% to €0.23 a share. And we expect the level of investment both CapEx and OpEx in our core technologies to be higher than what we saw in 2015.

That concludes the formal part of the presentation. Operator, we would now like to start with Q&A session.

Question-and-Answer Session

Operator

Thank you, sir. [Operator Instructions] We will pause for just a moment to allow everyone to signal. Our first question is from Peter Olofsen from Kepler. Please go ahead. Your line is open.

Peter Olofsen

Good afternoon. I wanted to ask about the autonomous driving opportunity, and more specifically, the announcement early this year by Mobileye. In their presentation at the Consumer Electronics Show, they were basically talking about two camps in autonomous driving with you and here in one camp, and them in the other camp. And - but the way I understand it, it seems there are basically two alternatives to get to autonomous driving. So what I would like to hear is, what do you think, do you think, what they are offering is a substitute or an alternative to what you are offering? Or do you think the offerings will be complementary? And then, I have a follow-up.

Harold Goddijn

Yes. So it's an interesting question. We're definitely building different products, and so apart from, so we have - of course, we have the street names and house numbers and the POIs. And on top of that, we're building a layer of lane information. For us, that's an addition for Mobileye that seems to be their core product.

Now, the way we construct that additional layer is, of course, something that we are fully experimenting with. We see a lot of potential new technologies that do automated recognition, image recognition, video recognition, and find ways on a large scale to produce the data as an additional layer on our existing map data. So I think that is the way to look at it.

I think the interesting thing for TomTom is that we already have an awful lot of data, of course, that you can't capture automatically. But also that our map-making platform is designed to ingest and fuse that data that we can collect in a highly automated way in the future as part of our core database.

Peter Olofsen

But listening to their presentation, I got the impression that in - with their approach, you don't need a very sophisticated map. Will you agree with that view and do you see that as a potential threat to the autonomous driving opportunity for TomTom?

Harold Goddijn

No, I think it is important. There are important developments taking place, technological developments, artificial intelligence, deep learning, neural networks, that have the potential to capture the data on a large-scale at a very cost-effective way. That is where we're focusing on.

Peter Olofsen

Okay. Maybe a follow-up on R&D spending, I understand R&D will be up in 2016. But if we look beyond 2016, is there a chance that eventually R&D spending will start to come down or will you have to keep on investing in R&D to keep your maps up-to-date and things like that?

Harold Goddijn

No, we see - of course, we see the moment that we get real operational leverage coming through. We see that coming. You have seen that our order in-take in the automotive industry has grown significantly. We had higher licensing income. That will result in the years to come in higher revenue. And the additional expenditure in maps and technology will be lower than the revenue increase. So we will see a situation where we do get that operational leverage and higher level of profit falling through to the bottom line.

Peter Olofsen

But that will have to come from top-line growth, not from a drop in R&D?

Harold Goddijn

Well, it will come predominately from top-line growth, but also there is a lot happening in the way we make maps. We have an ambition to do that in a more automated way, do it at lower cost and more scalable. We are now in a position, where we can actually starting to work on those new methodologies. We don't know exactly how faster it will go, but we are planning for significant productivity gains in the future.

I don't think you will see that coming through in 2016, those productivity gains. But certainly in 2017, we should be able to get the full benefits of the deployment of those new technologies.

Peter Olofsen

Okay. That's helpful. Thank you.

Operator

Our next question comes from Andrew Gardiner from Barclays. Please go ahead.

Andrew Gardiner

Hi, good afternoon. Thanks very much. I have another question on the Automotive side. You've seen good growth on the order front this year, and you're sort of giving us an annual or biannual update there. I'm just wondering after what we've seen in 2014, which is over €220 million that grew to €300 million in orders last year, can you give us a better idea as to the timing or phasing of your backlog now? And then how much sort of these last two years' worth of orders are going to be contributing to this year's Automotive revenue or next year and year after, just to try and get a better sense as to the path of growth there?

Taco Titulaer

Yes. So let me take that answer. So the orders that we take in are - have a duration of anywhere between three to seven years I would say. And probably, I think the sweet-point is probably somewhere between three to five years. They will start after 18 to 24 months. But before they are probably ramped up, you are looking at 30 to 36 months, so two-and-a-half to three years before you get the real volume in those contracts. So it's a bit of a puzzle, but that's the way to look at it.

Andrew Gardiner

So, I may - if I sort of ask it in another way, I mean, it seems you had sort of refocused the Automotive strategy and gone to sort of more productized or modular sort of offering. We're still even in 2016 not seeing much of the revenue that is really going to be 2017 and beyond from most of the last couple of years of orders.

Harold Goddijn

You will see some of it coming through 2016.

Taco Titulaer

Yes.

Andrew Gardiner

Okay.

Harold Goddijn

So the pickup in Q4 this year in the Automotive revenue was a kind of a heads-up for that to happen in 2016.

Andrew Gardiner

Okay. And then, just a quick follow-up around the Automotive. The impairment or write-off that you saw within COGS in fourth quarter, you mentioned it was related to a specific customer technology or customer software. Was this a legacy product or just one of the new ones that perhaps hasn't gone as you anticipated?

Taco Titulaer

That was mainly legacy Automotive related, yes.

Andrew Gardiner

Okay. All right. Thanks very much guys.

Operator

Our next question comes from Martijn den Drijver from SNS Securities. Please go ahead.

Martijn den Drijver

Yes. Good afternoon. I was wondering if you could elaborate a little bit on the increase in the hardware Automotive revenue, because for a couple of years that revenue line has been in decline. It's up this year. I was actually really interested to be hearing what has caused the increase. And the second question that I had - well, let me wait for your answer first.

Harold Goddijn

Yeah. But I don't think the hardware revenue went up. Maybe there was this dollar effect...

Bisera Grubescic

Product mix.

Harold Goddijn

...product mix. But generally speaking, Automotive hardware was relatively stable I think year on year.

Taco Titulaer

Yes. For a full year, you saw to bump up in Q4 that is I think that's more Q4 2014 related than 2015 related. It is on the declining path, you will - there is a bit of mixed bag of contracts in there. Some contracts have a higher ASP than others. And if you all add that together, it was indeed a strong performance in the fourth quarter, but nothing that you should extrapolate.

Martijn den Drijver

Now, so the decline in 2016 will be more in line with what we've seen in previous or will it actually accelerate?

Taco Titulaer

Yes, it will go down. It will, yes, - we haven't seen a decline this year. So it was very flat. But for 2016 it will go down, yes.

Martijn den Drijver

And then, going back to the deferred revenue component, you've actually mentioned yourself that it was around \$42 million the net change. On the PND side, all of the models have lifetime maps, lifetime traffic. So I guess that that will not have such an impact in 2016. Am I right in that understanding?

Taco Titulaer

So I don't think we're completely over that. All the models have lifetime maps and lifetime traffic. But more and more indeed, that's true. For 2016, we still expect some deferral of Consumer business, but it will indeed be lower than what we've seen this year. I think the - where we expect the most deferral to happen is in the Automotive line in 2016.

Martijn den Drijver

Would it be possible to give us any indication of what that the amount would be roughly or part figure? Is it in type of area or will it be much less, just to get a better understanding?

Taco Titulaer

The way to look at it is that the net deferral is likely to be a bit lower than what we've seen this year, and that the main contributor to the deferral will be Automotive this year compared to Consumer last year.

Martijn den Drijver

Okay. That's it. Thank you very much.

Operator

Our next question is from Marc Hesselink from ABN AMRO. Please go ahead.

Marc Hesselink

Yes. Thank you. First question also on Automotive; I remember from the last call, you said that, that you're rating market share, I remember you said it in your introduction. How do you see the market will need to take rates of the inbuilt system is at the pie? Has that also started to accelerate already?

And the second question is on your incremental investments, partly ahead of the won contracts. Can you talk a bit more about your decision behind it? Is that you saw the opportunity now to speed up this to make sure that you're ready for the clients? Or is it also that you had to repair your products on some white spots? Bit more on your idea on was this an opportunity to grab there?

Harold Goddijn

Take rates and I'll do the investments.

Taco Titulaer

Yes, so the take rates are - for the automotive industry are going up. They're still relatively low. I think industry number is around 27% of take rate for 2015. We continue to see that, we expect that the take rate will continue to grow in the next three to four years.

Harold Goddijn

Yes. And on the investments, so if you look at our OpEx and also CapEx, but let's start with the OpEx. So we - the OpEx was roughly €520 in 2015 regarding to an increase over high single percentage of, I don't know, 8% or 9%, where that OpEx increase will come from. It's on one hand it is Telematics. Telematics is growing as an business unit. It has now more than 600 people on the payroll, so because the acquisition they did at the end of last year.

So, the run rate, of course, in that organization is going up, not at the expense of margins as you can see in our press release. So profitability is intact. But the baseline is going up. Then the other thing that we are doing is that we are investing more than we have in our maps organization that has to do with deepening, expanding our reach in geographically. We're getting new customers in - yes, and we think that now is the right time to further improve the product that we have.

In the CapEx area you see similar investments. Investments will continue in our platform, we need to harden that further we move. We went live at the end of last year and we moved to this new platform early this year. But that will need continued investment.

I think that the pickup that we've seen from 2015 to 2016 is I understand that, yes, that is all of these. But on the other hand, I don't think that it will continue to grow to that level in the years after 2016. So I'm not saying that it will go down, but especially in some areas we can already see some operational expense going through.

Marc Hesselink

And maybe just a follow-up then. On the part on the Automotive, the increased investments there, is that something you look at it like also from a payoff perspective, this will start to pay off in the next few years or...?

Harold Goddijn

Yes. This will start to pay off in the next few years. Yes. Some of these contracts are things that we can sell relatively without any modifications and some contracts we require additional investments from our end, and we're happy to do that. But that will mean that these costs we have to incur in upfront before we can sell the product.

Marc Hesselink

Okay. Thanks.

Operator

Our next question is from Andrew Humphrey from Morgan Stanley. Please go ahead.

Andrew Humphrey

Hi, thanks. A couple of questions, if I may. One is around, I guess, the automotive product, but more generally on mapping. You obviously have the platform in place now for real-time updates, which is clearly something that your partners need from you. Can I ask whether you are starting to see or are anticipating at any points a degree of increase in pricing power resulting from the technology changes that you are making there?

And my second question is around, I guess, the shape of OpEx beyond 2016. Obviously, I'm not expecting you to give guidance beyond them. But if you could give us an idea about whether the 2016 increases in OpEx will see or likely to be repeated in 2017, or whether you believe that that step changes is something that will set you up for the next few years in terms of the amount you'll need to invest in your newer businesses?

Harold Goddijn

Let me first take the question about pricing power, Andrew. So I don't think our pricing power as such is going up. But we have more to offer instead of selling a one-off map, we now can sell or license in map plus an update service for number of years. We can also license traffic information. We have a strong product offering there. Already we estimate that our market share in Europe is about 80%.

We think that we will be able to increase our market share in North America significantly in coming years. And in fact in 2015 we won an important traffic contracts for North American market.

And thirdly, our navigation software is now, we've been transitioned. We defined new map formats. We have adopted our navigation software to those new map formats. We have developed incremental map update services. So there is also on the software side more that is now really competitive and state-of-the-art and products we can successfully sell that we couldn't sell, let's say, a year or two years ago.

So I am not saying that the products themselves are getting more expensive or the pricing power is increasing. But I do think that much broader, much more competitive product portfolio and service portfolio than we had, let's say, a year or two years ago. And then eventually, will lead to a higher revenue per car than just, let's say, the standard map that we could sell in the past.

Andrew Humphrey

And just to kind of follow-up on that. Your real time update service, that you mentioned that you are now able to sell to autos customers, are you able to price that separately from the core map at the moment?

Harold Goddijn

That comes as a separate component. As an update fee that we typically sell for a period of one-year or three-years or five-years depending on the requirements of the customer.

Andrew Humphrey

Okay. Thank you. And just on the shape of the OpEx beyond 2016?

Taco Titulaer

Yes. That - I touched on that with my previous answer a little bit. We think that we - the OpEx levels that we're reaching in 2016 is they're there about for the mid-term as well. So the increase of the high-single-digit percentage is not something that we see repeating in the years after.

Andrew Humphrey

Great. Thank you.

Operator

Our next question is from Hans Slob from Rabobank. Please go ahead.

Hans Slob

Yes, good afternoon. Two questions. First is on your automotive business. What kind of sales level would be needed to make the Automotive unit breakeven? And also based upon your backlog, which year could we expect EBIT profitability for TomTom Automotive? That's the first one.

And second one is on the Telematics business. What are the main geographical white spots for your Telematics business? And should we continue to expect new bolt-on acquisitions, or really focus on the integration of past acquisitions in the Telematics space?

Harold Goddijn

Yes, Hans, this profitability for the Automotive business is, of course, that depends how you look at that. Automotive business itself, of course, a big contributor to cover our cost base for map-making, but so is Licensing. So if you look at the combination of Licensing, Automotive, map-making, that is probably a good way to assess how profitable that part of the business is.

At the moment it's not profitable. But we can see that with the increased order book and resulting increased revenue based on the bookings, of course, in 2015 we can see that improving quickly.

Taco Titulaer

Yeah. So if you look at in the press release as well, if I add to what Harold was just saying, if you take the revenue of Automotive and Licensing together in 2014 and then look at the combined EBIT of those two, then the - we see the right trend and the trend is that the top-line is growing, but also the EBIT, the combined EBIT of those two units together is getting less negative.

When we will break-even? I don't want to give hard targets to that. But one thing that we want to achieve is that we need to continue the trend of a better bottom-line. Then you had questions about Telematics, about white spots that we see geographically.

Harold Goddijn

Yeah. I think it's fair to say that our Telematics business is predominantly a European business. We try to be number one or number two in the various markets in terms of market share, and well on our way to achieve that for most countries in Europe. Our efforts will be to integrate the acquisitions we've done in the last two to three years, that's going well.

I think the Spanish acquisition is now fully integrated. All customers have moved. Legacy technology has been put out of operation. There is still work to do for the French and Dutch acquisition, that's happening this year, and of course the Finder acquisition will take some time. It's a relatively big one with 60,000 cars.

So the focus is to keep selling, and with an emphasis on Europe, and continue to gain market share, grow faster than the market, and then integrate the backend of all those operations that will take a number of years. As our other opportunities, we will look at them for acquisitions, but it's fair to say that it is done on a case-by-case basis.

Hans Slob

Okay. Thanks very much.

Operator

Our next question is from Sander van Oort from Kempen & Company. Please go ahead.

Sander van Oort

Hi, there. Sander from Kempen. Thanks for taking my questions. First of all, maybe you can elaborate a bit on the phasing of OpEx and CapEx throughout the year. And so is there any important marketing campaign or R&D plan which we need to take into account on modeling the quarterly numbers?

And secondly, maybe you can help in better understanding your sales guidance of 2016, because, first of all, Finder already contributes probably around €10 million, €15 million to sales and implies that the underlying increase is probably only €33 million, which is relatively slow growth for the remaining business. And so what are the moving parts so we could get to sort of €45 million, €50 million increase for sales for 2016, which implies in quite a slowdown versus the growth seen in 2015?

Finally, a question on the working capital. Quite a positive contribution in the final quarter of last year. Is it a structural thing or should we expect a release in the coming quarters? Thank you.

Taco Titulaer

Okay. So phasing, CapEx is fairly simple. That is - so if we look at the CapEx 2015, if you strip out the acquisitions we made, this €107 million, the guidance for 2016 is roughly €130 million and that is fairly equally divided over the four quarters. For OpEx, the OpEx is traditionally a bit lower in Q1, and a little bit higher in Q4, so that's the way to think about it. Then, what was your next question, was the revenue?

Sander van Oort

Yes.

Taco Titulaer

So revenue of €1.050 billion divided by four business units, the way to think here is that consumer licensing will stay fairly flat, automotive will see in the growth of high-teens and Telematics helped by the acquisition of Finder, indeed of roughly €10 million of revenue will add mid-20s of revenue growth.

Then your last question about working capital, could you repeat that question, sorry?

Sander van Oort

It was quite or at least there was a positive contribution from the release of working capital in the fourth quarter. I was wondering is it a structural thing, is it sticky, or is it likely to release part in coming quarters?

Taco Titulaer

That is - yes, that has to - I mean, a big swing factor for working capital in Q4 is always the time that we sell in and when we collect our money from retailer. So that is not something that you - that we could easily model or a repeat for next year. What I can say is that our aim for 2016 is to generate cash flow to be - to generate free cash flow. That's the only guidance that I can give.

Sander van Oort

Okay, very helpful. Thank you.

Operator

Our next question is from Francois Bouvignies from UBS. Please go ahead.

Francois-Xavier Bouvignies

Hi, guys. Thank you for taking my question. I have two actually. So the first one is, how confident are you that booking will transfer into revenues? I mean, what is the conversion rate directly? And can you give us the splits between maps traffic and navigation by any chance? And I will have a follow-up, if I may.

Harold Goddijn

Yes. So your first question is the conversion rate between bookings and revenues, so how confident are we that if we make the booking that the revenue would also come, right?

Francois-Xavier Bouvignies

Exactly. Yes.

Harold Goddijn

Yes. That I mean, I haven't experienced - I haven't seen that many cases that the things get cancelled. What you will see is that things might get delayed and that car models go to market a bit later than originally planned. But on the other side, there is also a lot of upside. There is often a lot of conservatism in the volumes that are putting the orders or the quotations. So I think it will balance each other out and the net effect will be positive if any.

Francois-Xavier Bouvignies

Okay. And can you give us the split of maps traffic and navigation in the bookings for 2015?

Harold Goddijn

No, we can't, but what we can say is that the lion's share is in maps, and then probably traffic and then navigation.

Francois-Xavier Bouvignies

Okay, thanks. And then I have a follow-up on Telematics. Are you working also or looking at new application because your focus is essentially on the fleet management? But are you looking also on the insurance side, for example, can you update a bit on this, because I believe you have a partnership with Allianz, for example, in France? So would be nice to have an update here?

Harold Goddijn

Yes. So the - yes, you're obviously right. So our core product is fleet management that is typically sold to fleet owners, who want to operate their fleets cost effectively or to a higher level of quality standards. But new ways of new ways of - new data types are also interesting. So insurance is a clear one. It is a market that's grown for us. It's lower our ASP, but potentially higher volumes. And we haven't seen massive breakthrough in the deployment of usage-based insurance, but at the same time it's growing steadily. So it's happening.

There are other things that we were working on in the context of the connected car. We're working with the large distributor here in the Netherlands, who is equipping all the vehicles with a black box and are collecting data and make that data available to their own dealer organization, to the driver, potentially to the lease company. And if the user of the car desires that, that data can also be used to apply for an insurance quote.

So there is lot of movement there and lot of new opportunities for new value-added services and we are in the midst of all that. Lot of that is experimentation, but also some real commercial contracts that we are installing at the moment.

Francois-Xavier Bouvignies

Okay. Thank you. And you don't have any timeline about when it will happen for a new application to come through for TomTom?

Harold Goddijn

Well, some applications are now fully commercialized. So the Dutch VW importer for instance, that's been running. That is a commercial product. We expect that it will ramp up in 2016. Contracts with Allianz and others are also real and are growing in significance.

Francois-Xavier Bouvignies

Okay. Thank you very much.

Operator

Our next question is from Shyam Kumar from TT International. Please go ahead.

Shyam Kumar

Hi, there. Just in terms of the auto order backlog, which I know you said it had a sort of 50% CAGR the last two years. Given where we are in take rates in some of the new technologies, can we expect similar rich kind of growth rate going forward, please? First question.

Harold Goddijn

Yes. It's difficult for me to comment that. We don't give guidance for the order intake. It's also quite difficult to give you good indication. It can be lumpy. We don't know exactly. We have reasonable visibility which contracts are up for grabs this year. But we don't have the full picture, because car makers have made their intentions clear to us. So it's difficult to comment on that.

Shyam Kumar

Okay. Fair enough. And moving on in terms of HERE having gone to the Germans, any thoughts there in terms of how that going to positively or not affect your competitive landscape, and also in terms of your ability to keep winning contracts with the Germans? Second question.

Harold Goddijn

Yes. So it's clear that we have been able - at the back of the announcement about HERE, we've been able to renew and intensity our contracts with a lot of carmakers, who we did have a relationship with. But we're investing in the relationship looking at new technologies that were deploying, a lot of interaction at engineering level, to look at what we have to offer. I think that will help us to continue to win deals in 2016 and 2017.

I don't think that the simple fact that HERE is now owned by the Germans is good enough for us to win business. But what we certainly see is that there is a higher level of interest and also investment on the OE side to have a look at what's happening at TomTom. And those due diligence exercises are going well. So the engineers were impressed how far we've moved on; the state of our technology, our vision of how this will evolve overtime. And I'm very optimistic that, that will lead to further deals and further contract wins in 2016 and beyond, especially with carmakers, where we traditionally don't have a very strong relationship with.

Shyam Kumar

Okay, perfect. And it's not precluded you from winning contracts with the Germans themselves, because you won that contract with VM [ph] and Daimler.

Harold Goddijn

Well, that remains to be seen. We are invited to RFQs. We have our commercial operations with the German carmakers on full steam.

Shyam Kumar

Okay.

Harold Goddijn

But how that will develop their relationship with HERE and TomTom is remains to be seen over time.

Shyam Kumar

Okay, perfect. And last question, coming back to Peter's original question in terms of Mobileye, and I guess just creating a database space of landmarks using visual technologies, do I understand correctly in you sort of saying that stuff is a layer, is a further layer of complexity on top of the mapping product that you guys deliver?

Harold Goddijn

Yes, it's an addition. We see that very much as an additional layer.

Shyam Kumar

Okay. So it's already competitive.

Harold Goddijn

That were seamlessly and it's fully connected with, let's say, standard mapping products, where you find all the street names and the house numbers and the POIs and the other attributes that we have.

Shyam Kumar

But by itself, it's not enough to sort of deliver an autonomous driving solution without having the underlying mapping platform as well.

Harold Goddijn

Say it again.

Shyam Kumar

But by itself, just visual product like Mobileye or the like is offering is not enough to deliver an automated driving solution without having the underlying mapping data there, is that correct?

Harold Goddijn

Well, that remains to be seen. We are all experimenting, carmakers are experimenting, we are experimenting. We are all looking for the right combination of data, census and software. So it's a race for the future. There are various schools of thinking. Various things are working well in daylight but then not so good when in the dark or when the sun is in its low. So there's a lot of work going on.

Shyam Kumar

Okay. So I guess it's...

Harold Goddijn

It's not clear what the - what eventually the right solution or right combination of technologies will deliver that autonomously driving comp.

Shyam Kumar

Okay, perfect. Okay, Harold, thank you.

Bisera Grubestic

All right. Thank you, Shyam. That was the last question for today. I would like to thank you all for joining us this afternoon. If you have any follow-up questions at a later time, please don't hesitate to give us a call. Thank you very much. And operator, you can close the call.

Operator

Thank you, madam. Ladies and gentlemen, that now concludes today's conference call. Thank you for your participation. You may now disconnect.

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