

<http://www.pocket-lint.com/news/12992/tomtom-suffers-share-price-slump>

## TomTom shares slump

...despite booming sales

by Katie Scott published on 22 February 2008

Shares in the Dutch satnav leader, TomTom, have dropped upon fears that the falling prices of GPS devices will hit its profits.

Shares in TomTom ended yesterday 9.3% lower at 34.40 euros.

This is despite the fact that sales had doubled.

TomTom said it sold 4.3 million navigation devices in the final 3 months of 2007, up from 2.2 million in Q3 and 1.9 million a year ago.

However, according to the BBC, its gross margin dropped to 42% from 49% in the third quarter.

This is being put down to ever decreasing prices for satnav devices.

For TomTom, for example, the average selling price dropped to 141 euros (about £106) from 184 euros.

TomTom's margins are reported to have been squeezed as it expands in the more competitive US market, the home of rival Garmin.

"A large proportion of our revenue is in the US, where pricing conditions are slightly more aggressive than in Europe", said TomTom chief executive Harold Goddijn.

Garmin itself warned on Wednesday that intense competition could cut satnav prices by about 20% in 2008.

TomTom and Garmin are also facing competition from mobile phone companies, such as Nokia, that are adding satnav devices to their products.

