



TOMRA

4th quarter 2023 results announcement

TOMRA Systems ASA

15 February 2023

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Quarterly highlights

Financial highlights

Revenues	<ul style="list-style-type: none"> • Total revenue of 4,123 MNOK (3,477 MNOK in 4Q 2022). Adjusted for currency, revenues were: <ul style="list-style-type: none"> — Up 10% for TOMRA Group — Up 26% in Collection — Up 18% in Recycling — Down 20% in Food
Gross margin	<ul style="list-style-type: none"> • Gross margin improvement to 44% – (42% in 4Q 2022). Highest since 2Q 2021. <ul style="list-style-type: none"> — Improvement in Collection and Recycling and decline in Food on lower volumes (compared to same quarter last year)
Operating expenses	<ul style="list-style-type: none"> • Operating expenses of 1,179 MNOK adjusted for special items (979 MNOK in 4Q 2022) <ul style="list-style-type: none"> — Increase driven mainly by business expansion, currency and inflation
EBITA, adj.	<ul style="list-style-type: none"> • EBITA, adjusted for special items of 626 MNOK, up from 496 MNOK in 4Q 2022.
Special items	<ul style="list-style-type: none"> • One-off costs of 374 MNOK <ul style="list-style-type: none"> — 86 MNOK in cyberattack costs — 288 MNOK in Food restructuring
Cash flow	<ul style="list-style-type: none"> • Cash flow from operations of 1,316 MNOK (350 MNOK in 4Q 2022) <ul style="list-style-type: none"> — Positive normalization effect after the cyberattack which caused a delay in invoicing
Order intake	<ul style="list-style-type: none"> • Recycling order intake of 774 MNOK (638 MNOK in 4Q 2022) and order backlog of 1,107 MNOK (965 MNOK in 4Q 2022) • Food order intake of 1,099 MNOK (886 MNOK in 4Q 2022) and order backlog of 1,143 MNOK (1,083 MNOK in 4Q 2022)
Dividend	<ul style="list-style-type: none"> • Dividend of NOK 1.95 per share proposed by the Board (NOK 1.80 for 2022) <ul style="list-style-type: none"> — Payout ratio of 54% of adjusted EPS



Our strategy
is to **accelerate growth in
core** and **develop adjacent
opportunities** while becoming
a **fully circular** business and
**safe, fair and
inclusive**

Our ambitions towards 2027

Revenue growth
15% CAGR

EBITA margin
at 18%

Dividend payout
40-60% of EPS

Capital structure
Investment grade

Net Zero
holistic sustainability
strategy



Creating sensor-based solutions for optimal resource productivity - transforming how we obtain, use, and reuse resources

Collection



Recycling



Food



Publicly listed on Oslo Stock Exchange (OSEBX: TOM)



Collection Business update

- Good performance in all regions – both existing and new markets.
- Strong sales in Hungary which went live 1 January 2024, with good sales also coming from Romania and Ireland which recently went live.
- Quebec and six other DRS markets have expanded or modernized their existing DRS system. Agreement signed to equip Quebec Beverage Container Recycling Association (QBCRA) recycling depots with approximately 1,350 machines over the next three years.
- Over 500 TOMRA R1 machines installed in 16 countries so far

New markets that have implemented DRS

30 Sep 2023 – 1 February 2024



Victoria – 1 November 2023



Romania – 30 November 2023



Hungary – 1 January 2024



Ireland – 1 February 2024

Expanded & modernized DRS systems

30 Sep 2023 – 1 January 2024



Quebec
(CAN)



Queensland
(AUS)



California
(USA)



Connecticut
(USA)



Germany



Austria

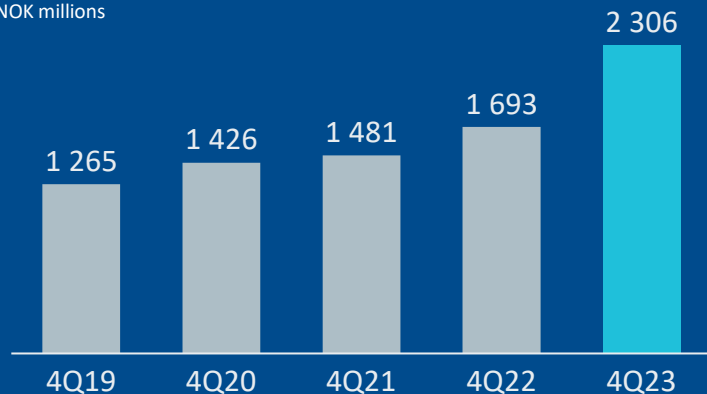


Greenland

Continued revenue growth

up 26% (currency adj.) compared with 4Q 2022

NOK millions



Uruguay – December 2024

A deposit return scheme for beverage containers is in process of implementation, planned to commence by the end of 2024 ([link](#)).



Tasmania – 2H 2024

The Tasmanian bottle bill was passed in 2022 with implementation expected in second half 2024 ([link](#)).



Austria – 1 January 2025

Introduction of deposit on single-use beverage containers ([link](#)).



Poland – 1 January 2025

A DRS law was published by the Government of Poland on 12 September 2023. The legislation mandates deposits on single-use plastic bottles, reusable glass bottles and metal cans ([link](#)).



Singapore – 1 April 2025

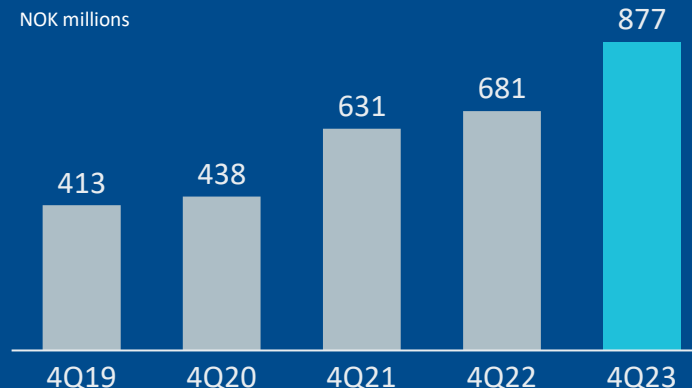
In March 2023, the parliament passed legislation for a deposit return scheme for beverage containers. ([link](#)).



Recycling Business update

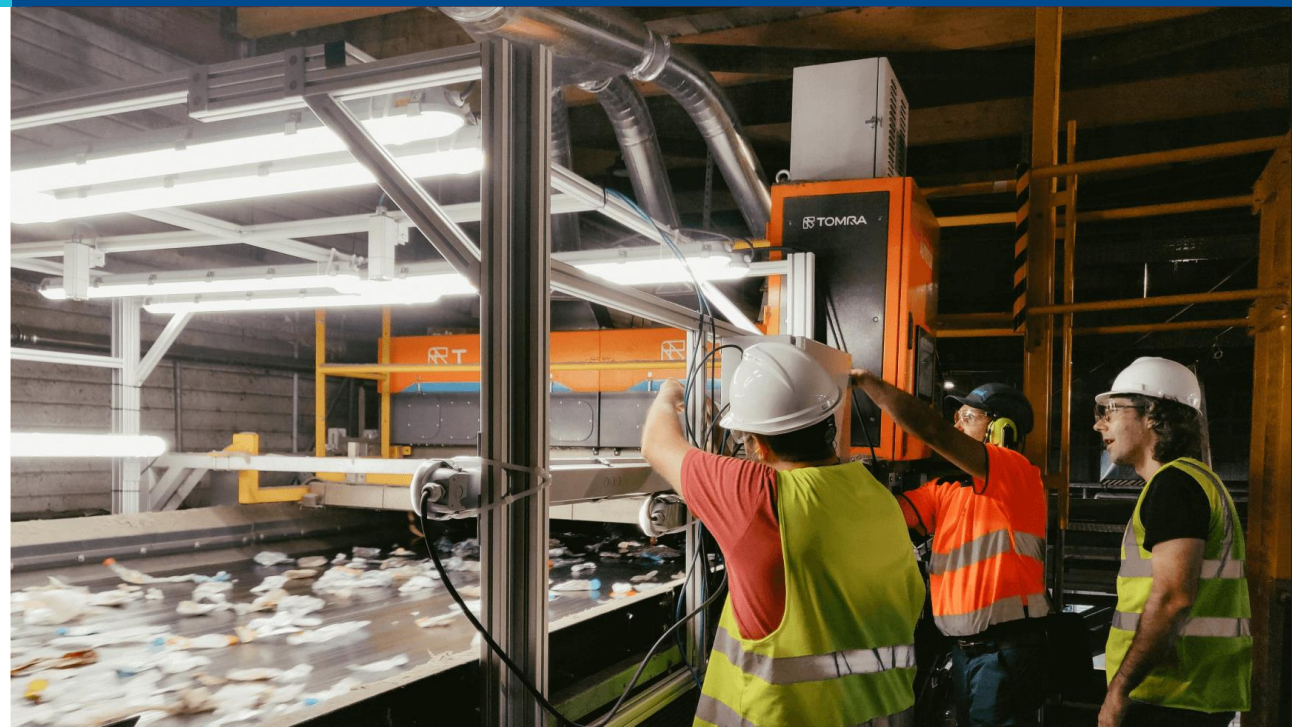
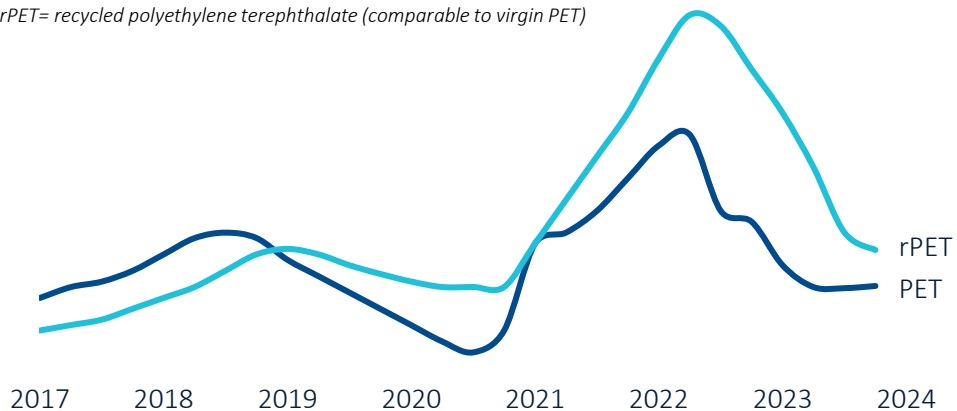
- Strong revenue growth in Europe and the Americas, especially within waste sorting
- Softer market sentiment has slowed down growth in order intake
- 25% investment in collaboration partner PolyPerception to offer complementary AI-powered material analysis

Continued revenue growth
up 18% (currency adj.) compared with 4Q 2022



Price development (illustrative) of virgin PET and recycled PET (rPET)

PET = virgin-derived polyethylene terephthalate
rPET = recycled polyethylene terephthalate (comparable to virgin PET)



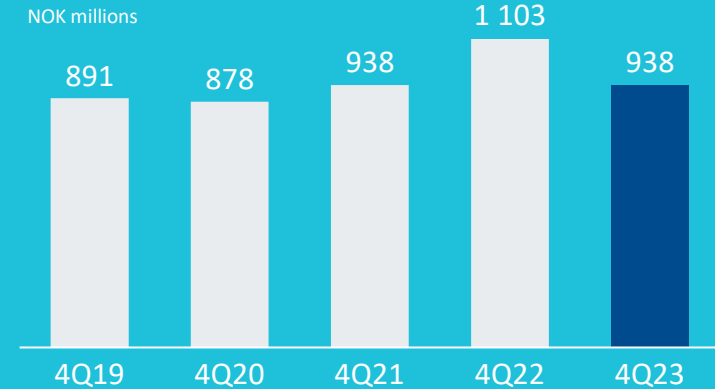


Food Business update

- Weak market sentiment continues in fresh food. Processed food continues to perform well, driven by potatoes.
- Good progress on cost reduction program:
 - Save 30 MEUR (~350 MNOK) annually by Q4 2024; one-off restructuring costs of 288 MNOK booked in 4Q 2023
 - Relocating production from New Zealand to Slovakia
 - Closure of 11 sites announced
 - Reduction of 279 FTEs announced
 - On track to deliver 10-11% EBITA margin run-rate at the end of 2024

Decline in revenues

down 20% (currency adj.) compared with 4Q 2022



TOMRA's strategy is to



Develop adjacent business through TOMRA Horizon

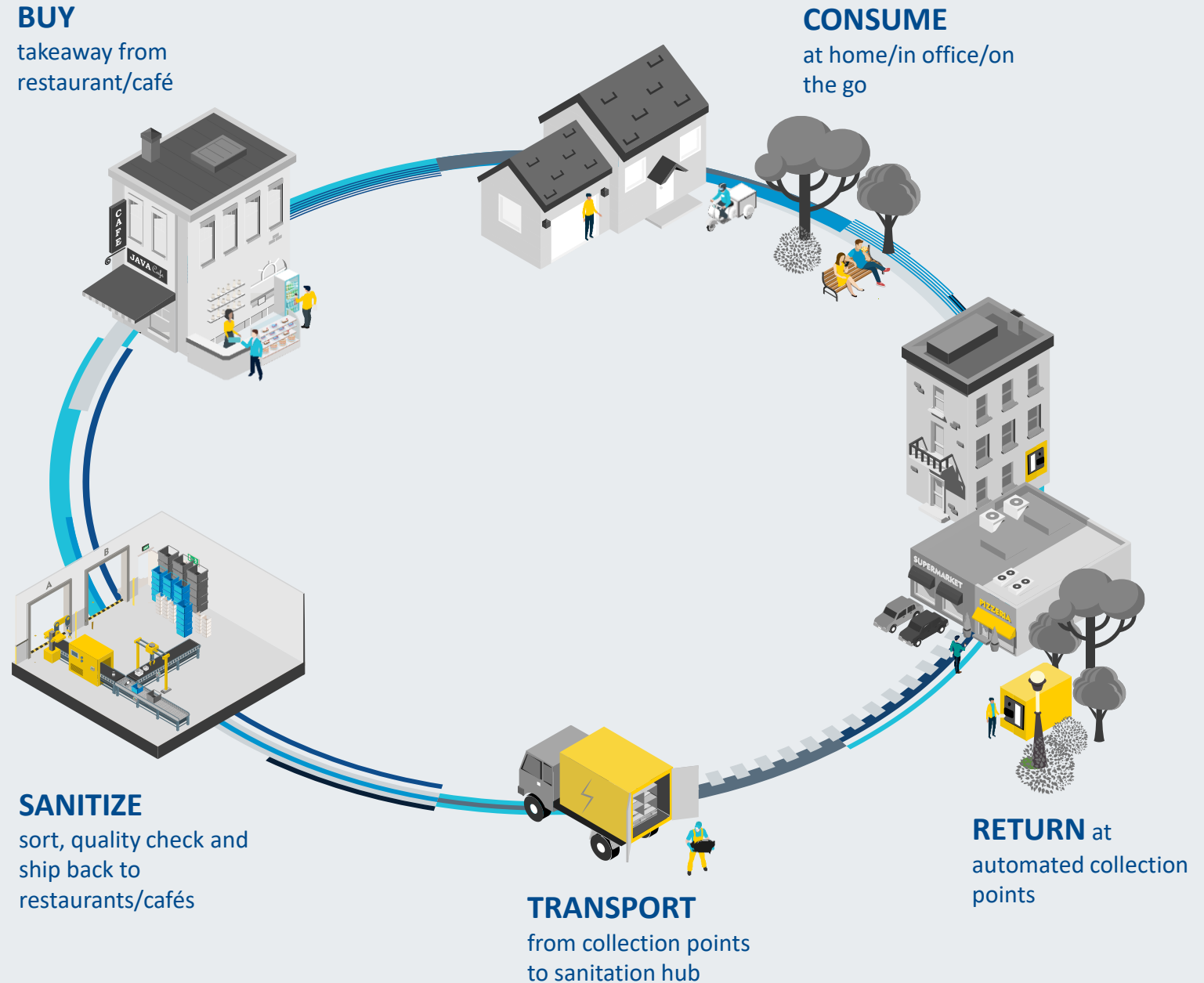
We explore and scale up new adjacent business opportunities and alternative business models that leverage our technology and decades of know-how to

- accelerate growth
- diversify our business
- generate steadily growing revenues
- creating value for customers, shareholders, and society for generations to come



The Rotake system

TOMRA Reuse is developing a full circular value chain and an open managed system to enable reusable takeaway packaging with collection technology at the core





In January 2024, we launched the first ever Rotake system in Aarhus



29
machines


20,000
cups at launch

Another
50,000
Being delivered
in February

Over **40** cafés
and eateries
participating

Users pay
5DKK
deposit which is refunded
upon return to RVM

 TOMRA investing
15 million NOK
in Aarhus pilot

1.5DKK
Circulation fee (on
par with single use)



~6
Rotations required
to capture GHG
savings

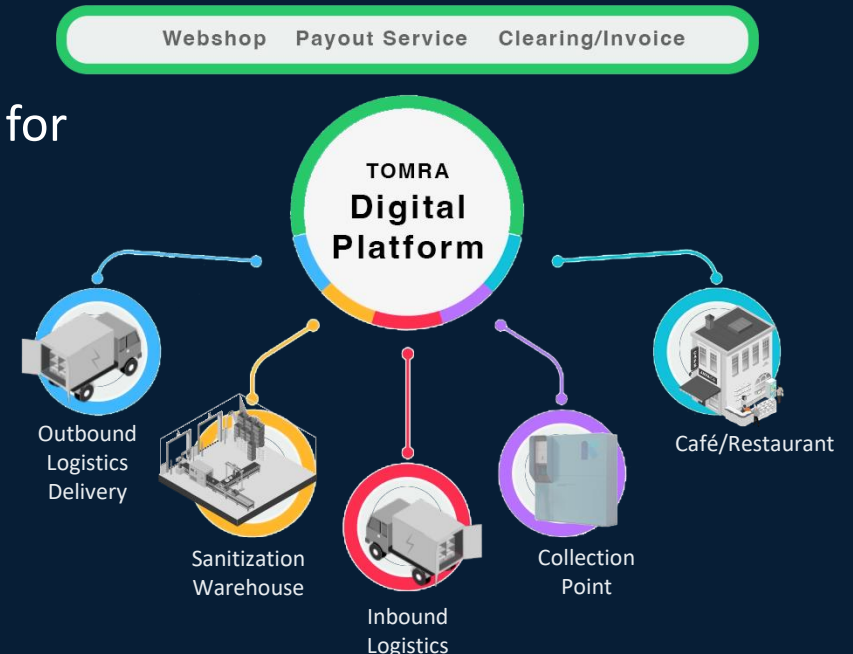
Reuse enabled by technology



Serialized packaging for system integrity and transparency



Advanced digital backbone for user simplicity



Automated collection points for user convenience, scalability and seamless deposit refunds

Reuse addresses the growing problem from increased waste and GHG emissions stemming from single-use packaging



In Europe alone, it is consumed up to ~25bn¹ in takeaway containers each year...

80 million

Tons of waste annually from packaging²

Up to 50%

Food and beverage containers in public waste bins in cities³



...creating substantial market opportunities for players like TOMRA Reuse...

~1bn

Est. annual no. of units of reusable cups / containers⁴ in 15 EU cities with population of >1m

55-75%

GHG savings from shifting to reusable cups and food containers⁵



...relying on key drivers materializing to ensure system scalability and profitability



Regulatory support through bans / incentives



Convenient design to ensure high adoption and return rates

1. Estimate based on Denmark’s Ministry of Environment and Food’s report “Markedsanalyse og kortlægning af engangsplastprodukter og deres Alternativer” and study of “ Environmental impacts of takeaway food containers” 2. Eurostat (2023) 3. Measured in weight, based on a study from Aarhus Municipality 4. Assuming total population of 30-40 million. 50% adoption rate and 98% return rate. ~50 units consumed / capita (from sources listed in footnote #1). 5. Assessing Climate Impact 2023, Eunomia



Financials and outlook

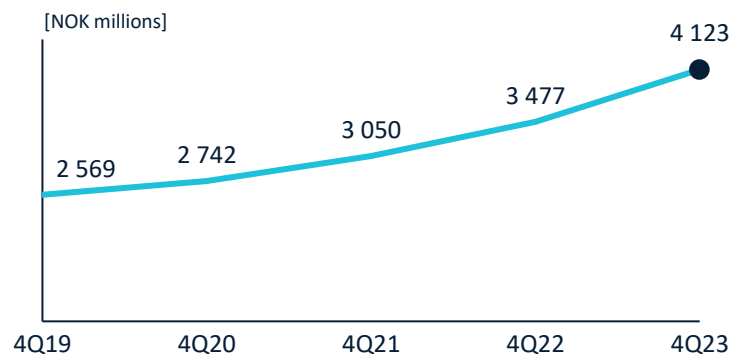
Group P&L Highlights

	4th Quarter			Full Year		
<i>Amounts in NOK million</i>	2023	2022	2022 Adj*	2023	2022	2022 Adj*
Revenues	4,123	3,477	3,753	14,756	12,188	13,346
Collection	2,306	1,693	1,829	7,981	6,192	6,780
Recycling	877	681	747	3,105	2,376	2,632
Food	938	1,103	1,178	3,668	3,620	3,934
Gross contribution	1,805	1,475	1,601	6,283	5,053	5,567
<i>in %</i>	<i>44%</i>	<i>42%</i>	<i>43%</i>	<i>43%</i>	<i>41%</i>	<i>42%</i>
Operating expenses	1,179	979	1,040	4,410	3,427	3,674
EBITA, adj.	626	496	560	1,873	1,625	1,893
<i>in %</i>	<i>15%</i>	<i>14%</i>	<i>15%</i>	<i>13%</i>	<i>13%</i>	<i>14%</i>
Special items**	-374			-494		
EBITA	252	496	560	1,379	1,625	1,893
<i>in %</i>	<i>6%</i>	<i>14%</i>	<i>15%</i>	<i>9%</i>	<i>13%</i>	<i>14%</i>

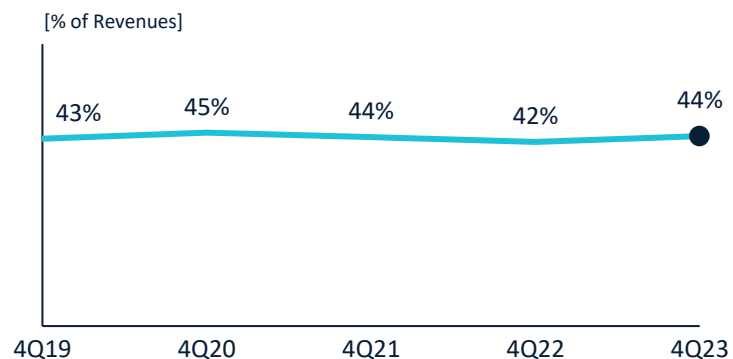
*2022 actual restated at 2023 exchange rates, estimate

**Food restructuring and cyberattack-related costs

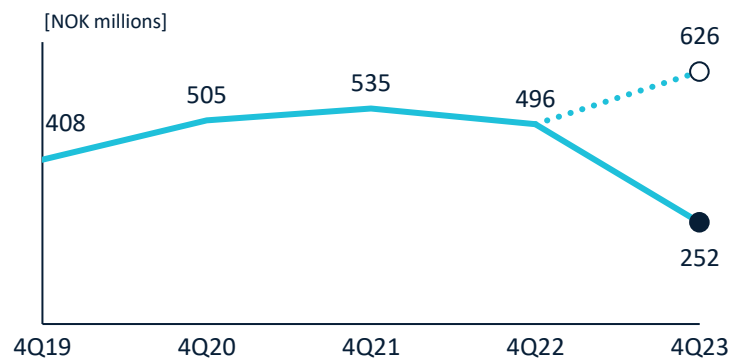
Revenues



Gross margin

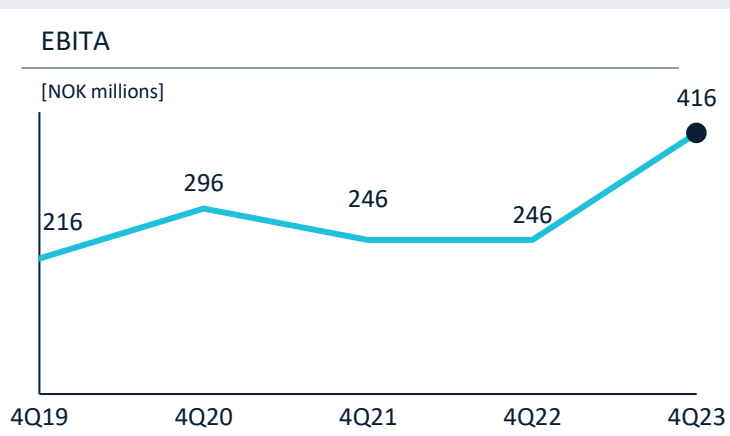
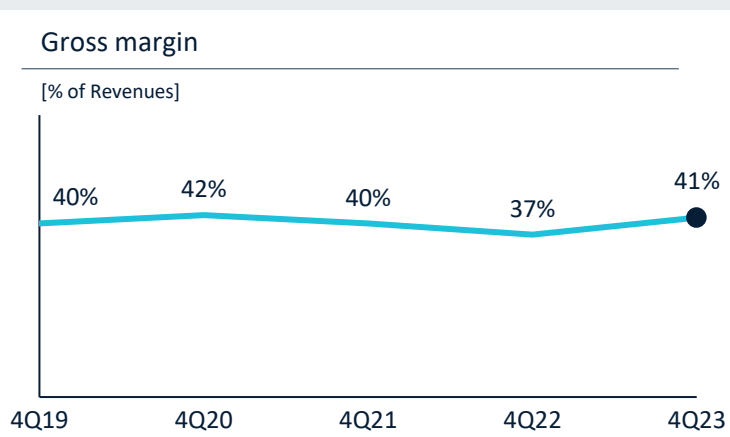
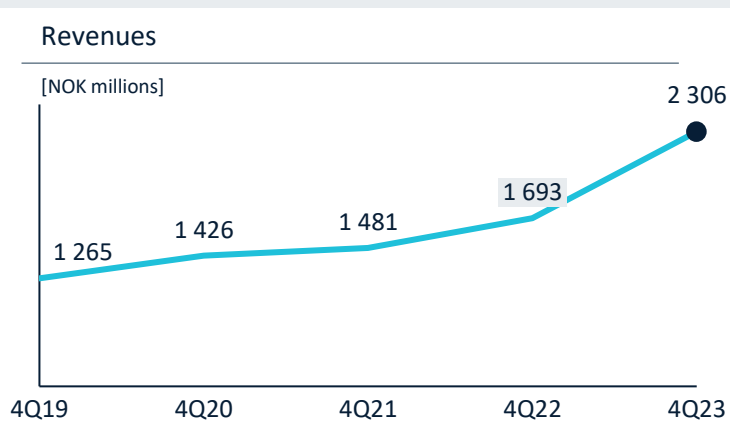


EBITA (and EBITA adj.)



Collection P&L Highlights

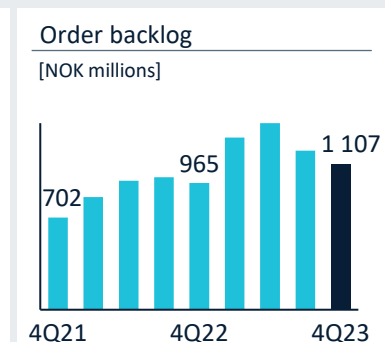
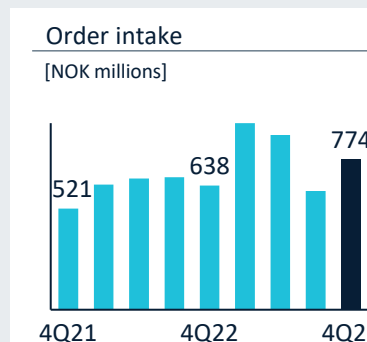
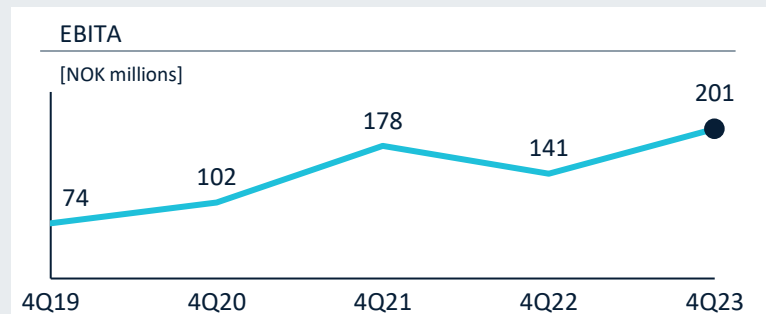
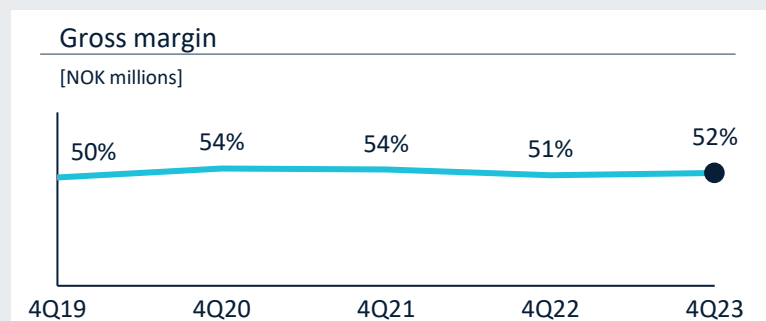
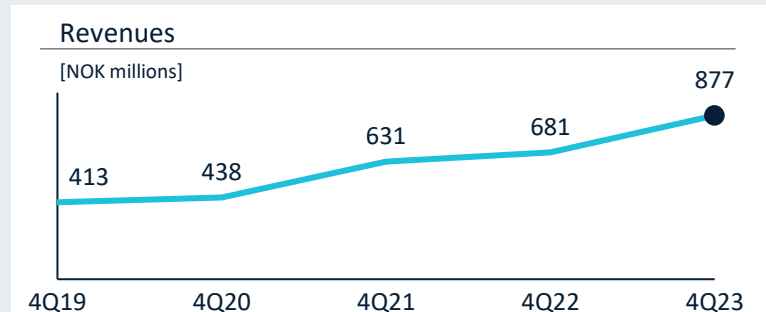
	4th Quarter			Full Year		
<i>Amounts in NOK million</i>	2023	2022	2022 Adj*	2023	2022	2022 Adj*
Revenues	2,306	1,693	1,829	7,981	6,192	6,780
Northern Europe	294	227		1,124	927	
Europe (ex Northern)	1,201	768		3,832	2,531	
North America	558	480		2,163	1,944	
Rest of the world	253	218		862	790	
Gross contribution	954	634	697	3,180	2,347	2,621
<i>in %</i>	<i>41%</i>	<i>37%</i>	<i>38%</i>	<i>40%</i>	<i>38%</i>	<i>38%</i>
Operating expenses	537	388	406	1,856	1,401	1,478
EBITA	416	246	292	1,324	946	1,144
<i>in %</i>	<i>18%</i>	<i>15%</i>	<i>16%</i>	<i>16.6%</i>	<i>15.3%</i>	<i>16%</i>



Recycling P&L Highlights

	4th Quarter			Full Year		
<i>Amounts in NOK million</i>	2023	2022	2022 Adj*	2023	2022	2022 Adj*
Revenues	877	681	747	3,105	2,376	2,632
Europe	535	384		1,650	1,432	
Americas	198	128		689	415	
Asia	79	115		462	318	
Rest of the world	65	54		305	211	
Gross contribution	457	347	379	1,606	1,195	1,316
<i>in %</i>	52%	51%	51%	52%	50%	50%
Operating expenses	256	206	227	948	702	778
EBITA	201	141	153	658	493	538
<i>in %</i>	23%	21%	20%	21%	21%	20%

Based upon current production and delivery plans, the revenues in 1Q24 are estimated to be approximately 50% of order backlog at the end of 4Q23



Food P&L Highlights

Amounts in NOK million	4th Quarter			Full Year		
	2023	2022	2022 Adj*	2023	2022	2022 Adj*
Revenues	938	1,103	1,178	3,668	3,620	3,934
Europe	216	316		1,055	1,033	
Americas	248	449		1,527	1,608	
Asia	188	93		423	366	
Rest of the world	286	245		663	614	
Gross contribution	394	495	524	1,496	1,511	1,630
<i>in %</i>	42%	45%	44%	41%	42%	41%
Operating expenses	331	337	360	1,396	1,167	1,260
EBITA, adj.	63	157	163	100	344	370
<i>in %</i>	7%	14%	14%	3%	10%	9%
Special items**	-288			-288		
EBITA	-225	157	163	-188	344	370
<i>in %</i>	-24%	14%	14%	-5%	10%	9%

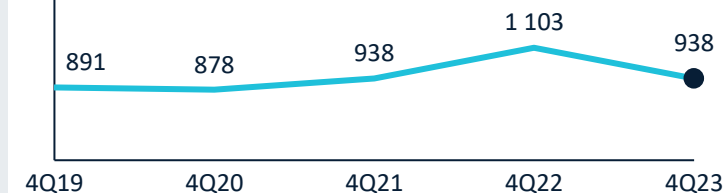
Based upon current production and delivery plans, the revenues in 1Q24 are estimated to be approximately 55% of order backlog at the end of 4Q23



*2022 actual restated at 2023 exchange rates, estimate
**Food restructuring costs

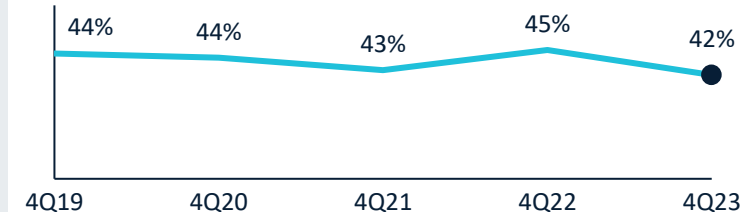
Revenues

[NOK millions]



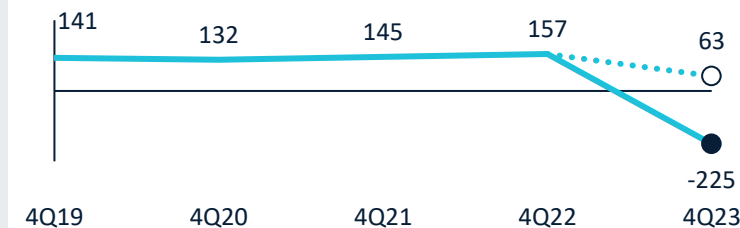
Gross margin

[NOK millions]



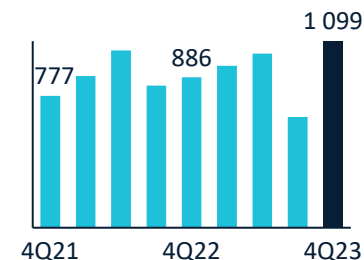
EBITA

[NOK millions]



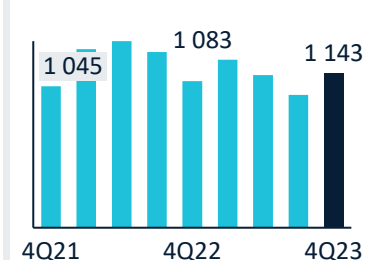
Order intake

[NOK millions]



Order backlog

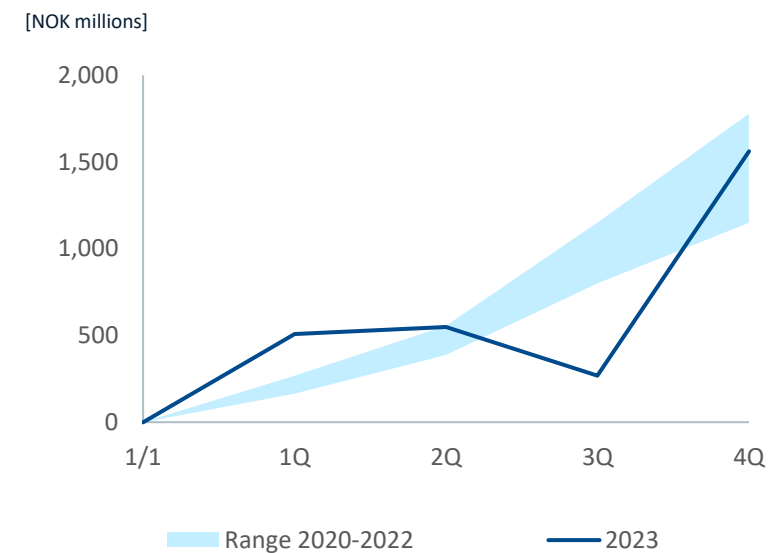
[NOK millions]



Balance sheet and cash flow

	31 Dec	
Amounts in NOK million	2023	2022
ASSETS	16,513	13,932
Intangible non-current assets	4,570	4,132
Tangible non-current assets	3,212	2,671
Financial non-current assets	692	448
Inventory	2,669	2,370
Receivables	4,202	3,562
Cash and cash equivalents	1,168	750
LIABILITIES AND EQUITY	16,513	13,932
Equity	6,904	6,572
Lease liabilities	1,568	1,297
Interest-bearing liabilities	3,358	2,260
Non-interest-bearing liabilities	4,683	3,803

Cash flow from operations, YTD



Cashflow from operations

- Cash flow from operations of 1,316 MNOK in 4Q 2023 (350 MNOK in 4Q 2022)
- The strong cash flow in the quarter is due to a normalization after the cyberattack which caused a delay in invoicing 3Q 2023.

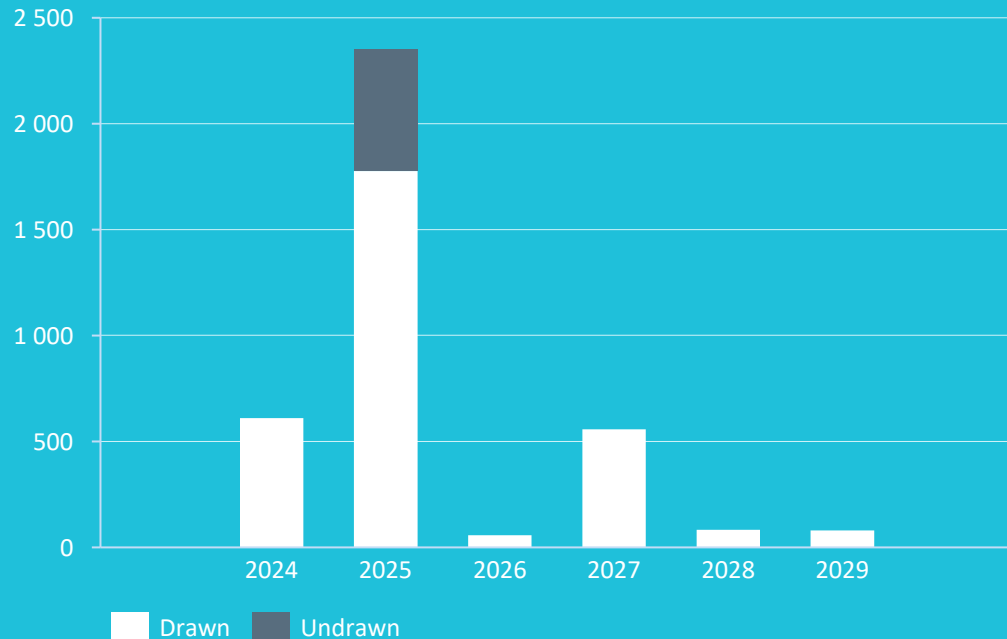
Solidity and gearing

- 42% equity ratio
- NIBD/EBITDA (rolling 12 months) of 1.6x

Financial position

Debt maturity profile

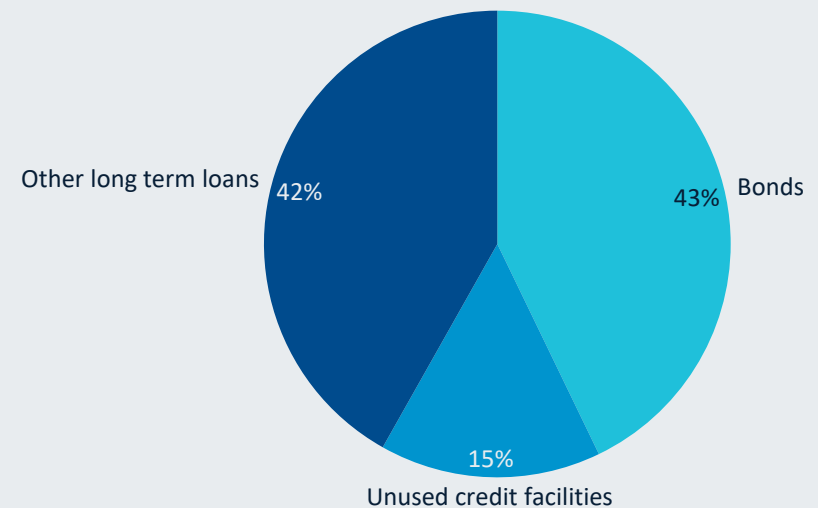
- Weighted average debt maturity of 2.2 years
- Interest-bearing bonds are swapped to EUR and is exposed to EUR/NOK exchange rate fluctuations



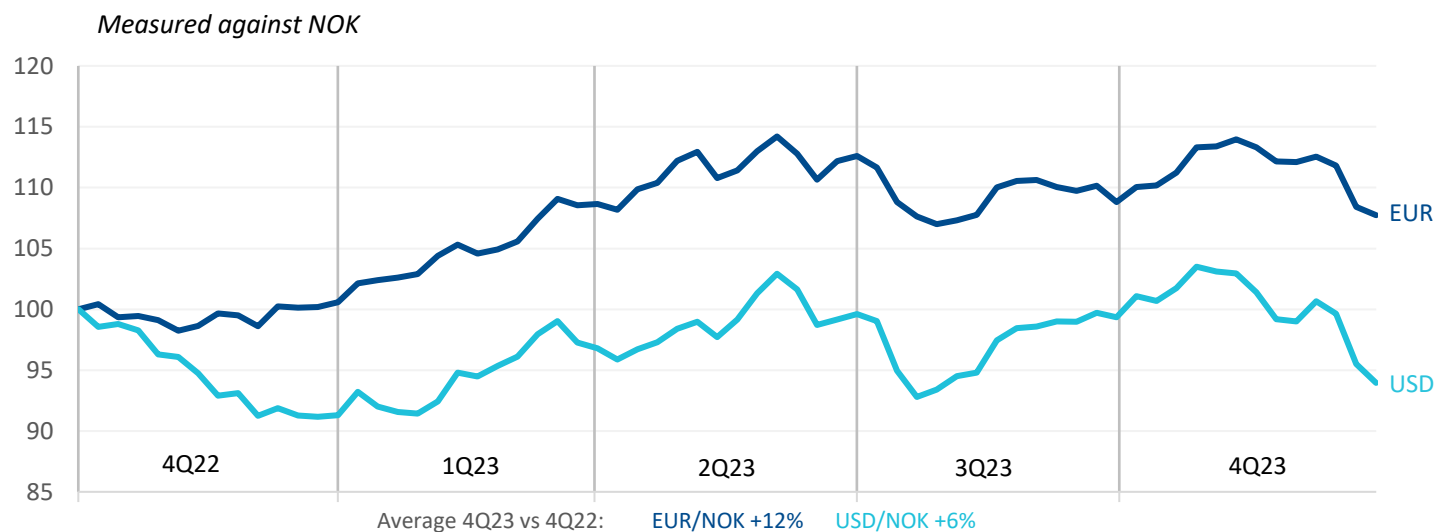
Not including 300 MNOK unused cash-pool overdraft facility

Current funding sources

- TOMRA has unused credit lines of approx. 573 MNOK
- Senior unsecured bonds (no financial covenants) of 1 600 MNOK (swapped to EUR) are listed on Oslo Stock Exchange
 - Green Bonds portion amount to 1 000 MNOK
- The financial covenant related to the bank debt is minimum equity ratio of 30 %



Currency risk and hedging policy



Revenues and expenses per currency:

	EUR	USD	NOK	OTHER ¹	TOTAL
Revenues	50 %	30 %	0 %	20 %	100 %
Expenses	50 %	25 %	5 %	20 %	100 %

Assets and liabilities per currency:

	EUR	USD	NOK	OTHER ¹	TOTAL
Assets	45 %	20 %	5 %	30 %	100 %
Liabilities	50 %	15 %	10 %	25 %	100 %

¹ Most important: AUD, NZD, RMB, CAD, SEK, GBP and JPY

NOTE: Estimated and rounded figures

10% change in NOK towards other currencies will impact:

	Revenues	Expenses	EBITA
EUR	5.0%	5.0%	5.0%
USD	3.0%	2.5%	6.0%
OTHER ¹	2.0%	2.0%	2.0%
ALL	10.0%	9.5%	13.0%

Hedging policy

CASHFLOW AND P/L

- TOMRA can hedge up to one year of future predicted cash flows. Gains and losses on these hedges are recorded at the finance line, not influencing EBITA

B/S

- TOMRA only hedges B/S items where exchange rate fluctuations could have P/L impact. Gains and losses on B/S hedging are recorded in accordance with IAS 21 and will normally not have P/L impact

Outlook

Collection	<ul style="list-style-type: none">• High activity related to new and expanding markets• Quarterly performance will be dependent upon timing of new initiatives
Recycling	<ul style="list-style-type: none">• Currently softer market sentiment leading to slower short-term growth• Demand for recycled materials is expected to create attractive growth opportunities
Food	<ul style="list-style-type: none">• Challenging macroeconomic environment is delaying customer investments• Full savings effect of 30 MEUR (~350 MNOK) cost reduction program expected by end of 2024• Need for automation and increased quality and safety requirements create opportunities mid and long term
Other	<ul style="list-style-type: none">• Heightened sourcing and logistical risk is being monitored and is currently not expected to be material
Currency	<ul style="list-style-type: none">• Reporting in NOK and with some NOK cost base, TOMRA will in general benefit from a weak NOK, particularly against EUR and USD

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