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# **FIRST QUARTER REPORT**

**for the period ended 31 March 2000**

## **TOMRA GROUP**

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## THE TOMRA GROUP FIRST QUARTER 2000

### PROFIT & LOSS STATEMENT

(Figures in NOK million)	1st Quarter		Full Year
	2000	1999	1999
Operating revenues	583.3	436.3	2 169.4
Cost of goods sold	329.8	226.5	1 187.0
Leasing depreciation	14.5	17.5	66.3
Gross contribution	239.0	192.3	916.1
Operating expenses	126.5	105.4	458.6
Ordinary depreciation	22.9	16.3	76.7
Operating profit	89.6	70.6	380.8
Net profit from affiliated companies	9.0	1.5	13.2
Net financial items	(4.2)	1.1	12.0
Profit before tax	94.4	73.2	406.0
Taxes	31.2	24.4	122.7
Net profit	63.2	48.8	283.3
Minority interests	(1.1)	(0.7)	(6.0)

### BALANCE SHEET

(Figures in NOK million)	31 March		31 Dec. 1999
	2000	1999	
<b>ASSETS</b>			
Intangibles	369.7	348.2	351.4
Leasing equipment	247.8	255.4	250.5
Other fixed assets	677.4	476.0	627.1
Other current assets	1 004.2	797.8	848.4
Cash and cash equivalents	217.7	82.3	270.1
<b>TOTAL ASSETS</b>	<b>2 516.8</b>	<b>1 959.7</b>	<b>2 347.5</b>
<b>LIABILITIES &amp; EQUITY</b>			
Equity	1 671.2	1 329.5	1 559.4
Minority interests	61.8	23.0	45.0
Deferred taxes	126.2	79.3	123.8
Long-term, interest-bearing debt	43.1	47.9	40.5
Short-term, interest-bearing liabilities	145.0	187.9	210.6
Other short-term liabilities	469.5	292.1	368.2
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>2 516.8</b>	<b>1 959.7</b>	<b>2 347.5</b>

### INTERIM RESULTS BY QUARTER

	1st Quarter 1999	2nd Quarter 1999	3rd Quarter 1999	4th Quarter 1999	1st Quarter 2000
Operating revenues	436.3	599.9	567.3	565.9	583.3
Operating profit	70.6	106.6	112.9	90.7	89.6
Earnings per share (NOK)	0.58	0.93	0.92	0.91	0.75
Sales growth (%)	60.8	75.1	35.8	33.4	33.7
Operating margin (%)	16.2	17.8	19.9	16.0	15.4

## HIGHLIGHTS 1st QUARTER

- Operating revenues of 583 MNOK (up 34%)
  - Europe 213 MNOK (up 3%)
  - America 370 MNOK (up 62%)
- Profit before taxes of 94 MNOK (up 29%)
- Acquisition of 50.5% of Swiss distributor
- Acquisition of 50.5% of CAMCO Recycling Inc., a Canadian materials handling operator.
- Signing an exclusive Global Supply Agreement with the Dutch retail group Royal Ahold

## FINANCIALS

Revenues in the first quarter 2000 amounted to 583 MNOK, up from 436 MNOK in 1999 (up 34%). The operating profit showed an increase of 27% to 90 MNOK with an operating margin of 15.4%. Profit before tax increased from 73 MNOK in 1q99 to 94 MNOK (up 29%).

Earnings per share increased by 29%, considering an expected tax rate of 33% for the year. Total assets amounted to 2 517 MNOK (up 7%). The liquidity remains good and the equity ratio stands at 66%.

## MARKETS

### EUROPE

Revenues in Europe amounted to 213 MNOK against 207 MNOK in 1999 - an increase of 3% from first quarter 1999. Growth outside Norway was 26%.

### Sales by market

Figures in NOK million	1q00	1q99
Norway	20	54
Sweden	34	28
Finland	23	26
Denmark	19	13
The Netherlands	29	29
Germany	55	36
Austria	15	13
Switzerland	12	3
Others	6	5
Total Europe	213	207

### Sales by activity

Figures in NOK million	1q00	1q99
Sales, lease	158	159
Service	52	45
Adm. & Promotion	3	3

Total Europe 213 207

### Germany

TOMRA Germany continued its strong performance from fourth quarter 1999 with growth of 51% in the first quarter 2000. Increased cost of manual handling of returned containers caused by expanded opening hours in the German retail industry is the main reason for this positive development. Market outlook remains positive but growth is expected to slow down during second quarter, primarily due to the strong performance last year.

### Norway

Norway faced significantly reduced activities when comparing with the extraordinary performance last year. During first quarter TOMRA Norway got orders of 80 machines to replace installations from competitors last year.

### Switzerland

With effect from January 1, 2000 TOMRA acquired 50.5% of its Swiss distributor Tomra AG, with sales in 1999 of 47 MNOK. The purchase price of 26 MNOK represented a goodwill element of 12 MNOK.

### Ahold – Global Supply Agreement

TOMRA and the Dutch retail Group Royal Ahold signed a Global Supply Agreement that makes TOMRA the exclusive provider of Reverse Vending Machines and services during a period for 3 years. Royal Ahold is one of the most rapidly growing international food retailers in the world and operates more than 7000 supermarkets, hypermarkets and specialty stores that serves over 25 million consumers every week in more than 25 countries. The agreement has a revenue potential of minimum 250 MNOK over the contract period and opens up new business opportunities with Royal Ahold in Europe, USA and Latin America.

### New product launch

In March, TOMRA launched a complete new product concept for low volume handling in smaller stores. Tomra Trio is a modular stand-alone concept for handling all types of drink containers. This new product in the Minima series, which is targeted towards minimum 10

000 stores in Europe, was presented to German retailers in March and will be installed from May.

### Market outlook for Europe

The Board remains optimistic towards the market opportunities in Europe. Due to the strong market performance in Norway last year, no growth is expected for the second quarter.

### AMERICA

Revenues in America amounted to 370 MNOK - an increase of 62% over the 229 MNOK reported in the first quarter 1999. The growth is organic and has mainly been driven by strong growth in California combined with renewed growth in our Northeast markets. The growth in California has been primarily generated by strengthened aluminum prices, impact of new deposit legislation and overall improved operations.

#### Sales by market

Figures in NOK million	1q00	1q99
New York	93	72
Connecticut	18	14
Massachusetts	19	11
Michigan	43	37
California	162	64
Non deposit states	30	26
Others	5	5
Total America	370	229

#### Sales by activity

Figures in NOK million	1q00	1q99
Sales, lease	34	30
Service	29	23
Recycling Centers	52	41
Adm. & Promotion	17	15
Materials Handling	238	120
Total America	370	229

### California

The California market, which has developed very positively over the past quarters, has become the single largest market for TOMRA. The organic growth in the first quarter was 153%. The statewide launch of rePLANET started with conversion of 45 centers during the first quarter. The response continues to be very positive from both retailers and consumers and we expect to meet our minimum targeted volume increase for rePLANET centers during this year.

### Wise Recycling LLC

The previously announced sale of Wise Recycling LLC will for practical reasons be concluded in the second quarter. The first quarter results therefore include TOMRA's share of the equity earnings amounting to USD 1 million. The significant equity earnings in the quarter resulted from the strong run-up in aluminum prices and the resultant impact on inventories held at yearend. The expected gain on the transaction of USD 1.5 million will be realized in the second quarter.

### CAMCO Recycling Inc.

On April 8, 2000 TOMRA completed an agreement to acquire a 50.5% ownership interest in CAMCO Recycling Inc., a materials processing company with operations in the province of Quebec. The company handles over 500 million beverage containers annually.

The purchase price is USD 1.2 million, representing 5 times pre-tax earnings. The revenues of CAMCO are expected to be USD 8 to 10 million for year 2000. The transaction will have accounting effect as from April 1, 2000.

With over 30 million inhabitants, 10 provinces and territories have enacted deposit schemes. Varying by territory, the deposit schemes contribute to recycling rates ranging from 80 - 96% with over 4 billion containers returned. CAMCO investment establishes a strong base of operations to expand aggressively into this market.

### Market outlook for America

The Board remains optimistic regarding market prospects, and expects continued strong growth in the US market.

### SHAREHOLDERS

The largest shareholders of the company at the end of March 2000 were: State Street Bank (US), 8.5%; Chase Manhattan Bank (UK), 7.6%; KLP (N) 3.9%; Caisse des Depots et Consignations (F), 4.4% and Swedbank (S) 3.8%. The distribution by country of TOMRA shareholders shows: Norway 33.5%, United States 18.8%, United Kingdom 12.4%, Luxembourg 8.1% and France 6.8%.

By March 10, 2000, TOMRA issued 153 334 shares to employees at a price of NOK 112.50 as a part of the bonus program for 1999. TOMRA's share price increased from NOK 136 to NOK 162 during first quarter 2000. The number of shares traded in the period was 51 million, compared with 26 million in the same period last year.

Asker, 13 April 2000  
TOMRA SYSTEMS ASA

Jan Chr. Opsahl  
Chairman

Erik Thorsen  
President & CEO