

2ND QUARTER 2018 RESULTS ANNOUNCEMENT

HIGHLIGHTS FROM THE QUARTER

Revenues

- **Revenues of 2,128 MNOK** (1,972 MNOK in second quarter 2017) – up 8%
Adjusted for currency and acquisitions, revenues were:
 - Up 7% for TOMRA Group
 - Up 10% in TOMRA Collection Solutions
 - Up 4% in TOMRA Sorting Solutions

Gross margin

- **Gross margin 43%**, up from 42% in second quarter 2017
 - Stable margins in TOMRA Collection Solutions
 - Improved margins in TOMRA Sorting Solutions

Operating expenses

- **Operating expenses of 609 MNOK** (528 MNOK in second quarter 2017)
 - Higher activity
 - BBC and New South Wales

EBITA

- **EBITA of 307 MNOK** (306 MNOK in second quarter 2017)

Cashflow

- **Cash flow from operations of 127 MNOK** (170 MNOK in second quarter 2017)

TOMRA Collection Solutions

- Stable activity in Europe, improved in North America
- Ramp-up in New South Wales continues

TOMRA Sorting Solutions

- **Order intake of 1,144 MNOK**, up from 951 MNOK same period last year (up 20%)
- **Order backlog of 1,585 MNOK**, up from 1,093 MNOK at the end of second quarter 2017

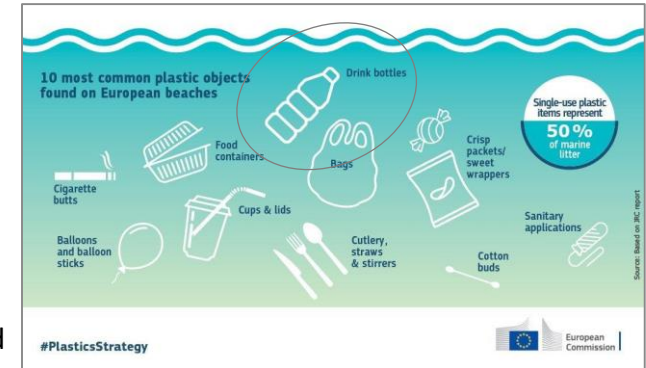
A NUMBER OF GLOBAL INITIATIVES DRIVE PUBLIC AWARENESS AND SEARCH FOR SOLUTIONS

Increased focus on plastic pollution globally and in Europe...

- **December 2017, UN** called for their member nations to **prevent and significantly reduce marine pollution** of all kinds by 2025
 - Container Deposit Schemes (CDS) was explicitly mentioned as a preventive solution for marine littering
- **May 2018, EU** proposed a draft regulation as a part of their plastic strategy that **targets 10 single use plastic products**
 - The use of plastic food containers and drinks cups will have to be reduced and a return rate of 90% on single-use plastic drink bottles by 2025
- **European Federation of Water Bottle Producers** pledged commitment to **increased use of recycled PET (rPET)** in their bottle production in support of the shift towards a more circular European economy
 - Minimum of 25% rPET into the production of new bottles

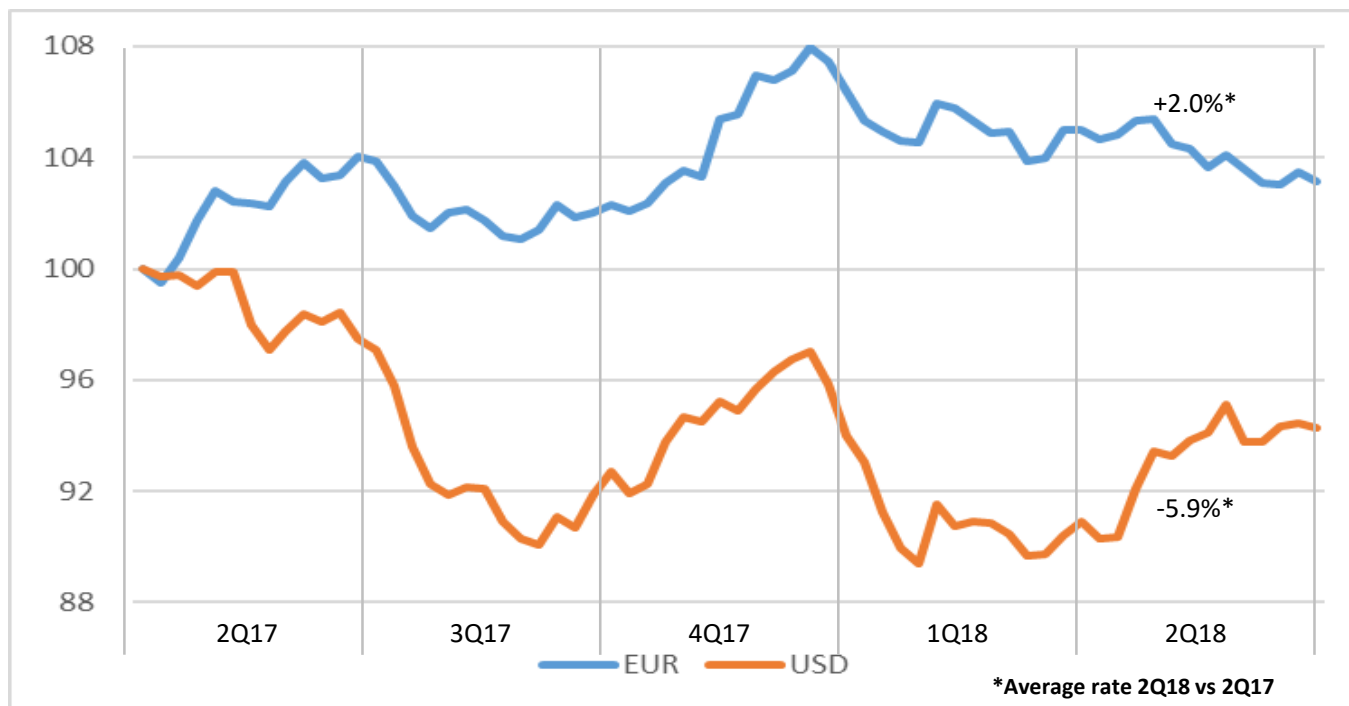
... and at the same time China upholds stringent thresholds on waste import

- July 2017, China announced a policy called **National Sword**, which limits the import of contaminated recyclable commodities and increases inspections of recyclable commodity imports
 - This has created a **short term demand for recycling solutions** locally in the exporting countries (US, Europe etc)



A large increase in number of influential public figures supporting industrial transition to a Greener Economy suggesting preventive solutions like Container Deposit Schemes

CURRENCY



TCS:
Positive impact from stronger EUR, offset by a weaker USD.

TSS:
Negatively impacted by weak USD vs EUR.

Revenues and expenses per currency;

NOTE: Rounded figures

	EUR*	USD	NOK	NZD	OTHER	TOTAL
Revenues	45 %	45 %	0 %	0 %	10 %	100 %
Expenses	40 %	30 %	5 %	5 %	20 %	100 %
EBITA	50 %	100 %	- 20 %	- 20 %	-10 %	100 %

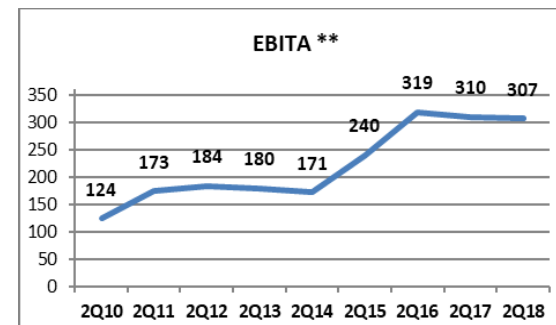
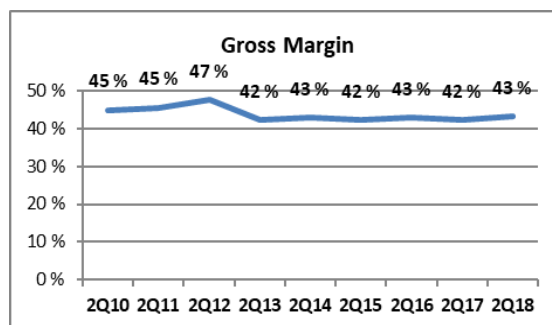
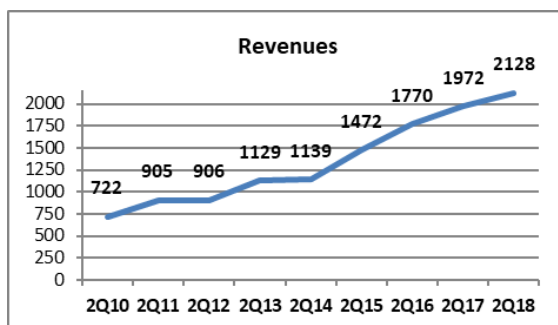
* EUR includes DKK

FINANCIAL HIGHLIGHTS

P&L STATEMENT

	2 nd Quarter			1 st Half		
<i>Amounts in NOK million</i>	2018	2017	17 Adj*	2018	2017	17 Adj*
Revenues	2,128	1,972	1,938	3,882	3,536	3,508
• Collection Solutions	1,055	975	964	1,989	1,852	1,853
• Sorting Solutions	1,073	997	974	1,893	1,684	1,655
Gross contribution	916	834	813	1,638	1,467	1,439
<i>in %</i>	43%	42%	42%	42%	41%	41%
Operating expenses	609	528	530	1,189	1,003	1,018
EBITA	307	306	283	449	464	421
<i>in %</i>	14%	16%	15%	12%	13%	12%
<i>One time costs included in operating expenses</i>	-	4	4	4	8	8

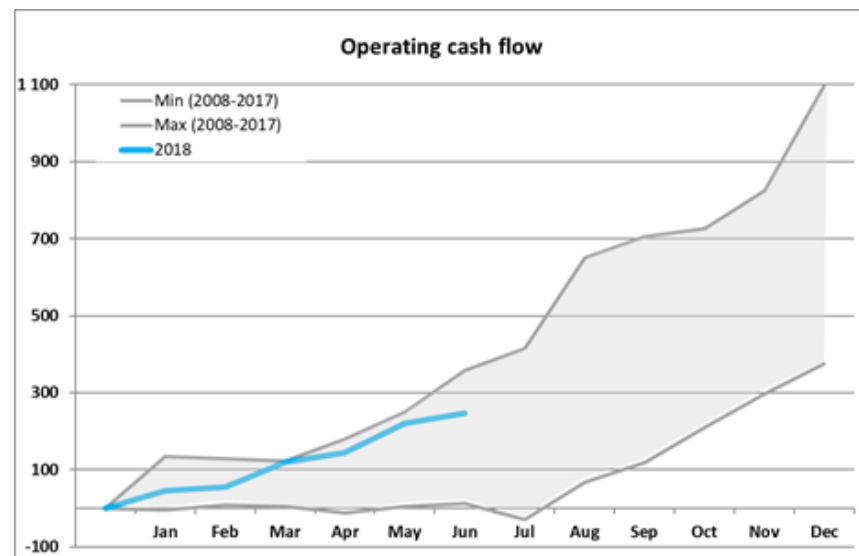
*2017 actual restated at 2018 exchange rates, estimated



FINANCIAL HIGHLIGHTS

BALANCE SHEET, CASH FLOW AND CAPITAL STRUCTURE

<i>Amounts in NOK million</i>	30 June 2018	30 June 2017	31 Dec 2017
ASSETS	8,849	8,260	8,437
• Intangible non-current assets	3,662	3,364	3,412
• Tangible non-current assets	1,066	839	998
• Financial non-current assets	352	362	349
• Inventory	1,290	1,220	1,197
• Receivables	2,140	1,976	1,887
• Cash and cash equivalents	339	499	594
LIABILITIES AND EQUITY	8,849	8,260	8,437
• Equity	4,363	4,275	4,594
• Minority interest	162	197	143
• Interest bearing liabilities	1,845	1,480	1,280
• Non-interest bearing liabilities	2,479	2,308	2,420



Ordinary cashflow from operations

- 127 MNOK (170 MNOK in 2Q 2017)

Solidity

- 49% equity
- NIBD/EBITDA = 1.2x (Rolling 12 months)
- Dividend of NOK 2.35 (NOK 2.10 last year) paid out 8 May 2018

A young boy with short brown hair is smiling and holding two crushed aluminum cans up to his eyes, using them as binoculars. He is wearing a black long-sleeved shirt with a white graphic of a skull. The background is a plain, light blue wall. A dark grey horizontal band is overlaid across the middle of the image, containing the text 'TOMRA COLLECTION SOLUTIONS' in white capital letters.

TOMRA COLLECTION SOLUTIONS

HIGHLIGHTS COLLECTION SOLUTIONS

Overall

- **Revenues of 1,055 MNOK**, up from 975 MNOK in second quarter 2017
 - Revenues up 10% in local currencies, mainly driven by New South Wales' volumes
- **Gross margin was 42%** in the period
 - Unchanged from second quarter 2017
- **Operating expenses of 259 MNOK**, up from 220 MNOK in second quarter 2017
 - New South Wales
 - Higher activity
- **EBITA decreased** from 191 MNOK to **182 MNOK**
 - A result of increased operating expenses

Europe

- Currency adjusted, revenues were stable in Europe
 - Replacement in Germany continues, in line with 2017

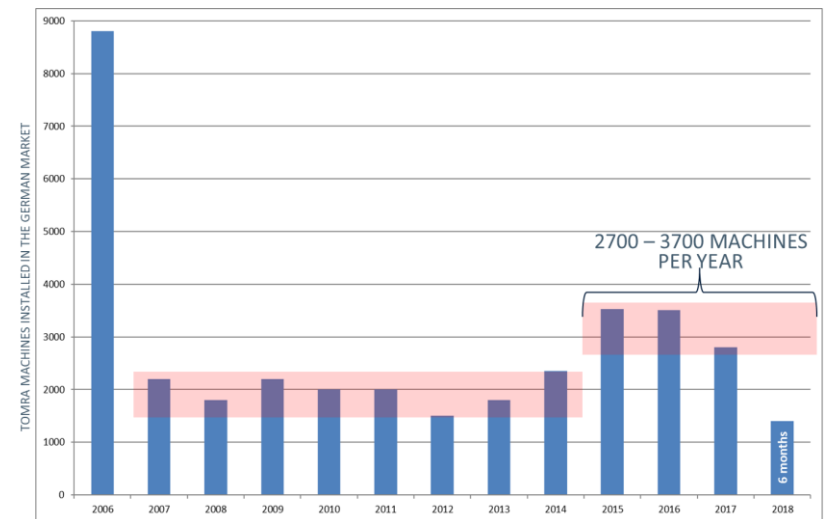
North America

- Currency adjusted, revenues were up 7% in North America
 - Both machine sales and throughput volumes improved from last year

Australia

- Deposit introduced 1st December 2018 in New South Wales
 - Ramp-up continued during second quarter 2018

TOMRA machines installed in the German market



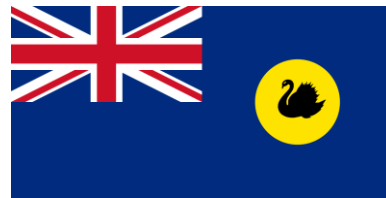
POTENTIAL NEW DEPOSIT MARKETS



Queensland

- Queensland government has conditionally appointed CoEx to develop and run a CDS scheme
- CoEx consists of representatives from the beverage industry, where Coca-Cola and Lion have come together as founding members
- Consumers will be able to get a 10 cent refund on most containers between 150 ml and 3 liters
- Focus of the scheme is on away-from-home drink containers which are the most commonly littered

Confirmed commencement:
1/11/2018



Western Australia

- Consumers will be able to get a 10 cent refund on most beverage containers between 150 ml and 3 liters
- The scheme is intended to operate with kerbside recycling and other existing waste services
- The refund will encourage people to collect and recycle drink containers consumed away from home

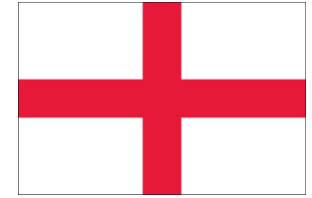
Estimated Startup:
2020



Scotland

- September 2017, First Minister Nicola Sturgeon announced a deposit return scheme for drink containers under the 2017-2018 government programme
- Ongoing consultation round is seeking views on which options will deliver the best results for Scotland with
- Consultation deadline 25th of September 2018

Estimated Startup:
1/7/2020



England

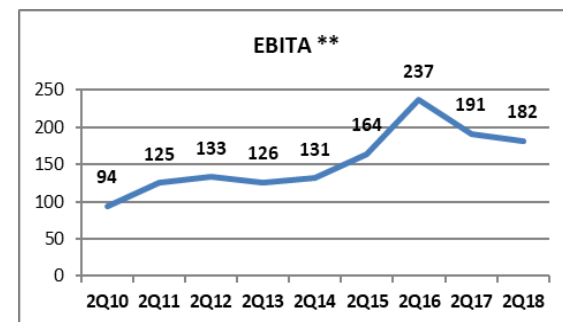
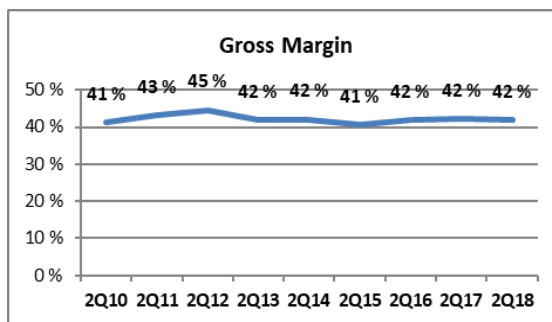
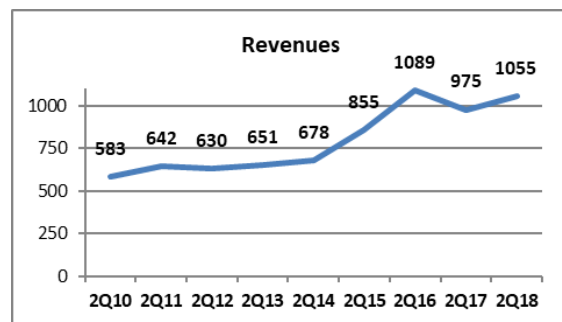
- March 2018, UK Environment Secretary Michael Gove announced plans for a deposit return scheme
- Ongoing consultation round will take into account views from producers, suppliers and consumers to ensure that any system introduced works across the country
- No known consultation round deadline

Estimated Startup:
1/1/2021

COLLECTION SOLUTIONS FINANCIALS

	2nd Quarter			1st Half		
Amounts in NOK million	2018	2017	17 Adj*	2018	2017	17 Adj*
Revenues	1,055	975	964	1,989	1,852	1,853
• Northern Europe	162	149		310	288	
• Europe (ex Northern)	403	411		812	794	
• North America	413	404		735	746	
• Rest of the world	77	11		132	24	
Gross contribution	441	411	407	815	762	766
<i>in %</i>	42%	42%	42%	41%	41%	41%
Operating expenses	259	220	220	512	427	432
EBITA	182	191	187	303	335	334
<i>in %</i>	17%	20%	19%	15%	18%	18%

*2017 actual restated at 2018 exchange rates, estimated





TOMRA SORTING SOLUTIONS

HIGHLIGHTS SORTING SOLUTIONS

Revenues

- **Revenues** equaled **1,073 MNOK** in second quarter 2018, up from 997 MNOK in second quarter 2017
 - Adjusted for currency and acquisitions, revenues were up 4%
 - Includes BBC revenues of 63 MNOK in second quarter 2018

Gross margin

- **Gross margin 44%**
 - Up from 42% last year
 - Improved margins in all business streams

EBITA

- **EBITA of 145 MNOK** (131 MNOK in second quarter 2017)

Orders

- **Order intake of 1,144 MNOK**, up from 951 MNOK same period last year (+20%)
- **Order backlog of 1,585 MNOK**, up from 1,039 MNOK at the end of second quarter 2017



BUSINESS STREAM UPDATE

FOOD



- Stable revenues in 2Q18 compared to 2Q17
- Strong order intake, leading to all time high order backlog
- BBC consolidated from 1 March 2018, ending second quarter with a backlog of 100 MNOK, up from 86 MNOK at the end of first quarter 2018

RECYCLING



- Revenues in 2Q18 up from 2Q17,
- Very strong order intake, significantly up quarter over quarter
- All time high order backlog

MINING

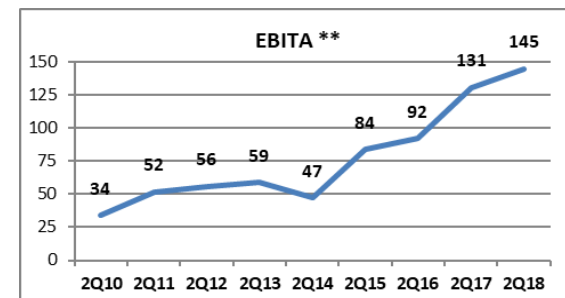
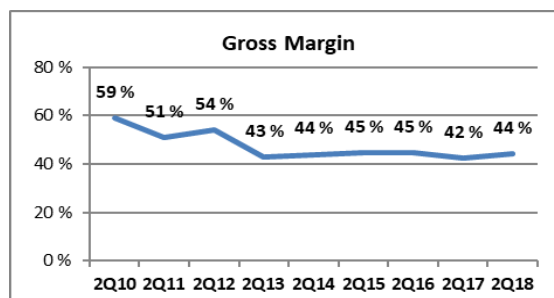
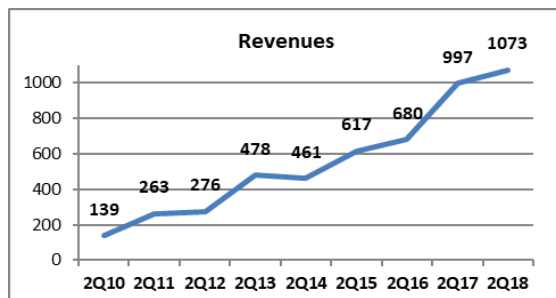


- Both revenues and order intake improved in Mining, but from a lower level

SORTING SOLUTIONS FINANCIALS

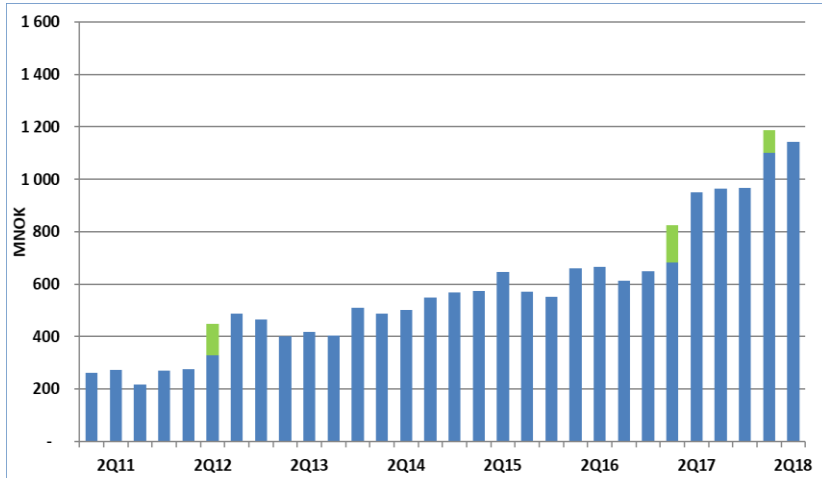
	2nd Quarter			1st Half		
Amounts in NOK million	2018	2017	17 Adj*	2018	2017	17 Adj*
Revenues	1,073	997	974	1,893	1,684	1,655
• Europe	428	329		684	536	
• North America	406	434		688	686	
• South America	39	33		68	58	
• Asia	88	92		203	200	
• Oceania	71	82		157	139	
• Africa	41	27		93	65	
Gross contribution	475	423	406	823	705	673
<i>in %</i>	44%	42%	42%	43%	42%	41%
Operating expenses	330	292	293	637	544	552
EBITA	145	131	113	186	161	121
<i>in %</i>	14%	13%	13%	10%	10%	7%

*2017 actual restated at 2018 exchange rates, estimated

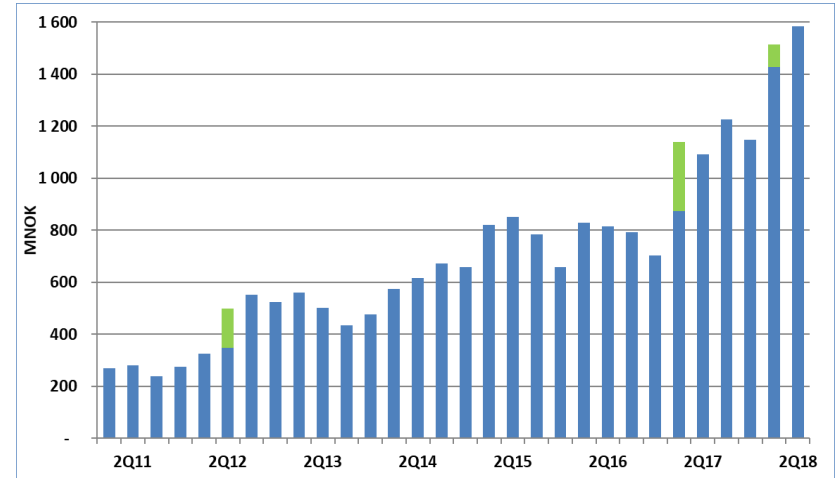


BACKLOG DEVELOPMENT AND MOMENTUM

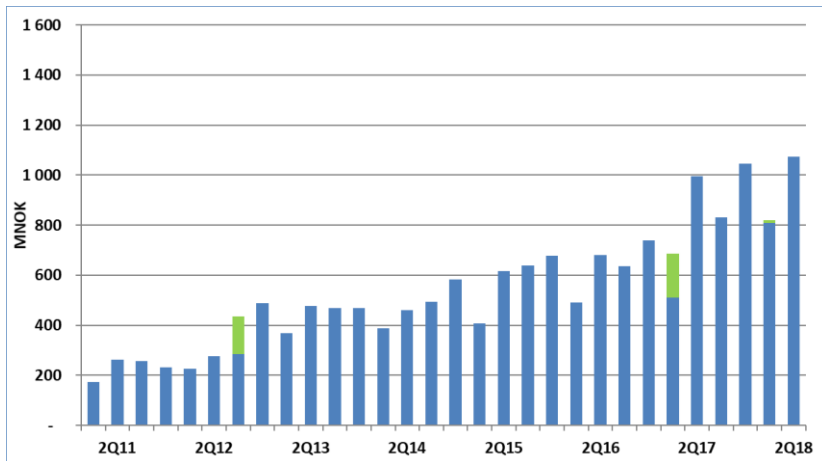
ORDER INTAKE



ORDER BACKLOG



REVENUES



- TOMRA Sorting Solutions (TSS):
 - Revenues of 1,073 MNOK, up from 997 MNOK last year
 - Order intake of 1,144 MNOK in the quarter, compared to 951 MNOK last year
 - Despite all time high revenues in the quarter, a strong order intake led to an all time high order backlog of 1,585 MNOK by the end of second quarter
- Estimated backlog conversion ratio in 3Q18: 70%*

■ Organic ■ Inorganic

OUTLOOK



OUTLOOK

Collection Solutions

- The replacement demand in Germany is assumed to continue in 2018
- Ramp-up in New South Wales will finish during 3rd quarter 2018
- Increased operating expenses due to preparation for new markets

Sorting Solutions

- Currently good momentum in all business streams

Currency

- Reporting in NOK and with some NOK cost base, TOMRA will in general benefit from a weak NOK, particularly measured against EUR.
- With significant revenues in USD and costs in EUR and NZD, TOMRA Sorting is exposed to USD/EUR and USD/NZD.

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Q&A

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