



# 4<sup>th</sup> quarter 2022 results announcement

TOMRA Systems ASA

24 February 2023

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# Quarterly highlights

# Financial highlights

Revenues	<ul style="list-style-type: none"><li>• <b>All-time high revenues of 3,477 MNOK</b> (3,050 MNOK in fourth quarter 2021) Adjusted for currency, revenues were:<ul style="list-style-type: none"><li>- Up 7% for TOMRA Group</li><li>- Up 6% in Collection</li><li>- Up 4% in Recycling</li><li>- Up 9% in Food</li></ul></li></ul>
Gross margin	<ul style="list-style-type: none"><li>• <b>Gross margin of 42.4%</b> – down from 43.6% in fourth quarter 2021</li></ul>
Operating expenses	<ul style="list-style-type: none"><li>• <b>Operating expenses of 979 MNOK</b> (794 MNOK in fourth quarter 2021) — Driven by business expansion and business optimization initiatives</li></ul>
EBITA	<ul style="list-style-type: none"><li>• <b>EBITA of 496 MNOK</b> – down from 535 MNOK in fourth quarter 2021</li></ul>
Cash flow	<ul style="list-style-type: none"><li>• <b>Cash flow from operations of 350 MNOK</b> (627 MNOK in fourth quarter 2021) — Mainly explained by change in accounts receivable and accounts payable</li></ul>
Order intake	<ul style="list-style-type: none"><li>• <b>Order intake of 1,525 MNOK</b> in Recycling and Food – up 17% compared to fourth quarter 2021<ul style="list-style-type: none"><li>- Good performance in Recycling and positive currency effects</li></ul></li><li>• <b>Order backlog of 2,048 MNOK</b> – up 17% compared to the same period last year</li></ul>
Other	<ul style="list-style-type: none"><li>• Cost inflation has continued to be a pressure point, especially in Collection</li><li>• The Board proposed an ordinary dividend of NOK 1.80 per share for 2022</li></ul>

# Collection Business update



## Updates

- All-time high quarterly revenues
- New sales in Romania as retailers prepare for DRS start November 2023
- Installations in The Netherlands in preparation for can deposit extension
- Letter of intent signed with waste concessioner for the supply of 2,000 - 2,500 machines for Hungary's upcoming deposit system
- New reverse vending concepts at the EuroShop retail trade fair



### The Netherlands – 1 April 2023 (expansion)

The Netherlands will extend the current deposit system to include cans as of January 1<sup>st</sup>, 2023 ([link](#)). The system is planned to be operational from April 1<sup>st</sup>, 2023 ([link](#)).



### Scotland – 16 August 2023

In May 2020, Scotland approved deposit regulations and in December 2021, the implementation date was set to August 16<sup>th</sup>, 2023 ([link](#)).



### Romania – 30 November 2023

In 2021, Romania passed the government decision to introduce a deposit system ([link](#)). On October 5<sup>th</sup>, 2022, the implementation date has been set to November 30<sup>th</sup>, 2023 ([link](#)).



### Quebec – 1 November 2023

On June 14<sup>th</sup>, 2022, the state of Quebec approved the final regulations for the expansion and modernization of the current deposit system ([link](#)).



### Victoria and Tasmania – 2023

In April 2021, Victoria announced DRS introduction. In March 2022, the Tasmanian bottle bill passed the Parliament and became law ([link](#) and [link](#)).



### Hungary – January 2024

In 2021 Hungary modified its waste laws, one element of which was to ensure that plastic bottles can be returned ([link](#)). The waste concessioner has initiated the process of engaging reverse vending technology providers aiming for a start in January 2024.



### Ireland – February 2024

On November 17<sup>th</sup>, 2021, Ireland approved DRS regulations ([link](#)). The scheme coordinator has been selected and the start date planned for February 2024 ([link](#)).



### Austria – January 2025

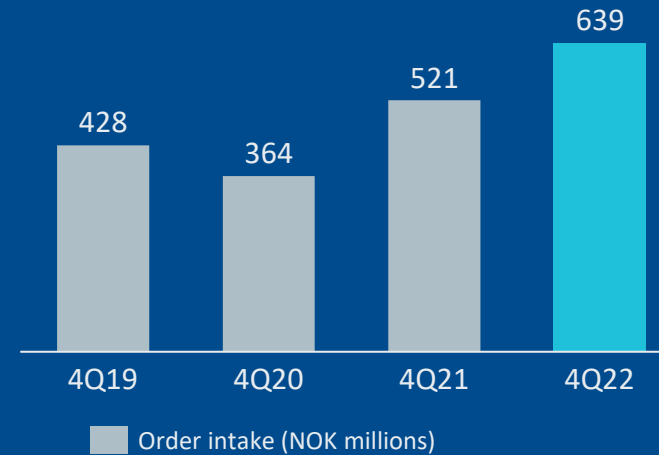
In November 2021, Austria announced the introduction of deposit on single-use beverage containers, with start date January 1<sup>st</sup>, 2025 ([link](#)).

# Recycling Business update

## Updates

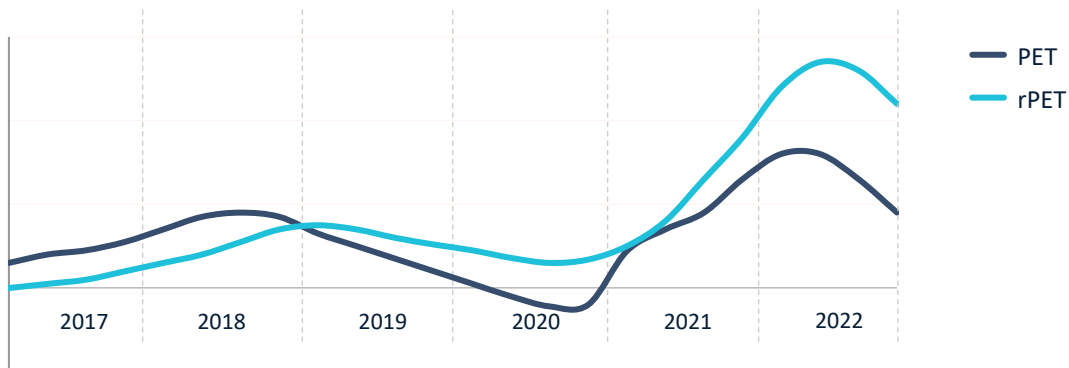
- Solid order backlog, up 37% compared to 4Q21
- Normalization of demand levels
- Decrease in recycled polymer prices, stable metal prices

All-time high order intake, up 23% compared with Q4 2021



- Continued growth in waste recycling and plastics
- Positive currency effect on order intake in Q4 2022

Illustration of price development of virgin PET and recycled PET (rPET)

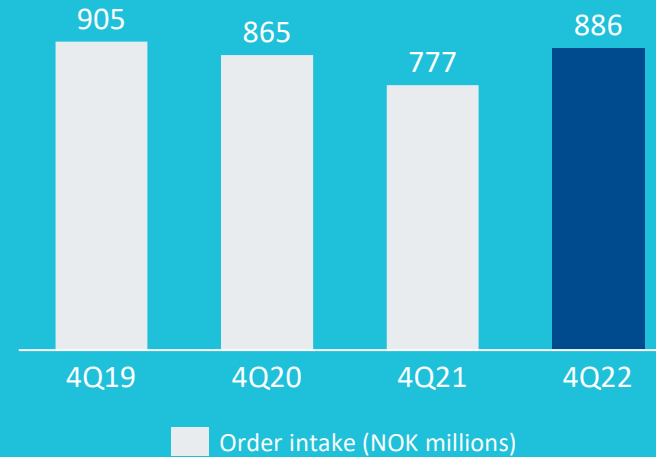


PET = virgin-derived polyethylene terephthalate  
rPET= recycled polyethylene terephthalate (comparable to virgin PET)



# Food Business update

Order intake up 14% compared to Q4 2021



- Good order performance in processed food
- Fresh food orders below last year, partly due to weak harvests
- Signs of postponed projects in the pipeline (one month delay)

## Highlights business transformation



Portfolio

Innovation and life-cycle management

Co-development of integrated solutions<sup>\*)</sup>



Market

ICOEL – integrated business partner Europe & Latin America

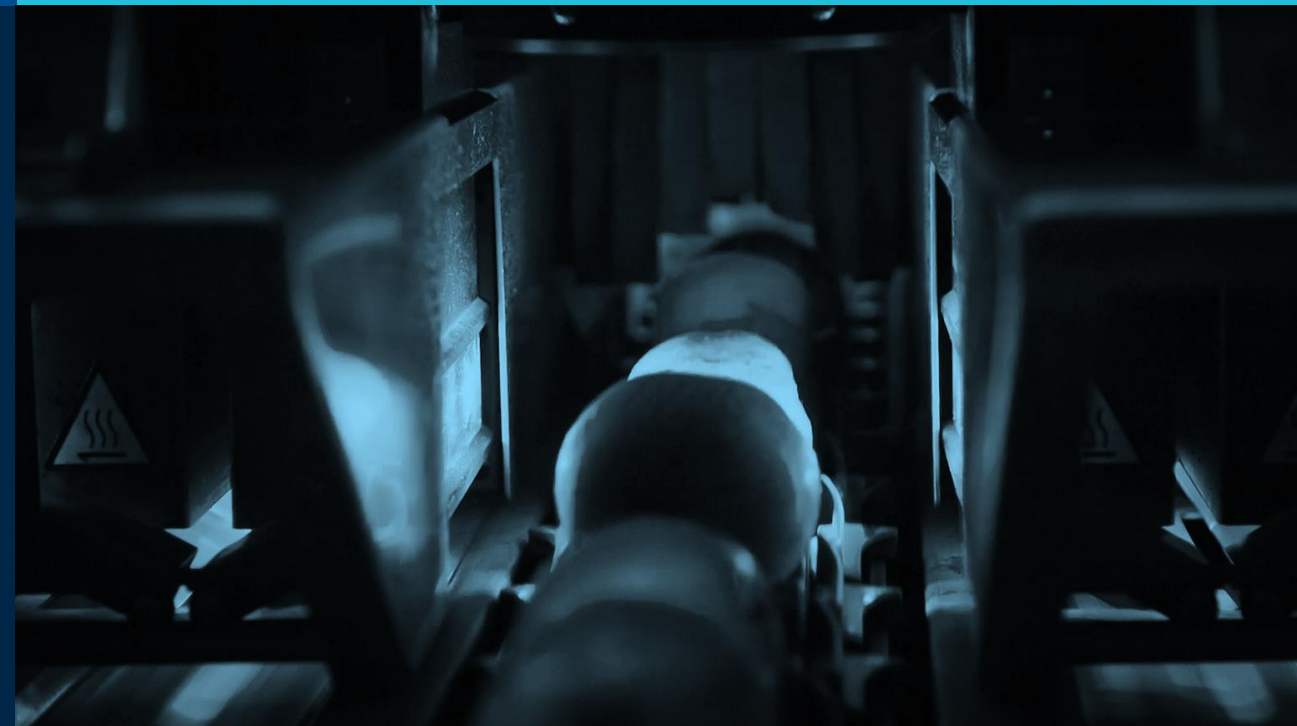
Direct go-to-market approach – fresh food in Europe & Latin America



Expertise

Global category management

Streamlined and customer-centric business processes



<sup>\*)</sup> see Spectra in-line inspection solution with Marel ([link](#))



Our strategy is to  
accelerate growth in core  
and  
develop adjacent  
opportunities

Revenue growth  
15% CAGR

EBITA margin  
at 18%

Dividend payout  
40-60% of EPS

Capital structure  
Investment grade

Net Zero  
holistic sustainability  
strategy

# Plastic sorting for advanced recycling

TOMRA will invest EUR 50-60 million in building a mid-scale sorting plant:

- Operational 2024-2025
- Located in Germany
- Capacity 80.000 tons p.a.

*Mixed waste sorting can save between 9% and 25% of GHG emissions associated with waste ([link](#)).*

## Connecting the value chain







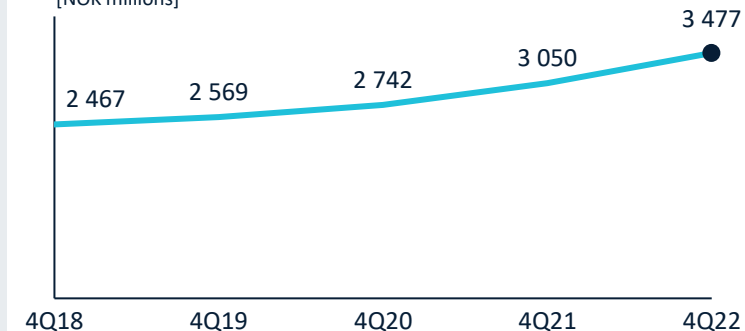
# Financials and outlook

# Group P&L Highlights

	4 <sup>th</sup> Quarter			Full year		
<i>Amounts in NOK million</i>	2022	2021	2021 Adj*	2022	2021	2021 Adj*
<b>Revenues</b>	<b>3,477</b>	<b>3,050</b>	<b>3,257</b>	<b>12,188</b>	<b>10,909</b>	<b>11,290</b>
Collection	1,693	1,481	1,591	6,192	5,738	5,940
Recycling	681	631	653	2,376	1,881	1,890
Food	1,103	938	1,013	3,620	3,290	3,460
<b>Gross contribution</b>	<b>1,475</b>	<b>1,329</b>	<b>1,422</b>	<b>5,053</b>	<b>4,789</b>	<b>4,966</b>
<i>in %</i>	<i>42%</i>	<i>44%</i>	<i>44%</i>	<i>41%</i>	<i>44%</i>	<i>44%</i>
Operating expenses	979	794	828	3,427	3,020	3,067
<b>EBITA</b>	<b>496</b>	<b>535</b>	<b>594</b>	<b>1,625</b>	<b>1,769</b>	<b>1,899</b>
<i>in %</i>	<i>14%</i>	<i>18%</i>	<i>18%</i>	<i>13%</i>	<i>16%</i>	<i>17%</i>

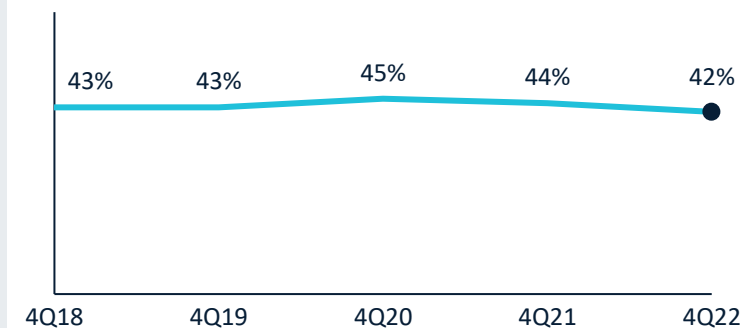
## Revenues

[NOK millions]



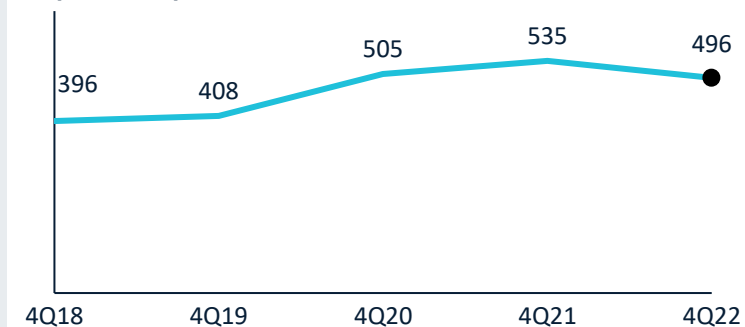
## Gross margin

[% of Revenues]



## EBITA

[NOK millions]

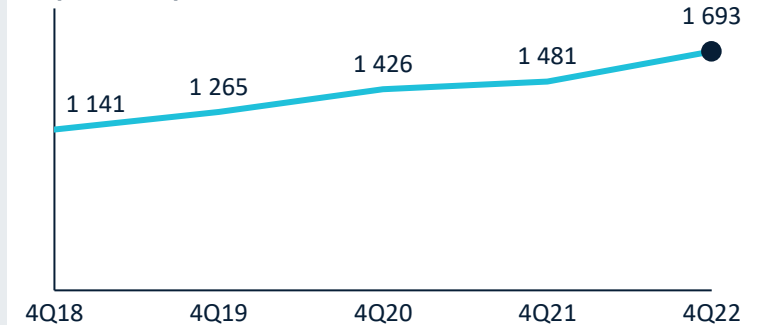


# Collection P&L Highlights

Amounts in NOK million	4 <sup>th</sup> Quarter			Full year		
	2022	2021	2021 Adj*	2022	2021	2021 Adj*
<b>Revenues</b>	<b>1,693</b>	<b>1,481</b>	<b>1,591</b>	<b>6,192</b>	<b>5,738</b>	<b>5,940</b>
Northern Europe	227	187		927	801	
Europe (ex Northern)	768	683		2,531	2,617	
North America	480	413		1,944	1,672	
Rest of the world	218	198		790	648	
<b>Gross contribution</b>	<b>634</b>	<b>592</b>	<b>635</b>	<b>2,347</b>	<b>2,412</b>	<b>2,490</b>
<i>in %</i>	<i>37%</i>	<i>40%</i>	<i>40%</i>	<i>38%</i>	<i>42%</i>	<i>42%</i>
Operating expenses	388	346	360	1,401	1,295	1,321
<b>EBITA</b>	<b>246</b>	<b>246</b>	<b>276</b>	<b>946</b>	<b>1,117</b>	<b>1,169</b>
<i>in %</i>	<i>15%</i>	<i>17%</i>	<i>17%</i>	<i>15%</i>	<i>19%</i>	<i>20%</i>

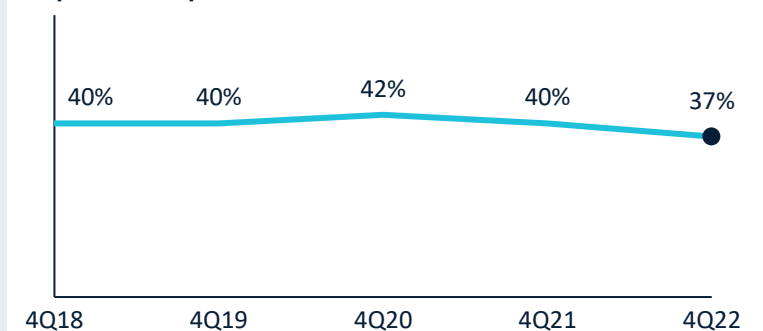
## Revenues

[NOK millions]



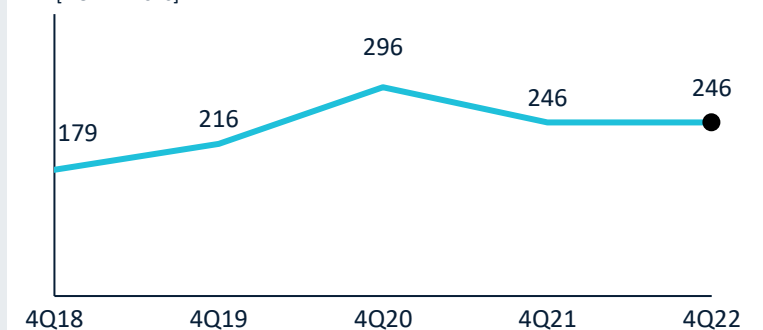
## Gross margin

[% of Revenues]



## EBITA

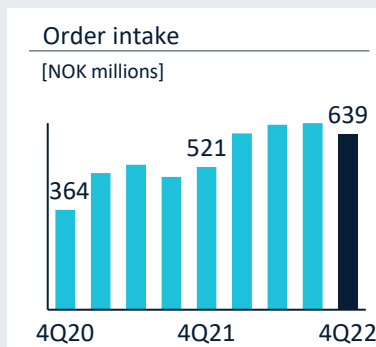
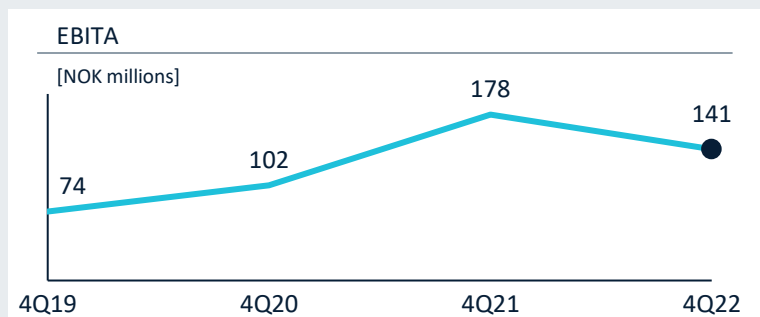
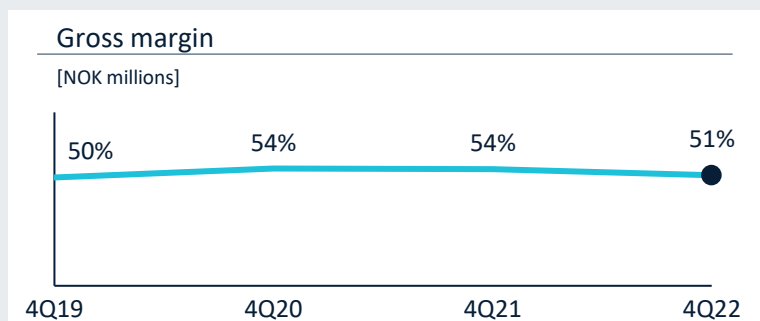
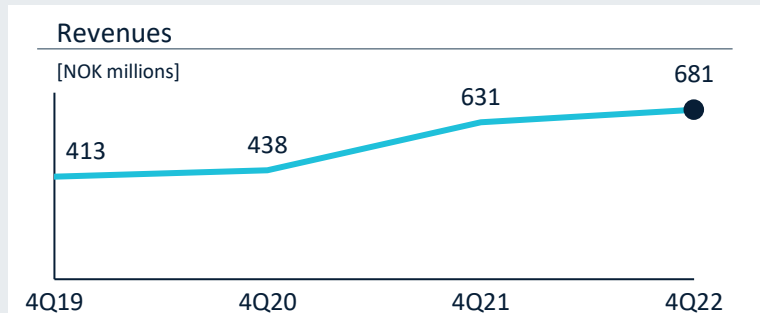
[NOK millions]



# Recycling P&L Highlights

Amounts in NOK million	4 <sup>th</sup> Quarter			Full year		
	2022	2021	2021 Adj*	2022	2021	2021 Adj*
<b>Revenues</b>	<b>681</b>	<b>631</b>	<b>653</b>	<b>2,376</b>	<b>1,881</b>	<b>1,890</b>
Europe	384	386		1,432	1,151	
Americas	128	83		415	280	
Asia	115	103		318	290	
Rest of the world	54	59		212	160	
<b>Gross contribution</b>	<b>347</b>	<b>338</b>	<b>349</b>	<b>1,195</b>	<b>996</b>	<b>1,003</b>
<i>in %</i>	<i>51%</i>	<i>54%</i>	<i>54%</i>	<i>50%</i>	<i>53%</i>	<i>53%</i>
Operating expenses	206	160	166	702	582	583
<b>EBITA</b>	<b>141</b>	<b>178</b>	<b>183</b>	<b>493</b>	<b>414</b>	<b>420</b>
<i>in %</i>	<i>21%</i>	<i>28%</i>	<i>28%</i>	<i>21%</i>	<i>22%</i>	<i>22%</i>

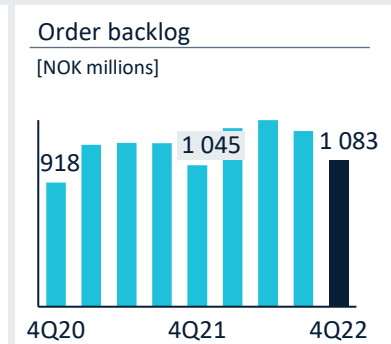
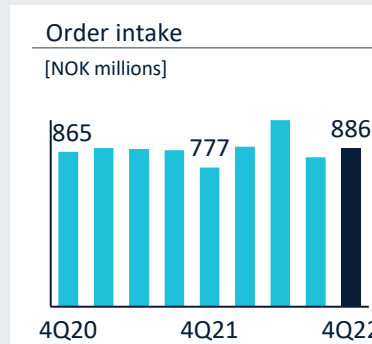
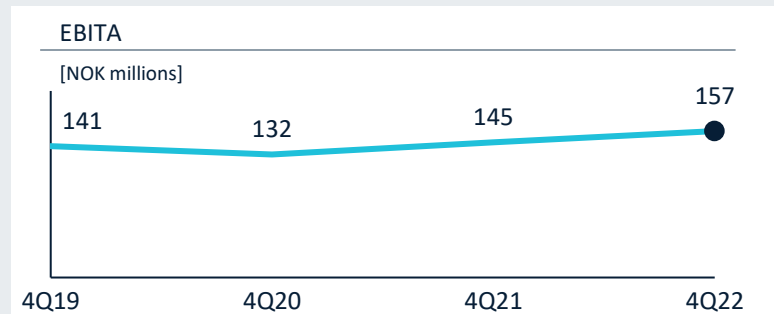
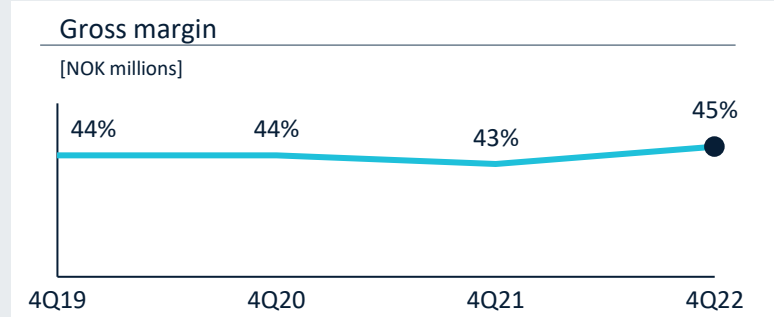
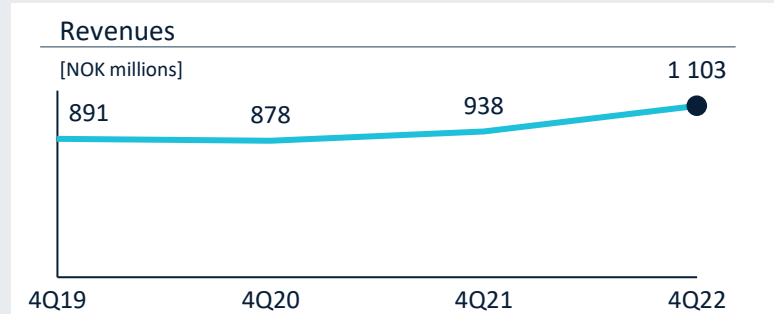
Based upon current production and delivery plans, the revenues in 1Q23 are estimated to be approximately 65% of order backlog at the end of 4Q22



# Food P&L Highlights

Amounts in NOK million	4 <sup>th</sup> Quarter			Full year		
	2022	2021	2021 Adj*	2022	2021	2021 Adj*
<b>Revenues</b>	<b>1,103</b>	<b>938</b>	<b>1,013</b>	<b>3,620</b>	<b>3,290</b>	<b>3,460</b>
Europe	316	174		1,033	911	
Americas	449	338		1,608	1,369	
Asia	93	161		366	352	
Rest of the world	245	265		614	658	
<b>Gross contribution</b>	<b>495</b>	<b>399</b>	<b>437</b>	<b>1,511</b>	<b>1,381</b>	<b>1,473</b>
<i>in %</i>	<i>45%</i>	<i>43%</i>	<i>43%</i>	<i>42%</i>	<i>42%</i>	<i>43%</i>
Operating expenses	337	254	268	1,167	1,021	1,041
<b>EBITA</b>	<b>157</b>	<b>145</b>	<b>169</b>	<b>344</b>	<b>360</b>	<b>432</b>
<i>in %</i>	<i>14%</i>	<i>15%</i>	<i>17%</i>	<i>10%</i>	<i>11%</i>	<i>13%</i>

Based upon current production and delivery plans, the revenues in 1Q23 are estimated to be approximately 60% of order backlog at the end of 4Q22

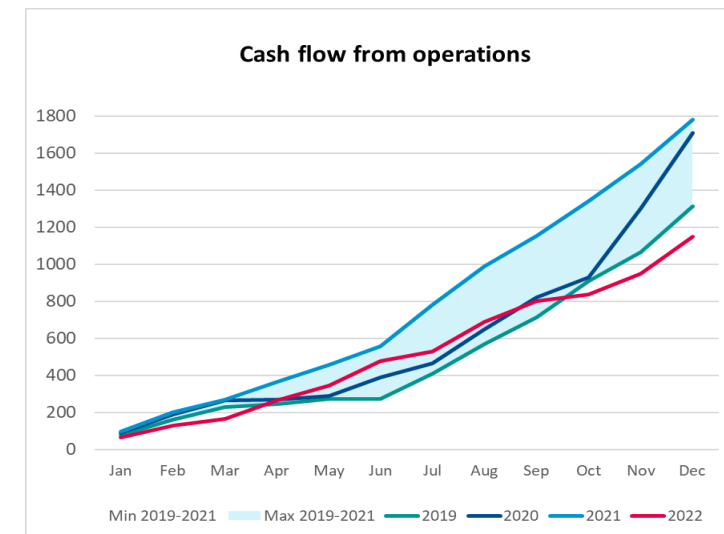


# Balance sheet and cash flow

	31 December	
<i>Amounts in NOK million</i>	2022	2021
<b>ASSETS</b>	<b>13,932</b>	<b>11,589</b>
Intangible non-current assets	4,132	3,790
Tangible non-current assets	2,671	2,197
Financial non-current assets	448	347
Inventory	2,370	1,883
Receivables	3,562	2,740
Cash and cash equivalents	750	632
<b>LIABILITIES AND EQUITY</b>	<b>13,932</b>	<b>11,589</b>
Equity	6,572	6,164
Lease liabilities	1,297	1,015
Interest-bearing liabilities	2,260	1,004
Non-interest-bearing liabilities	3,803	3,406

## Cash flow from operations

[NOK millions]



### Cashflow from operations

- Cash flow from operations of 350 MNOK in fourth quarter 2022 (627 MNOK in fourth quarter 2021)

### Solidity and gearing

- 47% equity ratio
- NIBD/EBITDA (rolling 12 months) of 1.2x

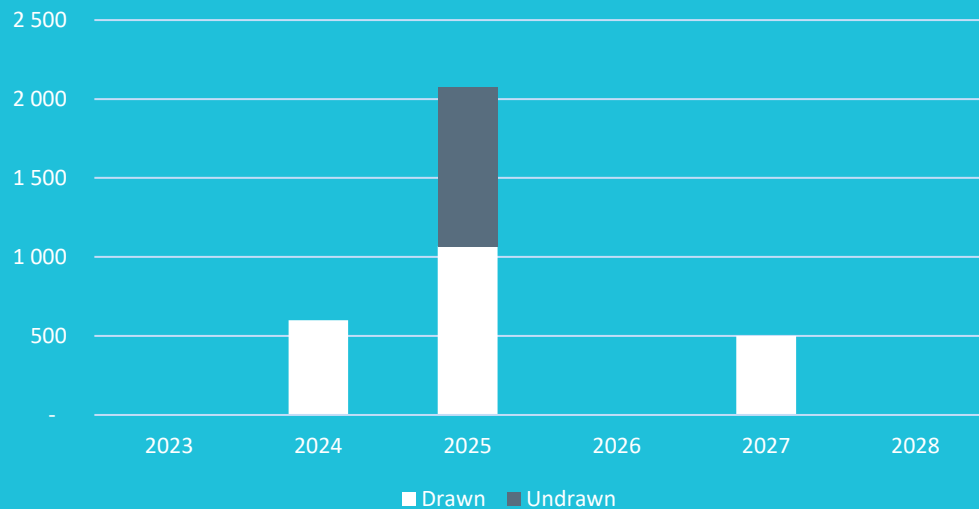
### Dividend

- The Board proposed an ordinary dividend of NOK 1.80 per share

# Financial position

## Debt maturity profile

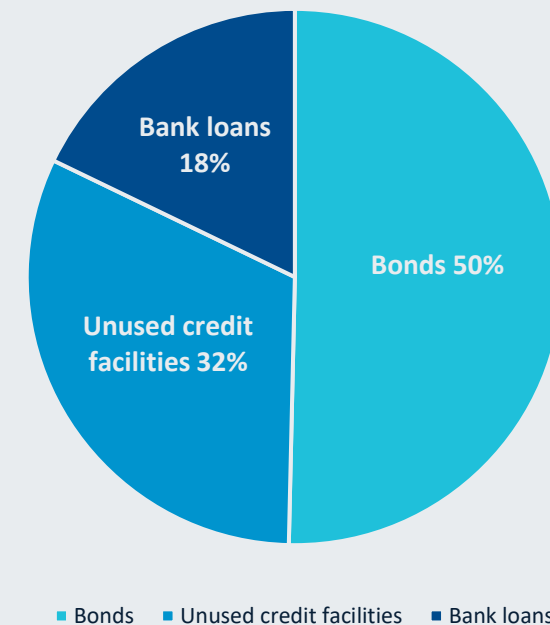
- Weighted average debt maturity of 3.1 years
- Interest-bearing bonds are swapped to EUR and are exposed to EUR/NOK exchange rate fluctuations



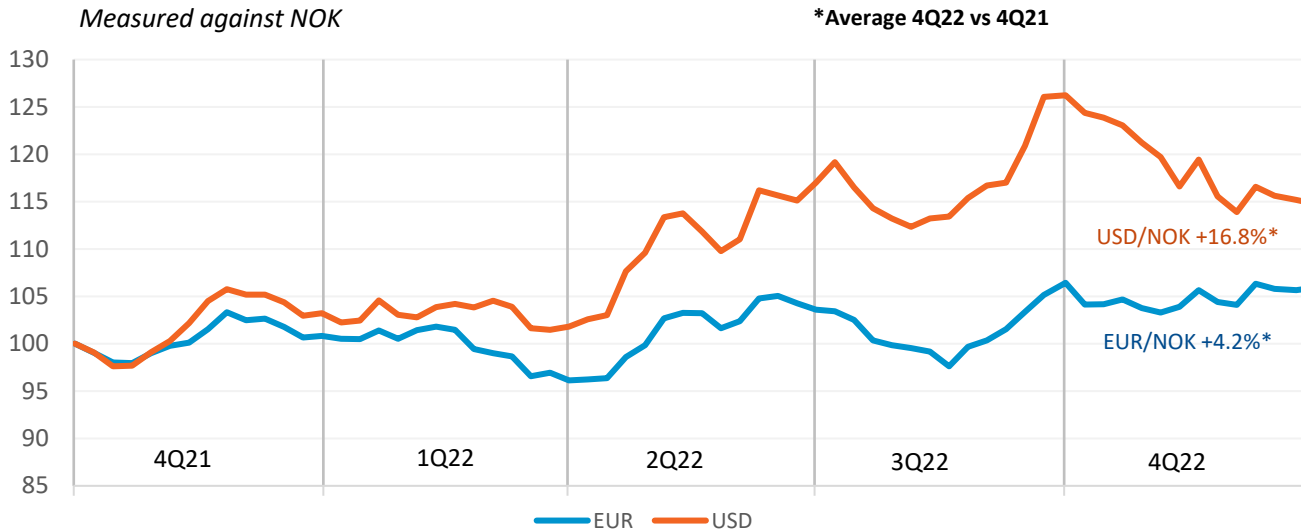
*Not including unused 300MNOK cash-pool overdraft facility*

## Current funding sources

- TOMRA has a satisfactory liquidity situation with available unused credit lines of approx. 1 010 MNOK
- Senior unsecured bonds (no financial covenants) of 1 600 MNOK (swapped to EUR) are listed on Oslo Stock Exchange
  - Green Bonds portion amounts to 1 000 MNOK
- The financial covenant related to the bank debt is minimum equity ratio of 30%



# Currency risk and hedging policy



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 <sup>2</sup>	2.0%	2.0%	2.0%
<b>ALL</b>	<b>10.0%</b>	<b>9.5%</b>	<b>13.0%</b>

## Revenues and expenses per currency:

	EUR <sup>1</sup>	USD	NOK	OTHER <sup>2</sup>	TOTAL
Revenues	50 %	30 %	0 %	20 %	100 %
Expenses	50 %	25 %	5 %	20 %	100 %

## Assets and liabilities per currency:

	EUR <sup>1</sup>	USD	NOK	OTHER <sup>2</sup>	TOTAL
Assets	45 %	15 %	10 %	30 %	100 %
Liabilities	55 %	15 %	10 %	20 %	100 %

<sup>1</sup> EUR includes DKK

<sup>2</sup> Most important: AUD, NZD, RMB, CAD, SEK, GBP and JPY

NOTE: Estimated and rounded figures

## 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

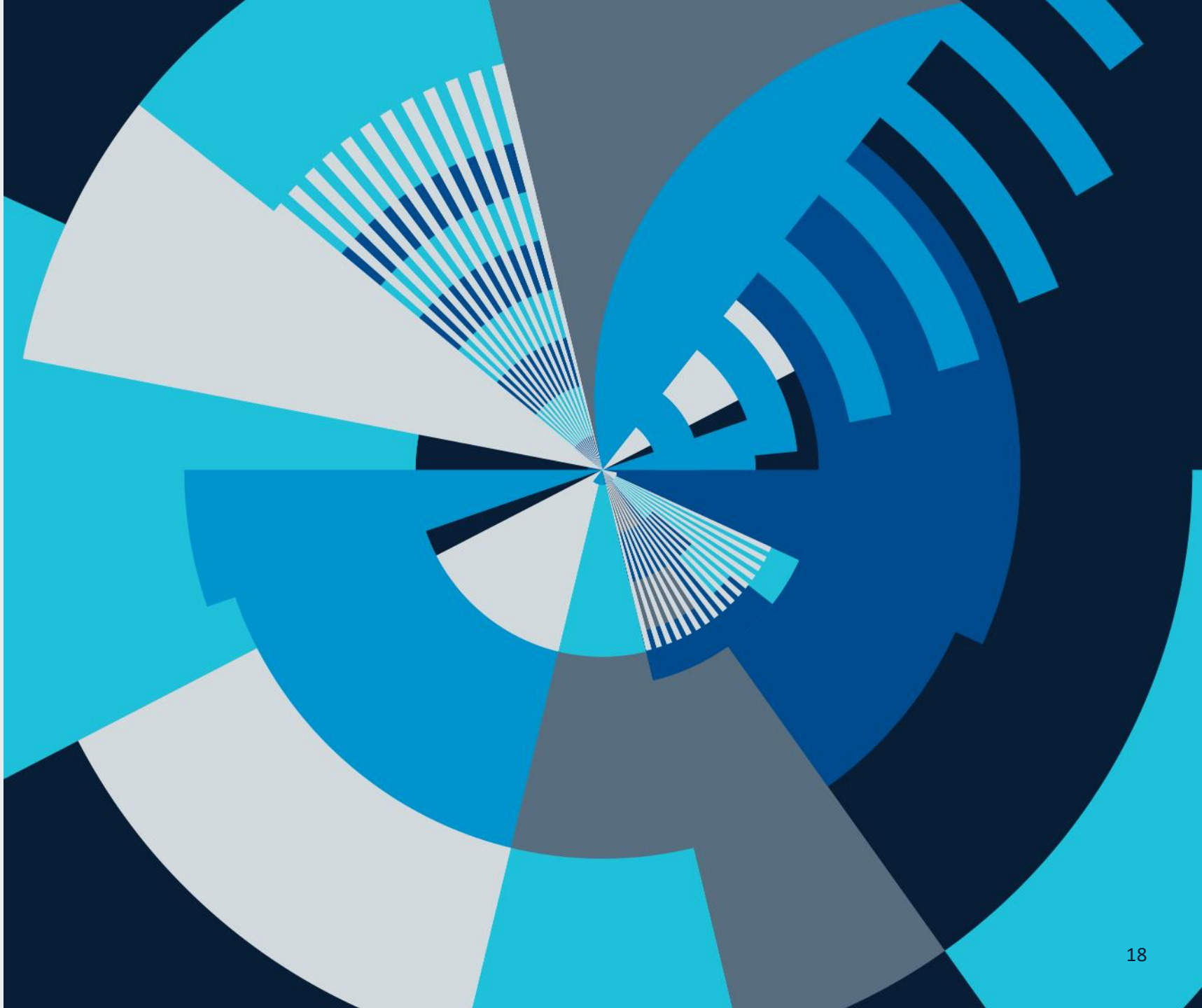
- TOMRA only hedges B/S items where exchange rate fluctuations could have P/L impact. Gains and losses on B/S hedging are recorded in accordance with IAS 21 and will normally not have P/L impact



# Outlook

Collection	<ul style="list-style-type: none"><li>• High activity related to preparation for new markets</li><li>• Quarterly performance will be dependent upon timing of new initiatives</li></ul>
Recycling	<ul style="list-style-type: none"><li>• Positive momentum assumed to continue and normalize from high 2022 levels</li><li>• Demand for recycled materials is expected to create opportunities</li></ul>
Food	<ul style="list-style-type: none"><li>• Stable demand despite tough economic backdrop</li><li>• Need for automation creates opportunities mid and long term</li></ul>
Other	<ul style="list-style-type: none"><li>• Cost inflation will continue to be a pressure point</li><li>• Lower risk of sourcing shortages and logistical bottlenecks</li></ul>
Currency	<ul style="list-style-type: none"><li>• Reporting in NOK and with some NOK cost base, TOMRA will in general benefit from a weak NOK, particularly against EUR and USD</li></ul>

# Q&A



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