
FIRST QUARTER REPORT

for the period ended 31 March 1998

TOMRA GROUP



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FIRST QUARTER REPORT 1998

PROFIT & LOSS STATEMENT (Figures in NOK million)	1st Quarter		Full Year
	1998	1997	1997
Operating revenues	332.4	204.5	1200.8
Cost of goods sold	176.7	107.6	640.7
Leasing depreciation	16.3	11.6	52.7
Gross contribution	139.4	85.3	507.4
Operating expenses	78.0	44.4	261.5
Ordinary depreciation	10.1	4.9	39.8
Operating profit	51.3	36.0	206.1
Net financial items	(1.9)	(0.7)	(8.1)
Minority interests	(1.5)	(0.3)	(6.0)
Profit before tax	47.9	35.0	192.0
Taxes	16.3	11.2	60.7
Net profit	31.6	23.8	131.3

BALANCE SHEET (Figures in NOK million)	31 March		
	1998	1997	31 Dec. 1997
ASSETS			
Cash and cash equivalents	71.4	45.2	129.2
Other current assets	521.9	329.2	443.7
Leasing equipment	277.8	199.5	265.7
Other fixed assets	653.3	363.1	570.1
TOTAL ASSETS	1524.4	937.0	1408.7
LIABILITIES & EQUITY			
Short-term, interest-bearing liabilities	21.4	36.2	-
Other short-term liabilities	251.7	197.4	244.4
Long-term, interest-bearing liabilities	89.9	145.9	72.7
Deferred taxes	53.2	27.0	50.4
Minority interests	24.4	2.9	14.6
Equity	1083.8	527.6	1026.6
TOTAL LIABILITIES & EQUITY	1524.4	937.0	1408.7

INTERIM RESULTS	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter
BY QUARTER	1997	1997*	1997	1997	1998
Operating revenues	204.5	290.4	355.4	350.5	332.4
Operating profit	36.0	50.0	69.8	50.3	51.3
Earnings per share (NOK)	0.63	0.75	1.06	0.94	0.78
Sales growth	20.0%	48.7%	86.0%	54.5%	63.0%
Profit ratio	17.6%	17.2%	19.6%	14.4%	15.4%

* Second quarter 1997 has been restated based on charges of NOK 5.6 million of social security costs in relation to a private placement to the Norwegian management in April 1997.

HIGHLIGHTS

- Total revenues of NOK 332 million (up 63%).
 - * Revenues Europe, NOK 126 million (up 46%).
 - * Revenues America, NOK 207 million (up 74%).
- Profit before tax of NOK 48 million (up 37%).
- Acquisition in USA of Reynolds Recycling westcoast Division, effective 1 March 1998.

FINANCIALS

Revenues in the first quarter 1998 amounted NOK 332 million, up from NOK 205 million in 1997 (up 63%). Overall growth adjusted for acquisition effects was 26%. The operating profit showed an increase of 43% to NOK 51 million and an operating margin of 15.4%. Profit before tax increased from NOK 35 million to NOK 48 million.

Due to the strong growth in material handling services, the operating margin showed a reduction of 2.2% in the first quarter, from 17.6% to 15.4%. As indicated in the 1997 report this is expected to continue throughout the year, as material handling will represent the major growth activity in 1998. The operating margin in material handling is currently influenced by the newly started and acquired operations in Massachusetts, Michigan and California.

Earnings per share increased by 24%, influenced by higher taxes which have been calculated at 34%. Total assets increased by 8% to NOK 1,524 million mainly due to the US acquisition in March. The liquidity remains good and the equity ratio stands at 71.1%.

MARKETS

EUROPE

Revenues in Europe amounted to NOK 126 million against NOK 86 million in 1997 - an increase of 46% from first quarter 1997. Adjusted for the acquisition of Halton, the growth was 13%.

Sales by market

Figures in NOK million	1q98	1q97
Norway	6.1	5.5
Sweden	23.0	18.5
Finland	10.9	7.5

Denmark	11.5	11.5
The Netherlands	20.0	9.6
Germany	32.5	23.0
Austria	11.5	6.1
Others	10.0	3.9
Total Europe	125.5	85.6

Sales by activity

Figures in NOK million	1q98	1q97
Sales, lease	81.7	58.9
Service	40.2	25.1
Administration	2.1	1.6
Promotion	1.5	-
Total Europe	125.5	85.6

Late March TOMRA launched a new machine in Sweden for the "Small Store" segment, which consists of small retail stores, kiosks, gas stations and canteens. The new MicroLite, which will be available in the market during third quarter 1998, is a combi machine handling cans and one-way plastic bottles.

This product, developed in Finland, is the first machine in a new product family aimed to establish TOMRA as the leading supplier of solutions in the "Small Store" segment. Since the acquisition of Halton, the focus of Halton R&D has been directed towards building a new technology platform which will broaden the product program to meet the future demands of this segment.

The Board remains optimistic towards the market opportunities in Europe, but expects the growth for the coming quarters to be lower as the acquisition effects are reduced.

AMERICA

Revenues in America amounted to NOK 207 million - an increase of 74% over the NOK 119 million reported in the first quarter 1997. The growth has been generated in material handling and services along with acquisitions. Internally generated growth amounted to 35%.

Sales by market

Figures in NOK million	1q98	1q97
New York	107.6	73.8
Connecticut	28.8	24.7
Massachusetts	25.4	-
Maine	1.4	-
Michigan	17.9	16.6
Iowa	0.3	0.9
Oregon	0.7	0.5
California	12.1	-
Non deposit states	9.8	-
Canada	2.9	2.4
Total America	206.9	118.9

Sales by activity

Figures in NOK million	1q98	1q97
Sales, lease	41.9	36.3
Service	22.7	19.3
Material handling	127.8	54.7
Administration	14.5	8.6
Total America	206.9	118.9

Effective 1 March 1998, TOMRA acquired the westcoast operations of Reynolds Recycling Division consisting of a large California operation along with significant non-deposit operations in the states of Colorado, Washington, New Mexico and Hawaii. Total revenues approximate USD 40 million with an operating profit of USD 0,9 million. The purchase price was USD 8 million and the acquisition was an asset only transaction with no goodwill. Margins on first quarter sales of NOK 12.1 million in California and NOK 9.8 million in non deposit states was minimal as anticipated. The overall outlook on the acquisition remains very positive.

Substantial progress has been made in our negotiations with the Michigan Beer & Wine Wholesalers Association regarding beer distributor participation in the Michigan Third Party Pickup program. We expect the contract to be finalized in the next 2 to 3 weeks which will lead to a more aggressive expansion of the program.

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

REPORTING PRINCIPLES

As a consequence of the discussion with the Oslo Stock Exchange regarding principles for handling social security costs related to a share issue towards Norwegian management in April 1997, the Board decided to charge the cost of NOK 5.6 million to operating expenses. The figures for second quarter 1997 have been changed accordingly.

SHAREHOLDERS

The largest shareholders of the company at the end of March 1998 were: State Street Bank (US), 11.4%; Chase Manhattan Bank (US), 5.6%; Chase Manhattan Bank (UK), 4.6%; Deutsche Bank, 3.4%, and Caisse des Depots et Consignations, 3.3%. The distribution by country of TOMRA shareholders shows: Norway 31.1%, United States 27.6%, United Kingdom 14.1%, France 5.7% and Germany 5.5%.

TOMRA's share price increased from NOK 165.00 to NOK 202.00 during first quarter 1998. The number of shares traded in the period was 19.8 million, compared with 12.5 million in the same period last year.

Asker, 21 April 1998

The Board of Directors of
TOMRA SYSTEMS ASA

Jan Chr. Opsahl
Chairman

Erik Thorsen
President & CEO