

## **TOMRA Acquires New Zealand Sorting Machine Manufacturer Compac for NZD 70m**

TOMRA Systems ASA (TOMRA), has on 11.10.2016 through its wholly owned subsidiary TOMRA Sorting AS signed an agreement with the owners of Compac Holding Ltd (Compac) for 100 per cent of the shares in the company. Closing of the transaction is expected to take place during 1Q 2017 subject to approval by the New Zealand Overseas Investment Office

### **Compac – A leading provider of Lane Sorting within the Fresh Fruit and Vegetable Segment**

Compac is a New Zealand-based provider of post-harvest solutions and services to the global fresh produce industry. The company designs, manufactures, sells and services packhouse automation systems that sort fresh produce based on weight, size, shape, colour, surface blemishes and internal quality.

“The food market is large and continuously growing with requirements around food safety and quality becoming increasingly more stringent. Food producers are also consolidating, becoming larger, more sophisticated and more global. As a leading technology supplier into this industry we see clear advantages in mirroring this trend. With the acquisition of Compac, we reinforce TOMRA’s leading position within the food segment and we will be the first player to present an offering to our customers for sorting fresh and processed foods with both lane and bulk sorting”, says Stefan Ranstrand, TOMRA’s President and CEO.

Established in 1984, today Compac employs approximately 700 people across locations in New Zealand, Australia, US, China, South-America, Spain and Italy. Compac has a leading position within the sorting of apples, kiwifruit, cherries, avocados and citrus. About 6,000 Compac sorting lanes have been sold worldwide in over 40 markets. With year-end in June 2016, the company generated an EBITDA of NZD 3m on total revenue of NZD 152m.

“Market forces have driven double digit growth at Compac over recent years, and we have rapidly become a global business from humble New Zealand roots. Joining forces with TOMRA will enable us to continue to meet the increasing demands for our products and services in a more scalable and operationally efficient manner”, says Compac CEO Mike Riley.

For more information about Compac, reference is made to the press conference presentation dated 12<sup>th</sup> of October and the company website <http://www.compacsort.com/>

### **A Further Strengthening of TOMRA’s Offering Within Food Sorting Segment**

TOMRA Sorting Solutions is a global market leader in sensor based sorting solutions. The technology is applied in the recycling, mining and food industries. The acquisition of Compac represents another important step towards strengthening its market position and product offering within sensor based sorting. In addition to representing an interesting growth case on its own, Compac is a strong strategic fit with TOMRA Sorting Solutions and represents an opportunity for a broader geographical positioning as well as application span.

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“The geographical coverage of the combined companies is extensive and customers will find a one stop shop for sorting, peeling and analytical solutions for a wide variety of food products. The integration of lane sorting and bulk sorting within the fresh and processed food industries is a natural development for many applications and the leadership positions of both TOMRA and Compac will now provide a unique capability in this regard”, commented Head of TOMRA Sorting Food Ashley Hunter.

### **Transaction details**

TOMRA will pay a consideration of NZD 70m, free of cash and interest bearing debt. TOMRA will pay the purchase price in cash, and the transaction will be financed through existing drawing rights. In addition to the initial purchase price, the sellers are entitled to an earn-out linked to the combined EBIT for the period July 2016 to June 2019. The earn-out is capped at NZD 230m, which is reached at a combined EBIT for the three years’ period of NZD 84m. There will be progress payments after Fiscal year 2017 (ending June 2017), Fiscal year 2018 (ending June 2018) and Fiscal year 2019 (ending 2019), if certain interim targets are met. If the combined EBIT during the period is below NZD 20m, no additional earn-out will be paid (somewhat dependent upon the distribution of EBIT between the three years).

TOMRA will also provide an interim funding to Compac of NZD 10m. This is to be deducted from the purchase price at closing.

A press conference elaborating on the acquisition will be held at 08:00 CET via webcast. We will open up for Q&A after the presentation, questions can be asked through the Q&A tool embedded in the webcast.

Webcast link: <http://presenter.qbrick.com/?pguid=3ee750b5-0053-4910-9bbd-1890dc37694c> .Webcast is also available live and recorded version at [www.tomra.com](http://www.tomra.com)

### For other questions please contact:

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## Management adjusted financials\*

(Accounting Year ends June)

P&L (NZDm)	FY13	FY14	FY15	FY16
Revenues	62	75	105	152
Growth %	n/a	21 %	40 %	45 %
EBITDA	7	8	-1	3
EBITDA margin %	11 %	11 %	-1 %	2 %
EBIT	6	7	-2	-1
EBIT margin%	10 %	9 %	-2 %	-1 %

As of 30 June 2016

Balance sheet (NZDm)	FY13	FY14	FY15	FY16
Intangible non-current assets	1	1	8	14
Tangible non-current assets	4	6	10	12
Inventory	10	17	17	24
Receivables	5	8	21	19
Cash	2	4	4	4
<b>Total Assets</b>	<b>22</b>	<b>36</b>	<b>61</b>	<b>73</b>
Equity	1	5	5	5
Interest bearing liabilities	6	8	23	29
Other liabilities	15	23	32	38
<b>Total Debt and Equity</b>	<b>22</b>	<b>36</b>	<b>61</b>	<b>73</b>

\* FY13 and FY14 extracted from financial statements. FY15 and FY16 is management accounts, adjusted for one-off income and expenses. Not harmonised with TOMRA accounting principles.

Figures includes Spanish subsidiary, which had revenues of ~NZD12m in FY16, which is intended to be divested before closing

**Footnotes:** This information is subject of the disclosure requirements acc. to §5-12 vphl (Norwegian Securities Trading Act).

**Name of sellers:** Hamish Alexander Nigel Kennedy, Kim Anne Kennedy and Brian Allan Leaning as trustees of the Kennedy Family Trust No. 2, Gavin Brian Reeve, Victoria Anne Reeve and Brian Allan Leaning as trustees of the CVC Share Trust, David Bart Buys, Christina Buys and Glaister Ennor Trustee Co Limited as trustees of the David Buys Family Trust No. 2, Nigel Jonathan Beach and Taeko Beach as trustees of the NTB Share Trust, MJ65 Trustee Company Limited as trustee of the Aqua Trust, Alberto Sebastian Martinez Silberman.

**Transaction related incentive plans:** The sellers will provide an incentive plan to the management of Compac, where management is entitled to receive up to 6 percent of an eventual earn-out. The plan is financed by the sellers.

**Members of the Compac Board of Directors:** Jonathan Mason, Hamish Kennedy, Gavin Reeve, David Buys, Nigel Beach, Mark Giles, Susan Petersen, Mike Riley

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