



## FOURTH QUARTER 2007

### Highlights from fourth quarter 2007 include:

- Revenues of 947 MNOK (1054 MNOK in fourth quarter 2006)
- Organic revenue growth of 18% in fourth quarter (excluding Germany and currency effects)
- Gross margin increased to 37% (33% in fourth quarter 2006)
- Operating profit of 131 MNOK (135 MNOK in fourth quarter 2006)
- Strong cash flow from operations of 313 MNOK (254 MNOK in fourth quarter 2006)
- On a full year basis, excluding Germany and currency effects, organic revenue growth of 20% and operating profit growth of 20%

## TOMRA FOURTH QUARTER 2007

### CONSOLIDATED FINANCIALS

Revenues in the fourth quarter 2007 amounted to 947 MNOK, down 10 percent from 1054 MNOK in fourth quarter 2006. Organic revenue year-on-year growth, excluding the RVM business in Germany and currency effects, was 18 percent for the quarter relative to fourth quarter 2006.

Gross margin equaled 37 percent in the quarter, up from 33 percent in the corresponding period in 2006. This was mainly driven by improvements in Collection Technology – Deposit, relative to the lower margin volume contracts in Germany in 2006, but all business areas did contribute to the improvement. Operating profit in the quarter equaled 131 MNOK, versus 135 MNOK in fourth quarter 2006. Net financial income in the period was positive at 9 MNOK including a 12 MNOK net currency gain.

On a full year basis, excluding the RVM business in Germany and currency effects, both the organic revenue growth as well as the operating profit growth was 20 percent.

Fourth quarter cashflow was as usual strong, mainly due to the seasonality in the US business, which ties up more working capital during the summer than during the winter. Cashflow from operations in fourth quarter 2007 equaled 313 MNOK, compared to 254 MNOK in fourth quarter 2006.

Tomra purchased 1,906,700 own shares during the fourth quarter. Net interestbearing debt was 226 MNOK at the end of fourth quarter 2007, down from 410 MNOK at the end of third quarter 2007.

### SEGMENT REPORTING

#### Collection Technology – Deposit Solutions

Revenues in the Collection Technology segment equaled 503 MNOK in fourth quarter 2007, a decrease of 20 percent from fourth quarter 2006. Total revenues for 2007 were 1731 MNOK, a decrease of 29 percent from 2006. The decrease in 2007 compared to 2006, was a result of the extraordinary high sales in Germany in 2006, following the introduction of their nation-wide deposit

system on non-refillable containers 1 May 2006. The reduced activity in Germany was partly offset by increased activity in Finland, which implemented deposit on one-way containers from 1 January 2008.

Gross margin in the quarter equaled 42 percent, up from 37 percent in the corresponding period in 2006. The lower margin in 2006 resulted from the significant deliveries to Germany with below average gross margins. The operating profit of 102 MNOK in the fourth quarter 2007 was down from 123 MNOK in the corresponding quarter in 2006.

Figures in NOK million	4q07	4q06	2007	2006
Revenues	503	625	1,731	2,429
- Nordic	206	140	611	422
- Central Europe	221	378	792	1,616
- US East & Canada	76	107	326	391
- Rest of the world	-	-	2	-
Gross contribution	209	228	754	981
- in %	42%	37%	44%	40%
Operating expenses	107	105	409	417
Operating profit	102	123	345	564
- in %	20%	20%	20%	23%

#### Europe

Revenues in Europe equaled 427 MNOK in the fourth quarter 2007, down 18 percent from fourth quarter 2006. Adjusted for currency, the reduction is 15 percent.

Tomra installed around 750 machines in Germany during the fourth quarter and 2400 during the full year, including around 200 UNO machines. Of the machines installed in 2006 and 2007, approximately 70% have now been signed up for service contracts. Tomra receives around 70% of assigned new machine orders and is well positioned for future orders. Our previous estimate of 30 000 placed orders for RVMs by the end of 2010 is still valid.

Revenues from European markets outside of Germany increased significantly in the quarter. In the Nordic countries revenues grew by 44 percent, mainly driven by installations resulting from new legislation in Finland, where Tomra received orders for approx. 600 machines in 2007. This legislation will continue to create additional business in 2008, although volume will decrease by around 50% versus 2007. Denmark is also experiencing strong growth due to upgrades of existing customer solutions. The Netherlands showed strong momentum on the back of upgrades and new software updates and installations. In addition,

the service business continued to grow . Service revenues from European markets amounted to more than 550 MNOK in 2007.

### **US East & Canada**

Revenues in US East and Canada equaled 14.0 MUSD in fourth quarter 2007, down 16 percent compared to fourth quarter 2006. Measured in NOK the decrease was 29 percent. The decline in revenue was caused by lower RVM sales. Throughput volumes were flat to fourth quarter 2006. The T-63 platform was introduced and some installations were completed late in the quarter.

### **Materials Handling**

Revenues within Materials Handling in fourth quarter 2007 increased by 8 percent to 45.0 MUSD. Full-year revenues were up 14 percent measured in USD and 4 percent measured in NOK to 1,064 MNOK.

Gross margin in the quarter increased to 23 percent from 22 percent in fourth quarter 2006. Operating profit in the quarter also increased by one percentage point to 11 percent. The improved performance was driven by California.

<i>Figures in NOK million</i>	<u>4q07</u>	<u>4q06</u>	<u>2007</u>	<u>2006</u>
Revenues	245	266	1,064	1,021
- US East & Canada	103	119	463	500
- US West	142	147	601	521
Gross contribution	54	55	220	221
- in %	22%	21%	21%	22%
Operating expenses	27	29	115	120
Operating profit	27	26	105	101
- in %	11%	10%	10%	10%

### **US East & Canada**

Revenues in the quarter were stable at 18.8 MUSD. Volumes declined by 2% in the quarter versus same period in 2006.

### **California**

The Californian operations experienced a revenue increase of 14 percent to 26.1 MUSD in fourth quarter due to increased volumes collected at TOMRA's recycling centers, higher third party commercial volumes and higher fees from the State.

Annual revenues increased by 26 percent in USD and 15 percent in NOK relative to 2006.

### **Industrial Processing Technology**

Fourth quarter 2007 revenues amounted to 190 MNOK, an increase of 23 percent versus the same period in 2006. Total 2007 revenues were up 28 percent. Both for the quarter and for the year, TiTech was the main contributor to growth.

Operating expenses increased from 48 MNOK in fourth quarter 2006 to 65 MNOK in fourth quarter 2007. The figure includes a write-off of goodwill and previously activated R&D cost related to the acquisition of Presona of 8 MNOK.

Operating profit in fourth quarter was 24 MNOK, unchanged from 2006.

<i>Figures in NOK million</i>	<u>4q07</u>	<u>4q06</u>	<u>2007</u>	<u>2006</u>
Revenues	190	155	647	504
- Nordic	14	22	78	65
- Central Europe & UK	93	67	300	262
- Rest of Europe	29	32	107	87
- US East & Canada	10	13	34	31
- US West	10	-	24	-
- Rest of World	34	21	104	59
Gross contribution	89	72	321	240
- in %	47%	46%	50%	48%
Operating expenses	65	48	220	161
Operating profit	24	24	101	79
- in %	13%	15%	16%	16%

### **Recognition & sorting platform**

TiTech's strong growth continues with a year-on-year revenue growth of 48%, and Commodas exceeding 100 MNOK in revenues. These two companies represent around 60% of the business area revenue. In addition Q-Vision, which delivers optical scanners to the food industry, completed its first commercial contracts.

### **Volume reduction platform**

The positive development of Orwak AB continued with revenue growth of 9% for the full year and an EBIT margin approaching 10%.

Presona AB lost money, mainly due to write-offs of approx. 8 MNOK in the quarter. New management, in place since May 2007, are taking the necessary actions and performance is expected to slowly improve.

Each company within this business area closed 2007 with a very solid order-book.

### **Collection Technology – Non-Deposit Solutions**

In fourth quarter 2007 TOMRA booked 10 MNOK in revenues in this segment compared to 8 MNOK in the same quarter in 2006. On a full year basis, revenues came in at 48 MNOK versus 11 MNOK in 2006. The financial performance of this business area is still affected by investment in new technology, low volumes and the build-up of organizational platforms in new markets. However, we see that the use of collection technology in non-deposit environments works well operationally and, eventually, financially.

<i>Figures in NOK million</i>	<u>4q07</u>	<u>4q06</u>	<u>2007</u>	<u>2006</u>
Revenues	10	8	48	11
- Central Europe & UK	5	7	38	7
- Rest of World	5	1	10	4
Gross contribution	0	(7)	(13)	(9)
- in %	-	-	-	-
Operating expenses	18	27	77	64
Operating profit	(18)	(34)	(90)	(73)

### **The UK**

By the end of 2007 Tesco had installed 30 Automated Recycling Centers (ARC). Operational uptime is now in accordance with both Tesco's and Tomra's expectations and consumers are very satisfied with the solution. Average collected units per center per month is now around 260 000 units and some centers collect more than 500 000 units. The roll-out of the 100 centers under contract continues and discussions with Tesco on small store solutions are ongoing.

### **Japan**

By the end of 2007, close to 100 machines had been installed in 9 municipalities in Tokyo and discussions with another 6 municipalities for pilots commencing in first quarter 2008 are ongoing. Further opportunities have been identified in other market segments. The cooperation with Sumitomo is developing positively and according to original plans.

### **Waste Management**

In November 2007, TOMRA entered into an agreement with Waste Management for the delivery and service of 15 Automated Recycling Centers (ARC). Waste Management is North America's leading provider of waste and environmental services to the municipal, commercial, industrial and residential sectors. Waste Management will use the ARCs in a pilot program in non-deposit markets in North America to test consumers' response to incentive-based recycling. The pilot program represents the introduction of TOMRA's ARC technology in the North American market.

Under the agreement, the 15 recycling centers will be installed during the first half of 2008. One demo center has already been installed in Houston.

### **Other**

Tomra received orders in several other countries, including Greece, Italy, Mexico, Korea and Bulgaria, and is in the process of installing machines. These orders and projects are further evidence that collection technology solutions in non-deposit environments appear to be sustainable

## **SHARES AND SHAREHOLDERS**

The total number of issued shares at the end of fourth quarter 2007 was 164,690,217 shares, including 9,279,815 treasury shares. The Board will ask for a cancellation of the shares at the 2008 Annual General Meeting. Both the solidity of and cashflow generated by TOMRA are strong and the Board finds the financial capacity sufficient to implement the company's plans and strategies. In order to secure flexibility regarding adjustment of the capital structure of the company, the Board will ask for a new authorisation to acquire up to a further 15,000,000 treasury shares at the upcoming AGM.

The Board proposes a dividend of 0.45 NOK per share, up from 0.40 NOK in 2007.

The total number of shareholders increased from 9,933 at the end of third quarter 2007 to 9,990 at the end of fourth quarter 2007. 55 percent of the shares were held by Norwegian residents at the end of fourth quarter 2007.

TOMRA's share price decreased from NOK 39.00 to NOK 38.50 during fourth quarter 2007. The number of shares traded at the Oslo Stock Exchange in the period was 78 million shares compared to 105 million in the same period in 2006.

Asker, 20 February 2008

The Board of Directors  
TOMRA SYSTEMS ASA

Jan Chr. Opsahl  
Chairman of the Board

Amund Skarholt  
President & CEO

## FINANCIAL STATEMENT – FOURTH QUARTER 2007

<b>INCOME STATEMENT</b> <i>(Figures in NOK million)</i>	<b>4th Quarter</b>		<b>Accumulated 31 December</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
Operating revenues	947.2	1054.2	3489.5	3965.0
Cost of goods sold	578.0	686.3	2135.9	2452.5
Depreciations/write-down	17.5	20.4	71.9	79.7
<i>Gross contribution</i>	<i>351.7</i>	<i>347.5</i>	<i>1281.7</i>	<i>1432.8</i>
Operating expenses	196.7	182.8	747.5	684.0
Depreciations/write-down	23.9	29.9	89.1	93.8
<i>Operating profit</i>	<i>131.1</i>	<i>134.8</i>	<i>445.1</i>	<i>655.0</i>
Net financial income	8.8	3.3	(2.8)	1.2
<i>Profit before taxes</i>	<i>139.9</i>	<i>138.1</i>	<i>442.3</i>	<i>656.2</i>
Taxes	47.8	45.3	150.6	216.3
<i>Net profit for the period</i>	<i>92.1</i>	<i>92.8</i>	<i>291.7</i>	<i>439.9</i>
Minority interest	(3.0)	(2.9)	(12.1)	(12.7)
<i>Earnings per share (NOK)</i>	<i>0.58</i>	<i>0.54</i>	<i>1.76</i>	<i>2.48</i>

<b>BALANCE SHEET</b> <i>(Figures in NOK million)</i>	<b>31 December</b>	
	<b>2007</b>	<b>2006</b>
<b>ASSETS</b>		
Intangible assets	701.8	775.8
Leasing equipment	80.1	117.9
Other fixed assets	565.8	632.9
Inventory	529.1	524.5
Short-term receivables	884.6	972.6
Cash and cash equivalents	190.8	286.4
<i>TOTAL ASSETS</i>	<i>2952.2</i>	<i>3310.1</i>
<b>LIABILITIES &amp; EQUITY</b>		
Paid-in capital	1573.7	1582.7
Retained earnings	50.1	388.9
Minority interests	56.3	65.8
Deferred taxes	30.3	19.8
Long-term interest-bearing liabilities	410.1	372.3
Short-term interest-bearing liabilities	7.1	7.8
Other liabilities	824.6	872.8
<i>TOTAL LIABILITIES &amp; EQUITY</i>	<i>2952.2</i>	<i>3310.1</i>

<b>CASH FLOW STATEMENT</b> <i>(Figures in NOK million)</i>	<b>4th Quarter</b>		<b>Accumulated 31 Dec.</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
Profit before taxes	139.9	138.1	442.3	656.2
Changes in working capital	129.1	79.8	8.8	(339.2)
Other operating changes	44.4	35.8	75.0	27.3
Total cash flow from operations	313.4	253.7	526.1	344.3
Total cash flow from investments	(38.0)	(18.3)	(142.9)	(252.4)
Cashflow from repurchase of shares	(76.5)	(277.9)	(408.3)	(421.7)
Dividend paid out	-	-	(64.7)	(60.9)
Other cashflow from financing	(90.4)	314.2	11.5	184.1
Total cash flow from financing	(166.9)	36.3	(461.5)	(298.5)
<i>Total cash flow for period</i>	<i>108.5</i>	<i>271.7</i>	<i>(78.3)</i>	<i>(206.6)</i>
Exchange rate effect on cash	(3.4)	(0.4)	(17.3)	1.6
Opening cash balance	85.7	15.1	286.4	491.4
Closing cash balance	190.8	286.4	190.8	286.4

**FINANCIAL STATEMENT – FOURTH QUARTER 2007**  
(Continued)

<b>EQUITY</b> <i>(Figures in NOK million)</i>	<b>Accumulated 31 December</b>	
	<b>2007</b>	<b>2006</b>
Opening balance	1971.6	2165.9
Net profit	279.6	427.1
Translation difference	(161.5)	(82.1)
Equity settled transactions	-	(63.0)
Dividend paid	(64.7)	(60.9)
Net purchase of own shares	(401.2)	(415.4)
Closing balance	1623.8	1971.6

<b>INTERIM RESULTS</b> <i>(Figures in NOK million)</i>	<b>4<sup>th</sup> Quarter</b>	<b>3<sup>rd</sup> Quarter</b>	<b>2<sup>nd</sup> Quarter</b>	<b>1<sup>st</sup> Quarter</b>	<b>4<sup>th</sup> Quarter</b>
	<b>2007</b>	<b>2007</b>	<b>2007</b>	<b>2007</b>	<b>2006</b>
Operating revenues (MNOK)	947.2	861.3	887.1	793.9	1054.2
EBITDA (MNOK)	172.5	170.9	150.6	112.1	185.1
Operating profit (MNOK)	131.1	130.3	111.1	72.6	134.8
Sales growth (year-on-year) (%)	(10.1)	(19.4)	(13.1)	(3.5)	56.2
Gross margin (%)	37.1	37.8	36.2	35.6	33.0
Operating margin (%)	13.8	15.1	12.5	9.1	12.8
EPS (NOK)	0.58	0.49	0.42	0.27	0.54
EPS (NOK) fully diluted	0.58	0.49	0.42	0.27	0.54

**NOTES:**

The 2007 and 2006 financial figures have been prepared and presented based upon International Financial Reporting Standards (IFRS). This quarterly report has been prepared in accordance with IAS34, and in accordance with the principles used in the annual accounts for 2006. The quarterly figures do not however include all information required for a full annual financial statement of the Group and should be read in conjunction with the annual financial statement for 2006 and 2007. The quarterly figures have not been audited. The quarterly reports require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in preparing these condensed consolidated interim financial statements in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as of and for the year ending 31 December 2006.

Revenue recognition: Revenues from sales and sales-type leases of the company's products are generally recognized at the time of installation. Revenues from service contracts and operating leases of the company's products are recognized over the duration of the related agreements. Other service revenues are recognized when services are provided.

Use of financial instruments: The Group does not apply hedge accounting in accordance with IAS39 on any contracts as of 31 Dec 2007.

Seasonality: The Material Handling operations, and to some extent the US Collection Technology operations, are influenced by seasonality. The seasonality mirrors the beverage consumption pattern in the US, which normally is higher during the summer (2Q and 3Q) than during the winter (1Q and 4Q).

Financial exposures: TOMRA is exposed to currency risk, as only ~3% of its income is nominated in NOK. A strengthening/weakening of NOK toward other currencies of 10% would normally decrease/increase operating profit with 15-25%.

Commodity exposures: TOMRA are exposed to the change in commodity prices. Most important are aluminum, where a USD100 change in the LME will have an USD 800,000 to 1,000,000 effect on operating profit per year.

Segment reporting: TOMRA has divided its primary reporting format into four business segments: Collection Technology – Deposit Solutions, Material Handling, Industrial Processing Technology and Collection Technology – Non-Deposit Solutions. In addition, the corporate overhead costs are reported in a separate column. The split is based upon the risk- and return profile of the Group's different activities; also taking into consideration TOMRA's internal reporting structure.

- Collection Technology – Deposit Solutions consists of the sale, lease and servicing of RVMS to retail stores in Europe and North America plus related data management systems, which monitor container collection volumes and related cash flows.
- Material Handling consists of pick-up, transportation and processing of empty beverage containers on behalf of beverage producers/fillers on the US East Coast and in Canada. In addition, this segment includes the collection activities in California, where TOMRA owns and operates a number of collection centers outside retail stores.
- Industrial Processing Technology consists of TiTech Visionsort and CommoDaS, which provide advanced optical sorting systems, and Orwak Group, a leading provider of compaction solutions for recyclables such as cardboard, paper and plastic.
- Collection Technology – Non-Deposit Solutions consist of general business development activities and projects in e.g. Japan and UK. The segment includes activities related to the Automated Recycling Center (ARC), a fully automated low cost recycling center for non-deposit markets.
- Group Functions consist of costs related to corporate functions at TOMRA's headquarters.

Assets and liabilities are distributed on the different business segments, except for cash, interest-bearing debt and tax-positions, which are allocated to Group Functions. There are no material segment revenues from transactions with other segments.

The Group has in 2007 changed principles for classifying interest paid and –received in the cashflow statement. From 2007 it's being classified as a cashflow from finance, and not from operation. The 2006 figures have been restated accordingly with NOK 1.8 million.

## APPENDIX: SEGMENT FINANCIALS

SEGMENT <i>(Figures in NOK million)</i>	Collection Technology – Deposit Solutions		Materials Handling		Industrial Processing Technology		Collection Technology – Non-Deposit Solutions		Group Functions		Total	
	4 <sup>th</sup> Quarter		4 <sup>th</sup> Quarter		4 <sup>th</sup> Quarter		4 <sup>th</sup> Quarter		4 <sup>th</sup> Quarter		4 <sup>th</sup> Quarter	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Revenues	503	625	245	266	190	155	10	8	-	-	948	1054
- Nordic	206	140	-	-	14	22	-	-	-	-	220	162
- Central Europe & UK	221	378	-	-	93	67	5	-	-	-	319	452
- Rest of Europe	-	-	-	-	29	32	-	-	-	-	29	32
- US East & Canada	76	107	103	119	10	13	-	-	-	-	189	239
- US West	-	-	142	147	10	-	-	-	-	-	152	147
- Rest of World	-	-	-	-	34	21	5	1	-	-	39	22
Gross contribution	209	228	54	55	89	72	0	(7)	0	0	352	348
- in %	42%	37%	22%	21%	47%	46%	-	-	-	-	37%	33%
Operating profit	102	123	27	26	24	24	(18)	(34)	(4)	(4)	131	135
- in %	20%	20%	10%	10%	13%	15%	-	-	-	-	14%	13%

SEGMENT <i>(Figures in NOK million)</i>	Collection Technology – Deposit Solutions		Materials Handling		Industrial Processing Technology		Collection Technology – Non-Deposit Solutions		Group Functions		Total	
	Accumulated 31 Dec		Accumulated 31 Dec		Accumulated 31 Dec		Accumulated 31 Dec		Accumulated 31 Dec		Accumulated 31 Dec	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Revenues	1731	2429	1064	1021	647	504	48	11	-	-	3490	3965
- Nordic	611	422	-	-	78	65	-	-	-	-	689	487
- Central Europe & UK	792	1616	-	-	300	262	38	7	-	-	1130	1885
- Rest of Europe	-	-	-	-	107	87	-	-	-	-	107	87
- US East & Canada	326	391	463	500	34	31	-	-	-	-	823	922
- US West	-	-	601	521	24	-	-	-	-	-	625	521
- Rest of World	2	-	-	-	104	59	10	4	-	-	116	63
Gross contribution	754	981	220	221	321	240	(13)	(9)	0	0	1282	1433
- in %	44%	40%	21%	22%	50%	48%	-	-	-	-	37%	36%
Operating profit	345	564	105	101	101	79	(90)	(73)	(16)	(16)	445	655
- in %	23%	23%	10%	10%	16%	16%	-	-	-	-	13%	17%
Investments	71	109	69	103	14	155	3	5	-	-	157	371
Assets	1298	1545	623	700	697	698	92	18	244	349	2954	3310
Liabilities	550	564	59	93	133	114	21	2	509	500	1272	1273