

*Arcus*

# Quarterly Report

Q4 2017



THINK BEFORE  
YOU DRINK. MAKE  
GREAT MOMENTS  
EVEN BETTER.

*Arcus*

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# Message from the CEO

## Increased profitability for all three business segments

Both reported revenue and adjusted EBITDA increased for all three business segments in Q4 2017 compared to Q4 2016. Total operating revenue increased by 2.4 percent to 831.1 MNOK, and adjusted EBITDA increased by 9.5 percent to 166.8 MNOK in the quarter.

**Wine** sales in Norway increased during the quarter, in line with the positive market. In Sweden, lower sales of Italian red wines reduced the top-line. Own brands continue to perform well. The strong euro put a strain on the margins of the Swedish and Norwegian wine businesses, but despite this pressure, the wine segment increased its adjusted EBITDA-margin through price adjustments.

For **Spirits**, sales in the monopoly markets (Norway, Sweden and Finland) were down in Q4 compared to last year. The markets were soft, and compared to Q4 2016 we saw reduced market shares. Lower sales at border shops continued to hamper sales in Denmark. On the positive side, sales in Germany picked up during Q4, driven by a successful Christmas campaign.

The progress for the **Distribution** business continued during the fourth quarter, driven by a new contract in Q2 and increased horeca-sales. Distribution has improved its adjusted EBITDA year-on-year for nine consecutive quarters.

Looking forward, several growth initiatives are in place for **2018**: Increased activity in the non-monopoly markets, relaunch of Gammel Opland as a premium aquavit, and a revitalized wine portfolio e.g. tender wins and new products.

Kenneth Hamnes  
Group CEO

## Key figures Q4 2017

### CONSOLIDATED GROUP FIGURES

MNOK	Fourth quarter		Full year	
	2017	2016	2017	2016
Total operating revenue	831.1	811.4	2 575.1	2 582.4
Gross profit <sup>1)</sup>	386.8	362.2	1 166.5	1 114.5
EBITDA <sup>1)</sup>	166.0	115.9	347.6	290.5
EBITDA adjusted <sup>1)</sup>	166.8	152.3	360.8	335.3
Pre-tax profit	139.7	9.9	258.7	2.1
Earnings per share, parentcompany shareholders (NOK)	1.40	-0.30	2.67	-0.67
<b>Key figures</b>				
Gross margin <sup>1)</sup>	46.5 %	44.6 %	45.3 %	43.2 %
EBITDA margin <sup>1)</sup>	20.0 %	14.3 %	13.5 %	11.2 %
EBITDA margin adjusted <sup>1)</sup>	20.1 %	18.8 %	14.0 %	13.0 %
Equity ratio <sup>1)</sup>	36.8 %	35.0 %	36.8 %	35.0 %
<b>Financial position</b>				
Total equity	1 669.4	1 502.6	1 669.4	1 502.6
Net interest bearing debt (cash) <sup>1)</sup>	821.5	711.4	821.5	711.4

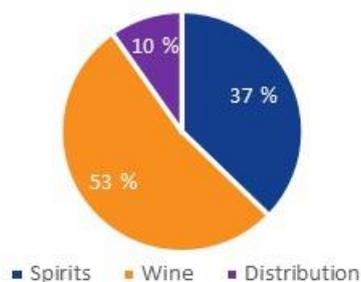
<sup>1)</sup> Alternative Performance Measure (APM) – see separate chapter for definition and reconciliation.

# Highlights Q4 2017

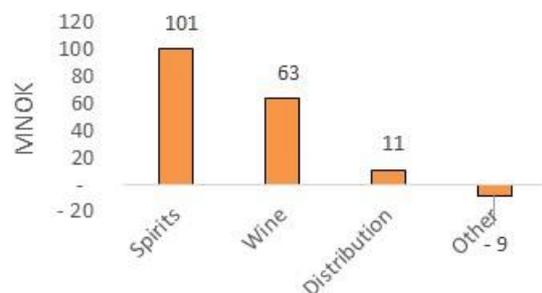
- **Operating revenue** for Q4 2017 was 831.1 MNOK, compared to 811.4 MNOK same period last year (+2.4 percent).
- **Adjusted EBITDA** for Q4 was 166.8 MNOK, compared to 152.3 MNOK for the same period last year (+9.5 percent). The adjusted EBITDA increased for all three business segments.
- **Wine** revenues amounted to 440.9 MNOK, compared to 426.2 MNOK same period last year (+3.5 percent). Adjusted EBITDA margin was 14.4 percent for Q4 2017, compared to 13.9 percent in the same period last year.
- **Spirits** revenues amounted to 340.4 MNOK, compared to 333.6 MNOK the same period last year (+2.0 percent). Adjusted EBITDA margin was 29.7 percent for Q4, compared to 26.3 percent in the same period last year.
- **Distribution** grew revenues to 87.0 MNOK compared to 82.4 MNOK same quarter last year (+5.5 percent). Adjusted EBITDA for Q4 2017 was 11.0 MNOK, compared to 10.3 MNOK in Q4 2016.
- For **2017** as a whole, **Operating revenue** was 2,571.1, compared to 2,582.4 last year and **adjusted EBITDA** was 360.8 vs. 335.3 last year.



Operating revenue per segment<sup>1</sup>



Adj. EBITDA pr segment<sup>1,2</sup>



<sup>1</sup> Figures for Q4 2017

<sup>2</sup> Adjusted EBITDA is EBITDA adjusted for non-recurring effects, but is not corrected for foreign exchange effects. See separate chapter/note on APM for reconciliation. "Other" segment represents HQ and eliminations.

## Wine: Improved margins despite strong euro

MNOK	Fourth quarter		Full year	
	2017	2016	2017	2016
<b>Total operating revenue</b>	<b>440.9</b>	<b>426.2</b>	<b>1 540.9</b>	<b>1 552.4</b>
Gross profit <sup>1)</sup>	112.5	105.3	386.5	386.8
Gross margin <sup>1)</sup>	25.5 %	24.7 %	25.1 %	24.9 %
EBITDA <sup>1)</sup>	58.6	59.3	186.5	194.2
EBITDA adjusted <sup>1)</sup>	63.5	59.3	191.7	194.2
EBITDA margin <sup>1)</sup>	13.3 %	13.9 %	12.1 %	12.5 %
EBITDA margin adjusted <sup>1)</sup>	14.4 %	13.9 %	12.4 %	12.5 %

<sup>1)</sup> Alternative Performance Measure (APM) – see separate chapter for definition and reconciliation.

### OPERATING REVENUE

Total operating revenue for Wine was 440.9 MNOK for the fourth quarter, compared to 426.2 MNOK Q4 last year.

Organic growth was -0.7 percent, with a sales decrease in Sweden, but growth in Norway and Finland. Reported growth was 3.5 percent due to significantly stronger SEK and EUR than the same period last year.

In Norway, Arcus' sales to Vinmonopolet increased in line with the market growth of 3.8 percent, mainly driven by increased sales of agency wines.

In Sweden, Arcus' sales to Systembolaget were down compared to the same quarter last year, in a market that increased by 2.7 percent. Continued lower consumer demand for Italian red wines reduced our sales, while several new listings and growth in horeca contributed positively.

In Finland, Arcus' sales to Alko were flat compared to last year, but sales to horeca increased.

Own wine brands experienced further growth and increased distribution in Sweden, Finland and the Duty Free Travel Retail-channel.

### EBITDA

The adjusted EBITDA-margin for Wine was 14.4 percent in the fourth quarter compared to 13.9 percent in the same period last year.

Stronger euro against NOK put pressure on our margins, but we were able to recover the higher costs through increased prices.

### WINE

*Arcus is the largest importer of wine in Norway, the second largest in Sweden, and the third largest in Finland. Arcus imports and markets agency wines, as well as Arcus brands.*

## Spirits: Improved margins

MNOK	Fourth quarter		Full year	
	2017	2016	2017	2016
Sales	307.0	301.2	763.4	751.1
Other revenue	33.4	32.3	149.9	152.8
<b>Total operating revenue</b>	<b>340.4</b>	<b>333.6</b>	<b>913.3</b>	<b>903.9</b>
Gross profit <sup>1)</sup>	190.6	177.5	508.4	476.9
Gross margin <sup>1)</sup>	56.0 %	53.2 %	55.7 %	52.8 %
EBITDA <sup>1)</sup>	100.4	87.3	175.6	158.7
EBITDA adjusted <sup>1)</sup>	101.0	87.7	182.8	162.6
EBITDA margin <sup>1)</sup>	29.5 %	26.2 %	19.2 %	17.6 %
EBITDA margin adjusted <sup>1)</sup>	29.7 %	26.3 %	20.0 %	18.0 %

<sup>1)</sup> Alternative Performance Measure (APM) – see separate chapter for definition and reconciliation.

### OPERATING REVENUE

Total operating revenue for Spirits in the fourth quarter of 2017 was 340.4 MNOK, compared to 333.6 MNOK for the same period last year, a growth of 2.0 percent. Organic growth was negative 2.7 percent.

Sales in the monopoly markets (Norway, Sweden and Finland) were down compared to last year. Overall market sales were soft in several categories, though Aquavit in Norway was yet again one of the faster growing categories within Spirits. Arcus' market shares were marginally down in key categories.

In Denmark, revenue was slightly lower than Q4 last year. The German-Danish border trade continued to be weak, but Christmas campaigns increased sales at the end of the quarter.

Sales in Germany increased through new channels, mainly due to a Christmas campaign in hard discount.

Sales in the Duty Free Travel Retail-channel were also significantly higher than last year, partly due to a phasing effect after a weak third quarter.

The acquisitions of the Danish distributor DDSK in January and the brand Vanlig Vodka/Gin in November, contributed positively in the quarter.

### EBITDA

The adjusted EBITDA-margin for Spirits was 29.7 percent for Q4 2017, compared to 26.3 percent Q4 2016. The main reasons for the increased margin are reduced operating expenses, some phasing of A&P costs to earlier quarters and the positive effects of the strong euro.

### SPIRITS

*Arcus is a global leader in aquavit with brands such as Gammel Opland, Linie, Løiten and Aalborg. Other important categories are bitter (Gammel Dansk), vodka (Vikingfjord, Kalinka, Amundsen and Dworek) and cognac (Braastad). Key markets are Norway, Denmark, Sweden, Finland, Germany and Duty Free Travel Retail (DFTR). Arcus brands are produced and bottled at Gjelleråsen, outside Oslo.*

# Distribution: Continued profitable growth

## DISTRIBUTION

MNOK	Fourth quarter		Full year	
	2017	2016	2017	2016
<b>Total operating revenue</b>	<b>87.0</b>	<b>82.4</b>	<b>284.4</b>	<b>262.9</b>
Gross profit <sup>1)</sup>	87.0	82.4	284.4	262.9
Gross margin <sup>1)</sup>	100.0 %	100.0 %	100.0 %	100.0 %
EBITDA <sup>1)</sup>	10.7	10.3	13.5	2.2
EBITDA adjusted <sup>1)</sup>	11.0	10.3	14.1	2.6
EBITDA margin <sup>1)</sup>	12.3 %	12.5 %	4.7 %	0.8 %
EBITDA margin adjusted <sup>1)</sup>	12.6 %	12.5 %	5.0 %	1.0 %

<sup>1)</sup> Alternative Performance Measure (APM) – see separate chapter for definition and reconciliation.

## VOLUME

Distributed volume in the fourth quarter was 13.5 million liters, an increase of 0.5 million liters from the same quarter last year. This equals an increase of 3.9 percent, while Vinmonopolet showed an overall growth of 1.1 percent in the same period. The positive volume-development is due to a new contract implemented in second quarter 2017 and an increase of 9 percent in distributed volumes in the horeca-channel. By the end of the fourth quarter, Distribution had a market share of 46.7 percent of volume delivered to Vinmonopolet, compared to 44.5 percent same period last year.

## OPERATING REVENUE

Operating revenue increased by 5.5 percent to 87.0 MNOK in the fourth quarter, compared to 82.4 MNOK in the same period last year. The main reasons are increased volumes, a stronger position

in the horeca channel, and increased revenue from storage and other services.

## EBITDA

Adjusted EBITDA in the fourth quarter was 11.0 MNOK, compared to 10.3 MNOK same quarter last year. Variable operating costs were slightly higher due to the increased volume and higher volumes in the high-cost horeca channel.

## DISTRIBUTION

*Vectura is the leading integrated logistics service provider for alcoholic beverages in Norway. Vectura serves both Arcus-Gruppen AS and external customers. Vectura is located next to Arcus' production facility at Gjelleråsen, outside Oslo. Year-end 2017 Vectura had a market share of 46.7 percent of volume delivered to Vinmonopolet.*

# Financial position and other information

## CASH FLOW AND FINANCIAL POSITION

Reported net cash flow from operations before tax in Q4 was 140.4 MNOK, which is 150.1 MNOK higher than the same period last year. Underlying cash flow from operations was down 74.8 MNOK<sup>2</sup>, in spite of an EBITDA increase of 50.1 MNOK vs. the same period last year.

Higher supplier payables contributed positively to cash flow in the quarter, but 67 MNOK less than in the same period last year due to cut-off effects shifting some payments to Q4 that occurred in Q3 last year.

Accounts receivables contributed negatively to cash flow, with receivables against Vinmonopolet 50 MNOK higher than last year. The increase in receivables is explained by one payment that had a due date in the last weekend of 2017 and that was paid on the first banking day in 2018.

Net interest bearing debt was 822.3 MNOK (vs. 734.6 MNOK same period last year). The increase was mainly driven by the higher receivables from Vinmonopolet and the acquisition of several spirits brands.

The Board proposes a dividend of 113 MNOK, equal to 1.66 NOK/share, an increase of 13% vs. last year. This corresponds to around 60 percent of pro-forma profit/loss for the year, and is at the mid-range of the 50-70 percent dividend target.

## OTHER INFORMATION

At year end Arcus made a goodwill impairment of 22.7 MNOK, related to the acquisition of Excellars in 2011.

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<sup>2</sup> The decision to stop using factoring had a one-time negative effect of 225 MNOK on operating cash flow in Q4 2016. Correcting for this effect, Operating Cash Flow before taxes was 215.3 MNOK in Q4 2016.

# Group consolidated accounts

The interim financial statement has not been audited.

## CONDENSED STATEMENT OF INCOME

MNOK	Note	Fourth quarter		Full year	
		2017	2016	2017	2016
Sales	9	820.0	796.0	2 530.1	2 521.8
Other revenue		11.1	15.4	44.9	60.6
<b>Total operating revenue</b>		<b>831.1</b>	<b>811.4</b>	<b>2 575.1</b>	<b>2 582.4</b>
Cost of goods		-444.3	-449.1	-1 408.5	-1 467.9
<b>Gross Profit</b>		<b>386.8</b>	<b>362.2</b>	<b>1 166.5</b>	<b>1 114.5</b>
Gain on sale of fixed assets		0.0	0.0	0.0	0.1
Salaries and personnel cost		-117.3	-110.3	-417.4	-392.5
Advertising & Promotion expenses (A&P)		-35.1	-37.2	-122.7	-121.7
Other operating expenses		-71.0	-67.1	-269.0	-270.8
Share of profit from AC <sup>1)</sup> and JCE <sup>2)</sup>		3.4	4.6	3.3	5.8
Other income and expenses	2	-0.8	-36.4	-13.2	-44.9
<b>EBITDA</b>		<b>166.0</b>	<b>115.9</b>	<b>347.6</b>	<b>290.5</b>
Depreciation	4, 5	-10.7	-11.7	-44.2	-46.0
Amortisations	4, 5	-1.9	-1.4	-7.4	-5.6
Write downs		-22.7	0.0	-22.7	0.0
<b>Operating profit (EBIT)</b>		<b>130.7</b>	<b>102.8</b>	<b>273.3</b>	<b>238.9</b>
Financial income	11	20.6	4.7	25.9	18.4
Financial expenses	6, 9, 11	-11.6	-97.7	-40.4	-255.1
<b>Pre-tax profit</b>		<b>139.7</b>	<b>9.9</b>	<b>258.7</b>	<b>2.1</b>
Tax		-42.0	-24.4	-70.5	-26.2
<b>Profit/loss for the year</b>		<b>97.8</b>	<b>-14.5</b>	<b>188.2</b>	<b>-24.1</b>
Profit/loss for the year attributable to parent company shareholders		95.3	-16.6	181.3	-34.6
Profit/loss for the year attributable to non-controlling interests		2.5	2.1	6.9	10.5
Earnings per share, continued operations		1.40	-0.30	2.67	-0.67
Diluted earnings per share, continued operations		1.37	-0.30	2.62	-0.67

<sup>1)</sup>Associated Companies, <sup>2)</sup>Jointly Controlled Entities

## CONDENSED STATEMENT OF OTHER COMPREHENSIVE INCOME

MNOK	Note	Fourth quarter		Full year	
		2017	2016	2017	2016
<b>Profit/loss for the year</b>		<b>97.8</b>	<b>-14.5</b>	<b>188.2</b>	<b>-24.1</b>
<b>Items that will not be reclassified against the statement of income</b>					
Change in actuarial gains and losses pensions		4.4	-1.3	4.4	-1.3
Tax on change in actuarial gains and losses pensions		-1.1	0.3	-1.1	0.3
<b>Total items that will not be reclassified against the statement of income</b>		<b>3.4</b>	<b>-1.0</b>	<b>3.4</b>	<b>-1.0</b>
<b>Items that may be reclassified against the statement of income</b>					
Translating differences in translation of foreign subsidiaries		49.4	3.8	73.2	-39.2
Tax on translating differences in translation of foreign subsidiaries		0.0	0.0	0.0	0.0
<b>Total items that may be reclassified against the statement of income</b>		<b>49.4</b>	<b>3.8</b>	<b>73.2</b>	<b>-39.2</b>
<b>Total other comprehensive income</b>		<b>52.8</b>	<b>2.9</b>	<b>76.6</b>	<b>-40.2</b>
<b>Total comprehensive income for the year</b>		<b>150.6</b>	<b>-11.7</b>	<b>264.8</b>	<b>-64.3</b>
Total comprehensive income for the year attributable to parent company shareholders		147.5	-8.4	256.7	-72.0
Total comprehensive income for the year attributable to non-controlling interests		3.0	-3.3	8.1	7.7

## CONDENSED STATEMENT OF FINANCIAL POSITION

MNOK	Note	Full year	
		2017	2016
Intangible assets	5	1 891.4	1 710.1
Tangible assets	4	329.8	350.2
Deferred tax asset		136.8	172.1
Financial assets		60.1	58.2
<b>Total fixed assets</b>		<b>2 418.1</b>	<b>2 290.7</b>
Inventories		410.8	378.8
Accounts receivables and other receivables		1 519.1	1 426.0
Cash and cash equivalents		184.4	199.4
<b>Total current assets</b>		<b>2 114.2</b>	<b>2 004.2</b>
<b>Total assets</b>		<b>4 532.4</b>	<b>4 294.8</b>
Paid-in equity		772.1	772.1
Retained earnings		878.5	716.6
Non-controlling interests		18.8	13.9
<b>Total equity</b>		<b>1 669.4</b>	<b>1 502.6</b>
Non-current liabilities to financial institutions	7	742.8	703.3
Non-current finance lease liabilities	7	166.4	183.0
Pension obligations		30.6	34.1
Deferred tax liability		101.0	92.6
Other non-current provisions		0.3	0.6
<b>Total non-current liabilities</b>		<b>1 041.1</b>	<b>1 013.6</b>
Bank Overdraft		72.7	0.0
Current liabilities at fair value through profit or loss	6, 9	0.0	24.1
Current finance lease liabilities		17.4	16.5
Tax payable		2.1	0.0
Accounts payable and other payables		1 729.6	1 738.0
<b>Total current liabilities</b>		<b>1 821.8</b>	<b>1 778.6</b>
<b>Total equity and liabilities</b>		<b>4 532.4</b>	<b>4 294.8</b>

## CONDENSED STATEMENT OF CHANGES IN EQUITY

MNOK	31.12.2017			31.12.2016			
	Note	Attributed to equity holders of the parent company	Non-controlling interest	Total equity	Attributed to equity holders of the parent company	Non-controlling interest	Total equity
<b>Statement of changes in equity</b>							
Equity 1 January		1 488.7	13.9	1 502.6	844.8	31.6	876.4
Total comprehensive income for the period		256.7	8.1	264.8	-72.0	7.7	-64.3
Dividends		-100.0	-3.5	-103.5	0.0	-21.9	-21.9
Capital Increase		0.0	0.0	0.0	770.3	0.0	770.3
Sharebased payments	9, 10	7.9	0.0	7.9	0.6	0.0	0.6
Change in non-controlling interest		-2.7	0.3	-2.4	-49.9	-8.7	-58.5
Transfer from minority to majority at end of period *		0.0	0.0	0.0	-5.2	5.2	0.0
<b>Equity at the end of period</b>		<b>1 650.6</b>	<b>18.8</b>	<b>1 669.4</b>	<b>1 488.7</b>	<b>13.9</b>	<b>1 502.6</b>

\* As of 31.12.2016, the Group owned 90.1% of subsidiary Excellars AS. In addition, put and call options existed associated with the non-controlling interests, and the Group was not considered to have control of the shares at the end of the reporting period. This company was recognized as though they had been wholly owned, but with partial presentation of the non-controlling interests. Partial presentation of non-controlling interests means that the non-controlling interests' share of the profit for the year is shown in the statement of income, whereas no non-controlling interests were stated in the equity statement. The transfer refers to the non-controlling interests' share of the profit for the year, adjusted for the dividend distributed for the period.

As a result of the IPO on December 1st 2016, the put option was triggered, and the Group acquired the remaining shares during Q1 2017.

## CONDENSED STATEMENT OF CASHFLOW

MNOK	Note	Fourth quarter		Full year	
		2017	2016	2017	2016
Pre-tax profit		139.7	9.9	258.8	2.1
Depreciation and amortisations	4, 5	35.3	13.1	74.3	51.6
Received dividend from associated companies		0.0	0.0	0.0	2.9
Net interest in period		9.5	13.9	31.5	70.4
Other items without cash effect		-5.5	71.9	12.1	138.2
Change in inventories		35.8	46.1	-31.8	9.4
Change in receivables <sup>1)</sup>		-615.6	-772.7	-50.0	-329.2
Change in payables		541.2	608.1	-61.6	98.8
<b>Cash flow from operating activities before tax</b>		<b>140.4</b>	<b>-9.7</b>	<b>233.2</b>	<b>44.4</b>
Tax paid		-2.1	-0.1	-33.2	-46.7
<b>Cash flow from operating activities</b>		<b>138.3</b>	<b>-9.8</b>	<b>199.9</b>	<b>-2.3</b>
Proceeds from sale of tangible & intangible fixed assets		0.0	0.1	0.0	1.1
Payments on acquisition of tangible & intangible fixed assets	4, 5	-11.1	-5.7	-22.2	-15.2
Payments on acquisition of Brands	5	-114.6	-0.3	-118.6	-32.6
Payments on acquisition of operations	12	0.0	0.0	-2.8	0.0
Other investments		0.0	0.0	-0.4	0.0
<b>Cash flows from investment activities</b>		<b>-125.7</b>	<b>-5.9</b>	<b>-144.0</b>	<b>-46.7</b>
Proceeds - co-investment program	6, 9, 11	0.0	0.0	0.0	1.0
Payments - co-investment program	6, 9, 11	0.0	-155.3	0.0	-157.9
Capital increase		0.0	768.9	0.0	768.9
New debt to financial institutions	7	0.0	703.1	0.0	802.6
Repayment debt to financial institutions	7	-4.2	-972.3	-15.7	-1 093.9
Change other long term loans		0.0	0.0	0.1	-1.1
Interest paid in period		-9.5	-13.9	-31.5	-70.2
Paid dividend and Group contributions		-1.2	-0.3	-103.5	-28.3
Other financing payments		0.0	-47.7	-12.9	-146.3
<b>Cash flow from financing activities</b>		<b>-14.9</b>	<b>282.6</b>	<b>-163.5</b>	<b>74.9</b>
<b>Total cash flow</b>		<b>-2.3</b>	<b>267.0</b>	<b>-107.6</b>	<b>25.8</b>
Holdings of cash and cash equivalents at the beginning of period		106.3	-69.3	199.4	190.4
Effect of exchange rate changes on cash and cash equivalents		7.7	1.7	19.9	-16.8
<b>Holdings of cash and cash equivalents at the end of period</b>		<b>111.7</b>	<b>199.4</b>	<b>111.7</b>	<b>199.4</b>

**Specification of cash and cash equivalents at the end of the period**

Cash and cash equivalents at the end of the period	184.4	199.4	184.4	199.4
Overdraft cashpool system at the end of the period	-72.7	0.0	-72.7	0.0
<b>Holdings of cash and cash equivalents at the end of period</b>	<b>111.7</b>	<b>199.4</b>	<b>111.7</b>	<b>199.4</b>

<sup>1)</sup> The decision to stop using factoring led to a one-time increase in working capital of 225 MNOK in Q4 2016.

# Notes

## NOTE 1 ACCOUNTING PRINCIPLES

The Group's condensed interim Financial statements are prepared according to IAS 34 Interim Financial Reporting. The interim reporting does not include all information that is normally prepared in a full annual financial statement, and should be read in conjunction with the Group's annual financial statement as at 31.12.2016.

The consolidated financial statement for the year 2016 was approved by the Board on March 15th 2017.

The accounting principles used in the Group's interim reporting, are the same principles presented in the approved financial statement for 2016.

As of 31.12.2017, the following exchange rates have been used in translation of income and financial position figures from subsidiaries with functional currency other than NOK:

Exchange rates		Full year	
		2017	2016
EUR average rate	Income statement items	9.3326	9.2980
EUR closing rate	Balance sheet items	9.8510	9.0865
SEK average rate	Income statement items	0.9684	0.9830
SEK closing rate	Balance sheet items	0.9992	0.9484
DKK average rate	Income statement items	1.2546	1.2488
DKK closing rate	Balance sheet items	1.3231	1.2223

## NOTE 2 OTHER INCOME AND EXPENSES

Other income and expenses comprises significant positive and negative non-recurring items and restructuring costs. The main purpose of this item is to show these significant non-recurring and non-periodic items, so that the development and comparability of the ordinary items presented in the statement of income are more relevant for the activities.

Net Other income and expenses during Q4 mainly consist of costs associated with a severance-payment in Finland.

### Group

MNOK	Fourth quarter		Full year	
	2017	2016	2017	2016
<b>Other income and expenses</b>				
Gain on sales of fixed assets	0.0	0.1	0.0	0.9
Salary & personnel cost	-0.8	-4.6	-4.9	-7.0
Other operating expenses	0.0	-31.9	-8.2	-38.8
<b>Other income and expenses</b>	<b>-0.8</b>	<b>-36.4</b>	<b>-13.2</b>	<b>-44.9</b>

### Spirits

MNOK	Fourth quarter		Full year	
	2017	2016	2017	2016
<b>Other income and expenses</b>				
Gain on sales of fixed assets	0.0	0.1	0.0	0.1
Salary & personnel cost	-0.6	0.0	-1.1	-1.4
Other operating expenses	0.0	-0.5	-6.1	-2.6
<b>Other income and expenses</b>	<b>-0.6</b>	<b>-0.3</b>	<b>-7.1</b>	<b>-3.9</b>

**Wine**

MNOK	Fourth quarter		Full year	
Other income and expenses	2017	2016	2017	2016
Salary & personnel cost	-4.9	0.0	-5.2	0.0
<b>Other income and expenses</b>	<b>-4.9</b>	<b>0.0</b>	<b>-5.2</b>	<b>0.0</b>

**Distribution**

MNOK	Fourth quarter		Full year	
Other income and expenses	2017	2016	2017	2016
Salary & personnel cost	-0.3	0.0	-0.6	-0.4
<b>Other income and expenses</b>	<b>-0.3</b>	<b>0.0</b>	<b>-0.6</b>	<b>-0.4</b>

**Other**

MNOK	Fourth quarter		Full year	
Other income and expenses	2017	2016	2017	2016
Salary & personnel cost	5.0	-4.6	2.0	-5.1
Other operating expenses	-0.1	-31.5	-2.2	-36.2
<b>Other income and expenses</b>	<b>4.9</b>	<b>-36.1</b>	<b>-0.2</b>	<b>-40.6</b>

**NOTE 3 SEGMENT INFORMATION**

MNOK	Fourth quarter		Full year	
External sales	2017	2016	2017	2016
Spirits	308.4	299.2	767.6	746.2
Wine	436.1	414.5	1 521.5	1 515.4
Distribution	75.5	82.3	241.0	260.2
Other	0.0	0.0	0.0	0.0
<b>Total external sales</b>	<b>820.0</b>	<b>796.0</b>	<b>2 530.1</b>	<b>2 521.8</b>

MNOK	Fourth quarter		Full year	
Sales between segments	2017	2016	2017	2016
Spirits	-1.3	2.0	-4.2	4.9
Wine	0.0	6.8	1.2	23.3
Distribution	2.8	-8.8	10.3	-28.2
Other	0.0	0.0	0.0	0.0
Eliminations	-1.5	0.0	-7.3	0.0
<b>Total sales revenue between segments</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

MNOK	Fourth quarter		Full year	
External other revenue	2017	2016	2017	2016
Spirits	1.3	4.5	6.7	28.0
Wine	4.0	4.2	15.1	11.5
Distribution	5.5	6.5	22.7	20.6
Other	0.3	0.2	0.5	0.4
<b>Total external other revenue</b>	<b>11.1</b>	<b>15.4</b>	<b>44.9</b>	<b>60.6</b>

MNOK	Fourth quarter		Full year	
Other revenue between segments	2017	2016	2017	2016
Spirits	32.0	27.8	143.2	124.7
Wine	0.8	0.8	3.1	2.2
Distribution	3.1	2.4	10.3	10.2
Other	43.4	43.3	173.7	173.0
Eliminations	-79.4	-74.3	-330.4	-310.2
<b>Total other revenue between segments</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

MNOK	Fourth quarter		Full year	
EBITDA	2017	2016	2017	2016
Spirits	100.4	87.3	175.6	158.7
Wine	58.6	59.3	186.5	194.2
Distribution	10.7	10.3	13.5	2.2
Other	-3.7	-41.1	-28.0	-64.6
Eliminations	0.0	0.0	0.0	0.0
<b>Total EBITDA</b>	<b>166.0</b>	<b>115.9</b>	<b>347.6</b>	<b>290.5</b>

MNOK	Fourth quarter		Full year	
EBIT	2017	2016	2017	2016
Spirits	94.4	81.3	151.5	134.8
Wine	58.0	59.1	184.7	193.1
Distribution	7.9	6.9	0.7	-11.4
Other	-5.5	-43.3	-35.7	-72.9
Eliminations	-24.0	-1.2	-27.9	-4.7
<b>Total EBIT</b>	<b>130.7</b>	<b>102.8</b>	<b>273.3</b>	<b>238.9</b>

MNOK	Fourth quarter		Full year	
Total profit for the year	2017	2016	2017	2016
Spirits	126.6	69.1	196.8	52.3
Wine	39.0	43.2	124.0	140.9
Distribution	2.4	3.0	-2.4	-9.5
Other	-2.3	-110.5	-35.9	-217.0
Total profits from discontinued operations	0.0	0.0	0.0	0.0
Eliminations	-15.1	-15.4	-17.6	-31.0
<b>Total profit for the year</b>	<b>150.6</b>	<b>-10.7</b>	<b>264.8</b>	<b>-64.3</b>

## NOTE 4 FIXED ASSETS

MNOK	Fourth quarter		Full year	
Fixed Assets	2017	2016	2017	2016
<b>Purchase cost at beginning of period</b>	633.3	624.1	628.8	624.1
Additions tangible fixed assets	10.0	4.8	16.0	11.4
Transferred from assets under construction	0.0	0.0	-1.8	-4.0
Reclassifications	0.0	0.0	0.0	-1.3
Translation differences	0.3	-0.2	0.7	-1.5
<b>Purchase cost at end of period</b>	<b>643.7</b>	<b>628.8</b>	<b>643.7</b>	<b>628.8</b>
Accumulated depreciation at beginning of period	-304.8	-270.1	-278.5	-246.2
Ordinary depreciation in period	-8.8	-8.7	-34.7	-34.9
Reclassifications	0.0	0.0	0.0	1.3
Translation differences	-0.3	0.3	-0.6	1.3
<b>Accumulated depreciation at end of period</b>	<b>-313.8</b>	<b>-278.5</b>	<b>-313.8</b>	<b>-278.5</b>
<b>Book Value at end of period</b>	<b>329.8</b>	<b>350.2</b>	<b>329.8</b>	<b>350.2</b>

*Specification of fixed assets*

MNOK	Fourth quarter		Full year	
Fixed Assets	2017	2016	2017	2016
Machinery and equipment	304.5	326.0	304.5	326.0
Fixtures and fittings, tools, office equipment etc.	19.6	21.5	19.6	21.5
Assets under construction	5.7	2.7	5.7	2.7
<b>Book Value at end of period</b>	<b>329.8</b>	<b>350.2</b>	<b>329.8</b>	<b>350.2</b>

## NOTE 5 INTANGIBLE ASSETS

MNOK	Fourth quarter		Full year	
Intangible assets	2017	2016	2017	2016
<b>Purchase cost at beginning of period</b>	1 905.9	1 836.8	1 845.2	1 860.4
Addition of intangible assets	111.8	1.2	124.8	36.4
Acquisition of business	3.9	0.0	20.8	0.0
Translation differences	44.8	7.3	73.8	-55.6
<b>Purchase cost at end of period</b>	<b>2 066.4</b>	<b>1 845.2</b>	<b>2 066.4</b>	<b>1 845.2</b>
Acc. depreciation and amortizations at beginning of period	-148.3	-130.7	-135.2	-118.5
Depreciation in period	-2.1	-3.0	-9.6	-11.2
Amortisations in period	-1.9	-1.4	-7.4	-5.6
Write downs in period	-22.7	0.0	-22.7	0.0
Translation differences	-0.1	-0.1	-0.1	0.1
<b>Acc. depreciation and amortizations at end of period</b>	<b>-175.0</b>	<b>-135.2</b>	<b>-175.0</b>	<b>-135.2</b>
<b>Book Value at end of period</b>	<b>1 891.4</b>	<b>1 710.1</b>	<b>1 891.4</b>	<b>1 710.1</b>

*Specification of intangible assets*

MNOK	Fourth quarter		Full year	
Intangible assets	2017	2016	2017	2016
Goodwill	1 042.6	1 010.2	1 042.6	1 010.2
Brands	819.7	669.2	819.7	669.2
Software	29.1	30.7	29.1	30.7
<b>Book Value at end of period</b>	<b>1 891.4</b>	<b>1 710.1</b>	<b>1 891.4</b>	<b>1 710.1</b>

In the beginning of Q4, the Group purchased the brand «Vanlig» and in the end of Q4 the Group purchased the Brand «Hot n'Sweet». Sales of Vanlig products started in Q4 2017, while sales of Hot n'Sweet products will start in January 2018. Own production of both brands will start during Q1 2018.

At year-end, a goodwill impairment of 22.7 MNOK was made, related to the acquisition of Excellars in 2011.

## NOTE 6 LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS

MNOK	Fourth quarter		Full year	
Liabilities at fair value through profit and loss	2017	2016	2017	2016
Book value at beginning of period	13.8	159.1	24.1	119.0
Additions in period	0.0	0.0	0.0	1.0
Paid during period	0.0	-202.4	-10.5	-244.4
Changes in value during period	-13.8	67.2	-13.7	148.2
Interest during period	0.0	0.1	0.0	0.3
<b>Book value at end of period</b>	<b>0.0</b>	<b>24.1</b>	<b>0.0</b>	<b>24.1</b>
<i>From this;</i>				
Current liability	0.0	24.1	0.0	24.1
Non-current liability	0.0	0.0	0.0	0.0
<b>Total liabilities through profit and loss</b>	<b>0.0</b>	<b>24.1</b>	<b>0.0</b>	<b>24.1</b>

Payment year to date Q4 2017 represents the acquisition of the remaining minority shares of the wine-subsiary, Excellars AS.

**NOTE 7 DEBT TO FINANCIAL INSTITUTIONS****Liabilities to financial institutions, including financial leasing**

MNOK	Fourth quarter		Full year	
<b>Debt to financial institutions</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Debt at beginning of period	923.0	1 154.8	910.8	1 225.7
New debt in period	0.0	711.3	0.0	811.3
Repayments in period	-4.2	-959.4	-15.7	-1 081.0
Translation differences	14.4	4.0	38.1	-45.2
<b>Debt to financial institutions at end of period</b>	<b>933.2</b>	<b>910.8</b>	<b>933.2</b>	<b>910.8</b>
Capitalized borrowing costs at beginning of period	-7.0	-13.0	-8.0	-20.0
Capitalized borrowing costs during period	0.0	-8.2	0.0	-8.7
Amortized borrowing costs during period	0.5	13.1	1.7	20.6
Translation differences	0.0	0.0	-0.2	0.0
<b>Capitalized borrowing costs at end of period</b>	<b>-6.5</b>	<b>-8.0</b>	<b>-6.5</b>	<b>-8.0</b>
<b>Book value debt to financial institutions at end of period</b>	<b>926.6</b>	<b>902.7</b>	<b>926.6</b>	<b>902.7</b>

**From this, current liabilities to financial institutions, including financial leasing**

MNOK	Fourth quarter		Full year	
<b>Liabilities to financial institutions</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Current portion of non-current loans	0.0	0.0	0.0	0.0
Current portion of non-current financial leasing	17.4	16.5	17.4	16.5
Bank overdraft	72.7	0.0	72.7	0.0
<b>Current liabilities to financial institutions at end of period</b>	<b>90.1</b>	<b>16.5</b>	<b>90.1</b>	<b>16.5</b>

**NOTE 8 TRANSACTIONS WITH RELATED PARTIES**

In addition to subsidiaries and associated companies, the Group's related parties are defined as the owners, all members of the Board of Directors and Group senior management, as well as companies in which any of these parties have either controlling interests, board appointments or are senior staff. All transactions with related parties that are not eliminated in the Group accounts are presented below:

***Sale and purchase transactions with related parties***

MNOK	Fourth quarter		Full year	
Purchase of goods and services	2017	2016	2017	2016
Tiffon SA	17.2	21.3	52.7	65.7
Hoff SA <sup>3)</sup>	5.5	10.0	22.4	25.2
Det Danske Spiritus Kompagni A/S <sup>1)</sup>	0.0	0.3	0.0	2.7
Gjelleråsen Eiendom AS <sup>2)</sup>	19.8	19.3	79.2	75.8
<b>Totale purchase transactions</b>	<b>42.4</b>	<b>51.0</b>	<b>154.3</b>	<b>169.4</b>

MNOK	Fourth quarter		Full year	
Sale of goods and services	2017	2016	2017	2016
Tiffon SA	0.2	0.0	3.7	4.1
Det Danske Spiritus Kompagni A/S <sup>1)</sup>	0.0	59.5	0.0	137.7
<b>Totale sale transactions</b>	<b>0.2</b>	<b>59.5</b>	<b>3.7</b>	<b>141.8</b>

***Receivables and debt at end of period***

MNOK	Full year	
Short term receivables from related parties	2017	2016
Tiffon SA	0.2	0.0
Det Danske Spiritus Kompagni A/S <sup>1)</sup>	0.0	21.1
<b>Total short term receivables from related parties</b>	<b>0.2</b>	<b>21.1</b>

MNOK	Full year	
Short term debt to related parties	2017	2016
Tiffon SA	10.8	11.1
Hoff SA	1.1	0.5
Det Danske Spiritus Kompagni A/S <sup>1)</sup>	0.0	0.1
<b>Total short term debt to related parties</b>	<b>12.0</b>	<b>11.7</b>

<sup>1)</sup> The remaining 50% of the Joint Venture, Det Danske Spiritus Kompagni A/S, was acquired during Q1 2017, and is from that time no longer a joint venture, but a fully owned subsidiary of the Group

<sup>2)</sup> Gjelleråsen Eiendom AS was included as related party from Q4 2016, when Canica AS became shareholder of Arcus ASA.

<sup>3)</sup> During this year, Arcus signed a new supplier-contract with Hoff SA. The new agreement expires in 2022, but Arcus has an option to renew the contract for further periods at the same conditions.

## NOTE 9 FINANCIAL INSTRUMENTS

**Categorisations of financial assets and liabilities**

MNOK	Financial instruments at fair value through profit and loss	Loans and receivables	Assets available for sale	Financial liabilities	Total book value at end of period
<b>Assets</b>					
Other investments in shares	0.0	0.0	0.2	0.0	0.2
Other long term receivables	0.0	1.2	0.0	0.0	1.2
Accounts receivables	0.0	1 432.2	0.0	0.0	1 432.2
Other receivables	1.0	71.0	0.0	0.0	72.0
Cash and cash equivalents	0.0	184.4	0.0	0.0	184.4
<b>Total financial assets as of fourth quarter 2017</b>	<b>1.0</b>	<b>1 688.8</b>	<b>0.2</b>	<b>0.0</b>	<b>1 690.0</b>
<b>Total financial assets as of fourth quarter 2016</b>	<b>0.0</b>	<b>1 612.6</b>	<b>0.2</b>	<b>0.0</b>	<b>1 612.8</b>
<b>Liabilities</b>					
Liabilities to financial institutions	0.0	0.0	0.0	926.6	926.6
Liabilities at fair value through profit and loss	0.0	0.0	0.0	0.0	0.0
Other non-current term debt	0.0	0.0	0.0	0.0	0.0
Accounts payable	0.0	0.0	0.0	603.9	603.9
Other current debt	0.0	0.0	0.0	14.9	14.9
<b>Total financial liabilities as of fourth quarter 2017</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>1 545.4</b>	<b>1 545.4</b>
<b>Total financial liabilities as of fourth quarter 2016</b>	<b>25.0</b>	<b>0.0</b>	<b>0.0</b>	<b>1 538.9</b>	<b>1 563.9</b>

**Fair value hierarchy**

MNOK	Level 1	Level 2	Level 3	Book Value
<b>Assets</b>				
Currency derivatives	0.0	1.0	0.0	1.0
<b>Total financial assets</b>	<b>0.0</b>	<b>1.0</b>	<b>0.0</b>	<b>1.0</b>
<b>Liabilities</b>				
Liabilities at fair value through profit and loss	0.0	0.0	0.0	0.0
Currency derivatives	0.0	0.0	0.0	0.0
<b>Total financial liabilities</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

There has not been any transfers of financial assets or liabilities between levels during the period.

**Changes financial liabilities, level 3**

MNOK	Fourth quarter		Full year	
	2017	2016	2017	2016
Financial liabilities, level 3, at beginning of period	13.8	159.1	24.1	119.0
Fair value at the first time of recognition	0.0	0.0	0.0	1.0
Paid during the period	0.0	-202.4	-10.5	-244.4
Changes in value during the period	-13.8	67.2	-13.7	148.2
Interest during period	0.0	0.1	0.0	0.3
<b>Financial liabilities, level 3 at end of period</b>	<b>0.0</b>	<b>24.1</b>	<b>0.0</b>	<b>24.1</b>

**Liabilities measured at fair value, categorized at level 3 in the fair value hierarchy, was at the beginning of the year 2017 related to two factors:**

- Options for the purchase of non-controlling interests in Excellars AS (9,9%).
- Issuance of synthetic options in the share program for selected former and current executives in the Group.

**Options for the purchase of non-controlling interests:**

The liabilities related to options for the purchase of non-controlling interests is estimated on the basis of pricing mechanisms that underlie the purchase agreement and shareholder agreements, discounted to the balance sheet date. The main parameters of price mechanisms share value development measured by EBIT (earnings) until the estimated due date, multiplied by a multiple based on the Groups earnings in total. As a basis for EBIT, the Group's budgets and long term plans towards expected maturity date is used.

During Q1 2017, the Group purchased the remaining 9,9% of the shares in subsidiary Excellars AS, increasing shareholding from 90,1% to 100,0%. The balance sheet contains no remaining liability.

**Synthetic shares and options in the share program:**

The synthetic options are valued using the Black & Scholes-model and will from settlement entail payments equal to any value per share beyond the exercise price multiplied by the number of synthetic options.

In relation to Arcus ASA's introduction on the Oslo Stock Exchange during Q4 2016, most of the commitments regarding the synthetic option program was settled. The synthetic options were valued to zero as of 31.12.2017, which resulted in 13,8 MNOK positive value change during Q4.

**NOTE 10 OPTIONS**

The General meeting decided a new option incentive programme in May. The Group Executive Management and a few other key employees (15 employees in total), was granted a total of 1.407.368 stock options in Arcus (1.009.544 held by the Group Executive Management). In Q4 2017, two employees has decided to retire, which resulted in 178.064 options being forfeited. As of end of Q4, the Group Executive Management holds 915.747 options. The granted options, has a strike price of NOK 51.38. The share options has a vesting period of three years and the options can be exercised during the next two years. The options will expire after five years.

Changes in outstanding options are shown in the table below;

Number of options	Fourth quarter		Full year	
	2017	2016	2017	2016
<b>Change in number of options:</b>				
Outstanding options beginning of period	1 407 368	0	0	0
Issued during period	0	0	1 407 368	0
Exercised during the period	0	0	0	0
Forfeited during the period	-178 064	0	-178 064	0
<b>Outstanding options end of period</b>	<b>1 229 304</b>	<b>0</b>	<b>1 229 304</b>	<b>0</b>

**NOTE 11 FINANCIAL INCOME AND EXPENSES**

MNOK	Fourth quarter		Full year	
	2017	2016	2017	2016
Interest income	2.1	2.5	6.7	7.9
Other financial income	18.5	2.2	19.2	10.4
<b>Total financial income</b>	<b>20.6</b>	<b>4.7</b>	<b>25.9</b>	<b>18.4</b>
Interest cost	-9.5	-13.9	-31.5	-70.4
Other financial expenses	-2.1	-83.7	-9.0	-184.7
<b>Total financial expenses</b>	<b>-11.6</b>	<b>-97.7</b>	<b>-40.4</b>	<b>-255.1</b>
<b>Net financial profit/loss</b>	<b>9.0</b>	<b>-93.0</b>	<b>-14.6</b>	<b>-236.7</b>

Other financial income during Q4 is mainly consisting of a positive value change regarding the old non-current incentive programme which was settled at the IPO in December 2016. Other financial expenses during Q4 is mainly consisting of amortized borrowing costs and agio effects.

**NOTE 12 OTHER EVENTS****Events after the close of Q4 2017**

No significant other events have occurred between the close of quarter and the date on which Arcus's interim financial statements for Q4 2017 were approved. This applies to events that would have provided knowledge of factors present at the close of Q4 2017, or events concerning matters that have arisen since the close of Q4 2017.

## Alternative Performance Measures (APM)

In the discussion of the reported operating results, financial position, cash flows and notes, the Group refers to certain alternative performance measures (APM), which are not defined by generally accepted accounting principles (GAAP) such as IFRS.

Arcus ASA management makes regular use of these alternative performance measures and is of the opinion that this information, along with comparable GAAP measures, is useful to investors who wish to evaluate the company's operating performance, ability to repay debt and capability to pursue new business opportunities. Such alternative performance measures should not be viewed in isolation or as an alternative to the equivalent GAAP measure.

### Gross Profit

*Gross profit* is defined by Arcus ASA as total operating revenue minus the cost of goods sold.

*Gross margin* = Gross profit / Total revenue

#### Group

MNOK	Fourth quarter		Full year	
	2017	2016	2017	2016
Total operating revenues	831.1	811.4	2 575.1	2 582.4
Cost of goods	-444.3	-449.1	-1 408.5	-1 467.9
<b>Gross Profit</b>	<b>386.8</b>	<b>362.2</b>	<b>1 166.5</b>	<b>1 114.5</b>

#### Spirits

MNOK	Fourth quarter		Full year	
	2017	2016	2017	2016
Total operating revenues	340.4	333.6	913.3	903.9
Cost of goods	-149.8	-156.1	-404.9	-427.0
<b>Gross Profit</b>	<b>190.6</b>	<b>177.5</b>	<b>508.4</b>	<b>476.9</b>

#### Wine

MNOK	Fourth quarter		Full year	
	2017	2016	2017	2016
Total operating revenues	440.9	426.2	1 540.9	1 552.4
Cost of goods	-328.4	-320.9	-1 154.4	-1 165.6
<b>Gross Profit</b>	<b>112.5</b>	<b>105.3</b>	<b>386.5</b>	<b>386.8</b>

#### Distribution

MNOK	Fourth quarter		Full year	
	2017	2016	2017	2016
Total operating revenues	87.0	82.4	284.4	262.9
Cost of goods	0.0	0.0	0.0	0.0
<b>Gross Profit</b>	<b>87.0</b>	<b>82.4</b>	<b>284.4</b>	<b>262.9</b>

### Other income and expenses

To provide more information in the Group's consolidated income statement, significant positive and negative non-recurring items and restructuring costs are separated out to a separate line in the statement of income called other income and expenses. Other income and expenses are presented net on this income statement line. See also detailed specifications of what these items include in note 2 relating to the individual line items.

**EBITDA and EBITDA Adjusted**

EBITDA is defined by Arcus ASA as operating profit before depreciation, write down and amortisation.

EBITDA adjusted is defined by Arcus ASA as operating profit before depreciation, amortisation and other income and expenses.

EBITDA-margin = EBITDA/Total operating revenue

EBITDA-margin adjusted = EBITDA adjusted /Total operating revenue

Below is a reconciliation from EBIT to EBITDA adjusted:

**Group**

MNOK	Fourth quarter		Full year	
EBITDA adjusted	2017	2016	2017	2016
EBIT	130.7	102.8	273.3	238.9
Depreciation, amortisations and write downs	35.3	13.1	74.3	51.6
EBITDA	166.0	115.9	347.6	290.5
Other income and expenses	0.8	36.4	13.2	44.9
EBITDA adjusted	166.8	152.3	360.8	335.3

**Spirits**

MNOK	Fourth quarter		Full year	
EBITDA adjusted	2017	2016	2017	2016
EBIT	94.4	81.3	151.5	134.8
Depreciation, amortisations and write downs	6.0	6.0	24.1	23.9
EBITDA	100.4	87.3	175.6	158.7
Other income and expenses	0.6	0.3	7.1	3.9
EBITDA adjusted	101.0	87.7	182.8	162.6

**Wine**

MNOK	Fourth quarter		Full year	
EBITDA adjusted	2017	2016	2017	2016
EBIT	58.0	59.1	184.7	193.1
Depreciation, amortisations and write downs	0.6	0.2	1.8	1.0
EBITDA	58.6	59.3	186.5	194.2
Other income and expenses	4.9	0.0	5.2	0.0
EBITDA adjusted	63.5	59.3	191.7	194.2

**Distribution**

MNOK	Fourth quarter		Full year	
EBITDA adjusted	2017	2016	2017	2016
EBIT	7.9	6.9	0.7	-11.4
Depreciation, amortisations and write downs	2.9	3.5	12.8	13.6
<b>EBITDA</b>	<b>10.7</b>	<b>10.3</b>	<b>13.5</b>	<b>2.2</b>
Other income and expenses	0.3	0.0	0.6	0.4
<b>EBITDA adjusted</b>	<b>11.0</b>	<b>10.3</b>	<b>14.1</b>	<b>2.6</b>

**Parent Company**

MNOK	Fourth quarter		Full year	
EBITDA adjusted	2017	2016	2017	2016
EBIT	-5.5	-43.3	-35.7	-72.9
Depreciation, amortisations and write downs	1.8	2.2	7.7	8.4
<b>EBITDA</b>	<b>-3.7</b>	<b>-41.1</b>	<b>-28.0</b>	<b>-64.6</b>
Other income and expenses	-4.9	36.1	0.2	40.6
<b>EBITDA adjusted</b>	<b>-8.6</b>	<b>-5.1</b>	<b>-27.8</b>	<b>-24.0</b>

Other definitions alternative performance measures shown in key figures table:

**Equity ratio**

Equity ratio = Total equity/Total equity and liabilities

**Net interest bearing debt**

Net interest bearing debt = Liabilities to financial institutions + finance lease liabilities + bank overdraft - Cash and cash equivalents:

MNOK	Full year	
<b>Net interest bearing debt</b>	2017	2016
Non-current liabilities to financial institutions	742.8	703.3
Book value of Capitalized arrangement fees	6.6	8.0
Non-current finance lease liabilities	166.4	183.0
Bank Overdraft	72.7	0.0
Current finance lease liabilities	17.4	16.5
Cash and cash equivalents	-184.4	-199.4
<b>Net interest bearing debt</b>	<b>821.5</b>	<b>711.4</b>

## Organic growth

Organic revenue growth represent the Segment's and the Group's revenues, adjusted for currency effects and structural changes, such as acquisitions or divestitures.

### Group

MNOK	Fourth quarter		Full year	
Total revenues	2017	2016	2017	2016
Reported total operating revenues	831.1	811.4	2 575.1	2 582.4
Currency effects	0.0	26.0	0.0	-13.8
Structural changes	-12.4	-5.2	-46.1	-6.9
<b>Baseline organic growth</b>	<b>818.7</b>	<b>832.2</b>	<b>2 529.0</b>	<b>2 561.7</b>

### Spirits

MNOK	Fourth quarter		Full year	
Total revenues	2017	2016	2017	2016
Reported total operating revenues	340.4	333.6	913.3	903.9
Currency effects	0.0	8.7	0.0	-0.5
Structural changes	-12.4	-5.2	-46.1	-6.9
<b>Baseline organic growth</b>	<b>328.0</b>	<b>337.1</b>	<b>867.2</b>	<b>896.5</b>

### Wine

MNOK	Fourth quarter		Full year	
Total revenues	2017	2016	2017	2016
Reported total operating revenues	440.9	426.2	1 540.9	1 552.4
Currency effects	0.0	17.6	0.0	-13.1
Structural changes <sup>1)</sup>	0.0	0.0	0.0	0.0
<b>Baseline organic growth</b>	<b>440.9</b>	<b>443.8</b>	<b>1 540.9</b>	<b>1 539.3</b>

### Distribution

MNOK	Fourth quarter		Full year	
Total revenues	2017	2016	2017	2016
Reported total operating revenues	87.0	82.4	284.4	262.9
<b>Baseline organic growth</b>	<b>87.0</b>	<b>82.4</b>	<b>284.4</b>	<b>262.9</b>

# Contact information

## CONTACT PERSON

Per Bjørkum, Group Director Communications and IR  
Mobile: +47 922 55 777  
E-mail: [per.bjorkum@arcus.no](mailto:per.bjorkum@arcus.no)

## TELEPHONE:

+47 67 06 50 00

## FACEBOOK:

Arcus ASA

## VISITING ADDRESS:

Destilleriveien 11, Hagan, Norway

## WEB

[www.arcus.no](http://www.arcus.no)

## MAIL ADDRESS:

Postboks 64, N-1483 Hagan, Norway

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