

Arcus

Quarterly Report

Q3 2017



THINK BEFORE
YOU DRINK. MAKE
GREAT MOMENTS
EVEN BETTER.

Arcus

Contents

Message from the CEO	3
Key figures Q3 2017.....	3
Highlights Q3 2017	4
Wine: Growth driven by Finland and DFTR.....	5
Spirits: Weak sales in non-monopoly countries	6
Distribution: Continued profitable growth	7
Financial position and other information	8
Group consolidated accounts	9
Notes	14
Contact information	27

Message from the CEO

Improved result, growth in two out of three business segments

Revenue for the quarter was at the same level as the same period last year, while adjusted EBITDA reached 101.6 MNOK, a growth of 11.2 percent compared to the same quarter last year.

The third quarter was characterized by continued softness in our core markets, in particular at Vinmonopolet in Norway, and decline in segments where we operate (e.g. aquavit Denmark). In spite of this context, we managed to create organic growth in two out of three segments.

The progress for the **distribution** business continued during the third quarter. Full effect from a new major contract in Q2, increased horeca-sales and continued high focus on costs, took adjusted EBITDA to 3.8 MNOK, +2.0 MNOK vs. LY. Distribution has now improved its adjusted EBITDA year-on-year for eight consecutive quarters and achieved its highest market share since December 2013.

Wine achieved organic growth driven by increased sales in Finland and DFTR. Norway maintained its market share, while Sweden lost market share at Systembolaget due to continued weakness of red wine bestsellers, partly off-set by higher horeca sales.

For **spirits**, organic growth was negative, as Arcus' sales in non-monopoly countries were lower in Q3 than last year, mainly due to destocking. In Sweden and Norway, however, we achieved sales growth in relatively soft markets.

First nine months, our overall top line growth was soft. However, we are pleased to see our margins holding up well in competitive markets.

Kenneth Hamnes
Group CEO

Key figures Q3 2017

CONSOLIDATED GROUP FIGURES

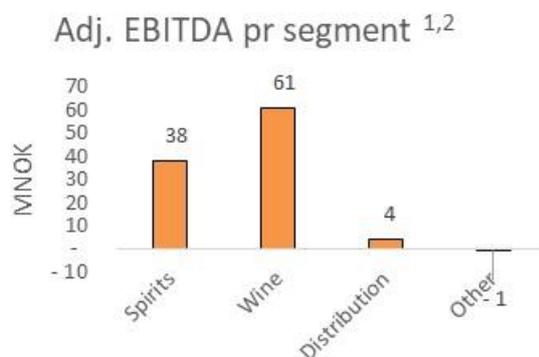
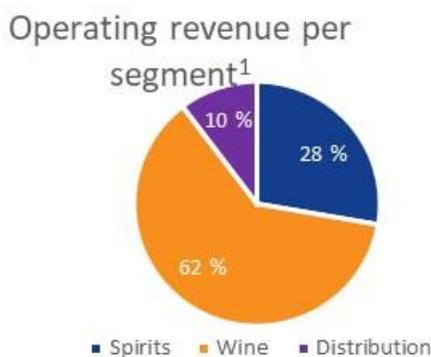
MNOK	Third quarter		Year to date		Year end
	2017	2016	2017	2016	2016
Total operating revenue	603.1	603.7	1 743.9	1 771.0	2 582.4
Gross profit ¹⁾	275.2	259.7	779.7	752.2	1 114.5
EBITDA ¹⁾	92.5	85.4	181.6	174.6	290.5
EBITDA adjusted ^{1) 2)}	101.6	91.3	193.9	183.1	335.3
Pre-tax profit	73.2	-21.9	119.0	-7.7	2.1
Earnings per share, parentcompany shareholders (NOK)	0.80	-0.45	1.26	-0.36	-0.67
Key figures					
Gross margin ¹⁾	45.6 %	43.0 %	44.7 %	42.5 %	43.2 %
EBITDA margin ¹⁾	15.3 %	14.1 %	10.4 %	9.9 %	11.2 %
EBITDA margin adjusted ^{1) 2)}	16.8 %	15.1 %	11.1 %	10.3 %	13.0 %
Equity ratio ¹⁾	39.9 %	21.5 %	39.9 %	21.5 %	35.0 %
Financial position					
Total equity	1 518.7	743.9	1 518.7	743.9	1 502.6
Net interest bearing debt (cash) ¹⁾	817.2	1 242.4	817.2	1 242.4	711.4

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

²⁾ EBITDA adjusted is defined by Arcus as operating profit before depreciation, amortisation and other income and expenses. See definition of other income and expenses in the APM chapter.

Highlights Q3 2017

- **Operating revenue** for Q3 2017 ended at same level as for same period last year; 603.1 MNOK, compared to 603.7 MNOK. Organic growth for Q3 was -3.1 percent.
- **Adjusted EBITDA** for Q3 was 101.6 MNOK, compared to 91.3 MNOK for the same period last year (+11.2 percent). The adjusted EBITDA for wine and distribution increased, while that of spirits decreased.
- **Wine** revenues amounted to 377.0 MNOK, compared to 365.7 MNOK same period last year (+3.1 percent). Organic growth was 0.8 percent. Adjusted EBITDA margin was 16.1 percent for Q3 2017, compared to 14.5 percent in same period last year.
- **Spirits** revenues amounted to 207.1 MNOK, compared to 215.3 MNOK in the same period last year (-3.8 percent). Organic growth for external sales was -8.8 percent. Adjusted EBITDA margin was 18.4 percent for Q3, compared to 20.3 percent in the same period last year.
- **Distribution** grew revenues to 67.9 MNOK compared to 63.8 MNOK in same quarter last year (+6.3 percent), despite a soft market. Adjusted EBITDA for Q3 2017 was 3.8 MNOK, compared to 1.8 MNOK in Q3 2016.



¹ Figures for Q3 2017

² 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: Growth driven by Finland and DFTR

MNOK	Third quarter		Year to date		Year end
	2017	2016	2017	2016	2016
Total operating revenue	377.0	365.7	1 100.0	1 126.2	1 552.4
Gross profit ¹⁾	99.1	85.1	274.0	281.5	386.8
Gross margin ¹⁾	26.3 %	23.3 %	24.9 %	25.0 %	24.9 %
EBITDA ¹⁾	60.5	53.0	127.9	134.8	194.2
EBITDA adjusted ¹⁾	60.8	53.0	128.2	134.8	194.2
EBITDA margin ¹⁾	16.1 %	14.5 %	11.6 %	12.0 %	12.5 %
EBITDA margin adjusted ¹⁾	16.1 %	14.5 %	11.7 %	12.0 %	12.5 %

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

OPERATING REVENUE

Total operating revenue for Wine was 377.0 MNOK for the third quarter, compared to 365.7 MNOK Q3 last year.

Organic growth was 0.8 percent, driven by Finland and DFTR. Reported growth was 3.1 percent as Q3 '16 revenues were reduced by a re-classification effect of 7.7 MNOK.

In Finland, Arcus' sales to Alko increased by 3.2 percent versus last year, while sales to horeca grew by 12.8 percent.

In Norway, sales were flat compared to last year, in line with sales out of Vinmonopolet.

In Sweden, Arcus' sales to Systembolaget in the third quarter were down 2.5 percent compared to the same quarter last year, in a market that increased by 1.5 percent. Lower sales of red wine best-sellers reduced the sales, while sales to horeca grew by 10.9 percent.

Sales of own brands in the DFTR channel grew strongly from a low base, which combined with

increased distribution in Sweden and Finland led to faster growth for own brands than the overall portfolio.

EBITDA

The adjusted EBITDA-margin for Wine was 16.1 percent in the third quarter compared to 14.5 percent in the same period last year.

Underlying margins for the business were in line with the same period last year. The improvement in the reported margin is mainly due to a release of provisions.

WINE

Arcus is the largest importer of wine in Norway, the second largest in Sweden, and the third largest in Finland. Arcus Wine imports and markets agency wines, as well as Arcus brands. This includes Falling Feather, Norway's best-selling red wine in 2016 and YTD 2017.

Spirits: Weak sales in non-monopoly countries

MNOK	Third quarter		Year to date		Year end
	2017	2016	2017	2016	2016
Sales	165.3	170.4	456.4	449.9	751.1
Other revenue	41.8	44.9	116.5	120.4	152.8
Total operating revenue	207.1	215.3	572.9	570.3	903.9
Gross profit ¹⁾	113.3	114.8	317.8	299.3	476.9
Gross margin ¹⁾	54.7 %	53.3 %	55.5 %	52.5 %	52.8 %
EBITDA ¹⁾	32.0	43.6	75.2	71.3	158.7
EBITDA adjusted ¹⁾	38.0	43.7	81.8	74.9	162.6
EBITDA margin ¹⁾	15.5 %	20.2 %	13.1 %	12.5 %	17.6 %
EBITDA margin adjusted ¹⁾	18.4 %	20.3 %	14.3 %	13.1 %	18.0 %

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

OPERATING REVENUE

Total operating revenue for Spirits third quarter 2017 was 207.1 MNOK, compared to 215.3 MNOK for same period last year, a negative growth of 3.8 percent. Organic growth for external sales was negative 8.8 percent.

The acquisition of the remaining 50 percent of the joint venture Det Danske Spiritus Kompagni A/S 1 January 2017, and the Dworek brand 1 September 2016, contributed positively.

Sales in non-monopoly countries decreased strongly in Q3 compared to last year. A key reason for the decrease vs. last year was destocking in Denmark and DFTR, as well as continued low Danish-German border sales due to long lines at the border following stricter immigration controls. In Germany, sales from our distributor to customers were flat vs. year ago, while our sales to the distributor were down due to high stock-building last year. Sales to the USA were also lower than Q3 '16, as last year was boosted by the pipefill volume related to the national listing of Aalborg.

Sales increased in the monopoly countries Sweden and Norway. In Norway, aquavit sales increased vs.

last year in a category that continued to outperform the rest of the spirits market.

The decrease in 'Other revenue' of 3.1 MNOK compared to Q3 2016, is mainly due to reduced external bottling services.

EBITDA

The adjusted EBITDA-margin for Spirits was 18.4 percent for Q3 2017, compared to 20.3 percent Q3 2016. The main reason for the reduced margin is the effect of lower sales on fixed costs.

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	Third quarter		Year to date		Year end
	2017	2016	2017	2016	2016
Total operating revenue	67.9	63.8	197.4	180.5	262.9
Gross profit ¹⁾	67.9	63.8	197.4	180.5	262.9
Gross margin ¹⁾	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
EBITDA ¹⁾	3.4	1.4	2.8	-8.1	2.2
EBITDA adjusted ¹⁾	3.8	1.8	3.2	-7.7	2.6
EBITDA margin ¹⁾	5.0 %	2.1 %	1.4 %	-4.5 %	0.8 %
EBITDA margin adjusted ¹⁾	5.5 %	2.7 %	1.6 %	-4.3 %	1.0 %

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

VOLUME

Distributed volume in third quarter was 10.8 million liters, equal to same quarter last year. Positive volume-effects from a new contract implemented in second quarter, and an increase of 11 percent in distributed volumes to horeca, contributed to the growth despite a soft market. At the end of the third quarter, Distribution had a market share of 45.3 percent of volume delivered to Vinmonopolet, compared to 44.2 percent same period last year, the highest share achieved since December 2013.

OPERATING REVENUE

Operating revenue increased by 6.3 percent in the third quarter to 67.9 MNOK, compared to 63.8 MNOK in the same period last year. Higher sales to the horeca-market, and increased income from storage and other services drove the increase.

EBITDA

Adjusted EBITDA in the third quarter was 3.8 MNOK, compared to 1.8 MNOK same quarter last year. The positive effect from increased revenue more than offset the costs related to the increased production of other services and higher share of horeca-deliveries.

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.

Financial position and other information

CASH FLOW AND FINANCIAL POSITION

Reported net cash flow from operations before tax in Q3 was 127.7 MNOK (of which lower working capital was 36.1 MNOK). This is 5.3 MNOK higher than during the same period last year, driven by an adjusted EBITDA increase of 10.2 MNOK.

Net interest bearing debt was 817.2 MNOK (vs. 1 242.4 MNOK same period last year). The significant reduction is mainly due to the refinancing and reduction of long-term debt, using parts of the proceeds from the IPO.

OTHER INFORMATION

WINE SWEDEN-FINLAND

After 17 years of growing Vingruppen i Norden AB, CEO Claes Lindquist (59) has decided to retire from his position. Lindquist will be replaced by Svante Selling (47). For the last two years, Selling has held the position as Nordic Sales Director in Arcus Spirits. Prior to that, Selling was head of Arcus Sweden AB for seven years. Selling also has significant experience from Systembolaget and Pernod Ricard. He will assume his new position February 1st 2018, at the latest.

Lindquist, who founded Vingruppen i Norden AB, will continue to work for the company as a member of the board of Vingruppen i Norden AB. He will also contribute with his solid experience by working on special projects for Arcus.

M&A SPIRITS – HOT N'SWEET

Arcus has signed an agreement with Strandgaarden Wine & Spirits A/S for the acquisition of the popular Hot n'Sweet brand. The brand is sold in Denmark, Norway, Sweden and Nordic duty-free stores. Yearly net sales amount to ca 21 MDKK. The acquisition will strengthen Arcus' on-trade position in Denmark, Norway and Sweden, and there are opportunities in other markets as well. Production of the Hot n'Sweet portfolio will from February 2018 be done at Arcus' facility at Gjelleråsen. The acquisition will close 31 December 2017.

M&A SPIRITS - VANLIG

Arcus has signed an agreement with Svensk Export Vodka AB for the acquisition of VANLIG VODKA and VANLIG GIN. The brands are important products in the low-price segments, and will strengthen Arcus' position. Arcus' Swedish market share within vodka will increase from ca 14 to ca 20 percent, and within total spirits from ca 9 to ca 10,5 percent. Yearly net sales amount to ca 7,5 MSEK pr year. The production and bottling of VANLIG VODKA and VANLIG GIN, will from Q4 be done at Arcus' facility at Gjelleråsen. The acquisition will close medium November 2017.

Group consolidated accounts

The interim financial statement has not been audited.

CONDENSED STATEMENT OF INCOME

MNOK	Note	Third quarter		Year to date		Year end
		2017	2016	2017	2016	2016
Sales	9	593.8	597.2	1 710.1	1 725.8	2 521.8
Other revenue		9.3	6.5	33.8	45.2	60.6
Total operating revenue		603.1	603.7	1 743.9	1 771.0	2 582.4
Cost of goods		-327.8	-344.0	-964.3	-1 018.8	-1 467.9
Gross Profit		275.2	259.7	779.7	752.2	1 114.5
Gain on sale of fixed assets		0.0	0.1	0.0	0.1	0.1
Salaries and personnel cost		-91.0	-91.2	-300.1	-282.2	-392.5
Advertising & Promotion expenses (A&P)		-28.7	-17.7	-87.6	-84.5	-121.7
Other operating expenses		-54.5	-60.6	-198.0	-203.8	-270.8
Share of profit from AC ¹⁾ and JCE ²⁾		0.6	1.1	-0.1	1.2	5.8
Other income and expenses	2	-9.0	-5.9	-12.4	-8.5	-44.9
EBITDA		92.5	85.4	181.6	174.6	290.5
Depreciation	4, 5	-10.8	-11.5	-33.5	-34.4	-46.0
Amortisations	4, 5	-1.9	-1.4	-5.5	-4.2	-5.6
Write downs		0.0	0.0	0.0	0.0	0.0
Operating profit (EBIT)		79.8	72.5	142.6	136.0	238.9
Financial income	11	2.9	5.8	5.4	16.0	18.4
Financial expenses	6, 9, 11	-9.5	-100.2	-29.0	-159.8	-255.1
Pre-tax profit		73.2	-21.9	119.0	-7.7	2.1
Tax		-16.2	1.8	-28.6	-1.8	-26.2
Profit/loss for the year		57.0	-20.1	90.4	-9.6	-24.1
Profit/loss for the year attributable to parent company shareholders		54.8	-22.7	86.0	-17.9	-34.6
Profit/loss for the year attributable to non-controlling interests		2.2	2.6	4.5	8.4	10.5
Earnings per share, continued operations		0.80	-0.45	1.26	-0.36	-0.67
Diluted earnings per share, continued operations		0.78	-0.45	1.24	-0.36	-0.67

¹⁾Associated Companies, ²⁾Jointly Controlled Entities

CONDENSED STATEMENT OF OTHER COMPREHENSIVE INCOME

MNOK	Note	Third quarter		Year to date		Year end
		2017	2016	2017	2016	2016
Profit/loss for the year		57.0	-20.1	90.4	-9.6	-24.1
Items that will not be reclassified against the statement of income						
Change in actuarial gains and losses pensions		0.0	0.0	0.0	0.0	-1.3
Tax on change in actuarial gains and losses pensions		0.0	0.0	0.0	0.0	0.3
Total items that will not be reclassified against the statement of income		0.0	0.0	0.0	0.0	-1.0
Items that may be reclassified against the statement of income						
Translating differences in translation of foreign subsidiaries		-18.1	-23.1	23.8	-43.1	-39.2
Tax on translating differences in translation of foreign subsidiaries		0.0	0.0	0.0	0.0	0.0
Total items that may be reclassified against the statement of income		-18.1	-23.1	23.8	-43.1	-39.2
Total other comprehensive income		-18.1	-23.1	23.8	-43.1	-40.2
Total comprehensive income for the year		38.9	-43.2	114.2	-52.6	-64.3
Total comprehensive income for the year attributable to parent company shareholders		36.6	-49.8	109.1	-63.6	-72.0
Total comprehensive income for the year attributable to non-controlling interests		2.3	6.6	5.1	11.0	7.7

CONDENSED STATEMENT OF FINANCIAL POSITION

MNOK	Note	Third quarter		Year end
		2017	2016	2016
Intangible assets	5	1 757,6	1 706,0	1 710,1
Tangible assets	4	328,6	354,1	350,2
Deferred tax asset		166,5	180,0	172,1
Financial assets		49,8	53,6	58,2
Total fixed assets		2 302,4	2 293,7	2 290,7
Inventories		446,5	424,9	378,8
Accounts receivables and other receivables ¹⁾		912,2	665,9	1 426,0
Cash and cash equivalents		144,1	79,0	199,4
Total current assets		1 502,8	1 169,8	2 004,2
Total assets		3 805,2	3 463,6	4 294,8
Paid-in equity		772,1	1,8	772,1
Retained earnings		729,6	730,1	716,6
Non-controlling interests		17,0	12,0	13,9
Total equity		1 518,7	743,9	1 502,6
Non-current liabilities to financial institutions	7	728,1	773,5	703,3
Non-current liabilities at fair value through profit or loss	6, 9	0,0	11,3	0,0
Non-current finance lease liabilities	7	171,5	188,2	183,0
Pension obligations		34,7	35,8	34,1
Deferred tax liability		95,5	89,5	92,6
Other non-current provisions		0,4	0,9	0,6
Total non-current liabilities		1 030,2	1 099,2	1 013,6
Current liabilities to financial institutions	7	0,0	164,9	0,0
Bank Overdraft		37,8	148,3	0,0
Current liabilities at fair value through profit or loss	6, 9	13,8	147,8	24,1
Current finance lease liabilities		16,5	15,4	16,5
Tax payable		0,0	0,0	0,0
Accounts payable and other payables		1 188,2	1 144,1	1 738,0
Total current liabilities		1 256,3	1 620,5	1 778,6
Total equity and liabilities		3 805,2	3 463,6	4 294,8

¹⁾ The balance of accounts receivables are significantly higher as of 30.09.2017 than 30.09.2016 due to the decision to stop using factoring. This led to a one-time increase in receivables of 225 MNOK.

CONDENSED STATEMENT OF CHANGES IN EQUITY

MNOK		30.09.2017			30.09.2016		
		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
Statement of changes in equity	Note						
Equity 1 January		1 488.7	13.9	1 502.6	844.8	31.6	876.4
Total comprehensive income for the period		109.1	5.1	114.2	-63.6	11.0	-52.6
Dividends		-100.0	-2.4	-102.3	0.0	-21.6	-21.6
Sharebased payments	9, 10	6.5	0.0	6.5	0.0	0.0	0.0
Change in non-controlling interest		-2.7	0.3	-2.4	-50.3	-7.9	-58.3
Transfer from minority to majority at end of period *		0.0	0.0	0.0	1.0	-1.0	0.0
Equity at the end of period		1 501.7	17.0	1 518.7	731.9	12.0	743.9

* As of 30.09.2016, 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	Third quarter		Year to date		Year end
		2017	2016	2017	2016	2016
Pre-tax profit		73.2	-21.9	119.0	-7.7	2.1
Depreciation and amortisations	4, 5	12.7	12.9	39.0	38.5	51.6
Received dividend from associated companies		0.0	0.0	0.0	2.9	2.9
Net interest in period		6.9	18.2	22.0	56.5	70.4
Other items without cash effect		-0.8	64.3	17.6	66.2	138.2
Change in inventories		-2.9	13.0	-67.6	-36.7	9.4
Change in receivables		190.4	155.6	565.5	443.5	-329.2
Change in payables		-151.4	-119.7	-602.8	-509.2	98.8
Cash flow from operating activities before tax		128.1	122.4	92.8	54.0	44.4
Tax paid		-8.8	-8.7	-31.2	-46.6	-46.7
Cash flow from operating activities		119.3	113.8	61.6	7.4	-2.3
Proceeds from sale of tangible & intangible fixed assets		0.0	0.1	0.0	0.9	1.1
Payments on acquisition of tangible & intangible fixed assets	4, 5	-5.7	-1.6	-11.1	-9.4	-15.2
Payments on acquisition of Brands	5	0.0	-32.4	-4.0	-32.4	-32.6
Payments on acquisition of operations	12	-3.9	0.0	-2.8	0.0	0.0
Other investments		-0.5	0.0	-0.5	0.0	0.0
Cash flows from investment activities		-10.0	-33.9	-18.3	-40.9	-46.7
Proceeds - co-investment program	6, 9, 11	0.0	0.0	0.0	1.0	1.0
Payments - co-investment program	6, 9, 11	0.0	0.0	0.0	-2.6	-157.9
Capital increase		0.0	0.0	0.0	0.0	768.9
New debt to financial institutions	7	0.0	0.0	0.0	99.5	802.6
Repayment debt to financial institutions	7	-3.2	-40.8	-11.5	-121.6	-1 093.9
Change other long term loans		0.1	0.1	0.1	-1.1	-1.1
Interest paid in period		-6.9	-18.2	-22.0	-56.3	-70.2
Paid dividend and Group contributions		-0.2	-4.9	-102.3	-28.0	-28.3
Other financing payments		0.0	-38.3	-12.9	-98.6	-146.3
Cash flow from financing activities		-10.1	-102.1	-148.6	-207.8	74.9
Total cash flow		99.2	-22.3	-105.3	-241.3	25.8
Holdings of cash and cash equivalents at the beginning of period		11.0	-37.9	199.4	190.4	190.4
Effect of exchange rate changes on cash and cash equivalents		-3.8	-9.1	12.2	-18.5	-16.8
Holdings of cash and cash equivalents at the end of period		106.3	-69.3	106.3	-69.3	199.4

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

Cash and cash equivalents at the end of the period		144.1	79.0	144.1	79.0	199.4
Overdraft cashpool system at the end of the period		-37.8	-148.3	-37.8	-148.3	0.0
Holdings of cash and cash equivalents at the end of period		106.3	-69.3	106.3	-69.3	199.4

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 30.09.2017, 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		Year to date		Year end
		2017	2016	2016
EUR average rate	Income statement items	9.2370	9.3846	9.2980
EUR closing rate	Balance sheet items	9.3749	9.0393	9.0865
SEK average rate	Income statement items	0.9639	1.0018	0.9830
SEK closing rate	Balance sheet items	0.9800	0.9396	0.9484
DKK average rate	Income statement items	1.2420	1.2601	1.2488
DKK closing rate	Balance sheet items	1.2598	1.2129	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.

Other income and expenses during Q3 mainly consist of costs associated with a dispute with Swedish customs authorities in relation to a bottling service delivered to a Swedish customer and costs related to the share matching incentive program described in more detail in the IPO prospectus.

Group

MNOK	Third quarter		Year to date		Year end
	2017	2016	2017	2016	2016
Other income and expenses					
Gain on sales of fixed assets	0.0	0.0	0.0	0.8	0.9
Salary & personnel cost	-3.1	-1.1	-4.2	-2.4	-7.0
Other operating expenses	-5.9	-4.9	-8.2	-6.9	-38.8
Other income and expenses	-9.0	-5.9	-12.4	-8.5	-44.9

Spirits

MNOK	Third quarter		Year to date		Year end
	2017	2016	2017	2016	2016
Other income and expenses					
Gain on sales of fixed assets	0.0	0.0	0.0	0.0	0.1
Salary & personnel cost	-0.4	-0.2	-0.4	-1.5	-1.4
Other operating expenses	-5.6	0.0	-6.1	-2.1	-2.6
Other income and expenses	-6.0	-0.2	-6.6	-3.6	-3.9

Wine

MNOK	Third quarter		Year to date		Year end
Other income and expenses	2017	2016	2017	2016	2016
Salary & personnel cost	-0.3	0.0	-0.3	0.0	0.0
Other income and expenses	-0.3	0.0	-0.3	0.0	0.0

Distribution

MNOK	Third quarter		Year to date		Year end
Other income and expenses	2017	2016	2017	2016	2016
Salary & personnel cost	-0.4	-0.4	-0.4	-0.4	-0.4
Other income and expenses	-0.4	-0.4	-0.4	-0.4	-0.4

Other

MNOK	Third quarter		Year to date		Year end
Other income and expenses	2017	2016	2017	2016	2016
Gain on sales of fixed assets	0.0	0.0	0.0	0.8	0.8
Salary & personnel cost	-2.0	-0.5	-3.1	-0.5	-5.1
Other operating expenses	-0.4	-4.9	-2.1	-4.8	-36.2
Other income and expenses	-2.4	-5.4	-5.2	-4.5	-40.6

NOTE 3 SEGMENT INFORMATION

MNOK	Third quarter		Year to date		Year end
External sales	2017	2016	2017	2016	2016
Spirits	166.3	169.3	459.2	447.0	746.2
Wine	371.0	367.1	1 085.4	1 100.9	1 515.4
Distribution	56.5	60.7	165.5	177.9	260.2
Other	0.0	0.0	0.0	0.0	0.0
Total external sales	593.8	597.2	1 710.1	1 725.8	2 521.8

MNOK	Third quarter		Year to date		Year end
Sales between segments	2017	2016	2017	2016	2016
Spirits	-1.0	1.1	-2.8	2.8	4.9
Wine	1.2	3.7	1.2	16.5	23.3
Distribution	2.9	-4.7	7.5	-19.4	-28.2
Other	0.0	0.0	0.0	0.0	0.0
Eliminations	-3.0	0.0	-5.8	0.0	0.0
Total sales revenue between segments	0.0	0.0	0.0	0.0	0.0

MNOK	Third quarter		Year to date		Year end
External other revenue	2017	2016	2017	2016	2016
Spirits	1.0	7.9	5.3	23.5	28.0
Wine	2.5	-6.6	11.1	7.3	11.5
Distribution	5.8	5.3	17.2	14.1	20.6
Other	0.0	0.0	0.2	0.2	0.4
Total external other revenue	9.3	6.5	33.8	45.2	60.6

MNOK	Third quarter		Year to date		Year end
Other revenue between segments	2017	2016	2017	2016	2016
Spirits	40.9	37.1	111.1	96.9	124.7
Wine	2.3	1.4	2.3	1.4	2.2
Distribution	2.7	2.6	7.2	7.8	10.2
Other	43.4	43.2	130.3	129.7	173.0
Eliminations	-89.3	-84.3	-251.0	-235.9	-310.2
Total other revenue between segments	0.0	0.0	0.0	0.0	0.0

MNOK	Third quarter		Year to date		Year end
EBITDA	2017	2016	2017	2016	2016
Spirits	32.0	43.6	75.2	71.3	158.7
Wine	60.5	53.0	127.9	134.8	194.2
Distribution	3.4	1.4	2.8	-8.1	2.2
Other	-3.4	-12.5	-24.3	-23.4	-64.6
Eliminations	0.0	0.0	0.0	0.0	0.0
Total EBITDA	92.5	85.4	181.6	174.6	290.5

MNOK	Third quarter		Year to date		Year end
EBIT	2017	2016	2017	2016	2016
Spirits	26.1	37.6	57.1	53.4	134.8
Wine	60.1	52.8	126.7	134.0	193.1
Distribution	0.2	-2.0	-7.2	-18.3	-11.4
Other	-5.3	-14.6	-30.2	-29.6	-72.9
Eliminations	-1.3	-1.2	-3.9	-3.5	-4.7
Total EBIT	79.8	72.5	142.6	136.0	238.9

MNOK	Third quarter		Year to date		Year end
Total profit for the year	2017	2016	2017	2016	2016
Spirits	-1.5	-0.7	70.2	-16.8	52.3
Wine	46.5	38.1	85.0	97.7	140.9
Distribution	1.6	0.7	-4.9	-12.5	-9.5
Other	-6.3	-79.4	-33.6	-106.4	-217.0
Total profits from discontinued operations	0.0	0.0	0.0	0.0	0.0
Eliminations	-1.3	-2.0	-2.5	-14.6	-31.0
Total profit for the year	38.9	-43.2	114.2	-52.6	-64.3

NOTE 4 FIXED ASSETS

MNOK	Third quarter		Year to date		Year end
Fixed Assets	2017	2016	2017	2016	2016
Purchase cost at beginning of period	631.7	626.4	628.8	624.1	624.1
Additions tangible fixed assets	2.5	-0.3	6.0	6.5	11.4
Transferred from assets under construction	-0.7	-1.8	-1.8	-4.0	-4.0
Reclassifications	0.0	0.0	0.0	-1.3	-1.3
Translation differences	-0.1	-0.2	0.4	-1.3	-1.5
Purchase cost at end of period	633.3	624.1	633.3	624.1	628.8
Accumulated depreciation at beginning of period	-296.3	-261.5	-278.5	-246.2	-246.2
Ordinary depreciation in period	-8.6	-8.7	-26.0	-26.1	-34.9
Reclassifications	0.0	0.0	0.0	1.3	1.3
Translation differences	0.1	0.1	-0.3	1.0	1.3
Accumulated depreciation at end of period	-304.8	-270.1	-304.8	-270.1	-278.5
Book Value at end of period	328.6	354.1	328.6	354.1	350.2

Specification of fixed assets

MNOK	Third quarter		Year to date		Year end
Fixed Assets	2017	2016	2017	2016	2016
Machinery and equipment	307.3	328.9	307.3	328.9	326.0
Fixtures and fittings, tools, office equipment etc.	18.3	22.7	18.3	22.7	21.5
Assets under construction	2.9	2.5	2.9	2.5	2.7
Book Value at end of period	328.6	354.1	328.6	354.1	350.2

NOTE 5 INTANGIBLE ASSETS

MNOK	Third quarter		Year to date		Year end
Intangible assets	2017	2016	2017	2016	2016
Purchase cost at beginning of period	1 916.8	1 834.3	1 845.2	1 860.4	1 860.4
Addition of intangible assets	7.0	34.3	13.0	35.3	36.4
Acquisition of business	0.9	0.0	16.9	0.0	0.0
Transferred from assets under construction	0.7	1.8	1.8	4.0	4.0
Translation differences	-19.6	-33.6	29.0	-62.9	-55.6
Purchase cost at end of period	1 905.9	1 836.8	1 905.9	1 836.8	1 845.2
Acc. depreciation and amortizations at beginning of period	-144.1	-126.7	-135.2	-118.5	-118.5
Depreciation in period	-2.2	-2.8	-7.5	-8.2	-11.2
Amortisations in period	-1.9	-1.4	-5.5	-4.2	-5.6
Translation differences	0.0	0.0	0.0	0.0	0.1
Acc. depreciation and amortizations at end of period	-148.3	-130.7	-148.3	-130.7	-135.2
Book Value at end of period	1 757.6	1 706.0	1 757.6	1 706.0	1 710.1

Specification of intangible assets

MNOK	Third quarter		Year to date		Year end
Intangible assets	2017	2016	2017	2016	2016
Goodwill	1 042.8	1 006.3	1 042.8	1 006.3	1 010.2
Brands	684.8	667.1	684.8	667.1	669.2
Software	30.0	32.7	30.0	32.7	30.7
Book Value at end of period	1 757.6	1 706.0	1 757.6	1 706.0	1 710.1

NOTE 6 LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS

MNOK	Third quarter		Year to date		Year end
Liabilities at fair value through profit and loss	2017	2016	2017	2016	2016
Book value at beginning of period	13.8	86.3	24.1	119.0	119.0
Additions in period	0.0	0.0	0.0	1.0	1.0
Paid during period	0.0	0.0	-10.5	-42.0	-244.4
Changes in value during period	0.0	72.8	0.1	80.9	148.2
Interest during period	0.0	0.0	0.0	0.2	0.3
Book value at end of period	13.8	159.1	13.8	159.1	24.1
<i>From this;</i>					
Current liability	13.8	147.8	13.8	147.8	24.1
Non-current liability	0.0	11.3	0.0	11.3	0.0
Total liabilities through profit and loss	13.8	159.1	13.8	159.1	24.1

Payment year to date Q3 2017 represents the acquirement 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	Third quarter		Year to date		Year end
Debt to financial institutions	2017	2016	2017	2016	2016
Debt at beginning of period	933.4	1 219.3	910.8	1 225.7	1 225.7
New debt in period	0.0	0.0	0.0	100.0	811.3
Repayments in period	-3.2	-40.3	-11.5	-121.6	-1 081.0
Translation differences	-7.2	-24.2	23.7	-49.2	-45.2
Debt to financial institutions at end of period	923.0	1 154.8	923.0	1 154.8	910.8
Capitalized borrowing costs at beginning of period	-7.4	-15.5	-8.0	-20.0	-20.0
Capitalized borrowing costs during period	0.0	0.0	0.0	-0.5	-8.7
Amortized borrowing costs during period	0.4	2.5	1.2	7.5	20.6
Translation differences	0.0	0.0	-0.1	0.0	0.0
Capitalized borrowing costs at end of period	-7.0	-13.0	-6.9	-13.0	-8.0
Book value debt to financial institutions at end of period	916.1	1 141.8	916.1	1 141.8	902.7

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

MNOK	Third quarter		Year to date		Year end
Liabilities to financial institutions	2017	2016	2017	2016	2016
Current portion of non-current loans	0.0	164.9	0.0	164.9	0.0
Current portion of non-current financial leasing	16.5	15.4	16.5	15.4	16.5
Bank overdraft	37.8	148.3	37.8	148.3	0.0
Current liabilities to financial institutions at end of period	54.3	328.6	54.3	328.6	16.5

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:

MNOK	Third quarter		Year to date		Year end
Purchase of goods and services	2017	2016	2017	2016	2016
Tiffon SA	15,4	15,8	35,6	35,9	56,1
Hoff SA ³⁾	5,0	1,5	16,9	18,8	22,5
Det Danske Spiritus Kompagni A/S ¹⁾	0,0	0,6	0,0	2,9	3,3
Gjelleråsen Eiendom AS ²⁾	19,8	0,0	59,4	0,0	77,6
Totale purchase transactions	40,2	17,8	111,9	57,6	159,4

MNOK	Third quarter		Year to date		Year end
Sale of goods and services	2017	2016	2017	2016	2016
Tiffon SA	0,7	0,0	3,6	3,4	3,4
Det Danske Spiritus Kompagni A/S ¹⁾	0,0	24,2	0,0	74,3	132,2
Totale sale transactions	0,7	24,2	3,6	77,7	141,8

Receivables and debt at end of period

MNOK	Third quarter		Year end
Short term receivables from related parties	2017	2016	2016
Tiffon SA	0,7	0,0	0,0
Det Danske Spiritus Kompagni A/S ¹⁾	0,0	0,0	21,1
Total short term receivables from related parties	0,7	13,9	21,1

MNOK	Third quarter		Year end
Short term debt to related parties	2017	2016	2016
Tiffon SA	4,9	1,1	11,1
Hoff SA	1,7	6,4	0,5
Det Danske Spiritus Kompagni A/S ¹⁾	0,0	0,3	0,1
Total short term debt to related parties	6,6	7,8	11,7

¹⁾ Det Danske Spiritus Kompagni A/S was acquired 100% during Q1 2017, and is from that time no longer a joint venture, but a fully owned subsidiary of the Group

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

³⁾ During this year, Arcus has signed a new supplier-contract with Hoff SA. The new agreement expires in 2022, but Arcus has 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
Assets					
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	815.8	0.0	0.0	815.8
Other receivables	0.0	75.3	0.0	0.0	75.3
Cash and cash equivalents	0.0	144.1	0.0	0.0	144.1
Total financial assets as of third quarter 2017	0.0	1 036.3	0.2	0.0	1 036.5
Total financial assets as of third quarter 2016	0.0	573.0	0.2	0.0	573.2
Liabilities					
Liabilities to financial institutions	0.0	0.0	0.0	916.1	916.1
Liabilities at fair value through profit and loss	13.8	0.0	0.0	0.0	13.8
Other non-current term debt	0.0	0.0	0.0	0.0	0.0
Accounts payable	0.0	0.0	0.0	416.5	416.5
Other current debt	0.1	0.0	0.0	15.7	15.8
Total financial liabilities as of third quarter 2017	13.9	0.0	0.0	1 348.3	1 362.1
Total financial liabilities as of third quarter 2016	174.3	0.0	0.0	1 520.9	1 695.2

Fair value hierarchy**Assets**

MNOK	Level 1	Level 2	Level 3	Book Value
Currency derivatives	0.0	0.0	0.0	0.0
Total financial assets	0.0	0.0	0.0	0.0

Liabilities

MNOK	Level 1	Level 2	Level 3	Book Value
Liabilities at fair value through profit and loss	0.0	0.0	13.8	13.8
Currency derivatives	0.0	0.1	0.0	0.1
Total financial liabilities	0.0	0.1	13.8	13.9

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

Changes financial liabilities, level 3

MNOK	Third quarter		Year to date		Year end
	2017	2016	2017	2016	2016
Financial liabilities, level 3, at beginning of period	13.8	86.3	24.1	119.0	119.0
Fair value at the first time of recognition	0.0	0.0	0.0	1.0	1.0
Paid during the period	0.0	0.0	-10.5	-42.0	-244.4
Changes in value during the period	0.0	72.8	0.1	80.9	148.2
Interest during period	0.0	0.0	0.0	0.2	0.3
Financial liabilities, level 3 at end of period	13.8	159.1	13.8	159.1	24.1

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 have had no value change during Q3.

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), now hold a total of 1.407.368 stock options in Arcus (1.009.544 are held by the Group Executive Management). The option programme, 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	Third quarter		Year to date		Year end
	2017	2016	2017	2016	2016
Change in number of options:					
Outstanding options beginning of period	0	0	0	0	0
Issued during period	0	0	1 407 368	0	0
Exercised during the period	0	0	0	0	0
Forfeited during the period	0	0	0	0	0
Outstanding options end of period	0	0	1 407 368	0	0

NOTE 11 FINANCIAL INCOME AND EXPENSES

MNOK	Third quarter		Year to date		Year end
	2017	2016	2017	2016	2016
Interest income	1.8	1.8	4.6	5.4	7.9
Other financial income	1.1	4.0	0.8	10.6	10.4
Total financial income	2.9	5.8	5.4	16.0	18.4
Interest cost	-6.9	-18.2	-22.0	-56.5	-70.4
Other financial expenses	-2.7	-81.9	-7.0	-103.3	-184.7
Total financial expenses	-9.5	-100.2	-29.0	-159.8	-255.1
Net financial profit/loss	-6.7	-94.4	-23.6	-143.8	-236.7

Other financial expenses during Q2 is mainly consisting of amortized borrowing costs and agio effects.

NOTE 12 OTHER EVENTS**Purchase of BevCo AS**

In August 2017 Arcus concluded an agreement to buy the shares of the Norwegian company Bevco AS, which closed on September 1st. The company is the distributor of a portfolio of niche products, in particular Dooley's Toffee Liqueur.

A PPA (Purchase Price Allocation) has been conducted, where the main observed Group excess value has been considered to be the distribution right for Dooley's Toffee. This Group excess value will be amortized over 5 years.

Increased ownership in Tiffon SA

In September 2017, Arcus purchased an additional 49 shares of Tiffon SA, the France based associated Company that produces Braastad Cognac. The additional purchase increased the ownership from 34% to 34.75%.

M&A Spirits – Hot n'Sweet

Arcus has signed an agreement with Strandgaarden Wine & Spirits A/S for the acquisition of the popular Hot n'Sweet brand. The brand is sold in Denmark, Norway, Sweden and Nordic duty-free stores. Yearly net sales amount to ca 21 MDKK. The acquisition will strengthen Arcus' on-trade position in Denmark, Norway and Sweden, and there are opportunities in other markets as well. Production of the Hot n'Sweet portfolio will from February 2018 be done at Arcus' facility at Gjelleråsen. The acquisition will close 1 January 2018.

M&A Spirits - VANLIG

Arcus has signed an agreement with Svensk Export Vodka AB for the acquisition of VANLIG VODKA and VANLIG GIN. The brands are important products in the low-price segments, and will strengthen Arcus' position. Arcus' Swedish market share within vodka will increase from ca 14 to ca 20 percent, and within total spirits from ca 9 to ca 10,5 percent. Yearly net sales amount to ca 7,5 MSEK pr year. The production and bottling of VANLIG VODKA and VANLIG GIN, will from Q4 be done at Arcus' facility at Gjelleråsen. The acquisition will close medium November 2017.

Events after the close of Q3 2017

No significant other events have occurred between the close of Q and the date on which Arcus' interim financial statements for Q3 2017 were approved. This applies to events that would have provided knowledge of factors present at the close of Q3 2017, or events concerning matters that have arisen since the close of Q3 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	Third quarter		Year to date		Year end
	2017	2016	2017	2016	2016
Total operating revenues	603.1	603.7	1 743.9	1 771.0	2 582.4
Cost of goods	-327.8	-344.0	-964.3	-1 018.8	-1 467.9
Gross Profit	275.2	259.7	779.7	752.2	1 114.5

Spirits

MNOK	Third quarter		Year to date		Year end
	2017	2016	2017	2016	2016
Total operating revenues	207.1	215.3	572.9	570.3	903.9
Cost of goods	-93.8	-100.5	-255.1	-271.0	-427.0
Gross Profit	113.3	114.8	317.8	299.3	476.9

Wine

MNOK	Third quarter		Year to date		Year end
	2017	2016	2017	2016	2016
Total operating revenues	377.0	365.7	1 100.0	1 126.2	1 552.4
Cost of goods	-277.9	-280.6	-826.0	-844.7	-1 165.6
Gross Profit	99.1	85.1	274.0	281.5	386.8

Distribution

MNOK	Third quarter		Year to date		Year end
	2017	2016	2017	2016	2016
Total operating revenues	67.9	63.8	197.4	180.5	262.9
Cost of goods	0.0	0.0	0.0	0.0	0.0
Gross Profit	67.9	63.8	197.4	180.5	262.9

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.

$EBITDA\text{-margin} = EBITDA / \text{Total operating revenue}$

$EBITDA\text{-margin adjusted} = EBITDA\text{ adjusted} / \text{Total operating revenue}$

Below is a reconciliation from EBIT to EBITDA adjusted:

Group

MNOK	Third quarter		Year to date		Year end
EBITDA adjusted	2017	2016	2017	2016	2016
EBIT	79.8	72.5	142.6	136.0	238.9
Depreciation, amortisations and write downs	12.7	12.9	39.0	38.5	51.6
EBITDA	92.5	85.4	181.6	174.6	290.5
Other income and expenses	9.0	5.9	12.4	8.5	44.9
EBITDA adjusted	101.6	91.3	193.9	183.1	335.3

Spirits

MNOK	Third quarter		Year to date		Year end
EBITDA adjusted	2017	2016	2017	2016	2016
EBIT	26.1	37.6	57.1	53.4	134.8
Depreciation, amortisations and write downs	5.9	5.9	18.1	17.9	23.9
EBITDA	32.0	43.6	75.2	71.3	158.7
Other income and expenses	6.0	0.2	6.6	3.6	3.9
EBITDA adjusted	38.0	43.7	81.8	74.9	162.6

Wine

MNOK	Third quarter		Year to date		Year end
EBITDA adjusted	2017	2016	2017	2016	2016
EBIT	60.1	52.8	126.7	134.0	193.1
Depreciation, amortisations and write downs	0.4	0.3	1.2	0.8	1.0
EBITDA	60.5	53.0	127.9	134.8	194.2
Other income and expenses	0.3	0.0	0.3	0.0	0.0
EBITDA adjusted	60.8	53.0	128.2	134.8	194.2

Distribution

MNOK	Third quarter		Year to date		Year end
EBITDA adjusted	2017	2016	2017	2016	2016
EBIT	0.2	-2.0	-7.2	-18.3	-11.4
Depreciation, amortisations and write downs	3.2	3.4	10.0	10.2	13.6
EBITDA	3.4	1.4	2.8	-8.1	2.2
Other income and expenses	0.4	0.4	0.4	0.4	0.4
EBITDA adjusted	3.8	1.8	3.2	-7.7	2.6

Parent Company

MNOK	Third quarter		Year to date		Year end
EBITDA adjusted	2017	2016	2017	2016	2016
EBIT	-5.3	-14.6	-30.2	-29.6	-72.9
Depreciation, amortisations and write downs	1.9	2.1	5.9	6.2	8.4
EBITDA	-3.4	-12.5	-24.3	-23.4	-64.6
Other income and expenses	2.4	5.4	5.2	4.5	40.6
EBITDA adjusted	-1.0	-7.1	-19.1	-18.9	-24.0

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	Year to date		Year end
<i>Net interest bearing debt</i>	2017	2016	2016
Non-current liabilities to financial institutions	728.1	773.5	703.3
Book value of Capitalized arrangement fees	7.4	15.5	8.0
Book value of Interest swap	0.0	15.7	0.0
Non-current finance lease liabilities	171.5	188.2	183.0
Current liabilities to financial institutions	0.0	164.9	0.0
Bank Overdraft	37.8	148.3	0.0
Current finance lease liabilities	16.5	15.4	16.5
Cash and cash equivalents	-144.1	-79.0	-199.4
Net interest bearing debt	817.2	1 242.4	711.4

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	Third quarter		Year to date	
	2017	2016	2017	2016
Total revenues				
Reported total operating revenues	603.1	603.7	1 743.9	1 771.0
Currency effects	0.0	0.8	0.0	-32.7
Structural changes ¹⁾	-10.1	7.6	-33.6	-1.7
Baseline organic growth	593.0	612.1	1 710.3	1 736.6

Spirits

MNOK	Third quarter		Year to date	
	2017	2016	2017	2016
Total revenues				
Reported total operating revenues	207.1	215.3	572.9	570.3
Currency effects	0.0	0.3	0.0	-5.1
Structural changes	-10.1	-0.1	-33.6	-1.7
Baseline organic growth	197.0	215.5	539.3	563.5

Wine

MNOK	Third quarter		Year to date	
	2017	2016	2017	2016
Total revenues				
Reported total operating revenues	377.0	365.7	1 100.0	1 126.2
Currency effects	0.0	0.5	0.0	-27.8
Structural changes ¹⁾	0.0	7.7	0.0	0.0
Baseline organic growth	377.0	373.9	1 100.0	1 098.4

Distribution

MNOK	Third quarter		Year to date	
	2017	2016	2017	2016
Total revenues				
Reported total operating revenues	67.9	63.8	197.4	180.5
Baseline organic growth	67.9	63.8	197.4	180.5

¹⁾ Includes reclassification of 7,7 MNOK (Q3 2016) from other revenues to reduced Advertising & Promotion expenses, see segment Wine.

Contact information

CONTACT PERSON

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

TELEPHONE:

+47 67 06 50 00

FACEBOOK:

Arcus ASA

VISITING ADDRESS:

Destilleriveien 11, Hagan, Norway

WEB

www.arcus.no

MAIL ADDRESS:

Postboks 64, N-1483 Hagan, Norway

THINK BEFORE
YOU DRINK. MAKE
GREAT MOMENTS
EVEN BETTER.

Arcus