

Arcus

Quarterly Report

Q3 2018



THINK BEFORE
YOU DRINK. MAKE
GREAT MOMENTS
EVEN BETTER.

Arcus

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Message from the CEO

Q3 results continue the trend from previous quarters: Strong organic growth for Wine and Distribution, flat sales in Spirits and lower profitability across segments. We are pleased to see continued revenue growth for our wine business, in Sweden as well as Norway. We captured market shares with more attractive portfolios, though the strong EUR significantly reduced the profitability compared to last year. For Spirits, we are not pleased with the lack of growth. Flat sales with unfavorable mix reduced the profitability in Q3 compared to the same period last year.

Wine

Strengthened portfolios within growing categories, tender wins and redesign of former bestsellers have all contributed to increased sales and market shares in Sweden and Norway. In Finland, changes in the alcohol legislation and higher alcohol taxes still hampered sales. Very unfavourable exchange rates, especially for the SEK versus EUR, reduced profitability.

Spirits

Revenue in Norway and Sweden declined, as sales continued to suffer from price competition in the value segments of aquavit and vodka. In Denmark, we gained market share in the aquavit category during Q3, but not enough to offset the category decline, keeping revenue at same level as last year thanks to revenue from acquisitions. Revenues increased in Duty Free Travel Retail, there was a return to slight growth in Germany, while sales in Finland were flat. Overall, acquisitions contributed 9 MNOK to revenues in the quarter. Spirits' margins were significantly lower in Q3 compared to the same period last year, mainly due to negative product- and market-mix and lower production levels than last year.

Distribution

The revenue growth for Distribution continued in Q3, driven by increased activity for existing customers. But higher costs resulted in lower profitability this Q3 than the same period last year.



Kenneth Hamnes
Group CEO

Key figures Q3 2018

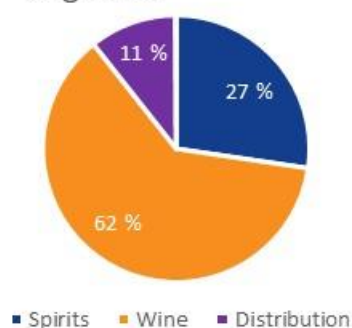
CONSOLIDATED GROUP FIGURES

MNOK	Third quarter		Year to date		Full Year
	2018	2017	2018	2017	2017
Total operating revenue	644.9	603.1	1 875.1	1 743.9	2 575.1
Gross profit ¹⁾	260.7	275.2	776.9	779.7	1 166.5
EBITDA ¹⁾	70.5	92.5	158.6	181.6	347.6
EBITDA adjusted ¹⁾	76.8	101.6	160.5	193.9	360.8
Pre-tax profit	45.9	73.2	90.5	119.0	258.7
Earnings per share, parentcompany shareholders (NOK)	0.48	0.80	0.94	1.26	2.66
Key figures					
Gross margin ¹⁾	40.4 %	45.6 %	41.4 %	44.7 %	45.3 %
EBITDA margin ¹⁾	10.9 %	15.3 %	8.5 %	10.4 %	13.5 %
EBITDA margin adjusted ¹⁾	11.9 %	16.8 %	8.6 %	11.1 %	14.0 %
Equity ratio ¹⁾	39.1 %	39.9 %	39.1 %	39.9 %	36.8 %
Financial position					
Total equity	1 511.3	1 518.7	1 511.3	1 518.7	1 669.4
Net interest bearing debt (cash) ¹⁾	858.3	816.7	858.3	816.7	821.4

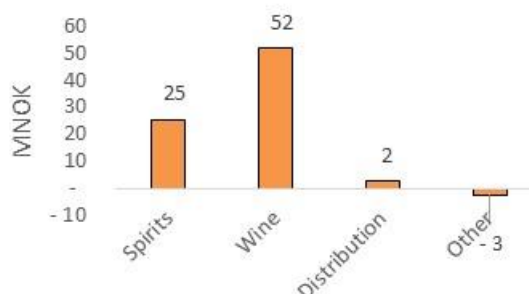
¹⁾ Alternative Performance Measure (APM) – see separate chapter for definition and reconciliation.



Operating revenue per segment¹



Adj. EBITDA pr segment^{1,2}



¹ Figures for Q3 2018; 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;

Highlights Q3 2018

OVERALL PERFORMANCE

- **Operating revenue** for Q3 2018 was 644.9 MNOK, compared to 603.1 MNOK in Q3 last year (+6.9 percent)². Operating revenue increased for the Wine and Distribution segments, but was flat for the Spirits segment. Organic growth for Q3 was 5.4 percent, with an estimated negative currency effect of ca 12 MNOK.
- **Adjusted EBITDA** for Q3 was 76.8 MNOK, compared to 101.6 MNOK Q3 last year (-24.4 percent). The lower margin was mainly due to the negative currency effects in Wine estimated to ca 13 MNOK, unfavourable mix in Spirits and external costs in Distribution.

BUSINESS SEGMENTS

- **Wine** revenues amounted to 393.9 MNOK, compared to 377.0 MNOK in Q3 last year (+4.5 percent). Organic growth was 8.1 percent. Adjusted EBITDA margin was 13.2 percent for Q3 2018, compared to 16.1 percent in Q3 last year. Sales and market share increased due to an improved portfolio adjusted towards growing categories (light, white and rosé), as well as tender wins and the redesign of former best-sellers. Unfavourable FX hampered profits.
- **Spirits** revenues amounted to 208.6 MNOK, compared to 207.1 MNOK in Q3 last year (+0.7 percent). Organic revenue was negative 2.5 percent³. Adjusted EBITDA margin was 12.2 percent for Q3, compared to 18.4 percent in Q3 last year. Unfavourable market and product mix reduced margins.
- **Distribution** revenues amounted to 72.7 MNOK compared to 67.9 MNOK in Q3 last year (+7.0 percent). Adjusted EBITDA for Q3 2018 was 2.5 MNOK, compared to 3.8 MNOK in Q3 2017 (-34.2 percent). Higher personell and external distribution costs reduced the EBITDA-impact of the incremental revenues.

² The application of IFRS15 had a positive effect of 13.7 MNOK on reported revenue in the quarter (+2.3%); cf. Note 2

³ Calculated on external spirits sales

Wine: Revenue growth, but negative FX-effect

MNOK	Third quarter		Year to date		Full Year
	2018	2017	2018	2017	2017
Total operating revenue	393.9	377.0	1 174.0	1 100.0	1 540.9
Gross profit ¹⁾	91.7	99.1	272.9	274.0	386.5
Gross margin ¹⁾	23.3 %	26.3 %	23.2 %	24.9 %	25.1 %
EBITDA ¹⁾	46.8	60.5	111.4	127.9	186.5
EBITDA adjusted ¹⁾	51.8	60.8	121.7	128.2	191.7
EBITDA margin ¹⁾	11.9 %	16.1 %	9.5 %	11.6 %	12.1 %
EBITDA margin adjusted ¹⁾	13.2 %	16.1 %	10.4 %	11.7 %	12.4 %

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

OPERATING REVENUE

Total operating revenue for Wine was 393.9 MNOK for the third quarter, compared to 377.0 MNOK in Q3 last year. Reported growth was 4.5 percent, while organic growth was 8.1 percent as weaker SEK vs. NOK reduced reported revenues.

In Sweden, Arcus' sales at Systembolaget increased significantly more than the market growth of 5.4 percent, resulting in increased market shares. The continued growth is still explained by a portfolio well positioned within the growing categories of white wine, sparkling and rosé, together with winning several new tenders.

In Norway, sales at Vinmonopolet grew by 3.6 percent. Arcus experienced higher than average growth for both own brands and agency wines, resulting in increased market shares in the period. Arcus' sales was driven by a strengthened portfolio adjusted towards growing categories, together with increased volume from new products and redesign of former best-sellers.

In Finland, Alko experienced a 3.0 percent drop in sales. This was due to higher alcohol taxes and a change in alcohol legislation. The presence of

products up to 5.5 percent alcohol strength in regular retail store led to lower footfall at Alko. Arcus' sales to Alko in the period decreased more than the decline in overall sales of wine at Alko as Arcus' portfolio is weighted towards the declining low-price segments.

Own wine brands experienced further growth across all markets, including the Duty Free Travel Retail channel.

EBITDA

The adjusted EBITDA-margin for Wine was 13.2 percent in the third quarter compared to 16.1 percent in the same period last year.

Price adjustments from September 1 in Norway and Sweden and a reduction in underlying indirect costs, only partly compensated for a significantly stronger EUR. In addition, the margin last year was boosted by a release of provisions (cf. Q3 2017 report).

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: Flat revenue, weak mix reduces margins

MNOK	Third quarter		Year to date		Full Year
	2018	2017	2018	2017	2017
Sales	169.6	165.3	466.8	456.4	763.4
Other revenue	38.9	41.8	115.1	116.5	149.9
Total operating revenue	208.6	207.1	581.9	572.9	913.3
Gross profit ¹⁾	101.1	113.3	298.3	317.8	508.4
Gross margin ¹⁾	48.5 %	54.7 %	51.3 %	55.5 %	55.7 %
EBITDA ¹⁾	24.9	32.0	53.2	75.2	175.6
EBITDA adjusted ¹⁾	25.5	38.0	54.6	81.8	182.8
EBITDA margin ¹⁾	12.0 %	15.5 %	9.1 %	13.1 %	19.2 %
EBITDA margin adjusted ¹⁾	12.2 %	18.4 %	9.4 %	14.3 %	20.0 %

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

OPERATING REVENUE

Total operating revenue for Spirits third quarter 2018 was 208.6 MNOK, compared to 207.1 MNOK for the same period last year, an increase of 0.7 percent. Organic growth was negative 2.5 percent¹⁾, with 9 MNOK of contribution from acquisitions in the period and a negative currency effect of 0.5 MNOK.

Adjusted for M&A, sales declined in Norway and Sweden, with market share declining in both markets. Price competition in the value segment of the aquavit and vodka categories continued. Sales in Finland were flat.

Organic revenues in Denmark were down in a spirits market that was very weak through the hot summer, where retailers prioritized space for other product categories. Market share in the core aquavit category increased, but not enough to offset the category decline.

Sales increased significantly in Duty Free Travel Retail, and were up in Germany and the US. In Germany, sales from our importer Eggers & Franke to distributors increased in the quarter, an

improvement over previous quarters, but YTD shipments levels remain below last year.

EBITDA

The adjusted EBITDA margin for Spirits was 12.2 percent for Q3 2018, compared to 18.4 percent Q3 2017.

The most important reasons for the margin decline were negative market and product mix, a favorable provisions release in Q3 last year, and exceptionally high production last year resulting in low fixed costs per unit compared to average levels this year.

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.

¹⁾ Calculated on external spirits sales

Distribution: Increased revenue, low efficiency

MNOK	Third quarter		Year to date		Full Year
	2018	2017	2018	2017	2017
Total operating revenue	72.7	67.9	215.7	197.4	284.4
Gross profit ¹⁾	72.7	67.9	215.7	197.4	284.4
Gross margin ¹⁾	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
EBITDA ¹⁾	2.4	3.4	2.4	2.8	13.5
EBITDA adjusted ¹⁾	2.5	3.8	2.5	3.2	14.1
EBITDA margin ¹⁾	3.3 %	5.0 %	1.1 %	1.4 %	4.7 %
EBITDA margin adjusted ¹⁾	3.4 %	5.5 %	1.2 %	1.6 %	5.0 %

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

VOLUME

Distributed volume in the third quarter was 11.4 million liters, an increase of 0.6 million liters from the same quarter last year. This equals an increase of 5.7 percent, while Vinmonopolet's total volume in the third quarter was unchanged from last year. The volume growth was mainly driven by increased activity for existing customers

By the end of the third quarter, Distribution had a 49.4 percent share of volume delivered to Vinmonopolet, compared to 45.3 percent last year. Volume in the horeca-channel had a growth of 3.8 percent.

OPERATING REVENUE

Operating revenue increased by 7.0 percent to 72.7 MNOK in the quarter, compared to 67.9 MNOK in the same period last year. The main reasons are increased volumes and higher income from pallet storage. Sales of other services were slightly lower than the same period last year.

EBITDA

Adjusted EBITDA in the third quarter was 2.5 MNOK, down 1.3 MNOK from the same quarter last year.

The challenges from second quarter continued in the third quarter with higher use of temps, overtime and night-shifts. In addition, a higher share of the deliveries in the quarter was handled by external logistics partners. All this more than offset the expected efficiency gains from increased volume.

Short-term actions to improve planning and long-term actions to remove bottlenecks are ongoing.

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 2018 was 123.6 MNOK, compared to 128.1 MNOK in Q3 2017 (-4.6 MNOK), driven mainly by lower adjusted EBITDA compared to the corresponding quarter last year.

Cash flow from operations in Q3 was positively impacted by lower net working capital at the end of the quarter versus the level at the end of Q2. This reduction in net working capital is normal for the quarter, but was slightly larger this year compared to last year.

Net interest bearing debt was 858.3 MNOK, compared to 816.7 MNOK as at the end of Q3 2017. A lower opening cash position and slightly lower cash flow during the quarter increased net debt compared to last year, while lower SEK/NOK currency rate reduced the NOK-value of the SEK-denominated long-term bank loan.

OTHER INFORMATION

PROXIMO

Arcus was selected by Proximo as their new Nordic distributor, to sell their world-famous brands with effect from 1 January 2019. Proximo is one of the leading global spirits players, most famous for Jose Cuervo Tequila, the world's bestselling and oldest tequila brand with a heritage tracing back to 1795. In

addition to Cuervo, Arcus will also sell Bushmills Irish Whiskey, the third largest Irish whiskey in the world, and The Kraken Black Spiced Rum, one of world's most dynamic and fastest growing rum brands.

Proximo's distribution arrangements with Arcus cover all Nordic markets including the duty free and travel retail channels.

WINE NORWAY

Eirik Andersen has been appointed the new Managing Director of Vingruppen AS with effect from 1 October 2018, replacing Thomas Patay.

Eirik has spent 14 years at Vinmonopolet in different roles, including Product Manager, Head of Fine Wine & Auctions and Market and Portfolio Manager. Since 2016, he has been the Managing Director of Symposium Wines, one of the companies in Vingruppen AS.

SHARE PURCHASE PROGRAM

In connection with Arcus' share purchase program for employees, the company has since 27 August 2018 purchased 107,857 Arcus shares. As of 14 November, the company holds 107,857 Arcus shares to be distributed to employees.

Group consolidated accounts

The interim financial statement has not been audited.

CONDENSED STATEMENT OF INCOME

MNOK	Note	Third quarter		Year to date		Full Year
		2018	2017	2018	2017	2017
Sales	2,9	635.4	593.8	1 839.8	1 710.1	2 530.1
Other revenue	2	9.5	9.3	35.3	33.8	44.9
Total operating revenue	2,9	644.9	603.1	1 875.1	1 743.9	2 575.1
Cost of goods		-384.2	-327.8	-1 098.2	-964.3	-1 408.5
Gross Profit		260.7	275.2	776.9	779.7	1 166.5
Gain on sale of fixed assets		0.1	0.0	0.2	0.0	0.0
Salaries and personnel cost		-92.4	-91.0	-308.9	-300.1	-417.4
Advertising & Promotion expenses (A&P)		-28.8	-28.7	-93.6	-87.6	-122.7
Other operating expenses		-63.3	-54.5	-212.6	-198.0	-269.0
Share of profit from AC ¹⁾ and JCE ²⁾		0.5	0.6	-1.6	-0.1	3.3
Other income and expenses	3	-6.3	-9.0	-1.8	-12.4	-13.2
EBITDA		70.5	92.5	158.6	181.6	347.6
Depreciation	5,6	-10.7	-10.8	-31.6	-33.5	-44.2
Amortisations	5,6	-1.9	-1.9	-5.8	-5.5	-7.4
Write downs		0.0	0.0	0.0	0.0	-22.7
Operating profit (EBIT)		57.8	79.8	121.3	142.6	273.3
Financial income	12	3.3	2.9	8.7	5.4	25.9
Financial expenses	7,10,12	-15.3	-9.5	-39.4	-29.0	-40.4
Pre-tax profit		45.9	73.2	90.5	119.0	258.7
Tax		-11.6	-16.2	-22.9	-28.6	-70.5
Profit/loss for the year		34.3	57.0	67.6	90.4	188.2
Profit/loss for the year attributable to parent company shareholders		32.5	54.8	63.8	86.0	181.3
Profit/loss for the year attributable to non-controlling interests		1.7	2.2	3.7	4.5	6.9
Earnings per share, continued operations		0.48	0.80	0.94	1.26	2.66
Diluted earnings per share, continued operations		0.46	0.78	0.91	1.24	2.62

¹⁾Associated Companies, ²⁾Jointly Controlled Entities

CONDENSED STATEMENT OF OTHER COMPREHENSIVE INCOME

MNOK	Note	Third quarter		Year to date		Full Year
		2018	2017	2018	2017	2017
Profit/loss for the year		34.3	57.0	67.6	90.4	188.2
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	4.4
Tax on change in actuarial gains and losses pensions		0.0	0.0	0.0	0.0	-1.1
Total items that will not be reclassified against the statement of income		0.0	0.0	0.0	0.0	3.4
Items that may be reclassified against the statement of income						
Translating differences in translation of foreign subsidiaries		-1.6	-18.1	-36.1	23.8	73.2
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		-1.6	-18.1	-36.1	23.8	73.2
Total other comprehensive income		-1.6	-18.1	-36.1	23.8	76.6
Total comprehensive income for the year		32.7	38.9	31.4	114.2	264.8
Total comprehensive income for the year attributable to parent company shareholders		31.0	36.6	29.3	109.1	256.7
Total comprehensive income for the year attributable to non-controlling interests		1.7	2.3	2.1	5.1	8.1

CONDENSED STATEMENT OF FINANCIAL POSITION

MNOK	Note	Year to date		Full Year
		2018	2017	2017
Intangible assets	6	1 838,8	1 757,6	1 891,4
Tangible assets	5	317,8	328,6	329,8
Deferred tax asset		132,7	166,5	136,8
Financial assets		55,7	49,8	60,1
Total fixed assets		2 345,0	2 302,4	2 418,1
Inventories		482,6	446,5	410,8
Accounts receivables and other receivables		942,6	912,2	1 519,1
Cash and cash equivalents		90,7	144,1	184,4
Total current assets		1 515,9	1 502,8	2 114,2
Total assets		3 860,9	3 805,2	4 532,4
Paid-in equity		772,1	772,1	772,1
Retained earnings		736,9	729,6	878,5
Non-controlling interests		2,3	17,0	18,8
Total equity		1 511,3	1 518,7	1 669,4
Non-current liabilities to financial institutions	8	685,5	728,1	742,8
Non-current liabilities at fair value through profit or loss	7,10	69,6	0,0	0,0
Non-current finance lease liabilities	8	153,5	171,5	166,4
Pension obligations		30,7	34,7	30,6
Deferred tax liability		97,3	95,5	101,0
Other non-current provisions		0,2	0,4	0,3
Total non-current liabilities		1 036,8	1 030,2	1 041,1
Bank Overdraft	8	87,6	37,8	72,7
Current liabilities at fair value through profit or loss	7,10	0,0	13,8	0,0
Current finance lease liabilities	8	17,4	16,5	17,4
Tax payable		0,0	0,0	2,1
Accounts payable and other payables		1 207,8	1 188,2	1 729,6
Total current liabilities		1 312,8	1 256,3	1 821,8
Total equity and liabilities		3 860,9	3 805,2	4 532,4

CONDENSED STATEMENT OF CHANGES IN EQUITY

MNOK		30.09.2018			30.09.2017		
		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		1 650.6	18.8	1 669.4	1 488.7	13.9	1 502.6
Total comprehensive income for the period		29.3	2.1	31.4	109.1	5.1	114.2
Dividends		-112.9	-5.8	-118.7	-100.0	-2.4	-102.3
Re-purchase of own shares		-1.2	0.0	-1.2	0.0	0.0	0.0
Sharebased payments	10,11	4.5	0.0	4.5	6.5	0.0	6.5
Change in non-controlling interest		-61.5	-12.6	-74.1	-2.7	0.3	-2.4
Transfer from minority to majority at end of period		0.3	-0.3	0.0	0.0	0.0	0.0
Equity at the end of period		1 508.9	2.3	1 511.3	1 501.7	17.0	1 518.7

In several of the Group's wine companies, there are non-controlling interests. For most of these non-controlling interests, there are put options associated, which the non-controlling interest can exercise at a certain point of time in the future. Although the Group does not have control of the shares at the end of the reporting period, the Group also does not control the possible exercise of the put-option. Because of this, these non-controlling interests are recognized as though they are owned by the Group, 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 are stated in the equity. At period end, the non-controlling interests' share of the profit for the year, adjusted for the dividend distributed for the period, are reclassified from non-controlling interest to the majority's share of equity.

The presented remaining non-controlling interest in the equity is non-controlling interests where there are no put-options associated.

CONDENSED STATEMENT OF CASHFLOW

MNOK	Note	Third quarter		Year to date		Full Year
		2018	2017	2018	2017	2017
Pre-tax profit		45.9	73.2	90.5	119.0	258.8
Depreciation and amortisations	5,6	12.6	12.7	37.4	39.0	74.3
Received dividend from associated companies		0.0	0.0	0.4	0.0	0.0
Net interest in period		9.5	6.9	26.2	22.0	31.5
Other items without cash effect		2.5	-0.8	-3.1	17.6	12.1
Change in inventories		-8.0	-2.9	-71.8	-67.6	-31.8
Change in receivables		216.0	190.4	583.9	565.5	-50.0
Change in payables		-154.9	-151.4	-523.2	-602.8	-61.6
Cash flow from operating activities before tax		123.6	128.1	140.4	92.8	233.2
Tax paid		-9.1	-8.8	-29.1	-31.2	-33.2
Cash flow from operating activities		114.5	119.3	111.3	61.6	199.9
Proceeds from sale of tangible & intangible fixed assets		0.1	0.0	0.2	0.0	0.0
Payments on acquisition of tangible & intangible fixed assets	5,6	-5.3	-5.7	-16.8	-11.1	-22.2
Payments on acquisition of Brands	6	0.0	0.0	0.0	-4.0	-118.6
Payments on acquisition of operations		-0.1	-3.9	-0.1	-2.8	-2.8
Other investments		0.0	-0.5	0.0	-0.5	-0.4
Cash flows from investment activities		-5.3	-10.0	-16.8	-18.3	-144.0
Proceeds - co-investment program	7.12	0.0	0.0	0.0	0.0	0.0
Payments - co-investment program	7.12	0.0	0.0	0.0	0.0	0.0
Capital increase		0.0	0.0	0.0	0.0	0.0
New debt to financial institutions	8	0.0	0.0	0.0	0.0	0.0
Repayment debt to financial institutions	8	-4.3	-3.2	-12.9	-11.5	-15.7
Change other long term loans		0.1	0.1	0.2	0.1	0.1
Interest paid in period		-9.5	-6.9	-26.2	-22.0	-31.5
Paid dividend and Group contributions		-0.7	-0.2	-118.7	-102.3	-103.5
Other financing payments		-1.3	0.0	-7.4	-12.9	-12.9
Cash flow from financing activities		-15.6	-10.1	-165.1	-148.6	-163.5
Total cash flow		93.5	99.2	-70.6	-105.3	-107.6
Holdings of cash and cash equivalents at the beginning of period		-96.4	11.0	111.7	199.4	199.4
Effect of exchange rate changes on cash and cash equivalents		6.0	-3.8	-38.1	12.2	19.9
Holdings of cash and cash equivalents at the end of period		3.1	106.3	3.1	106.3	111.7

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

Cash and cash equivalents at the end of the period		90.7	144.1	90.7	144.1	184.4
Overdraft cashpool system at the end of the period		-87.6	-37.8	-87.6	-37.8	-72.7
Holdings of cash and cash equivalents at the end of period		3.1	106.3	3.1	106.3	111.7

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 31.12.2017.

The Board approved the consolidated financial statement for the year 2017 on March 15th 2018.

The accounting principles used in the Group's interim reporting are consistent with the principles presented in the approved financial statement for 2017, except for the adoption of new standards effective as of 1 January 2018. The Group has not early adopted any other standard that has been issued but is not yet effective.

New accounting standards

IFRS 15 Revenue recognition

The Group applies from 2018 for the first time, IFRS 15 Revenue from contracts with customers. The nature and effect of these changes are disclosed in note 2 Revenues.

IFRS 16 Leases

IFRS 16 Leases will replace the existing IFRS standards for leases from 1.1.2019. The accounting effects for the Group will be rather significant. Further information on how the new standard will affect the Group is presented under the chapter accounting policies in the Group's annual statement for 2017. There are no material changes in the estimated impact of accounting effects since the annual statement.

As of 30.09.2018, 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
		2018	2017	2017
EUR average rate	Income statement items	9.5923	9.2370	9.3326
EUR closing rate	Balance sheet items	9.4829	9.3749	9.8510
SEK average rate	Income statement items	0.9377	0.9639	0.9684
SEK closing rate	Balance sheet items	0.9208	0.9800	0.9992
DKK average rate	Income statement items	1.2877	1.2420	1.2546
DKK closing rate	Balance sheet items	1.2716	1.2598	1.3231

NOTE 2 REVENUES

New accounting standard – IFRS 15 Revenue from contracts with customers

The new standard have been implemented as of January 1 2018 and establishes a five-step model to account for revenue arising from contracts with customers. As mentioned in the Annual Report, the Group's IFRS 15 analysis did not reveal significant changes from existing principles, hence there are no material effects of implementing the new standard as of January 1 2018.

A codensed presentation of the new accounting principles for IFRS 15 are presented in the following.

Performance obligations and timing

The Group's contracts with customers for the sale of wine and spirits and distribution services include one performance obligation, and the revenue are recognised at the point in time when control of the products are transferred to the customer, generally on delivery of the products.

Variable and fixed considerations

Some contracts include variable and fixed considerations like discounts, bonuses or other promotional allowances to customers. Such variable considerations are based on actual sales and expected discounts, and are accounted for in the same period where the sales actually happened.

Presentation

Until 2017, the Group has accounted for outgoing freight costs as reduced revenues. The new IFRS 15 concludes that the accounting of outgoing freight costs as reduced revenues or as a cost should be based on a consideration if the wine or spirits companies in practice are principals or agents regarding freight services. The Group's considerations on this matter concluded that the wine and spirits companies are principals, as most contracts with customers include delivery on the customer's warehouse. Based on this, the Group has changed its accounting principle from 2018 regarding outgoing freight, from being accounted for as reduced revenues to being accounted for as cost of sales. The Gross Profit will be unchanged from this change of accounting principle, but revenues are increased with a corresponding increase in cost of sales.

NOTE; The changes of accounting principle from IFRS 15 has only been made at Group level. The segment reporting is still showing freight costs as reduced revenues, which corresponds with the Group's internal reporting.

The Group adopted IFRS 15 using the modified retrospective method of adoption. Below is a reconciliation which show the changes in Q3 and year to date 2018;

Group			
MNOK	Third quarter		
	IFRS 15 (new standard)	IAS 18 (Old standard)	Change
Total operating revenues			
Total operating revenue	644.9	631.2	13.7
Cost of goods	-384.2	-370.5	-13.7
Gross Profit	260.7	260.7	0.0
Gross margin	40.4 %	41.3 %	-0.9 %

Group			
MNOK	Year to date		
	IFRS 15 (new standard)	IAS 18 (Old standard)	Change
Total operating revenues			
Total operating revenue	1 875.1	1 845.3	29.8
Cost of goods	-1 098.2	-1 068.4	-29.8
Gross Profit	776.9	776.9	0.0
Gross margin ¹⁾	41.4 %	42.1 %	-0.7 %

The following table present the Group's total external revenues by market:

Group					
MNOK	Third quarter		Year to date		Full Year
Total operating revenues	2018	2017	2018	2017	2017
Norway	243.9	233.8	720.3	671.6	1 020.6
Sweden	277.0	250.7	809.1	736.2	1 019.5
Denmark	26.2	26.1	80.7	81.6	146.1
Finland	49.9	52.8	154.7	154.0	226.0
Germany	15.8	14.6	26.6	31.6	61.4
USA	1.5	0.7	5.1	3.6	3.8
DFTR	29.6	23.7	75.9	62.8	94.9
Other	1.0	0.6	2.6	2.6	2.7
Total operating revenues	644.9	603.1	1 875.1	1 743.9	2 575.1

The following tables present the segments' total external and internal revenues by market:

Spirits

MNOK	Third quarter		Year to date		Full Year
	2018	2017	2018	2017	2017
Total operating revenues					
Norway	101.3	103.9	288.7	283.5	442.9
Sweden	28.8	31.1	89.4	88.8	131.9
Denmark	25.9	26.1	79.6	81.6	146.1
Finland	7.2	7.1	20.6	20.5	33.0
Germany	15.8	14.6	26.6	31.6	61.4
USA	1.5	0.7	5.1	3.6	3.8
DFTR	27.1	23.0	69.3	60.7	91.4
Other	1.0	0.6	2.6	2.6	2.7
Total operating revenues	208.6	207.1	581.9	572.9	913.3

Wine

MNOK	Third quarter		Year to date		Full Year
	2018	2017	2018	2017	2017
Total operating revenues					
Norway	110.9	106.2	337.5	312.1	448.8
Sweden	238.8	224.3	698.7	652.4	895.6
Finland	41.7	45.7	131.0	133.4	193.0
DFTR	2.5	0.7	6.7	2.1	3.5
Total operating revenues	393.9	377.0	1 174.0	1 100.0	1 540.9

Distribution

MNOK	Third quarter		Year to date		Full Year
	2018	2017	2018	2017	2017
Total operating revenues					
Norway	72.7	67.9	215.7	197.4	284.4
Total operating revenues	72.7	67.9	215.7	197.4	284.4

NOTE 3 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 are related to termination payment agreements, and the share matching incentive program described in more detail in the IPO prospectus.

Group

MNOK	Third quarter		Year to date		Full Year
	2018	2017	2018	2017	2017
Other income and expenses					
Salary & personnel cost	-5.6	-3.1	-12.4	-4.2	-4.9
Other operating expenses	-0.8	-5.9	10.6	-8.2	-8.2
Other income and expenses	-6.3	-9.0	-1.8	-12.4	-13.2

Spirits

MNOK	Third quarter		Year to date		Full Year
	2018	2017	2018	2017	2017
Other income and expenses					
Salary & personnel cost	-0.2	-0.4	-0.7	-0.4	-1.1
Other operating expenses	-0.3	-5.6	-0.8	-6.1	-6.1
Other income and expenses	-0.5	-6.0	-1.5	-6.6	-7.1

Wine

MNOK	Third quarter		Year to date		Full Year
	2018	2017	2018	2017	2017
Other income and expenses					
Salary & personnel cost	-4.8	-0.3	-10.1	-0.3	-5.2
Other operating expenses	-0.2	0.0	-0.2	0.0	0.0
Other income and expenses	-5.0	-0.3	-10.3	-0.3	-5.2

Distribution

MNOK	Third quarter		Year to date		Full Year
	2018	2017	2018	2017	2017
Other income and expenses					
Salary & personnel cost	-0.1	-0.4	-0.2	-0.4	-0.6
Other income and expenses	-0.1	-0.4	-0.2	-0.4	-0.6

Other

MNOK	Third quarter		Year to date		Full Year
	2018	2017	2018	2017	2017
Other income and expenses					
Salary & personnel cost	-0.5	-2.0	-1.5	-3.1	2.0
Other operating expenses	-0.2	-0.4	11.6	-2.1	-2.2
Other income and expenses	-0.7	-2.4	10.1	-5.1	-0.2

NOTE 4 SEGMENT INFORMATION

MNOK	Third quarter		Year to date		Full Year
External sales	2018	2017	2018	2017	2017
Spirits	170.7	166.3	469.8	459.2	767.6
Wine	389.1	371.0	1 157.8	1 085.4	1 521.5
Distribution	61.9	56.5	182.5	165.5	241.0
Other	13.7	0.0	29.8	0.0	0.0
Total external sales	635.4	593.8	1 839.8	1 710.1	2 530.1

MNOK	Third quarter		Year to date		Full Year
Sales between segments	2018	2017	2018	2017	2017
Spirits	-1.0	-1.0	-2.9	-2.8	-4.2
Wine	0.4	1.2	1.6	1.2	1.2
Distribution	2.9	2.9	8.4	7.5	10.3
Other	0.0	0.0	0.0	0.0	0.0
Eliminations	-2.3	-3.0	-7.0	-5.8	-7.3
Total sales revenue between segments	0.0	0.0	0.0	0.0	0.0

MNOK	Third quarter		Year to date		Full Year
External other revenue	2018	2017	2018	2017	2017
Spirits	1.9	1.0	4.8	5.3	6.7
Wine	2.2	2.5	12.6	11.1	15.1
Distribution	4.9	5.8	16.9	17.2	22.7
Other	0.4	0.0	0.9	0.2	0.5
Total external other revenue	9.5	9.3	35.3	33.8	44.9

MNOK	Third quarter		Year to date		Full Year
Other revenue between segments	2018	2017	2018	2017	2017
Spirits	37.0	40.9	110.2	111.1	143.2
Wine	2.1	2.3	2.1	2.3	3.1
Distribution	3.0	2.7	7.9	7.2	10.3
Other	44.1	43.4	131.1	130.0	173.6
Eliminations	-86.1	-89.3	-251.3	-250.7	-330.2
Total other revenue between segments	0.0	0.0	0.0	0.0	0.0

MNOK	Third quarter		Year to date		Full Year
EBITDA	2018	2017	2018	2017	2017
Spirits	24.9	32.0	53.2	75.2	175.6
Wine	46.8	60.5	111.4	127.9	186.5
Distribution	2.4	3.4	2.4	2.8	13.5
Other	-3.7	-3.4	-8.3	-24.3	-28.0
Eliminations	0.0	0.0	0.0	0.0	0.0
Total EBITDA	70.5	92.5	158.6	181.6	347.6

MNOK	Third quarter		Year to date		Full Year
EBIT	2018	2017	2018	2017	2017
Spirits	18.6	26.1	34.6	57.1	151.5
Wine	46.1	60.1	109.5	126.7	184.7
Distribution	-0.4	0.2	-6.0	-7.2	0.7
Other	-5.2	-5.3	-12.9	-30.2	-35.7
Eliminations	-1.3	-1.3	-3.9	-3.9	-27.9
Total EBIT	57.8	79.8	121.3	142.6	273.3

MNOK	Third quarter		Year to date		Full Year
Total profit for the year	2018	2017	2018	2017	2017
Spirits	12.7	-1.5	-23.8	70.2	196.7
Wine	28.7	46.5	76.9	85.0	124.1
Distribution	-0.6	1.6	-4.7	-4.9	-2.4
Other	-6.7	-6.3	-12.7	-33.6	-34.6
Eliminations	-1.4	-1.3	-4.3	-2.5	-19.0
Total profit for the year	32.7	38.9	31.4	114.2	264.8

NOTE 5 FIXED ASSETS

MNOK	Third quarter		Year to date		Full Year
Fixed Assets	2018	2017	2018	2017	2017
Purchase cost at beginning of period	651.1	631.7	643.7	628.8	628.8
Additions tangible fixed assets	4.7	2.5	14.8	6.0	16.0
Transferred from assets under construction	0.0	-0.7	-0.8	-1.8	-1.8
Purchase price, disposed assets	-3.2	0.0	-3.9	0.0	0.0
Translation differences	0.3	-0.1	-1.0	0.4	0.7
Purchase cost at end of period	652.8	633.3	652.8	633.3	643.7
Accumulated depreciation at beginning of period	-329.2	-296.3	-313.8	-278.5	-278.5
Accumulated depreciation, disposed assets	3.2	0.0	3.9	0.0	0.0
Ordinary depreciation in period	-8.8	-8.6	-26.0	-26.0	-34.7
Translation differences	-0.2	0.1	0.9	-0.3	-0.6
Accumulated depreciation at end of period	-335.0	-304.8	-335.0	-304.8	-313.8
Book Value at end of period	317.8	328.6	317.8	328.6	329.8

Specification of fixed assets

MNOK	Third quarter		Year to date		Full Year
Fixed Assets	2018	2017	2018	2017	2017
Machinery and equipment	293.6	307.3	293.6	307.3	304.5
Fixtures and fittings, tools, office equipment etc.	17.6	18.3	17.6	18.3	19.6
Assets under construction	6.6	2.9	6.6	2.9	5.7
Book Value at end of period	317.8	328.6	317.8	328.6	329.8

NOTE 6 INTANGIBLE ASSETS

MNOK	Third quarter		Year to date		Full Year
Intangible assets	2018	2017	2018	2017	2017
Purchase cost at beginning of period	2 022.7	1 916.8	2 066.4	1 845.2	1 845.2
Addition of intangible assets	0.5	7.0	2.1	13.0	124.8
Acquisition of business	0.0	0.9	0.0	16.9	20.8
Transferred from assets under construction	0.0	0.7	0.8	1.8	1.8
Translation differences	1.6	-19.6	-44.3	29.0	73.8
Purchase cost at end of period	2 024.9	1 905.9	2 024.9	1 905.9	2 066.4
Acc. depreciation and amortizations at beginning of period	-182.3	-144.1	-175.0	-135.2	-135.2
Depreciation in period	-1.9	-2.2	-5.5	-7.5	-9.6
Amortisations in period	-1.9	-1.9	-5.8	-5.5	-7.4
Write downs in period	0.0	0.0	0.0	0.0	-22.7
Translation differences	-0.1	0.0	0.1	0.0	-0.1
Acc. depreciation and amortizations at end of period	-186.1	-148.3	-186.1	-148.3	-175.0
Book Value at end of period	1 838.8	1 757.6	1 838.8	1 757.6	1 891.4

Specification of intangible assets

MNOK	Third quarter		Year to date		Full Year
Intangible assets	2018	2017	2018	2017	2017
Goodwill	1 016.9	1 042.8	1 016.9	1 042.8	1 042.6
Brands	795.7	684.8	795.7	684.8	819.7
Software	26.1	30.0	26.1	30.0	29.1
Book Value at end of period	1 838.8	1 757.6	1 838.8	1 757.6	1 891.4

NOTE 7 LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS

MNOK	Third quarter		Year to date		Full Year
Liabilities at fair value through profit and loss	2018	2017	2018	2017	2017
Book value at beginning of period	67.9	13.8	0.0	24.1	24.1
Additions in period	0.0	0.0	67.9	0.0	0.0
Paid during period	0.0	0.0	0.0	-10.5	-10.5
Changes in value during period	0.9	0.0	0.9	0.1	-13.7
Interest during period	0.0	0.0	0.0	0.0	0.0
Translation differences	0.7	0.0	0.7	0.0	0.0
Book value at end of period	69.5	13.8	69.5	13.8	0.0
<i>From this;</i>					
Current liability	0.0	13.8	0.0	13.8	0.0
Non-current liability	69.5	0.0	69.5	0.0	0.0
Total liabilities through profit and loss	69.5	13.8	69.5	13.8	0.0

Liabilities at fair value through profit and loss consist of put options regarding minority shares in companies included in the Wine business, held by non-controlling interests.

NOTE 8 DEBT TO FINANCIAL INSTITUTIONS**Liabilities to financial institutions, including financial leasing**

MNOK	Third quarter		Year to date		Full Year
Debt to financial institutions	2018	2017	2018	2017	2017
Debt at beginning of period	856.0	933.4	933.2	910.8	910.8
New debt in period	0.0	0.0	0.0	0.0	0.0
Repayments in period	-4.3	-3.2	-12.9	-11.5	-15.7
Translation differences	9.8	-7.2	-58.8	23.7	38.1
Debt to financial institutions at end of period	861.4	923.0	861.4	923.0	933.2
Capitalized borrowing costs at beginning of period	-5.4	-7.4	-6.5	-8.0	-8.0
Amortized borrowing costs during period	0.4	0.4	1.2	1.2	1.7
Translation differences	0.0	0.0	0.3	-0.1	-0.2
Capitalized borrowing costs at end of period	-5.0	-7.0	-5.0	-6.9	-6.5
Book value debt to financial institutions at end of period	856.4	916.1	856.4	916.1	926.6

Current liabilities to financial institutions, including financial leasing and bank overdraft

MNOK	Third quarter		Year to date		Full Year
Liabilities to financial institutions	2018	2017	2018	2017	2017
Current portion of non-current loans	0.0	0.0	0.0	0.0	0.0
Current portion of non-current financial leasing	12.0	16.5	12.0	16.5	17.4
Bank overdraft	87.6	37.8	87.6	37.8	72.7
Current liabilities to financial institutions at end of period	99.7	54.3	99.7	54.3	90.1

NOTE 9 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	Third quarter		Year to date		Full Year
Purchase of goods and services	2018	2017	2018	2017	2017
Tiffon SA	11.8	15.4	33.9	35.6	52.7
Hoff SA	4.5	5.0	18.0	16.9	22.4
Gjelleråsen Eiendom AS ¹⁾	0.0	0.0	0.0	0.0	79.2
Destilleriveien 11 AS ¹⁾	0.0	19.8	27.6	59.4	0.0
Total purchase transactions	16.3	40.2	79.5	111.9	154.3

MNOK	Third quarter		Year to date		Full Year
Sale of goods and services	2018	2017	2018	2017	2017
Tiffon SA	1.5	0.7	3.8	3.6	3.7
Total sale transactions	1.5	0.7	3.8	3.6	3.7

Receivables and debt at end of period

MNOK	Year to date		Full Year
Short term receivables from related parties	2018	2017	2017
Tiffon SA	1.3	0.7	0.2
Total short term receivables from related parties	1.3	0.7	0.2

MNOK	Year to date		Full Year
Short term debt to related parties	2018	2017	2017
Tiffon SA	1.3	4.9	10.8
Hoff SA	2.1	1.7	1.1
Total short term debt to related parties	3.4	6.6	12.0

¹⁾ The property at Gjelleråsen was transferred from Gjelleråsen Eiendom AS to Destilleriveien 11 AS as of January 1st 2018. As of 31.04.2018, the property was sold from Canica AS to Storebrand, and the rent for the property after that time is no longer a related party transaction.

NOTE 10 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	1,0	0,0	0,0	1,0
Accounts receivables	0,0	856,4	0,0	0,0	856,4
Other receivables ¹⁾	0,0	61,1	0,0	0,0	61,1
Cash and cash equivalents	0,0	90,7	0,0	0,0	90,7
Total financial assets as of Third quarter 2018	0,0	1 009,2	0,2	0,0	1 009,4
Total financial assets as of Third quarter 2017	0,0	1 036,3	0,2	0,0	1 036,5
Liabilities					
Liabilities to financial institutions	0,0	0,0	0,0	856,3	856,3
Liabilities at fair value through profit and loss	69,6	0,0	0,0	0,0	69,6
Accounts payable	0,0	0,0	0,0	425,4	425,4
Other current debt ²⁾	0,7	0,0	0,0	16,2	16,9
Total financial liabilities as of Third quarter 2018	70,2	0,0	0,0	1 297,9	1 368,2
Total financial liabilities as of Third quarter 2017	13,9	0,0	0,0	1 348,3	1 362,1

¹⁾ Prepayments are not defined as financial assets according to IFRS, and hence not included in the figures.

²⁾ Accrued costs and public taxes are not defined as financial liabilities according to IFRS, and hence not included in the figures.

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	69,6	69,6
Currency derivatives	0,7	0,0	0,0	0,7
Total financial liabilities	0,7	0,0	69,6	70,2

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		Full Year
	2018	2017	2018	2017	2017
Financial liabilities, level 3, at beginning of period	67.9	13.8	0.0	24.1	24.1
Fair value at the first time of recognition	0.0	0.0	67.9	0.0	0.0
Paid during the period	0.0	0.0	0.0	-10.5	-10.5
Changes in value during the period	0.9	0.0	0.9	0.1	-13.7
Interest during period	0.0	0.0	0.0	0.0	0.0
Translation differences	0.7	0.0	0.7	0.0	0.0
Financial liabilities, level 3 at end of period	69.5	13.8	69.5	13.8	0.0

At the end of the period, liabilities measured at fair value, categorized at level 3 in the fair value hierarchy is related to put-options held by non-controlling interests in wine companies in Norway and Sweden. The liabilities for these put-options are estimated on the basis of pricing mechanisms that underlie the 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 marketbased multiple. As a basis for EBIT, the Group's budgets and long term plans towards expected maturity date is used.

NOTE 11 OPTIONS

The General Meeting has granted options to the Group Executive Management and a few other key employees. The table below show outstanding options from 2017 and 2018.

As of end of Q3 2018, the Group Executive Management holds 1.873.364 options. 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		Full Year
	2018	2017	2018	2017	2017
Change in number of options:					
Outstanding options beginning of period	2 672 967	0	1 229 304	0	0
Issued during period	0	1 407 368	1 484 923	1 407 368	1 407 368
Exercised during the period	0	0	0	0	0
Forfeited during the period	-255 467	0	-296 727	0	-178 064
Outstanding options end of period	2 417 500	1 407 368	2 417 500	1 407 368	1 229 304

Option calculation assumptions:	Options #2017		Options #2018	
Grant date	May 4th 2017		April 11th 2018	
Total outstanding options at end of period:	1 073 010		1 344 490	
Vesting period	May 2017-May 2020		April 2018-April 2021	
Redemption period	May 2020-May 2022		April 2021-April 2023	
Share price on the allocation date	NOK	47.90	NOK	43.70
Share price on the balance sheet date	NOK	44.00	NOK	44.00
Redemption price - minimum	NOK	51.53	NOK	45.22
Redemption price - maximum	NOK	143.70	NOK	127.50
Risk-free interest rate	%	1.6 %	%	1.6 %
Volatility	%	22.0 %	%	22.0 %
Expected dividend	%	3.4 %	%	3.4 %

NOTE 12 FINANCIAL INCOME AND EXPENSES

MNOK	Third quarter		Year to date		Full Year
	2018	2017	2018	2017	2017
Interest income	3.5	1.8	8.6	4.6	6.7
Other financial income	-0.2	1.1	0.0	0.8	19.2
Total financial income	3.3	2.9	8.7	5.4	25.9
Interest cost	-9.5	-6.9	-26.2	-22.0	-31.5
Other financial expenses	-5.7	-2.7	-13.2	-7.0	-9.0
Total financial expenses	-15.3	-9.5	-39.4	-29.0	-40.4
Net financial profit/loss	-11.9	-6.7	-30.8	-23.6	-14.6

Other financial expenses during Q3 is mainly consisting of amortized borrowing costs and agio effects.

NOTE 13 OTHER EVENTS

Events after the close of Q3 2018

No significant other events have occurred between the close of quarter and the date on which Arcus's interim financial statements for Q3 2018 were approved. This applies to events that would have provided knowledge of factors present at the close of Q3 2018, or events concerning matters that have arisen since the close of Q3 2018.

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		Full Year
	2018	2017	2018	2017	2017
Total operating revenues	644.9	603.1	1 875.1	1 743.9	2 575.1
Cost of goods	-384.2	-327.8	-1 098.2	-964.3	-1 408.5
Gross Profit	260.7	275.2	776.9	779.7	1 166.5

Spirits

MNOK	Third quarter		Year to date		Full Year
	2018	2017	2018	2017	2017
Total operating revenues	208.6	207.1	581.9	572.9	913.3
Cost of goods	-107.5	-93.8	-283.6	-255.1	-404.9
Gross Profit	101.1	113.3	298.3	317.8	508.4

Wine

MNOK	Third quarter		Year to date		Full Year
	2018	2017	2018	2017	2017
Total operating revenues	393.9	377.0	1 174.0	1 100.0	1 540.9
Cost of goods	-302.1	-277.9	-901.1	-826.0	-1 154.4
Gross Profit	91.7	99.1	272.9	274.0	386.5

Distribution

MNOK	Third quarter		Year to date		Full Year
	2018	2017	2018	2017	2017
Total operating revenues	72.7	67.9	215.7	197.4	284.4
Cost of goods	0.0	0.0	0.0	0.0	0.0
Gross Profit	72.7	67.9	215.7	197.4	284.4

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 3 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	Third quarter		Year to date		Full Year
EBITDA adjusted	2018	2017	2018	2017	2017
EBIT	57.8	79.8	121.3	142.6	273.3
Depreciation, amortisations and write downs	12.6	12.7	37.4	39.0	74.3
EBITDA	70.5	92.5	158.6	181.6	347.6
Other income and expenses	6.3	9.0	1.8	12.4	13.2
EBITDA adjusted	76.8	101.6	160.5	193.9	360.8

Spirits

MNOK	Third quarter		Year to date		Full Year
EBITDA adjusted	2018	2017	2018	2017	2017
EBIT	18.6	26.1	34.6	57.1	151.5
Depreciation, amortisations and write downs	6.4	5.9	18.6	18.1	24.1
EBITDA	24.9	32.0	53.2	75.2	175.6
Other income and expenses	0.5	6.0	1.5	6.6	7.1
EBITDA adjusted	25.5	38.0	54.6	81.8	182.8

Wine

MNOK	Third quarter		Year to date		Full Year
EBITDA adjusted	2018	2017	2018	2017	2017
EBIT	46.1	60.1	109.5	126.7	184.7
Depreciation, amortisations and write downs	0.7	0.4	1.9	1.2	1.8
EBITDA	46.8	60.5	111.4	127.9	186.5
Other income and expenses	5.0	0.3	10.3	0.3	5.2
EBITDA adjusted	51.8	60.8	121.7	128.2	191.7

Distribution

MNOK	Third quarter		Year to date		Full Year
EBITDA adjusted	2018	2017	2018	2017	2017
EBIT	-0.4	0.2	-6.0	-7.2	0.7
Depreciation, amortisations and write downs	2.8	3.2	8.4	10.0	12.8
EBITDA	2.4	3.4	2.4	2.8	13.5
Other income and expenses	0.1	0.4	0.2	0.4	0.6
EBITDA adjusted	2.5	3.8	2.5	3.2	14.1

Parent Company

MNOK	Third quarter		Year to date		Full Year
EBITDA adjusted	2018	2017	2018	2017	2017
EBIT	-5.2	-5.3	-12.9	-30.2	-35.7
Depreciation, amortisations and write downs	1.6	1.9	4.7	5.9	7.7
EBITDA	-3.7	-3.4	-8.3	-24.3	-28.0
Other income and expenses	0.7	2.4	-10.1	5.1	0.2
EBITDA adjusted	-2.9	-1.1	-18.4	-19.2	-27.8

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		Full Year
Net interest bearing debt	2018	2017	2017
Non-current liabilities to financial institutions	685.5	728.1	742.8
Book value of Capitalized arrangement fees	5.0	6.9	6.5
Non-current finance lease liabilities	158.8	171.5	166.4
Bank Overdraft	87.6	37.8	72.7
Current finance lease liabilities	12.0	16.5	17.4
Cash and cash equivalents	-90.7	-144.1	-184.4
Net interest bearing debt	858.3	816.7	821.4

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	
Total revenues	2018	2017	2018	2017
Reported total operating revenues	644.9	603.1	1 875.1	1 743.9
Currency effects	0.0	-12.4	0.0	-9.3
Structural changes	-22.0	0.0	-50.0	0.0
Baseline organic growth	622.8	590.7	1 825.1	1 734.6

Spirits

MNOK	Third quarter		Year to date	
Total revenues	2018	2017	2018	2017
Reported total operating revenues	208.6	207.1	581.9	572.9
Currency effects	0.0	-0.6	0.0	3.0
Structural changes	-9.0	0.0	-23.0	0.0
Baseline organic growth	199.6	206.5	558.9	575.9

Wine

MNOK	Third quarter		Year to date	
Total revenues	2018	2017	2018	2017
Reported total operating revenues	393.9	377.0	1 174.0	1 100.0
Currency effects	0.0	-12.1	0.0	-12.6
Structural changes	0.7	0.0	2.7	0.0
Baseline organic growth	394.5	364.9	1 176.7	1 087.4

Distribution

MNOK	Third quarter		Year to date	
Total revenues	2018	2017	2018	2017
Reported total operating revenues	72.7	67.9	215.7	197.4
Currency effects	0.0	0.0	0.0	0.0
Structural changes	0.0	0.0	0.0	0.0
Baseline organic growth	72.7	67.9	215.7	197.4

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ANNUAL REPORT

[Annual report 2017](#)

LINKEDIN

Arcus ASA

FACEBOOK:

ArcusGruppen

THINK BEFORE
YOU DRINK. MAKE
GREAT MOMENTS
EVEN BETTER.

The Arcus logo features the word "Arcus" in a white, elegant serif font. A white, curved line arches over the letters, starting above the 'A' and ending above the 's', creating a distinctive graphic element.