



Quarterly Report

Q1 2019



Arcus' employees celebrate the return of the LINIE casks, after the four months sea-journey across the world, livestreamed at www.linie.com

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Message from the CEO

We are pleased to see positive organic growth of 0.4 percent in the quarter, the fifth consecutive quarter with organic growth, even though most of Easter sales came in April. For the four-month period January to April, organic growth was 7 percent compared to the same period last year.

IFRS 16 is implemented as of January 1 2019. The IFRS 16 is reflected on group level only, not on business-segments level. Please see Note 1, page 16, for comparable figures.

Wine

The positive sales trend continued during the quarter, despite late Easter, benefiting from stronger portfolios and tender wins. In Norway, Arcus again captured market share, while market share was flat in Sweden. EBITDA margin was slightly up, thanks to the higher sales and lower costs. Gross margins were slightly down due to the growth from new products with lower margins in the introduction phase, and still unfavourable exchange rates. The loss of wine producers in Sweden had a limited effect this quarter, but will be more visible going forward.

Spirits

Reported sales during first quarter were down, but adjusted for the late Easter, sales were at a high level, partly driven by the positive effects of the recently added Liviko and Proximo portfolios. A negative country and product mix reduced the gross margin: High value aquavit sales, especially in Denmark, came in April this year rather than March as last year.

Distribution

The revenue growth for Distribution continued in Q1, driven by increased distributed volume and higher income from storage and other services. More efficient operations and tighter cost control improved margins.



Kenneth Hamnes
Group CEO

Key figures Q1 2019

CONSOLIDATED GROUP FIGURES

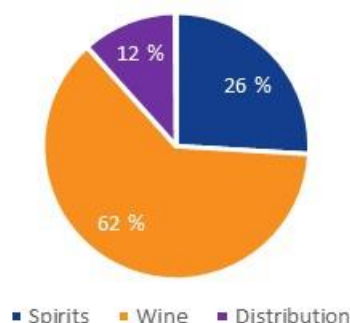
MNOK	First quarter		Full Year
	2019	2018	2018
Total operating revenue	552.1	556.9	2 723.2
Gross profit ¹⁾	237.6	241.2	1 145.9
EBITDA ^{1) 2)}	44.5	16.9	307.3
EBITDA adjusted ^{1) 2)}	46.1	22.1	312.6
Pre-tax profit ²⁾	-10.9	-5.8	221.2
Earnings per share, parentcompany shareholders (NOK)	-0.14	-0.11	2.33
Key figures			
Gross margin ¹⁾	43.0 %	43.3 %	42.1 %
EBITDA margin ¹⁾	8.1 %	3.0 %	11.3 %
EBITDA margin adjusted ¹⁾	8.3 %	4.0 %	11.5 %
Equity ratio ¹⁾	33.2 %	39.7 %	37.3 %
Financial position			
Total equity	1 617.5	1 642.5	1 654.0
Net interest bearing debt (cash) ¹⁾	1 694.7	849.3	615.1

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

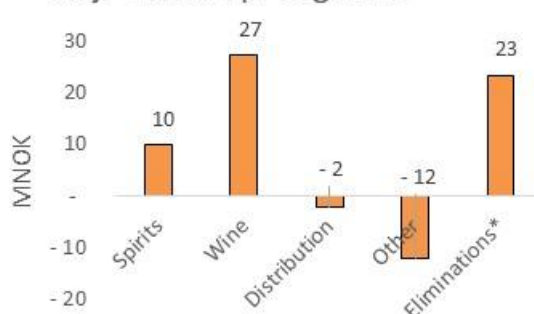
²⁾ EBITDA and EBITDA Adjusted include a positive IFRS 16 effect of 23.4 MNOK. Pre-tax profit include a negative IFRS 16 effect of -6.4 MNOK



Operating revenue per segment¹



Adj. EBITDA pr segment^{1,2}



¹ Figures for Q4 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;

*Segment elimination include a positive IFRS 16 adjustment of 23.4 MNOK

Highlights Q1 2019

OVERALL PERFORMANCE

- **Operating revenue** for Q1 2019 was 552.1 MNOK, compared to 556.9 MNOK in Q1 last year (-0.9 percent). Operating revenue increased for Distribution, but was slightly down for Wine and Spirits due to late Easter. Organic growth for Q1 was 0.4 percent (7 percent April YTD), with an estimated negative currency effect of ca 7 MNOK.
- **Adjusted EBITDA** for Q1 was 46.1 MNOK, but 22.7 MNOK when adjusted for positive effects from IFRS 16. This is a 2.7 percent growth compared to 22.1 MNOK Q1 last year (IFRS 16 is implemented on group level only, and the results for the segments are therefore comparable).

BUSINESS SEGMENTS

- **Wine** revenues amounted to 341.1 MNOK, compared to 343.9 MNOK in Q1 last year (-0.8 percent). Organic growth was 1.0 percent. Adjusted EBITDA margin was 8.0 percent for Q1 2019, compared to 7.5 percent in Q1 last year. New products and an improved portfolio towards growing categories increased sales.
- **Spirits** revenues amounted to 175.3 MNOK, compared to 178.7 MNOK in Q1 last year (-1.9 percent). Organic revenue was down 1.3 percent¹. Adjusted EBITDA margin was 5.7 percent for Q1, compared to 6.5 percent in Q1 last year, as unfavourable country and product mix reduced margins.
- **Distribution** revenues amounted to 68.5 MNOK compared to 65.5 MNOK in Q1 last year (+4.6 percent). Adjusted EBITDA for Q1 2019 was -2.3 MNOK, compared to -4.2 MNOK in Q1 2018. Increased volume, more efficient operations and lower costs improved margin.

¹Calculated on external spirits sales

Wine: Positive sales trend continues

MNOK	First quarter		Full Year
	2019	2018	2018
Total operating revenue	341.1	343.9	1 624.7
Gross profit ¹⁾	78.6	80.8	380.4
Gross margin ¹⁾	23.0 %	23.5 %	23.4 %
EBITDA ¹⁾	26.8	21.3	169.7
EBITDA adjusted ¹⁾	27.2	25.7	181.5
EBITDA margin ¹⁾	7.9 %	6.2 %	10.4 %
EBITDA margin adjusted ¹⁾	8.0 %	7.5 %	11.2 %

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

OPERATING REVENUE

Total operating revenue for Wine was 341.1 MNOK for the first quarter, compared to 343.9 MNOK in Q1 last year. Organic growth was 1.0 percent, while reported growth was -0.8 percent because of the negative effect from weaker SEK vs. NOK.

For the four-month period January to April this year, organic growth was 6 percent compared to the same period last year.

In Sweden, both Arcus' and overall sales at Systembolaget were nearly flat compared to last year, keeping Arcus' market shares largely unchanged. The well-positioned portfolio within the growing categories of white, sparkling and rosé wine was again important as red wine was the only segment that declined during the quarter.

After the Stock Exchange Notice 4 March, additional wine producers have selected other importers and one new has been won. The reduction in net sales, based on 2018 numbers, is ca 30 MSEK annually. However, a strengthened team is working hard to compensate the loss.

The late Easter effected sales at Vinmonopolet, which declined by 4.9 percent. Arcus' sales continued to grow leading to further market share gains in the period. The positive momentum from a strengthened portfolio in growing categories, and increased volume from a range of new products, continued.

In Finland, Alko experienced a 6.9 percent drop in sales. In addition to positive effect from Easter last year, the negative development at Alko continued after the increase in alcohol taxes and change in

alcohol legislation last year. Arcus' sales to Alko in the period decreased more than the decline in overall sales of wine at Alko. Arcus' drop in sales is mainly explained by loss of agencies late 2018 and that efforts to renew the portfolio not yet has fully compensated for the decline in more mature segments.

Revenues from the Duty Free Travel Retail-channel continued to increase, fuelled by increased distribution of Arcus' wine brands.

EBITDA

The adjusted EBITDA-margin for Wine was 8.0 percent in the first quarter compared to 7.5 percent in the same period last year.

Lower A&P spending this year (compared to above normal levels in Sweden last year) more than compensated for the effects from a slightly reduced gross margin in the period.

Strong EUR still put pressure on the gross margin, as did continued growth from new products with temporarily lower margins in the introduction phase. To compensate Arcus increased prices on January 1 in Norway and Finland, and March 1 in Sweden. The next opportunity to increase prices is May 1 in Norway and September 1 in Sweden.

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: Decent sales despite late Easter

MNOK	First quarter		Full Year
	2019	2018	2018
Sales	138.5	141.5	762.4
Other revenue	36.8	37.2	157.2
Total operating revenue	175.3	178.7	919.6
Gross profit ¹⁾	93.6	97.3	471.6
Gross margin ¹⁾	53.4 %	54.4 %	51.3 %
EBITDA ¹⁾	9.8	11.2	142.8
EBITDA adjusted ¹⁾	10.0	11.5	144.6
EBITDA margin ¹⁾	5.6 %	6.3 %	15.5 %
EBITDA margin adjusted ¹⁾	5.7 %	6.5 %	15.7 %

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

OPERATING REVENUE

Total operating revenue for Spirits first quarter 2019 was 175.3 MNOK, compared to 178.7 MNOK for the same period last year, a decrease of 1.9 percent. Organic growth was negative 1.3 percent¹⁾, with a negative currency effect of 0.5 MNOK.

For the four-month period January to April, organic growth was 8 percent compared to the same period last year.

Sales in Norway, Sweden and Denmark were down in the quarter compared to Q1 last year, as much of the Easter sales in these markets occurred in April this year, compared to March last year.

Overall Spirits sales at Vinmonopolet declined by 6.9 percent in the quarter, leaving Arcus' market shares unchanged. Arcus' sales to Vinmonopolet were strong in January, due to weak shipments at the end of 2018. In Sweden, Arcus' sales declined slightly more than the market.

In Denmark, sales were down due to late Easter. Arcus' shares were somewhat down due to heavy campaign activity from competition in March.

Sales in Finland increased, driven by the new portfolio of Liviko products, effective October 2018.

Shipments to Germany and in Duty Free Travel Retail increased in the quarter, while shipments to the US and other international markets decreased.

EBITDA

The adjusted EBITDA margin for Spirits was 5.7 percent for Q1 2019, compared to 6.5 percent Q1 2018.

Country and product mix contributed negatively to the margin with higher-margin aquavit sales shifting to April.

A&P expenditure was lower than Q1 last year, while maintenance costs were higher due to phasing of maintenance activities. Annual inventory revaluation contributed positively.

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 revenues and efficiency

MNOK	First quarter		Full Year
	2019	2018	2018
Total operating revenue	68.5	65.5	307.7
Gross profit ¹⁾	68.5	65.5	307.7
Gross margin ¹⁾	100.0 %	100.0 %	100.0 %
EBITDA ¹⁾	-2.2	-4.3	12.4
EBITDA adjusted ¹⁾	-2.3	-4.2	12.7
EBITDA margin ¹⁾	-3.2 %	-6.5 %	4.0 %
EBITDA margin adjusted ¹⁾	-3.3 %	-6.4 %	4.1 %

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

VOLUME

Distributed volume in the first quarter was 10.7 million liters, an increase of 0.3 million liters from the same quarter last year. This equals an increase of 2.9 percent, while Vinmonopolet's total volume in the first quarter was down 7.6 percent compared to last year. The volume growth was driven by increased activity for existing customers and increased sales to hotels and restaurants (horeca).

By the end of the first quarter, Distribution had a 50.1 percent share of volume delivered to Vinmonopolet, compared to 48.5 percent last year. Distributed volume in the horeca-channel had a growth of 9.6 percent compared to last year.

OPERATING REVENUE

Operating revenue increased by 4.6 percent to 68.5 MNOK in the quarter, compared to 65.5 MNOK in the same period last year. Approximately two thirds of the increase is due to higher distributed volume. The remaining part is related to higher income from storage, sales of other services and subletting of office space.

For the four-month period January to April, organic growth was 9 percent compared to the same period last year.

EBITDA

Adjusted EBITDA in the fourth quarter was -2.3 MNOK, an improvement of 1.9 MNOK compared to the same quarter last year.

Margins improved, mainly due to increased volume, more efficient handling in the warehouse, reduced need for nightshifts and overtime as well as tighter cost control.

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 Q1 2019 was -125.1 MNOK, compared to -18.3 MNOK in Q1 2018 (change of -106.7 MNOK).

Cash flows from operations are usually negative in Q1 due to a seasonal effect for the quarter with settlement of alcohol tax and VAT payables related to high Christmas sales.

The lower cash flow this year was driven by the absence of an overdue payment received from Vinmonopolet last year on the first banking day of 2018.

(Of note, the total cashflow has not been effected by the implementation of IFRS 16, but has boosted cash flow from operations, with a corresponding decrease in the cash flow from financing activities.)

Net interest bearing debt was 1,694.7 MNOK, but 782.3 MNOK if adjusted for IFRS 16 effects, compared to 849.3 MNOK as at the end of Q1 2018. A higher opening cash position more than compensated the lower cash flow during the

quarter, which reduced net debt compared to last year.

OTHER INFORMATION

DIVIDEND

The General Meeting 11 April 2019 approved a dividend for 2018 of 113 MNOK, equal to 1.66 NOK per share. This corresponds to 69 percent of the profit for the year 2018, and is at the upper end of the 50-70 percent dividend target. For 2017, the dividend per share was also 1.66 NOK per share.

SHARE PURCHASE PROGRAM

In connection with Arcus' share purchase program for employees, the company distributed 196,968 shares to employees in February, including 80,441 shares to Senior Executives. The matching share program initiated at the IPO is now ended. As pr end of the first quarter, the company holds 28,416 shares.

Group consolidated accounts

The interim financial statement has not been audited.

CONDENSED STATEMENT OF INCOME

MNOK		First quarter		Full Year
	Note	2019	2018	2018
Sales	2,9	541.9	545.8	2 672.6
Other revenue	2	10.2	11.1	50.6
Total operating revenue	2,9	552.1	556.9	2 723.2
Cost of goods		-314.6	-315.7	-1 577.3
Gross Profit		237.6	241.2	1 145.9
Gain on sale of fixed assets		0.0	0.0	0.4
Salaries and personnel cost		-108.7	-110.1	-426.6
Advertising & Promotion expenses (A&P)		-24.0	-31.1	-122.5
Other operating expenses		-57.0	-76.0	-286.8
Share of profit from AC ¹⁾ and JCE ²⁾		-1.9	-1.9	2.3
Other income and expenses	3	-1.5	-5.2	-5.3
EBITDA		44.5	16.9	307.3
Depreciation	5,6	-24.8	-10.4	-42.3
Amortisations	5,6	-1.9	-1.9	-7.7
Operating profit (EBIT)		17.8	4.5	257.3
Financial income	12	5.9	2.1	14.5
Financial expenses	7,10,12	-34.6	-12.5	-50.6
Pre-tax profit		-10.9	-5.8	221.2
Tax		2.0	-0.5	-56.8
Profit/loss for the year		-9.0	-6.2	164.4
Profit/loss for the year attributable to parent company shareholders		-9.7	-7.1	158.5
Profit/loss for the year attributable to non-controlling interests		0.7	0.9	6.0
Earnings per share, continued operations		-0.14	-0.11	2.33
Diluted earnings per share, continued operations		-0.14	-0.10	2.25

¹⁾Associated Companies, ²⁾Jointly Controlled Entities

CONDENSED STATEMENT OF OTHER COMPREHENSIVE INCOME

MNOK		First quarter		Full Year
	Note	2019	2018	2018
Profit/loss for the year		-9,0	-6,2	164,4
Items that will not be reclassified against the statement of income				
Change in actuarial gains and losses pensions		0,0	0,0	9,9
Tax on change in actuarial gains and losses pensions		0,0	0,0	-2,3
Total items that will not be reclassified against the statement of income		0,0	0,0	7,6
Items that may be reclassified against the statement of income				
Translating differences in translation of foreign subsidiaries		-23,5	-22,0	7,0
Tax on translating differences in translation of foreign subsidiaries		0,0	0,0	0,0
Total items that may be reclassified against the statement of income		-23,5	-22,0	7,0
Total other comprehensive income		-23,5	-22,0	14,6
Total comprehensive income for the year		-32,5	-28,2	179,0
Total comprehensive income for the year attributable to parent company shareholders		-32,2	-28,1	173,8
Total comprehensive income for the year attributable to non-controlling interests		-0,3	-0,1	5,2

CONDENSED STATEMENT OF FINANCIAL POSITION

MNOK		First quarter		Full Year
	Note	31.03.2019	31.03.2018	31.12.2018
Intangible assets	6	1 852.8	1 858.2	1 883.9
Tangible assets	5	1 214.9	327.0	315.8
Deferred tax asset		116.2	140.9	110.4
Financial assets		58.6	56.9	63.1
Total fixed assets		3 242.4	2 383.0	2 373.2
Inventories		488.6	447.9	441.1
Accounts receivables and other receivables		1 017.7	1 130.3	1 340.7
Cash and cash equivalents		124.4	175.6	282.6
Total current assets		1 630.8	1 753.7	2 064.4
Total assets		4 873.1	4 136.7	4 437.6
Paid-in equity		772.1	772.1	772.1
Retained earnings		842.5	852.6	879.0
Non-controlling interests		2.9	17.8	3.0
Total equity		1 617.5	1 642.5	1 654.0
Non-current liabilities to financial institutions	8	693.0	697.8	723.5
Non-current liabilities at fair value through profit or loss	7,10	69.8	0.0	74.2
Non-current finance lease liabilities	8	1 028.9	167.4	151.4
Pension obligations		21.1	30.4	21.1
Deferred tax liability		99.7	98.7	102.0
Other non-current liabilities		0.5	0.3	0.7
Total non-current liabilities		1 913.0	994.7	1 073.0
Bank Overdraft	8	44.5	141.6	0.0
Current finance lease liabilities	8	48.4	12.0	18.1
Accounts payable and other payables		1 249.7	1 345.9	1 692.5
Total current liabilities		1 342.6	1 499.5	1 710.6
Total equity and liabilities		4 873.1	4 136.7	4 437.6

CONDENSED STATEMENT OF CHANGES IN EQUITY

MNOK		31.03.2019			31.03.2018			
		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			1 651.0	3.0	1 654.0	1 650.6	18.8	1 669.4
Total comprehensive income for the period			-32.2	-0.3	-32.5	-28.1	-0.1	-28.2
Dividends			0.0	-1.2	-1.2	0.0	-0.9	-0.9
Re-purchase of own shares			-1.3	0.0	-1.3	0.0	0.0	0.0
Sharebased payments		10,11	-1.5	0.0	-1.5	2.2	0.0	2.2
Transfer from minority to majority at end of period			-1.4	1.4	0.0	0.0	0.0	0.0
Equity at the end of period			1 614.6	2.9	1 617.5	1 624.7	17.8	1 642.5

In several of the Group's wine companies, there are managing directors with non-controlling interests. Most of these managing directors have put options associated with their ownership, which they 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, but are not 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		First quarter		Full Year
	Note	2019	2018	2018
Pre-tax profit		-10.9	-5.8	221.2
Depreciation and amortisations	5,6	26.8	12.3	50.0
Received dividend from associated companies		0.0	0.0	0.4
Net interest in period		25.8	7.6	37.4
Other items without cash effect		-6.1	-2.8	10.9
Change in inventories		-47.5	-37.1	-30.4
Change in receivables		328.2	391.7	182.4
Change in payables		-441.3	-384.2	-37.4
Cash flow from operating activities before tax		-125.1	-18.3	434.5
Tax paid		-9.6	-10.5	-40.0
Cash flow from operating activities		-134.6	-28.9	394.5
Proceeds from sale of tangible & intangible fixed assets		0.0	0.0	0.4
Payments on acquisition of tangible & intangible fixed assets	5,6	-2.4	-6.5	-23.0
Other investments		0.0	0.0	-0.1
Cash flows from investment activities		-2.4	-6.6	-22.8
Payments - co-investment program	7.12	-2.1	0.0	0.0
Repayment debt to financial institutions	8	-12.1	-4.3	-17.4
Change other long term loans		1.0	0.0	-0.4
Interest paid in period		-25.7	-7.6	-37.3
Paid dividend and Group contributions		-1.2	-0.9	-118.7
Other financing payments		-3.7	-0.2	-14.5
Cash flow from financing activities		-43.8	-13.0	-188.2
Total cash flow		-180.8	-48.4	183.5
Holdings of cash and cash equivalents at the beginning of period		282.6	111.7	111.7
Effect of exchange rate changes on cash and cash equivalents		-21.9	-29.3	-12.6
Holdings of cash and cash equivalents at the end of period		79.9	34.0	282.6

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 31.12.2018.

The Board approved the consolidated financial statement for the year 2018 on March 20th 2019.

The accounting principles used in the Group's interim reporting are consistent with the principles presented in the approved financial statement for 2018, except for the adoption of new standards effective as of 1 January 2019. The Group has not early adopted any other standard that has been issued but is not yet effective.

New accounting standards

IFRS 16 Leases

IFRS 16 Leases replaced the existing IFRS standards for leases from 1.1.2019. The new standard concerning leases has entailed a significant change in the accounting policy, as all significant leasing agreements now are capitalised. This has given an right-of-use asset on the asset side of the balance sheet, and an equivalent lease liability on the liability side.

Right-of-use asset

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease commitments. The cost of right-of-use assets includes the amount of lease liabilities recognized, and initial direct costs incurred. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate that is known and measurable, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs. Lease Liabilities falling due within 12 months are classified as current liabilities and remaining liabilities are classified as non-current.

On the implementation of IFRS 16, the Group had two implementation options: the full retrospective method or the modified retrospective method. The Group has chosen to implement IFRS 16 using the modified retrospective method, which means that the effects calculated on the implementation date were based on the remaining period of the lease as from 1.1.2019, and there was no adjustment to equity at the date of implementation.

The Group, as lessee, had a number of options concerning the use of simplifications. The Group has chosen to use these simplification options, so that:

- Software licences has not been included in the calculation basis.
- Short-term lease agreements expected to be for shorter terms than 12 months has not been included in the calculation basis.
- Insignificant lease agreements (annual charge under TEUR 5) has not been included in the calculation basis.
- Any service elements in the lease charge has not been separated from the annual lease charge in the calculation basis.

For further information about leasing agreements, please see the annual statement of 2018 note 16.

The accounting effects for the Group is significant, and has effected in an increase of fixed assets of 921 MNOK in January, and reduced by depreciations during Q1, the fixed asset balance is 907 MNOK higher at the of end Q1 2019 compared to end of Q1 2018. Correspondingly, the leasing liability increased by 921 MNOK in January, and reduced by leasing payments of 8 MNOK during Q1, the leasing debt is 913 MNOK higher at end of Q1 2019 compared to end of Q1 2018.

The effect on income statement has also been significant, and EBITDA has increased by 23.4 MNOK in Q1 2019, due to restate of leasing cost.

The Group adopted IFRS 16 using the modified retrospective method of adoption. Below is a reconciliation which show the changes in Q1 and year to date 2019;

MNOK		First quarter			
		2019 as reported, new IFRS 16 standard	2019 IFRS 16 restatement	2019 restated, using old IAS 17 standard	2018
	Note				
Sales	2,9	541.9	0.0	541.9	545.8
Other revenue	2	10.2	0.0	10.2	11.1
Total operating revenue	2,9	552.1	0.0	552.1	556.9
Cost of goods		-314.6	0.0	-314.6	-315.7
Gross Profit		237.6	0.0	237.6	241.2
Gain on sale of fixed assets		0.0	0.0	0.0	0.0
Salaries and personnel cost		-108.7	0.0	-108.7	-110.1
Advertising & Promotion expenses (A&P)		-24.0	0.0	-24.0	-31.1
Other operating expenses		-57.0	23.4	-80.4	-76.0
Share of profit from AC ¹⁾ and JCE ²⁾		-1.9	0.0	-1.9	-1.9
Other income and expenses	3	-1.5	0.0	-1.5	-5.2
EBITDA		44.5	23.4	21.1	16.9
Depreciation	5,6	-24.8	-14.1	-10.7	-10.4
Amortisations	5,6	-1.9	0.0	-1.9	-1.9
Operating profit (EBIT)		17.8	9.3	8.5	4.5
Financial income	12	5.9	0.0	5.9	2.1
Financial expenses	7,10,12	-34.6	-15.8	-18.8	-12.5
Pre-tax profit		-10.9	-6.5	-4.4	-5.8
Tax		2.0	1.4	0.5	-0.5
Profit/loss for the year		-9.0	-5.1	-3.9	-6.2

The Group's ability to fulfil the loan terms is not affected by the introduction of IFRS 16, as the loan agreement with SEB specifies that the loan terms must be calculated according to GAAP measures as of before introduction of IFRS 16. Further information on how the new standard will affect the Group is presented in note 15 in the Group's annual statement for 2018.

There are no other material changes with significant accounting effects since the annual statement of 2018.

As of 31.03.2019, 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
		2019	2018	2018
EUR average rate	Income statement items	9.7464	9.6357	9.6033
EUR closing rate	Balance sheet items	9.6862	9.6049	9.9448
SEK average rate	Income statement items	0.9354	0.9672	0.9365
SEK closing rate	Balance sheet items	0.9297	0.9384	0.9711
DKK average rate	Income statement items	1.3058	1.2940	1.2885
DKK closing rate	Balance sheet items	1.2976	1.2892	1.3319

NOTE 2 REVENUES

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

Group

MNOK	First quarter		Full Year
Total operating revenues	2019	2018	2018
Norway	220.2	219.5	1 076.4
Sweden	236.8	236.1	1 105.4
Denmark	28.1	31.4	145.0
Finland	40.8	44.5	225.5
Germany	4.3	3.2	55.7
USA	1.1	2.7	6.8
DFTR	20.4	18.7	104.3
Other	0.5	0.8	4.2
Total operating revenues	552.1	556.9	2 723.2

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

Spirits

MNOK	First quarter		Full Year
Total operating revenues	2019	2018	2018
Norway	85.4	89.2	451.3
Sweden	28.9	28.5	129.7
Denmark	27.7	30.9	143.1
Finland	8.7	6.3	34.3
Germany	4.3	3.2	55.7
USA	1.1	2.7	6.8
DFTR	18.7	17.2	94.6
Other	0.5	0.8	4.2
Total operating revenues	175.3	178.7	919.6

Wine

MNOK	First quarter		Full Year
Total operating revenues	2019	2018	2018
Norway	105.4	104.1	479.9
Sweden	201.8	200.9	948.2
Finland	32.1	37.3	186.9
DFTR	1.8	1.5	9.7
Total operating revenues	341.1	343.9	1 624.7

Distribution

MNOK	First quarter		Full Year
Total operating revenues	2019	2018	2018
Norway	68.5	65.5	307.7
Total operating revenues	68.5	65.5	307.7

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 Q1 are related to termination payment agreements, and the share matching incentive program described in more detail in the IPO prospectus.

Group

MNOK	First quarter		Full Year
	2019	2018	2018
Other income and expenses			
Salary & personnel cost	-1.5	-5.2	-14.5
Other operating expenses	0.0	0.0	9.2
Other income and expenses	-1.5	-5.2	-5.3

Spirits

MNOK	First quarter		Full Year
	2019	2018	2018
Other income and expenses			
Salary & personnel cost	-0.1	-0.3	-1.7
Other operating expenses	0.0	0.0	-0.1
Other income and expenses	-0.1	-0.3	-1.8

Wine

MNOK	First quarter		Full Year
	2019	2018	2018
Other income and expenses			
Salary & personnel cost	-0.4	-4.4	-10.6
Other operating expenses	0.0	0.0	-1.2
Other income and expenses	-0.4	-4.4	-11.8

Distribution

MNOK	First quarter		Full Year
	2019	2018	2018
Other income and expenses			
Salary & personnel cost	0.1	-0.1	-0.4
Other operating expenses	0.0	0.0	0.0
Other income and expenses	0.1	-0.1	-0.4

Other

MNOK	First quarter		Full Year
	2019	2018	2018
Other income and expenses			
Salary & personnel cost	-1.1	-0.5	-1.9
Other operating expenses	0.0	0.0	10.6
Other income and expenses	-1.1	-0.5	8.7

NOTE 4 SEGMENT INFORMATION

MNOK	First quarter		Full Year
External sales	2019	2018	2018
Spirits	139.3	142.5	766.8
Wine	336.4	339.2	1 603.3
Distribution	57.8	55.3	261.1
Other	8.5	8.8	41.5
Total external sales	541.9	545.8	2 672.6

MNOK	First quarter		Full Year
Sales between segments	2019	2018	2018
Spirits	-0.8	-1.0	-4.3
Wine	0.3	0.6	1.5
Distribution	2.6	2.6	11.3
Eliminations	-2.1	-2.2	-8.4
Total sales revenue between segments	0.0	0.0	0.0

MNOK	First quarter		Full Year
External other revenue	2019	2018	2018
Spirits	1.7	1.6	8.3
Wine	2.8	4.1	17.2
Distribution	5.1	5.3	23.6
Other	0.5	0.1	1.5
Total external other revenue	10.2	11.1	50.6

MNOK	First quarter		Full Year
Other revenue between segments	2019	2018	2018
Spirits	35.1	35.7	148.9
Wine	1.6	0.0	2.8
Distribution	3.0	2.3	11.8
Other	44.3	43.8	175.1
Eliminations	-83.9	-81.7	-338.6
Total other revenue between segments	0.0	0.0	0.0

MNOK	First quarter		Full Year
EBITDA	2019	2018	2018
Spirits	9.8	11.2	142.8
Wine	26.8	21.3	169.7
Distribution	-2.2	-4.3	12.4
Other	-13.3	-11.4	-17.5
Eliminations	23.4	0.0	0.0
Total EBITDA	44.5	16.9	307.3

MNOK	First quarter		Full Year
EBIT	2019	2018	2018
Spirits	3.6	5.1	118.1
Wine	26.1	20.7	167.1
Distribution	-5.0	-7.1	1.1
Other	-14.9	-12.9	-23.8
Eliminations	8.0	-1.3	-5.2
Total EBIT	17.8	4.5	257.3

MNOK	First quarter		Full Year
	2019	2018	2018
Total profit for the year			
Spirits	-31.4	-27.1	89.0
Wine	18.7	15.8	116.3
Distribution	-3.6	-5.5	-3.1
Other	-12.0	-9.6	-30.7
Eliminations	-4.1	-1.9	7.5
Total profit for the year	-32.5	-28.2	179.0

NOTE 5 FIXED ASSETS

MNOK	First quarter		Full Year
	2019	2018	2018
Fixed Assets			
Purchase cost at beginning of period	658.0	643.7	643.7
Additions tangible fixed assets	2.1	5.9	19.8
Additions tangible fixed assets via financial lease	920.6	0.0	3.1
Transferred from assets under construction	0.0	-0.1	-2.0
Reclassifications	-0.4	0.0	0.0
Purchase price, disposed assets	0.0	-0.7	-6.1
Purchase price, disposed business	-1.2	0.0	0.0
Translation differences	-0.9	-0.8	-0.4
Purchase cost at end of period	1 578.1	648.1	658.0
Accumulated depreciation at beginning of period	-342.2	-313.8	-313.8
Accumulated depreciation, disposed assets	1.2	0.7	6.1
Accumulated depreciation, disposed business	0.0	0.0	0.0
Ordinary depreciation in period	-23.1	-8.6	-34.8
Reclassifications	0.4	0.0	0.0
Translation differences	0.5	0.7	0.4
Accumulated depreciation at end of period	-363.2	-321.0	-342.2
Book Value at end of period	1 214.9	327.0	315.8

Specification of fixed assets

MNOK	First quarter		Full Year
	2019	2018	2018
Fixed Assets			
Land, buildings and other real estate	898.9	0.0	0.0
Machinery and equipment	291.1	297.3	293.3
Fixtures and fittings, tools, office equipment etc.	18.6	19.1	17.7
Assets under construction	6.3	10.7	4.9
Book Value at end of period	1 214.9	327.0	315.8

Fixed assets are significantly influenced by the new IFRS 16 standard. The addition of tangible assets via financial lease, is all due calculated leasing rights, based on the new accounting principles from the new standard.

The most significant lease agreement is the leasing of property at Gjelleråsen, which is depreciated over 19 years (until end of 2037). The other right-of-use assets are depreciated over 1-33 years.

NOTE 6 INTANGIBLE ASSETS

MNOK	First quarter		Full Year
Intangible assets	2019	2018	2018
Purchase cost at beginning of period	2 074.1	2 066.4	2 066.4
Addition of intangible assets	0.3	0.7	3.2
Transferred from assets under construction	0.0	0.1	2.0
Translation differences	-27.6	-30.3	2.4
Purchase cost at end of period	2 046.7	2 036.8	2 074.1
Acc. depreciation and amortizations at beginning of period	-190.2	-175.0	-175.0
Depreciation in period	-1.9	-1.8	-7.5
Amortisations in period	-1.9	-1.9	-7.7
Translation differences	0.1	0.1	0.0
Acc. depreciation and amortizations at end of period	-193.9	-178.6	-190.2
Book Value at end of period	1 852.8	1 858.2	1 883.9

Specification of intangible assets

MNOK	First quarter		Full Year
Intangible assets	2019	2018	2018
Goodwill	1 026.9	1 024.6	1 042.1
Brands	801.0	805.8	815.0
Software	24.9	27.8	26.8
Book Value at end of period	1 852.8	1 858.2	1 883.9

NOTE 7 LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS

MNOK	First quarter		Full Year
Liabilities at fair value through profit and loss	2019	2018	2018
Book value at beginning of period	74.2	0.0	0.0
Additions in period	0.0	0.0	67.9
Changes in value during period	-2.0	0.0	2.6
Interest during period	0.1	0.0	0.1
Translation differences	-2.4	0.0	3.7
Book value at end of period	69.8	0.0	74.2
<i>From this;</i>			
Current liability	0.0	0.0	0.0
Non-current liability	69.8	0.0	74.2
Total liabilities through profit and loss	69.8	0.0	74.2

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	First quarter		Full Year
Debt to financial institutions	2019	2018	2018
Debt at beginning of period	897.8	933.2	933.2
New debt in period	920.3	0.0	3.1
Repayments in period	-12.1	-4.3	-17.4
Translation differences	-31.4	-45.6	-21.1
Debt to financial institutions at end of period	1 774.7	883.3	897.8
Capitalized borrowing costs at beginning of period	-4.8	-6.5	-6.5
Amortized borrowing costs during period	0.4	0.4	1.6
Translation differences	0.1	0.2	0.1
Capitalized borrowing costs at end of period	-4.3	-5.9	-4.8
Book value debt to financial institutions at end of period	1 770.3	877.3	893.0

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

MNOK	First quarter		Full Year
Liabilities to financial institutions	2019	2018	2018
Current portion of non-current loans	0.0	0.0	0.0
Current portion of non-current financial leasing	48.4	12.0	18.1
Bank overdraft	44.5	141.6	0.0
Current liabilities to financial institutions at end of period	92.9	153.6	18.1

New debt in the period is all due to calculated leasing liabilities, based on the new accounting principles from the new IFRS 16 standard.

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	First quarter		Full Year
Purchase of goods and services	2019	2018	2018
Tiffon SA	17.7	9.9	45.5
Hoff SA	5.8	6.2	21.2
Destilleriveien 11 AS	0.0	20.0	27.6
Total purchase transactions	23.5	36.1	94.2

MNOK	First quarter		Full Year
Sale of goods and services	2019	2018	2018
Tiffon SA	0.0	0.4	5.9
Total sale transactions	0.0	0.4	5.9

Receivables and debt at end of period

MNOK	31.03.2019	31.03.2018	31.12.2018
Short term receivables from related parties			
Tiffon SA	0.4	0.4	2.0
Total short term receivables from related parties	0.4	0.4	2.0

MNOK	31.03.2019	31.03.2018	31.12.2018
Short term debt to related parties			
Tiffon SA	3.6	6.1	7.1
Hoff SA	1.4	2.2	0.5
Total short term debt to related parties	5.0	8.3	7.6

NOTE 10 FINANCIAL INSTRUMENTS

Categorisations of financial assets and liabilities

	Financial instruments at fair value through profit and loss	Financial instruments at amortized cost	Financial instruments at fair value through OCI	Total book value at end of period
MNOK				
Assets				
Other investments in shares	0.0	0.2	0.0	0.2
Other long term receivables	0.0	0.5	0.0	0.5
Accounts receivables	0.0	926.8	0.0	926.8
Other receivables ¹⁾	0.0	68.4	0.0	68.4
Cash and cash equivalents	0.0	124.4	0.0	124.4
Total financial assets as of First quarter 2019	0.0	1 120.3	0.0	1 120.3
Total financial assets as of First quarter 2018	1.0	1 292.2	0.0	1 293.2
Liabilities				
Liabilities to financial institutions	0.0	858.0	0.0	858.0
Liabilities at fair value through profit and loss	69.8	0.0	0.0	69.8
Accounts payable	0.0	436.4	0.0	436.4
Other current debt ²⁾	0.4	14.8	0.0	15.2
Total financial liabilities as of First quarter 2019	70.2	1 309.1	0.0	1 379.3
Total financial liabilities as of First quarter 2018	0.2	1 357.3	0.0	1 357.5

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	69.8	69.8
Currency derivatives	0.4	0.4	0.0	0.9
Total financial liabilities	0.4	0.4	69.8	70.7

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

Changes financial liabilities, level 3

MNOK	First quarter		Full Year
	2019	2018	2018
Financial liabilities, level 3, at beginning of period	74.2	0.0	0.0
Fair value at the first time of recognition	0.0	0.0	67.9
Paid during the period	0.0	0.0	0.0
Changes in value during the period	-2.0	0.0	2.6
Interest during period	0.1	0.0	0.1
Translation differences	-2.4	0.0	3.7
Financial liabilities, level 3 at end of period	69.8	0.0	74.2

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. During Q1 2019, a total of 366.840 shares has been cancelled.

As of end of Q1 2019, the Group Executive Management holds 2.000.265 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	First quarter		Full Year
	2019	2018	2018
Change in number of options:			
Outstanding options beginning of period	2 417 500	1 229 304	1 229 304
Issued during period	0	0	1 484 923
Forfeited during the period	-366 840	0	-296 727
Outstanding options end of period	2 050 660	1 229 304	2 417 500

Option calculation assumptions:	Options #2017		Options #2018	
Grant date	May 4th 2017		April 11th 2018	
Total outstanding options at end of period:	871 710		1 178 950	
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	40.05	NOK	43.70
Share price on the balance sheet date	NOK	41.00	NOK	40.05
Redemption price - minimum	NOK	51.53	NOK	45.22
Redemption price - maximum	NOK	143.70	NOK	131.10
Risk-free interest rate	%	1.3 %	%	1.3 %
Volatility	%	22.0 %	%	22.0 %
Expected dividend	%	3.4 %	%	3.4 %

NOTE 12 FINANCIAL INCOME AND EXPENSES

MNOK	First quarter		Full Year
	2019	2018	2018
Interest income	3.8	2.1	12.9
Other financial income	2.0	0.0	1.6
Total financial income	5.9	2.1	14.5
Interest cost	-25.8	-7.6	-37.4
Other financial expenses	-8.8	-4.9	-13.2
Total financial expenses	-34.6	-12.5	-50.6
Net financial profit/loss	-28.7	-10.3	-36.1

The significant increase of interest costs during Q1 2019 is due to calculated interest cost from capitalized leasing rights according to the new leasing standard (IFRS 16).

Other financial expenses during Q1 is mainly consisting of amortized borrowing costs and agio effects.

NOTE 13 OTHER EVENTS

Events after the close of Q1 2019

No significant other events have occurred between the close of Q1 and the date on which Arcus's interim financial statements for Q1 2019 were approved. This applies to events that would have provided knowledge of factors present at the close of Q1 2019, or events concerning matters that have arisen since the close of Q1 2019.

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	First quarter		Full Year
	2019	2018	2018
Total operating revenues	552.1	556.9	2 723.2
Cost of goods	-314.6	-315.7	-1 577.3
Gross Profit	237.6	241.2	1 145.9

Spirits

MNOK	First quarter		Full Year
	2019	2018	2018
Total operating revenues	175.3	178.7	919.6
Cost of goods	-81.8	-81.5	-448.0
Gross Profit	93.6	97.3	471.6

Wine

MNOK	First quarter		Full Year
	2019	2018	2018
Total operating revenues	341.1	343.9	1 624.7
Cost of goods	-262.5	-263.1	-1 244.3
Gross Profit	78.6	80.8	380.4

Distribution

MNOK	First quarter		Full Year
	2019	2018	2018
Total operating revenues	68.5	65.5	307.7
Cost of goods	0.0	0.0	0.0
Gross Profit	68.5	65.5	307.7

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.

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

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

Below is a reconciliation from EBIT to EBITDA adjusted:

Group

MNOK	First quarter		Full Year
EBITDA adjusted	2019	2018	2018
EBIT	17.8	4.5	257.3
Depreciation, amortisations and write downs	26.8	12.3	50.0
EBITDA	44.5	16.9	307.3
Other income and expenses	1.5	5.2	5.3
EBITDA adjusted	46.1	22.1	312.6

Spirits

MNOK	First quarter		Full Year
EBITDA adjusted	2019	2018	2018
EBIT	3.6	5.1	118.1
Depreciation, amortisations and write downs	6.2	6.1	24.7
EBITDA	9.8	11.2	142.8
Other income and expenses	0.1	0.3	1.8
EBITDA adjusted	10.0	11.5	144.6

Wine

MNOK	First quarter		Full Year
EBITDA adjusted	2019	2018	2018
EBIT	26.1	20.7	167.1
Depreciation, amortisations and write downs	0.7	0.6	2.6
EBITDA	26.8	21.3	169.7
Other income and expenses	0.4	4.4	11.8
EBITDA adjusted	27.2	25.7	181.5

Distribution

MNOK	First quarter		Full Year
EBITDA adjusted	2019	2018	2018
EBIT	-5.0	-7.1	1.1
Depreciation, amortisations and write downs	2.8	2.8	11.3
EBITDA	-2.2	-4.3	12.4
Other income and expenses	-0.1	0.1	0.4
EBITDA adjusted	-2.3	-4.2	12.7

Parent Company

MNOK	First quarter		Full Year
EBITDA adjusted	2019	2018	2018
EBIT	-14.9	-12.9	-23.8
Depreciation, amortisations and write downs	1.5	1.5	6.2
EBITDA	-13.3	-11.4	-17.5
Other income and expenses	1.1	0.5	-8.7
EBITDA adjusted	-12.2	-10.9	-26.2

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	First quarter		Full Year
Net interest bearing debt	31.03.2019	31.03.2018	31.12.2018
Non-current liabilities to financial institutions	693.0	697.8	723.5
Book value of Capitalized arrangement fees	4.3	5.9	4.8
Non-current finance lease liabilities	1 028.9	167.4	151.4
Bank Overdraft	44.5	141.6	0.0
Current finance lease liabilities	48.4	12.0	18.1
Cash and cash equivalents	-124.4	-175.6	-282.6
Net interest bearing debt	1 694.7	849.3	615.1

The increase of Net Interest Bearing Debt is due to calculated leasing liabilities according to the new leasing standard, IFRS 16.

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	First quarter	
Total revenues	2019	2018
Reported total operating revenues	552.1	556.9
Currency effects	0.0	-6.8
Structural changes	0.0	0.0
Baseline organic growth	552.1	550.1

Spirits

MNOK	First quarter	
Total revenues	2019	2018
Reported total operating revenues	175.3	178.7
Currency effects	0.0	-0.5
Structural changes	0.0	0.0
Baseline organic growth	175.3	178.2

Wine

MNOK	First quarter	
Total revenues	2019	2018
Reported total operating revenues	341.1	343.9
Currency effects	0.0	-6.2
Structural changes	0.0	0.0
Baseline organic growth	341.1	337.7

Distribution

MNOK	First quarter	
Total revenues	2019	2018
Reported total operating revenues	68.5	65.5
Currency effects	0.0	0.0
Structural changes	0.0	0.0
Baseline organic growth	68.5	65.5

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