

Second quarter results 2020

Kenneth Hamnes, Group CEO
Sigmund Toth, CFO

18 August 2020



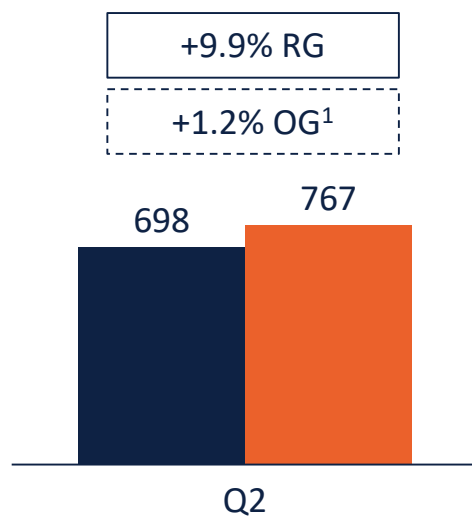
Q2: Best second quarter in Arcus' history



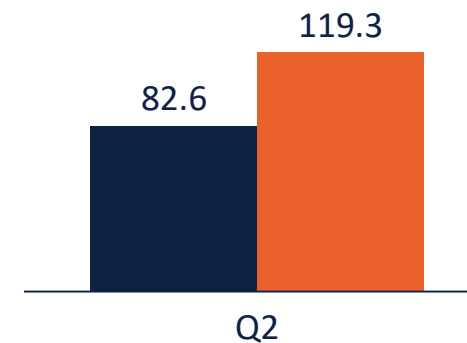
Amounts in NOK million

2019 2020

Operating Revenues



EBITDA (adj.)



- **Wine:** Strong growth, especially in Norway
- **Spirits:** Growth in all monopoly markets
- **Logistics:** Increased revenues, driven by higher sales to Vinmonopolet

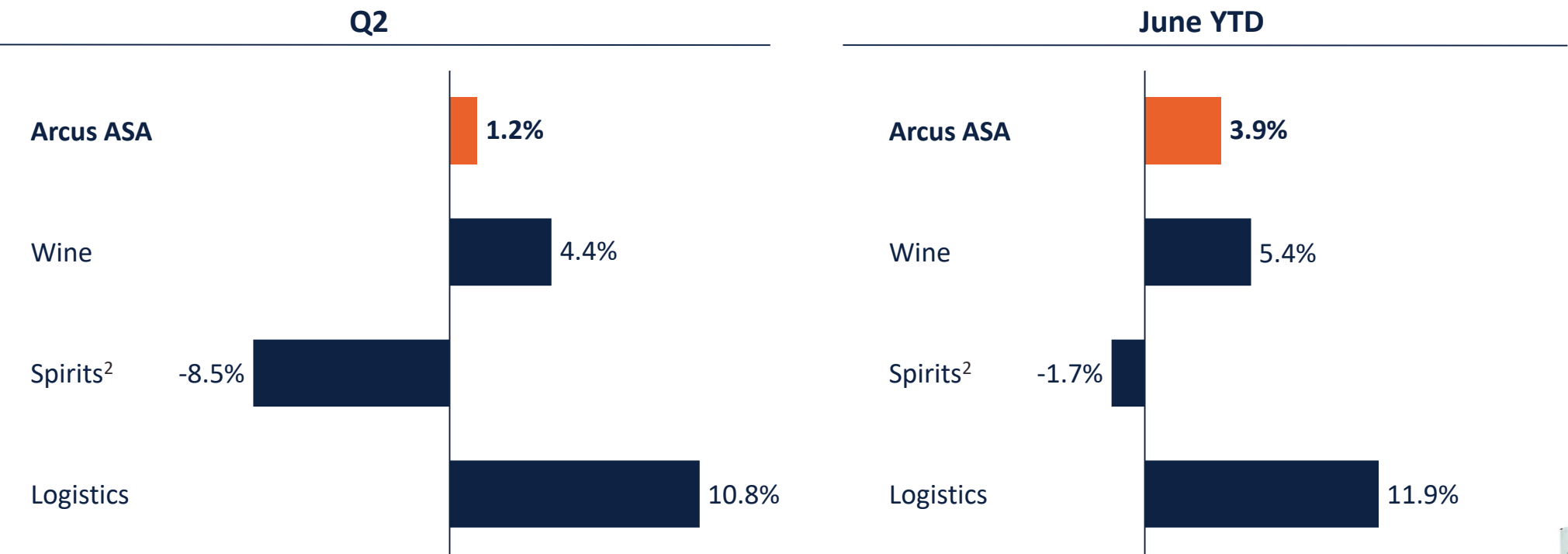
¹Reported growth adjusted for currency translation effects and structural changes



Q2: Organic growth significantly impacted by COVID-19



Organic growth¹ overall and by reporting segment Percent



¹Reported growth adjusted for currency translation effects and structural changes

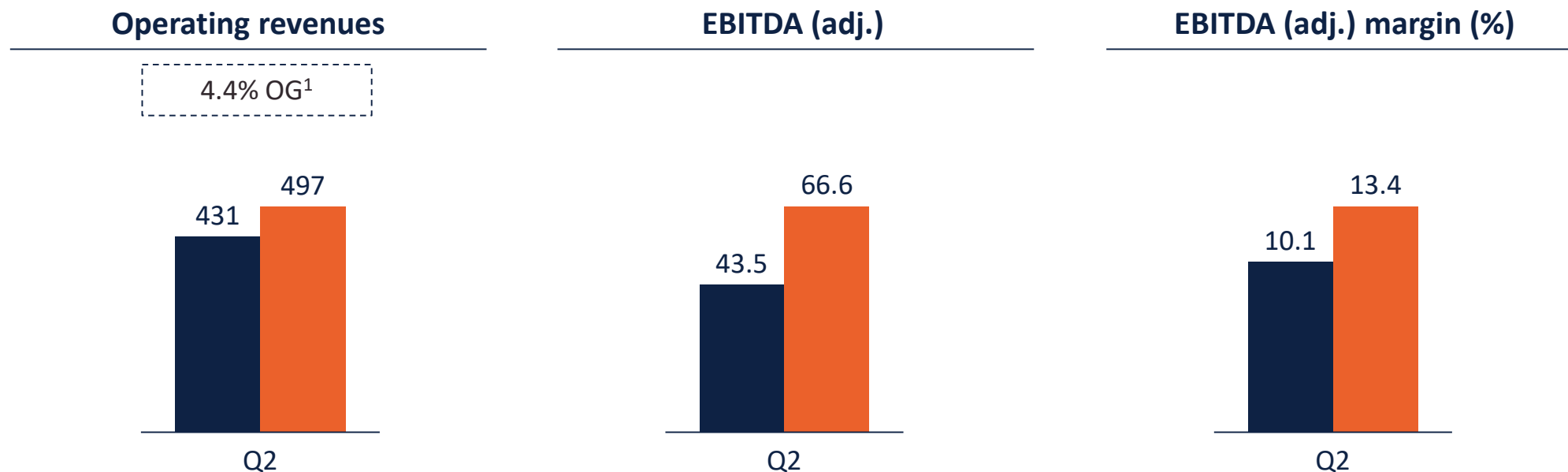
²Reported growth adjusted for currency translation effects and structural changes calculated on external spirits sales only



Q2 Wine: Strong growth, flat indirect costs

Amounts in NOK million

2019 2020



- **Norway:** Revenue growth of 53.3 %, 11th quarter in a row with increased market share
- **Sweden:** Revenues excluding lost producers continued to grow in the quarter
- **Finland:** Well known brands and Arcus' own brands responded well to the increased demand

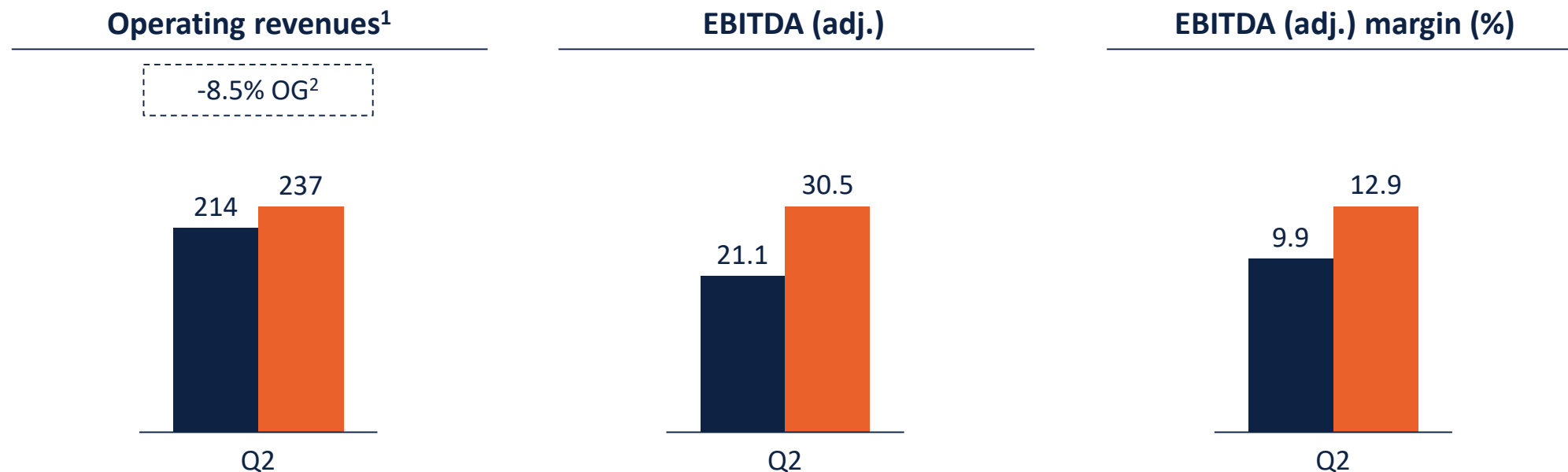
¹Reported growth adjusted for currency translation effects and structural changes



Q2 Spirits: Strong growth in EBITDA

Amounts in NOK million

2019 2020



- **Norway, Sweden, Finland:** Revenue increased in the double digits. Reduced market share in Norway
- **Denmark:** Decreased revenue, but increased market share due to high sales of vodka and premixed cocktails
- **DFTR:** Very limited sale due to COVID-19 travel restrictions and behaviour

¹Operating revenues includes both external spirits sales and other revenue (internal and external bottling)

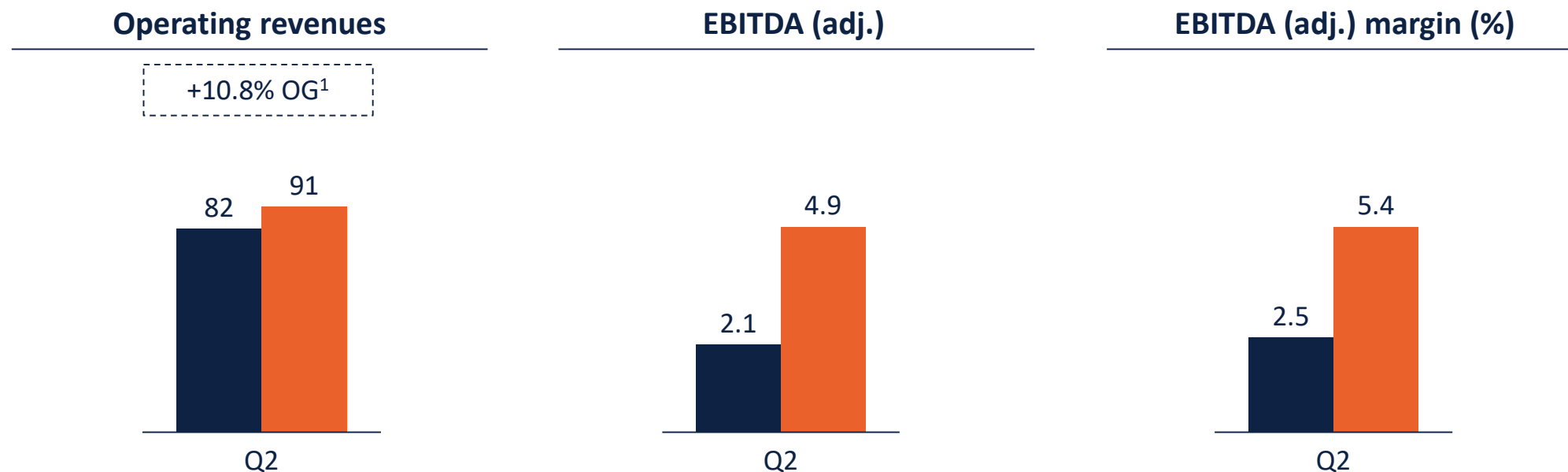
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Q2 Logistics: Strong revenue and EBITDA growth

Amounts in NOK million

2019 2020



- Distributed volume in Q2 was 17.1 million liters, an increase of 4.0 million liters from Q2 last year
- Sales to Vinmonopolet increased by 47.1 %, while Vinmonopolet's total sales increased by 45.2 %
- EBITDA strengthened by increased revenue, efficient handling in the warehouse and cost-effective distribution

¹Reported growth adjusted for currency translation effects and structural changes



Financial performance

Sigmund Toth, CFO



Q2 Group P&L: EBITDA significantly higher than last year



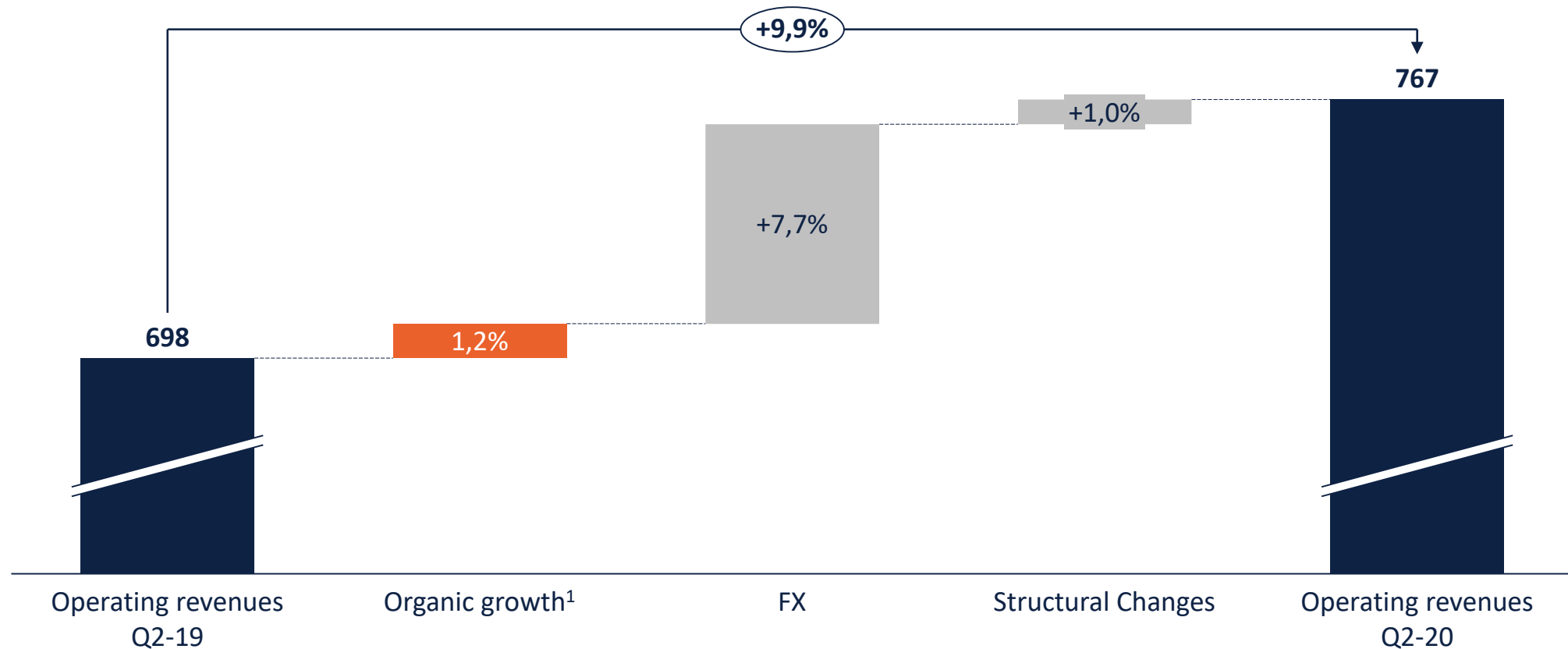
Amounts in NOK million

Profit and Loss	This quarter		Year-to-date	
	2020	2019	2020	2019
Operating revenues	767.2	698.0	1 378.3	1 250.1
EBITDA (adj.)	119.3	82.6	185.9	128.7
Depreciation, Amortization and Write-downs	-31.5	-26.5	-62.9	-53.2
EBIT (adj.)	87.8	56.1	123.0	75.4
Other income and expenses	-18.3	-11.5	-18.2	-13.0
EBIT	69.5	44.7	104.9	62.4
Net financials and other	-15.8	-23.0	3.1	-51.7
Pre-tax profit	53.7	21.7	108.0	10.7
Tax	-17.2	-4.7	-25.8	-2.8
Profit/loss for the year	36.5	16.9	82.1	7.9
EPS (NOK)	0.52	0.25	1.19	0.11

Organic growth, significant positive FX-effect and structural changes all contributed to increased operating revenues

Q2-20 Operating revenue growth

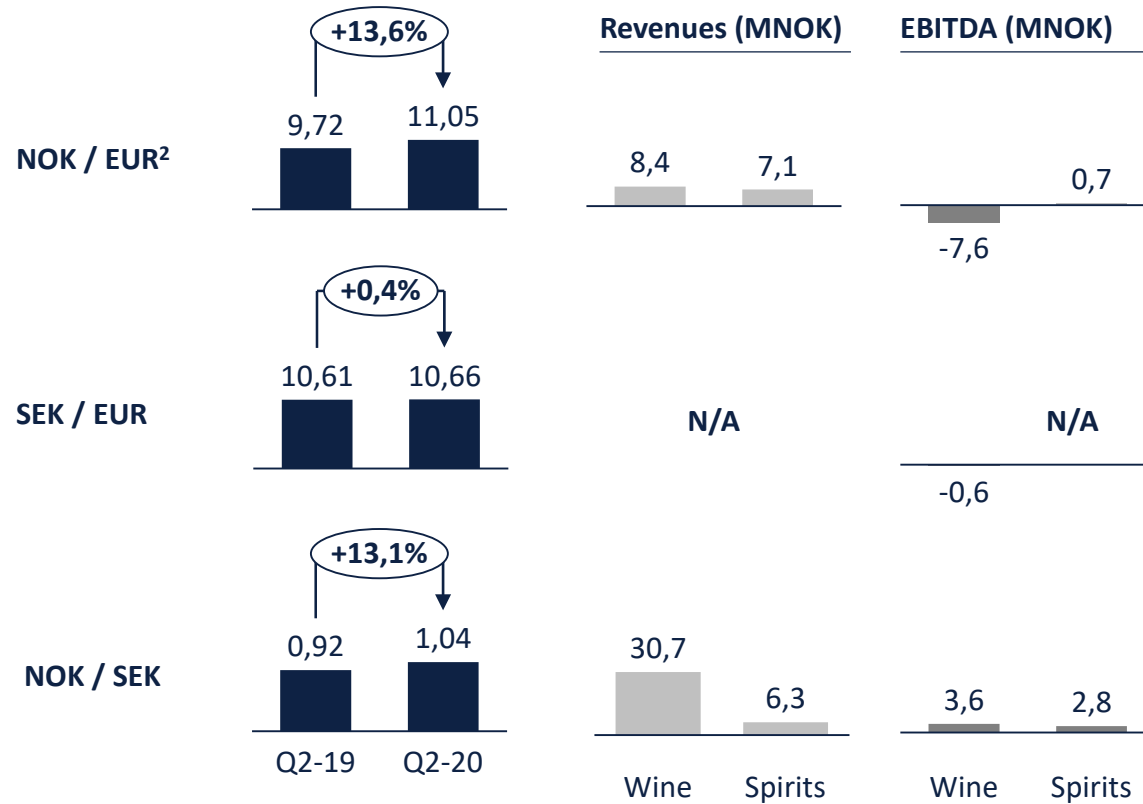
Percent; NOK million



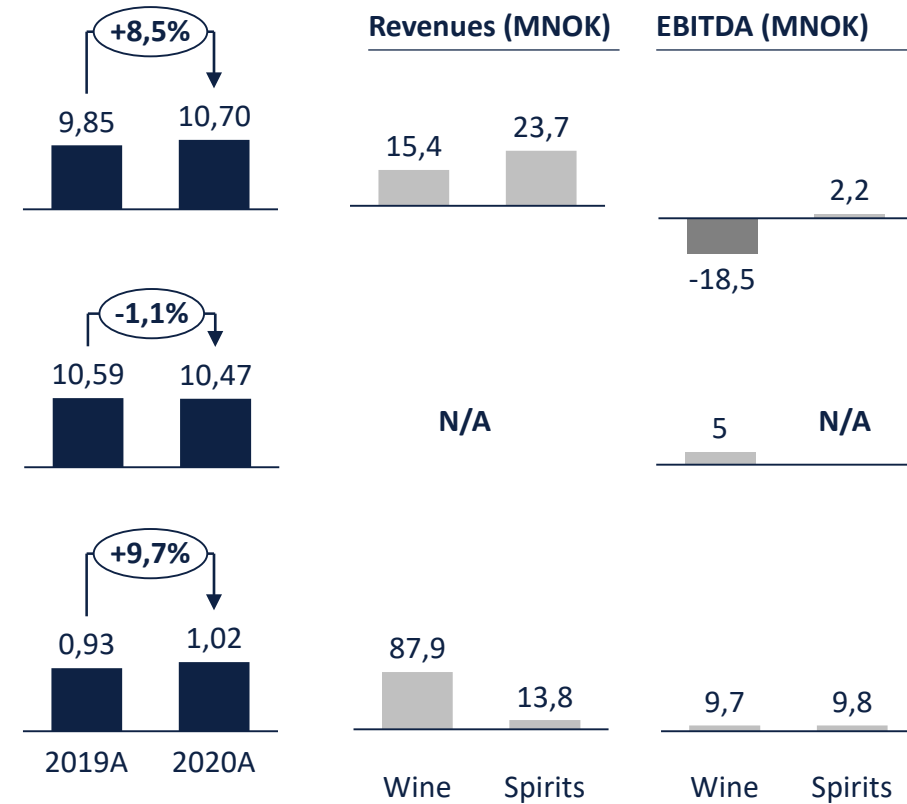
¹Reported growth adjusted for currency translation effects and structural changes (such as acquisitions or divestitures)

Stronger SEK and EUR vs NOK results in positive FX-effect on revenues, less negative effect on EBITDA with SEK vs EUR in line with last year

Currency rate effects¹ (Q2 2020 actuals vs. Q2 2019 actuals)



Currency rate effects¹ (2020F currency rate³ vs. 2019 actuals)

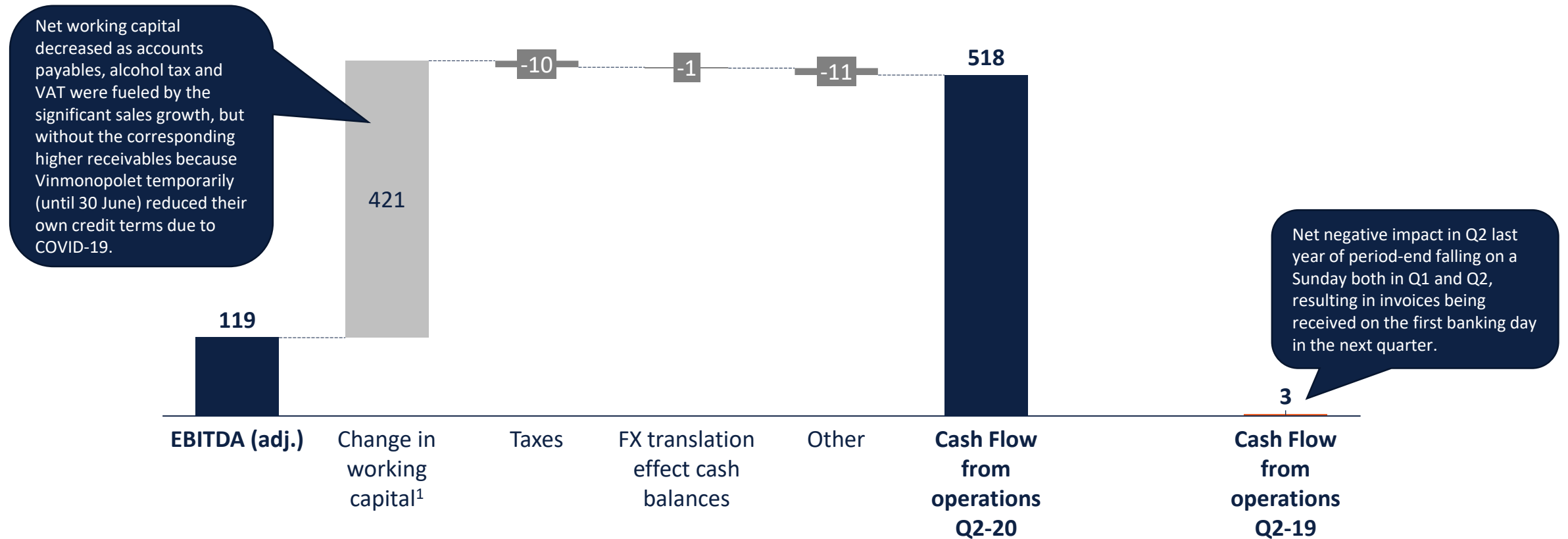


1) Effects are estimates and will vary based on actual business levels. Effects include both translation and transaction effects. Other important currency pairs (not shown) include (N)SEK / USD (Revenues & COGS) and (N)SEK / GBP (COGS on traded goods/agency products). On the Wine business, the general pricing strategy is to off-set adverse foreign exchange movements through increased prices, though this adjustment might take time. Here effects are shown before any corrective pricing. 2) NOK / EUR includes costs and revenues in DKK as DKK moves within narrow band to the EUR. 3) 2020F currency rate is estimated as weighted average of accumulated YTD average rate and current rate as of Aug 6th 2020

Cash flow above last year due to increased EBITDA and significant reduction in net working capital

Q2-20 Cash Flow from Operations

Amounts in NOK million



¹Adjusted for 4 MNOK net FX translation effect on working capital

Kenneth Hamnes, Group CEO



Short-term changes, overall consumption likely stable

Shopping patterns:
Monopolies grow

Consumer occasions:
In-home and staycation

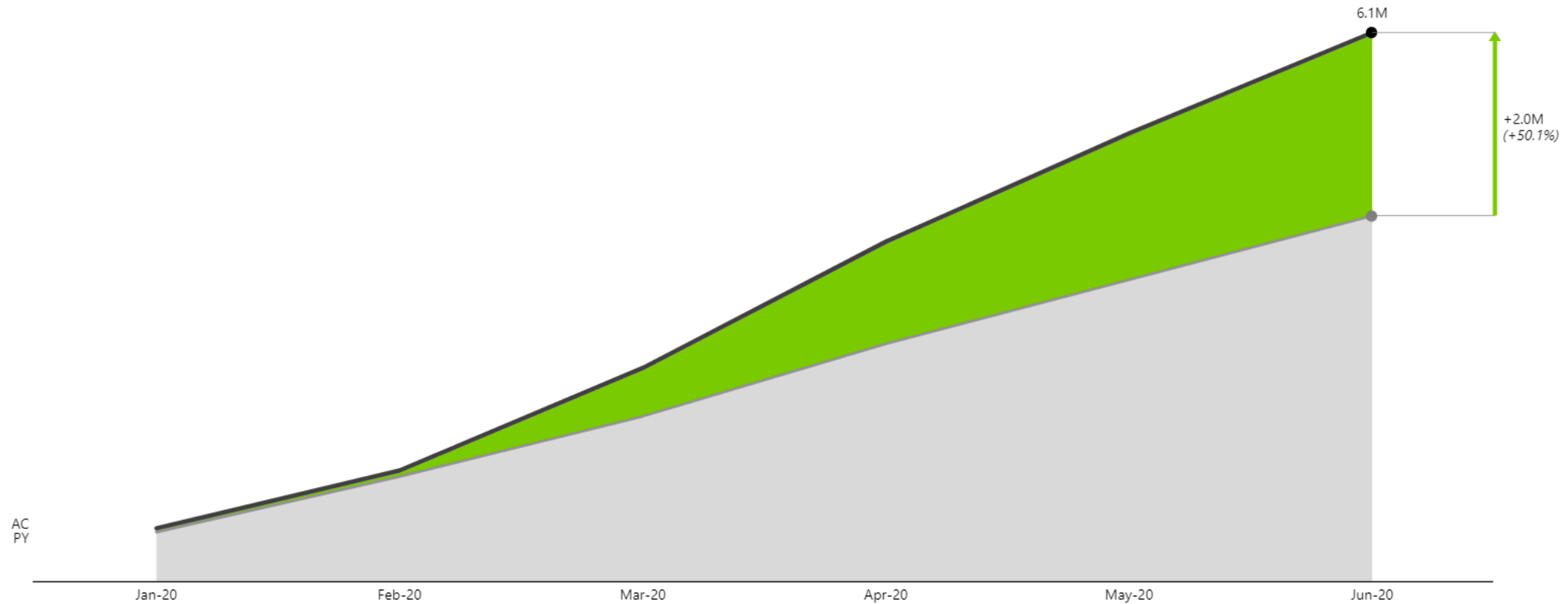
Product mix:
Wine outgrows spirits

Brand choices:
Familiar brands win

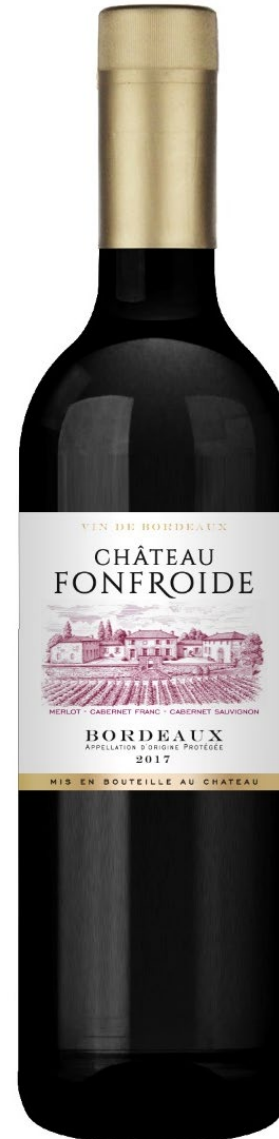


Bag-in-Box: Significantly higher sales during COVID-19

Arcus' year-to-date sales of Bag-in-Box at Vinmonopolet vs. same period last year
Liters million



Examples Norway: More green packaging on best-sellers and tender wins



Best Q2 result in Arcus' history, both in terms of revenue and EBITDA

Strong COVID-19 effects as most tax-free and border-trade sales moved to monopoly stores across Nordics

Very high demand handled well by a strong and flexible organization, supportive suppliers/partners and motivated employees

Financial calendar, 2020

18 August Quarterly report Q2

6 November Quarterly report Q3



Condensed statement of income

CONDENSED STATEMENT OF INCOME

MNOK	Note	Second quarter		Year to date		Full Year
		2020	2019	2020	2019	2019
Sales	2,9	759,0	685,5	1 354,1	1 227,5	2 710,4
Other revenue	2	8,1	12,4	24,2	22,6	52,4
Total operating revenue	2,9	767,2	698,0	1 378,3	1 250,1	2 762,8
Cost of goods		-450,4	-417,4	-800,0	-731,9	-1 601,1
Gross Profit		316,8	280,6	578,3	518,2	1 161,7
Gain on sale of fixed assets		0,0	0,0	0,1	0,0	0,0
Salaries and personnel cost		-122,5	-112,6	-241,0	-221,3	-439,2
Advertising & Promotion expenses (A&P)		-23,3	-32,3	-43,6	-56,2	-116,0
Other operating expenses		-48,5	-55,5	-105,8	-112,4	-213,5
Share of profit from AC ¹⁾ and JCE ²⁾		-3,4	2,3	-2,1	0,4	4,1
Other income and expenses	3	-18,3	-11,5	-18,2	-13,0	-19,7
EBITDA		101,0	71,1	167,7	115,7	377,3
Depreciation	5,6	-28,8	-24,6	-57,5	-49,4	-111,8
Amortisations	5,6	-2,7	-1,9	-5,4	-3,8	-7,7
Operating profit (EBIT)		69,5	44,7	104,9	62,4	257,8
Financial income	12	9,7	7,1	53,2	11,8	25,9
Financial expenses	7,10,12	-25,6	-30,0	-50,1	-63,5	-111,2
Pre-tax profit		53,7	21,7	108,0	10,7	172,5
Tax		-17,2	-4,7	-25,8	-2,8	-39,2
Profit/loss for the year		36,5	16,9	82,1	7,9	133,3
Profit/loss for the year attributable to parent company shareholders		35,6	16,9	81,0	7,8	132,3
Profit/loss for the year attributable to non-controlling interests		0,8	0,1	1,1	0,1	1,0
Earnings per share, continued operations		0,52	0,25	1,19	0,11	1,94
Diluted earnings per share, continued operations		0,49	0,24	1,12	0,11	1,85

¹⁾Associated Companies, ²⁾Jointly Controlled Entities

Condensed statement of financial position

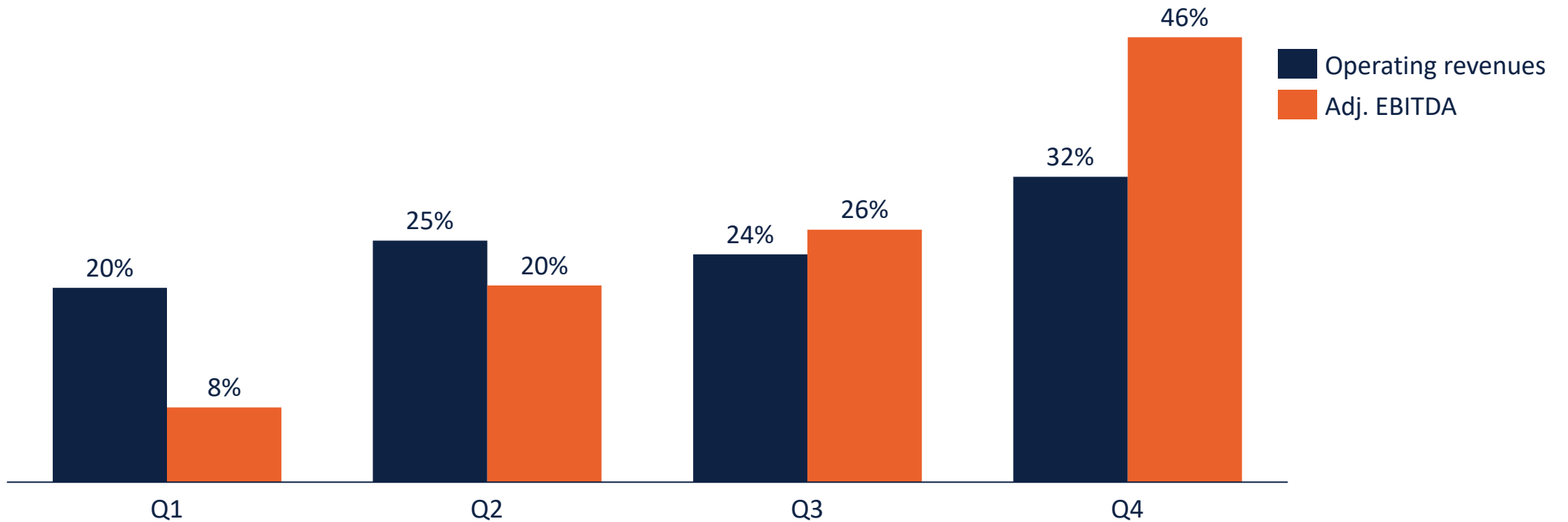
CONDENSED STATEMENT OF FINANCIAL POSITION

MNOK	Note	Second quarter		Full Year
		30.06.2020	30.06.2019	31.12.2019
Intangible assets	6	2 023,6	1 848,5	1 923,2
Tangible assets	5	1 402,1	1 195,6	1 431,2
Deferred tax asset		72,1	117,7	86,1
Financial assets		69,0	60,4	65,3
Total fixed assets		3 566,8	3 222,2	3 505,8
Inventories		583,0	496,1	486,6
Accounts receivables and other receivables		1 186,4	1 174,3	1 392,5
Cash and cash equivalents		675,1	98,5	205,0
Total current assets		2 444,5	1 768,9	2 084,1
Total assets		6 011,3	4 991,1	5 589,9
Paid-in equity		772,1	772,1	772,1
Retained earnings		964,7	746,2	886,2
Non-controlling interests		4,6	3,0	3,9
Total equity		1 741,4	1 521,3	1 662,2
Non-current liabilities to financial institutions	8	775,5	684,5	703,8
Non-current liabilities at fair value through profit or loss	7,10	59,8	68,0	69,3
Non-current lease liabilities	8	1 203,4	1 016,5	1 151,0
Pension obligations		18,8	21,3	23,7
Deferred tax liability		117,2	99,7	101,3
Other non-current liabilities		0,9	0,4	0,5
Total non-current liabilities		2 175,7	1 890,3	2 049,6
Bank Overdraft	8	0,0	180,4	0,0
Current liabilities at fair value through profit or loss	7,10	0,0	0,0	0,0
Current finance lease liabilities	8	71,9	48,8	154,2
Tax payable		6,6	0,0	5,0
Dividend payable		112,9	0,0	0,0
Accounts payable and other payables		1 902,8	1 350,3	1 718,8
Total current liabilities		2 094,2	1 579,5	1 878,0
Total equity and liabilities		6 011,3	4 991,1	5 589,9

Historic quarterly distribution of top-/bottom-line last four years



2016-2019, average



Average 2016 – 2019 Arcus ASA, rounded numbers

THINK BEFORE
YOU DRINK. MAKE
GREAT MOMENTS
EVEN BETTER.

Arcus