

Arcus

Quarterly Report

Q1 2017



THINK BEFORE
YOU DRINK. MAKE
GREAT MOMENTS
EVEN BETTER.

Arcus

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Message from the CEO

Revenue for Arcus ASA first quarter 2017 was 493.5 MNOK, 7.3 percent lower than the same period last year (organic revenue growth was -4.5 percent). Adjusted EBITDA was flat, 21.3 MNOK versus 21.2 MNOK last year.

These results were achieved in a difficult market context: Low overall sales at the Nordic monopolies hit Arcus' sales of wine in particular, but reduced sales of aquavit as well. Across the Nordics, a key driver for the decrease in monopoly sales in Q1 was a shift of Easter sales to the second quarter. In Norway, according to Vinmonopolet, a further reason could be increased foreign travel that boosted tax-free sales.

In this context, we are pleased that Arcus' market positions remained largely unchanged during the quarter, but with a slight share decrease for wine in Sweden and aquavit in Norway

We are also pleased that overall EBITDA remained flat in spite of the drop in revenues, with an increase in Spirits and Distribution compensating for a decrease in Wine. Acquisitions (Dworek vodka brand and the remaining 50 percent of DDSK A/S) improved financial results this quarter. In addition to the earnings boost, the DDSK acquisition provides us with a solid operational platform in Denmark and is a further example of our strategy of profitable bolt-on acquisitions.

Looking beyond the first quarter, we continue to believe that we will see steady growth in our core Nordic markets over the next years and that Arcus is well positioned for profitable growth.

Kenneth Hamnes
Group CEO

Key figures Q1 2017

CONSOLIDATED GROUP FIGURES

MNOK	First quarter		Year to date		Year end
	2017	2016	2017	2016	2016
Total operating revenue	493.5	532.6	493.5	532.6	2 582.4
Gross profit ¹⁾	224.9	225.2	224.9	225.2	1 114.5
EBITDA ¹⁾	21.1	20.9	21.1	20.9	290.5
EBITDA adjusted ¹⁾²⁾	21.3	21.2	21.3	21.2	335.3
Pre-tax profit	-1.4	-15.1	-1.4	-15.1	2.1
Earnings per share, parentcompany shareholders (NOK)	-0.04	-0.25	-0.04	-0.25	-0.67
Key figures					
Gross margin ¹⁾	45.6 %	42.3 %	45.6 %	42.3 %	43.2 %
EBITDA margin ¹⁾	4.3 %	3.9 %	4.3 %	3.9 %	11.2 %
EBITDA margin adjusted ¹⁾²⁾	4.3 %	4.0 %	4.3 %	4.0 %	13.0 %
Equity ratio ¹⁾	39.7 %	23.1 %	39.7 %	23.1 %	35.0 %
Financial position					
Total equity	1 505.6	824.5	1 505.6	824.5	1 502.6
Net interest bearing debt (cash) ¹⁾	841.3	1 252.5	841.3	1 252.5	711.4

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

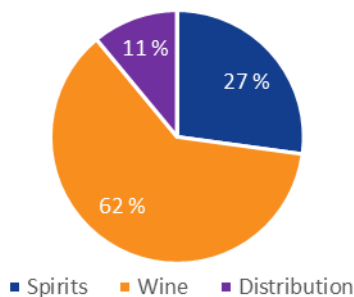
²⁾ EBITDA adjusted is defined by Arcus as operating profit before depreciation, amortisation and other income and expenses. See definition of other income and expenses in the APM chapter.

Highlights Q1 2017

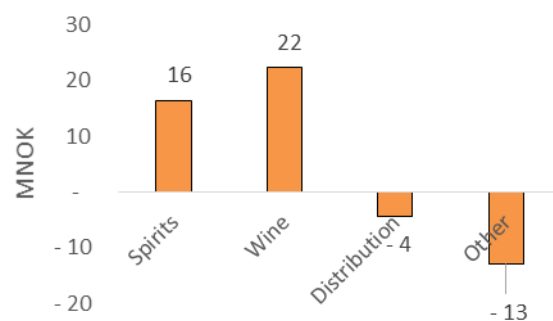
- Q1 2017 was influenced by Systembolaget's and Vinmonopolet's decrease in sales: -0,7¹ percent and -4,2¹ percent, respectively, compared to Q1 last year. Q1 is traditionally the weakest quarter of the year.
- Operating revenue for Q1 was 493.5 MNOK, compared to 532.6 MNOK in same period last year (-7,3 percent). Organic growth for Q1 was -4.5 percent, as reported growth was depressed by foreign exchange, but helped by acquisitions.
- Adjusted EBITDA for Q1 was 21.3 MNOK, compared to 21.2 MNOK in the same period last year. There was an increase in EBITDA for spirits and distribution, offset by a decrease in wine.
- Wine revenues amounted to 305.1 MNOK, compared to 345.2 MNOK same period last year (-11.6 percent). Organic growth was -5.4 percent, driven by a decrease in overall market sales, partly due to Easter falling in Q2. Sales of red wine decreased more than the overall market, reducing sales of Arcus' own brands and margins. Adjusted EBITDA margin at 7.3 percent for Q1 2017 compared to 10.1 percent same period last year, as margins suffered temporarily from currency in Sweden, unfavorable product mix and fixed overheads being spread across a lower revenue base.
- Spirits increased sales to 170.4 MNOK, compared to 159.9 MNOK in the same period last year (+6.6 percent). Organic growth was 3.0 percent (-3.1 percent for spirits sales, excluding bottling services). Adjusted EBITDA margin was 9.6 percent for Q1 2017 compared to 1.9 percent in the same period last year, mainly due to the favourable effects of acquisitions and reduced costs.
- Distribution grew revenues to 58.7 MNOK compared to 54.2 MNOK in same quarter last year (+8.3 percent). The growth was mainly driven by increased revenue per liter and significantly higher revenues from storage and other services. Adjusted EBITDA for Q1 2017 was -4.5 MNOK, compared to -8.3 MNOK in Q1 2016.



Operating revenue per segment²



Adj. EBITDA pr segment³



¹Measured in value, no calendar day adjustments. ²Organic Revenue Growth is defined as the Segment's or the Group's revenues, adjusted for currency effects and structural changes (mainly acquisitions or divestitures). 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. ³Figures for Q1 2017, "Other" segment represents HQ and eliminations.

Wine: Seasonal effects reduce sales of red wine

MNOK	First quarter		Year to date		Year end
	2017	2016	2017	2016	2016
Total operating revenue	305.1	345.2	305.1	345.2	1 552.4
Gross profit ¹⁾	72.4	91.1	72.4	91.1	386.8
Gross margin ¹⁾	23.7 %	26.4 %	23.7 %	26.4 %	24.9 %
EBITDA ¹⁾	22.2	34.7	22.2	34.7	194.2
EBITDA adjusted ¹⁾	22.2	34.7	22.2	34.7	194.2
EBITDA margin ¹⁾	7.3 %	10.1 %	7.3 %	10.1 %	12.5 %
EBITDA margin adjusted ¹⁾	7.3 %	10.1 %	7.3 %	10.1 %	12.5 %

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

OPERATING REVENUE

Total operating revenue for Wine was 305.1 MNOK for the first quarter, compared to 345.2 MNOK Q1 last year.

Organic growth was -5.4 percent, versus -11.6 percent reported, due to the negative effect of foreign exchange of NOK 18.5 MNOK and a reclassification effect of NOK 3.9 MNOK (marketing support from suppliers now reduce A&P expense rather than increase sales).

Arcus' sales were depressed by the low sales at Systembolaget and Vinmonopolet during the quarter. Sales of wine at Vinmonopolet and Systembolaget were down ca 4 percent and 2 percent, respectively. In contrast to 2016, the majority of the traditional Easter sales did not take place during Q1. In Norway, according to Vinmonopolet, a further reason could be increased foreign travel that boosted tax-free sales.

The decline of red wine was particularly pronounced, which reduced the sales of Arcus' own brands and margins.

Arcus' market shares decreased slightly for wine in Sweden and Arcus Wine Brands in Norway during the quarter.

EBITDA

The adjusted EBITDA-margin for Wine was 7.3 percent in the first quarter compared to 10.1 percent same period last year. Key drivers of this margin decline are unfavorable foreign exchange in Sweden, with price adjustments not possible before March 1, unfavorable product mix, the effect of indirect costs being relatively constant in the short term, while revenues were lower than last year, and higher HORECA rebates in Norway.

WINE

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

Spirits: Favourable effect of acquisitions

MNOK	First quarter		Year to date		Year end
	2017	2016	2017	2016	2016
Sales	131.6	129.1	131.6	129.1	751.1
Other revenue	38.8	30.7	38.8	30.7	152.8
Total operating revenue	170.4	159.9	170.4	159.9	903.9
Gross profit ¹⁾	96.2	82.3	96.2	82.3	476.9
Gross margin ¹⁾	56.5 %	51.5 %	56.5 %	51.5 %	52.7 %
EBITDA ¹⁾	16.1	1.9	16.1	1.9	158.7
EBITDA adjusted ¹⁾	16.3	3.0	16.3	3.0	162.6
EBITDA margin ¹⁾	9.4 %	1.2 %	9.4 %	1.2 %	17.6 %
EBITDA margin adjusted ¹⁾	9.6 %	1.9 %	9.6 %	1.9 %	18.0 %

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

OPERATING REVENUE

Total operating revenue for Spirits first quarter 2017 was 170.4 MNOK, compared to 159.9 MNOK for same period last year, a growth of 6.6 percent. Overall organic growth was 3.0 percent, composed of -3.1 percent for 'Sales' (external sales of spirits) and 27.7 percent for 'Other revenue' (mainly internal bottling services).

Arcus' sales were depressed by the low sales at Systembolaget and Vinmonopolet during the quarter. Sales of spirits at Vinmonopolet were down ca 5.4 percent, with aquavit sales down ca 5 percent. In contrast to 2016, the majority of the traditional Easter sales did not take place during Q1. This effect is especially pronounced for aquavit, meaning that the category has continued to be one of the best performing spirits categories.

Sales growth in Spirits was mainly related to the acquisition of the remaining 50 percent of the joint venture Det Danske Spiritus Compagni A/S (DDSK), contributing 5.9 MNOK in the quarter, and the Dworek brand (effective in September '16), contributing 5.7 MNOK during the quarter. Late Easter had a negative impact on sales, particularly

within the aquavit category. Currency development had an unfavourable effect on sales, -4.6 MNOK.

The increase in 'Other revenue' of 8.1 MNOK compared to Q1 2016, is mainly due to higher group wine bottling volume, partly offset by reduced external bottling services.

EBITDA

The adjusted EBITDA-margin for Spirits was 9.6 percent for Q1 2017, compared to 1.9 percent Q1 2016. The main reasons for the higher margin are the acquisitions of Dworek and DDSK, reduced direct material costs, and deferred indirect cost.

SPIRITS

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

Distribution: Increased HORECA sales

MNOK	First quarter		Year to date		Year end
	2017	2016	2017	2016	2016
Total operating revenue	58.7	54.2	58.7	54.2	262.9
Gross profit ¹⁾	58.7	54.2	58.7	54.2	262.9
Gross margin ¹⁾	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
EBITDA ¹⁾	-4.5	-8.3	-4.5	-8.3	2.2
EBITDA adjusted ¹⁾	-4.5	-8.3	-4.5	-8.3	2.6
EBITDA margin ¹⁾	-7.6 %	-15.3 %	-7.6 %	-15.3 %	0.8 %
EBITDA margin adjusted ¹⁾	-7.6 %	-15.3 %	-7.6 %	-15.3 %	1.0 %

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

VOLUME

Total distributed volumes Q1 2017 to Vinmonopolet, hotels, restaurants and wholesalers was 9.0 million liters, the same level as Q1 2016.

Reduced volumes to Vinmonopolet was offset by new contracts won during 2016, together with a significant increase in sales to hotels, restaurants and catering (horeca), at a higher revenue per liter.

OPERATING REVENUE

The positive development for Distribution continued in Q1 2017, with an increase in operating revenue of 8.3 percent to 58.7 MNOK. The positive development is due to a 4.7 percent increase in contribution per liter and significantly higher revenues from storage and other services.

EBITDA

Adjusted EBITDA in the first quarter was -4.5 MNOK, compared to -8.3 MNOK same quarter last year. Total revenue per liter has increased with 8.7 percent, while more efficient processes have limited the increase in operating costs per liter to 1.5 percent.

DISTRIBUTION

Vectura is the leading integrated logistics services 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, outlook and other information

CASH FLOW AND FINANCIAL POSITION

Reported net cash flow from operations before tax in Q1 was -85.4 MNOK. This is in line with -82.9 MNOK same period last year due to similar levels of both EBITDA and change in net working capital. The high positive cash flow effect from receivables is significantly influenced by payments of overdue receivables from Vinmonopolet related to 2016. This effect is offset by increased downpayment of payables, mainly due to Vectura's growth and higher public duties.

Net interest bearing debt was 841.3 MNOK (vs. 1 252.5 MNOK same period last year). The significant reduction is mainly due to the refinancing and reduction of long-term debt, using parts of the proceeds from the IPO.

OUTLOOK

Arcus ASA operates in non-cyclical wine and spirits markets with moderate and steady growth, but with some variations between the different categories, countries and seasons. Tender wins, new products and operational efficiency improvements in Arcus' three business segments will contribute to profitable growth going forward. Over the next years, Arcus ASA is well positioned to meet the financial targets outlined at the IPO.

LONG-TERM FINANCIAL TARGETS

As communicated in connection with the IPO, Arcus targets organic revenue growth in the level of 3-5 percent p.a. including minor bolt-on acquisitions, as well as EBITDA growth of 6-9 percent p.a. over the next three to five years.

SEASONAL VARIATIONS

The business of Arcus is seasonal. Sales of wine and spirits increase during national festivals and holidays, in particular Easter and Christmas. Q4 is normally the strongest quarter in terms of income as

well as operating profit due to Christmas and New Year's Eve.

OTHER INFORMATION

New Vectura CEO. The Board of Directors at Vectura AS has appointed Mr Christian Granlund as CEO of Vectura AS. For the last nine years, Granlund has worked at Ringnes, the leading Norwegian brewery. His former positions at Ringnes include planning director, plant director Farris, logistics director and recently VP sales on-trade. Christian Granlund will join Vectura AS no later than 1 August.

Canica AS increases share holding. Canica AS ("Canica") on 19 March 2017 acquired 15,200,000 shares in Arcus ASA ("Arcus") from RatOS AB ("RatOS") at a price of NOK 47.40 per share, and thereby became the largest shareholder in Arcus. As of 27 April 2017 their holding corresponded to 33.326 percent of the outstanding shares.

In connection with the IPO of Arcus, RatOS agreed to a lock-up of its shares in Arcus for a period of 180 days after the first day of listing of the Arcus' shares on the Oslo Stock Exchange. RatOS' lock up undertaking with respect to the shares to be sold to Canica AS and Sundt AS was waived by ABG and SEB against similar lock up undertakings from Canica AS and Sundt AS in favour of ABG and SEB for the remainder of said 180 days period.

New board members elected. At the annual general meeting 3 May 2017, Stein Erik Hagen and Ann-Beth Freuchen were elected as new members of the Board of Directors at Arcus ASA, replacing Mikael Norlander and Isabelle Ducellier.

Group consolidated accounts

The interim financial statement has not been audited.

CONDENSED STATEMENT OF INCOME

MNOK		First quarter		Year to date		Year end
	Note	2017	2016	2017	2016	2016
Sales	9	482.9	516.3	482.9	516.3	2 521.8
Other revenue		10.6	16.3	10.6	16.3	60.6
Total operating revenue		493.5	532.6	493.5	532.6	2 582.4
Cost of goods		-268.6	-307.4	-268.6	-307.4	-1 467.9
Gross Profit		224.9	225.2	224.9	225.2	1 114.5
Gain on sale of fixed assets		0.0	0.0	0.0	0.0	0.1
Salaries and personnel cost		-105.2	-97.4	-105.2	-97.4	-392.5
Advertising & Promotion expenses (A&P)		-25.8	-32.2	-25.8	-32.2	-121.7
Other operating expenses		-72.7	-73.5	-72.7	-73.5	-270.8
Share of profit from AC ¹⁾ and JCE ²⁾		0.1	-0.9	0.1	-0.9	5.8
Other income and expenses	2	-0.2	-0.3	-0.2	-0.3	-44.9
EBITDA		21.1	20.9	21.1	20.9	290.5
Depreciation	4, 5	-11.6	-11.3	-11.6	-11.3	-46.0
Amortisations	4, 5	-1.8	-1.4	-1.8	-1.4	-5.6
Write downs		0.0	0.0	0.0	0.0	0.0
Operating profit (EBIT)		7.7	8.2	7.7	8.2	238.9
Financial income	11	1.4	4.0	1.4	4.0	18.4
Financial expenses	6, 10, 11	-10.6	-27.2	-10.6	-27.2	-255.1
Pre-tax profit		-1.4	-15.1	-1.4	-15.1	2.1
Tax	12	-0.1	5.5	-0.1	5.5	-26.2
Profit/loss for the year		-1.6	-9.6	-1.6	-9.6	-24.1
Profit/loss for the year attributable to parent company shareholders		-2.5	-12.4	-2.5	-12.4	-34.6
Profit/loss for the year attributable to non-controlling interests		0.9	2.8	0.9	2.8	10.5
Earnings per share, continued operations		-0.04	-0.25	-0.04	-0.25	-0.67
Diluted earnings per share, continued operations		-0.04	-0.25	-0.04	-0.25	-0.67

¹⁾Associated Companies, ²⁾Jointly Controlled Entities

CONDENSED STATEMENT OF OTHER COMPREHENSIVE INCOME

MNOK		First quarter		Year to date		Year end
	Note	2017	2016	2017	2016	2016
Profit/loss for the year		-1.6	-9.6	-1.6	-9.6	-24.1
Items that will not be reclassified against the statement of income						
Change in actuarial gains and losses pensions		0.0	0.0	0.0	0.0	-1.3
Tax on change in actuarial gains and losses pensions		0.0	0.0	0.0	0.0	0.3
Total items that will not be reclassified against the statement of income		0.0	0.0	0.0	0.0	-1.0
Items that may be reclassified against the statement of income						
Translating differences in translation of foreign subsidiaries		6.9	-14.6	6.9	-14.6	-39.2
Tax on translating differences in translation of foreign subsidiaries		0.0	0.0	0.0	0.0	0.0
Total items that may be reclassified against the statement of income		6.9	-14.6	6.9	-14.6	-39.2
Total other comprehensive income		6.9	-14.6	6.9	-14.6	-40.2
Total comprehensive income for the year		5.4	-24.2	5.4	-24.2	-64.3
Total comprehensive income for the year attributable to parent company shareholders		4.3	-26.2	4.3	-26.2	-72.0
Total comprehensive income for the year attributable to non-controlling interests		1.1	2.1	1.1	2.1	7.7

CONDENSED STATEMENT OF FINANCIAL POSITION

MNOK		First quarter		Year end
	Note	2017	2016	2016
Intangible assets	5	1 734,0	1 720,1	1 710,1
Tangible assets	4	343,9	371,9	350,2
Deferred tax asset		177,2	169,5	172,1
Financial assets		49,5	55,0	58,2
Total fixed assets		2 304,6	2 316,5	2 290,7
Inventories		413,7	383,6	378,8
Accounts receivables and other receivables ¹⁾		944,3	721,9	1 426,0
Cash and cash equivalents		126,0	141,8	199,4
Total current assets		1 484,1	1 247,2	2 004,2
Total assets		3 788,6	3 563,7	4 294,8
Paid-in equity		772,1	1,8	772,1
Retained earnings		720,2	796,4	716,6
Non-controlling interests		13,3	26,3	13,9
Total equity		1 505,6	824,5	1 502,6
Non-current liabilities to financial institutions	8	712,4	891,6	703,3
Non-current liabilities at fair value through profit or loss	6, 10	0,0	77,3	0,0
Non-current finance lease liabilities	8	178,9	196,2	183,0
Pension obligations		34,2	36,4	34,1
Deferred tax liability		93,4	93,3	92,6
Other non-current provisions	7	0,6	1,0	0,6
Total non-current liabilities		1 019,4	1 295,9	1 013,6
Current liabilities to financial institutions	8	0,0	154,7	0,0
Bank Overdraft		51,8	100,5	0,0
Current liabilities at fair value through profit or loss	6, 10	13,8	0,0	24,1
Current finance lease liabilities		16,5	15,4	16,5
Tax payable		-0,1	0,0	0,0
Accounts payable and other payables	7	1 181,5	1 172,7	1 738,0
Total current liabilities		1 263,6	1 443,3	1 778,6
Total equity and liabilities		3 788,6	3 563,7	4 294,8

¹⁾ The balance of accounts receivables are significantly higher as of 31.03.2017 than 31.03.2016 due to the decision to stop using factoring. This led to a one-time increase in receivables of 225 MNOK.

CONDENSED STATEMENT OF CHANGES IN EQUITY

MNOK		31.03.2017			31.03.2016		
		Attributed to equity holders of the parent company	Non- controlling interest	Total equity	Attributed to equity holders of the parent company	Non- controlling interest	Total equity
Statement of changes in equity		Note					
Equity 1 January			1 488.7	13.9	1 502.6	844.8	31.6
Total comprehensive income for the period			4.3	1.1	5.4	-26.2	2.1
Dividends			0.0	-1.4	-1.4	0.0	-6.6
Sharebased payments	12		1.8	0.0	1.8	0.0	0.0
Change in non-controlling interest			-2.5	-0.3	-2.7	-15.6	-5.5
Transfer from minority to majority at end of period *			0.0	0.0	0.0	-4.8	4.8
Equity at the end of period			1 492.3	13.3	1 505.6	798.2	26.3
							824.5

* As of 31.03.2016, the Group owned 90,1% of subsidiary Excellars AS. In addition, put and call options existed associated with the non-controlling interests, and the Group was not considered to have control of the shares at the end of the reporting period. This company was recognized as though they had been wholly owned, but with partial presentation of the non-controlling interests. Partial presentation of non-controlling interests means that the non-controlling interests' share of the profit for the year is shown in the statement of income, whereas no non-controlling interests were stated in the equity statement. The transfer refers to the non-controlling interests' share of the profit for the year, adjusted for the dividend distributed for the period.

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

CONDENSED STATEMENT OF CASHFLOW

MNOK		First quarter		Year to date		Year end
	Note	2017	2016	2017	2016	2016
Pre-tax profit		-1.4	-15.1	-1.4	-15.1	2.1
Depreciation and amortisations		13.4	12.7	13.4	12.7	51.6
Received dividend from associated companies		7.4	0.0	7.4	0.0	2.9
Net interest in period		0.0	19.4	0.0	19.4	70.4
Other items without cash effect		6.1	-2.8	6.1	-2.8	138.2
Change in inventories		-35.0	4.6	-35.0	4.6	9.4
Change in receivables		533.5	383.6	533.5	383.6	-329.2
Change in payables		-609.3	-485.3	-609.3	-485.3	98.8
Cash flow from operating activities before tax		-85.4	-82.9	-85.4	-82.9	44.4
Tax paid		-12.7	-25.8	-12.7	-25.8	-46.7
Cash flow from operating activities		-98.1	-108.7	-98.1	-108.7	-2.3
Proceeds from sale of tangible & intangible fixed assets		0.0	0.8	0.0	0.8	1.1
Payments on acquisition of tangible & intangible fixed assets		-2.7	-4.6	-2.7	-4.6	-15.2
Payments on acquisition of Brands		-4.0	0.0	-4.0	0.0	-32.6
Payments on acquisition of operations		1.2	0.0	1.2	0.0	0.0
Cash flows from investment activities		-5.5	-3.8	-5.5	-3.8	-46.7
Proceeds - co-investment program	6, 10, 11	0.0	0.0	0.0	0.0	1.0
Payments - co-investment program	6, 10, 11	0.0	-1.6	0.0	-1.6	-157.9
Capital increase		0.0	0.0	0.0	0.0	768.9
New debt to financial institutions	8	0.0	99.5	0.0	99.5	802.6
Repayment debt to financial institutions	8	-4.1	-37.5	-4.1	-37.5	-1 093.9
Change other long term loans		0.0	-1.1	0.0	-1.1	-1.1
Interest paid in period		-7.4	-19.3	-7.4	-19.3	-70.2
Paid dividend and Group contributions		-1.4	-11.3	-1.4	-11.3	-28.3
Other financing payments		-13.2	-60.5	-13.2	-60.5	-146.3
Cash flow from financing activities		-26.1	-31.8	-26.1	-31.8	74.9
Total cash flow		-129.6	-144.2	-129.6	-144.2	25.8
Holdings of cash and cash equivalents at the beginning of period		199.4	190.4	199.4	190.4	190.4
Effect of exchange rate changes on cash and cash equivalents		4.5	-4.9	4.5	-4.9	-16.8
Holdings of cash and cash equivalents at the end of period		74.2	41.3	74.2	41.3	199.4

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

Cash and cash equivalents at the end of the period	126.0	141.8	126.0	141.8	199.4
Overdraft cashpool system at the end of the period	-51.8	-100.5	-51.8	-100.5	0.0
Holdings of cash and cash equivalents at the end of period	74.2	41.3	74.2	41.3	199.4

Notes

NOTE 1 ACCOUNTING PRINCIPLES

The Groups 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 Groups annual financial statement as at 31.12.2016.

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

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

As of 31.03.2017, the following exchange rates have been used in translation of income and financial position figures from subsidiaries with functional currency other than NOK:

Exchange rates		Year to date		Year end
		2017	2016	2016
EUR average rate	Income statement items	8.9855	9.5782	9.2980
EUR closing rate	Balance sheet items	9.1668	9.4172	9.0865
SEK average rate	Income statement items	0.9452	1.0257	0.9830
SEK closing rate	Balance sheet items	0.9601	1.0202	0.9484
DKK average rate	Income statement items	1.2085	1.2836	1.2488
DKK closing rate	Balance sheet items	1.2324	1.2636	1.2223

NOTE 2 OTHER INCOME AND EXPENSES

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

During Q1 there has been no significant other income and expenses.

Group

MNOK	First quarter		Year to date		Year end
	2017	2016	2017	2016	2016
Other income and expenses					
Net gain on sales of fixed assets	0.0	0.8	0.0	0.8	0.9
Salary & personnel cost	1.1	-0.4	1.1	-0.4	-7.0
Other operating expenses	-1.3	-0.7	-1.3	-0.7	-38.8
Other income and expenses	-0.2	-0.3	-0.2	-0.3	-44.9

Spirits

MNOK	First quarter		Year to date		Year end
	2017	2016	2017	2016	2016
Other income and expenses					
Salary & personnel cost	0.0	-0.4	0.0	-0.4	-1.4
Other operating expenses	-0.3	-0.7	-0.3	-0.7	-2.6
Other income and expenses	-0.3	-1.1	-0.3	-1.1	-3.9

Wine

MNOK	First quarter		Year to date		Year end
	2017	2016	2017	2016	2016
Other income and expenses	0.0	0.0	0.0	0.0	0.0

Distribution

MNOK	First quarter		Year to date		Year end
	2017	2016	2017	2016	2016
Other income and expenses	0.0	0.0	0.0	0.0	-0.4
Salary & personnel cost	0.0	0.0	0.0	0.0	-0.4
Other income and expenses	0.0	0.0	0.0	0.0	-0.4

Other

MNOK	First quarter		Year to date		Year end
	2017	2016	2017	2016	2016
Other income and expenses	0.0	0.8	0.0	0.8	0.8
Net gain on sales of fixed assets	0.0	0.8	0.0	0.8	0.8
Salary & personnel cost	1.1	0.0	1.1	0.0	-5.1
Other operating expenses	-1.0	0.0	-1.0	0.0	-36.2
Other income and expenses	0.1	0.8	0.1	0.8	-40.6

NOTE 3 SEGMENT INFORMATION

MNOK	First quarter		Year to date		Year end
	2017	2016	2017	2016	2016
External sales					
Spirits	132.4	128.4	132.4	128.4	746.2
Wine	301.5	332.0	301.5	332.0	1 515.4
Distribution	49.0	54.6	49.0	54.6	260.2
Other	0.0	1.3	0.0	1.3	0.0
Total external sales	482.9	516.3	482.9	516.3	2 521.8

MNOK	First quarter		Year to date		Year end
	2017	2016	2017	2016	2016
Sales between segments					
Spirits	-0.8	0.8	-0.8	0.8	4.9
Wine	0.0	6.3	0.0	6.3	23.3
Distribution	2.3	-7.1	2.3	-7.1	-28.2
Other	0.0	0.0	0.0	0.0	0.0
Eliminations	-1.5	0.0	-1.5	0.0	0.0
Total sales revenue between segments	0.0	0.0	0.0	0.0	0.0

MNOK	First quarter		Year to date		Year end
	2017	2016	2017	2016	2016
External other revenue					
Spirits	1.7	6.4	1.7	6.4	28.0
Wine	3.6	6.9	3.6	6.9	11.5
Distribution	5.3	4.1	5.3	4.1	20.6
Other	0.0	-1.1	0.0	-1.1	0.4
Total external other revenue	10.6	16.3	10.6	16.3	60.6

MNOK	First quarter		Year to date		Year end
Other revenue between segments	2017	2016	2017	2016	2016
Spirits	37.1	24.3	37.1	24.3	124.7
Wine	0.0	0.0	0.0	0.0	2.2
Distribution	2.1	2.6	2.1	2.6	10.2
Other	43.5	43.3	43.5	43.3	173.0
Eliminations	-82.7	-70.1	-82.7	-70.1	-310.2
Total other revenue between segments	0.0	0.0	0.0	0.0	0.0

MNOK	First quarter		Year to date		Year end
EBITDA	2017	2016	2017	2016	2016
Spirits	16.1	1.9	16.1	1.9	158.7
Wine	22.2	34.7	22.2	34.7	194.2
Distribution	-4.5	-8.3	-4.5	-8.3	2.2
Other	-12.7	-7.4	-12.7	-7.4	-64.6
Eliminations	0.0	0.0	0.0	0.0	0.0
Total EBITDA	21.1	20.9	21.1	20.9	290.5

MNOK	First quarter		Year to date		Year end
EBIT	2017	2016	2017	2016	2016
Spirits	9.9	-4.1	9.9	-4.1	134.8
Wine	21.9	34.5	21.9	34.5	193.1
Distribution	-7.9	-11.6	-7.9	-11.6	-11.4
Other	-14.9	-9.4	-14.9	-9.4	-72.9
Eliminations	-1.3	-1.2	-1.3	-1.2	-4.7
Total EBIT	7.7	8.2	7.7	8.2	238.9

MNOK	First quarter		Year to date		Year end
Total profit for the year	2017	2016	2017	2016	2016
Spirits	15.4	-23.3	15.4	-23.3	52.3
Wine	12.5	25.7	12.5	25.7	140.9
Distribution	-6.8	-9.6	-6.8	-9.6	-9.5
Other	-14.5	-15.6	-14.5	-15.6	-217.0
Total profits from discontinued operations	0.0	0.0	0.0	0.0	0.0
Eliminations	-1.3	-1.4	-1.3	-1.4	-31.0
Total profit for the year	5.4	-24.2	5.4	-24.2	-64.3

NOTE 4 FIXED ASSETS

MNOK	First quarter		Year to date		Year end
Fixed Assets	2017	2016	2017	2016	2016
Purchase cost at beginning of period	628.8	624.1	628.8	624.1	624.1
Additions tangible fixed assets	2.6	4.3	2.6	4.3	11.4
Transferred from assets under construction	-0.3	-1.6	-0.3	-1.6	-4.0
Reclassifications	0.0	-1.3	0.0	-1.3	-1.3
Translation differences	0.1	-0.7	0.1	-0.7	-1.5
Purchase cost at end of period	631.2	624.9	631.2	624.9	628.8
Accumulated depreciation at beginning of period	-278.5	-246.2	-278.5	-246.2	-246.2
Ordinary depreciation in period	-8.7	-8.6	-8.7	-8.6	-34.9
Reclassifications	0.0	1.3	0.0	1.3	1.3
Translation differences	-0.1	0.6	-0.1	0.6	1.3
Accumulated depreciation at end of period	-287.3	-253.0	-287.3	-253.0	-278.5
Book Value at end of period	343.9	371.9	343.9	371.9	350.2

Specification of fixed assets

MNOK	First quarter		Year to date		Year end
Fixed Assets	2017	2016	2017	2016	2016
Machinery and equipment	319.2	339.7	319.2	339.7	326.0
Fixtures and fittings, tools, office equipment etc.	20.3	24.8	20.3	24.8	21.5
Assets under construction	4.4	7.4	4.4	7.4	2.7
Book Value at end of period	343.9	371.9	343.9	371.9	350.2

NOTE 5 INTANGIBLE ASSETS

MNOK	First quarter		Year to date		Year end
Intangible assets	2017	2016	2017	2016	2016
Purchase cost at beginning of period	1 845.2	1 860.4	1 845.2	1 860.4	1 860.4
Addition of intangible assets	4.1	0.3	4.1	0.3	36.4
Acquisition of business	15.9	0.0	15.9	0.0	0.0
Transferred from assets under construction	0.3	1.6	0.3	1.6	4.0
Translation differences	8.2	-19.6	8.2	-19.6	-55.6
Purchase cost at end of period	1 873.7	1 842.6	1 873.7	1 842.6	1 845.2
Acc. depreciation and amortizations at beginning of period	-135.2	-118.5	-135.2	-118.5	-118.5
Depreciation in period	-2.8	-2.7	-2.8	-2.7	-11.2
Amortisations in period	-1.8	-1.4	-1.8	-1.4	-5.6
Translation differences	0.0	0.0	0.0	0.0	0.1
Acc. depreciation and amortizations at end of period	-139.8	-122.6	-139.8	-122.6	-135.2
Book Value at end of period	1 734.0	1 720.1	1 734.0	1 720.1	1 710.1

Specification of intangible assets

MNOK	First quarter		Year to date		Year end
Intangible assets	2017	2016	2017	2016	2016
Goodwill	1 030.7	1 031.4	1 030.7	1 031.4	1 010.2
Brands	675.0	655.5	675.0	655.5	669.2
Software	28.2	33.2	28.2	33.2	30.7
Book Value at end of period	1 734.0	1 720.1	1 734.0	1 720.1	1 710.1

NOTE 6 LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS

MNOK	First quarter		Year to date		Year end
Liabilities at fair value through profit and loss	2017	2016	2017	2016	2016
Book value at beginning of period	24.1	119.0	24.1	119.0	119.0
Additions in period	0.0	1.0	0.0	1.0	1.0
Paid during period	-10.5	-42.0	-10.5	-42.0	-244.4
Changes in value during period	0.1	-0.8	0.1	-0.8	148.2
Interest during period	0.0	0.1	0.0	0.1	0.3
Book value at end of period	13.8	77.3	13.8	77.3	24.1
<i>From this;</i>					
Current liability	13.8	0.0	13.8	0.0	24.1
Non-current liability	0.0	77.3	0.0	77.3	0.0
Total liabilities through profit and loss	13.8	77.3	13.8	77.3	24.1

Payment during Q1 2017 represent the acquirement of the remaining minority shares of the wine-subsiary, Excellars AS.

NOTE 7 OTHER PROVISIONS**Non-current provisions**

MNOK	First quarter		Year to date		Year end
Severance pay	2017	2016	2017	2016	2016
Book value at beginning of period	0.6	1.1	0.6	1.1	1.1
Used in period	0.0	-0.1	0.0	-0.1	-0.5
Addition in period	0.0	0.0	0.0	0.0	0.0
Book value at end of period	0.6	1.0	0.6	1.0	0.6

NOTE 8 DEBT TO FINANCIAL INSTITUTIONS

Liabilities to financial institutions, including financial leasing

MNOK	First quarter		Year to date		Year end
Debt to financial institutions	2017	2016	2017	2016	2016
Debt at beginning of period	910.8	1 225.7	910.8	1 225.7	1 225.7
New debt in period	0.0	100.0	0.0	100.0	811.3
Repayments in period	-4.1	-37.5	-4.1	-37.5	-1 081.0
Translation differences	8.7	-12.2	8.7	-12.2	-45.2
Debt to financial institutions at end of period	915.4	1 276.0	915.4	1 276.0	910.8
Capitalized borrowing costs at beginning of period	-8.0	-20.0	-8.0	-20.0	-20.0
Capitalized borrowing costs during period	0.0	-0.5	0.0	-0.5	-8.7
Amortized borrowing costs during period	0.4	2.5	0.4	2.5	20.6
Capitalized borrowing costs at end of period	-7.6	-18.0	-7.6	-18.0	-8.0
Book value debt to financial institutions at end of period	907.8	1 258.0	907.8	1 258.0	902.7

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

MNOK	First quarter		Year to date		Year end
Liabilities to financial institutions	2017	2016	2017	2016	2016
Current portion of non-current loans	0.0	154.7	0.0	154.7	0.0
Current portion of non-current financial leasing	16.5	15.4	16.5	15.4	16.5
Bank overdraft	51.8	100.5	51.8	100.5	0.0
Current liabilities to financial institutions at end of period	68.3	270.6	68.3	270.6	16.5

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		Year to date		Year end
Purchase of goods and services	2017	2016	2017	2016	2016
Tiffon AS	9.7	6.6	9.7	6.6	56.1
Hoff SA	6.3	9.3	6.3	9.3	22.5
Det Danske Spiritus Kompagni A/S ¹⁾	0.0	2.0	0.0	2.0	3.3
Gjelleråsen Eiendom AS ²⁾	19.8	0.0	19.8	0.0	77.6
Totale purchase transactions	35.8	17.8	35.8	17.8	159.4

MNOK	First quarter		Year to date		Year end
Sale of goods and services	2017	2016	2017	2016	2016
Tiffon SA	2.0	1.4	2.0	1.4	3.4
Det Danske Spiritus Kompagni A/S ¹⁾	0.0	25.2	0.0	25.2	132.2
Totale sale transactions	2.0	26.6	2.0	26.6	141.8

Receivables and debt at end of period

MNOK	First quarter		Year end
Short term receivables from related parties	2017	2016	2016
Tiffon SA	1.6	1.4	0.0
Det Danske Spiritus Kompagni A/S ¹⁾	0.0	15.1	21.1
Total short term receivables from related parties	1.6	16.5	21.1

MNOK	First quarter		Year end
Short term debt to related parties	2017	2016	2016
Hoff SA	2.3	3.3	0.5
Tiffon SA	6.5	1.8	11.1
Det Danske Spiritus Kompagni A/S ¹⁾	0.0	0.0	0.1
Total short term debt to related parties	8.8	5.1	11.7

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

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

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	1.2	0.0	0.0	1.2
Accounts receivables	0.0	854.8	0.0	0.0	854.8
Other receivables	0.0	67.0	0.0	0.0	67.0
Cash and cash equivalents	0.0	126.0	0.0	0.0	126.0
Total financial assets as of first quarter 2017	0.0	1 049.1	0.2	0.0	1 049.3
Total financial assets as of first quarter 2016	0.0	721.7	0.2	0.0	721.9
Liabilities					
Liabilities to financial institutions	0.0	0.0	0.0	907.8	907.8
Liabilities at fair value through profit and loss	13.8	0.0	0.0	0.0	13.8
Other non-current term debt	0.0	0.0	0.0	0.0	0.0
Accounts payable	0.0	0.0	0.0	370.4	370.4
Other current debt	1.0	0.0	0.0	11.8	12.8
Total financial liabilities as of first quarter 2017	14.8	0.0	0.0	1 290.0	1 304.8
Total financial liabilities as of first quarter 2016	95.4	0.0	0.0	1 591.9	1 687.3

Fair value hierarchy

<i>Assets</i>				
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
<i>Liabilities</i>				
MNOK	Level 1	Level 2	Level 3	Book Value
Liabilities at fair value through profit and loss	0.0	0.0	13.8	13.8
Currency derivates	0.0	1.0	0.0	1.0
Total financial liabilities	0.0	1.0	13.8	14.8

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

Changes financial liabilities, level 3

MNOK	First quarter		Year to date		Year end
	2017	2016	2017	2016	2016
Financial liabilities, level 3, at beginning of period	24.1	119.0	24.1	119.0	119.0
Fair value at the first time of recognition	0.0	1.0	0.0	1.0	1.0
Paid during the period	-10.5	-42.0	-10.5	-42.0	-244.4
Changes in value during the period	0.1	-0.8	0.1	-0.8	148.2
Interest during period	0.0	0.1	0.0	0.1	0.3
Financial liabilities, level 3 at end of period	13.8	77.3	13.8	77.3	24.1

Liabilities measured at fair value, categorized at level 3 in the fair value hierarchy, is as of end of Q4 2016 related to two factors:

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

Options for the purchase of non-controlling interests:

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

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

Synthetic shares and options in the share program:

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

In relation to Arcus ASA's introduction on the Oslo Stock Exchange during Q4 2016, most of the commitments regarding the synthetic option program was settled. The synthetic options have had no significant value change during Q1.

NOTE 11 FINANCIAL INCOME AND EXPENSES

MNOK	First quarter		Year to date		Year end
	2017	2016	2017	2016	2016
Interest income	1.4	2.0	1.4	2.0	7.9
Other financial income	0.0	2.0	0.0	2.0	10.4
Total financial income	1.4	4.0	1.4	4.0	18.4
Interest cost	-7.4	-19.4	-7.4	-19.4	-70.4
Other financial expenses	-3.2	-7.8	-3.2	-7.8	-184.7
Total financial expenses	-10.6	-27.2	-10.6	-27.2	-255.1
Net financial profit/loss	-9.2	-23.3	-9.2	-23.3	-236.7

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

NOTE 12 PURCHASE OF DET DANSKE SPIRITUS KOMPAGNI A/S

In January 2017, the Arcus Group entered into an agreement with Flemming Karberg Familieholding ApS to acquire the remaining 50 per cent interest in Det Danske Spiritus Kompagni A/S (DDSK). Up to and including 31.12.2016, DDSK was owned on a 50/50 basis by the Arcus Group and Flemming Karberg Familieholding ApS, and was treated as a Joint Venture in the Arcus Group. The acquisition was implemented as from 1.1.2017 and means that in accounting terms, DDSK was fully consolidated in the Group as from the same date.

This was a strategic acquisition to strengthen our position in the Danish market.

A provisional acquisition analysis of the purchase has been made, based on the company's statement of financial position as of the acquisition date. Recognized value of the acquired operations were 15.7 MNOK. The company is assessed to not having any excess value other than goodwill. On acquisition, goodwill is the part of the net excess value that is not identifiable. Based on an acquisition value of 31.5 MNOK, estimated goodwill is 15.9 MNOK. Goodwill is capitalized in the consolidated statement of financial position based on the expectation that synergies with the Group's existing operations will provide opportunities for increased earnings in the future. At the end of Q1 2017, the acquisition analysis is not final.

Net cashflow related to the acquisition is positive of 1.2 MNOK, due to higher cash balance in the purchased company at the date of consolidation (same as the acquisition date), than the purchase price for the remaining 50% of the shares.

NOTE 13 OTHER EVENTS

Events after the close of Q1 2017

No significant events have occurred between the close of Q1 and the date on which Arcus's interim financial statements for Q1 2017 were approved. This applies to events that would have provided knowledge of factors present at the close of Q1 2017, or events concerning matters that have arisen since the close of Q1 2017.

Alternative Performance Measures (APM)

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

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

Gross Profit

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

Gross margin = Gross profit / Total revenue

Group

MNOK	First quarter		Year to date		Year end
	2017	2016	2017	2016	2016
Total operating revenues	493.5	532.6	493.5	532.6	2 582.4
Cost of goods	-268.6	-307.4	-268.6	-307.4	-1 467.9
Gross Profit	224.9	225.2	224.9	225.2	1 114.5

Spirits

MNOK	First quarter		Year to date		Year end
	2017	2016	2017	2016	2016
Total operating revenues	170.4	159.9	170.4	159.9	903.9
Cost of goods	-74.2	-77.5	-74.2	-77.5	-427.0
Gross Profit	96.2	82.3	96.2	82.3	476.9

Wine

MNOK	First quarter		Year to date		Year end
	2017	2016	2017	2016	2016
Total operating revenues	305.1	345.2	305.1	345.2	1 552.4
Cost of goods	-233.6	-254.1	-233.6	-254.1	-1 165.6
Gross Profit	71.5	91.1	71.5	91.1	386.8

Distribution

MNOK	First quarter		Year to date		Year end
	2017	2016	2017	2016	2016
Total operating revenues	58.7	54.2	58.7	54.2	262.9
Cost of goods	0.0	0.0	0.0	0.0	0.0
Gross Profit	58.7	54.2	58.7	54.2	262.9

Other income and expenses

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

EBITDA and EBITDA Adjusted

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

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

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

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

Below is a reconciliation from EBIT to EBITDA adjusted:

Group

MNOK	First quarter		Year to date		Year end
EBITDA adjusted	2017	2016	2017	2016	2016
EBIT	7.7	8.2	7.7	8.2	238.9
Depreciation, amortisations and write downs	13.4	12.7	13.4	12.7	51.6
EBITDA	21.1	20.9	21.1	20.9	290.5
Other income and expenses	0.2	0.3	0.2	0.3	44.9
EBITDA adjusted	21.3	21.2	21.3	21.2	335.3

Spirits

MNOK	First quarter		Year to date		Year end
EBITDA adjusted	2017	2016	2017	2016	2016
EBIT	9.9	-4.1	9.9	-4.1	134.8
Depreciation, amortisations and write downs	6.2	5.9	6.2	5.9	23.9
EBITDA	16.1	1.9	16.1	1.9	158.7
Other income and expenses	0.3	1.1	0.3	1.1	3.9
EBITDA adjusted	16.3	3.0	16.3	3.0	162.6

Wine

MNOK	First quarter		Year to date		Year end
EBITDA adjusted	2017	2016	2017	2016	2016
EBIT	21.9	34.5	21.9	34.5	193.1
Depreciation, amortisations and write downs	0.4	0.2	0.4	0.2	1.0
EBITDA	22.2	34.7	22.2	34.7	194.2
Other income and expenses	0.0	0.0	0.0	0.0	0.0
EBITDA adjusted	22.2	34.7	22.2	34.7	194.2

Distribution

MNOK	First quarter		Year to date		Year end
EBITDA adjusted	2017	2016	2017	2016	2016
EBIT	-7.9	-11.6	-7.9	-11.6	-11.4
Depreciation, amortisations and write downs	3.4	3.4	3.4	3.4	13.6
EBITDA	-4.5	-8.3	-4.5	-8.3	2.2
Other income and expenses	0.0	0.0	0.0	0.0	0.4
EBITDA adjusted	-4.5	-8.3	-4.5	-8.3	2.6

Parent Company

MNOK	First quarter		Year to date		Year end
EBITDA adjusted	2017	2016	2017	2016	2016
EBIT	-14.9	-9.4	-14.9	-9.4	-72.9
Depreciation, amortisations and write downs	2.1	2.0	2.1	2.0	8.4
EBITDA	-12.7	-7.4	-12.7	-7.4	-64.6
Other income and expenses	-0.1	-0.8	-0.1	-0.8	40.6
EBITDA adjusted	-12.9	-8.2	-12.9	-8.2	-24.0

Other definitions alternative performance measures shown in key figures table:**Equity ratio**

Equity ratio = Total equity/Total equity and liabilities

Net interest bearing debt

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

MNOK	Year to date		Year end
<i>Net interest bearing debt</i>	2017	2016	2016
Non-current liabilities to financial institutions	712.4	891.6	703.3
Book value of Capitalized arrangement fees	7.7	18.0	8.0
Book value of Interest swap	0.0	17.7	0.0
Non-current finance lease liabilities	178.9	196.2	183.0
Current liabilities to financial institutions	0.0	154.7	0.0
Bank Overdraft	51.8	100.5	0.0
Current finance lease liabilities	16.5	15.4	16.5
Cash and cash equivalents	-126.0	-141.8	-199.4
Net interest bearing debt	841.3	1 252.5	711.4

Organic growth

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

Group

MNOK	First quarter		Year to date	
Total revenues	2017	2016	2017	2016
Reported total operating revenues	493,5	532,6	493,5	532,6
Currency effects	0,0	-23,2	0,0	-23,2
Structural changes ¹⁾	-7,8	-1,0	-7,8	-1,0
Baseline organic growth	485,7	508,4	485,7	508,4

Spirits

MNOK	First quarter		Year to date	
Total revenues	2017	2016	2017	2016
Reported total operating revenues	170,4	159,9	170,4	159,9
Currency effects	0,0	-4,7	0,0	-4,7
Structural changes	-11,6	-1,0	-11,6	-1,0
Baseline organic growth	158,8	154,2	158,8	154,2

Wine

MNOK	First quarter		Year to date	
Total revenues	2017	2016	2017	2016
Reported total operating revenues	305,1	345,2	305,1	345,2
Currency effects	0,0	-18,5	0,0	-18,5
Structural changes ¹⁾	3,9	0,0	3,9	0,0
Baseline organic growth	309,0	326,7	309,0	326,7

Distribution

MNOK	First quarter		Year to date	
Total revenues	2017	2016	2017	2016
Reported total operating revenues	58,7	54,2	58,7	54,2
Baseline organic growth	58,7	54,2	58,7	54,2

¹⁾ Includes reclassification of 3.9 MNOK (Q1) from other revenues to reduced Advertising & Promotion expenses, see segment Wine.

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