

Third quarter results 2020

Kenneth Hamnes, Group CEO
Sigmund Toth, CFO

6 November 2020



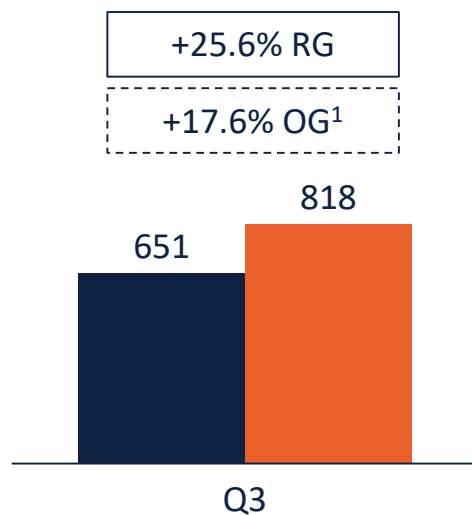
Q3: Best third quarter in Arcus' history



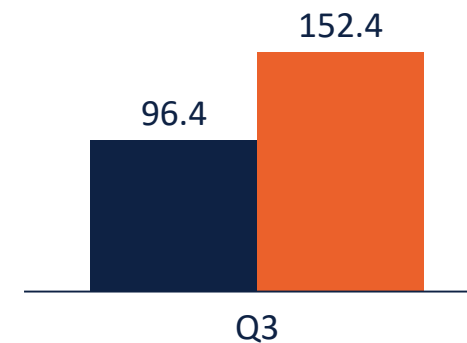
Amounts in NOK million

2019 2020

Operating Revenues



EBITDA (adj.)



- **Wine:** Strong growth, especially in Norway
- **Spirits:** Double-digit growth in Norway, Sweden, Denmark and Finland. Low sales in DFTR and Germany
- **Logistics:** Increased revenues, driven by higher sales to Vinmonopolet

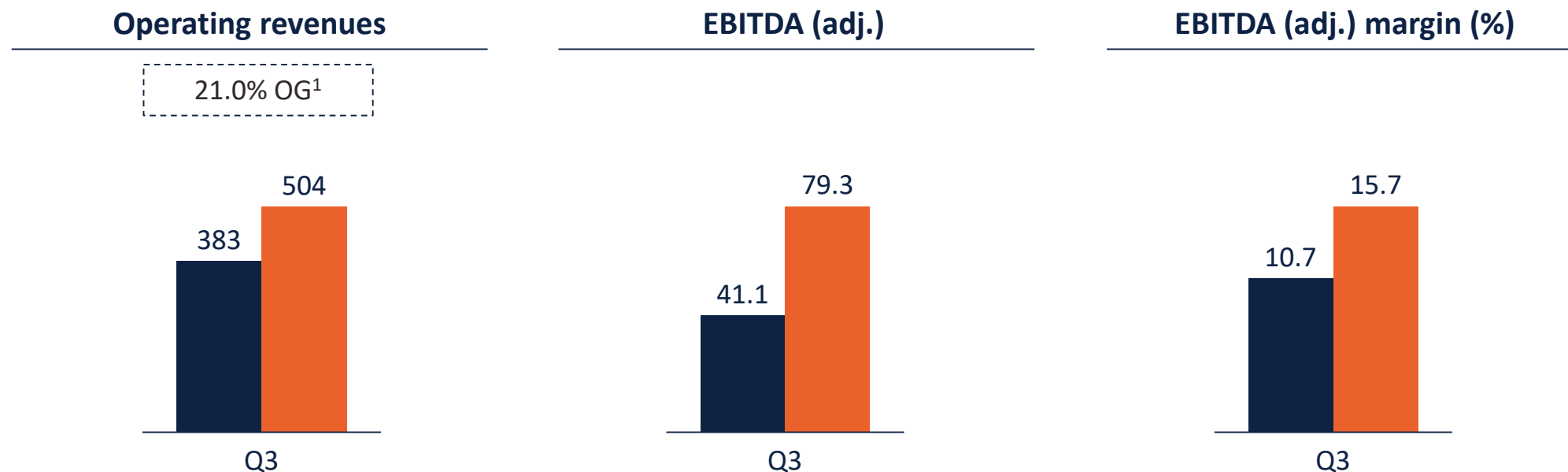
¹Reported growth adjusted for currency translation effects and structural changes



Q3 Wine: Strong growth and improved margins

Amounts in NOK million

2019 2020



- **Norway:** Reported revenue growth of 60.2%, 12th quarter in a row with increased market share
- **Sweden:** Revenues grew in the quarter and excluding lost producers the growth was in line with a strong market
- **Finland:** Well known brands and Arcus' own brands responded well to the increased demand

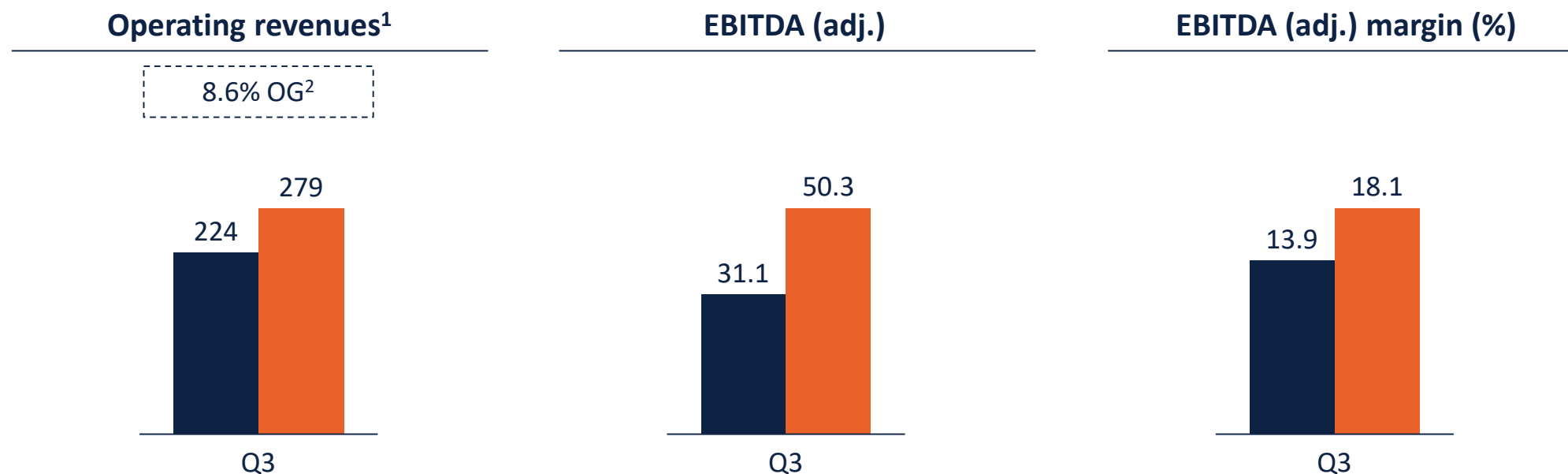
¹Reported growth adjusted for currency translation effects and structural changes



Q3 Spirits: Strong growth and better profitability

Amounts in NOK million

2019 2020



- **Norway, Sweden, Denmark, Finland:** Revenue growth in double digits
- **Norway:** Reduced marketshare, but gained aquavit shares at the end of the quarter. Strong sales of vodka
- **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)

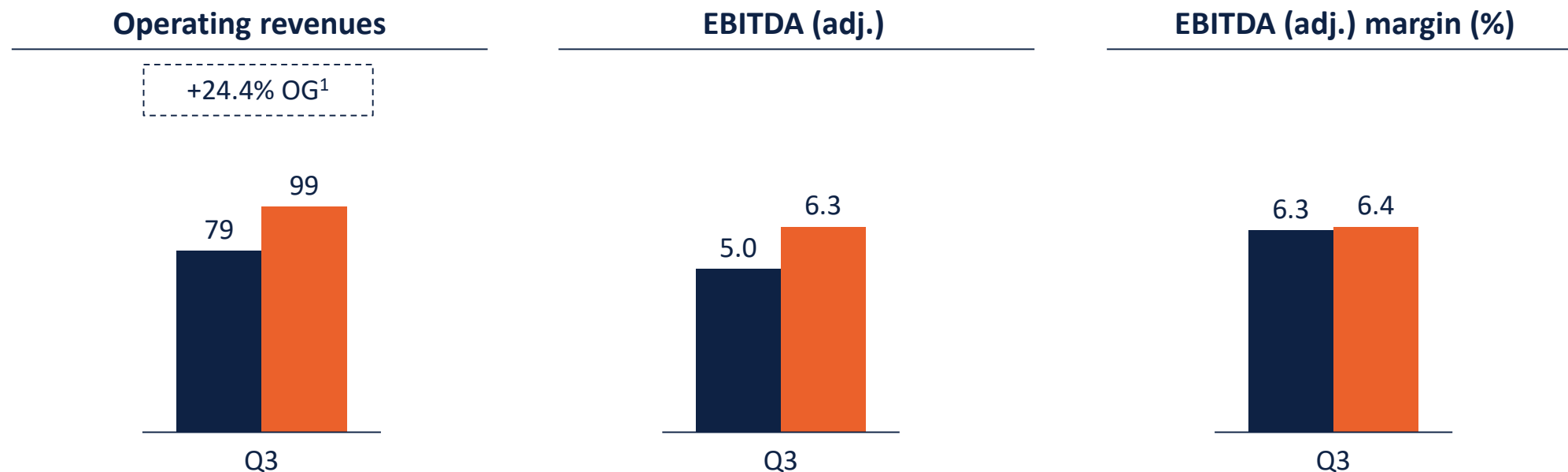
²Reported growth adjusted for currency translation effects and structural changes calculated on external spirits sales only



Q3 Logistics: Strong revenue and EBITDA growth

Amounts in NOK million

2019 2020



- Distributed volume in Q3 was 17.4 million liters, an increase of 5.2 million liters from Q3 last year
- Volumes to Vinmonopolet increased by 53.5 %, while Vinmonopolet's total sales increased by 48.6 percent
- EBITDA strengthened by increased revenue, but dampened by negative channel-mix and need for more personnel

¹Reported growth adjusted for currency translation effects and structural changes



Financial performance

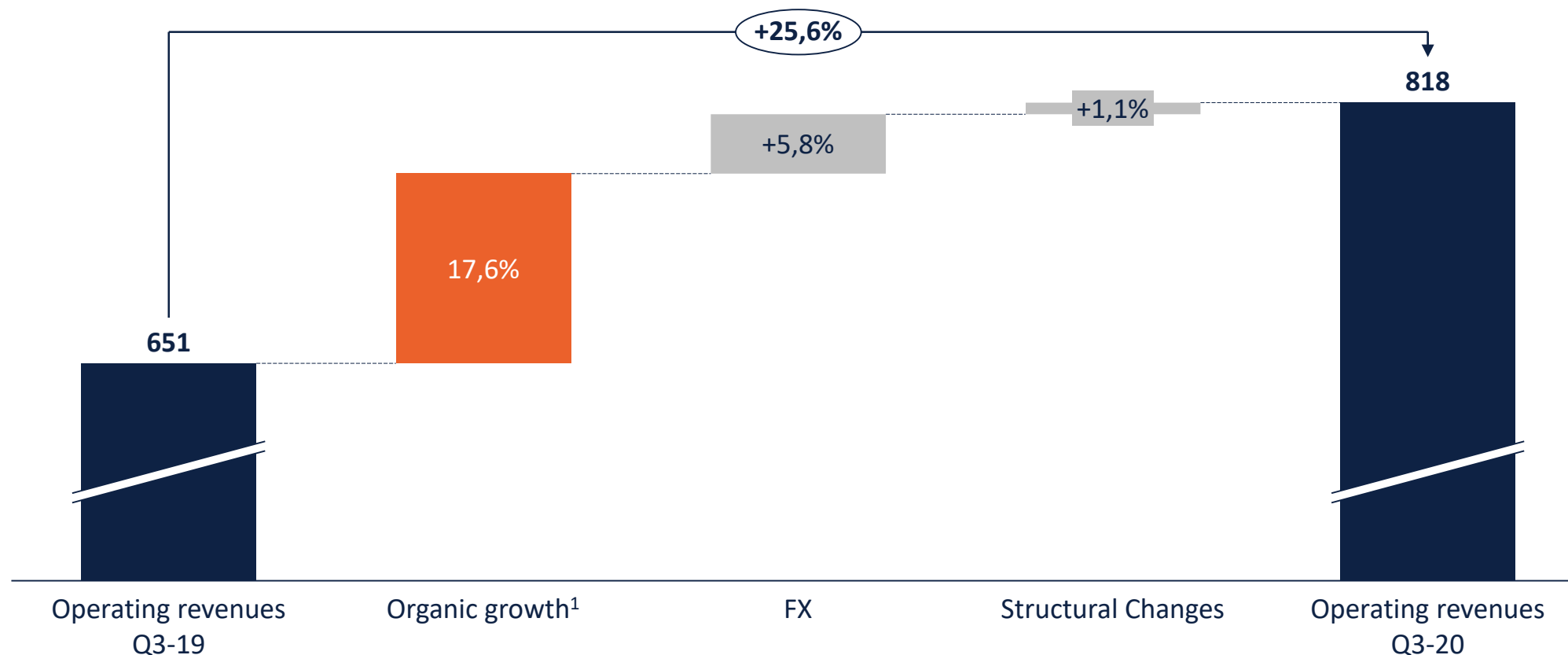
Sigmund Toth, CFO



Significant organic growth, positive FX-effect and structural changes all contributed to increased operating revenues

Q3-20 Operating revenue growth

Percent; NOK million

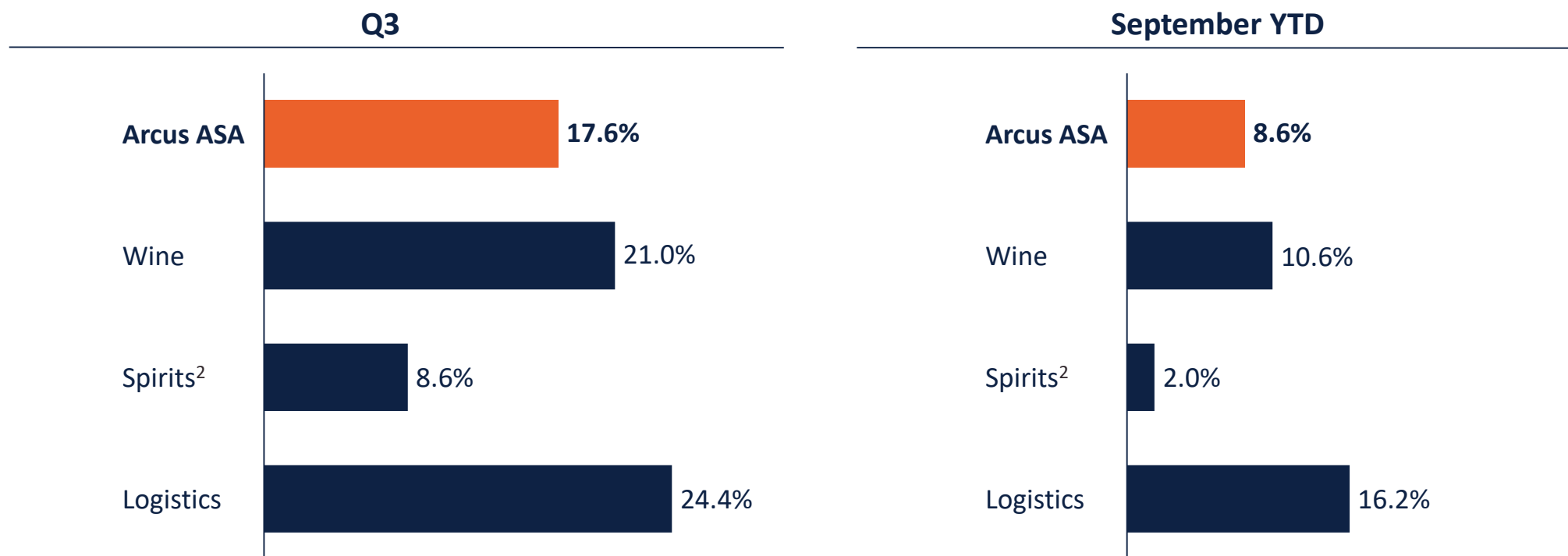


¹Reported growth adjusted for currency translation effects and structural changes (such as acquisitions or divestitures)

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



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

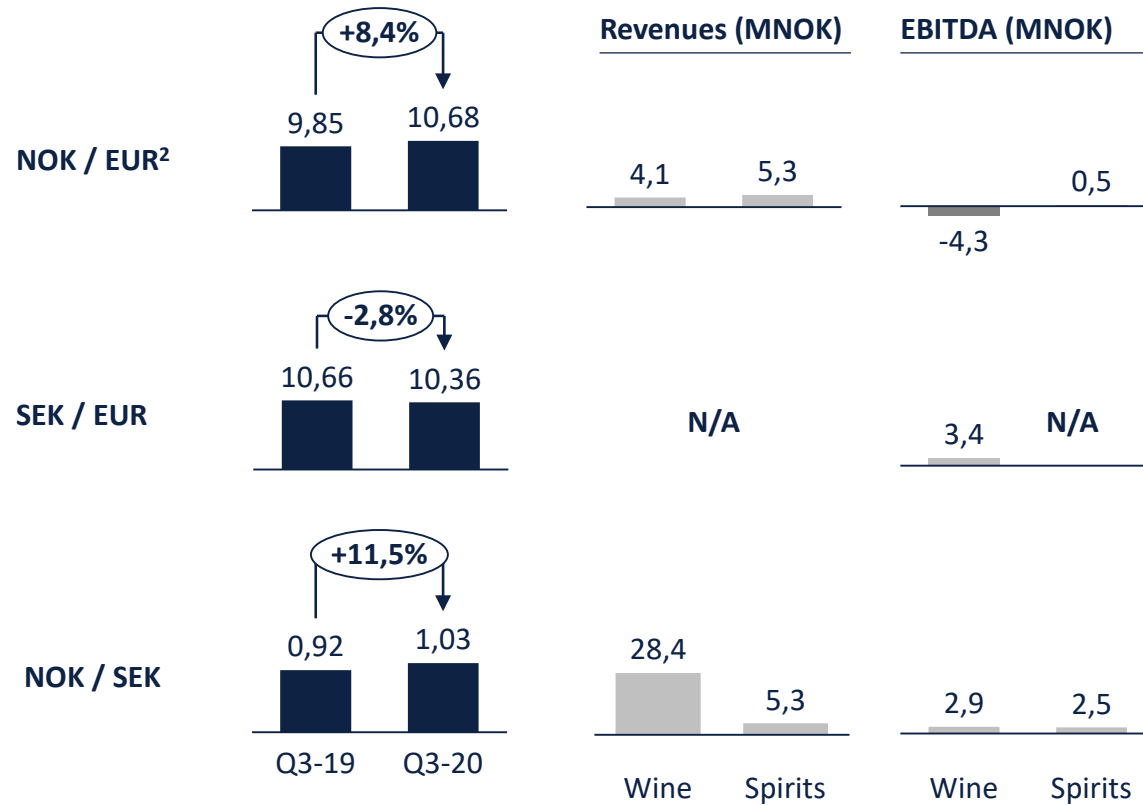


Amounts in NOK million

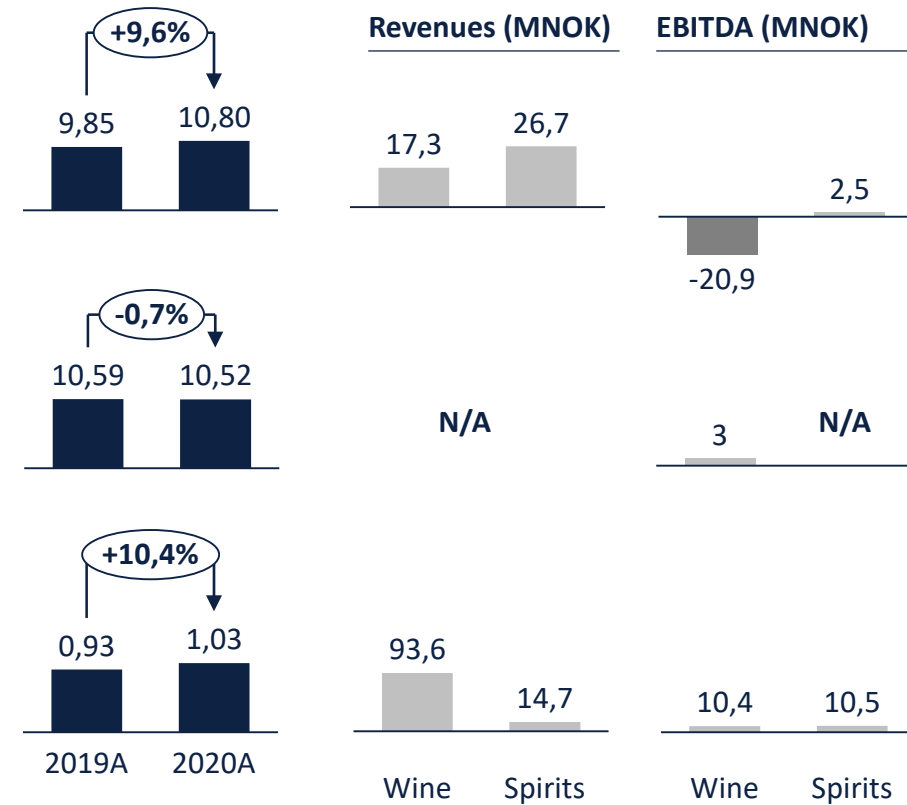
Profit and Loss	This quarter		Year-to-date	
	2020	2019	2020	2019
Operating revenues	817,6	650,8	2 195,9	1 901,0
EBITDA (adj.)	152,4	96,4	338,3	225,1
Depreciation, Amortization and Write-downs	-31,5	-36,3	-94,4	-89,5
EBIT (adj.)	120,9	60,1	244,0	135,6
Other income and expenses	-48,2	-2,0	-66,3	-15,0
EBIT	72,7	58,2	177,6	120,6
Net financials and other	-22,4	-13,1	-19,3	-64,8
Pre-tax profit	50,3	45,1	158,3	55,9
Tax	-17,4	-9,3	-43,2	-12,1
Profit/loss for the year	32,9	35,8	115,1	43,8
EPS (NOK)	0,47	0,52	1,66	0,64

Stronger SEK and EUR vs NOK results in positive FX-effect on revenues, and net positive effect on EBITDA with SEK stronger vs EUR than last year

Currency rate effects¹ (Q3 2020 actuals vs. Q3 2019 actuals)



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



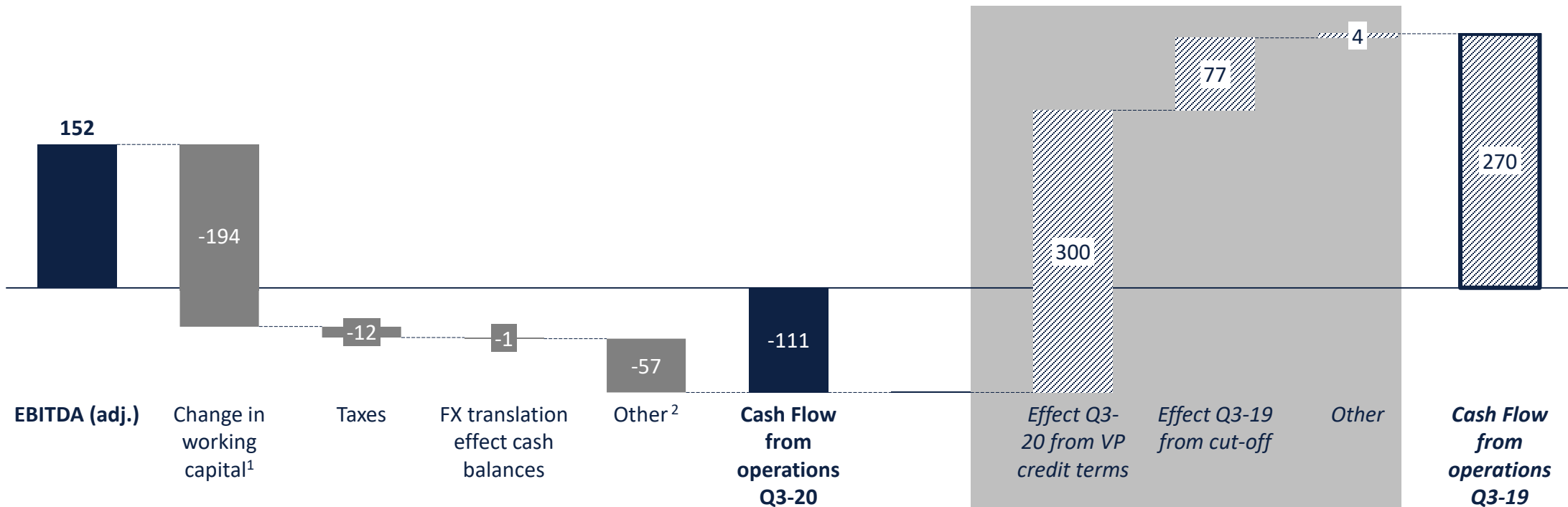
1) Effects are estimates and will vary based on actual business levels. Effects include both translation and transaction effects. Other important currency pairs (not shown) include (N)SEK / USD (Revenues & COGS) and (N)SEK / GBP (COGS on traded goods/agency products). On the Wine business, the general 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 Oct 26th 2020

Cash flow below last year mainly because reduced credit terms at Vinmonopolet moved cash flow to Q2 and positive cut-off effect last year

Q3-20 Cash Flow from Operations

Amounts in NOK million

Deviation from last year is mainly explained by the cash flow moved to Q2 from Q3 in 2020 as Vinmonopolet reduced its own credit terms due to COVID-19, and also a positive cut-off effect in Q3 last year absent this year, with large payment received on the first banking day in July.

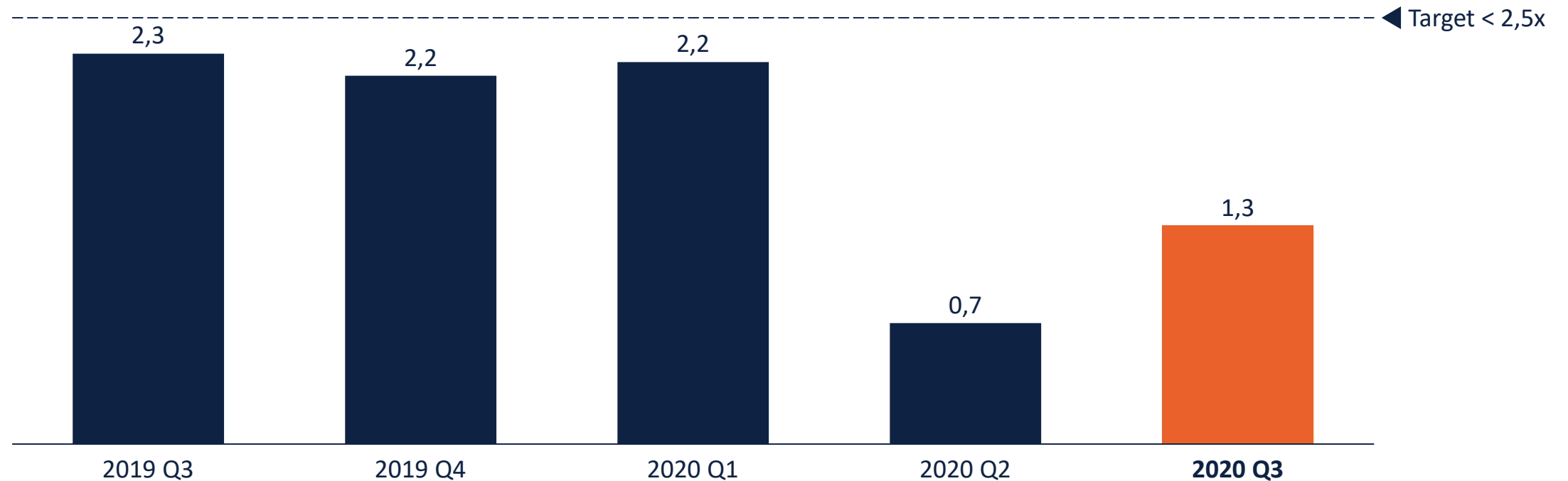


¹Adjusted for 4 MNOK net FX translation effect on working capital

²Other; mainly explained by "other income and expenses" excluded in EBITDA (adj.)

Gearing well below target at the end of Q3

Net Interest Bearing Debt (NIBD) / R12M Adjusted EBITDA by quarter
(Excluding IFRS16 effects and including full year effect of M&A)

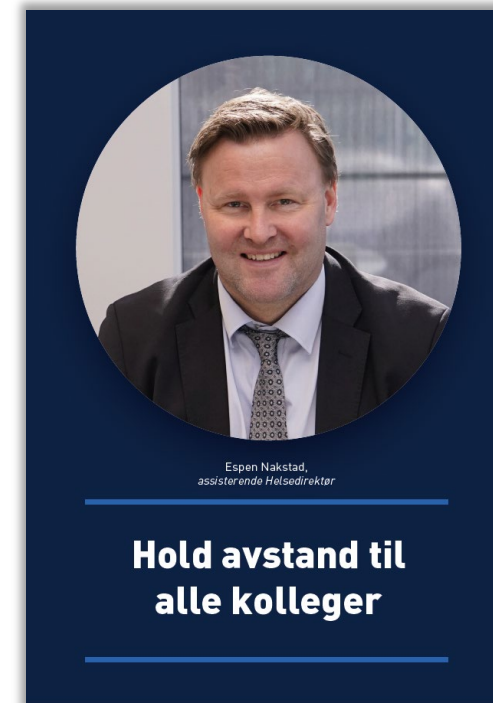


Kenneth Hamnes, Group CEO



Covid-19: Arcus works hard to keep our employees safe

- Arcus continues to focus on our three priorities defined at outbreak: Stop the virus spread, take care of people and keep business running.
- Several measures have been taken to reduce risk of infection and business disruptions:
 - Separation/distance on site to reduce contacts
 - Strict restrictions for temps and guests
 - Minimum staffing of critical support functions
 - Daily cleaning of touch points
- Only five Arcus employees confirmed infected by Covid-19 since March



Arcus has posted visual reminders and messages about Covid-19 all over the Gjelleråsen site

Anora: The merger work is on-track

- Very positive feedback on the merger and the ambition to create the leading brand house for wine & spirits in the Nordics and Baltics
- Arcus and Altia will hold Extraordinary General Meeting in parallel November 12, and legally compliant process planning will kick-off thereafter
- Dialogues with national competition authorities are ongoing. Merger approval expected first half of 2021, and closing will follow immediately



Tuesday September 29, the merger of Altia and Arcus was presented at a live press conference in Helsinki, Finland.

Denmark: Successful launch of Skagerrak Nordic Dry Gin

- Denmark chosen as first open market for launch
- Build credibility with influencer-driven SoMe activation, reaching 9 million consumer impressions*
- Build interest and desire with our own voice in open media, eg. inspirational films on YouTube
- Skagerrak already #2 Premium Gin in Danish grocery retail last 4 months**



Skagerrak Nordic Dry Gin has won multiple International Awards for premium taste and contemporary design.



* Estimated up to 2 million unique consumers

** Nielsen, SKU volume share, Gins priced >180DKK, Hendrick's #1, Malfy #3

Concluding remarks

- Q2 and Q3 results have been the best 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
- Strong efforts and solid execution from all employees and partners along the value chain
- Going forward: Focus on risk mitigation and planning in production/logistics as high season is due



Gammel Opland has launched a very popular pop-up bar & lounge at Alexander Kiellands plass in Oslo, serving cocktails and neat sips together with snacks.

THINK BEFORE
YOU DRINK. MAKE
GREAT MOMENTS
EVEN BETTER.

Arcus

Condensed statement of income

CONDENSED STATEMENT OF INCOME

MNOK	Note	Third quarter		Year to date		Full Year
		2020	2019	2020	2019	2019
Sales	2,9	806,8	639,7	2 160,9	1 867,2	2 710,4
Other revenue	2	10,8	11,1	35,0	33,8	52,4
Total operating revenue	2,9	817,6	650,8	2 195,9	1 901,0	2 762,8
Cost of goods		-463,2	-386,2	-1 263,3	-1 118,1	-1 601,1
Gross Profit		354,3	264,6	932,6	782,8	1 161,7
Gain on sale of fixed assets		0,7	0,1	0,8	0,1	0,0
Salaries and personnel cost		-127,0	-97,6	-368,0	-318,9	-439,2
Advertising & Promotion expenses (A&P)		-28,3	-27,0	-71,9	-83,2	-116,0
Other operating expenses		-47,8	-43,3	-153,6	-155,7	-213,5
Share of profit from AC ¹⁾ and JCE ²⁾		0,6	-0,4	-1,5	0,0	4,1
Other income and expenses	3	-48,2	-2,0	-66,3	-15,0	-19,7
EBITDA		104,3	94,4	272,0	210,1	377,3
Depreciation	5,6	-28,8	-34,3	-86,3	-83,7	-111,8
Amortisations	5,6	-2,7	-1,9	-8,1	-5,8	-7,7
Operating profit (EBIT)		72,7	58,2	177,6	120,6	257,8
Financial income	12	8,1	12,6	104,9	33,9	52,5
Financial expenses	7,10,12	-30,5	-25,6	-124,2	-98,7	-137,8
Pre-tax profit		50,3	45,1	158,3	55,9	172,5
Tax		-17,4	-9,3	-43,2	-12,1	-39,2
Profit/loss for the year		32,9	35,8	115,1	43,8	133,3
Profit/loss for the year attributable to parent company shareholders		32,0	35,5	113,2	43,3	132,3
Profit/loss for the year attributable to non-controlling interests		0,9	0,3	1,9	0,4	1,0
Earnings per share, continued operations		0,47	0,52	1,66	0,64	1,94
Diluted earnings per share, continued operations		0,44	0,49	1,60	0,61	1,85

¹⁾Associated Companies, ²⁾Jointly Controlled Entities

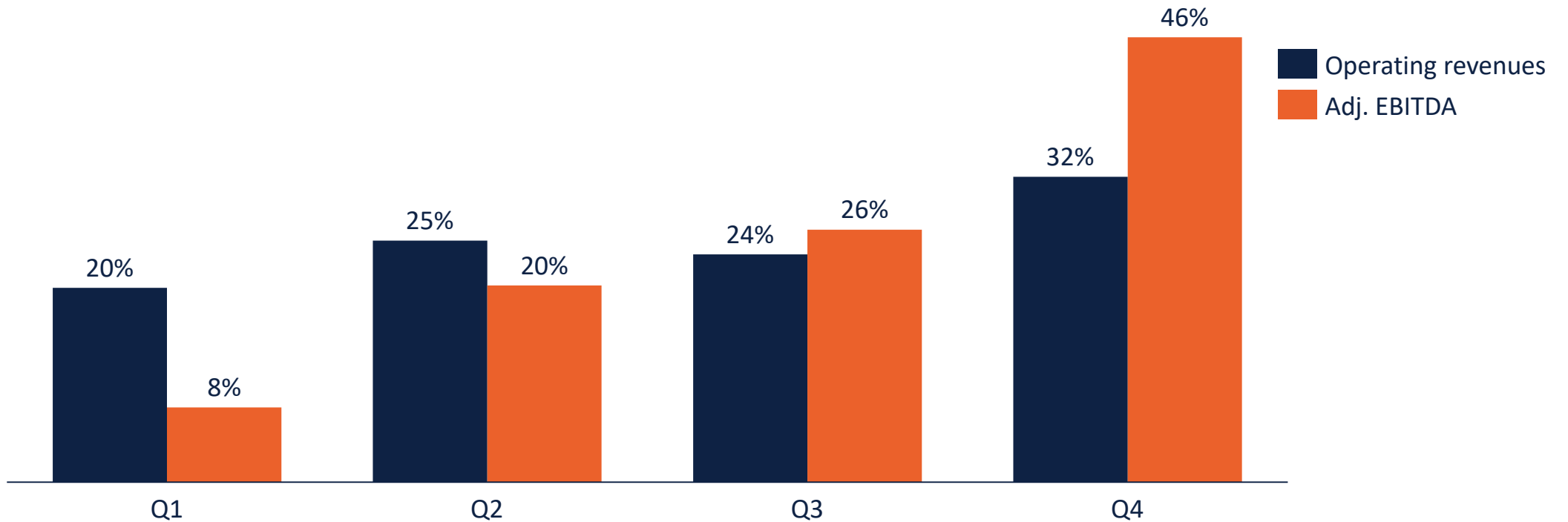
Condensed statement of financial position

CONDENSED STATEMENT OF FINANCIAL POSITION

MNOK		Third quarter		Full Year
		Note	30.09.2020	30.09.2019 31.12.2019
Intangible assets	6	2 040,4	1 869,1	1 923,2
Tangible assets	5	1 385,4	1 416,5	1 431,2
Deferred tax asset		61,4	113,3	86,1
Financial assets		70,8	61,6	65,3
Total fixed assets		3 558,0	3 460,4	3 505,8
Inventories		609,9	505,9	486,6
Accounts receivables and other receivables		1 315,7	932,7	1 392,5
Cash and cash equivalents		411,3	150,5	205,0
Total current assets		2 337,0	1 589,1	2 084,1
Total assets		5 895,0	5 049,5	5 589,9
Paid-in equity		772,1	772,1	772,1
Retained earnings		1 008,8	808,5	886,2
Non-controlling interests		4,7	3,2	3,9
Total equity		1 785,7	1 583,9	1 662,2
Non-current liabilities to financial institutions	8	785,7	691,3	703,8
Non-current liabilities at fair value through profit or loss	7,10	57,6	69,3	69,3
Non-current lease liabilities	8	1 192,8	1 221,9	1 151,0
Pension obligations		19,0	21,4	23,7
Deferred tax liability		119,2	102,3	101,3
Other non-current liabilities		0,2	0,4	0,5
Total non-current liabilities		2 174,6	2 106,7	2 049,6
Current finance lease liabilities	8	72,1	66,7	154,2
Tax payable		7,0	0,0	5,0
Accounts payable and other payables		1 855,6	1 292,2	1 718,8
Total current liabilities		1 934,7	1 358,9	1 878,0
Total equity and liabilities		5 895,0	5 049,5	5 589,9

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

2016-2019, average



Average 2016 – 2019 Arcus ASA, rounded numbers