

Fourth quarter and full-year results 2016

Kenneth Hamnes, CEO
Sigmund Toth, CFO

14 February 2017

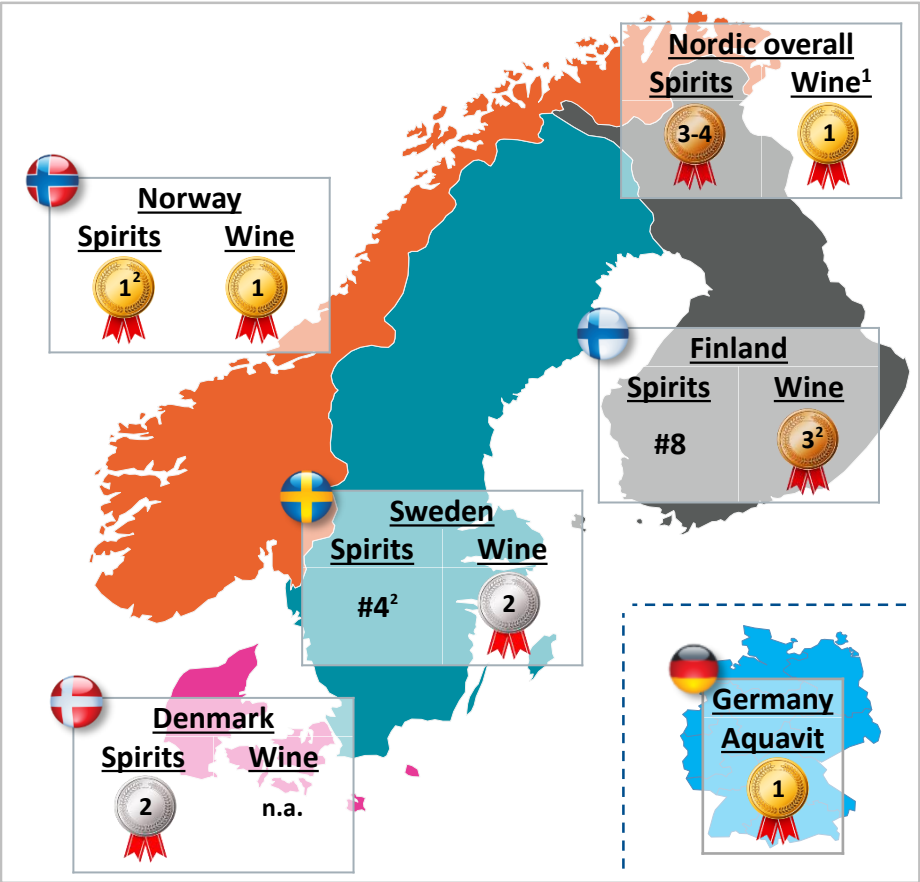


Arcus

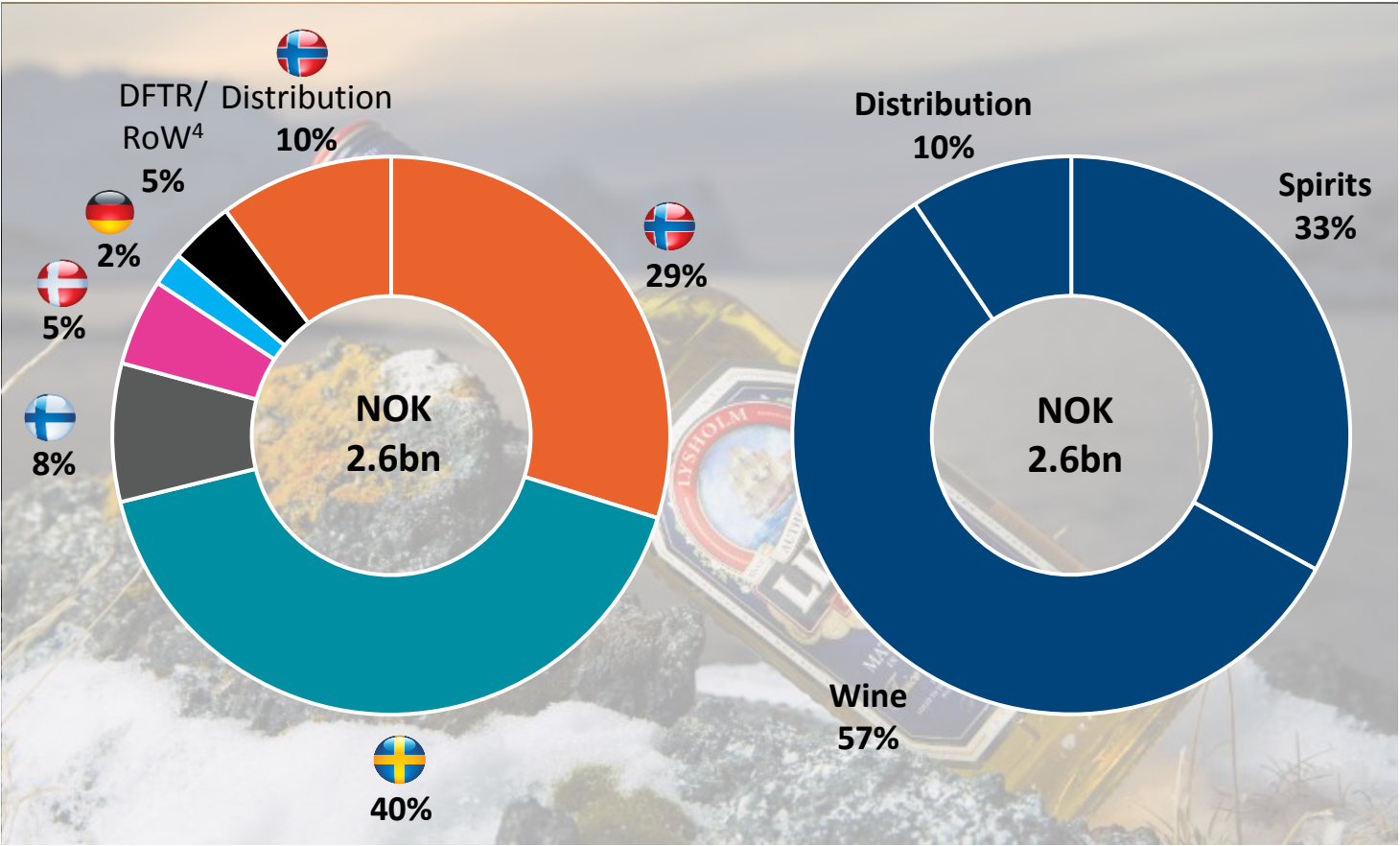
A leading Nordic branded consumer goods company



Solid footprint across the Nordic area and Germany



Revenue split – 2016³



“We bring the best of Nordic spirits to the world and the world’s best wines to the Nordics”

1) Wine position excl. Denmark, a non-monopoly market, where Arcus is not present within wine. 2) Spirits Norway and Sweden pro forma incl. Dworek acquired Aug 2016. Wine Finland shared position. 3) Split before elim. of internal sales. 4) DFTR – “Duty free and travel retail”, RoW – “Rest of world”

2016 highlights

Revenue:

18th consecutive year of growth

Operating revenue 2.582 MNOK (+4,5 %)

Revenue growth in all business segments

EBITDA (adj.):

335 MNOK (+22,2 %)

Successful IPO:

>3.000 shareholders, net debt reduced

Proposed dividend:

1,47 NOK per share



Q4-2016 highlights

Revenue:

Continued topline growth reported growth +1,3%, organic growth +4,4%

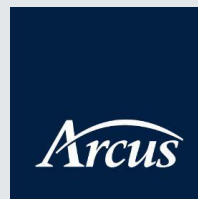
Organic revenue growth in all business segments

EBITDA (adj.):

152 MNOK vs. 157 MNOK in Q4 year ago, expected decline driven by a shift of A&P to the last quarter and foreign exchange headwinds in Sweden



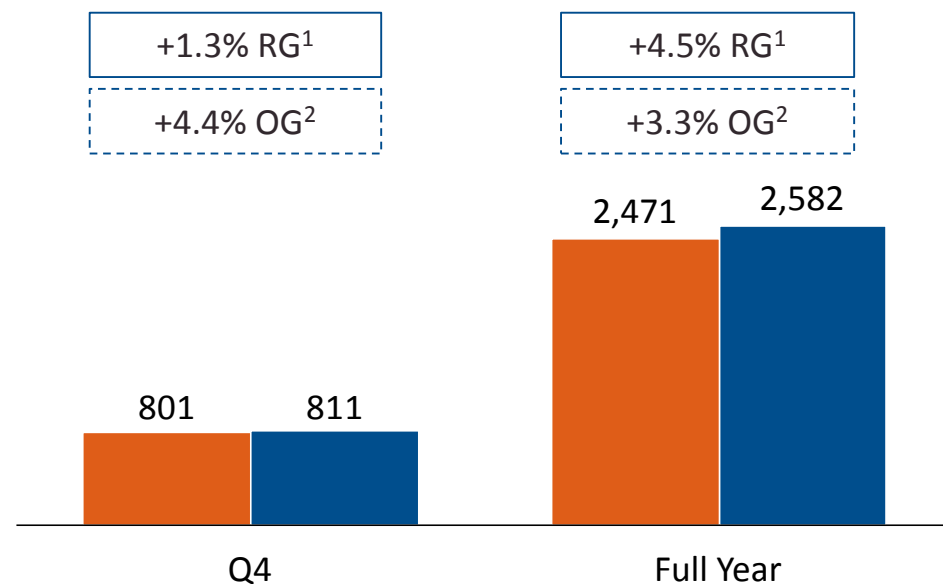
Q4: Continued top-line growth



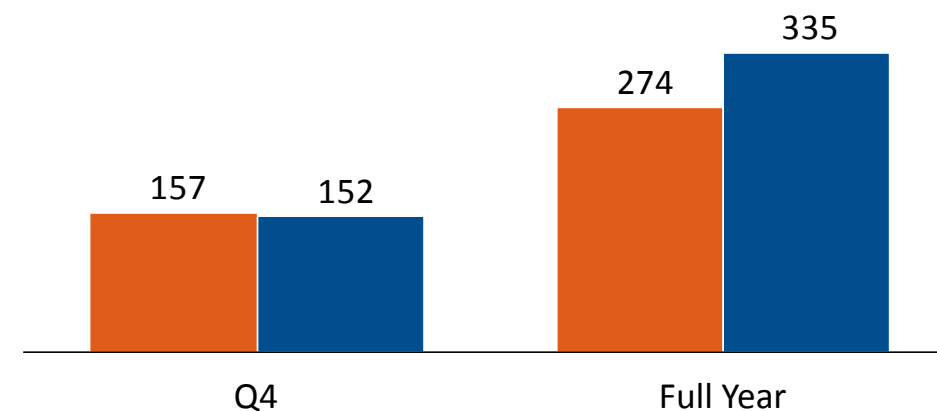
Amounts in NOK million

2015 2016

Operating Revenues



Adjusted EBITDA



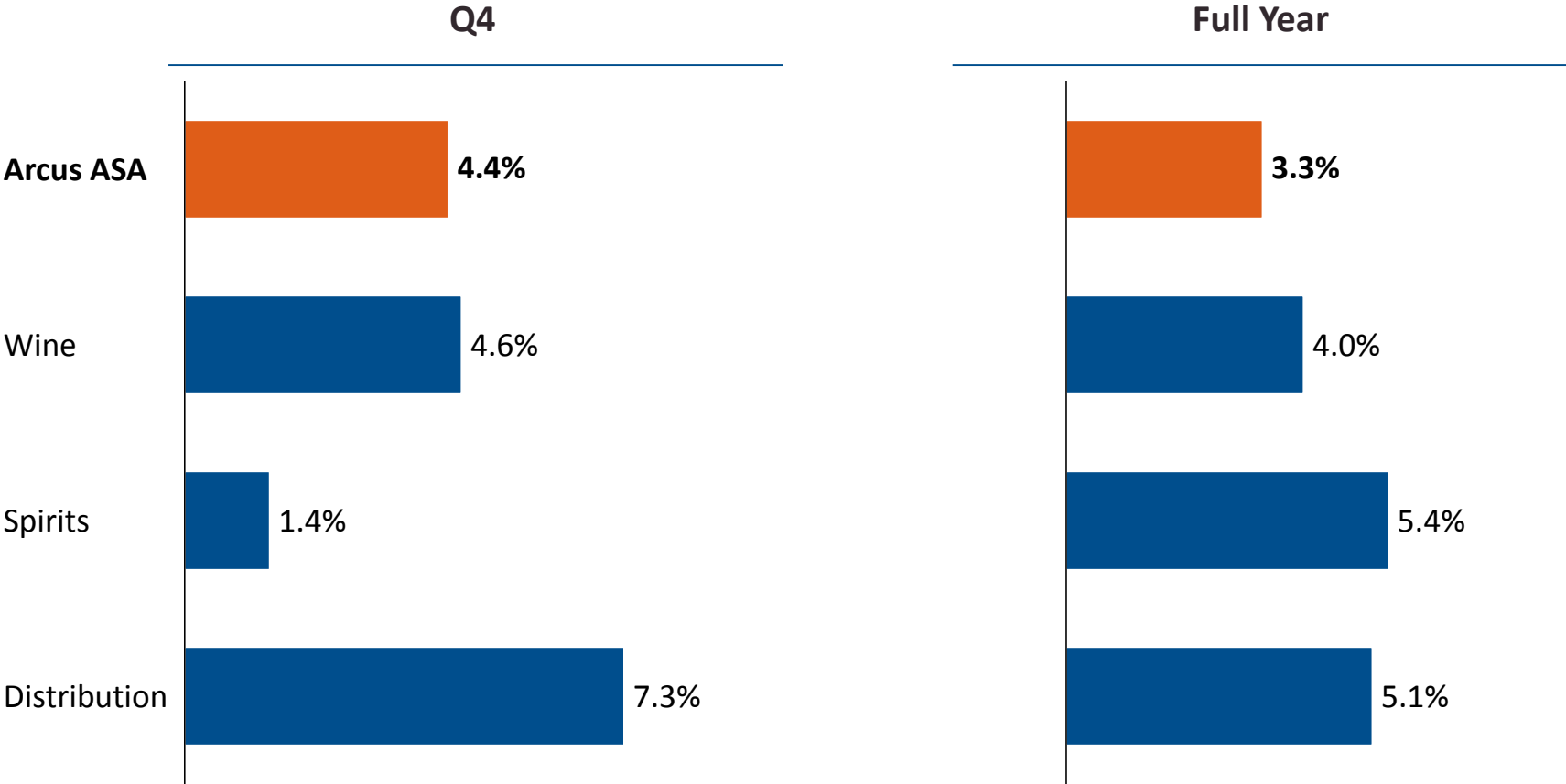
- **Spirits:** Solid demand for iconic brands
- **Wine:** Good results despite foreign exchange headwind
- **Distribution:** Profitable for second consecutive quarter



Organic growth in all segments for Q4 and 2016



Organic growth¹ overall and by reporting segment
Percent

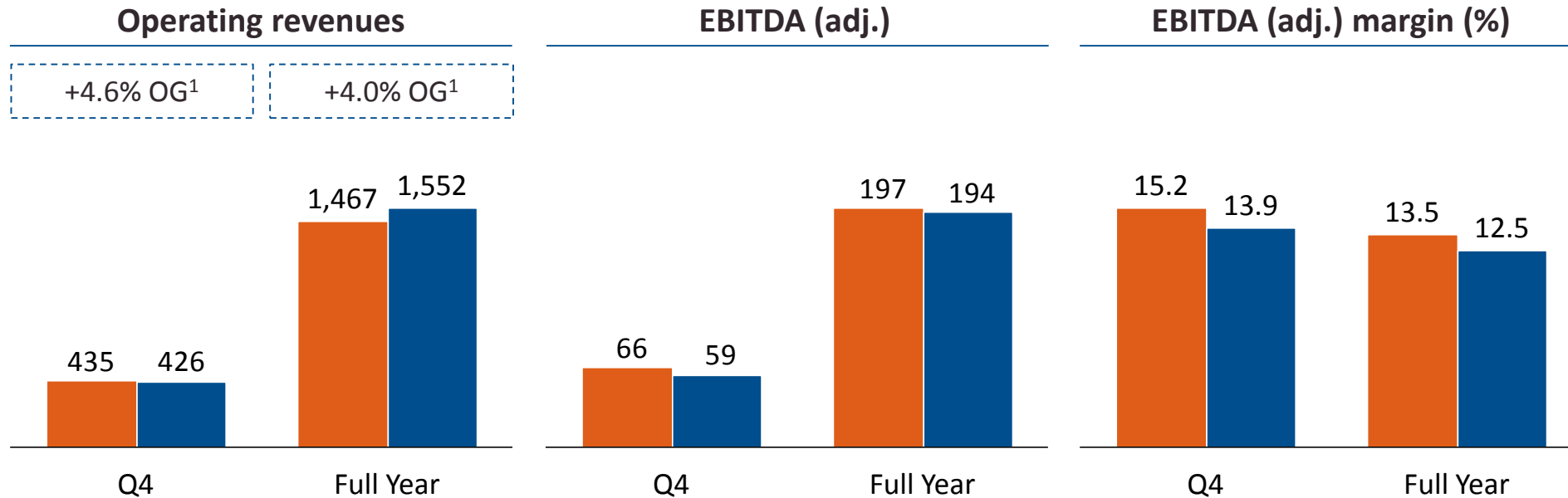


Q4 Wine: Organic growth, weak SEK hampers margins

Arcus

Amounts in NOK million

2015 2016



- Organic growth in all three markets; Sweden, Norway and Finland
- Arcus' own brands increased faster than overall sales
- Weak SEK had negative impact on reported sales and margins

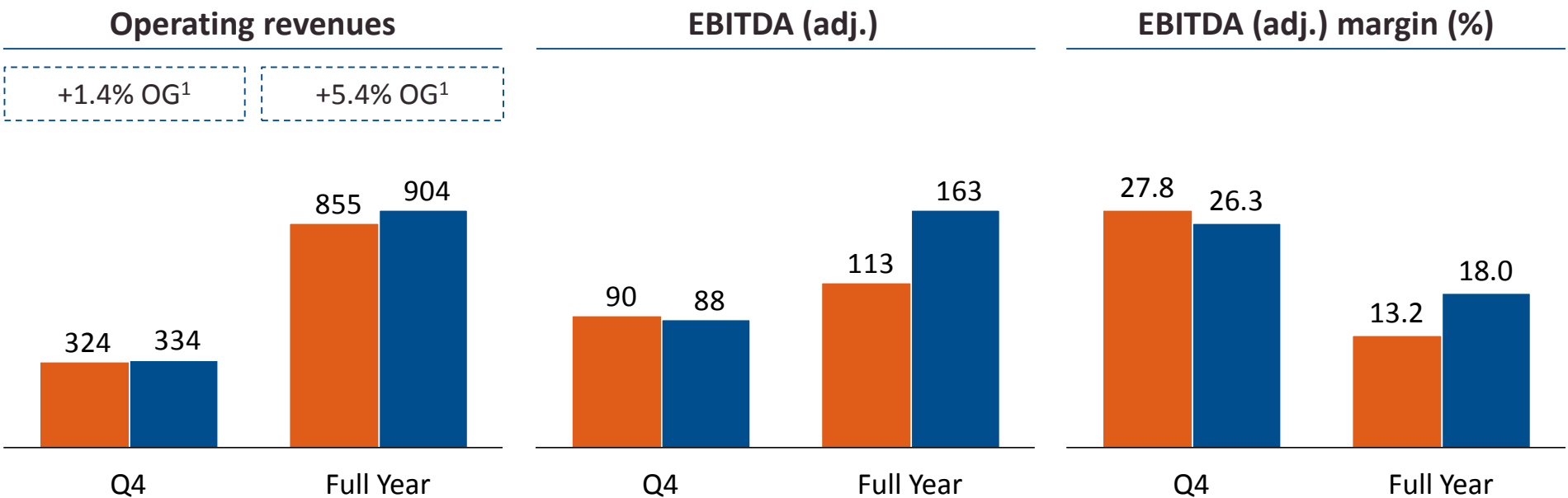


Q4 Spirits: Increased revenue, planned A&P phasing



Amounts in NOK million

2015 2016



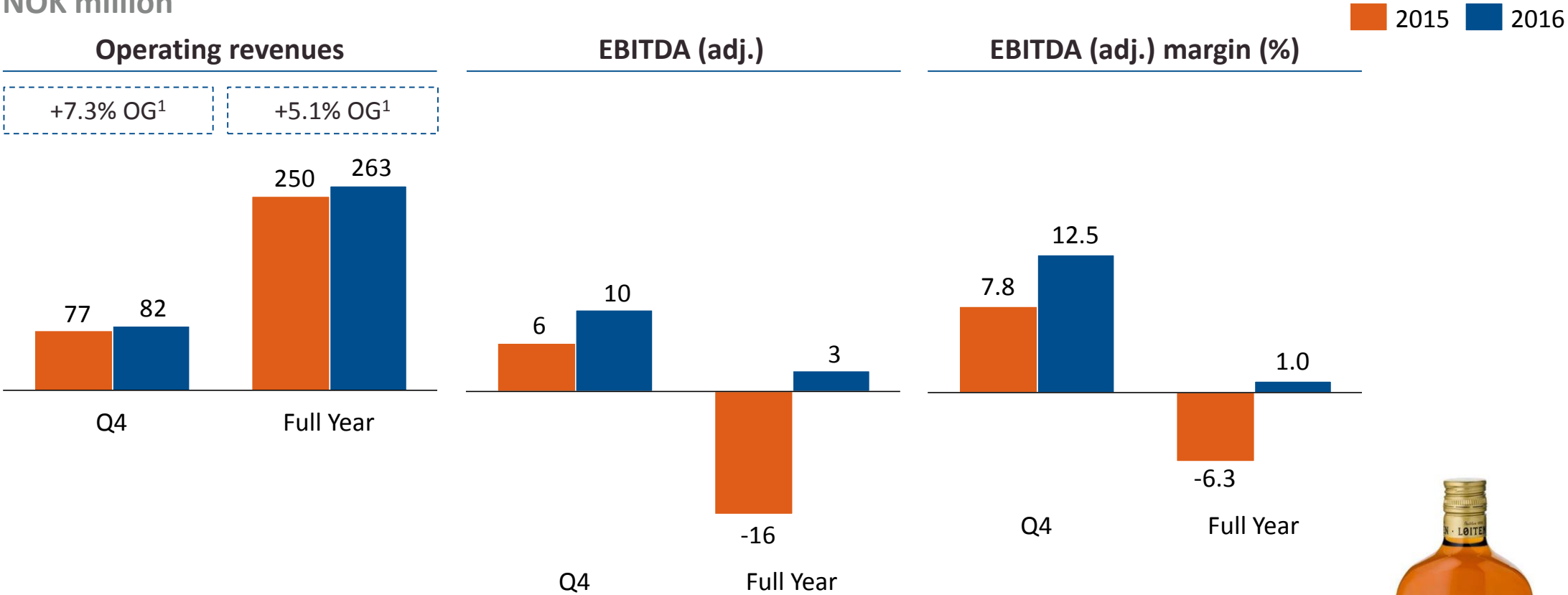
- Sales growth, mainly in Norway, Sweden and Germany
- Increased sale of Aquavit and Vodka
- Higher A&P spending, as planned



Q4 Distribution: Profitable growth, positive EBITDA for 2016



Amounts in NOK million



- Increased volume driven by new customers in Q2
- Lower revenue per liter, partly offset by higher sales of services



Financial performance

Sigmund Toth, CFO



Q4 Group EBITDA (adj.): 4,5 MNOK decrease versus 2015, driven by FX and A&P costs



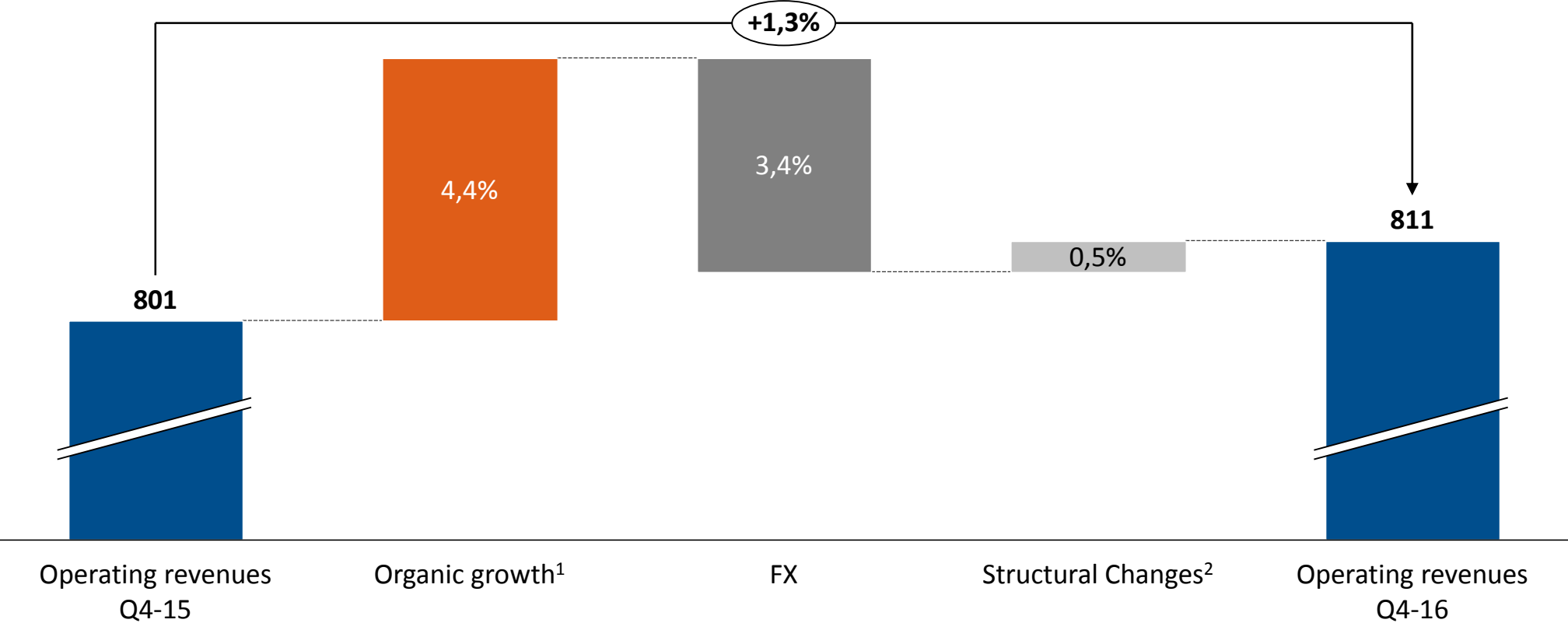
Amounts in NOK million

Profit and Loss	Q4-16	Q4-15	2016	2015
Operating revenues	811,4	801,1	2 582,4	2 470,6
EBITDA (adj.)	152,3	156,8	335,4	274,4
Depreciation, Amortization and Write-downs	-13,1	-14,0	-51,6	-55,5
EBIT (adj.)	139,2	142,8	283,7	218,8
Other income and expenses	-36,4	-23,3	-44,9	-16,5
EBIT	102,8	119,5	238,9	202,3
Net financials and other	-93,0	1,1	-236,7	-100,6
Pre-tax profit	9,9	120,6	2,1	101,7
Tax	-24,4	-27,2	-26,2	-17,3
Profit/loss for the year	-14,5	93,4	-24,1	84,4
EPS (NOK)	-0,30	1,73	-0,67	1,28

Q4 Sales growth of 1,3% was driven by organic growth and structural changes, partly off-set by FX

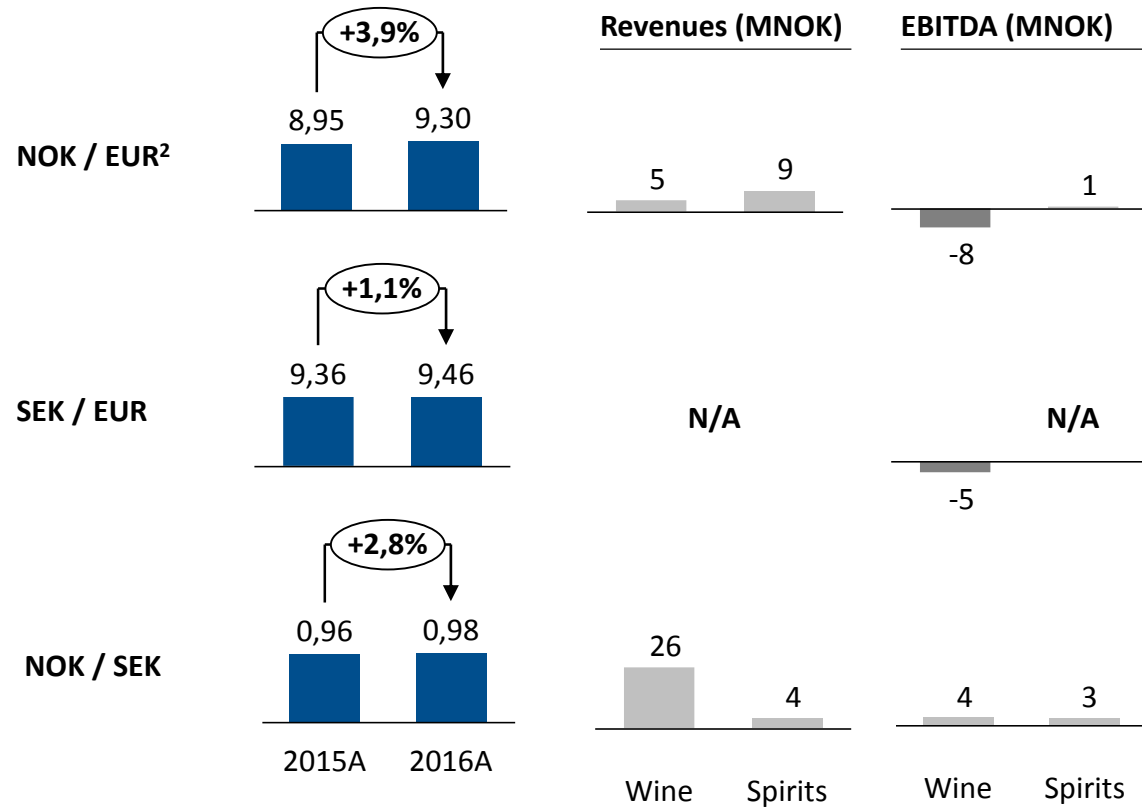


Q4 16 Operating revenue growth
Percent; NOK Million

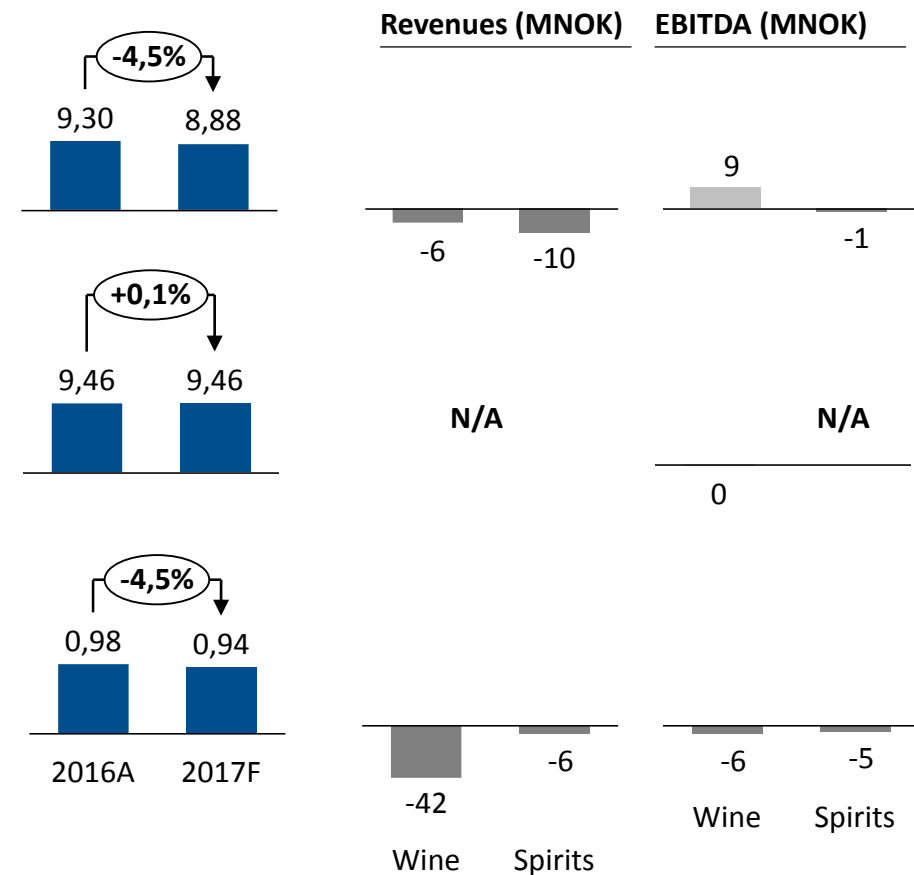


Foreign exchange boosted reported revenues in 2016, opposite effect in 2017 likely. EBITDA less impacted

Currency rate effects¹ (2016 actuals vs. 2015 actuals)



Currency rate effects¹ (2017 current rate³ vs. 2016 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 NOK / USD (Revenues) 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.

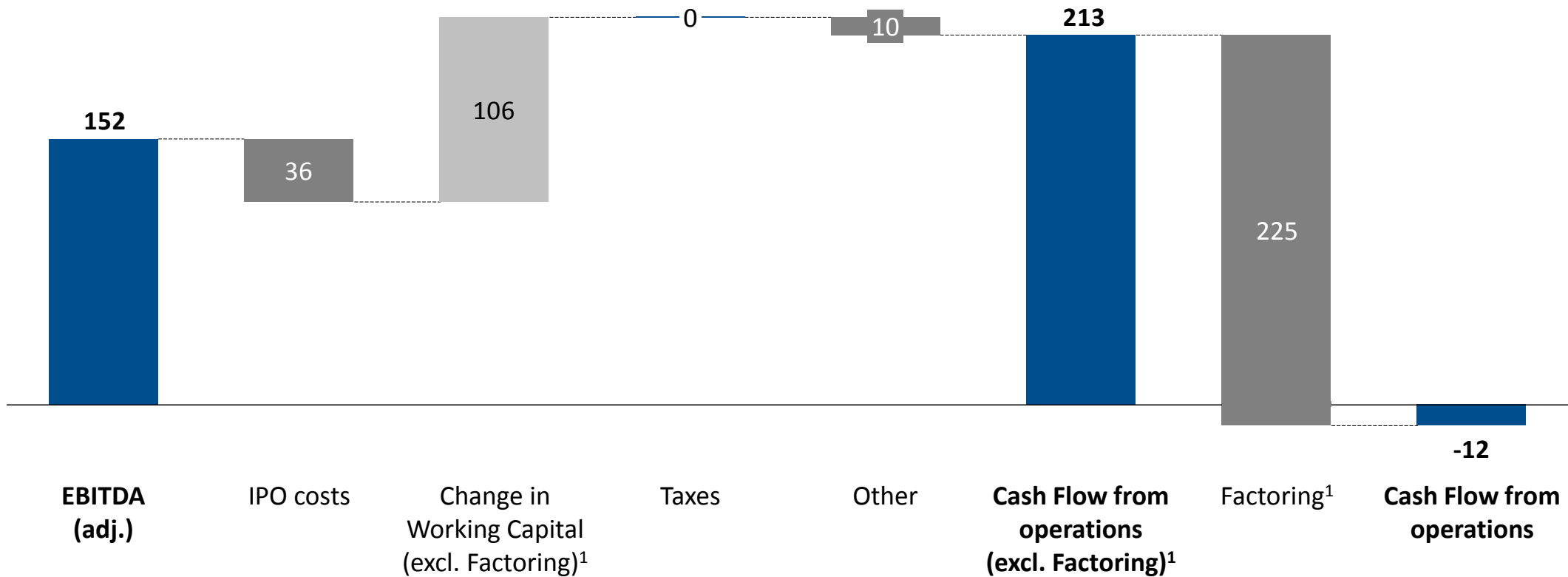
² NOK / EUR includes costs and revenues in DKK as DKK moves within narrow band to the EUR;

³ Current rate as per Feb 9th 2017

Q4: Underlying Cash Flow from operations was strong, reported Cash Flow impacted by end of Factoring

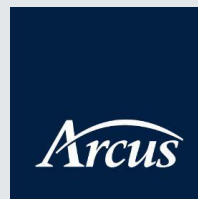
Q4-16 Cash Flow from Operations

Amounts in NOK Million

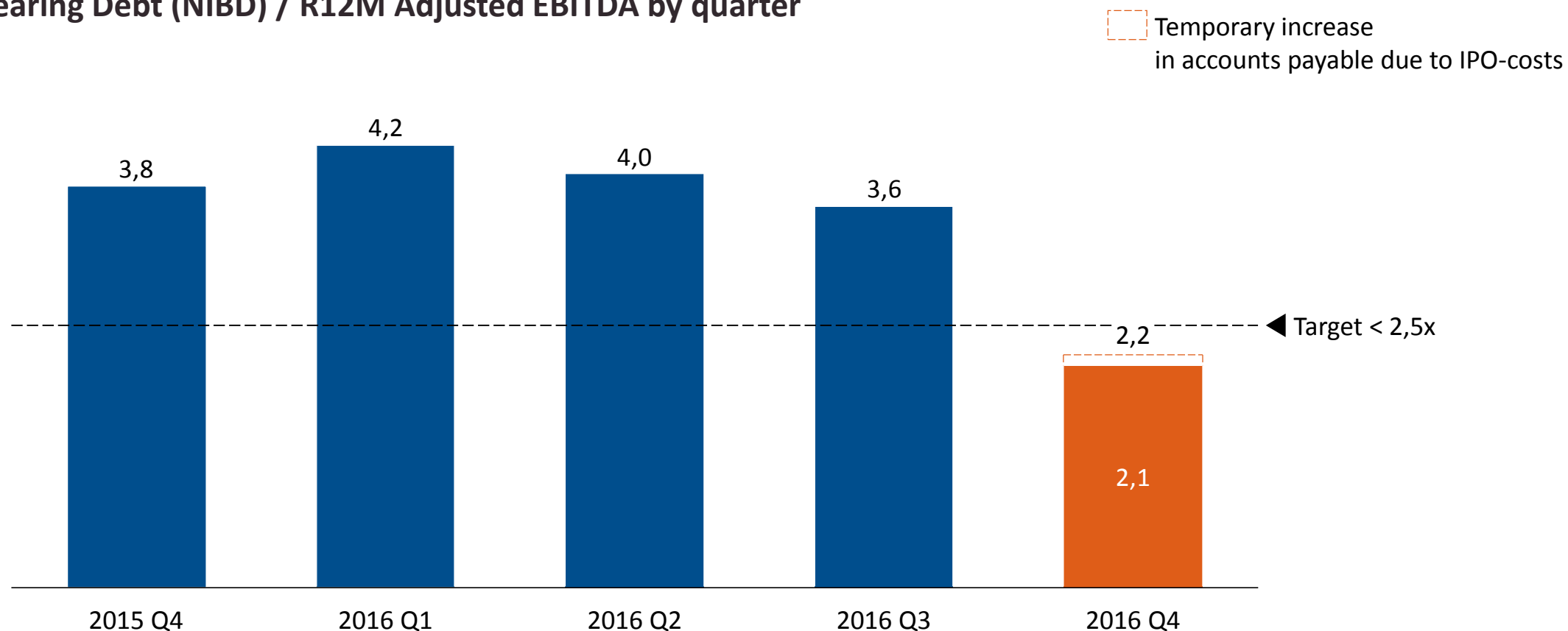


¹ Prior to the IPO, factoring was a source of financing, reducing reported Accounts Receivable. The decision to stop factoring led to a one-time increase in working capital of 225 NOK million and a corresponding decrease in reported Cash Flow from operations in Q4-16

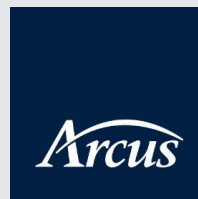
Gearing was reduced through the IPO capital increase and was somewhat below target at the end of 2016



Net Interest Bearing Debt (NIBD) / R12M Adjusted EBITDA by quarter

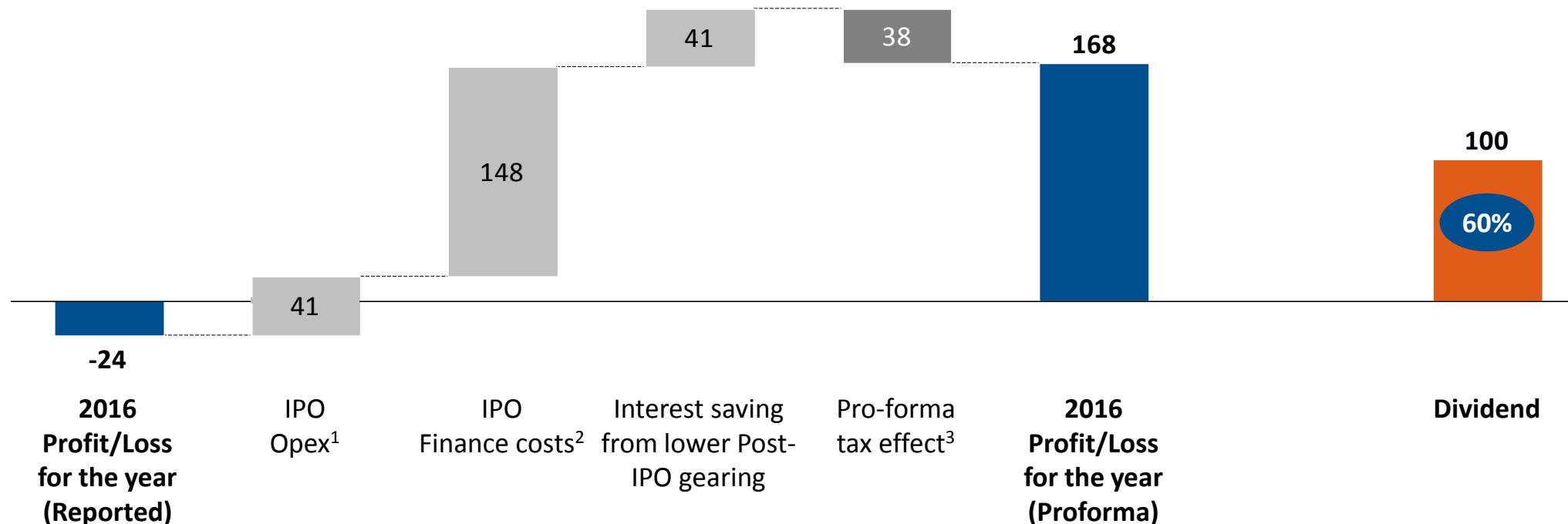


Recommended dividend of 100 NOK million, corresponds to 60% of proforma Profit/Loss (mid-range of 50-70% target)



Proforma Profit/Loss for the year Amounts in NOK Million

xx% Dividend as share of
Profit/Loss (Proforma)



1 Note 2 in Q4 report: «Other income and expenses»

2 Note 6 in Q4 report: Liabilities at fair value through profit and loss, item «Changes in value through period»

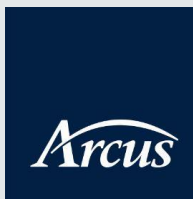
3 Pro-forma tax calculation using 25% effective tax rate; some parts of IPO costs not tax-deductible

Strategy

Kenneth Hamnes, CEO



Multiple and tangible sources for continued growth



Spirits

- Grow core categories – Aquavit and Bitter
- Develop Nordics and revitalize Germany
- Accelerate Spirits innovation: Addressing new occasions, categories and consumer groups

Wine

- Focus on winning monopoly tenders
- Focus on attracting complementing agencies
- Accelerate and roll-out own brand development
- Leverage our entrepreneurial model, get the right people for start-ups

Distribution

- Continued focus on cost optimization
- Grow top line through winning new contracts

M&A

- Well positioned for selective bolt-on acquisitions

Q&A

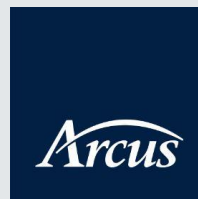
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Arcus

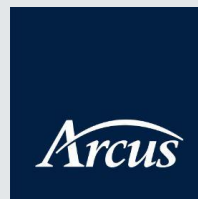
Condensed statement of income



MNOK	Note	Fourth quarter		Year to date	
		2016	2015	2016	2015
Sales	9	796,0	774,2	2 521,8	2 365,2
Other revenue		15,4	26,9	60,6	105,4
Total operating revenue		811,4	801,1	2 582,4	2 470,6
Net gain on sales of fixed assets		0,0	0,2	0,1	0,2
Total income		811,4	801,2	2 582,5	2 470,9
Cost of goods		-449,1	-447,2	-1 467,9	-1 394,6
Salaries and personnel cost		-110,3	-103,1	-392,6	-380,3
Advertising & Promotion expenses (A&P)		-37,2	-33,4	-121,7	-145,1
Other operating expenses		-67,0	-66,0	-270,8	-281,0
Depreciations	4, 5	-11,7	-10,6	-46,0	-45,6
Amortisations	4, 5	-1,4	-1,4	-5,6	-5,5
Write downs		0,0	-2,0	0,0	-4,4
Share of profit from AC ¹⁾ and JCE ²⁾		4,6	5,3	5,8	4,6
Operating profit before other income and expenses (EBIT adjusted)		139,2	142,8	283,7	218,8
Other income and expenses	2	-36,4	-23,3	-44,9	-16,5
Operating profit (EBIT)		102,8	119,5	238,9	202,3
Net financial profit/loss	6, 10, 11	-93,0	1,1	-236,7	-100,6
Pre-tax profit		9,9	120,6	2,1	101,7
Tax	12	-24,4	-27,2	-26,2	-17,3
Profit/loss for the year		-14,5	93,4	-24,1	84,4
Profit/loss for the year attributable to parent company shareholders		-16,6	86,4	-34,6	64,1
Profit/loss for the year attributable to non-controlling interests		2,1	7,0	10,5	20,3
Earnings per share, continued operations		-0,30	1,73	-0,67	1,28
Diluted earnings per share, continued operations		-0,30	1,73	-0,67	1,28

¹⁾Associated Companies, ²⁾Jointly Controlled Entities

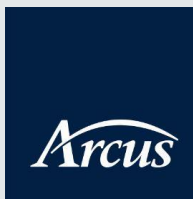
Condensed statement of financial position



MNOK		Fourth quarter		Year end
	Note	2016	2015	2015
Intangible assets	5	1 710,1	1 741,9	1 741,9
Tangible assets	4	350,2	377,9	377,9
Deferred tax asset		172,1	162,4	162,4
Financial assets		58,2	55,4	55,4
Total fixed assets		2 290,7	2 337,6	2 337,6
Inventories		378,8	388,2	388,2
Accounts receivables and other receivables ¹⁾		1 426,0	1 095,0	1 095,0
Cash and cash equivalents		199,4	190,4	190,4
Total current assets		2 004,2	1 673,6	1 673,6
Total assets		4 294,8	4 011,2	4 011,2
Paid-in equity		772,1	1,8	1,8
Retained earnings		716,6	843,0	843,0
Non-controlling interests		13,9	31,6	31,6
Total equity		1 502,6	876,4	876,4
Non-current liabilities to financial institutions	8	703,3	833,3	833,3
Non-current liabilities at fair value through profit or loss	6, 10	0,0	70,3	70,3
Non-current finance lease liabilities	8	183,0	200,2	200,2
Pension obligations		34,1	35,9	35,9
Deferred tax liability		92,6	96,6	96,6
Other non-current provisions	7	0,6	1,1	1,1
Total non-current liabilities		1 013,6	1 237,4	1 237,4
Current liabilities to financial institutions	8	0,0	156,8	156,8
Bank Overdraft		0,0	0,0	0,0
Current liabilities at fair value through profit or loss	6, 10	24,1	48,7	48,7
Current finance lease liabilities		16,5	15,4	15,4
Tax payable		0,0	13,5	13,5
Accounts payable and other payables	7	1 738,0	1 663,0	1 663,0
Total current liabilities		1 778,6	1 897,4	1 897,4
Total equity and liabilities		4 294,8	4 011,2	4 011,2

¹⁾ The balance of accounts receivables are significantly higher as of 31.12.2016 than 31.12.2015 due to the decision to stop using factoring. This led to a one-time increase in receivables of 225 MNOK.

Condensed statement of cash flows



MNOK		Fourth quarter		Year to date	
	Note	2016	2015	2016	2015
Pre-tax profit		9,9	120,6	2,1	101,7
Depreciations and amortisations		13,1	14,0	51,6	55,5
Received dividend from associated companies		0,0	0,6	2,9	4,6
Net interest in period		11,4	16,9	62,5	67,9
Other items without cash effect		71,9	-27,0	138,2	5,3
Change in inventories		46,1	43,7	9,4	22,7
Change in receivables ¹⁾		-772,7	-494,2	-329,2	64,8
Change in payables		608,1	570,3	98,8	0,7
Cash flow from operating activities before tax		-12,2	244,9	36,4	323,2
Tax paid		-0,1	-6,5	-46,7	-50,6
Cash flow from operating activities		-12,3	238,4	-10,3	272,6
Proceeds from sale of tangible & intangible fixed assets		0,1	3,6	1,1	14,7
Payments on acquisition of tangible & intangible fixed assets		-6,0	-15,6	-47,8	-78,9
Payments on acquisition of operations		0,0	-0,1	0,0	-34,6
Proceeds from sale of operations		0,0	3,5	0,0	8,3
Cash flows from investment activities		-5,9	-8,6	-46,7	-90,5
Proceeds - co-investment program	6, 10, 11	0,0	-0,5	1,0	2,0
Payments - co-investment program	6, 10, 11	-155,3	0,0	-157,9	-2,5
Capital increase		768,9	0,0	768,9	0,0
New debt to financial institutions	8	703,1	0,0	802,6	124,3
Repayment debt to financial institutions	8	-972,3	-37,9	-1 093,9	-149,8
Change other long term loans		0,0	-0,3	-1,1	-0,3
Interest received in period		2,5	2,4	7,9	9,9
Interest paid in period		-13,9	-19,2	-70,2	-76,9
Paid dividend and Group contributions		-0,3	0,0	-28,3	-19,2
Other financing payments		-47,7	-8,7	-146,3	-70,8
Cash flow from financing activities		285,2	-64,2	82,8	-183,3
Total cash flow		267,0	165,6	25,8	-1,3