

NOT FOR DISTRIBUTION OR RELEASE, DIRECTLY OR INDIRECTLY, TO U.S. NEWS WIRE SERVICES OR FOR DISSEMINATION IN OR INTO THE UNITED STATES, AUSTRALIA, CANADA OR JAPAN, OR ANY OTHER JURISDICTION IN WHICH THE DISTRIBUTION OR RELEASE WOULD BE UNLAWFUL.

## **Arcus intends to apply for a listing on Oslo Børs**

**Oslo, 4 November 2016: Arcus ASA (“Arcus” or the “Company”) today announces its intention to launch an initial public offering (the "IPO") of its ordinary shares and to apply for a listing on Oslo Børs.**

Arcus is a leading Nordic branded consumer goods company within the production, import, sale and distribution of wine and spirits<sup>1</sup>. The Company is the world’s largest producer of aquavit and holds strong market positions within spirits and wine across the whole Nordic region. Arcus has over the last 20 years grown from a local Norwegian spirits company into a North-European wine and spirits group with the Nordic region and Germany as its home markets.

### **Growth**

Arcus has delivered top line growth for 17 consecutive years, with an average revenue growth of around 11% annually since 2005. This has been achieved both organically and through successful acquisitions. During the period from 2005 to 2015, Arcus’ operating revenues have increased from NOK 863 million to NOK 2,471 million, whilst the adjusted<sup>2</sup> EBITDA has increased from NOK 31 million to NOK 274 million. The adjusted<sup>2</sup> EBITA was NOK 229 million in 2015 (adjusted operating margin: 9.3%).

The strong momentum has continued into 2016. In the rolling twelve-month period to 30 September 2016, the Company had revenues of NOK 2,572 million, an adjusted<sup>2</sup> EBITDA of NOK 340 million and an adjusted<sup>2</sup> EBITA of NOK 295 million (adjusted operating margin: 11.5%).

Arcus has a clear strategy of continued organic growth and of making further bolt-on acquisitions in fragmented home markets.

### **Market leading position<sup>1</sup>**

Arcus holds a solid position in the Nordic area, with a number one position within both spirits and wine in Norway, a number two position within wine in Sweden and a number two position within spirits in Denmark. Through recent acquisitions, Arcus has also secured attractive positions within wine in Finland and spirits in Sweden, as well as a leading position within aquavit in Germany. Its strong market positions are based on its portfolio of iconic spirits brands, its broad wine portfolio comprising Arcus and agency brands and its deep local consumer insights across its home markets.

### **Spirits**

The Company’s portfolio of spirits includes a number of iconic Arcus brands with unique heritage and history back to the early 1800s, including Lysholm Linie, Løiten, Aalborg Akvavit and Gammel Dansk. Based on their history and heritage, these brands are deeply rooted in the Nordic region as consumer favourites in the aquavit and bitter categories, the

---

<sup>1</sup> Market positions within domestic sale of spirits and wine estimated by the Company based on data from Vinmonopolet, Systembolaget and Alko, as well as from Euromonitor with regards to the Finnish spirits and wine market and Nielsen for the Danish spirits market.

<sup>2</sup> Adjusted for certain items related to discontinued activities and non-recurring / extraordinary items, mainly personnel costs for redundancies implemented in relation to efficiency improvements, costs and gains related to the consolidation of production at Gjelleråsen in 2015 and provisions made for a potential environmental liability.

aquavit brands in particular as 'the spirits of the Nordics'. Arcus has a broad offering of spirits with close to 70 Arcus owned brands as well as a portfolio of agency brands. Arcus' brands comprise more than 90% of the segment's spirits sales.

## **Wine**

Arcus owns a broad portfolio of wine importing subsidiaries based in Norway, Sweden and Finland. Combined they manage approximately 450 wine agencies from producers all over the world. The Arcus subsidiary, Arcus Wine Brands, develops its own brands, specifically designed for the Nordic palate, such as the red wine Falling Feather, a best-seller in Norway in 2016. Arcus has a well-proven business model within wine, combining a continued entrepreneurial approach, and a competitive edge in the competition for the best wine agencies, with large scale back bone, logistics and distribution.

## **Distribution**

Through its wholly owned subsidiary, Vectura, the Company is the leading provider of integrated logistics services to wine and spirits suppliers in the Norwegian market. In 2015, Vectura had a market share for deliveries to the Norwegian state monopoly retailer, Vinmonopolet, of around 40% according to Company estimates. Following successful new contract wins in 2016, Vectura now handles around 44% of all deliveries to Vinmonopolet, and a total of around 44 million litres on an annual basis including deliveries to the hotel, restaurant and catering market. Vectura operates a modern and highly automated logistics centre integrated with the Company's production and bottling facility at Gjelleråsen outside of Oslo, Norway.

## **Offering highlights**

The IPO will support Arcus' strategy and growth plans, and is expected to contribute to a sustained strong, diverse and long-term shareholder base for the Company. Furthermore, the IPO is expected to enhance Arcus' profile in its home markets.

The IPO will comprise a public offering to institutional and retail investors in Norway, an offering to institutional investors internationally and to eligible employees in the Arcus group. Ratos AB, the current majority owner in the Company, as well as other shareholders intend to reduce their ownership in the Company in connection with the IPO. Ratos AB will remain a significant shareholder after the IPO.

ABG Sundal Collier ASA and Skandinaviska Enskilda Banken AB (Publ), Oslo Branch have been appointed as joint global coordinators and joint bookrunners for the IPO, and Carnegie AS as joint bookrunner (combined the "Managers"). Advokatfirmaet Wiersholm AS is acting as legal advisor to the Company and the selling shareholders. Advokatfirmaet Thommessen AS is acting as legal advisor to the Managers. Communication firm Zynk Communication & Leadership AS is acting as communication advisors to the Company.

Further announcements relating to the process will be made in due course.

## **Kenneth Hamnes, CEO of Arcus, commented:**

"We are very proud of Arcus' strong branded consumer goods platform with market leading positions across the whole Nordic area. Our leading positions have been developed by our dedicated and highly competent organization based on our portfolio of iconic spirits brands and our well-proven and successful wine business model. Arcus has a long track-record of profitable growth and we will continue to focus on developing our core categories, on product innovation and on attracting the right people and partners to work with us. We look forward to offering new shareholders and our employees the opportunity to share our vision of being the best in wine and spirits in the Nordic area and take part in our continued growth journey."

**Michael Holm Johansen, Chairman of Arcus, commented:**

“I am highly impressed by the work that Arcus’ employees and management team have done in delivering on our strategic goals and in building the Company’s current strong market positions. Together with the Arcus team, I am enthusiastic about the continued potential for the Company and look forward to getting new shareholders aboard through the planned IPO.”

**Mikael Norlander, Investment Director at Ratos AB and board member of Arcus, commented:**

“Ratos is a dedicated majority owner of Arcus since 2005. We have been privileged in working with the Company in its transformation from being a mostly domestic Norwegian business with revenues in the region of NOK 850 million in 2005 to its current full Nordic platform with revenues in excess of NOK 2.5bn. We believe that Arcus has a clear path for further profitable growth and development as a listed company, and we look forward to inviting new investors to join us as shareholders in the Company.”

**Company highlights<sup>3</sup>**

- Arcus is a leading Nordic branded consumer goods company within wine and spirits, with the scale and skills to master the unique and attractive Nordic retail monopoly markets.
- Arcus holds strong market positions in its home markets in the Nordic area and Germany. This includes number one positions within both spirits and wine in Norway, a number two position within wine in Sweden and a number two position within spirits in Denmark
- Within spirits, representing 33% of revenues (2015)<sup>4</sup>, Arcus’ iconic brands portfolio includes Nordic favourites with unique heritage and history back to the 1800s including Lysholm Linie, Løiten, Aalborg Akvavit and Gammel Dansk. Arcus is the Nordic and global category leader within aquavit, holding number one positions in Norway, Denmark, Finland and in the premium segment in Germany, as well as a number two position in Sweden
- Within wine, representing 57% of revenues (2015)<sup>4</sup>, Arcus has a highly successful business model nurturing entrepreneurship, to support growth and focus on profitability, combined with realizing the scale benefits of a Nordic platform. Arcus has a large and diversified portfolio of wine sourcing high quality wine from producers across the world combined with products and brands successfully developed in-house. Arcus is confident that it has the perfect wine for every consumer segment and every retail monopoly tender
- The Company has a well invested operational platform with room to grow and potential for further improvement. Arcus’ production facility at Gjelleråsen outside of Oslo opened in 2012 and is one of Europe’s most modern production, bottling and warehouse facilities within the wine and spirits industry
- Arcus has an attractive financial profile, with a history of stable revenue growth, in markets characterized by resilient and non-cyclical growth in consumer demand. Arcus furthermore has solid operating margins and limited capital expenditure and working capital requirements
- Arcus’ markets and revenues are subject to predictable seasons and variations in consumer habits through the year, with purchasing and consumption of its products

---

<sup>3</sup> Market shares based on Company estimates and data as referred to in footnote 1

<sup>4</sup> Before elimination of internal sales

increasing in particular ahead of and during the Christmas and Easter holidays. Around one third of revenues are generated in the fourth quarter of the year

- Arcus aims to generate annual organic revenue growth of around 3-5% p.a including minor bolt-on acquisitions and aims to grow its EBITDA with 6-9% p.a. over the next 3-5 years. Margins may from time to time be affected by changes in business mix as well as short term effects from bolt-on acquisitions of companies that typically have lower margins than Arcus, and the Company's main focus is thus on EBITDA growth
- Within spirits, Arcus main strategy for growth is through further continued development and revitalizing of its core categories, aquavit and bitter, and through continued focus on product and packaging innovation
- Within wine, Arcus focuses on continuing its growth track record by expanding its wine portfolio, through attracting complementing agencies, through continued development of Arcus wine brands and through attracting the right people for new wine start-ups
- Within distribution, Arcus focuses on cost optimization and top-line growth, through winning new customer contracts to support healthy and sustainable profitability
- Arcus has a history of successfully acquiring and integrating both wine companies and spirits brands, and is well positioned to make further selective bolt-on acquisitions in its fragmented home markets

## Financial Highlights

NOKm	2014	2015	LTM Q3 2016 <sup>5</sup>	Q1-Q3 2015	Q1-Q3 2016
<b>Revenues</b>	<b>2,332</b>	<b>2,471</b>	<b>2,572</b>	<b>1,670</b>	<b>1,771</b>
<i>% Growth</i>		5.9%			6.1%
<b>Gross profit</b>	<b>1,079</b>	<b>1,076</b>	<b>1,106</b>	<b>722</b>	<b>752</b>
<i>% Margin</i>	46.3%	43.6%	43.0%	43.3%	42.5%
<b>Adj. EBITDA</b>	<b>266</b>	<b>274</b>	<b>340</b>	<b>118</b>	<b>183</b>
<i>% Margin</i>	11.4%	11.1%	13.2%	7.0%	10.3%
<b>Adj. EBITA</b>	<b>220</b>	<b>229</b>	<b>295</b>	<b>83</b>	<b>149</b>
<i>% Margin</i>	9.4%	9.3%	11.5%	4.9%	8.4%

## Enquiries

Per Bjørkum, Group Director Communications and IR, tel.: +47 922 55 777,  
per.bjorkum@arcus.no

## Important Notice

The information contained in this announcement is for background purposes only and does not purport to be full or complete. No reliance may be placed for any purpose on the information contained in this announcement or its accuracy, fairness or completeness. No reliance may be placed for any purpose on the information contained in this announcement or its accuracy or completeness. None of the joint global coordinators and the joint bookrunners or any of their respective affiliates or any of their respective directors, officers, employees, advisors or agents accepts any responsibility or liability whatsoever for, or makes any representation or warranty, express or implied, as to the truth, accuracy or completeness of the information in this announcement (or whether any information has been omitted from the announcement) or any other information relating to the Company, its subsidiaries or associated companies, whether written, oral or in a visual or electronic form, and howsoever transmitted or made available, or for any loss howsoever arising from any use of this announcement or its contents or otherwise arising in connection therewith.

Neither this announcement nor the information contained herein is for publication, distribution or release, in whole or in part, directly or indirectly, in or into or from the United States (including its territories and possessions, any State of the United States and the District of Columbia), Australia, Canada, Japan or any other jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction. The publication, distribution or

<sup>5</sup> Rolling 12 month period to 30 September 2016

release of this announcement may be restricted by law in certain jurisdictions and persons into whose possession any document or other information referred to herein comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This announcement does not contain or constitute an offer to sell or a solicitation of any offer to buy or subscribe for any securities referred to in this announcement to any person in any jurisdiction, including the United States, Australia, Canada or Japan or any jurisdiction to whom or in which such offer or solicitation is unlawful.

The securities referred to in this announcement have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), and may not be offered or sold in the United States absent registration or an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with applicable U.S. state securities laws. The Company does not intend to register any securities referred to herein in the United States or to conduct a public offering of securities in the United States.

Any offering of the securities referred to in this announcement will be made by means of a prospectus. This announcement is not a prospectus for the purposes of Directive 2003/71/EC (together with any applicable implementing measures in any Member State, the "Prospectus Directive"). Investors should not subscribe for any securities referred to in this announcement except on the basis of information contained in the aforementioned prospectus. Copies of any such prospectus will, following publication, be available from the Company's registered office and, subject to certain exceptions, on the website of the Company.

In any EEA Member State other than Norway that has implemented the Prospectus Directive, this communication is only addressed to and is only directed at qualified investors in that Member State within the meaning of the Prospectus Directive, i.e., only to investors who can receive the offer without an approved prospectus in such EEA Member State.

This communication is only being distributed to and is only directed at persons in the United Kingdom that are (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order") or (ii) high net worth entities, and other persons to whom this announcement may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). This communication must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this communication relates is available only to relevant persons and will be engaged in only with relevant persons. Persons distributing this communication must satisfy themselves that it is lawful to do so.

The joint global coordinators and the joint bookrunners and their affiliates are acting exclusively for the Company and Ratos and no-one else in connection with the intended IPO. They will not regard any other person as their respective clients in relation to the intended IPO and will not be responsible to anyone other than the Company and Ratos for providing the protections afforded to their respective clients, nor for providing advice in relation to the intended IPO, the contents of this announcement or any transaction, arrangement or other matter referred to herein.

In connection with the contemplated IPO, the joint global coordinators and the joint bookrunners and any of their affiliates, acting as investors for their own accounts, may subscribe for or purchase shares and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such shares and other securities of the Company or related investments in connection with the contemplated IPO or otherwise. Accordingly, references in any prospectus, if published, to the shares being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, placing or dealing by, such joint global coordinator and joint bookrunners and any of their affiliates acting as investors for their own accounts. The joint global coordinators and the joint bookrunners do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

Matters discussed in this announcement may constitute forward-looking statements. Forward-looking statements are statements that are not historical facts and may be identified by words such as "believe", "aims", "expect", "anticipate", "intends", "estimate", "will", "may", "continue", "should" and similar expressions. The forward-looking statements in this release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although the Company believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors which are difficult or impossible to predict and are beyond its control. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements.

The Offering may be influenced by a range of circumstances, such as market conditions, and there is no guarantee that the Offering will proceed and that the listing will occur.

Certain figures contained in this document, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum or percentage change of the numbers contained in this document may not conform exactly with the total figure given.

The information, opinions and forward-looking statements contained in this announcement speak only as at its date, and are subject to change without notice.