



REGULATORY ANNOUNCEMENT

Pivovary Lobkowicz Group, a.s. – Interim Management Statement for the period from 1 January 2015 to 13 May 2015

(Prague, 14 May 2015) Pivovary Lobkowicz Group, a.s. announces its Interim Management Statement for the period from 1 January 2015 to 13 May 2015.

Trading Highlights

The unaudited consolidated results of Pivovary Lobkowicz Group, a.s. for the first three months of 2015 confirmed strong underlying trends of the craft beer segment:

- **Total revenues grew 1.1% yoy to CZK 243.5 million**
- **Total revenues from beer sales amounted to CZK 229.9 million, up 0.6% yoy**
- **Revenues from the Czech domestic market were CZK 189 million, up 3.0% yoy**
- **Group beer volume grew 2.4% yoy to 185 thousand hectolitres**

CEO Statement

Zdeněk Radil, Chairman of the Board of Directors and CEO commented on the results:

„We are pleased with our achieved results in the first three months of this year which continue to prove that our strategy to focus on higher margin products such as beer specialities and premium beers is the right one. The Czech beer market is highly competitive and therefore, we are pleased that we have been able to increase both our revenues as well as sold volumes. The achieved results reflect our overall focus on fair Czech beer tradition putting emphasis on variety and unbeatable product quality. They demonstrate a further potential of the new craft beer segment which is undoubtedly revolutionary in the beer market and brings new experience for those customers that appreciate qualities of our products and trust them. I am also proud for excellent achievements in the international contest CRAFT BEER AWARD which took place in Germany and where our brands were awarded in the strong world-wide competition.

We believe that our strategy will generate profit growth also in the future. An additional potential we see also in the markets outside the Czech Republic through exports or cooperation with foreign partners. Though results of our exports in the first three months of this year were negatively affected by the depreciation of the Russian Rouble which hit value of our foreign sales in total, our exports to stable Euro- denominated markets such as Slovakia or Germany continued to grow. We strongly believe in a dynamic growth of this segment also in the future. “

Selected Financial Indicators (consolidated unaudited)

(CZK million)	Q1 2015	% yoy
Total revenues	243.5	1.1%
- Beer revenues	229.9	0.6%
- Other revenues	13.6	10.6%
• Malt and others	9.0	28.6%
• Soft drinks	4.6	(13.2%)
• Spirits	0	0%
- Revenues Czech Republic	189	3.0%
- Revenues export	41	(9.4%)
<i>Export as % of total revenues</i>	17.7%	(1.9 pp)
Total Beer Volume (hl)	184,833	2.4%

Revenues

In the first three months of 2015, total revenues of the Group amounted to CZK 243.5 million, up 1.1% yoy if compared to the first three months of 2014. The revenues from the beer sales reached CZK 229.9 million, by 0.6% yoy more than in the first quarter 2014, primarily driven by sales in the domestic market. The revenues from the domestic beer sales in the first three months of 2015 went up by 3.0% yoy to CZK 189.2 million. This growth has been primarily driven by higher off trade sales to international retail chains.

The revenues from the sale of malt reached in the first three months of 2015 CZK 9 million, up 28.6% yoy due to increase of malt sales outside the Group.

In the first quarter 2015, the Group's beer volume sold represented 184,833 hectolitres, up 2.4% yoy. The volume of sold soft drinks declined by 15.2% to 4,478 hectolitres.

New on-trade customers are being acquired by signing contracts with them. The number of executed on-trade contracts in the first quarter 2015 has been lower than initially planned. This is fully controlled by the Group and the main reason is a change of the Group's investment strategy of customer's acquisitions and the effort to spread investment proceeds more evenly also to marketing activities targeted to final consumer.

Exports

In the first three months of 2015 total revenues from beer export amounted to CZK 40.6 million, down 9.4% yoy. The total share of exports on total beer revenues represented 17.7%, which is 1.9 percentage points less than in the same period last year. The export decline resulted from lower deliveries to Russia which was impacted by the negative development of the value of Russian Rouble.

Costs

In terms of costs incurred in the first three months of 2015, PLG observed a slight increase of transportation costs. In addition to this, higher costs were accounted for materials and equipment for

newly acquired pubs and restaurants. The Group has introduced a new concept of design restaurants called ŠNYT. Three restaurants have already been opened – in Prague, Ústí nad Orlicí and in Prostějov. The restaurants guests can enjoy on interesting interior as well as quality service and improve their beer knowledge by tasting various kinds of beers produced by the Group.

Also, PLG carried out in the first quarter 2015 more maintenance on its machinery in breweries. In the opposite, costs decline was shown in areas of interest expenses, energy and leasing expenses (termination of leasing of bottling line in Protivín Brewery).

Marketing & Brands

In the first quarter of 2015, PLG obtained a number of awards for its beer. During the world-wide contest CRAFT BEER AWARDS 2015, which took place on 3 – 4 April 2015 in Neustadt in Germany, PLG won awards for its Lobkowicz Premium and Merlin from Protivín Brewery, Velen from Černá Hora Brewery and Rychtář Premium from Rychtář Brewery. Beers Démon from Vysoký Chlumec Brewery and Merlin, Lobkowicz Premium and Prácheňská Perla from Protivín Brewery were awarded in the contest the Golden Beer Seal (Zlatá pivní pečeť).

For the summer season, the Group prepared a promotion campaign targeted to its regional brands. This promotion campaign will be focus on local regions and shall commence on 1 June 2015.

Corporate Changes

PLG created a new key management position: Executive Director and appointed Mr Pavel Herman with the effect of 1 April 2015. His goal will be a utilization of the imminent business opportunities which are currently available in the highly competitive beer market. The new Executive Director will report directly to the Supervisory Board. Mr Herman was also appointed Vice-chairman of the Board of Directors. Mr Otakar Binder resigned from the post of the Commercial Director and member of the Board of Directors and left PLG with the effect of 31 March 2015.

Zdeněk Radil remains the Chairman of the Board of Directors and the CEO.

In order to ensure the maximum efficiency of all PLG Group companies, Mrs Eva Kropová will be replaced in the Boards of Directors of remaining PLG Group companies by Mr Petr Blažek, current CFO of the PLG Group. Mrs Kropová will become a member of the Supervisory Boards of PLG Group companies.

In April 2015, Pivovary Lobkowicz Group, a.s. was informed that the negotiations between the main shareholders of PLG and a fund managed by Enterprise Investors as a potential buyer of a stake in the Company had been terminated. As a result, the negotiated transaction will not occur.

Outlook for the rest of 2015

For the rest of 2015, the Group will continue to focus on sales performance in terms of higher volume and higher revenues per hectolitre sold. Acquisition of A-class customers (pubs and restaurants) away from the competition outlets remains a high priority in the upcoming periods with the use of the IPO proceeds. Export strategy should take advantage of highly positive perception of Czech beers abroad by strengthening long-term cooperation with existing foreign distributors and acquiring new distributors, while a specific projects with foreign partners are already in pipeline.

In addition, the Company shall further focus on sales of higher margin premium beers and special beers. The aim is to be able to meet the changing customer requirements and promptly react to market trends, introduction of new beer types while maintaining economies.

For more information please contact

<p>Pivovary Lobkowicz Group, a.s. Renata Melíšková, spokeswoman Tel.: +420 731 635 199 E-mail: media@pivovary-lobkowicz.cz</p>	<p>Pivovary Lobkowicz Group, a.s. Klára Klímová, IR consultant Tel.: +420 724 255 715 E-mail: klara.klimova@pivovary-lobkowicz.cz</p>
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