



REGULATORY ANNOUNCEMENT

Pivovary Lobkowicz Group, a.s. – Interim Management Statement for the period from 1 July 2015 to 11 November 2015

(Prague, 12 November 2015) Pivovary Lobkowicz Group, a.s. announces its Interim Management Statement for the period from 1 July 2014 to 11 November 2015.

Trading Highlights

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

- **Total revenues grew 1.9% yoy to CZK 941 million**
- **Total revenues from beer sales amounted to CZK 879.9 million, up 2.4% yoy**
- **Revenues from the Czech domestic market were CZK 725 million, up 8.2% yoy**
- **Group beer volume grew 3.0% yoy to 708 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 nine months of this year. The financial results have been very positively impacted by the favourable sales performance in the hot summer months. The most favourable weather conditions supported by our targeted marketing campaigns resulted in a record sales in both July and August. This impacted strongly our beer revenues in the Czech Republic in the on trade segment while in the export markets we are in a process to optimize profitability.”

“In September we announced entry of the new majority shareholder which should further support our existing business development in the area of craft beer and also potentially bring new opportunities in the Asian markets,” added Radil.

Selected Financial Indicators (consolidated unaudited)

| (CZK million) | 9M 2015 | % yoy |
|--------------------------------------|----------------|--------------|
| Total revenues | 941 | 1.9% |
| - Beer revenues | 879.9 | 2.4% |
| - Other revenues | 61.1 | (4.3%) |
| • Malt and others | 36.7 | (3.2%) |
| • Soft drinks | 24.4 | (5.8%) |
| - Revenues Czech Republic | 725 | 8.2% |
| - Revenues export | 156 | (18.0%) |
| <i>Export as % of total revenues</i> | 17.7% | (4.4 pp) |
| Total Beer Volume (thous. hl) | 708 | 3.0% |

Revenues

In the first nine months of 2015, total revenues of the Group amounted to CZK 941 million, up 1.9% yoy if compared to the first nine months of 2014. The revenues from the beer sales reached CZK 879.9 million, by 2.4% yoy more than in the first three months of 2014, primarily driven by high sales in the domestic market. The revenues from the domestic beer sales in the first nine months of 2015 went up by 8.2% yoy to CZK 725 million. This growth was primarily given by a strong performance of the on trade segment in the summer months (July and August 2015).

In July, the Company recorded all time high sales. Also in August sales continued to be above average – the highest monthly sales since 2012. In September sales went back to normal levels. The increased sale in the summer months resulted from favourable weather conditions and from marketing campaigns running in June and July, particularly campaigns newly targeted to final consumers.

Other revenues (malt and soft drinks) amounted in the first three quarters of 2015 CZK 61.1 million, down 4.3% yoy. Of this, the revenues from the sale of malt reached in the first nine months of 2015 CZK 36.7 million, down 3.2% yoy.

In the first nine months of 2015, PLG signed 112 contracts with restaurants and pubs totalling CZK 27.3 million. New investments are subject to profitability scrutiny and multi-level internal approval process.

In the first three quarters 2015, the Group's beer volume sold represented 708 thousand hectolitres, up 3.0% yoy.

Exports

In the first nine months of 2015 total revenues from beer export amounted to CZK 156 million, down 18.0% yoy. The total share of exports on total beer revenues represented 17.7%, which is 4.4 percentage points less than in the same period last year. The reason for declining export is a controlled reduction of low-margins deliveries in the off trade segment, primarily to Lidl in Poland. In the on trade export market, decline of sales was recorded in Russia (almost 50% declined compared to the same period in 2014) at the back of economy recession and lower purchasing power. In the opposite, on trade sales were successful in Poland, Germany and Hungary. The Group entered into

negotiations with potential export partners in Asia and in other European destinations for the next year season.

Costs

Total costs for the first nine months of 2015 were approximately at the same level as in the same period in 2014. In terms of the cost structure, the Company continued to reduce its overhead costs and increased investments into quality of produced beer and communication with its consumers. The Company invested of CZK 5.5 million more than in the same period last year in the production maintenance which was fully plan and related to the organic growth of the Company. In terms of operating costs, the staff costs went up due to the on-off redundancy packages related to the Group restructuring and marketing costs also increased at the back of the new campaigns.

Marketing & Brands

During the reporting period, PLG held a number of promotion events and presented it's extended portfolio of Lobkowicz beers.

In July, August and September 2015, PLG held a number of beer festivals and events in its regional breweries: 17. 7. Léto s Rychtářem in Hlinsko, 25. 7. Platan Day in Protivin, 31. 7. – 1. 8. Pivovarské slavnosti in Uherský Brod, 15. 8. Jazz na Roštejně in Vysočina, 21. 8. Léto s Rychtářem in Hlinsko, 12. 9. Den s Rychtářem in Hlinsko, 12. 9. Den otevřených dveří in Vysoký Chlumeč, 26. 9. Pivní pouť in Černá Hora.

During the beer fest Žatecká dočesná 2015, PLG brands obtained a number awards: Klášter Ležák 11 % 1st place and Černá Hora Páter 2nd place in the pale lager category, Rychtář Speciál 2nd place in the pale special beer category and Vysoký Chlumeč Démon 3rd place in the semi-dark special beer category.

Corporate Changes

In September 2015, PLG announced that the purchase of the majority 79.4% stake in PLG owned by Palace Capital, a.s. and GO Solar s.r.o. was completed and the transaction had been settled.

The majority stake was purchased by LAPASAN s.r.o. with the following shareholding structure:

- 70% CEFC Investment (Europe) Company a.s., a subsidiary of Chinese company CEFC,
- 20% J&T group, whereas the final owner should be J&T Private Equity Group,
- 10% Zdeněk Radil, CEO and Chairman of the Board of Directors of PLG.

Total value of the transaction is CZK 1.9 billion (rounded) which corresponds to CZK 208 per share.

LAPASAN s.r.o. will have to make a mandatory takeover bid to all other PLG shareholders. At the date of this report, the transaction has been submitted for approval by the Czech National Bank and the timing of the mandatory takeover bid has not been decided.

As a result of the transaction, there have been changes in the statutory bodies of PLG. The Board of Directors is now composed from Mr. Zdeněk Radil the chairman of the board of directors and CEO, Mr. LI Xiaokun nominated by CEFC and Mr. Jiří Uvíra nominated by J&T Private Equity Group. The change has occurred only at the level of PLG as the holding company and the management seven daughter breweries and the trade company Pivovary Lobkowicz, a.s. remained.

Outlook for the rest of 2015

For the rest of 2015, the Group will continue to focus on strengthening of its brands and so called “around the chimney” market position and on re-gaining consumer’s loyalty through extended portfolio of activities targeted to consumers. 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 consumer 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. Roman Straka, Marketing Director Tel.: +420 604 553 630 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> |
|--|--|
