



REGULATORY ANNOUNCEMENT

Pivovary Lobkowicz Group, a.s. – Preliminary unaudited financial results for 2015

(Prague, 17 March 2016) Pivovary Lobkowicz Group, a.s. announces its preliminary unaudited consolidated financial results for the fiscal year to 31 December 2015, prepared according to International Financial Reporting Standards (IFRS).

Trading Highlights

The unaudited consolidated results of Pivovary Lobkowicz Group, a.s. for 2015 confirmed a firm position in the Czech beer market, primarily in the Czech Republic:

- Total revenues slightly declined by 1.2% yoy to CZK 1,187.8 million
- Total revenues from beer sales amounted to CZK 1,118.1 million, down 0.6% yoy
- Revenues from beer sales in the Czech Republic went up by 4.6% yoy, to CTK 926 million

Selected Financial Indicators (consolidated unaudited)

(CZK million)	2015	% yoy
Total revenues	1,187.8	(1.2%)
- Beer revenues	1,118.1	(0.6%)
- Other revenues	69.7	(9.5%)
• Malt and others	41.8	(12.1%)
• Soft drinks	27.9	(5.4%)
• Spirits		
- Beer Revenues Czech Republic	926	4.6%
- Beer Revenues export	192	(19.8%)
<i>Export as % of total revenues</i>	<i>17.1%</i>	

In 2015, PLG recorded total revenues of CZK 1,187.8 million, down 1.2% yoy. Of this, total beer revenues were CZK 1,118.1 million, a 0.6% yoy decrease. The revenues declined despite higher sold volumes and higher prices, partially impacted by a shift from on-trade segment to off-trade segment. Other revenues which include revenues from sales of malt, soft drinks and spirits amounted to CZK 69.7 million, a 9.5% decline over 2014.

The revenues from beer sales in the Czech domestic market went up 4.6% yoy to CZK 926 million. This growth was supported by both higher volumes and the higher average price. In 2015, the Company supported its brands in the local regions which, together with a good weather conditions, resulted in record high sales in the summer months.

In the contrary, the revenues from export went down. The major part of the sales decline has occurred in the key customers segment, primarily in Poland where the Company terminated deliveries of low margins cartoon packaging. With respect to on-trade export, the revenues also declined due to lower deliveries to the Russian market. Total amount of sales to the Russian Federation declined in 2015 by almost 50%. In Slovakia, the Company changed its main export partner in 2015 which had a moderate negative impact on sales but in the long term, this move should be positive. The biggest export markets remain Slovakia and Germany.

Marketing & Brands

During 2015, Pivovary Lobkowicz beer obtained a number of awards and quality certificates:

- Zlatá pivní pečeť 2015 (Golden Beer Seal 2014) – Beer fest Tábor
1st place semi-dark beer Démon. 2nd place dark lager Merlin (2nd / 3rd place). 3rd place lager special beer Prácheňská Perla and lager premium beer 12% Lobkowicz Premium.
- Beer of the Czech Republic 2015
1st place:
Lager Klášter Ležák 11 %, dark lager Lobkowicz Premium Černý, semi-dark Protivínský Granát, alcohol free beer Lobkowicz Premium Nealkoholický
2nd place:
Lager Rychtář Fojt, „journalist award“ Lobkowicz Premium Ležák
3rd place:
Lager Premium (12 %) Rychtář Premium, „Absolute Winner“ Rychtář Premium, „Journalist award“ Ježek 11 %
- Craft Beer Award 2015
1st place:
Wheat beer Velen, dark beer Czech style Merlin
2nd place:
Lager Czech style Lobkowicz Premium and Rychtář Premium
- Award from Pivo, Bier & Ale magazine –2015
Best new IPA Czech beer 2015 – Lobkowicz Premium Ale Pivovar Vysoký Chlumec
Most impressive collection of original glasses 2015– Collection Lobkowicz Premium

and many others.

On-trade segment development

In 2015, the sales in the on-trade segment in the Czech Republic were positively affected by the good weather in summer. Next positive factors were extensive marketing campaigns such as „Every fifth been on us“ and a consumer targeted billboard campaign.

The beer brand Klášter recorded the most significant increase in the domestic on-trade market, primarily in its local region. The second biggest revenue increase has been recorded by the Lobkowicz

Premium Beer which continued to grow mainly in Prague. In 2015, the premium Lobkowicz brand was extended by Lobkowicz wheat beer, Lobkowicz ALE and Lobkowicz Dark beer. In the contrary, the sales declined in brands by Černá Hora.

In autumn 2015, the Jihlava brewery introduced new semi-dark 12 beer which has shown during a short time a promising potential.

In 2015, new concept pubs „ŠNYT“ have been opened, more specifically in Ústí nad Orlicí, Prague, Prostějov, Olomouc and Brno.

Off- trade segment development

In 2015, PLG successfully continued to cooperate with key retail chains operating in the domestic market. In this market there is a significant segmentation and a variable demand for a different types of beer. Pivovary Lobkowicz Group is able to offer a wide product range from premium beers to low budget products under private labels of retail chains. In terms of own brands, the most significant growth was recorded by Rychtář Grunt beer which successfully replaced Rychtář Standard and also Klášter 12° and Rychtář Premium. During 2015, deliveries of products with low profitability have been limited and terminated. These were mainly deliveries to some export customers and hand-packed products. The decreased in those sales should be replaced by beer sales in a standard packaging in the domestic market which positively affected profitability of this segment.

Exports

In terms of exports in 2015, the sales declined by 19.8% to CZK 192 million. The decrease was driven by a managed declined of deliveries to foreign retails chains in order to optimize profitability. The most significant declined was recorded in deliveries to Poland. On-trade deliveries also declined, mainly to Russia due to depreciation of the Russian Rubble in 2014 and 2015. The drop in the Russian market was partially compensated by higher sales to Hungary, Poland, Sweden or Germany. The aim of PLG is to develop a quality network of distributors in each country which are able support a long term development. From this reason, there was a change of the main distribution partner in Slovakia.

Change in the statutory bodies of the Issuer

The General Meeting of Shareholders of Pivovary Lobkowicz Group a.s. which took place on 15 December 2015 elected based on the proposal of the shareholder LAPASAN s.r.o. new member of the Supervisory Board Messrs' Miloš Badida, Jaroslav Tvrđík and Radek Placanda. The General Meeting also approved new members of the Audit Committee.

Mandatory Tender Offer

On 29 February 2016, the offer was announced for the additional offer for shares issued by Pivovary Lobkowicz Group, a.s. The offer was made by Lapasan s.r.o. based on the previous Mandatory Offer for shares which ended on 15 January 2016 acquired approximately 98% stake, which triggered obligation of PLG to make the additional offer.

The offer is valid until 30 May 2016 and the offer price is CZK 208 per share. The settlement agent for the additional offer is J&T Banka which collects the accepted bids, settles the shares and pays out proceeds.

More details about the additional offer are available on the website of Lapasan s.r.o. www.lapasan.net.

Outlook for 2016

In 2016, Pivovary Lobkowicz Group will continue to strengthen its position in domestic regions with a focus on on-trade sales. In exports, it will continue to develop a quality network and cooperation with business partners with a long term growth potential and ability to provide a complex support to brands. In the area of new markets, the main focus will be given to the Chinese market.

For more information please contact

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