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**Pivovary Lobkowicz Group, a.s.  
initiated shares public offering in the Czech Republic and in Austria**

***Announcement of the Prospectus publication***

**PRAGUE (12 May 2014) - Pivovary Lobkowicz Group, a.s. ("PLG" or the "Group")**, the Czech top 5 brewing group and beer producer (by total production) consisting of seven regional breweries located in the Czech Republic, announces its intention to proceed with an initial public offering of its existing and new shares to the investors in the Czech Republic and in Austria (the "**Offer**").

**Main characters of the Offer**

- The offer price is denominated in Czech crowns (CZK). Maximum price per share for the retail investors is set in the amount of CZK 175 per share.
- The Offer consists of 5,700,000 shares of PLG with a nominal value of CZK 160 per share. From this amount 2,300,000 shares are the newly issued shares and 3,400,000 shares are sold by the current shareholders.
- The total amount of the offered shares may be increased of additional up to 855,000 shares with respect to which the selling shareholders granted an option to the Lead Manager to cover possible over-limited requests of the investors.

- Offered shares (without the over-allotment option) represent 48.77% of all shares issued by the PLG.
- The Prospectus of the issuer, which was approved by the Czech National Bank (the “**CNB**”) on 9 May 2014, was published on 12 May 2014.
- The Offering consists of a public offering in the Czech Republic and Austria and non-public offering (private placement) to eligible investors outside of the Czech Republic and Austria. The offer period for purchase orders from retail investors in the Czech Republic begins on 12 May 2014 and lasts till 22 May 2014; in Austria it begins on 13 May 2014 and lasts till 22 May 2014.
- It is assumed that the Offer price and allocation will be announced on 23 May 2014.
- The first day of trading with shares of the Company on the Prague Stock Exchange (the “**PSE**”) is expected on 28 May 2014.

**Commenting on the announcement Zdeněk Radil**, Chairman of the Board of Directors and CEO of Pivovary Lobkowicz Group, a.s.: „ *The intended offering of our shares at Prague Stock Exchange is the next significant step for the group finishes our long-time effort to build strong profitable company on the highly competitive beer market in the Czech Republic. The IPO will enable us to gain additional resources to boost the growth of our market share via acquisitions of new restaurants and public houses, new investments in the marketing infrastructure and export development.*”

The Pivovary Lobkowicz Group, a.s. shares Offer represent the first IPO of a brewing company on the PSE and a second IPO of the brewing company in the central and eastern Europe region.

Erste Group Bank AG is acting as the Sole Lead Manager of the issue. Česká spořitelna, a.s. is acting as the Domestic Manager for investors in the Czech Republic.

### **Prospectus of the issuer**

All information and financial data which might be used as a source for investors’ decisions are included in the Prospectus of the PLG which was prepared pursuant to the Czech act no. 256/2004 Coll., on undertakings in capital markets, as amended (the “**CMA**”), which implements the Directive of the European Parliament and Commission 2003/71/EC from 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading, as amended (the “**Prospectus Directive**”) and Regulation (EC) no. 809/2004 from 29 April 2004, implementing Prospectus Directive as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements.

The Prospectus was approved by the decision of the CNB dated 9 May 2014, reference no. 2014/4828/570, file no. Sp/2014/15/572, which entered into force on 9 May 2014.

The Prospectus is available free of charge during usual business hours at the address of Česká spořitelna, a.s., Evropská 17, 160 00, Prague 6. Prospectus is also available free of charge at [www.pivovary-lobkowicz-group.com](http://www.pivovary-lobkowicz-group.com).

The admission of the shares to trading on the PSE Prime Market must be approved by the PSE.

## **About Pivovary Lobkowicz Group:**

PLG is the Czech no. 4 brewing group by local sales and no. 5 by total production. It consists of seven regional breweries (Protivín, Uherský Brod, Jihlava, Rychtář, Klášter, Vysoký Chlumeč and Černá Hora) located throughout Bohemia and Moravia which are centrally managed. Commencement of their activities dates back to the Middle Ages and the oldest brewery was founded as early as in 1298. The breweries Protivín and Vysoký Chlumeč were owned by the most significant aristocratic families in the country.

Group produces a wide portfolio of beers that differ from each other by the large spectrum of their taste. In addition, soft drinks and table waters are produced. Group currently offers 70 beer brands. Apart from traditional beer such as pale ales lagers, it offers a range of beer specialties – from semi-dark and higher-alcohol-content beers to dark lagers and non-alcoholic beer.

## **Key Business Highlights**

- Established in 2007, it ranks among top 5 beer producers in the Czech Republic by total production of beer;
- Estimated market share in the Czech Republic of approximately 4-5%. In the gastronomy segment, the market share is around 6%;
- 7 local breweries fully invested and upgraded for technology and capacity;
- Unique portfolio of 70 beer brands;
- Simple and effective organisational structure, parent company directly controls individual subsidiaries;
- Vertically integrated with key input supplier – a 50% owned malting company Moravamalt, s.r.o.;
- 2013 production of 854 thousands hectolitre of beer and 32 thousands hectolitre of soft drinks;
- 2013 total sales of CZK 1,159 million, of which 20% are export;
- The beer sales has grown by 3% in the first quarter of 2014 in a year-on-year comparison, the volume of beer produced has grown by 4%. In a period from January to April 2014 the volume of beer produced reached 273 thousand hl, which means a year-on-year growth of 9,5%.

## **Business strategy and competitive advantages**

The Group's business strategy is based on the following:

- Distribution network expansion by acquisitions of new customers (pubs and restaurants)
- Acquisition of another brewery during 2014 already pre-negotiated. Further acquisitions of breweries considered and to be evaluated on a case by case basis;

- Focus on higher margin premium beers and special beers. Adaptation to market trends, introduction of new beer types and innovative products while maintaining economies;
- Leveraging strong perception of Czech beers outside the country, further focus on export development.

The Group believes that its competitive advantages, compared to the other market leaders, are the following:

- PLG is a unique combination of large scale producer keeping local footprint with loyal customer base;
- PLG operates recently modernized production facilities with low maintenance CAPEX;
- Unique brand portfolio;
- High share of special beers in its product mix;
- Experienced top management.

**For more information, please contact:**

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