



REGULATORY ANNOUNCEMENT

Pivovary Lobkowicz Group, a.s. – Preliminary unaudited financial results for 2014

(Prague, 12 March 2015) Pivovary Lobkowicz Group, a.s. announces its preliminary unaudited consolidated financial results for the fiscal year to 31 December 2014, prepared according to International Financial Reporting Standards (IFRS).

Trading Highlights

The unaudited consolidated results of Pivovary Lobkowicz Group, a.s. for 2014 confirmed a solid growth of its business:

- **Total revenues grew 3.2% yoy to CZK 1,195.7 million**
- **Total revenues from beer sales amounted to CZK 1,126.2 million, up 4.7% yoy**
- **Revenues from beer exports were CZK 239 million, up 20.6% yoy**
- **Group beer volume sold grew 4.7% yoy to 894 thousand hectolitres**

CEO Statement

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

“The year 2014 has been very exciting and challenging for the Group – we have successfully completed IPO on the Prague Stock Exchange and gained number of new stakeholders. The share price since the IPO at the end of May until March 10th 2015 increased by more than 16% what I believe stakeholders should appreciate. Although the IPO process was challenging for the whole company, we managed to run our normal course of business and Pivovary Lobkowicz recorded in 2014 annual growth of total revenues of 3.2% to CZK 1.2 billion. Our total beer revenues grew 4.7% yoy and we have been particularly pleased with our beer exports which grew over 20%. We presented to all beer connoisseurs our ability to further extend our beer offer by launching new products within already very wide portfolio. Especially, I would like to mention the Flying Cloud IPA from Vysoký Chlumeč Brewery that exceeded our expectations in all aspects and gained positive feedback and recognition both from beer lovers and professionals.”

“For this year, our focus on domestic on-trade segment and export remains the priority. We will further strengthen our export ambition that should take advantage of highly positive perception of Czech beers abroad, not only in Europe. We will further surprise Czech consumers with new interesting products that will be in line with our strategy to brew first-class craft beer. In addition to that we work hard on our first own pub concept that will combine modern gastronomy and wide range of our beers with ambition to open the first pub already before this season,” added Radil.

Selected Financial Indicators (consolidated unaudited)

(CZK million)	2014	% yoy
Total revenues	1,195.7	3.2%
- Beer revenues	1,126.2	4.7%
- Other revenues	69.5	(16.5%)
• Malt and others	38.8	(23.7%)
• Soft drinks	30.7	(5.0%)
• Spirits	0	na
- Beer Revenues Czech Republic	887	1.1%
- Beer Revenues export	239	20.6%
<i>Export as % of total revenues</i>	<i>21.2%</i>	
Total Beer Volume sold (hl)	893,945	4.7%

In 2014, PLG recorded total revenues of CZK 1,195.7 million, up 3.2% yoy. Of this, total beer revenues were CZK 1,126.2 million, a 4.7% yoy increase driven by both higher sales volumes and higher price per hectolitre sold. Other revenues which include revenues from sales of malt, soft drinks and spirits amounted to CZK 69.5 million, a 16.5% decline over 2013. The decline of spirits sales is controlled and planned due to the newly introduced deposits imposed on spirits producers which results in Company's decision to leave the spirit segment totally. The intra-company sales of malt produced by Moravamalt went up due to the closure of malthouse in Protivín Brewery. As a result of that, the malt revenues on a consolidated based declined.

Adverse weather conditions in the summer months impacted revenues generated in the Czech Republic which amounted to CZK 887 million in 2014, a slight increase 1.1% in comparison to 2013. The export revenues in 2014 went up 20.6% yoy and totalled CZK 239 million which is a 21.2% of total revenues. Key export markets in 2014 were Slovakia, Germany and Poland.

In December 2014 PLG completed acquisition of the remaining 30% stake in Rychtář, where it held 70% and is currently a 100% owner of the brewery. With respect to new acquisitions, new opportunities are closely monitored and evaluated on-case-by-case basis with an ultimate goal to be integrated in centralised management system of the Group.

Marketing & Brands

During 2014, Pivovary Lobkowicz beer obtained a number of awards and quality certificates:

- Zlatá pivní pečeť 2014 (Golden Beer Seal 2014) – Beer fest Tábor, beer Velen from Černá Hora, 3rd place in wheat beer category,
- Zlatý pohár Pivex (Golden Cup Pivex) – Beer of the year 2014, Lobkowicz Premium, 3rd place in lager, Lobkowicz Premium Nealko, 3rd place in alcohol free category,
- Kvalita z Hlinecka (Quality from Hlinecko) – certificate for Rychtář Klasik, Rychtář Standard, Rychtář Premium, Rychtář 15 % special, Rychtář Rataj, Rychtář Natur,
- Beer of the Czech Republic 2014 - Rychtář Standard - 3rd place in lager category, Merlin – 1st place in dark lager category, Lobkowicz Premium Nealko – 2nd place in alcohol free category,

- Démon – 1st place in half-dark beer category, Klášter Premium – 3rd place in lager premium category absolute winner,
- MF Dnes Award – Velen from Černá Hora became a winner of test among 10 wheat beers produced by industrial breweries,
 - Award from Pivo, Bier & Ale magazine – IPA Flying Cloud – 1st place in IPA category,

and many others.

PLG successfully held beer outdoor events in all its breweries and its beers become partners of a number of local events in the regions where breweries are located and also in well-known events such as the Prague Food Festival or the 49th International Film Festival in Karlovy Vary.

On-trade segment development

The sales to on-trade segment in 2014 were impacted by unfavourable weather conditions in summer months as well as by fierce price war among main market players which PLG did not follow. Both factors had a direct impact on volumes sold mainly in July and August, usually the strongest months of the year.

Thanks to continuous investments in this market, the total number of on-trade customers increased approximately by 300 compared to the previous year and generated higher volumes and revenues than the average. During 2014 PLG invested approximately CZK 50 million to the on-trade expansion.

Well performing brands in 2014 were Lobkowicz premium lager and the traditional Czech beers Klášter and Rychtář. Also, some newly introduced brands did very well – those were Respekt from Uherský Brod brewery and Matouš from Černá Hora brewery. High demand for beer specialities continued, mainly for the new IPA Flying Cloud from Vysoký Chlumec brewery.

In the second half of 2014, PLG initiated a project of proprietary restaurants called ŠNYT. It should be the own concept of trendy restaurants focused on a presentation of broad portfolio of Pivovary Lobkowicz beers. The aim is to open several restaurants already in the first half of 2015.

Off- trade segment development

In the off-trade segment, PLG successfully continued to cooperate with retail chains BILLA, Kaufland, SPAR and Lidl, growing both volumes and value in 2014. A strong promotion during the year has resulted also in portfolio expansion into the retail chains (Billa, Kaufland). Lidl is an important customer and sales of PLG's branded products have been growing significantly. Also, the sales of private labels went up including the increase in price. In 2014, PLG successfully continued in cooperation with MAKRO though the offer is limited by the existence of PLG's own distribution network in the Czech Republic. On the other hand, MAKRO partially serves as emergency sale for pub owners and also as retail outlet of the bottled beer.

Exports

In 2014, the sales to export markets increased by 20.6% if compared with the same period last year. The sales to key customers grew in 2014 mainly due to higher sales to Lidl in Slovakia. Sales to Lidl went up also in other countries such as Bulgaria, while in the Polish and Romanian markets slightly declined. In terms of key customers, Lidl still represents a significant export opportunity, particularly in the canned beer.

Exports to non-key account customers also grew. All breweries recorded a growth in exports, mainly to Italy, Russia, Spain, Slovakia and partially also in China, the UK and Poland.

Due diligence with respect to a potential sale of the majority stake

On 30 July 2014, PLG made public the information that a due diligence has been conducted by a potential buyer - a fund managed by Enterprise Investors with an aim to acquire an equity stake in PLG.

According to PLG's information, the potential buyer has temporary exclusivity for negotiations with the shareholders. Until the date of this report it has not been clear whether the transaction will be closed and whether there will be a change in the PLG's shareholding structure.

Outlook for 2015

In 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

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