

Trading statement

27<sup>th</sup> Nov 2015 Stock Spirits Group PLC, London

**STOCK SPIRITS**

Stock Spirits Group, a leading Central European branded spirits producer, provides this trading update for the 2015 year following provisional November sales data.

In August we provided the market with guidance that our full year results were expected to fall in the range of €60m to €68m EBITDA based on some key assumptions. Since then, in Poland we have seen continued aggressive pricing from competitors and irregular buying patterns by customers. This has led to continued movement in sales away from Traditional Trade to Discounters in Poland. During November, customers' orders fell significantly short of expected commitments and consequently we currently do not have confidence that this shortfall will be made up in December.

As a result, we now expect the range for the full year EBITDA to be between €50m to €54m EBITDA, before any FX impact.

Growth in the discounter channel and decline in traditional trade accelerated during the period, driven primarily by more aggressive competitor activity. Furthermore, whilst the market rate of decline in overall vodka consumption was in line with expectations, flavoured vodka suffered a more significant decline than was expected.

There has been a devaluation of the Polish Zloty in recent months, which if it continues at the current level for the remainder of the year will negatively impact our results by circa €1m. The devaluation of the Polish Zloty could remain a risk during 2016.

Results from our other markets are in line with expectations.

During November we have separately concluded a refinancing of the Group with a move to a more flexible financing arrangement, which has resulted in the relaxation of a number of covenants and a reduction in margin costs. Whilst the cash benefit of this change will be minimal in the remainder of 2015, we expect a significant reduction in financing costs in 2016. The change in facility will impact EPS this year by €0.02 due to the accelerated amortisation of the banks fees from the prior facility. Fundamentally the cash position of the business remains strong.

The CEO and the CFO will host a conference call for investors and analysts at 16:30. The details will be communicated imminently.

ENDS

**For further information**

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