Stock Spirits Group

Key issues and rationale for shareholder action

May 2016

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Introduction to Western Gate

Luis Amaral

- Luis Amaral is a Portuguese citizen who has been living and operating businesses in Poland for 20 years
- Luis gained initial business experience at Unilever and Nissan in Portugal before joining Jeronimo Martins Holdings (JMH) as director of Poland in 1995
- While at JMH, planned and executed the expansion of Biedronka, the market leading discount supermarket chain in Poland, opening 550 stores
- Luis spent 2000 – 2002 working in private equity in Latin America before returning to Poland in 2003 to lead the management buyout of Eurocash from JMH

Western Gate

- Western Gate is a private family office investor representing the interests of Luis Amaral
- Western Gate is currently a ~9.7% owner and the largest shareholder in Stock Spirits

Eurocash

- Luis is majority shareholder and CEO of Eurocash, a ~US$2.0bn Warsaw listed wholesaling Company with all of its operations in Poland
- Eurocash had annual revenue of ~US$5.4bn in 2014, which has grown at a CAGR of 29.6% since 2005[1]
- Eurocash is the largest customer of Stock Spirits

No conflict of interest

- Stock Spirits accounts for only 3% of Eurocash turnover, and negligible attributable profit
- As the largest shareholder in Stock Spirits, Western Gate is fully aligned financially with all shareholders to see the business turned around

Source: FactSet as at 28-Apr-16

Stock Spirits Group

Key issues

- Lowest market share position since IPO with only ~26.3% market share as at March 2016 vs. 39.2% as at IPO[1]
- Stock Spirits has materially underperformed the markets' expectations at IPO and now trades at a material discount to spirits industry peers
- Significant turnover of senior management – 5 country managers have departed since IPO
- Took16 months to find a local replacement for the Polish MD – shows lack of urgency
- Management consistently have sought to shift blame for Stock's performance to external factors
- Location of head office and top executive management not aligned with location of core business and key clients
- Appointment of new Managing Director in Poland – Stock's largest and most important market – further removes the need for a group CEO based in the UK
- No compelling evidence of turnaround in performance or new product development strategy driving sustainable increase in sales and / or market share
- No M&A completed since IPO despite regular commentary concerning acquisition targets and active discussions

Rationale for shareholder action

- Shareholders have been patient with the Company's recent performance despite executive management failing to take decisive action to address the key challenges facing the business
- Western Gate believes the findings of the group wide strategic review as well as the 'root and branch' review of the Company's Polish operations do not contain anything new to address the key issue – the significant loss of market share in Poland
- Company has now taken some action with the retirement of the CEO, but the key performance issues remain unaddressed
- The majority of shareholders Western Gate has engaged with have expressed concern with the Company's M&A strategy and support Western Gate's proposals with respect to M&A
- Western Gate therefore believes the Company would benefit from more experience on the Board – both in respect of Sales and CEE experience - and it is time for shareholders to be afforded the opportunity to vote on these important matters

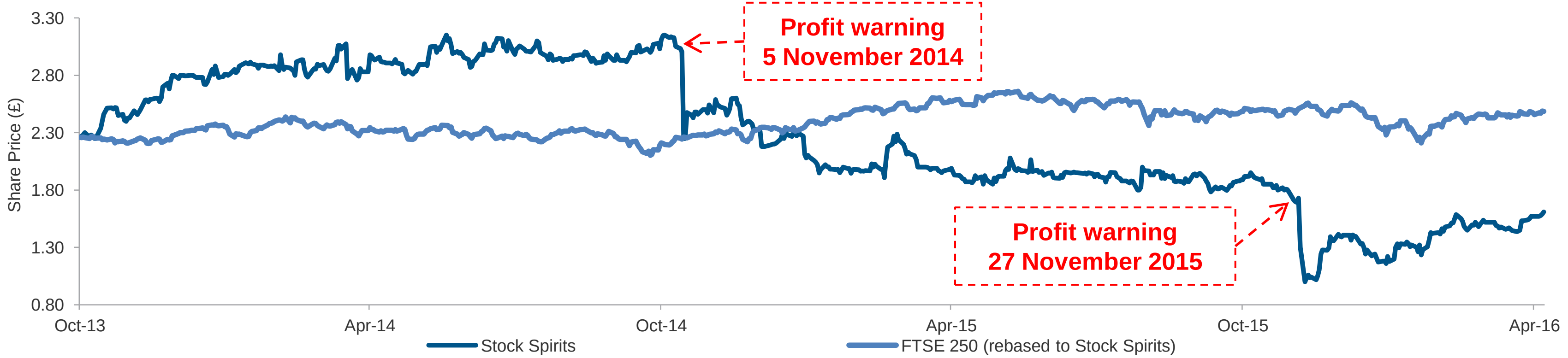
Source: Nielsen

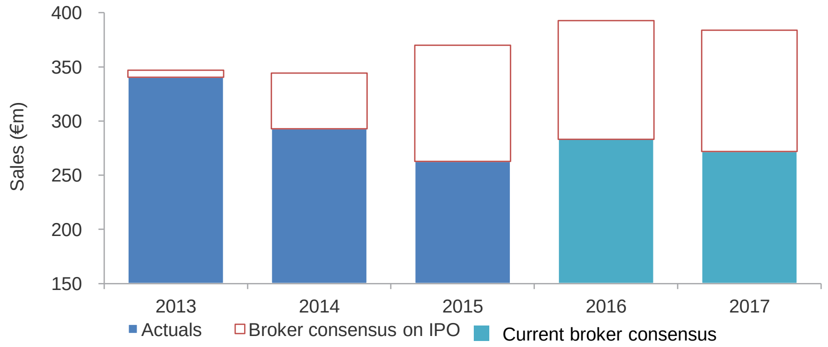
1. Figures are approximate - total Poland, total vodka % value share; IPO vodka market share based on October 2013 market share

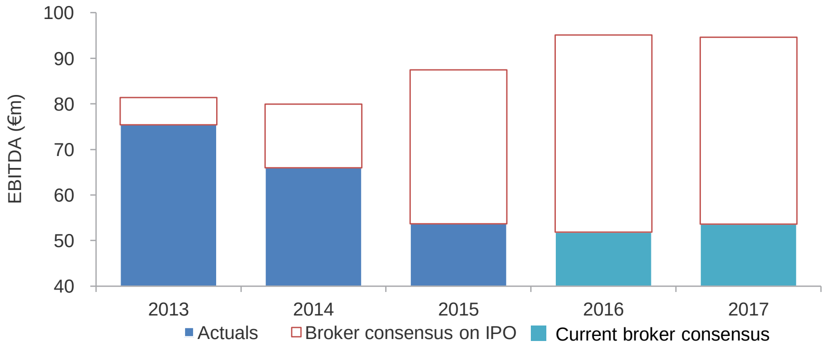
Key issues

Delivery following IPO

Significant loss of shareholder value with share price down 49% from its peak







Source: FactSet as at 28-Apr-16, Company filings;
Note: Broker consensus on IPO based on estimates as at 02-Dec-2013; current broker consensus based on estimates as at 28-Apr-2016.

Delivery following IPO (cont.)

Failure to deliver on IPO strategy

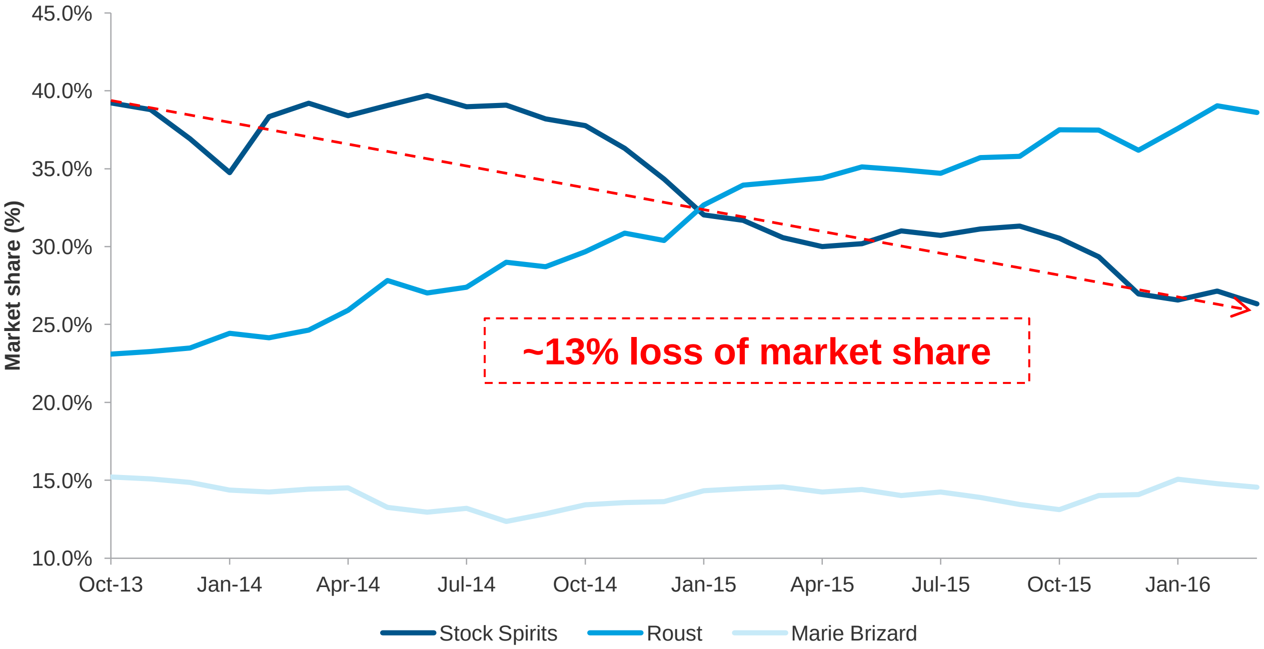
Key strategy pillars stated at time of IPO	Commentary
Extend the group's strong brand portfolio	• Lost market leadership in Polish vodka market • Reduction of market share from 39% at IPO to 26% as at March 2016 in Poland
Continue to invest in attractive markets	• Loss of market share in both traditional trade channel and discounter trade channel in Poland • Reduction of market share from 39% at IPO to 26% as at March 2016 in Poland
Continue to develop new products	• 43 new products launched in 2015 • No clear evidence presented of new products driving ability to maintain or increase market share • Top 5 brands account for 96% of volumes
Pursue M&A opportunities across the wider region	• No M&A completed since IPO
Continue to deliver cost competitive, quality products	• Reduced average cost per case • Not able to leverage this cost competitiveness to increase or maintain market share in Poland
Expand distribution capability in current and new markets	• New distribution agreements with Beam Suntory and Diageo
Invest in people and develop management capability	• 5 country MD's departed since IPO • No permanent MD in key Polish market since January 2015 – April 2016

Source: Stock Spirits IPO prospectus, Nielsen, Company Annual Reports, Filings and Presentations

Delivery following IPO (cont.)

Core business performance continues to deteriorate

Stock's Poland vodka market value share progression since IPO vs key competitors[1]



- ~26.3% market value share as at Mar 2016 vs. ~39.2% as at IPO
- ~13% decline over the period
- Market share has declined in both Traditional Trade as well as Modern Trade distribution channels in Poland
- March is lowest market share since IPO

Source: Nielsen

1. Figures are approximate - total Poland, total vodka % value share.

Delivery following IPO (cont.)

Significant management turnover with departure of a number of key country managers since IPO

Board of directors at time of IPO

Jack Keenan
Non-Executive Chairman
Announced retirement Apr-15

Andrew Cripps
Independent Non-Executive Director

Chris Heath
Chief Executive Officer

Lesley Jackson
Chief Financial Officer

David Maloney
Senior Independent Non-Executive Director

Karim Khairallah
Non-Executive Director
Left Stock Apr-14 post Oaktree selldown

John Nicolson
Independent Non-Executive Director

Senior management at time of IPO[1]

Ian Croxford
Chief Operating Officer

Richard Hayes
Group Sales & Marketing Director

Elisa Gomez De Bonilla
General Counsel

Kevin Ringrose
Interim Group HR Director
Left Stock 2014

Mariusz Borowiak
MD, Poland
Left Stock Jan-15

Petr Pavlik
MD, Czech Republic
Left Stock 2014

Claudio Riva
MD, Italy
Left Stock Feb-15

Steve Smith
MD, International

Roman Pocs
MD, Slovakia

Marek Malinowski
MD, Czech Republic
Left Stock without public announcement

Poland remained without a dedicated MD from Jan 2015 to Apr 2016

Source: Company filings.

1. Marek Malinowski was appointed after IPO.

Accountability

Executive management team has consistently sought to shift the blame for the Company's poor performance to external factors

"Our competitors have repeatedly reduced prices during this period and some of their core products are now back to 2013 prices. They have effectively absorbed all of the 15% excise duty increase from January 2014. We believe this is a mistake and is damaging the spirits industry generally in the short term"

"Luis Amaral's actions clearly interrupted the Board's careful planning"

19th April 2016

"The main problems were industry supply chain issues, which created customer and competitive behavior that adversely affected our financial performance"

"Exceptionally competitive trading environment"

"Aggressive inventory and cash management by customers"

"Customers ordering minimum quantities to satisfy short-term demand in the hope of benefiting from better deals if they wait"

12th March 2015

"Supply chain disruptions continuing throughout first quarter"

"We continued not to chase uneconomic sales and therefore have lost share"

19th May 2015

"very tough trading period, particularly in Poland…disruption in the supply chain resulting from the duty increase"

"we have experienced very aggressive competitor pricing and promotional activity to secure distribution into trade customers…we have not yet been able to achieve the growth in revenues expected"

5th November 2014

"Continuation of supply chain disruption experienced in 2014 in Poland after excise duty increase in January"

"There are risks facing the business from continuing aggressive competitor pricing"

20th August 2015

"Growth in the discounter channel and decline in traditional trade accelerated during the period, driven primarily by more aggressive competitor activity"

27th November 2015

"Very aggressive competitor activity"

"Seriously underestimated level and longevity of competitor aggression on pricing. We are now assuming this is the new norm for the foreseeable future"

10th March 2016

Source: Stock Spirits announcements, filings and earnings calls

No evidence of operational turnaround

The "improved performance" in Q1 2016 update reflects the business stabilising at a significantly lower level of sales without evidence of a return to sustainable growth

Unpicking Stock Spirit's latest results

Total revenue €55.3 million vs. €42.7 million (Q1 2015)	• Admitted that growth of 29% based on "soft comparator" as Q1 2015 revenue was materially lower given the de-stocking that took place in that period across the entire sector • Market value share continues to fall – lowest level since IPO • Assuming the Company can repeat its Q1 2016 performance in Q2 2016 its H1 2016 revenue would still be down 19.7% on H1 2014 revenue of €137.7 million and down 27.8% on H1 2013 revenue of €153.1 million
Adjusted EBITDA €9.0 million vs. loss €4.2 million (Q1 2015)	• Comparisons to Q1 2015 as evidence of a turnaround provide a misleading picture of the Company's current performance • Assuming the Company can repeat its Q1 2016 performance in Q2 2016, its H1 2016 Adjusted EBITDA would still be down 37.1% on H1 2014 Adjusted EBITDA of €28.6 million and down 47.5% on H1 2013 Adjusted EBITDA of €34.3 million
4 new product launches including Stock Prestige Gin	• The Company's New Product Development programme has failed to yield material additional sales – "other brands" in Poland accounted for only PLN 9.4 million out of total sales of PLN 229.4 million in March 2016[1] • Focus on new product development in public announcements may attract attention but the contribution of these products is immaterial in the context of the wider portfolio

Western Gate believes that it is misleading to compare Q1 2016 performance to Q1 2015 and thereby claim that there is evidence that the actions taken are delivering results

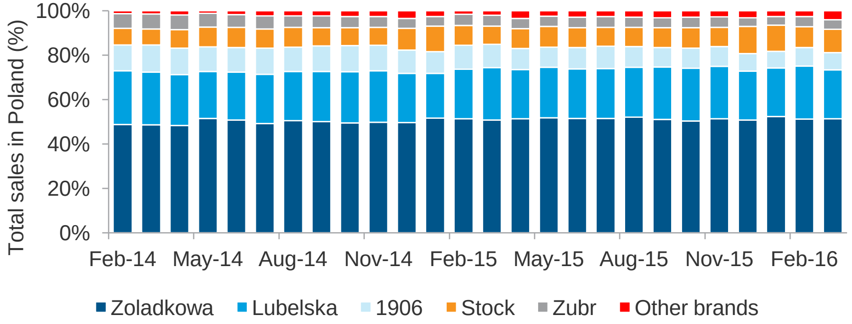
Source: Stock Spirit's trading statement 14th April 2016, Nielsen

1. Includes VAT and excise tax, "Other brands" includes Sznaps, Amundsen and Saska, amongst others, excludes key brands: Zoladkowa, 1906, Stock, Zubr and Lubelska (includes all separately identifiable Lubelska 'sub-brands' and flavour variants).

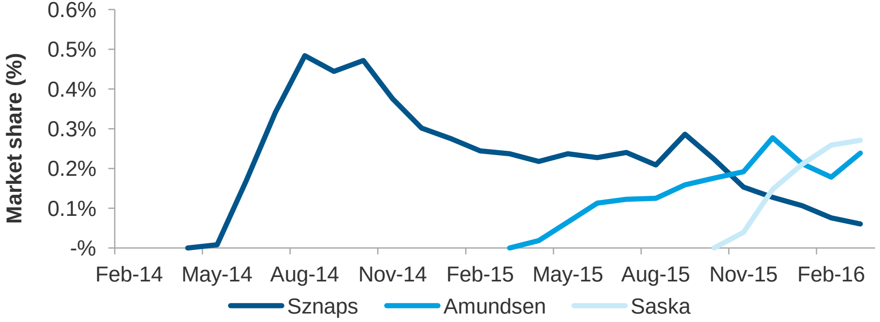
New product development

Data does not provide support for effectiveness of Stock's NPD program

Stock Spirits' Polish vodka sales by product[1]



Market share of some of the most important new products[2]



Select Executive management comments

"we are **pleased with the start the new products** we launched in 2015 have made"

14th April 2016

"business has many strengths which we must build on, including our exceptional brands, our **proven capability in new product development**"

"Consumers continue to **want to try new products**, especially new variants of existing, well established brands"

"The Group has established a **very strong track record of developing successful new brands** and new variants of existing brands"

10th March 2016

No evidence that NPD is driving sustainable increase in sales and / or market share

Source: Nielsen; Stock Spirits announcements, filings and earnings calls

1. Includes VAT and excise tax, "Lubelska" includes all separately identifiable Lubelska 'sub-brands' and flavour variants, "Other brands" includes Sznaps, Amundsen and Saska, amongst others
2. Monthly market value share of selected new products, includes VAT and excise tax, percentage of the total Polish market by sales

Western Gate proposals

Western Gate Proposals

Western Gate's proposed AGM resolutions aim to add relevant experience and fresh perspectives to the board and assist the Company in addressing the key challenges it faces in Poland

Proposed resolutions

1. THAT Mr. Alberto Da Ponte be appointed as a director of the Company with immediate effect.

2. THAT Mr. Randy Pankevicz be appointed as a director of the Company with immediate effect.

3. THAT we as shareholders of the Company direct the Company to conduct a further board level review of its M&A strategy and not to implement any M&A projects until such strategy is presented to and approved by the shareholders.

Board composition

Alberto Da Ponte and Randy Pankevicz would add relevant experience and fresh perspectives to the board. Both candidates have been assessed by Heidrick & Struggles as strong, independent non-executive director candidates and meet the independence requirements of the UK Corporate Governance Code

Current Board of Directors & relevant experience

David Maloney
Non-Executive Chairman

Finance, Leisure and Tourism experience

Miroslaw Stachowicz
Interim CEO

FMCG experience

Lesley Jackson
CFO

Accounts and Finance experience

Andrew Cripps
Senior Independent NED

Accounts and FMCG experience

John Nicolson
Independent NED

FMCG experience

Alberto Da Ponte

Alberto has worked in the drinks industry for 25 years in senior executive positions. He has been CEO of Sociedade Central de Cervejas, a Heineken Group company, an Executive Board Member of Scottish and Newcastle, a Member of Heineken Western Europe's executive committee, Managing Director of Unilever / JM (Home and Personal Care) Portugal, Managing Director of Unilever / JM (Foods) Portugal, CEO Cadbury Schweppes Portugal, a member of the Euroboard of Schweppes Beverages, CEO of Jerónimo Martins Distribution and Chairman and CEO of Rádio Televisão de Portugal.

Experience in driving Sales at international consumer goods companies

Randy Pankevicz

Randy has worked in the drinks industry for 25 years primarily at PepsiCo International. He has extensive FMCG experience having held senior commercial, operational and financial positions across Central and Eastern Europe at PepsiCo International. He spent 2004 – 2014 as VP General Manager of the Czech/Slovak division which was broadened to include Hungary in 2009. From 2001 to 2003 he was VP Finance and CFO of the Central Europe Group and prior to that had an 11 year tenure across various positions culminating in a role as VP Finance and CFO of the Russia/CIS business unit from 1995 – 1998.

FMCG experience in Central and Eastern Europe at PepsiCo

<u>Independent</u> non-executive candidates, who will add significant Sales and CEE experience together with fresh perspectives, to the board

Their 'Independence Criteria Evaluation' reports have been made public here: http://www.westerngate.eu

M&A strategy

New target geographies for M&A like the UK and Norway are not aligned with Stock's mission statement

Mission statement in March 2016 results:

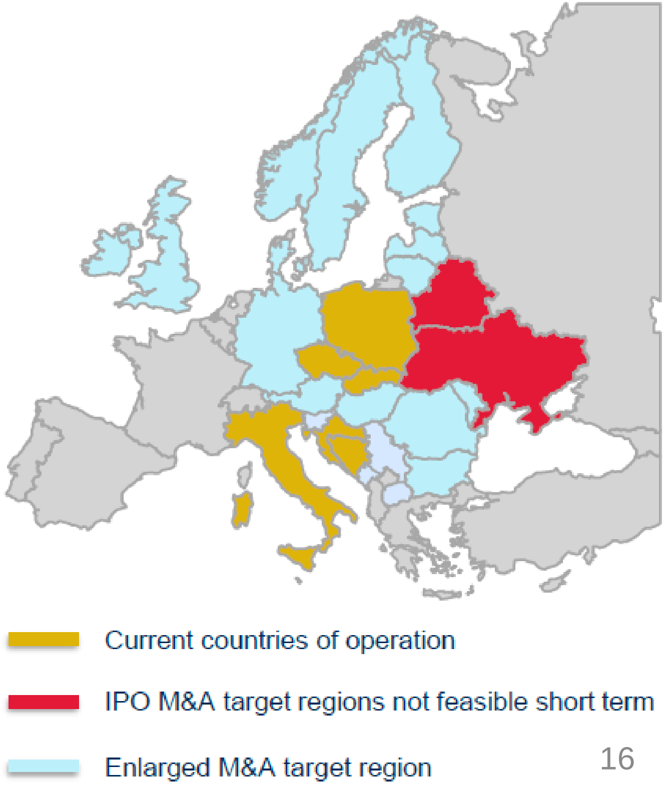
"To create the leading spirits business in CEE"

Key issues

- New M&A strategy was introduced by outgoing CEO
- New target geographies like the UK and Norway are not aligned with Stock Spirit's mission statement or its "sphere of competence"
- Management currently has ability to execute a deal of up to €90 million consideration, without requiring shareholder approval
- In Western Gate's opinion, these new regions present limited opportunity to "add value through operational synergies" given that they have already been subject to extensive consolidation and that management should focus its attention on turning its core business around

Broadened target geographies do not fit company's mission

Enlarged M&A target region

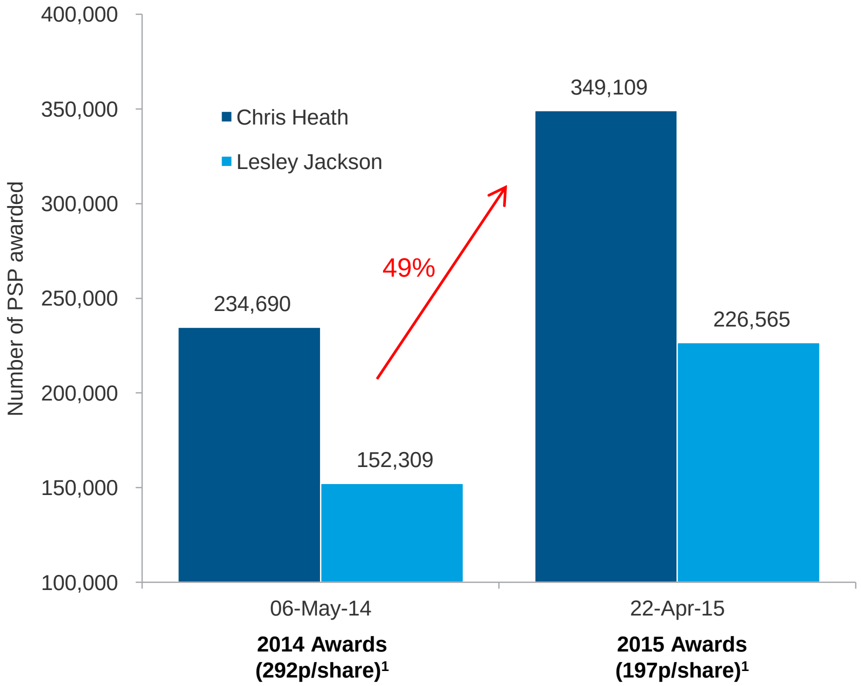


Source: Stock Spirits 2015 preliminary results presentation (10-Mar-2016)

Remuneration Risks – Rewards for Failure?

Lower share price resulted in a 49% increase in the number of shares awarded under the PSP between 2014 and 2015

- Share incentive awards continue to be made at the same level in terms of percentage of salary granted (i.e. 140%). A lower share price will result in a higher number of nil-cost options being awarded. Share price movement should therefore be taken into account when determining the number of shares in each award, as Directors may otherwise ultimately gain from poor share price performance.
- Setting of appropriate performance criteria following restatement of profit expectations - while targets should be achievable in order to be incentivising, lower base figures for bonus and PSP growth targets could result in reward for Directors who presided over prior years' poor performance.
- 2016 awards were expected within six weeks of the preliminary announcement of the 2015 annual results but have not as yet been announced by the Company



Source: Stock Spirits 2015 and 2014 Annual Report
1. Price on date of the award, as per Stock Spirits disclosures

Corporate Governance Opportunities

Opportunities for Improved Corporate Governance

- The early retirement of CEO, Chris Heath, appears in direct correlation to Western Gate's proposal for his removal. It provides opportunity for improved strategic leadership.
- Annual Report disclosure on succession planning remains relatively boilerplate. Improvements in this area would strengthen shareholder confidence.
- The Board is relatively small, following appointment of Non-Executive Director Mirek Stachowicz as Interim CEO. Additional expertise in the beverage and CEE area in support of strategic and corporate endeavours is needed.
- The candidates have substantial relevant experience – both with careers spanning in excess of 25 years – and would bring significant additional value to the Board in furthering governance oversight during strategic development and return to growth
- Western Gate believes that the Board would benefit greatly from further expertise in two key areas – first in Sales Management, and second in local CEE expertise. That is why Western Gate is proposing Alberto da Ponte, with his experience in drinks industry Sales leadership , and Randy Pankevicz, with his experience in working for Pepsico in CEE over many years

Appendix

Other

Remuneration

Stock executives very well remunerated via performance options and salaries

Base salaries vs. peer group[1]

Category		Base Salary (£)[2] Non-Executive Chairman[4]	CEO	CFO	Non-Executive Director[3]
Average (excluding Stock)		167,733	383,865	268,637	45,556
Median (excluding Stock)		150,000	378,000	243,000	42,250
3rd Quartile (excluding Stock)		180,214	422,136	322,000	49,579
Stock	Reported figures	180,623	490,000	318,000	68,377
	Compared to Average	**7.69%**	**27.65%**	**18.38%**	**50.09%**
	Compared to Median	**20.42%**	**29.63%**	**30.86%**	**61.84%**
	Compared to 3rd Quartile	**0.23%**	**16.08%**	**(1.24%)**	**37.91%**

Executive management options

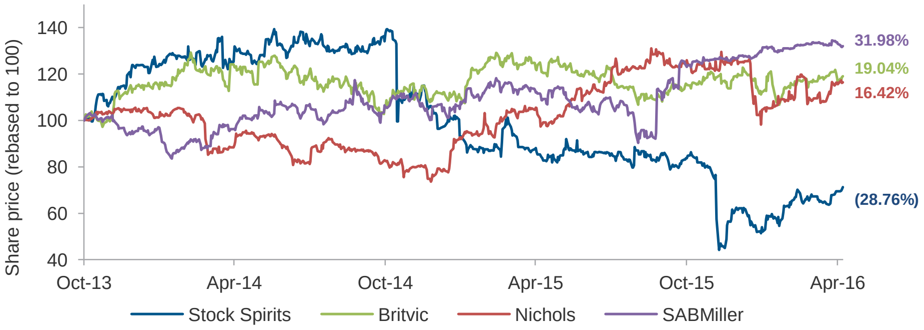
- In addition to base salary, it has been stated that executive management will be awarded 140% of salary in 2016 in the form of nil-cost options, under the PSP
- Subject to TSR and EPS performance criteria with performance period of three financial years to 31 December 2017
- Actual achievement of those awards is made more likely due to the poor performance of the Company

Source: Annual reports of Stock Spirits and peer companies
1. Peer group defined as those companies with a market cap £50m above or below Stock Spirits' (excluding FTSE defined Investment Trusts) on 13 March 2016 2. Stock Spirits base salaries as disclosed in 2015 Annual Report, peer group based on most recent reported figures; 3. Non-Executive Director remuneration is taken as an average of all the NEDs on the relevant board; 4. Estimated annualised 2015 salary based on 5 months as NED and 7 months as Non-Executive Chairman

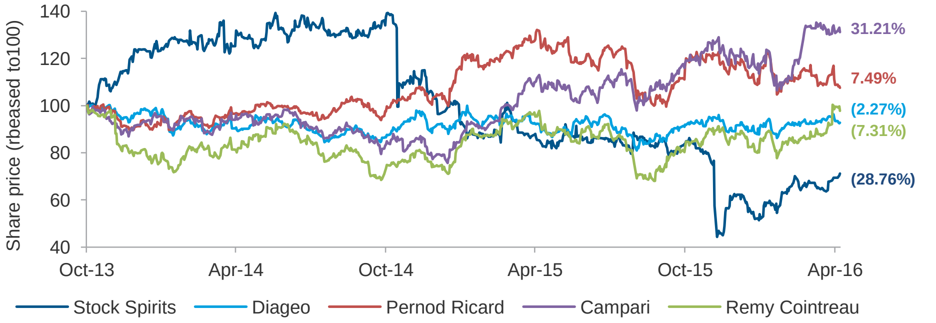
Relative trading performance

Stock currently trades at a material discount to spirit industry peers

UK listed beverage companies – since Stock Spirits IPO



European listed alcohol producers – since Stock Spirits IPO



	Market Cap	Enterprise Value	EV / EBITDA (x)			P / E (x)		
Company Name	**(£m)**	**(£m)**	**2015A**	**2016E**	**2017E**	**2015A**	**2016E**	**2017E**
Diageo	47,226	57,867	16.9	16.4	15.5	20.2	20.2	19.0
Pernod Ricard	19,647	26,876	12.4	13.5	13.0	22.6	18.0	16.9
Campari	3,857	4,517	15.5	14.5	13.2	28.3	25.0	21.3
Remy Cointreau	2,767	3,111	20.9	18.7	17.1	34.5	30.3	27.0
Stock Spirits	**322**	**366**	**8.8**	**9.1**	**8.8**	**21.4**	**17.8**	**16.6**
Average			***14.9***	***14.4***	***13.5***	***25.4***	***22.2***	***20.1***
Average (excl. Stock)			***16.4***	***15.8***	***14.7***	***26.4***	***23.3***	***21.0***
Stock multiple discount (%)			***(46.5%)***	***(42.3%)***	***(40.1%)***	***(19.2%)***	***(23.8%)***	***(21.3%)***

Source: FactSet as at 28-Apr-2016. Note: data calendarised for December year end, excludes estimates older than 100 days; 2016 NPAT estimate for Stock Spirits excludes Wood & Company as outlier

Appendix

Stock Spirits' criticism of Western Gate

Stock Spirits' criticism of Western Gate

The Company has unfairly sought to discredit Western Gate and made various unjustified statements

Key issues raised by the Company

"Luis Amaral is the CEO and largest shareholder in Eurocash, the Company's largest customer. We believe this represents an overriding conflict of interest."	• As Western Gate is the largest shareholder, its financial interests are very much aligned with those of all shareholders • Sales of Stock Spirits products account for only 3% of Eurocash turnover and make a negligible contribution to attributable profit
"Luis Amaral wants Stock Spirits to chase market share without any reference to profitability"	• Pursuit of profitability on a "per case" basis will not result in greater profit for Stock Spirits shareholders if the volume of cases sold continues to decline • Even if the Company had been able to maintain its EBITDA margin in Poland at 2013 levels it would still have seen adjusted EBITDA in Poland down by 33.5% relative to 2013 given the lower volumes sold
"Western Gate's interests are not necessarily aligned with the long term interests of Stock Spirits shareholders as a whole [and] any influence gained over Stock Spirits' pricing strategy will directly benefit Luis Amaral through his shareholding in Eurocash"	• Eurocash is not involved in Western Gate • Western Gate has never asked the Company to engage in a price war • Western Gate has not sought to prevent the Company from pursuing diversification strategies
"Luis Amaral wants to gain undue influence at the expense of other shareholders [and] the Board believes that the interests of all shareholders are best served by a Board that is independent and does not include directors hand-picked by any one shareholder"	• The proposed Non-Executive candidates meet the independence requirements of the UK Corporate Governance Code • Both Randy Pankevicz and Alberto Da Ponte have been assessed by Heidrick & Struggles as strong, independent non-executive director candidates • The Board's claim, that they cannot be independent because they were proposed by Western Gate, is false

Stock Spirits' criticism of Western Gate (cont.)

Key issues raised by the Company

"To require a full M&A review at this time would be a wholly unnecessary use of Company resources, coming so soon after the recent strategic review"	• Western Gate has asked for the Company to review its revised M&A strategy in light of the inclusion of new target geographies like the UK and Norway which are not aligned with Stock Spirit's mission statement or its "sphere of competence" and, in Western Gate's opinion, likely present limited opportunity to "add value through operational synergies" • In our view even a EUR90 million acquisition without shareholder approval is an unacceptable risk to shareholder value until at least such time as the Company has turned around the core Polish business
"The actions taken by the Stock Spirits management last year and following the recent Operational Review are working, and the performance in Poland is improving as demonstrated by our recent trading update"	• Comparisons to Q1 2015 may provide a misleading picture of the Company's performance given the de-stocking that took place in that period across the entire sector • Assuming the Company can repeat its Q1 2016 performance in Q2 2016 its H1 2016 revenue would still be down 19.7% on H1 2014 and down 27.8% on H1 2013
"Success of our New Product Development (NPD) since IPO"	• The Company's New Product Development programme has failed to yield material additional sales – "other brands" in Poland accounted for only PLN 9.4 million out of total sales of PLN 229.4 million in March 2016[1] • Focus on new product development in public announcements may attract attention but the contribution of these products is immaterial in the context of the wider portfolio
"Clearly corporate costs are not mainly made up of UK head office costs as claimed by Western Gate"	• 2015 Head Office costs of €7.0 million make up 45% of Total Corporate Costs at 2015 FX rates • Western Gate believes Head Office costs could be reduced considerably by relocating a significant portion to Poland and aligning these costs with the currency of the Company's major revenue generating activities to provide a natural hedge

Sources: Nielsen

1. Includes VAT and excise tax, "Other brands" includes Sznaps, Amundsen and Saska, amongst others, excludes key brands: Zoladkowa, 1906, Stock, Zubr and Lubelska (includes all separately identifiable Lubelska 'sub-brands' and flavour variants)

Stock Spirits' criticism of Western Gate (cont.)

Key issues raised by the Company

"Western Gate's proposal to add two additional directors to the Board would unnecessarily increase the corporate costs"	• The anticipated salaries of the two proposed non-executive Directors will be in line with the current compensation of the non-executive Directors, and hence de-minimis when compared to the substantial existing head office costs or the value these excellent candidates can deliver for all shareholders
"The Board and the Nomination Committee of Stock Spirits have been discussing executive succession plans for some time"	• Western Gate welcomes the retirement of Chris Heath as we believe a different skill-set is necessary to turnaround the Polish business. We believe that the new CEO, selected by the Board, must be based on the ground in Poland, as this crucial turnaround task cannot be done by "remote control"

Western Gate hopes the Board will focus its energy and resources on addressing the challenges the Company faces, and agreeing to the proposed NEDs would best help serve to achieve that