

Market Update

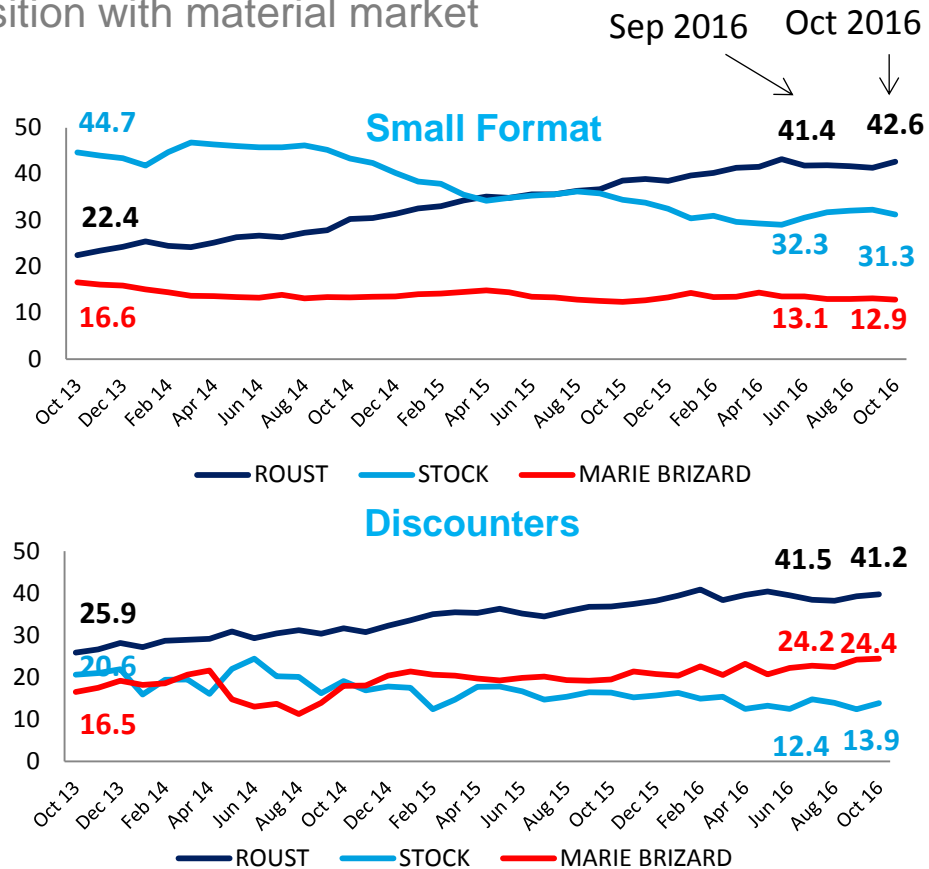
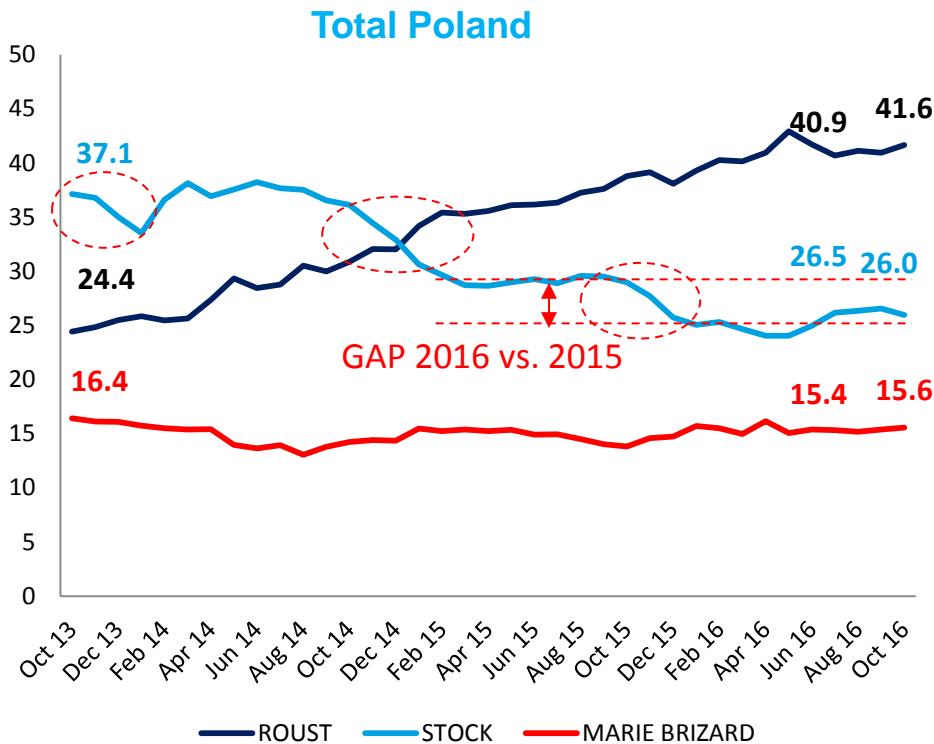
December 2016

Rationale for publishing market data and peer performance

- Western Gate is concerned by what appears to be a growing lack of transparency from Stock Spirits, both the executive and the Board
- A planned investor day was cancelled and the Company has opted not to publish a 3Q trading statement as it has done in each of the last 3 years
- As a result of the above and Western Gate's continued concerns around Stock's operating performance we have decided to provide the wider investment community with an update on the Polish market situation based on publicly available data.
- We would also note that Stock's main competitor has recently emerged in a significantly stronger financial position following a successful restructuring of its debt and has provided updated disclosure highlighting another strong period of performance during 3Q 2016

Market share progression

Significant deterioration in competitive market position with material market share losses in 4Q of each of the last 3 years

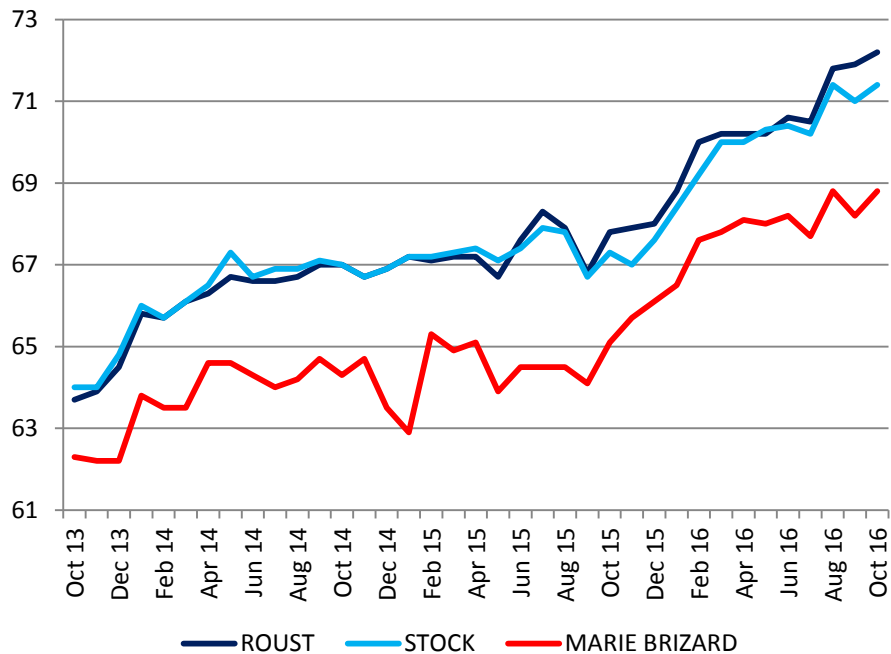


Source: Nielsen, Total Poland / Small Format / Total Discounters; total off trade, total vodka (defined as the sum of total clear, total flavoured and total vodka based flavoured liqueurs) % volume share.

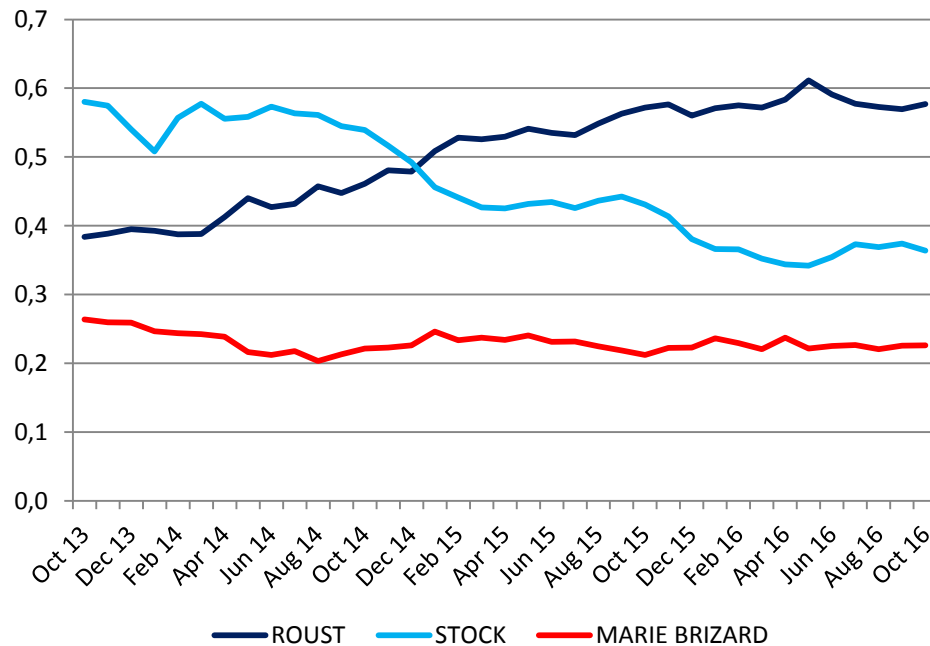
Distribution

Although all players improved total distribution coverage, Stock Spirits has seen a continued decline in market share generated by 1% of stores in Poland

Distribution coverage¹



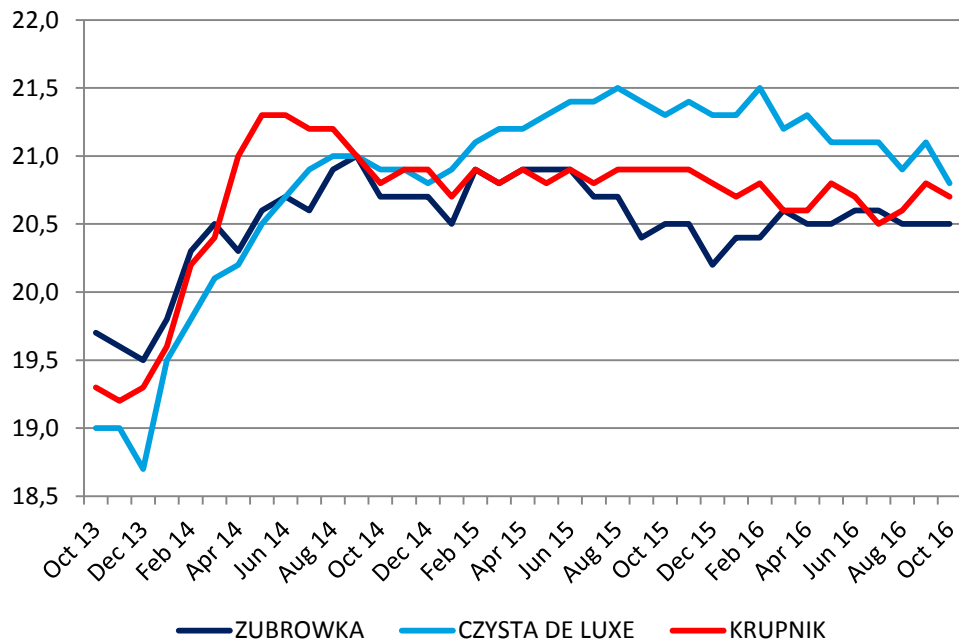
Volume Market Share / Numeric Distribution²



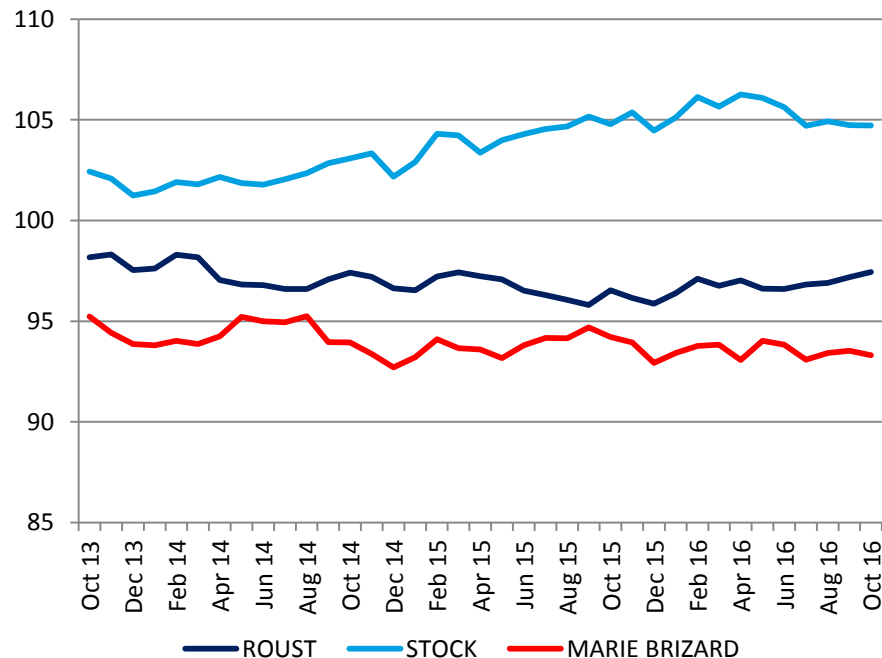
Price strategy

Increase of prices by Stock Spirits in 2015 and decrease in 2016, while competitors have largely remained at stable levels during 2016

Price of 0.5l Clear Vodka (PLN)³



Value / Volume Market Share⁴



Source: Nielsen. 3) Total Poland, total off trade, clear vodka, price per one 0.5l bottle; 4) Value market share / Volume market share, Total Poland, total off trade, total vodka

Price strategy

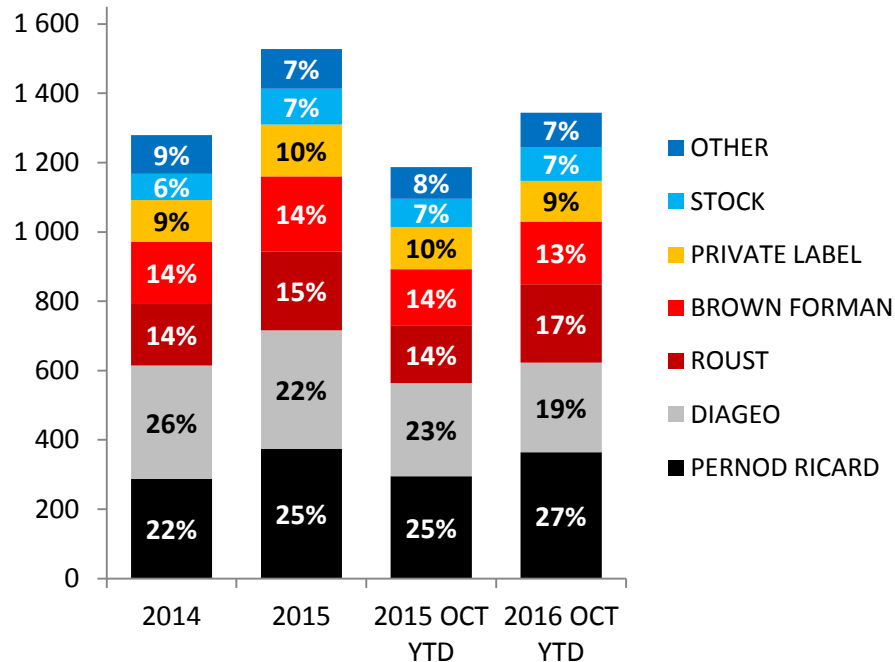
Investment in prices by Stock Spirits in 2016 has not yielded desired results

Brand	Price per item (PLN)			Market share in total vodka (%)		
	Sep'15	Sep '16	Change	Sep'15	Sep '16	Change
Czysta de Luxe 0.1l	6.15	6.15	-0.1%	1.0	0.9	-5.1%
Czysta de Luxe 0.2l	10.85	10.77	-0.7%	2.2	1.8	-18.0%
Czysta de Luxe 0.5l	22.36	21.61	-3.4%	6.5	5.7	-12.7%
Czysta de Luxe 0.7l	33.97	33.94	-0.1%	2.0	1.6	-19.3%

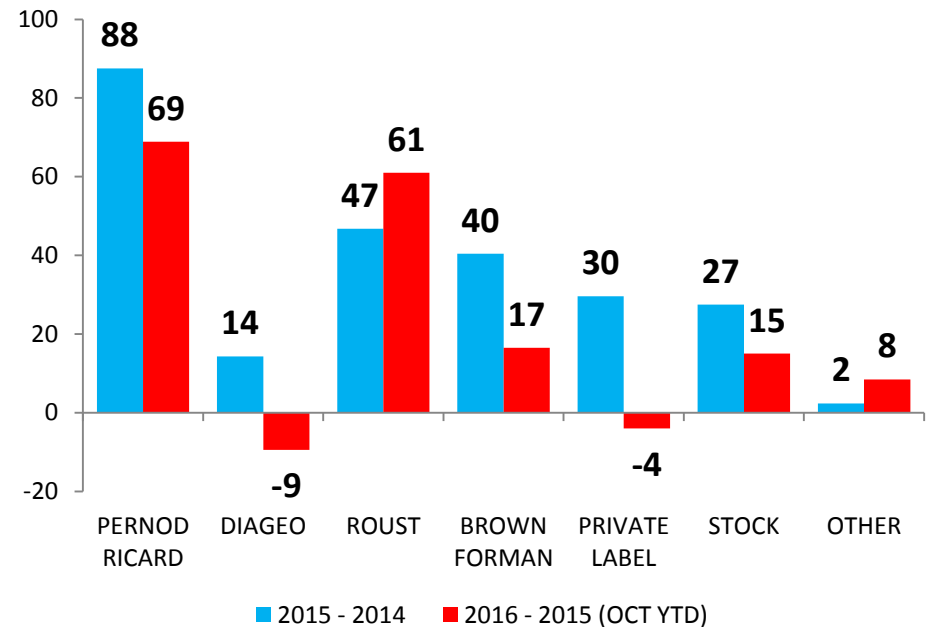
Whisky market in Poland - sales and market share evolution

Pernod Ricard and Roust have been the main beneficiaries of the rapidly growing whisky market, with Stock Spirits showing no signs of improving its market position

Whisky retail sales⁵ and value market share



Change in whisky retail sales (PLN m)⁵



Sales revenues and EBITDA in Poland

While Stock Spirits has opted not to communicate 3Q 2016 results, its main competitor has announced another strong quarter highlighting continued sales and profitability momentum

Net Sales in Poland (EUR m)	2014	2015	Change	3Q YTD 2015	3Q YTD 2016	Change
Roust	217	227	+5%	153	182	+19%
Stock	168	137	-18%	?	?	?

EBITDA in Poland (EUR m)	2014	2015	Change	3Q YTD 2015	3Q YTD 2016	Change
Roust	42	50	+21%	26	38	+45%
Stock	53	39	-27%	?	?	?

EBITDA margin in Poland	2014	2015	Change	3Q YTD 2015	3Q YTD 2016	Change
Roust	19%	22%	+15%	17%	21%	+22%
Stock	32%	28%	-11%	?	?	?

USD / EUR exchange rate

0.7537

0.90121

0.8971

0.8964

Salary and Board structure benchmarking

Recently announced changes to the Stock Board will result in an excessively large Board for a company of its size and further increase the already high costs to shareholders

	Board Members ³	No of. NEDs ⁴	Total NED Pay (£'000)	Total Board Pay (£'000)
Stock Spirits 2015	6	4	345	1 153
Stock Spirits 2017 Estimation ¹	9	7	561	1 369
<i>Increase 2017/2015</i>	3	3	62%	19%
Peer group Median ²	7.0	4.0	265	1 113
Peer group Average ²	7.4	4.7	267	1 087
<i>Stock Spirits 2017E Compared to Median</i>	2.0	3.0	111%	23%
<i>Stock Spirits 2017E Compared to Average</i>	1.6	2.3	110%	26%

1) NED salaries for Stock in 2017E based on NED fees disclosed in 2014 Annual Report and new committee compositions as recently announced. Chairman, CEO and CFO salary as per figures in 2015 and 2014 annual reports.

2) Peer group figures based on paid base salaries as disclosed in most recent annual reports for peer group of 26 companies with a market capitalisation of £50m above and below that of Stock (as at 24-Oct-16. Source: FactSet)

3) Total number of executive and non-executive Board members as at end of fiscal year

4) No. of Non-Executive Director as at end of fiscal year

Stock Spirits Governance and Transparency

- Communication vacuum with shareholders (in contrast to main competitor):
 - Investor Day cancelled
 - No trading statement for 3Q 2016
 - Shareholder questions remain unanswered
- New CEO was recruited from within the existing non-executive Board, rather than from outside
- Shareholder nominated Board Members excluded from being full voting members of the Committees and are classified as “non-independent” without any transparent explanation
- Appointment of a further three Non-Executive Directors, even while not making use of the existing Directors to the fullest extent
 - Adds unnecessary additional cost
 - Overly large Board for a company of Stock’s size

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