



BANJALUČKA PIVARA
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Statement to accompany unaudited financial results for Q3 2017

The third quarter of 2017 has proved to be a welcome improvement on the same period last year. An extremely hot and pleasant period in July and August was beneficial to the drinks sector, as consumers were able to enjoy the summer weather and consume our products. The weather was at times so hot, above 35 degrees Celsius for many days in a row, that some even speculated that it was too hot to drink beer until late in the evening. Certainly sales of our range of fruit flavoured beers, with a lower content of 2% alcohol, saw an important increase in sales.

For the first nine months of the year, the total results of the Company are satisfactory. Volume sales are up 2.5% and net profit is increased by 4% to KM 6.9 million. While this is good news, we can see that the general economic climate for consumer goods sales is deteriorating, with a noticeable departure of workers and families abroad leaving fewer consumers in our market. This is most noticeable in the hotels, restaurants and cafes, where despite our strong position in draught beer, the total turnover for all drinks is generally falling.

The Company is pleased with progress in exports. We now have distribution agreements in place in most neighbouring countries and hope to see sales results from this work over the coming years. In Serbia, we have made good progress despite the existence of non-tariff barriers, which slow us down. We are expecting that in the near future BiH food safety certificates will be officially recognised by Serbia. Currently Serbia customs regularly impose tests on incoming goods from BiH, which are expensive and slow down the import process by up to three weeks.

Nicholas Penny

Director



27th October 2017