



Company Announcement

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Uncertainty and Lack of Transparency due to Corona Virus – Full-year Guidance Suspended

Scandinavian Tobacco Group has had a good start to the year, and the underlying business has performed in line with expectations for 2020. As a result of the global outbreak of the Corona virus (COVID-19) and the uncertainty and lack of transparency this has created, Scandinavian Tobacco Group finds it prudent to suspend the financial guidance for 2020.

As authorities across the world are implementing measures to contain and fight the spread of the Corona virus, we are seeing more and more restrictions to consumer movement which affects normal purchase and consumption patterns. This leads to a situation where we have significantly less transparency on consumer behaviour and consumption, and retail customers are changing behaviour as they try to respond to the constantly changing environment. As the situation develops from day to day in countries around the world, we are currently unable to accurately assess the short-term impact of these developments on our business. Hence, we are suspending our financial guidance for 2020 pending further clarification of the general situation, market developments and the impact on our business. We expect consumer behaviour to normalize following the pandemic situation and consider the effect on our business temporary.

CEO Niels Frederiksen says:

“We have a fundamentally resilient business with healthy earnings and strong cash flows. I am confident that we are in a good position to deal with the issues we are facing, and we are dedicating all our efforts to navigating through an uncertain period where we both have to protect our employees, our customers and our business.”

We expect to provide an update on the financial guidance for 2020 as soon as we can properly assess the impact of the Corona virus on our business.

We still expect to provide further financial insights into the impact of the acquisition of Agio Cigars, when the integration planning period has been finalised. The decision to initiate a share buy-back programme in 2020 of a total value of up to DKK 300 million is unchanged although the timing of the initiation may be affected by the above-mentioned uncertainties. The Board of Directors' proposal for an ordinary dividend for 2019 of DKK 6.10 per share remains unchanged.

Scandinavian Tobacco Group presents its interim report for the first quarter of 2020 on 20 May 2020.

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About Scandinavian Tobacco Group

Scandinavian Tobacco Group A/S is a world-leading manufacturer of cigars and pipe tobacco with an annual production of four billion cigars and 5,000 tonnes of pipe and fine-cut tobacco.

The Group holds market-leading positions in several categories and has a portfolio of more than 200 global and local brands.

Scandinavian Tobacco Group has its headquarter in Copenhagen, Denmark – and employs approximately 11,000 people in Europe, the US, Canada, Australia, New Zealand, the Dominican Republic, Honduras, Nicaragua, Indonesia and Sri Lanka. For more information please visit www.st-group.com