



Company Announcement
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Scandinavian Tobacco Group A/S raises its full year guidance

The negative impact of the COVID-19 pandemic on Scandinavian Tobacco Group's business have been less profound than anticipated earlier in the year as tobacco consumption across markets and categories has displayed significant resilience.

A change in consumer behaviour in the US as more people work from home have resulted in an likely overall increased consumption of handmade cigars and a strong growth in the online business. Combined with a stronger than anticipated resilience in sales volumes of machine-made cigars and smoking tobacco - and a continued strong internal cost focus - Scandinavian Tobacco Group can for the first six months of 2020 present 4.9% organic growth in net sales, 21% organic growth in EBITDA and a free cash flow before acquisitions of DKK 547 million. The financial performance remain positively affected by phasing in certain markets.

While visibility around the financial outlook remains lower than normal it is expected that the change in consumer behavior in the US will continue for the rest of the year. Based on the year-to-date numbers including a strong performance in the month of July, a successful initial integration of Agio Cigars and assuming no material disruptions to our supply-chain, the Group's full-year guidance is revised as follows:

- EBITDA: Organic growth >9% (previously: >2%)
- Free cash flow before acquisitions: >DKK 1000 million (previously: ~DKK 850 million)

Scandinavian Tobacco Groups results for the second quarter will be announced on 28 August 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 headquarters 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