

**Press release**

Copenhagen, 20 July 2018

Scandinavian Tobacco Group A/S acquires Peterson Pipe Tobacco of Kapp & Peterson Limited

Scandinavian Tobacco Group A/S has today closed a deal to acquire Peterson Pipe Tobacco, the pipe tobacco business of Kapp & Peterson Limited, an Irish pipe and pipe tobacco manufacturer. Included in the deal is the full premium pipe tobacco brand portfolio of Peterson Pipe Tobacco, which has over 150 years of storied heritage and today is sold in 52 countries around the world. The price paid for the business is confidential, but immaterial.

The acquisition strengthens Scandinavian Tobacco Group's position in the important premium pipe tobacco segment, which has been growing in recent years. Additionally, the brand portfolio of Peterson Pipe Tobacco will further increase the Group's presence in important pipe tobacco markets like Germany, the UK, the US and Asia.

Potential for further growth

The Peterson Pipe Tobacco brand portfolio has delivered consistent volume and revenue growth since 2014 against the backdrop of globally shrinking volumes for the category as a whole. The brands carry a solid reputation and are recognised for consisting of complex blends that boast a premium positioning. Among the Peterson products are signature blends such as Sherlock Holmes, Old Dublin and Connoisseur's Choice.

Executive Vice President of Sales & Marketing in Scandinavian Tobacco Group, Christian Hother Sørensen says: "M&A is part of the Scandinavian Tobacco Group DNA and we have a proven track record of achieving synergies when acquiring brands and businesses. We are excited about this small and interesting bolt-on acquisition in our pipe tobacco category. In Peterson Pipe Tobacco we are acquiring a sound portfolio of premium brands that will increase our offering to our consumers – and which we can further develop whilst leveraging our sales and marketing competencies."

For further information, please contact:

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About Scandinavian Tobacco Group

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

Scandinavian Tobacco Group holds market-leading positions in several categories and has a portfolio of more than 200 brands providing a complementary range of established global brands and local champions.

The Group employs 7,300 people in the Dominican Republic, Honduras, Nicaragua, Indonesia, Europe, New Zealand, Australia, Canada and the US. For more information please visit www.st-group.com.