



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

Throughout 2020, COVID-19 induced changes in consumer behaviour have led to higher than anticipated consumption of handmade cigars in the US. The high demand, has increased further in the latter part of the year in the Group's US online distribution channel as well as in the US brick and mortar retail channel and the Group has continued to perform well. January-November 2020, the organic growth in net sales is 7% for the Group and higher than previously expected.

As a consequence of the high demand, the results in the Group's financial performance in the fourth quarter, are better than expected. The higher volumes from US online and US brick and mortar have positively impacted operational leverage and resulted in stronger profit margins and an increased organic growth in EBITDA. The other business categories perform as expected.

Overall, the fourth quarter results continue to be negatively impacted by the loading in previous quarters and very strong comparison numbers partly driven by the change in sales taxing in France in the fourth quarter of 2019, as referenced in connection with our third quarter announcement.

It was expected that the fourth quarter would see a negative timing impact of payables which did not materialise. For the full year 2020 this is resulting in an estimated >DKK 200 million positive impact on the free cash flow before acquisitions.

Based on the above the Group's full-year expectations for 2020 are revised up as follows:

- EBITDA: Organic growth >13% (previously: >9%)
- Free cash flow before acquisitions: >DKK 1,250 million (previously: >DKK 1,000 million)

The changes in shopping and consumer behaviour and increased demand for handmade cigars in light of the continued COVID-19 impact are likely to continue into next year. More detailed financial expectations for the full year 2021 will be communicated in connection with the announcement of Scandinavian Tobacco Groups Annual Report 2020 on 10 March 2021.

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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