



## Company Announcement

No. 10/2023

Copenhagen, 22 February 2023

### Scandinavian Tobacco Group A/S to Acquire Alec Bradley Cigar Business

Scandinavian Tobacco Group A/S (“the Company”) has today agreed on the terms and conditions for the acquisition of substantially all assets of Alec Bradley Cigar Distributors Inc. and associated companies (“Alec Bradley”). The transaction is valued at USD 72.5 million (about DKK 500 million) on a debt and cash free basis (the Enterprise Value) and is expected to be closed shortly. The acquisition will be fully financed by cash at hand and debt.

The Alec Bradley brand is a material addition to the Company’s portfolio of premium cigars and brings Scandinavian Tobacco Group one step closer to becoming the undisputed and sustainable global leader of cigars. Based in Fort Lauderdale, Florida, Alec Bradley reported annual net sales in 2021 of USD 25 million and an EBITDA margin before special items of 24%. Both net sales and EBITDA margin improved during 2022.

CEO of Scandinavian Tobacco Group A/S, Niels Frederiksen commented:

*“The acquisition of the Alec Bradley cigar business is another important step toward our ambition of becoming the undisputed and sustainable global leader in cigars. Through this bolt-on acquisition, we will expand our portfolio of highly regarded premium cigars in the US and international markets, delivering material value to our shareholders. We will also leverage the Alec Bradley brand portfolio to deliver increased excitement to the handmade cigar category through product innovation and brand activations, benefitting both the cigar enthusiasts and our trade partners”.*

The transaction is expected to be margin-, EPS- and ROIC accretive when fully integrated. The Company leverage ratio (net interest-bearing debt/EBITDA) will, when the transaction proceeds to completion, increase by less than 0.2x. At the end of the third quarter 2022, the Company’s leverage ratio was 1.9x. Further details of the expected financial impact of the acquisition will be communicated in connection with the announcement of Scandinavian Tobacco Group’s full year 2022 results on 8 March 2023.

#### About Alec Bradley

Alec Bradley is a family-owned business established in 1996 by entrepreneur Alan Rubin. The business model is asset-light with outsourcing of the cigar production and with approximately 30 full-time employees in the US and Canada. In 2022, Alec Bradley sold almost 10 million cigars – an increase of 5% versus 2021 – primarily in the US and Canada, but also in international markets.

Brands within the Alec Bradley portfolio include among others Prensado, Kintsugi, Alec Bradley Double Broadleaf, Fine and Rare and Black Market.

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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 10,000 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](http://www.st-group.com)