

COMPANY ANNOUNCEMENT

No. 29/2017

Copenhagen, 29 November 2017

UK distributor Palmer & Harvey entered into administration

Scandinavian Tobacco Group has become aware that Palmer & Harvey, a main distributor of tobacco products in the UK market, has entered into administration.

We currently estimate that Palmer & Harvey's decision to enter administration may have a one-off financial impact on our Group adjusted EBITDA for 2017 by up to DKK 30 million, the majority of which relates to excise duty which is non-recoverable.

Our financial guidance for 2017 remains unchanged.

We have contingency plans in place to ensure on-going supply to our retail customers, and do not anticipate any significant disruption to our UK operations.

For further information, please contact:

For investor enquiries:

Torben Sand, Head of Investor Relations

phone: +45 7220 7126 or torben.sand@st-group.com

About Scandinavian Tobacco Group

Scandinavian Tobacco Group A/S with its subsidiaries (the "Group") is a world leading producer of cigars and traditional pipe tobacco. The Group also produces fine-cut tobacco and sells tobacco-related accessories. The Group produces and sells 3 billion cigars and 5,000 tonnes of pipe and fine-cut tobacco annually. Scandinavian Tobacco Group believes it is the only company globally with a core strategic focus on production and distribution in all of these tobacco categories.

Scandinavian Tobacco Group holds market-leading positions in the machine-made cigar market in Europe, the handmade cigar market in the US, the online and catalogue retail sales of cigars in the US, the traditional pipe tobacco market globally and in selected fine-cut tobacco markets.

Scandinavian Tobacco Group has a diversified portfolio of more than 200 brands providing a complementary range of established global brands and local champions. In the cigar segment, the brand portfolio comprises Café Crème, La Paz, Macanudo, CAO, Partagas (US) and Cohiba (US). Pipe tobacco brands include Captain Black, Erinmore, Borkum Riff and W.Ø. Larsen, while leading fine-cut tobacco brands include Bugler, Break, Escort, Bali Shag and Tiedemanns.

As at 31 December 2016, the Group employed 7,600 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.

Scandinavian Tobacco Group A/S
Sydmarken 42
DK-2860 Søborg
Denmark

CVR 31 08 01 85