



SCANDINAVIAN TOBACCO GROUP

INVESTOR PRESENTATION FULL YEAR 2021

8 MARCH 2022



AGENDA

- 1 FY/Q4 2021 Highlights
- 2 Sustainability, One Process and Regulation
- 3 Our 3 divisions
- 4 Financials and Capital Allocation
- 5 Guidance 2022
- 6 Q&A session



NIELS FREDERIKSEN
CEO



MARIANNE RØRSLEV BOCK
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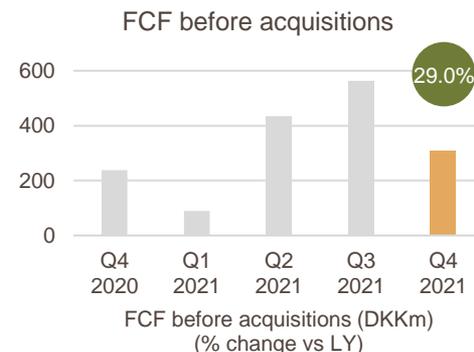
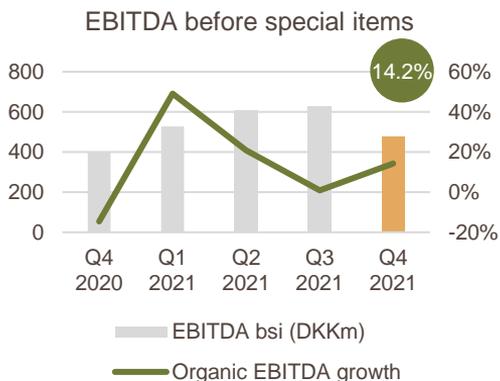
TORBEN SAND
Head of Investor Relations

All statements except for statements of historical fact in this presentation are forward-looking. Forward-looking statements give Scandinavian Tobacco Group's ("STG") current expectations and projections relating to its financial condition, results of operations, plans, objectives, future performance as well as business. No representation, warranty or undertaking, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or the opinions contained therein. The presentation has not been independently verified and will not be updated.



FY/Q4 2021 HIGHLIGHTS

- Financial performance reflects continued strength in most business segments
- FY 2021: Organic net sales growth of 4.5%, organic EBITDA growth of 18.4%, FCF before acquisitions DKK 1.4bn
- Q4 2021: Organic net sales growth of 1.8%, organic EBITDA growth of 14.2%, FCF before acquisitions DKK 307 million
- Agio integration almost complete with approx. DKK 100 million in savings delivered in 2021
- Leverage year-end 2021 at 1.5x supports intend to increase share buy-backs in new programme to up to DKK 700m





SCANDINAVIAN TOBACCO GROUP

SUSTAINABILITY, ONE PROCESS AND REGULATION





SUSTAINABILITY COMMITMENT

ACHIEVEMENTS 2021



Group-wide CO2 equivalent emissions decreased by 3.7%



Water use in our production facilities declined by 3.1%



Energy consumption of Group production sites decreased by 3.4%

NEW STRATEGY

We will present a new and upgraded sustainability strategy in the first half of 2022

INVESTMENT IN 2022

We are committing DKK 10-20 million in 2022 to the ramp-up of our sustainability initiatives.

SCOPE 1 & 2 EMISSIONS

In 2021, we made the first Group-wide measurement of our energy consumption and CO2 equivalent footprint for 2020 and 2021.



REGULATION



Decades of experience adapting to the changing global regulatory landscape



Successful implementation of diverse regulations

REGULATORY UPDATES



US: Flavourised tobacco products



EU: Excise Directive Revision Update



EU: Tobacco Products Directive Revision Update



EU: Plastics



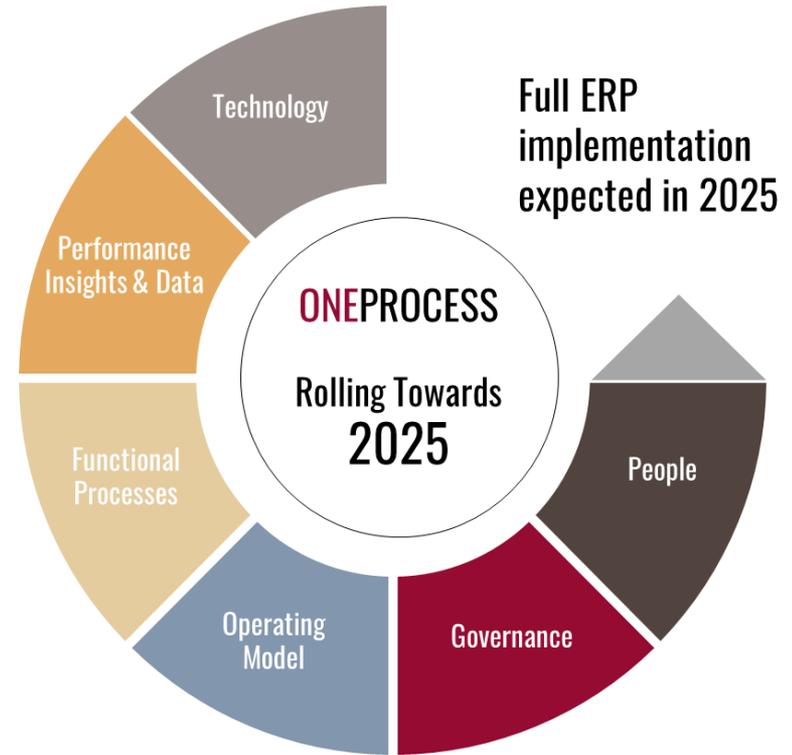


ONE PROCESS UPDATE

- # Professionalise and simplify the business
- # Exchange of 12 ERP systems into One Global System

ONE PROCESS UPDATE

- 1 2021 Clarification Phase Completed
- 2 Total Investments Revised to DKK 600-700 million (from DKK 280-340 million) in 2022-2025
- 3 Annual benefits expected to reach DKK 150-250 million by full implementation in 2025





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OUR DIVISIONS





EUROPE BRANDED HIGHLIGHTS Q4 2021

- Organic net sales growth -2% as a result of the termination of a distribution agreement
- Market developments have started to normalise with volume declines mostly offset by price increases
- The combined volume market share index declined to 31.5% in Q4 2021 (33.1% Q4 2020) as the supply chain issue is still not fully solved
- Margin improvement driven by price increases, integration benefits and general cost efficiencies



QUARTERLY NET SALES



QUARTERLY EBITDA bsi





EUROPE BRANDED LOOKING AHEAD

- Structural decline rate in machine-rolled cigar volumes now expected at about -3% versus previously negative 3-5%
- Focus on market shares and price improvements to secure sustainable flat to slightly increasing organic net sales growth
- Remaining benefits from the integration of Agio Cigars of about DKK 50 million, simplification initiatives and price increases are expected to support long-term margin expansion



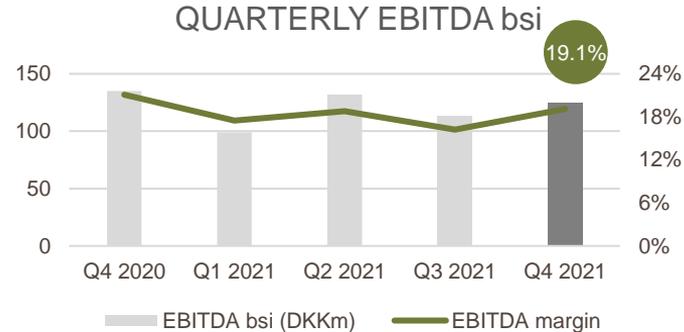
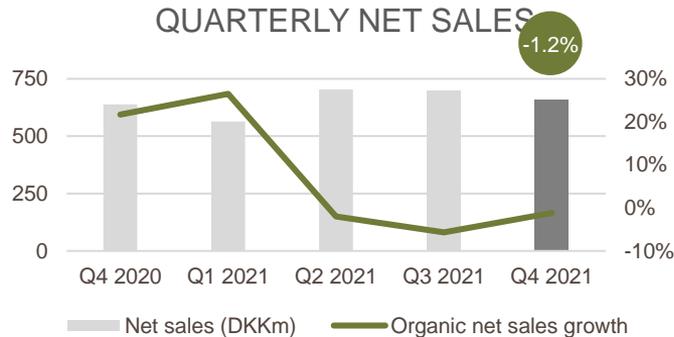
MEHARI'S





NORTH AMERICA ONLINE & RETAIL HIGHLIGHTS Q4 2021

- Consumption of handmade cigars has remained strong in the fourth quarter of the year
- 1% negative organic net sales growth driven by a negative contribution from online partly offset by strong growth in retail
- Active customer file down 7% in the quarter versus 2020 but remains 15% above 2019 levels
- Margin development reflects higher sales and marketing related costs as well as the expansion of the retail network





NORTH AMERICA ONLINE & RETAIL LOOKING AHEAD

- Increase in consumption of handmade cigars in the US since the outbreak of the pandemic is expected to be sustainable. Assumed long-term volume trend at around -1% per year, expected to be more than offset by price increases
- Expectation that channel shift in the market driven by COVID-19 has come to an end
- A substantial part of our active online customers acquired through the pandemic is expected to be retained through strategic initiatives
- Promotional activity in the online market has returned to pre-pandemic levels
- 7-9 new super stores to be opened in the next 2-3 years with the first planned to open in San Antonio, Texas in the second quarter of 2022. Total investment per store at USD 4-7 million





NORTH AMERICA BRANDED & ROW HIGHLIGHTS Q4 2021

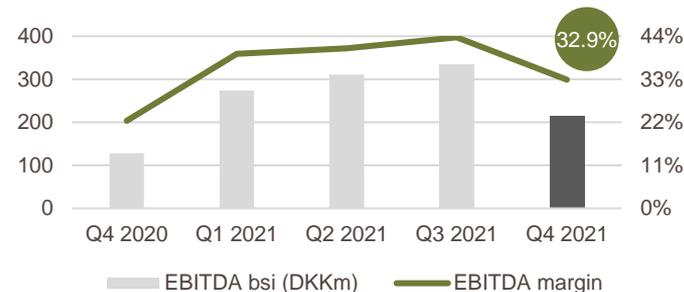
- Strong organic net sales growth driven by volume growth in the cigar categories, primarily machine-rolled cigars in the US and handmade cigars in International Markets as well as in Accessories & CMA
- Handmade cigars in the US did also deliver positive organic net sales growth driven by price increases
- Margin improvement supported by product and market mix and relatively low margins in the fourth quarter of 2020



QUARTERLY NET SALES



QUARTERLY EBITDA bsi





NORTH AMERICA BRANDED & ROW LOOKING AHEAD

- The consumption of handmade cigars is expected to resume to its structural trend of an approx. 1% annual volume decline from the current level
- With a combination of strategic initiatives like the launch of The Forged Cigar Company, price increases a.o., handmade cigars are expected to deliver positive organic net sales growth going forward
- The positive mix impact experienced in 2021, primarily driven by smoking tobacco in the US and Norway, is expected to normalise, thereby dampening growth in 2022



Meier & Dutch
— Wholesale Cigar Distributors —





SCANDINAVIAN TOBACCO GROUP

GROUP FINANCIALS AND CAPITAL ALLOCATION


General Cigar
Dominicana, S.A.S.



Q4 2021 RESULTS

DKK million	Q4 2021	Q4 2020	FY 2021	FY 2020
Net sales	2,012	1,922	8,233	8,006
Gross profit (before special items)	985	867	4,113	3,712
OPEX	-512	-470	-1,911	-1,886
EBITDA before special items	474	397	2,233	1,826
Special items	13	-121	-55	-435
EBIT	393	180	1,814	986
Net financials	-16	-15	-77	-53
Net profit	307	48	1,391	678
Adjusted EPS (DKK)	3.1	1.3	14.8	9.8
Cash flow from operations	311	277	1,567	1,585
Free cash flow before acquisitions	307	238	1,393	1,394

Q4 2021 (Q4 2020)



FY 2021 (FY 2020)

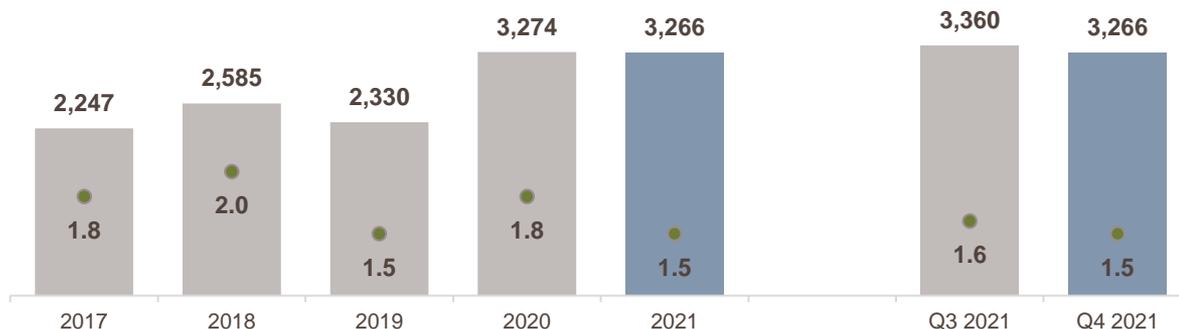




NET DEBT AND LEVERAGE

- Net Interest-bearing Debt (NIBD) has decreased marginally by DKK 8 million versus year-end 2020 as capital allocations has offset cash-flow generation from operations
- Leverage ratio decreased to 1.5x EBITDA versus 1.6x by end of Q3 2021 and 1.8x by year-end 2020
- Decrease in NIBD by DKK 94 million in Q4 2021 driven by cash flow generation

NIBD AND LEVERAGE

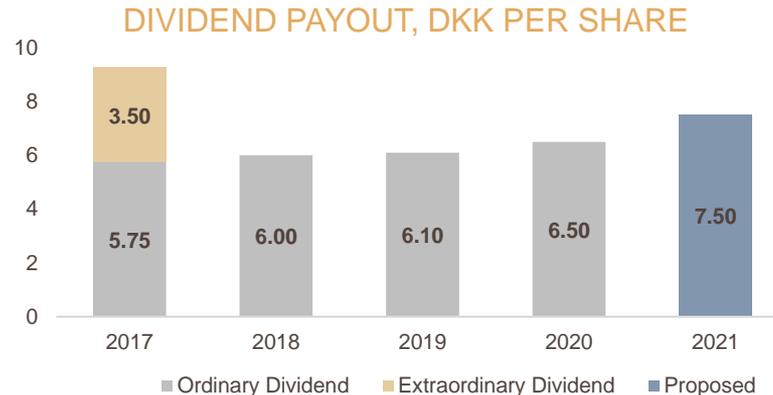


■ Net interest-bearing debt (NIBD), DKKm ● Leverage (NIBD / EBITDA bsi)



DIVIDENDS

- Shareholder Return Policy with ambition of annual growth in ordinary dividend payments
- Number of outstanding shares was reduced by 2.5% in April 2021 to 97.5 million shares
- Proposal to reduce number of outstanding shares by another 4.6% to 93.0 million shares at AGM 31 March 2022
- Proposal of ordinary dividend per share for 2021 of DKK 7.50 (15% increase)

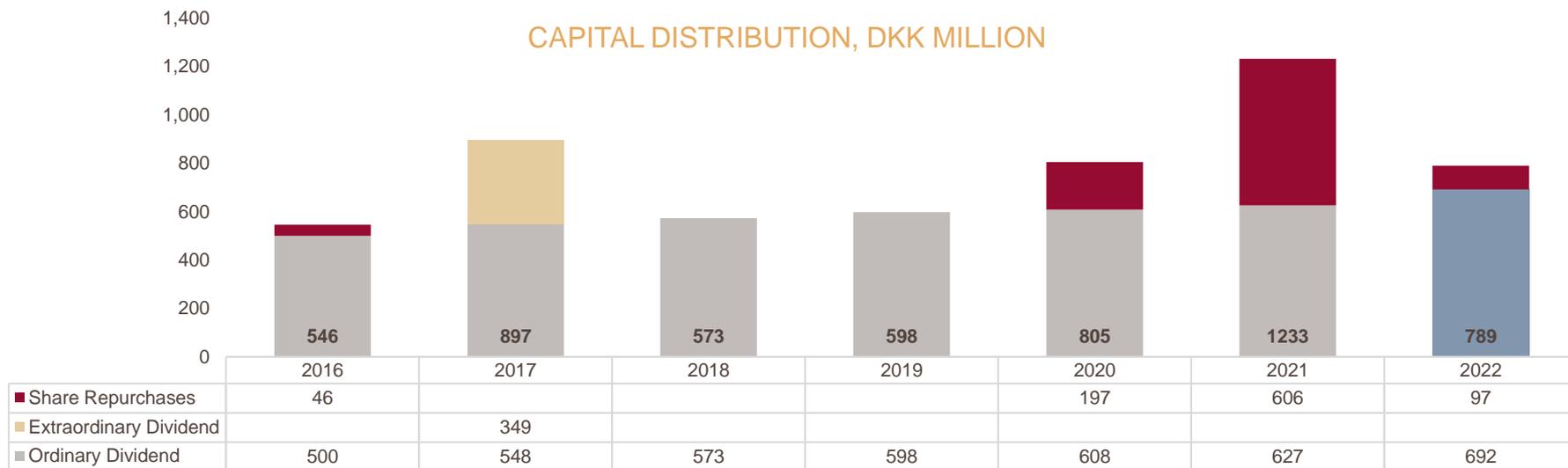




CAPITAL DISTRIBUTION

TOTAL CAPITAL ALLOCATION 2016-2021 OF DKK 4.6 BILLION

- Share buy-back programme of DKK 600 million was completed in February 2022. DKK 97 million purchased since year-end 2021
- Total capital distribution in 2021 of DKK 1,233 million versus DKK 805 million in 2020 – an 55% increase
- Total capital distribution in 2016-2021 of DKK 4.6 billion. YTD22 share repurchases and proposed 2021 dividend adds DKK 0.8 billion
- Intention to initiate new programme up to DKK 700 million with purpose to adjust capital structure and cover long-term incentive obligations





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GUIDANCE 2022



FULL YEAR 2022 GUIDANCE

○	Organic EBITDA Growth	0%-6%
○	FCF before acquisitions	DKK 1.1-1.4 billion
○	Adjusted Earnings Per Share	>5% increase

FINANCIAL ASSUMPTIONS

①	Agio cost savings	~DKK 50 million
②	Financial expenses, excl. forex	DKK 100-110 million
③	Special items	~DKK -200 million
④	Capital expenditures, net	~ DKK 350 million





QUESTIONS AND ANSWERS

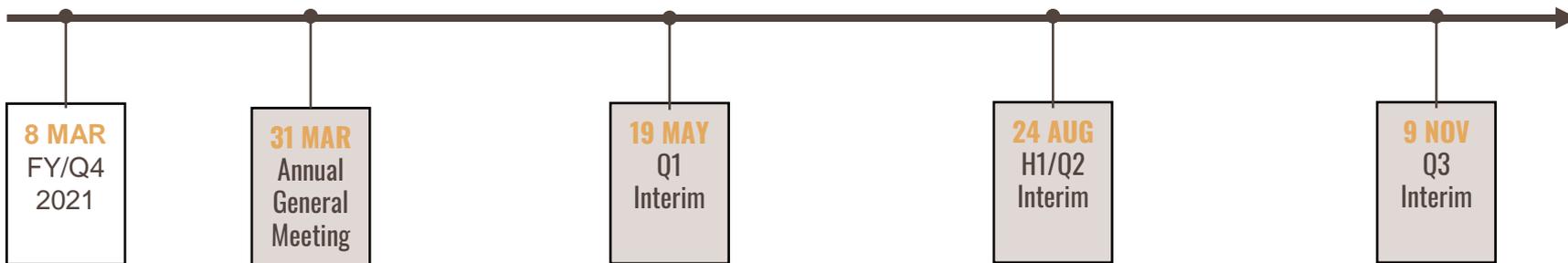


<https://investor.st-group.com>



EVENT CALENDAR & CONTACT

EVENT CALENDAR 2022



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