INVESTOR PRESENTATION

Q1 2017

18 MAY 2017

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Q1 2017 – HIGHLIGHTS

- Organic net sales -9.5%
- Adjusted EBITDA -22.4%
- Free cash flow DKK 48 million (DKK -204 million)
- Recovery from IT implementation in Cigars International drags out and we have not yet seen an expected pick-up in machine made cigars
- Revised full year guidance

HIGHLIGHTS

Cigars International	• Implementation and transition to new working procedures caused significant temporary disruptions • IT related operational issues persisted after the quarter and have not yet been fully resolved
MMC Market Trends	• The total market decline during 2016 continued during the first quarter of 2017 • Inventory reductions in France continued. Expected to normalize. • Increased competition in Canada
Optimisation and Efficiency Programmes and Cash Flow	• DKK 200 million in savings to be reached by end of 2017, but margin impact to be diluted by volume decline • Like for like inventory reductions to reach DKK 500 million by year end 2017 compared to 2014 • Cash generation remains robust

[1] Note

FINANCIAL HIGHLIGHTS Q1 2017

KPI	Q1 2017 actual performance	2017 guidance
Adjusted Net sales	-9.5%	Organic growth slightly negative[1] (previous flat growth)
Adjusted EBITDA	-22.4%	Organic growth negative by 4-8%[1] (previous 1-3% growth)
Other expectations	A. Financial expenses[2] DKK 23m B. Maintenance capex DKK 27m C. Non-recurring items DKK 11m D. Effective tax rate 24.2%	A. DKK 70-80m B. ~ DKK 150m C. ~ DKK 50m D. ~ 24-25%

[1] Annual organic growth, i.e. excluding currencies, acquisitions and non-recurring items
2 Financial expenses excluding currency losses/gains

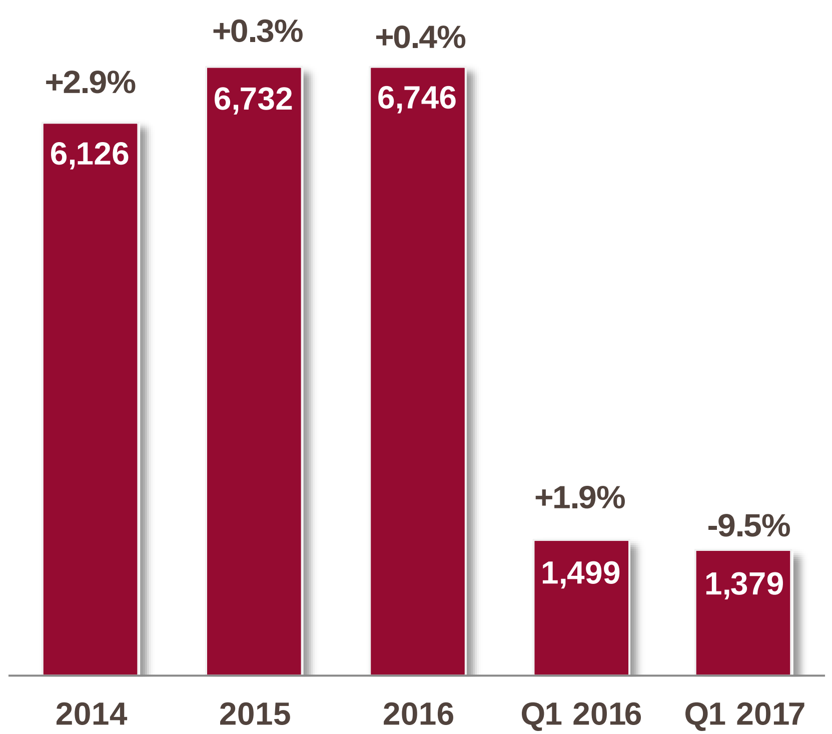
STG GROUP – KEY PERFORMANCE DATA

	Q1 2017		
	DKKm	Growth, %	
	Reported	Reported	Organic[1]
Net sales	1,379	(8.0%)	(9.5%)
Gross profit	648	(12.3%)	
Adjusted gross profit	653	(11.6%)	
OPEX	447	(5.5%)	
EBITDA	201	(24.6%)	
Non-recurring items	11		
Adjusted EBITDA	212	(24.1%)	(22.4%)
Net profit	75	(46.0%)	
Capex	27	(55.1%)	
Free cash flow	48	(123.3%)	
NIBD/Adjusted EBITDA	1.7x		

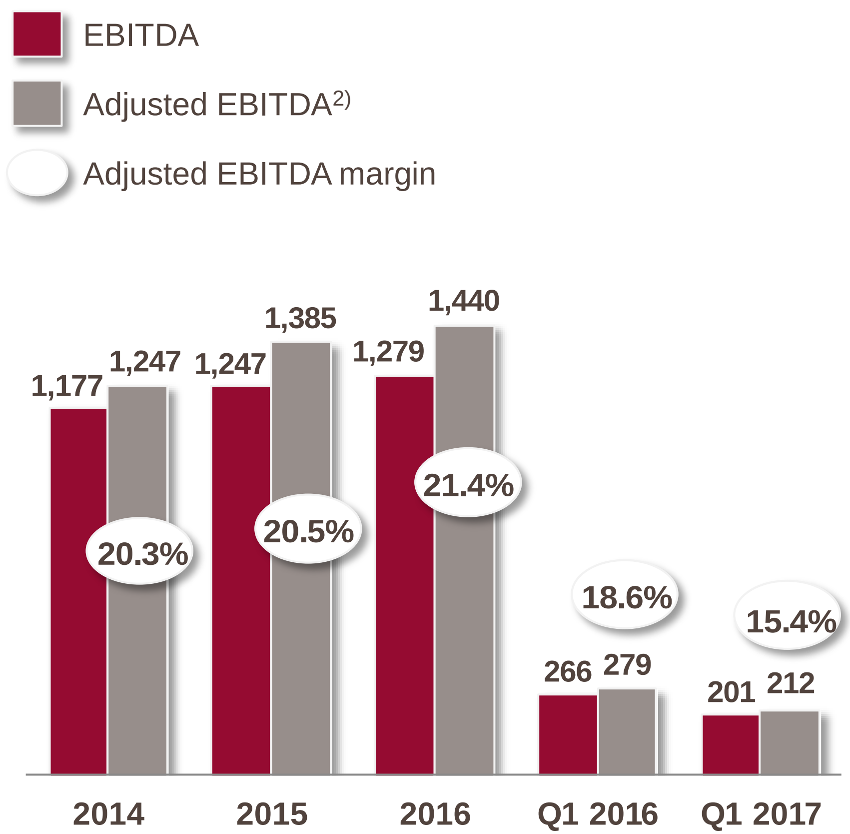
[1] Excluding impact of currencies, acquisitions and non-recurring items.

FINANCIAL OVERVIEW

Reported net sales (DKKm) and organic growth[1] (%)



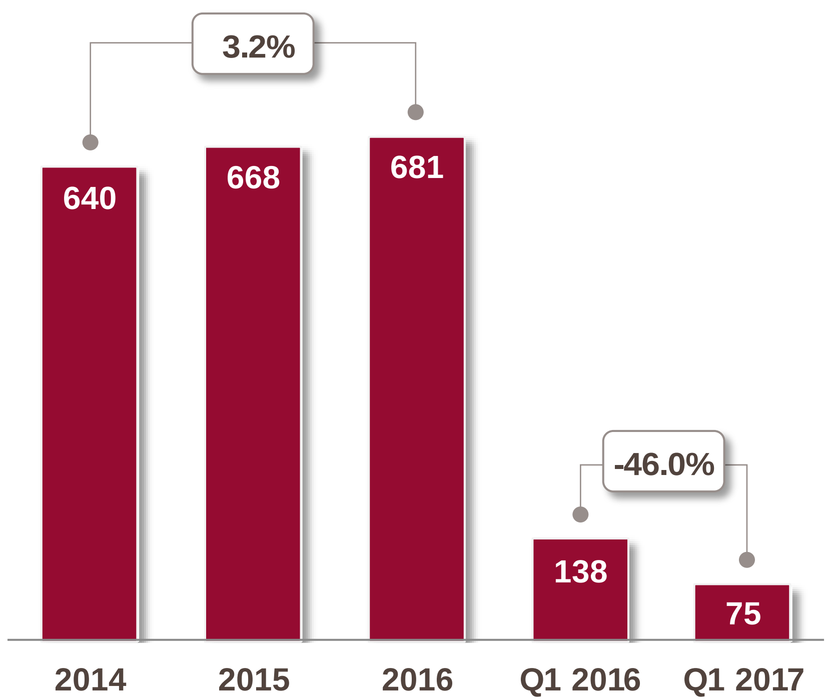
EBITDA (DKKm) and EBITDA–margin (%)



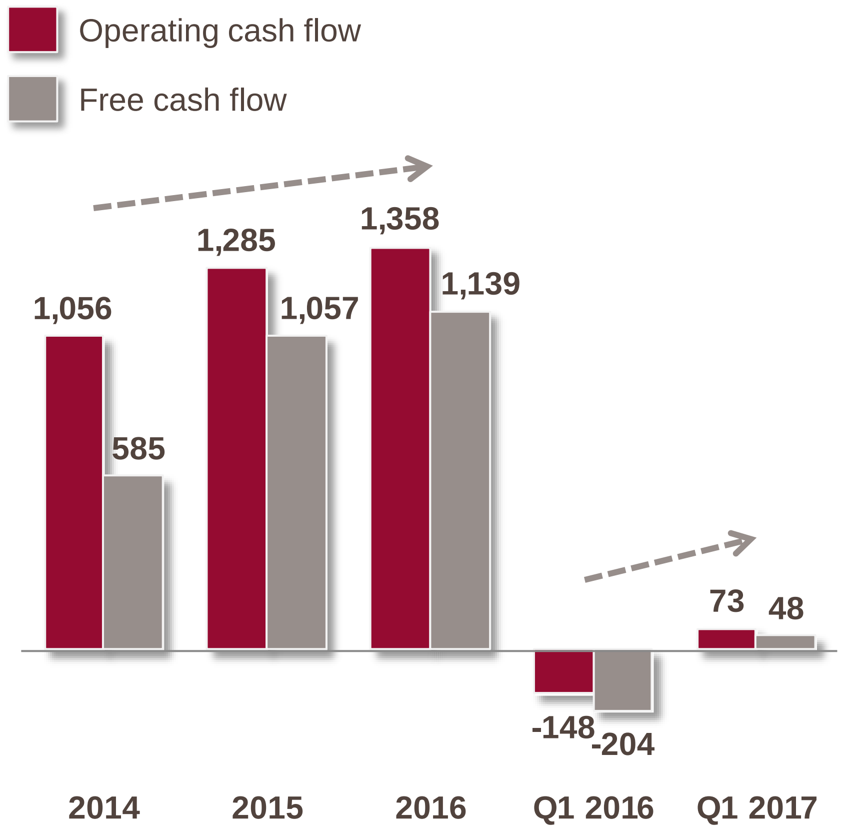
[1] Adjusted for currencies, acquisitions and non-recurring items
[2] Adjusted for non-recurring items

FINANCIAL OVERVIEW

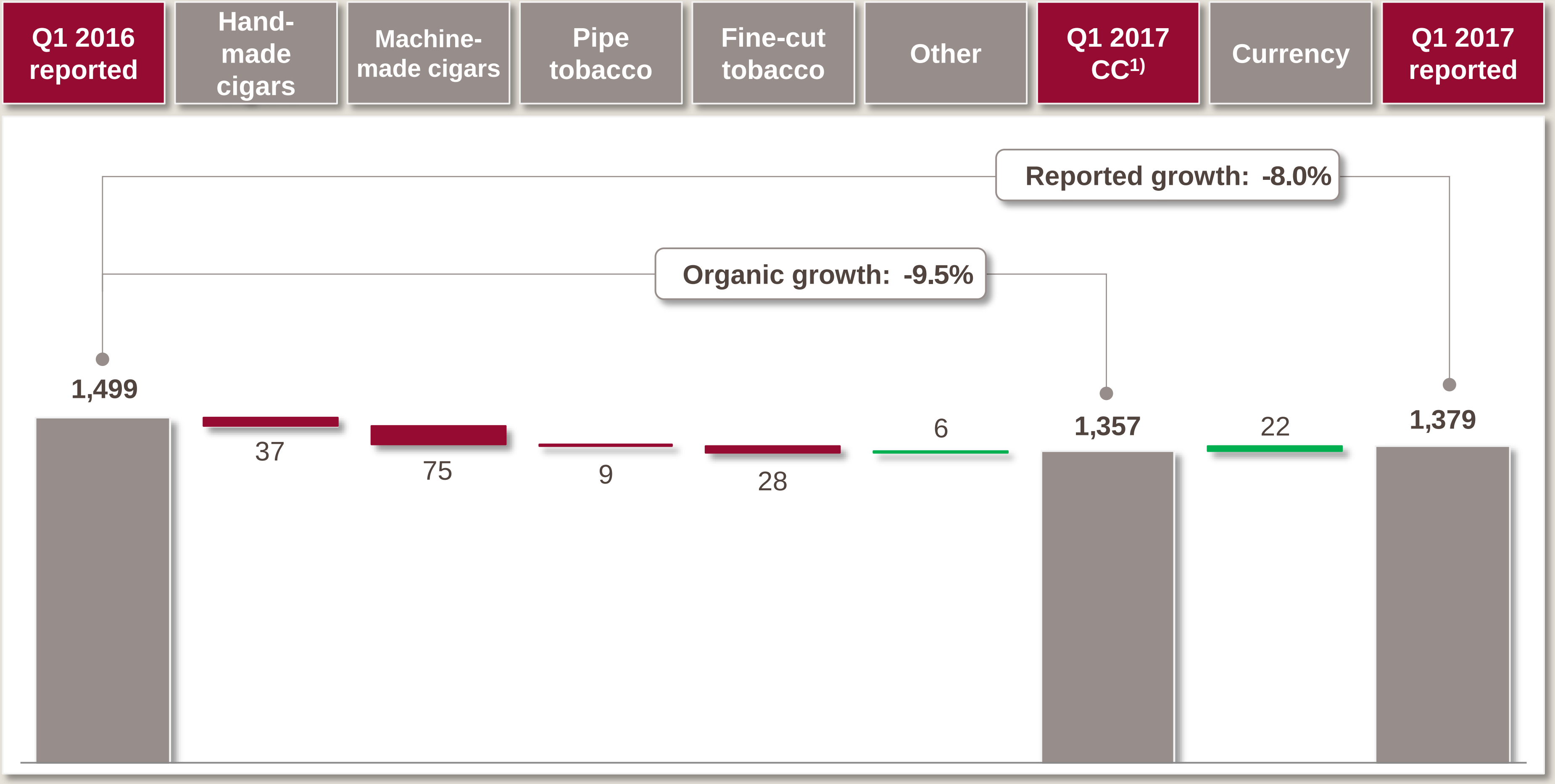
Net profit (DKKm) and CAGR (%)



Cash flow (DKKm)

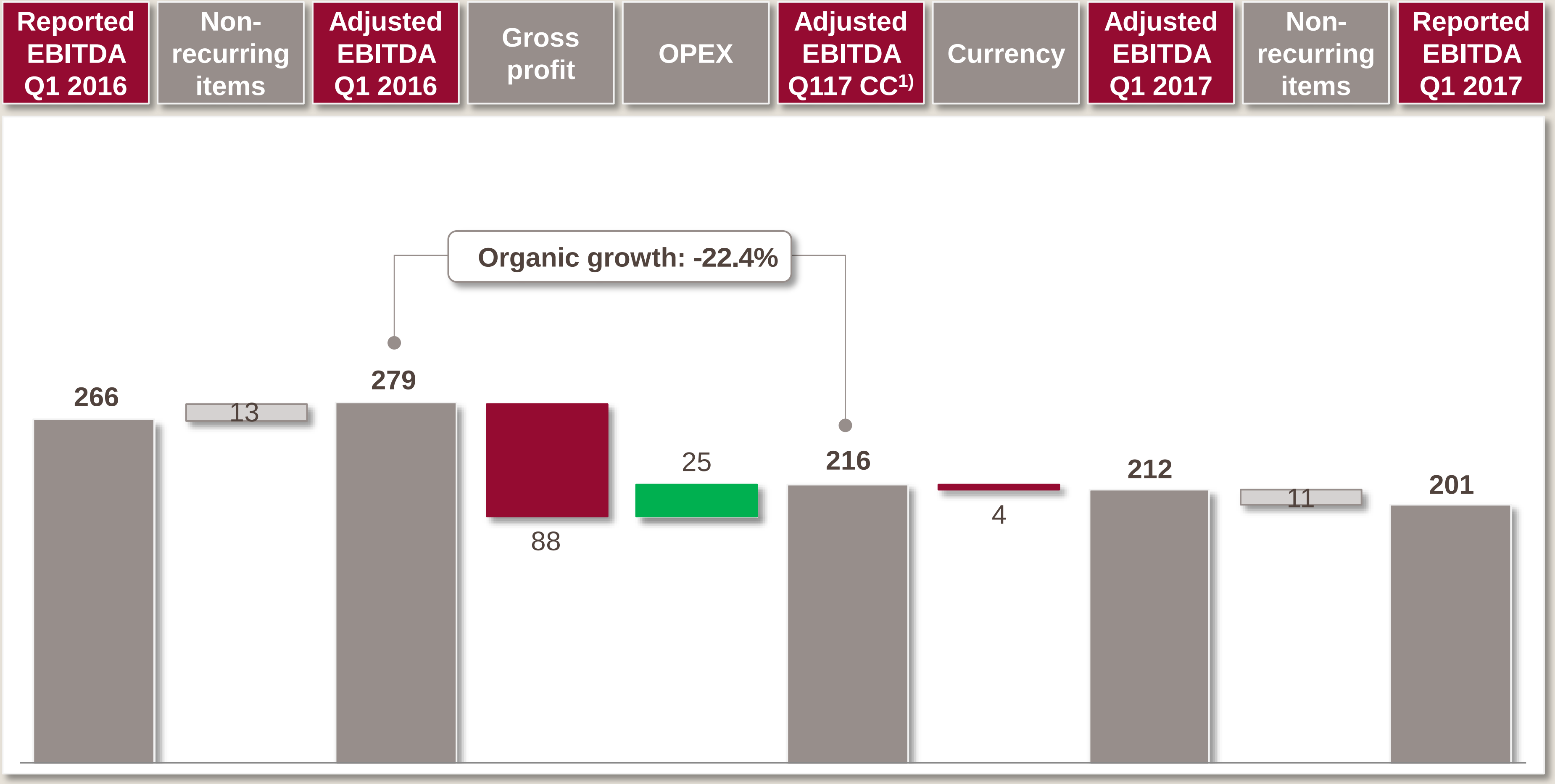


NET SALES BRIDGE Q1 2016 VS Q1 2017



Note: All numbers in DKKm
[1] Excluding currency impact

ADJUSTED EBITDA BRIDGE Q1 2016 VS Q1 2017

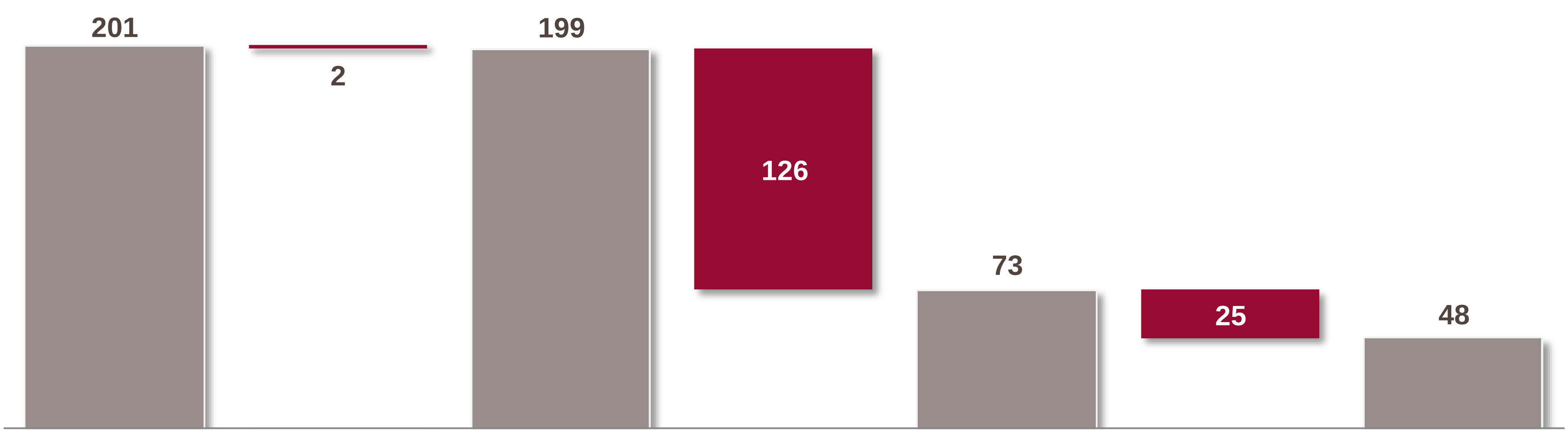


Note: All numbers in DKKm

[1] Excluding currencies, acquisitions and non-recurring items

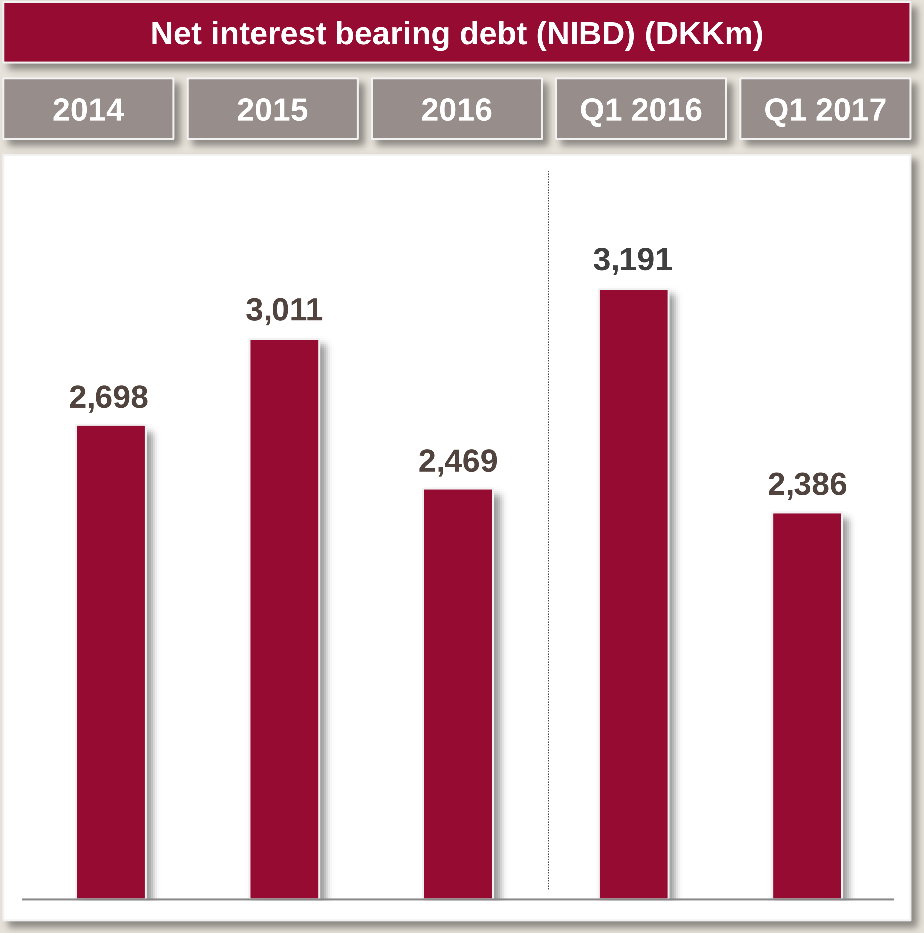
OPERATING AND FREE CASH FLOW Q1 2017

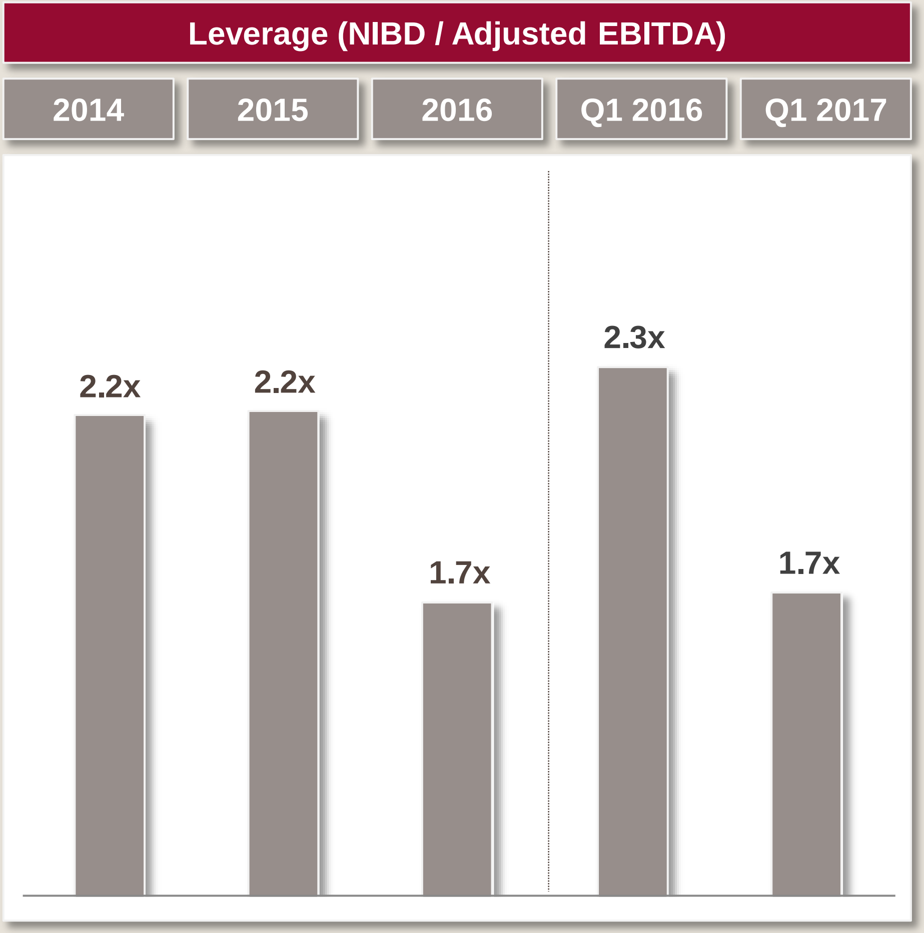
	EBITDA Q1 2016	Financial items, tax and other adjustments	Cash from operations bf. changes in NWC	Changes in NWC	Cash from operations	Investments Q1 2017	Free cash flow Q1 2017
Q1 2016	266	(120)	146	(294)	(148)	(56)	(204)
Q1 2017	201	(2)	199	(126)	73	(25)	48



Note: All numbers in DKKm

NET DEBT AND LEVERAGE

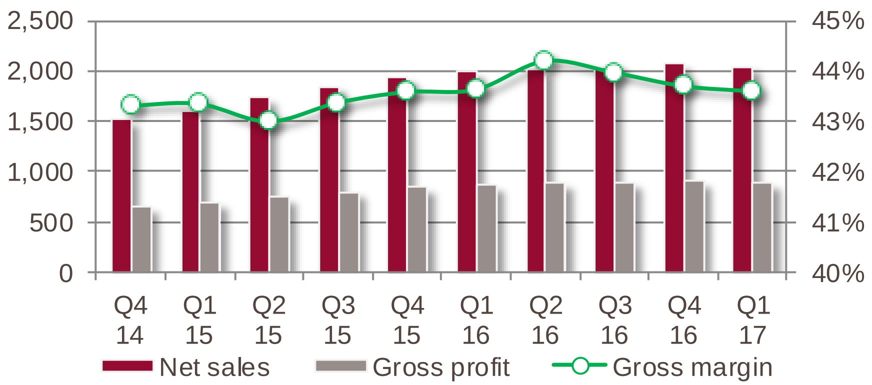




HANDMADE CIGARS

DKKm	2015	2016	LTM	Q1 2016	Q1 2017
Net sales	**1,935**	**2,067**	**2,044**	**424**	**401**
Reported growth	*27.9%*	*6.8%*	*2.8%*		*(5.5%)*
Gross profit	**843**	**903**	**891**	**183**	**171**
Gross margin	*43.6%*	*43.7%*	*43.6%*	*43.3%*	*42.7%*
Volume impact	6.6%	7.4%	3.2%		(6.5%)
Price/mix impact	1.3%	(0.2%)	(0.7%)		(2.2%)
Organic growth[1)]	**7.9%**	**7.2%**	**2.5%**		**(8.6%)**

LTM (DKKm)



Q1 2017

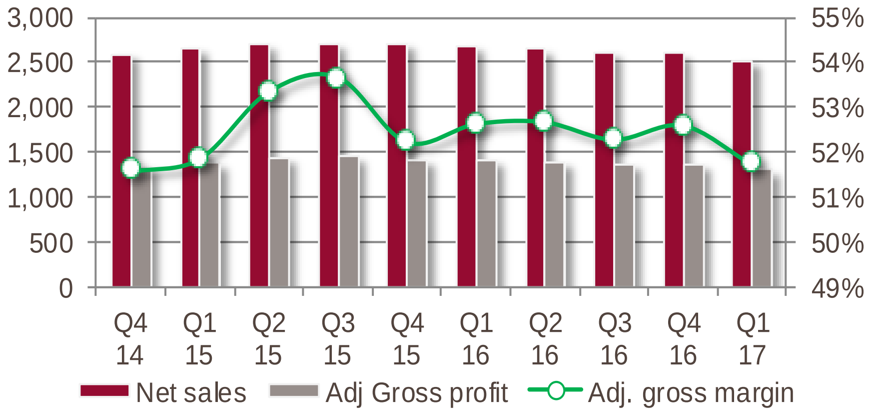
- Implementation issues with new IT systems in Cigars International reduced net sales with negative implications on gross profit and EBITDA
- Recovery continues to drag out as operational issues persists. “Win-back” plans initiated and showing good progress, but will hurt profitability short-term
- General Cigars delivered well and according to plan

[1] Excluding impact of currencies, acquisitions and non-recurring items[2)] LTM = last twelve months

MACHINE-MADE CIGARS

DKKm	2015	2016	LTM	Q1 2016	Q1 2017
Net sales	**2,702**	**2,593**	**2,518**	**599**	**523**
Reported growth	*4.2%*	*(4.0%)*	*(5.8%)*		*(12.6%)*
Gross profit	**1,372**	**1,280**	**1,213**	**326**	**260**
Gross margin	*50.8%*	*49.3%*	*48.2%*	*54.5%*	*49.6%*
Adj. gross margin	*52.2%*	*52.6%*	*51.7%*	*54.5%*	*50.6%*
Volume impact	(5.7%)	(6.0%)	(7.4%)		(13.0%)
Price/mix impact	3.4%	2.2%	1.8%		0.5%
Organic growth[1)]	**(2.3%)**	**(3.9%)**	**(5.6%)**		**(12.5%)**

LTM (DKKm)



Q1 2017

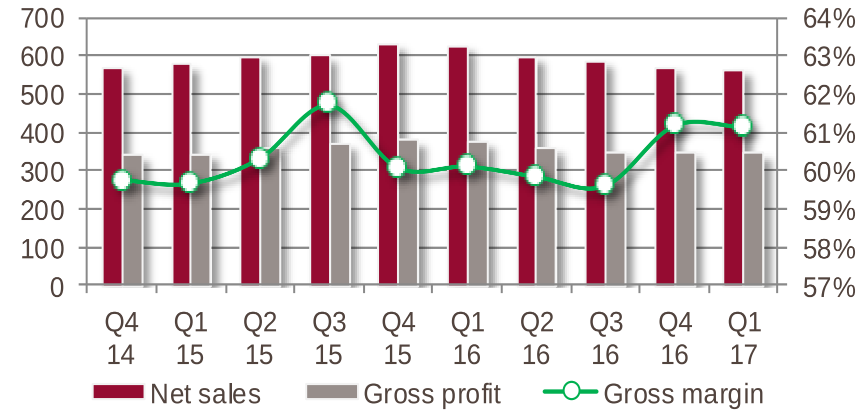
- Total market decline seen in 2016 continued. In addition performance was impacted by intensified competition in Canada and continued inventory reductions in France
- Inventory reductions in France accounts for almost half the drop in volume. Price/mix at normal trend excluding Canada
- Impact from efficiency improvements remains on track, but fails to improve margins due to negative volumes and GBP conversion

[1] Excluding impact of currencies, acquisitions and non-recurring items[2)] LTM = last twelve months

PIPE TOBACCO

DKKm	2015	2016	LTM	Q1 2016	Q1 2017
Net sales	**629**	**569**	**563**	**138**	**131**
Reported growth	*10.6%*	*(9.5%)*	*(9.9%)*		*(4.8%)*
Gross profit	**378**	**346**	**342**	**83**	**79**
Gross margin	*60.1%*	*60.8%*	*60.8%*	*60.5%*	*60.3%*
Adj. gross margin	*60.1%*	*61.2%*	*61.2%*	*60.5%*	*60.3%*
Volume impact	(5.1%)	(10.6%)	(11.2%)		(6.8%)
Price/mix impact	6.7%	1.7%	1.3%		0.4%
Organic growth[1)]	**1.6%**	**(8.9%)**	**(9.9%)**		**(6.4%)**

LTM (DKKm)



Q1 2017

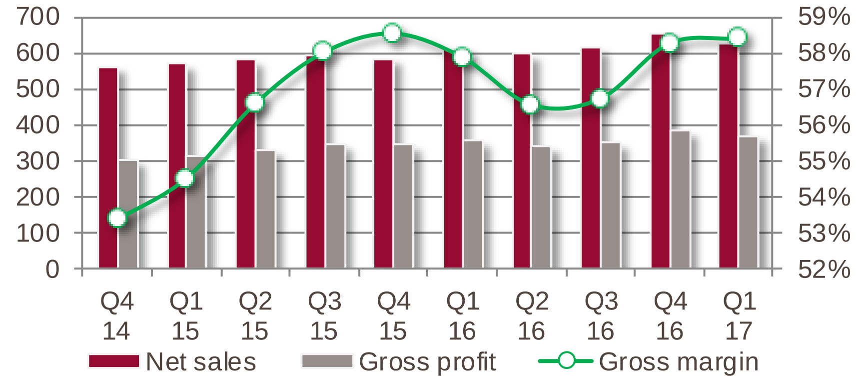
- Negative organic growth driven by the back-drop in demand from Nigeria and Middle East – which started in Q2 2016. Excluding this back-drop growth had been positive.
- Underlying pricing remains good with growth in US dual-usage continuing to dilute category price/mix
- Gross margins unchanged versus last year despite growth in dual-usage in the US
- As the negative impact from Nigeria/Middle East eases, organic growth in net sales to improve for the full year.

[1] Excluding impact of currencies, acquisitions and non-recurring items[2)] LTM = last twelve months

FINE-CUT TOBACCO

DKKm	2015	2016	LTM	Q1 2016	Q1 2017
Net sales	**583**	**652**	**627**	**152**	**126**
Reported growth	*3.9%*	*11.8%*	*3.0%*		*(16.8%)*
Gross profit	**342**	**378**	**364**	**87**	**73**
Gross margin	*58.5%*	*57.9%*	*58.0%*	*57.0%*	*57.4%*
Adj. gross margin	*58.5%*	*58.3%*	*58.4%*	*57.0%*	*57.4%*
Volume impact	(6.0%)	7.1%	(2.7%)		(23.7%)
Price/mix impact	4.7%	6.2%	6.0%		5.3%
Organic growth[1)]	**(1.3%)**	**13.3%**	**3.3%**		**(18.4%)**

LTM (LTM)



Q1 2017

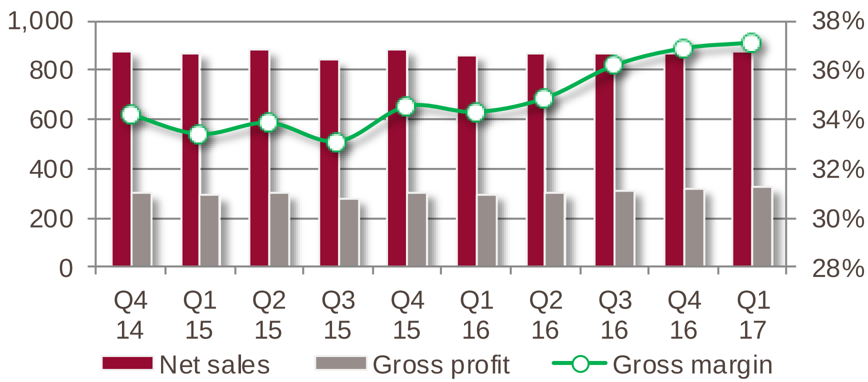
- As expected, volumes were significantly down versus last year, due to phasing (Norway) and a strong Q1 2016. Underlying market trends remains unchanged.
- Price/mix +5.3% in line with long-term trend
- Growing volumes and gaining market share in Germany
- Margins up due to sound pricing and efficiency improvements in supply-chain

[1] Excluding impact of currencies, acquisitions and non-recurring items[2)] LTM = last twelve months

OTHER

DKKm	2015	2016	LTM	Q1 2016	Q1 2017
Net sales	**882**	**864**	**874**	**187**	**197**
Reported growth	*(1.0%)*	*(2.0%)*	*1.3%*		*5.5%*
Gross profit	**304**	**318**	**324**	**60**	**66**
Gross margin	*34.5%*	*36.8%*	*37.1%*	*31.9%*	*33.2%*
Volume impact	n/a	n/a	n/a		n/a
Price/mix impact	n/a	n/a	n/a		n/a
Organic growth[1)]	**(4.5%)**	**(3.6%)**	**(0.5%)**		**3.4%**

LTM (DKKm)



Q1 2017

- In 2016 focus was on optimisation of CMA-contracts and improved profitability. One contract was terminated.
- Gross margin improvement reflects improved pricing and profitability on CMA contracts
- Reported net sales increase by 5.5% partly lifted by exchange rates and partly by better organic sales.

[1] Excluding impact of currencies, acquisitions and non-recurring items[2)] LTM = last twelve months

GUIDANCE 2017

Adjusted net sales	**Organic growth slightly negative[1]** (previous flat organic growth)
Adjusted EBITDA	**Organic growth negative by 4-8%[1]** (previous 1-3%)
Other expectations	Financial expenses, excl. currency losses/gains DKK 70-80 million Effective tax rate in the range of 24-25% Capital expenditure of approx. DKK 150 million DKK 50 million in non-recurring costs

[1] Annual organic growth, i.e. excluding currencies, acquisitions and non-recurring items

Q & A

FINANCIAL CALENDAR 2017

Event	Date	Silent period starts
Fourth Quarter (Q4 2016) and full year results	March 16	February 16
Annual General Meeting (AGM 2016)	April 26	
First Quarter (Q1 2017)	May 18	April 20
Second Quarter (Q2 2017)	August 24	July 27
Third Quarter (Q3 2017)	November 8	October 11

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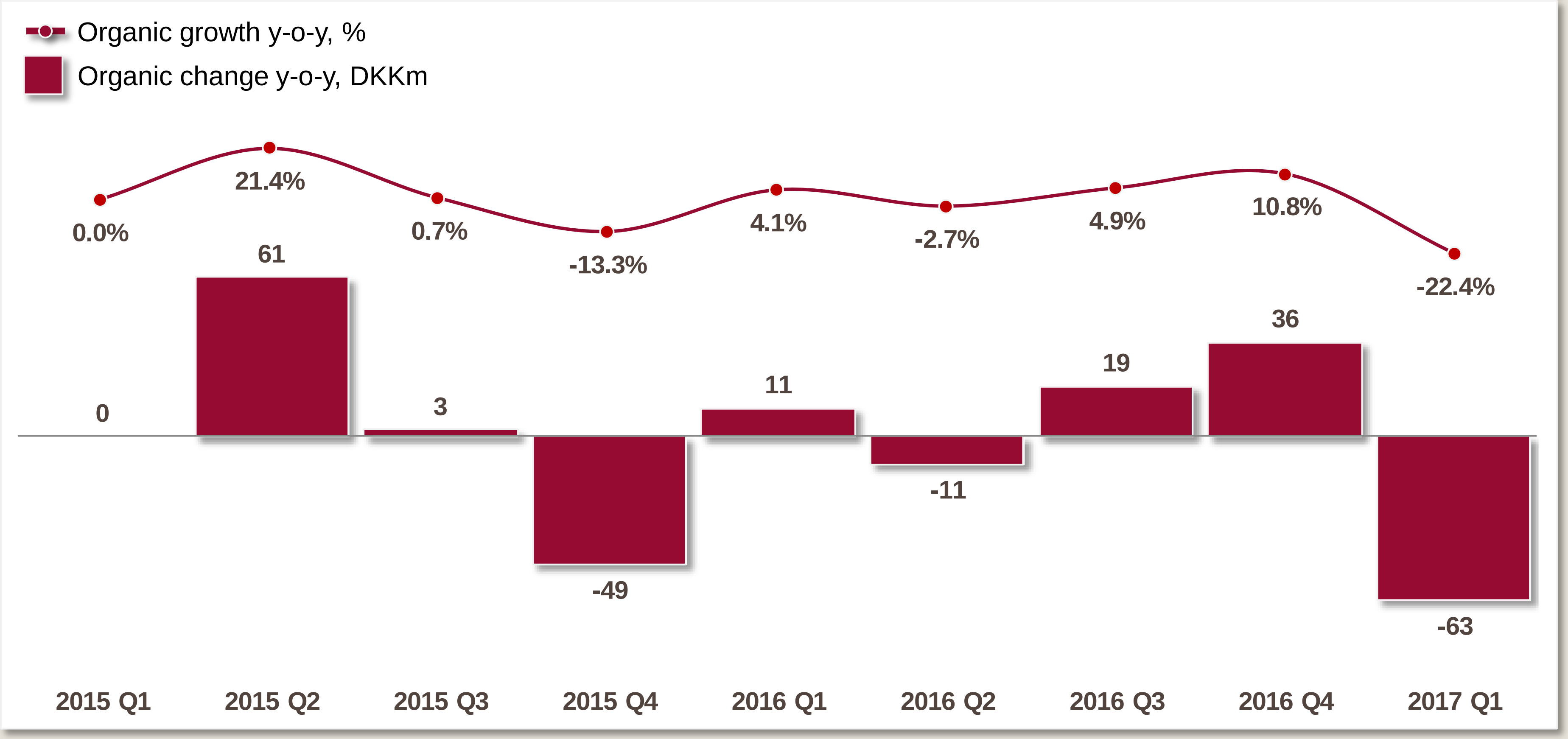
EBITDA ADJUSTED – HIGH QUARTERLY VOLATILITY

EBITDA Adjusted

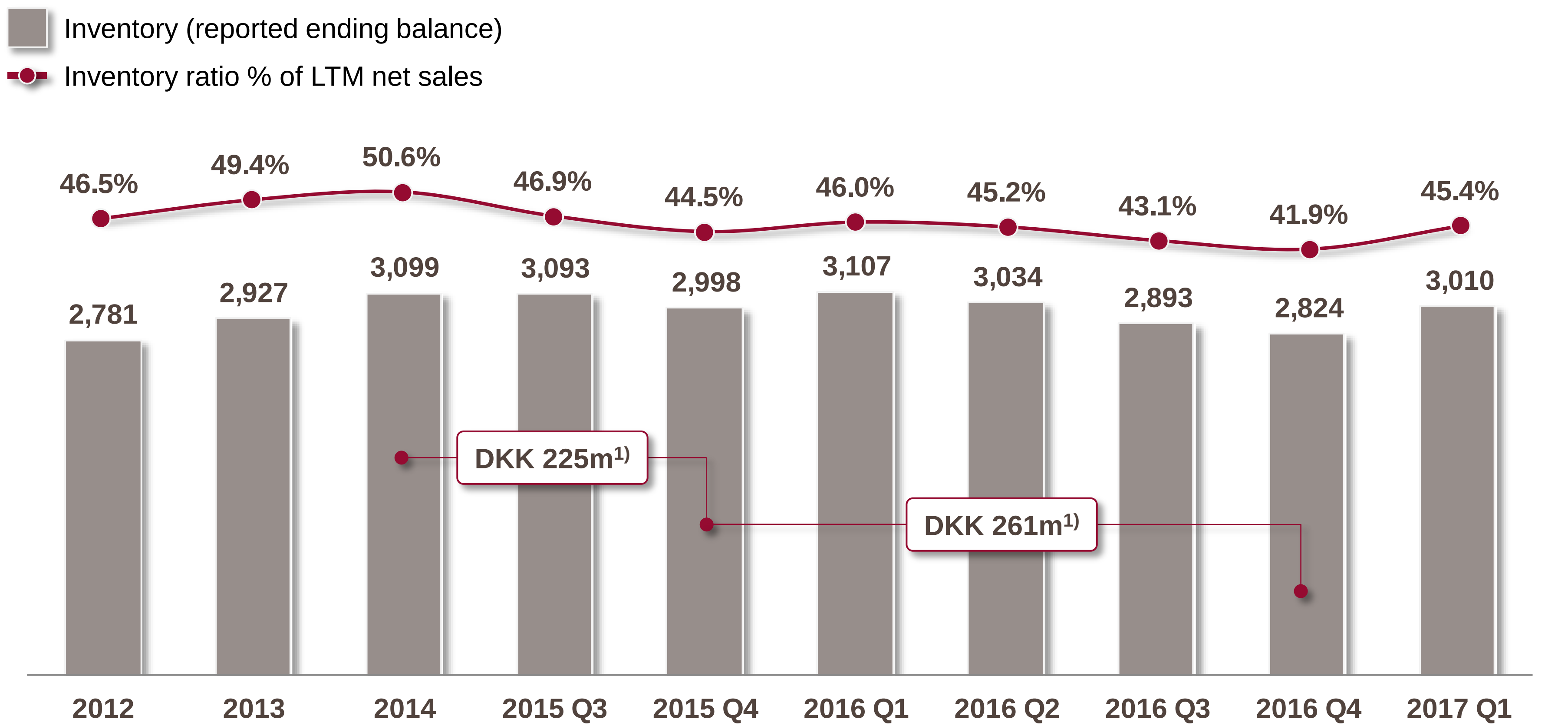


NON-RECURRING ITEMS

Period	Net sales	Gross profit	OPEX	EBITDA	Impairments
Q1	-	5	-	5	-
Q2	-	-	19	19	-
Q3	-7	39	49	88	-
Q4	-	-	26	26	-
FY 2015	**-7**	**44**	**94**	**138**	**-**
Q1	-	-	13	13	-
Q2	-	8	0	8	-
Q3	-	63	20	83	38
Q4	-	18	39	57	-
FY 2016	**-**	**89**	**73**	**162**	**38**
Q1	-	5	6	11	9
Q2	-	-	-	-	-
Q3	-	-	-	-	-
Q4	-	-		-	-
FY 2017	**-**	**-**	**-**	**~50**	**-**

INVENTORY DEVELOPMENT

Inventory (DKKm)



[1] Inventory reduction net of currency and on a like-for-like basis

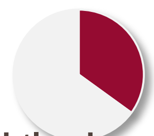
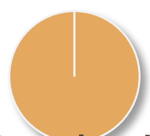
OPTIMISATION AND EFFICIENCY PROGRAMMES

TOTAL

- Initial 140 programme has been advanced to be fully implemented by the end of 2017
- Effect from New Operating model to kick in during 2017 and 2018
- Total run-rate by end of 2017 = **DKK 200m**

+

- Inventory Reduction by DKK 500 mio. versus 2014
- Progress: End of 2016 DKK 486 mio.
- Completion: Accelerated from 2018 to 2017

Progress	Annual P&L impact	Accumulated
2016	 About 1/3	 About 1/3
2017e	 Slightly above 1/3	 Above 2/3
2018e	 Slightly below 1/3	 Completed!

Savings will be partially reinvested in the business – e.g. innovation, central excellence centers, new product development etc.