

COMPANY ANNOUNCEMENT

No. 4/2016

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Copenhagen, 10 February 2016

Scandinavian Tobacco Group Prices Its Initial Public Offering at DKK 100 per Offer Share

Today, STG announces the result of its initial public offering, and the final offer price of DKK 100 per share. Admission to trading in and official listing on Nasdaq Copenhagen of the shares of STG is expected to take place on 10 February 2016, under the symbol "STG".

Jørgen Tandrup, Chairman of Scandinavian Tobacco Group commented:

"We have seen great interest in our company from both Danish and international investors and are pleased with the positive feedback we have received and the final pricing of our initial public offering. In the light of the existing volatile financial markets, we see this as a sign of confidence in the solid performance of our company. As representative of all shareholders I would like to welcome all our new owners of Scandinavian Tobacco Group."

Niels Frederiksen, Scandinavian Tobacco Group's CEO, commented:

"Becoming a listed company marks the beginning of a new era for Scandinavian Tobacco Group and I would like to thank all new shareholders for the interest and trust they have shown us. I would also like to extend my thanks to our many skilled employees who have worked hard to make this happen. We are all committed to deliver on our promises and on our ambitious plans."

- Final offer price is set to DKK 100 per share
- The final offer price gives STG a market capitalisation of DKK 10,000 million
- 17,800,000 shares are sold by Skandinavisk Holding II A/S
- 17,800,000 shares are sold by Swedish Match Cigars Holding AB

- The Managers have been granted an overallotment option of an additional 4,400,000 shares, exercisable in whole or in part until 11 March 2016
- The offering will amount to DKK 3,560 million assuming no exercise of the overallotment option, and DKK 4,000 million assuming full exercise of the overallotment option
- The free float, calculated as the proportion of shares held by new investors following the offering will be 35.6%, and 40.0% if the overallotment option is exercised in full
- Approximately 11,500 new investors have been allocated shares in STG in connection with the offering
- Retail investors in Denmark have been allocated approximately 10% of the offer shares, and 90% have been allocated to Danish and international institutional investors
- Skandinavisk Holding II A/S will hold 33,200,000 shares (33.2% of STG's share capital) after completion of the offering, prior to any exercise of the overallotment option. Assuming full exercise of the overallotment option, Skandinavisk Holding II A/S will hold 31,000,000 shares (31.0% of STG's share capital)
- Swedish Match Cigars Holding AB will hold 31,200,000 shares (31.2% of STG's share capital) after completion of the offering, prior to any exercise of the overallotment option. Assuming full exercise of the overallotment option, Swedish Match Cigars Holding AB will hold 29,000,000 shares (29.0% of STG's share capital)
- For individual orders of more than DKK 3 million, individual allocations have been determined by Skandinavisk Holding II A/S, Swedish Match Cigars Holding AB and STG's Board of Directors, in consultation with the Joint Global Coordinators
- For retail orders of up to and including DKK 3 million, allocations have been determined mathematically – and all amounts of shares have been rounded down the nearest whole number of shares – as follows:
 - Orders for up to and including 200 shares, corresponding to DKK 20,000, have been allocated in full; and
 - Orders for more than 200 shares have been allocated 200 shares and 14% of the remaining order
- A total of 215,440 shares, corresponding to DKK 21.5 million, have been allocated to members of STG's Board of Directors, Executive Management, Key Employee and certain other employees and new members of the Board of Directors of STG at the offer price

Admission to trading and official listing of STG's shares on Nasdaq Copenhagen is expected on 10 February 2016. The shares will be issued under ISIN DK0060696300.

The offer shares are expected to be delivered on or about 12 February 2016 against payment in immediately available funds in DKK. The offer shares will be delivered in book-entry form to investors' accounts with VP Securities A/S and through the facilities of Euroclear Bank, S.A./N.A. and Clearstream Banking S.A.

A timetable of expected principal events following the offering can be seen below.

Events	Expected date
First day of trading and official listing of the shares on Nasdaq Copenhagen under the permanent ISIN	10 February 2016
completion of the offering, including settlement of the shares (excluding the overallotment option, unless exercised by that date)	12 February 2016

J.P. Morgan Securities plc is acting as Lead Global Coordinator, and J.P. Morgan Securities plc together with, Deutsche Bank AG, London Branch and Nordea Markets (division of Nordea Bank Danmark A/S) are acting as Joint Global Coordinators and Joint Bookrunners in the offering and Carnegie Investment Bank, filial af Carnegie Investment Bank AB (publ), Sverige is acting as Co-Lead Manager in the offering. FIH Partners A/S is acting as financial advisor to STG.

References in the offering circular to J.P. Morgan Ltd refer to J.P. Morgan Securities plc.

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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 2015, the Group employed approx. 8,100 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.

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Stabilisation/FCA

The Joint Global Coordinators, the Joint Bookrunners and the Co-lead Manager and their affiliates are acting exclusively for Scandinavian Tobacco Group A/S and the selling shareholders and no one else in connection with the offering. They will not regard any other person as their respective client in relation to the offering and will not be responsible to anyone other than Scandinavian Tobacco Group A/S and the selling shareholders for providing the protections afforded to their respective clients, nor for providing advice in relation to the offering, the contents of this communication or any transaction, arrangement or other matter referred to herein.

In connection with the offering, the Joint Global Coordinators, the Joint Bookrunners and the Co-lead Manager and any of their affiliates, acting as investors for their own accounts, may purchase shares and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such shares and other securities of Scandinavian Tobacco Group A/S or related investments in connection with the offering or otherwise. Accordingly, references in the offering circular to the shares being offered, acquired, placed or otherwise dealt in should be read as including any offer to, acquisition, placing or dealing by such Joint Global Coordinators, the Joint Bookrunners and the Co-lead Manager and any of their affiliates acting as investors for their own accounts. The Joint Global Coordinators, the Joint Bookrunners and the Co-lead Manager do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

In connection with the offering, Nordea Bank Danmark A/S (the "Stabilising Manager") (or agents acting on behalf of the Stabilising Manager) may over-allot securities or effect transactions with a view to sup-

porting the market price of the securities at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or agents acting on behalf of the Stabilising Manager) will undertake stabilisation actions. Any stabilisation action may begin on or after the date of commencement of trading and official listing of the securities on Nasdaq Copenhagen and, if begun, may be ended at any time, but must end no later than 30 days after the date of commencement of trading and official listing of the securities.

Matters discussed in this communication may constitute forward-looking statements. Forward-looking statements are statements (other than statements of historical fact) relating to future events and anticipated or planned financial and operational performance and can be identified by words such as “targets,” “believes,” “expects,” “aims,” “intends,” “plans,” “seeks,” “will,” “may,” “might,” “anticipates,” “would,” “could,” “should,” “continues,” “estimate” or similar expressions. The forward-looking statements in this communication are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although Scandinavian Tobacco Group A/S believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors which are difficult or impossible to predict and are beyond its control. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this communication by such forward-looking statements.

The information, opinions and forward-looking statements contained in this announcement speak only as at its date and are subject to change without notice.