

COMPANY ANNOUNCEMENT

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**THE FDA REGULATION OF CIGARS AND PIPE TOBACCO
NOW KNOWN**

Today, the US Food and Drug Administration's (FDA's) regulation of cigars and pipe tobacco, the so-called Deeming Regulations, became public. The official publication will take place on 10 May 2016.

The regulations have been awaited since the FDA published its proposed regulations in the summer of 2014 followed by a commentary period that ended in August 2014. The FDA's regulatory power has until today only been extended to cigarettes, fine-cut tobacco and smokeless tobacco products.

The FDA has maintained 15 February 2007 as the so-called grandfather date. This means that cigars and pipe tobacco products introduced after that date must be found by the FDA to be substantially equivalent to a product that was in the market at the 2007 grandfather date. In order to be allowed to continue to market products introduced after the grandfather date, manufacturers will have to file documentation with the FDA and obtain FDA's clearance to market the products.

Niels Frederiksen, CEO of Scandinavian Tobacco Group A/S ("the Company") says:

"We have been expecting these FDA regulations for a long time. They seem to be more or less as we expected and will cover all types of cigars and pipe tobacco. We have in particular noted that the 2007 grandfather date remains unchanged in this final version of the regulations.

We will now study the comprehensive document that became public today to get the full picture of the future regulatory framework in the US for cigars and pipe tobacco".

The new regulation is not foreseen to have any impact on the Company's 2016 financial guidance.

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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.