

COMPANY ANNOUNCEMENT

No. 22/2016

Copenhagen, 30 May 2016

Launch of Share Buy-back Programme to Hedge Incentive Scheme Obligations

The Board of Directors of Scandinavian Tobacco Group A/S (“STG”) has decided to initiate a share buy-back programme of up to 412,462 shares, with the purpose of hedging obligations arising from STG’s share based incentive schemes.

The share buy-back programme is initiated pursuant to the authorisation granted to the Board of Directors in the company’s articles of association which allows for STG’s acquisition of its own shares up to a maximum amount of nominally DKK 10m. The share buy-back programme will be established and structured in accordance with Commission Regulation (EC) no 2273/2003 of 22 December 2003 and from 3 July 2016 in accordance with Article 5 of Regulation (EU) no 596/2014 of 16 April 2014 (the so-called Safe Harbour method).

The maximum total share buy-back in the period will amount to 412,462 shares (0.4% of the share capital), and the total consideration is maximized at DKK 55m. At the time of this announcement, STG holds no treasury shares.

STG has appointed Nordea Bank Danmark A/S (“Nordea”) as lead manager for the programme. Nordea will make all trading decisions independently of and without involving STG. The maximum number of shares bought back on each trading day will not exceed 25% of the average daily volume of STG shares traded on Nasdaq Copenhagen during the preceding 20 trading days. No shares may be bought back at a price exceeding the higher of (i) the share price of the latest independent trade and (ii) the current highest independent bid at Nasdaq Copenhagen.

The share buy-back programme will be initiated on 30 May 2016 and end no later than 30 September 2016. STG may terminate the programme at any time. In the event such decision is taken, STG shall announce it via Nasdaq Copenhagen, and Nordea shall consequently no longer be entitled to buy shares on behalf of STG.

STG will report on trade activity under the share buy-back in weekly company announcements.

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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.