



CREATING MOMENTS OF ENJOYMENT

Investor Presentation | Full Year 2023 Results | 6 March 2024



SCANDINAVIAN TOBACCO GROUP



CORPORATE SUMMARY

Market cap	Share price	Shares Outstanding
DKK 10.8 billion	DKK 125.0	86.7 million

Major Shareholders

Investor	Shareholding
Chr. Augustinus Fabrikker Aktieselskab	>25%
C.W. Obel	>10%
Capital Research & Management Company	>10%
Parvus Asset Management	>5%

Analyst Coverage



A GLOBAL LEADER IN CIGARS

- 200 LEADING BRANDS, 11 PRODUCTION SITES
- NO. 1 HANDMADE CIGAR PLAYER IN USA
- NO. 1 MACHINE-ROLLED CIGAR PLAYER IN EUROPE
- ALMOST 1 MILLION ONLINE CUSTOMERS IN USA
- 100 DISTRIBUTION MARKETS
- STRONG M&A TRACK-RECORD



3 COMMERCIAL DIVISIONS



EUROPE
BRANDED



NORTH AMERICA
BRANDED
& REST OF WORLD



NORTH AMERICA
ONLINE & RETAIL



AGENDA

Full Year 2023 Highlights

Niels Frederiksen, CEO

Rolling Towards 2025

Niels Frederiksen, CEO

Our Commercial Divisions

Marianne Rørslev Bock, CFO

Group Financials

Marianne Rørslev Bock, CFO

Outlook & Guidance 2024

Marianne Rørslev Bock, CFO

Q&A Session

All



NIELS FREDERIKSEN
Chief Executive Officer



MARIANNE RØRSLEV BOCK
Chief Financial Officer



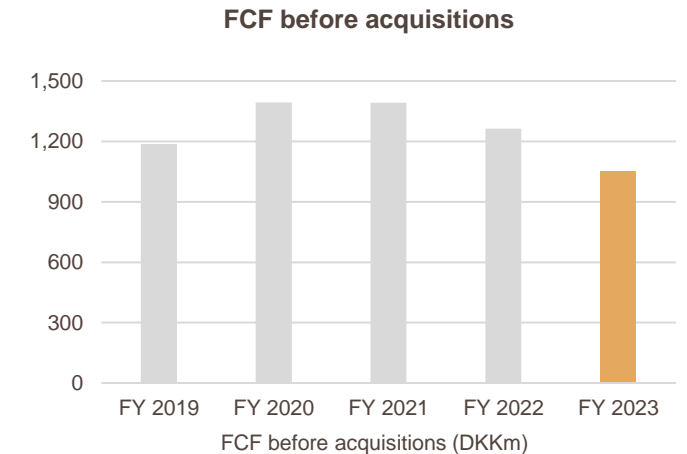
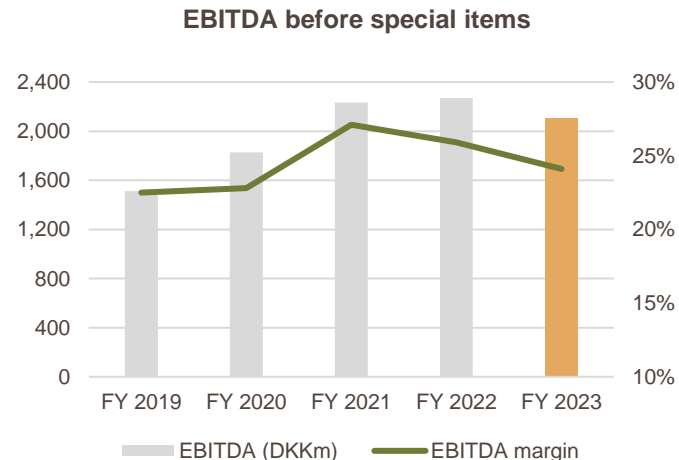
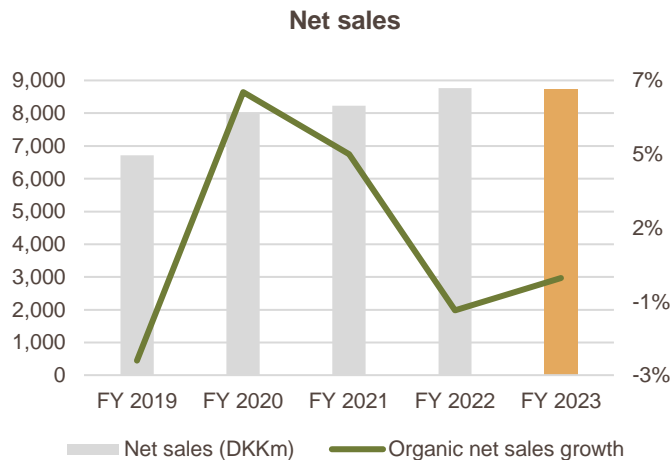
TORBEN SAND
Head of Investor Relations



FY 2023 HIGHLIGHTS

- Results in line with full year guidance
- Stable net sales with growth enablers offsetting decrease in core cigar categories
- EBITDA margin decreasing driven by investments in growth and cost inflation
- Growth Enablers accounted for 8% of group net sales
- Cash flow remains robust and support strong capital allocations

	FY 2023	FY 2022
Net Sales Growth	-0.4%	6.4%
EBITDA margin before special items	24.1%	25.9%
FCF before acquisitions (DKK)	1,053m	1,264m
Adjusted Earnings Per Share (DKK)	14.4	16.0





MAJOR ACHIEVEMENTS 3 YEARS INTO OUR STRATEGY ROLLING TOWARDS 2025

ACQUIRED

Agio Cigars, Alec Bradley,
XQS, Room101, MOSI,
La Perla Habana

ADDED

new, strong brands in
the US and in Europe

EXPANDED

our product portfolio

GROWN

We are a larger and
more profitable
company than before





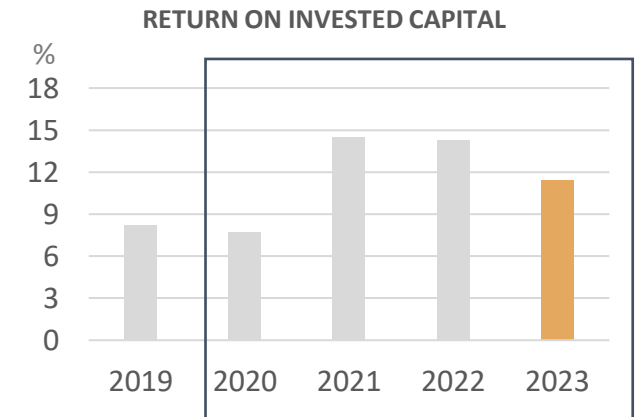
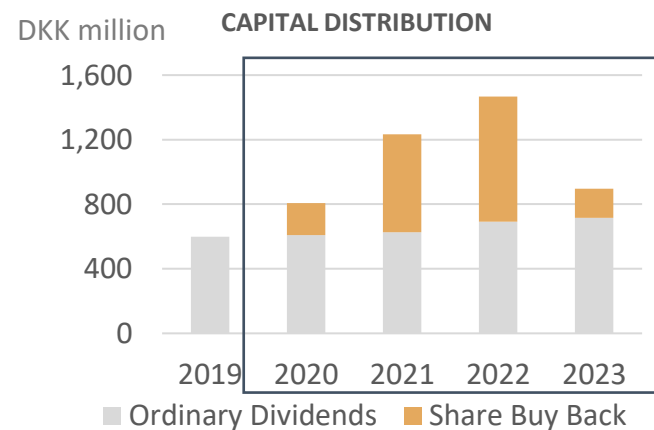
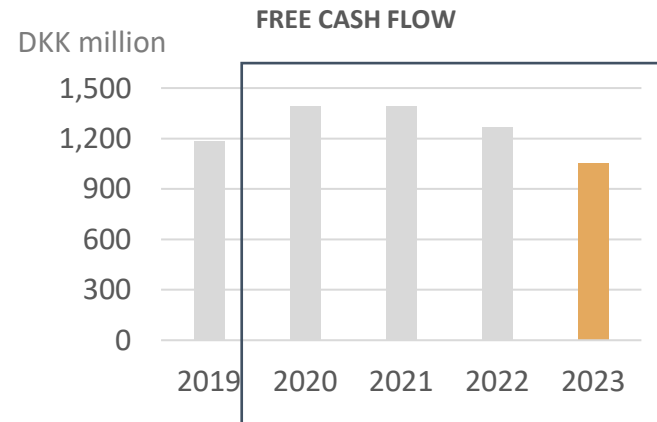
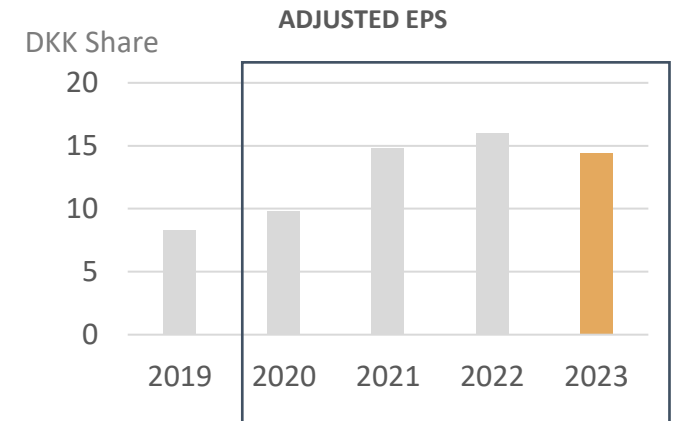
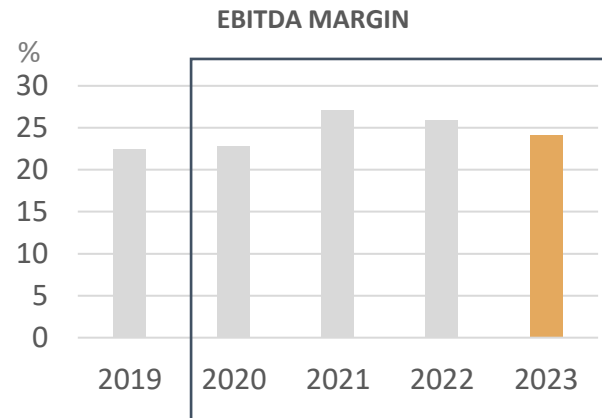
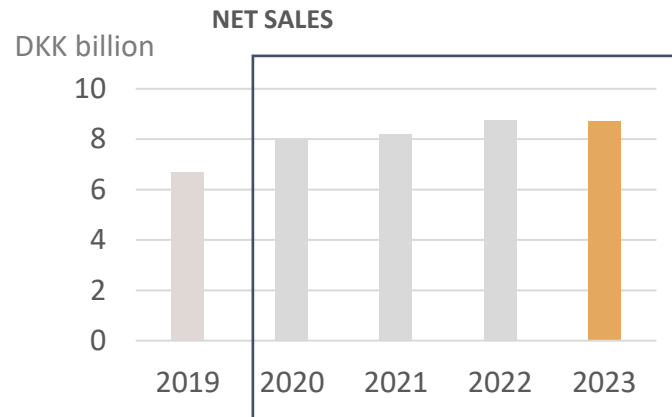
BUILDING MORE TOUCHPOINTS FOR OUR CONSUMERS AND STRENGTHENING OUR BRAND PORTFOLIO





FINANCIAL ACHIEVEMENTS 5 YEARS

AND DURING ROLLING TOWARDS 2025





SCANDINAVIAN TOBACCO GROUP

**WE KEEP ON
ROLLING
TOWARDS 2025**





ONE COMMERCIAL ORGANISATION

Reorganising our commercial divisions to ensure
a stronger global commercial footprint

Changing how
we **go to market**

Sharper
interactions

One
global team
& central functions

Markets
driving sales and
marketing activation

A new team
responsible for global
brands and categories



SCANDINAVIAN TOBACCO GROUP

DIVISIONAL PERFORMANCE



EUROPE BRANDED

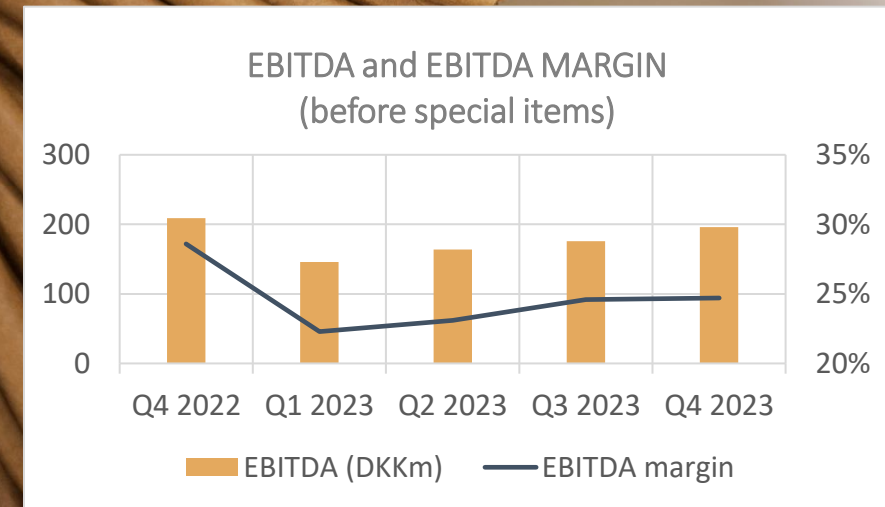
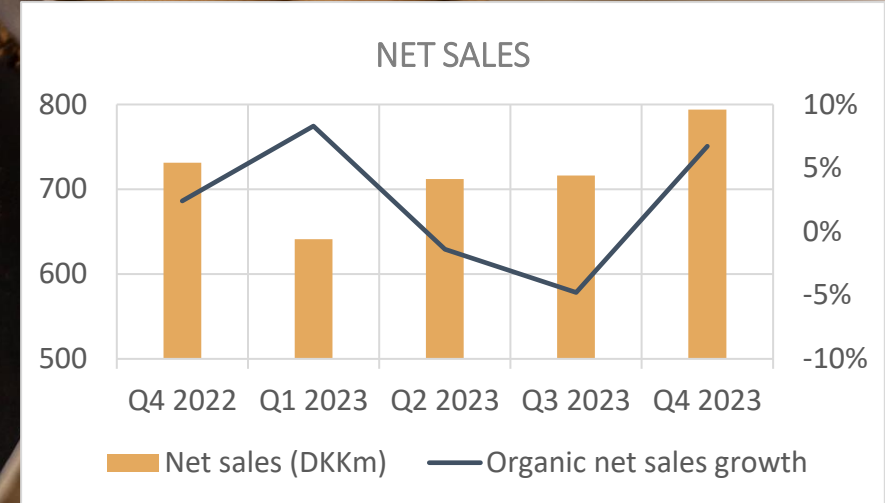
Q4 Highlights

- Recovery in organic net sales growth driven by white pouches in Sweden, smoking tobacco in Germany and handmade cigars.
- Volume decline in machine-rolled cigars offset by pricing.
- Market share index improved slightly compared with the third quarter of 2023, but remains down y-o-y.
- EBITDA margin decrease y-o-y driven by increasing expenses to support long-term sales growth and general cost inflation.

Full year highlights

- FY 2023 vs FY 2022: Net sales +3% EBITDA margin 23.8% (27.7%).
- Machine-rolled cigars down by about 3% in volumes and we lost market share.
- XQS (white pouches) and BREAK (fine-cut tobacco) deliver solid growth and take market-share.
- Pricing across categories remain sound.

KEY BRANDS





NORTH AMERICA BRANDED & ROW

Q4 Highlights

- Organic net sales continued to recover and was only slightly down y-o-y as solid pricing almost offset declining volumes of handmade cigars in the US.
- International sales of handmade cigars deliver sound growth, while Global Travel Retail was impacted by unrest in Middle-East.
- The EBITDA margin decreased mostly as result of cost inflation in operating expenses.

Full year highlights

- FY 2023 vs FY 2022: Net sales -5% EBITDA margin 36.3% (38.4%).
- Volume of handmade cigars has still not settled post the COVID-pandemic.
- Acquisition of the Alec Bradley handmade cigar brand.
- Opening of the Cohiba Lounge in California.

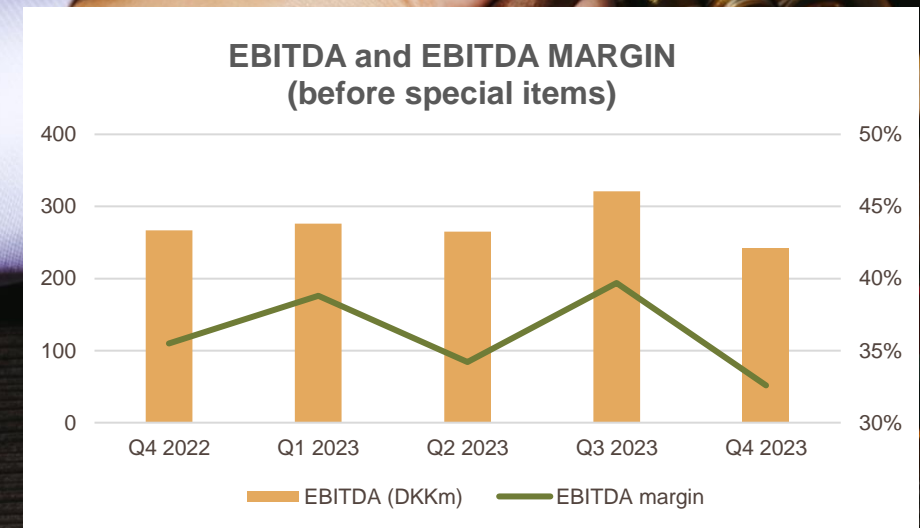
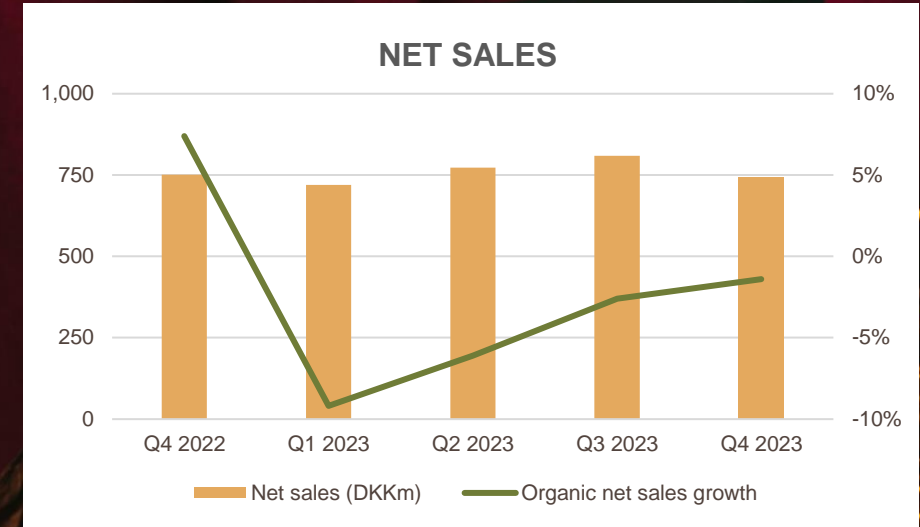
KEY BRANDS

COHIBA®

CAO®



ALEC BRADLEY





NORTH AMERICA ONLINE & RETAIL

Q4 Highlights

- Organic net sales growth accelerated during the quarter to 10% driven by the retail stores and distribution of third-party products. Both online and retail delivered growth.
- The active online customer file improved compared with the first three quarters of the year, yet still slightly down y-o-y.
- The EBITDA margin decreased as result of increased promotional spending and cost inflation compared with the same quarter in 2022.

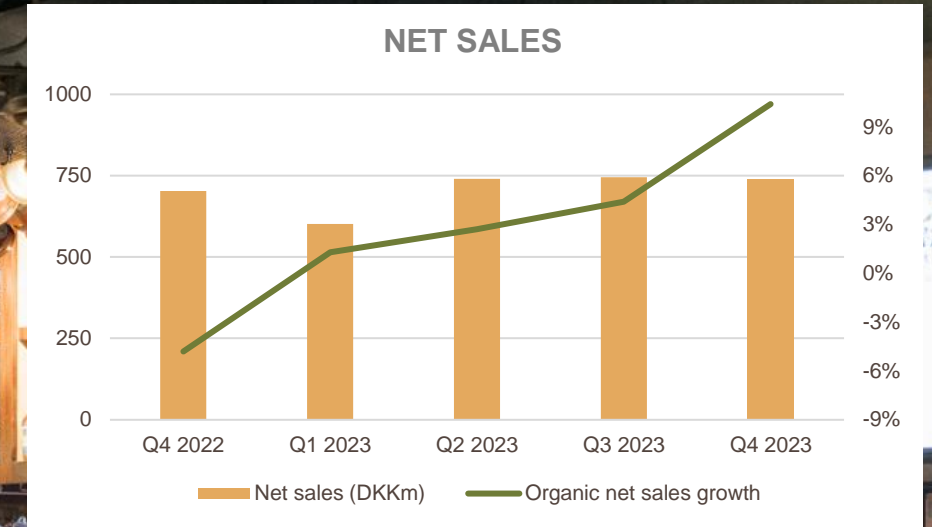
Full year highlights

- FY 2023 vs FY 2022: Net sales 2% and EBITDA margin 15.7% (14.5%).
- Acquisition of La Perla Habana.
- Expansion of the retail network in the US continued with 2 store openings in Texas..

ONLINE STORES



KEY BRANDS





SCANDINAVIAN TOBACCO GROUP

GROUP FINANCIALS

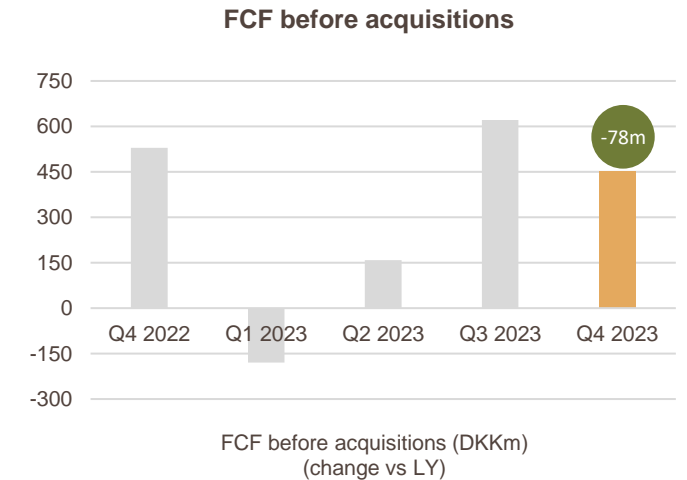
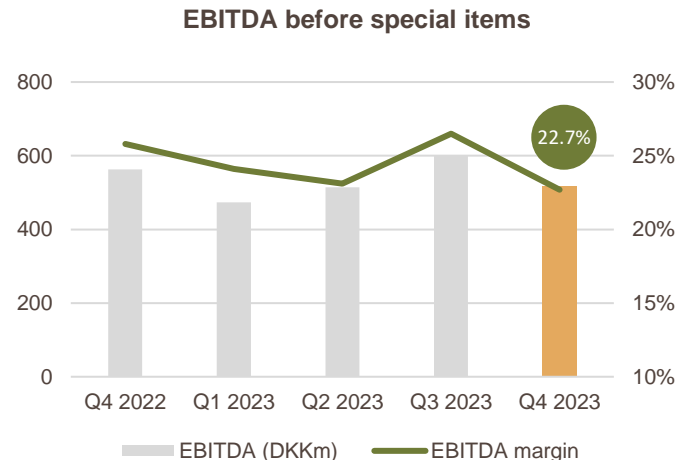
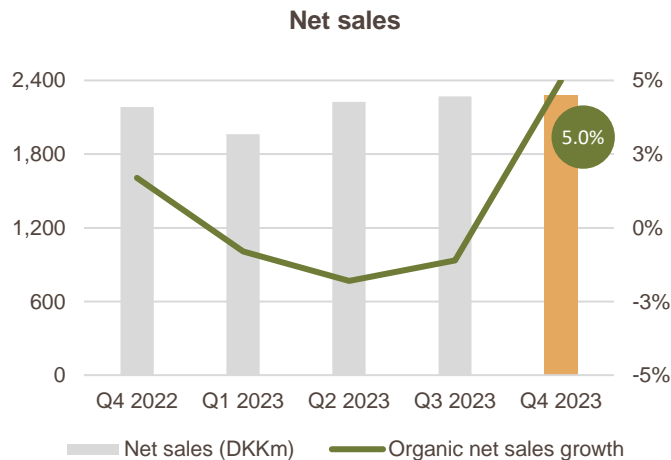




Q4 2023 HIGHLIGHTS

- Net sales growth accelerated in the quarter
- EBITDA margin impacted by increased investments in growth
- Consumption remain subdued in handmade cigars
- Growth Enablers accounted for 10% of group net sales
- Pricing remains robust across categories

	Q4 2023	Q4 2022
Net Sales Growth	4.1%	8.6%
EBITDA margin before special items	22.7%	25.8%
FCF before acquisitions (DKK)	452m	530m
Adjusted Earnings Per Share (DKK)	3.6	4.4





Q4 AND FY 2023 RESULTS

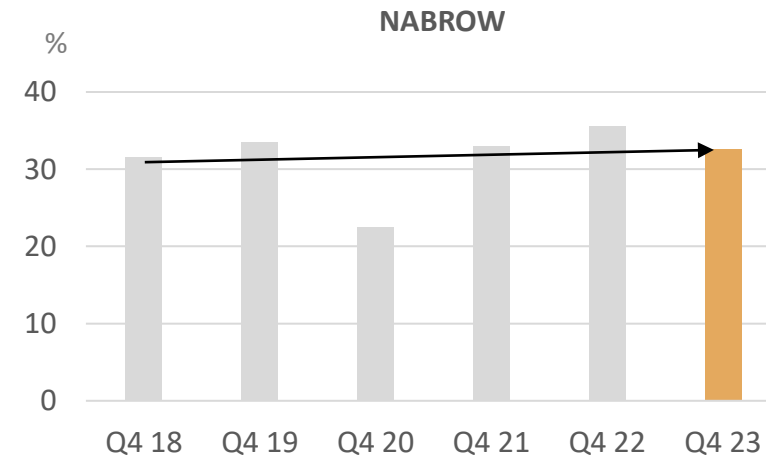
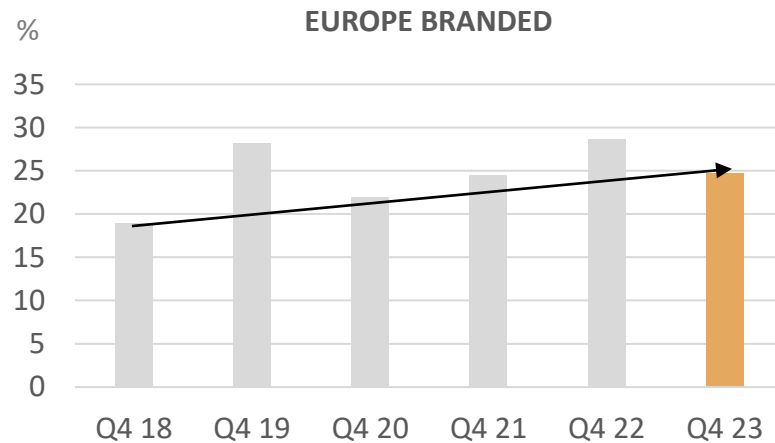
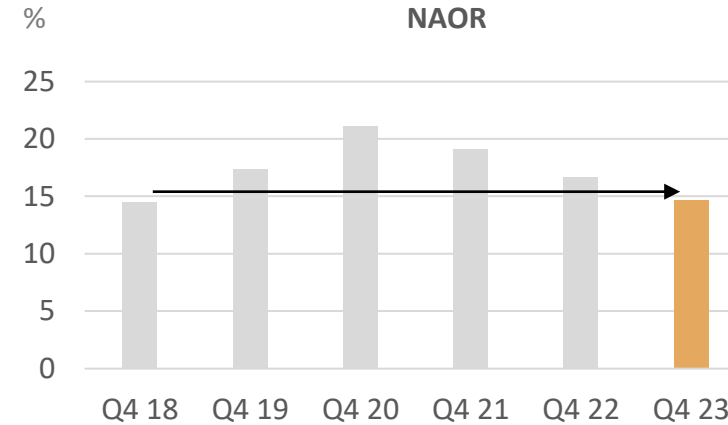
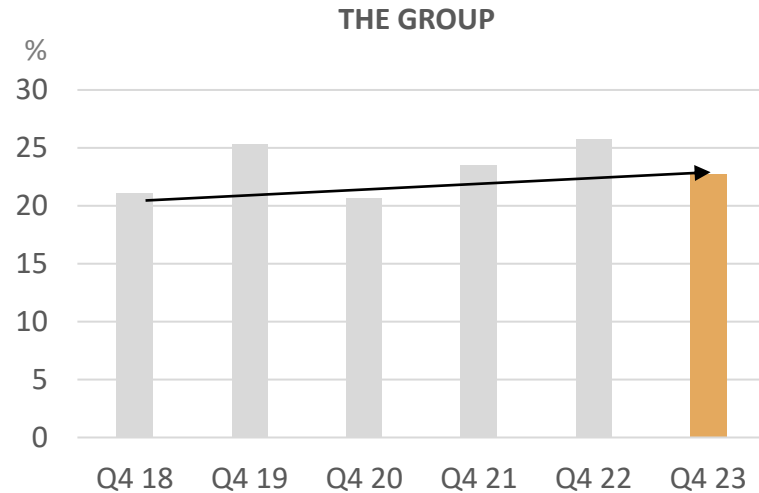
DKK million	Q4 2023	Q4 2022	FY 2023	FY 2022
Net sales	2,275	2,185	8,731	8,762
Gross profit (before special items)	1,089	1,042	4,204	4,307
OPEX	-584	-479	-2,111	-2,037
EBITDA before special items	517	563	2,106	2,270
Special items	-35	103	-92	35
EBIT	385	579	1,638	1,953
Net financials	-79	-47	-177	-137
Net profit	268	457	1,182	1,476
Adjusted EPS (DKK)	3.6	4.4	14.4	16.0
Cash flow from operations	534	393	1,347	1,393
Free cash flow before acquisitions	452	530	1,053	1,264

	Q4 2023	Q4 2022
Organic net sales growth	5.0%	1.7%
Gross margin	47.9%	47.7 %
OPEX ratio	25.7%	21.9%
EBITDA margin	22.7%	25.8%

	FY 2023	FY 2022
Organic net sales growth	0.3%	-0.8%
Gross margin	48.2%	49.2%
OPEX ratio	24.2%	23.3%
EBITDA margin	24.1%	25.9%



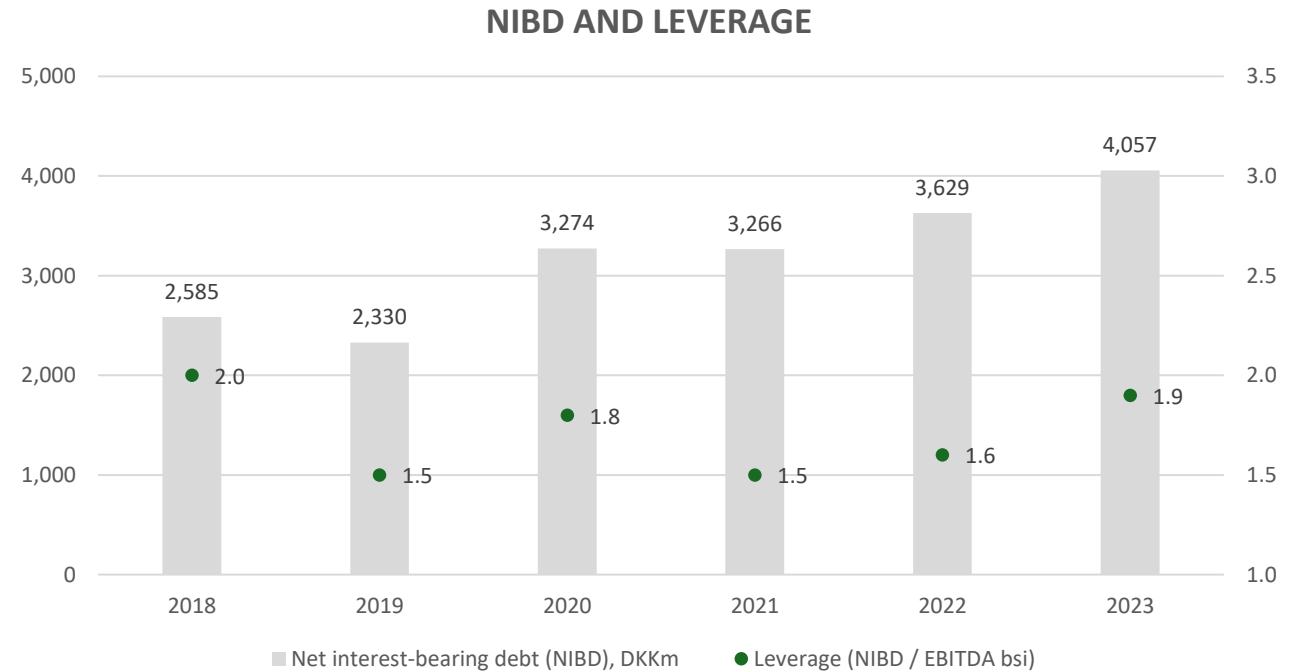
LONG TERM TREND - EBITDA MARGINS (Q4 2018-Q4 2023)





NET DEBT AND LEVERAGE

- Net Interest-bearing Debt (NIBD) decreased by DKK 0.4 billion versus end of Q3 2023 to DKK 4.1 billion.
- NIBD increased DKK 0.4 billion versus the end of 2022 explained by capital distributions and investments in Alec Bradley and XQS being partly offset by the cash flow from operations.
- Leverage ratio decreased to 1.9x versus 2.1x on by end of Q3 2023. The leverage ratio by end of FY 2022 was 1.6x.
- The leverage ratio is expected to increase to slightly above 2x by end of FY 2024.





CAPITAL ALLOCATIONS 2023

- Shareholder Return Policy with ambition of annual growth in ordinary dividend payments and distributing excess capital
- 2023: Ordinary dividend payment of ~DKK 715 million and Share Buy-Back of DKK 181 million
- November 2023 launch of up to DKK 850 million programme supported by leverage and strong cash-flows.
- To be executed from November 2023-February 2025.



Shareholder return policy

The Board of Directors continuously evaluate the distribution of excess capital to shareholders based on a comparison of the projected leverage ratio against a target of 2.5x with the leverage ratio calculated as Net Interest-Bearing Debt (NIBD)/EBITDA before special items.

The Board of Directors' objective is to distribute excess capital by way of dividends and/or share buybacks with an ambition of annual growth in ordinary dividend payments, reflecting our financial ambition of growing the Company and improving EBITDA margin and free cash flow over time.

The Group maintains the flexibility to temporarily exceed the target leverage ratio in connection with dividend distribution, acquisitions or investments. Our capital distributions will always take into account potential acquisitions and other liquidity needs.



SCANDINAVIAN TOBACCO GROUP

OUTLOOK AND GUIDANCE 2024





OUTLOOK

With Rolling towards 2025 and beyond we aim to build a larger and more profitable company

- **Core categories to deliver flat low single digit annual net sales growth**
- **Growth enablers to deliver double digit annual net sales growth**
- **Acquisitions remain a key pillar of our strategy**

- **We adapt to fast changing consumer behaviour and create a ONE COMMERCIAL ORGANISATION**

- **Increasing investments to deliver stronger sustainable net sales growth will impact margins near-term**
- **At the end of strategy period, we expect EBITDA margin to revert towards 24%**
- **Updating our strategy plan beyond 2025 during the first half of 2025**
- **Beyond “Rolling towards 2025” we expect to continue to deliver annual net sales growth and like-for-like annual margin enhancements driven by investments in the Growth Enablers and continuous cost efficiencies**



2024 GUIDANCE*

NET SALES In the range of DKK 8.8–9.1 billion	EBITDA MARGIN Before special items In the range of 22.0%-24.0%	FREE CASH FLOW Before acquisitions In the range of DKK 0.8-1.0 billion	ADJUSTED EPS In the range of DKK 12.5-14.5
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- **2024 may be another year with consumption declining faster than structural trends in our core categories**
- **Growth Enablers expected to increase to about 10% of group net sales (8%)**
- **EBITDA margin to be impacted by increased investments in growth, while pricing and on-going cost efficiencies partly will offset cost inflation and mix changes**
- **Free Cash Flow before Acquisitions impacted by DKK 300 million (special) investments in retail expansion, track and trace and ERP implementation as well as higher working capital to support net sales growth**

* Guidance and assumption are based on current exchange rates



QUESTIONS AND ANSWERS

We are happy to take any questions from the audience now.

Visit our investor site at:
www.st-group.com/investor

FIND OUT MORE

Annual Report 2023

Our 2023 Annual Report addresses our financial performance, strategic execution and other important aspects of our business operations.



Remuneration Report 2023

Our Remuneration Report includes an overview of the total remuneration received by the Board of Directors and Executive Management.





2024 EVENT CALENDAR & CONTACT

JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC
5 March 2024 Full year/Q4 2023 results	4 April 2024 Annual General Meeting 2 MAY 2024 Q1 interim report	22 AUG 2024 H1/Q2 interim report	12 NOV 2024 Q3 interim report



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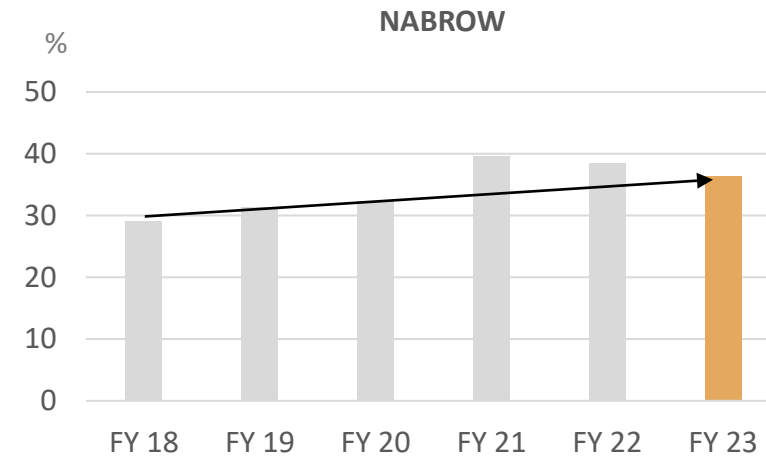
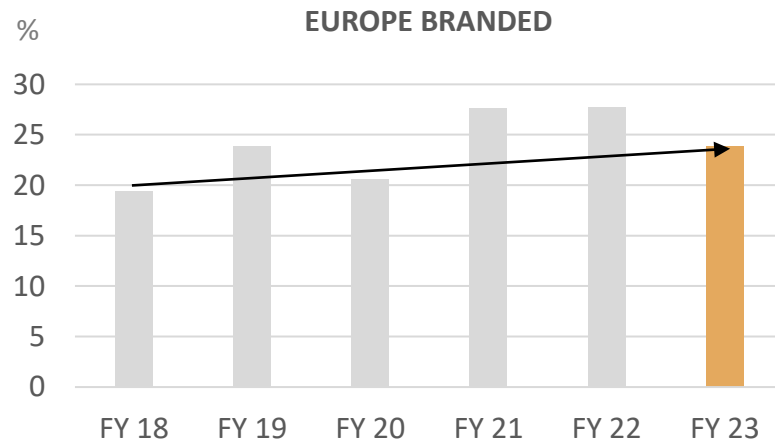
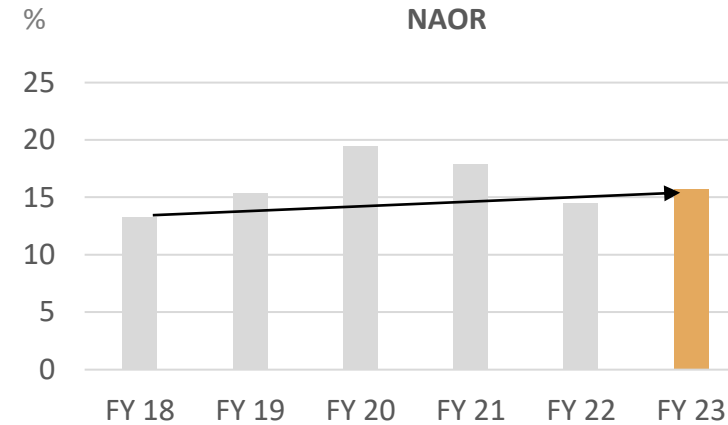
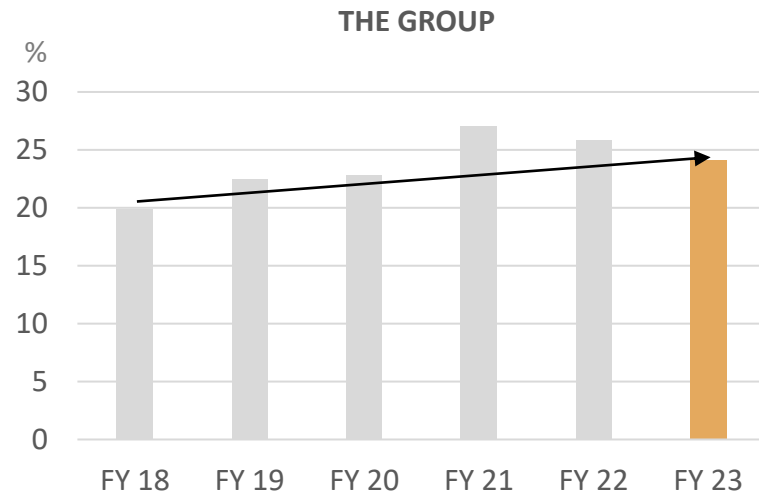


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LONG TERM TREND - EBITDA MARGINS (FY 2018-FY 2023)





SCANDINAVIAN TOBACCO GROUP

THANK YOU

