

Scandinavian Tobacco Group A/S Reports Full Year 2022 Results in Line with Expectations and Propose a 10% Increase in Dividend Per Share

Company Announcement

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Scandinavian Tobacco Group A/S Reports Full Year 2022 Results in Line with Expectations and Propose a 10% Increase in Dividend Per Share

For the full year of 2022, Scandinavian Tobacco Group A/S (the "Group" or "Scandinavian Tobacco Group") delivered a 3.5% negative organic EBITDA growth in line with the guidance range of -4% to 0%, free cash-flow before acquisitions at DKK 1.3 billion (DKK 1.1-1.4 billion) and an increase in adjusted Earnings Per Share of 8% (>5%). The EBITDA-margin before special items was 25.9% (27.1%). For the full year of 2023, net sales and EBITDA margin before special items are expected in the range of DKK 9.0-9.3 billion and 24-25%, respectively.

For the fourth quarter of 2022, organic EBITDA increased by 13% with an EBITDA margin before special items at 25.8% (23.5%) and the free cash flow before acquisitions was DKK 530 million. These results were driven by a resilient demand for most product categories, including handmade cigars in the US, price increases across most product categories and continued cost efficiencies.

Q4 Highlights

- Net sales were DKK 2,185 million (DKK 2,012 million) with 1.7% organic growth.
- EBITDA before special items was DKK 563 million (DKK 474 million) with 13.3% organic growth. The EBITDA margin was 25.8% (23.5%).
- Adjusted Earnings Per Share (EPS) were DKK 4.4 (DKK 3.1).
- Free cash flow before acquisitions was DKK 530 million (DKK 307 million).
- Return on Invested Capital (ROIC) was 14.3% (14.5%).
- For the full year of 2022, net sales decreased by 0.8% organically to DKK 8,762 million (DKK 8,233 million), and EBITDA before special items decreased by 3.5% organically to DKK 2,270 million (DKK 2,233 million) with free cash flow before acquisitions at DKK 1,264 million (DKK 1,393 million).
- February 2023, post the close of the quarter, we acquired the Alec Bradley cigar business

CEO Niels Frederiksen: *"In the current environment, I'm pleased we can deliver a solid performance for the fourth quarter and the full year, which is in line with our financial expectations. In a challenging year, we have made good progress on our strategy "Rolling Towards 2025". Our vision is to become the undisputed and sustainable global leader in cigars and the recent acquisition of the Alec Bradley cigar business brings us one step closer to achieving this. Our ambition of becoming a larger company, to grow our EBITDA margin over time and to generate outstanding cash-flow are all important pillars for creating continuous shareholder value. I am confident we will make further progress in 2023 on our long-term strategy"*.

Dividend for 2022

At the Annual General Meeting on 13 April 2023, the Board of Directors will propose an increase in the ordinary dividend of 10% to DKK 8.25 per share.

Financial Guidance 2023

For the financial year 2023, guidance metric for the Group will be changed. In the financial statements going forward, the Group will report on and publish expectations for reported net sales and EBITDA margin before special items instead of organic EBITDA growth. The new guidance metrics will better reflect the Group's operational performance and will increase transparency from divisional performance to Group level. See page 6 for further details.

- Net sales in the range of DKK 9.0-9.3 billion
- EBITDA margin before special items in the range of 24-25%
- Free cash flow before acquisitions in the range DKK 1.2-1.4 billion
- Adjusted EPS in the range of DKK 14.5-16.5

The Annual Report for 2022 is available for download at: investor.st-group.com.

For further information, please contact:

Torben Sand, Head of IR & Communication, phone +45 5084 7222 or torben.sand@st-group.com
Eliza Michael, IR and Communication, phone +45 5080 7619 or eliza.michael@st-group.com

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