



Company Announcement
No.8 2019

Copenhagen, 23 May 2019

Scandinavian Tobacco Group A/S delivers organic EBITDA growth of 7.3% in the first quarter of 2019

Q1 2019 Highlights

- Net sales of DKK 1,464 million (DKK 1,285 million). Organic growth -1.6%
- EBITDA before special items of DKK 239 million (DKK 199 million). Organic growth 7.3%
- EBITDA margin before special items was 16.3% (15.5%). IFRS 16 improved the margin in the first of quarter 2019 by 1.5%-points
- Free cash flow before acquisitions of DKK 72 million (DKK -76 million)

In the first quarter of 2019, Scandinavian Tobacco Group A/S delivered net sales of DKK 1,464 million and EBITDA before special items of DKK 239 million. The quarter delivered 2.4% and 1.6% organic growth in net sales in North America Online & Retail and Region Smoking Tobacco & Accessories respectively. This was offset by negative organic growth in net sales of 9.2% and 3.3% in North America Branded and Region Machine-Made Cigars respectively – and overall the quarter delivered 1.6% negative organic growth in net sales.

CEO of Scandinavian Tobacco Group Niels Frederiksen says: “We are off to a good start to 2019 with overall good organic growth in EBITDA. Our handmade cigars continues to perform well in North America and in France the recovery plan for our machine-made cigars business is showing encouraging results. During the quarter we have also taken important strides in the execution of our transformational program Fuelling the Growth which have resulted in improved operational performance, increased cost efficiency and savings.”

Fuelling the Growth

The transformational program Fuelling the Growth is progressing as planned and is on track to increase commercial competitiveness and deliver net savings at a run-rate of DKK 250 million by the end of 2021. Highlights for Q1 include:

- New organisational structure implemented with new financial reporting
- Market share in our top 5 European machine-made cigar markets increased driven by a recovery in France

Unchanged financial guidance for 2019

The full-year guidance is unchanged:

- >5% organic growth in EBITDA
- Special items of DKK ~85 million
- Free cash flow before acquisitions >DKK 750 million

Conference Call and Webcast

A conference call and webcast will be held on 23 May 2019 at 10:00 AM CET. Presentation materials will be available online approximately one hour before the webcast on investor.st-group.com.

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Key Figures

DKK million	Q1 2019	Q1 2018 excl. IFRS 16	Year 2018 excl. IFRS 16
INCOME STATEMENT			
Net sales	1,464	1,285	6,718
Gross profit before special items	684	613	3,219
EBITDA before special items	239	199	1,304
Special items ¹	-24	-3	-216
EBIT	119	125	738
Net financial items ²	-4	-15	-37
Profit before tax	119	114	717
Income taxes	-26	-26	-51
Net profit	93	88	666
BALANCE SHEET			
Total assets	13,866	13,033	13,403
Equity	9,033	8,392	8,818
Net interest-bearing debt (NIBD)	2,801	2,271	2,585
Investment in property, plant and equipment	17	26	110
Total capital expenditures	19	33	125
CASH FLOW STATEMENT			
Cash flow from operating activities	89	-45	784
Cash flow from investing activities	-17	-31	-511
Free cash flow	72	-76	274
Free cash flow before acquisitions	72	-76	668
KEY RATIOS³			
Net sales growth	13.9%	-6.8%	3.9%
Gross margin before special items	46.8%	47.7%	47.9%
EBITDA margin before special items	16.3%	15.5%	19.4%
Effective tax percentage	21.9%	22.8%	7.2%
Equity ratio	65.1%	64.4%	65.8%
Cash conversion	70.1%	56.2%	88.2%
Organic net sales growth	-1.6%	3.5%	0.4%
Organic EBITDA growth	7.3%	1.2%	3.5%
NIBD / EBITDA before special items	2.1	1.8	2.0
ROIC			6.4%
ROIC ex. goodwill and trademarks from 2010 merger			11.8%
Basic earnings per share (DKK)	0.9	0.9	6.7
Diluted earnings per share (DKK)	0.9	0.9	6.7
Number of shares issued ('000)			100,000
Number of treasury shares ('000)			367
Share price at year-end (DKK)			78.45
Dividend per share (DKK)			6.0
Pay-out ratio			90.2%

1. New accounting principles on special items, refer to note 1 in this interim report.

2. Excl. share of profit of associated companies.

3. See definition/explanation of financial ratios in note 5.8 in the Annual Report 2018.

About Scandinavian Tobacco Group

Scandinavian Tobacco Group A/S is a world leading manufacturer of cigars and pipe tobacco with annual production of three billion cigars and 5,000 tonnes of pipe and fine-cut tobacco.

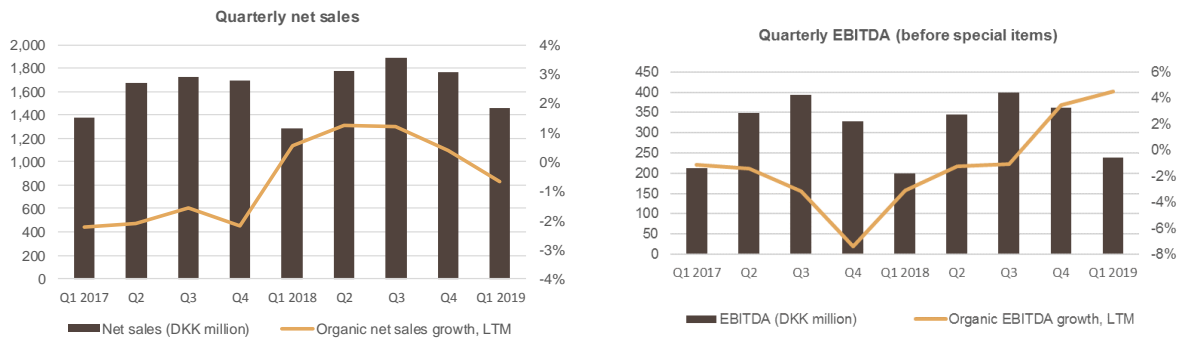
Scandinavian Tobacco Group holds market-leading positions in several categories and has a portfolio of more than 200 brands providing a complementary range of established global brands and local champions.

The Group employs 7,300 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

Group Performance Q1 2019

For Q1 2019, the Group increased net sales by 14% driven by the acquisition of Thompson Cigar (11%), positive exchange rate developments (5%) and a negative organic growth in net sales of 1.6%. Positive organic growth in North America Online & Retail (NAO&R) and Region Smoking Tobacco & Accessories (ST&A) could not off-set negative organic growth in North America Branded (NAB) and Region Machine-Made Cigars (MMC).

Quarterly development, Q1 2017-Q1 2019



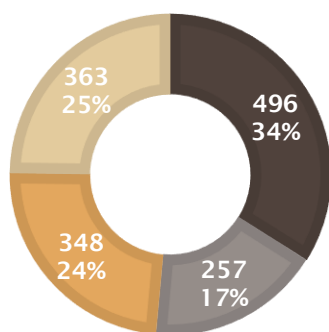
EBITDA before special items increased by 20% with an organic growth of 7.3% and an EBITDA-margin before special items at 16.3% (15.5%). The implementation of new accounting principles for leases (IFRS 16) had material impact on results and margins. The implementation of IFRS 16 increased EBITDA by DKK 22 million in the first quarter of 2019. The financial data in this report for 2018 have not been restated to IFRS 16. For comparison, had the first quarter of 2018 been restated to IFRS 16, the EBITDA margin before special items would have been 16.9%. The margin development was driven by improved operational performance and increased efficiency following the initial results of Fuelling the Growth initiatives off-set by expected lower profitability in the Thompson Cigar. The acquisition of Thompson Cigar was closed 2 April 2018.

Free cash flow before acquisitions was DKK 148 million higher than in the first quarter of 2018 driven by the improved operational performance, lower tax payments and the positive impact from IFRS 16 by DKK 22 million.

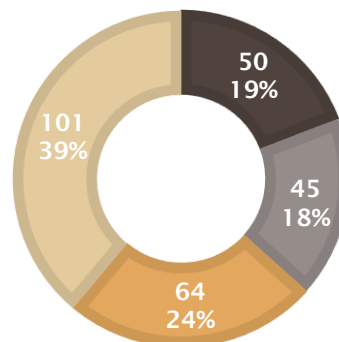
For a detailed overview of the impact of IFRS 16 please see note 1 on page 22-23.

Divisional split, Q1 2019 (DKK million and % of Group)

Net Sales per division



EBITDA before special items per division (before group cost)



■ NA Online & Retail ■ NA Branded
 ■ Region MMC ■ Region ST&A

■ NA Online & Retail ■ NA Branded
 ■ Region MMC ■ Region ST&A

Fuelling the Growth

The transformational Fuelling the Growth program delivered as planned and is on track to increase commercial competitiveness and deliver net savings at a run-rate of DKK 250 million by the end of 2021. Quarterly highlights include:

- New organisational structure implemented as of 1 January 2019 including new structure for financial reporting
- The reduction of white collar positions almost implemented by the end of the first quarter, whereas the planned recruitments in key positions are ongoing
- The market share in our top 5 European machine-made cigar markets (France, Belgium, Netherlands, the UK and Spain) increased versus both Q4 2018 and Q1 2018 driven by a recovery in France
- More than 50% of contracts under review has been renegotiated by Global Procurement with impact in 2019 and coming years
- Fuelling the Growth is on track to deliver the planned contribution of net savings in 2019.

During the first quarter DKK 14 million have been expensed as special items relating to Fuelling the Growth. For full year 2019, we still expect special items of DKK 85 million including special items for the integration of Thompson Cigar.

New Financial Reporting Structure

To align financial reporting with the new organisational structure and ensure consistency with internal management reporting, the Group's external reporting structure has been revised and is now presented at divisional level rather than category level. Comparative figures have been restated to reflect the new reporting structure. The four new divisions are:

North America Online & Retail includes direct to consumer sales of all product categories sold via the online, catalogue and retail channel in North America. The division holds the overall Group responsibility for sales and marketing activities of all products and sales within the division.

North America Branded includes sales of all product categories to wholesalers and distributors that supply retail in North America. The division holds the overall Group responsibility for product development, sales and marketing activities of all products and sales within the division.

Region Machine-Made Cigars includes sales of all product categories to wholesalers and distributors that supply retail. Machine-made cigars make up the majority of divisional net sales and also dominates sales in the main markets in the division, which are France, Belgium, the UK, Spain and the Netherlands. The division holds the overall Group responsibility for product development, sales and marketing activities of machine-made cigars outside North America.

Region Smoking Tobacco & Accessories includes sales of all product categories to wholesalers and distributors that supply retail. Main markets are Australia, Germany, Denmark and Norway. The division holds the overall Group responsibility for product development, sales and marketing activities of smoking tobacco (pipe tobacco and fine-cut tobacco) and accessories outside North America.

The table below presents the split of net sales between the new divisions and the old categories as well as gross profit and EBITDA before special items. Smoking tobacco includes the product categories fine-cut tobacco and pipe tobacco.

Table 1: Financial reporting structure by new divisions versus "old" categories (Q1 2019)

<i>DKK million</i>	North America Online & Retail	North America Branded	Region MMC	Region ST&A	Group costs / not allo- cated	Total
Net sales						
Handmade cigars						522
Machine-made cigars						484
Smoking tobacco						235
Accessories and CMA						223
Group	496	257	348	363	-	1,464
Gross profit before special items						
	182	147	177	178	-	684
Gross margin before special items	36.6%	57.4%	50.9%	49.1%	-	46.8%
EBITDA before special items						
	50	45	64	101	-21	239
EBITDA margin before special items	10.1%	17.7%	18.3%	27.9%	-	16.3%

Note: Smoking tobacco consists of the product categories pipe tobacco and fine-cut tobacco. For a detailed split for full-year 2018 by product category per division, see Company Announcement no 6, May 7, 2019.

The impact from IFRS 16 on divisional figures in Q1 2019 is stated below.

Table 2: IFRS 16 impact on divisional figures, Q1 2019

<i>DKK million</i>	North America Online & Retail	North America Branded	Region MMC	Region ST&A	Group costs / not allo- cated	Total
EBITDA before special items	50	45	64	101	-21	239
IFRS 16 impact	-5	-5	-7	-3	-2	-22
EBITDA before special items excl. IFRS 16	45	40	57	98	-23	218
EBITDA margin before special items	10.1%	17.7%	18.3%	27.9%		16.3%
EBITDA margin before special items excl. IFRS 16	9.1%	15.6%	16.3%	27.1%		14.9%

Key data per division

	Q1 2019	Q1 2018	Change	2018
		Excl. IFRS 16		Excl. IFRS 16
Net sales (DKKm)				
North America Online & Retail	496	297	67.3%	2,111
North America Branded	257	271	-5.3%	1,247
Region Machine-Made Cigars	348	357	-2.6%	1,682
Region Smoking Tobacco & Accessories	363	360	0.7%	1,677
Group total	1,464	1,285	13.9%	6,718
Gross profit before special items (DKKm)				
North America Online & Retail	182	112	62.9%	793
North America Branded	147	151	-2.4%	712
Region Machine-Made Cigars	177	177	-0.3%	832
Region Smoking Tobacco & Accessories	178	173	3.2%	882
Group total	684	613	11.7%	3,219
EBITDA before special items (DKKm)				
North America Online & Retail	50	32	53.6%	310
North America Branded	45	42	8.3%	242
Region Machine-Made Cigars	64	51	25.7%	304
Region Smoking Tobacco & Accessories	101	98	3.8%	545
Group costs	-21	-24	-12.3%	-96
Group total	239	199	20.4%	1,304
Organic net sales growth (%)				
North America Online & Retail	2.4%	8.8%		6.3%
North America Branded	-9.2%	1.3%		-1.2%
Region Machine-Made Cigars	-3.3%	-3.2%		-6.4%
Region Smoking Tobacco & Accessories	1.6%	7.4%		1.9%
Group total	-1.6%	3.5%		0.4%
Gross margin before special items (%)				
North America Online & Retail	36.6%	37.6%	-1.0%	37.5%
North America Branded	57.4%	55.7%	1.7%	57.1%
Region Machine-Made Cigars	50.9%	49.6%	1.2%	49.5%
Region Smoking Tobacco & Accessories	49.1%	48.0%	1.2%	52.6%
Group total	46.8%	47.7%	-0.9%	47.9%
EBITDA margin before special items (%)				
North America Online & Retail	10.1%	10.9%	-0.9%	14.7%
North America Branded	17.7%	15.5%	2.2%	19.4%
Region Machine-Made Cigars	18.3%	14.2%	4.1%	18.0%
Region Smoking Tobacco & Accessories	27.9%	27.1%	0.8%	32.5%
Group total	16.3%	15.5%	0.9%	19.4%
ORGANIC GROWTH COMPOSITION	Q1 2019	Q1 2018		2018
Volume impact (%)				
Handmade cigars (NAO&R)	1.4%	5.2%		1.6%
Handmade cigars (NAB)	-4.6%	7.2%		1.8%
Machine-made cigars (MMC)	0.6%	-7.2%		-7.8%
Price/mix impact (%)				
Handmade cigars (NAO&R)	-0.1%	2.0%		4.9%
Handmade cigars (NAB)	2.9%	-4.4%		0.9%
Machine-made cigars (MMC)	-1.3%	4.4%		1.0%

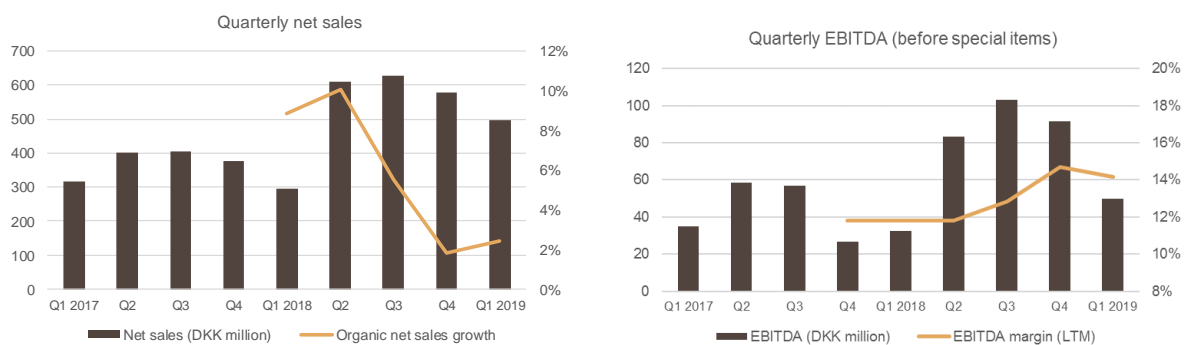
Divisional update

North America Online & Retail

In the division North America Online & Retail the largest product category is handmade cigars accounting for about 80% of divisional net sales. For a break-down by all product categories for the full-year 2018, see Company Announcement no. 6 from May 7, 2019.

The division delivered positive organic growth in net sales driven by handmade cigars and machine-made cigars. The acquisition of Thompson Cigar delivered DKK 137 million of non-organic net sales. The amount of active customers increased slightly versus the fourth quarter of 2018, although the introduction of internet sales tax since October 2018 continued to have an impact on market dynamics. The net sales from retail increased following the opening of the new Superstore in the Colony, Texas in the second half of 2018.

Quarterly development, Q1 2017-Q1 2019



In the first quarter of 2019, the net sales in the division North America Online & Retail increased by 67% to DKK 496 million (DKK 297 million) driven by organic net sales growth (2.4%), the acquisition of Thompson Cigar and a positive exchange rate effect. The product category handmade cigars delivered 1.3% organic growth (+1.4% volume impact and -0.1% price/mix impact).

Gross profit before special items in the first quarter of 2019 increased to DKK 182 million (DKK 112 million) driven by the impact of Thompson Cigar, increased net sales and underlying margin improvements. The gross margin before special items was 36.6% (37.6%) due to the impact from lower margins in Thompson Cigar with the remaining businesses delivering an improvement in the margin.

EBITDA before special items increased to DKK 50 million (DKK 32 million) with an EBITDA margin before special items of 10.1% (10.9%). The development in the margin was primarily driven by the acquisition of Thompson Cigar 2 April 2018, resulting in lower gross- and EBITDA margins before special items.

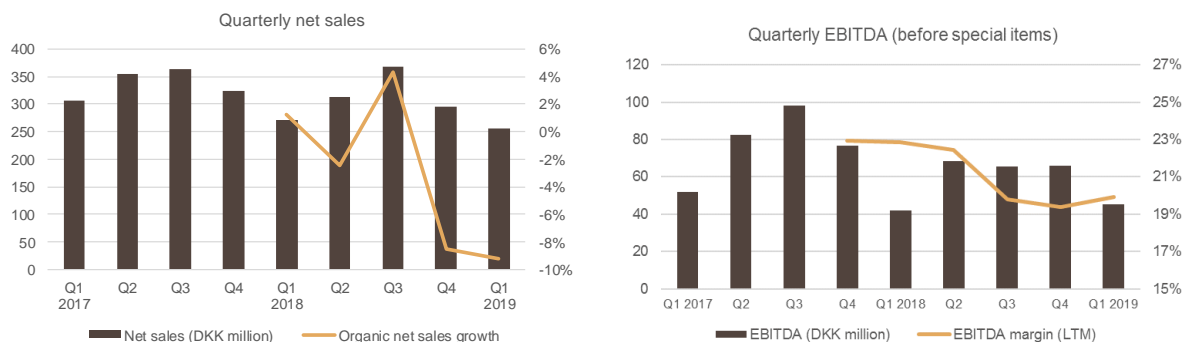
IFRS 16 improved the EBITDA margin before special items by 1.0%-point in the first quarter of 2019.

North America Branded

In the division North America Branded the largest product category is handmade cigars followed by machine-made cigars and smoking tobacco. For a break-down by all product categories for the full-year 2018, see Company Announcement no. 6 from May 7, 2019.

A negative organic growth in net sales was primarily driven by machine-made cigars and smoking tobacco.

Quarterly development, Q1 2017-Q1 2019



In the first quarter of 2019, the net sales decreased by 5% to DKK 257 million (DKK 271 million). The organic net sales growth was negative by 9.2% after adjusting for a positive exchange rate impact. The negative organic growth was broad based, though primarily driven by machine-made cigars in Canada due to the general uncertainty associated with introduction of plain packaging, pipe-tobacco in smoking tobacco and contract manufacturing. Handmade cigars delivered 1.7% negative organic growth (-4.6% volume impact and +2.9% price/mix impact) with lower sales especially to online distributors.

Gross profit before special items in the first quarter of 2019 decreased to DKK 147 million (DKK 151 million) driven by the decrease in net sales. The gross margin before special items increased to 57.4% (55.7%) driven by positive price/mix in handmade cigars and smoking tobacco, whereas the decline in net sales in machine-made cigars had a negative impact due to product mix.

EBITDA before special items increased to DKK 45 million (DKK 42 million) with an EBITDA margin before special items improvement to 17.7% (15.5%). The development in the margin was driven by the increased gross margin being offset by a higher OPEX ratio.

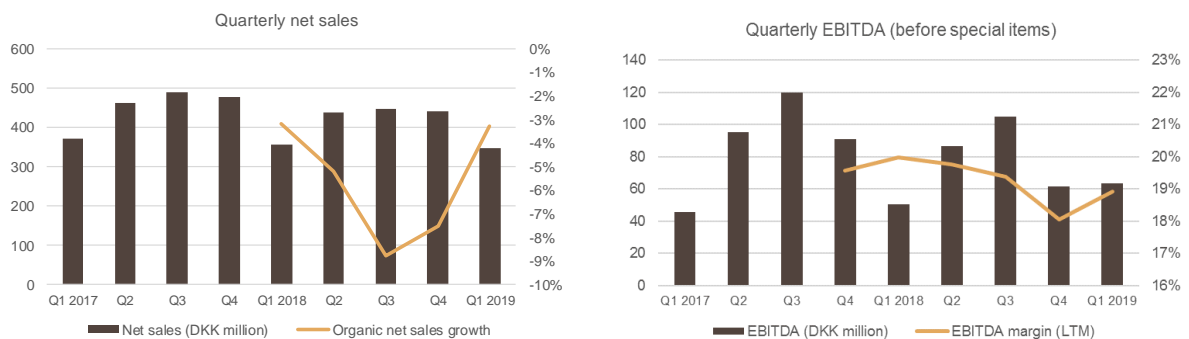
IFRS 16 improved the EBITDA margin before special items by 2.1%-point in the first quarter of 2019.

Region Machine-Made Cigars

In the division Region Machine-Made Cigars the product category machine-made cigars is the largest accounting for about three quarters of divisional net sales. For a break-down by all product categories for the full-year 2018, see Company Announcement no. 6 from May 7, 2019.

The organic growth in net sales in the largest product category, machine-made cigars improved versus recent quarters with modest overall market declines and market share gains in France following successful product launches of Gold in the value for money segment. The market share in the top 5 European markets (France, Belgium, Netherlands, UK and Spain) increased versus the fourth quarter of 2018. In France, price/mix decline was compensated by increasing volumes as the turnaround strategy has come off to a good start.

Quarterly development, Q1 2017-Q1 2019



In the first quarter of 2019, the net sales in Region Machine-Made Cigars decreased by 2.6% to DKK 348 million (DKK 357 million) driven by all product categories. The organic net sales growth was negative by 3.3%. Machine-made cigars delivered negative organic growth of 0.7% with a volume impact of +0.6% and a price/mix impact of -1.3%. Smoking tobacco and handmade cigars delivered also negative organic growth in the quarter.

Gross profit before special items in the first quarter of 2019 was unchanged at DKK 177 million (DKK 177 million) driven by development in net sales and margin improvements. The gross margin before special items was 50.9% (49.6%) driven by geographical mix changes.

EBITDA before special items increased to DKK 64 million (DKK 51 million) with an EBITDA margin before special items of 18.3% (14.2%). The improvement in the margin was driven by the improved gross margin before special items and an underlying improvement of the OPEX ratio following the progress of Fuelling the Growth.

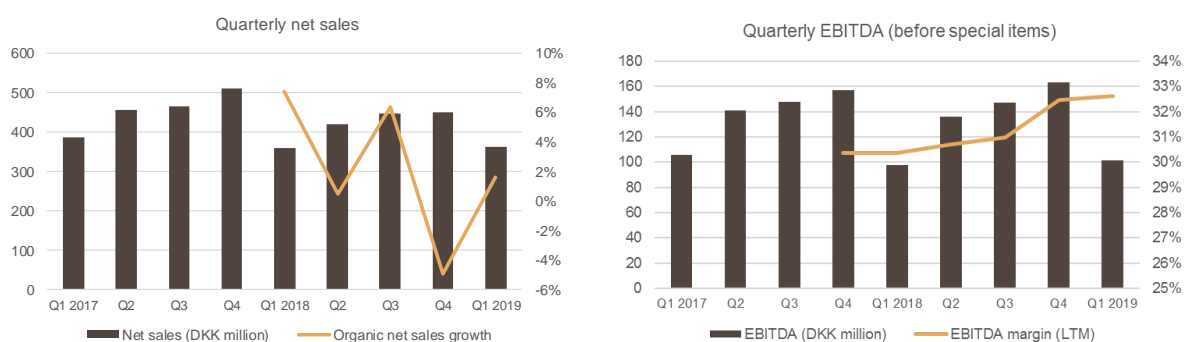
IFRS 16 improved the EBITDA margin before special items by 2.0%-point in the first quarter of 2019.

Region Smoking Tobacco & Accessories

In the division Region Smoking Tobacco & Accessories the product categories smoking tobacco, accessories & contract manufacturing and machine-made cigars are about equal sized. For a breakdown by all product categories for the full-year 2018, see Company Announcement no. 6 from May 7, 2019.

The division delivered positive organic growth in net sales driven by positive growth by smoking tobaccos, especially in Germany, back-log deliveries to Middle East/Africa as well as accessories and contract manufacturing. There has only been a marginal impact in the quarter from the excise increase on fine-cut tobacco in Israel that was implemented February 22, 2019.

Quarterly development, Q1 2017-Q1 2019



In the first quarter of 2019, the net sales increased by 0.7% to DKK 363 million (DKK 360 million). The organic net sales growth was up by 1.6%.

Gross profit before special items in the first quarter of 2019 increased to DKK 178 million (DKK 173 million) driven by mix. The gross margin before special items was 49.1% (48.0%).

EBITDA before special items increased to DKK 101 million (DKK 98 million) with an EBITDA margin before special items of 27.9% (27.1%). The improvement in the margin was driven by the improved gross margin before special items and despite an increase in the OPEX ratio.

IFRS 16 improved the EBITDA margin before special items by 0.7%-point in the first quarter of 2019.

Group Financials

Net sales

For the first quarter of 2019 net sales increased by 14% to DKK 1,464 million (DKK 1,285 million). The acquisition of Thompson Cigar contributed with DKK 137 million in non-organic growth and exchange rates impacted positively by DKK 63 million. Organic growth in net sales was negative by 1.6% as the positive growth in North America Online & Retail and Region Smoking Tobacco & Accessories could not fully compensate for the negative growth in North America Branded and Region Machine-Made Cigars.

Table 3: Net sales

DKK million	Q1 2019	Q1 2018	Change in %
Net sales	1,464	1,285	13.9%
Acquisitions		137	
Effect from currency development	-63		
Organic net sales	1,400	1,423	-1.6%

Profit

Gross profit before special items was DKK 684 million (DKK 613 million), an increase of 11.7%. The development was driven by the acquisition of Thompson Cigar. Exchange rate developments contributed positively by DKK 24 million during the quarter.

The gross margin before special items was 46.8% (47.7%), a decrease of 0.9% point. Increased gross margins in North America Branded, Region Machine-Made Cigars and Region Smoking Tobacco & Accessories were more than neutralised by the acquisition of Thompson Cigar, where gross margins are below the Group average.

Operating expenses were DKK 445 million (DKK 414 million), an increase of 7.5% mainly driven by acquisition effect and effect from exchange rate developments, somewhat compensated by cost efficiencies and savings from the Fuelling the Growth program and the impact from new accounting principles for operating leases where expenses now are reported as depreciation and interest.

Table 4: EBITDA

DKK million	Q1 2019	Q1 2018	Change in %
EBITDA before special items	239	199	20.4%
Acquisitions		1	
Currency development	-5		
IFRS 16		19	
Organic EBITDA	235	219	7.3%

EBITDA before special items amounted to DKK 239 million (DKK 199 million), an increase of 20.4%. The development is explained by a positive impact from the Fuelling the Growth program and the new accounting principles for operating leases.

EBITDA margin before special items was 16.3% (15.5%), an increase of 0.9% point. The development is explained by the positive impact from new accounting principles for operating leases offset by the acquisition of Thompson Cigar, where EBITDA margins before special items are below the Group average.

Table 5: Special items

DKK million	Q1 2019	Q1 2018
Integration and transactions costs (Thompson Cigars)	10	3
Fuelling the Growth program	14	
Special items, costs	24	3

Net profit was DKK 93 million (DKK 88 million), an 5.6% increase.

Earnings per share (EPS) were DKK 0.9 (DKK 0.9). Fully diluted EPS were DKK 0.9 (DKK 0.9).

Cash flows

Cash flow from operations before changes in working capital was DKK 178 million (DKK 23 million) an increase of DKK 155 million driven by lower net tax payments and net financial items as well as a positive impact of DKK 22 million from new accounting for operating leases.

Working capital had a negative contribution to the cash flow of DKK 89 million (DKK -68 million). The increased negative impact from working capital is mainly explained by the build-up of stock levels in the UK ahead of Brexit.

Cash flow from investing activities amounted to DKK -17 million (DKK -31 million), a decrease of DKK 14 million. The development is explained by lower investments in IT software and property, plant and equipment.

Free cash flow before acquisitions was positive by DKK 72 million (negative by DKK 76 million). The cash conversion ratio was 70.1% (56.2%).

Table 6: Cash flow

DKK million	Q1 2019	Q1 2018	Change
Cash flow from operations before NWC	178	23	155
Changes in working capital	-89	-68	-21
Cash flow from operations	89	-45	134
Investing activities	-17	-31	14
Free cash flow	72	-76	148
Free cash before acquisitions	72	-76	148

Net interest bearing debt

Net interest-bearing debt increased by DKK 530 million to DKK 2,801 million versus the end of Q1 2018. The leverage ratio (net interest-bearing debt to EBITDA before special items) increased to 2.1x (1.8x at 31 March 2018).

Events after the reporting period

No events which are expected to have material impact on the financial position of the Group have occurred after 31 March 2019.

Annual General Meeting

At the Annual General Meeting held on 10 April 2019, the shareholders approved a dividend of DKK 6.00 per share, for a total dividend pay-out of DKK 600 million.

The shareholders re-elected Nigel Northridge, Henrik Brandt, Anders Obel, Dianne Neal Blixt and Luc Missorten and elected Marlene Forsell and Claus Gregersen as members of the Board of Directors.

The Board of Directors has appointed Nigel Northridge as Chairman of the Board of Directors, Henrik Brandt as Vice-Chairman and Marlene Forsell as chairman of the Audit Committee.

Financial guidance for 2019

The full-year guidance is unchanged

- >5% organic growth in EBITDA
- Special items of DKK ~85 million
- Free cash flow before acquisitions >DKK 750 million

Assumptions

- Financial expenses, exclusive of currency losses or gains, are expected to be in the range of DKK 70-80 million
- The effective tax rate is expected to be in the range of 21-23%
- Guidance and assumptions are based on current exchange rates
- No contributions or expenses related to potential acquisitions are included

Forward-looking Statements

This report contains forward-looking statements. Such statements are subject to risk and uncertainties as various factors, many of which are beyond Scandinavian Tobacco Group's control, may cause actual developments and results to differ materially from the expectations set out in this report.

Quarterly Financial Data

DKK million	2019	2018					2017				
	Q1	Q4	Q3	Q2	Q1	Full-year	Q4	Q3	Q2	Q1	Full-year
		----- Excluding IFRS 16 -----					----- Excluding IFRS 16 -----				
Reported data											
Net sales	1,464	1,765	1,887	1,780	1,285	6,718	1,691	1,721	1,673	1,379	6,464
Gross profit before special items	684	838	916	853	613	3,219	812	857	812	653	3,134
EBITDA before special items	239	362	398	345	199	1,304	328	394	349	212	1,283
Special items	-24	-179	-24	-10	-3	-216	0	-6	-35	-11	-52
EBIT	119	63	292	258	125	738	254	306	236	117	913
Net financial items	-4	-14	-9	1	-15	-37	-14	-18	-23	-22	-77
Profit before tax	119	51	288	264	114	717	246	292	216	98	852
Income taxes	-26	101	-67	-59	-26	-51	1	-68	-49	-24	-140
Net profit	93	152	221	205	88	666	247	224	166	75	712
Other financial key data											
Organic EBITDA growth	7.3%	10.2%	-0.3%	3.1%	1.2%	3.5%	-7.1%	-0.8%	-3.8%	-22.4%	-7.4%
Organic net sales growth	-1.6%	-4.4%	1.7%	1.6%	3.5%	0.4%	-1.3%	1.9%	-1.1%	-9.5%	-2.2%
Free cash flow bef. acquisitions	72	204	327	213	-76	668	314	350	251	48	963

Quarterly Financial Data (continued)

DKK million	2019	2018					2017				
	Q1	Q4	Q3	Q2	Q1	Full-year	Q4	Q3	Q2	Q1	Full-year
		Excluding IFRS 16					Excluding IFRS 16				
Divisions											
North America Online & Retail (NAO&R)											
Net sales	496	578	626	610	297	2,111	378	404	402	316	1,500
Gross profit before special items	182	221	238	222	112	793	113	148	152	117	530
EBITDA before special items	50	91	103	83	32	310	27	57	59	35	177
Net sales growth	67.3%	52.9%	54.9%	51.7%	-6.0%	40.7%					
Organic net sales growth	2.4%	1.8%	5.5%	10.1%	8.8%	6.3%					
Gross margin before special items	36.6%	38.2%	38.0%	36.4%	37.6%	37.5%	29.8%	36.7%	37.7%	37.2%	35.3%
EBITDA margin bef special items	10.1%	15.8%	16.4%	13.7%	10.9%	14.7%	7.1%	14.1%	14.6%	11.1%	11.8%
North America Branded (NAB)											
Net sales	257	295	368	313	271	1,247	323	363	354	307	1,348
Gross profit before special items	147	164	210	188	151	712	186	219	203	175	783
EBITDA before special items	45	66	66	68	42	242	77	98	83	52	309
Net sales growth	-5.3%	-8.6%	1.2%	-11.6%	-11.8%	-7.5%					
Organic net sales growth	-9.2%	-8.5%	4.3%	-2.4%	1.3%	-1.2%					
Gross margin before special items	57.4%	55.6%	57.0%	59.9%	55.7%	57.1%	57.7%	60.1%	57.3%	56.9%	58.1%
EBITDA margin bef special items	17.7%	22.4%	17.8%	21.8%	15.5%	19.4%	23.7%	27.0%	23.3%	16.8%	22.9%
Region Machine-Made Cigars (MMC)											
Net sales	348	442	446	437	357	1,682	478	489	461	370	1,798
Gross profit before special items	177	198	233	225	177	832	254	254	231	176	915
EBITDA before special items	64	62	105	87	51	304	91	120	95	46	352
Net sales growth	-2.6%	-7.6%	-8.8%	-5.2%	-3.5%	-6.4%					
Organic net sales growth	-3.3%	-7.5%	-8.8%	-5.2%	-3.2%	-6.4%					
Gross margin before special items	50.9%	44.7%	52.2%	51.5%	49.6%	49.5%	53.2%	51.9%	50.1%	47.7%	50.9%
EBITDA margin bef special items	18.3%	13.9%	23.5%	19.9%	14.2%	18.0%	19.0%	24.5%	20.7%	12.4%	19.6%
Region Smoking Tobacco & Accessories (ST&A)											
Net sales	363	450	447	419	360	1,677	511	464	456	386	1,818
Gross profit before special items	178	255	236	218	173	882	258	236	227	185	906
EBITDA before special items	101	163	147	136	98	545	157	148	141	106	552
Net sales growth	0.7%	-12.0%	-3.7%	-8.0%	-6.7%	-7.7%					
Organic net sales growth	1.6%	-5.0%	6.3%	0.5%	7.4%	1.9%					
Gross margin before special items	49.1%	56.7%	52.7%	52.0%	48.0%	52.6%	50.5%	50.9%	49.7%	47.9%	49.9%
EBITDA margin bef special items	27.9%	36.3%	32.9%	32.5%	27.1%	32.5%	30.8%	31.9%	30.9%	27.4%	30.4%
Group costs											
EBITDA before special items	-21	-20	-23	-30	-24	-96	-24	-29	-28	-26	-107
ORGANIC GROWTH COMPOSITION											
Volume impact (%)											
Handmade cigars (NAO&R)	1.4%	-4.3%	4.1%	3.4%	5.2%	1.6%					
Handmade cigars (NAB)	-4.6%	-5.2%	10.2%	-3.5%	7.2%	1.8%					
Machine-made cigars (MMC)	0.6%	-10.7%	-9.9%	-3.0%	-7.2%	-7.8%					
Price/mix impact (%)											
Handmade cigars (NAO&R)	-0.1%	6.0%	3.8%	5.7%	2.0%	4.9%					
Handmade cigars (NAB)	2.9%	1.6%	-1.6%	5.2%	-4.4%	0.9%					
Machine-made cigars (MMC)	-1.3%	0.0%	1.0%	-0.4%	4.4%	1.0%					

MANAGEMENT STATEMENT

The Board of Directors and the Executive Management have today considered and approved the interim report of Scandinavian Tobacco Group A/S for the period 1 January – 31 March 2019.

The interim consolidated financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting” as adopted by the EU and additional Danish disclosure requirements for listed companies. The interim report has not been reviewed or audited.

In our opinion, the interim consolidated financial statements give a true and fair view of the Group's assets, liabilities and financial position at 31 March 2019 and of the results of the Group's operations and consolidated cash flows for the financial period 1 January – 31 March 2019.

Furthermore, in our opinion the Management Review gives a fair review of the development and performance of the Group's activities and of the Group's results for the period and financial position taken as a whole, together with a description of the most significant risks and uncertainties that the Group may face.

Søborg, 23 May 2019

EXECUTIVE MANAGEMENT

Niels Frederiksen
CEO

Marianne Rørslev Bock
CFO

BOARD OF DIRECTORS

Nigel Northridge
CHAIRMAN

Henrik Brandt
VICE-CHAIRMAN

Marlene Forsell

Dianne Neal Blixt

Anders Obel

Luc Missorten

Claus Gregersen

Lindy Larsen

Hanne Malling

Mogens Olsen

STATEMENT OF COMPREHENSIVE INCOME

1 JANUARY - 31 MARCH

CONSOLIDATED INCOME STATEMENT

DKK million	Note	Q1 2019	Q1 2018 excl. IFRS 16
Net sales	2	1,463.7	1,285.1
Cost of goods sold	2	-779.3	-672.3
Gross profit before special items	2	684.4	612.8
Other external costs	2	-256.0	-224.7
Staff costs	2	-189.1	-189.5
Earnings before interest, tax, depreciation, amortisation and special items (EBITDA before special items)	2	239.3	198.6
Depreciation		-53.2	-29.1
Earnings before interest, tax, amortisation and special items (EBITA before special items)		186.1	169.5
Amortisation		-43.7	-41.7
Earnings before interest, tax and special items (EBIT before special items)		142.4	127.8
Special items, costs	3	-23.6	-3.1
Earnings before interest and tax (EBIT)		118.8	124.7
Share of profit of associated companies, net of tax		4.0	4.3
Financial income		18.4	13.6
Financial costs		-22.4	-28.7
Profit before tax		118.8	113.9
Income taxes		-26.0	-26.0
Net profit for the period		92.8	87.9
Earnings per share			
Basic earnings per share (DKK)		0.9	0.9
Diluted earnings per share (DKK)		0.9	0.9
OTHER COMPREHENSIVE INCOME			
<i>Items that will be recycled subsequently to the Consolidated Income Statement, when specific conditions are met:</i>			
Cash flow hedges, deferred gains/losses incurred during the period		-16.6	21.0
Tax of cash flow hedges		3.7	-4.6
Foreign exchange adjustments on net investments in foreign operations		133.7	-161.7
Other comprehensive income for the period, net of tax		120.8	-145.3
Total comprehensive income for the period		213.6	-57.4

ASSETS

DKK million	31 Mar 2019	31 Mar 2018 excl. IFRS 16	31 Dec 2018 excl. IFRS 16
Goodwill	4,615.9	4,176.1	4,561.8
Trademarks	2,918.4	2,963.4	2,922.6
IT software	69.3	96.4	75.9
Other intangible assets	303.8	175.9	308.8
Total intangible assets	7,907.4	7,411.8	7,869.1
Property, plant and equipment	1,446.4	1,204.9	1,219.5
Investments in associated companies	147.3	126.1	143.7
Deferred income tax assets	130.4	99.8	120.2
Other financial fixed assets	12.2	31.5	22.3
Total non-current assets	9,643.7	8,874.1	9,374.8
Inventories	2,825.6	2,500.7	2,598.7
Trade receivables	764.2	653.7	854.1
Other receivables	73.4	84.5	76.7
Corporate tax	130.6	165.8	121.2
Prepayments	60.4	82.6	66.8
Cash and cash equivalents	367.8	671.2	310.8
Total current assets	4,222.0	4,158.5	4,028.3
Total assets	13,865.7	13,032.6	13,403.1

CONSOLIDATED BALANCE SHEET**EQUITY AND LIABILITIES**

DKK million	31 Mar 2019	31 Mar 2018 excl. IFRS 16	31 Dec 2018 excl. IFRS 16
Share capital	100.0	100.0	100.0
Reserve for hedging	-5.9	20.4	7.0
Reserve for currency translation	876.0	318.7	742.3
Treasury shares	-40.5	-40.5	-40.5
Retained earnings	8,103.6	7,993.2	8,009.4
Total equity	9,033.2	8,391.8	8,818.2
Bank loans	2,676.4	2,727.1	2,658.1
Deferred income tax liabilities	515.7	580.1	515.7
Pension obligations	247.2	238.0	240.8
Other provisions	31.7	32.1	33.7
Leasing liabilities	156.9	0.0	0.0
Other liabilities	29.2	21.1	27.4
Total non-current liabilities	3,657.1	3,598.4	3,475.7
Trade payables	347.5	409.4	377.1
Corporate tax	123.3	170.1	132.4
Other provisions	94.7	15.6	104.1
Leasing liabilities	78.2	0.0	0.0
Other liabilities	531.7	447.3	495.6
Total current liabilities	1,175.4	1,042.4	1,109.2
Total liabilities	4,832.5	4,640.8	4,584.9
Total equity and liabilities	13,865.7	13,032.6	13,403.1

CONSOLIDATED CASH FLOW STATEMENT**1 JANUARY - 31 MARCH**

DKK million	Q1 2019	Q1 2018 excl. IFRS 16
Net profit for the period	92.8	87.9
Depreciation, amortisation and impairment	96.9	70.8
Adjustments	47.7	31.7
Changes in working capital	-89.0	-68.0
Special items, paid	-25.8	-11.5
Cash flow from operating activities before financial items	122.6	110.9
Financial income received	39.2	13.6
Financial costs paid	-23.7	-52.4
Cash flow from operating activities before tax	138.1	72.1
Tax payments	-49.0	-117.3
Cash flow from operating activities	89.1	-45.2
Investment in intangible assets	-2.5	-6.9
Investment in property, plant and equipment	-16.6	-26.4
Sale of property, plant and equipment	0.0	0.2
Dividend from associated companies	2.2	2.0
Cash flow from investing activities	-16.9	-31.1
Free cash flow	72.2	-76.3
Repayment of lease liabilities	-21.8	0.0
Revolving credit facility	0.0	148.8
Cash flow from financing activities	-21.8	148.8
Net cash flow for the period	50.4	72.5
Cash and cash equivalents, net at 1 January	310.8	605.2
Exchange gains/losses on cash and cash equivalents	6.6	-6.5
Net cash flow for the period	50.4	72.5
Cash and cash equivalents, net at 31 March	367.8	671.2

STATEMENT OF CHANGES IN GROUP EQUITY

1 JANUARY - 31 MARCH 2019

DKK million	Share capital	Reserve for hedging	Reserve for currency translation	Treasury shares	Retained earnings	Total
Equity at 1 January 2019	100.0	7.0	742.3	-40.5	8,009.4	8,818.2
<i>Comprehensive income for the period</i>						
Net profit for the period	-	-	-	-	92.8	92.8
<i>Other comprehensive income</i>						
Cash flow hedges	-	-16.6	-	-	-	-16.6
Tax of cash flow hedges	-	3.7	-	-	-	3.7
Foreign exchange adjustments on net investments in foreign operations	-	-	133.7	-	-	133.7
Total other comprehensive income	-	-12.9	133.7	-	-	120.8
Total comprehensive income for the period	-	-12.9	133.7	-	92.8	213.6
<i>Transactions with shareholders</i>						
Share-based payments	-	-	-	-	1.4	1.4
Total transactions with shareholders	-	-	-	-	1.4	1.4
Equity at 31 March 2019	100.0	-5.9	876.0	-40.5	8,103.6	9,033.2

1 JANUARY - 31 MARCH 2018

DKK million	Share capital	Reserve for hedging	Reserve for currency translation	Treasury shares	Retained earnings	Total
Equity at 1 January 2018	100.0	4.0	480.4	-40.5	7,904.3	8,448.2
<i>Comprehensive income for the period</i>						
Net profit for the period	-	-	-	-	87.9	87.9
<i>Other comprehensive income</i>						
Cash flow hedges	-	21.0	-	-	-	21.0
Tax of cash flow hedges	-	-4.6	-	-	-	-4.6
Foreign exchange adjustments on net investments in foreign operations	-	-	-161.7	-	-	-161.7
Total other comprehensive income	-	16.4	-161.7	-	-	-145.3
Total comprehensive income for the period	-	16.4	-161.7	-	87.9	-57.4
<i>Transactions with shareholders</i>						
Share-based payments	-	-	-	-	1.0	1.0
Total transactions with shareholders	-	-	-	-	1.0	1.0
Equity at 31 March 2018	100.0	20.4	318.7	-40.5	7,993.2	8,391.8

NOTES

NOTE 1

BASIS OF PREPARATION

The unaudited interim report has been prepared in accordance with IAS 34 and additional Danish disclosure requirements for listed companies.

Significant accounting estimates

The estimates made by STG in the determination of the carrying amounts of assets and liabilities are based on assumptions that are subject to future events. For a description of risks and accounting estimates, see the Annual Report for 2018.

Accounting policies

The interim report has been prepared in accordance with the accounting policies set out in the Annual Report for 2018 except for the implementation of IFRS 16 'Leases' as well as new accounting policies on special items.

IFRS 16 Leases

IFRS 16 replaces IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement Contains a Lease', SIC-15 'Operating Leases-Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.

The standard is effective as of 1 January 2019. The Group has used the modified retrospective approach to implement the standard and the comparative figures have not been restated. The cumulative effect of applying the standard has been recognised as of 1 January 2019. At initial recognition, right-of-use assets are measured at an amount equal to the lease liability, which is measured at the present value of future lease payments. STG will not apply IFRS 16 to short-term leases and low-value leases.

Opening balance sheet impact of IFRS 16

DKK million	Opening IFRS 16 adjustment	31 Mar 2019
Right-of-use assets (included in property, plant and equipment)	246.2	235.7
Lease liabilities, non-current (separate line in balance sheet)	165.7	156.9
Lease liabilities, current (separate line in balance sheet)	80.5	78.2

At inception of a contract, STG assess whether the contract is, or contains, a lease. Based on the contract the right-of-use asset and the lease liability is recognised at commencement of the lease. The initial measurement of the right-of-use asset is at cost and comprises the initial value of the lease liability and lease payments made at or before the commencement date. The right-of-use assets are depreciated on a straight-line basis over the shorter period of the lease term or the useful life of the underlying asset. The carrying amounts are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by depreciation.

The lease liabilities are initially measured at the present value of lease payments that are not paid at the commencement date. Lease payments include fixed payments and variable payments that depend on an index such as an inflation index as well as lease payments from an extension option that STG considers reasonably certain to be exercised.

NOTE 1 (continued)**Impact of IFRS 16 on financials**

The implementation of IFRS 16 has impacted the Group's financial statements as the majority of contracts previously classified as off-balance operating leases under IAS 17 have now been capitalised as right-of-use assets (included in property, plant and equipment) and lease liabilities.

'EBITDA before special items' have increased, as previous operating lease expenses are now being reported as depreciation of the right-of-use asset and interest expenses for the financial liability.

The impact on 'net profit' will be limited to a timing impact due to frontloading of interest expenses.

'Net cash flow' is not impacted as the increase in 'cash flow from operating activities' is offset by the increase in cash outflow from 'cash flow from financing activities'.

The impact from IFRS 16 on Group figures in Q1 2019 and pro forma comparison figures for the same period last year is stated below.

<i>DKK million</i>	<i>Q1 2019 reported</i>	<i>IFRS 16 impact</i>	<i>Q1 2019 excluding IFRS 16</i>	<i>Q1 2018 reported</i>	<i>Pro forma IFRS 16 adj.</i>	<i>Q1 2018 Pro forma restated</i>
EBITDA before special items	239.3	-21.8	217.5	198.6	19.1	217.7
Depreciation	-53.2	21.4	-31.8	-29.1	-18.7	-47.8
EBIT before special items	142.4	-0.4	142.0	127.8	0.4	128.2
Free cash flow before acquisitions	72.2	-21.8	50.4	-76.3	19.1	-57.2
Total assets	13,865.7	-235.7	13,630.0	-	-	-
Net interest-bearing debt	2,801.3	-235.1	2,566.2	-	-	-
EBITDA margin before special items	16.3%		14.9%	15.5%		16.9%

NOTE 1(continued)**Special items**

As of January 1, 2019 STG recognise 'Special items' on a separate line item in the Income Statement. Previously 'Special items' were recognised as part of the line items in the Income Statement based on the nature of the items.

The change in presentation for 'Special items' is to improve the transparency and understanding of the Group's financial statements by separating the special items from the core performance.

Special items are by nature of a significant character and comprise restructuring costs from larger structural and M&A reorganisations, M&A transaction costs, impairment losses, gains or losses from sale of assets and other non-recurring items.

The impact on Q1 2019 and the restated comparison figures for the same period last year is stated below.

<i>DKK million</i>	<i>Q1 2019 New ac- counting policies</i>	<i>Q1 2019 Special items</i>	<i>Q1 2019 Previous accoun- ting poli- cies</i>	<i>Q1 2018 New ac- counting policies</i>	<i>Q1 2018 Special items</i>	<i>Q1 2018 Previous accoun- ting poli- cies</i>
Net sales	1,463.7	-	1,463.7	1,285.1	-	1,285.1
Cost of goods sold	-779.3	-2.1	-781.4	-672.3	-	-672.3
Gross profit before special items	684.4	-2.1	682.3	612.8	-	612.8
Other external costs	-256.0	-5.6	-261.6	-224.7	-2.6	-227.3
Staff costs	-189.1	-15.9	-205.0	-189.5	-0.5	-190.0
EBITDA before special items new¹	239.3	-	-	198.6	-	-
EBITDA previous²	-	-23.6	215.7	-	-3.1	195.5
Depreciation	-53.2	-	-53.2	-29.1	-	-29.1
Amortisation	-43.7	-	-43.7	-41.7	-	-41.7
EBIT before special items new³	142.4	-	-	127.8	-	-
Special items, costs	-23.6	23.6	-	-3.1	3.1	-
EBIT previous⁴	118.8	-	118.8	124.7	-	124.7
Share of profit of associated companies, net of tax	4.0	-	4.0	4.3	-	4.3
Financial income	18.4	-	18.4	13.6	-	13.6
Financial costs	-22.4	-	-22.4	-28.7	-	-28.7
Profit before tax	118.8	-	118.8	113.9	-	113.9
Income taxes	-26.0	-	-26.0	-26.0	-	-26.0
Net profit for the period	92.8	-	92.8	87.9	-	87.9

1. Earnings before interest, tax, depreciation, amortisation and special items.

2. Earnings before interest, tax, depreciation and amortisation.

3. Earnings before interest, tax and special items.

4. Earnings before interest and tax.

NOTE 1 (continued)**Special items (continued)**

The impact on the restated full year 2018 is stated below.

<i>DKK million</i>	<i>2018 New ac- counting policies</i>	<i>2018 Special items</i>	<i>2018 Previous accoun- ting poli- cies</i>
Net sales	6,717.5	-	6,717.5
Cost of goods sold	-3,498.1	-18.5	-3,516.6
Gross profit before special items	3,219.4	-18.5	3,200.9
Other external costs	-1,161.7	-44.8	-1,206.5
Staff costs	-753.4	-152.3	-905.7
EBITDA before special items new¹	1,304.3	-	-
EBITDA previous²	-	-215.6	1,088.7
Depreciation and impairment	-116.7	-10.4	-127.1
Amortisation and impairment	-184.1	-40.0	-224.1
EBIT before special items new³	1,003.5	-	-
Special items, costs	-266.0	266.0	-
EBIT previous⁴	737.5	-	737.5
Share of profit of associated companies, net of tax	16.7	-	16.7
Financial income	55.0	-	55.0
Financial costs	-92.4	-	-92.4
Profit before tax	716.8	-	716.8
Income taxes	-51.3	-	-51.3
Net profit for the period	665.5	-	665.5

1. Earnings before interest, tax, depreciation, amortisation and special items.

2. Earnings before interest, tax, depreciation and amortisation.

3. Earnings before interest, tax and special items.

4. Earnings before interest and tax.

NOTE 2**SEGMENT INFORMATION AND NET SALES**

As a part of the Group's transformational program, Fuelling the Growth¹ that realigned commercial resources in four new divisions, the reportable segments have as of Q1 2019 been changed from five to four. This is to align to the new internal reporting structure, which is provided to the Executive Board. The Executive Board is considered to be the chief operating decision maker.

The Group has as of Q1 2019 combined pipe tobacco and fine-cut tobacco into one category, 'smoking tobacco'.

Comparison figures for segments and categories have been restated.

The four new segments are:

North America Online & Retail includes direct to consumer sales of all product categories sold via the online, catalogue and retail channel in North America. The division holds the overall Group responsibility for sales and marketing activities of all products and sales within the division.

North America Branded includes sales of all product categories to wholesalers and distributors that supply retail in North America. The division holds the overall Group responsibility for product development, sales and marketing activities of all products and sales within the division.

Region Machine-Made Cigars includes sales of all product categories to wholesalers and distributors that supply retail. Machine-made cigars make up the majority of divisional net sales and also dominates sales in the main markets in the division, which are France, Belgium, the UK, Spain and the Netherlands. The division holds the overall Group responsibility for product development, sales and marketing activities of machine-made cigars outside North America.

Region Smoking Tobacco & Accessories includes sales of all product categories to wholesalers and distributors that supply retail. Main markets are Australia, Germany, Denmark and Norway. The division holds the overall Group responsibility for product development, sales and marketing activities of smoking tobacco (pipe tobacco and fine-cut tobacco) and accessories outside North America.

Operating expenses that are not directly inherent in the divisions are to some extent allocated to the divisions based on allocation keys defined by activities or other relevant components. Certain costs relating to Group functions are managed on Group level. These items are not included in the reportable divisions and therefore reported as 'Group costs'.

Depreciation, amortisation, special items, share of profit of associated companies, net of tax and financial items are not allocated to the different segments.

No operating segments have been aggregated to form the reported business segments.

No assets and liabilities are allocated to segments in the internal reporting.

1) For further details around Fuelling the Growth please refer to the 2018 Annual Report.

NOTE 2

SEGMENT INFORMATION AND NET SALES (continued)

Q1 2019 DKK million	North America Online & Retail	North America Branded	Region MMC	Region ST&A	Group costs / not allo- cated	Total
Net sales	496.5	256.7	347.8	362.7	-	1,463.7
Cost of goods sold	-314.6	-109.3	-170.9	-184.5	-	-779.3
Gross profit before special items	181.9	147.4	176.9	178.2	-	684.4
Staff and other external costs	-131.9	-102.0	-113.2	-77.1	-20.9	-445.1
EBITDA bef. special items	50.0	45.4	63.7	101.1	-20.9	239.3
Depreciation					-53.2	-53.2
Amortisation					-43.7	-43.7
EBIT before special items					-117.8	142.4
Special items, costs					-23.6	-23.6
EBIT					-141.4	118.8
Share of profit of associated companies, net of tax					4.0	4.0
Financial income					18.4	18.4
Financial costs					-22.4	-22.4
Profit before tax					-141.4	118.8

Q1 2018 excl. IFRS 16 DKK million	North America Online & Retail	North America Branded	Region MMC	Region ST&A	Group costs / not allo- cated	Total
Net sales	296.8	271.0	357.2	360.1	-	1,285.1
Cost of goods sold	-185.2	-119.9	-179.9	-187.3	-	-672.3
Gross profit before special items	111.6	151.1	177.3	172.8	-	612.8
Staff and other external costs	-79.1	-109.2	-126.7	-75.3	-23.9	-414.2
EBITDA bef. special items	32.5	41.9	50.6	97.5	-23.9	198.6
Depreciation					-29.1	-29.1
Amortisation					-41.7	-41.7
EBIT before special items					-94.7	127.8
Special items, costs					-3.1	-3.1
EBIT					-97.8	124.7
Share of profit of associated companies, net of tax					4.3	4.3
Financial income					13.6	13.6
Financial costs					-28.7	-28.7
Profit before tax					-108.6	113.9

NOTE 2**SEGMENT INFORMATION AND NET SALES (continued)**

DKK million	Q1 2019	Q1 2018
Category split, net sales		
Handmade cigars	521.8	371.0
Machine-made cigars	484.2	472.3
Smoking tobacco	234.8	221.6
Accessories and CMA	222.9	220.2
Total net sales	1,463.7	1,285.1

Licence income and other sales of DKK 9.2 million (DKK 5.2 million) are included in the category 'Accessories and Contract Manufacturing'.

Geographical split, net sales

Americas	757.6	587.1
Europe	577.3	563.4
Rest of World	128.8	134.7
Total	1,463.7	1,285.1

In the table above, sales to external customers are attributed to the country of the customers' domicile.

NOTE 3**SPECIAL ITEMS**

DKK million	Q1 2019	Q1 2018
Integration and transactions costs (Thompson Cigar)	10.0	3.1
Fuelling the Growth program	13.6	-
Total	23.6	3.1