



# TURNING POINT BRANDS TO ACQUIRE FIVE SMOKELESS TOBACCO BRANDS

NYSE **TPB**

**\$31.62** ▼ \$-0.17

08/05/2020 04:00 PM EDT  
Price is delayed by 15 mins

November 04, 2016

LOUISVILLE, Ky.--(BUSINESS WIRE)-- Turning Point Brands, Inc. (NYSE: TPB), a leading provider of Other Tobacco Products (OTP) through brands such as Stoker's, Zig-Zag and Primal, today announced that it has signed a definitive agreement to acquire four chewing tobacco brands and a twist tobacco brand from Wind River Tobacco Company (WRTC) for approximately \$2.5 million.

The addition of the WRTC chewing tobacco brands – with a collective market share of more than 2% – will boost Turning Point Brands' chewing tobacco market share from 25.7%<sup>1</sup> in the second quarter to an estimated 27.7%. Turning Point Brands is currently the #2 marketer of chewing tobacco.

Subject to customary closing conditions and approvals, the transaction is expected to close before year end. Terms were not disclosed.

The purchase adds WRTC's discount chewing tobacco brands (Big Mountain®, Appalachia™, Black Mountain® and Springfield Standard®) to Turning Point Brands' chewing tobacco portfolio, which includes Stoker's® (the #2 brand); Beech-Nut® (#6 brand); and Trophy® (#8 brand). WRTC's chewing tobacco brands have been available primarily in the Central and South Atlantic regions of the U.S. TPB also acquired WRTC's twist tobacco brand, Snake River®. Concentrated in the Pacific Northwest, the brand expands TPB's OTP footprint into the twist tobacco market.

"We have articulated our strategy to acquire attractive brands and assets in the fragmented OTP market. With the acquisition of these strong regional brands, this is a great example of the robust opportunity for consolidation," said Larry Wexler, President and CEO of Turning Point Brands. "We see this as a 'plug-and-play' acquisition. These brands will allow us to leverage our company's core competencies in national distribution and sales force infrastructure, and we expect that future operating margins will reflect these strengths. With these brands currently available in only 25% of the market, we see a clear potential to make these products available to a much larger universe of chewing tobacco outlets."

Wexler continued, "We are delighted to acquire these quality WRTC brands that have demonstrated their appeal by attracting a loyal and growing base of consumers."

Following the transaction, WRTC will continue to focus on its smoking products business. President George Marks commented, "We're very pleased with the outcome of the transaction and believe Turning Point Brands is exceptionally well positioned to further accelerate the success we've achieved with these brands."

<sup>1</sup> Management Science Associates, Inc. ("MSAI") administers a proprietary information system that captures sales from approximately 1,000 wholesalers to over 250,000 retailers.

## About Turning Point Brands, Inc.

Louisville-based Turning Point Brands, Inc. (NYSE:TPB) is a leading U.S. provider of Other Tobacco Products ("OTP"). Through widely recognized brands such as Zig-Zag®, Beech-Nut® and Stoker's®, the company markets smokeless products (chewing tobacco and moist snuff), smoking products (premium cigarette papers and cigar products), new generation electronic products (e-cigarettes, vaporizers and E-Liquids), and new generation non-nicotine, non-tobacco products sold through the Primal™ brand. More information about the company is available at its corporate website, [www.turningpointbrands.com](http://www.turningpointbrands.com).

## About Wind River Tobacco Company

WRTC is a privately held company based in Springfield, Tenn.

## Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the federal securities laws. Forward-looking statements may generally be identified by the use of words such as "anticipate," "believe," "expect," "intend," "plan" and "will" or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. As a result, actual events may differ materially from those expressed in or suggested by the forward-looking statements. Any forward-looking statement made by TPB in this press release speaks only as of the date hereof. New risks and uncertainties come up from

time to time, and it is impossible for TPB to predict these events or how they may affect it. TPB has no obligation, and does not intend, to update any forward-looking statements after the date hereof, except as required by federal securities laws. Factors that could cause these differences include, but are not limited to:

declining sales of tobacco products, and expected continuing decline of sales, in the tobacco industry overall;

our dependence on a small number of third-party suppliers and producers;

the possibility that we will be unable to identify or contract with new suppliers or producers in the event of a supply or product disruption;

the possibility that our licenses to use certain brands or trademarks will be terminated, challenged or restricted;

to maintain consumer brand recognition and loyalty of our customers;

substantial and increasing U.S. regulation;

regulation of our products by the FDA, which has broad regulatory powers;

uncertainty related to the regulation and taxation of our NewGen products;

possible significant increases in federal, state and local municipal tobacco-related taxes;

possible significant increases in tobacco-related taxes;

possible increasing international control and regulation;

our reliance on relationships with several large retailers and national chains for distribution of our products;

intense competition and our ability to compete effectively;

significant potential product liability litigation;

the scientific community's lack of information regarding the long-term health effects of electronic cigarettes, vaporizer and e-liquid use;

our amount of indebtedness;

the terms of our credit facilities may restrict our current and future operations;

competition from illicit sources;

our reliance on information technology;

security and privacy breaches;

contamination of our tobacco supply or products;

infringement on our intellectual property;

third-party claims that we infringe on their intellectual property;

concentration of business with large customers;

failure to manage our growth;

fluctuations in our month-to-month results;

exchange rate fluctuations;

adverse U.S. and global economic conditions;

failure to comply with certain regulations; and

departure of key management personnel or our inability to attract and retain talent.

View source version on businesswire.com: <http://www.businesswire.com/news/home/20161104005892/en/>

Investment Community:  
Turning Point Brands, Inc.  
Mark A. Stegeman, 502-774-9238  
Senior Vice President, Chief Financial Officer  
[ir@tpbi.com](mailto:ir@tpbi.com)

or

Media:  
Mozaic Investor Relations, Inc.  
Terry McWilliams, 502-774-9238  
President  
[ir@tpbi.com](mailto:ir@tpbi.com)

Source: Turning Point Brands, Inc.

