



Swedish Match strategy



- Core organic growth initiatives
- Innovative organic growth platforms
- Pricing and mix

- Acquisitions and Divestitures

- Productivity
- Restructuring

- Balance sheet efficiency
- Operating capital improvements
- Share buy-back program

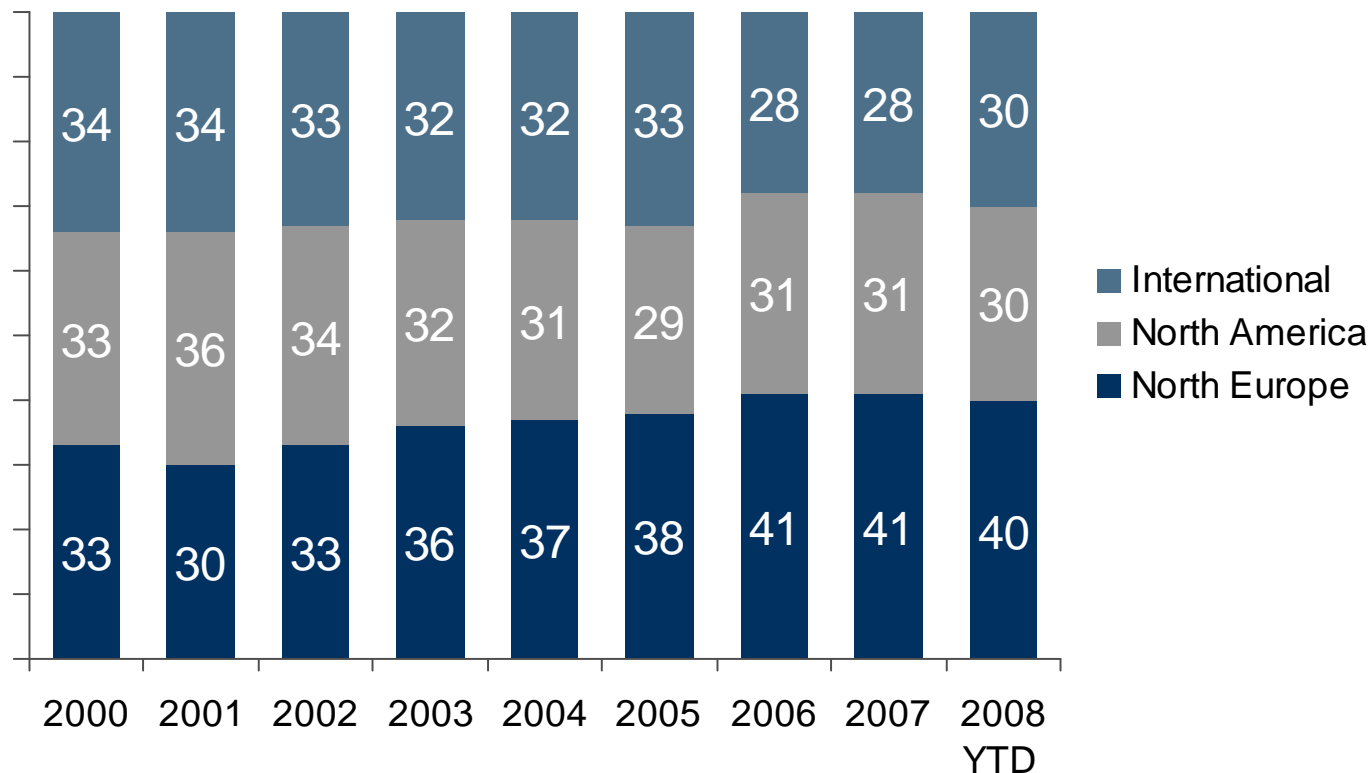
Market position by product segment

A company with worldwide sales, in more than 100 countries

- Snuff/Snus:
 - #1 in Scandinavia
 - #3 in the US
 - #2 in South Africa
- Cigars:
 - #1 in US premium
 - One of the largest in the world in sales value
- Chewing tobacco: #1 in the US
- Matches: A leader in many markets
- Lighters: Cricket is one of the better known brands

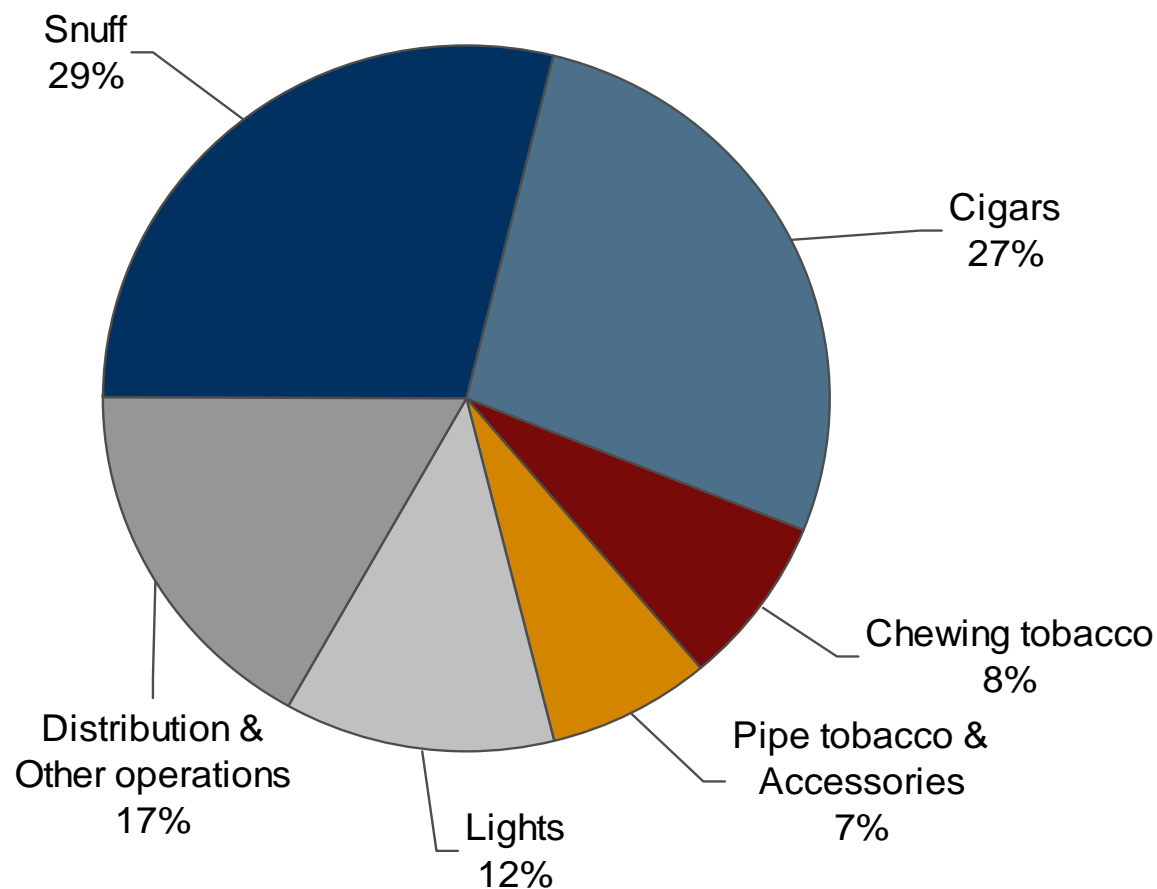
Sales by geographic division

Percent of sales (SEK)



Group sales split January – March 2008

Percentage split by product area, SEK



OTP*: 71%

* OTP = Other Tobacco Products

Conclusions from the first quarter

Results

- **Net Sales increased by 10 percent in local currencies, driven by strong snuff performance**
 - US snuff sales up 21 percent in local currency
 - Scandinavian snus sales up 32 percent, with volumes up 8 percent
 - Excluding hoarding/destocking effects, sales up, volumes down
- **Operating profit for snuff improved by 38 percent**
 - Strong year on year improvement of Scandinavian snuff margins on higher prices and volumes
 - Red Man national rollout from March supported by extensive marketing efforts, reducing margins in the US
- **Cigar sales up 9 percent in local currencies, from acquisitions**
 - Premium and US mass market down, while Europe flat ex-acquisitions
- **Weak cigar results for premium cigars excluding Cigars International, and for US mass market cigars**
 - low premium cigar volume from trade destocking and lower shipments to national accounts
 - phasing of new product activity for mass market cigars
- **Negative impact on sales and results from a continued weak USD**
 - Currency translation impact on sales: 100 MSEK

Conclusions from the first quarter

Markets (snuff and snus)

- **Snuff volumes in the US increased by 22% in Q1**
 - Red Man accounted for 15 percentage points of this increase
 - Red Man began national rollout phase in March
- **SM market shares* in the US continue to grow**
 - YTD March 22 was 11.7%, vs. 10.4% year earlier
 - YTD Red Man share 0.7%, and 0.8% in latest four weeks
- **SM total market share in Sweden was 87.6% in Feb/Mar***
 - Down from 89.6% in Feb/Mar 2007
- **SM share of premium snus in Sweden is still stable at 96.8%***
 - Virtually unchanged from Feb/Mar 2007 (97.0%)
- **Low price segment grew following price increases, now 21.5% of Swedish market**
 - SM share of low price 53.9%* (54.6% in Feb/Mar 2007)

* ACNielsen. Swedish shares are for the February/March period

Conclusions from the first quarter

- **Other Operations**
 - Higher structural costs following sale of Stockholm headquarters
- **Cash Flow**
 - Unusually high tobacco tax payments from year-end hoarding
- **Acquisitions/Investments**
 - Cigars International acquisition performing very well
 - Bogaert integration is going according to plan
- **Financial Policy**
 - Dividend policy: 40 – 60% of earnings per share
 - In 2007 dividend was 45% of EPS, up from 31% of EPS in 2006
 - Net debt not to exceed 3 times EBITA
- **Other issues**
 - Total smoking ban in public places in France from January 1, 2008
 - Smoking ban in the Netherlands from summer 2008, but already implemented in many areas

Outlook

- A positive development is foreseen for the remainder of 2008
 - ↳ Both underlying sales and operating profit for the Group are expected to improve compared to 2007
- For the product line snuff a continued volume and market share increase is expected in the US during 2008
- The Scandinavian snus business is expected to have improved sales and operating profit in 2008 versus prior year
- After a weak start in the first quarter, we expect both sales and operating profit in the cigar business to improve throughout the year
- The tax rate for 2008 is estimated to be around 20 percent

Group results January – March 2008

- Sales amounted to **2,818 MSEK (2,663)**
 - In local currency sales increased by 10%
 - Net currency translation negative impact of 100 MSEK
 - Sales for the Group excluding Swedish distribution increased by 12% in local currencies
- Operating profit amounted to **543 MSEK (534)**
 - In local currency operating profit increased by 6%
 - Lower hoarding and launch costs for snuff affect comparison
 - Net currency translation negative impact of 21 MSEK
- Profit before income tax amounted to **427 MSEK (468)**
- Net profit for the period amounted to **341 MSEK (332)**
- EPS was **1.34 SEK (1.23)**

Snuff



- The only company with significant **international** snuff operations
- Leading position in **Sweden** and **Norway**
- Well positioned in the value price segments in **the US**
- Second largest position in **South Africa**
- Production in **Sweden**, **the US** and in **South Africa**



Snuff

Scandinavian operating profit up on volume and pricing Red Man began national rollout in March

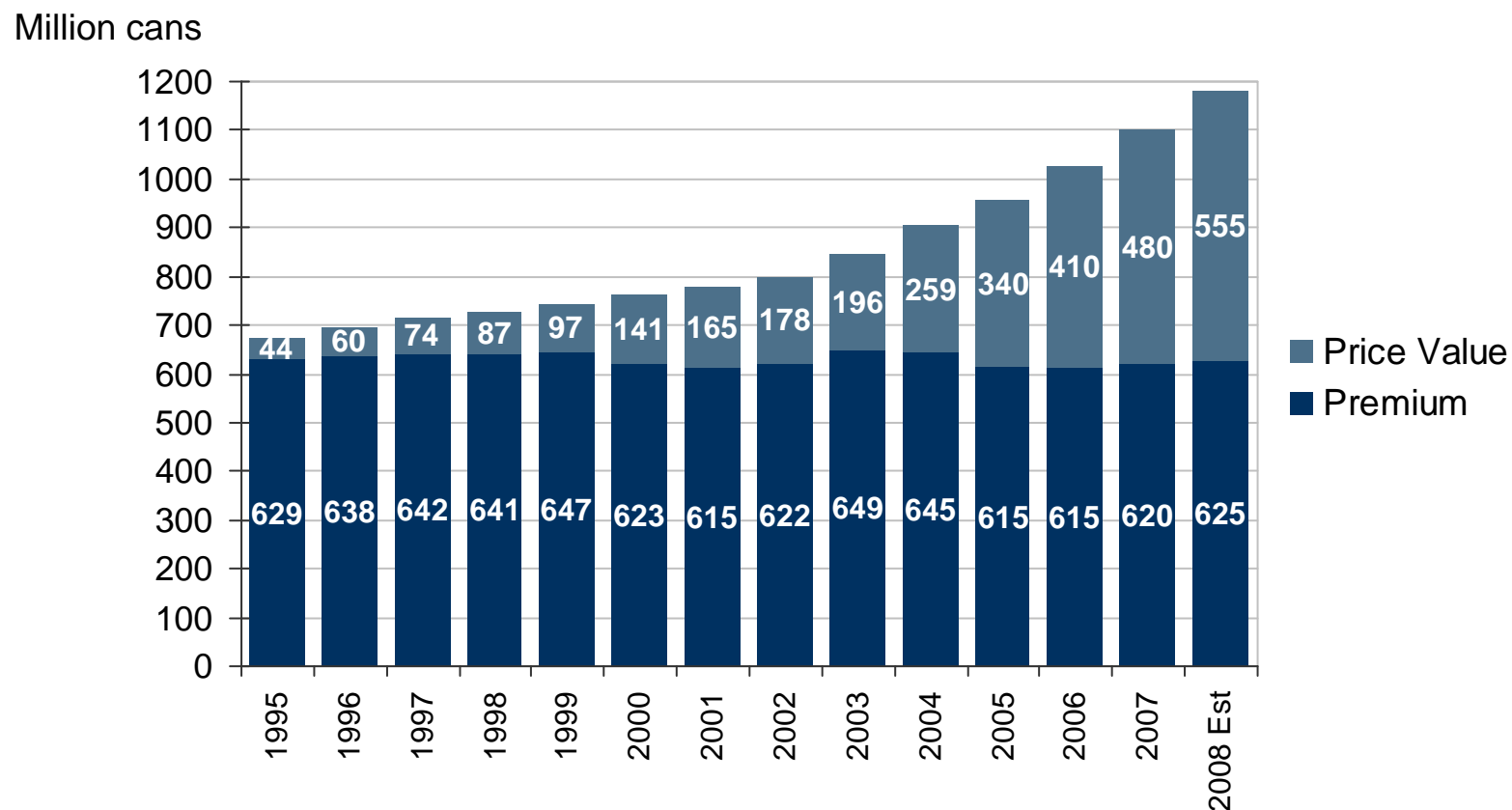
- North European division snus sales up 32%
 - Eliminating all hoarding/destocking effects, sales up an estimated 15%
- USD sales up 21% in US
- US snuff volumes up 22%
 - US snuff volumes up 7% for Longhorn and Timber Wolf
- Red Man began national expansion in March, supported by extensive marketing
- Higher margins in Scandinavia on volume and pricing
- Lower margins in US during this Red Man launch phase, which will last several months



MSEK	Q1-08	Q1-07	% chg	12 mos end. Mar. 31, 2008	Full year 2007	% chg
Sales	821	662	24	3,448	3,289	5
Operating profit	318	231	38	1,453	1,366	6
Operating margin, %	38.7	34.9		42.2	41.5	

Volume growth of snuff in the US

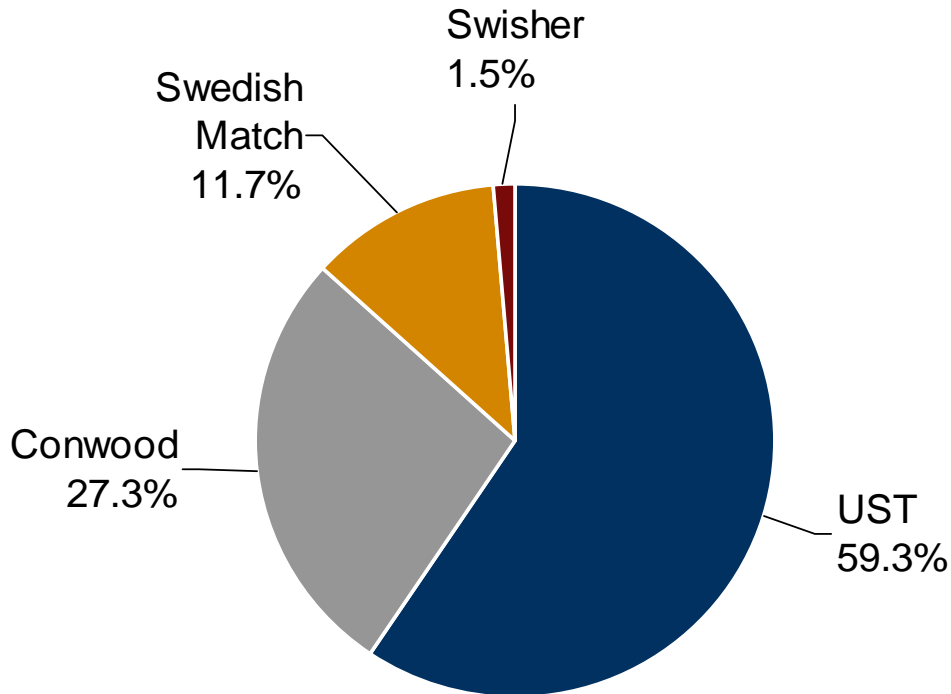
US snuff market by segment



Swedish Match estimated market size, using ACNielsen estimates as well as industry data and estimates

US moist snuff market shares

Volume share North America, YTD March 22



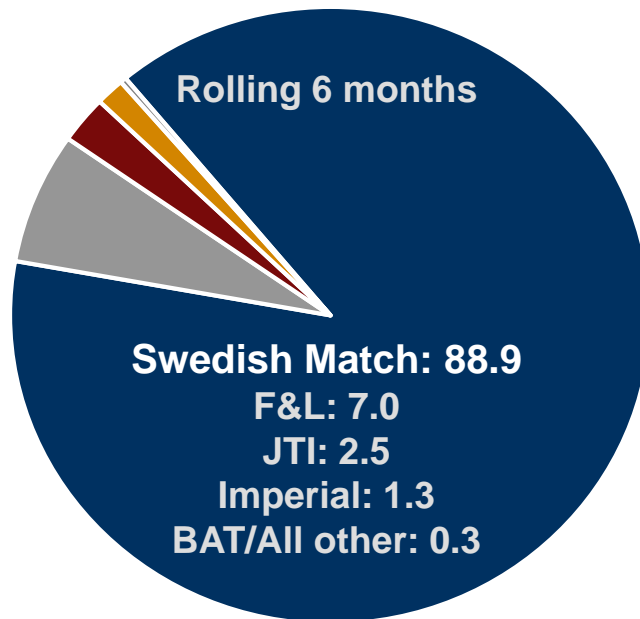
4 weeks ending
March 22

Swedish Match: 11.6
UST: 59.3
Conwood: 27.4
Swisher: 1.5

Source: ACNielsen

Swedish snus market shares

Volume share Sweden, rolling 6 months to March 2008



Source: ACNielsen

Swedish tax increases

- From January 1, 2008 weight based tax increased 37%
 - From 246 SEK/kg to 336 SEK/kg
- Effective January 1, 2008 Swedish Match raised prices and passed along the tax increase
 - Reduced premium loose can weights from 50g to 45g
 - Increased its own prices excluding the tax by 1.50 – 2 SEK per can on most products
 - Retail prices increased by 20 – 30 percent in most cases, with more significant increases for low priced products
- Consumption declines are expected throughout the year, but moderating as the year progresses.

Cigars

- Swedish Match is one of the world's largest producers and distributors of cigars and cigarillos
- The largest markets are **North America** and **Western Europe** where about three-fourths of all cigars are sold
- Production in **Belgium**, **Dominican Republic**, **Indonesia**, **Honduras** and the **US**



Cigars

Cigars International and Bogaert account for most of the sales growth

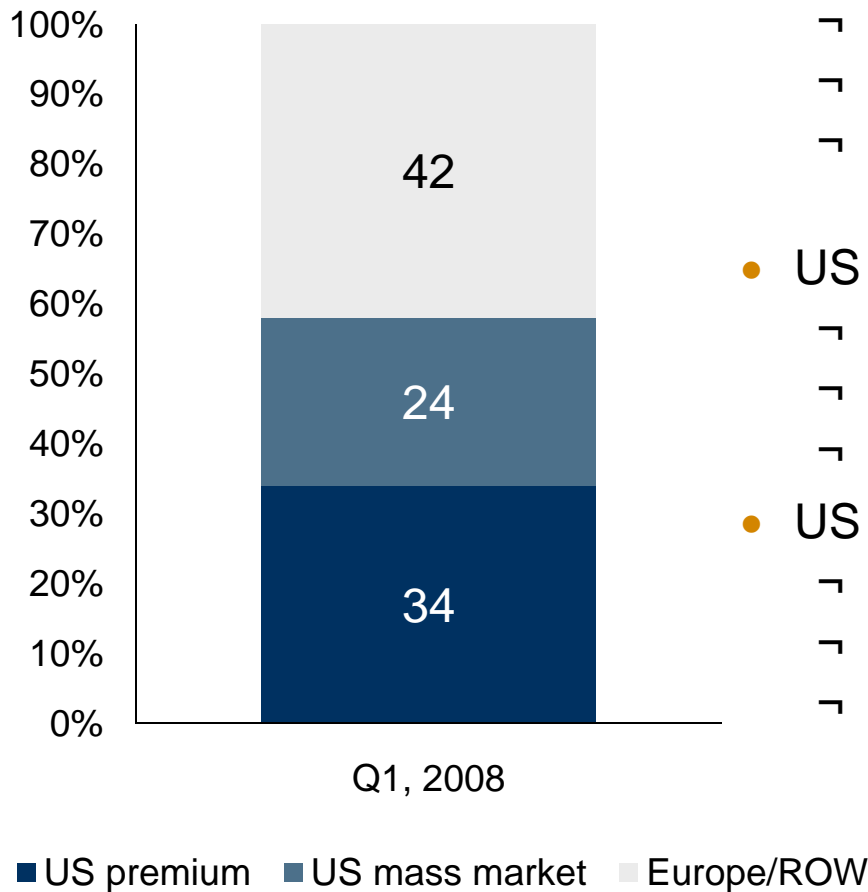
- Q1 sales increased 9% in local currency, from acquired businesses
- US premium sales in Q1 were down 25 percent in USD, excluding Cigars International, due to trade destocking and lower shipments to national accounts
- US mass market sales down in USD mainly due to difficult comparisons
- European cigar sales excluding Bogaert were flat despite difficult conditions in some markets
- Operating profit down due to mix and currency effects, some increased marketing spending, and lower premium cigar volumes
- Smoking bans become more restrictive in France and Netherlands during 2008



MSEK	Q1-08	Q1-07	% chg	12 mos end. Mar. 31, 2008	Full year 2007	% chg
Sales	757	735	3	3,433	3,411	1
Operating profit	112	164	-32	684	737	-7
Operating margin, %	14.8	22.3		19.9	21.6	

Cigars

Sales split (SEK)



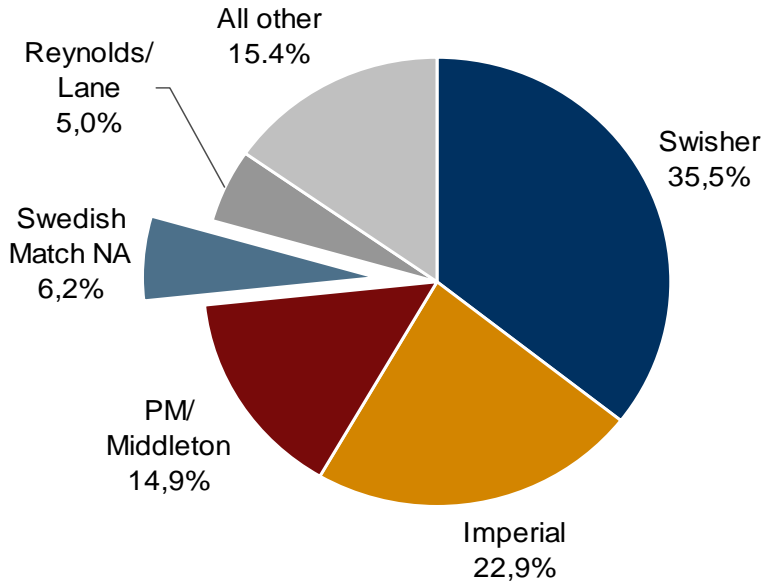
- Europe and other non-US:
 - 13-15% market share* in Europe
 - 5 billion stick market (Europe)
 - Long term market volume trend: stable to slightly down
- US mass market:
 - 6.2% volume share*
 - 5-6 billion stick market
 - Long term volume trend: up
- US premium:
 - 30-35% market share*
 - 320 million stick market
 - Long term market volume trend: stable, but with fluctuations year to year

* Source: Swedish Match estimates for Europe (excl UK) and US premium cigars. AC Nielsen for US mass market

Cigars

North America, mass market YTD March 22

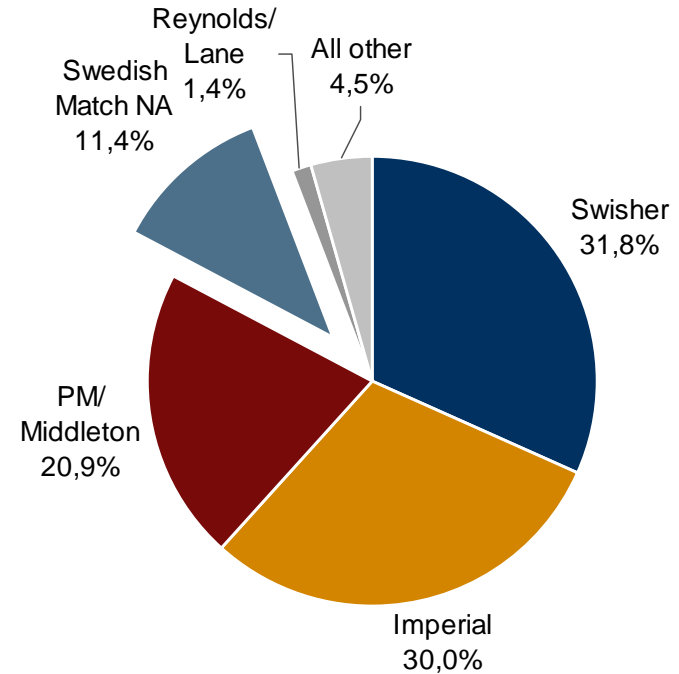
VOLUME share



4 weeks ending
March 22

Swedish Match: 6.2

VALUE share (USD)



4 weeks ending
March 22

Swedish Match: 11.4

Source: ACNielsen, percentages may not add up to 100% due to rounding

Chewing tobacco

US sales down 2%, operating profit up 7% YTD in local currency

Nearly all chewing tobacco sales are in *the US*

Swedish Match is the largest producer of chewing tobacco in *the US*

Production in *the US*

The market typically declines by 5 - 8% per year in volume

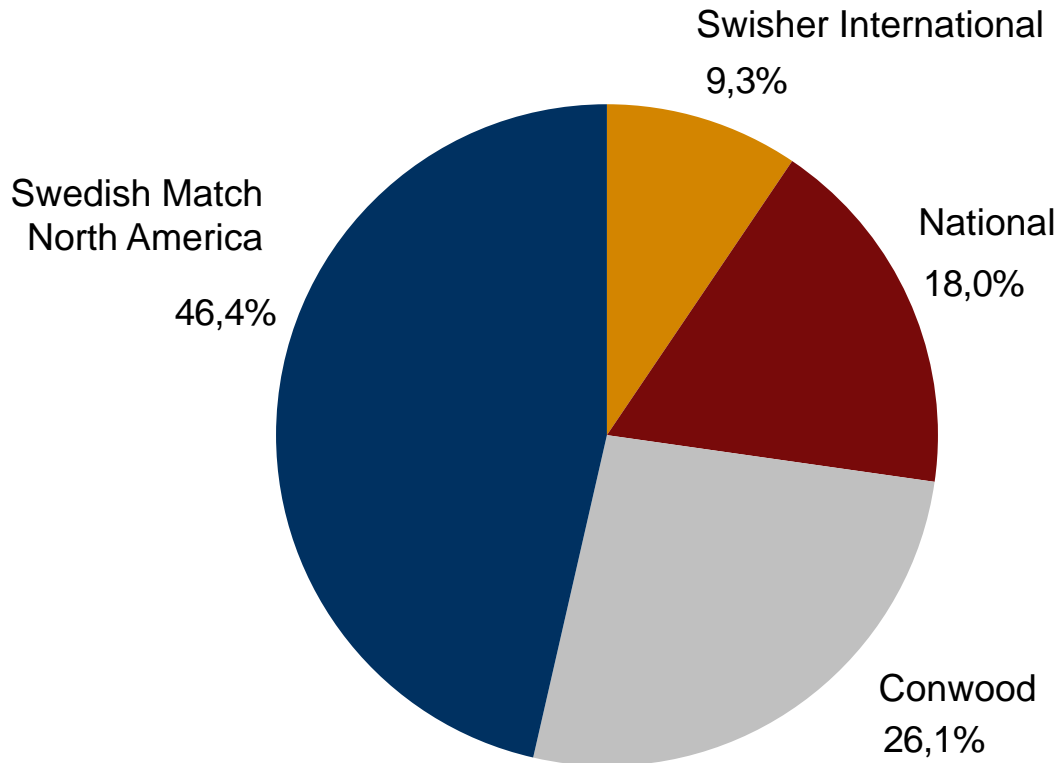


- Improved pricing partially offset shipment volume declines, with USD sales down 2% YTD
- Operating margins up year on year
- Market shares at 46.4% for the year to date through March 22
- Price increase of 5% in December, 2007

MSEK	Q1-08	Q1-07	% chg	12 mos end. Mar. 31, 2008	Full year 2007	% chg
Sales	210	238	-12	928	956	-3
Operating profit	69	72	-4	309	312	-1
Operating margin, %	32.7	30.1		33.3	32.7	

Chewing tobacco

Volume share North America, YTD March 22



4 weeks ending
March 22

Swedish Match: 46.3
Conwood: 26.6
National: 18.0
Swisher: 9.2

Source: ACNielsen

Pipe tobacco and Accessories

Sales and operating profit up in local currencies

Swedish Match is one of the world's largest producers of pipe tobacco

The largest market for Swedish Match is **South Africa**, other important markets are in **North America** and **Europe**

Production in **the US** and in **South Africa**



- **South Africa accounts for approximately two thirds of pipe tobacco sales**
- **Sales and operating profit negatively affected by currency translation (ZAR)**
- **In local currencies, sales and operating profit up 6 percent**
- **Volume declines in most markets**

MSEK	Q1-08	Q1-07	% chg	12 mos end. Mar. 31, 2008	Full year 2007	% chg
Sales	198	205	-3	844	851	-1
Operating profit	51	56	-7	196	201	-2
Operating margin, %	26.0	27.1		23.3	23.6	

Lights

Sales steady, profit slightly down on mix

Swedish Match is market leader in many markets. The brands are mainly local and strong in their respective home countries

Main markets are *Europe* and *Latin America*

Production in *Sweden, Brazil, the Netherlands, and the Philippines*



- Sales in Q1 up 2%, flat in local currencies
- Lower sales of higher margin product in some countries had a slight negative effect on the result (mix effect)

MSEK	Q1-08	Q1-07	% chg	12 mos end. Mar. 31, 2008	Full year 2007	% chg
Sales	347	340	2	1,480	1,473	1
Operating profit	54	57	-5	249	252	-1
Operating margin, %	15.5	16.8		16.8	17.1	

P & L summary

MSEK	January – March 2008	January – March 2007	Percent change	12 mos end. Mar 31, 2008	Full year 2007	Percent change
Sales	2,818	2,663	6	12,706	12,551	1
Cost of sales	-1,434	-1,368		-6,645	-6,578	
Gross profit	1,384	1,295	7	6,061	5,973	1
Sales and adm. expenses*	-838	-762		-3,053	-2,976	
Share of profit in equity accounted investees	-3	0		-2	1	
Operating profit	543	534	2	3,006	2,997	0
Financial income	40	36		169	165	
Financial expenses	-156	-102		-555	-501	
Net finance cost	-116	-66		-386	-336	
Profit before income taxes	427	468	-9	2,621	2,662	-2
Income tax expense	-85	-136		-556	-606	
Net profit for the period	341	332	3	2,065	2,056	0
<i>Attributable to:</i>						
Equity holders of the Parent	341	332		2,064	2,055	
Minority interests	0	0		1	1	
Profit for the period	341	332	3	2,065	2,056	0
EPS, basic, SEK	1.34	1.23		7.97	7.82	
EPS, diluted, SEK	1.33	1.22		7.95	7.80	

* Including a gain of 267 MSEK from sale of head office buildings in Stockholm during the fourth quarter 2007

Balance sheet

MSEK	Mar 31, 2008	Dec 31, 2007
Intangible fixed assets	4,058	4,419
Property, plant and equipment	2,291	2,388
Financial fixed assets	976	1,011
Current operating assets*	4,614	5,204
Other current investments	5	5
Cash and cash equivalents	2,324	3,439
Total assets	14,268	16,467
Equity attributable to equity holders of the Parent	-18	720
Minority interests	4	4
Total equity	-15	724
Non-current provisions	1,309	1,292
Non-current loans	8,669	8,768
Other non-current liabilities	538	567
Current provisions	39	60
Current loans	918	1,271
Other current liabilities	2,810	3,785
Total equity and liabilities	14,268	16,467

* Includes assets held for sale amounting to 7 MSEK (0).

Cash flow in summary

MSEK	January – March	
	2008	2007
Cash flow from operating activities before changes in working capital	391	400
Cash flow from changes in working capital	-413	-365
Net cash from operating activities	-22	34
Acquisition of property, plant and equipment*	-73	-124
Proceeds from sale of property, plant and equipment	30	16
Acquisition of intangible assets	-	-34
Acquisition of subsidiaries, net of cash acquired	-4	-
Changes in financial receivables etc.	-6	47
Changes in current investments	0	1
Net cash used in investing activities	-53	-94
Changes in loans	-408	740
Repurchase of own shares, net	-497	-1,243
Stock options exercised	61	122
Other	-138	14
Net cash used in financing activities	-983	-367
Net decrease in cash and cash equivalents	-1,057	-427
Cash and cash equivalents at the beginning of the period	3,439	3,042
Effect of exchange rate fluctuations on cash and cash equivalents	-59	26
Cash and cash equivalents at the end of the period	2,324	2,641

* Includes investments held for sale and biological assets

Key data

MSEK	January – March	
	2008	2007
Operating margin, %*	19.3	20.0
Operating capital	8,213	8,486
Net debt	7,600	6,800
EBITDA, MSEK*	655	642
EBITA, MSEK*	577	566
EBITA interest cover	5.4	8.4
Net debt/EBITA , rolling 12 months/full year	2.6	2.5
Share data*		
Earnings per share, basic, SEK	1.34	1.23
Earnings per share, diluted, SEK	1.33	1.22
Average numbers of shares outstanding (Mio)	255.3	270.2
Shares outstanding, end of period (Mio)	253.1	265.8

* Please refer to notes in the interim report January – March 2008

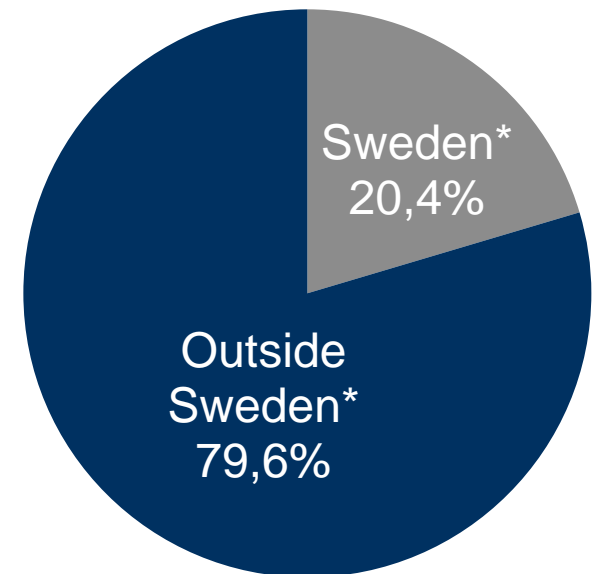
Largest shareholders

As per March 31, 2008

Largest shareholders*:

Parvus Asset Management	10.4 %
Wellington Management Company	9.9 %
Morgan Stanley Investment Mgmt	5.6 %
Swedbank Robur Funds	1.5 %
SHB/SPP Funds	1.4 %
Third Swedish National Pension Fund	1.1 %
Govt of Singapore Inv Corp	1.0 %
Second Swedish National Pension Fund	1.0 %
First Swedish National Pension Fund	0.9 %
SEB Funds	0.9 %
	<hr/>
	33.7 %

53,820 shareholders



Source: VPC (official registry) and SIS Ägaranalys, percent of share capital excluding Swedish Match shares held in treasury

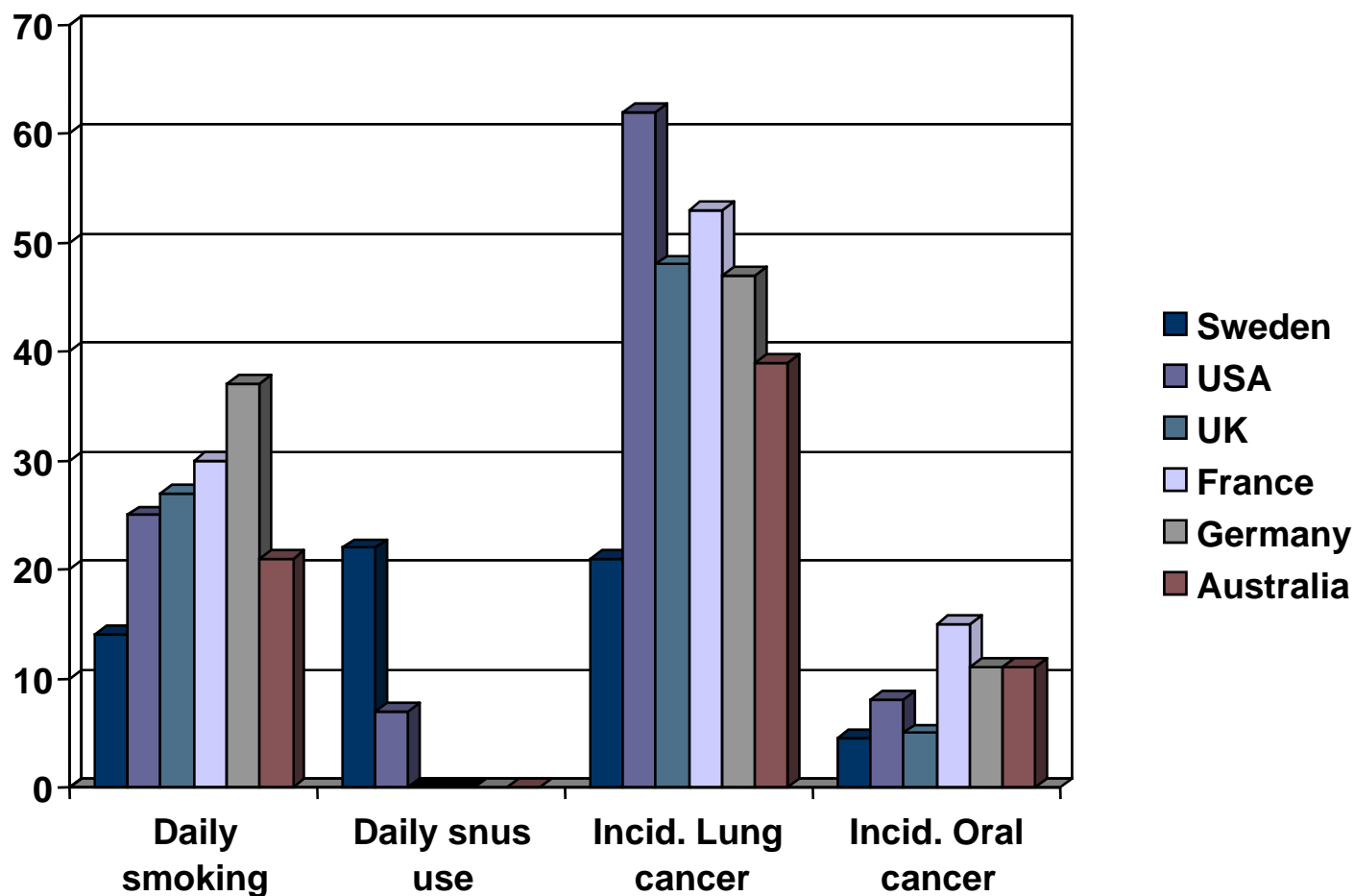
* Percent split of share capital held, excluding Swedish Match shares held in treasury

The Swedish Experience

- In Sweden, total tobacco consumption is similar to other European countries due to the combined prevalence of smoking and snus
- However, Sweden is the only country in Europe to have met the World Health Organization's (WHO) objective of reducing the percentage of adult smokers to less than 20% (Swedish males 14%)
- Swedish males have favored Swedish snus over smoking and they have amongst the lowest prevalence of tobacco related diseases in the Western world; this is referred to as the Swedish experience
- The Swedish experience serves as a useful example to other countries who wish to reduce the incidence of tobacco smoking and related health issues since Sweden has:
 - Europe's **highest** per capita consumption of smokeless tobacco
 - **Lowest** cigarette consumption in Europe
 - **Lowest** lung cancer mortality rate in Europe
 - **Lowest** percentage of smoking-related deaths among developed countries
 - Among the **lowest** oral cancer mortality rate in Europe

The Swedish Experience

Reduced number of tobacco related diseases

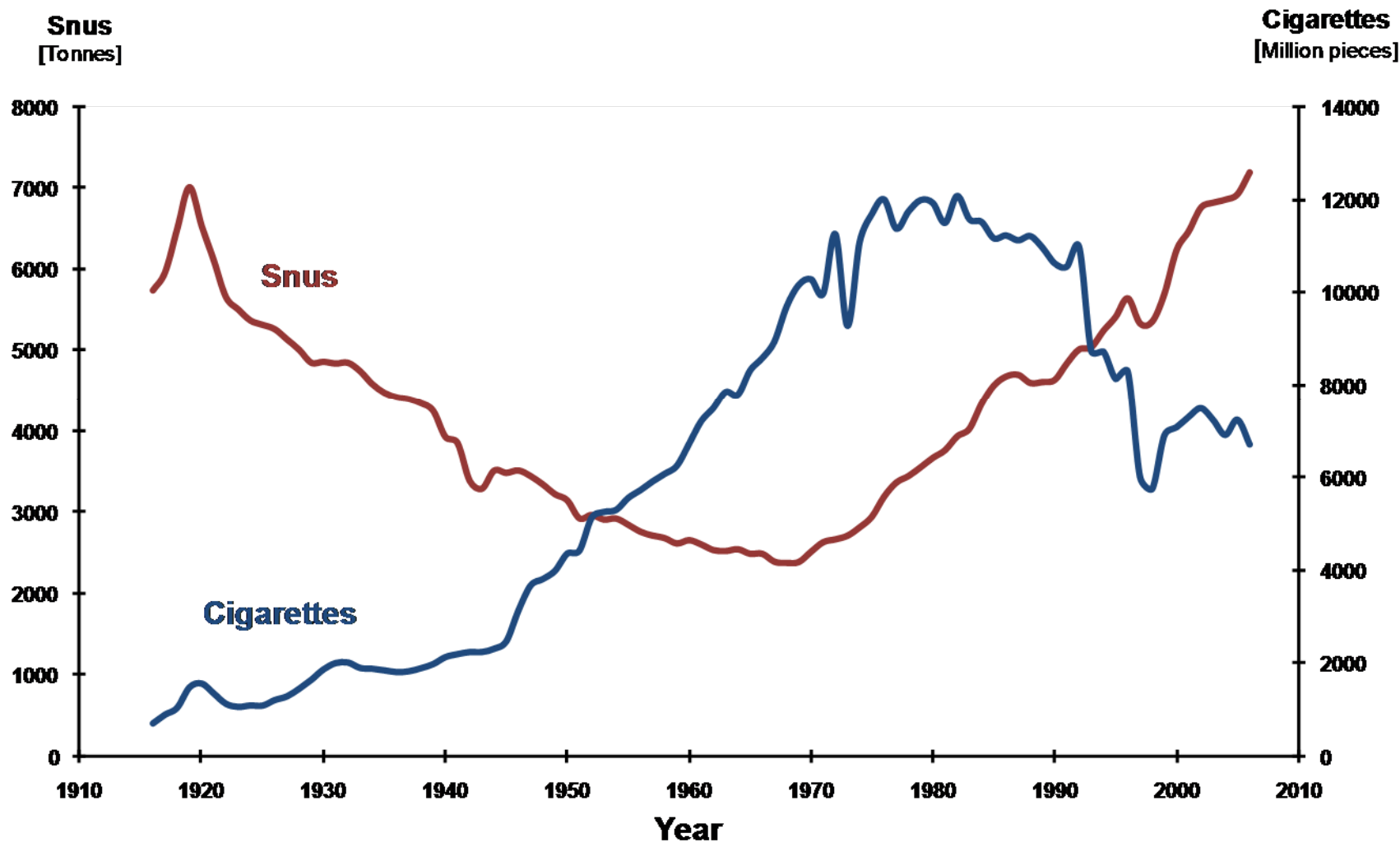


Sources: Cancer; WHO/IARC GLOBOCAN 2002. Tobacco use, latest available official figures.

(1) Incidence (new cases) per 100,000 inhabitants. ASR, age standardised rates, based on world standard population (W).

Snus vs cigarettes in Sweden

Sales of snus and cigarettes in Sweden 1916-2007



Source: Swedish Match