

# January – September 2009

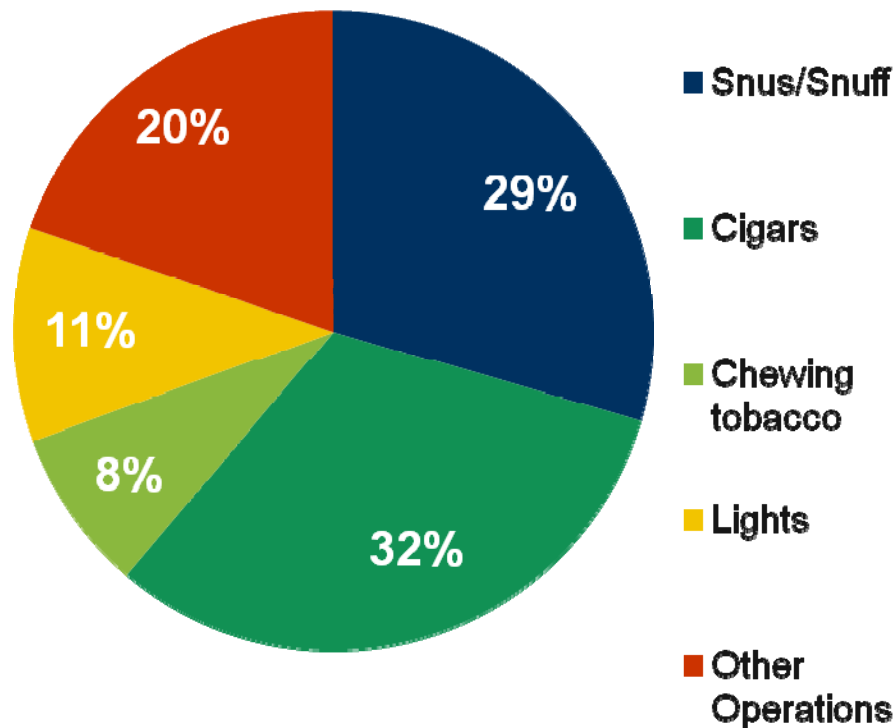
Investor Kit



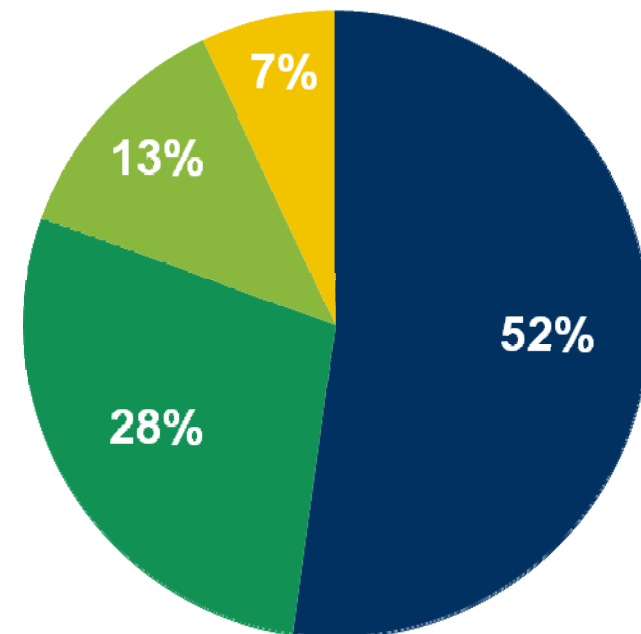
# Group sales and operating profit\*

January – September 2009

Sales split, SEK



Operating profit\*\* split, SEK

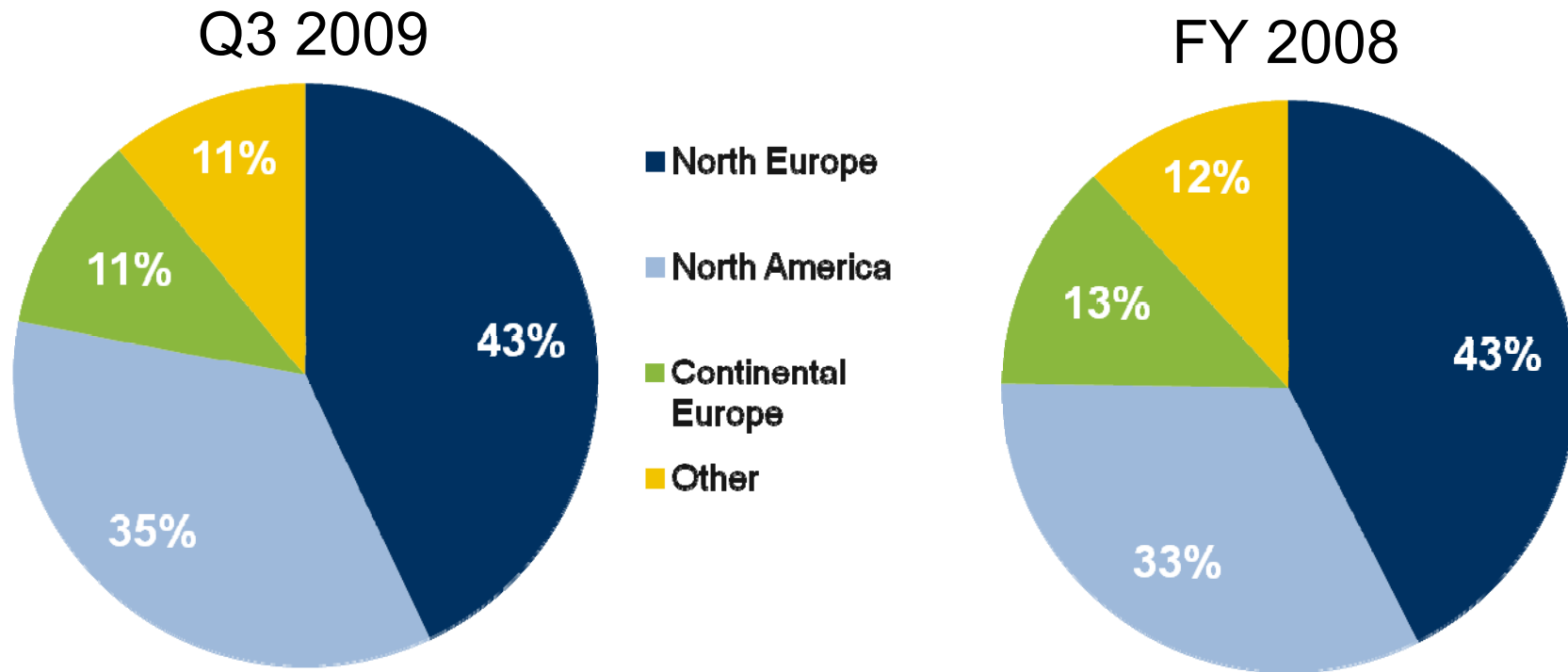


\* From continuing operations (excludes South African operations). Totals may not add to 100% due to rounding

\*\* Excluding Other Operations

# Sales by currency block\*

Percent of sales, SEK



\* From continuing operations (excludes South African operations). Totals may not add to 100% due to rounding

# Conclusions from the third quarter - sales

- **Sales\*** up 10 percent, up 3 percent in local currencies
- **Scandinavian snus** sales up 9 percent, on 2 percent higher volume
  - Volume growth in Sweden more than offset declines in Travel/Retail and declines in deliveries to the distributor in Norway
- **US snuff** sales up 12 percent in USD, on 13 percent higher volume
  - Led by continued strong growth of *Longhorn*, and supported by launch of *Longhorn pouches*
- **Cigar** sales increased by 14 percent, up 1 percent in local currencies
  - US cigar sales down 3 percent in local currencies, with higher machine made and mail order/Internet premium cigar sales substantially offsetting lower sales to premium cigar retailers
  - European cigar sales up 9 percent in local currencies on higher volumes
- **Chewing tobacco** sales up 18 percent, up 2 percent in USD
- **Lights** sales down 3 percent

\* From continuing operations (excludes South African operations)

# Conclusions from the third quarter

- **Operating profit\* increased by 8 percent, and by 3 percent in local currencies**
  - Snuff operating margin was 48.8 percent, vs. 49.7 percent previous year and 42.6 percent in Q2 09
    - Price increases at the end of June in both Sweden and the US
    - Impacted by stronger USD and a larger and more profitable US business
    - Higher product launch and marketing costs in Scandinavia vs. Q3 2008 (*Lab Series 01/02*, for example)
  - Cigar operating profit was up 2 percent, (down 5 percent in local currencies)
    - Excluding restructuring charges, operating margin was 22.1 percent
    - Operating profit increased by 14 percent in local currencies excluding the restructuring charge
  - Solid profitability for chewing tobacco
  - Operating profit for lights declined on lower volumes and price/mix effects. Q3 2008 included a capital gain of 9 MSEK.

\* Amounts exclude discontinued operations and the gain on the sale of South African operations, but includes cigar restructuring charges of 45 MSEK

# Conclusions from the third quarter

- **Tax rate for the Group was 21 percent for the first nine months**
  - Tax rate includes some smaller one time items
  - Full year tax rate for the Group's continuing operations and excluding one time items estimated to be around 22 percent
  - Last year's rate of 14 percent included one time tax reversals and a tax exempt gain
- **The sale of the South African operations was completed in September, with a tax exempt capital gain of 628 MSEK**
- **Solid cash position and limited debt repayments through 2009**
  - Cash and cash equivalents are 3,600 MSEK vs. 3,178 MSEK as of December 31, 2008
  - 35 MSEK of interest bearing debt remains due in 2009, with 1,524 MSEK paid during the first nine months
- **Share repurchased during the quarter amounted to 6.3 million shares at a price of 872 MSEK**

# Nielsen snus/moist snuff consumption data\*

- **Swedish snus market up 3.7% (rolling 12 months to September)**
- **SM total volume market share Aug/Sep in Sweden was 86.6%**
  - 87.2% in June/July (87.4% in Aug/Sep 2008)
- **Low price segment is 24.0% in Aug/Sep of Swedish market**
  - 23.3% in June/July (22.3% in Aug/Sep 2008)
- **SM share Aug/Sep of low price segment in Sweden was 55.4%**
  - 56.2% in June/July (54.2% in Aug/Sep 2008)
- **SM total value market share Aug/Sep in Sweden was 88.9%**
  - 89.6% in June/July (90.1% in Aug/Sep 2008)
- **US snuff market up 1.6% for the YTD ending October 3**
  - SM consumption volume up 7.1% YTD ending October 3
- **Swedish Match market shares in the US**
  - YTD ending October 3 was 12.9%, vs. 12.3% YTD 2008
  - Longhorn continues to grow its share of market, up to 5.0% YTD vs. 4.5% YTD 2008

\* Volume basis, unless stated otherwise. Source: Nielsen

# Other highlights

## □ Other Operations

- Now includes sales and operating profit of pipe tobacco and accessories outside the South African operations (reported as discontinued operations)

## □ Other items

- SM and Philip Morris International announced in February the agreement to establish a joint venture company to commercialize smokeless products outside of Scandinavia and the US
- Swedish Match now in full production in producing chewing tobacco for National Tobacco
- FET/SCHIP signed into law, effective April 1, 2009
- FDA regulation signed into law on June 22, with phase in of fees and requirements beginning in the second half of 2009
- The Company will use proceeds from the sale of the South African operations to continue its share buyback program until the Annual General Meeting 2010 (details in September 14 press release)



# Outlook

- In 2009, Swedish Match is taking further steps to drive value creation and growth, to strengthen the position as a leading smokefree tobacco company, while maintaining its strong commitment to profitability for the other product categories
- Both the US snuff and Scandinavian snus markets are expected to grow in 2009
- For the second half of the year, Group sales and operating profit excluding larger one time items are expected to exceed prior year levels
- For the fourth quarter we expect that the combination of the timing of shipments and promotions in the US and a weaker dollar will bring Group operating profit below the Q3 level
- The Group maintains its long-term financial strategy/dividend policy and remains committed to returning cash not needed in operations to shareholders
- The tax rate for 2009 for continuing operations and excluding one time items is estimated to be around 22 percent

# Group results third quarter 2009

- **Sales<sup>1)</sup>** amounted to **3,606 MSEK (3,274)**
  - In local currency, sales increased by 3 percent
  - Net currency translation gave a positive impact of 225 MSEK
- **Operating profit<sup>1)2)</sup>** amounted to **874 MSEK (808)**
  - Operating profit (excl. sale of South African operations but incl. restructuring charges) increased by 3 percent in local currencies
  - Net currency translation gave a positive impact of 45 MSEK
- **Profit before income tax<sup>1)2)</sup>** amounted to **757 MSEK (693)**
- **Net profit** for the period amounted to **1,319 MSEK (671)**
- **EPS<sup>1)2)</sup>** (basic) from continuing operations was **2.53 SEK (2.47)**
  - The gain on the sale of the South African operations contributed 2.54 SEK per share in the third quarter
- **EPS** (basic) including discontinued operations was **5.38 SEK (2.67)**

1) Excludes discontinued operations

2) Excludes tax exempt gain on sale of South African operations but includes restructuring charge of 45 MSEK

# Financial policy and financing needs

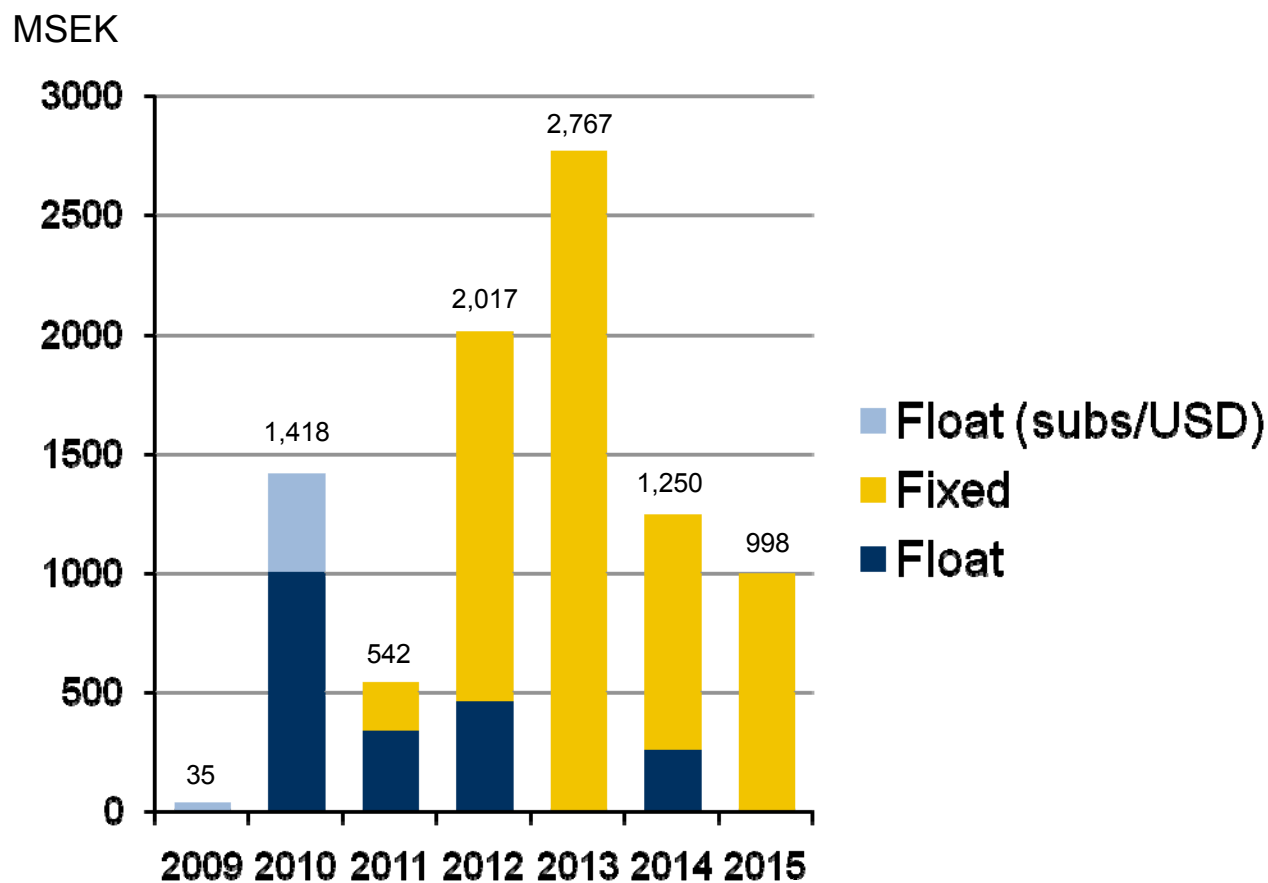
## □ Financial policy

- Dividend policy: 40-60% of earnings per share
  - Most recent dividend of 4.10 SEK is 46% of 2008 EPS, an increase of 17%
- Net debt not to exceed 3 times EBITA

## □ Financing and cash flow

- During the first nine months of the year new bond loans of 998 MSEK were issued, maturing in 2015
  - Repurchase of 900 MSEK of bond loans with shorter maturities
- 9,028 MSEK of interest bearing debt as of September 30, 2009
  - 35 MSEK to be paid in Q4, and 1,417 MSEK to be paid in 2010
- Q3 Net debt/EBITA from continuing operations was 1.9

# Maturity profile of interest bearing liabilities\*



\* Includes Swedish (SEK) and Global (EUR) MTN programs (as well as a small amount in local debt in some markets)

# Snuff

- Leading position in **Sweden** and **Norway**
- Well positioned in the value price segment in **the US**
- Production in **Sweden** and **the US**



# Snus and snuff

## Strong sales and profit growth

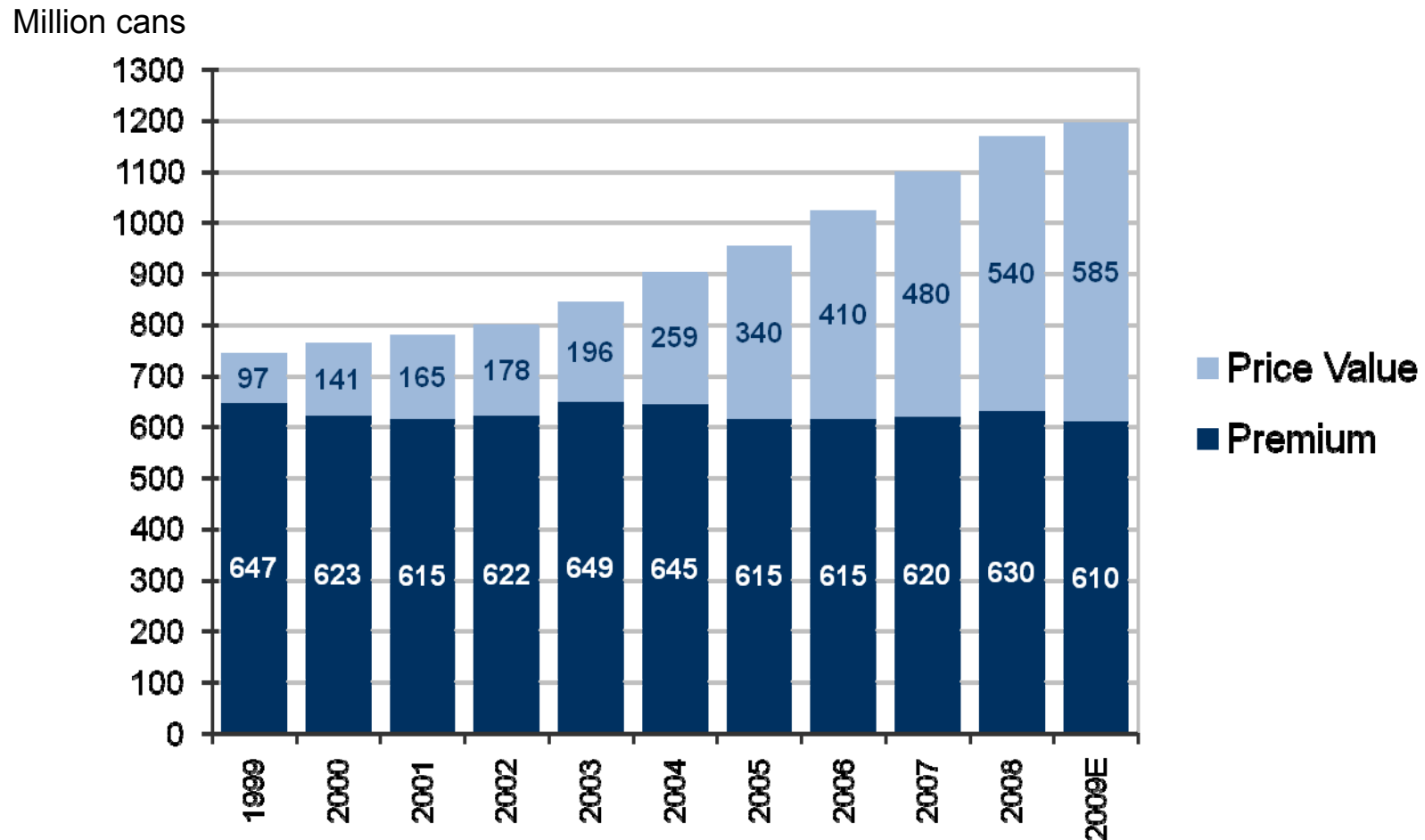
- **Scandinavian snus sales up 9% in Q3, up 11% YTD**
  - Q3 volumes up in Sweden, down in Travel/Retail
  - Lower volumes shipped to Norwegian distributor in Q3
  - YTD Scandinavian volumes up 3% excluding hoarding effects
- **US sales up 12% in USD, volumes up 13% in Q3**
  - YTD sales up 9%, volumes up 10%
  - Consumption volume up 7.1% (Nielsen YTD Oct 3)
- **January – September margins on par with year ago**
  - Higher margins in the US on stronger volume and lower spending per can
  - Lower margins in Scandinavia on increased marketing activity and product launches
  - Price increases in US and Sweden in June
  - Margins negatively impacted by currency effects



| MSEK                | Q3-09 | Q3-08 | chg | 9m-09 | 9m-08 | chg | Oct 2008-<br>Sept 2009 | Full year<br>2008 | chg |
|---------------------|-------|-------|-----|-------|-------|-----|------------------------|-------------------|-----|
| Sales               | 1,093 | 964   | 13  | 3,149 | 2,690 | 17  | 4,184                  | 3,725             | 12  |
| Operating profit    | 534   | 479   | 11  | 1,394 | 1,195 | 17  | 1,856                  | 1,658             | 12  |
| Operating margin, % | 48.8  | 49.7  |     | 44.3  | 44.4  |     | 44.4                   | 44.5              |     |

# Volume growth of moist snuff in the US

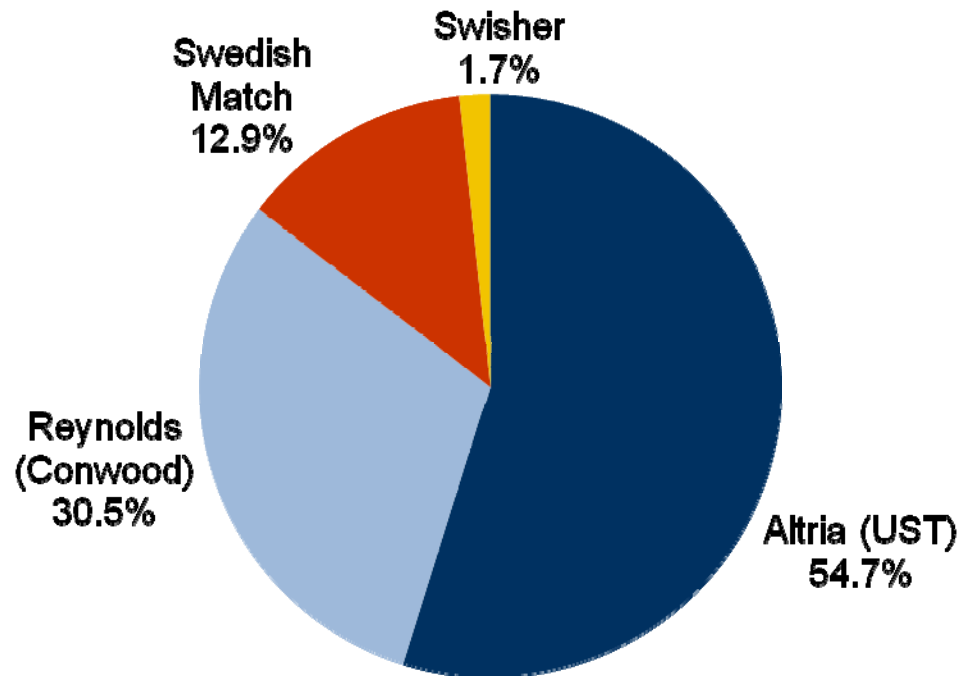
## US snuff market by segment



Market size estimated by Swedish Match using Nielsen estimates as well as industry data and estimates

# US moist snuff market shares

Volume share North America, YTD October 3



4 weeks ending  
October 3

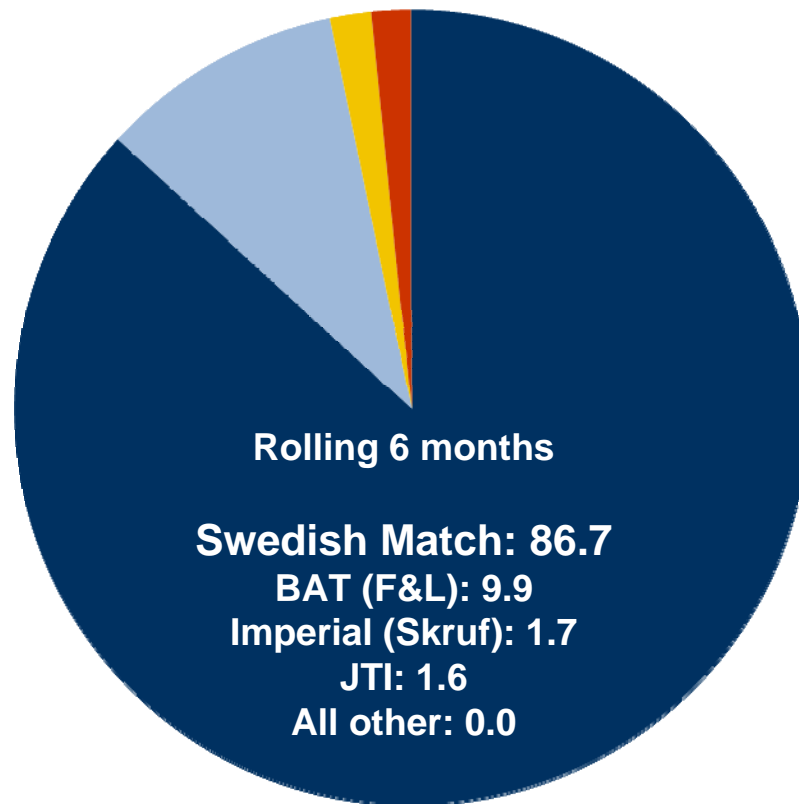
**Swedish Match: 12.9**  
Altria (UST): 53.7  
Reynolds (Conwood): 31.4  
Swisher: 1.8

Source: Nielsen, due to rounding totals may not add to 100%



# Swedish snus market shares

Volume share Sweden, rolling 6 months through Sept 2009



2 months **volume** share  
Aug/Sep

**Swedish Match: 86.6**  
BAT (F&L): 9.9  
Imperial (Skruf): 1.8  
JTI: 1.6  
All other: 0.0

2 months **value** share  
Aug/Sep

**Swedish Match: 88.9**  
BAT (F&L): 7.9  
Imperial (Skruf): 1.8  
JTI: 1.3  
All other: 0.1

Source: Nielsen, due to rounding totals may not add to 100%

# Other points for 2009: snus/snuff

## □ Scandinavia

- ↪ No excise tax increase in Sweden announced for 2009 or in 2010
- ↪ 13% excise tax increase in Norway in 2009, 6.5% announced for 2010
  - NOK 0.77 to 0.82 per gram of net package weight in 2010
- ↪ Reduced travel
- ↪ Price increases in Q2 in Sweden (end June) and travel/retail (May)
- ↪ Rollout of *Lab Series 01/02* began during third quarter and will continue

## □ US

- ↪ Federal Excise Tax increase (SCHIP) from April 1
  - Prices for value products increased by 7–10 cents per can from late June, offsetting 7 cent tax increase in April
- ↪ State tax increases likely
- ↪ FDA has begun takeover of regulation, beginning in the second half of 2009
- ↪ Increased activity in the snus category
- ↪ Rollout of *Longhorn* pouches began during the third quarter and will continue



# 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**
- Production in **Belgium, Dominican Republic, Indonesia, Honduras** and the **US**



# Cigars

## Higher volumes in Europe, US mass market

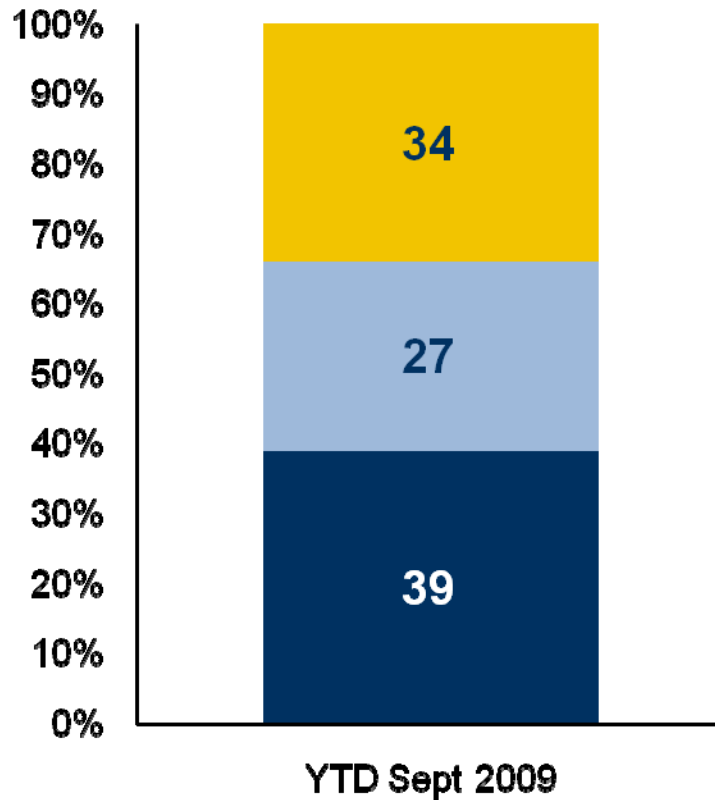
- US mass market sales up 14% in USD, volumes up 8%
- US premium sales down 12% in USD on lower volumes to retailers, and timing of shipments
  - Continued sales growth to Cigars International (mail order/Internet)
- European cigar sales up 9% in local currencies on higher volumes, with strong shipments to Spain, France, Portugal
- Q3 charge of 45 MSEK related to US mass market cigar production
  - Operating margin excluding this charge was 22.1% in Q3



| MSEK                | Q3-09 | Q3-08 | chg | 9m-09 | 9m-08 | chg | Oct 2008-<br>Sept 2009 | Full year<br>2008 | chg |
|---------------------|-------|-------|-----|-------|-------|-----|------------------------|-------------------|-----|
| Sales               | 1,065 | 933   | 14  | 3,369 | 2,592 | 30  | 4,421                  | 3,644             | 21  |
| Operating profit    | 190   | 187   | 2   | 757   | 481   | 57  | 962                    | 686               | 40  |
| Operating margin, % | 17.9  | 20.0  |     | 22.5  | 18.5  |     | 21.7                   | 18.8              |     |

# Cigars

## Sales split (SEK)



■ US premium ■ US mass market ■ Europe/ROW

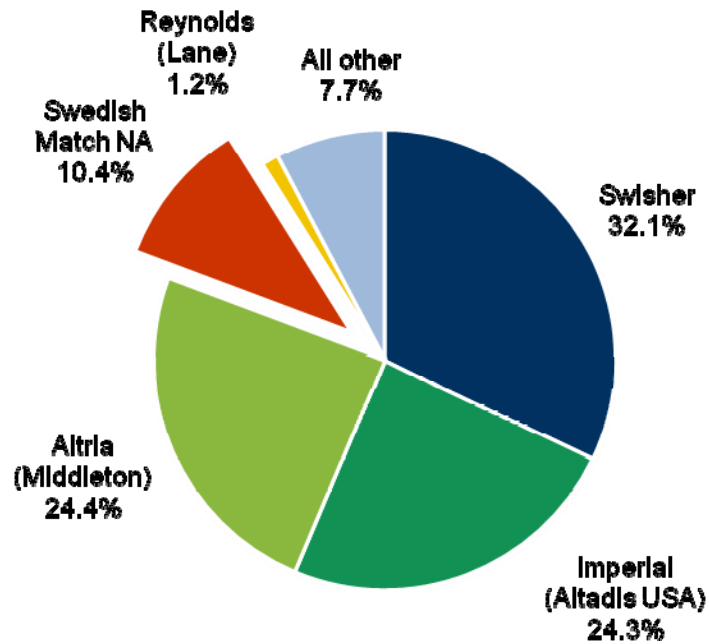
- **Europe and other non-US:**
  - 15% market share in Europe\*
  - 5 billion stick market (Europe)
- **US mass market:**
  - 10.4% value share (Nielsen, YTD Oct 3)
  - 5.4% volume share (Nielsen, YTD Oct 3)
  - 9 billion stick market (including littles)
- **US premium:**
  - 30% market share\*
  - 260 million stick market\*

\* Source: Swedish Match estimates for Europe (excl. UK) and US premium cigars

# Cigars

North America, mass market YTD October 3

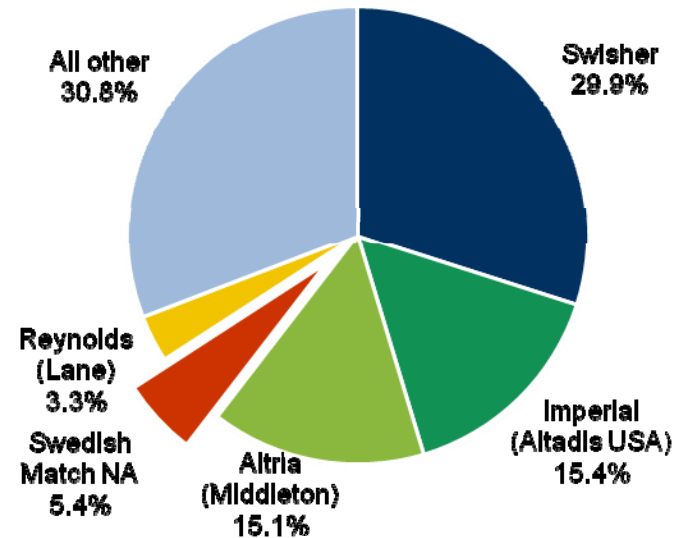
VALUE share



4 weeks ending  
October 3

**Swedish Match: 10.5**

VOLUME share



4 weeks ending  
October 3

**Swedish Match: 5.2**

Source: Nielsen, due to rounding, totals may not add to 100%

# Other points for 2009: cigars

- US premium
  - Limited availability of credit for small retailers continues, with retailers strictly managing inventories
  - Slowdown in travel and tourism
  - Federal Excise Tax/SCHIP from April 1
    - Hoarding in Q1 followed by unwind in Q2/Q3
- US machine made
  - Federal Excise Tax/SCHIP from April 1
    - Hoarding in Q1 followed by unwind in Q2 for larger cigars
    - Price increases above the FET increase help profitability
  - State tax increases possible
- Europe machine made
  - Lag effects from 2008 smoking bans
    - Improvement in volumes in Q3 vs. prior year, especially in France, Spain, Portugal
- Dollar/SEK and fewer shipment days may result in lower sales and operating profit in Q4 vs. Q3



# Chewing tobacco

In the US, Q3 sales up 2%, operating profit up 6% in USD

Nearly all chewing tobacco sales are in *the US*

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

The market typically declines by 6-10% per year in volume



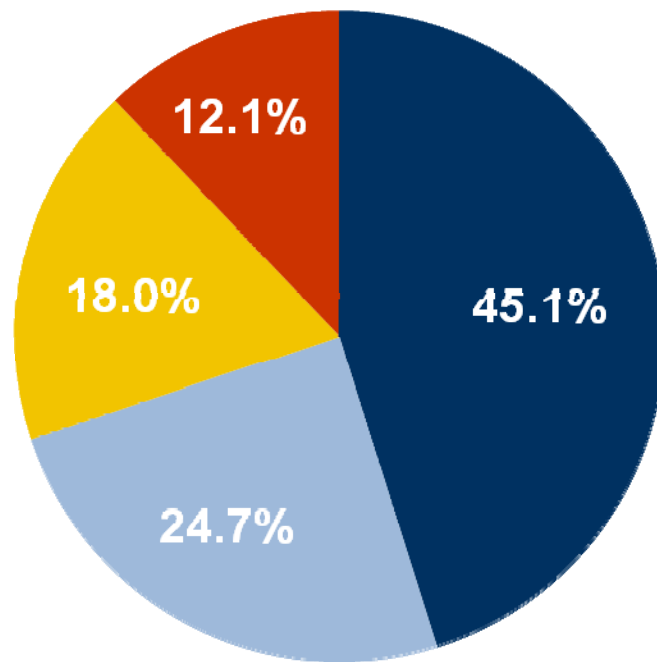
- Operating profit increase on pricing, efficiencies
- Market shares at 45.1% (year to date through Oct 3)
- Price increase of 3% in May 2008, 7% in December 2008, 7% in April 2009 (FET plus 4%)

| MSEK                | Q3-09 | Q3-08 | chg | 9m-09 | 9m-08 | chg | Oct 2008-<br>Sept 2009 | Full year<br>2008 | chg |
|---------------------|-------|-------|-----|-------|-------|-----|------------------------|-------------------|-----|
| Sales               | 280   | 237   | 18  | 878   | 674   | 30  | 1,139                  | 934               | 22  |
| Operating profit    | 107   | 87    | 23  | 335   | 233   | 43  | 431                    | 329               | 31  |
| Operating margin, % | 38.4  | 36.9  |     | 38.1  | 34.6  |     | 37.8                   | 35.2              |     |



# Chewing tobacco

Volume share North America, YTD October 3



- Swedish Match North America
- Reynolds (Conwood)
- National
- Swisher

4 weeks ending  
October 3

**Swedish Match: 44.7**  
Reynolds (Conwood): 24.3  
National: 18.4  
Swisher: 12.4

Source: Nielsen, due to rounding totals may not add to 100%

# Other points for 2009: chewing tobacco

- Continued market decline (6-10%)
- Phase-in of production for National (18% SOM)
  - Full production for National in H2
  - Helps factory absorption of overheads
- Price increase of 7% in April, 2009 (4% net of FET increase)
- Timing of shipments and promotions in the US may result in lower sales and operating profit in Q4 vs. Q3



# Pipe tobacco and accessories



PHILIP MORRIS INTERNATIONAL

- Swedish Match has sold its South African operations to Philip Morris International during the month of September
  - Swedish Match will continue to distribute its cigars and lights products through the South African company/PMI
- Profit from discontinued operations, which includes the tax exempt capital gain from the sale of the South African operations (628 MSEK) amounted to 705 MSEK, net after tax
- The remaining pipe tobacco and accessories businesses are included in *Other Operations* and are not material

# Lights

## Sales down on lower lighter volumes

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*



- Q3 sales down 3 percent, down 9 percent in local currencies
- Q3 sales and operating margin negatively impacted by lower volumes and negative price/mix effects
- Q3 2008 operating profit included 9 MSEK in one time gains

| MSEK                | Q3-09 | Q3-08 | chg | 9m-09 | 9m-08 | chg | Oct 2008-<br>Sept 2009 | Full year<br>2008 | chg |
|---------------------|-------|-------|-----|-------|-------|-----|------------------------|-------------------|-----|
| Sales               | 388   | 401   | -3  | 1,152 | 1,117 | 3   | 1,559                  | 1,525             | 2   |
| Operating profit    | 62    | 85    | -28 | 187   | 204   | -8  | 258                    | 275               | -6  |
| Operating margin, % | 15.9  | 21.2  |     | 16.2  | 18.2  |     | 16.5                   | 18.0              |     |

# P & L summary

## Continuing operations

| <b>MSEK</b>                                      | <b>July<br/>2009</b> | <b>- Sept<br/>2008</b> | <b>Oct 2008-<br/>Sept 2009</b> | <b>Full year<br/>2008</b> |               |           |
|--|----------------------|------------------------|--------------------------------|---------------------------|---------------|-----------|
| <b>Sales</b>                                     | <b>3,606</b>         | <b>3,274</b>           | <b>10</b>                      | <b>14,139</b>             | <b>12,611</b> | <b>12</b> |
| Cost of goods sold                               | -1,843               | -1,663                 |                                | -7,025                    | -6,437        |           |
| <b>Gross profit</b>                              | <b>1,764</b>         | <b>1,611</b>           | <b>9</b>                       | <b>7,112</b>              | <b>6,174</b>  | <b>15</b> |
| Sales and administrative expenses                | -892                 | -808                   |                                | -3,751                    | -3,384        |           |
| Share of profit in equity<br>accounted investees | 3                    | 5                      |                                | 14                        | 11            |           |
| Gain on sale of subsidiary and related assets    | -                    | -                      |                                | 73                        | 73            |           |
| <b>Operating profit</b>                          | <b>874</b>           | <b>808</b>             | <b>8</b>                       | <b>3,448</b>              | <b>2,874</b>  | <b>20</b> |
| Finance income                                   | 35                   | 39                     |                                | 116                       | 154           |           |
| Finance costs                                    | -152                 | -154                   |                                | -546                      | -595          |           |
| Net finance cost                                 | -117                 | -115                   |                                | -429                      | -441          |           |
| <b>Profit before income tax</b>                  | <b>757</b>           | <b>693</b>             | <b>9</b>                       | <b>3,019</b>              | <b>2,433</b>  | <b>24</b> |
| Income tax expense                               | -142                 | -72                    |                                | -566                      | -342          |           |
| <b>Profit for the period</b>                     | <b>615</b>           | <b>621</b>             | <b>-1</b>                      | <b>2,453</b>              | <b>2,091</b>  | <b>17</b> |
| EPS, basic, SEK                                  | 2.53                 | 2.47                   |                                | 9.91                      | 8.30          |           |
| EPS, diluted, SEK                                | 2.52                 | 2.47                   |                                | 9.90                      | 8.29          |           |

# Balance sheet

| <b>MSEK</b>   | <b>Sept 30, 2009</b> | <b>Dec 31, 2008</b> |
|---|----------------------|---------------------|
| Intangible assets                                   | 3,730                | 4,702               |
| Property, plant and equipment                       | 2,419                | 2,458               |
| Other non-current financial receivables             | 2,127                | 2,284               |
| Current operating assets                            | 5,052                | 5,732               |
| Other current investments                           | 1                    | 1                   |
| Cash and cash equivalents                           | 3,600                | 3,178               |
| <b>Total assets</b>                                 | <b>16,929</b>        | <b>18,355</b>       |
| Equity attributable to equity holders of the Parent | 1,426                | 1,377               |
| Minority interests                                  | 4                    | 4                   |
| <b>Total equity</b>                                 | <b>1,431</b>         | <b>1,381</b>        |
| Non-current provisions                              | 1,338                | 1,281               |
| Non-current loans                                   | 9,207                | 9,975               |
| Other non-current financial liabilities             | 1,368                | 1,337               |
| Current provisions                                  | 34                   | 29                  |
| Current loans                                       | 472                  | 743                 |
| Other current liabilities                           | 3,080                | 3,609               |
| <b>Total equity and liabilities</b>                 | <b>16,929</b>        | <b>18,355</b>       |

# Cash flow in summary

| MSEK  | January – September |               |
|---|---------------------|---------------|
|   | 2009                | 2008          |
| <b>Cash flow from operating activities before changes in working capital</b>  | <b>1,990</b>        | <b>1,511</b>  |
| Cash flow from changes in working capital                                     | -119                | -154          |
| <b>Net cash from operating activities</b>                                     | <b>1,871</b>        | <b>1,356</b>  |
| Acquisition of property, plant and equipment                                  | -324                | -207          |
| Proceeds from sale of property, plant and equipment                           | 4                   | 65            |
| Acquisition of intangible assets  | -1                  | -2            |
| Acquisition of subsidiaries, net of cash acquired                             | -48                 | -14           |
| Divestments of business operations  | 1,574               | 5             |
| Changes in financial receivables etc.   | 0                   | 2             |
| <b>Net cash used in investing activities</b>                                  | <b>1,205</b>        | <b>-150</b>   |
| Changes in loans  | -527                | -380          |
| Dividends paid to equity holders of the Parent                                | -1,024              | -886          |
| Repurchase of own shares  | -1,368              | -996          |
| Stock options exercised   | 51                  | 62            |
| Other   | 76                  | -99           |
| <b>Net cash used in financing activities</b>                                  | <b>-2,793</b>       | <b>-2,299</b> |
| <b>Net increase/decrease in cash and cash equivalents</b>                     | <b>284</b>          | <b>-1,093</b> |
| <b>Net increase in cash and cash equivalents from discontinued operations</b> | <b>176</b>          | <b>190</b>    |
| Cash and cash equivalents at the beginning of the period                      | 3,178               | 3,439         |
| Effect of exchange rate fluctuations on cash and cash equivalents             | -38                 | -113          |
| <b>Cash and cash equivalents at the end of the period</b>                     | <b>3,600</b>        | <b>2,424</b>  |

# Key data

## Continuing operations\*

|  | January – September |       |
|--|---------------------|-------|
|  | 2009                | 2008  |
| Operating margin, %                                | 24.1                | 21.8  |
| Operating capital, MSEK                            | 8,207               | 7,974 |
| EBITDA, MSEK                                       | 2,938               | 2,305 |
| EBITA, MSEK  | 2,657               | 2,082 |
| Net debt, MSEK                                     | 6,494               | 7,468 |
| Investments in property, plant and equipment, MSEK | 324                 | 207   |
| Net Debt /EBITA for <b>12 months to September:</b> | 1.9*                |       |
| <b>Share data</b>                                  |                     |       |
| <i>Earnings per share, basic, SEK</i>              |                     |       |
| From continuing operations                         | 7.15                | 5.55  |
| Including discontinued operations                  | 10.33               | 6.07  |
| <i>Earnings per share, diluted, SEK</i>            |                     |       |
| From continuing operations                         | 7.15                | 5.54  |
| Including discontinued operations                  | 10.32               | 6.06  |
| Average numbers of shares outstanding (Mio)        | 247.0               | 252.8 |
| Shares outstanding, end of period (Mio)            | 239.3               | 249.2 |

\* For further detail, please refer to notes in the January – September 2009 report. Net Debt/EBITA for 12 months to September



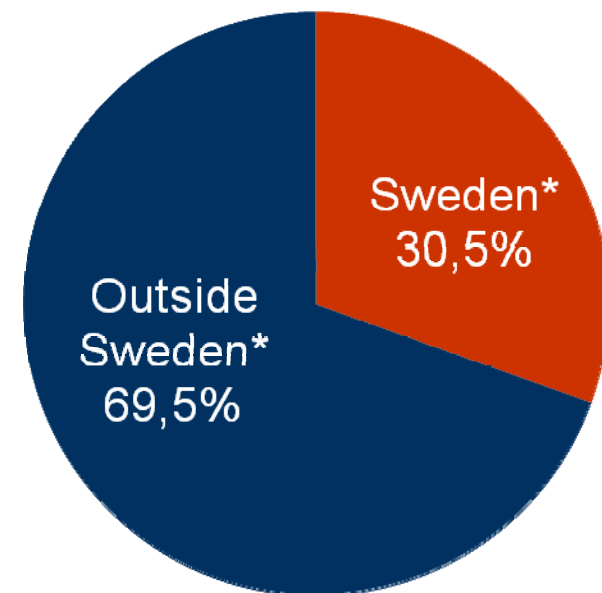
# Largest shareholders

As per September 30, 2009

## Largest shareholders\*:

|                                      |               |
|--------------------------------------|---------------|
| Parvus Asset Management              | 8.3 %         |
| Morgan Stanley Investment Mgmt       | 5.6 %         |
| Wellington Management Company        | 4.9 %         |
| Swedbank Robur Funds                 | 2.5 %         |
| Government of Norway                 | 1.8 %         |
| SHB Funds                            | 1.4 %         |
| Second Swedish National Pension Fund | 1.3 %         |
| Standard Life Investment Funds       | 1.2 %         |
| SEB Funds                            | 1.1 %         |
| AMF Pension                          | 1.0 %         |
|                                      | <hr/>         |
|                                      | <b>29.1 %</b> |

**55,487** shareholders

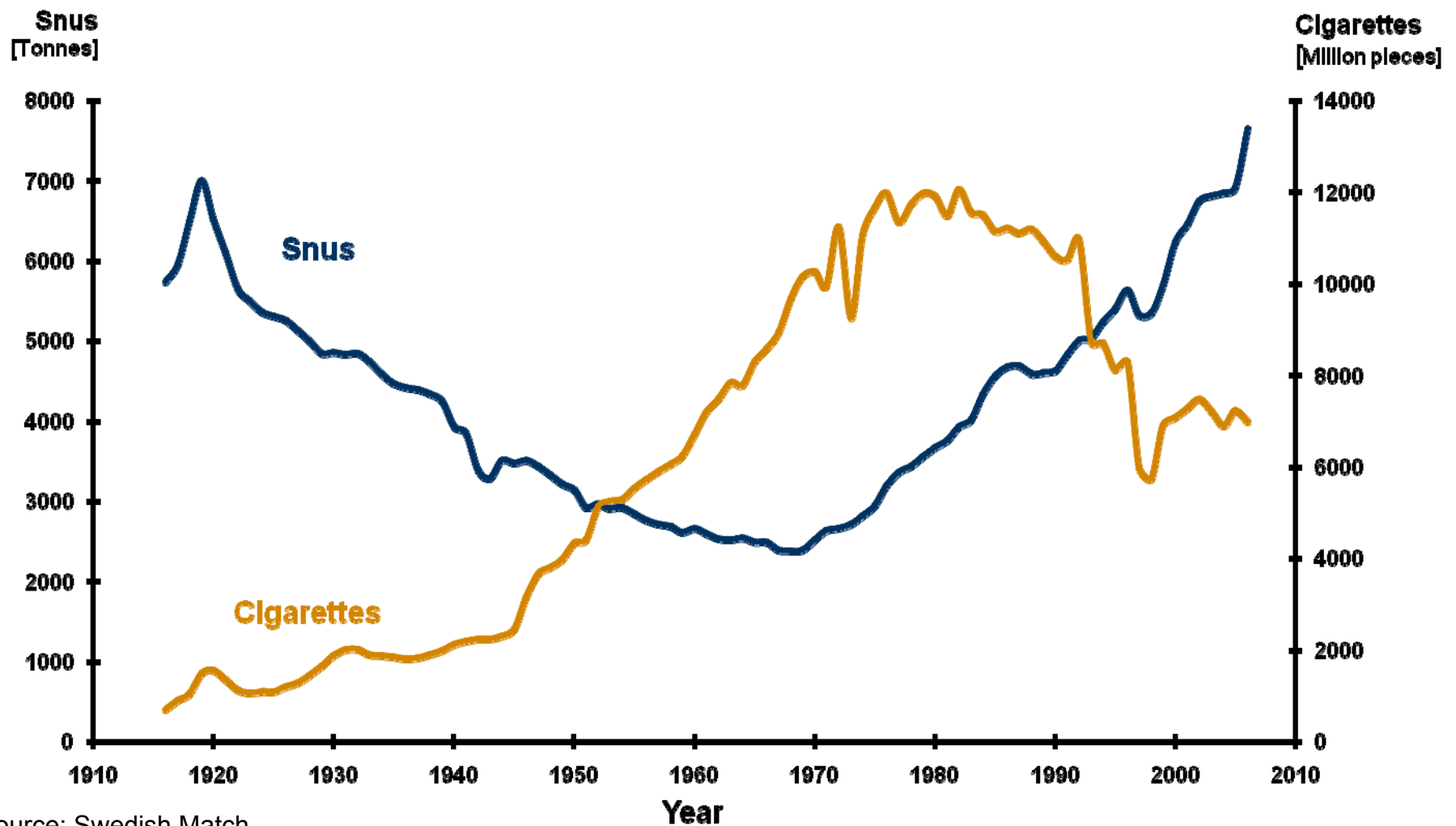


Source: Euroclear (former VPC), official registry and SIS Ägaranalys, percent of share capital excluding Swedish Match shares held in treasury

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

# Snus vs. cigarettes in Sweden

Sales of snus and cigarettes in Sweden 1916-2006



Source: Swedish Match

# Strategic direction for Swedish Match

- Position the Company as the **global smokefree leader**
  - Leverage our unique heritage, technological lead, talented organization and brand portfolio globally
  - More aggressively pursue growth opportunities on a global basis
  - Be the preferred choice by consumers
  - Be the most valued partner to the trade
  - Remain the industry authority for regulators and opinion makers
- Develop our **cigar** business to the **best in class**
  - Deliver superior quality to customers and consumers
  - Drive to improve profitability
- Our **lights** businesses should continue to focus on operational excellence and profitability
  - Strong market positions
  - Efficient supply chain

# Changes since September 2008

- New organization - new division heads
  - Smokefree Division, spanning all geographies
    - Integrated supply chain, marketing, scientific affairs, innovation teams
  - US Sales Division
  - Scandinavia Sales Division
  - Swedish Match International
  - Other Operations
- Realignment of cigar management and responsibilities, integrated supply chain
  - Premium cigars and Europe in Swedish Match International, US mass in US Sales Division
- Joint venture agreement with PMI
- Disposal of UK accessories business
- Disposal of South African pipe tobacco and dry snuff operations