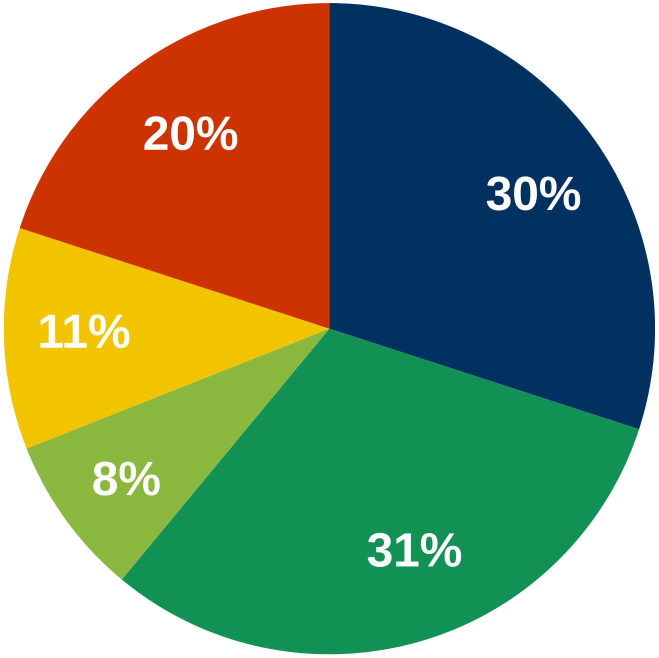
Full Year 2009

Investor Kit

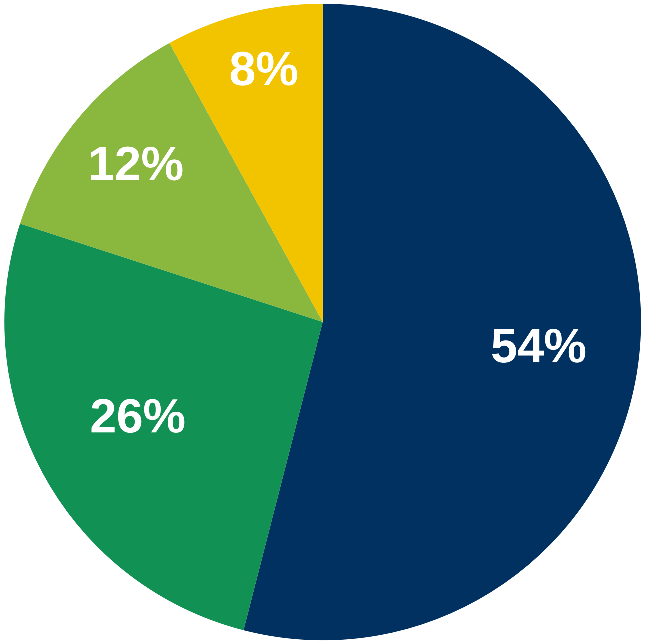
Group sales and operating profit* - FY 2009

Sales split, SEK



Snus and snuff
Cigars
Chewing tobacco
Lights
Other operations

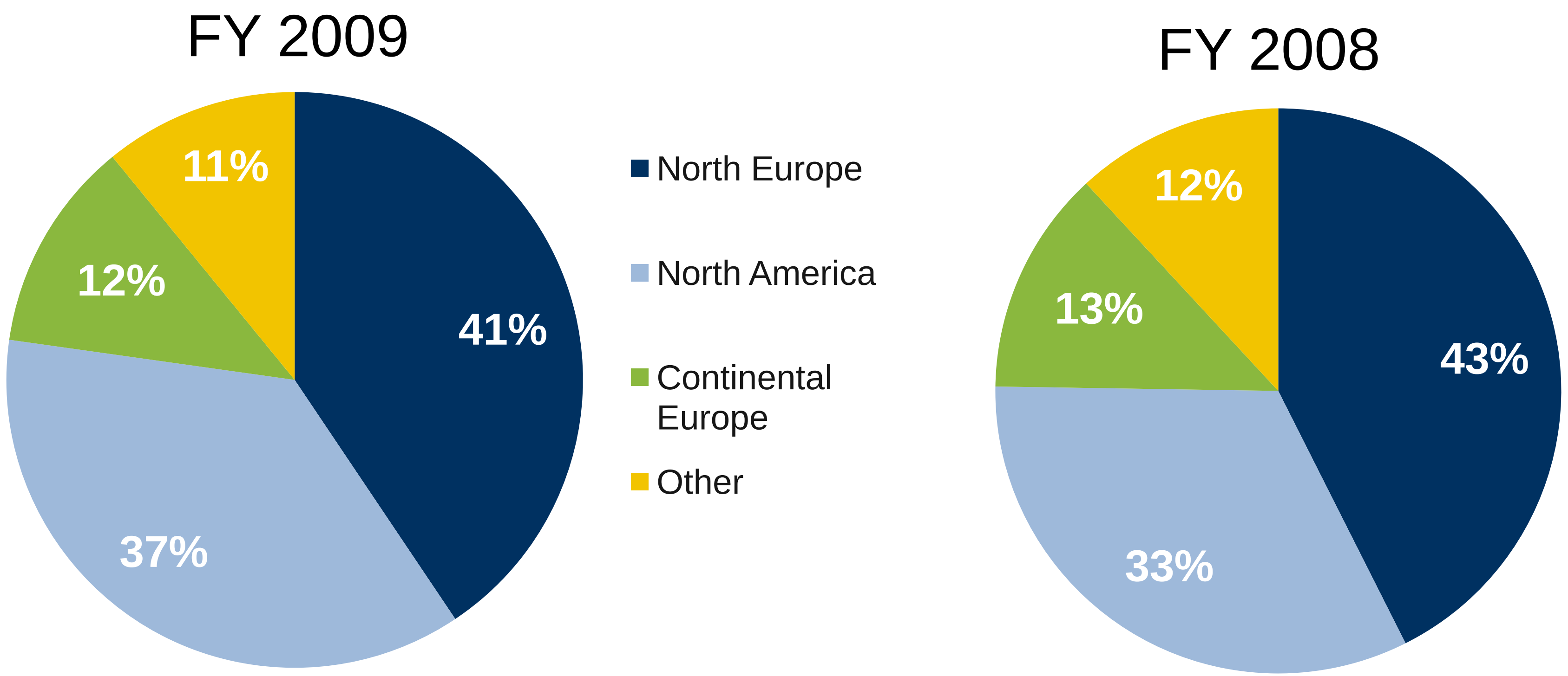
Operating profit** split, SEK



* From continuing operations (excludes South African operations)
** 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

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

Building a new Swedish Match

- A clear strategic direction, a new organizational structure
  - 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
- Letter of intent signed with STG

SWEDISH MATCH

Excellence in transition

- **During a year of transition, Swedish Match delivered outstanding results, owing to a number of factors**
- **Snus and snuff**
  - A return to market growth for snus in Scandinavia, a good defense of our market position
  - Continued pricing power for snus
  - US snuff volume growth 3 times faster than the overall market, led by Longhorn, which grew by 13% (Nielsen YTD 12/26)
- **Cigars**
  - A step change in sales and profitability for machine made US cigars
  - Sales and income improvement for US premium cigars in USD
- **Chewing tobacco**
  - More efficient production setup with improved profitability despite a difficult market environment
- **Lights**
  - Continuing operational excellence
- **Financial Strategy tested and verified during the financial crisis**

Conclusions from the full year

- Sales increased by 13%, to 14,204 MSEK (12,611)
  - Up 5% in local currencies
- Operating profit (excluding larger one time items) increased by 22%, to 3,417 MSEK (2,801)
  - Up 13% in local currencies
- EPS increased to 9.67 SEK (8.30)
- EPS including discontinued operations increased to 12.88 SEK (8.98)
- Net cash from operating activities reached 2,911 MSEK (1,838)
  - Improvement mainly from operating profit, but also from working capital
- 18.4 million shares repurchased, for 2,598 MSEK
  - 2.3 million shares repurchased in January, 2010
- Board proposed an increased dividend to 4.75 SEK (4.10)

Conclusions from the fourth quarter - sales

- **Sales* up 4% in local currencies,** up 2% in SEK,
- **Scandinavian snus** sales up 13%, on 3% higher volume
  - Volume growth in Sweden, Norway, and Travel/Retail
- **US snuff** sales down less than 1% in USD, on flat volume
  - Higher volume for Longhorn offset declines by other products
- **Cigar** sales were up 6% in local currencies, flat in SEK
  - US cigar sales up 7% in local currencies, with higher machine made and mail order/Internet premium cigar sales
  - European cigar sales up 3% in local currencies on higher volumes
- **Chewing tobacco** sales up 2% in USD, down 10% in SEK
- **Lights** sales up 4%

* From continuing operations (excludes South African operations)

Conclusions from the fourth quarter

- **Operating profit* up by 9% in local currencies,** up 5% in SEK
  - Snuff operating margin was 47.5%, vs. 44.7% previous year and 48.8% in Q3 09
    - Price increases at the end of June in both Sweden and the US
  - Cigar operating profit was down by 2% in local currencies, down 13% in SEK
    - Operating profit increased by 11% in local currencies excluding the restructuring charge
    - Excluding restructuring charges, operating margin was 19.7%
  - Operating profit for chewing tobacco down 7% in local currency due to volume effects
  - Operating profit for lights grew on generally higher match volumes and production efficiencies.

* Amounts exclude discontinued operations and the gain on the sale of South African operations, but includes cigar restructuring charges of 29 MSEK in Q4 2009

Conclusions from the fourth quarter

- **Tax rate for the Group was 20.6% for the full year**
  - Tax rate includes some smaller one time items
  - Last year's rate of 14.1% 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 2010**
  - Cash and cash equivalents are 2,530 MSEK vs. 3,178 MSEK as of December 31, 2008
  - 1 billion SEK of interest bearing debt remains due in 2010
- **Share repurchased during the year amounted to 18.4 million shares at a price of 2,598 MSEK**

Nielsen snus/moist snuff consumption data*

- **Swedish snus market up 5.4% (rolling 12 months to January)**
- **SM total value market share Dec/Jan in Sweden was 88.6%**
  - 88.6% in Oct/Nov 2009 (90.0% in Dec/Jan 2008/09)
- **SM total volume market share Dec/Jan in Sweden was 86.1%**
  - 86.2% in Oct/Nov 2009 (87.3% in Dec/Jan 2008/09)
- **Low price segment is 24.2% in Dec/Jan of Swedish market**
  - 24.2% in Oct/Nov 2009 (22.8% in Dec/Jan 2008/09)
- **SM share Dec/Jan of low price segment in Sweden was 53.2%**
  - 53.9% in Oct/Nov 2009 (54.4% in Dec/Jan 2008/09)
- **US snuff market up 6.2% for the YTD ending January 23, 2010**
  - SM consumption volume up 2.7% YTD ending January 23
- **Swedish Match market shares in the US**
  - YTD ending January 23 was 12.3%, vs. 12.7% YTD 2009
  - Longhorn continues to grow its share of market, up to 5.4% YTD ending January 23 vs. 4.8% YTD 2009

* Source: Nielsen. Volume basis, unless stated otherwise

Other highlights

- **Other operations**
  - Includes sales and operating profit of pipe tobacco and accessories outside the South African operations (reported as discontinued operations)
- **Other items**
  - Swedish Match and Philip Morris International announced in February 2009 the agreement to establish a joint venture company to commercialize smokeless products outside of Scandinavia and the US
  - Swedish Match producing chewing tobacco for National Tobacco
  - FET/SCHIP signed into law, effective April 1, 2009
  - FDA regulation signed into law on June 22, with labeling and marketing restrictions in effect from mid 2010
  - Swedish Match and Scandinavian Tobacco Group (STG) announced in January, 2010, that they had signed a letter of intent to form a new company, combining the tobacco businesses of STG with the cigar and pipe tobacco businesses of Swedish Match (excluding US machine made cigars)
    - Bondholders' consent was received February 15, 2010

Group results[1] - fourth quarter 2009

- **Sales** amounted to **3,545 MSEK (3,480)**
  - In local currency, sales increased by 4 percent
  - Net currency translation gave a negative impact of 82 MSEK
- **Operating profit** amounted to **850 MSEK (807)[2]**
  - Operating profit (including restructuring charges) increased by 9 percent in local currencies
  - Net currency translation gave a negative impact of 30 MSEK
- **Profit before income tax** amounted to **739 MSEK (784)[3]**
- **Profit for the period** including discontinued operations amounted to **595 MSEK (728)[3]**
- **EPS** (basic) was **2.52 SEK (2.75)[3]**

1) Unless explicitly stated otherwise, figures are from continuing operations
2) Excluding the one time gain of 73 MSEK from sale of subsidiary and related assets in Q4 2008
3) Including the one time gain of 73 MSEK from sale of subsidiary and related assets in Q4 2008 and restructuring charges for cigars of 29 MSEK before tax in Q4 2009

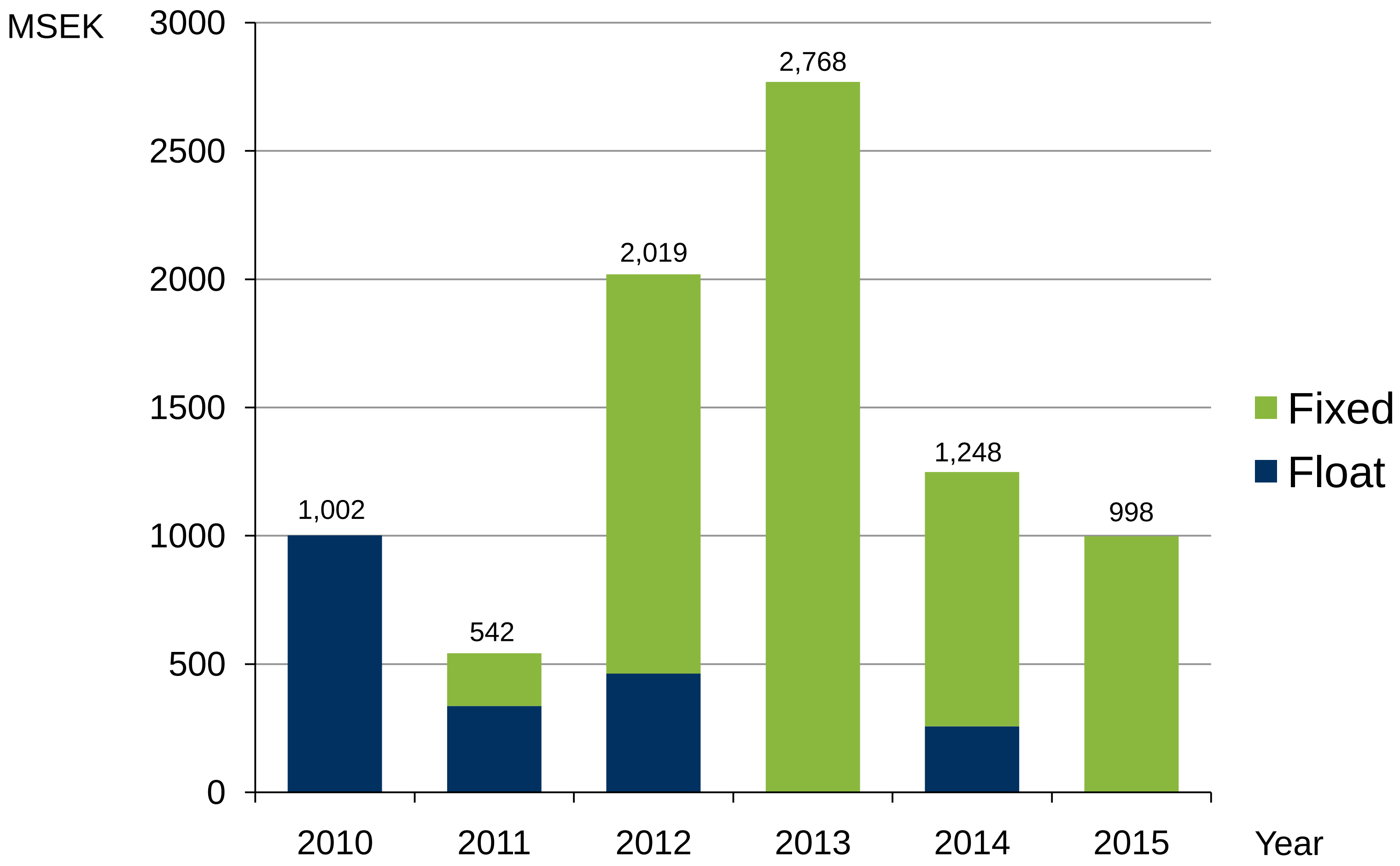
Financial policy and financing needs

- **Financial policy**
  - ¬ Dividend policy: 40-60% of earnings per share
    - Board of Directors proposes a dividend increase to 4.75 SEK, an increase of 16% from the 2008 level of 4.10 SEK/share
  - ¬ Net debt not to exceed 3 times EBITA

- **Financing and cash flow**
  - ¬ During the year new bond loans of 998 MSEK were issued, maturing in 2015
    - 2,018 MSEK of bond loans repaid, including repurchase of 900 MSEK of bond loans with shorter maturities
  - ¬ 8,578 MSEK of interest bearing debt as of December 31, 2009
    - 1,002 MSEK to be paid in 2010, with 302 MSEK in Q1, and 100 MSEK in Q2
  - ¬ Net debt/EBITA from continuing operations was 2.0
  - ¬ Syndicated loan renewed in January 2010, of 160 MEUR

Maturity profile of interest bearing liabilities*

Per December 31, 2009



* Includes Swedish (SEK) and Global (EUR) MTN programs

Snus and 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

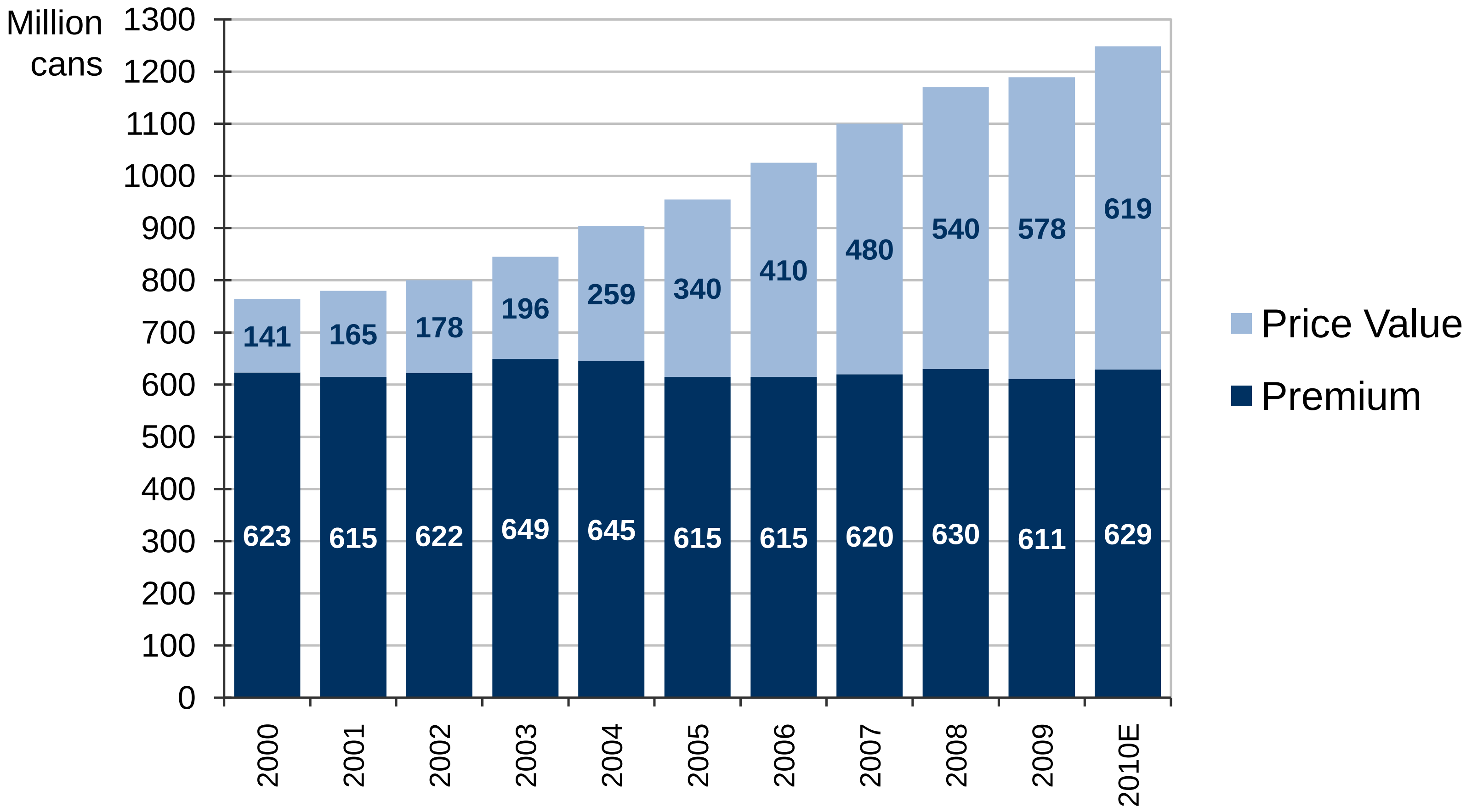
Strong sales and profit growth

- **Scandinavian snus sales up 13% in Q4, up 11% YTD**
  - **Q4 volumes up in Sweden, Norway, Travel/Retail**
  - **Scandinavian volumes up 3% in Q4, 6% for full year**
- **US sales down less than 1% in USD on flat volumes in Q4**
  - **YTD sales up 7% in USD, volumes up 7%**
  - **Swedish Match consumption volume up 5.9% in 2009 (Nielsen YTD Dec 26)**
- **Q4 and full year margins above year earlier levels**
  - **Higher full year margins in the US on stronger volume and lower spending per can**
  - **Stable full year margins in Scandinavia despite increased marketing activity, higher new product spending, and product mix effects**
  - **Price increases in US and Sweden in June**
  - **Q4 margins in US down on higher COGS and snus investment activities**

MSEK	**Q4-09**	Q4-08	chg	**Full year 2009**	Full year 2008	chg
Sales	**1,101**	1,035	6	**4,250**	3,725	14
Operating profit	**523**	463	13	**1,916**	1,658	16
Operating margin, %	**47.5**	44.7		**45.1**	44.5	

Volume growth of moist snuff in the US

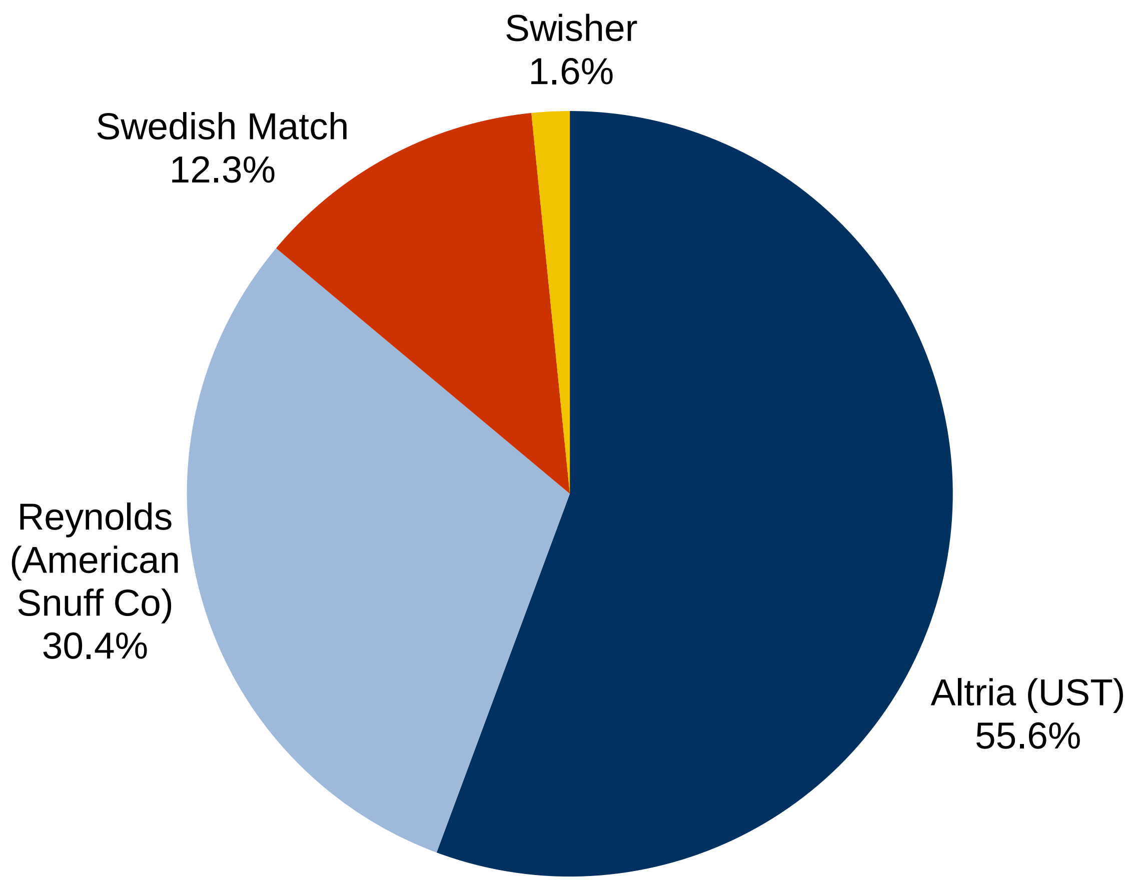
US snuff market by segment



Market size estimated by Swedish Match using Nielsen estimates as well as industry data and estimates. Note that the premium segment includes new competitive line extensions launched at prices normally considered price value

US moist snuff market shares

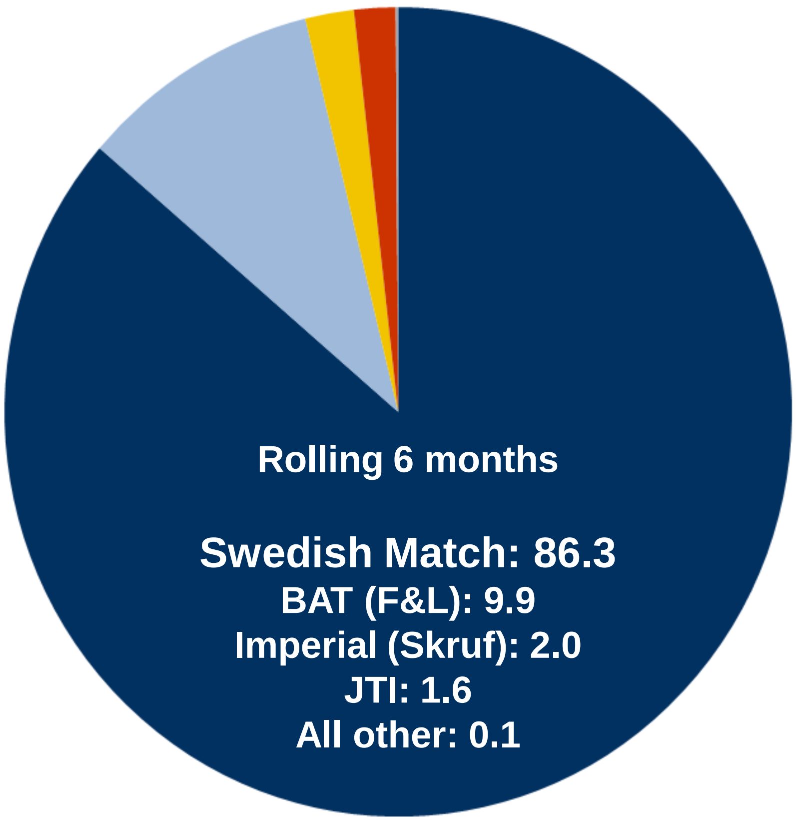
Volume share US, YTD January 23



Source: Nielsen. Totals may not add to 100% due to rounding

Swedish snus market shares

Volume share Sweden, rolling 6 months through January 2010



2 months **value** share
Dec/Jan

Swedish Match: 88.6
BAT (F&L): 7.8
Imperial (Skruf): 2.1
JTI: 1.3
All other: 0.1

2 months **volume** share
Dec/Jan

Swedish Match: 86.1
BAT (F&L): 9.8
Imperial (Skruf): 2.3
JTI: 1.6
All other: 0.1

Source: Nielsen. Totals may not add to 100% due to rounding

Other points: snus and snuff

- Scandinavia
  - 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)
  - National Rollout of *Lab Series 01/02* in Norway during Q1 2010

- 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 in 2010
  - 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
  - *Timber Wolf Packs* line extension (peach) beginning in March 2010

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

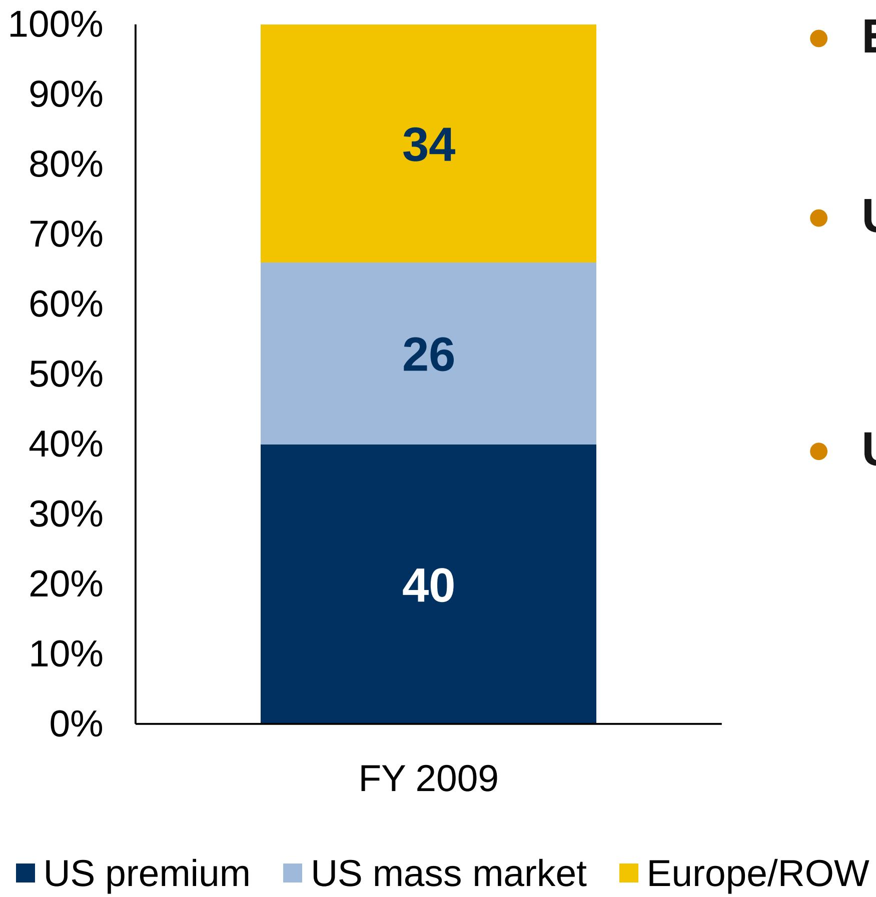
- **US mass market sales up 8% in Q4, 23% for full year in USD, on higher volumes (unusually high shipments in Q1 2009 on hoarding tied to FET)**
- **US premium sales up 6% in Q4, 3% for full year in USD on flat volumes**
  - **Continued sales growth to Cigars International (mail order/Internet)**
- **European cigar sales up 3% in Q4, flat for full year in local currencies on higher volumes, with strong shipments to Spain, France and Portugal**
  - **Some mix shift toward smaller and less expensive cigars**
- **Q4 charge of 29 MSEK related to European restructuring**
  - **Operating margin excluding this charge was 19.6% in Q4**
- **Full year result also includes a Q3 restructuring charge of 45 MSEK**

MSEK	**Q4-09**	Q4-08	chg	**Full year 2009**	Full year 2008	chg
Sales	**1,056**	1,052	0	**4,426**	3,644	21
Operating profit	**179**	205	-13	**935**	686	36
Operating margin, %	**16.9**	19.5		**21.1**	18.8	

SWEDISH MATCH

Cigars

Sales split (SEK)



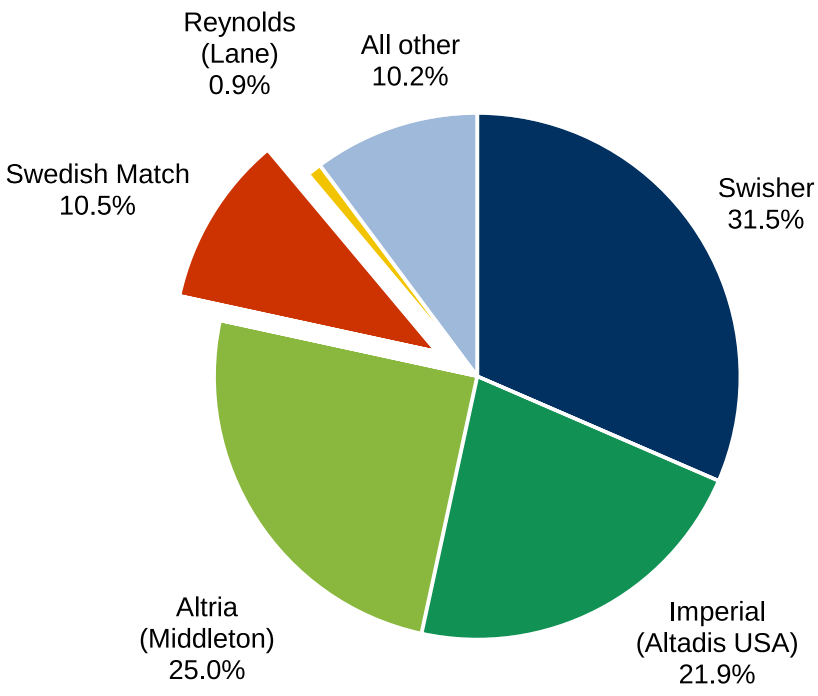
- **Europe and other non-US:**
  - 15% market share in Europe*
  - 5 billion stick market (Europe)
- **US mass market:**
  - 10.5% value share (Nielsen, YTD Jan 23)
  - 4.9% volume share (Nielsen, YTD Jan 23)
  - 9 billion stick market (including littles)
- **US premium:**
  - 30% market share*
  - 260 million stick market*

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

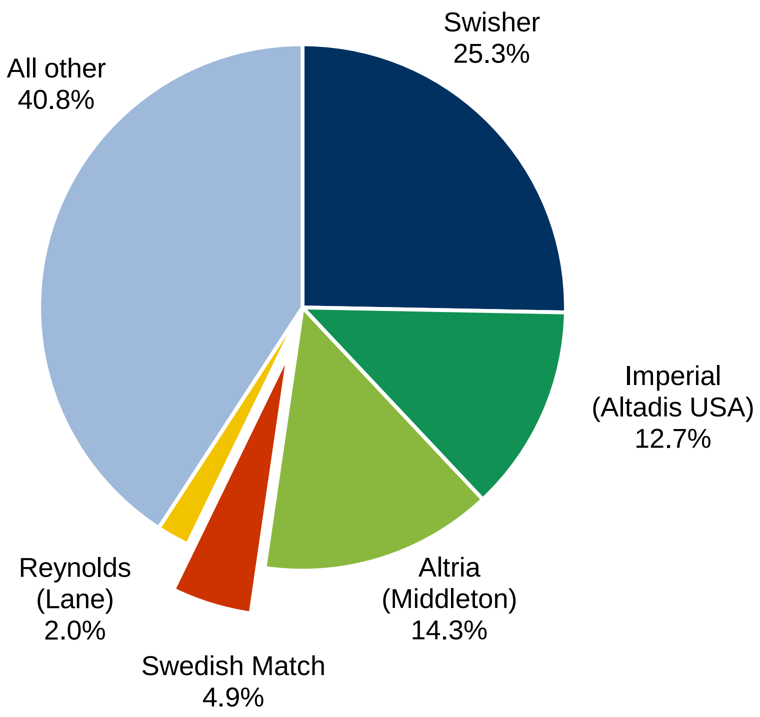
Cigars

US mass market YTD January 23, 2010

VALUE share



VOLUME share



Source: Nielsen. Totals may not add to 100% due to rounding

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, 2009
    - Hoarding in Q1 followed by unwind in Q2/Q3
- US machine made
  - ¬ Federal Excise Tax/SCHIP from April 1, 2009
    - Hoarding in Q1 followed by unwind in Q2 for larger cigars
    - Price increases above the FET increase help profitability
  - ¬ State tax increases possible in 2010
  - ¬ Continued success of foilfresh cigars
- Europe machine made
  - ¬ Lag effects from 2008 smoking bans
    - Improvement in volumes vs. prior year, especially in France, Spain, and Portugal

SWEDISH MATCH

Swedish Match and STG to form a new company

- Swedish Match and Scandinavian Tobacco Group (STG) have signed a letter of intent to form a new company combining the tobacco business of STG with the premium and machine made cigar businesses of Swedish Match (except US mass market)
  - Swedish Match to contribute all of its cigar business with the exception of US mass market cigars, as well as its remaining pipe tobacco and accessories businesses
  - STG to contribute all of its tobacco business (cigars, pipe tobacco and fine cut tobacco)
  - Bondholders' consent to the transaction received on February 15th
  - Completion of the transaction is subject to due diligence by both parties, final agreements, and regulatory approvals

SM/STG - proforma

	FY 2008			Six mos ending June 30, 2009		
(MEUR)	SM[1]	SM[1] excl. BD	BD	SM[1]	SM[1] excl. BD	BD
Sales[2]	1,313	980	360	649	480	180
EBIT	292	240	52	156	126	30
EBITA	304	245	60	161	128	34
EBITDA	335	270	65	177	140	36
Operating capital	807	360	447	808	348	460

[1] Amounts exclude Swedish Match South African operations, which were divested in September 2009

[2] Swedish Match internal sales to the Business to be Divested (BD) have been eliminated in the sales numbers for Swedish Match (SM), but are included in the sales for Swedish Match excluding the businesses to be divested (SM excl. BD)

Chewing tobacco

In the US, Q4 sales up 2%, operating profit down 7% in USD

Nearly all chewing tobacco sales are in the US

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

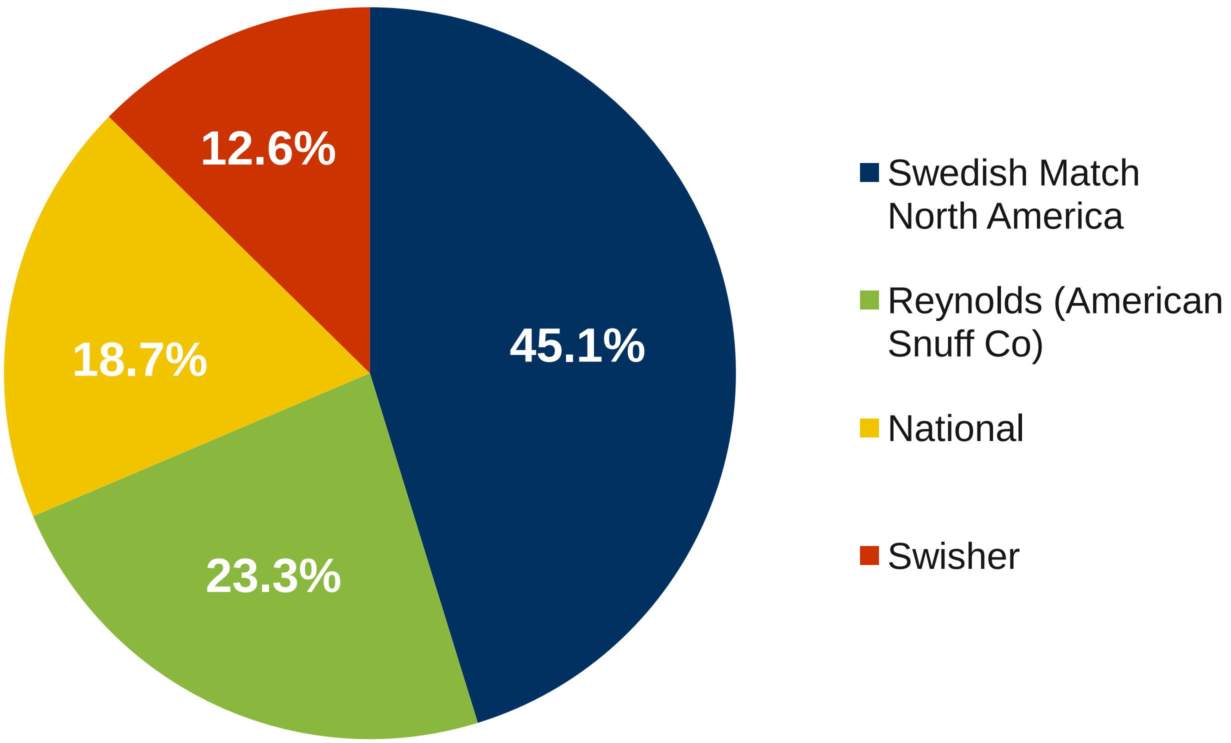
The market typically declines by 6-10% per year in volume

- **Full year sales up 2%, operating profit up 7% in USD**
- **Full year operating profit increase on pricing, efficiencies, Q4 profit down on lower (ex-copack) volumes**
- **Market shares at 45.1% (year to date through Jan 23)**

MSEK	**Q4-09**	Q4-08	chg	**Full year 2009**	Full year 2008	chg
Sales	**233**	260	-10	**1,112**	934	19
Operating profit	**76**	96	-21	**411**	329	25
Operating margin, %	**32.5**	36.8		**36.9**	35.2	

Chewing tobacco

Volume share North America, YTD January 23, 2010



Source: Nielsen. Totals may not add to 100% due to rounding

Other points for 2009: chewing tobacco

- Continued market decline
  - 2009 category down 9% (Nielsen to December 26, 2009)
- Shipments to Florida and Texas down significantly (>30%) post state tax increases over the summer, pulling market down
- Full production for National (18% SOM)
  - Helps factory absorption of overheads
- Price increase of 7% in April, 2009 (4% net of FET increase)
- Price increase of 5% in December, 2009

SWEDISH MATCH

Pipe tobacco and accessories

- 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 for the full year, which includes the tax exempt capital gain from the sale of the South African operations (628 MSEK) amounted to 785 MSEK, net after tax
- The remaining pipe tobacco and accessories businesses are included in *Other operations* and are not material

Lights

Sales up 4% in Q4, down 2% in local currencies

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

- **In local currencies, operating profit was up 19% in local currencies in Q4, and down 4% for the full year**

MSEK	**Q4-09**	Q4-08	chg	**Full year 2009**	Full year 2008	chg
Sales	**422**	407	4	**1,574**	1,525	3
Operating profit	**92**	71	29	**279**	275	1
Operating margin, %	**21.8**	17.5		**17.7**	18.0	

P & L summary

Continuing operations

MSEK	October - 2009	December 2008		Full year 2009	Full year 2008	
Sales	**3,545**	**3,480**	**2**	**14,204**	**12,611**	**13**
Cost of goods sold	-1,835	-1,747		-7,114	-6,437	
Gross profit	**1,710**	**1,733**	**-1**	**7,089**	**6,174**	**15**
Sales and administrative expenses	-860	-930		-3,681	-3,384	
Share of profit in equity accounted investees	0	4		10	11	
Gain on sale of subsidiary and related assets	-	73		-	73	
Operating profit	**850**	**880**	**-3**	**3,417**	**2,874**	**19**
Finance income	10	41		86	154	
Finance costs	-121	-137		-529	-595	
Net finance cost	-111	-97		-443	-441	
Profit before income tax	**739**	**784**	**-6**	**2,974**	**2,433**	**22**
Income tax expense	-143	-97		-613	-342	
Profit for the period	**595**	**687**	**-13**	**2,361**	**2,091**	**13**
EPS, basic, SEK	2.52	2.75		9.67	8.30	
EPS, diluted, SEK	2.51	2.75		9.66	8.29	

Balance sheet

MSEK	Dec 31, 2009	Dec 31, 2008
Intangible assets	3,792	4,702
Property, plant and equipment	2,525	2,458
Other non-current financial receivables*	2,193	2,284
Current operating assets	5,296	5,732
Other current investments	1	1
Cash and cash equivalents	2,530	3,178
Total assets	**16,337**	**18,355**
Equity attributable to equity holders of the Parent	899	1,377
Minority interests	4	4
Total equity	**903**	**1,381**
Non-current provisions	1,301	1,281
Non-current loans	8,252	9,975
Other non-current financial liabilities*	1,440	1,337
Current provisions	125	29
Current loans	1,002	743
Other current liabilities	3,313	3,609
Total equity and liabilities	**16,337**	**18,355**

* For further detail, please refer to notes in the full year 2009 report

Cash flow in summary

MSEK	January – December 2009	2008
Cash flow from operating activities before changes in working capital	**2,978**	**2,158**
Cash flow from changes in working capital	-67	-320
Net cash from operating activities	**2,911**	**1,838**
Purchase of property, plant and equipment	-471	-319
Proceeds from sale of property, plant and equipment	3	109
Purchase of intangible assets	-16	-8
Acquisition of subsidiaries, net of cash acquired*	-63	-7
Proceeds from sale of subsidiaries, net of cash disposed of	1,577	155
Changes in financial receivables etc.	12	4
Changes in other current investments	0	5
Net cash used in investing activities	**1,043**	**-61**
Changes in loans	-1,020	-483
Dividends paid to equity holders of the Parent	-1,024	-886
Repurchase of own shares	-2,598	-996
Stock options exercised	51	62
Other	-115	35
Net cash used in financing activities	**-4,707**	**-2,267**
Net decrease in cash and cash equivalents	**-753**	**-491**
Net increase in cash and cash equivalents from discontinued operations	**162**	**196**
Cash and cash equivalents at the beginning of the period	3,178	3,439
Effect of exchange rate fluctuations on cash and cash equivalents	-58	34
Cash and cash equivalents at the end of the period	**2,530**	**3,178**

* For further detail, please refer to notes in the full year 2009 report

Key data

Continuing operations*

	January – December 2009	2008
Operating margin, %	24.1	22.2
Operating capital, MSEK	8,494	8,841
Return on operating capital, %	39.4	34.0
EBITDA, MSEK	3,885	3,222
EBITA, MSEK	3,535	2,921
Net debt, MSEK	7,188	7,640
Net debt /EBITA	2.0	2.6
Investments in property, plant and equipment, MSEK	471	319
EBITA interest cover	8.4	7.0
Share data		
Earnings per share, basic, SEK		
From continuing operations	9.67	8.30
Including discontinued operations	12.88	8.98
Earnings per share, diluted, SEK		
From continuing operations	9.66	8.29
Including discontinued operations	12.87	8.96
Average numbers of shares outstanding, basic (Mio)	244.3	251.9
Shares outstanding, end of period (Mio)	231.3	249.2

* Unless explicitly stated otherwise. For further detail, please refer to notes in the full year 2009 report

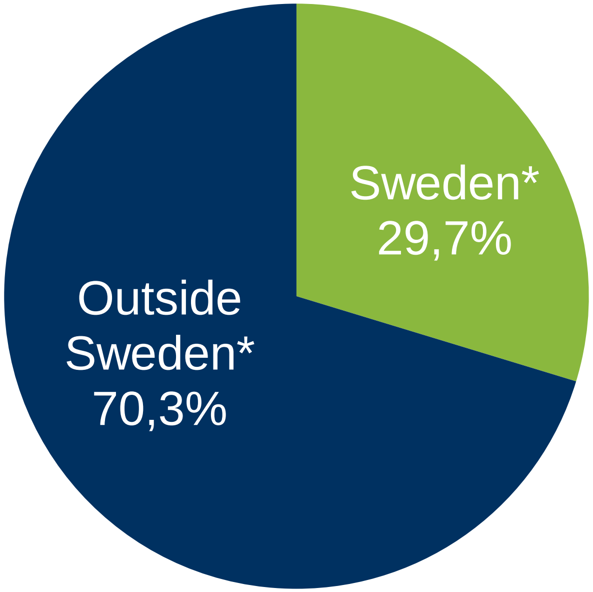
Largest shareholders

As per December 31, 2009

Largest shareholders*:

Parvus Asset Management	8.7 %
Morgan Stanley Investment Mgmt	5.7 %
Wellington Management Company	5.3 %
AMF Pension	2.6 %
Swedbank Robur Funds	2.6 %
SEB Funds	1.9 %
SHB Funds	1.5 %
Third Swedish National Pension Fund	1.3 %
Second Swedish National Pension Fund	1.2 %
Standard Life Investment Funds	1.2 %
	32.0 %

55,126 shareholders

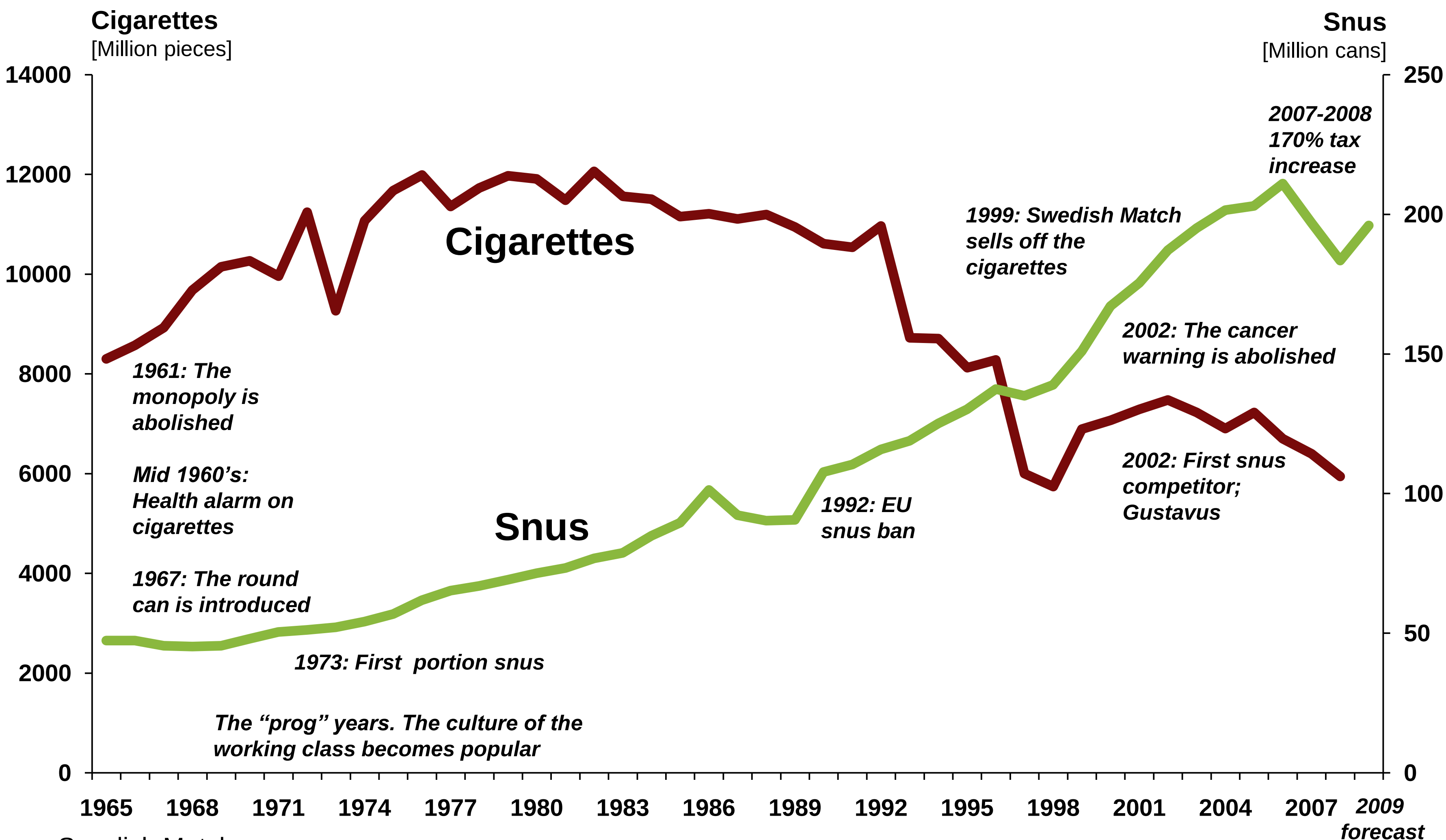


Source: Euroclear (former VPC), official registry and SIS Ägaranalys, percent of share capital excluding Swedish Match shares held in treasury

* 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



Source: Swedish Match