

INVESTOR KIT

FULL YEAR 2010



New structure from October 1, 2010

From October 1, 2010, reported product areas, sales and operating profit reflect the new structure following the transaction with STG.



Swedish Match - new reporting segments

Snus and snuff

- Swedish snus in Scandinavia and US
- US moist snuff
- Income from SMPM International



Other tobacco products (OTP)

- US mass market cigars
- Chewing tobacco



Lights

- Lighters
- Matches
- Fire related products



Other operations

- Distribution
- Central costs

Comparable sales and operating profit

Comparable sales and operating profit by product area

Full year

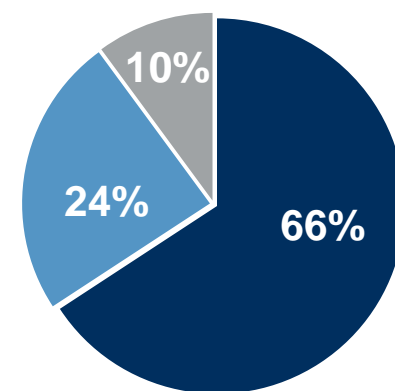
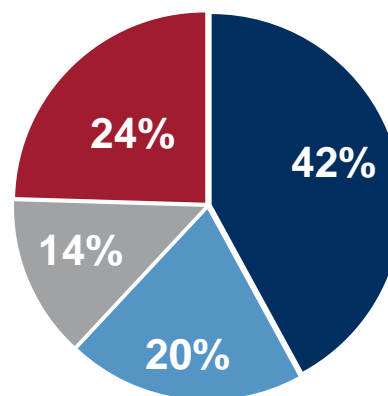
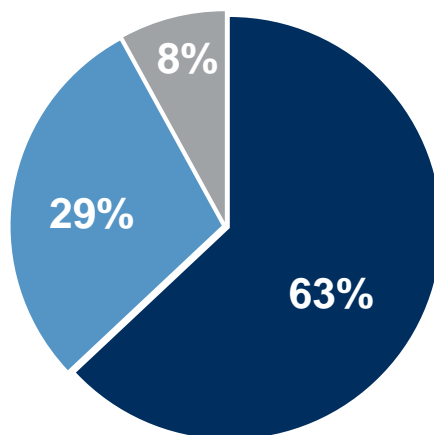
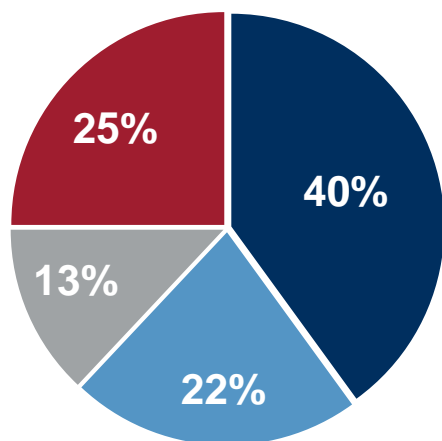
Q4 2010

Sales*, SEK

Operating profit**, SEK

Sales*, SEK

Operating profit**, SEK



- Snus and snuff
- Other tobacco products
- Lights
- Other operations

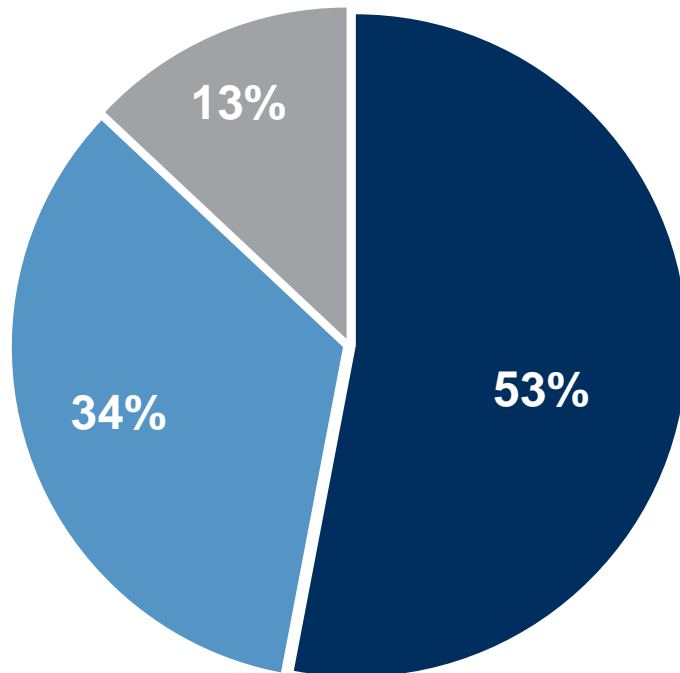
* Excluding businesses transferred to STG.

** Excluding Other operations, businesses transferred to STG, share of net loss from STG (loss of 60 MSEK) and larger one time items.

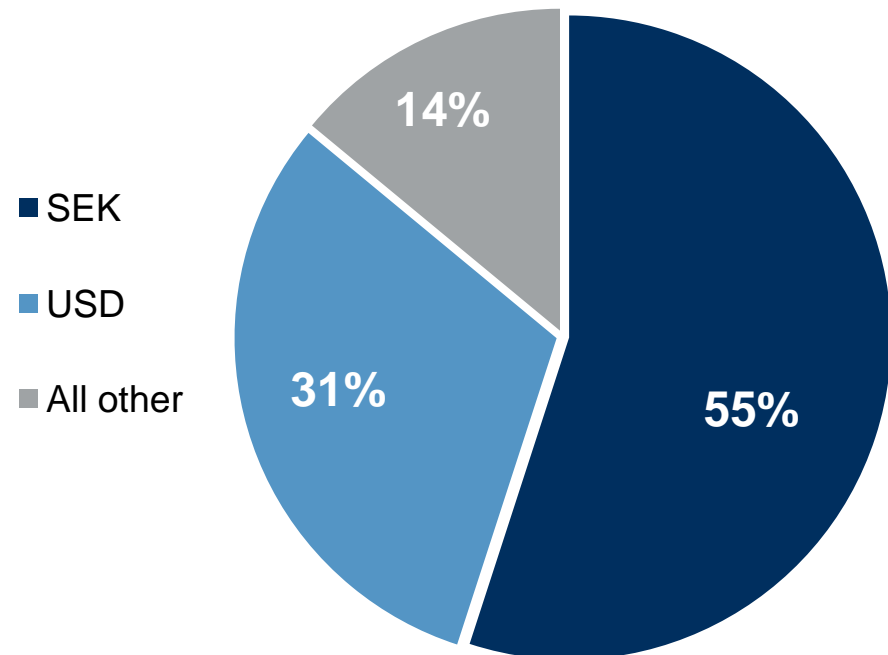
Sales by currency block*

Percent of sales, MSEK

Full year



Q4 2010



* Comparable sales from continuing operations, excluding businesses transferred to STG.

Group results* - fourth quarter 2010

- **Comparable sales** amounted to **2,801 MSEK (2,620)**
 - ↪ In local currency, sales increased by 9 percent
- **Comparable operating profit** amounted to **836 MSEK (740)**
 - ↪ Operating profit increased by 15 percent in local currencies
 - ↪ Operating profit was 1,421 MSEK (850) including businesses transferred to STG, share of loss from STG, and larger one time items**
- **Profit before income tax** amounted to **1,221 MSEK (739)**
- **Profit for the period** amounted to **1,074 MSEK (595)**
- **EPS (basic)** was **4.85 SEK (2.52)**
- **Net gain from pension settlement in Q4** was **59 MSEK**
- **Capital gain from transfer of businesses to STG** was **585 MSEK (preliminary, pending final transaction adjustments)**

* Unless explicitly stated otherwise, figures are from continuing operations, excluding businesses transferred to STG.

** Larger one time items include a gain from pension settlements, capital gains from businesses transferred to STG, and reversals of amortizations and depreciations relating to assets held for sale.

Group results* - full year 2010

- **Comparable sales** amounted to **11,222 MSEK (10,678)**
 - In local currency, sales increased by 7 percent
 - Sales including businesses transferred to STG amounted to 13,606 MSEK (14,204)
- **Comparable operating profit** amounted to **3,158 MSEK (2,900)**
 - Operating profit increased by 12 percent in local currencies
 - Operating profit was 4,169 MSEK (3,417) including businesses transferred to STG, share of net loss from STG, and larger one time items**
- **Profit before income tax** amounted to **3,607 MSEK (2,974)**
- **Profit from continuing operations** amounted to **2,958 MSEK (2,361)**
- **EPS (basic)** was **13.12 SEK (9.67)**

* Unless explicitly stated otherwise, figures are from continuing operations, excluding businesses transferred to STG.

** Larger one time items include a gain from pension settlements, capital gains from businesses transferred to STG, and reversals of amortizations and depreciations relating to assets held for sale.

Conclusions from the fourth quarter – sales

- **Sales*** up 9% in local currencies, up 7% in SEK
- **Scandinavian snus** sales up 9%, volumes up 1.3%
 - Volume growth in Sweden, Norway, more than offsetting declines in Travel Retail
- **US snuff** sales up 6% in USD, on 1% lower volume
 - Volume declines due to phased timing of promotions
- **US chewing tobacco** sales up 4% in USD, up 1% in SEK
- **US mass market cigar sales** were up 49% in local currencies
 - US mass market cigar volumes up 69% led by growth in smaller cigars
- **Lights** sales up 5% in local currencies

* Comparable sales from continuing operations, excluding businesses transferred to STG.

Conclusions from the fourth quarter – op. profit

- **Operating profit* up 15% in local currencies, up 13% in SEK**
 - Snus/Snuff operating margin was 48.1%, vs. 47.5% previous year
 - List price increases in the US on May 25 (6.7%), and in Sweden on June 7 (approximately 4%)
 - Increased marketing expenses for snus in the US
 - Operating profit for Other tobacco products up 58% in local currency, up 53% in SEK
 - Cigar operating profit doubled in local currency with continued solid underlying performance for US mass market cigars
 - Operating profit for chewing tobacco was also significantly higher in local currency
 - Operating profit for Lights down 12%, down 10% in local currencies

* Comparable operating profit. Excludes businesses transferred to STG, share of net loss from STG, and larger one time items.

Other items

- **Tax rate for the Group was 18% for the full year**
 - Includes one time items as well as profit and loss impact from associated companies
 - Underlying tax rate was 22%
- **Solid cash position and limited debt repayments during 2011**
 - Cash and cash equivalents are 3,275 MSEK vs. 2,530 MSEK as of December 31, 2009
 - 542 MSEK of interest bearing debt to be paid in 2011
- **Share repurchases during the fourth quarter amounted to 5.9 million shares**
 - YTD to December 31, 17.0 million shares repurchased, for 3,014 MSEK
- **20 million shares cancelled in May, total registered shares stand at 231.0 million**

Nielsen snus/moist snuff consumption data*

- **SM total value market share Dec/Jan in Sweden was 88.0%**
 - 88.0% in Oct/Nov 2010 (88.7% in Dec/Jan 2009/2010)
- **SM total volume market share Dec/Jan in Sweden was 85.8%**
 - 85.7% in Oct/Nov 2010 (86.2% in Dec/Jan 2009/2010)
- **Low price segment is 25.3% in Dec/Jan of Swedish market**
 - 25.0% in Oct/Nov 2010 (24.2% in Dec/Jan 2009/2010)
- **SM share Dec/Jan of low price segment in Sweden was 52.9%**
 - 52.6% in Oct/Nov 2010 (53.2% in Dec/Jan 2009/2010)
- **US snuff market up 9.8% for the YTD ending Dec 25, 2010**
 - Nielsen 4 weeks consumption up 9.9% through Jan 22, 2011
 - SM consumption volume up 1.9% YTD ending Dec 25, up 3.2% 4 weeks to Jan 22, 2011
- **Swedish Match market shares in the US**
 - YTD ending Dec 25 was 12.0% vs. 12.9% YTD 2009
 - *4 weeks to Jan 22 SM share was 11.7%, virtually unchanged since August 2010*

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

Other items

- FDA regulations with new labeling requirements and limitations on certain types of marketing, among other things, was in effect as from June 22. Swedish Match is in full compliance with all FDA regulations
- After the close of the period, on October 1, Swedish Match and Scandinavian Tobacco Group formed a new company, combining the tobacco businesses of STG with the cigar and pipe tobacco businesses of Swedish Match (excluding US mass market cigars and minority interest in Arnold André)

Financial policy and financing needs

■ Financial policy

- Dividend policy: 40-60% of earnings per share
 - 2009 dividend paid of 4.75 SEK per share, an increase of 16% from the 2008 level of 4.10 SEK/share
 - Board proposes 2010 dividend of 5.50 SEK per share, an increase of 16%
- Net debt not to exceed 3 times EBITA

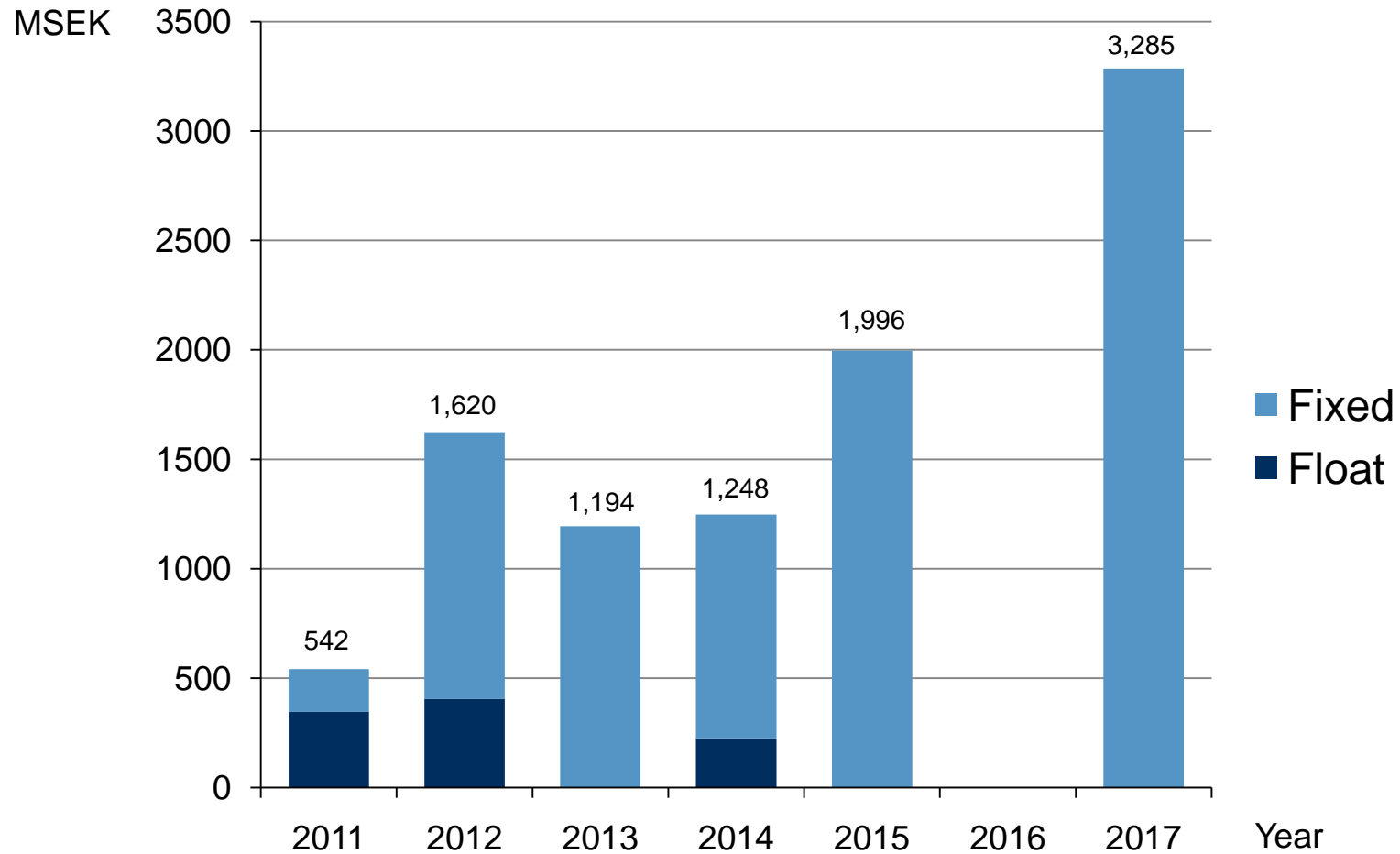
■ Financing and cash flow

- Cash flow from operating activities for year amounted to 2,616 MSEK (2,911) with decline due primarily to higher taxes paid and higher net finance costs in 2010, and that businesses transferred to STG are included for nine months only in 2010
- Net finance cost increased to 562 MSEK (443), including 77 MSEK which is an effect of the total realized value of discounted interests from 171 MEUR of bonds repurchased, maturing in 2013
 - 600 MSEK of interest bearing debt remained in 2010, paid in October
- Net debt/EBITA* was 2.4

* Excluding businesses transferred to STG, share of net loss from STG, and larger one time items.

Maturity profile of interest bearing liabilities*

As of December 31, 2010



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

Snus and snuff

- Leading position in **Scandinavia**
- The third largest producer of moist snuff in **the US**
- Production in **Sweden** and **the US**
- Joint venture with **Philip Morris International** for markets outside Scandinavia and US



Snus and snuff

Sales, profits and volumes up. US invests in brands

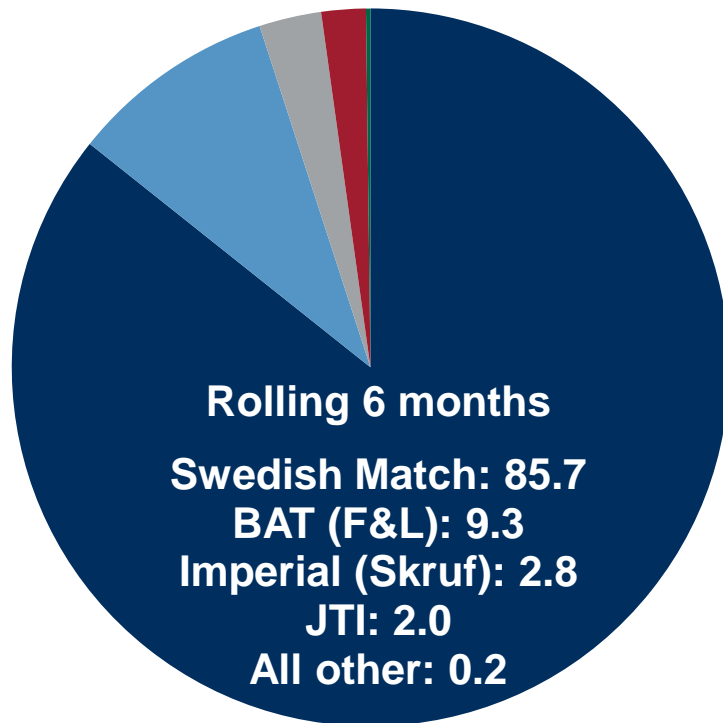
- Scandinavia snus sales up 9% in Q4
 - Scandinavian volumes up 1.3% in Q4
 - Q4 volumes up in Sweden, Norway, down in Travel Retail
- US sales up 6% in USD on 1% lower volumes in Q4
 - Swedish Match consumption volume up 1.9% YTD Dec 25, and 3.2% for four weeks to Jan 22 (Nielsen)
- Q4 margins above year earlier levels
 - Higher margins in Scandinavia on stronger volume and price/mix effects
 - Lower US margins, with investment behind General snus
 - Price increases in the US (May 25, 6.7%) and Sweden (June 7, approximately 4% list)



MSEK	Q4-2010	Q4-2009	chg	Full year 2010	Full year 2009	chg
Sales	1,178	1,101	7	4,522	4,250	6
Operating profit	567	523	8	2,080	1,916	9
Operating margin, %	48.1	47.5		46.0	45.1	

Swedish snus market shares

Volume share in Sweden, rolling 6 months through January 2011

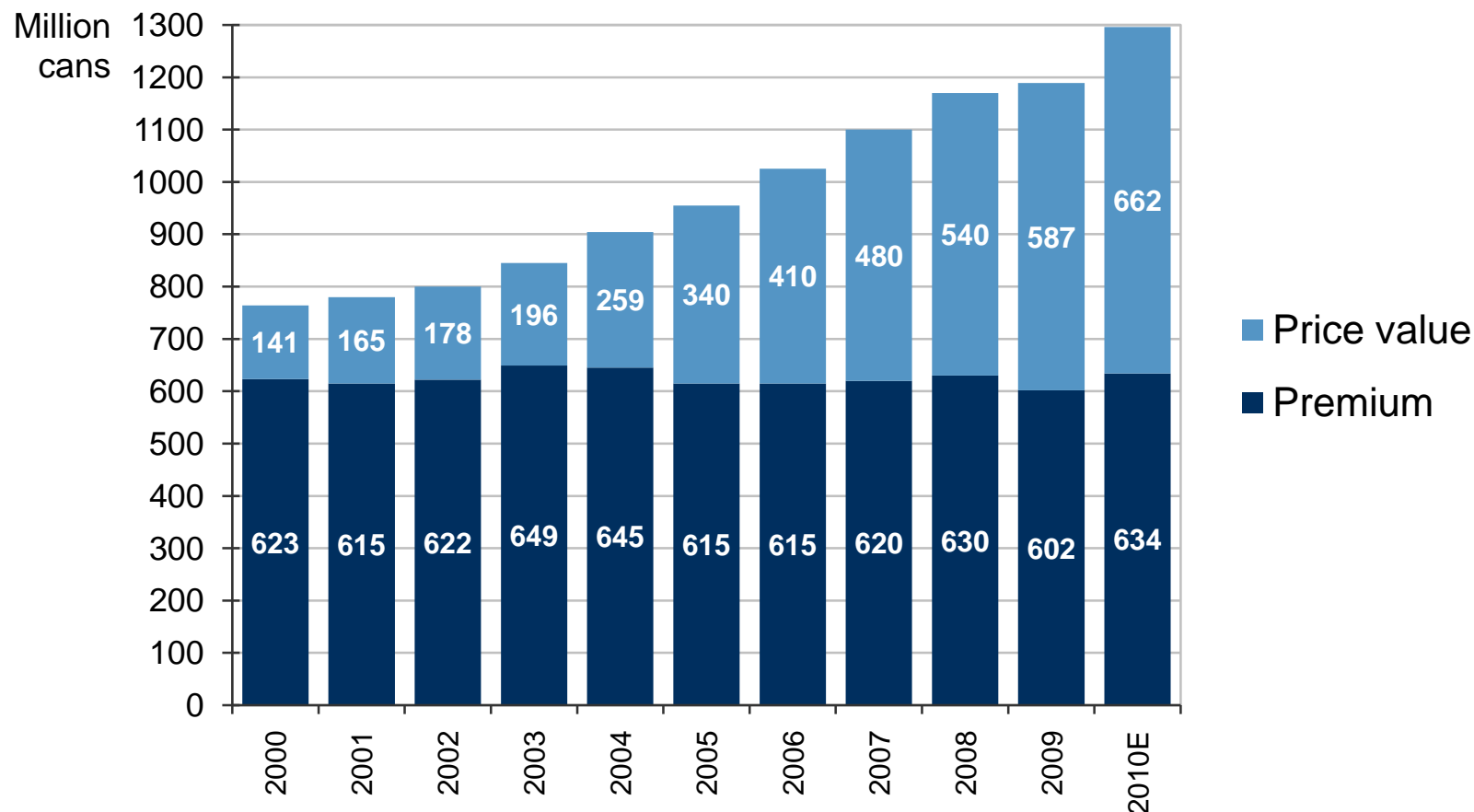


2 months Dec/Jan	value share	volume share
Swedish Match	88.0	85.8
BAT (F&L)	7.8	9.2
Imperial (Skruf)	2.4	2.8
JTI	1.6	2.0
All other	0.2	0.2

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

Volume growth of moist snuff in the US

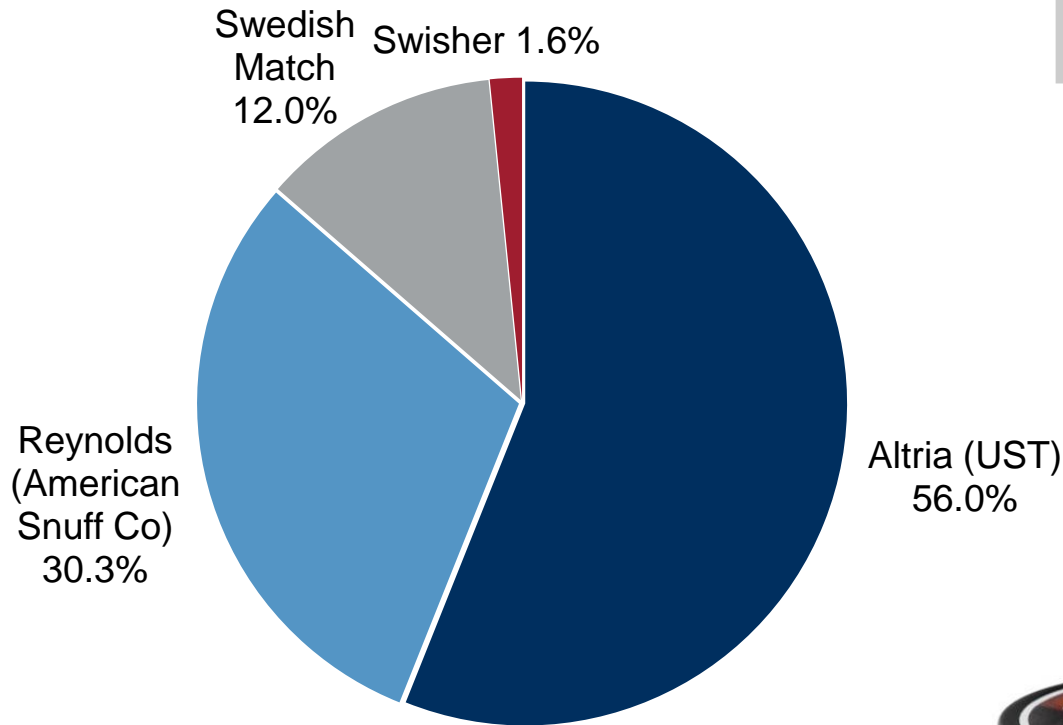
US snuff market by segment



Market size estimated by Swedish Match using Nielsen estimates as well as industry data and estimates. Note that the value segment includes competitive “premium brand” line extensions launched at price value level.

US moist snuff market shares

Volume share US, YTD Dec 25



4 weeks to Jan 22	volume share
Altria	55.8
Reynolds	31.0
Swedish Match	11.7
Swisher	1.5



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

General snus

General snus in the US

- *General* snus now in approximately 1,200 stores in the US
 - Available in Original, Wintergreen, and Mint
 - Good sell-through/rotation in stores
 - Distribution expansion continues

SMPM International (the 50/50 joint venture)

- Test launch of *General* in Taiwan started in September 2010
 - Available in Original and Mint
- Test launch of *General* in Canada started in December 2010
 - Available in Original, Mint, and Smooth



Other tobacco products

US mass market cigars and chewing tobacco

US mass market cigars

- Swedish Match is a major player in **the US** mass market cigar market
- Production takes place in **Santiago, Dominican Republic** and **Dothan, Alabama**

Chewing tobacco

- Nearly all chewing tobacco sales are in **the US**. Swedish Match is the largest producer and production takes place in **Owensboro, Kentucky**
- The market typically declines by 5-10% per year in volume, down 10.7% YTD to Dec 25, 2010 (Nielsen)



Other tobacco products

Full year sales up 11% in local currency vs. previous year

- Sales and operating profit growth driven by increased volume of US mass market cigars
- In local currency, Q4 sales up 26%, while operating profit up 58%
- Mass market cigar volumes up 69% in Q4 and 35% YTD
- Chewing tobacco sales up 4% in Q4 in local currency, operating profit was also higher
- Full year chewing tobacco sales flat vs. year ago in local currency, while operating profit was up 2%, supported by co-pack volumes



MSEK	Q4-2010	Q4-2009	chg	Full year 2010	Full year 2009	chg
Sales	557	456	22	2,440	2,337	4
Operating profit	208	136	53	942	804	17
Operating margin, %	37.4	29.9		38.6	34.4	

Other tobacco products

US mass market cigars

- US mass market sales and volumes show strong growth
 - Q4 sales increased 49% in local currency compared to previous year
 - Q4 shipment volumes up 69%. Operating profit up significantly
- Continued success for FoilFresh™ cigars and successful introduction of new line of White Owl Sweets
- Restructuring charge of 45 MSEK in Q3 2009 affects operating profit comparisons for full year period

Chewing tobacco

- Continued market decline
 - 2010 category down 10.7% (Nielsen YTD Dec 25)
 - Swedish Match brands down 9.5% according to Nielsen
- Q4 shipment volume declines modest, in part due to yearend buying from some accounts
- Price increase of 5% in November/December 2010



Lights

Full year sales up 2%, operating profit down 11%

- Swedish Match is market leader in many markets. The brands are mostly local and hold a strong position in their respective markets
- Main markets are [Australia](#), [Europe](#), [Latin America](#) and [Russia](#)
- Production in [Brazil](#), [Bulgaria](#), the [Netherlands](#), the [Philippines](#) and [Sweden](#)

- In local currencies, operating profit was down 10% in Q4
- Stronger lighter profits, with matches profit down on lower volumes and higher production costs



MSEK	Q4-2010	Q4-2009	chg	Full year 2010	Full year 2009	chg
Sales	379	373	2	1,429	1,403	2
Operating profit	87	100	-12	279	312	-11
Operating margin, %	23.0	26.6		19.5	22.2	

Swedish Match and STG has formed a new company



On October 1, 2010, Swedish Match and Scandinavian Tobacco Group (STG) formed a new company combining all of the tobacco businesses of STG with the premium and machine made cigar businesses of Swedish Match (except US mass market cigars and holding in Arnold André). Swedish Match owns 49 percent of the new STG.

The new Scandinavian Tobacco Group (STG)

A leading, global company – with focus on cigars

- Swedish Match share of STG net loss after interests and tax amounted to 60 MSEK in Q4
 - Swedish Match share of net loss includes restructuring, other transaction costs, and IFRS adjustments of 175 MSEK pretax
- Q4 total STG operating profit excluding extraordinary items amounted to 206 MSEK
 - Sales increased modestly for machine made cigars and smoking tobacco, while sales declined for premium cigars

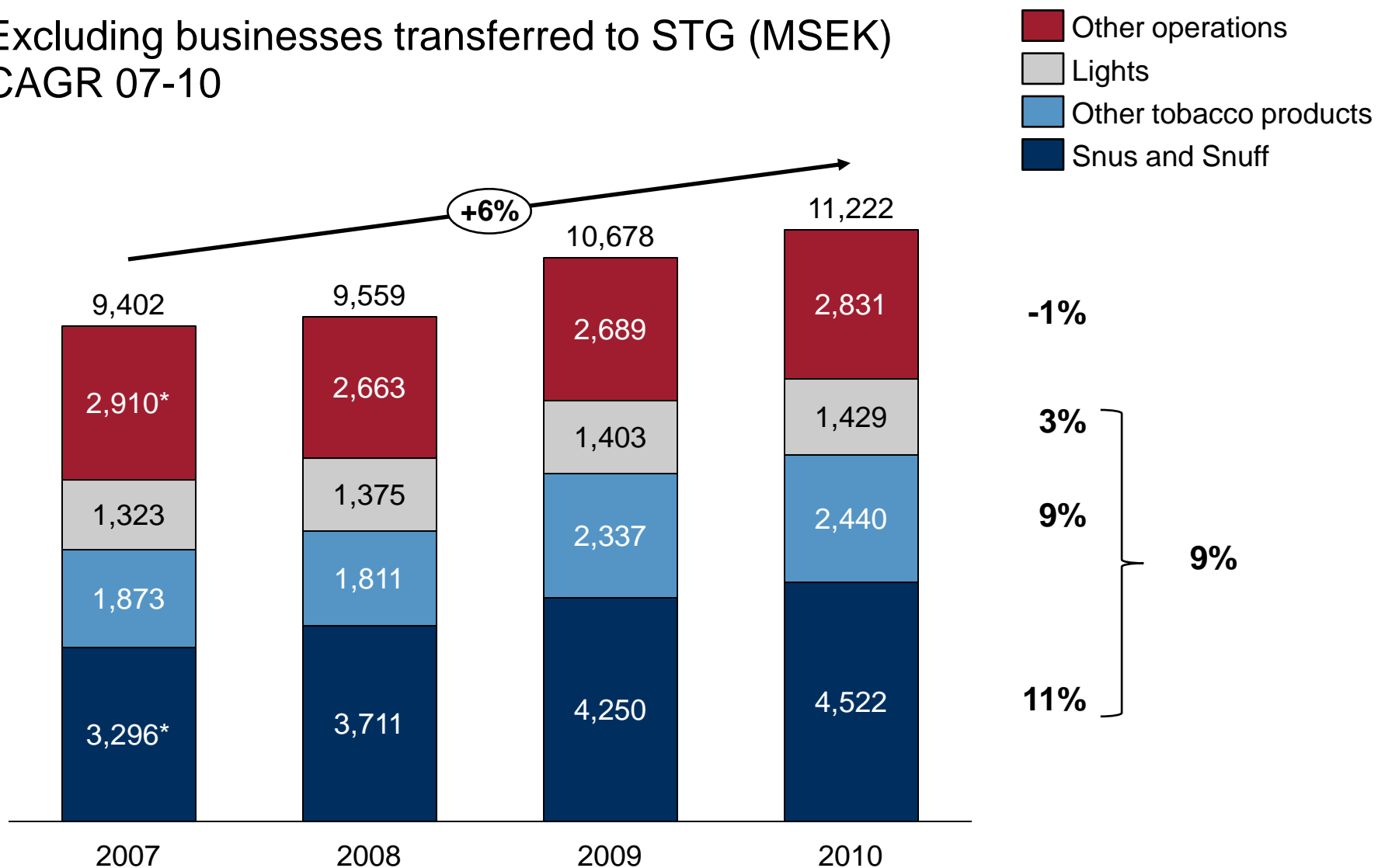
Group strategy



- 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
- Leverage strong platforms to maximize long term profitability in Other tobacco products
 - Drive profitable growth in US mass market cigars through consumer driven innovation and strong sales execution
 - Capitalize on leading position in the chewing tobacco category and continuously drive productivity improvements
- Continue to focus on operational excellence and profitability in Lights
 - Strong market positions
 - Efficient supply chain
- Realize the potential of STG through active ownership
 - Decisively pursue synergy opportunities
 - Leverage brand portfolio and scale to drive profitable growth

Comparable sales

Excluding businesses transferred to STG (MSEK)
CAGR 07-10

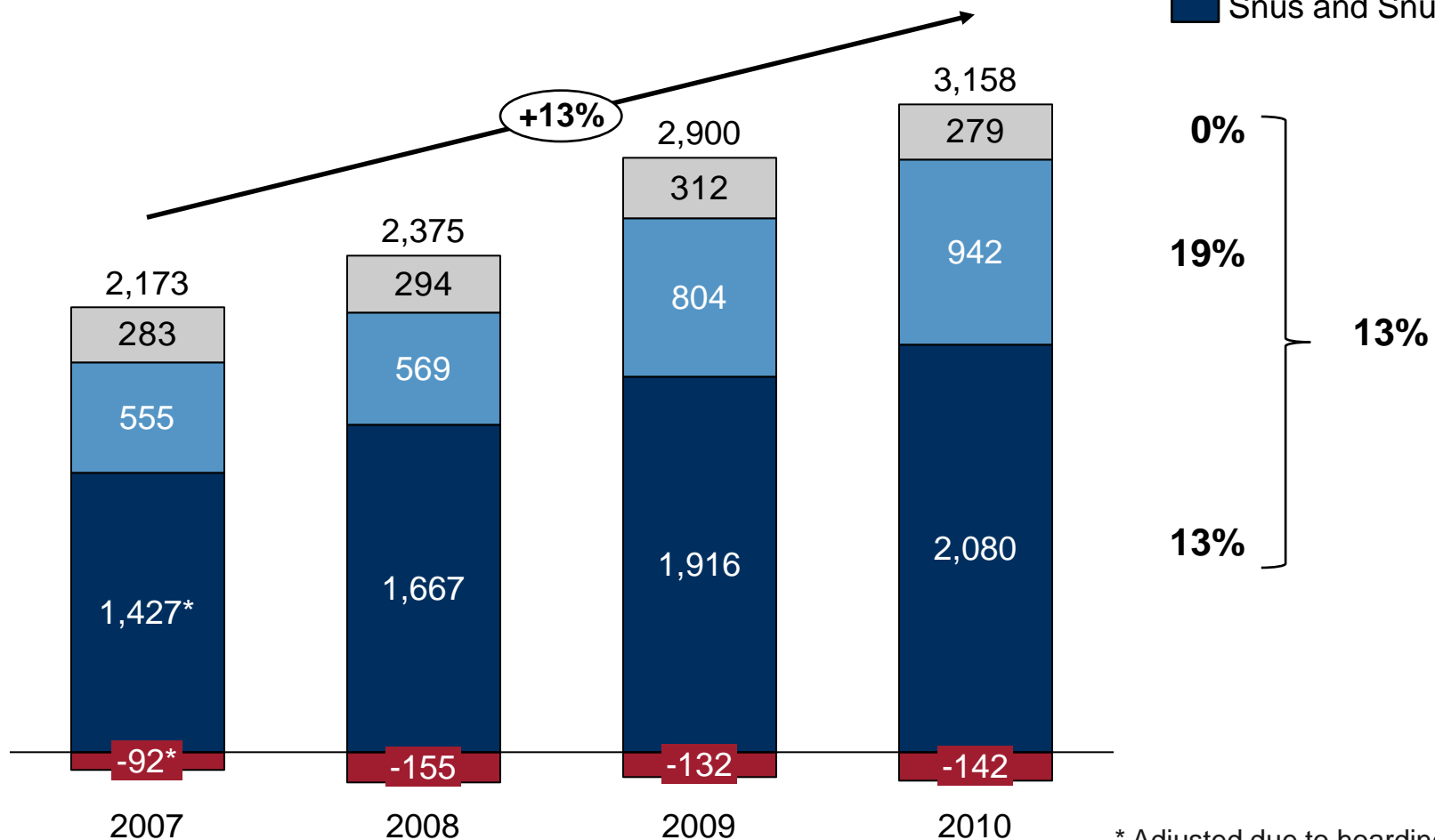


* Adjusted due to hoarding in 2006.

Comparable operating profit

Excluding businesses transferred to STG (MSEK)
CAGR 07-10

- Other operations
- Lights
- Other tobacco products
- Snus and Snuff



* Adjusted due to hoarding in 2006.

P & L summary

Continuing operations

MSEK	Q4-2010	Q4-2009	chg	Full year 2010	Full year 2009	chg
Sales	2,801	3,545	-21	13,606	14,204	-4
Cost of goods sold	-1,338	-1,835		-6,662	-7,114	
Gross profit	1,463	1,710	-14	6,944	7,089	-2
Selling and administrative expenses	-621	-860		-3,356	-3,681	
Share of profit/loss in equity accounted investees	-65	0		-62		
Net gain from pension settlements	59	-		59		
Capital gain from transfer of businesses to STG	585	-		585		
Operating profit	1,421	850	67	4,169	3,417	22
Finance income	8	10		27	86	
Finance costs	-207	-121		-590	-529	
Net finance cost	-199	-111		-562	-443	
Profit before income tax	1,221	739	65	3,607	2,974	21
Income tax expense	-148	-143		-649	-613	
Profit for the period	1,074	595	80	2,958	2,361	25
EPS, basic, SEK	4.85	2.52		13.12	9.67	
EPS, diluted, SEK	4.83	2.51		13.09	9.66	

Balance sheet in summary

MSEK	December 31, 2010	December 31, 2009
Intangible assets	1,027	3,792
Property, plant and equipment	2,097	2,525
Other non-current financial receivables*	5,453	2,193
Current operating assets	2,886	5,287
Other current investments and current financial assets*	1	10
Cash and cash equivalents	3,275	2,530
Total assets	14,739	16,337
Equity attributable to equity holders of the Parent	-484	899
Non-controlling interests	2	4
Total equity	-482	903
Non-current provisions	1,050	1,301
Non-current loans	9,209	8,252
Other non-current financial liabilities*	1,478	1,440
Current provisions	98	125
Current loans	525	1,002
Other current liabilities*	2,861	3,313
Total equity and liabilities	14,739	16,337

* For full detail, please refer to notes in the full year 2010 report.

Cash flow in summary

MSEK	FY 2010	FY 2009
Cash flow from operating activities before changes in working capital	2,576	2,978
Cash flow from changes in working capital	40	-67
Net cash from operating activities	2,616	2,911
Purchase of property, plant and equipment	-311	-471
Proceeds from sale of property, plant and equipment	6	3
Purchase of intangible assets	-51	-16
Net proceeds from businesses transferred to STG	1,439	-
Acquisition of subsidiaries, net of cash acquired*	-	-39
Investments in associated companies and joint ventures*	-123	-23
Proceeds from sale of subsidiaries, net of cash disposed of*	-	1,577
Changes in financial receivables etc.	-1	12
Net cash used in investing activities	959	1,043
Changes in loans	1,281	-1,020
Dividends paid to equity holders of the Parent	-1,089	-1,024
Repurchase of own shares	-3,014	-2,598
Stock options exercised	53	51
Other	122	-115
Net cash used in financing activities	-2,646	-4,707
Net increase/decrease in cash and cash equivalents	928	-753
Total net increase/decrease in cash and cash equivalents	928	-591
Cash and cash equivalents at the beginning of the period	2,530	3,178
Effect of exchange rate fluctuations on cash and cash equivalents	-183	-58
Cash and cash equivalents at the end of the period	3,275	2,530

* For full detail, please refer to notes in the full year 2010 report.

Key data

Continuing operations, unless stated otherwise

	FY 2010	FY 2009
Operating margin, %*	25.2	24.1
Operating capital, MSEK*	7,099	8,494
Return on operating capital, %*	44.0	39.4
EBITDA, MSEK*	3,813	3,885
EBITA, MSEK*	3,527	3,535
Net debt, MSEK*	7,650	7,188
Net debt/EBITA*	2.2	2.0
Investments in property, plant and equipment, MSEK*	311	471
EBITA interest cover*	7.0	8.4
<i>Cont.op, excl. businesses transferred to STG and share of net loss in STG</i>		
EBITA, MSEK*	3,209	2,951
Net debt/EBITA*	2.4	2.4
Share data		
Earnings per share, basic, SEK		
From continuing operations	13.12	9.67
Including discontinued operations	-	12.88
Earnings per share, diluted, SEK		
From continuing operations	13.09	9.66
Including discontinued operations	-	12.87
Average number of shares outstanding, basic (Mio)	225.3	244.3
Shares outstanding, end of period (Mio)	214.8	231.3

* For full detail, please refer to notes in the full year 2010 report.

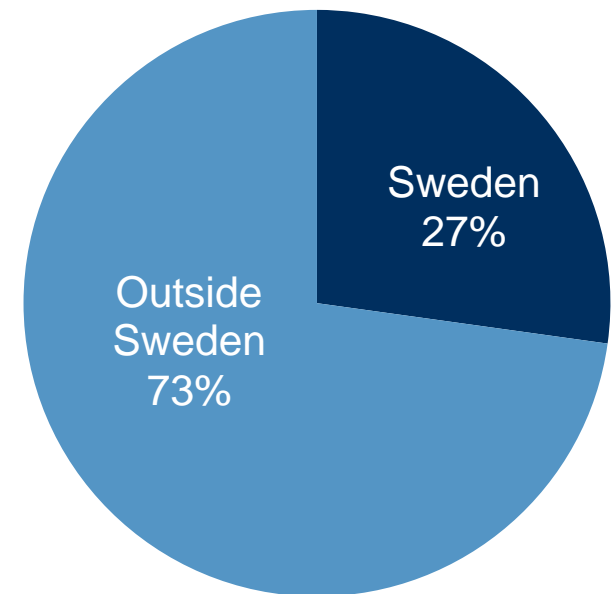
Largest shareholders*

As per December 31, 2010

Largest shareholders

Parvus Asset Management	6.6%
Morgan Stanley Investment Management	6.1%
Swedbank Robur Funds	3.1%
AMF Insurance & Funds	2.4%
SEB Funds	1.5%
Didner & Gerge Mutual Funds	1.5%
SHB Funds	1.4%
Standard Life Investment Fund	1.4%
Second Swedish National Pension Fund	1.3%
Fourth Swedish National Pension Fund	0.9%
	<hr/>
	26.2%

53,238 shareholders

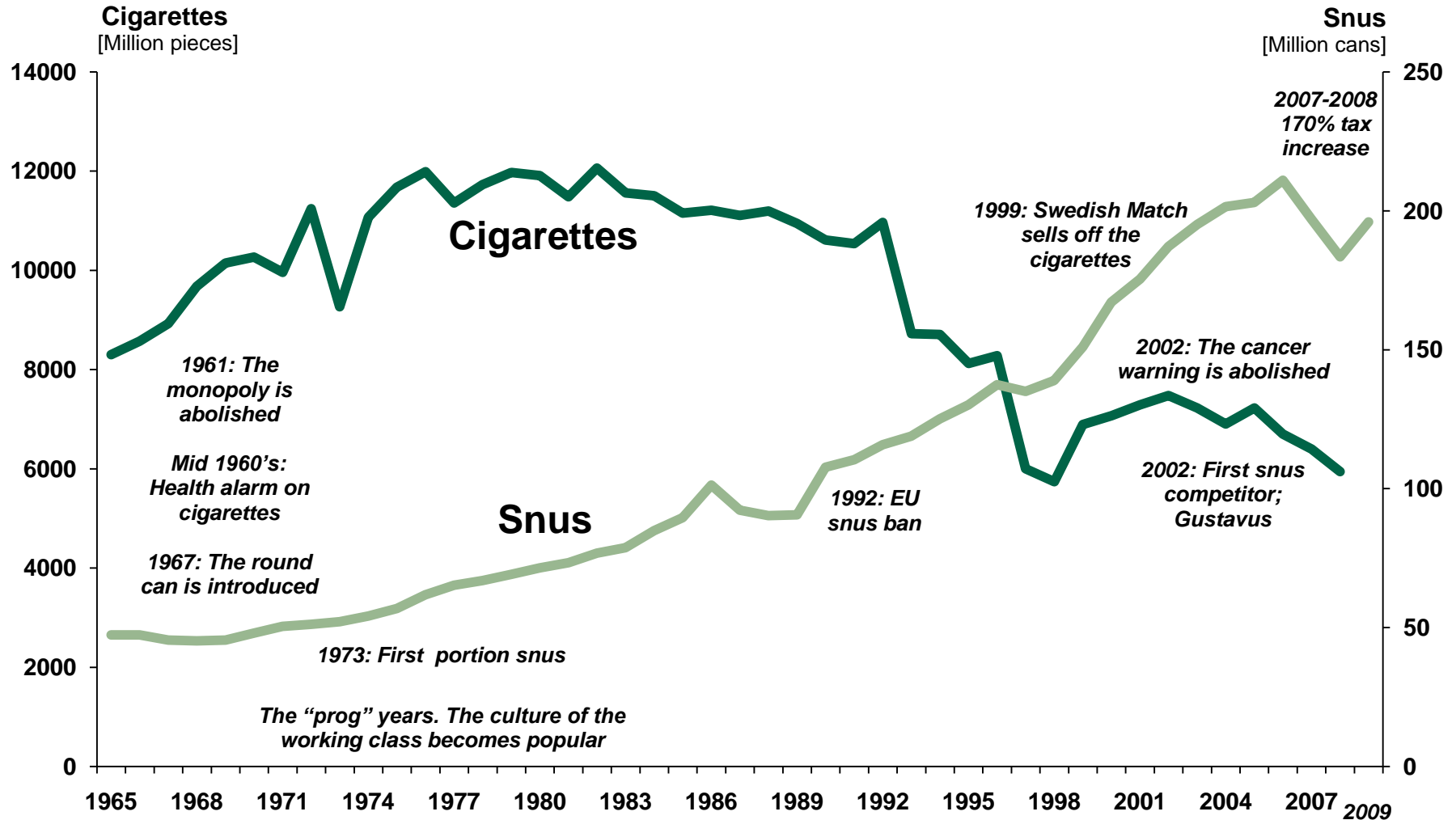


Source: Euroclear, official registry and SIS Ägaranalys.

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

Snus vs. cigarettes in Sweden

Sale of snus and cigarettes in Sweden



Source: Swedish Match