

# COMPANY PRESENTATION

2016



# WHO WE ARE, WHAT WE DO



**Swedish Match** develops, manufactures, and sells quality products with market-leading brands in the product areas Snus and moist snuff, Other tobacco products (cigars and chewing tobacco), and Lights (matches, lighters, and complementary products).

Production is located in six countries, with sales concentrated in Scandinavia and the US.

Well known brands: General, Longhorn, White Owl, Red Man, Fiat Lux, and Cricket.

The Swedish Match share is listed on Nasdaq Stockholm (SWMA).

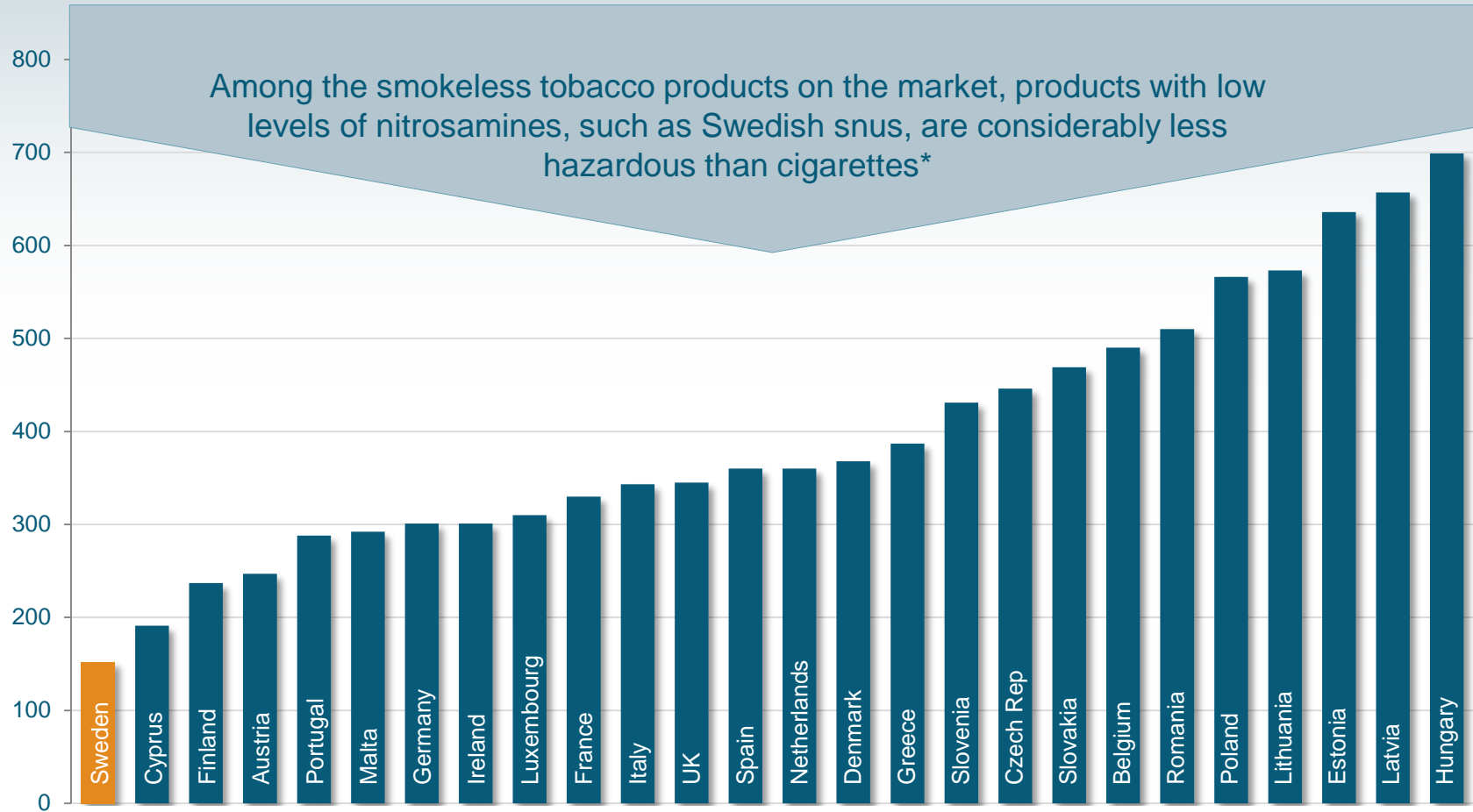


| a world  
| without cigarettes

**We** create shareholder value by offering tobacco consumers enjoyable products of superior quality in a responsible way. By providing products that are recognized as safer alternatives to cigarettes, we can contribute significantly to improved public health.

# A VISION THAT CONTRIBUTES TO THE SOCIETY

## Mortality attributable to tobacco, men per 100,000 (WHO 2012)

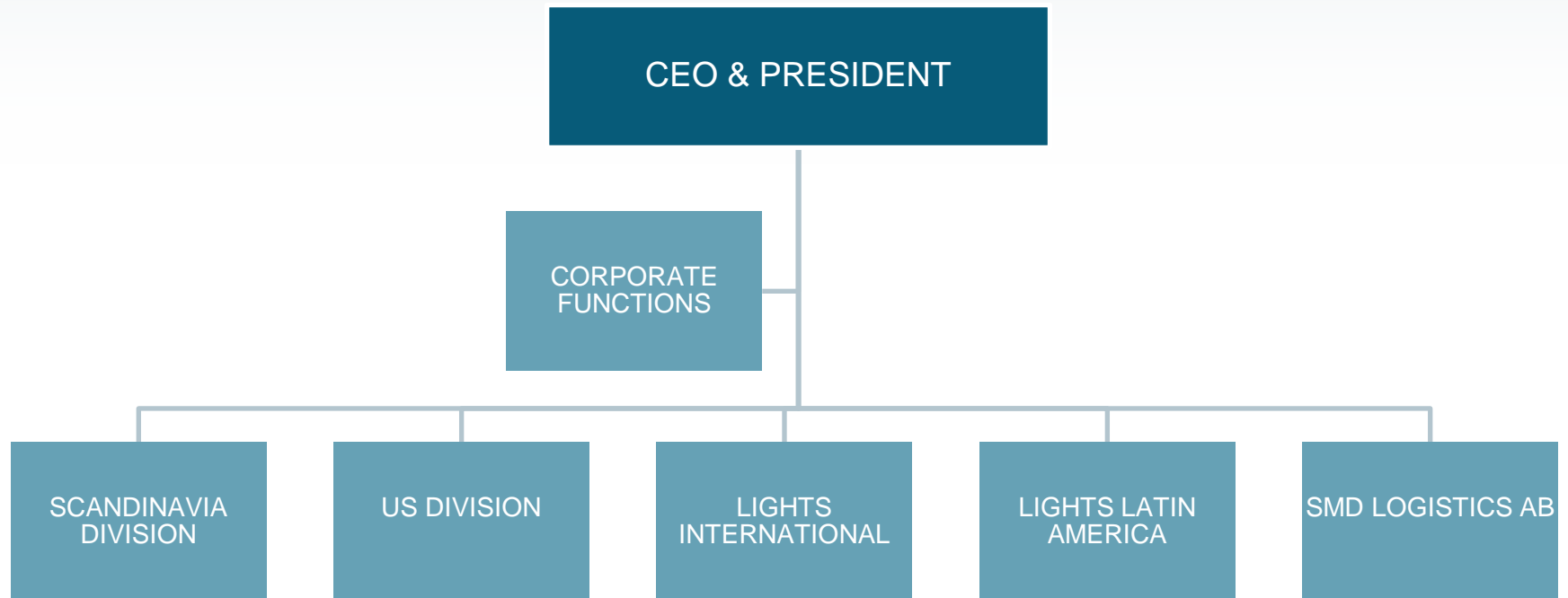


\*WHO Tob. Reg. Report 951, Scientific Basis of Tobacco Product Regulation 2008.

# ORGANIZATION

**Swedish Match's organization** consists of five operating units and the Corporate functions.

The head office, where the CEO and Corporate functions are based, is located in Stockholm.



# OPERATING LOCATIONS

**Swedish Match** has operations in ten countries, six of which have manufacturing facilities.



As of June 30, 2016.

# COMPANY HISTORY





# SWEDISH MATCH TODAY

- The largest snus manufacturer in Scandinavia, number one position.
- The third largest moist snuff manufacturer in the US.
- The second largest player in the US snus market.
- The largest manufacturer of US chewing tobacco.
- Major player in the US (mass market) cigar market.
- A leading manufacturer and distributor of matches and lighters with a strong brand portfolio across the globe.
- SMD Logistics (owned by Swedish Match) is the largest distributor of tobacco products on the Swedish market.





# SWEDISH MATCH IN FIGURES 2015

- Sales: 14,486 MSEK
- Operating profit<sup>1)</sup>: 4,008 MSEK
- Operating margin<sup>1)</sup>: 27.7%
- Profit before income tax: 3,545 MSEK
- EBITDA<sup>1)</sup>: 4,368 MSEK
- Profit for the year: 2,803 MSEK
- EPS (adjusted, basic): 14.36 SEK
- Number of employees: 4,488
- Manufacturing in 6 countries
- Sales worldwide in more than 100 countries



1) Including share of net profit in STG and larger one-time items.

# PRODUCT AREAS

## Snus and moist snuff

- Snus (Scandinavia and US)
- Moist snuff (US)

## Other tobacco products

- Cigars (US)
- Chewing tobacco (US)

## Lights

- Lighters
- Matches
- Complementary products

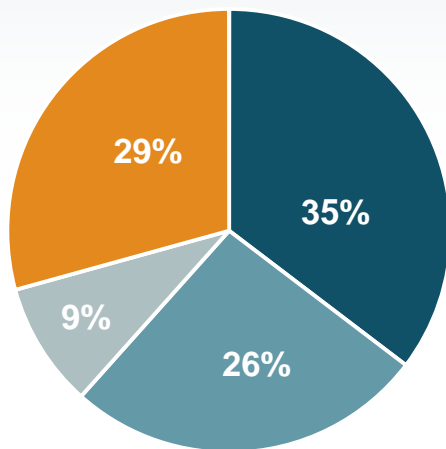
## Other operations

- Distribution
- Central costs



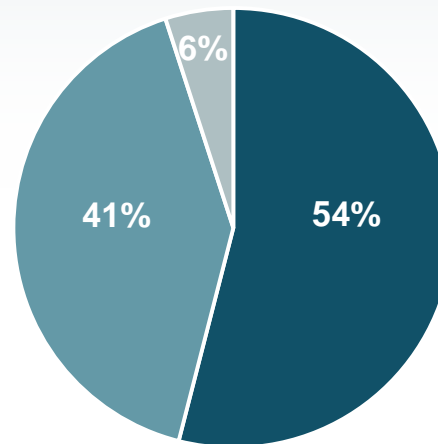
# SALES AND OPERATING PROFIT BY PRODUCT AREA 2015

Sales, SEK



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

Operating profit<sup>1)</sup>, SEK



1) Excluding Other operations, share of net profit in STG, and larger one-time items. Totals may not add up due to rounding.

# SNUS AND MOIST SNUFF

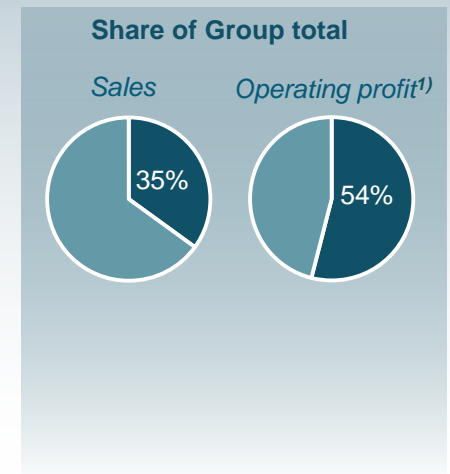
- Leading position for snus in Scandinavia.
- The second largest player for snus in the US.
- The third largest producer of moist snuff in the US.
- Production in Sweden (snus) and the US (moist snuff).

## Main brands:

**Scandinavia:** General, Göteborgs Rapé, Ettan, Grov, Catch, Kaliber, Kronan, X RANGE snus series

**Norway:** General, General G.3, The Lab, Nick & Johnny

**US:** Longhorn and Timber Wolf for moist snuff, and General for snus



1) Excluding Other operations, share of net profit in STG, and larger one-time items.



# OTHER TOBACCO PRODUCTS

## Cigars and chewing tobacco

- Major player in the US mass market cigar market.
- The largest manufacturer of US chewing tobacco.
- Production mainly in the US (cigars and chewing tobacco) and in the Dominican Republic (cigars).

### Main brands:

**Cigars:** Garcia y Vega, Game by Garcia y Vega, 1882, White Owl, Jackpot

**Chewing tobacco:** Red Man, General (chew bags)



1) Excluding Other operations, share of net profit in STG, and larger one-time items.

## Matches, lighters and complementary products

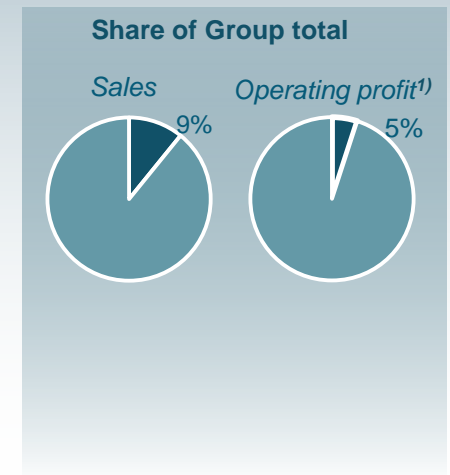
- Swedish Match is market leader in many markets. Match brands tend to be local and hold a strong position in their respective markets.
- Production in Brazil, the Netherlands, the Philippines, and Sweden.
- Strong market presence in Africa, Australia, Brazil, Europe, New Zealand, and parts of Asia.
- The Company also offers a portfolio of complementary products primarily in Brazil under the Fiat Lux brand.

### Main brands:

**Matches:** Solstickan (Sweden), Swan Vestas (UK), Tres Estrellas (Spain), Feudor (France), Redheads (Australia) and Fiat Lux (Brazil)

**Lighters:** Cricket (globally)

1) Excluding Other operations, share of net profit in STG, and larger one-time items.



# OTHER OPERATIONS

- Other operations include the Swedish distribution company, SMD Logistics, as well as corporate overhead costs.
- The Swedish distribution company operates independently and serves both the Swedish and Norwegian markets. Focus is on distribution of tobacco products and other adjacent categories from a number of different suppliers.



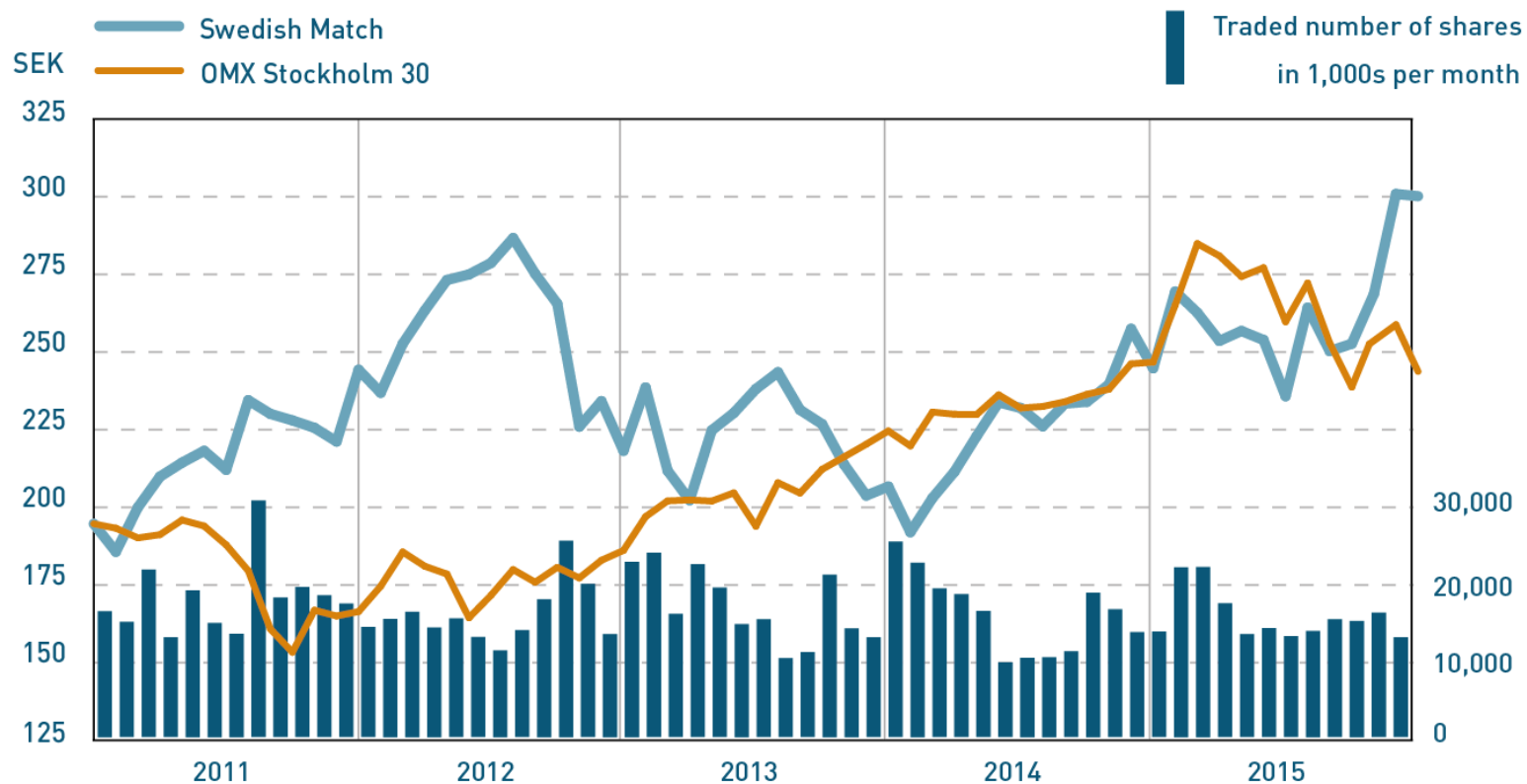
## Swedish Match's operations are characterized by strong cash flows

- Financial strategy
  - Optimize balance sheet
  - Return excess funds to shareholders
- Financial policy
  - Dividend policy: pay-out ratio of 40-60% of earnings per share
  - Maintain a net debt that does not exceed 3 times EBITA
  - Maintain a Standard & Poor's BBB and a Moody's Baa2 long term rating



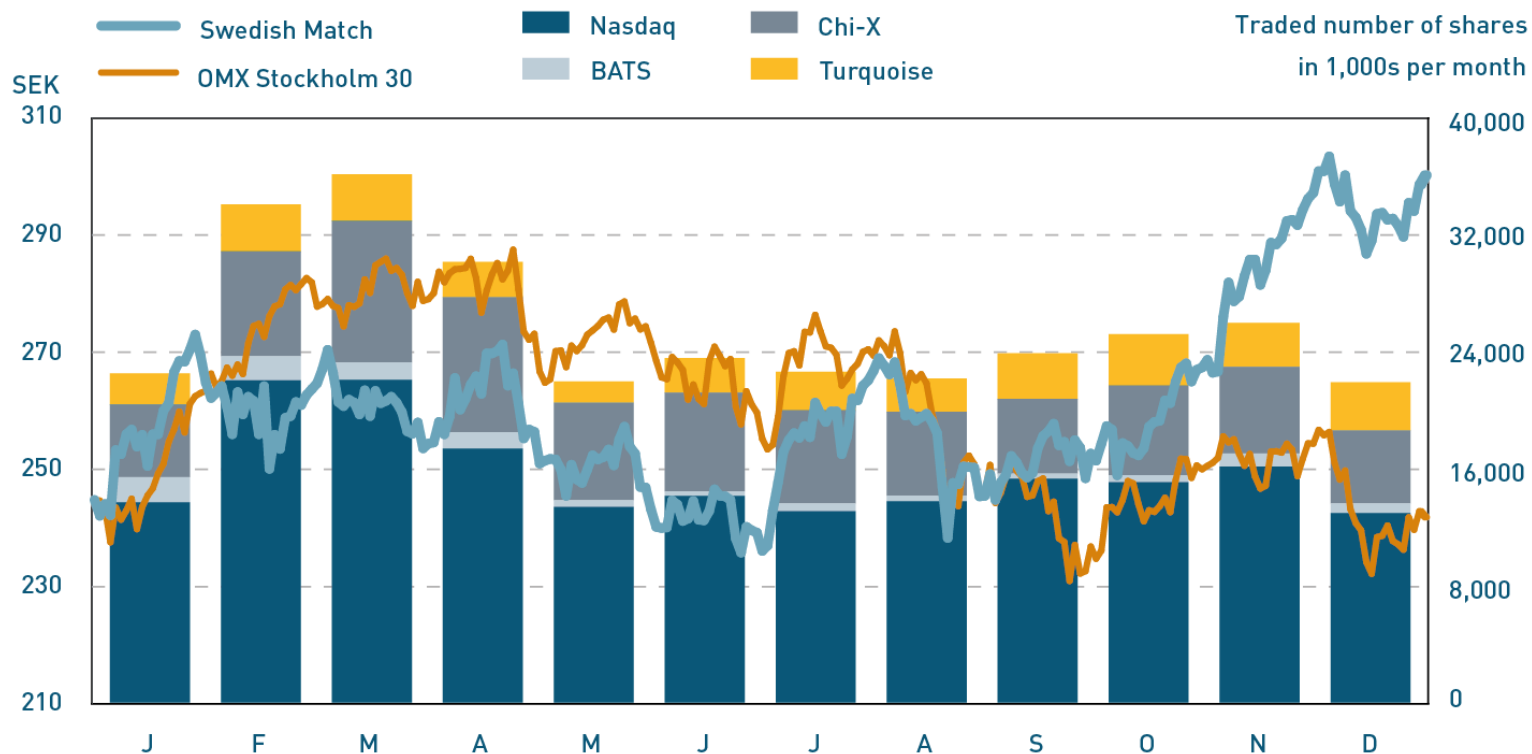


# SHARE PERFORMANCE 2011-2015



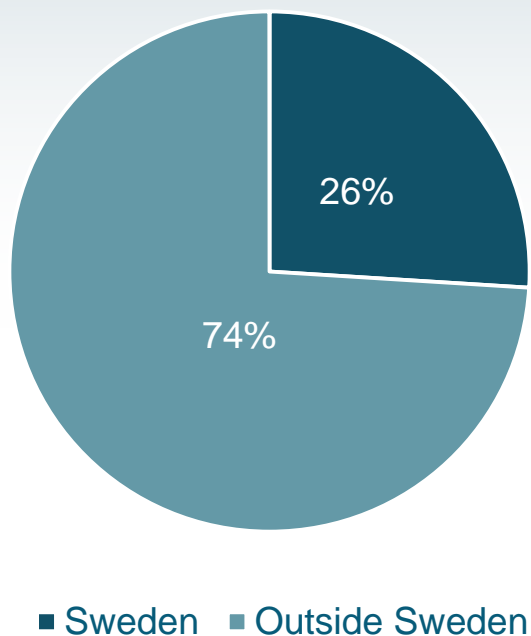
Volumes traded on Nasdaq Stockholm. Source: SIX Financial Information.

# SHARE PRICE AND TURNOVER 2015



Source: SIX Financial Information.

# LARGEST SHAREHOLDERS



Largest shareholders	Percent
Standard Life Investment Funds	3.8
SEB Funds	2.9
Nordea Funds	2.3
Second Swedish National Pension Fund	2.2
First Swedish National Pension Fund	1.8
Invesco Funds	1.7
UBS Funds	1.1
SHB Funds	1.1
Vanguard Funds	0.9
Fourth Swedish National Pension Fund	0.9
	<b>18.7</b>

Percent split of share capital held, excluding Swedish Match shares held in treasury. Totals may be affected by rounding.  
 Source: Modular Finance AB, data derived from Euroclear AB, as of December 31, 2015.

# CORE VALUES

Swedish Match's core values *Passion*, *Ownership*, *Innovation* and *Quality* are central to the Company's business ethics and, as such, they are demonstrated in all relations with stakeholders and are a natural part of the way the Company conducts business.



PASSION



OWNERSHIP



INNOVATION



QUALITY

