Interim Report
January – March 2011

- **Comparable sales[1)] for the first quarter increased by 1 percent to 2,646 MSEK (2,608). In local currencies, comparable sales[1)] for the first quarter increased by 6 percent. Sales for the first quarter of 2010 including businesses transferred to STG amounted to 3,282 MSEK**
- **Comparable operating profit[2)] for the first quarter increased by 11 percent to 729 MSEK (655). In local currencies, comparable operating profit[2)] for the first quarter increased by 17 percent**
- **Operating profit including businesses transferred to STG, share of net profit from STG and larger one time items[3)] for the first quarter amounted to 793 MSEK (755)**
- **EPS (basic) for the first quarter amounted to 2.50 SEK (2.26)**

1) Sales excluding businesses transferred to STG.
2) Operating profit excluding businesses transferred to STG, share of net profit from STG and larger one time items.
3) Larger one time items include reversals of amortizations and depreciations relating to assets held for sale in 2010.

CEO Lars Dahlgren comments:
For the first quarter of 2011 Swedish Match reported solid comparable sales growth across our businesses in local currency terms. While reported sales, excluding businesses transferred to STG, increased by 1 percent, sales in local currencies increased for every product area, up in total by 6 percent. Snus and snuff and Other tobacco products showed strong improvements in operating profit.

In the Snus and snuff product area, we achieved solid gains in sales for snus in Scandinavia. Shipment volumes were up versus last year's first quarter, despite the positive Easter effect in the first quarter of 2010. In the US, first quarter moist snuff sales and shipment volumes were higher than last year and operating profit was significantly higher, in part due to the elimination of NASCAR sponsorships. Test market activities for snus through SMPM International continued in Taiwan and Canada, and the joint venture has added more stores in Canada during the quarter.

The US mass market cigar business continues to perform very well, and our market share continues to grow. US mass market cigar volumes were up by 46 percent in the quarter. Our US chewing tobacco business also demonstrated a robust performance in the quarter.

With regard to our new partnership with Scandinavian Tobacco Group, the integration has progressed well, and the company grew sales as well as operating profit in the quarter.

Our Group strategy is to position Swedish Match as the global smokefree leader, to leverage our strong platforms in Other tobacco products (US mass market cigars and chewing tobacco) to maximize long term profitability, to continue our operational excellence for Lights, and, through active ownership, realize the potential of Scandinavian Tobacco Group.

Summary of consolidated income statement

MSEK	January - March 2011	2010	Full year 2010
Comparable sales[1)]	**2,646**	**2,608**	**11,222**
Sales	**2,646**	**3,282**	**13,606**
Comparable operating profit[2)]	**729**	**655**	**3,158**
Operating profit[3)]	**793**	**755**	**4,169**
Profit before income tax	**665**	**649**	**3,607**
Profit for the period	**533**	**519**	**2,958**
Earnings per share, basic (SEK)	**2.50**	**2.26**	**13.12**

1) Sales excluding businesses transferred to STG.
2) Operating profit excluding businesses transferred to STG, share of net profit/loss in STG and larger one time items.
3) Including operating profit from businesses transferred to STG (until October 1, 2010) as well as the share of net profit/loss in STG.

Sales and results for the first quarter

Comparable sales (excluding businesses transferred to STG) for the first quarter of 2011 increased by 1 percent to 2,646 MSEK (2,608) compared to the same period previous year. Currency translation has affected the sales comparison negatively by 120 MSEK. In local currencies, sales increased by 6 percent.

In the first quarter, sales for the product area Snus and snuff increased by 1 percent to 1,068 MSEK (1,054) and operating profit increased by 8 percent to 469 MSEK (434). Scandinavian snus sales were up by 6 percent compared to the first quarter of the prior year while volumes measured in number of cans were marginally higher. When adjusting for both Easter timing of deliveries, and for trade loading effects, volumes in the first quarter are estimated to have increased by more than 2 percent compared to the same period previous year.

In the US, sales of snuff in local currency increased by 3 percent, while volumes were slightly higher year on year in the first quarter. The operating margin for the Snus and snuff product area was 44.0 percent (41.2).

For Other tobacco products, sales in local currency in the first quarter increased by 10 percent while reported sales were 583 MSEK (588). Operating profit increased in local currency by 32 percent and reported operating profit was 245 MSEK (204). Currency translation has affected the sales and operating profit comparison negatively by 63 MSEK and 25 MSEK respectively. Compared to the first quarter of the prior year, sales and operating profit grew most significantly for the US mass market cigar business while for chewing tobacco, operating profit was higher but sales were somewhat lower in local currency. Operating margin for Other tobacco products was 41.9 percent (34.7).

Comparable Group operating profit (excluding businesses transferred to STG, share of net profit from STG and larger one time items) increased by 11 percent to 729 MSEK (655). In local currencies, comparable Group operating profit increased by 17 percent. Currency translation has affected the comparison negatively by 40 MSEK.

Comparable Group operating margin for the first quarter was 27.5 percent (25.1). Comparable EBITDA margin was 30.1 percent (27.7).

Group operating profit, including businesses transferred to STG, share of net profit from STG and larger one time items, reached 793 MSEK (755, including a positive IFRS adjustment of 27 MSEK relating to amortizations and depreciation for assets held for sale). The share of net profit from STG amounted to 65 MSEK for the first quarter and includes restructuring charges of 5 MSEK before tax.

Basic earnings per share for the first quarter amounted to 2.50 SEK (2.26), while diluted earnings per share amounted to 2.49 SEK (2.25).

Restated reportable segments

On October 1, 2010, when the transaction between Swedish Match and Scandinavian Tobacco Group to form a new company was closed, the reportable segments of the Group changed. For comparison purposes, the financials of prior periods have been restated to separate the operations transferred to STG.

Sales by product area

MSEK	**January - March 2011**	**2010**	**Chg %**	**Full year 2010**
Snus and snuff	1,068	1,054	1	4,522
Other tobacco products	583	588	-1	2,440
Lights	336	351	-4	1,429
Other operations	659	615	7	2,831
Comparable sales	**2,646**	**2,608**	**1**	**11,222**
Businesses transferred to STG[1)]	-	674	-	2,385
Total	**2,646**	**3,282**	**-19**	**13,606**

1) Sales for businesses transferred to STG (until October 1, 2010), net of inter-company sales eliminations.

Operating profit by product area

MSEK	**January - March 2011**	**2010**	**Chg %**	**Full year 2010**
Snus and snuff	469	434	8	2,080
Other tobacco products	245	204	20	942
Lights	58	66	-11	279
Other operations	-43	-48		-142
Comparable operating profit	**729**	**655**	**11**	**3,158**
Share of net profit/loss in STG[1)]	65	-		-60
Businesses transferred to STG[2)]	-	73		334
Subtotal	**793**	**728**	**9**	**3,433**
Net gain from pension settlements	-	-		59
Capital gain from transfer of businesses to STG	-	-		585
Reversal of depreciation and amortization relating to assets held for sale	-	27		93
Total larger one time items	**-**	**27**		**737**
Total	**793**	**755**	**5**	**4,169**

1) The share of net profit in STG for the first quarter 2011 includes restructuring charges of 5 MSEK before tax. The share of net loss in STG in 2010 (fourth quarter) includes restructuring charges, other transaction costs as well as IFRS acquisition adjustments amounting to 175 MSEK before tax.
2) Operating profit for businesses transferred to STG (until October 1, 2010).

In order to reconcile to the Group's profit before income tax amounting to 665 MSEK (649) for the first quarter, the Group's net finance cost needs to be deducted from operating profit with an amount of 128 MSEK (106).

Operating margin by product area[1)]

Percent	January - March 2011	2010	Full year 2010
Snus and snuff	44.0	41.2	46.0
Other tobacco products	41.9	34.7	38.6
Lights	17.3	18.7	19.5
Comparable Group operating margin[2)]	**27.5**	**25.1**	**28.1**
Group operating margin, including businesses transferred to STG and share of net profit/loss in STG	**30.0**	**22.2**	**25.2**

1) Excluding larger one time items.
2) Excluding businesses transferred to STG and share of net profit/loss in STG.

EBITDA by product area

MSEK	January - March 2011	2010	Chg %	Full year 2010
Snus and snuff	506	470	8	2,225
Other tobacco products	265	225	18	1,033
Lights	68	75	-10	320
Other operations	-41	-47		-137
Comparable EBITDA[1)]	**797**	**723**	**10**	**3,441**
Share of net profit/loss in STG[2)]	65	-		-60
Businesses transferred to STG	-	105		432
Total	**862**	**829**	**4**	**3,813**

1) Excluding businesses transferred to STG and share of net profit/loss in STG.
2) The share of net profit in STG for the first quarter 2011 includes restructuring charges of 5 MSEK before tax. The share of net loss in STG in 2010 (fourth quarter) includes restructuring charges, other transaction costs as well as IFRS acquisition adjustments amounting to 175 MSEK before tax.

EBITDA margin by product area

Percent	January - March 2011	2010	Full year 2010
Snus and snuff	47.4	44.6	49.2
Other tobacco products	45.4	38.2	42.3
Lights	20.3	21.5	22.4
Comparable Group EBITDA margin[1)]	**30.1**	**27.7**	**30.7**
Group EBITDA margin, including businesses transferred to STG and share of net profit/loss in STG	**32.6**	**25.2**	**28.0**

1) Excluding businesses transferred to STG and share of net profit/loss in STG.

Snus and snuff

Sweden is the world's largest snus market measured by per capita consumption. A substantially larger proportion of the male population uses the Swedish type of moist snuff called snus * *compared to cigarettes. The Norwegian market is smaller than the Swedish market but has in recent years experienced strong volume growth. The US is the world's largest moist snuff market measured in number of cans and is about five times larger than the Scandinavian snus market. In Sweden and Norway, Swedish Match has a leading position. In the US, the Group is well positioned as the third largest player. Some of the best known brands include General, Ettan, Grovsnus, Göteborgs Rapé, Catch, and Kronan in Sweden, and Red Man, Timber Wolf and Longhorn in the US.*

During the first quarter, sales in local currencies increased by 5 percent compared to the same quarter of the previous year. Reported sales increased by 1 percent to 1,068 MSEK (1,054), and operating profit increased by 8 percent to 469 MSEK (434). Sales, operating profit and operating margin improved in Scandinavia versus the first quarter of the prior year. In the US, sales revenues and operating profit improved in local currency, despite relatively flat volumes. The operating margin for the product area was 44.0 percent (41.2).

In Scandinavia, sales volumes measured in number of cans, were up marginally during the first quarter compared to the first quarter of the prior year. Adjusting for both Easter timing of deliveries and for trade loading effects, volumes are estimated to have increased by more than 2 percent compared to the same period previous year. Sales revenues in Scandinavia grew by 6 percent in the first quarter, and the operating margin improved from prior year's levels.

In the US, sales increased by 3 percent in local currency during the first quarter versus the first quarter of the prior year. US volumes measured in number of cans increased by less than 1 percent in the first quarter. Marketing spending was lower than prior year, despite increased spending tied to brand awareness campaigns for *General* Swedish snus on the US market. This is primarily due to higher spending during the first quarter of 2010 tied to NASCAR sponsorships.

Other tobacco products

The product area Other tobacco products consists of US mass market cigars and chewing tobacco. Swedish Match is a major player in the US mass market cigar market, with such well known brands as White Owl, Garcia y Vega, and Game by Garcia y Vega. Swedish Match offers a wide range of sizes, styles, and price points for US mass market cigars. Swedish Match is the leading producer of chewing tobacco in the US where the product is mainly sold in the southern states of the country. Well known brands include Red Man and Southern Pride. The market for chewing tobacco shows a declining trend.

During the first quarter, in local currency, sales for Other tobacco products increased by 10 percent compared to the same period of the previous year, and operating profit increased by 32 percent. The weaker USD has had a negative translation impact and reported sales amounted to 583 MSEK (588). Reported operating profit increased to 245 MSEK (204). Operating margin was 41.9 percent (34.7).

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* Swedish snus is moist snuff which is produced using a special heat treated process, much like pasteurization, as opposed to other moist snuff products for which a fermentation process is used.

During the first quarter, US mass market cigar sales increased by 22 percent in local currency compared to the same period in the previous year, and volumes grew by 46 percent. The strong growth for US mass market cigars is attributable to the continued success of the FoilFresh™ packaging, as well as the continued growth of a new line of sweet cigars, first introduced towards the end of the second quarter of 2010. In December, 2010 a price increase of approximately 5 percent was implemented. The operating margin for mass market cigars was higher than prior year level.

US chewing tobacco sales in the first quarter declined 1 percent in local currency, and 11 percent in SEK, as higher average prices substantially offset volume declines. A price increase of 5 percent was implemented in November 2010. The operating margin was higher than prior year level.

Lights

Swedish Match is the market leader in a number of markets for matches. The match brands are mostly local, with leading positions in their home countries. Larger brands include Solstickan, Fiat Lux, Swan, Tres Estrellas, Feudor, and Redheads. The Group's main brand for disposable lighters is Cricket. Swedish Match's largest market for lighters is Russia.

During the first quarter sales amounted to 336 MSEK (351). In local currencies, sales increased by 1 percent. Operating profit amounted to 58 MSEK (66). Operating margin was 17.3 percent (18.7).

Lighters experienced sales and operating profit growth during the first quarter, primarily resulting from stronger overall shipment volumes versus the prior year. Matches sales and operating profit declined in the first quarter on somewhat lower volumes as well as higher production costs and negative currency effects.

Other operations

Other operations are primarily the distribution of tobacco products on the Swedish market, and corporate overhead costs.

Sales in Other operations for the first quarter amounted to 659 MSEK (615). Operating loss for Other operations was 43 MSEK (48). During the first quarter of 2011 the operating loss included redundancy costs following an organizational change. During the first quarter of 2010 the operating loss included costs related to the transaction with Scandinavian Tobacco Group.

Scandinavian Tobacco Group

The Swedish Match 49 percent share of Scandinavian Tobacco Group's net profit after interests and tax amounted to 65 MSEK for the first quarter. The share of net profit from Scandinavian Tobacco Group includes restructuring charges amounting to 5 MSEK before tax.

On March 1, 2011, Scandinavian Tobacco Group acquired Lane Limited in the US (Lane) from Reynolds American, Inc., for 205 MUSD. Lane produces pipe tobacco, fine cut tobacco, and little cigars.

Total Scandinavian Tobacco Group net sales for the first quarter amounted to 1,294 MDKK, with increases for all product segments compared to the estimated pro forma net sales for the first quarter in 2010. Excluding effects from the Lane acquisition, net sales increased by 13 percent.

EBITDA for total Scandinavian Tobacco Group in the first quarter amounted to 235 MDKK. Excluding restructuring charges, EBITDA amounted to 243 MDKK. Excluding

Lane, EBITDA increased by 19 percent compared to the estimated pro forma in the first quarter of 2010. The operating profit, excluding restructuring charges, amounted to 167 MDKK. Excluding Lane, the operating profit increased by 18 percent compared to the estimated pro forma in 2010.

For premium cigars, sales continued to grow versus prior year in the Internet and catalogue business through Cigars International, while sales through traditional channels declined somewhat. Operating profit increased for Cigars International as well as for traditional channels as cost synergies were realized.

For machine made cigars, excluding the effects from the Lane acquisition, sales volumes of own brands were flat despite market declines, while deliveries of sub-contracted volumes decreased, mainly attributable to timing effects. For the segment as a whole, sales as well as operating profit increased.

For pipe/fine cut tobacco, sales, excluding the effects from the Lane acquisition, grew versus the same period prior year, while operating profit declined. The decline in operating profit is attributable to a lower gross margin, driven by a less favorable country mix.

Taxes

For the first quarter, the reported tax expense amounted to 132 MSEK (130), corresponding to a tax rate of 19.9 percent (20.0). The reported tax rate excluding one time items as well as profit and loss impact from associated companies and joint ventures was 22 percent (22).

Earnings per share

Basic earnings per share (EPS) for the first quarter amounted to 2.50 SEK (2.26), while diluted EPS was 2.49 SEK (2.25).

Depreciation and amortization

In the first quarter, total depreciation and amortization amounted to 68 MSEK (74), of which depreciation on property, plant and equipment amounted to 55 MSEK (59) and amortization of intangible assets amounted to 13 MSEK (15).

Financing and cash flow

Cash flow from operating activities for the first quarter amounted to 523 MSEK compared with 344 MSEK for the same period previous year. The main reasons for the increase in cash flow from operations in the first quarter 2011 compared to the same period 2010 are lower taxes paid and improved cash flow from changes in working capital.

Investments in property, plant and equipment during the first quarter amounted to 52 MSEK (107, whereof 14 MSEK pertained to businesses transferred to STG).

Net finance cost for the first quarter increased to 128 MSEK (106), mainly as a result of a higher net debt and higher interest rates.

The net debt as per March 31, 2011 amounted to 8,223 MSEK compared to 7,650 MSEK at December 31, 2010.

In the first quarter, Swedish Match repurchased shares, net, in the amount of 1,114 MSEK. During the first quarter new bond loans of 133 MSEK were issued. Repayment of loans for the same period amounted to 377 MSEK including repurchase of 141 MSEK of bond loans with shorter maturities. As at March 31, 2011 Swedish Match had 9,644 MSEK of interest bearing debt excluding retirement benefit obligations. During the remainder of 2011, 307 MSEK of this debt falls due for repayment. As of March 31, 2011, Swedish Match had 1,429 MSEK in unutilized committed credit lines.

Cash and cash equivalents amounted to 2,295 MSEK at the end of the period, compared with 3,275 MSEK at December 31, 2010.

Average number of employees
The average number of employees in the Group during the first quarter 2011 was 3,914 compared with 3,908 for the full year 2010, excluding employees transferred to STG.

Share structure
During the first quarter, Swedish Match repurchased 5.9 million shares for 1,180 MSEK at an average price of 199.60 SEK, following authorization from the Annual General Meeting held in 2010. During the period the Company sold 0.5 million treasury shares at an average price of 127.10 SEK, totaling 67 MSEK, as a result of option holders exercising options. Total shares bought back by Swedish Match since the buyback program started have been repurchased at an average price of 96.55 SEK. As per March 31, 2011 Swedish Match held 21.6 million shares, corresponding to 9.35 percent of the total number of shares. The number of shares outstanding, net as per March 31, 2011, amounted to 209.4 million. In addition, the Company has call options outstanding as of March 31, 2011 corresponding to 5.0 million shares exercisable in gradual stages from 2011-2015.

Annual General Meeting and repurchase of own shares
The Annual General Meeting on May 2, 2011 re-elected Andrew Cripps, Karen Guerra, Conny Karlsson, and Meg Tivéus as Board members and elected Robert F. Sharpe and Joakim Westh as new members of the Board. Conny Karlsson was re-elected Chairman of the Board and Andrew Cripps was re-elected deputy Chairman of the Board.

The Annual General Meeting approved the Board's proposal to pay a dividend to the shareholders of 5.50 SEK per share for a total of 1,152 MSEK, based on number of shares outstanding as per March 31, 2011. In addition, a decision was made to cancel 18 million shares held in treasury with a simultaneous bonus issue, without issuing new shares, of an amount equivalent to the reduction of share capital through the cancellation of shares. With the latter transaction the Company's share capital will not decrease through the cancellation of shares. The total number of registered shares in the Company before the cancellation of shares is 231.0 million and the total number of outstanding shares as of May 2 was 209.4 million.

The Annual General Meeting also authorized the Board of Directors to decide on the acquisition, on one or more occasions prior to the next Annual General Meeting, of a maximum of as many shares as may be acquired without the Company's holding at any time exceeding 10 percent of all shares in the Company. The shares shall be acquired on NASDAQ OMX Stockholm at a price within the price interval registered at any given time, i.e. the interval between the highest bid price and the lowest selling price. The Board has decided to execute share repurchases under this mandate in the time period until the Annual General Meeting in 2012.

Outlook
In 2011 Swedish Match will continue to invest for growth. During the year Swedish Match will increase its investments in Swedish snus in new markets, in the US, as well as in our joint venture with PMI for other geographies. We expect both the snus market

in Scandinavia and the snuff market in the US to continue to grow versus prior year in volume terms.

In our US mass market cigar business we expect continued strong momentum, with increased sales and profits in local currency driven by innovative product introductions. The trend for US chewing tobacco of declining volumes is expected to continue.

The tax rate from continuing operations for 2010, excluding one time items, was 22 percent and is expected to be at a similar level in 2011.

The Company maintains its long term financial strategy and dividend policy, and remains committed to returning cash not needed in operations to shareholders.

Risk factors

Swedish Match faces intense competition in all of its markets and for each of its products and such competition may increase in the future. In order to be successful the Group must promote its brands successfully and anticipate and respond to new consumer trends. Restrictions on advertising and promotion may, however, make it more difficult to counteract loss of consumer loyalty. Competitors may develop and promote new products which could be successful, and could thereby have an adverse effect on Swedish Match results of operations.

Swedish Match has a substantial part of its production and sales in the US as well as in Brazil, Norway and EMU member countries. Consequently, changes in exchange rates of euro, Norwegian krona, Brazilian real and the US dollar in particular may adversely affect the Group's results of operations, cash flow, financial condition or relative price competitiveness in the future. Such effects may occur both in local currencies and when such local currencies are translated into Swedish currency for purposes of financial reporting.

Regulatory and fiscal changes related to tobacco and other taxes, as well as to the marketing, sale and consumption of tobacco products, in the countries where the Group is operating may have an adverse effect on Swedish Match results of operations.

For a further description of risk factors affecting Swedish Match, see the Report of the Board of Directors in the published Swedish Match annual report for 2010.

Swedish Match AB (publ)

Swedish Match AB (publ) is the Parent Company of the Swedish Match Group.

Sales, in the Parent Company, for the first quarter amounted to 13 MSEK (16). Loss before income tax amounted to 310 MSEK (loss 240) and net loss for the first quarter amounted to 229 MSEK (net loss 178).

The main sources of income for the Parent Company are dividends and Group contributions from subsidiaries. During the first quarter of the year as well as for the same period previous year, the Parent Company did not receive any dividends or Group contributions.

Part of the Group's treasury operations are included in the operations of the Parent Company and include the major part of the Group's external borrowings. Some of these loans have variable interest rates and a change of interest rates could impact the result of the Parent Company.

No capital expenditures on tangible fixed assets have been recognized during the first quarter 2011, nor during 2010. During the first quarter 7 MSEK (-) have been capitalized in intangible assets as an investment in software development on an ERP system for the Group.

During the first quarter the Parent Company acquired 13.01 percent of the shares in Green Cross Europe AB for 4 MSEK.

The total cash flow for the period was zero (0) as the Parent Company does not hold any cash and bank balances.

During the first quarter, new bond loans of 133 MSEK were issued and repayment of loans amounted to 377 MSEK. During the period the Parent Company made share repurchases of 1,180 MSEK (398) and sold 0.5 million (0.5) treasury shares for 67 MSEK (53).

Forward-looking information

This report contains forward-looking information based on the current expectation of the Swedish Match Group's management. Although management deems that the expectations presented by such forward-looking information are reasonable, no guarantee can be given that these expectations will prove correct. Accordingly, the actual future outcome could vary considerably compared to what is stated in the forward-looking information, due to such factors as changed market conditions for Swedish Match's products and more general conditions regarding business cycles, market and competition, changes in legal requirements and other political measures, and fluctuation in exchange rates.

Additional information

This report has not been reviewed by the Company's auditors. The half year 2011 report will be released on July 20, 2011.

Stockholm, May 4, 2011

Lars Dahlgren
President and CEO

Key data

All key data for 2010, with the exception of share data, have been calculated reversing all effects from reporting assets and liabilities as held for sale between January 15, 2010 and October 1, 2010 and excluding larger one time items.	**January – March 2011**	**2010**	**12 months ended March 31, 2011**	**Full year 2010**
Operating margin, %	30.0	22.2	27.0	25.2
Operating capital, MSEK	6,966	8,704	6,966	7,099
Return on operating capital, %			44.6	44.0
EBITDA, MSEK[1)]	862	829	3,847	3,813
EBITA, MSEK[2)]	807	755	3,579	3,527
Net debt, MSEK	8,223	7,434	8,223	7,650
Net debt/EBITA[2)]			2.3	2.2
Investments in property, plant and equipment, MSEK[3)]	52	107	256	311
EBITA interest cover	6.7	7.7	6.8	7.0
Excluding businesses transferred to STG and share of net profit/loss in STG				
EBITA, MSEK[2)]	742	667	3,284	3,209
Net debt/EBITA[2)]			2.5	2.4
Share data				
Earnings per share, basic, SEK	2.50	2.26	13.44	13.12
Earnings per share, diluted, SEK	2.49	2.25	13.39	13.09
Number of shares outstanding at end of period	209,408,074	229,285,000	209,408,074	214,797,106
Average number of shares outstanding, basic	212,807,915	229,479,131	221,164,030	225,331,835
Average number of shares outstanding, diluted	213,857,724	230,019,160	221,958,285	225,969,047

1) Operating profit adjusted for depreciation, amortization and write-downs of tangible and intangible assets.
2) Operating profit adjusted for amortization and write-downs of intangible assets.
3) Including investments in forest plantations of 7 MSEK (7).

Consolidated income statement in summary

MSEK	January - March 2011	January - March 2010	Chg %	12 months ending March 31, -11	Full year 2010	Chg %
Sales, including tobacco tax	5,158	5,870		24,350	25,062	
Less tobacco tax	-2,512	-2,588		-11,380	-11,456	
Sales	**2,646**	**3,282**	**-19**	**12,970**	**13,606**	**-5**
Cost of goods sold	-1,298	-1,624		-6,337	-6,662	
Gross profit	**1,348**	**1,658**	**-19**	**6,634**	**6,944**	**-4**
Selling and administrative expenses	-617	-902		-3,072	-3,356	
Share of profit/loss in associated companies and joint ventures	62	-2		2	-62	
Net gain from pension settlements	-	-		59	59	
Capital gain from transfer of businesses to STG	-	-		585	585	
Operating profit	**793**	**755**	**5**	**4,208**	**4,169**	**1**
Finance income	10	8		30	27	
Finance costs	-138	-115		-614	-590	
Net finance cost	-128	-106		-584	-562	
Profit before income tax	**665**	**649**	**3**	**3,624**	**3,607**	**0**
Income tax expense	-132	-130		-652	-649	
Profit for the period	**533**	**519**	**3**	**2,972**	**2,958**	**0**
Attributable to:						
Equity holders of the Parent	533	519		2,972	2,957	
Non-controlling interests	0	0		1	1	
Profit for the period	**533**	**519**	**3**	**2,972**	**2,958**	**0**
Earnings per share, basic, SEK	2.50	2.26		13.44	13.12	
Earnings per share, diluted, SEK	2.49	2.25		13.39	13.09	

Consolidated statement of comprehensive income

MSEK	January - March 2011	January - March 2010	12 months ending March 31, -11	Full year 2010
Profit for the period	**533**	**519**	**2,972**	**2,958**
Other comprehensive income				
Translation differences related to foreign operations	-224	-145	-583	-504
Translation differences included in profit and loss	-	-7	285	278
Effective portion of changes in fair value of cash flow hedges	-48	14	-4	58
Reclassification adjustments for gains/losses on cash flow hedges included in profit and loss	-	-	-24	-24
Actuarial gains and losses attributable to pensions, including payroll tax	96	79	-176	-193
Share of other comprehensive income in associated companies and joint ventures	-82	-6	-22	55
Income tax relating to components of other comprehensive income	-26	-37	50	39
Other comprehensive income, net of tax for the period	**-284**	**-102**	**-473**	**-291**
Total comprehensive income for the period	**249**	**417**	**2,500**	**2,668**
Attributable to:				
Equity holders of the Parent	249	417	2,499	2,667
Non-controlling interests	0	0	1	1
Total comprehensive income for the period	**249**	**417**	**2,500**	**2,668**

Consolidated balance sheet in summary

MSEK	March 31, 2011	December 31, 2010
Intangible assets	973	1,027
Property, plant and equipment	2,052	2,097
Investments in associated companies and joint ventures	4,027	4,085
Other non-current financial receivables[1)]	1,290	1,368
Current operating assets	2,766	2,886
Other current investments and current financial assets	1	1
Cash and cash equivalents	2,295	3,275
Total assets	**13,404**	**14,739**
Equity attributable to equity holders of the Parent	-1,349	-484
Non-controlling interests	2	2
Total equity	**-1,347**	**-482**
Non-current provisions	1,004	1,050
Non-current loans	8,232	9,209
Other non-current financial liabilities[2)]	1,380	1,478
Current provisions	89	98
Current loans	1,216	525
Other current liabilities[3)]	2,831	2,861
Total equity and liabilities	**13,404**	**14,739**

1) Includes pension assets of 112 MSEK (117) and derivative financial instruments of 79 MSEK (88) used to hedge the Parent Company's bond loans denominated in euro.
2) Includes pension liabilities of 987 MSEK (1,158) and derivative financial instruments of 256 MSEK (222) used to hedge the Parent Company's bond loans denominated in euro.
3) Includes current financial derivatives of 19 MSEK (18) used to hedge the Parent Company's bond loans denominated in euro.

Consolidated cash flow statement in summary

MSEK	January – March	
	2011	**2010**
Operating activities		
Profit before income taxes	**665**	**649**
Adjustment for share of net profit/loss in associated companies and joint ventures	-62	2
Adjustments for other non-cash items and other	102	85
Income tax paid	-104	-212
Cash flow from operating activities before changes in working capital	**602**	**524**
Cash flow from changes in working capital	-78	-180
Net cash from operating activities	**523**	**344**
Investing activities		
Purchase of property, plant and equipment	-52	-107
Proceeds from sale of property, plant and equipment	0	0
Purchase of intangible assets	-8	-4
Investments in associated companies and joint ventures[1)]	-	-110
Investments in other companies[2)]	-4	-
Changes in financial receivables etc.	1	0
Net cash used in investing activities	**-62**	**-221**
Financing activities		
Changes in loans	-244	-293
Repurchase of own shares	-1,180	-398
Stock options exercised	67	53
Other	-2	-63
Net cash used in financing activities	**-1,360**	**-701**
Net decrease in cash and cash equivalents	**-899**	**-578**
Cash and cash equivalents at the beginning of the period	3,275	2,530
Effect of exchange rate fluctuations on cash and cash equivalents	-81	-50
Less cash and cash equivalents reclassified as assets held for sale	-	-173
Cash and cash equivalents at the end of the period	**2,295**	**1,728**

1) Investments in 2010 pertain to acquisition of 20 percent of the shares in Caribbean Cigar Holdings Group, S.A. in an amount of 110 MSEK. The holding in Caribbean Cigar Holdings Group, S.A. was transferred to STG on October 1, 2010.
2) Pertains to acquisition of 13 percent of the shares in Green Cross Europe AB in an amount of 4 MSEK.

Change in shareholders' equity

MSEK	**Equity attributable to holders of the Parent**	**Non-controlling interests**	**Total equity**
Equity at January 1, 2010	**899**	**4**	**903**
Profit for the period	519	0	519
Other comprehensive income, net after tax for the period	-102	-	-102
Total comprehensive income for the period	**417**	**0**	**417**
Repurchase of own shares	-398	-	-398
Stock options exercised	53	-	53
Equity at March 31, 2010	**970**	**4**	**975**
Equity at January 1, 2011	**-484**	**2**	**-482**
Profit for the period	533	0	533
Other comprehensive income, net after tax for the period	-284	-	-284
Total comprehensive income for the period	**249**	**0**	**249**
Repurchase of own shares	-1,180	-	-1,180
Stock options exercised	67	-	67
Equity at March 31, 2011	**-1,349**	**2**	**-1,347**

Parent Company income statement in summary

MSEK	**January - March**	
	2011	**2010**
Sales	13	16
Selling and administrative expenses	-43	-83
Operating loss	**-30**	**-67**
Result from participation in joint ventures	-4	-3
Net finance cost	-276	-170
Loss before income tax	**-310**	**-240**
Income tax	80	62
Loss for the period	**-229**	**-178**

Parent Company statement of comprehensive income

MSEK	**January - March**	
	2011	**2010**
Loss for the period	**-229**	**-178**
Other comprehensive income		
Effective portion of changes in fair value of cash flow hedges	-48	14
Income tax relating to components of other comprehensive income	13	-4
Other comprehensive income, net of tax for the period	**-35**	**10**
Total comprehensive income for the period	**-265**	**-168**

Parent Company balance sheet in summary

MSEK	Mar 31, 2011	Mar 31, 2010	Dec 31, 2010
Intangible and tangible fixed assets	51	1	45
Non-current financial assets	50,667	50,809	50,667
Current assets	512	5,958	2,353
Total assets	**51,229**	**56,768**	**53,064**
Equity	**20,200**	**22,717**	**21,578**
Untaxed reserves	**1**	**0**	**1**
Provisions	113	32	114
Non-current liabilities	26,704	25,905	27,606
Current liabilities	4,212	8,114	3,765
Total liabilities	**31,029**	**34,051**	**31,485**
Total equity and liabilities	**51,229**	**56,768**	**53,064**

Note 1 – Accounting principles

This report for the Group is prepared in accordance with the Accounting Standard IAS 34 Interim Financial Reporting and applicable rules in the Annual Accounts Act. The report for the Parent Company is prepared in accordance with the Annual Accounts Act, Chapter 9. The new or amended IFRS standards and IFRIC interpretations, which became effective January 1, 2011, have had no material effect on the consolidated financial statements.

In all other aspects, the accounting principles and basis of calculations in this report are the same as in the annual report of 2010.

Note 2 – Related parties transactions

The Group's related parties include joint ventures, associated companies and key management personnel with significant influence over the Company. Key management personnel with significant influence over the company are Swedish Match Board of Directors and members of the Group Management Team.

In the normal course of business, Swedish Match conducts various transactions with associated companies and joint ventures. Transactions are conducted at an arms-length basis. At the end of the first quarter 2011, receivables from these companies amounted to 274 MSEK and total payables to these companies amounted to 6 MSEK. During the first quarter 2011, total sales to associated companies and joint ventures amounted to 56 MSEK and total purchases from associated companies and joint ventures amounted to 24 MSEK.

No transactions with key management personnel besides normal remuneration have been conducted during the period.

Quarterly data

MSEK	Q1/11	Q4/10	Q3/10	Q2/10	Q1/10	Q4/09	Q3/09	Q2/09	Q1/09
Continuing operations									
Sales, including tobacco tax	5,158	5,471	7,044	6,676	5,870	6,409	6,737	6,648	5,690
Less tobacco tax	-2,512	-2,671	-3,221	-2,976	-2,588	-2,864	-3,130	-2,982	-2,303
Sales	**2,646**	**2,801**	**3,823**	**3,701**	**3,282**	**3,545**	**3,606**	**3,666**	**3,387**
Cost of goods sold	-1,298	-1,338	-1,896	-1,805	-1,624	-1,835	-1,843	-1,812	-1,624
Gross profit	**1,348**	**1,463**	**1,927**	**1,896**	**1,658**	**1,710**	**1,764**	**1,854**	**1,762**
Selling and administrative expenses	-617	-621	-878	-955	-902	-860	-892	-958	-970
Share of profit/loss in associated companies and joint ventures	62	-65	1	4	-2	0	3	4	2
	793	**777**	**1,049**	**945**	**755**	**850**	**874**	**899**	**794**
Larger one time items									
Net gain from pension settlements	-	59	-	-	-	-	-	-	-
Capital gain from transfer of businesses to STG	-	585	-	-	-	-	-	-	-
Operating profit	**793**	**1,421**	**1,049**	**945**	**755**	**850**	**874**	**899**	**794**
Finance income	10	8	6	5	8	10	35	14	27
Finance costs	-138	-207	-134	-134	-115	-121	-152	-122	-135
Net finance cost	-128	-199	-128	-129	-106	-111	-117	-108	-108
Profit before income tax	**665**	**1,221**	**921**	**816**	**649**	**739**	**757**	**791**	**686**
Income tax expense	-132	-148	-192	-180	-130	-143	-142	-168	-159
Profit for the period from continuing operations	**533**	**1,074**	**729**	**637**	**519**	**595**	**615**	**624**	**527**
Discontinued operations									
Profit from discontinued operations, net after tax	-	-	-	-	-	-	705	41	40
Profit for the period	**533**	**1,074**	**729**	**637**	**519**	**595**	**1,319**	**664**	**567**
Attributable to:									
Equity holders of the Parent	533	1,073	729	636	519	595	1,319	664	567
Non-controlling interests	0	0	0	0	0	0	0	0	0
Profit for the period	**533**	**1,074**	**729**	**637**	**519**	**595**	**1,319**	**664**	**567**

Sales by product area

MSEK	Q1/11	Q4/10	Q3/10	Q2/10	Q1/10	Q4/09	Q3/09	Q2/09	Q1/09
Snus and snuff	1,068	1,178	1,174	1,116	1,054	1,101	1,093	1,087	969
Other tobacco products	583	557	631	664	588	456	571	617	694
Lights	336	379	352	347	351	373	341	337	352
Other operations	659	687	806	722	615	690	742	711	546
Comparable sales	**2,646**	**2,801**	**2,964**	**2,849**	**2,608**	**2,620**	**2,747**	**2,752**	**2,560**
Businesses transferred to STG[1)]	-	-	859	852	674	925	859	914	827
Total	**2,646**	**2,801**	**3,823**	**3,701**	**3,282**	**3,545**	**3,606**	**3,666**	**3,387**

1) Sales for businesses transferred to STG for 2009 and in the first nine months of 2010, net of inter-company sales eliminations.

Operating profit by product area

MSEK	Q1/11	Q4/10	Q3/10	Q2/10	Q1/10	Q4/09	Q3/09	Q2/09	Q1/09
Snus and snuff	469	567	592	487	434	523	534	463	397
Other tobacco products	245	208	259	270	204	136	169	252	246
Lights	58	87	58	68	66	100	72	69	71
Other operations	-43	-26	-35	-32	-48	-18	-25	-39	-49
Comparable operating profit	**729**	**836**	**874**	**793**	**655**	**740**	**750**	**745**	**665**
Share of net profit/loss in STG[1)]	65	-60	-	-	-	-	-	-	-
Businesses transferred to STG[2)]	-	-	143	118	73	109	124	155	130
Subtotal	**793**	**777**	**1,017**	**911**	**728**	**850**	**874**	**899**	**794**
Net gain from pension settlements	-	59	-	-	-	-	-	-	-
Capital gain from transfer of businesses to STG	-	585	-	-	-	-	-	-	-
Reversal of depreciation and amortizations relating to assets held for sale	-	-	32	34	27	-	-	-	-
Total larger one time items	**-**	**644**	**32**	**34**	**27**	**-**	**-**	**-**	**-**
Total	**793**	**1,421**	**1,049**	**945**	**755**	**850**	**874**	**899**	**794**

1) The share of net profit in STG for the first quarter 2011 includes restructuring charges of 5 MSEK before tax. The share of net loss in STG in 2010 (fourth quarter) includes restructuring charges, other transaction costs as well as IFRS acquisition adjustments amounting to 175 MSEK before tax.
2) Operating profit for businesses transferred to STG for 2009 and in the first nine months of 2010.

Operating margin by product area[1)]

Percent	Q1/11	Q4/10	Q3/10	Q2/10	Q1/10	Q4/09	Q3/09	Q2/09	Q1/09
Snus and snuff	44.0	48.1	50.4	43.6	41.2	47.5	48.8	42.6	40.9
Other tobacco products	41.9	37.4	41.0	40.7	34.7	29.9	29.6	40.9	35.5
Lights	17.3	23.0	16.3	19.6	18.7	26.6	21.3	20.4	20.2
Comparable Group operating margin[2)]	**27.5**	**29.9**	**29.5**	**27.8**	**25.1**	**28.3**	**27.3**	**27.1**	**26.0**
Group operating margin, including businesses transferred to STG and share of net profit/loss in STG[3)]	**30.0**	**27.7**	**26.6**	**24.6**	**22.2**	**24.0**	**24.2**	**24.5**	**23.4**

1) Excluding larger one time items.
2) Excluding businesses transferred to STG and share of net profit/loss in STG, but including a restructuring charge of 45 MSEK for Other tobacco products in the third quarter of 2009.
3) Including restructuring charges of 45 MSEK in the third quarter of 2009 and 29 MSEK in the fourth quarter of 2009.

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The character of the information in this report is such that it shall be disclosed by Swedish Match AB (publ) in accordance with the Swedish Securities Markets Act. The information was disclosed to the media on May 4, 2011 at 08.00 a.m. (CET).

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