

Press release

Nasdaq Stockholm: SWMA

26 November, 2015

Swedish Match comments on the strategic review of STG

Further to the announcement in the press release of February 9, 2015, the strategic review to identify future opportunities for Scandinavian Tobacco Group (STG) has continued. As part of the review, STG management has together with its Board of Directors established expectations with regard to the financial development for STG Group.

For the full year 2015, STG expects net sales growth in the high single digits and an adjusted EBITDA margin broadly in line with 2014 (20.3 percent). Capital expenditure is expected to be around 250 MDKK.

In the medium term, STG anticipates organic growth rates, excluding currency effects, to be in the range of 1-3 percent for net sales and 3-5 percent for adjusted EBITDA annually, reflecting ongoing cost savings and efficiency initiatives, which are in the process of being implemented.

For the full year 2016, STG expects organic net sales growth and adjusted EBITDA growth excluding currency effects to be in line with the medium term expectations.

Management of STG has identified several cost saving efficiency initiatives and inventory reduction opportunities as part of the strategic review. Consequently, STG's management is expecting cost reductions of approximately 140 MDKK compared to full year 2014 when fully implemented in 2018. STG also anticipates working capital improvements amounting to approximately 500 MDKK in the same period versus full year 2014 working capital level.

STG continues to make further investments related to new tobacco regulation resulting in expected capital expenditure in 2016 being in line with or slightly above the 2015 level. This level is anticipated to be higher than the expected medium term maintenance capex level of approximately 150 MDKK annually.

As of September 30, 2015, STG had net interest bearing debt of 3,323 MDKK equal to 2.3 times adjusted EBITDA for the past twelve months.

This release contains forward-looking information based on the current expectation of STG management together with its Board of Directors. 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 that stated in the forward-looking information, due to such factors as changed market conditions and more general factors such as business cycles, markets and competition, changes in legal requirements or other political measures, and fluctuation in exchange rates.

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The character of this information 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 26 November, 2015 at 08.30 a.m. (CET).

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. The Group's global operations generated sales of 14,303 MSEK for the twelve month period ending 30 September 2015. The Swedish Match share is listed on Nasdaq Stockholm (SWMA).

Swedish Match's vision is a world without cigarettes. Some of its well-known brands include: *General, Longhorn, White Owl, Red Man, Fiat Lux, and Cricket.*

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