Q3 2012 Interim Report

JANUARY–SEPTEMBER 2012

- Sales for the third quarter increased by 7 percent to 3,208 MSEK (3,011) and by 6 percent in local currencies
- Operating profit from product areas[1)] for the third quarter increased by 4 percent to 942 MSEK (909) and by 3 percent in local currencies
- Operating profit[2)] increased by 4 percent to 1,022 MSEK (983) for the third quarter
- EPS (basic) for the third quarter increased by 4 percent to 3.41 SEK (3.28), EPS (basic) for the first nine months increased by 19 percent to 10.40 SEK (8.72)

1) Operating profit for Swedish Match product areas, which excludes share of net profit in STG and larger one time items.

2) Operating profit for the Group includes share of net profit in STG and larger one time items.

THE THIRD QUARTER
SUMMARY

Sales and results for the third quarter

Sales for the third quarter of 2012 increased by 7 percent to 3,208 MSEK (3,011) compared to the same period of the previous year. Currency translation has affected the sales comparison positively by 5 MSEK. In local currencies, sales increased by 6 percent.

In the third quarter, sales for the product area Snus and snuff increased by 5 percent to 1,263 MSEK (1,199) and operating profit improved by 3 percent to 607 MSEK (590). In local currencies sales increased by 5 percent, while operating profit increased by 3 percent. The operating margin for the Snus and snuff product area was 48.0 percent (49.2).

Scandinavian snus sales were up by 6 percent compared to the third quarter of the prior year, on slightly lower shipment volumes. Volume growth in Norway continued to be strong, and also volumes in Travel Retail increased in the third quarter. Increases for Norway and Travel Retail combined largely offset volume declines in Sweden. In the US, sales of snus and moist snuff in local currency in the third quarter were 5 percent lower than in the same period of the previous year, with volume declines for moist snuff. Swedish snus in the US grew significantly from a small base.

For Other tobacco products, sales in the third quarter increased by 12 percent, to 689 MSEK (613). In local currency, sales increased by 8 percent. Operating profit in local currency increased by 4 percent and reported operating profit increased 8 percent to 300 MSEK (278). Currency translation has affected the sales and operating profit comparison positively by 28 MSEK and 11 MSEK respectively. Compared to the third quarter of the prior year, sales and operating profit in local currency grew for the US mass market cigar business while for chewing tobacco, sales and operating profit declined. Operating margin for Other tobacco products was 43.5 percent (45.3).

Operating profit from product areas increased by 4 percent to 942 MSEK (909). In local currencies, the operating profit increased by 3 percent. Currency translation has affected the comparison positively by 7 MSEK. Operating margin for the third quarter was 31.9 percent (32.7). EBITDA margin was 34.2 percent (35.1).

Operating profit, including share of net profit from STG and larger one time items, increased to 1,022 MSEK (983) during the third quarter. The share of net profit from STG, after interest and tax, amounted to 80 MSEK (74) for the third quarter.

Basic earnings per share for the third quarter amounted to 3.41 SEK (3.28) while diluted earnings per share amounted to 3.40 SEK (3.26).

Sales and results for the first nine months

Sales for the first nine months amounted to 9,338 MSEK (8,601). Operating profit from product areas increased to 2,783 MSEK (2,467). In local currencies, sales increased by 7 percent and operating profit increased by 11 percent. Currency translation has affected the operating profit comparison positively by 51 MSEK. Operating margin from product areas for the first nine months was 29.8 percent (28.7).

Operating profit, including share of net profit from STG and larger one time items, reached 3,046 MSEK (2,681). The share of net profit from STG amounted to 263 MSEK (213) for the first nine months. Larger one time items, which occurred in the second quarter, consist of a positive adjustment of 30 MSEK to the capital gain from transfer of businesses to STG as a consequence of a reversal of a provision relating to transaction guarantees. Operating margin, including share of net profit in STG and larger one time items, was 32.6 percent (31.2).

EPS (basic) for the first nine months was 10.40 SEK (8.72), while diluted EPS was 10.34 SEK (8.67).

Summary of consolidated income statement

	July–September		January–September		Full year
MSEK	2012	2011	2012	2011	2011
Sales	3,208	3,011	9,338	8,601	11,666
Operating profit from product areas[1]	942	909	2,783	2,467	3,365
Operating profit[2]	1,022	983	3,076	2,681	3,702
Profit before income tax	881	853	2,661	2,292	3,180
Profit for the period	693	684	2,120	1,833	2,538
Earnings per share, basic (SEK)	3.41	3.28	10.40	8.72	12.14

[1] Excluding share of net profit in STG and larger one time items.
[2] Including share of net profit in STG, as well as a larger one time item of 30 MSEK in Q2 2012.

January–September

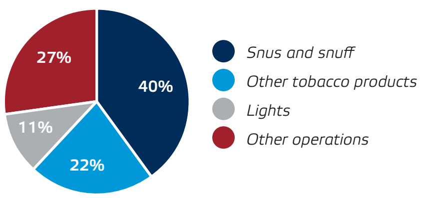
Sales

9,338 MSEK

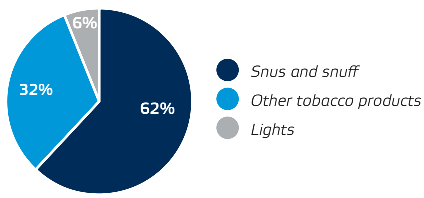
Operating profit

3,076 MSEK

Sales by product area



Operating profit by product area[1]



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

CEO Lars Dahlgren comments:

Swedish Match delivered sales and operating profit growth during the third quarter compared to previous year, led by solid growth in our US mass market cigar business, as well as continued strength for snus in Norway.

In local currencies, operating profit increased by 3 percent, with improvements for Scandinavian snus, US mass market cigars, and lighters partially offset by lower profits for chewing tobacco, matches, and US moist snuff/snus.

In the US, *General* snus is now available in more than 9,000 retail outlets and I am pleased with the trends and the progress. We will continue to invest behind the brand and expand distribution, and expect to be in more than 10,000 stores by the end of the year. Test market activities for snus through SMPM International continue in Canada, and St. Petersburg, Russia, and we have now added Tel Aviv, Israel, as another test market.

In Scandinavia, the snus business delivered a 6 percent increase in sales, with volume growth in Norway and Travel Retail largely offsetting volume declines in Sweden. Recent market share and volume declines in Sweden are the result of aggressive pricing at the low end of the market taking share from premium brands. Despite this, profitability in the third quarter improved versus prior year.

In the US moist snuff business, sales in local currency were down on lower volumes, and operating profit declined.

Our US mass market cigar business continued its strong performance, helped by the launch of *White Owl* Black and *Game by Garcia y Vega* Black cigars. Shipment volumes increased by 11 percent and sales grew by 14 percent in local currency.

Our lights businesses demonstrated mixed performance. While lighters continued to deliver solid results, match profits declined.

We have revised our outlook in this report. Due to difficult comparisons in the fourth quarter of 2011, and a deterioration of the product mix in the Swedish snus market, it is likely that the operating profit from product areas for the fourth quarter of 2012 will be lower than in the fourth quarter of 2011. The profitability of the Swedish snus business in the beginning of 2013 will also be negatively impacted by the product mix and the absorption of the proposed excise tax increase for premium and mid priced brands.

Sales by product area

	July–September		Change	January–September		Change	Full year
MSEK	**2012**	**2011**	**%**	**2012**	**2011**	**%**	**2011**
Snus and snuff	1,263	1,199	5	3,769	3,460	9	4,726
Other tobacco products	689	613	12	2,060	1,809	14	2,388
Lights	311	333	–7	998	982	2	1,346
Other operations	944	866	9	2,511	2,350	7	3,206
Sales	**3,208**	**3,011**	**7**	**9,338**	**8,601**	**9**	**11,666**

Operating profit by product area

	July–September		Change	January–September		Change	Full year
MSEK	**2012**	**2011**	**%**	**2012**	**2011**	**%**	**2011**
Snus and snuff	607	590	3	1,756	1,599	10	2,181
Other tobacco products	300	278	8	913	795	15	1,049
Lights	44	59	–26	161	161	0	240
Other operations	–8	–18		–47	–87		–105
Operating profit from product areas	**942**	**909**	**4**	**2,783**	**2,467**	**13**	**3,365**
Share of net profit in STG	80	74	8	263	213	23	337
Subtotal	**1,022**	**983**	**4**	**3,046**	**2,681**	**14**	**3,702**
Adjustment to capital gain from transfer of businesses to STG	–	–		30	–		–
Total larger one time items	**–**	**–**		**30**	**–**		**–**
Operating profit	**1,022**	**983**	**4**	**3,076**	**2,681**	**15**	**3,702**

In order to reconcile to the Group's profit before income tax amounting to 881 MSEK (853) for the third quarter and 2,661 MSEK (2,292) for the first nine months, the Group's net finance cost needs to be deducted from the operating profit with an amount of 141 MSEK (130) for the third quarter and 415 MSEK (389) for the first nine months.

Operating margin by product area 1)

	July–September		January–September		Full year
Percent	**2012**	**2011**	**2012**	**2011**	**2011**
Snus and snuff	48.0	49.2	46.6	46.2	46.1
Other tobacco products	43.5	45.3	44.3	43.9	44.0
Lights	14.0	17.7	16.1	16.4	17.9
Operating margin from product areas 2)	**29.4**	**30.2**	**29.8**	**28.7**	**28.8**
Operating margin 3)	**31.9**	**32.7**	**32.6**	**31.2**	**31.7**

1) Excluding larger one time items.
2) Excluding share of net profit in STG.
3) Including share of net profit in STG.

EBITDA by product area 1)

	July–September		Change	January–September		Change	Full year
MSEK	**2012**	**2011**	**%**	**2012**	**2011**	**%**	**2011**
Snus and snuff	648	631	3	1,881	1,714	10	2,337
Other tobacco products	321	297	8	978	853	15	1,130
Lights	53	69	–24	189	191	–1	281
Other operations	–5	–15		–37	–79		–94
EBITDA from product areas	**1,017**	**982**	**4**	**3,010**	**2,679**	**12**	**3,655**
Share of net profit in STG	80	74	8	263	213	23	337
EBITDA 2)	**1,097**	**1,056**	**4**	**3,273**	**2,892**	**13**	**3,992**

1) Excluding larger one time items.
2) Including share of net profit in STG.

EBITDA margin by product area 1)

	July–September		January–September		Full year
Percent	**2012**	**2011**	**2012**	**2011**	**2011**
Snus and snuff	51.3	52.6	49.9	49.5	49.4
Other tobacco products	46.6	48.4	47.4	47.2	47.3
Lights	16.9	20.8	18.9	19.5	20.9
EBITDA margin from product areas 2)	**31.7**	**32.6**	**32.2**	**31.1**	**31.3**
EBITDA margin 3)	**34.2**	**35.1**	**35.1**	**33.6**	**34.2**

1) Excluding larger one time items.
2) Excluding share of net profit in STG.
3) Including share of net profit in STG.

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 *Timber Wolf*, *Longhorn* and *Red Man* in the US.

SNUS AND SNUFF

The third quarter

In local currencies, sales for the product area Snus and snuff increased by 5 percent during the third quarter compared to the same quarter of the previous year. Reported sales also increased by 5 percent to 1,263 MSEK (1,199). Operating profit amounted to 607 MSEK (590).

For the third quarter, sales and operating profit improved in Scandinavia versus the third quarter of the prior year. In the US, in local currency, sales and operating profit for moist snuff declined versus prior year on lower volumes. Significant investments were incurred in the US to support the expansion of snus in that market.

In Scandinavia, shipment volumes measured in number of cans, were down by 0.7 percent compared to the third quarter of the prior year. Strong volume increases in Norway in combination with increases in Travel Retail largely offset decreased volumes for the Swedish market. Sales revenues in Scandinavia grew by 6 percent in the third quarter. Operating profit and operating margin in Scandinavia in the third quarter improved versus the same quarter of the previous year.

Competition from low price products has intensified in Sweden in the third quarter. This has led to accelerated market share erosion for Swedish Match, and contributed to a volume decline for full price products. Swedish Match had a 95.6 percent market share of the full price segment in volume terms for the four week period ending October 7, 2012, according to Nielsen. For the same time period, Nielsen reported a total market share for Swedish Match in volume terms of 76.2 percent compared to 82.4 percent one year ago, and a decline of the full price segment's share of the total market to 63.3 percent from 71.9 percent one year ago. Swedish Match has built a leading position also in the low price segment of the market with a market share of 35.5 percent in volume terms according to Nielsen.

The increased activity in the low price segment has contributed to the overall growth in the market, which continued to be about 3 percent in the third quarter according to Swedish Match estimates.

The Swedish government has proposed an excise tax increase for snus in Sweden of 4 SEK/kg (1.0 percent) effective January 1, 2013. Swedish Match has decided to absorb this excise tax increase and not increase list prices for its full and mid priced brands on January 1. For Swedish Match's lowest priced brand, *Kaliber*, list prices will be increased.

* 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.

Snus and snuff

Sales

3,769 MSEK

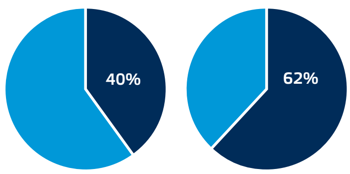
Operating profit

1,756 MSEK

Key data, MSEK	July–September 2012	July–September 2011	January–September 2012	January–September 2011	Full year 2011
Sales	1,263	1,199	3,769	3,460	4,726
Operating profit	607	590	1,756	1,599	2,181
Operating margin, %	48.0	49.2	46.6	46.2	46.1

January–September

Share of Group total



Sales   Operating profit[1)]

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

In the US, moist snuff volumes measured in number of cans were down by 5 percent versus the prior year's third quarter. Both sales and operating profit declined. For *General* snus in the US the trends are encouraging, and the Company continued to increase distribution in the quarter. *General* snus is currently available in more than 9,000 stores across the US. Marketing investments related to Swedish snus in the US were higher in the third quarter compared to the third quarter of the prior year.

The operating margin for the product area was 48.0 percent (49.2).

The first nine months

For the first nine months of the year, sales for the product area increased to 3,769 MSEK (3,460) and operating profit increased to 1,756 MSEK (1,599). Operating margin was 46.6 percent (46.2).

In Scandinavia, sales revenues increased by 10 percent, while shipment volumes declined by 1.4 percent. When adjusting for hoarding/destocking effects, Scandinavian volumes for the first nine months of the year are estimated to have been slightly down. Operating margin was higher than previous year.

In the US, sales revenues for moist snuff for the first nine months were down slightly versus prior year on 4 percent lower volumes. Operating profit for moist snuff was somewhat lower, while investments in support of the snus expansion in the US were significantly higher than during the first nine months of the prior year.

During the first nine months of 2012, SMPM International (the joint venture between Swedish Match and Philip Morris International; 50 percent owned by Swedish Match) continued test market activities for snus in Canada and in St. Petersburg, Russia. While it takes time to build the category, test markets show good signs, and distribution has been expanded in both markets. During the third quarter, a new test market in Israel was initiated.

The operating profit for the product area includes investments behind Swedish snus internationally, which increased by about 70 MSEK in the first nine months of 2012 compared to the same period of 2011.

General, *Ettan* and *Göteborgs Rapé* are some of Scandinavia's most popular snus brands. *Nick and Johnny* snus has been available on the Norwegian market for a number of years but is now also available in Sweden. *Longhorn* is one of the Company's best known brands of moist snuff and Swedish Match has during the year for its pouched moist snuff products introduced a disposal lid – a first in the US.

US MASS MARKET CIGARS AND CHEWING TOBACCO

OTHER TOBACCO PRODUCTS

The Swedish Match mass market cigar portfolio includes the well known brand *Game by Garcia y Vega*. The cigars are presented in FoilFresh® packaging which guarantees freshness. *Game* Black is the newest addition to the *Game* assortment. The *Red Man* family of chewing tobacco is the best selling chewing tobacco brand in the US.

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.

The third quarter

During the third quarter, sales for the product area Other tobacco products increased by 8 percent in local currency compared to the same period of the previous year, and operating profit increased by 4 percent in local currency, driven by US mass market cigars. Reported sales for the product area amounted to 689 MSEK (613) and reported operating profit was 300 MSEK (278). The operating margin was 43.5 percent (45.3). The decline in

Other tobacco products

Sales

2,060 MSEK

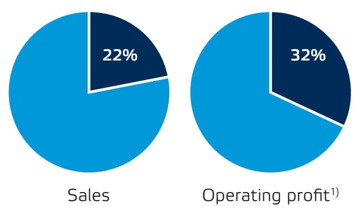
Operating profit

913 MSEK

	July–September		January–September		Full year
Key data, MSEK	2012	2011	2012	2011	2011
Sales	689	613	2,060	1,809	2,388
Operating profit	300	278	913	795	1,049
Operating margin, %	43.5	45.3	44.3	43.9	44.0

January–September

Share of Group total



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

operating margin was entirely attributable to chewing tobacco.

During the third quarter, US mass market cigar volumes grew by 11 percent and sales increased by 14 percent in local currency compared to the same period in the previous year. The growth for US mass market cigars is attributable to the continued success of recent product introductions, including *White Owl* Silver and *White Owl* Black, as well as *Game* Silver and *Game* Black cigars. Operating profit increased versus prior year.

US chewing tobacco sales in the third quarter were down by 2 percent in local currency, and operating profit was also lower. Shipment volumes grew by 2 percent, with higher contract manufacturing volumes following inventory reductions in the prior year more than offsetting a decline of 9 percent for own brands.

The first nine months

Sales for the product area for the first nine months amounted to 2,060 MSEK (1,809) while operating profit amounted to 913 MSEK (795). In local currency, sales for the first nine months were up 7 percent, while operating profit was up by 9 percent. Sales and operating profit were higher for cigars, and were down for chewing tobacco. Operating margin was 44.3 percent (43.9).

MATCHES AND LIGHTERS

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.

The third quarter

During the third quarter sales for the product area Lights decreased to 311 MSEK (333). Currency translation effects have affected the sales comparison negatively by 27 MSEK and in local currencies, sales increased by 1 percent. Operating profit decreased to 44 MSEK (59) and the operating margin was 14.0 percent (17.7). For lighters, sales and operating profit in local currencies increased somewhat compared to the third quarter of the prior year as a result of higher sales prices and improved factory efficiencies. For matches, sales and operating profit declined in local currencies as a result of negative currency transaction effects, a negative country mix and increased raw material costs.

The first nine months

Sales for the product area for the first nine months increased to 998 MSEK (982), and operating profit was 161 MSEK (161). Compared to the first nine months of the previous year, operating profit increased for lighters and declined for matches. Operating margin was 16.1 percent (16.4).

Swedish Match sells matches on many markets in the world. *Fiat Lux* is a very well known match brand in Brazil. *Cricket*, one of the best known brand for quality disposable lighters, is popular in Europe, Russia, Brazil, and Malaysia, among other markets.

Lights

Sales

998 MSEK

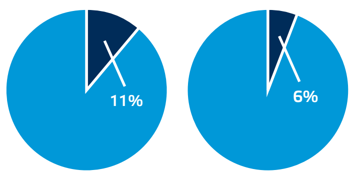
Operating profit

161 MSEK

Key data, MSEK	July–September 2012	July–September 2011	January–September 2012	January–September 2011	Full year 2011
Sales	311	333	998	982	1,346
Operating profit	44	59	161	161	240
Operating margin, %	14.0	17.7	16.1	16.4	17.9

January–September

Share of Group total



Sales Operating profit[1)]

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

Other operations

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

The third quarter

Sales in Other operations for the third quarter amounted to 944 MSEK (866). Operating loss for Other operations was 8 MSEK (18).

The first nine months

Sales for the first nine months amounted to 2,511 MSEK (2,350). Operating loss for the first nine months was 47 MSEK (87). During the first nine months of 2011 the operating loss included redundancy costs following an organizational change.

Scandinavian Tobacco Group

Scandinavian Tobacco Group (STG) was established on October 1, 2010, following a merger between the tobacco activities in Scandinavian Tobacco Group A/S and the European mass market cigar, US premium cigar and pipe tobacco businesses of Swedish Match. The Danish company Skandinavisk Holding A/S holds 51 percent of the shares in STG, and the remaining 49 percent are held by Swedish Match. STG is the world's largest manufacturer of cigars, a world leader in pipe tobacco, and holds a strong position within fine cut tobacco in Scandinavia and the US. STG's leading brands include Café Crème, La Paz, Henri Wintermans, Macanudo, CAO, Partagas (USA), Cohiba (USA), Erinmore, Borkum Riff, Colts and Tiedemanns. On March 1, 2011, STG acquired Lane Limited in the US (Lane) from Reynolds American Inc. Lane produces pipe tobacco, fine cut tobacco and little cigars.

Please see Note 3 for a summary of the STG consolidated income statement.

The STG result, and consequently the Swedish Match reported share of the net result in STG, may for some reporting periods be partly based on estimates due to differences in reporting time schedules. Any differences between such estimates and the actual result of STG for the period, are adjusted in the following reporting period.

The third quarter

Sales for Scandinavian Tobacco Group increased by 1 percent to 1,446 MDKK (1,433) during the third quarter compared to the same quarter of the previous year. In local currencies, sales decreased by 6 percent. Sales and EBITDA in the third quarter have been negatively affected by a backlog situation and delivery problems related to an ERP system installation in the European cigar operations. Reported EBITDA increased to 320 MDKK (268). Excluding restructuring costs in the third quarter of the prior year, EBITDA decreased by 15 percent.

For premium cigars, both sales and operating profit increased in local currencies. Sales through mail order and Internet channels in particular showed a strong performance in the quarter.

For mass market cigars excluding Lane, volumes declined significantly, with most of the decrease estimated to be of temporary character and related to the backlog situation. Sales declined less than volumes and operating profit declined.

Excluding Lane, pipe tobacco/fine cut sales and operating profit improved despite lower volumes as a result of an improved product mix.

For Lane, both sales and operating profit declined versus prior year in local currency, due to volume declines in the US, a deteriorated product mix and higher operating expenses.

Net profit for the period amounted to 149 MDKK (159).

The Swedish Match share of net profit in STG for the third quarter, after adjustments, amounted to 80 MSEK (74), with the comparison versus the prior year being negatively impacted by the strengthening of the Swedish krona versus the Danish krona.

The first nine months

Sales for Scandinavian Tobacco Group increased by 7 percent to 4,350 MDKK (4,070) during the first nine months compared to the same period of the previous year. In local currencies, adjusting for the acquisition of Lane in March 2011 and the divestment of certain brands in Australia in early 2011, sales increased by 1 percent.

Reported EBITDA amounted to 928 MDKK (818). On a comparable basis (excluding currency translation effects, restructuring costs in the prior year and after adjusting for Lane being acquired on March 1, 2011), EBITDA decreased by 5 percent for total STG.

For premium cigars, sales and operating profit increased in local currency on higher shipment volumes. Sales through mail order and Internet channels in particular showed a strong performance.

For mass market cigars excluding Lane, volumes for the first nine months declined versus the same period of the prior year, partly explained by the delivery problems in the European cigar operations in the third quarter. Sales increased versus the prior year as a result of an improved mix and currency effects, and operating profit improved.

Excluding Lane, pipe tobacco/fine cut sales declined versus the first nine months of 2011 on lower volumes despite an improved mix. Operating profit declined.

For Lane, during the March-September period (Lane was acquired in March 2011) sales and operating profit declined compared to the prior year, primarily as a result of country mix and higher operating expenses in the US market.

Net finance cost for the first nine months amounted to 62 MDKK (28). The net finance cost in the prior year was positively impacted by significant currency gains. The reported tax rate for the first nine months was 26.1 percent (26.0). Net profit for the period amounted to 440 MDKK (402).

The Swedish Match share of net profit in STG for the first nine months, after adjustments, amounted to 263 MSEK (213).

Taxes

For the first nine months of the year, the reported tax expense amounted to 542 MSEK (459), corresponding to a tax rate of 20.3 percent (20.0). The reported tax rate excluding associated companies and joint ventures was 22.4 percent (22.0).

Earnings per share

Basic earnings per share (EPS) for the third quarter amounted to 3.41 SEK (3.28), while diluted EPS was 3.40 SEK (3.26).

Basic EPS for the first nine months of the year amounted to 10.40 SEK (8.72), while diluted EPS was 10.34 SEK (8.67).

Depreciation and amortization

In the third quarter, total depreciation and amortization amounted to 75 MSEK (73), of which depreciation on property, plant and equipment amounted to 61 MSEK (59) and amortization of intangible assets amounted to 14 MSEK (14).

In the first nine months, total depreciation and amortization amounted to 227 MSEK (212), of which depreciation on property plant and equipment amounted to 184 MSEK (169) and amortization of intangible assets amounted to 43 MSEK (42).

Financing and cash flow

Cash flow from operating activities for the first nine months amounted to 2,082 MSEK compared with 1,863 MSEK for the same period of the previous year. The cash flow from operations increased compared to the same period previous year as a result of improved EBITDA and dividends received from associated companies, partly offset by higher tobacco tax and VAT payments in the beginning of the year relating to hoarding in Sweden at the end of 2011.

Investments in property, plant and equipment during the first nine months amounted to 171 MSEK (170).

Net finance cost for the first nine months increased to 415 MSEK (389), mainly due to increased debt.

The net debt as per September 30, 2012 amounted to 9,671 MSEK compared to 8,886 MSEK at December 31, 2011.

In the first nine months of the year, Swedish Match paid dividends totaling 1,334 MSEK and made share repurchases, net of options redeemed, of 1,256 MSEK. During the first nine months new bond loans of 1,836 MSEK were issued. Repayment of loans for the same period amounted to 1,315 MSEK. As of September 30, 2012 Swedish Match had 10,576 MSEK of interest bearing debt excluding retirement benefit obligations compared to 10,038 MSEK at December 31, 2011. None of this debt falls due for payment during the remainder of 2012. As of September 30, 2012, Swedish Match had 1,352 MSEK in unutilized committed credit lines.

Cash and cash equivalents amounted to 2,271 MSEK at the end of the period, compared with 2,533 MSEK as of December 31, 2011.

Average number of employees

The average number of employees in the Group during the first nine months of 2012 was 3,840 compared with 3,880 for the full year 2011.

Share structure

During the first nine months of 2012, Swedish Match repurchased 6.2 million shares for 1,671 MSEK at an average price of 268.54 SEK, following authorizations from the Annual General Meetings held in 2011 and 2012. Total shares bought back by Swedish Match since the buyback program started have been repurchased at an average price of 104.69 SEK.

During the first nine months of 2012 the Company sold 2.7 million treasury shares at an average price of 154.80 SEK, totaling 414 MSEK, as a result of option holders exercising options.

In accordance with the resolution at the Annual General Meeting on May 2, 2012, 7 million shares held in treasury have been cancelled. The total number of registered shares in the Company after the cancellation of shares is 206.0 million.

As per September 30, 2012 Swedish Match held 5.4 million shares, corresponding to 2.61 percent of the total number of shares. The number of shares outstanding, net as per September 30, 2012, amounted to 200.6 million. The Company has issued call options of which an amount corresponding to 2.3 million shares exercisable in gradual stages from 2012–2015 were outstanding as of September 30, 2012.

Events following the close of the reporting period

In October, and in accordance with the instructions adopted by the Annual General Meeting 2012, a Nominating Committee was appointed. In addition to Conny Karlsson (Chairman of the Board), Andy Brown (Cedar Rock Capital), Björn Lind (AMF & AMF Funds), William Lock (Morgan Stanley Investment Management), and William von Mueffling (Cantillon Capital Management) have been appointed members of the Nominating Committee.

The European Commission issued a press release on October 16. The European Anti-Fraud Office, OLAF, had concluded its investigations on the notification by Swedish Match of having received an improper proposal to influence the outcome of the ongoing review by the European Commission of the Tobacco Products Directive, in exchange for financial compensation. The Tobacco Products Directive regulates the sales ban on Swedish snus within the EU, to which Sweden has an exemption. OLAF concluded that a proposal to Swedish Match had been made by a Maltese entrepreneur, and that while there was no conclusive evidence of the direct participation by the EU Health Commissioner, John Dalli, it was considered that Dalli had been aware of the proposal. The press release stated that Dalli had decided to resign. Swedish Match takes the incident seriously, and expects that proven scientific facts regarding snus, including the well documented significantly lower health risks compared to cigarettes which are allowed in the EU, will be considered in a continued fair legal process for the proposal of a new Tobacco Products Directive.

Outlook

We continue to expect growth in revenues and operating profit for the full year of 2012. However, for the fourth quarter of 2012, Swedish Match faces difficult comparisons in relation to the fourth quarter of the prior year across several of its product areas.

Low price competition in the Swedish snus market has intensified after the summer, and has led to accelerated market share erosion for Swedish Match and notable volume declines for Swedish Match's full price portfolio. In the fourth quarter of the prior year there was an estimated trade hoarding of two million cans in Sweden. In the fourth quarter of 2012 Swedish Match expects a trade hoarding effect primarily of its lowest price product *Kaliber*. In the beginning of 2013, the profitability of the Swedish snus business will be negatively impacted by a deteriorated product mix and the absorption of the proposed excise tax increase for premium and mid priced brands. Investments for growth for Swedish snus internationally are expected to be higher than in the previous year also in the fourth quarter of 2012.

We expect continued year over year volume growth for US mass market cigars in the fourth quarter. The operating margin for mass market cigars was unusually strong in the fourth quarter of 2011. The trend of declining volumes for chewing tobacco in the US market is expected to continue throughout the year.

The lights businesses delivered a very strong quarter in terms of operating profit in the fourth quarter of 2011.

All in all, this implies that the operating profit from product areas for the fourth quarter of 2012 is likely to be lower than in the fourth quarter of 2011.

The tax rate for 2012, excluding one time items as well as associated companies and joint ventures, is expected to be around 22 percent. It is probable that the corporate income tax rate for the Group will increase slightly in 2013.

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

Outlook from the Q2 2012 half year report

For the full year 2012, we expect continued growth in revenues and operating profit led by a solid development for Snus and snuff and Other tobacco products.

During the year, we will continue to invest for growth for snus internationally. In the US we will expand distribution and invest further in marketing activities to build awareness and generate trial. In SMPM International, the plan is to add at least one additional test market during the year.

We expect both the Scandinavian snus market and the US market for moist snuff to continue to grow in volume terms in 2012.

In the US mass market cigar business, we will launch additional innovative products and we expect to continue to grow faster than the overall market and generate increased sales and profits in local currency. The trend of declining volumes for US chewing tobacco is expected to continue.

The tax rate for 2012, excluding one time items as well as associated companies and joint ventures, is expected to be around 22 percent. It is probable that the corporate income tax rate for the Group will increase slightly in 2013. A new Swedish tax regulation limiting tax deductions on interest expenses on intra-group loans from January 1, 2013, is under preparation. No finalized proposal has been submitted to the Parliament and the exact effects on the Group are therefore difficult to estimate.

The Company maintains its long term financial strategy and dividend policy, and we remain 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 in particular the US dollar 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 2011.

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 nine months amounted to 56 MSEK (35). Profit before income tax amounted to 2,581 MSEK (loss 158) and net profit for the first nine months amounted to 2,893 MSEK (98).

The main sources of income for the Parent Company are dividends and Group contributions from subsidiaries. During the period the Parent Company received dividends amounting to 3,772 MSEK (2,091). In the second quarter of 2011, an impairment loss on shares in subsidiaries of 1,143 MSEK was recognized as a result of dividends paid out of retained earnings from subsidiaries.

Part of the Group's treasury operations are within the operations of the Parent Company including the major part of the Group's external borrowings. The majority of these loans have fixed interest rates and hence any changes in interest rates would have an immaterial impact on the result of the Parent Company.

No capital expenditures on tangible fixed assets have been recognized during the first nine months 2012, nor during 2011. During the period 28 MSEK (11) have been capitalized in intangible assets as an investment in software development for an ERP system for the Group.

In the first nine months of 2012 a shareholder contribution was provided to a Group company, in the amount of 2,025 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 nine months, new bond loans of 1,836 MSEK were issued and repayment of loans amounted to 1,315 MSEK. During the period the Parent Company made share repurchases of 1,671 MSEK (1,872) and sold 2.7 million (0.5) treasury shares for 414 MSEK (67).

The annual dividend of 1,334 MSEK (1,152) has been paid during the period.

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 full year 2012 report will be released on February 20, 2013.

Stockholm, October 30, 2012

Lars Dahlgren
President and CEO

Key data

All key data, with the exception of share data, have been calculated excluding larger one time items.	January–September 2012	2011	12 months ended September 30, 2012	Full year 2011
Operating margin, %	32.6	31.2	32.8	31.7
Operating capital, MSEK	7,177	7,194	7,177	7,224
Return on operating capital, %			56.6	51.7
EBITDA, MSEK[1)]	3,273	2,892	4,373	3,992
EBITA, MSEK[2)]	3,089	2,723	4,126	3,759
Net debt, MSEK	9,671	9,015	9,671	8,886
Net debt/EBITA[2)]			2.3	2.4
Investments in property, plant and equipment, MSEK[3)]	171	170	246	245
EBITA interest cover	7.6	7.2	7.7	7.4
Excluding share of net profit in STG				
EBITA, MSEK[2)]	2,826	2,510	3,739	3,422
Net debt/EBITA[2)]			2.6	2.6
Share data				
Earnings per share, basic, SEK	10.40	8.72	13.83	12.14
Earnings per share, diluted, SEK	10.34	8.67	13.74	12.07
Number of shares outstanding at end of period	200,627,335	206,363,657	200,627,335	204,172,141
Average number of shares outstanding, basic	203,807,473	210,096,401	204,284,494	209,001,190
Average number of shares outstanding, diluted	205,072,792	211,340,847	205,638,262	210,296,918

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 19 MSEK (18).

Consolidated income statement in summary

MSEK	July–September 2012	2011	Change %	January–September 2012	2011	Change %	12 months ended Sep 30, 2012	Full year 2011	Change %
Sales, including tobacco tax	6,651	6,208		18,988	17,400		25,250	23,662	
Less tobacco tax	–3,443	–3,198		–9,650	–8,799		–12,848	–11,997	
Sales	**3,208**	**3,011**	**7**	**9,338**	**8,601**	**9**	**12,402**	**11,666**	**6**
Cost of goods sold	–1,617	–1,495		–4,551	–4,259		–6,066	–5,774	
Gross profit	**1,591**	**1,516**	**5**	**4,787**	**4,342**	**10**	**6,336**	**5,892**	**8**
Selling and administrative expenses	–640	–604		–1,986	–1,868		–2,634	–2,516	
Share of net profit/loss in associated companies and joint ventures	72	71		245	206		365	327	
Adjustment to capital gain from transfer of businesses to STG	–	–		30	–		30	–	
Operating profit	**1,022**	**983**	**4**	**3,076**	**2,681**	**15**	**4,098**	**3,702**	**11**
Finance income	11	10		28	28		37	37	
Finance costs	–152	–140		–443	–417		–586	–560	
Net finance cost	–141	–130		–415	–389		–548	–523	
Profit before income tax	**881**	**853**	**3**	**2,661**	**2,292**	**16**	**3,550**	**3,180**	**12**
Income tax expense	–188	–169		–542	–459		–724	–642	
Profit for the period	**693**	**684**	**1**	**2,120**	**1,833**	**16**	**2,825**	**2,538**	**11**
Attributable to:									
Equity holders of the Parent	693	684		2,120	1,832		2,825	2,538	
Non-controlling interests	0	0		0	0		0	1	
Profit for the period	**693**	**684**	**1**	**2,120**	**1,833**	**16**	**2,825**	**2,538**	**11**
Earnings per share, basic, SEK	3.41	3.28		10.40	8.72		13.83	12.14	
Earnings per share, diluted, SEK	3.40	3.26		10.34	8.67		13.74	12.07	

Consolidated statement of comprehensive income

MSEK	July–September 2012	July–September 2011	January–September 2012	January–September 2011	12 months ended Sep 30, 2012	Full year 2011
Profit for the period	**693**	**684**	**2,120**	**1,833**	**2,825**	**2,538**
Other comprehensive income						
Translation differences related to foreign operations	–329	169	–449	136	–642	–57
Translation differences included in profit and loss	0	–1	–1	0	–1	0
Effective portion of changes in fair value of cash flow hedges	–81	–33	–25	–91	44	–22
Reclassification adjustments for gains/losses on cash flow hedges included in profit and loss	–	0	–	0	0	0
Actuarial gains and losses attributable to pensions, including payroll tax	–12	–313	–69	–307	–115	–353
Share of other comprehensive income in associated companies and joint ventures	–47	5	–23	–124	191	90
Income tax relating to components of other comprehensive income	26	133	34	145	32	143
Other comprehensive income, net of tax for the period	**–444**	**–39**	**–533**	**–241**	**–491**	**–199**
Total comprehensive income for the period	**249**	**645**	**1,587**	**1,592**	**2,335**	**2,340**
Attributable to:						
Equity holders of the Parent	249	645	1,587	1,591	2,334	2,339
Non-controlling interests	0	0	0	0	0	1
Total comprehensive income for the period	**249**	**645**	**1,587**	**1,592**	**2,335**	**2,340**

Consolidated balance sheet in summary

MSEK	September 30, 2012	December 31, 2011
Intangible assets	951	992
Property, plant and equipment	2,003	2,076
Investments in associated companies and joint ventures	4,230	4,481
Other non-current financial receivables[1]	1,316	1,395
Current operating assets	2,841	3,031
Other current investments and current financial assets	–	0
Cash and cash equivalents	2,271	2,533
Total assets	**13,612**	**14,507**
Equity attributable to equity holders of the Parent	–2,605	–1,602
Non-controlling interests	2	2
Total equity	**–2,603**	**–1,599**
Non-current provisions	1,098	1,070
Non-current loans	8,962	8,535
Other non-current financial liabilities[2]	2,009	1,787
Current provisions	102	84
Current loans	1,090	1,283
Other current liabilities[3]	2,955	3,347
Total equity and liabilities	**13,612**	**14,507**

1) Includes pension assets of 69 MSEK (67) and derivative financial instruments of 37 MSEK (62) used to hedge the Parent Company's bond loans denominated in euro.

2) Includes pension liabilities of 1,435 MSEK (1,449) and derivative financial instruments of 459 MSEK (247) used to hedge the Parent Company's bond loans denominated in euro.

3) Includes current financial derivatives of 102 MSEK (33) used to hedge the Parent Company's bond loans denominated in euro.

Consolidated cash flow statement in summary

MSEK	January–September 2012	2011
Operating activities		
Profit before income taxes	**2,661**	**2,292**
Share of net profit/loss in associated companies and joint ventures	–245	–206
Dividends received from associated companies	214	14
Other non-cash items and other	268	241
Income tax paid	–464	–490
Cash flow from operating activities before changes in working capital	**2,435**	**1,851**
Cash flow from changes in working capital	–353	13
Net cash from operating activities	**2,082**	**1,863**
Investing activities		
Purchase of property, plant and equipment	–171	–170
Proceeds from sale of property, plant and equipment	3	2
Purchase of intangible assets	–28	–11
Investments in associated companies and joint ventures	–20	–15
Investments in other companies	–	–4
Proceeds from sale of subsidiaries, net of cash disposed of[1]	9	143
Changes in financial receivables etc.	–	1
Net cash used in investing activities	**–208**	**–54**
Financing activities		
Changes in loans	520	–54
Dividend paid to equity holders of the Parent	–1,334	–1,152
Repurchase of own shares	–1,671	–1,872
Stock options exercised	414	67
Other	11	90
Net cash used in financing activities	**–2,059**	**–2,921**
Net decrease in cash and cash equivalents	**–185**	**–1,112**
Cash and cash equivalents at the beginning of the period	2,533	3,275
Effect of exchange rate fluctuations on cash and cash equivalents	–78	14
Cash and cash equivalents at the end of the period	**2,271**	**2,178**

[1] The cash flow from sale of subsidiaries during the first nine months of 2012 includes an additional payment of the purchase price of 5 MSEK relating to the divestment of Swedish Match UK during 2008 and 3 MSEK received in additional payment of the purchase price relating to the divestment of Swedish Match Plam Bulgaria DA during 2011. During 2011, 140 MSEK pertains to the closing settlement of the STG transaction and 3 MSEK to the divestment of Swedish Match Plam Bulgaria DA.

Change in shareholders' equity

MSEK	Equity attributable to holders of the Parent	Non-controlling interests	Total equity
Equity at January 1, 2011	**–484**	**2**	**–482**
Profit for the period	1,832	0	1,833
Other comprehensive income, net of tax for the period	–241	0	–241
Total comprehensive income for the period	**1,591**	**0**	**1,592**
Dividend	–1,152	0	–1,152
Repurchase of own shares	–1,872	–	–1,872
Stock options exercised	67	–	67
Cancellation of shares	–30	–	–30
Bonus issue	30	–	30
Equity at September 30, 2011	**–1,850**	**2**	**–1,848**
Equity at January 1, 2012	**–1,602**	**2**	**–1,599**
Profit for the period	2,120	0	2,120
Other comprehensive income, net of tax for the period	–533	0	–533
Total comprehensive income for the period	**1,587**	**0**	**1,587**
Dividend	–1,334	0	–1,334
Repurchase of own shares	–1,671	–	–1,671
Stock options exercised	414	–	414
Cancellation of shares	–13	–	–13
Bonus issue	13	–	13
Equity at September 30, 2012	**–2,605**	**2**	**–2,603**

Parent Company income statement in summary

MSEK	January–September 2012	2011
Sales	56	35
Administrative expenses	–176	–155
Operating loss	**–121**	**–120**
Result from participation in Group companies	3,771	835
Result from participation in joint ventures	–	–12
Net finance cost	–1,069	–861
Profit/Loss before income tax	**2,581**	**–158**
Income tax	311	257
Profit for the period	**2,893**	**98**

Parent Company statement of comprehensive income

MSEK	January–September 2012	2011
Profit for the period	**2,893**	**98**
Other comprehensive income		
Effective portion of changes in fair value of cash flow hedges	–25	–91
Reclassification adjustment for gains/losses on cash flow hedges included in profit and loss	–	0
Income tax relating to components of other comprehensive income	7	24
Other comprehensive income, net of tax for the period	**–18**	**–67**
Total comprehensive income for the period	**2,874**	**31**

Parent Company balance sheet in summary

MSEK	Sep 30, 2012	Sep 30, 2011	Dec 31, 2011
Intangible and tangible assets	82	51	60
Non-current financial assets	51,370	49,511	49,373
Current assets	546	444	2,172
Total assets	**51,998**	**50,005**	**51,605**
Equity	**19,809**	**18,653**	**19,525**
Untaxed reserves	**124**	**1**	**124**
Provisions	86	110	71
Non-current liabilities	27,623	26,717	26,960
Current liabilities	4,356	4,526	4,924
Total liabilities	**32,065**	**31,352**	**31,955**
Total equity and liabilities	**51,998**	**50,005**	**51,605**

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 and RFR 2.

The new or amended IFRS standards and IFRIC interpretations, which became effective January 1, 2012, 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 2011.

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 nine months of 2012, receivables from these companies amounted to 25 MSEK (31) and total payables to these companies amounted to 6 MSEK (7). During the first nine months of 2012, total sales to associated companies and joint ventures amounted to 140 MSEK (128) and total purchases from associated companies and joint ventures amounted to 59 MSEK (91).

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

Note 3 – Scandinavian Tobacco Group

Summary of STG consolidated income statement

MDKK	January–September 2012	2011	Change %
Sales	4,350	4,070	7
EBITDA (excluding one time items)	928	949	–2
EBITDA	928	818	13
Operating profit	657	570	15
Net finance cost	–62	–28	
Income tax expense	–155	–141	
Net profit for the period	**440**	**402**	**10**
MSEK			
Swedish Match's share of net profit	**253**	**238**	**6**
Adjustment to estimate vs. actual	10	–25	
Swedish Match's reported share of net profit	**263**	**213**	**23**

Quarterly data[1]

	2012			2011				2010	
MSEK	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**
Sales, including tobacco tax	6,651	6,568	5,769	6,262	6,208	6,033	5,158	5,471	7,044
Less tobacco tax	–3,443	–3,355	–2,852	–3,198	–3,198	–3,089	–2,512	–2,671	–3,221
Sales	**3,208**	**3,213**	**2,917**	**3,064**	**3,011**	**2,944**	**2,646**	**2,801**	**3,823**
Cost of goods sold	–1,617	–1,558	–1,376	–1,515	–1,495	–1,467	–1,298	–1,338	–1,896
Gross profit	**1,591**	**1,655**	**1,541**	**1,549**	**1,516**	**1,478**	**1,348**	**1,463**	**1,927**
Selling and administrative expenses	–640	–710	–635	–648	–604	–647	–617	–621	–878
Share of net profit/loss in associated companies and joint ventures	72	107	66	120	71	74	62	–65	1
	1,022	**1,052**	**972**	**1,022**	**983**	**904**	**793**	**777**	**1,049**
Larger one time items									
Capital gain from transfer of businesses to STG	–	30	–	–	–	–	–	585	–
Net gain from pension settlements	–	–	–	–	–	–	–	59	–
Operating profit	**1,022**	**1,082**	**972**	**1,022**	**983**	**904**	**793**	**1,421**	**1,049**
Finance income	11	12	6	8	10	9	10	8	6
Finance costs	–152	–151	–140	–142	–140	–140	–138	–207	–134
Net finance cost	–141	–140	–134	–134	–130	–131	–128	–199	–128
Profit before income tax	**881**	**942**	**838**	**888**	**853**	**773**	**665**	**1,221**	**921**
Income tax expense	–188	–183	–170	–183	–169	–157	–132	–148	–192
Profit for the period	**693**	**759**	**668**	**705**	**684**	**616**	**533**	**1,074**	**729**
Attributable to:									
Equity holders of the Parent	693	759	667	705	684	615	533	1,073	729
Non-controlling interests	0	0	0	0	0	0	0	0	0
Profit for the period	**693**	**759**	**668**	**705**	**684**	**616**	**533**	**1,074**	**729**

1) The third quarter of 2010 includes businesses that were transferred to STG on October 1, 2010.

Sales by product area

	2012			2011				2010	
MSEK	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**
Snus and snuff	1,263	1,300	1,206	1,266	1,199	1,193	1,068	1,178	1,174
Other tobacco products	689	696	675	578	613	613	583	557	631
Lights	311	336	350	364	333	313	336	379	352
Other operations	944	880	687	856	866	826	659	687	806
Sales from product areas	**3,208**	**3,213**	**2,917**	**3,064**	**3,011**	**2,944**	**2,646**	**2,801**	**2,964**
Businesses transferred to STG[1]	–	–	–	–	–	–	–	–	859
Sales	**3,208**	**3,213**	**2,917**	**3,064**	**3,011**	**2,944**	**2,646**	**2,801**	**3,823**

1) The third quarter of 2010 includes sales for businesses that were transferred to STG on October 1, 2010.

Operating profit by product area

	2012			2011				2010	
MSEK	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**
Snus and snuff	607	581	568	581	590	540	469	567	592
Other tobacco products	300	316	297	255	278	272	245	208	259
Lights	44	60	57	80	59	44	58	87	58
Other operations	–8	–20	–19	–18	–18	–26	–43	–26	–35
Operating profit from product areas	**942**	**938**	**903**	**898**	**909**	**829**	**729**	**836**	**874**
Share of net profit/loss in STG	80	114	69	124	74	74	65	–60	–
Businesses transferred to STG[1]	–	–	–	–	–	–	–	–	143
Subtotal	**1,022**	**1,052**	**972**	**1,022**	**983**	**904**	**793**	**777**	**1,017**
Capital gain from transfer of businesses to STG	–	30	–	–	–	–	–	585	–
Net gain from pension settlements	–	–	–	–	–	–	–	59	–
Reversal of depreciation and amortizations relating to assets held for sale	–	–	–	–	–	–	–	–	32
Total larger one time items	**–**	**30**	**–**	**–**	**–**	**–**	**–**	**644**	**32**
Operating profit	**1,022**	**1,082**	**972**	**1,022**	**983**	**904**	**793**	**1,421**	**1,049**

1) The third quarter of 2010 includes operating profit for businesses that were transferred to STG on October 1, 2010.

Operating margin by product area[1]

	2012			2011				2010	
Percent	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**
Snus and snuff	48.0	44.7	47.1	45.9	49.2	45.3	44.0	48.1	50.4
Other tobacco products	43.5	45.4	44.0	44.1	45.3	44.4	41.9	37.4	41.0
Lights	14.0	17.9	16.3	21.9	17.7	13.9	17.3	23.0	16.3
Operating margin from product areas[2]	**29.4**	**29.2**	**31.0**	**29.3**	**30.2**	**28.2**	**27.5**	**29.9**	**29.5**
Operating margin[3]	**31.9**	**32.7**	**33.3**	**33.4**	**32.7**	**30.7**	**30.0**	**27.7**	**26.6**

1) Excluding larger one time items.
2) Excluding share of net profit/loss in STG.
3) Including share of net profit/loss in STG.

SNUS

GENERAL

General is Sweden's most widely sold snus and the brand is growing in global popularity. Following 150 years and more than 20 different packaging designs worldwide, General is introducing a new contemporary design with solid links to the brand's history.

Johan A. Boman developed his recipe for *General* snus in 1866. He used carefully selected tobacco of the highest quality topped with a drop of bergamot oil. The result was the unique flavor that came to define the Swedish snus experience. *General* is still produced according to Johan A. Boman's basic recipe, although the snus with its distinct character has evolved and is currently available in 14 different varieties in Sweden and Norway alone.

The new packaging helps to define the brand through a more uniform design.

Swedish Match develops, manufactures, and sells market-leading brands in the product areas Snus and snuff, Other tobacco products (US mass market cigars and chewing tobacco), and Lights (matches and lighters). Well known brands include *General* snus, *Longhorn* moist snuff, *Red Man* chewing tobacco, *White Owl* cigars, *Cricket* lighters, and *Fiat Lux* matches. The Group sells products across the globe, with production units in six countries. The Group also has an independent distribution company in Sweden. In addition, Swedish Match holds a 49 percent ownership interest in Scandinavian Tobacco Group (STG). Swedish Match also owns 50 percent of SMPM International (a joint venture with Philip Morris International). Snus and snuff account for more than a third of total company sales and more than half of the operating profit. The Swedish Match share is listed on the NASDAQ OMX Stockholm.

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