

Pressrelease
November 4, 1996

Swedish Match reports higher earnings

Expressed in local currencies, Swedish Match sales during the first nine months of 1996 increased for all divisions. Translated to Swedish krona, sales declined marginally from SEK 5,535 million to SEK 5,436 million. The effect of the stronger Swedish krona on sales value was negative of approx. 350 million.

Operating income before nonrecurring items rose 19 percent to SEK 1,223 million, from SEK 1,032 million during the first nine months of 1995. All divisions reported earnings improvements.

Income before taxes and minority interests amounted to SEK 1,037 million (1,223) after nonrecurring items of SEK -123 million (+261). Net income for the first nine months amounted to SEK 715 million (853).

President and CEO Göran Lindén comments on report:

“All divisions reported significant earnings improvement for the full nine-month period. The Tobacco Nordic and Tobacco USA divisions accounted for the largest increases as well as reporting a strong third quarter.”

“The earnings improvements in these divisions are attributable to increased sales of the smokeless tobacco products, whose relative share of the Group’s sales now amount to 27 percent. It is worth noting that Swedish Match, compared with a number of other tobacco companies, is less dependent on the trend of cigarette sales due to its large element of moist snuff and chewing tobacco. In the U.S., where legal actions against cigarette companies are common and often influence assessments of the tobacco industry, we do not sell any cigarettes.”

“The earnings improvement in the Light Division is attributable mainly to increased sales of disposable lighters and productivity improvements. The problems of depressed prices and low margins remain in certain markets.”

“Cost reductions attained through closure of the tobacco plants in Arvika and Härnösand, Sweden, and Tallinn, Estonia, as well as one of the match factories in Hungary, will have a positive effect on Group earnings as of 1997.”