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**SWEDISH MATCH**

# Company presentation 2011



# Swedish Match at a glance

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). 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). The Company also owns 50 percent of SMPM International (a joint venture with Philip Morris International, which owns the other 50 percent). The share is listed on NASDAQ OMX Stockholm.

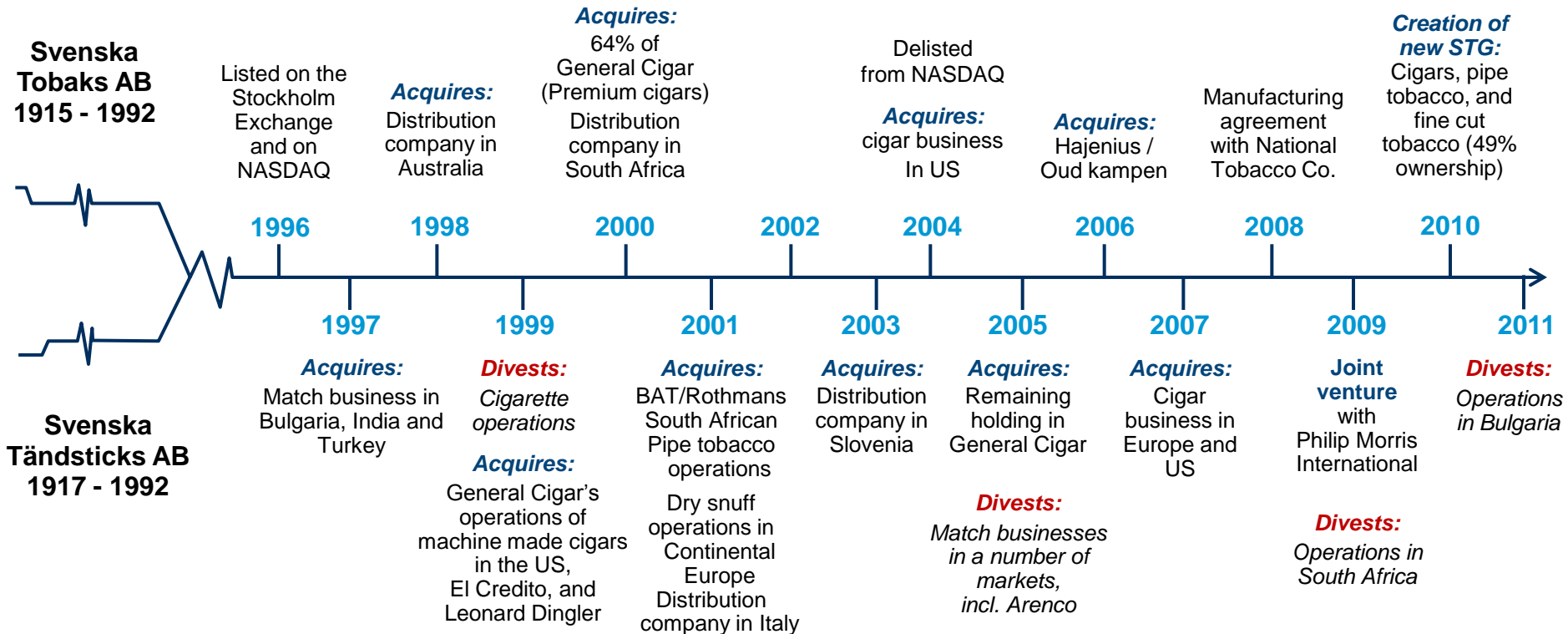


- Comparable sales<sup>1)</sup>: 11,666 MSEK
- Comparable operating profit<sup>2)</sup>: 3,365 MSEK
- Profit before income tax: 3,180 MSEK
- Profit for the year: 2,538 MSEK
- EPS (basic): 12.14
- Number of employees : 3,880
- Manufacturing in 6 countries

1) Sales excluding businesses transferred to STG.

2) Excluding businesses transferred to STG (until October 1, 2010), as well as the share of net profit/loss from STG and larger one time items.

# Swedish Match company history

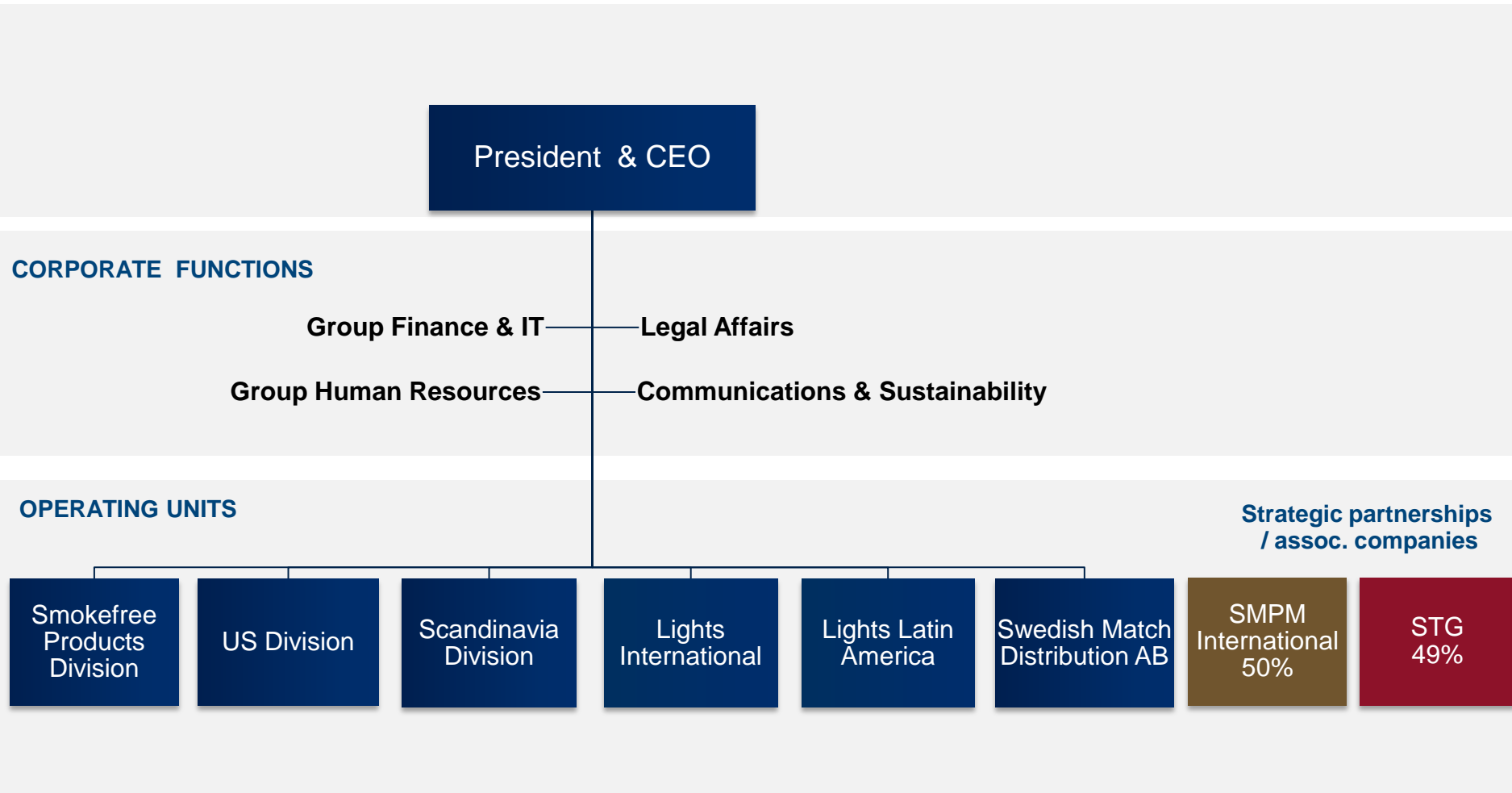


# Vision and strategy

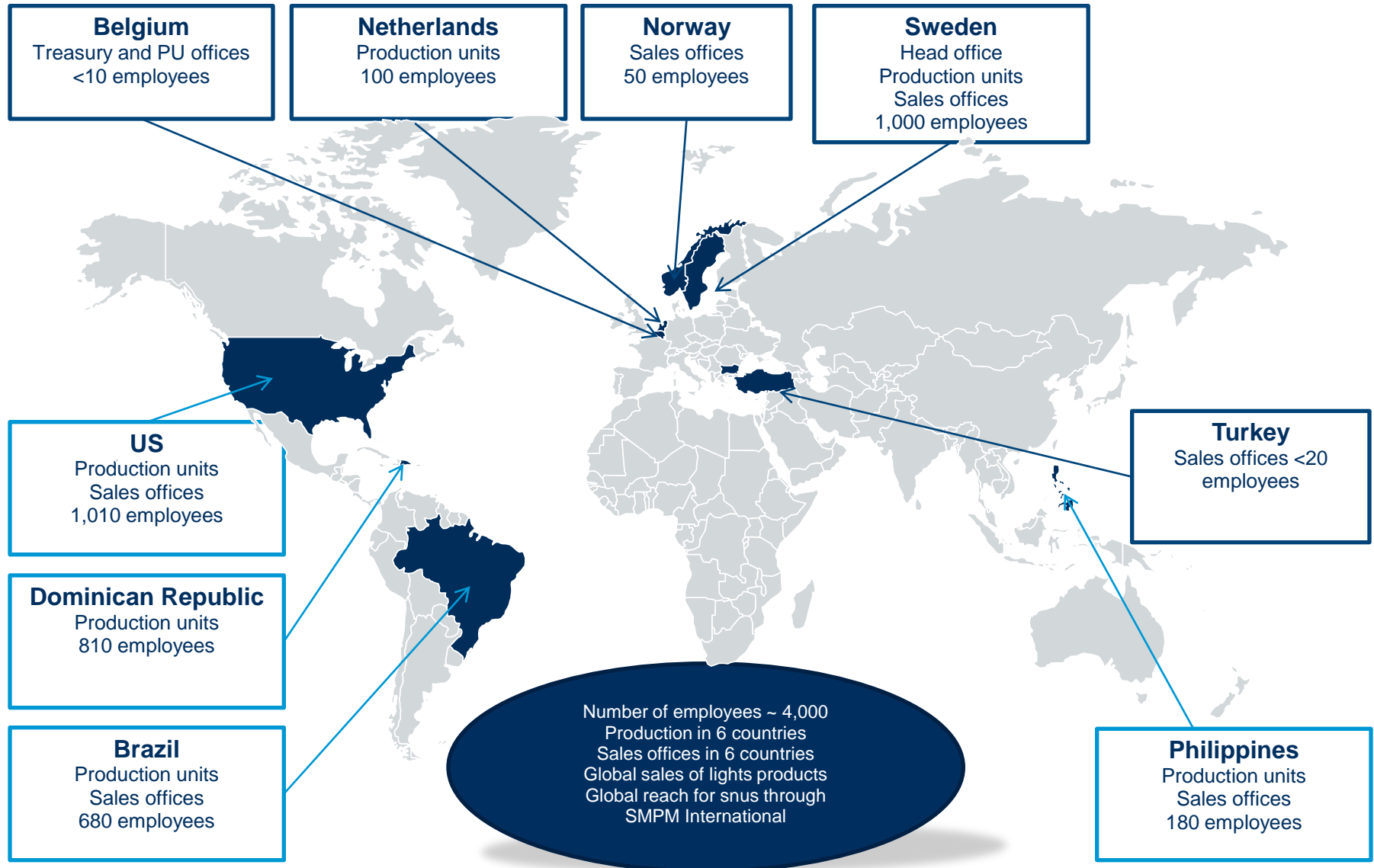
- Position the Company as the global smokefree leader
  - Leverage Swedish Match's unique heritage, technological lead, talented organization and strong brand portfolio
  - Pursue growth opportunities on a global basis through SMPM International
  - Be the preferred choice by consumers
  - Be the most valued partner to the trade
  - Remain the industry authority for regulators and opinion makers
- Leverage the Company's strong platforms to maximize long term profitability in the product area Other tobacco products
  - Drive profitable growth in US mass market cigars through consumer driven innovation and strong sales execution
  - Capitalize on the Company's leading position in the US chewing tobacco category and continuously drive productivity improvements
- Continue to focus on operational excellence and profitability in the product area Lights, through
  - Strong market positions
  - Efficient supply chain
- Realize the potential of STG through active ownership
  - Leverage brand portfolio and scale to drive profitable growth
  - Decisively pursue synergy opportunities



# The organization



# Swedish Match – operating locations



# Swedish Match today

- The largest snus manufacturer in Scandinavia, number one position
- The third largest moist snuff manufacturer in the US
- Well positioned in the growing US snus market
- A 50/50 joint venture with Philip Morris International (PMI) to commercialize snus outside of Scandinavia and the US
- The largest manufacturer of chewing tobacco in the US, with market leading brands
- A significant and growing presence in the US mass market cigar market
- A leading manufacturer and distributor of matches and lighters with a strong brand portfolio across the globe
- The largest distributor of tobacco products on the Swedish market
- A 49 percent ownership of Scandinavian Tobacco Group (STG), the world's largest cigar manufacturer, with market leading positions for US premium cigars, European machine made cigars, and pipe tobacco, as well as for fine cut tobacco

# Swedish Match reporting segments

## Snus and snuff

- Swedish snus in Scandinavia and US
- US moist snuff
- Income from SMPM International



## Other operations

- US mass market cigars
- Chewing tobacco

## Lights

- Lighters
- Matches
- Fire related products



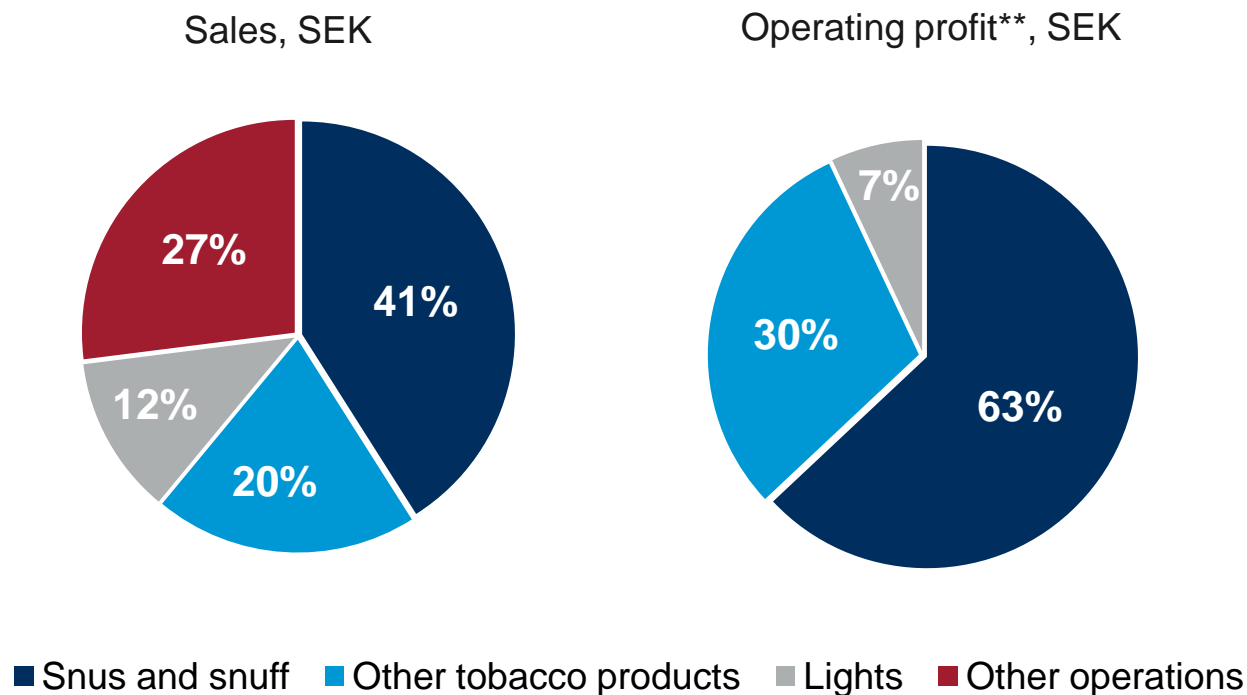
## Other tobacco products (OTP)

- Distribution
- Central costs

Reporting segments following the transaction with STG on October 1, 2010

# Sales and operating profit

## Comparable sales and operating profit by product area full year 2011\*



Totals may not add to 100% due to rounding.

\* Excludes share of net profit from STG (profit of 337 MSEK in 2011) and larger one time items.

\*\* Excluding Other operations and share of net profit from STG.

# Snus and snuff

- Leading positions for snus in Scandinavia
- The third largest producer of moist snuff in the US
- Expanding national presence in the rapidly growing US snus market
- Joint venture with Philip Morris International for markets outside Scandinavia and the US
- Production in Sweden (snus) and the US (moist snuff)
- Main brands:
  - Scandinavia:** General, Göteborgs Rapé, Ettan, Grovsnus, Catch, and Kronan
  - Norway:** General, Nick and Johnny, The Lab Series, Catch, and Göteborgs Rapé
  - US:** Longhorn, Timber Wolf, and Red Man for moist snuff and General for snus



# Other tobacco products

## US mass market cigars and chewing tobacco

- Swedish Match is a major player in the US mass market cigar market
- Swedish Match is the largest manufacturer of US chewing tobacco with market leading brands
- Nearly all the products are sold exclusively in the US
- Production in the US (cigars and chewing tobacco) and in the Dominican Republic (cigars)
- Main brands:
  - US mass market cigars:** [White Owl](#), [Garcia y Vega](#), and [Game by Garcia y Vega](#)
  - Chewing tobacco:** [Red Man](#), [Southern Pride](#), [J.D.'s Blend](#), and [Granger Select](#)



# Lights

## Matches and lighters

- Swedish Match is the market leader in many markets
- The brands are mainly local and strong in their respective home countries
- Production in Brazil, the Netherlands, the Philippines, and Sweden
- Main markets for Swedish Match are Europe/EU, Brazil, and Russia

- Main brands:

***Matches and fire related products:***

Solstickan (Sweden), Fiat Lux, Swan (UK), Tres Estrellas (Spain), Feudor (France), and Redheads (Australia)

***Lighters:*** Cricket (several markets)



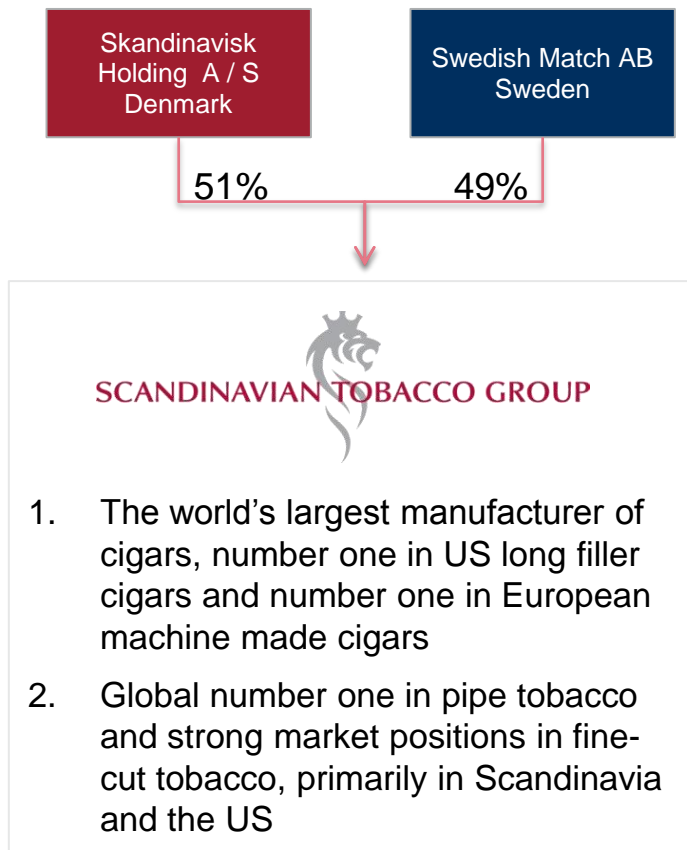
# Other operations

- Other operations include the distribution company in Sweden and Corporate functions
- The Swedish distribution company is operating independently with several different suppliers. Focus is on distribution of tobacco products and other adjacent categories
- Corporate functions include CEO office, Group Finance and IT, Group Human Resources, Legal Affairs, Corporate Communications & Sustainability



# Scandinavian Tobacco Group (STG)

On October 1, 2010, Swedish Match and Scandinavian Tobacco Group created a new Scandinavian Tobacco Group - a company with focus on cigars.



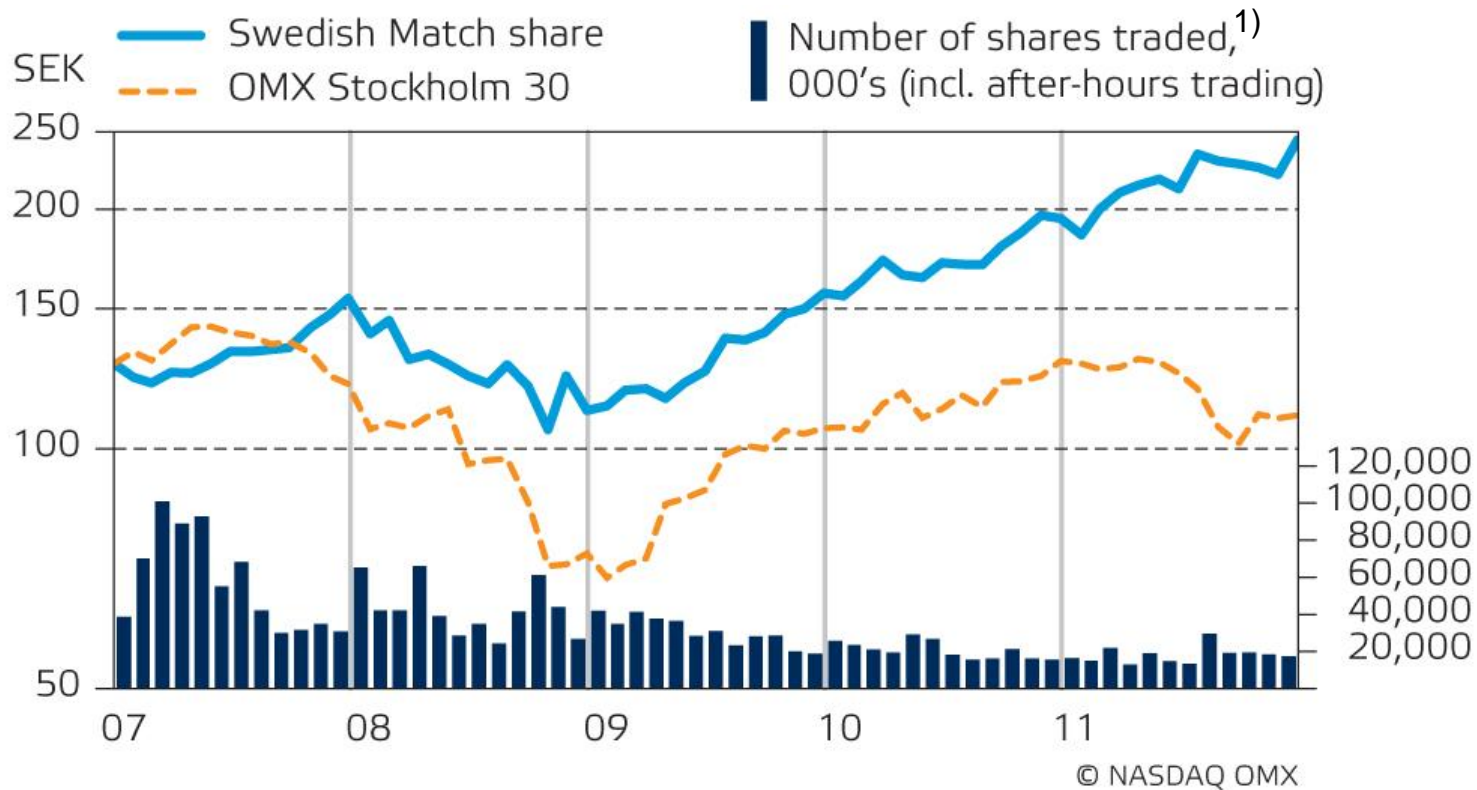
- Swedish Match's share of Scandinavian Tobacco Group's net profit after interest and tax amounted to 337 MSEK for the full year.
- The share of net profit from Scandinavian Tobacco Group includes restructuring charges amounting 66 MSEK before tax.
- Total Scandinavian Tobacco Group net sales for the year amounted to 5,444 MDKK.
- Including restructuring and one time charges, EBITDA for total Scandinavian Tobacco Group in the year amounted to 1,137 MDKK.

# Strategic partnership with PMI



- Long term commitment to growing the smokefree category globally
- World class Swedish snus manufacturing, combined with access to a sales force of 75,000 in 160 countries
- Leading smokefree expertise and leading global market capabilities
- Leverage of strong brands and innovation capacities
- Flexible and adaptable, with in depth local knowledge, worldwide
- Long erm shareholder value creation potential

# Swedish Match five year share performance



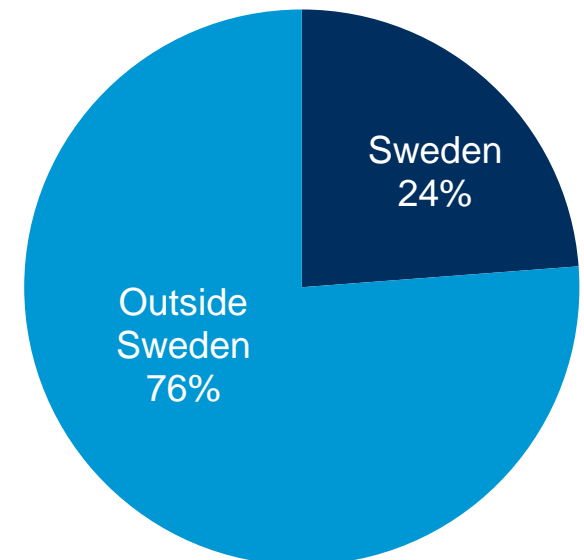
1) Volumes traded on NASDAQ OMX.

# Largest shareholders\*

## Largest shareholders

Morgan Stanley Investment Management	6.2%
Swedbank Robur Funds	2.9%
Standard Life Investment Funds	2.1%
AMF Insurance & Funds	2.0%
Fidelity Funds	1.4%
SEB Funds	1.2%
Second Swedish National Pension Fund	1.0%
Parvus Asset Management	0.9%
SHB Funds	0.8%
Fourth Swedish National Pension Fund	0.7%
	<hr/>
	19.2%

**51,646** shareholders



Source: Euroclear, official registry and SIS Ägaranalys.

\* Percent split of share capital held, excluding Swedish Match shares held in treasury, as per December 31, 2011.

# Core values

- Innovation
- Recognition
- Growth
- Communication
- Teamwork
- Trust



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