



Stockholmsbörsen: SWMA

## **PRESS RELEASE**

*10 January, 2006*

### **Swedish Match Downsizes Match Operations**

**The restructuring plan of the match operations is now completed. The aim of the plan has been to divest or close match operations with low profitability and lack of strategic fit with other product areas. The Company previously announced the closure of the match factory in Valencia, Spain and the divestment of the majority holding in the Indian match company Wimco Ltd. In addition to these earlier announced measures, two fully owned operations have been sold, a letter of intent has been signed regarding the divestment of another operation, and an associated company was sold. Also, the remaining minority shareholding of Wimco Ltd. has been sold, and an announcement has been made with regard to the closure of another match factory.**

Swedish Match has at year-end sold its Arenco subsidiary, with manufacturing units in Kalmar and Halmstad, Sweden and Shanghai, China. Arenco manufactures machines for match manufacturing and packaging. In addition to the sale of Arenco, Swedish Match has divested its distribution company in Ireland.

Swedish Match has signed a letter of intent to sell its European advertising match business and advertising lighter business, which includes a production facility in Hungary. In addition, the partly owned match company Jamafac in Indonesia has been sold and the sale of the minority shareholding of Wimco to Indian Tobacco Company (ITC) has been concluded.

Decision has also been made to close the match manufacturing facility in Turkey.

The restructurings described above are estimated to impact operating profit negatively with costs, net, of approximately 100 MSEK including certain write-down of intangible assets in the fourth quarter, 2005. The total sales price for the divested operations amounts to approximately 270 MSEK.

Annual sales of the divested match operations amounts to approximately 600 MSEK as well as approximately 250 MSEK within Other Operations with a negligible impact on operating income for the Group.

“With these restructuring efforts, the Company’s match business is smaller but more profitable, and we can now focus more attention on our other key businesses,” said Sven Hindrikes, President and CEO of Swedish Match AB.

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*Swedish Match is a unique company with its range of market-leading brands in the product areas of snuff and chewing tobacco, cigars and pipe tobacco – tobacco’s niche products – as well as matches and lighters. The Group’s global operations generated sales of 13,022MSEK for the twelve month period ending September 30, 2005. Swedish Match shares are listed on Stockholmsbörsen (SWMA).*

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