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SWEDISH MATCH

Sales increased 28 percent to 3,069 MSEK (2,394)

Operating income increased 18 percent to 491 MSEK (415)

Profit before tax was 445 MSEK (400)

EPS increased to 0.80 (0.59), an increase of 36 percent

EBITDA increased to 647 MSEK (536)

Total shares outstanding as of March 31, 2001 amounted to 362.9 million compared with 375.1 million as of December, 2000

INTERIM REPORT

January–March 2001



INTERIM REPORT

January–March 2001

Swedish Match sales increased by 28 percent, of which acquisitions accounted for 15 percentage points, in the first quarter versus the same period last year. The higher dollar rate has effected sales with 4 percentage points.

Organic sales growth amounted to 9 percent. All product areas exhibited sales gains. Cigars, pipe tobacco, lighters, and snuff show the largest increases.

Operating income grew by 18 percent to 491 MSEK, with gains primarily from cigars, matches, pipe tobacco, and lighters. Snuff margins have been impacted by increased costs due to product development and planned launches of new products during the year.

Net financial expenses increased to –46 MSEK (–15) mainly due to the redemption program, repurchase of shares, and the acquisitions of General Cigar and pipe tobacco business in South Africa.

Earnings per share during the first quarter increased to 0.80 SEK (0.59).

An increased annual dividend is proposed, to 1.35 SEK per share (1.22). In addition a prolonging of the mandate to repurchase up to 10 percent of the total amount of outstanding shares is proposed. The share capital is proposed to be reduced through cancellation of 15 million repurchased shares.

Summary of Consolidated Income Statement

MSEK	JANUARY–MARCH	
	2001	2000
Sales	3,069	2,394
Operating income	491	415
Net income for the period	297	262

Sales by product area

MSEK	JANUARY–MARCH		CHANGE %	12 MONTHS, ENDED MARCH 31, 2001	FULL YEAR 2000	CHANGE %
	2001	2000				
Snuff	528	459	15	2,140	2,071	3
Chewing Tobacco	314	282	11	1,259	1,227	3
Cigars	750	405	85	3,035	2,690	13
Pipe Tobacco & Accessories	205	173	18	794	762	4
Matches	425	391	9	1,746	1,712	2
Lighters	220	175	26	765	720	6
Other operations	627	509		2,469	2,351	
Total	3,069	2,394	28	12,208	11,533	6

Operating income by product area

MSEK	JANUARY–MARCH		CHANGE %	12 MONTHS, ENDED MARCH 31, 2001	FULL YEAR 2000	CHANGE %
	2001	2000				
Snuff	214	209	2	959	954	1
Chewing Tobacco	89	89	0	331	331	0
Cigars	101	52	94	396	347	14
Pipe Tobacco & Accessories	59	49	20	223	213	5
Matches	44	25	76	109	90	21
Lighters	25	16	56	83	74	12
Other operations	(41)	(25)		(139)	(123)	
Total	491	415	18	1,962	1,886	4

SMOKELESS TOBACCO

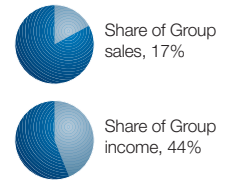
SNUFF

Swedish Match is the only global snuff manufacturer, and has leading positions in the Nordic Market and South Africa. In the United States the company has the largest share of the fast growing value price segment. Major brands include General, Catch and Ettan in Sweden, Timber Wolf in the US, and Taxi in South Africa. Sales in the first three months increased 15 percent, to 528 MSEK (459). Volume in the US increased almost 8 percent during the first quarter and the market share

was approximately 8 percent. Volume in the Nordic market increased 4 percent.

Operating income increased slightly versus the first quarter last year, to 214 MSEK (209), despite significant increases in product development costs and costs relating to upcoming product launches.

In May the new premium snuff Sequoia will be launched in the US. After the end of the period the new brand, Click, has been launched in Bombay, India.

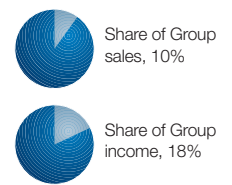


CHEWING TOBACCO

Chewing tobacco is sold primarily in the North American market. Major brands include Red Man and Southern Pride. Swedish Match is the leading producer of chewing tobacco in the US. Sales in the first three months amounted to 314 MSEK (282), an increase of 11 percent, mainly due to a stronger US dollar.

Operating income in the first three months was 89 MSEK (89).

The chewing tobacco market in the US has declined at an annual rate of approximately 4 percent over the past several years. Swedish Match share of market has improved since the same period last year and amounts to slightly more than 42 percent.

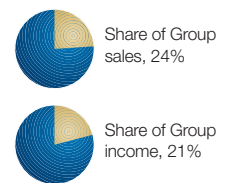
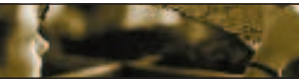


BROWN TOBACCO

CIGARS

Swedish Match is one of the world's largest manufacturers of cigars and cigarillos, and ranks number two in terms of sales value. Its largest markets are North America and Western Europe, where about 75 percent of the world cigar market exists. The company markets its broad portfolio of brands worldwide, with both premium and mass market cigars. Major brands include Macanudo, Garcia Y Vega, La Gloria Cubana, La Paz, Justus van Maurik, and Wings.

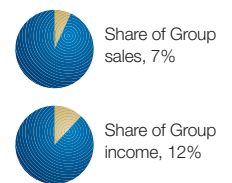
Sales in the first three months amounted to 750 MSEK (405), an increase of 85 percent over the same period last year. The increase is primarily attributable to recent acquisitions in North America. The cigar market grew in both North America and Western Europe, with the strongest gains coming in the small cigar segment for mass market cigars in the US. Operating income for cigars grew by 94 percent to 101 MSEK (52) in the first quarter.



PIPE TOBACCO AND ACCESSORIES

Swedish Match is the third largest manufacturer of pipe tobacco in the world, and its products are marketed worldwide. Major brands include Borkum Riff, Boxer, and Half and Half. The main markets for pipe tobacco are in North America, North Europe and Western Europe. The company also has a significant presence in South Africa.

Sales for the three-month period increased to 205 MSEK (173), mainly due to consolidation for two months of the recently acquired South African business acquired from British American Tobacco. Operating income increased to 59 MSEK (49).



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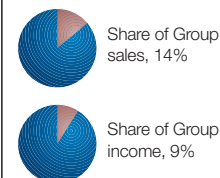
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LIGHTS

MATCHES

Swedish Match has the number one worldwide share position. Brands are mostly local, and very strong in their home countries. Major brands include Swan, Three Stars, and Redheads. Sales for the first three months grew 9 percent versus same period last year, to 425 MSEK (391).

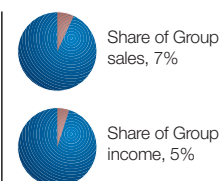
Operating income grew by 76 percent to 44 MSEK (25). Operating margin increased to 10.4 percent (6.4) due to improved margins on certain markets and positive effects due to ongoing restructuring program.



LIGHTERS

Swedish Match is the third largest lighter manufacturer in the world, and its main brand is Cricket. Sales in the first three months grew 26 percent, to 220 MSEK (175). Operating

income grew by 56 percent, to 25 MSEK (16) and operating margin was 11.4 percent.



OTHER OPERATIONS

Other operations include, among other things, the distribution of tobacco products on the Swedish market, sales of advertising products, as well as corporate overheads and expenses for business development. Expenses for business development have increased versus same period last year.

For the first quarter, net expenses grew to –41 MSEK (–25).

Net financial expense

Net financial expense in the first quarter amounted to –46 MSEK (–15). Net interest expense amounted to –67 MSEK (–10). Other financial items, net, amounted to 21 MSEK (–5).

Taxes

Taxes for the first quarter were 143 MSEK (139) corresponding to a 32% tax rate.

Acquisitions

In January a small advertising product company in Belgium was acquired.

On February 1st the final agreement with British American Tobacco concerning acquisition of its pipe tobacco business in South Africa was concluded. The acquisition includes production facilities, stock and brands. The annual sales amounts to approximately 200 MSEK.

A final agreement has also been concluded with the previous owner of Leonard Dinger in South Africa regarding the earn-out on the purchase price.

Investments

The Group's direct investments in tangible fixed assets amounted to 132 MSEK (53).

Total depreciation and amortization amounted to 156 MSEK (121), of which depreciation on tangible assets amounted to 76 MSEK (65) and amortization of intangibles amounted to 80 MSEK (56).

Financing and liquidity

At the end of the period, the Group had a net debt of 3,859 MSEK, as compared with 2,739 MSEK at December 31, 2000.

Cash and bank balances, including short term investments, amounted to 1,933 MSEK at the end of the period, compared with 2,960 MSEK at the beginning of the year. The liquid funds are primarily invested in short-term marketable interest-bearing securities.

Tobacco tax

During the past 12 months, total tobacco tax and value-added tax on tobacco tax paid by Swedish Match in Sweden amounted to 9,739 MSEK (9,075).

Average number of Group employees

The average number of employees in the Group during the 12 month period ending March 31 was 14,480, compared with 13,672 for the full year 2000.

Redemption of shares and share repurchase program

After the reduction of share capital due to cancellation of 17,350,210 shares, according to the resolution by the Extra Meeting of Shareholders in October 2000, was registered in March 2001, the company's share capital amounts to 927.8 MSEK. The share capital is spread over 386,596,181 shares with a par value of 2.40 SEK. Through repurchase Swedish Match holds 23,674,377 in its treasury which means the number of outstanding shares amounts to 362,921,804.

At the General Meeting of Shareholders on April 24th 2001 the Board of Directors suggests reduction of share capital with

36 MSEK through cancellation of 15,000,000 shares with transfer to unrestricted reserve. The Board of Directors also proposes renewed authorization to acquire a maximum of 10 percent of all shares in the company. After reduction of share capital and if the mandate to repurchase will be fully utilized the number of outstanding shares in the company will be, net after repurchase, 334.4 million shares.

Accountings principles

This interim report has been prepared in accordance with the recommendation RR 20 Interim Reports from the Swedish Financial Accounting Standards Council.

Starting with this interim report Swedish Match applies the Swedish Financial Accounting Standards Council's new recommendation RR 9 Income taxes. The financial data for 2000 has been restated according to the new principles.

Additional information

This report has not been reviewed by the Company's auditors.

The interim report for the first six months of 2001 will be released July 24, 2001.

Stockholm, April 24, 2001

Lennart Sundén
President and Chief Executive Officer

INTERIM REPORT

January–March 2001

Key data

	JANUARY–MARCH		12 MONTHS, ENDED	FULL YEAR
	2001	2000	MARCH 31, 2001	2000
Operating margin, %	16.0	17.3	16.1	16.4
Return on operating capital, %			21.8	23.3
Return on shareholders' equity, %			22.1	21.8
Net debt/equity ratio, %	72.4	Positive	72.4	52.6
Equity/assets ratio, %	31.8	38.3	31.8	32.0
Investments in tangible assets, MSEK	132	53	409	331
EBITDA	647	536	2,540	2,429
Share data*				
Earnings per share, basic	0.80	0.59	2.97	2.76
Adjusted earnings per share**	0.98	0.70	3.60	3.32
Shareholders' equity per share, SEK	12.78	13.99	12.78	12.22
No of shares outstanding at end of period	362,921,804	431,339,663	362,921,804	375,146,891
Average No of shares outstanding during period	373,046,147	431,339,663	395,603,943	410,177,322

* Earnings per share for the periods before June 30, 2000 have been adjusted for the bonus element of the redemption of shares. Issued call options have not had any dilutive effect in reported periods.

** Reported net income adjusted for items affecting comparability and amortization (net of taxes) divided by the average number of shares outstanding

Consolidated Income Statement in summary

MSEK	JANUARY–MARCH		CHANGE %	12 MONTHS,	FULL YEAR	CHANGE %
	2001	2000		ENDED MARCH 31, 2001	2000	
Sales, including tobacco tax	4,946	4,188	18	20,589	19,831	4
Less tobacco tax	(1,877)	(1,794)	5	(8,381)	(8,298)	1
Sales	3,069	2,394	28	12,208	11,533	6
Cost of goods sold	(1,738)	(1,385)	25	(7,000)	(6,647)	5
Gross profit	1,331	1,009	32	5,208	4,886	7
Sales and administrative expenses	(772)	(546)	41	(2,962)	(2,736)	8
Amortization, intangible assets	(80)	(56)	46	(305)	(281)	9
Shares in earnings of associated co.	12	8	42	21	17	20
Operating income	491	415	18	1,962	1,886	4
Net interest expense	(67)	(10)		(232)	(175)	
Other financial items, net	21	(5)		25	(1)	
Net financial items	(46)	(15)		(207)	(176)	
Income before taxes and minority interests	445	400	11	1,755	1,710	3
Taxes	(143)	(139)		(560)	(556)	
Minority interests	(5)	1		(16)	(10)	
Net income for the period	297	262	13	1,179	1,144	3
Earnings per share, basic *	0.80	0.59		2.97	2.76	

* Issued call options have not had any dilutive effect in reported periods

Consolidated Balance Sheet in summary

MSEK	MAR 31 2001	DEC 31 2000
Intangible fixed assets	5,104	4,288
Tangible fixed assets	2,804	2,576
Financial fixed assets	667	605
Current operating assets	6,231	5,852
Liquid Funds	1,933	2,960
Total assets	16,739	16,281
Shareholders' equity	4,637	4,584
Minority interests	687	620
Provisions	2,065	1,918
Long-term loans	4,557	4,638
Other long-term liabilities	358	207
Short-term loans	1,235	1,061
Other current liabilities	3,200	3,253
Total shareholders' equity, provisions and liabilities	16,739	16,281
Operating capital	11,436	9,821
Net debt	3,859	2,739

Change in Shareholders' equity

MSEK	JAN-MAR 2001	JAN-MAR 2000
Shareholders' equity, opening balance as per December 31	4,584	5,940
Effect due to change in accounting principle	—	(42)
Adjusted shareholders' equity, opening balance	4,584	5,898
Cancellation of shares for transfer to unrestricted reserves	(42)	—
Increase of unrestricted reserves from cancellation of shares	42	—
Repurchase of own shares	(509)	—
Translation difference for the period	265	(126)
Net income for the period	297	262
Total shareholders' equity at end of period	4,637	6,034

The Parent Company's share capital consists of 386,596,181 shares with a par value of 2.40 SEK per share. As detailed below, the company has 23,674,377 shares after repurchase and the net total number of shares outstanding, accordingly, is 362,921,804.

YEAR OF REPURCHASE	NUMBER OF SHARES	% OF TOTAL SHARES	AVERAGE PRICE
2000	11,449,290	3.0	31.39
2001	12,225,087	3.1	41.60
Total	23,674,377	6.1	36.66

Consolidated Cash Flow Statement in summary

MSEK	JAN-MAR 2001	JAN-MAR 2000
Cash flow from operations before changes in Working Capital	487	331
Cash flow from changes of Working Capital	(214)	(384)
Cash flow from operations	273	(53)
Investments		
Investments in property, plant and equipment	(132)	(53)
Sales of property, plant and equipment	2	3
Investments in intangibles	—	(8)
Investments in consolidated companies	(710)	(56)
Changes in financial receivables etc.	(3)	11
Cash flow from investments	(843)	(103)
Financing		
Changes in loans	3	(165)
Repurchase of shares	(509)	—
Other	29	—
Cash flow from financing	(477)	(165)
Cash flow for the period	(1,047)	(321)
Liquid funds at the beginning of the period	2,960	7,296
Translation difference attributable to liquid funds	20	(113)
Liquid funds at the end of the period	1,933	6,862

Quarterly data									
MSEK	Q1/99	Q2/99	Q3/99	Q4/99	Q1/00	Q2/00	Q3/00	Q4/00	Q1/01
Sales, including tobacco tax	3,838	4,167	4,545	4,403	4,188	5,045	5,262	5,336	4,946
Less tobacco tax	(1,716)	(1,849)	(2,127)	(1,841)	(1,794)	(2,174)	(2,190)	(2,140)	(1,877)
Sales	2,122	2,318	2,418	2,562	2,394	2,871	3,072	3,196	3,069
Cost of goods sold	(1,076)	(1,206)	(1,413)	(1,443)	(1,385)	(1,654)	(1,776)	(1,832)	(1,738)
Gross profit	1,046	1,112	1,005	1,119	1,009	1,217	1,296	1,364	1,331
Sales and administrative expenses	(586)	(634)	(567)	(690)	(547)	(688)	(722)	(779)	(772)
Amortization, intangible assets	(23)	(36)	(42)	(58)	(55)	(66)	(78)	(82)	(80)
Shares in earnings of associated co.	3	2	11	27	8	8	4	(3)	12
	440	444	407	398	415	471	500	500	491
Items affecting comparability	—	—	4,102	(395)	—	—	—	—	—
Operating income	440	444	4,509	3	415	471	500	500	491
Net interest expense	(24)	(45)	(24)	(38)	(10)	(41)	(57)	(67)	(67)
Other financial items, net	13	5	12	(15)	(5)	(3)	7	0	21
Net financial items	(11)	(40)	(12)	(53)	(15)	(44)	(50)	(67)	(46)
Income after financial items	429	404	4,497	(50)	400	427	450	433	445
Income taxes	(143)	(145)	(201)	(149)	(139)	(138)	(151)	(128)	(143)
Minority interests	4	(6)	3	13	1	(3)	(3)	(5)	(5)
Net income for the period	290	253	4,299	(186)	262	286	296	300	297

Sales by product area									
MSEK	Q1/99	Q2/99	Q3/99	Q4/99	Q1/00	Q2/00	Q3/00	Q4/00	Q1/01
Snuff	376	402	430	480	459	531	529	552	528
Chewing Tobacco	261	278	270	259	282	318	311	316	314
Cigars	224	370	407	437	405	646	796	843	750
Pipe Tobacco & Accessories	55	53	100	212	173	184	205	200	205
Matches	448	401	406	418	391	414	429	478	425
Lighters	165	173	170	154	175	169	175	201	220
Other operations	243	262	635	602	509	609	627	606	627
Subtotal	1,772	1,939	2,418	2,562	2,394	2,871	3,072	3,196	3,069
Divested business	350	379	—	—	—	—	—	—	—
Total	2,122	2,318	2,418	2,562	2,394	2,871	3,072	3,196	3,069

Operating income by product area									
MSEK	Q1/99	Q2/99	Q3/99	Q4/99	Q1/00	Q2/00	Q3/00	Q4/00	Q1/01
Snuff	193	178	236	221	209	241	254	250	214
Chewing Tobacco	75	71	78	73	89	83	72	87	89
Cigars	39	57	55	55	52	87	104	104	101
Pipe Tobacco & Accessories	17	11	22	59	49	52	58	54	59
Matches	29	34	30	14	25	18	24	23	44
Lighters	2	(8)	8	12	16	19	18	21	25
Other operations	(42)	(27)	(22)	(36)	(25)	(29)	(30)	(39)	(41)
Subtotal	313	316	407	398	415	471	500	500	491
Divested business	127	128	—	—	—	—	—	—	—
Items affecting comparability	—	—	4 102	(395)	—	—	—	—	—
Total	440	444	4 509	3	415	471	500	500	491

Operating margin by product area									
MSEK	Q1/99	Q2/99	Q3/99	Q4/99	Q1/00	Q2/00	Q3/00	Q4/00	Q1/01
Snuff	51.3	44.3	54.9	46.0	45.5	45.4	48.0	45.3	40.5
Chewing Tobacco	28.7	25.5	28.9	28.2	31.6	26.1	23.2	27.5	28.3
Cigars	17.4	15.4	13.5	12.6	12.8	13.5	13.1	12.3	13.5
Pipe Tobacco & Accessories	30.9	20.8	22.0	27.8	28.3	28.3	28.3	27.0	28.8
Matches	6.5	8.5	7.4	3.3	6.4	4.3	5.6	4.8	10.4
Lighters	1.2	(4.6)	4.7	7.8	9.1	11.2	10.3	10.4	11.4
Group	17.7	16.3	16.8	15.5	17.3	16.4	16.3	15.6	16.0