



# SWEDISH MATCH



## Group Presentation

# Swedish Match at a glance

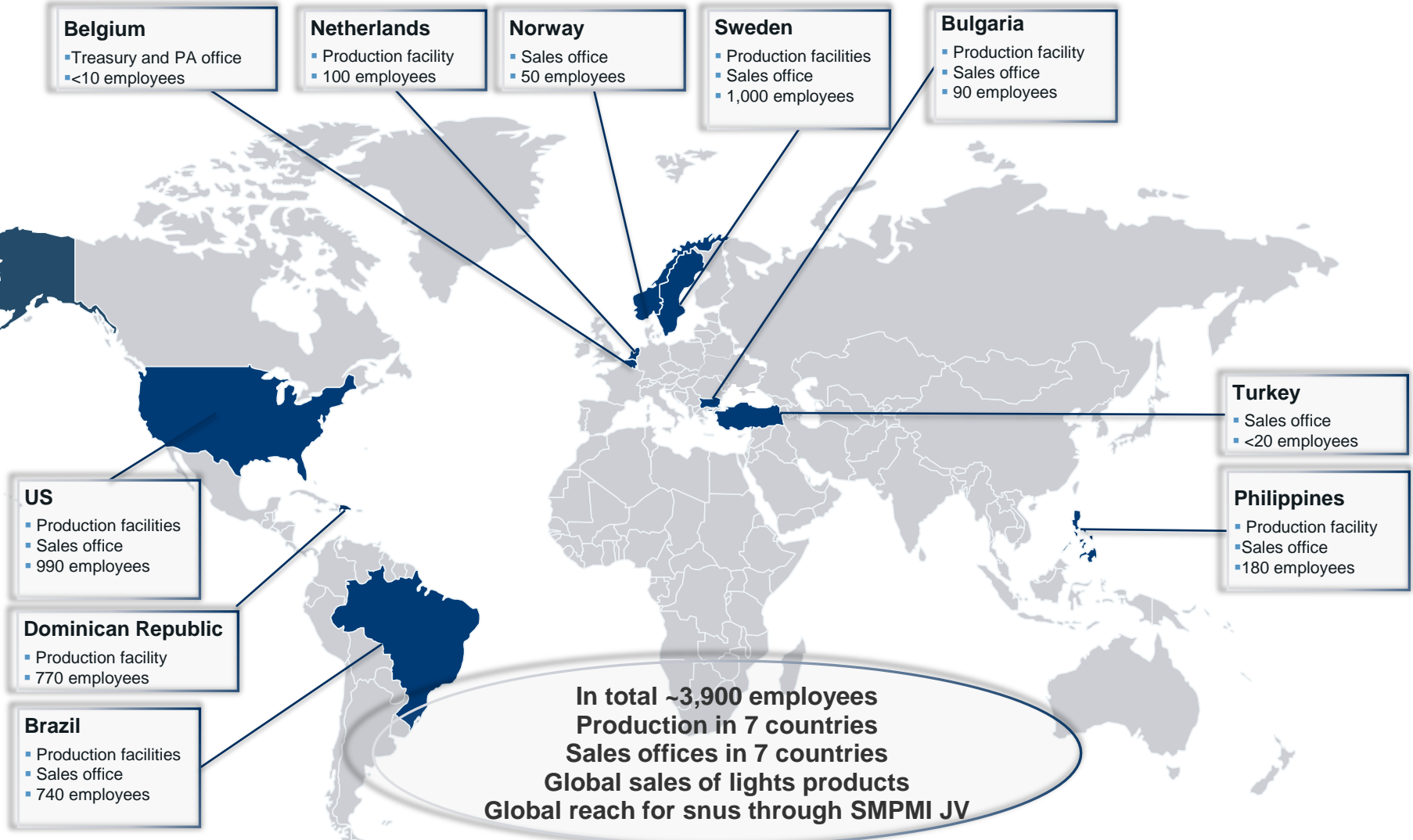
Swedish Match develops, manufactures and sells market-leading brands in snus and snuff, other tobacco products (US mass market cigars and chewing tobacco), and lights products (matches and lighters). The share is listed on NASDAQ OMX Stockholm (SWMA)



- Sales\* 14,134 MSEK
- Operating profit\* 3,424 MSEK
- Number of employees 3,900
- Manufacturing in 7 countries
- Sales worldwide

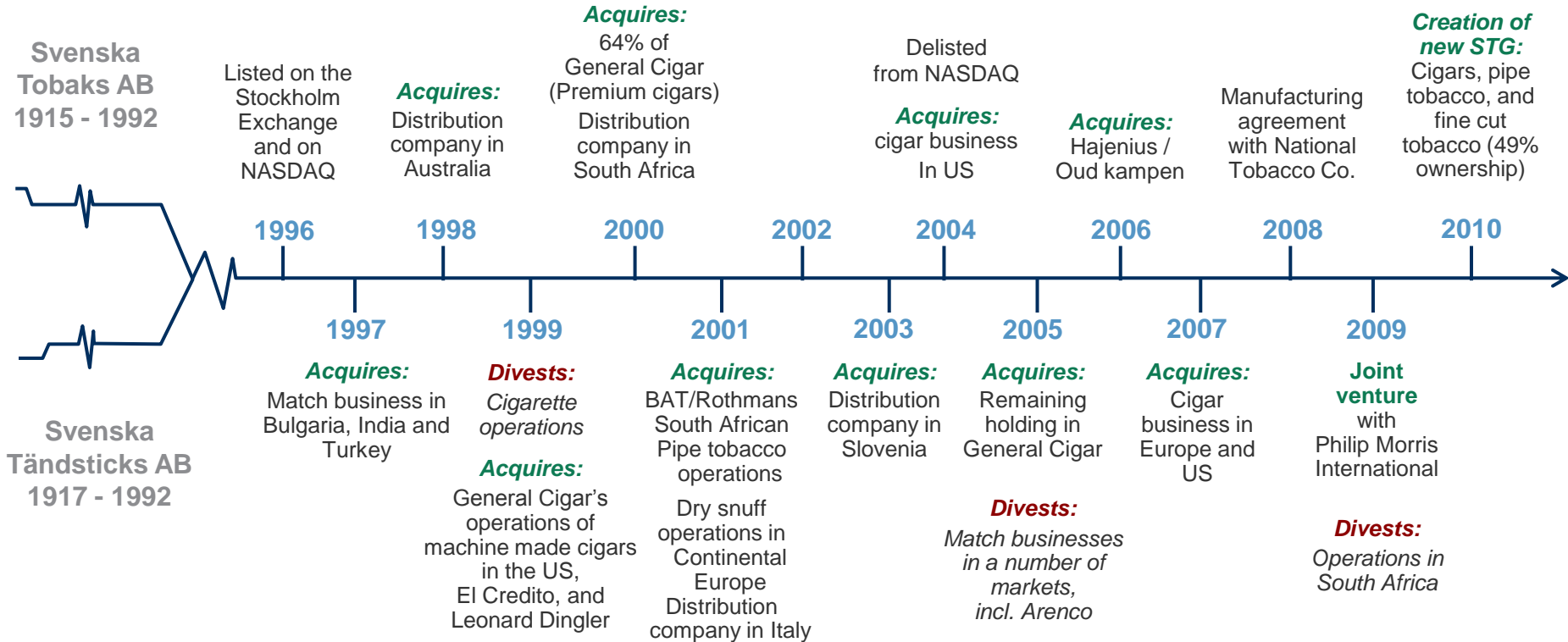
*\*12 months ending June 30, 2010 (includes entities contributed to STG October 1, 2010)*

# Swedish Match – where we operate



Note: Employees numbers are per August 31 for entities remaining in Swedish Match

# Swedish Match company history



# 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), with market leading positions for US premium cigars, European machine-made cigars, and pipe tobacco, as well as for fine cut tobacco

# Group strategy

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



# Swedish Match primary reporting segments

## Snus and snuff

- Swedish snus in Scandinavia and US
- US moist snuff
- Income from SMPMI

## Other Tobacco Products (OTP)

- US mass market cigars
- Chewing tobacco

## Lights

- Lighters
- Matches
- Fire products

## Other operations

- Distribution
- Central costs



# Snus and snuff

- Leading positions for snus in Sweden and Norway
- Well positioned in the value priced moist snuff segment in the US
- Expanding national presence in the rapidly growing US snus market
- Joint venture with Philip Morris International to develop markets outside Scandinavia and the US
- Major snus brands in Scandinavia are **General**, **Ettan**, **Grovsnus**, **Göteborgs Rapé**, **Catch**, and **Kronan**
- Major brands in the US are **Longhorn**, **Timber Wolf**, and **Red Man** for snuff and **General** for snus
- Production in Sweden (snus) and the US (snuff)





# Other tobacco products (US mass market cigars and chewing tobacco)

- Swedish Match has a significant and growing presence in US mass market cigars
- Swedish Match is the largest manufacturer of US chewing tobacco with market leading brands
- Main brands are **White Owl** and **Garcia y Vega** (cigars), and **Red Man** (chewing tobacco)
- Nearly all the products are sold exclusively in the US
- Production in the US (cigars and chewing tobacco) and in the Dominican Republic (cigars)



# Lights (lighters and matches)

- Swedish Match is the market leader in many markets
- The brands are mainly local and strong in their respective home countries
- Major match brands include **Solstickan, Fiat Lux, Swan, Tres Estrellas, Feudor,** and **Redheads**
- The main Swedish Match brand for lighters is **Cricket**
- Production in Brazil, Bulgaria, the Netherlands, the Philippines, and Sweden
- Some of the largest markets for Swedish Match include **Australia, Brazil, France, Malaysia, Russia, Spain, Sweden, Turkey,** and the **UK**

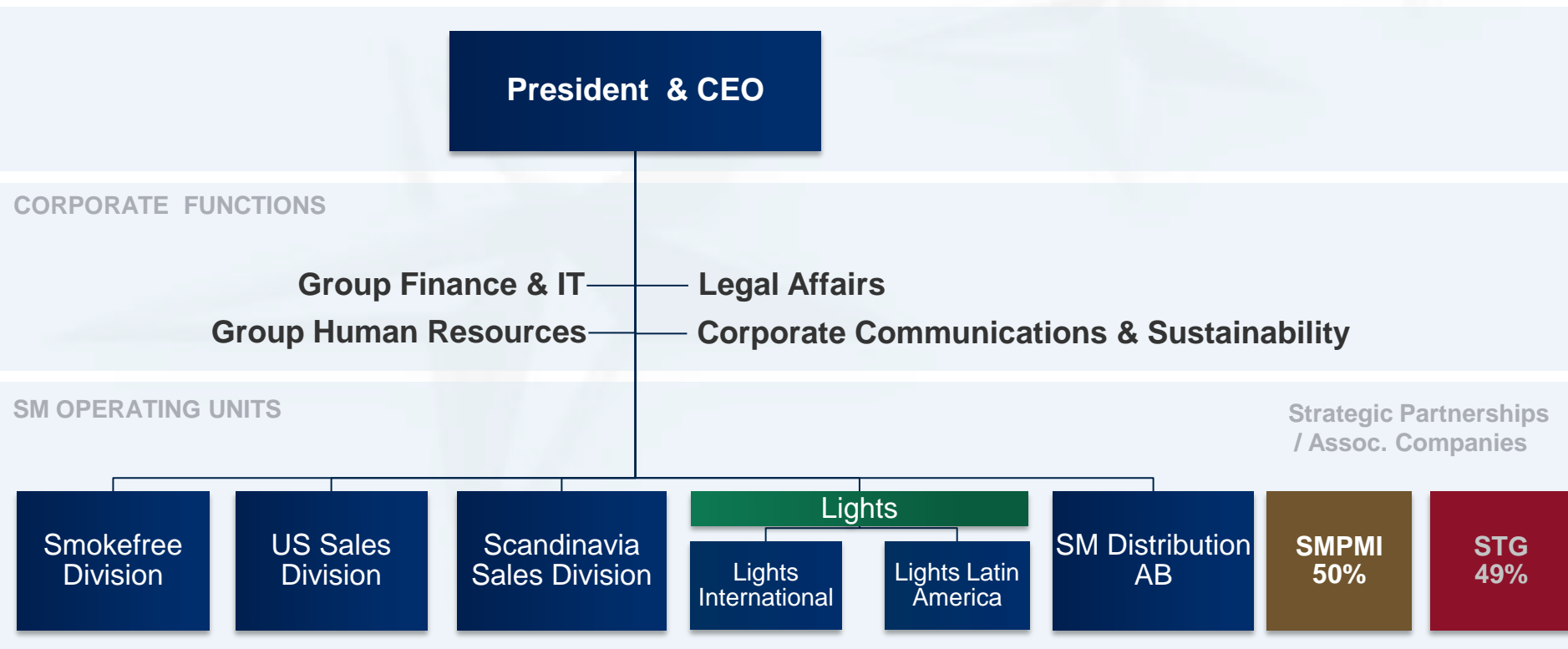


# Other operations

- 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, IR & Sustainability



# Operating structure



# A new and bigger STG created on Oct. 1, 2010

## Parts of Swedish Match

- General Cigar (Premium cigars)
- Cigars International (Premium Cigars)
- Machine made cigars outside the US
- Pipe tobacco
- Distribution of lights products in selective markets

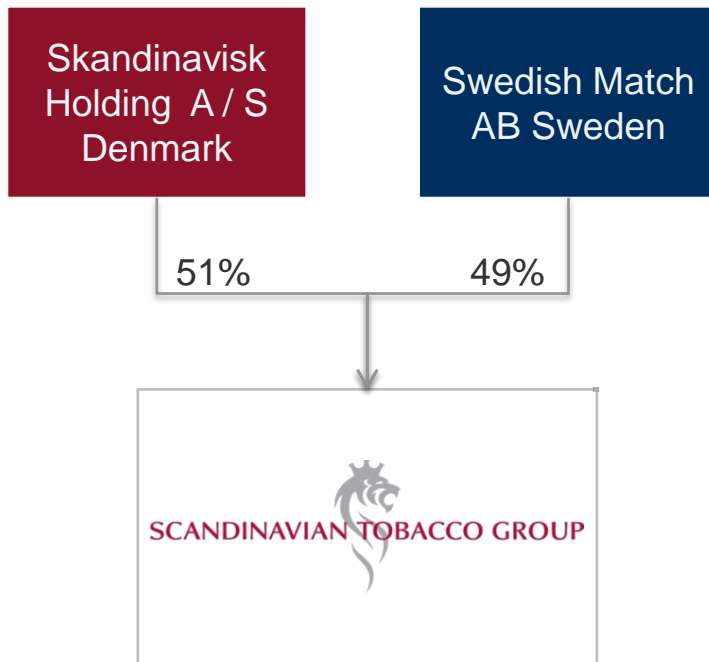
## Former STG

- Cigars
- Pipe tobacco
- Fine cut tobacco

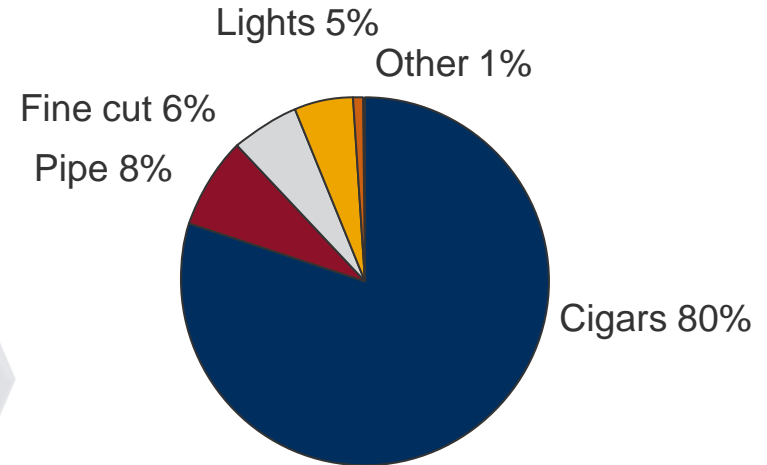


1. Leading position in US premium cigars
2. Leading position in cigars outside the US
3. World leader in pipe tobacco
4. Stronger brand portfolio
5. Additional scale
6. Improved capabilities

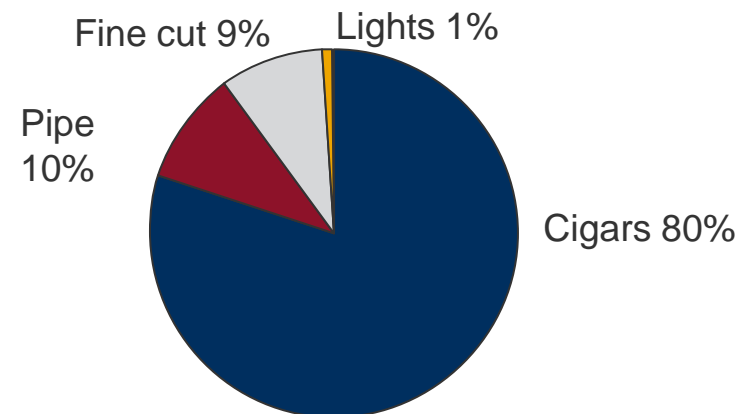
# STG is a leading global company with focus on cigars



2009 sales ~ EUR 690m\*



2009 EBITDA ~ EUR 140m\*



\*Pro forma based on the Swedish Match and STG 2009 results

# Strategic partnership with PMI



- Long term commitment to growing the smokefree category globally
- World class Swedish snus manufacturing, combined with access to a salesforce 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 term shareholder value creation potential

# Our core values

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

