

COMPANY PRESENTATION

2017



WHO WE ARE, WHAT WE DO

Swedish Match develops, manufactures, and sells quality products with market-leading brands in the product areas Snus and moist snuff, Other tobacco products (cigars and chewing tobacco), and Lights (matches, lighters, and complementary products).

Production is located in seven countries, with sales concentrated in Scandinavia and the US.

Well known brands: General, Longhorn, Game, Red Man, Fiat Lux, and Cricket.

The Swedish Match share is listed on Nasdaq Stockholm (SWMA).



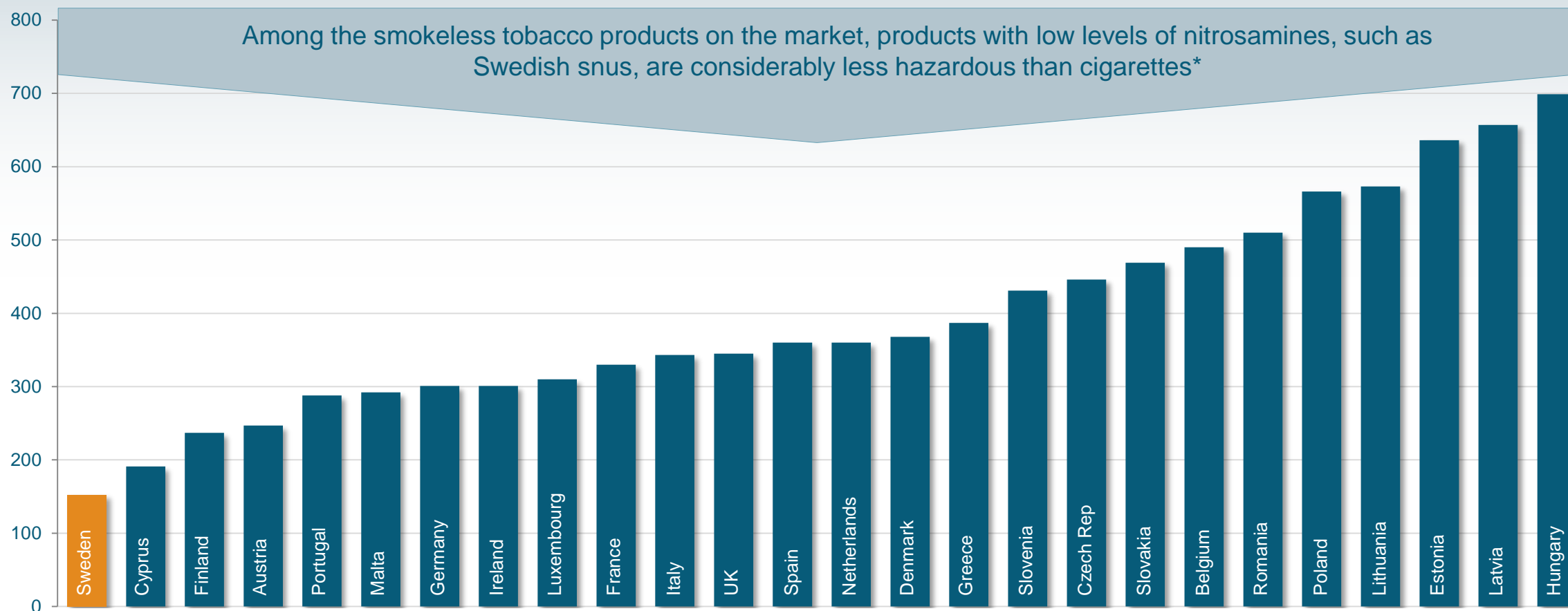


A WORLD WITHOUT CIGARETTES

We create shareholder value by offering tobacco consumers enjoyable products of superior quality in a responsible way. By providing products that are recognized as safer alternatives to cigarettes, we can contribute significantly to improved public health.

A VISION THAT CONTRIBUTES TO THE SOCIETY

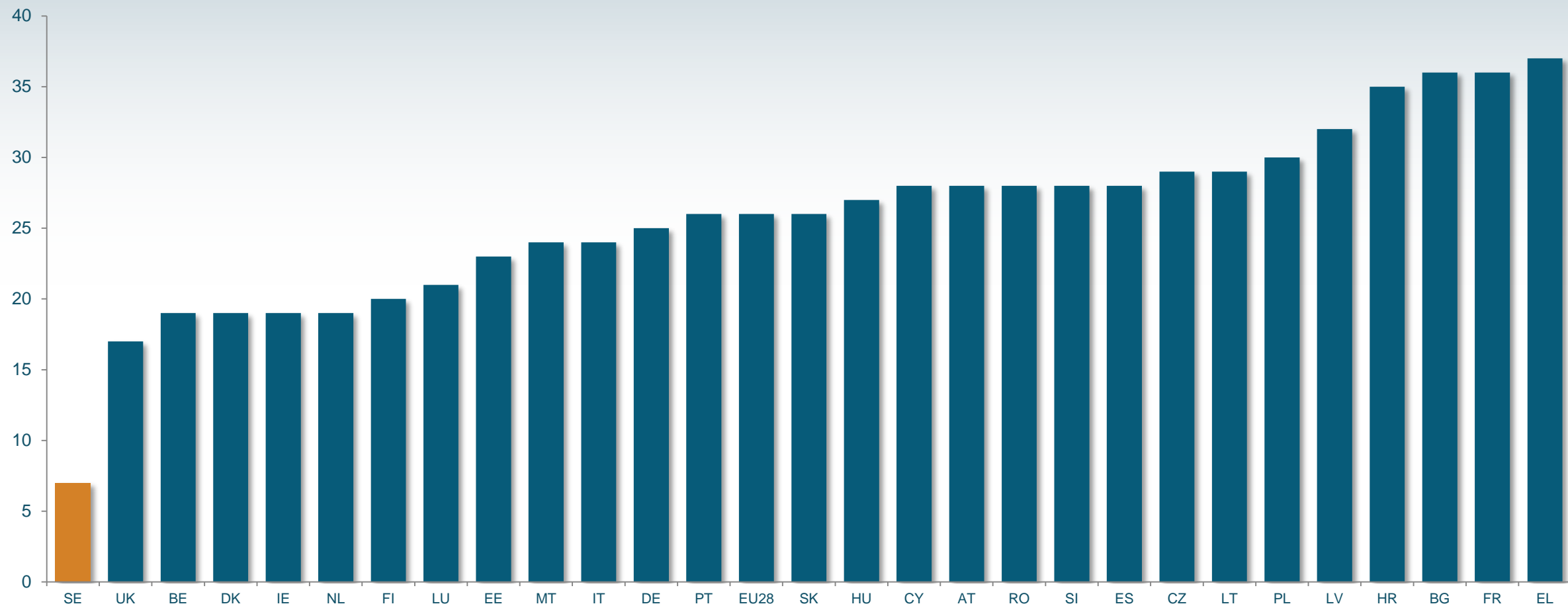
Mortality attributable to tobacco, men per 100,000 (WHO 2012)



*WHO Tob. Reg. Report 951, Scientific Basis of Tobacco Product Regulation 2008.

SMOKERS EU28 – MEN & WOMEN

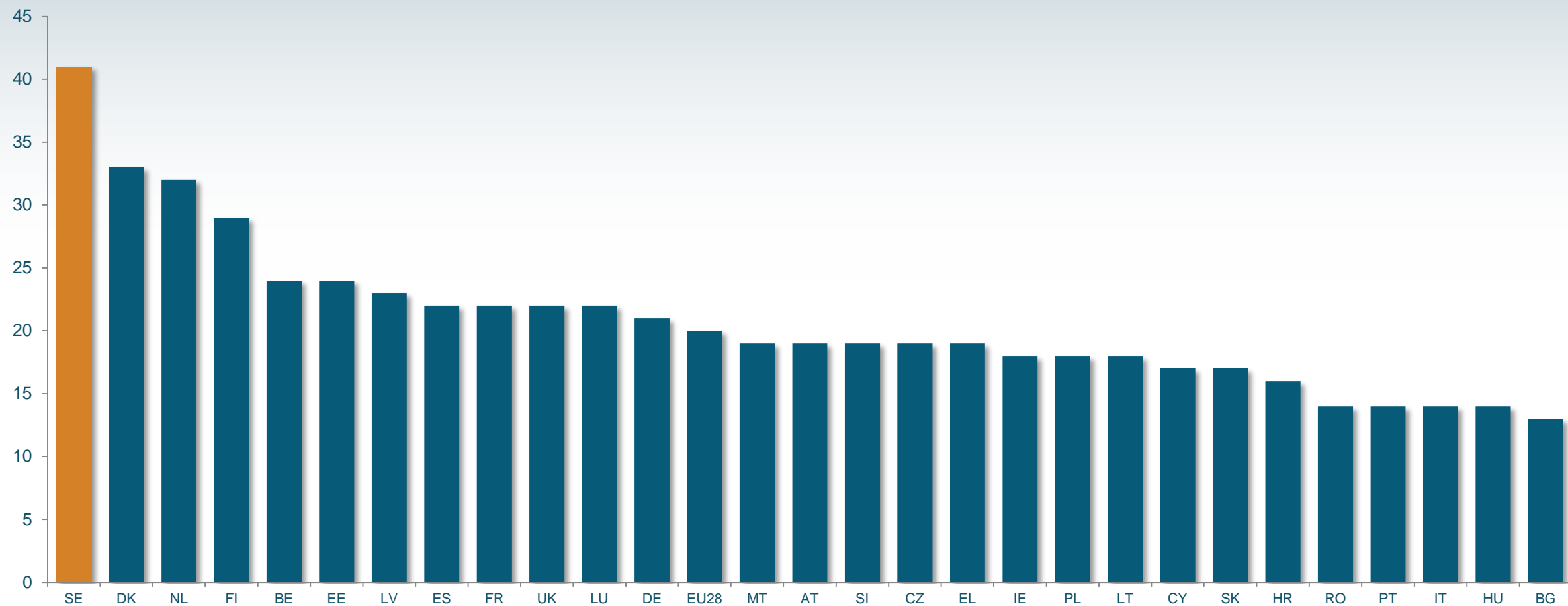
Prevalence of smoking in the EU (%)



Source: Eurobarometer 458, May 2017.

EX-SMOKERS EU28 – MEN & WOMEN

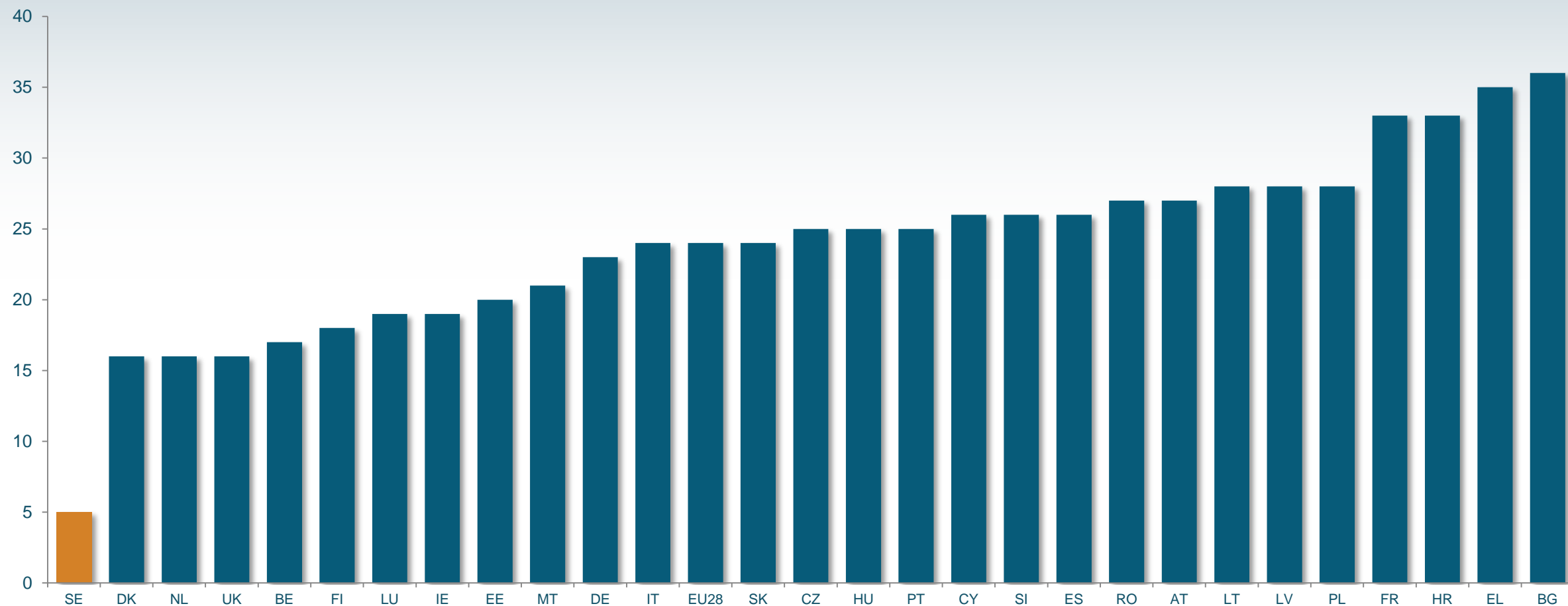
Prevalence of ex-smokers in the EU (%)



Source: Eurobarometer 458, May 2017.

DAILY SMOKERS EU28 – MEN & WOMEN

Prevalence of daily smokers in the EU (%)

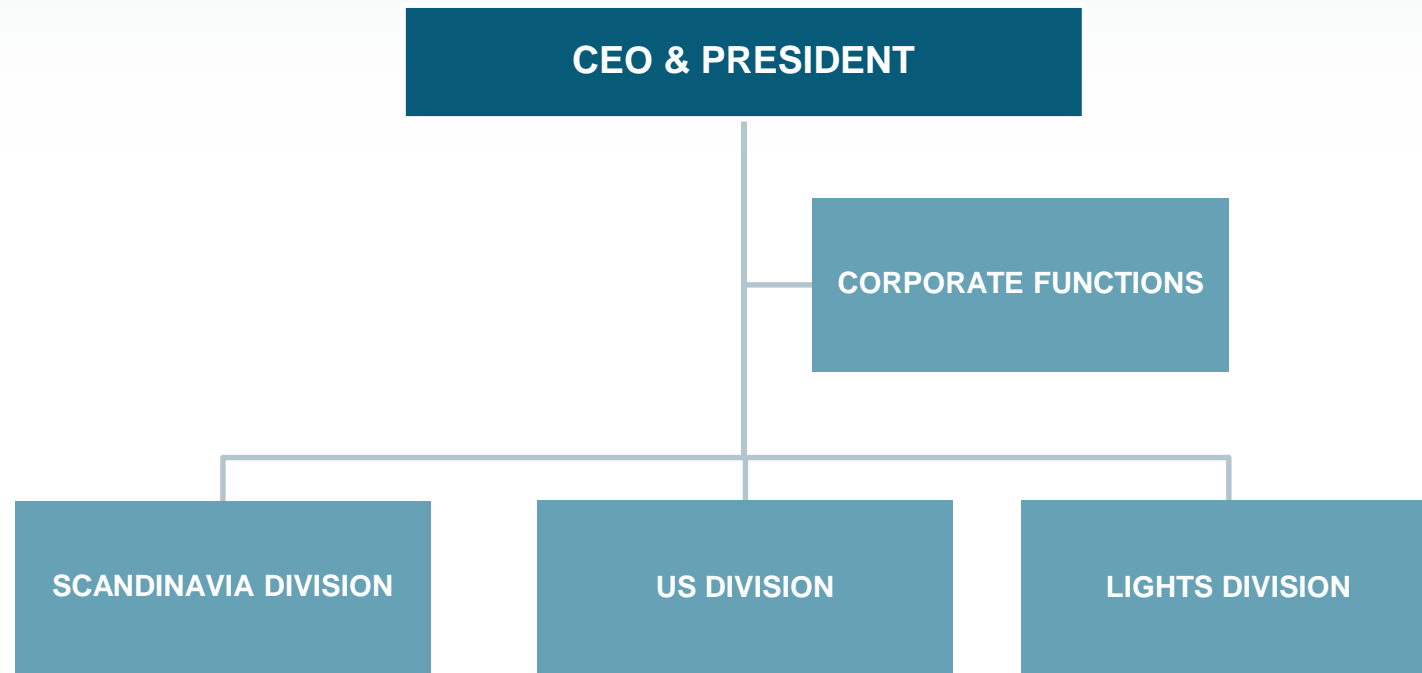


Source: Eurobarometer 458, May 2017.

ORGANIZATION

Swedish Match's organization consists of three divisions and the Corporate functions.

The head office, where the CEO and Corporate functions are based, is located in Stockholm.



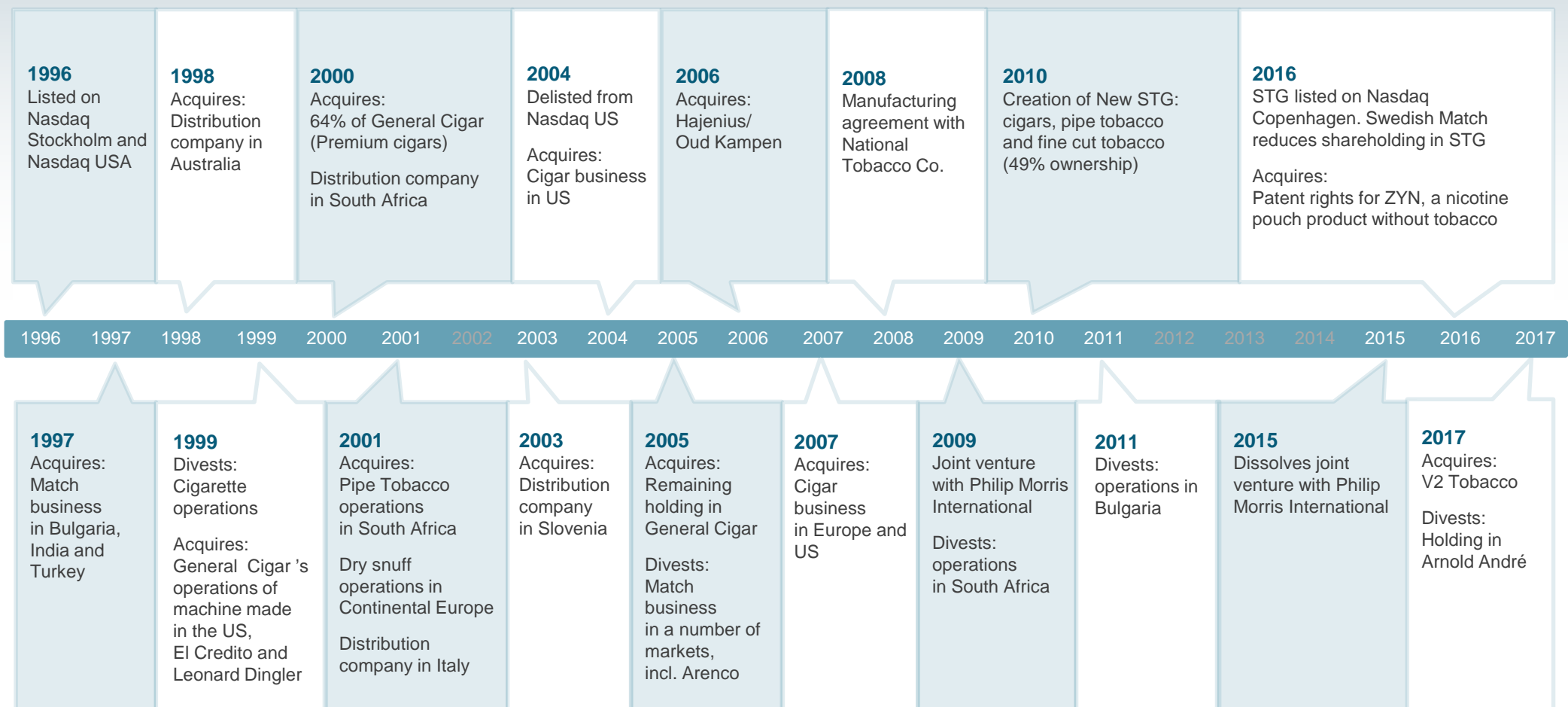
OPERATING LOCATIONS

Swedish Match has operations in eleven countries, seven of which have manufacturing facilities.



As of December 31, 2016.

COMPANY HISTORY



SWEDISH MATCH TODAY

- The largest snus manufacturer in Scandinavia, number one position.
- The third largest moist snuff manufacturer in the US.
- A significant player in the US snus and non-tobacco nicotine pouch market.
- The largest manufacturer of US chewing tobacco.
- Major player in the US (mass market) cigar market.
- A leading manufacturer and distributor of matches and lighters with a strong brand portfolio across the globe.
- A distribution function being the leading distributor of tobacco products on the Swedish market.



STRONG MARKET POSITIONS

STRONG MARKET POSITIONS

Swedish Match is a global company, with strong local brands. Swedish Match also has international brands, such as *General* and *Cricket*. The Company's largest markets are in Scandinavia and the US.

Snus and moist snuff

Snus
Sweden

#1



67.4%

Snus
Norway

#1



53.5%

Moist snuff
The US

#3



8.3%

Other tobacco products

Cigars
The US

#3



22.4%

Chewing tobacco
The US

#1



39.1%

Swedish Match share of market

Market share estimates for snus in Sweden and Norway refer to Swedish Match estimates using Nielsen data (excluding tobaccoconists).
Market share estimates for moist snuff in the US refer to Swedish Match estimates using industry data, on a can equivalent basis.
Market share estimates for cigars in the US refer to Swedish Match estimates using industry data (mass market cigars excluding little cigars).
Market share estimates for chewing tobacco in the US refer to Swedish Match estimates using industry data.
All market shares are stated in volume terms and refer to the full year 2016.

SWEDISH MATCH QUALITY STANDARDS

GOTHIAATEK®

GOTHIAATEK® is the world-unique quality standard pursued by Swedish Match since 2000. The uncompromising requirements that GOTHIAATEK® imposes on the company's snus products are based on decades of research and development, with product safety and consumer protection as the key targets. GOTHIAATEK® is based on three cornerstones:

- Consumer care – through uniquely low limits for undesirable substances
- Quality – through 100% control from seed to can
- Openness – through information about the company's products and research results



MATCHTEK®

The Swedish matches we manufacture and sell meet the world's highest quality and safety requirements. The MATCHTEK® standard is an extension of the existing European match standard EN 1783:1997 (performance requirements, safety and classification). The restrictions are stricter than those in the EN 1783:1997, and the methods for analysis and testing are more complex. Our complying with this standard means our matches have been subject to rigorous quality control tests.



SWEDISH MATCH IN FIGURES 2016

- Sales: 15,551 MSEK
- Operating profit¹⁾: 6,420 MSEK
- Operating margin¹⁾: 41.3%
- Profit before income tax: 5,988 MSEK
- EBITDA²⁾: 4,504 MSEK
- Profit for the year: 5,123 MSEK
- EPS (adjusted, basic): 14.39 SEK
- Number of employees: 5,070

1) Including share of net profit in STG and larger one-time items.

2) Including share of net profit in STG and excluding larger one-time items.



PRODUCT AREAS AND MAIN GEOGRAPHIES¹⁾

Snus and moist snuff

- Snus (Scandinavia and US)
- Moist snuff (US)
- Non-tobacco nicotine products (US)

Other tobacco products

- Cigars (US)
- Chewing tobacco (US)
- Chew bags (Europe)

Lights

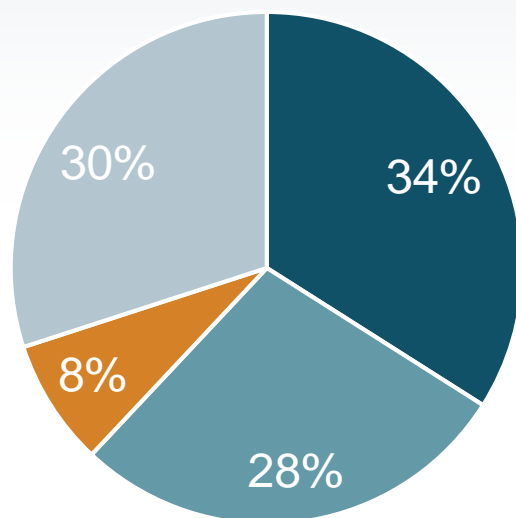
- Lighters (worldwide)
- Matches (worldwide)
- Complementary products (Brazil)



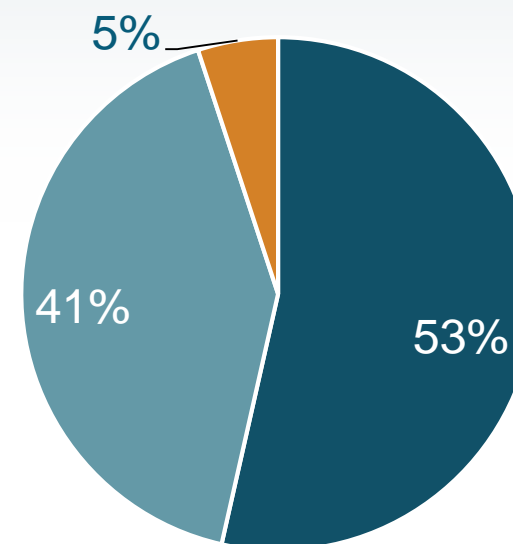
1) May exist in certain other areas other than those mentioned.

SALES AND OPERATING PROFIT 2016

Sales by product area



Operating profit¹⁾ by product area

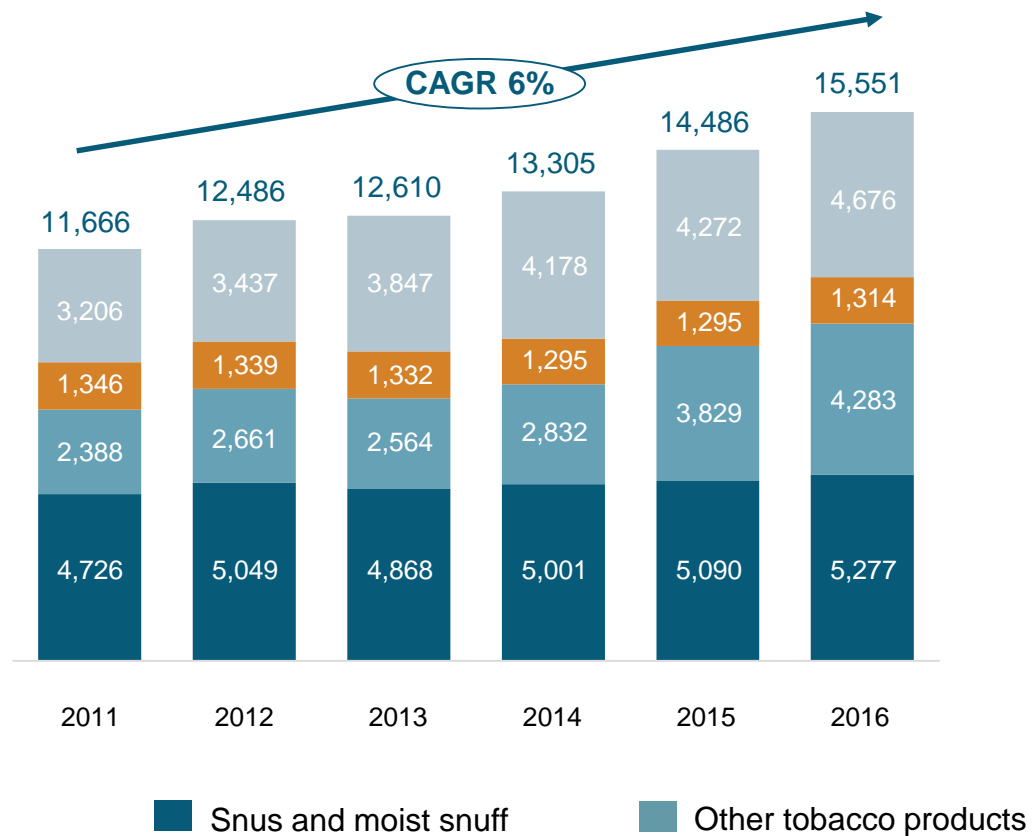


■ Snus and moist snuff ■ Other tobacco products ■ Lights ■ Other operations

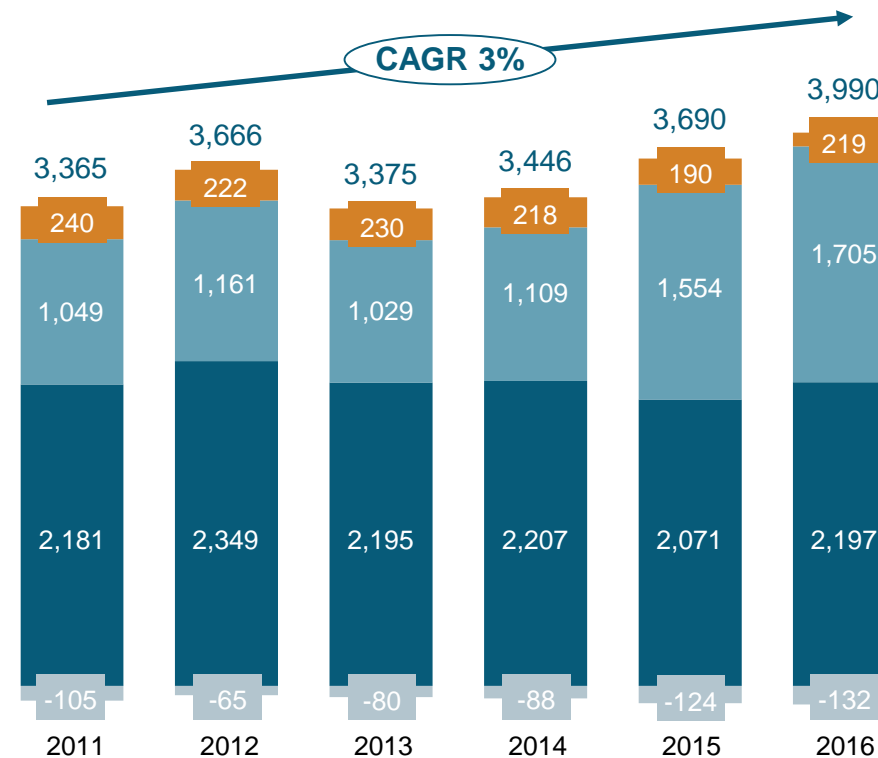
1) Excluding Other operations and share of net profit in STG. Totals may not add up due to rounding.

SALES AND OPERATING PROFIT DEVELOPMENT

Sales by product area, MSEK



Operating profit by product area, MSEK



PRODUCT AREA SNUS AND MOIST SNUFF

- Leading position for snus in Scandinavia.
- A significant player for snus in the US.
- The third largest producer of moist snuff in the US.
- Production in Sweden (snus) and the US (moist snuff).

Main brands:

Scandinavia:

General, Göteborgs Rapé, Ettan, Grov, Catch, Kaliber, Kronan

Norway:

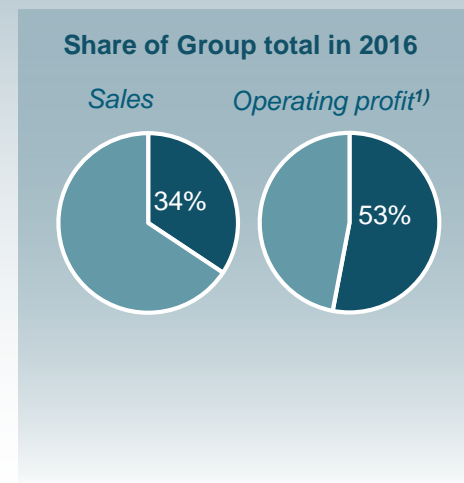
General, General G.3, Nick & Johnny, The Lab

US:

Moist snuff: Longhorn, Timber Wolf

Snus: General

Nicotine pouches without tobacco: ZYN



1) Excluding Other operations, share of net profit in STG, and larger one-time items.

PRODUCT AREA OTHER TOBACCO PRODUCTS

Cigars and chewing tobacco

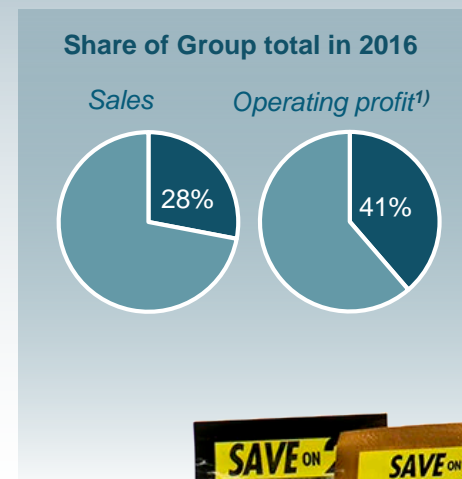
- Major player in the US mass market cigar market.
- The largest manufacturer of US chewing tobacco.
- Production mainly in the US (cigars and chewing tobacco), the Dominican Republic (cigars), and Denmark (chew bags).

Main brands:

Cigars: Garcia y Vega, Game, 1882, White Owl, Jackpot

Chewing tobacco: Red Man

Chew bags: General Cut, Thunder



1) Excluding Other operations, share of net profit in STG, and larger one-time items.

PRODUCT AREA LIGHTS

Matches, lighters and complementary products

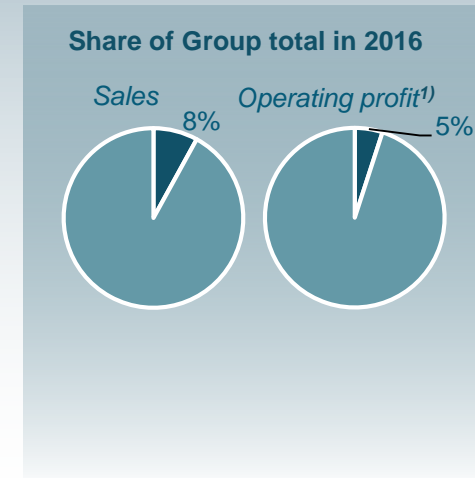
- Swedish Match is market leader in many markets. Match brands tend to be local and hold a strong position in their respective markets.
- Production in Brazil, the Netherlands, the Philippines, and Sweden.
- Strong market presence in Africa, Australia, Brazil, Europe, New Zealand, and parts of Asia.
- The Company also offers a portfolio of complementary products primarily in Brazil.

Main brands:

Matches: Solstickan (Sweden), Swan Vestas (UK), Tres Estrellas (Spain), Redheads (Australia) and Fiat Lux (Brazil)

Lighters: Cricket (globally)

1) Excluding Other operations, share of net profit in STG, and larger one-time items.



OTHER OPERATIONS

Other operations consists of corporate functions providing services to the Swedish Match operating divisions. Services provided include, among other, regulatory affairs, legal and financial services as well as a distribution function.

The distribution function provides services to Swedish Match in Sweden and Norway as well as to other manufacturers within the Swedish distribution network.



FINANCIAL STRATEGY

Swedish Match's operations are characterized by strong cash flows

- **Financial strategy**

- Optimize balance sheet
- Return excess funds to shareholders

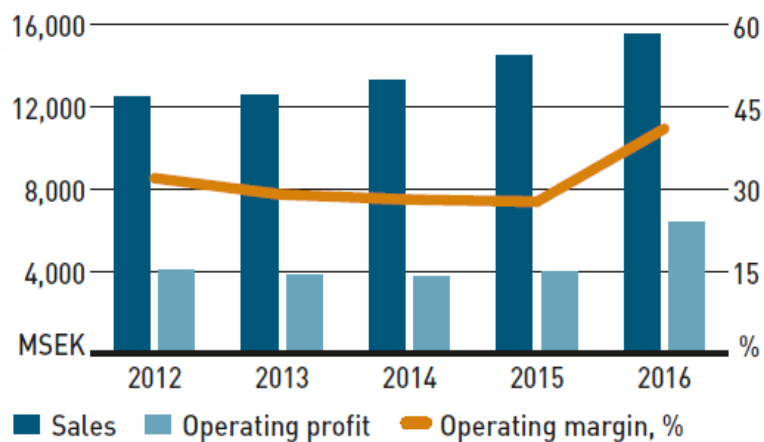
- **Financial policy**

- Dividend policy: pay-out ratio of 40-60% of earnings per share
- Maintain a net debt that does not exceed 3 times EBITA
- Maintain a Standard & Poor's BBB and a Moody's Baa2 long term rating

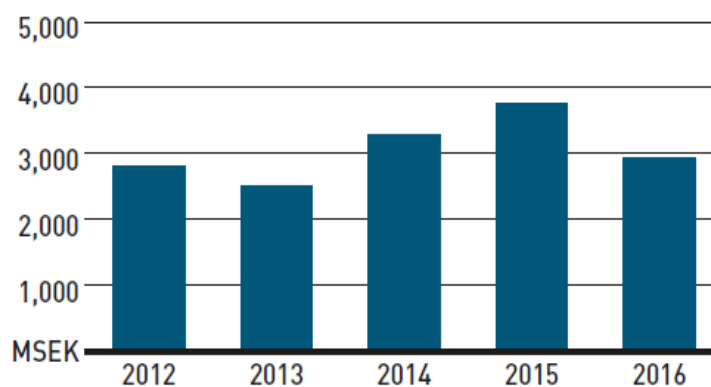


5 YEAR COMPARISON

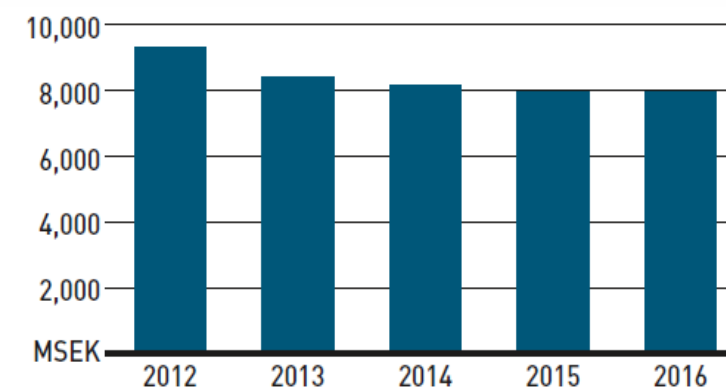
Sales, operating profit and operating margin



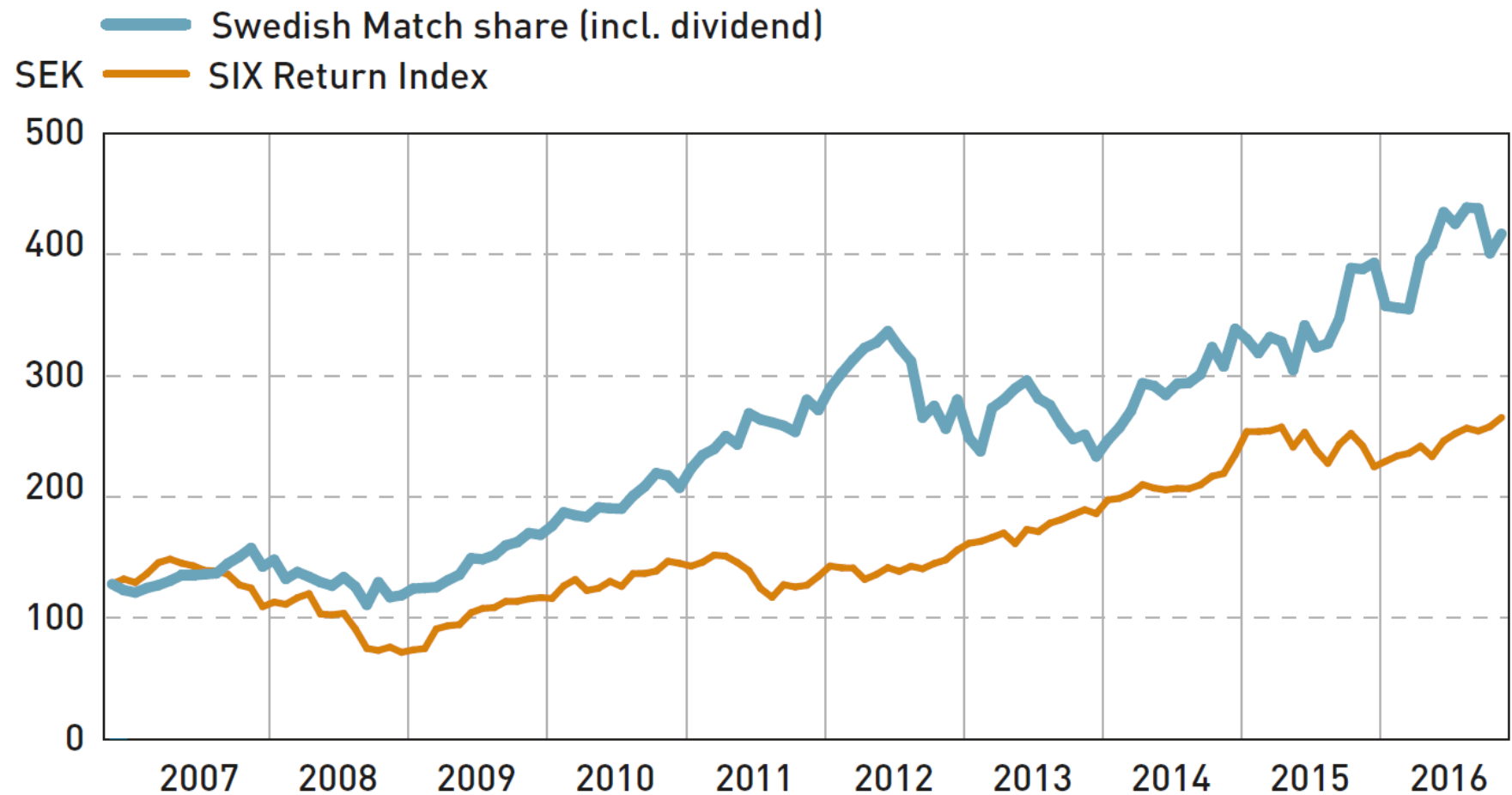
Net cash from operating activities



Net debt

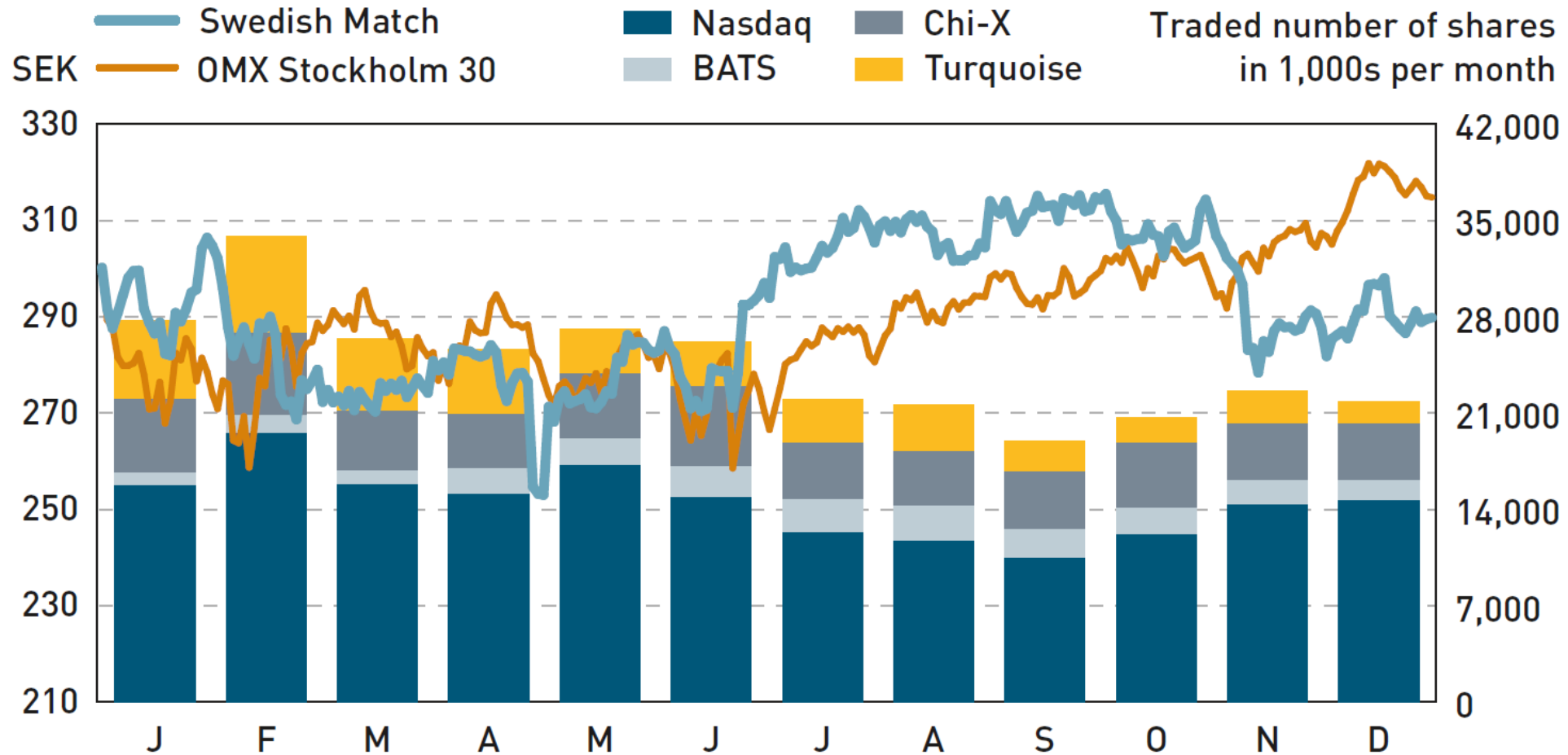


TOTAL RETURN 2007-2016



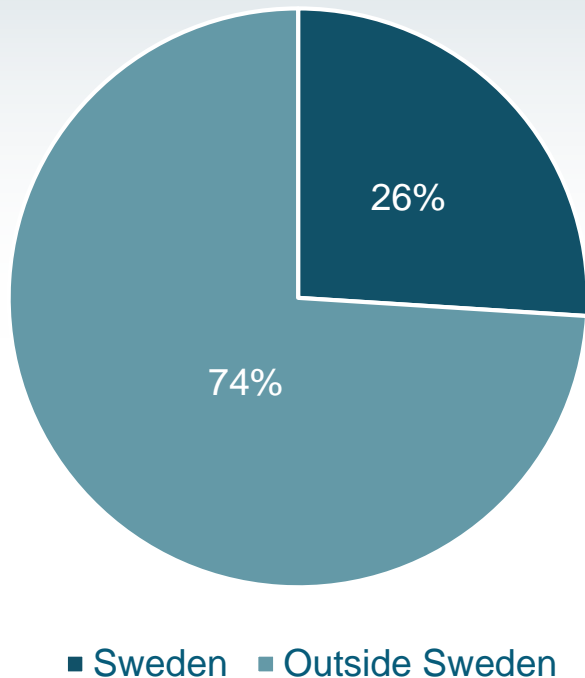
Source: SIX Financial Information

SHARE PRICE AND TURNOVER 2016



Source: SIX Financial Information

LARGEST SHAREHOLDERS



Largest shareholders	Percent
BlackRock	5.3
Standard Life Investment Funds	3.0
Oppenheimer	2.7
Vanguard	2.5
Gabelli/GAMCO	2.4
Nordea Funds	2.2
Second Swedish National Pension Fund	2.0
AMF Insurance & Funds	2.0
First Swedish National Pension Fund	1.9
Invesco	1.7
	24.7

Percent split of share capital held, excluding Swedish Match shares held in treasury. Totals may be affected by rounding.

Registered direct ownership and ownership through trustees. Certain shareholders may, through custodial accounts, have had different holdings than are apparent from the shareholders' register.

Source: Modular Finance AB, data derived from Euroclear Sweden AB, Morningstar and Swedish FSA, as of December 31, 2016.

SUSTAINABILITY – OUR 6 FOCUS AREAS



Improve public health. Our goal is to eliminate cigarette use and tobacco related morbidity and mortality by offering smokers attractive sources of nicotine for recreational use (such as Swedish snus and tobacco derived nicotine containing products like ZYN).



Ensure ethical business practices. At Swedish Match, we will take the necessary steps to ensure that ethical business practices are maintained within our own company and in our relationships with all outside parties.



Support equal opportunity. Our continuing objective is to be a truly open and inclusive employer. In this environment, with zero tolerance for discrimination, all employees have equal opportunity to achieve their full potential – resulting in a more diverse workplace.



Eliminate child labor. Our goal is the elimination of child labor in the Company's value chain.



Reduce greenhouse gases. Our goal is to reflect the commitments outlined in the Paris Agreement and thereby reduce emissions of greenhouse gases in our value chain.



Reduce waste and emissions. Our goal is to eliminate undesired emissions to air and water flows, as well as waste, from our production facilities.

CORE VALUES

At Swedish Match, we believe that the success of the Company is largely impacted by the success of our employees. We believe that amazing things happen when great people work for a great company, and when those people are developed, retained, engaged and become true ambassadors for Swedish Match. Everything we do in Human Resources and every decision we make is based on those core beliefs.

Swedish Match's core values *Passion, Ownership, Innovation* and *Quality* are central to the Company'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.



PASSION



OWNERSHIP



INNOVATION



QUALITY

