

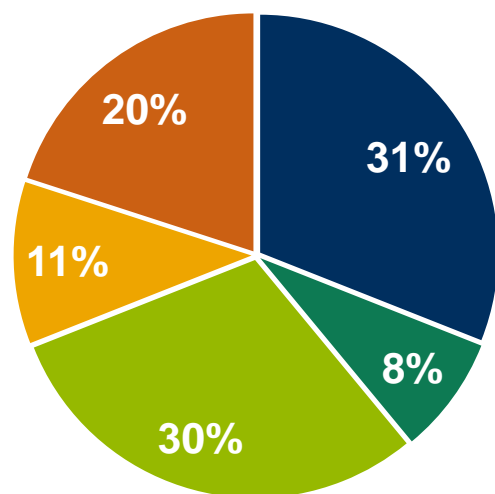
INVESTOR KIT

JANUARY – JUNE 2010

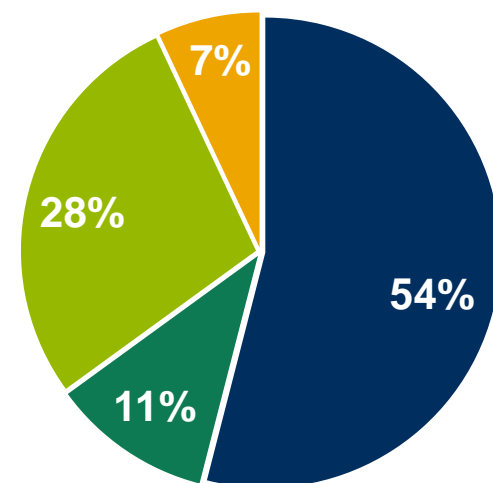


Group sales and operating profit – H1

Sales by product area, SEK



Operating profit* by product area, SEK



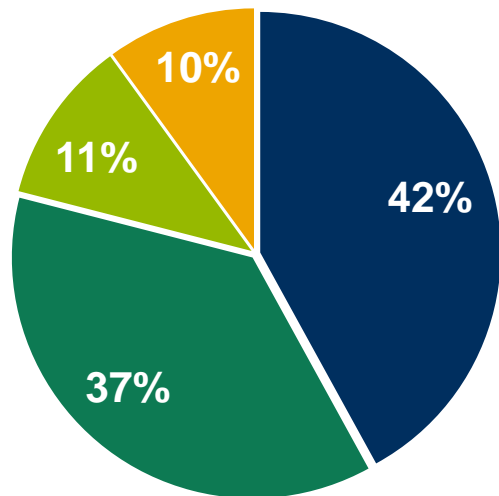
- Snus and snuff
- Chewing tobacco
- Cigars
- Lights
- Other operations

* Excluding Other operations and reversal of depreciation and amortization relating to assets held for sale

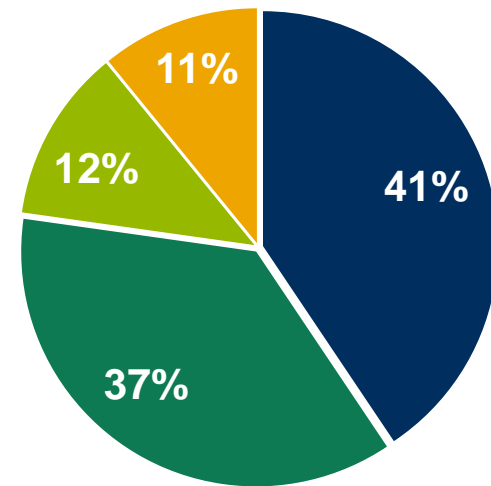
Sales by currency block*

Percent of sales, SEK

Q2 - 2010



FY - 2009



- North Europe
- North America
- Continental Europe
- Other

* Totals may not add to 100% due to rounding

Strategic direction for Swedish Match

- 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
- Develop our ***cigar*** business to the **best in class**
 - Deliver superior quality to customers and consumers
 - Drive to improve profitability
- Our ***lights*** businesses should continue to focus on operational excellence and profitability
 - Strong market positions
 - Efficient supply chain

Today's Swedish Match

- A clear strategic direction, with a supporting organizational structure
 - Smokefree Division, spanning all geographies
 - Integrated supply chain, strategic marketing, scientific affairs, innovation teams
 - US Sales Division
 - Scandinavia Sales Division
 - Swedish Match International
 - Other Operations
- Realignment of cigar management and responsibilities, integrated supply chain
 - Premium cigars and European cigars in Swedish Match International, US mass market cigars in US Sales Division
- Joint venture agreement with PMI
- NEWCO for cigars, pipe tobacco, and fine cut tobacco, together with STG (final agreement signed, completion expected prior to year end)

Group results* - second quarter 2010

- **Sales** amounted to **3,701 MSEK (3,666)**
 - ↪ In local currency, sales increased by 4 percent
 - ↪ Net currency translation gave a negative impact of 99 MSEK
- **Operating profit** amounted to **945 MSEK (899)**
 - ↪ Operating profit was 911 MSEK (899) including depreciation and amortization relating to assets held for sale
 - ↪ Operating profit increased by 4 percent in local currencies, including depreciation and amortization relating to assets held for sale (25 MSEK negative currency translation impact)
- **Profit before income tax** amounted to **816 MSEK (791)**
- **Profit for the period** amounted to **637 MSEK (624)**
- **EPS (basic)** was **2.78 SEK (2.51)**

* Unless explicitly stated otherwise, figures are from continuing operations

Conclusions from the second quarter – sales

- **Sales*** up 4% in local currencies, up 1% in SEK
- **Scandinavian snus** sales up 9%, on flat volume
 - Volumes up an estimated 3% when backing out Easter timing of shipments, with volume growth in Sweden, Norway, and Travel Retail
- **US snuff** sales down 9% in USD, on 22% lower volume
 - Q2 2009 volumes included restocking tied to tax changes
 - Volumes were also negatively impacted by phasing of promotional shipments
- **Chewing tobacco** sales down 7% in USD, down 12% in SEK
 - Impacted by prior year restocking effects. Six month sales down 1% in USD
- **Cigar sales** were up 9% in local currencies, up 2% in SEK
 - US machine made cigar sales up 36% in local currencies, on higher volumes
 - US premium cigar sales flat in local currency, on flat volume
 - When excluding prior year hoarding effects, sales and volumes for US machine made cigars had solid growth, while premium US sales declined
 - European cigar sales up slightly in local currencies on flat volumes
- **Lights** sales up 2%

* From continuing operations (excludes South African operations)

Conclusions from the second quarter – op. profit

- **Operating profit* up 4% in local currencies, up 1% in SEK**
 - Snus/Snuff operating margin was 43.6%, vs. 42.6% previous year
 - Price increases in the US on May 25 (6.7%), and in Sweden on June 7 (4% list)
 - Heavy spending Q1/Q2 for NASCAR sponsorships and *General* snus awareness campaigns in the US
 - Operating profit for chewing tobacco down 23% in local currencies, down 27% in SEK
 - Prior year restocking negatively affects comparisons
 - Includes 10 MSEK cost related to the closure of Swedish *Piccanell* production
 - Cigar operating profit was up by 9% in local currencies, up 2% in SEK
 - Continued solid underlying performance for US machine made cigars, even when backing out destocking effects on volume and profit in Q2 2009
 - Operating profit marginally up in Europe, down for premium US cigars
 - Operating profit for lights up 11%, led by a solid performance for lighters

* From continuing operations, including amortizations and depreciations of assets held for sale

Conclusions from the second quarter – other

- **Tax rate for the Group was 21.1% for the first six months, and 22% in the second quarter**
 - Six month tax rate includes some smaller one time items
 - Underlying tax rate was 22%
- **Solid cash position and limited debt repayments through 2010**
 - Cash and cash equivalents are 1,329* MSEK vs. 2,530 MSEK as of December 31, 2009
 - 600 MSEK of interest bearing debt remains due in 2010 (Q4)
- **Share repurchases during the second quarter amounted to 1.0 million shares for 158 MSEK**
 - YTD, 3.5 million shares purchased for 556 MSEK
- **20 million shares cancelled, total registered shares now 231.0 million**

* Includes cash and cash equivalents in assets held for sale

Nielsen snus/moist snuff consumption data*

- **Swedish snus market up 0.8% (rolling 6 months to May)**
- **SM total value market share Apr/May in Sweden was 88.1%**
 - 88.0% in Feb/Mar 2010 (88.9% in Apr/May 2009)
- **SM total volume market share Apr/May in Sweden was 85.8%**
 - 85.6% in Feb/Mar 2010 (86.2% in Apr/May 2009)
- **Low price segment is 24.7% in Apr/May of Swedish market**
 - 24.5% in Feb/Mar 2010 (24.1% in Apr/May 2009)
- **SM share Apr/May of low price segment in Sweden was 52.5%**
 - 51.8% in Feb/Mar 2010 (53.0% in Apr/May 2009)
- **US snuff market up 7.8% for the YTD ending June 12, 2010**
 - SM consumption volume up 2.1% YTD ending June 12
- **Swedish Match market shares in the US**
 - YTD ending June 12 was 12.2%, vs. 12.9% YTD 2009
 - *Longhorn* share at 5.4% YTD vs. 4.9% YTD 2009; *Timber Wolf* share at 5.3% (6.2%); *Red Man* share at 1.4% (1.8%)

* Source: Nielsen. Volume basis, unless stated otherwise

Other items

- FDA regulations with new labeling requirements and limitations on certain types of marketing, among other things, was in effect as from June 22. Swedish Match is in full compliance with all FDA regulations
- Swedish Match and Scandinavian Tobacco Group have agreed to form a new company, combining the tobacco businesses of STG with the cigar and pipe tobacco businesses of Swedish Match (excluding US machine made cigars)
 - Bondholders' consent was received February 15, 2010
 - Final agreement announced on April 26, 2010. Completion is subject to regulatory approvals, with expected completion date prior to year end
- On July 14, the Second Circuit Court of Appeals reversed a US District Court ruling in a case with regard to the Cohiba brand, upholding General Cigar's rights to the brand in the US

Financial policy and financing needs

■ Financial policy

- Dividend policy: 40-60% of earnings per share
 - 2009 dividend paid of 4.75 SEK per share, an increase of 16% from the 2008 level of 4.10 SEK/share
- Net debt not to exceed 3 times EBITA

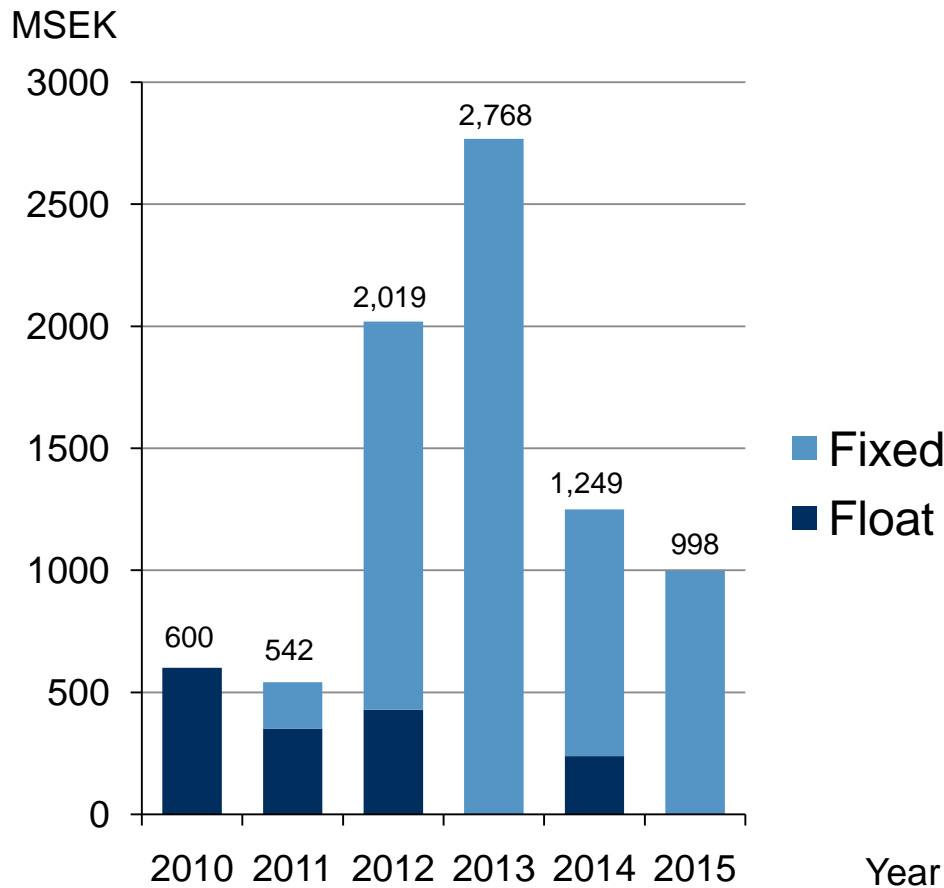
■ Financing and cash flow

- During the second quarter no new bond loans were issued
 - 100 MSEK of bond loans repurchased
 - After the close of the period, 700 MSEK of bonds issued (2015) while 400 MSEK of 2012 bonds were repaid
- 8,176 MSEK of interest bearing debt (excluding retirement benefit obligations) as of June 30, 2010
 - 600 MSEK remains to be paid in 2010 in Q4
- Net debt*/EBITA was 2.4

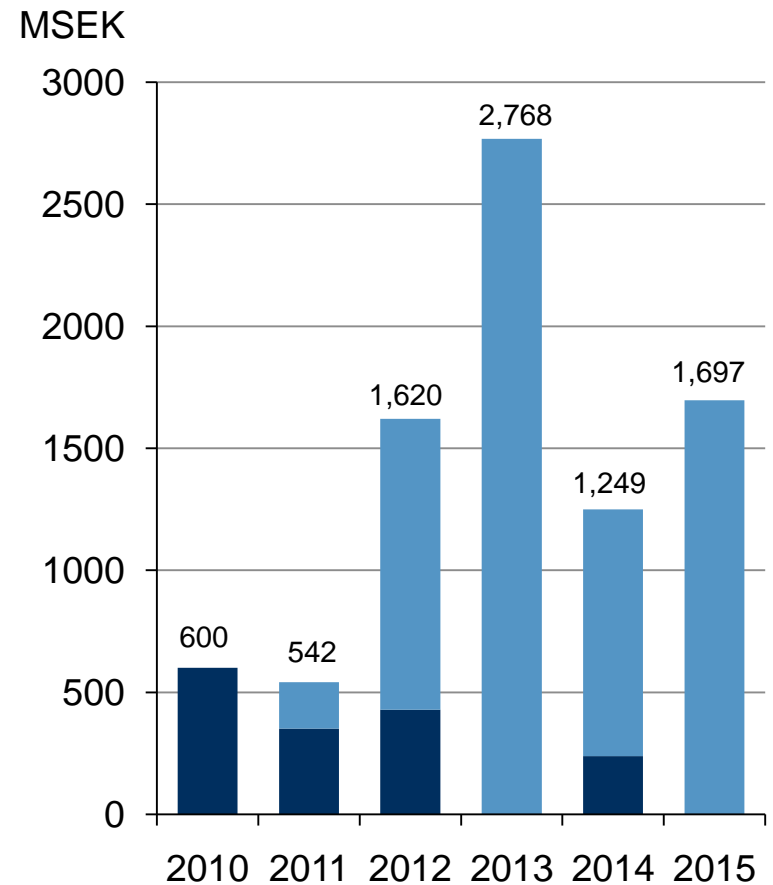
* Including net financial assets reported as assets and liabilities held for sale

Maturity profile of interest bearing liabilities*

As of June 30, 2010



As of July 12, 2010



* Includes Swedish (SEK) and Global (EUR) MTN programs

Smokefree: snus and snuff

- Leading position in **Scandinavia**
- The second largest producer in the growing value priced snuff segment in **the US**
- Production in **Sweden** and **the US**



Snus and snuff

Sales, profits, volume up, US invests in brands

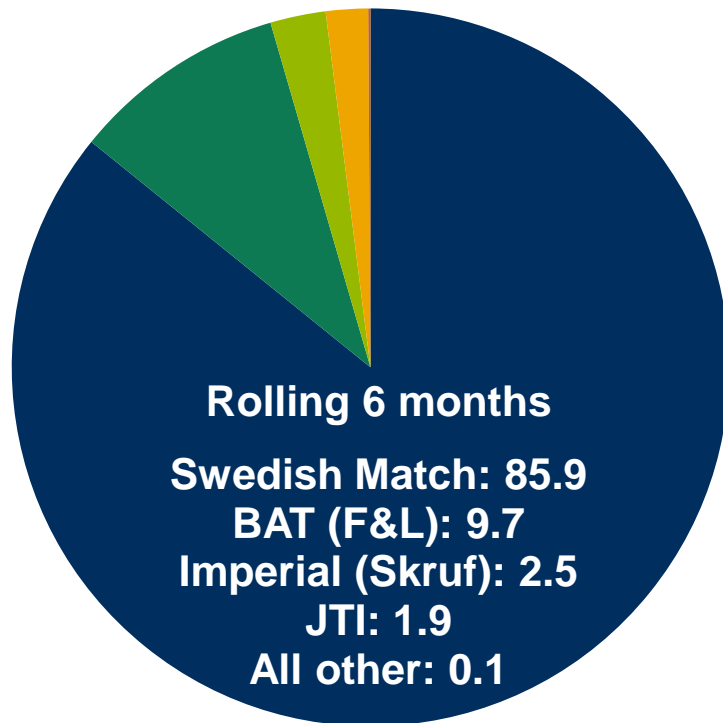
- Scandinavia snus sales up 9% in Q2
 - Scandinavian volumes flat in Q2, but up 3% excluding Easter effect
 - Q2 volumes up in Sweden, Norway, Travel Retail, when backing out Easter effect
- US Sales down 9% in USD on 22% lower volumes in Q2
 - Volumes lower on planned phasing of promotional activities
 - Q2 2009 volumes included restocking tied to tax changes
 - Swedish Match consumption volume up 2.1% YTD June 12 (Nielsen)
- Q2 margins above year earlier levels
 - Higher margins in Scandinavia on stronger volume and price/mix effects
 - Lower US margins on lower volumes, higher product costs, marketing
 - *Red Man* race car, *Longhorn* truck on NASCAR February to June
 - *General* snus awareness activities in the US
 - New *Red Man* "Flavor Fresh Lid" for longer lasting freshness launched end June
 - Price increases in the US (May 25, 6.7%) and Sweden (June 7, 4% list)



MSEK	Q2-2010	Q2-2009	chg	H1-2010	H1-2009	chg	July 2009 - June 2010	Full year 2009
Sales	1,116	1,087	3	2,170	2,055	6	4,364	4,250
Operating profit	487	463	5	921	860	7	1,978	1,916
Operating margin, %	43.6	42.6		42.4	41.8		45.3	45.1

Swedish snus market shares

Volume share in Sweden, rolling 6 months through May 2010

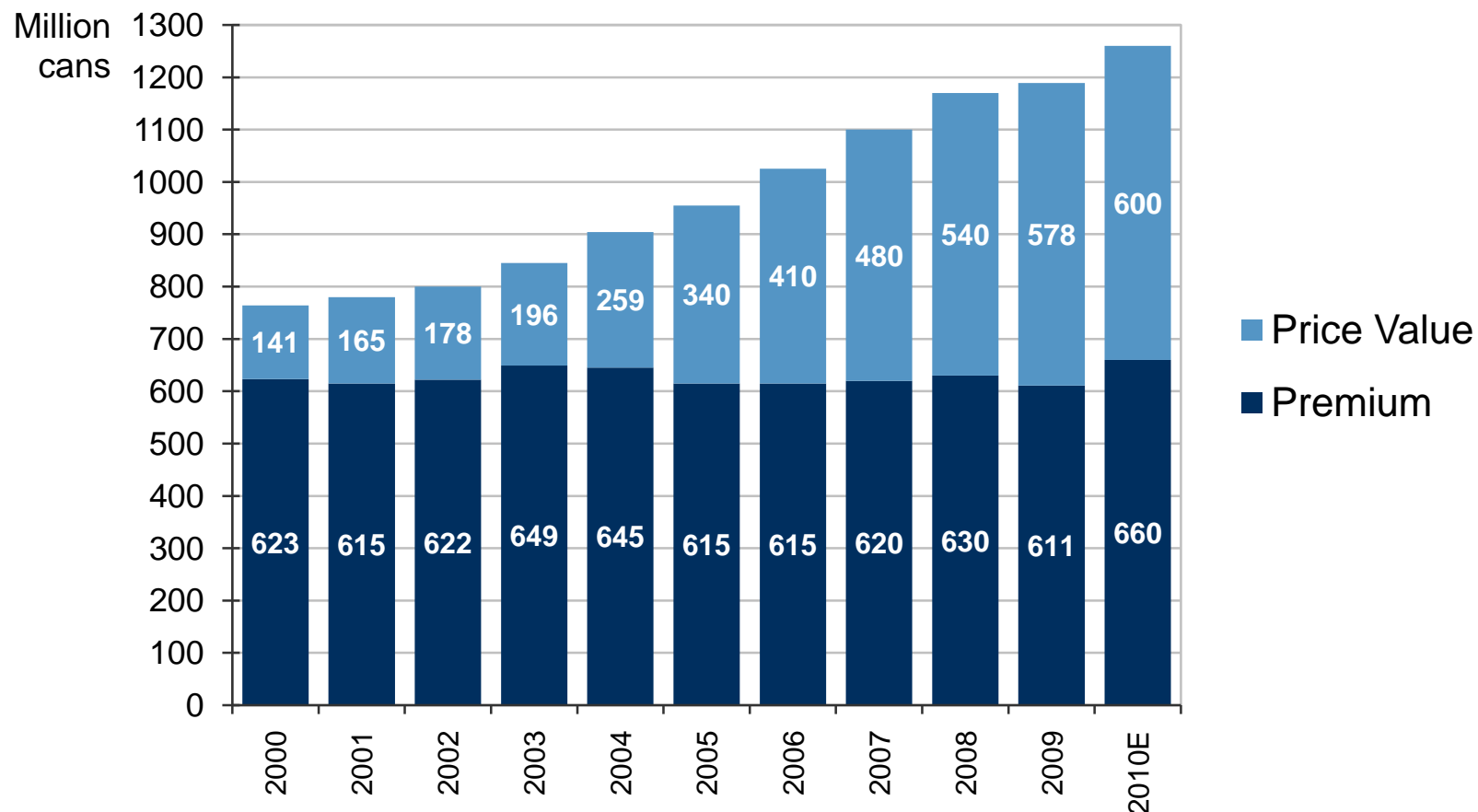


2 months Apr/May	value share	volume share
Swedish Match	88.1	85.8
BAT (F&L)	7.9	9.5
Imperial (Skruf)	2.3	2.5
JTI	1.6	2.0
All other	0.2	0.2

Source: Nielsen. Totals may not add to 100% due to rounding

Volume growth of moist snuff in the US

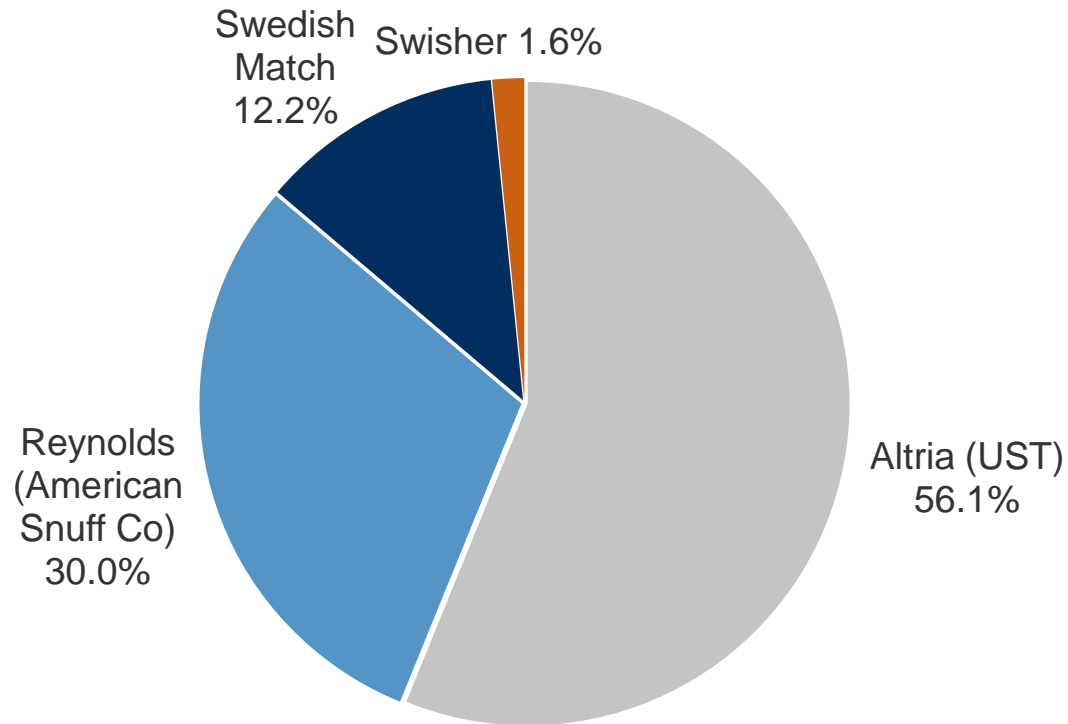
US snuff market by segment



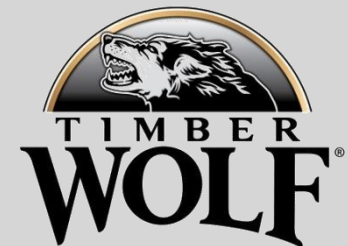
Market size estimated by Swedish Match using Nielsen estimates as well as industry data and estimates. Note that the premium segment includes new competitive line extensions launched at prices normally considered price value

US moist snuff market shares

Volume share US, YTD June 12



Source: Nielsen. Totals may not add to 100% due to rounding



New *Red Man*, with "Flavor Fresh Lid"

- Flavor Fresh Lid means *Red Man* snuff stays fresh longer
- Addresses key consumer demand for freshness
- Unique lid, clear positioning
- Supported by marketing programs beginning in July



General snus in the US

- *General* snus now in 900 stores in the US
 - Available in Original, Wintergreen, and Mint
 - Very good sell-through/rotation in stores
 - Distribution expansion to continue



Snus and snuff

Other points:

■ Scandinavia

- 6.5% excise tax increase in Norway in 2010 (13% increase in 2009)
 - NOK 0.77 to 0.82 per gram of net package weight in 2010
- Price increase in Sweden of 4% (list) on June 7 (was June 22 last year)
 - Similar price increases in Travel Retail

■ US

- State tax increases likely in 2010
- FDA steps up regulation, with limitations on marketing, new warning labels from June 22
 - End of NASCAR sponsorships
- Increased activity in the snus category
- *General Mint* snus launch very well received
- CBS 60 Minutes (April 4)



Smokefree: chewing tobacco

YTD sales in the US flat in local currency

Nearly all chewing tobacco sales are in *the US*. Swedish Match is the largest producer and production takes place in Owensboro, KY

The market typically declines by 5-10% per year in volume, down 10.9% YTD 2010 (to June 12)



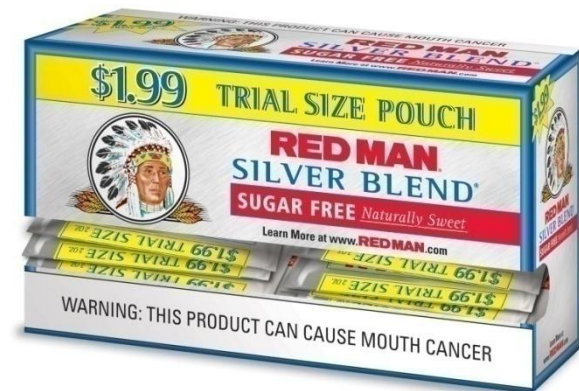
- Q2 US sales down 7%, operating profit down 13% in USD
- Year ago profit and sales positively impacted by trade restocking (FET related) in Q2
- Q2 operating profit includes 10 MSEK charge for closure of *Piccanell* production in Sweden
- 5% price increase from end of December 2009
- Market shares at 45.6% (YTD to June 12)

MSEK	Q2-2010	Q2-2009	chg	H1-2010	H1-2009	chg	July 2009 - June 2010	Full year 2009
Sales	278	314	-12	539	599	-10	1,052	1,112
Operating profit	94	129	-27	183	227	-19	367	411
Operating margin, %	33.9	41.0		34.0	38.0		34.9	36.9

Chewing tobacco

Other points:

- Continued market decline
 - 2010 category down 10.9% (Nielsen YTD to June 12, 2010)
- Shipments to Florida and Texas down significantly (approx. 30%) post state tax increases over the summer 2009, pulling market down
- Price increase of 5% end December 2009 (4% increase net of FET increase in April '09)



Cigars

- Swedish Match is one of the world's largest producers and distributors of cigars and cigarillos
- The largest markets are [North America](#) and [Western Europe](#)
- Production in [Belgium](#), [Dominican Republic](#), [Honduras](#), [Indonesia](#) and [the US](#)



Cigars

US mass market volumes and sales up significantly

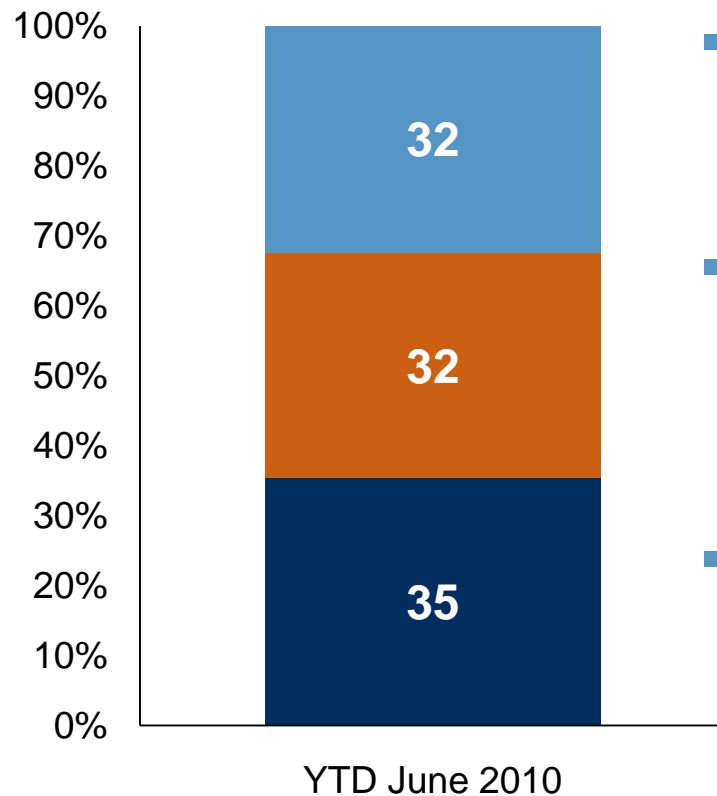
- European cigar sales and operating profit up marginally in Q2 in local currencies
 - Market share gains in a number of key focus markets
- US mass market sales and volumes show solid growth, even when backing out prior year destocking effects (tied to FET)
 - Sales up 36% in USD, on 55% higher volume. Operating profit up
 - Q2 2009 volumes included destocking tied to tax changes
 - YTD mass market sales up 12% in USD, volumes up 19%
- US premium volumes through Internet (Cigars International) helped to compensate declines in traditional General Cigar businesses
 - As reported, US premium sales flat in USD on flat volume. Operating profit down



MSEK	Q2-2010	Q2-2009	chg	H1-2010	H1-2009	chg	July 2009 - June 2010	Full year 2009
Sales	1,151	1,129	2	2,088	2,305	-9	4,209	4,426
Operating profit	286	281	2	476	567	-16	845	935
Operating margin, %	24.9	24.9		22.8	24.6		20.1	21.1

Cigars

Sales split (SEK)



- Europe and other non-US:
 - 15% market share in Europe
 - 5 billion stick market (Europe)
- US mass market:
 - 11.2% value share (Nielsen, YTD June 12)
 - 5.3% vol. share (Nielsen, YTD June 12)
 - 8 billion stick market (including littles)
- US premium:
 - 30% market share
 - 230 million stick market

■ US premium ■ US mass market ■ Europe/ROW

Source: Swedish Match estimates for Europe (excluding UK) and US premium cigars

Cigars

Other points:

- US premium
 - Timing of shipments to larger accounts
 - Federal Excise Tax/SCHIP from April 1, 2009
 - Hoarding in Q1 2009 followed by unwind in Q2/Q3
 - On July 14th, the Second Circuit Court of Appeals reversed a US District Court ruling in a case with regard to the Cohiba brand, upholding General Cigar's rights to the brand in the US
- US machine made
 - Continued success for Foilfresh® cigars
 - Federal Excise Tax/SCHIP from April 1, 2009
 - Hoarding in Q1 followed by unwind in Q2 for larger cigars
 - Price increases above the FET increase help profitability
- European machine made
 - Market share gains vs. prior year in France, Spain, and the Netherlands



Swedish Match and STG to form a new company



- Swedish Match and Scandinavian Tobacco Group (STG) have signed a final agreement to form a new company combining the tobacco business of STG with the premium and machine made cigar businesses of Swedish Match (except US mass market)
 - Swedish Match to contribute all of its cigar business (with the exception of US mass market cigars and its 40 percent holding of Arnold André) as well as its remaining pipe tobacco and accessories businesses
 - STG to contribute all of its tobacco business (cigars, pipe tobacco and fine cut tobacco)
 - Bondholders' consent to the transaction received on February 15
 - Completion of the transaction is subject to regulatory approvals and is expected to occur prior to year end 2010

SM/STG – proforma

	SM 2009		Approximate proforma 2009 ³⁾		
(MEUR)	SM ¹⁾	SM ¹⁾ excl. BD - approximate	BD	STG	COMB.
Sales ²⁾	1337	970	370	320	690
EBIT	322	270	60	50	110
EBITA	333	280	60	60	120
EBITDA	366	300	70	70	140
Operating capital	825	310			

¹⁾ Amounts exclude Swedish Match South African operations, which were divested in September 2009

²⁾ Swedish Match internal sales to the Business to be Divested (BD) have been eliminated in the sales numbers for Swedish Match (SM), but are included in the sales for Swedish Match excluding the businesses to be divested (SM excl. BD)

³⁾ Normalized numbers, rounded to nearest 10 MEUR

Lights

Sales up 2%, operating profit up 11%

Swedish Match is market leader in many markets. The brands are mostly local and hold a strong position in their respective markets

Main markets are Australia, Europe, Latin America, and Russia

Production in Brazil, Bulgaria, the Netherlands, the Philippines, and Sweden

- In local currencies, operating profit was up 7% in Q2
- Stronger lighter profits, with matches profit down



MSEK	Q2-2010	Q2-2009	chg	H1-2010	H1-2009	chg	July 2009 - June 2010	Full year 2009
Sales	395	387	2	778	764	2	1,588	1,574
Operating profit	69	62	11	132	125	5	285	279
Operating margin, %	17.5	16.1		16.9	16.4		17.9	17.7

P & L summary

Continuing operations

MSEK	Q2- 2010	Q2- 2009	chg	H1- 2010	H1- 2009	chg	July 2009 - June 2010	Full year 2009	chg
Sales	3,701	3,666	1	6,983	7,053	-1	14,134	14,204	0
Cost of goods sold	-1,805	-1,812		-3,429	-3,436		-7,106	-7,114	
Gross profit	1,896	1,854	2	3,554	3,616	-2	7,028	7,089	-1
Sales and administrative expenses	-955	-958		-1,857	-1,929		-3,609	-3,681	
Share of profit in associated companies and joint ventures	4	4		2	6		6	10	
Operating profit	945	899	5	1,700	1,693	0	3,424	3,417	0
Finance income	5	14		13	41		58	86	
Finance costs	-134	-122		-248	-256		-521	-529	
Net finance cost	-129	-108		-235	-215		-463	-443	
Profit before income tax	816	791	3	1,465	1,478	-1	2,961	2,974	0
Income tax expense	-180	-168		-309	-327		-595	-613	
Profit for the period	637	624	2	1,155	1,151	0	2,366	2,361	0
EPS, basic, SEK	2.78	2.51		5.04	4.63		10.09	9.67	
EPS, diluted, SEK	2.78	2.51		5.03	4.62		10.07	9.66	

Balance sheet in summary

MSEK	June 30, 2010	December 31, 2009
Intangible assets	1,228	3,792
Property, plant and equipment	2,188	2,525
Other non-current financial receivables*	1,874	2,193
Current operating assets	2,639	5,296
Other current investments	1	1
Cash and cash equivalents	1,242	2,530
Assets held for sale*	6,167	-
Total assets	15,338	16,337
Equity attributable to equity holders of the Parent	606	899
Non-controlling interests	5	4
Total equity	611	903
Non-current provisions	1,095	1,301
Non-current loans	7,470	8,252
Other non-current financial liabilities*	1,544	1,440
Current provisions	93	125
Current loans	957	1,002
Other current liabilities	2,765	3,313
Liabilities attributable to assets held for sale*	803	-
Total equity and liabilities	15,338	16,337

* For full detail, please refer to notes in the half year report 2010

Cash flow in summary

MSEK	H1 - 2010	H1 - 2009
Cash flow from operating activities before changes in working capital	1,171	1,399
Cash flow from changes in working capital	-55	-100
Net cash from operating activities	1,116	1,300
Purchase of property, plant and equipment	-197	-231
Proceeds from sale of property, plant and equipment	6	11
Purchase of intangible assets	-20	0
Acquisition of subsidiaries, net of cash acquired*	-	-47
Acquisition of associated companies and joint ventures*	-110	-
Proceeds from sale of subsidiaries, net of cash disposed of	-	7
Changes in financial receivables etc.	0	2
Net cash used in investing activities	-322	-258
Changes in loans	-392	-340
Dividends paid to equity holders of the Parent	-1,089	-1,024
Repurchase of own shares	-556	-496
Stock options exercised	53	49
Other	12	32
Net cash used in financing activities	-1,971	-1,779
Net increase in cash and cash equivalents from discount. operations	-	68
Total net decrease/increase in cash and cash equivalents	-1,177	-669
Cash and cash equivalents at the beginning of the period	2,530	3,178
Effect of exchange rate fluctuations on cash and cash equivalents	-25	38
Less cash and cash equivalents reclassified as assets held for sale	-87	-
Cash and cash equivalents at the end of the period	1,242	2,547

* For full detail, please refer to notes in the half year report 2010

Key data

Continuing operations, unless stated otherwise

	H1 - 2010	H1 - 2009
Operating margin, %*	23.5	24.0
Operating capital, MSEK*	8,928	8,734
Return on operating capital, %* (12 months to June 30)	38.1	40.9
EBITDA, MSEK*	1,843	1,919
EBITA, MSEK*	1,693	1,755
Net debt, MSEK*	8,185	7,770
Net debt/EBITA* (12 months to June 30)	2.4	2.0
Investments in property, plant and equipment, MSEK*	197	231
EBITA interest cover*	8.5	8.5
Share data		
<i>Earnings per share, basic, SEK</i>		
From continuing operations	5.04	4.63
Including discontinued operations	-	4.95
<i>Earnings per share, diluted, SEK</i>		
From continuing operations	5.03	4.62
Including discontinued operations	-	4.95
Average number of shares outstanding, basic (Mio)	229.1	248.8
Shares outstanding, end of period (Mio)	228.3	245.6

* For full detail, please refer to notes in the half year report 2010

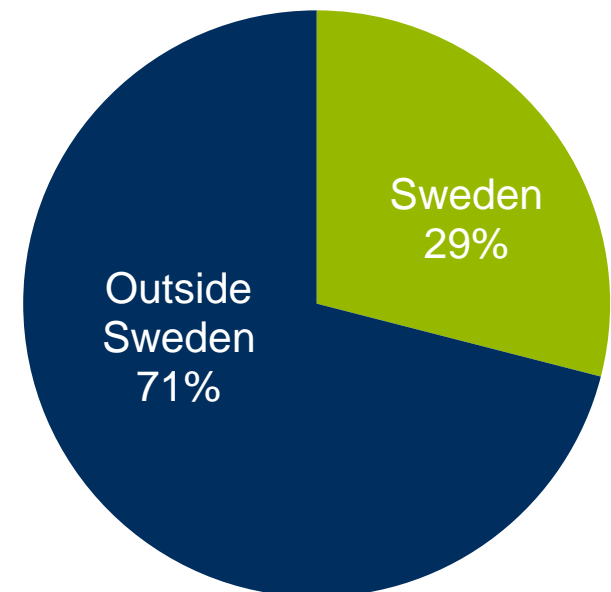
Largest shareholders*

As per June 30, 2010

Largest shareholders

Parvus Asset Management	6.2%
Morgan Stanley Investment Management	5.8%
Wellington Management Company	5.4%
AMF Insurance & Funds	3.2%
Swedbank Robur Funds	3.0%
SHB Funds	1.5%
SEB Funds	1.3%
Second Swedish National Pension Fund	1.3%
Third Swedish National Pension Fund	1.3%
Standard Life Investment Fund	1.1%
	<hr/>
	30.1%

55,057 shareholders

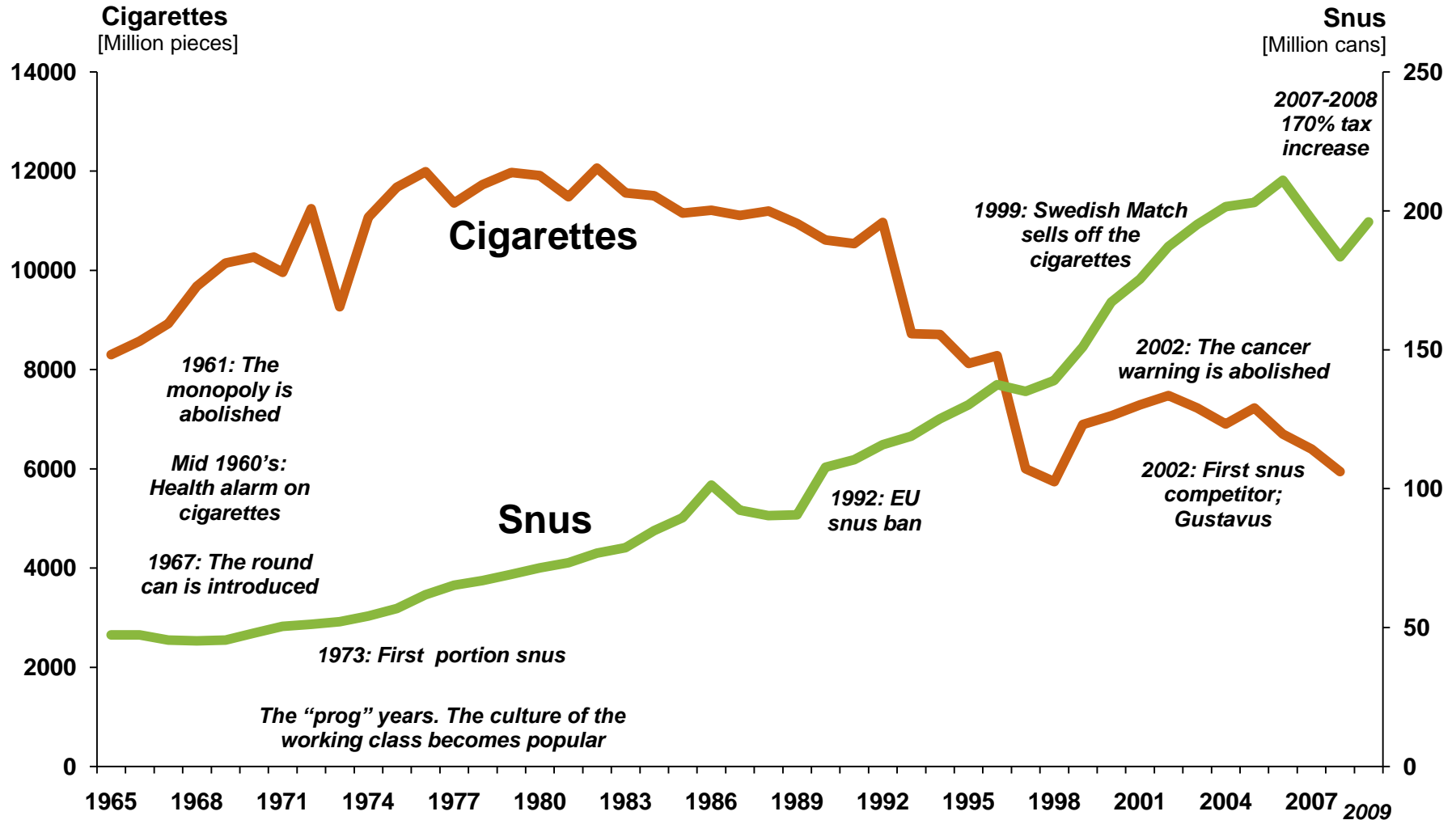


Source: Euroclear, official registry and SIS Ägaranalys.

* Percent split of share capital held, excluding Swedish Match shares held in treasury.

Snus vs. cigarettes in Sweden

Sale of snus and cigarettes in Sweden



Source: Swedish Match