

SWEDISH MATCH INVESTOR KIT

Q4 2016



A look at the quarter

Q4 HEADLINE BULLETS

- Sales increased by 6 percent to 3,957 MSEK (3,719) for the fourth quarter and by 7 percent to 15,551 MSEK (14,486) for the full year. In local currencies, sales increased by 3 percent for the fourth quarter and by 7 percent for the full year.
- Operating profit from product areas¹⁾ increased by 5 percent to 954 MSEK (908) for the fourth quarter and by 8 percent to 3,990 MSEK (3,690) for the full year. In local currencies, operating profit from product areas¹⁾ was flat for the fourth quarter and increased by 8 percent for the full year.
- Operating profit²⁾ amounted to 954 MSEK (908) for the fourth quarter and to 6,420 MSEK (4,008) for the full year. The operating profit²⁾ for the full year includes larger one-time items of 2,109 MSEK relating to capital gains from the partial divestments of STG and an unrealized gain from revaluing Swedish Match's remaining holding in STG to market value as well as 145 MSEK related to the sale of a distribution center (prior year included a restructuring provision of 42 MSEK).
- Earnings per share (basic) amounted to 3.61 SEK (3.34) for the fourth quarter and to 27.38 SEK (14.48) for the full year. Earnings per share for the fourth quarter and the full year, excluding STG and adjusted for larger one-time items, amounted 3.61 SEK (3.34) and to 14.39 SEK (12.79), respectively.

1) Operating profit for Swedish Match product areas, which excludes larger one-time items and share of net profit in STG.

2) Operating profit for the Group includes larger one-time items and share of net profit in STG. The full year 2016 only includes Swedish Match's share of STG's net profit until the date of partial divestment in September, thereafter, the shareholding in STG has been reclassified as a financial asset. The full year 2015 includes only the first nine months of net profit in STG due to transition to a one quarter lag in Swedish Match's reporting for STG. Thereby, the fourth quarter in 2016 and 2015 do not include any share of net profit in STG. See Note 3.

Q4 HEADLINE BULLETS (Cont'd)

- **During 2016, Swedish Match distributed the proceeds from the two divestments of shares in STG as two special dividends of 12.00 SEK and 9.50 SEK per share, in total 4,016 MSEK.**
- **Following the close of the period Swedish Match reduced its ownership in STG from 18.1 percent to 9.1 percent.**
- **The Board of Directors proposes a dividend of 16 SEK per share consisting of an increased ordinary dividend of 8.50 SEK (8.00) and a special dividend of 7.50 SEK, following Swedish Match's divestment of shares in STG in January 2017.**

KEY DEVELOPMENTS

- The total Scandinavian snus market, measured in number of cans, is estimated to have grown by somewhat less than 3 percent.
- Swedish Match snus shipments in Scandinavia were down, due to the absence of trade hoarding, as well as some market share decline.
- Sales for Scandinavia snus increased somewhat despite lower volumes
- Weak overall volumes for moist snuff in the US, but continued growth for pouches
- Continued growth of *General* and *ZYN* outside Scandinavia
- A continued build on the Company's solid position in the growing cigar market, resulting in another quarter of double digit year on year volume growth for cigars.
- Operating profit for cigars grew, despite new FDA fees of 2.5 MUSD per quarter beginning from October, but chewing tobacco experienced a weak volume development and lower profitability.
- For the Lights product area sales grew and operating profit was up for both matches and lighters.
- In January 2017, Swedish Match divested 9 million shares in STG.
- The FDA has decided to not grant MRTP status for *General* snus in the US but did encourage the Company to amend the application.

KEY DEVELOPMENTS IN THE FULL YEAR

- Growth in sales for all product areas and operating profit up for all product areas, except Other operations.
- Good market growth for cigars, snus in Scandinavia and snus and moist snuff in the US.
- The cigar business had a record breaking year in terms of volume, bringing solid increases in sales and operating profit in local currency.
- The snus and moist snuff business grew both as reported and in local currency.
- For Scandinavia as a whole, snus volumes are estimated to have grown by more than 1 percent on an underlying basis and operating profit increased on the back of the improved sales, despite higher market related costs.
- On the US market, snus continued to grow and ZYN, a new range of nicotine pouches without tobacco, was expanded.
- The operating loss from snus and nicotine pouches outside Scandinavia improved significantly on lower costs and higher gross profit.
- Chewing tobacco faced a challenging volume and profit development, especially toward the latter part of the year.
- The lights business demonstrated resilience, delivering a strong result improvement driven by lighters.
- Swedish Match has made good progress in preparations for substantial equivalence filings across the cigar assortment following the implementation of the FDA deeming regulation for cigars.
- Successful listing of STG on the Nasdaq Copenhagen stock exchange in February, and a subsequent sell-down of a significant portion of Swedish Match's shareholding.
- Very strong shareholder distributions through ordinary and special dividends of 5,522 MSEK, plus share repurchases.

Overview by product area

SNUS AND MOIST SNUFF: Q4 COMMENTARY

Sales growth on higher pricing and aided by currency

- **Continued Scandinavia market growth, at a slower rate than earlier in the year.**
- **Shipment volumes in Scandinavia down, sales up.**
 - Volumes negatively affected in part by absence of hoarding. Estimated underlying volumes down by somewhat less than 2 percent.
 - Sales increased from improved average pricing stemming from price increases earlier in the year, positive mix effects and stronger NOK vs. SEK.
- **Soft quarter for moist snuff in the US.**
 - Lower volumes for loose moist snuff which couldn't be compensated by growth of pouches.
 - Somewhat higher production costs per can.
 - Operating profit down.
- **Lower operating loss for snus and nicotine pouches outside Scandinavia.**
 - Snus/ZYN sales in the US up on higher volumes and better realized pricing.
 - ZYN store expansion continued in western US.
 - Reduced operation loss for snus and nicotine pouches outside Scandinavia on increased gross profit and lower costs vs. a relatively high Q4 2015.
- **Operating profit slightly down in quarter vs. prior year.**
 - Higher costs in Scandinavia, partly due to personnel related costs of a temporary nature and soft performance for moist snuff.



MSEK	Q4-2016	Q4-2015	chg	Full year 2016	Full year 2015	chg
Sales	1,356	1,318	3	5,277	5,090	4
Operating profit	542	545	-1	2,197	2,071	6
Operating margin, %	40.0	41.4		41.6	40.7	

SNUS AND MOIST SNUFF

Swedish Match's shipment volumes for snus and moist snuff (not adjusted for timing, calendar and destocking effects)

	October-December		chg	Full year		chg
	2016	2015	%	2016	2015	%
Snus, million of cans, Scandinavia	62.4	64.5	-3*	241.3	236.3	2*
Moist snuff, millions of cans, US	27.0	28.7	-6	131.4	132.1	-1

* Underlying shipments down less than 2% in Q4, and up more than 1% YTD.



Source: Swedish Match and industry estimates.

SCANDINAVIAN MARKET GROWTH AND SHARE ESTIMATES

- **Scandinavian snus market up somewhat below 3% in volume terms in Q4*.**
- **Continued share gains for *XRANGE* in Sweden and *General G.3* in Norway.**
 - *XRANGE* now nearly 7% of Swedish market, and *G.3* nearly 10% of Norwegian market.
- **Swedish Match's market share in Sweden was down primarily due to share loss in the value segment.**
- **The value segment's share of the market was somewhat higher than a year ago and previous quarter.**
- **Swedish Match's share decline in Norway improved in the second half of the year.**

Swedish Match's market shares**

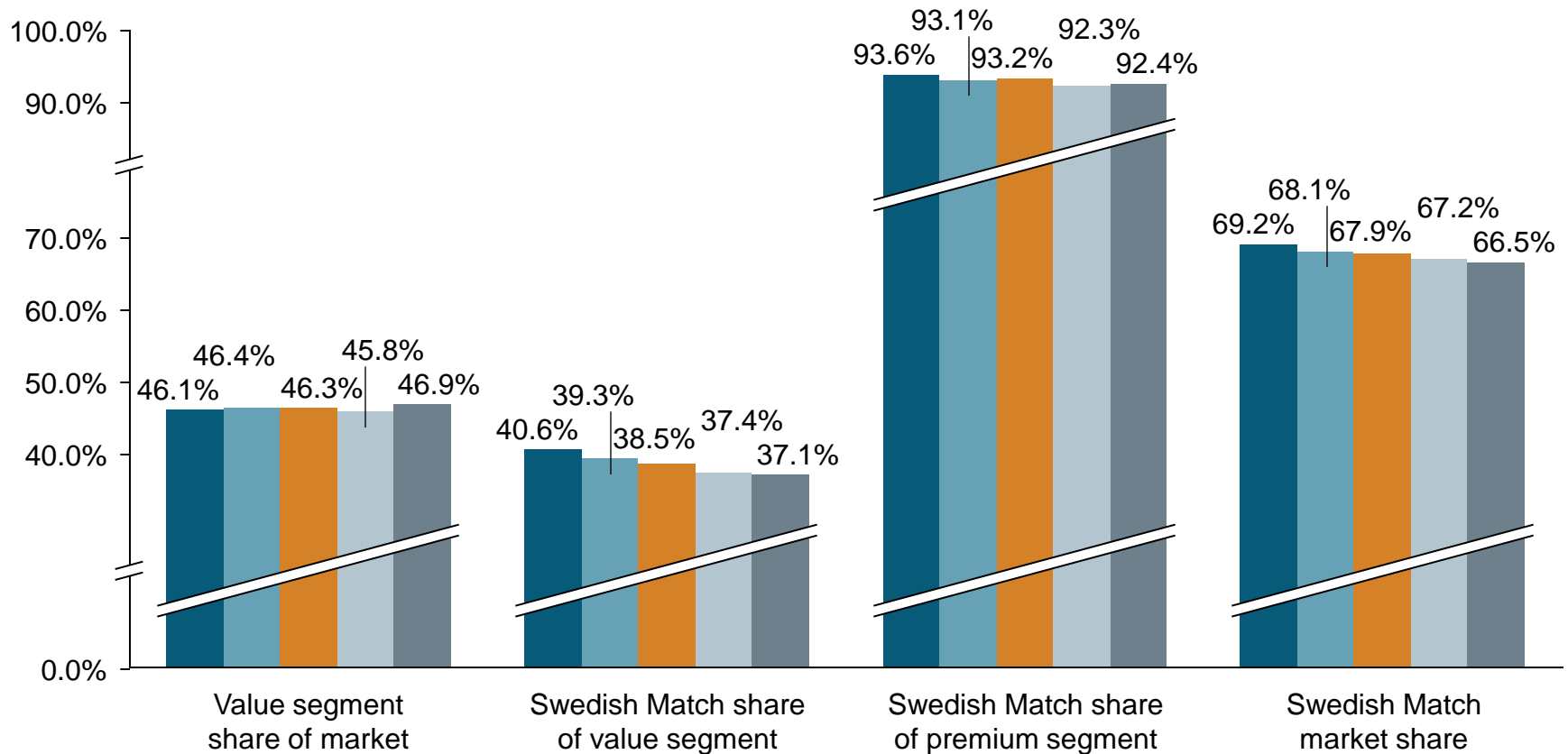
Percent	October-December		chg ppts	Full year		chg ppts
	2016	2015		2016	2015	
Snus, Sweden, total	66.5	69.2	-2.7	67.4	69.0	-1.6
Snus, Sweden, premium	92.4	93.6	-1.2	92.8	93.5	-0.8
Snus, Sweden, value	37.1	40.6	-3.5	38.1	39.9	-1.8
Snus, Norway, total	52.7	55.3	-2.6	53.5	56.7	-3.1

* Source: Swedish Match estimates.

** Swedish Match estimates using Nielsen data (excl. tobacconists due to small sample of tobacconists in Nielsen data). 13 weeks and YTD to December 25, 2016. All figures for the Swedish market have been restated to reflect changes in Nielsen store measurement.

SWEDEN – MARKET SHARE DYNAMICS – VOLUME SHARES

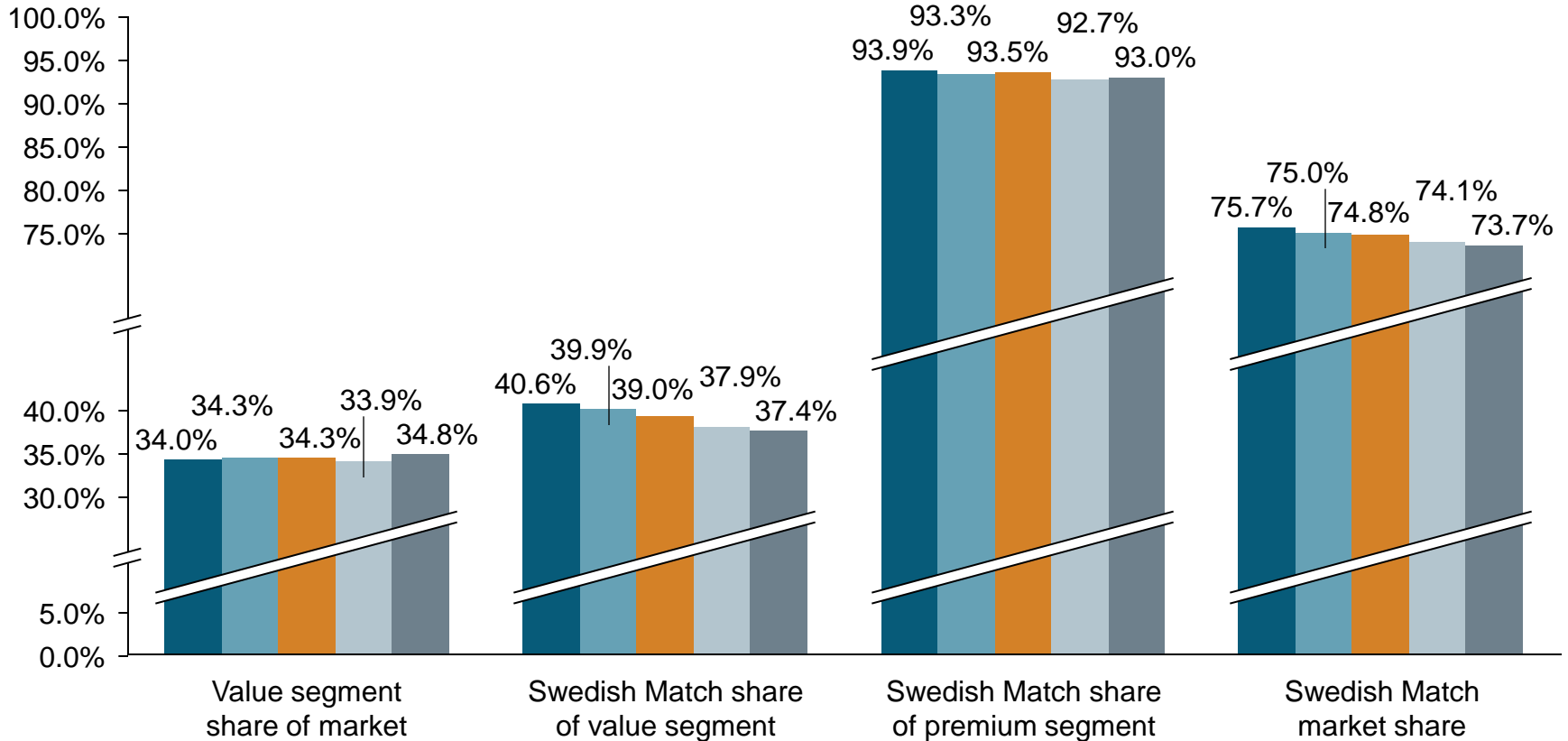
■ Q4 2015 ■ Q1 2016 ■ Q2 2016 ■ Q3 2016 ■ Q4 2016



Source: Nielsen DVH+SVH excluding tobaccoconists. Segmentation by Swedish Match. Numbers restated due to changes in Nielsen store measurement.

SWEDEN – MARKET SHARE DYNAMICS – SEK SHARES

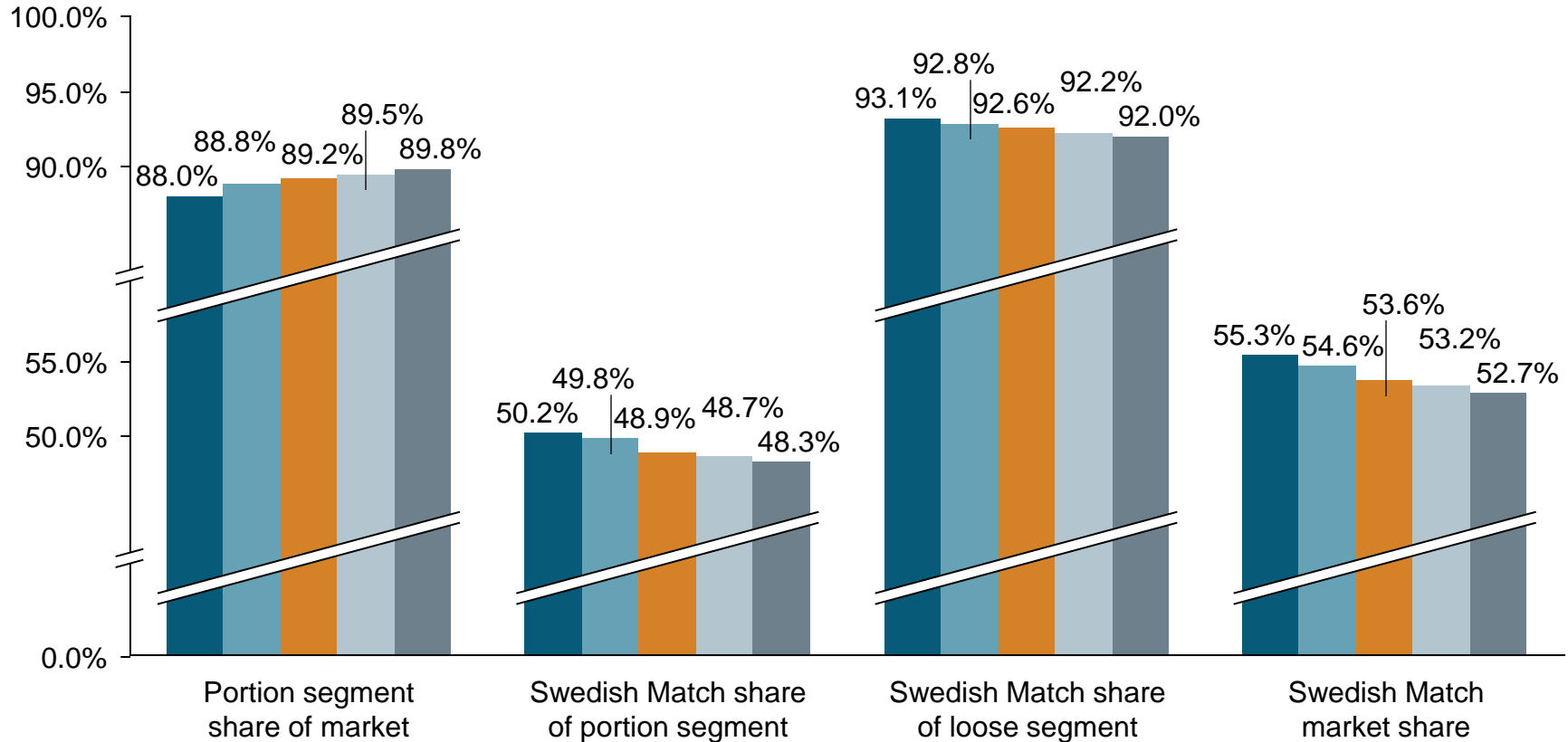
■ Q4 2015 ■ Q1 2016 ■ Q2 2016 ■ Q3 2016 ■ Q4 2016



Source: Nielsen DVH+SVH excluding tobaccoconists. Segmentation by Swedish Match. Numbers restated due to changes in Nielsen store measurement.

NORWAY – MARKET SHARE DYNAMICS – VOLUME SHARES

■ Q4 2015 ■ Q1 2016 ■ Q2 2016 ■ Q3 2016 ■ Q4 2016



Source: Nielsen DVH+SVH excluding tobaccoconists.

SCANDINAVIAN NEW PRODUCT ACTIVITY

● Sweden

- *Kaliber+* in stores from mid January.
- *OMNI* all white portion snus. In limited distribution.
- *ZYN* in Swedish Match snus stores.

● Norway

- Continued growth for super slim pouch product for *General G.3*.
- *General G.3* Super Slim line extension in stores from February.
- *Göteborgs Rapé Slim* in stores from February.



US SNUS AND MOIST SNUFF MARKET GROWTH AND SHARE ESTIMATE

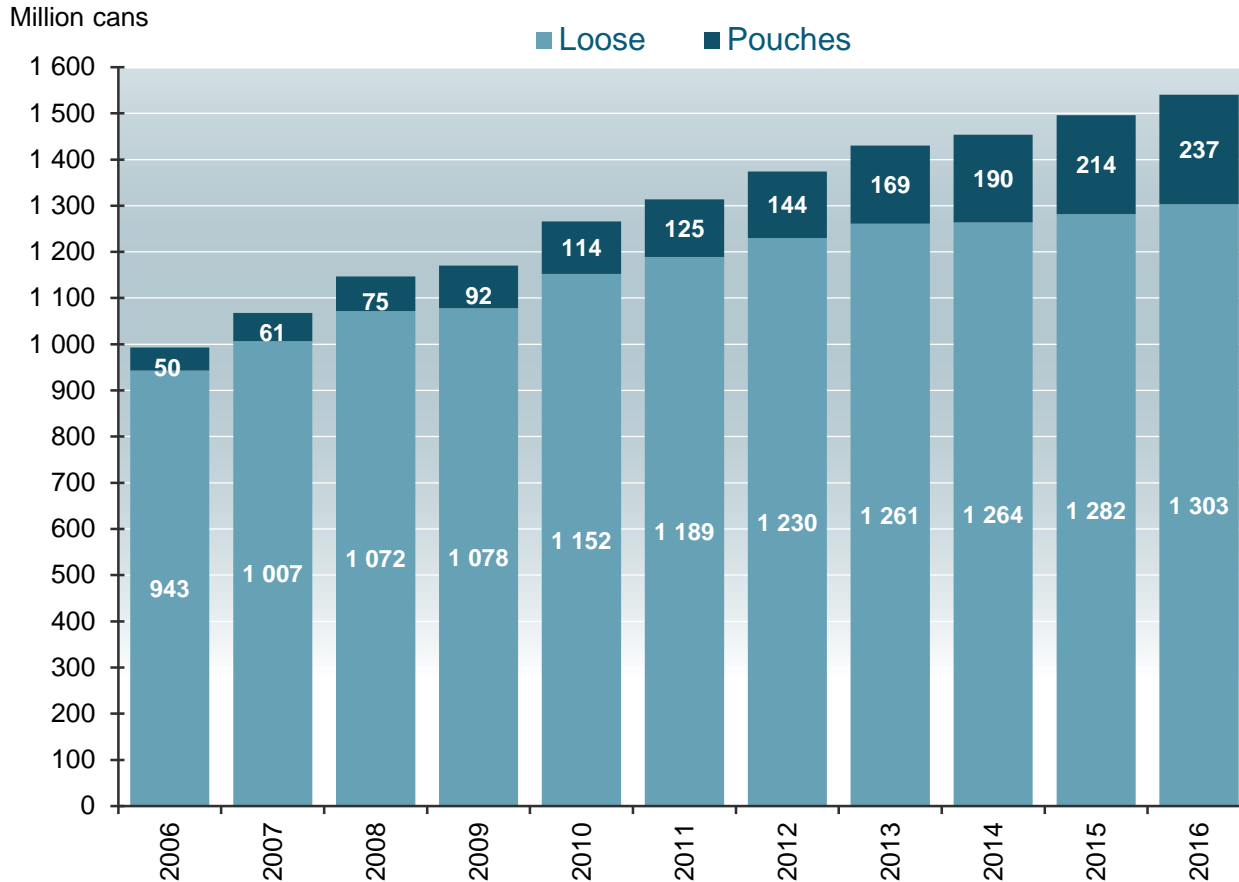
- **US moist snuff market volume estimated to be up slightly for the fourth quarter versus year ago, and by approximately 3 percent for the full year.**
 - Category growth continues to be driven by pouches.
- **Swedish Match estimates its moist snuff volume market share at close to 8%.**
 - Share of pouch segment above prior year.
- **US snus market volume estimated to be up by 8% on a full year basis.**
 - *General* snus share of snus market in the range of 10%.



Source: Swedish Match and industry estimates.

US MOIST SNUFF CATEGORY DEVELOPMENT

Category by segment: loose vs. pouches



13.6%
CAGR 2011-2016
POUCHES

1.8%
CAGR 2011-2016
LOOSE

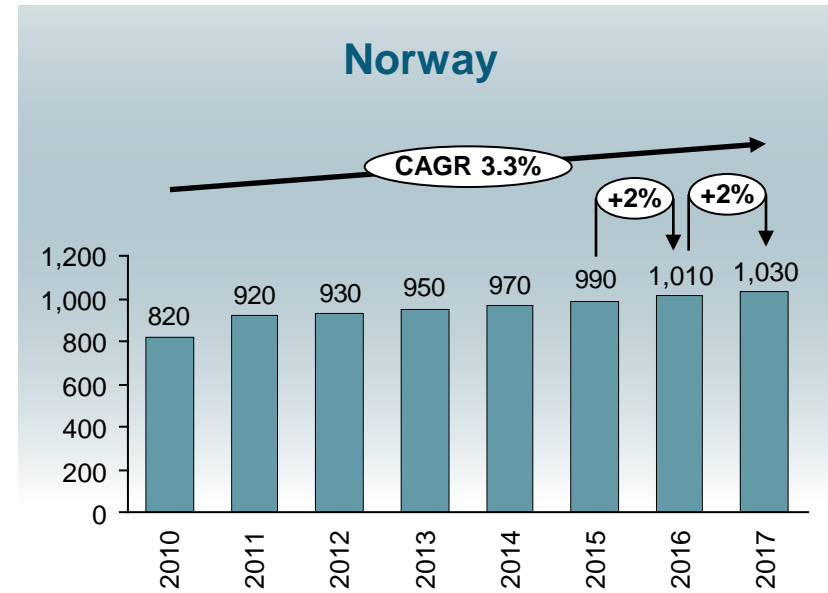
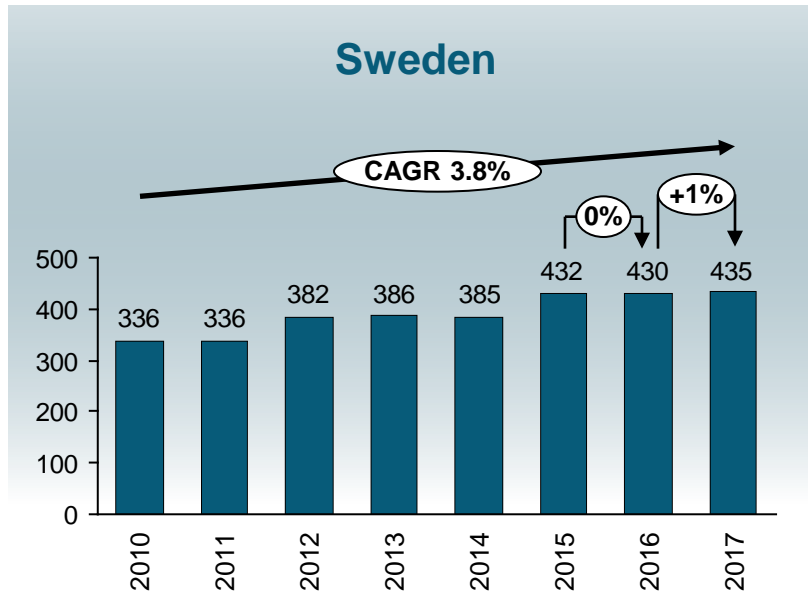


Source: Swedish Match and industry estimates.

● Tobacco tax in Sweden and Norway

- Excise tax increase in Sweden in effect from January 1, 2017.
 - Tax increase from 430 SEK/kg to 435 SEK/kg.
- Excise tax increase in Norway in effect from January 1, 2017.
 - Tax increase from 1,010 NOK/kg to 1,030 NOK/kg.

Excise tax per kg of snus in Sweden and Norway



● **Norway - plain packaging**

- Decision on plain packaging on December 9.
- Public Health Directorate (Helsedirektoratet) tasked with issuing detailed instructions - expected in Q1.
- Expected implementation in 2018 (12 months from instructions).

● **US - MRTTP**

- On December 14, Swedish Match was informed by FDA's Center of Tobacco Products ("CTP") that General snus will not, under the current form of application, be designated as a Modified Risk Tobacco Product.
- Swedish Match's request to remove "WARNING: This product can cause gum disease and tooth loss" has been rejected while the other requests for warning changes remain open subject to an amended application.
- Swedish Match will meet with FDA to discuss possible amendments to the applications.

● **UK High Court of Justice refers issue of the EU snus ban to the ECJ**

- On January 26, 2017, the UK High Court of Justice granted permission to Swedish Match's application for judicial review of the snus ban to be referred to the ECJ.

● **Ruling by the Swedish Patent and Market Court**

- On February 8, 2017, the Swedish Patent and Market Court ruled that labelling system used during a short time in 2012/2013 was in breach of competition law, and imposed a 38 MSEK fine plus legal fees. Swedish Match intends to appeal this decision.

OTHER TOBACCO PRODUCTS (OTP): Q4 COMMENTARY

Continued strong volume growth for cigars

- **Strong growth in sales while operating profit was flat in local currency.**
- **Sales, operating profit, and volumes up for cigars.**
 - Cigar volume growth of 15% from continued strong volume development of natural leaf cigars, as well as volume growth for HTL cigars.
 - Operating profit increased in local currency, despite new FDA fees of 2.5 MUSD.
 - For the full year, volumes hit a new record, exceeding 1.4 billion sticks.
- **Weak performance for chewing tobacco.**
 - Volumes declined by 14% for own brands.
 - Volumes impacted by enactment of Pennsylvania state excise tax in the beginning of October.
 - Volume decline only partially offset by positive pricing and contribution from higher contract manufacturing shipments.
 - Faster decline for premium chewing products than for value priced products.



MSEK	Q4-2016	Q4-2015	chg	Full year 2016	Full year 2015	chg
Sales	1,092	955	14	4,283	3,829	12
Operating profit	395	366	8	1,705	1,554	10
Operating margin, %	36.2	38.3		39.8	40.6	

OTHER TOBACCO PRODUCTS

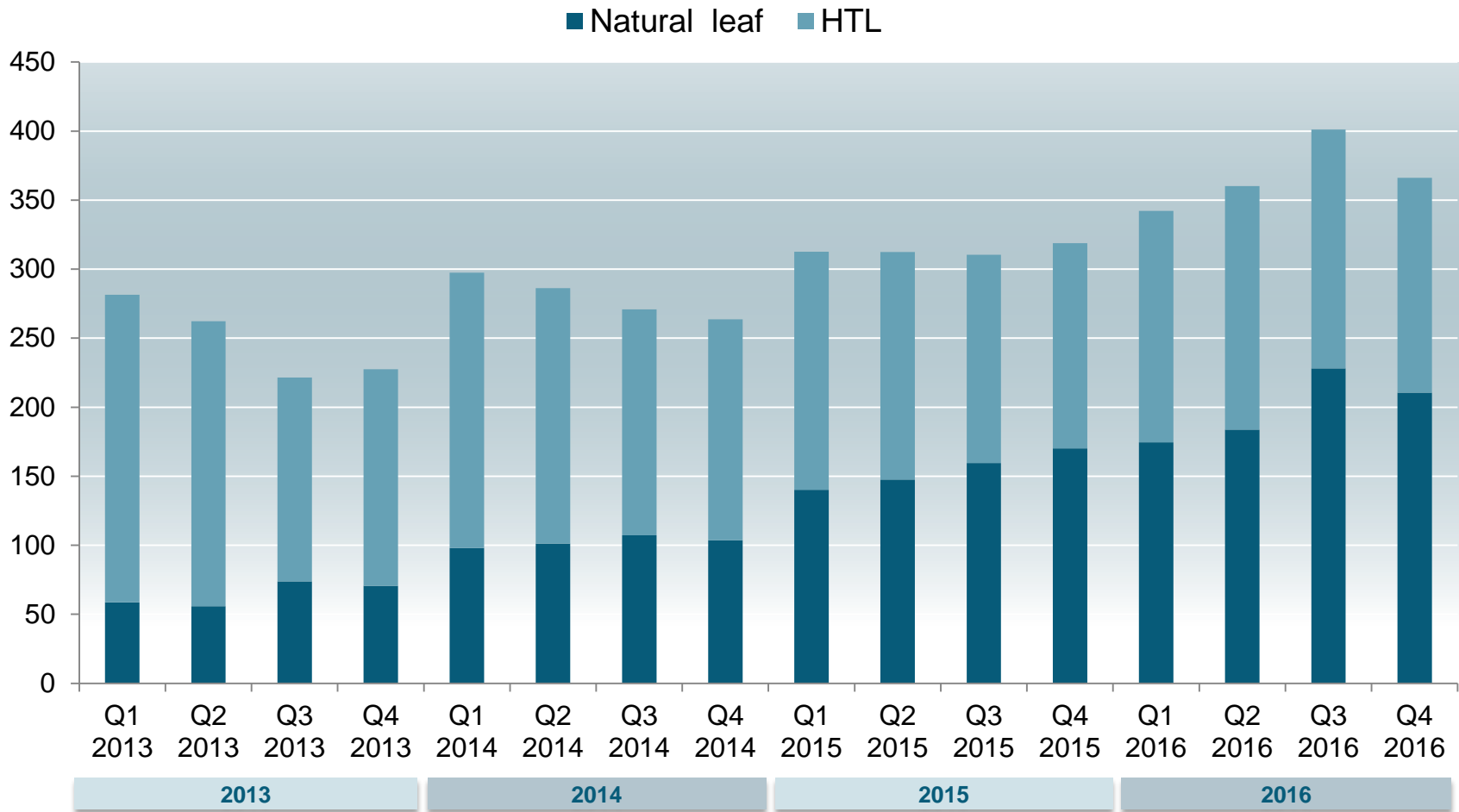
Swedish Match US shipment volumes for cigars and chewing tobacco

	October-December		chg	Full year		chg
	2016	2015	%	2016	2015	%
Cigars, millions of sticks	367	319	15	1,472	1,256	17
Chewing tobacco, thousands of pounds (excl. contract manufacturing)	1,440	1,670	-14	6,709	7,390	-9



MASS MARKET CIGAR VOLUMES BY QUARTER AND FORMAT

Mass market cigar shipments (million sticks)



- **US FDA deeming regulations for cigars in force from August 8, 2016**
 - Substantial equivalence filings within 18 months.
 - New product introductions after August 8 will require either a pre-approved substantial equivalence application or a pre-approved new product application.
 - Warning label changes, ban on sampling.
 - User fees from October 1, 2016 were 2.5 MUSD in Q4 for Swedish Match.
- **Pennsylvania implementation of excise tax on chewing tobacco**
 - Effective October 1, 2016.
 - Having notable negative impact on chewing tobacco shipments.
 - Pennsylvania currently more than 6% of Swedish Match chewing tobacco shipments.
 - Retail price estimated to go up by more than 2 USD per pouch (tax increase of \$0.55 per ounce, or \$1.65 per pouch).
- **Chew bags**
 - In Switzerland, shipments currently on hold awaiting further clarification of regulation.

Higher operating profit and improved profitability

- **Swedish Match is market leader in many markets. The brands are mostly local and hold a strong position in their respective markets**
- **Main markets EU, Brazil, Asia and East Europe**
- **Production in Brazil, the Netherlands, the Philippines and Sweden**

- **Higher sales for matches**

- Volumes up for matches and down for lighters.
- Sales for matches were the strongest of any quarter over the past two years, from higher volumes and positive currency effects.

- **Operating profit up for matches, lighters, and complementary products**

- Operating profit increase driven by the strong development for matches and also benefitting from lower market related costs for lighters and improved costing for complementary products.



MSEK	Q4-2016	Q4-2015	chg	Full year 2016	Full year 2015	chg
Sales	347	334	4	1,314	1,295	1
Operating profit	62	50	25	219	190	15
Operating margin, %	17.9	14.9		16.7	14.7	

Overview of tax, cash flow and financing

TAX, CASH FLOW AND FINANCING (FULL YEAR)

- **Tax rate excluding larger one-time items and income from associated companies amounted to 24.3 percent (23.1).**
 - Reported tax rate amounted to 14.4 percent but was impacted by tax exempt larger one-time items.
- **Net finance cost for the year decreased to 431 MSEK (463).**
 - Lower interest rates on the bond portfolio and on pension liabilities, as well as increased interest income, positively impacted the finance net.
 - The increased interest income was partly due to high cash positions during part of the year stemming from the proceeds from the partial divestment of STG.
 - One-time costs for bond repurchases included in the finance net were higher in 2016 than in 2015.
 - Adjusted for these costs, the finance net for the full year was reduced to 364 MSEK from 431 MSEK.

TAX, CASH FLOW AND FINANCING (FULL YEAR)

- **Strong cash flow including proceeds from divestments.**
 - Cash flow from operating activities for the year was 2,929 MSEK (3,768).
 - Cash flow from operating activities increased by 252 MSEK if adjusted for differences in dividend received from STG (191 MSEK in 2016, 816 MSEK in 2015) and payment of pension contributions which were higher than normal in 2016 (increased by 466 MSEK).
 - Investments in property, plant and equipment increased to 537 MSEK (491), from increased capital investments primarily in the cigar and snus businesses.
 - Investments in intangible assets increased to 129 MSEK (14), mainly due to an investment in patent rights for a nicotine pouch product without tobacco.
- **High shareholder returns with share buybacks and both ordinary and special dividends.**
 - Share repurchases of 4.2 million shares for 1,249 MSEK.
 - Dividend of 5,522 MSEK, consisting of an ordinary dividend of 1,506 MSEK and two special dividends of 2,258 MSEK and 1,758 MSEK following partial divestments of STG shares.

● Financial policy

- Dividend policy: 40-60% of earnings per share.
- Excess cash to be returned to shareholders.
- 2016 proposed ordinary dividend: 8.50 SEK per share (8.00).
- Proposed special dividend of 7.50 SEK per share following Swedish Match's divestment of shares in STG in January 2017.
- Net debt not to exceed 3 times EBITA*.

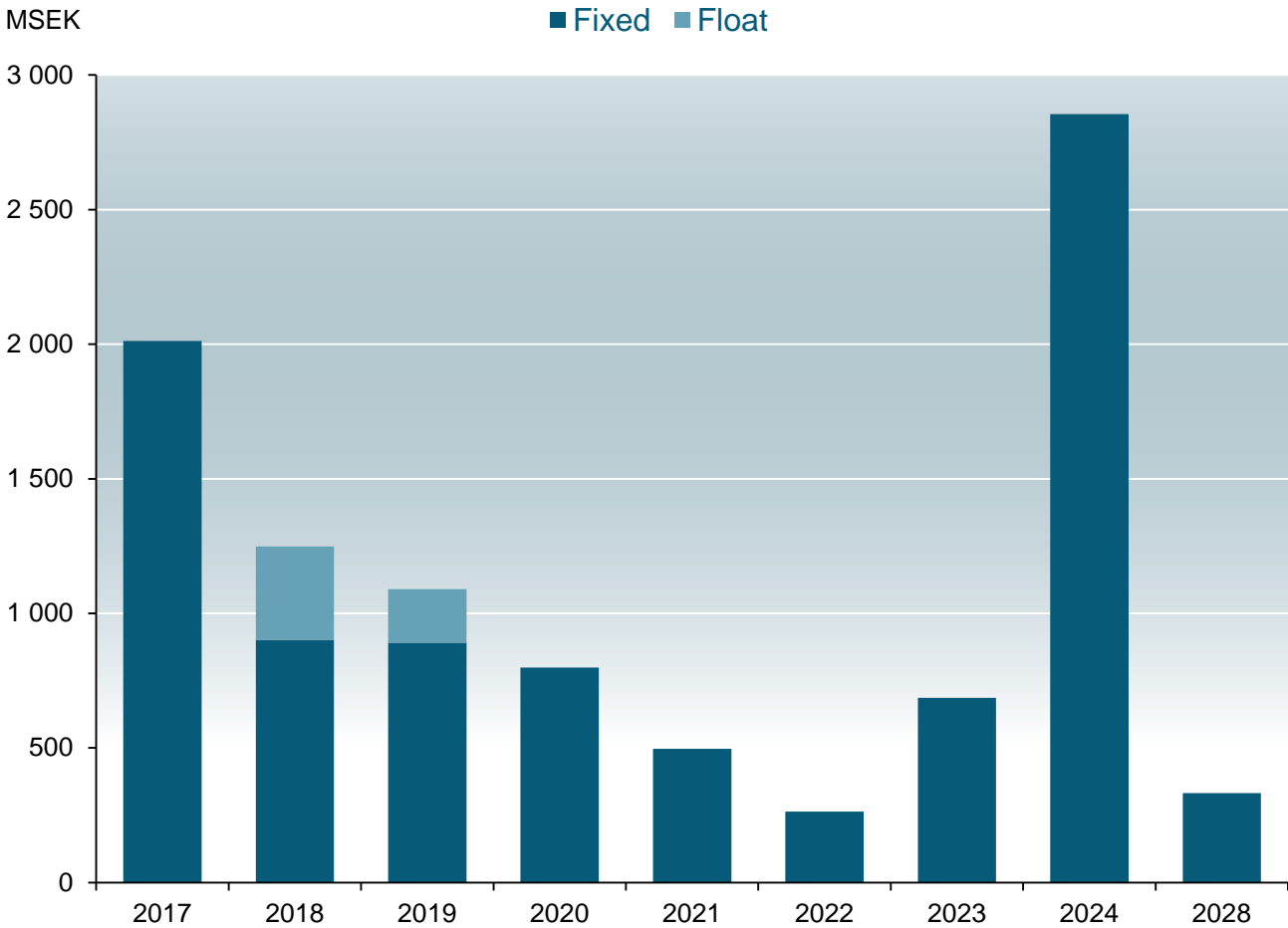
● Financing and liquidity

- Cash and cash equivalents per December 31 amounted to 3,364 MSEK and includes the proceeds from the public bond issuance net of repurchased bond maturities.
- Net debt/EBITA* per December 31 was at 2.0 compared to 2.1 at December 31, 2015.

* Operating profit adjusted for amortization and write-downs of intangible assets. Excluding share of net profit in STG.

MATURITY PROFILE OF INTEREST BEARING LIABILITIES

Debt as of December 31, 2016



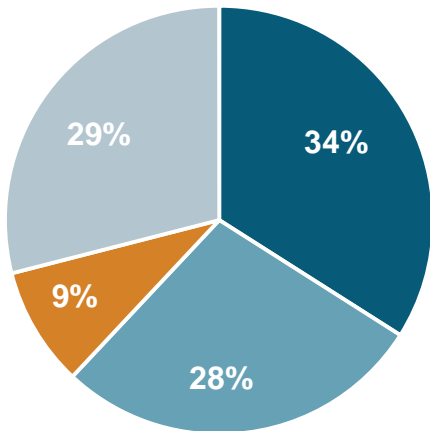
Financials

SALES AND OPERATING PROFIT

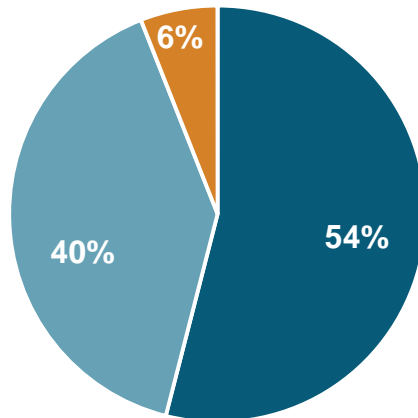
Sales and operating profit by product area

Q4 2016

Sales, SEK



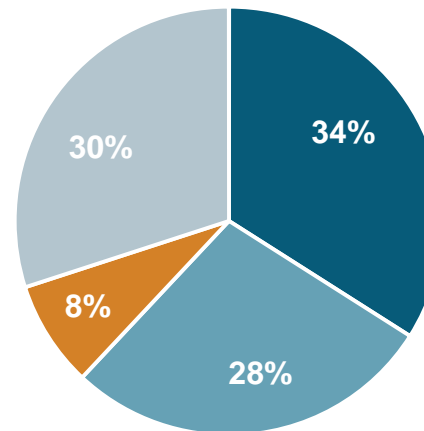
Operating profit*, SEK



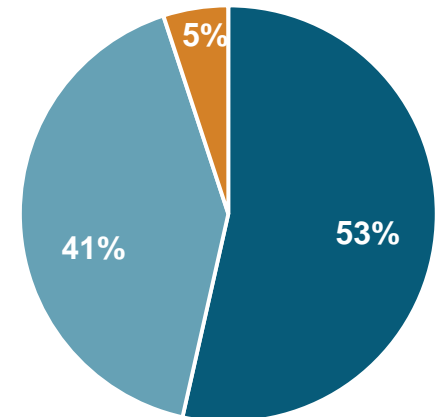
- Snus and moist snuff
- Other tobacco products
- Lights
- Other operations

Full year 2016

Sales, SEK



Operating profit*, SEK

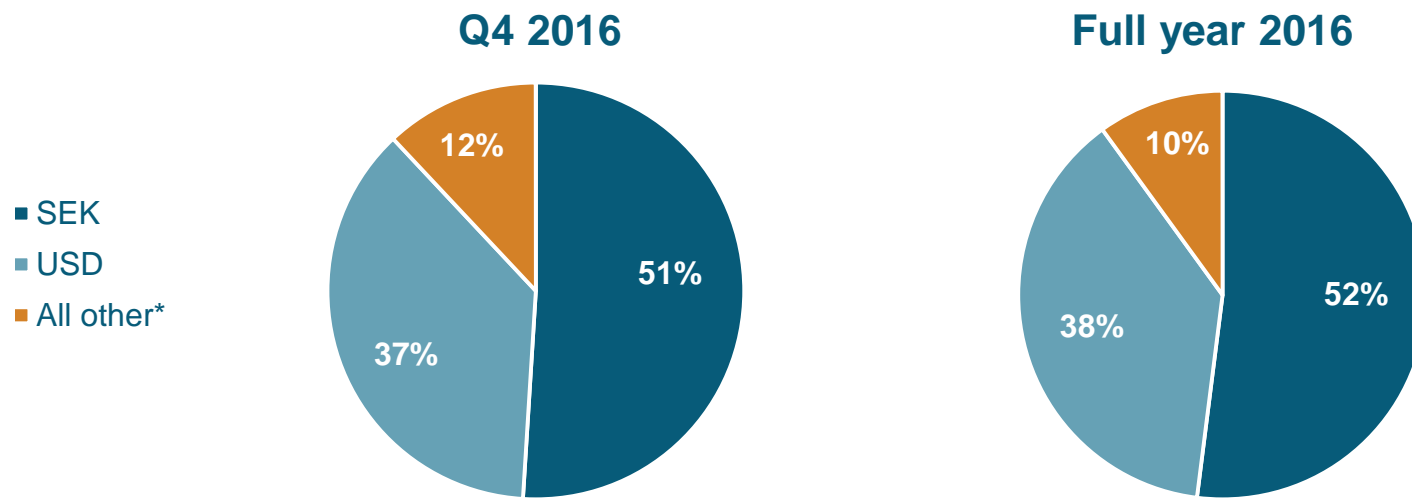


- Snus and moist snuff
- Other tobacco products
- Lights
- Other operations

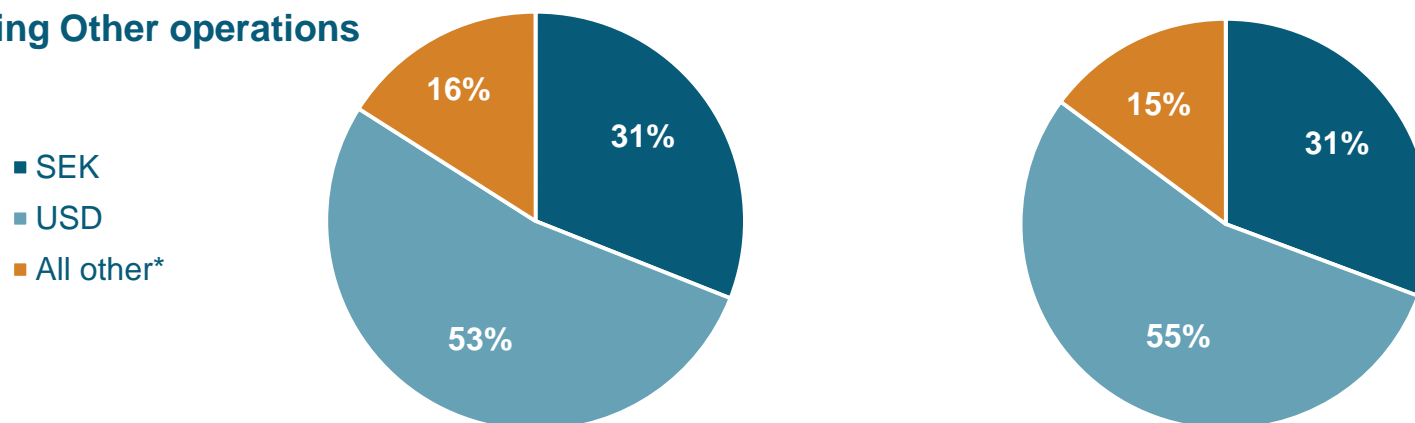
* Excluding Other operations, share of net profit in STG. Totals may not add up due to rounding.

SALES BY CURRENCY BLOCK

Percent of sales, MSEK



Excluding Other operations



* Primarily NOK and BRL. Totals may not add up due to rounding.

P&L IN SUMMARY

MSEK	Q4-2016	Q4-2015	chg %	Full year 2016	Full year 2015	chg %
Sales	3,957	3,719	6	15,551	14,486	7
Cost of goods sold	-2,116	-2,005		-8,325	-7,697	
Gross profit	1,841	1,714	7	7,226	6,789	6
Selling and administrative expenses	-889	-808		-3,240	-3,065	
Share of profit/loss in associated companies and joint ventures*	2	2		180	327	
Sale of STG shares	-	-		1,208	-	
Gain on fair value of STG shares	-	-		902	-	
Sale of distribution facility	-	-		145	-	
Relocation of distribution facilities	-	-		-	-42	
Operating profit*	954	908	5	6,420	4,008	60
Finance income	23	9		53	22	
Finance costs	-109	-137		-484	-486	
Net finance cost	-85	-128		-431	-463	
Profit before income tax*	868	780	11	5,988	3,545	69
Income tax expense	-206	-145		-865	-742	
Profit for the period*	662	636	4	5,123	2,803	83
Earnings per share, basic, SEK	3.61	3.34		27.38	14.48	
Earnings per share, excl. STG, basic, SEK	3.61	3.34		26.44	12.62	
Earnings per share, excl. STG, adjusted, basic, SEK*	3.61	3.34		14.39	12.79	

* For full detail, please refer to notes in the full year 2016 report.

BALANCE SHEET IN SUMMARY

MSEK	December 31, 2016	December 31, 2015
Intangible assets	1,250	1,048
Property, plant and equipment	2,543	2,240
Investments in associated companies and joint ventures	122	4,845
Other non-current financial receivables*	4,578	1,739
Current operating assets	3,629	3,220
Cash and cash equivalents*	3,364	1,732
Total assets	15,486	14,824
Equity attributable to equity holders of the Parent	-1,366	251
Non-controlling interests	1	1
Total equity	-1,365	252
Non-current provisions	1,536	1,223
Non-current loans	8,169	7,613
Other non-current financial liabilities*	1,702	1,882
Current provisions	116	147
Current loans	2,047	653
Other current liabilities	3,280	3,054
Total equity and liabilities	15,486	14,824

* For full detail, please refer to notes in the full year 2016 report.

CASH FLOW IN SUMMARY

MSEK	Jan-Dec 2016	Jan-Dec 2015
Cash flow from operating activities before changes in working capital	2,969	3,730
Changes in working capital	-40	38
Net cash from operating activities	2,929	3,768
Purchase of property, plant and equipment*	-537	-491
Proceeds from sale of property, plant and equipment	190	17
Purchase of intangible assets	-129	-14
Acquisition of subsidiaries	-	0
Divestments in associated companies and joint ventures*	3,908	-
Investments in associated companies and joint ventures*	-5	-25
Changes in financial receivables etc.	-20	0
Net cash from investing activities	3,408	-513
Changes in loans	1,748	-637
Dividend paid to equity holders of the Parent	-5,522	-1,464
Repurchase of own shares	-1,249	-1,995
Stock options exercised	-	141
Other	259	31
Net cash used in financing activities	-4,764	-3,924
Net increase in cash and cash equivalents	1,573	-669
Cash and cash equivalents at the beginning of the period	1,732	2,312
Effect of exchange rate fluctuations on cash and cash equivalents	59	90
Cash and cash equivalents at the end of the period	3,364	1,732

* For full detail, please refer to notes in the full year 2016 report.

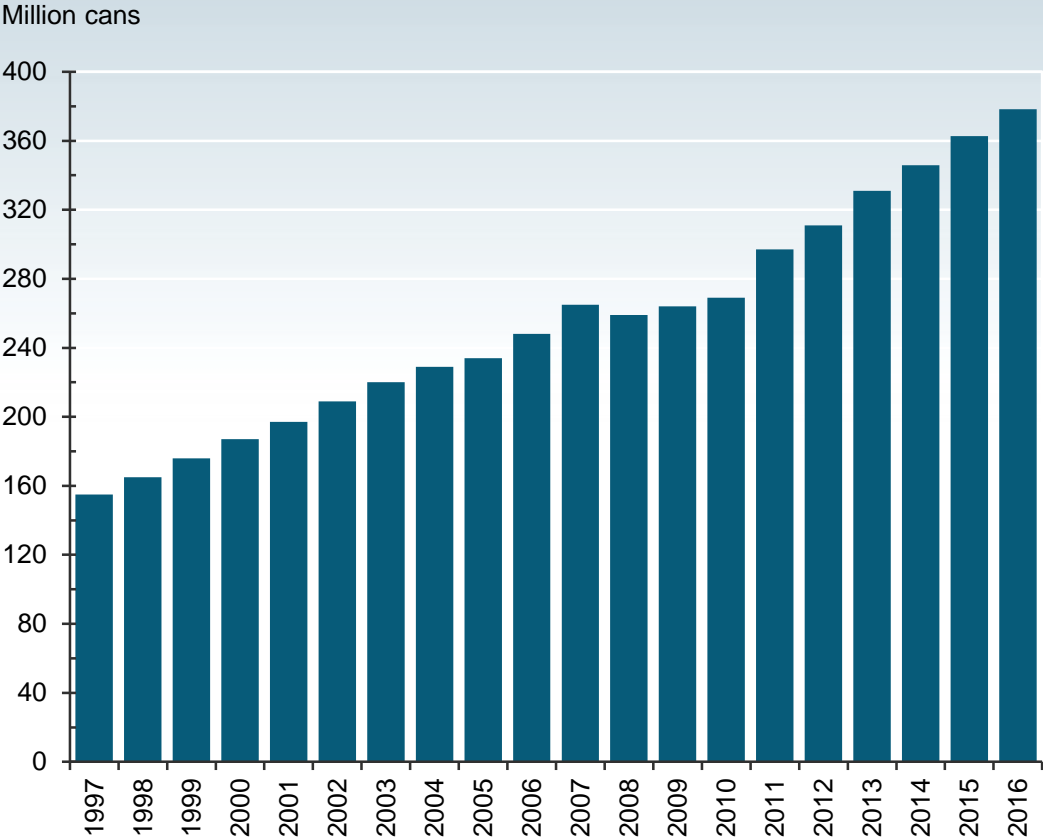
KEY RATIOS

MSEK	Full year 2016	Full year 2015
Operating margin, %	26.8	28.0
Operating capital, MSEK	6,639	8,030
Return on operating capital, %	56.8	49.6
EBITDA, MSEK*	4,504	4,368
EBITA, MSEK*	4,219	4,094
Net debt, MSEK	7,941	7,922
Investments in property, plant and equipment, MSEK*	537	491
EBITA interest cover	10.1	8.9
<i>Excluding share of net profit in STG</i>		
EBITA, MSEK*	4,043	3,734
Net debt/EBITA*	2.0	2.1
Share data		
Shares outstanding, end of period (Mio)	184.7	188.9
Average number of shares outstanding, basic (Mio)	187.1	193.5

* For full detail, please refer to notes in the full year 2016 report.

Further information

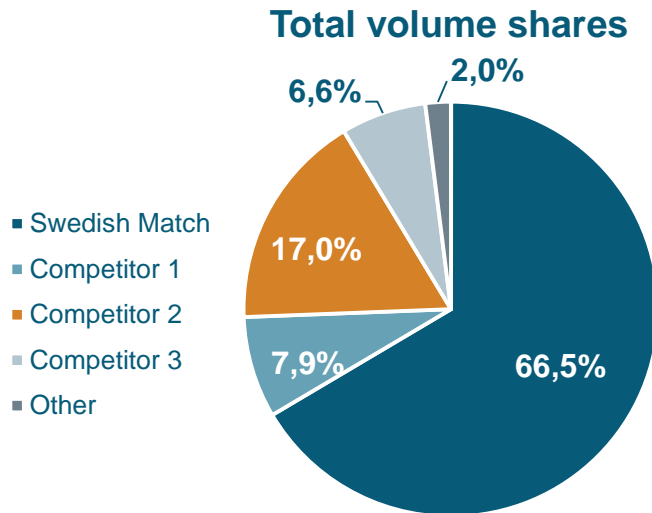
ESTIMATED SNUS CONSUMPTION IN SCANDINAVIA



Source: Swedish Match estimates, adjusted for hoarding in Sweden.



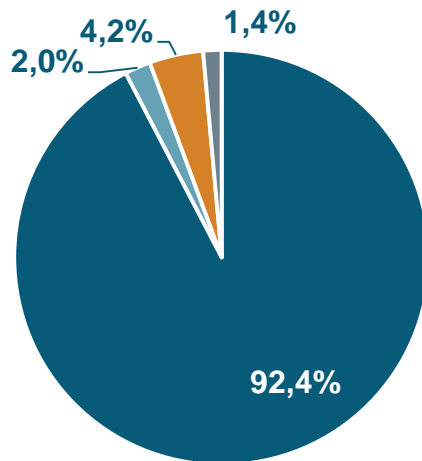
MANUFACTURER SHARE BY PRICE SEGMENT, SWEDEN



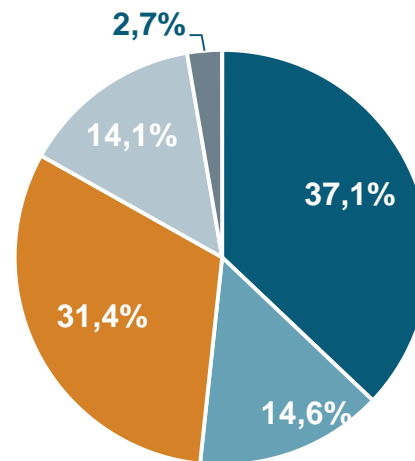
**25 December 2016
(4 weeks ending),
Swedish Match share of:**

Premium segment: 92.1%
Value segment: 36.5%
Total market: 66.1%

Share of premium segment



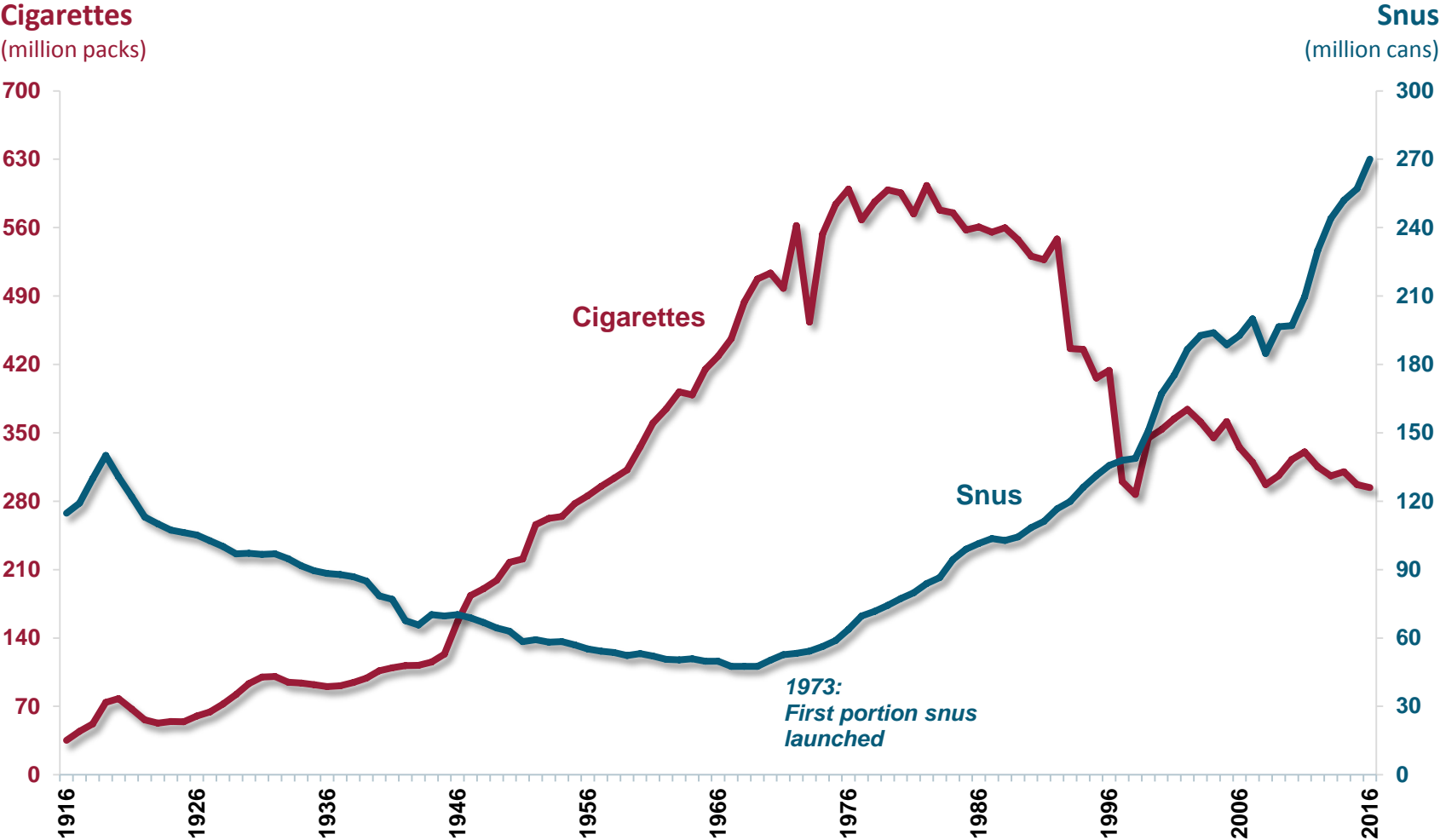
Share of value segment



Source: Swedish Match estimates based on Nielsen (excluding tobaccoists), 13 weeks ending December 25, 2016.
All figures for the Swedish market have been restated to reflect changes in Nielsen store measurement.

COMPETING WITH CIGARETTES IS NOT NEW TO SWEDISH MATCH

Volume development for cigarettes and snus in Sweden since 1916



Source: Swedish Match estimates.

SCANDINAVIAN TOBACCO GROUP (STG)

- **Through February 9, 2016, Swedish Match owned 49 percent (49 million shares) of STG. On February 10, 2016, STG was listed on Nasdaq Copenhagen and in conjunction with the listing Swedish Match sold 17.9 million shares, and divested another 13 million shares on September 7, 2016.**
- **For the full year 2016, Swedish Match's reported share of STG's net profit amounted to 176 MSEK (360). The decrease in Swedish Match's reported share of net profit in STG is affected by the decreased ownership and the comparison period being affected by a positive adjustment in the first quarter 2015.**
- **On January 19, 2017, Swedish Match divested another 9 million shares (commented on in the full year 2016 report as an event after the reporting period). Following the divestment in January 2017, Swedish Match holds 9.1 percent of the shares in STG.**

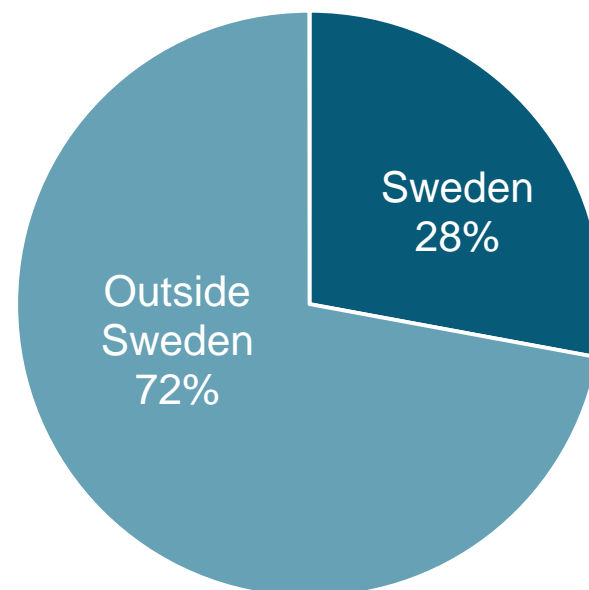
Please see Note 3 in the Full Year 2016 report for information on Swedish Match's reporting of STG.

LARGEST SHAREHOLDERS

As of December 31, 2016

10 largest shareholders	
BlackRock	5.4%
Standard Life Investment Funds	3.1%
Oppenheimer	2.8%
Vanguard Funds	2.5%
Gabelli/GAMCO	2.4%
Nordea Funds	2.3%
Second Swedish National Pension Fund	2.0%
AMF Insurance & Funds	2.0%
First Swedish National Pension Fund	2.0%
Invesco Funds	1.8%
	26.2%

54,045 shareholders



Source: Modular Finance AB, data derived from Euroclear Sweden AB.

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

OTHER EVENTS AND EVENTS AFTER THE REPORTING PERIOD

- **Nominating Committee**

- In accordance with the instructions adopted by the Annual General Meeting 2016, a Nominating Committee has been appointed. In addition to Conny Karlsson (Chairman of the Board), Mark Husson (Cedar Rock Capital), Daniel Ovin (Nordea Asset Management), Ulrika Danielson (Second Swedish National Pension Fund), and William James (Standard Life Investments), have been appointed members of the Nominating Committee. Daniel Ovin has been appointed chairman of the Nominating Committee.

- **Divestment of shares in STG**

- On January 19, 2017, Swedish Match divested 9 million shares in STG at a price of 118 DKK per share. Swedish Match's proceeds, net of transaction costs, from this divestment amounted to 1,353 MSEK. Following the transaction, Swedish Match owns 9,069,906 shares, corresponding to 9.1 percent of the total number of shares in STG. Swedish Match has agreed to a 60-day lock-up undertaking on the remaining shares held in STG. The tax exempt capital gain from the January divestment amounts to 131 MSEK and equals the difference between the price at divestment and the market value at reclassification in September 2016 less transaction costs and will be recognized in the first quarter 2017.

OTHER EVENTS AND EVENTS AFTER THE REPORTING PERIOD (Cont'd)

- **Proceeds and capital gain from sale of land**
 - Swedish Match sold a parcel of land adjacent to the old headquarters building in Stockholm in 2007, for which the final purchase price was subject to approval of a changed city plan. This approval has been received in January 2017, and Swedish Match will as a result receive an additional payment of approximately 100 MSEK in the first half of 2017. The capital gain will be recognized in the first quarter 2017.
- **Hearing in the High Court of Justice on Swedish Match's challenge of the EU snus ban**
 - On January 26, 2017, there was a hearing in the UK High Court of Justice on Swedish Match's challenge of the snus ban in the European Tobacco Products Directive. The court referred the issue on the legality of the ban to the European Court of Justice (the ECJ) for a preliminary judgement. Swedish Match expects a ruling by the ECJ in the first half of 2018 at the earliest.
- **Ruling by the Swedish Patent and Market Court**
 - On February 8, 2017, the Swedish Patent and Market Court ruled that a uniform labelling system implemented for Swedish Match's and other manufacturers' products in Swedish Match's own snus coolers during parts of 2012 and 2013 was in breach of competition legislation. The court imposed a fine of approximately 38 MSEK plus legal fees. Swedish Match intends to appeal the decision.

OUTLOOK STATEMENT

For 2017, on a full year basis, we expect Scandinavian snus as well as US moist snuff consumption to grow as measured in number of cans. In Scandinavia, we expect the growth to be more modest than in 2016. We expect the level of competitive activity in the Scandinavian snus market to continue to be high in 2017.

For cigars in the US, Swedish Match expects the market to continue to grow in 2017 but to remain highly competitive. Swedish Match has the ambition to continue to grow cigar volumes in the US market in 2017. Costs of goods per cigar are expected to increase due to both the full year effect of FDA fees as well as higher raw material costs. We expect the US chewing tobacco market to continue to decline.

Swedish Match will continue to invest in growth for snus and nicotine pouches outside Scandinavia in 2017. We expect continued growth in volumes and sales. Market related costs are expected to increase somewhat primarily related to the expansion of ZYN in the US market. Operating loss for snus and nicotine pouches outside Scandinavia is expected to be broadly in line with 2016 on a constant currency basis.

The effective corporate tax rate in 2017, excluding associated companies and non-taxable larger one-time items, is expected to be similar to 2016, assuming no changes to current tax regimes. There are currently general expectations that there will be a US corporate income tax reform. Due to the uncertain outcome and structure of such reform, Swedish Match makes no projections to whether the impact would be positive or negative for the Company. The Company remains committed to returning cash not needed in operations to shareholders.