

Q2 2014

☆☆☆
SWEDISH MATCH®

Half Year Report

JANUARY – JUNE 2014

- Sales for the second quarter increased by 4 percent to 3,339 MSEK (3,220). In local currencies, sales for the second quarter also increased by 4 percent.
- Operating profit from product areas¹⁾ declined for the second quarter by 1 percent to 862 MSEK (871). In local currencies, operating profit from product areas¹⁾ also declined by 1 percent for the second quarter.
- Operating profit²⁾ amounted to 941 MSEK (968) for the second quarter.
- EPS (basic) for the second quarter amounted to 3.27 SEK (3.34).

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

²⁾ Operating profit for the Group includes share of net profit in STG and larger one-time items.



THE SECOND QUARTER

SUMMARY

Sales for the second quarter of 2014 increased by 4 percent to 3,339 MSEK (3,220) compared to the same period of the previous year. Currency translation has affected the sales comparison negatively by 5 MSEK. In local currencies, sales increased by 4 percent.

In the second quarter, sales for the product area Snus and moist snuff increased by 3 percent to 1,267 MSEK (1,230) compared to the second quarter of the prior year. In local currencies, sales also increased by 3 percent. Operating profit in the second quarter for Snus and moist snuff increased by 3 percent to 562 MSEK (546), and the operating margin was 44.4 percent (44.4).

Scandinavian snus sales increased by 5 percent, driven by higher shipment volumes. Volumes were higher in Norway, Sweden, and in Travel Retail. Operating profit for snus in Scandinavia also increased versus the comparable quarter of the prior year.

In the US, sales of snus and moist snuff in local currency for the second quarter were 5 percent lower than in the same period of the previous year on lower volumes. Spending behind Swedish snus in the US was somewhat lower than a year ago, and operating profit for moist snuff declined in local currency.

For Other tobacco products, sales in the second quarter increased by 2 percent, to 699 MSEK (687). In local currency, sales increased by 1 percent. Operating profit in local currency was 6 percent lower than in the second quarter of the prior year, and reported operating profit declined by 5 percent to 279 MSEK (295). Currency translation has affected the sales and operating profit comparisons positively by 4 MSEK

and 1 MSEK, respectively. Compared to the second quarter of the prior year, sales in local currency were higher for US cigars and lower for chewing tobacco. Operating margin for Other tobacco products was 39.9 percent (42.9), adversely impacted by lower profitability for cigars.

Operating profit from product areas declined by 1 percent to 862 MSEK (871). In local currencies, the operating profit also declined by 1 percent. Operating margin from product areas for the second quarter was 25.8 percent (27.1).

The share of net profit in STG, after interest and tax, amounted to 78 MSEK (95).

Operating profit, including share of net profit in STG and larger one-time items, declined to 941 MSEK (968) during the second quarter. The operating margin including share of net profit in STG was 28.2 percent (30.0) and the EBITDA margin was 30.3 percent (32.0).

The Group's net finance cost for the second quarter amounted to 125 MSEK (138), while profit before income tax for the same period amounted to 816 MSEK (830).

Basic earnings per share (EPS) for the second quarter amounted to 3.27 SEK (3.34).

Sales and results for the first six months

Sales for the first six months amounted to 6,353 MSEK (6,202). Operating profit from product areas declined to 1,672 MSEK (1,704). In local currencies, sales increased by 3 percent, while operating profit declined by 2 percent. Operating margin from product areas for the first six months was 26.3 percent (27.5).

During the first six months of 2013, Swedish Match recognized an additional capital gain of 161 MSEK reported under larger one-time items. This gain arose from the sale of a parcel of land adjacent to the old headquarters building in Stockholm in 2007, for which the final purchase price was subject to the approval of a changed city plan.

Operating profit, including share of net profit in STG and larger one-time items, amounted to 1,798 MSEK (1,999). The share of net profit in STG amounted to 127 MSEK (134) for the first six months. Operating margin including share of net profit in STG, for the first six months, was 28.3 percent (29.6) and the EBITDA margin was 30.6 percent (31.8).

Basic earnings per share (EPS) for the first six months, excluding larger one-time items, amounted to 6.18 SEK (6.24), while diluted EPS, excluding larger one-time items, was 6.18 SEK (6.23).

Summary of consolidated income statement

MSEK	April–June		January–June		Full year
	2014	2013	2014	2013	2013
Sales	3,339	3,220	6,353	6,202	12,610
Operating profit from product areas ¹⁾	862	871	1,672	1,704	3,375
Operating profit ²⁾	941	968	1,798	1,999	3,855
Profit before income tax	816	830	1,547	1,725	3,310
Profit for the period	651	667	1,231	1,408	2,711
Earnings per share, basic, SEK	3.27	3.34	6.18	7.05	13.63
Earnings per share, excl. larger one-time items, basic, SEK	3.27	3.33	6.18	6.24	12.82

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

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

January–June

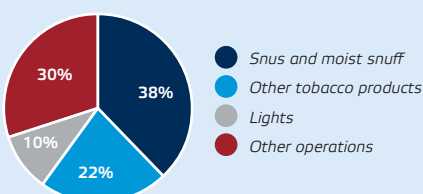
Sales

6,353 MSEK

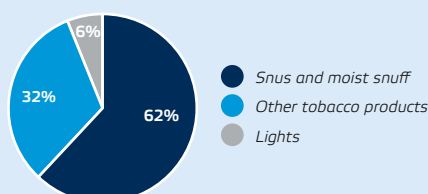
Operating profit

1,672 MSEK

Sales by product area



Operating profit by product area¹⁾



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

CEO Lars Dahlgren comments:

In the second quarter, Swedish Match reported increased sales and slightly lower operating profit compared to the second quarter of prior year. For Snus and moist snuff, sales and operating profit increased, driven by an improved result in Scandinavia. For Other tobacco products, sales increased while the operating profit declined due to lower profitability for cigars.

In Scandinavia, the positive market development continued with strong market growth for snus in both Sweden and Norway measured in number of cans. In Sweden, the growth was driven by value priced products. Swedish Match's underlying snus volumes in the quarter are estimated to have increased across Scandinavia; in Sweden, Norway, as well as in Travel Retail.

For *General* snus in the US we maintained our focused efforts to grow the brand and the snus category with a high level of consumer engagement activities and to a lesser extent expanded distribution. For moist snuff in the US, while overall volumes declined, we saw continued growth for our pouch and tub offerings.

Within Other tobacco products, volumes increased for cigars as we continued to gain market share in the natural wrapper cigar segment with our *Game* product. However, operating profit for cigars declined as the market has become more promotional and the average price per cigar declined. For our chewing tobacco business, after an exceptionally strong first quarter, volumes declined. Despite the volume decline, operating profit for chewing tobacco increased slightly, with a good pricing/product mix.

Our Lights businesses showed a softer performance during the quarter, with declines in sales and profits. Profits for lighters, however, increased somewhat, and the operating margin for our Lights product area was on par with the prior year.

Sales by product area

MSEK	April–June		Change %	January–June		Change %	Full year 2013
	2014	2013		2014	2013		
Snus and moist snuff	1,267	1,230	3	2,421	2,403	1	4,868
Other tobacco products	699	687	2	1,385	1,352	2	2,564
Lights	299	326	-8	614	654	-6	1,332
Other operations	1,074	976	10	1,932	1,793	8	3,847
Sales	3,339	3,220	4	6,353	6,202	2	12,610

Operating profit by product area

MSEK	April–June		Change %	January–June		Change %	Full year 2013
	2014	2013		2014	2013		
Snus and moist snuff	562	546	3	1,067	1,080	-1	2,195
Other tobacco products	279	295	-5	546	555	-2	1,029
Lights	49	53	-7	104	112	-6	230
Other operations	-28	-22		-46	-43		-80
Operating profit from product areas	862	871	-1	1,672	1,704	-2	3,375
Share of net profit in STG	78	95	-17	127	134	-5	319
Subtotal	941	966	-3	1,798	1,837	-2	3,693
Capital gain from sale of land	-	2		-	161		161
Total larger one-time items	-	2		-	161		161
Operating profit	941	968	-3	1,798	1,999	-10	3,855

Operating margin by product area¹⁾

Percent	April–June		January–June		Full year 2013
	2014	2013	2014	2013	
Snus and moist snuff	44.4	44.4	44.1	44.9	45.1
Other tobacco products	39.9	42.9	39.4	41.1	40.1
Lights	16.4	16.2	17.0	17.1	17.3
Operating margin from product areas²⁾	25.8	27.1	26.3	27.5	26.8
Operating margin³⁾	28.2	30.0	28.3	29.6	29.3

¹⁾ Excluding larger one-time items.

²⁾ Excluding share of net profit in STG.

³⁾ Including share of net profit in STG.

EBITDA by product area¹⁾

MSEK	April–June		Change %	January–June		Change %	Full year 2013
	2014	2013		2014	2013		
Snus and moist snuff	604	584	3	1,150	1,159	-1	2,358
Other tobacco products	291	307	-5	570	580	-2	1,081
Lights	57	61	-6	121	128	-6	263
Other operations	-17	-16		-25	-32		-52
EBITDA from product areas	935	937	0	1,816	1,835	-1	3,650
Share of net profit in STG	78	95	-17	127	134	-5	319
EBITDA²⁾	1,013	1,031	-2	1,942	1,969	-1	3,968

¹⁾ Excluding larger one-time items.

²⁾ Including share of net profit in STG.

EBITDA margin by product area¹⁾

Percent	April–June		January–June		Full year 2013
	2014	2013	2014	2013	
Snus and moist snuff	47.6	47.5	47.5	48.2	48.4
Other tobacco products	41.6	44.7	41.1	42.9	42.2
Lights	19.2	18.8	19.7	19.6	19.8
EBITDA margin from product areas²⁾	28.0	29.1	28.6	29.6	28.9
EBITDA margin³⁾	30.3	32.0	30.6	31.8	31.5

¹⁾ Excluding larger one-time items.

²⁾ Excluding share of net profit in STG.

³⁾ Including share of net profit in STG.

Sweden is the world's largest snus market measured by per capita consumption. A substantially larger proportion of the male population uses Swedish snus compared to cigarettes. The Norwegian market is smaller than the Swedish market but has experienced strong volume growth in recent years. The US is the world's largest moist snuff market measured in number of cans and is about five times larger than the Scandinavian snus market. In Sweden and Norway, Swedish Match has a leading position. In the US, the Group is the third largest player in moist snuff, and has a growing position in Swedish snus. Some of the best known brands include *General*, *Ettan*, *Grov*, *Göteborgs Rapé*, *Catch*, *Kaliber*, and *Kronan* in Sweden, *General*, *Nick* and *Johnny*, and *The LAB* in Norway, and *Longhorn*, *Timber Wolf*, and *General* in the US.

SNUS AND MOIST SNUFF

The second quarter

In local currencies, sales for the product area Snus and moist snuff increased by 3 percent during the second quarter compared to the same quarter of the previous year. Reported sales increased by 3 percent to 1,267 MSEK (1,230). Operating profit increased by 3 percent to 562 MSEK (546) and includes an operating loss for international snus expansion in the US and through SMPM International amounting to 72 MSEK (82). The operating margin for the product area was 44.4 percent (44.4).

In Scandinavia, shipment volumes measured in number of cans, were up by close to 5 percent compared to the same period of the previous year, and on an underlying basis (adjusted for different timing of the Easter between the years) the estimated volume growth for Swedish Match snus was 2 percent in the quarter. Underlying vol-

umes increased in Sweden and Norway as well as in Travel Retail.

The Swedish market continued to exhibit strong volume growth measured by the number of cans in the second quarter. Swedish Match estimates the total market growth to have been approximately 5 percent compared to the second quarter of the prior year, with strong growth for value priced products and relatively stable volumes for premium products. Value priced products comprise close to 43 percent of the Swedish market in volume terms. Swedish Match actively participates in the growth of the value segment, and its market share within this segment has increased slightly compared to the second quarter of the prior year. However, Swedish Match's market share in the value segment is lower than in the premium segment, which is the main reason why Swedish Match's underlying

volumes on the Swedish market grew by less than the estimated market growth.

The Norwegian market continued to show good volume growth in the quarter, up by approximately 7 percent, driven by strong growth for pouch products. Swedish Match estimates that the total Scandinavian snus market increased by somewhat more than 5 percent in volume terms versus the prior year in the second quarter.

Sales revenues for Swedish Match in Scandinavia increased in line with shipment volumes by 5 percent in SEK in the second quarter compared to the second quarter of the prior year as slight price increases compensated for negative mix effects and a weaker Norwegian krona. Operating profit also increased, while operating margin declined somewhat.

General snus in the US is now available in about 24,000 stores and investments

Snus and moist snuff January–June

Sales

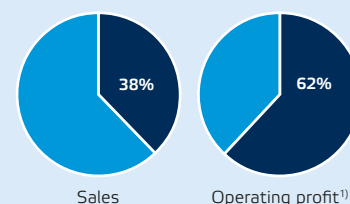
2,421 MSEK

Operating profit

1,067 MSEK

Key data, MSEK	April–June		January–June		Full year
	2014	2013	2014	2013	2013
Sales	1,267	1,230	2,421	2,403	4,868
Operating profit	562	546	1,067	1,080	2,195
Operating margin, %	44.4	44.4	44.1	44.9	45.1

Share of Group total



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

behind this brand have been increasingly directed at brand development and consumer engagement activities. Volume share for the *General* brand, the second largest snus brand on the US snus market, continued to grow in the quarter and amounted to approximately 11 percent according to Nielsen.

On June 11, Swedish Match announced that it has submitted a Modified Risk Tobacco Products application to the US Food and Drugs Administration. The application relates to sub-brands in the General snus product line. Based on extensive Swedish and international evidence on the health effects of snus, Swedish Match seeks permission to use warning labels that differ from mandatory warning labels on other smokeless tobacco products marketed in the US.

For the US moist snuff business, volume measured in number of can equivalents was down by 7 percent versus the prior year's second quarter on lower volumes for traditional loose varieties. The volume comparison to the second quarter of the prior year was negatively impacted by the timing of promotions. For both tubs under the *Longhorn* brand as well as for the pouch portfolio, volumes in can equivalents increased versus prior year. For total moist snuff, sales were down by 5 percent and operating profit was lower.

The first six months

For the first six months of the year, sales for the product area increased to 2,421 MSEK (2,403) and operating profit declined to 1,067 MSEK (1,080), and included an operating loss for international snus expansion

in the US and through SMPM International amounting to 150 MSEK (144). The operating margin for the product area was 44.1 percent (44.9).

In Scandinavia, sales revenues increased by 2 percent, while shipment volumes increased by 3 percent. Swedish Match estimates that its underlying volumes on the Scandinavian market increased by somewhat less than 2 percent for the first six months compared to the same period of the prior year. Operating profit was in line with the first six months of the previous year.

In the US, sales revenues in local currency for moist snuff for the first six months were down by 3 percent versus prior year on 4 percent lower volumes. Operating profit for moist snuff was also lower.

General, *Catch*, and *Göteborgs Rapé* are some of Scandinavia's most popular snus brands. In the US, *Timber Wolf* is one of the Company's best known moist snuff brands while *General* is increasing its presence in the small but growing snus category.



CIGARS AND CHEWING TOBACCO

OTHER TOBACCO PRODUCTS

The product area Other tobacco products consists of US cigars and chewing tobacco. Swedish Match is a major player in the US mass market cigar market, with such well known brands as *White Owl*, *Garcia y Vega*, and *Game by Garcia y Vega*. Swedish Match is the leading producer of chewing tobacco in the US. Well known brands include *Red Man* and *Southern Pride*. The market for chewing tobacco shows a declining trend.



The second quarter

During the second quarter, sales for the product area Other tobacco products were 1 percent higher in local currency compared to the same period of the previous year, while operating profit in local currency declined by 6 percent. Reported sales for the product area increased by 2 percent to 699 MSEK (687) and operating profit was 279 MSEK (295). In local currency, sales were up for cigars and down for chewing tobacco. The operating margin for the product area was 39.9 percent (42.9).

For cigars in the US, volumes increased by 9 percent compared to the second quarter of the prior year driven by strong growth for natural cigars. Sales were somewhat higher in local currency with the average price per cigar adversely affected by an increased promotional product mix. Operating profit was below the level of the prior year as a consequence of a lower gross profit margin.

US chewing tobacco shipments in the second quarter were down by 10 percent compared to the second quarter of the prior year, following an exceptionally strong first quarter this year. Second quarter volumes were lower for both Swedish Match brands and contract manufacturing deliveries. Sales in local currency were down somewhat, while operating profit was slightly higher, with higher average prices contributing to this profit growth.

The Swedish Match cigar portfolio on the US market for mass market cigars includes the well known brand *White Owl*. The cigars are presented in FoilFresh® packaging which guarantees freshness. *White Owl Blue* is one of the newest additions to the *White Owl* assortment. The *Red Man* family of chewing tobacco is the best selling chewing tobacco brand in the US.

Other tobacco products January–June

Sales

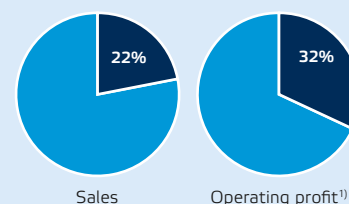
1,385 MSEK

Operating profit

546 MSEK

Key data, MSEK	April–June		January–June		Full year
	2014	2013	2014	2013	2013
Sales	699	687	1,385	1,352	2,564
Operating profit	279	295	546	555	1,029
Operating margin, %	39.9	42.9	39.4	41.1	40.1

Share of Group total



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

MATCHES AND LIGHTERS

LIGHTS

Swedish Match is the market leader in a number of markets for matches. The match brands are mostly local, with leading positions in their home countries. Larger brands include *Solstickan*, *Fiat Lux*, *Swan*, *Tres Estrellas*, *Feudor*, and *Redheads*. The Group's main brand for disposable lighters is *Cricket*. Swedish Match's largest market for lighters is Russia.

The first six months

Sales for the product area for the first six months amounted to 1,385 MSEK (1,352) while operating profit amounted to 546 MSEK (555). In local currency, sales for the first six months were up by 2 percent, while operating profit was down by 2 percent. Operating margin for the product area was 39.4 percent (41.1).

Sales in local currency were higher for cigars, while operating profit declined. The increased sales for cigars were a result of 7 percent higher volumes partially offset by a more promotional mix.

For chewing tobacco, sales in local currency were slightly higher than for the first six months of 2013 as higher average sales prices compensated for a volume decline of 1 percent. Operating profit for chewing tobacco in local currency increased compared to the prior year.

The second quarter

During the second quarter, sales for the Lights product area amounted to 299 MSEK (326). Currency translation effects have affected the sales comparison negatively by 5 MSEK. Operating profit amounted to 49 MSEK (53) and the operating margin was 16.4 percent (16.2). In local currencies, sales were lower for both lighters and matches compared to the second quarter of the prior year, while operating profit was marginally higher for lighters, and lower for matches.

The first six months

Sales for the product area for the first six months declined to 614 MSEK (654), and operating profit declined to 104 MSEK (112). In local currencies sales as well as operating profit declined versus the prior year. Compared to the first six months of the previous year, operating profit increased for lighters and declined for matches. Operating margin for the product area was 17.0 percent (17.1).



Swedish Match sells matches on many markets in the world and the *Solstickan* brand is well known in Sweden. *Cricket*, one of the best known brands for quality disposable lighters, is popular in Europe, Russia, Brazil, Malaysia, among other markets.

Lights January–June

Sales

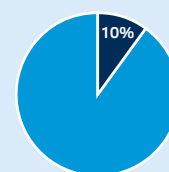
614 MSEK

Operating profit

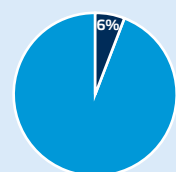
104 MSEK

Key data, MSEK	April–June		January–June		Full year
	2014	2013	2014	2013	2013
Sales	299	326	614	654	1,332
Operating profit	49	53	104	112	230
Operating margin, %	16.4	16.2	17.0	17.1	17.3

Share of Group total



Sales



Operating profit¹⁾

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

Other operations

Other operations are primarily the distribution of tobacco products on the Swedish market, and corporate overhead costs.

The second quarter

Sales in Other operations for the second quarter amounted to 1,074 MSEK (976). Operating loss for Other operations was 28 MSEK (22).

The first six months

Sales for the first six months amounted to 1,932 MSEK (1,793). Operating loss for the first six months was 46 MSEK (43).

Scandinavian Tobacco Group

Scandinavian Tobacco Group (STG) was established on October 1, 2010, following a merger between the tobacco activities in Scandinavian Tobacco Group A/S and the European mass market cigar, US premium cigar and pipe tobacco businesses of Swedish Match. The Danish company Skandinavisk Holding A/S holds 51 percent of the shares in STG, and the remaining 49 percent are held by Swedish Match. STG is the world's largest manufacturer of cigars and pipe tobacco, and holds a strong position within fine cut tobacco in Scandinavia and the US. STG's leading brands include Café Crème, La Paz, Henri Wintermans, Macanudo, CAO, Partagas (USA), Cohiba (USA), Erinmore, Borkum Riff, Colts and Tiedemanns.

Please see Note 3 for a summary of the STG consolidated income statement.

The second quarter

Sales for STG during the second quarter declined by 1 percent to 1,537 MDKK (1,552) compared to the same quarter the previous year. In local currencies sales increased by 2 percent. Reported EBITDA of 286 MDKK (341) was lower than for the comparable period last year mainly relating to negative product mix, currency effects as well as some costs of a temporary nature. Underlying EBITDA, decreased by 12 percent.

Sales for machine made cigars in local currencies were flat versus the second quarter of the prior year. Volumes continued to increase, with sales impacted by negative mix effects. The gross profit from machine made cigars was down, negatively affected by product mix effects and costs of a temporary nature.

For handmade cigars, both sales and gross profit in local currencies were up compared to the second quarter of the prior year, driven by higher volumes in the US.

For the fine cut tobacco business, higher volumes and positive country mix contrib-

uted to an increase in both sales and gross profit compared to the second quarter of the prior year. Sales and gross profit for the pipe tobacco business were down mainly due to lower volumes, partly due to timing of sales.

Operating expenses in the quarter were lower than the comparable period prior year, affecting the EBITDA positively for the quarter.

Net finance costs for the quarter decreased to 11 MDKK (32), driven by exchange gains and realized gains on financial instruments this quarter.

Net profit for the period amounted to 132 MDKK (168).

The Swedish Match reported share of net profit in STG for the second quarter amounted to 78 MSEK (95).

The first six months

Reported sales for STG during the first six months totaled 2,847 MDKK (2,857). In local currencies, sales were up by 3 percent reflecting increased sales for all product areas. Reported EBITDA amounted to 507 MDKK (556). Underlying EBITDA, adjusted for currency effects and costs of a temporary nature, was in line with the prior year.

For machine made cigars, sales in local currencies were in line with the prior year. Volume increases did not fully compensate for negative product mix effects and gross profit was lower than for the comparable period prior year.

For handmade cigars, sales and gross profit increased in local currencies on higher volumes and improved product mix.

For both the fine cut and the pipe tobacco businesses, higher volumes contributed to increases in sales and gross profit, which compensated for negative country mix effects in pipe tobacco.

Operating expenses for the first six months were lower than prior year despite the fact that the company incurred costs of a temporary nature of about 16 MDKK, including rationalization costs relating to the ongoing supply chain optimization program.

Net finance costs for the first six months decreased to 36 MDKK (50), driven by exchange gains in the first six months of 2014.

The Swedish Match share of net profit in STG for the first six months amounted to 127 MSEK (134).

On March 26, 2014, Swedish Match received a dividend from STG of 223 MSEK (224).

Taxes

For the first half of the year, the reported tax expense amounted to 316 MSEK (317), cor-

responding to a tax rate of 20.4 percent (18.4). The low reported tax rate for the first half of 2013 is explained by a non-taxable additional capital gain from the sale of a parcel of land. The reported tax rate, excluding one-time items, associated companies and joint ventures, was 22 percent (22). The earnings from associated companies and joint ventures are reported net after tax, and relate mainly to the share of earnings from STG.

Earnings per share

Basic earnings per share (EPS) for the second quarter amounted to 3.27 SEK (3.34) and diluted EPS was 3.27 SEK (3.33). Basic EPS, excluding larger one-time items, amounted to 3.27 SEK (3.33) while diluted EPS, excluding larger one-time items, was 3.27 SEK (3.32).

Basic EPS for the first six months amounted to 6.18 SEK (7.05) and diluted EPS was 6.18 SEK (7.04). Basic EPS, excluding larger one-time items, amounted to 6.18 SEK (6.24) while diluted EPS, excluding larger one-time items, was 6.18 SEK (6.23).

Depreciation, amortization and write down

In the second quarter, total depreciation, amortization and write down amounted to 72 MSEK (66), of which depreciation and write down on property, plant and equipment amounted to 62 MSEK (59) and amortization of intangible assets amounted to 10 MSEK (7).

In the first six months, total depreciation, amortization and write down amounted to 144 MSEK (132), of which depreciation and write down on property plant and equipment amounted to 124 MSEK (119) and amortization of intangible assets amounted to 20 MSEK (13).

Financing and cash flow

Cash flow from operating activities for the first six months amounted to 1,921 MSEK (1,199). The cash flow from operations increased compared to the prior year mainly as a result of improved cash flow from changes in working capital. Cash flow from changes in working capital was affected positively by timing effects in the first six months of 2014 and negatively affected in the first six months of 2013.

Investments in property, plant and equipment during the first six months amounted to 134 MSEK (160). Net cash used in investing activities amounted to 158 MSEK (30). Prior year's net cash flow from investing activities was offset by additional purchase price payments relating to the parcel of land sold in 2007 and the divestment of Swedish Match UK in 2008, in total 166 MSEK.

Net finance cost for the first six months decreased to 251 MSEK (274), mainly due to decreased debt and lower average interest rates.

The net debt as of June 30, 2014 amounted to 8,214 MSEK compared to 8,388 MSEK at December 31, 2013.

During the first six months no new bond loans were issued. Repayments of bond loans for the same period amounted to 485 MSEK. As of June 30, 2014 Swedish Match had 10,023 MSEK of interest bearing debt excluding retirement benefit obligations compared to 10,508 MSEK at December 31, 2013. During the remainder of 2014, 460 MSEK of this debt falls due for payment.

As of June 30, 2014, Swedish Match had 1,468 MSEK in unutilized committed credit lines.

In the first half of the year, Swedish Match paid a dividend totaling 1,453 MSEK and made share repurchases of 68 MSEK. During the same period the Company sold treasury shares of 53 MSEK as a result of option holders exercising options.

Cash and cash equivalents amounted to 3,022 MSEK at the end of the period, compared to 3,164 MSEK at December 31, 2013.

Share structure

During the first quarter, Swedish Match repurchased 0.3 million shares for 68 MSEK at an average price of 205.34 SEK, following authorization from the Annual General Meeting held in 2013. No shares were repurchased during the second quarter. Total shares bought back by Swedish Match since the buyback program started have been repurchased at an average price of 106.37 SEK.

During the first six months, the Company sold 0.4 million treasury shares at an average price of 141.24 SEK, totaling 53 MSEK, as a result of option holders exercising options.

In accordance with the resolution at the Annual General Meeting on May 7, 2014, Swedish Match has cancelled 1.5 million repurchased treasury shares. The total number of outstanding shares in the Company, including treasury shares, after the cancellation amount to 200.5 million.

As per June 30, 2014 Swedish Match held 1.4 million shares, corresponding to 0.70 percent of the total number of shares. The number of shares outstanding, net, as per June 30, 2014, amounted to 199.1 million. As of June 30, 2014, the Company has outstanding call options corresponding to 0.7 million shares that expire in February 2015.

Other events

The Swedish Competition Authority is conducting an investigation into whether a

labelling system for snus coolers owned by Swedish Match and placed in retail outlets constitutes an abuse of dominant position in breach of competition legislation. The labelling system followed the same standardized template as for labels within other consumer goods categories on the Swedish market. It was implemented for a short period in 2012 and was later withdrawn. Swedish Match is of the opinion that the labelling system does not constitute an infringement of dominant position and should the Competition Authority initiate court proceedings the case will be defended vigorously.

Outlook

We expect both the Scandinavian snus market and the US market for moist snuff and snus to continue to grow in volume terms in 2014. In Sweden as well as in the US moist snuff market, we expect value priced products to grow faster than the overall market. In the US moist snuff market, Swedish Match's product portfolio is exclusively positioned in the value segment. In Sweden, Swedish Match competes in all price segments of the market with a particularly strong position in the premium segment. The expected faster growth of value priced products in Sweden is likely to imply some negative mix effects.

During the year we will continue to invest in growth for snus internationally, particularly in the US, and also continue to invest for share growth in the fast growing pouch segment of the US moist snuff market.

For cigars in the US, Swedish Match expects the market to remain highly competitive during 2014.

The tax rate for 2014, excluding one-time items as well as associated companies and joint ventures, is expected to be around 22 percent.

The Company maintains its long term financial strategy and dividend policy, and we remain committed to returning cash not needed in operations to shareholders.

Risk factors

Swedish Match faces intense competition in all of its markets and for each of its products and such competition may increase in the future. In order to be successful the Group must develop products and brands that resonate with changing consumer trends, and price and promote its brands competitively. Restrictions on advertising and promotion may, however, make it more difficult to counteract loss of consumer loyalty. Competitors may develop and promote new products which could be successful, and could thereby have an adverse effect on Swedish Match results of operations.

Swedish Match has a substantial part of its production and sales in the US as well as in Brazil, Norway and EMU member countries. Consequently, changes in exchange rates of the euro, Norwegian krona, Brazilian real and in particular the US dollar may adversely affect the Group's results of operations, cash flow, financial condition or relative price competitiveness in the future. Such effects may occur both in local currencies and when such local currencies are translated into Swedish currency for purposes of financial reporting.

Regulatory and fiscal changes related to tobacco and other taxes, as well as to the marketing, sale and consumption of tobacco products, in the countries where the Group is operating may have an adverse effect on Swedish Match results of operations.

For a further description of risk factors affecting Swedish Match, see the Report of the Board of Directors in the published Swedish Match annual report for 2013.

Swedish Match AB (publ)

Swedish Match AB (publ) is the Parent Company of the Swedish Match Group. The main sources of income for the Parent Company are dividends and Group contributions from subsidiaries.

Sales in the Parent Company for the first six months amounted to 22 MSEK (22). Loss before income tax amounted to 86 MSEK (profit 1,598) and net profit for the first six months amounted to 41 MSEK (1,743). The lower net profit for the first six months of 2014 mainly pertains to lower dividends from subsidiaries compared to the previous year. In addition, previous year's first six months included a gain on sale of a subsidiary amounting to 757 MSEK and additional proceeds of 161 MSEK relating to a parcel of land adjacent to the old headquarters building in Stockholm.

Part of the Group's treasury operations are within the operations of the Parent Company including the major part of the Group's external borrowings. The majority of these loans have fixed interest rates and hence any changes in interest rates would have an immaterial impact on the result of the Parent Company.

No capital expenditures on tangible and intangible fixed assets have been recognized during the first six months of 2014. During prior year's first six months, a minor amount was capitalized as tangible fixed asset.

During the first six months no new bond loans were issued and repayments of bond loans amounted to 485 MSEK. During the period, the Parent Company made share repurchases of 0.3 million (0.6) shares for

68 MSEK (138) and sold 0.4 million (1.1) treasury shares for 53 MSEK (165).

A dividend of 1,453 MSEK (1,459) has been paid during the period.

Forward-looking information

This report contains forward-looking information based on the current expectation of the Swedish Match Group's management. Although management deems that the

expectations presented by such forward-looking information are reasonable, no guarantee can be given that these expectations will prove correct. Accordingly, the actual future outcome could vary considerably compared to what is stated in the forward-looking information, due to such factors as changed market conditions for Swedish Match's products and more general conditions regarding business cycles, mar-

ket and competition, changes in legal requirements and other political measures, and fluctuation in exchange rates.

Additional information

This report has not been reviewed by the Company's auditors. The January–September 2014 report will be released on October 24, 2014.

The Board of Directors and the CEO declare that the half year report gives a true and fair view of the operations, position and result of the Company and the Group and describes the major risks and uncertainties of the Company and the companies in the Group.

Stockholm, July 18, 2014

Conny Karlsson
Chairman of the Board

Andrew Cripps
Deputy Chairman

Kenneth Ek
Board member

Patrik Engelbrektsson
Board member

Karen Guerra
Board member

Eva Larsson
Board member

Wenche Rolfsen
Board member

Robert Sharpe
Board member

Meg Tivéus
Board member

Joakim Westh
Board member

Lars Dahlgren
President and CEO

Key data

All key data have been calculated excluding larger one-time items, unless otherwise stated.

	January–June		12 months ended	Full year
	2014	2013	June 30, 2014	2013
Operating margin, %	28.3	29.6	28.6	29.3
Operating capital, MSEK	7,596	7,704	7,596	7,729
Return on operating capital, %			47.8	49.3
EBITDA, MSEK ¹⁾	1,942	1,969	3,942	3,968
EBITA, MSEK ²⁾	1,819	1,850	3,693	3,725
Net debt, MSEK	8,214	9,229	8,214	8,388
Net debt/EBITA ²⁾			2.2	2.3
Investments in property, plant and equipment, MSEK ³⁾	134	160	280	306
EBITA interest cover	7.3	6.9	7.2	7.0
<i>Excluding share of net profit in STG</i>				
EBITA, MSEK ²⁾	1,692	1,717	3,381	3,406
Net debt/EBITA ²⁾			2.4	2.5
<i>Share data</i>				
Earnings per share, basic, SEK				
Including larger one-time items	6.18	7.05	12.72	13.63
Excluding larger one-time items	6.18	6.24	12.72	12.82
Earnings per share, diluted, SEK				
Including larger one-time items	6.18	7.04	12.71	13.61
Excluding larger one-time items	6.18	6.23	12.71	12.80
Number of shares outstanding at end of period	199,088,729	199,830,395	199,088,729	199,045,521
Average number of shares outstanding, basic	199,105,020	199,533,920	199,268,876	198,930,422
Average number of shares outstanding, diluted	199,194,773	199,962,358	199,443,421	199,274,054

¹⁾ Operating profit adjusted for depreciation, amortization and write-downs of tangible and intangible assets.

²⁾ Operating profit adjusted for amortization and write-downs of intangible assets.

³⁾ Including investments in forest plantations of 9 MSEK (1.2).

Consolidated income statement in summary

MSEK	April–June		Change %	January–June		Change %	12 months ended June 30, 2014	Full year 2013	Change %
	2014	2013		2014	2013				
Sales, including tobacco tax	6,603	6,430		12,300	12,190		25,102	24,991	
Less tobacco tax	-3,264	-3,210		-5,947	-5,988		-12,341	-12,381	
Sales	3,339	3,220	4	6,353	6,202	2	12,761	12,610	1
Cost of goods sold	-1,784	-1,673		-3,345	-3,201		-6,792	-6,647	
Gross profit	1,555	1,546	1	3,007	3,001	0	5,969	5,963	0
Selling and administrative expenses	-681	-668		-1,318	-1,286		-2,589	-2,556	
Share of profit/loss in associated companies and joint ventures	67	87		109	122		274	287	
Capital gain from sale of land	-	2		-	161		-	161	
Operating profit	941	968	-3	1,798	1,999	-10	3,654	3,855	-5
Finance income	8	8		16	16		33	34	
Finance costs	-133	-146		-267	-290		-555	-578	
Net finance cost	-125	-138		-251	-274		-522	-544	
Profit before income tax	816	830	-2	1,547	1,725	-10	3,133	3,310	-5
Income tax expense	-165	-163		-316	-317		-599	-600	
Profit for the period	651	667	-2	1,231	1,408	-13	2,534	2,711	-7
<i>Attributable to:</i>									
Equity holders of the Parent	651	667		1,231	1,407		2,535	2,712	
Non-controlling interests	0	0		0	0		-1	-1	
Profit for the period	651	667	-2	1,231	1,408	-13	2,534	2,711	-7
<i>Earnings per share, basic, SEK</i>									
Including larger one-time items	3.27	3.34		6.18	7.05		12.72	13.63	
Excluding larger one-time items	3.27	3.33		6.18	6.24		12.72	12.82	
<i>Earnings per share, diluted, SEK</i>									
Including larger one-time items	3.27	3.33		6.18	7.04		12.71	13.61	
Excluding larger one-time items	3.27	3.32		6.18	6.23		12.71	12.80	

Consolidated statement of comprehensive income

MSEK	April–June		January–June		12 months ended June 30, 2014	Full year 2013
	2014	2013	2014	2013		
Profit for the period	651	667	1,231	1,408	2,534	2,711
<i>Other comprehensive income that have or will be reclassified to the income statement</i>						
Translation differences related to foreign operations	234	262	256	144	239	127
Translation differences included in profit and loss	-	-	-	-	0	0
Effective portion of changes in fair value of cash flow hedges	18	15	-15	34	-77	-28
Share of other comprehensive income in associated companies and joint ventures	8	-66	19	9	-137	-147
Income tax relating to components of other comprehensive income	-4	-3	3	-8	17	6
Subtotal, net of tax for the period	256	207	264	180	42	-42
<i>Other comprehensive income that will not be reclassified to the income statement</i>						
Actuarial gains and losses attributable to pensions, incl. payroll tax	-7	201	-87	383	-111	359
Share of other comprehensive income in associated companies and joint ventures	-	-	0	-	5	5
Income tax relating to components of other comprehensive income	3	-81	35	-154	45	-144
Subtotal, net of tax for the period	-4	120	-52	229	-61	221
Total comprehensive income for the period	903	994	1,442	1,817	2,515	2,889
<i>Attributable to:</i>						
Equity holders of the Parent	903	994	1,442	1,816	2,516	2,890
Non-controlling interests	0	0	0	0	-1	-1
Total comprehensive income for the period	903	994	1,442	1,817	2,515	2,889

Consolidated balance sheet in summary

MSEK	June 30, 2014	December 31, 2013
Intangible assets	970	973
Property, plant and equipment	2,069	2,027
Investments in associated companies and joint ventures	4,566	4,506
Other non-current financial receivables ¹⁾	1,288	1,165
Current operating assets	2,837	3,038
Other current investments and current financial assets ²⁾	1	8
Cash and cash equivalents	3,022	3,164
Total assets	14,753	14,881
Equity attributable to equity holders of the Parent	-812	-786
Non-controlling interests	1	1
Total equity	-811	-785
Non-current provisions	1,021	1,031
Non-current loans	8,573	9,420
Other non-current financial liabilities ³⁾	1,542	1,440
Current provisions	92	103
Current loans	1,460	920
Other current liabilities ⁴⁾	2,876	2,751
Total equity and liabilities	14,753	14,881

¹⁾ Includes pension assets of 87 MSEK (84) and derivative financial instruments of 118 MSEK (55) used to hedge the Parent Company's bond loans denominated in currencies other than Swedish kronor.

²⁾ Financial derivatives of 1 MSEK (8) used to hedge the Parent Company's bond loans.

³⁾ Includes pension liabilities of 1,301 MSEK (1,128) and derivative financial instruments of 108 MSEK (202) used to hedge the Parent Company's bond loans denominated in currencies other than Swedish kronor.

⁴⁾ Includes current financial derivatives of 1 MSEK (29) used to hedge the Parent Company's bond loans denominated in currencies other than Swedish kronor.

Consolidated cash flow statement in summary

MSEK	January–June	
	2014	2013
<i>Operating activities</i>		
Profit before income taxes	1,547	1,725
Share of profit/loss in associated companies and joint ventures	-109	-122
Dividend received from associated companies	228	232
Other non-cash items and other	242	57
Income tax paid	-252	-341
Cash flow from operating activities before changes in working capital	1,655	1,550
Cash flow from changes in working capital	266	-351
Net cash from operating activities	1,921	1,199
<i>Investing activities</i>		
Purchase of property, plant and equipment	-134	-160
Proceeds from sale of property, plant and equipment	0	0
Purchase of intangible assets	0	-19
Investments in associated companies and joint ventures	-25	-20
Proceeds from sale of subsidiaries, net of cash disposed of ¹⁾	-	166
Changes in financial receivables etc.	0	3
Net cash used in investing activities	-158	-30
<i>Financing activities</i>		
Changes in loans	-484	22
Dividend paid to equity holders of the Parent	-1,453	-1,459
Repurchase of own shares	-68	-138
Stock options exercised	53	165
Other	-1	-11
Net cash used in financing activities	-1,953	-1,420
Net decrease in cash and cash equivalents	-190	-252
Cash and cash equivalents at the beginning of the period	3,164	2,824
Effect of exchange rate fluctuations on cash and cash equivalents	48	27
Cash and cash equivalents at the end of the period	3,022	2,599

¹⁾ The cash flow from sale of subsidiaries in 2013 is related to the final payment on the sale of land in 2007 and additional payment relating to the divestment of Swedish Match UK sold in 2008.

Change in shareholders' equity

MSEK	Equity attributable to holders of the Parent	Non-controlling interests	Total equity
Equity at January 1, 2013	-2,053	2	-2,051
Profit for the period	1,407	0	1,408
Other comprehensive income, net of tax for the period	409	0	409
Total comprehensive income for the period	1,816	0	1,817
Dividend	-1,459	-	-1,459
Repurchase of own shares	-138	-	-138
Stock options exercised	165	-	165
Cancellation of shares	-8	-	-8
Bonus issue	8	-	8
Equity at June 30, 2013	-1,669	2	-1,666
Equity at January 1, 2014	-786	1	-785
Profit for the period	1,231	0	1,231
Other comprehensive income, net of tax for the period	211	0	211
Total comprehensive income for the period	1,442	0	1,442
Dividend	-1,453	-	-1,453
Repurchase of own shares	-68	-	-68
Stock options exercised	53	-	53
Cancellation of shares	-3	-	-3
Bonus issue	3	-	3
Equity at June 30, 2014	-812	1	-811

Parent Company income statement in summary

MSEK	January-June	
	2014	2013
Sales	22	22
Administrative expenses	-95	-97
Operating loss	-73	-75
Result from participation in Group companies	498	2,262
Net finance cost	-511	-590
Profit/Loss before income tax	-86	1,598
Income tax	127	146
Profit for the period	41	1,743

Parent Company statement of comprehensive income

MSEK	January-June	
	2014	2013
Profit for the period	41	1,743
<i>Other comprehensive income that have or will be reclassified to the income statement</i>		
Effective portion of changes in fair value of cash flow hedges	-15	34
Income tax relating to components of other comprehensive income	3	-8
Subtotal, net of tax for the period	-11	27
Total comprehensive income for the period	30	1,770

Parent Company balance sheet in summary

MSEK	June 30, 2014	June 30, 2013	December 31, 2013
Intangible and tangible assets	1	1	1
Non-current financial assets	51,156	51,349	51,092
Current assets	224	266	2,140
Total assets	51,380	51,617	53,233
Equity	20,753	21,568	22,192
Untaxed reserves	290	230	290
Provisions	65	73	77
Non-current liabilities	26,902	28,217	27,820
Current liabilities	3,371	1,529	2,853
Total liabilities	30,337	29,818	30,750
Total equity and liabilities	51,380	51,617	53,233

Note 1 – Accounting principles

This interim report for the Group is prepared in accordance with the Accounting Standard IAS 34 Interim Financial Reporting and applicable rules in the Annual Accounts Act. The report for the Parent Company for the same period is prepared in accordance with the Annual Accounts Act, Chapter 9 and RFR 2.

The new accounting standards as well as amendments and interpretations to existing standards applicable as of January 1, 2014; *IFRS 10 Consolidated Financial Statements*, *IFRS 11 Joint Arrangements*, *IFRS 12 Disclosure of Interests in Other Entities*, amendments to *IAS 27 Separate Financial Statements*, amendments to *IAS 28 Investments in associates* and amendments to *IAS 32 Financial Instruments Presentation*, have not had any changes on the Group's financial result or position.

The accounting principles and basis of calculation in this report are the same as in the annual report for 2013, except as mentioned above.

Note 2 – Related parties transactions

The Group's related parties include joint ventures, associated companies and key management personnel with significant influence over the Company. Key management personnel with significant influence over the Company are Swedish Match Board of Directors and members of the Group Management Team.

In the normal course of business, Swedish Match conducts various transactions with associated companies and joint ventures. Transactions are conducted at an arms-length basis. At the end of the first half of 2014, receivables from these companies amounted to 24 MSEK (30) and total payables to these companies amounted to 9 MSEK (4). During the first six months 2014, total sales to associated companies and joint ventures amounted to 65 MSEK (96) and total purchases from associated companies and joint ventures amounted to 56 MSEK (42).

No transactions with key management personnel besides normal remuneration have been conducted during the period.

Note 4 – Carrying value and fair value

The following table shows carrying value and fair value for financial instruments per June 30, 2014.

Carrying value and fair value						
MSEK	Items carried at fair value via the income statement	Loans and receivables	Other financial liabilities	Cash flow hedges	Total carrying value	Fair value
Trade receivables	–	1,195	–	–	1,195	1,195
Non-current receivables	–	–	–	118	118	118
Other receivables	1	–	–	–	1	1
Cash and cash equivalents	–	3,022	–	–	3,022	3,022
Total assets	1	4,217	–	118	4,336	4,336
Loans and borrowings	–	–	10,033	–	10,033	10,580
Other liabilities	–	–	–	235	235	235
Trade payables	–	–	555	–	555	555
Total liabilities	–	–	10,588	235	10,823	11,370

All items valued at fair value in the balance sheet are considered to be included in level 2 within the fair value hierarchy. No transfer in or out of level 2 has been made during the second quarter 2014.

The recognized amounts are regarded as reasonable estimates for all items measured at carrying value in the balance sheet, except for loans and borrowings since these amounts have a long time to maturity. The fair value of loans and borrowings has been calculated by discounting future cash flow. Total nominal amount of outstanding derivatives (cross currency and interest rate swaps) is 6,160 MSEK of which 5,931 MSEK is in cash flow hedges.

Note 3 – Scandinavian Tobacco Group**Summary of STG consolidated income statement**

MDKK	January–June		Change %	Full year 2013
	2014	2013		
Sales	2,847	2,857	0	5,925
Gross profit	1,353	1,438	–6	2,914
Operating expenses	–1,037	–1,073		–2,134
Operating profit	315	365	–14	780
Net finance cost	–36	–50		–104
Income tax expense	–73	–73		–103
Net profit for the period	207	242	–15	573
EBITDA	507	556	–9	1,180
MSEK				
Swedish Match's share of net profit	122	136	–10	326
Adjustment to estimate vs. actual	5	–2		–7
Swedish Match's reported share of net profit	127	134	–5	319

QUARTERLY DATA

Consolidated income statement in summary

MSEK	2014		2013				2012		
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Sales, including tobacco tax	6,603	5,697	6,284	6,518	6,430	5,759	6,461	6,651	6,568
Less tobacco tax	-3,264	-2,683	-3,106	-3,288	-3,210	-2,777	-3,313	-3,443	-3,355
Sales	3,339	3,014	3,178	3,230	3,220	2,982	3,148	3,208	3,213
Cost of goods sold	-1,784	-1,561	-1,698	-1,749	-1,673	-1,527	-1,586	-1,617	-1,558
Gross profit	1,555	1,452	1,481	1,481	1,546	1,455	1,562	1,591	1,655
Selling and administrative expenses	-681	-637	-633	-638	-668	-618	-667	-640	-710
Share of net profit/loss in associated companies and joint ventures	67	43	84	81	87	35	91	72	107
	941	858	932	924	966	872	986	1,022	1,052
<i>Larger one-time items</i>									
Adjustment to capital gain from transfer of businesses to STG	-	-	-	-	-	-	-	-	30
Capital gain from sale of land	-	-	-	-	2	159	-	-	-
Operating profit	941	858	932	924	968	1,031	986	1,022	1,082
Finance income	8	8	9	9	8	8	10	11	12
Finance costs	-133	-134	-137	-151	-146	-144	-146	-152	-151
Net finance cost	-125	-126	-128	-142	-138	-136	-137	-141	-140
Profit before income tax	816	732	804	782	830	895	850	881	942
Income tax expense	-165	-152	-128	-154	-163	-154	-63	-188	-183
Profit for the period	651	580	675	628	667	741	787	693	759
<i>Attributable to:</i>									
Equity holders of the Parent	651	580	675	629	667	740	787	693	759
Non-controlling interests	0	0	0	-1	0	0	0	0	0
Profit for the period	651	580	675	628	667	741	787	693	759

Sales by product area

MSEK	2014		2013				2012		
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Snus and moist snuff	1,267	1,154	1,247	1,217	1,230	1,173	1,280	1,263	1,300
Other tobacco products	699	687	590	622	687	664	601	689	696
Lights	299	315	345	332	326	328	341	311	336
Other operations	1,074	858	996	1,058	976	816	926	944	880
Sales	3,339	3,014	3,178	3,230	3,220	2,982	3,148	3,208	3,213

Operating profit by product area

MSEK	2014		2013				2012		
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Snus and moist snuff	562	505	562	553	546	534	593	607	581
Other tobacco products	279	267	228	246	295	260	248	300	316
Lights	49	55	63	56	53	59	61	44	60
Other operations	-28	-18	-18	-19	-22	-20	-18	-8	-20
Operating profit from product areas	862	809	835	836	871	832	883	942	938
Share of net profit in STG	78	49	97	88	95	39	103	80	114
Subtotal	941	858	932	924	966	872	986	1,022	1,052
Adjustment to capital gain from transfer of businesses to STG	-	-	-	-	-	-	-	-	30
Capital gain from sale of land	-	-	-	-	2	159	-	-	-
Total larger one-time items	-	-	-	-	2	159	-	-	30
Operating profit	941	858	932	924	968	1,031	986	1,022	1,082

Operating margin by product area¹⁾

Percent	2014		2013				2012		
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Snus and moist snuff	44.4	43.8	45.1	45.4	44.4	45.5	46.3	48.0	44.7
Other tobacco products	39.9	38.8	38.6	39.6	42.9	39.2	41.2	43.5	45.4
Lights	16.4	17.6	18.1	16.8	16.2	17.8	17.9	14.0	17.9
Operating margin from product areas²⁾	25.8	26.9	26.3	25.9	27.1	27.9	28.0	29.4	29.2
Operating margin³⁾	28.2	28.5	29.3	28.6	30.0	29.2	31.3	31.9	32.7

¹⁾ Excluding larger one-time items.

²⁾ Excluding share of net profit in STG.

³⁾ Including share of net profit in STG.

SNUS

GÖTEBORGS RAPÉ

Göteborgs Rapé is one of Sweden's best known brands of snus first introduced in 1919. The brand has a subtle, somewhat sweet character, and with a hint of the taste of fresh herbs and juniper. The word Rapé is French for "torn" and originates from the exclusive torn tobacco in the 18th century.

Göteborgs Rapé was the first brand to introduce the white portion format and the brand is now available in the formats *White Portion Large*, *White Portion Mini*, and *White Slim Large* as well as *Loose*. *Göteborgs Rapé* is also available in Lingonberry and Lime varieties.

For the second year in a row *Göteborgs Rapé* has made available a limited Summer Edition. This year's *Summer Edition Hjortron* has a refreshing taste with hints of cloudberry and lime as well as a touch of lavender and cardamom.



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 and lighters). Well known brands include *General* snus, *Longhorn* moist snuff, *White Owl* cigars, *Red Man* chewing tobacco, *Fiat Lux* matches, and *Cricket* lighters. The Group sells products across the globe, with production units in six countries. More than a third of total company sales and more than half of the operating profit come from the product area Snus and moist snuff. In Sweden, the Group has an independent distribution company. Swedish Match also owns 50 percent of SMPM International (a joint venture with Philip Morris International for snus outside of Scandinavia and the US). In addition, Swedish Match holds a 49 percent ownership interest in Scandinavian Tobacco Group (STG). The Swedish Match share is listed on NASDAQ OMX Stockholm.



Swedish Match AB (publ)

Box 7179

SE-103 88 Stockholm, Sweden

Visiting address: Västra Trädgårdsgatan 15

Telephone: +46 8 658 02 00

Corporate Identity Number: 556015-0756

www.swedishmatch.com

