

Nasdaq Stockholm: SWMA

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## Swedish Match intends to appeal the decision by the Swedish Patent and Market Court

**During 2012, Swedish Match initiated a standardized labelling system in its own snus coolers placed in stores at no cost to the retailers.**

The ambition with the labelling system was to make an orderly and transparent presentation of snus products in the coolers. Such practice is commonly used for other consumer goods. Both Swedish Match's and the competitors' products were to be presented in Swedish Match's coolers in a standardized manner communicating brand, taste, format and price. Swedish Match's intention was that the retailers were free to decide themselves whether to use the labels or not.

Several international cigarette companies, active also in the snus market, decided to raise a complaint against the labelling system with the Swedish Competition Authority. The authority carried out an investigation, and decided in 2014 to file a claim with the Swedish Patent and Market Court. The Swedish Competition Authority claimed that the labelling system was in breach of the competition rules and asked the Court to impose fines on Swedish Match. Throughout the process, Swedish Match has vigorously contested the claim. According to Swedish Match, the labelling system has not had any effect on competition in the Swedish snus market, and neither customers nor consumers have suffered any damage.

Today, the Patent and Market Court announced its judgement. The court considers Swedish Match to have acted in breach of the competition legislation when designing and implementing the labelling system and Swedish Match is fined approximately 38 MSEK. This despite the fact that the court found that the labelling system did not have any effect on the market.

- We do not share the court's assessment and we intend to appeal the judgment to the Swedish Patent and Market Court of Appeal. It should be noted that this case essentially concerns whether Swedish Match had the right to introduce labelling guidelines for 73,5 x 39 mm labels in its own coolers. Standardized labels are common practice for almost all product categories in stores, says Swedish Match General Counsel, Marie-Louise Heiman.
- Our ambition has been to create an orderly labelling system which would help our customers and consumers to get an overview of the wide assortment of snus in our coolers and at the same time ensure that the very strict tobacco legislation is adhered to. We have noticed that marketing of snus in our coolers by other companies often challenges the legislation. We believe that it is both in the interest of Swedish Match and our customers that other manufacturers do not use material in our coolers that is in breach of the tobacco legislation, concludes Marie-Louise Heiman.

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Swedish Match develops, manufactures, and sells quality products with market-leading brands in the product areas Snus and moist snuff, Other tobacco products (cigars and chewing tobacco), and Lights (matches, lighters, and complementary products). Production is located in six countries, with sales concentrated in Scandinavia and the US. The Group's global operations generated sales of 15,313 MSEK for the twelve month period ending 30 September 2016. The Swedish Match share is listed on Nasdaq Stockholm (SWMA).

Swedish Match's vision is a world without cigarettes. Some of its well-known brands include: *General, Longhorn, White Owl, Red Man, Fiat Lux, and Cricket.*

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