

☆☆☆
SWEDISH MATCH

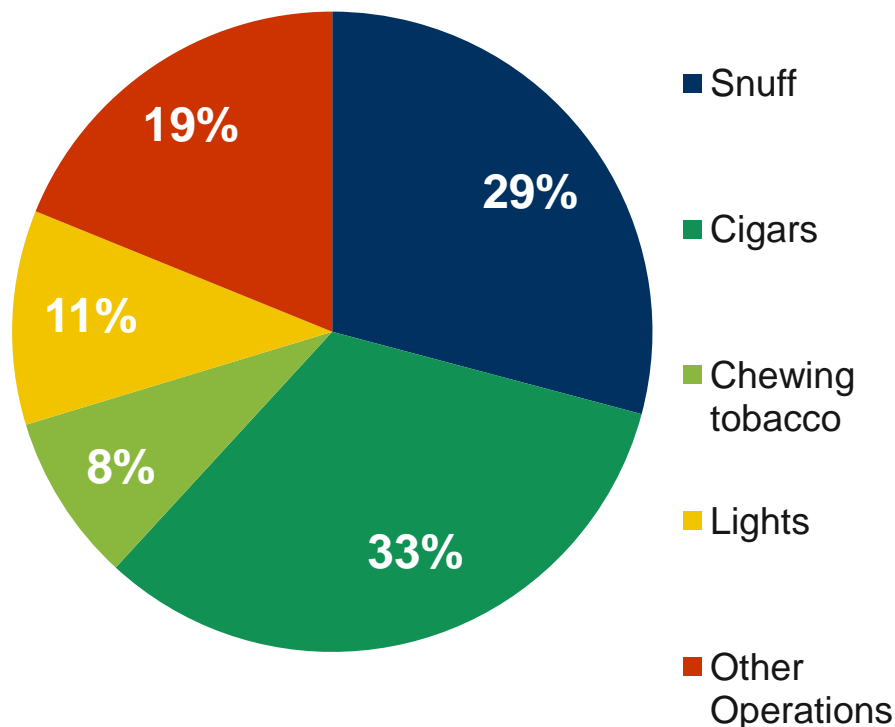
January – June 2009

Investor Kit

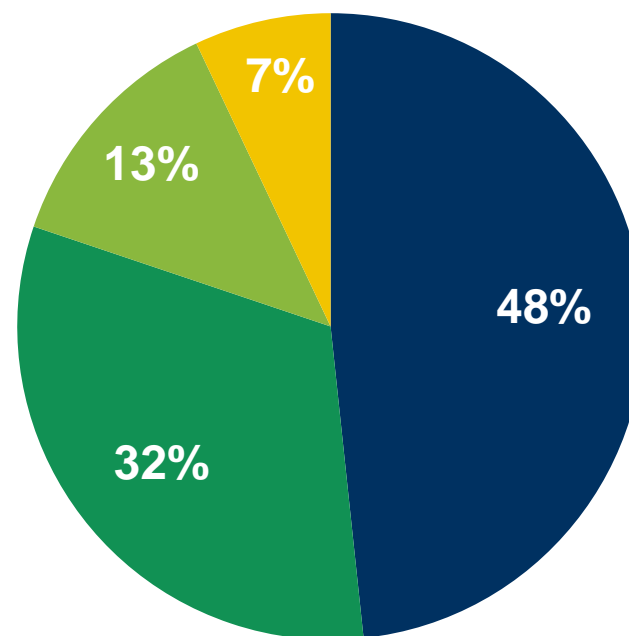


Group sales and operating profit* – H1 2009

Sales split, SEK



Operating profit** split, SEK

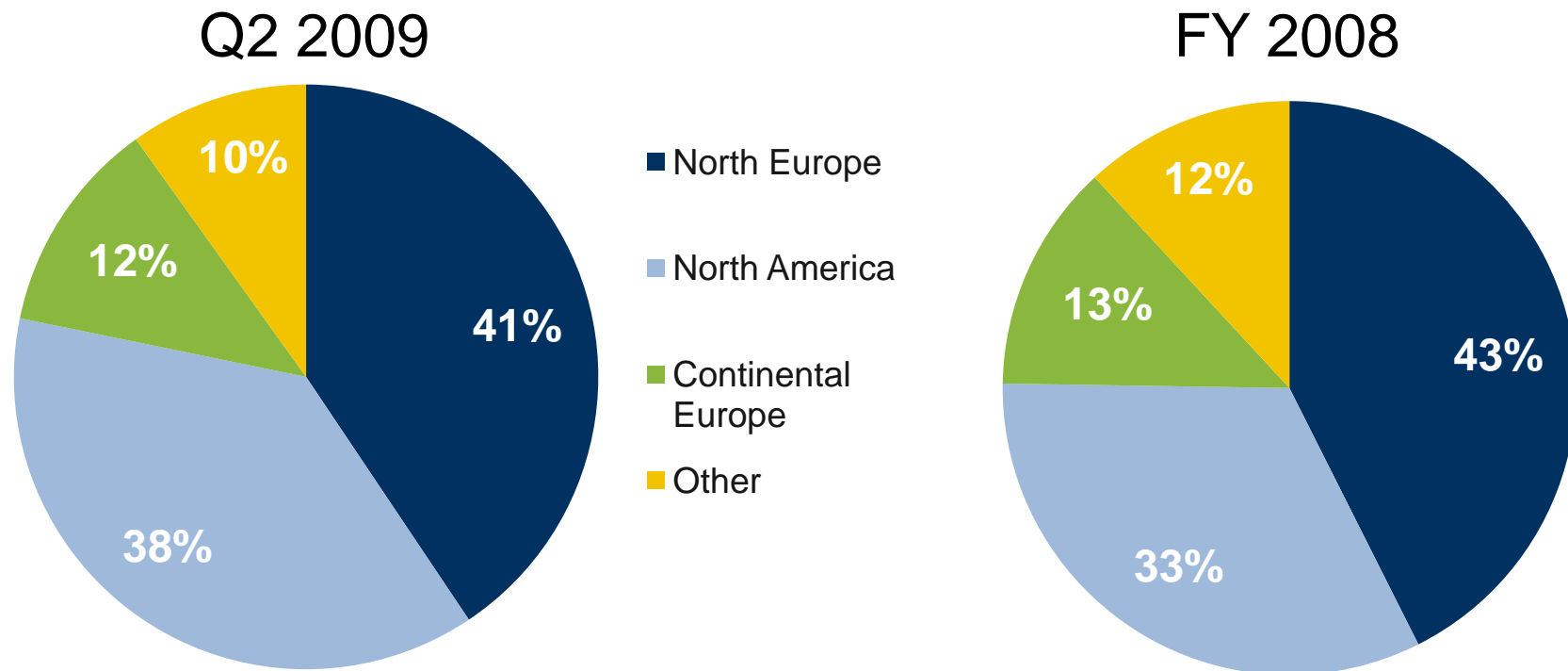


* On July 2, 2009, Swedish Match AB announced the agreement to sell its South African operations, Swedish Match South Africa (Proprietary) Limited ("SMSA"). This entity has therefore been reported as discontinued operations and is excluded from the charts above. The main businesses of SMSA are pipe tobacco and nasal snuff.

** Excluding Other operations

Sales by currency block*

Percent of sales, SEK



* From continuing operations (excludes South African business) . Totals may not add to 100% due to rounding

Conclusions from the second quarter - sales

- **Net sales*** up 16 percent, up 2 percent in local currencies
- **Scandinavian snus** sales up 8 percent, on 6 percent higher volume
 - Volume growth in Sweden, Norway, and travel/retail
- **US snuff** sales up 13 percent in USD, on 21 percent higher volume
 - Replenishment of inventories following stock drawdowns in March
- **Cigar** sales increased by 25 percent, driven by both currency translation and price increases
 - US mass market sales were up 11 percent in USD, while US premium cigar sales were down 1 percent
- **Chewing tobacco** sales up 39 percent, up 5 percent in USD
- **Lights** sales up 4 percent

* From continuing operations (excludes South African business)

Conclusions from the second quarter

- **Operating profit* increased by 30 percent, and by 13 percent in local currencies**
 - ↪ Snuff operating margin was 42.6 percent, vs. 43.6 percent previous year and 40.9 percent in Q1 09
 - Impacted by stronger USD and a larger US business and lower average US prices
 - ↪ Cigar operating profit up 22 percent in local currency
 - Post FET destocking effects less than anticipated due to strong volume of small US machine made cigars and cigars with "foil fresh" packaging
 - Price increases above FET for US machine made cigars
 - ↪ Solid profitability for chewing tobacco, pipe tobacco, and lights
 - ↪ Including South Africa, operating profit was 961 MSEK in Q2 (738)

* From continuing operations (excludes South African business)

Conclusions from the second quarter

- **Tax rate for the Group was 22 percent for the first six months vs. 14.5 percent for full year 2008**
 - Prior year tax rate included several one time positive effects, including non-taxable capital gains and reversals of tax provisions
 - Full year tax rate for the Group's continuing operations and excluding one time items estimated to be around 22 percent
- **Solid cash position and limited debt repayments through 2009**
 - Cash and cash equivalents are 2,547 MSEK vs. 2,404 MSEK previous year
 - 224 MSEK of interest bearing debt remains due in 2009, with 440 MSEK paid in H1
- **Share repurchased during the quarter amounted to 4.1 million shares at a price of 496 MSEK**

ACNielsen snuff/snus consumption data

- **SM total volume market share Apr/May in Sweden was 86.3%**
 - 87.0% in Feb/Mar 09 (87.4% in Apr/May 2008)
- **Low price segment is 24.1% in Apr/May of Swedish market**
 - An increase from 23.4% in Feb/Mar (21.6% in Apr/May 2008)
- **SM share Apr/May of low price segment in Sweden was 53.3%**
 - 54.4% in Feb/Mar (52.7% in Apr/May 2008)
- **SM total value market share Apr/May in Sweden was 88.9%**
 - 89.6% in Feb/Mar (90.2% in Apr/May 2008)
- **US snuff market up 2.3% for the YTD ending June 13**
- **Swedish Match market shares in the US**
 - SM consumption volume up 9.2% YTD
 - SM share down from 13.0% to 12.9% latest four weeks
 - YTD was 12.9%, vs. 12.0% YTD 2008
 - YTD and latest four weeks June 13 Red Man share: 1.8%

* Source: ACNielsen

Other highlights

- **Other Operations**

- Now includes sales and operating profit of pipe tobacco and accessories outside the South African operations (reported as discontinued operations)

- **Other issues**

- SM and Philip Morris International signed agreement in February to establish a joint venture company to commercialize smokeless products outside of Scandinavia and the US
- Swedish Match to phase in production of chewing tobacco for National Tobacco, with full production from the second half of the year
- FET/SCHIP signed into law, effective April 1, 2009
- FDA regulation signed into law on June 22, with phase in of fees and requirements beginning in the second half of 2009

- **Other issues post results**

- SM announced agreement July 2, to sell its South African pipe tobacco and nasal snuff business to PMI

Outlook

- Swedish Match will take further steps to drive value creation and growth, to strengthen the position as a leading smokefree tobacco company
- The Company will maintain its strong commitment to profitability for the other product categories
- Both the US and Scandinavian snus markets are expected to grow in 2009
- For the second half of the year, Group sales and operating profit excluding larger one time items are expected to exceed prior year levels
- The Group maintains its long-term financial strategy/dividend policy and remains committed to returning cash not needed in operations to shareholders
- The tax rate for 2009 for continuing operations and excluding one time items is estimated to be around 22 percent

Group results second quarter 2009

- **Sales*** amounted to **3,666 MSEK (3,164)**
 - In local currency sales increased by 2 percent
 - Net currency translation gave a positive impact of 425 MSEK
- **Operating profit*** amounted to **899 MSEK (691)**
 - Operating profit increased by 13 percent in local currencies
 - Net currency translation gave a positive impact of 116 MSEK
- **Profit before income tax*** amounted to **791 MSEK (574)**
- **Net profit** for the period amounted to **664 MSEK (517)**
- **EPS (basic)** from continuing operations was **2.51 SEK (1.89)**
- **EPS (basic)** including discontinued operations was **2.68 SEK (2.04)**

* From continuing operations (excludes South African business)

Financial policy and financing needs

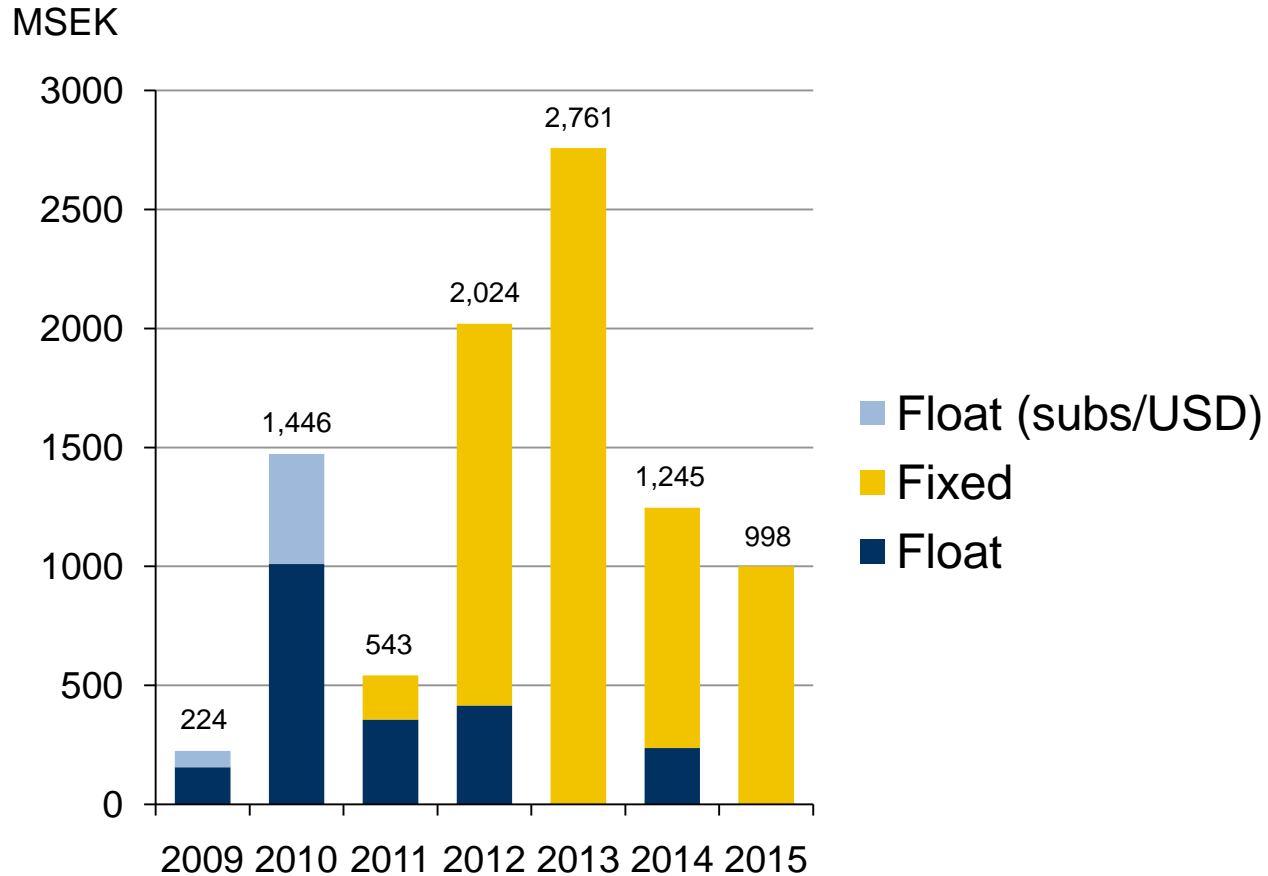
- **Financial policy**

- Dividend policy: 40-60% of earnings per share
 - Most recent dividend of 4.10 SEK is 46% of 2008 EPS, an increase of 17%
- Net debt not to exceed 3 times EBITA

- **Financing and cash flow**

- During the first half of the year new bonds of 1 billion SEK were issued, maturing in 2015
 - In connection to this, 900 MSEK of loans with shorter maturities were repurchased
- 224 MSEK in interest bearing debt due in H2 2009
 - 182 MSEK to be paid in Q3, and 38 MSEK to be paid in Q4

Maturity profile of interest bearing liabilities*



* Includes Swedish (SEK) and Global (EUR) MTN programs (as well as a small amount in local debt in some markets)

Snuff

- Leading position in **Sweden** and **Norway**
- Well positioned in the value price segment in **the US**
- Production in **Sweden** and **the US**



Strong sales and profit growth

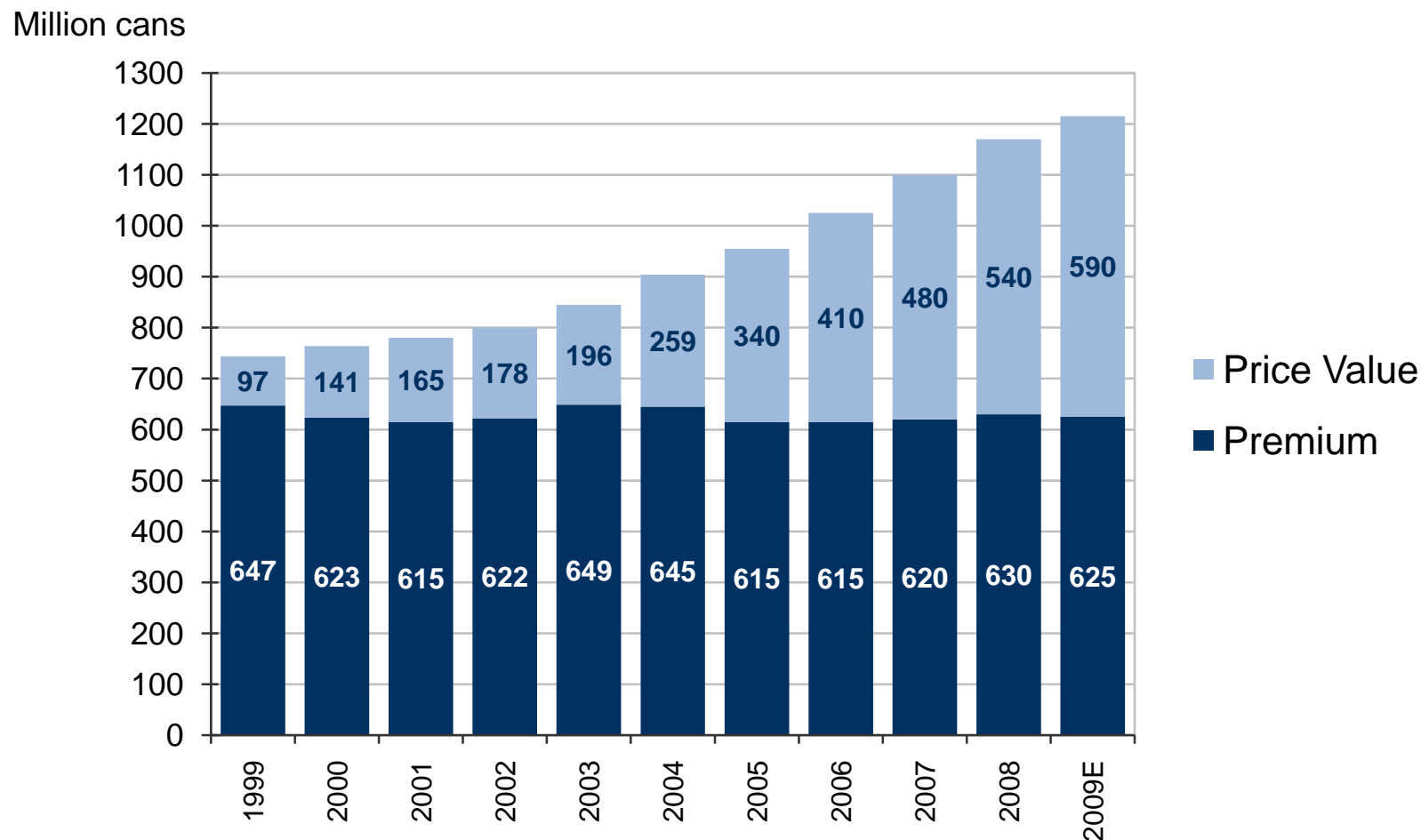
- **Scandinavian snus sales up 8% in Q2, up 12% YTD**
 - Q2 volumes up in Sweden, Norway, and travel/retail
 - YTD Scandinavian volumes up 4% excluding hoarding effects
- **US sales up 13% in USD, volumes up 21% in Q2**
 - YTD sales up 7%, volumes up 8.3%
 - Consumption volume up 9.2% (ACNielsen to YTD June 13)
- **H1 margins up from year earlier levels**
 - Solid improvement in US margins, but price reduction on FET increase lessened positive impact
- **Price increases in Sweden and the US at the end of Q2**



MSEK	Q2-09	Q2-08	chg	H1-09	H1-08	chg	July 2008- June 2009	Full year 2008	chg
Sales	1,087	926	17	2,055	1,727	19	4,054	3,725	9
Operating profit	463	403	15	860	716	20	1,801	1,658	9
Operating margin, %	42.6	43.6		41.8	41.5		44.4	44.5	

Volume growth of snuff in the US

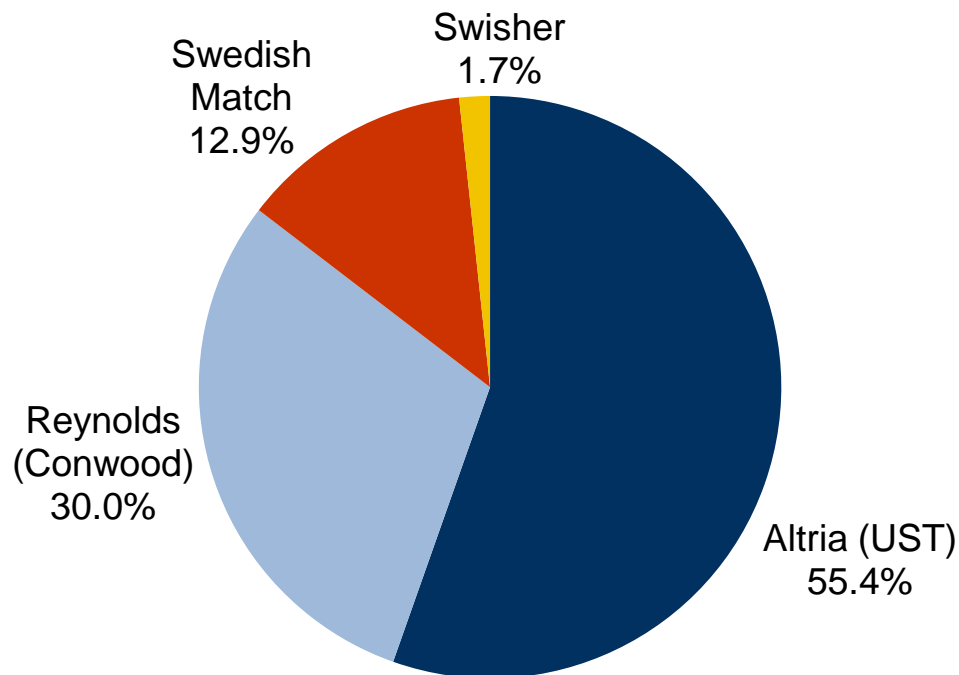
US snuff market by segment



Market size estimated by Swedish Match using ACNielsen estimates as well as industry data and estimates

US moist snuff market shares

Volume share North America, YTD June 13



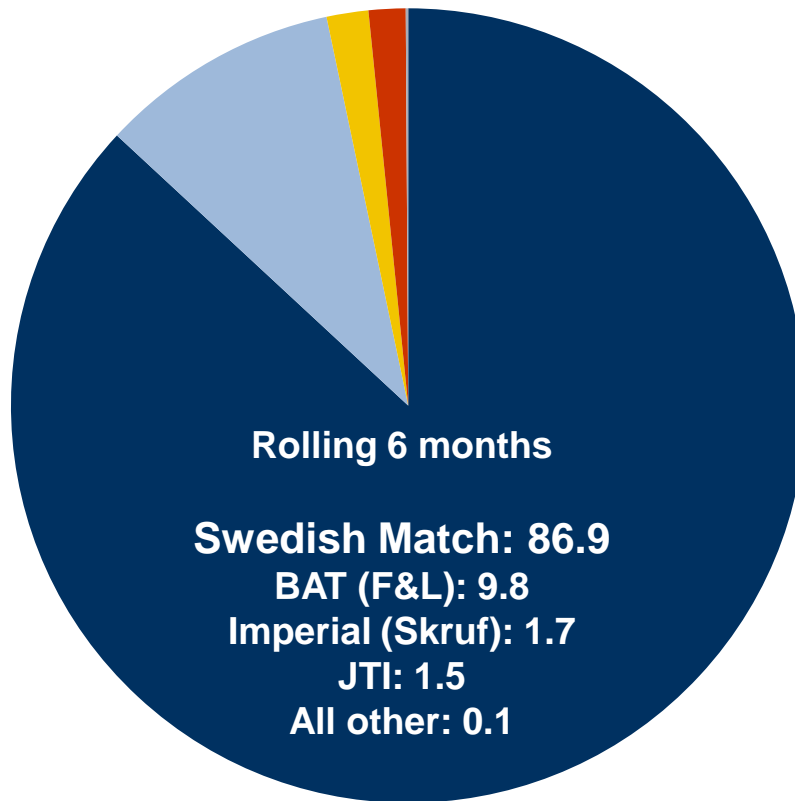
4 weeks ending
June 13

Swedish Match: 12.9
Altria (UST): 54.7
Reynolds (Conwood): 30.6
Swisher: 1.7

Source: ACNielsen, due to rounding totals may not add to 100%

Swedish snus market shares

Volume share Sweden, rolling 6 months through May 2009



2 months **volume** share
April/May

Swedish Match: 86.3
BAT (F&L): 10.4
Imperial (Skruf): 1.7
JTI: 1.5
All other: 0.1

2 months **value** share
April/May

Swedish Match: 88.9
BAT (F&L): 8.0
Imperial (Skruf): 1.7
JTI: 1.3
All other: 0.1

Source: ACNielsen, due to rounding totals may not add to 100%

Other points for 2009: snuff/snus

- Scandinavia

- No excise tax increase in Sweden announced or anticipated in 2009
- 13% excise tax increase in Norway
- Reduced travel
- Price increases in Q2 in Sweden (end June) and travel/retail (May)

- US

- Federal Excise Tax increase (SCHIP) from April 1
 - List prices **reduced** for premium competitive products, and **unchanged** for value priced products, despite FET increase of 7 cents per can
 - Prices for value products increased by 7–10 cents per can from late June
- State tax increases likely
- FDA will take over regulation, beginning in the second half of 2009
- Increased activity in the snus category
- Rollout of Longhorn pouches during the second half of the year

Cigars

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



Cigars

Q2 sales up 25% despite lower volumes on currency and pricing

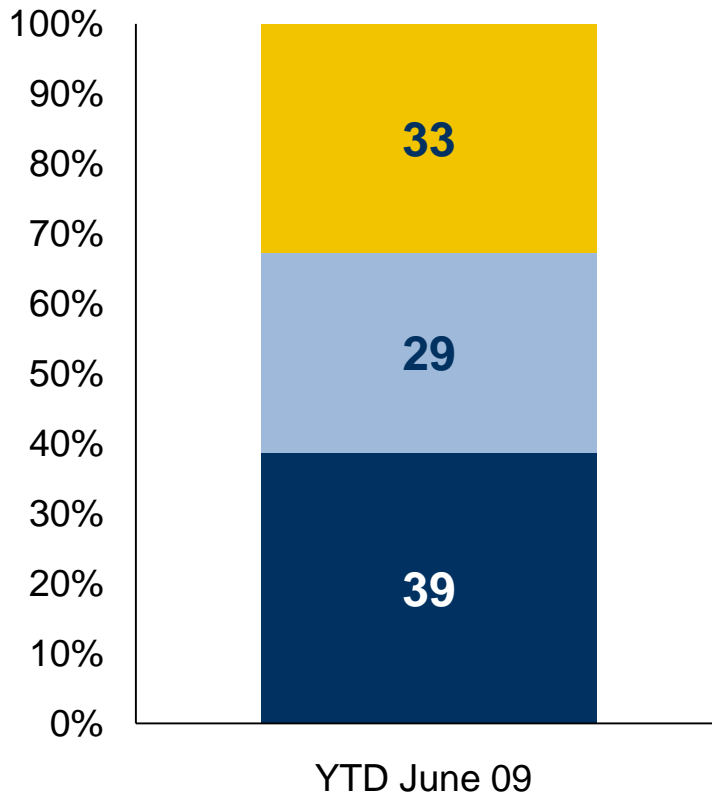
- **US mass market sales up 11% in USD, volumes down 6%**
 - Trade destocking especially for larger cigars following FET related hoarding in Q1, average prices up 18%
- **US premium sales down 1% in USD on lower volumes and an improved product mix**
 - Trade destocking following FET related hoarding in Q1
- **European cigar sales down 5% in local currencies on 7% lower volumes, particularly in Benelux and France**
- **Operating margins strong due to currency and pricing effects from US businesses**
 - Solid volume growth for US mass market small cigars and cigars with “foil fresh” packaging



MSEK	Q2-09	Q2-08	chg	H1-09	H1-08	chg	July 2008- June 2009	Full year 2008	chg
Sales	1,129	905	25	2,305	1,659	39	4,289	3,644	18
Operating profit	281	183	53	567	294	93	958	686	40
Operating margin, %	24.9	20.2		24.6	17.7		22.3	18.8	

Cigars

Sales split (SEK)



■ US premium ■ US mass market ■ Europe/ROW

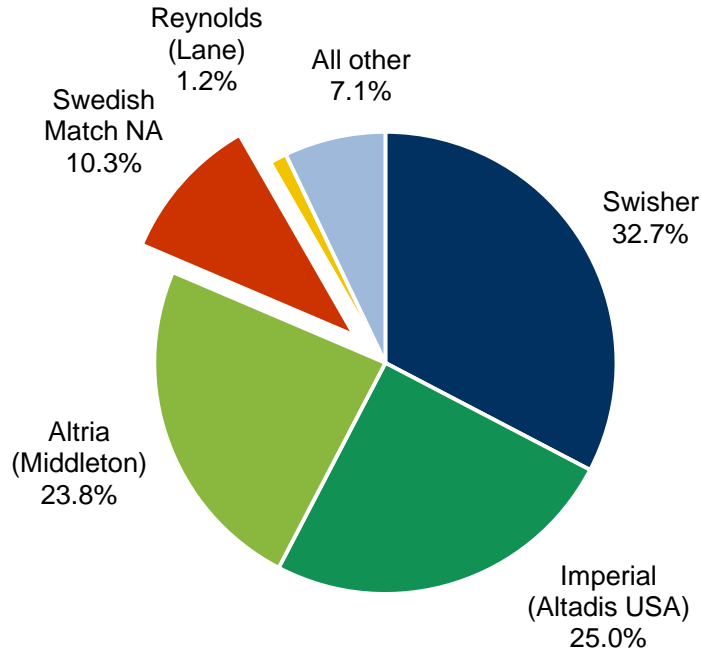
- **Europe and other non-US:**
 - 15% market share in Europe*
 - 5 billion stick market (Europe)
- **US mass market:**
 - 10.6% value share (ACNielsen, YTD June 13)
 - 5.8% volume share (ACNielsen, YTD June 13)
 - 7 billion stick market (including littles)
- **US premium:**
 - 30% market share*
 - 270 million stick market*

* Source: Swedish Match estimates for Europe (excl. UK) and US premium cigars

Cigars

North America, mass market YTD June 13

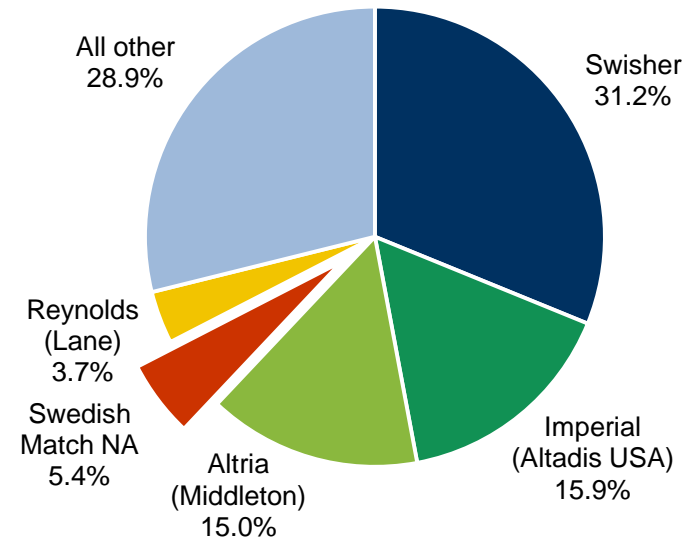
VALUE share



4 weeks ending
June 13

Swedish Match: 10.6

VOLUME share



4 weeks ending
June 13

Swedish Match: 5.8

Source: ACNielsen, due to rounding, totals may not add to 100%

Other points for 2009: cigars

- US premium

- Limited availability of credit for small retailers continues, with retailers strictly managing inventories
- Slowdown in travel and tourism
- Federal Excise Tax/SCHIP from April 1
 - Hoarding in Q1 followed by unwind in Q2

- US machine made

- Federal Excise Tax/SCHIP from April 1
 - Hoarding in Q1 followed by unwind in Q2 for larger cigars
 - Recent ACNielsen indicates resurgent growth for small cigars
 - Price increases above the FET increase should help profitability
- State tax increases possible

- Europe machine made

- Lag effects from 2008 smoking bans
 - Lower volumes in the Netherlands and France



Improved US mass market cigar profitability

- Price adjustments above Federal Excise Tax increases for mass market cigars
- Launch of “foil fresh” and relative pricing changes may be contributing to share growth, while price increases positively impact profitability

Volume SOM*	March 21	April 18	May 16	June 13
Swedish Match	5.4	5.5	5.8	5.8
White Owl	3.2	3.3	3.5	3.5
White Owl small	1.1	1.3	1.5	1.5

* Share of market. Source: ACNielsen

Chewing tobacco

In the US, Q2 sales up 5%, operating profit up 23% in USD

Nearly all chewing tobacco sales are in *the US*

Swedish Match is the largest producer of chewing tobacco in *the US*

The market typically declines by 6-10% per year in volume

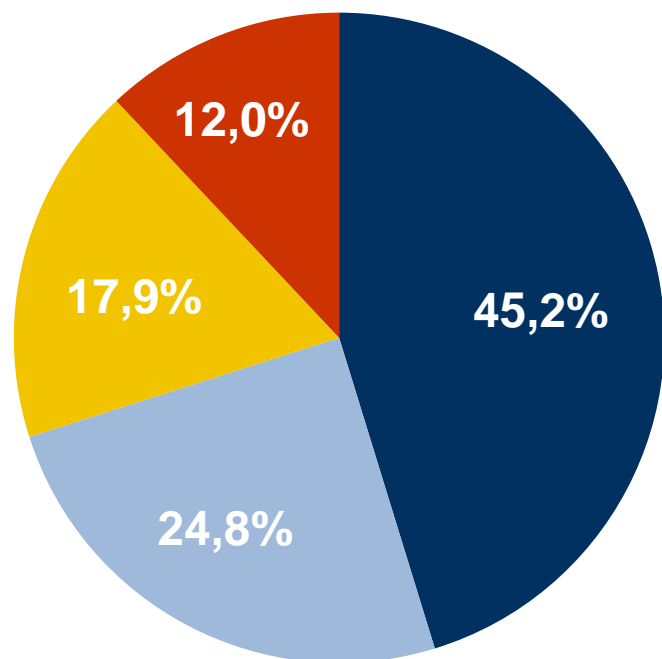


- Operating margins unusually strong in Q2 from higher volumes following FET related destocking in Q1
- Market shares at 45.7% (year to date through June 13)
- Price increase of 3% in May 2008, 7% in December 2008, 7% in April 2009 (FET plus 4%)

MSEK	Q2-09	Q2-08	chg	H1-09	H1-08	chg	July 2008- June 2009	Full year 2008	chg
Sales	314	227	39	599	437	37	1,096	934	17
Operating profit	129	77	67	227	146	56	410	329	25
Operating margin, %	41.0	34.1		38.0	33.4		37.4	35.2	

Chewing tobacco

Volume share North America, YTD June 13



- Swedish Match North America
- Reynolds (Conwood)
- National
- Swisher

4 weeks ending
June 13

Swedish Match: 45.7
Reynolds (Conwood): 24.8
National: 17.5
Swisher: 11.8

Source: ACNielsen, due to rounding totals may not add to 100%

Other points for 2009: chewing tobacco

- Continued market decline (6-10%)
- Phase-in of production for National (18% SOM)
 - Full production for National in H2
 - Helps factory absorption of overheads but has a negative impact on reported operating margin
- Price increase of 7% in April, 2009 (4% net of FET increase)



Pipe tobacco and accessories



PHILIP MORRIS INTERNATIONAL

- Swedish Match has agreed to sell its South African operations to Philip Morris International
 - Swedish Match will continue to distribute its cigars and lights products through the South African company/PMI
- Capital gain from the sale of shares of SMSA is in excess of 500 MSEK, while the selling price is 1.75 BZAR
- The transaction is subject to competition approval, and expected to be completed prior to the end of the year
- From the second quarter, the remaining pipe tobacco and accessories businesses are included in *Other Operations* and are not material

Lights

Sales up 4%, down 4% in local currencies

Swedish Match is market leader in many markets. The brands are mainly local and strong in their respective home countries

*Main markets are **Europe** and **Latin America***

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



- H1 margins on par with prior year levels
- Q2 margin down slightly from prior year due to country mix effects
- Lower lighter volumes and negative price mix effects in some Eastern European countries

MSEK	Q2-09	Q2-08	chg	H1-09	H1-08	chg	July 2008- June 2009	Full year 2008	chg
Sales	387	371	4	764	716	7	1,572	1,525	3
Operating profit	62	63	-2	125	119	6	281	275	2
Operating margin, %	16.1	17.1		16.4	16.6		17.9	18.0	

P & L summary

Continuing operations

MSEK	April 2009	- June 2008	July 2008- June 2009	Full year 2008		
Sales	3,666	3,164	16	13,807	12,611	9
Cost of goods sold	-1,812	-1,633		-6,846	-6,437	
Gross profit	1,854	1,531	21	6,960	6,174	13
Sales and administrative expenses	-958	-846		-3,667	-3,384	
Share of profit in equity accounted investees	4	5		15	11	
Gain on sale of subsidiary and related assets	-	-		73	73	
Operating profit	899	691	30	3,381	2,874	18
Finance income	14	33		121	154	
Finance costs	-122	-150		-548	-595	
Net finance cost	-108	-117		-427	-441	
Profit before income tax	791	574	38	2,954	2,433	21
Income tax expense	-168	-95		-495	-342	
Profit for the period	624	479	30	2,459	2,091	18
EPS, basic, SEK	2.51	1.89		9.86	8.30	
EPS, diluted, SEK	2.51	1.89		9.85	8.29	

Balance sheet

MSEK	June 30, 2009	Dec 31, 2008
Intangible assets	4,012	4,702
Property, plant and equipment	2,518	2,458
Other non-current financial receivables*	2,280	2,284
Current operating assets	5,425	5,732
Other current investments	1	1
Cash and cash equivalents	2,547	3,178
Assets held for sale	994	-
Total assets	17,777	18,355
Equity attributable to equity holders of the Parent	1,439	1,377
Minority interests	4	4
Total equity	1,444	1,381
Non-current provisions	1,268	1,281
Non-current loans	9,556	9,975
Other non-current financial liabilities*	1,328	1,337
Current provisions	99	29
Current loans	703	743
Other current liabilities	3,246	3,609
Liabilities related to assets held for sale	132	-
Total equity and liabilities	17,777	18,355

* Please refer to notes in the January – June 2009 report

Cash flow in summary

MSEK	January – June	
	2009	2008
Cash flow from operating activities before changes in working capital	1,399	781
Cash flow from changes in working capital	-100	-203
Net cash from operating activities	1,300	578
Acquisition of property, plant and equipment	-231	-133
Proceeds from sale of property, plant and equipment	11	50
Acquisition of intangible assets	0	-2
Acquisition of subsidiaries, net of cash acquired*	-47	-6
Divestments of business operations	7	5
Changes in financial receivables etc.	2	-3
Net cash used in investing activities	-258	-90
Changes in loans	-340	105
Dividends paid to equity holders of the Parent	-1,024	-886
Repurchase of own shares	-496	-696
Stock options exercised	49	62
Other	32	-116
Net cash used in financing activities	-1,779	-1,531
Net decrease in cash and cash equivalents	-737	-1,042
Net increase in cash and cash equivalents from discontinued operations	68	92
Cash and cash equivalents at the beginning of the period	3,178	3,439
Effect of exchange rate fluctuations on cash and cash equivalents	38	-84
Cash and cash equivalents at the end of the period	2,547	2,404

* Please refer to notes in the January – June 2009 report

Key data

	January – June	
	2009	2008
Continuing operations		
Operating margin, %*	24.0	20.3
Operating capital, MSEK	8,734	7,432
EBITDA, MSEK*	1,919	1,394
EBITA, MSEK*	1,755	1,245
Including discontinued operations		
Operating margin, %*	24.5	21.1
Operating capital, MSEK	9,594	8,078
Net debt, MSEK	7,770	7,833
Investments in property, plant and equipment, MSEK*	236	147
EBITDA, MSEK*	2,047	1,506
EBITA, MSEK*	1,878	1,353
EBITA interest cover	8.6	6.2
Share data		
Earnings per share, basic, SEK	4.95	3.40
Earnings per share, diluted, SEK	4.95	3.39
Average numbers of shares outstanding (Mio)	248.8	253.9
Shares outstanding, end of period (Mio)	245.6	251.5

* Please refer to notes in the January – June 2009 report

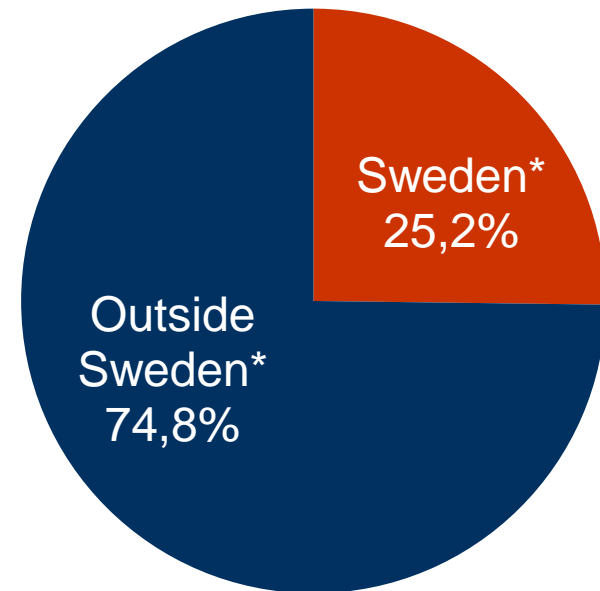
Largest shareholders

As per June 30, 2009

Largest shareholders*:

Parvus Asset Management	8.6 %
Morgan Stanley Investment Mgmt	5.7 %
Wellington Management Company	5.0 %
Swedbank Robur Funds	3.2 %
Government of Norway	2.5 %
SHP Funds	1.5 %
Fourth Swedish National Pension Fund	1.5 %
SEB Funds	1.3 %
Second Swedish National Pension Fund	1.2 %
Threadneedle Investments	1.1 %
	<hr/>
	31.6 %

54,937 shareholders

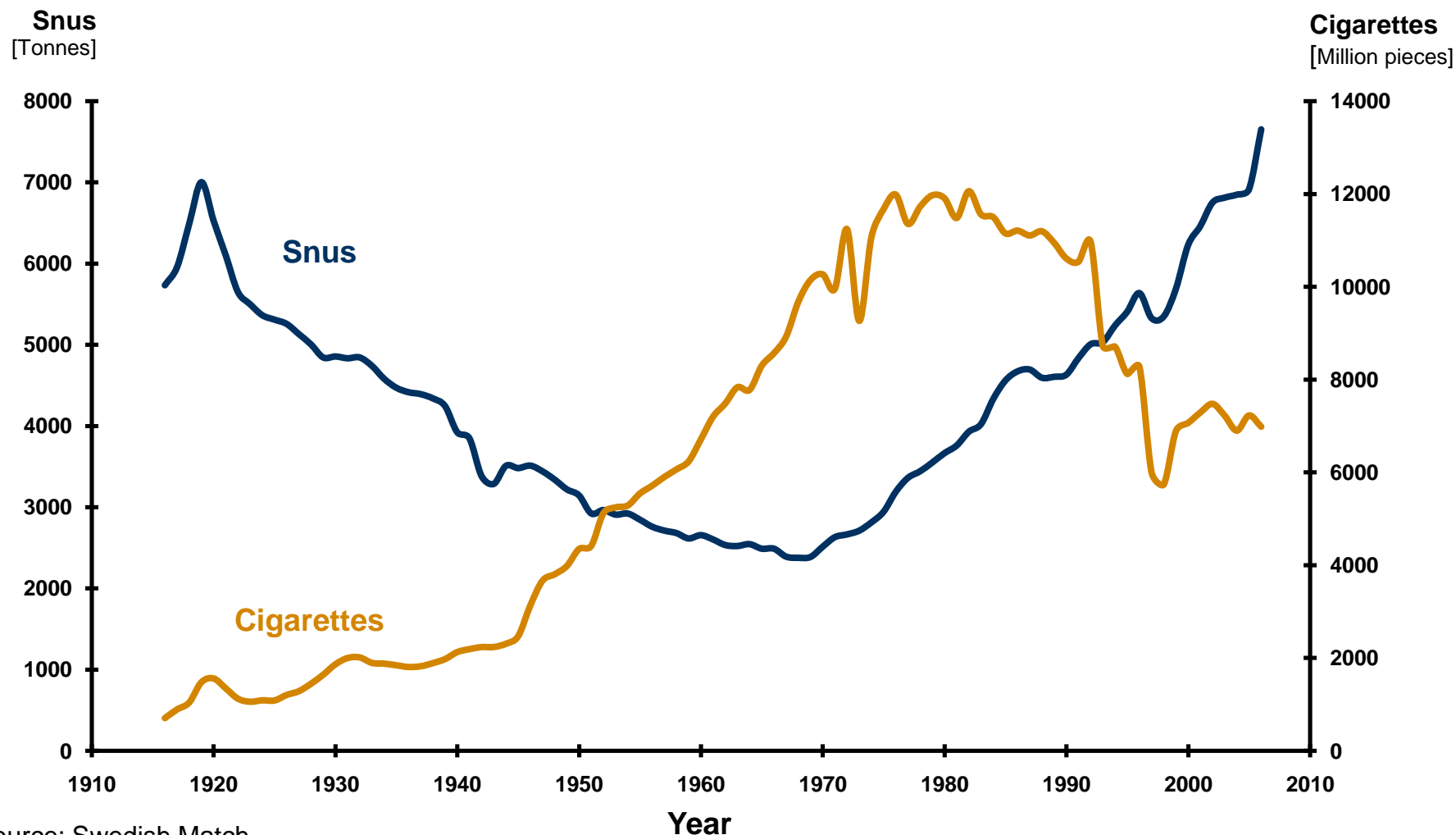


Source: Euroclear (former VPC), official registry and SIS Ägaranalys, percent of share capital excluding Swedish Match shares held in treasury

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

Snus vs. cigarettes in Sweden

Sales of snus and cigarettes in Sweden 1916-2006



Source: Swedish Match

Strategic direction for Swedish Match

- Position the Company as the **global smokefree leader**
 - Leverage our unique heritage, technological lead, talented organization and brand portfolio globally
 - More aggressively pursue growth opportunities on a global basis
 - Be the preferred choice by consumers
 - Be the most valued partner to the trade
 - Remain the industry authority for regulators and opinion makers
- Develop our **cigar** business to the **best in class**
 - Deliver superior quality to customers and consumers
 - Drive to improve profitability
- Our **lights** businesses should continue to focus on operational excellence and profitability
 - Strong market positions
 - Efficient supply chain

Changes since September 2008

- Realignment of cigar management and responsibilities, integrated supply chain
- Announcement of new smokefree strategy
 - Strategic growth initiatives identified, communicated, and project teams working on implementation
 - Smokefree supply chain integrated
 - Further organization changes communicated
- Joint venture agreement with PMI
- New heads of North America, North Europe, International divisions
- Disposal of UK accessories business
- Announced agreement to divest South African pipe and dry snuff operations, with sale expected prior to yearend