Swedish Match at a glance

Swedish Match develops, manufactures and sells market-leading brands in Snus and snuff, Other tobacco products (US mass market cigars and chewing tobacco), and Lights products (matches and lighters). The share is listed on NASDAQ OMX Stockholm.

- Comparable sales\(^1\) : 11,222 MSEK
- Sales: 13,606 MSEK
- Comparable operating profit\(^2\) : 3,158 MSEK
- Operating profit\(^3\) : 4,169 MSEK
- Number of employees\(^4\) : 3,908
- Manufacturing in 7 countries
- Sales worldwide

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1) Sales excluding businesses transferred to STG.
2) Operating profit excluding businesses transferred to STG, share of loss in STG and larger one time items.
3) Including operating profit from businesses transferred to STG for 2009 and in the first nine months of 2010, as well as the share of loss in STG in the fourth quarter of 2010.
4) Post STG transaction.
Swedish Match – where we operate

Belgium
- Treasury and PA office
- <10 employees

Netherlands
- Production facility
- 100 employees

Norway
- Sales office
- 50 employees

Sweden
- Production facilities
- Sales office
- 1,000 employees

Turkey
- Sales office
- <20 employees

Philippines
- Production facility
- Sales office
- 180 employees

US
- Production facilities
- Sales office
- 990 employees

Dominican Republic
- Production facility
- 770 employees

Brazil
- Production facilities
- Sales office
- 730 employees

In total ~3,908 employees
Production in 7 countries
Sales offices in 7 countries
Global sales of lights products
Global reach for snus through SMPM International JV

NOTE: Employee numbers are post STG transaction.
Swedish Match company history

Svenska Tobaks AB
1915 - 1992

Listed on the Stockholm Exchange and on NASDAQ

Acquires: Distribution company in Australia

Acquires: 64% of General Cigar (Premium cigars) Distribution company in South Africa

Acquires: cigar business in US

Acquires: Hajenius / Oud kampen

Manufacturing agreement with National Tobacco Co.

Creation of new STG: Cigars, pipe tobacco, and fine cut tobacco (49% ownership)

Svenska Tändsticks AB
1917 - 1992

1996

1997

1998

1999

2000

2001

2002

2003

2004

2005

2006

2007

2008

2009

2010

1996

1997

1998

1999

2000

2001

2002

2003

2004

2005

2006

2007

2008

2009

2010

Acquires: Match business in Bulgaria, India and Turkey

Divests: Cigarette operations

Accrues: General Cigar’s operations of machine made cigars in the US, El Credito, and Leonard Dingler

Acquires: BAT/Rothmans South African Pipe tobacco operations

Acquires: Dry snuff operations in Continental Europe

Divests: Distribution company in Italy

Acquires: Distribution company in Slovenia

Acquires: Remaining holding in General Cigar

Divests: Match businesses in a number of markets, incl. Arenco

Acquires: Cigar business in Europe and US

Joint venture with Philip Morris International

Divests: Operations in South Africa

Delisted from NASDAQ

Combines operations in South Africa with Havanas

Creation of STG with 49% ownership
Swedish Match today

- The largest snus manufacturer in Scandinavia, number one position
- The third largest moist snuff manufacturer in the US
- Well positioned in the growing US snus market
- A 50/50 joint venture with Philip Morris International (PMI) to commercialize snus outside of Scandinavia and the US
- The largest manufacturer of chewing tobacco in the US, with market leading brands
- A significant and growing presence in the US mass market cigar market
- A leading manufacturer and distributor of matches and lighters with a strong brand portfolio across the globe
- The largest distributor of tobacco products on the Swedish market
- A 49 percent ownership of Scandinavian Tobacco Group (STG), the world’s largest cigar manufacturer, with market leading positions for US premium cigars, European machine-made cigars, and pipe tobacco, as well as for fine cut tobacco
The organization

CORPORATE FUNCTIONS
- Group Finance & IT
- Legal Affairs
- Group Human Resources
- Communications & Sustainability

OPERATING UNITS
- Smokefree Products Division
- US Division
- Scandinavia Division
- Lights International
- Lights Latin America
- Swedish Match Distribution AB

Strategic partnerships / assoc. companies
- SMPM International 50%
- STG 49%
Group strategy

- 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

- Leverage strong platforms to maximize long term profitability in Other tobacco products
  - Drive profitable growth in US mass market cigars through consumer driven innovation and strong sales execution
  - Capitalize on leading position in the chewing tobacco category and continuously drive productivity improvements

- Continue to focus on operational excellence and profitability in Lights
  - Strong market positions
  - Efficient supply chain

- Realize the potential of STG through active ownership
  - Decisively pursue synergy opportunities
  - Leverage brand portfolio and scale to drive profitable growth
Swedish Match reporting segments

**Snus and snuff**
- Swedish snus in Scandinavia and US
- US moist snuff
- Income from SMPM International

**Other tobacco products (OTP)**
- US mass market cigars
- Chewing tobacco

**Lights**
- Lighters
- Matches
- Fire related products

**Other operations**
- Distribution
- Central costs
Snus and snuff

- Leading positions for snus in Sweden and Norway
- Well positioned in the value priced moist snuff segment in the US
- Expanding national presence in the rapidly growing US snus market
- Joint venture with Philip Morris International to develop markets outside Scandinavia and the US
- Production in Sweden (snus) and the US (moist snuff)
- Main brands:
  - Scandinavia: General, Göteborgs Rapé, Ettan, Grovsnus, Catch, and Kronan
  - US: Longhorn, Timber Wolf, and Red Man for moist snuff and General for snus
Other tobacco products

US mass market cigars and chewing tobacco

- Swedish Match has a significant and growing presence in US mass market cigars
- Swedish Match is the largest manufacturer of US chewing tobacco with market leading brands
- Nearly all the products are sold exclusively in the US
- Production in the US (cigars and chewing tobacco) and in the Dominican Republic (cigars)

Main brands:

**US mass market cigars:** White Owl, Garcia y Vega, and Game by Garcia y Vega

**Chewing tobacco:** Red Man, Red Man Golden Blend, Red Man Silver Blend Southern Pride, J.D.’s Blend and Granger Select
Matches and lighters

- Swedish Match is the market leader in many markets
- The brands are mainly local and strong in their respective home countries
- Production in Brazil, Bulgaria, the Netherlands, the Philippines, and Sweden
- Some of the largest markets for Swedish Match include Australia, Brazil, France, Russia, Spain, Sweden, and the UK

- Main brands:
  - Matches and fire related products: Solstickan, Fiat Lux, Swan, Tres Estrellas, Feudor and Redheads
  - Lighters: Cricket
Other operations

- Other operations include the distribution company in Sweden and Corporate functions.
- The Swedish distribution company is operating independently with several different suppliers. Focus is on distribution of tobacco products and other adjacent categories.
- Corporate functions include CEO office, Group Finance and IT, Group Human Resources, Legal Affairs, Corporate Communications & Sustainability.
Swedish Match and STG has formed a new company


### Parts of Swedish Match
- General Cigar (Premium cigars)
- Cigars International (Premium cigars)
- Machine made cigars outside the US
- Pipe tobacco
- Distribution of lights products in selective markets

### Former STG
- Cigars
- Pipe tobacco
- Fine cut tobacco

1. Leading position in US premium cigars
2. Leading position in cigars outside the US
3. World leader in pipe tobacco
4. Stronger brand portfolio
5. Additional scale
6. Improved capabilities
The new Scandinavian Tobacco Group (STG)

A leading, global company – with focus on cigars

- Swedish Match share of STG net loss after interests and tax amounted to 60 MSEK in Q4
  - Swedish Match share of loss includes restructuring, other transaction costs, and IFRS adjustments of 175 MSEK pretax

- Q4 total STG operating profit excluding extraordinary items amounted to 206 MSEK
  - Sales increased modestly for machine made cigars and smoking tobacco, while sales declined for premium cigars
Strategic partnership with PMI

- Long term commitment to growing the smokefree category globally
- World class Swedish snus manufacturing, combined with access to a sales force of 75,000 in 160 countries
- Leading smokefree expertise and leading global market capabilities
- Leverage of strong brands and innovation capacities
- Flexible and adaptable, with in depth local knowledge, worldwide
- Long term shareholder value creation potential
Largest shareholders*  

As per December 31, 2010

<table>
<thead>
<tr>
<th>Largest shareholders</th>
<th>Percentage</th>
</tr>
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<tbody>
<tr>
<td>Parvus Asset Management</td>
<td>6.6%</td>
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<tr>
<td>Morgan Stanley Investment Management</td>
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<tr>
<td>Swedbank Robur Funds</td>
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<tr>
<td>AMF Insurance &amp; Funds</td>
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<tr>
<td>SEB Funds</td>
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<tr>
<td>Didner &amp; Gerge Mutual Funds</td>
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<tr>
<td>SHB Funds</td>
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<tr>
<td>Standard Life Investment Fund</td>
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<tr>
<td>Second Swedish National Pension Fund</td>
<td>1.3%</td>
</tr>
<tr>
<td>Fourth Swedish National Pension Fund</td>
<td>0.9%</td>
</tr>
</tbody>
</table>

26.2%

53,238 shareholders

Source: Euroclear, official registry and SIS Ägaranalys.

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