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 (SWMA)

- Sales* 14,134 MSEK
- Operating profit* 3,424 MSEK
- Number of employees 3,900
- Manufacturing in 7 countries
- Sales worldwide

*12 months ending June 30, 2010 (includes entities contributed to STG October 1, 2010)
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

**Bulgaria**
- Production facility
- Sales office
- 90 employees

**US**
- Production facilities
- Sales office
- 990 employees

**Dominican Republic**
- Production facility
- 770 employees

**Brazil**
- Production facilities
- Sales office
- 740 employees

**Turkey**
- Sales office
- <20 employees

**Philippines**
- Production facility
- Sales office
- 180 employees

In total ~3,900 employees
Production in 7 countries
Sales offices in 7 countries
Global sales of lights products
Global reach for snus through SMPMI JV

Note: Employees numbers are per August 31 for entities remaining in Swedish Match
**Swedish Match company history**

Svenska Tobaks AB
1915 - 1992

Listed on the Stockholm Exchange and on NASDAQ

**Acquires:**
- Distribution company in Australia
- 64% of General Cigar (Premium cigars) Distribution company in South Africa
- Delisted from NASDAQ
- Cigar business in US
- 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

**Acquires:**
- Match business in Bulgaria, India and Turkey
- General Cigar’s operations of machine made cigars in the US, El Credito, and Leonard Dingler
- BAT/Rothmans South African Pipe tobacco operations
- Dry snuff operations in Continental Europe Distribution company in Italy
- 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

1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010

October 12, 2010
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), with market leading positions for US premium cigars, European machine-made cigars, and pipe tobacco, as well as for fine cut tobacco
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 primary reporting segments

Snus and snuff
- Swedish snus in Scandinavia and US
- US moist snuff
- Income from SMPMI

Other Tobacco Products (OTP)
- US mass market cigars
- Chewing tobacco

Lights
- Lighters
- Matches
- Fire 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
- Major snus brands in Scandinavia are **General**, **Ettan**, **Grovsnus**, **Göteborgs Rapé**, **Catch**, and **Kronan**
- Major brands in the US are **Longhorn**, **Timber Wolf**, and **Red Man** for snuff and **General** for snus
- Production in Sweden (snus) and the US (snuff)
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
- Main brands are **White Owl** and **Garcia y Vega** (cigars), and **Red Man** (chewing tobacco)
- Nearly all the products are sold exclusively in the US
- Production in the US (cigars and chewing tobacco) and in the Dominican Republic (cigars)
Lights (lighters and matches)

- Swedish Match is the market leader in many markets
- The brands are mainly local and strong in their respective home countries
- Major match brands include **Solstickan, Fiat Lux, Swan, Tres Estrellas, Feudor**, and **Redheads**
- The main Swedish Match brand for lighters is **Cricket**
- Production in Brazil, Bulgaria, the Netherlands, the Philippines, and Sweden
- Some of the largest markets for Swedish Match include **Australia, Brazil, France, Malaysia, Russia, Spain, Sweden, Turkey, and the UK**
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, IR & Sustainability.
Operating structure

CORPORATE FUNCTIONS

- Group Finance & IT
- Legal Affairs
- Group Human Resources
- Corporate Communications & Sustainability

SM OPERATING UNITS

- Smokefree Division
- US Sales Division
- Scandinavia Sales Division
- Lights
  - Lights International
  - Lights Latin America
- SM Distribution AB

Strategic Partnerships / Assoc. Companies

- SMPMI 50%
- STG 49%
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
STG is a leading global company with focus on cigars

Skandinavisk Holding A / S Denmark
Swedish Match AB Sweden

2009 sales ~ EUR 690m*
Lights 5%
Fine cut 6%
Pipe 8%

2009 EBITDA ~ EUR 140m*
Fine cut 9%
Lights 1%
Pipe 10%

*Pro forma based on the Swedish Match and STG 2009 results
Strategic partnership with PMI

- Long term commitment to growing the smokefree category globally
- World class Swedish snus manufacturing, combined with access to a salesforce 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
Our core values

- Communication
- Teamwork
- Trust
- Innovation
- Recognition
- Growth