Making strides toward our vision
Swedish Match develops, manufactures, and sells quality products with market-leading brands in the product segments Snus and moist snuff, Other tobacco products, and Lights.

Production is located in seven countries with the majority of Company sales coming from Scandinavia and the US.

Some of Swedish Match’s brands include: General (snus), Longhorn (moist snuff), ZYN (nicotine pouches without tobacco), Onico (pouch products with neither nicotine nor tobacco), White Owl (homogenized tobacco leaf cigars), Game (natural leaf cigars), Red Man (chewing tobacco), Thunder (chew bags), Oliver Twist (tobacco bits), Fiat Lux (matches), and Cricket (lighters).

The Swedish Match share is listed on Nasdaq Stockholm (SWMA).
OUR VISION

A WORLD WITHOUT CIGARETTES

We create shareholder value by offering consumers enjoyable nicotine-containing products of superior quality in a responsible way. By providing products that are recognized as safer alternatives to cigarettes, we can contribute significantly to improved public health.
Among the smokeless tobacco products on the market, products with low levels of nitrosamines, such as Swedish snus, are considerably less hazardous than cigarettes.*

*Mortality attributable to tobacco, men per 100,000 (WHO 2012)

Smoking prevalence in the EU (%)
Prevalence of ex-smokers in the EU (%)

Prevalence of daily smokers in the EU (%)

USA
- Production of moist snuff, cigars, chewing tobacco
- Sales offices
- 990 employees

The Dominican Republic
- Production of cigars
- 2,481 employees

Brazil
- Production of matches, lighters
- Sales offices
- 503 employees

Norway
- Sales offices
- 45 employees

Sweden
- Head office
- Production of snus, matches
- Sales offices
- 1,242 employees

Denmark
- Production of chew bags, tobacco bits, snus
- Sales offices
- 95 employees

The Netherlands
- Production of lighters
- 97 employees

Switzerland
- Treasury office
- 2 employees

Turkey
- Sales offices
- 14 employees

The Philippines
- Production of lighters
- Sales offices
- 191 employees

Belgium
- Public Affairs office
- 2 employees

As of December 31, 2018.

COUNTRIES
11

FACTORIES
13

EMPLOYEES
5,662
Swedish Match’s organization is made up of three divisions as well as Corporate functions.

- **Europe Division**
  - President: Joakim Tilly

- **US Division**
  - President: Richard Flaherty

- **Lights Division**
  - President: Håkan Söderberg

- **Corporate functions**
  - President & CEO: Lars Dahlgren
<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>Listed on Nasdaq Stockholm</td>
</tr>
</tbody>
</table>
| 1999 | Divested cigarette operations  
      | Acquired General Cigar’s operations of machine made cigars in the US |
| 2008 | Manufacturing agreement with National Tobacco for chewing tobacco in the US |
| 2010 | Creation of new STG: cigars, pipe tobacco, fine cut tobacco (49% ownership), and simultaneous divestment of Swedish Match premium cigar, European cigar, and pipe tobacco businesses |
| 2014 | New Company vision: A world without cigarettes |
| 2016 | Reduced its shareholding in STG in connection with the listing of STG on Nasdaq Copenhagen and sold the final remaining shareholding in STG in 2017 |
| 2017 | Acquired V2 Tobacco (chewing tobacco and snus business) |
| 2018 | Acquired Oliver Twist (chewing tobacco business) and 95% of the shareholding in Gotlandssnus (snus business) |

For more information on Swedish Match’s history, please visit the Company website.
The largest snus manufacturer in Scandinavia, number one position.

The third largest moist snuff manufacturer in the US.

A significant player in the US snus market.

The largest player in the US non-tobacco nicotine pouch market.

The largest manufacturer of US chewing tobacco.

The number two player in the US (mass market) cigar market.\(^1\)

A leading manufacturer and distributor of matches and lighters with a strong brand portfolio across the globe.

A distribution function being the leading distributor of tobacco products on the Swedish market.

\(^1\) Swedish Match estimates based on actual shipments, excluding little cigars.
### STRONG MARKET POSITIONS

#### SNUS AND MOIST SNUFF

<table>
<thead>
<tr>
<th>Product</th>
<th>Market</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Snus (Sweden)</td>
<td>#1</td>
<td>Moquette</td>
</tr>
<tr>
<td>Snus (Norway)</td>
<td>#1</td>
<td>Moquette</td>
</tr>
<tr>
<td>Moist snuff (The US)</td>
<td>#3</td>
<td>Moquette</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Product</th>
<th>Market</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cigars (The US)</td>
<td>#2</td>
<td>CloseUp</td>
</tr>
<tr>
<td>Chewing tobacco (The US)</td>
<td>#1</td>
<td>CloseUp</td>
</tr>
</tbody>
</table>

### OTHER TOBACCO PRODUCTS

- Snus: #1 in Sweden, #1 in Norway
- Moist snuff: #3 in The US
- Cigars: #2 in The US
- Chewing tobacco: #1 in The US

Source: Swedish Match estimates based on different sources, including Nielsen, CMPP, and reported industry shipments. All figures refer to the full year 2018.
GOTHIATEK® is the world-unique quality standard pursued by Swedish Match since 2000.

The uncompromising requirements that GOTHIATEK® imposes on the company’s snus products are based on decades of research and development, with product safety and consumer protection as the key targets.

GOTHIATEK® is based on three cornerstones:

- Consumer care – through uniquely low limits for undesirable substances
- Quality – through 100% control from seed to can
- Openness – through information about the company’s products and research results
The Swedish matches we manufacture and sell meet the world’s highest quality and safety requirements.

The MATCHTEK® standard is an extension of the existing European match standard EN 1783:1997 (performance requirements, safety and classification). The restrictions are stricter than those in the EN 1783:1997, and the methods for analysis and testing are more complex. Our complying with this standard means our matches have been subject to rigorous quality control tests.
SWEDISH MATCH IN FIGURES 2018

- Profit before income tax: 4,531 MSEK
- Profit for the year: 3,578 MSEK
- EBITDA from product segments: 5,301 MSEK
- EPS: 20.63 SEK
- Cash returned to shareholders\(^1\): 5,423 MSEK

\(^1\) Dividends plus share repurchases.
PRODUCT SEGMENTS AND MAIN GEOGRAPHIES

1) May exist in certain other areas other than those mentioned.

SNUS AND MOIST SNUFF
Snus (Scandinavia and US)
Moist snuff (US)
Nicotine pouches without tobacco (Sweden, US)

OTHER TOBACCO PRODUCTS
Cigars (US)
Chewing tobacco (US, Europe)
Chew bags and tobacco bits (Europe)

LIGHTS
Lighters (worldwide)
Matches (worldwide)
Complementary products (Brazil)
SALES AND OPERATING PROFIT IN 2018

Sales by product segment

- Snus and moist snuff: 47%
- Lights: 10%
- Other tobacco products: 3%
- Other operations: 3%

Operating profit\(^1\) by product segment

- Snus and moist snuff: 57%
- Lights: 40%
- Other tobacco products: 4%
- Other operations: 4%

1) Excluding Other operations.
Growth driven by innovative products and formats

- Leading position for snus in Scandinavia.
- A significant player for snus in the US.
- The third largest producer of moist snuff in the US.
- Production in Sweden (snus, nicotine pouches) and the US (moist snuff, nicotine pouches).

Main brands

Scandinavia

**Snus, Sweden:** General, Göteborgs Rapé, Kaliber, Kronan, Ettan, Grov, Catch
**Snus, Norway:** General, G.3, G.4, The Lab, Nick & Johnny
**Nicotine pouches without tobacco, Sweden:** ZYN
**Pouch products with neither nicotine nor tobacco:** Onico, Qvitt

US

**Moist snuff:** Longhorn, Timber Wolf
**Snus:** General
**Nicotine pouches without tobacco:** ZYN

1) Excluding Other operations.
Strong player in US cigars and chewing tobacco

- The number two player in the US mass market cigar market.
- The largest manufacturer of US chewing tobacco.
- Production mainly in the US (cigars and chewing tobacco), the Dominican Republic (cigars), and Denmark (chew bags and tobacco bits).

Main brands

**Cigars, the US:** Garcia y Vega, Game by Garcia y Vega, 1882, White Owl, Jackpot

**Chewing tobacco, the US:** Red Man

**Chew bags, Europe:** Thunder, General Cut

**Tobacco bits, Europe:** Oliver Twist

1) Excluding Other operations.
Matches and lighters are sold across the globe

- Swedish Match is market leader in many markets. Match brands tend to be local and hold a strong position in their respective markets.
- Production in Brazil, the Netherlands, the Philippines, and Sweden.
- Strong presence in Latin America, especially for matches in Brazil, as well as in large parts of Europe and Asia Pacific.
- The Company also offers a portfolio of complementary products primarily in Brazil.

Main brands

**Matches:** Solstickan (Sweden), Nitedals (Norway), Fiat Lux (Brazil), Redheads (Australia)

**Lighters:** Cricket (globally)

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1) Excluding Other operations.
Other operations consists of corporate functions providing services to the Swedish Match operating divisions. Services provided are in such areas as regulatory affairs, legal and financial services, and also includes a distribution function.

The distribution function provides services to Swedish Match in Sweden and Norway as well as to other manufacturers within the Swedish distribution network.
Swedish Match’s operations are characterized by strong cash flows

- **Financial strategy**
  - Optimize balance sheet
  - Return excess funds to shareholders

- **Financial policy**
  - Dividend policy: payout ratio of 40-60% of earnings per share
  - Maintain a net debt that does not exceed 3 times EBITA
  - Maintain a Standard & Poor’s BBB and a Moody’s Baa2 long term rating

![Graph showing transfer of capital, MSEK from 2014 to 2018 with categories for Repurchase of own shares, Special dividend, and Ordinary dividend]
TOTAL RETURN 2009-2018

Source: SIX & WeBfinancialGroup
SHARE PRICE AND TURNOVER 2018

Source: SIX & WebfinancialGroup
**SHARE HOLDINGS**

<table>
<thead>
<tr>
<th>Largest shareholders</th>
<th>Number of shares</th>
<th>Holding in percent</th>
<th>Votes in percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>BlackRock</td>
<td>9,947,174</td>
<td>5.7</td>
<td>5.8</td>
</tr>
<tr>
<td>Cedar Rock Capital</td>
<td>5,794,235</td>
<td>3.3</td>
<td>3.4</td>
</tr>
<tr>
<td>Vanguard</td>
<td>5,185,421</td>
<td>2.9</td>
<td>3.0</td>
</tr>
<tr>
<td>SEB Funds</td>
<td>4,575,628</td>
<td>2.6</td>
<td>2.7</td>
</tr>
<tr>
<td>Oppenheimer</td>
<td>4,345,000</td>
<td>2.5</td>
<td>2.6</td>
</tr>
<tr>
<td>Gabelli/GAMCO</td>
<td>3,901,600</td>
<td>2.2</td>
<td>2.3</td>
</tr>
<tr>
<td>Nordea Funds</td>
<td>3,760,245</td>
<td>2.1</td>
<td>2.2</td>
</tr>
<tr>
<td>JP Morgan Asset Management</td>
<td>3,585,430</td>
<td>2.0</td>
<td>2.1</td>
</tr>
<tr>
<td>Invesco</td>
<td>3,178,894</td>
<td>1.8</td>
<td>1.9</td>
</tr>
<tr>
<td>Fidelity International (FIL)</td>
<td>2,143,709</td>
<td>1.2</td>
<td>1.3</td>
</tr>
<tr>
<td><strong>Subtotal 10 owners</strong></td>
<td>46,417,336</td>
<td>26.4</td>
<td>27.3</td>
</tr>
<tr>
<td>Other</td>
<td>123,793,369</td>
<td>70.4</td>
<td>72.7</td>
</tr>
<tr>
<td><strong>Sub total</strong></td>
<td>170,210,705</td>
<td>96.7</td>
<td>100.0</td>
</tr>
<tr>
<td>Shares held by Swedish Match</td>
<td>5,739,295</td>
<td>3.3</td>
<td>0.0</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>175,950,000</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

1) Including shares held by Swedish Match. Registered direct ownership and ownership through trustees. Certain shareholders may, through custodial accounts, have had different holdings than are apparent from the shareholders’ register. Totals may be affected by rounding.

Source: Monitor by Modular Finance AB, data derived from various sources including Euroclear Sweden AB and Morningstar, as of December 31, 2018.
SUSTAINABILITY – OUR 6 FOCUS AREAS

**Improve public health**
Our goal is to eliminate cigarette use and tobacco related morbidity and mortality by offering smokers attractive sources of nicotine for recreational use (such as Swedish snus and other nicotine containing products like ZYN).

**Ensure ethical business practices**
At Swedish Match, we will take the necessary steps to ensure that ethical business practices are maintained within our own company and in our relationships with all outside parties.

**Support equal opportunity**
Our continuing objective is to be a truly open and inclusive employer. In this environment, with zero tolerance for discrimination, all employees have equal opportunity to achieve their full potential – resulting in a more diverse workplace.

**Reduce greenhouse gases**
Our goal is to reflect the commitments outlined in the Paris Agreement and thereby reduce emissions of greenhouse gases in our value chain.

**Reduce waste**
Our goal is to reduce waste generated at our own production facilities.

**Eliminate child labor**
Our goal is the elimination of child labor in the Company’s value chain.
At Swedish Match, we believe that the success of the Company is largely impacted by the success of our employees. We believe that amazing things happen when great people work for a great company, and when those people are developed, retained, engaged and become true ambassadors for Swedish Match. Everything we do in Human Resources and every decision we make is based on those core beliefs.

Passion, Ownership, Innovation, Quality

Swedish Match’s core values are central to the Company’s business ethics and, as such, they are demonstrated in all relations with stakeholders and are a natural part of the way the Company conducts business.