



- Net sales for the third quarter amounted to 3,272 MSEK (3,261) and 9,024 MSEK (9,454) for the first nine months
- Operating profit for the third quarter amounted to 759 MSEK (808) and 1,935 MSEK (2,326*) for the first nine months
- Currency translation differences in the third quarter negatively affected sales and operating profit comparisons by 75 MSEK and 27 MSEK respectively
- Net profit for the third quarter amounted to 491 MSEK (627), and 1,264 MSEK (1,732) for the first nine months
- EPS for the third quarter amounted to 1.89 SEK (2.23) and 4.78 SEK (5.94) for the first nine months
- Cigars International Inc., a US based cigar business with annual sales of 400 MSEK, was acquired in September

* Excluding pension plan curtailment gain of 148 MSEK before tax in 2006

Third quarter in summary

Sales and results

In local currencies, sales increased by 3 percent. Reported sales for the third quarter increased to 3,272 MSEK (3,261) with currency translation negatively affecting the sales comparison by 75 MSEK.

For snuff, reported sales increased by 8 percent during the third quarter to 852 MSEK (785) and operating profit declined by less than 1 percent to 383 MSEK (385). Operating margin was 45.0 percent (49.1). North European Division snus sales increased by 7 percent. North American snuff sales increased by 24 percent in local currency.

Sales of cigars in the third quarter were 902 MSEK (903), while operating profit was 185 MSEK (231). In local currencies sales increased by 4 percent, while operating profit declined in both the US and in Europe. Operating margin for cigars was 20.5 percent (25.6).

Group operating profit for the third quarter amounted to 759 MSEK (808). Currency translation has affected the operating profit comparison negatively by 27 MSEK.

Operating margin for the third quarter continued to recover and amounted to 23.2 percent compared to 24.8 percent for the third quarter 2006.

EPS (basic) for the third quarter was 1.89 SEK (2.23). EPS (diluted) for the third quarter was 1.88 SEK (2.22). The decline is mainly attributable to the reversal of a tax provision for withholding tax on unremitted earnings from the US subsidiaries in 2006.

Sales and results for the first nine months

Sales for the first nine months amounted to 9,024 MSEK (9,454). In local currencies sales decreased by 1 percent. Operating profit* amounted

to 1,935 MSEK (2,326). The lower operating profit is mainly due to lower Scandinavian snuff volumes in the beginning of the year, as well as higher marketing investment. Currency translation has affected the operating profit comparison negatively by 96 MSEK.

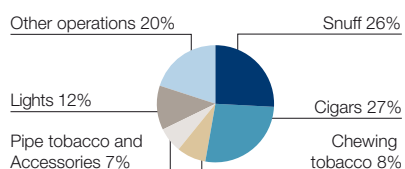
Group operating margin during the first nine months was 21.4 percent (24.6*).

The reported tax rate for the Group for the first nine months was 25 percent (25).

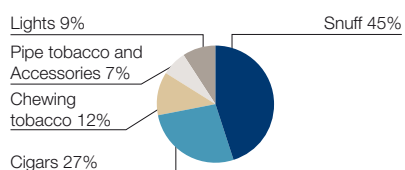
EPS (basic) for the first nine months was 4.78 SEK (5.94). Diluted EPS amounted to 4.77 SEK (5.92).

* Excluding pension plan curtailment gain of 148 MSEK before tax in 2006

Net sales by product area, %



Operating profit by product area*, %



* Excluding Other operations

Summary of Consolidated Income Statement

| MSEK | July–September | | January–September | | Full year 2006 |
|--|----------------|-------|-------------------|-------|----------------|
| | 2007 | 2006 | 2007 | 2006 | |
| Sales | 3,272 | 3,261 | 9,024 | 9,454 | 12,911 |
| Operating profit excl. larger one time items | 759 | 808 | 1,935 | 2,326 | 3,137 |
| Operating profit | 759 | 808 | 1,935 | 2,474 | 3,285 |
| Profit before income tax | 655 | 741 | 1,686 | 2,319 | 3,173 |
| Net profit for the period | 491 | 627 | 1,264 | 1,732 | 2,335 |
| Earnings per share (SEK) | 1.89 | 2.23 | 4.78 | 5.94 | 8.13 |

Sales by product area

| MSEK | July–September | | Change % | January–September | | Change % | Oct 2006–Sep 2007 | Full year 2006 |
|----------------------------|----------------|--------------|----------|-------------------|--------------|-----------|-------------------|----------------|
| | 2007 | 2006 | | 2007 | 2006 | | | |
| Snuff | 852 | 785 | 8 | 2,308 | 2,400 | –4 | 3,271 | 3,363 |
| Cigars | 902 | 903 | 0 | 2,483 | 2,550 | –3 | 3,340 | 3,407 |
| Chewing tobacco | 243 | 273 | –11 | 734 | 823 | –11 | 974 | 1,063 |
| Pipe tobacco & Accessories | 220 | 217 | 2 | 628 | 673 | –7 | 854 | 899 |
| Lights | 374 | 360 | 4 | 1,068 | 1,115 | –4 | 1,455 | 1,503 |
| Other operations | 682 | 723 | –6 | 1,803 | 1,892 | –5 | 2,587 | 2,677 |
| Total | 3,272 | 3,261 | 0 | 9,024 | 9,454 | –5 | 12,481 | 12,911 |

Operating profit by product area

| MSEK | July–September | | Change % | January–September | | Change % | Oct 2006–Sep 2007 | Full year 2006 |
|------------------------------|----------------|------------|-----------|-------------------|--------------|------------|-------------------|----------------|
| | 2007 | 2006 | | 2007 | 2006 | | | |
| Snuff | 383 | 385 | –1 | 925 | 1,151 | –20 | 1,387 | 1,614 |
| Cigars | 185 | 231 | –20 | 542 | 602 | –10 | 710 | 770 |
| Chewing tobacco | 83 | 95 | –12 | 237 | 262 | –10 | 313 | 338 |
| Pipe tobacco & Accessories | 64 | 68 | –7 | 143 | 202 | –29 | 206 | 265 |
| Lights | 67 | 64 | 5 | 186 | 198 | –6 | 237 | 249 |
| Other operations | –22 | –35 | | –96 | –89 | | –106 | –99 |
| Subtotal | 759 | 808 | –6 | 1,935 | 2,326 | –17 | 2,747 | 3,137 |
| <i>Larger one time items</i> | | | | | | | | |
| Pension curtailment gain | – | – | | – | 148 | | – | 148 |
| Total | 759 | 808 | –6 | 1,935 | 2,474 | –22 | 2,747 | 3,285 |

Operating margin by product area

| Percent | July–September | | January–September | | Oct 2006–Sep 2007 | Full year 2006 |
|----------------------------|----------------|-------------|-------------------|-------------|-------------------|----------------|
| | 2007 | 2006 | 2007 | 2006 | | |
| Snuff | 45.0 | 49.1 | 40.1 | 48.0 | 42.4 | 48.0 |
| Cigars | 20.5 | 25.6 | 21.8 | 23.6 | 21.3 | 22.6 |
| Chewing tobacco | 34.3 | 34.7 | 32.2 | 31.8 | 32.1 | 31.8 |
| Pipe tobacco & Accessories | 28.9 | 31.5 | 22.7 | 30.0 | 24.1 | 29.5 |
| Lights | 17.8 | 17.7 | 17.4 | 17.8 | 16.3 | 16.6 |
| Group* | 23.2 | 24.8 | 21.4 | 24.6 | 22.0 | 24.3 |

* Excluding larger one time items

Key data*

| | January–September | | Oct 2006–Sep 2007 | Full year 2006 |
|--|-------------------|-------------|-------------------|----------------|
| | 2007 | 2006 | | |
| Operating margin, % ¹⁾ | 21.4 | 24.6 | 22.0 | 24.3 |
| Operating capital, MSEK | 9,553 | 8,316 | 9,553 | 8,059 |
| Return on operating capital, % ¹⁾ | | | 30.7 | 38.1 |
| Return on shareholders' equity, % | | | 189.1 | 68.3 |
| Net debt, MSEK | 8,707 | 5,900 | 8,707 | 5,658 |
| Net debt/equity ratio, % | 3,066.4 | 347.6 | 3,066.4 | 277.3 |
| Equity/assets ratio, % | 1.9 | 10.2 | 1.9 | 13.0 |
| Investments in property, plant and equipment, MSEK ²⁾ | 421 | 189 | 537 | 304 |
| EBITDA, MSEK ³⁾ | 2,268 | 2,661 | 3,191 | 3,583 |
| EBITA, MSEK ⁴⁾ | 2,037 | 2,423 | 2,883 | 3,269 |
| EBITA/EBITA interest cover | 8.6 | 16.4 | 9.7 | 15.7 |
| Net debt/EBITA | | | 3.0 | 1.7 |
| <i>Share data⁵⁾</i> | | | | |
| Earnings per share, SEK | | | | |
| Basic | 4.78 | 5.94 | 7.00 | 8.13 |
| Diluted | 4.77 | 5.92 | 6.97 | 8.10 |
| Shareholders' equity per share, SEK | 1.09 | 6.17 | 1.09 | 7.43 |
| Number of shares outstanding at end of period | 257,874,800 | 274,367,981 | 257,874,800 | 274,367,981 |
| Average number of shares outstanding | 264,327,185 | 291,293,799 | 266,837,384 | 287,062,345 |
| Average number of shares outstanding, diluted | 265,225,215 | 292,382,084 | 267,631,850 | 288,161,247 |

¹⁾ Excluding a pension curtailment gain of 148 MSEK during the second quarter 2006

²⁾ Includes investments in assets held for sale and biological assets

³⁾ Operating profit excluding larger one time items adjusted for depreciation, amortization and writedowns of tangible and intangible assets

⁴⁾ Operating profit excluding larger one time items adjusted for amortization and writedowns of intangible assets

⁵⁾ Profit attributable to equity holders of the Parent

* The definitions are in accordance with the published Annual Report 2006 except for the definition of net debt, which now includes net pension liabilities as described in the section New accounting principles in this report

Snuff/Snus

Sweden is the world's largest snuff market measured by per capita consumption. In Sweden, a substantially larger proportion of the male population uses the Swedish type of moist snuff called snus* compared to cigarettes. The Norwegian market, which is significantly smaller than the Swedish market, is at present showing strong growth. The US is the world's largest snuff market measured in number of cans and is approximately five times larger than the Swedish market. In Sweden and Norway, Swedish Match has a leading position. In the US, the Company is well positioned as number three on the market. Some of the best known brands include General, Ettan, and Grov in Sweden, Timber Wolf and Longhorn in the US and Taxi in South Africa.

During the third quarter, sales revenues increased by 8 percent compared to the same quarter previous year, to 852 MSEK (785), and operating profit decreased by less than 1 percent, to

383 MSEK (385). Currency translation impacts have affected the sales and operating profit comparison negatively. Operating profit improved in the Scandinavian snus business. The Company has increased spending (including launch related costs for Red Man moist snuff) which has resulted in a somewhat lower operating profit in the US snuff business. During the year, the Company has increased its marketing and product development spending overall in the snuff product category for both the US and Scandinavian markets. Operating margin was 45.0 percent (49.1).

In Scandinavia, shipment volume in cans, during the third quarter were down less than 1 percent compared to the same period previous year. The destocking effects from a hoarding in Sweden in the fourth quarter of 2006 have ended. Increased volumes in Norway and Duty free offset Swedish volume declines.

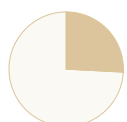
In the US, overall shipment volumes in cans during the third quarter were

up by 34 percent compared to the same period previous year. Volumes for Longhorn and Timber Wolf combined were up by 28 percent. Shipment volumes for the launch of Red Man moist snuff contributed to the overall volume increase. The Red Man launch was supported by extensive marketing efforts.

For the first nine months of the year, sales amounted to 2,308 MSEK (2,400) while operating profit amounted to 925 MSEK (1,151). Operating margin was 40.1 percent (48.0). The lower operating margin results from a combination of factors including lower volumes in the first half of the year in Scandinavia, a mix shift toward value price products, and higher marketing expenses for product launches.

* Swedish snus is moist snuff which is produced using a special heat treated process, much like pasteurization as opposed to other snuff products for which a fermentation process is used.

Share of Group total



Sales 26%



Operating profit 45%

| Key data, MSEK | January–September | | Full year 2006 |
|---------------------|-------------------|-------|----------------|
| | 2007 | 2006 | |
| Sales | 2,308 | 2,400 | 3,363 |
| Operating profit | 925 | 1,151 | 1,614 |
| Operating margin, % | 40.1 | 48.0 | 48.0 |



Cigars

Swedish Match is the world's second largest producer of cigars and cigarillos in sales value. Swedish Match offers a full range of different cigars and brands. Well known brands include Macanudo, La Gloria Cubana, White Owl, Garcia y Vega, La Paz, Hajenius, Justus van Maurik, Willem II, Salsa, and Wings. The US is the largest cigar market in the world where Swedish Match has a leading position in the premium segment and is well established in the segment for machine made cigars. After the US, the most important cigar markets are in Europe, where Swedish Match is well represented in most countries, with an especially good market position in the Netherlands and in the Nordic area.

During the third quarter, sales revenues were 902 MSEK (903), while operating profit was 185 MSEK (231). Operating profit in the third quarter 2006 was positively impacted by the successful launch of the Garcia y Vega Game product on the US mass market. Currency translation has affected the comparisons for both sales and operating profit negatively. In local currencies, sales in the third quarter increased by 4 percent compared to the same period previous year, while operating profit declined. Operating margin decreased to 20.5 percent (25.6).

Excluding the impact of acquisitions, sales in local currencies were either unchanged or declined in all cigar segments compared to the third quarter previous year. Mix changes and higher marketing costs had a negative impact on the operating margins. The acquired businesses contributed positively to the result.

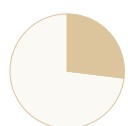
In mid June, Swedish Match acquired Bogaert Cigars, a privately held cigar company headquartered in Belgium with production facilities in Belgium and Indonesia. The Bogaert Cigars portfolio consists of machine-made cigars/cigarillos of own-brands (Bogart and Hollandia) as well as private label.

In September, the Company acquired Cigars International Inc., a US based distributor of premium cigars specializing in mail order and internet sales. This fast growing company has annual sales of approximately 400 MSEK, with its assortment including both General Cigar products and those from other manufacturers.

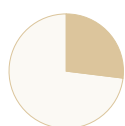
Group sales for the first nine months were 2,483 MSEK (2,550), while operating profit was 542 MSEK (602). In local currencies, sales increased by 3 percent, while operating profit declined by 5 percent, primarily attributable to a weaker performance in premium cigars.



Share of Group total



Sales 27%



Operating profit 27%

| Key data, MSEK | January–September | | Full year 2006 |
|---------------------|-------------------|-------|----------------|
| | 2007 | 2006 | |
| Sales | 2,483 | 2,550 | 3,407 |
| Operating profit | 542 | 602 | 770 |
| Operating margin, % | 21.8 | 23.6 | 22.6 |



Chewing tobacco

Chewing tobacco is sold primarily on the North American market, mainly in the southern US. Well known brands include Red Man and Southern Pride. Swedish Match is the leading producer of chewing tobacco in the US. The chewing tobacco segment shows a declining trend.

During the third quarter, sales revenues declined by 11 percent, to 243 MSEK (273). Operating profit declined by 12 percent, to 83 MSEK (95). Operating margin was 34.3 percent (34.7). Lower volumes and negative currency translation effects were the main factors behind the decline in operating profit.

Sales for the first nine months amounted to 734 MSEK (823) while operating profit amounted to 237 MSEK (262). In the US, sales for the first nine months were down 2 percent, while operating profit grew by 3 percent in local currency. Operating margin was 32.2 percent (31.8).

Pipe tobacco and Accessories

Swedish Match is one of the largest pipe tobacco companies in the world and its products are marketed worldwide. The Borkum Riff brand is sold in over 60 countries. The Company has its most significant presence in South Africa, where local production takes place. Best Blend and Boxer are the most important brands in South Africa. Accessories include the sales of papers, filters, and other smoking related items, primarily in the UK and Australia. Pipe tobacco consumption is declining on most established markets.

During the third quarter, sales revenues increased by 2 percent to 220 MSEK (217) and the operating profit declined to 64 MSEK (68). The sales and operating profit comparisons are affected by the depreciation of the South African Rand. Operating margin was 28.9 percent (31.5).

Sales for the first nine months amounted to 628 MSEK (673), while operating profit amounted to 143 MSEK (202). Operating profit during the nine month period was negatively affected by costs related to the closure of a redundant pipe tobacco factory in South Africa during the second quarter. Operating margin was 22.7 percent (30.0).

Lights

Swedish Match is the market leader in a number of markets for matches. The brands are mostly local, and have leading positions in their home countries. Larger brands include Solstickan, Three Stars, Fiat Lux, and Redheads. The Company produces and distributes disposable lighters and the main brand is Cricket. Swedish Match's largest market for lighters is Russia.

During the third quarter sales revenues amounted to 374 MSEK (360), while operating profit amounted to 67 MSEK (64). Operating margin was 17.8 percent (17.7).

Sales for the first nine months amounted to 1,068 MSEK (1,115), while operating profit amounted to 186 MSEK (198). Operating margin was 17.4 percent (17.8).

Other operations

Other operations include primarily the distribution of tobacco products on the Swedish market, as well as corporate overheads.

Sales in Other operations for the third quarter was 682 MSEK (723). Operating profit for Other operations was a negative 22 MSEK (negative 35). During the first nine months, sales in Other operations was 1,803 MSEK (1,892), while operating profit was a negative 96 MSEK (negative 89). Sales in the Swedish distribution of tobacco products was unusually low in the beginning of the year as a consequence of high retailer inventories in anticipation of the sharply raised tobacco excise taxes effective January 1, 2007 and an overall decline in sales of tobacco products.

Taxes

The Group tax expense for the first nine months amounted to 421 MSEK (587), corresponding to a tax rate of 25 percent (25). In 2007 a realignment of the operational and legal structures have resulted in a more effective capital structure and lowered tax rate. In 2006 the tax expense was favourably impacted by the reversal of a provision for withholding tax on unremitted earnings from US subsidiaries.

Depreciation and amortization

Total depreciation and amortization for the first nine months amounted to 333 MSEK (332), of which depreciation on property, plant and equipment amounted to 232 MSEK (234) and amortization of intangible assets amounted to 101 MSEK (97).

Financing and cash flow

Cash flow from operations for the first nine months of the year increased to 1,394 MSEK compared with 464 MSEK for the same period previous year. Tax payments during the first nine months of the year were 454 MSEK, compared with unusually high 1,498 MSEK in the first nine months of 2006.

The net debt as per September 30, 2007 amounted to 8,707 MSEK compared to 5,658 MSEK at December 31, 2006. The increase of 3,049 MSEK results from share

repurchases, net, of 2,152 MSEK, payment of dividends of 664 MSEK and investments of 1,500 MSEK including the acquisitions of Bogaert Cigars and Cigars International and investments in property, plant and equipment.

During the first nine months of the year new bond loans of 1,558 MSEK have been issued. Repayments of bond loans for the same period amounted to 310 MSEK.

Cash and cash equivalents amounted to 1,281 MSEK at the end of the period, compared with 3,042 MSEK at the beginning of the year.

Net finance cost for the first nine months increased to 250 MSEK (155) as a result of higher net debt and increased interest rates.

Revised dividend and financial policy

As part of the strategic process the Board has reviewed the dividend policy and the overall capital structure of the Company. During the year the Scandinavian snuff business has recovered significantly from the downturn caused by the doubling of the excise duty on snuff in Sweden effective January 1. In the US, the snuff business continues to demonstrate strong growth. Two important cigar acquisitions have been completed during the year. These acquisitions have resulted in an increased debt level in the Company, but are expected to contribute positively to the profit and cash flow going forward.

The current dividend policy stipulates that the dividend follows the trend of the net profit and is in the range of 30 to 50 percent of the profit for the year. For the year 2006 the dividend amounted to 2.50 SEK or 31 percent of the earnings per share. The Board has concluded that the strategic position of Swedish Match supports a modified dividend policy going forward.

The new dividend policy is that the dividend will be in the range of 40 to 60 percent of the earnings per share for the year, subject to adjustments for larger one-time items.

Following the completion of the Bogaert Cigars and Cigars

International acquisitions and share repurchases of 2.27 billion SEK during the first nine months of 2007, the Company's net debt exceeds the previously communicated long term target of two times EBITA. As per September 30, 2007, the net debt amounted to three times the EBITA for the twelve months period ending September 30, 2007.

In view of the good and stable prospects for the business and the additional contribution that the recently acquired companies are expected to generate, the Board is of the view that the current level of debt is well balanced and has resulted in an efficient balance sheet. Hence, the financial policy has been revised and the Company will strive to maintain a net debt that does not exceed three times EBITA going forward.

The Board continually reviews the financial position of the Company, and the actual level of net debt will be assessed against anticipated future profitability and cash flow, investment and expansion plans, acquisition opportunities as well as the development of interest rates and credit markets. The Board remains committed to maintain an investment grade credit rating.

Tobacco tax

During the first nine months of 2007 Swedish Match's payments of tobacco tax in Sweden have increased to 6.6 billion SEK (5.8).

Average number of Group employees

The average number of employees in the Group during the first nine months of 2007 was 12,077 compared with 12,465 for the full year 2006.

Share structure

The Annual General Meeting on April 23, 2007 renewed the mandate to repurchase shares up to 10 percent of the shares of the Company until the next Annual General Meeting for a maximum amount of 3,000 MSEK. In addition, a decision was made to cancel 13.0 million shares held in treasury, with a contemporaneous bonus issue of an amount equivalent

the amount represented by the cancelled shares or 18.1 MSEK. With the latter transaction the Company's share capital did not decrease through the cancellation of shares. The total amount of registered shares in the Company after the cancellation of shares is 267,000,000 shares with a quotient value of 1.4589 SEK. In June, after Annual General Meeting approval, the Company issued 931,702 call options to senior Company officials and key employees for the stock option program for 2006. These call options can be exercised from March 1, 2010 to February 29, 2012. The exercise price is 145.50 SEK.

During the first nine months 18.1 million shares were repurchased for 2,274 MSEK representing an average price of 125.62 SEK. As at September 30, 2007 Swedish Match held 9.1 million shares in its treasury, corresponding to 3.4 percent of the total number of shares. Total shares bought back by Swedish Match since the buyback programs started have been repurchased at an average price of 75.82 SEK. During the first nine months the Company also sold 1.6 million treasury shares for 122 MSEK representing an average price of 75.95 SEK as a result of option holders exercising their options. The number of shares outstanding, net after repurchase and after the sale of treasury shares, as per September 30, 2007 amounted to 257.9 million. In addition, the Company has call options outstanding as of September 30, 2007 corresponding to 3.4 million shares exercisable in gradual stages from 2007–2012.

Other events

On July 6, 2007, the Company announced that it had reached an agreement to sell a real estate company which is the owner of two buildings belonging to the Tobaksmonopolet property in Stockholm. Swedish Match will remain as one of the tenants in the divested buildings. The purchaser of the real estate was Aberdeen Property Fund Pan-Nordic and the purchase price was 995 MSEK. The closing date

of the sale was October 1, 2007. In addition to the buildings involved in this transaction, two adjacent parcels of land have been agreed to be sold to NCC, a Swedish construction company. The capital gain on these sales will exceed 250 MSEK and will be recorded during the fourth quarter 2007.

Due to a prior listing on the American Nasdaq stock exchange, Swedish Match has been registered with the U.S. Securities and Exchange Commission (SEC). On June 5, 2007 Swedish Match filed a deregistration with SEC and therefore does not have any further reporting obligations to SEC.

Accounting principles

The financial information in this interim report has been prepared in accordance with the International Financial Reporting Standards (IFRS) approved by the European Commission for application within the EU. The report is prepared in accordance with the Accounting Standard IAS 34 Interim Financial Reporting.

The accounting principles are the same as in the 2006 Annual Report except for the accounting for pensions and other retirement benefits in accordance with IAS 19, Employee Benefits, as described below.

New accounting principle

In order to enhance transparency Swedish Match has changed the principle for reporting of actuarial gains and losses in the Group's various defined benefit plans. These actuarial gains and losses are now recognized directly in equity in the period in which they occur.

The net of plan surpluses and deficits is included in the calculation of net debt. The total cost relating to defined benefit plans which previously was charged to personnel costs is now divided between personnel costs and financial income and expenses. Financial income and expenses are calculated from the net value of each plan at the beginning of the year. For surplus plans financial income is

calculated using the expected return on plan assets and for deficit plans financial expenses is calculated using the discount factor decided for each plan.

The new method of accounting for actuarial gains and losses is a change of accounting principles and 2006 has been restated. The effect of the restatement on Swedish Match's opening equity 2006 amounts to a negative 284 MSEK and an increased net liability for retirement benefits of 397 MSEK. The effect on the closing equity 2006 compared with previously reported numbers amounts to a negative 250 MSEK and an increased net liability for retirement benefits of 304 MSEK. The restated operating profit for 2006 increases by 50 MSEK, finance net is charged with 44 MSEK and tax is charged with 2 MSEK.

Risk factors

Swedish Match faces intense competition in all of its markets and for each of its products and such competition may increase in the future. In order to be successful the Group must promote its brands successfully and anticipate and respond to new customer trends. Restrictions on advertising and promotion may, however, make it more difficult to counteract loss of consumer loyalty. Competitors may develop and promote new products which could be successful, and could thereby have an adverse effect on Swedish Match's results of operations.

Changes in the regulatory landscape might affect the demand for Swedish Match products in the market place.

Swedish Match has a substantial part of its production and sales in EMU member countries as well as South Africa, Brazil and the US. Consequently, changes in exchange rates of euro, South African rand, Brazilian real and the US dollar in particular may adversely affect the Group's results of operations, cash flow, financial condition or relative price competitiveness in the future. Such effects may occur both in local currencies and when such local

currencies are translated into Swedish currency for purposes of financial reporting.

Regulatory changes in the countries where the Group is operating related to tobacco taxes as well as to the marketing, sale and consumption of tobacco products may have an adverse effect on Swedish Match's results of operations.

For a further description of risk factors affecting Swedish Match see Report of the Board of Directors in the published Swedish Match Annual Report for 2006.

Outlook

As previously announced, the operating margin for snuff in the first quarter 2007, and to a lesser extent in the second quarter, was significantly impacted by a sharp decline in volumes on the Swedish market due to the doubling of the excise tax for snus effective January 1, 2007. Sales volumes in tax-free channels and in Norway have grown during the year, and in Scandinavia as a whole, sales volumes reverted toward prior levels

during the third quarter. With the announcement of a proposed further increase in the Swedish excise tax in January, 2008, it is expected that hoarding and destocking effects, similar to that experienced between the fourth quarter 2006 and second quarter 2007, will be experienced over the coming quarters. In view of the new proposed excise tax increase, Swedish Match will take necessary actions to protect and improve the profitability in the Swedish snus market.

Our outlook for the US snuff market remains firm, and we expect a continued strong growth in the fourth quarter.

During the third quarter the cigar businesses of Bogaert Cigars and Cigars International were consolidated. Acquisition related costs, including amortization on acquired intangibles, and somewhat weaker prospects for the rest of the cigar business imply that the operating margin for cigars in the fourth quarter 2007 could be lower than the average for the year.

The tax rate for 2007 is estimated to be 25 percent excluding the non taxable capital gain on the sale of the Stockholm real estate. For 2008 and onwards the tax rate is expected to be around 20 percent.

Additional information

This report has not been reviewed by the Company's auditors. The January–December 2007 report will be released on February 20, 2008. The Annual General Meeting will be held on April 22, 2008 in Stockholm, Sweden.

Stockholm, October 25, 2007



Sven Hindrikes
President and Chief Executive Officer

The character of the information is such that it shall be disclosed by Swedish Match AB (publ) in accordance with the Swedish Securities and Clearing Operations Act and/or the Swedish Financial Instruments Act. The information was disclosed to the media on October 25, 2007 at 08.00 a.m (CET).

Consolidated Income Statement in summary

| MSEK | July–September | | Change % | January–September | | Change % | 12 months ended | Full year 2006 | Change % |
|---|----------------|--------------|-------------|-------------------|--------------|-------------|--------------------|-------------------|-------------|
| | 2007 | 2006 | | 2007 | 2006 | | Sep 30, 07 | | |
| Sales, including tobacco tax | 5,984 | 5,595 | | 16,252 | 15,894 | | 22,349 | 21,991 | |
| Less tobacco tax | -2,713 | -2,335 | | -7,228 | -6,441 | | -9,868 | -9,080 | |
| Sales | 3,272 | 3,261 | 0 | 9,024 | 9,454 | -5 | 12,481 | 12,911 | -3 |
| Cost of sales | -1,702 | -1,675 | | -4,698 | -4,797 | | -6,576 | -6,674 | |
| Gross profit | 1,570 | 1,585 | -1 | 4,326 | 4,657 | -7 | 5,906 | 6,237 | -5 |
| Sales and administrative expenses* | -810 | -780 | | -2,393 | -2,191 | | -3,164 | -2,963 | |
| Share of profit in equity accounted investees | 0 | 3 | | 3 | 8 | | 5 | 11 | |
| Operating profit | 759 | 808 | -6 | 1,935 | 2,474 | -22 | 2,747 | 3,285 | -16 |
| Financial income** | 33 | 36 | | 109 | 90 | | 257 | 239 | |
| Financial expenses | -137 | -103 | | -358 | -245 | | -464 | -351 | |
| Net finance cost | -105 | -68 | | -250 | -155 | | -207 | -112 | |
| Profit before income taxes | 655 | 741 | -12 | 1,686 | 2,319 | -27 | 2,540 | 3,173 | -20 |
| Income tax expense | -164 | -113 | | -421 | -587 | | -672 | -838 | |
| Net profit for the period | 491 | 627 | -22 | 1,264 | 1,732 | -27 | 1,867 | 2,335 | -20 |
| <i>Attributable to:</i> | | | | | | | | | |
| Equity holders of the Parent | 491 | 627 | | 1,264 | 1,732 | | 1,867 | 2,335 | |
| Minority interests | 0 | 0 | | 1 | 1 | | 1 | 1 | |
| Net profit for the period | 491 | 627 | -22 | 1,264 | 1,732 | -27 | 1,867 | 2,335 | -20 |
| Earnings per share, basic, SEK | 1.89 | 2.23 | | 4.78 | 5.94 | | 7.00 | 8.13 | |
| Earnings per share, diluted, SEK | 1.88 | 2.22 | | 4.77 | 5.92 | | 6.97 | 8.10 | |

* Including a pension curtailment gain of 148 MSEK during the second quarter 2006

** Including a gain on sale of securities of 111 MSEK in the fourth quarter 2006

Consolidated Balance Sheet in summary

| MSEK | Sep 30, 2007 | Dec 31, 2006 |
|---|---------------|---------------|
| Intangible fixed assets* | 4,593 | 3,469 |
| Property, plant and equipment | 2,361 | 2,221 |
| Financial fixed assets | 997 | 1,055 |
| Current operating assets** | 5,885 | 5,827 |
| Other current investments | 5 | 56 |
| Cash and cash equivalents | 1,281 | 3,042 |
| Total assets | 15,121 | 15,670 |
| Equity attributable to equity holders of the Parent | 281 | 2,037 |
| Minority interests | 3 | 3 |
| Total equity | 284 | 2,041 |
| Non-current provisions | 1,431 | 1,192 |
| Non-current loans | 8,216 | 7,815 |
| Other non-current liabilities | 611 | 657 |
| Current provisions | 40 | 61 |
| Current loans | 1,212 | 409 |
| Other current liabilities | 3,327 | 3,495 |
| Total equity and liabilities | 15,121 | 15,670 |

* A preliminary split has been made of the excess values of the acquisitions of Bogaert Cigars in Q2 2007 and Cigars International in Q3 2007 which have been allocated mainly to intangible assets

** Includes assets held for sale amounting to 819 MSEK, mainly attributable to the head office in Stockholm

Consolidated Cash Flow Statement in summary

| MSEK | January–September | |
|--|-------------------|---------------|
| | 2007 | 2006 |
| Profit before income taxes | 1,686 | 2,319 |
| Adjustments for non-cash items and other | 347 | 185 |
| Income tax paid | -454 | -1,498 |
| Cash flow from operating activities before changes in working capital | 1,579 | 1,007 |
| Cash flow from changes in working capital | -185 | -543 |
| Net cash from operating activities | 1,394 | 464 |
| <i>Investing activities</i> | | |
| Acquisition of property, plant and equipment* | -422 | -189 |
| Proceeds from sale of property, plant and equipment | 29 | 92 |
| Acquisition of intangible assets | -67 | -270 |
| Acquisition of subsidiaries, net of cash acquired | -1,168 | -19 |
| Divestment of business operations | - | 31 |
| Changes in financial receivables etc. | 78 | -234 |
| Changes in current investments | 51 | -457 |
| Net cash used in investing activities | -1,500 | -1,045 |
| <i>Financing activities</i> | | |
| Changes in loans | 1,207 | 4,840 |
| Dividends | -664 | -627 |
| Repurchase of own shares | -2,274 | -3,674 |
| Sale of treasury shares | 122 | 94 |
| Other | -45 | -32 |
| Net cash used in financing activities | -1,653 | 601 |
| Net decrease in cash and cash equivalents | -1,759 | 21 |
| Cash and cash equivalents at the beginning of the period | 3,042 | 3,325 |
| Effect of exchange rate fluctuations on cash and cash equivalents | -3 | -137 |
| Cash and cash equivalents at the end of the period | 1,281 | 3,209 |

* Includes investments held for sale and biological assets

Statement of recognized income and expense

| MSEK | January–September | |
|--|-------------------|--------------|
| | 2007 | 2006 |
| Available-for-sale financial assets | 0 | 10 |
| Cash flow hedges | 44 | - |
| Translation difference in foreign operations | -259 | -640 |
| Tax on items taken to/transferred from equity | -12 | -4 |
| Total transactions taken to equity | -227 | -634 |
| Net profit for the period recognized in the income statement | 1,264 | 1,732 |
| Total income and expense recognized for the period | 1,037 | 1,098 |
| <i>Attributable to:</i> | | |
| Equity holders of the Parent | 1,037 | 1,098 |
| Minority interests | 0 | 0 |
| Total income and expense recognized for the period | 1,037 | 1,098 |

Actuarial gains and losses are calculated at the end of the fourth quarter

Change in Shareholders' equity

| MSEK | January–September | |
|--|-------------------|--------------|
| | 2007 | 2006 |
| Opening balance as per January 1 | 2,040 | 5,083 |
| Total income and expense recognized for the period | 1,037 | 1,098 |
| Changed accounting principle IAS 19, net after tax | 0 | -284 |
| Acquisition of own shares | -2,274 | -3,674 |
| Stock options exercised | 122 | 94 |
| Share-based payments, IFRS 2 | 22 | 7 |
| Dividends | -664 | -627 |
| Closing balance as per September 30 | 284 | 1,697 |

| Quarterly data, Group, MSEK* | Q3/05 | Q4/05 | Q1/06 | Q2/06 | Q3/06 | Q4/06 | Q1/07 | Q2/07 | Q3/07 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Sales, including tobacco tax | 5,754 | 5,876 | 4,797 | 5,502 | 5,595 | 6,097 | 4,623 | 5,645 | 5,984 |
| Less tobacco tax | -2,294 | -2,376 | -1,846 | -2,260 | -2,335 | -2,640 | -1,961 | -2,555 | -2,713 |
| Sales | 3,461 | 3,500 | 2,951 | 3,242 | 3,261 | 3,457 | 2,663 | 3,090 | 3,272 |
| Cost of sales | -1,848 | -1,959 | -1,456 | -1,657 | -1,675 | -1,877 | -1,368 | -1,629 | -1,702 |
| Gross profit | 1,612 | 1,540 | 1,495 | 1,584 | 1,586 | 1,581 | 1,295 | 1,461 | 1,570 |
| Sales and administrative expenses | -860 | -869 | -763 | -805 | -780 | -772 | -762 | -821 | -810 |
| Share of profit in equity accounted investees | 4 | 5 | 1 | 5 | 3 | 3 | 0 | 2 | 0 |
| | 756 | 678 | 733 | 785 | 809 | 811 | 534 | 642 | 759 |
| <i>Larger one time items</i> | | | | | | | | | |
| Pension curtailment gain | - | - | - | 148 | - | - | - | - | - |
| Income from sale of real estate | 206 | - | - | - | - | - | - | - | - |
| Operating profit | 962 | 678 | 733 | 933 | 809 | 811 | 534 | 642 | 759 |
| Financial income | 15 | 31 | 32 | 26 | 34 | 39 | 36 | 40 | 33 |
| Financial expenses | -55 | -67 | -68 | -77 | -101 | -107 | -102 | -119 | -137 |
| | -40 | -36 | -36 | -51 | -67 | -68 | -66 | -79 | -105 |
| <i>Larger one time items</i> | | | | | | | | | |
| Gain on sale of securities | - | - | - | - | - | 111 | - | - | - |
| Net finance cost | -40 | -36 | -36 | -51 | -67 | 43 | -66 | -79 | -105 |
| Profit before income taxes | 922 | 642 | 697 | 882 | 742 | 854 | 468 | 563 | 655 |
| Income tax expense | -353 | -186 | -209 | -264 | -113 | -251 | -136 | -122 | -164 |
| Net profit for the period | 569 | 456 | 488 | 617 | 628 | 603 | 332 | 441 | 491 |
| <i>Attributable to:</i> | | | | | | | | | |
| Equity holders of the Parent | 569 | 456 | 488 | 617 | 628 | 603 | 332 | 441 | 491 |
| Minority interests | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net profit for the period | 569 | 456 | 488 | 617 | 628 | 603 | 332 | 441 | 491 |

* The 2005 quarters have not been restated for the changed accounting principle for pensions

| Sales by product area, MSEK | Q3/05 | Q4/05 | Q1/06 | Q2/06 | Q3/06 | Q4/06 | Q1/07 | Q2/07 | Q3/07 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Snuff | 809 | 819 | 785 | 831 | 785 | 963 | 662 | 794 | 852 |
| Cigars | 874 | 834 | 759 | 888 | 903 | 857 | 735 | 847 | 902 |
| Chewing tobacco | 290 | 280 | 273 | 277 | 273 | 240 | 238 | 253 | 243 |
| Pipe tobacco & Accessories | 241 | 245 | 238 | 218 | 217 | 226 | 205 | 203 | 220 |
| Lights | 454 | 521 | 387 | 368 | 360 | 388 | 340 | 354 | 374 |
| Other operations | 792 | 800 | 510 | 659 | 723 | 784 | 483 | 638 | 682 |
| Total | 3,461 | 3,500 | 2,951 | 3,242 | 3,261 | 3,457 | 2,663 | 3,090 | 3,272 |
| Operating profit by product area, MSEK* | Q3/05 | Q4/05 | Q1/06 | Q2/06 | Q3/06 | Q4/06 | Q1/07 | Q2/07 | Q3/07 |
| Snuff | 401 | 392 | 383 | 383 | 385 | 462 | 231 | 311 | 383 |
| Cigars | 188 | 176 | 163 | 207 | 231 | 168 | 164 | 193 | 185 |
| Chewing tobacco | 94 | 100 | 86 | 81 | 95 | 76 | 72 | 82 | 83 |
| Pipe tobacco & Accessories | 62 | 60 | 76 | 58 | 68 | 63 | 56 | 24 | 64 |
| Lights | 47 | -31 | 63 | 72 | 64 | 51 | 57 | 62 | 67 |
| Other operations | -37 | -20 | -38 | -17 | -35 | -9 | -45 | -29 | -22 |
| Subtotal | 756 | 678 | 733 | 784 | 808 | 811 | 534 | 642 | 759 |
| <i>Larger one time items</i> | | | | | | | | | |
| Pension curtailment gain | - | - | - | 148 | - | - | - | - | - |
| Income from real estate sale | 206 | - | - | - | - | - | - | - | - |
| Subtotal | 206 | - | - | 148 | - | - | - | - | - |
| Total | 962 | 678 | 733 | 932 | 808 | 811 | 534 | 642 | 759 |

* The 2005 quarters have not been restated for the changed accounting principle for pensions

| Operating margin by product area, percent* | Q3/05 | Q4/05 | Q1/06 | Q2/06 | Q3/06 | Q4/06 | Q1/07 | Q2/07 | Q3/07 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Snuff | 49.5 | 47.8 | 48.8 | 46.1 | 49.1 | 48.0 | 34.9 | 39.1 | 45.0 |
| Cigars | 21.5 | 21.1 | 21.5 | 23.4 | 25.6 | 19.6 | 22.3 | 22.7 | 20.5 |
| Chewing tobacco | 32.5 | 35.6 | 31.5 | 29.3 | 34.7 | 31.7 | 30.1 | 32.3 | 34.3 |
| Pipe tobacco & Accessories | 25.7 | 24.4 | 31.8 | 26.5 | 31.5 | 28.0 | 27.1 | 11.7 | 28.9 |
| Lights | 10.5 | -5.9 | 16.2 | 19.5 | 17.7 | 13.1 | 16.8 | 17.5 | 17.8 |
| Group** | 21.9 | 19.4 | 24.8 | 24.2 | 24.8 | 23.5 | 20.0 | 20.8 | 23.2 |

* The 2005 quarters have not been restated for the changed accounting principle for pensions

** Excluding larger one time items

Swedish Match is a global Group of companies with a broad assortment of market-leading brands in smokeless tobacco products, cigars, pipe tobacco and lights products. The Company sells products in more than 100 countries, with production units in 11 countries. The markets for snuff/snus and cigars have been growing in both sales and volume terms over the past several years, while the markets for chewing tobacco, pipe tobacco, and lights have been declining. Swedish Match also distributes third parties' tobacco products on the Swedish market. Swedish Match generates approximately half of its sales and more than two thirds of its operating income from snuff and cigars. The Swedish Match share is listed on the OMX Nordic Exchange in Stockholm.