

## Full Year Report JANUARY – DECEMBER 2016

- Sales increased by 6 percent to 3,957 MSEK (3,719) for the fourth quarter and by 7 percent to 15,551 MSEK (14,486) for the full year. In local currencies, sales increased by 3 percent for the fourth quarter and by 7 percent for the full year.
- Operating profit from product areas<sup>1)</sup> increased by 5 percent to 954 MSEK (908) for the fourth quarter and by 8 percent to 3,990 MSEK (3,690) for the full year. In local currencies, operating profit from product areas<sup>1)</sup> was flat for the fourth quarter and increased by 8 percent for the full year.
- Operating profit<sup>2)</sup> amounted to 954 MSEK (908) for the fourth quarter and to 6,420 MSEK (4,008) for the full year. The operating profit<sup>2)</sup> for the full year includes larger one-time items of 2,109 MSEK relating to capital gains from the partial divestments of STG and an unrealized gain from revaluing Swedish Match's remaining holding in STG to market value as well as 145 MSEK related to the sale of a distribution center (prior year included a restructuring provision of 42 MSEK).
- Earnings per share (basic) amounted to 3.61 SEK (3.34) for the fourth quarter and to 27.38 SEK (14.48) for the full year. Earnings per share for the fourth quarter and the full year, excluding STG and adjusted for larger one-time items, amounted 3.61 SEK (3.34) and to 14.39 SEK (12.79), respectively.
- During 2016, Swedish Match distributed the proceeds from the two divestments of shares in STG as two special dividends of 12.00 SEK and 9.50 SEK per share, in total 4,016 MSEK.
- Following the close of the period Swedish Match reduced its ownership in STG from 18.1 percent to 9.1 percent.
- The Board of Directors proposes a dividend of 16.00 SEK per share consisting of an increased ordinary dividend of 8.50 SEK (8.00) and a special dividend of 7.50 SEK, following Swedish Match's divestment of shares in STG in January 2017.

- 1) Operating profit for Swedish Match product areas, which excludes larger one-time items and share of net profit in STG.
- 2) Operating profit for the Group includes larger one-time items and share of net profit in STG. The full year 2016 only includes Swedish Match's share of STG's net profit until the date of partial divestment in September, thereafter, the shareholding in STG has been reclassified as a financial asset. The full year 2015 includes only the first nine months of net profit in STG due to transition to a one quarter lag in Swedish Match's reporting for STG. Thereby, the fourth quarter in 2016 and 2015 do not include any share of net profit in STG. See Note 3.



## CEO Lars Dahlgren comments:

### 2016 – Solid growth and strong cash returns to our shareholders

I am pleased to report a year of solid growth, with higher sales in all of our product areas and strong operating profit growth. We expanded our efforts in the smokeless arena and continued on the path toward our vision of a world without cigarettes. We delivered very strong cash returns to our shareholders, with both our regular dividend and two payments of special dividends stemming from our sell-downs of shareholdings in Scandinavian Tobacco Group (STG). This past year we have been faced with notable regulatory changes, impacting both 2016 and future periods. We remain committed to being a vocal proponent of the benefits of harm reduction in the tobacco industry and will face these regulatory changes from a position of strength.

There were a number of positive developments in the Snus and moist snuff product area during 2016. We continued to see growth in the US snus market, and our brand, *General*, continued to outpace the market growing at double digit levels. We expanded our scope of innovative products and introduced ZYN, a new nicotine pouch without tobacco, in the US market. We are confident that these and other innovative products will further strengthen our position. On a full year basis both the Swedish and Norwegian snus market demonstrated good growth. In the Swedish snus market, competitive activity was more intense than in the prior year, but we have seen traction from our efforts aimed at stabilizing volume development for our premium snus brands. In Norway, our market share declined at a slower pace during the latter part of the year, driven by success of our modern *General G.3* range. In both reported and local currency terms, our sales and operating profit for the Snus and moist snuff product area grew both in Scandinavia and in the US.

Within Other tobacco products (cigars and chewing tobacco) we had another outstanding year for cigars, resulting in record volumes, sales and operating profit. For chewing tobacco we faced some difficulties, especially toward the latter part of the year, with an acceleration of volume declines for both our own brands and for the market as a whole. Our lights business rebounded from a challenging 2015 and delivered sales growth and improved profitability.

During 2016 the new European Tobacco Products Directive came into force, bringing new challenges to the tobacco industry. For Swedish Match, this has meant changes in labelling and new reporting requirements in Sweden. In Norway, standardized packaging was approved by the government, which is likely to be implemented during 2018. In the US, the FDA has implemented its deeming regulations for cigars and communicated its decision not to grant Modified Risk Tobacco Product (MRTP) status for our *General* range of snus products at this point. We were pleased, however, that the FDA explicitly encouraged Swedish Match to continue to seek modified risk status for *General* snus products and amend the application. Regulatory changes will have an impact on the market in the future but the Company is taking the necessary steps to be well prepared and positioned to find opportunities resulting from these changes. Following a recent referral by the UK High Court at the request of Swedish Match, we now look forward to a new review of the EU snus ban in the European Court of Justice.

During the year, we successfully listed STG on the Nasdaq Copenhagen stock exchange and sold a significant portion of our shareholding. With proceeds from the STG transactions returned to our shareholders through special dividends, combined with our ordinary dividend and share repurchase program, substantial cash and shareholder value have been delivered to our shareholders. Following the close of the period in January of 2017 we successfully divested another 9 percent in STG delivering proceeds of 1,353 MSEK which is proposed to be paid out as a special dividend in the spring

### Comments to the fourth quarter

Swedish Match's operating profit from product areas in local currencies was essentially flat versus prior year with a mixed picture among our businesses. Cigars and Lights delivered good growth, while Snus and moist snuff and chewing tobacco reported declines.

The total Scandinavian snus market, measured in number of cans, continued to grow in the fourth quarter, but at a more modest pace, with growth being led by Norway. Our Scandinavian shipment volumes declined in the fourth quarter due to the absence of year-end trade hoarding (as contrasted with the fourth quarter of 2015) and some market share losses. Sales in Scandinavia grew, however, as average pricing improved. We continued to see healthy growth for *General* snus in the US, and were also very pleased by the early consumer and trade reaction to our ZYN products. US moist snuff sales declined slightly in local currency as we experienced weak shipment volumes except for pouches where our strategy to improve our position in this growing segment delivered tangible results.

Within Other tobacco products cigars again delivered strong year-on-year growth in sales and earnings in the quarter, even with the new FDA user fees which began in October. We continued to build on our solid position in the growing cigar market, resulting in another quarter of double digit year-on-year volume growth. Chewing tobacco volumes were unusually weak, impacted by a steep excise tax increase in Pennsylvania. Within our Lights product area, operating profit was up for both matches and lighters.

*In summary*, despite the less strong results towards the end of the year, I am pleased with our overall performance in 2016, and especially with our outstanding performance for cigars. Looking forward I expect continued market growth for snus and cigars but also intense competition. We remain committed to developing our strong brand portfolio, to expanding our offerings of innovative snus and snus like products, as well as to delivering attractive returns to our shareholders.

### Summary of consolidated income statement

MSEK	October-December		Chg %	Full year		Chg %
	2016	2015		2016	2015	
Sales	3,957	3,719	6	15,551	14,486	7
Operating profit from product areas <sup>1)</sup>	954	908	5	3,990	3,690	8
Operating profit <sup>2)</sup>	954	908	5	6,420	4,008	60
Profit before income tax	868	780	11	5,988	3,545	69
Profit for the period	662	636	4	5,123	2,803	83
Operating margin from product areas <sup>1)</sup> , %	24.1	24.4		25.7	25.5	
Operating margin <sup>2)</sup> , %	24.1	24.4		41.3	27.7	
Earnings per share, basic, SEK	3.61	3.34		27.38	14.48	
Earnings per share, excl. STG, basic, SEK	3.61	3.34		26.44	12.62	
Earnings per share, excl. STG, adjusted, basic, SEK <sup>3)</sup>	3.61	3.34		14.39	12.79	

1) Excluding larger one-time items and share of net profit in STG.

2) Including larger one-time items and share of net profit in STG.

Larger one-time items for 2016 include the capital gain from the sale of shares in STG of 560 MSEK and capital gain from the sale of a distribution facility of 145 MSEK, both tax-free and recognized in the first quarter as well as the capital gain from the sale of shares in STG of 648 MSEK and the unrealized gain of 902 MSEK from revaluing the remaining holding in STG to market value, both tax-free and recognized in the third quarter. Larger one-time items for 2015 include costs of 42 MSEK (33 MSEK after tax) on the relocation of distribution facilities recognized in the second quarter.

The full year 2016 only includes Swedish Match's share of STG's net profit until the date of partial divestment in September, thereafter, the shareholding in STG has been reclassified as a financial asset. The full year 2015 includes only the first nine months of net profit in STG due to transition to a one quarter lag reporting. Thereby, the fourth quarter in 2016 and 2015 do not include any share of net profit in STG. See Note 3.

3) Adjusted for Swedish Match larger one-time items.

## The fourth quarter

(Note: Comments below refer to the comparison between the fourth quarter 2016 vs. the fourth quarter 2015).

### Sales

Sales grew by 6 percent to 3,957 MSEK (3,719). Currency translation positively affected the sales comparison by 136 MSEK. In local currencies, sales increased 3 percent and were up for all product areas except Lights. Sales comparisons versus prior year for Snus and moist snuff and for Other operations were negatively affected by trade hoarding in the fourth quarter of 2015 and the absence of hoarding in the fourth quarter of 2016.

### Earnings

Operating profit from product areas increased by 5 percent to 954 MSEK (908). Operating profit increased for Other tobacco products, Lights, and Other operations, and declined marginally for Snus and moist snuff. In local currencies, operating profit from product areas was flat.

Operating profit amounted to 954 MSEK (908). The fourth quarters for both 2016 and 2015 do not include any share of net profit in STG. The holding was reclassified to a financial asset following the partial

divestment in September 2016, and the fourth quarter 2015 reflected the transition to a one quarter lag in Swedish Match's reporting for STG. Currency translation has affected the comparison of the operating profit positively by 46 MSEK.

The Group's net finance cost amounted to 85 MSEK (128). The income tax expense amounted to 206 MSEK (145).

Profit for the period increased to 662 MSEK (636).

Earnings per share (EPS) for the fourth quarter increased by 8 percent to 3.61 SEK (3.34).

## The full year

(Note: Comments below refer to the comparison between full year 2016 vs. full year 2015).

### Sales

Sales increased by 7 percent to 15,551 MSEK (14,486). Currency translation has affected the sales comparison positively by 47 MSEK. In local currencies, sales increased by 7 percent, with increases for all product areas. Sales comparisons versus prior year for Snus and moist snuff and for Other operations were positively affected by the net difference in trade destocking and hoarding between the periods.

### Earnings

Operating profit from product areas increased by 8 percent to 3,990 MSEK (3,690). In local currencies the operating profit from product areas also increased by 8 percent. Operating profit increased for all product areas except for Other operations.

Operating profit, including larger one-time items and share of net profit in STG amounted to 6,420 MSEK (4,008). During 2016, capital gains totaling 1,208 MSEK were recognized following the reductions in shareholding in STG and 145 MSEK from the sale of a distribution center in Sweden. In addition, an unrealized gain of 902 MSEK was recognized from revaluation of the remaining shareholding in STG to market value. These larger one-time items are all tax exempt. During 2015, a cost of 42 MSEK for the relocation of distribution facilities was recognized as a larger one-time item. Currency translation has affected the comparison of the operating profit positively by 9 MSEK.

The Group's net finance cost amounted to 431 MSEK (463) and income tax expense amounted to 865 MSEK (742), corresponding to a tax rate of 14.4 percent (20.9). The unusually low reported tax rate is a result of the tax exempt larger one-time items. The tax rate, excluding associated companies and joint ventures and non-taxable larger one-time items, was 24.3 percent (23.1).

Profit for the period increased to 5,123 MSEK (2,803). Excluding share of net profit in STG and the larger one-time items, profit for the period increased by 9 percent.

EPS for the year increased to 27.38 SEK (14.48). Excluding share of net profit in STG and adjusted for the larger one-time items in both years EPS increased by 13 percent to 14.39 SEK (12.79).

## Kaliber+

*Kaliber+* is the latest addition to the Swedish Match lineup in the value priced segment in Sweden – the segment where competition and the number of products have increased over time. *Kaliber+* has a more fully packed portion than the traditional *Kaliber* and provides a more robust flavor. *Kaliber+* was launched in January 2017 in two varieties, Original portion and White portion.





## Snus and moist snuff

### Fourth quarter highlights:

- Sales in Scandinavia increased somewhat despite lower volumes
- Weak overall volumes for moist snuff but continued growth for the pouch business in the US
- Continued growth of *General* and *ZYN* outside Scandinavia

### Key data

MSEK	October-December		Chg %	Full year		Chg %
	2016	2015		2016	2015	
Sales	1,356	1,318	3	5,277	5,090	4
Operating profit	542	545	-1	2,197	2,071	6
Operating margin, %	40.0	41.4		41.6	40.7	
EBITDA	592	588	1	2,383	2,247	6
EBITDA margin, %	43.7	44.6		45.2	44.1	

### The fourth quarter

(Note: Comments below refer to the comparison between the fourth quarter 2016 vs. the fourth quarter 2015).

Sales for Snus and moist snuff were flat in local currencies. Sales grew slightly in Scandinavia despite the absence of year-end hoarding but declined slightly in North America. The decline in operating profit was mainly due to hoarding effects in 2015 as well as higher operating expenses in Scandinavia.

In Scandinavia the market continued to grow, but at a slower pace than experienced at the beginning of the year. Swedish Match estimates that the total Scandinavian market grew by somewhat below 3 percent, with higher market volumes in both Norway and Sweden. Swedish Match's Scandinavian shipment volumes measured in number of cans were down by 3 percent, negatively affected in part by the absence of hoarding. Adjusted for hoarding, Swedish Match's underlying volumes are estimated to be down slightly less than 2 percent. The decline in underlying volumes was primarily driven by market share losses within the value segment in Sweden. Sales in Scandinavia increased slightly as the reported volume decline was offset by increased average pricing as a result of price increases earlier in the year, positive mix effects and a stronger Norwegian krone. The operating profit for Scandinavia snus declined due to higher market and personnel related costs, partly of a temporary nature.

On December 9, 2016, the Norwegian government made the decision to move to plain packaging for tobacco products, including snus. The Public Health Directorate (Helsedirektoratet) was tasked with issuing detailed instructions which are expected in the first quarter of 2017. Full implementation is currently expected to be 12 months from the release of these instructions, during 2018.

For the US moist snuff business pouches continued to grow strongly but total volumes declined by 6 percent in part due to high level of trade purchases in the third quarter. Sales and operating profit declined on lower volumes.

The total net operating loss for snus and nicotine pouches outside Scandinavia decreased to 60 MSEK (90) attributable to improved gross profit and lower costs. For snus in the US, sales continued to increase due to a combination of higher volumes and better realized pricing. Distribution of the *ZYN* nicotine pouch without



tobacco was further expanded during the quarter and the product is now available throughout the western US.

On December 14, 2016, Swedish Match was informed by the FDA that *General* snus will not, for the time being, be designated as a Modified Risk Tobacco Product (MRTP). The FDA did, however, outline the process forward and encouraged Swedish Match to continue its efforts to seek modified risk status for *General* snus. The FDA has previously determined that the *General* snus products are protective of the public health and contain significantly lower levels of harmful constituents compared to over 97 percent of the smokeless products on the US market. These findings are part of the premarket tobacco application (PMTA) decision announced by FDA in November 2015.

### The full year

(Note: Comments below refer to the comparison between full year 2016 vs. full year 2015).

Sales for the product area grew by 4 percent in local currencies, with growth in Scandinavia and the US. Operating profit increased to 2,197 MSEK (2,071).

In Scandinavia, Swedish Match's shipment volumes grew by 2 percent. Swedish Match estimates that its underlying volumes (adjusted for destocking and hoarding) on the Scandinavian market increased by more than 1 percent. Swedish Match estimates that the total Scandinavian snus market grew by approximately 4 percent in volume terms.

Operating profit for snus in Scandinavia grew but higher sales and gross profit were partially offset by increased market related costs. In the US, sales and operating profit for moist snuff increased in local currencies from improved pricing despite marginally lower volumes. For *General* snus and ZYN nicotine pouches without tobacco in the US, both sales and gross profit increased.

The total net operating loss for snus and nicotine pouches outside Scandinavia decreased to 233 MSEK (337). The reduced net operating loss was partly due to the absence of costs for a dissolved joint venture.

### Swedish Match shipment volumes

	October-December		Chg %	Full year		Chg %
	2016	2015		2016	2015	
Snus, millions of cans, Scandinavia	62.4	64.5	-3	241.3	236.3	2
Moist snuff, millions of cans, US	27.0	28.7	-6	131.4	132.1	-1

### Swedish Match Scandinavian snus market shares<sup>1)</sup>

Percent	October-December		Chg ppts	Full year		Chg ppts
	2016	2015		2016	2015	
Snus, Sweden, total	66.5	69.2	-2.7	67.4	69.0	-1.6
Snus, Sweden, premium	92.4	93.6	-1.2	92.8	93.5	-0.8
Snus, Sweden, value	37.1	40.6	-3.5	38.1	39.9	-1.8
Snus, Norway, total	52.7	55.3	-2.6	53.5	56.7	-3.1

1) Swedish Match estimates using Nielsen data (excluding tobacconists): 13 weeks and YTD to December 25, 2016. All figures for the Swedish market have been restated to reflect changes in Nielsen store measurements.

## Other tobacco products (cigars and chewing tobacco)

### Fourth quarter highlights:

- Continued strong volume growth for cigars in the US
- Significant volume declines for own brands of chewing tobacco
- Increased cost base due to introduction of FDA user fees for cigars from October 1, 2016



### Key data

MSEK	October-December		Chg %	Full year		Chg %
	2016	2015		2016	2015	
Sales	1,092	955	14	4,283	3,829	12
Operating profit	395	366	8	1,705	1,554	10
Operating margin, %	36.2	38.3		39.8	40.6	
EBITDA	411	382	8	1,768	1,613	10
EBITDA margin, %	37.7	39.9		41.3	42.1	

### The fourth quarter

(Note: Comments below refer to the comparison between the fourth quarter 2016 vs. the fourth quarter 2015).

Sales and operating profit for Other tobacco products grew both as reported and in local currency. In local currency, sales increased by 7 percent and operating profit increased slightly. Operating profit was negatively impacted by a weak development in chewing tobacco in combination with the introduction of FDA fees beginning from October 1, 2016. FDA fees for cigars were 2.5 MUSD in the fourth quarter of 2016.

Cigar volumes were up by 15 percent but down in comparison to the third quarter. Swedish Match's volumes increased for both natural leaf and HTL cigars. In local currency, sales for cigars increased somewhat less than volumes and operating profit grew at a slower pace than sales due to increased costs from the introduction of FDA fees.

Chewing tobacco shipments (excluding contract manufacturing volumes) declined by close to 14 percent. Sales for chewing tobacco in the US also declined as price increases and increased shipments of contract manufacturing volumes did not sufficiently compensate for the volume decline of Swedish Match's brands. The volume decline accelerated both due to increased excise taxes in the state of Pennsylvania (0.55 USD per ounce for chewing tobacco) effective October 1, 2016, and due to some market share declines for Swedish Match. Operating profit for chewing tobacco declined in local currency.

### The full year

(Note: Comments below refer to the comparison between full year 2016 vs. full year 2015).

In local currency, sales for Other tobacco products were up by 10 percent, while operating profit was up by 8 percent, attributable to the strong performance for US cigars.

Cigar volumes increased by 17 percent and sales in US dollars increased nearly in line with volumes. The volume growth was primarily attributable to natural leaf cigars but HTL cigars also experienced volume growth. Operating profit also increased sharply.

For chewing tobacco, sales and operating profit in local currency declined on lower volumes which were only partly compensated by higher prices. Volumes (excluding contract manufacturing volumes) were down more

than in recent years following some market share declines and a weak finish to the year. Operating profit was down on lower volumes and also negatively impacted by investments related to chew bags outside of the US.

### Swedish Match US shipment volumes

	October-December		Chg %	Full year		Chg %
	2016	2015		2016	2015	
Cigars, millions of sticks	367	319	15	1,472	1,256	17
Chewing tobacco, thousands of pounds (excluding contract manufacturing volumes)	1,440	1,670	-14	6,709	7,390	-9

## Lights (matches, lighters and complementary products)

### Fourth quarter highlights:

- Good quarter for matches
- Increased operating profit across the portfolio



### Key data

MSEK	October-December		Chg %	Full year		Chg %
	2016	2015		2016	2015	
Sales	347	334	4	1,314	1,295	1
Operating profit	62	50	25	219	190	15
Operating margin, %	17.9	14.9		16.7	14.7	
EBITDA	73	59	23	259	228	14
EBITDA margin, %	21.1	17.8		19.7	17.6	

### The fourth quarter

(Note: Comments below refer to the comparison between the fourth quarter 2016 vs. the fourth quarter 2015).

Sales increased by 4 percent resulting from increased match volumes and positive currency effects. Sales of lighters and complementary products declined. Sales for matches were the strongest of any quarter over the past two years, benefitting both from high volumes and positive currency effects.

Operating profit increased by 25 percent driven by the strong development for matches and also benefitting from lower market related costs for lighters and improved costing for complementary products.

### The full year

(Note: Comments below refer to the comparison between full year 2016 vs. full year 2015).

Sales were up by 1 percent. Volumes for both matches and lighters were down slightly. Operating profit for the product area was up due to a much stronger performance for lighters from lower production and market support costs as well as a good performance for complementary products. Lower operating profit for matches partially offset the stronger performance in the other categories.

### Swedish Match shipment volumes, worldwide

	October-December		Chg %	Full year		Chg %
	2016	2015		2016	2015	
Matches, billion sticks	19.1	17.4	10	72.0	73.1	-2
Lighters, million units	94.7	104.8	-10	399.2	402.9	-1



## Other operations

Other operations consist of the distribution of tobacco products on the Swedish market and corporate overhead costs.

### The fourth quarter

Sales in Other operations for the fourth quarter amounted to 1,163 MSEK (1,112). Operating loss for Other operations was 45 MSEK (53). Similar to prior year quarter, costs were high due to costs of a temporary nature. In December, the former distribution center in Hisings Backa was sold at close to book value. The distribution operations previously conducted at Hisings Backa were moved to the new distribution center in Kungsängen at the end of 2015.

### The full year

Sales for the year amounted to 4,676 MSEK (4,272) and the operating loss was 132 MSEK (124). Sales in Other operations for the prior year period were negatively affected by destocking in the trade following hoarding at the end of 2014.

The new distribution center in Kungsängen was opened according to plan in the first quarter and the two former distribution centers have been closed. At the end of March, the sale of the Solna distribution center was closed and a non-taxable capital gain of 145 MSEK was recognized as a larger one-time item. In December, the distribution center in Hisings Backa was also divested at close to book value.

## Scandinavian Tobacco Group

Scandinavian Tobacco Group (STG) is a world leading manufacturer of cigars and pipe tobacco.

Until February 9, 2016, Swedish Match owned 49 percent (49 million shares) of STG. On February 10, 2016, STG was listed on Nasdaq Copenhagen and in conjunction with the listing Swedish Match sold 17.9 million shares, and divested another 13 million shares on September 7, 2016. Subsequently on January 19, 2017, Swedish Match divested another 9 million shares which is commented on in this report as an event after the reporting period. Following the divestment in January 2017, Swedish Match holds 9.1 percent of the shares in STG.

For the full year 2016, Swedish Match's reported share of STG's net profit amounted to 176 MSEK (360). The decrease in Swedish Match's reported share of net profit in STG is affected by the decreased ownership and the comparison period being affected by a positive adjustment in the first quarter 2015.

Please see Note 3 for information on Swedish Match's reporting of STG.

See [www.st-group.com](http://www.st-group.com) for more information on STG's reported financials.

## Financing and cash flow

Cash flow from operating activities for the year amounted to 2,929 MSEK (3,768). The cash flow from operating activities was lower in 2016 than in 2015 due to 625 MSEK of lower dividends received from STG and 466 MSEK of higher pension contributions. The lower dividends are an effect of Swedish Match's reduction in ownership in STG and a special dividend from STG in 2015. Adjusted for dividends and pension contributions, the cash flow from operating activities increased by 252 MSEK. The pension contributions are tax deductible at the 2016 US corporate income tax rate.

During the year, Swedish Match had a positive net cash flow from investing activities. Swedish Match received 3,923 MSEK from the partial divestments of STG (in two tranches whereof the first in conjunction with the IPO of STG and the second in conjunction with the sell-down of additional STG shares in September) and another 190 MSEK from the sale of two distribution centers.

Investments in property, plant and equipment increased to 537 MSEK (491), affected by increased investments primarily in the cigar and snus businesses. Investments in intangible assets increased to 129 MSEK (14) affected by an investment in patent rights for a nicotine pouch product without tobacco.

Net finance cost for the year decreased to 431 MSEK (463), including a cost of 67 MSEK (32) relating to the repurchase of bond loans, mainly maturing in 2017. Excluding the above mentioned costs for repurchases of bonds in both years, net finance costs have decreased due primarily to lower interest rates and higher interest income.

During the year, new bond loans of 3,365 MSEK were issued, of which a 300 MEUR public bond maturing in 2024 was issued in September 2016. A part of the proceeds from the issuance was used to repurchase 100 MEUR of the 2017 bond maturity via a public tender. In total, during the year, repayments of bond loans amounted to 1,618 MSEK.

As of December 31, 2016 Swedish Match had 9,854 MSEK of interest bearing debt excluding retirement benefit obligations compared to 8,064 MSEK at December 31, 2015. During 2017, 1,987 MSEK of this debt falls due for payment. For further detail of the maturity profile of the debt portfolio please see the Company website.

Net defined pension and benefit obligations decreased to 1,452 MSEK as of December 31, 2016, from 1,591 MSEK at December 31, 2015. The defined pension and benefit liability increased during the year primarily as a result of lower discount rates and currency effects but finished the year below 2015 levels due to the larger than normal pension contributions.

As of December 31, 2016, Swedish Match had 1,500 MSEK in unutilized committed credit lines. Cash and cash equivalents amounted to 3,364 MSEK at the end of the period, compared to 1,732 MSEK at December 31, 2015. The cash position reflects the issuance of the public bond, net of bond repurchases.

Net debt as of December 31, 2016 amounted to 7,941 MSEK compared to 7,922 MSEK at December 31, 2015.

In the year, Swedish Match paid dividends totaling 5,522 MSEK consisting of an ordinary dividend of 1,506 MSEK and two special dividends of 2,258 MSEK and 1,758 MSEK respectively following partial divestments of shares in STG. Swedish Match made share repurchases during the period of 1,249 MSEK. In total, Swedish Match has distributed excess cash of 6,771 MSEK to its shareholders during 2016.

## Extraordinary shareholders' meeting approved special dividend

On December 16, 2016 an Extraordinary Shareholders' Meeting resolved to pay a second special dividend of 9.50 SEK per share (1,758 MSEK) to distribute the proceeds from the September 2016 second partial divestment of STG. This special dividend was preceded by a special dividend of 12.00 SEK per share (2,258 MSEK) resolved at the Annual General Meeting in April. In total, the special dividends paid to the Company's shareholders during 2016 totaled 4,016 MSEK reflecting proceeds realized from the two partial disposals of shares in STG during the year of 3,923 MSEK. The special dividends were proposed in accordance with Swedish Match's financial policy of returning excess cash to its shareholders and followed the initial public listing of STG on Nasdaq Copenhagen and Swedish Match's subsequent partial divestments of shares in STG.

## Proposed dividend per share

The Board of Directors proposes a total dividend of 16.00 SEK per share consisting of an increased ordinary dividend per share of 8.50 SEK (8.00) and a special dividend of 7.50 SEK. The proposed increased ordinary dividend of 8.50 SEK (8.00) is equivalent to 59 percent (56) of the earnings per share for the year, excluding larger one-time items. The special dividend of 7.50 SEK is proposed in accordance with Swedish Match's financial policy of returning excess cash to its shareholders and following the partial divestment of STG in January 2017. The proposed ordinary and special dividend together amounts to 2,955 MSEK based on the 184.7 million shares outstanding at the end of the year. During 2016, the ordinary and special dividends totaled 5,522 MSEK.

## Number of shares

During the year, Swedish Match repurchased 4.2 million shares for 1,249 MSEK at an average price of 294.33 SEK, following authorization from the Annual General Meetings held in 2015 and 2016. Total shares bought back by Swedish Match since the buyback program started have been repurchased at an average price of 116.87 SEK.

As per December 31, 2016 Swedish Match held 4.1 million shares, corresponding to 2.16 percent of the total number of shares. The number of shares outstanding, net, as per December 31, 2016, amounted to 184.7 million. In January 2017, a further 0.7 million shares have been repurchased for 200 MSEK at an average price of 287.38 SEK.

The Board will propose to the Annual General Meeting in May 2017 a renewed mandate to repurchase shares up to a total holding in treasury not exceeding 10 percent of the number of registered shares in the Company until the Annual General Meeting in 2018.

## Other events and events after the reporting period

### Nominating Committee

In accordance with the instructions adopted by the Annual General Meeting 2016, a Nominating Committee has been appointed. In addition to Conny Karlsson (Chairman of the Board), Mark Husson (Cedar Rock Capital), Daniel Ovin (Nordea Asset Management), Ulrika Danielson (Second Swedish National Pension Fund), and William James (Standard Life Investments), have been appointed members of the Nominating Committee. Daniel Ovin has been appointed chairman of the Nominating Committee.

### Divestment of shares in STG

On January 19, 2017, Swedish Match divested 9 million shares in STG at a price of 118 DKK per share. Swedish Match's proceeds, net of transaction costs, from this divestment amounted to 1,353 MSEK. Following the transaction, Swedish Match owns 9,069,906 shares, corresponding to 9.1 percent of the total number of shares in STG. Swedish Match has agreed to a 60-day lock-up undertaking on the remaining shares held in STG. The tax exempt capital gain from the January divestment amounts to 131 MSEK and equals the difference between the price at divestment and the market value at reclassification in September 2016 less transaction costs and will be recognized in the first quarter 2017.

### Proceeds and capital gain from sale of land

Swedish Match sold a parcel of land adjacent to the old headquarters building in Stockholm in 2007, for which the final purchase price was subject to approval of a changed city plan. This approval has been received in January 2017, and Swedish Match will as a result receive an additional payment of approximately 100 MSEK in the first half of 2017. The capital gain will be recognized in the first quarter 2017.

### Hearing in the High Court of Justice on Swedish Match's challenge of the EU snus ban

On January 26, 2017, there was a hearing in the UK High Court of Justice on Swedish Match's challenge of the snus ban in the European Tobacco Products Directive. The court referred the issue on the legality of the ban to the European Court of Justice (the ECJ) for a preliminary judgement. Swedish Match expects a ruling by the ECJ in the first half of 2018 at the earliest.

### Ruling by the Swedish Patent and Market Court

On February 8, 2017, the Swedish Patent and Market Court ruled that a uniform labelling system implemented for Swedish Match's and other manufacturers' products in Swedish Match's own snus coolers during parts of 2012 and 2013 was in breach of competition legislation. The court imposed a fine of approximately 38 MSEK plus legal fees. Swedish Match intends to appeal the decision.

## Outlook

For 2017, on a full year basis, we expect Scandinavian snus as well as US moist snuff consumption to grow as measured in number of cans. In Scandinavia, we expect the growth to be more modest than in 2016. We expect the level of competitive activity in the Scandinavian snus market to continue to be high in 2017.

For cigars in the US, Swedish Match expects the market to continue to grow in 2017 but to remain highly competitive. Swedish Match has the ambition to continue to grow cigar volumes in the US market in 2017. Costs of goods per cigar are expected to increase due to both the full year effect of FDA fees as well as higher raw material costs. We expect the US chewing tobacco market to continue to decline.

Swedish Match will continue to invest in growth for snus and nicotine pouches outside Scandinavia in 2017. We expect continued growth in volumes and sales. Market related costs are expected to increase somewhat primarily related to the expansion of ZYN in the US market. Operating loss for snus and nicotine pouches outside Scandinavia is expected to be broadly in line with 2016 on a constant currency basis.

The effective corporate tax rate in 2017, excluding associated companies and non-taxable larger one-time items, is expected to be similar to 2016, assuming no changes to current tax regimes. There are currently general expectations that there will be a US corporate income tax reform. Due to the uncertain outcome and

structure of such reform, Swedish Match makes no projections to whether the impact would be positive or negative for the Company.

The Company remains committed to returning cash not needed in operations to shareholders.

## 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 develop products and brands that resonate with changing consumer trends, and price and promote its brands competitively. Restrictions on advertising and promotion may, however, make it more difficult to counteract any 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 results of operations.

Swedish Match has substantial sales in the US, with products sourced from local US production facilities and imports from Swedish Match's production facilities in the Dominican Republic and in Sweden. Swedish Match also has operations in Brazil, Norway and EMU member countries. Consequently, changes in import duties as well as in exchange rates of the euro, Norwegian krone, Brazilian real, the Dominican peso and in particular the US dollar 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 developments and fiscal changes related to tobacco, corporate income and other taxes, as well as to the marketing, sale and consumption of tobacco products, in the countries where the Group is operating may have an adverse effect on Swedish Match results of operations.

For a further description of risk factors affecting Swedish Match, see the Report of the Board of Directors in the published Swedish Match annual report for 2015.

## Swedish Match AB (publ)

Swedish Match AB (publ) is the Parent Company of the Swedish Match Group. The main sources of income for the Parent Company are dividends and Group contributions from subsidiaries.

Sales in the Parent Company for the full year amounted to 52 MSEK (40). Profit before income tax amounted to 4,260 MSEK (3,794) and net profit for year amounted to 4,041 MSEK (3,614). The higher net profit for the year mainly pertains to higher dividends from subsidiaries compared to the previous year.

During the year, the Parent Company received dividends of 3,395 MSEK (2,983), of which 856 MSEK (1,739) relate to a dividend in kind recognized at market value and net Group contributions of 2,179 MSEK (2,016). An impairment loss on shares in subsidiaries of 76 MSEK was recognized during the year as a result of liquidation of a subsidiary.

Higher administrative expenses during the year mainly relate to higher pension costs due to a decrease in the discount rate assumption applied in the valuation of pension obligations at year-end. These higher pension costs are adjusted at Group level and reported as an actuarial loss in other comprehensive income.

Part of the Group's treasury operations are within the operations of the Parent Company including the major part of the Group's external borrowings. The majority of these loans have fixed interest rates.

During the year repayments of bond loans amounted to 1,618 MSEK and new bond loans of 3,365 MSEK were issued. During the year, the Parent Company made share repurchases of 4.2 million (7.5) shares for 1,249 MSEK (1,995). During the prior year, 0.7 million treasury shares were sold for 141 MSEK.

Capital expenditures on tangible assets for the year amounted to 0 MSEK (2). No capital expenditures of intangible assets have been recognized during 2016 or 2015.

Dividends of 5,522 MSEK (1,464) have been paid during the year, including two special dividends of 2,258 MSEK and 1,758 MSEK relating to partial divestments of shares in STG.

## Forward-looking information

This report contains forward-looking information based on the current expectation of the Swedish Match Group's management. Although management deems that the expectations presented by such forward-looking information are reasonable, no guarantee can be given that these expectations will prove correct. Accordingly, the actual future outcome could vary considerably compared to that stated in the forward-looking information, due to such factors as changed market conditions for Swedish Match's products and more general factors such as business cycles, markets and competition, changes in legal requirements or other political measures, and fluctuation in exchange rates.

## Additional information

This report has not been reviewed by the Company's auditors. The annual report for 2016 is expected to be distributed at the end of March and will be available on the Company's website [www.swedishmatch.com](http://www.swedishmatch.com) and at Swedish Match's headquarters, Sveavägen 44, Stockholm. The Annual General Meeting will be held on May 4, 2017 in Stockholm, Sweden. The January-March 2017 report will be released on May 8, 2017.

Stockholm, February 17, 2017

Lars Dahlgren  
President and CEO



## Product area summary and key ratios

### Sales by product area

MSEK	October-December		Chg %	Full year		Chg %
	2016	2015		2016	2015	
Snus and moist snuff	1,356	1,318	3	5,277	5,090	4
Other tobacco products	1,092	955	14	4,283	3,829	12
Lights	347	334	4	1,314	1,295	1
Other operations	1,163	1,112	5	4,676	4,272	9
<b>Sales</b>	<b>3,957</b>	<b>3,719</b>	<b>6</b>	<b>15,551</b>	<b>14,486</b>	<b>7</b>

### Operating profit by product area

MSEK	October-December		Chg %	Full year		Chg %
	2016	2015		2016	2015	
Snus and moist snuff	542	545	-1	2,197	2,071	6
Other tobacco products	395	366	8	1,705	1,554	10
Lights	62	50	25	219	190	15
Other operations	-45	-53		-132	-124	
<b>Operating profit from product areas</b>	<b>954</b>	<b>908</b>	<b>5</b>	<b>3,990</b>	<b>3,690</b>	<b>8</b>
Share of net profit in STG <sup>1)</sup>	-	-		176	360	-51
<b>Subtotal</b>	<b>954</b>	<b>908</b>	<b>5</b>	<b>4,166</b>	<b>4,050</b>	<b>3</b>
<i>Larger one-time items</i>						
Sale of STG shares	-	-		1,208	-	
Gain on fair value of STG shares	-	-		902	-	
Sale of distribution facility	-	-		145	-	
Relocation of distribution facilities	-	-		-	-42	
<b>Total larger one-time items</b>	<b>-</b>	<b>-</b>		<b>2,254</b>	<b>-42</b>	
<b>Operating profit</b>	<b>954</b>	<b>908</b>	<b>5</b>	<b>6,420</b>	<b>4,008</b>	<b>60</b>
Net finance cost	-85	-128		-431	-463	
<b>Profit before income tax</b>	<b>868</b>	<b>780</b>	<b>11</b>	<b>5,988</b>	<b>3,545</b>	<b>69</b>

1) The full year 2016 only includes Swedish Match's share of STG's net profit until the date of partial divestment in September, thereafter, the shareholding in STG has been reclassified as a financial asset. The full year 2015 includes only the first nine months of net profit in STG due to transition to a one quarter lag reporting. Thereby, the fourth quarter in 2016 and 2015 do not include any share of net profit in STG. See Note 3.

### Operating margin by product area<sup>1)</sup>

Percent	October-December		Full year	
	2016	2015	2016	2015
Snus and moist snuff	40.0	41.4	41.6	40.7
Other tobacco products	36.2	38.3	39.8	40.6
Lights	17.9	14.9	16.7	14.7
<b>Operating margin from product areas<sup>2)</sup></b>	<b>24.1</b>	<b>24.4</b>	<b>25.7</b>	<b>25.5</b>
<b>Operating margin<sup>3)</sup></b>	<b>24.1</b>	<b>24.4</b>	<b>26.8</b>	<b>28.0</b>

1) Excluding larger one-time items.

2) Excluding share of net profit in STG.

3) Including share of net profit in STG.

### EBITDA by product area<sup>1)</sup>

MSEK	October-December		Chg %	Full year		Chg %
	2016	2015		2016	2015	
Snus and moist snuff	592	588	1	2,383	2,247	6
Other tobacco products	411	382	8	1,768	1,613	10
Lights	73	59	23	259	228	14
Other operations	-32	-42		-82	-81	
<b>EBITDA from product areas</b>	<b>1,045</b>	<b>987</b>	<b>6</b>	<b>4,329</b>	<b>4,008</b>	<b>8</b>
Share of net profit in STG <sup>2)</sup>	-	-		176	360	-51
<b>EBITDA</b>	<b>1,045</b>	<b>987</b>	<b>6</b>	<b>4,504</b>	<b>4,368</b>	<b>3</b>

1) Excluding larger one-time items.

2) The full year 2016 only includes Swedish Match's share of STG's net profit until the date of partial divestment in September, thereafter, the shareholding in STG has been reclassified as a financial asset. The full year 2015 includes only the first nine months of net profit in STG due to transition to a one quarter lag reporting. Thereby, the fourth quarter in 2016 and 2015 do not include any share of net profit in STG. See Note 3.

### EBITDA margin by product area<sup>1)</sup>

Percent	October-December		Full year	
	2016	2015	2016	2015
Snus and moist snuff	43.7	44.6	45.2	44.1
Other tobacco products	37.7	39.9	41.3	42.1
Lights	21.1	17.8	19.7	17.6
<b>EBITDA margin from product areas<sup>2)</sup></b>	<b>26.4</b>	<b>26.5</b>	<b>27.8</b>	<b>27.7</b>
<b>EBITDA margin<sup>3)</sup></b>	<b>26.4</b>	<b>26.5</b>	<b>29.0</b>	<b>30.2</b>

1) Excluding larger one-time items.

2) Excluding share of net profit in STG.

3) Including share of net profit in STG.

### Key ratios

All key ratios have been calculated excluding larger one-time items, unless otherwise stated.

	Full year	
	2016	2015
Operating margin, %	26.8	28.0
Operating capital, MSEK	6,639	8,030
Return on operating capital, %	56.8	49.6
EBITDA, MSEK <sup>1)</sup>	4,504	4,368
EBITA, MSEK <sup>2)</sup>	4,219	4,094
Net debt, MSEK	7,941	7,922
Investments in property, plant and equipment, MSEK <sup>3)</sup>	537	491
EBITA interest cover	10.1	8.9
<i>Excluding share of net profit in STG</i>		
EBITA, MSEK <sup>2)</sup>	4,043	3,734
Net debt/EBITA <sup>2)</sup>	2.0	2.1
<i>Share data</i>		
Number of shares outstanding at end of period	184,672,687	188,915,791
Average number of shares outstanding, basic	187,116,474	193,506,546
Average number of shares outstanding, diluted	187,116,474	193,530,266

1) Operating profit adjusted for depreciation, amortization and write-downs of tangible and intangible assets.

2) Operating profit adjusted for amortization and write-downs of intangible assets.

3) Including investments in forest plantations of 16 MSEK (17).

## Financial statements

### Consolidated income statement in summary

MSEK	October-December		Chg %	Full year		Chg %
	2016	2015		2016	2015	
Sales, including tobacco tax	7,177	7,067		28,482	27,438	
Less tobacco tax	-3,220	-3,348		-12,932	-12,952	
<b>Sales</b>	<b>3,957</b>	<b>3,719</b>	<b>6</b>	<b>15,551</b>	<b>14,486</b>	<b>7</b>
Cost of goods sold	-2,116	-2,005		-8,325	-7,697	
<b>Gross profit</b>	<b>1,841</b>	<b>1,714</b>	<b>7</b>	<b>7,226</b>	<b>6,789</b>	<b>6</b>
Selling and admin. expenses	-889	-808		-3,240	-3,065	
Share of profit/loss in associated companies and joint ventures <sup>1)</sup>	2	2		180	327	
Sale of STG shares	-	-		1,208	-	
Gain on fair value of STG shares	-	-		902	-	
Sale of distribution facility	-	-		145	-	
Relocation of distribution facilities	-	-		-	-42	
<b>Operating profit<sup>1)</sup></b>	<b>954</b>	<b>908</b>	<b>5</b>	<b>6,420</b>	<b>4,008</b>	<b>60</b>
Finance income	23	9		53	22	
Finance costs	-109	-137		-484	-486	
Net finance cost	-85	-128		-431	-463	
<b>Profit before income tax<sup>1)</sup></b>	<b>868</b>	<b>780</b>	<b>11</b>	<b>5,988</b>	<b>3,545</b>	<b>69</b>
Income tax expense	-206	-145		-865	-742	
<b>Profit for the period<sup>1)</sup></b>	<b>662</b>	<b>636</b>	<b>4</b>	<b>5,123</b>	<b>2,803</b>	<b>83</b>
<i>Attributable to:</i>						
Equity holders of the Parent	662	636		5,123	2,803	
Non-controlling interests	0	0		0	0	
<b>Profit for the period<sup>1)</sup></b>	<b>662</b>	<b>636</b>	<b>4</b>	<b>5,123</b>	<b>2,803</b>	<b>83</b>
Earnings per share, basic, SEK	3.61	3.34		27.38	14.48	
Earnings per share, excl. STG, basic, SEK	3.61	3.34		26.44	12.62	
Earnings per share, excl. STG, adjusted, basic, SEK <sup>2)</sup>	3.61	3.34		14.39	12.79	

- 1) The full year 2016 only includes Swedish Match's share of STG's net profit until the date of partial divestment in September, thereafter, the shareholding in STG has been reclassified as a financial asset. The full year 2015 includes only the first nine months of net profit in STG due to transition to a one quarter lag reporting. Thereby, the fourth quarter in 2016 and 2015 do not include any share of net profit in STG. See Note 3.
- 2) Adjusted for Swedish Match's larger one-time items.

## Consolidated statement of comprehensive income

MSEK	October-December		Full year	
	2016	2015	2016	2015
<b>Profit for the period</b>	<b>662</b>	<b>636</b>	<b>5,123</b>	<b>2,803</b>
<i>Other comprehensive income that may be reclassified to the income statement</i>				
Translation differences related to foreign operations	231	-129	558	-137
Translation differences included in profit and loss	-	0	-652	44
Effective portion of changes in fair value of cash flow hedges	-5	29	-81	86
Reclassification of gains/losses on cash flow hedges included in profit and loss	-	8	16	8
Share of other comprehensive income in associated companies and joint ventures <sup>1)</sup>	-	0	-20	260
Change in fair value of STG shares	124	-	310	-
Income tax relating to reclassifiable components of other comprehensive income	1	-8	14	-21
<b>Subtotal, net of tax for the period</b>	<b>351</b>	<b>-101</b>	<b>144</b>	<b>241</b>
<i>Other comprehensive income that will not be reclassified to the income statement</i>				
Actuarial gains/losses attributable to pensions, incl. payroll tax	322	367	-150	395
Share of other comprehensive income in associated companies and joint ventures <sup>1)</sup>	-	0	-2	7
Income tax relating to non-reclassifiable components of other comprehensive income	-117	-136	39	-155
<b>Subtotal, net of tax for the period</b>	<b>205</b>	<b>231</b>	<b>-113</b>	<b>248</b>
<b>Total comprehensive income for the period</b>	<b>1,218</b>	<b>766</b>	<b>5,155</b>	<b>3,292</b>
<i>Attributable to:</i>				
Equity holders of the Parent	1,218	766	5,155	3,292
Non-controlling interests	0	0	0	0
<b>Total comprehensive income for the period</b>	<b>1,218</b>	<b>766</b>	<b>5,155</b>	<b>3,292</b>

1) The full year 2016 only includes other comprehensive income in STG until the date of partial divestment in September, thereafter, the shareholding in STG has been reclassified as a financial asset. The full year 2015 includes only the first nine months of other comprehensive income in STG due to transition to a one quarter lag reporting. Thereby, the fourth quarter in 2016 and 2015 do not include any other comprehensive income in STG. See Note 3.

## Consolidated balance sheet in summary

MSEK	December 31, 2016	December 31, 2015
Intangible assets	1,250	1,048
Property, plant and equipment	2,543	2,240
Investments in associated companies and joint ventures	122	4,845
Other non-current financial receivables <sup>1)</sup>	4,578	1,739
Current operating assets	3,629	3,220
Cash and cash equivalents <sup>2)</sup>	3,364	1,732
<b>Total assets</b>	<b>15,486</b>	<b>14,824</b>
Equity attributable to equity holders of the Parent	-1,366	251
Non-controlling interests	1	1
<b>Total equity</b>	<b>-1,365</b>	<b>252</b>
Non-current provisions	1,536	1,223
Non-current loans <sup>2)</sup>	8,169	7,613
Other non-current financial liabilities <sup>3)</sup>	1,702	1,882
Current provisions	116	147
Current loans	2,047	653
Other current liabilities	3,280	3,054
<b>Total equity and liabilities</b>	<b>15,486</b>	<b>14,824</b>

1) Includes shares in STG of 2,761 MSEK (0), pension assets of 90 MSEK (91) and currency component of derivatives of 429 MSEK (297) used to hedge the Parent Company's bond loans denominated in currencies other than Swedish kronor.

2) Includes the proceeds received from the issuance of a 300 MEUR public bond, net of repurchased bond maturities.

3) Includes pension liabilities of 1,542 MSEK (1,682) and currency component of derivatives of 32 MSEK (94) used to hedge the Parent Company's bond loans denominated in currencies other than Swedish kronor.

## Consolidated cash flow statement in summary

MSEK	January-December	
	2016	2015
<i>Operating activities</i>		
<b>Profit before income taxes</b>	<b>5,988</b>	<b>3,545</b>
Share of profit/loss in associated companies and joint ventures	-180	-327
Dividend received from associated companies	192	824
Adjustments for other non-cash items and other <sup>1)</sup>	-2,338	412
Income tax paid	-693	-724
<b>Cash flow from operating activities before changes in working capital</b>	<b>2,969</b>	<b>3,730</b>
Changes in working capital	-40	38
<b>Net cash from operating activities</b>	<b>2,929</b>	<b>3,768</b>
<i>Investing activities</i>		
Purchase of property, plant and equipment <sup>2)</sup>	-537	-491
Proceeds from sale of property, plant and equipment	190	17
Purchase of intangible assets	-129	-14
Acquisition of subsidiaries	-	0
Divestments in associated companies and joint ventures <sup>3)</sup>	3,908	-
Investments in associated companies and joint ventures <sup>4)</sup>	-5	-25
Changes in financial receivables etc.	-20	0
<b>Net cash from investing activities</b>	<b>3,408</b>	<b>-513</b>
<i>Financing activities</i>		
Changes in loans	1,748	-637
Dividend paid to equity holders of the Parent	-5,522	-1,464
Repurchase of own shares	-1,249	-1,995
Stock options exercised	-	141
Other	259	31
<b>Net cash used in financing activities</b>	<b>-4,764</b>	<b>-3,924</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,573</b>	<b>-669</b>
Cash and cash equivalents at the beginning of the period	1,732	2,312
Effect of exchange rate fluctuations on cash and cash equivalents	59	90
<b>Cash and cash equivalents at the end of the period</b>	<b>3,364</b>	<b>1,732</b>

1) Including the capital gains on the sale of STG shares of 1,208 MSEK and the sale of a distribution facility of 145 MSEK as well as an unrealized gain of 902 MSEK on the revaluing of our remaining holding in STG to market value in 2016.

2) Including investments in forest plantations of 16 MSEK (17).

3) Divestments in associated companies and joint ventures pertain to sale of shares in STG.

4) Investments in associated companies and joint ventures pertain to additional investments in EB Road Cargo AB of 5 MSEK in 2016 and in SMPM International of 25 MSEK in 2015.

## Change in shareholders' equity

MSEK	Equity		
	attributable to holders of the Parent	Non-controlling interests	Total equity
<b>Equity at January 1, 2015</b>	<b>277</b>	<b>1</b>	<b>279</b>
Profit for the period	2,803	0	2,803
Other comprehensive income, net of tax for the period	489	0	489
<b>Total comprehensive income for the period</b>	<b>3,292</b>	<b>0</b>	<b>3,292</b>
Dividend	-1,464	-	-1,464
Repurchase of own shares	-1,995	-	-1,995
Stock options exercised	141	-	141
Cancellation of shares	-8	-	-8
Bonus issue	8	-	8
<b>Equity at December 31, 2015</b>	<b>251</b>	<b>1</b>	<b>252</b>
<b>Equity at January 1, 2016</b>	<b>251</b>	<b>1</b>	<b>252</b>
Profit for the period	5,123	0	5,123
Other comprehensive income, net of tax for the period	31	0	32
<b>Total comprehensive income for the period</b>	<b>5,155</b>	<b>0</b>	<b>5,155</b>
Dividend	-5,522	0	-5,523
Repurchase of own shares	-1,249	-	-1,249
Cancellation of shares	-15	-	-15
Bonus issue	15	-	15
<b>Equity at December 31, 2016</b>	<b>-1,366</b>	<b>1</b>	<b>-1,365</b>



## Parent Company income statement in summary

MSEK	January-December	
	2016	2015
Sales	52	40
Administrative expenses	-261	-185
<b>Operating loss</b>	<b>-208</b>	<b>-145</b>
Result from participation in Group companies	3,319	2,979
Net finance cost	-710	-796
<b>Profit after financial items</b>	<b>2,401</b>	<b>2,038</b>
Appropriations	1,859	1,756
<b>Profit before income tax</b>	<b>4,260</b>	<b>3,794</b>
Income tax	-218	-180
<b>Profit for the period</b>	<b>4,041</b>	<b>3,614</b>

## Parent Company statement of comprehensive income

MSEK	January-December	
	2016	2015
<b>Profit for the period</b>	<b>4,041</b>	<b>3,614</b>
<i>Other comprehensive income that may be reclassified to the income statement</i>		
Effective portion of changes in fair value of cash flow hedges	-81	86
Reclassification adjustments for gains/losses on cash flow hedges included in profit and loss	16	8
Income tax relating to components of other comprehensive income	14	-21
<b>Subtotal, net of tax for the period</b>	<b>-51</b>	<b>73</b>
<b>Total comprehensive income for the period</b>	<b>3,990</b>	<b>3,687</b>

## Parent Company balance sheet in summary

MSEK	December 31, 2016	December 31, 2015
Intangible and tangible assets	2	3
Non-current financial assets	49,825	48,883
Current assets	3,357	2,227
<b>Total assets</b>	<b>53,183</b>	<b>51,113</b>
<b>Equity</b>	<b>18,434</b>	<b>21,215</b>
<b>Untaxed reserves</b>	<b>995</b>	<b>675</b>
Provisions	100	48
Non-current liabilities	8,327	25,911
Current liabilities	25,326	3,263
<b>Total liabilities</b>	<b>33,754</b>	<b>29,222</b>
<b>Total equity and liabilities</b>	<b>53,183</b>	<b>51,113</b>

### Note 1 – Accounting principles

This report for the Group is prepared in accordance with the Accounting Standard IAS 34 Interim Financial Reporting and applicable rules in the Annual Accounts Act. The report for the Parent Company for the same period is prepared in accordance with the Annual Accounts Act, Chapter 9 and RFR 2. Additional disclosures as required under IAS 34.16A may be found within the financial statements and related notes and in the narrative text of the interim financial report.

The new amendments and interpretations to existing standards applicable as of January 1, 2016; IFRS 11 Joint Arrangements, IAS 1 Presentation of Financial Statements, IAS 16 Property, Plant and Equipment, IAS 19 Employee Benefits, IAS 27 Separate Financial Statements, IAS 38 Intangible Assets, and annual improvements to IFRS 2, IFRS 3, IFRS 5, IFRS 7, IFRS 8, IAS 16, IAS 19, IAS 24, IAS 34 and IAS 38 have not had a material effect on the Group's financial result or position.

In the reporting period beginning January 1, 2016, Swedish Match has changed the method used to estimate the service and interest components of income and expenses related to the post-employment benefit plans in the US. This change compared to the previous method results in a decrease in the service and interest cost components in 2016. Historically, these service and interest cost components were estimated using a single weighted-average discount rate derived from the yield curve used to measure the benefit obligation as

of the beginning of the period. We have elected to use the full yield curve approach in estimating these components by applying the specific spot rates along the yield curve used in the determination of the benefit obligation to the relevant projected cash flows. This change was made to provide a more precise measurement of service and interest costs by improving the correlation between projected benefit cash flows to corresponding spot rate along the yield curve. This change will not affect the measurement of benefit obligations related to the US plans as the change in the service and interest cost components will be offset by an increase in the actuarial gains and losses reported in experience assumptions. We view this change as a change in accounting estimate and accordingly will account for it prospectively.

The accounting principles and basis of calculation in this report are the same as in the annual report for 2015, except as mentioned above.

### Note 2 – Related parties transactions

The Group's related parties include joint ventures, associated companies and key management personnel with significant influence over the Company. Key management personnel with significant influence over the Company are Swedish Match Board of Directors and members of the Group Management Team.

In the normal course of business, Swedish Match conducts various transactions with associated companies and joint ventures. Transactions are conducted on an arms-length basis. At December 31, 2016, receivables from these companies amounted to 25 MSEK (27) and total payables to these companies amounted to 2 MSEK (10). During 2016, total sales to associated companies and joint ventures amounted to 142 MSEK (169) and total purchases from associated companies and joint ventures amounted to 58 MSEK (103).

No transactions with key management personnel besides normal remuneration have been conducted during the period.

### Note 3 – Scandinavian Tobacco Group

#### Summary of STG net profit, as reported<sup>1)</sup>

<i>MDKK</i>	Full year		Chg %
	2016	2015	
<b>Net profit</b>	<b>520</b>	<b>493</b>	<b>5</b>
<i>MSEK</i>			
<b>Swedish Match's share of net profit</b>	<b>176</b>	<b>304</b>	<b>-42</b>
Change in estimate of useful lives	-	56	
<b>Swedish Match's reported share of net profit</b>	<b>176</b>	<b>360</b>	<b>-51</b>

1) Swedish Match's share of STG's net profit for 2016 is only included until the date of partial divestment in September, thereafter, the shareholding in STG has been reclassified as a financial asset. Swedish Match's share of net profit for 2015 includes only the first nine months of net profit in STG due to transition to a one quarter lag reporting. Thereby, Swedish Match's fourth quarter in 2016 and 2015 do not include any share of net profit in STG.

Scandinavian Tobacco Group (STG) is a world leading manufacturer of cigars and pipe tobacco. Until February 9, 2016, Swedish Match owned 49 percent (49 million shares) of STG. On February 10, 2016, STG was listed on Nasdaq Copenhagen and in conjunction with the listing Swedish Match sold 17.9 million shares, and divested another 13 million shares on September 7, 2016. Subsequently on January, 19 2017, Swedish Match divested another 9 million shares which is commented on in this report as an event after the reporting period. Following the divestment in January, Swedish Match holds 9.1 percent of the shares in STG.

Swedish Match started, from the reporting period ending December 31, 2015, to report its share of STG's net profit as well as its share of equity with a one quarter lag.

Following the September transaction, Swedish Match owned 18,069,906 shares, corresponding to approximately 18.1 percent of the total number of shares in STG. As a result of Swedish Match's ownership in STG falling below 20 percent, equity accounting is no longer applicable and the shareholding was accordingly reclassified to a financial asset. Also following the reclassification, Swedish Match has ceased to recognize its share of net profit in STG in the profit and loss.

Consequently, Swedish Match's 2016 full year financial results include its share of STG's fourth quarter 2015, first quarter 2016 net profit and two thirds of STG's second quarter 2016 net profit based on the publicly issued 2015 full year results and first and second quarter 2016 results of STG. Swedish Match's

2015 full year financial results include its share of STG's net profit for the first nine months, due to transition to the one quarter lag reporting, as well as an adjustment of positive 56 MSEK relating to a reassessment of useful lives. The comparison of Swedish Match's reported share of net profit in STG between the periods is affected by above mentioned accounting treatment and adjustment as well as Swedish Match's reduction in share ownership from 49.0 percent to 18.1 percent during the course of 2016. See [www.st-group.com](http://www.st-group.com) for more information on STG's reported financials.

#### Note 4 – Carrying value and fair value

The following table shows carrying value and fair value for financial instruments per December 31, 2016.

##### Carrying value and fair value

MSEK	Items carried at fair value via the income statement	Loans and receivables	Available for sale financial assets	Other financial liabilities	Cash flow hedges	Netting adjustment in cash flow hedges <sup>1)</sup>	Total carrying value	Fair value
Trade receivables	-	1,539	-	-	-	-	1,539	1,539
Non-current receivables	-	-	2,761	-	340	94	3,194	3,194
Current financial receivables	-	-	-	-	-	57	57	57
Cash and cash equivalents	-	3,364	-	-	-	-	3,364	3,364
<b>Total assets</b>	<b>-</b>	<b>4,903</b>	<b>2,761</b>	<b>-</b>	<b>340</b>	<b>151</b>	<b>8,154</b>	<b>8,154</b>
Loans and borrowings	-	-	-	10,216	-	-	10,216	10,545
Non-current financial liabilities	-	-	-	-	-	158	158	158
Other current liabilities	65	-	-	95	78	-7	231	231
Trade payables	-	-	-	686	-	-	686	686
<b>Total liabilities</b>	<b>65</b>	<b>-</b>	<b>-</b>	<b>10,997</b>	<b>78</b>	<b>151</b>	<b>11,291</b>	<b>11,620</b>

1) Netting adjustment in cash flow hedges reflects the netting adjustment of the presentation of the cash flow hedges as a component of the related derivative instrument as an asset or liability.

All items valued at fair value in the balance sheet are considered to be included in level 2 within the fair value hierarchy, except for available for sale financial assets, for which the fair value is designated as level 1 and quoted in an active market. These assets reflect the investment in STG, which was previously reported as an investment in associated companies.

No transfer in or out of level 2 has been made during the fourth quarter 2016. The recognized amounts are regarded as reasonable estimates for all items measured at carrying value in the balance sheet, except for loans and borrowings, since these amounts have a long time to maturity. The fair value of loans and borrowings differ from their carrying value as a consequence of changes in the market interest rates. Total nominal amount of outstanding derivatives (cross currency and interest rate swaps) is 7,053 MSEK, all in cash flow hedges.

#### Note 5 – Derivatives under netting agreement

To reduce the credit risk in receivables from banks arising via derivative instruments, Swedish Match has entered into netting agreements, known as ISDA Master Agreements, with all of its counterparties. The following table shows the netted exposures per December 31, 2016. No collateral has been received or pledged.

##### Financial instruments under master netting agreements

MSEK	Gross amount for financial instruments	Amounts of financial instruments not netted in the balance sheet, but subject to netting agreement	Net
Derivatives – assets	340	-87	252
Derivatives – liabilities	143	-87	56

## Quarterly data

### Consolidated income statement in summary

MSEK	Q4/16	Q3/16	Q2/16	Q1/16	Q4/15	Q3/15	Q2/15	Q1/15	Q4/14
Sales, including tobacco tax	7,177	7,546	7,308	6,452	7,067	7,275	6,907	6,190	6,840
Less tobacco tax	-3,220	-3,428	-3,388	-2,895	-3,348	-3,519	-3,263	-2,822	-3,304
<b>Sales</b>	<b>3,957</b>	<b>4,118</b>	<b>3,920</b>	<b>3,557</b>	<b>3,719</b>	<b>3,756</b>	<b>3,644</b>	<b>3,368</b>	<b>3,536</b>
Cost of goods sold	-2,116	-2,222	-2,115	-1,872	-2,005	-2,011	-1,929	-1,752	-1,910
<b>Gross profit</b>	<b>1,841</b>	<b>1,896</b>	<b>1,804</b>	<b>1,685</b>	<b>1,714</b>	<b>1,745</b>	<b>1,715</b>	<b>1,615</b>	<b>1,627</b>
Selling and administrative expenses	-889	-808	-798	-745	-808	-745	-771	-741	-710
Share of net profit/loss in associated companies and joint ventures <sup>1)</sup>	2	56	55	66	2	66	119	140	75
	<b>954</b>	<b>1,144</b>	<b>1,061</b>	<b>1,007</b>	<b>908</b>	<b>1,065</b>	<b>1,063</b>	<b>1,014</b>	<b>992</b>
<i>Larger one-time items</i>									
Sale of STG shares	-	648	-	560	-	-	-	-	-
Gain on fair value of STG shares	-	902	-	-	-	-	-	-	-
Sale of distribution facility	-	-	-	145	-	-	-	-	-
Relocation of distribution facilities	-	-	-	-	-	-	-42	-	-
<b>Operating profit</b>	<b>954</b>	<b>2,694</b>	<b>1,061</b>	<b>1,711</b>	<b>908</b>	<b>1,065</b>	<b>1,021</b>	<b>1,014</b>	<b>992</b>
Finance income	23	15	10	9	9	6	4	4	5
Finance costs	-109	-165	-100	-116	-137	-111	-119	-118	-137
Net finance cost	-85	-149	-90	-107	-128	-106	-115	-114	-132
<b>Profit before income tax</b>	<b>868</b>	<b>2,545</b>	<b>971</b>	<b>1,604</b>	<b>780</b>	<b>960</b>	<b>906</b>	<b>900</b>	<b>861</b>
Income tax expense	-206	-239	-220	-200	-145	-219	-200	-179	-161
<b>Profit for the period</b>	<b>662</b>	<b>2,306</b>	<b>752</b>	<b>1,404</b>	<b>636</b>	<b>741</b>	<b>705</b>	<b>721</b>	<b>700</b>
<i>Attributable to:</i>									
Equity holders of the Parent	662	2,306	751	1,404	636	741	705	721	700
Non-controlling interests	0	0	0	0	0	0	0	0	0
<b>Profit for the period</b>	<b>662</b>	<b>2,306</b>	<b>752</b>	<b>1,404</b>	<b>636</b>	<b>741</b>	<b>705</b>	<b>721</b>	<b>700</b>

1) The share of net profit in STG is reported on a one quarter lag in 2016. Following the partial divestment of STG in September, the shareholding has been reclassified to a financial asset such that the third quarter 2016 only includes two thirds of Swedish Match's share of STG's net profit for the second quarter. The fourth quarter 2016 does not include any net profit in STG due to the reclassification to a financial asset. The fourth quarter 2015 does not include any net profit in STG due to transition to a one quarter lag reporting. Swedish Match's share of net profit in STG for the first quarter 2015 includes an adjustment of 56 MSEK relating to 2014 due to STG's reassessment of useful lives of certain intangible and tangible assets. See Note 3.

### Sales by product area

MSEK	Q4/16	Q3/16	Q2/16	Q1/16	Q4/15	Q3/15	Q2/15	Q1/15	Q4/14
Snus and moist snuff	1,356	1,338	1,338	1,245	1,318	1,311	1,271	1,191	1,323
Other tobacco products	1,092	1,166	1,031	994	955	958	982	933	723
Lights	347	346	318	303	334	312	318	331	362
Other operations	1,163	1,267	1,231	1,014	1,112	1,174	1,073	912	1,129
<b>Sales</b>	<b>3,957</b>	<b>4,118</b>	<b>3,920</b>	<b>3,557</b>	<b>3,719</b>	<b>3,756</b>	<b>3,644</b>	<b>3,368</b>	<b>3,536</b>

### Operating profit by product area

MSEK	Q4/16	Q3/16	Q2/16	Q1/16	Q4/15	Q3/15	Q2/15	Q1/15	Q4/14
Snus and moist snuff	542	577	557	521	545	556	514	455	577
Other tobacco products	395	486	425	400	366	390	414	384	288
Lights	62	61	54	42	50	47	36	57	63
Other operations	-45	-34	-29	-24	-53	-14	-28	-29	-27
<b>Operating profit from product areas</b>	<b>954</b>	<b>1,089</b>	<b>1,008</b>	<b>939</b>	<b>908</b>	<b>979</b>	<b>937</b>	<b>866</b>	<b>900</b>
Share of net profit in STG <sup>1)</sup>	-	55	53	68	-	87	126	148	92
<b>Subtotal</b>	<b>954</b>	<b>1,144</b>	<b>1,061</b>	<b>1,007</b>	<b>908</b>	<b>1,065</b>	<b>1,063</b>	<b>1,014</b>	<b>992</b>
Sale of STG shares	-	648	-	560	-	-	-	-	-
Gain on fair value of STG shares	-	902	-	-	-	-	-	-	-
Sale of distribution facility	-	-	-	145	-	-	-	-	-
Relocation of distribution facilities	-	-	-	-	-	-	-42	-	-
<b>Total larger one-time items</b>	<b>-</b>	<b>1,550</b>	<b>-</b>	<b>704</b>	<b>-</b>	<b>-</b>	<b>-42</b>	<b>-</b>	<b>-</b>
<b>Operating profit</b>	<b>954</b>	<b>2,694</b>	<b>1,061</b>	<b>1,711</b>	<b>908</b>	<b>1,065</b>	<b>1,021</b>	<b>1,014</b>	<b>992</b>

1) The share of net profit in STG is reported on a one quarter lag in 2016. Following the partial divestment of STG in September, the shareholding has been reclassified to a financial asset such that the third quarter 2016 only includes two thirds of Swedish Match's share of STG's net profit for the second quarter. The fourth quarter 2016 does not include any net profit in STG due to the reclassification to a financial asset. The fourth quarter 2015 does not include any net profit in STG due to transition to a one quarter lag reporting. Swedish Match's share of net profit in STG for the first quarter 2015 includes an adjustment of 56 MSEK relating to 2014 due to STG's reassessment of useful lives of certain intangible and tangible assets. See Note 3.

### Operating margin by product area<sup>1)</sup>

Percent	Q4/16	Q3/16	Q2/16	Q1/16	Q4/15	Q3/15	Q2/15	Q1/15	Q4/14
Snus and moist snuff	40.0	43.1	41.7	41.8	41.4	42.4	40.5	38.2	43.6
Other tobacco products	36.2	41.6	41.2	40.2	38.3	40.7	42.2	41.1	39.8
Lights	17.9	17.6	17.0	13.8	14.9	15.2	11.4	17.1	17.3
<b>Operating margin from product areas<sup>2)</sup></b>	<b>24.1</b>	<b>26.5</b>	<b>25.7</b>	<b>26.4</b>	<b>24.4</b>	<b>26.1</b>	<b>25.7</b>	<b>25.7</b>	<b>25.5</b>
<b>Operating margin<sup>3)</sup></b>	<b>24.1</b>	<b>27.8</b>	<b>27.1</b>	<b>28.3</b>	<b>24.4</b>	<b>28.4</b>	<b>29.2</b>	<b>30.1</b>	<b>28.1</b>

1) Excluding larger one-time items.

2) Excluding share of net profit in STG.

3) Including share of net profit in STG.

### EBITDA by product area<sup>1)</sup>

MSEK	Q4/16	Q3/16	Q2/16	Q1/16	Q4/15	Q3/15	Q2/15	Q1/15	Q4/14
Snus and moist snuff	592	625	603	563	588	600	559	500	623
Other tobacco products	411	501	440	415	382	404	429	399	302
Lights	73	71	64	51	59	57	46	66	72
Other operations	-32	-22	-16	-12	-42	-3	-17	-19	-16
<b>EBITDA from product areas</b>	<b>1,045</b>	<b>1,175</b>	<b>1,091</b>	<b>1,018</b>	<b>987</b>	<b>1,058</b>	<b>1,017</b>	<b>946</b>	<b>982</b>
Share of net profit in STG <sup>2)</sup>	-	55	53	68	-	87	126	148	92
<b>EBITDA</b>	<b>1,045</b>	<b>1,230</b>	<b>1,144</b>	<b>1,085</b>	<b>987</b>	<b>1,144</b>	<b>1,143</b>	<b>1,093</b>	<b>1,074</b>

1) Excluding larger one-time items.

2) The share of net profit in STG is reported on a one quarter lag in 2016. Following the partial divestment of STG in September, the shareholding has been reclassified to a financial asset such that the third quarter 2016 only includes two thirds of Swedish Match's share of STG's net profit for the second quarter. The fourth quarter 2016 does not include any net profit in STG due to the reclassification to a financial asset. The fourth quarter 2015 does not include any net profit in STG due to transition to a one quarter lag reporting. Swedish Match's share of net profit in STG for the first quarter 2015 includes an adjustment of 56 MSEK relating to 2014 due to STG's reassessment of useful lives of certain intangible and tangible assets. See Note 3.

### EBITDA margin by product area<sup>1)</sup>

Percent	Q4/16	Q3/16	Q2/16	Q1/16	Q4/15	Q3/15	Q2/15	Q1/15	Q4/14
Snus and moist snuff	43.7	46.7	45.1	45.2	44.6	45.7	44.0	42.0	47.1
Other tobacco products	37.7	43.0	42.6	41.8	39.9	42.2	43.7	42.7	41.8
Lights	21.1	20.6	20.1	16.9	17.8	18.2	14.5	20.0	19.8
<b>EBITDA margin from product areas<sup>2)</sup></b>	<b>26.4</b>	<b>28.5</b>	<b>27.8</b>	<b>28.6</b>	<b>26.5</b>	<b>28.2</b>	<b>27.9</b>	<b>28.1</b>	<b>27.8</b>
<b>EBITDA margin<sup>3)</sup></b>	<b>26.4</b>	<b>29.9</b>	<b>29.2</b>	<b>30.5</b>	<b>26.5</b>	<b>30.5</b>	<b>31.4</b>	<b>32.5</b>	<b>30.4</b>

1) Excluding larger one-time items.

2) Excluding share of net profit in STG.

3) Including share of net profit in STG.



### Depreciation, amortization and write-down

MSEK	Q4/16	Q3/16	Q2/16	Q1/16	Q4/15	Q3/15	Q2/15	Q1/15	Q4/14
Property, plant and equipment	77	73	69	68	68	68	69	68	71
Intangible assets	14	14	14	11	11	11	11	11	10
<b>Total</b>	<b>91</b>	<b>86</b>	<b>83</b>	<b>79</b>	<b>79</b>	<b>79</b>	<b>80</b>	<b>79</b>	<b>81</b>

### Financial definitions

Please refer to page 45 of Swedish Match's 2015 annual report, which is available on [www.swedishmatch.com](http://www.swedishmatch.com), for a listing of the financial definitions included in this interim report.

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#### Contacts:

Lars Dahlgren, President and Chief Executive Officer  
Office +46 8 658 0441

Marlene Forsell, Senior Vice President and Chief Financial Officer  
Office +46 8 658 0489

Emmett Harrison, Senior Vice President Investor Relations and Corporate Sustainability  
Office +46 8 658 0173

Richard Flaherty, President US Division, US Investor Relations contact  
Office +1 804 787 5130

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This information is information that Swedish Match AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact persons set out above, at 08.15 a.m. CET on February 17, 2017.

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Swedish Match develops, manufactures, and sells quality products with market-leading brands in the product areas Snus and moist snuff, Other tobacco products (cigars and chewing tobacco), and Lights (matches, lighters, and complementary products). Production is located in six countries, with sales concentrated in Scandinavia and the US. The Swedish Match share is listed on Nasdaq Stockholm (SWMA).

Swedish Match's vision is a world without cigarettes. Some of its well-known brands include: *General, Longhorn, White Owl, Red Man, Fiat Lux, and Cricket.*

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Swedish Match AB (publ), SE-118 85 Stockholm, Sweden  
Visiting address: Sveavägen 44, 8<sup>th</sup> Floor. Telephone: +46 8 658 0200  
Corporate Identity Number: 556015-0756  
[www.swedishmatch.com](http://www.swedishmatch.com)