

Interim Report JANUARY – MARCH 2017

- Sales increased by 6 percent to 3,775 MSEK (3,557) for the first quarter. In local currencies, sales increased by 3 percent.
- Operating profit from product areas¹⁾ increased by 6 percent to 994 MSEK (939) for the first quarter. In local currencies, operating profit from product areas¹⁾ increased by 1 percent.
- Operating profit²⁾ amounted to 1,232 MSEK (1,711) for the first quarter, and included larger one-time items of 238 MSEK relating to the capital gains from divestment of shares in Scandinavian Tobacco Group (STG) and sale of land. The prior year included larger one-time items of 704 MSEK relating to the capital gains from divestment of shares in STG and divestment of a distribution center property.
- Profit for the period amounted to 930 MSEK (1,404) for the first quarter.
- Earnings per share amounted to 5.06 SEK (7.44) for the first quarter. Earnings per share excluding larger one-time items and share of net profit in STG amounted to 3.76 SEK (3.35).
- In January, as previously announced, Swedish Match reduced its ownership in STG from 18.1 percent to 9.1 percent.

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.



CEO Lars Dahlgren comments:

Operating profit growth to start the year

Despite several factors which adversely impacted comparability, operating profit from product areas increased by 1 percent versus prior year in local currencies. The largest of these headwinds was the 2.5 million dollar quarterly FDA user fee for cigars, which began in last year's fourth quarter. We were also impacted by excise tax increases in Pennsylvania in the US principally affecting chewing tobacco, as well as the absorption of January's excise tax increase for snus in Sweden.

We are taking actions through product innovation and positioning to continue to build our snus and moist snuff product businesses in both Scandinavia and the US. Our market share decline in Norway has slowed due to successful new product introductions. Outside of Scandinavia (primarily the US) snus and ZYN volumes are growing at a rapid pace resulting in improved sales and gross profits. We continue to expand our presence in the pouch and tub segments of the US moist snuff category. On the regulatory front, after the US FDA encouraged Swedish Match to continue our pursuit of modified risk status for *General* snus, we held a meeting with the FDA's Center for Tobacco Products and received useful information to help us with our MRTP application amendment. There are also challenges facing our snus and moist snuff product area. The rate of growth in the Scandinavian snus market has been slowing recently, most notably in Sweden and competition remains intense across all markets.

Other tobacco products (cigars and chewing tobacco) had another strong quarter. While part of the performance versus last year can be attributed to a weak comparison period for chewing tobacco, the main driver for growth has once again been cigars. Volume growth within the US cigar market remained robust, and we gained market share on increased volumes and sales. A key driver of our cigar growth in the first quarter was a good innovation pipeline for both HTL and natural leaf cigars as we expanded distribution for a number of products previously available in very limited quantities and geographies. We have been able to leverage our innovation portfolio to provide added consumer interest and excitement. Despite absorbing the new FDA user fees during the quarter, profits from our cigar business improved versus last year's first quarter. For chewing tobacco, our recent activities in the value segment helped to mitigate the impact of declining category volumes, but realized pricing effects from our portfolio were less pronounced than historic trends.

Our Lights business had a good start versus a rather weak first quarter 2016. Volumes were flat compared to prior year for both matches and lighters and sales and operating profit increased across the portfolio.

In January 2017 we successfully divested another 9 percent in STG. Shareholders have now approved both a special dividend of 7.50 SEK and an ordinary dividend of 8.50 SEK per share – delivering a very solid cash return to our shareholders.

Summary of consolidated income statement

MSEK	January-March		Chg %	Full year 2016
	2017	2016		
Sales	3,775	3,557	6	15,551
Operating profit from product areas	994	939	6	3,990
Operating profit	1,232	1,711	-28	6,420
Profit before income tax	1,153	1,604	-28	5,988
Profit for the period	930	1,404	-34	5,123
Operating margin from product areas,%	26.3	26.4		25.7
Earnings per share, SEK	5.06	7.44		27.38
Earnings per share, excl. STG, SEK	5.06	7.09		26.44
Earnings per share, excl. STG, adjusted, SEK ¹⁾	3.76	3.35		14.39

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

The first quarter

(Note: Comments below refer to the comparison between the first quarter 2017 vs. the first quarter 2016).

Sales

Sales grew by 6 percent to 3,775 MSEK (3,557). Currency translation positively affected the sales comparison by 124 MSEK. In local currencies, sales increased 3 percent and were up for all product areas.

Earnings

Operating profit from product areas increased by 6 percent to 994 MSEK (939). Operating profit increased for all product areas except for Other operations. In local currencies, operating profit from product areas was up 1 percent.

Operating profit amounted to 1,232 MSEK (1,711) and included capital gains from the sale of shares in STG of 131 MSEK and from the sale of a parcel of land of 107 MSEK. These larger one-time items are both tax exempt. During the first quarter 2016, capital gains of 560 MSEK from the sale of shares in STG and 145 MSEK from the sale of a distribution center in Sweden, both tax exempt, were recognized as larger one-time items. Currency translation has affected the comparison of the operating profit positively by 43 MSEK.

The Group's net finance cost amounted to 80 MSEK (107). The income tax expense amounted to 223 MSEK (200) and the tax rate excluding associated companies and larger one-time items amounted to 24.5 percent.

Profit for the period amounted to 930 MSEK (1,404) affected by positive larger one-time items in both periods.

Earnings per share for the first quarter amounted to 5.06 SEK (7.44). Excluding larger one-time items and share of net profit in STG, the earnings per share increased by 12 percent to 3.76 SEK (3.35).

G.3 Super Slim

Adding to the G.3 Super Slim lineup (following the first variety, G.3 Super Slim Mint in the spring of 2016), Swedish Match is now introducing G.3 Super Slim, featuring a more traditional flavor. Both varieties have a slimmer, more discrete white pouch, and contain 30 pouches per can.





Snus and moist snuff

First quarter highlights:

- Higher sales and operating profit in the US more than offset modest declines in Scandinavia
- Slowdown of market growth in Scandinavia, but improving share trend continued in Norway
- Continued growth of *General* and *ZYN* outside Scandinavia

Key data

MSEK	January-March		Chg %	Full year 2016
	2017	2016		
Sales	1,293	1,245	4	5,277
Operating profit	531	521	2	2,197
Operating margin, %	41.1	41.8		41.6
EBITDA	581	563	3	2,383
EBITDA margin, %	44.9	45.2		45.2

The first quarter

(Note: Comments below refer to the comparison between the first quarter 2017 vs. the first quarter 2016).

Sales for Snus and moist snuff were up 1 percent in local currencies. In local currencies, sales declined slightly in Scandinavia but grew in the US. Higher operating profit in the US more than offset slight declines in Scandinavia.

In Scandinavia the market continued to grow, but at a slower pace than in prior quarters. Swedish Match estimates that the total Scandinavian market grew by 2 percent, with higher market volumes in both Norway and Sweden. Our Scandinavian shipment volumes measured in number of cans were flat. Adjusted for calendar effects and prior year trade destocking, Swedish Match's underlying volumes are estimated to be down by 1 percent. Sales in Scandinavia increased slightly in Swedish kronor aided by a stronger Norwegian krone. In local currencies, sales in Scandinavia were negatively impacted by the price/mix in Sweden as well as the absorption of the 2017 excise tax increase. A list price increase has now been taken in Sweden in May. The operating profit for Scandinavia snus declined.

For the US moist snuff business both pouches and tubs continued to deliver higher volumes, offsetting declines for traditional loose varieties. In local currency, sales were flat, while operating profit grew. The average net selling price per can was flat on relatively high promotional activity in the quarter.

The total net operating loss for snus and nicotine pouches outside Scandinavia decreased to 42 MSEK (49) attributable to improved gross profit for both snus and *ZYN* nicotine pouches as well as lower marketing spending for snus. The lower marketing spending for snus in the US is partly due to phasing of activities during 2017. Distribution of the *ZYN* nicotine pouch without tobacco was further expanded during the quarter in the western US.

Having earlier been informed by the FDA that *General* snus will not, for the time being, be designated as a Modified Risk Tobacco Product (MRTP), the FDA outlined the process going forward and encouraged Swedish Match to continue its efforts to seek modified risk status for *General* snus. Swedish Match met with the FDA's Center for Tobacco Products (CTP) in March and will continue to evaluate the best path for a revised application.

Swedish Match shipment volumes

	January-March 2017	January-March 2016	Chg %	Full year 2016
Snus, millions of cans, Scandinavia	56.5	56.3	0	241.3
Moist snuff, millions of cans, US	34.6	34.5	0	131.4

Swedish Match Scandinavian snus market shares¹⁾

Percent	January-March 2017	January-March 2016	Chg ppts	Full year 2016
Snus, Sweden, total	65.6	68.0	-2.4	67.4
Snus, Sweden, premium	92.0	93.1	-1.0	92.7
Snus, Sweden, value	36.4	39.2	-2.8	38.0
Snus, Norway, total	52.2	54.6	-2.3	53.5

1) Swedish Match estimates using Nielsen data (excluding tobacconists): 13 weeks to April 2, 2017 and March 27, 2016, respectively. All figures for the Swedish market have been restated to reflect changes in Nielsen store measurements.



Other tobacco products (cigars and chewing tobacco)

First quarter highlights:

- Continued strong sales and volume growth for cigars in the US
- Slight decline of chewing tobacco versus an unusually weak prior year period
- Increased operating profit in local currency despite costs for FDA user fees for cigars

Key data

MSEK	January-March		Chg %	Full year 2016
	2017	2016		
Sales	1,120	994	13	4,283
Operating profit	427	400	7	1,705
Operating margin, %	38.1	40.2		39.8
EBITDA	446	415	7	1,768
EBITDA margin, %	39.8	41.8		41.3

The first quarter

(Note: Comments below refer to the comparison between the first quarter 2017 vs. the first quarter 2016).

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 and operating margin were negatively impacted by the introduction of FDA fees for cigars beginning from October 1, 2016. FDA fees for cigars were 2.5 MUSD in the first quarter.

Cigar volumes were up by 16 percent, with increased volumes most notably for our HTL cigars but also for natural leaf cigars. In local currency, sales for cigars increased less than volumes due to negative portfolio mix effects. Operating profit increased, albeit modestly, despite the negative effect from the FDA fees.

Chewing tobacco shipments (excluding contract manufacturing volumes) declined by only 1 percent, which was a substantial improvement versus the trend in prior quarters. This comparative performance is in part due to unusually low volumes in the first quarter of 2016 due to timing of shipments. In addition, the volume development benefitted from expansion in the value segment which had an adverse impact on average pricing in Q1. Sales and operating profit for chewing tobacco were stable in local currency as a result of the comparatively good volumes.

Swedish Match US shipment volumes

	January-March		Chg %	Full year 2016
	2017	2016		
Cigars, millions of sticks	398	343	16	1,472
Chewing tobacco, thousands of pounds (excluding contract manufacturing volumes)	1,663	1,677	-1	6,709



Lights (matches, lighters and complementary products)

First quarter highlights:

- Sales increased driven by matches and aided by positive currency effects
- Increased operating profit across the portfolio

Key data

MSEK	January-March 2017	January-March 2016	Chg %	Full year 2016
Sales	340	303	12	1,314
Operating profit	60	42	44	219
Operating margin, %	17.7	13.8		16.7
EBITDA	71	51	38	259
EBITDA margin, %	20.9	16.9		19.7

The first quarter

(Note: Comments below refer to the comparison between the first quarter 2017 vs. the first quarter 2016).

Sales increased by 12 percent driven by a good performance for matches with flat volumes and positive price/mix effects, as well as a recovery of the Brazilian real. Sales also grew for lighters and complementary products. Operating profit increased by 44 percent, driven by the strong development for matches and also benefitting from lower production costs for lighters and improved costing for complementary products. The prior year period was negatively affected by some costs of a temporary nature for matches.

Swedish Match shipment volumes, worldwide

	January-March 2017	January-March 2016	Chg %	Full year 2016
Matches, billion sticks	17.7	17.7	0	72.0
Lighters, million units	95.3	95.5	0	399.2

Other operations

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

The first quarter

Sales in Other operations for the first quarter amounted to 1,023 MSEK (1,014). Operating loss for Other operations was 24 MSEK (24). During the first quarter 2016, a tax exempt capital gain of 145 MSEK from the sale of the Solna distribution facility was recognized as a larger one-time item.

Financing and cash flow

Cash flow from operating activities for the first quarter amounted to 826 MSEK (792). The cash flow from operating activities increased compared to the prior year mainly as a result of higher cash flow from changes in working capital.

During the first quarter, Swedish Match had a positive net cash flow from investing activities. Swedish Match received 1,355 MSEK from the partial divestment of STG in January and another 107 MSEK of additional purchase price payments relating to a parcel of land sold in 2007.

Investments in property, plant and equipment as well as intangible assets decreased to 86 MSEK (202), with prior year investments reflecting the acquisition of patent rights for a nicotine pouch product without tobacco.

Net finance cost for the first quarter declined to 80 MSEK (107), due primarily to lower interest rates on debt and higher interest income from the very strong cash position following the STG partial divestment and the additional payment noted above.

During the first quarter, no new bond loans were issued and no repayments of bond loans have been made. As of March 31, 2017 Swedish Match had 9,816 MSEK of interest bearing debt excluding retirement benefit obligations compared to 9,854 MSEK at December 31, 2016 and 8,198 MSEK at March 31, 2016. During the remainder of 2017, 2,038 MSEK of this debt falls due for payment. For further detail of the maturity profile of the debt portfolio please see the Swedish Match website.

As of March 31, 2017, Swedish Match had 1,500 MSEK in unutilized committed credit lines. Cash and cash equivalents amounted to 4,777 MSEK at the end of the period, compared to 3,364 MSEK at December 31, 2016.

Net debt as of March 31, 2017 amounted to 6,422 MSEK compared to 7,941 MSEK at December 31, 2016 and 5,522 MSEK at March 31, 2016.

During the first quarter, Swedish Match made share repurchases of 739 MSEK.

Number of shares

During the first quarter, Swedish Match repurchased 2.6 million shares for 739 MSEK at an average price of 286.17 SEK, following authorization from the Annual General Meeting held in 2016. Total shares bought back by Swedish Match since the buyback program started have been repurchased at an average price of 118.72 SEK.

As per March 31, 2017 Swedish Match held 6.7 million shares, corresponding to 3.53 percent of the total number of shares. The number of shares outstanding, net, as per March 31, 2017, amounted to 182.1 million.

Other events during the reporting period

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 1,355 MSEK. Following the transaction, Swedish Match owns 9,069,906 shares, corresponding to 9.1 percent of the total number of shares in STG. The tax exempt capital gain from the January divestment amounted to 131 MSEK and equaled the difference between the price at divestment and the market value at reclassification in September 2016, less transaction costs, and has been recognized as a larger one-time item in the first quarter.

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 was received in January 2017, and Swedish Match received an additional payment of 107 MSEK in the first quarter.

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 and no provision has been made for any fine.

Events after the reporting period

Annual General Meeting and repurchase of own shares

The Annual General Meeting held on May 4, 2017, re-elected Charles A. Blixt, Andrew Cripps, Jacqueline Hoogerbrugge, Conny Karlsson, Wenche Rolfsen and Joakim Westh as members of Swedish Match's Board of Directors and Pauline Lindwall was elected as new member of the Board. Conny Karlsson was re-elected Chairman of the Board and Andrew Cripps was re-elected Deputy Chairman of the Board.

The Annual General Meeting approved the Board's proposal of an ordinary dividend in the amount of 8.50 SEK per share and a special dividend of 7.50 SEK per share, in total 16.00 SEK per share, to be paid to the shareholders, in a total amount of 2,913 MSEK, based on the number of outstanding shares as per March 31, 2017. In addition, the Meeting resolved to reduce the share capital by means of withdrawal of 6,950,000 shares in the Company, held in treasury, with a simultaneous bonus issue, without issuing any new shares, of a corresponding amount to restore the share capital. The total number of registered shares in the Company before the withdrawal of shares was 188,750,000 and as per May 8, 2017, the number of treasury shares amounted to 7,006,190.

The 2017 Annual General Meeting further authorized the Board of Directors to acquire the Company's own shares, including the possibility to implement a repurchase program in accordance with the Market Abuse Regulation (EU) No 596/2014 ("MAR") and the Commission Delegated Regulation (EU) No 2016/1052 (the "Safe Harbour Regulation"), a mandate which the Board now utilizes. The repurchase of own shares shall meet the following conditions. The shares shall be acquired on Nasdaq Stockholm in accordance with the rules regarding purchase of own shares as set out in MAR and in the Safe Harbour Regulation (if applicable) as well as in the Nasdaq Stockholm's Rule Book for Issuers. Further, the shares may be acquired on one or several occasions from May 8, 2017 up until the next Annual General Meeting, provided that the Company's holding does not at any time exceed 10 percent of all shares in the Company. In one day, a maximum of 25 percent of the average daily volume may be purchased. Repurchases shall be made at a price within the price interval registered at any given time, i.e. the interval between the highest bid price and lowest selling price. The price may not exceed the higher of the price of the last independent trade and the highest current independent bid price. Payment for the shares shall be in cash. The purpose of the repurchasing right is to enable Swedish Match to adapt its capital structure to its capital needs over time, and thereby contribute to an increased shareholder value.

The Annual General Meeting authorized the Board of Directors to resolve on transfer of the Company's own shares, on one or several occasions prior to the next Annual General Meeting. The shares may only be transferred in conjunction with the financing of company acquisitions and other types of strategic investments and acquisitions, and the transfers may not exceed the maximum number of treasury shares held by the Company at any given time. Transfer of own shares shall be made either on Nasdaq Stockholm or in another manner.

Furthermore, the Annual General Meeting approved the Board of Directors' proposal that it be authorized to, for the period until the end of the next Annual General Meeting, to issue new ordinary shares on one or more occasions, with or without deviation from shareholders' preferential rights and against payment in cash, in kind or by set-off. The number of shares that may be issued may not exceed a maximum dilution effect of 10 percent of the share capital and votes at the time of the Annual General Meeting 2017.

The Annual General Meeting also approved the election of Deloitte AB as the auditor for the period until the end of the Annual General Meeting 2019.

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.

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 Swedish Match annual report for 2016, available on swedishmatch.com.

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 first quarter amounted to 10 MSEK (12). Profit before income tax amounted to 3,649 MSEK (641) and net profit for the quarter amounted to 3,689 MSEK (684). The higher net profit for the first quarter mainly pertains to higher dividends from subsidiaries compared to the same quarter previous year.

During the first quarter, the Parent Company received a dividend of 3,733 MSEK (856) from a subsidiary following the sale of shares in STG.

The Parent Company 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 and an additional payment of 107 MSEK was received in the first quarter 2017.

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 first quarter, no new bond loans were issued and no repayments of bond loans have been made. During the first quarter, the Parent Company made share repurchases of 2.6 million (0.7) shares for 739 MSEK (199).

No capital expenditures on tangible or intangible assets have been recognized during the first quarters of 2017 or 2016.

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 fluctuations in exchange rates.

Additional information

This report has not been reviewed by the Company's auditors. The January-June 2017 report will be released on July 21, 2017.

Stockholm, May 8, 2017

Lars Dahlgren
President and CEO

Product area summary and key ratios

Sales by product area

MSEK	January-March		Chg %	Full year 2016
	2017	2016		
Snus and moist snuff	1,293	1,245	4	5,277
Other tobacco products	1,120	994	13	4,283
Lights	340	303	12	1,314
Other operations	1,023	1,014	1	4,676
Sales	3,775	3,557	6	15,551

Operating profit

MSEK	January-March		Chg %	Full year 2016
	2017	2016		
Snus and moist snuff	531	521	2	2,197
Other tobacco products	427	400	7	1,705
Lights	60	42	44	219
Other operations	-24	-24		-132
Operating profit from product areas	994	939	6	3,990
Share of net profit in STG ¹⁾	-	68		176
Subtotal	994	1,007	-1	4,166
<i>Larger one-time items</i>				
Sale of STG shares	131	560		1,208
Gain on fair value of STG shares	-	-		902
Sale of distribution facility	-	145		145
Capital gain from sale of land	107	-		-
Total larger one-time items	238	704		2,254
Operating profit	1,232	1,711	-28	6,420

1) See Note 5.

Operating margin by product area

Percent	January-March		Full year 2016
	2017	2016	
Snus and moist snuff	41.1	41.8	41.6
Other tobacco products	38.1	40.2	39.8
Lights	17.7	13.8	16.7
Operating margin from product areas	26.3	26.4	25.7

EBITDA by product area

MSEK	January-March		Chg %	Full year 2016
	2017	2016		
Snus and moist snuff	581	563	3	2,383
Other tobacco products	446	415	7	1,768
Lights	71	51	38	259
Other operations	-12	-12		-82
EBITDA from product areas	1,085	1,018	7	4,329

EBITDA margin by product area

Percent	January-March		Full year 2016
	2017	2016	
Snus and moist snuff	44.9	45.2	45.2
Other tobacco products	39.8	41.8	41.3
Lights	20.9	16.9	19.7
EBITDA margin from product areas	28.7	28.6	27.8

Key ratios

		January-March		12 months ended	Full year
	2017	2016	March 31, 2017	March 31, 2017	2016
Operating margin from product areas, %	26.3	26.4	25.6	25.6	25.7
Operating capital, MSEK ¹⁾	3,963	3,544	3,963	3,963	3,888
Return on operating capital, % ¹⁾			107.7	107.7	111.0
Net debt, MSEK	6,422	5,522	6,422	6,422	7,941
Investments in property, plant and equipment, MSEK ²⁾	83	81	539	539	537
EBITA from product areas, MSEK	1,009	950	4,101	4,101	4,043
EBITA interest cover ¹⁾	13.0	9.5	10.4	10.4	9.7
Net debt/EBITA from product areas			1.6	1.6	2.0
<i>Share data</i>					
Number of shares outstanding at end of period	182,088,810	188,204,368	182,088,810	182,088,810	184,672,687
Average number of shares outstanding	183,655,401	188,608,217	185,878,270	185,878,270	187,116,474

1) Restated to exclude STG.

2) Including investments in forest plantations of 5 MSEK (4).

Financial statements

Consolidated income statement in summary

MSEK	January-March		Chg %	12 months	Full year	Chg %
	2017	2016		ended March 31, 2017		
Sales, including tobacco tax	6,686	6,452		28,716	28,482	
Less tobacco tax	-2,910	-2,895		-12,947	-12,932	
Sales	3,775	3,557	6	15,769	15,551	1
Cost of goods sold	-1,995	-1,872		-8,449	-8,325	
Gross profit	1,780	1,685	6	7,320	7,226	1
Selling and admin. expenses	-791	-745		-3,285	-3,240	
Share of profit/loss in associated companies ¹⁾	5	66		118	180	
Sale of STG shares	131	560		779	1,208	
Gain on fair value of STG shares	-	-		902	902	
Sale of distribution facility	-	145		-	145	
Capital gain from sale of land	107	-		107	-	
Operating profit	1,232	1,711	-28	5,941	6,420	-7
Finance income	18	9		62	53	
Finance costs	-98	-116		-466	-484	
Net finance cost	-80	-107		-404	-431	
Profit before income tax	1,153	1,604	-28	5,537	5,988	-8
Income tax expense	-223	-200		-888	-865	
Profit for the period	930	1,404	-34	4,649	5,123	-9
<i>Attributable to:</i>						
Equity holders of the Parent	930	1,404		4,649	5,123	
Non-controlling interests	0	0		0	0	
Profit for the period	930	1,404	-34	4,649	5,123	-9
Earnings per share, SEK	5.06	7.44		25.01	27.38	
Earnings per share, excl. STG, SEK	5.06	7.09		24.43	26.44	
Earnings per share, excl. STG, adjusted, SEK ²⁾	3.76	3.35		14.81	14.39	

1) See Note 5.

2) Adjusted for Swedish Match's larger one-time items.

Consolidated statement of comprehensive income in summary

MSEK	January-March		12 months	Full year
	2017	2016	ended March 31, 2017	2016
Profit for the period	930	1,404	4,649	5,123
<i>Other comprehensive income that may be reclassified to the income statement</i>				
Translation differences related to foreign operations	-66	-71	563	558
Translation differences included in profit and loss	-	-6	-137	-143
Effective portion of changes in fair value of cash flow hedges	-31	4	-116	-81
Reclassification of gains/losses on cash flow hedges included in profit and loss	-	0	15	16
Share of other comprehensive income in associated companies ¹⁾	-	54	-75	-20
Share of other comprehensive income in associated companies included in profit and loss	-	-194	-315	-509
Change in fair value of STG shares	14	-	324	310
Change in fair value of STG shares included in profit and loss	-138	-	-138	-
Income tax relating to reclassifiable components of other comprehensive income	4	-1	20	14
Subtotal, net of tax for the period	-216	-213	141	144
<i>Other comprehensive income that will not be reclassified to the income statement</i>				
Actuarial gains/losses attributable to pensions, incl. payroll tax	71	-211	132	-150
Share of other comprehensive income in associated companies ¹⁾	-	-2	0	-2
Income tax relating to non-reclassifiable components of other comprehensive income	-29	74	-64	39
Subtotal, net of tax for the period	42	-139	68	-113
Total comprehensive income for the period	755	1,053	4,857	5,155
<i>Attributable to:</i>				
Equity holders of the Parent	755	1,053	4,857	5,155
Non-controlling interests	0	0	0	0
Total comprehensive income for the period	755	1,053	4,857	5,155

1) See Note 5.

Consolidated balance sheet in summary

MSEK	March 31, 2017	December 31, 2016
Intangible assets	1,235	1,250
Property, plant and equipment	2,536	2,543
Investments in associated companies	127	122
Other non-current assets and operating receivables	23	23
Other non-current financial assets and receivables ¹⁾²⁾	3,076	4,450
Other current financial receivables ²⁾³⁾	228	251
Current operating assets and receivables	3,243	3,333
Cash and cash equivalents	4,777	3,364
Total assets	15,245	15,335
Equity attributable to equity holders of the Parent	-1,350	-1,366
Non-controlling interests	1	1
Total equity	-1,349	-1,365
Non-current financial provisions	1,168	1,168
Non-current loans	7,659	8,169
Other non-current financial liabilities ²⁾⁴⁾	1,586	1,613
Other non-current operating liabilities	360	369
Current loans	2,584	2,047
Other current financial liabilities ²⁾⁵⁾	397	321
Other current operating liabilities	2,841	3,013
Total equity and liabilities	15,245	15,335

1) Includes shares in STG of 1,417 MSEK (2,761), pension assets of 96 MSEK (90) and certain non-current components of derivatives of 385 MSEK (391).

2) In 2016, certain components of derivatives are reclassified between assets and liabilities.

3) Includes certain current components of derivatives of 51 MSEK (33).

4) Includes pension liabilities of 1,479 MSEK (1,542) and certain non-current components of derivatives of 2 MSEK (-4).

5) Includes certain current components of derivatives of 8 MSEK (65).

Consolidated cash flow statement in summary

MSEK	January-March	
	2017	2016
<i>Operating activities</i>		
Profit before income taxes	1,153	1,604
Share of profit/loss in associated companies	-5	-66
Other non-cash items and other	-125	-490
Income tax paid	-97	-73
Cash flow from operating activities before changes in working capital	926	975
Changes in working capital	-100	-182
Net cash generated from operating activities	826	792
<i>Investing activities</i>		
Purchase of property, plant and equipment ¹⁾	-83	-81
Proceeds from sale of property, plant and equipment	-	145
Purchase of intangible assets	-4	-121
Proceeds from sale of land ²⁾	107	-
Divestments in associated companies ³⁾	1,355	2,172
Investments in associated companies ⁴⁾	-	-5
Changes in financial receivables etc.	0	0
Net cash from investing activities	1,375	2,110
<i>Financing activities</i>		
Changes in loans	-2	134
Repurchase of own shares	-739	-199
Other	-83	-78
Net cash used in financing activities	-824	-143
Net increase in cash and cash equivalents	1,377	2,759
Cash and cash equivalents at the beginning of the period	3,364	1,732
Effect of exchange rate fluctuations on cash and cash equivalents	36	-50
Cash and cash equivalents at the end of the period	4,777	4,441

1) Including investments in forest plantations of 5 MSEK (4).

2) The cash flow from sale of land is related to the final payment on the sale of land in 2007.

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

4) Investments in associated companies pertain to additional investments in EB Road Cargo AB of 5 MSEK in 2016.

Change in shareholders' equity in summary

MSEK	Equity attributable to holders of the Parent	Non-controlling interests	Total equity
Equity at January 1, 2016	251	1	252
Profit for the period	1,404	0	1,404
Other comprehensive income, net of tax for the period	-351	0	-351
Total comprehensive income for the period	1,053	0	1,053
Dividend	-	0	0
Repurchase of own shares	-199	-	-199
Equity at March 31, 2016	1,104	1	1,105
Equity at January 1, 2017	-1,366	1	-1,365
Profit for the period	930	0	930
Other comprehensive income, net of tax for the period	-175	0	-174
Total comprehensive income for the period	755	0	755
Dividend	-	0	0
Repurchase of own shares	-739	-	-739
Equity at March 31, 2017	-1,350	1	-1,349

Parent Company income statement in summary

MSEK	January-March	
	2017	2016
Sales	10	12
Administrative expenses	-55	-63
Operating loss	-44	-51
Result from participation in Group companies	3,840	856
Net finance cost	-147	-164
Profit before income tax	3,649	641
Income tax	40	42
Profit for the period	3,689	684

Parent Company statement of comprehensive income in summary

MSEK	January-March	
	2017	2016
Profit for the period	3,689	684
<i>Other comprehensive income that may be reclassified to the income statement</i>		
Effective portion of changes in fair value of cash flow hedges	-31	4
Reclassification for gains/losses on cash flow hedges included in profit and loss	-	0
Income tax relating to components of other comprehensive income	7	-1
Other comprehensive income, net of tax for the period	-24	3
Total comprehensive income for the period	3,665	687

Parent Company balance sheet in summary

MSEK	March 31, 2017	March 31, 2016	December 31, 2016
Intangible and tangible assets	2	3	2
Non-current financial assets ¹⁾	49,732	49,722	49,719
Current assets ¹⁾	2,356	103	3,311
Total assets	52,090	49,828	53,032
Equity	21,359	21,703	18,434
Untaxed reserves	995	675	995
Provisions	99	61	100
Non-current liabilities ¹⁾	25,866	26,367	26,338
Current liabilities ¹⁾	3,770	1,022	7,165
Total liabilities	29,735	27,450	33,603
Total equity and liabilities	52,090	49,828	53,032

1) For December 31, 2016, certain components of derivatives are reclassified between assets and liabilities.

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, 2017 have not had a material effect on the Group's financial result or position.

The accounting principles and basis of calculation in this report are the same as in the annual report for 2016.

Note 2 – Related parties transactions

The Group's related parties include 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. Transactions are conducted on an arms-length basis. At the end of the first quarter 2017, receivables from

these companies amounted to 21 MSEK (30) and total payables to these companies amounted to 2 MSEK (8). During the first quarter 2017, total sales to associated companies amounted to 21 MSEK (46) and total purchases from associated companies amounted to 1 MSEK (15).

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

Note 3 – Carrying value and fair value

The following table shows carrying value and fair value for financial instruments per March 31, 2017.

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 ¹⁾	Non-financial instruments	Total carrying value	Estimated fair value	Fair value level 1	Fair value level 2
Trade receivables	-	1,373	-	-	-	-	1,373	1,373		
Other non-current financial assets	-	-	1,417	-	-	-	1,417	1,417	1,417	
Other non-current financial receivables	-	-	-	-	331	458	789	789		331
Other current assets and financial receivables	24	-	-	-	13	164	201	201		37
Accrued interest income/expense	-	-	-	-	-23	-	-23	-23		-23
Other prepaid expenses and accrued income	-	-	-	-	-	78	78	78		
Cash and cash equivalents	-	4,777	-	-	-	-	4,777	4,777		
Total assets	24	6,150	1,417	-	321	700	8,612	8,612		
Loans and borrowings	-	-	-	10,242	-	-	10,242	10,554		10,554
Other non-current financial liabilities	-	-	-	-	108	54	162	162		108
Other current liabilities	8	-	-	-	-	1,480	1,488	1,488		8
Accrued interest expense/income	-	-	-	129	17	-	146	146		17
Other accrued expenses and deferred income	-	-	-	-	-	604	604	604		
Trade payables	-	-	-	644	-	-	644	644		
Total liabilities	8	-	-	11,015	125	2,138	13,286	13,598		

1) Accrued interest income on cash flow hedges is reported in the balance sheet as *Prepaid expenses and accrued income* and accrued interest expense on cash flow hedges is reported as *Accrued expenses and deferred income*.

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 first quarter 2017. 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. The total nominal amount of outstanding derivatives is 9,986 MSEK of which 7,053 MSEK is in cash flow hedges consisting of cross currency and interest rate swaps related to bond loans. The remaining 2,943 MSEK consist of currency swaps related to the conversion of surplus cash in US dollars into Swedish kronor. Methodologies utilized in the valuation of financial instruments can be found in Note 1 to the 2016 annual report.

Note 4 – Alternative performance measures

Swedish Match presents a number of financial measures that are outside IFRS definitions (Alternative performance measures, according to ESMA's guidelines) with the aim of enabling effective evaluation of the company's financial position and performance for investors and for the company's management. This means that these measures are not always comparable with measures used by other companies and shall therefore be considered as a complement to measures defined according to IFRS. Swedish Match applies these alternative key ratios consistently over time. The key ratios are alternative performance measures according to ESMA guidelines unless otherwise stated.

KEY RATIO	DEFINITION/CALCULATION	PURPOSE
OPERATING PROFIT (EBIT)	Earnings excluding net finance cost and taxes	Used as a measure of operating performance, excluding the impact of financing and corporate income tax.
OPERATING PROFIT/LOSS (EBIT) FROM PRODUCT AREAS	Earnings from product areas excluding share of profit in STG, net finance cost, tax and larger one-time items	Used as a measure of operating performance of the ongoing business, excluding the impact of financing and corporate income tax.
OPERATING MARGIN (%)	$100 \times \text{Operating profit} \div \text{Sales}$	Used as a measure of operational profitability.
OPERATING MARGIN FROM PRODUCT AREAS (%)	$100 \times \text{Operating profit from product areas} \div \text{Sales}$	Used as a measure of operational profitability of the ongoing business.
LARGER ONE-TIME ITEMS	Larger one-time items are separately disclosed non-recurring income and cost	Used to provide information regarding items which impact comparability between periods.
EBITDA	Earnings from product areas, excluding net finance cost, tax, larger one-time items, depreciation, amortization and impairments of tangible and intangible assets	Used as an alternative measure of operating performance that is not impacted by historical investments and the related accounting treatment of such investments.
EBITDA FROM PRODUCT AREAS	Earnings from product areas, excluding share of profit in STG, net finance cost, tax, larger one-time items, depreciation, amortization and impairments of tangible and intangible assets	Used as an alternative measure of operating performance for the ongoing business, that is not impacted by historical investments and the related accounting treatment of such investments.
EBITDA MARGIN (%)	$100 \times \text{EBITDA} \div \text{Sales}$	Used as an alternative measure of operating profitability.
EBITDA MARGIN FROM PRODUCT AREAS (%)	$100 \times \text{EBITDA from product areas} \div \text{Sales}$	Used as an alternative measure of operating profitability for the ongoing business.
EBITA	Earnings excluding net finance cost, tax, larger one-time items, amortization and impairments of intangible assets	Used as a proxy for the free cash flow available for payment of financial obligations.
EBITA FROM PRODUCT AREAS	Earnings excluding share of profit in STG, net finance cost, tax, larger one-time items, amortization and impairments of intangible assets	Used as a proxy for the free cash flow from the ongoing business, available for payment of financial obligations.
EBITA INTEREST COVERAGE RATIO (EBITA INTEREST COVER)	$\text{EBITA from product areas} \div (\text{Interest expense} - \text{interest income})$	Used as a measure of the ability to fund interest expenses.
NET DEBT	Current and non-current loans, adjusted for hedges relating to these loans + net provisions for pensions and similar obligations – cash and cash equivalents and other investments	Used as a measure of net financial obligations.
NET DEBT/EBITA FROM PRODUCT AREAS	$\text{NET DEBT} \div \text{EBITA from product areas}$	Used as an indication of the duration (in years) required to fund existing net financial obligations with free cash flows from the ongoing business.
OPERATING CAPITAL	Current operating assets + intangible assets + tangible assets + other non-current operating assets – current and non-current operating liabilities	Used as a measure of the capital employed within operations.
RETURN ON OPERATING CAPITAL (%)	$100 \times \text{Operating profit, excluding larger one-time items} \div \text{Average operating capital}$	Used as a measure of how efficiently capital is employed within the operations.

Note 5 – Share of net profit in Scandinavian Tobacco Group

Swedish Match's share of net profit in STG was reported on a one quarter lag in 2016. Following the partial divestment of STG in September 2016, the shareholding was 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. Following the reclassification, Swedish Match has ceased to recognize its share of net profit in STG in the profit and loss. Changes in the fair value of the investment in STG are recognized as a component of other comprehensive income. The fourth quarter 2016 and subsequent reporting periods do not include any net profit in STG due to the reclassification to a financial asset.

Quarterly data

Consolidated income statement in summary

MSEK	Q1/17	Q4/16	Q3/16	Q2/16	Q1/16	Q4/15	Q3/15	Q2/15	Q1/15
Sales, including tobacco tax	6,686	7,177	7,546	7,308	6,452	7,067	7,275	6,907	6,190
Less tobacco tax	-2,910	-3,220	-3,428	-3,388	-2,895	-3,348	-3,519	-3,263	-2,822
Sales	3,775	3,957	4,118	3,920	3,557	3,719	3,756	3,644	3,368
Cost of goods sold	-1,995	-2,116	-2,222	-2,115	-1,872	-2,005	-2,011	-1,929	-1,752
Gross profit	1,780	1,841	1,896	1,804	1,685	1,714	1,745	1,715	1,615
Selling and administrative expenses	-791	-889	-808	-798	-745	-808	-745	-771	-741
Share of net profit/loss in associated companies ¹⁾	5	2	56	55	66	2	66	119	140
Sale of STG shares	131	-	648	-	560	-	-	-	-
Gain on fair value of STG shares	-	-	902	-	-	-	-	-	-
Sale of distribution facility	-	-	-	-	145	-	-	-	-
Relocation of distribution facilities	-	-	-	-	-	-	-	-42	-
Capital gain from sale of land	107	-	-	-	-	-	-	-	-
Operating profit	1,232	954	2,694	1,061	1,711	908	1,065	1,021	1,014
Finance income	18	23	15	10	9	9	6	4	4
Finance costs	-98	-109	-165	-100	-116	-137	-111	-119	-118
Net finance cost	-80	-85	-149	-90	-107	-128	-106	-115	-114
Profit before income tax	1,153	868	2,545	971	1,604	780	960	906	900
Income tax expense	-223	-206	-239	-220	-200	-145	-219	-200	-179
Profit for the period	930	662	2,306	752	1,404	636	741	705	721
<i>Attributable to:</i>									
Equity holders of the Parent	930	662	2,306	751	1,404	636	741	705	721
Non-controlling interests	0	0	0	0	0	0	0	0	0
Profit for the period	930	662	2,306	752	1,404	636	741	705	721

1) See Note 5.

Sales by product area

MSEK	Q1/17	Q4/16	Q3/16	Q2/16	Q1/16	Q4/15	Q3/15	Q2/15	Q1/15
Snus and moist snuff	1,293	1,356	1,338	1,338	1,245	1,318	1,311	1,271	1,191
Other tobacco products	1,120	1,092	1,166	1,031	994	955	958	982	933
Lights	340	347	346	318	303	334	312	318	331
Other operations	1,023	1,163	1,267	1,231	1,014	1,112	1,174	1,073	912
Sales	3,775	3,957	4,118	3,920	3,557	3,719	3,756	3,644	3,368

Operating profit by product area

<i>MSEK</i>	Q1/17	Q4/16	Q3/16	Q2/16	Q1/16	Q4/15	Q3/15	Q2/15	Q1/15
Snus and moist snuff	531	542	577	557	521	545	556	514	455
Other tobacco products	427	395	486	425	400	366	390	414	384
Lights	60	62	61	54	42	50	47	36	57
Other operations	-24	-45	-34	-29	-24	-53	-14	-28	-29
Operating profit from product areas	994	954	1,089	1,008	939	908	979	937	866
Share of net profit in STG ¹⁾	-	-	55	53	68	-	87	126	148
Subtotal	994	954	1,144	1,061	1,007	908	1,065	1,063	1,014
<i>Larger one-time items</i>									
Sale of STG shares	131	-	648	-	560	-	-	-	-
Gain on fair value of STG shares	-	-	902	-	-	-	-	-	-
Sale of distribution facility	-	-	-	-	145	-	-	-	-
Relocation of distribution facilities	-	-	-	-	-	-	-	-42	-
Capital gain from sale of land	107	-	-	-	-	-	-	-	-
Total larger one-time items	238	-	1,550	-	704	-	-	-42	-
Operating profit	1,232	954	2,694	1,061	1,711	908	1,065	1,021	1,014

1) See Note 5.

Operating margin by product area

<i>Percent</i>	Q1/17	Q4/16	Q3/16	Q2/16	Q1/16	Q4/15	Q3/15	Q2/15	Q1/15
Snus and moist snuff	41.1	40.0	43.1	41.7	41.8	41.4	42.4	40.5	38.2
Other tobacco products	38.1	36.2	41.6	41.2	40.2	38.3	40.7	42.2	41.1
Lights	17.7	17.9	17.6	17.0	13.8	14.9	15.2	11.4	17.1
Operating margin from product areas	26.3	24.1	26.5	25.7	26.4	24.4	26.1	25.7	25.7

EBITDA by product area

<i>MSEK</i>	Q1/17	Q4/16	Q3/16	Q2/16	Q1/16	Q4/15	Q3/15	Q2/15	Q1/15
Snus and moist snuff	581	592	625	603	563	588	600	559	500
Other tobacco products	446	411	501	440	415	382	404	429	399
Lights	71	73	71	64	51	59	57	46	66
Other operations	-12	-32	-22	-16	-12	-42	-3	-17	-19
EBITDA from product areas	1,085	1,045	1,175	1,091	1,018	987	1,058	1,017	946

EBITDA margin by product area

<i>Percent</i>	Q1/17	Q4/16	Q3/16	Q2/16	Q1/16	Q4/15	Q3/15	Q2/15	Q1/15
Snus and moist snuff	44.9	43.7	46.7	45.1	45.2	44.6	45.7	44.0	42.0
Other tobacco products	39.8	37.7	43.0	42.6	41.8	39.9	42.2	43.7	42.7
Lights	20.9	21.1	20.6	20.1	16.9	17.8	18.2	14.5	20.0
EBITDA margin from product areas	28.7	26.4	28.5	27.8	28.6	26.5	28.2	27.9	28.1

Depreciation, amortization and write-down

<i>MSEK</i>	Q1/17	Q4/16	Q3/16	Q2/16	Q1/16	Q4/15	Q3/15	Q2/15	Q1/15
Property, plant and equipment	77	77	73	69	68	68	68	69	68
Intangible assets	15	14	14	14	11	11	11	11	11
Total	91	91	86	83	79	79	79	80	79

Interest income and expense

<i>MSEK</i>	Q1/17	Q4/16	Q3/16	Q2/16	Q1/16	Q4/15	Q3/15	Q2/15	Q1/15
Interest income	18	23	12	8	9	6	5	4	3
Interest expense	-96	-103	-161	-98	-109	-135	-109	-118	-117
Net interest expense	-78	-79	-149	-90	-100	-129	-104	-114	-114

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

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 May 8, 2017.

Swedish Match develops, manufactures, and sells quality products with market-leading brands. Swedish Match's product areas are Snus and moist snuff, Other tobacco products (cigars and chewing tobacco), Lights (matches, lighters, and complementary products), and Other operations. 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.*

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