



## PRESS RELEASE

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### SWEDISH MATCH BOARD PROPOSES SHARE REDEMPTION TERMS

- **One billion SEK to be transferred to shareholders via redemption**
- **Shareholders may redeem each 14<sup>th</sup> share in exchange for a cash payment of 35 SEK**
- **Up to 31 million shares to be redeemed**

The Board of Directors of Swedish Match proposes to the Annual General Meeting on April 27, 2000 to agree to a redemption of shares in the company in a total amount of approximately 1,000 MSEK. The proposal is based upon Swedish Match's strong financial position and lies within the framework of principles established by the Board of Directors regarding the transfer of surplus funds to the shareholders. The Company has the financial capacity to repurchase and redeem shares while still allowing for additional expansion and acquisition within its outlined strategy.

The Board of Directors has today specified the terms and conditions of the proposed redemption, which is subject to the approval of the company's shareholders at the Annual General Meeting on April 27, 2000. The following information regarding the proposed redemption, including the approximate number of shares to be redeemed and the redemption amount, remains subject to change.

All shareholders of Swedish Match will be offered the opportunity to redeem each 14th share in exchange for a cash payment of 35 SEK per share. For each share in Swedish Match, one redemption right will be received. Fourteen redemption rights will entitle the holder to redeem one share in Swedish Match. If all redemption rights are exercised, a maximum of 30.8 million shares will be redeemed and a maximum of 1,078 MSEK will be transferred to the shareholders of Swedish Match through the redemption procedure.

The first day of trading in shares in Swedish Match without redemption rights is planned for April 28, 2000. The record date for receipt of redemption rights is planned for May 3, 2000. The application period is anticipated to run from May 8, 2000 until June 5, 2000. Further information will be distributed to all shareholders in conjunction with the commencement of the application period. Trading in redemption rights is anticipated to take place on the OM Stockholm Stock Exchange between May 8 and May 30. A parallel offer will be directed to US and Canadian shareholders and holders of ADRs. Trading in ADR rights is anticipated to take place on NASDAQ between May 8 and June 5.

Payment of the redemption amount is anticipated to take place in the first half of July 2000.

In order to restore the share capital to an amount equivalent to the share capital before the redemption procedure, the Board of Directors intends to propose a new issue of a maximum of 4 million shares. The new issue shall be effected in accordance with market terms and conditions, and shall be directed to Robur, The Fourth AP Fund, Zenit, SPP, and Ratos.

Assuming full participation in the redemption offer the new issue is estimated to be in the region of 68 MSEK. It is also proposed that the Annual General Meeting resolve to decide on a bonus issue through a transfer to the share capital from the share premium reserve and the statutory reserve. Through such procedure, the nominal value per share will increase from SEK 2.20 to 2.40, which will result in a total of approximately 80 MSEK being transferred to the share capital. The share capital will thereby be restored to the same amount as before the redemption procedure.

Through the procedures outlined above, payment of the redemption amount can be made about one month after the application period has ended.

The effects of the redemption on the income statement and balance sheet, as well as the key ratios, are reported in a separate table for pro forma accounts. The pro forma accounts are based on the annual accounts for the 1999 operating year.

### **Pro forma accounts**

The pro forma accounts have been based on Swedish Match accounts for 1999, whereupon adjustments have been made for the effects of the redemption and new issue. The pro forma income statement for 1999 has been prepared as if the redemption and new issue were carried out on January 1, 1999. The pro forma balance sheet for 1999 has been prepared as if the redemption and new issue were carried out on December 31, 1999. The pro forma information has also been based on the following assumptions:

- that 14 redemption rights entitle the holder to redeem one Swedish Match share;
- that the redemption offer is accepted in its entirety;
- that the redemption price is established at 35 SEK, providing 1,078.3 MSEK;
- that 67.8 MSEK is raised through the new issue;
- that the new issue price per share is established at 27 SEK, corresponding to the market price at the time of the issue;
- that the net redemption amount (redemption amount less the new issue proceeds) is financed through cash with a yield of 4 percent; and
- that the effect on the net profit is calculated using a 28 percent tax rate.

The pro forma accounts are prepared on the assumption that shareholders at the Annual General Meeting on April 27, 2000 adopt the resolution to effect redemption and the necessary resolutions for redemption of shares pursuant to applications for redemption.

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*The Swedish Match share is listed on the Stockholm Stock Exchange (SWMA) and NASDAQ (SWMAY).*

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## SUMMARY CONSOLIDATED INCOME STATEMENT

MSEK	1999		1999
	Actual	Adjustments	Pro forma
Sales	9 420		9 420
Cost of goods sold	-5 138		-5 138
<b>Gross profit</b>	<b>4 282</b>		<b>4 282</b>
Selling, administrative and other expenses	-2 636		-2 636
Share of earnings in associated companies	43		43
Items affecting comparability	3 707		3 707
<b>Operating profit</b>	<b>5 396</b>		<b>5 396</b>
Financial items, net	-116	-40	-156
<b>Profit after financial items</b>	<b>5 280</b>	<b>-40</b>	<b>5 240</b>
Taxes	-638	+11	-627
Minority interest	14		14
<b>Profit for the year</b>	<b>4 656</b>	<b>-29</b>	<b>4 627</b>

## SUMMARY CONSOLIDATED BALANCE SHEET

MSEK	Dec. 31, 1999		Dec. 31, 1999
	Actual	Adjustments	Pro forma
Intangible fixed assets	3 268		3 268
Tangible fixed assets	1 866		1 866
Financial fixed assets	432		432
Current operating assets	3 808		3 808
Liquid assets	7 296	-1 011	6 285
<b>Total assets</b>	<b>16 670</b>	<b>-1 011</b>	<b>15 659</b>
Shareholders Equity	5 940	-1 011	4 929
Minority interests	162		162
Provisions	1 195		1 195
Long-term loans	5 093		5 093
Other long-term liabilities	210		210
Short-term loans	936		936
Other short-term liabilities	3 134		3 134
<b>Total equity and liabilities</b>	<b>16 670</b>	<b>-1 011</b>	<b>15 659</b>

## KEY RATIOS AND DATA PER SHARE

	Actual		1999
	1999	Adjustments	Pro forma
Number of shares	431 339 663	-28 299 533	403 040 130
Earnings per share, before items affecting comparability, SEK	2.26 <sup>1</sup>		2.40
Earnings per share, after items affecting comparability, SEK	10.54 <sup>1</sup>		11:48
Equity per share, SEK	13:46 <sup>1</sup>		12.23
Net debt, MSEK	-1,267		-256
Net debt/equity ratio, %	Positive		Positive
Equity/assets ratio, %	36.6		32.5
Return on shareholders' equity, %	115.0		152.3 <sup>2</sup>

<sup>1)</sup> Since the redemption amount per share exceeds the market price, earnings per share and equity per share in 1999 have been adjusted to permit comparison with earnings per share and equity per share after redemption. The adjustment has been based on an assumed market price prior to redemption of SEK 27, a redemption amount of SEK 35 and every fourteenth share is redeemed. The adjustment factor has been calculated as  $(14 \cdot 27 - 35) / 13 / 27 = 0.9772$ . Without adjustment earnings per share amounted to SEK 2.31 before items affecting comparability and SEK 10.79 after items affecting comparability and equity per share amounted to SEK 13.77.

<sup>2)</sup> Since profit for the year 1999 proforma 1999 has been calculated as if redemption was affected on January 1, 1999, the opening balance equity has been reduced by the net redemption amount (redemption amount less the new issue proceeds) when calculating the return on shareholders' equity proforma.