



## **PRESS RELEASE**

**July 2, 1999**

### **Swedish Match acquires premium cigar company in the U.S.**

Swedish Match has entered into a definitive agreement to acquire El Credito Cigars, based in Miami, Florida, which produces premium handmade cigars principally for the U.S. market.

The company's largest and most well-known brand is La Gloria Cubana, one of the most exclusive cigars sold in the U.S. The company's other brands include "El Credito", "El Rico Habano" and "La Hoya Selecta". The purchase includes production units in the Dominican Republic and Miami, Florida, with a total of 350 employees.

El Credito's annual sales during 1998 were approximately USD 11 million. This acquisition will have a slight positive effect on Swedish Match's earnings per share and cash flow.

Ernesto Perez-Carillo, president of El Credito, will continue as president, as well as assist Swedish Match in developing its premium cigar operations in the global market.

At the end of March, Swedish Match acquired a major mass-market operation in the U.S. that made Swedish Match the second-largest cigar producer in the world. With the acquisition of El Credito Cigars, Swedish Match is now also established in the premium segment of the North American cigar market.

"The acquisition of El Credito is part of our strategy of concentrating on cigars and smokeless tobacco products," says Lennart Sundén, President and CEO of Swedish Match. "The acquisition will enable Swedish Match to benefit from El Credito's expertise and experience in the premium cigar segment," comments Lennart Sundén. "We are pleased to have Ernesto Perez-Carillo join Swedish Match to continue the tradition of exceptional quality and value established by Ernesto's father", said Lennart Sundén.

Closing of the transaction is planned to take place in August.

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*Swedish Match is an international group with its head office in Stockholm. The company produces an extensive range of tobacco products, matches and disposable lighters. The products are sold in 140 countries. The company's total sales during 1998 amounted to approximately MSEK 8,200. The Swedish Match share is listed on the Stockholm Stock Exchange (SWMA) and New York's Nasdaq Exchange (SWMAY)*