

BREAK-THROUGH IN THE PRINCE-ISSUE

The subsidiary of SWEDISH MATCH AB, SVENSKA TOBAKS AB, and the Danish corporation SKANDINAVISK TOBAKSKOMPAGNI A/S have reached an Agreement-in-Principle on changing the terms of sales and distribution of the cigarette brand Prince on the Swedish market. The prior agreement, under which Svenska Tobaks AB has all rights under license, including marketing and sales in Sweden, is not accepted by the EU Commission as it is regarded as contrary to competition regulations.

Under the Agreement-in-Principle, Svenska Tobaks AB will continue to manufacture and distribute Prince while Skandinavisk Tobakskompagni A/S as of earliest April 1st, 1997, will be handling marketing and sales itself for the Swedish market. The Agreement-in-Principle requires new agreements which in detail clarify the rights and obligations of the parties. It is also a prerequisite that the agreements are officially accepted by the EU Commission. The new agreements shall be in force until the end of the year 2001, i.e. as the earlier agreement.

It has been established by the Commission, that the questions on conformity with the rules of competition have been solved in a way acceptable to the Commission. The official acceptance is therefore not foreseen as a problem.

The parties will now discuss the Agreement-in-Principle with the Swedish Competition Authority.

The economical risk that the Prince licence inferred, was emphasised in the Swedish Match listing particulars published in connection with the introduction on the stock exchange. The negative effect on the economical result will be limited to approximately 40 million SEK - everything else equal - per year as a result of the agreement now made.

-I am very pleased with this agreement says Göran Lindén, CEO of Swedish Match, in a comment. It means that the ongoing co-operation with Skandinavisk Tobakskompagni regarding Prince, assuming the Swedish Competition Authority shares the view of the Commission, will be secured for the full term of the earlier contract, even though on modified terms. It also means that we maintain a good profitability for producing and distributing Prince on the Swedish market, Göran Lindén concludes.

For further information, please contact

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