



☆☆☆
SWEDISH MATCH

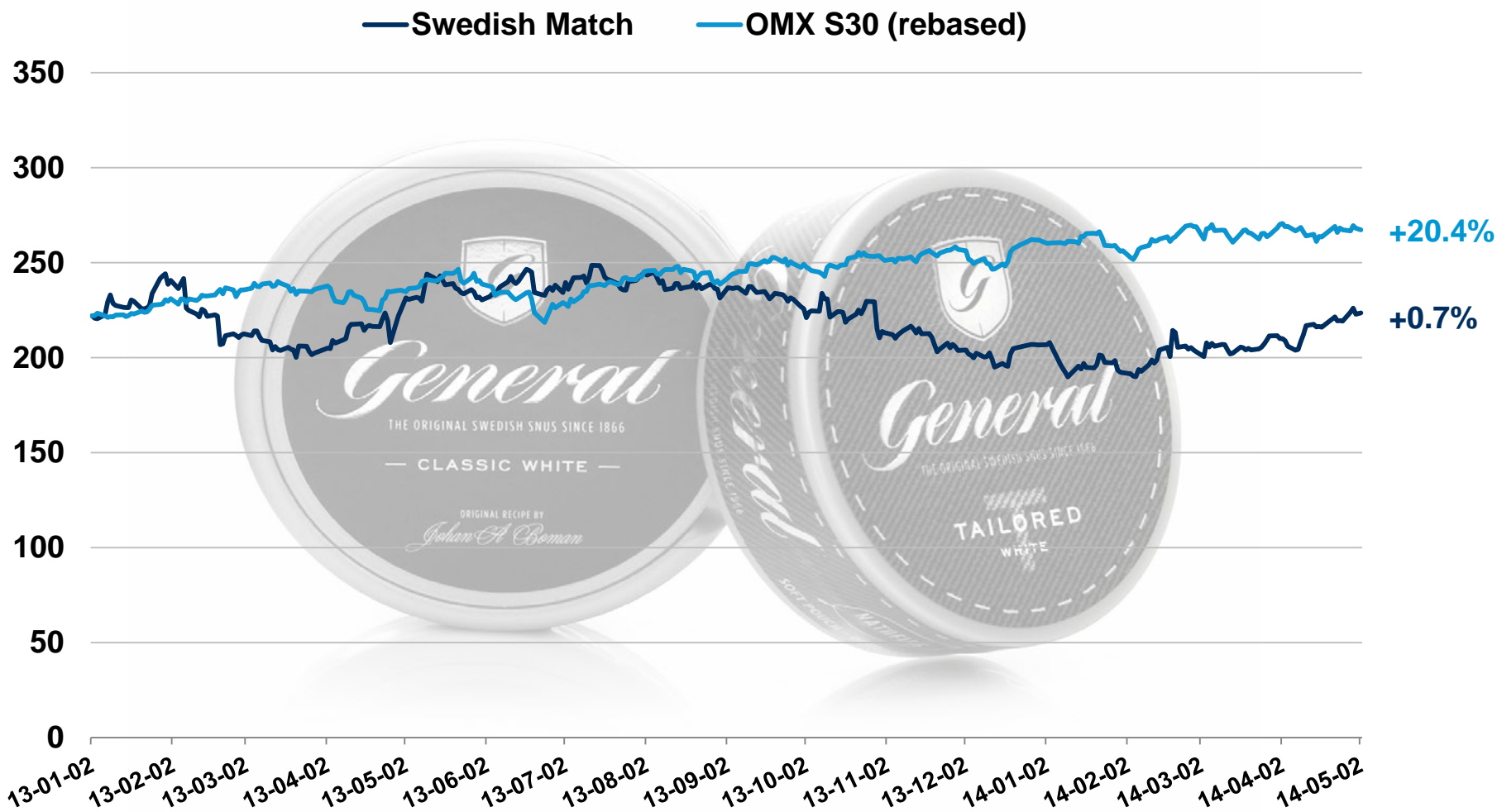
Lars Dahlgren
President and CEO

- **Sales in line with last year but decreasing profits**
 - Sales +1%
 - Operating profit -5%
 - Earnings per share 13.63 SEK (14.33)
- **Financially challenging year but many actions taken for future growth and improved competitiveness**



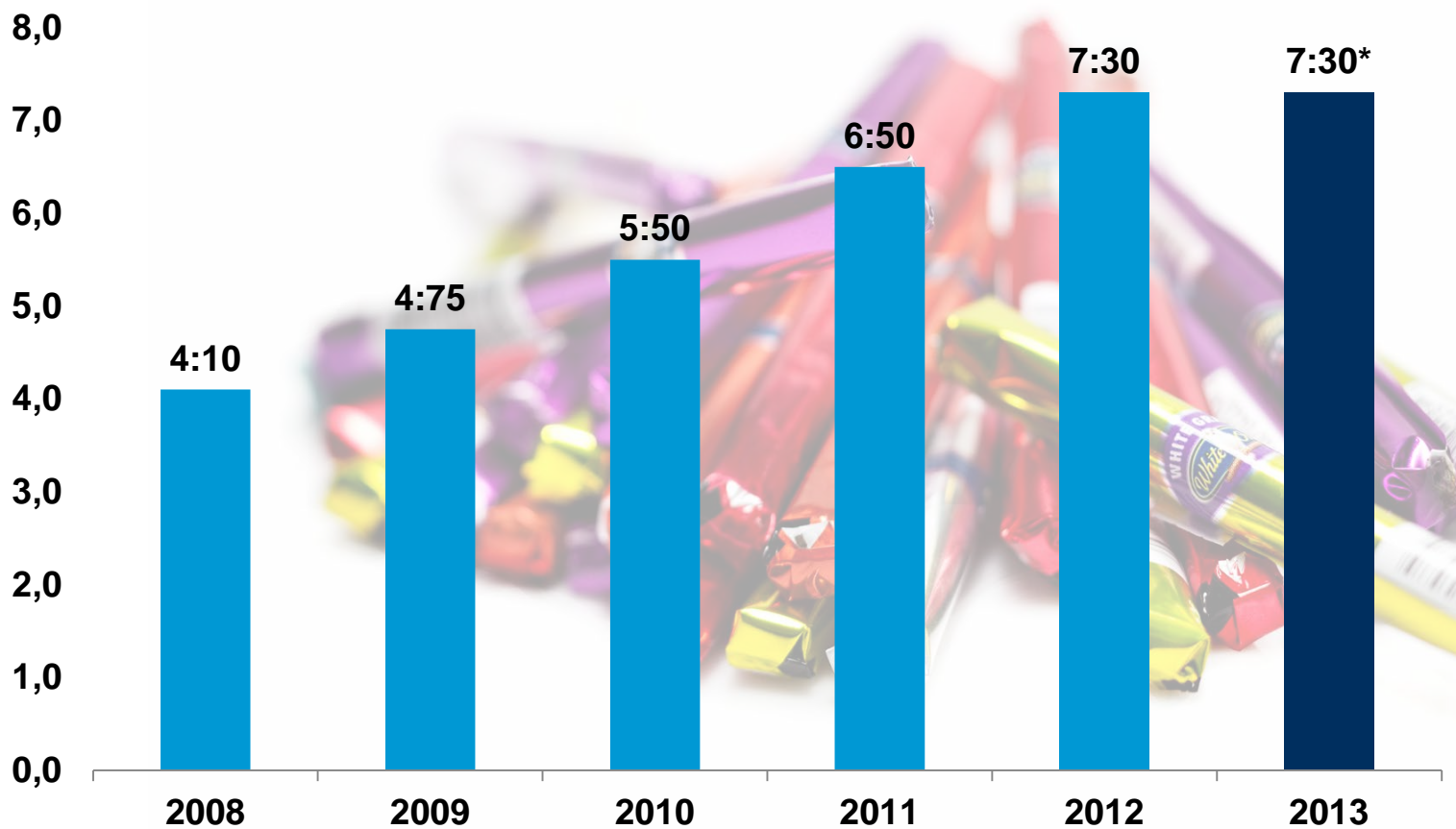
Development of the share

The development of the share compared to Large Cap index since 2013



Dividend per share

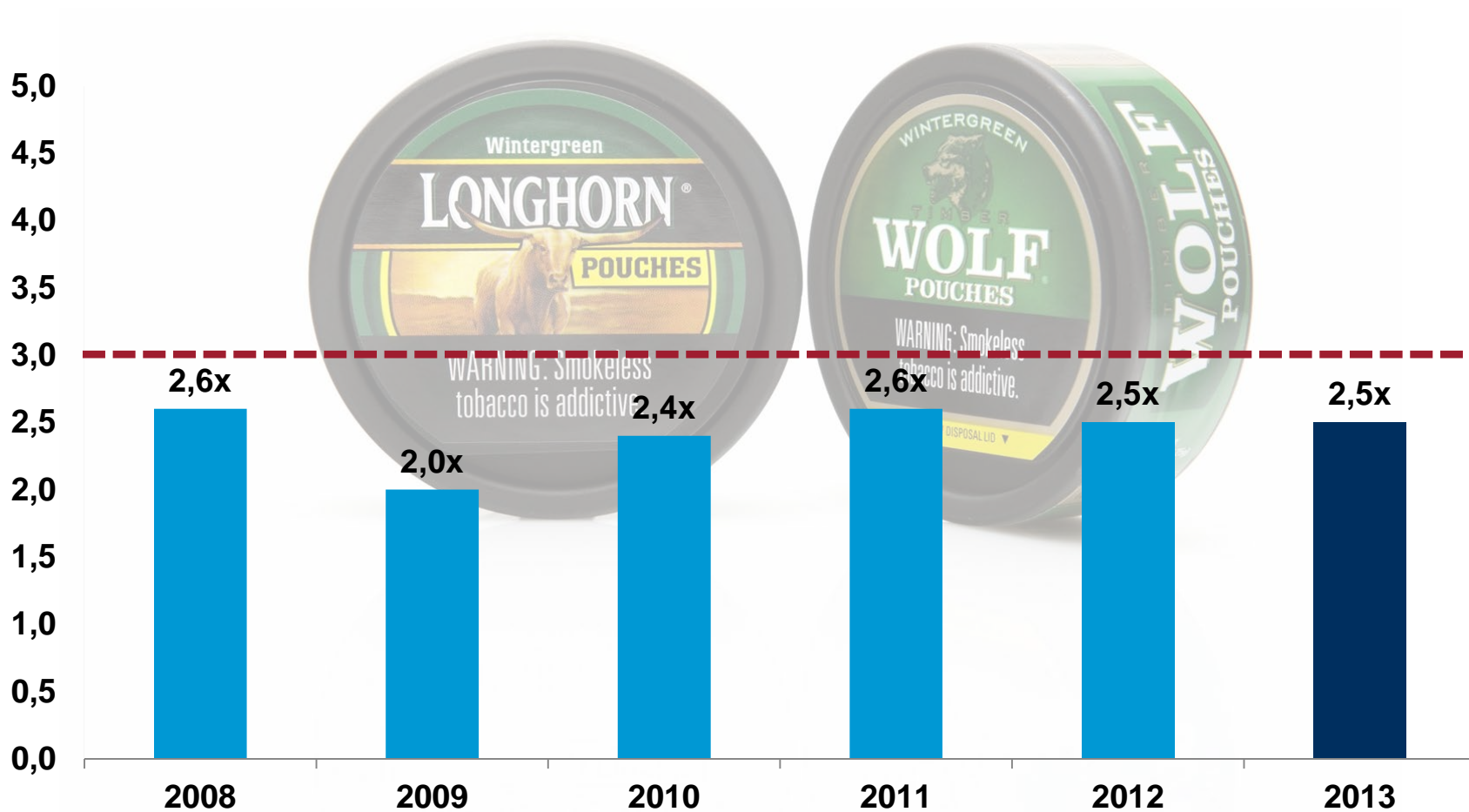
The Board proposes unchanged dividend per share (SEK)



* Proposed dividend

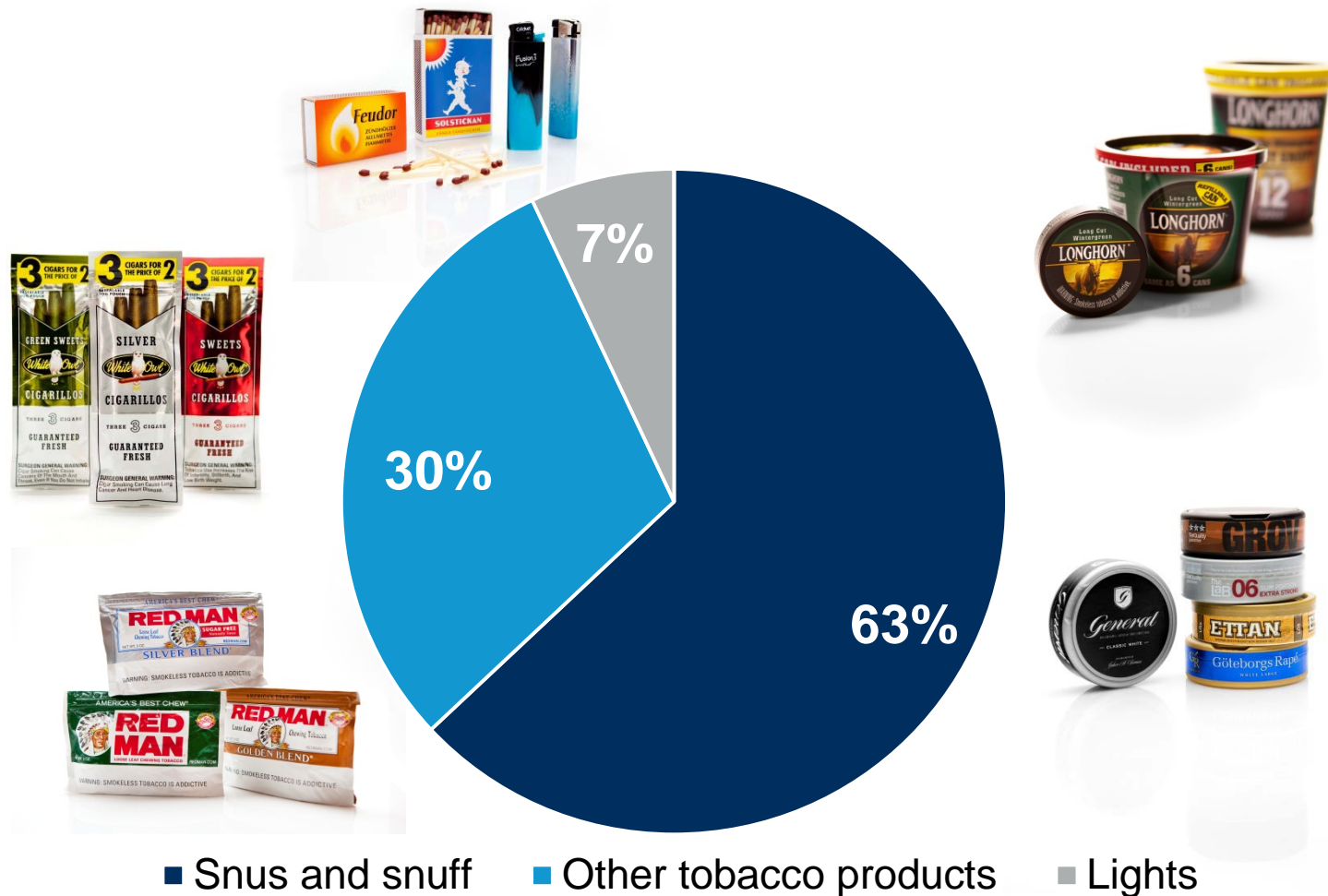
Clear financial policy

Financial net debt well balanced relation to EBITA (billion SEK)*



* EBITA excluding share of net profit in STG

Operating profit by product area (SEK)

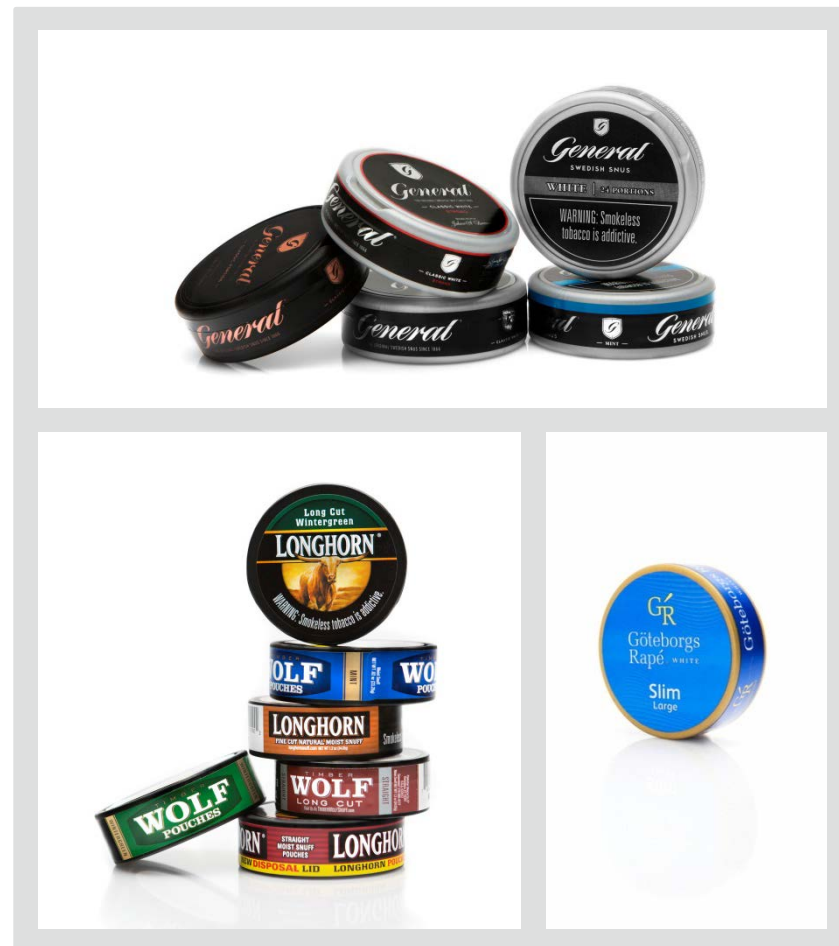


* Excluding Other operations, share of net profit in STG, and larger one-time items

Lower result driven by tough competition and increased efforts

- Strong category growth for both snus in Scandinavia and moist snuff in the US
- Continued intense competition in the value priced segment in Sweden
- Weak volume growth for moist snuff in the US
- Increased investments in Swedish snus in the US

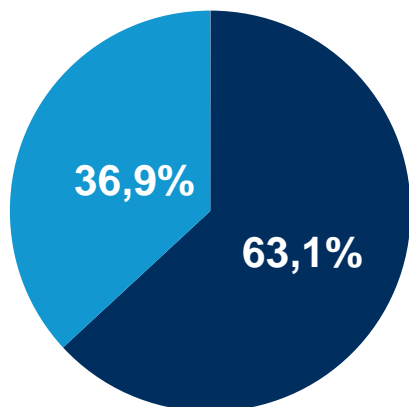
MSEK	2013	2012	Change
Sales	4,868	5,049	-3.6%
Operating profit	2,195	2,349	-6.6%
Operating margin	45.1%	46.5%	-1.4pp



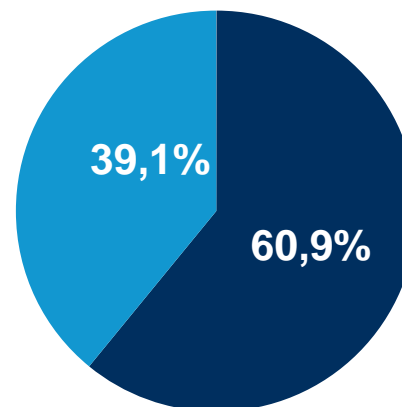
Swedish market share affected by larger value priced segment

Market share by price segment in Sweden

January 2013

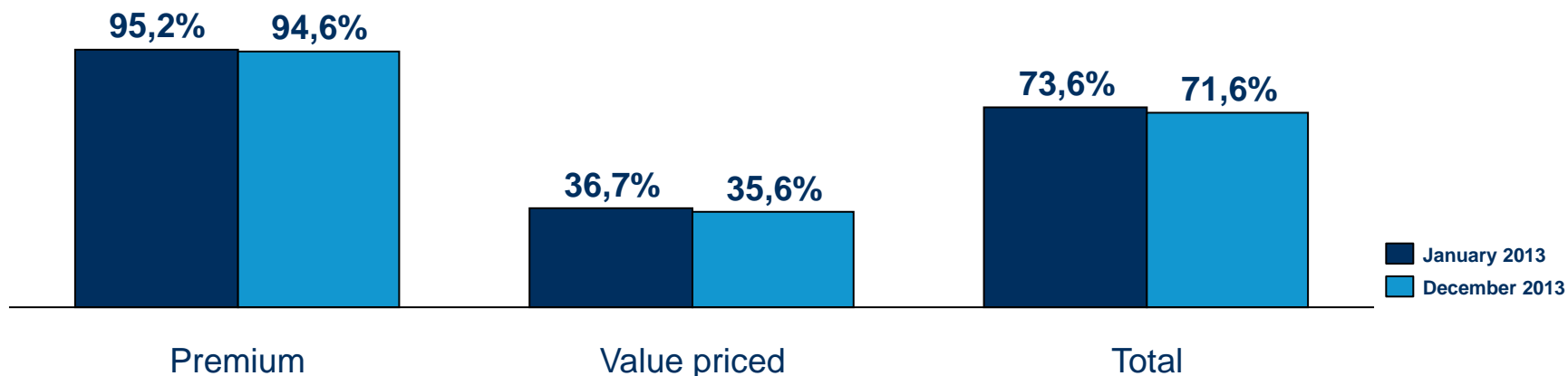


December 2013



■ Premium ■ Value priced

Swedish Match market share by price segment in Sweden



Actions for future profitability and long term growth

- Focus on best product quality in all price segments in Sweden
- New R&D center established and important progress made in the product development portfolio
- New, more efficient organizational structure in Scandinavia
- Targeted efforts in growth segments of the moist snuff market
- Continued work with developing Swedish snus internationally

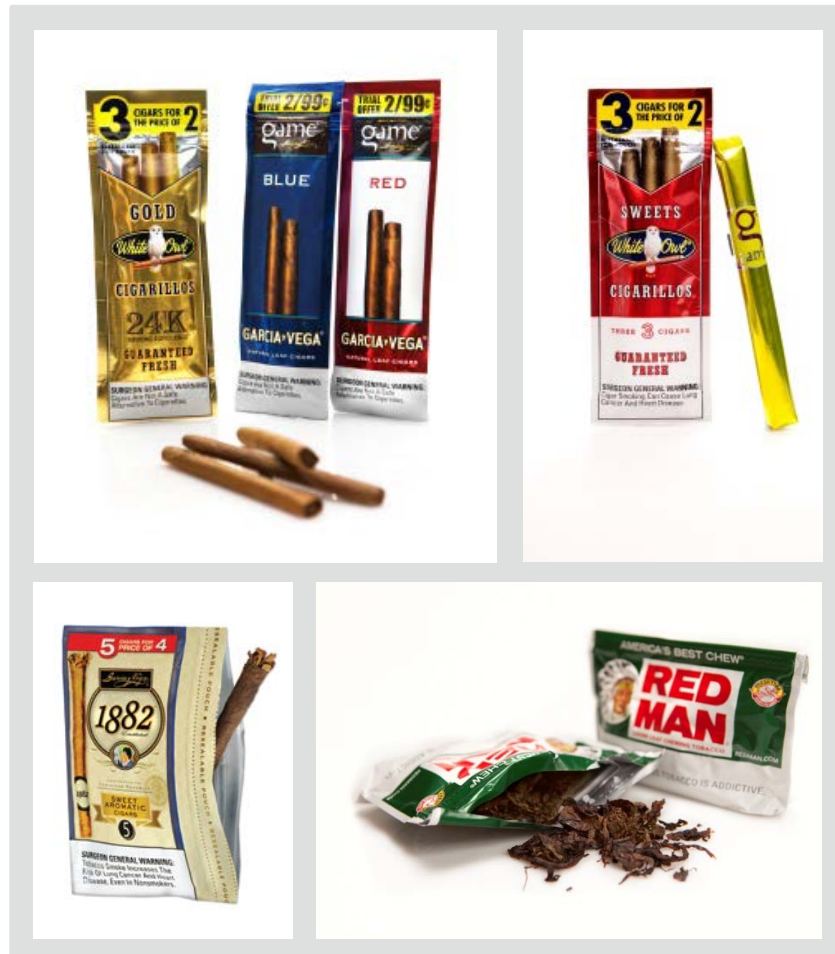


Other tobacco products

Changed market environment for cigars but better trend for chewing tobacco

- Weak US dollar resulted in negative currency effects
- Competition from a new deep discount segment for cigars
- Increased share of promoted products generally for cigars
- Good growth for *Garcia y Vega* but volume losses for *White Owl*
- Strong year for chewing tobacco with a less negative volume trend

MSEK	2013	2012	Change
Sales	2,564	2,661	-3.6%
Operating profit	1,029	1,161	-11.4%
Operating margin	40.1%	43.6%	-3.5pp



Actions for future profitability and long term growth

- **Cigars**
 - Innovations and product launches
 - Adjustment of pricing on cigars
 - Focus on production costs
 - Improved distribution
- **Chewing tobacco**
 - Continued focus on highest quality and productivity



Increased lighter volumes

- **Strong volume growth for lighters**
 - Increased *Cricket* volumes in several markets in Asia and Eastern Europe
 - Higher productivity
- **Weaker performance in some markets for matches**
 - Large currency impacts
 - Modest deterioration in total volumes
 - Slightly higher production costs

MSEK	2013	2012	Change
Sales	1,332	1,339	-0.5%
Operating profit	230	222	3.6%
Operating margin	17.3%	16.6%	0.7pp



Actions for future profitability and long term growth

- Continued focus on growing key markets for lighters
- Establish presence in new markets for both matches and lighters
- Focus on quality and productivity in manufacturing
- Leveraging our strong brand and extensive distributor network to continue growing our portfolio of complementary products in Brazil



Fiat Lux disposable razor for the Brazilian market



A way of strengthening our competitiveness



EU

- **New tobacco products directive**
- **Snus continues to be banned (except in Sweden)**
- **Flavors and ingredients to be regulated in Sweden**



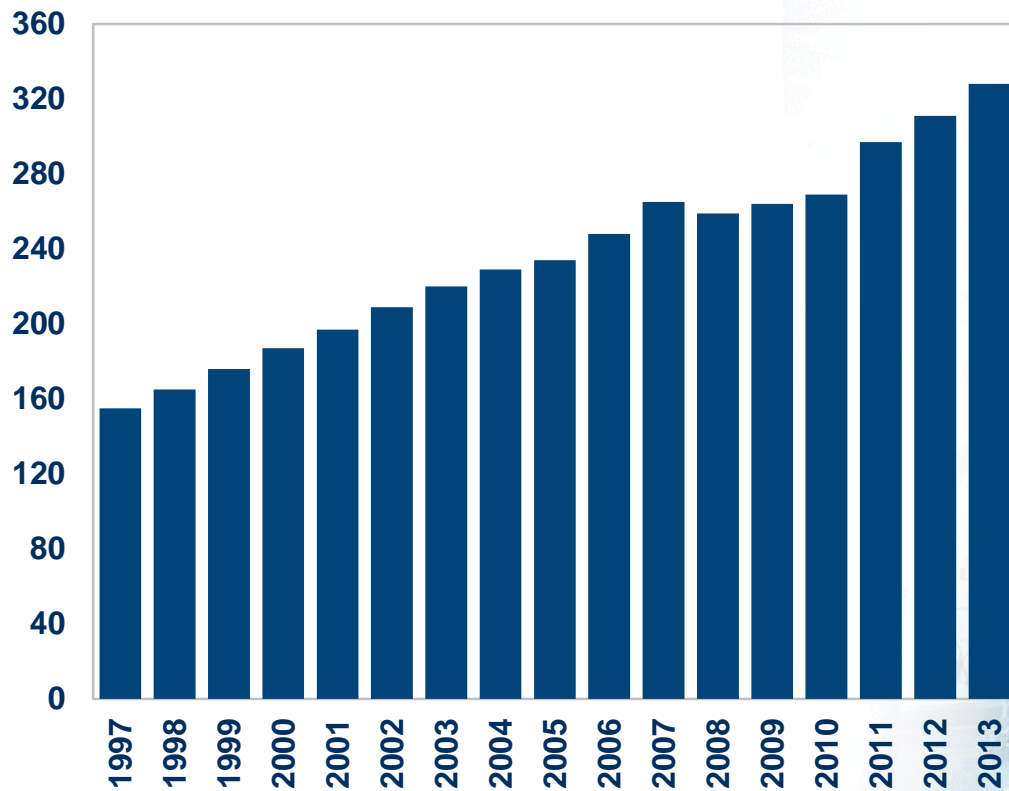
USA

- **Ban on providing information on the relative risk of tobacco products**
- ***Modified Risk Tobacco Product* application for snus**
- **Scientific approach**



Estimated consumption of snus in Scandinavia

Million cans



Volume development for cigarettes and snus in Sweden since 1916

Cigarettes

(million packs)

700

630

560

490

420

350

280

210

140

70

0

— Cigarettes

— Snus

Snus

(million cans)

250

225

200

175

150

125

100

75

50

25

0

1973: First portion snus
launched

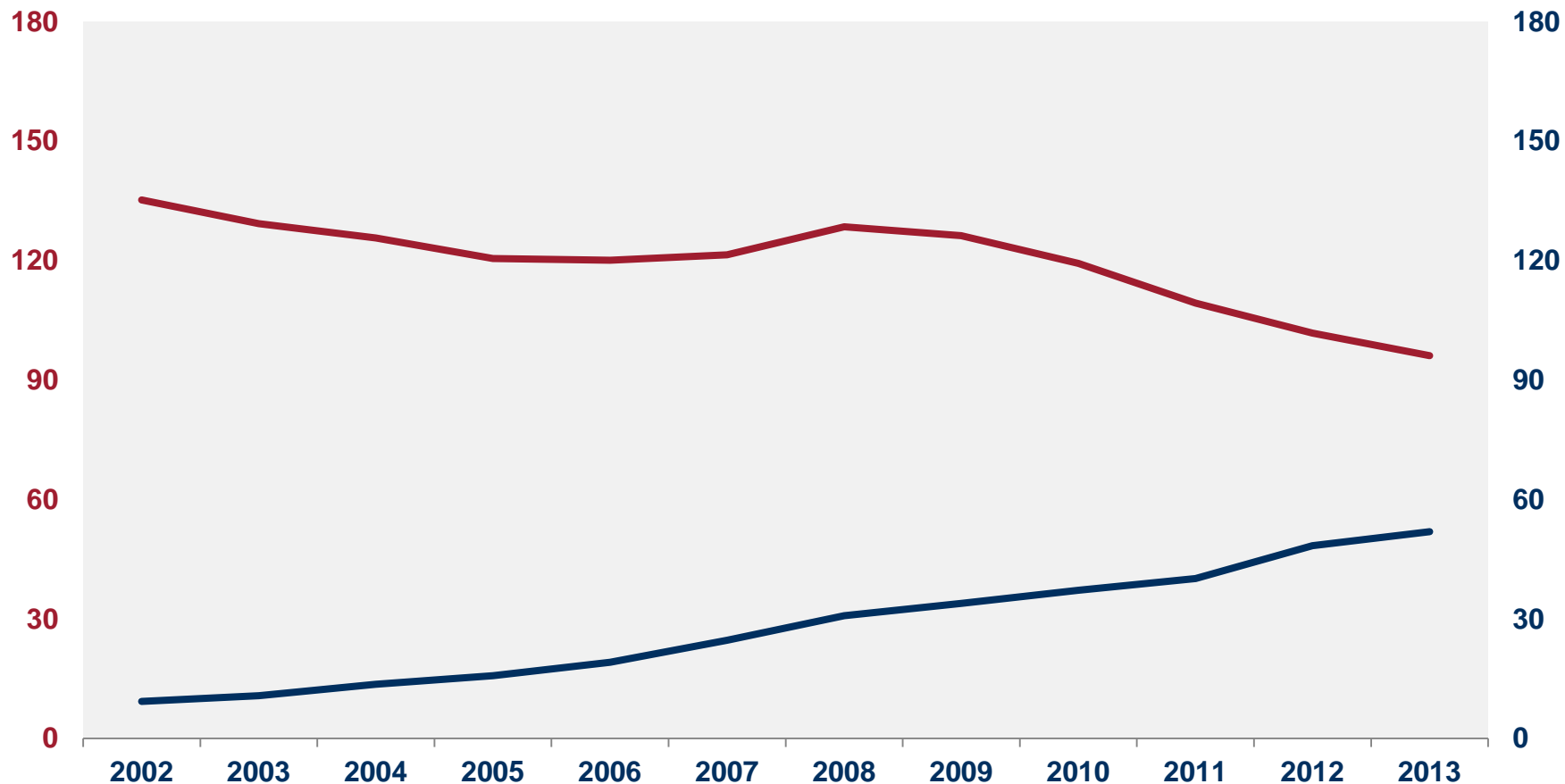
1916 1921 1926 1931 1936 1941 1946 1951 1956 1961 1966 1971 1976 1981 1986 1991 1996 2001 2006 2011

Volume development for cigarettes and snus in Norway since 2002

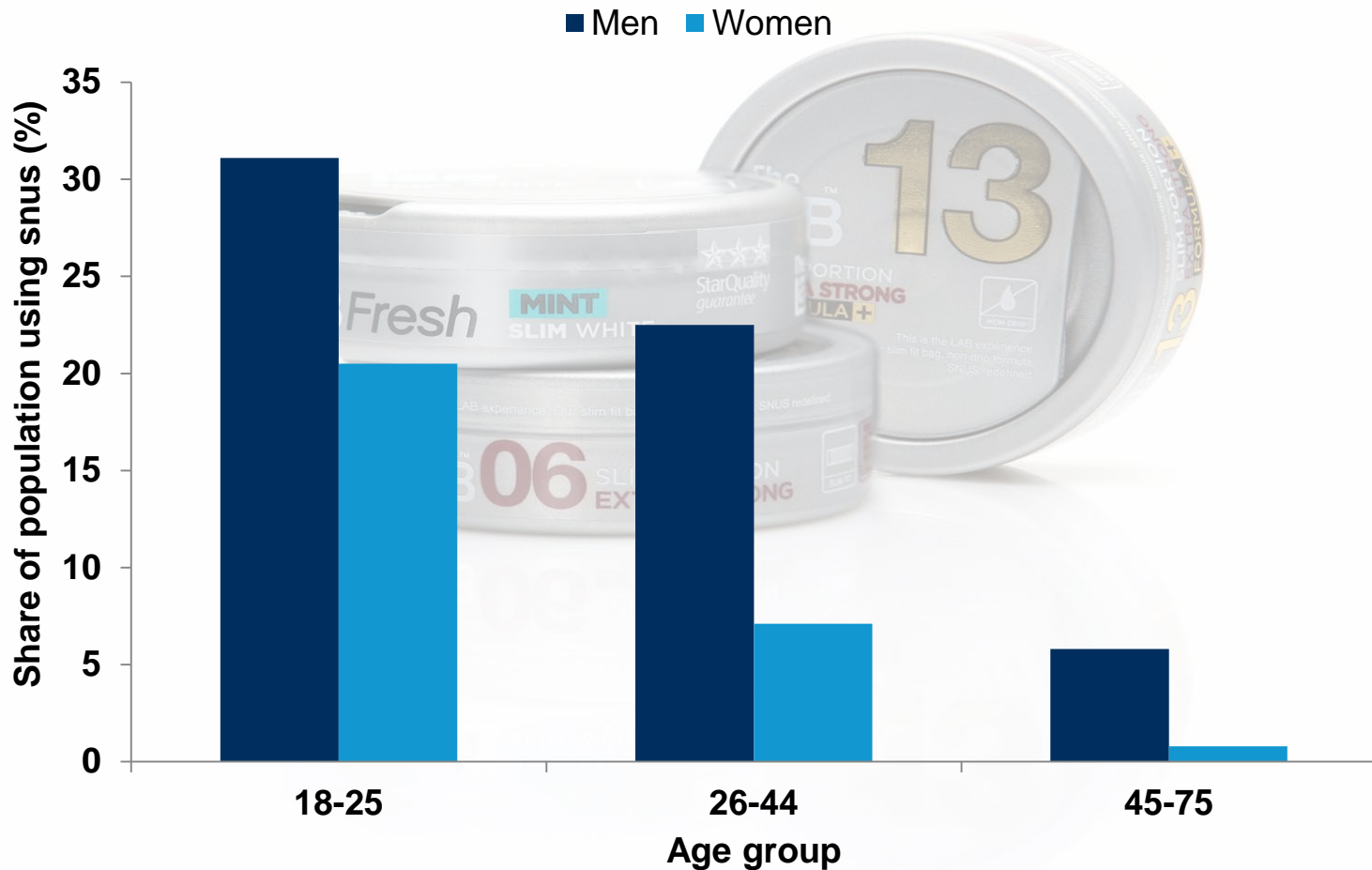
Cigarettes
(million packs)

— Cigarettes — Snus

Snus
(million cans)

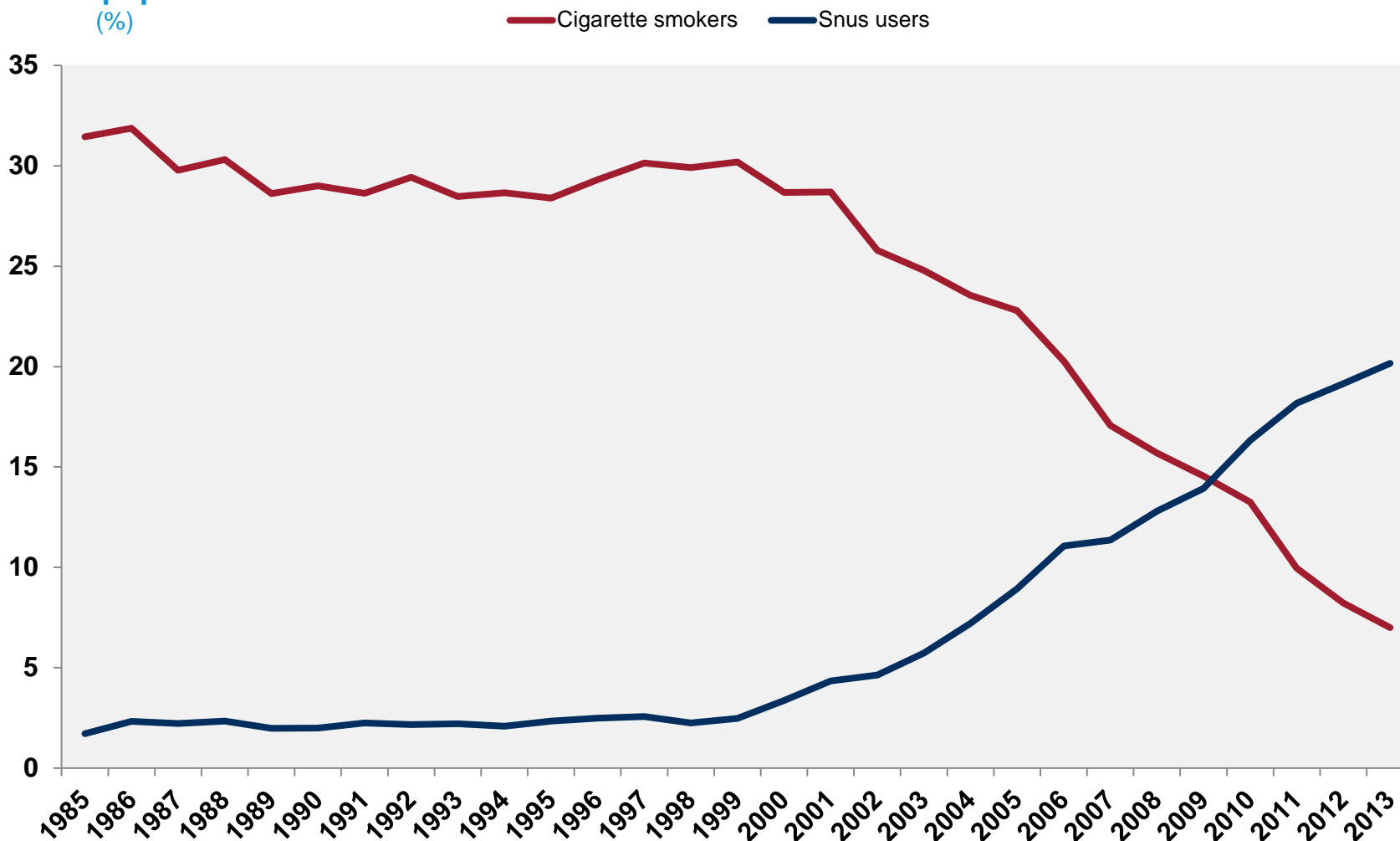


Especially younger Norwegian consumers discover the advantages of snus



In Norway smokers under the age of 24 have replaced cigarettes with snus

Share of population (%)



Lower health risks with using snus than with unhealthy eating habits and insufficient physical activity according to the National Board of Health and Welfare

Nationella riktlinjer för sjukdomsförebyggande metoder 2011

Tobaksbruk, riskbruk av alkohol, otillräcklig
fysisk aktivitet och ohälsosamma matvanor

Stöd för styrning och ledning



Tillståndens svårighetsgrad

För att kunna rangordna olika tillstånd i förhållande till varandra gör Socialstyrelsen en bedömning av varje tillståndets svårighetsgrad. Svårighetsgraden avgörs utifrån hur stor risken är för sjukdom, sänkt livskvalitet och förtida död vid ett visst tillstånd.

Socialstyrelsen har delat in svårighetsgraden i fyra nivåer:

- mycket kraftigt förhöjd risk
- kraftigt förhöjd risk
- måttligt förhöjd risk
- något förhöjd risk.

De olika levnadsvanornas svårighetsgrad

Socialstyrelsens bedömning av de olika levnadsvanornas svårighetsgrad, det vill säga risk för sjukdom, sänkt livskvalitet och förtida död, redovisas i nedanstående tabell.

Tabell 2. Svårighetsgrad för respektive levnadsvana

Levnadsvana	Svårighetsgrad
Daglig rökning	Kraftig till mycket kraftig
Daglig snusning	Något till måttlig
Riskbruk av alkohol	Kraftig
Otillräcklig fysisk aktivitet	Kraftig
Ohälsosamma matvanor	Kraftig

Conclusion

- Intense competition in both Scandinavia and the US
- Long term efforts and clear strategies to improve competitiveness
- Snus is a growing category with a number of advantages over other tobacco categories





☆☆☆
SWEDISH MATCH

THANK YOU!