



# SWEDISH MATCH

A magazine for Swedish Match's shareholders and other interested parties • NO 3 • JULY 2000

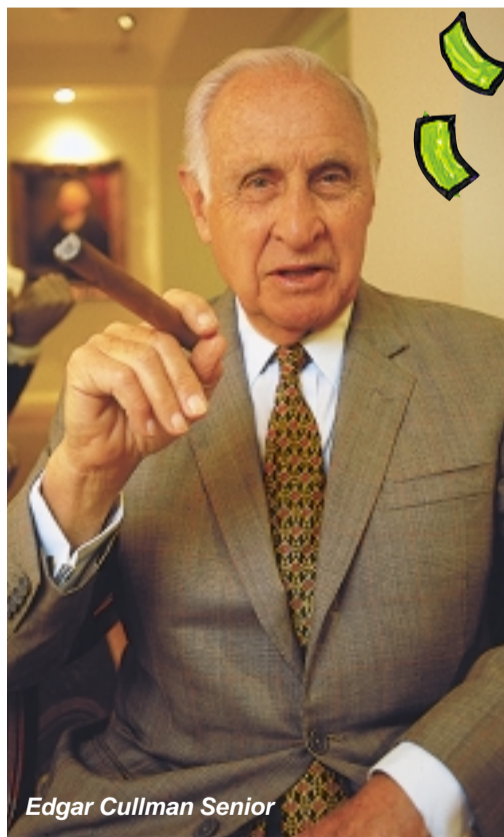


**Snuff expanding**  
– with product development  
and brand strategy

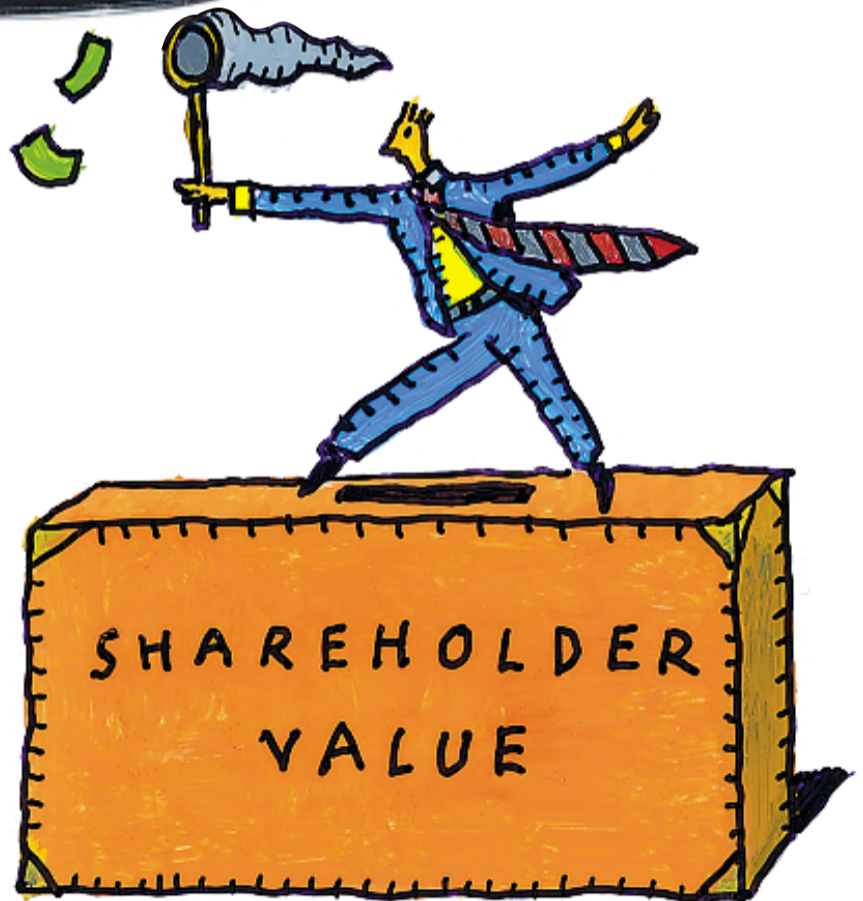
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Edgar Cullman Junior



Edgar Cullman Senior



## Strategic matching behind acquisition

The acquisition of a majority interest in the venerable General Cigar company strengthens both parties. The General Cigar executive team includes the Cullman family, tobacco merchants for several generations.

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## Acquisitions boost earnings

Due to the earnings boost from acquisitions, continuing strong growth in snuff and the impact of completed cost-cutting programs, Swedish Match can report favorable earnings in the first half of 2000.

SEE PAGE 2

## Cash Race increases shareholder value

The Cash Race project is aimed at reducing the tying up of capital, to increase profitability in the Swedish Match Group.

SEE PAGE 3

QUARTERLY REPORT JANUARY - JUNE 2000

# Acquisitions boost earnings

*For the second quarter in 2000, Swedish Match can report a substantial improvement in earnings from operations, which were slightly more than 13% more than in the first quarter.*

I am very pleased with our second-quarter earnings," says Sven Hindrikes, chief financial officer. "For the first time since the cigarette operations were sold, we can present a quarterly earnings figure well over that of the year-earlier period, when the cigarette operations were included.

The improvement in earnings is attributable to several factors: last year's acquisitions are providing a healthy boost to earnings, the strong expansion in snuff is continuing, and the implementation of cost-cutting programs has reduced overhead.

Apart from enhanced earnings from operations, the Company's capital structure was made more efficient through a redemption – which, combined with the projected share repurchasing, will also have a positive effect on EPS.

**Snuff growth faster still**

The growth in snuff is unflagging. The Nordic snuff market has grown by 4–5% during the past few years.

"Last year, our growth curves leapt upward and the market grew 6%," says Sven Hindrikes. "To date,

this year looks even better, with 8% growth in the first half."

Sven Hindrikes explains the strong growth with the ongoing debate on the health effects of cigarette smoking, while so far a number of studies have not been able to show a connection between the use of snuff, and cancer. These facts have persuaded many smokers to switch to snuff. New product launches have also contributed to the greater demand for and consumption of snuff.

"Snuff is having favorable results in all markets – the Nordic countries as well as North America and South Africa – and today I see no signs of a break in the trend."

**Sales synergies**

The marked sales increase for cigars and pipe tobacco derives from completed acquisitions. Sven Hindrikes explains that the units acquired in South Africa and the US are reporting favorable sales and earnings. The South African acquisition in particular has demonstrated good profitability, right from the time of its acquisition.

"For the acquisition of the machine-manufactured cigar operations, the year began weakly, but the trend improved in the second quarter."

"At year-end last year, in conjunction with this acquisition, when 70 new sellers were added, a new sales organization was formed in the North American market. Synergies on the sales side are increasingly noticeable – not only in cigars but in all of our product areas in the North American market," says Sven Hindrikes.

# Swedish Match: Fourth largest value generator

*Swedish Match is the fourth largest value generator on the Stockholm stock exchange, according to the Stern, Stewart & Co. consulting firm's annual ranking, which was published in Swedish financial newspaper Finanstidningen on June 22 this year.*

Being a value-generating company means that the return on invested capital is greater than the return required by lenders and shareholders. For a

value destroyer, the return is lower than the required return.

Swedish Match is among the top value generators. Only Ericsson, Volvo and Hennes & Mauritz are above Swedish Match.

To identify the largest value generators, Stern, Stewart & Co. used EVA – Economic Value Added, a registered trademark of Stern, Stewart & Co.

EVA measures how well companies succeed in a particular year in dealing with lenders' and shareholders' requirements. EVA provides a short-term but important picture of how management and company organization have performed over the year. A positive EVA means that the company's adjusted operating profit is sufficient to satisfy lenders' and shareholders' requirements. A company with positive EVA is a value generator. Swedish Match falls into this category.

To achieve a higher EVA, a company might work on its capital structure. The key, then, would be to find a balance between equity and debt that minimizes the cost of capital.

EVA is also a philosophy. The model is a method of steering operations, based, among other things, on the reward system. The idea is to have both management and staff think, behave and obtain rewards, just as the owners do.

For Swedish Match, it is primarily the Company's high operating margin that renders it such high EVA figures.

Last year's restructuring of lighters went well, and the product area is expected to produce a satisfactory earnings in the future, according to Sven Hindrikes. The focus now is on improving profitability in matches, and therefore the product area is currently undergoing an extensive program of restructuring, involving reductions in personnel and costs.



Sven Hindrikes

The program is expected to produce considerable cost-savings next year – which is necessary to offset weaker match sales in western Europe.

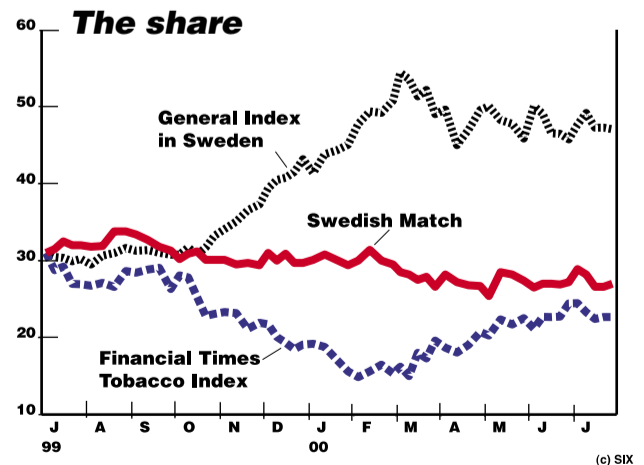
"Our target is to achieve an operating margin of 10% in the matches operations," says Sven Hindrikes in a concluding comment.

**Sales by product area**

MSEK	April–June		12 months ended
	2000	1999	June 30, 2000
Snuff	531	402	1,900
Chewing Tobacco	318	278	1,129
Cigars	646	370	1,895
Pipe Tobacco and Accessories	184	53	669
Matches	414	401	1,629
Lighters	169	173	668
Other operations	609	262	2,355
<b>Subtotal</b>	<b>2,871</b>	<b>1,939</b>	<b>10,245</b>
Divested business	–	379	–
<b>Total</b>	<b>2,871</b>	<b>2,318</b>	<b>10,245</b>

**Operating income by product area**

MSEK	April–June		12 months ended
	2000	1999	June 30, 2000
Snuff	241	178	907
Chewing Tobacco	83	71	323
Cigars	87	57	249
Pipe Tobacco & Accessories	52	11	182
Matches	18	34	87
Lighters	19	–8	55
Other operations	–29	–27	–112
<b>Subtotal</b>	<b>471</b>	<b>316</b>	<b>1,691</b>
Divested business	–	128	–
Items affecting comparability	–	–	3,707
<b>Total</b>	<b>471</b>	<b>444</b>	<b>5,398</b>



**The largest value generators**

	Economic Value Added (EVA), MSEK	EVA/Capital percent
1 Ericsson	3,889	2.75
2 Volvo	2,235	1.75
3 Hennes & Mauritz	2,233	20.4
<b>4 Swedish Match</b>	<b>1,518</b>	<b>13.9</b>
5 SCA	1,461	2.22
6 Scania	1,437	3.44
7 Gambro	1,363	7.24
8 Europolitan	1,339	76.0
9 Sandvik	1,158	3.73
10 Netcom	1,116	17.3

Source: Finanstidningen and Stern Stewart & Co

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# Improved use of capital produces increased shareholder value

A project called *Cash Race* has been under way at Swedish Match since autumn 1999. The project, which is based on cash management, is aimed at reducing the amount of tied-up capital in the Group and boosting profitability, thereby also increasing shareholder value.



mented locally by the Swedish Match subsidiaries.

“My task is to provide work methods which intensify the focus on tied-up capital. When we are reviewing the processes and routines that are used in a company, we prepare a ‘map’ of the current flow of capital in the company. Then we set up an interdisciplinary group of people from purchasing, logistics, production, sales, the finance department, as well as the president. Based on the map, the group can then start to study how and why capital is tied up in various sub-units and what can be done to accelerate the flow of capital. The changes to be implemented and the goals to be achieved are decided and carried out by the group members.”



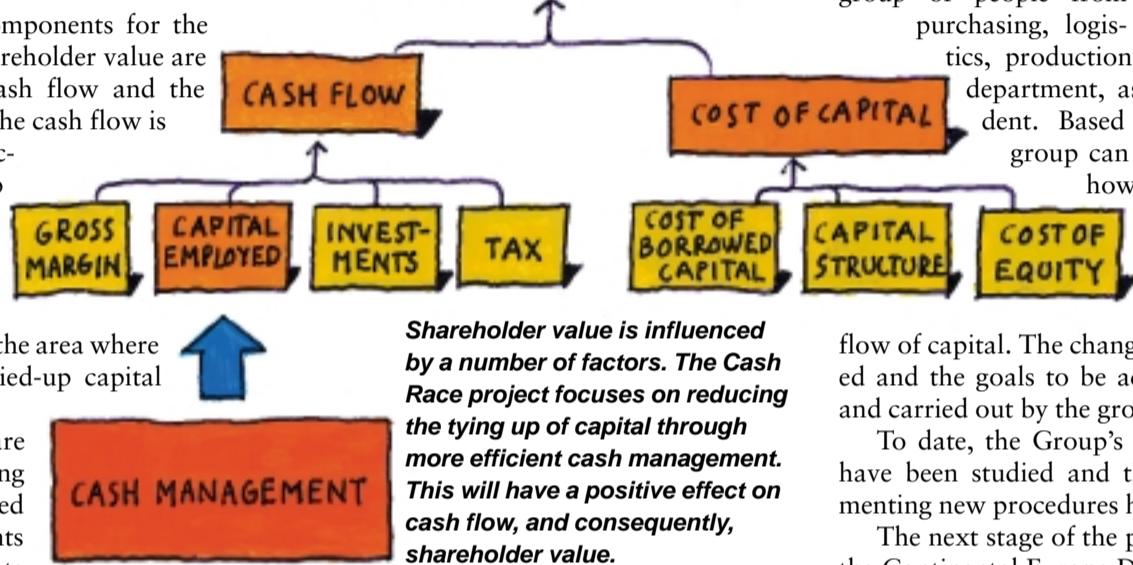
Photo: Mikael Ullén

**Magnus Heimborg stresses that “reduced tying up of capital increases profitability.”**

Two important components for the calculation of shareholder value are the company’s cash flow and the cost of capital. In turn, the cash flow is influenced by several factors, of which tied-up capital is one, explains Magnus Heimborg, who is project manager for Cash Race.

Internal routines are the area where the largest savings in tied-up capital can be made.

“That is why we are concentrating on reducing the amount of capital tied up in inventory, accounts receivable and accounts payable,” says Heimborg. “As an example, it can be said that one day’s reduction in outstanding accounts receivable for the Group



means a reduction of approximately SEK 50 M in tied-up capital.

The process of change must be imple-



Photo: Victor Brott

## Swedish Match's most northerly customer?

Anton Trøen, 43 years old, is definitely one of Swedish Match's most northerly customers. Every so often he takes a break to puff on his pipe, which is filled with Borkum Riff tobacco from Swedish Match. He left his life in Lillehammer in Norway just over a year ago to experience the wilderness of the polar-bear country in Svalbard with his sled dogs. Anton and his 23 Alaskan Huskies live a few kilometers outside the Longyearbyen community, with hunting, and guiding tourist excursions by sled, providing his livelihood. Just a few kilometers from the village is a glacier which forms the entrance to polar-bear country. Polar bears are hazards that cannot be ignored in Svalbard. Every year there are reports of lone polar bears wandering, under cover of the hibernal daytime darkness, right through the center of Longyearbyen.

This autumn, Anton Trøen will be moving to a hunting cabin on the Aust Fjord, 12 miles due north from Longyearbyen, to spend a year living off what Nature provides in the form of game.



## Owensboro gains certification

The Swedish Match plant in Owensboro, Kentucky, has qualified for ISO 14001 environmental certification. Owensboro is one of 200 plants in the US to have earned ISO 14001 certification, and the only tobacco plant. The entire certification process was completed within 96 days.

“We wanted to proceed as rapidly and with as clear a focus as possible, in order to demonstrate the importance of environmental issues to everybody at the plant,” says David Anglin, one of the participants in the ISO certification project in Owensboro.

## Grand Prix sailing on the Net

Are you interested in race results, the latest news about events and interviews with crew members? Then take a look at the new website [www.sports.com/sailing](http://www.sports.com/sailing). Here you will find the best coverage of the Swedish Match Grand Prix Sailing Tour. As well as keeping up with the news, you can use links to view the spectacular pictures in the photo gallery or to visit other sports events.





# Acquisition strengthens both parties

*“We chose Swedish Match as a partner because we are a perfect match strategically and Swedish Match is managed by people with integrity.”*

This is how Edgar Cullman Senior, Chairman of the Board of General Cigar, explains why the choice fell upon Swedish Match to be the purchaser of a majority stake in General Cigar. The Group had already acquired General Cigar's mass-market operations.

“Swedish Match can sell our cigars internationally and we can give Swedish Match a platform in the US – that's why we fit together so perfectly.”

The background to the deal is that the cigar sector is currently undergoing a major restructuring, with the world's number one and number two producers – the Spanish-French company Altadis and Swedish Match – as leaders in this development.

There is also a political reason why General Cigar needed an international partner. The com-

pany owns the traditional Cuban cigar brands Partagas, Hoyo de Monterrey and Punch among others, having purchased them from the original Cuban owners, (the Cifuentes family), and sell them exclusively in the US. There they are among the five top-selling premium cigar brands.

The Cuban State, however, which expropriated the cigar industry after Fidel Castro's seizure of power in 1961, has registered the brands in the rest of the world, where they are marketed as “made in Cuba.” The corresponding cigars in General Cigar's range are produced in the Dominican Republic, Honduras and Jamaica. Sales of the Cuban cigars are prohibited in the US due to the trade embargo.

### We know all about tobacco

The embargo, which meant the disappearance of all Cuban cigars from the legal US market, has naturally played a part in General Cigar's development. In 1971, ten years after the trade ban was imposed, the company launched one of the first American premium cigars, Macanudo. Today Macanudo is the best selling premium cigar in the US and probably the world.

“Our cigar company benefits from the fact that we know all about tobacco – not just cigars. We are tobacco growers ourselves, which was a huge advantage when we created Macanudo.”

Cullman Senior's father, known as Mister Junior, was the first person to grow the now famous tobacco variety, Connecticut shade wrapper, in the state of Connecticut, north of New York City. At this time it was not customary for cigar producers to also grow their own tobacco. The

Cullman family still remains a rare exception in the industry in this regard.

Edgar Cullman Senior is the fourth generation

### Swedish Match increases stake in General Cigar

In May this year, Swedish Match acquired additional shares of the venerable US company General Cigar. With its ownership share now increased to 64%, Swedish Match's position as the leading global cigar company is confirmed. The Cullman family will continue to own the remaining 36% and will remain involved in managing the company. General Cigar's sales of premium cigars during 1999 amounted to approximately USD 150 M.



Edgar Cullman Senior is the fourth Cullman generation to work in the tobacco industry. Edgar Junior is currently the president of General Cigar.

in the tobacco business. When he tells the story of Macanudo's origins, he is eager to give much of the honor to his mentor, Ramon Cifuentes:

“He taught me an incredible amount about cigars, and we worked together on Macanudo.”

The outermost wrapper of a cigar contributes as much as 75 percent of the flavor. The Connecticut shade wrapper used for the Macanudo cigars is a select medium-strength tobacco that suits the taste of American consumers. Wrappers from Sumatra or Indonesia, for example, are also of a very high quality, but they have a slightly



## Where the cigar is guest of honor

Just around the corner from Madison Avenue in New York, there is a place of rest, enjoyment and sanctuary from the hustle and bustle of Manhattan. This is the location of the Club Macanudo, a bar where smoking is permitted and even encouraged.



Photo: Richard Lee

“Macanudo’s success is also a matter of marketing and distribution,” notes Edgar Cullman Junior. “We positioned Macanduo as the cigar with the most consistently smooth taste and we sell in all the best smoke shops and restaurants in the US.”

An example of this positioning strategy is the Club Macanudo establishments that have opened in Chicago and New York.

The Cullman family traces its roots back to the German-Jewish merchant Ferdinand Kullman, who fled to the US from the revolutionary turmoil in Europe in 1848.

His great grandson, the present Edgar Senior, now a sprightly 82-year-old, hunts, rides, plays tennis and does business deals.

“As long as I have a sharp mind, I am still an asset,” he says.

#### **Hand in hand**

So how does the family manage to maintain the succession and always find a son who is willing to carry on the family business?

“We are old-fashioned,” explains Edgar Senior. “The family and the company go hand in hand.”

“Not all the children in the family have shown an interest in being involved,” says Edgar Junior. “The trick is to have enough children so that there is always someone who wants to go on carrying the flag. Fortunately, my nephew David Danziger has fallen in love with our business and is now executive vice president of Marketing and Sales. He is a great addition for the management team.

Edgar Junior’s personal view is that – as is also the case with winegrowers – it is particularly appealing to combine agriculture with the manufacture of a refined luxury product.

“This is where we differ from the cigarette segment,” he observes. “Cigarette smoking is a habit, while cigars are a pleasure. Cigars are part of life’s small luxuries.

“There is also a feeling of kinship between cigar smokers, in much the same way that Ferrari drivers always flash their lights at each other.”

more peppery flavor. The Macanudo wrappers are also aged for two or three years – longer than most other cigar wrappers.

Macanudo’s filler consists of a blend of Mexican and Dominican tobacco.

“Ramon was a highly skilled blender and cigar master,” relates Edgar Cullman Senior. “We designed the head (the end you put in your mouth) so that it had a fine rounded shape. Most cigars have a flat head.

“When I am training cigar rollers in Jamaica, I generally tell them that the head of the cigar should look like my head. Macanudo is produced in Jamaica, which has the type of warm, humid climate that cigars benefit from.”

## **Shade is secret behind the best tobacco**

Connecticut shade is considered by many connoisseurs to be the world’s best tobacco. Its oily, golden-brown appearance is naturally an important factor. The flavor is light – neither too powerful, nor too mild.

The Cullman family were among the first to cultivate tobacco in the valleys of Connecticut, beginning as early as 1906. The sedimentary soil is ideal for tobacco, as is the humid heat of the summers. The first tobacco grown here was promising but unattractive to look at, with thick leaves and coarse veins.

To obtain more appealing tobacco leaves, many buyers looked to Sumatra, where the climate is humid and warm, but also cloudy. The technique of setting up large netting to shade the tobacco crop was imported from Cuba. Hence the name “shade” applied to tobacco grown in this way. The netting provide protection, not only from direct sunlight but also against insects, which can cause blotches on the leaves and other disfigurements.

Joseph “Mister Junior” Cullman was one of the pioneers. He also developed hybrids that grew faster and taller than the original, rather short, Cuban-seed tobacco. The varieties grown now can grow nearly ten centimeters per day when the conditions are favorable. The plants are as much as four meters high at harvest.

### **The five top-selling premium cigars in the US:**

1. Macanudo
2. Arturo Fuente
3. Punch
4. Hoyo de Monterrey
5. Partagas

(Source: Cigar Insider)  
All of these cigar brands except the number two brand are owned by General Cigar-Swedish Match.



Patrons of New York’s Club Macanudo can relax in the tranquil atmosphere of the club.

Photo: Richard Lee

The bar is furnished with heavy, brown leather armchairs in groups. The walls are painted a rust tobacco color and the rooms are warm and inviting. Latin-American rhythms flow from loudspeakers and blend with the buzz from the visitors. Table service includes snacks, dinner or simply a drink to go with the cigars that

are ordered by most people. The most popular choice is Macanudo Vintage, an exclusive cigar from the General Cigar company.

Around half of the guests are regulars. Others drop in to taste some of the excellent cuisine and to rest their feet. Naturally, some people are curious about the other guests. Several celebrities, ac-

tors, musicians, politicians, television presenters and other cultural personalities visit the bar on a regular basis. Small brass signs reveal the names of the people who rent small, personal humidors for their favorite cigars. Among many celebrities are Tom “Magnum” Selleck and the actor Matt Dillon.



# Snuff – An expansive area

*Snuff is one of Swedish Match's most profitable and expansive product areas. In 1999, snuff contributed SEK 828 million to the consolidated earnings from operations – more than any other product area. Swedish Match's largest snuff markets are: the Nordic countries – particularly Sweden – the US and South Africa. The Company's position in these markets has been strengthened in recent years, partly as a result of consistent quality and product development.*

## Four main Swedish brands

*Swedish Match has a total of 10 brands in the Swedish market. General, Catch, Grovsnus and Ettan – the largest – account for slightly over 80% of sales. They and the two main American brands are presented below.*



### General

General has been around for over a hundred years. It is currently Swedish Match's largest snuff brand.

#### HISTORY

#### PRODUCT

Four variants: General loose snuff 50g, General portion-packaged 24g, General Mild portion-packaged 24g and General Mini portion-packaged 10g.

#### TASTE

Rather heavy and coarse in texture. The taste is acidic, round and full-bodied. Fresh aroma with a hint of citrus.

### Catch

Launched in 1984. First true, modern portion-packaged snuff. One of the most expansive brands in the Swedish snuff market.

Four variants: Catch Licorice portion-packaged 24 g, Catch Licorice Mini 10 g, CatchDRY Licorice portion-packaged 6 g and CatchDRY Eucalyptus portion-packaged 6 g.

A strong-tasting snuff available with licorice and eucalyptus flavoring. The CatchDRY variant is a dryer portion-packaged moist snuff.

## Strong growth for snuff in US

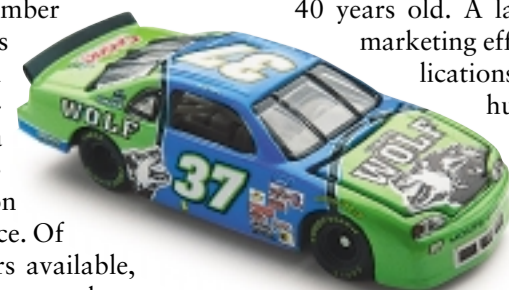
The US is Swedish Match's second largest snuff market. The Company's total market share amounts to approximately 7%. In 1999, the Company's volume increase in the US market was as high as 44%.

The largest brand is Timber Wolf, which was launched in the mid-1990s. In the US snuff market, the low-price products have strengthened their positions at the expense of the more expensive segment. Timber Wolf, however, is positioned in an intermediate segment, providing a highly competitive combination of quality and price. Of the several flavors available, one is especially popular among

American snuff-users; a fresh taste of mint or menthol.

In the US, loose snuff continues to dominate the market. Approximately 95% of all the snuff sold is loose snuff. However, Swedish Match has also launched a portion-packaged snuff in the market, called Renegades. It remains a niche product, but has a stable market position.

Snuff is particularly popular in the southeastern US and in the Midwest, but Swedish Match is making efforts to expand the market westward. Most snuff-takers are aged between 25 and 40 years old. A large amount of the marketing effort is aimed at publications focusing on sports, hunting and fishing. Swedish Match also sponsors its own fleet of competition cars in the popular NASCAR series.



## The reverse social progression of Swedish snuff

*Today, snuff is used by both men and women, regardless of occupation or social class.*

Photo: Elisabeth Ohlson

It is currently estimated that 900,000 Swedes use moist snuff, which has a long history in Sweden. The historical trend also shows that moist snuff has undergone a reverse social progression in the Swedish society.

In the eighteenth century, nasal snuff was predominant. The exclusive habit of inhaling snuff through the nose was practised primarily by the aristocracy. Today, snuff is used by men and women regardless of type of work or walk of life.

The strong popularity of moist snuff among large sectors of society is partly the result of active product development. The first portion-packaged snuff was introduced at the end of the 1970s. The convenient portion packages made the use of snuff simpler and more discreet. Snuff suddenly became an attractive product for new groups of consumers. The 1980s and 1990s saw the introduction of several new snuff products - such as portion-packaged snuff in several flavors, and mini portion packages, a smaller version of the traditional portion packages.

"As a result of the growing controversy about smoking, snuff has become an attractive alternative for many cigarette smokers," notes Patrik Hildingsson, head of the snuff marketing department in the North Europe division. "For instance, we estimate that half of the current consumers of portion-packaged snuff are former smokers."



*From aristocrats, to navvies,...to all walks of life. Snuff was popular among navvies.*



## Brands safeguard value

A strong brand is a key success factor for a company like Swedish Match. General, one of the Group's most valuable brands, and three other snuff brands are currently the subject of an extensive project in branding.

The branding project concerning snuff was begun in 1994. Four brands were selected – Ettan, Catch, General and Grovsnus. Together they accounted for 80% of snuff sales in the Swedish market. The overall target was to design a new image of these products – to highlight the brands' unique characteristics and identities as a way of building strategies for the entire snuff product class.

So far, Swedish Match's efforts have had excellent results. New concepts have been launched and new types of communication with consumers and dealers have been established.

The four brands have been given, or will be given, new packaging design. In several cases, they are also packaged in new types of snuff cans. The final result is four unique brands aimed at specific target groups.



## Successful launch of CatchDRY Eucalyptus

The launch of CatchDRY Eucalyptus: in short, a great success! CatchDRY Eucalyptus, the fourth member of the Catch brand family, was launched at the beginning of the year.

"We exceeded our targets by a wide margin," explains Camilla Kuylenstierna, brand manager for Catch.

CatchDRY Eucalyptus was launched in a nationwide campaign that involved several thousand points of sale. The results indicate that CatchDRY Eucalyptus has reached new consumers. Sales volumes were comparable to the volumes achieved by CatchDRY Licorice, which has been available in the market for a considerably longer period.



### Grovsnus

Launched in 1915. Originally sold in the northern part of Sweden.



### Ettan

Launched as early as the 1820s. Originally sold primarily in northern Sweden and Stockholm.



### Timber Wolf

Launched in 1994 and today the leading brand in the value-price segment in the U.S.



### Renegades

Launched in 1984 and is so far the only portion-packed Swedish Match snuff in North America.

Two variants: Grov loose snuff 50 g and Grov portion-packaged 24 g.

Two variants – Ettan loose snuff 50 g and Ettan portion-packaged 24 g.

Five variants: Long Cut Wintergreen, Fine Cut Natural, Cool Wintergreen, Fine Cut Wintergreen and Long Cut Straight.

Wintergreen, with 20 portion-packs.

A mild, gently aromatic course-grained snuff.

Full-bodied, pure tobacco taste, medium-grained without aromatic additives.

Wintergreen and two natural flavors – sweetened and unsweetened.

Dark, strong, slightly moist flavor of mint/menthol. The portion-packs are larger than those of the competitors.

USA

## Sensory specialists test snuff quality

There is a professional category within Swedish Match for which the sense of taste and smell must always be in peak condition. These people work with sensory analysis – that is, they conduct taste and aroma analyses of the Company's snuff products.

To ensure consistent proper quality, careful testing of snuff products is conducted regularly. Swedish Match has several of its own sensory-analysis specialists working with the development of new snuff products and care of the current product range.

"Recipes sometimes change,

and we must be able to ensure that the character of the snuff does not change: a General must always be a General," says Marianne Pedersen, who works with sensory analysis at the snuff plant in Gothenburg.

In this area, the Company also uses external resources – namely, ordinary consumers selected via tests.

### A special language

Like professional wine-tasters, snuff-testers have their own evaluation terminology for their work – involving words such as "sweetness," "freshness" and "aroma intensity."

"Language is important," Marianne Pedersen points out. "You have to work it out together, so that everyone uses the same words for a particular sensation."

## New markets in southern Africa

Swedish Match's acquisition of the Leonard Dingler tobacco company has added South Africa to the Group's main markets for snuff. Smokeless tobacco products account for some 25% of the company's operations, corresponding to annual sales of about SEK 90 M. Leonard Dingler's largest snuff brands are Taxi and Magnet. Taxi is the market leader. The brand was established in 1970 and is available today in three flavors – Red, Blue and Menthol Green.

Swedish Match has also established snuff production in neighboring



Zimbabwe, using a movable container mini-plant, established during 1999, that can produce up to 10,000 boxes of snuff per week. Tobacco Rette, as the brand is called, is available in three flavors – a variant of the Swedish portion-packaged General snuff and licorice and menthol-flavored versions.

An important point of becoming established in South Africa and Zimbabwe is to create a platform for expansion to other countries and markets in southern Africa.

HISTORY

PRODUCT

TASTE

## PROFILE



Photo: Victor Brott

Ingemar Olsson, President Overseas Division:

## Important to be sensitive to local business culture

*"It is up to you to adapt to the cultures within which you work. It's no use thinking that you can expect the local milieu to adapt to you." That is Ingemar Olsson's motto – and doubtless an appropriate one for the person responsible for Swedish Match's activities throughout the world, with the exception of Europe and the US.*

For most of his working life, he has lived in Latin America – seven years in Colombia during the 1980s, including a stint as manager of the Fosforera match factory in Bogotá, and for the past five years in Brazil. His colleagues say that he fits in well there, with his Latin temperament and decisiveness. But they also say that his management style is direct, not to say brusque. So much for the Promised Land of rhetoric!

### Likes the Latin style

"Yes, that may well be so," he admits. "But, having a Colombian wife, I have become quite Latinized. I don't expect people to be punctual. Here it is considered ill-mannered to be on time, after all. I like the Latin style. On the whole, people are cheerful and take each day as it comes."

Ingemar Olsson takes everything in his stride, with a shrug of the shoulders and a large pinch of salt. At least, that's the impression one gets. And he is ex-

tremely willing to talk. However, the reason for his reputation for brusqueness becomes clear when he describes how he works:

"When employees ask what they ought to do, I respond with some questions of my own – about prices, the market and so on. Then I ask them what they think is a suitable course of action. Then it turns out that they know perfectly well what needs to be done. 'Exactly. Do that!' I tell them."

Perhaps this could seem both brusque and direct, but questions are necessary as a way of stimulating suggestions in an authoritarian society.

Ingemar Olsson grew up in Huskvarna in Sweden, where his father

worked in the armaments plant.

"He never wanted me to follow in his footsteps. On the contrary, he and I would sit studying maps during the evenings. I knew most of the world's capital cities by the time I was six. My father was fascinated by the wider world."

### Sea captain

Ingemar was similarly inclined. He wanted to be a sea captain in the romantic spirit of Evert Taube. But he realized before it was too late that the modern merchant marine does not offer much scope for poetry and pioneering discovery.

So instead, he qualified as an engineer and in due course became a product specialist at Sandvik Coromant, where he badgered his bosses for three years to give him an overseas appointment. "Perhaps before very long," they would reply. Whereupon he joined Swedish Match and was posted to Colombia.

During his 18 years with the Group, he has also been in charge of Swedish operations for Swedish Match Industries and the match factories in Europe. During this period, he lived first in Jönköping, Sweden, and then in Geneva, Switzerland.

This itinerant existence has left its mark on Ingemar's children. His eleven-year-old son speaks English during lessons at the American school in Rio, while during breaks he converses in Portuguese. He speaks Spanish with his mother and Swedish with his father (having attended a day-care center in Jönköping). At work, Ingemar himself speaks "Spanuguese," a mixture of Spanish and Portuguese.

### Learn languages

"In Latin America, it is essential to learn the local languages, but since Spanish and Portuguese are so similar, it is difficult for an adult foreigner to keep them apart."

Ingemar Olsson has a reputation as a skilled businessman. His colleagues in the Overseas Division management group, Lars Lindqvist and Peter Hedlund, attribute this to his ability to avoid letting details obscure the big picture:

"He is very good at weeding out the non-essentials and seeing what is important."

The current focus of interest for Ingemar is Africa, where the Group is expanding.

So travel – often around the world – is a constant factor in his life, with a single trip sometimes covering South Africa, Australia and Indonesia.

"The most important thing now is to look ahead and exploit the growth potential that exists within our geographical area," concludes Ingemar.



**Name:** Ingemar Olsson  
**Position:** President, Overseas Division  
**Age:** 47  
**Family:** Wife and five children  
**Lives in:** Rio de Janeiro, Brazil  
**Leisure activities:** Golf and sailing (but does not own a boat)