SWEDISH MATCH

Half Year Report
January – June 2009

- **Sales for the second quarter increased by 16 percent to 3,666 MSEK (3,164)***
- **In local currencies, sales for the second quarter increased by 2 percent***
- **Operating profit for the second quarter increased by 30 percent to 899 MSEK (691)***
- **In local currencies, operating profit for the second quarter increased by 13 percent***
- **EPS (basic) for the second quarter amounted to 2.51 SEK (1.89)***
- **EPS (basic) including discontinued operations for the second quarter, amounted to 2.68 SEK (2.04)**

** Amounts exclude Swedish Match South Africa, which is separately reported as discontinued operations*

CEO Lars Dahlgren comments:
In the second quarter we delivered the strongest sales performance and, excluding one-time items, highest operating profit ever. Compared with the same period last year sales increased for all product lines, and operating profit increased for all product lines except for lights. Snus sales and volumes grew in all Scandinavian markets. In the US we continued to gain market share for snuff, and volumes grew by 21 percent. The strong volume gain was aided by the replenishment of trade inventories following the federal excise tax related destocking at the end of the first quarter. Our US mass market cigar business delivered an unusually strong operating margin, as increased demand for cigars in the new "foil fresh" packaging to a large extent compensated for the expected volume drop following the tax related hoarding in the first quarter. The announced sale of our South African pipe and nasal snus operations should be completed in the second half of the year, with a capital gain in excess of 500 MSEK. For the second half of the year, we expect Group sales and operating profit excluding larger one-time items to exceed prior year.

On July 2, 2009, Swedish Match AB announced the agreement to sell its South African operations, Swedish Match South Africa (Proprietary) Limited. In this half year report, Swedish Match's South African operations have therefore been reported as discontinued operations. Following this change, the segments have been reclassified with the remainder of the former pipe tobacco and accessories segment now being reported in other operations. Financial commentary and tables do not include the discontinued operations unless explicitly stated.

Summary of consolidated income statement

MSEK	April - June 2009	April - June 2008	January - June 2009	January - June 2008	Full year 2008
Sales	**3,666**	**3,164**	**7,053**	**5,857**	**12,611**
Operating profit excl. larger one time items	**899**	**691**	**1,693**	**1,186**	**2,801**
Operating profit	**899**	**691**	**1,693**	**1,186**	**2,874**
Profit before income tax	**791**	**574**	**1,478**	**957**	**2,433**
Profit from continuing operations	**624**	**479**	**1,151**	**783**	**2,091**
Profit from discontinued operations, net after tax	**41**	**38**	**81**	**80**	**170**
Profit for the period	**664**	**517**	**1,231**	**863**	**2,261**
Earnings per share, basic (SEK)	**2.51**	**1.89**	**4.63**	**3.09**	**8.30**
Earnings per share incl. discontinued operations, basic (SEK)	**2.68**	**2.04**	**4.95**	**3.40**	**8.98**

Sales and results for the second quarter

Sales for the second quarter of 2009 increased by 16 percent to 3,666 MSEK (3,164) compared to the second quarter of 2008. Currency translation has affected the sales comparison positively by 425 MSEK. In local currencies, sales increased by 2 percent.

Sales of snuff in the second quarter increased by 17 percent to 1,087 MSEK (926) and operating profit increased by 15 percent to 463 MSEK (403). Scandinavian snus sales were up 8 percent compared to the second quarter of the prior year while volumes measured in number of cans increased by 6 percent.

In the US, sales of snuff in local currency increased by 13 percent, while operating profit was significantly higher, due in part to unusually strong volumes as federal excise tax (FET) related destocking in the first quarter was reversed. US volumes were up 21 percent in the second quarter and up 8 percent for the year to date period.

The operating margin for the snuff product group was 42.6 percent, up from 40.9 percent in the first quarter, despite lower net sales prices in the US after the absorption of the increased federal excise tax effective April 1st.

For cigars, sales increased by 25 percent during the second quarter to 1,129 MSEK (905). Operating profit increased to 281 MSEK (183). US cigar sales grew by 3 percent in dollar terms, with sales basically flat for premium cigars, and up for machine made cigars. The expected volume decline from the FET related hoarding in the first quarter was lower than anticipated for mass market cigars following strong demand for “foil fresh” packaged small cigars. Improved pricing and temporary cost reductions in anticipation of weaker volumes resulted in considerably higher margins in the US. In Europe, sales declined in local currencies, in line with volume declines. Operating margin for cigars was 24.9 percent (20.2).

Group operating profit for the second quarter increased by 30 percent to 899 MSEK (691). Currency translation has affected the operating profit comparison positively by 116 MSEK. In local currencies, operating profit increased by 13 percent.

Operating margin for the second quarter amounted to 24.5 percent compared to 21.8 percent for the second quarter of 2008, the increase being driven by the unusually strong margin in the cigar business, as well as continued growth in the snuff businesses.

Basic earnings per share for the second quarter amounted to 2.51 SEK (1.89). Basic earnings per share including discontinued operations amounted to 2.68 SEK (2.04).

Sales and results for the first six months

Sales for the first six months amounted to 7,053 MSEK (5,857). In local currencies, sales increased by 6 percent. Operating profit amounted to 1,693 MSEK (1,186). Currency translation has affected the operating profit comparison positively by 224 MSEK.

Group operating margin during the first six months was 24.0 percent (20.3).

The reported tax rate for the Group for the first six months was 22 percent (18).

EPS (basic) for the first six months was 4.63 SEK (3.09), while diluted EPS was 4.62 SEK (3.08). EPS (basic) for the first six months including discontinued operations was 4.95 SEK (3.40), while diluted EPS was 4.95 SEK (3.39).

Sales by product area

	April - June		Chg	January - June		Chg	Full year
MSEK	**2009**	**2008**	**%**	**2009**	**2008**	**%**	**2008**
Snuff	1,087	926	17	2,055	1,727	19	3,725
Cigars	1,129	905	25	2,305	1,659	39	3,644
Chewing tobacco	314	227	39	599	437	37	934
Lights	387	371	4	764	716	7	1,525
Other operations	749	735	2	1,330	1,318	1	2,783
Total	**3,666**	**3,164**	**16**	**7,053**	**5,857**	**20**	**12,611**

Operating profit by product area

	April - June		Chg	January - June		Chg	Full year
MSEK	**2009**	**2008**	**%**	**2009**	**2008**	**%**	**2008**
Snuff	463	403	15	860	716	20	1,658
Cigars	281	183	53	567	294	93	686
Chewing tobacco	129	77	67	227	146	56	329
Lights	62	63	-2	125	119	6	275
Other operations	-36	-37		-85	-89		-146
Subtotal	**899**	**691**	**30**	**1,693**	**1,186**	**43**	**2,801**
Larger one time items							
Gain on sale of subsidiary and related assets*	-	-		-	-		73
Total	**899**	**691**	**30**	**1,693**	**1,186**	**43**	**2,874**

* The capital gain is attributable to the product area other operations

Total sales and operating profit of the Group’s reportable segments reconcile to the Group’s total sales and operating profit for the periods. In order to arrive at the profit before tax of 791 MSEK (574) for the second quarter and 1,478 MSEK (957) for the first half year, the net finance cost of 108 MSEK (117) and 215 MSEK (230) respectively needs to be deducted.

Operating margin by product area*

Percent	April - June 2009	April - June 2008	January - June 2009	January - June 2008	Full year 2008
Snuff	42.6	43.6	41.8	41.5	44.5
Cigars	24.9	20.2	24.6	17.7	18.8
Chewing tobacco	41.0	34.1	38.0	33.4	35.2
Lights	16.1	17.1	16.4	16.6	18.0
Group	**24.5**	**21.8**	**24.0**	**20.3**	**22.2**

* Excluding larger one time items

EBITDA by product area

MSEK	April - June 2009	April - June 2008	Chg %	January - June 2009	January - June 2008	Chg %	Full year 2008
Snuff	501	440	14	934	790	18	1,805
Cigars	335	231	45	677	391	73	889
Chewing tobacco	135	82	64	239	156	53	346
Lights	73	73	0	147	139	6	316
Other operations	-34	-34		-79	-82		-134
Group	**1,011**	**793**	**28**	**1,919**	**1,394**	**38**	**3,222**

EBITDA margin by product area

Percent	April - June 2009	April - June 2008	January - June 2009	January - June 2008	Full year 2008
Snuff	46.1	47.6	45.4	45.7	48.4
Cigars	29.7	25.5	29.4	23.6	24.4
Chewing tobacco	42.9	36.3	39.9	35.7	37.1
Lights	19.0	19.7	19.3	19.4	20.7
Group	**27.6**	**25.1**	**27.2**	**23.8**	**25.5**

Snuff/Snus

Sweden is the world's largest snuff market measured by per capita consumption. A substantially larger proportion of the male population uses the Swedish type of moist snuff called snus[1] compared to cigarettes. The Norwegian market is smaller than the Swedish market but has in recent years experienced strong volume growth. The US is the world's largest snuff market measured in number of cans and is approximately six times larger than the Swedish market. In Sweden and Norway, Swedish Match has a leading position. In the US, the Group is well positioned as the third largest player. Some of the best known brands include General, Ettan and Grov in Sweden, and Red Man, Timber Wolf and Longhorn in the US.

During the second quarter, sales increased by 17 percent compared to the same quarter of the previous year, to 1,087 MSEK (926), and operating profit increased by 15 percent to 463 MSEK (403). Sales and operating profit improved in Scandinavia as well as in the US. The operating margin for the total product group was 42.6 percent (43.6).

In Scandinavia, sales volumes measured in number of cans, increased by 6 percent during the second quarter compared to the second quarter of the previous year, as

[1] Swedish snus is moist snuff which is produced using a special heat treated process, much like pasteurization, as opposed to other snuff products for which a fermentation process is used.

volumes increased in all markets (Sweden, Norway and Travel Retail). Sales revenues in Scandinavia grew by 8 percent in the second quarter, while operating profit grew by 5 percent as the production costs increased somewhat more than the net sales price per can. Since February, General White Portion snus has been available throughout Sweden in an upgraded “star formation” packaging, following the successful introduction of this redesign initiative in Norway in 2008. This new packaging has been well received in Sweden, and the product has gained volume during the quarter.

In the US, sales volumes during the second quarter were unusually strong and up by 21 percent compared to the same period in the previous year. Sales volumes toward the end of the first quarter of 2009 declined sharply due to trade destocking related to the US federal excise tax increase. This was reversed in the second quarter. Swedish Match consumer volumes as measured by ACNielsen for the year to date period through June 13 increased by 9.2 percent compared to the same period of the previous year. Market growth in the same period was 2.3 percent according to ACNielsen. The strong shipment volumes were a contributor to the sales and operating profit growth in the US snuff business.

From April 1, excise taxes in the US increased by 91.5 cents per pound (about 7 cents per can for most products). Swedish Match maintained pricing for most of the quarter, thus absorbing the tax increase. On June 23, Swedish Match snuff prices were increased by 7-10 cents per can, thereby compensating for the tax increase going forward and reverting to net prices closer to the levels before the increase.

For the first six months of the year, sales increased to 2,055 MSEK (1,727) and operating profit increased to 860 MSEK (716). Operating margin was 41.8 percent (41.5).

Cigars

Swedish Match is one of the world’s largest producers of cigars and cigarillos. Swedish Match offers a full range of different cigars and brands. Well known brands include Macanudo, La Gloria Cubana, White Owl, Garcia y Vega, La Paz, Hajenius, Hollandia, Justus van Maurik, Willem II and Salsa. The US is the largest cigar market in the world. Swedish Match has a leading position in the premium segment and is well established in the segment for machine made cigars. After the US, the most important cigar markets are in Europe, where Swedish Match is well represented in most countries. The largest markets for Swedish Match in sales terms in Europe are France, Benelux, Finland and Spain.

During the second quarter, sales were 1,129 MSEK (905), and operating profit amounted to 281 MSEK (183). In local currencies, sales in the second quarter were flat compared to the same period of the previous year, while operating profit increased by 22 percent. Operating margin was 24.9 percent (20.2).

During the second quarter, US premium cigar sales, which includes Internet and mail order, were down less than 1 percent from the previous year in local currency. During the first quarter of 2009 substantial hoarding of premium cigars occurred in connection with the federal excise tax increases. Much of this hoarding was reversed during the second quarter. Sales of mass market cigars in the US were negatively impacted by the first quarter hoarding as well, but the year on year volume decline of 6 percent in the second quarter was better than expected, mainly as a result of the strong performance of the “foil fresh” packaged small cigars. In anticipation of sharper volume declines, costs were reduced to below normal levels in the second quarter, which in combination with price increases resulted in a sharp increase of the operating profit and margin in this product area. Cigar sales in Europe declined somewhat in local currencies as a result of mix effects and lower volumes, particularly in France, Belgium, and the Netherlands.

For cigars in total, sales for the first six months amounted to 2,305 MSEK (1,659), while operating profit was 567 MSEK (294). In local currencies sales increased by 10 percent versus the previous year, while operating profit increased by 52 percent.

Chewing tobacco

Chewing tobacco is sold primarily on the North American market, mainly in the southern US. Swedish Match is the leading producer of chewing tobacco in the US. Well known brands include Red Man and Southern Pride. The chewing tobacco segment shows a declining trend.

During the second quarter, sales increased by 39 percent, to 314 MSEK (227). In local currency, sales of chewing tobacco increased by 5 percent, as federal excise tax related restocking partially mitigated normal volume declines and price increases took effect. Operating profit increased by 67 percent, to 129 MSEK (77). In local currency, the operating profit increased by 26 percent. Operating margin was 41.0 percent (34.1).

Sales for the first six months amounted to 599 MSEK (437) while operating profit amounted to 227 MSEK (146). In local currency, sales for the first six months were up 3 percent, while operating profit grew by 17 percent. Operating margin was 38.0 percent (33.4).

During the second quarter, the Company began producing chewing tobacco as part of a production agreement with National Tobacco. Production will be fully up and running during the second half of the year.

Lights

Swedish Match is the market leader in a number of markets for matches. The brands are mostly local, with leading positions in their home countries. Larger brands include Solstickan, Three Stars, Fiat Lux, and Redheads. The Group's main brand for disposable lighters is Cricket. Swedish Match's largest market for lighters is Russia.

During the second quarter sales amounted to 387 MSEK (371). In local currencies, sales declined by 4 percent. Operating profit amounted to 62 MSEK (63). Operating margin was 16.1 percent (17.1).

Sales for the first six months amounted to 764 MSEK (716), while operating profit amounted to 125 MSEK (119). Operating margin was 16.4 percent (16.6).

Other operations

Other operations primarily include the distribution of tobacco products on the Swedish market, some sales of pipe tobacco and accessories, and corporate overhead costs.

Sales in other operations for the second quarter amounted to 749 MSEK (735). Operating loss for other operations was 36 MSEK (37).

Sales for the first six months amounted to 1,330 MSEK (1,318). Operating loss for the first six months was 85 MSEK (89).

Taxes
In the first half of the year, the reported tax expense amounted to 327 MSEK (173), corresponding to a 22 percent tax rate (18). In Sweden the corporate tax rate was reduced from 28 percent to 26.3 percent as from January 1, 2009.

The increase in the tax rate compared to the full year 2008 (14.5 percent) is mainly attributable to significant positive one time reversals of tax provisions in 2008 and a tax exempt gain from the sale of the UK subsidiary in 2008. Currency movements also impact the tax rate as a large portion of profits are generated in the US where the Group's average tax rate is approximately 38 percent.

Earnings per share
Basic earnings per share for the second quarter amounted to 2.51 SEK (1.89). Basic earnings per share including discontinued operations amounted to 2.68 SEK (2.04).

EPS (basic) for the first six months was 4.63 SEK (3.09), while diluted EPS was 4.62 SEK (3.08). EPS (basic) including discontinued operations for the first six months was 4.95 SEK (3.40), while diluted EPS was 4.95 SEK (3.39).

Depreciation and amortization
In the first six months of the year, total depreciation and amortization amounted to 226 MSEK (207), of which depreciation on property, plant and equipment amounted to 164 MSEK (149) and amortization of intangible assets amounted to 61 MSEK (58). Amortization of intangible assets mainly pertains to trademarks.

Financing and cash flow
Cash flow from operations for the first half of the year amounted to 1,300 MSEK compared with 578 MSEK for the same period of the previous year. Cash flow from operations in the first quarter of 2008 was negatively affected by timing differences in working capital and excise tax payments from the hoarding in the Swedish market at the end of 2007.

The net debt as per June 30, 2009, amounted to 7,770 MSEK compared to 7,640 MSEK at December 31, 2008. In the first half of the year, dividend payments of 1,024 MSEK and share repurchases, net, of 447 MSEK were made. Investments in property, plant and equipment in the first six months of the year amounted to 231 MSEK (133).

During the first half of the year new bond loans of 998 MSEK were issued by the Parent Company. In connection with this issuance, 900 MSEK of bond loans with shorter maturities were repurchased. Repayment of other loans during the same period amounted to 440 MSEK. As at June 30, 2009, Swedish Match Group had 9,262 MSEK of interest bearing debt excluding retirement benefit obligations. During the remainder of 2009, 224 MSEK of this debt falls due for repayment.

Cash and cash equivalents amounted to 2,547 MSEK at the end of the period, compared with 3,178 MSEK as of December 31, 2008. As of June 30, 2009, Swedish Match had 3,203 MSEK in unutilized committed credit lines.

Net finance cost for the first six months decreased to 215 MSEK (230).

Average number of employees
The average number of employees in the Group during the first half of 2009 was 11,287 compared with 11,483 for the full year 2008.

Share structure

The Annual General Meeting on April 28, 2009 approved a mandate to repurchase shares for a maximum amount of 3,000 MSEK until the next Annual General Meeting with the condition that the Company at any time does not hold more than 10 percent of all shares of the Company. In addition, in accordance with the resolution at the Annual General Meeting, 4.0 million shares held in treasury have been cancelled. The total number of registered shares in the Company after the cancellation of shares is 251,000,000.

After Annual General Meeting approval, the Company issued 1,716,948 call options to senior Company officials and key employees for the stock option program for 2008. These call options can be exercised from March 2012 to February 2014. The strike price is 141.24 SEK.

During the second quarter 4.1 million shares were repurchased for 496 MSEK at an average price of 121.45 SEK. Total shares bought back by Swedish Match since the buyback programs started have been repurchased at an average price of 80.39 SEK. During the first half of the year the Company sold 0.6 million treasury shares at an average price of 87.89 SEK as a result of option holders exercising options. As per June 30, 2009 Swedish Match held 5.4 million shares, corresponding to 2.1 percent of the total number of shares. The number of shares outstanding, net after repurchases and after the sale of treasury shares, as per June 30, 2009 amounted to 245.6 million. In addition, the Company has call options outstanding as of June 30, 2009 corresponding to 5.3 million shares exercisable in gradual stages from 2009-2014.

Other events and events following the close of the reporting period

Swedish Match and Philip Morris International announced in February that they have entered into an agreement to establish an exclusive joint venture company to commercialize Swedish snus and other smokefree tobacco products worldwide, outside of Scandinavia and the United States. The joint venture is based in Stockholm and the board of directors consists of six members, with three nominated by each company.

In February 2009, legislation was signed in the US to fund the State Childrens' Health Care Insurance Programs (SCHIP) through tobacco tax revenues (federal excise tax increases). The new federal excise tax rates became effective on April 1, 2009, and impacts both shipment volumes and consumption during 2009.

On June 22, 2009 a new law was signed in the US which grants the Food and Drug Administration (FDA) authority to regulate tobacco products. According to the legislation, payments of user fees, certain registrations as well as other requirements will be implemented starting in the second half of 2009.

On July 2, 2009, Swedish Match AB announced that it has reached an agreement to sell its South African operations, Swedish Match South Africa (Proprietary) Limited (SMSA) to Philip Morris International (PMI) for a purchase price amounting to 1.75 billion ZAR. The transaction is subject to approval by the South African Competition Authority and is expected to be completed during the second half of 2009. In 2008 the South African pipe tobacco and nasal snuff businesses had total sales of 687 million ZAR. SMSA will continue to distribute lighters, matches and cigars for Swedish Match.

Outlook

In 2009, Swedish Match is taking further steps to drive value creation and growth to strengthen its position as a leading smokefree tobacco company while maintaining the strong commitment to profitability in other product categories. For the full year Swedish Match expects both the snuff market in Scandinavia and in the US to grow. For the second half of the year, Swedish Match expects Group sales and operating profit excluding larger one-time items to exceed prior year.

The Group maintains its long term financial strategy and dividend policy, and Swedish Match remains committed to returning cash not needed in operations to shareholders.

The tax rate from continuing operations for 2009, excluding one-time items (such as the tax free capital gain from the sale of the South African business), is estimated to be around 22 percent.

Risk factors

Swedish Match faces intense competition in all of its markets and for each of its products and such competition may increase in the future. In order to be successful the Group must promote its brands successfully and anticipate and respond to new consumer trends. Restrictions on advertising and promotion may, however, make it more difficult to counteract loss of consumer loyalty. Competitors may develop and promote new products which could be successful, and could thereby have an adverse effect on Swedish Match’s results of operations.

Swedish Match has a substantial part of its production and sales in EMU member countries as well as in Brazil and the US. Consequently, changes in exchange rates of euro, Brazilian real and the US dollar in particular may adversely affect the Group’s results of operations, cash flow, financial condition or relative price competitiveness in the future. Such effects may occur both in local currencies and when such local currencies are translated into Swedish currency for purposes of financial reporting.

Regulatory and fiscal changes related to tobacco and other taxes, as well as to the marketing, sale and consumption of tobacco products, in the countries where the Group is operating may have an adverse effect on Swedish Match’s results of operations.

For a further description of risk factors affecting Swedish Match, see the Report of the Board of Directors in the published Swedish Match Annual Report for 2008.

Swedish Match AB (publ)

Swedish Match AB (publ) is the Parent Company of the Swedish Match Group.

Sales in the Parent Company for the first six months amounted to 1 MSEK (1). Profit before income tax amounted to 1,596 MSEK (602) and profit for the first six months amounted to 1,799 MSEK (858). The main sources of income for the Parent Company are dividends and Group contributions from subsidiaries. During the period the Parent Company received dividends amounting to 2,354 MSEK (1,521).

Part of the Group’s treasury operations are included in the operations of the Parent Company and include the major part of the Group’s external borrowings. Some of these loans have variable interest rates and a change of interest rates could impact the result of the Parent Company.

Capital expenditures during the first six months amounted to 0 MSEK (0). The cash flow for the period was negative 2,676 MSEK (negative 743). Cash and bank at the end of the period amounted to 26 MSEK compared with 2,702 MSEK at the beginning of the year. During the first six months the Parent Company made share repurchases, net, of 447 MSEK and paid dividend of 1,024 MSEK.

Accounting principles

This report is prepared in accordance with the Accounting Standard IAS 34 Interim Financial Reporting. The Annual Account Act and the Securities Markets Act have also been applied. The report of the Parent Company is prepared in accordance with the Annual Account Act and the Securities Markets Act which is in accordance with the rules of RFR 2.2 Accounting for Legal Entities issued by the Swedish Financial Reporting Board.

New accounting standards, changes of standards and interpretations applicable from January 1, 2009 as detailed below have been applied in this report:

IFRS 8 operating segments sets out the definition of operating segments and requirements for disclosure in the financial reports. Swedish Match monitors and makes decisions about operating matters based on product areas. The reportable segments for Swedish Match are *snuff, cigars, chewing tobacco, lights* and *other operations*. The South African operations account for the major part of the total Swedish Match pipe tobacco and accessories business and following the reporting of the South African operations as discontinued, the classification of segments has changed. The continuing pipe tobacco and accessories operations are no longer reported in a separate segment but instead included in *other operations* and the discontinued operations are excluded from the segment reporting. Due to the changed classification of operating segments, prior periods have been restated. There are no internal sales between operating segments and the Group’s financial costs as well as taxes are not allocated to product areas. Operating assets are not monitored on a segment basis.

Amendments to IAS 1 Presentation of financial statements set out a revised presentation of owner changes in equity and of comprehensive income. The revision does not change the recognition, measurement or disclosure of specific transactions.

Amendments to IAS 23 Borrowing costs set out that borrowing costs directly pertaining to acquisition, construction or production of an asset that takes a substantial time to complete shall be capitalized. The amendment has not had a material impact on the financial report.

In all other respects the accounting principles are the same as in the 2008 Annual Report.

Forward-looking information

This report contains forward-looking information based on the current expectation of the Swedish Match Group’s management. Although management deems that the expectations presented by such forward-looking information are reasonable, no guarantee can be given that these expectations will prove correct. Accordingly, the actual future outcome could vary considerably compared to what is stated in the forward-looking information, due to such factors as changed conditions regarding business cycles, market and competition, changes in legal requirements and other political measures, and fluctuation in exchange rates.

Additional information

This report has not been reviewed by the Company's auditors. The January-September 2009 report will be released on October 27.

The Board of Directors and the CEO declare that the half year report gives a true and fair view of the operations, position and result of the Company and the Group and describes the major risks and uncertainties of the Company and the companies in the Group.

Stockholm, July 17, 2009

Conny Karlsson Chairman	Andrew Cripps Deputy Chairman	Charles A. Blixt Board member	Kenneth Ek Board member
Karen Guerra Board member	Arne Jurbrant Board member	Eva Larsson Board member	Joakim Lindström Board member
Kersti Strandqvist Board member	Meg Tiveus Board member	Lars Dahlgren President and CEO	

Key data

	January – June 2009	2008	12 months ended June 30, 2009	Full year 2008
Continuing operations				
Operating margin, %[1)]	24.0	20.3	24.0	22.2
Operating capital, MSEK	8,734	7,432	8,734	8,841
Return on operating capital, %[1)]			40.9	34.0
EBITDA, MSEK[3)]	1,919	1,394	3,747	3,222
EBITA, MSEK[4)]	1,755	1,245	3,431	2,921
Including discontinued operations				
Operating margin, %[1)]	24.5	21.1	24.5	22.9
Operating capital, MSEK	9,594	8,078	9,594	9,585
Return on operating capital, %[1)]			40.0	33.5
Net debt, MSEK	7,770	7,833	7,770	7,640
Investments in property, plant and equipment, MSEK[2)]	236	147	420	331
EBITDA, MSEK[3)]	2,047	1,506	4,006	3,465
EBITA, MSEK[4)]	1,878	1,353	3,681	3,156
EBITA interest cover	8.6	6.2	8.8	7.5
Net debt/EBITA			2.1	2.4
Share data				
Earnings per share, SEK				
Basic	4.95	3.40	10.55	8.98
Diluted	4.95	3.39	10.54	8.96
Number of shares outstanding at end of period	245,630,000	251,530,000	245,630,000	249,160,000
Average number of shares outstanding, basic	248,754,020	253,855,908	249,316,534	251,867,479
Average number of shares outstanding, diluted	248,890,974	254,350,043	249,499,780	252,211,733

1) Excluding a gain of 73 MSEK from sale of subsidiary and related assets during the fourth quarter 2008
2) Includes investments in assets held for sale and forest plantations
3) Operating profit excluding larger one time items adjusted for depreciation, amortization and writedowns of tangible and intangible assets
4) Operating profit excluding larger one time items adjusted for amortization and writedowns of intangible assets

Consolidated income statement in summary

MSEK	April – June 2009	April – June 2008	Chg %	January – June 2009	January – June 2008	Chg %	12 months ended Jun 30, 2009	Full year 2008	Chg %
Continuing operations									
Sales, including tobacco tax	6,648	5,832		12,338	10,618		24,512	22,793	
Less tobacco tax	-2,982	-2,668		-5,285	-4,761		-10,706	-10,182	
Sales	**3,666**	**3,164**	**16**	**7,053**	**5,857**	**20**	**13,807**	**12,611**	**9**
Cost of goods sold	-1,812	-1,633		-3,436	-3,028		-6,846	-6,437	
Gross profit	**1,854**	**1,531**	**21**	**3,616**	**2,829**	**28**	**6,960**	**6,174**	**13**
Sales and administrative expenses	-958	-846		-1,929	-1,645		-3,667	-3,384	
Share of profit in equity accounted investees	4	5		6	2		15	11	
Gain on sale of subsidiary and related assets	-	-		-	-		73	73	
Operating profit	**899**	**691**	**30**	**1,693**	**1,186**	**43**	**3,381**	**2,874**	**18**
Finance income	14	33		41	74		121	154	
Finance costs	-122	-150		-256	-303		-548	-595	
Net finance cost	-108	-117		-215	-230		-427	-441	
Profit before income tax	**791**	**574**	**38**	**1,478**	**957**	**55**	**2,954**	**2,433**	**21**
Income tax expense	-168	-95		-327	-173		-495	-342	
Profit for the period from continuing operations	**624**	**479**	**30**	**1,151**	**783**	**47**	**2,459**	**2,091**	**18**
Discontinued operations									
Profit from discontinued operations, net after tax	41	38		81	80		171	170	
Profit for the period	**664**	**517**	**29**	**1,231**	**863**	**43**	**2,630**	**2,261**	**16**
Attributable to:									
Equity holders of the Parent	664	517		1,231	863		2,629	2,261	
Minority interests	0	0		0	0		1	1	
Profit for the period	**664**	**517**	**29**	**1,231**	**863**	**43**	**2,630**	**2,261**	**16**
Earnings per share, basic, SEK									
From continuing operations	2.51	1.89		4.63	3.09		9.86	8.30	
Including discontinued operations	2.68	2.04		4.95	3.40		10.55	8.98	
Earnings per share, diluted, SEK									
From continuing operations	2.51	1.89		4.62	3.08		9.85	8.29	
Including discontinued operations	2.67	2.04		4.95	3.39		10.54	8.96	

Consolidated statement of comprehensive income

MSEK	April – June 2009	April – June 2008	January – June 2009	January – June 2008	12 months ended Jun 30, -09	Full year 2008
Profit recognized in the income statement	**664**	**517**	**1,231**	**863**	**2,630**	**2,261**
Other comprehensive income						
Translation difference in foreign operations	-296	107	-18	-343	1,285	959
Reclassification of pension plan	-	-	-	212	-	212
Effective portion of changes in fair value of cash flow hedges	43	32	66	42	-160	-184
Actuarial gains and losses attributable to pensions, incl. payroll tax*	-2	-	115	-	-838	-952
Tax on items taken to/transferred from equity	4	-9	-47	-72	308	284
Other comprehensive income from discontinued operations	125	33	173	-176	216	-133
Other comprehensive income	**-126**	**163**	**289**	**-337**	**811**	**186**
Total comprehensive income	**538**	**679**	**1,520**	**526**	**3,441**	**2,447**
Attributable to:						
Equity holders of the Parent	538	679	1,520	526	3,441	2,446
Minority interest	0	0	0	0	1	1
Total comprehensive income	**538**	**679**	**1,520**	**526**	**3,441**	**2,447**

* During 2008 actuarial gains and losses were calculated only at year end

Consolidated balance sheet in summary

MSEK	June 30, 2009	December 31, 2008
Intangible assets	4,012	4,702
Property, plant and equipment	2,518	2,458
Other non-current financial receivables[1)]	2,280	2,284
Current operating assets	5,425	5,732
Other current investments	1	1
Cash and cash equivalents	2,547	3,178
Assets held for sale	994	-
Total assets	**17,777**	**18,355**
Equity attributable to equity holders of the Parent	1,439	1,377
Minority interest	4	4
Total equity	**1,444**	**1,381**
Non-current provisions	1,268	1,281
Non-current loans	9,556	9,975
Other non-current financial liabilities[2)]	1,328	1,337
Current provisions	99	29
Current loans	703	743
Other current liabilities	3,246	3,609
Liabilities related to assets held for sale	132	-
Total equity and liabilities	**17,777**	**18,355**

1) Includes pension assets of 136 MSEK (134) and derivative financial instruments of 1,000 MSEK (1,064) used to hedge the Parent Company's bond loans denominated in euro
2) Includes pension liabilities of 1,192 MSEK (1,298) and derivative financial instruments of 3 MSEK (-) used to hedge the Parent Company's bond loans denominated in euro

Consolidated cash flow statement in summary

MSEK	January – June	
	2009	**2008**
Operating activities		
Profit before income taxes	**1,478**	**957**
Adjustments for non-cash items and other	200	150
Income tax paid	-279	-325
Cash flow from operating activities before changes in working capital	**1,399**	**781**
Cash flow from changes in working capital	-100	-203
Net cash from operating activities	**1,300**	**578**
Investing activities		
Acquisition of property, plant and equipment	-231	-133
Proceeds from sale of property, plant and equipment	11	50
Acquisition of intangible assets	0	-2
Acquisition of subsidiaries, net of cash acquired[1)]	-47	-6
Divestments of business operations	7	5
Changes in financial receivables etc.	2	-3
Net cash used in investing activities	**-258**	**-90**
Financing activities		
Changes in loans	-340	105
Dividends paid to equity holders of the Parent	-1,024	-886
Repurchase of own shares	-496	-696
Stock options exercised	49	62
Other	32	-116
Net cash used in financing activities	**-1,779**	**-1,531**
Net decrease in cash and cash equivalents	**-737**	**-1,042**
Cash flow from discontinued operations		
Net cash from operating activities	123	76
Net cash used in investing activities	-4	19
Net cash used in financing activities	-50	-3
Net increase in cash and cash equivalents	**68**	**92**
Cash and cash equivalents at the beginning of the period	3,178	3,439
Effect of exchange rate fluctuations on cash and cash equivalents	38	-84
Cash and cash equivalents at the end of the period	**2,547**	**2,404**

1) Acquisitions in 2009 pertain to Rocker Production AB acquired from Philip Morris International of 31 MSEK, investment of 8 MSEK in Swedish Match's and Philip Morris International's joint venture company and final payment for the acquisition of Havana Honeys' assets of 8 MSEK. At the date of the acquisition of Rocker Production AB, the acquired company's net assets amounted to 31 MSEK. Of the company's assets, tangible assets accounted for 21 MSEK, inventories for 12 MSEK and other assets for 3 MSEK. Acquired liabilities amounted to 5 MSEK. If the acquisition had occurred on January 1, 2009, the Group estimates that net sales for the Group would have increased by 1 MSEK and net profit would have decreased by 2 MSEK

Change in shareholders' equity

MSEK	Equity attributable to holders of the Parent	Minority interest	Total equity
Equity at January 1, 2008	**720**	**4**	**724**
Total comprehensive income	525	0	526
Repurchase of own shares	-696	-	-696
Stock options exercised	62	-	62
Share-based payments, IFRS 2	15	-	15
Cancellation of shares	-18	-	-18
Bonus issue	18	-	18
Dividends	-886	-	-886
Equity at June 30, 2008	**-260**	**4**	**-256**
Equity at January 1, 2009	**1,377**	**4**	**1,381**
Total comprehensive income	1,519	1	1,520
Repurchase of own shares	-496	-	-496
Stock options exercised	49	-	49
Share-based payments, IFRS 2	14	-	14
Cancellation of shares	-6	-	-6
Bonus issue	6	-	6
Dividends	-1,024	-	-1,024
Equity at June 30, 2009	**1,439**	**4**	**1,444**

Cumulative translation differences pertaining to discontinued operations as per June 30, 2009 amount to -121 MSEK.

Discontinued operations

The discontinued operations refer to Swedish Match South African operations. The South African operations primarily manufacture and sell pipe tobacco and nasal snuff and accounted for approximately 70 percent of the sales of the former pipe tobacco and accessories segment.

Assets included in discontinued operations

MSEK	June 30, 2009
Intangible assets	714
Property, plant and equipment	61
Other non-current financial receivables	1
Current operating assets	219
Total assets	**994**

Liabilities included in discontinued operations

MSEK	June 30, 2009
Non-current provisions	1
Other non-current financial liabilities	2
Current loans	0
Other current liabilities	129
Total liabilities	**132**

Analysis of the result from discontinued operations

MSEK	January – June	
	2009	**2008**
Sales	328	246
Expenses	-227	-148
Profit before income taxes	101	97
Income taxes	-20	-18
Profit from discontinued operations	**81**	**80**

Parent Company income statement in summary

MSEK	January – June	
	2009	**2008**
Sales	1	1
Cost of goods sold	-	-
Gross profit	**1**	**1**
Selling and administrative expenses	-160	-168
Operating loss	**-159**	**-167**
Income from participation in Group companies	2,354	1,521
Result from participation in joint venture	-2	-
Net finance cost	-597	-752
Profit before income tax	**1,596**	**602**
Income tax	203	256
Profit for the period	**1,799**	**858**

Parent Company balance sheet in summary

MSEK	**June 30, 2009**	**June 30, 2008**
Intangible and tangible fixed assets	2	12
Financial fixed assets	45,143	53,183
Current assets	8,344	4,693
Total assets	**53,489**	**57,888**
Equity	**22,528**	**21,554**
Untaxed reserves	**2**	**13**
Provisions	22	38
Non-current liabilities	27,353	26,798
Current liabilities	3,584	9,485
Total liabilities	**30,959**	**36,321**
Total equity and liabilities	**53,489**	**57,888**

Quarterly data

MSEK	Q2/09	Q1/09	Q4/08	Q3/08	Q2/08	Q1/08	Q4/07	Q3/07	Q2/07
Continuing operations									
Sales, including tobacco tax	6,648	5,690	6,141	6,033	5,832	4,786	6,275	5,724	5,412
Less tobacco tax	-2,982	-2,303	-2,661	-2,759	-2,668	-2,093	-2,916	-2,598	-2,458
Sales	**3,666**	**3,387**	**3,480**	**3,274**	**3,164**	**2,693**	**3,359**	**3,126**	**2,954**
Cost of goods sold	-1,812	-1,624	-1,747	-1,663	-1,633	-1,395	-1,798	-1,641	-1,548
Gross profit	**1,854**	**1,762**	**1,733**	**1,611**	**1,531**	**1,298**	**1,561**	**1,485**	**1,406**
Sales and administrative expenses	-958	-970	-930	-808	-846	-799	-822	-789	-794
Share of profit in equity accounted investees	4	2	4	5	5	-3	-1	0	2
	899	**794**	**807**	**808**	**691**	**496**	**738**	**696**	**614**
Larger one time items									
Gain on sale of subsidiary and related assets	-	-	73	-	-	-	-	-	-
Gain on sale of real estate	-	-	-	-	-	-	267	-	-
Operating profit	**899**	**794**	**880**	**808**	**691**	**496**	**1,005**	**696**	**614**
Finance income	14	27	41	39	33	40	53	29	34
Finance costs	-122	-135	-137	-154	-150	-153	-138	-133	-116
Net finance cost	-108	-108	-97	-115	-117	-113	-85	-103	-82
Profit before income tax	**791**	**686**	**784**	**693**	**574**	**383**	**920**	**592**	**532**
Income tax expense	-168	-159	-97	-72	-95	-78	-177	-147	-116
Profit for the period from continuing operations	**624**	**527**	**687**	**621**	**479**	**304**	**743**	**445**	**416**
Discontinued operations									
Profit from discontinued operations, net after tax	41	40	41	50	38	42	48	46	25
Profit for the period	**664**	**567**	**728**	**671**	**517**	**346**	**791**	**491**	**441**
Attributable to:									
Equity holders of the Parent	664	567	728	671	517	346	791	491	441
Minority interest	0	0	0	0	0	0	0	0	0
Profit for the period	**664**	**567**	**728**	**671**	**517**	**346**	**791**	**491**	**441**

Sales by product area

MSEK	Q2/09	Q1/09	Q4/08	Q3/08	Q2/08	Q1/08	Q4/07	Q3/07	Q2/07
Snuff	1,087	969	1,035	964	926	801	949	832	769
Cigars	1,129	1,175	1,052	933	905	754	923	898	843
Chewing tobacco	314	284	260	237	227	210	222	243	253
Lights	387	377	407	401	371	345	402	371	352
Other operations	749	581	726	740	735	583	863	782	738
Total	**3,666**	**3,387**	**3,480**	**3,274**	**3,164**	**2,693**	**3,359**	**3,126**	**2,954**

Operating profit by product area

MSEK	Q2/09	Q1/09	Q4/08	Q3/08	Q2/08	Q1/08	Q4/07	Q3/07	Q2/07
Snuff	463	397	463	479	403	313	435	380	301
Cigars	281	286	205	187	183	111	194	184	191
Chewing tobacco	129	98	96	87	77	69	75	83	82
Lights	62	63	71	85	63	55	67	66	62
Other operations	-36	-50	-27	-30	-37	-52	-33	-17	-23
Subtotal	**899**	**794**	**807**	**808**	**691**	**496**	**738**	**696**	**614**
Larger one time items									
Gain on sale of subsidiary and related assets	-	-	73	-	-	-	-	-	-
Gain on sale of real estate	-	-	-	-	-	-	267	-	-
Subtotal	**-**	**-**	**73**	**-**	**-**	**-**	**267**	**-**	**-**
Total	**899**	**794**	**880**	**808**	**691**	**496**	**1,005**	**696**	**614**

Operating margin by product area*

Percent	Q2/09	Q1/09	Q4/08	Q3/08	Q2/08	Q1/08	Q4/07	Q3/07	Q2/07
Snuff	42.6	40.9	44.7	49.7	43.6	39.0	45.8	45.6	39.2
Cigars	24.9	24.3	19.5	20.0	20.2	14.7	21.0	20.5	22.7
Chewing tobacco	41.0	34.6	36.8	36.9	34.1	32.7	34.1	34.3	32.3
Lights	16.1	16.7	17.5	21.2	17.1	16.1	16.7	17.9	17.6
Group	**24.5**	**23.4**	**23.2**	**24.7**	**21.8**	**18.4**	**22.0**	**22.3**	**20.8**

* Excluding larger one time items

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The character of the information in this report is such that it shall be disclosed by Swedish Match AB (publ) in accordance with the Swedish Securities Markets Act. The information was disclosed to the media on July 17, 2009 at 08.00 a.m. (CET).