Interim Report
January – March 2010

- **Sales for the first quarter were 3,282 MSEK (3,387)**
- **In local currencies, sales for the first quarter increased by 3 percent, driven by solid growth for the snus and snuff product area**
- **Operating profit for the first quarter was 755 MSEK (794). Including depreciation and amortization on assets held for sale, operating profit was 728 MSEK (794)**
- **In local currencies, operating profit for the first quarter increased by 1 percent. Including depreciation and amortization on assets held for sale, operating profit for the first quarter decreased by 3 percent**
- **EPS (basic) for the first quarter amounted to 2.26 SEK (2.11)**
- **Cigar sales and operating profit comparisons are adversely affected by prior year hoarding in the US**
- **After the reporting period, an agreement was signed with Scandinavian Tobacco Group to create a new company with a focus on cigars**

CEO Lars Dahlgren comments:
During the first quarter we saw continued strong performance in the Scandinavian snus markets, with solid volume and sales growth in Sweden, Norway as well as in Travel Retail. The investments for growth in our smokefree business continued. In Norway, we rolled out *Lab Series 01/02* with great success, having already reached more than 2 percent market share. In Sweden, we added a line extension of our *Onico* brand. In the US, we introduced *Timber Wolf* packs in a new peach variety while on the marketing front, we engaged in extensive brand awareness activities for our *Red Man* and *Longhorn* brands of moist snuff, and for our *General* snus. We were active on and near the ski slopes helping US consumers learn more about *General*, the authentic Swedish snus. From February through June, we are sponsoring *Red Man* and *Longhorn* branded vehicles on the NASCAR circuit in the US.

For cigars, we saw some encouraging developments, especially for our US mass market cigar business, as sales and volumes rose, with volume up by more than 20 percent year on year when backing out last year's hoarding effects. In Europe, the market was basically flat, but Swedish Match gained some market share in the important French, Dutch, and Spanish markets. The US premium cigar market continues to be rather soft, but our business through the mail order and Internet with Cigars International is continuing to do well.

During the quarter we announced a letter of intent to create a new company, with a focus on cigars, combining the cigar businesses of Swedish Match (excluding US mass market cigars and our minority stake in Arnold André) with the cigar, pipe tobacco, and fine cut tobacco businesses of Scandinavian Tobacco Group. In February we received the necessary bondholder consent and, after the close of the quarter, a final agreement was announced on April 26. With this agreement with STG, and with our joint venture with PMI for snus outside of Scandinavia and the US, we are better positioned to face the opportunities that lie ahead.

Following the announcement that a letter of intent was signed with STG on January 15, 2010, the cigar and pipe tobacco business to be transferred to the new company is presented, on the balance sheet, as assets held for sale and liabilities held for sale respectively. In accordance with the rules of the International Financial Reporting Standards (IFRS) no depreciation or amortization is charged on non-current assets classified as held for sale. However, to facilitate comparison with prior periods, the product areas are in this report presented including depreciation and amortization of assets classified as being held for sale.

Summary of consolidated income statement

MSEK	January - March 2010	January - March 2009	Full year 2009
Sales	**3,282**	**3,387**	**14,204**
Operating profit	**755**	**794**	**3,417**
Profit before income tax	**649**	**686**	**2,974**
Profit from continuing operations	**519**	**527**	**2,361**
Profit from discontinued operations, net after tax[1)]	**-**	**40**	**785**
Profit for the period	**519**	**567**	**3,146**
Earnings per share, basic (SEK)	**2.26**	**2.11**	**9.67**
Earnings per share, incl. discontinued operations, basic (SEK)[1)]	**-**	**2.27**	**12.88**

1) See Note 3

Sales and results for the first quarter

Sales for the first quarter of 2010 decreased by 3 percent to 3,282 MSEK (3,387) compared to the first quarter of 2009. Currency translation has affected the sales comparison negatively by 218 MSEK. In local currencies, sales increased by 3 percent.

Sales of Scandinavian snus (pasteurized) and US snuff (fermented) in the first quarter increased by 9 percent to 1,054 MSEK (969) and operating profit increased by 9 percent to 434 MSEK (397). Scandinavian snus sales were up 14 percent compared to the first quarter of the prior year while volumes measured in number of cans increased by 6 percent. Swedish Match estimates that excluding the effect of extra high shipments ahead of the Easter holidays that affected the first quarter of 2010 favorably, Scandinavian snus volumes were up by 3 percent year on year.

In the US, sales of snuff in local currency increased by 11 percent, while operating profit declined. US volumes were up by 16 percent year on year in the first quarter. Swedish Match estimates that excluding prior year destocking effects tied to tax changes in the US, underlying shipment volume was up 3 percent. The first quarter 2009 destocking effects were reversed in the second quarter of 2009.

The operating margin for the snus and snuff product area was 41.2 percent (40.9).

For cigars, sales in the first quarter were 937 MSEK (1,175). Operating profit was 190 MSEK (286). Currency translation has affected the sales comparison negatively by

126 MSEK, and operating profit negatively by 24 MSEK. Sales increased in local currencies in Europe, and in the US, sales declined primarily as a result of prior year hoarding effects tied to tax changes. Operating margin for cigars was 20.3 percent (24.3).

First quarter Group operating profit declined by 5 percent to 755 MSEK (794). Including depreciation and amortization on assets held for sale, first quarter Group operating profit declined by 66 MSEK (8 percent) to 728 MSEK, with currency translation affecting the operating profit comparison negatively by 44 MSEK. In local currencies, including depreciation and amortization on assets held for sale, operating profit declined by 3 percent primarily as declines in the US cigar businesses offset increases for the snus/snuff and chewing tobacco product areas.

Operating margin, including depreciation and amortization on assets held for sale, for the first quarter was 22.2 percent, compared to 23.4 percent for the first quarter of 2009. Excluding depreciation and amortization on assets held for sale the operating margin was 23.0 percent.

Basic earnings per share for the first quarter amounted to 2.26 SEK (2.11).

Sales by product area

MSEK	**January - March 2010**	**2009**	**Chg %**	**Full year 2009**
Snus and snuff	1,054	969	9	4,250
Chewing tobacco	261	284	-8	1,112
Cigars	937	1,175	-20	4,426
Lights	382	377	1	1,574
Other operations	648	581	11	2,843
Total	**3,282**	**3,387**	**-3**	**14,204**

Operating profit by product area

MSEK	**January - March 2010**	**2009**	**Chg %**	**Full year 2009**
Snus and snuff	434	397	9	1,916
Chewing tobacco	89	98	-9	411
Cigars	190	286	-34	935
Lights	62	63	-1	279
Other operations	-47	-50		-123
Subtotal	**728**	**794**	**-8**	**3,417**
Reversal of depreciation and amortization relating to assets held for sale	27	-		-
Total	**755**	**794**	**-5**	**3,417**

Operating profit by product area for the first quarter 2010 is presented including depreciation and amortization for operations relating to assets held for sale. In order to arrive at the Group's operating profit, depreciation and amortization of 27 MSEK related to assets held for sale need to be added back to the operating profit of reportable segments.

For the first quarter, the Group's net finance cost amounts to 106 MSEK (108) which needs to be deducted from operating profit in order to reconcile to the Group's profit before income tax amounting to 649 MSEK (686).

Operating margin by product area

Percent	January - March 2010	2009	Full year 2009
Snus and snuff	41.2	40.9	45.1
Chewing tobacco	34.1	34.6	36.9
Cigars	20.3	24.3	21.1
Lights	16.3	16.7	17.7
Group, including depreciation and amortization relating to assets held for sale	**22.2**	**23.4**	**24.1**
Group, excluding depreciation and amortization relating to assets held for sale	**23.0**	**-**	**-**

EBITDA by product area

MSEK	January - March 2010	2009	Chg %	Full year 2009
Snus and snuff	470	433	9	2,066
Chewing tobacco	92	104	-12	431
Cigars	239	342	-30	1,176
Lights	73	74	-2	323
Other operations	-46	-45		-113
Total	**829**	**908**	**-9**	**3,885**

EBITDA margin by product area

Percent	January - March 2010	2009	Full year 2009
Snus and snuff	44.6	44.7	48.6
Chewing tobacco	35.4	36.7	38.8
Cigars	25.5	29.1	26.6
Lights	19.0	19.6	20.5
Group	**25.2**	**26.8**	**27.4**

Snus and snuff

Sweden is the world's largest snus market measured by per capita consumption. A substantially larger proportion of the male population uses the Swedish type of moist snuff called snus 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 moist snuff market measured in number of cans and is nearly five times larger than the Scandinavian snus 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, Grovsnus, Göteborgs Rapé, Catch, and Kronan in Sweden, and Red Man, Timber Wolf and Longhorn in the US.*

During the first quarter, sales increased by 9 percent compared to the same quarter of the previous year, to 1,054 MSEK (969), and operating profit increased by 9 percent to 434 MSEK (397). Sales and operating profit improved in Scandinavia, and in the US sales were up while operating profit declined. The operating margin for the total product area was 41.2 percent (40.9).

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

In Scandinavia, sales volumes measured in number of cans, increased by 6 percent during the first quarter compared to the first quarter of the previous year, with volume growth in Sweden, Norway and Travel Retail. The timing of the Easter holidays has affected the volume comparison between the years, and net of this effect the volume increase in Scandinavia in the first quarter is estimated to 3 percent. Sales revenues in Scandinavia grew by 14 percent in the first quarter, and operating margin improved. During the quarter the national rollout in Norway of the new *Lab Series 01* and *02* was largely completed.

In the US, sales increased by 11 percent in local currency during the first quarter versus the first quarter of the previous year. US volumes measured in number of cans were up by 16 percent, led by strong volume growth for the *Longhorn* brand. In the first quarter of 2009 there was inventory destocking by wholesalers and retailers associated with federal excise tax increases, with subsequent restocking over the following months. Taking this into account, Swedish Match estimates that underlying shipments increased by approximately 3 percent. Marketing spending was unusually high, tied to brand awareness campaigns for *General* Swedish snus on the US market as well as NASCAR sponsorship for the *Red Man* and *Longhorn* brands. This, together with lower average sales prices and somewhat higher cost per can, were the reasons for the decline in US operating profit. Swedish Match consumer volumes, as measured by Nielsen for the year to date period through March 20, increased by 3.3 percent compared to the same period of the previous year. This resulted in a decline in market share as the growth of the total market in the same period was 6.3 percent according to Nielsen.

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 first quarter, sales increased in local currency by 7 percent, while decreasing by 8 percent in Swedish kronor to 261 MSEK (284). In local currency, the operating profit increased by 6 percent. In the first quarter of 2009 retailer and wholesaler destocking occurred in conjunction with increases in the federal excise tax resulting in unusually low volumes. Operating profit decreased by 9 percent in Swedish kronor to 89 MSEK (98). Operating margin was 34.1 percent (34.6).

Since the second quarter, 2009, Swedish Match has been producing chewing tobacco as part of a production agreement with National Tobacco. Production has been fully up and running since the third quarter of 2009.

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 mass market 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 include Benelux, France, Finland, Spain, and Germany.

During the first quarter, sales were 937 MSEK (1,175), and operating profit amounted to 190 MSEK (286). In local currencies, sales in the first quarter declined by 10 percent compared to the same period of the previous year, while operating profit declined by 25 percent. Operating margin was 20.3 percent (24.3). In the first quarter of 2009, there was a significant level of hoarding of US mass market and US premium cigars prior to federal excise tax increases in April, resulting in exceptionally strong sales and operating profit.

During the first quarter, US mass market cigar sales declined by 7 percent in local currency compared to the same period in the previous year, while volumes also declined. Excluding estimated hoarding effects, sales and volumes grew for the US mass market cigars.

US premium cigar sales declined by 17 percent in local currency, while volumes also declined. Sales grew in the Cigars International (mail order and Internet) business, partially offsetting substantial declines in sales from General Cigar. The decline in sales results from a combination of factors, including the prior year's hoarding, continued destocking at both wholesale and retail level, and timing of shipments to some larger accounts.

Cigar sales in Europe grew slightly on flat shipment volumes. After nearly two years of market declines in France and the Netherlands, both the French and Dutch markets have remained stable in the first three months of the year versus prior year, with Swedish Match gaining volume share in both markets. Swedish Match has also increased its presence in the growing Spanish market, aided by the success of the *Salsa* brand of smaller cigars.

Lights

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

During the first quarter sales amounted to 382 MSEK (377). In local currencies, sales increased by 2 percent. Operating profit amounted to 62 MSEK (63). Operating margin was 16.3 percent (16.7). Volumes for both matches and lighters increased compared to the same period prior year.

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 first quarter amounted to 648 MSEK (581). Operating loss for Other operations was 47 MSEK (50). Transaction costs related to the anticipated combination of cigar and pipe tobacco activities with Scandinavian Tobacco Group are included in Other operations costs.

Taxes

In the first quarter, the reported tax expense amounted to 130 MSEK (159), corresponding to a tax rate of 20 percent (23). The tax rate includes one time items, and excluding those, the underlying tax rate was approximately 22 percent for the first quarter.

Earnings per share

Basic earnings per share for the first quarter amounted to 2.26 SEK (2.11), while diluted EPS was 2.25 SEK (2.11). Including discontinued operations, basic and diluted earnings per share, for the first quarter 2009 was 2.27 SEK.

Depreciation, amortization and write-downs

In the first quarter, total depreciation, amortization and write-downs amounted to 74 MSEK (114), of which depreciation and write-down on property, plant and equipment amounted to 59 MSEK (82) and amortization of intangible assets amounted to 15 MSEK (32). Including depreciation and amortization related to assets held for sale, total depreciation, amortization and write-downs would have amounted to 100 MSEK, of which depreciation and write-down on property, plant and equipment would have amounted to 73 MSEK and amortization of intangible assets would have amounted to 27 MSEK.

Financing and cash flow

Cash flow from operations for the first quarter amounted to 344 MSEK compared with 583 MSEK for the same period previous year, the decline being partly a result of the reduced EBITDA but also due to timing of income tax payments.

Investments in property, plant and equipment during the first quarter amounted to 107 MSEK (108). In the first quarter, the Group acquired 20 percent of the shares in Caribbean Cigar Holdings Group, S.A. for 110 MSEK and share repurchases, net, of 345 MSEK were made.

Net finance cost for the first quarter decreased to 106 MSEK (108).

The net debt as per March 31, 2010 amounted to 7,434 MSEK, including net financial assets reported as assets and liabilities held for sale of 109 MSEK, compared to 7,188 MSEK at December 31, 2009. During the first quarter no new bond loans were issued. Repayment of loans for the same period amounted to 293 MSEK. As at March 31, 2010 Swedish Match had 8,275 MSEK of interest bearing debt excluding retirement benefit obligations. During the remainder of 2010, 700 MSEK of this debt falls due for repayment.

In the beginning of 2010 a syndicated loan has been renegotiated and certain bi-lateral credit lines have matured. Following this change, the amount of unutilized committed credit lines as of March 31, 2010 is 1,554 MSEK.

Cash and cash equivalents amounted to 1,901 MSEK at the end of the period, including cash and cash equivalents reported as assets held for sale of 173 MSEK, compared with 2,530 MSEK as of December 31, 2009.

Average number of employees

The average number of employees in the Group during the first quarter was 10,400 compared with 11,037 for the full year 2009.

Share structure

During the first quarter 2.5 million shares were repurchased for 398 MSEK at an average price of 156.27 SEK. Total shares bought back by Swedish Match since the buyback programs started have been repurchased at an average price of 86.60 SEK. During the first quarter the Company sold 0.5 million treasury shares at an average price of 99.75 SEK as a result of option holders exercising options. As per March 31, 2010 Swedish Match held 21.7 million shares, corresponding to 8.65 percent of the total number of shares. The number of shares outstanding, net after the sale of treasury shares, as per March 31, 2010 amounted to 229.3 million. In addition, the

Company has call options outstanding as of March 31, 2010 corresponding to 4.8 million shares exercisable in gradual stages from 2010-2014.

Annual General Meeting

The Annual General Meeting on April 27, 2010 approved the Board's proposal to pay a dividend to the shareholders of 4.75 SEK per share for a total of 1,089 MSEK. The Meeting also approved a mandate to repurchase shares up to a total holding in treasury not exceeding 10 percent of the number of registered shares in the Company until the next Annual General Meeting in 2011. In addition, a decision was made to cancel 20 million shares held in treasury with a contemporaneous bonus issue without issuing new shares of an amount equivalent to the reduction of share capital through the cancellation of shares.

With the latter transaction the Company's share capital will not decrease through the cancellation of shares. The total number of registered shares in the Company before the cancellation of shares is 251.0 million.

The Annual General Meeting re-elected Charles A. Blixt, Andrew Cripps, Karen Guerra, Arne Jurbrant, Conny Karlsson, Kersti Strandqvist and Meg Tivéus as Board members. Conny Karlsson was re-elected Chairman of the Board and Andrew Cripps was re-elected deputy Chairman of the Board.

Other events and events following the close of the reporting period

On March 16, 2010 Swedish Match acquired 20 percent of the shares in Caribbean Cigar Holdings Group, S.A. (Caribbean Cigar) for 110 MSEK (15.6 MUSD) in cash from San Cristobal Holdings, S.A., a Panamanian corporation. Caribbean Cigar has operations in Nicaragua and Honduras and is engaged in the growing, processing and distribution of leaf tobacco and the manufacturing of premium cigars for distribution in the US market. The investment in Caribbean Cigar will help Swedish Match in securing supplies of high quality cigar leaf. The investment will be accounted for as an associated company in accordance with the equity method.

On April 26, Swedish Match announced that it had signed a final agreement with Scandinavian Tobacco Group (STG) to form a new company. Under the agreement Swedish Match will contribute all of its cigar business with the exception of US mass market cigars and the minority stake in Arnold André, and will also contribute its remaining pipe tobacco and accessories businesses. STG will transfer all of its tobacco business (cigars, pipe tobacco and fine cut tobacco) into the new company. The new company will also include distribution of lighters and matches supplied by Swedish Match in relevant markets. Closing of the transaction, subject to competition authority approvals, is expected to occur during the third quarter 2010.

Swedish Match will hold 49 percent of the shares in the new company, with the remaining 51 percent of the shares held by STG's shareholders. STG will compensate Swedish Match with 30 MEUR to account for the shareholding and the relative differences in enterprise values on a cash and debt free basis. The cash consideration has been adjusted for exclusion of Swedish Match's minority stake in Arnold André from the transaction. Bondholder consent was obtained on February 15.

The new company will have leading positions for US premium cigars, for European cigars, and strong positions in a number of other markets. For further information regarding this transaction agreement, please refer to the April 26 press release, available on the Swedish Match website, www.swedishmatch.com.

Outlook
During 2010 Swedish Match will take further steps to strengthen its position as a leading smokefree tobacco company while maintaining the commitment to profitability in other product categories. For 2010 we expect both the snus market in Scandinavia and the snuff market in the US to grow.

The Company maintains its long term financial strategy and dividend policy, and we remain committed to returning cash not needed in operations to shareholders.

The tax rate from continuing operations for 2009, excluding one time items, was around 22 percent, and is expected to be at a similar level in 2010.

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 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 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 2009.

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 quarter amounted to 0 MSEK (1). Loss before income tax amounted to 240 MSEK (loss 56) and net loss for the first quarter amounted to 178 MSEK (net profit 49). 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 0 MSEK (324).

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.

No capital expenditures have been recognized during the first quarter of 2010 as well as 2009. As an effect of changes in the Group's treasury set-up during the fourth quarter in 2009, the Parent Company does not hold any cash and bank balances. The cash flow for the first quarter 2009 was negative 251 MSEK. Repayment of loans during the first quarter amounted to 292 MSEK. During the period the Parent Company made share repurchases of 398 MSEK (0) and for the same period the Parent Company sold 0.5 million (0.4) treasury shares for 53 MSEK (38).

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 half year 2010 report will be released on July 21.

Stockholm, April 29, 2010

Lars Dahlgren
President and CEO

Key data

All key data, with the exception of share data, have been calculated excluding all effects from assets and liabilities reported in the first quarter 2010 as held for sale	**January - March 2010**	**2009**	**12 months ended March 31, 2010**	**Full year 2009**
Continuing operations				
Operating margin, %[1)]	22.2	23.4	23.8	24.1
Operating capital, MSEK[2)]	8,704	9,168	8,704	8,494
Return on operating capital, %[1) 2)]			37.5	39.4
EBITDA, MSEK[3)]	829	908	3,806	3,885
EBITA, MSEK[4)5)]	755	826	3,464	3,535
Net debt, MSEK[6)]	7,434	7,029	7,434	7,188
Net debt/EBITA[4)5)6)]			2.1	2.0
Investments in property, plant and equipment, MSEK[7)]	107	108	470	471
EBITA interest cover[5)]	7.7	8.3	8.3	8.4
Share data				
Earnings per share, basic, SEK				
From continuing operations	2.26	2.11	9.83	9.67
Including discontinued operations	-	2.27	12.94	12.88
Earnings per share, diluted, SEK				
From continuing operations	2.25	2.11	9.82	9.66
Including discontinued operations	-	2.27	12.93	12.87
Number of shares outstanding at end of period	229,285,000	249,602,400	229,285,000	231,300,000
Average number of shares outstanding, basic	229,479,131	249,306,996	239,302,914	244,259,880
Average number of shares outstanding, diluted	230,019,160	249,479,639	239,519,517	244,440,057

1) Including depreciation and amortization relating to assets held for sale and restructuring charges of 73 MSEK in the second half of 2009.
2) Including operating assets and liabilities reported as held for sale.
3) Operating profit adjusted for depreciation, amortization and write-downs of tangible and intangible assets.
4) Operating profit adjusted for amortization and write-downs of intangible assets.
5) Including depreciation relating to assets held for sale.
6) Including net financial assets reported as assets and liabilities held for sale of 109 MSEK in the first quarter of 2010.
7) Including investments in forest plantations of 7 MSEK (6).

Consolidated income statement in summary

MSEK	Note	January – March 2010	2009	Chg %	12 months ended Mar 31, 2010	Full year 2009	Chg %
Continuing operations							
Sales, including tobacco tax		5,870	5,690		25,663	25,483	
Less tobacco tax		-2,588	-2,303		-11,564	-11,279	
Sales		**3,282**	**3,387**	**-3**	**14,100**	**14,204**	**-1**
Cost of goods sold		-1,624	-1,624		-7,113	-7,114	
Gross profit		**1,658**	**1,762**	**-6**	**6,985**	**7,089**	**-1**
Selling and administrative expenses		-902	-970		-3,613	-3,681	
Share of profit in equity accounted investees		-2	2		5	10	
Operating profit		**755**	**794**	**-5**	**3,378**	**3,417**	**-1**
Finance income		8	27		67	86	
Finance costs		-115	-135		-509	-529	
Net finance cost		-106	-108		-442	-443	
Profit before income tax		**649**	**686**	**-6**	**2,936**	**2,974**	**-1**
Income tax expense		-130	-159		-583	-613	
Profit for the period from continuing operations		**519**	**527**	**-2**	**2,353**	**2,361**	**0**
Discontinued operations							
Profit from discontinued operations, net after tax	3	-	40		745	785	
Profit for the period		**519**	**567**	**-9**	**3,098**	**3,146**	**-2**
Attributable to:							
Equity holders of the Parent		519	567		3,097	3,146	
Non-controlling interests		0	0		1	1	
Profit for the period		**519**	**567**	**-9**	**3,098**	**3,146**	**-2**
Earnings per share, basic, SEK							
From continuing operations		2.26	2.11		9.83	9.67	
Including discontinued operations		-	2.27		12.94	12.88	
Earnings per share, diluted, SEK							
From continuing operations		2.25	2.11		9.82	9.66	
Including discontinued operations		-	2.27		12.93	12.87	

Consolidated statement of comprehensive income

MSEK	January - March 2010	2009	12 months ended March 31, 2010	Full year 2009
Profit recognized in the income statement	**519**	**567**	**3,098**	**3,146**
Other comprehensive income				
Translation differences related to foreign operations	-145	326	-693	-222
Translation differences included in profit and loss	-7	-	156	163
Effective portion of changes in fair value of cash flow hedges	14	23	32	41
Reclassification adjustments for gains/losses on cash flow hedges included in profit and loss	-	-	25	25
Actuarial gains and losses attributable to pensions, incl. payroll tax	79	117	-154	-115
Share of other comprehensive income in equity accounted investees	-6	-	-6	-
Income tax relating to components of other comprehensive income	-37	-51	53	38
Total other comprehensive income, net of tax	**-102**	**415**	**-587**	**-70**
Total comprehensive income	**417**	**982**	**2,511**	**3,076**
Attributable to:				
Equity holders of the Parent	417	981	2,511	3,075
Non-controlling interests	0	0	1	1
Total comprehensive income	**417**	**982**	**2,511**	**3,076**

Consolidated balance sheet in summary

MSEK	Note	March 31, 2010	December 31, 2009
Intangible assets		1,171	3,792
Property, plant and equipment		2,127	2,525
Other non-current financial receivables[1)]		1,780	2,193
Current operating assets		2,544	5,296
Other current investments		1	1
Cash and cash equivalents		1,728	2,530
Assets held for sale[2)]	2	6,072	-
Total assets		**15,422**	**16,337**
Equity attributable to equity holders of the Parent		970	899
Non-controlling interests		4	4
Total equity		**975**	**903**
Non-current provisions		998	1,301
Non-current loans		7,694	8,252
Other non-current financial liabilities[3)]		1,269	1,440
Current provisions		97	125
Current loans		941	1,002
Other current liabilities		2,601	3,313
Liabilities attributable to assets held for sale[2)]	2	847	-
Total equity and liabilities		**15,422**	**16,337**

1) Includes pension assets of 140 MSEK (150) and derivative financial instruments of 363 MSEK (679) used to hedge the Parent Company's bond loans denominated in euro.
2) A net inter-company liability of 2,175 MSEK has been eliminated from assets and liabilities held for sale in the consolidated balance sheet. The net assets held for sale, including inter-company balances amount to 3,049 MSEK.
3) Includes pension liabilities of 1,136 MSEK (1,291) and derivative financial instruments of 3 MSEK (3) used to hedge the Parent Company's bond loans denominated in euro.

Consolidated cash flow statement in summary

MSEK	January – March 2010	2009
Operating activities		
Profit before income taxes	**649**	**686**
Adjustments for non-cash items and other	87	163
Income tax paid	-212	-97
Cash flow from operating activities before changes in working capital	**524**	**752**
Cash flow from changes in working capital	-180	-170
Net cash from operating activities	**344**	**583**
Investing activities		
Purchase of property, plant and equipment	-107	-108
Proceeds from sale of property, plant and equipment	0	7
Purchase of intangible assets	-4	0
Acquisition of subsidiaries, net of cash acquired[1)]	-	-31
Acquisition of equity accounted investees[2)]	-110	-
Changes in financial receivables etc.	0	4
Changes in other current investments	0	0
Net cash used in investing activities	**-221**	**-129**
Financing activities		
Changes in loans	-293	-303
Repurchase of own shares	-398	0
Stock options exercised	53	38
Other	-63	26
Net cash used in financing activities	**-701**	**-240**
Net decrease/increase in cash and cash equivalents	**-578**	**214**
Cash flow from discontinued operations		
Net cash from operating activities	-	75
Net cash used in investing activities	-	-3
Net cash used in financing activities	-	-47
Net increase in cash and cash equivalents	**-**	**24**
Total net decrease/increase in cash and cash equivalents	**-578**	**237**
Cash and cash equivalents at the beginning of the period	2,530	3,178
Effect of exchange rate fluctuations on cash and cash equivalents	-50	19
Less cash and cash equivalents reclassified as assets held for sale	-173	-
Cash and cash equivalents at the end of the period	**1,728**	**3,435**

1) Acquisition in 2009 pertains to Rocker Production AB acquired from Philip Morris International of 31 MSEK.
2) Acquisition in 2010 pertains to investment of 20 percent of the shares in Caribbean Cigar Holdings Group, S.A. in an amount of 110 MSEK.

Change in shareholders' equity

MSEK	Equity attributable to holders of the Parent	Non-controlling interests	Total equity
Equity at January 1, 2009	**1,377**	**4**	**1,381**
Total comprehensive income	981	0	982
Stock options exercised	38	-	38
Share-based payments, IFRS 2	7	-	7
Equity at March 31, 2009	**2,403**	**4**	**2,407**
Equity at January 1, 2010	**899**	**4**	**903**
Total comprehensive income	417	0	417
Repurchase of own shares	-398	-	-398
Stock options exercised	53	-	53
Equity at March 31, 2010	**970**	**4**	**975**

Parent Company income statement in summary

MSEK	January – March	
	2010	**2009**
Sales	-	1
Gross profit	**-**	**1**
Selling and administrative expenses	-67	-82
Operating loss	**-67**	**-81**
Result from participation in Group companies	-	324
Result from participation in joint venture	-3	-
Net finance cost	-170	-299
Loss before income tax	**-240**	**-56**
Income tax	62	105
Profit/Loss for the period	**-178**	**49**

Parent Company statement of comprehensive income

MSEK	January – March	
	2010	**2009**
Profit/Loss for the period	**-178**	**49**
Other comprehensive income		
Effective portion of changes in fair value of cash flow hedges	14	23
Income tax relating to changes in fair value of cash flow hedges	-4	-6
Other comprehensive income	**10**	**17**
Total comprehensive income	**-168**	**66**

Parent Company balance sheet in summary

MSEK	Mar 31, 2010	Mar 31,2009	Dec 31, 2009
Intangible and tangible fixed assets	1	2	2
Non-current financial assets	50,809	51,583	51,190
Current assets	5,958	3,186	6,462
Total assets	**56,768**	**54,771**	**57,654**
Equity	**22,717**	**22,253**	**23,229**
Untaxed reserves	**0**	**2**	**0**
Provisions	32	19	25
Non-current liabilities	25,905	27,476	26,462
Current liabilities	8,114	5,021	7,937
Total liabilities	**34,051**	**32,516**	**34,424**
Total equity and liabilities	**56,768**	**54,771**	**57,654**

Note 1 - Accounting principles

This report for the Group is prepared in accordance with the Accounting Standard IAS 34 Interim Financial Reporting and applicable rules in the Annual Account Act. The interim report for the Parent Company is prepared in accordance with section 9 in the Annual Account Act.

New accounting standards, changes of standards and interpretations applicable from January 1, 2010 as detailed below have been applied in this report:

The revised IFRS 3 Business Combinations entail changes to the reporting of acquisitions regarding, for example, accounting for transaction costs, any contingent consideration and step acquisitions. The Group recognizes transaction costs relating to business combinations as an expense when incurred.

Amendments to IAS 27 Consolidated and Separate Financial Statements bring about changes regarding, for example, how to report changes in ownership in cases where the parent company retains or loses control of the owned entity. As a consequence of implementing the amendments to IAS 27 the term “minority interest” has changed and is now called “non-controlling interests” in the presentation of the Group’s consolidated financial statements.

The following amendments and interpretations, applicable as of January 1, 2010 have not had a significant impact on the financial result or position of the Group: amendments to IAS 39 Financial Instruments concerning Recognition and Measurement of Eligible Hedged Items, IFRIC 12 Service Concession Arrangements, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 16 Hedges of Net Investments in a Foreign Operation, IFRIC 17 Distribution of Non-cash Assets to Owners, and IFRIC 18 Transfers of Assets from Customers.

In all other respects the accounting principles and basis of calculations are the same as in the 2009 Annual Report.

Note 2 - Assets held for sale

As of the date of announcement of the intent to form a new company with Scandinavian Tobacco Group, assets and liabilities to be transferred to the new company are classified as held for sale.

At March 31, 2010, assets held for sale comprised the following balances:

Assets held for sale

MSEK	**March 31, 2010**
Non-current financial assets	10
Other non-current assets	3,161
Current operating assets	2,728
Cash and cash equivalents	173
Total assets held for sale in consolidated balance sheet	**6,072**
Inter-company financial receivables	462
Other inter-company receivables	19
Total assets held for sale[1)]	**6,553**
Non-current liabilities	414
Current liabilities	433
Total liabilities attributable to assets held for sale in consolidated balance sheet	**847**
Inter-company financial liabilities	2 602
Other inter-company liabilities	54
Total liabilities attributable to assets held for sale[1)]	**3,503**
Total net assets held for sale[1)]	**3,049**

1) Inter-company receivables and liabilities included in the disposal group classified as assets held for sale are eliminated at Group level and are therefore not included in assets held for sale and liabilities attributable to assets held for sale in the Group's consolidated balance sheet.

Note 3 - Discontinued operations

In the third quarter of 2009, Swedish Match divested the 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. As a consequence of this divestiture, the South African operations have been restated as discontinued operations in the Group's accounts. Income and expenses of the discontinued operations for the first quarter of 2009 are specified below.

Analysis of the result from discontinued operations

MSEK	**January – March**	
	2010	**2009**
Sales	-	148
Expenses	-	-98
Income taxes	-	-10
Profit from discontinued operations, net after tax	**-**	**40**

Quarterly data

MSEK	Q1/10	Q4/09	Q3/09	Q2/09	Q1/09	Q4/08	Q3/08	Q2/08	Q1/08
Continuing operations									
Sales, including tobacco tax	5,870	6,409	6,737	6,648	5,690	6,141	6,033	5,832	4,786
Less tobacco tax	-2,588	-2,864	-3,130	-2,982	-2,303	-2,661	-2,759	-2,668	-2,093
Sales	**3,282**	**3,545**	**3,606**	**3,666**	**3,387**	**3,480**	**3,274**	**3,164**	**2,693**
Cost of goods sold	-1,624	-1,835	-1,843	-1,812	-1,624	-1,747	-1,663	-1,633	-1,395
Gross profit	**1,658**	**1,710**	**1,764**	**1,854**	**1,762**	**1,733**	**1,611**	**1,531**	**1,298**
Selling and administrative expenses	-902	-860	-892	-958	-970	-930	-808	-846	-799
Share of profit in equity accounted investees	-2	0	3	4	2	4	5	5	-3
	755	**850**	**874**	**899**	**794**	**807**	**808**	**691**	**496**
Larger one time items									
Gain on sale of subsidiary and related assets	-	-	-	-	-	73	-	-	-
Operating profit	**755**	**850**	**874**	**899**	**794**	**880**	**808**	**691**	**496**
Finance income	8	10	35	14	27	41	39	33	40
Finance costs	-115	-121	-152	-122	-135	-137	-154	-150	-153
Net finance cost	-106	-111	-117	-108	-108	-97	-115	-117	-113
Profit before income tax	**649**	**739**	**757**	**791**	**686**	**784**	**693**	**574**	**383**
Income tax expense	-130	-143	-142	-168	-159	-97	-72	-95	-78
Profit for the period from continuing operations	**519**	**595**	**615**	**624**	**527**	**687**	**621**	**479**	**304**
Discontinued operations									
Profit from discontinued operations, net after tax	-	-	705	41	40	41	50	38	42
Profit for the period	**519**	**595**	**1,319**	**664**	**567**	**728**	**671**	**517**	**346**
Attributable to:									
Equity holders of the Parent	519	595	1,319	664	567	728	671	517	346
Non-controlling interests	0	0	0	0	0	0	0	0	0
Profit for the period	**519**	**595**	**1,319**	**664**	**567**	**728**	**671**	**517**	**346**

Sales by product area

MSEK	Q1/10	Q4/09	Q3/09	Q2/09	Q1/09	Q4/08	Q3/08	Q2/08	Q1/08
Snus and snuff	1,054	1,101	1,093	1,087	969	1,035	964	926	801
Chewing tobacco	261	233	280	314	284	260	237	227	210
Cigars	937	1,056	1,065	1,129	1,175	1,052	933	905	754
Lights	382	422	388	387	377	407	401	371	345
Other operations	648	732	781	749	581	726	740	735	583
Total	**3,282**	**3,545**	**3,606**	**3,666**	**3,387**	**3,480**	**3,274**	**3,164**	**2,693**

Operating profit by product area

MSEK	Q1/10	Q4/09	Q3/09	Q2/09	Q1/09	Q4/08	Q3/08	Q2/08	Q1/08
Snus and snuff	434	523	534	463	397	463	479	403	313
Chewing tobacco	89	76	107	129	98	96	87	77	69
Cigars	190	179	190	281	286	205	187	183	111
Lights	62	92	62	62	63	71	85	63	55
Other operations	-47	-19	-19	-36	-50	-27	-30	-37	-52
Subtotal	**728**	**850**	**874**	**899**	**794**	**807**	**808**	**691**	**496**
Reversal of depreciation and amortization relating to assets held for sale	27	-	-	-	-	-	-	-	-
Subtotal	**755**	**850**	**874**	**899**	**794**	**807**	**808**	**691**	**496**
Larger one time items									
Gain on sale of subsidiary and related assets	-	-	-	-	-	73	-	-	-
Subtotal	**-**	**-**	**-**	**-**	**-**	**73**	**-**	**-**	**-**
Total	**755**	**850**	**874**	**899**	**794**	**880**	**808**	**691**	**496**

Operating margin by product area*

Percent	Q1/10	Q4/09	Q3/09	Q2/09	Q1/09	Q4/08	Q3/08	Q2/08	Q1/08
Snus and snuff	41.2	47.5	48.8	42.6	40.9	44.7	49.7	43.6	39.0
Chewing tobacco	34.1	32.5	38.4	41.0	34.6	36.8	36.9	34.1	32.7
Cigars	20.3	16.9	17.9	24.9	24.3	19.5	20.0	20.2	14.7
Lights	16.3	21.8	15.9	16.1	16.7	17.5	21.2	17.1	16.1
Group, including depreciation and amortization relating to assets held for sale	**22.2**	**24.0**	**24.2**	**24.5**	**23.4**	**23.2**	**24.7**	**21.8**	**18.4**
Group, excluding depreciation and amortization relating to assets held for sale	**23.0**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

* Excluding larger one time items, but including restructuring charges for cigars of 45 MSEK in Q3 2009 and 29 MSEK in Q4 2009.

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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 April 29, 2010 at 08.00 a.m. (CET).