



PRESS RELEASE

October 6, 1999

Swedish Match acquires Snuff and Pipe Tobacco Company in South Africa

- **Important strategic step for growth within OTP (Other Tobacco Products: smokeless, cigars and pipe tobacco)**
- **Platform for expansion in South Africa and neighbouring countries**
- **Extensive distribution network provides opportunities for increased sales of Swedish Match's products in southern Africa**

Swedish Match has signed an agreement to acquire 80 percent of Leonard Dingler (Proprietary) Limited (Dingler) in South Africa. Dingler was established in the early 1900's and has remained a family owned business to this date. The company manufactures, sells and distributes tobacco products in South Africa and neighbouring countries. Annual sales amount to 360 MSEK. Approximately 25% of the volume is in snuff and the remainder is in pipe tobacco.

The transaction is structured as an asset deal. The acquisition is expected to be immediately enhancing to earnings per share and cash flow, and the operating margin after acquisition related depreciation and amortization is estimated to be 30%. The company will be included in Swedish Match Group financials as from the fourth quarter 1999.

Dingler's principal brand, "Boxer," is the market leader in South Africa's pipe tobacco market, as is its "Taxi" brand in the snuff market. Both markets have a stable growth pattern. The acquisition includes a production plant in Boksburg, on the outskirts of Johannesburg, and sales offices in Cape Town and Bloemfontein. Dingler has slightly more than 300 employees.

"The acquisition of Dingler reinforces our strategy to grow within our core focus areas: snuff, cigars and pipe tobacco, while providing a high-profitability opportunity in an area of the world which has good growth potential," said Lennart Sundén, CEO. "With this acquisition we now have established a platform in southern Africa, one of the most important markets for smokeless tobacco outside the Nordic countries and North America."

Mark Wraith, who will continue as Managing Director of the company, said, "Swedish Match represents deep industrial knowledge as well as international experience and competence, which will strengthen Dingler's competitiveness in the future."

The acquisition is expected to be finalized during October. Swedish Match was advised by Credit Suisse First Boston.

Swedish Match is an international group with its head office in Stockholm. The company produces an extensive range of OTP (Other Tobacco Products: smokeless, cigars and pipe tobacco), matches and lighters, which are sold in 140 countries. The company's total sales amount to approximately BSEK 9.0. The Swedish Match share is listed on the Stockholm Stock Exchange (SWMA) and NASDAQ (SWMAY).

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