



PRESS RELEASE

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Final agreement regarding sale of Swedish Match's cigarette operations to Austria Tabak

Swedish Match and Austria Tabak have today reached a final agreement regarding the latter's takeover of Swedish Match's cigarette operations, for a cash sum of MSEK 4,800. The capital gain is estimated to be MSEK 4,200.

The cigarette operations have annual sales of MSEK 1,490 with an operating profit of MSEK 473 on a rolling 12-month basis. The transaction includes a production plant in Malmö, management and marketing functions in Stockholm, sales force, and a local Estonian operation. A total of some 500 employees are involved in these operations. The most important brands are Blend, Right and John Silver. The share of the Swedish cigarette market amounted to 48 percent in 1998.

? The sale of Swedish Match's cigarette operations should be seen against the background of the company's strategy of concentrating the major portion of its resources and future investments toward smokeless products and cigars,? comments Lennart Sundén, President and CEO of Swedish Match.

The tax implications have been clarified in a ruling given by Sweden's Supreme Administrative Court. The capital gain is expected to be taxed in accordance with Dutch regulations, whereby the tax is limited to stamp duty of 1 percent of the purchase price of MSEK 4,800.

The agreement requires approval by the competition authorities, which is expected to be granted during August 1999.

Swedish Match is an international group with its head office in Stockholm. The company produces an extensive range of tobacco products, matches and disposable lighters. The products are sold in 140 countries. The company's total sales during 1998 amounted to approximately MSEK 8,200. The Swedish Match share is listed on the Stockholm Stock Exchange (SWMA) and New York's Nasdaq Exchange (SWMAY).
