



PRESS RELEASE

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Swedish Match to sell the cigarette business to Austria Tabak for MSEK 4,800

Swedish Match and Austria Tabak have reached an agreement to transfer the cigarette business of Swedish Match to Austria Tabak for 4,800 MSEK in cash. The capital gain is estimated to be MSEK 4,200.

The agreement is subject to the satisfactory resolving of certain questions of practical and legal nature and that appropriate approvals from relevant authorities can be obtained. The results of this business will be included in Swedish Match's financial reporting through June 30, 1999.

The cigarette business of Swedish Match with sales of 1,490 MSEK and EBIT of 473 MSEK (rolling 12 months) includes production facilities in Malmö, Sweden, management and marketing functions in Stockholm and a sales-force and in addition, a local Estonian operation. In total approx. 500 employees will be subject to the transfer. The main products of Swedish Match's cigarette business are Blend, Right, and John Silver. Swedish Match had a 48 percent market share in Sweden in 1998.

The sale of the cigarette business is in line with Swedish Match's redefined strategy to concentrate its main resources and future investments in smokeless products and cigars.

Proforma results for Swedish Match first quarter 1999 would have been approximately SEK 0:52 per share, a reduction of approximately SEK 0:15 per share out of the total result of SEK 0:67 per share for first quarter 1999.

Swedish Match's board maintains their continued positive view of transferring to the shareholders funds deemed not necessary for the Group's expansion and consolidation.

The financial goals for Swedish Match remain:

- debt/equity ratio shall not exceed 100 percent
- equity/assets ratio not more than 30 percent, in the long run
- interest coverage should not be less a multiple of 10

Swedish Match is an international group with headquarters in Stockholm, Sweden. The company manufactures a broad range of tobacco products, matches and disposable lighters which are sold in approximately 140 countries. Annual sales in 1998 amounted to approximately 8,200 MSEK. Swedish Match is listed on the Stockholm Stock Exchange and on NASDAQ.

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