Full Year Report
January – December 2011

- **Comparable sales[1] for the full year increased by 4 percent to 11,666 MSEK (11,222) and for the fourth quarter by 9 percent to 3,064 MSEK (2,801). In local currencies, comparable sales[1] for the full year increased by 8 percent and for the fourth quarter by 10 percent. Sales for the full year 2010 including businesses transferred to STG amounted to 13,606 MSEK**
- **Comparable operating profit[2] for the full year increased by 7 percent to 3,365 MSEK (3,158) and for the fourth quarter by 7 percent to 898 MSEK (836). In local currencies, comparable operating profit[2] for the full year increased by 11 percent and for the fourth quarter by 7 percent**
- **Operating profit including businesses transferred to STG in 2010, share of net profit from STG and larger one time items[3] amounted to 3,702 MSEK (4,169) for the full year, and to 1,022 MSEK (1,421) for the fourth quarter**
- **EPS (basic) for the full year amounted to 12.14 SEK (9.92, or 13.12 including larger one time items) and for the fourth quarter to 3.42 SEK (2.06, or 4.85 including larger one time items)**
- **The Board proposes an increased dividend to 6.50 SEK (5.50)**

1) Sales excluding businesses transferred to STG on October 1, 2010.
2) Operating profit excluding businesses transferred to STG on October 1, 2010, share of net profit from STG and larger one time items.
3) Larger one time items include reversals of amortizations and depreciations relating to assets held for sale in 2010. In the fourth quarter 2010 it also included a net gain from pension settlements as well as a capital gain from the transfer of businesses to STG.

CEO Lars Dahlgren comments:
For both the fourth quarter and the full year 2011 Swedish Match delivered strong growth in both comparable sales and operating profit.

In the fourth quarter of 2011, comparable sales in local currencies increased by 10 percent and, despite increased spending behind Swedish snus internationally, comparable operating profit increased by 7 percent with particularly strong performance for Scandinavian snus and US mass market cigars.

In Scandinavia, the snus business delivered its strongest operating profit ever in the fourth quarter, despite a lower than expected trade hoarding ahead of the Swedish excise tax increase. The underlying volume growth remained strong at an estimated 3 percent in the quarter.

In the US moist snuff business, volumes were flat versus prior year in the fourth quarter, while sales and operating profit declined, impacted by higher promotions and some one time costs. For the full year, US moist snuff volumes and sales were largely unchanged compared to prior year, but operating profit increased somewhat in local currency.

We continue to see good trends for *General* snus in the US. During the second half of the year we expanded our efforts to include a targeted test launch of *General* snus in a new assortment tailor-made for the US market in three geographies. Test market activities for snus through SMPM International continued in Taiwan and Canada, with St. Petersburg, Russia, added as a test market during the fourth quarter. In 2011, marketing spending behind Swedish snus in the US and through SMPM International was 65 MSEK higher than in 2010, with the major part of the increase in the second half of the year.

Our US mass market cigar business continued to excel during the quarter, with significant year on year market share gains. Shipment volumes grew by 14 percent in the quarter compared to the prior year, and sales increased by more than 10 percent in local currency.

Scandinavian Tobacco Group continued to deliver according to plan. The fourth quarter EBITDA was strong, and the Swedish Match share of net profit was 124 MSEK.

Our Group strategy is to position Swedish Match as the global smokefree leader, to leverage our strong platforms in Other tobacco products (US mass market cigars and chewing tobacco) to maximize long term profitability, to continue our operational excellence for Lights, and, through active ownership, realize the potential of Scandinavian Tobacco Group.

Summary of consolidated income statement

MSEK	**October-December**		**Full year**	
	2011	**2010**	**2011**	**2010**
Comparable Group sales[1)]	**3,064**	**2,801**	**11,666**	**11,222**
Sales	**3,064**	**2,801**	**11,666**	**13,606**
Comparable Group operating profit[2)]	**898**	**836**	**3,365**	**3,158**
Operating profit[3)]	**1,022**	**1,421**	**3,702**	**4,169**
Profit before income tax	**888**	**1,221**	**3,180**	**3,607**
Profit for the period	**705**	**1,074**	**2,538**	**2,958**
Earnings per share, basic, excluding larger one time items (SEK)	**3.42**	**2.06**	**12.14**	**9.92**
Earnings per share, basic (SEK)	**3.42**	**4.85**	**12.14**	**13.12**

1) Sales excluding businesses transferred to STG.
2) Operating profit excluding businesses transferred to STG, share of net profit/loss in STG and larger one time items.
3) Including operating profit from businesses transferred to STG (until October 1, 2010) as well as the share of net profit/loss in STG and larger one time items in 2010.

Sales and results for the fourth quarter

Comparable Group sales (excluding businesses transferred to STG) for the fourth quarter of 2011 increased by 9 percent to 3,064 MSEK (2,801) compared to the same period of the previous year. Currency translation has affected the sales comparison negatively by 4 MSEK. In local currencies, sales increased by 10 percent.

In the fourth quarter, sales for the product area Snus and snuff increased by 8 percent to 1,266 MSEK (1,178) and operating profit improved to 581 MSEK (567) despite significantly higher international snus investments. In local currencies sales increased by 7 percent, driven by strong performance in Scandinavia. The operating margin for the Snus and snuff product area was 45.9 percent (48.1).

Scandinavian snus sales were up by 11 percent compared to the fourth quarter of the prior year, with volume growth of close to 5 percent. The volume growth was impacted by a trade hoarding ahead of the excise tax increase for snus in Sweden January 1, 2012. Underlying volumes in Scandinavia are estimated to have grown by 3 percent in the quarter compared to the same period of prior year. In the US, sales of snus and snuff in local currency declined by 4 percent on flat moist snuff volumes.

For Other tobacco products, sales in the fourth quarter increased by 4 percent, to 578 MSEK (557). In local currency, sales increased by 3 percent. Operating profit increased in local currency by 21 percent and reported operating profit increased 22 percent to 255 MSEK (208). Currency translation has affected the sales and operating profit comparison positively by 4 MSEK and 2 MSEK respectively. Compared to the fourth quarter of the prior year, sales and operating profit grew significantly for the US mass market cigar business while for chewing tobacco, sales and operating profit declined. Operating margin for Other tobacco products increased to 44.1 percent (37.4).

Comparable Group operating profit (excluding businesses transferred to STG, share of net profit from STG and larger one time items) increased by 7 percent to 898 MSEK (836). In local currencies, comparable Group operating profit increased by 7 percent. Currency translation has affected the comparison positively by 2 MSEK. Comparable Group operating margin for the fourth quarter was 29.3 percent (29.9). Comparable Group EBITDA margin was 31.9 percent (32.6).

Group operating profit, including businesses transferred to STG, share of net profit from STG and larger one time items, reached 1,022 MSEK (1,421). In the fourth quarter of 2010 larger one time items included a net gain from pension settlements of 59 MSEK as well as a capital gain from the transfer of businesses to STG of 585 MSEK. There were no larger one time items in the fourth quarter of 2011. The share of net profit from STG, after interest and tax, amounted to 124 MSEK for the fourth quarter.

Basic earnings per share for the fourth quarter amounted to 3.42 SEK (2.06, or 4.85 including larger one time items), while diluted earnings per share amounted to 3.40 SEK (4.83).

Sales and results for the full year

Comparable Group sales for the full year amounted to 11,666 MSEK (11,222). Comparable Group operating profit amounted to 3,365 MSEK (3,158). In local currencies, comparable sales increased by 8 percent and comparable operating profit increased by 11 percent. Currency translation has affected the sales and operating profit comparison negatively by 461 MSEK and 149 MSEK respectively.

Comparable Group operating margin for the year was 28.8 percent (28.1). Group operating margin, including businesses transferred to STG, share of net profit in STG and excluding reversal effect from depreciation and amortization on assets held for sale, was 31.7 percent (25.2). Comparable Group EBITDA margin was 31.3 percent (30.7).

Group operating profit, including businesses transferred to STG, share of net profit from STG and larger one time items, reached 3,702 MSEK (4,169, which included a positive IFRS adjustment of 93 MSEK relating to amortizations and depreciation for assets held for sale, a net gain from pension settlements of 59 MSEK as well as a capital gain of 585 MSEK from the transfer of businesses to STG). The share of net profit from STG amounted to 337 MSEK for the year and includes restructuring charges of 66 MSEK before tax.

EPS (basic) for the full year was 12.14 SEK (9.92, or 13.12 including larger one time items), while diluted EPS was 12.07 SEK (13.09).

Restated reportable segments
On October 1, 2010, when the transaction between Swedish Match and Scandinavian Tobacco Group to form a new company was closed, the reportable segments of the Group changed. For comparison purposes, the financials of prior periods have been restated to separate the operations transferred to the new STG.

Sales by product area

MSEK	October-December 2011	October-December 2010	Chg %	Full year 2011	Full year 2010	Chg %
Snus and snuff	1,266	1,178	8	4,726	4,522	5
Other tobacco products	578	557	4	2,388	2,440	-2
Lights	364	379	-4	1,346	1,429	-6
Other operations	856	687	25	3,206	2,831	13
Comparable Group sales	**3,064**	**2,801**	**9**	**11,666**	**11,222**	**4**
Businesses transferred to STG[1)]	-	-		-	2,385	
Total	**3,064**	**2,801**	**9**	**11,666**	**13,606**	**-14**

1) Sales relating to businesses transferred to STG (until October 1, 2010).

Operating profit by product area

MSEK	October-December 2011	October-December 2010	Chg %	Full year 2011	Full year 2010	Chg %
Snus and snuff	581	567	3	2,181	2,080	5
Other tobacco products	255	208	22	1,049	942	11
Lights	80	87	-9	240	279	-14
Other operations	-18	-26		-105	-142	
Comparable Group operating profit	**898**	**836**	**7**	**3,365**	**3,158**	**7**
Share of net profit/loss in STG[1)]	124	-60		337	-60	
Businesses transferred to STG[2)]	-	-		-	334	
Subtotal	**1,022**	**777**	**32**	**3,702**	**3,433**	**8**
Net gain from pension settlements	-	59		-	59	
Capital gain from transfer of businesses to STG	-	585		-	585	
Reversal of depreciation and amortization relating to assets held for sale[3)]	-	-		-	93	
Total larger one time items	**-**	**644**		**-**	**737**	
Total	**1,022**	**1,421**	**-28**	**3,702**	**4,169**	**-11**

1) The share of net profit in STG for the full year 2011 includes restructuring charges of 66 MSEK before tax. The share of net loss in STG in 2010 (fourth quarter) includes restructuring charges, other transaction costs and IFRS acquisition adjustments amounting to 175 MSEK before tax.
2) Operating profit for businesses transferred to STG (until October 1, 2010).
3) During 2010, operating profit by product area was 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 related to assets held for sale have been added back to the operating profit of reportable segments.

In order to reconcile to the Group's profit before income tax amounting to 888 MSEK (1,221) for the fourth quarter and 3,180 MSEK (3,607) for the full year, the Group's net finance cost needs to be deducted from operating profit with an amount of 134 MSEK (199) for the fourth quarter and 523 MSEK (562) for the full year.

Operating margin by product area[1)]

Percent	October-December 2011	October-December 2010	Full year 2011	Full year 2010
Snus and snuff	45.9	48.1	46.1	46.0
Other tobacco products	44.1	37.4	44.0	38.6
Lights	21.9	23.0	17.9	19.5
Comparable Group operating margin[2)]	**29.3**	**29.9**	**28.8**	**28.1**
Group operating margin[3)]	**33.4**	**27.7**	**31.7**	**25.2**

1) Excluding larger one time items.
2) Excluding businesses transferred to STG and share of net profit/loss in STG.
3) Including businesses transferred to STG and share of net profit/loss in STG.

EBITDA by product area[1)]

MSEK	October-December 2011	October-December 2010	Chg %	Full year 2011	Full year 2010	Chg %
Snus and snuff	623	604	3	2,337	2,225	5
Other tobacco products	277	235	18	1,130	1,033	9
Lights	90	98	-8	281	320	-12
Other operations	-15	-24		-94	-137	
Comparable Group EBITDA[2)]	**976**	**912**	**7**	**3,655**	**3,441**	**6**
Share of net profit/loss in STG[3)]	124	-60		337	-60	
Businesses transferred to STG	-	-		-	432	
Total	**1,100**	**852**	**29**	**3,992**	**3,813**	**5**

1) Excluding larger one time items.
2) Excluding businesses transferred to STG and share of net profit/loss in STG.
3) The share of net profit in STG for the full year 2011 includes restructuring charges of 66 MSEK before tax. The share of net loss in STG in 2010 (fourth quarter) includes restructuring charges, other transaction costs and IFRS acquisition adjustments amounting to 175 MSEK before tax.

EBITDA margin by product area[1)]

Percent	October-December 2011	October-December 2010	Full year 2011	Full year 2010
Snus and snuff	49.2	51.3	49.4	49.2
Other tobacco products	47.9	42.2	47.3	42.3
Lights	24.8	25.8	20.9	22.4
Comparable Group EBITDA margin[2)]	**31.9**	**32.6**	**31.3**	**30.7**
Group EBITDA margin[3)]	**35.9**	**30.4**	**34.2**	**28.0**

1) Excluding larger one time items.
2) Excluding businesses transferred to STG and share of net profit/loss in STG.
3) Including businesses transferred to STG and share of net profit/loss in STG.

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 about 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, Longhorn and Timber Wolf in the US.

[*] 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.

The fourth quarter

During the fourth quarter, sales in local currencies increased by 7 percent compared to the same quarter of the previous year. Reported sales increased by 8 percent to 1,266 MSEK (1,178) and reported operating profit amounted to 581 MSEK (567). For the fourth quarter, sales and operating profit improved in Scandinavia versus the fourth quarter of the prior year. In the US sales and operating profit declined versus the fourth quarter of the prior year.

In Scandinavia, sales volumes measured in number of cans, were up by close to 5 percent during the fourth quarter compared to the fourth quarter of the prior year. On January 1, 2012, the weight based excise tax on snus in Sweden was increased by 13.7 percent. This, in combination with price increases, resulted in trade hoarding in the fourth quarter of approximately 2 million cans. The hoarding effect was lower than anticipated, and as a consequence an inventory write-down of 6 MSEK was recorded in the fourth quarter. The underlying volume growth in Scandinavia for Swedish Match products is estimated to 3 percent in the fourth quarter compared to the year before. Sales revenues in Scandinavia grew by 11 percent in the fourth quarter. Operating profit and operating margin in Scandinavia in the fourth quarter increased versus the same quarter of the previous year.

In the US, sales of snus and snuff declined by 4 percent in local currency during the fourth quarter versus the fourth quarter of the prior year. US moist snuff volumes measured in number of cans were flat versus the prior year’s fourth quarter. The average price per can of moist snuff declined, as a result of a mix shift towards the lower priced *Longhorn* brand, as well as increased promotions. Operating profit declined more than sales, mainly due to increased investments behind Swedish snus in the US. In addition, a write-down of 5 MSEK was recorded related to an FDA forced abolishment of a promotional program for *Timber Wolf* moist snuff. For *General* snus in the US the trends are encouraging, and the Company continued to increase distribution in the quarter. *General* snus is now available in more than 3,500 stores across the US.

The operating margin for the product area was 45.9 percent (48.1). Excluding increased international snus investments and year-end inventory write-downs the operating margin increased versus the same quarter of the previous year.

The full year

For the year, sales increased to 4,726 MSEK (4,522) and operating profit increased to 2,181 MSEK (2,080). Operating margin was 46.1 percent (46.0).

In Scandinavia, sales revenues increased by 10 percent, while volumes increased by 4 percent. Operating margin was up slightly versus previous year.

In the US, sales revenues for the year were up 1 percent versus prior year on flat volumes. While operating profit for the US moist snuff business was higher than prior year, operating profit for the combined US moist snuff and snus business was lower, due to significantly increased marketing investments for Swedish snus in the US. Investments for Swedish snus in the US as well as for SMPM International increased by 65 MSEK in 2011 compared to 2010.

Other tobacco products

The product area Other tobacco products consists of US mass market cigars and chewing tobacco. Swedish Match is a major player in the US mass market cigar market, with such well known brands as White Owl, Garcia y Vega, and Game by

Garcia y Vega. Swedish Match offers a wide range of sizes, styles, and price points for US mass market cigars. Swedish Match is the leading producer of chewing tobacco in the US where the product is mainly sold in the southern states of the country. Well known brands include Red Man and Southern Pride. The market for chewing tobacco shows a declining trend.

The fourth quarter

During the fourth quarter, sales for Other tobacco products increased by 3 percent in local currency compared to the same period of the previous year, and operating profit increased by 21 percent, driven by US mass market cigars. Reported sales amounted to 578 MSEK (557). Reported operating profit was 255 MSEK (208). Operating margin was 44.1 percent (37.4).

During the fourth quarter, US mass market cigar volumes grew by 14 percent and sales increased by more than 10 percent in local currency compared to the same period in the previous year. The strong growth for US mass market cigars is attributable to the continued success of recent product introductions. The new line of sweets cigars in FoilFresh® packaging, first introduced towards the end of the second quarter of 2010, remains an important contributor to the strong volume growth. Operating profit and operating margin increased significantly.

US chewing tobacco sales in the fourth quarter were down by 7 percent in local currency, and operating profit was also lower. Shipment volumes of own brands declined by 11 percent, impacted by unusually strong volumes in the fourth quarter of 2010 due to some forward buying on promotions. Contract manufacturing volumes were significantly below prior year, partly due to inventory adjustments.

The full year

Sales for the product area for the year amounted to 2,388 MSEK (2,440) while operating profit increased to 1,049 MSEK (942). In local currency, sales for the year were up 9 percent, while operating profit was up by 23 percent, with increased operating profit for both US mass market cigars and US chewing tobacco. Last year's second quarter operating profit included a 10 MSEK restructuring charge for the closure of the production of the *Piccanell* brand in Sweden. Operating margin was 44.0 percent (38.6).

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.

The fourth quarter

During the fourth quarter sales amounted to 364 MSEK (379). In local currencies, sales declined by 1 percent. Operating profit amounted to 80 MSEK (87). Operating margin was 21.9 percent (23.0).

For lighters, sales and operating profit in local currencies increased compared to the fourth quarter of the prior year as a result of strong volume performance. For matches, sales and operating profit declined somewhat in local currencies, mainly as a result of a weaker country mix and negative currency transaction impacts.

The full year

Sales for the year amounted to 1,346 MSEK (1,429), while operating profit amounted to 240 MSEK (279). Operating margin was 17.9 percent (19.5).

Other operations

Other operations are primarily the distribution of tobacco products on the Swedish market, and corporate overhead costs.

The fourth quarter

Sales in Other operations for the fourth quarter amounted to 856 MSEK (687). Operating loss for Other operations was 18 MSEK (26), positively impacted by a one time pension curtailment gain. Sales in Other operations were positively impacted by additional volume for tobacco products in anticipation of the January tax increases and price adjustments in Sweden.

The full year

Sales for the year amounted to 3,206 MSEK (2,831). Operating loss for the year was 105 MSEK (142). The operating loss for 2011 included redundancy costs following an organizational change and was also positively impacted by a one time pension curtailment gain. The operating loss in 2010 included costs related to the transaction with STG.

Scandinavian Tobacco Group

Swedish Match holds 49 percent of the shares in Scandinavian Tobacco Group.

On March 1, 2011, Scandinavian Tobacco Group acquired Lane Limited in the US (Lane) from Reynolds American, Inc., for 205 MUSD. Lane produces pipe tobacco, fine cut tobacco, and little cigars.

The fourth quarter

Swedish Match’s share of Scandinavian Tobacco Group’s net profit after interest and tax amounted to 124 MSEK for the fourth quarter, including a reversal of a previously recognized provision of 11 MSEK before tax. EBITDA increased for all product groups of Scandinavian Tobacco Group compared to the fourth quarter of the previous year, primarily due to realized synergies and lower operating expenses.

For premium cigars, sales were up in local currencies versus prior year in the fourth quarter on higher shipment volumes, despite a negative mix shift towards relatively smaller, less expensive cigars. EBITDA increased as a result of the stronger sales and realized synergies. For mass market cigars sales were down due to both lower volumes and shifts in the geographic mix. EBITDA for mass market cigars grew significantly both in local currencies and Danish kroner due to realized synergies and lower costs. For pipe/fine cut tobacco, excluding Lane effects, sales and EBITDA were above the fourth quarter of the prior year on the back of strong volume performance for fine cut tobacco. The EBITDA of the Lane business was somewhat lower than expectations, mainly as a result of relatively low volumes in the quarter.

Total Scandinavian Tobacco Group net sales for the fourth quarter amounted to 1,374 MDKK. EBITDA for total Scandinavian Tobacco Group in the fourth quarter amounted to 325 MDKK (negative 46 or a positive 233 excluding restructuring and other one time charges), including a reversal of a previously recognized provision of 19 MDKK. Excluding Lane, restructuring costs and one time costs, EBITDA increased by 17 percent compared to the fourth quarter of 2010.

The full year

Swedish Match's share of Scandinavian Tobacco Group's net profit after interest and tax amounted to 337 MSEK for the full year. The share of net profit from Scandinavian Tobacco Group includes restructuring charges amounting 66 MSEK before tax. Total Scandinavian Tobacco Group net sales for the year amounted to 5,444 MDKK. Excluding restructuring and one time charges, EBITDA amounted to 1,249 MDKK for the year of which 164 MDKK related to Lane. Including restructuring and one time charges, EBITDA for total Scandinavian Tobacco Group in the year amounted to 1,137 MDKK.

It is expected that the first dividend from Scandinavian Tobacco Group relating to the full year of 2011 will be paid in the second quarter of 2012.

Taxes

For the full year, the reported tax expense amounted to 642 MSEK (649), corresponding to a tax rate of 20.2 percent (18.0). The reported tax rate excluding one time items as well as associated companies and joint ventures was 22 percent (22).

Earnings per share

Basic earnings per share (EPS) for the fourth quarter amounted to 3.42 SEK (2.06, or 4.85 including larger one time items), while diluted EPS was 3.40 SEK (4.83). EPS for the full year amounted to 12.14 SEK (9.92, or 13.12 including larger one time items), while diluted EPS was 12.07 SEK (13.09).

Proposed dividend per share

The Board of Directors proposes an increased dividend to 6.50 SEK (5.50), equivalent to 54 percent of the earnings per share for the year. The proposed dividend amounts to 1,327 MSEK (1,152) based on the 204.2 million shares outstanding at the end of the year.

Depreciation and amortization

In the fourth quarter, total depreciation and amortization amounted to 78 MSEK (76), of which depreciation on property, plant and equipment amounted to 64 MSEK (62) and amortization of intangible assets amounted to 15 MSEK (13).

During the year, total depreciation and amortization amounted to 290 MSEK (288), of which depreciation on property, plant and equipment amounted to 233 MSEK (235) and amortization of intangible assets amounted to 57 MSEK (53).

Financing and cash flow

Cash flow from operating activities for 2011 amounted to 2,608 MSEK compared with 2,616 MSEK for the previous year. The cash flow for 2010 included businesses transferred to STG on October 1, 2010. Excluding businesses transferred to STG the cash flow from operations increased compared to 2010 mainly as a result of higher EBITDA.

Investments in property, plant and equipment during the year amounted to 245 MSEK (311, whereof 36 MSEK pertained to businesses transferred to STG).

Net finance cost for the year decreased to 523 MSEK (562). The net finance cost of 2010 included bondholder consent fees of 21 MSEK in the second quarter related to the STG transaction and 77 MSEK of realized value of discounted interest as a result of the repurchase of bond loans of 171 MEUR, maturing 2013, during the fourth quarter. Excluding these one time items during 2010, the net finance cost has increased by 59 MSEK.

The underlying increase in the finance cost was mainly a result of a higher net debt and higher interest rates. In May a loan repayment of 140 MSEK was received from STG following final transaction adjustments.

The net debt as per December 31, 2011 amounted to 8,886 MSEK compared to 7,650 MSEK at December 31, 2010.

In the year, Swedish Match paid dividends totaling 1,152 MSEK and repurchased shares, net, in the amount of 2,304 MSEK. During the year new bond loans of 1,000 MSEK were issued. Repayment of loans for the same period amounted to 853 MSEK including repurchase of 310 MSEK of bond loans with shorter maturities. As at December 31, 2011 Swedish Match had 10,038 MSEK of interest bearing debt excluding retirement benefit obligations compared to 9,885 MSEK at December 31, 2010. During 2012, 1,281 MSEK of this debt falls due for payment. As of December 31, 2011, Swedish Match had 1,426 MSEK in unutilized committed credit lines.

Cash and cash equivalents amounted to 2,533 MSEK at the end of the period, compared with 3,275 MSEK at the beginning of 2011.

Average number of employees

The average number of employees in the Group during the year was 3,880 compared with 3,908 for the full year 2010, excluding employees transferred to STG.

Share structure

During the year, Swedish Match repurchased 11.1 million shares for 2,371 MSEK at an average price of 212.66 SEK, following authorization from the Annual General Meetings held in 2010 and 2011. During the year the Company sold 0.5 million treasury shares at an average price of 127.10 SEK, totaling 67 MSEK, as a result of option holders exercising options. Total shares bought back by Swedish Match since the buyback program started have been repurchased at an average price of 99.82 SEK. In accordance with the resolution at the Annual General Meeting on May 2, 18 million shares held in treasury have been cancelled. The total number of registered shares in the Company after the cancellation of shares is 213.0 million.

As per December 31, 2011 Swedish Match held 8.8 million shares, corresponding to 4.14 percent of the total number of shares. The number of shares outstanding, net as per December 31, 2011, amounted to 204.2 million. The Company has issued call options of which an amount corresponding to 5.0 million shares exercisable in gradual stages from 2012-2015 were outstanding as of December 31, 2011.

In January 2012, a further 210,500 shares have been repurchased for 50 MSEK at an average price of 236.90 SEK.

The Board will propose to the Annual General Meeting in May 2012 a renewed 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 next Annual General Meeting in 2013.

Outlook

During 2011 Swedish Match delivered a record operating profit on a comparable basis. For the full year 2012, we expect continued growth in revenues and comparable operating profit led by a solid development for Snus and snuff and Other tobacco products.

During 2011, we increased our investments for Swedish snus outside Scandinavia. In the US, the trends for *General* snus are strong, and through our joint venture, SMPM

International, we generated valuable insights and witnessed some early but encouraging signs in the market place. During 2012, we will continue to invest for growth. In the US we will expand distribution and invest further in marketing activities to build awareness and generate trial. In SMPM International, the plan is to add at least one additional test market during the year.

We expect both the Scandinavian snus market and the US market for moist snuff to continue to grow in volume terms in 2012.

In the US mass market cigar business, we will launch additional innovative products and we expect to continue to grow faster than the overall market and generate increased sales and profits in local currency. The trend of declining volumes for US chewing tobacco is expected to continue.

The tax rate for 2011, excluding one time items as well as associated companies and joint ventures, was 22 percent and is expected to be at a similar level in 2012.

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

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 the US as well as in Brazil, Norway and EMU member countries. Consequently, changes in exchange rates of euro, Norwegian krona, Brazilian real and in particular the US dollar 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 2010.

Swedish Match AB (publ)

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

Sales in the Parent Company, for the full year amounted to 51 MSEK (57). Profit before income tax amounted to 1,526 MSEK (2,556) and net profit for the year amounted to 1,419 MSEK (2,359).

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 2,492 MSEK (4,286) and Group contributions net amounting to 1,839 MSEK (1,894). An impairment loss on shares in subsidiaries of 1,241 MSEK

(2,757) was recognized during the year as a result of dividends paid out of retained earnings from subsidiaries.

Part of the Group's treasury operations are within the operations of the Parent Company including the major part of the Group's external borrowings. The majority of these loans have fixed interest rates and hence any changes in interest rates would have an immaterial impact on the result of the Parent Company.

No capital expenditures on tangible fixed assets have been recognized during the year compared to 2 MSEK during 2010. During the year, 22 MSEK (42) have been capitalized in intangible assets as an investment in software development on an ERP system for the Group.

A shareholder contribution was provided to the joint venture, SMPM International, in the amount of 15 MSEK. Since the joint venture company is in a phase of build up and therefore is not generating any profit, an impairment loss of 12 MSEK was recognized during the year. During the third quarter the shares of SMPM International were transferred to a Group company at book value.

The total cash flow for the year was zero (0) as the Parent Company does not hold any cash and bank balances.

During the year, new bond loans of 1,000 MSEK were issued and repayment of loans amounted to 853 MSEK, including repurchase of 310 MSEK of bond loans with shorter maturities. During the year the Parent Company made share repurchases of 2,371 MSEK (3,014) and sold 0.5 million (0.5) treasury shares for 67 MSEK (53). A dividend of 1,152 MSEK (1,089) has been paid during the year.

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 market conditions for Swedish Match's products and more general 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 annual report for 2011 is expected to be distributed in early April and will at the same time be available on the Company's website www.swedishmatch.com and at the Swedish Match headquarters, Västra Trädgårdsgatan 15, Stockholm. The Annual General Meeting will be held on May 2, 2012 in Stockholm, Sweden. The January-March 2012 report will be released on May 4, 2012.

Stockholm, February 22, 2012

Lars Dahlgren
President and CEO

Key data

All key data for 2010, with the exception of share data, have been calculated reversing all effects from reporting assets and liabilities as held for sale between January 15, 2010 and October 1, 2010 and excluding larger one time items.

	Full year 2011	2010
Operating margin, %	31.7	25.2
Operating capital, MSEK	7,224	7,099
Return on operating capital, %	51.7	44.0
EBITDA, MSEK[1)]	3,992	3,813
EBITA, MSEK[2)]	3,759	3,527
Net debt, MSEK	8,886	7,650
Net debt/EBITA[2)]	2.4	2.2
Investments in property, plant and equipment, MSEK[3)]	245	311
EBITA interest cover	7.4	7.0
Excluding businesses transferred to STG and share of net profit/loss in STG		
EBITA, MSEK[2)]	3,422	3,209
Net debt/EBITA[2)]	2.6	2.4
Share data		
Earnings per share, basic, SEK	12.14	13.12
Earnings per share, diluted, SEK	12.07	13.09
Number of shares outstanding at end of period	204,172,141	214,797,106
Average number of shares outstanding, basic	209,001,190	225,331,835
Average number of shares outstanding, diluted	210,296,918	225,969,047

1) Operating profit adjusted for depreciation, amortization and write-downs of tangible and intangible assets.
2) Operating profit adjusted for amortization and write-downs of intangible assets.
3) Including investments in forest plantations of 24 MSEK (24).

Consolidated income statement in summary

MSEK	October - December 2011	2010	Chg %	Full year 2011	2010	Chg %
Sales, including tobacco tax	6,262	5,471		23,662	25,062	
Less tobacco tax	-3,198	-2,671		-11,997	-11,456	
Sales	**3,064**	**2,801**	**9**	**11,666**	**13,606**	**-14**
Cost of goods sold	-1,515	-1,338		-5,774	-6,662	
Gross profit	**1,549**	**1,463**	**6**	**5,892**	**6,944**	**-15**
Selling and administrative expenses	-648	-621		-2,516	-3,356	
Share of profit/loss in associated companies and joint ventures	120	-65		327	-62	
Net gain from pension settlements	-	59		-	59	
Capital gain from transfer of businesses to STG	-	585		-	585	
Operating profit	**1,022**	**1,421**	**-28**	**3,702**	**4,169**	**-11**
Finance income	8	8		37	27	
Finance costs	-142	-207		-560	-590	
Net finance cost	-134	-199		-523	-562	
Profit before income tax	**888**	**1,221**	**-27**	**3,180**	**3,607**	**-12**
Income tax expense	-183	-148		-642	-649	
Profit for the period	**705**	**1,074**	**-34**	**2,538**	**2,958**	**-14**
Attributable to:						
Equity holders of the Parent	705	1,073		2,538	2,957	
Non-controlling interests	0	0		1	1	
Profit for the period	**705**	**1,074**	**-34**	**2,538**	**2,958**	**-14**
Earnings per share, basic, SEK	3.42	4.85		12.14	13.12	
Earnings per share, diluted, SEK	3.40	4.83		12.07	13.09	

Consolidated statement of comprehensive income

MSEK	October - December		Full year	
	2011	**2010**	**2011**	**2010**
Profit for the period	**705**	**1,074**	**2,538**	**2,958**
Other comprehensive income				
Translation differences related to foreign operations	-193	-49	-57	-504
Translation differences included in profit and loss	-	285	0	278
Effective portion of changes in fair value of cash flow hedges	69	20	-22	58
Reclassification adjustments for gains/losses on cash flow hedges included in profit and loss	-	-24	0	-24
Actuarial gains and losses attributable to pensions, including payroll tax	-46	32	-353	-193
Share of other comprehensive income in associated companies and joint ventures	213	61	90	55
Income tax relating to components of other comprehensive income	-2	-38	143	39
Other comprehensive income, net of tax for the period	**42**	**286**	**-199**	**-291**
Total comprehensive income for the period	**748**	**1,360**	**2,340**	**2,668**
Attributable to:				
Equity holders of the Parent	747	1,360	2,339	2,667
Non-controlling interests	0	0	1	1
Total comprehensive income for the period	**748**	**1,360**	**2,340**	**2,668**

Consolidated balance sheet in summary

MSEK	**December 31, 2011**	**December 31, 2010**
Intangible assets	992	1,027
Property, plant and equipment	2,076	2,097
Investments in associated companies and joint ventures	4,481	4,085
Other non-current financial receivables[1)]	1,395	1,368
Current operating assets	3,031	2,886
Other current investments and current financial assets	-	1
Cash and cash equivalents	2,533	3,275
Total assets	**14,507**	**14,739**
Equity attributable to equity holders of the Parent	-1,602	-484
Non-controlling interests	2	2
Total equity	**-1,599**	**-482**
Non-current provisions	1,070	1,050
Non-current loans	8,535	9,209
Other non-current financial liabilities[2)]	1,787	1,478
Current provisions	84	98
Current loans	1,283	525
Other current liabilities[3)]	3,347	2,861
Total equity and liabilities	**14,507**	**14,739**

1) Includes pension assets of 67 MSEK (117) and derivative financial instruments of 62 MSEK (88) used to hedge the Parent Company's bond loans denominated in euro.
2) Includes pension liabilities of 1,449 MSEK (1,158) and derivative financial instruments of 247 MSEK (222) used to hedge the Parent Company's bond loans denominated in euro.
3) Includes current financial derivatives of 33 MSEK (18) used to hedge the Parent Company's bond loans denominated in euro.

Consolidated cash flow statement in summary

MSEK		January - December	
	Note	**2011**	**2010**
Operating activities			
Profit before income taxes		**3,180**	**3,607**
Adjustment for share of net profit/loss in associated companies and joint ventures		-327	62
Adjustments for other non-cash items and other		254	-359
Income tax paid		-662	-733
Cash flow from operating activities before changes in working capital		**2,445**	**2,576**
Cash flow from changes in working capital		163	40
Net cash from operating activities		**2,608**	**2,616**
Investing activities			
Purchase of property, plant and equipment		-245	-311
Proceeds from sale of property, plant and equipment		3	6
Purchase of intangible assets		-22	-51
Net proceeds from businesses transferred to STG	3	-	1,439
Investments in associated companies and joint ventures[1)]		-28	-123
Investments in other companies[2)]		-4	-
Proceed from sale of subsidiaries, net of cash disposed of[3)]		143	-
Changes in financial receivables etc.		1	-1
Changes in other current investments		1	-
Net cash used in investing activities		**-151**	**959**
Financing activities			
Changes in loans		149	1,281
Dividend paid to equity holders of the Parent		-1,152	-1,089
Repurchase of own shares		-2,371	-3,014
Stock options exercised		67	53
Other		88	122
Net cash used in financing activities		**-3,219**	**-2,646**
Net decrease/increase in cash and cash equivalents		**-763**	**928**
Cash and cash equivalents at the beginning of the period		3,275	2,530
Effect of exchange rate fluctuations on cash and cash equivalents		21	-183
Cash and cash equivalents at the end of the period		**2,533**	**3,275**

1) 2011 pertains to additional investment of 28 MSEK in SMPM International and 1 MSEK in VMSM Holding AB. 2010 pertains to acquisition of 20 percent of the shares in Caribbean Cigar Holdings Group, S.A. in an amount of 110 MSEK. The holding in Caribbean Cigars Holdings Group, S.A. was transferred to STG on October 1, 2010.

2) 2011 pertains to acquisition of 13 percent of the shares in Secure Vending AB in an amount of 4 MSEK.

3) The cash flows from sale of subsidiaries during 2011 pertain to the repayment of loans from STG of 140 MSEK net of final transaction adjustments. Furthermore, in the beginning of June 2011, Swedish Match sold Swedish Match Plam Bulgaria DA to Euro Fire Products Ltd. for a total purchase price of 12 MSEK. Divested net assets, including accumulated translation reserves, amounted to 12 MSEK, whereof cash and cash equivalents amounted to 3 MSEK. At completion of the transaction, 6 MSEK of the purchase price was received in cash.

Change in shareholders' equity

MSEK	Equity attributable to holders of the Parent	Non-controlling interests	Total equity
Equity at January 1, 2010	**899**	**4**	**903**
Profit for the period	2,957	1	2,958
Other comprehensive income, net after tax for the period	-291	-	-291
Total comprehensive income for the period	**2,667**	**1**	**2,668**
Transfer of non-controlling interest to STG of partly owned subsidiary	-	-2	-2
Dividend	-1,089	0	-1,089
Repurchase of own shares	-3,014	-	-3,014
Stock options exercised	53	-	53
Cancellation of shares	-31	-	-31
Bonus issue	31	-	31
Equity at December 31, 2010	**-484**	**2**	**-482**
Equity at January 1, 2011	**-484**	**2**	**-482**
Profit for the period	2,538	1	2,538
Other comprehensive income, net after tax for the period	-199	0	-199
Total comprehensive income for the period	**2,339**	**1**	**2,340**
Dividend	-1,152	0	-1,152
Repurchase of own shares	-2,371	-	-2,371
Stock options exercised	67	-	67
Cancellation of shares	-30	-	-30
Bonus issue	30	-	30
Equity at December 31, 2011	**-1,602**	**2**	**-1,599**

Parent Company income statement in summary

MSEK	Full year	
	2011	**2010**
Sales	51	57
Administrative expenses	-166	-358
Operating loss	**-115**	**-301**
Result from participation in Group companies	2,974	3,722
Result from participation in joint ventures	-12	-20
Net finance cost	-1,197	-845
Profit after financial items	**1,650**	**2,556**
Appropriations	-124	0
Profit before income tax	**1,526**	**2,556**
Income tax	-107	-197
Profit for the period	**1,419**	**2,359**

Parent Company statement of comprehensive income

MSEK	Full year	
	2011	**2010**
Profit for the period	**1,419**	**2,359**
Other comprehensive income		
Effective portion of changes in fair value of cash flow hedges	-22	58
Reclassification adjustment for gains/losses on cash flow hedges included in profit and loss	0	-24
Income tax relating to components of other comprehensive income/loss	6	-9
Other comprehensive income, net of tax for the period	**-16**	**25**
Total comprehensive income for the period	**1,403**	**2,384**

Parent Company balance sheet in summary

MSEK	Dec 31, 2011	Dec 31, 2010
Intangible and tangible fixed assets	60	45
Non-current financial assets	49,373	50,667
Current assets	2,172	2,353
Total assets	**51,605**	**53,064**
Equity	**19,525**	**21,578**
Untaxed reserves	**124**	**1**
Provisions	71	114
Non-current liabilities	26,960	27,606
Current liabilities	4,924	3,765
Total liabilities	**31,955**	**31,485**
Total equity and liabilities	**51,605**	**53,064**

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 Accounts Act. The report for the Parent Company is prepared in accordance with the Annual Accounts Act, Chapter 9. The new or amended IFRS standards and IFRIC interpretations, which became effective January 1, 2011, have had no material effect on the consolidated financial statements.

In all other aspects, the accounting principles and basis of calculations in this report are the same as in the annual report of 2010.

Note 2 – Related parties transactions

The Group's related parties include joint ventures, associated companies and key management personnel with significant influence over the Company. Key management personnel with significant influence over the Company are Swedish Match Board of Directors and members of the Group Management Team.

In the normal course of business, Swedish Match conducts various transactions with associated companies and joint ventures. Transactions are conducted at an arms-length basis. At the end of 2011, receivables from these companies amounted to 35 MSEK and total payables to these companies amounted to 30 MSEK. During 2011, total sales to associated companies and joint ventures amounted to 171 MSEK and total purchases from associated companies and joint ventures amounted to 139 MSEK.

No transactions with key management personnel besides normal remuneration have been conducted during the period.

Note 3 - STG transaction

Assets and liabilities transferred to STG

MSEK	**2010**
Non-current financial assets	9
Other non-current assets	3,148
Current operating assets	2,335
Cash and cash equivalents	103
Inter-company financial receivables	591
Other inter-company receivables	22
Total assets transferred	**6,207**
Non-current liabilities	406
Current liabilities	404
Inter-company financial liabilities	2,381
Other inter-company liabilities	1,442
Total liabilities transferred	**4,634**
Transferred assets, net	**1,573**

Analysis of cash flow effect from transaction with STG

MSEK	**2010**
Repayment of loans, received from STG[1)]	1,560
Less cash and cash equivalents in transferred operations	-103
Effect on cash and cash equivalents from net assets transferred	**1,457**
Transaction costs relating to 49% investment in STG	-19
Effect on cash and cash equivalents from net investment	**-19**
Net cash effect from transaction with STG	**1,439**

1) On October 28, 2010, STG made a repayment of loans of 1,560 MSEK to Swedish Match. Additional loans amounting to 257 MSEK were still outstanding as per December 31, 2010. In the second quarter of 2011, theses loans were repaid in an amount of 140 MSEK net of final transaction adjustments. The loans were provided by Swedish Match to STG in connection with the formation of the new company and included the 30 MEUR cash consideration as compensation for the relative differences in enterprise values of the businesses contributed from Swedish Match and the former Scandinavian Tobacco Group.

Quarterly data

MSEK	Q4/11	Q3/11	Q2/11	Q1/11	Q4/10	Q3/10	Q2/10	Q1/10	Q4/09
Continuing operations									
Sales, including tobacco tax	6,262	6,208	6,033	5,158	5,471	7,044	6,676	5,870	6,409
Less tobacco tax	-3,198	-3,198	-3,089	-2,512	-2,671	-3,221	-2,976	-2,588	-2,864
Sales	**3,064**	**3,011**	**2,944**	**2,646**	**2,801**	**3,823**	**3,701**	**3,282**	**3,545**
Cost of goods sold	-1,515	-1,495	-1,467	-1,298	-1,338	-1,896	-1,805	-1,624	-1,835
Gross profit	**1,549**	**1,516**	**1,478**	**1,348**	**1,463**	**1,927**	**1,896**	**1,658**	**1,710**
Selling and administrative expenses	-648	-604	-647	-617	-621	-878	-955	-902	-860
Share of profit/loss in associated companies and joint ventures	120	71	74	62	-65	1	4	-2	0
	1,022	**983**	**904**	**793**	**777**	**1,049**	**945**	**755**	**850**
Larger one time items									
Net ga**in from pension settlements**	**-**	-	-	-	59	-	-	-	-
Capital gain from transfer of businesses to STG	-	-	-	-	585	-	-	-	-
Operating profit	**1,022**	**983**	**904**	**793**	**1,421**	**1,049**	**945**	**755**	**850**
Finance income	8	10	9	10	8	6	5	8	10
Finance costs	-142	-140	-140	-138	-207	-134	-134	-115	-121
Net finance cost	-134	-130	-131	-128	-199	-128	-129	-106	-111
Profit before income tax	**888**	**853**	**773**	**665**	**1,221**	**921**	**816**	**649**	**739**
Income tax expense	-183	-169	-157	-132	-148	-192	-180	-130	-143
Profit for the period from continuing operations	**705**	**684**	**616**	**533**	**1,074**	**729**	**637**	**519**	**595**
Discontinued operations									
Profit from discontinued operations, net after tax	-	-	-	-	-	-	-	-	-
Profit for the period	**705**	**684**	**616**	**533**	**1,074**	**729**	**637**	**519**	**595**
Attributable to:									
Equity holders of the Parent	705	684	615	533	1,073	729	636	519	595
Non-controlling interests	0	0	0	0	0	0	0	0	0
Profit for the period	**705**	**684**	**616**	**533**	**1,074**	**729**	**637**	**519**	**595**

Sales by product area

MSEK	Q4/11	Q3/11	Q2/11	Q1/11	Q4/10	Q3/10	Q2/10	Q1/10	Q4/09
Snus and snuff	1,266	1,199	1,193	1,068	1,178	1,174	1,116	1,054	1,101
Other tobacco products	578	613	613	583	557	631	664	588	456
Lights	364	333	313	336	379	352	347	351	373
Other operations	856	866	826	659	687	806	722	615	690
Comparable Group sales	**3,064**	**3,011**	**2,944**	**2,646**	**2,801**	**2,964**	**2,849**	**2,608**	**2,620**
Businesses transferred to STG[1)]	-	-	-	-	-	859	852	674	925
Total	**3,064**	**3,011**	**2,944**	**2,646**	**2,801**	**3,823**	**3,701**	**3,282**	**3,545**

1) Sales for businesses transferred to STG for 2009 and in the first nine months of 2010.

Operating profit by product area

MSEK	Q4/11	Q3/11	Q2/11	Q1/11	Q4/10	Q3/10	Q2/10	Q1/10	Q4/09
Snus and snuff	581	590	540	469	567	592	487	434	523
Other tobacco products	255	278	272	245	208	259	270	204	136
Lights	80	59	44	58	87	58	68	66	100
Other operations	-18	-18	-26	-43	-26	-35	-32	-48	-18
Comparable Group operating profit	**898**	**909**	**829**	**729**	**836**	**874**	**793**	**655**	**740**
Share of net profit/loss in STG[1)]	124	74	74	65	-60	-	-	-	-
Businesses transferred to STG[2)]	-	-	-	-	-	143	118	73	109
Subtotal	**1,022**	**983**	**904**	**793**	**777**	**1,017**	**911**	**728**	**850**
Net gain from pension settlements	-	-	-	-	59	-	-	-	-
Capital gain from transfer of businesses to STG	-	-	-	-	585	-	-	-	-
Reversal of depreciation and amortizations relating to assets held for sale	-	-	-	-	-	32	34	27	-
Total larger one time items	**-**	**-**	**-**	**-**	**644**	**32**	**34**	**27**	**-**
Total	**1,022**	**983**	**904**	**793**	**1,421**	**1,049**	**945**	**755**	**850**

1) The share of net profit in STG for the full year 2011 includes restructuring charges of 66 MSEK before tax. The share of net loss in STG in 2010 (fourth quarter) includes restructuring charges, other transaction costs and IFRS acquisition adjustments amounting to 175 MSEK before tax.
2) Operating profit for businesses transferred to STG for 2009 and in the first nine months of 2010.

Operating margin by product area[1)]

Percent	Q4/11	Q3/11	Q2/11	Q1/11	Q4/10	Q3/10	Q2/10	Q1/10	Q4/09
Snus and snuff	45.9	49.2	45.3	44.0	48.1	50.4	43.6	41.2	47.5
Other tobacco products	44.1	45.3	44.4	41.9	37.4	41.0	40.7	34.7	29.9
Lights	21.9	17.7	13.9	17.3	23.0	16.3	19.6	18.7	26.6
Comparable Group operating margin[2)]	**29.3**	**30.2**	**28.2**	**27.5**	**29.9**	**29.5**	**27.8**	**25.1**	**28.3**
Group operating margin, including businesses transferred to STG and share of net profit/loss in STG[3)]	**33.4**	**32.7**	**30.7**	**30.0**	**27.7**	**26.6**	**24.6**	**22.2**	**24.0**

1) Excluding larger one time items.
2) Excluding businesses transferred to STG and share of net profit/loss in STG.
3) Including restructuring charges of 29 MSEK in the fourth quarter of 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 February 22, 2012 at 08.15 a.m. (CET).

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