Interim Report
January – September 2013

- **Sales for the third quarter increased by 1 percent to 3,230 MSEK (3,208). In local currencies, sales for the third quarter increased by 2 percent.**
- **Operating profit from product areas[1)] for the third quarter includes restructuring charges of 28 MSEK and declined by 11 percent to 836 MSEK (942).**
- **In local currencies, operating profit from product areas[1)] for the third quarter declined by 10 percent or 7 percent excluding restructuring charges.**
- **Operating profit[2)] declined by 10 percent to 924 MSEK (1,022) for the third quarter.**
- **EPS (basic) for the third quarter amounted to 3.15 SEK (3.41).**

1) Operating profit for Swedish Match product areas, which excludes share of net profit in STG.
2) Operating profit for the Group includes share of net profit in STG.

CEO Lars Dahlgren comments:
In the third quarter Swedish Match reported slightly higher sales, while the operating profit declined. Key factors behind the decline in the operating profit include a sharp fall in the operating profit for Other tobacco products reflecting the adverse competitive pricing developments in the US cigar market, a restructuring charge relating to the Scandinavian snus operations as well as adverse mix effects within our Snus and snuff product area.

Throughout 2013, we have been very active in addressing the competitive pressures in the Scandinavian snus operations. During the third quarter our market shares were relatively stable, and for most of the quarter we saw a resilient full price segment in a category that continues to be dynamic and to show strong volume growth. The competitive activity in the low price segment of the Swedish market, however, remains high and the low price segment grew as a percentage of the total market in late September. In addressing the competitive situation in Sweden, we will continue to focus on a commitment to highest product quality to our consumers, innovative product launches as well as increased productivity and efficiency across our organization. With the reorganization during the quarter, we have put in place a new and more effective Scandinavia Division that is better equipped to address the dynamic market demands with more power and speed.

For US cigars, we have experienced intensified competition during the year including the introduction of several deep discount products and increased promotional activities. These competitive issues continued to accelerate in the third quarter with further distribution gains made by the deep discount competitors and increased promotional activity by our traditional competitors, resulting in a decline in our shipments. We are addressing the situation by adjusting the promotional mix, by expanding our deep discount product line offering that we introduced in September and also by working on product innovation and distribution opportunities that will benefit us longer term. Our ambition remains to generate year on year volume growth in the fourth quarter, but the current promotional environment implies that the average price per cigar is likely to decline.

In the US moist snuff market, our pouch and tub offerings continued their strong performance in the quarter, and our total moist snuff volumes in can equivalents were close to prior year levels. Our expansion of *General* snus continued at a good pace with distribution now in over 20,000 stores. In addition to our efforts with *General* in the US, test market activities for snus through SMPM International continue in Canada, Russia, Israel and Malaysia.

Within Other tobacco products, the tougher trading conditions for cigars were partially mitigated by a solid performance for our chewing tobacco business. During the quarter we continued to gain market share, especially in the premium segment. Sales for chewing tobacco were on par with prior year and operating profit increased versus the prior year.

Our Lights businesses delivered a strong operating result during the quarter, with solid growth for lighters, and profit growth also for matches.

Summary of consolidated income statement

MSEK	July-September		January-September		Full year
	2013	2012	2013	2012	2012
Sales	**3,230**	**3,208**	**9,432**	**9,338**	**12,486**
Operating profit from product areas[1)]	**836**	**942**	**2,539**	**2,783**	**3,666**
Operating profit[2)]	**924**	**1,022**	**2,923**	**3,076**	**4,062**
Profit before income tax	**782**	**881**	**2,507**	**2,661**	**3,511**
Profit for the period	**628**	**693**	**2,035**	**2,120**	**2,907**
Earnings per share, basic (SEK)	**3.15**	**3.41**	**10.20**	**10.40**	**14.33**
Earnings per share, excluding larger one-time items, basic (SEK)	**3.15**	**3.41**	**9.39**	**10.25**	**14.18**

1) Excluding share of net profit in STG and larger one-time items.
2) Including share of net profit in STG and larger one-time items.

Sales and results for the third quarter

Sales for the third quarter of 2013 increased by 1 percent to 3,230 MSEK (3,208) compared to the same period of the previous year. Currency translation has affected the sales comparison negatively by 53 MSEK. In local currencies, sales increased by 2 percent.

In the third quarter, sales for the product area Snus and snuff declined by 4 percent to 1,217 MSEK (1,263). In local currencies, sales declined by 2 percent. Operating profit in the third quarter declined by 9 percent to 553 MSEK (607), impacted by the 28 MSEK restructuring charge in connection with the reorganization of the Scandinavian snus operations. The operating margin for the Snus and snuff product area was 45.4 percent or 47.7 percent excluding the restructuring charge (48.0).

Scandinavian snus sales declined by 4 percent compared to the third quarter of the prior year, on slightly lower shipment volumes. Sales were higher in Norway, and lower in Sweden and in Travel Retail. Operating profit for snus in Scandinavia declined versus the same quarter of the prior year, and as a result of the restructuring charge the operating margin also declined.

In the US, sales of snus and moist snuff in local currency in the third quarter were 1 percent lower than in the same period of the previous year on slightly higher volumes, with a modest volume decline for moist snuff which was more than offset by volume growth for snus. Marketing spending behind Swedish snus in the US was higher than a year ago to support the *General* snus expansion, and operating profit for moist snuff declined in local currency.

For Other tobacco products, sales in the third quarter declined by 10 percent, to 622 MSEK (689). In local currency, sales declined by 7 percent. Operating profit in local currency was 16 percent lower than in the third quarter of the prior year, and reported operating profit declined by 18 percent to 246 MSEK (300). Currency translation has affected the sales and operating profit comparisons negatively by 18 MSEK and 6 MSEK respectively. Compared to the third quarter of the prior year, sales declined in local currency for US cigars and were flat for chewing tobacco. Operating margin for Other tobacco products was 39.6 percent (43.5), adversely impacted by changed accounting treatments for tobacco excise taxes and pensions, as well as lower profitability for cigars.

Operating profit from product areas declined by 11 percent to 836 MSEK (942). In local currencies, the operating profit declined by 10 percent. Currency translation has affected the comparison negatively by 10 MSEK. In local currencies and excluding the restructuring charge of 28 MSEK, operating profit from product areas declined by 7 percent. Operating margin from product areas for the third quarter was 25.9 percent (29.4).

The share of net profit in STG, after interest and tax, amounted to 88 MSEK (80).

Operating profit, including share of net profit in STG, declined to 924 MSEK (1,022) during the third quarter. Operating margin, including share of net profit in STG, for the third quarter was 28.6 percent (31.9). EBITDA margin was 30.6 percent (34.2).

The Group’s net finance cost for the third quarter of 2013 amounted to 142 MSEK (141), while profit before income tax for the same period amounted to 782 MSEK (881).

Basic earnings per share (EPS) for the third quarter amounted to 3.15 SEK (3.41), while diluted EPS was 3.14 SEK (3.40).

Sales and results for the first nine months

Sales for the first nine months amounted to 9,432 MSEK (9,338). Operating profit from product areas declined to 2,539 MSEK (2,783). In local currencies, sales increased by 3 percent, while operating profit declined by 7 percent. Currency translation has affected the operating profit comparison negatively by 47 MSEK. Operating margin from product areas for the first nine months was 26.9 percent (29.8).

In 2007 Swedish Match sold a parcel of land adjacent to the old headquarters building in Stockholm, for which the final purchase price was subject to the approval of a changed city plan. The city plan was approved in January of this year, which resulted in an additional capital gain of 161 MSEK reported under larger one-time items during the first nine months of 2013.

Operating profit, including share of net profit in STG and larger one-time items, amounted to 2,923 MSEK (3,076). The share of net profit in STG amounted to 222 MSEK (263) for the first nine months. Operating margin, including share of net profit in STG and larger one-time items, for the first nine months, was 29.3 percent (32.6). EBITDA margin was 31.4 percent (35.1).

The Group’s net finance cost for the first nine months of 2013 amounted 416 MSEK (415), and profit before income tax for the same period amounted to 2,507 MSEK (2,661).

Basic earnings per share (EPS) for the first nine months, excluding larger one-time items, amounted to 9.39 SEK (10.25), while diluted EPS, excluding larger one-time items, was 9.38 SEK (10.19).

Sales by product area

MSEK	July-September 2013	July-September 2012	Chg %	January-September 2013	January-September 2012	Chg %	Full year 2012
Snus and snuff	1,217	1,263	-4	3,620	3,769	-4	5,049
Other tobacco products	622	689	-10	1,974	2,060	-4	2,661
Lights	332	311	7	986	998	-1	1,339
Other operations	1,058	944	12	2,851	2,511	14	3,437
Sales	**3,230**	**3,208**	**1**	**9,432**	**9,338**	**1**	**12,486**

Operating profit by product area

MSEK	July-September 2013	July-September 2012	Chg %	January-September 2013	January-September 2012	Chg %	Full year 2012
Snus and snuff	553	607	-9	1,632	1,756	-7	2,349
Other tobacco products	246	300	-18	801	913	-12	1,161
Lights	56	44	28	167	161	4	222
Other operations	-19	-8		-62	-47		-65
Operating profit from product areas	**836**	**942**	**-11**	**2,539**	**2,783**	**-9**	**3,666**
Share of net profit in STG	88	80	10	222	263	-16	366
Subtotal	**924**	**1,022**	**-10**	**2,761**	**3,046**	**-9**	**4,032**
Adjustment to capital gain from transfer of businesses to STG	-	-		-	30		30
Capital gain from sale of land	-	-		161	-		-
Total larger one-time items	**-**	**-**		**161**	**30**		**30**
Operating profit	**924**	**1,022**	**-10**	**2,923**	**3,076**	**-5**	**4,062**

Operating margin by product area[1)]

Percent	July-September 2013	July-September 2012	January-September 2013	January-September 2012	Full year 2012
Snus and snuff	45.4	48.0	45.1	46.6	46.5
Other tobacco products	39.6	43.5	40.6	44.3	43.6
Lights	16.8	14.0	17.0	16.1	16.6
Operating margin from product areas[2)]	**25.9**	**29.4**	**26.9**	**29.8**	**29.4**
Operating margin[3)]	**28.6**	**31.9**	**29.3**	**32.6**	**32.3**

1) Excluding larger one-time items.
2) Excluding share of net profit in STG.
3) Including share of net profit in STG.

EBITDA by product area[1)]

MSEK	July-September 2013	July-September 2012	Chg %	January-September 2013	January-September 2012	Chg %	Full year 2012
Snus and snuff	592	648	-9	1,751	1,881	-7	2,518
Other tobacco products	259	321	-19	839	978	-14	1,238
Lights	64	53	22	192	189	2	258
Other operations	-13	-5		-45	-37		-52
EBITDA from product areas	**902**	**1,017**	**-11**	**2,737**	**3,010**	**-9**	**3,962**
Share of net profit in STG	88	80	10	222	263	-16	366
EBITDA[2)]	**990**	**1,097**	**-10**	**2,959**	**3,273**	**-10**	**4,328**

1) Excluding larger one-time items.
2) Including share of net profit in STG.

EBITDA margin by product area[1)]

Percent	July-September 2013	July-September 2012	January-September 2013	January-September 2012	Full year 2012
Snus and snuff	48.6	51.3	48.4	49.9	49.9
Other tobacco products	41.6	46.6	42.5	47.4	46.5
Lights	19.3	16.9	19.5	18.9	19.3
EBITDA margin from product areas[2)]	**27.9**	**31.7**	**29.0**	**32.2**	**31.7**
EBITDA margin[3)]	**30.6**	**34.2**	**31.4**	**35.1**	**34.7**

1) Excluding larger one-time items.
2) Excluding share of net profit in STG.
3) Including share of net profit 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 experienced strong volume growth in recent years. 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 the third largest player in moist snuff, and has a rapidly growing position in Swedish snus. Some of the best known brands include General, Ettan, Grov, Göteborgs Rapé, Catch, Kaliber, and Kronan in Sweden, General, Nick and Johnny, and The Lab in Norway, and Longhorn, Timber Wolf, and General in the US.

The third quarter

In local currencies, sales for the product area Snus and snuff declined by 2 percent during the third quarter compared to the same quarter of the previous year. Reported sales declined by 4 percent to 1,217 MSEK (1,263). Operating profit declined by 9 percent to 553 MSEK (607), and includes an operating loss for international snus expansion in the US and through SMPM International amounting to 64 MSEK (63). Operating profit also includes restructuring costs relating to organizational changes in Scandinavia, amounting to 28 MSEK. Excluding these restructuring costs, operating profit declined by 4 percent. The operating margin for the product area was 45.4 percent (48.0). Excluding restructuring costs, the operating margin was 47.7 percent.

In Scandinavia, shipment volumes measured in number of cans, were down by less than 1 percent compared to the third quarter of the prior year. Shipment volumes grew in Sweden and in Norway, but declined in Travel Retail.

On the Swedish market, for the twelve week period ending October 6, 2013, Nielsen (excluding tobacconists) reported a total market share for Swedish Match in volume terms of 71.8 percent compared to 76.2 percent in the corresponding period of the previous year and in value terms a total market share of 78.4 percent compared to 81.6 percent in the corresponding period of the previous year. This decline is mainly attributable to the growth of the low price segment. While Swedish Match participates in the growth of the low price segment, its market share within this segment is lower than in the other price segments. Volume growth within the low price segment continues to be a key contributor to overall category volume growth in Sweden, which Swedish Match estimates to have been more than 5 percent in the third quarter, compared to the third quarter of 2012.

[*] 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 Norwegian market continued to show very good volume growth in the quarter, up by close to 9 percent, driven by strong growth for pouch products.

Sales revenues in Scandinavia declined by less than 4 percent in the third quarter compared to the third quarter of the prior year, due to lower volumes on the Travel Retail market and negative mix effects on the Swedish market. Operating profit declined from the third quarter of the prior year, largely as a result of the restructuring charge, but also due to lower sales revenues.

The expansion of *General* snus in the US continued in the third quarter with the product now available in more than 20,000 stores. Volume share for the *General* brand has more than tripled versus the corresponding period in the prior year and exceeded 6 percent during the quarter according to Nielsen. While part of this share growth is attributable to expanded store distribution, the brand has also experienced increases in same store sales. Swedish Match estimates that the Company will expand the store count modestly for the remainder of 2013. At the end of 2012 *General* snus was available in about 10,000 stores in the US. Swedish Match anticipates that spending behind US snus for the remainder of 2013 will be largely in line with prior year.

For the US moist snuff business, volume measured in number of can equivalents was down by less than 1 percent versus the prior year's third quarter. For both tubs under the *Longhorn* brand as well as for the pouch portfolio, volumes in can equivalents increased significantly versus prior year. For total moist snuff, operating profit in local currency was down somewhat from the prior year, the result of mix shifts within the portfolio.

The first nine months

For the first nine months of the year, sales for the product area declined to 3,620 MSEK (3,769) and operating profit declined to 1,632 MSEK (1,756), which included operating losses for international snus expansion in the US and through SMPM International amounting to 209 MSEK (165). Excluding the third quarter restructuring charge of 28 MSEK and international snus expansion losses, operating profit declined by less than 3 percent. The operating margin for the product area was 45.1 percent (46.6). Excluding restructuring costs, the operating margin for the first nine months was 45.9 percent (46.6).

In Scandinavia, sales revenues declined by 3 percent, while shipment volumes declined by less than 2 percent. Operating margin was higher than previous year, despite the restructuring costs recorded in the third quarter.

In the US, sales revenues for moist snuff for the first nine months were down versus prior year on 4 percent lower volumes. Operating profit for moist snuff was also lower.

Other tobacco products

The product area Other tobacco products consists of US 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 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 third quarter

During the third quarter, sales for the product area Other tobacco products declined by 7 percent in local currency compared to the same period of the previous year, while operating profit declined by 16 percent. Reported sales for the product area amounted to 622 MSEK (689) and reported operating profit was 246 MSEK (300). In local currency, sales were flat for chewing tobacco and lower for cigars. The operating margin was 39.6

percent (43.5). The January 1, 2013 change in pension accounting (described in Note 1 – Accounting Principles) negatively impacted operating margin compared to the prior year. The operating margin comparison versus the prior year has also been negatively affected by a changed accounting treatment for excise taxes for cigars, following changed logistics arrangements.

During recent months, competitive activities for US cigars have intensified beyond the levels experienced in the first half of the year, which has resulted in lower than expected volumes and operating profit for the US mass market cigar business in the third quarter. Volumes for cigars declined by close to 20 percent in the third quarter versus prior year. A number of new competitive discount brands have gained share within the category. In addition, there was an increased level of product returns of higher priced cigar formats as the market has become more promotional. Swedish Match introduced new products and revised promotional programs on existing products in the third quarter to address the competitive pricing issue.

US chewing tobacco shipments in the third quarter were down by 11 percent compared to the third quarter of the prior year, primarily due to significantly lower deliveries for contract manufacturing. Shipments for Swedish Match brands were modestly lower as the Company gained share in a declining category. In September, prices were increased by more than 5 percent. Sales in local currency were flat and operating profit was higher, with higher average prices more than compensating for the volume decline.

The first nine months

Sales for the product area for the first nine months amounted to 1,974 MSEK (2,060) while operating profit amounted to 801 MSEK (913). Operating margin was 40.6 percent (44.3). In local currency, sales for the first nine months were flat, while operating profit was down by 9 percent, adversely affected by the pension accounting adjustment and the weaker than expected performance for cigars. Sales in local currency were flat for cigars, while operating profit declined. Sales for cigars have benefitted from a changed accounting treatment of tobacco excise taxes. Owing to changed logistics arrangements, tobacco excise taxes are now partly classified as cost of goods sold.

For chewing tobacco, sales in local currency were in line with the first nine months of 2012 as higher average sales prices compensated for a volume decline of 8 percent. In percentage terms, volumes declined more for contract manufacturing than for Swedish Match-owned brands. Operating profit for chewing tobacco in local currency increased moderately compared to the prior year.

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 third quarter

During the third quarter, sales for the Lights product area amounted to 332 MSEK (311). Currency translation effects have affected the sales comparison negatively by 20 MSEK and, in local currencies, sales were up by 13 percent. Operating profit increased to 56 MSEK (44) and the operating margin was 16.8 percent (14.0). In local currencies, operating profit increased by 36 percent. Sales and operating profit were higher in local currencies for both lighters and matches compared to the third quarter of the prior year.

The first nine months

Sales for the product area for the first nine months declined to 986 MSEK (998), and operating profit increased to 167 MSEK (161). In local currencies sales as well as operating profit increased versus the prior year. Compared to the first nine months of the previous year, operating profit increased for lighters and declined for matches. Operating margin was 17.0 percent (16.1).

Other operations

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

The third quarter

Sales in Other operations for the third quarter amounted to 1,058 MSEK (944). Operating loss for Other operations was 19 MSEK (8).

The first nine months

Sales for the first nine months amounted to 2,851 MSEK (2,511). Operating loss for the first nine months was 62 MSEK (47).

Scandinavian Tobacco Group

Scandinavian Tobacco Group (STG) was established on October 1, 2010, following a merger between the tobacco activities in Scandinavian Tobacco Group A/S and the European mass market cigar, US premium cigar and pipe tobacco businesses of Swedish Match. The Danish company Skandinavisk Holding A/S holds 51 percent of the shares in STG, and the remaining 49 percent are held by Swedish Match. STG is the world's largest manufacturer of cigars, a world leader in pipe tobacco, and holds a strong position within fine cut tobacco in Scandinavia and the US. STG's leading brands include Café Crème, La Paz, Henri Wintermans, Macanudo, CAO, Partagas (USA), Cohiba (USA), Erinmore, Borkum Riff, Colts and Tiedemanns.

Please see Note 3 for a summary of the STG consolidated income statement.

The STG result, and consequently the Swedish Match reported share of the net result in STG, may for some reporting periods be partly based on estimates due to differences in reporting time schedules. Any differences between such estimates and the actual result of STG for the period, are adjusted in the following reporting period.

The third quarter

Sales for STG during the third quarter increased by 9 percent to 1,577 MDKK (1,443) compared to the same quarter of the previous year. Reported EBITDA amounted to 335 MDKK (319). All product segments (machine made cigars, handmade cigars, pipe tobacco and fine-cut tobacco) reported higher sales in local currencies, with the most notable increase recorded for machine made cigars.

For machine made cigars, significantly higher volumes versus the prior year contributed to a notable increase in both sales and EBITDA. During the third quarter of the prior year machine made cigar sales were negatively impacted by a backlog situation related to the installation of an ERP system in the European cigar operations. The backlog situation substantially recovered in the fourth quarter of 2012, and sales during that period were stronger than they otherwise would have been. Sales comparison for the fourth quarter of 2013 versus 2012 will therefore be distorted. Additionally, a planned and agreed stock reduction at a major European distributor is expected to negatively impact the fourth quarter of 2013 for machine made cigars.

For handmade cigars, sales in local currencies were up, driven by positive mix effects in the US and continued strong development in the mail order and Internet channels. The increase in sales did not fully compensate for increased operating expenses and EBITDA in the quarter declined compared to the third quarter of the prior year.

For pipe tobacco, sales were up while EBITDA declined. Improved average prices and increased volumes did not fully offset increased expenses.

For the fine-cut business both sales and EBITDA improved mainly as a result of improved average prices.

Net finance costs for the quarter increased to 24 MDKK (22), and net profit for the period amounted to 155 MDKK (148).

The Swedish Match reported share of net profit in STG for the third quarter amounted to 88 MSEK (80). The share of net profit of the prior year was affected by a negative adjustment of 2 MSEK relating to differences between estimates and actual results. Excluding the adjustment, Swedish Match share of profit in STG amounted to 88 MSEK (82).

The first nine months

Sales for STG increased by 2 percent to 4,409 MDKK (4,341) during the first nine months compared to the same period of the previous year, with the backlog situation in the third quarter of 2012 positively affecting the comparison for machine made cigars. Reported EBITDA amounted to 891 MDKK (926).

Compared to the first nine months of the prior year sales increased in local currencies for all product areas, with relatively flat volumes across the categories. As a result of higher operating expenses, EBITDA declined for all product areas except for the fine-cut business that benefitted from better average selling prices.

Net finance costs for the first nine months increased to 74 MDKK (62), mainly due to currency fluctuations. Net profit for the period amounted to 397 MDKK (439).

The Swedish Match share of net profit in STG for the first nine months amounted to 222 MSEK (263). Excluding accounting adjustments from differences between actual and estimated results, Swedish Match's share of net profit amounted to 224 MSEK (252). On March 7, 2013, Swedish Match received a dividend from STG of 224 MSEK. In 2012, Swedish Match received a dividend from STG of 204 MSEK on April 27.

Taxes

For the first nine months, the reported tax expense amounted to 471 MSEK (542), corresponding to a tax rate of 18.8 percent (20.3). The reported tax rate, excluding one-time items, associated companies and joint ventures, was 22 percent (22.4). One-time items relate to the additional capital gain from the sale of a parcel of land in 2007 and associated companies and joint ventures relate mainly to the share of earnings from Scandinavian Tobacco Group.

Earnings per share

Basic earnings per share (EPS) for the third quarter amounted to 3.15 SEK (3.41), while diluted EPS was 3.14 SEK (3.40).

Basic EPS for the first nine months of the year amounted to 10.20 SEK (10.40), while diluted EPS was 10.18 SEK (10.34). Basic EPS for the first nine months of the year, excluding larger one-time items, amounted to 9.39 SEK (10.25), while diluted EPS, excluding larger one-time items, was 9.38 SEK (10.19).

Depreciation and amortization

In the third quarter, total depreciation and amortization amounted to 66 MSEK (75), of which depreciation on property, plant and equipment amounted to 59 MSEK (61) and amortization of intangible assets amounted to 7 MSEK (14).

In the first nine months, total depreciation and amortization amounted to 198 MSEK (227), of which depreciation on property plant and equipment amounted to 178 MSEK (184) and amortization of intangible assets amounted to 20 MSEK (43).

Financing and cash flow

Cash flow from operating activities for the first nine months amounted to 2,100 MSEK compared with 2,082 MSEK for the same period of the previous year. The cash flow from operations increased compared to the same period last year mainly as a result of better cash flow from changes in working capital. Investments in property, plant and equipment during the first nine months amounted to 232 MSEK (171). The increased investments mainly relate to the Scandinavian snus operations. Net investments amounted to 135 MSEK (208) and include the receipt of the additional purchase price of 161 MSEK for the parcel of land adjacent to the former head office site in Stockholm which was sold in 2007.

Net finance cost for the first nine months amounted to 416 MSEK (415).

The net debt as per September 30, 2013 amounted to 8,598 MSEK compared to 9,289 MSEK at December 31, 2012.

During the first nine months, new bond loans of 1,225 MSEK were issued. Repayments of bond loans for the same period amounted to 1,491 MSEK, including repurchase of 300 MSEK of bond loans with shorter maturities. As of September 30, 2013 Swedish Match had 10,506 MSEK of interest bearing debt excluding retirement benefit obligations compared to 10,796 MSEK at December 31, 2012. None of this debt falls due for payment during the remainder of 2013.

In the first nine months of the year, Swedish Match paid a dividend totaling 1,459 MSEK and made share repurchases of 302 MSEK. During the same period the Company sold treasury shares of 165 MSEK as a result of option holders exercising options.

As of September 30, 2013, Swedish Match had 1,385 MSEK in unutilized committed credit lines.

Cash and cash equivalents amounted to 2,880 MSEK at the end of the period, compared to 2,824 MSEK at December 31, 2012.

Share structure

During the first nine months, Swedish Match repurchased 1.3 million shares for 302 MSEK at an average price of 227.36 SEK, following authorization from the Annual General Meetings held in 2012 and 2013. Total shares bought back by Swedish Match since the buyback program started have been repurchased at an average price of 106.11 SEK.

During the first nine months of 2013 the Company sold 1.1 million treasury shares at an average price of 156.14 SEK, totaling 165 MSEK, as a result of option holders exercising options.

In accordance with the resolution at the Annual General Meeting on April 25, 2013, 4 million shares held in treasury have been cancelled. The total number of registered shares in the Company after the cancellation of shares is 202.0 million.

As per September 30, 2013 Swedish Match held 2.9 million shares, corresponding to 1.42 percent of the total number of shares. The number of shares outstanding, net, as per September 30, 2013, amounted to 199.1 million. The Company has issued call options of which an amount corresponding to 1.3 million shares exercisable in gradual stages from 2013-2015 were outstanding as of September 30, 2013.

Events following the close of the reporting period

Patrik Engelbrektsson has been appointed new member of the Swedish Match Board of Directors by the employee's organizations replacing Håkan Johansson. Joakim Andersson has replaced Patrik Engelbrektsson as deputy employee representative of the Board of Directors.

Outlook (from the half year report)

We expect both the Scandinavian snus market and the US market for moist snuff to continue to grow in volume terms in 2013.

For the full year of 2013 we anticipate higher sales and operating profit for US cigars, driven by strong volume growth. However, due to pricing and promotional activities now planned in light of increased competition, operating profit growth is more uncertain and is expected to be modest.

During the year we will continue to invest for growth for snus internationally, particularly in the US, and also continue to invest for share growth in the fast growing pouch segment of the US moist snuff market.

In Scandinavia, we invest behind new market initiatives, particularly in Sweden, which has been negatively impacted by portfolio mix shifts.

As a consequence of the increased market investments in the US and the competitive situation in Sweden, it is likely that the operating profit from the Snus and snuff product area for the full year 2013 will be lower than in 2012. However, for the remainder of 2013 we expect investments for growth for snus internationally to be largely in line with the second half of 2012.

The tax rate for 2013, excluding one-time items as well as associated companies and joint ventures, is expected to be around 22 percent.

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

Revised outlook

We expect both the Scandinavian snus market and the US market for moist snuff to continue to grow in volume terms in 2013.

During recent months, competitive activities for US cigars have intensified further, which has resulted in lower than expected volumes and operating profit for our US mass market cigar business in the third quarter. Given this development, 2013 full year operating profit for Other tobacco products will be below the level of 2012, driven by a decline in our mass market cigar business.

During the year we will continue to invest for growth for snus internationally, particularly in the US, and also continue to invest for share growth in the fast growing pouch segment of the US moist snuff market.

In Scandinavia, we invest behind new market initiatives, particularly in Sweden, which has been negatively impacted by portfolio mix shifts.

As a consequence of the increased market investments in the US and the competitive situation in Sweden, it is likely that the operating profit from the Snus and snuff product area for the full year 2013 will be lower than in 2012. However, for the remainder of 2013 we expect investments for growth for snus internationally to be largely in line with the comparable period in 2012.

The tax rate for 2013, excluding one-time items as well as associated companies and joint ventures, is expected to be around 22 percent.

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 price and promote its brands competitively 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 the 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 2012.

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 nine months amounted to 33 MSEK (56). Profit before income tax amounted to 1,251 MSEK (2,581) and net profit for the first nine months amounted to 1,473 MSEK (2,893).

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 1,648 MSEK (3,772). An impairment loss on shares in subsidiaries of 304 MSEK was recognized in the third quarter, as a result of dividends paid out of retained earnings from subsidiaries.

The Parent Company sold a parcel of land adjacent to the old headquarters building in Stockholm in 2007, for which the final purchase price was subject to the approval of a changed city plan. The city plan was approved in January, and payment of the additional purchase price of 161 MSEK was received in the second quarter of 2013.

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.

Capital expenditures on tangible fixed assets for the first nine months amounted to 0 MSEK. During the first nine months of 2012, no capital expenditures were recognized.

During the period no capital expenditures on intangible fixed assets have been recognized. During previous year's first nine months, capital expenditures on intangible fixed assets were 28 MSEK. An investment in software development for an ERP system for the Group has been transferred to a Group company.

During the first nine months, new bond loans of 1,225 MSEK were issued and repayments of bond loans amounted to 1,491 MSEK.

During the period, the Parent Company made share repurchases of 1.3 million (6.2) shares for 302 MSEK (1,671) and sold 1.1 million (2.7) treasury shares for 165 MSEK (414).

Dividend of 1,459 MSEK (1,334) has been paid during the period.

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 full year 2013 report will be released on February 19, 2014.

Stockholm, October 29, 2013

Lars Dahlgren
President and CEO

Key data

All key data have been calculated excluding larger one-time items, unless otherwise stated.	**January-September 2013**	**2012**	**12 months ended Sep 30, 2013**	**Full year 2012**
Operating margin, %	29.3	32.6	29.8	32.3
Operating capital, MSEK	7,337	7,177	7,337	7,253
Return on operating capital, %			51.6	55.7
EBITDA, MSEK[1)]	2,959	3,273	4,014	4,328
EBITA, MSEK[2)]	2,781	3,089	3,774	4,082
Net debt, MSEK	8,598	9,671	8,598	9,289
Net debt/EBITA[2)]			2.3	2.3
Investments in property, plant and equipment, MSEK[3)]	232	171	311	251
EBITA interest cover	6.8	7.6	6.9	7.6
Excluding share of net profit in STG				
EBITA, MSEK[2)]	2,559	2,826	3,449	3,716
Net debt/EBITA[2)]			2.5	2.5
Share data				
Earnings per share, basic, SEK				
Including larger one-time items	10.20	10.40	14.14	14.33
Excluding larger one-time items	9.39	10.25	13.33	14.18
Earnings per share, diluted, SEK				
Including larger one-time items	10.18	10.34	14.10	14.25
Excluding larger one-time items	9.38	10.19	13.30	14.10
Number of shares outstanding at end of period	199,135,300	200,627,335	199,135,300	199,408,335
Average number of shares outstanding, basic	199,567,519	203,807,473	199,708,990	202,888,955
Average number of shares outstanding, diluted	199,970,931	205,072,792	200,179,771	203,995,039

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 16 MSEK (19).

Consolidated income statement in summary

MSEK	July-September 2013	July-September 2012	Chg %	January-September 2013	January-September 2012	Chg %	12 months ended Sep 30, 2013	Full year 2012	Chg %
Sales, including tobacco tax	6,518	6,651		18,707	18,988		25,168	25,449	
Less tobacco tax	-3,288	-3,443		-9,275	-9,650		-12,588	-12,963	
Sales	**3,230**	**3,208**	**1**	**9,432**	**9,338**	**1**	**12,580**	**12,486**	**1**
Cost of goods sold	-1,749	-1,617		-4,950	-4,551		-6,536	-6,138	
Gross profit	**1,481**	**1,591**	**-7**	**4,482**	**4,787**	**-6**	**6,044**	**6,349**	**-5**
Selling and administrative expenses	-638	-640		-1,924	-1,986		-2,591	-2,653	
Share of profit/loss in associated companies and joint ventures	81	72		203	245		294	337	
Adjustment to capital gain from transfer of businesses to STG	-	-		-	30		-	30	
Capital gain from sale of land	-	-		161	-		161	-	
Operating profit	**924**	**1,022**	**-10**	**2,923**	**3,076**	**-5**	**3,909**	**4,062**	**-4**
Finance income	9	11		25	28		35	38	
Finance costs	-151	-152		-441	-443		-587	-589	
Net finance cost	-142	-141		-416	-415		-553	-551	
Profit before income tax	**782**	**881**	**-11**	**2,507**	**2,661**	**-6**	**3,356**	**3,511**	**-4**
Income tax expense	-154	-188		-471	-542		-534	-604	
Profit for the period	**628**	**693**	**-9**	**2,035**	**2,120**	**-4**	**2,822**	**2,907**	**-3**
Attributable to:									
Equity holders of the Parent	629	693		2,036	2,120		2,823	2,906	
Non-controlling interests	-1	0		-1	0		-1	0	
Profit for the period	**628**	**693**	**-9**	**2,035**	**2,120**	**-4**	**2,822**	**2,907**	**-3**
Earnings per share, basic, SEK									
Including larger one-time items	3.15	3.41		10.20	10.40		14.14	14.33	
Excluding larger one-time items	3.15	3.41		9.39	10.25		13.33	14.18	
Earnings per share, diluted, SEK									
Including larger one-time items	3.14	3.40		10.18	10.34		14.10	14.25	
Excluding larger one-time items	3.14	3.40		9.38	10.19		13.30	14.10	

Consolidated statement of comprehensive income

MSEK	July-September 2013	July-September 2012	January-September 2013	January-September 2012	12 months ended Sep 30, 2013	Full year 2012
Profit for the period	**628**	**693**	**2,035**	**2,120**	**2,822**	**2,907**
Other comprehensive income that will be reclassified to the income statement						
Translation differences related to foreign operations	-189	-329	-44	-449	39	-365
Translation differences included in profit and loss	-	0	-	-1	-3	-3
Effective portion of changes in fair value of cash flow hedges	-16	-81	18	-25	26	-16
Share of other comprehensive income in associated companies and joint ventures	-85	-47	-76	-23	-113	-60
Income tax relating to components of other comprehensive income	4	21	-4	7	-10	1
Subtotal, net of tax for the period	**-287**	**-436**	**-107**	**-491**	**-60**	**-444**
Other comprehensive income that will not be reclassified to the income statement						
Actuarial gains and losses attributable to pensions, including payroll tax	29	-12	412	-69	457	-25
Share of other comprehensive income in associated companies and joint ventures	-	-	-	-	-30	-30
Income tax relating to components of other comprehensive income	-10	5	-164	27	-184	8
Subtotal, net of tax for the period	**19**	**-8**	**248**	**-42**	**244**	**-47**
Total comprehensive income for the period	**360**	**249**	**2,177**	**1,587**	**3,005**	**2,415**
Attributable to:						
Equity holders of the Parent	361	249	2,178	1,587	3,006	2,415
Non-controlling interests	-1	0	-1	0	-1	0
Total comprehensive income for the period	**360**	**249**	**2,177**	**1,587**	**3,005**	**2,415**

Consolidated balance sheet in summary

MSEK	September 30, 2013	December 31, 2012
Intangible assets	965	962
Property, plant and equipment	2,029	2,010
Investments in associated companies and joint ventures	4,321	4,354
Other non-current financial receivables[1)]	1,122	1,140
Current operating assets	2,719	3,080
Other current investments and current financial assets[2)]	15	-
Cash and cash equivalents	2,880	2,824
Total assets	**14,050**	**14,371**
Equity attributable to equity holders of the Parent	-1,472	-2,053
Non-controlling interests	1	2
Total equity	**-1,470**	**-2,051**
Non-current provisions	993	1,009
Non-current loans	9,488	9,238
Other non-current financial liabilities[3)]	1,471	1,870
Current provisions	107	102
Current loans	682	1,119
Other current liabilities[4)]	2,779	3,084
Total equity and liabilities	**14,050**	**14,371**

1) Includes pension assets of 66 MSEK (65) and derivative financial instruments of 23 MSEK (32) used to hedge the Parent Company's bond loans denominated in currencies other than Swedish kronor.
2) Financial derivatives of 15 MSEK (-) used to hedge the Parent Company's bond loans.
3) Includes pension liabilities of 1,038 MSEK (1,382) and derivative financial instruments of 350 MSEK (386) used to hedge the Parent Company's bond loans denominated in currencies other than Swedish kronor.
4) Includes current financial derivatives of 24 MSEK (85) used to hedge the Parent Company's bond loans denominated in currencies other than Swedish kronor.

Consolidated cash flow statement in summary

MSEK	January-September	
	2013	**2012**
Operating activities		
Profit before income taxes	**2,507**	**2,661**
Share of profit/loss in associated companies and joint ventures	-203	-245
Dividend received from associated companies	234	214
Other non-cash items and other	191	268
Income tax paid	-491	-464
Cash flow from operating activities before changes in working capital	**2,238**	**2,435**
Cash flow from changes in working capital	-138	-353
Net cash from operating activities	**2,100**	**2,082**
Investing activities		
Purchase of property, plant and equipment	-232	-171
Proceeds from sale of property, plant and equipment	1	3
Purchase of intangible assets	-30	-28
Investments in associated companies and joint ventures[1)]	-43	-20
Proceeds from sale of subsidiaries, net of cash disposed of[2)]	168	9
Changes in financial receivables etc.	0	-
Net cash used in investing activities	**-135**	**-208**
Financing activities		
Changes in loans	-278	520
Dividend paid to equity holders of the Parent	-1,459	-1,334
Repurchase of own shares	-302	-1,671
Stock options exercised	165	414
Other	-13	11
Net cash used in financing activities	**-1,887**	**-2,059**
Net increase/decrease in cash and cash equivalents	**78**	**-185**
Cash and cash equivalents at the beginning of the period	2,824	2,533
Effect of exchange rate fluctuations on cash and cash equivalents	-23	-78
Cash and cash equivalents at the end of the period	**2,880**	**2,271**

1) Investments in associated companies and joint ventures pertain to additional investments in SMPM International of 43 MSEK in 2013 and 20 MSEK in 2012.
2) The cash flow from sale of subsidiaries in 2013 is related to additional payments from the sale of land in 2007 (161 MSEK), for Swedish Match UK sold in 2008, and for the sale of Swedish Match Plam Bulgaria DA in 2011.

Change in shareholders' equity

MSEK	Equity attributable to holders of the Parent	Non-controlling interests	Total equity
Equity at January 1, 2012	**-1,602**	**2**	**-1,599**
Profit for the period	2,120	0	2,120
Other comprehensive income, net of tax for the period	-533	0	-533
Total comprehensive income for the period	**1,587**	**0**	**1,587**
Dividend	-1,334	0	-1,334
Repurchase of own shares	-1,671	-	-1,671
Stock options exercised	414	-	414
Cancellation of shares	-13	-	-13
Bonus issue	13	-	13
Equity at September 30, 2012	**-2,605**	**2**	**-2,603**
Equity at January 1, 2013	**-2,053**	**2**	**-2,051**
Profit for the period	2,036	-1	2,035
Other comprehensive income, net of tax for the period	141	-	141
Total comprehensive income for the period	**2,178**	**-1**	**2,177**
Dividend	-1,459	-	-1,459
Repurchase of own shares	-302	-	-302
Stock options exercised	165	-	165
Cancellation of shares	-8	-	-8
Bonus issue	8	-	8
Equity at September 30, 2013	**-1,472**	**1**	**-1,470**

Parent Company income statement in summary

MSEK	January-September 2013	January-September 2012
Sales	33	56
Administrative expenses	-154	-176
Operating loss	**-122**	**-121**
Result from participation in Group companies	2,262	3,771
Net finance cost	-889	-1,069
Profit before income tax	**1,251**	**2,581**
Income tax	222	311
Profit for the period	**1,473**	**2,893**

Parent Company statement of comprehensive income

MSEK	January-September 2013	January-September 2012
Profit for the period	**1,473**	**2,893**
Other comprehensive income that will be reclassified to the income statement		
Effective portion of changes in fair value of cash flow hedges	18	-25
Income tax relating to components of other comprehensive income	-4	7
Subtotal, net of tax for the period	**14**	**-18**
Total comprehensive income for the period	**1,487**	**2,874**

Parent Company balance sheet in summary

MSEK	Sep 30, 2013	Sep 30, 2012	Dec 31, 2012
Intangible and tangible assets	1	82	96
Non-current financial assets	51,056	51,370	51,357
Current assets	561	546	2,332
Total assets	**51,617**	**51,998**	**53,784**
Equity	**21,121**	**19,809**	**21,230**
Untaxed reserves	**260**	**124**	**260**
Provisions	73	86	92
Non-current liabilities	28,010	27,623	27,814
Current liabilities	2,154	4,356	4,388
Total liabilities	**30,237**	**32,065**	**32,295**
Total equity and liabilities	**51,617**	**51,998**	**53,784**

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 and RFR 2.

New principles that are applied from January 1, 2013:

Changes are made to the presentation of Other comprehensive income and expense. According to IAS 1 – *Presentation of Financial Statements,* these items are now presented into two categories; 1) *Items that will be reclassified subsequently to profit and loss* and 2) *Items that will not be reclassified subsequently to profit and loss*.

The revised IAS 19 – *Employee Benefits* is applied. The expected effect is higher operating costs of approximately 35 MSEK on an annual basis which will be fully offset by a corresponding income to be reported in Other comprehensive income. This occurs as the return on plan assets above the discount rate used to measure the pension obligation will be reported as an actuarial gain instead of lowering operating costs.

New disclosures are added in accordance with IFRS 7 – *Financial Instruments: Disclosure* and IAS 32 – *Financial Instruments Presentation: Classification*. The IFRS 7 requires disclosures on the estimated fair market values of financial instruments, see Note 4 and IAS 32 requires disclosures on possibilities to net derivatives, see Note 5.

In all other aspects, the accounting principles and basis of calculation in this report are the same as in the annual report for 2012.

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 the first nine months of 2013, receivables from these companies amounted to 31 MSEK (25) and total payables to these companies amounted to 4 MSEK (6). During the first nine months 2013, total sales to associated companies and joint ventures amounted to 136 MSEK (140) and total purchases from associated companies and joint ventures amounted to 64 MSEK (59).

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

Note 3 – Scandinavian Tobacco Group

Summary of STG consolidated income statement

MDKK	January-September 2013	January-September 2012	Change %	Full year 2012
Sales	4,409	4,341	2	5,978
EBITDA	891	926	-4	1,313
Operating profit	600	656	-8	943
Net finance cost	-74	-62		-101
Income tax expense	-129	-155		-224
Net profit for the period	**397**	**439**	**-10**	**618**
MSEK				
Swedish Match's share of net profit	**224**	**252**	**-11**	**356**
Adjustment to estimate vs. actual	-2	11		10
Swedish Match's reported share of net profit	**222**	**263**	**-16**	**366**

Note 4 – Carrying value and fair value

The following table shows carrying value and fair value for financial instruments per September 30, 2013.

Carrying value and fair value

MSEK	Items carried at fair value via the income statement	Loans and receivables	Other financial liabilities	Cash flow hedges	Total carrying value	Fair value
Trade receivables	-	1,096	-	-	1,096	1,096
Non-current receivables	2	-	-	34	36	36
Other receivables	15	-	-	-	15	15
Cash and cash equivalents	-	2,880	-	-	2,880	2,880
Total assets	**17**	**3,976**	**-**	**34**	**4,027**	**4,027**
Loans and borrowings	-	-	10,170	-	10,170	10,907
Other liabilities	25	-	-	426	451	451
Trade payables	-	-	481	-	481	481
Total liabilities	**25**	**-**	**10,651**	**426**	**11,102**	**11,839**

All items valued at fair value in the balance sheet are considered to be included in level 2 within the fair value hierarchy. No transfer in or out of level 2 has been made during the reporting period since the annual report for 2012.

The recognized amounts are regarded as reasonable estimates for all items measured at carrying value in the balance sheet, except for loans and borrowings since these amounts have a long time to maturity. The fair value of loans and borrowings has been calculated by discounting future cash flow. Total nominal amount of outstanding derivatives (cross currency and interest rate swaps) is 7,496 MSEK of which 5,931 MSEK is in cash flow hedges.

Note 5 – Derivatives under netting agreements

To reduce the credit risk in receivables from banks arising via derivative instruments, Swedish Match has entered into netting agreements, known as ISDA Master Agreements, with all of its counterparties. The following table shows the netted exposures per September 30, 2013. No collateral has been received or pledged.

Financial instruments under master netting agreements

MSEK	Gross amount for financial instruments	Amount netted in the balance sheet	Net amount in the balance sheet	Amounts of financial instruments not netted in the balance sheet, but subject to netting agreement	Net
Derivatives – Assets	36	0	36	-25	11
Derivatives – Liabilities	447	0	447	-25	422

Quarterly data

Consolidated income statement in summary

MSEK	Q3/13	Q2/13	Q1/13	Q4/12	Q3/12	Q2/12	Q1/12	Q4/11	Q3/11
Sales, including tobacco tax	6,518	6,430	5,759	6,461	6,651	6,568	5,769	6,262	6,208
Less tobacco tax	-3,288	-3,210	-2,777	-3,313	-3,443	-3,355	-2,852	-3,198	-3,198
Sales	**3,230**	**3,220**	**2,982**	**3,148**	**3,208**	**3,213**	**2,917**	**3,064**	**3,011**
Cost of goods sold	-1,749	-1,673	-1,527	-1,586	-1,617	-1,558	-1,376	-1,515	-1,495
Gross profit	**1,481**	**1,546**	**1,455**	**1,562**	**1,591**	**1,655**	**1,541**	**1,549**	**1,516**
Selling and administrative expenses	-638	-668	-618	-667	-640	-710	-635	-648	-604
Share of net profit/loss in associated companies and joint ventures	81	87	35	91	72	107	66	120	71
	924	**966**	**872**	**986**	**1,022**	**1,052**	**972**	**1,022**	**983**
Larger one-time items									
Adjustment to capital gain from transfer of businesses to STG	-	-	-	-	-	30	-	-	-
Capital gain from sale of land	-	2	159	-	-	-	-	-	-
Operating profit	**924**	**968**	**1,031**	**986**	**1,022**	**1,082**	**972**	**1,022**	**983**
Finance income	9	8	8	10	11	12	6	8	10
Finance costs	-151	-146	-144	-146	-152	-151	-140	-142	-140
Net finance cost	-142	-138	-136	-137	-141	-140	-134	-134	-130
Profit before income tax	**782**	**830**	**895**	**850**	**881**	**942**	**838**	**888**	**853**
Income tax expense	-154	-163	-154	-63	-188	-183	-170	-183	-169
Profit for the period	**628**	**667**	**741**	**787**	**693**	**759**	**668**	**705**	**684**
Attributable to:									
Equity holders of the Parent	629	667	740	787	693	759	667	705	684
Non-controlling interests	-1	0	0	0	0	0	0	0	0
Profit for the period	**628**	**667**	**741**	**787**	**693**	**759**	**668**	**705**	**684**

Sales by product area

MSEK	Q3/13	Q2/13	Q1/13	Q4/12	Q3/12	Q2/12	Q1/12	Q4/11	Q3/11
Snus and snuff	1,217	1,230	1,173	1,280	1,263	1,300	1,206	1,266	1,199
Other tobacco products	622	687	664	601	689	696	675	578	613
Lights	332	326	328	341	311	336	350	364	333
Other operations	1,058	976	816	926	944	880	687	856	866
Sales	**3,230**	**3,220**	**2,982**	**3,148**	**3,208**	**3,213**	**2,917**	**3,064**	**3,011**

Operating profit by product area

MSEK	Q3/13	Q2/13	Q1/13	Q4/12	Q3/12	Q2/12	Q1/12	Q4/11	Q3/11
Snus and snuff	553	546	534	593	607	581	568	581	590
Other tobacco products	246	295	260	248	300	316	297	255	278
Lights	56	53	59	61	44	60	57	80	59
Other operations	-19	-22	-20	-18	-8	-20	-19	-18	-18
Operating profit from product areas	**836**	**871**	**832**	**883**	**942**	**938**	**903**	**898**	**909**
Share of net profit in STG	88	95	39	103	80	114	69	124	74
Subtotal	**924**	**966**	**872**	**986**	**1,022**	**1,052**	**972**	**1,022**	**983**
Adjustment to capital gain from transfer of businesses to STG	-	-	-	-	-	30	-	-	-
Capital gain from sale of land	-	2	159	-	-	-	-	-	-
Total larger one-time items	**-**	**2**	**159**	**-**	**-**	**30**	**-**	**-**	**-**
Operating profit	**924**	**968**	**1,031**	**986**	**1,022**	**1,082**	**972**	**1,022**	**983**

Operating margin by product area[1)]

Percent	Q3/13	Q2/13	Q1/13	Q4/12	Q3/12	Q2/12	Q1/12	Q4/11	Q3/11
Snus and snuff	45.4	44.4	45.5	46.3	48.0	44.7	47.1	45.9	49.2
Other tobacco products	39.6	42.9	39.2	41.2	43.5	45.4	44.0	44.1	45.3
Lights	16.8	16.2	17.8	17.9	14.0	17.9	16.3	21.9	17.7
Operating margin from product areas[2)]	**25.9**	**27.1**	**27.9**	**28.0**	**29.4**	**29.2**	**31.0**	**29.3**	**30.2**
Operating margin[3)]	**28.6**	**30.0**	**29.2**	**31.3**	**31.9**	**32.7**	**33.3**	**33.4**	**32.7**

1) Excluding larger one-time items.
2) Excluding share of net profit in STG.
3) Including share of net profit in STG.

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