Full Year Report
January – December 2013

- **Sales for the full year increased by 1 percent to 12,610 MSEK (12,486) and for the fourth quarter by 1 percent to 3,178 MSEK (3,148). In local currencies, sales for both the full year and the fourth quarter increased by 3 percent.**
- **Operating profit from product areas[1)] for the full year declined by 8 percent to 3,375 MSEK (3,666) and for the fourth quarter by 5 percent to 835 MSEK (883). In local currencies, operating profit from product areas[1)] for the full year declined by 6 percent and by 5 percent for the fourth quarter.**
- **Operating profit[2)] amounted to 3,855 MSEK (4,062) for the full year and to 932 MSEK (986) for the fourth quarter.**
- **EPS (basic) for the full year amounted to 13.63 SEK (14.33) and for the fourth quarter to 3.43 SEK (3.93).**
- **The Board proposes an unchanged dividend of 7.30 SEK.**

1) Operating profit for Swedish Match product areas, which excludes share of net profit in STG and larger one-time items.
2) Operating profit for the Group includes share of net profit in STG and larger one-time items.

CEO Lars Dahlgren comments:
Swedish Match reported increased sales in the fourth quarter, while operating profit declined. However, the decline in operating profit was less pronounced than in previous quarters during the year.

Throughout 2013, we have been active in addressing the competitive pressures in our Scandinavian snus operations. During the fourth quarter our market shares declined somewhat in Sweden due primarily to mix shifts among price segments. Low price competition in Sweden has remained intense in the quarter, but we are pleased to note a relatively stable full price segment and continued strong overall category growth. When adjusted for differences in year-end hoarding effects between the years, Swedish Match volumes in Scandinavia are estimated to have increased slightly on an underlying basis. We will continue to focus on a commitment to highest product quality to our consumers, product innovations as well as increased productivity and efficiency across our organization.

In the US moist snuff market, our pouch and tub offerings continued their strong performance in the quarter, while total moist snuff volumes in can equivalents were behind prior year levels. Our expansion of *General* snus continued, and we ended the year with distribution in more than 21,000 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, we once again saw solid performance for our chewing tobacco business. For cigars we have revised our promotional strategies on existing products and introduced a deep discount brand in response to the competitive situation. These measures moderated the operating profit decline compared to the third quarter and improved the volume trends. Swedish Match shipped over one billion cigars in 2013, only slightly below the record level set in 2012, but the competitive situation implies a more challenging price/mix environment.

Our Lights businesses remained strong during the quarter, with solid growth in sales and profits for lighters, and sales growth for matches in local currencies.

Summary of consolidated income statement

MSEK	October-December		Full year	
	2013	**2012**	**2013**	**2012**
Sales	**3,178**	**3,148**	**12,610**	**12,486**
Operating profit from product areas[1)]	**835**	**883**	**3,375**	**3,666**
Operating profit[2)]	**932**	**986**	**3,855**	**4,062**
Profit before income tax	**804**	**850**	**3,310**	**3,511**
Profit for the period	**675**	**787**	**2,711**	**2,907**
Earnings per share, basic (SEK)	**3.43**	**3.93**	**13.63**	**14.33**
Earnings per share, excl. larger one-time items, basic (SEK)	**3.43**	**3.93**	**12.82**	**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 fourth quarter

Sales for the fourth quarter of 2013 increased by 1 percent to 3,178 MSEK (3,148) compared to the same period of the previous year. Currency translation has affected the sales comparison negatively by 50 MSEK. In local currencies, sales increased by 3 percent.

In the fourth quarter, sales for the product area Snus and snuff declined by 3 percent to 1,247 MSEK (1,280). In local currencies, sales declined by 1 percent. Operating profit in the fourth quarter for Snus and snuff declined by 5 percent to 562 MSEK (593), and the operating margin was 45.1 percent (46.3).

Scandinavian snus sales declined by 2 percent compared to the fourth quarter of the prior year, on slightly lower shipment volumes. Sales were higher in Sweden and lower in Norway and in Travel Retail. Operating profit for snus in Scandinavia declined versus the comparable quarter of the prior year.

In the US, sales of snus and moist snuff in local currency for the fourth quarter were 7 percent lower than in the same period of the previous year on 3 percent lower volumes, with volume growth for snus partially offsetting volume declines for moist snuff. Marketing spending behind Swedish snus in the US was somewhat 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 fourth quarter declined by 2 percent, to 590 MSEK (601). In local currency, sales were marginally higher. Operating profit in local currency was 6 percent lower than in the fourth quarter of the prior year, and reported operating profit declined by 8 percent to 228 MSEK (248). Currency translation has affected the sales and operating profit comparisons negatively by 13 MSEK and 4 MSEK, respectively. Compared to the fourth quarter of the prior year, sales in local currency were flat for US cigars and somewhat higher for chewing tobacco. Operating margin for Other tobacco products was 38.6 percent (41.2), 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 5 percent to 835 MSEK (883). In local currencies, the operating profit declined by slightly less than 5 percent. Operating margin from product areas for the fourth quarter was 26.3 percent (28.0).

The share of net profit in STG, after interest and tax, amounted to 97 MSEK (103), affected by several non-recurring factors (further details in the STG section of this report).

Operating profit, including share of net profit in STG, declined to 932 MSEK (986) during the fourth quarter and operating margin, including share of net profit in STG, was 29.3 percent (31.3). EBITDA margin was 31.8 percent (33.5).

The Group's net finance cost for the fourth quarter of 2013 amounted to 128 MSEK (137), while profit before income tax for the same period amounted to 804 MSEK (850).

Basic earnings per share (EPS) for the fourth quarter amounted to 3.43 SEK (3.93), while diluted EPS was 3.43 SEK (3.91).

Sales and results for the full year

Sales for the full year increased by 1 percent to 12,610 MSEK (12,486). Operating profit from product areas declined by 8 percent to 3,375 MSEK (3,666). In local currencies, sales increased by 3 percent, while operating profit declined by 6 percent. Currency translation has affected the sales and operating profit comparison negatively by 260 MSEK and 54 MSEK, respectively. Full year 2013 operating profit was also impacted by restructuring costs of 28 MSEK recorded in the third quarter in connection with the reorganization of the Scandinavian snus operations. Operating margin from product areas for the full year was 26.8 percent (29.4).

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 2013, which resulted in an additional capital gain of 161 MSEK reported under larger one-time items in the first quarter of 2013.

The share of net profit in STG amounted to 319 MSEK (366) for the year.

Operating profit, including share of net profit in STG and larger one-time items, amounted to 3,855 MSEK (4,062). Operating margin, including share of net profit in STG and larger one-time items, was 30.6 percent (32.5). EBITDA margin including share of net profit in STG but *excluding* larger one-time items was 31.5 percent (34.7).

The Group's net finance cost for the full year amounted 544 MSEK (551), and profit before income tax for the same period amounted to 3,310 MSEK (3,511).

Basic EPS for the full year amounted to 13.63 SEK (14.33), while diluted EPS was 13.61 SEK (14.25). Basic EPS for the full year, excluding larger one-time items, amounted to 12.82 SEK (14.18), while diluted EPS, excluding larger one-time items, was 12.80 SEK (14.10).

Sales by product area

MSEK	October-December 2013	2012	Chg %	Full year 2013	2012	Chg %
Snus and snuff	1,247	1,280	-3	4,868	5,049	-4
Other tobacco products	590	601	-2	2,564	2,661	-4
Lights	345	341	1	1,332	1,339	-1
Other operations	996	926	8	3,847	3,437	12
Sales	**3,178**	**3,148**	**1**	**12,610**	**12,486**	**1**

Operating profit by product area

MSEK	October-December 2013	2012	Chg %	Full year 2013	2012	Chg %
Snus and snuff	562	593	-5	2,195	2,349	-7
Other tobacco products	228	248	-8	1,029	1,161	-11
Lights	63	61	3	230	222	4
Other operations	-18	-18		-80	-65	
Operating profit from product areas	**835**	**883**	**-5**	**3,375**	**3,666**	**-8**
Share of net profit in STG	97	103	-6	319	366	-13
Subtotal	**932**	**986**	**-6**	**3,693**	**4,032**	**-8**
Adjustment to capital gain from transfer of businesses to STG	-	-		-	30	
Capital gain from sale of land	-	-		161	-	
Total larger one-time items	**-**	**-**		**161**	**30**	
Operating profit	**932**	**986**	**-6**	**3,855**	**4,062**	**-5**

Operating margin by product area[1)]

Percent	October-December 2013	2012	Full year 2013	2012
Snus and snuff	45.1	46.3	45.1	46.5
Other tobacco products	38.6	41.2	40.1	43.6
Lights	18.1	17.9	17.3	16.6
Operating margin from product areas[2)]	**26.3**	**28.0**	**26.8**	**29.4**
Operating margin[3)]	**29.3**	**31.3**	**29.3**	**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	October-December 2013	2012	Chg %	Full year 2013	2012	Chg %
Snus and snuff	607	637	-5	2,358	2,518	-6
Other tobacco products	242	261	-7	1,081	1,238	-13
Lights	71	69	2	263	258	2
Other operations	-7	-15		-52	-52	
EBITDA from product areas	**913**	**952**	**-4**	**3,650**	**3,962**	**-8**
Share of net profit in STG	97	103	-6	319	366	-13
EBITDA[2)]	**1,009**	**1,055**	**-4**	**3,968**	**4,328**	**-8**

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

EBITDA margin by product area[1)]

Percent	October-December 2013	October-December 2012	Full year 2013	Full year 2012
Snus and snuff	48.7	49.7	48.4	49.9
Other tobacco products	41.0	43.4	42.2	46.5
Lights	20.5	20.4	19.8	19.3
EBITDA margin from product areas[2)]	**28.7**	**30.2**	**28.9**	**31.7**
EBITDA margin[3)]	**31.8**	**33.5**	**31.5**	**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 fourth quarter

In local currencies, sales for the product area Snus and snuff declined by 1 percent during the fourth quarter compared to the same quarter of the previous year. Reported sales declined by 3 percent to 1,247 MSEK (1,280). Operating profit declined by 5 percent to 562 MSEK (593) and includes adverse currency developments and an operating loss for international snus expansion in the US and through SMPM International amounting to 85 MSEK (83). The operating margin for the product area was 45.1 percent (46.3).

In Scandinavia, shipment volumes measured in number of cans, were down by less than 1 percent compared to the fourth quarter of the prior year. Shipment volumes grew in Sweden, but declined in Norway (due to unusually high volumes in December of the prior year), and Travel Retail. Adjusted for differences in hoarding effects between the years, Swedish Match estimates its underlying volumes in Scandinavia to have been slightly higher than in the fourth quarter of the prior year.

On the Swedish market, for the twelve week period ending December 29, 2013, Nielsen (excluding tobacconists) reported a total market share for Swedish Match in volume terms of 70.8 percent compared to 74.7 percent in the corresponding period of the previous year and in value terms a total market share of 77.9 percent compared to 80.5 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 contribute to overall category volume growth in Sweden, which Swedish Match estimates to have been above 5 percent in the fourth quarter, compared to the fourth 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 more than 8 percent, driven by strong growth for pouch products, while volumes in the smaller Travel Retail market declined. Swedish Match estimates that the total Scandinavian snus market increased by somewhat more than 5 percent in volume terms versus the prior year both in the fourth quarter and for the full year.

Sales revenues in Scandinavia declined by 2 percent in the fourth quarter compared to the fourth quarter of the prior year. Operating profit declined somewhat more in percentage terms mainly due to a weaker Norwegian krona and to a lesser extent a larger proportion of low priced products in the portfolio.

The expansion of *General* snus in the US continued in the fourth quarter with the product now available in more than 21,000 stores. Volume share for the *General* brand has more than tripled versus the corresponding period in the prior year and amounted to 9 percent during the quarter according to Nielsen.

For the US moist snuff business, volume measured in number of can equivalents was down by 3 percent versus the prior year's fourth 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, sales and operating profit in local currency were down more than the level of volume declines from the prior year, as a result of mix shifts within the portfolio.

The full year

For the full the year, sales for the product area declined to 4,868 MSEK (5,049) and operating profit declined to 2,195 MSEK (2,349), which included operating losses for international snus expansion in the US and through SMPM International amounting to 294 MSEK (248). Excluding the third quarter restructuring charge of 28 MSEK and international snus expansion losses, operating profit declined by 3 percent. The operating margin for the product area was 45.1 percent (46.5). Excluding restructuring costs, the operating margin for the year was 45.7 percent (46.5).

In Scandinavia, sales revenues declined by 3 percent, while shipment volumes declined by 1 percent. Operating margin was virtually unchanged from the previous year, despite the restructuring costs recorded in the third quarter.

In the US, sales revenues for moist snuff 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 fourth quarter

During the fourth quarter, sales for the product area Other tobacco products were marginally higher in local currency compared to the same period of the previous year, while operating profit declined by 6 percent. Reported sales for the product area amounted to 590 MSEK (601) and operating profit was 228 MSEK (248). In local currency, sales were up for chewing tobacco and flat for cigars. The operating margin was 38.6 percent (41.2). 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 the second half of the year, competitive activities for US cigars have intensified beyond the levels experienced in the first half of the year. Following a sharp decline in year on year volumes for cigars in the third quarter, Swedish Match shipments rebounded during the fourth quarter, up 11 percent versus the prior year, as the Company introduced new lower priced products and revised promotional programs on existing products to address the competitive pricing issue. While actions taken improved competitive position, this mix shift toward lower priced and promotional products had a negative impact on operating margins.

US chewing tobacco shipments in the fourth quarter were down by 12 percent compared to the fourth quarter of the prior year, primarily due to significantly lower deliveries for contract manufacturing. Declines in shipments for Swedish Match brands were less pronounced. Sales in local currency were up slightly and operating profit was higher, with higher average prices (following a price increase in September) more than compensating for the volume decline.

The full year

Sales for the product area for the year amounted to 2,564 MSEK (2,661) while operating profit amounted to 1,029 MSEK (1,161). Operating margin was 40.1 percent (43.6). In local currency, sales for the year were flat, while operating profit was down by 8 percent, adversely affected by the pension accounting adjustment and the weaker 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 flat for the year versus prior year as higher average sales prices compensated for a volume decline of 9 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 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 fourth quarter

During the fourth quarter, sales for the Lights product area amounted to 345 MSEK (341). Currency translation effects have affected the sales comparison negatively by 15 MSEK and, in local currencies sales were up by 6 percent. Operating profit amounted to 63 MSEK (61) and the operating margin was 18.1 percent (17.9). In local currencies, operating profit increased by 5 percent. Sales were higher in local currencies for both lighters and matches compared to the fourth quarter of the prior year, while operating profit was higher for lighters, but lower for matches.

The full year

Sales for the product area for the year amounted to 1,332 MSEK (1,339), and operating profit increased to 230 MSEK (222). In local currencies sales as well as operating profit increased versus the prior year. Compared to the previous year, operating profit increased for lighters and declined for matches. Operating margin was 17.3 percent (16.6).

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 996 MSEK (926). Operating loss for Other operations was 18 MSEK (18).

The full year

Sales for the year amounted to 3,847 MSEK (3,437). Operating loss for the year was 80 MSEK (65).

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. At the establishment of STG the shareholders of the company entered into a shareholders agreement which includes a standstill agreement expiring on October 1, 2014. The shareholders have therefore now retained a financial advisor to evaluate their options in terms of future ownership structure for the company. STG is the world's largest manufacturer of cigars and 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 fourth quarter

Reported sales for STG during the fourth quarter declined by 8 percent to 1,481 MDKK (1,610) compared to the same quarter of the previous year. Reported EBITDA amounted to 289 MDKK (387). Sales and EBITDA have been negatively affected by currency fluctuations and the previously announced one-off stock reduction at a major European distributor, which took place as planned during the fourth quarter of 2013. The fourth quarter of 2013 also includes personnel related restructuring charges of approximately 20 MDKK. Additionally, the comparison to prior year is distorted by the fourth quarter of 2012 volume recovery following the third quarter 2012 back-log in the European cigar operations.

For machine made cigars, fourth quarter sales declined, affected by the previously mentioned planned stock reduction and prior year´s back-log recovery. Adjusted for inventory fluctuations, sales for machine made cigars in local currencies were essentially flat compared to the fourth quarter of the prior year. The lower reported sales contributed to a decline in EBITDA, which was partly offset by somewhat lower operating expenses in the quarter.

For handmade cigars, sales in local currencies were somewhat higher, driven by continued positive mix effects in the US and strong development in the catalog and internet channels, which more than compensated for lower volumes to traditional channels in the quarter. The increase in sales did not fully compensate for increased operating expenses and EBITDA in the quarter declined compared to the same quarter of the prior year.

For both the fine cut and the pipe tobacco businesses, sales in local currencies were higher than previous year, while EBITDA declined as a result of higher operating expenses in the quarter.

Net finance costs for the quarter declined to 36 MDKK (39), and net profit for the period amounted to 167 MDKK (179). Net profit in the fourth quarter includes a non-recurring positive adjustment to income taxes, relating to a change in the legal structure of the group.

The Swedish Match reported share of net profit in STG for the fourth quarter amounted to 97 MSEK (103). The share of net profit of the prior year included a positive adjustment of 1 MSEK relating to differences between estimates and actual results.

The full year

Reported sales for STG declined by 1 percent to 5,925 MDKK (5,978) for the full year compared to the previous year. In local currencies, sales increased when adjusted for inventory fluctuations. Reported EBITDA amounted to 1,180 MDKK (1,313).

Compared to the full year of 2012 sales increased in local currencies for all product areas, except for machine made cigars, with relatively flat volumes across the categories. Total EBITDA declined mainly as a result of higher operating expenses and the negative impact from the stock reduction in the fourth quarter of 2013, mentioned above.

Net finance costs for the full year increased to 110 MDKK (101), mainly due to currency fluctuations. Net profit for the period amounted to 564 MDKK (618), positively impacted by the fourth quarter 2013 tax gain.

The Swedish Match share of net profit in STG for the full year amounted to 319 MSEK (366). Excluding accounting adjustments from differences between actual and estimated results, Swedish Match's share of net profit amounted to 321 MSEK (354). 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 full year the reported tax expense amounted to 600 MSEK (604), corresponding to a tax rate of 18.1 percent (17.2). The reported tax rate, excluding one-time items, associated companies and joint ventures, was reduced to 20.9 percent (22.0) mainly due to the corporate tax cut in Sweden from 26.3 percent to 22 percent. One-time items relate to the additional capital gain from the sale of a parcel of land in 2007. The earnings from associated companies and joint ventures are reported net after tax, and relate mainly to the share of earnings from STG.

Earnings per share
Basic EPS for the fourth quarter amounted to 3.43 SEK (3.93), while diluted EPS was 3.43 SEK (3.91).

Basic EPS for the full year amounted to 13.63 SEK (14.33), while diluted EPS was 13.61 SEK (14.25). Basic EPS for the year, excluding larger one-time items, amounted to 12.82 SEK (14.18), while diluted EPS, excluding larger one-time items, was 12.80 SEK (14.10).

Proposed dividend per share
The Board of Directors proposes an unchanged dividend of 7.30 SEK, equivalent to 57 percent (51) of the earnings per share for the year, subject to adjustments for larger one-time items. The proposed dividend amounts to 1,453 MSEK (1,459) based on the 199.0 million shares outstanding at the end of the year.

Depreciation, amortization and write down
In the fourth quarter, total depreciation, amortization and write down amounted to 78 MSEK (69), of which depreciation and write down on property, plant and equipment amounted to 66 MSEK (62) and amortization and write down of intangible assets amounted to 12 MSEK (7).

In the full year, total depreciation, amortization and write down amounted to 275 MSEK (296), of which depreciation and write down on property plant and equipment amounted to 244 MSEK (246) and amortization and write down of intangible assets amounted to 31 MSEK (50).

Financing and cash flow
Cash flow from operating activities for the full year amounted to 2,500 MSEK (2,805). The cash flow from operations decreased compared to the prior year mainly as a result of lower operating profit and higher taxes paid. Investments in property, plant and equipment during the year amounted to 306 MSEK (251). The increased investments mainly relate to the Scandinavian snus operations. Net investments amounted to 240 MSEK (323) 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 year decreased to 544 MSEK (551), mainly due to lower interest rates.

The net debt as per December 31, 2013 amounted to 8,388 MSEK compared to 9,289 MSEK at December 31, 2012.

During the year, 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 December 31, 2013 Swedish Match had 10,508 MSEK of interest bearing debt excluding retirement benefit obligations compared to 10,796 MSEK at December 31, 2012. During 2014, 948 MSEK of this debt falls due for payment. Swedish Match plans to meet its payback obligations during 2014 from internally generated funds from operations and available cash.

In the year, Swedish Match paid a dividend totaling 1,459 MSEK and made share repurchases of 352 MSEK. During the same period the Company sold treasury shares of 187 MSEK as a result of option holders exercising options.

As of December 31, 2013, Swedish Match had 1,429 MSEK in unutilized committed credit lines.

Cash and cash equivalents amounted to 3,164 MSEK at the end of the period, compared to 2,824 MSEK at December 31, 2012.

Share structure

During the year, Swedish Match repurchased 1.6 million shares for 352 MSEK at an average price of 222.69 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 106.22 SEK.

During 2013, the Company sold 1.2 million treasury shares at an average price of 154.15 SEK, totaling 187 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 December 31, 2013 Swedish Match held 3.0 million shares, corresponding to 1.46 percent of the total number of shares. The number of shares outstanding, net, as per December 31, 2013, amounted to 199.0 million. The Company has issued call options of which an amount corresponding to 1.1 million shares exercisable in gradual stages from 2014-2015 were outstanding as of December 31, 2013.

The Board will propose to the Annual General Meeting in May 2014 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 2015.

Other events

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.

The Nominating Committee for the Annual General Meeting in 2014 comprises the following five members: Conny Karlsson (Chairman of the Board), Andy Brown (Cedar Rock Capital), Björn Lind (AMF & AMF Funds), William Lock (Morgan Stanley Investment Management), and William von Mueffling (Cantillon Capital Management).

Outlook

We expect both the Scandinavian snus market and the US market for moist snuff and snus to continue to grow in volume terms in 2014. In Sweden as well as in the US moist snuff market, we expect value priced products to grow faster than the overall market. In the US moist snuff market, Swedish Match's product portfolio is exclusively positioned in the value segment. In Sweden, Swedish Match competes in all price segments of the market with a particularly strong position in the premium segment. The expected faster growth of value priced products in Sweden is likely to imply some negative mix effects.

During the year we will continue to invest in 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.

For cigars in the US, Swedish Match expects the market to remain highly competitive during 2014.

The tax rate for 2014, 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 develop products and brands that resonate with changing consumer trends, and price and promote its brands competitively. 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 full year amounted to 44 MSEK (87). Profit before income tax amounted to 2,648 MSEK (4,681) and net profit for the year amounted to 2,607 MSEK (4,586).

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 2,627 MSEK (4,333) and net Group contributions amounting to 1,560 MSEK (2,071). An impairment loss on shares in subsidiaries of 1,072 MSEK was recognized during the period 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 year amounted to 0 MSEK. During 2012, no capital expenditures were recognized. During the year no capital expenditures on intangible assets have been recognized. During the previous year, capital expenditures on intangible assets were 44 MSEK, reflecting an investment in software development for an ERP system for the Group that was subsequently transferred to a Group company during 2013.

During the year, a shareholder contribution was provided to a Group company in the amount of 770 MSEK (2,025).

During the year, 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 1.6 million (7.4) shares for 352 MSEK (1,946) and sold 1.2 million (2.7) treasury shares for 187 MSEK (414).

A dividend of 1,459 MSEK (1,334) 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 2013 is expected to be distributed at the end of March 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 7, 2014 in Stockholm, Sweden. The January-March 2014 report will be released on May 9, 2014.

Stockholm, February 19, 2014

Lars Dahlgren
President and CEO

Key data

All key data have been calculated excluding larger one-time items, unless otherwise stated.	Full year 2013	Full year 2012
Operating margin, %	29.3	32.3
Operating capital, MSEK	7,729	7,253
Return on operating capital, %	49.3	55.7
EBITDA, MSEK[1)]	3,968	4,328
EBITA, MSEK[2)]	3,725	4,082
Net debt, MSEK	8,388	9,289
Net debt/EBITA[2)]	2.3	2.3
Investments in property, plant and equipment, MSEK[3)]	306	251
EBITA interest cover	7.0	7.6
Excluding share of net profit in STG		
EBITA, MSEK[2)]	3,406	3,716
Net debt/EBITA[2)]	2.5	2.5
Share data		
Earnings per share, basic, SEK		
Including larger one-time items	13.63	14.33
Excluding larger one-time items	12.82	14.18
Earnings per share, diluted, SEK		
Including larger one-time items	13.61	14.25
Excluding larger one-time items	12.80	14.10
Number of shares outstanding at end of period	199,045,521	199,408,335
Average number of shares outstanding, basic	198,930,422	202,888,955
Average number of shares outstanding, diluted	199,274,054	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 18 MSEK (25).

Consolidated income statement in summary

MSEK	October-December 2013	October-December 2012	Chg %	Full year 2013	Full year 2012	Chg %
Sales, including tobacco tax	6,284	6,461		24,991	25,449	
Less tobacco tax	-3,106	-3,313		-12,381	-12,963	
Sales	**3,178**	**3,148**	**1**	**12,610**	**12,486**	**1**
Cost of goods sold	-1,698	-1,586		-6,647	-6,138	
Gross profit	**1,481**	**1,562**	**-5**	**5,963**	**6,349**	**-6**
Selling and administrative expenses	-633	-667		-2,556	-2,653	
Share of profit/loss in associated companies and joint ventures	84	91		287	337	
Adjustment to capital gain from transfer of businesses to STG	-	-		-	30	
Capital gain from sale of land	-	-		161	-	
Operating profit	**932**	**986**	**-6**	**3,855**	**4,062**	**-5**
Finance income	9	10		34	38	
Finance costs	-137	-146		-578	-589	
Net finance cost	-128	-137		-544	-551	
Profit before income tax	**804**	**850**	**-5**	**3,310**	**3,511**	**-6**
Income tax expense	-128	-63		-600	-604	
Profit for the period	**675**	**787**	**-14**	**2,711**	**2,907**	**-7**
Attributable to:						
Equity holders of the Parent	675	787		2,712	2,906	
Non-controlling interests	0	0		-1	0	
Profit for the period	**675**	**787**	**-14**	**2,711**	**2,907**	**-7**
Earnings per share, basic, SEK						
Including larger one-time items	3.43	3.93		13.63	14.33	
Excluding larger one-time items	3.43	3.93		12.82	14.18	
Earnings per share, diluted, SEK						
Including larger one-time items	3.43	3.91		13.61	14.25	
Excluding larger one-time items	3.43	3.91		12.80	14.10	

Consolidated statement of comprehensive income

MSEK	October-December 2013	October-December 2012	Full year 2013	Full year 2012
Profit for the period	**675**	**787**	**2,711**	**2,907**
Other comprehensive income that will be reclassified to the income statement				
Translation differences related to foreign operations	172	83	127	-365
Translation differences included in profit and loss	0	-3	0	-3
Effective portion of changes in fair value of cash flow hedges	-46	9	-28	-16
Share of other comprehensive income in associated companies and joint ventures	-71	-37	-147	-60
Income tax relating to components of other comprehensive income	10	-6	6	1
Subtotal, net of tax for the period	**65**	**46**	**-42**	**-444**
Other comprehensive income that will not be reclassified to the income statement				
Actuarial gains and losses attributable to pensions, incl. payroll tax	-53	45	359	-25
Share of other comprehensive income in associated companies and joint ventures	5	-30	5	-30
Income tax relating to components of other comprehensive income	20	-20	-144	8
Subtotal, net of tax for the period	**-28**	**-5**	**221**	**-47**
Total comprehensive income for the period	**713**	**828**	**2,889**	**2,415**
Attributable to:				
Equity holders of the Parent	713	828	2,890	2,415
Non-controlling interests	0	0	-1	0
Total comprehensive income for the period	**713**	**828**	**2,889**	**2,415**

Consolidated balance sheet in summary

MSEK	December 31, 2013	December 31, 2012
Intangible assets	973	962
Property, plant and equipment	2,027	2,010
Investments in associated companies and joint ventures	4,506	4,354
Other non-current financial receivables[1)]	1,165	1,140
Current operating assets	3,038	3,080
Other current investments and current financial assets[2)]	8	-
Cash and cash equivalents	3,164	2,824
Total assets	**14,881**	**14,371**
Equity attributable to equity holders of the Parent	-786	-2,053
Non-controlling interests	1	2
Total equity	**-785**	**-2,051**
Non-current provisions	1,031	1,009
Non-current loans	9,420	9,238
Other non-current financial liabilities[3)]	1,440	1,870
Current provisions	103	102
Current loans	920	1,119
Other current liabilities[4)]	2,751	3,084
Total equity and liabilities	**14,881**	**14,371**

1) Includes pension assets of 84 MSEK (65) and derivative financial instruments of 55 MSEK (32) used to hedge the Parent Company's bond loans denominated in currencies other than Swedish kronor.
2) Financial derivatives of 8 MSEK (-) used to hedge the Parent Company's bond loans.
3) Includes pension liabilities of 1,128 MSEK (1,382) and derivative financial instruments of 202 MSEK (386) used to hedge the Parent Company's bond loans denominated in currencies other than Swedish kronor.
4) Includes current financial derivatives of 29 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-December	
	2013	**2012**
Operating activities		
Profit before income taxes	**3,310**	**3,511**
Share of profit/loss in associated companies and joint ventures	-287	-337
Dividend received from associated companies	234	218
Other non-cash items and other	194	264
Income tax paid[1)]	-632	-563
Cash flow from operating activities before changes in working capital	**2,820**	**3,093**
Cash flow from changes in working capital	-320	-288
Net cash from operating activities	**2,500**	**2,805**
Investing activities		
Purchase of property, plant and equipment	-306	-251
Proceeds from sale of property, plant and equipment	0	6
Purchase of intangible assets	-35	-48
Investments in associated companies and joint ventures[2)]	-57	-40
Proceeds from sale of subsidiaries etc., net of cash disposed of[3)]	158	9
Changes in financial receivables etc.	0	-
Net cash used in investing activities	**-240**	**-323**
Financing activities		
Changes in loans	-277	747
Dividend paid to equity holders of the Parent	-1,459	-1,334
Repurchase of own shares	-352	-1,946
Stock options exercised	187	414
Other	-12	8
Net cash used in financing activities	**-1,912**	**-2,112**
Net increase/decrease in cash and cash equivalents	**348**	**371**
Cash and cash equivalents at the beginning of the period	2,824	2,533
Effect of exchange rate fluctuations on cash and cash equivalents	-8	-79
Cash and cash equivalents at the end of the period	**3,164**	**2,824**

1) During 2013, the shares of Svenska Tobaks AB were divested. The divested subsidiary's net assets constituted a cash balance and a current tax liability. The cash flow impact from this transaction is reflected in taxes paid.
2) Investments in associated companies and joint ventures pertain to additional investments in SMPM International of 57 MSEK in 2013 and 40 MSEK in 2012.
3) The cash flow from sale of subsidiaries in 2013 is related to additional payments of 161 MSEK from the sale of land in 2007 and 7 MSEK relating to the divestments of Swedish Match UK sold in 2008 and for the sale of Swedish Match Plam Bulgaria DA in 2011. In addition, an outlay of 10 MSEK relating to guarantees in the purchase agreement of STG has been made during 2013.

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	2,906	0	2,907
Other comprehensive income, net of tax for the period	-492	-	-492
Total comprehensive income for the period	**2,415**	**0**	**2,415**
Dividend	-1,334	0	-1,334
Repurchase of own shares	-1,946	-	-1,946
Stock options exercised	414	-	414
Cancellation of shares	-13	-	-13
Bonus issue	13	-	13
Equity at December 31, 2012	**-2,053**	**2**	**-2,051**
Equity at January 1, 2013	**-2,053**	**2**	**-2,051**
Profit for the period	2,712	-1	2,711
Other comprehensive income, net of tax for the period	179	-	179
Total comprehensive income for the period	**2,890**	**-1**	**2,889**
Dividend	-1,459	-	-1,459
Repurchase of own shares	-352	-	-352
Stock options exercised	187	-	187
Cancellation of shares	-8	-	-8
Bonus issue	8	-	8
Equity at December 31, 2013	**-786**	**1**	**-785**

Parent Company income statement in summary

MSEK	January-December 2013	2012
Sales	44	87
Administrative expenses	-213	-249
Operating loss	**-169**	**-162**
Result from participation in Group companies	2,463	4,335
Net finance cost	-1,175	-1,427
Profit after financial items	**1,118**	**2,746**
Appropriations	1,530	1,935
Profit before income tax	**2,648**	**4,681**
Income tax	-41	-95
Profit for the period	**2,607**	**4,586**

Parent Company statement of comprehensive income

MSEK	January-December 2013	2012
Profit for the period	**2,607**	**4,586**
Other comprehensive income that will be reclassified to the income statement		
Effective portion of changes in fair value of cash flow hedges	-28	-16
Income tax relating to components of other comprehensive income	6	1
Subtotal, net of tax for the period	**-22**	**-16**
Total comprehensive income for the period	**2,585**	**4,571**

Parent Company balance sheet in summary

MSEK	December 31, 2013	December 31, 2012
Intangible and tangible assets	1	96
Non-current financial assets	51,092	51,357
Current assets	2,140	2,332
Total assets	**53,233**	**53,784**
Equity	**22,192**	**21,230**
Untaxed reserves	**290**	**260**
Provisions	77	92
Non-current liabilities	27,820	27,814
Current liabilities	2,853	4,388
Total liabilities	**30,750**	**32,295**
Total equity and liabilities	**53,233**	**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 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 projected 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 2013, receivables from these companies amounted to 28 MSEK (29) and total payables to these companies amounted to 5 MSEK (8). During 2013, total sales to associated companies and joint ventures amounted to 177 MSEK (181) and total purchases from associated companies and joint ventures amounted to 81 MSEK (78).

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-December 2013**	**2012**	**Change %**
Sales	5,925	5,978	-1
EBITDA	1,180	1,313	-10
Operating profit	780	943	-17
Net finance cost	-110	-101	
Income tax expense	-106	-224	
Net profit for the period	**564**	**618**	**-9**
MSEK			
Swedish Match's share of net profit	**321**	**354**	**-10**
Adjustment to estimate vs. actual	-2	12	
Swedish Match's reported share of net profit	**319**	**366**	**-13**

Note 4 – Carrying value and fair value

The following table shows carrying value and fair value for financial instruments per December 31, 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	-	1,440	-	-	1,440	1,440
Non-current receivables	2	-	-	54	56	56
Other receivables	8	-	-	-	8	8
Cash and cash equivalents	-	3,164	-	-	3,164	3,164
Total assets	**10**	**4,604**	**-**	**54**	**4,668**	**4,668**
Loans and borrowings	-	-	10,340	-	10,340	10,927
Other liabilities	17	-	-	326	343	343
Trade payables	-	-	559	-	559	559
Total liabilities	**17**	**-**	**10,899**	**326**	**11,242**	**11,829**

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 December 31, 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	59	0	59	-44	15
Derivatives – Liabilities	307	0	307	-44	263

Quarterly data

Consolidated income statement in summary

MSEK	Q4/13	Q3/13	Q2/13	Q1/13	Q4/12	Q3/12	Q2/12	Q1/12	Q4/11
Sales, including tobacco tax	6,284	6,518	6,430	5,759	6,461	6,651	6,568	5,769	6,262
Less tobacco tax	-3,106	-3,288	-3,210	-2,777	-3,313	-3,443	-3,355	-2,852	-3,198
Sales	**3,178**	**3,230**	**3,220**	**2,982**	**3,148**	**3,208**	**3,213**	**2,917**	**3,064**
Cost of goods sold	-1,698	-1,749	-1,673	-1,527	-1,586	-1,617	-1,558	-1,376	-1,515
Gross profit	**1,481**	**1,481**	**1,546**	**1,455**	**1,562**	**1,591**	**1,655**	**1,541**	**1,549**
Selling and administrative expenses	-633	-638	-668	-618	-667	-640	-710	-635	-648
Share of net profit/loss in associated companies and joint ventures	84	81	87	35	91	72	107	66	120
	932	**924**	**966**	**872**	**986**	**1,022**	**1,052**	**972**	**1,022**
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	**932**	**924**	**968**	**1,031**	**986**	**1,022**	**1,082**	**972**	**1,022**
Finance income	9	9	8	8	10	11	12	6	8
Finance costs	-137	-151	-146	-144	-146	-152	-151	-140	-142
Net finance cost	-128	-142	-138	-136	-137	-141	-140	-134	-134
Profit before income tax	**804**	**782**	**830**	**895**	**850**	**881**	**942**	**838**	**888**
Income tax expense	-128	-154	-163	-154	-63	-188	-183	-170	-183
Profit for the period	**675**	**628**	**667**	**741**	**787**	**693**	**759**	**668**	**705**
Attributable to:									
Equity holders of the Parent	675	629	667	740	787	693	759	667	705
Non-controlling interests	0	-1	0	0	0	0	0	0	0
Profit for the period	**675**	**628**	**667**	**741**	**787**	**693**	**759**	**668**	**705**

Sales by product area

MSEK	Q4/13	Q3/13	Q2/13	Q1/13	Q4/12	Q3/12	Q2/12	Q1/12	Q4/11
Snus and snuff	1,247	1,217	1,230	1,173	1,280	1,263	1,300	1,206	1,266
Other tobacco products	590	622	687	664	601	689	696	675	578
Lights	345	332	326	328	341	311	336	350	364
Other operations	996	1,058	976	816	926	944	880	687	856
Sales	**3,178**	**3,230**	**3,220**	**2,982**	**3,148**	**3,208**	**3,213**	**2,917**	**3,064**

Operating profit by product area

MSEK	Q4/13	Q3/13	Q2/13	Q1/13	Q4/12	Q3/12	Q2/12	Q1/12	Q4/11
Snus and snuff	562	553	546	534	593	607	581	568	581
Other tobacco products	228	246	295	260	248	300	316	297	255
Lights	63	56	53	59	61	44	60	57	80
Other operations	-18	-19	-22	-20	-18	-8	-20	-19	-18
Operating profit from product areas	**835**	**836**	**871**	**832**	**883**	**942**	**938**	**903**	**898**
Share of net profit in STG	97	88	95	39	103	80	114	69	124
Subtotal	**932**	**924**	**966**	**872**	**986**	**1,022**	**1,052**	**972**	**1,022**
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	**932**	**924**	**968**	**1,031**	**986**	**1,022**	**1,082**	**972**	**1,022**

Operating margin by product area[1)]

Percent	Q4/13	Q3/13	Q2/13	Q1/13	Q4/12	Q3/12	Q2/12	Q1/12	Q4/11
Snus and snuff	45.1	45.4	44.4	45.5	46.3	48.0	44.7	47.1	45.9
Other tobacco products	38.6	39.6	42.9	39.2	41.2	43.5	45.4	44.0	44.1
Lights	18.1	16.8	16.2	17.8	17.9	14.0	17.9	16.3	21.9
Operating margin from product areas[2)]	**26.3**	**25.9**	**27.1**	**27.9**	**28.0**	**29.4**	**29.2**	**31.0**	**29.3**
Operating margin[3)]	**29.3**	**28.6**	**30.0**	**29.2**	**31.3**	**31.9**	**32.7**	**33.3**	**33.4**

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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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 19, 2014 at 08.15 a.m. (CET).

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