

Inside

INFORMATION ABOUT SWEDISH MATCH FOR SHAREHOLDERS AND OTHER STAKEHOLDERS

#2 may 2002

Good start to 2002

Despite continued weak economic conditions, sales rose 8 percent to 3,317 MSEK during the first quarter. Operating income increased 23 percent to 605 MSEK, and earnings per share were up a full 28 percent to SEK 1.02. The Swedish Match share was the strongest performer of Stockholmsbörsen's most actively traded shares, rising 36 percent during the period up to April 19.

Page 2

Snus plant passes dream threshold

Last year, the plant in Gothenburg that produces all snus products sold by Swedish Match in the Nordic countries exceeded the »dream threshold« of 200 million cans of snus for the first time ever. Plant Manager Torbjörn Åkeson is continuing to develop both production and quality, with the aim of increasing the plant's productivity by 20–25 percent over the next three years.



Page 10

Snus ban violates key EU principle

The ban on the sale of Swedish snus violates one of the fundamental principles of the EU's harmonization program, namely, the free movement of goods across borders within the EU, according to Swedish Match General Counsel and Vice President, Corporate Affairs, Bo Aulin. Swedish Match is currently working on a number of initiatives aimed at bringing the issue before the European Court of Justice.

Page 10

Haven for smokers in London



Claridge's Hotel in London now offers a relaxing oasis for connoisseurs. In cooperation with General Cigar, the hotel has established a cigar room, »The Macanudo Fumoir at Claridge's,«

Page 12

New label on snus cans

After eight years, the cancer warning on cans of Swedish snus has disappeared and been replaced with a considerably milder warning text. »The cancer warning should never have been introduced in the first place, since there has never been any scientific evidence that our Swedish 'snus' increases the risk of cancer,« says Stefan Gelkner, President of the North Europe Division.

Page 3

NORTH AMERICAN MARKET

Success continues

The launch of Timber Wolf in the North American market has been one of Swedish Match most successful ventures ever. Today the snuff brand is the locomotive for the company's successes in the smokeless tobacco segment in North America. Chewing tobacco is also performing well, despite a contracting market.

Pages 4–5



VICTOR BROTT/FOTOGJOURNALISTEN AB

Upbeat mood at Annual General Meeting

More than 450 shareholders assembled on April 23 for Swedish Match Annual General Meeting, which focused on the company's strong performance. »Last year can be regarded as a breakthrough for Swedish Match unique strategy, with increased international attention focused on Swedish »snus« as a smokeless alternative and a highly positive reaction from the stock market,« noted Lennart Sundén in his address to the Meeting.

Pages 6–9





Dear shareholder!

THE ANNUAL GENERAL MEETING is always a special and important event in the yearly rhythm of a publicly traded company. At Swedish Match, we not only seek to ensure that the Meeting satisfies the formal requirements placed upon it as the Company's principal decision-making forum, but also strive to ensure that it is an informative meeting that deepens shareholders' knowledge of their own company and looks to the future.

This obligation is magnified by the fact that we have more than 100,000 shareholders, which makes the Swedish Match share one of the most widely owned in Sweden. However, only a small percentage of all shareholders are able to be present at the Meeting.

The message at this year's Annual General Meeting was positive. Our efforts during the past few years are now bearing fruit, despite the continuing weak business climate in most of our markets. Swedish Match has positioned itself in growing niche segments in an otherwise stagnating tobacco market and is showing favorable organic growth.

Our flagship product – snuff – is growing at a highly satisfactory rate, with high and increasing margins. Cigars are encountering a more subdued demand, but continue to deliver favorable earnings. Our match and lighter operations are now restructured, with margins in line with, or better than, our expectations. The Group is today a smoothly functioning whole within which the various parts support each other.

We consistently generate cash flows at levels that enable us to pay a high dividend and to transfer profits to shareholders via our share buyback programs, thereby strengthening the Group's key ratios and increasing the attractiveness of the share in the stock market.

Lennart Sundén, CEO

Swedish Match Inside is a magazine for Swedish Match shareholders. The print run is 100,000 copies of the Swedish version and 5,000 copies of the English version.

PUBLISHER
Swedish Match AB

ADDRESS
Swedish Match
118 85 Stockholm
Tel: +46 8 658 02 00
www.swedishmatch.com

PUBLISHER RESPONSIBLE
Bo Aulin

EDITORIAL
Lena Forsman,
Hallvarsson&Hallvarsson AB
Lena Olofsdotter,
Swedish Match AB

REPORTERS
Birgitta Gunnarsson,
Martin Haag,
Mats Hallvarsson,
Håkan Rylander

PRODUCTION
Hallvarsson&Hallvarsson AB

REPRODUCTION
Scarena, Stockholm

LAYOUT AND DESIGN
Peppar Design,
Petter Carnhagen

PRINTING
Ljungbergs, Klippan

☆☆☆
SWEDISH MATCH

FIRST QUARTER OF 2002

Successful start

Swedish Match had a good start in 2002. Despite continued weak economic conditions, sales during the first three months of the year rose 8 percent to 3,317 MSEK. Operating income increased even more sharply, rising 23 percent to 605 MSEK, and earnings per share were up a full 28 percent to SEK 1.02. »We are pleased with the strong increase in volumes for snuff in Northern Europe and the US, and improved margins for both smokeless tobacco and cigars,« notes Sven Hindrikes, Group CFO.



Sven Hindrikes.

Historically, the first quarter is not usually one of Swedish Match stronger periods of the year. In addition, the expected turnaround in the economy has been pushed further into the future. Against this background, the Group continued to perform successfully during the first quarter of 2002. And the stock market has clearly shown its appreciation of the Group's strategies and performance. The Swedish Match share has been the strongest performer among the most heavily traded shares on Stockholmsbörsen (the Stockholm Exchange). The increase in the share price during the current year up to April 20 was 37 percent.

»The first quarter was good in many ways,« says Sven Hindrikes. »Organic

growth has remained strong in a total tobacco market otherwise characterized by stagnation. Growth of 6 percent is somewhat lower than growth in 2001, but still unusual for most sectors of industry in these difficult times. In addition, we were also able to improve the Group's operating margin by more than two percentage points to 18.2 percent, the highest margin we have reported since 1998.«

ONE OF THE MAIN DRIVING forces behind the continued positive trend has been the strong expansion of snuff operations. The operating margin increased sharply after a period of decline, and has now reached 43.2 percent. Operating income also rose sharply, up 36 percent. The strong improvement is attributable to better volumes, price and mix

changes and slightly lower marketing costs.

Sales of snuff rose in both main markets. Sales in Northern Europe increased by 10 percent and sales in the US rose 15 percent, calculated in the number of cans sold.

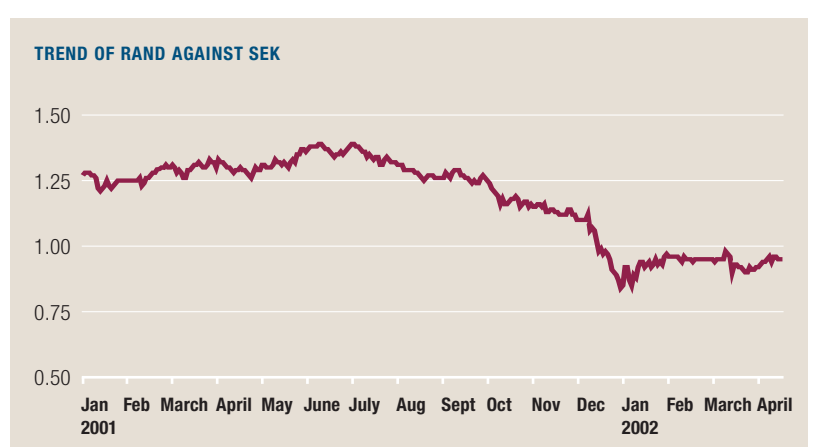
»In the US, we have gone from zero to a market share of 9 percent over a period of seven years,« notes Sven Hindrikes. »Our market share increased by 0.9 percent during 2001. The figures reflect our success with the Timber Wolf brand and prove that a long-term business approach generates rewards. Our investment in Sequoia, a quality snuff for the premium market, is continuing.

THE GROUP'S OTHER LARGE product area is cigars. Swedish Match markets a broad product portfolio in all parts of the

Fall of rand reduces profit

Swedish Match is one of the world's largest producers of pipe tobacco. In addition to strong positions in North America and Western Europe, the Group also has a significant presence in South Africa, due in part to the popular Boxer brand.

Sales during the first three months of 2002 for the Pipe Tobacco and Accessories product area declined 7 percent to 190 MSEK. Operating income was down from 59 MSEK to 42 MSEK. The decline was due mainly to the weak trend of the rand, South Africa's currency, compared with the first three months of 2001. The value of the rand in relation to the US dollar declined dramatically last year, falling 37 percent. Some recovery has since been noted, but the market's lack of confidence in South Africa's currency remains.



It is unclear what caused the fall of the rand, since South Africa's economy has not been affected by any startling news or events but has continued to develop largely in line with forecasts. The expla-

nations that have surfaced are related to the Argentinean debt crisis, political violence in neighboring Zimbabwe and political bickering over a major domestic privatization program. □

to 2002

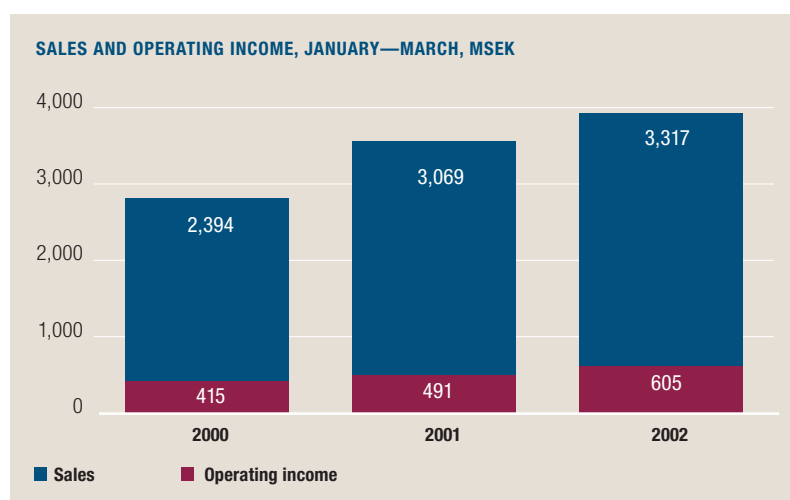
world and, in terms of sales value, the Group is the second largest cigar manufacturing company in the world. During the first quarter of 2002, sales rose 4 percent to 778 MSEK as a result of favorable currency effects. Operating income increased 21 percent to 122 MSEK.

»After a period of relatively strong growth in demand for machine-made cigars, particularly in the US, we are now experiencing a slowdown. Premium cigars showed a slightly lower volume, compared with the first quarter of 2001, probably an effect of tougher times for consumers. However, as a result of continued cost reductions and certain price increases, we were able to report a favorable trend in terms of profit and margins,« explains Sven Hindrikes.

MATCHES WERE THE GROUP'S trump card during the first quarter of 2002. After a few years of weak growth, Matches underwent a restructuring and efficiency-enhancement program during the period 1999–2001 that has led to a strong improvement in earnings. A sharp increase in sales in some foreign markets during the first three months of the year and continued effects of restructuring contributed to a strong improvement in the operating margin – an increase of four percentage points to 14.1 percent.

Lighters had a relatively weak quarter, with lower sales and a modest decline in operating margin. Chewing tobacco operations continue to show strong and steady development, with higher sales and a 19-percent increase in operating income, which rose to 106 MSEK.

For shareholders in Swedish Match, overall operations during the first three months of 2002 generated a substantial increase in earnings per share, up 28



	SALES, MSEK			OPERATING INCOME, MSEK		
	Jan–March 2002	Jan–March 2001	Change %	Jan–March 2002	Jan–March 2001	Change %
Snuff	672	528	27	290	214	36
Chew. tobacco	344	314	10	106	89	19
Cigars	778	750	4	122	101	21
Pipe tobacco/ Accessories	190	205	-7	42	59	-29
Matches	460	425	8	65	44	48
Lighters	186	220	-15	20	25	-20
Other	687	627	10	-40	-41	-2,5
Total	3,317	3,069	8	605	491	23

percent to SEK 1.02. After amortization of goodwill and brands, adjusted earnings per share amounted to SEK 1.22, an increase of 24 percent.

»The buyback programs we have implemented have proved to be a highly appreciated and effective method to

transfer profits to shareholders. It has also strengthened our key ratios and, in turn, enhanced the attractiveness of the Swedish Match share in the market. During the first quarter of the year, however, we did not repurchase any shares,« notes Sven Hindrikes in conclusion. □

New label success for snus

Stefan Gelkner, head of North Europe Division, has every reason to look pleased. The cancer-warning label on cans of Swedish snus is gone, replaced by a much milder warning text: »This tobacco product can damage your health and is addictive.«

Ever since Sweden became a member of the EU, Swedish Match has been forced to attach the following warning text to all snus cans: »Causes cancer.« But not any more. On January 28, Stefan Gelkner, ceremoniously removed the warning label from a snus can at the production plant in Gothenburg. »The warning text should never have been introduced, since there has never been any scientific evidence that our Swedish snus increases the risk of cancer,« says Stefan Gelkner.

There was public outrage in Sweden when it became known that the EU

intended to forbid the sale of snus throughout Europe, including Sweden. As early as 1992, the EU adopted a Directive banning the sale of all tobacco products »for oral use that are not intended to be smoked or chewed« – a definition that included moist snus.

Today, there is a scientific consensus that Swedish snus does not cause an increased risk of cancer. Over the years, the Swedish Parliament and Government, among other bodies, and eventually the EU itself, have pressed for the removal of the cancer warning. When the EU's final decision was taken in May 2001, it was unanimous. The alleged cancer risk was the main reason why the EU banned the sale of Swedish snus in the other EU member countries.

»The ban should therefore be lifted in the next stage of the process,« maintains Stefan Gelkner □



A satisfied Stefan Gelkner removes the old cancer warning label.

Analysts' questions

Swedish Match first-quarter report was presented on April 23, on the same day as the Annual General Meeting took place in Stockholm. Publication of the report was followed by a telephone conference with analysts. Here is a selection of the questions:

GORM THOMASSON, CAZENOVE:

»I would like to know how the introduction of the Sequoia premium snuff brand is proceeding in the US market.«

LENNART SUNDÉN, CEO:

»The introduction is proceeding as planned. Two flavors have been introduced so far, with a third to be added in the coming months.«

PIETER VORSTER, CREDIT SUISSE FIRST BOSTON:

»You have experienced extremely strong volume growth for snus in the Northern European market, while the operating margin has also strengthened. How do you account for this, and do you think the trend will be sustained during the rest of the year?«

LENNART SUNDÉN:

»Yes, we see no indication that sales during the first quarter were exceptional in any way. Nor do we see any sign of a weakening.«

SVEN HINDRIKES, CFO:

»With regard to the operating margin, it is partly attributable to the annual price increases and partly to reduced costs. So I believe we can anticipate a higher level for full-year 2002 than for last year.«

CECILIA LANNEBO, ENSKILDA SECURITIES:

»How do you think Other Operations will develop during the rest of the year?«

SVEN HINDRIKES:

»We anticipate an overall loss amounting to about 150 MSEK.«

VIRGINIA HÉÉRIBOUT, CDS IXXIS SECURITIES:

»Can you give us a general idea of how cigar sales are developing in the US?«

LENNART SUNDÉN:

»We saw no real recovery during the first two months of the year, but sales gained pace during March. This was particularly true of premium cigars, but the same trend is evident in the mass-market segment.«

CAROLINE KÄRSTEN, SVENSKA HANDELSBANKEN:

»When is the new plant you are building in Gothenburg expected to go into full operation? I also wonder if the increased snus sales have anything to do with the removal of the cancer warning.«

LENNART SUNDÉN:

»The plant will be placed in operation step-by-step during the first half of 2003. Once operation is under way it will greatly rationalize the production of portion-packaged snus and further improve margins. Naturally it will also provide us with increased capacity to meet increased demand.

As regards the cancer warning labels, their removal may well have had some effect. But we believe that the primary reason relates to the fact that the health aspects are becoming better known in general and that this is leading to a shift to snus from other tobacco products.«

BO AULIN, GENERAL COUNSEL:

»In this context, I can also report that we are now taking a number of initiatives in several EU countries to bring about the lifting of the sales ban on Swedish snus. Our intention is to get the issue referred to the European Court of Justice by a number of courts at national level.«



SMOKELESS IN THE US

Timber Wolf a solid success

Swedish Match success in the North American market for smokeless tobacco is continuing. The main locomotive is Timber Wolf, a strong snuff brand, but chewing tobacco also shows positive earnings growth, despite a declining total market.

It was 1994–1995 when Swedish Match entered the American value-price market for snuff through the introduction of its Timber Wolf brand. In retrospect, one might say it was a solid success right from the start, and one of the most successful products ever launched by Swedish Match. Timber Wolf is the best-selling brand in its segment today and continues to take market shares in the US, which is the world's largest single market, with annual growth of 2–3 percent.

During 2001, Swedish Match increased its sales of snuff in the US market by 13 percent, measured in terms of the number of cans sold. As a result, the company's average market share rose to 8.5 percent, compared with 7.5 percent in the preceding year.

THIS GIVES LENNART FREEMAN, President of Swedish Match North America, every reason to be satisfied. Success in the US, however, has not come without hard work.



»Our major competitors are trying to fight back, and the battle becomes more intense every year, so we must continuously work to increase the efficiency of our marketing operations,« says Lennart Freeman.

»What that means« adds Ed Golden, Vice President Marketing, »is that we must constantly monitor the overall picture, from how we work with our distributors to pricing. We also invest substantial resources in efforts to strengthen our brand in various ways.«

»We are the only producer that is strong in all OTP areas – meaning Other Tobacco Products, which comprise smokeless products, cigars and pipe tobacco – and our efforts have paid off handsomely,« notes Lennart Freeman. »In particular, the integration of our sales forces after the acquisition of General Cigar has borne fruit and greatly expanded our market coverage. As a result, the market's large customers regard us as the leader in the OTP category, which in turn generates strong interest in working more closely with our organization. Retailers are often involved in our planning process, and we keep them constantly supplied with relevant market information and sound advice – on product exposure, for example.«

IT HAS STILL NOT BEEN POSSIBLE, however, to make any significant gains in the American health debate, despite the recent favorable publicity for Swedish-manufactured snuff.

Lennart Freeman notes: »I believe it will take a little time before people start talking about snuff as a less harmful alternative to smoking. For the time

being, the debate is charged with emotional arguments and a limited element of factual information. Naturally, however, we conduct an intensive and ongoing dialogue with various public authorities. It is also interesting to note that our largest competitor has asked the federal authorities for guidance regarding snuff advertisements and what they are allowed to include. The results of these discussions will naturally also affect our operations.«

However, the ongoing launch of two new snuff alternatives has confirmed the US market's strong confidence in smokeless products. These efforts are focused, in particular, on Sequoia, a premium snuff brand first introduced almost exactly a year ago.

LENNART FREEMAN IS PLEASED with the results that have been achieved so far.

»The launch is proceeding as we had planned. We should also bear in mind, however, that it takes time to introduce a completely new brand. We have also encountered growing competition in conjunction with the launch.«

The second initiative is Exalt, another new product, which has several similarities with the Swedish mini-pinch snuff. Sales of Exalt, however, are still regarded mainly as test operations, rather than a new product launch, and are currently being conducted only in two limited market areas.

WHILE THE US IS ONE OF several markets for snuff, chewing tobacco is a more specifically American product. The market is also concentrated in the country's southern states and is declining by 4-5 percent annually. Swedish Match

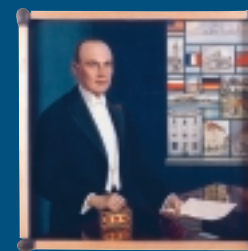
has steadily increased its market share, and is the largest of four producers of chewing tobacco. »We have noted a steadily improving share trends for a number of years,« says Lennart Freeman. »Among the reasons are our success in taking market shares and improvements in production efficiency. More cost-effective marketing, as well as pricing initiatives, have also contributed to our strong results.«

SWEDISH MATCH CHEWING TOBACCO is marketed under several brands, of which Red Man, a brand that has been sold for more than 100 years, is the largest in the US. The fastest-growing brand in the Red Man family is Golden Blend, which appeals to a somewhat younger consumer group. Additionally, Southern Pride, a price brand that was introduced in 1998 has also quickly become a success.

In the immediate future, there is good reason to feel optimistic about the American market, according to both Lennart Freeman and Ed Golden.

»It's an exciting market characterized by very strong sales growth. As for our own operations, we are now expanding our distribution network for both Timber Wolf and Sequoia,« says Ed Golden.

»The outlook for 2002 is also good,« adds Lennart Freeman. »The first quarter showed favorable sales growth for Timber Wolf and continued positive performance for chewing tobacco.« □



Ivar Kreuger.

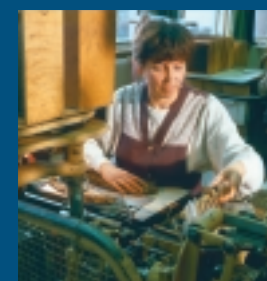
Kreuger film wins international award

The biographical film Kreuger – the Match King, based on the life of Ivar Kreuger, the founder of Swedish Match, won a prize for »Creative Excellence« in the Biography category at the US International Film and Video Festival, the world's largest competition for company-sponsored films.

The film, which was produced by Bergman & Partners and Schedin & Partners in Stockholm, can be viewed in either Swedish or English at the Tobacco & Match Museum in the Skansen Heritage Park in Stockholm.

More snuff on the Net

Product and brand information on the website has been expanded with the addition of new pages in the snuff section, which previously focused on brand, market and historical information and provided valuable links, but now also offers information about quality, from tobacco seed to finished product, snuff-related data and items on the health aspects of snuff and snuff in an EU context.



Cigar manufacture at the Tobacco and Match Museum.

Exhibition on tobacco cultivation

During the eighteenth century, tobacco was extensively cultivated on the islands that make up Stockholm. The idea was that all cities should grow tobacco, so that Sweden could be self-sufficient. The city regions were regarded as the most suitable cultivation locations, since they could provide both labor and a plentiful supply of manure for use as fertilizer. More than 70 communities began cultivating tobacco, with varying degrees of success.

The tobacco plant was one of the most important crops in Stockholm until the 1860s. Its cultivation did not completely cease there until 1939.

An exhibition on tobacco cultivation in Stockholm over a period of 200 years is scheduled to open on June 14 at the Tobacco and Match Museum, located in Gubbhyllan in the Skansen open-air museum.

Smokeless products in the US (2001)

SNUFF

Brands: Timber Wolf, Sequoia, Renegades, Exalt
Market share: 8,5 (7,5) percent, average

CHEWING TOBACCO

Brands: Red Man, Red Man Blend, Red Man Select, Red Man Golden Blend, Southern Pride
Market share: 42 (41) percent



LENNART SUNDÉN'S ADDRESS TO THE AGM

Our strategies showed th

Last year was something of a breakthrough for Swedish Match unique strategy, with growing international attention focused on oral snuff as a smokeless alternative and a highly positive reaction from the stock market, commented Lennart Sundén in his address to the Annual General Meeting on April 23. Our strategies for the next few years prioritize continued organic growth, special efforts to utilize the potential for improving margins and making selective acquisitions, and optimization of the capital structure.



In an international perspective, fiscal 2001 was a difficult year. The sustained boom during the 1990s was reversed and we saw weakened corporate results and falling share prices. Given such a background, it is particularly gratifying to note the qualities displayed by our own company. Two thousand and one was a successful year for the Swedish Match Group. The strategies that we have worked with during the past three years showed their strength and helped create substantial value for shareholders.

ALLOW ME TO REVIEW some of the highlights of this development:

- Sales rose by 18 percent to 13,635 MSEK. Our high level of organic growth, 8 percent for the second successive year, is particularly worth noting. This figure is not only unique to us in our sector but is also unusual compared with most established industrial companies – especially during a recession.

- Operating income increased by 16 percent to 2,193 MSEK – a result that demonstrates not only the powerful growth within the Group but also the effects of our restructuring and rationalization programs.
- Earnings per share increased by 28 percent, excluding items affecting comparability, to SEK 3.54. In addition to the Group's favorable earnings trend, our share buyback program contributed to an improvement in key ratios. The purpose of the program, among other aims, is to enable us to work continuously to optimize our capital structure to benefit shareholders.

SINCE YOU HAVE ALREADY HAD an opportunity to read about all these factors in our Annual Report, allow me to both broaden and deepen the perspective in a review of the Group and its strategies extending from past history and on into the future.

The starting point for our work is to create value for our shareholders. In an industry that is not showing substantial growth, and in which insight into the health risks of

»The strategies that we have worked with during the past three years showed their strength and helped create substantial value for shareholders.«

cigarette smoking is increasing, Swedish Match has repositioned its operations – by turning the challenges facing the industry into business opportunities.

Since the divestment of our cigarette operations in 1999, one idea has been paramount – to make Swedish Match into a unique tobacco company through a consistently applied niche strategy. Through our acquisitions, primarily in the cigar segment, and the continuation of our consistent focus on snuff, we have rapidly become the international leader in niche tobacco products.

The term ›unique‹ is multifaceted – it

»Our best argument is that several studies in Sweden have shown that suspicions that snus could have cancer-causing effects lack scientific support.«

can easily become an epithet designed to mask conceit rather than a statement of anything meaningful. But I am prepared to take the risk, because if it is used properly the term has high potential value for both the Company and its shareholders.

The Board of Directors and management of Swedish Match devote considerable energy to formulating and constantly developing Group strategies and then following them consistently. It is crucial for this work that we actively seek out unique and unrepeatable opportunities for the Group. It is not sufficient merely to be a well-managed company just like many other companies.

As one of the smaller international players in a large and special industry, it is vital for Swedish Match to differentiate its operations, to dare to be different. The Group's long and unique experience of snuff gave us the opportunity to focus – in good time, and early – on a consumer trend that has the future before it: the smokeless alternatives.

LAST YEAR WAS SOMETHING OF an international breakthrough for this unique strategy in our industry. I am alluding, among other things, to the interest focused on Swedish ›snus‹ (moist snuff) in the international scientific



Shareholders highly

There was nothing somber about the atmosphere when Swedish Match shareholders gathered for the AGM in Stockholm, despite the dismal stock market trend for Sweden as a whole. Hardly surprising, considering that the share closed for the day at SEK 80.50.

A total of 452 shareholders and representatives had gathered for this year's event – as good a sign as any of the high level of commitment to the company. This was also evident from the question-and-answer session that followed the report on last year's operations. A wide range of issues was discussed – from gender equality to options programs and damage claims.

The management and Board of Directors also received considerable praise – from the Swedish Association of Share Investors, for example, whose representative noted that it was enjoyable to come to

Our strength during 2001



debate on smoking and its effects on health.

Under the heading ›The Swedish Experience,‹ highly reputable magazines have identified Swedish snus as a realistic and effective alternative to cigarette smoking. The international debate is currently focusing on such statistics as the fact that Sweden has more snus consumers than smokers among its male population, that 50 per-

cent of all snus consumers are former cigarette smokers, and that Sweden has the lowest rate of tobacco-related illnesses in the Western World. Sweden is also the only country that achieved the target set by the World Health Organization – that less than 20 percent of the adult population should be smokers. Swedish Match is, entirely justifiably, identified with this trend. We now

increasingly often receive requests from various international discussion and research forums to pass on our knowledge and experience regarding Swedish snus.

BEHIND THIS SIGNIFICANT SURGE of attention lies a combination of our 30 years of research and development and the marketing campaigns promoting snus during the past few

Board Chairman Bernt Magnusson explained how the Board proposes to handle the ongoing options program for the company's key employees.



satisfied at this year's AGM

an Annual General Meeting with well-off shareholders for a change.

›It's not a bad pension that provides a return of 28 percent on shareholders' equity,‹ he commented.

ONE CONCERN THAT WAS RAISED, however, was how risk-exposed Swedish Match operations actually are, considering all the damage claims against the tobacco industry, particularly in the US.

The company's general counsel, Bo Aulin, was able to give a fairly reassuring answer:

›The notion that the tobacco industry has paid out billions of dollars in damages

to smokers is incorrect. There has been only one such case – in Florida – but the amount involved was only 1.5 million dollars. On the other hand, the industry has entered into an agreement with state authorities to pay out 240 billion dollars over a period of 25 years. While it's true that this is a lot of money, it is actually a form of taxation, which the consumers will have to pay in the end.‹

Bo Aulin also pointed out that 99 percent of the cases which are in fact under way are related to cigarettes, and since Swedish Match has never sold cigarettes in the US, the risk of becoming embroiled in

such cases is not especially large. However, anyone doing business in the US – regardless of which segment they are involved in – has to take into account the risk of liability suits. Bo Aulin considered Swedish Match to be well prepared for such an eventuality.

BOARD CHAIRMAN Bernt Magnusson explained how the Board proposes to handle the ongoing options program for the company's key employees. The question to the Meeting was whether the company itself can issue call options on repurchased shares in the company and transfer such shares when the options are exercised.





In his address to the AGM, Group CEO Lennart Sundén described Swedish Match strategies for the next few years.

»The acquisitions that we have made during the past few years provided an exceptionally effective complement to the strength in terms of global marketing and distribution that the Group had long possessed thanks to its match and lighter operations.«

lighter operations. Here was a unique opportunity that we were able to utilize – our strong global distribution network. This will give us additional competitiveness as we proceed with our focus on cigars.

Through our differentiation based on smokeless alternatives and pleasure-oriented brown tobacco products, combined with our global distribution strength, we have created a Group structure that today constitutes a meaningful whole. I am pleased to be able to confirm that all parts of the Group are functioning well today, following the implementation of a restructuring and efficiency-enhancement program in the match and lighter operations.

IF ASKED TO SUMMARIZE our strengths for you as shareholders, I would highlight the following:

- Insensitivity to economic trends: Demand for our products is affected very little by economic fluctuations. Brand loyalty is exceptionally high in our sector. The current recession demonstrates this old truth.
- Organic growth. We have focused on those segments that are experiencing organic growth, and in which we have world-leading positions. Overall consumer trends also support our choice of strategic focal points. This growth more than offsets those segments where we face stagnating demand but – and it is an important »but« – where we can anticipate a favorable and stable cash flow for some years to come.
- Strong brands and market positions. Once again, we benefit from a high degree of brand loyalty, behind which lie many years of systematic marketing work. This gives us considerable stability. It is always difficult to estimate the value of our brands, but it is interesting to observe both the transactions occurring in other brand-focused sectors, such as the soft-drinks industry and the markets for various luxury brands, and those taking place in the tobacco industry. When brand assets are put up for sale, the price is high.
- High margins. We are building positions in product niches that have the potential to generate high margins. Efficient production and distribution, combined with our market-leading positions in niche products, give us an advantage.

→ years. We have created our own product category with a unique quality standard – GothiaTek – that was launched last year. GothiaTek markets our quality program for the entire life cycle of the products – from the cultivation and curing of the tobacco to the production, storage and sale of snus.

Our best argument is that several studies in Sweden have shown that suspicions that snus could have cancer-causing effects lack scientific support. It was therefore a welcome reward for our efforts when the European Commission decided last year that cancer warnings need no longer be printed on snus cans. While we do not expect rapid progress, this should represent a step toward a political decision to abolish the almost bizarre EU ban on snus.

Our snuff strategy is naturally complemented by our aim to relatively rapidly build up a world position in cigars, an area where consumption is often geared toward socially accepted »pleasurable occasions.« The acquisitions that we have made during the past few years – and have reported on periodically – provided an exceptionally effective complement to the strength in terms of global marketing and distribution that the Group had long possessed thanks to its match and

- Strong cash flows. Swedish Match has current free cash flows that normally exceed SEK 1 billion. A cautious and selective acquisition policy, combined with carefully assessed investments, will ensure that a large portion of this cash flow benefits shareholders, without jeopardizing the Group's long-term growth.

THE AIM OF THE STRATEGIES that the Group will be following during the next few years is to further develop these strengths. Efforts will focus on the following prioritized areas:

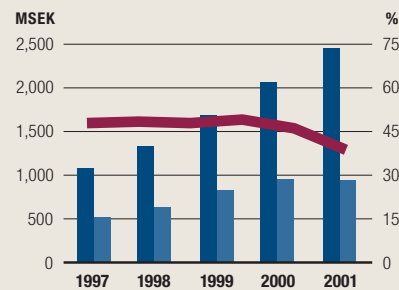
- We will continue to focus on organic growth, particularly in the area of smokeless tobacco products. We will be focusing on an ongoing series of product launches and marketing campaigns and further developing programs that have already

been initiated. We have an international strategy for snuff. In the cigar segment, we have excellent potential for further strengthening our market positions, thanks to our global distribution network. We also intend to pursue research and development aimed at further improving quality and finding new smokeless alternatives.

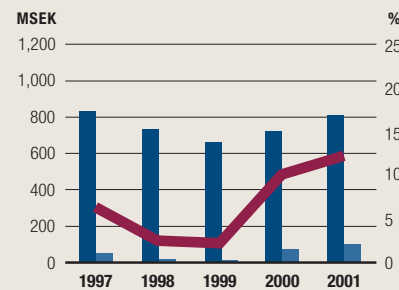
- We have additional potential for improving margins. We shall increase our efforts to reduce costs and increase efficiency in everything we do. We have already initiated programs to concentrate our European cigar production and rationalize cigar operations in the US. We will always seek and find opportunities to rationalize, as a normal part of our day-to-day work.
- Acquisitions are and will continue to be part of our strategy, particularly in view of the expectation that our industry will undergo a consolidation in the foreseeable future. We will be highly selective and seek acquisitions that have high potential for rapidly achieving profitability based on limited investment.
- Finally, we will continue our work to optimize the Group's capital structure. This priority has been on our agenda ever since the change of strategy three years ago.

A successful year

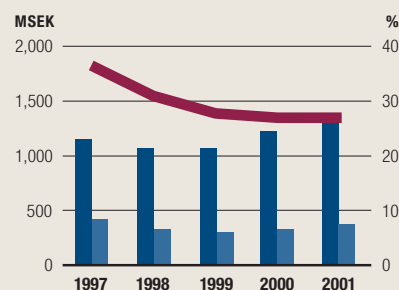
SNUFF



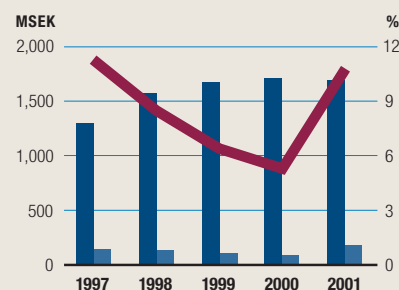
LIGHTERS



CHEWING TOBACCO



MATCHES



→ This procedure was approved by the Meeting and more plaudits were forthcoming in this regard from one of the major shareholders, who praised Swedish Match incentive program as one of the best of its kind in Sweden, particularly in view of the strong links between performance and reward, but also for the exemplary provision of information.

Group CEO Lennart Sundén faced a repeat of a question also raised last year concerning what the company is doing to elevate more women to key positions:

»We have a number of management development programs under way at present, aimed at achieving a more even gender distribution, among other purposes,« noted Lennart Sundén. »Furthermore, it is not really true to say that we have a shortage of women managers. Women currently occupy a number of key positions – in corporate

communications, strategic planning and product development, to name just a few areas, and they provide a base for recruitment to corporate management in the future.«

THE MEETING ELECTED two new Board members, Tuve Johanesson and Arne Jurbrant (see adjacent article). They succeed Arne Bennborn and Anders Lannebo, both of whom declined reelection. The remaining members of the Board – Bernt Magnusson, Lennart Sundén, Jan Blomberg, Meg Tivéus and Klaus Unger – were reelected unanimously. The employee representatives serving as regular Board members are Kenneth Ek, Eva Larsson and Joakim Lindström.

Also reelected were the members of the Nominating Committee – Bernt Magnusson, Anders Ek (Robur), Björn Franzon (Fourth AP Fund) and Lars Otterbeck (Alecta) □

After implementing a major redemption program totaling SEK 1.2 billion in 1998 and another program worth SEK 1 billion in 2000, repurchase of shares has become our primary tool in our ongoing efforts to optimize the capital structure in the balance sheet and transfer profits to shareholders, in addition to dividends.

SUBSTANTIAL TRANSFERS OF CAPITAL to shareholders have been possible as a result of share redemption and buyback programs and a good dividend. During the past three years, payments based on these schemes have amounted to 65 percent of net profit.

Against the background of the Group's stable and healthy cash flow, the Board of Directors takes a positive view of the share buyback program, provided it has no negative impact on the Group's long-term capital requirements and expansion possibilities.

The buyback programs implemented to date have proved to be a greatly appreciated and efficient method for transferring profits to shareholders, as well as strengthening the Group's key ratios and thus increasing the attractiveness of the share in the stock market. This is fully in line with

»As one of the smaller international players in a large and special industry, it is vital for Swedish Match to differentiate its operations, to dare to be different.«

the Group's emphasis on creating shareholder value.

Accordingly, the Board proposes to the Annual General Meeting that the dividend be increased and that it be given a mandate for continued share buybacks.

Finally, I would like to comment on the results for the first quarter of 2002. The year began well for the Group. Sales increased by 8 percent to 3,317 MSEK. It is pleasing to note that organic growth continued at a rate as high as 6 percent – in a stagnating sector and an ongoing recession.

Operating income increased by 23 percent to 605 MSEK. This is a strong performance, primarily attributable to improved margins that reflect the volume increases for snuff, lower marketing costs and price increases.

IF I MAY FOCUS ON a couple of particularly interesting trends during the quarter, I would like to highlight the excellent performance of snuff and matches in particular. Historically, we have experienced volume increases of 4-5 percent for snuff, but the first-quarter increase in snuff volumes, measured in terms of cans sold, was 10 percent in Northern Europe and 15 percent in the US, where our market share increased further and is now around 9 percent. The operating margin for snuff increased to 43 percent. Operating income for matches increased by a full 48 percent to 65 MSEK during the period, while the operating margin improved strongly to 14 percent.

Cigar sales increased by 4 percent to 778 MSEK and operating income increased by 21 percent.

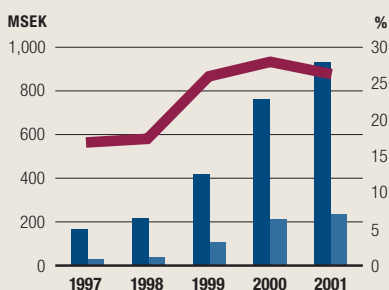
Overall, the first quarter yielded a healthy increase in earnings per share for you the shareholders – up 28 percent.

Before we consign 2001 and the first quarter of 2002 to history, I would like to express my sincere thanks to all our shareholders for the interest you show and the confidence you place in us.

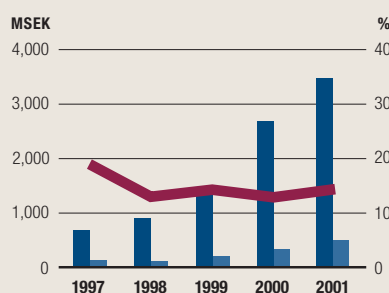
Your confidence is our principal driving force. Thank you.



PIPE TOBACCO



CIGARS



Newly elected Board members Arne Jurbrant and Tuve Johannesson.

New names on the Board

Tuve Johannesson and Arne Jurbrant, two genuine veterans of industry, were elected to Swedish Match Board of Directors at the Annual General Meeting.

TUVE JOHANNESON is perhaps best known as a Volvo man to the Swedish general public. He worked in various functions in the Volvo Group for 14 years, most recently as President of Volvo Car Corporation. For 17 years, however, or most of his professional career, he also worked in a variety of different functions in the Tetra Pak Group, including President of Tetra Pak International and Executive Vice President of the Tetra Pak Rausing Group.

Considering his background, it seems natural to describe Tuve Johannesson as an »industrialist.« For his part, however, he points out another aspect of his experience that he considers important as he places his expertise at the service of Swedish Match:

»I have almost always worked in the international sphere of operations. I have lived and worked in South Africa, Australia, Belgium, Switzerland and the UK. Through this type of experience, a person gradually becomes accustomed to handling different environments and cultures. In this respect, in particular, I believe I can make a constructive contribution as a Board member of Swedish Match,« says Tuve Johannesson.

Tuve Johannesson is not a complete stranger to Swedish Match as a company.

»Certainly not, I was a member of Volvo's corporate management staff in the days when Swedish Match was part of the Volvo Group. As a result, I gained certain insights into the company in those days, and I knew it was a good company,« he says.

SOLID INTERNATIONAL EXPERIENCE is also one of the merits of Arne Jurbrant, who worked in the Kraft Foods Group for 27 years. Kraft Foods has been part of the Philip Morris Group since 1985 and, through the years, Arne Jurbrant has held several President positions in Sweden, Norway and Denmark. In 1993, as President of Kraft Foods AS, he was assigned responsibility for all activities in the Nordic region and the Baltic countries.

Kraft Foods, as most people know, includes several strong and profitable brands such as Marabou, Freia, Gevalia, Estrella and others. Arne Jurbrant believes his branding experience can also serve as a valuable asset for Swedish Match.

»The food industry focuses strongly on efforts to build and nurture brands. In this respect, the industry works with an increasingly global perspective that affects strategic decisions concerning acquisitions, divestments and positioning. These are the types of decisions that Board members can also influence, and I can safely say that I have learned a great deal earlier in my professional career that might benefit Swedish Match in the future.«

Arne Jurbrant is also pleased to have the opportunity to work with a successful company that is characterized by self-confidence and has a strong potential for the future.

»The company's financial performance is impressive, with a fantastic cash flow. My impression is of a company with a continuous stream of good news and a strong capacity to achieve what it sets out to do,« he concludes.

TUVE JOHANNESON

Born: 1943

Family: Wife Inger and three children

Background: 1968–1988: Tetra Pak, including President of the subsidiaries in South Africa and Australia, and of Tetra Pak International in Sweden. Executive Vice President of Tetra Pak Rausing, Switzerland.

Board memberships: Chairman of Ecolan International A/S, Denmark, and Gorthon Lines, Sweden. Vice Chairman of Volvo Car Corporation and IFS AB. Board member of SEB, Cardo, and Chumak in the Ukraine.

ARNE JURBRANT

Born: 1942

Family: Wife Birgitta and two children

Background: 1974–2001: General Foods, later Kraft Foods, including President of subsidiaries in Denmark and Sweden, CEO of Kraft Freia Marabou Norden AS and CEO of Kraft Foods, Nordic Region and Baltic States.

Board memberships: Chairman of EAN Sverige AB, Association of Convenience Goods Suppliers (DLF) and the research organization Knowledge Platform for the Food Industry. Member of MTC.

NAMES & NEWS

New company in Norway

SWEDISH MATCH HAS ESTABLISHED a sales and marketing company in Norway to strengthen its position in the Norwegian service trade. J. L. Tiedemanns Tobaksfabrik AB has handled sales of Swedish Match products in Norway for many years. »The management of our sales activities by our partner has been extremely satisfactory, but it is part of Swedish Match policy to establish our own operations whenever it is financially feasible,« says Jan-Erik Knutsen, marketing director of Swedish Match North Europe division and acting President of Swedish Match Norge AB. The present contract expires on December 31, 2002. J. L. Tiedemanns Tobaksfabrik will continue to distribute Swedish Match products.

New appointments

JARL UGGLA has been appointed Managing Director of Leonard Dingler and Best Blend in South Africa. From 1982 to 1996, Jarl Ugglå held a number of different positions within the Swedish Match Group, including President of Arenco in Kalmar, Sweden, and Production Director of the Group's match operations. However, he rejoins Swedish Match from Norden Pac International, where he was President and CEO. Jarl will report to Lars Lindqvist, Managing Director of Swedish Match South Africa.



MARK WRAITH, previously Managing Director of Leonard Dingler, will continue to work in the capacity of senior advisor to the management and member of the Board of Directors of Swedish Match South Africa.

VERNON BRUMMER has been appointed Financial Manager of Swedish Match South Africa, Leonard Dingler and Best Blend. Vernon joins Swedish Match from Fraser Alexander Ltd, where he was Group Financial Manager. He succeeds Bernice van der Post, who has left the Group.

WILLIAM SITHOLE has been appointed Personnel Manager for Leonard Dingler, Best Blend Tobacco and Brasant Enterprises in South Africa. William has previously worked for Nampak and Corrugated Gauteng.



ANDERS HOLMBERG has been appointed Plant Manager for Leonard Dingler. Anders joins Swedish Match from a similar position with Austria Tabak Scandinavia.

LARS DAHLGREN has been appointed Vice President Finance. Lars joins Swedish Match from a position as Finance Manager at Vasatek Ltd in London. Lars began working for Swedish Match in 1996, and the positions he has held include Finance Manager at Swedish Match Philippines. Lars will take up his new duties on May 1, reporting to Sven Hindrikes.



New research findings

A SWEDISH RESEARCH TEAM at Huddinge Hospital has found new evidence that nicotine gives protection against Alzheimer's disease. The researchers gave daily doses of nicotine to genetically altered mice with specific Alzheimer's injuries. The effect was dramatic. The nicotine dramatically reduced deposits of the albuminous substance amyloid, which are characteristic of Alzheimer's disease.

High tempo at snus plant

Torbjörn Åkesson's silver-colored briefcase is emblazoned with the words »Åkesson Sailing and Racing Team.« Torbjörn Åkesson has a background in motor sports, and he is still active in competitive sailing. He also brings his predilection for high speeds to his job as manager of the Swedish Match snus production plant in Gothenburg, Sweden. »Management personnel at virtually every modern production plant in the world today talk about continuous improvements. But the critical difference is the pace at which improvements are implemented,« he says.

THE PLANT IN GOTHENBURG produces all snus products sold by Swedish Match in the Nordic countries. Last year, the plant exceeded the »dream level« of 200 million cans of snus for the first time in its history, corresponding to 750,000 cans per day – a remarkable achievement considering the fact that when the plant was built in 1984, it was dimensioned for only half of today's production volume. The increase in capacity has been made possible through increased productivity and a greater number of shifts.

For many years, the increase in production volume has averaged 3–5 percent annually. The plant is now approaching its capacity limit, however. As a result, it will be supplemented by a new plant now under construction in Kungälv, Sweden, which is expected to begin operations in the first half of 2003.

IN PARALLEL WITH the production increase, the production process has also been developed and upgraded to achieve a substantial reduction in the amount of undesirable substances in snus products. The key factors in this regard are the preparation process,



The plant in Gothenburg where all the snuff sold by Swedish Match in the Nordic region is produced.

where the tobacco is blended with salt, soda and flavorings, then pasteurized, plus the fact that the entire process is extremely hygienic and bacteria-free. The stringent requirements have been incorporated in the GothiaTek quality standard.



Torbjörn Åkesson, Plant Manager.

»The preparation process and the fact that we maintain a sterile environment are the most unique features of our process,« says Torbjörn Åkesson.

But he is still not satisfied. Torbjörn Åkesson is trying to achieve further improvements both in productivity and quality. An improvement program started in 2001 is intended to increase the plant's productivity by 20–25 percent over the next three years. The cornerstones in the program are quality, delivery precision and economy (QDE). The quality

aspect includes such concepts as zero fault tolerance and »right from the start.« Delivery precision is focused on factors such as effective flows and smoothly functioning processes. Economy-related aspects include resource efficiency and productivity.

»A large part of the work deals with focusing on the main process and making sure everybody pulls in the same direction,« emphasizes Torbjörn Åkesson.

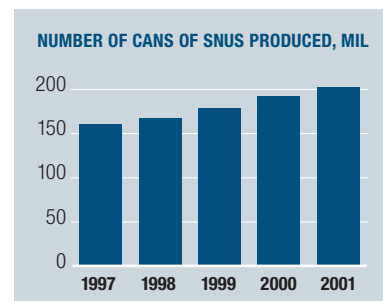
A LARGE NUMBER OF different tools have been developed during recent decades to increase industrial efficiency, particularly in the automotive industry, where Torbjörn Åkesson has his roots.

»We try to choose the best from a variety of tools,« he says.

In addition to increased productivity, the improvement program also has several other goals, which include a reduction in the number of defects and complaints.

»Our vision is that production will exceed the expectations of all our stakeholders,« says Torbjörn Åkesson. These include consumers, customers, employees, suppliers, shareholders, division management personnel and public authorities.

»We achieved the goals we established for 2001, and I am convinced we will do the same again in 2002,« concludes Torbjörn Åkesson. □



BO AULIN ON SNUFF BAN:

Arbitrary, unreasonable and discriminatory

The ban on sales of Swedish snuff, snus, is arbitrary, unreasonable and discriminatory, and conflicts with the EU's fundamental principle concerning the free movement of goods. This was the opinion expressed by Bo Aulin, Swedish Match General Counsel and Senior Vice President, Corporate Affairs, at the Group's capital market day in Gothenburg on February 15.

The Swedish variety of snuff, i.e. »snus« that is used in the mouth, is banned within the European Union. The ban was established through an EU directive in 1992, partly based on claims that snus causes cancer. »This does not correspond with the facts,« says Bo Aulin.

When Sweden became a member of the EU in 1995, Swedish negotiators

were able to win an exemption for snus on the condition that Sweden agreed not to export the product to other EU member countries. The Swedes were able to keep their cherished snus but, in return, Swedish Match was forced to attach labels to snus cans with the warning text: »Causes cancer.«

Last year, the EU resolved through a new directive that the warning text

should be changed to »May damage your health, and is addictive.« The ban on snus in the EU outside Sweden remains in force, however, despite the EU's apparent acceptance in principle that snus cannot be regarded as causing cancer.

AGAINST THIS BACKGROUND, Swedish Match has worked actively to provide clarifications and information for many years in its efforts to get the ban on snus sales in EU countries rescinded.

»We believe the snus ban lacks legal support, and conflicts with one of the central pillars of the EU's harmonization structure, namely the free movement of goods across borders within the EU,« says Bo Aulin.

This principle has also been confirmed in the well-known case of »Cassis de Dijon.« The French liqueur encountered obstructions to exports, but the European Court of Justice ruled that all member nations were obliged to allow imports of a product that is legally produced and sold in another member country.

»The situation today,« Bo Aulin continues, »is that the real basis for the EU's ban is that snus is considered harmful to health, an argument that falls outside the

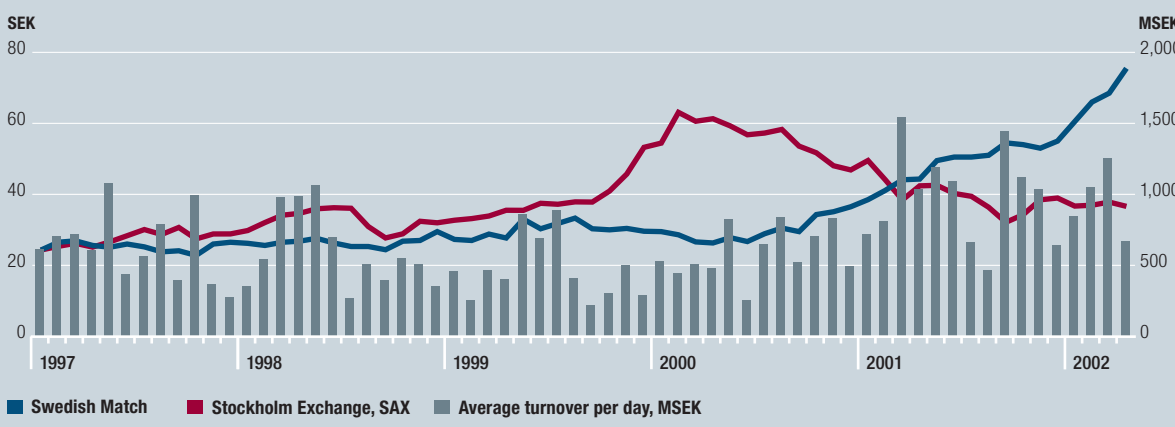
Share price bucks trend

The Swedish Match share price continued to perform well in the early part of 2002. During the period January-April (up to April 19), the share price rose 36 percent, from SEK 55.50 to SEK 75.50. During the same period, the Stockholm Exchange (SAX index) declined by 4,6 percent. The Swedish Match share thus continued to buck the stock market trend. During 2001, the Swedish Match share price increased by more than 50 percent, while

share prices declined more than 15 percent on average. Consumer goods, which include commodities such as food products and tobacco, are the sector with the strongest stock market growth this year, while the decline continues for IT and telecom companies. In the NASDAQ market in the US, where Swedish Match ADRs are listed, price trends have followed the same course. Average prices on the NASDAQ exchange have declined 12 percent during the year to date.

The stock market has taken note of Swedish Match year-end report for 2001, which was well received. The company's strong financial position and modest debt level have also been noted, at a time when many companies have attracted attention for their heavy burdens of debt and mystifying balance sheets. Strong cash flow is another factor that attracts investor interest in times of economic uncertainty. □

SHARE PRICE AND TURNOVER DURING FIVE-YEAR PERIOD



TOTAL RETURN

Total return, %	
Jan-April 19, 2002	36
2001	56
2000	32
1999	4
1998	19
1997	15
May 15-Dec 31, 1996	9

(24% annual return)

KEY FIGURES

Earnings per share, SEK	
2001	3.54
2000	2.76

Shareholders' equity per share	
Dec 31, 2001	11.73
Dec 31, 2000	12.22

SHARE PERFORMANCE, %

Jan-April 19, 2002	
Swedish Match	36
SAX	-4.6



»We have clear evidence in Sweden that snus is perhaps the most effective alternative to smoking. A substantial percentage of former smokers in Sweden were able to quit thanks to snus.

»We are now taking a number of initiatives to bring the issue of Swedish snus before the European Court of Justice. The total time horizon is somewhere in the range of 18-36 months. We expect that it will take 6-12 months before the issue is referred to the Court, after which the actual legal process will probably take another 12-24 months.«

THERE IS A CLEAR international trend reflecting growing interest in »The Swedish Experience« – a reference to Swedish snus and to Sweden as the only country that has achieved the World Health Organization's goal that smokers should account for less than 20 percent of a country's adult population.

»It is unreasonable for the only tobacco product that has been shown not to increase the risk of cancer to be banned and, for this reason, I am optimistic that we will eventually see a repeal of the EU's ban on sales of Swedish snuff,« concludes Bo Aulin. □

framework of the article in the Treaty of European Union on which the European Commission based its ban on the sale of snus. Furthermore, we have strong grounds for contending that this argument is incorrect, since the prevailing scientific consensus today indicates that snus does not represent an increased risk of cancer or cardiovascular diseases.«

In discussions with the European Commission, Swedish Match has also maintained that the snus ban actually counteracts the aim of protecting and improving public health within the EU.

SEVEN OUT OF TEN SWEDES WANT SNUS BAN SCRAPPED

The Swedish people have adopted a clear position regarding the EU's ban on sales of Swedish snuff (»snus«). Seven out of ten Swedes believe the ban should be lifted, according to an opinion survey conducted by market research company TEMO.

TEMO was commissioned by Swedish Match to interview a nationally representative sample of Swedish people about their attitude to the EU's snus ban.

A total of 1,756 Swedes aged 16 years and older were interviewed.

The survey shows that 70 percent would like to see the ban lifted, while 21 percent feel that it should remain in force and 9 percent had no views on the issue.

Of those who do not use tobacco, 64 percent believe the ban should be lifted, while the corresponding figure for snus users is 82 percent.

NAMES & NEWS



Cricket to sponsor Ferrari driver

DURING 2002, CRICKET WILL BE sponsoring Swedish motor-racing driver Tony Ring in the Ferrari Challenge race series. The competition, which has served as Ferrari's own world championship since it was initiated in 1993, is contested at various Formula 1 tracks on five continents.

Tony Ring will be competing in the Ferrari Challenge during eight weekend events, each involving two heats. The races will take place at tracks in Italy, Spain, the Czech Republic, the UK, Germany and France.

»The Ferrari Challenge is an ideal showcase for our brand for several reasons,« says Burt van Geenen of the Continental Europe Division. »In particular, because it is an international competition, but also because a fantastic marque like Ferrari holds so much fascination and interest for many people.«

»We will be able to invite customers from our European markets to attend the different races in the series.«

The Ferrari Challenge sponsorship is one of a number of marketing campaigns planned for 2002.

Swedish Match has also secured the rights as the official supplier of specially designed Cricket lighters for the Soccer World Cup taking place in Japan and South Korea in June.



Follow the Swedish Match Tour on the Internet

THE WEBSITE FOR THE WORLDWIDE Swedish Match Tour sailing competition has now been launched. The website will serve as the central information point for the Tour. Visitors to the website can follow the latest news, check updated leader boards and see films and interviews with skippers of competing yachts.

The Swedish Match Tour consists of eight different world-class sailing events and has come to be regarded as the world's foremost series for professional sailors.

Among the participants in the Swedish Match Tour are Dean Barker from Team New Zealand, Chris Dickson from Oracle Racing, Peter Gilmour from OneWorld Challenge and Magnus Holmberg from Swedish Victory Challenge, all of whom have experience of Americas Cup competition

Firelogs sold under Redhead brand

AFTER THE SUCCESS OF FIRELOGS in Europe and the US, the product is now being launched under the Australian Redhead brand. Firelighters are produced from sawdust that is mixed with wax to provide a stable flame that burns for about two hours.

A haven for connoisseurs

The Claridge's Hotel in London now offers a relaxing oasis for connoisseurs. In cooperation with General Cigar, the hotel has installed a cigar room, the Macanudo Fumoir at Claridge's, where a complete range of the handmade Macanudo cigars and a selection of rare Cuban cigars are available.

The Fumoir is a luxurious smoking-room and bar created by General Cigar in cooperation with the elegant Claridge's Hotel. The Fumoir is a popular haven where smokers can meet and enjoy some of the finest cigars in the world.

Designed by Thierry Despont, »The Macanudo Fumoir at Claridge's« has a complete offering of the famous handmade Macanudo cigars, combined with a »library« of rare old Cuban cigars, some of which are valued at several hundred pounds each.

Smokers can relax in a congenial atmosphere that features aubergine-colored leather furniture and wood-paneled

walls, knowing they can enjoy their cigars in peace and quiet. They can also choose from an extensive range of rare brands of cognac, whisky, Armagnac and port, specially selected for the Horseshoe Bar in the Fumoir, to complement their choice of cigar.

Advice on how to select, snip and smoke a cigar is offered in the Fumoir, and a number of unique events for smokers have also been planned.

»There is a strong demand for a gathering place where smokers can meet socially, or on business, without having to worry about being in a smoke-free area,« says Frans Vogels, President of General Cigar International. »There is also a growing demand for cigars – sales of our brands have more than doubled in Europe during the past two years. These factors were the source of inspiration for the Fumoir, which is a follow-up to the Macanudo Club concept in New York. Claridge's and Macanudo are both well-known names internationally, and we are proud to have created The Macanudo Fumoir at Claridge's as a service to people who choose to smoke,« concludes Frans Vogel.

Christopher Cowdray, General Manager of Claridge's says: »We are pleased to cooperate with General Cigar. The



Bruce Lewis of General Cigar International enjoys a cigar in the new cigar-lovers' oasis at Claridge's Hotel in London.



A throng of guests attended the inauguration of The Macanudo Fumoir at Claridge's Hotel.

Macanudo Fumoir at Claridge's is an important part in the revitalization and restoration of the ground floor of the hotel and it complements the new »Gordon

Ramsay at Claridge's« restaurant. We believe the Fumoir will soon become the most prominent meeting place for smokers in London. □

SWEDISH MATCH IN BRIEF

Swedish Match is a unique company with a complete range of market leading snuff and chewing tobacco, cigars and pipe tobacco – tobacco's niche products – as well as matches and lighters. The Group's global operations generated sales of SEK 11,533 M in 140 countries in 2000. The Group has 13,672 employees. Swedish Match shares are listed on the Stockholm Exchange (SWMA) and NASDAQ (SWMAY).

KEY FIGURES

MSEK	2001	2000
Net sales	13,635	11,533
Operating income	2,193	1,886
Operating income before depreciation	2,863	2,429
Net income	1,840	1,153
Income per share after tax, SEK	3:54	2:78
Dividend per share, SEK	1:45	1:35
Return on shareholder's equity, %	115.0	21.8

Smokeless Tobacco

Swedish Match has a broad presence in the global market for smokeless tobacco (snuff and chewing tobacco), with prominent market positions in the Nordic countries, North America and South Africa.



MARKET POSITION

Snuff: Market leader in the Nordic countries and South Africa and the third largest player in North America.

Chewing Tobacco: Market leader in North America

Cigars and Pipe Tobacco

Along with smokeless tobacco, cigars and pipe tobacco have been identified as a growth sector for Swedish Match. The products are sold in large parts of the world, with particular emphasis on North America, Europe and South Africa.



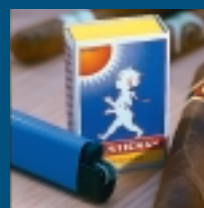
MARKET POSITION

Cigars: World's largest cigar company, with a product range that covers all price segments.

Pipe tobacco: One of the world's oldest and largest producers of pipe tobacco.

Matches and Lighters

Swedish Match manufactures and markets matches and lighters globally. The products are sold in more than 140 countries.



MARKET POSITION

Matches: World's leading manufacturer of matches and the only company with match production and sales operations in all parts of the world.

Lighters: One of the world's three largest manufacturers.