SWEDISH MATCH

Press Release
January 13, 1999

Swedish Match concentrates lighter production - and signs agreement to acquire 40 percent of Indonesian match company

Swedish Match is among the market leaders in the world market for lighters in the quality segment. Swedish Match's most important markets are Western and Eastern Europe, parts of Asia, Africa and Latin America. Production takes place in four production units, located in Manila in the Philippines, Lyon in France, Assen in the Netherlands and Manaus in Brazil.

Reduced demand in Swedish Match's main markets in Asia and Russia, and increased low price competition, makes it necessary for the Group to adapt production capacity to the worsened market situation to improve profitability.

Against this background, Swedish Match has initiated talks with local workers' representatives to discuss the possibility of closing down the lighter manufacturing plant in Lyon, France.

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Swedish Match has signed an agreement to acquire 40 percent of Indonesia's largest producer of matches, P.T. Java Match Factory (Jamafac). The company has production units in Jakarta and Bandung. In 1998, sales amounted to SEK 146 million, and profitability was good.

Cooperation between Swedish Match and P.T. Jamafac, which was initiated in 1971 and expanded in 1996, has now been formalized in a joint venture agreement aimed at strengthening Swedish Match's position in Southeast Asia.

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Swedish Match is an international group with headquarters in Stockholm, Sweden. The company manufactures tobacco products, matches and disposable lighters. The products are sold in approximately 140 countries. Annual sales in 1997 amounted to approximately SEK 7,500 M. Swedish Match is listed on the Stockholm Stock Exchange and NASDAQ.

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