SWEDISH MATCH

PRESS RELEASE
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BREAK-THROUGH IN TURKEY

Swedish Match and Kav Orman San.A.S., a company controlled by Koç Holding A.S. - the leading industrial conglomerate in Turkey with a turnover of 13 billion USD - have entered into an agreement on forming a joint venture on a 60/40 basis (SM/KAV) to develop match, lighter and tobacco business in Turkey and the Turkic Republics, (Azerbaijan, Kyrgyztan, Turqmenistan etc.), a fast growing market area of some 120 million inhabitants.

Kav is the leading match producer in Turkey. The turnover in 1996 for the match business was some USD 14 million.

Swedish Match - active in lights and tobacco business- have a Group Sales amounting to approximately USD 1 Billion. Swedish Match is the leading match producer in the world. The match business has an annual turnover of USD 130 million and some 2000 employees.

The agreement constitutes the establishing of a new company in Turkey in which Kav will transfer its existing match business with its fixed assets. The establishment will be executed once all necessary approvals of relevant authorities will be received.

AQUISITION IN SWEDEN

Swedish Match makes a public offer of SEK 170 per share for the shares of Treab Plus AB, a Swedish distributor of tobacco and tobacco related products as well as postcards, wrapping paper etc to retailers in Sweden. The value of the offer represents SEK 16,5 million. The turnover in 1996 for Treab Plus was SEK 105 million (USD 14 million).

The offer is subject to Swedish Match reaching at least 90% of the shares and receives the approval of the Swedish Competition Authority.

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