



**PRESS RELEASE**  
**November 27, 1997**

**Swedish Match acquires R.J. Reynolds Cigar business in Finland**

**Swedish Match has entered into an agreement with R.J. Reynolds International regarding the acquisition of the production operations of the cigar plant in Pietersaari in Finland per December 1, 1997.**

According to the terms of the agreement, all cigar brands will be transferred to Swedish Match. However, R.J. Reynolds OY will on behalf of Swedish Match continue to handle the sales, marketing and distribution of the cigars as previously.

The cigar business of R.J. Reynold in Finland will be integrated in the cigar division of Swedish Match. The personnel will be employed by Swedish Match with pre-existing terms and conditions.

Through the agreement Swedish Match will get access to the Finish market with strong, well known and leading brands such as Hofnar, Van Kemp and some other strong local brands. Before the acquisition Swedish Match had no cigar position in Finland.

The integration of the RJR Finland Cigar activities will create further synergistic effects at the purchase of tobacco and packaging as well as production.

Swedish Match is a company specialised in tobacco products, matches and lighters with a turnover of approximately 7.500 MSEK. Swedish Match is a listed company both at the Stockholm Stock Exchange and at the Nasdaq Stock Exchange, in New York.

The Swedish Match cigar division is one of the world's leading cigar manufactures, well known for its quality cigar products that are sold in more than 90 countries.

The cigar division, with 6 factories in Holland, Belgium, Germany and Indonesia, has a long tradition of producing famous brands such as La Paz, Willhem II, Clubmaster, Justus van Maurik and Montague with strong market positions in many parts of the world.

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**Background information**

The Finnish cigar market has increased since 1994 to a level of 65 million sticks in 1996. The trend is stable or slightly increasing, supported by a cigar boom in US and similar trends in Europe and other markets.

R.J. Reynold's own cigar brand activities show a 67% market share of the total Finnish cigar market which has a total value of 110-120 MSEK 1996. Total exports are 7 million cigars with presence in Scandinavian and Baltic Duty Free, Sweden and some other countries.

The size of the total Swedish Match cigar business is over 1 billion cigars per year with a total sale of 678 MSEK (1996). The cigar division recently introduced a premium high quality, totally hand made longfiller cigar in the US and some European markets, consolidating its position as quality cigar manufacturer. The division's strongest markets are West Europe and North Europe and other international markets like Australia, Thailand etc. Next to that North America is becoming an important market.