SWEDISH MATCH

NASDAQ: SWMAY OM Stockholm Exchange: SWMA

Press Release
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Swedish Match announces Snus capacity investment of approximately 500 MSEK in Sweden

Swedish Match has decided to build a new factory for the production of snus (Swedish moist snuff) in the Gothenburg area on the Swedish West coast.

The total investment for land, building, machinery and related costs is estimated to approximately 500 MSEK over three years.

Over the past 20 years smoking has declined and the use of snus has increased in Sweden. The growth level over the past 5 years has been approximately 5 per cent annually. More than half of the approximately 900000 Swedes who are regular consumers of snus formerly smoked cigarettes. Sweden is the first country in the world to reach the WHO target of less than 20 per cent of the adult population being cigarette smokers.

The trend from cigarette smoking to snus use has been strengthened in recent years. To be able to meet the demand Swedish Match needs to increase its production capacity. At the existing snus factory in Gothenburg there is not enough land to enlarge capacity to the extent needed.

Currently Swedish Match is investigating different location alternatives in the Gothenburg region. The new plant is expected to operate at full capacity from 2003 and employ approximately 120 people. The existing factory, which will continue its operations in parallel with the new plant, currently employs approximately 315 people.

"With the new factory Swedish Match invests in state of the art production technology, improves efficiency and increase capacity for portion packed snus, the category of snus with the best volume growth", says Lennart Sundén, President and CEO of Swedish Match. "We are building for the future and for a continued strong development for our snus business".

Swedish Match is an international group with its head office in Stockholm. The company manufactures a broad range of products within the OTP (Other Tobacco Products) category, with smokeless tobacco as its core business along with cigars and pipe tobacco, as well as matches and lighters. The products are sold in approximately 140 countries. Sales for the twelve months period ending June 30, 2000 amounted to approximately 10,200 MSEK. Swedish Match is listed on OM Stockholm Stock Exchange (SWMA) and on NASDAQ (SWMAY).

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