SWEDISH MATCH

NASDAQ OMX Stockholm: SWMA

PRESS RELEASE

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Swedish Match and Scandinavian Tobacco Group sign agreement to form a new cigar focused company

Following the announcement January 15, 2010 that Swedish Match and Scandinavian Tobacco Group (STG) intend to form a new company with a core focus on cigars; Swedish Match today announces that the transaction agreement has been signed by the parties.

Swedish Match will contribute its entire cigar business with the exception of US mass market cigars, and will contribute its remaining pipe tobacco and accessories businesses. STG will transfer all of its tobacco businesses (cigars, pipe tobacco and fine cut tobacco) into the new company. The new company will also include distribution of lighters and matches supplied by Swedish Match in relevant markets. Closing of the transaction, which is subject to competition authority approvals, is expected to occur during the third quarter, 2010.

"*This is a major step towards our ambition to leverage our combined skills in the global cigar and pipe tobacco industry. By creating this value enhancing business platform with worldwide reach, we are better positioned to drive growth, profitability and long term shareholder value," said Lars Dahlgren, President and CEO of Swedish Match AB.*

Swedish Match will hold 49 percent of the shares in the new company, with the remaining 51 percent of the shares to be held by STG's shareholders. Jørgen Tandrup, currently Chairman of STG, will become the Chairman of the Board and Conny Karlsson, Chairman of the Board of Swedish Match will assume the role as deputy Chairman for the new company. As previously disclosed, Anders Colding-Friis, CEO of STG will be the CEO of the new company.

STG will compensate Swedish Match with 30 MEUR to account for the shareholding and the relative differences in enterprise values on a cash and debt free basis. The cash consideration has been adjusted for exclusion of Swedish Match's minority stake in Arnold André from the transaction.

Based on the Swedish Match and STG 2009 full year results, the new company would have had an annual turnover of approximately 690 MEUR, EBITDA of approximately 140 MEUR, and a volume of more than 2.5 billion cigars. The STG tobacco business normalized full year 2009 Sales and EBITDA were approximately 320 MEUR and 70 MEUR respectively, employing about 3,500 employees. For the full year 2009, the normalized Sales and EBITDA for the businesses to be contributed to the new company by Swedish Match were approximately 370 MEUR and 70 MEUR respectively, employing about 7,000 employees.

The main advisors to Swedish Match in this transaction have been Sundling Wärn Partners and KPMG Transaction Services.

Background information

The new company will have leading positions for US premium cigars, for European cigars, and strong positions in a number of other markets. Leading cigar brands will include Macanudo, Partagas (US), Punch (US) and La Paz, among others, from Swedish Match as well as Café Crème, Henri Wintermans, Colts, and Mercator, among others, from STG. Leading pipe tobacco brands will, among others, include Borkum Riff and Half & Half from Swedish Match and Erinmore, Clan, and W.Ø. Larsen from STG.

STG produces cigars, pipe tobacco, and fine cut tobacco, having divested its cigarette and snus businesses in 2008. STG is headquartered in Denmark with production facilities in Belgium, the Netherlands, Denmark, Indonesia, the Dominican Republic, Nicaragua and Honduras.

Swedish Match develops, manufactures and sells market-leading brands in smokefree products, cigars and lights products. The Group sells products across the globe, with production units in 10 countries. The Group's global operations generated sales of 14,204 MSEK for the twelve month period ending December 31, 2009. The Swedish Match share is listed on the NASDAQ OMX Stockholm (SWMA).

Swedish Match AB (publ), SE-118 85 Stockholm
Visiting address: Rosenlundsgatan 36, Telephone: +46 8 658 02 00
Corporate Identity Number: 556015-0756
www.swedishmatch.com

For further information, please contact:

Lars Dahlgren, President and Chief Executive Officer
Office +46 8 658 0441, Mobile +46 70 958 0441

Joakim Tilly, Chief Financial Officer
Office +46 8 658 0213, Mobile +46 76 860 9597

Henrik Brehmer, Senior Vice President Corporate Communications
Office +46 8 658 0452, Mobile +46 76 111 3414

Emmett Harrison, Senior Vice President Investor Relations and Corporate Sustainability
Office +46 8 658 0173, Mobile +46 70 938 0173