



Interim Report January – September 2008

- Net sales for the third quarter increased to 3,432 MSEK (3,272)
- In local currencies, net sales were 8 percent above the third quarter of 2007
- Operating profit for the third quarter increased to 864 MSEK (759)
- EPS (basic) for the third quarter increased by 39 percent to 2.63 SEK (1.89)
- We maintain our outlook for 2008 with improved sales and underlying operating profit for the Group compared to 2007. For further details refer to the outlook section in this report

CEO Lars Dahlgren:

The third quarter demonstrated continued strong development of the snus and snuff product lines. In Scandinavia, sales increased by 20 percent versus last year's third quarter. In the US snuff business, sales and volume continued to grow and the national rollout of Red Man moist snuff is nearly complete. For cigars, sales and operating profit have held up well despite some softness in deliveries for our US premium cigar business. The remaining product groups once again delivered solid results in local currencies. We have a healthy cash balance and limited debt repayments through the end of 2009. We maintain our outlook for full year 2008 with improved sales and underlying operating profit for the Group compared to 2007.

Summary of Consolidated Income Statement

MSEK	July – Sep		Jan – Sep		Full year 2007
	2008	2007	2008	2007	
Sales	3,432	3,272	9,534	9,024	12,551
Operating profit excl. larger one time items	864	759	2,140	1,935	2,730
Operating profit	864	759	2,140	1,935	2,997
Profit before income tax	747	655	1,788	1,686	2,662
Net profit for the period	665	491	1,520	1,264	2,056
Earnings per share, basic (SEK)	2.63	1.89	6.01	4.78	7.80

Sales and results for the third quarter

In local currencies sales for the third quarter of 2008 increased by 8 percent compared with the third quarter of 2007. Reported sales for the third quarter increased by 5 percent to 3,432 MSEK (3,272). Currency translation has affected the sales comparison negatively by 99 MSEK.

Sales of snuff increased by 16 percent during the third quarter to 992 MSEK (852) and operating profit increased by 26 percent to 483 MSEK (383). Scandinavian snus sales were up 20 percent compared to the third quarter of the prior year while volumes measured in number of cans declined by 2 percent. Snuff sales in North America were up by 13 percent in local currency, as a result of both volume growth and a higher average price for the portfolio. Operating margin reached 48.7 percent (45.0).

For cigars, sales increased by 4 percent during the third quarter to 936 MSEK (902). Operating profit increased to 188 MSEK (185). Cigar sales grew in the US in dollar terms, as a result of the acquired Cigars International business and improved performance for machine made cigars. In Europe, sales declined. Operating profit increased in the US in local currency and declined versus prior year in Europe. Operating margin for cigars reached 20.1 percent (20.5).

Group operating profit for the third quarter increased by 14 percent to 864 MSEK (759). In local currencies operating profit increased by 18 percent. Currency translation has affected the operating profit comparison negatively by 33 MSEK.

Operating margin for the third quarter amounted to 25.2 percent compared to 23.2 percent for the third quarter of 2007.

The income tax rate in the isolated third quarter was at 11 percent, positively impacted by the reversal of certain tax provisions.

Earnings per share (basic) for the third quarter increased by 39 percent to 2.63 SEK (1.89). Diluted EPS was 2.63 SEK (1.88).

Sales and results for the first nine months

Sales for the first nine months amounted to 9,534 MSEK (9,024). In local currencies, sales increased by 10 percent. Operating profit amounted to 2,140 MSEK (1,935). In local currencies, operating profit increased by 16 percent. Currency translation has affected the operating profit comparison negatively by 101 MSEK.

Group operating margin during the first nine months was 22.4 percent (21.4).

EPS (basic) for the first nine months was 6.01 SEK (4.78). Diluted EPS was 6.00 SEK (4.77).

Sales by product area

MSEK	July - Sep			Jan - Sep			Oct 2007- Sep 2008	Full year 2007
	2008	2007	Chg %	2008	2007	Chg %		
Snuff	992	852	16	2,766	2,308	20	3,746	3,289
Cigars	936	902	4	2,601	2,483	5	3,529	3,411
Chewing tobacco	237	243	-2	674	734	-8	896	956
Pipe tobacco & accessories	214	220	-3	600	628	-4	823	851
Lights	404	374	8	1,124	1,068	5	1,529	1,473
Other operations	650	682	-5	1,769	1,803	-2	2,538	2,571
Total	3,432	3,272	5	9,534	9,024	6	13,061	12,551

Operating profit by product area

MSEK	July - Sep			Jan - Sep			Oct 2007- Sep 2008	Full year 2007
	2008	2007	Chg %	2008	2007	Chg %		
Snuff	483	383	26	1,212	925	31	1,653	1,366
Cigars	188	185	1	483	542	-11	678	737
Chewing tobacco	87	83	5	233	237	-1	309	312
Pipe tobacco & accessories	54	64	-15	153	143	7	210	201
Lights	83	67	25	199	186	7	266	252
Other operations	-32	-22		-140	-96		-181	-137
Subtotal	864	759	14	2,140	1,935	11	2,935	2,730
<i>Larger one time items</i>								
Capital gain from sale of real estate							267	267
Total	864	759	14	2,140	1,935	11	3,202	2,997

Operating margin by product area*

Percent	July - Sep		Jan - Sep		Oct 2007- Sep 2008	Full year 2007
	2008	2007	2008	2007		
Snuff	48.7	45.0	43.8	40.1	44.1	41.5
Cigars	20.1	20.5	18.6	21.8	19.2	21.6
Chewing tobacco	36.9	34.3	34.6	32.2	34.5	32.7
Pipe tobacco & accessories	25.4	28.9	25.4	22.7	25.6	23.6
Lights	20.6	17.8	17.7	17.4	17.4	17.1
Group	25.2	23.2	22.4	21.4	22.5	21.8

* Excluding larger one time items

EBITDA by product area

MSEK	July - Sep			Jan - Sep			Oct 2007- Sep 2008	Full year 2007
	2008	2007	Chg %	2008	2007	Chg %		
Snuff	522	420	24	1,326	1,034	28	1,803	1,511
Cigars	236	237	0	629	683	-8	866	920
Chewing tobacco	92	88	5	249	252	-1	327	330
Pipe tobacco & accessories	62	72	-15	176	169	4	242	235
Lights	93	79	19	229	221	4	307	299
Other operations	-31	-20		-136	-89		-176	-129
Total	975	876	11	2,472	2,268	9	3,370	3,166

EBITDA margin by product area

Percent	July - Sep		Jan - Sep		Oct 2007- Sep 2008	Full year 2007
	2008	2007	2008	2007		
Snuff	52.6	49.3	47.9	44.8	48.1	45.9
Cigars	25.2	26.3	24.2	27.5	24.5	27.0
Chewing tobacco	39.1	36.4	36.9	34.3	36.5	34.5
Pipe tobacco & accessories	29.0	32.9	29.3	26.9	29.4	27.6
Lights	23.1	21.0	20.4	20.7	20.1	20.3
Group	28.4	26.8	25.9	25.1	25.8	25.2

Snuff/Snus

Sweden is the world's largest snuff market measured by per capita consumption. A substantially larger proportion of the male population uses the Swedish type of moist snuff called snus* compared to cigarettes. The Norwegian market is significantly smaller than the Swedish market but in recent years has experienced solid volume growth. The US is the world's largest snuff market measured in number of cans and is approximately six times larger than the Swedish market. In Sweden and Norway, Swedish Match has a leading position. In the US, the Group is well positioned as the third largest player. Some of the best known brands include General, Ettan, and Grov in Sweden, Timber Wolf and Longhorn in the US. In 2007, the Company launched a snuff line extension under its well known Red Man brand in the US market.

During the third quarter, sales increased by 16 percent compared to the same quarter of the previous year, to 992 MSEK (852), and operating profit increased by 26 percent, to 483 MSEK (383). Currency translation impacts have affected the sales and operating profit comparison negatively. Operating profit improved significantly in the Scandinavian snus business.

The operating margin improved versus prior year both in Scandinavia and the US. The operating margin for the total product group was 48.7 percent (45.0).

In Scandinavia, sales volumes measured in number of cans, were down by 2 percent during the third quarter compared to the previous year, as strong Norwegian and Duty Free volumes substantially offset Swedish volume declines.

Sales and operating profit in Scandinavia increased due to price and mix effects. Overhead costs in the Scandinavian snuff business in the third quarter were lower than in the first and second quarters mainly due to phasing of marketing activities.

In the US, sales volumes during the third quarter were up by 5 percent compared to the same period in the previous year. Volumes for Longhorn and Timber Wolf declined slightly, due to timing of promotional programs. Last year's third quarter also included the initial pipeline shipments of Red Man. The Red Man brand is now in national distribution, and continues to be supported by marketing programs. At the beginning of the year, the Triumph brand of Swedish style snus was launched in a test market in Ohio as part of the joint venture with Lorillard. This test has now been expanded to Georgia.

* Swedish snus is moist snuff which is produced using a special heat treated process, much like pasteurization, as opposed to other snuff products for which a fermentation process is used.

Sales and operating profit in the US rose due to list price increases and an improved mix.

For the first nine months of the year, sales increased to 2,766 MSEK (2,308) and operating profit increased to 1,212 MSEK (925). Operating margin was 43.8 percent (40.1).

Cigars

Swedish Match is one of the world's largest producers of cigars and cigarillos. Swedish Match offers a full range of different cigars and brands. Well known brands include Macanudo, La Gloria Cubana, White Owl, Garcia y Vega, La Paz, Hajenius, Hollandia, Justus van Maurik, Wee Willem, and Salsa. The US is the largest cigar market in the world. Swedish Match has a leading position in the premium segment and is well established in the segment for machine made cigars. After the US, the most important cigar markets are in Europe, where Swedish Match is well represented in most countries. The largest markets for Swedish Match in sales terms in Europe are France, Benelux, Finland and Spain.

During the third quarter, sales were 936 MSEK (902), and operating profit amounted to 188 MSEK (185). In local currencies, sales in the third quarter increased by 8 percent compared to the same period of the previous year, while operating profit increased by 10 percent. Operating margin was 20.1 percent (20.5).

During the third quarter, US premium cigar sales in local currency increased 21 percent from the previous year, due to the acquisition of Cigars International in September, 2007. Excluding Cigars International, premium cigar sales in the US declined by 11 percent in local currency versus prior year as a result of lower volumes. Sales of mass market cigars in the US increased 8 percent in local currency. Volumes were positively impacted by hoarding effects in anticipation of a September price increase. Cigar sales in Europe declined 5 percent as a result of lower volumes. Sales declines in Europe were most notable in the Netherlands and France. In the Netherlands a smoking ban in all bars and restaurants was introduced effective July 1, 2008 which continued to impact shipments during the period.

For cigars in total, sales for the first nine months amounted to 2,601 MSEK (2,483), while operating profit was 483 MSEK (542). In local currencies sales increased by 11 percent versus the previous year, while operating profit decreased by 4 percent.

Chewing tobacco

Chewing tobacco is sold primarily on the North American market, mainly in the southern US. Swedish Match is the leading producer of chewing tobacco in the US. Well known brands include Red Man and Southern Pride. The chewing tobacco segment shows a declining trend.

During the third quarter, sales declined by 2 percent, to 237 MSEK (243). In local currency, sales of chewing tobacco increased by 4 percent as better prices more than compensated a modest decline in volumes. Volume declines in the third quarter were mitigated by the timing of promotions. Operating profit increased by 5 percent, to 87 MSEK (83). In local currency, the operating profit increased by 13 percent. Operating margin was 36.9 percent (34.3).

Sales for the first nine months amounted to 674 MSEK (734) while operating profit amounted to 233 MSEK (237). In local currency, sales for the first nine months

were up 2 percent, while operating profit grew by 10 percent. Operating margin was 34.6 percent (32.2).

Pipe tobacco and accessories

Swedish Match is one of the world's largest pipe tobacco companies. The Company has a significant presence in South Africa where Best Blend and Boxer are the most important brands. The Borkum Riff brand is sold in over 60 countries. Accessories include the sales of papers and other smoking related items. Pipe tobacco consumption is declining in most established markets.

During the third quarter, sales declined by 3 percent to 214 MSEK (220) and the operating profit reached 54 MSEK (64). The sales and operating profit comparisons are affected by the depreciation of the South African Rand. In local currencies, sales increased by 10 percent, while operating profit increased by 1 percent. Operating margin was 25.4 percent (28.9).

Sales for the first nine months amounted to 600 MSEK (628), while operating profit amounted to 153 MSEK (143). Operating margin was 25.4 percent (22.7).

Lights

Swedish Match is the market leader in a number of markets for matches. The brands are mostly local, with leading positions in their home countries. Larger brands include Solstickan, Three Stars, Fiat Lux, and Redheads. The Group's main brand for disposable lighters is Cricket. Swedish Match's largest market for lighters is Russia.

During the third quarter sales amounted to 404 MSEK (374), while operating profit amounted to 83 MSEK (67). Operating profit included a gain of 9 MSEK from the sale of land. Operating margin was 20.6 percent (17.8).

Sales for the first nine months amounted to 1,124 MSEK (1,068), while operating profit amounted to 199 MSEK (186). Operating margin was 17.7 percent (17.4).

Other operations

Other operations include the distribution of tobacco products on the Swedish market, as well as corporate overhead costs.

Sales in Other operations for the third quarter amounted to 650 MSEK (682). Operating profit for Other operations was a negative 32 MSEK (negative 22).

Sales for the first nine months amounted to 1,769 MSEK (1,803). Operating profit for the first nine months was a negative 140 MSEK (negative 96).

Taxes

In the third quarter, the tax rate amounted to 11 percent, positively impacted by the reversal of certain tax provisions.

The Group tax expense for the first nine months of the year amounted to 268 MSEK (421), corresponding to a tax rate of 15 percent (25).

Earnings per share

Basic earnings per share for the third quarter amounted to 2.63 SEK (1.89) and diluted EPS for the third quarter amounted to 2.63 SEK (1.88). For the first nine months of the year, basic earnings per share amounted to 6.01 SEK (4.78), and diluted earnings per share amounted to 6.00 SEK (4.77).

Depreciation and amortization

In the third quarter, total depreciation and amortization amounted to 111 MSEK (116), of which depreciation on property, plant and equipment amounted to 77 MSEK (80) and amortization of intangible assets amounted to 34 MSEK (37).

Total depreciation and amortization for the first nine months of the year amounted to 332 MSEK (333), of which depreciation on property, plant and equipment amounted to 230 MSEK (232) and amortization of intangible assets amounted to 102 MSEK (101).

Financing and cash flow

Cash flow from operations for the first nine months of the year increased to 1,531 MSEK compared with 1,394 MSEK for the same period of the previous year. The cash flow in both periods was adversely impacted by high payments of tobacco taxes following year end hoarding of tobacco products in the Swedish market.

The net debt as per September 30, 2008 amounted to 7,656 MSEK compared to 7,127 MSEK at December 31, 2007. The increase of 529 MSEK includes dividend payments of 886 MSEK and share repurchases, net, of 934 MSEK. Investments in property, plant and equipment amounted to 213 MSEK (422). The net debt of 7,656 MSEK includes a net pension liability relating to post-employment employee benefits of 401 MSEK, based on IAS 19 actuarial calculations as per December 31, 2007. The actuarial calculations will be updated in December 2008.

During the first nine months of the year new bond loans of 786 MSEK were issued. Repayment of bond loans for the same period amounted to 1,105 MSEK. As at September 30, 2008 Swedish Match had 9,686 MSEK of interest bearing debt excluding retirement benefit obligations. During the fourth quarter 2008, 109 MSEK of this debt falls due and in 2009, 653 MSEK is due for repayment. Swedish Match plans to meet its payback obligations during 2008 and 2009 from internally generated funds from operations and available cash.

Cash and cash equivalents amounted to 2,424 MSEK at the end of the period, compared with 3,439 MSEK at the beginning of the year. As of September 30, 2008, Swedish Match had 2,949 MSEK in unutilized committed credit lines.

Net finance cost for the first nine months of the year increased to 352 MSEK (250) as a result of higher average net debt and increased interest rates.

Average number of employees

The average number of employees in the Group during the first nine months of the year was 11,860 compared with 12,075 for the full year 2007.

Share structure

The Annual General Meeting on April 22, 2008 approved a mandate to repurchase shares for a maximum amount of 3,000 MSEK until the next Annual General Meeting with the condition that the Company at any time does not hold more than 10 percent of the shares of the Company. In addition, in accordance with the resolution at the Annual General Meeting, 12.0 million shares held in treasury have been cancelled. The total amount of registered shares in the Company after the cancellation of shares is 255,000,000 shares. In June, after Annual General Meeting approval, the Company issued 1,592,851 call options to senior Company officials and key employees for the stock option program for 2007. These call options can be exercised from March 1, 2011 to February 29, 2013. The exercise price is 172.68 SEK.

During the first nine months 7.5 million shares were repurchased for 996 MSEK at an average price of 132.63 SEK. Total shares bought back by Swedish Match since the buyback programs started have been repurchased at an average price of 79.36 SEK. During the first nine months the Company sold 0.8 million treasury shares at an average price of 78.22 SEK as a result of option holders exercising options. As per September 30, 2008 Swedish Match held 5.8 million shares in its treasury, corresponding to 2.3 percent of the total number of shares. The number of shares outstanding, net after repurchase and after the sale of treasury shares, as per September 30, 2008 amounted to 249.2 million. In addition, the Company has call options outstanding as of September 30, 2008 corresponding to 4.2 million shares exercisable in gradual stages from 2008-2013.

Other events

As from January 2009, Swedish Match will become the supplier of chewing tobacco to National Tobacco Company, which will continue to market, sell, and distribute its brands in the US.

Risk factors

Swedish Match faces intense competition in all of its markets and for each of its products and such competition may increase in the future. In order to be successful the Group must promote its brands successfully and anticipate and respond to new customer trends. Restrictions on advertising and promotion may, however, make it more difficult to counteract loss of consumer loyalty. Competitors may develop and promote new products which could be successful, and could thereby have an adverse effect on Swedish Match's results of operations.

Swedish Match has a substantial part of its production and sales in EMU member countries as well as South Africa, Brazil and the US. Consequently, changes in exchange rates of euro, South African rand, Brazilian real and the US dollar in particular may adversely affect the Group's results of operations, cash flow, financial condition or relative price competitiveness in the future. Such effects may occur both in local currencies and when such local currencies are translated into Swedish currency for purposes of financial reporting.

Regulatory and fiscal changes in the countries where the Group is operating related to tobacco and other taxes as well as to the marketing, sale and consumption of tobacco products may have an adverse effect on Swedish Match's results of operations.

For a further description of risk factors affecting Swedish Match, see Report of the Board of Directors in the published Swedish Match Annual Report for 2007.

Outlook for 2008

The outlook presented in the half year report for 2008 remains valid with the exception of the tax rate.

For the full year we expect both sales and underlying operating profit to exceed the levels in 2007, driven primarily by a strong performance in the snuff/snus product area. We expect the Scandinavian snus business to continue to deliver strong results for the remainder of the year, and in the US we expect further market share gains and volume growth.

The tax rate for the full year is expected to be lower than the previously estimated 18 percent mainly attributable to the reversal of certain tax provisions.

Accounting principles

The financial information in this report has been prepared in accordance with the International Financial Reporting Standards (IFRS) approved by the European Commission for application within the EU. The report is prepared in accordance with the Accounting Standard IAS 34 Interim Financial Reporting. The accounting principles are the same as in the 2007 Annual Report.

Forward-looking information

This report contains forward-looking information based on the current expectation of the Swedish Match Group's management. Although management deems that the expectations presented by such forward-looking information are reasonable, no guarantee can be given that these expectations will prove correct. Accordingly, the actual future outcome could vary considerably compared to what is stated in the forward-looking information, due to such factors as changed conditions regarding business cycles, market and competition, changes in legal requirements and other political measures, and fluctuation in exchange rates.

Additional information

This report has not been reviewed by the Company's auditors. The January-December 2008 report will be released on February 18, 2009.

Stockholm, October 29, 2008

Lars Dahlgren
President and CEO

Key data

	January - September		12 months	Full year
	2008	2007	ended Sep 30, 2008	2007
Operating margin, % ¹⁾	22.4	21.4	22.5	21.8
Operating capital, MSEK	8,646	9,553	8,646	8,439
Return on operating capital, % ¹⁾			32.3	33.1
Net debt, MSEK	7,656	8,707	7,656	7,127
Investments in property, plant and equipment, MSEK ²⁾	213	422	333	541
EBITDA, MSEK ³⁾	2,472	2,268	3,370	3,166
EBITA, MSEK ⁴⁾	2,242	2,037	3,070	2,865
EBITA interest cover	6.9	8.6	7.5	9.0
Net debt/EBITA			2.5	2.5
<i>Share data⁵⁾</i>				
Earnings per share, SEK				
Basic	6.01	4.78	9.10	7.82
Diluted	6.00	4.77	9.08	7.80
Number of shares outstanding at end of period	249,160,000	257,874,800	249,160,000	255,874,800
Average number of shares outstanding, basic	252,769,971	264,327,185	253,936,734	262,604,644
Average number of shares outstanding, diluted	253,174,385	265,225,215	254,439,306	263,405,637

1) Excluding a gain of 267 MSEK from the sale of head office buildings in Stockholm during the fourth quarter 2007

2) Includes investments in assets held for sale and forest plantations

3) Operating profit excluding larger one time items adjusted for depreciation, amortization and writedowns of tangible and intangible assets

4) Operating profit excluding larger one time items adjusted for amortization and writedowns of intangible assets

5) Profit attributable to equity holders of the Parent

Consolidated Income Statement in summary

MSEK	July - Sep			Jan - Sep			12 months		
	2008	2007	Chg %	2008	2007	Chg %	ended Sep 30, 2008	Full year 2007	Chg %
Sales, including tobacco tax	6,303	5,984		17,336	16,252		23,935	22,852	
Less tobacco tax	-2,872	-2,713		-7,801	-7,228		-10,874	-10,301	
Sales	3,432	3,272	5	9,534	9,024	6	13,061	12,551	4
Cost of sales	-1,741	-1,702		-4,862	-4,698		-6,742	-6,578	
Gross profit	1,691	1,570	8	4,673	4,326	8	6,320	5,973	6
Sales and administrative expenses*	-832	-810		-2,540	-2,393		-3,123	-2,976	
Share of profit in equity accounted investees	5	0		7	3		6	1	
Operating profit	864	759	14	2,140	1,935	11	3,202	2,997	7
Financial income	40	33		114	109		170	165	
Financial expenses	-157	-137		-466	-358		-608	-501	
Net finance cost	-117	-105		-352	-250		-438	-336	
Profit before income taxes	747	655	14	1,788	1,686	6	2,764	2,662	4
Income tax expense	-81	-164		-268	-421		-453	-606	
Net profit for the period	665	491	36	1,520	1,264	20	2,311	2,056	12
<i>Attributable to:</i>									
Equity holders of the Parent	665	491		1,519	1,264		2,310	2,055	
Minority interests	0	0		1	1		1	1	
Net profit for the period	665	491	36	1,520	1,264	20	2,311	2,056	12
Earnings per share, basic, SEK	2.63	1.89		6.01	4.78		9.10	7.82	
Earnings per share, diluted, SEK	2.63	1.88		6.00	4.77		9.08	7.80	

* Including a gain of 267 MSEK from sale of head office buildings in Stockholm during the fourth quarter 2007

Consolidated Balance Sheet in summary

MSEK

	Sep 30, 2008	Dec 31, 2007
Intangible assets	4,375	4,419
Property, plant and equipment	2,366	2,388
Financial fixed assets	1,146	1,011
Current operating assets	5,010	5,204
Other current investments	6	5
Cash and cash equivalents	2,424	3,439
Total assets	15,328	16,467
Equity attributable to equity holders of the Parent	515	720
Minority interest	4	4
Total equity	518	724
Non-current provisions	1,381	1,292
Non-current loans	8,957	8,768
Other non-current liabilities	640	567
Current provisions	28	60
Current loans	728	1,271
Other current liabilities	3,075	3,785
Total equity and liabilities	15,328	16,467

Consolidated Cash Flow Statement in summary

MSEK

	January – September 2008	2007
Profit before income taxes	1,788	1,686
Adjustments for non-cash items and other	314	347
Income tax paid	-454	-454
Cash flow from operating activities before changes in working capital	1,648	1,579
Cash flow from changes in working capital	-117	-185
Net cash from operating activities	1,531	1,394
<i>Investing activities</i>		
Acquisition of property, plant and equipment*	-213	-422
Proceeds from sale of property, plant and equipment	91	29
Acquisition of intangible assets	-2	-67
Acquisition of subsidiaries, net of cash acquired	-14	-1,168
Divestment of business operations	5	-
Changes in financial receivables etc.	0	78
Changes in current investments	0	51
Net cash used in investing activities	-133	-1,500
<i>Financing activities</i>		
Changes in loans	-382	1,207
Dividends paid to equity holders of the Parent	-886	-664
Repurchase of own shares	-996	-2,274
Stock options exercised	62	122
Other	-99	-45
Net cash used in financing activities	-2,301	-1,653
Net decrease in cash and cash equivalents	-903	-1,759
Cash and cash equivalents at the beginning of the period	3,439	3,042
Effect of exchange rate fluctuations on cash and cash equivalents	-113	-3
Cash and cash equivalents at the end of the period	2,424	1,281

* Includes investments held for sale and forest plantations

Consolidated Statement of Recognized Income and Expense

<i>MSEK</i>	January – September	
	2008	2007
Net profit for the period recognized in the income statement	1,520	1,264
<i>Income and expenses recognized in equity:</i>		
Effective portion of changes in fair value of cash flow hedges	-23	44
Translation difference in foreign operations	88	-259
Tax on items taken to/transferred from equity	7	-12
Total transactions taken to equity	71	-227
Total income and expense recognized for the period	1,591	1,037
<i>Attributable to:</i>		
Equity holders of the Parent	1,590	1,037
Minority interest	1	0
Total income and expense recognized for the period	1,591	1,037

Change in Shareholders' Equity

<i>MSEK</i>	January – September	
	2008	2007
Opening balance as per January 1	724	2,041
Total income and expense recognized for the period	1,591	1,037
Repurchase of own shares	-996	-2,274
Stock options exercised	62	122
Share-based payments, IFRS 2	23	22
Dividends paid to equity holders of the Parent	-886	-664
Cancellation of shares	-18	-
Bonus issue	18	-
Minority interest	0	0
Closing balance as per September 30	518	284

Quarterly data

<i>MSEK</i>	Q3/08	Q2/08	Q1/08	Q4/07	Q3/07	Q2/07	Q1/07	Q4/06	Q3/06
Sales, including tobacco tax	6,303	6,031	5,002	6,600	5,984	5,645	4,623	6,097	5,595
Less tobacco tax	-2,872	-2,746	-2,183	-3,073	-2,713	-2,555	-1,961	-2,640	-2,335
Sales	3,432	3,284	2,818	3,527	3,272	3,090	2,663	3,457	3,261
Cost of sales	-1,741	-1,687	-1,434	-1,880	-1,702	-1,629	-1,368	-1,877	-1,675
Gross profit	1,691	1,598	1,384	1,647	1,570	1,461	1,295	1,581	1,586
Sales and administrative expenses	-832	-870	-838	-851	-810	-821	-762	-772	-780
Share of profit in equity accounted investees	5	5	-3	-1	0	2	0	3	3
	864	733	543	795	759	642	534	811	809
<i>Larger one time items</i>									
Capital gain from sale of real estate	-	-	-	267	-	-	-	-	-
Operating profit	864	733	543	1,062	759	642	534	811	809
Financial income	40	33	40	56	33	40	36	39	34
Financial expenses	-157	-153	-156	-142	-137	-119	-102	-107	-101
	-117	-119	-116	-86	-105	-79	-66	-68	-67
<i>Larger one time items</i>									
Gain on sale of securities	-	-	-	-	-	-	-	111	-
Net finance cost	-117	-119	-116	-86	-105	-79	-66	43	-67
Profit before income taxes	747	614	427	976	655	563	468	854	742
Income tax expense	-81	-102	-85	-185	-164	-122	-136	-251	-113
Net profit for the period	665	512	341	791	491	441	332	603	628
<i>Attributable to:</i>									
Equity holders of the Parent	665	512	341	791	491	441	332	603	628
Minority interest	0	0	0	0	0	0	0	0	0
Net profit for the period	665	512	341	791	491	441	332	603	628

Sales by product area

<i>MSEK</i>	Q3/08	Q2/08	Q1/08	Q4/07	Q3/07	Q2/07	Q1/07	Q4/06	Q3/06
Snuff	992	953	821	981	852	794	662	963	785
Cigars	936	908	757	928	902	847	735	857	903
Chewing tobacco	237	227	210	222	243	253	238	240	273
Pipe tobacco & accessories	214	189	198	223	220	203	205	226	217
Lights	404	374	347	405	374	354	340	388	360
Other operations	650	634	484	769	682	638	483	784	723
Total	3,432	3,284	2,818	3,527	3,272	3,090	2,663	3,457	3,261

Operating profit by product area

<i>MSEK</i>	Q3/08	Q2/08	Q1/08	Q4/07	Q3/07	Q2/07	Q1/07	Q4/06	Q3/06
Snuff	483	410	318	441	383	311	231	462	385
Cigars	188	184	112	195	185	193	164	168	231
Chewing tobacco	87	77	69	75	83	82	72	76	95
Pipe tobacco & accessories	54	47	51	58	64	24	56	63	68
Lights	83	62	54	67	67	62	57	51	64
Other operations	-32	-47	-61	-41	-22	-29	-45	-9	-35
Subtotal	864	733	543	795	759	642	534	811	808
<i>Larger one time items</i>									
Capital gain from sale of real estate	-	-	-	267	-	-	-	-	-
Subtotal	-	-	-	267	-	-	-	-	-
Total	864	733	543	1,062	759	642	534	811	808

Operating margin by product area*

Percent	Q3/08	Q2/08	Q1/08	Q4/07	Q3/07	Q2/07	Q1/07	Q4/06	Q3/06
Snuff	48.7	43.0	38.7	45.0	45.0	39.1	34.9	48.0	49.1
Cigars	20.1	20.3	14.8	21.0	20.5	22.7	22.3	19.6	25.6
Chewing tobacco	36.9	34.1	32.7	34.1	34.3	32.3	30.1	31.7	34.7
Pipe tobacco & accessories	25.4	25.0	26.0	25.9	28.9	11.7	27.1	28.0	31.5
Lights	20.6	16.6	15.5	16.4	17.8	17.5	16.8	13.1	17.7
Group	25.2	22.3	19.3	22.5	23.2	20.8	20.0	23.5	24.8

* Excluding larger one time items

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The character of the information in this report is such that it shall be disclosed by Swedish Match AB (publ) in accordance with the Swedish Securities Markets Act. The information was disclosed to the media on October 29, 2008 at 08.00 a.m (CET).