

Press release

Nasdaq Stockholm: SWMA

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28 January, 2016

Swedish Match announces that Scandinavian Tobacco Group A/S publishes offering circular in connection with its contemplated IPO. First day of trading on Nasdaq Copenhagen is expected no later than February 10, 2016

Today Scandinavian Tobacco Group A/S (“STG”) has published an offering circular including the indicative price range in connection with its contemplated Initial Public Offering (“IPO” or the “Offering”) and subsequent admission to trading and listing of the STG shares on Nasdaq Copenhagen.

As previously communicated, the contemplated IPO consists of a partial sale of existing shares by the STG shareholders, Swedish Match (via Swedish Match Cigars Holding AB) and Skandinavisk Holding II A/S. Swedish Match currently holds 49 percent of the shares in STG. The shareholders expect to sell 35.6 percent of their holding with an overallotment option of another 4.4 percent. The shareholders intend to sell equal amounts of shares. If the Offering is fully subscribed and the overallotment option is exercised in full, Swedish Match will hold 29 percent of the shares in STG following the completion of the IPO. The Board of Directors of Swedish Match AB intends to propose to the annual general meeting that a substantial portion of the proceeds from the contemplated transaction should be distributed to the Swedish Match shareholders through a dividend payment.

As set forth in the offering circular, the indicative price range has been set at DKK 93 to DKK 110 per share, corresponding to an implied equity value of STG of approximately DKK 9.3 billion to DKK 11 billion. The offer price is expected to be announced no later than 8:00 a.m. CET on February 10, 2016. The offer period will commence as of today January 28, 2016 and will close no later than 4:00 p.m. CET on February 9, 2016. The shares sold in the IPO are expected to be admitted to trading and official listing on Nasdaq Copenhagen no later than February 10, 2016 under the symbol “STG”.

Further, as set forth in the offering circular, and as a part of the Offering, the STG shareholders will sell shares in STG at the offer price to Conny Karlsson, chairman of the Board of Directors in Swedish Match, and Marlene Forsell, CFO in Swedish Match, who are members of the Board of Directors in STG. As further set out in the offering circular, Lars Dahlgren, CEO of Swedish Match, and Fredrik Lagercrantz, SVP at Swedish Match, intend to resign from the Board of Directors of STG at the completion of the IPO allowing new members to be elected in order to accommodate a more diverse shareholder base.

Lars Dahlgren, President and CEO of Swedish Match notes, *“This IPO will provide many benefits to the Scandinavian Tobacco Group, helping to not only diversify the shareholder base, but also to increase the visibility of the company and enable the company to further develop its businesses and remain a strong and attractive employer. For Swedish Match, such an IPO would provide tangible benefits to our shareholders in terms of both return of shareholder value and enhanced focus on our core business.”*

The complete terms and conditions for the IPO are set forth in the offering circular published by STG and which is made available on the STG website, www.st-group.com.

J.P. Morgan Securities Ltd., Deutsche Bank AB, London Branch and Nordea Markets (division of Nordea Bank Danmark A/S) are acting as Joint Global Coordinators and Joint Bookrunners in the Offering and Carnegie Investment Bank, filial af Carnegie Investment Bank AB (publ), Sverige is acting as Co-Lead Manager in the Offering.

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This release contains forward-looking information. No guarantee can be given that these expectations will prove correct. Accordingly, the actual future outcome could vary considerably compared to that stated in the forward-looking information, due to such factors as changed market conditions or other factors. The information, opinions and forward-looking statements contained in this announcement speak only as at its date and are subject to change without notice.

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The character of this information 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 28 January, 2016 at 08.59 a.m. (CET).

Swedish Match develops, manufactures, and sells quality products with market-leading brands in the product areas Snus and moist snuff, Other tobacco products (cigars and chewing tobacco), and Lights (matches, lighters, and complementary products). Production is located in six countries, with sales concentrated in Scandinavia and the US. The Group's global operations generated sales of 14,303 MSEK for the twelve month period ending 30 September 2015. The Swedish Match share is listed on Nasdaq Stockholm (SWMA).

Swedish Match's vision is a world without cigarettes. Some of its well-known brands include: *General, Longhorn, White Owl, Red Man, Fiat Lux, and Cricket.*

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