SWEDISH MATCH

Interim Report
January – September 2007

- **Net sales for the third quarter amounted to 3,272 MSEK (3,261) and 9,024 MSEK (9,454) for the first nine months**
- **Operating profit for the third quarter amounted to 759 MSEK (808) and 1,935 MSEK (2,326*) for the first nine months**
- **Currency translation differences in the third quarter negatively affected sales and operating profit comparisons by 75 MSEK and 27 MSEK respectively**
- **Net profit for the third quarter amounted to 491 MSEK (627), and 1,264 MSEK (1,732) for the first nine months**
- **EPS for the third quarter amounted to 1.89 SEK (2.23) and 4.78 SEK (5.94) for the first nine months**
- **Cigars International Inc., a US based cigar business with annual sales of 400 MSEK, was acquired in September**

* Excluding pension plan curtailment gain of 148 MSEK before tax in 2006

Summary of Consolidated Income Statement

MSEK	July – Sep 2007	July – Sep 2006	Jan – Sep 2007	Jan – Sep 2006	Full year 2006
Sales	**3,272**	**3,261**	**9,024**	**9,454**	**12,911**
Operating profit excl. larger one time items	**759**	**808**	**1,935**	**2,326**	**3,137**
Operating profit	**759**	**808**	**1,935**	**2,474**	**3,285**
Profit before income tax	**655**	**741**	**1,686**	**2,319**	**3,173**
Net profit for the period	**491**	**627**	**1,264**	**1,732**	**2,335**
Earnings per share (SEK)	**1.89**	**2.23**	**4.78**	**5.94**	**8.13**

Sales and results for the third quarter
In local currencies, sales increased by 3 percent. Reported sales for the third quarter increased to 3,272 MSEK (3,261) with currency translation negatively affecting the sales comparison by 75 MSEK.

For snuff, reported sales increased by 8 percent during the third quarter to 852 MSEK (785) and operating profit declined by less than 1 percent to 383 MSEK (385). Operating margin was 45.0 percent (49.1). North European Division snus sales increased by 7 percent. North American snuff sales increased by 24 percent in local currency.

Sales of cigars in the third quarter were 902 MSEK (903), while operating profit was 185 MSEK (231). In local currencies sales increased by 4 percent, while operating profit declined in both the US and in Europe. Operating margin for cigars was 20.5 percent (25.6).

Group operating profit for the third quarter amounted to 759 MSEK (808). Currency translation has affected the operating profit comparison negatively by 27 MSEK.

Operating margin for the third quarter continued to recover and amounted to 23.2 percent compared to 24.8 percent for the third quarter 2006.

EPS (basic) for the third quarter was 1.89 SEK (2.23). EPS (diluted) for the third quarter was 1.88 SEK (2.22). The decline is mainly attributable to the reversal of a tax provision for withholding tax on unremitted earnings from the US subsidiaries in 2006.

Sales and results for the first nine months

Sales for the first nine months amounted to 9,024 MSEK (9,454). In local currencies sales decreased by 1 percent. Operating profit* amounted to 1,935 MSEK (2,326). The lower operating profit is mainly due to lower Scandinavian snuff volumes in the beginning of the year, as well as higher marketing investment. Currency translation has affected the operating profit comparison negatively by 96 MSEK.

Group operating margin during the first nine months was 21.4 percent (24.6*).

The reported tax rate for the Group for the first nine months was 25 percent (25).

EPS (basic) for the first nine months was 4.78 SEK (5.94). Diluted EPS amounted to 4.77 SEK (5.92).

* Excluding pension plan curtailment gain of 148 MSEK before tax in 2006

Sales by product area

	July – Sep		Chg	Jan - Sep		Chg	Oct 2006-	Full year
MSEK	2007	2006	%	2007	2006	%	Sep 2007	2006
Snuff	852	785	8	2,308	2,400	-4	3,271	3,363
Cigars	902	903	0	2,483	2,550	-3	3,340	3,407
Chewing tobacco	243	273	-11	734	823	-11	974	1,063
Pipe tobacco & Accessories	220	217	2	628	673	-7	854	899
Lights	374	360	4	1,068	1,115	-4	1,455	1,503
Other operations	682	723	-6	1,803	1,892	-5	2,587	2,677
Total	**3,272**	**3,261**	**0**	**9,024**	**9,454**	**-5**	**12,481**	**12,911**

Operating profit by product area

MSEK	July – Sep 2007	2006	Chg %	Jan - Sep 2007	2006	Chg %	Oct 2006- Sep 2007	Full year 2006
Snuff	383	385	-1	925	1,151	-20	1,387	1,614
Cigars	185	231	-20	542	602	-10	710	770
Chewing tobacco	83	95	-12	237	262	-10	313	338
Pipe tobacco & Accessories	64	68	-7	143	202	-29	206	265
Lights	67	64	5	186	198	-6	237	249
Other operations	-22	-35		-96	-89		-106	-99
Subtotal	**759**	**808**	**-6**	**1,935**	**2,326**	**-17**	**2,747**	**3,137**
Larger one time items								
Pension curtailment gain	-	-		-	148		-	148
Total	**759**	**808**	**-6**	**1,935**	**2,474**	**-22**	**2,747**	**3,285**

Operating margin by product area

Percent	July - Sep 2007	2006	Jan - Sep 2007	2006	Oct 2006- Sep 2007	Full year 2006
Snuff	45.0	49.1	40.1	48.0	42.4	48.0
Cigars	20.5	25.6	21.8	23.6	21.3	22.6
Chewing tobacco	34.3	34.7	32.2	31.8	32.1	31.8
Pipe tobacco & Accessories	28.9	31.5	22.7	30.0	24.1	29.5
Lights	17.8	17.7	17.4	17.8	16.3	16.6
Group*	**23.2**	**24.8**	**21.4**	**24.6**	**22.0**	**24.3**

* Excluding larger one time items

Snuff /Snus

Sweden is the world’s largest snuff market measured by per capita consumption. In Sweden, a substantially larger proportion of the male population uses the Swedish type of moist snuff called snus* compared to cigarettes. The Norwegian market, which is significantly smaller than the Swedish market, is at present showing strong growth. The US is the world’s largest snuff market measured in number of cans and is approximately five times larger than the Swedish market. In Sweden and Norway, Swedish Match has a leading position. In the US, the Company is well positioned as number three on the market. Some of the best known brands include General, Ettan, and Grov in Sweden, Timber Wolf and Longhorn in the US and Taxi in South Africa.

During the third quarter, sales revenues increased by 8 percent compared to the same quarter previous year, to 852 MSEK (785), and operating profit decreased by less than 1 percent, to 383 MSEK (385). Currency translation impacts have affected the sales and operating profit comparison negatively. Operating profit improved in the Scandinavian snus business. The Company has increased spending (including launch related costs for Red Man moist snuff) which has resulted in a somewhat lower operating profit in the US snuff business. During the year, the Company has increased its marketing and product development spending overall in the snuff product category for both the US and Scandinavian markets. Operating margin was 45.0 percent (49.1).

* 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.

In Scandinavia, shipment volume in cans, during the third quarter were down less than 1 percent compared to the same period previous year. The destocking effects from a hoarding in Sweden in the fourth quarter of 2006 have ended. Increased volumes in Norway and Duty free offset Swedish volume declines.

In the US, overall shipment volumes in cans during the third quarter were up by 34 percent compared to the same period previous year. Volumes for Longhorn and Timber Wolf combined were up by 28 percent. Shipment volumes for the launch of Red Man moist snuff contributed to the overall volume increase. The Red Man launch was supported by extensive marketing efforts.

For the first nine months of the year, sales amounted to 2,308 MSEK (2,400) while operating profit amounted to 925 MSEK (1,151). Operating margin was 40.1 percent (48.0). The lower operating margin results from a combination of factors including lower volumes in the first half of the year in Scandinavia, a mix shift toward value price products, and higher marketing expenses for product launches.

Cigars

Swedish Match is the world's second largest producer of cigars and cigarillos in sales value. 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, Justus van Maurik, Willem II, Salsa, and Wings. The US is the largest cigar market in the world where 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, with an especially good market position in the Netherlands and in the Nordic area.

During the third quarter, sales revenues were 902 MSEK (903), while operating profit was 185 MSEK (231). Operating profit in the third quarter 2006 was positively impacted by the successful launch of the Garcia y Vega Game product on the US mass market. Currency translation has affected the comparisons for both sales and operating profit negatively. In local currencies, sales in the third quarter increased by 4 percent compared to the same period previous year, while operating profit declined. Operating margin decreased to 20.5 percent (25.6).

Excluding the impact of acquisitions, sales in local currencies were either unchanged or declined in all cigar segments compared to the third quarter previous year. Mix changes and higher marketing costs had a negative impact on the operating margins. The acquired businesses contributed positively to the result.

In mid June, Swedish Match acquired Bogaert Cigars, a privately held cigar company headquartered in Belgium with production facilities in Belgium and Indonesia. The Bogaert Cigars portfolio consists of machine-made cigars/cigarillos of own-brands (Bogart and Hollandia) as well as private label.

In September, the Company acquired Cigars International Inc., a US based distributor of premium cigars specializing in mail order and internet sales. This fast growing company has annual sales of approximately 400 MSEK, with its assortment including both General Cigar products and those from other manufacturers.

Group sales for the first nine months were 2,483 MSEK (2,550), while operating profit was 542 MSEK (602). In local currencies, sales increased by 3 percent, while operating profit declined by 5 percent, primarily attributable to a weaker performance in premium cigars.

Chewing tobacco

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

During the third quarter, sales revenues declined by 11 percent, to 243 MSEK (273). Operating profit declined by 12 percent, to 83 MSEK (95). Operating margin was 34.3 percent (34.7). Lower volumes and negative currency translation effects were the main factors behind the decline in operating profit.

Sales for the first nine months amounted to 734 MSEK (823) while operating profit amounted to 237 MSEK (262). In the US, sales for the first nine months were down 2 percent, while operating profit grew by 3 percent in local currency. Operating margin was 32.2 percent (31.8).

Pipe tobacco and Accessories

Swedish Match is one of the largest pipe tobacco companies in the world and its products are marketed worldwide. The Borkum Riff brand is sold in over 60 countries. The Company has its most significant presence in South Africa, where local production takes place. Best Blend and Boxer are the most important brands in South Africa. Accessories include the sales of papers, filters, and other smoking related items, primarily in the UK and Australia. Pipe tobacco consumption is declining on most established markets.

During the third quarter, sales revenues increased by 2 percent to 220 MSEK (217) and the operating profit declined to 64 MSEK (68). The sales and operating profit comparisons are affected by the depreciation of the South African Rand. Operating margin was 28.9 percent (31.5).

Sales for the first nine months amounted to 628 MSEK (673), while operating profit amounted to 143 MSEK (202). Operating profit during the nine month period was negatively affected by costs related to the closure of a redundant pipe tobacco factory in South Africa during the second quarter. Operating margin was 22.7 percent (30.0).

Lights

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

During the third quarter sales revenues amounted to 374 MSEK (360), while operating profit amounted to 67 MSEK (64). Operating margin was 17.8 percent (17.7).

Sales for the first nine months amounted to 1,068 MSEK (1,115), while operating profit amounted to 186 MSEK (198). Operating margin was 17.4 percent (17.8).

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

Sales in Other operations for the third quarter was 682 MSEK (723). Operating profit for Other operations was a negative 22 MSEK (negative 35). During the first nine months, sales in Other operations was 1,803 MSEK (1,892), while operating profit was a negative 96 MSEK (negative 89). Sales in the Swedish distribution of tobacco products was unusually low in the beginning of the year as a consequence of high retailer inventories in anticipation of the sharply raised tobacco excise taxes effective January 1, 2007 and an overall decline in sales of tobacco products.

Taxes
The Group tax expense for the first nine months amounted to 421 MSEK (587), corresponding to a tax rate of 25 percent (25). In 2007 a realignment of the operational and legal structures have resulted in a more effective capital structure and lowered tax rate. In 2006 the tax expense was favourably impacted by the reversal of a provision for withholding tax on unremitted earnings from US subsidiaries.

Depreciation and amortization
Total depreciation and amortization for the first nine months amounted to 333 MSEK (332), of which depreciation on property, plant and equipment amounted to 232 MSEK (234) and amortization of intangible assets amounted to 101 MSEK (97).

Financing and cash flow
Cash flow from operations for the first nine months of the year increased to 1,394 MSEK compared with 464 MSEK for the same period previous year. Tax payments during the first nine months of the year were 454 MSEK, compared with unusually high 1,498 MSEK in the first nine months of 2006.

The net debt as per September 30, 2007 amounted to 8,707 MSEK compared to 5,658 MSEK at December 31, 2006. The increase of 3,049 MSEK results from share repurchases, net, of 2,152 MSEK, payment of dividends of 664 MSEK and investments of 1,500 MSEK including the acquisitions of Bogaert Cigars and Cigars International and investments in property, plant and equipment.

During the first nine months of the year new bond loans of 1,558 MSEK have been issued. Repayments of bond loans for the same period amounted to 310 MSEK.

Cash and cash equivalents amounted to 1,281 MSEK at the end of the period, compared with 3,042 MSEK at the beginning of the year.

Net finance cost for the first nine months increased to 250 MSEK (155) as a result of higher net debt and increased interest rates.

Revised dividend and financial policy
As part of the strategic process the Board has reviewed the dividend policy and the overall capital structure of the Company. During the year the Scandinavian snuff business has recovered significantly from the downturn caused by the doubling of the excise duty on snuff in Sweden effective January 1. In the US, the snuff business continues to demonstrate strong growth. Two important cigar acquisitions have been completed during the year. These acquisitions have resulted in an

increased debt level in the Company, but are expected to contribute positively to the profit and cash flow going forward.

The current dividend policy stipulates that the dividend follows the trend of the net profit and is in the range of 30 to 50 percent of the profit for the year. For the year 2006 the dividend amounted to 2.50 SEK or 31 percent of the earnings per share. The Board has concluded that the strategic position of Swedish Match supports a modified dividend policy going forward.

The new dividend policy is that the dividend will be in the range of 40 to 60 percent of the earnings per share for the year, subject to adjustments for larger one-time items.

Following the completion of the Bogaert Cigars and Cigars International acquisitions and share repurchases of 2.27 billion SEK during the first nine months of 2007, the Company's net debt exceeds the previously communicated long term target of two times EBITA. As per September 30, 2007, the net debt amounted to three times the EBITA for the twelve months period ending September 30, 2007.

In view of the good and stable prospects for the business and the additional contribution that the recently acquired companies are expected to generate, the Board is of the view that the current level of debt is well balanced and has resulted in an efficient balance sheet. Hence, the financial policy has been revised and the Company will strive to maintain a net debt that does not exceed three times EBITA going forward.

The Board continually reviews the financial position of the Company, and the actual level of net debt will be assessed against anticipated future profitability and cash flow, investment and expansion plans, acquisition opportunities as well as the development of interest rates and credit markets. The Board remains committed to maintain an investment grade credit rating.

Tobacco tax

During the first nine months of 2007 Swedish Match's payments of tobacco tax in Sweden have increased to 6.6 billion SEK (5.8).

Average number of Group employees

The average number of employees in the Group during the first nine months of 2007 was 12,077 compared with 12,465 for the full year 2006.

Share structure

The Annual General Meeting on April 23, 2007 renewed the mandate to repurchase shares up to 10 percent of the shares of the Company until the next Annual General Meeting for a maximum amount of 3,000 MSEK. In addition, a decision was made to cancel 13.0 million shares held in treasury, with a contemporaneous bonus issue of an amount equivalent the amount represented by the cancelled shares or 18.1 MSEK. With the latter transaction the Company's share capital did not decrease through the cancellation of shares. The total amount of registered shares in the Company after the cancellation of shares is 267,000,000 shares with a quotient value of 1.4589 SEK. In June, after Annual General Meeting approval, the Company issued 931,702 call options to senior Company officials and key employees for the stock option program for 2006. These call options can be exercised from March 1, 2010 to February 29, 2012. The exercise price is 145.50 SEK.

During the first nine months 18.1 million shares were repurchased for 2,274 MSEK representing an average price of 125.62 SEK. As at September 30, 2007 Swedish Match held 9.1 million shares in its treasury, corresponding to 3.4 percent of the total number of shares. Total shares bought back by Swedish Match since the buyback programs started have been repurchased at an average price of 75.82 SEK. During the first nine months the Company also sold 1.6 million treasury shares for 122 MSEK representing an average price of 75.95 SEK as a result of option holders exercising their options. The number of shares outstanding, net after repurchase and after the sale of treasury shares, as per September 30, 2007 amounted to 257.9 million. In addition, the Company has call options outstanding as of September 30, 2007 corresponding to 3.4 million shares exercisable in gradual stages from 2007-2012.

Other events

On July 6, 2007, the Company announced that it had reached an agreement to sell a real estate company which is the owner of two buildings belonging to the Tobaksmonopolet property in Stockholm. Swedish Match will remain as one of the tenants in the divested buildings. The purchaser of the real estate was Aberdeen Property Fund Pan-Nordic and the purchase price was 995 MSEK. The closing date of the sale was October 1, 2007. In addition to the buildings involved in this transaction, two adjacent parcels of land have been agreed to be sold to NCC, a Swedish construction company. The capital gain on these sales will exceed 250 MSEK and will be recorded during the fourth quarter 2007.

Due to a prior listing on the American Nasdaq stock exchange, Swedish Match has been registered with the U.S. Securities and Exchange Commission (SEC). On June 5, 2007 Swedish Match filed a deregistration with SEC and therefore does not have any further reporting obligations to SEC.

Accounting principles

The financial information in this interim 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 2006 Annual Report except for the accounting for pensions and other retirement benefits in accordance with IAS 19, Employee Benefits, as described below.

New accounting principle

In order to enhance transparency Swedish Match has changed the principle for reporting of actuarial gains and losses in the Group's various defined benefit plans. These actuarial gains and losses are now recognized directly in equity in the period in which they occur.

The net of plan surpluses and deficits is included in the calculation of net debt. The total cost relating to defined benefit plans which previously was charged to personnel costs is now divided between personnel costs and financial income and expenses. Financial income and expenses are calculated from the net value of each plan at the beginning of the year. For surplus plans financial income is calculated using the expected return on plan assets and for deficit plans financial expenses is calculated using the discount factor decided for each plan.

The new method of accounting for actuarial gains and losses is a change of accounting principles and 2006 has been restated. The effect of the restatement on Swedish Match's opening equity 2006 amounts to a negative 284 MSEK and an increased net liability for retirement benefits of 397 MSEK. The effect on the closing equity 2006 compared with previously reported numbers amounts to a negative 250 MSEK and an increased net liability for retirement benefits of 304 MSEK. The restated operating profit for 2006 increases by 50 MSEK, finance net is charged with 44 MSEK and tax is charged with 2 MSEK.

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.

Changes in the regulatory landscape might affect the demand for Swedish Match products in the market place.

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 changes in the countries where the Group is operating related to tobacco 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 2006.

Outlook

As previously announced, the operating margin for snuff in the first quarter 2007, and to a lesser extent in the second quarter, was significantly impacted by a sharp decline in volumes on the Swedish market due to the doubling of the excise tax for snus effective January 1, 2007. Sales volumes in tax-free channels and in Norway have grown during the year, and in Scandinavia as a whole, sales volumes reverted toward prior levels during the third quarter. With the announcement of a proposed further increase in the Swedish excise tax in January, 2008, it is expected that hoarding and destocking effects, similar to that experienced between the fourth quarter 2006 and second quarter 2007, will be experienced over the coming quarters. In view of the new proposed excise tax increase, Swedish Match will take necessary actions to protect and improve the profitability in the Swedish snus market.

Our outlook for the US snuff market remains firm, and we expect a continued strong growth in the fourth quarter.

During the third quarter the cigar businesses of Bogaert Cigars and Cigars International were consolidated. Acquisition related costs, including amortization on acquired intangibles, and somewhat weaker prospects for the rest of the cigar business imply that the operating margin for cigars in the fourth quarter 2007 could be lower than the average for the year.

The tax rate for 2007 is estimated to be 25 percent excluding the non taxable capital gain on the sale of the Stockholm real estate. For 2008 and onwards the tax rate is expected to be around 20 percent.

Additional information

This report has not been reviewed by the Company's auditors. The January-December 2007 report will be released on February 20, 2008. The Annual General Meeting will be held on April 22, 2008 in Stockholm, Sweden.

Stockholm, October 25, 2007

Sven Hindrikes
President and Chief Executive Officer

Key data*

	January – September 2007	January – September 2006	Oct 2006-Sep 2007	Full year 2006
Operating margin, %[1)]	21.4	24.6	22.0	24.3
Operating capital, MSEK	9,553	8,316	9,553	8,059
Return on operating capital, %[1)]			30.7	38.1
Return on shareholders' equity, %			189.1	68.3
Net debt, MSEK	8,707	5,900	8,707	5,658
Net debt/equity ratio, %	3,066.4	347.6	3,066.4	277.3
Equity/assets ratio, %	1.9	10.2	1.9	13.0
Investments in property, plant and equipment, MSEK[2)]	421	189	537	304
EBITDA, MSEK[3)]	2,268	2,661	3,191	3,583
EBITA, MSEK[4)]	2,037	2,423	2,883	3,269
EBITA interest cover	8.6	16.4	9.7	15.7
Net debt/EBITA			3.0	1.7
Share data[5)]				
Earnings per share, SEK				
Basic	4.78	5.94	7.00	8.13
Diluted	4.77	5.92	6.97	8.10
Shareholders' equity per share, SEK	1.09	6.17	1.09	7.43
Number of shares outstanding at end of period	257,874,800	274,367,981	257,874,800	274,367,981
Average number of shares outstanding	264,327,185	291,293,799	266,837,384	287,062,345
Average number of shares outstanding, diluted	265,225,215	292,382,084	267,631,850	288,161,247

1) Excluding a pension curtailment gain of 148 MSEK during the second quarter 20062) Includes investments in assets held for sale and biological assets
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

* The definitions are in accordance with the published Annual Report 2006 except for the definition of net debt, which now includes net pension liabilities as described in the section New accounting principles in this report

Consolidated Income Statement in summary

MSEK	July - Sep 2007	July - Sep 2006	Chg %	Jan - Sep 2007	Jan - Sep 2006	Chg %	12 months ended Sep 30, 07	Full year 2006	Chg %
Sales, including tobacco tax	5,984	5,595		16,252	15,894		22,349	21,991	
Less tobacco tax	-2,713	-2,335		-7,228	-6,441		-9,868	-9,080	
Sales	**3,272**	**3,261**	**0**	**9,024**	**9,454**	**-5**	**12,481**	**12,911**	**-3**
Cost of sales	-1,702	-1,675		-4,698	-4,797		-6,576	-6,674	
Gross profit	**1,570**	**1,585**	**-1**	**4,326**	**4,657**	**-7**	**5,906**	**6,237**	**-5**
Sales and administrative expenses*	-810	-780		-2,393	-2,191		-3,164	-2,963	
Share of profit in equity accounted investees	0	3		3	8		5	11	
Operating profit	**759**	**808**	**-6**	**1,935**	**2,474**	**-22**	**2,747**	**3,285**	**-16**
Financial income**	33	36		109	90		257	239	
Financial expenses	-137	-103		-358	-245		-464	-351	
Net finance cost	-105	-68		-250	-155		-207	-112	
Profit before income taxes	**655**	**741**	**-12**	**1,686**	**2,319**	**-27**	**2,540**	**3,173**	**-20**
Income tax expense	-164	-113		-421	-587		-672	-838	
Net profit for the period	**491**	**627**	**-22**	**1,264**	**1,732**	**-27**	**1,867**	**2,335**	**-20**
Attributable to:									
Equity holders of the Parent	491	627		1,264	1,732		1,867	2,335	
Minority interests	0	0		1	1		1	1	
Net profit for the period	**491**	**627**	**-22**	**1,264**	**1,732**	**-27**	**1,867**	**2,335**	**-20**
Earnings per share, basic, SEK	1.89	2.23		4.78	5.94		7.00	8.13	
Earnings per share, diluted, SEK	1.88	2.22		4.77	5.92		6.97	8.10	

* Including a pension curtailment gain of 148 MSEK during the second quarter 2006
** Including a gain on sale of securities of 111 MSEK in the fourth quarter 2006

Consolidated Balance Sheet in summary

MSEK	Sep 30, 2007	Dec 31, 2006
Intangible fixed assets*	4,593	3,469
Property, plant and equipment	2,361	2,221
Financial fixed assets	997	1,055
Current operating assets**	5,885	5,827
Other current investments	5	56
Cash and cash equivalents	1,281	3,042
Total assets	**15,121**	**15,670**
Equity attributable to equity holders of the Parent	281	2,037
Minority interests	3	3
Total equity	284	2,041
Non-current provisions	1,431	1,192
Non-current loans	8,216	7,815
Other non-current liabilities	611	657
Current provisions	40	61
Current loans	1,212	409
Other current liabilities	3,327	3,495
Total equity and liabilities	**15,121**	**15,670**

* A preliminary split has been made of the excess values of the acquisitions of Bogaert Cigars in Q2 2007 and Cigars International in Q3 2007 which have been allocated mainly to intangible assets

** Includes assets held for sale amounting to 819 MSEK, mainly attributable to the head office in Stockholm

Consolidated Cash Flow Statement in summary

MSEK	January - September	
	2007	**2006**
Profit before income taxes	**1,686**	**2,319**
Adjustments for non-cash items and other	347	185
Income tax paid	-454	-1,498
Cash flow from operating activities before changes in working capital	**1,579**	**1,007**
Cash flow from changes in working capital	-185	-543
Net cash from operating activities	**1,394**	**464**
Investing activities		
Acquisition of property, plant and equipment*	-422	-189
Proceeds from sale of property, plant and equipment	29	92
Acquisition of intangible assets	-67	-270
Acquisition of subsidiaries, net of cash acquired	-1,168	-19
Divestment of business operations	-	31
Changes in financial receivables etc.	78	-234
Changes in current investments	51	-457
Net cash used in investing activities	**-1,500**	**-1,045**
Financing activities		
Changes in loans	1,207	4,840
Dividends	-664	-627
Repurchase of own shares	-2,274	-3,674
Sale of treasury shares	122	94
Other	-45	-32
Net cash used in financing activities	**-1,653**	**601**
Net decrease in cash and cash equivalents	**-1,759**	**21**
Cash and cash equivalents at the beginning of the period	3,042	3,325
Effect of exchange rate fluctuations on cash and cash equivalents	-3	-137
Cash and cash equivalents at the end of the period	**1,281**	**3,209**

* Includes investments held for sale and biological assets

Statement of recognized income and expense

MSEK	January - September	
	2007	**2006**
Available-for-sale financial assets	0	10
Cash flow hedges	44	-
Translation difference in foreign operations	-259	-640
Tax on items taken to/transferred from equity	-12	-4
Total transactions taken to equity	**-227**	**-634**
Net profit for the period recognized in the income statement	1,264	1,732
Total income and expense recognized for the period	**1,037**	**1,098**
Attributable to:		
Equity holders of the Parent	1,037	1,098
Minority interests	0	0
Total income and expense recognized for the period	**1,037**	**1,098**

Actuarial gains and losses are calculated at the end of the fourth quarter

Change in Shareholders' equity

MSEK	January – September	
	2007	**2006**
Opening balance as per January 1	**2,040**	**5,083**
Total income and expense recognized for the period	1,037	1,098
Changed accounting principle IAS 19, net after tax	0	-284
Acquisition of own shares	-2,274	-3,674
Stock options exercised	122	94
Share-based payments, IFRS 2	22	7
Dividends	-664	-627
Closing balance as per September 30	**284**	**1,697**

Quarterly data*

MSEK	Q3/05	Q4/05	Q1/06	Q2/06	Q3/06	Q4/06	Q1/07	Q2/07	Q3/07
Sales, including tobacco tax	5,754	5,876	4,797	5,502	5,595	6,097	4,623	5,645	5,984
Less tobacco tax	-2,294	-2,376	-1,846	-2,260	-2,335	-2,640	-1,961	-2,555	-2,713
Sales	**3,461**	**3,500**	**2,951**	**3,242**	**3,261**	**3,457**	**2,663**	**3,090**	**3,272**
Cost of sales	-1,848	-1,959	-1,456	-1,657	-1,675	-1,877	-1,368	-1,629	-1,702
Gross profit	**1,612**	**1,540**	**1,495**	**1,584**	**1,586**	**1,581**	**1,295**	**1,461**	**1,570**
Sales and administrative expenses	-860	-869	-763	-805	-780	-772	-762	-821	-810
Share of profit in equity accounted investees	4	5	1	5	3	3	0	2	0
	756	**678**	**733**	**785**	**809**	**811**	**534**	**642**	**759**
Larger one time items									
Pension curtailment gain	-	-	-	148	-	-	-	-	-
Income from sale of real estate	206	-	-	-	-	-	-	-	-
Operating profit	**962**	**678**	**733**	**933**	**809**	**811**	**534**	**642**	**759**
Financial income	15	31	32	26	34	39	36	40	33
Financial expenses	-55	-67	-68	-77	-101	-107	-102	-119	-137
	-40	-36	-36	-51	-67	-68	-66	-79	-105
Larger one time items									
Gain on sale of securities	-	-	-	-	-	111	-	-	-
Net finance cost	-40	-36	-36	-51	-67	43	-66	-79	-105
Profit before income taxes	**922**	**642**	**697**	**882**	**742**	**854**	**468**	**563**	**655**
Income tax expense	-353	-186	-209	-264	-113	-251	-136	-122	-164
Net profit for the period	**569**	**456**	**488**	**617**	**628**	**603**	**332**	**441**	**491**
Attributable to:									
Equity holders of the Parent	569	456	488	617	628	603	332	441	491
Minority interests	0	0	0	0	0	0	0	0	0
Net profit for the period	**569**	**456**	**488**	**617**	**628**	**603**	**332**	**441**	**491**

* The 2005 quarters have not been restated for the changed accounting principle for pensions

Sales by product area

MSEK

	Q3/05	Q4/05	Q1/06	Q2/06	Q3/06	Q4/06	Q1/07	Q2/07	Q3/07
Snuff	809	819	785	831	785	963	662	794	852
Cigars	874	834	759	888	903	857	735	847	902
Chewing tobacco	290	280	273	277	273	240	238	253	243
Pipe tobacco & Accessories	241	245	238	218	217	226	205	203	220
Lights	454	521	387	368	360	388	340	354	374
Other operations	792	800	510	659	723	784	483	638	682
Total	**3,461**	**3,500**	**2,951**	**3,242**	**3,261**	**3,457**	**2,663**	**3,090**	**3,272**

Operating profit by product area*

MSEK

	Q3/05	Q4/05	Q1/06	Q2/06	Q3/06	Q4/06	Q1/07	Q2/07	Q3/07
Snuff	401	392	383	383	385	462	231	311	383
Cigars	188	176	163	207	231	168	164	193	185
Chewing tobacco	94	100	86	81	95	76	72	82	83
Pipe tobacco & Accessories	62	60	76	58	68	63	56	24	64
Lights	47	-31	63	72	64	51	57	62	67
Other operations	-37	-20	-38	-17	-35	-9	-45	-29	-22
Subtotal	**756**	**678**	**733**	**784**	**808**	**811**	**534**	**642**	**759**
Larger one time items									
Pension curtailment gain	-	-	-	148	-	-	-	-	-
Income from real estate sale	206	-	-	-	-	-	-	-	-
Subtotal	**206**	**-**	-	**148**	**-**	**-**	**-**	**-**	**-**
Total	**962**	**678**	**733**	**932**	**808**	**811**	**534**	**642**	**759**

* The 2005 quarters have not been restated for the changed accounting principle for pensions

Operating margin by product area*

Percent

	Q3/05	Q4/05	Q1/06	Q2/06	Q3/06	Q4/06	Q1/07	Q2/07	Q3/07
Snuff	49.5	47.8	48.8	46.1	49.1	48.0	34.9	39.1	45.0
Cigars	21.5	21.1	21.5	23.4	25.6	19.6	22.3	22.7	20.5
Chewing tobacco	32.5	35.6	31.5	29.3	34.7	31.7	30.1	32.3	34.3
Pipe tobacco & Accessories	25.7	24.4	31.8	26.5	31.5	28.0	27.1	11.7	28.9
Lights	10.5	-5.9	16.2	19.5	17.7	13.1	16.8	17.5	17.8
Group**	**21.9**	**19.4**	**24.8**	**24.2**	**24.8**	**23.5**	**20.0**	**20.8**	**23.2**

* The 2005 quarters have not been restated for the changed accounting principle for pensions
** Excluding larger one time items

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