The Price of Exclusion

A Case Study of Philip Morris International's Acquisition of Swedish Match

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Abstract

This case study examines PMI's 2022 acquisition of Swedish Match, analysing the factors behind the offer's acceptance and the role of ownership structure and institutional investor constraints in shaping that outcome. We find that while the bid premium and strategic logic of the transaction were necessary components of any explanation, they are insufficient on their own. Over the preceding decades, Swedish Match's domestic institutional ownership fell from approximately 30 per cent in 2000 to 8 per cent at the time of the offer, a shift consistent with the systematic ESG-driven exclusions that had come to characterise Nordic institutional investment over this period. This erosion hollowed out the governance infrastructure the Swedish corporate model presupposes: by the time of PMI's approach, none of the ten largest shareholders was represented on the nomination committee, and effective control had migrated to the board and management by default. The board's recommendation reflected a risk-adjusted judgement: the offer was attractive enough to accept given the uncertainty of remaining independent, even if it did not exhaust Swedish Match's long-term standalone value. The case illustrates that systematic ESG exclusion can shape corporate control outcomes through both a valuation channel and a governance channel, creating conditions that the bid premium alone cannot explain.

Keywords: ESG exclusion, ownership structure, corporate governance, public takeover, case study

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1 Introduction

On 11 May 2022, Philip Morris International Inc.[1] ("PMI") announced a recommended public cash offer for Swedish Match AB ("Swedish Match") at SEK 106 per share, representing a premium of approximately 39 per cent to the undisturbed share price. Seven months later, Swedish Match was delisted from Nasdaq Stockholm. Over the preceding decades, Swedish Match's domestic institutional ownership fell from approximately 30 per cent in 2000 to 8 per cent at the time of the offer. This shift is consistent with the ESG-driven exclusions that had come to characterise Nordic institutional investment over this period, and hollowed out the governance infrastructure that the Swedish corporate model presupposes: at the time of the offer, none of the ten largest shareholders was represented on the nomination committee. The mechanism operates through two distinct but related channels. The first is a valuation channel, whereby domestic pricing may be depressed relative to what an acquirer operating in a less ESG-constrained capital market would be willing to pay. The second is a governance channel: as engaged domestic institutions exited, effective shareholder control appears to have weakened progressively, leaving no coordinated ownership base capable of mounting meaningful resistance when an offer arrived. The resulting ownership composition, dominated by internationally diversified short-horizon investors, was structurally more receptive to a cash offer than one anchored by engaged long-term shareholders. Together, these channels help explain the conditions under which, when PMI's offer arrived, the board could recommend acceptance without facing organised shareholder opposition. Through a case-study methodology, this thesis seeks to answer the following research questions:

1. What factors explain Swedish Match's acceptance of PMI's acquisition offer in 2022?

2. To what extent did ownership structure and institutional investor constraints shape the conditions under which the offer was accepted?

Our findings indicate that the bid premium and the strategic logic of the transaction provide a partial but insufficient explanation for the offer's acceptance. The board's recommendation reflected a risk-adjusted judgement: the offer was attractive enough to accept given the uncertainty of remaining independent, even if it did not exhaust Swedish Match's long-term standalone value. However, the conditions under which that judgement was made were themselves shaped by structural factors that the premium alone cannot account for. The evidence is consistent with ESG-driven exclusions having, over the preceding decades, contributed to a transfer of Swedish Match's ownership from domestic institutions to internationally diversified, short-horizon investors with neither the

[1] The offer was formally made by Philip Morris Holland Holdings B.V. ("PMHH"), an indirectly wholly owned subsidiary of PMI. Unless otherwise specified, the transaction is referred to as PMI's acquisition of Swedish Match.

incentive nor the institutional framework to mount coordinated resistance. The nomination committee, the primary mechanism through which shareholders exercise influence over board composition in Sweden, had ceased to function as a meaningful governance channel. When PMI's offer arrived, effective control had migrated increasingly to the board and management by default. Managerial incentives and board dynamics form a further part of this picture, though the evidence does not support the conclusion that the board acted contrary to what it sincerely believed was in shareholders' best interests.

The primary objective of this study is twofold. First, it provides a structured analysis of the acquisition process and the sequence of events leading to the delisting of Swedish Match, with particular attention to shareholder dynamics and decision-making context. Second, it contributes to the literature on the market for corporate control and ESG-related capital allocation by examining whether norm-based investment exclusions may have influenced a corporate control outcome in a controversial industry. In doing so, it builds on the sin stock literature (Hong & Kacperczyk, 2009), the ESG exclusion and ownership segmentation literature (Hoepner & Schopohl, 2018) and the market for corporate control framework (Cremers & Nair, 2005), examining how these interact in a real-world acquisition context. To our knowledge, no prior study has examined this chain empirically in a single transaction.

The remainder of this paper is structured as follows. Section 2 develops the theoretical framework on corporate control, institutional ownership and ESG-related investment exclusions. Section 3 outlines the methodology, including a discussion of research quality. Section 4 provides relevant background on Swedish Match, PMI and the broader market context preceding the acquisition. Section 5 presents the acquisition process and the sequence of events surrounding PMI's offer. Section 6 discusses the findings in relation to existing research and theory. Section 7 concludes.

2 Theoretical Framework

The acquisition of a publicly listed firm involves a set of interdependent decisions: by the bidder, who must structure an offer that clears the market; by shareholders, whose identity and investment constraints shape whether that offer succeeds; and by the board, whose fiduciary obligations frame how it evaluates and responds to an approach. The following section reviews the bodies of literature most relevant to each of these dimensions.

2.1 The Market for Corporate Control

2.1.1 The Economics of Takeover Premiums

Mergers and acquisitions arise when alternative owners believe that a firm's assets can generate greater value under new control than under incumbent management. In this sense, the market for corporate control functions as an external governance mechanism that reallocates corporate assets when superior value-creation opportunities are perceived (Manne, 2019). Takeovers, therefore, reflect competing assessments of firm value and managerial efficiency.

The economic rationale for acquisitions is grounded in the expectation that integration generates surplus beyond the standalone value of the firms involved. This surplus is typically attributed to synergies arising from operating efficiencies, strategic complementarities and long-term competitive repositioning (Bradley et al., 1988). In this sense, acquisitions can serve not only as a means of cost reduction, but also as a mechanism for accelerating transformation strategies or facilitating expansion into adjacent product categories (Jensen, 1986).

Consistent with this theoretical framework, empirical evidence suggests that acquisitions are, on average, value-enhancing at the aggregate level. Bradley et al. (1988) document significant positive combined abnormal returns for bidders and targets at announcement, indicating that transactions create net value. However, the distribution of these gains is asymmetric: while target shareholders capture substantial abnormal returns, bidder returns tend to be smaller and more variable (Andrade et al., 2001). This pattern reflects the negotiation dynamics of takeover markets, where a large share of the surplus is transferred to target shareholders in the form of acquisition premiums. For target shareholders, acceptance thus depends on whether the bid premium exceeds their assessment of standalone value, including expected future cash flows and growth opportunities. Takeover acceptance, therefore, reflects a comparison between the offer price and the discounted value of remaining independent (Grossman & Hart, 1980; Jensen & Ruback, 1983).

Market-wide conditions also influence takeover activity. Harford (2005) shows that merger waves tend to occur during periods of high liquidity and low cost of capital.

Shleifer & Vishny (2003) argue that stock market overvaluation can also stimulate merger activity, as relatively overvalued acquirers use their shares as acquisition currency. Takeover likelihood therefore depends not only on firm-specific fundamentals but also on broader capital market conditions.

2.1.2 Ownership Structure and Control Dynamics

Beyond value creation and market timing considerations, takeover likelihood and acceptance are strongly influenced by ownership structure. The distribution of voting rights and the identity of shareholders shape both the feasibility of acquiring control and the probability that a bid will succeed (Stulz, 1988; Ambrose & Megginson, 1992).

A foundational theoretical contribution highlights the coordination problems inherent in dispersed ownership. In widely held firms, individual shareholders may rationally decline to tender their shares unless the bid fully reflects the expected post-acquisition value of the firm, since they can free ride on value improvements generated by new control (Grossman & Hart, 1980). This free-rider problem implies that bidders may need to offer substantial premiums to induce tendering, affecting both bid pricing and success probability. Dispersed ownership can therefore make firms more contestable, yet it also introduces collective-action frictions that shape takeover dynamics.

In contrast, ownership concentration alters takeover incentives by shifting both monitoring intensity and bargaining power. Large shareholders possess stronger monitoring incentives and may reduce agency costs internally, thereby potentially diminishing the need for external disciplinary takeovers (Shleifer & Vishny, 1986). At the same time, concentrated ownership redistributes power in control contests. A dominant blockholder can credibly influence transaction outcomes by committing to tender shares or by withholding support if the offer is deemed insufficient. As a result, bidders must account for the preferences of influential shareholders when structuring offers, affecting both price and negotiation (Betton & Eckbo, 2000; Goldman & Qian, 2005; Burkart et al., 1998). The identity and incentives of large shareholders therefore play a central role in determining both premium formation and takeover feasibility.

Beyond ownership concentration, the composition of shareholders further shapes takeover outcomes. Institutional investors introduce additional heterogeneity, as they differ in objectives, constraints and investment horizons. Firms with a higher presence of short-term institutional investors are empirically more likely to become takeover targets and more likely to accept bids, whereas firms dominated by long-term institutions exhibit greater resistance to control transfers (Chen et al., 2007). These patterns suggest that takeover susceptibility depends not only on ownership concentration, but also on shareholder time horizons and liquidity preferences (Gaspar et al., 2005).

While ownership structure shapes incentives and bargaining power among shareholders, the legal framework governing control transfers defines the rules under which these interactions unfold. Burkart et al. (1998) show that voting rules and minority protection mechanisms directly affect takeover pricing and completion probability by altering the distribution of bargaining power between bidders and shareholders. In jurisdictions where a bidder must reach a specified supermajority to obtain full control or exercise squeeze-out rights, relatively modest ownership stakes may acquire disproportionate strategic significance. When acceptance thresholds are high, minority blockholders can effectively prevent completion unless compensated, thereby influencing equilibrium bid design (Burkart et al., 1998). Consistent with this logic, theoretical models of tender offers demonstrate that voting rules and ownership structures jointly determine premium formation and success probability (Grossman & Hart, 1980; Bagnoli & Lipman, 1988). Control thresholds, therefore, redefine the strategic environment in which takeover negotiations unfold.

2.1.3 Cross-Border Acquisitions and Valuation Asymmetries

Cross-border mergers and acquisitions constitute a substantial and growing share of global takeover activity (Rossi & Volpin, 2004). While they are driven by the same fundamental logic as domestic transactions, namely that integration can create value, they are distinct in that they enable firms to exploit differences across markets rather than within them (Shimizu et al., 2004). In particular, national borders introduce segmentation in capital markets, giving rise to valuation asymmetries that can be leveraged through cross-border acquisitions. This suggests that cross-border acquisitions are not only responses to firm-level inefficiencies, but also to market-level segmentation.

A central driver of such activity is the presence of persistent valuation differences across jurisdictions. Imperfect capital market integration can generate variation in required returns and valuation multiples, even for fundamentally similar firms (Stulz, 2022; Karolyi & Stulz, 2003). Consistent with this, Erel et al. (2012) document that firms from high-valuation markets are systematically more likely to acquire targets in lower-valuation markets, with exchange rate movements and relative stock market performance further reinforcing these incentives. When a target firm trades at a discount relative to comparable firms in the acquirer's home market, cross-border acquisitions can effectively serve as a mechanism for value reallocation that is not available in purely domestic transactions (Erel et al., 2012). Despite increasing financial integration, strong home bias in equity portfolios implies that cross-border risk sharing remains incomplete (French & Poterba, 1991; Tesar & Werner, 1995). As a result, ownership structures reflect not only relative valuations, but also institutional constraints and investor preferences, potentially amplifying the valuation gaps that make cross-border acquisitions attractive.

2.1.4 The Swedish Nomination Committee Model

Corporate governance systems differ not only in their formal rules but in the assumptions they make about who bears responsibility for oversight. A particularly consequential difference concerns the nomination of board directors: who selects them, and on whose behalf. In Sweden, this function is institutionalised through the nomination committee, a shareholder-appointed body whose composition and mandate are governed by the Swedish Corporate Governance Code. The committee is charged with proposing candidates for the chair and other members of the board as well as fees and remuneration to each board member, external to the board and independent of management, with the explicit purpose of anchoring board composition in the preferences of the company's most significant owners (Swedish Corporate Governance Board, 2020). In practice, it is typically constituted by the chair of the board and four or five representatives of the largest shareholders, appointed following the third-quarter report (Unger, 2014).

This model is distinctive by international standards. In most other developed markets, the nomination function is performed internally, as a subcommittee of the incumbent board rather than by shareholders directly (Nachemson-Ekwall & Mayer, 2018). In the United States, this arrangement reflects a broader governance philosophy in which shareholders are structurally distanced from board composition decisions, with nomination authority residing with directors themselves (Dent, 2012). The Swedish model inverts this logic: it assumes that large shareholders are not only willing to participate in governance but are actively present, engaged and capable of performing the nomination function on behalf of the broader shareholder base. The model's dependence on an engaged ownership base is not incidental but structural. Agnblad et al. (2001) show that Swedish corporate governance has historically derived its effectiveness from the presence of strong, concentrated owners willing to exercise direct control and bear the monitoring costs that dispersed ownership cannot sustain. The model's effectiveness is therefore contingent on the character of the ownership base, a dependency that has been noted by international institutional investors such as Norges Bank Investment Management, which has observed that the nomination committee structure creates a governance mismatch when the shareholder base internationalises. As foreign and passive institutional ownership in Swedish listed companies has grown markedly over the past two decades, driven in part by the global expansion of index-based investment strategies, the practical preconditions for an effective nomination committee have come under increasing strain (Norges Bank Investment Management, 2015).

2.2 ESG Exclusions and Investor Segmentation

The ownership dynamics described in the preceding section are shaped by the broader institutional environment in which a firm is listed and in particular by the investment constraints that govern which shareholders can hold a given stock. Norm-based exclusion policies do not affect all firms equally, and their impact is particularly pronounced in industries subject to persistent social stigma and widespread ethical screening, making such industries a natural setting for examining how sustainability preferences reshape ownership composition, capital allocation and valuation dynamics.

2.2.1 Investor Segmentation and Cost of Capital

A growing body of literature suggests that ESG considerations influence asset pricing through their impact on perceived risk and investor demand. Institutional investors frequently cite risk management as a primary motivation for integrating ESG criteria, particularly in relation to governance quality and environmental exposure (Amel-Zadeh & Serafeim, 2018). Consistent with this view, firms with stronger ESG performance may benefit from a lower cost of capital, as enhanced transparency, improved governance structures and reduced exposure to environmental or social controversies decrease firm-specific uncertainty and downside risk (Botosan, 1997; Dhaliwal et al., 2014). Conversely, firms operating in socially controversial industries tend to face higher required returns. El Ghoul et al. (2011), for example, show that sin stocks, including tobacco, exhibit a significantly higher implied cost of equity relative to otherwise comparable firms. In this perspective, sustainability characteristics function as a pricing-relevant attribute through their effect on perceived risk.

Beyond this risk-based channel, ESG considerations also affect asset pricing through investor demand and portfolio constraints. Exclusionary screening restricts the investment universe for certain investors, reducing diversification opportunities and altering the composition of demand. From a mean-variance perspective, such constraints shift the efficient frontier inward, lowering expected returns for a given level of risk (Pedersen et al., 2021). At the same time, empirical evidence suggests that these constraints are not purely risk-driven but also reflect heterogeneous investor preferences. Baker et al. (2018) show that green bonds are issued at a premium relative to otherwise comparable non-green bonds, reflecting investors' willingness to accept lower financial returns for sustainability-aligned assets. Additional evidence of preference-based constraints comes from Barber et al. (2021), who show that investors are willing to accept meaningfully lower financial returns in exchange for non-pecuniary benefits, with public pension funds and European investors among those exhibiting the strongest willingness to pay. This suggests that ESG exclusions among certain institutional investors reflect genuine preference-based constraints rather than purely risk-driven considerations. As a result, exclusion policies can lead to systematic demand imbalances across assets.

2.2.2 ESG Exclusions and Sin Stock Pricing

When exclusionary preferences become binding at scale, capital markets may become segmented as heterogeneous investor constraints alter the demand for certain assets. Heinkel et al. (2001) show that in such an equilibrium, excluded firms must offer higher expected returns to compensate the remaining investor base. Building on this logic, Pástor et al. (2021) demonstrate that green assets command lower expected returns while brown assets must offer higher returns to attract unconstrained capital, as heterogeneous preferences affect the identity of the marginal investor.

Empirical evidence from stigmatised industries provides direct support for this segmentation mechanism. Hong & Kacperczyk (2009) document that tobacco, alcohol and gaming stocks are systematically underweighted by norm-constrained institutional investors and receive less analyst coverage, resulting in a narrower investor base and higher expected returns relative to otherwise comparable firms. Ownership shifts toward unconstrained investors who require compensation for holding stigmatised assets, reshaping not only pricing but also the identity of the marginal investor. Hartzmark & Sussman (2019) reinforce this dynamic by documenting substantial capital reallocation from lower to higher ESG-rated funds following the introduction of Morningstar sustainability ratings, providing direct evidence that systematic ESG screening produces observable ownership composition shifts. Renneboog et al. (2008) further show that ethical screening reduces diversification and is associated with weaker financial performance relative to unconstrained portfolios, indicating that investors accept portfolio restrictions in pursuit of non-pecuniary objectives.

The prior literature nonetheless identifies a tension relevant to any assessment of exclusion costs. A substantial body of research concludes that exclusionary screening financially hurts constrained investors precisely because sin stocks tend to offer superior financial performance, implying that norm-constrained capital forgoes a return premium by divesting (Fabozzi et al., 2008; Adler & Kritzman, 2008; Hong & Kacperczyk, 2009). Hoepner & Schopohl (2018) engage directly with this tension in the Nordic context, analysing the exclusion practices of the Norwegian Government Pension Fund Global and the Swedish AP-funds. They find that the AP-funds' tobacco exclusions are rooted in public norm pressure rather than purely financial motives, and that their divestment decisions carry significant signalling effects for other global investors. Consistent with the sin stock premium, the equal-weighted portfolio of tobacco-excluded stocks tends to outperform the funds' benchmark, suggesting that constrained capital withdrawal does leave a narrower, higher-return investor base holding stigmatised assets.

A further dimension of this dynamic concerns the mechanism through which ownership composition shifts affect corporate governance. Broccardo et al. (2022) formalise the distinction between exit and voice as competing strategies for influencing corporate behaviour. Their analysis shows that divestment, while serving as a signal of investor disapproval, may be self-defeating as a governance tool: when ESG-sensitive investors sell, prices decline, creating an incentive for unconstrained investors to acquire the same assets on purely financial grounds. The result is an ownership transfer rather than behavioural change at the firm level. By contrast, continued ownership preserves the ability to exercise voice through voting, engagement and direct dialogue with management.

2.2.3 Cross-Country Differences in ESG Pricing and Institutional Pressure

Hoepner & Schopohl (2018) find that the magnitude of the sin stock effect differs across markets, with more restrictive social norms associated with stronger shunning of controversial stocks and larger pricing differentials. Eskildsen et al. (2024) extend this logic to the greenium, finding that the expected return differential between green and brown securities is more negative in countries with stronger sustainability norms and has grown more pronounced over time. Together, these findings suggest that valuation effects associated with sustainability characteristics are not uniform across markets but depend on the composition and preferences of the domestic investor base.

Institutional investors play a central role in transmitting sustainability norms across markets. Dyck et al. (2019) provide international evidence that institutional ownership is positively associated with firms' CSR performance, with particularly strong effects from investors originating in countries with more developed sustainability norms.

Cross-country differences in ESG pressure may also influence patterns of corporate control and asset ownership. Duchin et al. (2025) study the market for pollutive industrial assets and find that firms facing heightened environmental scrutiny are significantly more likely to divest their most pollutive assets, with buyers tending to be firms that face weaker ESG pressure, allowing sellers to improve their ESG profiles without necessarily reducing underlying pollution. The authors describe a separating equilibrium in which stigmatised assets migrate toward less constrained owners, arising from heterogeneous preferences and institutional structures across capital markets.

2.3 Fiduciary Duties and Board Decision-Making in Takeover Contexts

The board of directors plays a central role in takeover situations as the body responsible for evaluating acquisition offers on behalf of shareholders. Directors owe fiduciary duties to act in good faith, with due care and in the best interests of the corporation and its shareholders (Jensen & Meckling, 1976). In a takeover context, this responsibility becomes particularly salient, as boards must assess whether accepting an offer creates more value than remaining independent, while ensuring that their decision can withstand scrutiny from shareholders and where applicable, courts.

A foundational principle in takeover governance is that boards are obligated to maximise shareholder value when evaluating acquisition offers. Where a bid offers a substantial premium over the prevailing market price, the burden on a board recommending rejection increases considerably. Target boards that resist acquisition attempts face significant pressure from shareholders, and hostile bids are more likely to succeed when management's resistance is perceived as entrenching rather than value-preserving (Comment & Schwert, 1995). The business judgment rule requires directors to demonstrate that their recommendation reflects an informed, good-faith assessment of shareholder interests rather than self-interest (Easterbrook & Fischel, 1981). However, the obligation to maximise shareholder value should not be understood as a requirement to accept the highest available bid irrespective of other considerations. Fiduciary duties, properly understood, require boards to take a long-term view of shareholder value rather than prioritising short-term premium maximisation (Gary, 2019).

The composition of the shareholder base also shapes the decision space available to the board. Poison pills, staggered boards and other anti-takeover provisions can entrench management and insulate boards from shareholder pressure (Bebchuk et al., 2002). However, in jurisdictions with strong shareholder rights and active institutional monitoring, the effectiveness of such defences is more limited. Cremers & Nair (2005) show that anti-takeover provisions have weaker governance effects when institutional ownership is high, as active institutional shareholders can coordinate pressure on boards and constrain managerial discretion. Where institutional shareholders hold significant stakes and can coordinate their responses, boards face stronger pressure to act in accordance with shareholder preferences, reducing the scope for managerial entrenchment. Consistent with this, Gompers et al. (2003) show that firms with weaker shareholder rights, as measured by a governance index capturing the balance of power between managers and shareholders, exhibit systematically lower firm valuations and poorer long-run stock returns, providing direct evidence that governance quality has material consequences for shareholder value. Even when such external constraints are absent, board decisions may be shaped by underlying agency frictions, including the financial consequences of a transaction for those making the recommendation (Gibbons & Murphy, 1992).

3 Methodology

3.1 Case Study Method

Given the complex and contemporary nature of the acquisition of Swedish Match by PMI, a case study method is suitable for addressing the research questions of this thesis. Case studies are widely used across disciplines such as political science, psychology, and business research, and are well established within strategy and corporate decision-making research (Dul & Hak, 2008).

As Yin (2014) argues, case studies are particularly appropriate when addressing "how" and "why" questions and when the boundaries between a phenomenon and its real-life context are not clearly defined. The present study seeks to understand how valuation considerations, ownership structure and ESG-related investment constraints interact in shaping the outcome of a major corporate acquisition. Given the embedded and context-dependent nature of the event, an in-depth case-based approach is justified. Case studies are also well-suited for examining contemporary real-world events, as they allow for the integration of multiple sources of evidence such as interviews, documentation and archival data (Eisenhardt, 1989; Dubois & Gadde, 2002). Finally, Idowu (2016) highlights the value of the case study methodology in extending theoretical understanding beyond prior research, making it an appropriate framework for examining the mechanisms shaping the observed acquisition outcome.

3.2 Data Collection

The primary data sources for this thesis consist of semi-structured interviews complemented by publicly available documentation. To capture diverse perspectives on the acquisition of Swedish Match, interviews were conducted with stakeholders directly involved in the transaction as well as external observers with expertise in capital markets and ESG-related investment practices. The selection of interviewees was purposive rather than random, targeting individuals with direct knowledge of the acquisition process or informed perspectives on ownership dynamics and ESG-related investment constraints (Yin, 2014).

Participants were categorised into two stakeholder groups: dependent and independent. The dependent participants consist of individuals directly involved in the acquisition process, potentially influencing its outcome. The independent participants externally observed, assessed or monitored the transaction without a direct interest in the outcome.

This categorisation enabled the inclusion of both internal decision-making perspectives and external assessments of valuation considerations, shareholder dynamics and mandate constraints.

The interviews were conducted in a semi-structured format, allowing for a balance between prepared questions and flexibility in conversational flow (Knott et al., 2022; Saunders et al., 2012). An interview guide organised around thematic sections ensured consistency across interviews while allowing follow-up questions to explore emerging insights. The themes focused on valuation reasoning, ownership structure, and ESG-related investment policies. However, interviewees were encouraged to speak freely about their views on the transaction rather than strictly following the prepared questions, which allowed new perspectives to emerge that had not been anticipated during the preparation phase (Merriam & Nilsson, 1994). Where appropriate, an overview of the interview topics was shared with participants in advance to facilitate informed discussion. A pilot interview was conducted prior to the main data collection, resulting in minor refinements of the interview guide. All interviews (outlined in Table 1) were conducted between 11 March and 27 April 2026, lasted between approximately 30 and 70 minutes, and were primarily held online. All interviews were conducted with both authors present. With participants' consent, ten of the twelve interviews were recorded and thereafter transcribed. The remaining two interviews were documented through detailed notes taken during and immediately after the conversations. Key quotations and factual attributions were returned to interviewees for verification, enhancing accuracy and respondent validation.

In addition to interviews, primary sources of data were collected in the form of public offer documents, annual reports, ownership disclosures, press releases and ESG exclusion policies. These were supplemented with secondary sources including analyst commentary, research reports and financial media coverage. The combination of primary interview data and documentary evidence enabled both contextual understanding and factual validation of key events and stakeholder positions (Yin, 2014).

Table 1: List of Conducted Interviews

Name	Role(s) and Company	Dependent (Y/N)	Date
Dan Juran	Founder and Managing Member, Framtiden Partnerships; Former Shareholder and Chair of Nomination Committee, Swedish Match	Y	11.03.26 31.03.26
Erik Selin	CEO, Fastighets AB Balder; Former Shareholder, Swedish Match	Y	12.03.26
Lars Dahlgren	Former CEO, Swedish Match	Y	17.03.26
Åsa Norrman	Head of Communication and Sustainability, AP2	N	20.03.26
Pia Gisgård	Head of Sustainability & Governance, Swedbank Robur	N	24.03.26
Charles Blixt	Former Board Member, Swedish Match	Y	26.03.26
Johan Florén	Chief Communication Officer, AP7	N	31.03.26
Marlene Forsell	Former CFO, Swedish Match	N[1]	02.04.26
Pontus Dackmo	CEO, Protean Funds; Former Shareholder, Swedish Match	Y	02.04.26
Chris Anderson	Co-founder and Member, Framtiden Holdings LP; Former Shareholder, Swedish Match	Y	16.04.26
Marie Mannes	Journalist, Thomson Reuters, Covered the transaction	N	27.04.26

[1] Forsell served as CFO of Swedish Match until 2018 and was not involved in the transaction process.

3.3 Event Study Methodology

To quantitatively assess the stock market's reaction to the offer announcement, an event study was conducted on PMI's stock alongside the qualitative data collection. Event studies are a well-established methodology in financial economics for assessing the stock market reaction to specific corporate events (MacKinlay, 1997). The approach rests on the assumption that capital markets incorporate new information sufficiently rapidly for short-window price movements to provide an informative measure of the market's assessment of the event (MacKinlay, 1997; Kothari & Warner, 2007).

The central empirical challenge in event studies is to isolate the market reaction to the event from other concurrent influences on security prices. This is addressed by first estimating a model of normal return, the return that would have been expected in the absence of the event, using data from a pre-event estimation window (Brown & Warner, 1985; MacKinlay, 1997). The estimation window should be separated from the event window to reduce the risk that anticipation effects, information leakage or pre-announcement trading contaminate the baseline parameter estimates (MacKinlay, 1997; Kothari & Warner, 2007). In this study, the estimation window consists of 120 trading days from 3 November 2021 to 26 April 2022, ending 11 trading days before the announcement on 11 May 2022. Multiple event windows are reported to allow for uncertainty about the precise timing of information arrival and market adjustment.

Normal returns are estimated using the market model, the most widely applied approach in short-horizon event studies (Brown & Warner, 1985; MacKinlay, 1997):

$$R_{it} = \alpha_i + \beta_i R_{mt} + \varepsilon_{it} \tag{1}$$

Here, R_{it} is the return on security i on day t, and R_{mt} is the contemporaneous return on the market benchmark. Since the event study is conducted on PMI's US-listed stock, the S&P 500 Price Index is used as the market proxy, consistent with PMI's primary listing on the New York Stock Exchange. The parameter α_i captures the average return of the security unexplained by market movements, while β_i measures the security's systematic sensitivity to market-wide fluctuations. The disturbance term ε_{it} is assumed to be zero-mean and uncorrelated with the market return. By conditioning on market returns, the market model reduces the variance of the abnormal return relative to simpler benchmarks, improving the precision of inference (MacKinlay, 1997).

The estimated parameters $\hat{\alpha}_i$ and $\hat{\beta}_i$ are used to generate predicted normal returns during the event window. The abnormal return on day t is then defined as the difference between the realised return and this predicted normal return:

$$AR_{it} = R_{it} - (\hat{\alpha}_i + \hat{\beta}_i R_{mt}) \tag{2}$$

A positive abnormal return indicates that the security outperformed what its normal market relationship would predict; a negative abnormal return indicates underperformance relative to this benchmark. To assess whether the market reaction is concentrated on the event date or distributed over a wider interval, for instance due to information leakage or delayed price adjustment, abnormal returns are summed to form cumulative abnormal returns over event windows $[\tau_1, \tau_2]$:

$$CAR_i(\tau_1, \tau_2) = \sum_{t=\tau_1}^{\tau_2} AR_{it} \tag{3}$$

Reporting multiple event windows of varying width is standard practice in short-horizon event studies, as it allows for uncertainty about the precise timing of information arrival and market adjustment (MacKinlay, 1997; Kothari & Warner, 2007).

Statistical significance is assessed using three complementary tests. The conventional t-statistic evaluates whether the abnormal return is large relative to the residual volatility estimated from the market model. The Patell standardised residual test adjusts for the additional forecast-error variance that arises from applying estimated rather than true parameters to an out-of-sample prediction period (Patell, 1976). The Corrado rank test is included as a non-parametric robustness check that is less dependent on the normality assumption underlying parametric tests (Corrado, 1989). Reporting multiple test statistics is consistent with the methodological caution emphasised by Kothari & Warner (2007), as it reduces reliance on any single distributional assumption.

Short-horizon event studies are generally considered reliable under the assumption of market efficiency, and their statistical properties are well understood (Brown & Warner, 1985; Kothari & Warner, 2007). Nevertheless, several limitations apply. Event studies cannot fully exclude the influence of confounding events, such as other firm-specific or sector-level information released concurrently with the event of interest, which may inflate or attenuate the estimated abnormal return (MacKinlay, 1997). Furthermore, the abnormal return reflects the market's assessment at the time of the announcement, which may differ from the transaction's ultimate economic impact. Because the analysis concerns a single acquiring firm and a single announcement, the statistical tests should be interpreted as descriptive evidence of the announcement-period market reaction rather than as evidence permitting strong causal inference. Finally, the market model assumes a stable linear relationship between the security and the market index over the estimation window, an assumption that may not hold if firm characteristics change materially around the event (Kothari & Warner, 2007). These limitations are acknowledged in the interpretation of results in Section 5.3.1.

3.4 Research Quality and Validity

Research quality in qualitative studies is commonly assessed in terms of reliability, validity and generalisability (Saunders et al., 2012). Case study research has been criticised for limited replicability, potential researcher subjectivity and risks of confirmation bias (Idowu, 2016), and addressing these concerns requires transparency in research design and systematic data collection.

Reliability in qualitative research does not require exact replication, as the phenomena under investigation are context-dependent and shaped by evolving institutional and market conditions (Marshall & Rossman, 1999). Rather than strict replicability, the objective is methodological transparency. To this end, a consistent interview guide was developed and applied across participants, and analytical decisions were documented throughout to preserve a clear chain of evidence linking empirical observations to conclusions (Yin, 2014).

Validity refers to the extent to which the study accurately captures and interprets the perspectives and processes under investigation. Semi-structured interviews enable in-depth access to participant reasoning and strategic considerations, strengthening interpretive validity (Saunders et al., 2012). Construct validity was further enhanced through triangulation across multiple data sources, combining qualitative interview material with quantitative sources including ownership registers and financial market data (Harley et al., 2019). Stakeholder accounts were systematically compared with archival records and documented events to reduce risks of systematic bias, and interviewees were given the opportunity to review cited quotations to ensure accurate representation of their views. The interview sample also included stakeholders with differing positions on the acquisition, including both supporters and critics of the transaction, reducing the likelihood of one-sided interpretations.

Regarding generalisability, case study research aims for analytical rather than statistical generalisation (Yin, 2014). While critics argue that case studies lack the capacity for statistical inference (Idowu, 2016), their purpose is instead to contribute to theoretical development. This study does not seek to generalise the Swedish Match acquisition statistically but to examine whether the case illustrates broader theoretical dynamics concerning ownership structure, ESG-related investment constraints, and corporate control. While the findings cannot be statistically generalised, they may provide transferable insights relevant to similar capital market contexts.

Certain limitations should nevertheless be acknowledged. Access to certain stakeholders was restricted due to confidentiality obligations and limited availability, most notably with respect to PMI's internal perspective. As a result, the analysis has more limited direct insight into the bidder's assessment of the transaction and the negotiation process. However, the use of complementary documentation, including offer materials, press releases, investor presentations and financial media coverage, helped mitigate this constraint. The researchers maintain no personal or professional relationships with participants, thereby reducing risks of confirmation bias.

4 Case Background

This section provides the background necessary to understand the acquisition context. It covers the regulatory, institutional and industry conditions shaping the tobacco and nicotine market, ESG-related investment constraints, industry consolidation, and the strategic positions of Swedish Match and PMI leading up to the offer.

4.1 Introduction

On February 3 2009, Swedish Match, a leading producer of snus and other smoke-free tobacco products, and PMI, a global tobacco manufacturer, announced the formation of an exclusive joint venture. The arrangement combined Swedish Match's product development and manufacturing expertise in smoke-free tobacco with PMI's international sales and distribution network. At the time, both companies presented the partnership as a means of expanding smoke-free products beyond their traditional markets (Philip Morris International, 2009). Although the venture did not prove successful, it gave PMI an early familiarity with Swedish Match's business, capabilities and strategic direction (Charles Blixt, former Board Member, 26.03.26). For Swedish Match, it gave first-hand experience of how difficult and costly it was to build a broader international presence for smoke-free products, particularly in Europe, where market expansion required significant resources and remained constrained by regulation (Marlene Forsell, former CFO, 02.04.26).

Over the following decades, the two companies moved in a similar strategic direction. In 2014, Swedish Match set out its vision of *"A world without cigarettes"* (Swedish Match, 2014, p. 2). By 2021, Swedish Match's strategic repositioning had become even clearer. The company announced plans to separate its cigar business in the United States, marking another step away from combustible tobacco and towards a purely smoke-free business (Swedish Match, 2021a). By the beginning of 2022, Swedish Match had moved well beyond the profile of a traditional tobacco company and had become increasingly defined by its smoke-free portfolio and growth prospects in that category (Swedish Match, 2021a).

PMI, meanwhile, was undergoing a transformation of its own. Since 2008, the company had invested heavily in smoke-free products and increasingly framed its purpose as *"To deliver a smoke-free future"* (Philip Morris International, 2022a, p. 4). By 2021, that ambition had developed into a more concrete strategic programme, with this category occupying a central place in the group's research efforts, commercial priorities and long-term plans (Philip Morris International, 2022b). Unlike Swedish Match, however, PMI remained substantially more exposed to cigarettes, even as its strategic direction pointed more clearly towards smoke-free alternatives (Philip Morris International, 2022b).

At the same time, the industry itself had become increasingly difficult to navigate. Tobacco and nicotine products were shaped not only by changing consumer preferences and the emergence of new product categories, but also by tightening regulation, litigation risk and continued consolidation in a sector dominated by a relatively small number of major players (Blixt, 26.03.26).

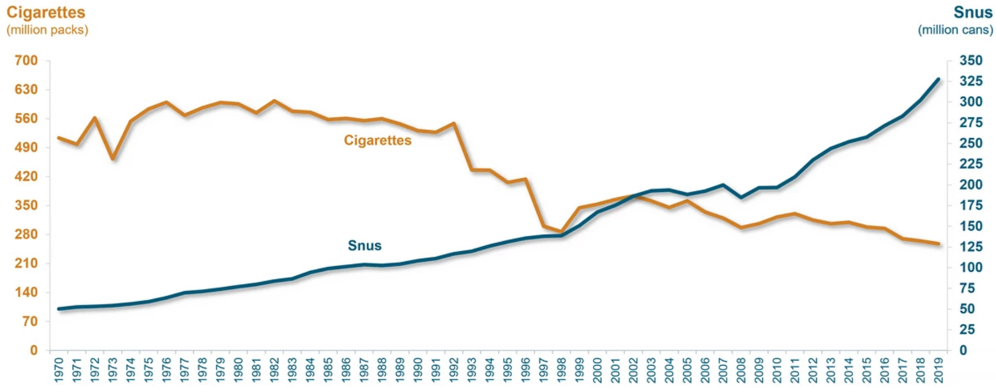
4.2 An Industry Under Structural Pressure

4.2.1 Industry and Institutional Context

Cigarette smoking had long been recognised as one of the leading causes of preventable death globally, driving sustained regulatory efforts across major markets to reduce tobacco consumption (Samet, 2013; World Health Organization, 2021). According to Dahlgren, regulations became a defining feature of the industry over time, shaped as much by the ideological and political sensitivity surrounding tobacco and nicotine products as by the formal rules themselves (Lars Dahlgren, former CEO, Swedish Match, 17.03.26). The introduction of the WHO Framework Convention on Tobacco Control in 2003 formalised this global direction of travel, establishing a framework for demand and supply reduction measures that governments subsequently translated into domestic legislation (World Health Organization, 2021). Within the European Union, Directive 2014/40/EU introduced comprehensive rules governing the manufacturing, presentation and sale of tobacco products, covering health warnings, product traceability and ingredient reporting (European Union, 2014). In the United States, tobacco products fell under the authority of the Food and Drug Administration (FDA), which regulates the manufacture, marketing, sale and distribution of tobacco products under the Tobacco Control Act (U.S. Food and Drug Administration, 2024).

Against this backdrop, snus had occupied a particular position in the Nordic market as an oral tobacco product primarily used as an alternative to cigarettes. Studies indicated that snus carried significantly lower health risks than combustible tobacco, and its widespread adoption in Sweden had been associated with comparatively low smoking prevalence and reduced incidence of smoking-related diseases (Clarke et al., 2019). Within the European Union, tobacco for oral use had nonetheless been prohibited for sale since 1992, with a specific exemption granted to Sweden (European Union, 1992). The result was a domestic market sometimes described as the Swedish experience (see Figure 1), frequently cited in broader debates about reduced-risk nicotine products, though the interpretation of this relationship remained contested (Fagerström & Schildt, 2003). In the United States, by contrast, smokeless tobacco products were not prohibited in the same way. Instead, as with tobacco products more broadly, they were subject to warning-label requirements and premarket review by the FDA, with new products requiring authorisation before they could be legally marketed (U.S. Food and Drug Administration, 2021b; U.S. Food and Drug Administration, 2021a).

Figure 1: Sweden: Volume Changes of Snus and Cigarettes



Source: Swedish Match (n.d.[b]).

As regulatory scrutiny of traditional tobacco products intensified, nicotine pouches emerged as a further development within the reduced-risk segment. Often referred to in Sweden as white snus, these tobacco-free oral nicotine products grew rapidly after their introduction in the mid-2010s, accounting for 16 per cent of total snus sales in Sweden by 2021 (Ramstedt, 2024). Nicotine pouches nonetheless occupied a distinct position within the regulatory landscape. Although they did not fit neatly into the traditional tobacco product framework, they remained central to the wider debate around nicotine regulation. As Forsell noted, important differences between Europe and the United States shaped the commercial outlook for the category, with Europe characterised by greater regulatory uncertainty and the United States seen as more open to reduced-risk alternatives (Forsell, 02.04.26). Dahlgren similarly observed that regulatory conditions remained difficult to predict outside established markets, where lower consumer familiarity compounded the uncertainty (Dahlgren, 17.03.26).

4.2.2 ESG Norms and the Shrinking Investor Base

In addition to product regulation, the tobacco and nicotine industry had, by the early 2020s, become increasingly shaped by ESG-related exclusion norms. Tobacco was among the most commonly excluded sectors under ESG screening strategies in European and Nordic institutional investment, reflecting both regulatory frameworks and deeply embedded ethical norms among asset owners (Eurosif, 2021; Global Sustainable Investment Alliance, 2022). Pension funds and sovereign wealth funds tended to systematically underweight tobacco stocks relative to comparable peers, a pattern that had become most pronounced in Nordic markets over the preceding decade (Blitz & Swinkels, 2021).

The scale of this shift was measurable. Between 2015 and 2021, tobacco exclusions among European funds increased significantly, rising by 940 basis points to 9.8 per cent of European ETF assets under management and by 430 basis points to 9.7 per cent for active European mutual funds. By contrast, tobacco exclusions remained comparatively modest in the United States, at 2.1 per cent for active funds and minimal for US ETFs (Jones & Bedell, 2021).

In Sweden, the exclusion of tobacco was institutionally embedded rather than discretionary. The Swedish AP-funds applied systematic tobacco exclusions rooted in public norm pressure and the ethical obligations of public asset owners (Hoepner & Schopohl, 2018). At AP2, tobacco-related companies fell outside the investable universe entirely, with nicotine assessed broadly in the same way as tobacco (Åsa Norrman, Communication and Sustainability Chief, AP2, 20.03.26). While AP2 generally emphasised the importance of active ownership in companies undergoing transition, sectors such as tobacco left less room for engagement because the exclusion concerned the nature of the business itself rather than a specific governance issue that could be addressed through dialogue (Norrman, 20.03.26). At Swedbank Robur, one of Sweden's largest asset managers, the exclusion reflected value-based considerations and client preferences regarding which business activities were considered acceptable, with retail clients consistently ranking tobacco among the sectors they were most opposed to being invested in (Pia Gisgård, Head of Sustainability and Corporate Governance, Swedbank Robur, 24.03.26). Notably, Swedbank Robur's exclusion policy underwent a significant shift around 2017, when restrictions that had previously applied only to dedicated sustainability funds were extended across all funds under management, materially reducing the pool of domestic capital available to tobacco-related stocks (Gisgård, 24.03.26). AP7 applied a different logic. Rather than excluding tobacco as a sector, the fund assessed companies individually on the basis of specific norm violations. Broad sector exclusions were, in AP7's view, counterproductive as divestment removed the ability to exercise active ownership, leaving companies in controversial industries without shareholders willing to raise governance or sustainability concerns. As Florén observed, the exit of long-term institutional investors risked creating an ownership base that was too passive to hold companies to account (Johan Florén, Communication and Sustainability Chief, AP7, 31.03.26).

This divergence was not equally pronounced across all markets. While certain US funds would not invest in tobacco, the restrictions were more widespread and institutionalised in Sweden than in the United States, where large asset managers generally did not prohibit tobacco investments at the institutional level (Blixt, 26.03.26).

4.2.3 A Consolidating Industry in Transition

The global tobacco industry was dominated by a small number of large listed companies. In 2020, five major firms together accounted for approximately 85 per cent of cigarette volumes (Rajani et al., 2023). This concentration was the result of decades of consolidation, during which the major tobacco companies expanded through mergers and acquisitions and gradually absorbed independent players (NCI, 2016). Several factors contributed to this consolidation. As cigarette volumes declined across Western markets, the major tobacco companies faced growing pressure to preserve scale and pricing power in a structurally shrinking market (NCI, 2016). At the same time, the underlying economics of the industry remained attractive. Tobacco products tend to have price-inelastic demand, which meant that companies could often offset falling volumes through price increases (Gilmore et al., 2010). Regulatory and litigation pressure also played an important role. For example, the 2008 spin-off of PMI from Altria was designed to separate the international business from US litigation risk (Collin & Hill, 2019).

The decline of combustible cigarettes had become a defining challenge for the major tobacco companies. By 2021, many of the large players had introduced smoke-free products, but they had progressed to very different degrees in that transition. PMI had progressed furthest, with smoke-free products accounting for 29 per cent of revenues. BAT followed at 12 per cent, while Altria, Japan Tobacco International and Imperial Brands remained much more dependent on combustible cigarettes, with only low single-digit shares of revenues from smoke-free products (Philip Morris International, 2022b; British American Tobacco, 2022; Altria Group, 2022; Imperial Brands, 2022; Japan Tobacco International, 2022). Swedish Match was smaller than these global peers, but occupied a distinctive position in the same transition, primarily through its position in oral nicotine and nicotine pouches. Dahlgren characterised the company as unusually advanced in its move away from combustible tobacco:

> "(...) Swedish Match was by far the furthest along of any company in the industry in building a genuinely smoke-free business, with a product portfolio that offered consumers a real alternative to cigarettes."
>
> *(Dahlgren, 17.03.26)*

In the nicotine pouch segment, Swedish Match held an estimated worldwide market share of 58.5 per cent in 2021 (Levy et al., 2023). At the same time, this position did not make the company's future path straightforward. As Blixt noted, once these products had been proven successful, other tobacco companies, as well as some non-tobacco players, began moving into nicotine pouches as well (Blixt, 26.03.26).

4.3 Swedish Match

Swedish Match was formed through the merger of two historic Swedish businesses, Svenska Tobaksmonopolet and Svenska Tändsticks AB. It took its modern form in the early 1990s and was listed on the Stockholm Stock Exchange in 1996 (Swedish Match, n.d.[a]). For much of its history, Swedish Match was associated with traditional tobacco and match products.

Over the following decades, Swedish Match was gradually reshaped. In 1999, the company divested its cigarette business, marking an early step away from combustible tobacco. In 2010, Swedish Match transferred its European cigars, pipe tobacco and premium cigar operations into a joint venture with Scandinavian Tobacco Group (STG). The transaction substantially reduced group revenue, but reflected a deliberate strategic reorientation as smoke-free products became increasingly central to the business (Dahlgren, 17.03.26). Swedish Match subsequently divested its remaining shareholding in STG in November 2017, completing its exit from the premium cigar segment (Swedish Match, 2021a).

This strategic direction became increasingly explicit over time, both internally and externally. A clearer smoke-free vision helped reinforce the priority of alternative nicotine products and made it easier to allocate resources away from combustible categories (Forsell, 02.04.26). That reorientation continued into the early 2020s: in 2021, the company announced plans to separate its remaining mass cigar business in the United States, marking another step in its shift towards smoke-free products (Swedish Match, 2021a).

The execution of this smoke-free strategy involved three main challenges: encouraging adult consumers outside Scandinavia to adopt smoke-free alternatives, competing with significantly larger global players, and operating in a regulatory environment that remained ideologically charged and difficult to predict, particularly in newer markets (Dahlgren, 17.03.26). By year-end 2021, smoke-free products accounted for approximately 67 per cent of sales, compared with 26 per cent for cigars and 7 per cent for lights (see Appendix Figure 4). The sales mix reflected how far Swedish Match had already shifted away from combustible products, with smoke-free categories becoming central to the group's strategic direction and resource allocation (Dahlgren, 17.03.26).

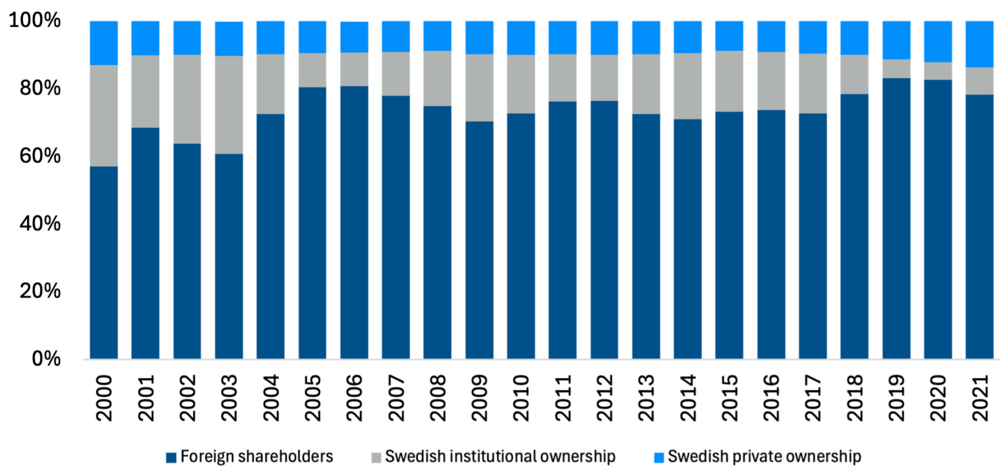
Geographically, the business was concentrated in two core markets. By early 2022, the United States accounted for 67 per cent of group sales, while Scandinavia represented 26 per cent (see Appendix Figure 5). Swedish Match held approximately 50 per cent of the smoke-free category in Scandinavia by volume, making it the region's leading player in oral nicotine products (Swedish Match, 2022d). In the US, Swedish Match had established ZYN as the category-defining brand in nicotine pouches through early FDA authorisation, and by early 2022 the brand had become the main driver of group growth, with shipment volumes up 35 per cent year on year and a stable market share of around 65 per cent of the US nicotine pouch category (Swedish Match, 2022d). This demand pressure became evident internally, as Swedish Match repeatedly had to expand capacity to keep pace with ZYN's growth (Blixt, 26.03.26).

This commercial momentum was reflected in the company's financial profile. Swedish Match combined growth with strong profitability and cash generation (Swedish Match, 2021a). Erik Selin, one of the largest domestic shareholders in Swedish Match, described the investment case in straightforward financial terms, emphasising the close alignment between earnings and cash flow as well as recurring shareholder distributions through buybacks and dividends (Selin, 12.03.26). Yet its future trajectory remained contingent on continued consumer adoption, favourable regulatory outcomes in markets where smoke-free products were still relatively new, and the ability to replicate ZYN's success beyond its core North American market (Dahlgren, 17.03.26).

Despite its changing product mix and growing smoke-free exposure, Swedish Match continued in many contexts to be treated as a traditional tobacco company. This shaped both investor perceptions and the financing conditions it faced, as Swedish Match continued to borrow at a premium because of its sector classification (Forsell, 02.04.26). Management sought to counteract this through active communication on the public health effects of its smokeless products, directed both at existing and potential investors and at regulators and policymakers, in an effort to challenge what Dahlgren described as regulations that were poorly calibrated to the actual risk profile of the products.

The implications were also visible in the shareholder base. As shown in Figure 2, Swedish institutional and mutual fund ownership declined over time, falling from 30 per cent of share capital in 2000 to 8 per cent in 2021, while foreign owners consistently accounted for the largest share of the capital base. In 2022, as shown in Table 6 in Appendix C, all ten of the largest shareholders were foreign, together controlling more than 35 per cent of the capital and around 35 per cent of the voting rights. As Dahlgren observed, this shift had left Swedish Match with few Swedish institutional investors to engage with, as the pool of potential domestic owners willing to hold tobacco-related stocks had shrunk markedly (Dahlgren, 17.03.26).

Figure 2: Swedish Match Share Capital by Owner Category



Note: Swedish institutional ownership includes Swedish institutions and mutual funds.
Data compiled from: Swedish Match annual reports, 2000–2021.

4.4 Philip Morris International

PMI's history began in 1847, when Philip Morris opened a tobacco shop on Bond Street in London. Over the following decades, the business grew into one of the world's largest tobacco operations, building its commercial position on a portfolio of internationally recognised cigarette brands, most notably Marlboro, Parliament and L&M (Philip Morris International, 2010).

In 2003, Philip Morris Companies Inc. changed its name to Altria Group, and five years later PMI was spun off from Altria and became a separately listed company on the New York Stock Exchange. The separation was intended to allow PMI to pursue growth opportunities in international markets, while Altria remained focused on the United States (Altria Group, 2008). Following the spin-off, PMI operated across approximately 160 countries and remained centred on the sale of cigarettes and other combustible tobacco products. The brand portfolio was led by Marlboro, described by the company as the best-selling and only truly global cigarette brand, which alone accounted for approximately 36 per cent of total shipment volume in 2009 (Philip Morris International, 2010).

At the same time, PMI had begun investing in what it termed reduced-risk products. In 2009, the company opened a dedicated research and development centre in Neuchâtel, Switzerland, with the aim of developing smoke-free alternatives to conventional cigarettes (Philip Morris International, 2010). In 2014, the company conducted its first pilot launches of IQOS, a heated tobacco system designed to heat tobacco sticks without combustion. By 2016, PMI had begun scaling IQOS beyond its pilot markets and publicly announced a new strategic vision: the transition away from cigarettes towards scientifically substantiated, smoke-free alternatives (Philip Morris International, 2017). The commercial momentum behind this shift was considerable. The smoke-free segment generated adjusted net sales of USD 3.6 billion in 2017, representing 13 per cent of PMI's overall revenues, compared to just 3 per cent in 2016 (Philip Morris International, 2018).

A further milestone came in 2020, when the US FDA authorised IQOS as a modified risk tobacco product, the first heated tobacco product to receive such a designation in the US (U.S. Food and Drug Administration, 2020). While the approval strengthened PMI's smoke-free strategy in a strategically important market, their own commercial presence there remained limited, as Altria held exclusive commercialisation rights to IQOS in the US under a licensing agreement (Philip Morris International, 2022b; Philip Morris International, 2024b). By the end of 2021, smoke-free products were available in 71 markets and approximately 15.3 million adults had switched to IQOS and stopped smoking, with smoke-free revenues accounting for 29.1 per cent of adjusted net revenues, up from practically zero in 2014 (Philip Morris International, 2022a; Philip Morris International, 2015). PMI had by this point invested more than USD 9 billion in the development and commercialisation of smoke-free products since 2008 (Philip Morris International, 2022a). Beyond smoke-free tobacco, PMI had also set its sights on expanding into wellness and healthcare, acquiring three pharmaceutical and inhalation technology companies during 2021 (Philip Morris International, 2022b). Looking ahead, PMI had set an ambition to become a majority smoke-free company by 2025, targeting more than half of its net revenues from smoke-free products (Philip Morris International, 2022b).

5 The Case: Philip Morris International Acquires Swedish Match

This case section presents a chronological account of PMI's acquisition of Swedish Match, from the initial public offer in May 2022 to the completion of the transaction and subsequent delisting from Nasdaq Stockholm. The narrative draws on public offer documents, company announcements, ownership disclosures, financial market data and interviews with selected stakeholders. The section is organised around the transaction sequence, deal rationale, market reaction, valuation, shareholder behaviour and subsequent developments. Table 2 summarises the main events in the acquisition process.

Table 2: Timeline of the Acquisition Process

Date	Event
11 May 2022	Initial offer announced at SEK 106 per share
30 September 2022	Initial acceptance period expired
4 October 2022	Acceptance period extended to 4 November 2022
20 October 2022	Offer increased to SEK 116 per share
4 November 2022	Extended acceptance period expired; 82.59% tendered
7 November 2022	90% condition waived; offer unconditional and further extended
28 November 2022	PMI announced ownership of 93.11%
13 December 2022	Delisting approved by Nasdaq Stockholm
30 December 2022	Last day of trading in Swedish Match shares

Source: Swedish Match (2022a).

5.1 The Transaction

5.1.1 The Initial Offer

PMI's approach to Swedish Match in May 2022 was not its first. According to Blixt, PMI had approached the company roughly a year and a half earlier, but the board rejected that approach on the grounds that Swedish Match could continue to create greater value as an independent company. A key reason for PMI's renewed interest was Swedish Match's plan to spin off its US mass market cigar business. Once completed, the remaining group would be entirely free of combustible tobacco products, making Swedish Match more closely aligned with PMI's stated ambition to replace cigarettes with smoke-free alternatives (Blixt, 26.03.26).

On 11 May 2022, PMI announced a recommended public cash offer for Swedish Match. The offer was SEK 106 per share in cash, valuing Swedish Match's issued share capital at approximately SEK 161.2 billion. This represented a premium of approximately 39.4 per cent to the undisturbed closing price of SEK 76.06 on 9 May 2022, the last trading day before market speculation regarding a potential bid, and a premium of approximately 39.7 per cent to the volume-weighted average share price over the preceding 30 trading days (Philip Morris International, 2022c). Completion of the offer was conditional on PMI acquiring more than 90 per cent of the total number of shares in Swedish Match and obtaining all necessary regulatory approvals.

The board of directors of Swedish Match recommended that shareholders accept the offer, a recommendation supported by fairness opinions from two independent financial advisers, Goldman Sachs Investment Banking and SEB Corporate Finance, both of which concluded that the offer was fair from a financial point of view to shareholders. Goldman Sachs provided its opinion on a fee contingent on completion of the transaction, while SEB's fee was fixed irrespective of outcome (Swedish Match, 2022h). The board's assessment, in Dahlgren's view, rested primarily on its own view of Swedish Match's value rather than on the premium itself, which served more as a reference point than as the basis of the analysis (Dahlgren, 17.03.26). In reaching that view, the board weighed Swedish Match's long-term growth prospects against the risks associated with realising them, including intensifying competition in the US nicotine pouch market and regulatory uncertainty (Blixt, 26.03.26).

One board member dissented. Pär-Ola Olausson, appointed by the union IF Metall, voted against the recommendation on the grounds that Swedish Match had the competence and experience to remain independent in the long term and that the offer did not reflect the company's fundamental value (Swedish Match, 2022h). His was not the only sceptical voice: several board members believed Swedish Match's value would be significantly higher within a few years, given ZYN's growth trajectory in the United States, and the internal debate over whether to recommend acceptance was genuinely contested (Blixt, 26.03.26).

5.1.2 The First Acceptance Period and the 90% Problem

The initial acceptance period ran from 29 June to 30 September 2022. From the outset, the 90 per cent threshold represented a significant structural hurdle. Under Swedish takeover rules, reaching that level was necessary for PMI to initiate compulsory redemption of the remaining shares and thereby secure full ownership and delisting. Although PMI reserved the right to waive this condition, crossing the threshold remained the stated objective of the offer (Philip Morris International, 2022c). Marie Mannes, a journalist covering the transaction for Thomson Reuters, noted that Swedish Match's fragmented shareholder base made the acceptance process difficult to read: it was unclear how many investors were prepared to hold out, while only a relatively small minority was needed to prevent PMI from securing full control (Mannes, 27.04.26).

Opposition to the offer emerged early. Protean Funds, a Stockholm-based hedge fund, had voiced concerns from the moment of the announcement, with Pontus Dackmo, CEO of Protean Funds, publicly criticising the offer price in his May 2022 partner letter (Dackmo, 2022). On 21 September 2022, Framtiden Partnerships, a US-based investment firm that had owned Swedish Match continuously since 2003 and held approximately 1 per cent of the outstanding shares, published a white paper entitled "Swedish Match – For Independence," arguing that shareholders should not accept the offer and estimating Swedish Match's fair value at close to SEK 200 per share based on a discounted cash flow analysis (Juran & Anderson, 2022).

At the same time, the shareholder base attracted merger arbitrage and event-driven investors. Elliott Management, a US-based hedge fund, began building its position in July 2022, opposing the transaction at the original price (Reuters, 2022). By early September, Elliott had disclosed a stake above 5 per cent, rising to 7.2 per cent by the end of the month (Affärsvärlden, 2022b). Elliott's position differed from the resistance of long-standing shareholders whose opposition centred on Swedish Match's standalone value; it could be seen as primarily tactical, aimed at improving the offer terms rather than remaining a long-term owner (Mannes, 27.04.26). By this stage it had become increasingly clear that the bid was unlikely to secure acceptances above the 90 per cent threshold.

5.1.3 The Revised Offer

On 4 October 2022, with acceptances still falling short of the level required for compulsory redemption, PMI extended the acceptance period to 4 November 2022. On 20 October, PMI raised the offer price from SEK 106 to SEK 116 per share, corresponding to a premium of approximately 52.5 per cent to the undisturbed share price, and stated that the price would not be increased further (Swedish Match, 2022a).

The revised offer did little to resolve the standoff. Dackmo publicly dismissed the increase as insufficient and criticised the fact that it did not compensate for the depreciation of the Swedish krona against the US dollar since the original bid[2], describing this as "silly on an almost biblical scale" (Sharma & Mannes, 2022). At the same time, event-driven investors continued to build meaningful positions. Davidson Kempner Capital Management disclosed a 5 per cent stake on 20 October, while BlackRock reported a holding of approximately 5.12 per cent around the same time (Affärsvärlden, 2022a). On 24 October, Elliott disclosed a stake of 10.5 per cent, thereby crossing the threshold at which it could unilaterally prevent the offer from reaching 90 per cent if it chose not to tender (Affärsvärlden, 2022b; Barnes & Massoudi, 2022). As a result, market observers

[2]The USD/SEK exchange rate increased from 10.0564 on 10 May 2022 to 11.1260 on 19 October 2022 (Sveriges Riksbank, n.d.).

increasingly regarded it as unlikely that PMI would achieve the stated threshold, while PMI continued publicly to maintain that it would not waive the condition (Sharma & Mannes, 2022).

Shortly thereafter, on 25 October, PMI received the necessary regulatory approvals, subject to the post-completion divestiture of SMD Logistics AB, Swedish Match's logistics subsidiary and a key distributor of tobacco and nicotine products in Sweden. The condition was intended to address the Commission's concern that PMI's control over this distribution channel could restrict competitors' access to the market (European Commission, 2022). Two days later, the board of Swedish Match renewed its recommendation that shareholders accept the revised offer, with Olausson once again dissenting (Swedish Match, 2022a).

When the extended acceptance period expired on 4 November 2022, shares tendered represented approximately 82.59 per cent of the share capital and voting rights in Swedish Match. This gave PMI control of the company, but still left it short of the 90 per cent threshold required for compulsory redemption (Philip Morris International, 2022f).

5.1.4 Completion of the Offer and Delisting

On 7 November, PMI announced that it was waiving the minimum acceptance condition, declaring the offer unconditional and extending the acceptance period further until 25 November 2022 in order to secure additional acceptances and move closer to full ownership (Philip Morris International, 2022f). This decision marked an important turning point in the transaction. It meant that PMI was willing to complete the acquisition on the basis of the shares already tendered, while continuing to pursue full ownership. On the same day, Elliott ultimately tendered its 10.5 per cent stake (Finansinspektionen, 2022), making the 90 per cent threshold reachable for the first time.

By 28 November, PMI announced that it had acquired 93.11 per cent of the shares and voting rights in Swedish Match. Having exceeded 90 per cent, PMI stated that it intended to initiate compulsory redemption proceedings for the remaining shares under the Swedish Companies Act (Philip Morris International, 2022f). Swedish Match subsequently applied for delisting from Nasdaq Stockholm, which approved the application, and the last day of trading was set for 30 December 2022 (Philip Morris International, 2022d).

5.2 Deal Rationale and Synergies

The principal attraction of Swedish Match appears above all to have been ZYN. Blixt described PMI's rationale as follows:

> "(...) There were two very strong motivations in approaching Swedish Match. The first was ZYN: incredibly profitable and growing, with profits almost compounding annually. The second was PMI's absence from the US market across its product lines. Swedish Match therefore offered an immediate entry point, with an established salesforce and a product that could continue to grow into a new platform."
>
> *(Blixt, 26.03.26)*

PMI's own account confirmed this logic. The transaction formed part of a broader strategic ambition to create a global smoke-free champion, combining complementary geographies, product portfolios and commercial capabilities (Philip Morris International, 2022e). PMI's chief financial officer noted that the deal was ticking "a number of very important strategic boxes", as PMI was already the leading player in heated tobacco and was proposing to acquire a leading player in nicotine pouches (Nilsson et al., 2022).

The board's recommendation rested on whether the offer adequately reflected the company's value relative to its opportunities and risks. The company's standalone strengths were well recognised internally, including strong cash flows, a dominant Nordic position and significant US momentum through ZYN, yet its international footprint outside Scandinavia and the US remained thin, with limited subsidiaries and little commercial infrastructure elsewhere (Dahlgren, 17.03.26). It was here that PMI's global distribution network and financial resources were seen as most compelling: growth opportunities that Swedish Match would have found prohibitively costly to pursue alone could be accelerated meaningfully under PMI's ownership (Blixt, 26.03.26). Forsell, who was not involved in the transaction process, was nonetheless sceptical when she learned of the bid, believing Swedish Match was sufficiently protected by its early-mover advantage and limited competitive exposure to have continued realising the US opportunity independently. At the same time, she acknowledged that the board and management, with direct insight into the company's financial position and risk exposure, were better placed to make that judgement than she was (Forsell, 02.04.26).

The logic of the transaction was also evident in the expected synergies. PMI was clear that the transaction was not expected to generate material cost synergies beyond modest procurement savings, and that the case rested on growth rather than rationalisation (Philip Morris International, 2022e). As Blixt summarised:

> "(...) PMI has the whole world — market opportunities to grow worldwide that we would never have been able to achieve on our own. They would make Swedish Match far larger than we ever could have made it ourselves."
>
> *(Blixt, 26.03.26)*

PMI also stated that Swedish Match's operating margins would be accretive even before synergies, underlining that the target was attractive not only strategically but also financially (Philip Morris International, 2022e). Dahlgren captured the broader logic from Swedish Match's perspective:

> "(...) there was a very clear industrial logic to the transaction: two companies with the same vision, whose commercial setups were also complementary."
>
> *(Dahlgren, 17.03.26)*

The financial interests of Swedish Match's leadership in the transaction merit consideration as part of the broader decision-making context. Under the terms of Swedish Match's long-term incentive programme, members of the Group Management Team participated in overlapping three-year cash incentive programmes requiring participants to purchase Swedish Match shares for the full net cash award and retain them for a minimum of two years (Swedish Match, 2021a). At the time of the offer, members of the Group Management Team had consequently built up material equity positions in Swedish Match. The AGM-elected board members held shares in a personal capacity, as their remuneration consisted of fixed fees only (Swedish Match, 2021a). Together, the board and management held equity positions whose value was directly affected by the transaction outcome (see Appendix D). Pär-Ola Olausson, the sole dissenting board member, held no shares in Swedish Match at the time of the offer (Philip Morris Holland Holdings B.V., 2022).

5.3 Market Reaction and Valuation

5.3.1 Announcement Returns

To evaluate the market's initial assessment of the transaction, an event study was conducted on PMI's share price around the offer announcement. PMI's offer was announced against a weak equity market setting. By May 2022, both US and Swedish equity markets had trended downward since the beginning of the year, with the S&P 500 and OMX Stockholm 30 both down by around 20 per cent (S&P Capital IQ, 2026). The period was characterised by tightening financial conditions, inflationary pressure and heightened geopolitical uncertainty following Russia's invasion of Ukraine (International Monetary

Fund, 2022; Board of Governors of the Federal Reserve System, 2022). The announcement day itself also coincided with continued market weakness, with the S&P 500 declining by 1.7 per cent (S&P Capital IQ, 2026). Against this backdrop, PMI's share price reaction was notably positive. As shown in Table 3, PMI recorded an abnormal return of 5.09 per cent on the announcement day, statistically significant at the one per cent level. This suggests that the return was unlikely to be explained by normal share price variation alone. While the wider event windows were also positive, they did not reach statistical significance. The market's response was therefore most clearly visible on the day of the formal announcement.

Based on PMI's closing market capitalisation of approximately USD 153.3bn on 10 May 2022, this abnormal return corresponds to a market-implied increase in acquirer shareholder value of roughly USD 7.8bn, suggesting an initially positive market assessment of the transaction's expected net value for PMI shareholders (Moeller et al., 2004).

Table 3: Event Study: PMI Abnormal Returns at Offer Announcement

Window	CAR	t-stat	Patell t	Corrado t
AR(0)	+5.09%	3.37***	3.34***	1.72*
$[-1, +1]$	+3.62%	1.38	1.37	0.01
$[-5, +5]$	+7.45%	1.49	1.46	0.80
$[-10, +10]$	+4.80%	0.69	0.68	0.32

$^{*}p < 0.10$, $^{**}p < 0.05$, $^{***}p < 0.01$

Note: Abnormal returns are estimated using the market model. The estimation window covers 120 trading days from 3 November 2021 to 26 April 2022, ending 11 trading days before the announcement on 11 May 2022.

Source: Event-study estimates are calculated using daily closing price data for PMI and the S&P 500 Price Index from S&P Capital IQ.

PMI and Swedish Match had already confirmed on 9 May 2022 that discussions regarding a potential offer were ongoing, such that some information may have been incorporated into PMI's share price before the formal announcement date; the wider event windows reported in Table 3 account for this possibility. No major PMI-specific announcement was identified on the formal offer announcement date, and no other significant tobacco industry news events were found for that day.

5.3.2 Market Reception of the Offer

Swedish Match's share price moved quickly toward the offer level of SEK 106 per share and settled close to that level in the days that followed (S&P Capital IQ, 2026). Mannes described this trading pattern as one of the notable aspects of the market's initial reaction, since it raised the question of whether the original offer would be sufficient to secure shareholder acceptance (Mannes, 27.04.26). External assessments were mixed. Several analysts took a broadly positive view: Credit Suisse highlighted the roughly 40 per cent premium, while Bank of America suggested the implied multiple was not particularly demanding (Ringström, 2022; Ringström & Mannes, 2022). Others were more sceptical. Barclays argued the offer price was too low and that shareholders could obtain better terms, and Cowen noted that PMI might yet need to improve its offer even if a competing bid appeared unlikely (Ringström, 2022; Naidu, 2022). Jefferies acknowledged the strategic logic of the combination but left open the question of valuation adequacy (Ringström & Mannes, 2022).

5.3.3 Peer-Group Valuation

Table 4 places Swedish Match's valuation in the context of selected listed tobacco peers using forward-looking analyst consensus estimates. The comparison is based on next twelve months (NTM) EV/EBITDA multiples measured using undisturbed market prices before Swedish Match confirmed that discussions with PMI regarding a possible public takeover offer were ongoing[3] (Swedish Match, 2022j). The selected peer group traded at an average multiple of 9.7x, while Swedish Match traded at 13.6x, corresponding to a premium of approximately 40 per cent to the peer average. The initial offer of SEK 106 per share implied an enterprise value of SEK 174.7bn, corresponding to an offer multiple of 18.4x. The offer multiple was therefore above both Swedish Match's undisturbed trading multiple and the selected peer-group average.

[3]Multiples are measured as of 9 May 2022; Swedish Match confirmed the discussions after market close the same day, at 6.20 p.m. CET.

Table 4: Multiples Valuation of Swedish Match

Valuation Date	9 May 2022
NTM EV/EBITDA	
Altria Group	9.8x
British American Tobacco	8.8x
Imperial Brands	6.4x
Philip Morris International	13.8x
Average, all peers	9.7x
Swedish Match	13.6x
PMI offer multiple[1]	18.4x
Implied valuation, SEK bn[2]	
Implied EV at peer average	92.1
Implied EV at Swedish Match multiple	129.5
Implied EV at PMI offer	174.7

[1] PMI offer multiple based on the SEK 106 per share offer, corresponding to an equity value of SEK 161.2bn, and net debt of SEK 13.5bn.
[2] Implied EV based on consensus NTM EBITDA of SEK 9,494m.
Source: S&P Capital IQ, data retrieved 26 April 2026; Swedish Match (2022k).

5.4 Shareholder Composition and Investor Behaviour

5.4.1 The Erosion of Domestic Ownership

By the time of PMI's offer, the compositional shift in Swedish Match's shareholder base had produced an ownership structure with distinct implications for how the company could respond to an unsolicited approach. Swedish institutional and mutual fund ownership had declined markedly over the preceding decades, with all ten of the largest shareholders being foreign at the time of the offer. Two decades earlier, six of the ten largest shareholders had been Swedish institutional investors, including Roburs aktiefonder, Alecta and four AP-funds (see Figure 2; Appendix C). The domestic institutions most likely to take an engaged, long-term ownership role in a Swedish-listed company had exited the register over this period. Dahlgren noted that some Swedish institutional investors who had been positively disposed toward Swedish Match had sold their entire positions and deeply regretted doing so, stating they had no choice given client pressure and the broader social expectation that exclusion was the only acceptable course of action (Dahlgren, 17.03.26).

The consequences of this shift were not lost on those closest to the company. As early as 2019, Dan Juran, Founder and Managing Member of Framtiden Partnerships, had prepared an internal analysis, identifying the company's growing takeover vulnerability as a direct consequence of the eroded domestic ownership base. That analysis was never raised in the nomination committee, a circumstance he later described as a regret. When the offer arrived, his reaction was shocked but not surprised: the structural conditions that made the bid possible had been visible for years (Juran, 11.03.26). Dackmo reached the same structural diagnosis. In his May 2022 partner letter, he described the situation as an abject failure of the Swedish fund industry, arguing that ESG-driven exclusions had pushed domestic institutional capital out of the register to the point where Swedish Match's board could contemplate recommending a bid at a price he regarded as far below the company's long-term value (Dackmo, 2022). Chris Anderson, Co-founder and Member at Framtiden Holdings LP, reinforced this point, noting that family- and founder-controlled companies are substantially harder to acquire precisely because a concentrated engaged ownership base creates a natural constituency for resistance, a constituency Swedish Match lacked (Anderson, 16.04.26).

5.4.2 The Governance Vacuum

The erosion of domestic institutional ownership did not only reshape the composition of Swedish Match's shareholder register; it hollowed out the governance infrastructure that the Swedish corporate model presupposes. The nomination committee model functions on the assumption that large, engaged shareholders are present and willing to participate. At Swedish Match, that assumption had gradually ceased to hold. At the time of the offer announcement in May 2022, none of the company's ten largest shareholders was represented on the nomination committee, despite their combined ownership of approximately 35 per cent of the share capital (Swedish Match, 2022i). Two decades earlier, representatives of three of Swedish Match's six domestic institutional shareholders among the ten largest, namely Roburs Aktiefonder, Alecta and the Fourth AP-fund, held seats on the nomination committee (Swedish Match, 2002).

Juran, who had been closely engaged with Swedish Match through Framtiden Partnerships since 2003 and served three terms on the nomination committee, including as chair in 2022, described the fragmented ownership structure as having left all effective power with the board and management, with no domestic institutional constituency capable of providing a meaningful counterweight (Juran, 11.03.26). The observation was echoed internally. Forsell, who served as CFO until 2018, described Swedish Match during her tenure as "an ownerless company," noting that no single shareholder could serve as a meaningful counterpart for management (Forsell, 02.04.26).

The practical consequences extended beyond the nomination committee. Florén emphasised that the exit of long-term institutional shareholders can weaken the owner engagement normally exercised across governance dimensions such as sustainability, board composition or strategic direction (Florén, 31.03.26). When PMI's offer arrived, there was no natural forum in which major shareholders could coordinate a response, and no dominant domestic institution whose views the board was structurally obliged to engage with.

5.4.3 Investor Behaviour During the Offer

The ownership structure that had taken shape over the preceding decades did not merely set the conditions for PMI's approach; it shaped how shareholders could respond once the offer arrived. Three distinct groups behaved in fundamentally different ways during the acceptance period, but the dynamics between them ultimately reflected a common structural constraint: the absence of a coordinated engaged ownership base made organised resistance difficult to sustain.

A small number of long-term fundamental shareholders opposed the offer from the outset. Framtiden and Protean were among the most vocal, each holding Swedish Match on the basis of a conviction that the offer substantially undervalued the company's standalone potential. Dackmo described the board's willingness to recommend the original offer as visionless, arguing that ZYN's growth trajectory made the undervaluation apparent to any attentive observer (Dackmo, 02.04.26). Both declined to tender at SEK 106 and maintained their opposition following the revised offer at SEK 116, with Dackmo publicly describing the increase as insufficient (Sharma & Mannes, 2022). Yet neither was able to translate its conviction into coordinated action. As Dackmo observed, while multiple shareholders had indicated they would not accept the initial offer, no organised resistance materialised (Dackmo, 02.04.26). The opposition was therefore visible but narrow: there appeared to be too few similarly minded long-term shareholders willing to treat Swedish Match's standalone case as more compelling than the certainty of the cash offer (Mannes, 27.04.26).

The second group consisted of event-driven and merger arbitrage investors. Unlike Framtiden and Protean, these investors entered after the offer had been announced and were primarily oriented toward the transaction process rather than Swedish Match's underlying investment case. Juran was in contact with several of them, including Elliott which served on the last nomination committee, reflecting the degree to which event-driven investors had come to dominate the shareholder register, and sought to persuade them to vote against the deal and remain shareholders if PMI failed to reach full control. That effort was unsuccessful. In his assessment, their focus was more on extracting value from the offer process than on the long-term value of Swedish Match as an independent company (Juran, 11.03.26). In practice, however, this representation came late: the board had already recommended the offer, PMI had revised its price, and the transaction was approaching its final stage.

The third group, represented most clearly by Erik Selin, one of the largest domestic shareholders in Swedish Match, accepted the offer without attempting to coordinate resistance. Selin shared the structural diagnosis that ESG-driven exclusions had contributed to an undervalued and fragmented ownership base, but drew a more pragmatic conclusion than the vocal holdouts. With the board recommending acceptance, a substantial premium on the table and PMI as the most logical strategic buyer, the transaction appeared difficult to prevent. Claims that the bid was too low were also part of a recurring pattern in public takeover processes: shareholders often seek to extract a higher price, particularly in internationally held companies without a clear controlling owner, but that did not mean resistance was practically capable of changing the outcome (Selin, 12.03.26).

The interaction between these three groups produced a dynamic that made a higher offer or an independent outcome structurally difficult to achieve. Anderson captured the essential logic:

> "The train left the station when they announced it since management and the board backed it. To overcome management and the board backing it is extremely difficult, especially given the fragmented ownership base and no long-term truly engaged shareholder."
>
> *(Chris Anderson, 16.04.26)*

Selin reached the same conclusion, describing the outcome as effectively determined from the moment the board recommended acceptance (Selin, 12.03.26). Each holdout faced the same calculation: if enough other shareholders tendered, compulsory redemption would follow regardless, making resistance individually costly and collectively ineffective. Dackmo observed that the process effectively became a bilateral negotiation between PMI and Elliott once the revised offer was on the table (Dackmo, 02.04.26).

5.5 Epilogue

Following the completion of the acquisition and the delisting of Swedish Match from Nasdaq Stockholm in December 2022, ZYN's commercial trajectory accelerated markedly under PMI's ownership. As shown in Table 5, ZYN shipment volumes in the US grew from 385 million cans in 2023 to 581 million cans in 2024, and further to 798 million cans in 2025, representing year-on-year growth of 62, 51 and 37 per cent respectively. To keep pace with demand, PMI initiated significant capacity expansions at its US manufacturing facilities, investing approximately USD 1.4 billion in capacity in 2024 alone (Philip Morris International, 2025).

The scale of ZYN's growth under PMI's ownership was reflected in the company's broader financial profile. Smoke-free products accounted for approximately 36 per cent of PMI's total net revenues in 2023, up from 29 per cent the previous year, with ZYN as a primary driver of that shift (Philip Morris International, 2024a). At the first anniversary of the combination, PMI's CEO described ZYN's US performance as "stellar," noting that smoke-free products had reached nearly 40 per cent of total net revenues and over 40 per cent of gross profit in the fourth quarter of 2023 (Philip Morris International, 2024a). By 2025, smoke-free products accounted for 42 per cent of PMI's total net revenues, representing substantial progress toward the ambition PMI had articulated at the time of the offer to become a majority smoke-free company (Philip Morris International, 2026).

Table 5: ZYN US Shipments and PMI Smoke-Free Share, 2023–2025

Year	ZYN US shipments (million cans)	YoY growth	Smoke-free (% of net revenues)
2023	385	+62%	36%
2024	581	+51%	39%
2025	798	+37%	42%

Source: Philip Morris International Annual Reports (2023–2025).

The acquisition had, in this sense, accelerated the smoke-free transformation that both companies had independently pursued in the years preceding the transaction. ZYN's growth trajectory has nonetheless faced increasing headwinds: US shipment volumes fell 23.5 per cent in the first quarter of 2026, which PMI attributed primarily to inventory adjustments, though analysts noted the pressure was consistent with intensifying competition in the category (Nair & Sandle, 2026).

6 Discussion

This section discusses the findings of the case in relation to the two research questions introduced in Section 1:

1. What factors explain Swedish Match's acceptance of PMI's acquisition offer in 2022?

2. To what extent did ownership structure and institutional investor constraints shape the conditions under which the offer was accepted?

To address these questions, the discussion proceeds in three parts. It first examines the role of the bid premium and the strategic logic of the transaction. It then considers how ESG-related exclusions and ownership fragmentation shaped the conditions for acceptance, including through both a governance channel and a potential valuation channel. Finally, it discusses whether managerial incentives and board dynamics may also have influenced the recommendation and outcome of the offer.

6.1 The Bid Premium and Strategic Logic

A first explanation for Swedish Match's acceptance of the offer lies in the interaction between the bid premium and the strategic logic of the transaction. In takeover theory, acquisitions create value when assets are transferred to an owner able to deploy them more efficiently, whether through complementarities, superior strategic fit or a more valuable use of the target's assets (Bradley et al., 1988). Jensen (1986) likewise treats acquisitions as mechanisms of strategic repositioning rather than merely cost rationalisation. For PMI, Swedish Match was not simply an attractive company, but a strategically important asset within its broader smoke-free transformation, above all because of ZYN's leading position in the US nicotine pouch market and Swedish Match's established commercial platform in that category.

Viewed in that context, PMI's positive announcement-period abnormal return provides further support for the strategic rationale of the transaction. As shown in Table 3, PMI's positive abnormal return suggests that investors expected the acquisition to generate substantial value for the bidder despite the premium offered to Swedish Match shareholders. This is noteworthy given that target shareholders typically capture the majority of acquisition gains, while bidder returns tend to be smaller and more variable (Andrade et al., 2001). The market reaction is therefore consistent with investors expecting meaningful value to accrue to PMI beyond the premium paid.

From the perspective of Swedish Match's board, however, the offer cannot be explained by the premium alone. Grossman & Hart (1980) and Jensen & Ruback (1983) frame takeover acceptance as a comparison between the offer price and the value of remaining independent, and that comparison is central here. The relevant question was not whether Swedish Match might, under favourable conditions, become worth materially more over time, but whether shareholders were being adequately compensated for giving up that future under conditions of genuine uncertainty. In that sense, the premium was an indicator, but not the starting point for the analysis and far from the only consideration. What mattered was whether the offer was attractive to shareholders once the company's opportunities and risks had been weighed together (Dahlgren, 17.03.26).

This also helps explain why the board's recommendation carried particular weight. In a widely held company, tendering decisions are decentralised, and shareholders may differ in their assessment of whether the offer adequately compensates them relative to the uncertain value of remaining independent (Grossman & Hart, 1980). Under those conditions, the board's assessment becomes an important focal point in shaping how shareholders interpret the trade-off between immediate cash consideration and continued exposure to execution and valuation risk. At Swedish Match, this dynamic was especially marked: with no dominant domestic shareholder capable of providing an alternative focal point, and with ownership highly dispersed among foreign shareholders, the board's recommendation effectively set the terms of the debate.

The fiduciary dimension of that judgement is equally important. Easterbrook & Fischel (1981) emphasise that boards must make informed and good-faith assessments of shareholder interests, while Gary (2019) argues that fiduciary duty cannot be reduced to mechanical premium maximisation. On that view, the relevant question was not whether Swedish Match had further upside, but whether the offer represented an attractive outcome in light of timing, execution risk and regulatory uncertainty. Swedish Match had strong long-term prospects, but those prospects still had to be realised under uncertain conditions. The practical question, then, was whether shareholders should continue to bear those risks in the hope of a higher future value, or instead accept a substantial cash premium with immediate certainty. Blixt captured that dilemma:

> "(...) Several board members thought the valuation would be significantly higher in a few years through ZYN. On the other hand, the price being offered represented a 40 per cent premium. If we stay independent, how long is it going to be until we increase the share price by 40 per cent? (...) That is a real dilemma for a board."
>
> *(Blixt, 26.03.26)*

This dilemma reflects the risk-adjusted logic of the recommendation. The relevant comparison was not between the offer and a hypothetical upside case in isolation, but between a certain cash consideration and a higher but less certain future value. In that respect, the case aligns with Gary (2019)'s argument that boards must take a long-term view of shareholder value, while also illustrating that long-term value cannot be treated as certain merely because it is plausible.

The weak equity market conditions prevailing at the time of the offer further reinforced the short-term difficulty of resisting it. In a weaker equity market, rejecting the bid carried an immediate and visible downside: Swedish Match's share price could fall back towards its pre-offer level, while the value of remaining independent depended on longer-term execution. This made opposition harder to sustain, particularly in a fragmented shareholder base without a long-term anchor owner willing to absorb short-term mark-to-market pressure (Anderson, 16.04.26).

That the offer nevertheless remained contested does not weaken this interpretation. If anything, it helps define the terms of the decision more precisely. Juran, Olausson and Dackmo each maintained that the offer failed to reflect Swedish Match's fundamental value, whether as long-term shareholders or as a dissenting board member. This disagreement between holdouts and the recommending board matters because the valuation of the offer remained genuinely contested even after the premium had been raised. There was no single shared view of value. Different actors reached different conclusions about the relationship between price, risk and future potential. This is consistent with takeover theory, which treats acceptance not as a mechanical response to a premium, but as a judgement about whether the offer adequately compensates shareholders relative to the uncertain value of remaining independent (Grossman & Hart, 1980; Jensen & Ruback, 1983).

Dackmo's objection reflected this disagreement among the holdout shareholders. His concern was not only that the premium was too low, but that the offer did not fully capture ZYN's category leadership in the US nicotine pouch market and its growth potential. He also regarded the regulatory risk as more nuanced than commonly assumed, noting that stricter regulation in the tobacco industry tends to protect established products while constraining new entrants:

> "ZYN had become a category leader [in the US]. The established brand. You say ZYN, even if it is a different brand. Just like we say O'boy for chocolate milk in Sweden. That was the position they had built. So we thought the market was undervaluing both the position and the potential."
>
> *(Dackmo, 02.04.26)*

The peer-group valuation reported in Table 4 adds a further dimension to this assessment. Prior to the announcement, Swedish Match did not trade like a conventional tobacco company. Its valuation was broadly in line with PMI and clearly above the selected peer-group average. This may indicate that the market assigned Swedish Match a differentiated profile, possibly reflecting its exposure to smoke-free products and nicotine pouch growth, among other company-specific factors. The comparison is also notable because PMI was the peer most advanced in its own smoke-free transition, although the relative valuation does not establish which factors investors weighted most heavily. The initial offer implied a clear step above Swedish Match's own undisturbed trading level. This does not show that the offer fully captured Swedish Match's standalone potential. Rather, it points to the central tension in the transaction: Swedish Match already commanded a premium within the selected peer universe, but PMI was still prepared to pay more. The case is consistent with the view that acquisition gains may arise when assets become more valuable under new ownership through strategic complementarities or synergies (Bradley et al., 1988), suggesting a valuation setting in which PMI could attach additional strategic value to Swedish Match beyond its public market valuation.

Taken together, the evidence points to a more nuanced explanation than either simple undervaluation or straightforward premium acceptance. Swedish Match's shareholders were offered a substantial immediate premium, but not one that clearly exhausted the company's long-term strategic value. PMI, meanwhile, appeared able to justify the price because Swedish Match's assets were worth more within its own smoke-free platform than as a standalone listed company. The board's recommendation can therefore be understood as a risk-adjusted judgement: the offer was attractive enough to accept given the uncertainty of remaining independent, even if it did not eliminate the possibility that Swedish Match could have become more valuable over time. The apparent tension between these perspectives may be less fundamental than it first appears. Those who regarded the offer as inadequate argued that Swedish Match's standalone value substantially exceeded the bid price, particularly given ZYN's growth trajectory. The board and management, by contrast, did not necessarily dispute that the company might become more valuable under favourable conditions. Their implicit judgement was rather that the structural factors constraining Swedish Match's market position were unlikely to change materially in the near term. These included the narrowed domestic investor base and the financing conditions associated with its sector classification. Under those conditions, the offer represented an attractive outcome relative to a realistic assessment of the company's prospects as a listed entity. On this reading, both sides may have been correct about Swedish Match's intrinsic potential while reaching different conclusions about the probability of realising it under continued independence.

The industrial logic of the transaction was, as the evidence confirms, both genuine and compelling. A natural alternative reading is therefore that the acquisition outcome reflected strategic fit and growth asymmetry alone: PMI needed US market access, ZYN was the category leader, and the combination made sense regardless of ownership structure. Yet this explanation is insufficient on its own. It accounts for why PMI wanted to acquire Swedish Match, not why the offer succeeded at SEK 116 rather than a materially higher price, and not why no coordinated domestic resistance materialised. The governance and ownership dynamics examined in the following section address precisely these residual questions.

6.2 ESG Exclusions, Ownership Fragmentation and the Governance Vacuum

The ownership dynamics documented in this case are consistent with two related mechanisms through which ESG-driven exclusions may shape corporate control outcomes. Prior research predicts that norm-constrained investors systematically underweight stigmatised stocks, producing a narrower and more internationally dispersed ownership base over time (Hong & Kacperczyk, 2009). This segmentation dynamic operates through a governance channel, whereby the exit of engaged domestic institutions progressively weakens shareholder oversight (Agnblad et al., 2001), and a valuation channel, whereby systematic exclusion may depress domestic pricing relative to what an unconstrained acquirer would pay (Heinkel et al., 2001; Pástor et al., 2021; Gompers et al., 2003). The Swedish Match case provides evidence consistent with both channels. The successive exclusions by Swedish institutional investors, driven by public norm pressure rather than financial underperformance (Hoepner & Schopohl, 2018), progressively displaced engaged domestic capital with foreign and unconstrained investors over more than a decade. This pattern is consistent with Barber et al. (2021), who find that public pension funds and European investors exhibit the strongest willingness to accept lower returns for non-pecuniary objectives. Swedbank Robur's extension of its exclusion policy to all funds under management around 2017 exemplifies this directly: Gisgård confirmed that the policy reflected value-based commitments and client preferences, and remained in place even when financial performance favoured continued ownership (Gisgård, 24.03.26).

Dahlgren observed the same dynamic from within Swedish Match:

> "(...) the general pressure in society and the Swedish capital market is that the only right thing to do is to exclude. For Swedish Match, this had a concrete result in the sense that Swedish institutional ownership became very low."
>
> *(Dahlgren, 17.03.26)*

A dissenting view on the broader implications of this ownership shift deserves direct engagement. Blixt, who served on Swedish Match's board throughout the period of ownership erosion and had direct insight into investor relations, argued that ESG exclusions did not affect the company's valuation, pointing to tobacco's historically strong financial performance and the continued availability of unconstrained capital willing to hold the stock (Blixt, 26.03.26). This position is not easily dismissed and finds partial support in the literature: Hong & Kacperczyk (2009) and Fabozzi et al. (2008) document that sin stocks may actually command higher expected returns precisely because constrained capital withdraws, implying that the remaining investor base requires compensation for holding stigmatised assets. On this reading, ESG exclusions may have depressed Swedish Match's share price relative to a counterfactual without exclusions, but they need not have produced systematic undervaluation in an absolute sense. The valuation channel therefore remains possible but difficult to establish directly. The more observable effect, this analysis suggests, was on ownership composition, and through ownership composition, on the governance and control dynamics that shaped the conditions for the offer's acceptance.

This is where Broccardo et al. (2022)'s exit versus voice framework becomes analytically central. Their model predicts that when ESG-sensitive investors divest, unconstrained investors acquire the same assets on purely financial grounds, producing an ownership transfer rather than behavioural change at the firm level. The Swedish Match case illustrates this mechanism. As domestic institutions exited over the preceding decades, their stakes were absorbed by internationally diversified asset managers with no structural incentive or institutional framework to exercise active governance. The result was a shareholder base that was diversified in composition but passive in character. Consistent with Duchin et al. (2025)'s separating equilibrium, in which stigmatised assets migrate toward less constrained owners, PMI, a US-listed company operating in markets with comparatively modest institutional ESG restrictions, represented precisely the type of unconstrained acquirer toward which such assets tend to migrate. The resulting ownership structure also had direct implications for takeover susceptibility. Gaspar et al. (2005) show that firms dominated by short-horizon institutional investors are systematically more likely to become takeover targets and more likely to accept bids, a pattern directly consistent with the ownership structure Swedish Match had developed by 2022.

The governance consequences of this ownership shift extended to the nomination committee, the primary mechanism through which shareholders exercise influence over board composition in Sweden. The nomination committee model is designed for a concentrated or at least domestically anchored ownership base, in which major shareholders have both the incentive and the institutional familiarity to take an active governance role (Agnblad et al., 2001). When ownership becomes fragmented and shifts toward international institutions that operate outside the Swedish governance tradition, the practical preconditions for an effective nomination committee erode. Large foreign shareholders may lack familiarity with the model, face internal constraints on governance engagement, or hold positions too small to warrant the resource commitment that active ownership requires (Norges Bank Investment Management, 2015). At Swedish Match, none of the ten largest shareholders was represented on the nomination committee at the time of the offer, leaving the board to evaluate and recommend the offer without meaningful external shareholder input. Thus, the mechanisms through which shareholders normally influence listed companies had become materially weakened. Consistent with Cremers & Nair (2005) and Gompers et al. (2003), whose analyses imply that governance mechanisms weaken and firm valuations suffer when institutional ownership becomes dispersed and passive, effective control had migrated to board and management by default rather than by design. This dynamic, spanning ownership composition, governance capacity and acquisition conditions, was articulated directly by Dackmo, who had observed the Swedish Match case from the outside:

> "The stock simply changes hands. The consequence is that no Swedish active funds own a well-managed, growing, cash-generating company [Swedish Match]. And it has an impact on corporate governance and valuation, enabling a US acquirer to get away with the bid, because there are no active Swedish owners left in the company."
>
> *(Dackmo, 02.04.26)*

Florén added an institutional dimension to this observation, noting that once long-term shareholders exit, no coordinated voice remains to engage with the company on governance or sustainability matters (Florén, 31.03.26). Both observations are consistent with Broccardo et al. (2022)'s theoretical prediction that exit, as a governance strategy, tends to be self-defeating.

The cross-country evidence on greenium pricing reinforces this interpretation. Eskildsen et al. (2024) find that the expected return differential between green and brown securities is more negative in countries with stronger sustainability norms and has grown more pronounced over time. Sweden, as one of the markets with the most developed institutional ESG infrastructure, sits precisely at the end of that distribution where the pricing effect is strongest. This does not imply that Swedish Match was plainly mispriced in an absolute sense. Berk & Van Binsbergen (2025) show formally that when green and brown stocks are highly substitutable, conventional investors absorb divested shares with almost no aggregate price change, because the marginal price impact depends on how many unconstrained investors are available to absorb the supply. The implication is that Blixt's observation, that ESG exclusions did not visibly impair Swedish Match's valuation, may be correct as a statement about price levels while missing the more consequential effect: it was not the price at which Swedish Match traded that determined the outcome, but who held the shares and on what basis. An ownership base of unconstrained, internationally diversified, short-horizon institutions may be more structurally receptive to a cash offer than a base of engaged domestic long-term shareholders, regardless of whether the share price reflects that difference. The Swedish Match case also illustrates a broader structural tension in Swedish corporate governance. As foreign and passive institutional ownership in Swedish listed companies has grown markedly over the past two decades, driven in part by the global expansion of index-based investment strategies, the nomination committee model faces increasing strain: large foreign shareholders, particularly those operating index-based strategies, are both unfamiliar with the model and structurally disinclined to participate in it (Norges Bank Investment Management, 2015). Swedish Match was not an isolated case in this respect, but an early and particularly visible instance of a governance mismatch that is likely to become more consequential as indexation continues to expand the foreign ownership base of Swedish listed companies.

6.3 Managerial Incentives and Board Dynamics

Even when the strategic logic of a transaction is sound and the bid premium is substantial, the incentive structures facing the board and senior management may independently form part of the conditions under which an offer is evaluated and recommended. Agency theory suggests that conflicts between managers and shareholders can arise not only from self-dealing but also from differences in time horizons and the financial consequences of a transaction for those making the recommendation (Gibbons & Murphy, 1992). In the Swedish Match case, several features of the compensation and ownership structure are relevant to this question, even if they do not, in themselves, imply that the board acted contrary to shareholder interests.

The contrast between the dissenting board member and those who recommended acceptance is notable: Pär-Ola Olausson, the sole dissenter, held no shares in Swedish Match at the time of the offer, while all AGM-elected board members and members of the Group Management Team held positions whose value was directly affected by the offer price (see Appendix D). Dackmo drew explicit attention to this contrast, arguing that the incentive structure created a meaningful asymmetry between those with and without a personal financial stake in the transaction's completion (Dackmo, 02.04.26). This does not establish that financial incentives drove the recommendation. Dahlgren emphasised that, in his view, the board's process was rigorous and that the recommendation reflected a genuine assessment of shareholder value (Dahlgren, 17.03.26), noting that it is ultimately shareholders who sell the company by choosing to tender their shares, and that the board's role is to provide them with the best possible basis for that decision. What it does suggest is that the incentive environment created a meaningful alignment between the financial interests of those making the recommendation and the transaction's completion.

Taken together, these observations do not support the conclusion that the board acted in bad faith or contrary to what it sincerely believed was in shareholders' best interests. No facts point to that being the case. The more limited claim is that the incentive environment, including the financial alignment between the board and senior management with the transaction's completion, is part of the full picture of how the recommendation came to be made. This dynamic also highlights a broader feature of Swedish corporate governance. Unlike jurisdictions where shareholders can bring legal challenges against boards whose incentive structures are perceived to conflict with shareholder interests (Bebchuk et al., 2002), Swedish law provides no equivalent mechanism. Dissenting shareholders such as Dackmo, who argued that the incentive environment created a meaningful asymmetry, had no formal recourse beyond declining to tender their shares.

7 Conclusion

This thesis examines what factors explain Swedish Match's acceptance of PMI's acquisition offer in 2022, and to what extent ownership structure and institutional investor constraints shaped the conditions under which that acceptance occurred. We do this through a case-study methodology.

The board's recommendation reflected a risk-adjusted judgement, with the bid premium and strategic logic providing a partial but insufficient explanation. The apparent tension between critics of the offer and those who recommended acceptance may be less fundamental than it first appears: both sides may have agreed on Swedish Match's intrinsic potential while differing on the probability of realising it under continued independence.

The more structurally consequential finding concerns the conditions under which that judgement was made. The evidence is consistent with ESG-driven exclusions having contributed, over time, to an erosion of Swedish Match's domestic institutional ownership through two related channels. The first is a governance channel, whereby the exit of engaged domestic institutions progressively weakened shareholder oversight, leaving none of the ten largest shareholders represented on the nomination committee. The second is a valuation channel: systematic exclusion may have created a pricing asymmetry between the ESG-constrained domestic market and the less constrained context from which PMI operated, potentially lowering the effective acquisition threshold. The incentive environment facing the board and senior management, including the financial consequences of the transaction for those making the recommendation, forms a further part of this picture, even if the evidence does not support the conclusion that the board acted contrary to what it sincerely believed was in shareholders' best interests.

Being a case study, the findings of this thesis are, to some extent, specific to PMI's acquisition of Swedish Match. Access to certain stakeholders was constrained by confidentiality obligations, most notably with respect to PMI's internal perspective on the transaction. However, by situating the findings within a broader theoretical context and by carrying out measures to ensure research quality, we believe the conclusions drawn can offer transferable insights relevant to similar capital market contexts. For future research, we have identified two main topics. First, future studies could examine whether the mechanism documented here, whereby ownership erosion creates governance vacuums that facilitate corporate control transfers, is observable in other Swedish listed companies in controversial sectors. Second, as foreign and index-based ownership in Swedish listed companies continues to grow, future research could investigate how the nomination committee model adapts to an increasingly internationalised and passive ownership base, and whether governance reforms are needed to preserve its effectiveness.

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9 Appendix

A Swedish Match Business Overview

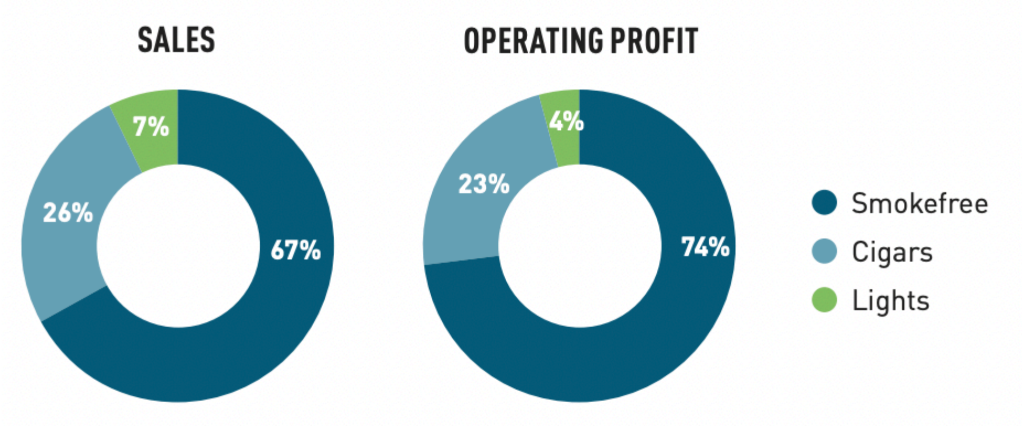
Figure 3: Historical Financials

SUMMARY OF CONSOLIDATED INCOME STATEMENT

MSEK	2022	2021	2020	2019	2018
Sales	22,417	18,489	16,698	14,739	12,966
Operating profit	8,425	8,286	6,991	5,307	4,812
Net finance cost	–266	–345	–347	–247	–281
Income tax expense	–1,672	–1,723	–1,756	–1,164	–953
Profit for the year	**6,487**	**6,218**	**4,888**	**3,896**	**3,578**

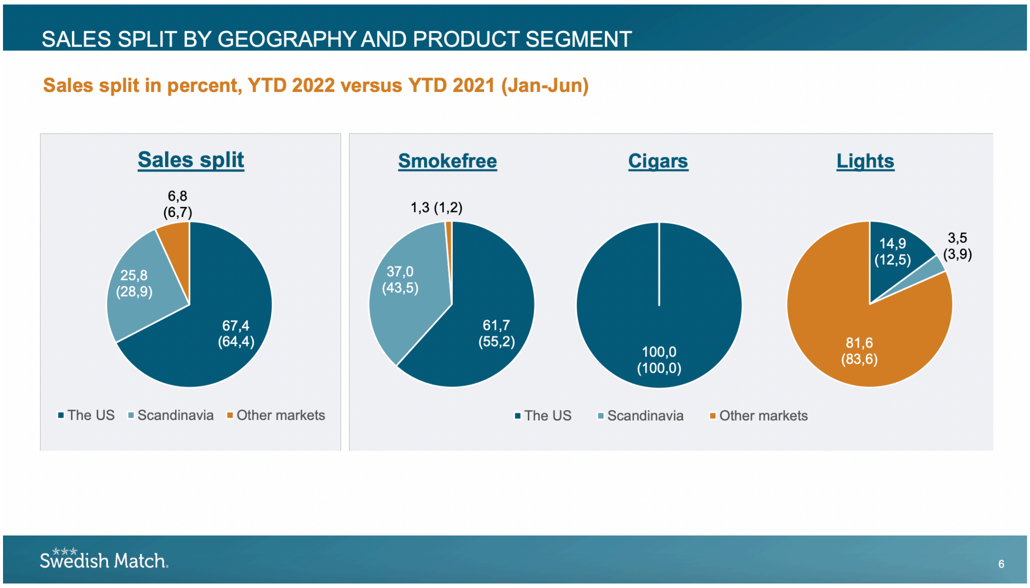
Source: Swedish Match (2023).

Figure 4: Sales and Operating Profit by Product Segment, 2021



Source: Swedish Match (2021a).

Figure 5: Sales Split by Geography and Product Segment, Q1 2022



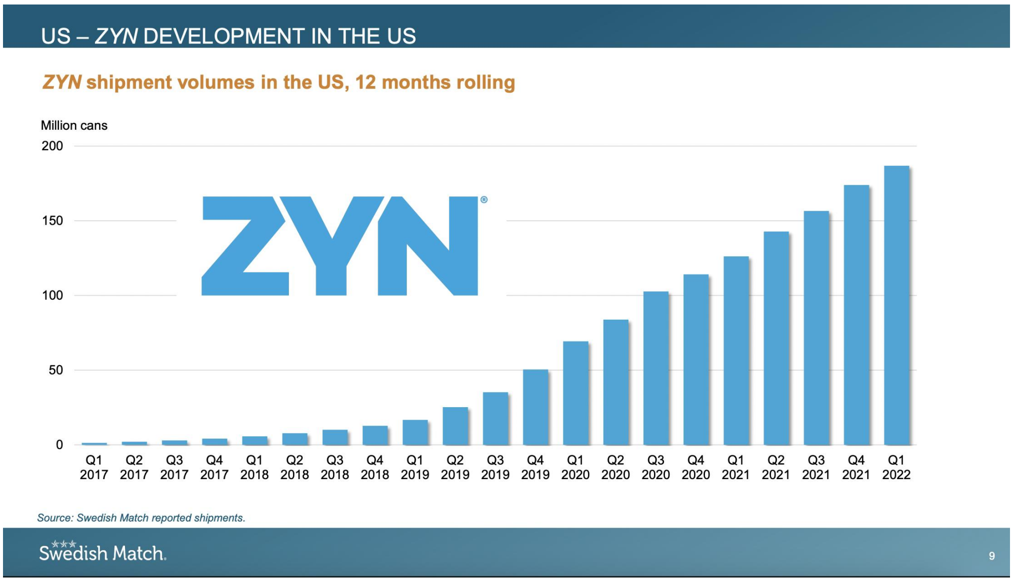
Source: Swedish Match (2022e).

Figure 6: Overview of Swedish Match's Product Segments

Source: Swedish Match (2022b).

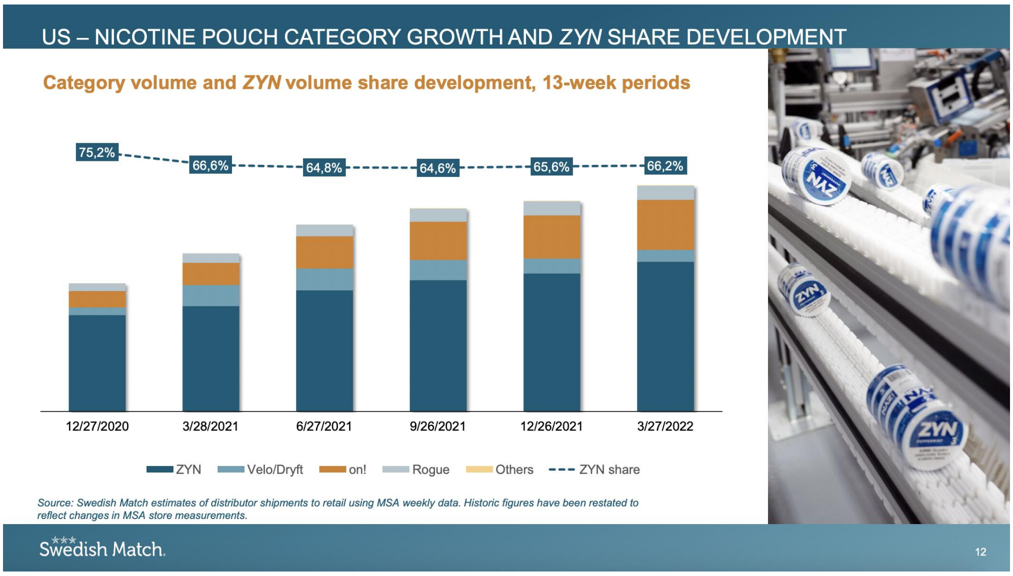
B ZYN Growth and Market Position in the United States

Figure 7: ZYN Shipment Growth in the US



Source: Swedish Match (2022e).

Figure 8: ZYN Market Share in the US



Source: Swedish Match (2022e).

C Largest Shareholders Over Time

Table 6: Ten Largest Shareholders of Swedish Match as of March 31, 2022

Largest shareholders	Number of shares	Ownership, %	Votes, %
JPMorgan Chase & Co.[1]	84 081 735	5.5	5.5
Wellington Management	80 199 240	5.3	5.3
Capital Group[2]	73 079 188	4.8	4.8
BlackRock[3]	69 432 012	4.6	4.6
Vanguard	48 319 676	3.2	3.2
Fidelity International	41 810 626	2.7	2.7
Fidelity Investments	41 432 199	2.7	2.7
GQG Partners	35 002 434	2.3	2.3
Government of Singapore	31 726 704	2.1	2.1
Gabelli/GAMCO	30 625 000	2.0	2.0
Top 10 shareholders	535 709 250	35.1	35.2
Other shareholders	985 004 940	64.6	64.8
Subtotal	1 520 714 190	99.7	100.0
Shares held by Swedish Match	4 285 810	0.3	0.0
Total	1 525 000 000	100.0	100.0

[1] According to flagging notification published on June 17, 2022.

[2] According to flagging notification published on June 14, 2022.

[3] According to flagging notification published on May 17, 2022.

Note: None of the ten largest shareholders was represented on the nomination committee at the time of the offer. The nomination committee constituted for the 2022 Annual General Meeting comprised representatives of Nordea Fonder, abrdn and Framtiden Management Company, alongside the Chairman of the Board.

Source: Philip Morris Holland Holdings B.V. (2022).

Table 7: Ten Largest Shareholders of Swedish Match as of December 31, 2000

Largest shareholders	Number of shares	Voting rights and capital, %
Robus Aktiefonder*†	45 394 343	12.1
Fidelity	42 171 069	11.2
Harbor Funds Inc	18 818 974	5.0
Alecta*†	9 837 376	2.6
Capital Group	6 000 000	1.6
Barclays Global Investors	5 114 268	1.4
First AP-fonden*	4 944 000	1.3
Second AP-fonden*	4 944 000	1.3
Third AP-fonden*	4 944 000	1.3
Fourth AP-fonden*†	4 944 000	1.3
Top 10 shareholders	147 111 030	39.1
Others	228 034 861	60.9
Total	375 146 891	100.0

* Swedish institutional investor.

† Representative of this shareholder held a seat on the nomination committee (Swedish Match, 2002).

Note: Registered direct ownership according to VPC (The Swedish Securities Register Center). In addition, the company owned 28,799,500 shares acquired through buyback.

Source: Swedish Match (2001).

D Board and Management Shareholdings at the Time of the Offer

Table 8: Board and Management Shareholdings at Time of Offer

Name	Role	Shares	SEKm[1]
Board of Directors (elected by AGM)			
Conny Karlsson	Chairman	300 000	31.8
Charles Blixt	Board Member	37 500	4.0
Jacqueline Hoogerbrugge	Board Member	32 000	3.4
Joakim Westh	Board Member	25 000	2.7
Pauline Lindwall	Board Member	23 650	2.5
Alexander Lacik	Board Member	19 922	2.1
Sanna Suvanto-Harsaae	Board Member	695	0.1
Employee Representatives			
Pär-Ola Olausson[2]	Board Member	0	0.0
Remaining five representatives[3]	Board Members	5 580	0.6
Group Management Team			
Lars Dahlgren	President and CEO	450 500	47.8
Joakim Tilly	President, Europe Division	90 000	9.5
Thomas Hayes	President, US Division	87 300	9.3
Marie-Louise Heiman	SVP, Legal Affairs and General Counsel	42 300	4.5
Håkan Söderberg	President, Lights Division	35 000	3.7
Fredrik Peyron	SVP, Regulatory Affairs and Communications	31 000	3.3
Anders Larsson	CFO and SVP, Group Finance	16 410	1.7
Total		1 196 857	126.9

[1] Shareholdings as reported in the offer document published 28 June 2022. Value calculated at the initial offer price of SEK 106 per share.

[2] Sole dissenting board member. Held no shares at the time of the offer.

[3] Aggregate shareholding of five employee representatives. Only Niclas Bengtsson held shares (5,580 shares); the remaining four held no shares.

Source: Philip Morris Holland Holdings B.V. (2022).

E Artificial Intelligence Disclosure

In the preparation of this thesis, artificial intelligence tools were used in a limited and supportive manner. The tools used were ChatGPT and Anthropic Claude. We used these tools primarily to improve the clarity, language quality and technical presentation of the thesis.

AI tools were used for two main purposes. First, we used them to refine language and improve readability. All text was written by us, after which AI tools were consulted to suggest alternative phrasings, shorten lengthy sentences and ensure consistent wording. AI was never used to generate theoretical content, arguments or interpretations. All suggested changes were reviewed and edited by us before inclusion.

Second, AI tools were used to support technical work in Python and LaTeX. In Python, they helped us structure parts of the code, interpret error messages and identify ways to obtain specific outputs. In LaTeX, they assisted with formatting, table structure, figure references and syntax troubleshooting. The analytical choices, empirical procedures and interpretation of results remained our own.

The use of AI contributed to the quality of the thesis by improving linguistic consistency, readability and efficiency in the writing process. It allowed us to devote more time to the conceptual reasoning, empirical analysis and overall structure of the thesis. We were aware of the risks associated with generative AI, including inaccurate information, unsupported claims, fabricated sources and unintended changes in meaning. To reduce these risks, we critically reviewed all AI-generated suggestions and checked the thesis against primary sources, academic literature, interview material and other reliable sources where relevant.

Our experience was that AI can be a helpful supplementary tool when used with clear boundaries. It improved efficiency in editing and technical troubleshooting, while reaffirming the importance of careful human oversight. Restricting AI to non-substantive tasks ensured that the ideas, reasoning, analysis and conclusions presented in this thesis remain entirely our own.