

Strategic Management

Our Traditional Oral Products

The most common products in traditional oral are largely moist oral tobacco popular in the US with the main brands of Grizzly and Kodiak. These products are less finely ground than another traditional oral product referred to as Swedish-style snus. Both of these traditional oral products are available in loose form, as well as in pre-packed pouches.



Our products

We also sell a range of traditional oral products, including Swedish-style snus and American moist snuff, available in loose tobacco form or as pre-packed pouches. We have long sold snus in Sweden and Norway through our Fiedler & Lundgren business, whose brands include Granit and Mocca; and in the US we market snus under the Camel brand. Our American moist snuff products include our flagship Grizzly brand, as well as the premium moist snuff brand Kodiak.

The Modified Risk Tobacco Product (M RTP) applications for Camel Snus were discussed by the Tobacco Products Scientific Advisory Committee (TPSAC) in September 2018. We continue to work closely with the FDA, which announced in December 2020 that it had reopened the comment period after our filing of additional information.

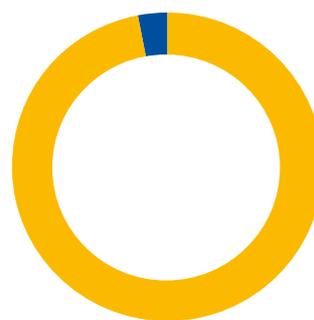
Performance summary

In 2020, volume was marginally lower (down 0.9%) on the prior year (at 8.4 billion stick equivalents), with 2019 0.6% lower than 2018.

Total revenue grew by 7.2% to £1,160 million (2019: up 15% to £1,081 million), driven by pricing in both 2020 and 2019, particularly in the US which accounts for 97% of the Group's revenue from the category. On a constant rates basis, this was an increase in 2020 of 7.7% and 10% in 2019 (driven by pricing).

In the US, traditional oral volume declined 1.3% in 2020 (2019: down 1.5%). Value share of moist was down 25 bps and volume share down 35 bps, after a strong 2019 (value share growth of 80 bps). The 2020 decline was driven by Grizzly which was impacted by pricing pressures in the final quarter of 2019 and early 2020. Utilising revenue growth management techniques, value share has stabilised in the second half of 2020. Outside the US, which accounts for only 3% of Group revenue from the category, volume was higher by 2.8% in 2020, driven by Sweden where the Group's Traditional Oral volume share (as a proportion of total oral) declined 80 bps after growing in 2019 by 50 bps. This was due to the growth in Lundgrens in both periods which, in 2020, was more than offset by a decline in the remainder of the portfolio, notably Granit and the de-listing of Knekt and the growth of Modern Oral.

Proportion of traditional oral revenue by region in 2020 (£m)



	2020 £m	2019 £m
US	1,126	1,052
AmSSA	–	–
ENA	34	29
APME	–	–
Total	1,160	1,081