

Quality Growth

Our Traditional Oral Products

The most common products in Traditional Oral are largely moist oral tobacco popular in the U.S., with the main brands being 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 U.S. 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.

During 2022, the decision was taken to withdraw the Modified Risk Tobacco Product (MRTP) applications for Camel Snus, as we have adjusted our near-term priorities and are focusing on providing a diverse portfolio of New Category products in line with our global harm reduction strategy.

We remain committed to offering potentially reduced-risk[†] products that help adult smokers migrate from combustible cigarettes while meeting the evolving needs of other adult nicotine consumers.

Performance Summary

Total revenue decreased 3.8% to £1,163 million (2022: up 8.2% to £1,209 million).

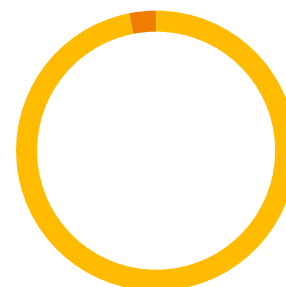
Translational foreign exchange impacted both years, being a headwind in 2023 of 0.7% (compared to a tailwind of 10.5% in 2022) due to the relative movement of sterling. On a constant rates basis, revenue fell 3.1% in 2023 having declined 2.3% in 2022. In 2023, volume was lower (down 10.3%) than the prior year (at 6.6 billion stick equivalents), following a decline of 8.3% in 2022. While pricing remained strong in both years (2023: +7.2%; 2022: +6.0%), this was more than offset by the volume decline.

In the U.S., which accounts for 96.9% of the Group's revenue from Traditional Oral, volume declined 10.9% in 2023 (2022: down 8.1%). The higher decline rate in 2023 was in part due to the normalisation of inventory levels (being a drag of 1.7%). Both 2023 and 2022 were negatively impacted by strong macro-economic headwinds leading to downtrading, accelerated cross-category switching and reduced consumption.

Value share of Traditional Oral was up 40 bps (2022: down 50 bps), while volume share was down 20 bps (2022: down 70 bps).

Outside the U.S., being 3.1% of the Group's revenue from the category, volume was 5.2% lower in 2023, driven by Sweden where the Group's volume share (as a proportion of total oral) declined 50 bps (2022: declined 10 bps). This decline was due to the launch of the Lundgrens Modern Oral product and higher pricing of Granit to drive value.

Proportion of Traditional Oral revenue by region in 2023 (£m)



	2023 £m	2022 £m
U.S.	1,127	1,174
AME	36	35
APMEA	—	—
Total	1,163	1,209

Notes:

* Based on the weight of evidence and assuming a complete switch from cigarette smoking. These products are not risk free and are addictive.

† Our Vapour product Vuse (including Alto, Solo, Ciro and Vibe), and certain products including Velo, Grizzly, Kodiak, and Camel Snus, which are sold in the U.S., are subject to FDA regulation and no reduced-risk claims will be made as to these products without agency clearance.