

Quality Growth

Our Traditional Oral Products

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

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 6.0% to £1,092 million (2023: down 3.8% to £1,163 million).

Translational foreign exchange impacted both years, being a headwind in 2024 of 2.6% (compared to a headwind of 0.7% in 2023) due to the relative movement of sterling. On a constant rates basis, revenue fell 3.4% in 2024 having declined 3.1% in 2023.

In 2024, volume was lower (down 8.2%) than the prior year (at 6.1 billion stick equivalents), following a decline of 10.3% in 2023. While pricing remained strong in both years (2024: +4.8%; 2023: +7.2%), this was more than offset by the volume decline.

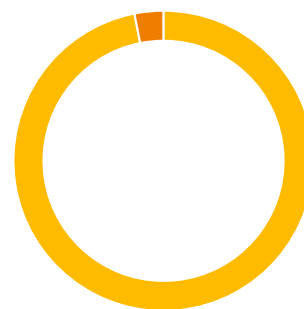
In the U.S., which accounts for 96.9% of the Group's revenue from Traditional Oral, volume declined 8.9% in 2024 (2023: down 10.9%). The higher decline rate in 2023 was in part due to the normalisation of inventory levels (being a drag of 1.7%). Both 2024 and 2023 were negatively impacted by strong macro-economic headwinds leading to downtrading, accelerated cross-category switching (notably to Modern Oral) and reduced consumption.

Value share of Traditional Oral was down 40 bps (2023: up 40 bps), while volume share was down 40 bps (2023: down 20 bps).

Outside the U.S., being 3.1% of the Group's revenue from the category, volume was 3.3% lower in 2024, driven by Sweden where the Group's volume share (as a proportion of Total Oral) declined 90 bps (2023: declined 50 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 2024

(£m)



	2024 £m	2023 £m
U.S.	1,058	1,127
AME	34	36
APMEA	—	—
Total	1,092	1,163

Due to the ongoing U.S. market dynamics, as discussed on page 293, the Group has recognised an impairment charge of £646 million in respect of the carrying value of Camel Snus. This reflects the reduced sales as consumers switch to alternative products including Modern Oral.

Commencing 1 January 2025, Camel Snus will be assigned a 20-year useful economic life and will commence amortisation from that date which approximates to £23 million annually.

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 products as sold in the U.S., including Vuse, Velo, Grizzly, Kodiak and Camel Snus are subject to FDA regulation and no reduced-risk claims will be made as to these products without agency clearance.