

Tobacco

UK cigarette retail trends in February

Industry Overview

Industry cigarette sales -1.8% in February

NielsenIQ data indicates that UK cigarette industry retail sales fell -1.8% YoY in February (4-week period ending February 24, 2024) cycling -7% a year ago and followed -1.3% in January. In February, industry volumes were -14.8%, price/mix +15.3%. Sales for Philip Morris International (PM, sales +6.1%) outperformed the category while sales % trailed for British American Tobacco (BAT) fell -4.7%, Japan Tobacco (JT) -2.7%, and Imperial Brands (IMB) sales -2.0%.

Cigarette volumes -15% YoY and weakened consecutively

Cigarette category volumes fell -14.8% in February, weakening vs. January (-14.1%) and cycled -12% a yr ago. Inflationary pressures, category switching, increased mobility, and higher prices likely weighed on legal volumes. **JT's** vols -16.2% vs. -14.5% in January and following -14% volume % a year ago. **BAT's** volumes -17.9% vs. the prior period's -17.9% and lapping -13%. **PM's** volumes fell -6.3% vs. January's -5.7% rate and cycled +1% last year. **IMB's** volumes -14.5% in February vs. January's -14.5% and following -13% last yr.

PM won 80bps of share this period

PM gained 80bps of share, while BAT and JT's share slipped 30bps and 70bps respectively. Imperial's share inched up 10bps Cigarette industry results were also negatively impacted by user switching to IQOS and/or other vapor/nicotine products which are not included in this data.

Per pack prices averaged £15.90

February price/mix +15.3%, accelerated 50bps with January's % increase and cycled +6% a year ago. Average per pack (20 stick) price were £15.90, +£1.84 YoY and +£0.28 with January.

15 March 2024

Equity
United States
Tobacco

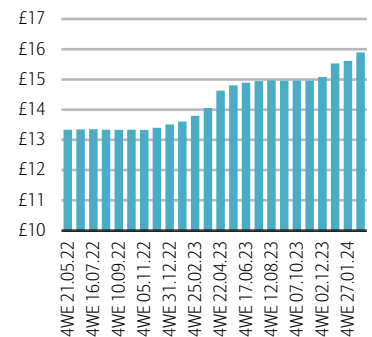
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Exhibit 1: UK industry per pack prices £

Average cigarette prices approached £16



Source: Nielsen IQ. A pack = 20 cigarettes
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YoY= year-over-year
MoM=month-over-month

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Exhibit 2: UK cigarette sales trends for the 4, 12 and 52-Wks ending February 24, 2024

Inflation, travel, category shifts and higher per pack prices are likely depressing volumes

	Retail sales % growth			Volume sales % chg			Price/mix % chg		
	4W	12W	52W	4W	12W	52W	4W	12W	52W
Total UK	-1.8%	-1.2%	-4.0%	-14.8%	-14.1%	-14.3%	15.3%	15.1%	12.0%
BAT	-4.7%	-3.6%	-6.7%	-17.9%	-17.6%	-17.0%	16.1%	17.1%	12.5%
JTI	-2.7%	-1.2%	-5.1%	-16.2%	-14.8%	-15.6%	16.2%	15.9%	12.5%
IMB	-2.0%	-2.4%	-4.0%	-14.5%	-14.5%	-14.4%	14.6%	14.1%	12.2%
PM	6.1%	6.6%	4.6%	-6.3%	-5.3%	-3.3%	13.2%	12.6%	8.2%

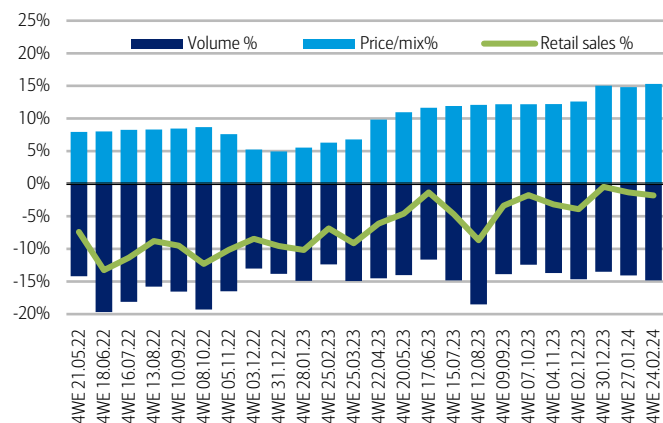
	Volume shr			Volume shr chg			Average price		
	4W	12W	52W	4W	12W	52W	4W	12W	52W
Total UK	100.0%	100.0%	100.0%				£15.90	£15.68	£15.00
BAT	7.7%	7.7%	8.0%	-0.3%	-0.3%	-0.3%	£15.06	£15.02	£14.17
JTI	42.7%	43.2%	43.2%	-0.7%	-0.3%	-0.7%	£16.40	£16.08	£15.35
IMB	40.5%	40.2%	40.1%	0.1%	-0.2%	-0.1%	£15.51	£15.32	£14.71
PM	9.0%	8.7%	8.6%	0.8%	0.8%	1.0%	£15.94	£15.92	£15.39

Source: NielsenIQ

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Exhibit 3: UK cigarette industry retail sales trends %

Volume and price/mix drivers – price/mix more of a factor this month

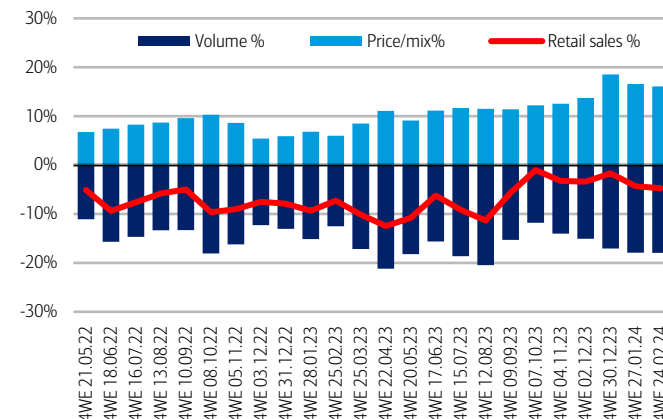


Source: NielsenIQ

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Exhibit 4: BAT retail sales trends %

Volume and px/mix drivers – BAT's volume decline accelerated this month

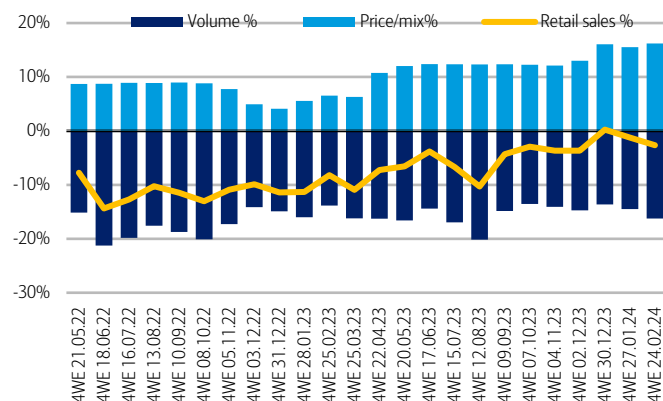


Source: NielsenIQ

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Exhibit 5: JTI retail sales trends %

Volume and price/mix drivers – price mix growth % accelerated MoM

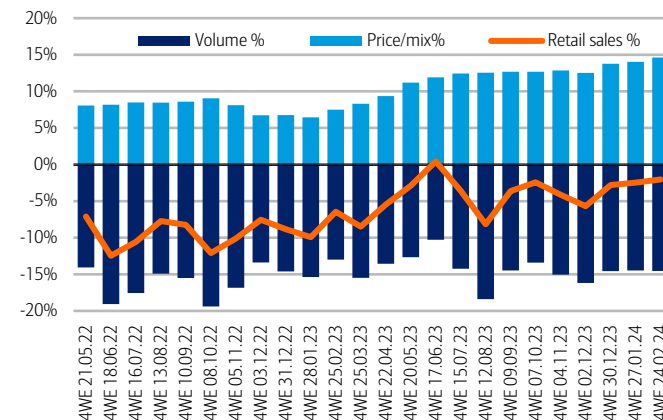


Source: NielsenIQ

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Exhibit 6: IMB retail sales trends %

Volume and price/mix drivers – sales dropped 2.0% this month

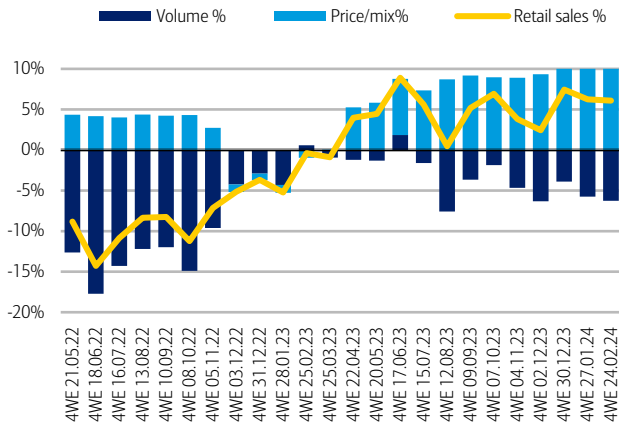


Source: NielsenIQ

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Exhibit 7: PM retail sales %

Volume and price/mix drivers- PM's combustibles outperformed despite consumers shifting to Heat-not-burn products and vapor

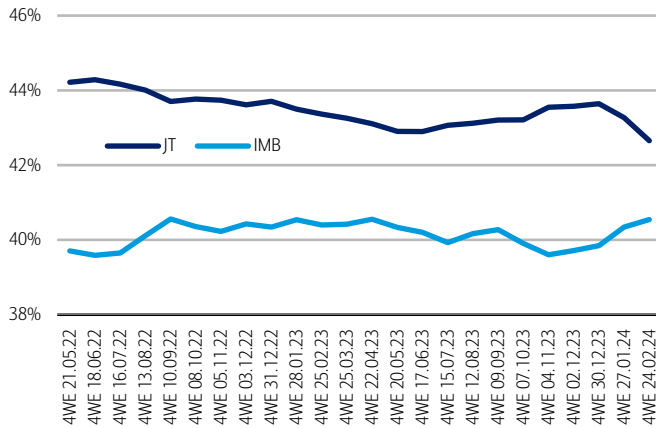


Source: NielsenIQ

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Exhibit 9: Volume share % for JT and IMB

JT lead gap narrowed to 2.1pts in February

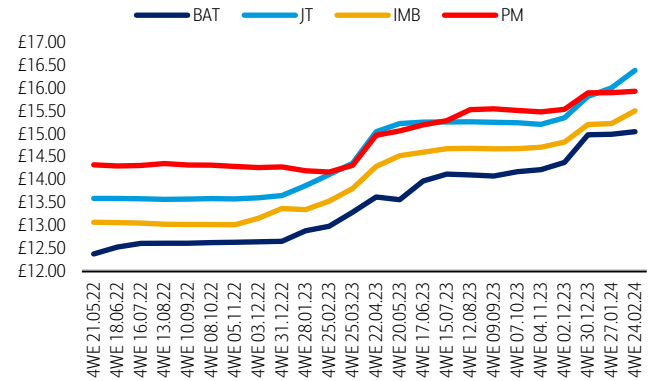


Source: NielsenIQ

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Exhibit 8: Per pack prices

YoY, PM's prices + £1.62 YoY, vs. the overall category's £1.84 increase

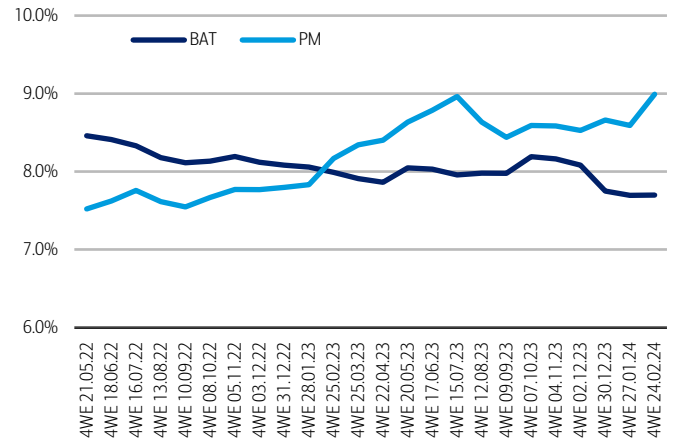


Source: NielsenIQ

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Exhibit 10: Volume share trends % for BAT and PM

PM's share accelerated 40bps MoM



Source: NielsenIQ

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