

Imperial Brands Plc in Tobacco

April 2023

Table of Contents

INTRODUCTION

Scope

KEY FINDINGS

Executive summary

STATE OF PLAY

Top companies at a glance

Imperial Brands focuses on top markets and innovation to grow

Imperial Brands' global footprint

Leading cigarette markets experiencing declines

Imperial Brands revitalises its fine cut tobacco offer to grow in Europe

Heated tobacco extends beyond dynamic growth rates

E-vapour priorities gradually shifting towards European markets

War in Ukraine devastating Russian market

Latest product developments

EXPOSURE TO FUTURE GROWTH

Pandemic and nicotine use (1)

Pandemic and nicotine use (2)

High inflation threatens tobacco margins

Heated tobacco and nicotine pouches showing great potential

Middle East and Africa to mitigate declines in other cigarette regions

US market heavily impacted by stricter tobacco legislation

US: E-vapour developments threatened by stricter regulations

US market best positioned for heated tobacco development

UK: Structural volume sales decline accelerated by stricter legislation

UK: Novel tobacco products' prospects boosted by public support

Germany: Market contraction worsened by inflationary pressures

Spain clearly benefits from the return of international tourism

High taxation on cigarettes boosts trading down in Australia

Middle East and Africa to maintain growth

Western and Eastern Europe remain top regions for Imperial Brands in heated tobacco

Closed vaping systems gains ground globally

Inflation pressures drive growth in fine cut tobacco

Rapid US expansion to fuel nicotine pouches growth but regulatory outlook unclear

Sustainability: Cigarette butt littering in the spotlight

COMPETITIVE POSITIONING

Focus remains on priority cigarette markets

Asia Pacific and developed Western European markets remain well positioned

Diverse portfolio of international and local brands benefit positioning

Imperial Brands remains below the top three tobacco players

E-vapour sales increasingly concentrated on Western European markets

L arge investments to close the gap with larger players in heated tobacco

CATEGORY AND GEOGRAPHIC FOCUS

Western Europe and the US remain key regions for Imperial Brands

Cigarettes: Declines across regions except for Middle East and Africa

Cigars and cigarillos growth remains positive, yet flat

Smoking tobacco sales show resilience fuelled by trading down

Fast-growing European heated tobacco market targeted by Imperial Brands

E-vapour products' expansion hindered by stricter regulations

Imperial Brands ventures outside nicotine to diversify its portfolio Executive summary

About Euromonitor International

Euromonitor International is an independent market intelligence provider. Data, insight and analysis stem from in-the-field research spanning 210 national markets.

Content ranges from the in-depth and country-specific, to key strategic themes with a global range and significance. Products cover a comprehensive range of insights and market data, but can be broadly categorised as:

- Strategy Briefings: Global or regional in scope, and focusing on the most important themes shaping consumer demand, the key markets, competitive environment and future outlook across a range of industries.
- Company Profiles: Analysis dedicated to the world's most significant companies, with detailed insight into their activities, focus of operations, their competitors, their geographic presence and performance.
- Country Reports: For an in-depth understanding of specific countries, whether by industry, economic metrics or consumer trends and lifestyles. These reports cover current trends, consumer demand, market potential and future prospects, with country-specific local insight and comprehensive data, unavailable elsewhere.

For more information on this report, further enquiries can be directed via this link www.euromonitor.com/imperial-brands-plc-in-tobacco/report.