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MSIntelligence™
Diagnostic Market Surveys

Norway Empty Pack Survey 2014 Q2

Prepared for



August 2014

EXECUTIVE SUMMARY

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Industry

- Non-domestic incidence at 47.2% (-2.0pp vs. 2013; +1.8pp vs. 2012).
- Largest non-domestic variants are DUTY FREE market variant at 13.7% (-0.5pp vs. 2013; -9.9pp vs. 2012), POLAND at 9.2% (-2.2pp vs. 2013; +6.2pp 2012) and SWEDEN at 8.0% (+0.4pp vs. 2013; -2.3pp vs. 2012).
- Highest Non-domestic incidence in TRONDHEIM at 53.6% and BAERUM at 52.9%.
- After sharp increase in 2013, counterfeit incidence in Q2 2014 remained very high at 2.8% of total sample (2.9% in Q2 2013 and 0.2% in Q2 2012). The majority of counterfeit packs found were Duty Free market variant (2.6% of total sample).



- Genuine Non-Domestic incidence of **27.2%**
- Counterfeit incidence of **5.8%**



- Genuine Non-Domestic incidence of **44.8%**
- No Counterfeit packs found



- Genuine Non-Domestic incidence of **52.8%**
- Counterfeit incidence of **0.7%**



- Genuine Non-Domestic incidence of **53.2%**
- Counterfeit incidence of **1.3%**

SURVEY SPECIFICATIONS

Objectives

- **Provide an indication on the incidence of non-domestic or illicit cigarettes**
 - ✓ Tax paid and non tax paid cigarettes from other countries
 - ✓ Counterfeit cigarettes
- **Gain information related to non-domestic or illicit cigarettes by**
 - ✓ Company
 - ✓ Brand family
 - ✓ Market variant
 - ✓ City/Region

General Provisions

- British American Tobacco (BAT), Imperial Tobacco (ITL), Japan Tobacco International (JTI), and Philip Morris International (PMI) (“the participating companies”) provided financial support for this empty pack collection. MSIntelligence conducted the empty pack collection independently. The market variant of all collected packs and the authenticity of the collected packs bearing their packs trademarks were examined by the participating companies.
- MSIntelligence assumed limited responsibility for the report findings and conclusion. The objectives and limitations of the report are set out on this page. Should any party choose to rely on the report, they do so at their own risk.

Limitations and Caution

- Homes and workplaces are not covered
- No information on counterfeit incidence of competition
- The survey is designed to focus on trends rather than incidence at a single point in time

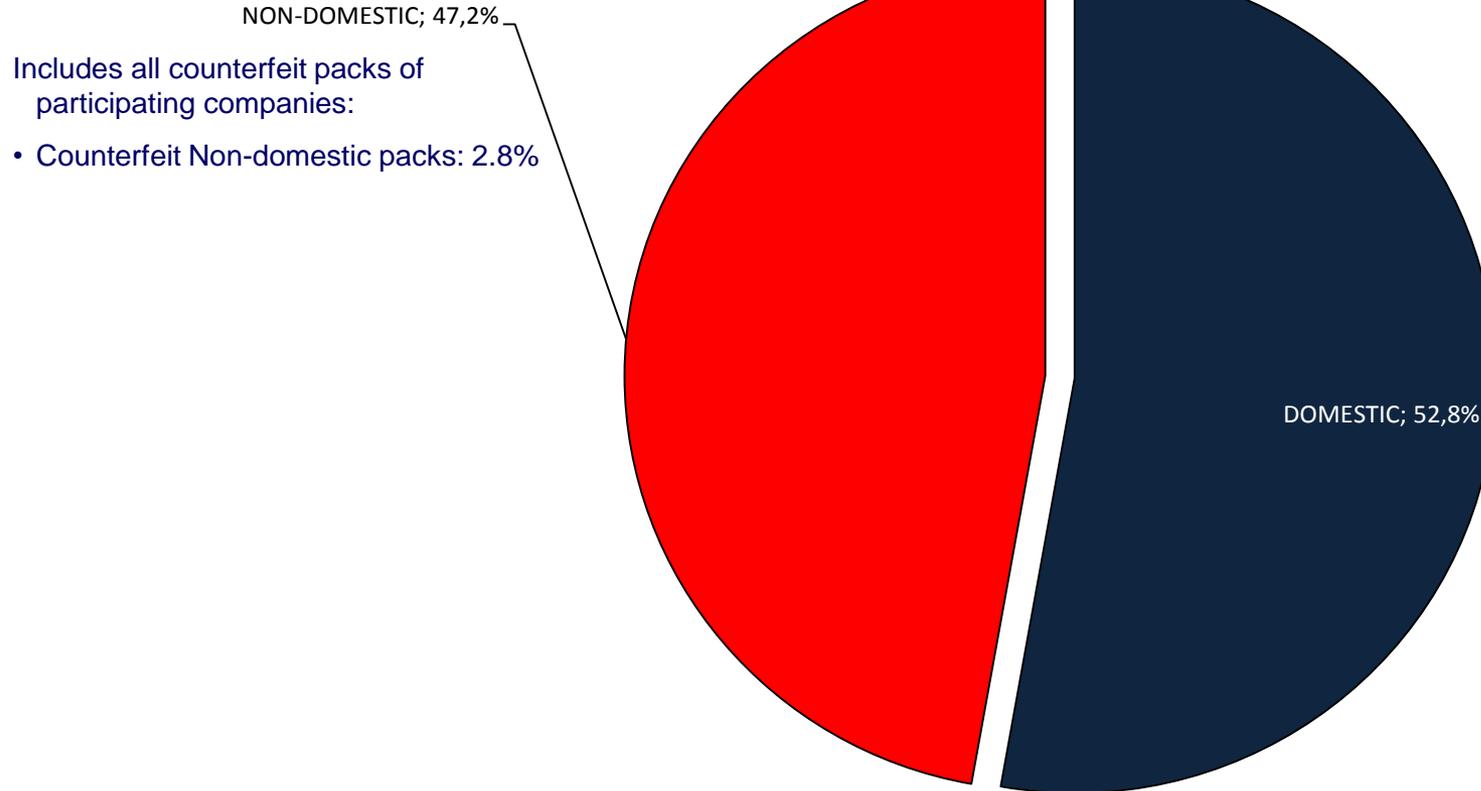
Empty Pack collection

- Random collection from streets and easy access bins
- Any brand and market variant
- Largest 8 cities
- Total sample: 5,000 packs (92,463 sticks)
- Dates of collection: May 30th – June 18th, 2014
- Agency: MSIntelligence



Total Sample

NON DOMESTIC INCIDENCE

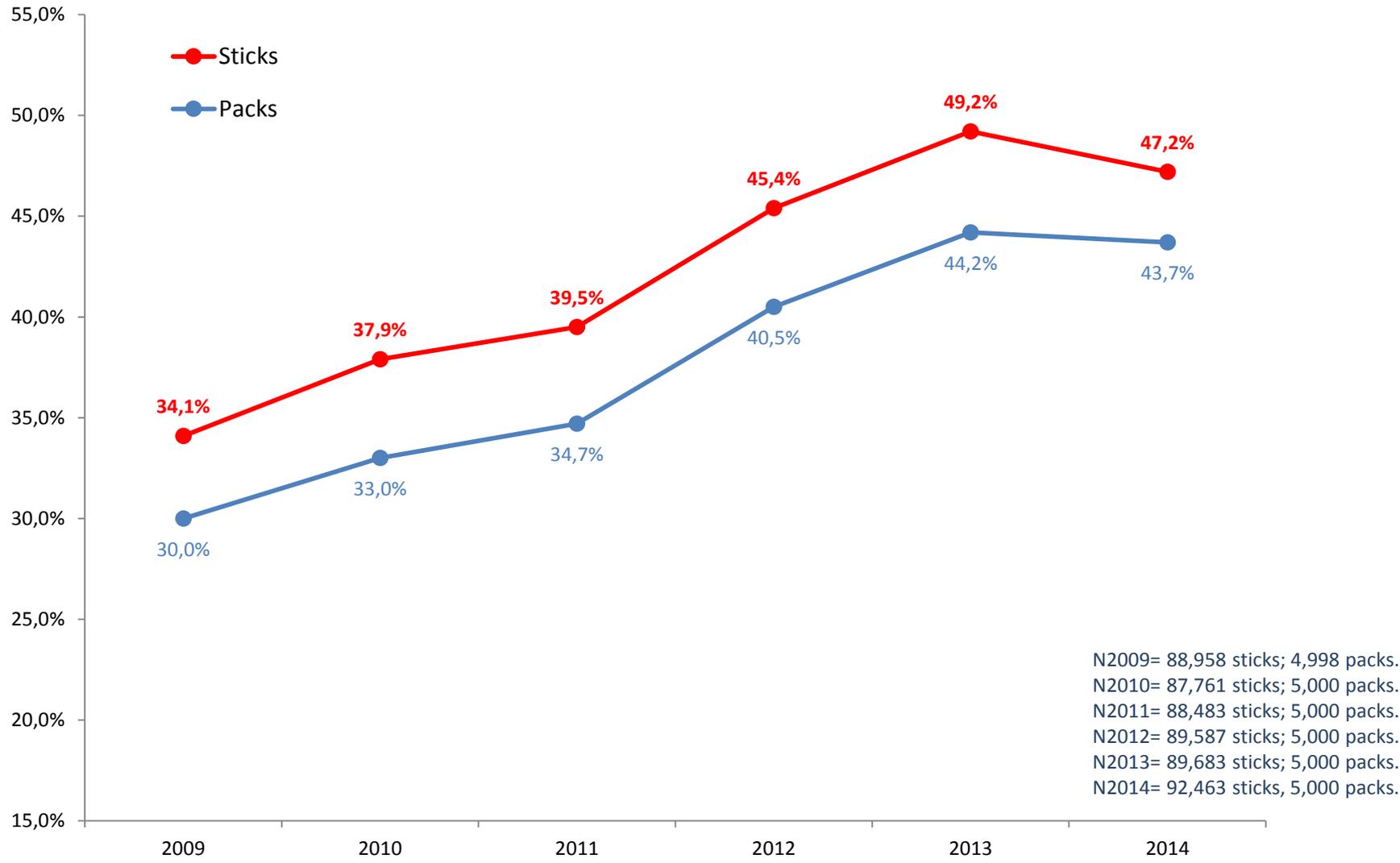


N= 92,463 sticks (5,000 packs).

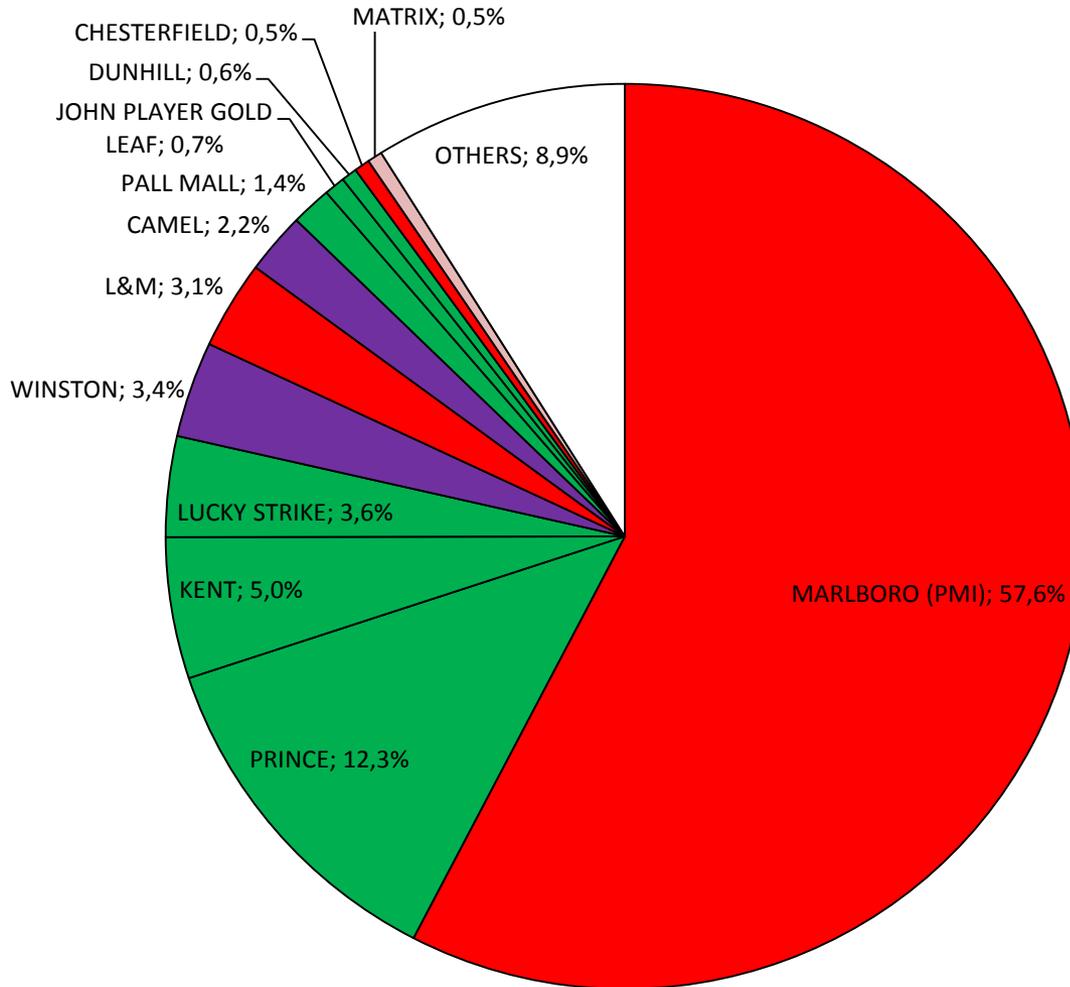
NB: Non-Domestic incidence includes non-domestic packs of all companies, counterfeit non-domestic packs and counterfeit domestic packs of participating companies.

Total Sample

NON DOMESTIC INCIDENCE - TREND

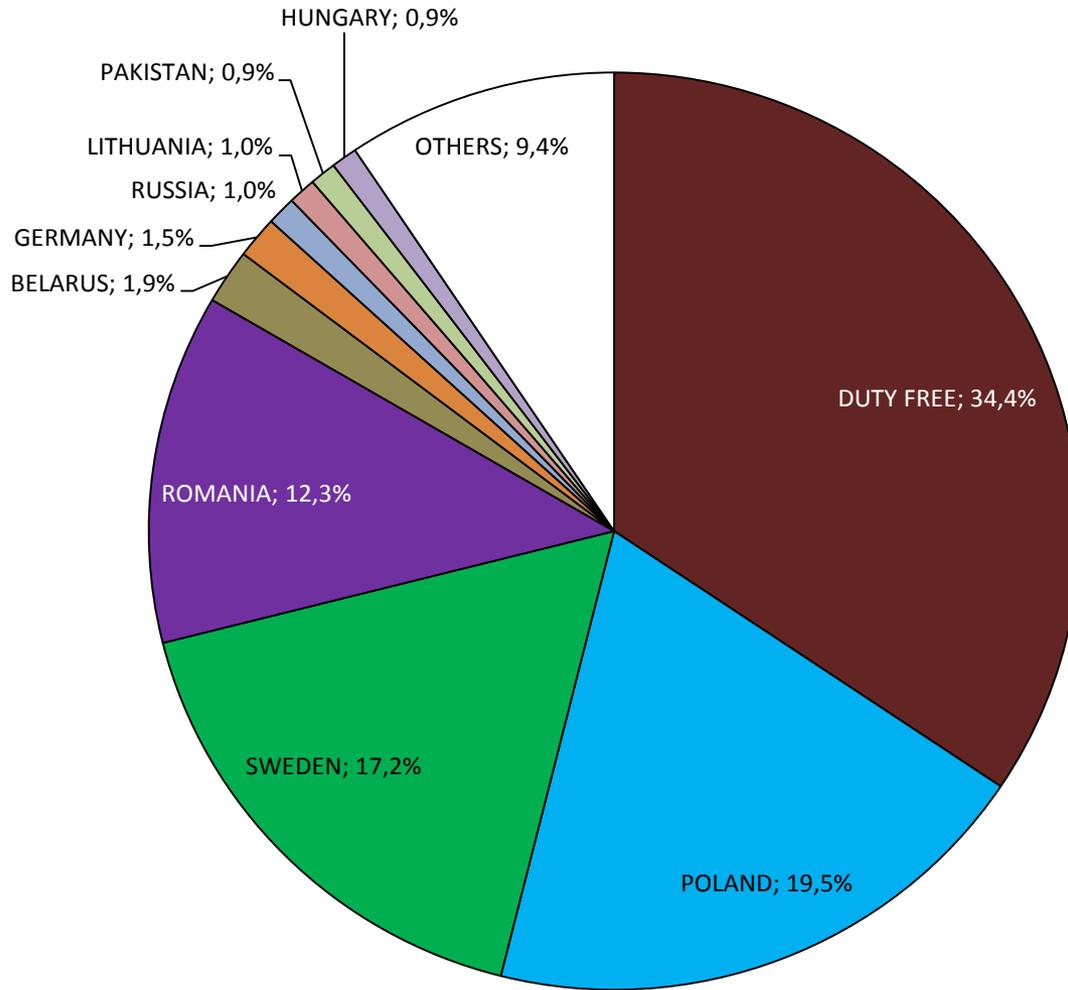


Non Domestic Sample SPLIT BY BRAND FAMILY



N= 43,633 sticks (2,187 packs).
 OTHERS includes brands with less than 12 non domestic packs.

Non Domestic Sample SPLIT BY MARKET VARIANT



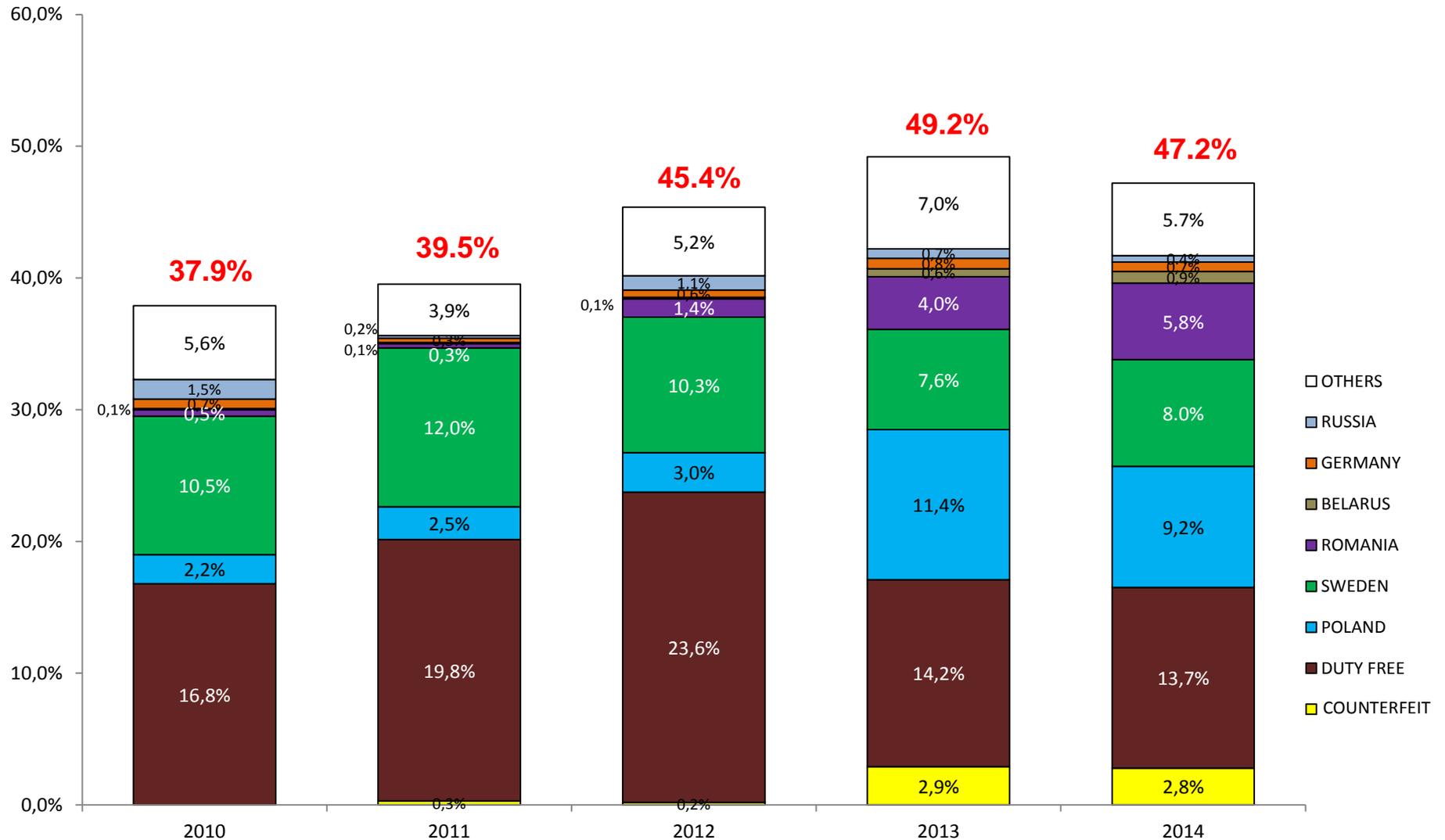
N= 43,633 sticks (2,187 packs).

OTHERS are all market variants with less than 20 packs collected.

Norway, 2014-Q2 Industry Market Survey

Total Sample

NON-DOMESTIC BREAKDOWN BY MARKET VARIANT – TRENDS



- OTHERS
- RUSSIA
- GERMANY
- BELARUS
- ROMANIA
- SWEDEN
- POLAND
- DUTY FREE
- COUNTERFEIT

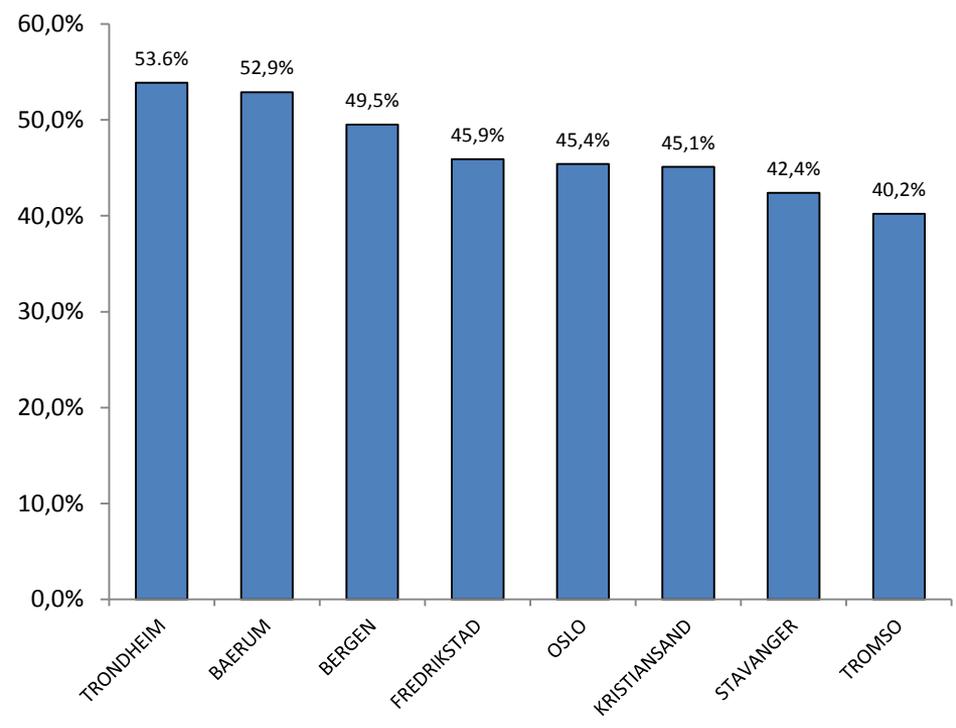
N: 2010=87,761 (5,000); 2011=88,483 (5,000); 2012=89,587 (5,000); 2013=89,683 (5,000); 2014=92,463 sticks (5,000 packs).

Total Sample

NON DOMESTIC INCIDENCE BY CITY

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*Cities in red are above the national level of 47.2%.

Total Sample

NON DOMESTIC INCIDENCE BY CITY - TRENDS

	2009	2010	2011	2012	2013	2014
TRONDHEIM	33.4%	32.1%	36.1%	44.8%	46.3%	53.6%
BAERUM	36.0%	40.8%	33.1%	51.5%	47.6%	52.9%
BERGEN	36.2%	36.3%	37.4%	50.0%	54.9%	49.5%
FREDRIKSTAD	34.9%	38.2%	32.6%	46.6%	49.5%	45.9%
OSLO	33.2%	38.6%	43.4%	43.4%	48.5%	45.4%
KRISTIANSAND	31.4%	39.5%	45.0%	44.0%	54.7%	45.1%
STAVANGER	34.0%	42.6%	35.8%	47.6%	44.0%	42.4%
TROMSO	34.2%	37.6%	40.1%	32.5%	45.4%	40.2%

*The red line indicates the national ND rate (47.2%).