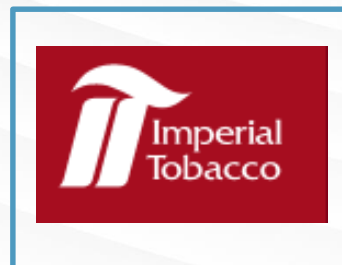


Norway Empty Pack Survey 2016 Q2

Prepared for



August 2016

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EXECUTIVE SUMMARY

Industry

- **Non-domestic incidence decreased at 43.5% (-2.5pp vs 2015-Q2, -3.7pp vs 2014-Q2).**
- **Counterfeit incidence at 1.6%.**
- **Main non-domestic brands found were:**
 - MARLBORO (PMI) with 23.7% of all packs collected (+2.2pp vs 2015-Q2, -3.5pp vs 2014-Q2).
 - PRINCE (BAT) with 2.9% (-2.5pp, -2.9pp).
 - WINSTON (JTI) with 2.6% (-2.2pp, +1.0pp).
- **Main non-domestic market variants found were:**
 - DUTY FREE with 14.5% of all packs collected (+1.5pp, +0.8pp).
 - SWEDEN with 10.1% (-1.7pp, +2.0pp).
 - ROMANIA with 3.4% (+1.1pp, -2.4pp).
- **Highest non-domestic incidence was found in cities OSLO at 44.8% (-0.9pp, -0.6pp), in FREDRIKSTAD at 44.1% (-1.8pp, -1.8pp) and in BERGEN at 43.2% (-1.1pp, -6.3pp).**



- Genuine non-domestic incidence of 28.5%.
- Counterfeit incidence of 0.8%.



- Genuine non-domestic incidence of 22.1%.
- No counterfeit packs were found.



- Genuine non-domestic incidence of 59.8%.
- Counterfeit incidence of 1.7%.



PHILIP MORRIS

- Genuine non-domestic incidence of 46.2%.
- Counterfeit incidence of 2.2%.

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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 any market variant
- 8 cities.
- Total sample 5,000 packs (99,916 sticks)
- Dates of collection: May 13th – 24st 2016
- Agency: MSIntelligence

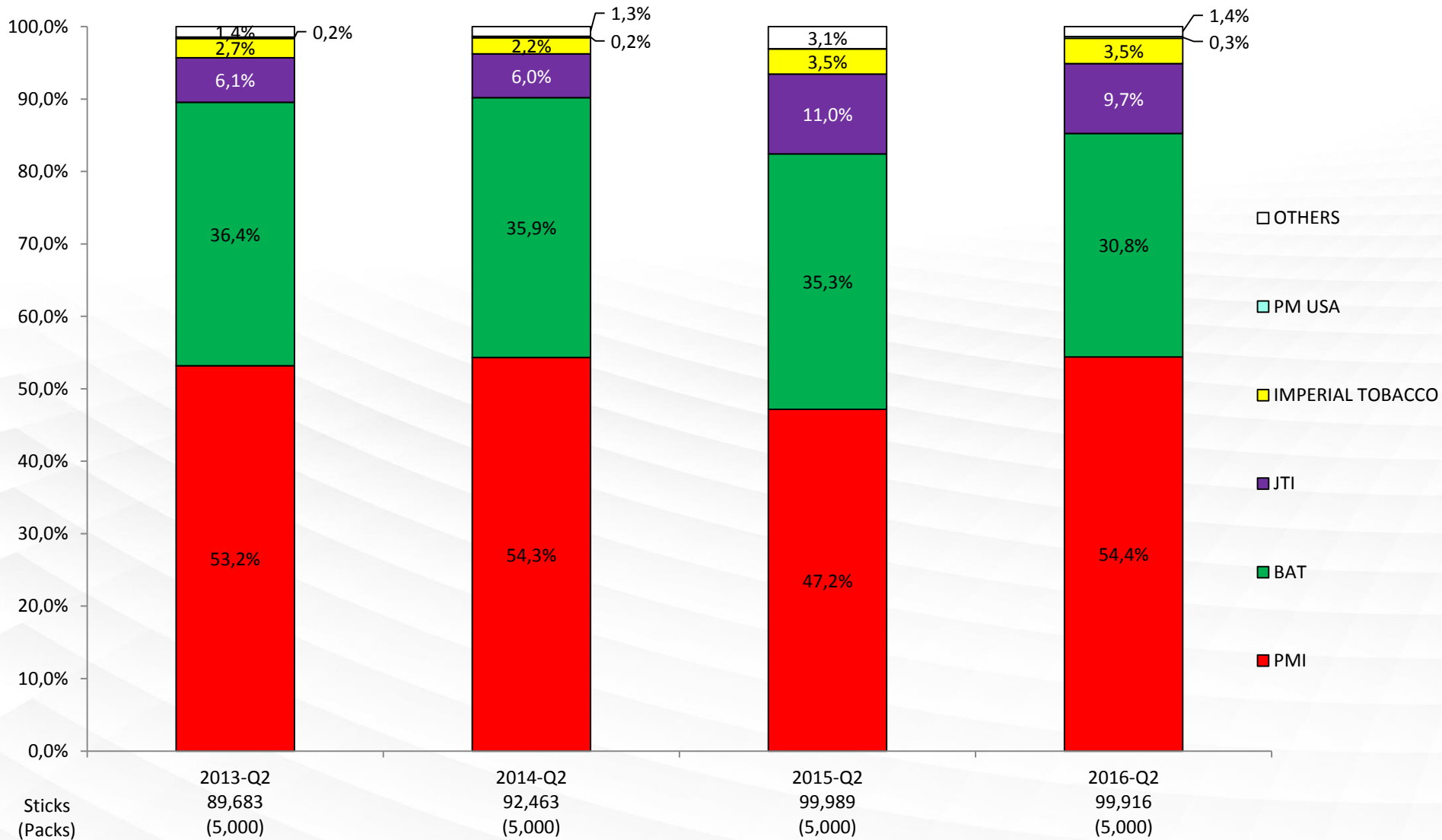
SAMPLING PLAN

City	Administrative region	Population figures*	Packs collected
OSLO	OSLO	634,463	2,012
BERGEN	HORDALAND	271,949	866
TRONDHEIM	SOR-TRONDELAG	182,035	579
STAVANGER	ROGALAND	130,754	419
BAERUM	AKERSHUS	118,588	376
KRISTIANSAND	VEST-ADGER	85,983	273
FREDRIKSTAD	OSTFOLD	77,591	248
TROMSO	TROMS	71,590	227
Total selected cities		1,572,953	5,000
Country population		5,109,056	
Coverage of population		30.8%	



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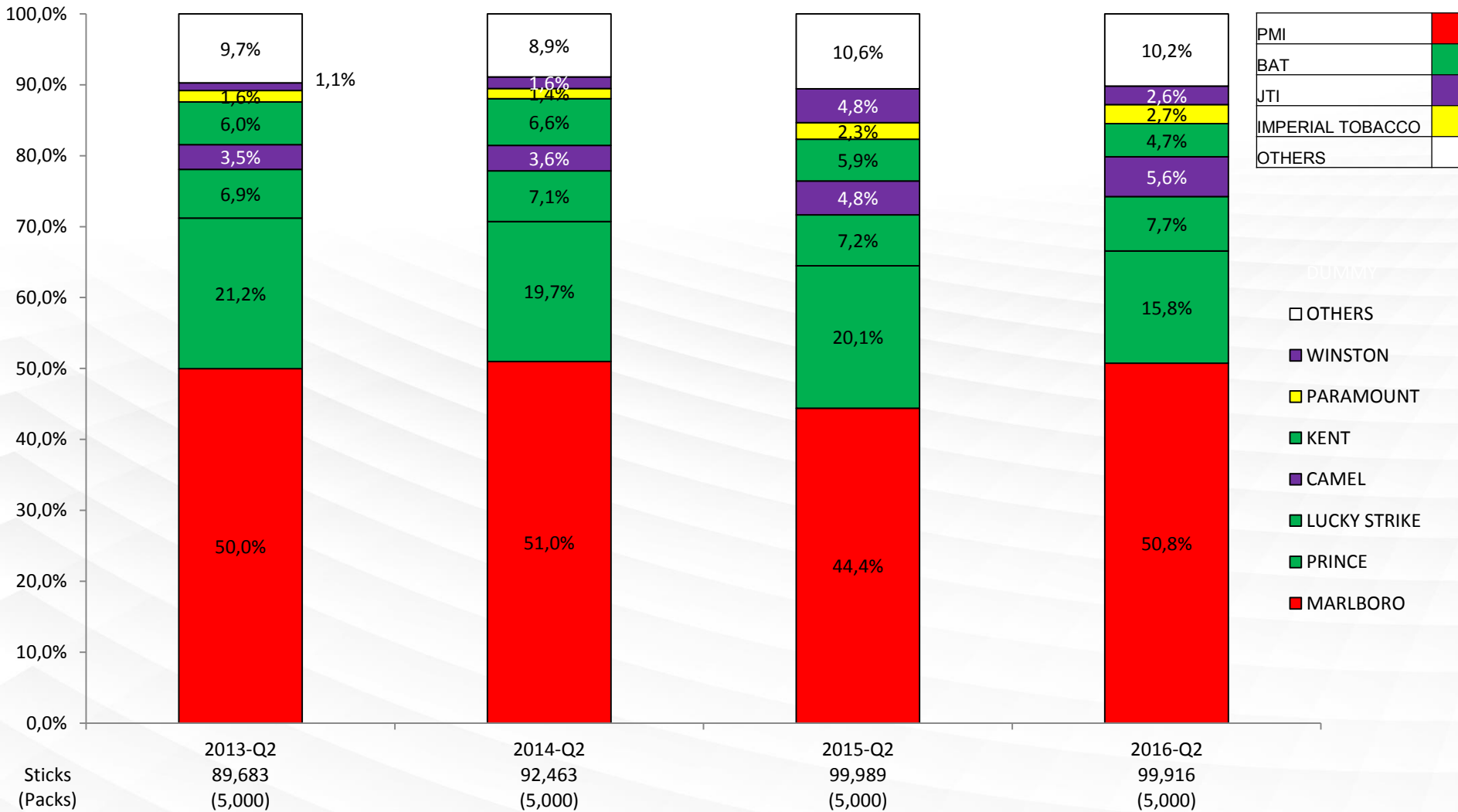
Total Sample Share by Manufacturer - Trends



Total Sample Share by Brand Family - Trends

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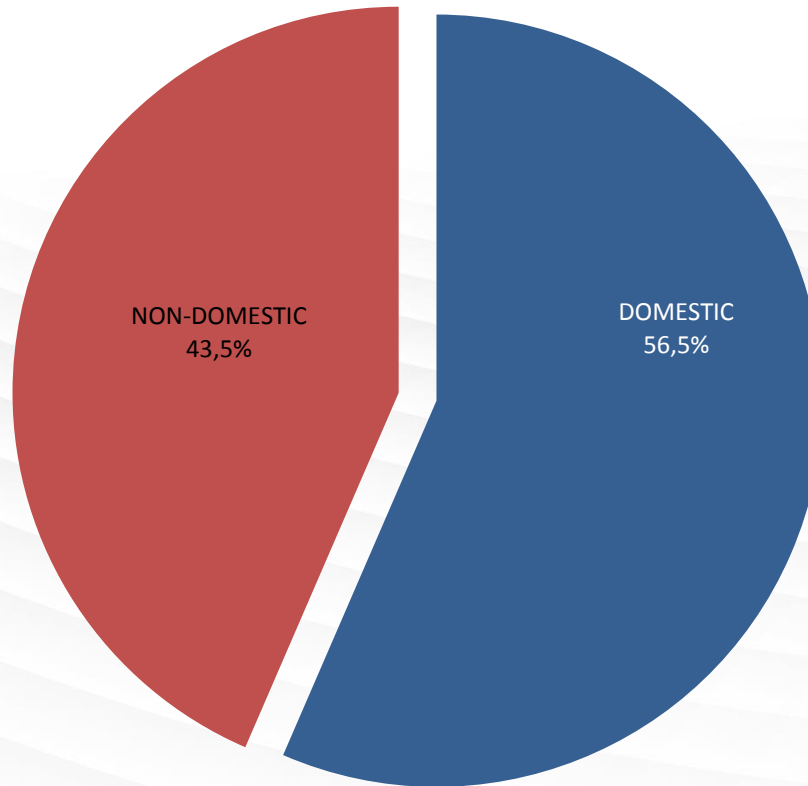
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Total Sample Non-Domestic Incidence

Includes all counterfeit packs:

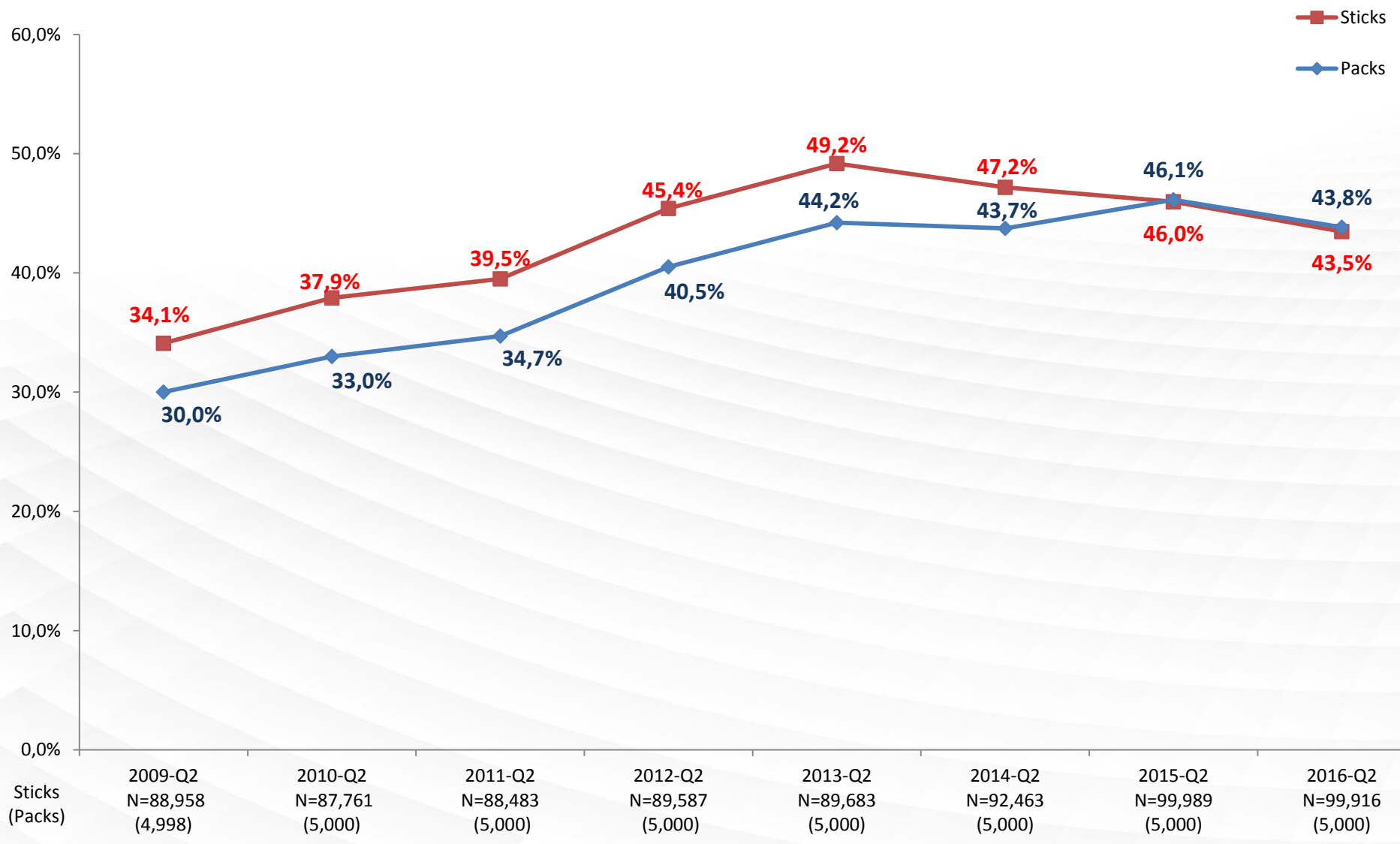
- Counterfeit non domestic 1.6%.
- No counterfeit domestic packs were found.



N= 99,916 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 - Trends

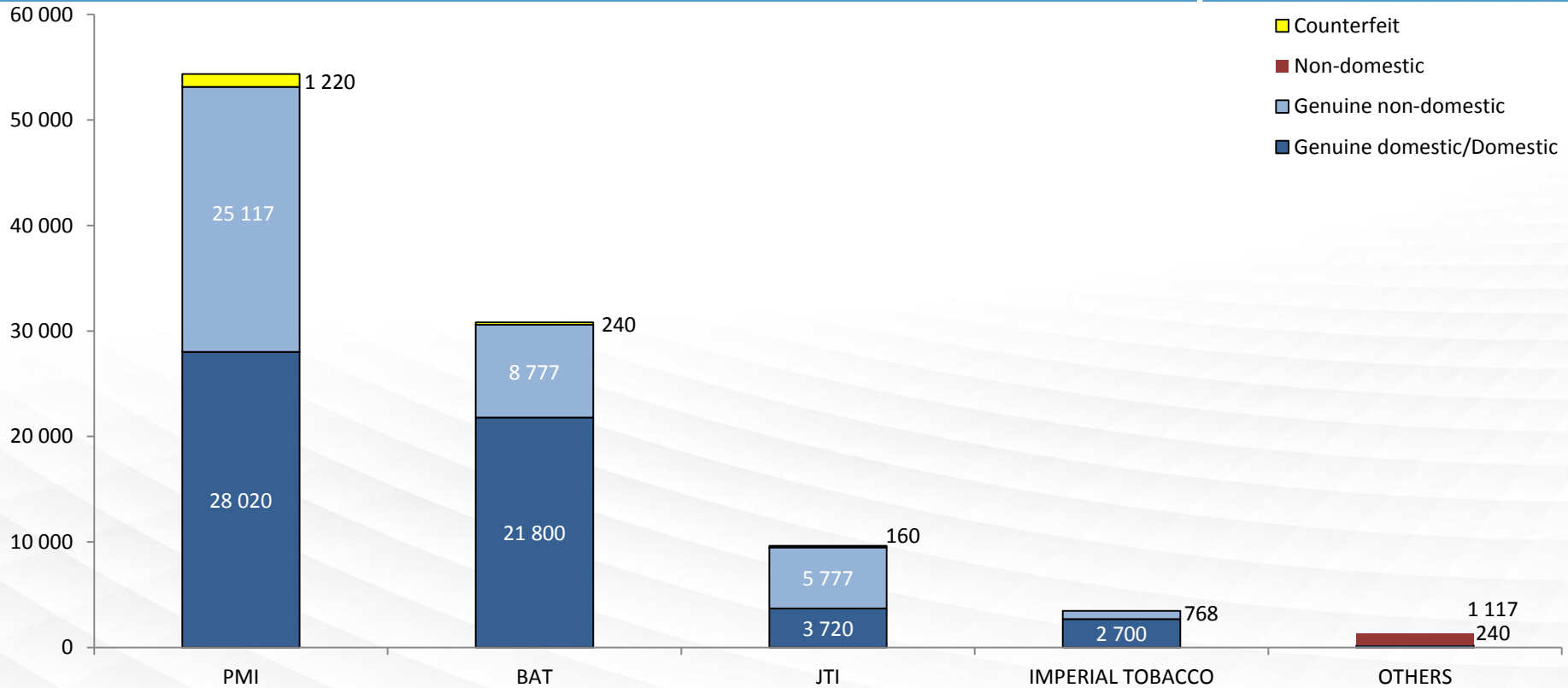


Total Sample

Non-domestic Incidence By Company – Absolute And Percentages

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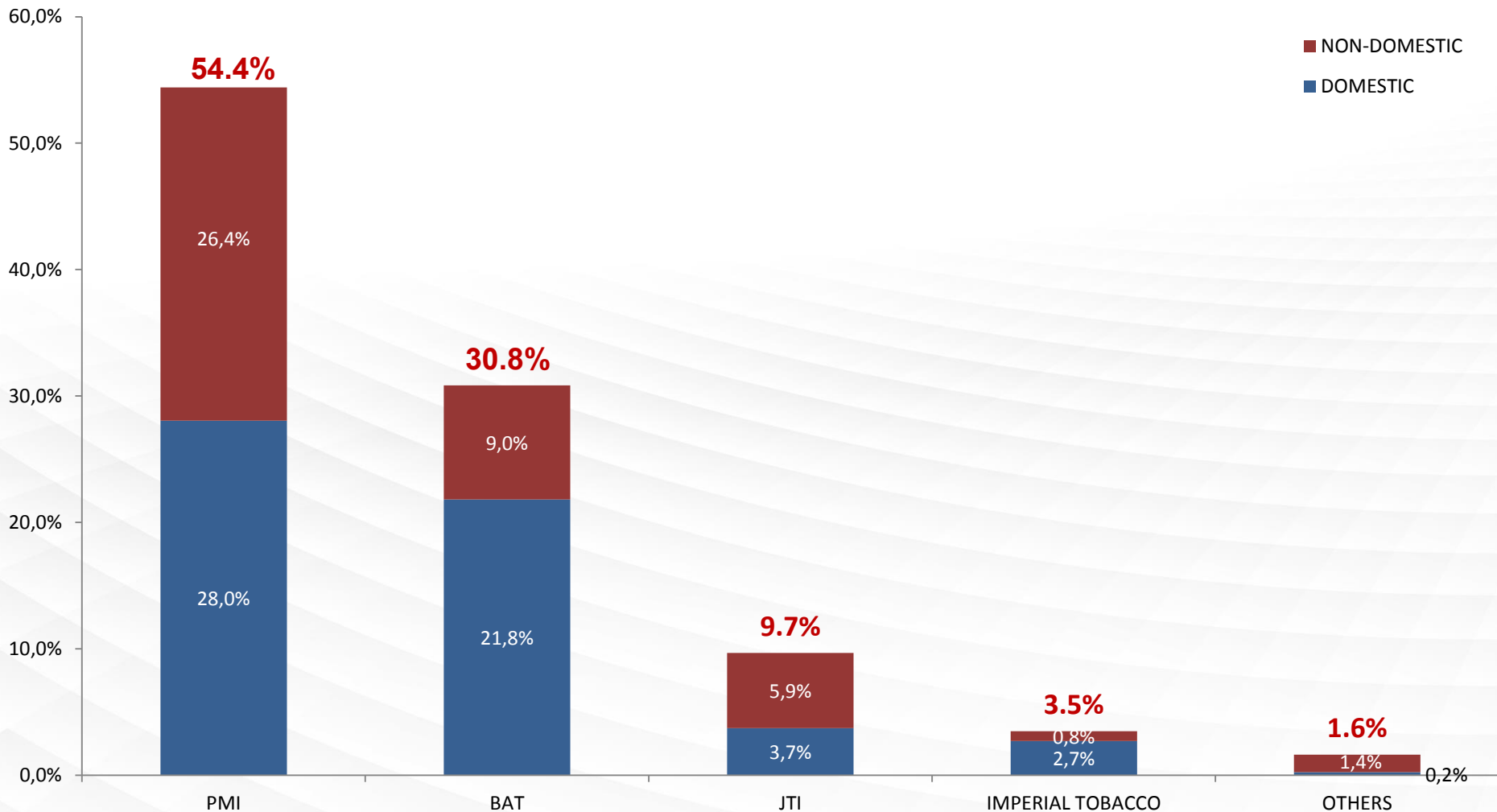
- Counterfeit
- Non-domestic
- Genuine non-domestic
- Genuine domestic/Domestic

	PMI	BAT	JTI	IMPERIAL TOBACCO	OTHERS
Genuine domestic/Domestic	51.5%	70.7%	38.5%	77.9%	14.8%
Genuine non-domestic	46.2%	28.4%	59.8%	22.1%	
Non-domestic					85.2%
Counterfeit	2.2%	0.8%	1.7%		
Sticks (Packs)	54,357 (2,730)	30,817 (1,544)	9,657 (489)	3,468 (156)	1,617 (81)

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

Total Sample

Sample Breakdown By Company And Domestic/Non-domestic Shares



N= 99,916 sticks (5,000 packs).

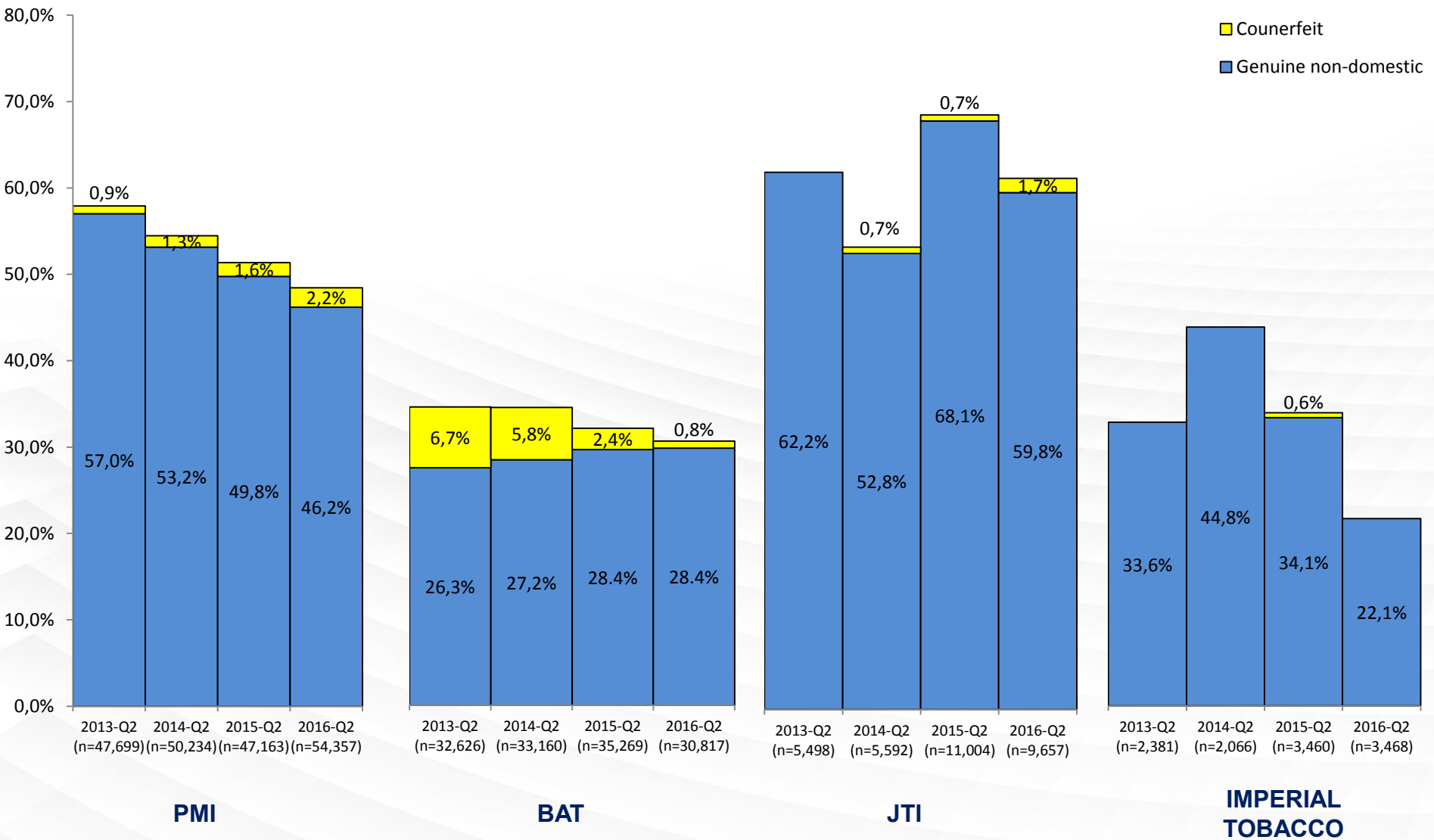
OTHERS are all packs with less than 13 packs.

This chart represent the Companies breakdown of all packs, by Non-domestic & Domestic; adding up to 100%.

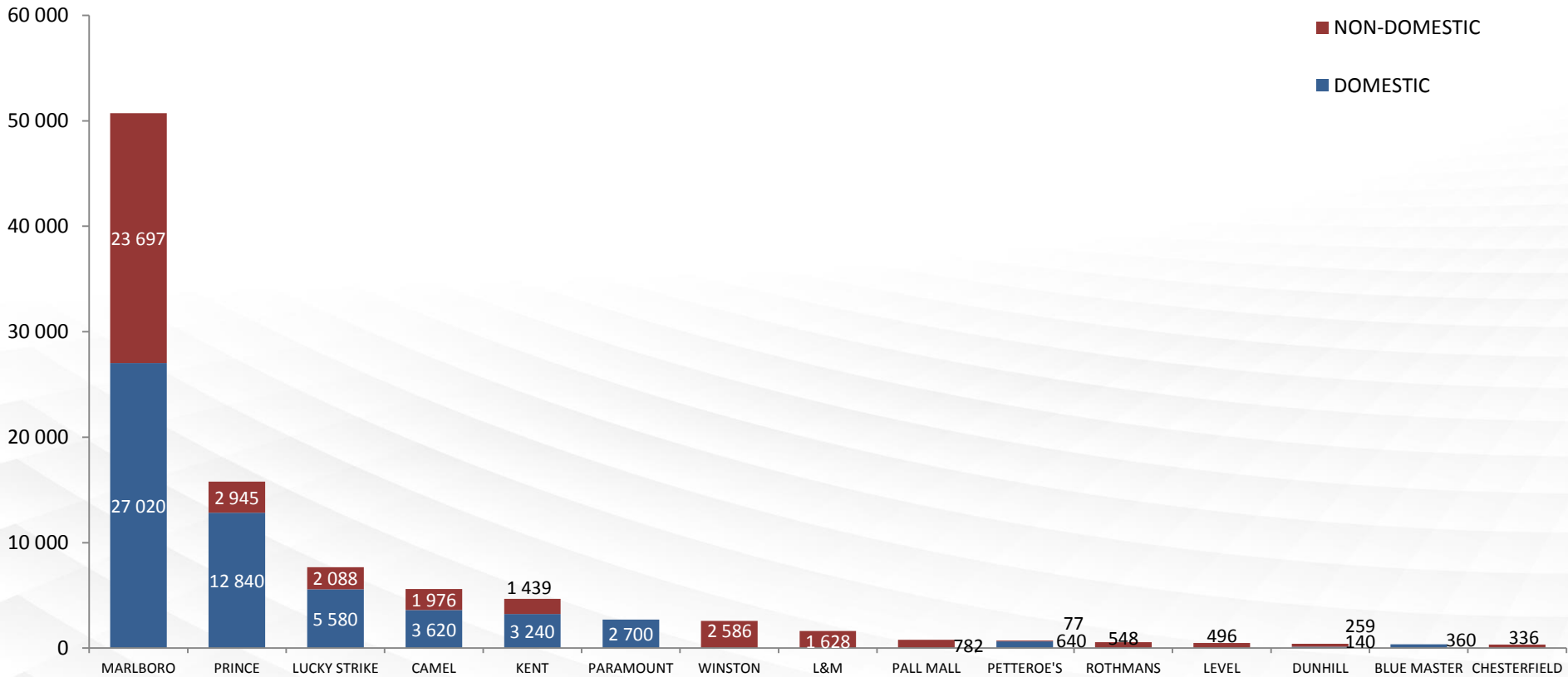
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Total Sample

Non-domestic Incidence By Company – Trends



Total Sample Non-domestic Incidence By Brand

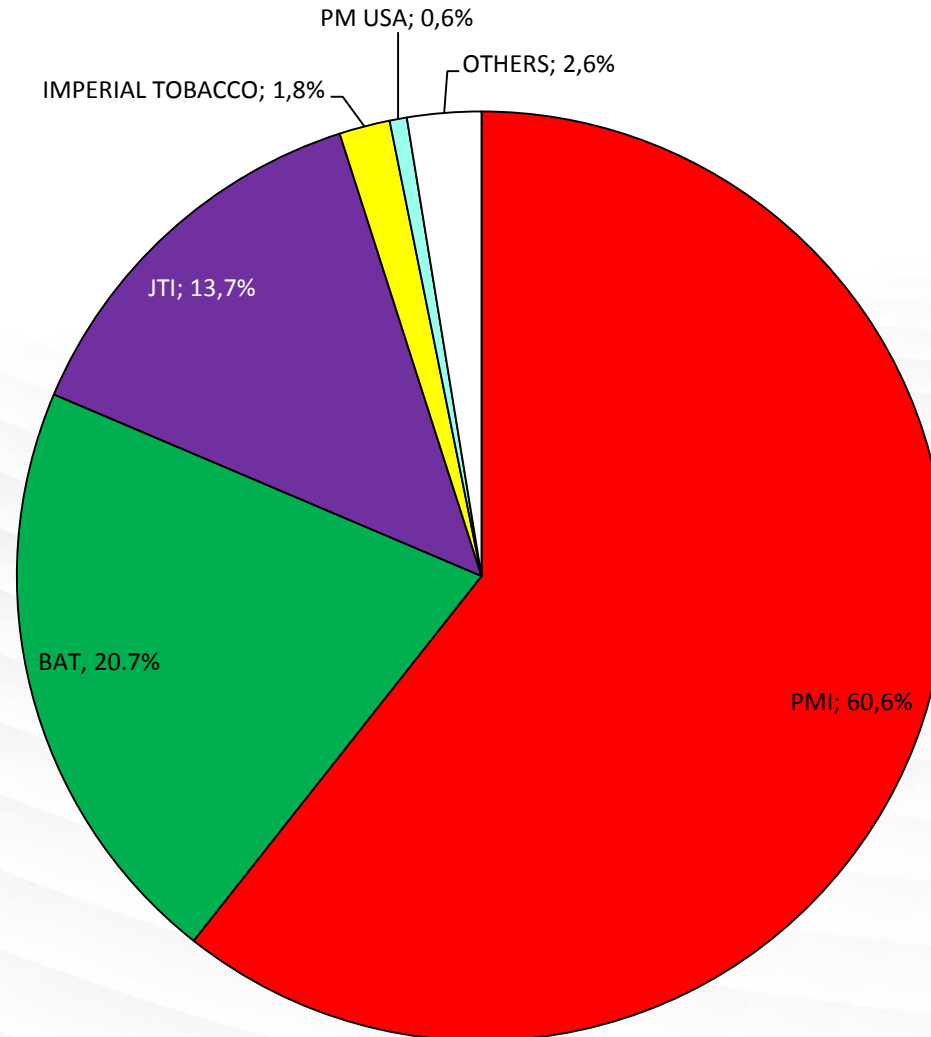


	MARLBORO	PRINCE	LUCKY STRIKE	CAMEL	KENT	PARAMOUNT	WINSTON	L&M	PALL MALL	PETTEROE'S	ROTHMANS	LEVEL	DUNHILL	BLUE MASTER	CHESTERFIELD
DOMESTIC	53.3%	81.3%	72.8%	64.7%	69.2%	100.0%				89.3%			35.1%	100.0%	
NON-DOMESTIC	46.7%	18.7%	27.2%	35.3%	30.8%		100.0%	100.0%	100.0%	10.7%	100.0%	100.0%	64.9%		100.0%
STICKS (PACKS)	50,717 (2,547)	15,785 (790)	7,668 (385)	5,596 (282)	4,679 (234)	2,700 (119)	2,586 (131)	1,628 (82)	782 (39)	717 (36)	548 (28)	496 (26)	399 (20)	360 (18)	336 (17)

Non-Domestic Sample Split by Company

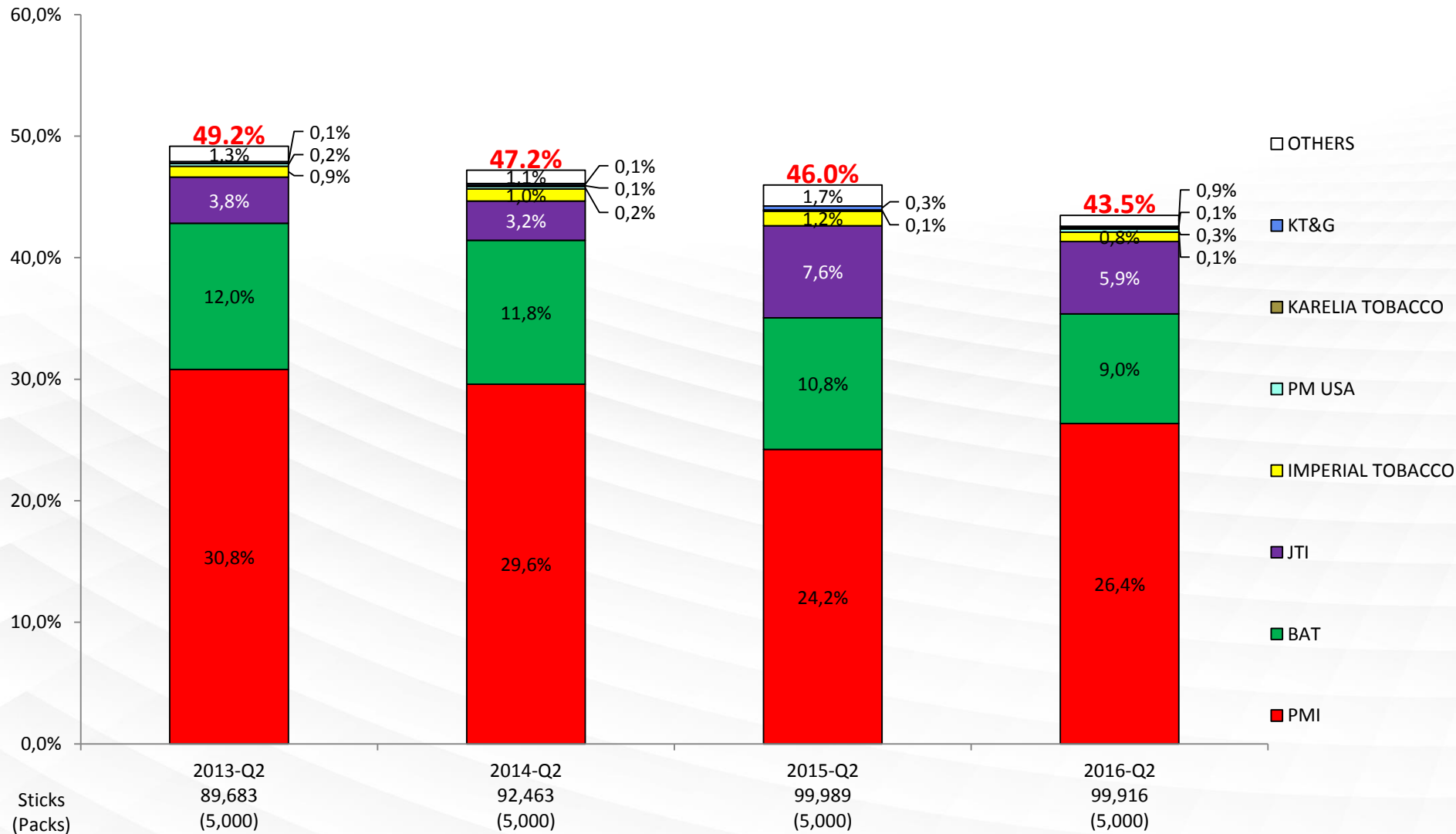
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OTHERS are all packs with less than 13 packs.
N= 43,436 sticks (2,192 packs).
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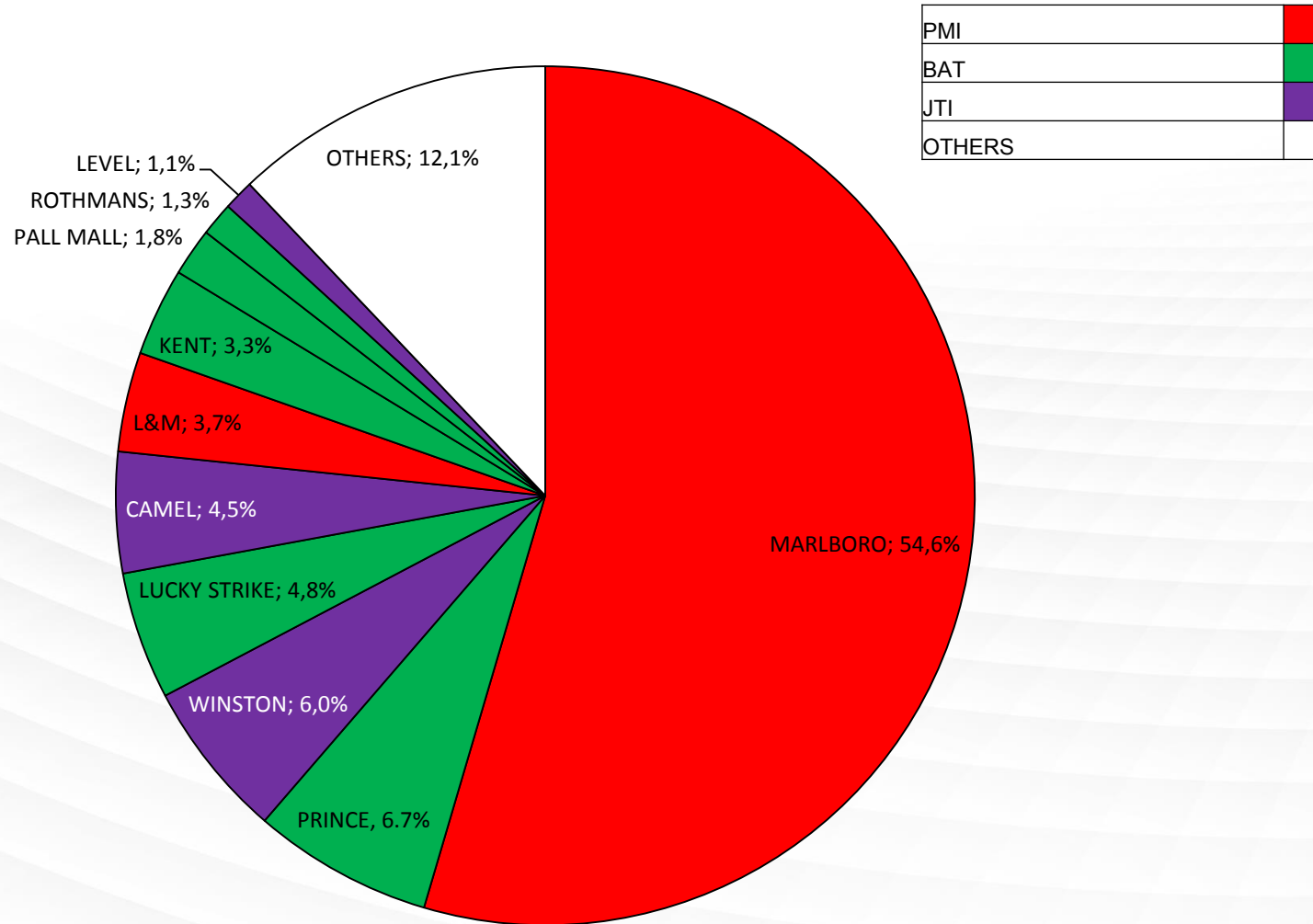
Total Sample Non-Domestic Split by Company - Trends



Non-Domestic Sample Split by Brand family

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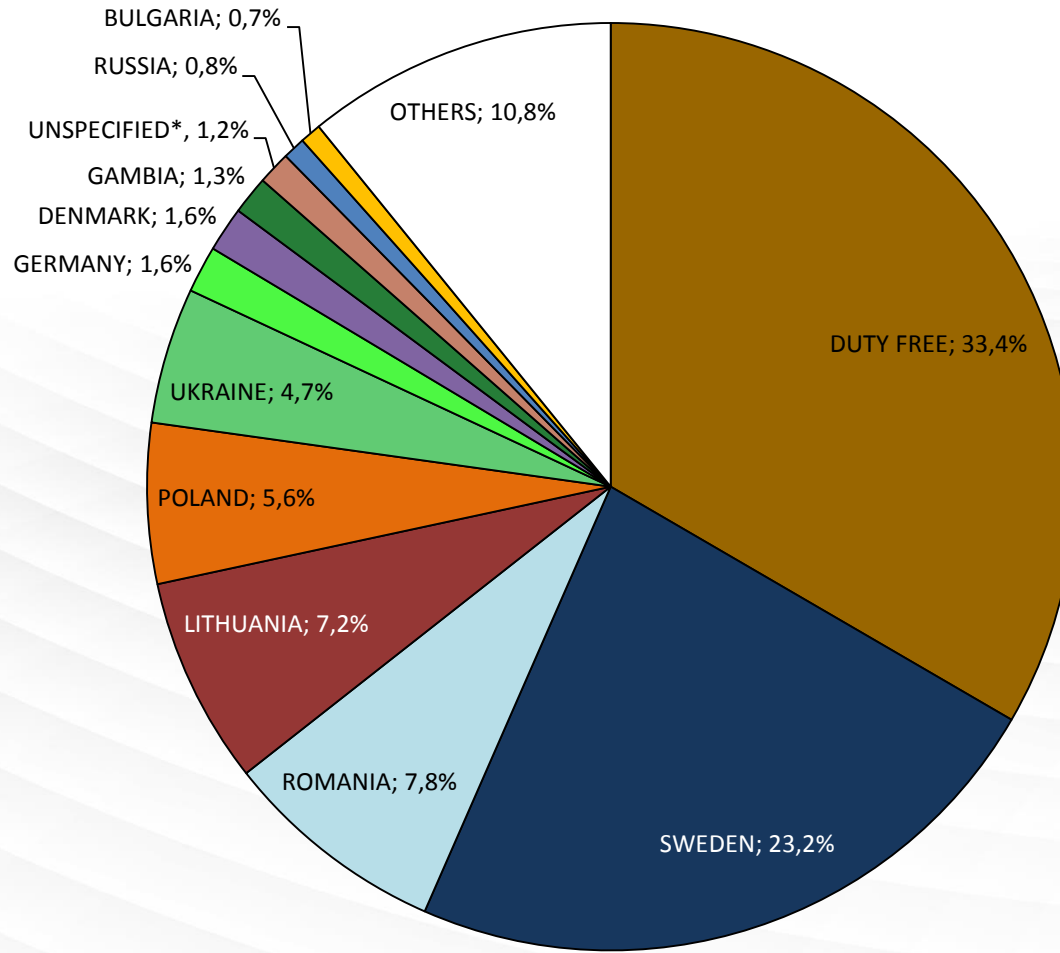


N= 43,436 sticks (2,192 packs).
OTHERS are all packs with less than 26 packs.
Norway 2016-Q2 Empty Pack Survey

Non-Domestic Sample Split by Market Variant

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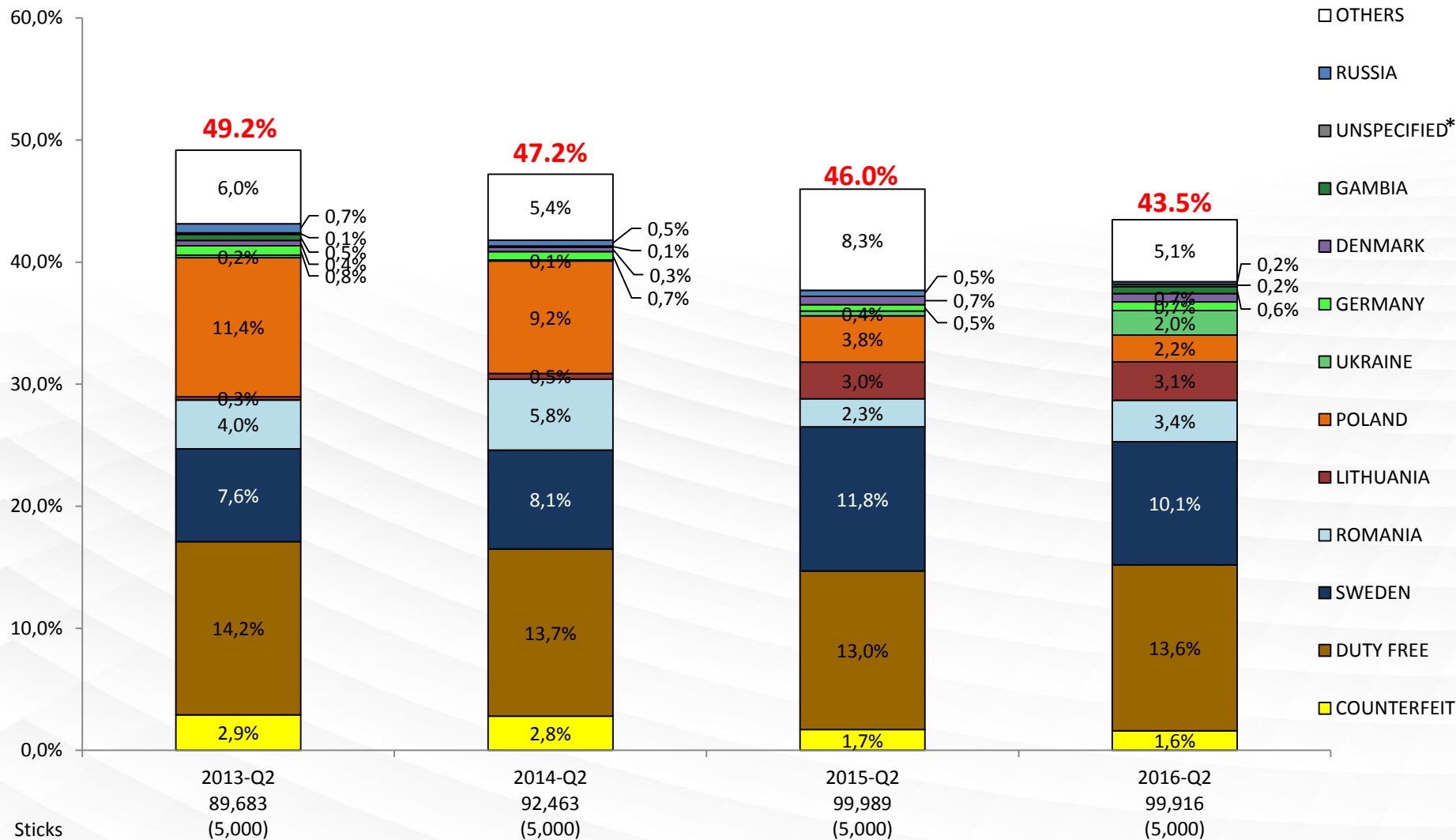
MSIntelligence
Diagnostic Market Surveys



*Unspecified are cigarettes packs which are not bearing any specific market or Duty Free labelling.
N= 43,436 sticks (2,192 packs).

OTHERS are all market variants with less than 16 packs.
Norway 2016-Q2 Empty Pack Survey

Total Sample Non-Domestic Split by Market Variant - Trends

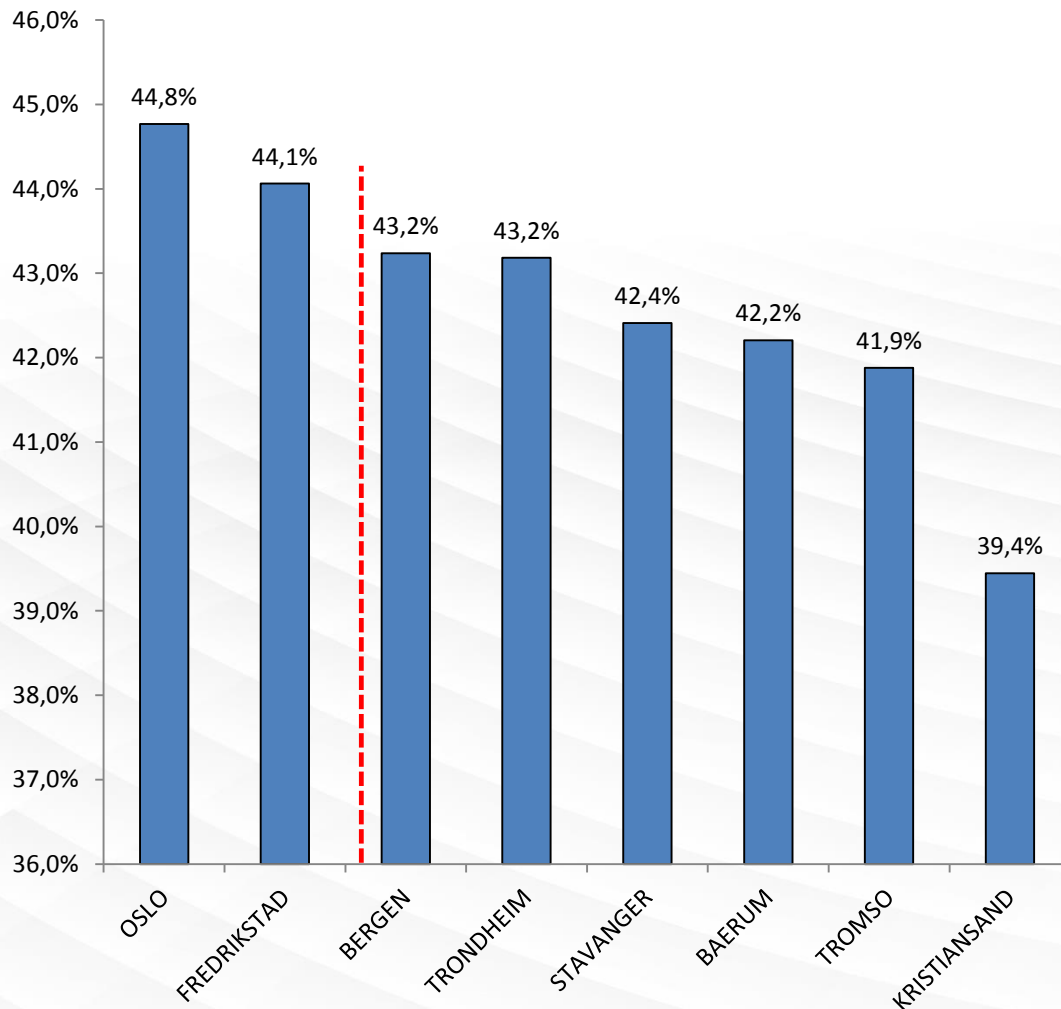


*Unspecified are cigarettes packs which are not bearing any specific market or Duty Free labelling.

OTHERS are all market variants with less than 17 packs.

Norway 2016-Q2 Empty Pack Survey

Total Sample Non-Domestic Incidence by City



The red line indicates the average ND rate of 43.5%.
Norway 2016-Q2 Empty Pack Survey

Total Sample

Non-Domestic Incidence by City – Trend

<u>City</u>	<u>2013-Q2</u>	<u>2014-Q2</u>	<u>2015-Q2</u>	<u>2016-Q2</u>
OSLO	48.5%	45.4%	45.7%	44.8%
FREDRIKSTAD	49.5%	45.9%	45.8%	44.1%
BERGEN	54.9%	49.5%	44.3%	43.2%
TRONDHEIM	46.3%	53.6%	45.3%	43.2%
STAVANGER	44.0%	42.4%	48.1%	42.4%
BAERUM	47.6%	52.9%	48.1%	42.2%
TROMSO	45.4%	40.2%	54.5%	41.9%
KRISTIANSAND	54.7%	45.1%	41.5%	39.4%

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Examples of Non participants Non Domestic Packs

ESSE, KT&G,
UNSPECIFIED* main market variant,
5 packs

KARELIA, KARELIA TOBACCO
BULGARIA main market variant,
5 packs

BOSTON, H.VAN LANDEWYCK
GERMANY market variant,
3 packs

NZ. GRODNO TOBACCO FACTORY
BELARUS market variant,
3 packs



*Unspecified are cigarettes packs which are not bearing any specific market or Duty Free labelling.
Norway 2016-Q2 Empty Pack Survey