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MarketLine Industry Profile

# Tobacco in Sweden

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# EXECUTIVE SUMMARY

## Market value

The Swedish tobacco market grew by 2.2% in 2013 to reach a value of \$3,336.2 million.

## Market value forecast

In 2018, the Swedish tobacco market is forecast to have a value of \$3,849.1 million, an increase of 15.4% since 2013.

## Category segmentation

Cigarettes is the largest segment of the tobacco market in Sweden, accounting for 62.8% of the market's total value.

## Geography segmentation

Sweden accounts for 1.5% of the European tobacco market value.

## Market share

Philip Morris International Inc. is the leading player in the Swedish tobacco market, generating a 28% share of the market's value.

## Market rivalry

It is estimated that over 10% of the annual global tobacco consumption (around 600 billion cigarettes) is supplied by smuggled or counterfeit trade, and this illicit tobacco impacts upon players' revenues which serves to increase rivalry.

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# MARKET OVERVIEW

## Market definition

The tobacco market consists of the retail sale of cigarettes, loose tobacco, chewing tobacco, and cigars and cigarillos.

For the purposes of this report, Europe consists of Western Europe and Eastern Europe.

Western Europe comprises Austria, Belgium, Denmark, France, Finland, Germany, Greece, Italy, Ireland, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom.

Eastern Europe comprises the Czech Republic, Hungary, Poland, Romania, Russia, and Turkey.

## Market analysis

The Swedish tobacco market recorded weak growth across 2009-2013, with forecasts suggesting a similar performance for the 2013-2018 period. According to data from the OECD's most recent Health at a Glance report, the percentage of Sweden's adult population smoking daily declined by 30.7% between 2000-2011 from 18.9% to 13.1% of the population. The weak growth in tobacco sales can be partially attributed to the decline in adult smokers in Sweden even if the percentage of adult smoker's ceased declining at such a significant rate from 2011 to 2013.

The Swedish tobacco market had total revenues of \$3.3bn in 2013, representing a compound annual growth rate (CAGR) of 2.7% between 2009 and 2013. In comparison, the Norwegian and French markets grew with CAGRs of 3% and 2.2% respectively, over the same period, to reach respective values of \$1.6bn and \$27.7bn in 2013.

Another factor that may be having a consistent impact on the growth rates of the tobacco market in Sweden is Directive 2001/37/EC. As a member state of the EU, tobacco products in Sweden are required to have text and pictorial warnings of the health risks associated with tobacco which could be off-putting to potential and existing smokers. Furthermore, Sweden signed up to the WHO Framework Convention on Tobacco Control on July 7, 2005.

Supermarkets / hypermarkets accounted for the largest proportion of sales in the Swedish tobacco market in 2013, sales through this channel generated \$1.2bn, equivalent to 35.3% of the market's overall value. Sales through service stations generated revenues of \$0.6bn in 2013, equating to 17.3% of the market's aggregate revenues.

The performance of the market is forecast to accelerate, with an anticipated CAGR of 2.9% for the five-year period 2013 - 2018, which is expected to drive the market to a value of \$3.8bn by the end of 2018. Comparatively, the Norwegian and French markets will grow with CAGRs of 1.1% and 1.2% respectively, over the same period, to reach respective values of \$1.7bn and \$29.5bn in 2018.

# MARKET DATA

## Market value

The Swedish tobacco market grew by 2.2% in 2013 to reach a value of \$3,336.2 million.

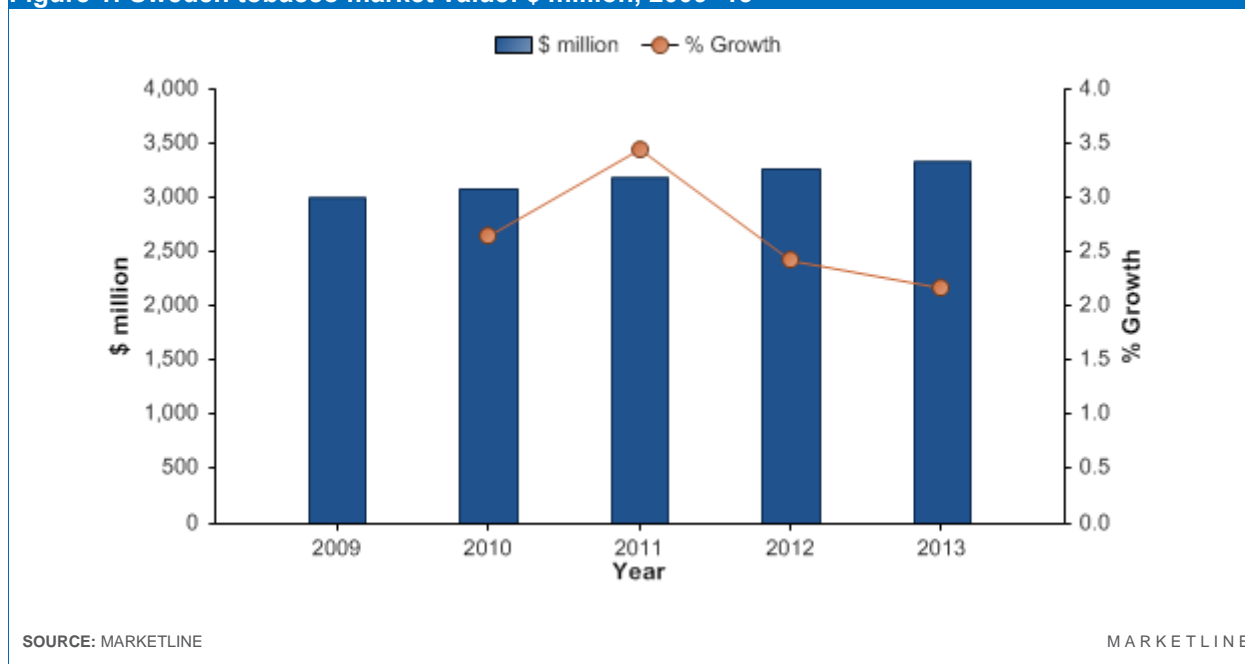
The compound annual growth rate of the market in the period 2009–13 was 2.7%.

**Table 1: Sweden tobacco market value: \$ million, 2009–13**

Year	\$ million	SEK million	€ million	% Growth
2009	3,002.4	19,562.0	2,260.8	
2010	3,082.0	20,080.2	2,320.7	2.6%
2011	3,188.2	20,772.2	2,400.7	3.4%
2012	3,265.4	21,275.2	2,458.8	2.4%
2013	3,336.2	21,736.5	2,512.1	2.2%
CAGR: 2009–13				2.7%

SOURCE: MARKETLINE MARKETLINE

**Figure 1: Sweden tobacco market value: \$ million, 2009–13**





# MARKET SEGMENTATION

## Category segmentation

Cigarettes is the largest segment of the tobacco market in Sweden, accounting for 62.8% of the market's total value.

The Chewing tobacco segment accounts for a further 29.1% of the market.

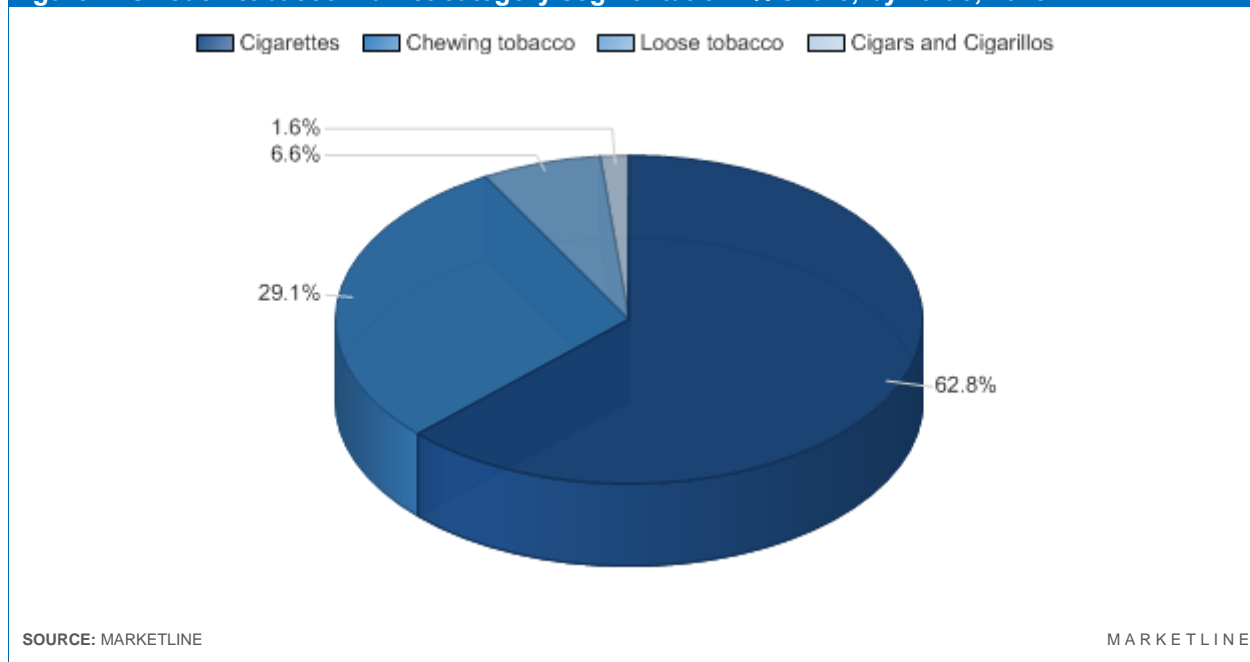
**Table 2: Sweden tobacco market category segmentation: \$ million, 2013**

Category	2013	%
Cigarettes	2,094.2	62.8%
Chewing tobacco	969.7	29.1%
Loose tobacco	219.6	6.6%
Cigars and Cigarillos	52.7	1.6%
Total	3,336.2	100%

SOURCE: MARKETLINE

MARKETLINE

**Figure 2: Sweden tobacco market category segmentation: % share, by value, 2013**



SOURCE: MARKETLINE

MARKETLINE

## Geography segmentation

Sweden accounts for 1.5% of the European tobacco market value.

Germany accounts for a further 17.2% of the European market.

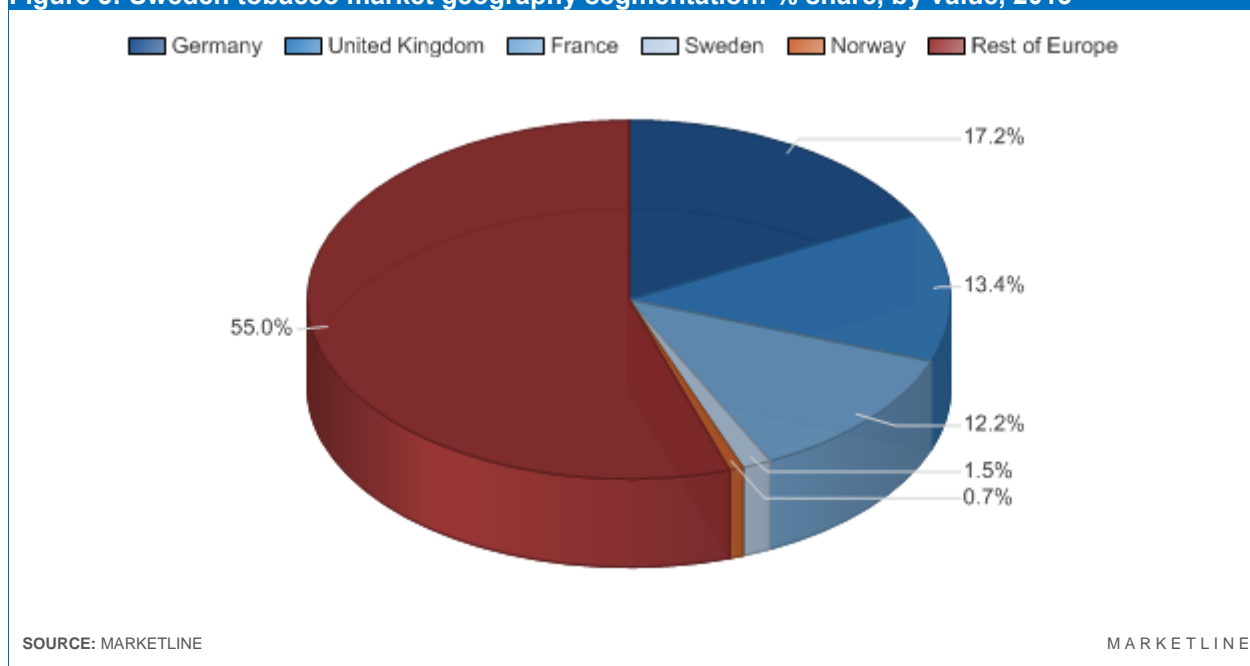
**Table 3: Sweden tobacco market geography segmentation: \$ million, 2013**

Geography	2013	%
Germany	39,191.3	17.2
United Kingdom	30,406.1	13.4
France	27,748.2	12.2
Sweden	3,336.2	1.5
Norway	1,613.5	0.7
Rest of Europe	125,224.8	55.0
Total	227,520.1	100%

SOURCE: MARKETLINE

MARKETLINE

**Figure 3: Sweden tobacco market geography segmentation: % share, by value, 2013**



SOURCE: MARKETLINE

MARKETLINE

## Market share

Philip Morris International Inc. is the leading player in the Swedish tobacco market, generating a 28% share of the market's value.

British American Tobacco Plc accounts for a further 18.6% of the market.

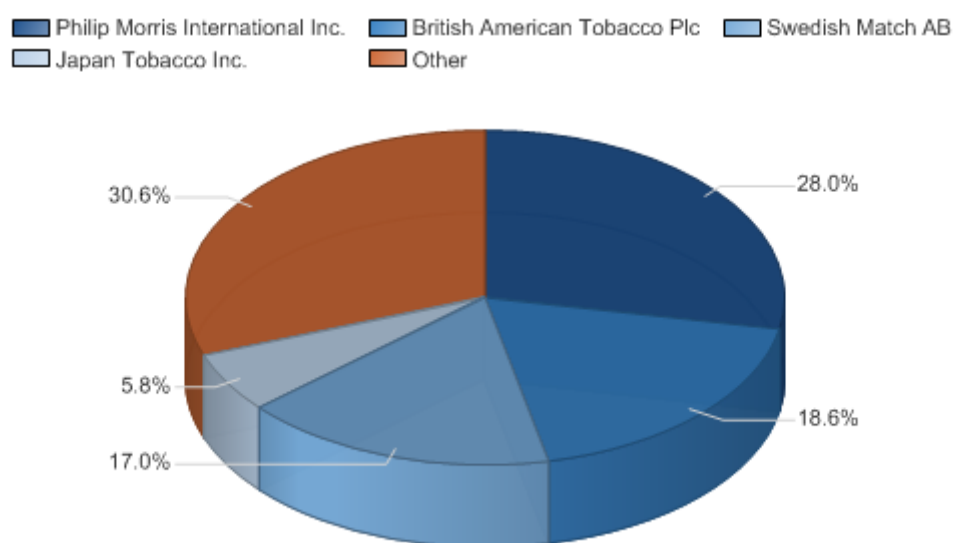
**Table 4: Sweden tobacco market share: % share, by value, 2013**

Company	% Share
Philip Morris International Inc.	28.0%
British American Tobacco Plc	18.6%
Swedish Match AB	17.0%
Japan Tobacco Inc.	5.8%
Other	30.6%
Total	100%

SOURCE: MARKETLINE

MARKETLINE

**Figure 4: Sweden tobacco market share: % share, by value, 2013**



SOURCE: MARKETLINE

MARKETLINE

## Market distribution

Supermarkets / hypermarkets form the leading distribution channel in the Swedish tobacco market, accounting for a 35.3% share of the total market's value.

Service Stations accounts for a further 17.3% of the market.

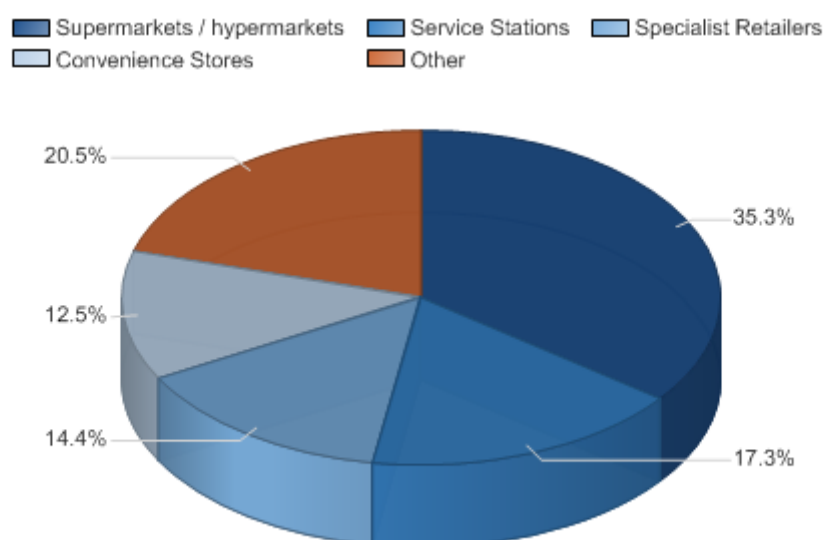
**Table 5: Sweden tobacco market distribution: % share, by value, 2013**

Channel	% Share
Supermarkets / hypermarkets	35.3%
Service Stations	17.3%
Specialist Retailers	14.4%
Convenience Stores	12.5%
Other	20.5%
Total	100%

SOURCE: MARKETLINE

MARKETLINE

**Figure 5: Sweden tobacco market distribution: % share, by value, 2013**



SOURCE: MARKETLINE

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# MARKET OUTLOOK

## Market value forecast

In 2018, the Swedish tobacco market is forecast to have a value of \$3,849.1 million, an increase of 15.4% since 2013.

The compound annual growth rate of the market in the period 2013–18 is predicted to be 2.9%.

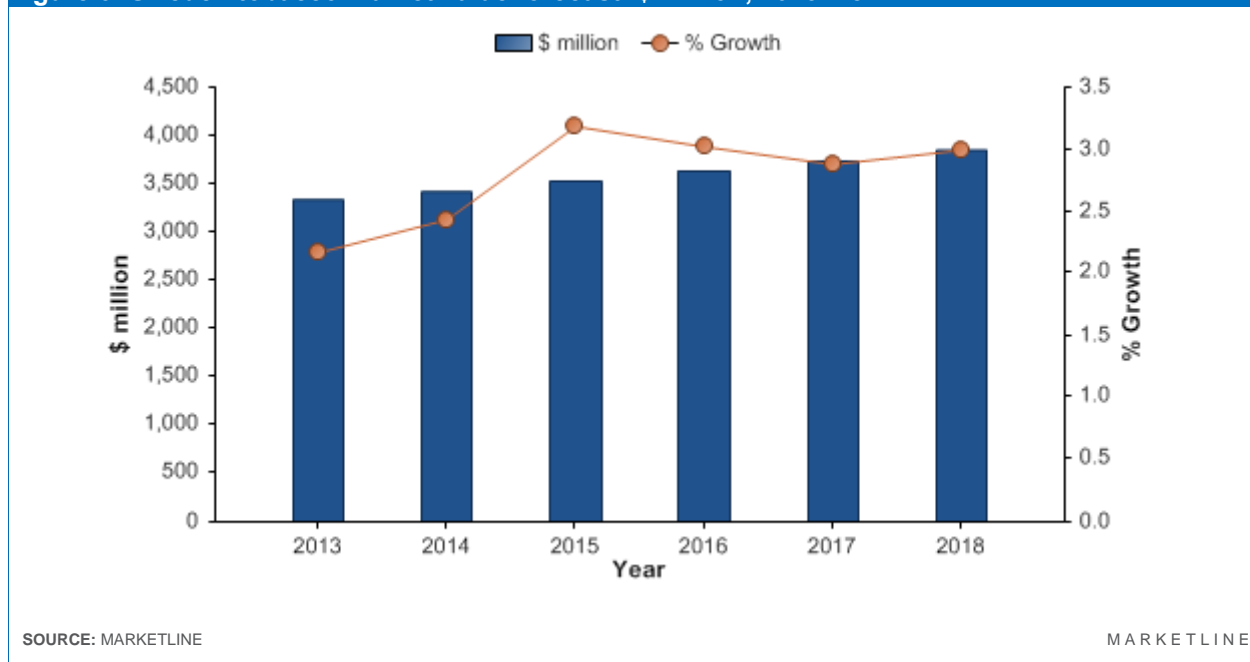
**Table 6: Sweden tobacco market value forecast: \$ million, 2013–18**

Year	\$ million	SEK million	€ million	% Growth
2013	3,336.2	21,736.5	2,512.1	2.2%
2014	3,417.4	22,265.6	2,573.3	2.4%
2015	3,526.2	22,974.4	2,655.2	3.2%
2016	3,632.7	23,668.5	2,735.4	3.0%
2017	3,737.3	24,349.8	2,814.1	2.9%
2018	3,849.1	25,078.7	2,898.4	3.0%
CAGR: 2013–18				2.9%

SOURCE: MARKETLINE

MARKETLINE

**Figure 6: Sweden tobacco market value forecast: \$ million, 2013–18**



SOURCE: MARKETLINE

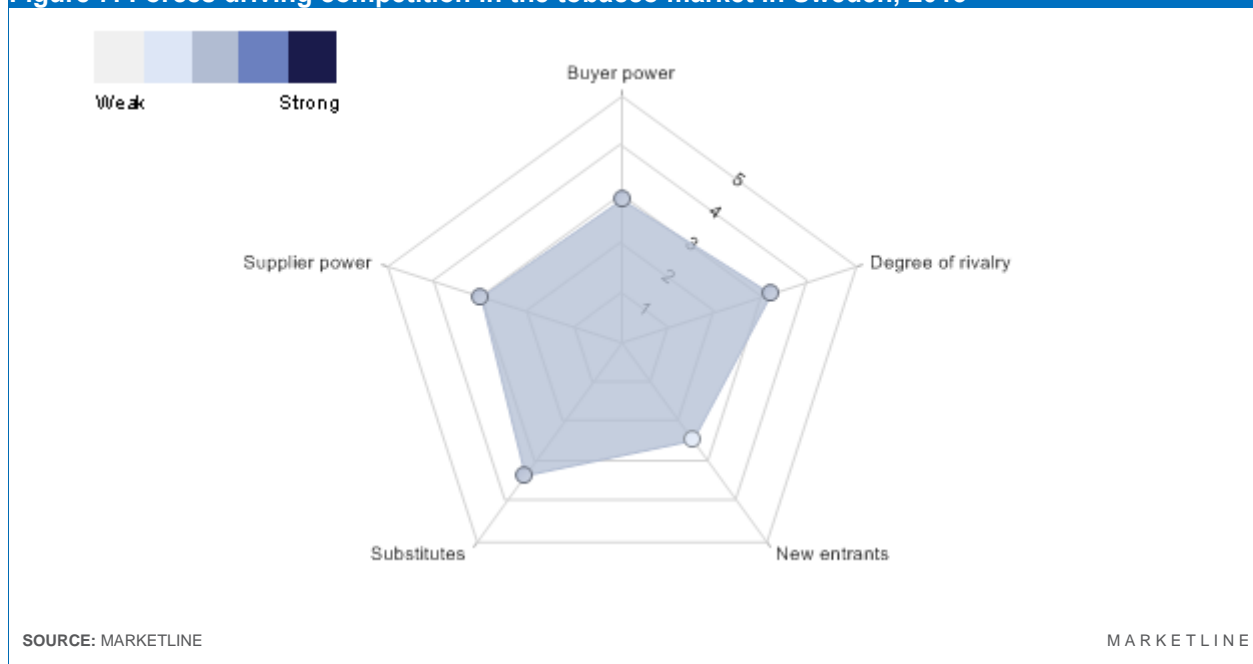
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# FIVE FORCES ANALYSIS

The tobacco market will be analyzed taking tobacco manufacturers as players. The key buyers will be taken as retailers, and tobacco leaf farmers and other raw material suppliers as the key suppliers.

## Summary

**Figure 7: Forces driving competition in the tobacco market in Sweden, 2013**

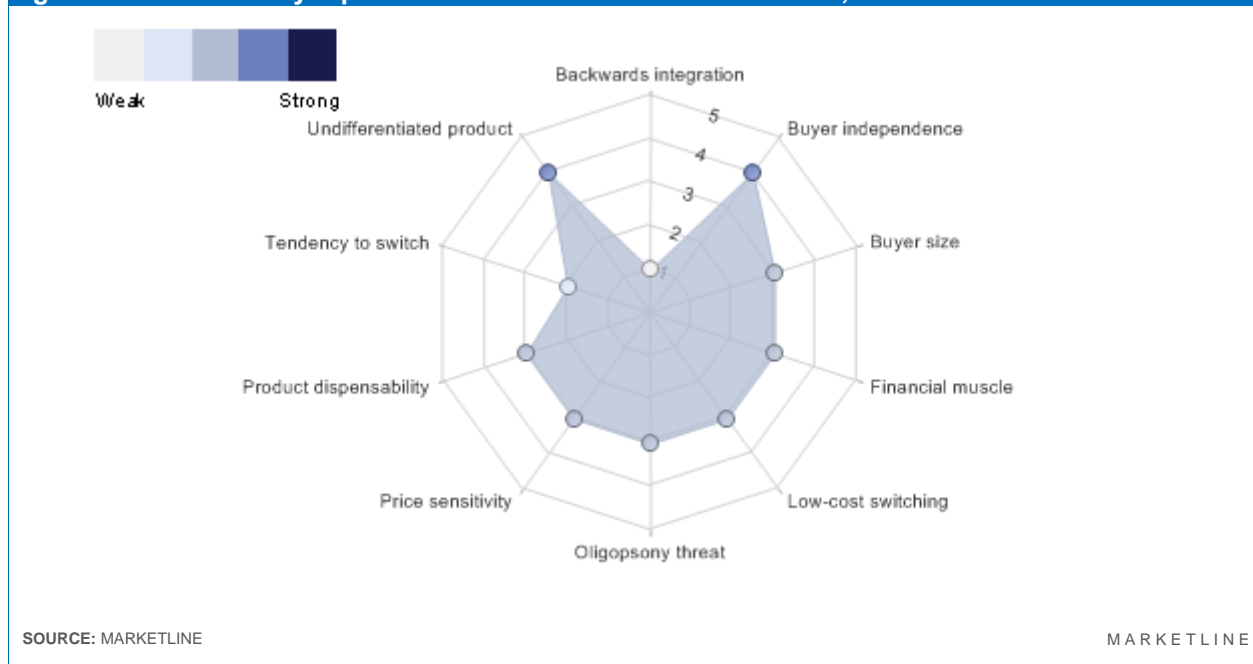


It is estimated that over 10% of the annual global tobacco consumption (around 600 billion cigarettes) is supplied by smuggled or counterfeit trade, and this illicit tobacco impacts upon players' revenues which serves to increase rivalry.

Increased public awareness and knowledge of the damage tobacco products can have to health can have an impact on demand, this affects pull-through when retailers are placing their orders with manufacturers, thus increasing their power. One of the key inputs for the tobacco market includes packaging materials, such as RYO (Roll Your Own) tobacco booklet covers, as well as printed OPP film (Oriented Polypropylene film), bundle wraps and tobacco pouches. However, suppliers of these materials may suffer if plain packaging legislation is enforced as it is in Australia. Legislation and government regulation with regards to smoking also continues to grow, therefore current tobacco control strategies seek primarily to decrease the demand for cigarettes through measures that encourage individuals to adopt healthier behaviors, thus raising entry barriers and creating difficult conditions for potential new entrants. Substitutes in the tobacco market include nicotine gum, nicotine patches, herbal cigarettes and electronic cigarettes. E-cigarettes in particular have become a growth market, and many tobacco companies are investing in, and developing their own e-cigarette products to counter the threat from this substitute.

## Buyer power

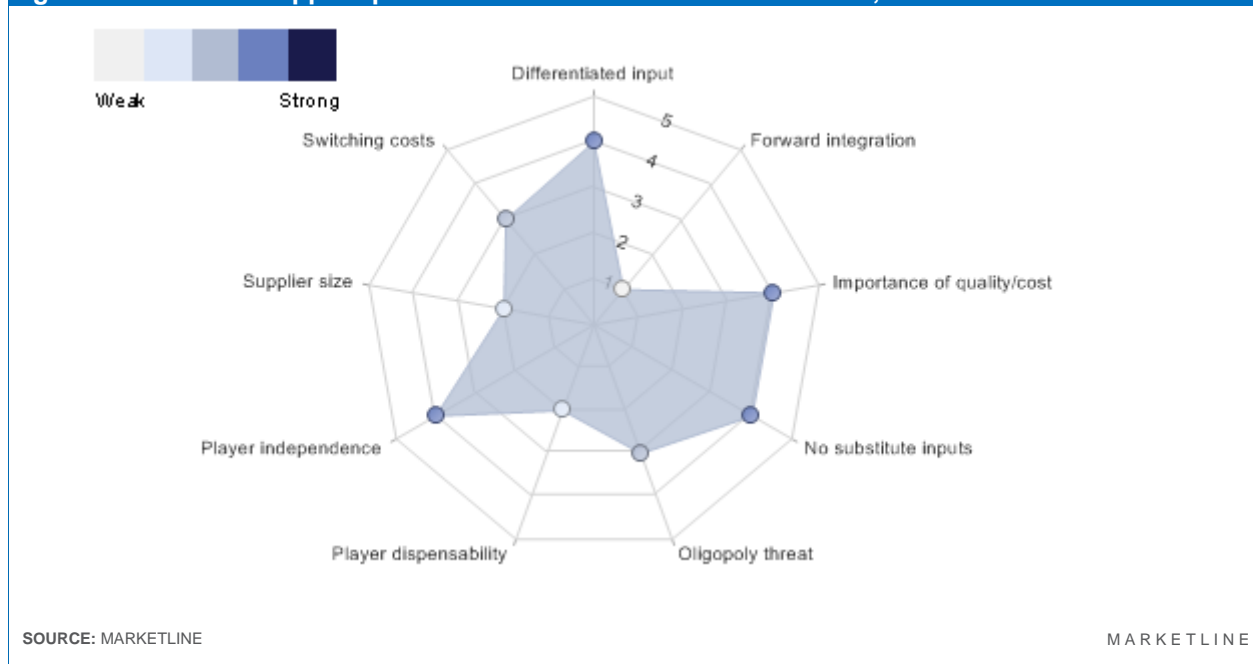
**Figure 8: Drivers of buyer power in the tobacco market in Sweden, 2013**



Retailers are considered as buyers in the tobacco market. The main retailers for the Swedish tobacco market include supermarkets/hypermarkets, service stations and specialist retailers. The concentration of retail outlets is relatively fragmented in the tobacco market, as there are a number of outlets where the products can be sold. In Sweden, supermarkets/hypermarkets are the most dominant distribution channel, with a 35.3% share of the total market distribution. Increasing tax on tobacco products is likely to reduce the demand for tobacco products, which could result in retailers reducing their stocks, in-turn increasing buyer power. Another factor impacting on tobacco demand is the regulation of tobacco products such as bans on smoking in public spaces, warning labels on packaging and the regulation of the advertising and promotion of tobacco. Additionally, increased public awareness and knowledge of the damage tobacco products can have to health can also impact on demand. Furthermore, tobacco products are just one of many products sold by most retailers, which illustrates that in most cases retailers are not reliant upon tobacco sales, which increases buyer power. Customers are likely to be loyal towards certain brands, so there is potentially some pull-through of end-consumer demand on retailers, which decreases buyer power to some extent. Overall, buyer power in this market is moderate.

## Supplier power

**Figure 9: Drivers of supplier power in the tobacco market in Sweden, 2013**



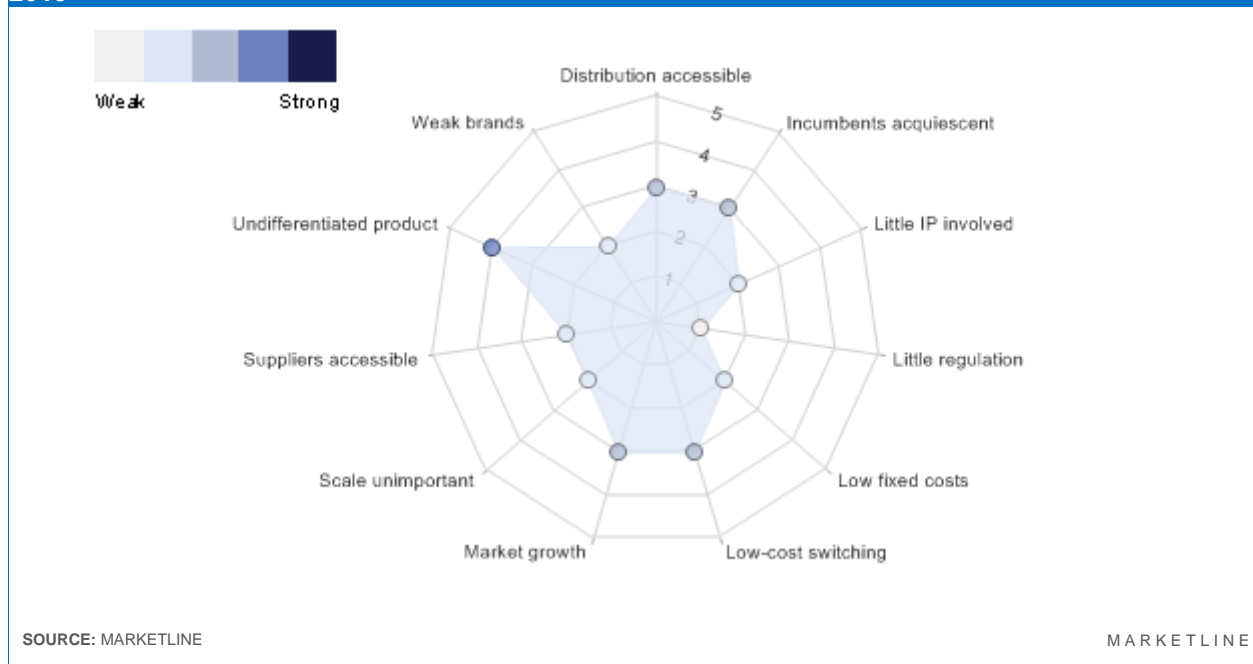
Tobacco is an agricultural product and therefore key suppliers to the tobacco market include tobacco leaf farmers. These farmers lack power in the supply chain because of their smaller size, with many farms being family-run businesses, particularly those in developing countries. Further inputs to the market include processing aids, humectants (which keep the tobacco moist and pliable), preservatives and brand-specific flavors.

Other key inputs include packaging materials, such as paper/card, plastic, and foil to protect and preserve the products of this market. More specifically, packaging manufacturers supply the market with in-line rotogravure printed hinge-lid blanks and soft packs, RYO (Roll Your Own) tobacco booklet covers, as well as printed OPP film (Oriented Polypropylene film), bundle wraps and tobacco pouches. In Europe, MM Packaging is the leading European packaging producer for cigarettes, with dedicated production plants. Due to the relative size of these suppliers, their respective influence over the market is increased, although this may become weaker if Sweden opted to introduce plain packaging for cigarettes, as in Australia, where it was introduced in December 2012. There are limited alternative raw materials in this market, so players are unlikely to switch a supplier, which increases supplier power. Overall, supplier power is moderate.



## New entrants

**Figure 10: Factors influencing the likelihood of new entrants in the tobacco market in Sweden, 2013**



Large international incumbents are dominant within the Swedish market, such as Philip Morris International (whose brands include: Marlboro, Players and L&M). The size and strength of such brands will likely dissuade new entrants from entering the market.

Legislation and government regulation with regards to smoking also continue to grow in this market, although restrictions are less limiting than in other markets. For example, despite indoor smoking bans, smoking rooms are legal in practically all public places and workplaces. This is in contrast to other countries, such as the UK, which bans smoking in all indoor public places. However, packaging regulation remains stringent: text health warnings, covering 30% of the front and 40% of the back, must be included on packages containing smoked tobacco products. Such regulation seeks to limit the prevalence of smoking, which will effectively deter new entrants.

Furthermore, shelf-space in retail outlets is finite and retailers may be unwilling to substitute other established brands in order to stock those of an entirely new, unproven brand. Brand awareness is also difficult to generate due to advertising restrictions on tobacco products. Overall, there is a weak threat from new entrants to the Swedish tobacco market.

## Threat of substitutes

**Figure 11: Factors influencing the threat of substitutes in the tobacco market in Sweden, 2013**



Substitutes in the tobacco market may include various non-durable consumer goods, for example nicotine gum, nicotine patches, and herbal cigarettes. The benefits of substituting tobacco products for alternate non-durable consumer goods are especially notable largely due to the health implications associated with smoking (e.g. increased risk of lung cancer, heart disease etc.). Furthermore, because of the addictive quality of nicotine present in tobacco products, many smokers who want to quit, attempt to do so by substituting tobacco products for products such as nicotine gum, or patches. These products fulfill the consumer's need for nicotine, without the harmful effects of inhaling smoke. Unlike tobacco products, which face restrictions on advertising in many markets, nicotine replacement products are highly promoted through a range of media.

Additionally, electronic cigarettes, which replicate the sensation of smoking and delivers to the user a small dose of nicotine that can satiate cravings, are an increasingly popular alternative to tobacco products. As their popularity increases, the threat they pose to the tobacco market correspondingly increases. However, some countries are looking to regulate electronic cigarettes and nicotine replacement products in order to ensure the quality and safety of these substitutes, which could serve to reduce the threat of substitutes. Overall, there is a moderate threat from substitutes.

## Degree of rivalry

**Figure 12: Drivers of degree of rivalry in the tobacco market in Sweden, 2013**



The Swedish tobacco market is concentrated, with Philip Morris International, Japan Tobacco, British American Tobacco and Swedish Match accounting for 69.4% of the market's total value. Product differentiation is essentially limited between the core tobacco products, which include: chewing tobacco, cigars and cigarillos, cigarettes and loose tobacco, which increases rivalry. Additionally, further possible regulatory efforts, such as plain packaging and an EU ban of packets of 10 cigarettes, and menthol and flavored cigarettes due to come into effect in 2016, have the potential to further diminish product differentiation, increasing rivalry further.

In response, players have started to explore the option of entering other areas of high growth, such as the electronic cigarette market. For example, British American Tobacco has set up a company called Nicoventures which released Vype e-cigarettes in 2013. Such diversification can serve to reduce rivalry, as well as control the impact of potential substitution.

Illicit tobacco supplies impact upon players' revenues: it is estimated that over 10% of the annual global tobacco consumption (around 600 billion cigarettes) is supplied by smuggled or counterfeit trade. This will hit major players' profitability, serving to boost rivalry, as will the relatively weak growth experienced in the last few years. Overall, there is a moderate degree of rivalry in the Swedish tobacco market.

# LEADING COMPANIES

## British American Tobacco p.l.c.

**Table 7: British American Tobacco p.l.c.: key facts**

Head office:	Globe House, 4 Temple Place, London, WC2R 2PG, GBR
Telephone:	44 207 845 1000
Fax:	44 20 7240 0555
Local office:	British American Tobacco Sweden AB, Warfvinges vag 31, Kungsholmen, Stockholm 104 25, SWE
Telephone:	46 8 546 730 00
Fax:	46 8 546 730 20
Website:	www.bat.com
Financial year-end:	December
Ticker:	BATS, BTI
Stock exchange:	London, Johannesburg

SOURCE: COMPANY WEBSITE

MARKETLINE

British American Tobacco p.l.c. (BAT) is an international tobacco group engaged in the sale of cigarettes, cigars, smokeless snus and other tobacco products. It serves more than 200 markets across the Americas, Western Europe, Asia-Pacific, and Eastern Europe, and the Middle East and Africa (EEMEA) through a large number of subsidiaries and associate companies.

The company owns a portfolio of more than 200 brands. Its leading international brands, called the Global Drive Brands (GDBs), include Dunhill, Kent, Rothmans, Lucky Strike and Pall Mall. Under the Dunhill brand, the company offers a range of premium and super-premium cigarettes and cigars across more than 110 countries. Kent is the company's largest premium brand and is sold in more than 80 markets. Additionally, the Lucky Strike brand is sold in more than 70 countries, while Pall Mall and Rothmans are sold across more than 100 markets and 60 markets, respectively, around the world. The other international and local brands owned by BAT include State Express 555, Vogue, Viceroy, Kool, Peter Stuyvesant, Craven A, Benson & Hedges and John Player Gold Leaf.

The company distributes finished products to outlets throughout the world, including supermarkets, convenience stores, hotels, bars, restaurants, cafes, tobacco shops and duty free shops. In FY2013, the company, excluding associates, sold about 676,000 million cigarettes that were manufactured in 46 cigarette factories across 41 countries.

BAT operates through four segments, organized and managed on the basis of geography: Asia-Pacific, EEMEA, Western Europe and the Americas.

The Asia-Pacific region includes the company's operations in Australia, Bangladesh, Indonesia, Japan, Malaysia, New Zealand, Pakistan, South Korea, Taiwan and Vietnam. BAT operates in the Asia-Pacific region through its subsidiaries such as British American Tobacco Australia, British American Tobacco Bangladesh Company, PT Bentoel Internasional Investama, British American Tobacco Japan and British American Tobacco (Malaysia). Other subsidiaries include British American Tobacco (New Zealand), Pakistan Tobacco Co., British American Tobacco Korea, B.A.T Services, and British American Tobacco Marketing (Singapore).

The EEMEA region includes major markets such as Algeria, Egypt, Kazakhstan, Morocco, Nigeria, Russia, South Africa, Turkey and Ukraine. BAT operates in these markets through subsidiaries including British American Tobacco Kazakhstan Trading, OJSC British American Tobacco - STF, A/T B.A.T. - Prilucky Tobacco Co. and British American Tobacco Holdings South Africa.

Western Europe comprises the company's operations in Belgium, the Czech Republic, Denmark, France, Germany, Hungary, Italy, the Netherlands, Poland, Romania, Spain, Sweden, Switzerland and the UK. Some of its subsidiaries include British American Tobacco Belgium, British American Tobacco France, British-American Tobacco (Germany), British American Tobacco Switzerland, and British American Tobacco UK.

The company operates in Argentina, Brazil, Canada, Chile, Colombia, Mexico and Venezuela in the Americas region. Its key subsidiaries in this region are Nobleza-Piccardo, Souza Cruz, Imperial Tobacco Canada, British American Tobacco Chile Operaciones, British American Tobacco Colombia, British American Tobacco Mexico, and C.A. Cigarrera Bigott Sucs.

In addition to these, the company also operates through two principal associates, namely Reynolds American in the US and ITC in India. Reynolds American is a producer and marketer of tobacco and related products. ITC is an Indian conglomerate company with a presence in several consumer and hospitality industries, such as fast moving consumer goods including tobacco, agri-business, paperboard, paper and packaging, and the hotels industry.

## Key Metrics

The company recorded revenues of \$23,855m in the fiscal year ending December 2013, an increase of .5% compared to fiscal 2012. Its net income was \$6,564m in fiscal 2013, compared to a net income of \$6,372m in the preceding year.

**Table 8: British American Tobacco p.l.c.: key financials (\$)**

\$ million	2009	2010	2011	2012	2013
Revenues	22,210.4	23,265.6	24,072.2	23,745.5	23,854.9
Net income (loss)	4,262.9	6,160.7	3,656.4	6,371.7	6,564.0
Total assets	41,603.9	43,551.7	42,393.3	42,718.5	42,021.3
Total liabilities	29,235.6	28,625.9	29,146.5	30,558.1	31,180.2
Employees	97,078	92,285	87,813	87,485	89,820

SOURCE: COMPANY FILINGS

MARKETLINE

**Table 9: British American Tobacco p.l.c.: key financials (£)**

£ million	2009	2010	2011	2012	2013
Revenues	14,208.0	14,883.0	15,399.0	15,190.0	15,260.0
Net income (loss)	2,727.0	3,941.0	2,339.0	4,076.0	4,199.0
Total assets	26,614.0	27,860.0	27,119.0	27,327.0	26,881.0
Total liabilities	18,702.0	18,312.0	18,645.0	19,548.0	19,946.0

SOURCE: COMPANY FILINGS

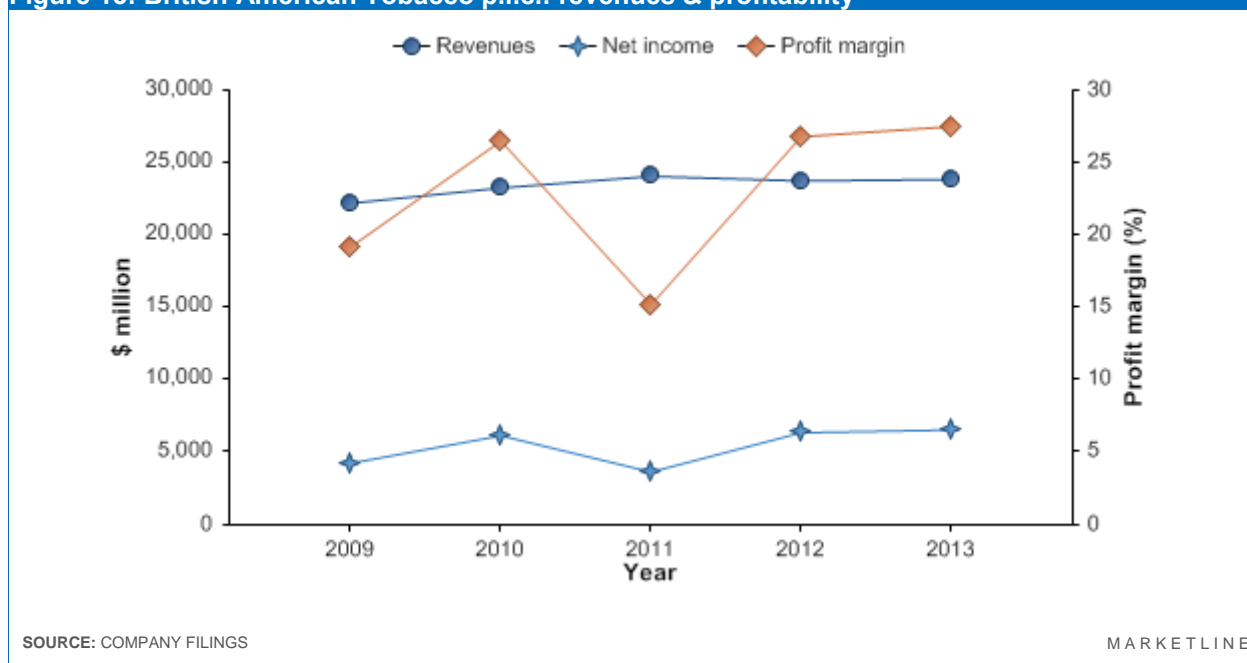
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**Table 10: British American Tobacco p.l.c.: key financial ratios**

Ratio	2009	2010	2011	2012	2013
Profit margin	19.2%	26.5%	15.2%	26.8%	27.5%
Revenue growth	17.2%	4.8%	3.5%	(1.4%)	0.5%
Asset growth	(3.4%)	4.7%	(2.7%)	0.8%	(1.6%)
Liabilities growth	(8.0%)	(2.1%)	1.8%	4.8%	2.0%
Debt/asset ratio	70.3%	65.7%	68.8%	71.5%	74.2%
Return on assets	10.1%	14.5%	8.5%	15.0%	15.5%
Revenue per employee	\$228,789	\$252,106	\$274,130	\$271,424	\$265,586
Profit per employee	\$43,912	\$66,757	\$41,638	\$72,832	\$73,080

SOURCE: COMPANY FILINGS

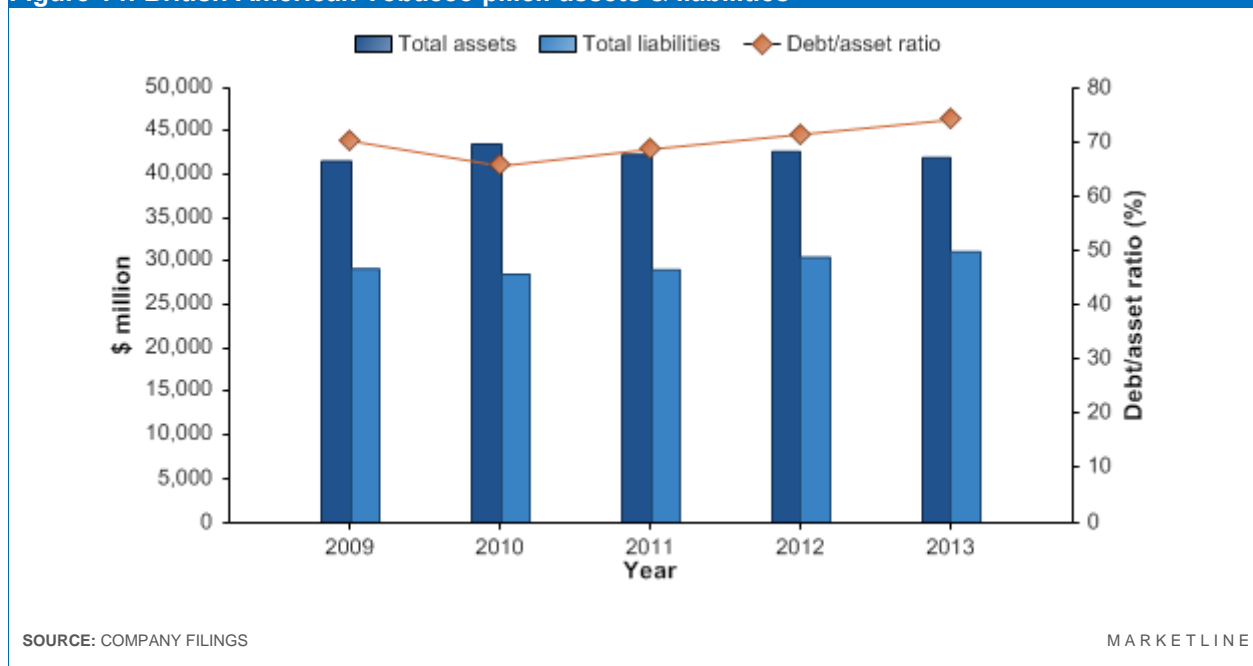
MARKETLINE

**Figure 13: British American Tobacco p.l.c.: revenues & profitability**

SOURCE: COMPANY FILINGS

MARKETLINE

**Figure 14: British American Tobacco p.l.c.: assets & liabilities**



# Japan Tobacco Inc.

**Table 11: Japan Tobacco Inc.: key facts**

Head office:	2-1, Toranomom 2-chome, Minato-ku, Tokyo 105 8422, JPN
Telephone:	81 3 3582 3111
Fax:	81 3 5572 1441
Local office:	JTI Sweden AB, Birger Jarlsgatan 57B, 113 56 Stockholm, SWE
Telephone:	46 8456 0000
Fax:	46 8456 0001
Website:	www.jt.com
Financial year-end:	March
Ticker:	2914
Stock exchange:	Tokyo
<p><b>SOURCE:</b> COMPANY WEBSITE</p> <p><b>MARKETLINE</b></p>	

Japan Tobacco Inc. (JT) is a leading international tobacco company. The company also operates in the pharmaceutical, processed foods and beverage industries.

JT has operations in more than 70 countries, selling its products in over 120 countries including Canada, the Netherlands, Switzerland, France, Germany, Russia, Ukraine, the Middle East and Africa.

The company operates through six segments: international tobacco, Japanese domestic tobacco, beverages, processed food, pharmaceuticals, and other operations.

The international tobacco segment manufactures and sells tobacco products in about 120 countries under various brands including Winston, Camel, Mevius (formerly Mild Seven), Benson & Hedges, Silk Cut, LD, Sobranie and Glamour. The operations of the segment are managed by JT International (JTI). JTI operates factories in 28 locations and other business facilities in around 70 locations around the world.

The Japanese domestic tobacco segment is engaged in the manufacture and sale of tobacco products in domestic areas including duty-free retail stores across Japan and in the markets of China, Hong Kong and Macau. The key brands of the segment include Mevius, Seven Stars, echo and Caster Mild.

The beverage segment consists of the manufacture and sale of beverages under various brand names including Roots and Momo no Tennensui. Under its beverages business, the company's subsidiary, Japan Beverage Holdings, operates vending machines nationwide.

The processed food segment manufactures and sells frozen and room-temperature processed foods, bakery products and seasonings. The TableMark Group, a subsidiary of the company, markets processed foods such as frozen noodles, frozen and packed cooked rice, and frozen bread. Fuji Foods Corporation, a subsidiary of TableMark, is focused on seasonings. Saint-Germain, another subsidiary of TableMark, is engaged in bakery products.

The pharmaceutical segment is engaged in the research, development, manufacture and distribution of prescription drugs. In the domestic market, JT operates through its subsidiary Torii Pharmaceutical, which manufactures and sells prescription drugs.

The other operations segment includes activities relating to the rent of real estate, and corporate expenses relating to the communication and operation of the head office.



## Key Metrics

The company recorded revenues of \$24,596m in the fiscal year ending March 2014, an increase of 13.2% compared to fiscal 2013. Its net income was \$4,461m in fiscal 2014, compared to a net income of \$3,602m in the preceding year.

**Table 12: Japan Tobacco Inc.: key financials (\$)**

\$ million	2010	2011	2012	2013	2014
Revenues	70,024.7	63,488.3	20,844.8	21,730.0	24,596.1
Net income (loss)	1,419.0	1,485.7	3,602.7	3,602.0	4,461.3
Total assets	39,690.4	36,608.9	37,583.3	39,485.2	47,262.9
Total liabilities	22,028.5	20,300.6	20,010.0	20,089.5	20,655.5
Employees	49,665	48,472	48,529	49,507	51,563
SOURCE: COMPANY FILINGS			MARKETLINE		

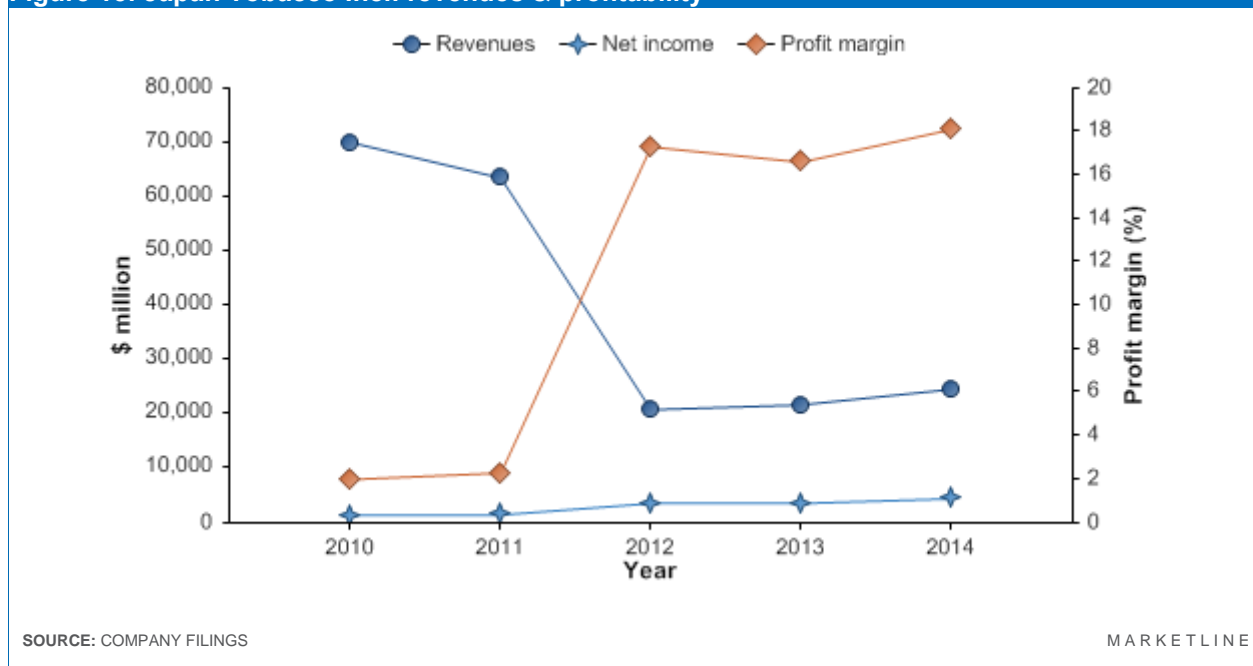
**Table 13: Japan Tobacco Inc.: key financials (¥)**

¥ million	2010	2011	2012	2013	2014
Revenues	6,832,307.0	6,194,554.0	2,033,825.0	2,120,196.0	2,399,841.0
Net income (loss)	138,448.0	144,962.0	351,518.0	351,448.0	435,291.0
Total assets	3,872,596.0	3,571,928.0	3,667,007.0	3,852,567.0	4,611,444.0
Total liabilities	2,149,317.0	1,980,725.0	1,952,380.0	1,960,137.0	2,015,354.0
SOURCE: COMPANY FILINGS			MARKETLINE		

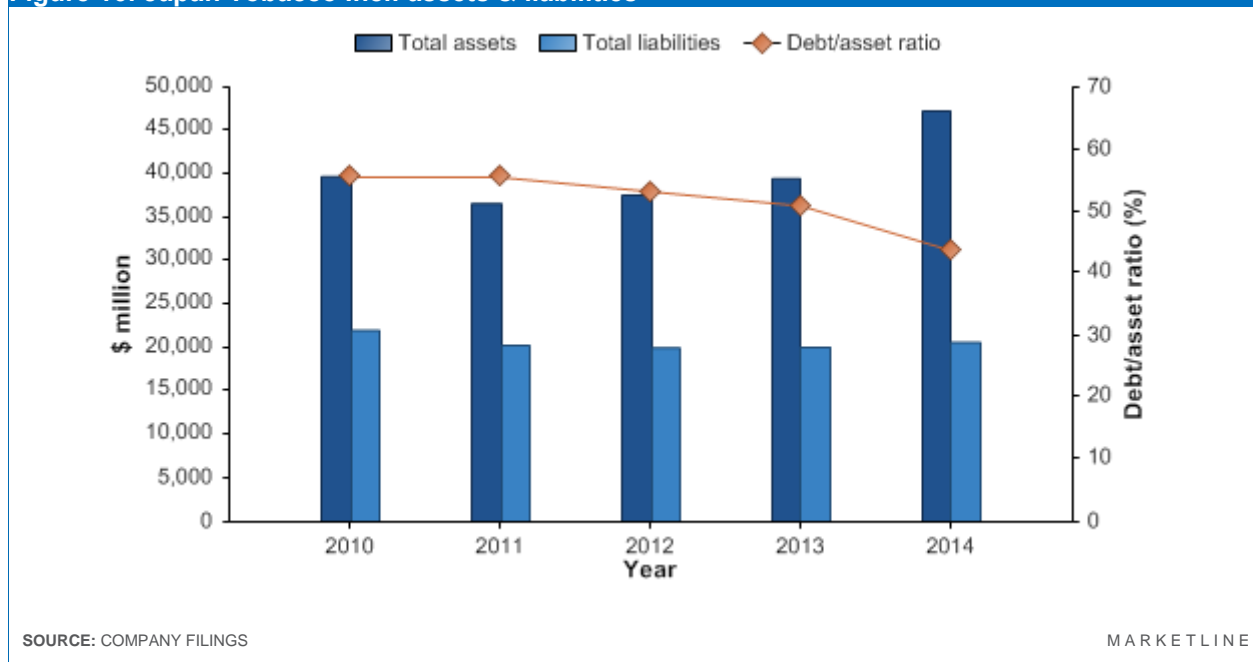
**Table 14: Japan Tobacco Inc.: key financial ratios**

Ratio	2010	2011	2012	2013	2014
Profit margin	2.0%	2.3%	17.3%	16.6%	18.1%
Revenue growth	0.0%	(9.3%)	(67.2%)	4.2%	13.2%
Asset growth	(0.2%)	(7.8%)	2.7%	5.1%	19.7%
Liabilities growth	(4.7%)	(7.8%)	(1.4%)	0.4%	2.8%
Debt/asset ratio	55.5%	55.5%	53.2%	50.9%	43.7%
Return on assets	3.6%	3.9%	9.7%	9.3%	10.3%
Revenue per employee	\$1,409,940	\$1,309,793	\$429,532	\$438,928	\$477,011
Profit per employee	\$28,571	\$30,651	\$74,239	\$72,758	\$86,522
SOURCE: COMPANY FILINGS			MARKETLINE		

**Figure 15: Japan Tobacco Inc.: revenues & profitability**



**Figure 16: Japan Tobacco Inc.: assets & liabilities**



# Philip Morris International Inc.

**Table 15: Philip Morris International Inc.: key facts**

Head office:	120 Park Avenue, New York, New York 10017, USA
Telephone:	1 917 663 2000
Local office:	Philip Morris AB, Karlavägen 108, 104 51 Stockholm, SWE
Telephone:	46 8440 59 40
Website:	www.pmi.com
Financial year-end:	December
Ticker:	PM
Stock exchange:	New York
SOURCE: COMPANY WEBSITE	
MARKETLINE	

Philip Morris International Inc. is an international tobacco company. The company, along with its subsidiaries, is engaged in the manufacturing and sale of cigarettes and other tobacco products in markets outside of the US.

The company operates its business through four segments, which are organized and managed by geographic region: European Union (EU); Asia; Eastern Europe, Middle East and Africa (EEMA); and Latin America and Canada.

The EU region covers all EU countries except for Slovenia, Bulgaria and Romania. The segment also includes operations in Switzerland, Norway and Iceland, which are linked to the EU through trade agreements.

The Asia region covers all Asian countries as well as Australia, New Zealand and the Pacific Islands.

The EEMA region covers Eastern Europe, the Balkans (including Slovenia, Bulgaria and Romania), Turkey, the Middle East and Africa and the company's international duty free business.

The Latin America and Canada region covers the South American continent, Central America, Mexico, the Caribbean and Canada.

PMI's key brands include Marlboro, Merit, Parliament, Virginia Slims, L&M, Chesterfield, Bond Street, Lark, Muratti, Next, Philip Morris, Red & White, Sampoerna, Dji Sam Soe, U Mild, Fortune, Champion, Hope, Diana, Optima, Apollo-Soyuz, Morven Gold, Boston, Belmont, Canadian Classics, Number 7, Best, Classic, f6, Delicados, Assos and Petra.

The company uses four types of distribution: direct sales and distribution, whereby it distributes directly to retailers; distribution through single independent distributors (with responsibility for a single market); exclusive zonified distribution, where distributors have an exclusive territory within a country; and distribution through wholesalers. Besides these, the company also directly services key accounts, including gas stations, retail chains and supermarkets in many countries.

## Key Metrics

The company recorded revenues of \$80,029m in the fiscal year ending December 2013, an increase of 3.4% compared to fiscal 2012. Its net income was \$8,850m in fiscal 2013, compared to a net income of \$9,154m in the preceding year.

**Table 16: Philip Morris International Inc.: key financials (\$)**

\$ million	2009	2010	2011	2012	2013
Revenues	62,080.0	67,713.0	76,346.0	77,393.0	80,029.0
Net income (loss)	6,552.0	7,498.0	8,879.0	9,154.0	8,850.0
Total assets	34,552.0	35,050.0	35,488.0	37,670.0	38,168.0
Total liabilities	28,407.0	29,929.0	33,725.0	39,523.0	44,442.0
Employees	77,300	78,300	78,100	87,100	91,100

SOURCE: COMPANY FILINGS

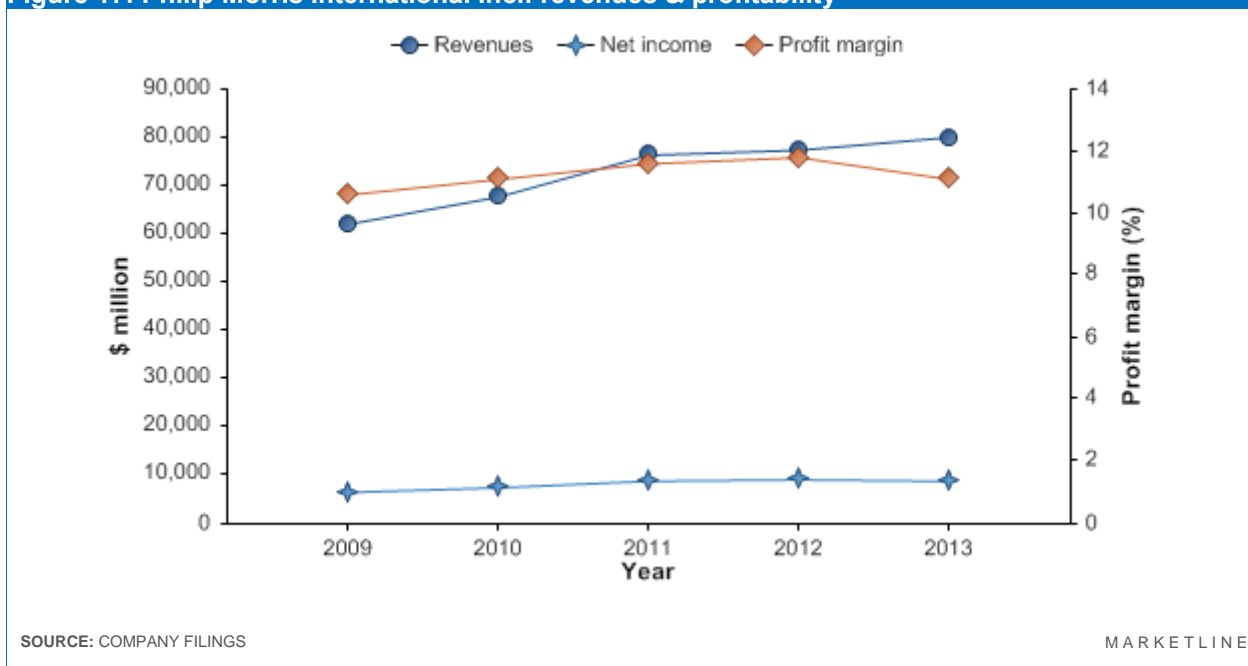
MARKETLINE

**Table 17: Philip Morris International Inc.: key financial ratios**

Ratio	2009	2010	2011	2012	2013
Profit margin	10.6%	11.1%	11.6%	11.8%	11.1%
Revenue growth	(2.5%)	9.1%	12.7%	1.4%	3.4%
Asset growth	4.8%	1.4%	1.2%	6.1%	1.3%
Liabilities growth	11.5%	5.4%	12.7%	17.2%	12.4%
Debt/asset ratio	82.2%	85.4%	95.0%	104.9%	116.4%
Return on assets	19.4%	21.5%	25.2%	25.0%	23.3%
Revenue per employee	\$803,105	\$864,789	\$977,542	\$888,553	\$878,474
Profit per employee	\$84,761	\$95,760	\$113,688	\$105,098	\$97,146

SOURCE: COMPANY FILINGS

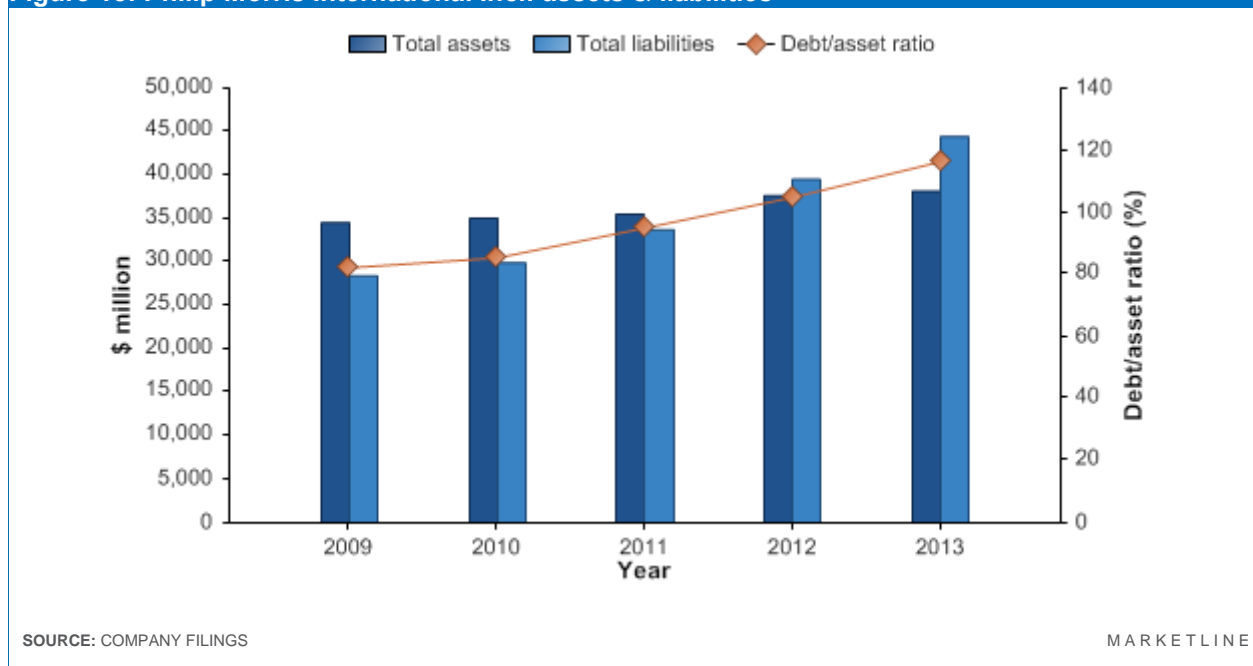
MARKETLINE

**Figure 17: Philip Morris International Inc.: revenues & profitability**

SOURCE: COMPANY FILINGS

MARKETLINE

**Figure 18: Philip Morris International Inc.: assets & liabilities**



# Swedish Match AB

**Table 18: Swedish Match AB: key facts**

Head office:	Vastra Tradgardsgatan 15, 103 88 Stockholm, SWE
Telephone:	46 8 658 0200
Fax:	46 8 720 7656
Website:	<a href="http://www.swedishmatch.com">www.swedishmatch.com</a>
Financial year-end:	December
Ticker:	SWMA
Stock exchange:	NASDAQ OMX Stockholm
<p><b>SOURCE:</b> COMPANY WEBSITE</p> <p style="text-align: right;"><b>MARKETLINE</b></p>	

Swedish Match AB is engaged in developing, manufacturing and selling tobacco products including snus and snuff, cigars, chewing tobacco and lights (matches and lighters).

The group offers its products under the General, Ettan, Grovsnus, Goteborgs Rape, Catch, Kaliber and Kronan brands in Sweden; and Longhorn, Timber Wolf, Red Man and General in the US. Swedish Match has production units in six countries and operates in Europe, the Americas, Asia and Africa.

The group primarily operates through the following three segments: snus and snuff; other tobacco products; and lights.

Swedish Match produces and sells smoke-free tobacco products, snus and snuff, primarily in Sweden, Norway and the US. The group has production units in Sweden and the US.

The group's other tobacco products segment consists of US mass market cigars and chewing tobacco. Swedish Match's cigar brands include White Owl, Garcia y Vega and Game by Garcia y Vega. The group markets chewing tobacco under the Red Man brand. Swedish Match has production units for its other tobacco products segment in the US and the Dominican Republic.

The lights segment is engaged in manufacturing and distributing matches and lighters. The group's match and fire related brands include Solstickan, Fiat Lux, Swan, Tres Estrellas, Feudor and Redheads. Swedish Match markets its lighters under the Cricket brand. The group has production units in Sweden, Brazil, the Philippines and the Netherlands.

Swedish Match owns 50% of SMPM International, a joint venture with Philip Morris International to explore and develop new markets for snus outside of Scandinavia and the US.

The group's other subsidiaries include Swedish Match North Europe AB, Swedish Match Industries AB, SA Allumettiere Causemille, Swedish Match Treasury SEK SA, Swedish Match North America Inc, Swedish Match Dominicana S.A., Swedish Match Cigars Holding AB, Swedish Match Group BV, The Burma Match Co Ltd and GC Sweden AB among others.

## Key Metrics

The company recorded revenues of \$1,935m in the fiscal year ending December 2013, an increase of 1.0% compared to fiscal 2012. Its net income was \$416m in fiscal 2013, compared to a net income of \$446m in the preceding year.

**Table 19: Swedish Match AB: key financials (\$)**

\$ million	2009	2010	2011	2012	2013
Revenues	2,180.1	2,088.3	1,790.5	1,916.4	1,935.4
Net income (loss)	482.9	454.0	389.5	446.2	416.1
Total assets	2,507.4	2,262.2	2,226.6	2,205.7	2,284.0
Total liabilities	2,369.5	2,336.2	2,472.0	2,520.5	2,404.5
Employees	11,037	8,822	3,880	3,848	4,382

SOURCE: COMPANY FILINGS

MARKETLINE

**Table 20: Swedish Match AB: key financials (SEK)**

SEK million	2009	2010	2011	2012	2013
Revenues	14,204.0	13,606.0	11,666.0	12,486.0	12,610.0
Net income (loss)	3,146.0	2,958.0	2,538.0	2,907.0	2,711.0
Total assets	16,337.0	14,739.0	14,507.0	14,371.0	14,881.0
Total liabilities	15,438.0	15,221.0	16,106.0	16,422.0	15,666.0

SOURCE: COMPANY FILINGS

MARKETLINE

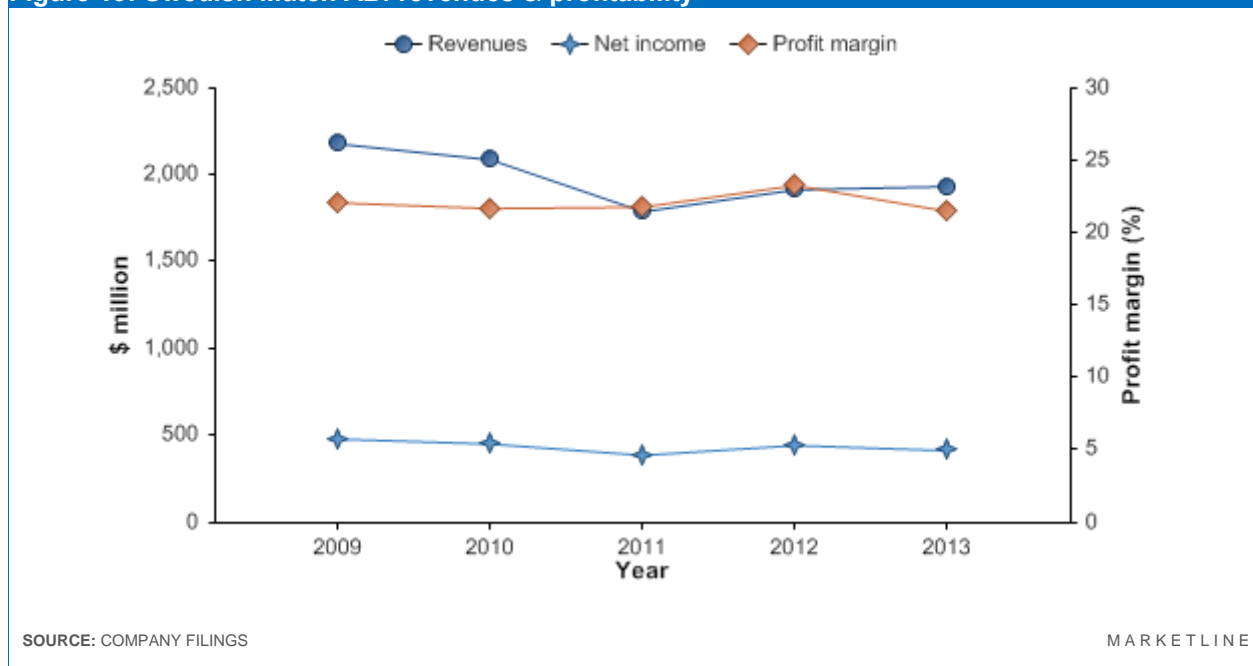
**Table 21: Swedish Match AB: key financial ratios**

Ratio	2009	2010	2011	2012	2013
Profit margin	22.1%	21.7%	21.8%	23.3%	21.5%
Revenue growth	12.6%	(4.2%)	(14.3%)	7.0%	1.0%
Asset growth	(11.0%)	(9.8%)	(1.6%)	(0.9%)	3.5%
Liabilities growth	(9.1%)	(1.4%)	5.8%	2.0%	(4.6%)
Debt/asset ratio	94.5%	103.3%	111.0%	114.3%	105.3%
Return on assets	18.1%	19.0%	17.4%	20.1%	18.5%
Revenue per employee	\$197,523	\$236,713	\$461,476	\$498,020	\$441,674
Profit per employee	\$43,749	\$51,462	\$100,397	\$115,950	\$94,955

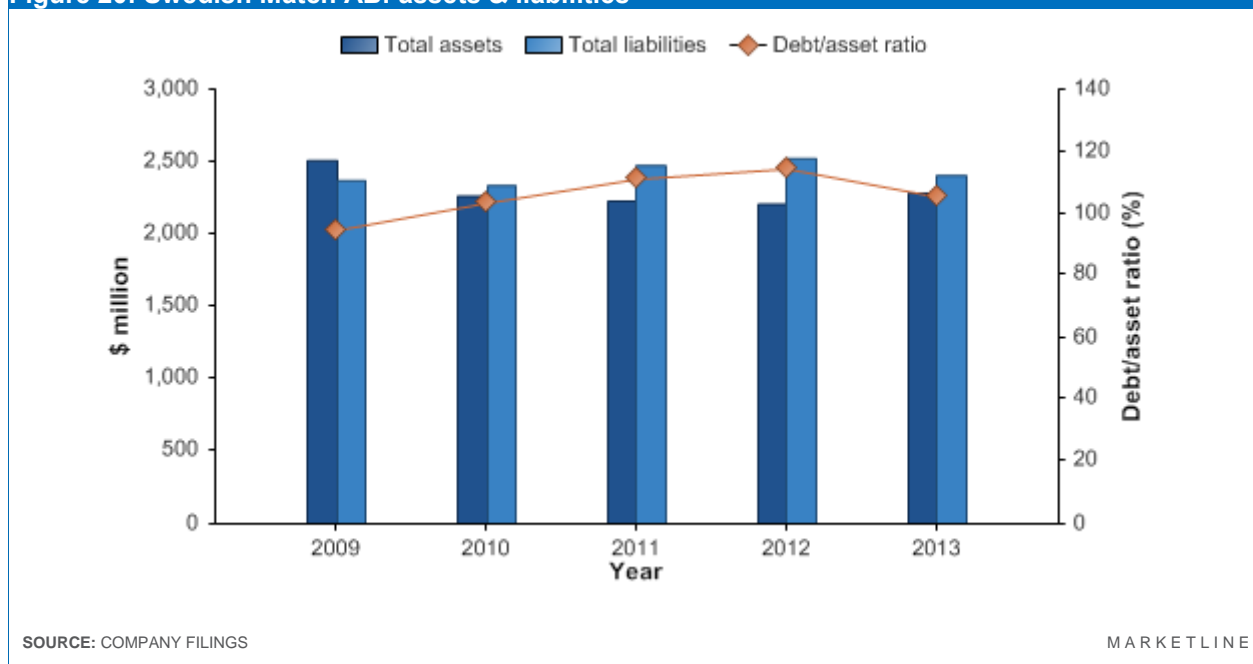
SOURCE: COMPANY FILINGS

MARKETLINE

**Figure 19: Swedish Match AB: revenues & profitability**



**Figure 20: Swedish Match AB: assets & liabilities**





# MACROECONOMIC INDICATORS

## Country Data

**Table 22: Sweden size of population (million), 2009–13**

Year	Population (million)	% Growth
2009	9.3	0.9%
2010	9.4	0.8%
2011	9.5	0.7%
2012	9.6	0.9%
2013	9.7	0.9%

SOURCE: MARKETLINE

MARKETLINE

**Table 23: Sweden gdp (constant 2005 prices, \$ billion), 2009–13**

Year	Constant 2005 Prices, \$ billion	% Growth
2009	376.9	(5.0%)
2010	401.6	6.6%
2011	413.4	2.9%
2012	417.2	0.9%
2013	423.7	1.6%

SOURCE: MARKETLINE

MARKETLINE

**Table 24: Sweden gdp (current prices, \$ billion), 2009–13**

Year	Current Prices, \$ billion	% Growth
2009	405.8	(16.5%)
2010	463.1	14.1%
2011	536.0	15.8%
2012	523.9	(2.3%)
2013	558.0	6.5%

SOURCE: MARKETLINE

MARKETLINE

**Table 25: Sweden inflation, 2009–13**

Year	Inflation Rate (%)
2009	(0.5%)
2010	1.2%
2011	3.0%
2012	0.9%
2013	0.4%

SOURCE: MARKETLINE

MARKETLINE

**Table 26: Sweden consumer price index (absolute), 2009–13**

Year	Consumer Price Index (2005 = 100)
2009	106.6
2010	107.8
2011	111.0
2012	112.0
2013	112.5

SOURCE: MARKETLINE

MARKETLINE

**Table 27: Sweden exchange rate, 2009–13**

Year	Exchange rate (\$/SEK)	Exchange rate (€/SEK)
2009	7.6630	10.6555
2010	7.2095	9.5563
2011	6.4873	9.0252
2012	6.7736	8.7034
2013	6.5154	8.6527

SOURCE: MARKETLINE

MARKETLINE

# APPENDIX

## Methodology

MarketLine Industry Profiles draw on extensive primary and secondary research, all aggregated, analyzed, cross-checked and presented in a consistent and accessible style.

**Review of in-house databases** – Created using 250,000+ industry interviews and consumer surveys and supported by analysis from industry experts using highly complex modeling & forecasting tools, MarketLine's in-house databases provide the foundation for all related industry profiles

**Preparatory research** – We also maintain extensive in-house databases of news, analyst commentary, company profiles and macroeconomic & demographic information, which enable our researchers to build an accurate market overview

**Definitions** – Market definitions are standardized to allow comparison from country to country. The parameters of each definition are carefully reviewed at the start of the research process to ensure they match the requirements of both the market and our clients

**Extensive secondary research** activities ensure we are always fully up-to-date with the latest industry events and trends

MarketLine aggregates and analyzes a number of secondary information sources, including:

- National/Governmental statistics
- International data (official international sources)
- National and International trade associations
- Broker and analyst reports
- Company Annual Reports
- Business information libraries and databases

**Modeling & forecasting tools** – MarketLine has developed powerful tools that allow quantitative and qualitative data to be combined with related macroeconomic and demographic drivers to create market models and forecasts, which can then be refined according to specific competitive, regulatory and demand-related factors

**Continuous quality control** ensures that our processes and profiles remain focused, accurate and up-to-date

## Industry associations

### International Tobacco Growers Association

No. 30 - A, 1º dtº, 6000-081 Castelo Branco, PRT

Tel.: 351 272 325 901

Fax: 351 272 325 906

[www.tobaccoleaf.org](http://www.tobaccoleaf.org)

### European Smoking Tobacco Association

Rond Point Schumanplein 9, box 1 1040 Bruxelles, BEL

Tel.: 32 2 230 80 92

Fax: 32 2 230 82 14

[www.esta.be](http://www.esta.be)

## Related MarketLine research

### Industry Profile

Tobacco in Asia-Pacific

Tobacco in Europe

Tobacco in the United States

Tobacco in the United Kingdom

Tobacco in Germany

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