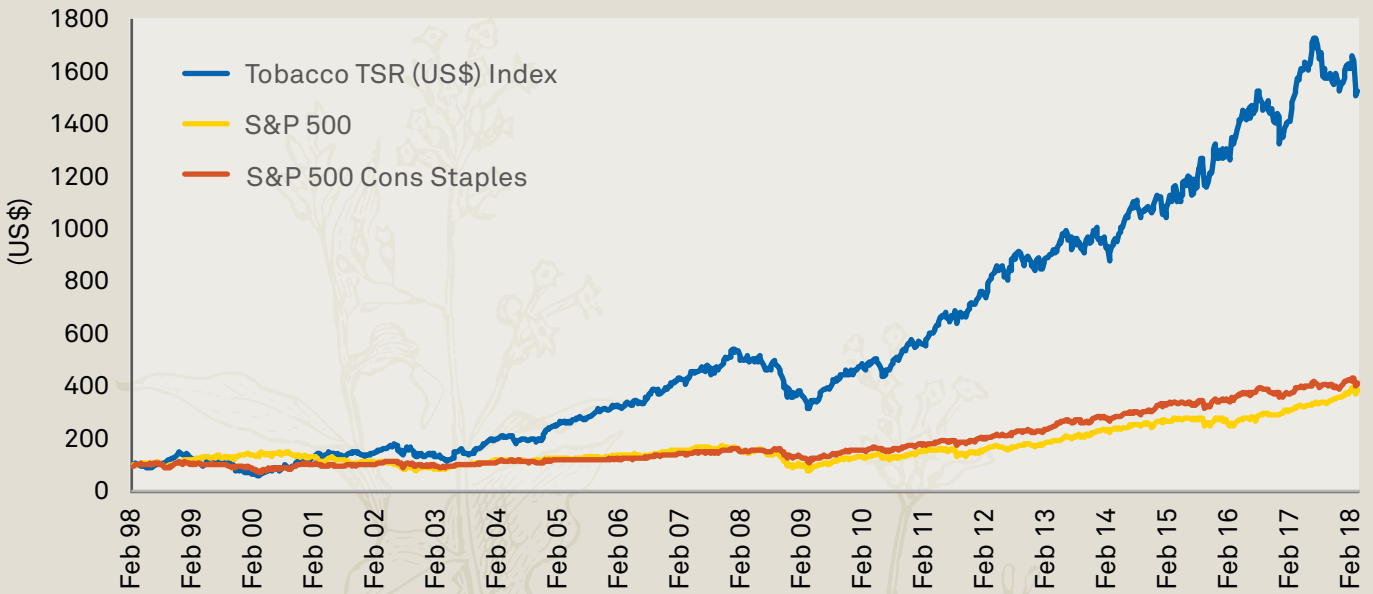


Is the tobacco industry reinventing itself?



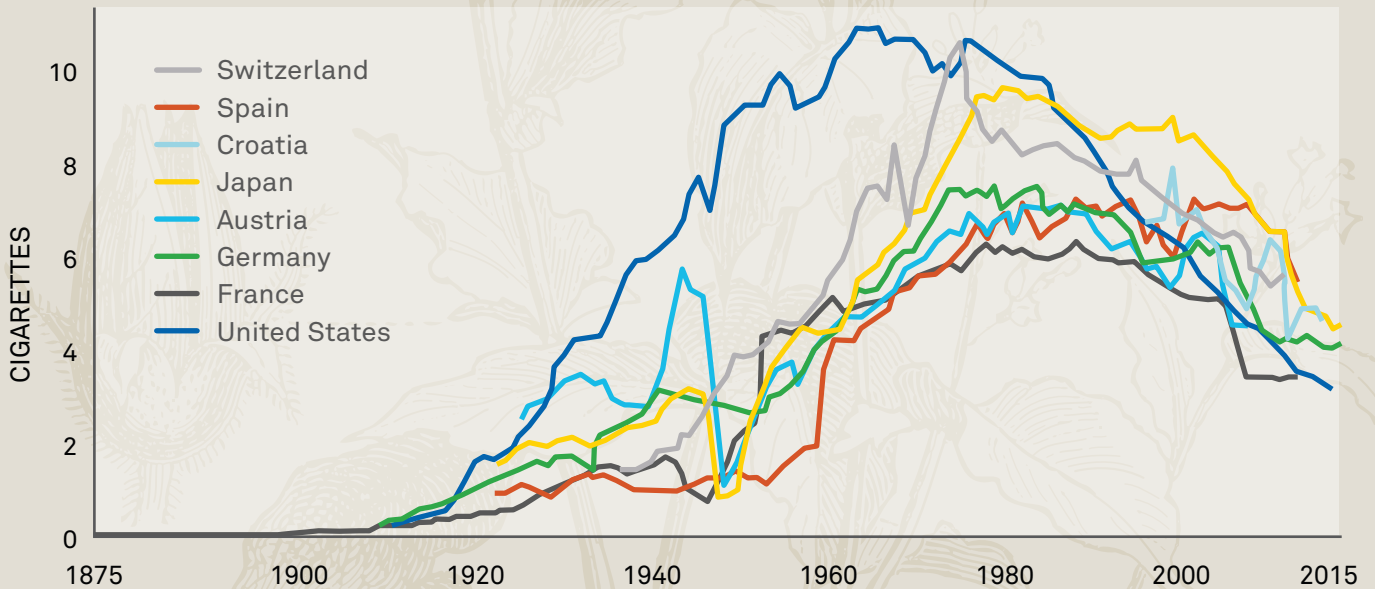
Tobacco TSR (US\$) versus US consumer staples versus broader equities



Source: DataStream and Citi, 28 February 2018.



Sales of combustible cigarettes per adult per day



Source: International Smoking Statistics (2017), Our World in Data, accessed March 2018.

Smoking in numbers

80% UK males who smoked during the late 1940s. Women's participation rate was 40%.

17% UK adults who smoke today, the lowest level since measurements began.

1975 The year the US stopped issuing cigarettes to its military personnel.

10 The daily cigarette ration allocated to Russian military personnel.¹

£12bn Direct tax revenues from smokers in the UK.²

73% The UK tax cost on a pack of 20 cigarettes costing £7.35.

600°C The temperature at which a traditional, combustible cigarette burns. New generation tobacco products are heated to about half of this.



New generation e-cigarettes are less harmful than traditional cigarettes. An expert independent evidence review published by Public Health England (PHE) concluded that e-cigarettes are around 95% less harmful than smoking.³ Even so around 45% of people surveyed by PHE were unaware of this.

1 Wired: 'Russia fears its troops will riot if cigarette rations end', 5 March 2013

2 The Telegraph: 'When it comes to smokers' burden on the NHS, they may well contribute more in tax than they take', 18 October 2017

3 Public Health England K Department of Health: 'E-cigarettes around 95% less harmful than tobacco estimates landmark review', 19 August 2015