

## Nielsen: Tobacco All Channel Data Thru 8/10 - Cig Vol Declines Hold Steady

**Tobacco**

### Marlboro Retail \$ Share Remains Stable

- **Cig Industry Vol Declines -7.2%** – Nielsen data shows cig industry volume down -7.2% in the 4-wk period ending 8/10, in-line with -7.2% in the 12-wk period. E-cig/vapor vol growth was strong, up +52.2% (vs +49.9% for 12-wks) and continues to be led by robust, albeit slightly moderating, unit vol growth of JUUL (+71.4% vs +81.4% for 12-wks). Overall, industry cig \$ sales declined -2.6% (vs -3.2% for 12-wks), led by strong pricing of +4.9% (vs +4.3% for 12-wks). For 2019, we conservatively continue to expect cig ind vol to decline -6.0%, which is at the low end of MO's guidance of -5% to -6%.
- **MO/Marlboro Prices Exceed the Broader Cat. While Share Holds Rel. Steady** – MO cig \$ sales declined -3.0% (vs -3.3% for 12-wks) with vol declines of -8.2% in the 4-wk period (vs -8.1%/-6.7% for 12-wks/52-wks) on cont. switching to e-cigs/JUUL & strong pricing of +5.7% (vs +5.2% for 12-wks). Importantly, Marlboro's retail \$ share remained relatively stable at 47.3% (down -10bps sequentially, but up 30bps y/y), despite HSD vol declines of -7.3% (vs same for 12-wks), slightly worse than the broader category.
- **BAT Cig \$ Sales Declined -2.4% As Pricing Takes Hold & Newport Pressure Continue to Ease** – BAT/RJRT's vol was down -7.1% offset by strong pricing, up +5.0% (vs +4.2% for 12-wks). Newport vol remain subdued, down -3.0% (vs -3.1% for 12-wks), reflecting sequential stability in retail share at 13.2% (+30bps y/y). Natural American Spirit (NAS) vol decelerated, down -2.7% (vs -2.3% 12-wks) as did Pall Mall vol to -11.1% (vs -10.8% for 12-wks). Camel vols improved slightly, down -7.4% (vs -8.0% for 12-wks), reflecting +10bp sequential improvement in Camel retail \$ share to 8.8%.
- **ITG Trends Still Weak** – ITG's cig \$ sales declined -7.2% (vs -7.5% 12-wks) led by vol of -11.5% (vs same for 12-wks), partially offset by pricing of +4.9% (vs +4.6% 12-wks). Winston vol declined -17.1% (vs -17.2% for 12-wks) as it cedes \$ share (-19bps y/y to 2.0% for 4-wks).
- **BAT's Grizzly Beats MO's Copenhagen in Smokeless Tobacco** – \$ sales of BAT's Grizzly of +2.7% (vs +3.2% for 12-wks) outperformed MO's Copenhagen of +0.6% (vs +1.9% for 12-wks) as Grizzly's strong pricing (+17.0% vs Copen's +6.2%) more than offset Grizzly vol declines of -12.2%/-10.8% for 4-/12-wks vs Copen (-5.3%/-5.8%).
- **E-Cigs \$ Sales Increased +50.8% Led By JUUL** – Strong cat. vol of +52.2% (vs. +49.9% for 12-wks) was led by JUUL (+71.4% vs +81.4% 12-wks) whose \$ share declined sequentially (by 184bps to 71.4%) as did all major e-cig brands except of NJOY (+278bps to 11.6%), reflecting what we see as increased competition from non-combustible alternatives, such as oral nicotine products.
- **Cigar \$ Sales Decline -5.0% Led By Swisher** – All channel cigar \$ sales declined -5.0% (vs -5.0% for 12-wks) led by by No.2 Swisher (-8.8%/-2.4% vol/pricing) & partially offset by No.1 Middleton (+3.2%/-2.4% vol/px).
- **Oral Nicotine Leaders ZYN & on! Vol Strength Continues** – Retail \$ Sales of ZYN of +278% (vs +273% for 12-wks) outperformed on! at +56% (vs 75% for 12-wks) on similar vol gains & pricing of +7.7%/-1.1% for ZYN/on! (vs +10.1%/-1.3% for 12-wks).

Please see page 19 for rating definitions, important disclosures and required analyst certifications. All estimates/forecasts are as of 08/20/19 unless otherwise stated. 08/20/19 10:29:40 ET

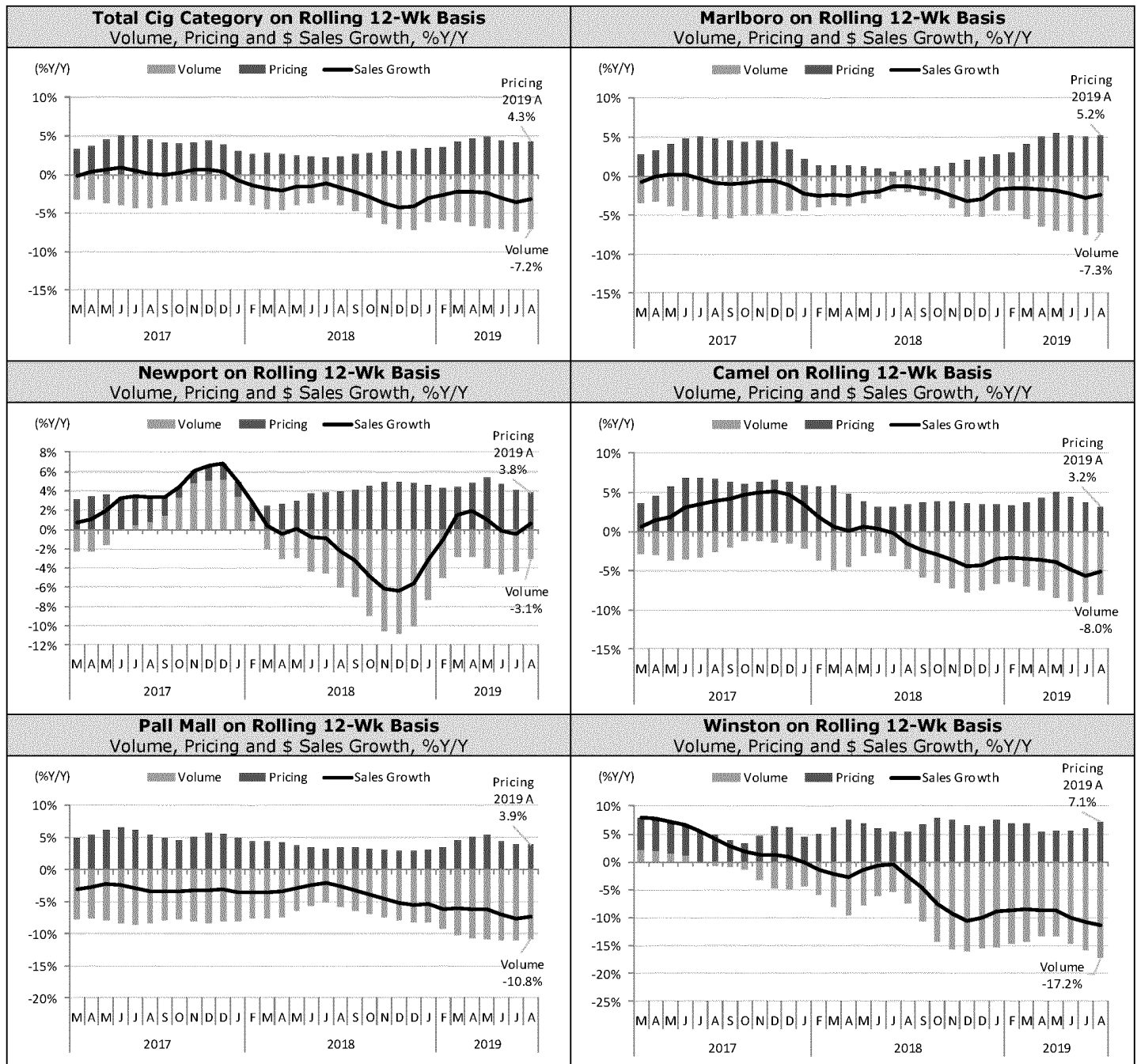
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**Bonnie Herzog**  
Senior Analyst | 212-214-5051  
bonnie.herzog@wellsfargo.com  
**Patty Kanada, CFA**  
Associate Analyst | 212-214-5029  
patty.kanada@wellsfargo.com

Together we'll go far



## Charts Based on Nielsen's 12-Wk Rolling Period Data Set

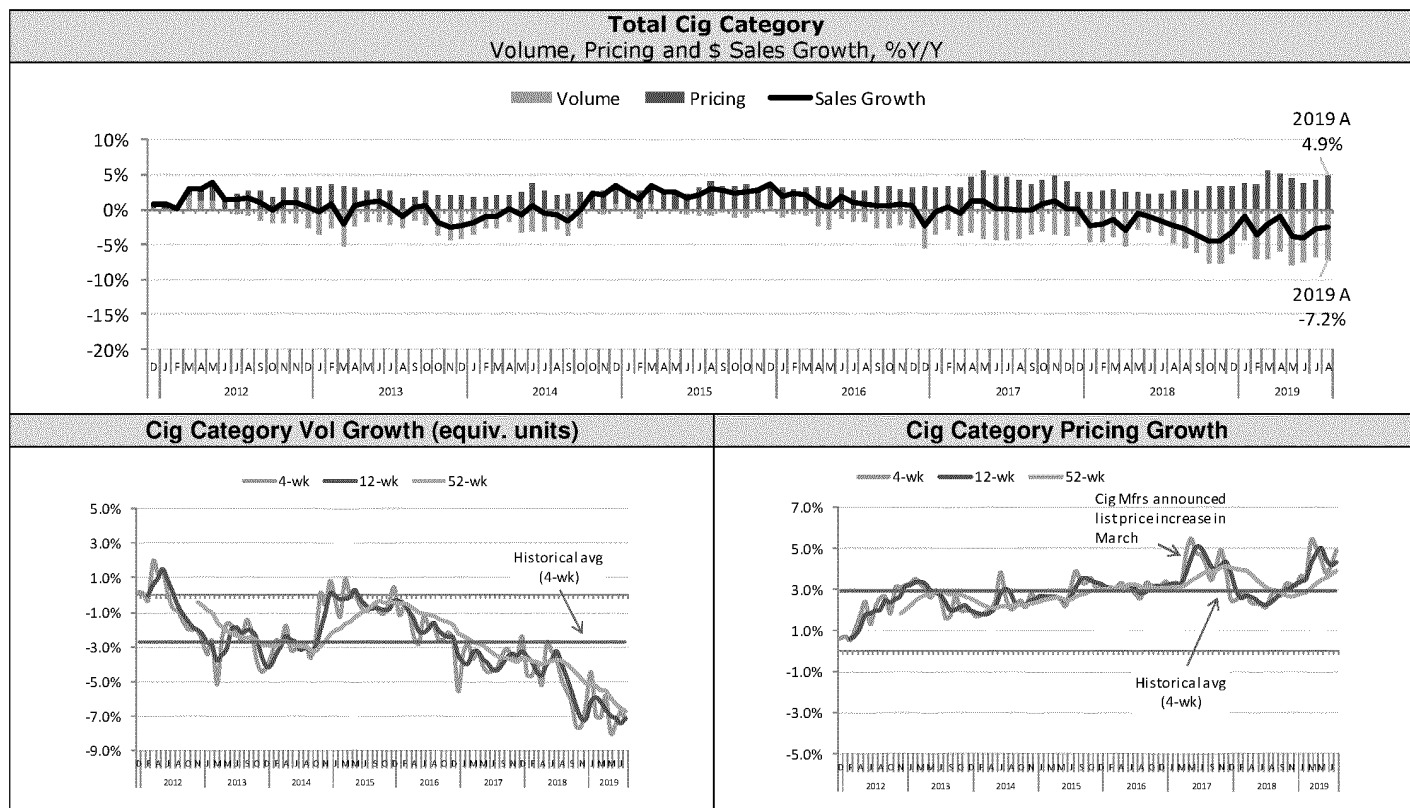


Source: Nielsen XAOC Including C-Store and Wells Fargo Securities, LLC

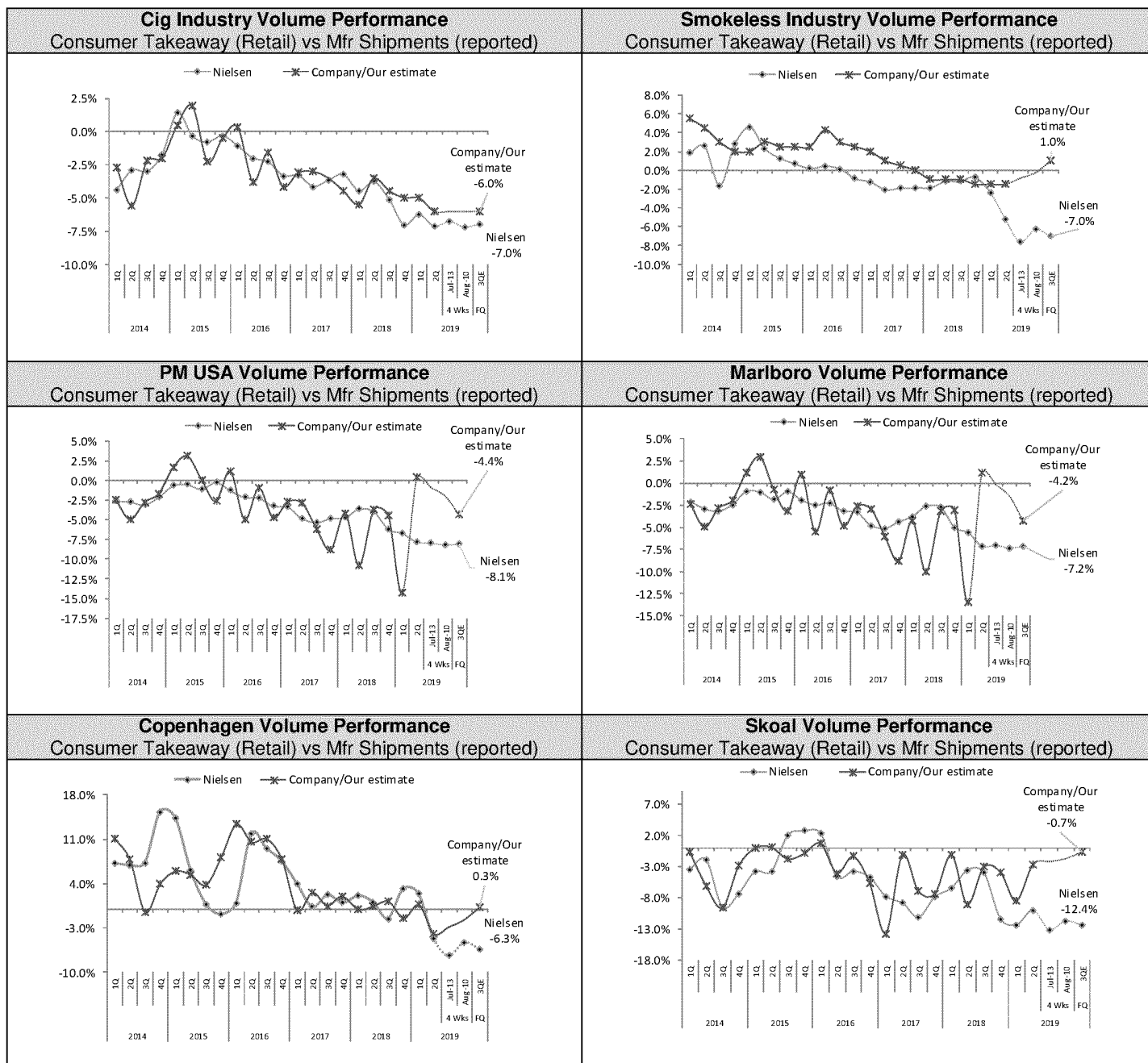
**Exhibit 1. Cigarette All Channel Scanner Data Summary (52-wk Category Retail \$ Sales \$59.4B)**

CIGARETTES - All Channel Scanner Data Summary																
	Retail \$ Sales Last 52 wks (\$MM)	Dollar Sales Δ y/y			EQ Unit Sales Δ y/y			Avg. EQ Price Δ y/y			Dollar Share			Unit Share		
		Period Ended 08/10/19			Period Ended 08/10/19			Period Ended 08/10/19			Period Ended 08/10/19			Period Ended 08/10/19		
		4-Wk	12-Wk	52-Wk	4-Wk	12-Wk	52-Wk	4-Wk	12-Wk	52-Wk	4-Wk	12-Wk	52-Wk	4-Wk	12-Wk	52-Wk
CIG CATEGORY	\$59,412	-2.6%	-3.2%	-3.1%	-7.2%	-7.2%	-6.7%	4.9%	4.3%	3.9%						
ALTRIA GROUP INC	\$32,101	-3.0%	-3.3%	-3.0%	-8.2%	-8.1%	-6.7%	5.7%	5.2%	4.0%	53.9%	54.0%	54.0%	52.6%	52.7%	53.0%
MARLBORO	\$28,026	-2.0%	-2.4%	-2.2%	-7.3%	-7.3%	-5.7%	5.7%	5.2%	3.8%	47.3%	47.3%	47.2%	46.2%	46.2%	46.3%
L & M	\$2,304	-7.7%	-8.3%	-8.9%	-12.9%	-12.6%	-13.3%	6.0%	5.0%	5.1%	3.8%	3.8%	3.9%	4.3%	4.3%	4.4%
VIRGINIA SLIMS	\$747	-14.4%	-10.8%	-6.8%	-19.4%	-15.3%	-10.8%	6.2%	5.4%	4.5%	1.1%	1.2%	1.3%	0.9%	1.0%	1.0%
PARLIAMENT	\$689	-8.2%	-7.6%	-8.4%	-12.4%	-11.4%	-11.5%	4.8%	4.3%	3.5%	1.1%	1.2%	1.2%	0.8%	0.8%	0.8%
BRITISH AMERICAN TOBACCO PLC	\$19,998	-2.4%	-3.3%	-3.7%	-7.1%	-7.2%	-8.2%	5.0%	4.2%	4.8%	33.8%	33.7%	33.7%	32.2%	32.1%	31.9%
NEWPORT	\$7,699	1.6%	0.7%	-1.8%	-3.0%	-3.1%	-6.1%	4.7%	3.8%	4.6%	13.2%	13.1%	13.0%	11.9%	11.9%	11.7%
CAMEL	\$5,207	-3.9%	-5.0%	-4.1%	-7.4%	-8.0%	-7.6%	3.8%	3.2%	3.8%	8.8%	8.7%	8.8%	8.4%	8.4%	8.3%
PALL MALL	\$3,876	-6.8%	-7.3%	-6.0%	-11.1%	-10.8%	-9.4%	4.8%	3.9%	3.9%	6.4%	6.4%	6.5%	7.5%	7.5%	7.6%
NATURAL AMERICAN SPIRIT	\$2,009	1.3%	1.2%	2.1%	-2.7%	-2.3%	-0.8%	4.2%	3.5%	2.9%	3.5%	3.5%	3.4%	2.7%	2.7%	2.6%
IMPERIAL TOBACCO GROUP PLC	\$4,248	-7.2%	-7.5%	-6.6%	-11.5%	-11.5%	-10.8%	4.9%	4.6%	4.7%	6.9%	7.0%	7.2%	7.1%	7.2%	7.3%
WINSTON	\$1,255	-2.4%	-3.4%	-3.2%	-17.1%	-17.2%	-15.2%	7.2%	7.1%	6.6%	2.0%	2.0%	2.1%	2.1%	2.1%	2.2%
KOOL	\$939	-3.3%	-3.0%	-2.7%	-8.5%	-7.8%	-7.6%	5.7%	5.3%	5.3%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%
MAVERICK	\$927	-11.1%	-11.3%	-9.6%	-6.1%	-6.9%	-6.6%	3.9%	3.7%	3.7%	1.6%	1.6%	1.6%	1.7%	1.7%	1.6%
VECTOR GROUP LTD.	\$1,173	1.9%	1.1%	0.8%	-2.2%	-2.7%	-2.1%	4.1%	3.9%	3.0%	2.0%	2.0%	2.0%	2.6%	2.6%	2.5%
PRIVATE LABEL	\$687	10.9%	10.7%	11.5%	7.6%	7.8%	9.9%	3.0%	2.6%	1.4%	1.2%	1.2%	1.2%	1.9%	1.9%	1.8%
ALL OTHER MANUFACTURERS	\$1,204	8.0%	8.2%	8.9%	8.2%	9.0%	6.7%	-0.2%	-0.7%	2.1%	2.1%	2.1%	2.0%	3.6%	3.6%	3.5%

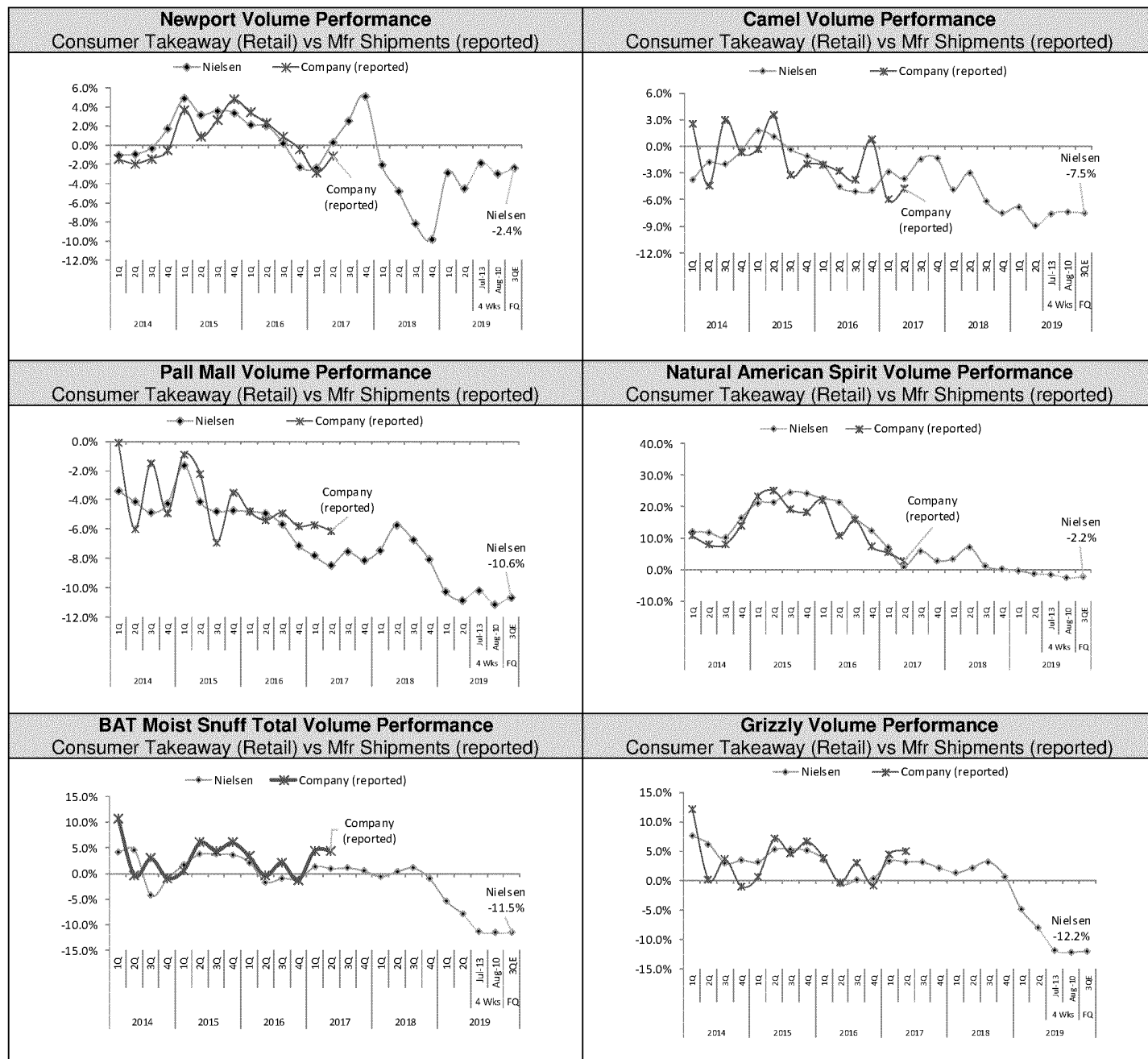
Source: Nielsen XAOC Including C-Store and Wells Fargo Securities, LLC

**Exhibit 2. All Channel Cigarette Category Volume & Pricing Performance**


Source: Nielsen XAOC Including C-Store and Wells Fargo Securities, LLC

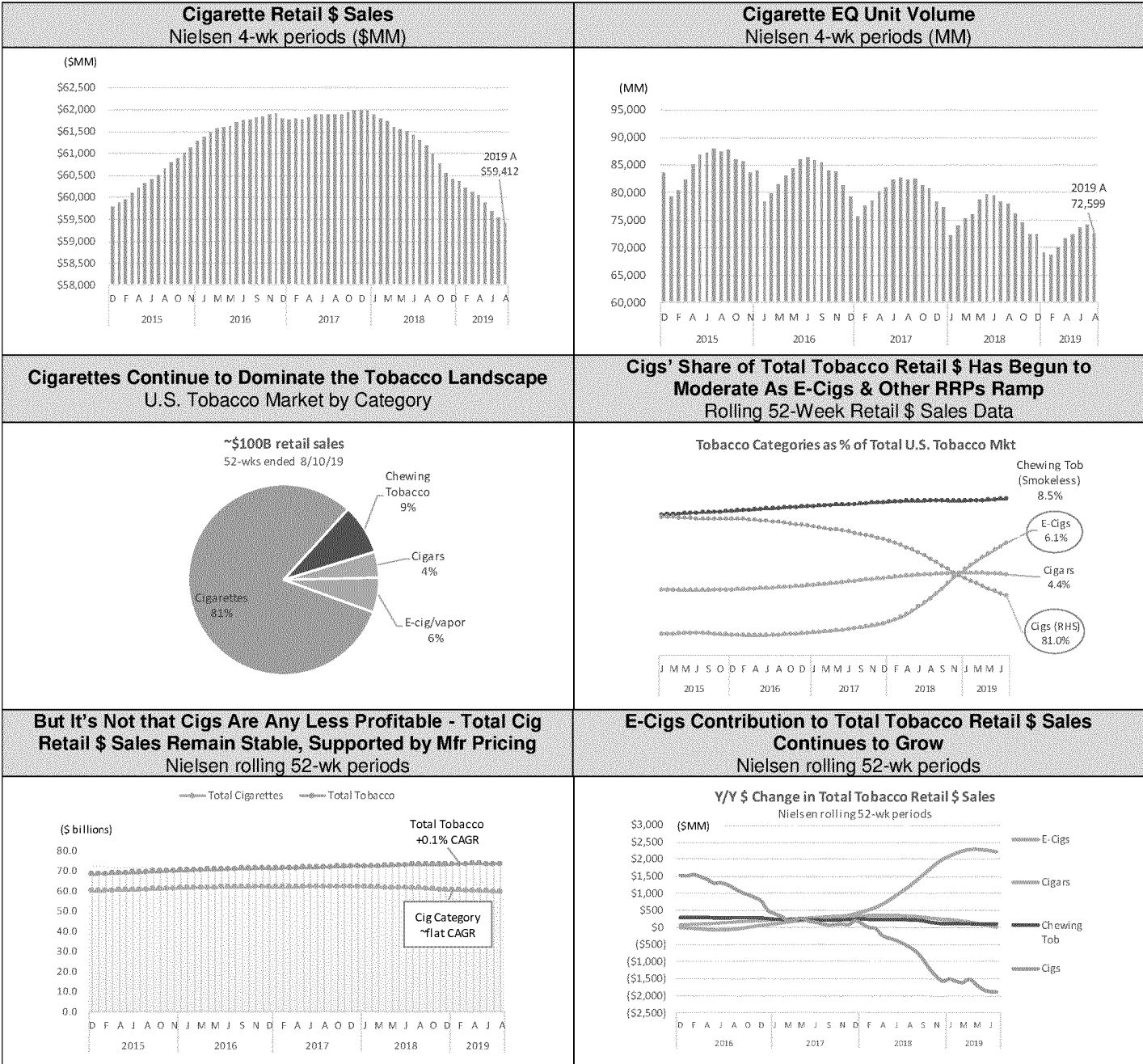
**Exhibit 3. MO Consumption vs Shipment Backtesting – Vol Trends at Retail (Consumer) Based on Nielsen Scanner Data vs Wholesale (Mfr) Reported**


Note: (1) Smokeless industry volume performance as reported by MO is not quarterly, but either as a 6mos or 12mos look back. Therefore it's not an exact representation of the quarter, but an approximation of trends. (2) Note: Nielsen quarter-to-date data represents the simple average of each Nielsen data period following the last period of reported company results. Source: Nielsen AOC+C Database and Wells Fargo Securities, LLC estimates

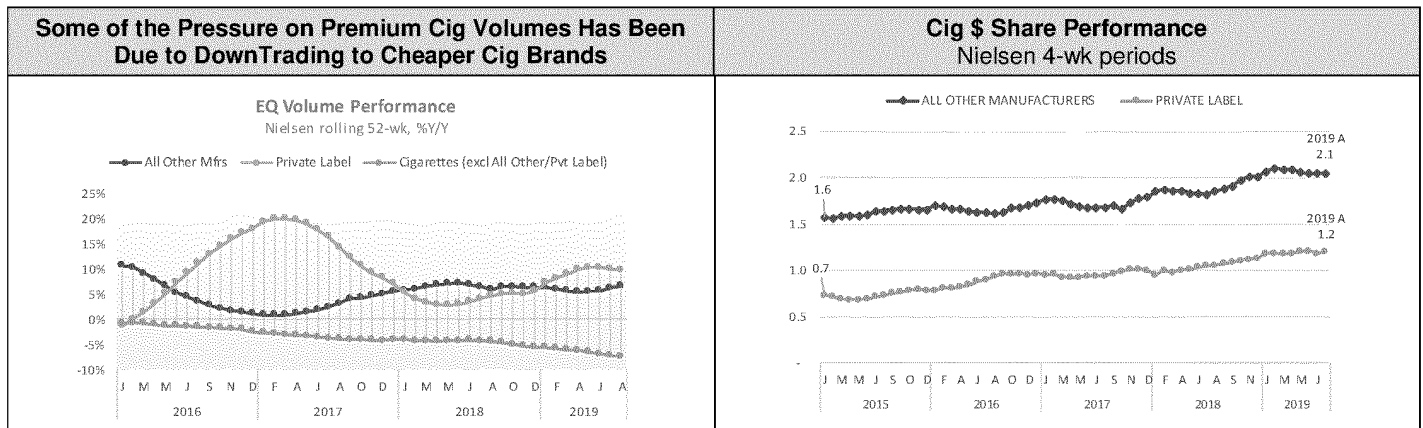
**Exhibit 4. BAT/RJR Consumption vs Shipment Backtesting – Vol Trends at Retail (Consumer) Based on Nielsen Scanner Data vs Wholesale (Mfr) Reported**


**Note:** (1) Grizzly's vol data for 1Q18 and 2Q18 were retroactively updated by Nielsen to account for the addition of a new UPC code (line extension) launched during the 4-wk period ended 2/24/18. As a result, Grizzly volume for 1Q18 and 2Q18 are stronger than previously published. (2) Note: Nielsen quarter-to-date data represents the simple average of each Nielsen data period following the last period of reported company results. **Source:** Nielsen AOC+C Database and Wells Fargo Securities, LLC estimates

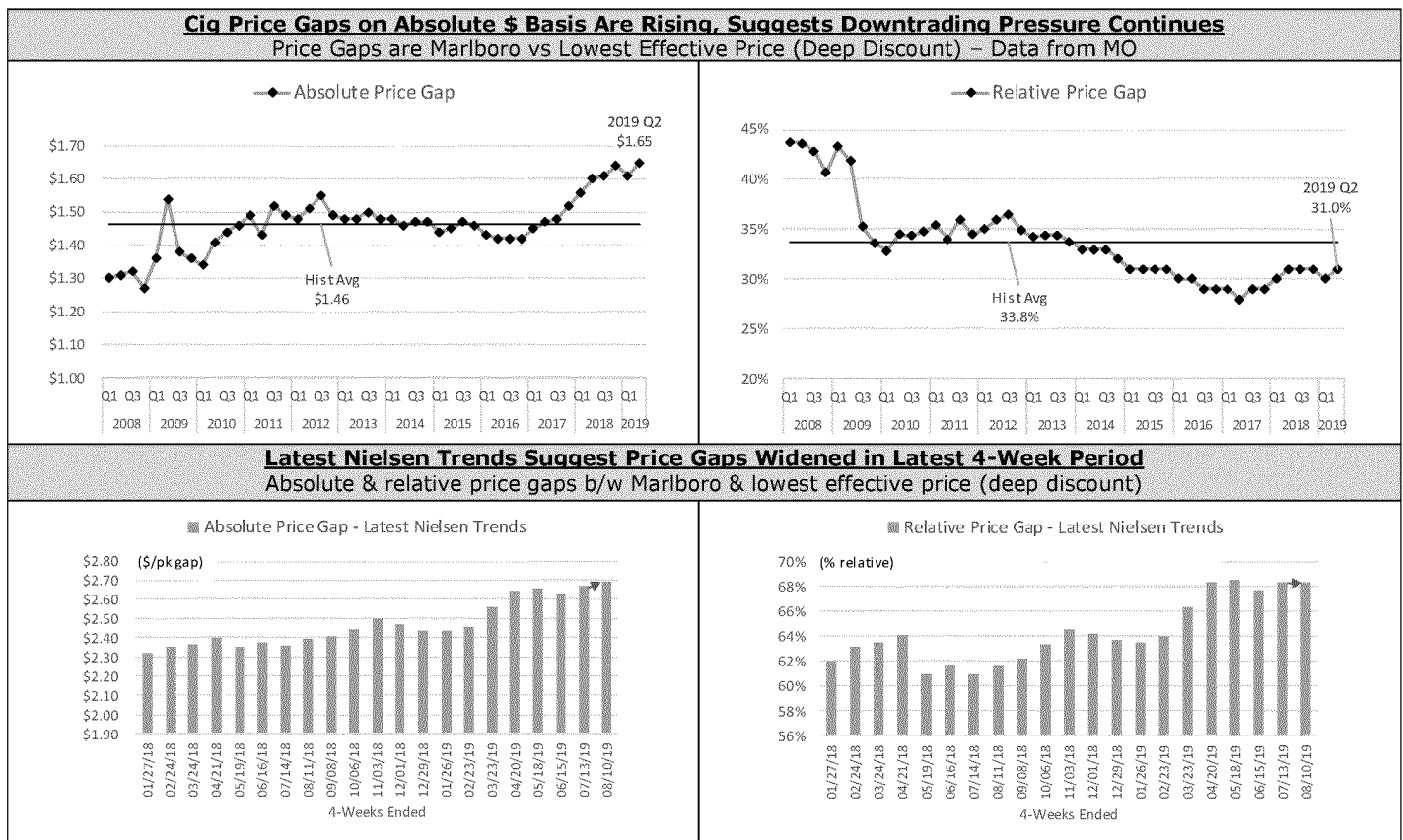
Exhibit 5. Cig Industry Charts – All Channel, 4-Wk Periods



**Note:** "RRPs" stand for Reduced-Risk Products, which include E-Cigs/vapor, smokeless products and heat-not-burn products. **Source:** Nielsen XAOC Including C-Store, Wells Fargo Securities, LLC

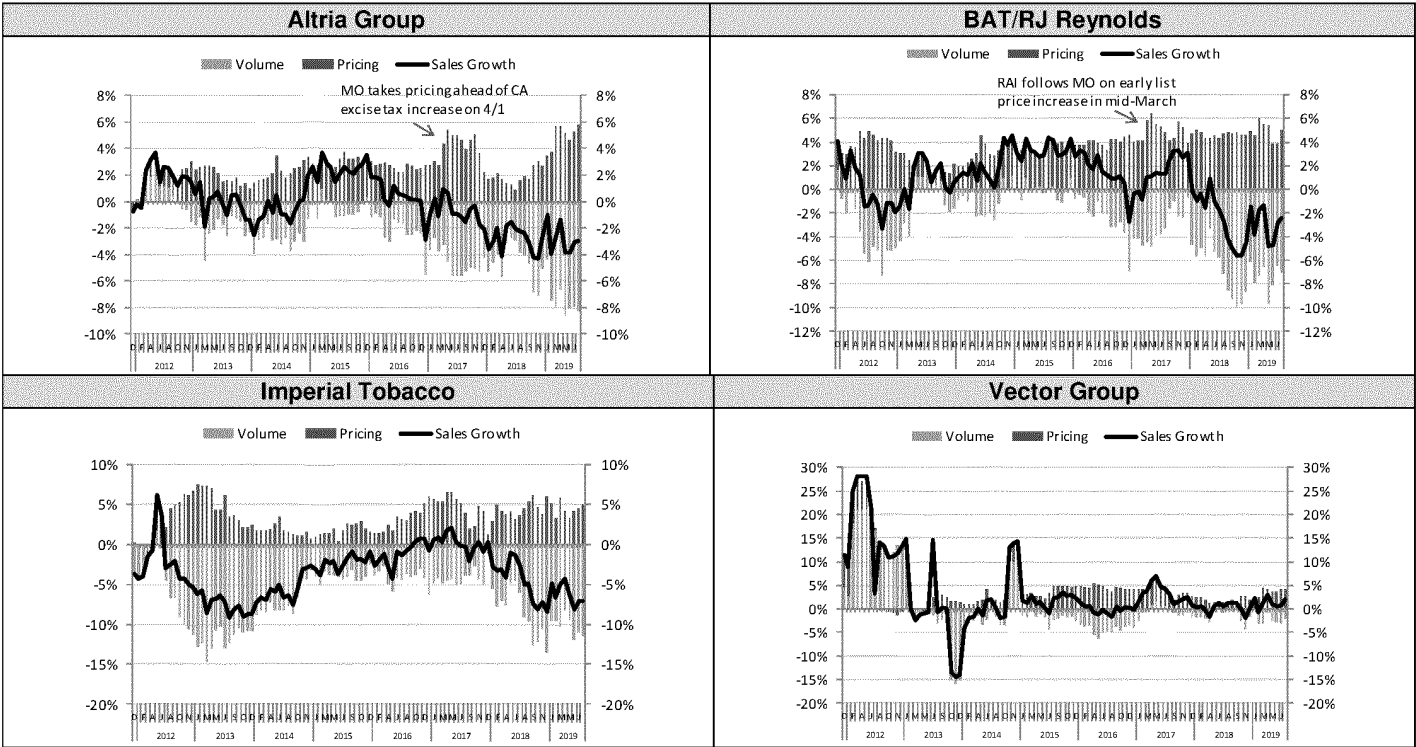
**Exhibit 6 – 4<sup>th</sup> Tier & Deep Discount Volume & \$ Share Performance – All Channel, 4-Wk Periods**


Source: Nielsen XAOC Including C-Store, Wells Fargo Securities, LLC

**Exhibit 7 - Cig Industry Price Gaps (Marlboro vs Lowest Effective Price) & EIA Gas Price Outlook**


Note: 4<sup>th</sup> Tier/Deep Discount for the Nielsen charts is calculated as the simple average of Private Label and All Other Manufacturers aggregated by Nielsen. Source: Company reports; Nielsen XAOC incl C-Store; Wells Fargo Securities, LLC

Exhibit 8 - Cig Pricing & Volume Trends by Company – All Channel, 4-Wk Periods



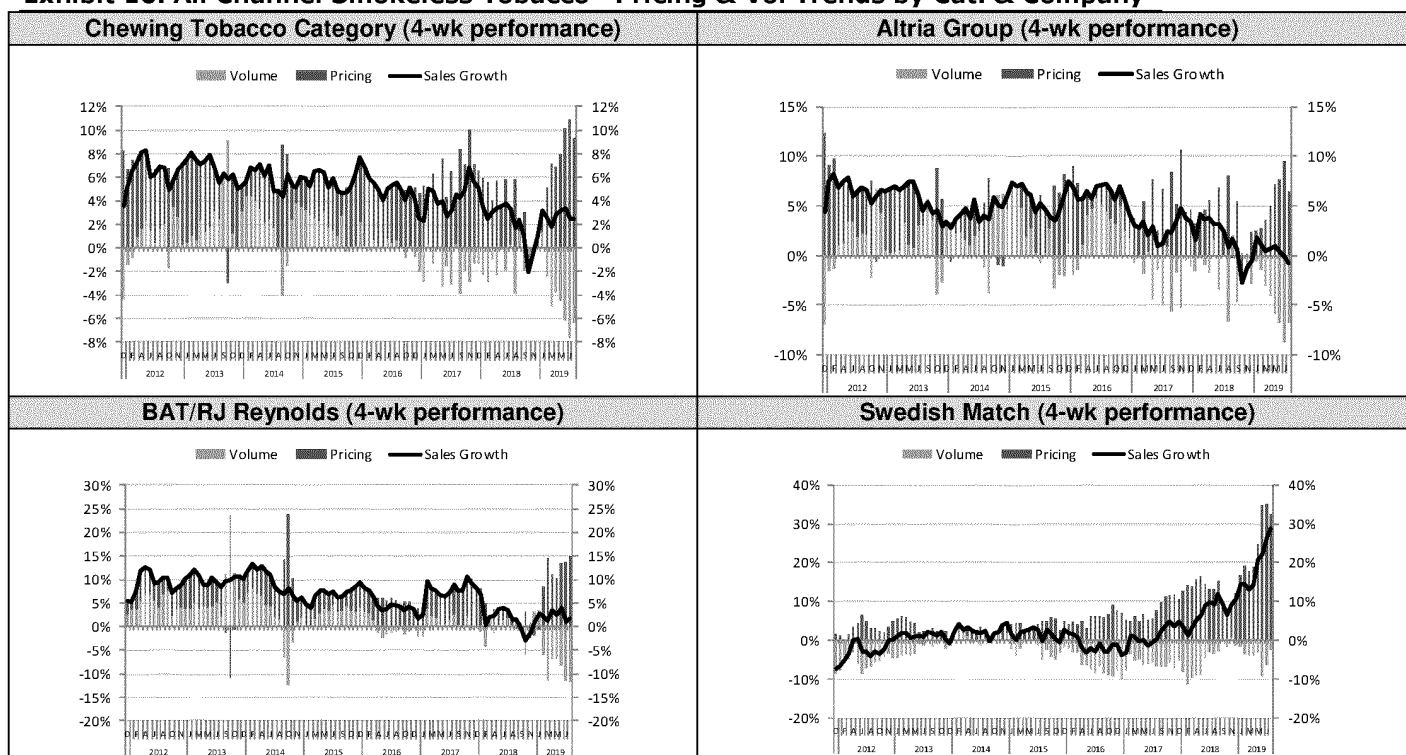
Source: Nielsen XAOC Including C-Store, Wells Fargo Securities, LLC



**Exhibit 9. Smokeless Tobacco All Channel Scanner Data Summary (52-wk Category Retail \$ Sales \$6.2B)**

SMOKELESS TOBACCO - All Channel Scanner Data Summary																
	Retail \$ Sales Last 52 wks (\$MM)	Dollar Sales $\Delta$ y/y			EQ Unit Sales $\Delta$ y/y			Avg. EQ Price $\Delta$ y/y			Dollar Share			Unit Share		
		Period Ended 08/10/19			Period Ended 08/10/19			Period Ended 08/10/19			Period Ended 08/10/19			Period Ended 08/10/19		
		4-Wk	12-Wk	52-Wk	4-Wk	12-Wk	52-Wk	4-Wk	12-Wk	52-Wk	4-Wk	12-Wk	52-Wk	4-Wk	12-Wk	52-Wk
<b>CHEW TOBACCO CATEGORY</b>	<b>\$6,220</b>	<b>2.5%</b>	<b>2.8%</b>	<b>1.8%</b>	<b>-6.3%</b>	<b>-6.7%</b>	<b>-2.8%</b>	<b>9.4%</b>	<b>10.1%</b>	<b>4.9%</b>						
ALTRIA GROUP INC	\$3,459	-0.8%	-0.2%	0.2%	-6.7%	-7.5%	-3.4%	6.4%	7.8%	3.8%	54.4%	54.6%	55.6%	50.9%	51.1%	51.8%
COPENHAGEN	\$2,250	0.6%	1.9%	2.0%	-5.3%	-5.8%	-0.4%	6.2%	8.1%	2.5%	35.3%	35.8%	36.2%	32.1%	32.6%	33.3%
SKOAL	\$997	-5.6%	-5.7%	-4.2%	-11.8%	-12.3%	-10.6%	7.0%	7.5%	7.2%	15.7%	15.5%	16.0%	14.0%	13.9%	13.9%
RED SEAL	\$190	10.7%	6.0%	7.1%	0.0%	-3.7%	2.1%	10.8%	10.1%	5.1%	3.1%	3.0%	3.1%	4.4%	4.2%	4.2%
BRITISH AMERICAN TOBACCO PLC	\$2,176	1.6%	2.2%	1.3%	-11.7%	-10.5%	-4.6%	15.1%	14.1%	6.4%	34.8%	35.0%	35.0%	32.3%	32.5%	32.8%
GRIZZLY	\$1,686	2.7%	3.2%	2.4%	-12.2%	-10.8%	-3.8%	17.0%	15.7%	6.8%	27.1%	27.2%	27.1%	27.3%	27.5%	27.9%
CAMEL	\$228	-1.4%	-1.4%	-1.4%	-8.8%	-8.5%	-6.1%	8.1%	7.8%	5.1%	3.6%	3.6%	3.7%	1.1%	1.2%	1.2%
KODIAK	\$199	-0.5%	1.3%	-1.4%	-3.2%	-1.4%	-3.4%	2.7%	2.8%	2.1%	3.2%	3.2%	3.2%	2.5%	2.5%	2.4%
SWEDISH MATCH AB	\$447	28.8%	26.0%	15.7%	-2.6%	-6.0%	-3.1%	32.3%	34.0%	19.7%	8.3%	8.0%	7.2%	10.0%	9.7%	9.5%
LONGHORN	\$133	-10.1%	-8.7%	-2.1%	-20.8%	-19.9%	-7.6%	13.4%	14.0%	6.3%	2.0%	2.0%	2.1%	3.9%	3.9%	4.2%
RED MAN	\$120	-3.7%	-4.2%	-3.8%	-12.4%	-13.3%	-11.4%	10.0%	10.5%	8.6%	1.8%	1.9%	1.9%	2.7%	2.8%	2.8%
SWISHER INTERNATIONAL INC	\$51	4.9%	2.3%	-0.8%	-5.5%	-7.0%	-7.2%	10.9%	10.0%	6.9%	0.9%	0.8%	0.8%	2.3%	2.3%	2.2%
KAYAK	\$15	32.0%	24.9%	3.5%	25.2%	18.9%	1.3%	5.4%	4.9%	2.0%	0.3%	0.3%	0.2%	0.9%	0.9%	0.7%
STARR	\$10	-2.4%	-3.1%	0.9%	-6.9%	-7.5%	-3.5%	4.9%	4.8%	4.6%	0.2%	0.2%	0.2%	0.8%	0.8%	0.8%
NATIONAL ATLANTIC TRADING CO	\$60	30.5%	28.2%	17.8%	22.0%	19.7%	11.0%	6.9%	7.1%	6.0%	1.1%	1.1%	1.0%	2.8%	2.7%	2.4%
STOKERS	\$45	43.9%	41.6%	30.7%	33.3%	30.9%	22.0%	7.9%	8.2%	6.9%	0.9%	0.8%	0.7%	2.2%	2.2%	1.9%
BEECH-NUT	\$8	-4.6%	-5.7%	-10.8%	-15.6%	-14.6%	-18.6%	13.0%	10.4%	9.5%	0.1%	0.1%	0.1%	0.2%	0.2%	0.2%
ALL OTHER MANUFACTURERS	\$27	38.4%	45.5%	46.2%	154.0%	166.0%	133.8%	-45.5%	-45.2%	-35.0%	0.5%	0.5%	0.4%	1.8%	1.7%	1.3%

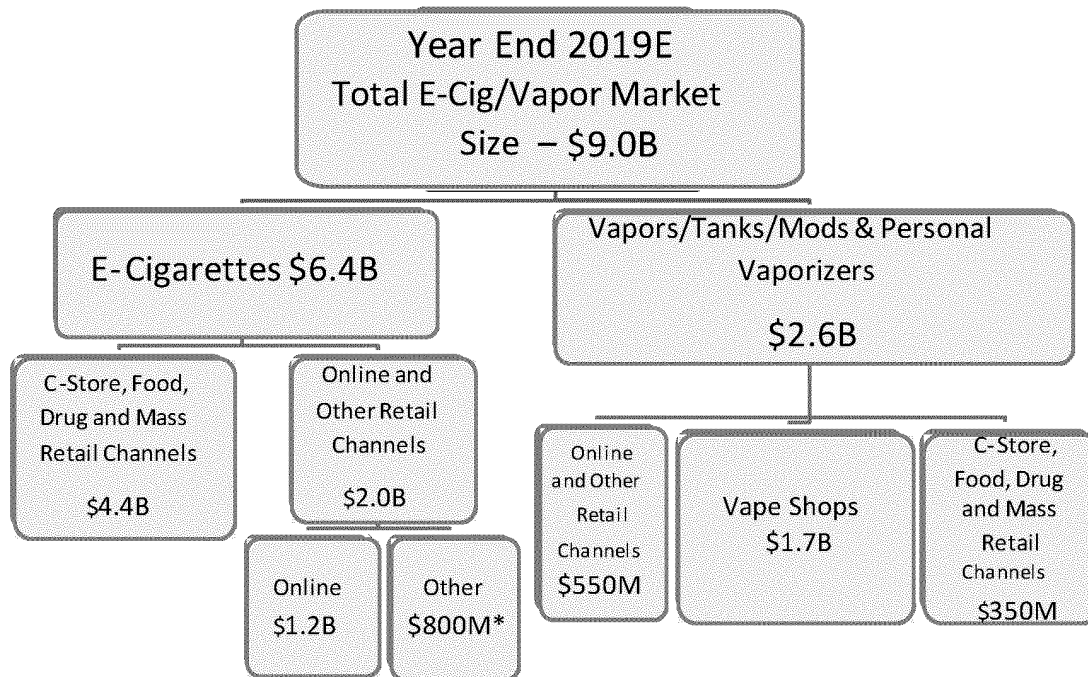
Source: Nielsen XAOC Including C-Store and Wells Fargo Securities, LLC

**Exhibit 10. All Channel Smokeless Tobacco –Pricing & Vol Trends by Cat. & Company**


Source for all pricing/volume charts: Nielsen XAOC Including C-Store, Wells Fargo Securities, LLC

**Exhibit 11. Estimated \$ Retail Sales of the U.S. E-Cig/Vapor Market by Year End 2019**

E-cig category dollar sales were \$412.2MM this period implying about **~\$4.5B annual retail sales in Nielsen-tracked channels (vs \$3.3B in 2018)**. Considering Nielsen underestimates and doesn't capture all of the channels where e-cigs/vapor products are sold such as online, vape shops, etc, we estimate the total category will reach approximately **\$9.0B** by the end of 2019 (vs ~\$7.0B in 2018). See below chart for a breakdown of our estimates by category and channel. Further, we expect this reduced risk product category growth will continue to accelerate as technology evolves and new products come to market such as heat-not-burn (i.e., iQOS). Bottom line, we expect more and more consumers to convert to next generation reduced risk platforms.

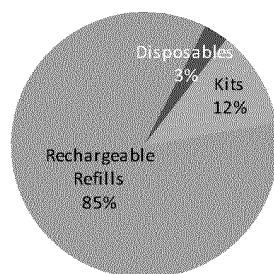


**Source:** Nielsen C-Store Database, Wells Fargo Securities, LLC estimates

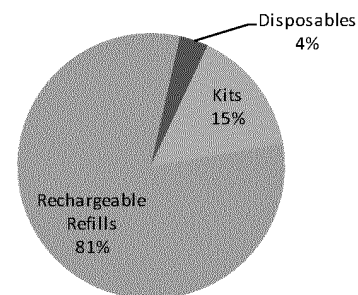
\*Other Non-Tracked channels include tobacco-only outlets and other e-cig retail locations.

**Exhibit 12. Vapor Market Breakdown by Sub-Segment – Per Nielsen E-Cig Cat. Data**

**Latest 4-Wk Sales Mix**  
Total retail sales \$412.2MM



**Latest 52-Wk Sales Mix**  
Total retail sales \$4,328.2MM



**Source:** Nielsen XAOC Including C-Store and Wells Fargo Securities, LLC

**Exhibit 13. E-Cig All Channel Data Summary (52-wk Cat. Retail \$ Sales \$4.5B)**

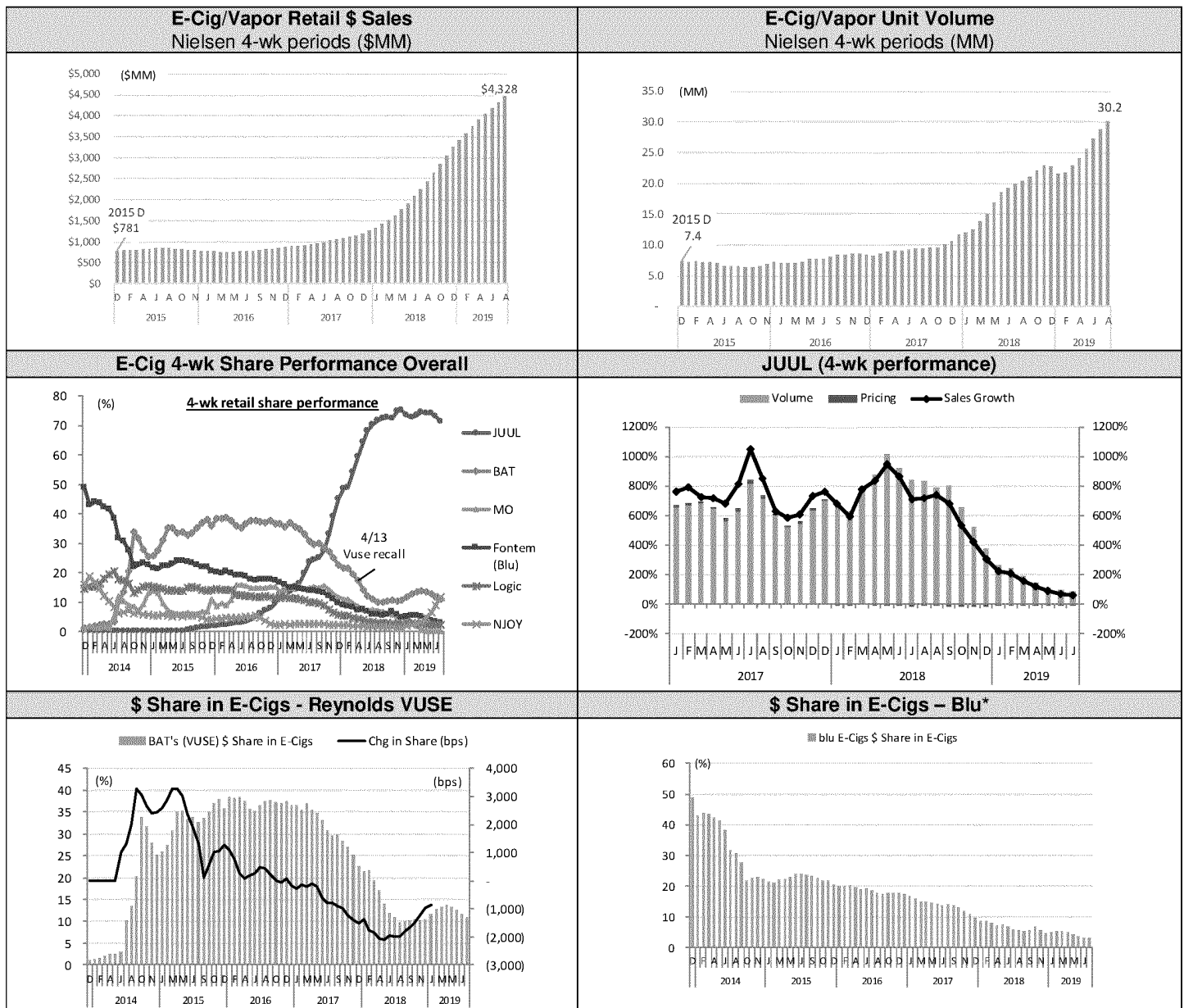
E-CIGARETTES - All Channel Scanner Data Summary																
	Retail \$ Sales Last 52 wks (\$MM)	Dollar Sales $\Delta$ y/y			Unit Sales $\Delta$ y/y			Avg. Unit Price $\Delta$ y/y			Dollar Share			Unit Share		
		Period Ended 08/10/19			Period Ended 08/10/19			Period Ended 08/10/19			Period Ended 08/10/19			Period Ended 08/10/19		
		4-Wk	12-Wk	52-Wk	4-Wk	12-Wk	52-Wk	4-Wk	12-Wk	52-Wk	4-Wk	12-Wk	52-Wk	4-Wk	12-Wk	52-Wk
<b>E-CIG CATEGORY</b>	<b>\$4,466.8</b>	<b>50.8%</b>	<b>54.3%</b>	<b>98.5%</b>	<b>52.2%</b>	<b>49.9%</b>	<b>73.8%</b>	<b>-0.9%</b>	<b>3.1%</b>	<b>16.9%</b>						
<b>JUUL LABS INC</b>	<b>\$3,280.5</b>	<b>50.2%</b>	<b>60.6%</b>	<b>162.7%</b>	<b>71.4%</b>	<b>81.4%</b>	<b>191.0%</b>	<b>-12.3%</b>	<b>-11.5%</b>	<b>-11.6%</b>	<b>71.4%</b>	<b>72.9%</b>	<b>73.4%</b>	<b>58.6%</b>	<b>60.4%</b>	<b>59.8%</b>
JUUL	\$3,279.3	50.2%	60.5%	162.7%	71.3%	81.3%	190.8%	-12.3%	-11.5%	-11.6%	71.4%	72.9%	73.4%	58.6%	60.4%	59.8%
<b>BRITISH AMERICAN TOBACCO PLC</b>	<b>\$520.0</b>	<b>67.8%</b>	<b>65.2%</b>	<b>30.4%</b>	<b>18.4%</b>	<b>15.6%</b>	<b>5.2%</b>	<b>41.7%</b>	<b>42.9%</b>	<b>23.2%</b>	<b>10.9%</b>	<b>11.7%</b>	<b>11.6%</b>	<b>11.9%</b>	<b>13.1%</b>	<b>14.4%</b>
VUSE	\$520.0	67.8%	65.2%	30.4%	18.4%	15.6%	5.2%	41.7%	42.9%	23.2%	10.9%	11.7%	11.6%	11.9%	13.1%	14.4%
<b>ALTRIA GROUP INC</b>	<b>\$121.5</b>	<b>-99.9%</b>	<b>-99.7%</b>	<b>-43.8%</b>	<b>-99.9%</b>	<b>-99.7%</b>	<b>-43.5%</b>	<b>-4.1%</b>	<b>7.3%</b>	<b>3.2%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>2.7%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>5.1%</b>
MARKTEN XL	\$75.9	-99.9%	-99.7%	-54.8%	-99.9%	-99.7%	-54.4%	2.7%	6.7%	1.6%	0.0%	0.0%	1.7%	0.0%	0.0%	3.3%
MARKTEN XL BOLD	\$21.0	-99.9%	-99.5%	-30.1%	-99.9%	-99.6%	-31.0%	-5.0%	15.2%	5.6%	0.0%	0.0%	0.5%	0.0%	0.0%	0.9%
MARKTEN	\$121.1	-99.9%	-99.7%	-43.6%	-99.9%	-99.7%	-43.4%	-3.9%	7.9%	3.2%	0.0%	0.0%	2.7%	0.0%	0.0%	5.1%
GREEN SMOKE	\$0.4	-100.0%	-92.5%	-69.5%	-100.0%	-91.9%	-73.6%	-100.0%	-28.7%	8.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>IMPERIAL TOBACCO</b>	<b>\$207.3</b>	<b>-22.3%</b>	<b>-19.0%</b>	<b>12.8%</b>	<b>-31.0%</b>	<b>-29.5%</b>	<b>9.6%</b>	<b>12.6%</b>	<b>14.8%</b>	<b>1.4%</b>	<b>2.9%</b>	<b>3.2%</b>	<b>4.6%</b>	<b>4.1%</b>	<b>4.5%</b>	<b>6.6%</b>
BLU	\$114.9	-27.6%	-27.6%	-28.9%	-24.5%	-23.9%	-25.1%	-4.2%	-4.8%	-5.0%	1.9%	2.0%	2.6%	2.7%	2.9%	3.8%
MY BLU	\$92.4	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1.0%	1.2%	2.1%	1.4%	1.6%	2.8%
<b>LOGIC (owned by Japan Tobacco)</b>	<b>\$109.4</b>	<b>1.6%</b>	<b>1.9%</b>	<b>1.9%</b>	<b>-10.5%</b>	<b>-9.5%</b>	<b>5.0%</b>	<b>13.6%</b>	<b>12.6%</b>	<b>-4.0%</b>	<b>2.0%</b>	<b>2.1%</b>	<b>2.5%</b>	<b>3.2%</b>	<b>3.3%</b>	<b>4.1%</b>
LOGIC	\$109.4	1.6%	1.9%	1.9%	-10.5%	-9.5%	5.0%	13.6%	12.6%	-4.0%	2.0%	2.1%	2.5%	3.2%	3.3%	4.1%
<b>NJOY, INC.</b>	<b>\$176.1</b>	<b>1141.2%</b>	<b>868.6%</b>	<b>333.3%</b>	<b>913.5%</b>	<b>723.1%</b>	<b>288.0%</b>	<b>22.5%</b>	<b>16.9%</b>	<b>5.7%</b>	<b>11.6%</b>	<b>9.0%</b>	<b>3.9%</b>	<b>20.3%</b>	<b>16.6%</b>	<b>7.8%</b>
NJOY	\$176.1	1141.2%	868.6%	333.3%	913.5%	723.1%	288.0%	22.5%	16.9%	5.7%	11.6%	9.0%	3.9%	20.3%	16.6%	7.8%
<b>BALLANTYNE BRANDS LLC</b>	<b>\$4.1</b>	<b>-80.3%</b>	<b>-68.4%</b>	<b>-69.1%</b>	<b>-48.1%</b>	<b>-2.2%</b>	<b>-38.1%</b>	<b>-62.1%</b>	<b>-68.4%</b>	<b>-47.2%</b>	<b>0.0%</b>	<b>0.1%</b>	<b>0.1%</b>	<b>0.1%</b>	<b>0.2%</b>	<b>0.2%</b>
<b>CB DISTRIBUTORS INC</b>	<b>\$8.0</b>	<b>-47.8%</b>	<b>-39.5%</b>	<b>-38.4%</b>	<b>-44.3%</b>	<b>-32.7%</b>	<b>-38.6%</b>	<b>-6.3%</b>	<b>-9.7%</b>	<b>-0.4%</b>	<b>0.1%</b>	<b>0.1%</b>	<b>0.2%</b>	<b>0.2%</b>	<b>0.2%</b>	<b>0.3%</b>
<b>ALL OTHERS</b>	<b>\$39.8</b>	<b>99.9%</b>	<b>99.4%</b>	<b>38.0%</b>	<b>45.2%</b>	<b>49.8%</b>	<b>16.2%</b>	<b>23.8%</b>	<b>23.3%</b>	<b>15.7%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>0.9%</b>	<b>1.5%</b>	<b>1.6%</b>	<b>1.6%</b>

Source: Nielsen XAOC Including C-Store and Wells Fargo Securities, LLC

**Exhibit 14. All Channel E-Cigarette Dollar Share Trends**

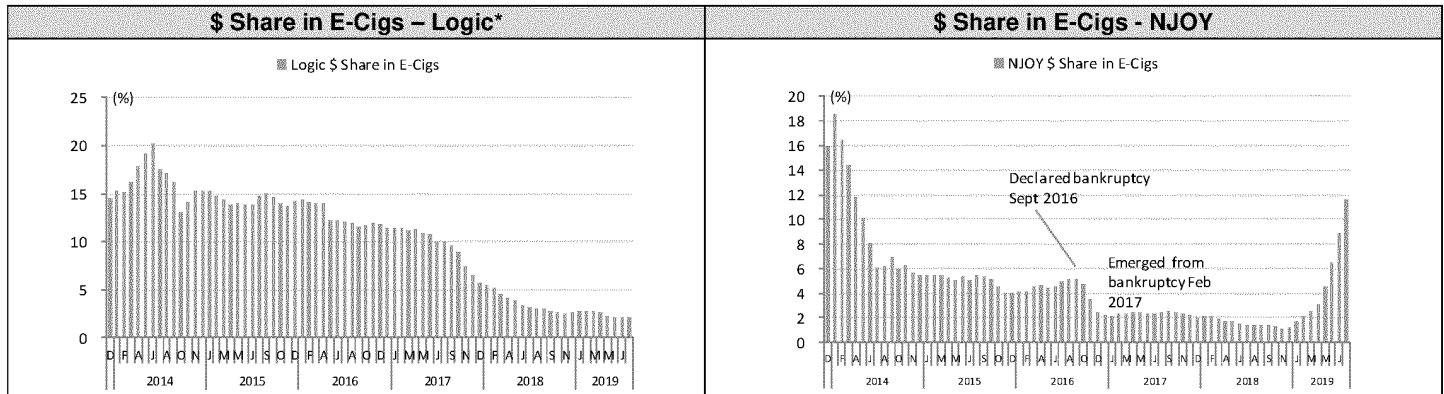
With regard to e-cig Dollar Share performance, we note that Nielsen data does not capture the impact of couponing on sales performance, as it technically happens after the point of transaction (i.e., first scanned price). While we are not clear how much this skews our ability to gauge organic brand-level performance, we believe the discrepancy could be rather significant given the magnitude of couponing we understand has occurred in the category. As such, we caution against placing too much emphasis on Nielsen's reported 4-week data and instead focus on longer-term, directional trends.

We also note that we have learned that Nielsen data since ~Jan had previously excluded multiple NJOY product SKUs in its scan-reporting data, according to our sources at NJOY. It appears that the problem is now resolved with a restatement of Nielsen data for those SKUs resulting in a "very substantial increase" in Nielsen's reported scan activity from Dec 2018 onward (see NJOY charts in Exhibits 14 & 15).



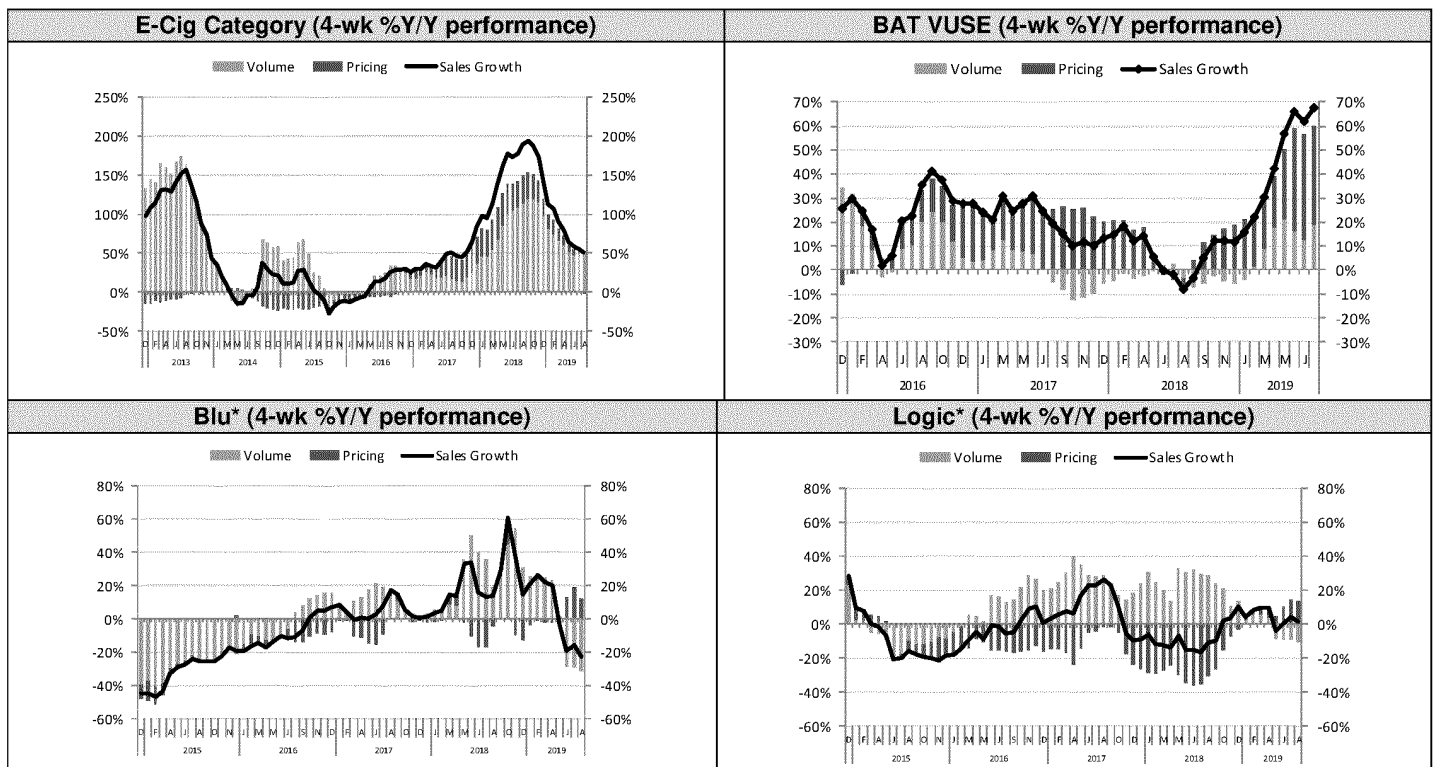
**Note:** blu was acquired by Imperial Tobacco as part of Lorillard's acquisition by Reynolds American in June 2015.

**Source:** Nielsen Total US xAOC/Convenience Database & Wells Fargo Securities, LLC

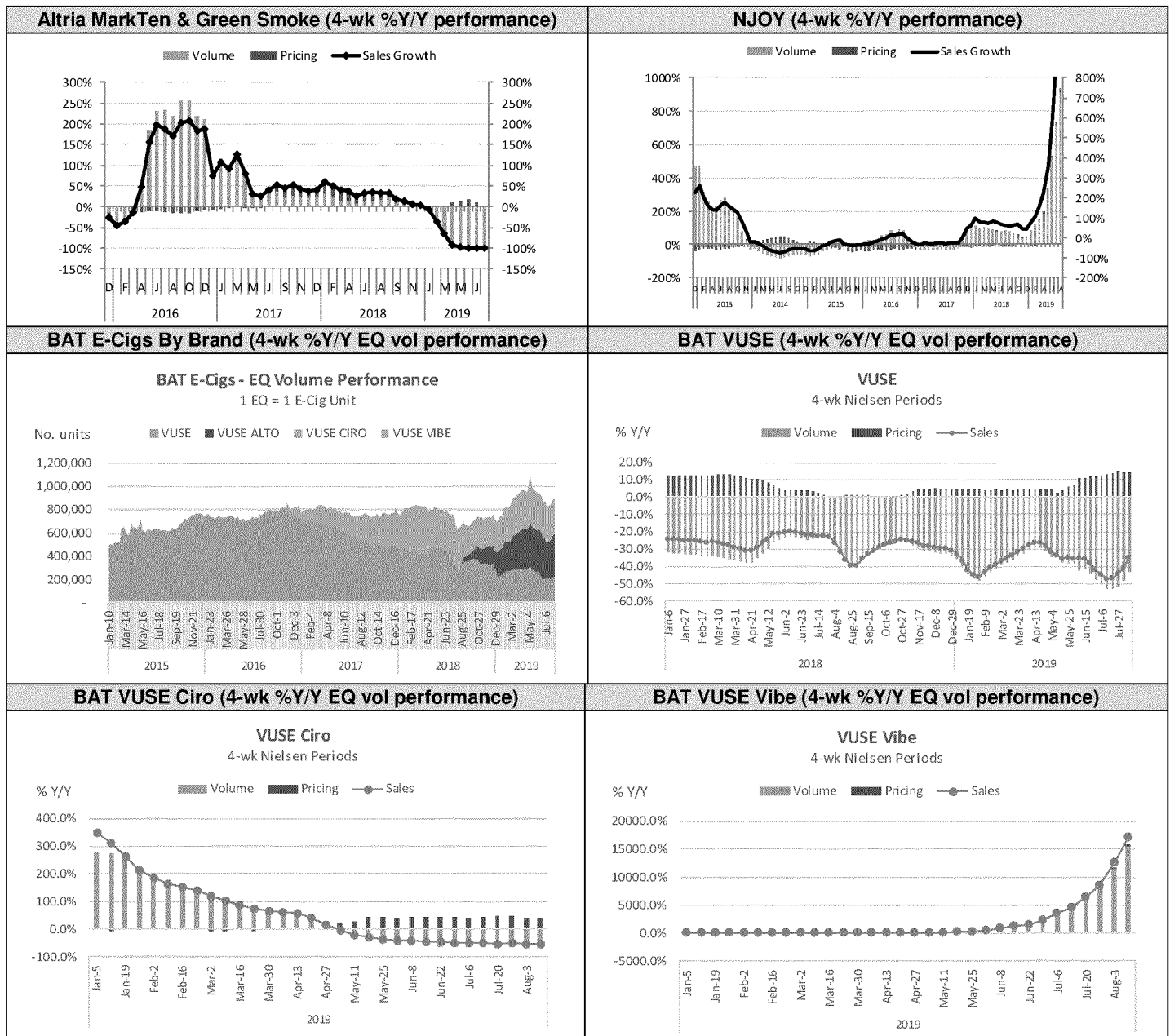


**Note:** Logic was acquired by Japan Tobacco in July 2015. **Source:** Nielsen Total US xAOC/Convenience Database & Wells Fargo Securities, LLC

### Exhibit 15. All Channel E-Cigarette Category Pricing, Volume & Sales Trends



**Note(\*):** blu was acquired by Imperial Tobacco as part of Lorillard's acquisition by Reynolds American in June 2015. Logic was acquired by Japan Tobacco in July 2015. **Source:** Nielsen Total US xAOC/Convenience Database & Wells Fargo Securities, LLC



**Note:** On 12/7/18, MO announced the discontinuation of production/distribution of all MarkTen and Green Smoke e-vapor products. **Source:** Nielsen Total US xAOC/Convenience Database & Wells Fargo Securities, LLC

**Exhibit 16. E-Cig Refills - All Channel Data Summary (52-wk Category Retail \$ Sales \$3.5B)**

E-CIG REFILL - All Channel Scanner Data Summary																
	Retail \$ Sales Last 52 wks (\$MM)	Dollar Sales Δ y/y			EQ Unit Sales Δ y/y			Avg. EQ Price Δ y/y			Dollar Share			Unit Share		
		Period Ended 08/10/19			Period Ended 08/10/19			Period Ended 08/10/19			Period Ended 08/10/19			Period Ended 08/10/19		
		4-Wk	12-Wk	52-Wk	4-Wk	12-Wk	52-Wk	4-Wk	12-Wk	52-Wk	4-Wk	12-Wk	52-Wk	4-Wk	12-Wk	52-Wk
E-CIGS REFILL CATEGORY	\$3,518.0	68.9%	73.6%	127.3%	57.9%	57.9%	86.6%	4.5%	6.8%	18.6%						
JUUL LABS INC	\$2,687.8	77.0%	90.1%	221.9%	72.8%	84.8%	197.9%	-5.2%	-5.0%	-5.6%	73.2%	75.0%	76.4%	64.4%	66.4%	65.9%
JUUL	\$2,686.7	76.9%	89.9%	221.8%	72.8%	84.7%	197.8%	-5.2%	-5.0%	-5.6%	73.2%	74.9%	76.4%	64.4%	66.4%	65.8%
BRITISH AMERICAN TOBACCO PLC	\$409.5	49.8%	50.1%	22.0%	17.9%	15.9%	3.7%	33.0%	32.0%	21.1%	10.5%	11.2%	11.6%	12.6%	13.8%	15.1%
VUSE	\$409.5	49.8%	50.1%	22.0%	17.9%	15.9%	3.7%	33.0%	32.0%	21.1%	10.5%	11.2%	11.6%	12.6%	13.8%	15.1%
ALTRIA GROUP INC	\$118.9	-99.8%	-99.3%	-34.4%	-99.9%	-99.8%	-43.8%	-9.4%	5.3%	3.3%	0.0%	0.0%	3.4%	0.0%	0.0%	5.1%
MARKTEN	\$118.5	-99.8%	-99.4%	-34.1%	-99.9%	-99.8%	-43.6%	-9.2%	6.0%	3.3%	0.0%	0.0%	3.4%	0.0%	0.0%	5.1%
GREEN SMOKE	\$0.4	-99.5%	-93.7%	-70.6%	-100.0%	-93.7%	-74.6%	-100.0%	-27.5%	8.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
JAPAN TOBACCO INC.	\$96.6	6.8%	1.8%	5.1%	-10.2%	-8.7%	8.7%	12.6%	12.4%	-4.8%	2.1%	2.2%	2.7%	3.5%	3.7%	4.6%
LOGIC	\$96.6	6.8%	1.8%	5.1%	-10.2%	-8.7%	8.7%	12.6%	12.4%	-4.8%	2.1%	2.2%	2.7%	3.5%	3.7%	4.6%
IMPERIAL TOBACCO GROUP PLC	\$93.4	-9.6%	13.3%	43.8%	-13.7%	-0.1%	74.0%	-6.2%	-7.8%	-22.7%	1.5%	1.7%	2.7%	2.0%	2.2%	3.3%
BLU	\$28.0	-53.6%	-54.7%	-49.9%	-55.2%	-54.5%	-52.2%	1.5%	1.1%	1.6%	0.4%	0.4%	0.8%	0.4%	0.4%	0.7%
MY BLU	\$65.5	n/a	n/a	n/a	FALSE	FALSE	FALSE	2.7%	4.1%	60.5%	1.1%	1.3%	1.9%	1.6%	1.8%	2.6%
CB DISTRIBUTORS INC	\$7.1	-33.7%	-25.3%	-35.8%	-38.2%	-30.6%	-38.3%	-2.8%	-4.4%	4.4%	0.1%	0.1%	0.2%	0.2%	0.2%	0.3%
21ST CENTURY SMOKE	\$6.5	-31.1%	-19.5%	-24.1%	-35.4%	-25.9%	-23.7%	-4.0%	-5.8%	-1.2%	0.1%	0.1%	0.2%	0.2%	0.2%	0.3%
VAPIN PLUS	\$0.6	-53.8%	-61.5%	-77.3%	-59.8%	-58.0%	-76.9%	-1.9%	-5.7%	0.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
BALLANTYNE BRANDS LLC	\$3.4	-66.3%	-58.4%	-66.8%	-12.2%	28.1%	-40.7%	-69.6%	-70.3%	-40.2%	0.0%	0.1%	0.1%	0.1%	0.2%	0.2%
HAUS	\$2.3	-70.7%	-61.2%	-63.2%	-33.0%	5.0%	-41.7%	-67.0%	-68.1%	-37.1%	0.0%	0.0%	0.1%	0.1%	0.1%	0.1%
MISTIC	\$0.7	-80.8%	-78.5%	-80.6%	-42.8%	-33.4%	-64.7%	-68.3%	-67.9%	-42.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
ALL OTHER MANUFACTURERS	\$101.3	2032.0%	1429.4%	473.7%	2065.1%	1444.8%	488.1%	25.2%	27.7%	23.6%	12.6%	9.7%	2.9%	17.2%	13.5%	5.6%

Source: Nielsen XAOC Including C-Store and Wells Fargo Securities, LLC

**Exhibit 17. E-Cig Disposables - All Channel Data Summary (52-wk Category Retail \$ Sales \$150.3M)**

E-CIG DISPOSABLE- All Channel Scanner Data Summary																
	Retail \$ Sales Last 52 wks (\$MM)	Dollar Sales $\Delta$ y/y			EQ Unit Sales $\Delta$ y/y			Avg. EQ Price $\Delta$ y/y			Dollar Share			Unit Share		
		Period Ended 08/10/19			Period Ended 08/10/19			Period Ended 08/10/19			Period Ended 08/10/19			Period Ended 08/10/19		
		4-Wk	12-Wk	52-Wk	4-Wk	12-Wk	52-Wk	4-Wk	12-Wk	52-Wk	4-Wk	12-Wk	52-Wk	4-Wk	12-Wk	52-Wk
E-CIGS DISPOSABLE CATEGORY	\$150.3	3.9%	4.3%	-0.9%	-100.0%	6.0%	1.6%	-100.0%	-2.3%	-3.4%						
IMPERIAL TOBACCO GROUP PLC	\$87.9	-15.2%	-14.4%	-11.9%	-100.0%	-14.4%	-13.1%	-100.0%	0.4%	2.0%	52.0%	53.2%	58.5%	46.0%	46.1%	49.9%
BLU ECIGS	\$87.9	-15.2%	-14.4%	-11.9%	-100.0%	-14.4%	-13.1%	-100.0%	0.4%	2.0%	52.0%	53.2%	58.5%	46.0%	46.1%	49.9%
NJOY, INC.	\$46.8	56.9%	54.6%	46.0%	-100.0%	45.7%	50.4%	-100.0%	1.8%	-3.6%	38.4%	37.1%	31.2%	41.3%	40.7%	35.7%
NJOY	\$46.8	56.9%	54.6%	46.0%	-100.0%	45.7%	50.4%	-100.0%	1.8%	-3.6%	38.4%	37.1%	31.2%	41.3%	40.7%	35.7%
JAK ECIG	\$13.0	-14.8%	-8.7%	-8.9%	-100.0%	1.7%	-5.9%	-100.0%	-1.4%	-1.6%	7.7%	7.7%	8.7%	10.6%	11.0%	12.5%
JAK	\$13.0	-14.8%	-8.7%	-8.9%	-100.0%	1.7%	-5.9%	-100.0%	-1.4%	-1.6%	7.7%	7.7%	8.7%	10.6%	11.0%	12.5%
JAPAN TOBACCO INC.	\$0.8	555.0%	613.9%	-73.9%	-100.0%	482.6%	-81.2%	-100.0%	-8.8%	-10.0%	0.7%	0.7%	0.6%	0.6%	0.6%	0.5%
LOGIC	\$0.8	556.0%	779.0%	-73.8%	-100.0%	583.3%	-81.1%	-100.0%	-7.4%	-9.7%	0.7%	0.7%	0.6%	0.6%	0.6%	0.5%
ALL OTHER MANUFACTURERS	\$1.7	-7.8%	8.8%	-28.6%	-100.0%	39.0%	3.5%	-100.0%	-19.1%	-30.7%	1.3%	1.3%	1.1%	1.5%	1.5%	1.4%

Source: Nielsen XAOC Including C-Store and Wells Fargo Securities, LLC

**Exhibit 18. E-Cig Kits - All Channel Data Summary (52-wk Category Retail \$ Sales \$659.9M)**

E-CIGS-KITS, BATTERIES, AND CHARGERS - All Channel Scanner Data Summary																
	Retail \$ Sales Last 52 wks (\$MM)	Dollar Sales Δ y/y			EQ Unit Sales Δ y/y			Avg. EQ Price Δ y/y			Dollar Share			Unit Share		
		Period Ended 08/10/19			Period Ended 08/10/19			Period Ended 08/10/19			Period Ended 08/10/19			Period Ended 08/10/19		
		4-Wk	12-Wk	52-Wk	4-Wk	12-Wk	52-Wk	4-Wk	12-Wk	52-Wk	4-Wk	12-Wk	52-Wk	4-Wk	12-Wk	52-Wk
E-CIGS KITS CATEGORY	\$659.9	-0.4%	7.0%	61.6%	47.3%	28.2%	57.4%	-32.4%	-15.7%	5.9%						
JUUL LABS INC	\$492.3	-5.2%	3.7%	79.2%	57.1%	50.4%	133.0%	-39.6%	-30.7%	-25.5%	76.0%	76.5%	74.6%	43.7%	45.6%	48.9%
JUUL	\$492.3	-5.2%	3.7%	79.2%	57.1%	50.4%	133.0%	-39.6%	-30.7%	-25.5%	76.0%	76.5%	74.6%	43.7%	45.6%	48.9%
BRITISH AMERICAN TOBACCO PLC	\$97.1	144.7%	151.9%	52.6%	21.9%	12.8%	16.3%	100.7%	122.0%	28.2%	17.0%	17.1%	14.7%	12.6%	14.5%	18.0%
VUSE	\$97.1	144.7%	151.9%	52.6%	21.9%	12.8%	16.3%	100.7%	122.0%	28.2%	17.0%	17.1%	14.7%	12.6%	14.5%	18.0%
ALTRIA GROUP INC	\$18.7	-99.8%	-99.3%	-40.1%	-99.8%	-99.5%	-42.3%	13.6%	27.7%	10.3%	0.0%	0.0%	2.8%	0.0%	0.1%	8.8%
MARKTEN	\$18.6	-99.8%	-99.4%	-40.0%	-99.8%	-99.5%	-42.3%	13.7%	28.2%	10.4%	0.0%	0.0%	2.8%	0.0%	0.1%	8.8%
GREEN SMOKE	\$0.1	-100.0%	-90.2%	-61.2%	-100.0%	-68.3%	-63.6%	-100.0%	-69.8%	-7.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
IMPERIAL TOBACCO GROUP PLC	\$27.2	-80.0%	-75.5%	58.9%	-94.9%	-93.1%	-9.7%	293.3%	268.5%	30.0%	0.5%	0.9%	4.1%	0.5%	1.0%	6.3%
MY BLU	\$26.5	FALSE	FALSE	FALSE	FALSE	-93.4%	FALSE	342.8%	308.4%	133.3%	0.5%	0.8%	4.0%	0.5%	0.9%	6.1%
BLU	\$0.7	-89.3%	-87.7%	-90.8%	-88.7%	-87.1%	-90.7%	-5.6%	-4.2%	-1.0%	0.0%	0.1%	0.1%	0.0%	0.1%	0.2%
JAPAN TOBACCO INC.	\$11.9	-1.7%	-10.6%	-5.8%	-21.6%	-26.7%	-8.4%	25.4%	21.9%	2.3%	2.0%	1.7%	1.8%	2.2%	2.2%	3.0%
LOGIC	\$11.9	-1.7%	-10.6%	-5.8%	-21.6%	-26.7%	-8.4%	25.4%	21.9%	2.3%	2.0%	1.7%	1.8%	2.2%	2.2%	3.0%
BALLANTYNE BRANDS LLC	\$0.8	-91.4%	-78.5%	-70.6%	-84.6%	-51.6%	-32.8%	-44.5%	-57.1%	-58.0%	0.0%	0.1%	0.1%	0.1%	0.2%	0.3%
CB DISTRIBUTORS INC	\$1.2	-77.1%	-62.0%	-52.5%	-77.9%	-44.9%	-40.9%	3.5%	-25.1%	-18.8%	0.1%	0.1%	0.2%	0.1%	0.2%	0.3%
ALL OTHER MANUFACTURERS	\$10.8	729.2%	550.3%	172.7%	6479.6%	5365.7%	1789.2%	-87.4%	-87.9%	-50.0%	4.3%	3.6%	1.6%	40.9%	36.3%	14.5%

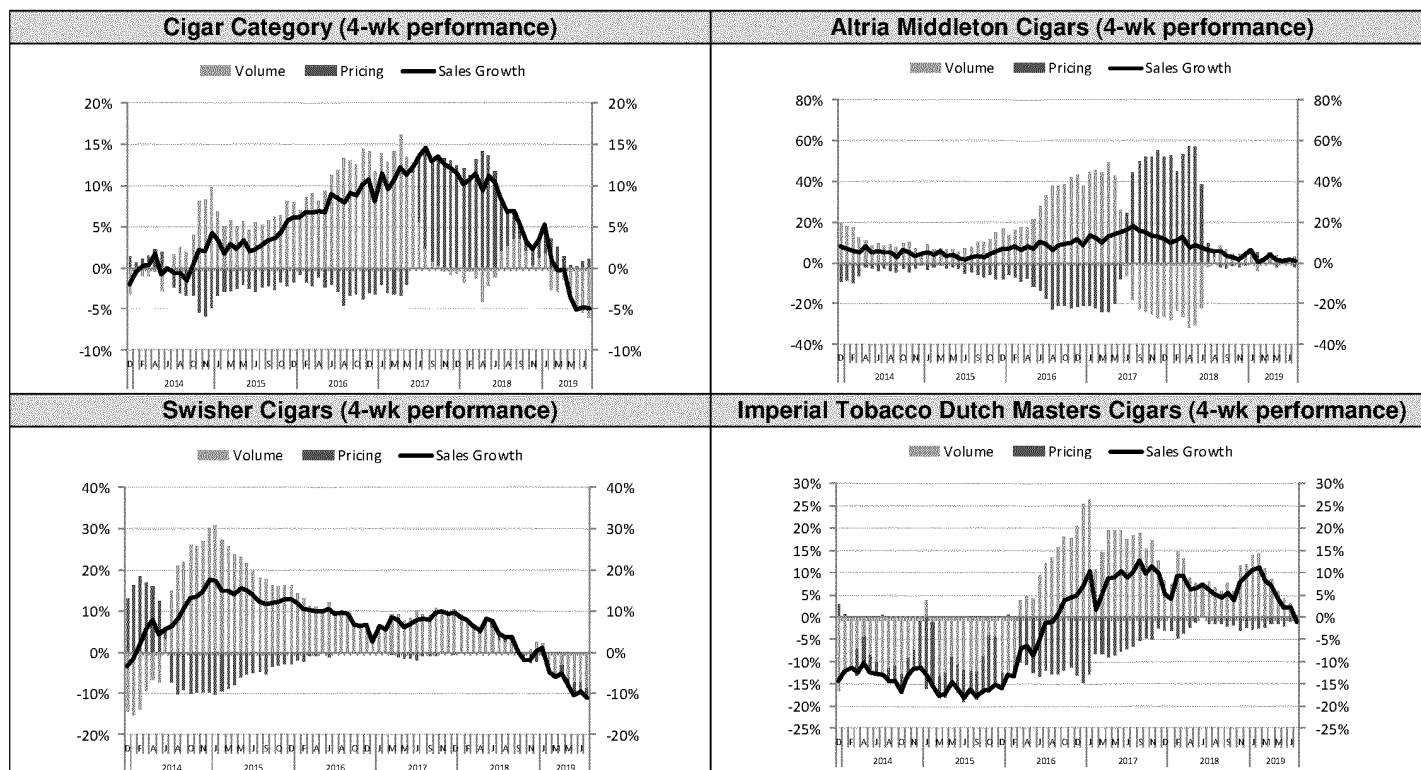
Source: Nielsen XAOC Including C-Store and Wells Fargo Securities, LLC



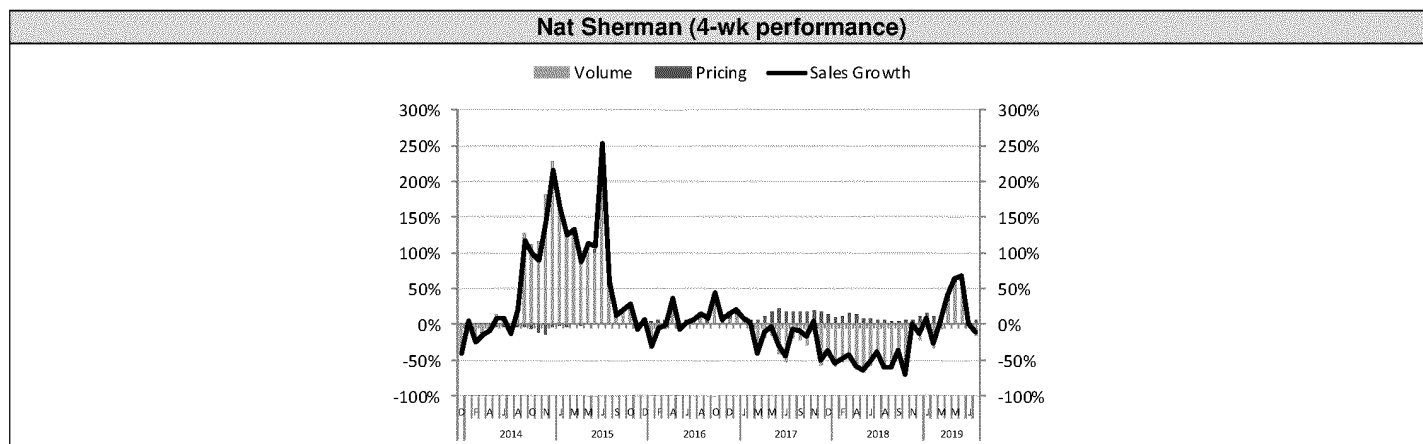
**Exhibit 19. Cigar All Channel Data Summary (52-wk Category Retail \$ Sales \$3.2B)**

CIGARS - All Channel Scanner Data Summary																
	Retail \$ Sales Last 52 wks (\$MM)	Dollar Sales $\Delta$ y/y			EQ Unit Sales $\Delta$ y/y			Avg. EQ Price $\Delta$ y/y			Dollar Share			Unit Share		
		Period Ended 08/10/19 4-Wk	12-Wk	52-Wk	Period Ended 08/10/19 4-Wk	12-Wk	52-Wk	Period Ended 08/10/19 4-Wk	12-Wk	52-Wk	Period Ended 08/10/19 4-Wk	12-Wk	52-Wk	Period Ended 08/10/19 4-Wk	12-Wk	52-Wk
CIGAR CATEGORY	\$3,219	-5.0%	-5.0%	0.5%	-6.1%	-5.6%	-1.3%	1.1%	0.7%	1.8%						
ALTRIA GROUP INC	\$1,031	-0.5%	-0.1%	2.3%	1.2%	0.5%	2.9%	-1.7%	-0.6%	-0.6%	33.7%	33.4%	32.0%	20.0%	19.9%	18.7%
MIDDLETON'S	\$1,011	0.8%	1.0%	2.6%	3.2%	2.1%	3.3%	-2.4%	-1.1%	-0.7%	33.3%	33.0%	31.4%	19.6%	19.5%	18.1%
NAT SHERMAN	\$0.2	-10.9%	16.7%	-19.1%	-16.1%	11.4%	-24.4%	6.2%	4.8%	6.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
SWISHER INTERNATIONAL INC	\$896	-9.9%	-9.0%	-2.4%	-8.0%	-6.6%	-0.5%	-2.0%	-2.6%	-1.8%	26.6%	26.9%	27.8%	30.6%	31.0%	31.9%
SWISHER	\$816	-11.0%	-10.3%	-4.2%	-8.8%	-7.8%	-2.7%	-2.4%	-2.7%	-1.6%	24.3%	24.5%	25.4%	27.7%	28.0%	28.5%
SWEDISH MATCH AB	\$530	-9.1%	-7.9%	-1.4%	-7.8%	-7.0%	-2.1%	-1.4%	-1.0%	0.8%	15.9%	16.1%	16.5%	15.7%	15.8%	16.1%
GARCIA Y VEGA	\$317	-3.1%	-1.9%	6.2%	0.5%	0.8%	5.7%	-3.6%	-2.7%	0.5%	9.9%	9.9%	9.9%	9.7%	9.6%	9.5%
WHITE OWL	\$184	-20.1%	-18.4%	-12.1%	-19.2%	-17.6%	-11.5%	-0.9%	-1.0%	-0.8%	5.0%	5.2%	5.7%	5.3%	5.5%	6.0%
IMPERIAL TOBACCO GROUP PLC	\$508	-1.1%	-4.5%	5.1%	-5.7%	-6.1%	-0.2%	4.9%	1.7%	5.4%	15.9%	15.7%	15.8%	9.0%	8.8%	8.8%
BACKWOODS	\$282	-0.4%	-7.6%	7.7%	-3.7%	-10.5%	1.4%	3.4%	3.2%	6.6%	9.0%	8.7%	8.8%	3.7%	3.6%	3.6%
DUTCH MASTERS	\$187	-1.1%	1.1%	5.7%	0.0%	2.4%	7.9%	-1.1%	-1.3%	-1.9%	5.7%	5.7%	5.8%	3.8%	3.8%	3.9%
CHEYENNE INTERNATIONAL LLC	\$46	-7.0%	-9.8%	-7.4%	-4.8%	-7.0%	-5.3%	-2.1%	-2.7%	-2.2%	1.5%	1.4%	1.4%	8.7%	8.5%	8.2%
PT DJARUM	\$44	-2.0%	-3.3%	-1.1%	-2.1%	-2.5%	-2.7%	0.2%	-0.8%	1.7%	1.4%	1.4%	1.4%	1.5%	1.5%	1.5%
PRIVATE LABEL	\$6	8.7%	10.6%	-6.0%	110.5%	117.5%	52.9%	-48.4%	-49.0%	-22.5%	0.2%	0.2%	0.2%	0.1%	0.1%	0.0%
ALL OTHER MANUFACTURERS	\$158	-5.5%	-4.7%	0.1%	-10.6%	-9.4%	-5.1%	4.2%	3.7%	4.0%	4.8%	4.9%	4.9%	14.5%	14.4%	14.8%

**Note:** Nielsen data is somewhat limited in that it does not currently track online sales or specialty cigar shops, which together are estimated to make up 50% of the total U.S. cigar market. **Source:** Nielsen XAOC Including C-Store and Wells Fargo Securities, LLC

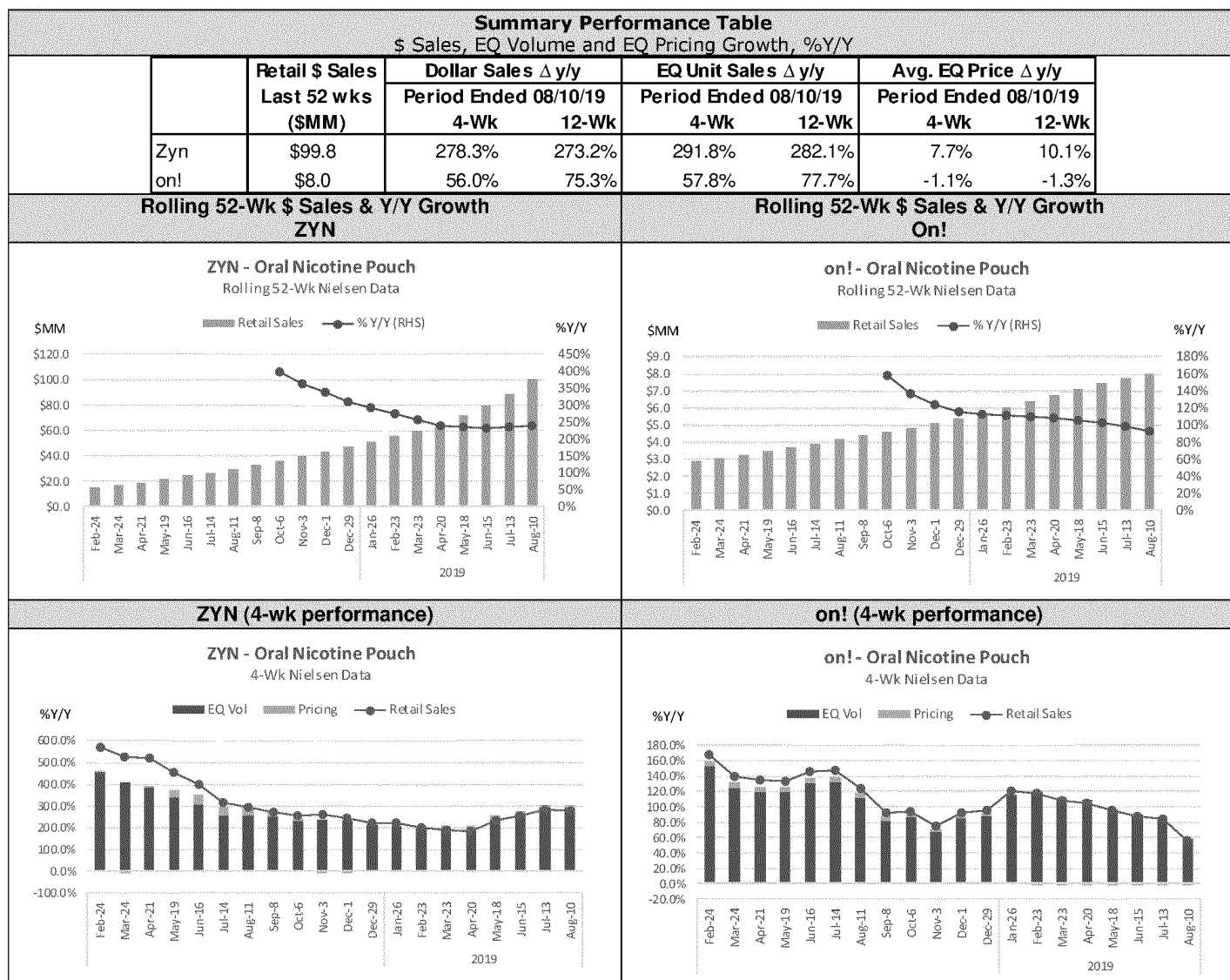
**Exhibit 20. All Channel Cigar Category Pricing, Volume & Sales Trends\***

**Source:** Nielsen XAOC Including C-Store and Wells Fargo Securities, LLC



Source: Nielsen XAOC Including C-Store and Wells Fargo Securities, LLC

### Exhibit 21. All Channel Modern Oral Nicotine Category – ZYN & on!



Source: Nielsen XAOC Including C-Store and Wells Fargo Securities, LLC

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