



DRIVING VALUE FROM OUR BROADER MARKET PORTFOLIO

We have identified a clear role for each of our diverse markets.

In a similar way to how we have focused our investment in our five priority markets, we have brought an equally rigorous approach to creating value and identifying future growth opportunities across our broader portfolio. We have created new structures and processes designed to help the teams in all our markets maximise their contribution to the success of the Group.

In particular, over the past year we have created a new regional structure with the formation of the AAACE region, covering Africa, Asia, Australasia and Central & Eastern Europe. Led by Paola Pocci this unit is being developed as a centre of expertise for our medium-sized and smaller markets, many of which have attractive margins and the potential to become platforms for future growth in combustible tobacco and next generation products.





In aggregate, some of these market clusters, such as Africa which accounts for about 10% of Group tobacco profit, have the potential to make a significant contribution to overall Group success. Within each portfolio, every market is assigned a specific role and a distinct set of priorities.

Under the new regional structure, groups of markets are now being run more effectively as portfolios with insights, expertise and services being pooled.

Greater consumer engagement in each market has guided our investment in wider consumer choice. Brand innovations have supported brand equity building and underpin sustainable price increases.

We have also shared best practice across our wider markets. Disciplined go-to-market strategies used to good effect elsewhere in the Group have been repeated across our wider markets, where appropriate. In our African markets strong price increases were combined with revenue growth management measures and tools developed together with our Global Consumer Office team.

We use our unique portfolio of local jewel and international brands to meet local consumer preferences. For instance, in the Middle East international brand Davidoff resonates well with consumers, particularly in

Kuwait. Here the country benefited from reopened borders and we exercised strong pricing discipline and a more focused go-to-market approach to drive revenue growth there.

Our global duty free business performed well during the year as travel plans returned to pre-pandemic levels in most locations, apart from Asia where travelling is expected to recover to pre-pandemic levels over time. Our performance was enhanced as we increased our share of market in major airports, mainly in Europe and the Middle East.

In line with our approach as a focused challenger, we have been ready to exit markets where we believe we lack the right to win. In 2022 we exited Japan, a large market for tobacco but one where after a decade of investment, the business remained small and unprofitable. Also in 2022, following the invasion of Ukraine we decided to exit Russia and subsequently, we have closed our operations in several central Asian markets, which had previously been reliant on our Russian supply chain.

Focus, discipline and our new consumer approach and revenue growth management frameworks are enabling us to continue to drive value from our broader market portfolio.