



“Welcome to our 2017 Annual Report and Accounts. This was a year of achievement in which we made further progress against our long-term strategy.”

MARK WILLIAMSON
Chairman

We successfully delivered share gains in many of our priority markets following our decision to significantly increase investment in Growth and Specialist Brands in support of our drive for quality growth. This has strengthened the business and enhanced our long-term growth potential.

Our investments were focused on the markets that offer Imperial the best growth opportunities and were aligned with the rollout of our Market Repeatable Model, which provides a structured approach for generating growth across our geographic footprint.

Our brand investments are being part-funded by a new phase of cost optimisation, through which we continue to reduce complexity and improve our ways of working.

In Next Generation Products we continued to prioritise e-vapour. We have an exciting programme of initiatives planned for the coming year, which will substantially enhance our e-vapour position.

As well as being a period of significant operational delivery, 2017 is the ninth consecutive year that we have delivered dividend growth of 10 per cent. The Board is proposing a total dividend for the year of 170.7 pence per share and remains committed to maintaining an annual 10 per cent growth rate over the medium term.

OUR PEOPLE

Our talented people work tirelessly, often in very challenging conditions, to bring our strategy to life.

We have more than 30,000 employees and benefit enormously from the diverse nature of our global workforce. My thanks to everyone for their continued hard work and commitment.

A RESPONSIBLE BUSINESS

The responsible way we run our business is of paramount importance to the Board and fundamental to our long-term sustainability.

We are proud to have a robust Corporate Responsibility Framework that sets out the priorities for our business, our people and our stakeholders. The progress we have made against these priorities is set out on pages 29-32, with more detailed information available on our corporate website www.imperialbrandsplc.com

BOARD CHANGES

In February Senior Independent Non-Executive Director Michael Herlihy stepped down from the Board after completing nine years' service and I would like to thank him for the contribution he made to our success.

In June I was delighted to welcome Simon Langelier to the Board as an independent Non-Executive Director. Simon has tremendous international experience and is proving to be a strong addition to the business. During a 30 year career with Philip Morris International he held a number of senior commercial positions, including President of Next Generation Products & Adjacent Businesses.

The Board remains committed to ensuring that Imperial is governed in the right way at all times. Our Governance Report starts on page 33 and provides an overview of our governance framework, as well as the work of the Board and its Committees.

SUSTAINABLE SHAREHOLDER RETURNS

The investments we made in 2017 have delivered encouraging results, putting Imperial in a stronger position to deliver sustainable quality growth. Maintaining this momentum is a priority for us, as we continue to focus on driving the performance of our key tobacco brands and building our e-vapour presence.

Significant growth opportunities lie ahead for the business and I believe we are well placed to be able to capitalise on these opportunities and create further value for shareholders.

A handwritten signature in black ink, appearing to read 'M Williamson', written over a thin horizontal line.

MARK WILLIAMSON
Chairman