

Our business is built on great brands and great people.

Our brands are recognised and enjoyed by millions of people around the world. And our people are focused on creating the great moments that bring our business to life on a daily basis.

2017 has been an important year of progress for Imperial Brands. We've stepped up investment to support growth and created further value for our shareholders.

See how we're delivering against our strategy.

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2017 AT A GLANCE

GROWTH BRAND VOLUMES

+5.5%
159.6bn

TOBACCO NET REVENUE*

-2.6%
£7.8bn

ADJUSTED EARNINGS PER SHARE*

-2.2%
267.0p

REPORTED EARNINGS PER SHARE

+123%
147.6p

DIVIDEND PER SHARE

+10%
170.7p

* on a constant currency basis

FURTHER GOOD PROGRESS AGAINST STRATEGY

SIGNIFICANT INVESTMENT IN GROWTH AND SPECIALIST BRANDS

IMPROVING SHARE IN PRIORITY MARKETS

STRENGTHENING THE BUSINESS IN A CHALLENGING ENVIRONMENT

INCREASED INVESTMENT IMPACTED REVENUE AND PROFIT, AS EXPECTED

> **Turn to page 8**
for our performance by KPI

PERFORMANCE MEASURES

Measure	Explanation	Where used
Reported (GAAP)	Complies with International Financial Reporting Standards and the relevant legislation.	Throughout the report.
Adjusted (Non-GAAP)	Non-GAAP measures provide a useful comparison of performance from one period to the next.	Throughout the report.
Constant currency basis	Removes the effect of exchange rate movements on the translation of the results of our overseas operations. We translate current year results at prior year foreign exchange rates.	Throughout the report.
Market share	Market share data is presented as a 12 month moving average weighted across the markets in which we operate.	Throughout the report.
Stick equivalent	Stick equivalent (SE) volumes reflect our combined cigarette, fine cut tobacco, cigar and snus volumes.	Throughout the report.



“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', with a long horizontal line extending to the right.

MARK WILLIAMSON
Chairman

OUR BRANDS AND MARKETS

We focus on maximising opportunities for our brands and markets by building the contribution from our Growth and Specialist Brands and strategically managing our markets to deliver either growth or returns.

GROWTH BRANDS

Growth Brands have broad consumer appeal and are managed to drive quality sustainable growth.

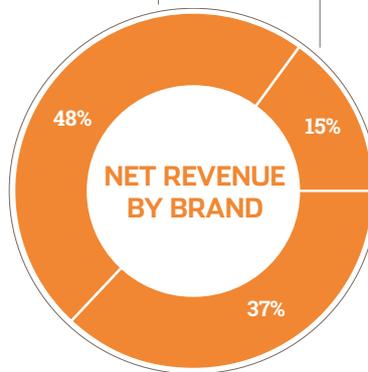


PORTFOLIO BRANDS

Some Portfolio Brands support our volume and revenue development, while others are delisted or migrated into Growth Brands.

SPECIALIST BRANDS

Specialist Brands appeal to specific consumer groups and have a track record of generating strong returns.

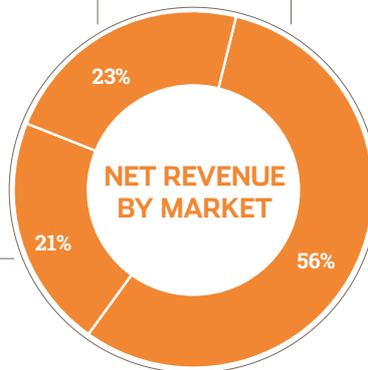


GROWTH MARKETS

In Growth Markets we aim to deliver long-term share and profit growth.

USA MARKET

We have a significant presence in the USA and therefore manage it as a standalone Growth Market.



RETURNS MARKETS

In Returns Markets we focus on sustainable profit delivery, while actively managing our large share positions.