

29 September 2016

Imperial Brands PLC today issues the following trading update ahead of its close period on 1 October 2016.

We confirm we are on track to meet full year expectations at both constant currency and reported exchange rates. We remain in a strong position to generate further returns for shareholders, as we continue to deliver against our strategic agenda.

At current exchange rates, we expect currency translation to benefit full year earnings by c. 4-5%. The full year impact of currency transaction on earnings remains at around 3% for the full year.

We have delivered strong growth in reported tobacco net revenue for the year driven by the US acquisition and the benefit of currency translation. The full year trend for total tobacco volumes and operating profit margin is broadly in line with the first half. Our cost optimisation programme is on track to deliver the targeted savings and cash conversion remains strong.

We have made excellent progress in the US with market share gains in our focus brands, Winston and Kool. We have delivered a strong performance in our Growth Markets as we continue to focus on profitable share opportunities and to benefit from revenue growth in Fontem Ventures. In Returns Markets, our priority has remained on managing share and profit; the benefit from price increases has been offset by a combination of adverse mix, particularly in the UK, EUTPD investment and the conclusion of distribution for Philip Morris International in the UK and Morocco.

The preliminary results for the financial year ended 30 September 2016 will be announced on 8 November 2016.

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