Evolution 2011 Consumer Conference
Imperial Tobacco Group PLC

Edinburgh
11 March 2011
Bob Dyrbus  Finance Director
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Delivering sustainable shareholder returns

Growth drivers
- Cost Optimisation
- Sales Growth
- Cash Utilisation

Our key assets
- Brand Equity
- Total Tobacco
- Market Footprint
- People

How we leverage our assets
- Consumer Centric
- Execution Excellence
- Future Foundations
Global Cigarette Volume Growth
steady growth driven by China

Source: Euromonitor
Global Cigarette Volumes Ex China

c.80% exposure excluding China

Source: Euromonitor; roundings take total to 101
5 Year Expected Cigarette Growth

AME and EE 45% our volumes

Source: Euromonitor
* Compound annual growth rate
Organic Cigarette Volume Growth
annual growth CAGR FY05 – FY10

Source: Company data; Volumes represent respective financial reporting years
Growth Opportunities

Imperial Tobacco Profitability

High Profit:
- UK
- Germany
- USA
- Spain
- France
- Australia
- NLD
- BeLux
- Morocco
- Taiwan
- Ukraine
- Saudi Arabia
- Greece
- Ireland
- Austria, Canaries, Poland, Czech, NZL

Low / No Profit:
- Italy
- Russia
- China
- Japan
- Canada
- Mexico
- S. Korea
- Brazil
- Turkey
- Indonesia
- India
- Switzerland
- Austria, Canaries, Poland, Czech, NZL
- Denmark
- Nigeria
- Serbia
- Bulgaria
- Romania
- Colombia
- Egypt
- Philippines
- CAR
- Chad
- Congo
- Cyprus
- Gibraltar
- Hungary
- Hong Kong
- Kosovo
- Cambodia

Market Profitability

Low Profit:
- I. Coast
- Azerbaijan
- Burkina Faso
- Slovenia
- Senegal
- Laos
- CAR
- Chad
- Congo
- Cyprus
- Gibraltar

High Profit:
- UK
- Germany
- USA
- Spain
- France
- Australia
- NLD
- BeLux
- Morocco
- Taiwan
- Ukraine
- Saudi Arabia
- Greece
- Ireland
- Austria, Canaries, Poland, Czech, NZL

Profitability:
- High Profit: 9
- Low Profit: 187
- Low / No Profit: 211

Total:
- 6
- 3
- 5
- 18
- 30
- 194
- 257
Balanced Geographic Footprint
FY10 cigarette volumes

Mature
40%

Emerging
60%

Western Europe
33%

Central & Eastern Europe
33%

USA
4%

Africa & Middle East
22%

Australasia & Duty Free
3%

Asia
5%
Mature Market Footprint

stability with real pricing power

- FY11 cigarette market trends in-line with long-term
- Pricing power still strong
  - benefits from FY10
  - FY11 price increases taken or announced in numerous markets
- Defend our core profit markets
  - right portfolio to meet local consumer needs
  - investment in expanding sales force
  - gain in growing segments
## FY10 EU Stick Equivalent Volumes

<table>
<thead>
<tr>
<th>Billion sticks</th>
<th>FY09</th>
<th>FY10</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK (exc PMI(^{(1)}))</td>
<td>27.1</td>
<td>27.8</td>
<td>+2.6</td>
</tr>
<tr>
<td>Germany</td>
<td>31.9</td>
<td>32.8</td>
<td>+2.8</td>
</tr>
<tr>
<td>Spain</td>
<td>33.3</td>
<td>27.0</td>
<td>-18.9</td>
</tr>
<tr>
<td>Rest of EU</td>
<td>75.2</td>
<td>78.4</td>
<td>+4.3</td>
</tr>
<tr>
<td><strong>Total EU</strong></td>
<td>167.5</td>
<td>166.0</td>
<td>-0.9</td>
</tr>
</tbody>
</table>

\(^{(1)}\)3.3bn sales of PMI brands (FY09: 3.4bn)
Mature Market Revenues
EU revenue grew by 3% in FY10
EU Constant Currency Net Revenue outperformed peers* in FY10

<table>
<thead>
<tr>
<th>Company</th>
<th>Net Revenue Growth (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Imperial</td>
<td>3.2%</td>
</tr>
<tr>
<td>PMI</td>
<td>-0.6%</td>
</tr>
<tr>
<td>BAT</td>
<td>-10.2%</td>
</tr>
<tr>
<td>AB InBev</td>
<td>-3.1%</td>
</tr>
<tr>
<td>Diageo</td>
<td>-2.0%</td>
</tr>
<tr>
<td>Heineken</td>
<td>-4.6%</td>
</tr>
<tr>
<td>Nestle</td>
<td>2.5%</td>
</tr>
<tr>
<td>Pernod Ricard</td>
<td>0.0%</td>
</tr>
<tr>
<td>Reckitt Benckiser</td>
<td>0.0%</td>
</tr>
<tr>
<td>SAB Miller</td>
<td>-0.4%</td>
</tr>
<tr>
<td>Unilever</td>
<td>-0.4%</td>
</tr>
</tbody>
</table>

Source: company results (adjusted for foreign exchange movements).
* For those companies not disclosing EU, net revenues taken from closest comparator (Western Europe or Europe).
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There is Growth in Spain… winning in growing segments

- Total FY10 market decline 12%
- 5% GDP decline and 20% unemployment
- However, there are four rapidly growing segments:
  1. Mini cigars (driven by eco-cigarillos)
  2. Queen size cigarettes
  3. Soft pack line extensions
  4. FMC branded RYO
Spain – Mini Cigar Segment
Coburn the clear segment leader
Spain – Queen Size Segment
Nobel Style already driving segment growth

Source: Logista shipment volumes
Spain – Soft Pack Line Extensions
soft pack evolution

Ducados Rubio launched
Competitor brand launches

Soft Pack Volumes (million sticks)

Source: Logista shipments, volumes in million
Spain – FMC Branded FCT
a clear growth segment

Share of Domestic FCT by Segment (%)

- FMC Branded
- Natural
- Traditional

Source: Logista shipments
USA Offers Affordable Growth

- Greater stability post-FET increase
- $18bn estimated margin pool
- Growth strategies
  - competitive price positioning
  - increased distribution
  - improved brand equity
- Cigarettes still relatively cheap

Source: Imperial estimates

* Affordability measured as GDP per capita / MPPC.
Emerging Market Volumes

growth ex-lower margin volumes

Indexed

<table>
<thead>
<tr>
<th>Region</th>
<th>FY09</th>
<th>FY10 Adjusted</th>
<th>Russia (Balkan Star)</th>
<th>Russia (Other) &amp; Ukraine</th>
<th>FY10 Reported</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eastern Europe</td>
<td></td>
<td>64.0</td>
<td></td>
<td></td>
<td>96.2</td>
</tr>
<tr>
<td>Africa &amp; Middle East</td>
<td></td>
<td>18.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asia*</td>
<td></td>
<td>15.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td>5.0</td>
<td></td>
<td></td>
<td>102.0</td>
</tr>
</tbody>
</table>

FY10 Adjusted = FY10 Reported - changes in lower margin volumes

Changes:
-2.4% in Eastern Europe
-3.4% in Africa & Middle East
+2.0% in Asia*

Emerging Market Footprint
our approach to growth

- Organic growth
  - targeted increase in A&P investment
  - structural investments

- Strategic alliances
  - South Korea in FY10

- Future M&A
  - expanding market footprint one key criteria
Africa & Middle East
geographical footprint

ITG Market Shares
- > 75%
- 50 – 74%
- 25 – 49%
- <25%
- Activities ceased
- No presence
Eastern Europe – Superslims (1)
new format driving growth

Superslims Volume Indexed

- Russia: +286% FY08-10
- Ukraine: +996% FY08-10
Eastern Europe – Superslims (2)

segment development to continue

- Strong growth
- Unisex appeal
- Almost one third of market in Azerbaijan & Armenia
  - segment leader in both markets
- KS Superslims launched 2010
  - West Fusion: 6.4% share of market in Azerbaijan

Source: Imperial estimates
Asia-Pacific

- Australia
  - growing market share
  - build on strong portfolio
  - positive economic recovery

- Indochina
  - Laos market leader
  - Vietnam joint venture

- Greater China
  - China cigar cooperation agreement

Source: Imperial estimates.
* 12 months MAT cigarette volumes to December 2010.
Summary

- Mature market focus
  - balance market share with profit requirements
  - target growth segments
  - positive pricing environment

- Emerging market opportunity
  - sustained targeted investment
  - already paying off
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