Alison Cooper, Chief Executive

Good morning. I’m Alison Cooper, Chief Executive. I’m here with Finance Director Bob Dyrbus and other members of the senior management team including Oliver Tant, who will be succeeding Bob as Finance Director later today and it’s great to have someone of Oliver’s calibre on board to build on the huge contribution that Bob’s made.

Also in the audience is our Chairman, Iain Napier who, as you have seen, will be stepping down at our AGM in February and will be succeeded by Mark Williamson, who is also here today. On behalf of the Board I’d like to thank Iain for the service he has given the Company over 13 years, the last seven as Chairman.

Disclaimer

FY13 Overview – transition on track

There’s a lot of ground to cover today so the presentation will take slightly longer than usual. I’ll start by briefly reviewing 2013 and laying out my strategic priorities for 2014.

We’ve made significant progress in the year, continuing to transition the business whilst addressing the market headwinds.

2013 was a tough year for tobacco; after weaker results in the first half we said we’d improve our performance in the second half we achieved that including improved results in the USA and Russia.

We’ve realigned our footprint into Growth Markets and Returns Markets and now manage markets based on the strategic role they play, rather than their geographic proximity. This new approach gives strategic clarity and enables us to better target resource and realise the potential of our footprint.

In optimising our portfolio we’re enhancing our ability to deliver quality growth from our most important brands and products. We now classify these brands as Growth Brands and Specialist Brands; together they account for more than 50 per cent of our tobacco net revenue.

Each set of brands has its own distinct strengths, and we are prioritising investment behind these brands to build sustainable quality growth. During the year we increased the market share of our Growth Brands and grew revenues of our Specialist Brands by 5 per cent.

We’re also making good progress with our stand alone subsidiary, Fontem Ventures, which has acquired further eVapour assets and expertise from one of the pioneering e-cigarette companies and is gearing up to launch its own products in 2014.

Portfolio optimisation drives product cost and complexity reductions and this is a core driver of our cost optimisation programme. The programme delivered savings of 30 million pounds in 2013 and will deliver savings of 300 million pounds a year from September 2018.

As I said, significant progress in the year, none of this could have been achieved without the support of our people; I know many of them will be watching the webcast – thank you all for your great work over the year.
FY13 Summary Results – robust performance in tough environment

Turning to the results, we’ve delivered a robust performance in a tough operating environment with our Growth Brands outperforming the market.

Adjusted earnings per share grew six per cent at constant currency with dividends per share up 10 per cent and we again bought back 500 million pounds worth of shares.

We achieved strong cash conversion of 86 per cent including the impact of restructuring related cash outflows, excluding these, cash conversion was 93 per cent and we improved our return on invested capital to 15.1 per cent.

FY14 Outlook – important transition year; building on successes

2014 is an important transition year, building on our progress as we focus on strengthening our portfolio and footprint – we’re backing growth and building resilience.

Backing growth is about increasing investment in Growth Brands and markets and in our Fontem initiatives and we’re building resilience through our cost programme and by implementing a stock optimisation programme to reduce trade inventories, which will improve our supply efficiency and the effectiveness of our portfolio, innovation, pricing and trade engagement initiatives.

Our goal? A stronger portfolio, a stronger footprint and a stronger platform for sustainable quality growth.

Strategic Transition – realising our growth potential

This slide will be familiar to you, one that I first shared with you at our February Investor Day, it illustrates the transition journey we’re on.

In the last few years we’ve moved to putting the consumer at the centre of our business – developing a differentiated approach to understanding consumers and successfully applying these insights to grow our key strategic brands.

As I mentioned, we’re now translating that focus to a broader group of brands across our footprint and refining our resource allocation so that these brands get the right level of support in the right markets to realise their growth potential.

And this focus enables us to further optimise costs – all strengthening our ability to deliver sustainable quality growth.

Prioritised Portfolio; Realigned Markets – maximising growth opportunities

The changes we have made to the way we manage our portfolio and footprint mean we are changing the way we report – as we outlined in August.

Our reporting now focuses on the performance of our Growth and Specialist Brands and from a footprint perspective on the performance of our Growth and Returns Markets.
Key Metrics – driving quality growth

It’s important to understand how we measure our performance under our new operating structure and here we show the key performance metrics of our brand and market categories, which you’ll be hearing more about later.

For our Growth Brands we focus on quality growth hence we measure absolute volumes and net revenue and also focus on how the percentage of group volumes and group tobacco net revenues from these brands is developing.

For our Specialist Brands the focus is on value growth due to the varied nature of brands and products, so we measure tobacco net revenue and the percentage of group tobacco net revenue from these brands.

In terms of our markets, our focus in Growth Markets is share and revenue growth whilst ensuring the quality of that growth: hence we measure market shares and revenue and we also focus on Growth Brand volumes and the proportion of revenue in these markets generated by these brands.

We measure the performance of our Returns Markets with a focus on profitability and quality – hence market share and net revenue per thousand stick equivalents alongside the proportion of revenue generated by Growth Brands.

Strategic Transition – prioritised brands: Growth & Specialist

So, lots of theory, let’s get into the reality of the change.

Our Growth Brands comprise the 10 brands that previously made up our key strategic and focus brands. They are high quality brands with strong consumer appeal and usually well-established positions in key markets. We have successfully developed a number of these brands into total tobacco offerings, providing consumers with both cigarette and fine cut tobacco options and they are a focus of our sales growth activities, including innovation and brand pack pricing.

Our Specialist Brands reflect our unique total tobacco focus – they have strong positions in their own categories, appealing to specific consumer groups and they’re in an excellent position to capture growth from changing consumer preferences. They consist of heritage cigarette brands, traditional fine cut tobacco and papers, iconic cigars and a dynamic smokeless tobacco brand – a fantastic set of brands that are key to our quality growth agenda.

The rest of our portfolio consists of brands that have the capacity to add to our revenue momentum; brands that can be delisted or will add greater value by being migrated into Growth Brands – we will be progressing a number of migrations in the coming year.

Growth Brands – focus for high quality growth

By focussing on our Growth Brands we are strengthening our portfolio, supporting quality volume, share and revenue growth.

To give you a sense of some of the initiatives this year:

- GlideTec has added to JPS growth in Portugal with its cigarette share climbing 90 basis points to 9.8 per cent
• JPS is also growing strongly in Italy, driven by focused customer engagement activities supporting a clear value opportunity for the consumer
• And we are capitalising on demand shifts to drive growth in slimmer formats across multiple markets. We’ve been successful with West Compact, our queen size variant in markets including Russia, Azerbaijan, Kyrgyzstan and Kazakhstan
• Gauloises has grown its share in Germany through its additive free variant and there are new launches planned for 2014
• Boudoir, the slimmest cigarette available on the market, has added to the growth of Davidoff in Russia and Ukraine
• And we’ve launched P&S in a number of markets with particular success in Slovakia and Czech Republic

Growth Brands – driving higher quality

Growth Brands outperformed the market with market share increasing 30 basis points. Net revenue increased 2 per cent, and we drove a further improvement in the quality of our volume and revenue with Growth Brands now accounting for 41 per cent Group of volumes and 39 per cent of tobacco net revenues. JPS was the star performer, making gains in many markets in the EU and in Australia.
Davidoff delivered some good in-market results but reported volumes were impacted by reduced shipments. Davidoff grew in Greece, Germany and Russia, while Gauloises Blondes generated good results in Algeria, Germany, Lebanon and Saudi Arabia and is performing particularly well in queen size and additive free.
West made gains in Iraq, Kazakhstan, Taiwan and Turkey with queen size strong in Eastern Europe although price competition in Azerbaijan held back overall growth.
We’re driving USA Gold to strengthen results in the USA and building quality volume in Vietnam with Bastos. Our other Growth Brands, Lambert & Butler, Fine and News, together added to our volume, share and revenue development.
We’ve shifted our investment and initiatives focus behind these brands in our 2014 plans. It’s great to see them outperforming the market – but they should also be growing in absolute terms going forward.

Specialist Brands – satisfying consumer occasions across total tobacco

There have been a number of key initiatives to drive growth in our Specialist Brands this year.
• We’ve launched Gitanes L’Esprit as an equity builder in the Middle East and it won the Gold Award in tobacco in the recent Penta worldwide packaging design awards
• We’ve continued to leverage consumer demand shifts toward slimmer formats in Russia with further growth in Style
• And driven growth in Cohiba through limited editions and smaller sized products
• We’ve maintained our momentum in Swedish snus through new launches and re-designed packaging to further grow share in Sweden and Norway
• And launched modern roll-your-own variants of our heritage brands Drum
and Golden Virginia with Drum Edge particularly successful in Netherlands

• And generated consistent growth in Backwoods volumes through the introduction of singles and doubles

**Specialist Brands – unique total tobacco platform driving growth**

We achieved an excellent performance from our Specialist Brands in a difficult trading environment, growing net revenues by 5 per cent with these brands currently representing 12 per cent of Group revenues.

In cigarette, Style is performing well in Russia and Ukraine, and Gitanes is delivering strong growth in Iraq. In fine cut tobacco and papers, contributions from Golden Virginia, Drum, Route 66 and Rizla in a number of markets continued to underpin our world leadership in these sectors.

Our premium cigar portfolio, led by Cohiba, Montecristo and Romeo Y Julieta, performed particularly well in Growth Markets and through our growing ‘mini’ range we are further capitalising on increased demand for smaller luxury cigars, while Backwoods in the USA delivered a strong performance.

And further strong revenue growth from Skruf contributed to another successful year for our dynamic snus business.

**Fontem Ventures – IP acquisition adds to growth potential**

Whilst strengthening our core tobacco portfolio, we’re also pursuing opportunities to broaden our portfolio of consumer experiences through our stand-alone subsidiary, Fontem Ventures.

Fontem is dedicated to developing a portfolio of innovative non-tobacco products in lifestyle consumer goods categories. Fontem’s immediate focus is to develop eVapour offerings with high consumer relevance and will be launching its first products in 2014.

Fontem completed the acquisition of eVapour assets from Dragonite International last month, one of the pioneers of e-cigarette technology and we’re delighted that Hon Lik, the acknowledged inventor of the e-cigarette, has joined our team further enhancing our sector potential.

As you can see, 2014 is an important year in moving our portfolio strategy forward and we have clear initiatives and investment plans to further add to our quality of growth in 2014. Now let’s turn to our footprint.

**Focused Investment – strategic role drives market classification**

Starting with a reminder on the left hand side our former sales structure, which was multi-layered, relatively complex and where geography was the criteria of how markets were aligned.

Moving to the right hand side, we’ve realigned our footprint into Growth and Returns Markets to manage markets based on the strategic role they play, rather than their geographic proximity.

To aid understanding of this year’s results, and as part of the transition to the new reporting structure, results on the former reporting basis are provided in the appendix. In addition, historic data based on our new reporting structure is available
in the appendix and on the IR section of our web site.

**Growth and Returns Markets – effective resource allocation**

Growth Markets are characterised by large profit and/or volume pools. We tend to have shares below 15 per cent and see considerable opportunities for share and profit growth over the long term with our Growth Brands in these markets and we’ll be prioritising investment to generate long-term returns.

Our Growth Markets include the USA, Italy and Russia and selected markets in Eastern Europe, Asia and the Middle East.

In Returns Markets we have an established presence and a relatively high share, mostly above 15 per cent. Volumes in these markets are typically in decline and where relevant we’ll be reducing portfolio complexity, including through migration. Our objective in these markets is to build on our strong position to maximise returns over the long-term by growing profits, whilst actively managing our share.

Our Returns Markets are split into two divisions and include a number of our larger profit pools including Australia, Germany, Spain and the UK.

This new approach across brands and markets enables us to better target resource, improves the effectiveness of our sales growth drivers and enhances the collaboration across markets with similar agendas to drive higher quality sustainable sales growth.

**Germany and Italy – same continent; different strategy**

As an example, take Germany and Italy – both are in the EU region and both are mature but we have a 25 share in Germany and a three share in Italy. Irrespective of them both being in Europe, how you manage them is very different.

Germany is about driving profit while managing our share position through leveraging our total tobacco portfolio, with investment decisions made with a medium term view. Markets with similar dynamics, with which our German team would benefit from closer collaboration, include Australia and Poland.

By contrast, Italy with a three share is focused on driving scale and investing for the long-term and has a smaller, more focused brand portfolio to drive scale. In terms of sharing ideas and collaborating, Italy has much more to learn from, and share with, markets like Russia and Turkey than it does Germany, despite their geographic proximity.

**Growth Markets – driving quality growth**

Remember our focus in Growth Markets is share and revenue growth, whilst ensuring the quality of that growth.

Our share in Growth Markets was slightly down at 5.8 per cent impacted by significant market declines in Russia; excluding Russia our share grew to 5 per cent. We grew net revenues by two per cent and profits were up seven per cent and we’ve maintained the quality of our business with the revenue contribution from Growth Brands increasing to
37 per cent, although overall Growth Brand volumes declined impacted by changes in trade stock levels, the weak Russian market and price competition impacting West in Azerbaijan.

Growth Markets – good progress across our markets

We’ve made good progress across our Growth Markets. In June we strengthened our portfolio in Italy by re-launching JPS cigarette and fine cut tobacco brands and by September JPS had already captured one per cent of the cigarette market.

In Turkey our new route to market strategy, focused on targeting major cities, continues to strengthen our position and we grew our cigarette share from 3.7 per cent to 4.5 per cent, driven by gains from Davidoff and West.

And Davidoff and West were also key to driving share and volume gains in Kazakhstan with Saudi Arabia benefitting from growth in Gauloises.

We made excellent progress in a broad spread of other Growth Markets including Cambodia, Greece, Scandinavia, and Taiwan.

USA – strategic transition delivering

Our successes have also been about achieving a turnaround in the USA and addressing market challenges in Russia.

The USA is a highly attractive market and I’m encouraged by the recent results we’re delivering, where a focus on pricing and customer engagement has driven a stronger performance in the second half, reflective of our new strategy delivering.

Our new management team re-engineered our business toward the end of the 2012 financial year – applying a state by state model; we’ve re-organised the sales force, implemented new pricing strategies and in the second half of 2013 focused on strengthening our key account relationships.

There’s plenty more to do but the drive of our US team improved the quality of our cigarette business with our cigarette share increasing 20 basis points in Focus States and in key accounts and in cigar we delivered a stronger second half performance with premium cigars and Backwoods.

Overall we significantly improved profit delivery in the second half in the USA, providing a strong platform for us to build on in 2014.

Russia – improved H2 performance

In Russia industry volumes have been under pressure following excise and regulatory developments, with a greater impact at the bottom end of the market, which has had a disproportionate effect on our value portfolio.

We invested ahead of the regulatory changes and have been actively managing our portfolio to strengthen our position in the high price and value segments. We grew Davidoff and Style volumes in modern formats and improved West volumes in the
second half through targeted investment in new launches such as West Compact.
We also improved the performance of Maxim in the second half as we expanded our portfolio into 25 packs, queen size and a Premium Line variant.
Overall we grew Davidoff and Style volumes, grew Maxim’s share in the final quarter and significantly improved profit delivery in the second half in Russia, providing a strong platform for us to build on in 2014.

Returns Markets
Given its size, and in line with our management structures, we break down the results of Returns Markets into North and South.
The names are based on the prevailing geographic make-up of each sub-division but this is not the driver of which market is allocated to North or South. Instead it is the prevailing market characteristics, which is why Australia is in North as, for us, it has similar characteristics to markets such as the UK and Germany, that is mature; specific tax biased and with multi-channel distribution.
Returns Markets South includes a number of former state monopoly markets, often with narrower distribution channels and a greater element of ad-valorem taxation, includes France, Spain and Morocco. A list of key markets in each of our new divisions is provided in the appendices.

Returns Markets – driving quality in difficult markets
As I said earlier, we measure the performance of our Returns Markets with a focus on profitability and quality.
We balance share, volume and profit growth in Returns Markets and while our market share declined slightly to 27.3 per cent, it was impacted by significant industry volume declines in large markets where our share over-indexes, such as Spain and the UK. We grew net sales per thousand stick equivalents by 6 per cent and improved the quality of our business with Growth Brands generating 40 per cent of tobacco net revenue, up by two hundred basis points on last year.

Returns Markets North – strong performance in key markets
In Returns Markets North, against a difficult operating environment in a number of markets we delivered good results, with net revenues per thousand stick equivalents increasing 10 per cent and adjusted operating profit up 3 per cent.
We achieved excellent results in Germany, increasing our cigarette and fine cut tobacco shares, as well as growing revenue and profits. Our success was driven by our total tobacco approach which delivered further gains from Davidoff, Gauloises Blondes and JPS, supported by Route 66.
In the UK, industry volumes weakened but pricing was strong, enabling us to maintain profit delivery. We also increased our cigarette share and launched portfolio initiatives including new L&B packs and a rejuvenation of the Golden Virginia brand family to
reinforce our market leading positions.

We delivered good results in Australia, which has been in an environment of plain packaging for most of the year, with JPS the key driver of our cigarette and fine cut tobacco share growth as we have capitalised on the brand’s strong equity and leveraged our customer engagement expertise to outperform the market.

Returns Markets South – focused on improving delivery

These good performances mitigated weakness in France, Morocco and Spain. Trading has continued to be particularly difficult in Spain and as a result we’ve taken a further non-cash impairment charge, of 580 million pounds. In France, the rate of market decline accelerated in the second half impacting our results. And in Morocco regulatory changes and liberalisation of the market have had a detrimental impact on market volumes, our share and profitability. We’re actively addressing our performance in these key territories. In Spain our total tobacco focus has generated encouraging gains for us to build on in the coming year, particularly in make-your-own fine cut tobacco with JPS and Ducados Rubio and Nobel. We’re also making clear portfolio choices in France and we delivered some robust performances including stabilising Gauloises Blondes and further building News, which gained share in fine cut tobacco. We’ve got more to do in Morocco to continue to secure our market leading position and it’s a priority for 2014. We’ll be building on Gauloises Blondes’ growth in the queen size segment and implementing portfolio and sales growth driver initiatives to improve performance. Elsewhere we delivered excellent results in Algeria, increasing share and profit, and also made good progress in Austria, Hungary, Portugal and Senegal.

Logistics – robust performance

Our logistics business is one of the largest in Europe with a unique network that’s difficult to replicate and has consistently delivered a robust performance in challenging economic conditions. Against a backdrop of weak industry tobacco volumes impacting Logista’s key markets, distribution fees were 850 million pounds and adjusted operating profit was 176 million pounds. Excluding the impact of a stock loss from the timing of a VAT increase in Italy, operating profits increased 2 per cent. This is a pleasing result and one that reflects both the expertise of the logistics management and their diligent focus on managing costs. The team has pro-actively adapted to the impact of lower market volumes, through increasing the variability of costs, to drive margins 50 basis points higher to 20.7 per cent and has initiatives in place to offset the weak macro environment, including continuing to expand in its non-tobacco activities.
Operational Transition – building a stronger business

I’ve said 2014 is an important year of transition for the business. This is the next key and final stage on our transition journey – and it’s a big agenda. We will provide updates each quarter tracking our progress.

Our plans for 2014 reflect our improved resource allocation with a step up in investment behind our Growth Markets. Our plans also incorporate our portfolio priorities – both investment but also SKU reductions and the first wave of migrations.

Our portfolio agenda is key to our cost optimisation programme and in 2014 we will be further realising the benefits of complexity reduction, improved factory performance and via our operational excellence programme and capacity optimisation across our footprint and with further benefits from global procurement. And in tandem, we will be implementing a stock optimisation programme supporting the effectiveness of all these initiatives.

FY14 Outlook – important transition year; building on success

Turning to our priorities for 2014 with a reminder of the outlook for the year, our assumption is that the tough industry environment is likely to continue in the short term with our 2014 plans assuming no recovery.

Our transition achievements and stronger second half performance provide a good foundation for the journey ahead and my priority for 2014 is to continue that transition. This is a big agenda and it’s great to have added to our senior executive team with Oliver succeeding Bob and Peter Corijn joining us as Group Marketing Director. In addition, we have made a number of important hires across the business including in marketing, sales and supply chain. And Fontem has also made some senior appointments ahead of launching its first products in 2014.

Market conditions remain tough. We remain focused on maximising our long-term growth potential. Our priority is to continue transitioning the business: step-up investment behind our key brands and markets to drive quality growth; and deliver our cost and stock optimisation programmes.

A reasonable working assumption for 2014 therefore is modest growth in EPS at constant currency with another strong dividend increase of at least 10 per cent. This provides us with the flexibility to invest; to reduce trade stock levels and be able to manage market headwinds.

For the first quarter, against a relatively strong comparator, we expect headline volume and revenues to be impacted by our stock optimisation programme with underlying numbers a better reflection of the performance of the business.

A big agenda; an important agenda but one where our actions over the coming year will provide us with a strong platform for growth in 2015 and beyond.
Bob Dyrbus, Finance Director

Group Results – 6 per cent constant currency EPS growth

Thanks Alison and good morning everyone.

This table shows a break-down of the year on year movements between foreign exchange growth and constant currency growth and I’ll be focusing on constant currency adjusted numbers for all of my comments.

Results have been adjusted and presented on our usual basis, with details in the appendices.

Tobacco net revenues were down just one per cent with positive price/mix of over six per cent offsetting volume declines. Tobacco adjusted operating profits increased one per cent with a good performance in the second half and Logistics adjusted operating profits declined two per cent.

After tax at an effective rate of 22 per cent, earnings per share grew by 6 per cent.

We continue to invest in the business, with overall investment levels higher than last year, to drive long-term growth whilst generating high returns with return on invested capital over 15 per cent.

Growth Markets – strong profit delivery

Against the backdrop of a difficult operating environment in a number of markets, our Growth Markets performed well with revenues higher and adjusted operating profits increasing seven per cent and margins climbing 70 basis points to 29.6 per cent.

There were strong results in a number of markets including Russia, Saudi Arabia, Taiwan and Turkey.

Profits in the USA were higher than last year following a strong recovery in the second half. Profits in Iraq declined following the impact of movements in trade stock levels in the third quarter and Italy was impacted by market size declines though we exited the year in a stronger position.

Returns Markets – robust North mitigating weaker South

In light of difficult trading conditions in Returns Markets South, overall Returns Markets produced a robust result with adjusted operating profits declining just one per cent and margins maintained at 49 per cent.

Returns Markets North & South – addressing weakness in key South Markets

Returns Markets North grew profits by three per cent with margins increasing 130 basis points. We generated good profit growth in Germany and Australia with profits stable in the division’s other major markets.

France, Morocco and Spain have been difficult this year with a consequent impact on the sub-divisions revenue, profit and margin.
Cost Optimisation – aligned with strategic priorities

Effectively managing our costs is one of the key strategic pillars of our business supporting our long-term growth agenda.

Our cost optimisation programme is on track to deliver 300 million pounds of savings a year from September 2018 driven by savings in product costs and refinements to our operating model.

This year we generated savings of 30 million pounds – all in the second half – driven primarily by savings in overheads, including a 1,500 head-count reduction, and the benefits of rolling out operational excellence initiatives in our factories.

Cash outflows for the programme were approximately 100 million pounds and the P&L charge impacting reported numbers was 225 million pounds.

In 2014 we currently expect to deliver incremental savings of around 60 million pounds with cash outflows of around 150 million pounds.

Group Results

Given further deterioration in the Spanish tobacco market, we have taken a conservative view of Spain meaning under IFRS the value of goodwill and brands previously allocated to Spain has been reduced by 580 million pounds, following a reduction of 1.2 billion pounds last year.

This is a non-cash item, an accounting requirement that's been excluded from our adjusted results in line with our normal policy and, as last year, it does not impact the overall returns we expected from the Altadis acquisition.

In February we raised 1.4 billion pounds in the US bond market, refinancing maturities due last month and later this month. Our average all-in cost of net debt improved to 5.1 per cent. 5 per cent is our current guidance for 2014 and we currently estimate our average net debt for the year will be around 10.3 billion pounds at year end exchange rates.

The net interest charge declined two per cent in constant currency terms.

Our adjusted tax rate should remain around 22 per cent.

FY13 Adjusted Net Debt

Our closing adjusted net debt for the year was 9.1 billion pounds.

Working capital followed its normal pattern with a significant outflow in the first half followed by a material inflow in the second half resulting in a net outflow for the year of 100 million pounds.

Net capital expenditure was 300 million pounds and is expected to be at a similar level next year reflecting ongoing investment in capacity to meet demand in growth segments and to continue building our innovation pipeline.

Tax and interest was 1.2 billion pounds; 300 million pounds higher than last year, as we settled some outstanding tax matters with a cash outflow of 200 million pounds, which last year allowed us to write back provisions we had taken in previous years.
Dividends and buybacks were 1.6 billion pounds as we increased dividends in line with our stated policy.

The impact of foreign exchange on net debt was 300 million negative. Excluding this and the one off payments to settle outstanding tax matters, net debt declined 200 million pounds.

The appendices contain further detail on our debt maturities.

**Maximising Shareholder Returns**

We drive our business to maximise shareholder returns.

Since Alison became Chief Executive in 2010 we’ve more than doubled annual cash returns to shareholders to 1.6 billion pounds by growing dividends and through our ongoing share buy-back programme. We’ll continue to drive organic growth and, aside from buy-backs, there are still a number of M&A opportunities available for us to create value and drive even higher returns in the future.

And, if I look back further to where we were when I became Finance Director of the Group in ’96, annual cash returns to shareholders have multiplied over 14 times and over that time we have returned 9.5 billion pounds to shareholders.

I’m leaving Imperial in an excellent position to drive growth over the long-term. We make strong returns against our invested capital and we’re investing in 2014 to make the business stronger in 2015 and beyond and as I look forward at the growth coming through dividends will continue growing ahead of growth in EPS and by at least 10 per cent per annum and shareholders can look forward to many more years of strong returns.

It’s been a pleasure to have served Imperial for the past 25 years. At the end of today I’ll pass the baton to Oliver, I wish him – and everyone else at Imperial – all the very best.

Thank you.

We’ll now take any questions you may have.

The presentation is being recorded so please wait for a microphone and give your name and organisation before asking your question.