

28 September 2017

On track to meet full year expectations

- **Increased investment delivering improved share performance in most priority markets**
- **Focus on quality growth with continued share gains from Growth Brands**
- **Stronger second half with volumes outperforming the industry**

Imperial Brands PLC today issues the following trading update ahead of its close period on 1 October 2017.

We are on track to meet earnings expectations for the full year at both constant currency and reported exchange rates.

We continue to invest behind our strategy to drive sustainable growth in a particularly challenging industry environment. The impact of this investment on earnings is mitigated by our cost programmes, pension scheme restructuring and ongoing efficiencies.

Our increased investment is delivering a stronger second half performance with market share gains in most of our priority markets and continued outperformance of our Growth Brands.

In tobacco we are leveraging our strengthened brand portfolio in our priority markets where we have stepped up investment behind our Market Repeatable Model, our codified approach to growing quality market share. This structured approach sits behind our success in driving share improvements, which, in turn, supports our improved top line metrics.

In Next Generation Products, we are gearing up for new launches in an extended footprint in the coming year focused on improving the consumer experience and further building the blu brand.

We expect to deliver strong growth in revenues and earnings at actual currency, with constant currency performance impacted by the significant additional investments in the year. Our cash generation remains strong.

Earlier in the month we took the opportunity to realise value via a further sell-down of our Logista holding, and we are using the proceeds to buy-back shares and reduce debt, redeploying capital in an efficient manner.

Further to overnight media speculation, we confirm that we have been working, together with other stakeholders, to seek to create a sustainable future for the UK wholesaler, Palmer & Harvey, with whom we have a close trading relationship.

The preliminary results for the year ended 30 September 2017 will be announced on 7 November 2017.

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