



**27 March 2019**

Imperial Brands PLC issues the following trading update ahead of its close period on 1 April 2019.

We confirm we are on track to meet constant currency net revenue and earnings expectations for the full year, with Group net revenue growth at, or above, the upper end of our 1-4% revenue growth range and EPS growth within our 4-8% guidance range.

#### **Next Generation Products**

myblu is performing well with increased investment driving brand awareness with smokers and vapers and significant year on year revenue growth. We have built strong retail share positions in Europe and in Japan. In the USA, we have achieved good year-on-year revenue growth, despite some constraints due to market uncertainty following statements by the US Food & Drug Administration.

#### **Tobacco**

We are on track to deliver modest revenue growth in Tobacco with growth weighted to second half, more than offsetting a slight decline in the first half. Price/mix continues to be strong, while volume trends are slightly behind the second half of last year impacted by the phasing of trade inventories, including in the US post our recent price increase.

#### **Operating profit and EPS**

Operating profit in the first half reflects continued underlying growth in Tobacco profits albeit more than offset by increased investment in blu of £100m, as highlighted in November.

First half earnings per share will also be impacted by the reduction of our Logista stake and last year's divestment of our Other Tobacco Products business. We continue to expect to realise £50-100m of other gains this year which will benefit the second half.

Translation FX at current rate of exchange is expected to benefit first half earnings by c. 2% and be flat for the full year.

#### **Cash and net debt**

Underlying cash conversion remains strong and we expect full year cash conversion will be around 90%. As guided, first half cash conversion will reflect the timing of Logista cash flows and the working capital investment to support the UK business through Brexit.

#### **Divestment programme**

Following the announcement of our divestment programme last year, we have made significant progress on a number of value creation opportunities within our capital discipline framework.

ENDS

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