

Slide 1 – Annual General Meeting 2019

Slide 2 – Mark Williamson, Chairman

Good afternoon and welcome to our 2019 Annual General Meeting. I'm Mark Williamson, Chairman of Imperial Brands, and I'd like to start by introducing your Board.

On my very far right are Non-Executive Directors Steven Stanbrook and Therese Esperdy, followed by Senior Independent Non-Executive Director Malcolm Wyman.

Malcolm succeeded David Haines as Chairman of the Remuneration Committee in July of last year, after David stepped down from the Board following his appointment as Chief Executive of Upfield Group.

It's critical that all Board members have sufficient time to commit to their responsibilities and it was agreed that David would step down from the Imperial Board due to the onerous additional workload he was taking on.

David was a Board member for six years and I would like to thank him for the significant contribution he made. I'd also like to thank Malcolm for agreeing to chair the Remuneration Committee.

Sitting next to Malcolm is Chief Development Officer Matthew Phillips and next to Matthew is our Chief Executive Alison Cooper.

On my immediate left are John Downing, Company Secretary, and Oliver Tant, Chief Financial Officer.

Next to Oliver are Karen Witts, Chair of the Audit Committee and Non-Executive Directors Simon Langelier and Sue Clark.

Sue was appointed to the Board in November and will assume chairmanship of the Remuneration Committee immediately after the AGM.

Today's proceedings are being recorded. After business updates from myself and Alison, we will deal with the resolutions that are set out in the Notice of Meeting.

Slide 3 – Creating Something Better for the World’s Smokers

Our purpose is to create something better for the world's smokers and we are achieving this through a portfolio of high-quality tobacco and next generation products, or NGPs.

We have two distinct growth models – BAM for NGP and MRM for tobacco.

BAM is our blu Adoption Model, blu being our iconic vapour brand, and MRM stands for Market Repeatable Model.

Consistently applying these models in the right markets and with the right brands is our focus for delivering quality growth.

Our high operating margins generate strong cash flows and we use this cash to reinvest in the business, pay down debt and provide returns to shareholders.

Slide 4 – Summary Financials FY18

As you can see from this slide, the successful implementation of these models created further value for shareholders in 2018.

On a constant currency basis tobacco net revenue grew by over 2 per cent, with around half coming from tobacco and half from NGP.

Tobacco and NGP operating profit was 1.9 per cent higher than last year and earnings per share was up by 5 per cent.

Cash conversion was strong at 97 per cent and we reduced our net debt by £800 million. We also increased the dividend by 10 per cent for the tenth consecutive year.

I'll now hand over to Alison.

Slide 5 – Alison Cooper, Chief Executive

Thanks Mark and good afternoon everyone.

Slide 6 – Strategy Delivering

As you've just heard, our strategy is delivering growth in both tobacco and NGP.

In tobacco we made share gains in five of our priority markets: the UK, Russia, Italy, Japan and Saudi Arabia.....and growth was driven by the most important assets in our tobacco portfolio, our Growth and Specialist Brands.

These brands now account for 67 per cent of the Group's net revenue. This was 4 per cent higher than last year, reflecting our focus on generating high quality growth.

We said that in 2018 we would deliver a significant step-up in NGP, driven by the international rollout of *myblu*, a pod-based system.

blu is the key brand in our NGP portfolio; at the beginning of 2018 *myblu* was in 4 markets; it's now in 10 - including the USA, UK, Italy, France, Germany and Russia.

While building sales of *blu* we've also been expanding our innovation pipeline, launching tobacco-free snus in Sweden and developing our first heated tobacco product, *Pulze*.

Slide 7 – 2019 Priorities

Our priorities for 2019 are to maintain momentum in tobacco, while accelerating growth in NGP.

In tobacco, that means continuing to drive the performance of our Growth and Specialist Brands to deliver further quality share growth in priority markets.

Given our relatively small global cigarette market share, NGP represents an additive opportunity for Imperial and we are investing an additional £100 million in the first half to support our growth ambitions.

We expect NGP revenues to increase significantly in 2019 and also expect to exit the year with our NGP business contributing to Group profits.

Slide 8 – Sustainability Strategy

Before handing back to Mark I'd like to update you on our sustainability strategy, starting with a video.

(Play video)

Our sustainability strategy supports the business by enabling growth and creating value, and focuses on three pillars:

- a sustainable tobacco supply: maintaining sustainable agricultural practices to ensure a consistent, quality supply of tobacco
- reduced harm Next Generation Products: developing alternative products that are less harmful to health

- responsible operations and people: behaving responsibly at all times and providing a safe and rewarding work environment for our employees

These three pillars define the approach we take to addressing our ESG responsibilities: environmental, social and governance.

They are wide-ranging and include farmer livelihoods and welfare, climate and energy, human rights and health and safety..... these are all matters that have been identified by our stakeholders as representing the biggest risks or opportunities for Imperial.

We made good progress in a number of areas, including in Africa where we're working with suppliers to achieve wood sustainability for our tobacco farmers by 2022. This involved planting more than a million trees last year.

In NGP, our leading-edge science underpins our commitment to create something better for the world's smokers. During the year we published reports and research in support of our purpose and remain actively engaged in the evolving science and regulatory debates.

I'm particularly pleased with our environmental performance. In 2018 we were able to further minimise waste, improve energy efficiency and reduce emissions.

Slide 9 – Exceeding Our Environmental Targets

Our commitment to reducing our environmental impact is highlighted on this slide, which shows our progress over the last 10 years.

We've already exceeded our 2020 targets and are currently developing new ones for the next 10-30 years.

It's pleasing to see our efforts acknowledged by high scores from CDP, formerly the Carbon Disclosure Project.

The 'A' rating awarded to Logista, our standalone distribution business, reflects an exceptional performance. Around 7,000 companies worldwide are assessed by CDP and only 126 have made it on to the 'A list'.

I hope that gives you a flavour of how we're delivering against our sustainability strategy.

Later this year we'll be inviting a panel of stakeholders to meet with us to review our ESG responsibilities and provide feedback on the progress we're making in managing them. This will help us further shape our sustainability strategy and we will publish a report summarising the key themes on our corporate website.

Thank you; now back to Mark.

Slide 10 – Annual General Meeting

Thanks Alison.

Before turning to the formal business of the Meeting I'd like to thank my colleagues on the Board, our senior management team and employees around the world for their contribution and support.

(PAUSE)

There are 20 resolutions to be put to the Meeting, all of which are set out and explained in the Notice of Meeting which, with your agreement, I'll take as read.

I intend to take questions in respect of all resolutions now and then ask you to vote on all 20 resolutions, rather than propose each resolution in turn.

Are there any questions please? If you do ask a question, please wait for the microphone and let everyone know who you are. Please also state the resolution to which your question relates.

(Q&A)

Thank you for your questions. We will now proceed to vote on all the resolutions.

All resolutions at our shareholder meetings are decided by polls and our registrar, Equiniti, is present as the polls' scrutineer to count the votes at the end of the Meeting.

The Directors are unanimously in favour of each resolution and recommend that you vote in favour.

Please complete your poll card, ensuring that you sign it, and then place it in the ballot box by the exit as you leave.

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I now formally propose that each of the resolutions set out in the Notice of Meeting, and on the poll card, is put to the meeting as a separate resolution. Resolutions 18 to 20 are special resolutions, and will be passed if more than 75 per cent of the votes are cast in favour.

All other resolutions are ordinary resolutions and will be passed if more than 50 per cent of the votes cast are in favour. For the purposes of such counts, abstentions are not included.

(PAUSE TO ALLOW TIME TO COMPLETE VOTING CARDS)

The proxy votes received prior to the Meeting are now being shown on the screen.

(PAUSE)

Ladies and gentlemen, that completes today's agenda.

Please place your completed voting card in the ballot boxes located at the exits within the next five minutes, at which time the poll will close.

The results will not be available here today; they will be announced on our corporate website as soon as possible.

**Annual General Meeting
6 February 2019**

Thank you for attending today's meeting and I hope you have a safe journey home.

Thank you.