



# **Annual General Meeting 2014**

**Imperial Tobacco Group PLC**

**5 February 2014**

# Iain Napier Chairman

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# FY13 Summary Results



robust performance in tough environment

	FY13	FY12	Δ
Tobacco net revenue (£m)	<b>7,007</b>	7,005	-1%
Adjusted operating profit (£m)	<b>3,180</b>	3,161	+1%
Adjusted earnings per share (p)	<b>210.7</b>	201.0	+6%
Dividend per share (p)	<b>116.4</b>	105.6	+10%

- Dividend per share growth +10%
- Pay-out ratio increased to 55%
- Dividend growth of at least 10% over the medium term

# **Alison Cooper** Chief Executive

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# Growth and Returns Markets

effective resource allocation



## Growth Markets

Scale existing presence for long term growth

- Large profit and/or volume pools
- Significant share growth potential
- Leverage Growth Brands
- Prioritised long-term investment

### Major Markets

USA	Turkey
Italy	Taiwan
Russia	Iraq
	Saudi Arabia

## Returns Markets

Footprint strength driving sales and high returns

- Strong established presence
- Build on strong positions
- Manage market share
- Reduce portfolio complexity

### Major Markets

UK	Spain
Germany	France
Netherlands	Morocco
Australia	Algeria

# Growth and Specialist Brands

priorities for growth



**Growth Brands**

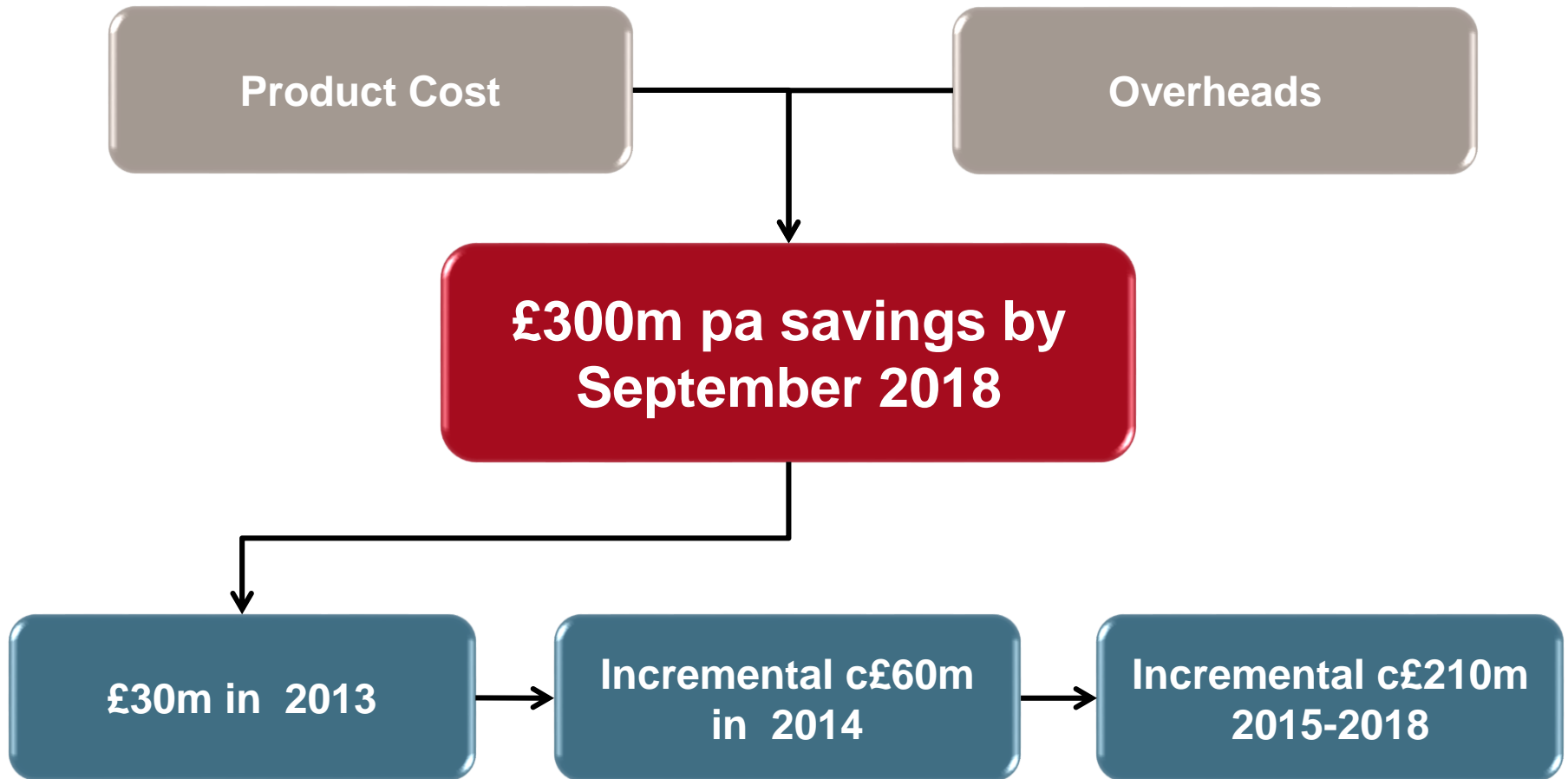
- L&B
- BASTOS
- FINE
- GAULOISES
- P&S
- West
- JP
- NEWS
- USA GOLD
- Davidoff

**Specialist Brands**

- GITANES
- MONTECRISTO
- GOLDEN VIRGINIA
- BACKWOODS
- style
- skruf
- COHIBA
- ROUTE 66
- DRUM
- RIZLA

# Cost Optimisation

aligned with strategic priorities





# Growth and Specialist Brands

driving quality growth



<b>Growth Brands</b>	<b>FY13</b>	<b>FY12</b>	<b>Δ</b>
Volume (SE bn)	<b>129</b>	132	-2%
Market share (%)	<b>5.4</b>	5.1	+30bps
Net revenue (£m)	<b>2,729</b>	2,647	+2%
% of Group SE volumes	<b>41</b>	39	+200bps
% of Tobacco net revenue	<b>39</b>	38	+100bps

<b>Specialist Brands</b>	<b>FY13</b>	<b>FY12</b>	<b>Δ</b>
Net revenue (£m)	<b>866</b>	817	5%
% of Tobacco net revenue	<b>12</b>	12	-

*% change is in constant currency terms; market share is ex-China*

# Growth Markets

strong profit delivery



	FY13	FY12	Δ
Net revenue (£m)	<b>2,254</b>	2,192	+2%
Adjusted operating profit (£m)	<b>668</b>	633	+7%
Margin (%)	<b>29.6</b>	28.9	+70bps

- +2% revenue growth; +7% adjusted operating profit growth
- Strong profit growth in Russia, Taiwan and Turkey
- Increased profits in USA

# Returns Markets



robust North mitigating weaker South

	FY13	FY12	Δ
Net revenue (£m)	<b>4,753</b>	4,813	-2%
Adjusted operating profit (£m)	<b>2,335</b>	2,356	-1%
Margin (%)	<b>49.1</b>	49.0	+10bps

- Difficult conditions in a number of markets
- Robust result
- Margins maintained

# Logistics

## robust performance



	FY13	FY12	Δ
Distribution fees (£m)	850	872	-5%
Adjusted operating profit (£m)	176	176	-2%
Margin (%)	20.7	20.2	+50bps

- Weak tobacco industry volumes impacting France, Italy and Spain
- Robust performance
- Adjusted operating profits +2% excluding impact of Italian VAT timing

# Fontem Ventures



IP acquisition adds to growth potential

- Non-Tobacco focus
- Current focus on e-vapour
  - ◆ launches in 2014
- Acquisition of IP from Dragonite
  - ◆ leading e-vapour know-how
  - ◆ e-cigarette pioneer joins Fontem



# Corporate Responsibility



# FY14 Outlook



important transition year; building on successes

- Strengthening our portfolio and footprint
  - Backing growth with increased investment in:
    - ◆ Growth Brands and Markets
    - ◆ Fontem Ventures
    - ◆ People
  - Building resilience:
    - ◆ advancing cost optimisation programme
    - ◆ implementing stock optimisation programme
  - Stronger portfolio; stronger footprint; stronger platform for growth
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