

Annual General Meeting 2013

Imperial Tobacco Group PLC

30 January 2013

Iain Napier Chairman

Creating Sustainable Value



FY12 Results Overview

sales growth momentum



Driving Quality Sales Growth: +4%⁽¹⁾

- +13% key strategic brands⁽¹⁾; 30% of group volumes (2010: 26%)
- +10% Rest of World; +3% EU ⁽¹⁾

High Margin Profits c.42%⁽²⁾

- +4% tobacco adjusted operating profit; +8% adjusted EPS

£1.3bn Free Cash Flow

- £1.2bn non-cash impairment: further deterioration in Spanish economic indicators

Reinvestment

- c.£200m investment supporting growth

Maximising shareholder returns: £1.5bn returned

- £528m shares bought; £500m pa ongoing
- +11% DPS to 105.6p; 52.5% payout

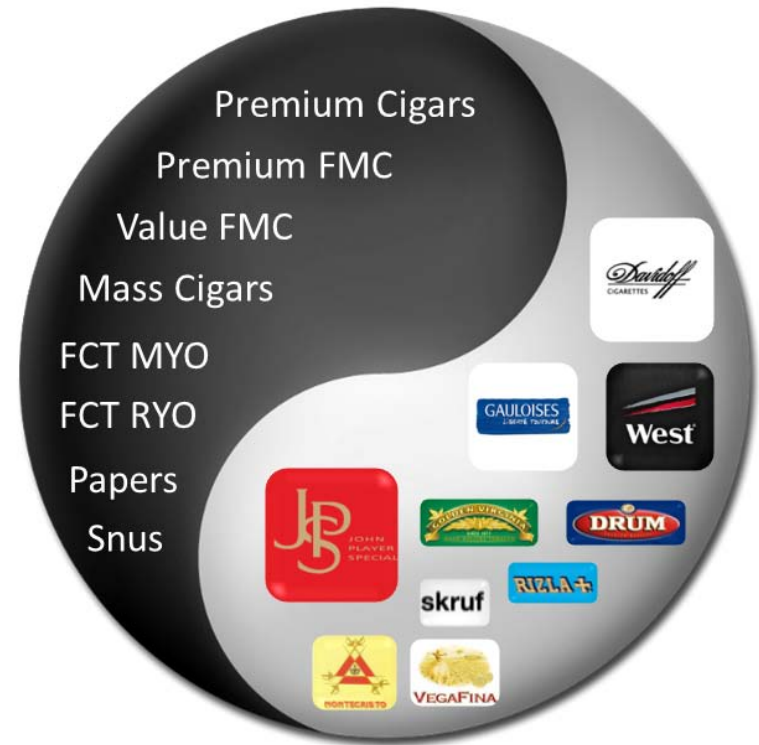
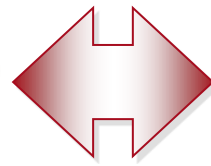
¹ Tobacco net revenues in constant currency terms; ² Tobacco adjusted operating profit margin in constant currency terms. Adjusted operating profit and adjusted EPS growth on constant currency basis

Alison Cooper Chief Executive

Sales Growth - A Differentiated Approach



consumer understanding; total tobacco; how we grow



We can



I own



I am



We surprise



I engage



We enjoy



Our People



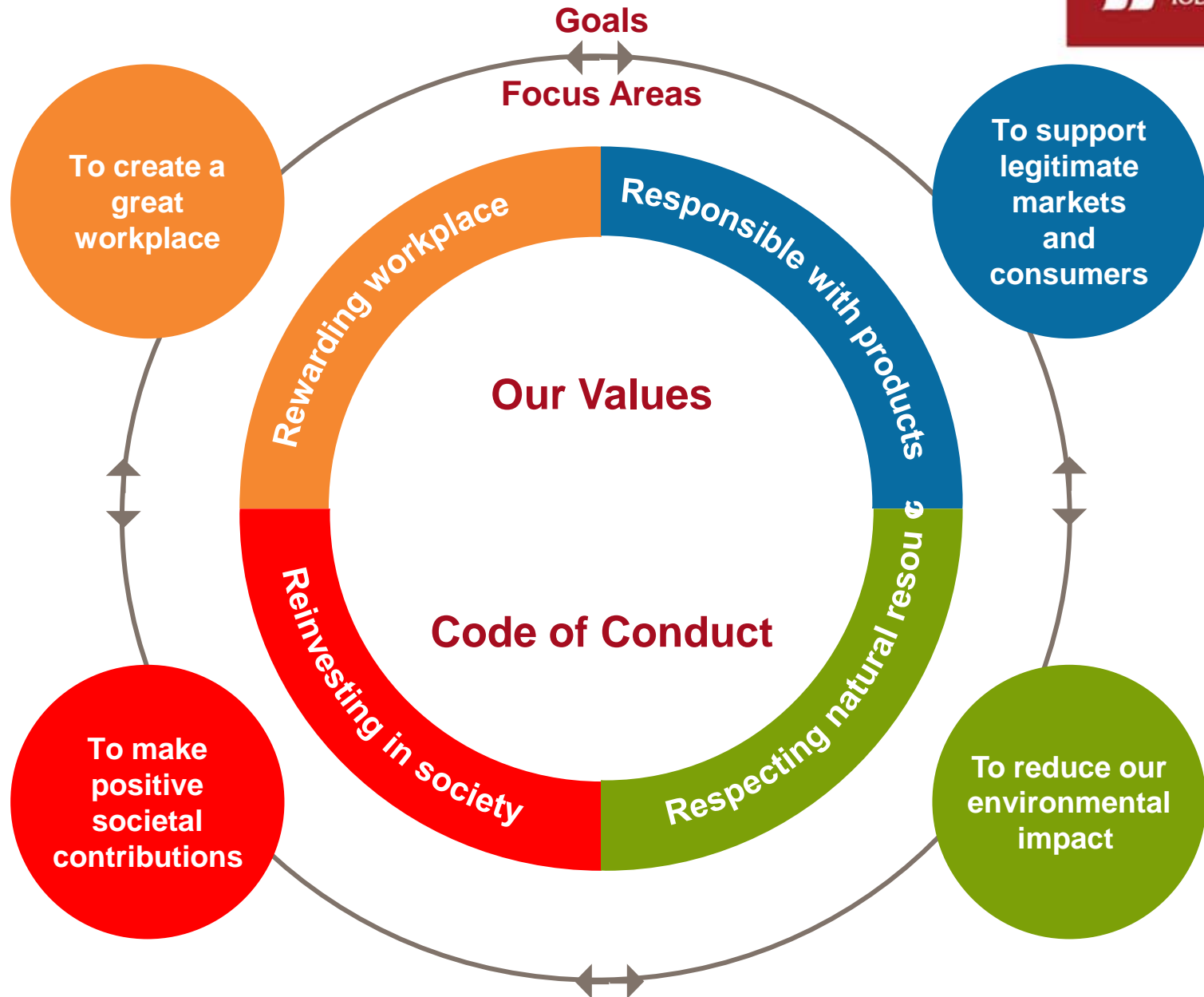
Engagement

Values

Capabilities



Corporate Responsibility



FY12 Responsibility Highlights



Responsible with Products

- Increased anti-illicit trade activities

Rewarding Workplace

- Lowered accident rates

Respecting Natural Resources

- Reduced energy use by 5%

Reinvesting in Society

- Further improved standards for ethical tobacco sourcing



Driving Quality Growth Building Total Tobacco Brands

High Quality Growth Through Total Tobacco

building brands: Davidoff and Gauloises



Davidoff: vols +9%

- +13% Saudi Arabia
- +16% Taiwan
- +16% Russia
- Davidoff iD launched

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This is because we currently do not feature tobacco product brand imagery on our website.

Gauloises Blondes: vols +11%

- +20% Africa and Middle East
- Innovation supporting growth

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High Quality Growth Through Total Tobacco

building brands: JPS and West



West : volumes +5%

- +12% Rest of World
- +6% Russia
- >50% Turkey

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JPS: volumes +3%

- +23% UK
- +29% Australia

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High Quality Growth Through Total Tobacco

building brands: fine cut tobacco, cigars, snus



Fine cut tobacco
volumes +4%*
net revenue +13%

Snus
volumes +53%
net revenue +46%

Premium cigars
volumes +11%
net revenue +10%

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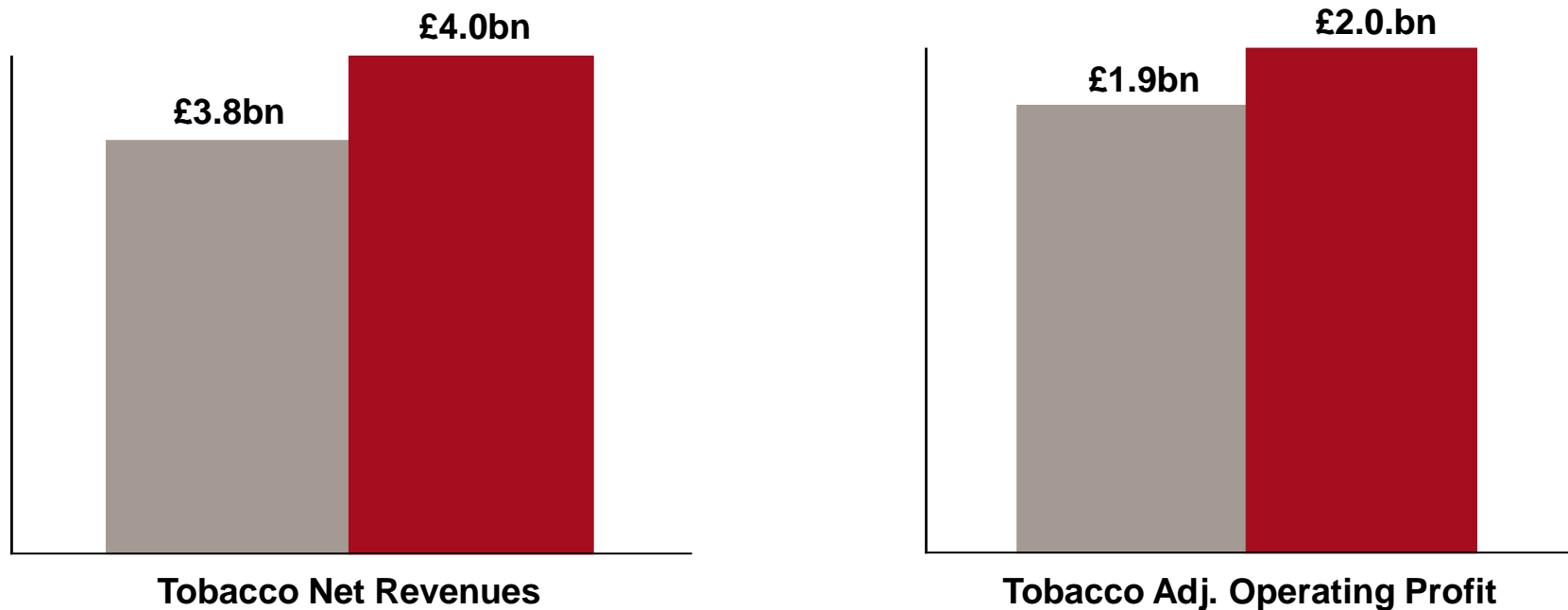


* excluding Poland

Driving Sustainable Growth - EU



- Bias to driving revenue and profit
- EU net revenue: +3%; EU adjusted operating profit: +4%



■ FY11 ■ FY12



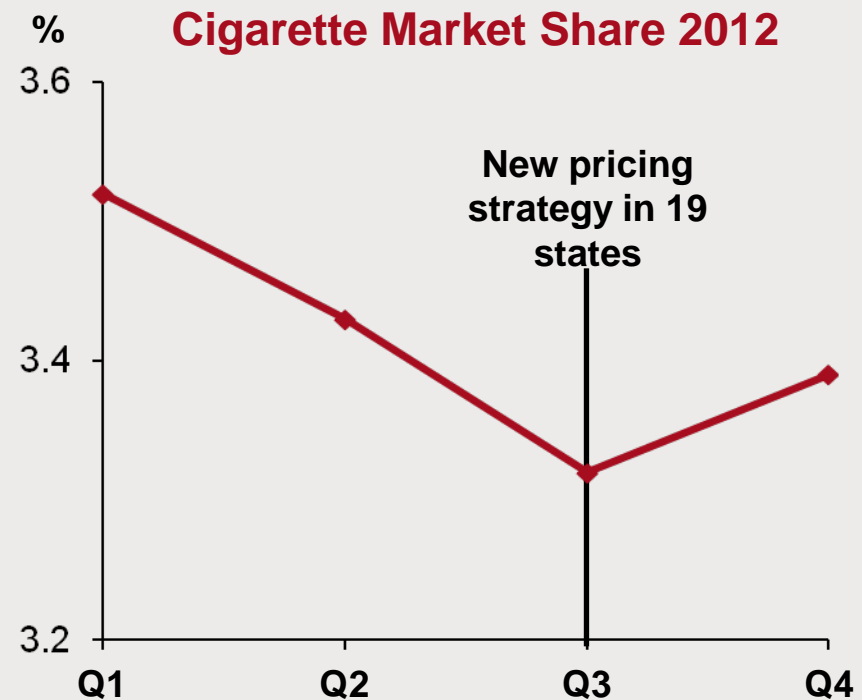
Tobacco net revenues and adjusted operating profit on constant currency basis

Americas

USA – strengthening our position

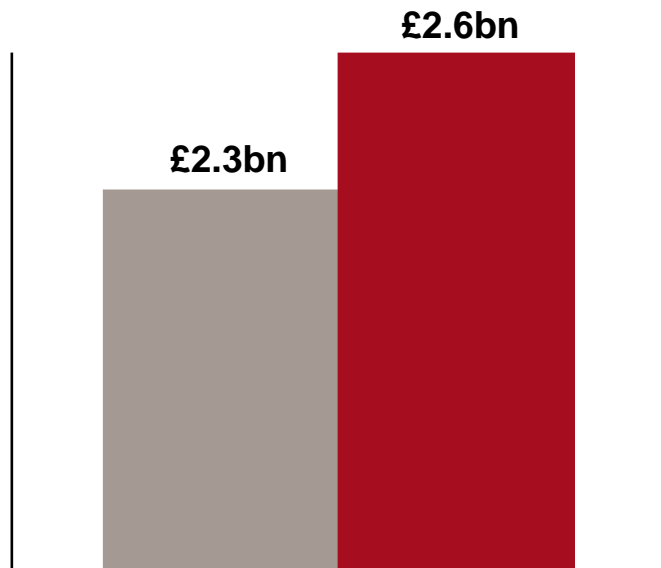


- Driving growth state by state
- New pricing strategy
- Strong premium cigar performance
 - +11% volume growth
 - +10% net revenue growth

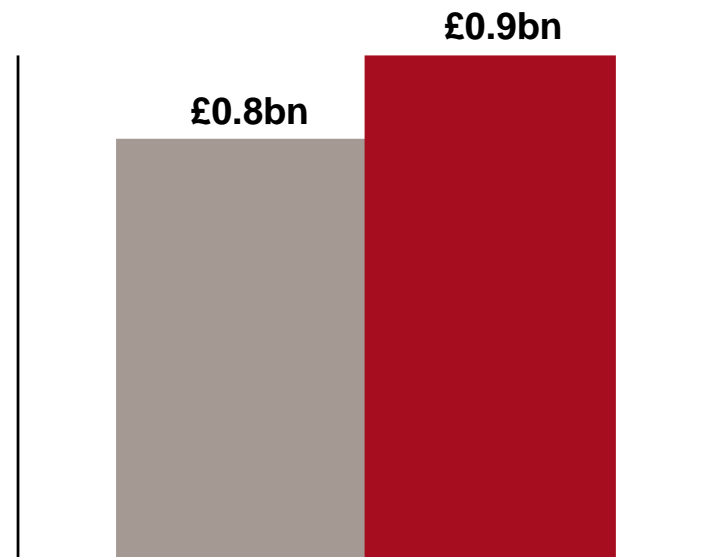


Driving Sustainable Growth - RoW

- Bias to driving volume and share
- +10% net revenues; +7% profit
- Reinvesting to support growth



Tobacco Net Revenues



Tobacco Adj. Operating Profit

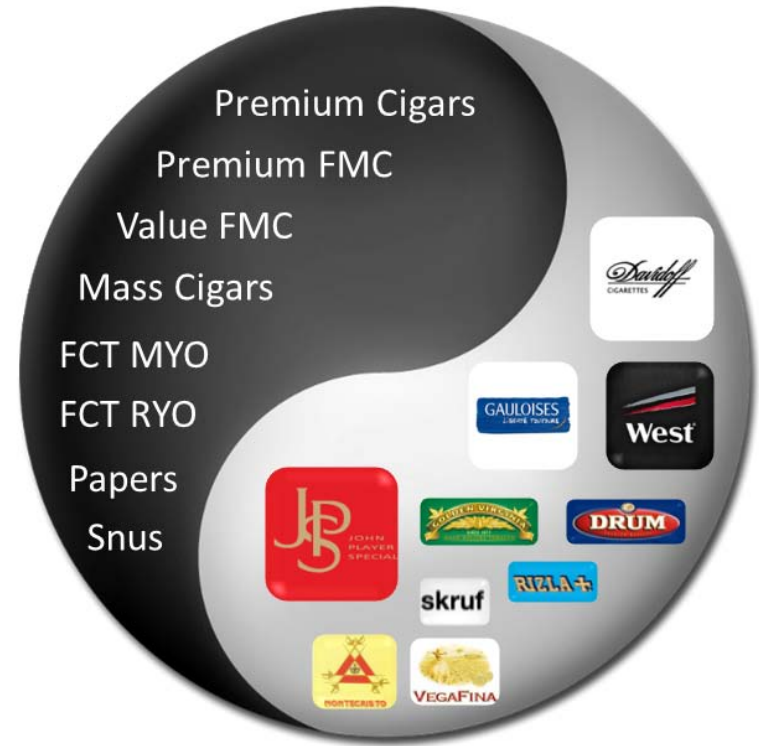
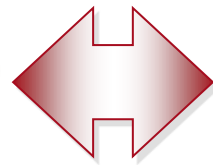
■ FY11 ■ FY12



- **Excellent results in tough environment**
 - **Tobacco: price increases and cost savings offset lower volumes**
 - **Non-Tobacco: maintaining profitability; opportunities to grow**
-

Sales Growth - A Differentiated Approach

consumer understanding; total tobacco; how we grow



We can



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Interim Management Statement

Quarter ended 31 December 2012

Strategic Focus Delivering Quality Growth



Quarter ended 31 December 2012

- Tobacco net revenue up over 2%; stick equivalent volumes down 1 per cent

Q1 growth across total tobacco portfolio

- Key strategic brands: +12% net revenue; +10% volume
- Fine cut tobacco: +9% net revenue; +9% volume
- Snus: +40% net revenue; +33% volume
- Premium cigars: stable net revenue; +3% volume

Outlook

- EU and Russia: market challenges
- Increasing investment in key total tobacco assets and geographies
- Accelerating cost optimisation programme

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