



IMPERIAL
BRANDS

FULL YEAR RESULTS

15 NOVEMBER 2022



Disclaimer



Certain statements in this announcement constitute or may constitute forward-looking statements. Any statement in this announcement that is not a statement of historical fact including, without limitation, those regarding the Company's future expectations, operations, financial performance, financial condition and business is or may be a forward-looking statement. Such forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those projected or implied in any forward-looking statement. These risks and uncertainties include, among other factors, changing economic, financial, business or other market

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the Company for current or future financial years will necessarily match or exceed the historical or published earnings per share of the Company.

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Agenda



RESULTS OVERVIEW

Stefan Bomhard

FINANCIAL REVIEW AND OUTLOOK

Lukas Paravicini

TRANSFORMING IMPERIAL BRANDS

Stefan Bomhard

Q&A

Stefan Bomhard
Lukas Paravicini


2022 Highlights



PHASE ONE FOUNDATIONS IN PLACE TO DELIVER IMPROVING RETURNS


Delivering Operational Improvements

TOP FIVE AGGREGATE SHARE

 **+35bps**


Delivering on our Financial Commitments

ADJUSTED EPS*


 **+4.9%**

Enhancing Shareholder Returns

PROGRESSIVE DIVIDEND

 **+1.5%**

NGP NET REVENUE*

 **+10.8%**

REACHED TARGET LEVERAGE

 **2.0x**

FY23 SHARE BUYBACK

 **£1bn**

Stronger Foundations in Place



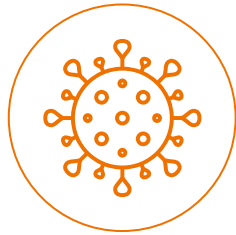
PHASE ONE COMPLETE TO ENABLE DELIVERY OF OUR FULL POTENTIAL

PHASE 1 - STRENGTHENING



Adapting to Evolving Consumer Behaviours

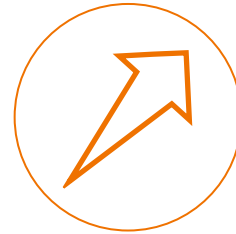
IMPROVED AGILITY AND CONSUMER INSIGHT TO CAPTURE OPPORTUNITIES



COVID-19 UNWIND

Lifting of restrictions has caused changes to consumer buying patterns

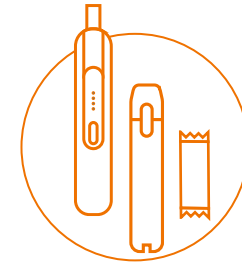
Impact:
Already underway



INFLATIONARY PRESSURES

Inflation likely to affect purchasing power of some consumers

Impact:
Limited in FY22



POTENTIALLY REDUCED HARM

Consumers continue to seek reduced harm alternatives

Impact:
Long-term/structural



FINANCIAL REVIEW


Lukas Paravicini
CFO

Resilient Tobacco and Strong Cash Delivery




BALANCE SHEET STRENGTHENED ENABLING START OF SHARE BUYBACK


TOBACCO NET REVENUE*

 **+1.3%**

TOBACCO & NGP AOP*

 **+2.0%**


ADJUSTED EPS*

 **+4.9%**


FREE CASH FLOW

 **£2.6bn**
up +£1.0bn

NET DEBT TO EBITDA

 **-0.2x**
to 2.0x

RETURN ON INVESTED CAPITAL

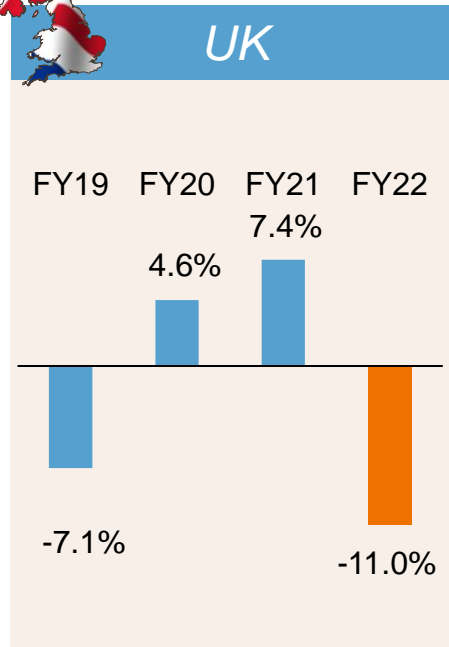
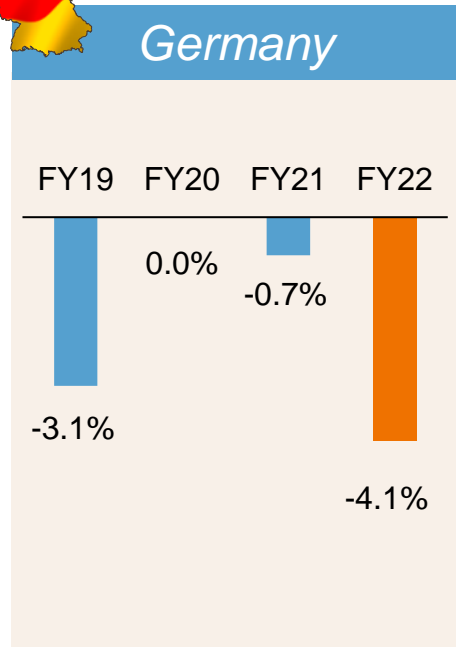
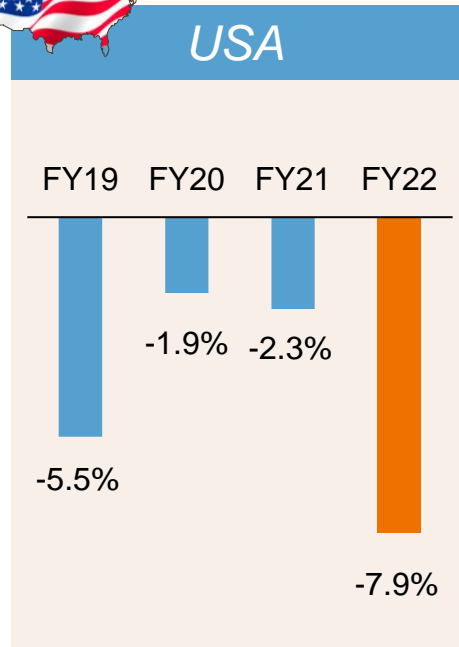
 **+120bps**
to 17.7%

Further Unwind of COVID-19 Market Trends

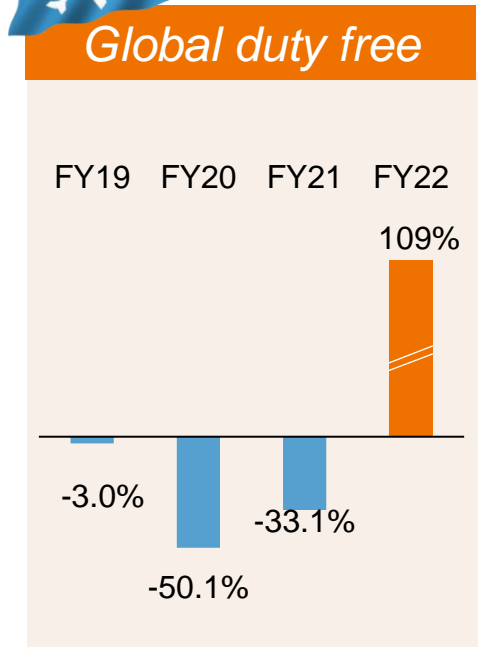
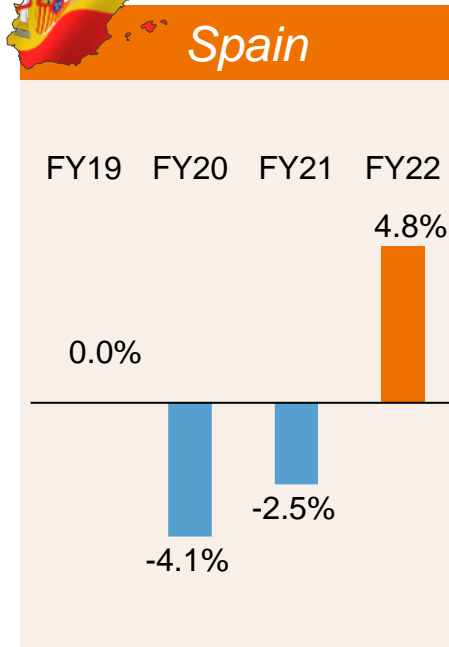
TRENDS IMPACTED BY COMPARATOR PERIOD



-VE impact on market



+VE impact on market



Net Revenue Growth Driven by Tobacco Pricing



STRONG SECOND HALF TOBACCO PRICING IN PRIORITY MARKETS

TOBACCO & NGP DRIVING GROWTH

-4.7% tobacco volumes with H2 -8.4% following decision to exit Russia

+1.3% tobacco net revenue excluding year on year Russia performance;

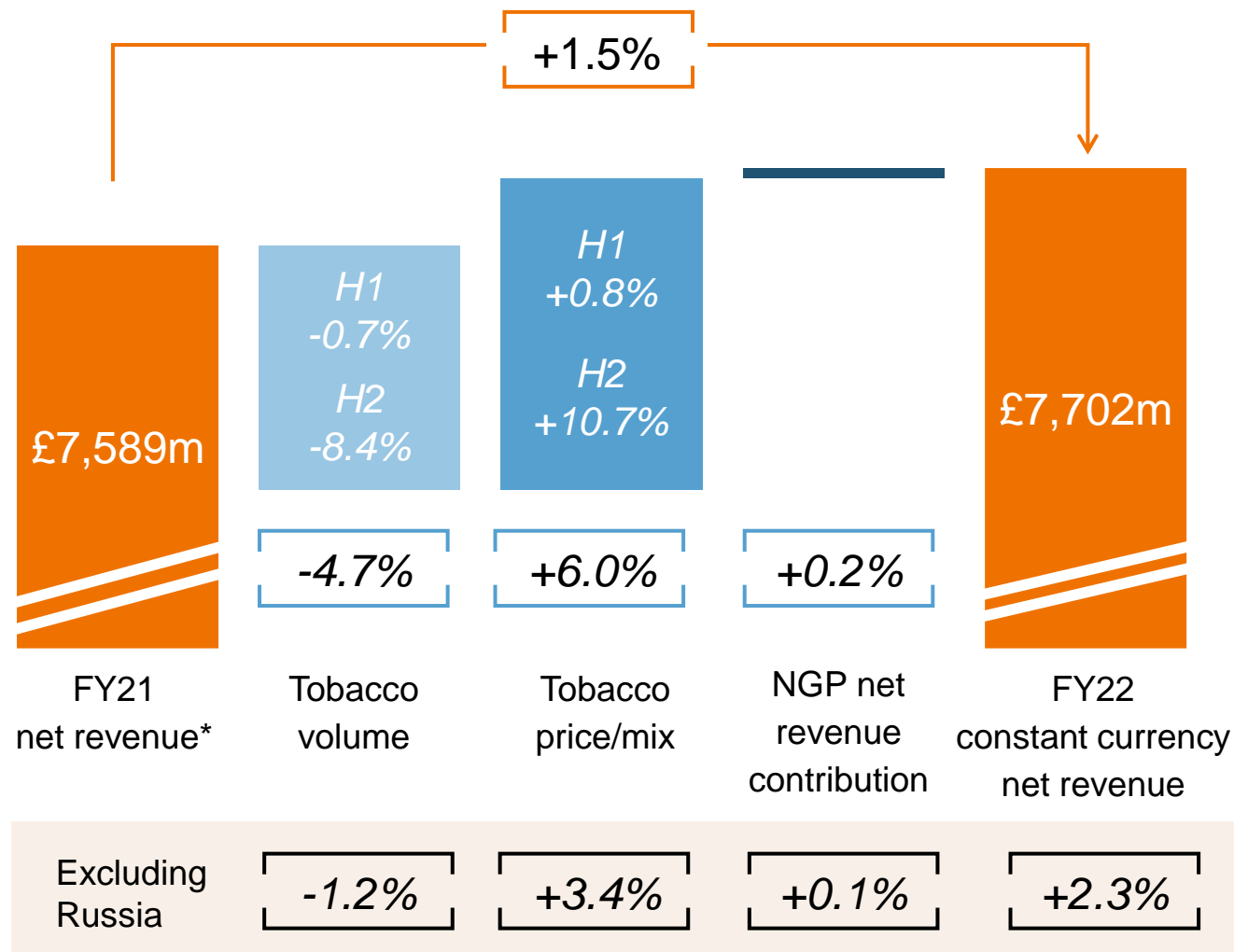
- +2.2% tobacco net revenue

+6.0% tobacco price/mix

- +4.8% pricing, +1.2% mix

+10.8% NGP NR growth

- Strong European NGP performance offsetting declines in USA



*FY21 net revenue excludes a £21m contribution from the Premium Cigar Division following its divestment in September 2020. A full reconciliation of net revenue including divestment impact and foreign exchange is included in the Appendix

Performance Driven by Americas and AAA

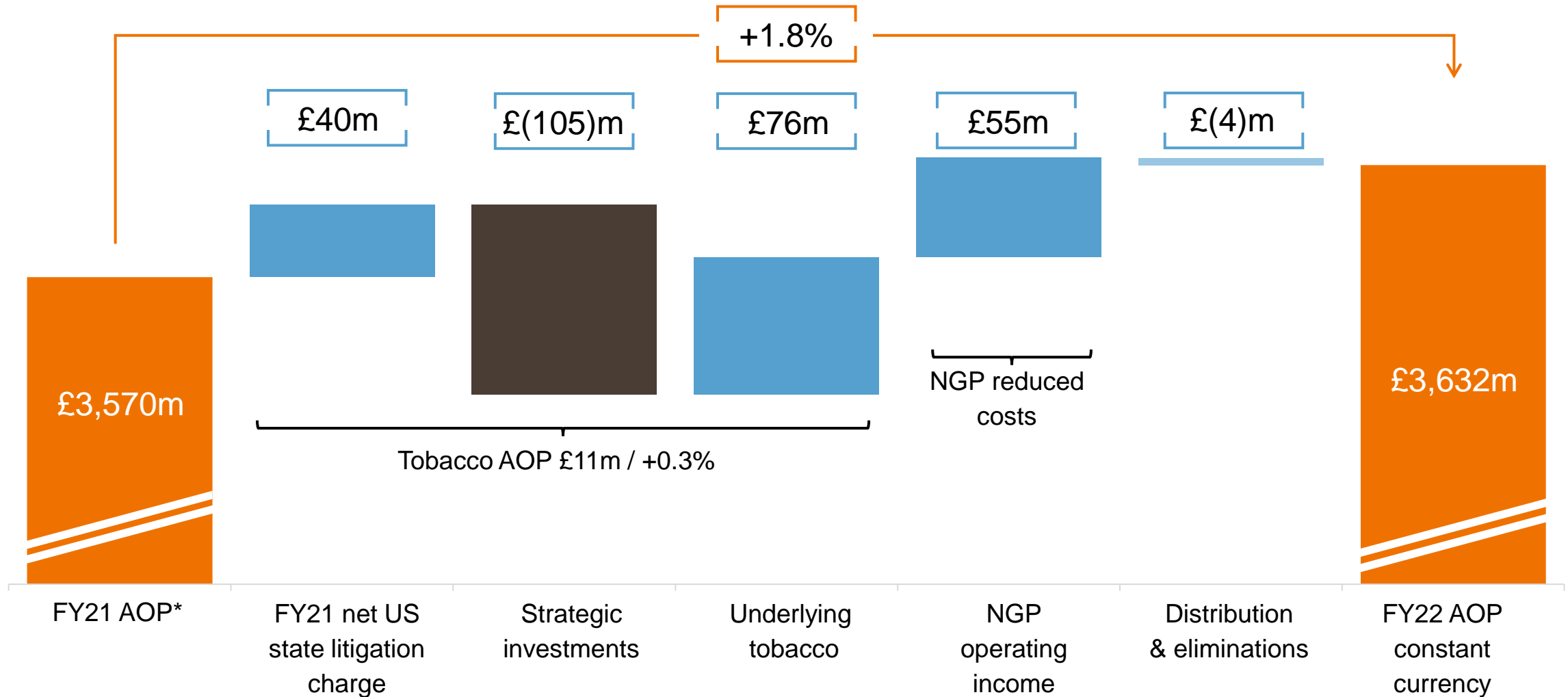


STRONG EUROPEAN NGP PERFORMANCE

| | VOLUMES | TOBACCO NR | NGP NR | |
|--------------------------|--------------|--------------|---------------|---|
| EUROPE | -4.1% | -1.0% | +34.2% | <ul style="list-style-type: none"> • Price/mix weighted to H2 • Adverse geographic mix as covid unwinds • Strong NGP growth |
| AMERICAS | +2.0% | +5.2% | -29.7% | <ul style="list-style-type: none"> • Share gains across 3 focus price segments • Positive pricing offset by adverse product mix • NGP revenue impacted by MDO* uncertainty |
| AAA inc. Russia | -7.5% | -0.1% | Exit | <ul style="list-style-type: none"> • Volume benefit as travel restrictions ease • Price/mix supported by Africa/Middle East • NGP reflects Russia and Japan exits |
| AAA ex. Russia | +3.2% | +3.9% | | |
| TOTAL inc. Russia | -4.7% | +1.3% | +10.8% | |

Delivering Adjusted Profit Growth

CONTINUED INVESTMENT IN FOUNDATION BUILDING



*FY21 AOP excludes a £3m contribution from the Premium Cigar Division following its divestment in September 2020.

Operating Profit: Adjusting Items as Guided

RUSSIAN OPERATION DIVESTED AS A GOING CONCERN



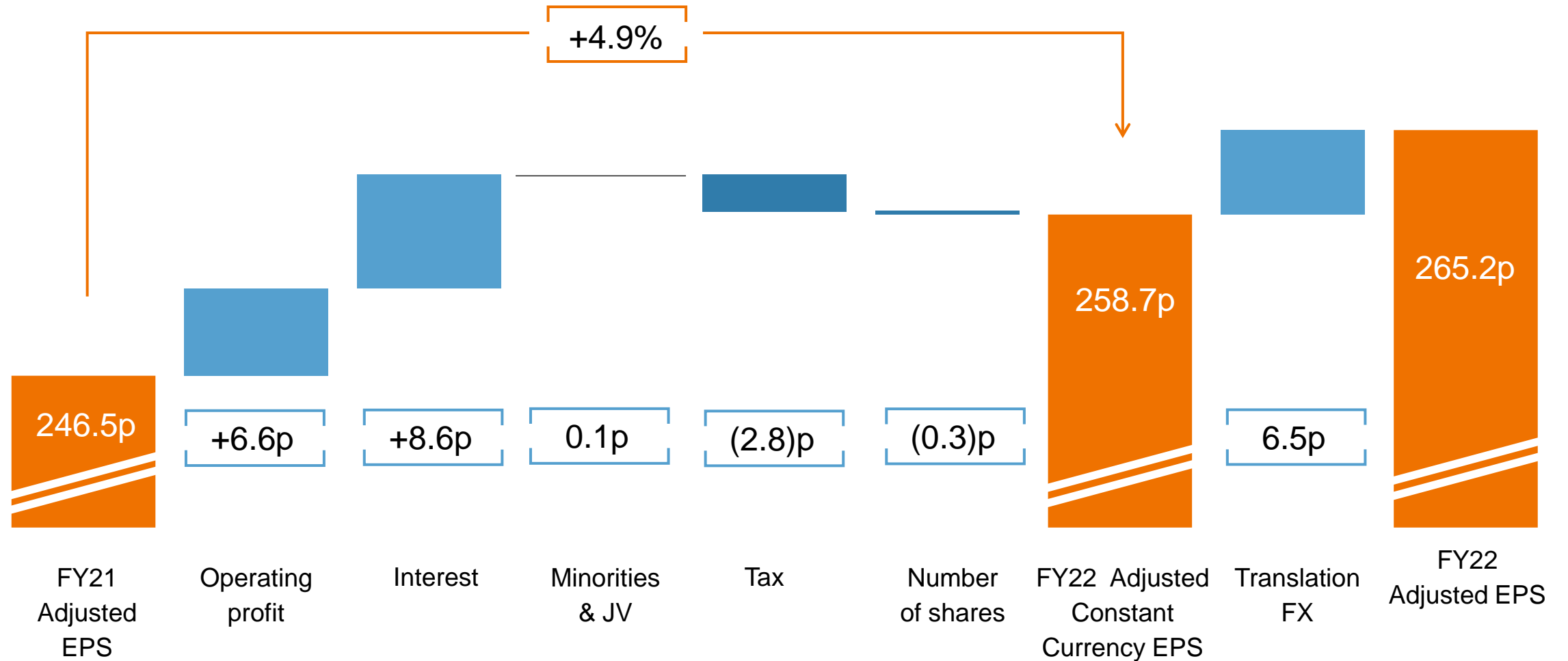
| | |
|---------------------------------------|----------------|
| FY22 Reported operating profit | £2,683m |
| Russia & associated market exit costs | £399m |
| Amortisation of acquired intangibles | £349m |
| Restructuring costs | £197m |
| Net other* | £66m |
| FY22 Adjusted operating profit | £3,694m |

Adjustments to reported operating profit

- **Russia & associated market costs**
 - Recognition of impairment and provision charge including FX impact (impact on earnings: £423m)
- **Amortisation of acquired intangibles**
 - Lower annual amortisation due to certain assets now being fully amortised
- **Restructuring costs**
 - Supporting delivery of new transformation programme
 - Actions taken to date will deliver £120m annualised savings in FY23

Driving Stronger EPS Growth

WITH HIGHER OPERATING PROFIT AND REDUCED INTEREST COSTS



Resilient Cash Delivery

CONTINUED STRONG CASH FLOW GENERATION OVER LAST 12 MONTHS



**CONTINUED HIGH
CASH CONVERSION**

102%

*12-month
cash conversion*

FREE CASH FLOW

£2.6bn

*High free cash flow
enables choices*

**PROGRESSIVE
DIVIDEND POLICY**

+1.5%
pence per share

*Delivering cash returns
for shareholders*

NET CASH FLOW

£1.3bn

*Driving strong
deleveraging*

STRONG CASH GENERATION ENABLES OUR FOUR CAPITAL PRIORITIES

Target Leverage Achieved

FURTHER DELEVERAGE PROGRESS ENABLES SHARE BUYBACK



GOOD DELEVERAGE PROGRESS

 **2.0x**

Lower end of target
leverage range achieved

**£1bn share buyback
started in FY23**

CAPITAL ALLOCATION PRIORITIES

- 1** Investing in the strategy to drive sustainable growth
- 2** Maintaining a strong and efficient balance sheet
- 3** Progressive dividend policy growing in line with underlying performance
- 4** Surplus capital returns via ongoing share buyback

FY23 Outlook

IMPROVING RETURNS IN CHALLENGING ENVIRONMENT



KEY DRIVERS OF ACCELERATION IN FY23

FY23 OUTLOOK*

- ↑ Operational gearing
- ↑ Geographic mix
- ↑ Cost savings including programme update
- ↓ Increased NGP investment
- ↓ Cost inflation

- Net revenue growth of 1 – 2%
- Adjusted operating profit growth at lower end of mid-single digit range
- EPS driven by profit growth and share buyback partially offset by higher interest cost

Performance weighted to H2

H1: higher NGP investment, Russia exit and COVID unwind



A photograph of a smiling man with a beard, wearing a dark jacket, standing in a retail store. He is looking towards the camera while holding a small product box. The background shows shelves stocked with various products, likely tobacco or cigarettes.

TRANSFORMING IMPERIAL BRANDS

Stefan Bomhard

CEO

Transforming Imperial Brands

DELIVERING A STRONGER AND MORE CONSISTENT PERFORMANCE



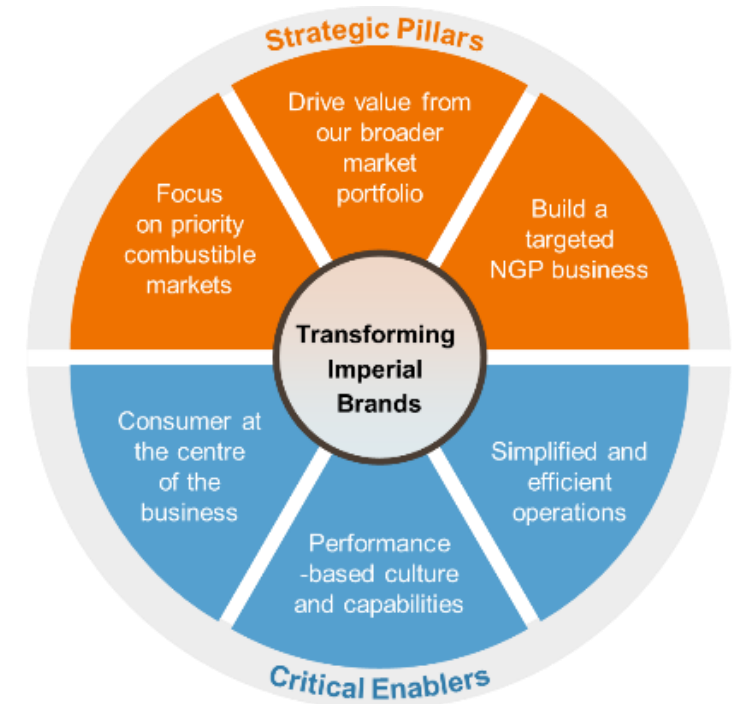
OUR PURPOSE

“Forging a path to a healthier future for moments of relaxation and pleasure”



OUR VISION

“To build a strong challenger business powered by responsibility, focus and choice”



Start with the
Consumer



Collaborate
with Purpose



Take Accountability
with Confidence



Be Authentic,
Inclusive to all



Build
our Future

New ESG Framework and Priorities Established



ESG FULLY INTEGRATED INTO STRATEGY, VISION, PURPOSE, BEHAVIOURS

September 2021

September 2022



- Clear ESG framework in place with executive sponsorship
- Fully integrated into vision, purpose, behaviours
- Investor webinar to launch new approach
- Metrics and targets in place to support delivery

Strengthening Our Consumer Focus

EMBEDDING THE CONSUMER AT THE CENTRE OF OUR BUSINESS



ESTABLISHED GLOBAL CONSUMER OFFICE
CO-ORDINATED APPROACH UNDER SINGLE LEADERSHIP

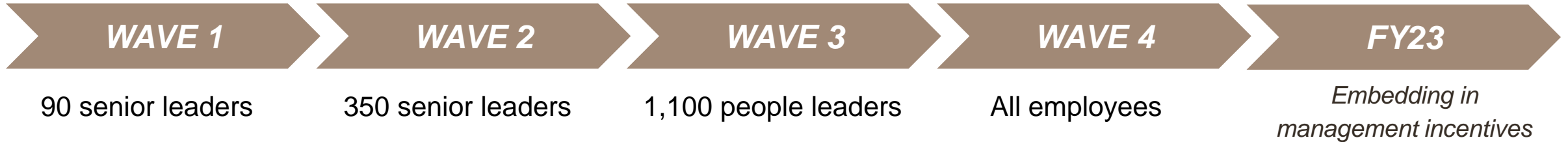


Building a Performance-Based Culture

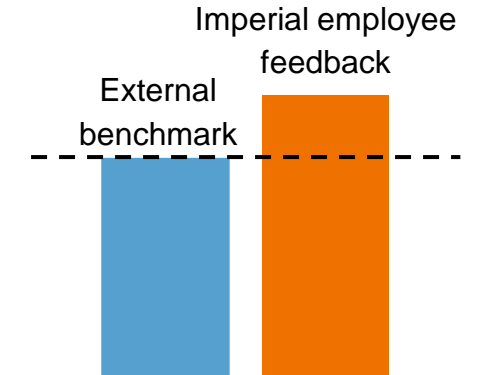


MAJOR CHANGE PROGRAMME EMBEDDING PURPOSE, VISION & BEHAVIOURS

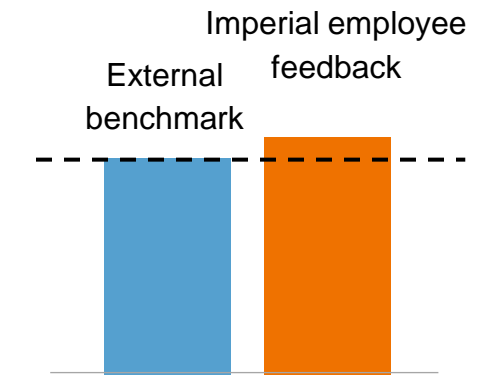
Nov 2021 → 2021/2022 → End 2022 → End 2023



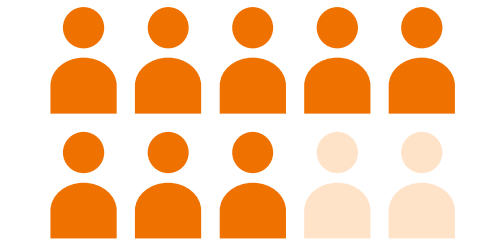
Survey of top 500 leaders exceeds external benchmarks showing they understand and believe in the purpose, vision and strategy



"I understand the purpose, vision, strategy and what is required of me"

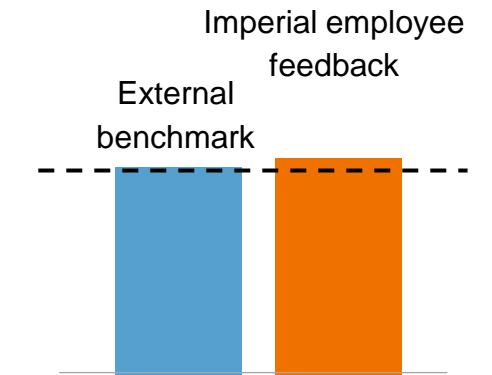


"I believe in the strategy and that we will deliver it"



% of employees, no external benchmark

"I feel equipped to contribute and personally valued for my differences"



"I see new behaviours role modelled from leaders and those around me"

Simplified and Efficient Operations



NEW WAYS OF WORKING REINFORCING OUR FOCUS ON THE CONSUMER

FROM

TO

Acquisitive history: fragmented systems and processes

Limited integration of back-office functions

Focus on reporting rather than consumer and growth

Equipping our global support functions to become better business partners

Building our capabilities in new ways of working and change management

Digital transformation – investing in a new ERP system to replace 60 legacy systems

Enhancing our global business services to improve capabilities, reporting, and controls

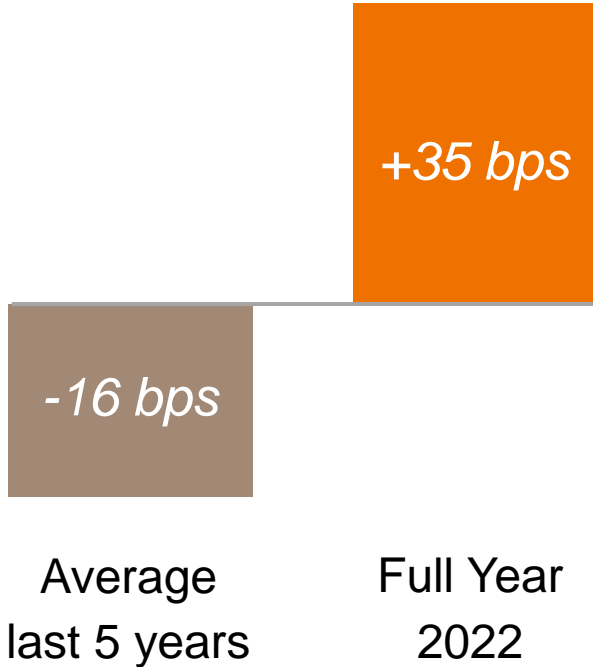
Simplified and efficient operations on track to realise savings of £150m by end FY23

Stabilising our Priority Market Share

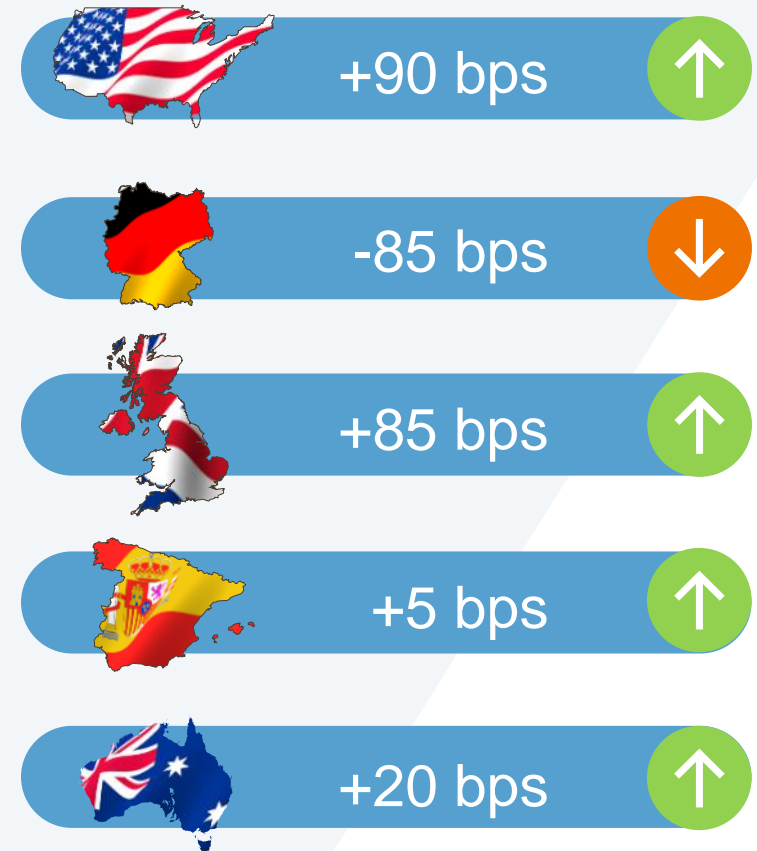


TARGETED INVESTMENT STRENGTHENING OUR SHARE OF MARKET

AVERAGE PRIORITY MARKET SHARE PERFORMANCE



PRIORITY MARKET SHARES (12 month share Δ)





Americas: Strong Market Share Growth

MARKET FUNDAMENTALS SUPPORT POSITIVE OUTLOOK



PERFORMANCE DRIVEN BY INVESTMENT INITIATIVES & STRATEGIC CHOICES

- Strong share gains in three focus price segments driven by strategic investment
- Price mix improving in H2 with strong cigarette pricing with some adverse product mix
- Winston pack redesign rolled out nationally supported by initiatives to drive participation
- MMC performing well against strong comparator
- NGP sales reflect uncertainty caused by MDO

+90bps



Cigarette market share growth



PREMIUM VALUE



TRADITIONAL DISCOUNT

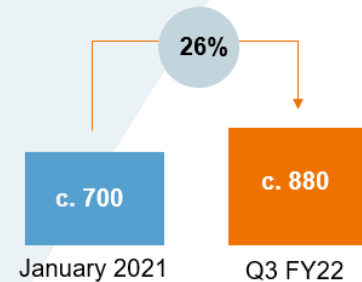


DEEP DISCOUNT



FOCUSED BRAND INVESTMENT

INCREASING SALES FORCE



RETAIL EXCELLENCE

SALES FORCE CAPABILITY



Germany: Investing in Our Operational Levers

PERFORMANCE AFFECTED BY MARKET SIZE AND SHARE DECLINES



BRAND PORTFOLIO WELL POSITIONED ACROSS PRICING SEGMENTS

- Market size decline as COVID travel restrictions removed; share down 85bps
- Brand equity investment gaining traction with market share stabilisation for Gauloises and West
- Reposition portfolio heritage brands within lower-tier value segment as consumers increasingly seeking value offers
- JPS investments focused on building brand awareness with target consumers



BUILDING BRAND EQUITY

NEW AD CAMPAIGN



RELAUNCH VARIANTS



INCREASING RELEVANCE

NEW AD CAMPAIGN



RELAUNCH VARIANTS



IMPROVING PRICE PERCEPTION

VALUE MESSAGING



STORE ADVOCACY





UK: Share Growth Driven by Strategic Initiatives



SATISFYING CONSUMER NEEDS BY LEVERAGING OUR FULL PORTFOLIO

BOTH CIGARETTE AND FINE-CUT MARKET SHARE GROWTH

- Market size affected by COVID unwind
- Strong market share growth benefits from investment in our brand portfolio
- Cigarette share gains driven by local hero Embassy
- Fine-cut gains from Players and Riverstone
- New sales effectiveness initiatives enhance on-shelf availability



LOCAL HERO FOCUS



FINE-CUT ACTIVATION



LIMITED EDITION VARIANTS



PLAYERS FINE CUT LAUNCH AWARD



Spain: Delivering Another Year of Share Growth



FIRST PRICE INCREASES ACROSS KEY PRODUCT LINES IN FIVE YEARS

BRAND PORTFOLIO INVESTMENT DRIVES CONTINUED SHARE GAINS

- Market size recovering as tourism returns
- First price increases achieved in five years
- Strong H2 market share performance more than recovers H1 losses
- West meeting increased demand for value
- Border trade and vending channel recovery



LEVERAGING HERITAGE

NATIONAL HERITAGE



QUALITY & MODERN



RELAUNCHED FCT RANGE

REJUVENATING IN VALUE



GIFT WITH PURCHASE

REGIONAL FOCUS



Australia: Delivering Share and Profit Growth

STRATEGIC INITIATIVES DRIVE RECOVERY



PORTFOLIO, PRICING & EXECUTION DRIVE PERFORMANCE

- Fifth price tier now 40% of industry volumes
- Brand portfolio now clearly established with consumer offer in each tier
- Lambert & Butler launch drives share gain
- JPS portfolio offering widened to offer more consumer choice
- Further efficiencies driven from field force transformation
- Supply chain investment enhances delivery



L&B LAUNCHED 5th TIER



JPS NEW OFFERS



FIELD FORCE
TRANSFORMATION



SUPPLY CHAIN
INVESTMENT

Driving Value from Our Broader Market Portfolio



STRATEGIC INITIATIVES ARE DELIVERING A STRONGER PERFORMANCE



AFRICA

LEVERAGING STRONG SHARE POSITIONS TO DRIVE VALUE

- Consumer and brand activation delivers further share growth
 - 4/5 markets growing share
- Tailoring portfolio of international and local hero brands to meet consumer needs
- Continued growth in revenue and profit
- Building a platform for growth



CENTRAL & EASTERN EUROPE

DELIVERING A STRONGER PERFORMANCE

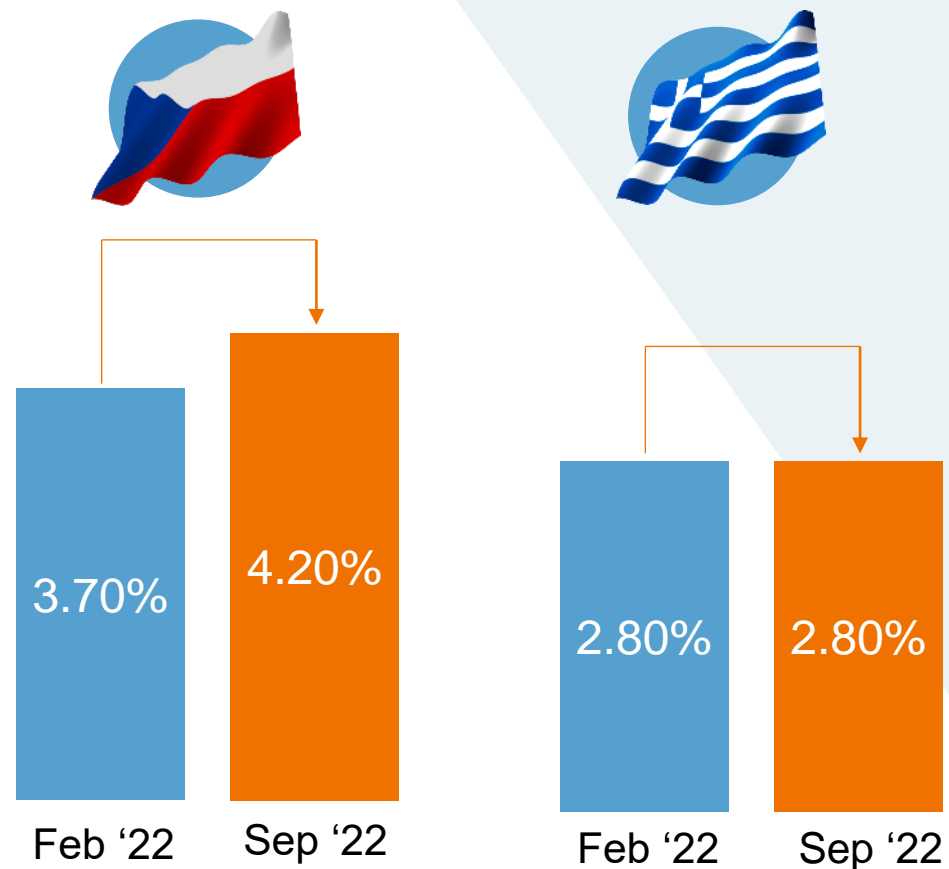
- New brand portfolio strategy
 - Increased sub-premium focus with Davidoff
 - Capitalising on consumer demand for modern formats
 - Leveraging West and P&S in fine-cut
- Cigarette travel retail recovery
- Growing revenue and profit

NGP: Continued Validation of Heated Tobacco Approach



NEW FLAVOURS DRIVE FURTHER SHARE GAINS IN CZECH REPUBLIC

iD MARKET SHARE*



* iD share of HT consumables; source Nielsen monthly

KEY INDICATORS REMAIN POSITIVE

- Pulze and iD further established in HT category
- Continued positive feedback on key metrics
 - iD market share sustained and growing
 - Distribution remains c.90%
 - New crushball flavours launched May 2022 addressing consumer feedback
- Consumer and trade response remains positive



NGP: Heated Tobacco Progress Initiates New Launches



CONSUMER ENDORSEMENT OF OUR APPROACH INFORMS ROLL-OUTS



ITALY



PORTUGAL



HUNGARY

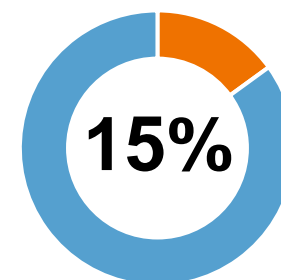
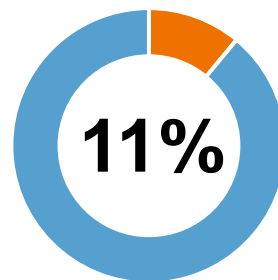
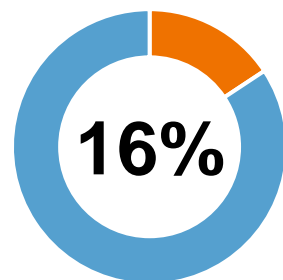
HT category
launched

2014

2015

2019

HT % of
nicotine pool



HT market
size sticks

12.5bn

1.4bn

2.2bn

IMB tobacco
market share

5%

13%

18%



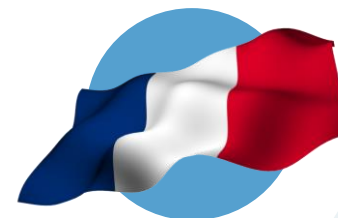
NGP: Successful Blu 2.0 Pilot Endorses UK launch



POSITIVE CONSUMER RESPONSE TO NEW BLU DEVICE TRIAL IN FRANCE

NEXT GENERATION VAPOUR DEVICE BLU 2.0

- Marketing approach tested in four French cities
- New device well received
- Data shows good consumer retention
- Sales driven by point of sale activation, supported by brand ambassadors
- Consumer desire for wider range of flavours



FRANCE

6.9%

Share of value
pod system in
6 months



NOW LAUNCHED IN
THE UK

Informed by France Pilot Trials



NGP: Strong Performance in Modern Oral Nicotine

FOCUSED MARKET STRATEGY DELIVERING STRONG GROWTH



MEETING CONSUMER NEEDS

- Strong modern oral share growth in Sweden and Norway
- Zone X launched in Norway
- Opportunity to attract adult consumers to our Zone X brand franchise
- Launched new flavours combined with in-store activation to increase awareness of Zone X
- Supported by refreshed base flavours range

Modern Oral
Net Revenue
+37%



Strengthening Phase in Place

PHASE ONE OF OUR FIVE-YEAR STRATEGY IMPLEMENTED



FY21 TO FY22

Phase One – Strengthening

Strategic focus

- Increased investment in operational growth drivers
- New ways of working to deliver efficiencies
- Implement operational excellence improvements

Net revenue

Gradually improving trajectory with 5-year CAGR of 1-2%

Adjusted operating profit

- FY22 – Flat on FY21 (excluding non-repeat of net £40m US state litigation settlement) with no margin reset necessary

FY23 TO FY25

Phase Two – Improving Returns

- Investment and operational improvements enhance financial delivery
- Refine investment to consolidate delivery
- Leveraging efficiency benefits

- Improving profit growth
- 3-year mid-single digit CAGR

Priorities for FY23



Embedding our new ways of working and consumer capabilities

Maintaining priority market share

NGP investment to build momentum in existing markets and new launches

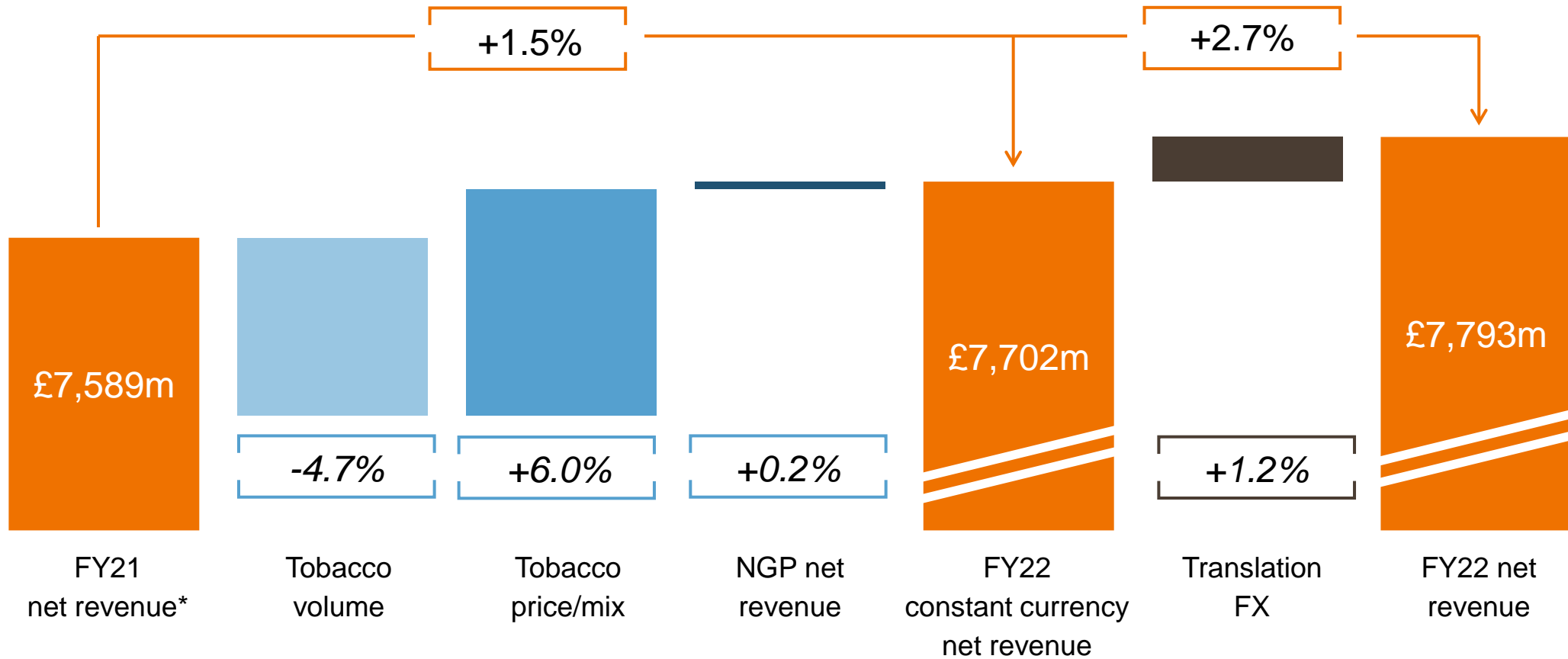
Delivering the improving returns in phase two



APPENDICES

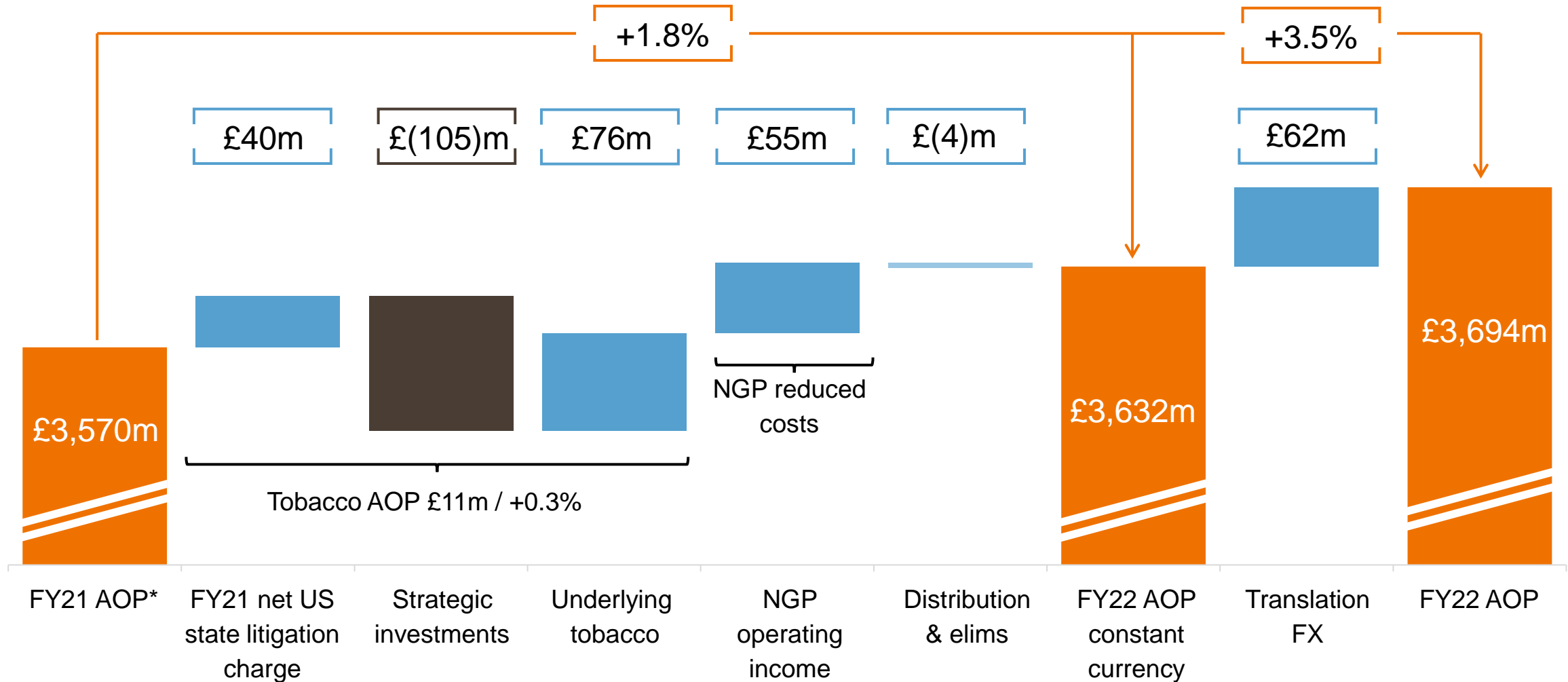
***GROUP
FINANCIALS***

Net Revenue



*FY21 net revenue excludes a £21m contribution from the Premium Cigar Division following its divestment in September 2020.

Adjusted Operating Profit



Group Adjusted Results



| | | FY21 | Premium Cigars | FY21 excl. divestment | Foreign Exchange | Constant Currency Growth | FY22 excl. divestment | Actual Δ | Constant Currency Δ |
|---------------------------------|----|--------------|----------------|-----------------------|------------------|--------------------------|-----------------------|----------|---------------------|
| Tobacco net revenue | £m | 7,422 | (21) | 7,401 | 91 | 93 | 7,585 | +2.5% | +1.3% |
| NGP net revenue | £m | 188 | - | 188 | - | 20 | 208 | +10.4% | +10.8% |
| Tobacco & NGP operating profit | £m | 3,308 | (3) | 3,305 | 70 | 66 | 3,441 | +4.1% | +2.0% |
| Tobacco & NGP profit margin | % | <i>44.4%</i> | <i>-0.9%</i> | 43.5% | | | 44.2% | +61bps | +21bps |
| Distribution net revenue | £m | 1,069 | - | 1,069 | (32) | 9 | 1,046 | -2.1% | +0.8% |
| Distribution operating profit | £m | 258 | - | 258 | (8) | 4 | 254 | -1.7% | +1.8% |
| Distribution margin | % | <i>24.1%</i> | <i>0.0%</i> | 24.1% | | | 24.3% | +15bps | +26bps |
| Distribution Eliminations | £m | 7 | - | 7 | - | () | (1) | -118.7% | -119.2% |
| Group adjusted operating profit | £m | 3,573 | (3) | 3,570 | 62 | 62 | 3,694 | +3.5% | +1.8% |

Group Adjusted Results



| | | FY22 | FY21* |
|---------------------------------|-------|---------|---------|
| Group adjusted operating profit | £m | 3,694 | 3,573 |
| Adjusted net finance costs | £m | (326) | (417) |
| Share of profit of JVs | £m | 9 | 11 |
| Adjusted profit before tax | £m | 3,377 | 3,167 |
| Adjusted tax rate | % | 22.4% | 22.6% |
| Adjusted EPS | pence | 265.2 | 247.1 |
| Dividend per share | pence | 141.17 | 139.08 |
| 12-month Cash conversion | % | 102% | 83% |
| Adjusted net debt | £m | (8,054) | (8,615) |

Reconciliation: Reported to Adjusted



| £m (unless otherwise stated) | Reported FY22 | Russian and associated market exit costs | Amortisation and impairment of acquired intangibles | Restructuring costs | Fair value adjustment to financial assets | (Loss)/Profit on disposal of subsidiaries | Acquisition and disposal costs | Excise tax provision | Buy out of liabilities on Irish pension scheme | Net fair value and exchange losses on financial instruments | Post- employment benefits net financing cost | Adjusting items on tax | Adjustments above attributable to non-controlling interests | Adjusted FY22 |
|---|------------------|---|--|------------------------|--|---|--------------------------------------|-------------------------|---|--|---|------------------------------|---|------------------|
| Operating profit | 2,683 | 399 | 349 | 197 | 37 | 29 | 5 | (9) | 4 | - | - | - | - | 3,694 |
| Share of profit of JV | (15) | 24 | - | - | - | - | - | - | - | - | - | - | - | 9 |
| Net finance costs | (117) | - | - | - | - | - | - | - | - | (201) | (8) | - | - | (326) |
| Profit before tax | 2,551 | 423 | 349 | 197 | 37 | 29 | 5 | (9) | 4 | (201) | (8) | - | - | 3,377 |
| Tax | (886) | - | (15) | (49) | - | (8) | - | - | - | 183 | - | 20 | - | (755) |
| Profit after tax | 1,665 | 423 | 334 | 148 | 37 | 21 | 5 | (9) | 4 | (18) | (8) | 20 | - | 2,622 |
| Minority interest | (95) | - | - | - | - | - | - | - | - | - | - | - | (18) | (113) |
| Earnings attributable to equity shareholders* | 1,570 | 423 | 334 | 148 | 37 | 21 | 5 | (9) | 4 | (18) | (8) | 20 | (18) | 2,509 |
| Basic EPS (pence)* | 165.9 | 44.7 | 35.4 | 15.6 | 3.9 | 2.2 | 0.5 | (1.0) | 0.4 | (1.9) | (0.8) | 2.1 | (1.8) | 265.2 |

Income Statement



| £m (unless otherwise stated) | FY22 | FY21* |
|--|--------|--------|
| Revenue | 32,551 | 32,791 |
| Adjusted operating profit | 3,694 | 3,573 |
| Russian and associated market exits | (399) | - |
| Amortisation and impairment of acquired intangibles | (349) | (450) |
| Restructuring costs | (197) | (257) |
| Fair value adjustment to financial assets | (37) | 15 |
| (Loss)/Profit on disposal of subsidiaries | (29) | 281 |
| Acquisition and disposal costs | (5) | (17) |
| Excise tax provision | 9 | 1 |
| Buy out of liabilities on Irish pension scheme | (4) | - |
| Share of profit of investments accounted for using the equity method | (15) | 11 |
| Reported net finance costs** | (117) | 81 |
| Profit before tax | 2,551 | 3,238 |
| Tax | (886) | (331) |
| Profit after tax | 1,665 | 2,907 |
| Minority interests | 95 | 73 |
| Basic EPS (pence) | 165.9 | 299.9 |
| Adjusted EPS (pence) | 265.2 | 247.1 |

* FY21 financials as reported, prior to the exclusion of contribution from the Premium Cigar Division divestment in October 2020. The Premium Cigar Division contributed £21 million to net revenue and £3 million to adjusted operating profit in 2021.

** Including net fair value and exchange gains/losses on financial instruments and post-employment benefits net financing costs.

Net Finance Costs



| £m | FY22 | FY21 |
|--|-------|-------|
| Net finance income/(costs) | (117) | 81 |
| Adjusted for: | | |
| - interest income on net defined benefit assets | (69) | (89) |
| - interest cost on net defined benefit liabilities | 270 | 87 |
| - fair value & exchange gains on financial instruments | 8 | (496) |
| Adjusted net finance costs | (326) | (417) |

Cash flow



| £m | FY22 | FY21 |
|--|---------|---------|
| Group operating profit | 3,694 | 3,573 |
| Depreciation, amortisation and impairments | 244 | 269 |
| EBITDA | 3,938 | 3,842 |
| Other non-cash movements | (20) | (79) |
| Operating cash flows before movement in working capital | 3,918 | 3,763 |
| Working capital | 40 | (664) |
| Tax cash flow | (681) | (820) |
| Cash flows from operating activities | 3,277 | 2,279 |
| Net capex | (177) | (150) |
| Restructuring | (91) | (112) |
| Cash interest | (358) | (400) |
| Minority interest dividends | (89) | (93) |
| Free cash flow | 2,562 | 1,524 |
| Acquisitions/disposals | 14 | 845 |
| Shareholder dividends | (1,320) | (1,305) |
| Purchase of ESOT shares | (1) | - |
| Net cash flow | 1,255 | 1,064 |
| Adjusted operating profit | 3,694 | 3,573 |
| Cash flow post capital expenditure pre interest and tax | 3,781 | 2,949 |
| Adjusted operating cash conversion | 102% | 83% |

Net Debt Reconciliation



| £m | Reported FY22 | Accrued interest | Lease liabilities | Fair value of derivatives | Adjusted FY22 |
|--|------------------|---------------------|----------------------|------------------------------|------------------|
| Opening net debt | (9,373) | 140 | 251 | 367 | (8,615) |
| Free cash flow | 2,562 | - | - | - | 2,562 |
| Dividends | (1,320) | - | - | - | (1,320) |
| Net proceeds from sale of subsidiaries | 14 | - | - | - | 14 |
| Employee Share Ownership Trusts | (1) | - | - | - | (1) |
| Accretion of interest | 29 | (35) | - | - | (6) |
| Lease liabilities paid | (54) | - | - | - | (54) |
| Change in fair values | 270 | - | (3) | (282) | (15) |
| Exchange movements | (619) | - | - | - | (619) |
| Closing net debt | (8,492) | 105 | 248 | 85 | (8,054) |

Foreign Exchange



| | Average | | |
|--------|---------|--------------|-------|
| | FY21 | FY22 | Δ |
| USD \$ | 1.369 | 1.281 | -6.4% |
| EURO € | 1.145 | 1.181 | +3.1% |
| AUD \$ | 1.821 | 1.796 | -1.4% |

| | Closing | | |
|--------|---------|--------------|--------|
| | FY21 | FY22 | Δ |
| USD \$ | 1.346 | 1.104 | -18.0% |
| EURO € | 1.162 | 1.133 | -2.5% |
| AUD \$ | 1.870 | 1.707 | -8.7% |

Foreign Currency

DIVISIONAL CURRENCY EXPOSURE



| Approximate weight of currency in Total Net Revenue | GBP £ | EUR / EUR Linked | USD \$ | AUD \$ | Other Currencies | Other includes |
|---|-------|------------------|--------|--------|------------------|--|
| Europe | 20% | 70% | 0% | 0% | 10% | Polish Zloty, Czech Koruna |
| Americas | 0% | 0% | 100% | 0% | 0% | |
| AAA | 0% | 25% | 20% | 20% | 35% | Moroccan Dirham, Central African Franc |

- €0.01 (1 cent) movement in the € Euro has c. £20m impact on net revenue.

- \$0.01 (1 cent) movement in the \$ USD has a c. £25m impact on net revenue.

| Approximate weight of currency in Operating Profit | GBP £ | EUR / EUR Linked | USD \$ | AUD \$ | Other Currencies | Other includes |
|--|-------|------------------|--------|--------|------------------|---|
| Europe | 30% | 70% | 0% | 0% | 0% | |
| Americas | 0% | 0% | 100% | 0% | 0% | |
| AAA | 0% | 10% | 25% | 35% | 30% | Central African Franc, New Zealand Dollar |
| Logistics | | 100% | | | | |

- €0.01 (1 cent) movement in the € Euro has a c. £13m impact on AOP.

- \$0.01 (1 cent) movement in the \$ USD has a c. £12m impact on AOP.

Divisional Market Share

MAT MARKET SHARE DATA



| | FY22 | FY21 ^R | Δ |
|-------------|-------|-------------------|--------|
| Europe | 19.0% | 19.4% | -45bps |
| Americas | 10.1% | 9.2% | +90bps |
| AAA | 10.8% | 10.9% | -10bps |
| Total Group | 13.9% | 13.9% | -5bps |

Market Share Calculation

Market share is presented as a 12 month average (MAT). Aggregate market share is a weighted average across markets within our footprint. The sources of market share information by market are continually reviewed to ensure the most accurate data available. Where any changes have been made we have restated (as denoted R) the PY number to ensure comparability

FY23 Guidance



OTHER FINANCIAL ITEMS

Financing & Cost of Debt

- Finance charge for FY23 expected to be c. £390m at current rates; all-in cost of debt of c. 4.2% for FY23

Tax Rate

- Expected to be c. 22%

Capex

- Expect net capex to be c. £300m-350m

Cash Conversion

- Expect 90 to 100% range

Logista M&A

- c. £175m of M&A committed in FY23

Foreign Exchange

- Translation FX: c. 5-6% tailwind at latest FX rates (USD 1.18, EUR 1.14, AUD 1.76)

Restructuring costs

- FY23 cash cost expected at around £120m

APPENDICES

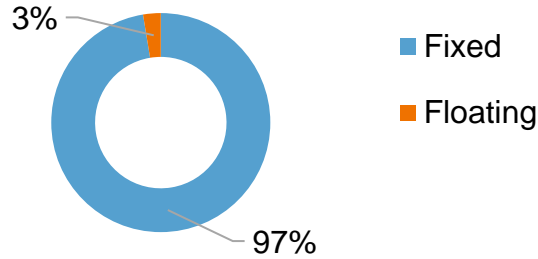
FINANCING

Financial Profile

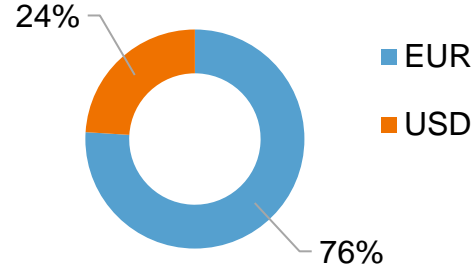
30 September 2022



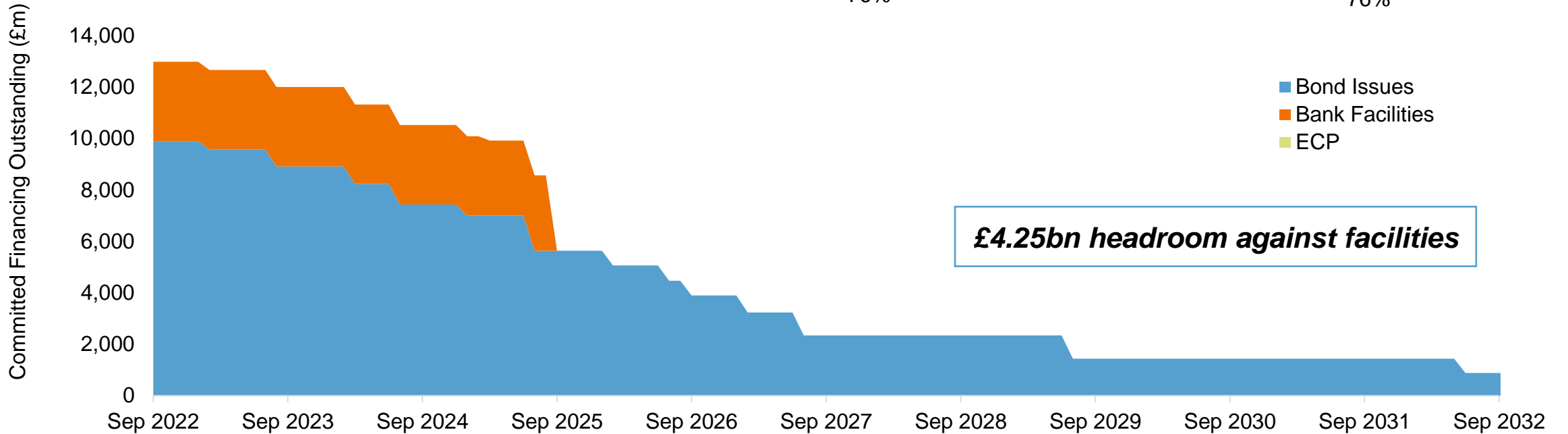
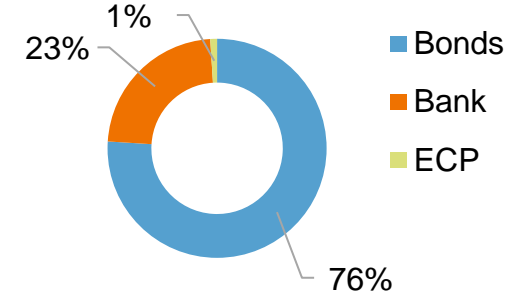
Interest Split*



Currency Split (adjusted)



Committed Funding Split



* FY23 forecast interest split expected to be 85% fixed vs 15% floating

Committed Bank Facilities

30 September 2022



| Description | Maturity date | Amount (EUR m) | £m equiv. |
|--|-------------------|----------------|--------------|
| Committed 3-year Revolving Credit Facility | 30 March 2025 | 184 | 162 |
| Committed 3-year Revolving Credit Facility | 30 September 2025 | 3,316 | 2,928 |
| Total | | | 3,091 |

All-in Cost of Debt Profile

| Description | FY21 | FY22 | Forecast FY23 |
|---|-------------|-------------|---------------|
| All-in cost of debt as reported | 4.0% | 3.5% | 4.2% |
| Impact of early US bond repayment in FY21 (c. £22m) | 0.2% | -0.3% | N/A |
| Underlying all-in cost of debt excluding early US bond repayment | 3.8% | 3.8% | 4.2% |

Bond Issues

30 September 2022



| Currency of issue | Amount (ccy m) | Issuer | Coupon | Issue Date | Maturity Date | £m equiv. | Margin* |
|--------------------------------------|----------------|--|--------|------------|---------------|--------------|-------------|
| USD | 354** | Imperial Brands Finance PLC | 3.50% | Feb-13 | Feb-23 | 320 | 1.13% |
| EUR | 750 | Imperial Brands Finance PLC | 1.13% | Feb-19 | Aug-23 | 662 | 1.25% |
| GBP | 600 | Imperial Brands Finance PLC | 8.13% | Sep-08 | Mar-24 | 681 | 3.02% |
| USD | 1,000 | Imperial Brands Finance PLC | 3.13% | Jul-19 | Jul-24 | 793 | 1.20% |
| EUR | 500 | Imperial Brands Finance PLC | 1.38% | Jan-17 | Jan-25 | 442 | 1.01% |
| USD | 1,500 | Imperial Brands Finance PLC | 4.25% | Jul-15 | Jul-25 | 1,359 | 2.22% |
| EUR | 650 | Imperial Brands Finance PLC | 3.38% | Feb-14 | Feb-26 | 574 | 1.45% |
| USD | 750 | Imperial Brands Finance PLC | 3.50% | Jul-19 | Jul-26 | 595 | 1.52% |
| GBP | 500 | Imperial Brands Finance PLC | 5.50% | Sep-11 | Sep-26 | 568 | 2.69% |
| EUR | 750 | Imperial Brands Finance PLC | 2.13% | Feb-19 | Feb-27 | 662 | 1.83% |
| USD | 1,000**** | Imperial Brands Finance PLC | 6.13% | Jul-22 | Jul-27 | 886 | (F)*** |
| USD | 1,000 | Imperial Brands Finance PLC | 3.88% | Jul-19 | Jul-29 | 906 | 1.97% |
| GBP | 500 | Imperial Brands Finance PLC | 4.88% | Feb-14 | Jun-32 | 553 | 2.18% |
| EUR | 1,000 | Imperial Brands Finance Netherlands BV | 1.75% | Mar-21 | Mar-33 | 883 | 1.76% |
| Total/Weighted Average Margin | | | | | | 9,884 | 1.9% |

* Above respective final currency IBOR rate after the effects of related interest rate derivative transactions

** A bond tender offer was executed in Jul-22. The remaining amount is represented above.

*** (F) Denotes instances where the fixed rate was maintained

**** 50% cross currency swaps to EUR and 50% left in USD

Glossary



| | |
|--------------------------|---|
| SE | Stick Equivalent (SE) volumes reflect our combined cigarette, fine cut tobacco, cigar and snus volumes. |
| Constant Currency | Change at constant currency removes the effect of exchange rate movements on the translation of the results of our overseas operations. |
| Tobacco | Total Tobacco includes cigarettes, fine cut tobacco, cigar, traditional snus and other tobacco products. |
| NGP | NGP includes vapour products, next generation oral nicotine including all-white oral snus |
| Logista | Logista is a 50.01% owned subsidiary and publicly listed on the Spanish stock exchanges. It is one of the largest logistics businesses in Europe, with operations extending across Spain, France, Italy, Portugal and Poland. |