



IMPERIAL  
BRANDS

*INTERIM  
RESULTS*

*17 MAY 2022*



# ***DELIVERING ON OUR STRATEGIC PRIORITIES***

**Stefan Bomhard**  
CEO



# Disclaimer



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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

# Good Progress In Line With Five Year Plan

DELIVERING ON YOUR STRATEGIC PRIORITIES



Investment drives aggregate market share growth in top-five markets



Successful NGP trials underpin further roll-outs



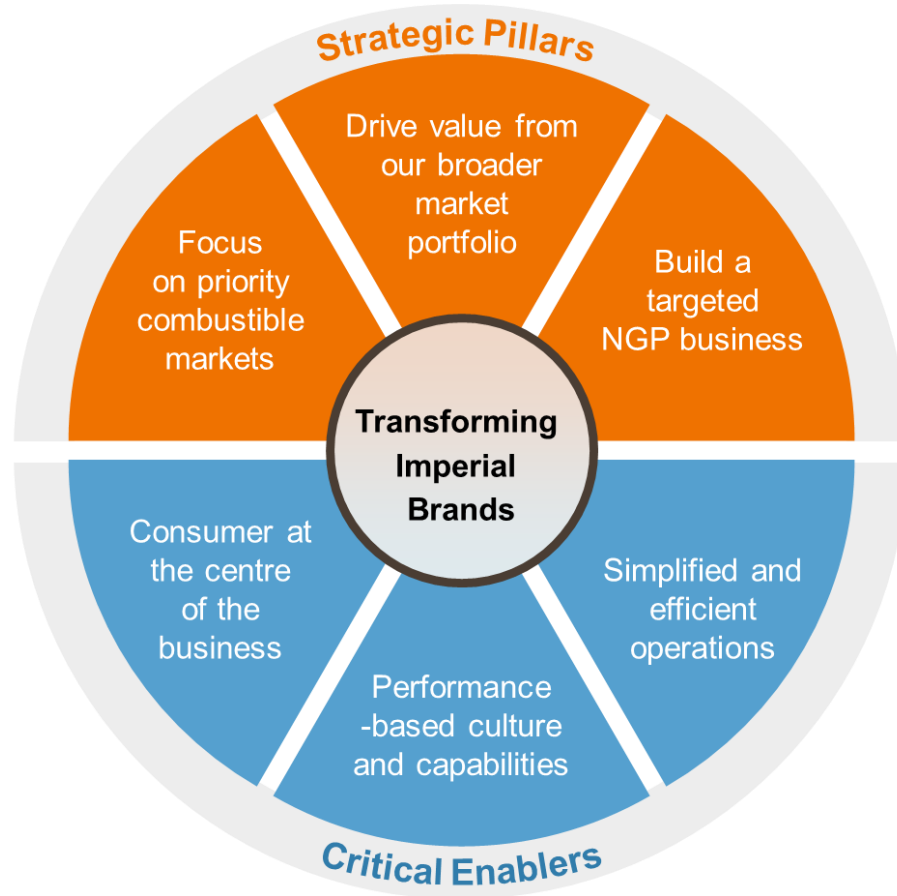
Strong cash generation enables further deleverage



On track to deliver full year results in line with guidance

# Strengthening the Business

GOOD PROGRESS DELIVERING ON OUR OBJECTIVES



Strategic investment drives market share growth

Market prioritisation delivers improved performance

NGP trials validate focused, challenger approach

Consumer insights are building innovation pipeline

Culture change programme enables improved behaviours

Transformation is creating efficiencies and effectiveness

# On Track with Our Five-Year Transformation



COMPLETING OUR TWO-YEAR STRENGTHENING PHASE

## PHASE 1 - STRENGTHENING

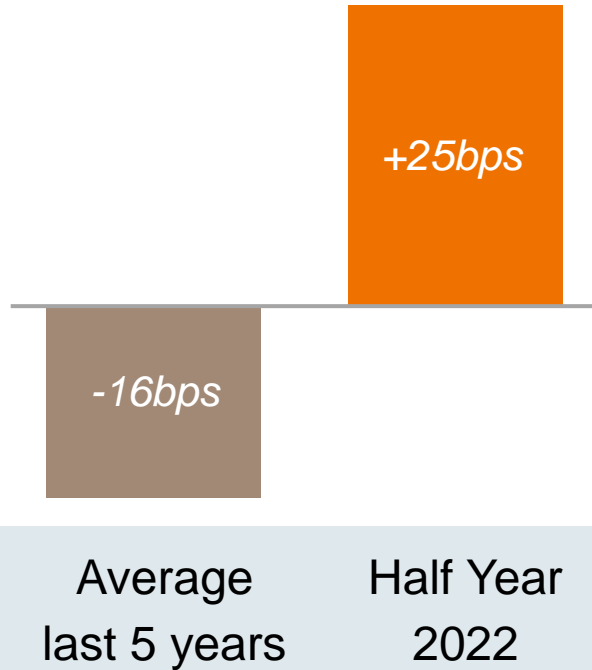


# Stabilising our Priority Market Share

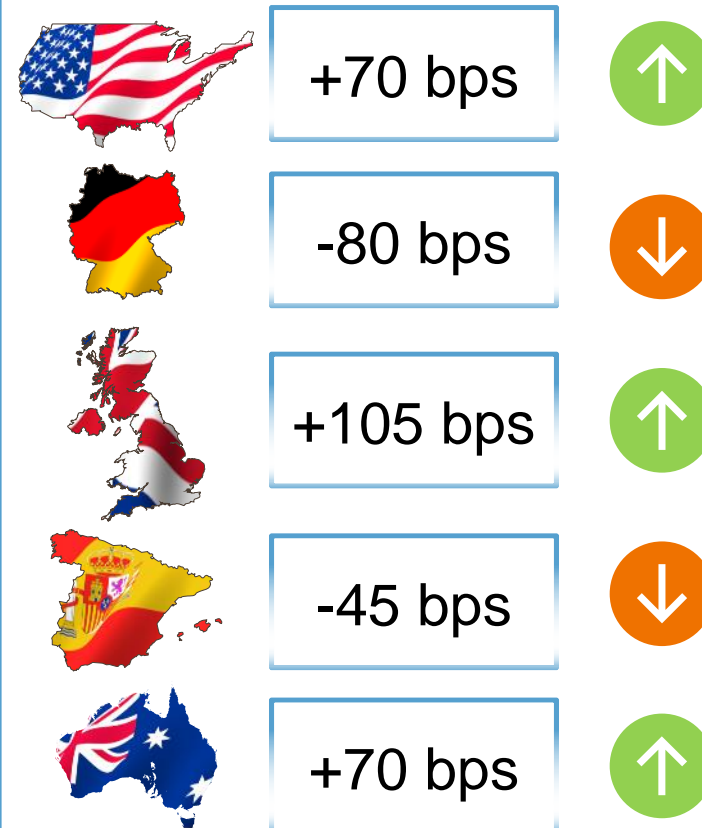


TARGETED INVESTMENT STRENGTHENING OUR SHARE OF MARKET

## AVERAGE PRIORITY MARKET SHARE PERFORMANCE

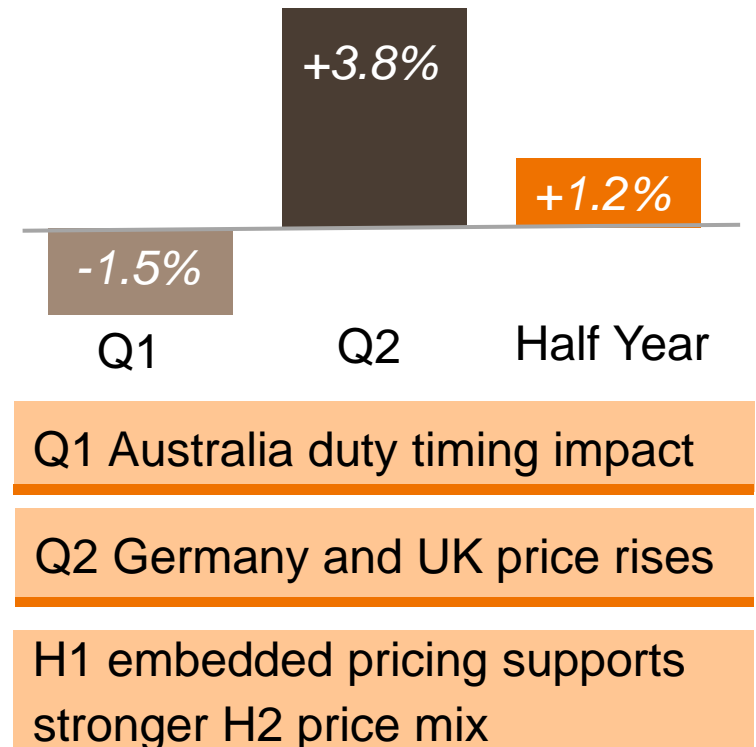


## PRIORITY MARKET SHARES (6 month share Δ)



## MAINTAINING PRICING DISCIPLINE

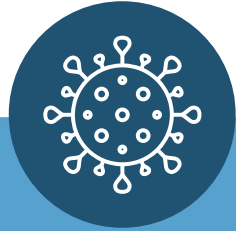
### Phasing of Price Delivery





# Understanding Consumer Dynamics

ACTIVELY MANAGING THE BUSINESS TO MEET EVOLVING CONSUMER NEEDS



## COVID-19 UNWIND

Lifting of restrictions is causing changes to consumer buying patterns

Impact:  
Already underway



## INFLATIONARY PRESSURES

Inflation likely to affect purchasing power of some consumers

Impact:  
Not material in H1



## POTENTIALLY REDUCED HARM

Consumers continue to seek reduced harm alternatives

Impact:  
Long-term/structural

*Improved agility and consumer insight mean we can navigate these trends and capture opportunities*

# ***FINANCIAL REVIEW***

**Lukas Paravicini**  
CFO




# Delivering Against Our Plan




INITIATIVES TO STRENGTHEN THE BUSINESS ON TRACK AHEAD OF PHASE 2


AGGREGATE PRIORITY SHARE

 **+25bps**


TOTAL NET REVENUE\*

 **+0.3%**


NGP NET REVENUE\*

 **+8.7%**

ADJUSTED OPERATING PROFIT\*

 **+2.9%**

ADJUSTED EPS\*

 **+7.7%**

ADJUSTED NET DEBT TO EBITDA

 **-0.2x**  
to 2.4x

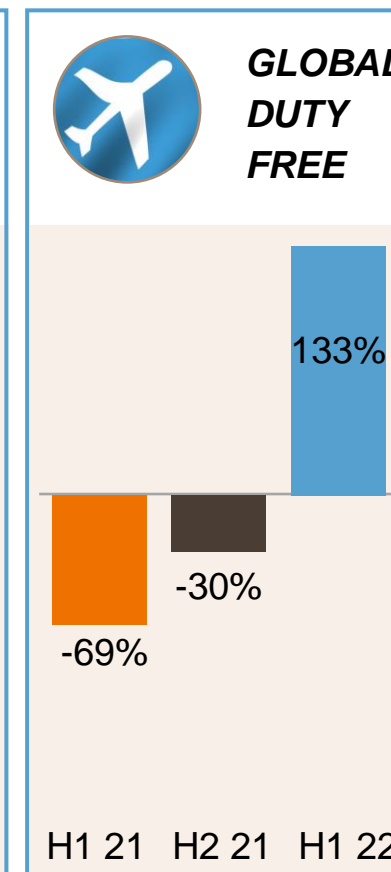
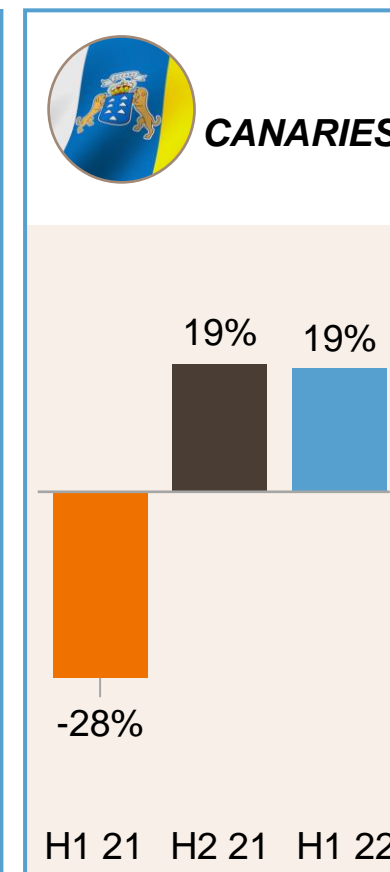
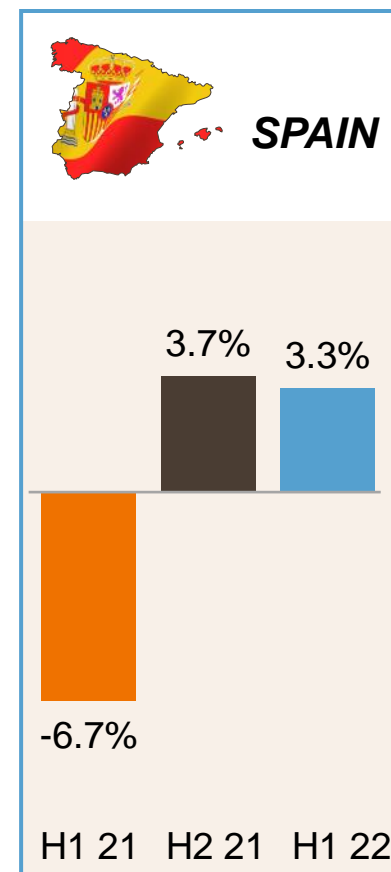
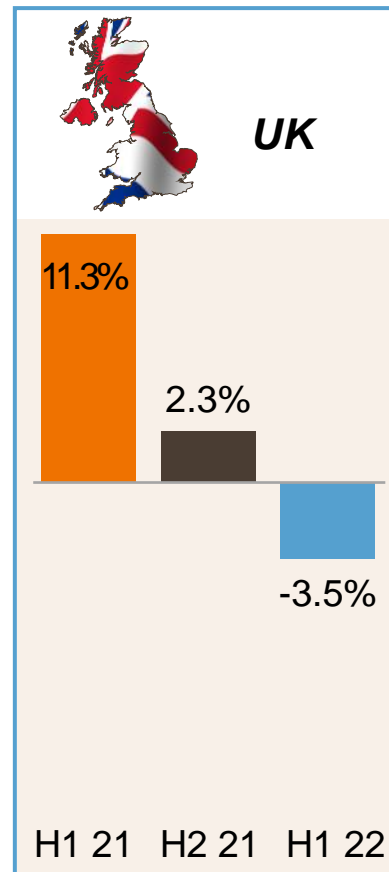
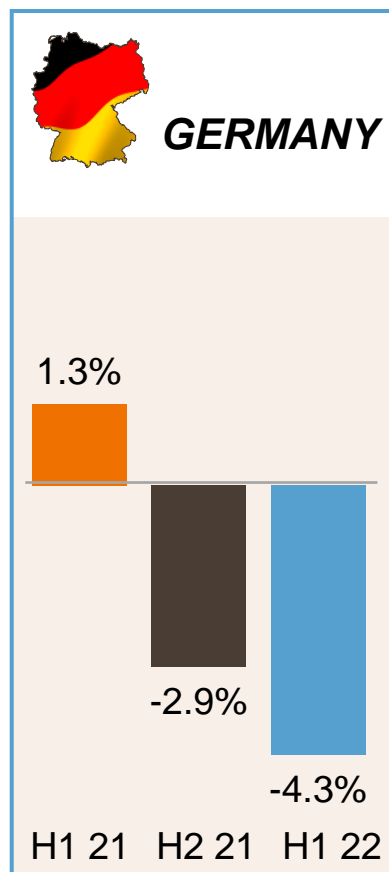
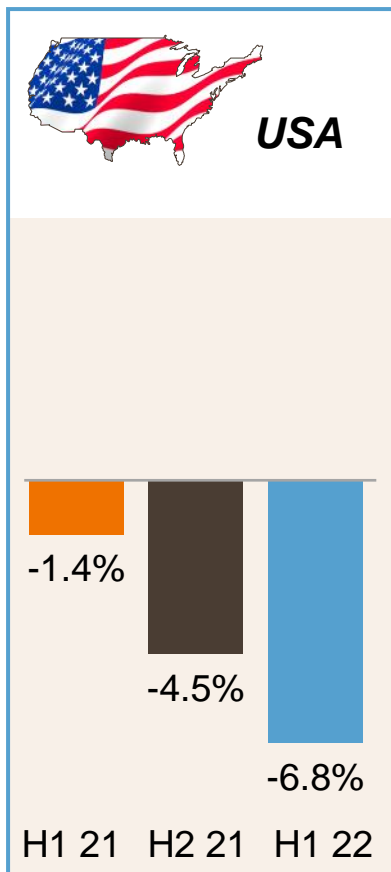
# COVID-19 Market Trends Beginning to Unwind



REVERTING AS EXPECTED TO HISTORICAL TRENDS

## -VE impact on market

## +VE impact on market



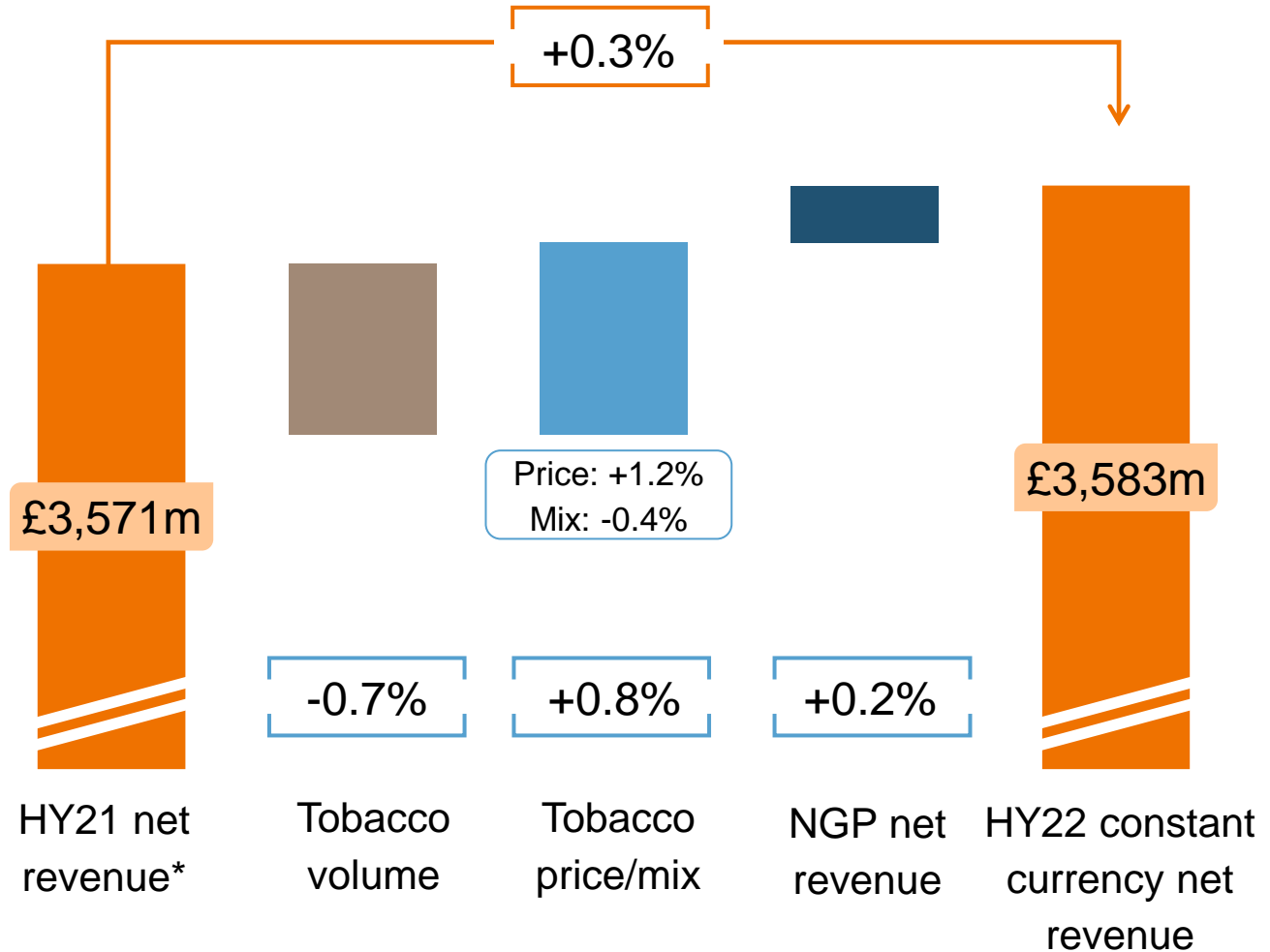
# Net Revenue Growth Driven by NGP



TOBACCO PRICE MIX OFFSETS VOLUME DECLINES; STRENGTHENS IN Q2

## VOLUMES REMAIN STRONG

- **-0.7% tobacco volumes**
  - Remain better than historical trend; reflecting strong performance in the US, Middle East and Australia
- **+0.1% tobacco net revenue**
  - +0.8% tobacco price/mix reflects price phasing and adverse product mix (US) and market mix (AAA)
- **+8.7% NGP net revenue growth**
  - Strong progress across all categories







\*HY21 net revenue excludes a £21m contribution from the Premium Cigar Division following its divestment in September 2020



# Performance Driven by Americas and AAA

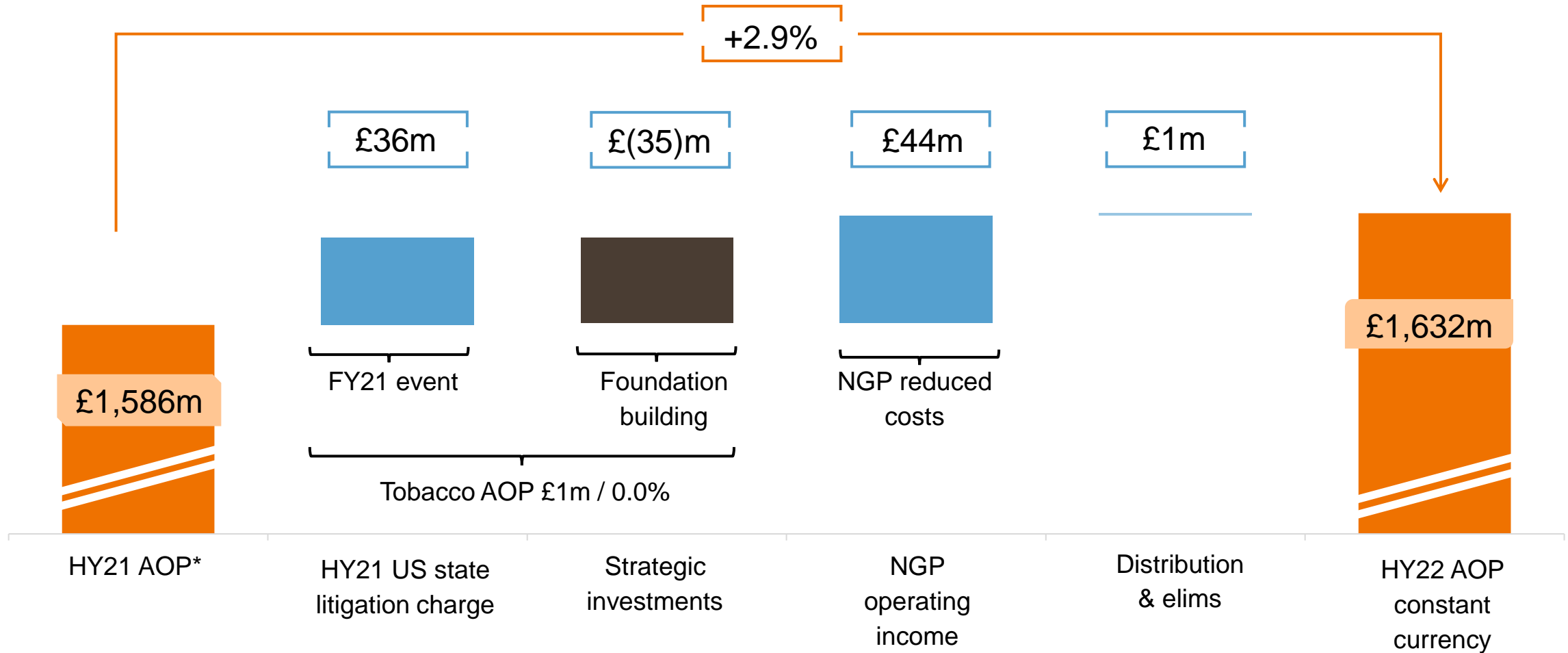


STRONG VOLUME PERFORMANCE IN AMERICAS AND AAA

	VOLUMES	TOBACCO NR	NGP NR	
EUROPE	-3.6%	-3.8% 	+45%	<ul style="list-style-type: none"> <li>• Price/mix impacted by price phasing</li> <li>• Adverse geographic mix</li> <li>• Strong NGP growth</li> </ul>
AMERICAS	+3.9%	+3.2% 	-28%	<ul style="list-style-type: none"> <li>• Share gains; trade buying ahead of price rise</li> <li>• Positive pricing offset by adverse product mix in cigarettes and mass market cigars</li> </ul>
AAA	+2.6%	+4.1% 	Exit	<ul style="list-style-type: none"> <li>• Volume benefit as travel restrictions ease</li> <li>• Price/mix supported by Africa/Middle East</li> <li>• NGP reflects Russia and Japan exits</li> </ul>
TOTAL	-0.7%	+0.1% 	+9%	

# Delivering Adjusted Profit Growth

CONTINUED INVESTMENT IN FOUNDATION BUILDING



\*HY21 net revenue 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



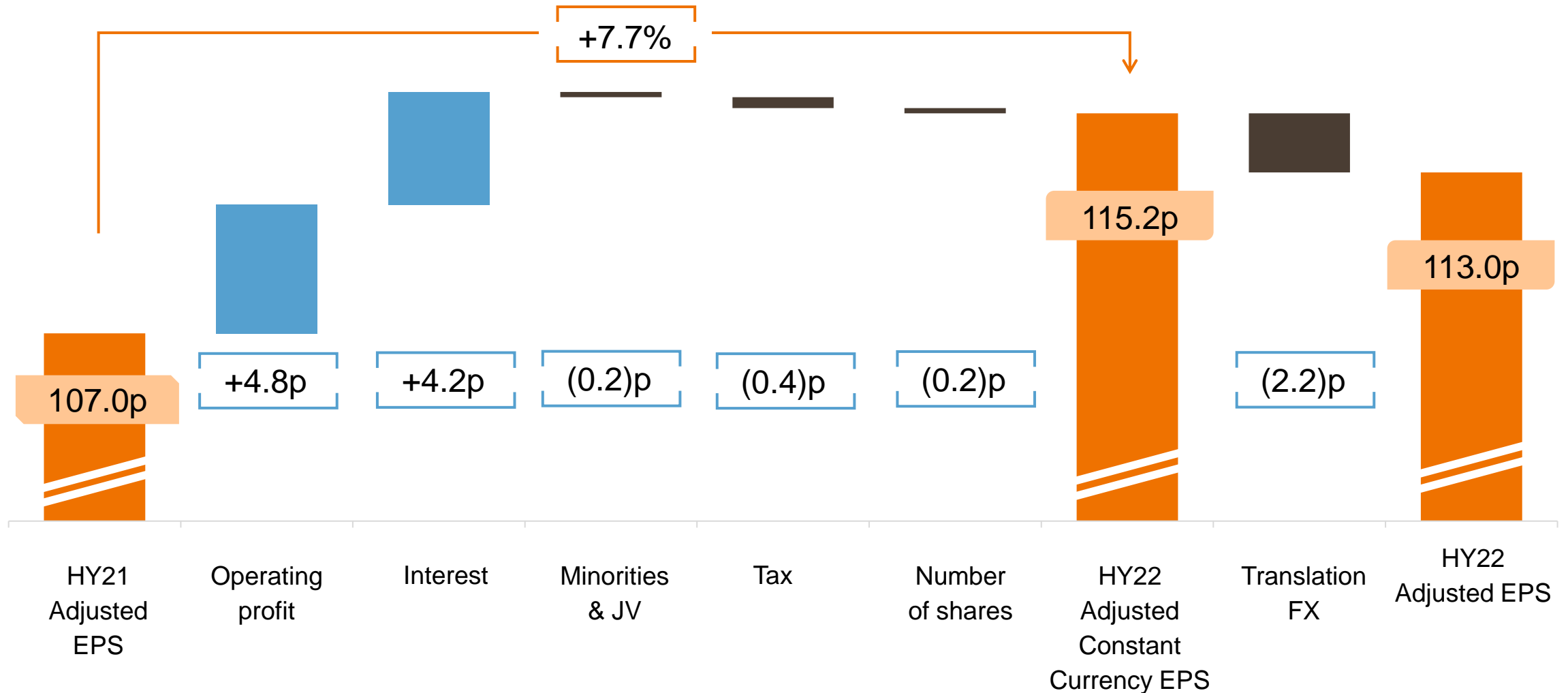
<b>HY22 Reported operating profit</b>	<b>£1,201m</b>
Russia & associated market exit costs	£201m
Amortisation of acquired intangibles	£182m
Restructuring costs	£7m
Net other*	£9m
<b>HY22 Adjusted operating profit</b>	<b>£1,600m</b>

## Adjustments to reported operating profit

- **Russia & associated market costs**
  - Recognition of impairment and provision charge (impact on earnings: £225m)
- **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 £90m annualised savings by end FY22, ahead of plan

# Driving Stronger EPS Growth

WITH HIGHER OPERATING PROFIT AND REDUCED INTEREST COSTS



*\*HY21 adjusted EPS excludes a 0.6 pence contribution from the Premium Cigar Division following its divestment in September 2020*

# Resilient Cash Delivery

CONTINUED STRONG CASH FLOW GENERATION OVER LAST 12 MONTHS



**CONTINUED HIGH  
CASH CONVERSION**

**102%**

*12-month  
cash conversion*

**FREE CASH FLOW  
(12-MONTH)**

**£2.4bn**

*High free cash flow  
enables choices*

**PROGRESSIVE  
DIVIDEND POLICY**

**+1%**

*Delivering cash returns  
for shareholders*

**NET CASH FLOW  
(12-MONTH)**

**£1.3bn**

*Driving de-leverage  
momentum*

**STRONG CASH GENERATION ENABLES OUR FOUR CAPITAL PRIORITIES**

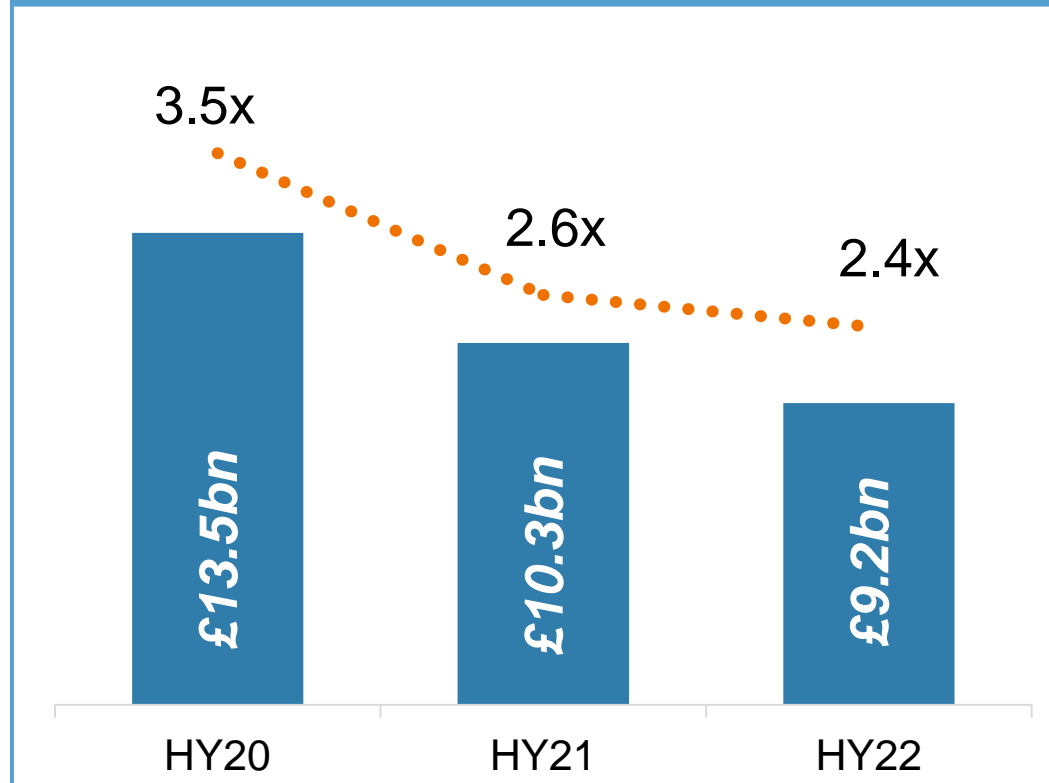


# Strong Cash Supports Further Debt Reduction

DELIVERING 0.2 TIMES IMPROVEMENT IN LEVERAGE



## Year-on-Year de-leverage Progress



## Capital allocation priorities

- 1 Investing in the strategy
- 2 Strong and efficient balance sheet
- 3 Progressive dividend policy
- 4 Surplus capital returns

# ***FY22 Outlook: On Track to Meet Full Year Expectations***

## ***FINANCIAL SUMMARY***

- On track to deliver in line with our revised guidance
- Net revenue constant currency growth of between 0 to 1%
- Adjusted operating profit at constant currency to grow c. 1%
- EPS driven by profit growth, lower interest & revised tax rate expectation (c. 22%)

# ***TRANSFORMING IMPERIAL BRANDS***

**Stefan Bomhard**  
CEO



# Our Purpose, Vision and Strategy



CREATING A COMMON HIGH-PERFORMANCE CULTURE FOR IMPERIAL BRANDS



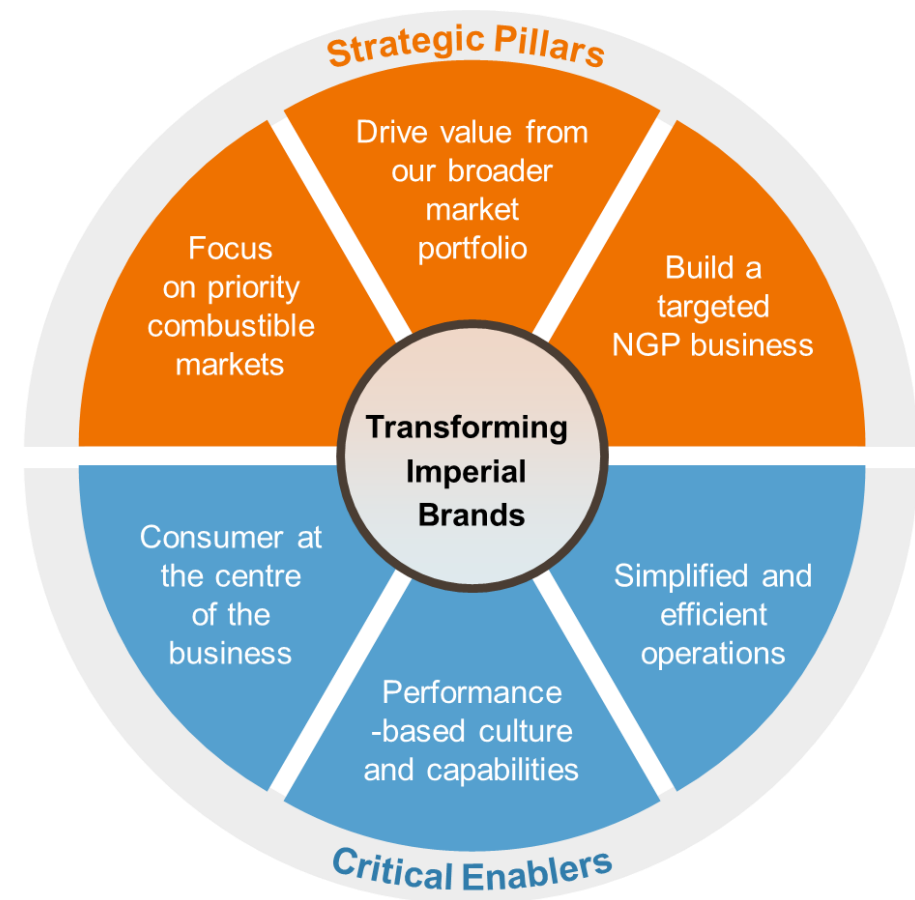
## OUR PURPOSE

*“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”*



# On Track in Implementing Our Critical Enablers



WE'VE MADE A SIGNIFICANT PEOPLE INVESTMENT

## Building a Movement: Embedding our Global Change Programme

### Consumer at the centre of the business

- Group Consumer Office established with key hires in place
- Consumer insight enhanced
- NGP innovation pipeline beginning to deliver

### Performance-based culture and capabilities

- Comprehensive behaviour roll-out underway
- On track to cover all employees by year end
- Incentives aligned to strategy
- Improving agility

### Simplified and efficient operations

- Aligning organisation behind strategy
- Restructured S&M operations
- Actions already taken to date on track to realise £90m cost savings



Start with the  
**Consumer**



Collaborate  
**with Purpose**



Take Accountability  
**with Confidence**



Be Authentic,  
**Inclusive to all**



Build  
**our Future**



# ESG: Foundations for a Responsible Business

REFRESHED APPROACH WITH THREE KEY PRIORITY AREAS



HEALTHIER FUTURES			POSITIVE CONTRIBUTION TO SOCIETY			SAFE AND INCLUSIVE WORKPLACE	
Consumer health	Climate change	Packaging & waste	Farmer livelihoods & welfare	Sustainable responsible sourcing	Human rights	Employee health, safety	Diversity, equity & inclusion
3 GOOD HEALTH AND WELL-BEING	7 AFFORDABLE AND CLEAN ENERGY	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	1 NO POVERTY	4 QUALITY EDUCATION	6 CLEAN WATER AND SANITATION	8 DECENT WORK AND ECONOMIC GROWTH	5 GENDER EQUALITY
13 CLIMATE ACTION	14 LIFE BELOW WATER	15 LIFE ON LAND	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	8 DECENT WORK AND ECONOMIC GROWTH

Pledged to become a net zero company by 2040

>90% of our electricity supplied by traceable renewable sources

Established our first carbon neutral factory with Skruf in Sweden

Developing detailed metrics and targets for all ESG focus areas

# Priority Markets: Clear Levers to Improve Performance



>25 GROWTH INITIATIVES IN OUR FIVE PRIORITY MARKETS

## SIX OPERATIONAL LEVERS IN OUR FIVE PRIORITY MARKETS

### Cigarettes

1 Increase participation in premium

2 Drive and rejuvenate local jewel brands

3 Optimise our approach to the value segment

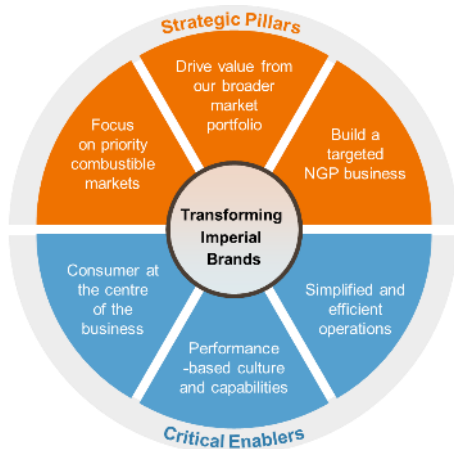
### Fine-cut

4 Maximise the potential of fine-cut tobacco category

### All Combustibles

5 Drive performance in under-penetrated channels and regions

6 Maximise value creation through Key Accounts





# Americas: Strong Market Share Growth



## MARKET FUNDAMENTALS SUPPORT POSITIVE OUTLOOK

### PERFORMANCE DRIVEN BY INVESTMENT INITIATIVES & STRATEGIC CHOICES

- Market size beginning to revert to historic trend
- Strong H1 market share growth driven by underlying share gains & seizing KT&G exit opportunity
- Kool and Maverick growth supported by strategic investment and initiatives
- Salesforce investment driving performance in under-penetrated channels and regions
- MMC performing well against strong comparator

**FOCUSED BRAND INVESTMENT**

TRADE PARTNERSHIPS

**KEY A/C MANAGEMENT**

INCREASING SALES FORCE

26%

c. 700 January 2021

c. 880 Q3 FY22

RETAIL EXCELLENCE

**SALES FORCE CAPABILITY**

PORTFOLIO INNOVATION

TRADE & ACTIVATION

**MMC BRAND INITIATIVES**





# Germany: Investing in Our Operational Levers

MARKET SIZE CONTRACTING AS TRAVEL INCREASES POST COVID



## BRAND PORTFOLIO WELL POSITIONED ACROSS PRICING SEGMENTS

- Market size down against strong comparator
- Increased price competition creating tough market environment
- Successful tiering of Gauloises variants in premium segment growing share
- Consumers increasingly seeking value offers
- JPS and West investments building brand awareness but taking time to rejuvenate



IMPROVING PRICE PERCEPTION

VALUE MESSAGING



STORE ADVOCACY



BUILDING BRAND EQUITY

NEW PACK DESIGN



LIMITED EDITIONS



INCREASING RELEVANCE

NEW AD CAMPAIGN



RELAUNCH VARIANTS





# UK: Initiatives Supporting Market Share Growth

MANAGING THE FULL PORTFOLIO TO MEET CONSUMER NEEDS



## SHARE GAINS DRIVEN BY VALUE TIER SUCCESS & OPERATIONAL EXCELLENCE

- Market size beginning to revert to historical trends as travel increases
- Price increase in mid-March supports stronger H2 price mix
- Strategic positioning of Embassy and Richmond driving strong share growth in new value tier
- Players and Riverstone growing share in fine-cut
- Trade partnership & collaboration award



NEW VALUE GROWTH



FINE-CUT ACTIVATION



LIMITED EDITION VARIANTS



PARTNERSHIP & COLLABORATION AWARD



# Spain: Focus on Revitalising Local Jewel Brands



PRICE INCREASES SUPPORT FINANCIAL PERFORMANCE

## EFFECTIVELY LEVERAGING OUR LOCAL JEWELS AND INTERNATIONAL BRANDS

- First price increases achieved in five years
- Temporary price disconnect impacted H1 share
- Continued investment behind local brands
- West meeting increased demand for value
- Border trade and vending channel close to pre-COVID levels

PACKS REINFORCING SPANISH HISTORY

Fortuna ORIGINAL

Fumar aumenta el riesgo de ceguera

NEW UPGRADE

**NATIONAL HERITAGE**

URBAN CULTURE LIMITED EDITIONS

Nobel

QUALITY AND MODERN

West

Fumar reduce la fertilidad

SKS PRICING

RELAUNCHED FCT RANGE

**REJUVENATING IN VALUE**

LAUNCH OF EXTRA KS

DUCADOS RUBIO

Fumar aumenta el riesgo de ceguera

NUEVO 20

GIFT WITH PURCHASE

**REGIONAL FOCUS**





# Australia: Initiatives Delivering Share Growth

MARKET DYNAMICS STABILISING AFTER PERIOD OF CHANGE



## IMPERIAL POSITION STABILISING; DRIVEN BY PORTFOLIO, PRICING & ENGAGEMENT

- Affordability pressures continue to drive consumer downtrading; 5th price tier now 40% of industry volumes
- Imperial share recovery supported by launch of Lambert & Butler brand
- JPS cigarette and fine-cut tiering targeted at specific demographics
- Implementing field force transformation to drive further efficiencies
- Investing to enhance supply chain and customer delivery

PRO FILTER. PRO SMOOTH.  
PRO FILTER & VIRGINIA BLEND  
SMOOTH & PREMIUM FEEL  
EST. IN UK & NOW IN 12 COUNTRIES

L&B LAUNCHED 5<sup>th</sup> TIER

JOHN PLAYER SPECIAL  
LET THE PLAYERS PLAY  
JPS FMC & FCT TIERING

FIELD FORCE TRANSFORMATION

ENHANCING INVENTORY MANAGEMENT

# NGP: Trials Validate Heated Tobacco Proposition



CONSUMER AND TRADE FEEDBACK VALIDATES PRODUCT OFFERING

## 1 MARKET SHARE

6 MONTH iD SOM



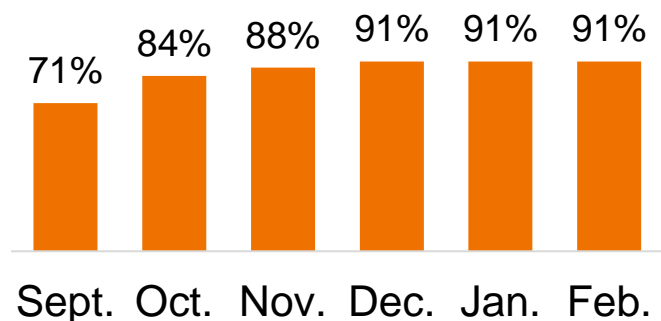
3.7%

2.8%

In 6 months we have achieved and sustained a meaningful market presence

## 2 DISTRIBUTION

iD WEIGHTED DISTRIBUTION



Consistent trade demand shows appetite to broaden category with more choice

## 3 FEEDBACK

*"The devices longer battery life means I can rely on it more to be there for me during my busy life"*

*"iD sticks are of a good quality and flavour"*

*"I like the intensity and fullness of flavour the iD sticks deliver"*

Consumer testing demonstrates Pulze and iD sticks resonate with a subsection of consumers

**MARKET DATA VALIDATES FURTHER ROLL-OUT**

# NGP: Heated Tobacco Expanding Further This Year



SELECTED FURTHER MARKET ROLL-OUT AND FLAVOUR EXTENSIONS

## MARKET ROLL-OUTS

### MARKET SELECTION CRITERIA

Existing heated tobacco category

IMB established tobacco presence



**PLANS UNDERWAY FOR FURTHER EUROPEAN MARKET LAUNCHES**

## FLAVOUR EXTENSIONS

### 5 FLAVOURS TRIALLED TO DATE



### TWO FURTHER FLAVOURS LAUNCHED



# NGP: blu Consumer Trials Support Further Roll-outs



EXTENDING US BLU TRIAL AND TRIALLING NEW BLU DEVICE IN FRANCE

## EXPANSION OF CONSUMER MARKETING APPROACH IN USA

- Pilot trial validates further targeted expansion of new marketing approach
- Positive consumer response supports expansion across new territories



## NEW BLU DEVICE LAUNCHED IN FRANCE

- Market trial of next generation blu device
- New partnership approach to innovation
- Key device features include; improved battery, smart functionalities and ergonomics
- Pipeline of innovation being developed





# 2022 Will Enhance Our Investment Case

CLEAR ACTIONS TO IMPROVE PERFORMANCE AND RETURNS



## STATUS FY22 PRIORITIES

## INVESTMENT CASE



Increased investment in priority markets



Revitalised tobacco business driving strong cash returns



NGP targeted trials



A disciplined NGP business providing options for potential harm reduction and growth



Embedding new ways of working



Self-help initiatives deliver operational improvement and strengthen performance



Continued focus on cash delivery



Strong sustainable cash flow generated from a high-quality portfolio



Disciplined capital allocation



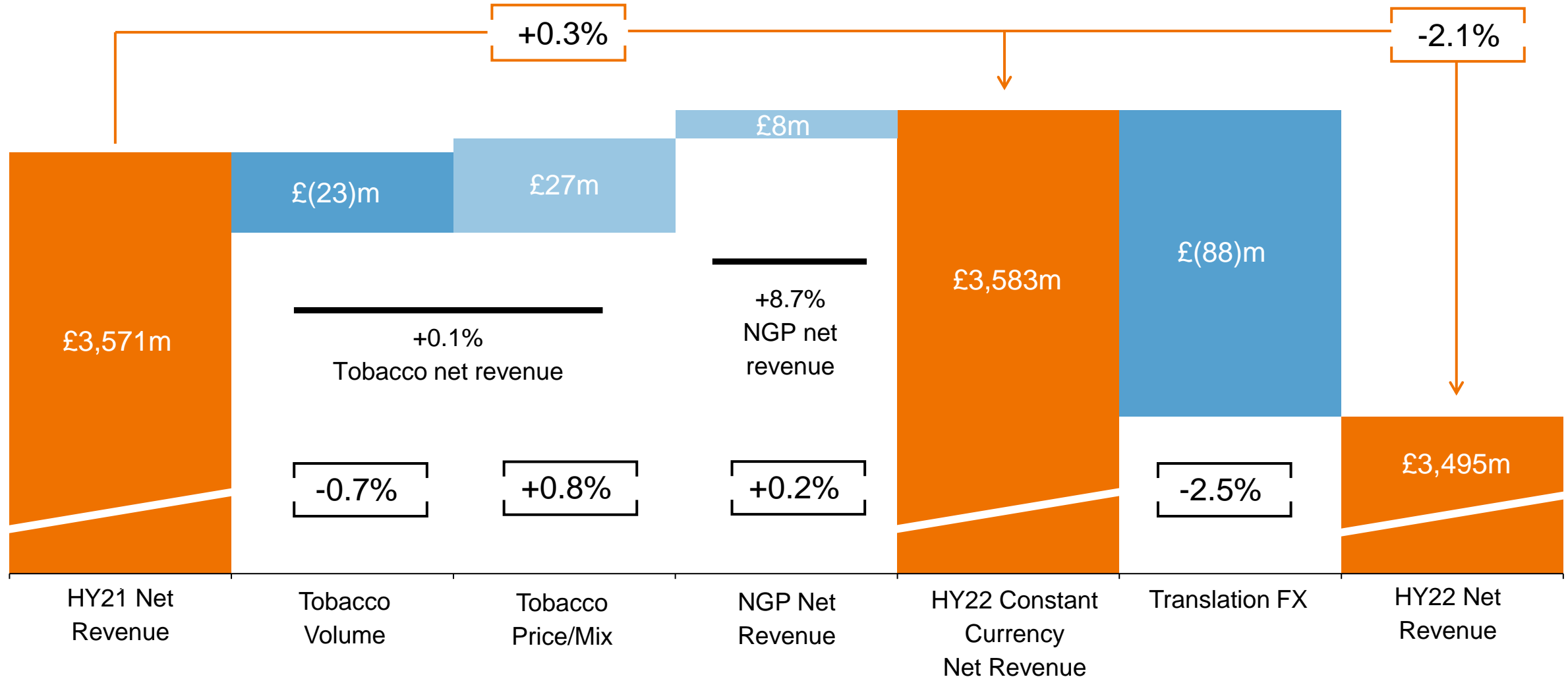
Progressive dividend supplemented by capital returns at the appropriate time

***APPENDICES***

***GROUP  
FINANCIALS***



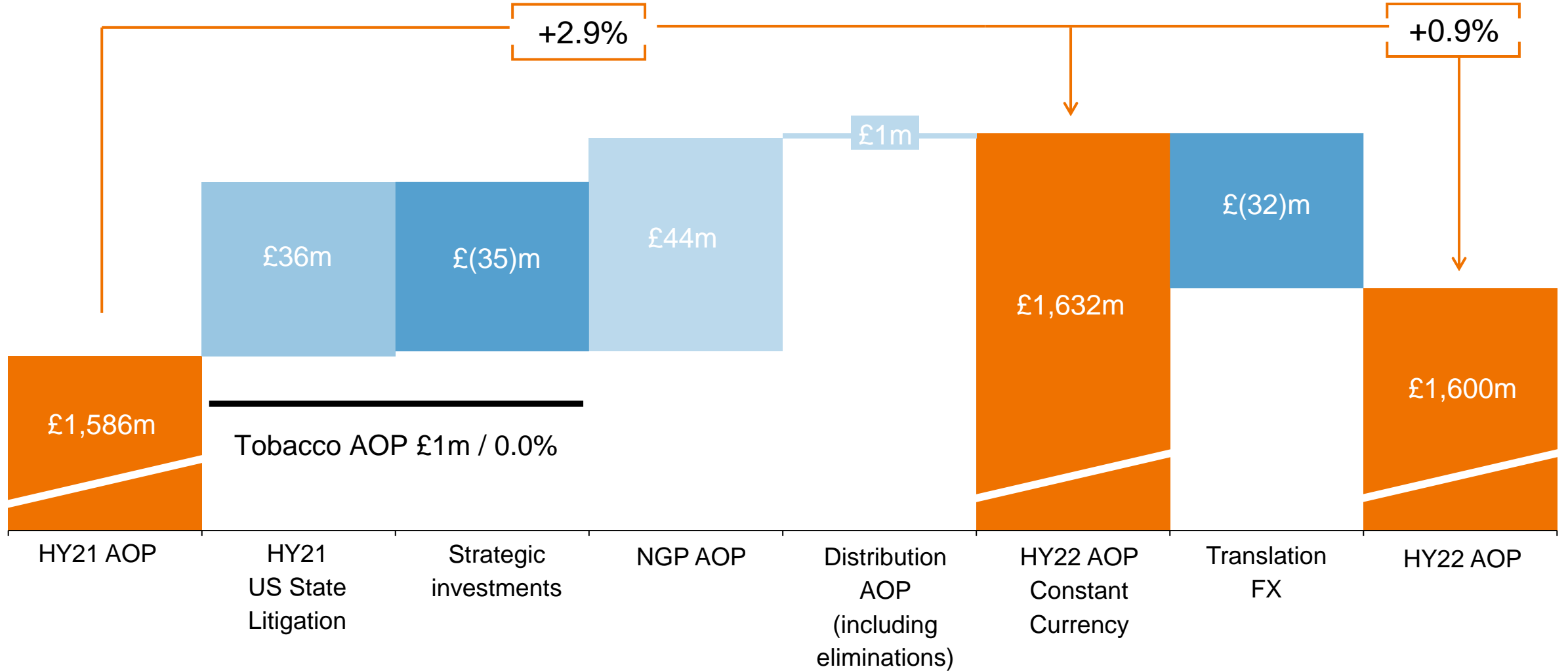
# Net Revenue



\* HY21 net revenue excludes the impact of the Premium Cigar Division divestment in October 2020. The Premium Cigar Division contributed £21 million to net revenue in 2021.

\*\* Values are rounded which may result in numbers not casting.

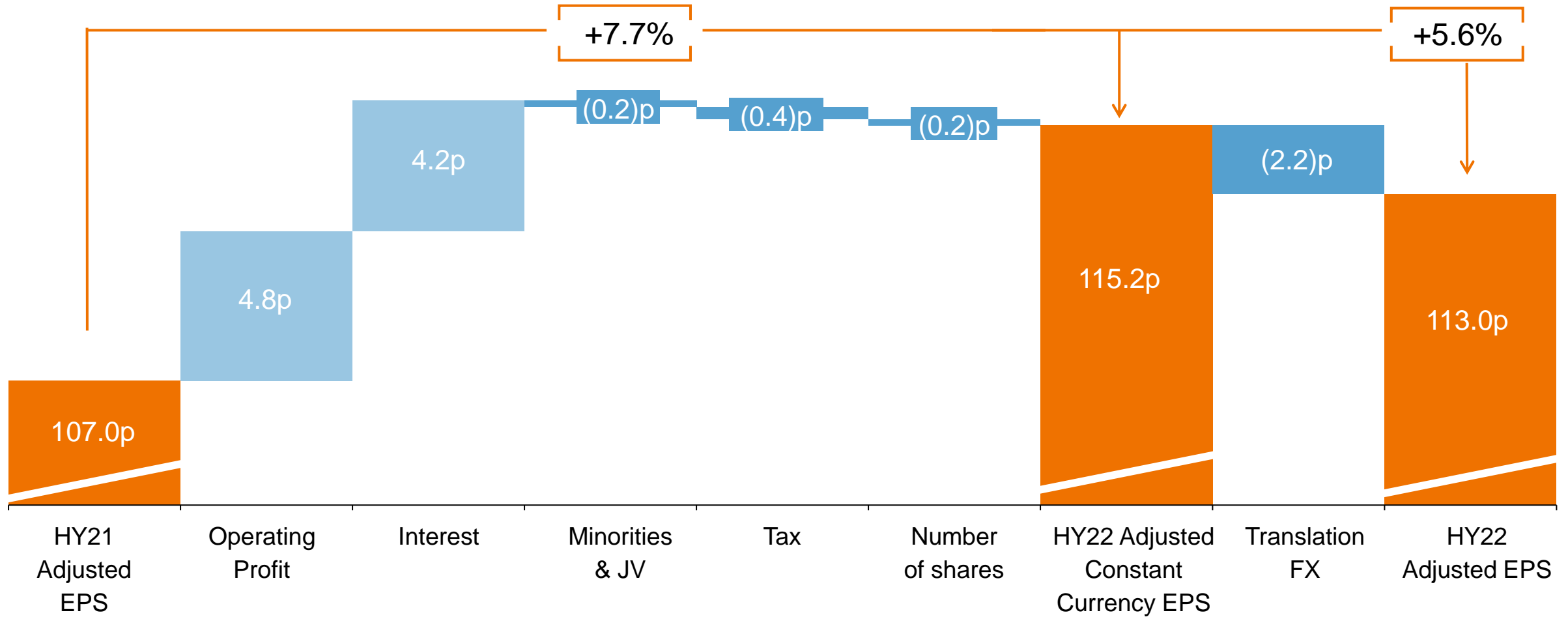
# Adjusted Operating Profit



\* HY21 adjusted operating profit excludes the impact of the Premium Cigar Division divestment in October 2020. The Premium Cigar Division contributed £3 million to operating profit in 2021.

\*\* Values are rounded which may result in numbers not casting.

# Adjusted Earnings Per Share



\* HY21 adjusted EPS excludes the impact of the Premium Cigar Division divestment in October 2020. The Premium Cigar Division contributed 0.6 pence to adjusted EPS in 2021.

\*\* Values are rounded which may result in numbers not casting.

# Group Adjusted Results



		HY21	Premium Cigars	HY21 excl. divestment	Foreign Exchange	Constant Currency Growth	HY22 excl. divestment	Actual Δ	Constant Currency Δ
Tobacco net revenue	£m	3,497	(21)	<b>3,476</b>	(86)	4	<b>3,394</b>	-2.4%	+0.1%
NGP net revenue	£m	95	-	<b>95</b>	(2)	8	<b>101</b>	+5.7%	+8.7%
Tobacco & NGP operating profit	£m	1,465	(3)	<b>1,462</b>	(26)	45	<b>1,481</b>	+1.3%	+3.1%
Tobacco & NGP profit margin	%	40.8%	0.1%	<b>40.9%</b>	+30bps	+120bps	<b>42.4%</b>	+370bps	+290bps
Distribution net revenue	£m	533	-	<b>533</b>	(28)	(3)	<b>502</b>	-5.8%	-0.6%
Distribution operating profit	£m	121	-	<b>121</b>	(6)	7	<b>121</b>	+0.3%	+5.5%
Distribution margin	%	22.7%	0.0%	<b>22.7%</b>	-5bps	+145bps	<b>24.1%</b>	+620bps	+640bps
Distribution Eliminations	£m	3	-	<b>3</b>	-	(5)	<b>(2)</b>	-174.9%	-179.0%
Group adjusted operating profit	£m	1,589	(3)	<b>1,586</b>	(32)	46	<b>1,600</b>	+0.9%	+2.9%

# Group Adjusted Results



		HY22	HY21*
Group adjusted operating profit	£m	<b>1,600</b>	1,589
Adjusted net finance costs	£m	<b>(165)</b>	(206)
Share of profit of JVs	£m	<b>4</b>	8
Adjusted profit before tax	£m	<b>1,439</b>	1,391
Adjusted tax rate	%	<b>21.9%</b>	23.0%
Adjusted EPS	pence	<b>113.0</b>	107.6
Dividend per share	pence	<b>42.5</b>	42.1
12-month Cash conversion	%	<b>102%</b>	122%
Adjusted net debt	£m	<b>(9,157)</b>	(10,328)

# Reconciliation: Reported to Adjusted



£m (unless otherwise stated)	Reported HY22	Russian & associated market exits	Acquisition and disposal costs	Amort. of acquired intangibles	Excise tax provision	Fair value adj. of loan receivable	Loss on disposal of subs	Rest. Costs	Fair value losses on financial instruments	Post employment net financing cost	Brand impairment in equity a/c JV	Uncertain tax provisions	Deferred tax on unremitted earnings	Tax on unrecognised losses	Adj. attributable to non- controlling interests	Adjusted HY22
Operating profit	<b>1,201</b>	201	5	182	(10)	(2)	16	7	-	-	-	-	-	-	-	<b>1,600</b>
Share of profit of JV	<b>(20)</b>	-	-	-	-	-	-	-	-	-	24	-	-	-	-	<b>4</b>
Net finance costs	<b>75</b>	-	-	-	-	-	-	-	(236)	(4)	-	-	-	-	-	<b>(165)</b>
Profit before tax	<b>1,256</b>	201	5	182	(10)	(2)	16	7	(236)	(4)	24	-	-	-	-	<b>1,439</b>
Tax	<b>(221)</b>	-	-	(8)	-	-	(7)	(3)	(2)	-	-	(57)	(26)	8	-	<b>(316)</b>
Profit after tax	<b>1,035</b>	201	5	174	(10)	(2)	9	4	(238)	(4)	24	(57)	(26)	8	-	<b>1,123</b>
Minority interest	<b>(40)</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	(14)	<b>(54)</b>
Earnings attributable to equity shareholders*	<b>995</b>	201	5	174	(10)	(2)	9	4	(238)	(4)	24	(57)	(26)	8	(14)	<b>1,069</b>
Basic EPS (pence)*	<b>105.2</b>	21.3	0.5	18.4	(1.1)	(0.2)	1.0	0.4	(25.2)	(0.4)	2.5	(6.0)	(2.7)	0.8	(1.5)	<b>113.0</b>



# Income Statement



£m (unless otherwise stated)	<b>HY22</b>	<b>HY21*</b>
Revenue	<b>15,362</b>	15,568
Adjusted operating profit	<b>1,600</b>	1,589
Russian and associated market exits	<b>(201)</b>	-
Acquisition and disposal costs	<b>(5)</b>	-
Amortisation and impairment of acquired intangibles	<b>(182)</b>	(211)
Restructuring costs	<b>(7)</b>	(40)
Excise tax provision	<b>10</b>	1
Profit on disposal of subsidiaries	<b>(16)</b>	281
Fair value adjustment of loan receivable	<b>2</b>	17
Share of profit of investments accounted for using the equity method	<b>(20)</b>	8
Net finance costs**	<b>75</b>	414
Profit before tax	<b>1,256</b>	2,059
Tax	<b>(221)</b>	(215)
Profit after tax	<b>1,035</b>	1,844
Minority interests	<b>40</b>	38
Basic EPS (pence)	<b>105.2</b>	191.2
Adjusted EPS (pence)	<b>113.0</b>	107.6

\* HY21 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.

# Balance Sheet



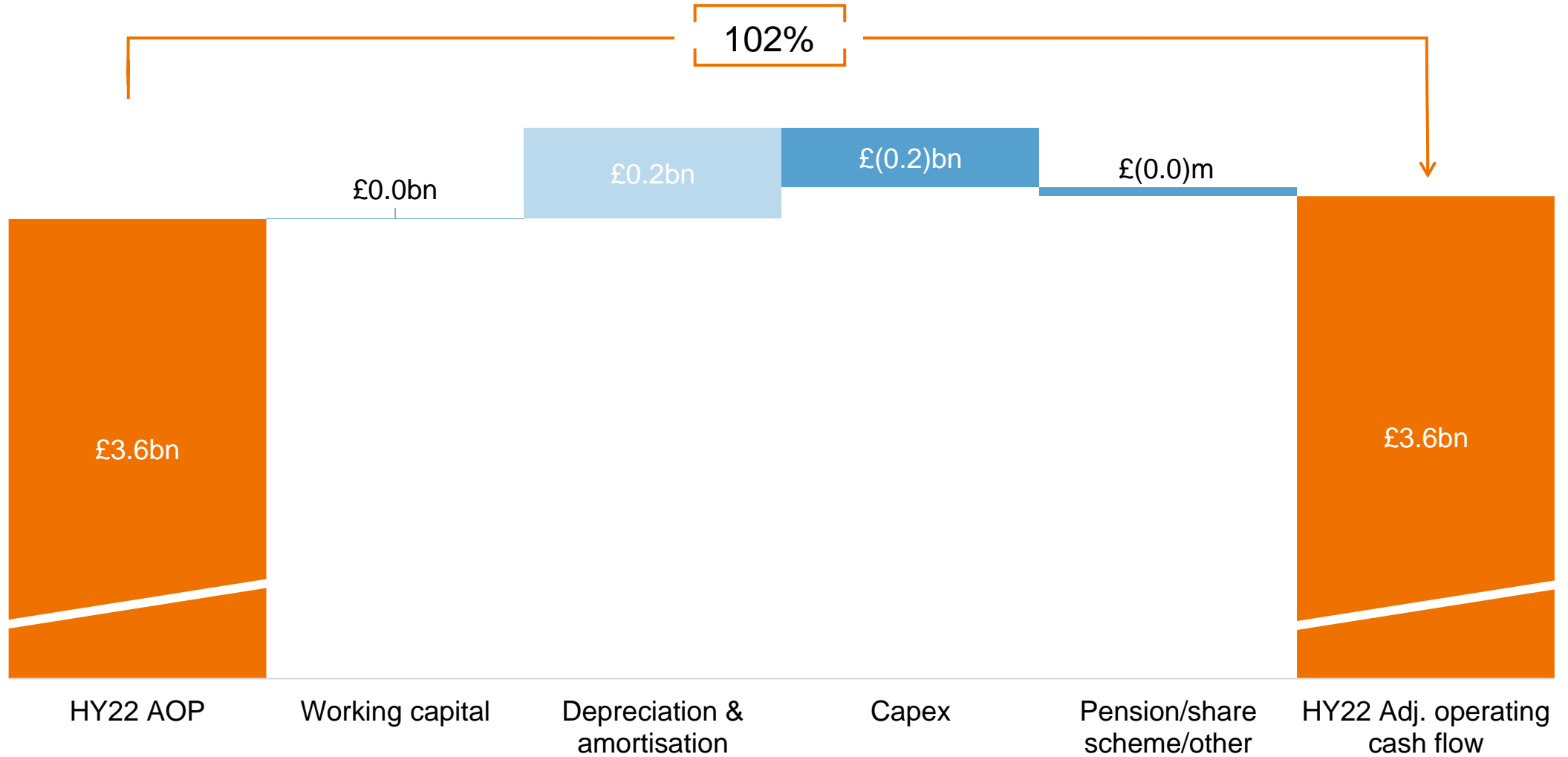
£m		HY22	HY21
Non-current assets:	tangible	3,813	3,954
	intangible	16,431	16,753
Current assets:	inventories	4,445	4,575
	other	3,422	3,850
Current liabilities		(11,158)	(11,088)
Non-current liabilities		(11,060)	(13,016)
Net assets		5,893	5,028

# Cash flow



£m	HY22	HY21
<b>Cash flows from operating activities pre tax</b>	<b>973</b>	<b>272</b>
Tax paid	(273)	(431)
<b>Cash flows from operating activities</b>	<b>700</b>	<b>(159)</b>
Net Capex	(64)	(61)
Purchase of subsidiaries	(13)	-
Repurchase of shares by Employee share ownership trusts	(1)	-
Net proceeds from sale of subsidiaries	57	626
Dividends paid (inc. minority interests)	(975)	(969)
Net interest paid	(242)	(255)
<b>Net cash flow</b>	<b>(538)</b>	<b>(818)</b>
Opening net debt	(9,373)	(11,141)
Closing net debt before non-cash movements	(9,911)	(11,959)
<b>Non-cash movements</b>		
Exchange movement	79	820
Other non-cash movements including revaluation of derivative financial instruments	141	156
New leases and modifications	(26)	(20)
Transferred to assets held for disposal	(40)	-
Closing net debt after non-cash adjustments	(9,757)	(11,003)

# 12-month Cash Conversion



# 12-month Cash Conversion



£m (unless otherwise stated)	<b>HY22</b>	<b>HY21</b>
Net cash flow from operating activities	<b>3,026</b>	3,744
Tax	<b>662</b>	745
Net capex	<b>(153)</b>	(170)
Restructuring cash spend	<b>108</b>	118
Cash flow post capex pre interest and tax	<b>3,643</b>	4,437
Adjusted operating profit	<b>3,584</b>	3,647
Cash conversion (%)	<b>102%</b>	122%
Working capital inflow	<b>15</b>	685

# Net Finance Costs



£m	HY22	HY21
Net finance (income)	(75)	(414)
Adjusted for:		
- interest income on net defined benefit assets	53	45
- interest cost on net defined benefit liabilities	(49)	(44)
- fair value & exchange gains on financial instruments	236	619
Adjusted net finance costs	165	206



# Net Debt Reconciliation



£m	Reported HY22	Accrued interest	Lease liabilities	Fair value of derivatives	Adjusted HY22
Opening net debt	<b>(9,373)</b>	140	251	367	<b>(8,615)</b>
Free cash flow	<b>437</b>	-	(34)	-	<b>403</b>
Dividends paid (incl. minority interests)	<b>(975)</b>	-	-	-	<b>(975)</b>
Accretion of interest	<b>69</b>	(72)	3	-	-
New leases and modifications	<b>(26)</b>	-	26	-	-
Change in fair values	<b>72</b>	-	-	(76)	<b>(4)</b>
Transferred to assets held for disposal	<b>(40)</b>	-	(2)	-	<b>(42)</b>
Exchange movements	<b>79</b>	-	(3)	-	<b>76</b>
Closing net debt	<b>(9,757)</b>	68	241	291	<b>(9,157)</b>

# Foreign Exchange



	Average		
	HY21	HY22	Δ
USD \$	1.350	1.346	-0.3%
EURO €	1.125	1.188	+5.5%
AUD \$	1.796	1.853	+3.2%
Russian Rouble	101.623	106.380	+4.7%

	Closing		
	HY21	HY22	Δ
USD \$	1.376	1.312	-4.6%
EURO €	1.174	1.182	+0.7%
AUD \$	1.809	1.753	-3.1%
Russian Rouble	103.647	108.784	+5.0%

# Foreign Currency

## DIVISIONAL CURRENCY EXPOSURE



Approximate weight of currency in Tobacco Net Revenue	GBP £	EUR / EUR Linked	USD \$	AUD \$	Other Currencies	Other includes
Europe	20%	70%	0%	0%	10%	Polish Zloty, Hungarian Franc,
Americas	0%	0%	100%	0%	0%	
AAA	0%	25%	15%	20%	40%	Moroccan Dirham, Taiwanese Dollar,

- €0.01 (1 cent) movement in the € Euro has c. £9m impact on net revenue.
- \$0.01 (1 cent) movement in the \$ USD has a c. £11m 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%	15%	10%	35%	40%	Moroccan Dirham, New Zealand Dollar
Logistics		100%				

- €0.01 (1 cent) movement in the € Euro has a c. £5m impact on PBT.
- \$0.01 (1 cent) movement in the \$ USD has a c. £5m impact on PBT

# Divisional Market Share

## MAT MARKET SHARE DATA



	<b>HY22</b>	<b>HY21</b>	<b>Δ</b>
Europe	<b>19.3%</b>	19.5%	-20bps
Americas	<b>9.5%</b>	9.0%	+50bps
AAA	<b>10.8%</b>	11.1%	-30bps
Total Group	<b>13.9%</b>	14.0%	-10bps

### **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

# ***FY22 Guidance***



## ***OTHER FINANCIAL ITEMS***

### ***Financing & Cost of Debt***

- Finance charge for FY22 expected to be c. £330m

### ***Tax Rate***

- Expected to be c. 22%

### ***Capex***

- Expect net capex to be c. £300m

### ***Cash Conversion***

- Expect 90 to 100% range

### ***Foreign Exchange***

- Translation FX: c. 1.5% tailwind at prevailing FX rates (USD \$1.22, EUR €1.17, AUD 1.78)

### ***Restructuring costs***

- FY22 cash cost expected at around £170m

***APPENDICES***

***FINANCING***

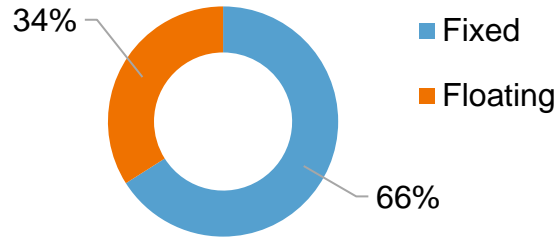


# Financial Profile

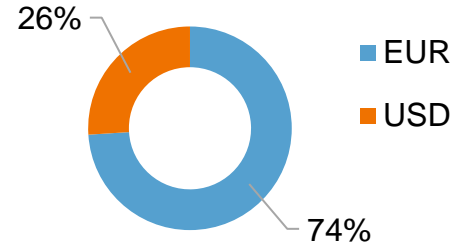
31 March 2022



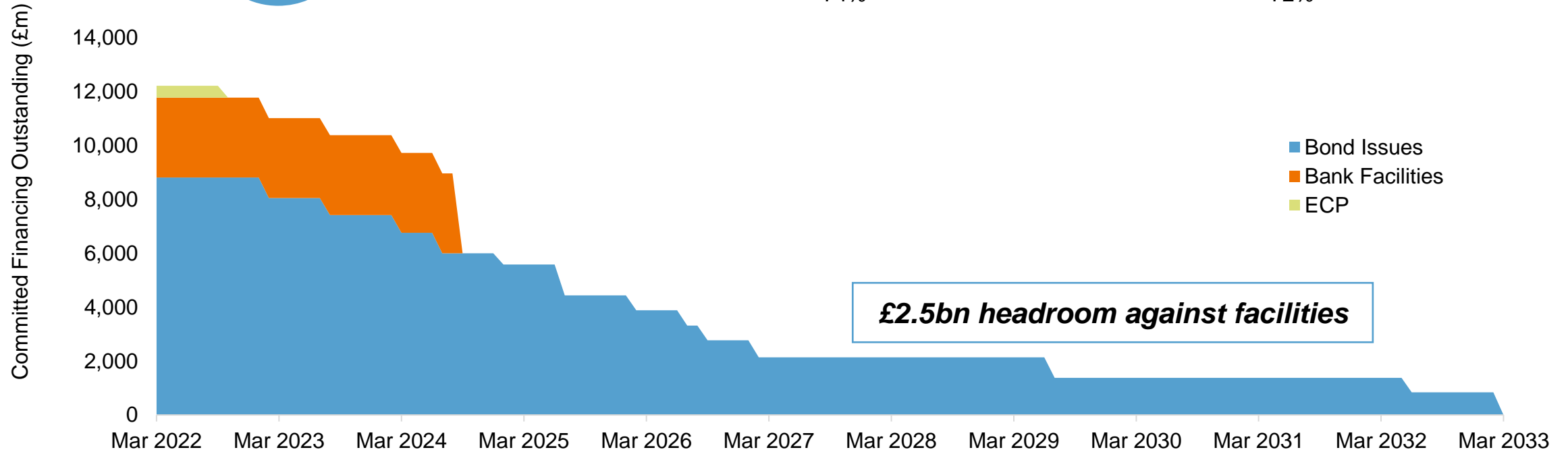
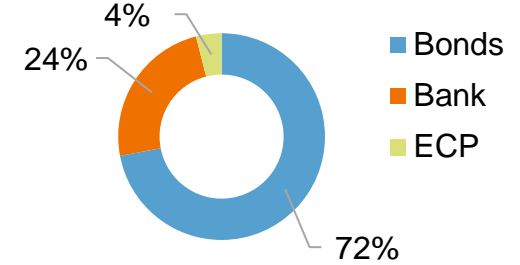
Interest Split



Currency Split (adjusted)



Committed Funding Split



# Committed Bank Facilities

31 March 2022



Description	Maturity date	Amount (EUR m)	£m equiv.
Committed 3-year Revolving Credit Facility	30 March 2025	3,500	2,961
<b>Total</b>			<b>2,961</b>

# Bond Issues

31 March 2022



Currency of issue	Amount (ccy m)	Issuer	Coupon	Issue Date	Maturity Date	£m equiv.	Margin*
USD	1,250**	Imperial Brands Finance PLC	3.75%	Jul-15	May-22***	-	-
USD	1,000	Imperial Brands Finance PLC	3.50%	Feb-13	Feb-23	762	1.13%
EUR	750	Imperial Brands Finance PLC	1.13%	Feb-19	Aug-23	635	1.25%
GBP	600	Imperial Brands Finance PLC	8.13%	Sep-08	Mar-24	653	3.10%
USD	1,000	Imperial Brands Finance PLC	3.13%	Jul-19	Jul-24	760	1.20%
EUR	500	Imperial Brands Finance PLC	1.38%	Jan-17	Jan-25	423	1.00%
USD	1,500	Imperial Brands Finance PLC	4.25%	Jul-15	Jul-25	1,143	2.22%
EUR	650	Imperial Brands Finance PLC	3.38%	Feb-14	Feb-26	550	1.45%
USD	750	Imperial Brands Finance PLC	3.50%	Jul-19	Jul-26	570	1.52%
GBP	500	Imperial Brands Finance PLC	5.50%	Sep-11	Sep-26	544	2.72%
EUR	750	Imperial Brands Finance PLC	2.13%	Feb-19	Feb-27	634	1.83%
USD	1,000	Imperial Brands Finance PLC	3.88%	Jul-19	Jul-29	762	1.97%
GBP	500	Imperial Brands Finance PLC	4.88%	Feb-14	Jun-32	529	2.12%
EUR	1,000	Imperial Brands Finance Netherlands BV	1.75%	Mar-21	Mar-33	846	1.76%
<b>Total/Weighted Average Margin</b>						<b>8,812</b>	<b>2.1%</b>

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

\*\* Bond defeased and discharged

\*\*\* 2 month Par Call notice served moving maturity from Jul to May

# 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.



**IMPERIAL  
BRANDS**

*INTERIM  
RESULTS*

*17 MAY 2022*

