

IMPERIAL BRANDS PLC**Legal Entity Identifier (LEI) No. 549300DFVPOB67JL3A42****8 October 2024****Imperial Brands confirms trading in line with expectations and increases shareholder returns for FY25***FY24 pre-close trading update*

- Trading in line with expectations with further growth in both tobacco and NGP
- Maintaining stable aggregate market share in five priority markets while delivering strong pricing
- Strong growth in NGP net revenues with a further reduction in operating losses
- Group adjusted operating profit growth in line with guidance
- Adjusted EPS accelerating, driven by constant currency adjusted operating profit growth and share count reduction from the ongoing buyback
- FY24 annual dividend increased by 4.5% to 153.43 pence per share

FY25 capital returns to shareholders

- Increased returns in FY25 of c. £2.8 billion (vs £2.4 billion commitment in FY24), comprising:
 - Share buyback of £1.25 billion, a 13.6% increase
 - Cash dividends of c. £1.5 billion payable in FY25 as part of a move to four equal quarterly dividend payments in the future

Pre-close trading update

We are pleased to report another year of operational and financial delivery against our five-year strategy to transform the business. At constant currency, we are on track to deliver in line with our full-year guidance with an acceleration in tobacco and NGP net revenue growth vs last year and Group adjusted operating profit growth close to the middle of our mid-single digit range.

Constant currency tobacco and NGP net revenue growth has strengthened over the same period last year underpinned by strong combustibles pricing and further growth in our NGP business. Our investment activities in our five priority markets continue to deliver stable aggregate market share with gains in the US, Spain and Australia, broadly offsetting declines in Germany and the UK. These results are consistent with our medium-term objective to hold or grow aggregate share across these markets. At the same time, we have delivered strong pricing, while industry volume pressures have eased across the majority of our wider market footprint.

NGP net revenue is expected to grow in the range of 20-30% at constant currency, with increases across all three regions as we build scale in our existing footprint. Our results this year have benefited from the launch of innovative products with new formats under the *blu* brand, new iSenzia non-tobacco heat sticks and new flavours in the modern oral segment. Our entry in the US oral nicotine category with the launch of the Zone range of pouches has been well received and supported a stronger NGP performance in our US business.

As expected, our constant currency Group adjusted operating profit growth improved in the second half of the year driven by strong results across all three regions, including the AAACE region where shipment timings in the Middle East affecting the first half have now been resolved. Our profit performance also reflects reduced NGP operating losses as we build scale while continuing to invest in line with our plans. Group adjusted operating profit has benefited from growth at Logista, the Spanish-based distribution business in which we have a 50.01% stake.

At current exchange rates, translation foreign exchange is expected to be a c. 2.5-3.0% headwind on full-year tobacco and NGP net revenue and a c. 4.0% headwind on full-year Group adjusted operating profit and earnings per share. The average number of shares for the year was 869.0 million shares.

Our adjusted operating cash conversion remains strong and we expect our full-year leverage to remain at the lower end of our 2.0-2.5 range for adjusted net debt to EBITDA.

The annual results for the year ended 30 September 2024 will be announced on 19 November 2024.

Delivering increased shareholder returns in FY25

In line with our five-year strategy to deliver sustainable growth and enhanced shareholder returns, Imperial Brands today announces an increased share buyback for FY25 and a plan to reprofile our ordinary dividend to four equal quarterly dividend payments, which will temporarily accelerate dividend cash payments of approximately £270m in FY25.

As part of our commitment to an ongoing multi-year buyback, we are announcing a further £1.25 billion share buyback, which we expect to complete no later than 29 October 2025. This represents approximately 7% of the current share capital and is a 13.6% increase on the FY24 share buyback of £1.1 billion. As a result, our strategy is on track to deliver total share buyback returns of £3.35 billion since we started the buyback programme in FY22.

For FY24, we are today announcing a total annual dividend of 153.43 pence per share, which represents an increase of 4.5% on the prior financial year in line with the Group's progressive dividend policy. This will result in two quarterly dividends of 54.26 pence per share to be paid in December 2024 and March 2025.

We are also announcing today a change to the future dividend payment profile to four equal quarterly dividend payments for FY26 onwards. This smoothing of the dividend payment profile will result in more consistent cash returns to shareholders throughout the year, compared to the current 30:70 split. This is enabled by the strong visibility of cash flows from our portfolio following the successful execution of our strategy. The change will also help to reduce our leverage variance within the year, particularly around the half year, which is partly a result of the current dividend phasing.

To create the base for future quarterly payments, we intend to pay two interim cash dividends of 40.08 pence per share in June and September 2025. These payments will be higher than would otherwise have been the case and also include a further 4.5% year-on-year increase. A schedule of the proposed dividend cash payments for FY25 is provided in the notes to this release.

Today's announcement is consistent with our capital allocation priorities of returning surplus capital to shareholders after continued investment in the business to support our strategy and maintaining a strong and efficient balance sheet with a target leverage at the lower end of our net debt to EBITDA range of 2.0-2.5 times.

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Notes:

The Group uses 'adjusted' (non-GAAP) measures as we believe they provide a better comparison between reporting periods. The definition of our adjusted measures is unchanged from our full-year results. We also use the term 'constant currency', which removes the effect of exchange rate movements on the translation of the results of our overseas operations.

As a result of the move to equal quarterly dividend payments over the next year, we provide the following schedules for dividend payments for FY24 and FY25.

FY24 Dividend Schedule				
	Pence per share	Ex-date	Record date	Payment date
First interim	22.45	23-May-24	24-May-24	28-Jun-24
Second interim	22.45	22-Aug-24	23-Aug-24	30-Sep-24
Third interim	54.26	28-Nov-24	29-Nov-24	31-Dec-24
Final proposed	54.26	20-Feb-25	21-Feb-25	31-Mar-25
Total dividend	153.43			

Cash dividend payments in FY25			<i>For reference cash dividends in FY24</i>	
	Payment date	Pence per share	<i>Payment date</i>	<i>Pence per share</i>
Third FY24 interim	31-Dec-24	54.26	<i>31-Dec-23</i>	<i>51.82</i>
Final FY24 proposed	31-Mar-25	54.26	<i>31-Mar-24</i>	<i>51.82</i>
First FY25 interim	30-Jun-25	40.08	<i>28-Jun-24</i>	<i>22.45</i>
Second FY25 interim	30-Sep-25	40.08	<i>30-Sep-24</i>	<i>22.45</i>
Total cash dividend		188.68		148.54

The quarterly interim dividend of 40.08 pence per share will form the basis for future quarterly dividends to be paid in FY26.

Investor Contacts

Peter Durman +44 (0)7970 328 903
Jennifer Ramsey +44 (0)7974 615 739
Henry Dodd +44 (0)7941 648 421

Media Contacts

Jonathan Oliver +44 (0)7740 096 018
Simon Evans +44 (0)7967 467 684

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