



Annual General Meeting 2016

Imperial Tobacco Group PLC

3 February 2016



Mark Williamson

Chairman

Our Priorities for FY15

what we said last year

Target of at least 10% increase in dividend

Strengthen Portfolio

- Enhance brand equity to build sustainability
- Build on success of early migrations
- Investment focused on primary brands in all markets
- New launches from Fontem

Develop Footprint

- Building momentum across Growth Markets
- Continue to optimise performance in Returns Markets
- Rapid and efficient integration of USA assets

Cost Optimisation

- Deliver further savings as part of £300m pa 2018 target
- Continue to refine ways of working

Capital Discipline

- Embedding cash conversion discipline
- Further improvements to capital deployment
- Continue to manage structure and level of debt

Delivering on our Priorities

good progress against strategy

Dividend up 10% to 141.0p

Strengthen Portfolio

- ✓ Quality of revenue further improved; Growth & Specialist Brands 57% of net revenue
- ✓ Successful migrations
- ✓ Stronger equity and technology in e-vapour

Develop Footprint

- ✓ Realising opportunities in Growth Markets
- ✓ Positive progress in Returns Markets
- ✓ Expanded USA footprint
- ✓ Successful first few months for ITG Brands

Cost Optimisation

- ✓ Programme delivering and on track
- ✓ Reducing portfolio complexity
- ✓ Process alignment
- ✓ Improved margins

Capital Discipline

- ✓ Cash conversion 97%
- ✓ Like for like adjusted net debt reduced by £1.1bn
- ✓ Successful \$4.5bn placement



Alison Cooper

Chief Executive

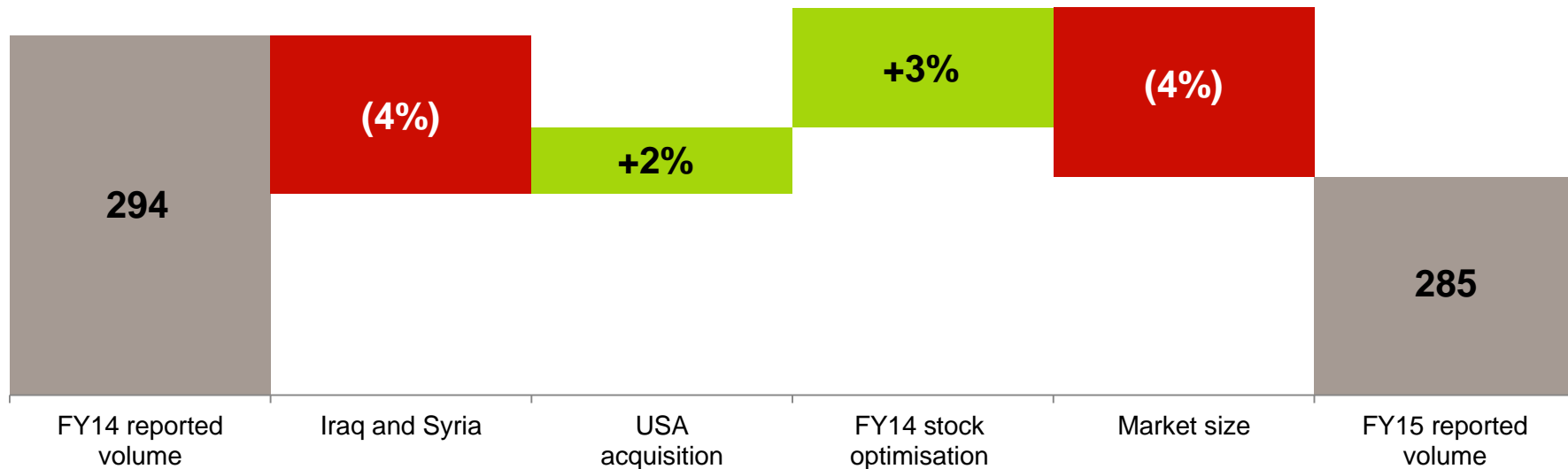
Group Results

delivering against the strategy

	FY14	Movement in Foreign Exchange	Constant Currency Growth	FY15	FY15 vs FY14	Constant Currency
Tobacco net revenue (£m)	6,421	(447)	277	6,251	-3%	+4%
Tobacco operating profit (£m)	2,805	(115)	205	2,895	+3%	+7%
Adjusted operating profit (£m)	2,981	(131)	203	3,053	+2%	+7%
Adjusted EPS (p)	203.4	(7.6)	16.7	212.5	+4%	+8%
DPS (p)	128.1			141.0	+10%	

FY15 Volume

maintaining market share



Strengthening our Portfolio

further migrations success



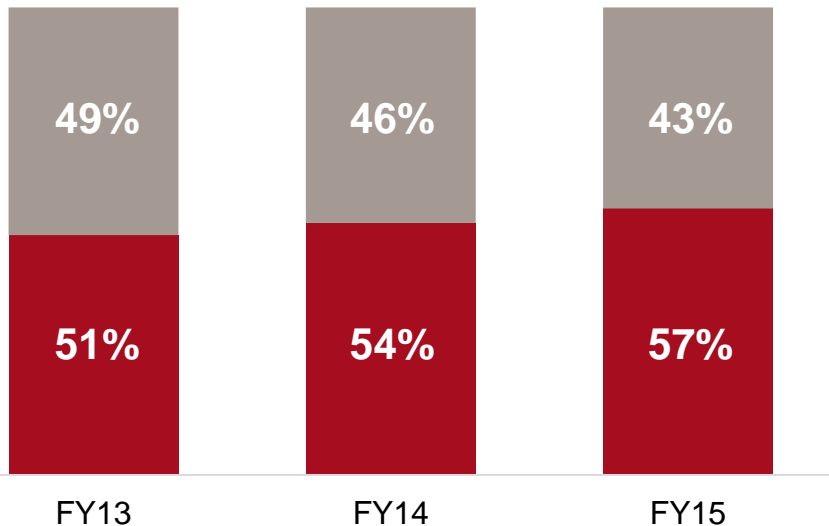
- High consumer retention rates
- 21 migrations complete; 20 in progress
- Growing share of Growth Brands



Strengthening our Portfolio

improved quality of revenue

■ Growth and Specialist Brands ■ Portfolio Brands



- Improving quality of growth
- Reducing complexity and cost

Strengthening our Portfolio

developing new consumer experiences



Strong Brand Equity



Technical Knowhow



Footprint Priorities



Intellectual Property

Developing our Footprint

building presence in Growth Markets



Russia

- Leading in big box formats
- Maxim supports stable share
- Revenue and profits up



Japan

- Investment focus
- Growing capability and distribution
- West growing share



Taiwan

- Increasing profitability
- Davidoff growth
- West initiatives



Norway

- Skruf slim momentum
- Further share gains
- Strong profit growth

Developing our Footprint

positive performance in Returns Markets



UK

- Market leading position
- Investing in sub economy share growth
- Focus on strengthening portfolio



Australia

- Another strong year
- Revenue, profit and share growth
- No.1 brands in cigarette and fine cut



Germany

- Excellent revenue and profit performance
- Stable market; positive pricing
- Portfolio initiatives to strengthen share



Spain

- Slower industry volume declines
- Improved profit delivery
- Migrations strengthen portfolio

Developing our Footprint

strong start for ITG Brands



Premium



Discount

- Share of acquired brands stable at 6.7%
- USA Gold held overall share
- Investment focus on four brands
- Revised mass market cigar approach

Developing our Footprint

all integration activities on track



- Experienced team managing business
- Lorillard and Commonwealth-Altadis combined
- Integration in line with original planning
- Manufacturing transition running smoothly

Cost and Cash Management

supports our growth strategy

- £300m savings pa by 2018
- Total of £180m delivered so far; £85m in 2015
- Further £55m expected in 2016
- Cash conversion increased to 97%
- £1.1bn reduction in like-for-like debt

Evolving our Operating Model

supports our growth strategy

- Changing operating model to improve performance
- Reviewing systems, processes and structures
- Implementing new and simpler ways of working
- Strengthening business flexibility and agility
- Driving a greater focus on growth priorities

Corporate Responsibility

- Employees supporting our CR agenda
- More than 50,000 hours volunteered
- 98% score in Business in Community CR Index
- 76% score in Dow Jones Sustainability Index



Strong Consumer Brands



style



KOOL



BASTOS



MONTECRISTO



RIZLA



PARKER & SIMPSON

Winston

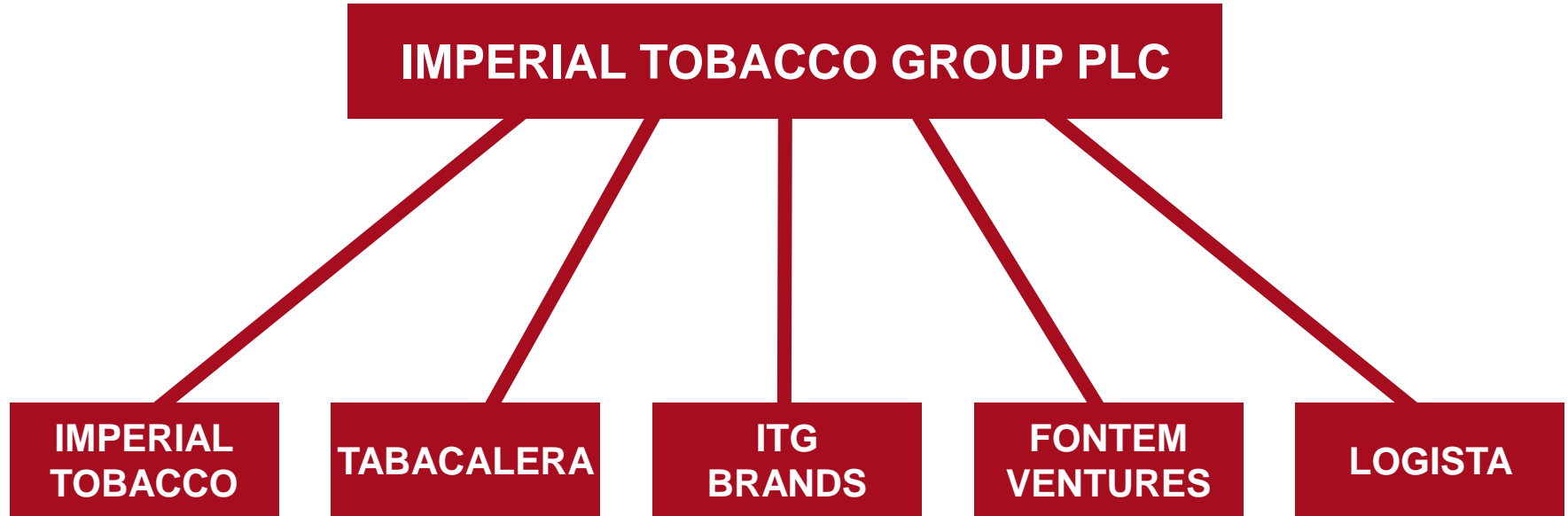
1919

DRUM

skruf



Strong Corporate Brands



Strong Corporate Brands

IMPERIAL BRANDS PLC



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graph TD; A[IMPERIAL BRANDS PLC] --- B[IMPERIAL TOBACCO]; A --- C[TABACALERA]; A --- D[ITG BRANDS]; A --- E[FONTEM VENTURES]; A --- F[LOGISTA];
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**IMPERIAL
TOBACCO**

TABACALERA

**ITG
BRANDS**

**FONTEM
VENTURES**

LOGISTA

Our Priorities for FY16

Deliver at least 10% increase in dividend

Strengthen Portfolio

- Further portfolio simplification
- Build on migration success
- Invest in Growth and Specialist Brands
- e-vapour / blu development

Develop Footprint

- Build on Growth Market opportunities
- Drive profitability in key Returns Markets
- Deliver benefits from USA assets

Cost Optimisation

- Deliver £55m in FY16
- Focus on further operating efficiencies
- Drive benefits from evolution of operating model

Capital Discipline

- Maintain cash conversion discipline
- Further improve capital deployment
- Ongoing debt reduction



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Resolutions 1 - 3

	For	Against	Abstentions
Annual Report and Accounts	99.63%	0.01%	0.36%
Directors' Remuneration Report	92.99%	5.08%	1.93%
To declare a final dividend	99.64%	0.00%	0.36%

Resolutions 4 - 11

Director	For	Against	Abstentions
Mrs A J Cooper	99.23%	0.40%	0.37%
Mr D J Haines	98.75%	0.89%	0.37%
Mr M H C Herlihy	99.50%	0.13%	0.37%
Mr M R Phillips	98.78%	0.85%	0.37%
Mr O R Tant	98.39%	1.24%	0.37%
Mr M D Williamson	99.27%	0.37%	0.37%
Mrs K Witts	99.50%	0.13%	0.37%
Mr M I Wyman	99.46%	0.17%	0.37%

Resolutions 12 - 15

	For	Against	Abstentions
Reappointment of Auditors	96.30%	2.63%	1.07%
Remuneration of Auditors	97.46%	1.44%	1.10%
Donations to political organisations	97.75%	1.05%	1.20%
Authority to allot shares	98.89%	0.71%	0.40%

Special Resolutions 16 - 19

	For	Against	Abstentions
Disapplication of pre-emption rights	98.89%	0.74%	0.37%
Purchase of own shares	99.34%	0.29%	0.37%
Change of Company name	99.51%	0.10%	0.38%
Notice period for general meetings	89.55%	10.06%	0.40%



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