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Corporate Speakers:

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- Alison Cooper; Imperial Brands PLC; CEO & Executive Director
- Oliver Tant; Imperial Brands PLC; CFO & Executive Director

Gerry: Good afternoon. It's my pleasure to introduce Alison Cooper and Oliver Tant, CEO and CFO, respectively, of Imperial Brands. My name is Gerry Gallagher, one of the consumer team for Deutsche Bank in London. The way we're going to do this session is via a fireside chat. I will begin by asking Alison and Oliver a series of questions and then I'll open it up to the room to see if you guys have any further follow-ups. So, with that, we'll move on.

The stock has been weak recently, we're aware of that. I think it's fair to say, most people will be conscious that there is a non-fundamental technical issue that has affected the stock price, which may have subsided a little bit recently, but nevertheless the stock was weak post the results and I feel there was a disconnect between what you guys saw in the business and maybe what the market saw. So, could you take us through that from your perspective and what you think the market is missing in terms of the story?

Alison: Yes. It's good Gerry, that you've mentioned the technical point to kick off with as well, because that's been quite a significant downward pressure on the stock since the end of March, but we see that coming off now.

But let's go into the actual aspects of the Imperial story and where some of that valuation, or sentiment, is sitting. Let me start with a comment on the sector pressures, because clearly Imperial is not alone experiencing some of the pressures on the sector currently.

I think they're split into two key pressures around the actual operating environment. One is in relation to the future, and the sustainability, of the tobacco business and the tobacco cashflows. We've seen U.S. data come out … the monthly Nielsen data from the U.S.; people are very sensitive to particularly the US outlook, but also more generally what's the tobacco industry outlook, how does that impact, how does that play out going forward. But then if you look at the Imperial aspects within that, how does that play out for Imperial, as one of the smaller players in the tobacco space.

The other aspect is clearly in relation to next generation products. How is that going to evolve? Who's going to win in this space? Can people actually make decent money in the NGP space going forward? And how is our positioning playing out in that NGP space with our prime focus on vapour within that space as well?

So, I think those are the two key sentiment points. There is clearly a divestment program that we're progressing as well. But those would be the two aspects I'd highlight in terms of our story.

Now in relation to each of those, there's really quite a dichotomy between the sentiment reflected in the share price and how we are seeing the business and the opportunity for the business.

Again, if I look at tobacco, the huge amount of work over the last few years reshaping the tobacco portfolio, getting really focused behind a few key brands, behind a few key markets, and really stepping up that investment back in 2017. And since then, you've seen a much more robust delivery from our tobacco business through '18 and with a few timing points, the first half of '19, absolutely coming through the balance of '19.

And what we're talking about for our tobacco business as we look forward from extensive modelling that we've done, is really a robust, but modest growth from tobacco going forward, around that 1% to 2% level at the top line and that's generating better profits down at the bottom line.

The tobacco model in itself could deliver within our guidance range albeit at the lower end of 1-4% revenue growth, 4-8% EPS, but tobacco alone could deliver that. So that's our perception on tobacco, we’re in the middle of planning for the next few years at the moment, something we're confident about from a tobacco perspective.

The second part of the story then is on NGP and what's going on with the growth of blu, in particular for us and how we’re playing in the NGP space.

We’ve assembled a fantastic set of assets in this space. We have the original IP. We have fantastic innovation that will be coming onstream over the months and years ahead. And we have a stand-out brand in blu. And blu really provides an additional connection in this space I believe other people are really building.

And as we really put our efforts behind blu going forward, we very much see a route not only to a sustainable business, but more importantly for Imperial an additive business on top of that tobacco delivery, really taking our revenue growth up and as of next year, starting to add to profits as well.

So that's very much what we're driving internally. We've also got optionality with heated tobacco we've developed, and we've got also a good snus and oral nicotine delivery business too.

But that's the dynamic we're looking at, that's the growth we see possible, and at the same time, great cashflows and strong returns as well to shareholders. We adopt an asset-light investment-light approach to developing NGP. That wasn't a very short answer.

Gerry: I am going to follow-up on that answer firstly and then I'll come back to the second one. If we could just take the NGP point, can you help people understand the sequential revenue growth H2 '18, H1 '19, the puts and takes in that? And where people should be thinking of H2 '19 and the full year?

Oliver: We've been pretty clear that our overall guidance or, at least we've informed the market, that we expect to be at the upper end of our earnings guidance or potentially beyond from a net revenue perspective and at the lower end of the 4 to 8% range from an EPS perspective. If you look at our overall guidance, we've also been relatively clear that our tobacco business is performing at the lower end of that range in isolation.

I think the market has, broadly speaking, assumed that we would deliver about GBP 400 million in terms of overall NGP revenues. Now if you look at the makeup of our half year numbers, you will see that we had very strong performance in Europe. Our European business grew quite dramatically, and although it's clear that we have launched in a number of new geographies and inevitably when you launch there's an element of distribution build, we expect to maintain that level of revenue as we move into the second half.

Our Africa, Asia and Australasia business, mainly Japan, has also performed very strongly. We have a zero nicotine EVP business in that market. We're launching a heat not burn product in that market, and we expect to see continued growth within that geography, modest, but continued growth.

The balance of our operations are basically in the U.S. And I think the market was concerned at half year about what appeared to be a shift backwards in terms of our overall revenues in that space. There were some very clear reasons for that; the FDA's intervention in the EVP market in November created, I think some wobbles amongst retail within the US but actually our sell out volumes continued to grow throughout the first half and we saw a recovery of orders from retail towards the end of the first six month period.

We are expecting to see pretty strong growth in the Americas region in the second half of this year and that will basically bridge the gap in terms of expectation and that's where we're really expecting the performance uptick to come from. Why? Because we are focusing efforts in terms of retail distribution and those elements of the retail population that really have a significant impact on overall NGP sales. We have launched a new program with a group of convenience store chains and we're seeing them refocus efforts on the brand portfolio that we have in-store and we believe that, that will yield incremental net revenue growth in the second half.

Gerry: Okay, thank you Oliver. Then the second follow on from the first question is around the US and the volume picture there. For those of you who are not aware, late last night Paris time, Nielsen put a release out highlighting that even they recognize maybe their data as far as tobacco is concerned was not the best in the world. So, with that context, Alison, Oliver, could you take us through where you see the US market panning out for the remainder of your financial year?

Alison Cooper: We are very clear from a volume guidance perspective, we are in the 4.5% to 5% range for the US market for the balance of the year. And you must remember that a chunk of that volume decline now is driven by the fact that we are seeing much stronger pricing in the market than we had previously. Around 1.5% of that effect is down to the pricing impacts from the elasticities in the market. But overall, pricing is good. Price/mix for us given the value nature of our portfolio is even stronger, and therefore, the overall value equation for us in the U.S. is exceptionally good.

So, from a financial performance perspective, we have really good momentum with cigarettes, with share growth, mass market cigars continue to perform exceptionally well for us and then clearly the blu performance on top of that and even at the half year, with blu we delivered 4% net revenues in the U.S. so you can see that momentum coming through in the overall U.S. performance.

Gerry: Moving on to wider markets. If I look at some of the data you provided at the half year results, you have spanned a number of markets in terms of share. Some markets were up, some markets were down. You straddled six month data, I think, year-to-date data and two-year data, but across markets you highlighted, only two had shares up on a year-to-date basis and the two-year basis. Could you talk us through what the business is doing to see that share momentum improving further?

Alison: Yes. Clearly our out-and-out focus in those priority markets is around how we grow value over time in a sustainable way, and of that value growth, clearly market share is an element, but it's not the only element.

There are a number of factors we need to manage from a value perspective, including pricing, including mix, and clearly our competitive position in that market with the portfolio offering for consumers.

So, share is a measure that we absolutely focus on. As you know, we've strengthened the brand portfolio over recent years with all the work we've done with it and there has been some more investment put behind those brands. But we are very much focused on share growth, particularly where we have a smaller share in the market, and we can do that in a sustainable way and take the value growth forward with that as well.

In some of our larger markets where we have bigger shares, we very much maintain our share within a corridor and at times for example with the U.K. this year, we led a price increase in the U.K., accepting that would provide a bit of short-term share pressure, but with a strategy clearly in terms of the portfolio to recover that as we go into 2020.

So, there's a number of things in the mix we look to manage and clearly ultimately growing value sustainably in those markets is important and that's our focus but share has to be an element of that, but it does not mean it always goes up.

Gerry: Okay. I have got plenty of questions I can ask, but I'm going to ask two more and then I'm going to open it to the floor. I just want to switch tack a little bit. You invested in medical cannabis, can you talk about cannabis, recreational cannabis, where you're thinking about that, where you see that market going?

Alison: Yes. We made a small investment in Oxford Cannabinoid Technologies (OCT) last year and we were very clear that we wanted to explore that space further to understand the science more in that space, but also as well I think it has given us really great access to some of the thought leadership within the cannabis space as it evolves as well. And there is no doubt, if I look at our capabilities, they are very relevant to this space.

It is a regulated product. You have got to have the science and the duty of care to stand behind it. It is about dark market skills when you have got limitations on marketing for products. And also, clearly our IP in vape, our vape capabilities are very interesting in this space as well.

So, we have continued to explore, I think, particularly the Canadian market is of interest in that regard because of the really clear regulation of the product and the way that market is developing in a legal way. That sits across the spectrum of experiences, through medical, through wellness, through adult use as well. There is a key moment in the Canadian market coming up in October time where derivatives are going to be legalized, which includes therefore vaping within that and vaping is expected to be significant in that.

So, it's an opportunity for Imperial from a next generation products perspective, I think it is important that we keep exploring. We have dipped a toe with OCT, I think, a modest further move into the cannabis space, is something that would work well for us as a business and we're very keen to take that forward.

Gerry: Okay. I'm going to switch tack slightly and go more financial. Can we talk a little bit about the dividend? I may be reading this wrong, but I get a sense from the market that people are not necessarily expecting 10% dividend growth to continue forever and maybe not beyond 2019.

Could you talk a little bit about that, what shareholders are saying to you about the dividend? And perhaps if you could overlay a little bit what the Board considers when it’s setting the dividend policy?

Oliver: We should start by saying our dividend is highly affordable. We are operating at a level where actual pay-out ratio is in the sort of seven digits, below 70%. We have got significant cash generation supporting our dividend commitment.

So, there is no issue here about the affordability of our dividend given our current performance and our anticipated performance as we move forward. We did some work earlier on in the year where we reached out to a relatively large group of shareholders, and interestingly, the feedback was, "Look, you've done 10% dividend growth for ten years now, how fantastic but don't feel that you have to stick to it indeterminately. We are fine with lower levels of incremental dividend growth."

So, there is an element of the shareholder base that is less concerned about the ongoing nature of our dividend promise, beyond it being progressive and beyond any concern about a cut which is a very remote if non-existent possibility.

What the Board think about? We review it on a pretty regular basis, twice a year. We clearly look at the nature of the strategic cash flow requirements of our business. We have a tobacco business which is highly cash generative. We clearly intend to sell some components of our existing tobacco operations and that will affect the level of cashflow that's produced out of those businesses as we move forward. And we also have an NGP business, and broader products business, which is more development in its nature, probably has more cash consumptive requirements.

So, we look at the two hemispheres to some degree separately and look at what that indicates in the context of the ongoing cash needs of the business. From that perspective, we remain comfortable as I say around the affordability of our dividend.

The next issue that the Board think about is capital allocation, how do we consider the make-up of shareholder returns. Now clearly, given our current valuation, there are many who suggest there's a strong opportunity for a buyback, and that factors into our thinking. Actually, any form of moderation of our ongoing dividend commitment, does not really release any significant amounts of cash for a buyback program. But obviously, as we move into our disposals program, that is going to realize cashflow and one of the options available to us is a further return to shareholders

Gerry: I'll ask one more then before we close the floor; that raises a follow-up. Could you give us some insights as to where we are on the potential asset sales, primarily on the premium cigar business, anything you can say that can help us there would be welcome?

Alison: Yes. So Premium Cigar business, is progressing well. We have got significant interest that we are progressing with that particular disposal. As you would appreciate the reasons this one is public is because of managing a higher degree of leak around this disposal, which became evident to us in terms of the noise in the market. But actually, it has been quite helpful in terms of attracting yet further interested parties as well. It is a great asset. I love the product, I love the whole experience of Premium Cigars, but actually it is really not central to the strategy. It makes a lot of sense to look to divest it. I am very confident in how that process is proceeding.

It was always going to be and I'll use the pun a slower burn than some of our other asset disposal programs, just because there was quite a lot of work to do to prepare the asset and to separate it ahead of sale.

We have also flagged the fact that there were other asset parcels we were looking to sell and are progressing more slowly than anticipated, partly clearly down to the valuation context in tobacco currently, and for some there are some antitrust issues as well.

So, some of those haven't progressed as fast as we might have anticipated, but that is absolutely the reason we gave ourselves a two-year timescale to make sure we could realize the disposal proceeds at the appropriate value, and not rush unnecessarily at this.

Gerry: I'm going to go with one more, despite what I just said, sorry. Could you talk a little bit about whether the Premium Cigar business is a package or whether the Habanos business could be treated differently in terms of a sale to the rest of the Premium Cigar business?

Alison: It is a package. Total Premium Cigar business.

Gerry: Okay. I'm going to open up to the floor.

Unidentified Analyst: Alison, one of the concerns on next generation products is that Juul will reproduce internationally the success that they had in the U.S. We have had this brand in the U.K. now for several quarters. What is the evidence? And if you can maybe say what market shares that they have, you have and the competitors have? Are they doing the same following the inroads of the U.S. or not?

Alison: The short answer is no at this stage. Very specific factors sat behind their growth in the U.S. including the marketing that sat behind the brand, but also clearly, it's a very, very high nicotine-hit experience as well. And those factors don't exist in the markets that they're now looking to progress in Europe. In Europe, the maximum nicotine limit is 2%. In the U.S., the main product is a 5% product, it’s a very different experience in Europe. Also, I think when they're looking to get to market in Europe, they're looking to access the retail channels and to build the brand in a very different way is what we've seen so far in terms of their approach.

From our perspective, in Europe, we're building very successfully in retail currently. In some markets, we have actually created the closed system category. We have got some really good shares in retail across those markets. But actually, I’m trying to get the business not to focus on share. We use it as an indicator from a consumer offtake perspective, but when you're growing and developing an emerging business this is not about share, this is about month-on-month growth in terms of how you drive the business because the category aspect of it you want to see growing as well and really building that consumer base within the category and within blu.

So, from a share perspective … in the U.K., Juul have limited presence in certain key accounts, largely focused around London and the South-East. So, the overall share comparisons aren't really relevant at this point in time and anyway it's only a small fragment of the market that we measure. They’ve made some progress, but overall, I think it's a very different model and route to market than we've seen in terms of their growth in the U.S. And they sit within the competitive set in Europe.

Unidentified Analyst: Thank you for your comments on share buyback; we are shareholders and very encouraged to hear you're looking at it. To what extent could we miss the opportunity to buyout these sceptical shareholders, who at the minute appear to be willing to sell us shares at GBP 20, if we're waiting for the sale of businesses and for the Board to convene and so on?

Is there a risk that we miss the opportunity to retire a lot of shares very cheaply with significant long-term value impacts for the long-term shareholders?

Oliver: Clearly there is an opportunity right here, right now. We have very clear existing commitments in the context of shareholder returns. And I think the advice we get very strongly is that we should maintain the commitments that we 've made already, rather than opportunistically make a change to capitalize on that, short term. Beyond that, the amount of available cash that we could deploy into a buyback subject to us stretching some of our debt metrics in order to fund it, are probably quite limited right here right now, because we have clearly got a commitment around payback of debt. But we'll obviously have a look at that.

Unidentified Analyst: Just going back to the share price I wondered whether it was starting to have an impact internally on people because, I guess, there's quite a lot of ownership across the company. And obviously, it's an important thing for people and they are probably looking at it and wondering what's going on. Is it having an impact on morale and are you losing people as a result? And then a completely unrelated question, outside of Juul, is there anywhere else in the world where you have seen an independent vaping company make a substantial inroad into a market?

Alison: First of all on the share price you're right, we have a very widespread ownership within Imperial in terms of the shares. And what we seek to do, and Imperial Investor Relations are very good at, is keeping everybody up-to-date in terms of the dynamics and what's going on. Most importantly as well you have to keep the business focused on what it can influence.

And therefore, it's all very well looking at the share price on a daily basis, but actually what you have to do is actually knuckle down on what you can execute on and what you can deliver. And that's my prime message to the business around what can be done. So, keep executing, it will come good, is my message to the business.

And it's very important that we keep communicating that. In terms of people leaving the business, no. In fact, if anything we have incredibly low staff turnover within Imperial and it's a real positive of the company in terms of the culture, the commitment and I suppose the challenger type feel there is in the organization that we very much leverage at times like this.

In terms of the second question, around is there another independent. The only place I can think of is potentially within China. There is a company in China that I think is starting to have some quite interesting technology around vaping and how that's developing.

But that's about the only place, nothing like the growth or the progress of Juul in the U.S., but there are few independent companies. There's one I think, particularly in China, that's quite interesting in terms of what they're doing. It's called Relx.

Gerry: Do we have any more from the floor? Can I follow up on the Juul and the China company? One of the key issues I think that is facing the sector is this question of fragmentation and what was four companies plus Altria in the U.S. is maybe no more?

Can you help us understand how you guys think about the fragmentation risk in the industry as maybe we move away from combustible products to next generation products?

Alison: From an NGP perspective, there's a lot of opportunity there in terms of consumers and increasingly we see consumers very much operating within a repertoire of products.

And I think what has shifted a bit in terms of thinking, I think at one point heated tobacco was doing really well in Japan and people were copy pasting that all across the world and people were saying that's the answer and that's going to be the future. I think we're seeing a little bit of that around Juul again, copy paste, that's the future. And neither of those answers are right.

It's why keeping close to consumer is really important because it is that consumer proximity, understanding what you need to deliver in terms of consumer experience, that is really going to make the difference for consumers.

And I think within that clearly the regulatory aspects and making sure that that is being progressed in a good way; that’s partly why I like the FDA in the States, it's making sure that gets really handed in the right way – that nicotine is being delivered in a responsible way with science backing it. And over time, that's going to consolidate down markets into a few products, particularly see some pressure I think on open systems in terms of EVP.

And that's going to be good, I think, in terms of some consolidation, profitability of the various NGP segments, and I think ultimately a much healthier playing field for NGP to develop.

Unidentified Analyst: Can I just follow-up on that? You've touched on this a couple of times already, but what are you doing differently today versus, say, 12 months ago? I appreciate in the U.S. it was an unusual set of circumstances that enabled Juul to get such a big foothold in the market.

But having seen that, what are you doing differently or just faster to make sure or to help ensure that it doesn't happen elsewhere and that you get at least your fair share of -- well, not your fair share, a similar share of NGP markets that you have in combustible products?

Alison: I think it's a very different starting point in other markets, and I wouldn’t underestimate that. It's a very significant point within the equation. So, what we're doing at the moment, I think, we have done a lot of work leveraging our strengths in a number of our markets.

So clearly we have strong retail relationships that we can leverage, but at the same time, we've really been building up and this has been over a period of time now, this is not recent, our digital capabilities around how we provide an omni-channel experienced for users of blu and how we also look to also get a bit more traction in the vape channel, which again back to Gerry's question in terms of NGP development, I think, the vape channel will have more of a limited appeal over time potentially, but right here right now it's quite important for advocacy for different products. So that's an important factor too.

So, it has been very much about all aspects of the marketing mix over the last few years. We've had to learn how to market consumer goods products properly again, rather than just tobacco products. And there's been a lot of work done around that around how you engage and take and build brands with a different toolset in many markets. So, there have been a number of areas to actually build out in terms of capability.

And I think the brand focus for me is probably the one I keep dialling up internally as well. It's great to have a fantastic product, fantastic product delivery, but actually what you're wanting to provide to consumers is a lifestyle brand that they want to stick with, not just a technical delivery device.

Unidentified Analyst: Do you think price levels have been properly developed in NGPs so far?

Alison: At the moment, not particularly. I think it's good to see that pod prices are looking pretty strong and stable. But over time that's where innovation comes in.

So, as we look at introducing *my*blu 2.0 next year, we'll be looking at the pricing of that and how we can really start putting a bit more premium price behind the innovations and the developments that we do. I think you're going to see that sort of model.

We'll have 3.0 the following year, 4.0 the following year. It feels like a different industry, doesn't it, to tobacco. But therefore, there will be some opportunities I think for pricing within that, and you will see a sort of ladder developing.

Unidentified analyst: Why has your growth in cannabis been so measured? I mean, just given the market's longer term concerns with growth in tobacco, I would've expected a little bit more enthusiasm from your side in grasping an opportunity such as that one.

Alison: I think it's a question of grasping the right opportunity, because we are a U.K. PLC and therefore, there are constraints in terms of our investment in this space. So, you'll hear me talking about Canada, but not about the USA.

We do have, as I said, some very relevant capabilities in terms of adjacency development, and particularly, I think the vape capability. And it's therefore something, I do think we can take further. But most of our pace in this space so far is being reflected in the fact that we need to find an appropriate further move, given our U.K. PLC status.

Gerry: Do we have a follow-up question from the floor? I've got a follow-up. I suspect if I asked you, does FDA regulation in the U.S. keep you awake at night? The answer is probably going to be no. So, assuming that is the answer, why is it the answer?

Alison: I like the fact that the FDA regulates in the U.S., which people find strange at times, but it's an evidence-based regulator. In other markets in the world, and we've seen it historically, politicians can have an agenda and they can push regulation through with very little evidence behind it, if at all. And therefore what the FDA does has to stack up, in terms of evidence-based regulation.

And therefore, when we're seeing the comments and questions about what's happening with menthol, what's happening with low nic, this is all part of a rule-making process that takes time. It's got a number of phases. Menthol has been going on probably for the best part of a decade now. And this really does take time. And any conclusions when they come out are likely, if they're not evidence-based and appropriate, to be challenged and it will take even more time. And therefore, I don't fear the rule-making process of the FDA. I think it's an evidence-based process.

I also think there's a lot of rhetoric out there. We've got a few less tweets now than we had previously, but there is a lot of rhetoric out there and a lot of that, again, if it's anything significant in terms of movement in the U.S. has to go back into rule-making process.

We've also got the PMTA process coming up as well, which I think is going to be really important, thinking back to one of your previous questions, from a vape category perspective because people will need to stand behind their product, they'll need science and they'll also need to show the appropriate behaviours and conduct in relation to that product as well, looking at the health in society as a whole.

And therefore, there's a few hurdles people are going to have to get over to get through that process. And I'm sure the FDA will treat that process seriously, in terms of the products that it allows to stay on the market.

Gerry: I've got one question on cost. You've got a cost-saving program, a very extensive one, which is going to mature in 2020. Post that program, how should we think about the business? Is it more growth-oriented, leveraging NGPs, or will cost management continue to be central to the proposition?

Oliver: Imperial has a great track record in terms of cost management. And as you say, we have had a series of programs in place and we will have generated by the end of them over GBP 600 million of cost benefit through the rationalization and refocus of activity that we've undertaken. In answer to your question, a tobacco business is always going to be very cost-conscious.

It's a business that logically encourages that sort of behaviour and conduct. But we've got an NGP business behind which we are going to invest. And I think we will continue to be very, very focused on ensuring that the choices we make within that business yield maximum advantage.

So, it won’t necessarily show itself up in terms of what would appear to be cost pressure, but the desire to make the right choices that yield the right effectiveness and efficiency benefits, I think, will be a constant feature of Imperial as we move forward.

Gerry: Can I maybe get a little bit detailed operationally. I suspect the answer will be relatively brief, but could you just walk through each of the major markets, ex the U.S., U.K., Germany, France, Spain, Australia, tell us where we are from an operating perspective on the ground in each of those markets?

Alison: In terms of current market dynamics?

Gerry: Yes.

Alison: Okay. Yes, let's do this very rapidly then. Germany continued really good market dynamics in terms of moderate volume declines. Good price mix coming through, really nice value growth from that market and value growth in our business as well, a little bit of short-term pressure in terms of share, which we recognize.

We've got some portfolio challenges, which we're in the midst of addressing, including with Davidoff Evolve which is one of our current SKUs with Davidoff, which is really doing well along with Davidoff Reach, and building that brand further across markets.

So, Germany is looking pretty good for us, but a bit of work on the share currently. Australia continues to do exceptionally well for us; again, managing that share within a corridor given the value of the market, but overall, very good performance. Russia, continued growth in share. Volumes are pretty soft in that market given the excise increases, but again, we're driving share growth in that market and managing the portfolio from a value perspective.

France continues to be very difficult and we highlighted that a while ago around the excise increases, absorption of those and therefore, we've got a value focus in France rather than a volume share focus currently.

Spain is doing well for us, moderate volume declines, not a lot of growth in value pool, but we're growing share in the blonde segment, how many more have I got to go through?

Italy growing share, growing financials and the U.K., we led a price increase, which we've had a bit of share softness off the back of that. The financials are coming through well, but that's part and parcel of how share evolves in the UK and we'll be rebuilding that over the coming months.

Unidentified analyst: I really like the point you said about 'we've got to learn again how to create brands and create growth', and you also said there was very little staff turnover at Imperial. Is that something you have created, or are managing to do internally, have you had to hire people from other parts of FMCG to rekindle that spirit of creating brands? Have there been mistakes along the way? How far are you on that journey of the spirit of growth?

Alison: First of all this spirit of growth is something that's infectious and positive for the whole business. So, you go from tobacco, which we know how to do, we're managing that and generating modest growth into something where we can really grow. And therefore, that's really positive for motivation internally around looking at that growth opportunity behind blu and how we move.

Our purpose is something better for the world's smokers, really getting behind that agenda in terms of something better for the world's smokers. So, it's a really positive dynamic within the organization.

The other aspect, around capability, it's some and some. So, we're able to build capability internally in certain areas, and in other areas, we've recruited in externally as well.

So, it's a mix, because I think one of my key factors within this is you take a business forward with the tobacco focus and the NGP focus, is everyone needs to be part of that and everyone needs to feel valued as part of that. We need two engines for the plane to fly. It's not around old world, new world.

This is about how we grow the business in its totality and it's a very important point for me as I talk to the organization and engage the organization. So, it has created a really good environment in the business and that focus on growth is very positive to people.

Gerry: Unless we have any more from the floor, I propose we leave it there and say thank you very much to Alison and Oliver for their time. Thank you very much, guys.