EUROPE REGION

AT A GLANCE

Tobacco volume -3.7%	NGP net revenue* +20.5%
Tobacco & NGP net revenue* +5.6%	Adjusted operating profit* +7.5%
Tobacco net revenue* +4.5%	

* Change at constant currency.

HEADLINES

- Financial performance driven by strong pricing across multiple markets as volume decline rates continue to improve
- Encouraging stabilisation in German market share, with market share growth in Spain and decline in the UK
- Leveraging our local jewel brand strategy to drive operational and financial performance
- NGP net revenue performance reflects scale building in existing markets and new product innovations
- Successful roll-out of new vapour products including the 1,000-puff blu bar disposable and the rechargeable blu bar kit during the year
- Adjusted operating profit growth reflects strong combustible performance and improving NGP gross margins

Our results in Europe are driven by strong combustible pricing, an improvement in volume decline rates and growth in NGP net revenue.

Strategic initiatives in our priority markets supported our combustible tobacco performance. In Germany, we delivered an encouraging stabilisation in market share after more than a decade of market share declines. Investments in our sales force size and capabilities have led to an improvement of our retailer coverage and mean we are better able to take advantage of market opportunities. We leveraged our portfolio and revenue management capabilities to support the roll-out of new formats in both the premium and the value pricing points. In Spain, our brand equity investments supported price increases while still delivering market share growth. Strong sales growth was driven by our local jewel brands strategy with a new value proposition with Fortuna GO to capture down-trading as the pricing ladder expands and a focus on key distribution channels. In the UK, our continued brand equity investment in our local jewel brands, underpinned the roll-out of a new fine cut offer and supported price increases which helped to partially mitigate the challenging market volume declines and market share declines.

Tobacco volumes were broadly in line with long-term decline rates at 3.7%. German volumes benefited from the easing of pressures on consumer incomes combined with an encouraging market share performance. This offset the impact of elevated excise regimes in markets, such as the UK, which contributed to continuing pressure on volumes in those markets. Tobacco net revenue increased 4.5% at constant currency, reflecting a strong price mix of 8.2%, which more than offset the volume declines.

Our NGP portfolio has delivered strong net revenue growth of 20.5% at constant currency with growth across all three categories as we gained scale in our existing market footprints. Our consumer-led partnership model on NGP innovation supported new product roll-outs in all three categories. In vaping, in the UK, France and Spain we introduced a new disposable device under the blu brand which delivers an increased 1,000 puffs. Additionally, in response to consumer demand for a more sustainable product, towards the end of the year we rolled out our pod-based blu bar kit, in France and the UK, offering consumers the same experience as blu bar but with a rechargeable battery. In heated tobacco, we introduced iSenzia tea-based heat sticks into Italy and Greece to extend choice to adult smokers with flavoured non-tobacco sticks which can be used in our Pulze 2.0 devices. In modern oral nicotine, we continue to meet evolving consumer preferences with flavour launches in ZoneX and Skruf Modern in Norway.

Tobacco and NGP adjusted operating profit for the year increased 7.5% at constant currency, mainly reflecting the strong tobacco performance together with improvement in NGP gross margins.

		Full year result		Change	
		2024	2023	Actual	Constant currency
Tobacco volume	bn SE	**86.6**	89.9	-3.7%	–
Tobacco & NGP net revenue	£m	**3,366**	3,240	+3.9%	+5.6%
Tobacco net revenue	£m	**3,106**	3,020	+2.8%	+4.5%
NGP net revenue	£m	**260**	220	+18.2%	+20.5%
Adjusted operating profit	£m	**1,541**	1,482	+4.0%	+7.5%

Priority market	Performance
Tobacco share	
Germany • 18.3% (+2bps) • 13% of tobacco & NGP net revenue	We have delivered an encouraging turnaround in our market share as investments in our strategic initiatives gained traction. Sales force expansion has improved our distribution coverage and enabled greater frequency of store visits, while capability enhancements supported improved agility to capture channel shifts. We continue to manage our brand portfolio across all key price segments to appeal to a range of consumer needs. In the premium sector, we grew our Davidoff brands with new pack formats and in the value sector, we extended our Paramount brand with the successful launch of roll-your-own format in fine-cut tobacco. In NGP, our blu bar vapour product has continued to grow share since its launch in 2023.
UK • 37.9% (-50 bps*) • 7% of tobacco & NGP net revenue	The UK market remains an important value contributor to the Group. We increased prices in the period as we continued to balance value creation alongside managing our overall share, which declined over the year. Our strategic investments in our local jewel brands underpinned the successful roll-out of a fine-cut offer. This somewhat offset the overall market size decline, driven by above inflation excise tax increases across both cigarettes and fine cut tobacco and growth in the illicit market for tobacco and vaping products. Our NGP sales benefited from the successful roll-out of new products including the 1,000-puff blu bar disposable and the rechargeable blu bar kit.
Spain • 26.6% (+5 bps*) • 5% of tobacco & NGP net revenue	We delivered market share gains for the sixth successive year, offsetting the modest decline in the overall tobacco market volume. Our market share increase was driven by innovation such as the continued success of West pack format extensions and a focus on key distribution channels. In NGP, the roll-out of the 1,000-puff blu bar disposable and blu box, an ergonomic design popular with consumers in Spain, has been well received by consumers and the trade. The blu brand is the joint market-leader in vapour by retail sales value as at August 2024.

* Market share has been restated to reflect more accurate data sources and channel mix.

AMERICAS REGION

Kim Reed
President and CEO, Americas Region

AT A GLANCE

Tobacco volume
-7.7%

NGP net revenue*
+29.4%

Tobacco & NGP net revenue*
+4.3%

Adjusted operating profit*
+1.8%

Tobacco net revenue*
+4.0%

* Change at constant currency.

HEADLINES

- Cigarette share growth up 15 basis points to 10.9%
- Tobacco net revenue growth at constant currency reflects strong pricing (+11.7%) and market share gains offsetting volume declines
- Mass market cigar performance improved, benefiting from product innovation and brand loyalty
- NGP net revenue growth reflecting successful targeted launch of modern oral brand, Zone, in 12 metropolitan areas
- Adjusted operating profit grew at constant currency, reflecting strong cigarette pricing, which more than offset the reduction in volumes, increased NGP investment, higher leaf costs, leaf inventory adjustments and wage inflation. At actual exchange rates, adjusted operating profit declined

We delivered a strong performance with market share gains in our cigarette portfolio coupled with strong pricing, which supported growth in net revenue and adjusted operating profit. We are pleased to report strong growth in our NGP net revenue, driven by the successful launch of our modern oral brand, Zone.

Share gains supported an outperformance in our tobacco volumes, down 7.7%, against an industry volume decline of 9.0% in cigarettes and a 6.7% fall in industry mass market cigar volumes. Industry cigarette declines are steeper than the long-term average driven by macroeconomic pressure on consumer disposable income and increased sales of illicit vaping products. Mass market cigar industry volume declines reflect sales of illicit products at the lowest price point.

On a constant currency basis, tobacco net revenue increased by 4.0%, as strong pricing of around +11.7% offset volume declines.

Our cigarette out-performance reflects the improvement in our cigarette market share of 15 basis points to 10.9% – our sixth consecutive year of market share growth. This was driven by our investment in sales execution and brand building, and the careful positioning of our brand portfolio to meet the needs of consumers across a range of price points.

We continue our focused investment on sales force effectiveness, and the expansion of the number of retail stores where we sell our brands. For example, investment supported share growth in Winston within the premium segment, which helped to offset KOOL performance in the face of increased competitor discounting in the menthol segment. Improved sales force execution enabled an expansion of store listings for Crowns, supporting market share growth of the brand in the growing deep discount segment. This progress in cigarettes is despite continued pricing actions from our competitors.

Our mass market cigar portfolio improved against a weak comparator in the prior year due to supply disruptions as a result of Hurricane Ian in September 2022. Additionally, continued innovation and investment in quality supported market share gains in the natural leaf segment with Backwoods, our premium iconic heritage brand.

Our NGP net revenue grew 29.4% on a constant currency basis, the first year of growth under the current strategy. This has been driven by our entry into the fast-growing modern oral nicotine pouch segment in February, with a targeted launch under the Zone brand in 12 metropolitan areas. The brand offers a differentiated option for consumers with a range of 14 product variants and leverages the Company's existing US sales force. We are encouraged by early consumer repurchase rates and have increased the number of stores since launch.

Adjusted operating profit grew 1.8% at constant currency, reflecting strong cigarette pricing, which more than offset the reduction in volumes, increased NGP investment into supporting the launch of Zone, higher leaf costs, leaf inventory adjustments and wage inflation. At actual exchange rates, adjusted operating profit declined -1.8%.

		Full year result		Change	
		2024	2023	Actual	Constant currency
Tobacco volume	bn SE	**19.1**	20.7	-7.7%	–
Tobacco & NGP net revenue	£m	**2,836**	2,812	+0.9%	+4.3%
Tobacco net revenue	£m	**2,793**	2,778	+0.5%	+4.0%
NGP net revenue	£m	**43**	34	+26.5%	+29.4%
Adjusted operating profit	£m	**1,235**	1,257	-1.8%	+1.8%

AFRICA, ASIA, AUSTRALASIA AND CENTRAL & EASTERN EUROPE

Priyali Kamath
President, Africa, Asia, Australasia and Central & Eastern Europe

AT A GLANCE

Tobacco volume
-3.5%

NGP net revenue*
+136.4%

Tobacco & NGP net revenue*
+3.3%

Adjusted operating profit*
+2.3%

Tobacco net revenue*
+2.5%

* Change at constant currency.

HEADLINES

- Strong financial results at constant currency reflecting recovery in the second half of the year as earlier disruption due to shipment timings abated
- Tobacco and NGP net revenue growth at constant currency driven by our African, Central & Eastern European and Asia, Middle East & Turkey market clusters
- At actual exchange rates, tobacco & NGP net revenue declined
- Positive tobacco price mix across region offset volume declines
- Market size pressures in Australia somewhat offset by market share growth and pricing supported by active brand portfolio management
- NGP net revenue growth reflecting new product introductions in Central & Eastern Europe markets
- Adjusted operating profit delivery at constant currency driven by strong tobacco performance and reduction of NGP losses. At actual exchange rates, adjusted operating profit declined

The region delivered a solid operational and financial performance, benefiting from a recovery in the second half as we mitigated the impact of disruption of Red Sea trade.

Tobacco and NGP net revenue grew 3.3% at constant currency reflecting continued focus on pricing discipline across the region, with tobacco price mix of 6.0% offsetting volume declines of 3.5%. These results reflect the targeted approach we are taking to our investment in sales execution and marketing in Australia, our one priority market in the region, and our improved consumer insight and revenue growth management tools applied to our broad market clusters. At actual exchange rates, tobacco and NGP net revenue declined -0.3%.

Australia delivered a resilient profit performance with further market share gains for the fifth consecutive year. This has been driven by the active management of brand portfolio to ensure we have an offer for consumers across all key price points, as well as a continued close partnership with our retail customers. These gains have been delivered against a backdrop of increased volume declines driven by excise tax increases and growth in both illicit combustible and vaping products.

In our African markets, we grew revenue through strong pricing as we focused on increasing consumer engagement through the management of our local jewel and key international brands. In our sub-Saharan African markets our local jewel brands performed well, with Fine taking share in Ivory Coast supported by format innovation, strengthening distribution and point of sales presence. This more than offset pressures in Morocco where recent excise tax changes have disadvantaged the low price segment and impacted Gauloises.

In our Asia, Middle East and Turkey (AMET) cluster, the impact of the Red Sea disruption seen in the first half of the year was mitigated and we exercised strong pricing discipline. Our global brand Davidoff resonates with local consumers and performed well in Saudi Arabia. Davidoff also has strong brand loyalty in Taiwan, where a refocus to convenience channels together with brand innovation has led to market share growth after several years of decline and an improving contribution to performance throughout the year.

In our Central & Eastern European (CEE) market cluster our combustible and NGP portfolios performed well. NGP net revenue doubled over the period as we refined our go-to-market approach in Poland applying learnings from our Czech Republic market. In combustibles, strong pricing offset volume declines to support financial delivery.

NGP net revenue growth in the period reflects the launch of our 1,000 puff blu bar vaping product in Poland. In heated tobacco products, the introduction of iSenzia, tea-based heat sticks, to Czech Republic and Poland, extended the choice to adult smokers with a flavoured non-tobacco stick that can be used in our Pulze 2.0 device.

Adjusted operating profit grew 2.3% at constant currency, driven by a strong tobacco performance in all market clusters and a reduction in NGP losses. At actual exchange rates, adjusted operating profit declined -3.9%.

		Full year result		Change	
		2024	2023	Actual	Constant currency
Tobacco volume	bn SE	**84.3**	87.4	-3.5%	–
Tobacco & NGP net revenue	£m	**1,955**	1,960	-0.3%	+3.3%
Tobacco net revenue	£m	**1,929**	1,949	-1.0%	+2.5%
NGP net revenue	£m	**26**	11	+136.4%	+136.4%
Adjusted operating profit	£m	**811**	844	-3.9%	+2.3%

Priority market	Performance
Tobacco share	
Australia • 32.2% (+5 bps*) • 3% of Group tobacco & NGP net revenue	The Australian market contributed to Group profit growth in the period. Against a backdrop of steep market volume declines as consumers normalised use of illicit products, we grew our market share supported by a focused approach to revenue growth management. Clear price tiering and product differentiation supported stable market share for JPS. In the fifth price segment, L&B is now Australia's fastest growing cigarette brand since inception in 2021, driven by pack format extensions. In fine cut tobacco, our local jewel brand, Champion, in the higher price segment, extended its lead of the category, while Riverstone remained stable. Continued improvements in the supply chain supported increased efficiencies and underpinned positive profit contribution from the market.

* Market share has been restated to reflect more accurate data sources and channel mix.

DISTRIBUTION

AT A GLANCE

Gross profit*
+4.4%

Adjusted operating margin excluding eliminations*,**
+109bps

Adjusted operating profit excluding eliminations*,**
+9.8%

Adjusted operating profit including eliminations*,**
+8.6%

* Change at constant currency.
** Eliminations relate to sales of tobacco and NGP product to Logista that are still held in their inventory.

HEADLINES

- Gross profit reflects good underlying growth and integration of prior year acquisitions
- Diversification strategy means over 50% gross profit from non-tobacco-related businesses
- Adjusted operating profit includes strong contribution from profit on inventory following tobacco price increases

Distribution consists of our 50.01% stake in Logista, a Spanish-listed distributor of tobacco and other convenience products and provider of freight, parcel, courier services and pharmaceutical logistics. It operates an end-to-end distribution model that covers the full value chain from collection to more than 200,000 points of sale across Europe.

Performance was in line with expectations and includes the incremental financial contribution from acquisitions made during this period and the prior two financial years in line with Logista's strategy to accelerate growth in European non-tobacco distribution. These include the acquisition of Belgium Parcel Service (BPS); the acquisition of SGEL Libros, a national book distribution and publishing company, which was formally acquired by Logista Libros, a 50% subsidiary of Logista and Grupo Planeta in October 2023; and the acquisition of Gramma Farmaceutici, a pharmaceutical distribution company in Italy, which completed in July 2023. In May 2024, Logista acquired the remaining 30% stake in Speedlink as expected under the original agreement. Furthermore, in July 2024, Logista acquired the remaining 26.7% stake in Herinvemol S.L., trading as "Transportes El Mosca", giving Logista 100% ownership of the company.

		Full year result		Change	
		2024	2023	Actual	Constant currency
Distribution gross profit*	£m	**1,503**	1,466	+2.5%	+4.4%
Adjusted operating profit	£m	**330**	306	+7.8%	+9.8%
Adjusted operating profit margin	%	**22.0**	20.9	+108bps	+109bps
Eliminations	£m	**(6)**	(2)	-200.0%	-200.0%
Adjusted operating profit (inc. eliminations)	£m	**324**	304	+6.6%	+8.6%

* Distribution gross profit is Distribution revenue less the cost of distributing products.

Gross profit – Gross profit at £1,503 million was 4.4% higher on a constant currency basis with good performance in particular in Spain and Italy reflecting the integration of prior year acquisitions.

In Iberia, growth in gross profit was driven in part by tobacco and related products, with the former benefiting from manufacturer price increases in Spain for the third consecutive year. Transport services recorded growth year on year, with a positive contribution from long-distance transport which includes Logista Freight and Transportes El Mosca, the latter incorporated at the end of October 2022. There was good growth in Nacex, the express courier business, and Logista Parcel, supported by the opening of new temperature-controlled capacity during the period. Pharmaceutical distribution continues to expand both its customer base and product offering.

In Italy, gross profit was supported by good performance in tobacco, benefiting from growth in volumes and manufacturer price increases which led to a higher profit on inventory than in the prior year. The period benefits from the first full incorporation of Gramma Farmaceutici, with the acquisition completing in July 2023. This acquisition is the first stage of our expansion into the pharma segment in Italy.

In France, gross profit reflects tobacco volume declines, partially offset by price increases following excise tax increases and subsequent manufacturer price increases which led to a profit on inventory higher than in the prior year. Logista also successfully completed a pilot for NGP recycling during the period.

Operating profit – Adjusted operating profit margin increased by 109 basis points at constant currency reflecting the strong performance from profit on inventory in tobacco following manufacturers' price increases in the period. After eliminations, the adjusted operating profit contribution to the Group increased 8.6% on a constant currency basis. In line with our policy of adjusting items for only Board-approved restructuring programmes, charges and profits/losses on disposals relating to restructuring activities have not been recognised as adjusting items.

Cash – In line with the rest of Imperial Brands, Logista is part of the inter-company cash pooling arrangement, which further enhances the Group's liquidity. On a 12-month basis, the daily average cash balance loaned to the Group by Logista was c.£1.8 billion, with movements in the cash position during the 12-month period varying from a high of c.£2.5 billion to a low of c.£0.7 billion, primarily due to the timing of excise duty payments. At 30 September 2024, the loan position was c.£1.9 billion compared to c.£2.0 billion at 30 September 2023.