

30 March 2017

Imperial Brands PLC today issues the following trading update ahead of its close period on 1 April 2017.

We confirm we are on track to meet earnings expectations for the half year results at both constant currency and reported exchange rates.

As we announced in November, we are driving an even sharper focus behind our four strategic priorities to further strengthen the business. To support this, we are investing an additional £300m in 2017 behind our Growth and Specialist Brands and in key markets to drive revenue growth over the medium-term. We have also codified our Market Repeatable Model, a consistent 'go to market' approach for winning in market, which is being embedded across our footprint and determines our investment priorities. The early results of our investment programme are encouraging, with improved market share trends in many of our priority markets.

First half revenues and earnings per share are expected to be up strongly at actual exchange rates, driven by the benefit of currency translation. We expect a currency translation benefit on net revenue and profit of about 13-14%, at current exchange rates.

As expected, the phasing of the £300m increased investment is biased to the first half, resulting in lower revenue and profit on a constant currency basis, with a stronger second half performance. First half revenues are driven primarily by a deterioration in industry volumes following strong industry volumes last year, while price/mix is flat on last year, as previously guided.

Our guidance for full year earnings is unchanged.

The half year results to 31 March 2017 will be announced on 3 May 2017.

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