IMPERIAL BRANDS PLC
8 JULY 2019

Imperial Brands Announces Revised Capital Allocation and Shareholder Distributions Policy

- 2019 dividend unchanged at 10% growth
- Revised progressive dividend growth policy thereafter
- Continued investment in growth opportunities
- Divestment programme on track
- Further deleverage to support a strong and efficient balance sheet
- Return surplus cash, including via share buybacks; up to £200m share buyback announced

The Board of Imperial Brands PLC today announces a revised capital allocation and shareholder distributions policy to support continued growth and optimised returns for shareholders. The Board reaffirms the 10% dividend growth in respect of the final dividend for the current financial year ending 30 September 2019. Thereafter, the revised dividend policy will be progressive, growing annually from the current level, taking into account underlying business performance. This new policy recognises the Company's continued strong cash generation and the importance of growing dividends for shareholders, while providing greater flexibility in capital allocation.

The revised dividend policy is part of a wider review of capital allocation priorities which will support continued investment in business growth, funded by a strong but efficient balance sheet and with growing shareholder returns.

The revised capital allocation framework adopts a balanced approach that delivers:

- Continued investment in organic growth opportunities in tobacco and Next Generation Products (NGP).
- Investment in targeted M&A opportunities to build on the capabilities and technologies of our NGP portfolio and in other growth adjacencies.
- Further active capital management through our ongoing divestment programme, which remains a key priority. We are on track to realise proceeds of up to £2 billion before May 2020 and will assess the most appropriate use of proceeds at the time including debt reduction and share buybacks.
- A strong but efficient balance sheet with an investment grade credit rating and gearing within a net debt/EBITDA range of 2-2.5 times.
- A progressive dividend policy with any surplus cash flows to be returned to shareholders via share buybacks, enhanced ordinary dividends or special dividends, depending on market conditions.

As part of this revised capital allocation framework, we are also announcing today a share buyback programme, which will return up to £200 million to shareholders before the end of the current calendar year.

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