

**IMPERIAL BRANDS PLC****30 March 2021****Pre-close trading update**

- Good start to the year with trading in line with our expectations
- Aggregate market share growth in top five priority markets
- Increased investment in priority markets in line with the new strategy
- Growth in Group operating profit driven by reduced NGP losses and higher Logistics profit
- Full year constant currency guidance remains unchanged

Our business is performing well and we remain on track to deliver our full year results in line with the guidance we gave at our annual results in November last year with low-mid single digit organic adjusted operating profit growth at constant currency.

First half Group net revenue is expected to grow by at least 1 per cent on an organic, constant currency basis, driven by continued strong pricing in tobacco, as well as some benefit from growth in NGP revenues against a weak comparator period.

In tobacco, we have begun to achieve aggregate market share growth in our five priority markets with gains in US, UK and Spain more than offsetting declines in Germany and Australia. We are investing behind the operational levers outlined at our January 2021 Capital Markets Day in each of these priority markets to drive performance improvements over time. Overall tobacco volumes are in line with expectations although COVID-19 continues to affect consumer buying patterns across different channels and markets.

In NGP, our clear focus is to improve performance, returns and capabilities. Our preparations for market trials in vapour and heated tobacco later this year are on track.

First half Group adjusted organic operating profit growth is expected to be least mid-single digit at constant currency, benefiting primarily from significantly reduced losses in NGP and increased Logistics profit. Tobacco operating profit has been impacted by a lower duty windfall in Australia as previously guided and as we lap the impact of US trade inventories following the higher wholesaler purchases in March 2020 to meet COVID-19 pantry loading demand. Full year adjusted Group operating profit will reflect increased investment consistent with our strategic plans and is expected to be in line with our guidance for low-mid single digit organic growth at constant currency.

At current exchange rates, translation foreign exchange is expected to be broadly neutral on first half earnings per share and be a c. 2 per cent headwind to full year earnings per share. As previously announced, the adjusted tax rate is expected to increase this year to around 23 per cent.

Our 12-month rolling cash conversion remains strong. In line with previous guidance, the temporary Logista cash benefits in FY20 are expected to unwind resulting in full year adjusted operating cash conversion in the range of 75-80 per cent.

The interim results for the six months ended 31 March 2021 will be announced on 18 May 2021.

**ENDS**

Notes:

To aid comparison of performance between periods, the Group uses the term 'organic' to exclude the impact of the Premium Cigar divestment, which completed on 29 October 2020. The organic performance comparison excludes the contribution of the Premium Cigar business from both FY20 and FY21 results. The table below sets out the contribution of the Premium Cigar business to H1 2020 results:

	<b>HY20</b>	<b>Premium Cigars</b>	<b>HY20 organic</b>
Volume (bn SE)	114.6	(0.1)	114.5
Tobacco net revenue (£m)	3,509	(103)	3,406
Adjusted operating profit (£m)	1,469	(9)	1,460
Share of JV profits (£m)	20	(21)	(1)
Adjusted profit before tax (£m)	1,279	(30)	1,249
Adjusted earnings (£m)	973	(28)	945
Adjusted EPS (p)	103.0	(3.0)	100.0

**Investor Contacts**

Peter Durman +44 (0)7970 328 903  
James King +44 (0)7581 052 880

**Media Contacts**

Alex Parsons +44 (0)7967 467 241  
Simon Evans +44 (0)7967 467 684

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