

HALF YEAR RESULTS 2017

Imperial Brands PLC

3 May 2017



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Alison Cooper
Chief Executive



SUMMARY



- Results in line with expectations
- Underpinned by success of Market Repeatable Model
- Investment programme is on track
- Delivering improved share trends
- Dividend growth of 10%

DELIVERING ON OUR PRIORITIES IN FY17

Track record of consistent delivery



Maximise sustainable shareholder returns

Quality Growth from Tobacco Maximisation and Consumer Adjacencies

Strengthen Portfolio right brands

- Quality of revenue further improved
- Growth and Specialist Brands now >60% of net revenue
- G3 blu Max scheduled for 2017 release



Develop Footprint right markets

- Embedding Market Repeatable Model
- Investments delivering improved share trends

Drive Cost Optimisation

- Savings programme ahead
- Reducing portfolio complexity
- Continuing to improve ways of working

Embed Capital Discipline

- Cash conversion >99%
- £1.2bn net debt reduction annualised

Oliver Tant
Chief Financial Officer



SUMMARY FINANCIALS

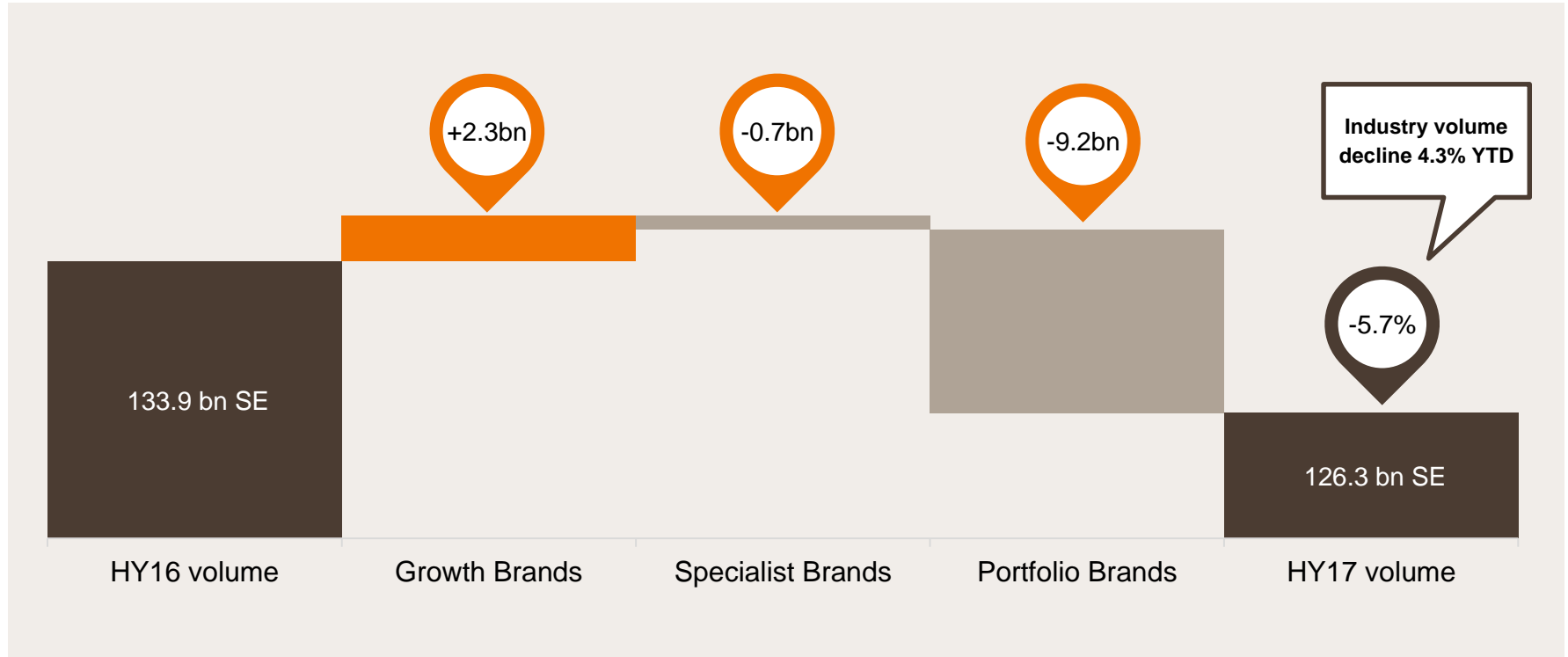
Investing in quality growth



	£m	% change	% constant currency
Tobacco net revenue (£m)	3,716	+9.3%	-5.5%
Adjusted operating profit (£m)	1,740	+6.3%	-7.6%
Adjusted EPS (pence)	121.9	+7.9%	-5.9%
Cash conversion	99.6%		
Annualised net debt reduction* (£m)	1,163		

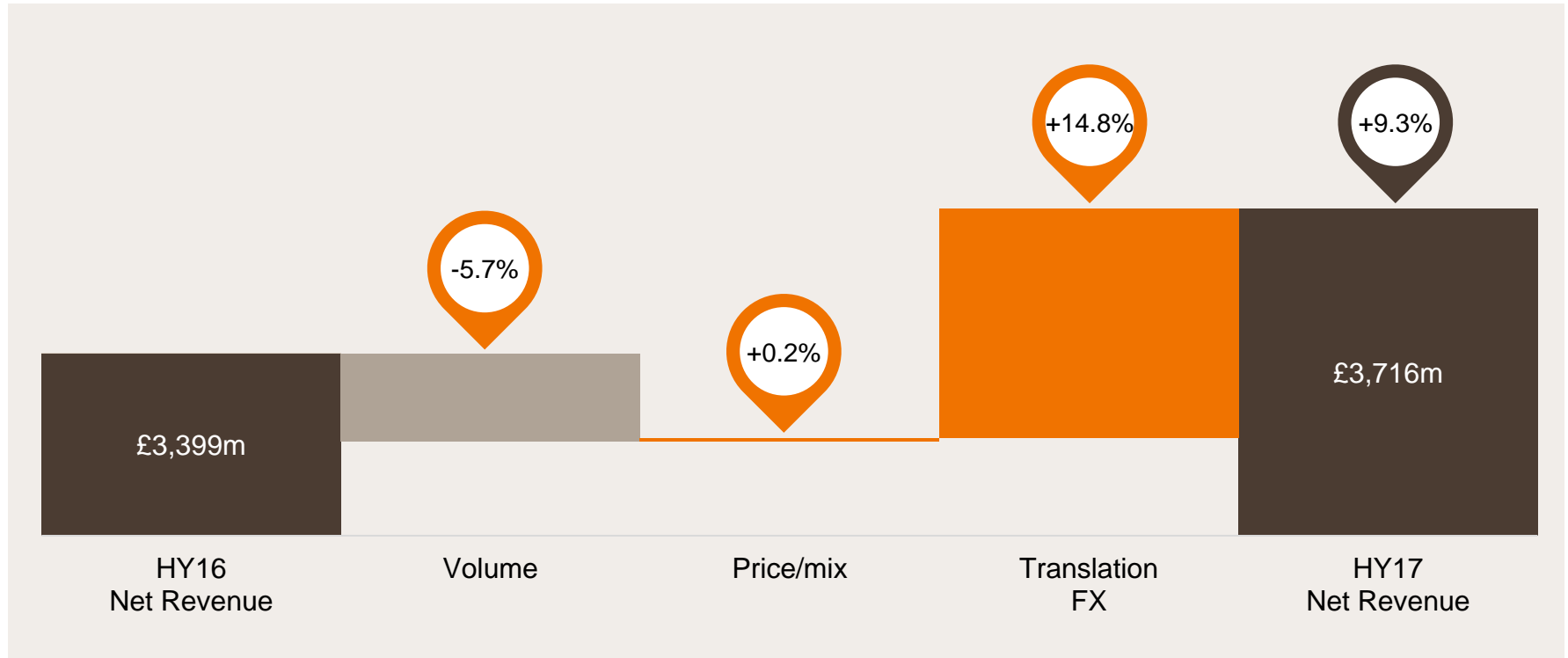
VOLUME PERFORMANCE

Growth Brands outperforming



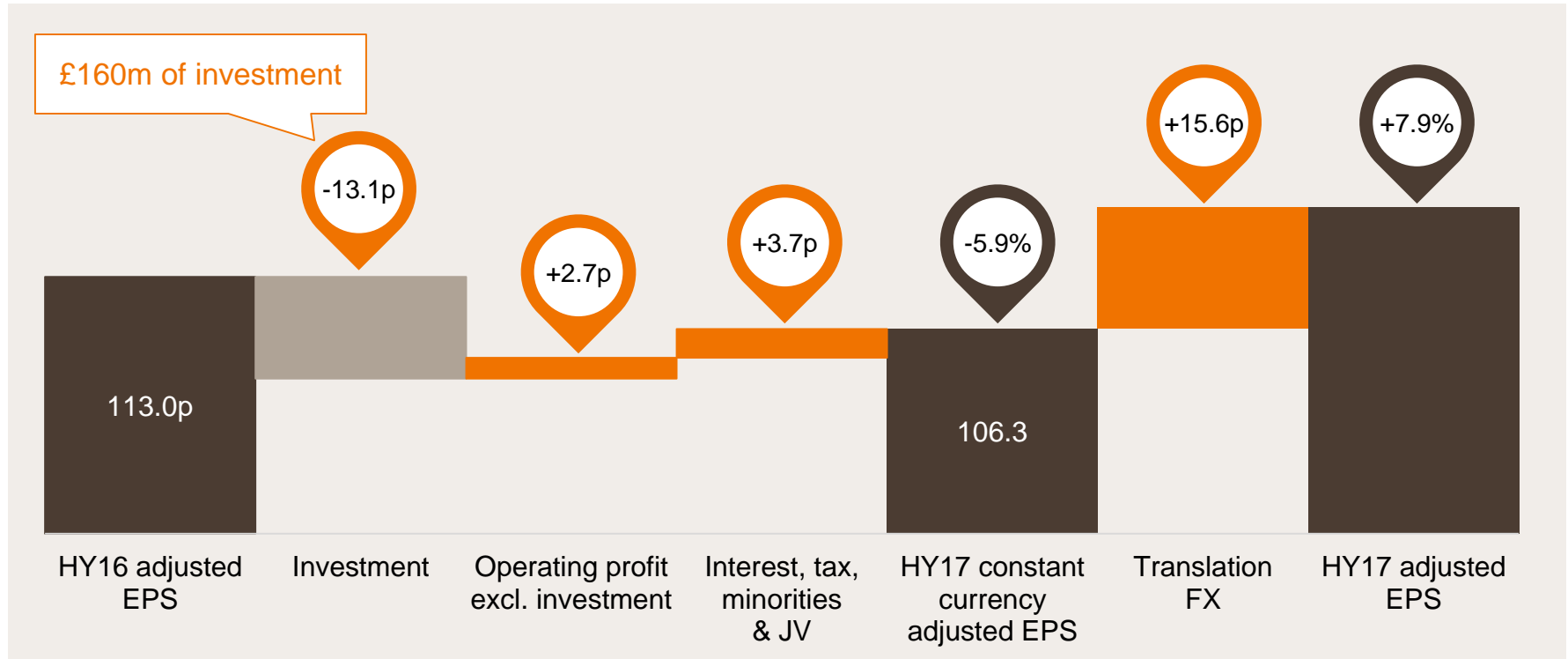
HY17 NET REVENUE

Price mix reflects phasing and investment



HY17 EPS GROWTH

Expected decline due to investment phasing



DIVISIONAL PERFORMANCE

Investments driving quality share growth



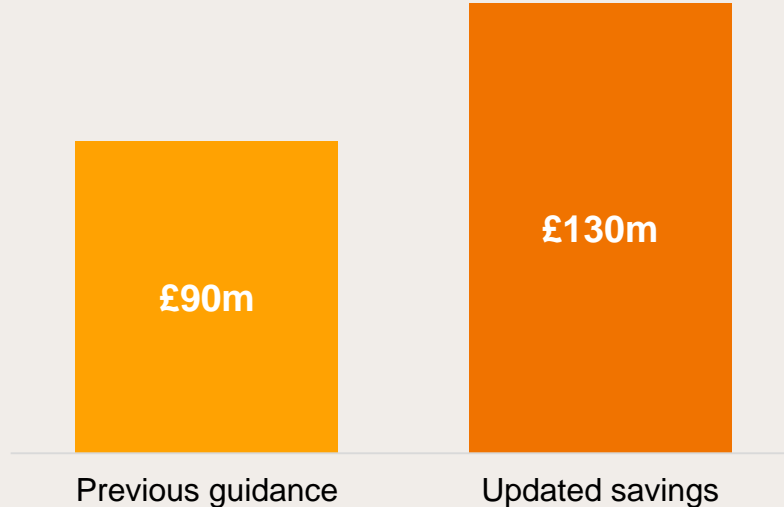
	Net Revenue	Margin %	Asset brands % of net revenue	Growth Brand share
Growth	£859m +1.7%	24.6% -260bps	70.0% +310bps	+50 bps
USA	£785m -6.8%	58.2% +420bps	43.1% +30bps	+10 bps
Returns	£2,072m -7.7%	48.2% -230bps	62.9% +190bps	+80 bps
Group	£3,716m -5.5%	44.9% -150bps	60.4% +200bps	+60 bps

MORE COST OPTIMISATION

Delivering ahead of plan



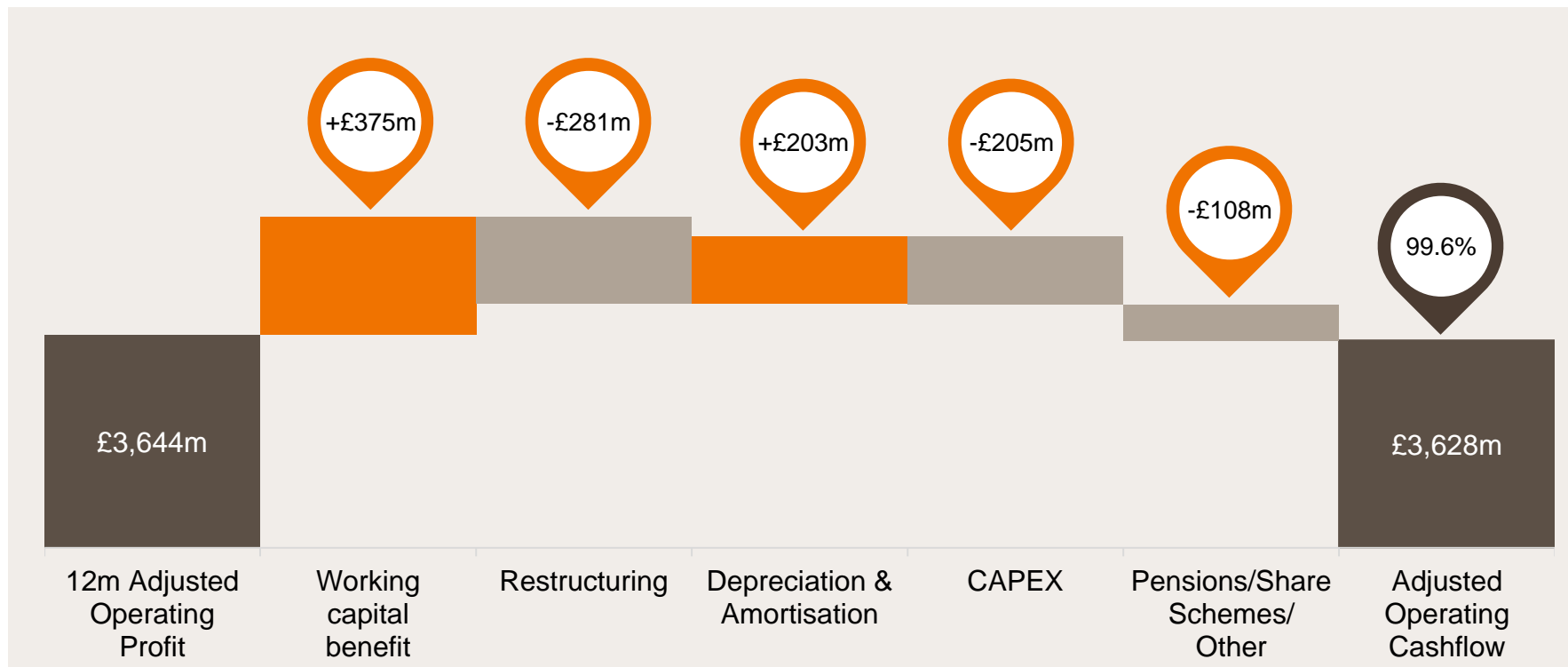
FY17 Cost Optimisation



- Optimisation expected to deliver additional £40m in FY17
- Total savings targets remain unchanged
 - £300m by FY18; further £300m by FY20

CAPITAL DISCIPLINE

Strong cash conversion; expect c.90% for FY17

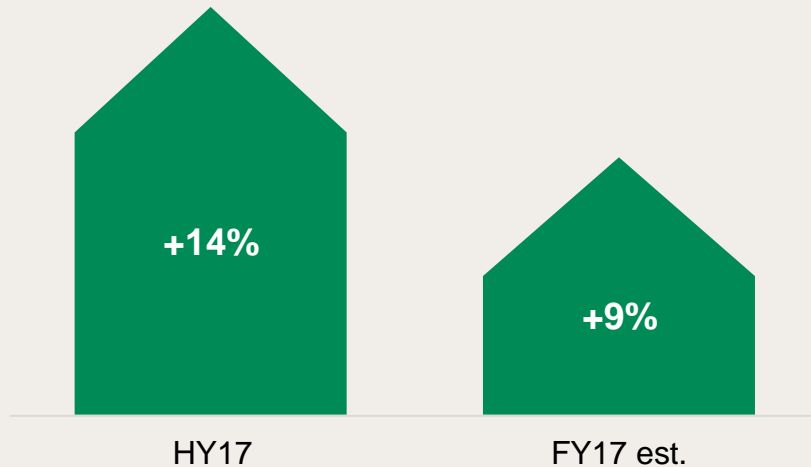


FOREIGN EXCHANGE

Strong currency translation benefit in FY17



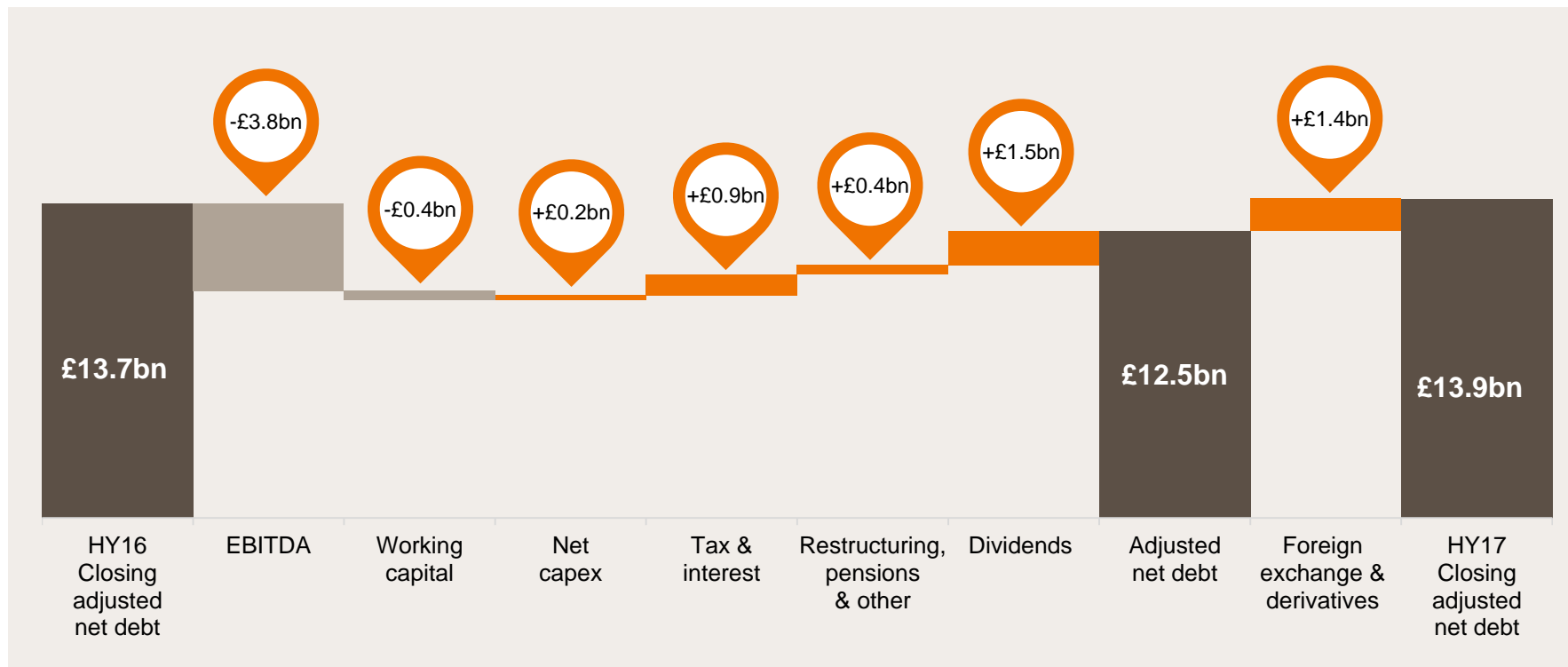
Translation FX



- Sterling weakness drives FX benefits
- Expect c.9% benefit to FY17 earnings at current rates

STRENGTHENING BALANCE SHEET

£1.2bn reduction at constant currency



FY17 OUTLOOK

Quality growth in brands and markets that matter



Investment initiatives
delivering improving
share trends

Positive trends and
cost savings support
stronger H2 despite
industry pressures

On track to meet full
year constant
currency earnings
expectations

Capital discipline
supports strong
consistent cash
generation

Strong balance sheet supports investment, deleveraging and dividend growth

Alison Cooper
Chief Executive



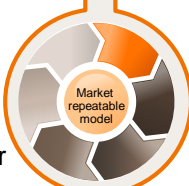
Maximise sustainable shareholder returns



Quality Growth from Tobacco Maximisation and Consumer Adjacencies

Strengthen Portfolio right brands

- Radically simplify
- Invest in Asset Brands
- Develop blu & e-vapour technologies
- New adjacencies



Develop Footprint right markets

- Prioritise growth opportunities
- Quality share focus
- Sustain investment

Drive Cost Optimisation

- Simplify operating model
- Lean manufacturing
- Control of overheads

Embed Capital Discipline

- Maximise cash conversion
- Robust capital allocation
 - Investment
 - Dividend
 - Debt repayment

MARKET REPEATABLE MODEL

Simple, effective, consistent





STRENGTHEN PORTFOLIO

More radical simplification



Consumer Migrations



Ukraine – Stolychne to West

- 65 done with c.95% retention
- Strong capability established
- Programme continues

SKU Rationalisation

33%

Reduction in SKUs since FY13

- Significant further scope; target 50% reduction
- Rationalisation complete in Russia & France
- Underway in Italy, Germany, Spain, Australia

Efficiency & Revenue Benefits

RETAILER

- Simpler portfolio
- Higher stock turn

CONSUMER

- Better availability
- More consistent offer

IMPERIAL

- Improved revenue growth
- Manufacturing efficiencies

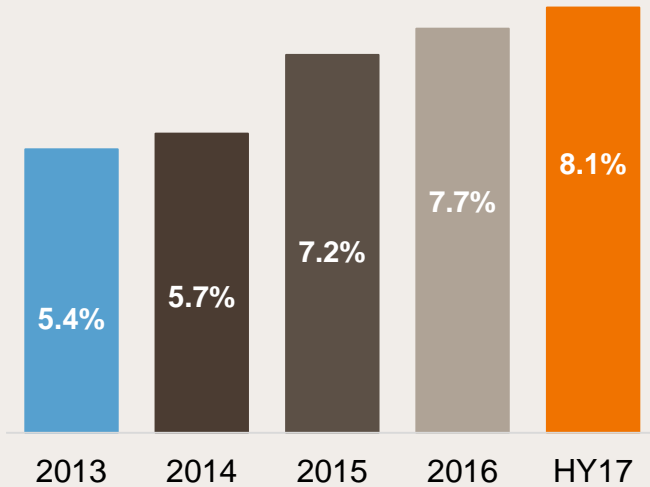


STRENGTHEN PORTFOLIO

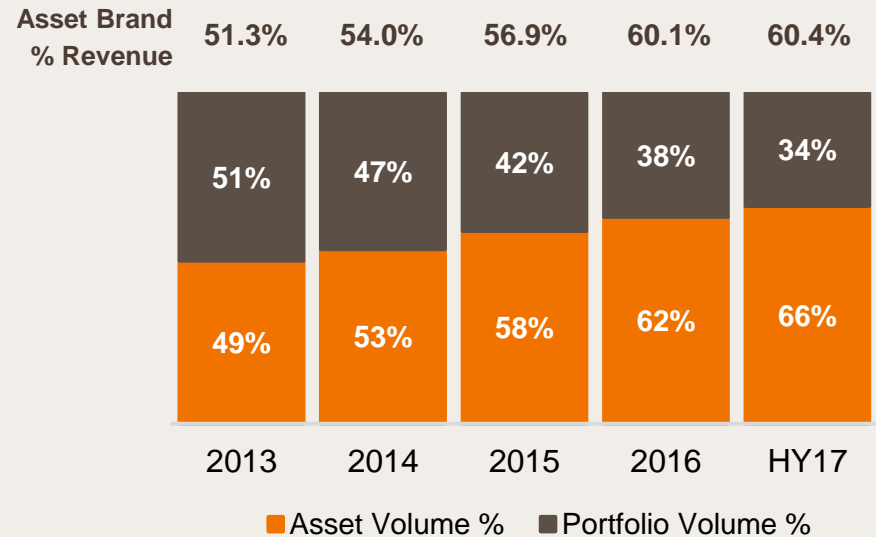
More simplification, focus and quality



Growth Brand Market Share



Asset Brands growing % of Revenue and Volume





STRENGTHENING PORTFOLIO

Parker & Simpson: developing Growth Brands



Poland:
Spike

Czech:
Moon

Migrations to build scale



Queen
Size

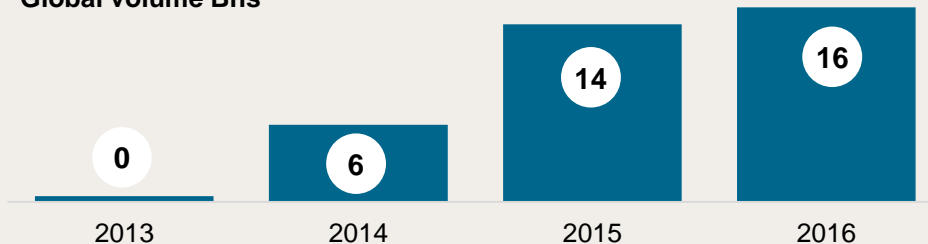


Crushball

Initiatives to build equity

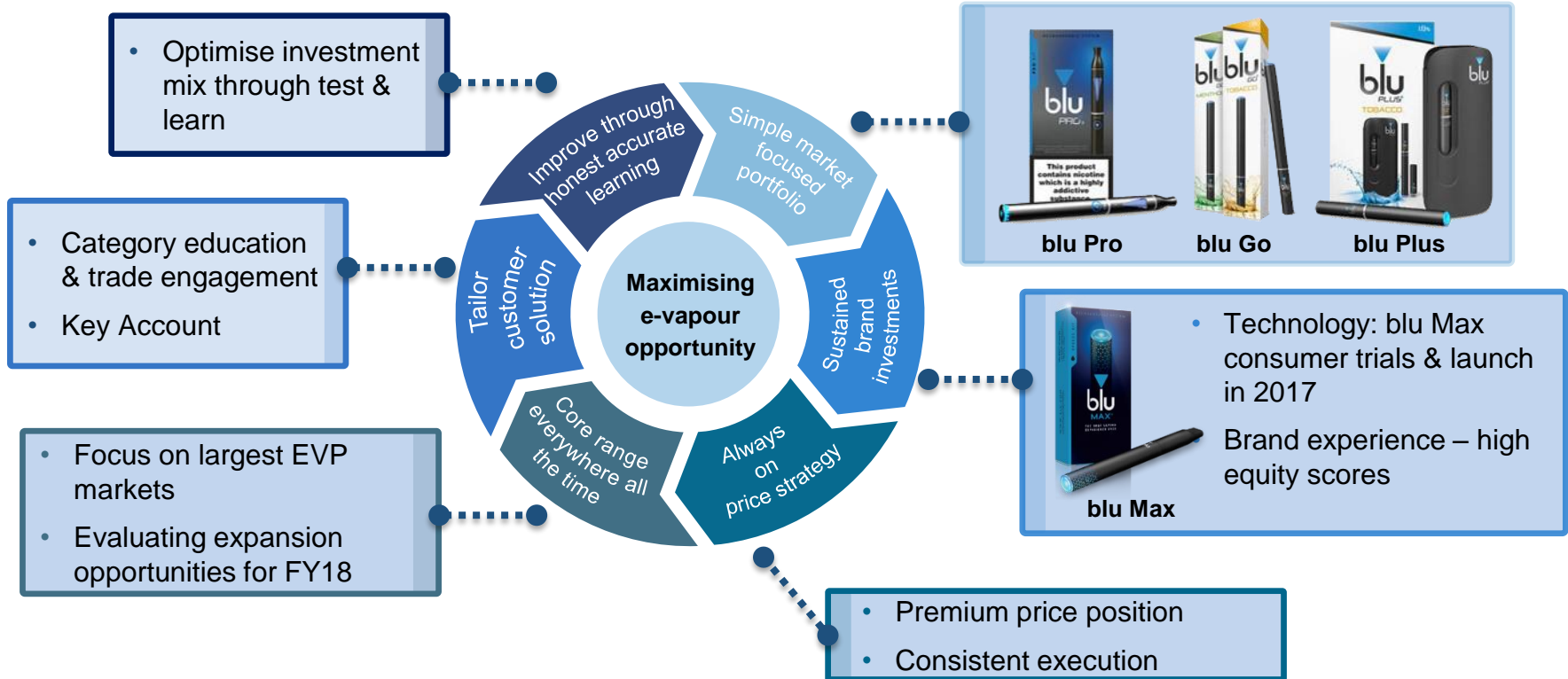
- Launched in 2012
- International brand; drawing on British heritage
- Scale through migrations
- Growth through retail engagement & consumer initiatives

Global volume Bns



DEVELOPING CONSUMER EXPERIENCES

blu: investing in brand and technology





USA FMC

Investing in equity and price



**IMPERIAL
BRANDS**



New pack design



Select blend launch



Activations



Online presence



Media campaign



Price investment

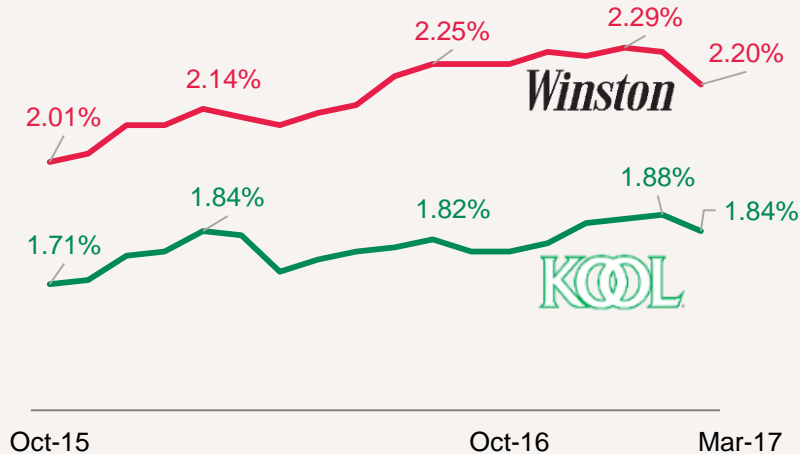
- Sustained investment in Winston & Kool
- Enhancing distribution; 169,000 retailers
- New Winston select blend launch
- New activation initiatives
- Price investment optimised

USA FMC

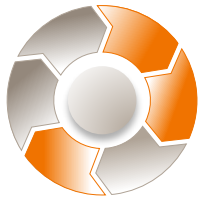
Continuing positive share momentum



Consistent Growth in Winston & Kool



- Winston & Kool growing retail volume & share
- Discount premium segment in growth
- Address decline in Maverick



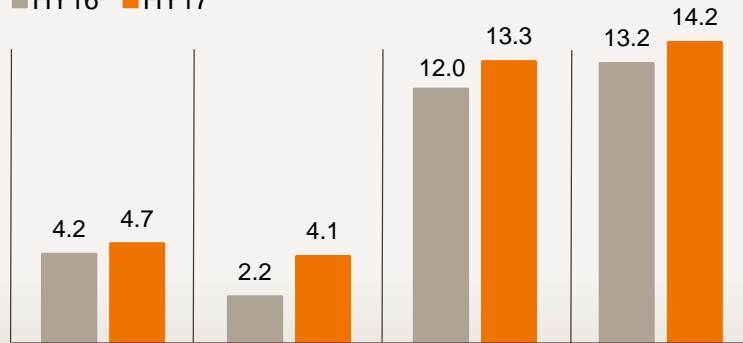
USA MMC

Consumer led approach driving share



Share Development

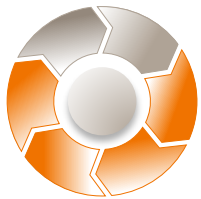
■ HY16 ■ HY17



Cigar
Focus
Brands

ITG
Cigars
Total

- New route to market benefits
- Investing in Backwoods, Dutch and Phillies
- Increased visibility
- H1 share up c.100bps



UK

Leading in a challenging market



L&B Blue : 2x10 pack



Brand solutions



+13k outlets



30% more calls



+61k listings

New coverage model

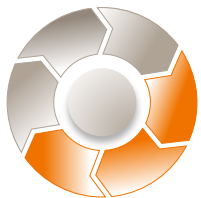


Key account focus



On price strategy

- EUTPD/PP transition generating churn
- Optimal portfolio focus
- Consistent price strategy
- Increased retailer coverage and key account share
- Player's fastest growing UK brand +150bps
- WSE share +70bps FY YTD



GERMANY

Improving share led by FCT



Consumer activation

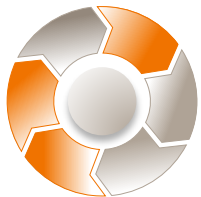


FCT share gains



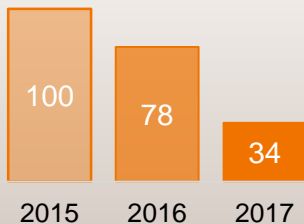
JPS Blue Stream launch

- Weaker market size post EUTPD
- Large and growing profit pool
- Focused portfolio
- Investing in JPS Blue Stream and Gauloises
- FCT share up almost 200 bps

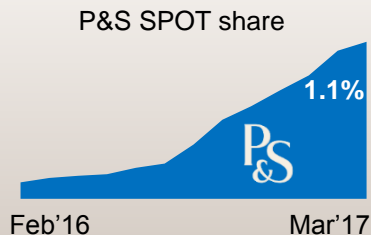


RUSSIA

Driving performance in growth segments



SKU reduction



Investment in P&S



+200 Reps



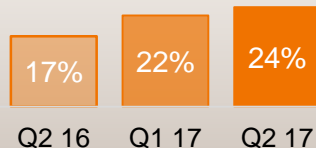
+30% outlets



+17k POS

New Coverage Model

KA share of volume

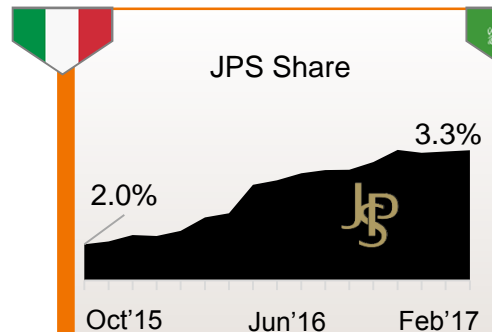


Key Account investment

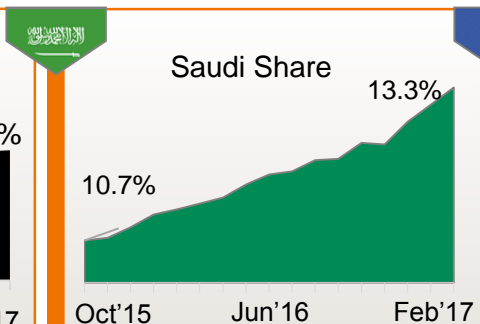
- SKU rationalisation complete; improved availability
- P&S growth
- Investment in consistent pricing
- Focus on growing distribution
- Growing volume share in key accounts
- Share stabilising

ITALY, SAUDI, FRANCE & AUSTRALIA

Distribution, customer focus & Growth Brand strength



- Total share +80bps YTD
- Record JPS share
- Davidoff distribution up
- Expansion in horeca channel



- West driving share growth
- Davidoff stable in a declining premium segment
- Potential excise increase



- News share >9%
- Significant change post excise changes & plain packs
- SKU rationalisation complete 199 → 76
- Investing in distribution



- Learnings for MRM
- JPS up to 22% share
- Key accounts
- Customer engagement tools
- Share up 50 bps to 33.8%

INVESTMENT DRIVING QUALITY SHARE GROWTH

Positive share trends



Volume Share Trend

		Continued growth in Winston, Kool
		Fine Cut driving share; FMC improving
		Investment around MRM supports share growth
		Continued JPS growth
		Rationalisation; News growth; price investment
		Share of FMC stabilising, FCT remains to be addressed
		West growing share; excise & macro challenges
		Rationalisation & distribution benefits; price investment
		JPS growth & benefits from broader distribution

Volume Share Trend

		Growing share of convenience channel
		Cambodia health warnings impact market & Fine share
		Azerbaijan price repositioning and cash sales ban
		Davidoff continued growth – share up to 7%
		Success of JPS driving FMC & FCT; JPS Black No.1 SKU
		Skruf share up strongly to c.45%, driven by slim segment
		Growth of share in Gauloises decelerating in Algeria
		Ukraine stabilising price; share up, size down
		Ivory Coast disruption post intro of new pack design for Fine

Our Priorities for FY17

On track to deliver



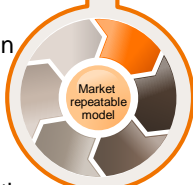
Maximise sustainable shareholder returns – 10% dividend



Quality Growth from Tobacco Maximisation and Consumer Adjacencies

Strengthen Portfolio right brands

- More portfolio simplification
- Migrations and SKU reduction
- Increase Growth and Specialist Brands contribution
- e-vapour/blu development and adjacencies



Develop Footprint right markets

- More prioritisation
- Build on Growth Market opportunities
- Maintain momentum at ITG Brands
- Optimise performance in key Returns Markets

Drive Cost Optimisation

- More operating efficiencies
- Deliver £130m savings in FY17
- Deliver benefits from new ways of working

Embed Capital Discipline

- More capital discipline
- Maintain cash conversion focus
- Ongoing debt reduction

HALF YEAR RESULTS 2017

Imperial Brands PLC

3 May 2017



APPENDICES

Group financials



GROUP ADJUSTED RESULTS



		HY16	Foreign Exchange	Constant Currency Growth	HY17	Actual Δ	Constant Currency Δ
Tobacco net revenue	£m	3,399	505	(188)	3,716	+9.3%	-5.5%
Tobacco operating profit	£m	1,577	217	(127)	1,667	+5.7%	-8.1%
<i>Tobacco margin</i>	%	<i>46.4</i>			44.9	<i>-150 bps</i>	
Logistics distribution fees	£m	371	61	10	442	+19.1%	+2.7%
Logistics operating profit	£m	68	11	3	82	+20.6%	+4.4%
<i>Logistics margin</i>	%	<i>18.3</i>			18.6	<i>+30 bps</i>	
Eliminations	£m	(8)			(9)		
Group adjusted operating profit	£m	1,637	227	(124)	1,740	+6.3%	-7.6%

GROUP ADJUSTED RESULTS



		HY17	HY16
Group adjusted operating profit	£m	1,740	1,637
Interest	£m	(272)	(266)
Share of profit of JVs	£m	17	12
Profit before tax	£m	1,485	1,383
Tax rate	%	20.0	20.0
Adjusted EPS	pence	121.9	113.0
DPS	pence	51.7	47.0
Cash conversion	%	100	105
Adjusted net debt	£m	13,927	(13,710)

RECONCILIATION: REPORTED TO ADJUSTED



£m (unless otherwise stated)	Reported HY17	Amortisation of acquired intangibles	Fair value gains on financial instruments	Post employment net financing	Restructuring costs	Tax on unrecognised losses	Adjusted non-controlling interests	Adjusted HY17
Operating profit	902	554			284			1,740
Share of profit of JV	17							17
Finance costs	(115)		(169)	12				(272)
Profit before tax	804	554	(169)	12	284			1,485
Tax	(114)	(160)	36	(3)	(88)	31		(298)
Profit after tax	690	394	(133)	9	196	31		1,187
Minority interest	(15)						(9)	(24)
Earnings attributable	675	394	(133)	9	196	31	(9)	1,163
Basic EPS (pence)	70.7p	41.3p	(13.8)p	0.9p	20.5p	3.2p	(0.9)p	121.9p

INCOME STATEMENT



£m (unless otherwise stated)	HY17	HY16
Revenue	14,298	12,806
Adjusted operating profit	1,740	1,637
Amortisation and impairment of acquired intangibles	(554)	(473)
Restructuring costs	(284)	(162)
Share of profit of investments accounted for using the equity method	17	12
Net finance costs*	(115)	(562)
Profit before tax	804	452
Tax	(114)	(142)
Profit after tax	690	310
Minority interests	(15)	(20)
Basic EPS (pence)	70.7	30.4
Adjusted EPS (pence)	121.9	113.0

BALANCE SHEET



£m	HY17	HY16
Non-current assets: tangible	4,113	4,068
intangible	20,390	19,415
Current assets: inventories	3,824	3,951
other	3,479	3,248
Current liabilities	(10,757)	(10,129)
Non-current liabilities	(15,403)	(15,281)
Net assets	5,646	5,272

CASH FLOW



£m	HY17	HY16
Cash flows from operating activities pre tax	837	561
Tax paid	(274)	(251)
Cash flows from operating activities	563	310
Net capex	(90)	(67)
Purchase of IP	-	(7)
Employee Share Ownership Trust	5	(5)
Loan to JV	(10)	-
Dividends paid (inc. minority interests)	(1,062)	(963)
Net interest paid	(332)	(364)
Net cash flow	(926)	(1,096)
Opening net debt	(13,319)	(11,950)
Closing net debt before non-cash movements	(14,245)	(13,046)
Non-cash movements		
Exchange movement	(207)	(579)
Interest accretion and derivative fair value adjustments	260	(404)
Closing net debt after non-cash adjustments	14,192	(14,029)

12 MONTH CASH CONVERSION



£m (unless otherwise stated)	HY17	HY16
Net cash flow from operating activities	3,410	3,215
Tax	424	424
Net capex	(206)	(164)
Cash flow post capex pre interest and tax	3,628	3,475
Adjusted operating profit	3,644	3,323
Cash conversion (%)	100	105
Working capital inflow	375	509

NET FINANCE COSTS



£m	HY17	HY16
Net finance costs	115	562
Adjusted for:		
- interest income on net defined benefit assets	54	71
- interest cost on net defined benefit liabilities	(66)	(80)
- exchange gains/(losses)	169	(287)
Adjusted net finance costs	272	266

NET DEBT RECONCILIATION



£m	Reported HY17	Accrued interest	Fair value of derivatives	Adjusted HY17
Opening net debt	(13,319)	221	216	(12,882)
Free cash flow	136			136
Dividends	(1,062)			(1,062)
Accretion of interest	69	(69)		-
Change in fair values	191		(103)	88
Exchange movements	(207)			(207)
Closing net debt	(14,192)	152	113	(13,927)

FOREIGN EXCHANGE



	Average			Closing		
	HY16	HY17	Δ	HY16	HY17	Δ
USD \$	1.474	1.240	19%	1.438	1.250	15%
EURO €	1.342	1.157	16%	1.263	1.169	8%
AUD \$	2.045	1.645	24%	1.871	1.634	15%
Russian Rouble	103.633	75.447	37%	96.399	70.498	37%

FOREIGN CURRENCY

Divisional currency exposure



<u>Approximate</u> weight of currency in Tobacco Net Revenue	GBP £	EUR / EUR Linked	USD \$	Other Currencies	Other includes	
Returns Markets NORTH	30%	50%		20%	Australian \$ & Ukraine Hryvnia	€0.01 (1 cent) movement in the € Euro has a c. £25m impact on net revenue.
Returns Markets SOUTH		100%				
Growth Markets		20%	70%	10%	Russian Rouble & Taiwan \$	\$0.01 (1 cent) movement in the \$ USD has a c. £15m impact on net revenue.
USA			100%			
<u>Approximate</u> weight of currency in Operating Profit	GBP £	EUR / EUR Linked	USD \$	Other Currencies	Other includes	
Returns Markets NORTH	40%	40%		20%	Australian \$ & Ukraine Hryvnia	€0.01 (1 cent) movement in the € Euro has a c. £7m impact on PBT.
Returns Markets SOUTH		100%				
Growth Markets			90%	10%	Russian Rouble & Taiwan \$	\$0.01 (1 cent) movement in the \$ USD has a c. £6m impact on PBT
USA			100%			
Logistics		100%				

GUIDANCE

Other financial items



Financing & Cost of Debt

- Average all-in cost of net debt expected of c.3.90%
- Debt reduction benefit offset by FX impact

Tax Rate

- 20%; expect to maintain

Cash Conversion

- Expect to be c. 90% for FY17

Foreign Exchange

- Translation FX expected 9% benefit to FY17 earnings
- Transaction FX impact unchanged in FY17

Cost Optimisation

- FY17 savings expected £130m (versus £90m previously guided)

Restructuring costs

- FY17 cash cost expected around £300m

APPENDICES

Portfolio & Divisional financials



TOTAL TOBACCO VOLUME



bn SE*	HY17	HY16	Actual Δ
Growth Markets	34.5	35.6	-3.1%
USA Market	11.3	12.3	-8.3%
Returns Markets North	42.4	45.6	-7.0%
Returns Markets South	38.1	40.4	-5.8%
Total Returns Markets	80.5	86.0	-6.4%
Total Group	126.3	133.9	-5.7%

GROWTH BRAND VOLUME



bn SE*	HY17	HY16	Actual Δ
Growth Markets	22.3	21.3	+4.7%
USA Market	2.9	2.9	+0.4%
Returns Markets North	27.1	25.5	+6.2%
Returns Markets South	20.6	21.0	-1.6%
Total Returns Markets	47.7	46.5	+2.7%
Total Group	73.0	70.7	+3.2%

TOBACCO NET REVENUE



£m	HY16	Foreign Exchange	Constant Currency Growth	HY17	Constant Currency Δ
Growth Markets	707	140	12	859	+1.7%
USA Market	711	122	(48)	785	-6.8%
Returns Markets North	1,246	136	(81)	1,301	-6.5%
Returns Markets South	735	107	(71)	771	-9.7%
Total Returns Markets	1,981	243	(152)	2,072	-7.7%
Total Group	3,399	505	(188)	3,716	-5.5%

TOBACCO ADJUSTED OPERATING PROFIT



£m	HY16	Foreign Exchange	Constant Currency Growth	HY17	Constant Currency Δ
Growth Markets	192	36	(17)	211	-8.9%
USA Market	384	73	-	457	-
Returns Markets North	676	62	(67)	671	-9.9%
Returns Markets South	325	46	(43)	328	-13.2%
Total Returns Markets	1,001	108	(110)	999	-11.0%
Total Group	1,577	217	(127)	1,667	-8.1%

GROWTH BRANDS



		HY17	HY16	Actual Δ	Constant Currency Δ
Market share	%	8.0	7.4	+60 bps	
Net revenue	£m	1,682	1,486 ^R	+13.2%	-2.5%
Percentage of Group volumes	%	57.8	52.8	+500 bps	
Percentage of tobacco net revenue	%	45.3	43.7 ^R	+160 bps	

SPECIALIST BRANDS



		HY17	HY16	Actual Δ	Constant Currency Δ
Net revenue	£m	561	499	+12.3%	-2.0%
Percentage of tobacco net revenue	%	15.1	14.7 ^R	+40 bps	

GROWTH MARKETS



		HY17	HY16	Actual Δ	Constant Currency Δ
Net revenue	£m	859	707	+21.5%	+1.7%
Adjusted operating profit	£m	211	192	+9.9%	-8.9%
Growth Brand % of net revenue	%	47.6	45.1	+250 bps	
Growth Brand volume	bn SE	22.3	21.3	+4.7%	
Growth Brand market share	%	3.9	3.4	+50 bps	

USA MARKET



		HY17	HY16	Actual Δ	Constant Currency Δ
Net revenue	£m	785	711	+10.4%	-6.8%
Adjusted operating profit	£m	457	384	+19.0%	-
Asset Brand % of net revenue	%	43.1	42.8 ^R	+30 bps	
Asset Brand volume	bn SE	5.2	5.3	-0.3%	
Growth Brand market share	%	2.4	2.3	+10 bps	

RETURNS MARKETS



		HY17	HY16	Actual Δ	Constant Currency Δ
Net revenue	£m	2,072	1,981	+4.6%	-7.7%
Net revenue per '000 SE	£	25.74	23.03	+11.8%	-1.3%
Adjusted operating profit	£m	999	1,001	-0.2%	-11.0%
Growth Brand % of net revenue	%	54.6	52.2	+240 bps	
Growth Brand market share	%	15.9	15.1	+80 bps	

RETURNS MARKETS NORTH



		HY17	HY16	Actual Δ	Constant Currency Δ
Tobacco net revenue	£m	1,301	1,246	+4.4%	-6.5%
Net revenue per '000 SE	£	30.67	27.33	+12.2%	+0.5%
Adjusted operating profit	£m	671	676	-0.7%	-9.9%
Growth Brand % of net revenue	%	57.9	55.1	+280 bps	
Growth Brand % of market share	%	15.7	14.9	+80 bps	

RETURNS MARKETS SOUTH



		HY17	HY16	Actual Δ	Constant Currency Δ
Net revenue	£m	771	735	+4.9%	-9.7%
Net revenue per '000 SE	£	20.25	18.18	+11.4%	-4.1%
Adjusted operating profit	£m	328	325	+0.9%	-13.2%
Growth Brand % of net revenue	%	49.0	47.4	+160 bps	
Growth Brand % of market share	%	16.3	15.5	+80 bps	

		HY17	HY16	Actual Δ	Constant Currency Δ
Distribution fees	£m	442	371	+19.1%	+2.7%
Adjusted operating profit	£m	82	68	+20.6%	+4.4%
Margin	%	18.6	18.3	+30 bps	

DIVISIONAL MARKET SHARE

MAT market share data



	HY17	HY16	Δ
Growth markets	6.4%	6.7%	-30 bps
USA market	9.0%	9.3%	-30 bps
Returns North	23.6%	25.1%	-150 bps
Returns South	28.8%	28.7%	+10 bps
Total Returns	25.8%	26.6%	-80 bps
Total Group	13.8%	14.1%	-30 bps

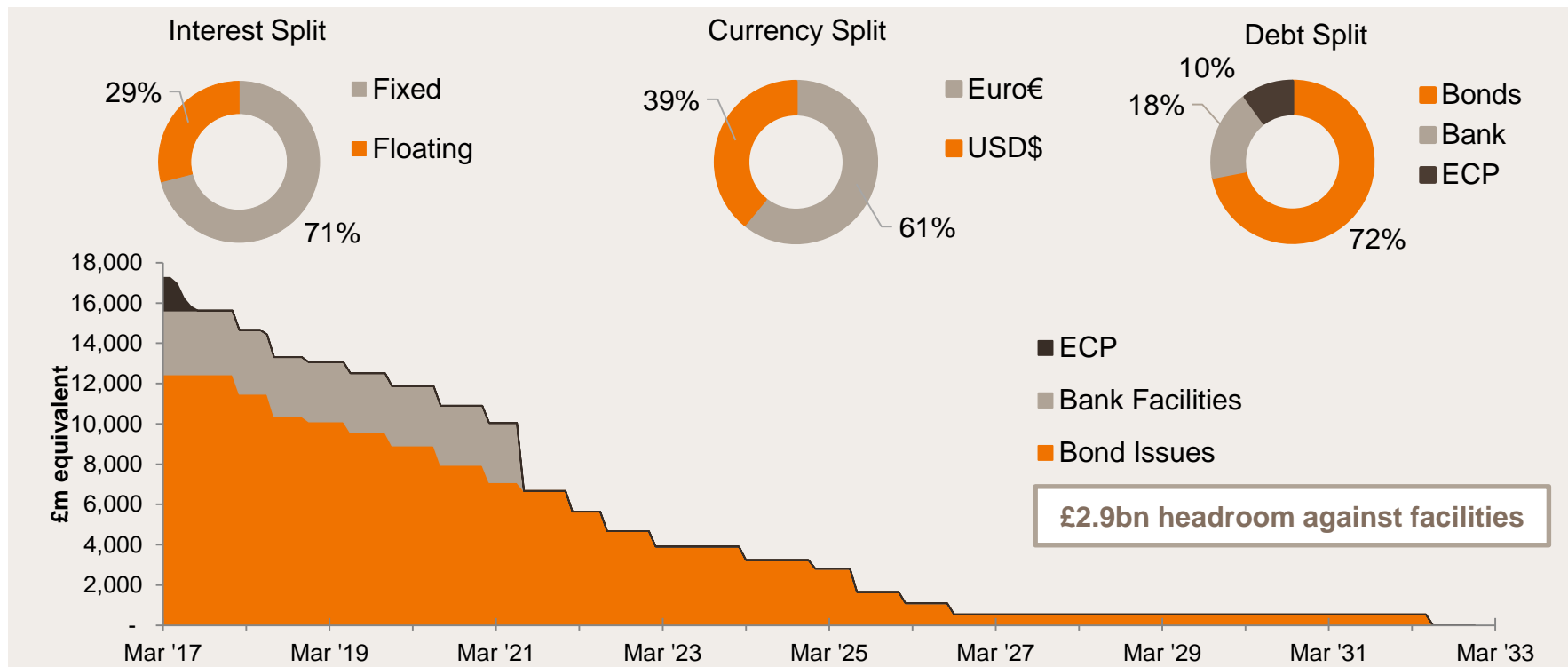
APPENDICES

Financing



FINANCIAL PROFILE

30 March 2017



COMMITTED BANK FACILITIES

30 March 2017



Description	Maturity date	Amount	£m equiv.
Committed 5 Year Revolving Credit Facility B ¹	Jul-21		
EUR tranche		€2,835m	£2,425m
GBP tranche		£500m	£500m
Committed 3 Year Term Loan Facility	Jun-18	\$300m	£240m
Total			£3,165m

¹ 5 year facility with two 1 year extension periods at the lenders' option, both of which have been exercised. All facilities are at competitive margins, and there are margin step-ups and utilisation fees applicable to certain tranches.

BOND ISSUES

30 March 2017



Amount	Issuer	Coupon	Issue Date	Maturity Date	£m equiv.	Margin
\$1,250m	Imperial Brands Finance PLC	2.050%	Feb-13	Feb-18	£1,000m	1.1%
€850m	Imperial Brands Finance PLC	4.500%	Jul-11	Jul-18	£727m	1.7%
\$500m	Imperial Brands Finance PLC	2.050%	Jul-15	Jul-18	£400m	1.0%
£200m	Imperial Brands Finance PLC	6.250%	Dec-03	Dec-18	£251m ¹	1.1% ¹
£500m	Imperial Brands Finance PLC	7.750%	Jun-09	Jun-19	£546m	3.7% ¹
€750m	Imperial Brands Finance PLC	5.000%	Dec-11	Dec-19	£642m	2.6%
\$1,250m	Imperial Brands Finance PLC	2.950%	Jul-15	Jul-20	£1,000m	1.4%
€1,000m	Imperial Brands Finance PLC	2.250%	Feb-14	Feb-21	£856m	1.1%
€500m	Imperial Brands Finance PLC	0.500%	Jan-17	Jul-21	£428m	0.7%
£1,000m	Imperial Brands Finance PLC	9.000%	Feb-09	Feb-22	£1,020m ¹	5.0% ¹
\$1,250m	Imperial Brands Finance PLC	3.750%	Jul-15	Jul-22	£1,000m	1.8%
\$1,000m	Imperial Brands Finance PLC	3.500%	Feb-13	Feb-23	£800m	1.1%
£600m	Imperial Brands Finance PLC	8.125%	Sep-08	Mar-24	£660m	3.1% ¹
€500m	Imperial Brands Finance PLC	1.375%	Jan-17	Jan-25	£428m	1.0%
\$1,500m	Imperial Brands Finance PLC	4.250%	Jul-15	Jul-25	£1,200m	2.2%
€650m	Imperial Brands Finance PLC	3.750%	Feb-14	Feb-26	£556m	1.5%
£500m	Imperial Brands Finance PLC	5.500%	Sep-11	Sep-26	£550m	2.7% ¹
£500m	Imperial Brands Finance PLC	4.875%	Feb-14	Jun-32	£536m ¹	2.1% ¹
Total/Weighted Average Margin					£12,167m¹	2.1%¹

APPENDICES

Other information



RESTATEMENT OF PRIOR PERIODS

H1 Growth & Specialist Brands



		HY16	HY16 Restated
Growth Brand Net Revenue			
USA Market	£m	149	133
Total Group	£m	1,502	1,486
Specialist Brand Net Revenue	£m	490	499
Total tobacco net revenue	£m	3,339	3,339
Growth & Specialist Brands percentage of Net Revenue	%	58.6	58.4

An incorrect apportionment of promotional spend at HY16 meant that Growth and Specialist Brand net revenue in the USA was incorrectly presented by £16m and (£9m) respectively.

There was no impact on total net revenue at HY16 and FY16 numbers are unaffected.

GLOSSARY



SE	Stick Equivalent (SE) volumes reflect our combined cigarette, fine cut tobacco, cigar and snus volumes.
Constant Currency	Change at constant currency removes the effect of exchange rate movements on the translation of the results of our overseas operations.
Organic	Organic change removes (at constant currency) the incremental contribution from the US asset acquisition which completed on 12 June 2015.
Total Tobacco	Total Tobacco includes cigarettes, fine cut tobacco, cigar, snus and other tobacco products.
Fontem Ventures	Fontem Ventures is our non-tobacco subsidiary focused on developing new opportunities for sustainable revenue growth.
Logista	Logista is a 70% owned subsidiary and publicly listed on the Spanish stock exchanges. It is one of the largest logistics businesses in Europe, with operations extending across Spain, France, Italy, Portugal and Poland.

GLOSSARY

Growth, Specialist & Portfolio Brands



Growth Brands

These high-quality brands have strong consumer appeal and generally well-established positions in key markets.



Specialist Brands

These have strong positions in their own categories, appealing to specific consumer groups.



Portfolio Brands

The remainder of our portfolio consists of local and regional brands. These Portfolio Brands either add to our revenue generation or will be migrated into Growth Brands.

GLOSSARY

Main market classifications



Growth Markets

Growth Markets are characterised by large profit and/or volume pools. We typically have shares below 15 per cent and see real potential for long-term share and profit growth.

Cambodia
China
Iraq
Italy
Japan
Russia
Saudi Arabia
Taiwan
Turkey
Vietnam

US Market

We manage the US as a standalone Growth Market through our dynamic new business ITG Brands.

Returns Markets

We have relatively large shares in Returns Markets, mostly above 15 per cent. We focus on managing these strong positions, whilst driving sustainable profit growth.

Returns North

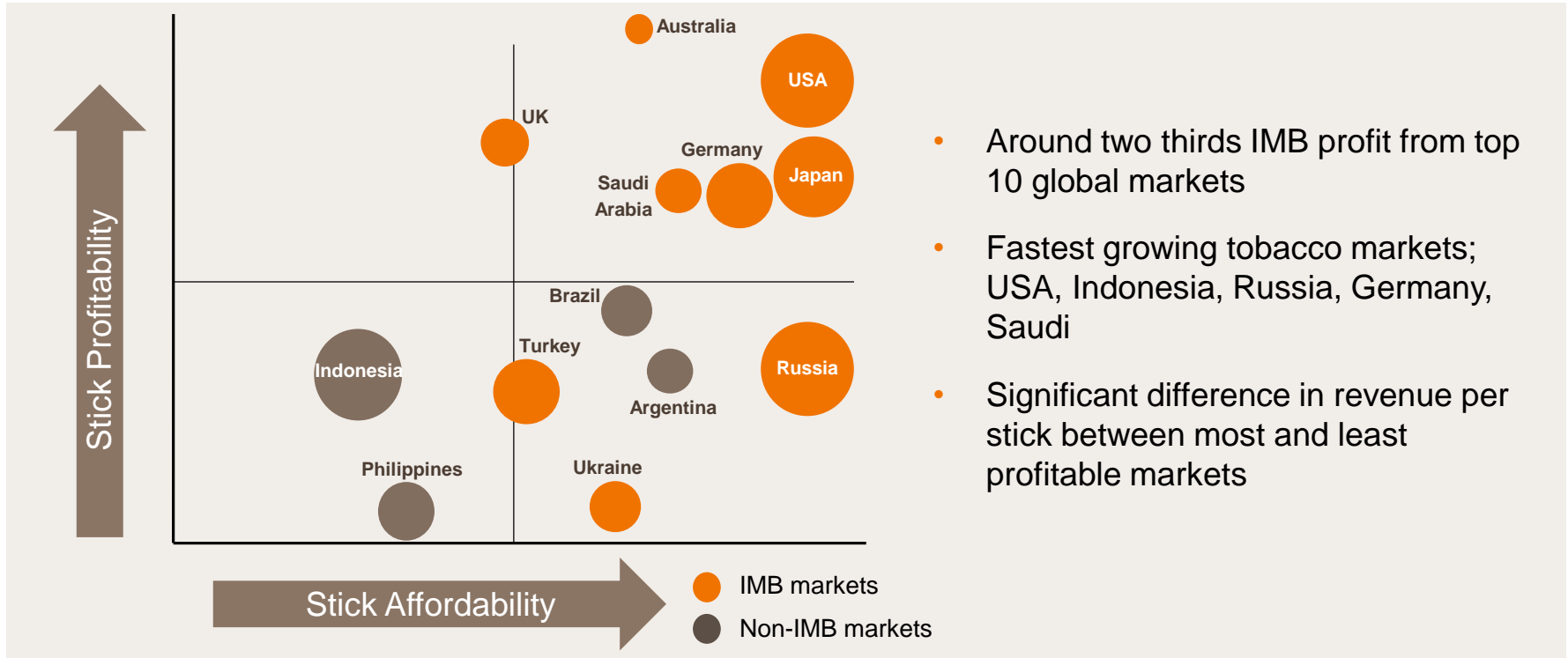
Australia
Azerbaijan
Belux
Germany
Ireland
Netherlands
New Zealand
Poland
UK
Ukraine

Returns South

Algeria
Austria
Czech Republic
France
Hungary
Morocco
Portugal
Spain
Tunisia

WHERE TO INVEST

Market affordability supports future growth



- Around two thirds IMB profit from top 10 global markets
- Fastest growing tobacco markets; USA, Indonesia, Russia, Germany, Saudi
- Significant difference in revenue per stick between most and least profitable markets

HALF YEAR RESULTS 2017

Imperial Brands PLC

3 May 2017

