



*FULL YEAR  
RESULTS*

*16 NOVEMBER 2021*



**IMPERIAL  
BRANDS**

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# Agenda



**OVERVIEW**

Stefan Bomhard

**FINANCIAL UPDATE AND OUTLOOK**

Lukas Paravicini

**BUILDING FOUNDATIONS FOR  
FUTURE GROWTH**

Stefan Bomhard

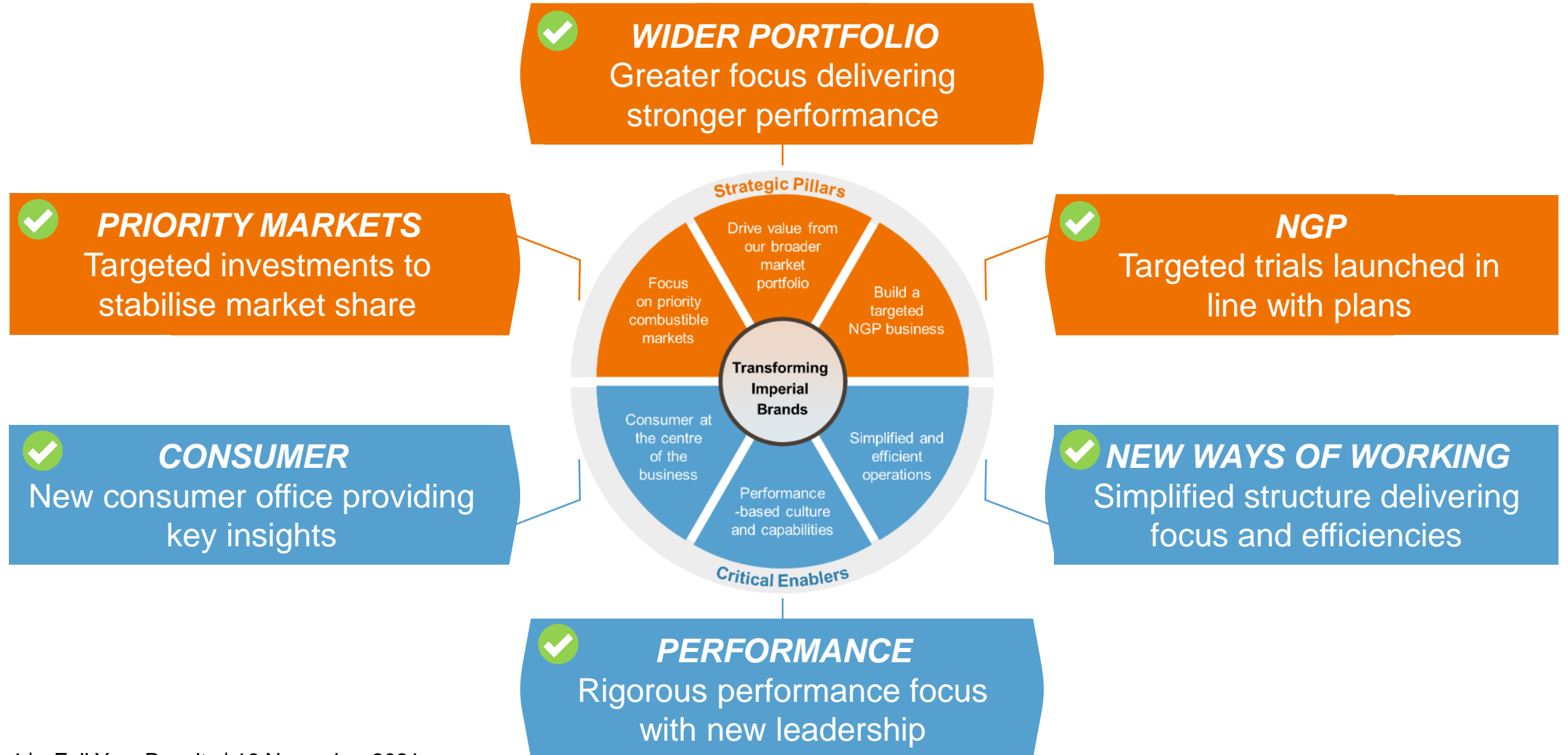
**Q&A**

Stefan Bomhard  
Lukas Paravicini

# 2021 Highlights



OUR TRANSFORMATION TO DELIVER OUR FULL POTENTIAL



# Strengthened Leadership Team

EXPERIENCED TEAM COMMITTED TO DELIVERING STRATEGY



**Stefan Bomhard**  
Chief Executive Officer  
*Appointed: July 2020*



**Lukas Paravicini**  
Chief Financial Officer  
*Appointed: May 2021*



**Joerg Biebernick**  
President,  
Europe Region  
*Joined: Nov 2017*



**Kim Reed**  
President and CEO,  
Americas Region  
*Joined: June 2019*



**Paola Pocci**  
President, Africa, Asia &  
Australasia Region  
*Joined: Sept 2021*



**Murray McGowan**  
Chief Strategy &  
Development Officer  
*Joined: July 2020*



**Alison Clarke**  
Chief People & Culture  
Officer  
*Joined: Sept 2020*



**Anindya Dasgupta**  
Chief Consumer  
Officer  
*Joined: May 2021*

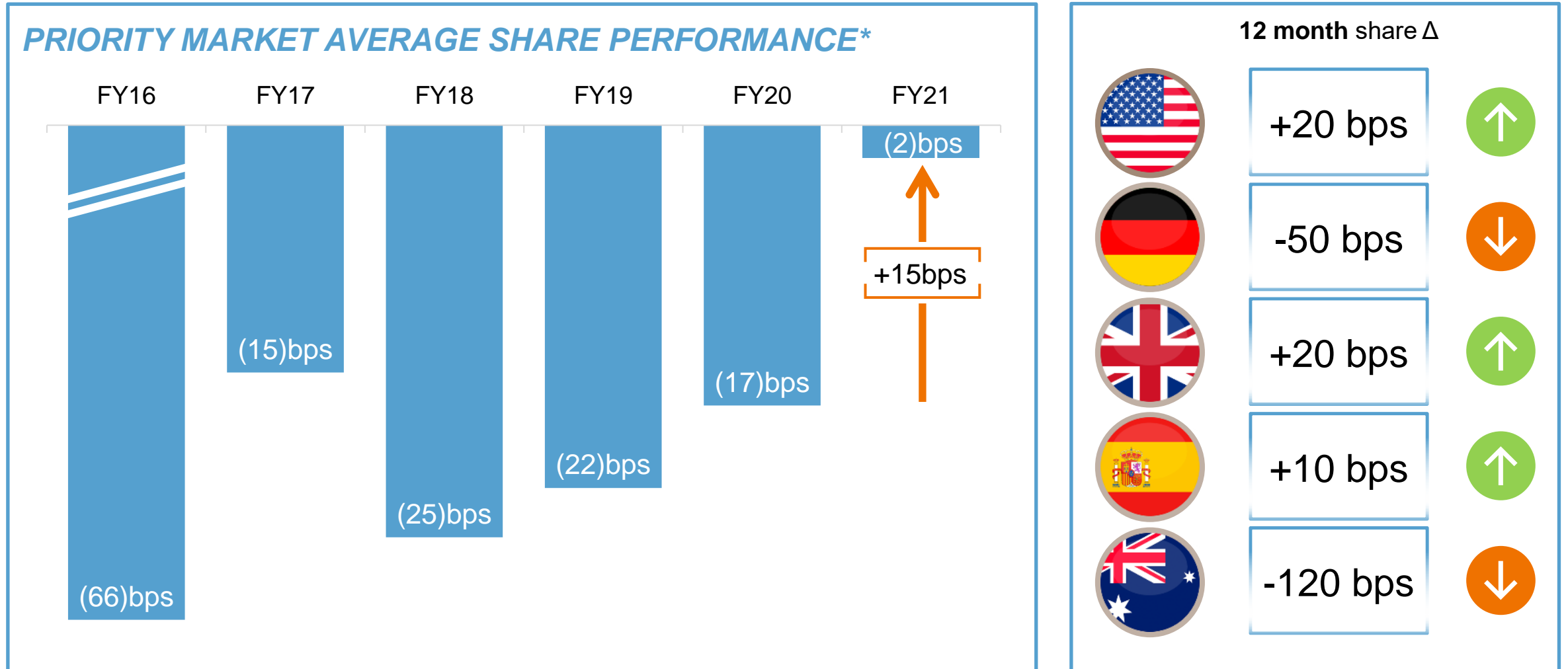


**Javier Huerta**  
Chief Supply Chain  
Officer  
*Joined: Feb 2021*

# Improving Share Trajectory in Priority Markets



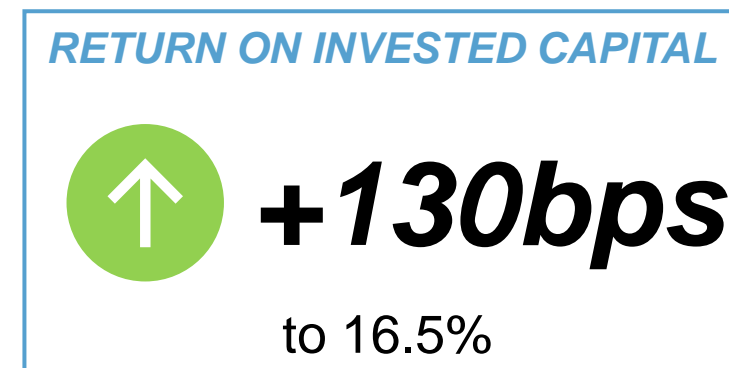
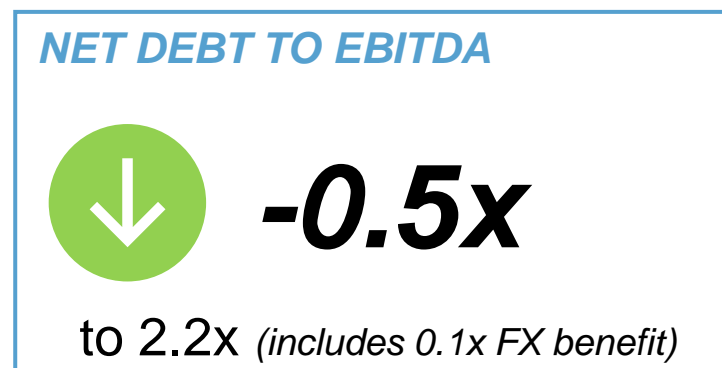
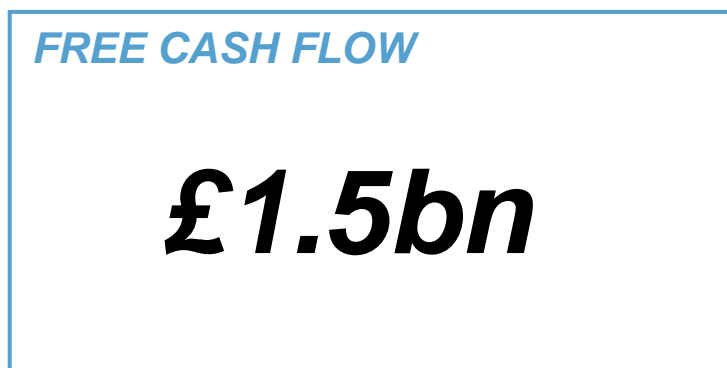
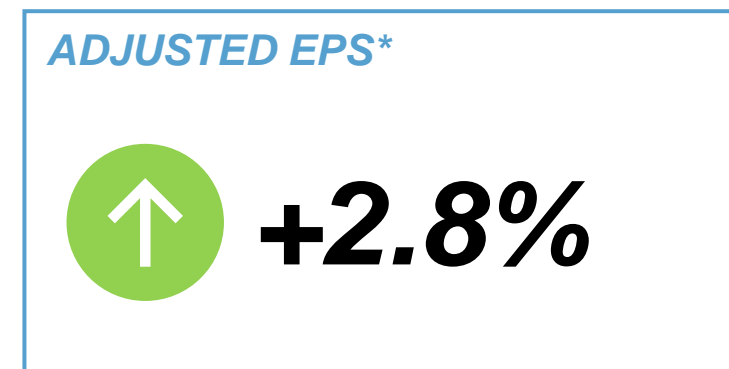
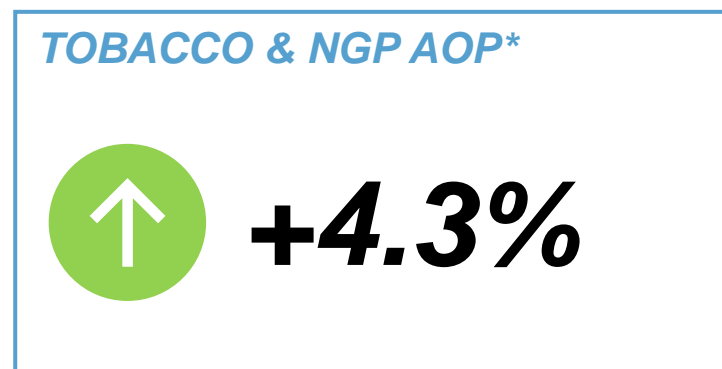
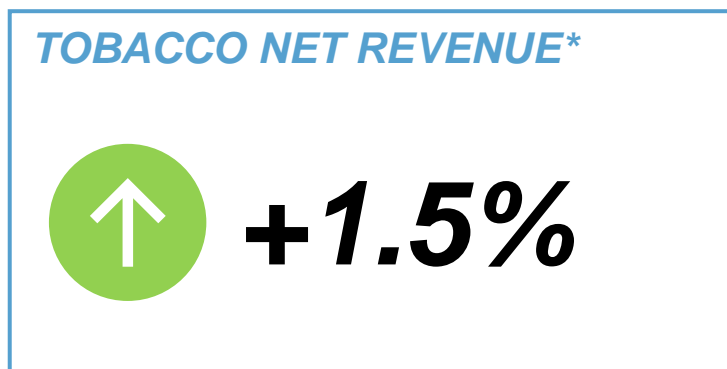
SHARPER FOCUS BEGINS TO ARREST LONG-TERM SHARE DECLINES



\* MAT weighted average market share growth of priority markets; consistent market size

# Successful Year of Delivery

A RESILIENT TOBACCO PERFORMANCE AND STRONG CASH FLOW





# ***FINANCIAL REVIEW***

**Lukas Paravicini**



# ***Initial Observations***

*A HIGH-QUALITY BUSINESS WITH POTENTIAL*



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## ***OBSERVATIONS AFTER SIX MONTHS***

- High quality business
- Clear strategy to unlock value
- Strong cash flows to drive investment and shareholder returns

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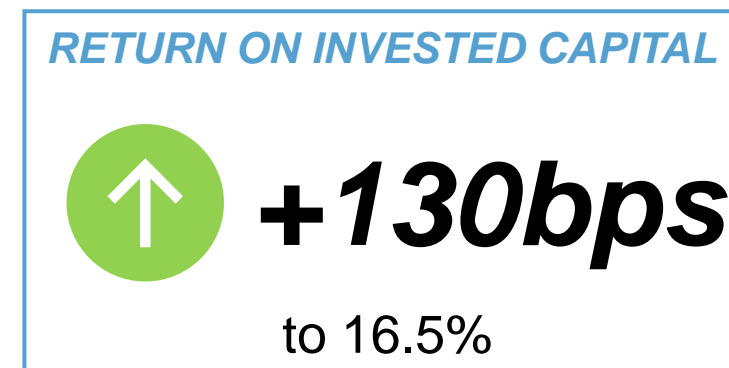
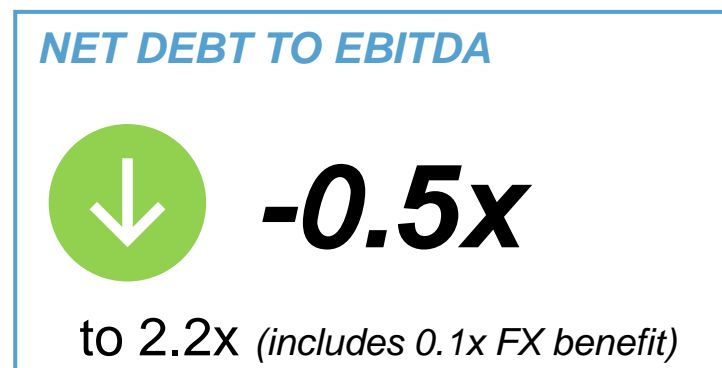
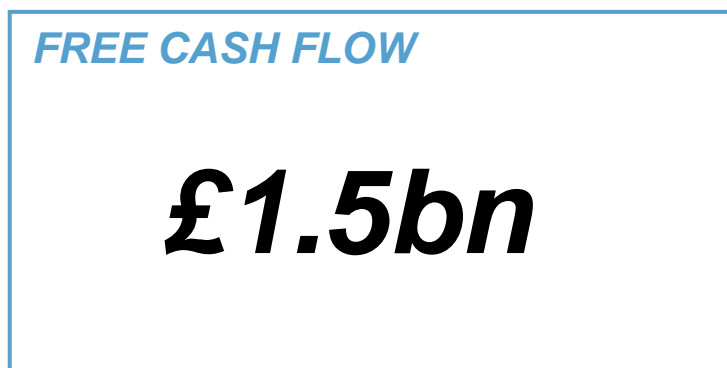
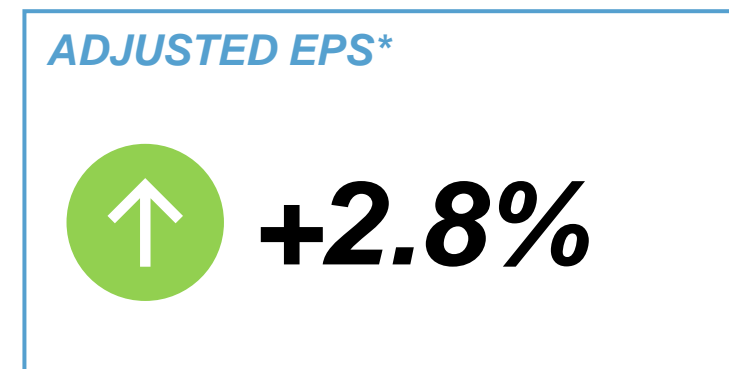
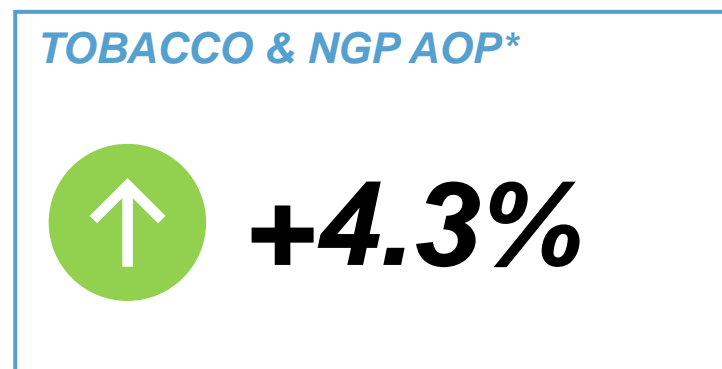
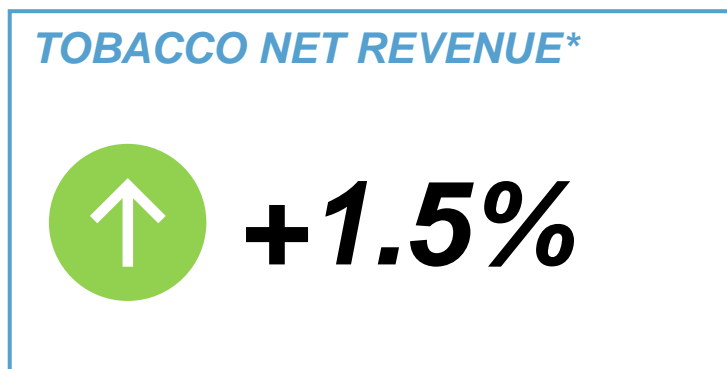
## ***MY PRIORITIES***

- Sustainable free cash flow generation
- Modernise finance ways of working
- Committed to transparent disclosure



# Successful Year of Delivery

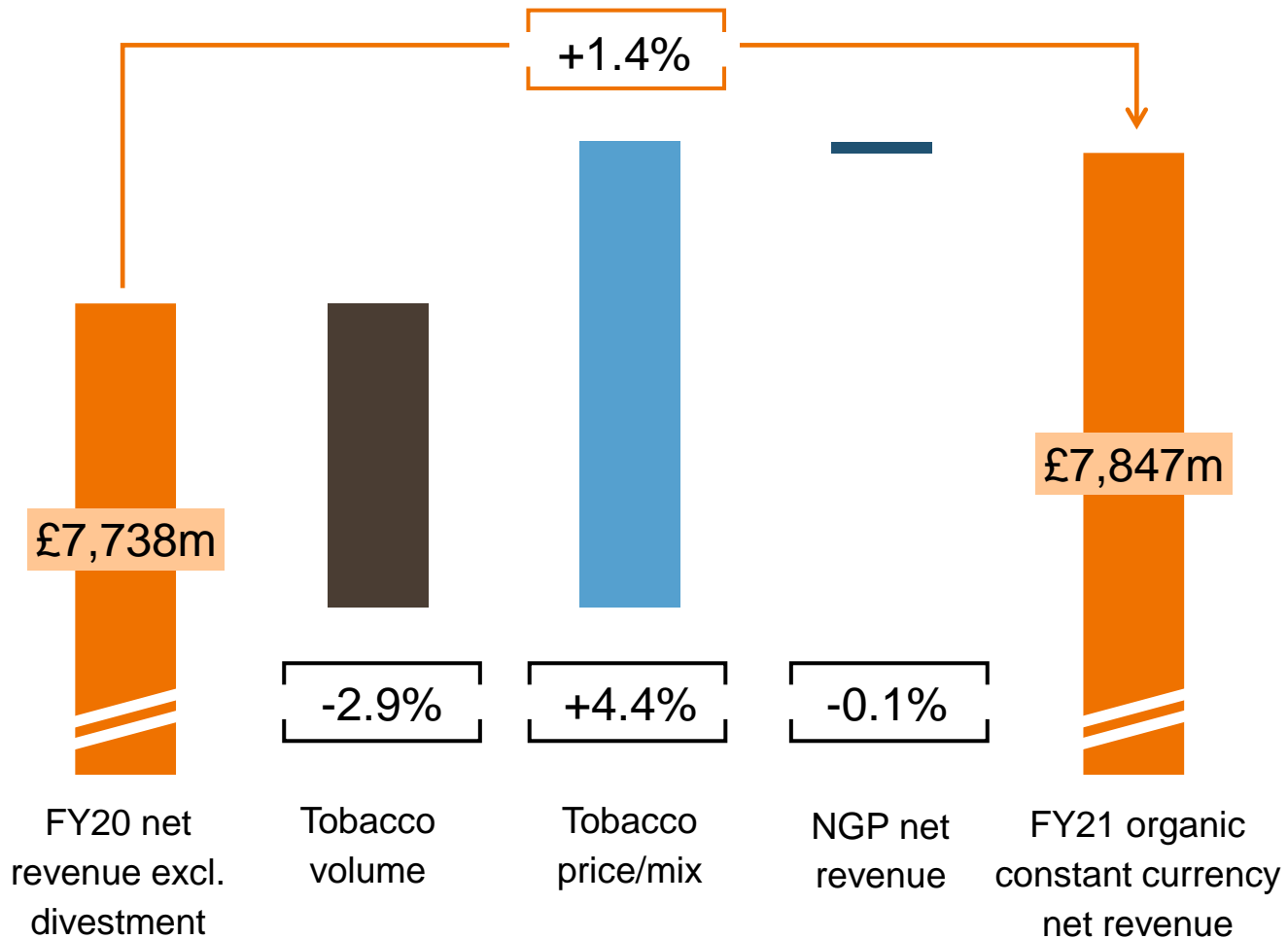
A RESILIENT TOBACCO PERFORMANCE AND STRONG CASH FLOW



# Net Revenue Growth Driven by Tobacco Pricing



NGP NET REVENUE STABILISING AS WE RESET OUR FOCUS

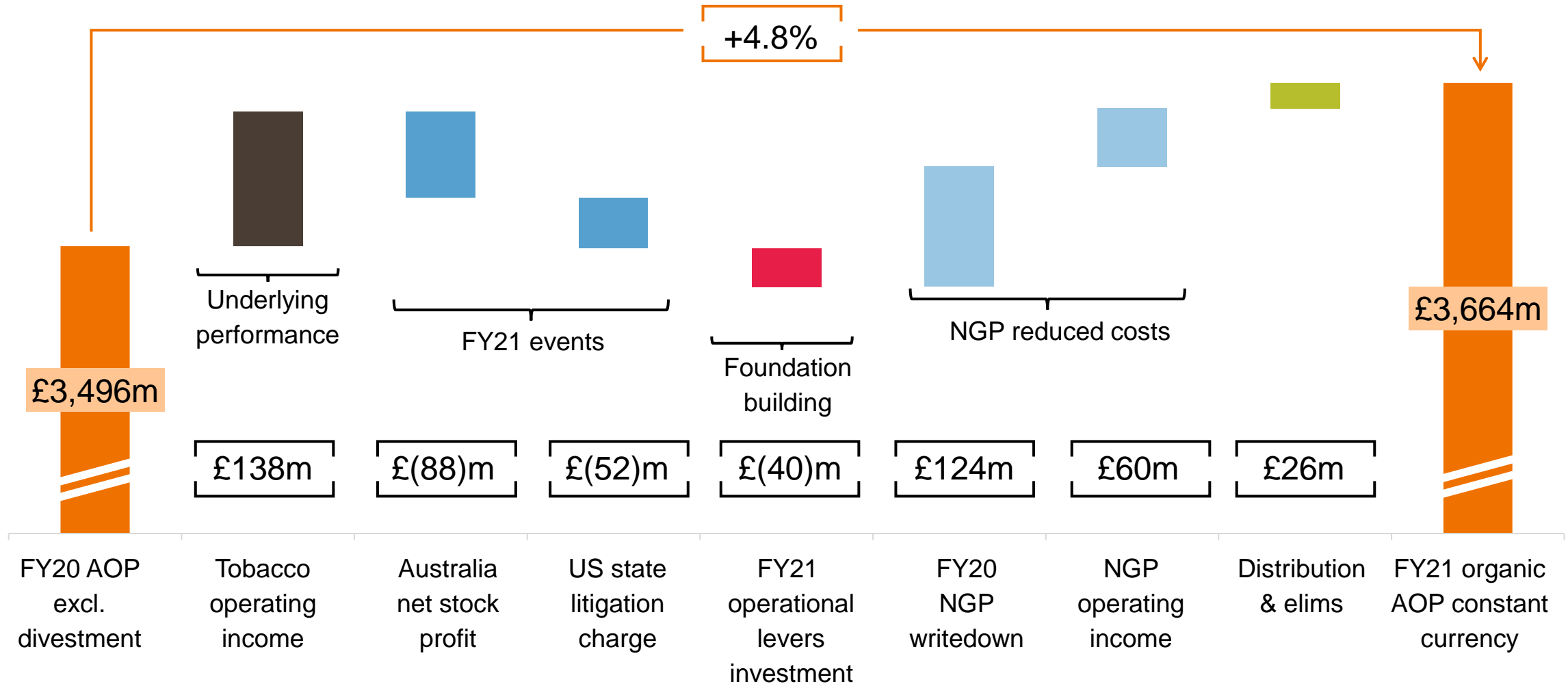


## STRONG TOBACCO PERFORMANCE

- **-2.9% tobacco volumes** remain better than historical trend
- **+1.5% tobacco net revenue** excluding Australia excise change;
  - +2.7% tobacco net revenue
  - +5.6% tobacco price/mix
- **+8.6% NGP NR growth excl. exits**
  - Europe vapour growth offset by Japan and Russia exits
  - -3.9% reported NGP NR after exits

# Delivering Organic Adjusted Profit Growth

STRONG TOBACCO GROWTH AND REDUCED NGP COSTS



# Operating Profit: Adjusting Items as Guided

MAJOR CHANGE PROGRAMME ON TRACK TO DELIVER STEP-CHANGE



|   |                |
|---|----------------|
| <b><i>FY21 Reported operating profit</i></b>    | <b>£3,146m</b> |
| <i>Restructuring costs</i>                      | £257m          |
| <i>Amortisation and impairment</i>              | £450m          |
| <i>Profit on subsidiary disposal</i>            | £(281)m        |
| <i>Net other*</i>                               | £(2)m          |
| <b><i>Organic adjusted operating profit</i></b> | <b>£3,570m</b> |

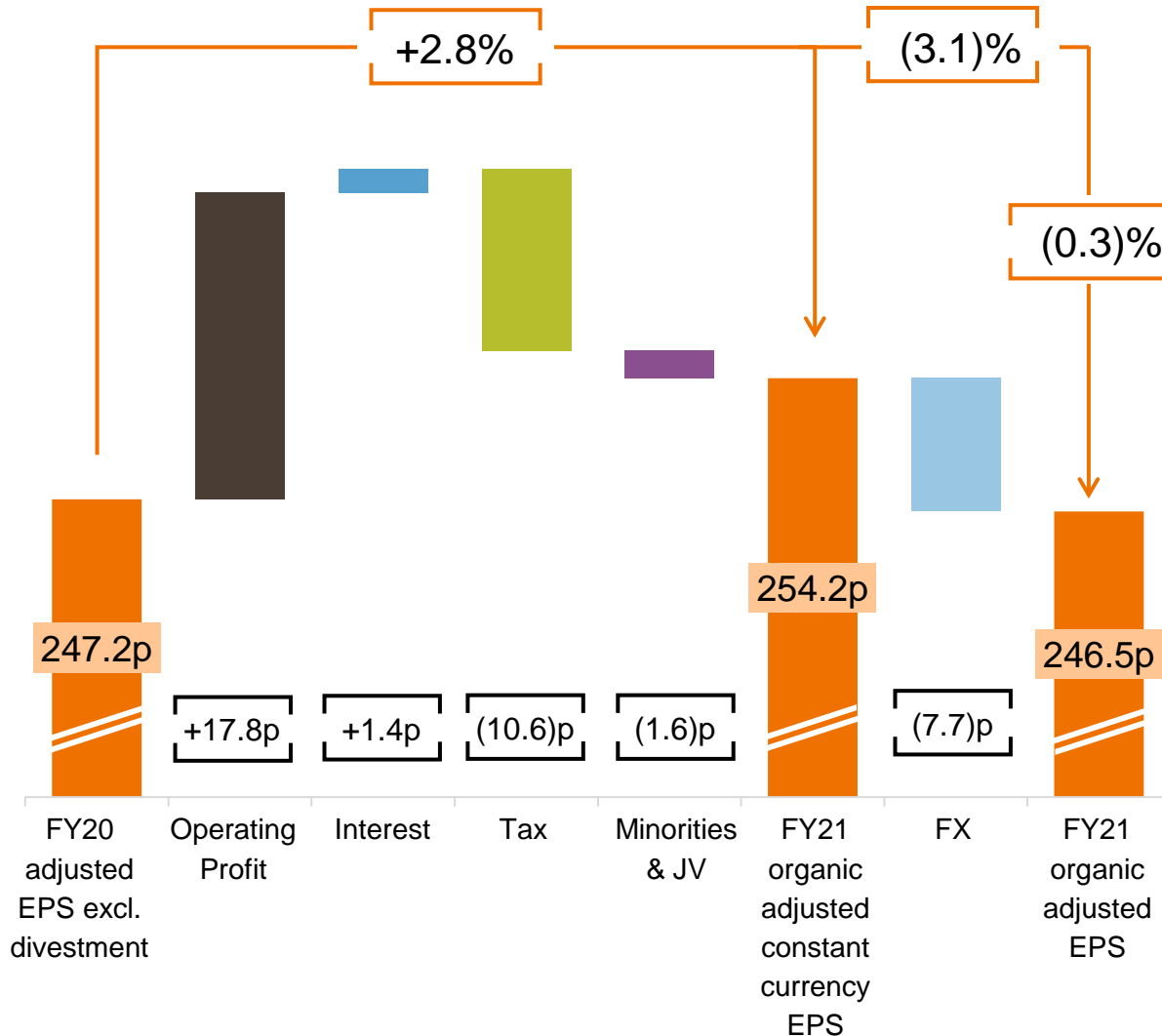
## ***Adjustments to reported operating profit***

- **Organisational change programme on track**
  - Restructuring costs in line with strategy guidance
  - Programme will deliver step-change in capabilities
  - Expect initiatives substantially completed by end FY22
  - FY21 last year of legacy cost optimisation programmes
- **£118m NGP intangible asset impairment**
  - £73m reflected in restructuring costs
  - £45m included in amortisation & impairment
- **Profit on subsidiary disposal**
  - Premium Cigar disposal proceeds as per half year

# EPS Up +2.8% Driven by Higher Operating Profit



PROFIT UPSIDE PARTLY OFFSET BY TAX AND EARLY BOND REPAYMENT



## MANAGING INTEREST AND TAX

### Good deleverage progress

- Interest saving from lower debt partly offset by early \$1.25bn Jul 22 bond repayment
- Benefits gross debt, no impact on net debt
- Expect FY22 interest charge of £360m

### Upward pressure on tax

- FY21 tax rate of 22.6% marginally better than guidance
- Expect upward pressure to continue in FY22

# Continued Robust Cash Delivery

£1.5BN OF FREE CASH FLOW INCLUDES WORKING CAPITAL UNWIND



**CASH**

**£1.5bn**

*Free cash-flow*

**+1%**

*Dividend growth*



**CASH CONVERSION**

**83%**

*Includes  
c. (20)% impact  
from FY20  
working capital  
unwind*



**NET DEBT**

**2.2x**

*Net debt / EBITDA*

**£8.6bn**

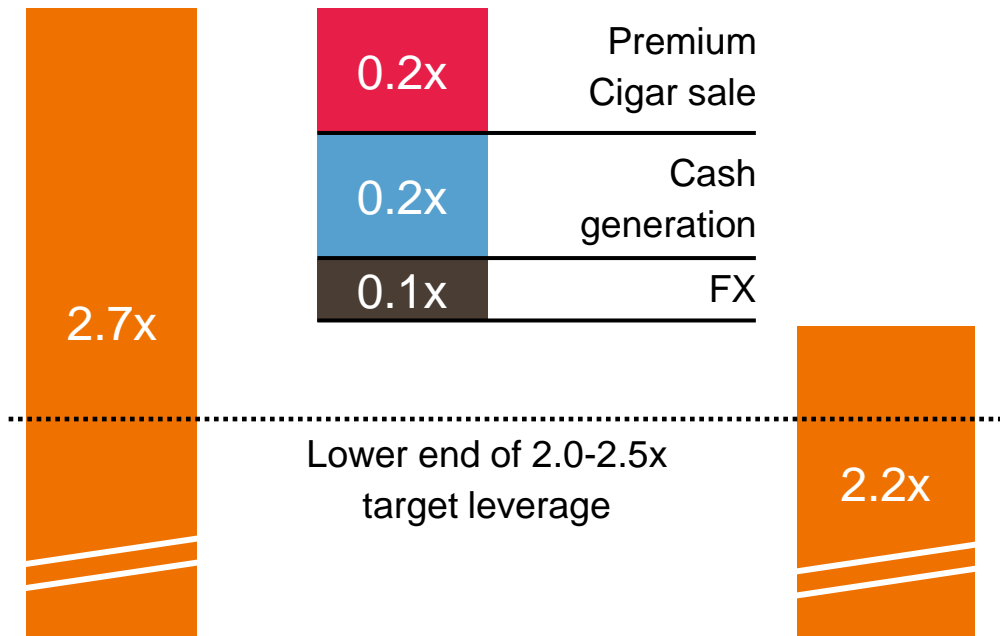
*Adjusted net debt*

# Good Progress Towards Target Leverage

2.2X GEARING; NEARING SUSTAINABLE TARGET RANGE



## Good Deleverage progress



## Capital allocation priorities

- 1 Investing in the strategy
- 2 Strong and efficient balance sheet
- 3 Progressive dividend policy
- 4 Surplus capital returns



# ***FY22 Outlook***

## ***STRENGTHENING OUR FOUNDATIONS***

Delivery in line with our medium-term plan

Net revenue constant currency growth at a similar rate as FY21

Adjusted AOP at constant currency to grow slightly slower than revenue reflecting increased investment

Phasing weighted to second half

Higher tax rate (c. 24%) partly offset by lower finance charge



# ***Strong Performance in FY21 Creates Momentum***



***STRENGTHENING THE BUSINESS AHEAD OF PHASE TWO***

## ***SUMMARY OF FY21***

# 21

- Building the foundations
- Strengthening performance
- Rebuilding the balance sheet



A young woman with long, wavy, reddish-brown hair is looking out of a window. She has a thoughtful expression, resting her chin on her hand. The background is a blurred view of a city or town with green hills and buildings.

# ***BUILDING FOUNDATIONS FOR FUTURE GROWTH***

Stefan Bomhard

# A Clear Five-Year Plan With Two Phases



GOOD PROGRESS IMPLEMENTING PHASE ONE OF OUR STRATEGY

**FY21 TO FY22**

**FY23 TO FY25**

**Phase One – Strengthening**

**Phase Two – Improving Returns**

*Strategic focus*

- Increased investment in operational growth drivers
- New ways of working to deliver efficiencies
- Implement operational excellence improvements

- Investment and operational improvements enhance financial delivery
- Refine investment to consolidate delivery
- Leveraging efficiency benefits

*Net revenue*

Gradually improving trajectory with 5-year CAGR of 1-2%

*Adjusted operating profit*

- FY22 – Flat on FY21 (excluding non-repeat of net £40m US state litigation settlement) with no margin reset necessary

- Improving profit growth
- 3-year mid-single digit CAGR

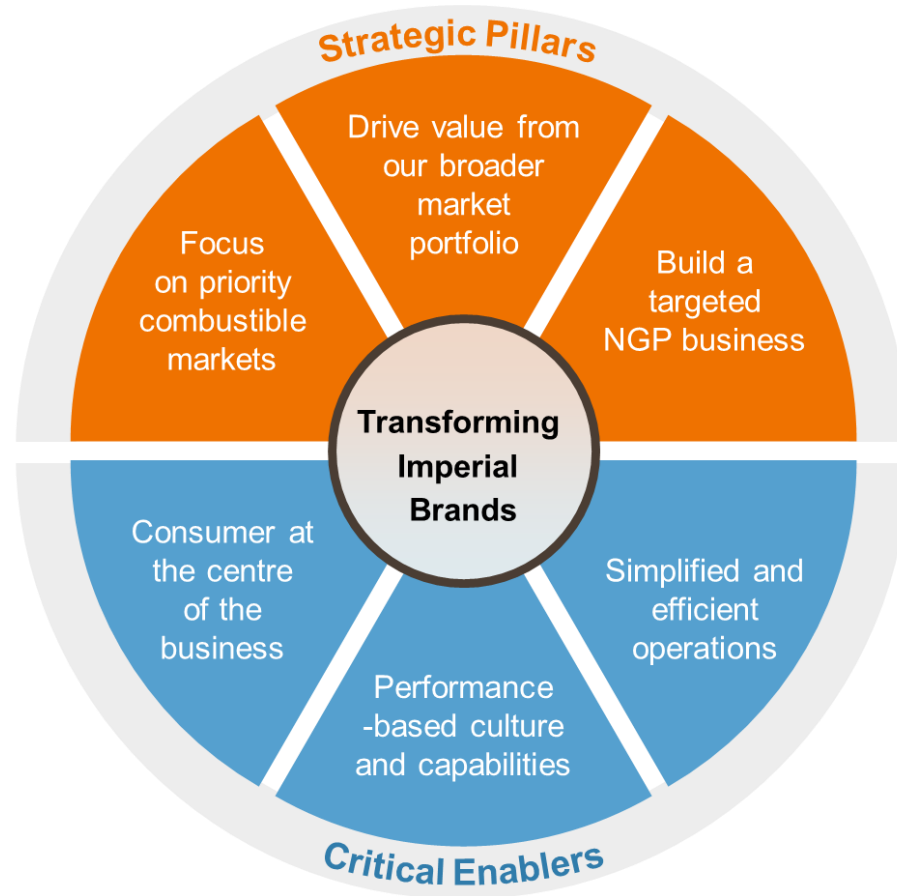
# A Year of Building Connections

*BUILDING FOUNDATIONS WITH COLLEAGUES, CUSTOMERS, CONSUMERS*



# New Purpose and Vision

CREATING A COMMON HIGH-PERFORMANCE CULTURE FOR IMPERIAL BRANDS



## OUR PURPOSE

*“Forging a path to a healthier future for moments of relaxation and pleasure”*



## OUR VISION

*“To build a strong challenger business powered by responsibility, focus and choice”*

# ESG: Foundations for a Responsible Business



OUR PURPOSE AND VISION DEFINE OUR ESG PRIORITIES

ESG PRIORITIES

|                              |  |
|------------------------------|--|
| Consumer health              |  |
| Climate & energy             |  |
| Human rights                 |  |
| Farmer livelihoods & welfare |  |
| Waste                        |  |

## 21

### PROGRESS

- Launched NGP heated tobacco and vapour trials
- Commitment to net zero by 2040
- Step change in Board and ELT diversity
- Strengthened team with new ESG Director and Board committee

## 22

### PRIORITIES

- Conclude refresh of ESG strategy and priorities
- ESG Materiality Assessment and Stakeholder Engagement
- On track for Task Force on Climate-related Disclosures (TCFD)



# Priority Markets: Clear Levers to Improve Performance



>25 GROWTH INITIATIVES IN OUR FIVE PRIORITY MARKETS

## SIX OPERATIONAL LEVERS IN OUR FIVE PRIORITY MARKETS

### Cigarettes

1 Increase participation in sub-premium

2 Drive and rejuvenate local jewel brands

3 Optimise our approach to the value segment

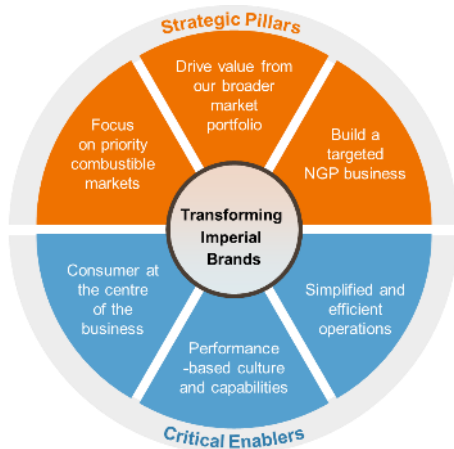
### Fine-cut

4 Maximise the potential of fine-cut tobacco category

### All Combustibles

5 Drive performance in under-penetrated channels and regions

6 Maximise value creation through Key Accounts







# USA: Delivering Share Growth and Strong Financials



## INVESTMENT STRENGTHENING PERFORMANCE

### CIGARETTE MARKET SHARE

**+20bps to 9.1%**

### MASS MARKET CIGAR

**+500bps**

### TOBACCO NET REVENUE

**+10.4%**

### ADJUSTED OPERATING PROFIT

**+8.0%**



### STRONG DELIVERY

- 3rd year of market share growth
- Winston and Kool share held in sub-premium category
- Sonoma and Crowns drive share growth in deep-discount segment
- Revenue driven by
  - strong cigarette pricing and
  - mass market cigar growth

### INVESTING IN GROWTH DRIVERS

- Expanding coverage and distribution
- Recruitment and training of 200 new sales reps
- Winston brand equity investment test trial of new pack design Texas





# USA: Mass Market Cigar Significant Growth



GAINING SHARE WITHIN A GROWING CATEGORY

## CONSUMER-FOCUSED PORTFOLIO



**+500bps**

Category share growth (MAT)

**#2**

Mass market cigar volume manufacturer

**+45%**

Volume growth (vs LY)



## FOCUS ON OPERATIONAL LEVERS DRIVES PERFORMANCE

- Leveraging our iconic heritage brands
- Engaging through point of sale, events and special edition flavours
- Meeting demand in natural wrapper segment with Dutch Leaf launch
- Investing in leaf supply and quality





# Germany: Investing to Arrest Long-Term Declines



IMPROVING SHARE TREND IN RECENT MONTHS

## FOCUS ON BRAND EQUITY AND SALES EXCELLENCE

- Investing to improve sales coverage and distribution
- Improved channel, regional and key account focus
- Operational changes to improve effectiveness and efficiency
- New equity campaigns to rejuvenate JPS
- Larger pack formats to meet value demand
- Market remains attractive but highly competitive



combustible share vs LY

**(50)bps**

FY21 combustible market share

**20%**

of Group net revenue

**13%**



# Australia: Actions Are Improving Performance

## IMPROVED SHARE TRAJECTORY IN RECENT MONTHS



### GROWTH INITIATIVES TO IMPROVE SHARE

- Improved performance over recent months
- Initiatives have strengthened trade advocacy
- Continued success with P&S
- Launch of crushball formats and focus on new pack size variants
- New brand and product opportunities to address consumer needs



**combustible  
share vs LY**

**(120)bps**

**FY21 combustibile  
market share**

**32%**

**of Group  
net revenue**

**4%**

# UK & Spain: Targeted Brand Strategy Drives Growth



IMPROVED SHARE PERFORMANCE FROM BRAND INITIATIVES

## +20BPS COMBUSTIBLE SHARE GROWTH



- Share gain driven by Embassy brand
- Successful launch of new Embassy Signature range in dark market captures 1.8% spot share
- Tailored sales activities driven by targeted regional focus
- Increased coverage supported by existing advocacy programmes



## +10BPS COMBUSTIBLE SHARE GROWTH



- Strong domestic share performance
- Share growth across brand portfolio
- Successful rejuvenation of local jewel brands
- Nobel, Fortuna, Ducados and West brands all gaining share



# Driving Value From Our Broader Market Portfolio



HIGH MARGINS AND CASH FLOWS MAKE VALUABLE CONTRIBUTION

## GROWING SHARE IN WIDER PORTFOLIO

- Group tobacco share up 20 bps

## SPOTLIGHT ON OUR AFRICAN PORTFOLIO

- Strong set of results:
  - **+5%** volume growth; **+20%** operating profit growth
- Brand portfolio strategy drives upside
  - Gauloises gains in North Africa markets
  - Local jewel strategy delivering share growth
- Gauloises becomes #1 brand in Morocco
- **+20%** volume growth from Fine brand in Côte d'Ivoire, supported by increased distribution



# Our New NGP Approach Plays To Our Strengths



WE ARE TAKING A VERY DIFFERENT CONSUMER-LED APPROACH

We are building the foundations for a meaningful NGP business

## Market Focus

Prioritising markets with an **established category presence** and **existing route to market**



## Product Approach

Differentiated products to **provide greater choice to existing consumers**



## Marketing-led

Investment focused on **brand building and consumer communications**



## Investment Need

**Cost effective approach** reflects our smaller size and our ambition

**Focused category/ market approach**



*Heated tobacco*



*Vapour*



*Modern oral nicotine*

# Heated Tobacco Trials: Czech Republic and Greece



LEVERAGING OUR ROUTE TO MARKET CAPABILITIES

## CZECH REPUBLIC



HT category  
launched

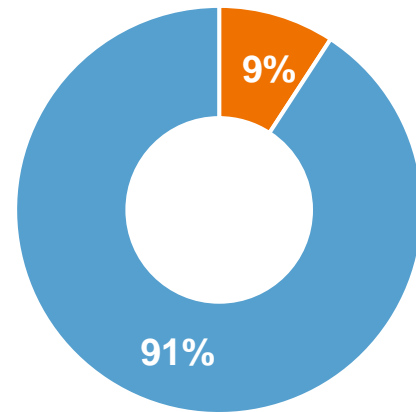
**2017**

FY21 HT sticks  
market size

**+13%**  
v FY20

IMB tobacco  
market share

**15%**



HT % total  
nicotine consumption\*

## GREECE



HT category  
launched

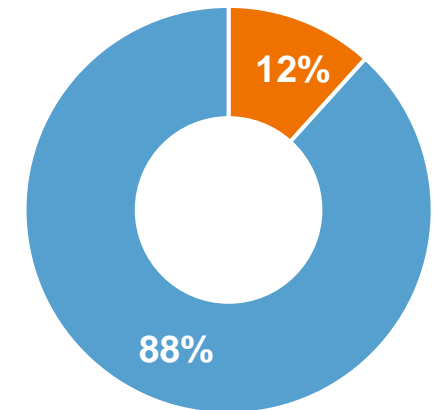
**2016**

FY21 HT sticks  
market size

**+32%**  
v FY20

IMB tobacco  
market share

**12%**



HT % total  
nicotine consumption\*



**PULZE**



# Delivering our Heated Tobacco Trials



CONSUMER INSIGHT WILL INFORM SCALE AND PACE OF NEXT STEPS

- Encouraging initial progress
- Achieved target distribution on trials
- Good response from trade partners and consumers
- Will be informed by consumer feedback and repurchase rates



# US Consumer Trial of Refreshed blu Offer Underway



## TESTING NEW CONSUMER MARKETING PROPOSITION



- Building distribution in focus trial area – Charlotte, North Carolina
- New consumer marketing approach includes:
  - Refreshed packaging
  - New marketing campaign
  - Enhanced point of sale presence
  - New on-line sales platform

# 2022 Will Enhance Our Investment Case

CLEAR ACTIONS TO IMPROVE PERFORMANCE AND RETURNS



## FY22 PRIORITIES

 Increased investment in priority markets

 NGP targeted trials

 Embedding new ways of working

 Continued focus on cash delivery

 Disciplined capital allocation



## INVESTMENT CASE

Revitalised tobacco business driving strong cash returns

A disciplined NGP business providing options for potential harm reduction and growth

Self-help initiatives deliver operational improvement and strengthen performance

Strong sustainable cash flow generated from a high-quality portfolio

Progressive dividend supplemented by capital returns at the appropriate time



*FULL YEAR  
RESULTS*

*16 NOVEMBER 2021*



**IMPERIAL  
BRANDS**

***APPENDICES***

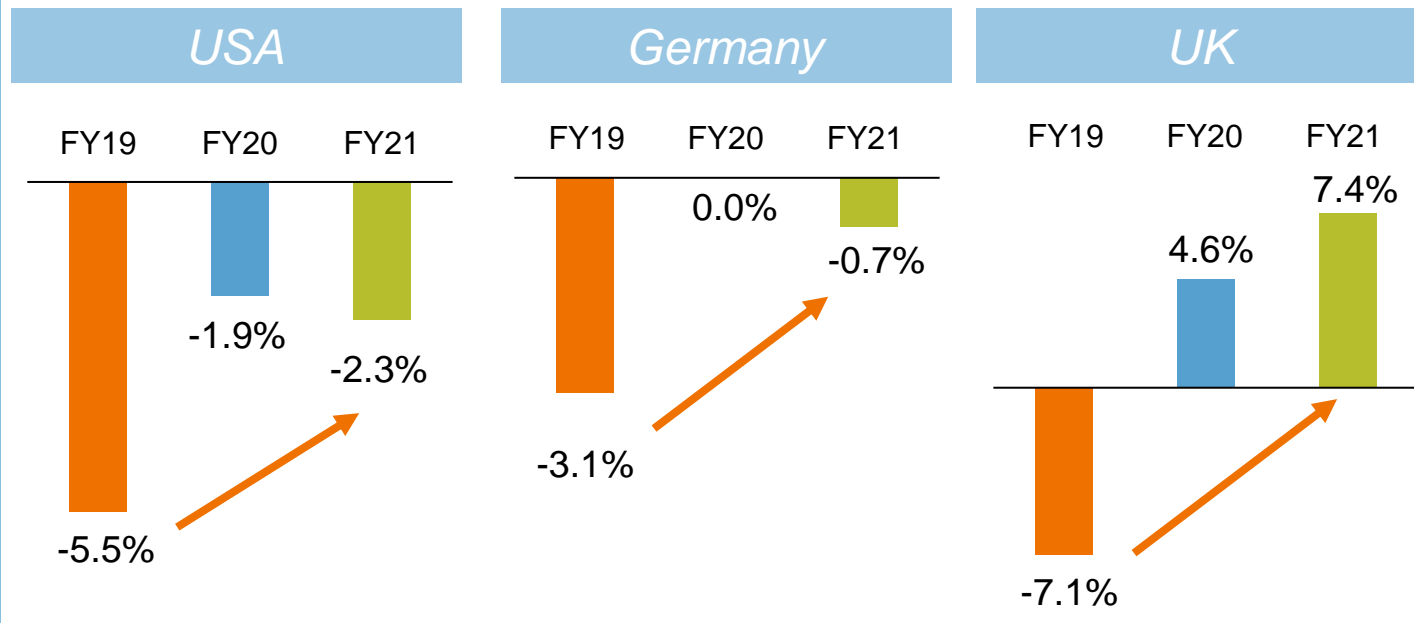
***GROUP  
FINANCIALS***

# COVID-19 Has Affected Market Dynamics

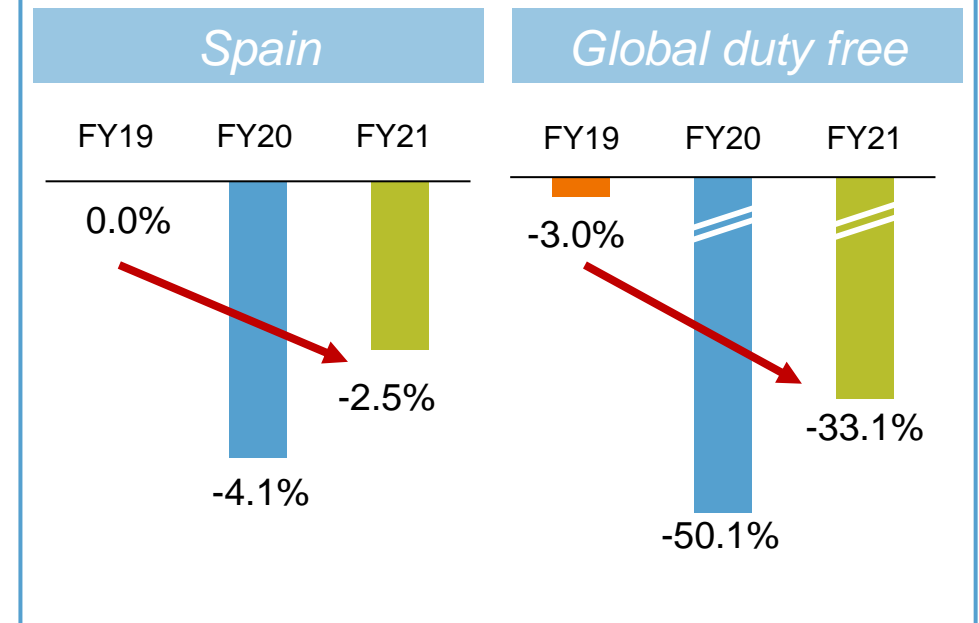
VOLUME MARKET SIZE TRENDS YET TO REVERT TO HISTORICAL NORMS



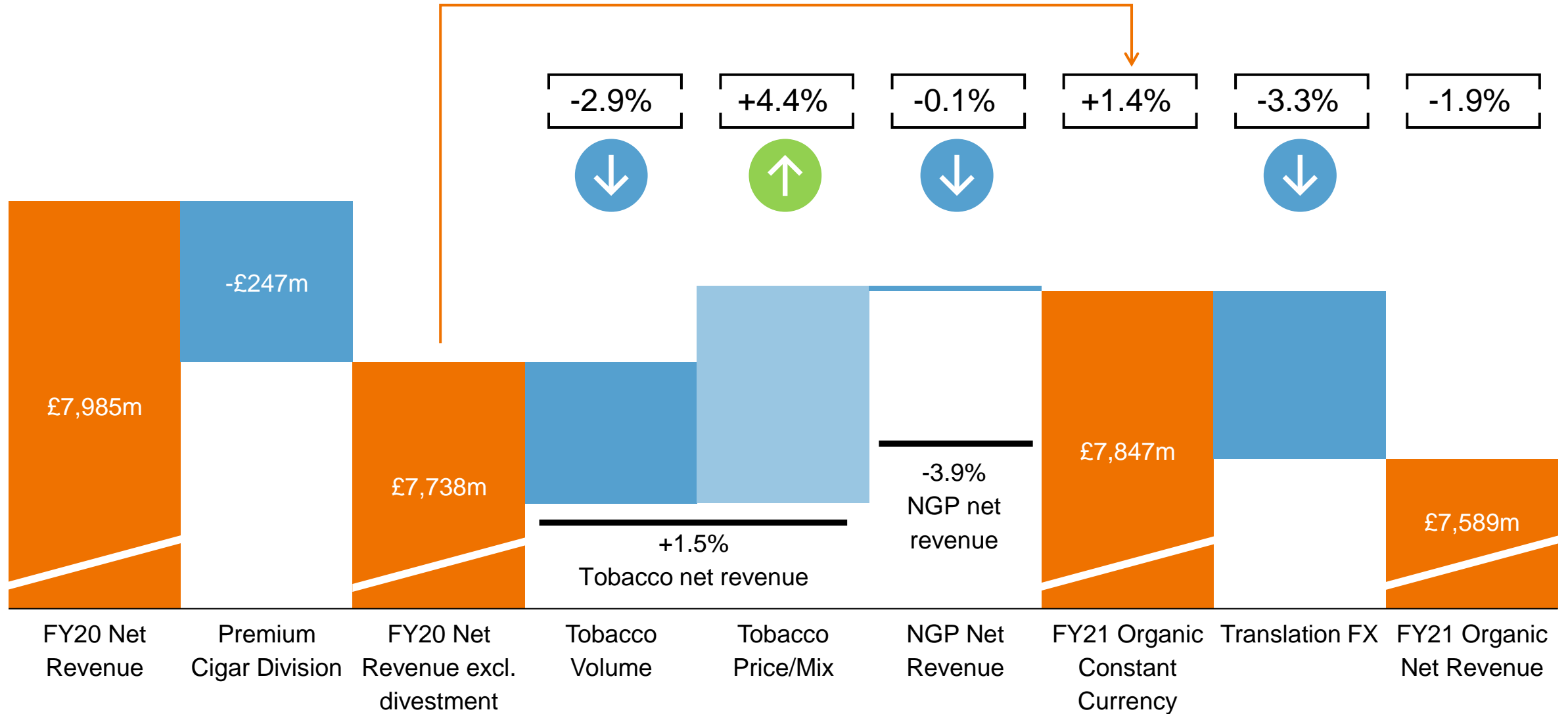
## ⊕ POSITIVE IMPACT ON MARKET SIZE TREND



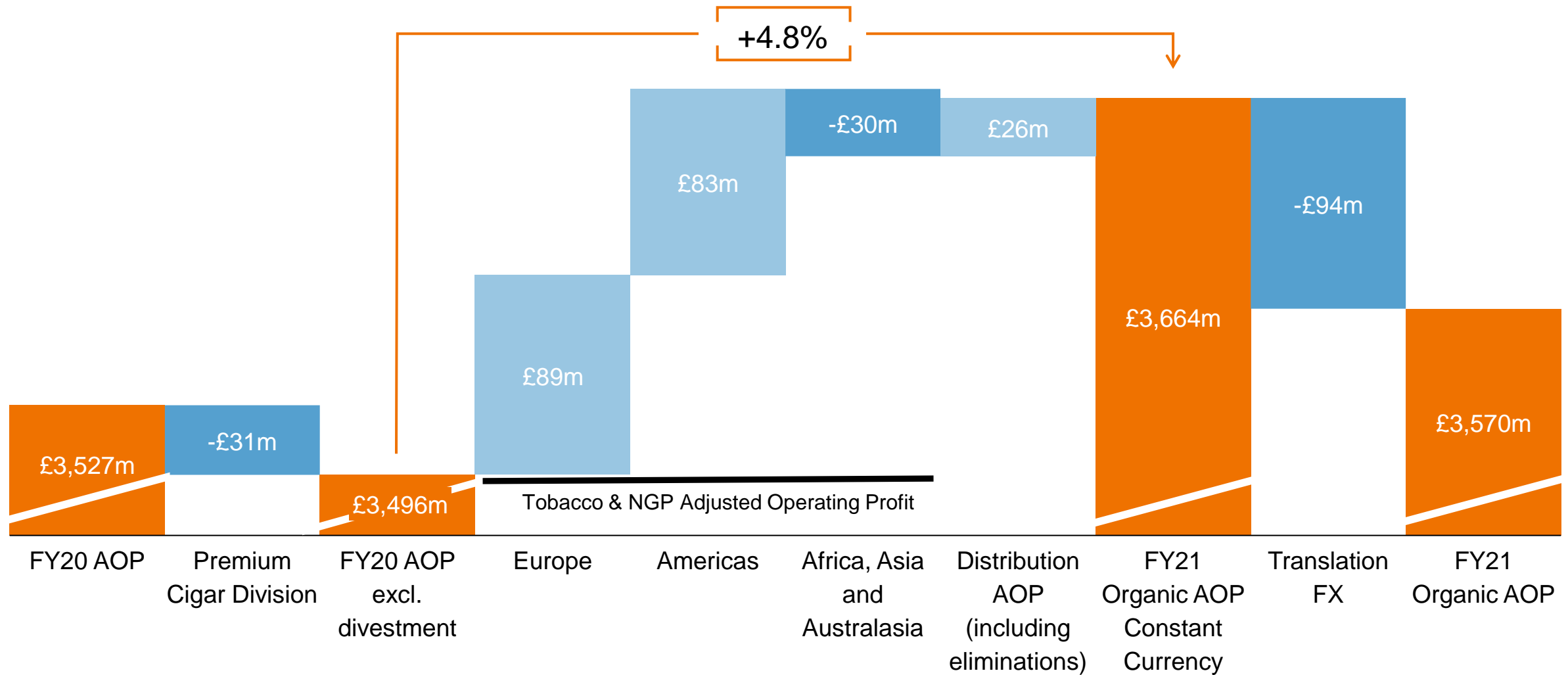
## ⊖ NEGATIVE IMPACT ON MARKET SIZE TREND



# Net Revenue

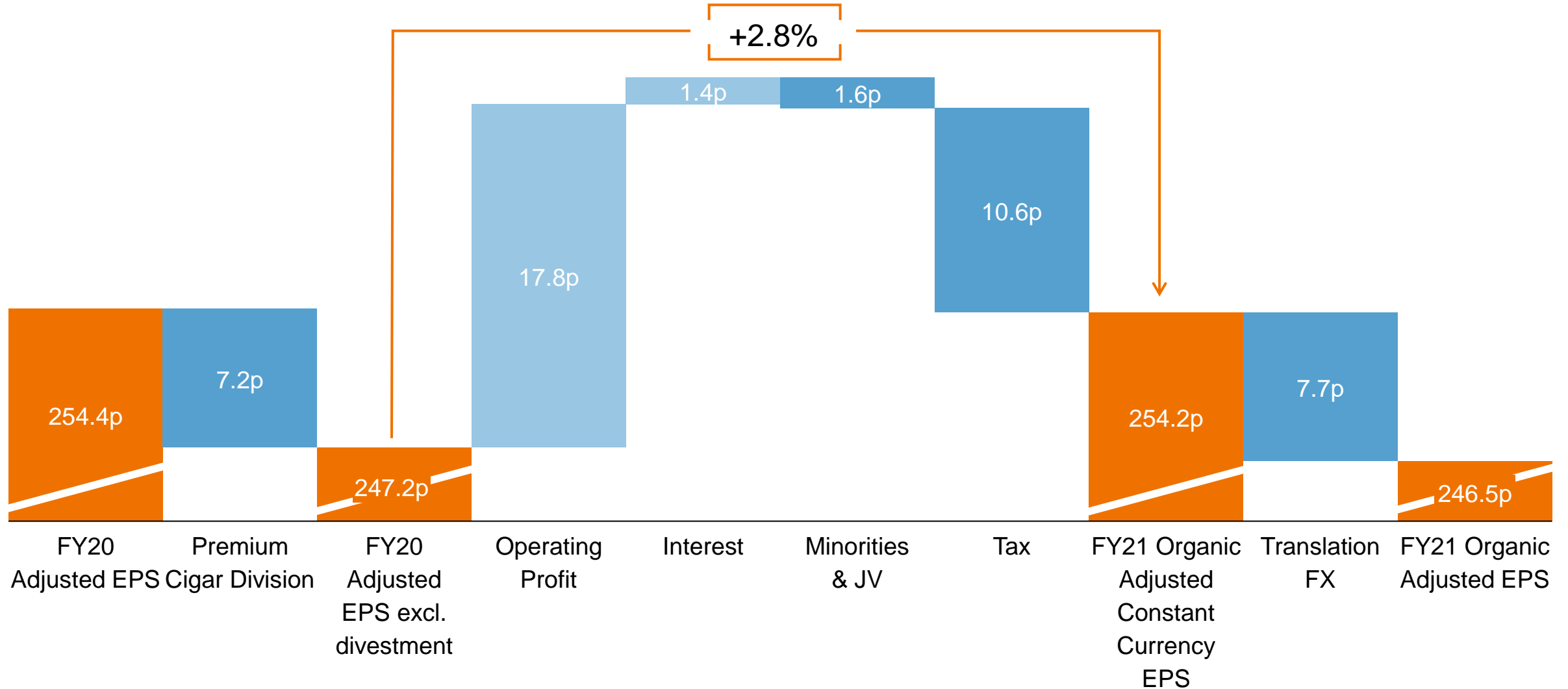


# Adjusted Operating Profit





# Adjusted Earnings Per Share



# Group Organic Adjusted Results



|                                 |    | FY20  | Premium Cigars | FY20 excl. divestment | Foreign Exchange | Constant Currency Growth | FY21 excl. divestment | Actual Δ | Constant Currency Δ |
|---------------------------------|----|-------|----------------|-----------------------|------------------|--------------------------|-----------------------|----------|---------------------|
| Tobacco net revenue             | £m | 7,784 | (247)          | <b>7,537</b>          | (253)            | 117                      | <b>7,401</b>          | -1.8%    | +1.5%               |
| NGP net revenue                 | £m | 201   | -              | <b>201</b>            | (5)              | (8)                      | <b>188</b>            | -6.4%    | -3.9%               |
| Tobacco & NGP operating profit  | £m | 3,288 | (31)           | <b>3,257</b>          | (94)             | 142                      | <b>3,305</b>          | +1.5%    | +4.3%               |
| Tobacco & NGP profit margin     | %  | 41.2% |                | <b>42.1%</b>          |                  |                          | <b>43.5%</b>          | +140bps  | +140bps             |
| Distribution net revenue        | £m | 1,015 | -              | <b>1,015</b>          | (5)              | 59                       | <b>1,069</b>          | +5.3%    | +5.8%               |
| Distribution operating profit   | £m | 226   | -              | <b>226</b>            | (1)              | 33                       | <b>258</b>            | +14.2%   | +14.8%              |
| Distribution margin             | %  | 22.3% |                | <b>22.3%</b>          |                  |                          | <b>24.1%</b>          | +180bps  | +180bps             |
| Distribution Eliminations       | £m | 13    | -              | <b>13</b>             | 1                | (7)                      | <b>7</b>              | -50.3%   | -50.0%              |
| Group adjusted operating profit | £m | 3,527 | (31)           | <b>3,496</b>          | (94)             | 168                      | <b>3,570</b>          | +2.1%    | +4.8%               |

# Group Organic Adjusted Results



|                                 |       | FY21*   | FY20*    |
|---------------------------------|-------|---------|----------|
| Group adjusted operating profit | £m    | 3,570   | 3,496    |
| Adjusted net finance costs      | £m    | (417)   | (429)    |
| Share of profit of JVs          | £m    | 7       | 1        |
| Adjusted profit before tax      | £m    | 3,160   | 3,068    |
| Adjusted tax rate               | %     | 22.6%   | 20.7%    |
| Adjusted EPS                    | pence | 246.5   | 247.2    |
| Dividend per share              | pence | 139.08  | 137.71   |
| Cash conversion                 | %     | 83%     | 127%     |
| Adjusted net debt               | £m    | (8,615) | (10,299) |

# Reconciliation: Reported to Adjusted



| £m<br>(unless otherwise<br>stated)                     | Reported<br>FY21 | Amort. of<br>acquired<br>intangibles | Rest.<br>costs | Profit on<br>disposal of<br>subsidiaries | Excise tax adj.<br>provision | Fair value<br>adj. of loan<br>receivable | Fair value<br>(gains) /<br>losses on<br>financial<br>instruments | Post<br>employment<br>net financing<br>cost | Tax on<br>unrecognised<br>losses | Adj.<br>attributable to<br>non-<br>controlling<br>interests | Tax on<br>disposal of<br>Premium<br>Cigar Division | Previously<br>unrecognised<br>tax losses | Acquisition<br>and disposal<br>costs | Adjusted<br>FY21 |
|--|------------------|--------------------------------------|----------------|--|------------------------------|--|--|---|----------------------------------|---|--|--|--------------------------------------|------------------|
| Operating profit                                       | <b>3,146</b>     | 450                                  | 257            | (281)                                    | (1)                          | (15)                                     | -  | -   | -                                | -   | -  | -  | 17                                   | <b>3,573</b>     |
| Share of profit of<br>JV                               | <b>11</b>        | -                                    | -              | -  | -                            | -  | -  | -   | -                                | -   | -  | -  | -                                    | <b>11</b>        |
| Finance costs  | <b>81</b>        | -                                    | -              | -  | -                            | -  | (496)  | (2)   | -                                | -   | -  | -  | -                                    | <b>(417)</b>     |
| Profit before tax                                      | <b>3,238</b>     | 450                                  | 257            | (281)                                    | (1)                          | (15)                                     | (496)  | (2)   | -                                | -   | -  | -  | 17                                   | <b>3,167</b>     |
| Tax  | <b>(331)</b>     | (31)                                 | (72)           | -  | -                            | -  | (78)   | (1)   | 47                               | -   | (11)   | (239)                                    | -                                    | <b>(716)</b>     |
| Profit after tax                                       | <b>2,907</b>     | 419                                  | 185            | (281)                                    | (1)                          | (15)                                     | (574)  | (3)   | 47                               | -   | (11)   | (239)                                    | 17                                   | <b>2,451</b>     |
| Minority interest                                      | <b>(73)</b>      | -                                    | -              | -  | -                            | -  | -  | -   | -                                | (43)  | -  | -  | -                                    | <b>(116)</b>     |
| Earnings<br>attributable to<br>equity<br>shareholders* | <b>2,834</b>     | 419                                  | 185            | (281)                                    | (1)                          | (15)                                     | (574)  | (3)   | 47                               | (43)  | (11)   | (239)                                    | 17                                   | <b>2,335</b>     |
| Basic EPS (pence)*                                     | <b>299.9</b>     | 44.3                                 | 19.6           | (29.7)                                   | (0.1)                        | (1.6)                                    | (60.7)   | (0.3)                                       | 5.0                              | (4.6)   | (1.2)  | (25.3)                                   | 1.8                                  | <b>247.1</b>     |

# Income Statement



| £m (unless otherwise stated)   | FY21   | FY20   |
|--|--------|--------|
| Revenue  | 32,791 | 32,562 |
| Adjusted operating profit  | 3,573  | 3,527  |
| Acquisition and disposal costs                                       | (17)   | (26)   |
| Amortisation and impairment of acquired intangibles                  | (450)  | (523)  |
| Restructuring costs  | (257)  | (205)  |
| Excise tax provision   | 1      | 20     |
| Profit on disposal of subsidiaries                                   | 281    | -      |
| Fair value adjustment of loan receivable                             | 15     | (62)   |
| Share of profit of investments accounted for using the equity method | 11     | 45     |
| Net finance costs*   | 81     | (610)  |
| Profit before tax  | 3,238  | 2,166  |
| Tax  | (331)  | (608)  |
| Profit after tax   | 2,907  | 1,558  |
| Minority interests   | 73     | 63     |
| Basic EPS (pence)  | 299.9  | 158.3  |
| Adjusted EPS (pence)   | 247.1  | 254.4  |

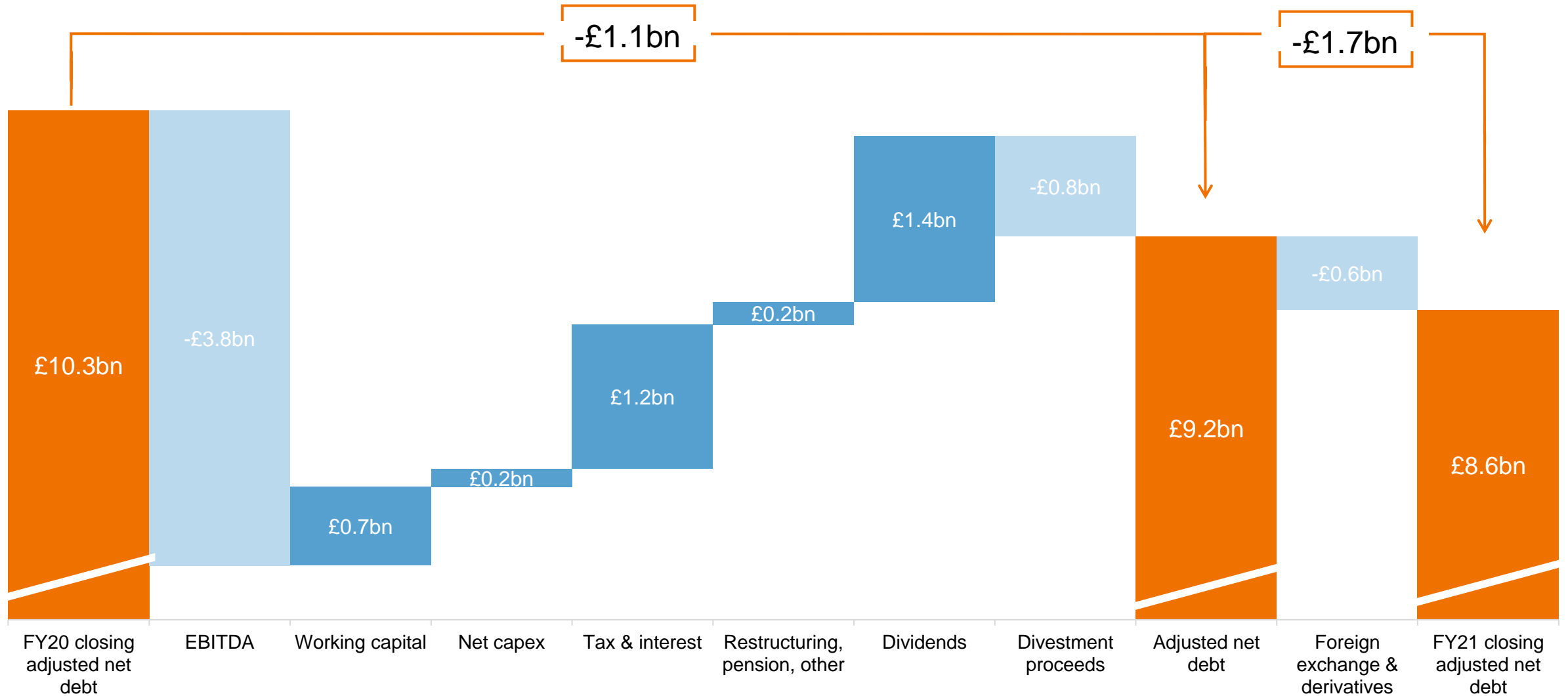


# Cash flow



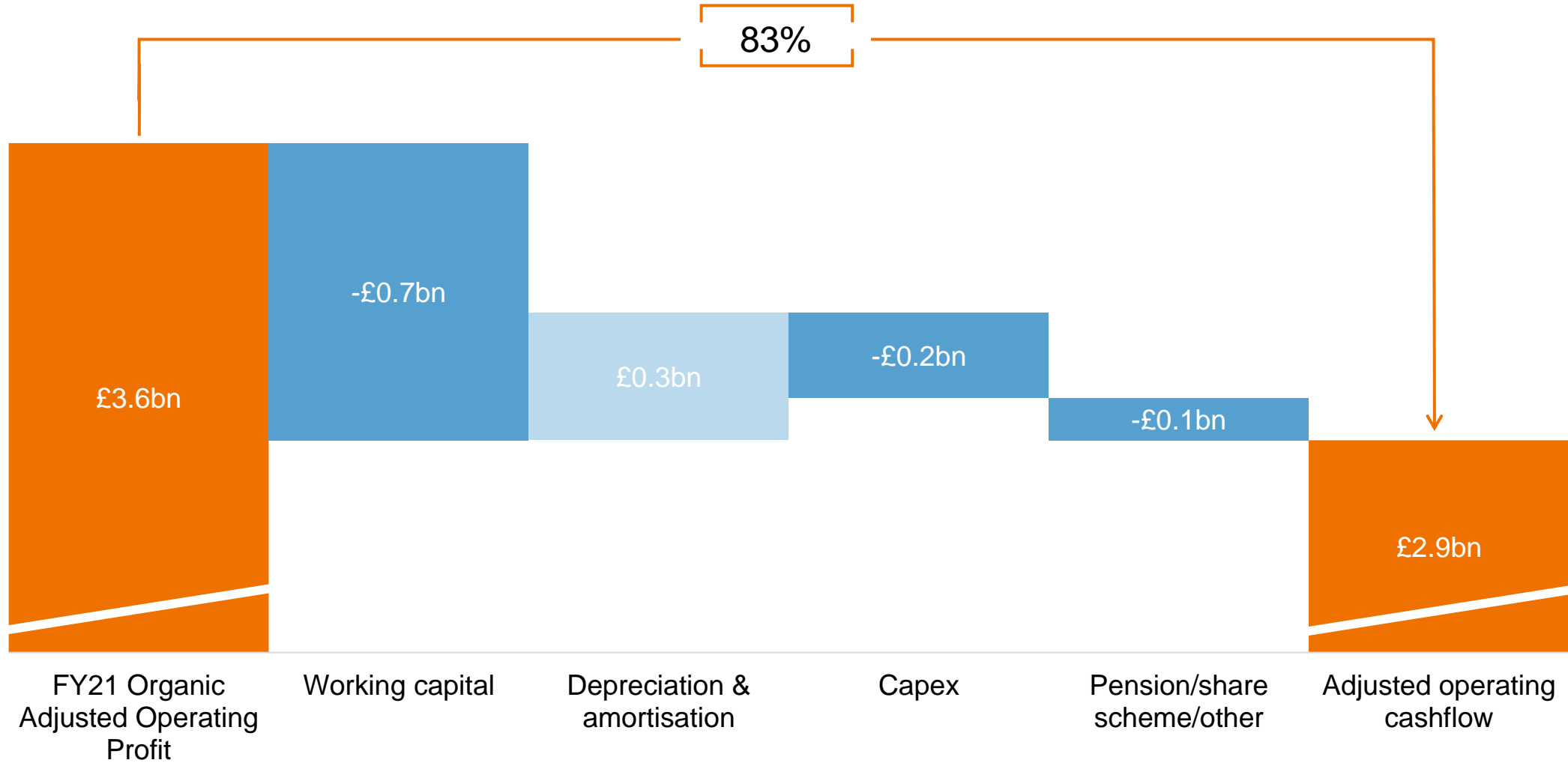
| £m   | FY21     | FY20     |
|--|----------|----------|
| Cash flows from operating activities pre tax                                       | 2,987    | 4,598    |
| Tax paid   | (820)    | (568)    |
| Cash flows from operating activities   | 2,167    | 4,030    |
| Purchase of non-current assets   | (200)    | (302)    |
| Purchase of brands and operations  | -        | (146)    |
| Repurchase of shares   | -        | (92)     |
| Proceeds from sale of non-current assets   | 50       | 28       |
| Net proceeds from sale of subsidiaries   | 845      | -        |
| Dividends paid (inc. minority interests)   | (1,398)  | (1,838)  |
| Deposit received from sale of asset held for sale                                  | -        | 83       |
| Loan to third parties  | -        | (3)      |
| Net interest paid  | (400)    | (420)    |
| Net cash flow  | 1,064    | 1,340    |
| Opening net debt   | (11,141) | (11,970) |
| Closing net debt before non-cash movements   | (10,077) | (10,630) |
| Non-cash movements   |          |          |
| Exchange movement  | 671      | (168)    |
| Other non-cash movements including revaluation of derivative financial instruments | 59       | 77       |
| Lease liabilities  | (26)     | (358)    |
| Transferred to held for disposal   | -        | (62)     |
| Closing net debt after non-cash adjustments  | (9,373)  | (11,141) |

# Net Debt





# Cash Conversion



# 12-month Cash Conversion



| £m (unless otherwise stated)              | FY21         | FY20  |
|---|--------------|-------|
| Net cash flow from operating activities   | <b>2,167</b> | 4,030 |
| Tax                                       | <b>820</b>   | 568   |
| Net capex                                 | <b>(150)</b> | (274) |
| Restructuring cash spend                  | <b>112</b>   | 145   |
| Cash flow post capex pre interest and tax | <b>2,949</b> | 4,469 |
| Adjusted operating profit                 | <b>3,573</b> | 3,527 |
| Cash conversion (%)                       | <b>83%</b>   | 127%  |
| Working capital (outflow) / inflow        | <b>(664)</b> | 1,042 |

# Net Finance Costs



| £m  | FY21  | FY20  |
|---|-------|-------|
| Net finance income/(costs)                                      | 81    | (610) |
| Adjusted for:   |       |       |
| - interest income on net defined benefit assets                 | (89)  | (99)  |
| - interest cost on net defined benefit liabilities              | 87    | 104   |
| - fair value & exchange (losses)/gains on financial instruments | (496) | 176   |
| Adjusted net finance costs                                      | (417) | (429) |

# Net Debt Reconciliation



| £m   | Reported<br>FY21 | Accrued<br>interest | Fair value of<br>derivatives | Lease<br>Liabilities | Adjusted<br>FY21 |
|--|------------------|---------------------|------------------------------|----------------------|------------------|
| Opening net debt                           | (11,141)         | 156                 | 387                          | 299                  | (10,299)         |
| Free cash flow                             | 1,524            |                     |                              |                      | 1,524            |
| Dividends                                  | (1,305)          |                     |                              |                      | (1,305)          |
| Net proceeds from sale of subsidiaries     | 845              |                     |                              |                      | 845              |
| Accretion of interest                      | 8                | (16)                |                              |                      | (8)              |
| New leases, terminations and modifications | (26)             |                     |                              |                      | (26)             |
| Change in fair values                      | 51               |                     | (20)                         | (48)                 | (17)             |
| Exchange movements                         | 671              |                     |                              |                      | 671              |
| Closing net debt                           | (9,373)          | 140                 | 367                          | 251                  | (8,615)          |

# Foreign Exchange



|                | Average |         |        |
|----------------|---------|---------|--------|
|                | FY20    | FY21    | Δ      |
| USD \$         | 1.275   | 1.369   | +7.3%  |
| EURO €         | 1.139   | 1.145   | +0.5%  |
| AUD \$         | 1.882   | 1.821   | -3.3%  |
| Russian Rouble | 88.152  | 102.069 | +15.8% |

|                | Closing |        |       |
|----------------|---------|--------|-------|
|                | FY20    | FY21   | Δ     |
| USD \$         | 1.283   | 1.346  | +4.9% |
| EURO €         | 1.096   | 1.162  | +6.0% |
| AUD \$         | 1.802   | 1.870  | +3.8% |
| Russian Rouble | 100.588 | 98.012 | -2.6% |

# Foreign Currency

## DIVISIONAL CURRENCY EXPOSURE



| Approximate weight of currency in Tobacco Net Revenue | GBP £ | EUR / EUR Linked | USD \$ | AUD \$ | Other Currencies | Other includes                             |
|---|-------|------------------|--------|--------|------------------|--|
| Europe  | 20%   | 65%              | 0%     | 0%     | 15%              | Polish Zloty, Norwegian Krone              |
| Americas  | 0%    | 0%               | 100%   | 0%     | 0%               |  |
| AAA   | 0%    | 20%              | 15%    | 20%    | 45%              | Taiwan \$, Moroccan Dirham, Russian Rouble |

- €0.01 (1 cent) movement in the € Euro has c. £20m impact on net revenue.
- \$0.01 (1 cent) movement in the \$ USD has a c. £22m impact on net revenue.

| Approximate weight of currency in Operating Profit | GBP £ | EUR / EUR Linked | USD \$ | AUD \$ | Other Currencies | Other includes                  |
|--|-------|------------------|--------|--------|------------------|---------------------------------|
| Europe   | 30%   | 70%              | 0%     | 0%     | 0%               |                                 |
| Americas   | 0%    | 0%               | 100%   | 0%     | 0%               |                                 |
| AAA  | 0%    | 15%              | 15%    | 40%    | 30%              | Moroccan Dirham, New Zealand \$ |
| Logistics  |       | 100%             |        |        |                  |                                 |

- €0.01 (1 cent) movement in the € Euro has a c. £12m impact on PBT.
- \$0.01 (1 cent) movement in the \$ USD has a c. £10m impact on PBT

# Divisional Market Share

## MAT MARKET SHARE DATA



|             | FY21  | FY20  | Δ      |
|-------------|-------|-------|--------|
| Europe      | 19.5% | 19.4% | +10bps |
| Americas    | 9.1%  | 8.9%  | +20bps |
| AAA         | 11.0% | 10.7% | +30bps |
| Total Group | 14.0% | 13.8% | +20bps |

### Market Share Calculation

Market share is presented as a 12 month average (MAT). Aggregate market share is a weighted average across markets within our footprint. The sources of market share information by market are continually reviewed to ensure the most accurate data available. Where any changes have been made we have restated (as denoted R) the PY number to ensure comparability

# FY20 Results Pro-Forma



REMOVING THE IMPACT OF THE PREMIUM CIGAR DIVESTMENT

|                                      | FY20<br>Reported | Premium<br>Cigars | FY20<br>Restated |
|--------------------------------------|------------------|-------------------|------------------|
| Volume (Bn SE)                       | 239.1            | (0.3)             | 238.8            |
| Tobacco net revenue (£m)             | 7,784            | (247)             | 7,537            |
| Group Adjusted operating profit (£m) | 3,527            | (31)              | 3,496            |
| Share of JV profits (£m)             | 45               | (44)              | 1                |
| Adjusted Profit before tax (£m)      | 3,143            | (75)              | 3,068            |
| Adjusted Earnings (£m)               | 2,403            | (68)              | 2,335            |
| Adjusted EPS (p)                     | 254.4            | (7.2)             | 247.2            |



# FY21 Results Pro-Forma



REMOVING THE IMPACT OF THE PREMIUM CIGAR DIVESTMENT

|                                      | FY21<br>Reported | Premium<br>Cigars | FY21<br>Restated |
|--------------------------------------|------------------|-------------------|------------------|
| Volume (Bn SE)                       | 231.9            | -                 | 231.9            |
| Tobacco net revenue (£m)             | 7,422            | (21)              | 7,401            |
| Group Adjusted operating profit (£m) | 3,573            | (3)               | 3,570            |
| Share of JV profits (£m)             | 11               | (4)               | 7                |
| Adjusted Profit before tax (£m)      | 3,167            | (7)               | 3,160            |
| Adjusted Earnings (£m)               | 2,335            | (5)               | 2,330            |
| Adjusted EPS (p)                     | 247.1            | (0.6)             | 246.5            |

# Settlement Schedule

## PREMIUM CIGAR DIVESTMENT PROCEEDS



---

| Settlement schedule  | EUR (m)        |
|--|----------------|
| 24 <sup>th</sup> September 2020                            | 91.7           |
| 7 <sup>th</sup> October 2020                               | 85.7           |
| 28 <sup>th</sup> October 2020                              | 640.6          |
| 29 <sup>th</sup> April 2021                                | 250.0          |
| 29 <sup>th</sup> October 2021                              | 88.0           |
| To be confirmed on transfer of Dominican Republic facility | 69.0           |
| <b>Total consideration</b>                                 | <b>1,225.0</b> |

# ***FY22 Guidance***



## ***OTHER FINANCIAL ITEMS***

### ***Impact of premium cigar divestment***

- EPS dilution of 0.6p on FY21 (see slide 18 for full pro-forma)

### ***Financing & Cost of Debt***

- Finance charge for FY22 expected to be c.£360m

### ***Tax Rate***

- Expected to be c. 24%

### ***Capex***

- Expect net capex to be c. £300m

### ***Cash Conversion***

- Expect high 90% range

### ***Foreign Exchange***

- Translation FX: broadly FLAT at prevailing FX rates (USD \$1.34, EUR €1.17, AUD 1.84)

### ***Restructuring costs***

- FY22 cash cost expected at around £230m

***APPENDICES***

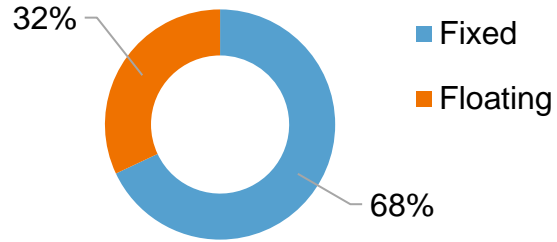
***FINANCING***

# Financial Profile

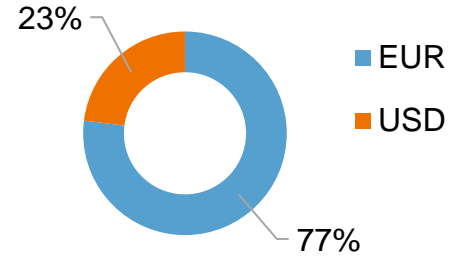
30 SEPTEMBER 2021



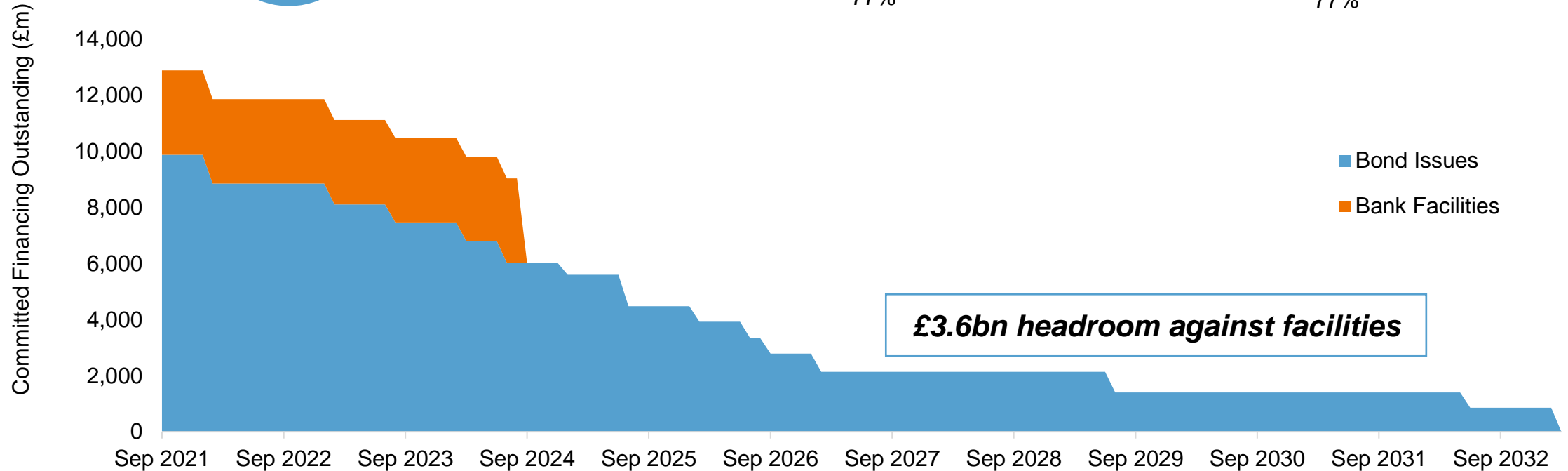
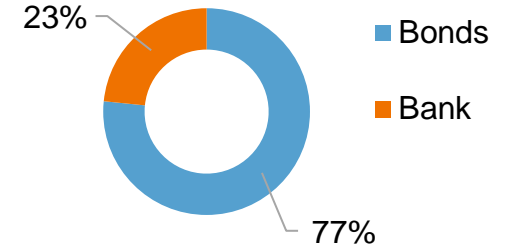
Interest Split



Currency Split (adjusted)



Committed Funding Split



# Committed Bank Facilities

30 SEPTEMBER 2021



| Description                                | Maturity date     | Amount (EUR m) | £m equiv.    |
|--|-------------------|----------------|--------------|
| Committed 3-year Revolving Credit Facility | 30 September 2024 | 3,500          | 3,012        |
| <b>Total</b>                               |                   |                | <b>3,012</b> |

# Bond Issues

30 SEPTEMBER 2021



| Currency of issue                    | Amount (ccy m) | Issuer                                 | Coupon | Issue Date | Maturity Date | £m equiv.    | Margin*     |
|--------------------------------------|----------------|--|--------|------------|---------------|--------------|-------------|
| GBP                                  | 1,000          | Imperial Brands Finance PLC            | 9.00%  | Feb-09     | Feb-22        | 1,026        | 4.83%       |
| USD                                  | 1,250**        | Imperial Brands Finance PLC            | 3.75%  | Jul-15     | Jul-22        | -            | -           |
| USD                                  | 1,000          | Imperial Brands Finance PLC            | 3.50%  | Feb-13     | Feb-23        | 743          | 1.13%       |
| EUR                                  | 750            | Imperial Brands Finance PLC            | 1.13%  | Feb-19     | Aug-23        | 645          | 1.25%       |
| GBP                                  | 600            | Imperial Brands Finance PLC            | 8.13%  | Sep-08     | Mar-24        | 664          | 3.10%       |
| USD                                  | 1,000          | Imperial Brands Finance PLC            | 3.13%  | Jul-19     | Jul-24        | 773          | 1.20%       |
| EUR                                  | 500            | Imperial Brands Finance PLC            | 1.38%  | Jan-17     | Jan-25        | 430          | 1.00%       |
| USD                                  | 1,500          | Imperial Brands Finance PLC            | 4.25%  | Jul-15     | Jul-25        | 1,115        | 2.22%       |
| EUR                                  | 650            | Imperial Brands Finance PLC            | 3.38%  | Feb-14     | Feb-26        | 559          | 1.45%       |
| USD                                  | 750            | Imperial Brands Finance PLC            | 3.50%  | Jul-19     | Jul-26        | 580          | 1.52%       |
| GBP                                  | 500            | Imperial Brands Finance PLC            | 5.50%  | Sep-11     | Sep-26        | 554          | 2.72%       |
| EUR                                  | 750            | Imperial Brands Finance PLC            | 2.13%  | Feb-19     | Feb-27        | 645          | 1.83%       |
| USD                                  | 1,000          | Imperial Brands Finance PLC            | 3.88%  | Jul-19     | Jul-29        | 743          | 1.97%       |
| GBP                                  | 500            | Imperial Brands Finance PLC            | 4.88%  | Feb-14     | Jun-32        | 539          | 2.12%       |
| EUR                                  | 1,000          | Imperial Brands Finance Netherlands BV | 1.75%  | Mar-21     | Mar-33        | 861          | 1.76%       |
| <b>Total/Weighted Average Margin</b> |                |  |        |            |               | <b>9,877</b> | <b>2.1%</b> |

\* Above respective final currency IBOR rate after the effects of related interest rate derivative transactions

\*\* Bond defeased and discharged

# 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.

**Tobacco** Total Tobacco includes cigarettes, fine cut tobacco, cigar, traditional snus and other tobacco products.

**NGP** NGP includes vapour products, next generation oral nicotine including all-white oral snus

**Logista** Logista is a 50.01% 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.