



IMPERIAL  
BRANDS

# *FULL YEAR RESULTS*

*15 NOVEMBER 2022*



# Disclaimer



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# Agenda



## *RESULTS OVERVIEW*

Stefan Bomhard

## *FINANCIAL REVIEW AND OUTLOOK*

Lukas Paravicini

## *TRANSFORMING IMPERIAL BRANDS*

Stefan Bomhard

## *Q&A*

Stefan Bomhard  
Lukas Paravicini


# 2022 Highlights



PHASE ONE FOUNDATIONS IN PLACE TO DELIVER IMPROVING RETURNS


## Delivering Operational Improvements

### TOP FIVE AGGREGATE SHARE

 **+35bps**


## Delivering on our Financial Commitments

### ADJUSTED EPS\*


 **+4.9%**

## Enhancing Shareholder Returns


### PROGRESSIVE DIVIDEND

 **+1.5%**

### NGP NET REVENUE\*

 **+10.8%**

### REACHED TARGET LEVERAGE

 **2.0x**

### FY23 SHARE BUYBACK

 **£1bn**

# Stronger Foundations in Place



PHASE ONE COMPLETE TO ENABLE DELIVERY OF OUR FULL POTENTIAL

## PHASE 1 - STRENGTHENING

Jan 2021

Sept 2021

Oct 2022

FY23-25

Strategic  
Pillars

Top 5  
aggregate  
market share  
stabilised

Clear role  
established for  
each market

NGP trials  
begin

Exit of Russia and  
Japan completed

NGP trials  
validate further  
roll-outs

Top 5 aggregate  
markets share in  
growth

Further NGP  
launches across  
all categories

Share  
buyback  
initiated

Critical  
Enablers

New Global  
Consumer Office  
established

Efficiency  
programme  
begins

New  
management  
team in place

Purpose, vision,  
behaviours  
launched

Refresh of  
ESG strategy

Central functions  
aligned to consumer  
facing organisation

Operational  
efficiencies drive  
improvements

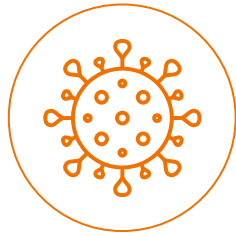
Behaviours embedded  
in performance  
management

Digital  
transformation  
underway

PHASE 2:  
IMPROVING  
RETURNS

# ***Adapting to Evolving Consumer Behaviours***

*IMPROVED AGILITY AND CONSUMER INSIGHT TO CAPTURE OPPORTUNITIES*



## ***COVID-19 UNWIND***

Lifting of restrictions has caused changes to consumer buying patterns

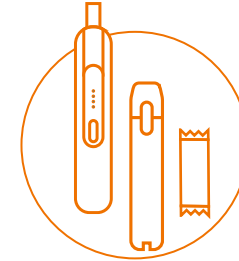
Impact:  
Already underway



## ***INFLATIONARY PRESSURES***

Inflation likely to affect purchasing power of some consumers

Impact:  
Limited in FY22



## ***POTENTIALLY REDUCED HARM***

Consumers continue to seek reduced harm alternatives

Impact:  
Long-term/structural





# *FINANCIAL REVIEW*


**Lukas Paravicini**  
CFO

# Resilient Tobacco and Strong Cash Delivery




BALANCE SHEET STRENGTHENED ENABLING START OF SHARE BUYBACK


## TOBACCO NET REVENUE\*

 **+1.3%**

## TOBACCO & NGP AOP\*

 **+2.0%**


## ADJUSTED EPS\*

 **+4.9%**


## FREE CASH FLOW

 **£2.6bn**  
up +£1.0bn

## NET DEBT TO EBITDA

 **-0.2x**  
to 2.0x

## RETURN ON INVESTED CAPITAL

 **+120bps**  
to 17.7%

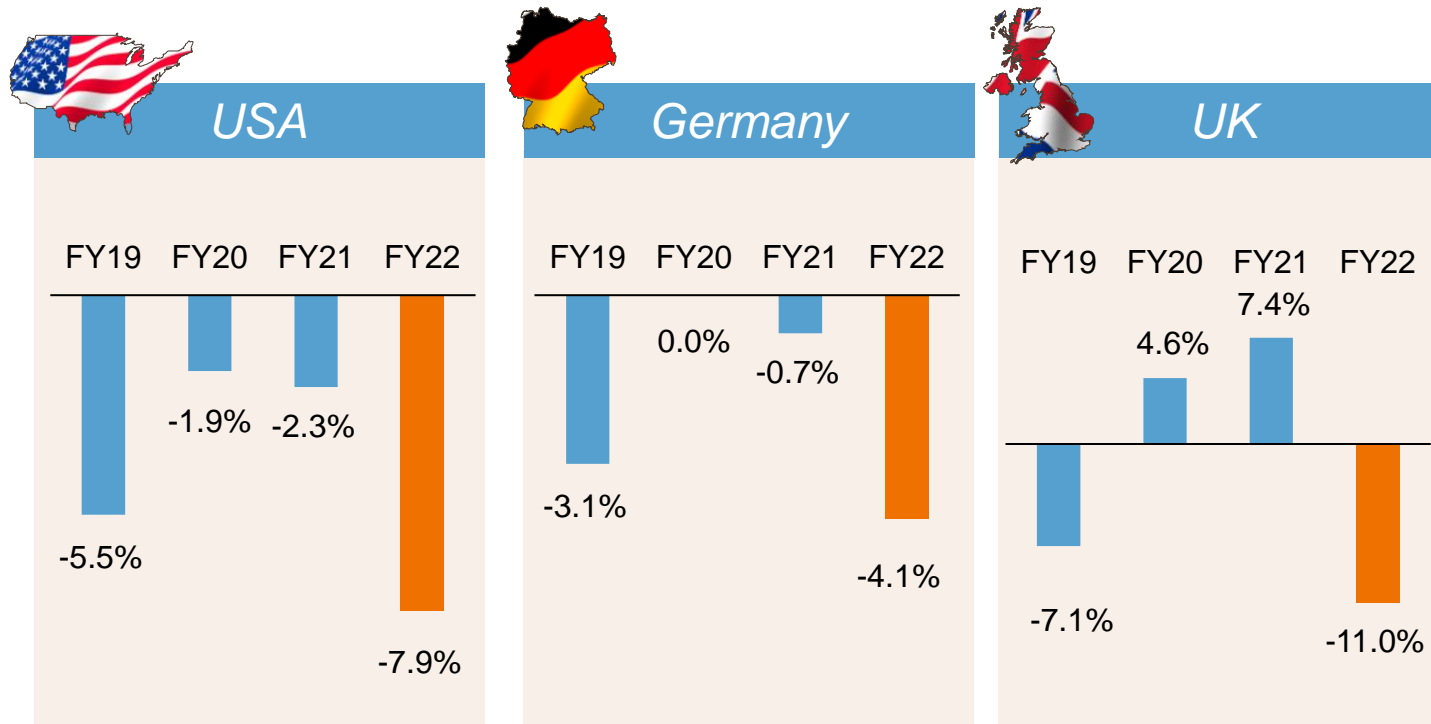


# Further Unwind of COVID-19 Market Trends

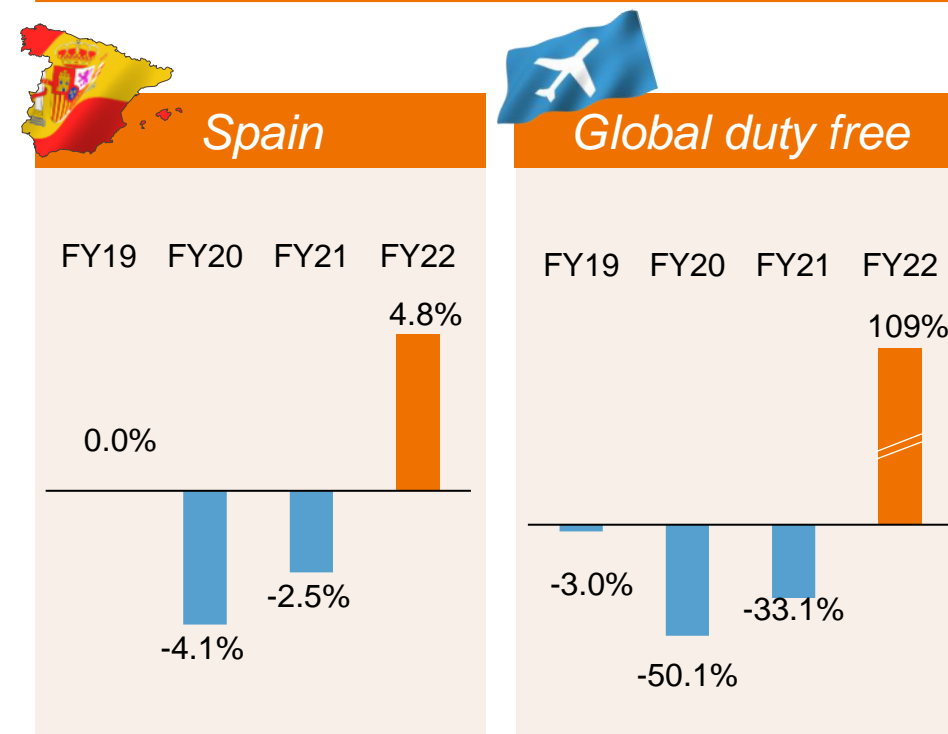
TRENDS IMPACTED BY COMPARATOR PERIOD



## -VE impact on market



## +VE impact on market



# Net Revenue Growth Driven by Tobacco Pricing



STRONG SECOND HALF TOBACCO PRICING IN PRIORITY MARKETS

## TOBACCO & NGP DRIVING GROWTH

**-4.7% tobacco volumes** with H2 -8.4% following decision to exit Russia

**+1.3% tobacco net revenue**  
*excluding year on year Russia performance;*

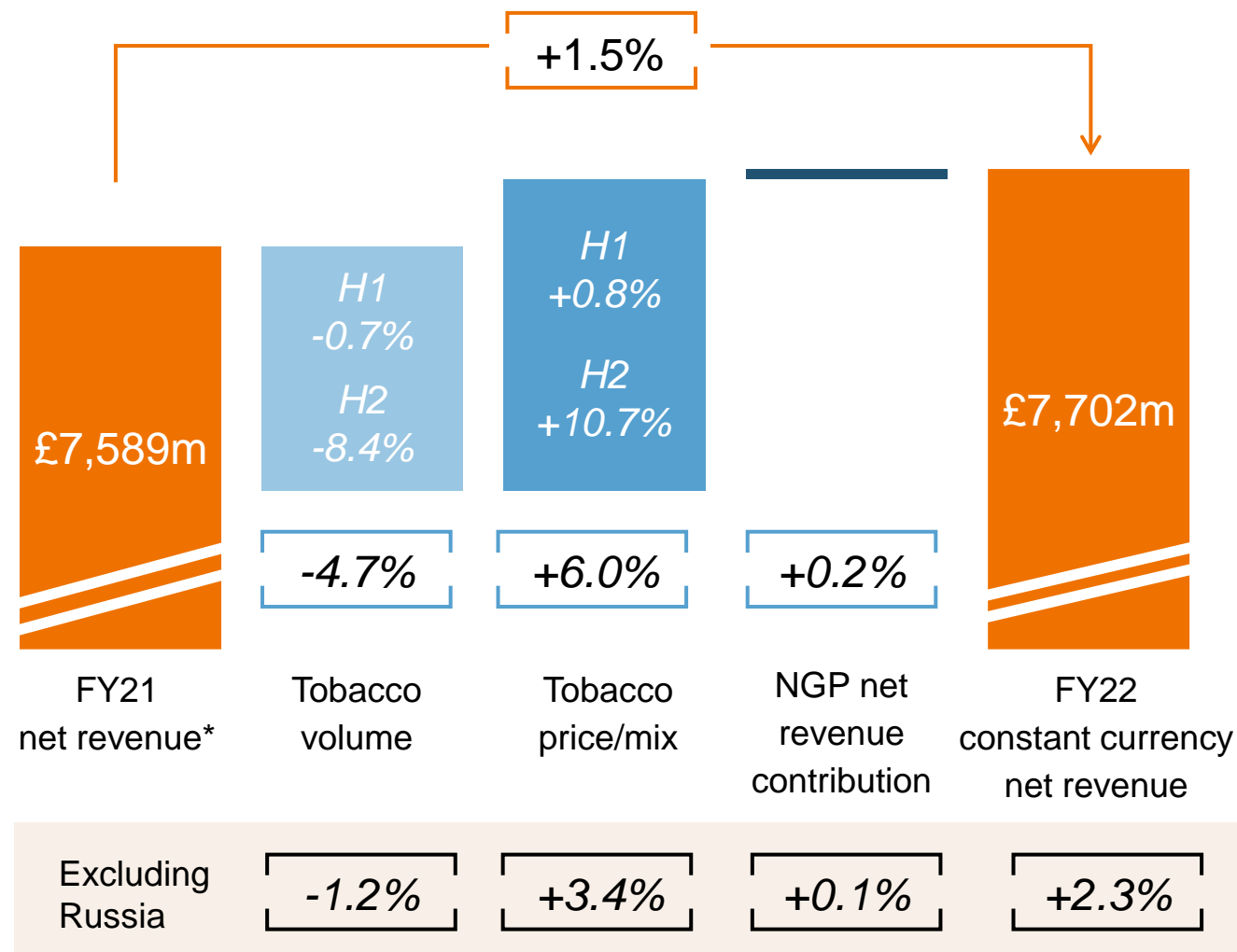
- +2.2% tobacco net revenue

**+6.0% tobacco price/mix**

- +4.8% pricing, +1.2% mix

**+10.8% NGP NR growth**

- Strong European NGP performance offsetting declines in USA



# Performance Driven by Americas and AAA

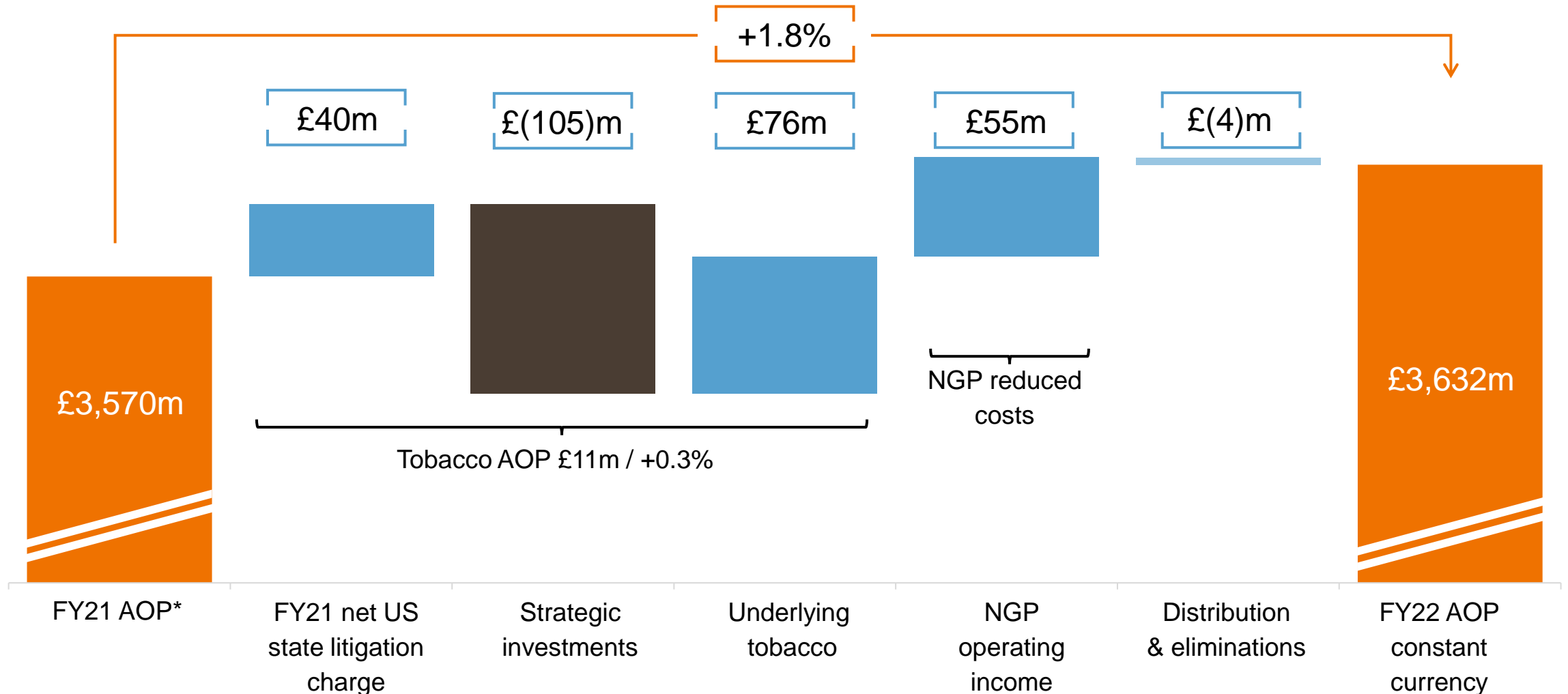


## STRONG EUROPEAN NGP PERFORMANCE

	VOLUMES	TOBACCO NR	NGP NR	
EUROPE	-4.1%	-1.0%	+34.2%	<ul style="list-style-type: none"> <li>Price/mix weighted to H2</li> <li>Adverse geographic mix as covid unwinds</li> <li>Strong NGP growth</li> </ul>
AMERICAS	+2.0%	+5.2%	-29.7%	<ul style="list-style-type: none"> <li>Share gains across 3 focus price segments</li> <li>Positive pricing offset by adverse product mix</li> <li>NGP revenue impacted by MDO* uncertainty</li> </ul>
AAA inc. Russia	-7.5%	-0.1%	Exit	<ul style="list-style-type: none"> <li>Volume benefit as travel restrictions ease</li> <li>Price/mix supported by Africa/Middle East</li> <li>NGP reflects Russia and Japan exits</li> </ul>
AAA ex. Russia	+3.2%	+3.9%		
TOTAL inc. Russia	-4.7%	+1.3%	+10.8%	

# Delivering Adjusted Profit Growth

CONTINUED INVESTMENT IN FOUNDATION BUILDING



# Operating Profit: Adjusting Items as Guided

RUSSIAN OPERATION DIVESTED AS A GOING CONCERN



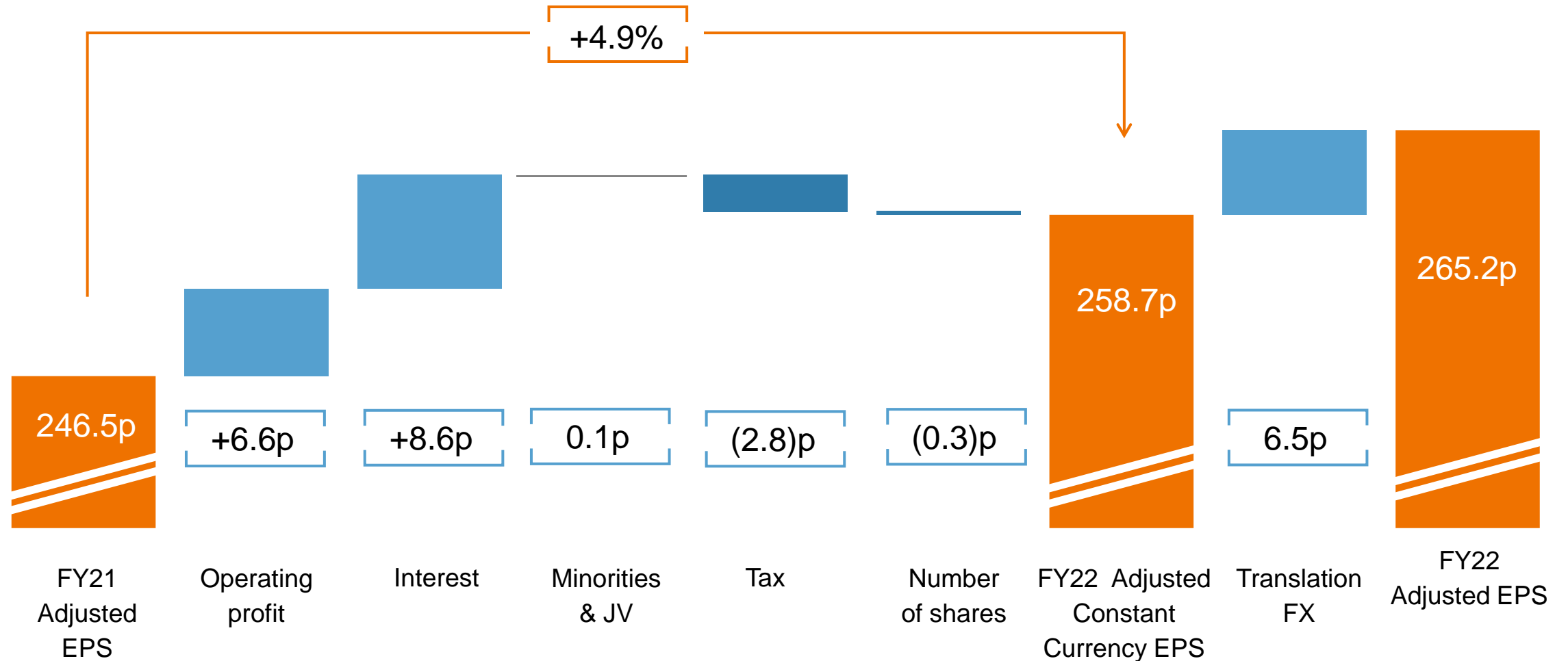
<b>FY22 Reported operating profit</b>	<b>£2,683m</b>
Russia & associated market exit costs	£399m
Amortisation of acquired intangibles	£349m
Restructuring costs	£197m
Net other*	£66m
<b>FY22 Adjusted operating profit</b>	<b>£3,694m</b>

## Adjustments to reported operating profit

- **Russia & associated market costs**
  - Recognition of impairment and provision charge including FX impact (impact on earnings: £423m)
- **Amortisation of acquired intangibles**
  - Lower annual amortisation due to certain assets now being fully amortised
- **Restructuring costs**
  - Supporting delivery of new transformation programme
  - Actions taken to date will deliver £120m annualised savings in FY23

# Driving Stronger EPS Growth

WITH HIGHER OPERATING PROFIT AND REDUCED INTEREST COSTS





# Resilient Cash Delivery

CONTINUED STRONG CASH FLOW GENERATION OVER LAST 12 MONTHS



**CONTINUED HIGH  
CASH CONVERSION**

**102%**

*12-month  
cash conversion*

**FREE CASH FLOW**

**£2.6bn**

*High free cash flow  
enables choices*

**PROGRESSIVE  
DIVIDEND POLICY**

**+1.5%**  
*pence per share*

*Delivering cash returns  
for shareholders*

**NET CASH FLOW**

**£1.3bn**

*Driving strong  
deleverage*

**STRONG CASH GENERATION ENABLES OUR FOUR CAPITAL PRIORITIES**

# Target Leverage Achieved

FURTHER DELEVERAGE PROGRESS ENABLES SHARE BUYBACK



## GOOD DELEVERAGE PROGRESS

 **2.0x**

Lower end of target  
leverage range achieved

**£1bn share buyback  
started in FY23**

## CAPITAL ALLOCATION PRIORITIES

- 1** Investing in the strategy to drive sustainable growth
- 2** Maintaining a strong and efficient balance sheet
- 3** Progressive dividend policy growing in line with underlying performance
- 4** Surplus capital returns via ongoing share buyback

# FY23 Outlook

IMPROVING RETURNS IN CHALLENGING ENVIRONMENT



## KEY DRIVERS OF ACCELERATION IN FY23

## FY23 OUTLOOK\*

- ↑ Operational gearing
- ↑ Geographic mix
- ↑ Cost savings including programme update
- ↓ Increased NGP investment
- ↓ Cost inflation

- Net revenue growth of 1 – 2%
- Adjusted operating profit growth at lower end of mid-single digit range
- EPS driven by profit growth and share buyback partially offset by higher interest cost

Performance weighted to H2

H1: higher NGP investment, Russia exit and COVID unwind



A photograph of Stefan Bomhard, CEO of Imperial Brands, smiling and looking at cigarette packs on a shelf in a retail store. The image is partially obscured by a blue diagonal banner.

# *TRANSFORMING IMPERIAL BRANDS*

**Stefan Bomhard**  
CEO

# Transforming Imperial Brands

DELIVERING A STRONGER AND MORE CONSISTENT PERFORMANCE



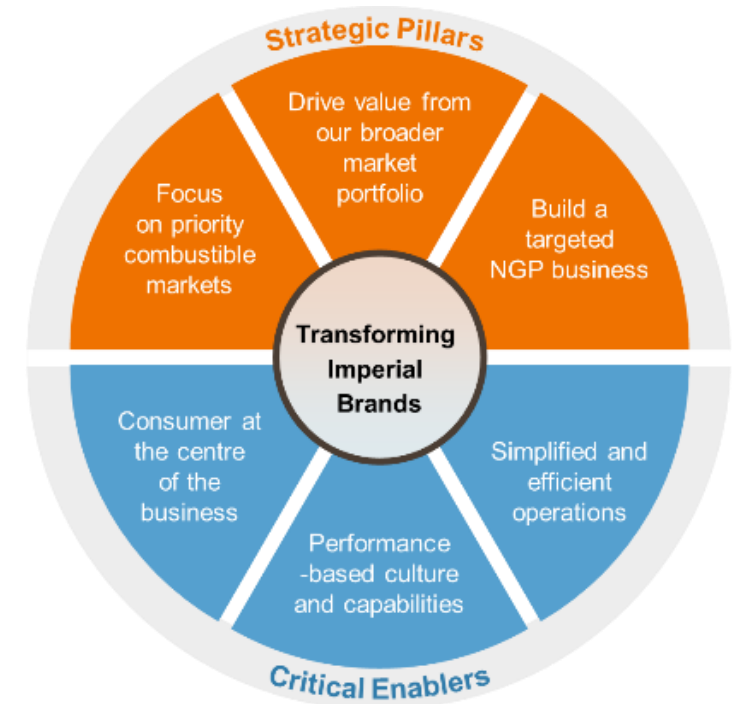
## OUR PURPOSE

*“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”*



Start with the  
**Consumer**



Collaborate  
**with Purpose**



Take Accountability  
**with Confidence**



Be Authentic,  
**Inclusive to all**



Build  
**our Future**

# New ESG Framework and Priorities Established



*ESG FULLY INTEGRATED INTO STRATEGY, VISION, PURPOSE, BEHAVIOURS*

September 2021

September 2022



Introduced for  
FY23

- Clear ESG framework in place with executive sponsorship
- Fully integrated into vision, purpose, behaviours
- Investor webinar to launch new approach
- Metrics and targets in place to support delivery



# Strengthening Our Consumer Focus

EMBEDDING THE CONSUMER AT THE CENTRE OF OUR BUSINESS



**ESTABLISHED GLOBAL CONSUMER OFFICE**

**CO-ORDINATED APPROACH UNDER SINGLE LEADERSHIP**

MARKETING AND  
PORTFOLIO

INNOVATION

INSIGHTS

NGP

REVENUE  
GROWTH

Deep tobacco  
expertise



Blue-chip  
FMCG hires



Leveraging  
local market  
knowledge



Enhanced  
consumer focus  
and capabilities

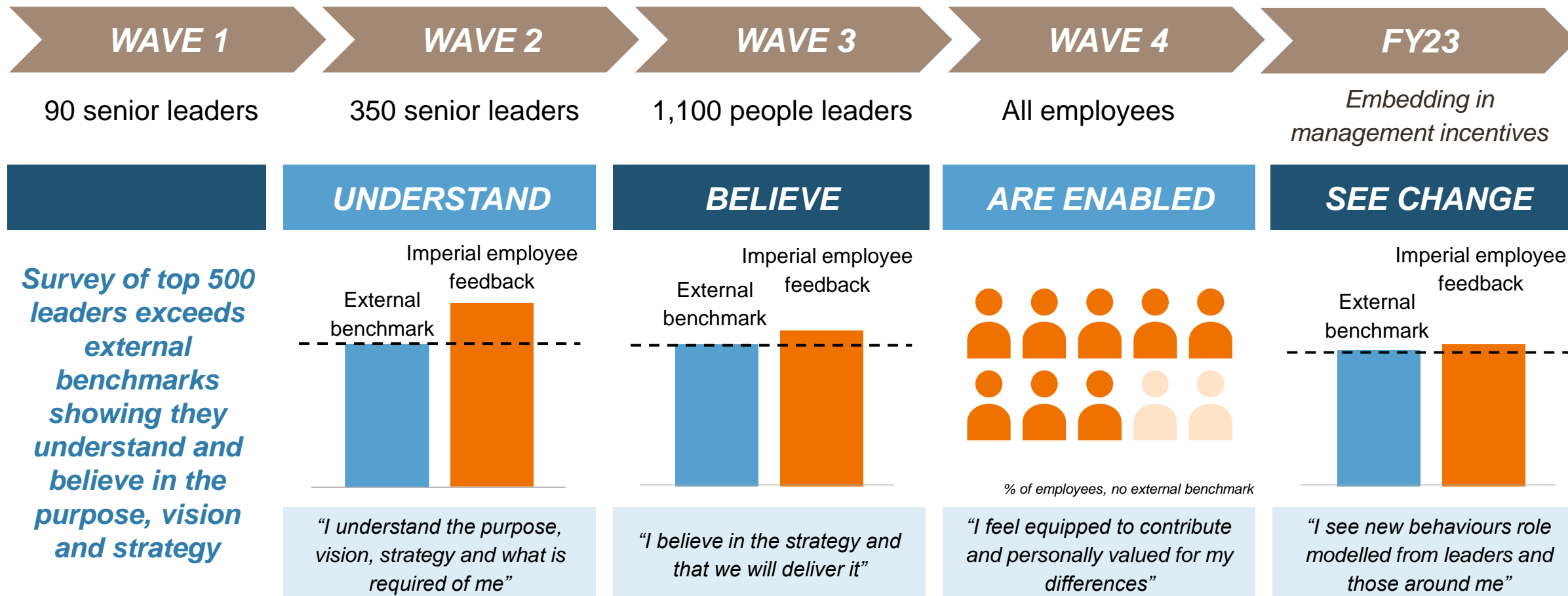


# Building a Performance-Based Culture



MAJOR CHANGE PROGRAMME EMBEDDING PURPOSE, VISION & BEHAVIOURS

Nov 2021 → 2021/2022 → End 2022 → End 2023



# ***Simplified and Efficient Operations***



***NEW WAYS OF WORKING REINFORCING OUR FOCUS ON THE CONSUMER***

## ***FROM***

---

Acquisitive history: fragmented systems and processes

Limited integration of back-office functions

Focus on reporting rather than consumer and growth

## ***TO***

---

Equipping our global support functions to become better business partners

Building our capabilities in new ways of working and change management

Digital transformation – investing in a new ERP system to replace 60 legacy systems

Enhancing our global business services to improve capabilities, reporting, and controls

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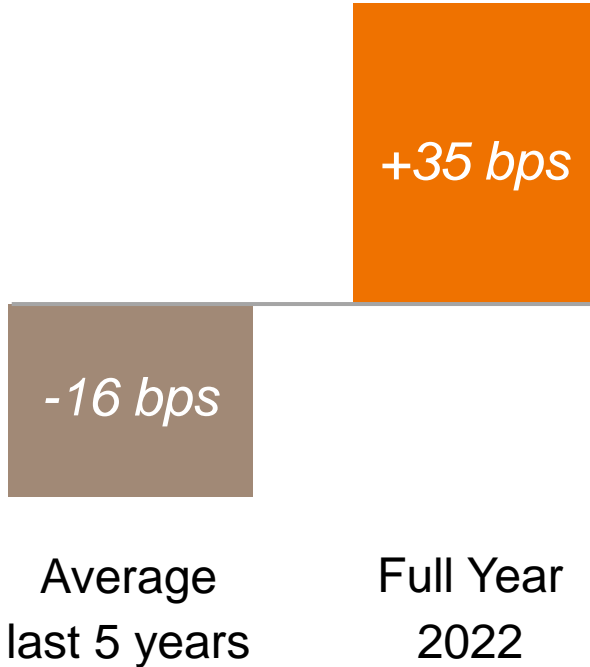
***Simplified and efficient operations on track to realise savings of £150m by end FY23***

# Stabilising our Priority Market Share

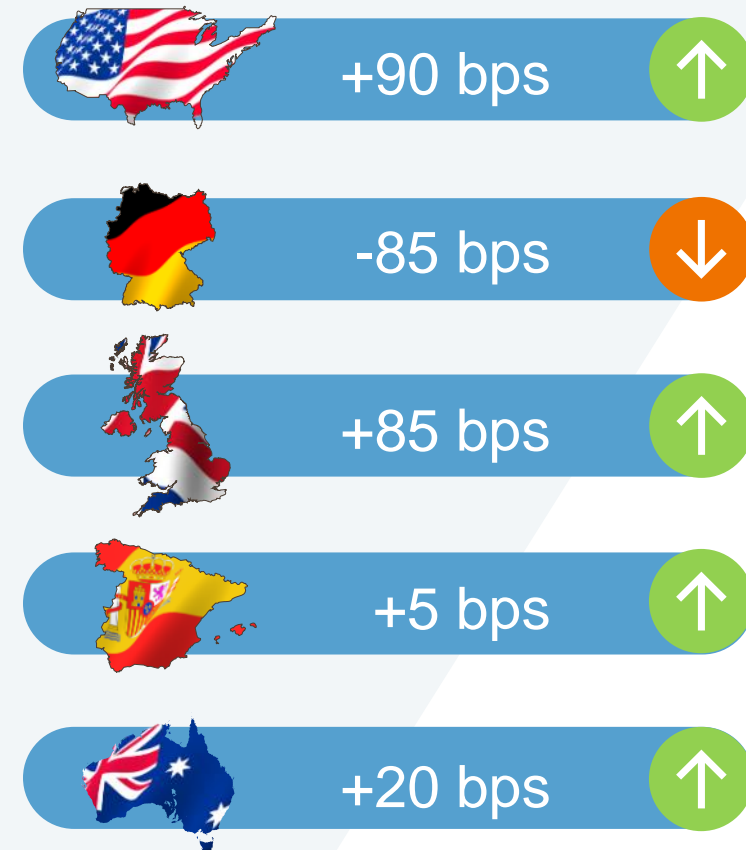
TARGETED INVESTMENT STRENGTHENING OUR SHARE OF MARKET



## AVERAGE PRIORITY MARKET SHARE PERFORMANCE



## PRIORITY MARKET SHARES (12 month share $\Delta$ )





# Americas: Strong Market Share Growth

MARKET FUNDAMENTALS SUPPORT POSITIVE OUTLOOK



## PERFORMANCE DRIVEN BY INVESTMENT INITIATIVES & STRATEGIC CHOICES

- Strong share gains in three focus price segments driven by strategic investment
- Price mix improving in H2 with strong cigarette pricing with some adverse product mix
- Winston pack redesign rolled out nationally supported by initiatives to drive participation
- MMC performing well against strong comparator
- NGP sales reflect uncertainty caused by MDO

# +90bps



Cigarette market share growth



PREMIUM VALUE



TRADITIONAL DISCOUNT

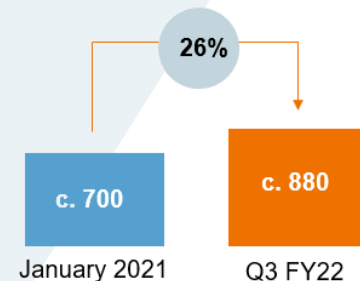


DEEP DISCOUNT



FOCUSED BRAND INVESTMENT

INCREASING SALES FORCE



RETAIL EXCELLENCE

SALES FORCE CAPABILITY



# Germany: Investing in Our Operational Levers

PERFORMANCE AFFECTED BY MARKET SIZE AND SHARE DECLINES



## BRAND PORTFOLIO WELL POSITIONED ACROSS PRICING SEGMENTS

- Market size decline as COVID travel restrictions removed; share down 85bps
- Brand equity investment gaining traction with market share stabilisation for Gauloises and West
- Reposition portfolio heritage brands within lower-tier value segment as consumers increasingly seeking value offers
- JPS investments focused on building brand awareness with target consumers



**BUILDING BRAND  
EQUITY**

NEW AD CAMPAIGN



RELAUNCH VARIANTS



**INCREASING  
RELEVANCE**

NEW AD CAMPAIGN



RELAUNCH VARIANTS



**IMPROVING PRICE  
PERCEPTION**

VALUE MESSAGING



STORE ADVOCACY







# UK: Share Growth Driven by Strategic Initiatives



SATISFYING CONSUMER NEEDS BY LEVERAGING OUR FULL PORTFOLIO

## BOTH CIGARETTE AND FINE-CUT MARKET SHARE GROWTH

- Market size affected by COVID unwind
- Strong market share growth benefits from investment in our brand portfolio
- Cigarette share gains driven by local hero Embassy
- Fine-cut gains from Players and Riverstone
- New sales effectiveness initiatives enhance on-shelf availability



LOCAL HERO FOCUS



FINE-CUT ACTIVATION



LIMITED EDITION VARIANTS



PLAYERS FINE CUT LAUNCH AWARD



# Spain: Delivering Another Year of Share Growth



FIRST PRICE INCREASES ACROSS KEY PRODUCT LINES IN FIVE YEARS

## BRAND PORTFOLIO INVESTMENT DRIVES CONTINUED SHARE GAINS

- Market size recovering as tourism returns
- First price increases achieved in five years
- Strong H2 market share performance more than recovers H1 losses
- West meeting increased demand for value
- Border trade and vending channel recovery



NATIONAL HERITAGE



QUALITY & MODERN



REJUVENATING IN VALUE



REGIONAL FOCUS



# Australia: Delivering Share and Profit Growth

STRATEGIC INITIATIVES DRIVE RECOVERY



## PORTFOLIO, PRICING & EXECUTION DRIVE PERFORMANCE

- Fifth price tier now 40% of industry volumes
- Brand portfolio now clearly established with consumer offer in each tier
- Lambert & Butler launch drives share gain
- JPS portfolio offering widened to offer more consumer choice
- Further efficiencies driven from field force transformation
- Supply chain investment enhances delivery



L&B LAUNCHED 5th TIER



JPS NEW OFFERS



FIELD FORCE  
TRANSFORMATION



SUPPLY CHAIN  
INVESTMENT



# ***Driving Value from Our Broader Market Portfolio***

*STRATEGIC INITIATIVES ARE DELIVERING A STRONGER PERFORMANCE*



## ***AFRICA***



### ***LEVERAGING STRONG SHARE POSITIONS TO DRIVE VALUE***

- Consumer and brand activation delivers further share growth
  - 4/5 markets growing share
- Tailoring portfolio of international and local hero brands to meet consumer needs
- Continued growth in revenue and profit
- Building a platform for growth

## ***CENTRAL & EASTERN EUROPE***



### ***DELIVERING A STRONGER PERFORMANCE***

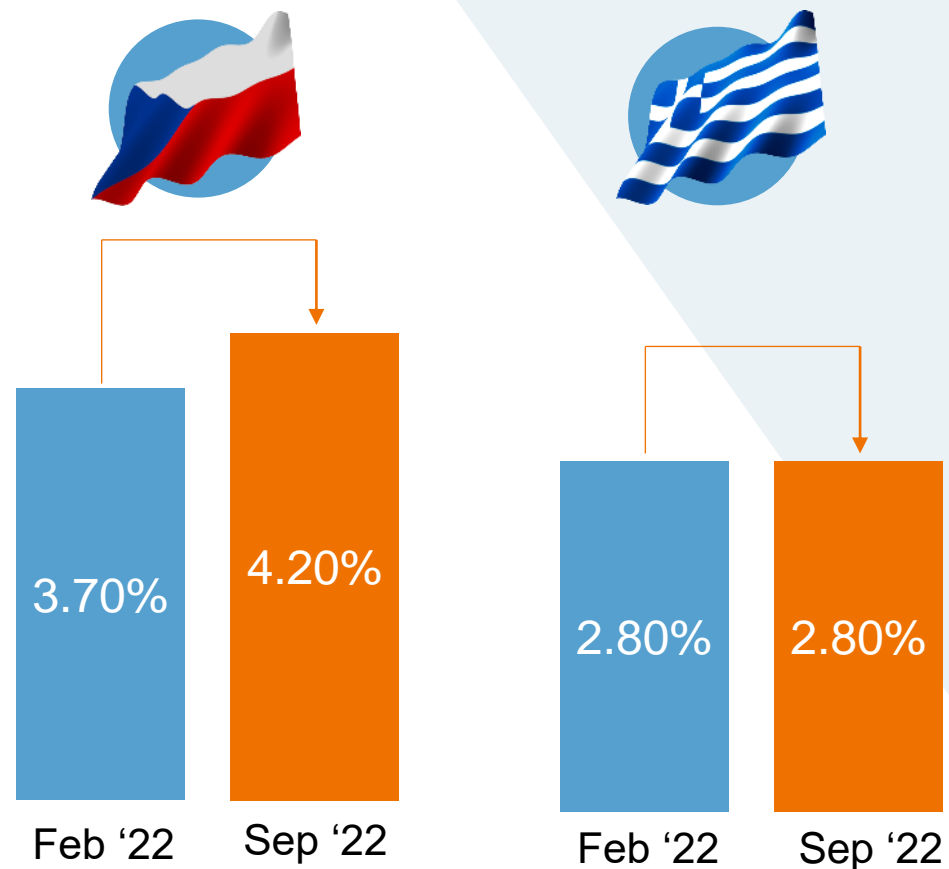
- New brand portfolio strategy
  - Increased sub-premium focus with Davidoff
  - Capitalising on consumer demand for modern formats
  - Leveraging West and P&S in fine-cut
- Cigarette travel retail recovery
- Growing revenue and profit

# NGP: Continued Validation of Heated Tobacco Approach



NEW FLAVOURS DRIVE FURTHER SHARE GAINS IN CZECH REPUBLIC

## iD MARKET SHARE\*



\* iD share of HT consumables; source Nielsen monthly

## KEY INDICATORS REMAIN POSITIVE

- Pulze and iD further established in HT category
- Continued positive feedback on key metrics
  - iD market share sustained and growing
  - Distribution remains c.90%
  - New crushball flavours launched May 2022 addressing consumer feedback
- Consumer and trade response remains positive



# NGP: Heated Tobacco Progress Initiates New Launches



CONSUMER ENDORSEMENT OF OUR APPROACH INFORMS ROLL-OUTS



ITALY



PORTUGAL



HUNGARY

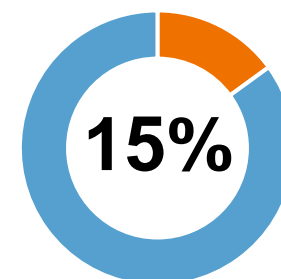
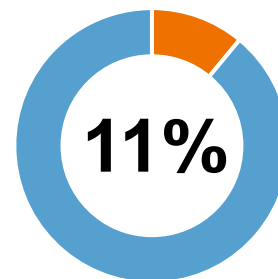
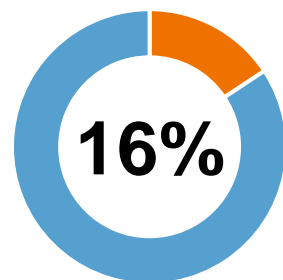
HT category  
launched

2014

2015

2019

HT % of  
nicotine pool



HT market  
size sticks

12.5bn

1.4bn

2.2bn

IMB tobacco  
market share

5%

13%

18%





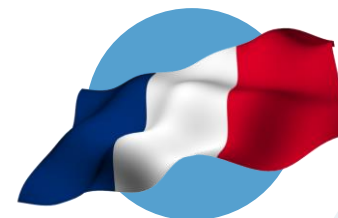
# NGP: Successful Blu 2.0 Pilot Endorses UK launch

POSITIVE CONSUMER RESPONSE TO NEW BLU DEVICE TRIAL IN FRANCE



## NEXT GENERATION VAPOUR DEVICE BLU 2.0

- Marketing approach tested in four French cities
- New device well received
- Data shows good consumer retention
- Sales driven by point of sale activation, supported by brand ambassadors
- Consumer desire for wider range of flavours



FRANCE

6.9%

Share of value  
pod system in  
6 months



NOW LAUNCHED IN  
THE UK

*Informed by France Pilot Trials*



# NGP: Strong Performance in Modern Oral Nicotine

FOCUSED MARKET STRATEGY DELIVERING STRONG GROWTH



## MEETING CONSUMER NEEDS

- Strong modern oral share growth in Sweden and Norway
- Zone X launched in Norway
- Opportunity to attract adult consumers to our Zone X brand franchise
- Launched new flavours combined with in-store activation to increase awareness of Zone X
- Supported by refreshed base flavours range

Modern Oral  
Net Revenue  
**+37%**



# Strengthening Phase in Place

PHASE ONE OF OUR FIVE-YEAR STRATEGY IMPLEMENTED



**FY21 TO FY22**

## *Phase One – Strengthening*

*Strategic focus*

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

*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

**FY23 TO FY25**

## *Phase Two – Improving Returns*

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

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

# ***Priorities for FY23***



Embedding our new ways of working and consumer capabilities

Maintaining priority market share

NGP investment to build momentum in existing markets and new launches

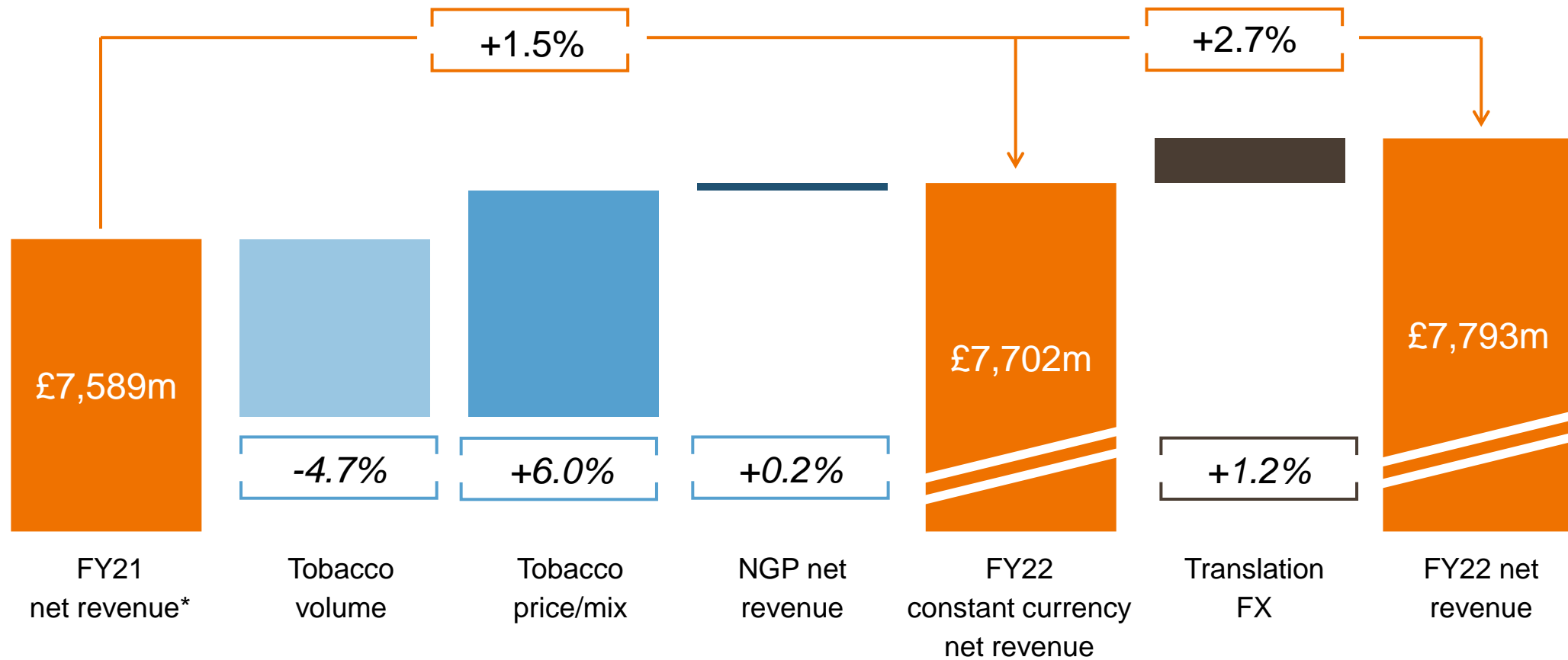
Delivering the improving returns in phase two



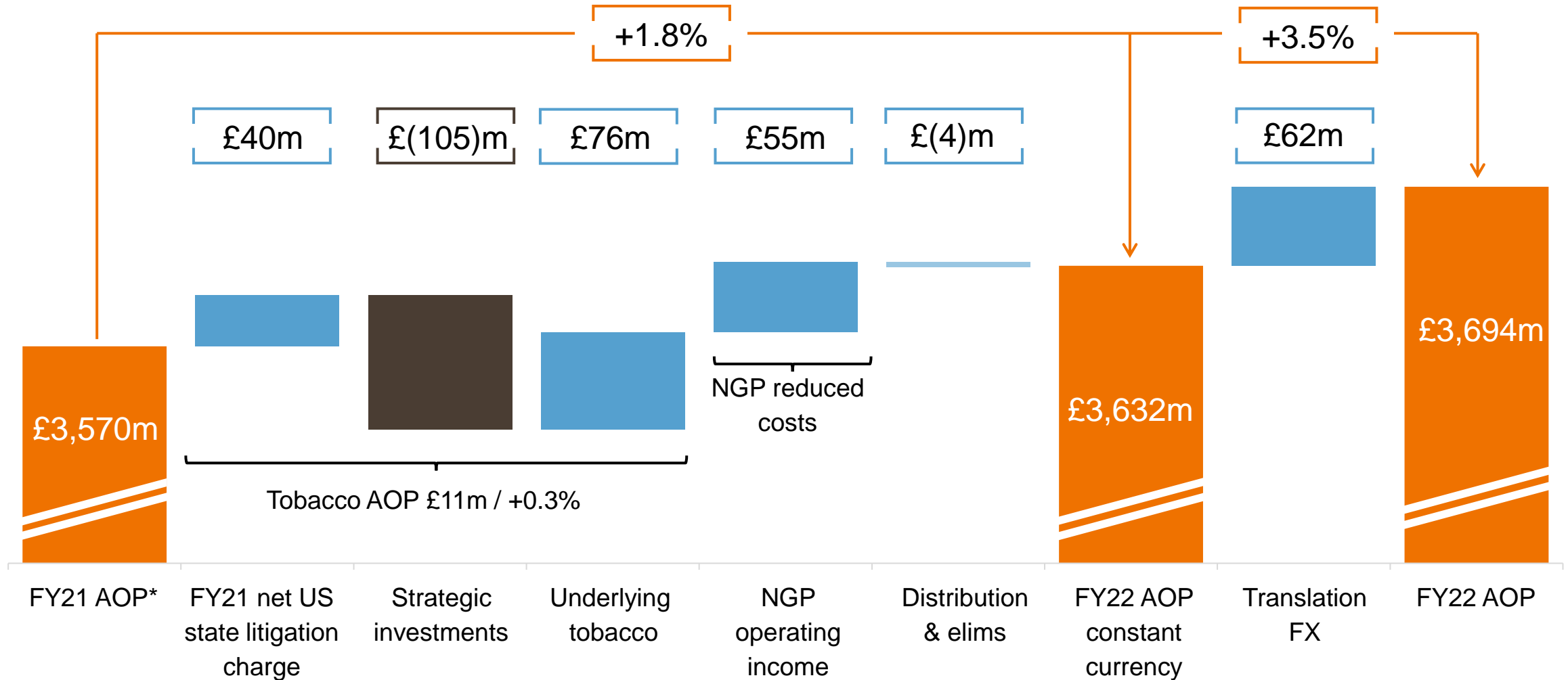
***APPENDICES***

***GROUP  
FINANCIALS***

# Net Revenue



# Adjusted Operating Profit





# Group Adjusted Results



		FY21	Premium Cigars	FY21 excl. divestment	Foreign Exchange	Constant Currency Growth	FY22 excl. divestment	Actual $\Delta$	Constant Currency $\Delta$
Tobacco net revenue	£m	7,422	(21)	7,401	91	93	7,585	+2.5%	+1.3%
NGP net revenue	£m	188	-	188	-	20	208	+10.4%	+10.8%
Tobacco & NGP operating profit	£m	3,308	(3)	3,305	70	66	3,441	+4.1%	+2.0%
Tobacco & NGP profit margin	%	44.4%	-0.9%	43.5%			44.2%	+61bps	+21bps
Distribution net revenue	£m	1,069	-	1,069	(32)	9	1,046	-2.1%	+0.8%
Distribution operating profit	£m	258	-	258	(8)	4	254	-1.7%	+1.8%
Distribution margin	%	24.1%	0.0%	24.1%			24.3%	+15bps	+26bps
Distribution Eliminations	£m	7	-	7	-	()	(1)	-118.7%	-119.2%
Group adjusted operating profit	£m	3,573	(3)	3,570	62	62	3,694	+3.5%	+1.8%

# Group Adjusted Results



		FY22	FY21*
Group adjusted operating profit	£m	3,694	3,573
Adjusted net finance costs	£m	(326)	(417)
Share of profit of JVs	£m	9	11
Adjusted profit before tax	£m	3,377	3,167
Adjusted tax rate	%	22.4%	22.6%
Adjusted EPS	pence	265.2	247.1
Dividend per share	pence	141.17	139.08
12-month Cash conversion	%	102%	83%
Adjusted net debt	£m	(8,054)	(8,615)

# Reconciliation: Reported to Adjusted



£m (unless otherwise stated)	Reported FY22	Russian and associated market exit costs	Amortisation and impairment of acquired intangibles	Restructuring costs	Fair value adjustment to financial assets	(Loss)/Profit on disposal of subsidiaries	Acquisition and disposal costs	Excise tax provision	Buy out of liabilities on Irish pension scheme	Net fair value and exchange losses on financial instruments	Post- employment benefits net financing cost	Adjusting items on tax	Adjustments above attributable to non-controlling interests	Adjusted FY22
Operating profit	2,683	399	349	197	37	29	5	(9)	4	-	-	-	-	3,694
Share of profit of JV	(15)	24	-	-	-	-	-	-	-	-	-	-	-	9
Net finance costs	(117)	-	-	-	-	-	-	-	-	(201)	(8)	-	-	(326)
Profit before tax	2,551	423	349	197	37	29	5	(9)	4	(201)	(8)	-	-	3,377
Tax	(886)	-	(15)	(49)	-	(8)	-	-	-	183	-	20	-	(755)
Profit after tax	1,665	423	334	148	37	21	5	(9)	4	(18)	(8)	20	-	2,622
Minority interest	(95)	-	-	-	-	-	-	-	-	-	-	-	(18)	(113)
Earnings attributable to equity shareholders*	1,570	423	334	148	37	21	5	(9)	4	(18)	(8)	20	(18)	2,509
Basic EPS (pence)*	165.9	44.7	35.4	15.6	3.9	2.2	0.5	(1.0)	0.4	(1.9)	(0.8)	2.1	(1.8)	265.2

# Income Statement



£m (unless otherwise stated)	FY22	FY21*
Revenue	32,551	32,791
Adjusted operating profit	3,694	3,573
Russian and associated market exits	(399)	-
Amortisation and impairment of acquired intangibles	(349)	(450)
Restructuring costs	(197)	(257)
Fair value adjustment to financial assets	(37)	15
(Loss)/Profit on disposal of subsidiaries	(29)	281
Acquisition and disposal costs	(5)	(17)
Excise tax provision	9	1
Buy out of liabilities on Irish pension scheme	(4)	-
Share of profit of investments accounted for using the equity method	(15)	11
Reported net finance costs**	(117)	81
Profit before tax	2,551	3,238
Tax	(886)	(331)
Profit after tax	1,665	2,907
Minority interests	95	73
Basic EPS (pence)	165.9	299.9
Adjusted EPS (pence)	265.2	247.1

\* FY21 financials as reported, prior to the exclusion of contribution from the Premium Cigar Division divestment in October 2020.

The Premium Cigar Division contributed £21 million to net revenue and £3 million to adjusted operating profit in 2021.

\*\* Including net fair value and exchange gains/losses on financial instruments and post-employment benefits net financing costs.

# Balance Sheet



£m	FY22	FY21
Non-current assets: tangible	4,260	4,209
intangible	17,777	16,674
Current assets: inventories	4,140	3,834
other	4,781	4,373
Current liabilities	(11,139)	(10,808)
Non-current liabilities	(12,346)	(12,342)
Net assets	7,473	5,940

# Net Finance Costs



£m	FY22	FY21
Net finance income/(costs)	(117)	81
Adjusted for:		
- interest income on net defined benefit assets	(69)	(89)
- interest cost on net defined benefit liabilities	270	87
- fair value & exchange gains on financial instruments	8	(496)
Adjusted net finance costs	(326)	(417)

# Cash flow



£m	FY22	FY21
<b>Group operating profit</b>	<b>3,694</b>	<b>3,573</b>
Depreciation, amortisation and impairments	244	269
<b>EBITDA</b>	<b>3,938</b>	<b>3,842</b>
Other non-cash movements	(20)	(79)
<b>Operating cash flows before movement in working capital</b>	<b>3,918</b>	<b>3,763</b>
Working capital	40	(664)
Tax cash flow	(681)	(820)
<b>Cash flows from operating activities</b>	<b>3,277</b>	<b>2,279</b>
Net capex	(177)	(150)
Restructuring	(91)	(112)
Cash interest	(358)	(400)
Minority interest dividends	(89)	(93)
<b>Free cash flow</b>	<b>2,562</b>	<b>1,524</b>
Acquisitions/disposals	14	845
Shareholder dividends	(1,320)	(1,305)
Purchase of ESOT shares	(1)	-
<b>Net cash flow</b>	<b>1,255</b>	<b>1,064</b>
Adjusted operating profit	<b>3,694</b>	<b>3,573</b>
Cash flow post capital expenditure pre interest and tax	<b>3,781</b>	<b>2,949</b>
<b>Adjusted operating cash conversion</b>	<b>102%</b>	<b>83%</b>



# Net Debt Reconciliation



£m	Reported FY22	Accrued interest	Lease liabilities	Fair value of derivatives	Adjusted FY22
Opening net debt	(9,373)	140	251	367	(8,615)
Free cash flow	2,562	-	-	-	2,562
Dividends	(1,320)	-	-	-	(1,320)
Net proceeds from sale of subsidiaries	14	-	-	-	14
Employee Share Ownership Trusts	(1)	-	-	-	(1)
Accretion of interest	29	(35)	-	-	(6)
Lease liabilities paid	(54)	-	-	-	(54)
Change in fair values	270	-	(3)	(282)	(15)
Exchange movements	(619)	-	-	-	(619)
Closing net debt	(8,492)	105	248	85	(8,054)

# Foreign Exchange



	Average		
	FY21	FY22	Δ
USD \$	1.369	<b>1.281</b>	-6.4%
EURO €	1.145	<b>1.181</b>	+3.1%
AUD \$	1.821	<b>1.796</b>	-1.4%

Closing		
FY21	FY22	Δ
1.346	<b>1.104</b>	-18.0%
1.162	<b>1.133</b>	-2.5%
1.870	<b>1.707</b>	-8.7%

# Foreign Currency

## DIVISIONAL CURRENCY EXPOSURE



Approximate weight of currency in Total Net Revenue	GBP £	EUR / EUR Linked	USD \$	AUD \$	Other Currencies	Other includes
Europe	20%	70%	0%	0%	10%	Polish Zloty, Czech Koruna
Americas	0%	0%	100%	0%	0%	
AAA	0%	25%	20%	20%	35%	Moroccan Dirham, Central African Franc

- €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. £25m 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%	10%	25%	35%	30%	Central African Franc, New Zealand Dollar
Logistics		100%				

- €0.01 (1 cent) movement in the € Euro has a c. £13m impact on AOP.
- \$0.01 (1 cent) movement in the \$ USD has a c. £12m impact on AOP.

# Divisional Market Share

## MAT MARKET SHARE DATA



	FY22	FY21 <sup>R</sup>	Δ
Europe	19.0%	19.4%	-45bps
Americas	10.1%	9.2%	+90bps
AAA	10.8%	10.9%	-10bps
Total Group	13.9%	13.9%	-5bps

### 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

# ***FY23 Guidance***



## ***OTHER FINANCIAL ITEMS***

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

- Finance charge for FY23 expected to be c. £390m at current rates; all-in cost of debt of c. 4.2% for FY23

### ***Tax Rate***

- Expected to be c. 22%

### ***Capex***

- Expect net capex to be c. £300m-350m

### ***Cash Conversion***

- Expect 90 to 100% range

### ***Logista M&A***

- c. £175m of M&A committed in FY23

### ***Foreign Exchange***

- Translation FX: c. 5-6% tailwind at latest FX rates (USD 1.18, EUR 1.14, AUD 1.76)

### ***Restructuring costs***

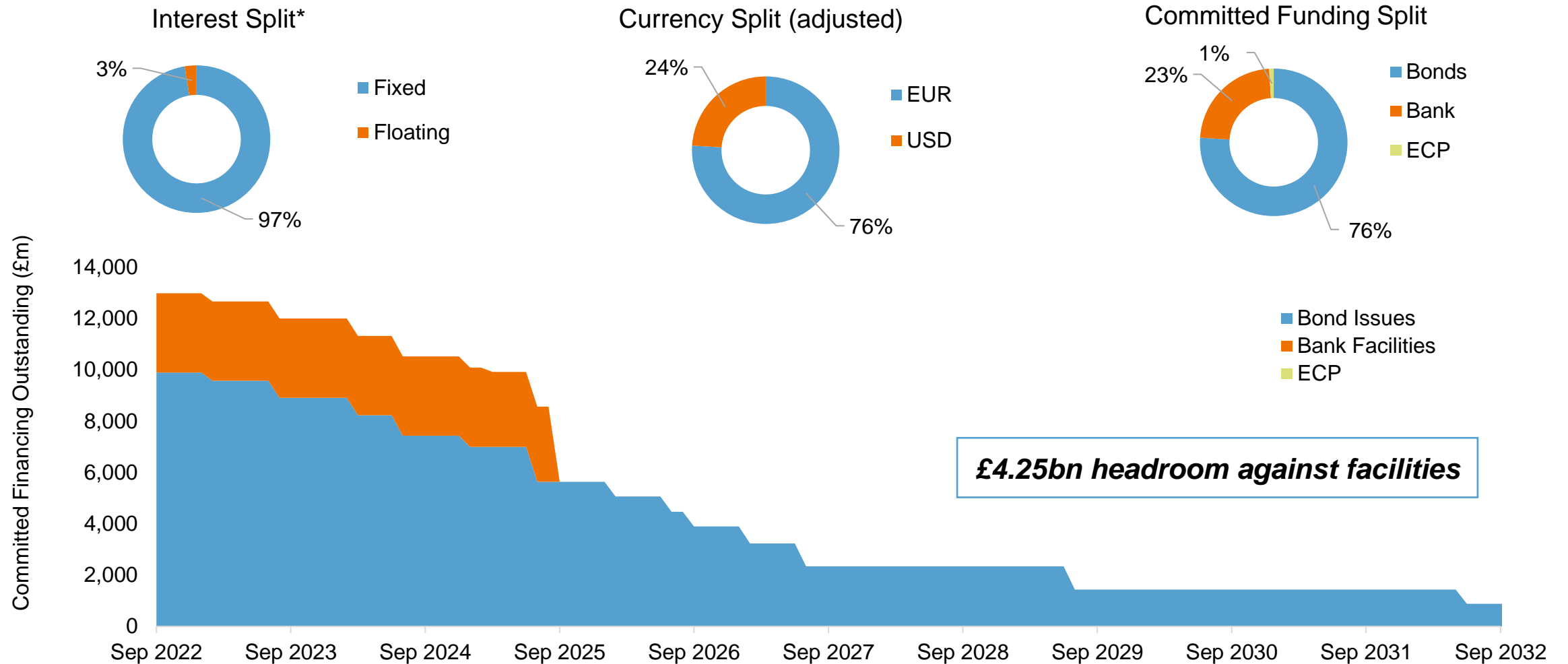
- FY23 cash cost expected at around £120m

***APPENDICES***

***FINANCING***

# Financial Profile

30 September 2022





# Committed Bank Facilities

30 September 2022



Description	Maturity date	Amount (EUR m)	£m equiv.
Committed 3-year Revolving Credit Facility	30 March 2025	184	162
Committed 3-year Revolving Credit Facility	30 September 2025	3,316	2,928
<b>Total</b>			<b>3,091</b>

## All-in Cost of Debt Profile

Description	FY21	FY22	Forecast FY23
All-in cost of debt as reported	4.0%	3.5%	4.2%
Impact of early US bond repayment in FY21 (c. £22m)	0.2%	-0.3%	N/A
<b>Underlying all-in cost of debt excluding early US bond repayment</b>	<b>3.8%</b>	<b>3.8%</b>	<b>4.2%</b>

# Bond Issues

30 September 2022



Currency of issue	Amount (ccy m)	Issuer	Coupon	Issue Date	Maturity Date	£m equiv.	Margin*
USD	354**	Imperial Brands Finance PLC	3.50%	Feb-13	Feb-23	320	1.13%
EUR	750	Imperial Brands Finance PLC	1.13%	Feb-19	Aug-23	662	1.25%
GBP	600	Imperial Brands Finance PLC	8.13%	Sep-08	Mar-24	681	3.02%
USD	1,000	Imperial Brands Finance PLC	3.13%	Jul-19	Jul-24	793	1.20%
EUR	500	Imperial Brands Finance PLC	1.38%	Jan-17	Jan-25	442	1.01%
USD	1,500	Imperial Brands Finance PLC	4.25%	Jul-15	Jul-25	1,359	2.22%
EUR	650	Imperial Brands Finance PLC	3.38%	Feb-14	Feb-26	574	1.45%
USD	750	Imperial Brands Finance PLC	3.50%	Jul-19	Jul-26	595	1.52%
GBP	500	Imperial Brands Finance PLC	5.50%	Sep-11	Sep-26	568	2.69%
EUR	750	Imperial Brands Finance PLC	2.13%	Feb-19	Feb-27	662	1.83%
USD	1,000****	Imperial Brands Finance PLC	6.13%	Jul-22	Jul-27	886	(F)***
USD	1,000	Imperial Brands Finance PLC	3.88%	Jul-19	Jul-29	906	1.97%
GBP	500	Imperial Brands Finance PLC	4.88%	Feb-14	Jun-32	553	2.18%
EUR	1,000	Imperial Brands Finance Netherlands BV	1.75%	Mar-21	Mar-33	883	1.76%
Total/Weighted Average Margin						9,884	1.9%

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

\*\* A bond tender offer was executed in Jul-22. The remaining amount is represented above.

\*\*\* (F) Denotes instances where the fixed rate was maintained

\*\*\*\* 50% cross currency swaps to EUR and 50% left in USD

# 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.