



IMPERIAL
BRANDS

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2. Full Year results statement
15 Nov 2022

Full Year results statement

STRATEGY GAINING TRACTION AND DELIVERING IMPROVED RETURNS

Report for the year ended 30 September 2022

Business Highlights

- Five-year strategy on track and delivering improved operational performance
- Aggregate market share for top-five combustible markets up 35bps – first annual share gain in >five years
- Next generation products (NGP) net revenue up 11% driven by market launches in all categories
- Strong adjusted operating cash conversion of 102% enables balance sheet to reach target leverage of 2.0x
- Increased shareholder returns with 1.5% growth in dividend enhanced by an ongoing £1 billion share buyback
- Embedding of culture changes continues, with all 26,000 Imperial colleagues set to complete training in our new purpose, vision and behaviours by calendar year-end

[Watch video summary of results](#) (opens in YouTube)

Financial Summary

	<u>Reported</u>	<u>Adjusted</u> ³
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		2022	2021	Change	2022	2021 ²	Actual	Constant currency ⁴
Revenue/ Net revenue ¹	£m	32,551	32,791	-0.7%	7,793	7,589	+2.7%	+1.5%
Operating profit	£m	2,683	3,146	-14.7%	3,694	3,570	+3.5%	+1.8%
Basic earnings per share	pence	165.9	299.9	-44.7%	265.2	246.5	+7.5%	+4.9%
Free cash flow	£m	2,562	1,524	+68.1%	2,562	1,524	+68.1%	
Net debt	£m	(8,492)	(9,373)		(8,054)	(8,615)		
Dividend per share	pence	141.17	139.08	+1.5%	141.17	139.08	+1.5%	+1.5%

¹ Reported revenue includes duty, similar items, distribution and sale of peripheral products, which are excluded from net revenue; net revenue comprises reported revenue less duty and similar items, excluding sale of peripheral products and distribution revenue.

² The 2021 net revenue and adjusted operating profit metrics exclude the contribution of the Premium Cigar Division following its divestment in October 2020. The Division contributed £21m to net revenue and £3m to adjusted operating profit in 2021.

³ See page 3 for the basis of presentation and the supplementary section of the financial statements for the reconciliation between reported and adjusted measures.

⁴ Constant currency removes effect of exchange rate movements on the translation of the results of our overseas operations.

Stefan Bomhard, Chief Executive

“WIn line with our five-year strategy, increased investment and a more consumer-centric approach have improved delivery in both our priority combustible markets and our next generation product operations. At the same time, disciplined capital allocation has strengthened our balance sheet to reach our target leverage. This has enabled us to enhance shareholder returns through an ongoing share buyback programme alongside a progressive dividend.

“In tobacco, a sharper focus on brand building and sales execution has supported aggregate market share gains in our top-five priority markets. Price mix improved in the second half, helping to offset the anticipated acceleration in volume declines, which occurred as borders reopened, prompting a return to pre-COVID buying patterns.

“In NGP, successful consumer trials have validated our approach and we are now stepping up investment in new product and market launches across all three product categories. Our heated tobacco proposition, Pulze and iD, continued to perform well in our pilot markets of Czech Republic and Greece, and we have recently launched in Portugal, Hungary and Italy, the largest European market for this category. Following the successful French trial of our new vapour device, blu 2.0, we have now launched in the UK. In modern oral, we expanded our range of flavours for Zone X in key markets and successfully introduced the Zone X format into Norway.

“Looking ahead, we are well positioned to deliver against the next phase of our five-year strategy. The additional investment and the actions we have taken during the initial two-year strengthening phase have built stronger foundations as we face into a more challenging macro-economic environment. We are well placed to build on our track record of delivery over the next three years, improving returns and creating sustainable growth in shareholder value.”

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