

IMPERIAL BRANDS PLC

LEGAL ENTITY IDENTIFIER (LEI) NO. 549300DFVPOB67JL3A42

HALF YEAR RESULTS STATEMENT

14 MAY 2025

INVESTING IN GROWTH

DELIVERING RETURNS

REPORT FOR THE SIX MONTHS ENDED 31 MARCH 2025

BUSINESS HIGHLIGHTS

- Aggregate market share gains (+6 bps) in our five priority markets - ahead of our strategic objective
- Strong tobacco pricing more than offsetting volume declines
- NGP net revenue up 15.4% with growth in all categories; NGP reported revenue up 14.7%
- Strong tobacco result at Logista offset by performance in long-distance transportation
- Adjusted and reported earnings per share up 6.0% and 0.7% respectively, driven by further share count reduction
- 12-month free cash flow of £2.4bn reflecting strong cash conversion at 99% on 12-month basis
- Capital returns underway: £1.25bn share buyback and increased interim dividend
- On track to deliver full-year results in line with guidance

ON TRACK TO DELIVER FULL-YEAR RESULTS IN LINE WITH GUIDANCE FINANCIAL SUMMARY

Six months ended 31 March 2025		Reported			Adjusted ²		
		2025	2024	Change	2025	2024	Constant currency ³
Revenue	£m	14,604	15,064	-3.1%	-	-	-
Tobacco & NGP net revenue ¹	£m	-	-	-	3,664	3,637	+0.7%
Operating profit	£m	1,456	1,494	-2.5%	1,652	1,669	-1.0%
Earnings per share	p	96.7	96.0	+0.7%	123.9	120.2	+3.1%
Net debt	£m	(10,471)	(10,585)	-	(9,956)	(10,085)	-
Dividend per share ⁴	p	80.16	44.90	+78.5%	80.16	44.90	+78.5%

1. Tobacco & NGP net revenue is reported revenue less duty and similar items, sale of peripheral products and Distribution (Logista) gross profit.
2. See page 3 for the basis of presentation and the supplementary section at the end of the financial statements for the reconciliation between reported and adjusted measures.
3. Constant currency removes effect of exchange rate movements on the translation of the results of our overseas operations.
4. Dividend per share increase of 78.5%, or 35.26 pence, includes a 4.5% underlying increase and an additional 33.24 pence from the repricing of dividend payments announced in October 2024.

STEFAN BOMHARD CHIEF EXECUTIVE

"We have delivered another six months of broad-based constant currency growth across all regions, demonstrating the strength of our distinctive challenger approach and the benefit of long-term investments in our consumer capabilities, sales execution and performance culture.

"In tobacco, we grew aggregate market share in our five priority markets by 6 basis points - ahead of our strategic objective to hold share. At the same time, we delivered strong price mix of 5.9% across our overall combustible footprint.

"In NGP, we increased market share and net revenue in all three categories to support overall NGP net revenue growth of 15.4% and adjusted operating losses reduced by 14.0%. Our modern oral portfolio has grown strongly across all markets, including further share gains from the successful roll-out of Zone in the USA.

"Our operational delivery is driving a consistent financial performance and strong cash flows, which underpin both investment in growth initiatives and enhanced capital returns to shareholders. This year, shareholders will benefit from an accelerated cash payment as we rephase the dividend to four equal instalments and from the ongoing £1.25 billion share buyback programme.

"Despite the uncertain global economic environment, we are on track to deliver our full-year results in line with our guidance, supported by tobacco pricing already taken in the first half and continued momentum in NGP.

"Looking beyond the current fiscal year, we remain committed to the plans and medium-term guidance we provided in our 2030 strategy in March. These plans set out the focused choices we will make to further strengthen our combustible and NGP businesses and generate another five years of sustainable growth and long-term shareholder value through a progressive dividend and an evergreen share buyback."

DELIVERING AGAINST OUR STRATEGIC PRIORITIES

DELIVERING AGAINST OURS STRATEGIC PRIORITIES

Delivering priority market share gains alongside strong pricing

- Aggregate market share up +6 bps in our five priority markets - ahead of our strategic objective to maintain share
- German market share gains means that our two largest markets are in share growth, building on existing US performance
- Gains in USA (+10 bps), Germany (+65 bps) and Australia (+5 bps) offsetting declines in UK (-70 bps) and Spain (-90 bps)
- Our focused investment in brand equity and sales force initiatives are driving these share gains and strong pricing
- Strong pricing supporting financial delivery while managing overall market share delivery

Building a sustainable NGP business for a healthier future

- Challenger approach is delivering growth in net revenue and market share in all three categories
- Strong growth in the Europe region and USA more than offsetting temporary headwinds in AAACE region
- Modern oral growing strongly driven by the roll-out of Zone in the USA and product innovation in Europe
- Vapour sales benefiting from roll-out of new formats to support growth in key markets
- Expanding our heated product offering for Pulze 2.0 with iSenzia flavoured herbal sticks in Europe

Driving value from our broader market portfolio

- Strong pricing in our wider footprint supported a resilient performance
- Good progress in broader geographies, e.g. Africa, Central and Eastern Europe, Southeast Europe and Nordics
- Driving growth through both combustible and NGP brands

Transforming our ways of working

- Simplifying our operations with the go-live of a new ERP platform in the UK as a priority market
- Leveraging our consumer capabilities through investment in innovation and brand equity aligned to consumer insights
- Leadership coaching driving a focus on accountability and collaboration to underpin our performance-based culture
- As highlighted at our Capital Markets Day in March, we have opportunities to strengthen all our strategic enablers

RESULTS OVERVIEW*

Tobacco & NGP net revenue growth driven by resilient tobacco pricing

- Tobacco and NGP net revenue up +3.2%
- Strong tobacco pricing of +5.9% driven by a broad base of markets; tobacco net revenue up +2.7%
- Tobacco volumes down -3.2% (to 87.0bn SE) reflecting wider industry market size declines across our footprint
- NGP revenue up +15.4% as strong growth in the USA and Europe more than offset declines in AAACE
- Reported revenue declined -3.1%; reflecting volume declines in high excise markets and adverse foreign exchange

Delivering improved profitability and increased investment

- Group adjusted operating profit grew +1.8%, driven by improved profitability in tobacco and lower losses in NGP
- Reported operating profit declined -2.5% at actual rates reflecting adverse foreign exchange translation
- Tobacco adjusted operating profit increased 1.5%, driven by strong pricing offsetting volume declines and increased investment; reported tobacco operating profit down 1.8% at actual rates reflecting adverse foreign exchange
- NGP adjusted losses reduced by 14.0% to £43m despite increased investment in the roll-out of Zone in the USA; reported NGP operating losses increased 14.8% at actual rates with higher amortisation of intangibles and adverse foreign exchange
- Distribution adjusted operating profit was flat as tobacco segment growth offset weakness in long-distance transportation
- Adjusted EPS up +6.0% with higher adjusted operating profit and reduced share count more than offsetting higher tax rate
- Reported EPS increased +0.7% at actual rates benefiting from the reduced share count due to the ongoing share buyback and the lower finance costs were offset by a higher tax charge

Free cash flow supporting investment and shareholder returns

- Adjusted operating cash conversion of c. 99% on a 12-month basis
- Adjusted net debt £10bn; adjusted net debt to EBITDA on a 12-month basis improved 0.1x to 2.4x; reported net debt £10.5bn
- On track to deliver adjusted net debt to EBITDA of around 2.0 times at the year end
- Interim dividend per share up 78.5% to 80.16 pence, reflecting underlying growth of 4.5% and the rephasing of dividend to four equal instalments
- On track to grow FY25 dividend in line with underlying business performance and our progressive dividend policy
- Ongoing, multi-year evergreen buyback with £1.25bn underway this year
- Cumulative capital returns from FY21 to FY25 of c. £10bn, representing c. 67% of market capitalisation at January 2021

* All measures at constant currency unless otherwise stated

OUTLOOK

We are on track to meet the guidance and expectations for the full year despite a more uncertain global economic environment. At constant currency, we expect to deliver low-single digit growth tobacco and NGP net revenue and to grow Group adjusted operating profit close to the middle of our mid-single-digit range. Strong tobacco pricing already taken in the first half of the year and slightly lower NGP losses will support a stronger second half delivery. In NGP, we will continue to invest to drive another year of double-digit constant currency net revenue growth, while balancing our objective to build a sustainable and profitable business.

The growth in adjusted operating profits is expected to translate into at least high-single-digit earnings per share growth at the full year at constant currency supported by the ongoing share buyback and partly offset by higher adjusted finance and tax costs. At current rates, foreign exchange translation is expected to be a headwind of 2.0-2.5% to net revenue and 3.5-4.5% headwind to adjusted operating profit and earnings per share.

Looking beyond the current fiscal year, we remain committed to the plans and medium-term guidance we provided in our 2030 strategy in March. These plans set out the focused choices we will make to further strengthen our combustible and NGP businesses and generate another five years of sustainable growth and long-term shareholder value through a progressive dividend and an evergreen share buyback.

FOR A COPY OF THE FULL STATEMENT

To view a copy of the full statement please click here: www.imperialbrandspc.com/HY25
and it is also available here: http://www.ms-pdf.londonstockexchange.com/ms/53811_1-2025-5-13.pdf

BASIS OF PRESENTATION

- To aid understanding of our results, we use 'adjusted' (non-GAAP) measures to provide a consistent comparison of performance from one period to the next. Reconciliations between adjusted and reported (GAAP) measures and further definitions of adjusted measures are provided in the supplementary information section. Change at constant currency removes the effect of exchange rate movements on the translation of the results of our overseas operations. References in this document to percentage growth and increases or decreases in our adjusted results are on a constant currency basis unless stated otherwise. These are calculated by translating current year results at prior year exchange rates.
- Stick Equivalent (SE) volumes reflect our combined cigarette, fine cut tobacco, cigar and snus volumes but exclude any NGP volume such as heated tobacco, modern oral nicotine and vapour.
- Market share is presented as a six-month average to the end of March (MHT - moving half-year trend), unless otherwise stated. Aggregate market share is a weighted average across markets within our footprint.

OTHER INFORMATION

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Analyst Presentation Webcast

Stefan Bomhard, Chief Executive, and Lukas Paravicini, Chief Financial Officer, will present the results to investors and analysts via a webcast at 09:00 (BST) on 14 May 2025. The presentation slides will be available from 07:00 (BST) on www.imperialbrandspc.com. A webcast recording and presentation script will be available after the webcast has concluded.

The webcast will be available on <https://edge.media-server.com/mmc/p/ixugocgr>. To participate in the Q&A session, please register in advance via this link <https://register-conf.media-server.com/register/Bf5ddc582c830e461cb14e55c9e5322ef9>. You will then receive the dial-in details and your own PIN to access the live Q&A session.

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