Preliminary Results 2011

Imperial Tobacco Group PLC

1 November 2011

Iain Napier Chairman

Alison Cooper Chief Executive

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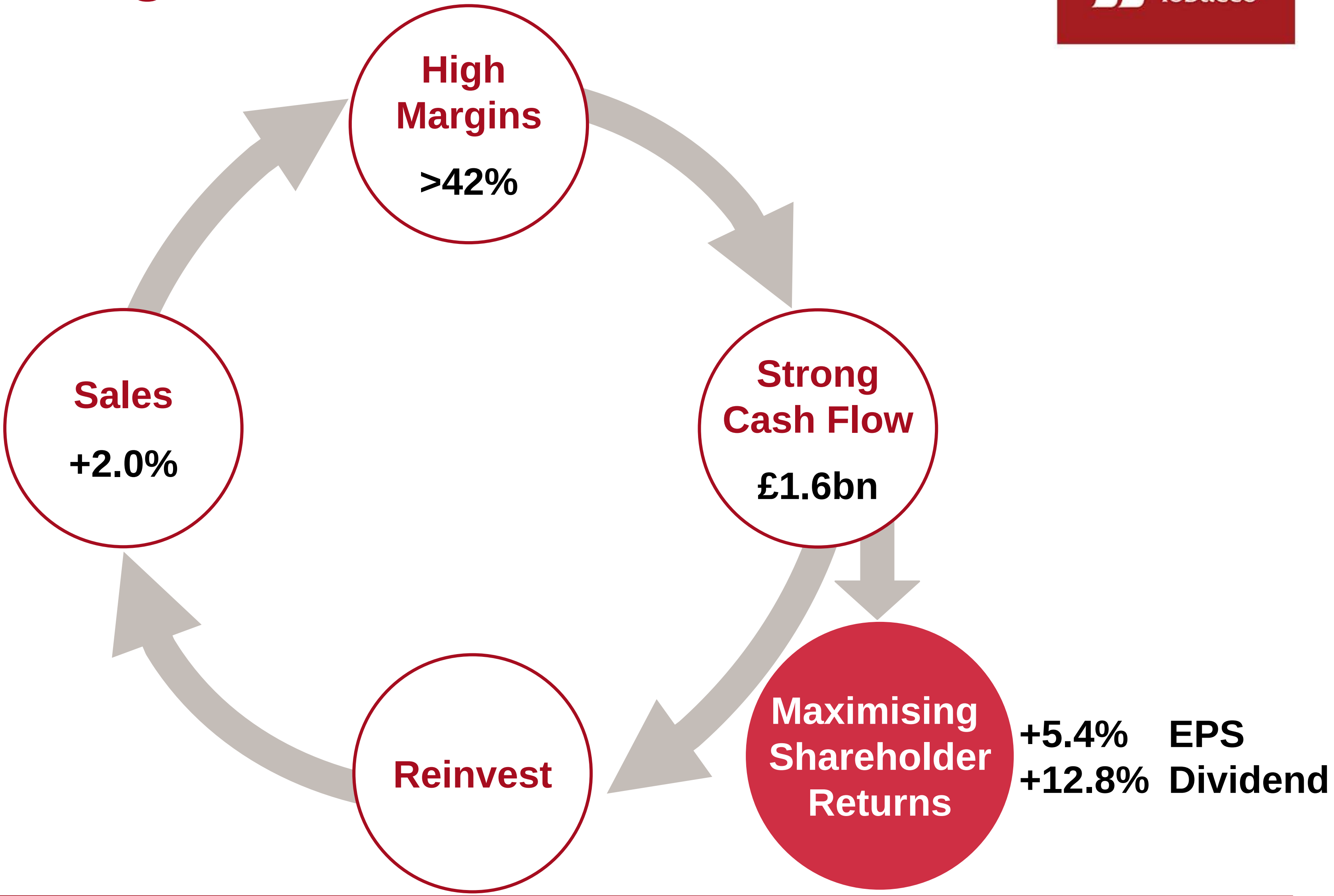
Creating Value



Sales: tobacco net revenues on a constant currency basis. High Margins refers to Tobacco operating margins. Strong cash flow: free cash flow before dividends and share buybacks. EPS: adjusted EPS growth at constant currency

Our Strategy

Delivering Sustainable Shareholder Returns

Cost Optimisation | Sales Growth | Cash Utilisation

Our Key Assets

Market Footprint | Total Tobacco | Brand Equity | People

Sales Growth Drivers

Portfolio Management | Innovation | Pricing | Customer Engagement

Key Enablers

Consumer Centric | Execution Excellence | Future Foundations

FY11 Highlights

delivering our strategy

Sales growth

- sales and profit momentum through Total Tobacco
- EU: profit model delivering; Germany +7%, Rest of EU +3%
- Non-EU: emerging market momentum; profit +10%

Cost optimisation

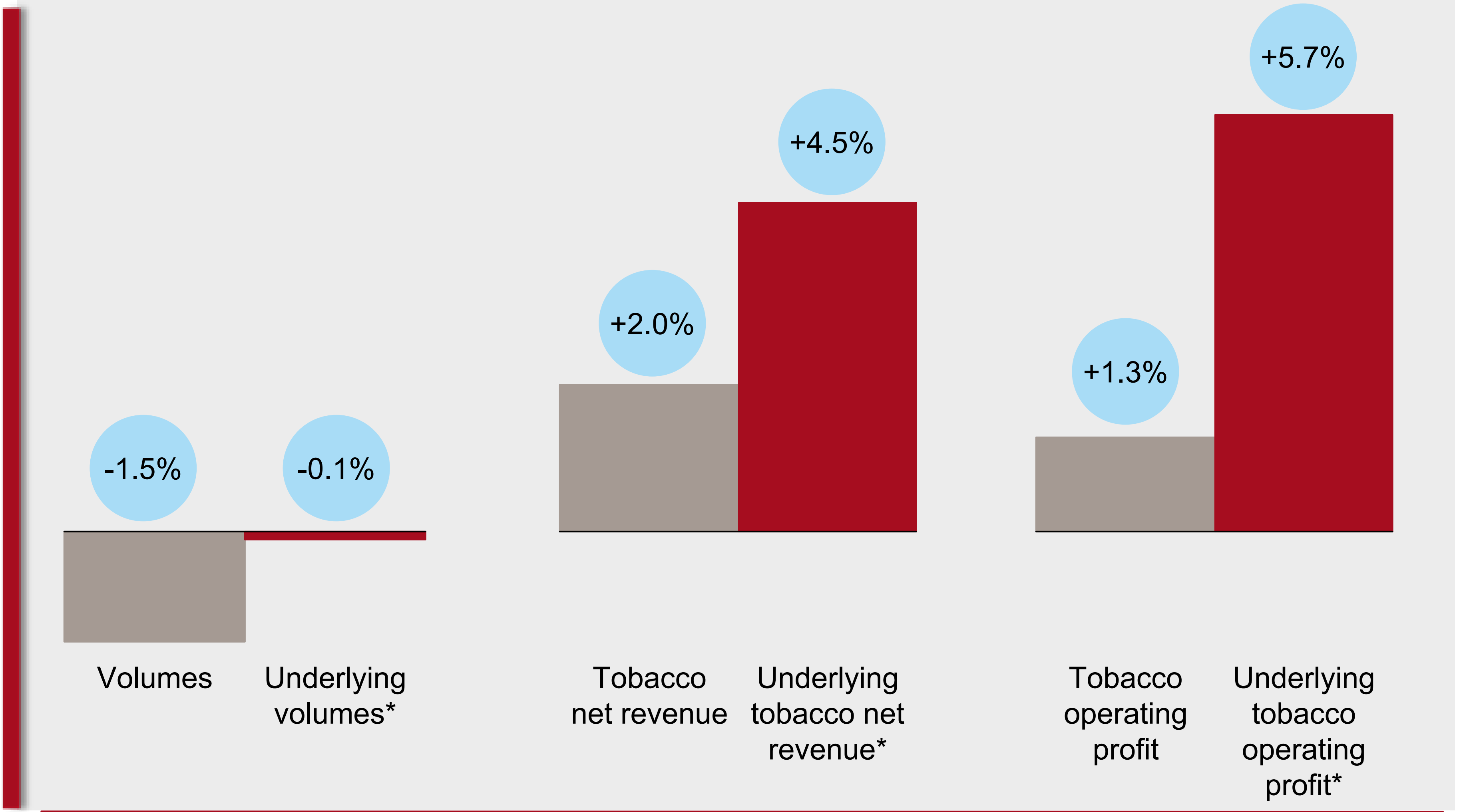
- strong tobacco operating margins; above 42%; Non-EU +150bps
- ongoing efficiency focus: productivity +3%

Cash utilisation

- 88% cash conversion; free cash flow £1.6bn*
- +12.8% dividend per share; 50.6% payout
- £181m buyback

** Free cash flow before dividends and share buybacks. Percentage changes reflect underlying constant currency performance*

Sales and Profit Momentum



*Percentage changes reflect underlying constant currency performance and are adjusted and presented on our usual basis, see slide 55 for details; Volumes on a stick equivalent basis; * Excluding Spain; adjusted for UK trade buying patterns*

Growth through Total Tobacco

Portfolio volume highlights

- +4% key strategic brands*
- +4% fine cut tobacco
- +5% papers; +9% tubes
- +4% Habanos outside EU
- +30% snus

* Davidoff, Gauloises Blondes, West and JPS on a stick equivalent basis

Davidoff

+6% to 18 billion

Strong sales momentum

- classic line growth post rejuvenation
- new variant launches in key growth segments
- volumes up in 8 of top 10 markets
  - +9% Saudi Arabia
  - +11% Taiwan
  - +12% Ukraine
  - +33% Russia

Gauloises Blondes

+2% to 29 billion*

Strong underlying momentum

- expanded distribution
- +12% top five markets
- +28% in North Africa
  - further gains in Algeria and Morocco

* Stick equivalents

West

-2% to 25 billion*

Growth in Eastern Europe and Asia

- capitalising on consumer growth segments
- emerging market momentum
  - +8% Russia
  - +18% Taiwan

* *Stick equivalents*

JPS

+12% to 24 billion*

Meeting consumer value trends

- another excellent year
- growth in 7 of top 10 markets
  - +8% Germany
  - +34% UK
  - >+100% in Australasia

* *Stick equivalents*

Fine Cut Tobacco

+4% to 41 billion*

Continued strong momentum

- strong value proposition
  - +49% Route 66
  - +16% West
  - +14% JPS
- capitalised on Spanish opportunity
  - Ducados Rubio market leader

* Stick equivalents

Habanos

Imperial Tobacco

Exclusive editions driving sales growth

- strong emerging market growth
- +4% volumes in Non-EU
- excellent momentum in Brazil, Russia and China
- +5% sales; +12% sales in Non-EU

MONTE CRISTO HABANA

MONTECRISTO

EU and Non-EU Performance

- EU
  - strong consumer value dynamic
  - volumes impacted by Spain; underlying volumes -1%*
- Non-EU
  - USA: value driven
  - RoW: growth in value and “premium and above”
  - volumes +1%; strong emerging market performance

* Underlying volumes exclude Spain and adjust for UK trade buying patterns

Logistics

+4%* profit growth

Tobacco logistics

- good performance across all markets
- positive pricing
- continued cost reductions

Other logistics

- stable sales
- cost savings programme continues to deliver

** Constant currency growth in Logistics adjusted operating profit*

Group Results

5.4% constant currency EPS growth

	FY10	Foreign Exchange	Constant Currency Growth	FY11	Change	Constant Currency Change
Tobacco net revenue	6,793	(15)	**135**	6,913	1.8%	**2.0%**
Logistics distribution fees	936	(1)	**(3)**	932	-0.4%	**-0.3%**
Tobacco operating profit	2,889	(4)	**39**	2,924	1.2%	**1.3%**
Operating margin %	*42.5*	*0.1*	***(0.3)***	*42.3*		
Logistics operating profit	176	-	**7**	183	4.0%	**4.0%**
Distribution margin %	*18.8*	-	***0.8***	*19.6*		
Eliminations	2	-	**(6)**	(4)		
Operating profit	3,067	(4)	**40**	3,103	1.2%	**1.3%**
Interest	(600)	(2)	**40**	(562)	6.3%	**6.7%**
Tax rate %	*25.8*			*24.3*		
EPS	178.8p	(0.4)	**9.6**	188.0p	5.1%	**5.4%**

All numbers on an adjusted basis

EU Adjusted Operating Results

operating model continues to deliver

- UK: market leader; change in trade buying patterns
- Germany: strong performance; profits +7%
- Spain: in line with guidance
- Rest of EU: outperformed market; profits +3%

Non-EU Adjusted Operating Results

+10.0% profit growth

- Americas:
  - competitor discounting; share stable
  - premium cigars: sales and profits growth
- Rest of World profits:
  - +14% region
  - +21% Eastern Europe
  - +27% Asia-Pacific
  - +8% Africa and Middle East

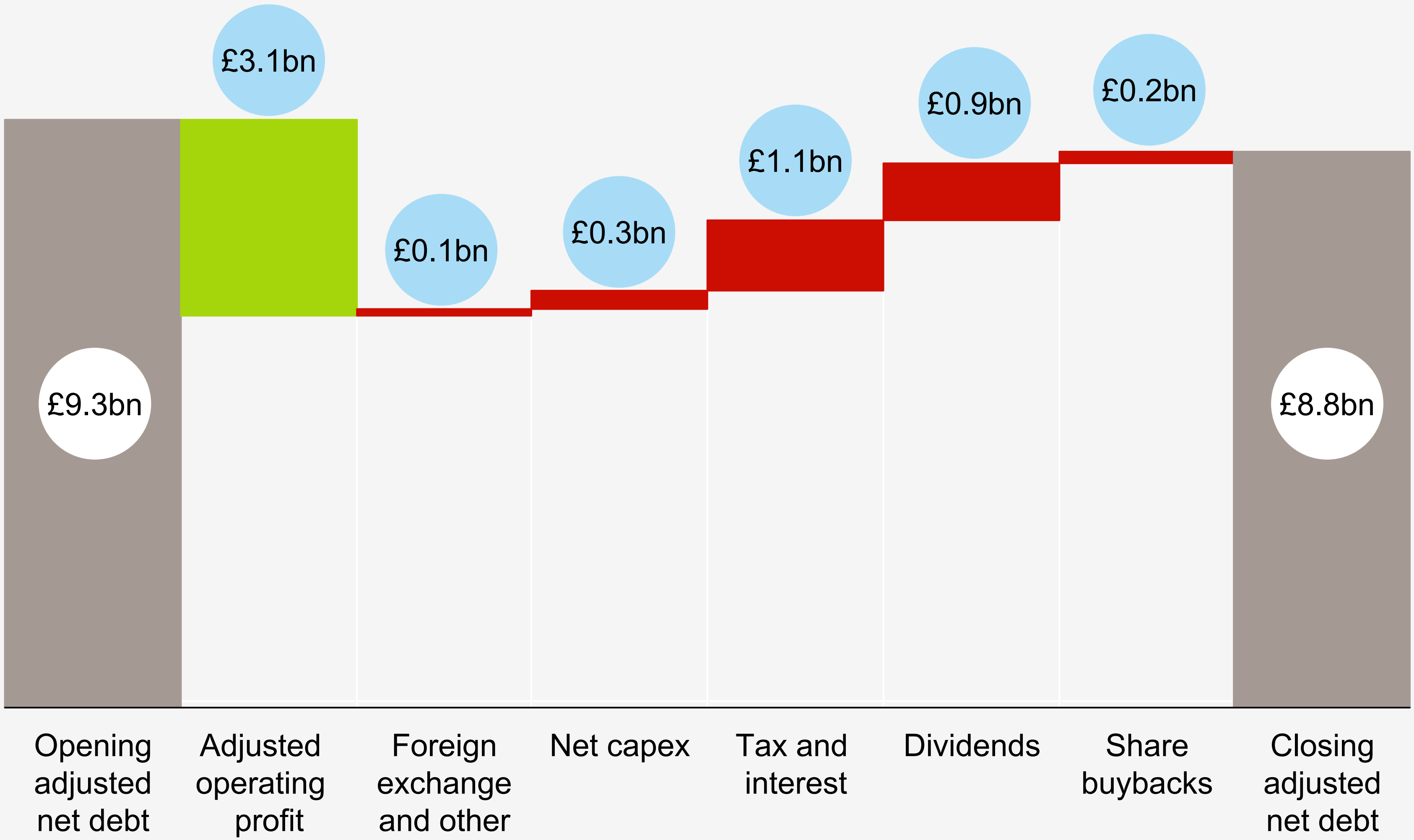
See slide 33 for FY11 regional adjusted operating profit details

Financing and Cost of Debt

- average all-in cost of net debt 5.7% (FY10: 5.5%)
- net interest charge £562m (FY10: £600m)
- interest cover* 5.5x (FY10: 5.1x)

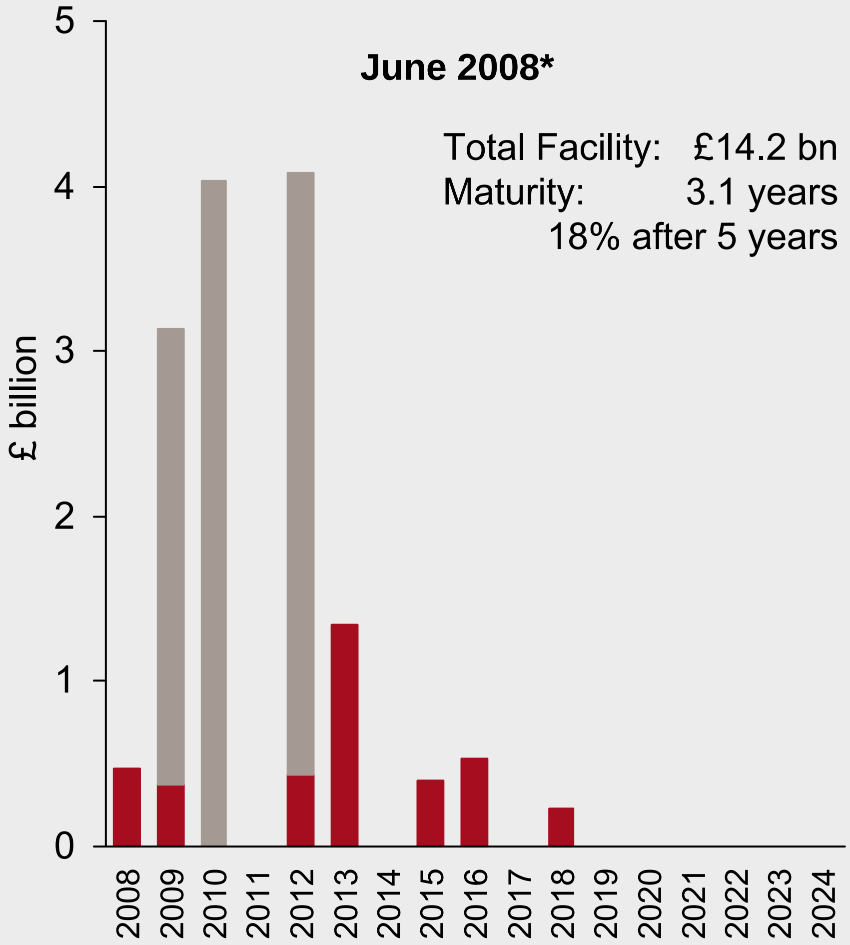
*12 months adjusted EBITA/12 months adjusted net finance costs. Numbers are adjusted and presented on our usual basis see slide 55 for details

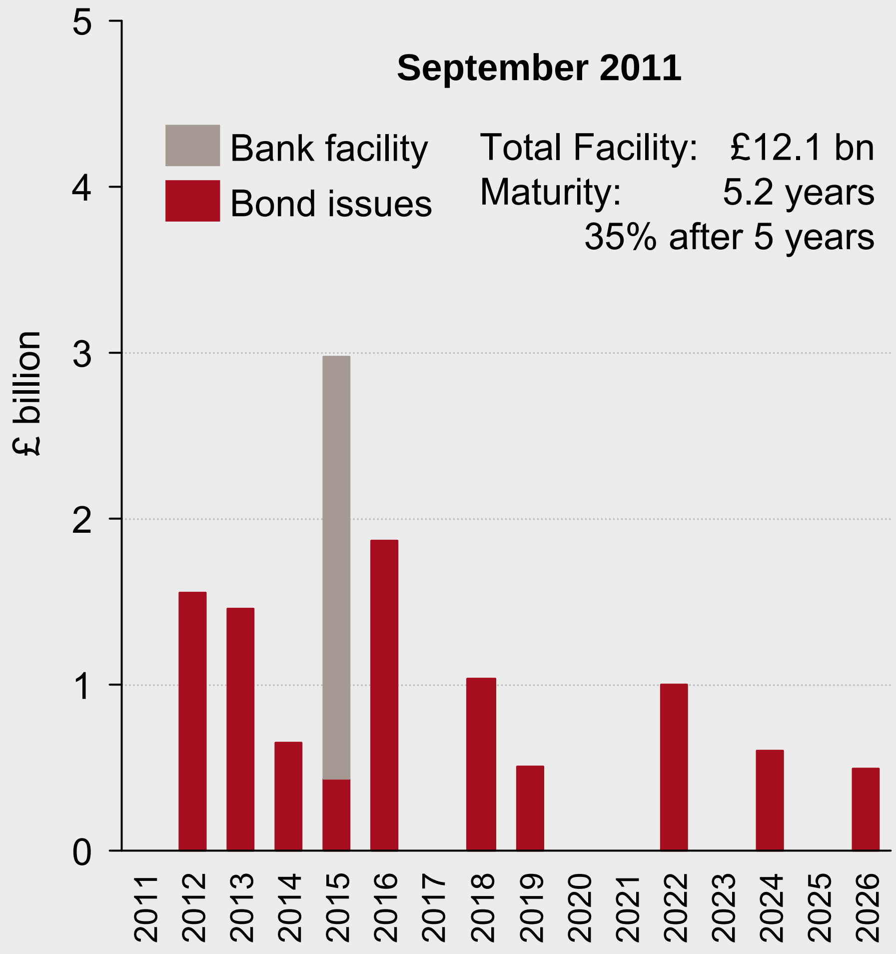
FY11 Adjusted Net Debt



Adjusted debt figures exclude accrued interest, fair value of derivatives providing commercial cash flow hedges and finance lease liabilities

Actively Managing Debt Profile





** June 2008 is post rights issue*

FY12 Financial Outlook

- FY12 average interest cost 5.8%
- tax rate 24.5%
- capex investment to support sales growth

FY12 Operational Outlook

- EU: capitalising on consumer value trends
- Non-EU: opportunities in value and “premium and above”
- price increases:
  - 2012: UK and France
  - 2011: including Germany, Spain, USA, Russia and Taiwan
- Logistics: drive growth opportunities and manage costs

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* *Free cash flow before dividends and share buybacks*

Preliminary Results 2011

Imperial Tobacco Group PLC

1 November 2011

Appendices

Financial

FY11 Income Statement

£m	FY11	FY10	*Change %*
Revenue	**29,223**	28,173	+4
Adjusted operating profit	**3,103**	3,067	+1
Acquisition accounting adjustments	**-**	(24)	
Amortisation of acquired intangibles	**(402)**	(451)	
Restructuring costs	**(61)**	(64)	
Net finance costs*	**(487)**	(410)	
Profit before tax	**2,153**	2,118	
Tax	**(337)**	(596)	
Profit after tax	**1,816**	1,522	
Minority interests	**(20)**	(17)	
Basic EPS	**177.3p**	148.5p	
Adjusted EPS	**188.0p**	178.8p	+5

**Including fair value gains and losses on derivatives and post-employment benefits net financing costs*

Reconciliation: Reported to Adjusted

	Reported FY11	Amortisation of acquired intangibles	Net fair value and exchange gains on certain instruments*	Post employment net financing	Restructuring costs	Tax provisions released	Adjusted FY11
Operating profit	**2,640**	402	-	-	61	-	**3,103**
Finance costs	**(487)**	-	(85)	10	-	-	**(562)**
Profit before tax	**2,153**	402	(85)	10	61	-	**2,541**
Tax	**(337)**	(77)	23	(4)	(17)	(205)	**(617)**
Profit after tax	**1,816**	325	(62)	6	44	(205)	**1,924**
Minority interest	**(20)**	-	-	-	-	-	**(20)**
Earnings attributable	**1,796**	325	(62)	6	44	(205)	**1,904**
EPS	**177.3p**	32.1p	(6.1)p	0.6p	4.3p	(20.2)p	**188.0p**

*Results are adjusted and presented on our usual basis. * Net fair value and exchange gains on financial instruments providing commercial hedges*

Tobacco

FY11 regional net revenue analysis

£m	Actual[1]	FY11 Foreign Exchange	Constant Currency[2]	FY10	% Change Constant Currency
UK	869	-	869	894	(2.8)
Germany	879	(1)	880	850	3.5
Spain	497	-	497	592	(16.0)
Rest of EU	1,592	(1)	1,593	1,521	4.7
Total EU	3,837	(2)	3,839	3,857	(0.5)
Americas	731	(22)	753	726	3.7
Rest of World	2,345	9	2,336	2,210	5.7
Total Non-EU	3,076	(13)	3,089	2,936	5.2
Total	6,913	(15)	6,928	6,793	2.0

[1]based on average exchange rates for twelve months ended 30 September 2011; [2]assumes that average exchange rates in FY11 were the same as in FY10. During FY11 the definition of tobacco net revenue was changed to exclude revenue from peripheral and non-tobacco related products; comparatives are restated accordingly.

Tobacco

FY11 regional operating profit analysis

£m	Actual[1]	FY11 Foreign Exchange	Constant Currency[2]	FY10	% Change Constant Currency
UK	577	-	577	614	(6.0)
Germany	461	-	461	432	6.7
Spain	200	-	200	268	(25.4)
Rest of EU	658	(1)	659	638	3.3
Total EU	1,896	(1)	1,897	1,932	(2.8)
Americas	234	(8)	242	244	(0.8)
Rest of World	794	5	789	693	13.9
Total Non-EU	1,028	(3)	1,031	937	10.0
Total	2,924	(4)	2,928	2,889	1.3

[1]based on average exchange rates for twelve months ended 30 September 2011; [2]assumes that average exchange rates in FY11 were the same as in FY10. Results are adjusted and presented on our usual basis

Logistics

£m	Actual[1]	FY11 Foreign Exchange	Constant Currency[2]	FY10	% Change Constant Currency
Distribution fees	**932**	**(1)**	**933**	936	(0.3)
Operating profit	**183**	**-**	**183**	176	4.0
Distribution margin %	***19.6***		***19.6***	*18.8*	

[1]based on average exchange rates for twelve months ended 30 September 2011; [2]assumes that average exchange rates in FY11 were the same as in FY10. Results are adjusted and presented on our usual basis

Foreign Currencies

£1 =	Average FY11	Average FY10	Closing FY11	Closing FY10
Euro	**1.153**	1.152	**1.162**	1.156
US dollar	**1.606**	1.560	**1.560**	1.573

Balance Sheet
30 September 2011

£m		FY11	FY10
Non-current assets:	tangible	**2,692**	2,588
	intangible	**20,487**	20,941
Current assets:	inventories	**3,055**	3,019
	other	**4,333**	4,067
Current liabilities		**(10,620)**	(9,142)
Non-current liabilities		**(12,237)**	(14,384)
Net assets		**7,710**	7,089

FY11 Cash Flow

£m	FY11	FY10
Cash flows from operating activities pre tax	**3,085**	3,224
Tax paid	**(529)**	(365)
Cash flows from operating activities	**2,556**	2,859
Net capex (includes software)	**(342)**	(257)
Net acquisitions (businesses and trademarks)	**-**	29
ESOT	**(18)**	5
Share buy backs	**(182)**	-
Dividends paid (inc. minority interests)	**(914)**	(785)
Net interest paid	**(552)**	(580)
Net cash flow	**548**	1,271
Opening net debt	**(10,024)**	(12,044)
Closing net debt before non-cash movements	**(9,476)**	(10,773)
Non-cash movements		
Exchange movement	**87**	423
Interest accretion and derivative fair value adjustments	**(52)**	326
Closing Net Debt after non-cash adjustments	**(9,441)**	(10,024)

Net Finance Costs

£m	FY11	FY10
Net finance costs	**487**	410
Adjusted for:		
- expected return on retirement benefit assets	**178**	181
- interest on retirement benefit liabilities	**(180)**	(186)
- unwind of discount on redundancy and social plans	**(8)**	(15)
- net fair value and exchange gains on certain instruments*	**85**	210
Adjusted net finance costs	**562**	600

** Net fair value and exchange gains on financial instruments providing commercial hedges*

Cash Conversion

£m	FY11	FY10
Net cash flow from operating activities	**2,556**	2,859
Tax	**529**	365
Net capex	**(342)**	(257)
Cash flow post capex pre interest and tax	**2,743**	2,967
Adjusted operating profit	**3,103**	3,067
Cash conversion	**88%**	97%
Working capital cash inflow/(outflow)	**(6)**	214

Net Debt Reconciliation

£m	Reported FY11	Accrued interest	Fair value of derivatives	Finance lease creditors	Adjusted FY11
Opening net debt	(10,024)	292	410	25	(9,297)
Free cash flow	1,644		(80)	(2)	1,562
Share buy backs	(182)				(182)
Dividends	(914)				(914)
Accretion of interest	(5)	5			-
Change in fair values	(47)		(40)		(87)
Exchange movements	87				87
Closing net debt	(9,441)	297	290	23	(8,831)

For further details on the methodology for adjustments please see slide 55

Volumes

FY11 Stick Equivalent Volumes

Billion stick equivalents	FY11	FY10
UK (exc PMI[1])	**25.6**	27.8
Germany	**32.9**	32.8
Spain	**23.5**	27.0
Rest of European Union	**77.5**	78.4
Total EU	**159.5**	166.0
Americas	**12.9**	12.2
Asia-Pacific	***22.2***	*21.2*
Eastern Europe	***76.6***	*76.7*
Africa & Middle East	***67.3***	*67.1*
Duty Free	***4.9***	*5.3*
Total Rest of the World	**171.0**	170.3
Total Non-EU	**183.9**	182.5
Total Group	**343.4**	348.5

[1] 3.0bn sales of PMI brands (FY10: 3.3bn)

FY11 Cigarette Volumes

Billion sticks	FY11	FY10
UK (exc PMI[1])	**19.2**	21.1
Germany	**23.4**	23.2
Spain	**20.8**	25.3
Rest of European Union	**57.8**	59.6
Total EU	**121.2**	129.2
Americas	**12.3**	11.9
Asia-Pacific	***20.6***	*19.6*
Eastern Europe	***76.5***	*76.7*
Africa & Middle East	***67.2***	*66.8*
Duty Free	***4.3***	*4.5*
Total Rest of the World	**168.6**	167.6
Total Non-EU	**180.9**	179.5
Total Group	**302.1**	308.7

[1] 3.0bn sales of PMI brands (FY10: 3.3bn)

FY11 Fine Cut Tobacco Volumes

Billion stick equivalents	FY11	FY10
UK	6.4	6.7
Germany	9.5	9.6
Spain	2.7	1.7
Rest of European Union	19.7	18.8
Total EU	38.3	36.8
Americas	0.6	0.3
Asia-Pacific	*1.5*	*1.6*
Eastern Europe	*0.1*	*0.0*
Africa & Middle East	*0.1*	*0.3*
Duty Free	*0.7*	*0.8*
Total Rest of the World	2.4	2.7
Total Non-EU	3.0	3.0
Total Group	41.3	39.8

FY11 EU SE[1] Market Volumes

Billion stick equivalents	Cigarette	FCT	Total
UK	**42.4**	**13.1**	**55.5**
	-5%	*+9%*	*-2%*
Germany	**84.7**	**37.6**	**122.3**
	+1%	*+6%*	*+2%*
Spain	**62.7**	**6.5**	**69.2**
	-15%	*+5%*	*-14%*
Rest of EU	**349.3**	**55.5**	**404.8**
	-3%	*+8%*	*-2%*
Total EU[2]	**539.1**	**112.7**	**651.8**
	-4%	*+8%*	*-3%*

Imperial estimates; [1]stick equivalents; [2]Imperial definition

FY11 Cigar Volumes and USA Cigar Net Revenues

Millions	FY11	FY10
UK	**60**	80
Germany	**3**	2
Spain	**290**	327
Rest of European Union	**364**	349
Total EU	**717**	758
Americas	**1,375**	1,420
Rest of the World	**213**	220
Total Non-EU	**1,588**	1,640
Total Group	**2,305**	2,398

USA Cigar Net Revenues (£m)	**444**	448

Excludes eco-cigarillos. During FY11 the definition of tobacco net revenue was changed to exclude revenue from peripheral and non-tobacco related products; comparatives are restated accordingly

Market Shares

Cigarette Market Shares

European Union

Cigarette (%)	12 month average FY11	FY10
UK	**45.1**	45.4
Germany	**26.6**	26.9
Spain[1]	**28.1**	29.0
France[1]	**22.6**	23.6
Austria	**17.7**	17.2
Czech Republic	**14.5**	13.9
Greece	**11.6**	11.6
Hungary	**12.3**	12.9[2]
Ireland	**23.8**	24.5
Netherlands	**11.4**	12.0[2]
Poland	**25.0**	25.5

Imperial estimates; [1]domestic blonde share; [2]restated due to change of source or basis

FCT Market Shares

European Union

Fine cut tobacco (%)	12 month average FY11	FY10
UK	**51.0**	54.5
Germany	**20.3**	20.5[1]
Spain	**36.8**	32.3
France	**19.7**	20.5[1]
Belgium	**12.7**	11.5[1]
Czech Republic	**64.8**	50.9
Greece	**29.4**	33.1
Hungary	**38.3**	48.6[1]
Italy	**39.1**	41.4
Netherlands	**46.2**	48.4[1]
Poland	**60.1**	28.6

Imperial estimates; [1]restated due to change of source or basis

Cigarette Market Shares
Americas and Rest of the World

Cigarette (%)	12 month average FY11	FY10
USA	**3.9**	3.9
Australia	**19.1**	17.5
Morocco	**83.1**	83.1
Russia	**8.8**	9.2[1]
Saudi Arabia	**9.4**	10.3[1]
Taiwan	**11.3**	11.0
Turkey	**3.3**	3.9
Ukraine	**22.2**	20.9[1]

Imperial estimates; [1]restated due to change of source or basis

Financing

Senior Bank Facilities
30 September 2011

Amount	Description	Maturity date	£m equiv.	Margin
	Committed 5 Year Revolving Credit Facility	Dec-15		1.000%*
$632m	USD tranche		£405m	
£600m	GBP tranche		£600m	
€1,785m	EUR tranche		£1,536m	
	Total		**£2,541m**	

*The Dec'15 committed Revolving Credit Facility has a margin step up clause based on utilisation of the entire facility. If utilisation of the entire facility is more than 50% then the margin on all Dec'15 facility drawings increases by 20bp to 1.2%. If utilisation is more than 75% then the margin on all Dec'15 facility drawings increases by a further 20bp to 1.4%. The margin step up applies until the utilisation percentage falls below the step up level

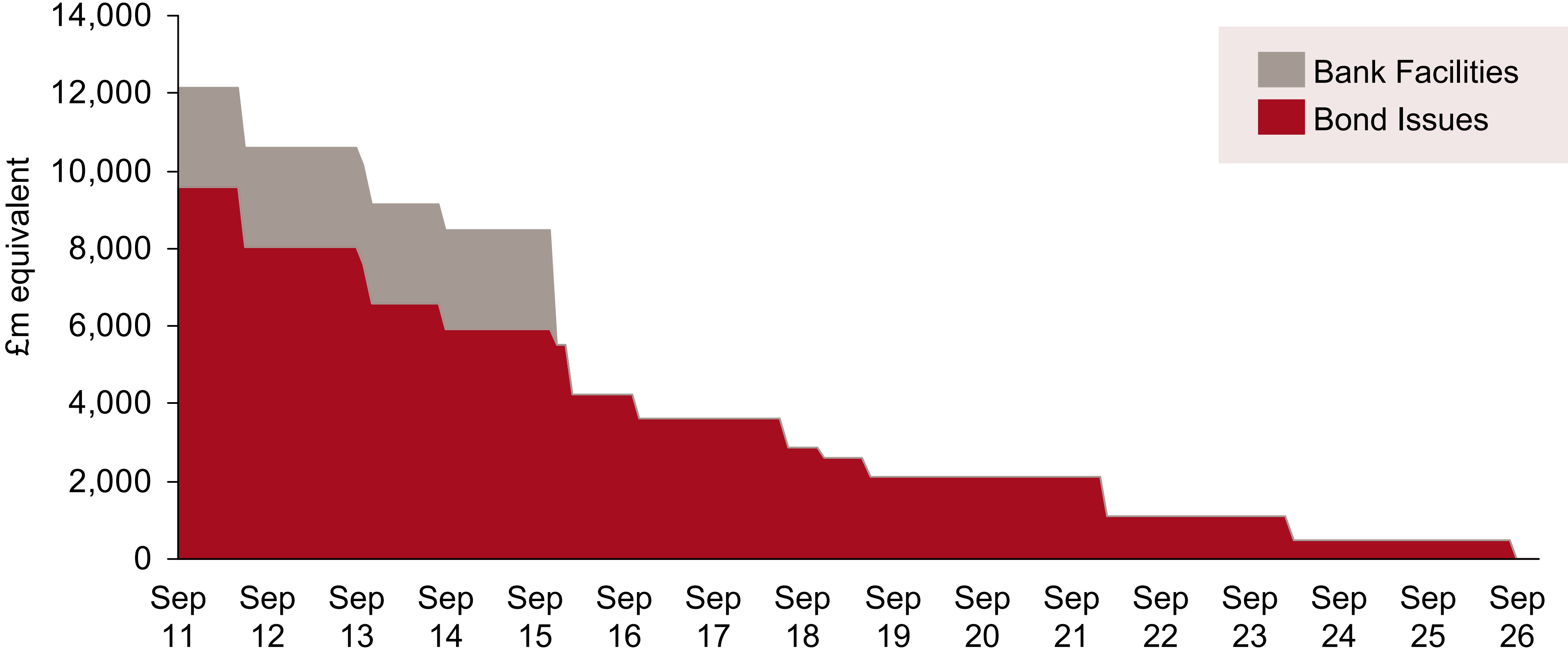
Bond Issues
30 September 2011

Amount	Issuer	Coupon	Issue Date	Maturity Date	£m equiv.	Margin
£350m	Imperial Tobacco Finance PLC	6.875%	Jun-02	Jun-12	£476m*	1.3%
€1,250m	Imperial Tobacco Finance PLC	5.000%	Jun-09	Jun-12	£1,076m	2.7%
€500m	Altadis Finance BV	5.125%	Oct-03	Oct-13	£430m	0.8%
€1,200m	Imperial Tobacco Finance PLC	4.375%	Nov-06	Nov-13	£1,033m	0.6%
€750m	Imperial Tobacco Finance PLC	7.250%	Sep-08	Sep-14	£645m	2.7%
€500m	Altadis Emisiones Financieras SAU	4.000%	Dec-05	Dec-15	£430m	1.1%
€1,500m	Imperial Tobacco Finance PLC	8.375%	Feb-09	Feb-16	£1,291m	5.0%
£450m	Imperial Tobacco Finance PLC	5.500%	Nov-06	Nov-16	£577m*	0.6%
€850m	Imperial Tobacco Finance PLC	4.500%	Jul-11	Jul-18	£790m*	1.8%
£200m	Imperial Tobacco Finance PLC	6.250%	Dec-03	Dec-18	£252m*	1.1%
£500m	Imperial Tobacco Finance PLC	7.750%	Jun-09	Jun-19	£500m	3.7%
£1,000m	Imperial Tobacco Finance PLC	9.000%	Feb-09	Feb-22	£1,000m	5.0%
£600m	Imperial Tobacco Finance PLC	8.125%	Sep-08	Mar-24	£600m	3.1%
£500m	Imperial Tobacco Finance PLC	5.500%	Sep-11	Sep-26	£500m*	2.8%
	Total/Weighted Average				**£9,600m**	**2.6%**

** Adjusted for cross currency swaps*

Financing

maturity profile at 30 September 2011



- 21% bank, 79% capital markets
- Facilities in place as at 30 September: c.£12bn
- Headroom as at 30 September c.£2.5bn including short term facilities

Basis of Results Presentation

Use of Adjusted Measures

Management believes that non-GAAP or adjusted measures provide a useful comparison of business performance and reflect the way in which the business is controlled. Accordingly, adjusted measures of operating profit, net finance costs, profit before tax, taxation, attributable earnings and earnings per share exclude, where applicable, acquisition accounting adjustments, amortisation of acquired intangibles, restructuring costs, post-employment benefits net financing income or expense, fair value gains and losses on derivative financial instruments in respect of commercially effective hedges, exchange gains and losses on borrowings in respect of commercially effective hedges, and related taxation effects and significant one-off tax provision charges or credits arising from the resolution of prior year tax matters. Reconciliations between adjusted and reported measures are included in our published financial statements. Adjusted measures are not defined terms under IFRS and may not be comparable with similarly titled measures reported by other companies.

Imperial Tobacco also uses the following non-GAAP measures in presenting its results:

Net Revenue

Net revenue comprises the Tobacco business revenue less associated duty and similar items less revenue from the sale of peripheral and non-tobacco related products. Management considers this an important measure in assessing the profitability of Tobacco operations.

Distribution Fees

Distribution fees comprises the Logistics segment revenue less the cost of distributed products. Management considers this an important measure in assessing the profitability of Logistics operations.

Adjusted Net Debt

Management monitors the Group's borrowing levels using adjusted net debt which excludes interest accruals, the fair value of derivative financial instruments providing commercial cash flow hedges and finance lease liabilities.

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