



## **PRESS RELEASE**

### **IMPERIAL TOBACCO GROUP PLC Interim Management Statement for the 9 months ended 30 June 2012**

Imperial Tobacco Group PLC confirms that the overall financial position and operational performance of the Group for the financial year to 30 September 2012 is in line with the Board's expectations.

The following relates to the nine months to 30 June 2012 unless otherwise stated. Tobacco net revenues exclude the impact of foreign exchange.

#### **Portfolio Gains Driving Positive Sales Momentum**

- Tobacco net revenue up 3 per cent reflecting ongoing strong price/mix; stick equivalent volumes declined 3 per cent
- Strong key strategic brand growth continues with net revenues up 13 per cent and combined stick equivalent volumes up 6 per cent
- Excellent emerging market growth in Cuban cigars and significant snus gains

Summarising today's announcement Alison Cooper, Chief Executive, said:

"This good performance builds on the positive sales momentum we're generating across our total tobacco portfolio in both EU and Non-EU markets.

"I'm particularly pleased with the quality of the volume and revenue growth we're achieving with our key strategic brands Davidoff, Gauloises Blondes, West and JPS which now account for almost a third of our total stick equivalent volumes.

"Consistently applying our sales growth drivers to enhance sales across our regions is our priority for the remainder of the year. Challenging conditions persist in some markets but we have a strong record of delivering growth in this environment and remain in a good position to continue maximising value for shareholders."

#### **Overview**

We increased tobacco net revenue by three per cent, reflecting the growing contribution from our key strategic brands and our innovation initiatives.

Our total tobacco portfolio is performing well with ongoing price/mix improvements within each of our regions.



## PRESS RELEASE

We invest the cash we generate in capital investments supporting our sales growth agenda, buying back shares (£122m since May 2012) and increasing dividends, which we intend to grow ahead of the growth in adjusted earnings per share.

We continue to vigorously challenge extreme regulatory proposals such as plain packaging which are not based on credible evidence and will only serve to fuel the illegal trade in tobacco. We will be making a detailed submission to the UK plain packaging consultation and expect the outcome of the court hearing in Australia to be announced later in the year.

### **Sales Growth Drivers**

We remain focused on delivering sales excellence through our four sales growth drivers: portfolio management; innovation; pricing and customer engagement.

Through portfolio management we're realising the significant growth potential of our brands and products to maximise our share of consumers and consumption.

We made further strong gains with our key strategic brands Davidoff, Gauloises Blondes, West and JPS, with net revenues up 13 per cent and combined stick equivalent volumes up six per cent.

In May we launched Davidoff iD, a new king size range in standard and GlideTec packs. Davidoff iD is a key initiative to fuel growth by making Davidoff accessible to a much wider range of consumers and is currently being rolled out across our regions.

We continue to build on our position as world leader in fine cut tobacco. Volumes increased two per cent excluding the impact of Poland, where market volumes declined 37 per cent due to an increase in non-duty paid volumes.

We've also continued to build on our strong growth record in cigars and snus. We increased volumes of luxury Cuban cigars by one per cent in total and by 10 per cent in emerging markets, and grew snus volumes by 39 per cent.

Through our focus on innovation we're building a pipeline of scalable innovative brands and products based on consumer insights. The international roll-out of GlideTec cigarette packs continues and we are launching crushball products in several markets across the world.

With pricing we focus on enhancing revenue growth by identifying opportunities by brand, pack size and sales channel. In the third quarter we've announced or implemented price increases in a number of markets and have now embedded over 90 per cent of our assumed pricing for the year. Through customer engagement we continue to leverage our strong retailer partnerships to maximise the availability and advocacy of our portfolio at the point of sale.



## **PRESS RELEASE**

### **Market Performance**

Applying all four growth drivers across our regions continues to generate sales momentum in EU and Non-EU markets.

In the EU we've consolidated the market share gains we made in Q2 with stable or increasing cigarette and fine cut tobacco shares in a number of markets.

In Spain we continue to build on our leading positions in cigarette and fine cut tobacco; our domestic blonde cigarette share continues to benefit from the growth of Fortuna and Nobel and we increased our fine cut tobacco volumes by 19 per cent, although the environment remains challenging with market stick equivalent volumes declining 11 per cent.

Outside the EU we achieved excellent performances from our key strategic brands in numerous emerging markets in Asia-Pacific, Africa and the Middle East and Eastern Europe. Across these regions we consolidated or improved our cigarette market shares in several markets when compared to the half year including Ukraine, which continues to be impacted by illicit trade with market volumes down 11 per cent.

The USA remains very competitive and our new senior management team continues to refine our strategy to improve our performance, with a focus on building sales across our portfolio in key states.

### **Logistics**

Our logistics business is performing well in a challenging operating environment and we continue to focus on cost management, business integration and development of new services to maximise profitability.

### **Enquiries**

Gerry Gallagher (Director of Investor Communications)  
Telephone: +44 (0) 117 933 7014

John Nelson-Smith (Investor Relations Manager)  
Telephone: +44 (0) 117 933 7032

Grant Edmunds (Investor Relations Manager)  
Telephone: +44 (0) 117 933 7117

Alex Parsons (Director of Corporate Communications)  
Telephone: +44 (0) 117 933 7241

Simon Evans (Group Press Officer)  
Telephone: +44 (0) 117 933 7375

Copies of our announcements are available on our website: [www.imperial-tobacco.com](http://www.imperial-tobacco.com).