



PRELIMINARY RESULTS 2015

25 February 2016





Nicandro Durante

Chief Executive



A strong performance driven by market share growth



Excellent underlying performance, despite significant FX headwinds



Outstanding quality share performance, driven by the GDB's



Commitment to shareholder returns



Ben Stevens

Finance Director



PRELIMINARY RESULTS 2015

Summary

Financials

Current

Constant

Revenue
£13,104m

-6.2%

5.4%

Profit
£4,992m

-7.6%

4.0%

Margin
38.1%

-60bp

-50bp

EPS
208.4p

0.1%

10.1%

Volume

Cigarettes
663bn

-0.5%

Total Tobacco
689bn

-0.8%

GDBs
301bn

8.5%

Total IBs
412bn

3.9%

An excellent performance despite significant FX headwinds

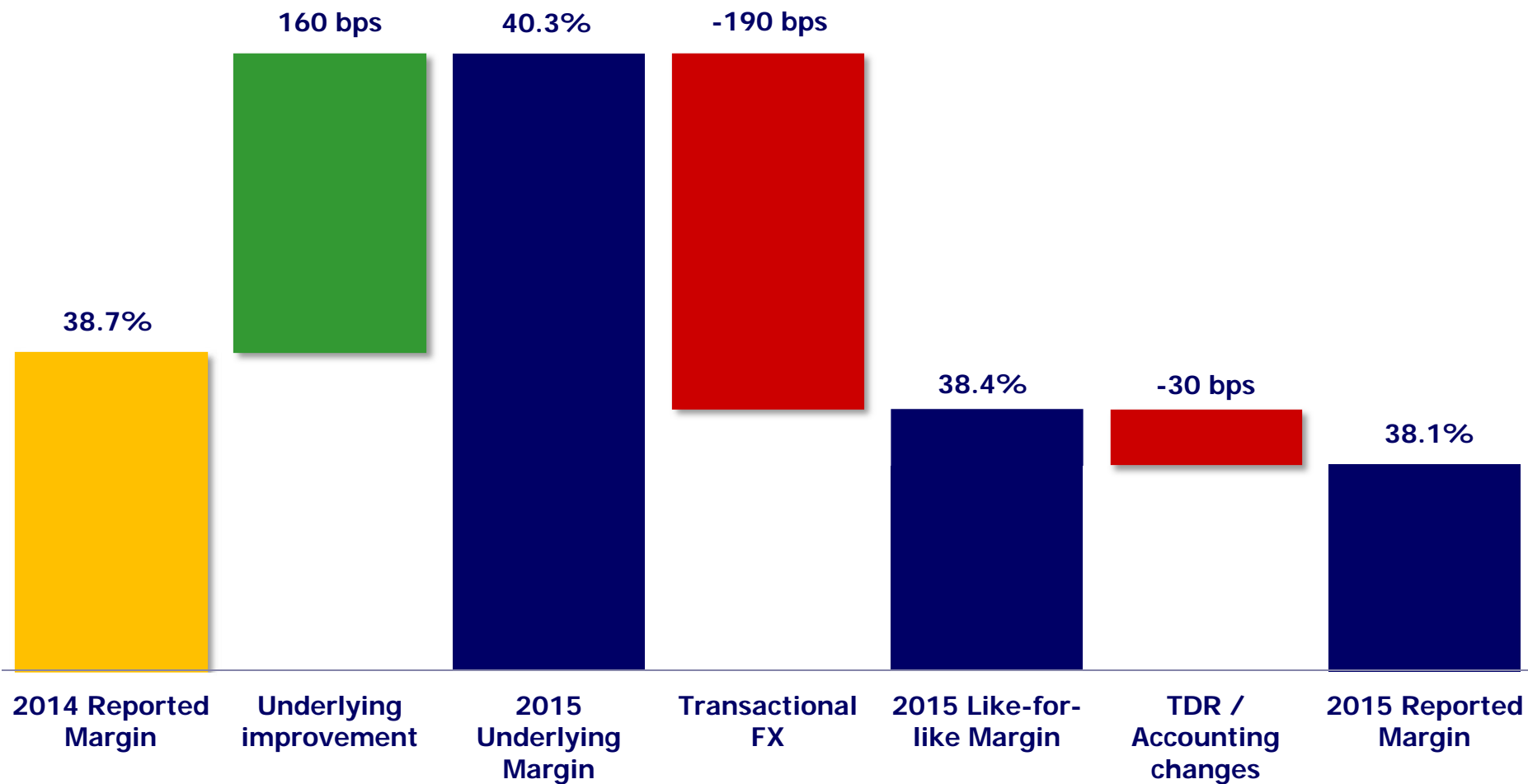
Currency impact on Operating Profit

	H1 2015	H2 2015	FY 2015	FY 2016 estimate
Transactional	-4%	-8%	-6%	-7%
Translational	-7%	-16%	-12%	-1%
Total	-11%	-24%	-18%	-8%

FX headwinds remain a challenge for 2016

PRELIMINARY RESULTS 2015

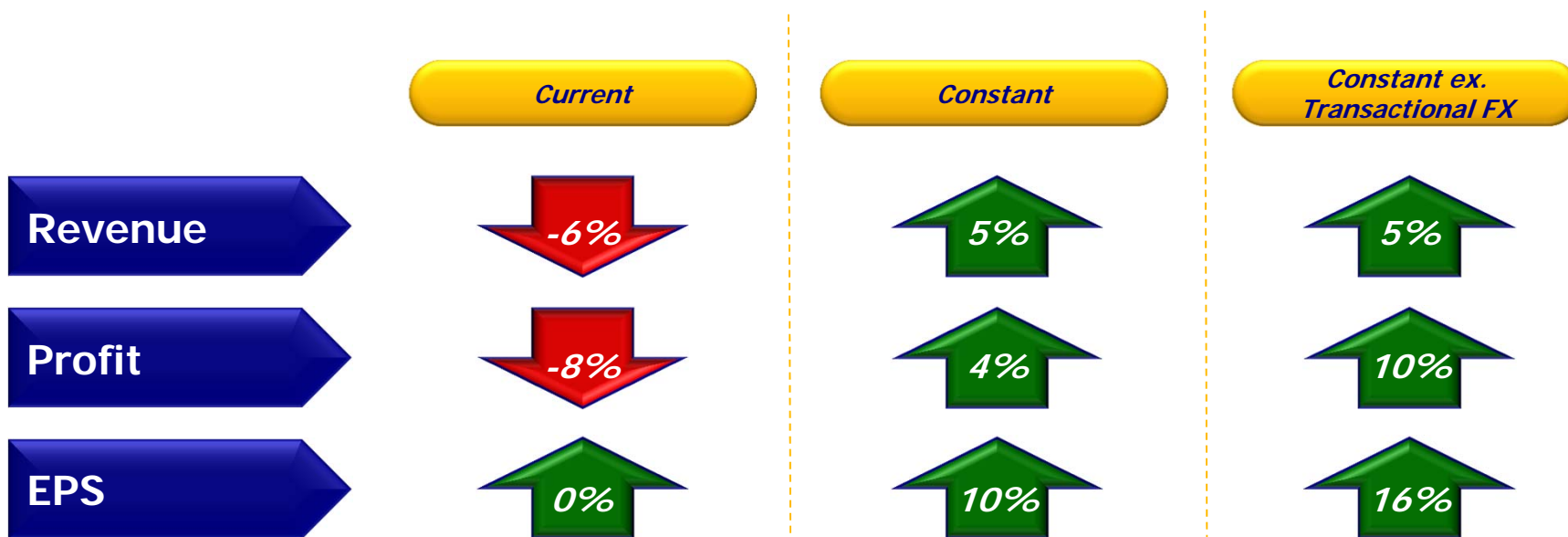
Operating margin



PRELIMINARY RESULTS 2015

Currency impact on results

Financials

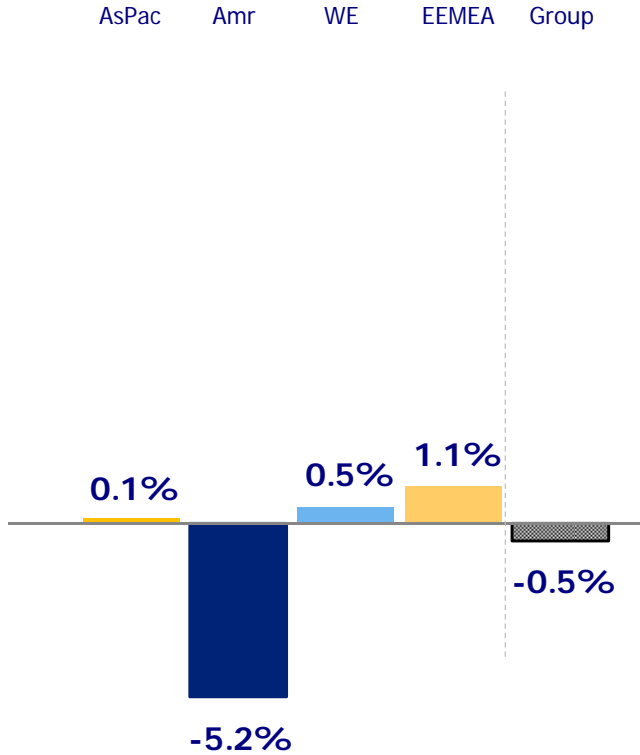


Very strong underlying performance masked by significant translational and transactional FX impacts

Regional performance*

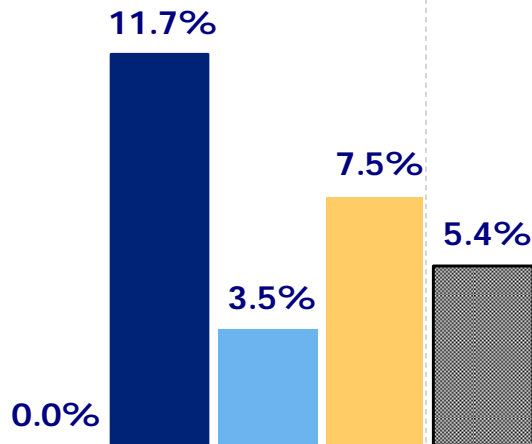
Cigarette Volume

AsPac Amr WE EEMEA Group



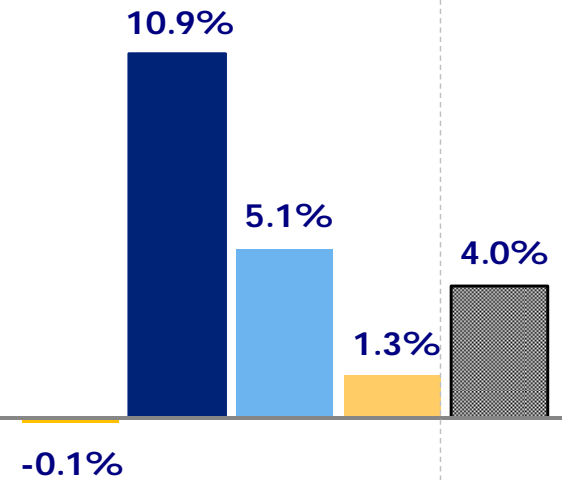
Revenue

AsPac Amr WE EEMEA Group



Profit

AsPac Amr WE EEMEA Group



Translation FX impact

-2.6% -20.7% -8.1% -16.6% -11.6%

-5.1% -20.0% -8.7% -13.8% -11.6%

As reported

-2.6% -9.0% -4.6% -9.1% -6.2%

-5.2% -9.1% -3.6% -12.5% -7.6%

*At constant rates of exchange

PRELIMINARY RESULTS 2015

Asia Pacific – Regional Performance

Financials

Constant

Current

Revenue
£3,874m

0.0%

-2.6%

Profit
£1,546m

-0.1%

-5.2%

Volume

Cigarettes
198bn

0.1%

GDBs
84bn

5.6%

Americas – Regional Performance

Financials

Constant

Current

Revenue
£3,340m

11.7%

-9.0%

Profit
£1,426m

10.9%

-9.1%

Volume

Cigarettes
124bn

-5.2%

GDBs
38bn

7.2%

Western Europe – Regional Performance

Financials

Constant

Current

Revenue
£3,476m

3.5%

-4.6%

Profit
£1,249m

5.1%

-3.6%

Volume

Cigarettes
112bn

0.5%

GDBs
69bn

4.3%

PRELIMINARY RESULTS 2015

EEMEA – Regional Performance

Financials

Constant

Current

Revenue
£4,030m

7.5%

-9.1%

Profit
£1,399m

1.3%

-12.5%

Volume

Cigarettes
229bn

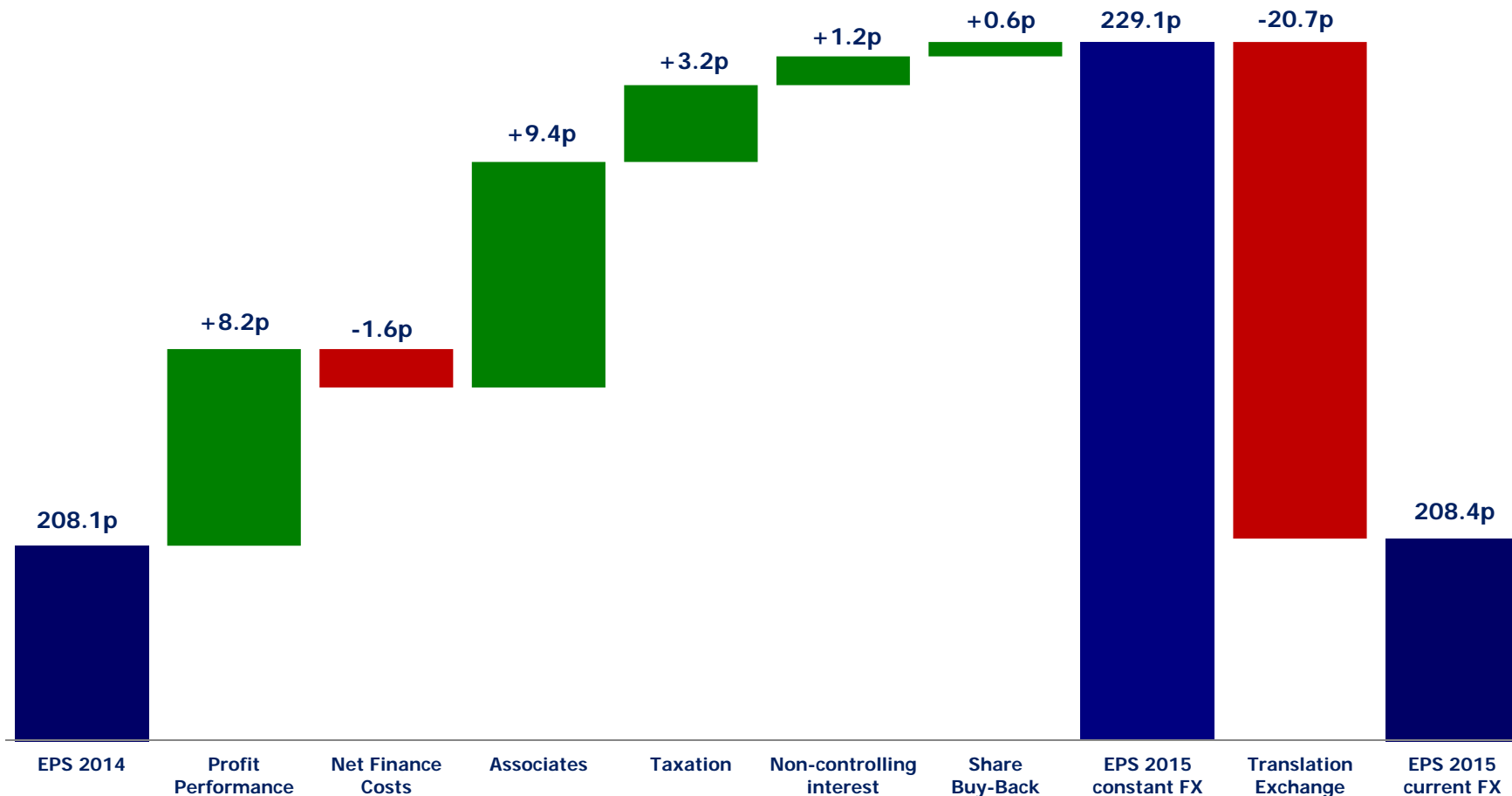
1.1%

GDBs
110bn

14.4%

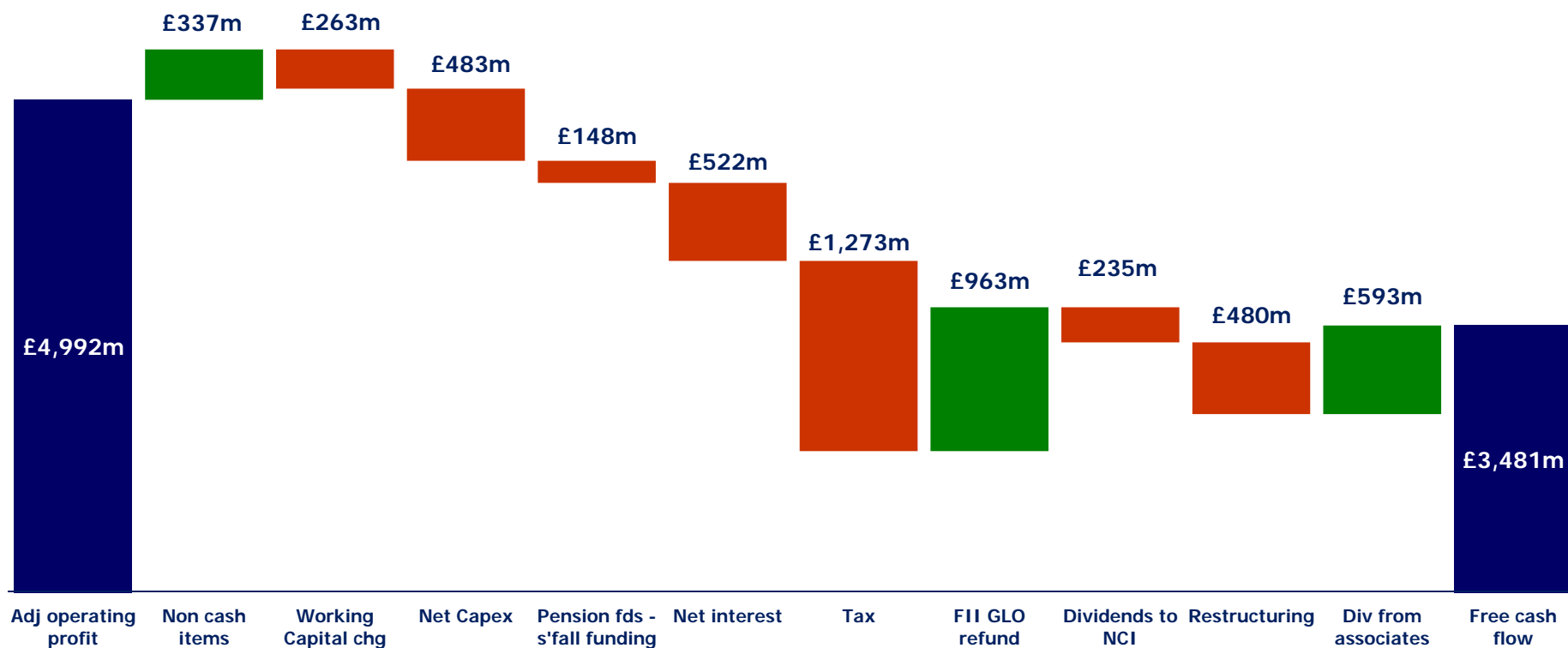
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Drivers of adjusted EPS growth



PRELIMINARY RESULTS 2015

Cash flow



Financing/Shareholder returns

- Net Debt increased by £4.6bn to £14.8bn
- Credit rating unchanged at A3 / A- stable
- Full year dividend growth of 4%



Nicandro Durante

Chief Executive



Year in Review

- Strong organic growth

PRELIMINARY RESULTS 2015

Global Drive Brands



- Volume: 59 billion, +6.0%
- Share up 30bps
- Good share growth in Indonesia, Brazil and S Korea
- Lower volumes in S Korea and Malaysia

PRELIMINARY RESULTS 2015

Global Drive Brands



DUNHILL
TOBACCO

- Volume: 59 billion, +6.0%
- Share up 30bps
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- Lower volumes in S Korea and Malaysia



KENT®

- Volume: 66 billion, +3.3%
- Share flat
- Impacted by market declines in Russia, Ukraine and Romania
- Robust growth in Japan, Iran and Turkey
- Share gains in Japan and Turkey

PRELIMINARY RESULTS 2015

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LUCKY
STRIKE

- Volume: 32 billion, +3.6%
- Share up 10bps
- Share growth momentum in France, Mexico and Argentina
- Black series driving growth

PRELIMINARY RESULTS 2015

Global Drive Brands



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STRIKE

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- Share up 10bps
- Share growth momentum in France, Mexico and Argentina
- Black series driving growth



PALL MALL /  SINCE 1899

- Volume: 92 billion, +0.4%
- Share up 10bps
- Strong performance across the Regions
- Fastest growing VFM brand in Germany

PRELIMINARY RESULTS 2015

Global Drive Brands



DUNHILL
TOBACCO

- Volume: 59 billion, +6.0%
- Share up 30bps
- Good share growth in Iran and S Korea
- Lower volumes in S Korea

KENT®

- Volume: 66 billion, +3.3%



- Volume: 52 billion, up 46.5%
- Share up 70bps
- Strong performance in EEMEA, Western Europe and Australia
- Great momentum of slimmer innovations in Eastern Europe

declines in Russia, Ukraine and
Iran and Turkey
d Turkey



L
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RE

- Volume: 32 billion, +3.6%
- Share up 10bps
- Share growth momentum in France, Mexico and Argentina
- Black series driving growth



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SINCE 1899

%

- Share up 10bps
- Strong performance across the Regions
- Fastest growing VFM brand in Germany

Year in Review

- Strong organic growth
- Margin expansion opportunity

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- Strong organic growth
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- Continued investment in the future:
 - Innovations and new growth markets

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 - M&A

Year in Review

- Strong organic growth
- Margin expansion opportunity
- Continued investment in the future:
 - Innovations and new growth markets
 - M&A
 - Good progress on NGPs

2015 – AN OUTSTANDING YEAR

Volume

Share

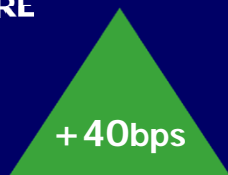
Financials

VOLUME

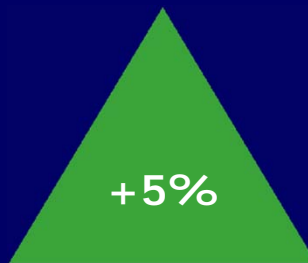


VS INDUSTRY -2.3%

CORPORATE SHARE

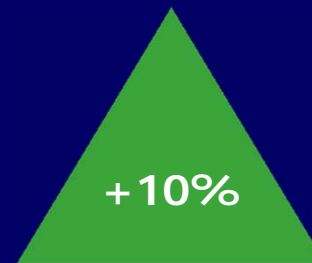


REVENUE



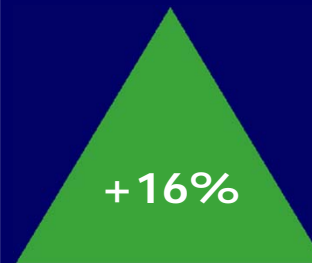
constant currency

PROFIT



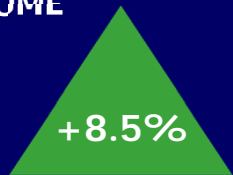
constant currency
ex transactional fx

EPS



constant currency
ex transactional fx

GDB VOLUME



GDB SHARE



Confident of another good year of constant currency earnings growth



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25 February 2016





SUPPLEMENTARY SLIDES

25 February 2016



Cigarette volumes by region FY 2015

Region	Billions		
	2015	2014	% change
Asia Pacific	198	197	+0.1%
Americas	124	131	-5.2%
Western Europe	112	112	+0.5%
Eastern Europe, Middle East and Africa	229	227	+1.1%
Group	663	667	-0.5%

Cigarette volumes by region H2 2015

Region	Billions		
	2015	2014	% change
Asia Pacific	95	93	+1.1%
Americas	63	67	-6.0%
Western Europe	61	59	+2.4%
Eastern Europe, Middle East and Africa	123	115	+6.4%
Group	341	336	+1.7%

Cigarette volumes by region Q4 2015

Region	Billions		
	2015	2014	% change
Asia Pacific	50	47	+4.7%
Americas	33	35	-5.6%
Western Europe	31	30	+3.8%
Eastern Europe, Middle East and Africa	63	59	+6.5%
Group	177	171	+3.0%

Revenue by region FY 2015

Region	£m		
	2015	2014	% change
Asia Pacific	3,773	3,873	-2.6%
Americas	2,720	2,990	-9.0%
Western Europe	3,203	3,359	-4.6%
Eastern Europe, Middle East and Africa	3,408	3,749	-9.1%
Group	13,104	13,971	-6.2%

All numbers as reported

PRELIMINARY RESULTS 2015

Revenue by region H2 2015

Region	£m		
	2015	2014	% change
Asia Pacific	1,880	1,941	-3.1%
Americas	1,336	1,575	-15.2%
Western Europe	1,740	1,776	-2.0%
Eastern Europe, Middle East and Africa	1,750	1,881	-7.0%
Group	6,706	7,173	-6.5%

All numbers as reported

Adjusted profit from operations FY 2015

Region	£m		
	2015	2014	% change
Asia Pacific	1,469	1,548	-5.2%
Americas	1,169	1,286	-9.1%
Western Europe	1,146	1,189	-3.6%
Eastern Europe, Middle East and Africa	1,208	1,380	-12.5%
Group	4,992	5,403	-7.6%

All numbers as reported

Adjusted profit from operations H2 2015

Region	£m		
	2015	2014	% change
Asia Pacific	693	747	-7.2%
Americas	547	654	-16.4%
Western Europe	627	652	-3.8%
Eastern Europe, Middle East and Africa	618	685	-9.8%
Group	2,485	2,738	-9.2%

All numbers as reported

PRELIMINARY RESULTS 2015

Top 40 market share movements (1)

Market	SOM FY15 (%)	Movement (ppt)
Argentina	24.3	0.0
Australia	39.7	0.0
Bangladesh	47.6	1.3
Belgium	31.0	(0.9)
Brazil	78.1	(0.3)
Canada	49.1	(1.0)
Chile	94.7	(0.1)
Colombia	49.0	0.7
Czech	20.1	(0.5)
Denmark	73.6	(1.2)

Market	SOM FY15 (%)	Movement (ppt)
France	17.4	0.4
GCC	31.1	(1.4)
Germany	19.4	0.1
Indonesia	6.7	0.6
Italy	20.0	(0.5)
Japan	12.8	0.5
Kazakhstan	14.1	3.0
Malaysia	62.1	0.9
Mexico	40.2	2.0
Netherlands	26.3	0.2

Based on retail audit

Top 40 market share movements (2)

Market	SOM FY15 (%)	Movement (ppt)
New Zealand	70.9	0.1
Pakistan	68.8	1.8
Philippines	0.8	0.1
Poland	27.0	(0.1)
Romania	53.9	0.3
Russia	21.2	0.1
South Africa	80.5	(2.5)
South Korea	15.0	2.0

Market	SOM FY15 (%)	Movement (ppt)
Spain	10.7	(0.4)
Switzerland	38.5	(1.5)
Taiwan	10.2	0.1
Turkey	20.7	1.2
UK	9.8	0.9
Ukraine	21.6	2.1
Vietnam	30.1	0.0

Based on retail audit

PRELIMINARY RESULTS 2015

Foreign currencies

	Average		Closing	
	2015	2014	2015	2014
Australian dollar	2.036	1.827	2.026	1.905
Brazilian real	5.101	3.874	5.831	4.145
Canadian dollar	1.954	1.819	2.047	1.806
Euro	1.378	1.241	1.357	1.289
Indian rupee	98.070	100.529	97.508	98.424
Japanese yen	185.012	174.223	177.303	186.946
Russian rouble	93.591	63.412	107.646	93.555
South African rand	19.522	17.861	22.839	18.039
US dollar	1.528	1.648	1.474	1.559