

Cigarette giant Imperial Brands announces rise in profits for 2021

Global tobacco company Imperial Brands has announced a rise in profits for the last financial year, driven in part by the disposal of its premium cigar division.

The Bristol-headquartered maker of Gauloises and Davidoff cigarettes posted organic adjusted group operating profit of £3.57bn for the full year ending September 30 – up 4.8% in constant currencies – against organic adjusted group revenue of £7.58bn.

The company said it had raised tobacco prices by 4.4% during the year, offsetting a 2.9% decline in overall volumes.

Organic net revenue was up 1.4%, driven by tobacco growth of 1.5%, but net revenue for the firm's heated tobacco products was down 3.9% due to exiting some markets.

Chief Executive Officer Stefan Bomhard said the year had been one of “important progress and significant change”.

“We have changed the way we work, placing the consumer at the centre of our decision making,” he said.

“We have simplified the organisation, creating efficiencies for reinvestment. And we have introduced more rigorous performance management, enabling better prioritisation of resources.”

The company said it was making “good progress” with the implementation of a five-year transformation strategy that it set out in January 2021.

Imperial Brands said it expected to deliver net revenue growth

in 2022 at a similar rate to 2021, but said adjusted operating profit was expected to grow slightly slower than net revenue due to new investments.

The business warned that uncertainties on the further lifting of Covid-19 restrictions could affect consumer buying patterns. It also said there was a risk of inflationary pressures, but said it was “well placed” to manage them through its purchasing strategy and pricing.

“The year ahead will complete the two-year strengthening phase, with further investment in our five priority markets and next generation product pilots, the embedding of new ways of working and cost-saving initiatives,” Mr Bomhard added.

“This period builds the foundations for the subsequent three-year phase, which focuses on the acceleration of returns and sustainable growth in shareholder value.”

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