Imperial Brands plc (IMBBY)

Updated May 29th, 2026 by Nathan Parsh

Key Metrics

Current Price:	$37	**5 Year Annual Expected Total Return:**	7.9%	**Market Cap:**	$29 B
Fair Value Price:	$36	**5 Year Growth Estimate:**	3.0%	**Ex-Dividend Date:**	05/22/26
% Fair Value:	103%	**5 Year Valuation Multiple Estimate:**	-0.5%	**Dividend Payment Date:**	07/08/26
Dividend Yield:	6.1%	**5 Year Price Target**	$42	**Years Of Dividend Growth:**	3
Dividend Risk Score:	F	**Sector:**	Consumer Staples	**Rating:**	Hold

Overview & Current Events

Imperial Brands is a tobacco company that was founded in 1901. Today, it is headquartered in the United Kingdom and has a market capitalization of ~$29 billion. The company manufactures and sells a variety of tobacco products, including cigarettes, tobaccos, cigars, rolling papers, and tubes. Some of its core brands include Winston, Davidoff, Gauloises, L&B, Bastos, Fine, Gitanes, Kool, Jade, and many more. The company is organized into two operating segments, tobacco and logistics. The tobacco segment includes the manufacture and sale of its various tobacco products, while the logistics segment distributes tobacco to product manufacturers.

On April 21st, 2026, the U.K.'s House of Commons and House of Lords agreed on the final text of its Tobacco and Vapes Bill. This will make it illegal to sell tobacco products to anyone born on or after January 1st, 2009.

On May 12th, 2026, Imperial Brands announced a quarterly dividend of $0.5673 per share, which is 3.4% increase from last year and a 7.3% improvement from the preceding payment.

On May 12th, 2026, Imperial Brands announced first half results for fiscal year 2026, which ended March 31st, 2026. For the period, net revenue improved 0.8% on a reported basis. Adjusted revenue for tobacco and next generation products were higher by 1.8% as pricing as higher pricing was offset by a 1.5% decrease in volume.

Total tobacco market share improved in just one out of five top markets. An improvement in market share in Germany (+5 basis points) and was more than offset by weakness in the U.S. (-20 basis points), Australia (-55 basis points), the U.K. (-55 basis points), and Spain (-20 basis points).

Imperial Brands is expected to earn $4.50 per share in fiscal year 2026, up slightly from $4.48 previously. We have updated our forecast accordingly.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$0.86	$1.92	$3.55	$3.49	$3.36	$3.30	$3.15	$3.31	$3.12	$3.35	***$4.50***	***$5.22***
DPS	$1.96	$2.16	$2.45	$2.48	$1.07	$1.87	$1.83	$1.71	$1.89	$2.23	***$2.27***	***$2.63***
Shares[1]	959	956	960	953	953	946	953	928	874	800	***793***	***770***

Like the rest of the tobacco industry, Imperial Brands is struggling with the declining smoking rate in developed economies like the United States. Imperial Brands reported a 3.6% volume decline in fiscal 2018, a 4.4% decrease in the fiscal 2019, a 2.1% drop in fiscal 2020, a 2.9% decline in fiscal year 2021, a 7.5% decline in fiscal year 2022, a 10.4% drop in fiscal year 2023, a 3.5% decrease in fiscal year 2024, and a moderate decline of 1.7% last fiscal year. That said, the company outperformed the broader industry during this time and continues to benefit from higher pricing. As a result, EPS has increased with a CAGR of 16.3% over the last decade, though that has slowed to just 6.4% over the last five years. We expect that dividend growth will mirror our earnings growth projections of 3%.

Imperial Brands' future growth will be fueled by its next-generation product line. This includes vapor and heated tobacco products, such as its blu brand. Imperial Brands launched the myblu product in 2018. In addition, the company is

[1] In millions of shares

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

developing heated tobacco products with consumer trials planned toward the end of the year. To help finance its growth investments, the company is launching an aggressive cost reduction program, targeting up to $2.6 billion in cost savings over the next one to two years.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	21.6	59.4	23.5	6.5	5.3	6.4	6.6	6.2	9.3	12.7	***8.2***	***8.0***
Avg. Yld.	4.7%	3.8%	4.8%	11.0%	6.0%	8.8%	9.0%	8.4%	6.5%	5.2%	***6.1%***	***6.3%***

Imperial Brands' valuation has fluctuated somewhat wildly over the past 10 years. This is primarily due to earnings volatility. As an international company, Imperial Brands' earnings-per-share can deviate from year to year as a result of currency fluctuations. The stock has a price-to-earnings ratio of 8.2 currently. We reaffirm our fair value estimate for Imperial Brands of 8x EPS, up from 6.5 previously, as this is more in-line with recent results. We feel that this is an appropriate target valuation for a slow-growth company that is facing structural headwinds to its main revenue streams. This implies that multiple contraction could reduce annual returns by 0.5% over the next five years.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	228%	113%	65%	71%	32%	57%	58%	52%	61%	67%	***50%***	***50%***

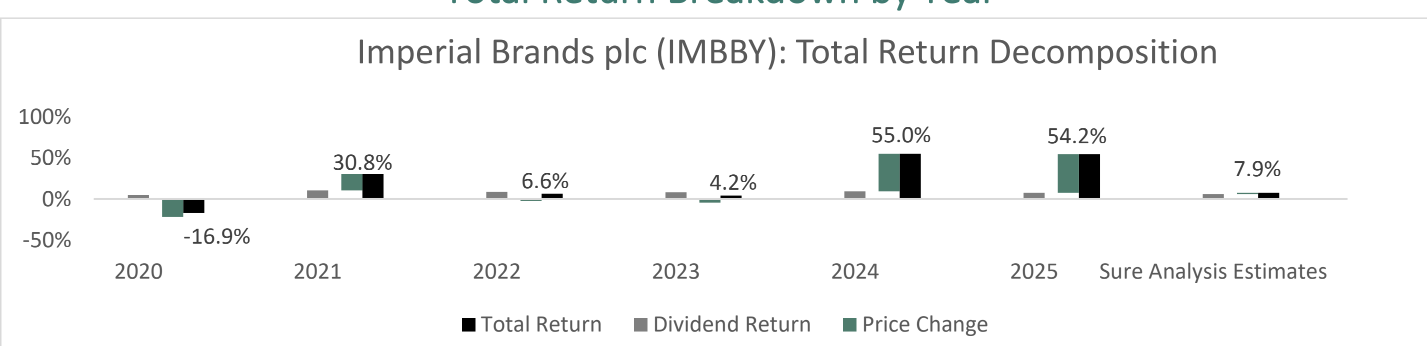
Imperial Brands has a fairly high level of debt, which has eroded its interest coverage ratio. At the end of the first half of fiscal year 2026, Imperial Brands had net debt of $8.2 billion. This is down from prior years, though still somewhat concerning that interest rates have been elevated.

That said, Imperial Brands has multiple competitive advantages. It operates in a highly regulated industry, with high barriers to entry. It also has pricing power due to the addictive nature of nicotine. Another positive for the stock is that the underlying business is highly recession-resistant. In general, tobacco sales hold up very well during recessions.

Final Thoughts & Recommendation

Shares of Imperial Brands have declined 14.0% since the time of our last report. Following first half results, the stock is expected to offer a total annual return of 7.9% through fiscal 2031, up from our prior estimate of 4.7%. Our projected return stems from a 3% earnings growth rate and a starting yield of 6.1%, partially offset by a small headwind from multiple reversion. Imperial Brands' results were mostly down within its top markets and the recent legislation in the U.K. could be a sign of things to come in other countries. We also note that the while Imperial Brands offers a very high dividend yield, growth has been very inconsistent over the years. In fact, the company had cut its dividend in 2020 before raising it the following year. We continue to rate shares of the company as a hold due to projected returns and a weak dividend risk score.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	20,009	19,355	20,654	20,489	21,177	22,660	21,574	22,152	23,430	24,786
Gross Profit	6,971	6,708	6,663	6,974	7,156	7,625	7,211	7,705	8,145	8,660
Gross Margin	34.8%	34.7%	32.3%	34.0%	33.8%	33.6%	33.4%	34.8%	34.8%	34.9%
SG&A Exp.	5,289	5,256	2,690	2,928	2,968	2,898	2,578	2,865	3,020	3,224
D&A Exp.	1,713	1,667	1,702	1,021	1,051	928	787	765	821	1,020
Operating Profit	3,660	3,350	3,397	3,846	3,953	4,459	4,398	4,229	4,516	4,644
Op. Margin	18.3%	17.3%	16.4%	18.8%	18.7%	19.7%	20.4%	19.1%	19.3%	18.7%
Net Profit	949	1,833	1,918	1,379	1,985	3,977	2,124	3,010	3,482	2,898
Net Margin	4.7%	9.5%	9.3%	6.7%	9.4%	17.6%	9.8%	13.6%	14.9%	11.7%
Free Cash Flow	3,386	2,846	2,960	2,981	4,029	2,144	3,297	2,713	3,141	3,632
Income Tax	338	524	532	777	775	453	1,130	803	357	1,185

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	42,515	41,578	40,227	40,757	41,770	39,224	34,558	35,995	37,324	38,658
Cash & Equivalents	1,715	918	1,011	2,817	2,102	1,735	2,065	1,642	1,446	1,937
Acc. Receivable	3,141	3,097	3,011	3,114	2,971	3,186	2,440	2,622	3,127	3,204
Inventories	4,544	4,835	4,815	5,030	5,255	5,170	4,621	5,519	5,473	6,012
Goodwill & Int.	26,894	26,515	24,930	22,916	23,477	22,482	19,844	20,681	21,378	21,820
Total Liabilities	35,056	33,225	31,823	33,876	34,637	31,214	26,216	27,888	29,237	31,345
Accounts Payable	1,229	1,670	1,562	2,187	1,540	1,373	1,501	1,839	2,011	2,301
Long-Term Debt	16,712	16,454	13,455	16,526	15,371	13,513	11,418	11,816	12,110	13,452
Total Equity	6,899	7,626	7,524	6,084	6,297	7,216	7,658	7,349	7,300	6,494
LTD/E Ratio	2.62	2.21	2.08	2.76	2.45	1.88	1.49	1.62	1.67	2.07

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	2.2%	4.4%	4.7%	3.4%	4.8%	9.8%	5.8%	8.5%	9.5%	7.6%
Return on Equity	11.8%	23.2%	22.9%	18.0%	28.3%	52.5%	26.0%	36.6%	43.0%	37.6%
ROIC	3.4%	7.2%	7.8%	5.8%	8.6%	18.0%	10.3%	15.1%	17.3%	14.1%
Shares Out.	959	956	960	953	953	946	953	928	874	800
Revenue/Share	20.91	20.23	21.62	21.46	22.39	23.92	22.64	23.87	26.81	29.84
FCF/Share	3.54	2.97	3.10	3.12	4.26	2.26	3.46	2.92	3.59	4.37

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.