

Building A Better Tomorrow

Jack Bowles – Chief Executive

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These statements are often, but not always, made through the use of words or phrases such as “believe,” “anticipate,” “could,” “may,” “would,” “should,” “intend,” “plan,” “potential,” “predict,” “will,” “expect,” “estimate,” “project,” “positioned,” “strategy,” “outlook,” “target” and similar expressions.

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Among the key factors that could cause actual results to differ materially from those projected in the forward-looking statements are uncertainties related to the following: the impact of competition from illicit trade; the impact of adverse domestic or international legislation and regulation; changes in domestic or international tax laws and rates and the impact of an unfavourable ruling by a tax authority in a disputed area; adverse litigation and dispute outcomes and the effect of such outcomes on the Group’s financial condition; changes or differences in domestic or international economic or political conditions; adverse decisions by domestic or international regulatory bodies; the impact of market size reduction and consumer down-trading; translational and transactional foreign exchange rate exposure; the impact of serious injury, illness or death in the workplace; the ability to maintain credit ratings and to fund the business under the current capital structure; the inability to develop, commercialise and deliver the New Categories strategy; and changes in the market position, businesses, financial condition, results of operations or prospects of the Group.



Important Information



Forward-looking Statements (continued)

Additional information concerning these and other factors can be found in BAT's filings with the U.S. Securities and Exchange Commission ("SEC"), including the Annual Report on Form 20-F to be filed on or about 26 March 2020 and Current Reports on Form 6-K, which may be obtained free of charge at the SEC's website, <http://www.sec.gov>, and BAT's Annual Reports, which may be obtained free of charge from the British American Tobacco website www.bat.com.

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Additional Information

All financial statements and financial information provided by or with respect to the US or Reynolds American Inc. ("RAI") are initially prepared on the basis of U.S. GAAP and constitute the primary financial statements or financial records of the US business/RAI. This financial information is then converted to International Financial Reporting Standards as issued by the IASB and as adopted by the European Union (IFRS) for the purpose of consolidation within the results of the BAT Group. To the extent any such financial information provided in this presentation relates to the US or RAI it is provided as an explanation of, or supplement to, RAI's primary U.S. GAAP based financial statements and information.

Our vapour product Vuse (including Alto and Vibe), and certain products including Grizzly, Granit, Camel Snus, Velo and Kodiak, which are sold in the US, are subject to FDA regulation and no reduced-risk claims will be made as to these products without agency clearance.

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Revision

For presentation purposes within this presentation, all prior periods have been revised to be consistent with the current reporting structure. All of the information in this presentation is in respect to continuing operations, revised for the fully retrospective adoption of IFRS 15.



Building a Better Tomorrow



**WE ARE
DELIVERING
OUR
FINANCIAL
RESULTS**

**WE ARE
COMMITTED
TO
DELIVERING
OUR 2020
PRIORITIES**

**WE ARE
BUILDING A
BETTER
TOMORROW**

**WE ARE
CLEAR
ON HOW WE
WIN**

**WE ARE
ENHANCING
OUR
CAPABILITIES**

**WE ARE
BOLDER,
FASTER,
EMPOWERED**

In 2019, I set out Three Clear Priorities...

1

Combustible
Value Growth



2

Step-Change in
New Categories



3

Simplify the
Company



Stronger, Simpler, Faster = Commitment to Deliver

... and we have delivered on them in 2019



+20_{bps}

Corporate Volume Share*



+30_{bps}

Corporate Value Share*



+32.4%
[£1.2bn]

New Categories Revenue[^]



+4.6%

Combustible
Revenue Growth**



+5.6%

Revenue Growth**



+6.6%

Adjusted Profit
from Operations**



+8.4%

Constant
EPS^{^^}



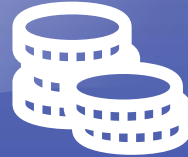
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Current
Deleveraging

We are Committed to Delivering Our 2020 Priorities



3-5%
Revenue*



**High Single
Figure**
EPS Growth^



**Continue to
De-leverage**

£5bn New Categories Revenue 2023/24



**A BETTER
TOMORROW™**



Reducing the **health impact** of our business
through offering a **greater choice** of enjoyable
and **less risky** products for our consumers



A Strategy for Growth



A Strategy for Growth

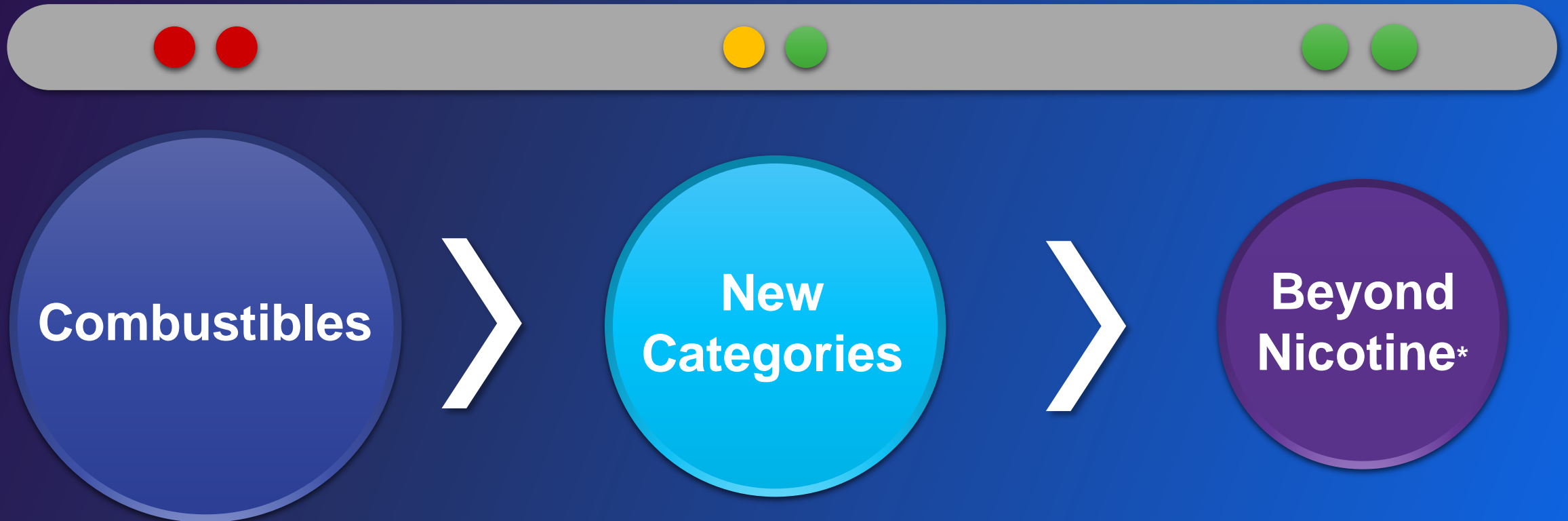


A Strategy for Growth

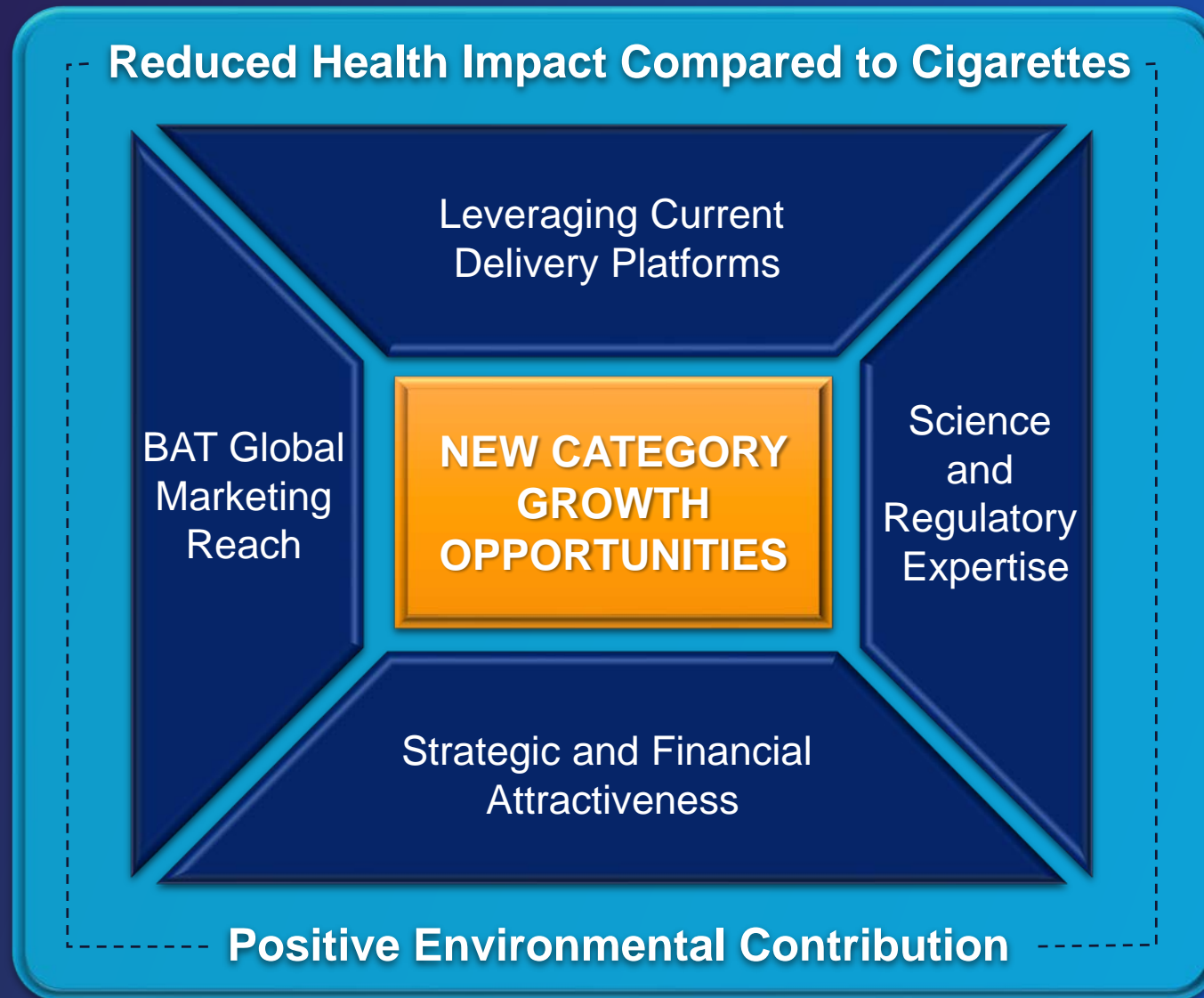


A Broader, Sustainable Portfolio to Recapture Consumer Moments

Societal Acceptance



... with Clear Boundaries for Our Portfolio Expansion



A Strategy for Growth



Our ESG Mission

*A business where **sustainability** has always been important, to one where it is **front and centre** in all that we do*

Putting Sustainability Front and Centre

H

Reducing the HEALTH impact of our business

E

Excellence in
ENVIRONMENTAL
management

S

Delivering a
positive SOCIAL impact

G

Robust corporate
GOVERNANCE

Big Ambitions for the Future



50 MILLION*
NON-COMBUSTIBLE
CONSUMERS BY
2030

**CARBON
NEUTRAL***
BY **2030**



A Strategy for Growth



Transforming the Organisation

Structure

Q U A N T U M

2,300

Headcount
Reduction

-40%

Lean HQ

-10

From 28 to 18
DRBUs**

£300mn Savings in 2020*

Investing in New Capabilities



300+ Management Hires
in New Capabilities In 2019



Investing in New
Capabilities across organisation

Enabled by Digital DNA

Ways of Working

PROJECT SIMPLE



Operational Process



Systems



Governance

Agile and Efficient

Our New ETHOS

We are Bold

We are Fast

We are Empowered

We are Diverse

We are Responsible

A Strategy for Growth



Today's BAT...



**MULTI-CATEGORY
ASPIRATION**



... Tomorrow's BAT

BAT

A BETTER TOMORROW



FINANCIAL DELIVERY

3-5% Revenue*

£5bn New Categories Revenue by 2023/24

Deleveraging

ESG AMBITION

50 million

Non-combustible Consumers by 2030[^]

Carbon Neutral by 2030[^]

EFFICIENCIES

£1bn
2020-2022^{^^}

High Single Figure EPS Growth**

Appendix



A1: Adjusting (Adj.): Adjusting items are significant items of certain financial measures which individually or, if of a similar type, in aggregate, are relevant to an understanding of the Group's underlying financial performance because of their size, nature or incidence. In identifying and quantifying adjusting items, the Group consistently applies a policy that defines criteria that are required to be met for an item to be classified as adjusting. The Group believes that these additional measures, which are used internally, are useful to users of the financial information in helping them understand the underlying business performance.

A2: Constant currency

Movements in foreign exchange rates have impacted the Group's financial results. Measures are calculated based on a retranslation, at prior year's exchange rates, of the current year's results of the Group and where, applicable, its segments. Although the Group does not believe that these measures are a substitute for IFRS measures, the Group management board does believe that such results excluding the impact of currency fluctuations year on year provide additional useful information to investors regarding the Group's operating performance on a local currency basis.

A3: Share metrics

Volume share: The number of units bought by consumers of a specific brand or combination of brands, as a proportion of the total units bought by consumers in the industry, category or other sub-categorisation. Sub categories include, but are not limited to, the total nicotine category, modern oral, vapour, traditional oral or cigarette.

Value share: The retail sales value of the product sold as a proportion of total retail sales value in that category.

Premium share: The retail sales volume of the premium product sold as a proportion of total retail sales volume of premium products in that category.

Nicotine share: The retail sales volume of the nicotine product sold as a proportion of total nicotine product volume in that category.

A4: Price/Mix

The term given to explain the combining impact of revenue drivers on a constant currency basis, excluding volume and keeping all other factors equal.

A5: Representative basis: Where appropriate, the Group is also presenting (as a supplement to the results) the 2018 performance against 2017 as though the Group had owned the acquisitions made in 2017 for the whole of that year. Comparison of results on this basis are termed "on a representative basis" and provide shareholders with a results comparison representative of the position as if the Group had owned the acquisitions throughout 2017 and 2018

A6: Organic basis: Where measures are presented as 'organic' or 'org', they are presented before the impact of the contribution of brands and businesses acquired during the comparator period, including Reynolds American, Bulgartabac, Winnington and Fabrika Duhana Sarajevo in 2017. There were no material acquisitions or disposals in 2018 or 2019.