

From Our Purpose to Consumers, Brands & Capabilities

Kingsley Wheaton – Chief Marketing Officer

Important Information



The information contained in this presentation in relation to British American Tobacco p.l.c. (“BAT”) and its subsidiaries has been prepared solely for use at this presentation. The presentation is not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident or located in any jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would require any registration or licensing within such jurisdiction. References in this presentation to ‘British American Tobacco’, ‘BAT’, ‘Group’, ‘we’, ‘us’ and ‘our’ when denoting opinion refer to British American Tobacco p.l.c. and when denoting tobacco business activity refer to British American Tobacco Group operating companies, collectively or individually as the case may be. The information contained in this presentation does not purport to be comprehensive and has not been independently verified. Certain industry and market data contained in this presentation has come from third party sources. Third party publications, studies and surveys generally state that the data contained therein have been obtained from sources believed to be reliable, but that there is no guarantee of accuracy or completeness of such data.

Forward-looking Statements

This presentation does not constitute an invitation to underwrite, subscribe for, or otherwise acquire or dispose of any BAT shares or other securities. This presentation contains certain forward-looking statements, made within the meaning of Section 21E of the United States Securities Exchange Act of 1934, regarding our intentions, beliefs or current expectations concerning, amongst other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the economic and business circumstances occurring from time to time in the countries and markets in which the Group operates.

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.

It is believed that the expectations reflected in this presentation are reasonable but they may be affected by a wide range of variables that could cause actual results to differ materially from those currently anticipated.

The forward-looking statements reflect knowledge and information available at the date of preparation of this presentation and BAT undertakes no obligation to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise.

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.

Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser. Readers are cautioned not to place undue reliance on such forward-looking statements.

No Profit or Earnings Per Share Forecasts

No statement in this presentation is intended to be a profit forecast and no statement in this presentation should be interpreted to mean that earnings per share of BAT for the current or future financial years would necessarily match or exceed the historical published earnings per share of BAT.

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.

Audience

The material in this presentation is provided for the purpose of giving information about BAT and its subsidiaries to investors only and is not intended for general consumers. BAT, its directors, officers, employees, agents or advisers do not accept or assume responsibility to any other person to whom this material is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed. The material in this presentation is not provided for product advertising, promotional or marketing purposes. This material does not constitute and should not be construed as constituting an offer to sell, or a solicitation of an offer to buy, any of our products. Our products are sold only in compliance with the laws of the particular jurisdictions in which they are sold.

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.





OUR MISSION

Stimulating
the Senses
of New Adult
Generations

MUST WIN

High Growth
Segments &
Priority Markets

HOW TO WIN

Inspirational
Foresights

Remarkable
Innovation

Powerful
Brands

Connected
Organisation

People &
Partnerships

US
Focus

OUR PURPOSE



**KEY STAKEHOLDER
OUTCOMES**

Consumers

Society

Employees

Shareholders

ETHOS

From Our Purpose to Consumers, Brands & Capabilities



**MULTI
CATEGORY,
CONSUMER
FIRST**

**CAPABILITIES –
WHAT,
WHERE,
HOW TO WIN**

**OUR
SUSTAINABLE
FUTURE**



We believe in...

#PROGRESS



At BAT we are working hard to create A Better Tomorrow. We are clear about the challenges of transformation.

Our technology and innovation partnership with McLaren provides a global platform which enables the acceleration of our ambition.

Central to that ambition is shaping a better tomorrow for our consumers, society, shareholders and employees.



#CHOICE



At BAT we recognize that consumer and societal needs are changing. Expectations that evolve at an accelerated pace.

We are committed to delivering a broad range of consumer choice through our investment in new categories globally.

Central to that commitment is to shape a better tomorrow for our consumers, society, shareholders and employees.



#DIVERSE



We believe in Diversity. At BAT we employ over 55,000 people and operate across more than 180 markets globally.

We understand and recognize that to be a truly global company we must have a truly global culture and values.

This diversity of people, thinking and ideas is key to delivering a better tomorrow for our consumers, society, shareholders and employees.



#SCIENCE



We believe in Science. At BAT we are leaders in the field of plant genomics and bioinformatics, and have research facilities in the UK and USA employing over 150 PhDs.

Our pioneering, published genome data enables the scientific community to advance map-based gene discoveries and accelerates our research into new product categories.

This scientific capability is critical to delivering a better tomorrow for our consumers, employees, shareholders and society.



#PURPOSE



At BAT we believe in purpose. We aim to reduce the health impact of our business by offering greater consumer choice in new product categories.

Our ambition is to accelerate our transformation through this range of alternative choices, which are already being used by nearly 11 million people.

It's a purpose that will, over time, deliver a better tomorrow for our consumers, society, shareholders and employees.



#BRANDS



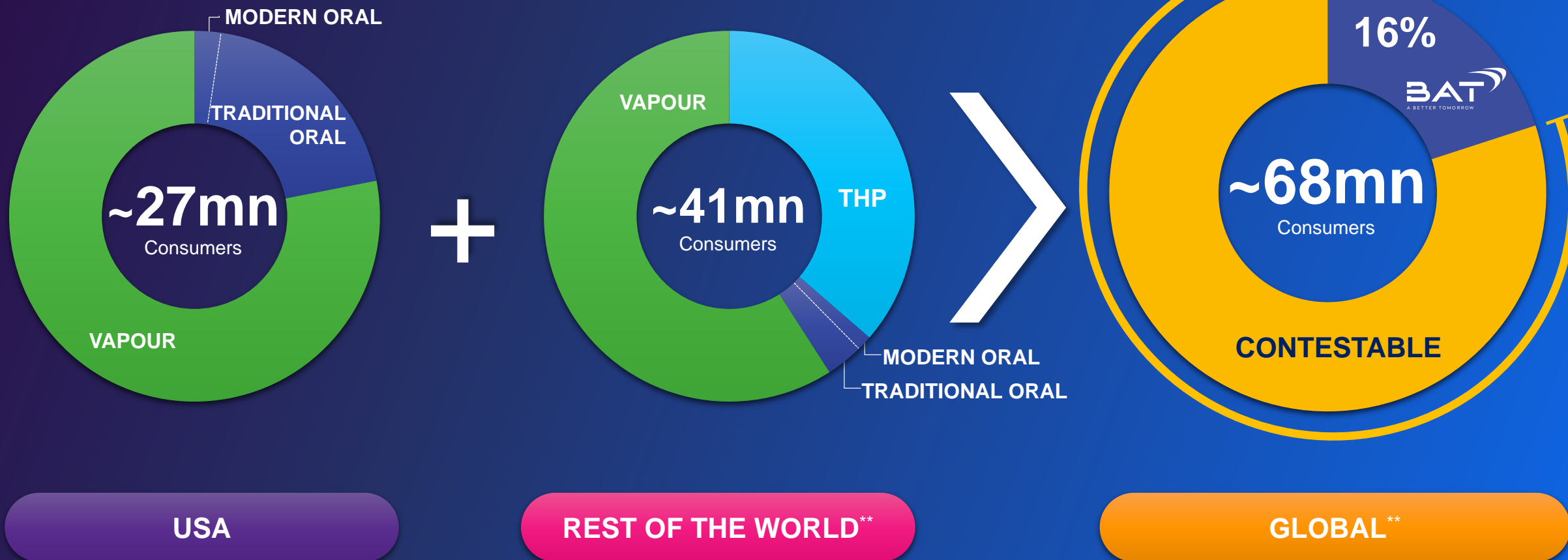
We believe in brands. At BAT we have invested significantly in consumer insights and brand development to create a portfolio of international brands.

As we develop our new product categories, these brands act as a promise. A signpost of quality and consumer assurance.

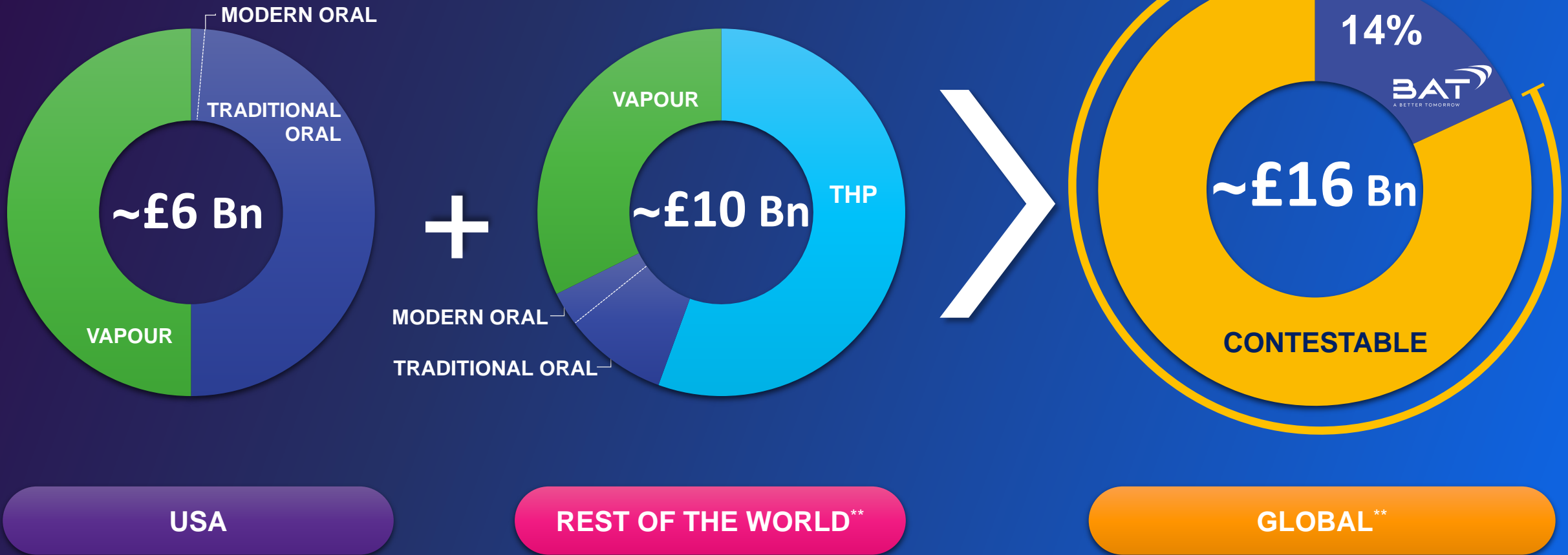
Our strong global brands will underpin our journey towards a better tomorrow for consumers, society, employees and shareholders.



Large, Growing Non-Combustibles Consumer Pool



Large Contestable Revenue in Non-Combustibles



The Context for Our Growth Strategy



**SOCIETAL
CHANGE**

**CONSUMER
CHANGE**

**HIGH
GROWTH
SEGMENTS**

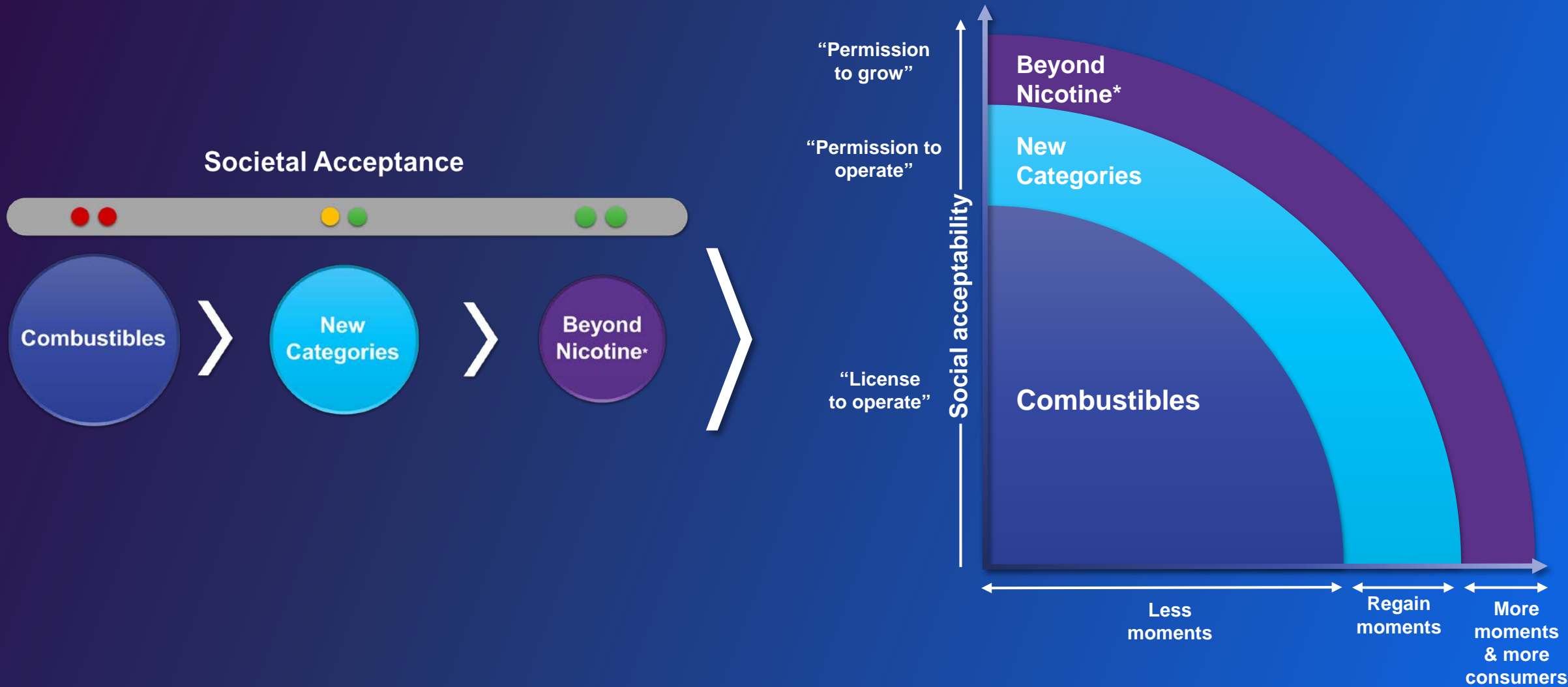
**SUSTAINABLE
GROWTH**

Occasions for Tobacco Consumption reducing...

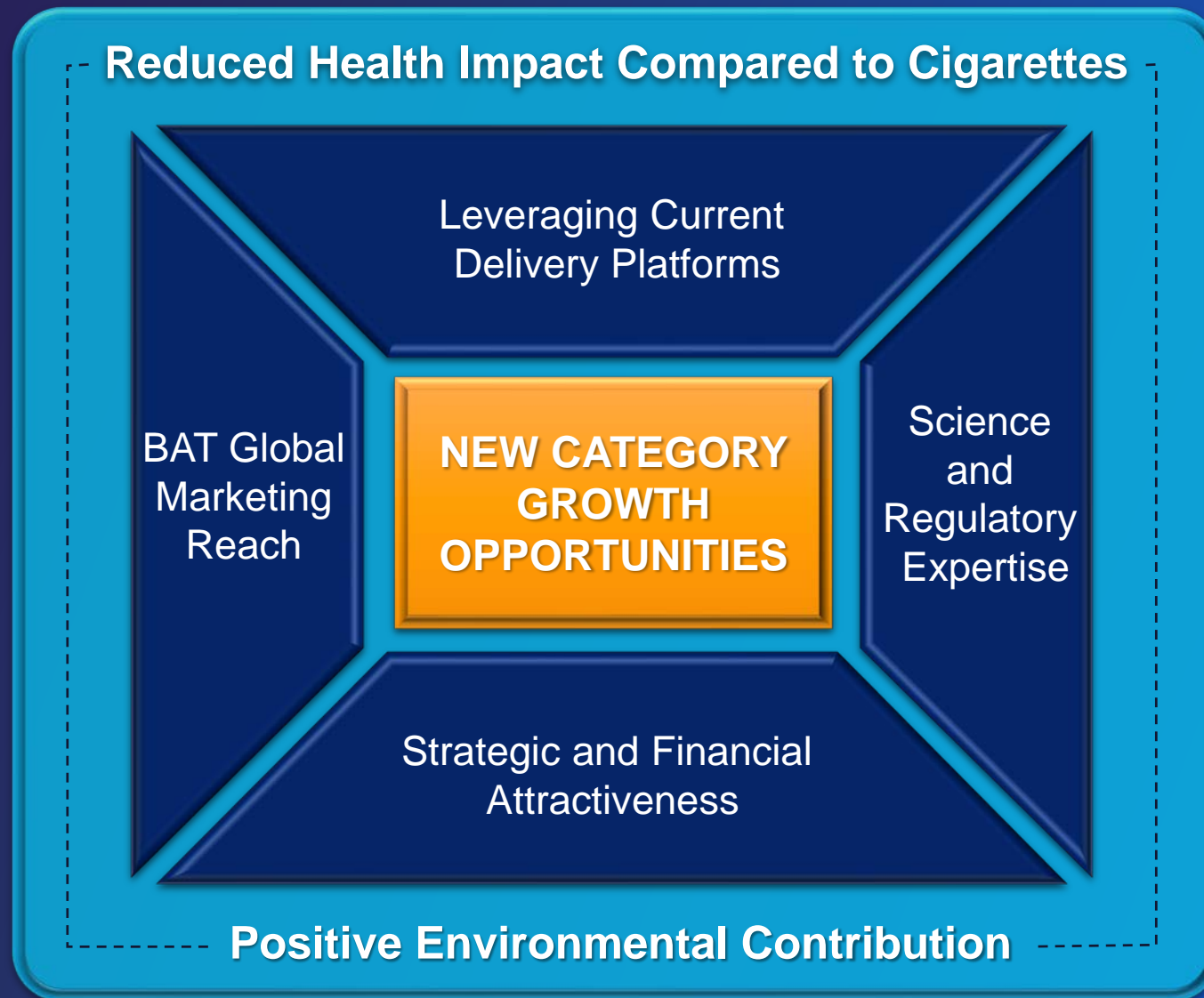


- Maintained occasions
- Lost occasions

A Broader Portfolio driving Sustainable Growth...



...with Clear Boundaries for Our Portfolio Expansion

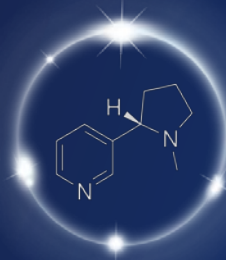


Shaping the Desired Regulatory Frameworks

Science & Evidence Based



Product Standards



Responsible Marketing Standards



Category-Specific Regulation



Clear Packaging & Labelling



Sale to Adults above Legal Age only



Investing in Science to Underpin Our Product Range

Near-completion of
glo scientific
assessment



Strong position
for Vuse PMTA
submissions



Science to support
Velo as a reduced
risk product



Building trust &
confidence in our
products



Science-based
approach to
Beyond Nicotine



And Accelerating Investment in Intellectual Property

**Step-Change
in Patent filings
since 2017**



**Stepping-up
talent & capabilities**



**IP Portfolio building
organically & M&A**



**Robustly defending,
protecting and
pursuing our IP rights**

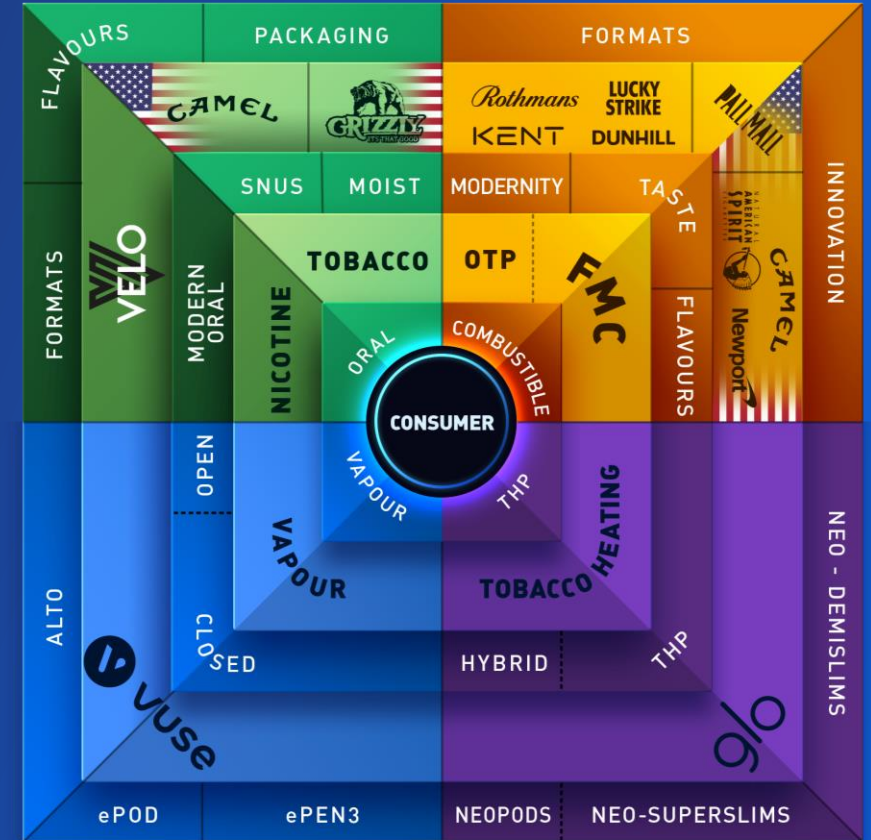


Our Mission

Stimulating
the Senses
of New Adult
Generations



Unique Multi-Category Insights drive our Portfolio...



...deployed in the Right Place to the Right Consumers



- 1 Consumer & Commercial Opportunity
- 2 Product Satisfaction Index (PSI)
- 3 Regulatory & Tax/Excise Environment
- 4 Distribution & Channel Landscape

Maximum Consumer Resonance & Investment Efficiency

Fully Leveraging Current & Future Capabilities

Strengths



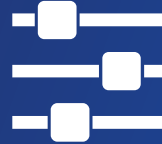
Global Reach



Insights



Stewardship



Navigating Regulation



M&A



Brands

New Capabilities



Foresights beyond Nicotine



21st Century Brand Building



Innovation & Design



Digital & Analytics



Direct-to-Consumer



ESG Front & Centre

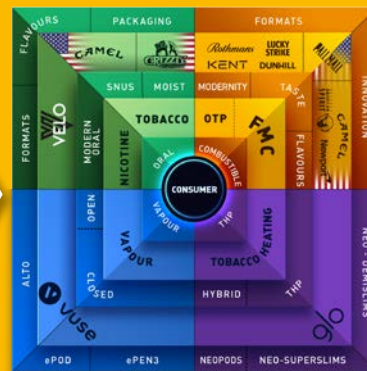
Accelerating our Transformation

Consumer First, Strategy in Action

MISSION

Stimulating
the Senses
of New
Adult
Generations

WHAT



WHERE



HOW

Strengths



New Capabilities



ESG is Integral to the Strategy



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

Strong ESG Foundation

MEMBER OF
Dow Jones Sustainability Indices
 In Collaboration with RobecoSAM

ONLY COMPANY IN OUR INDUSTRY INCLUDED IN THE **DOW JONES SUSTAINABILITY INDICES** PRESTIGIOUS WORLD INDEX

ISS QualityScore SOCIAL **1**

Highest Rating By INSTITUTIONAL SHAREHOLDER SERVICES

ISS QualityScore ENVIRONMENTAL **1**

Highest Rating By INSTITUTIONAL SHAREHOLDER SERVICES

SAM
Sustainability Award
 Gold Class 2019

CDP
 SUPPLIER ENGAGEMENT LEADER
 2019

CDP
 DISCLOSURE INSIGHT ACTION
A LIST
 2019
CLIMATE

SEAL
 AWARD WINNER
 2019

NUE AWARDS
 Top Medium-sized Undergraduate Scheme
WINNER 2020

WINNER
 International Women's Day
 BEST PRACTICE

FTSE 100 & the UK Modern Slavery Act:
From Disclosure to Action

The higher scoring companies are Marks & Spencer, Diageo, Morrisons, Sainsbury's, British American Tobacco, Tesco, Burberry, Vodafone, Unilever, BT, Kingfisher, and National Grid.

FT LEADER IN DIVERSITY 2020
 FINANCIAL TIMES
 statista

top GLOBAL EMPLOYER 2020
 CERTIFIED EXCELLENCE IN EMPLOYEE CONDITIONS

GLOBAL CHILD FORUM

MSCI: BBB / Sustainalytics: 65%

Big Ambitions for the Future



50 MILLION*
NON-COMBUSTIBLE
CONSUMERS BY
2030

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



Putting Sustainability Front and Centre

H

Reducing the HEALTH impact of our business



CONSUMER CHOICE



WORLD-CLASS SCIENCE



STANDARDS AND REGULATION

E

Excellence in **ENVIRONMENTAL** management

- Climate change
- Water and waste
- Sustainable agriculture
- Circular economy

S

Delivering a positive **SOCIAL** impact

- Human rights
- Farmer livelihoods
- Health and safety
- People and culture

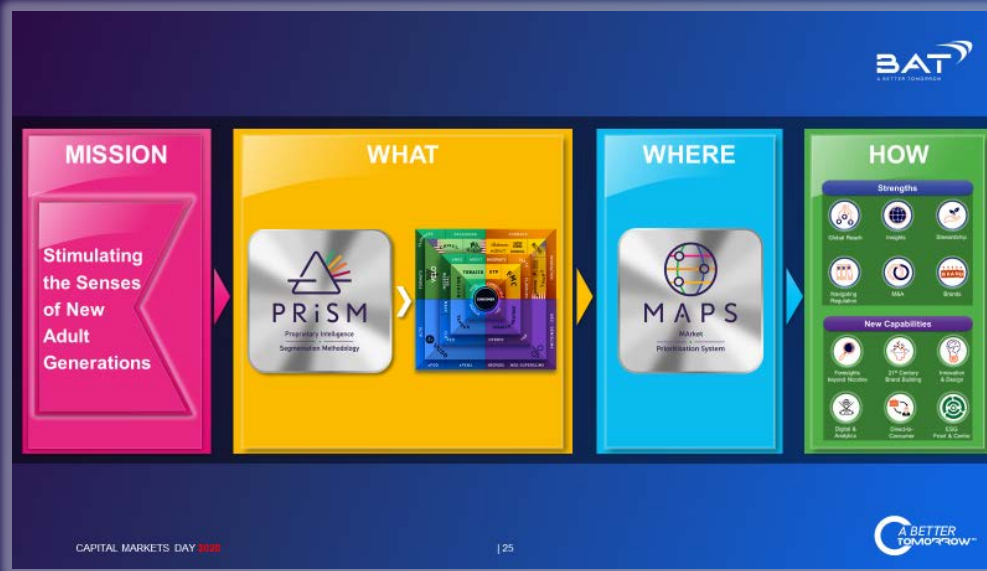
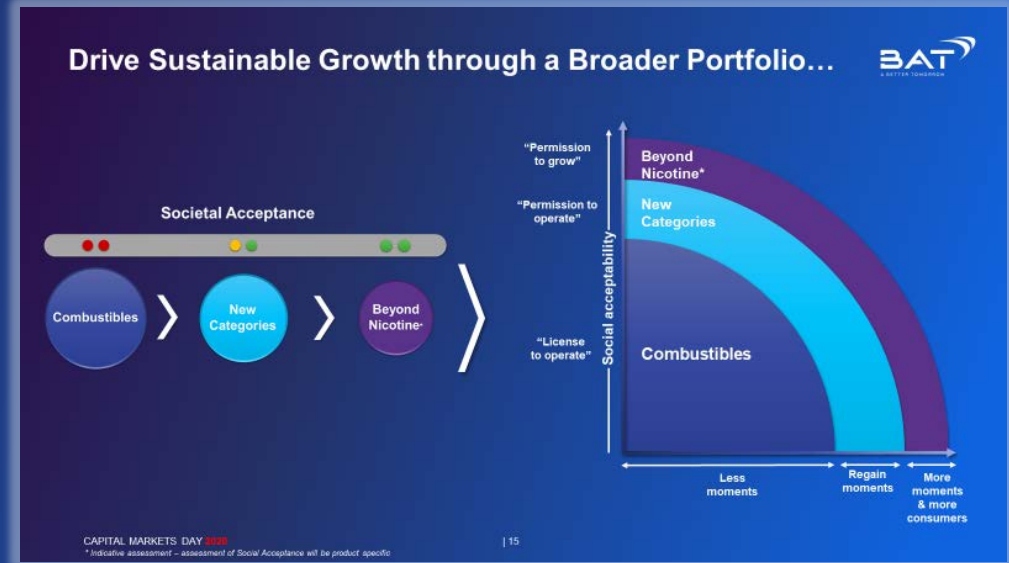
G

Robust corporate **GOVERNANCE**

- Business ethics
- Responsible marketing
- Regulation and policy engagement

Accelerating, Measuring, Publishing

A Strategy for Long-term, Sustainable Growth



Big Ambitions for the Future

50 MILLION NON-COMBUSTIBLE CONSUMERS BY 2030

CARBON NEUTRAL BY 2030

CO₂ NEUTRAL

*Company targets
CAPITAL MARKETS DAY 2020

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.

