

Step Changing New Categories

Paul Lageweg – Director, New Categories

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Important Information



Forward-looking Statements (continued)

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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.

A Strategy for Growth



Step Changing New Categories



Big Opportunity in Multi-Category Future

Accelerating the Right Capabilities
Stronger Simpler Faster

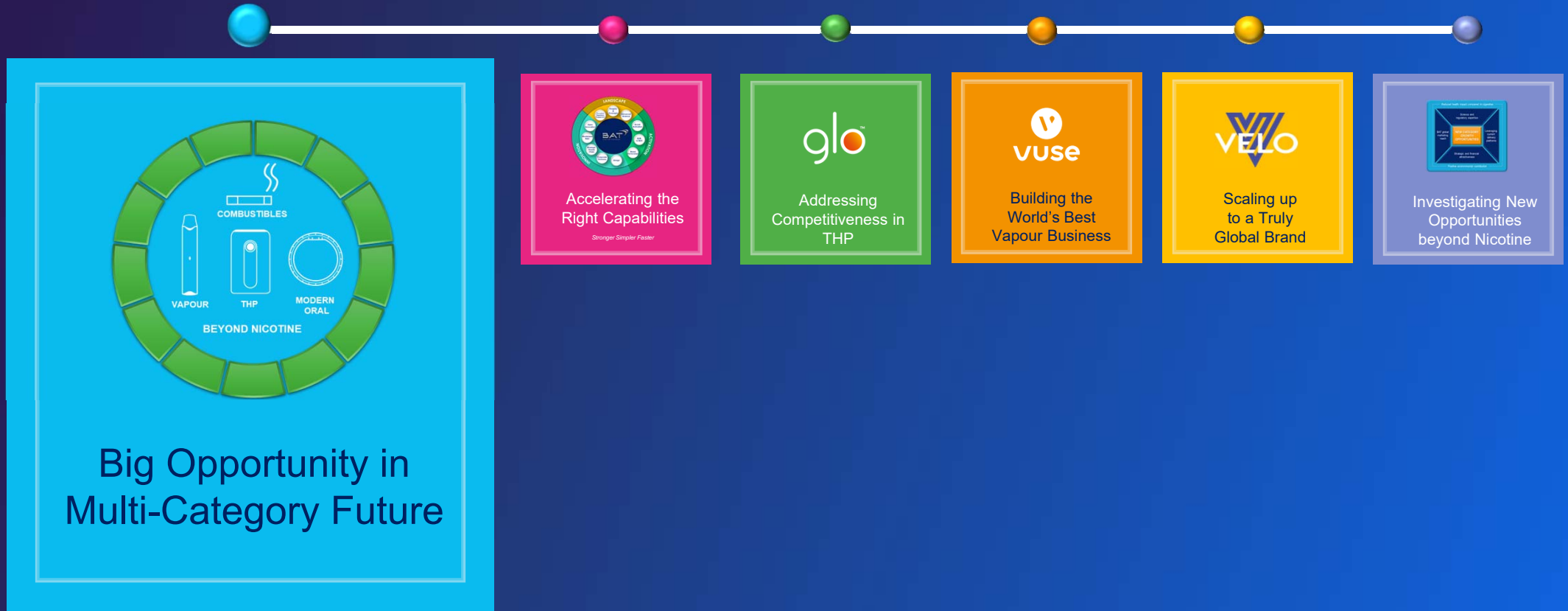
Addressing Competitiveness in THP

Building the World's Best Vapour Business

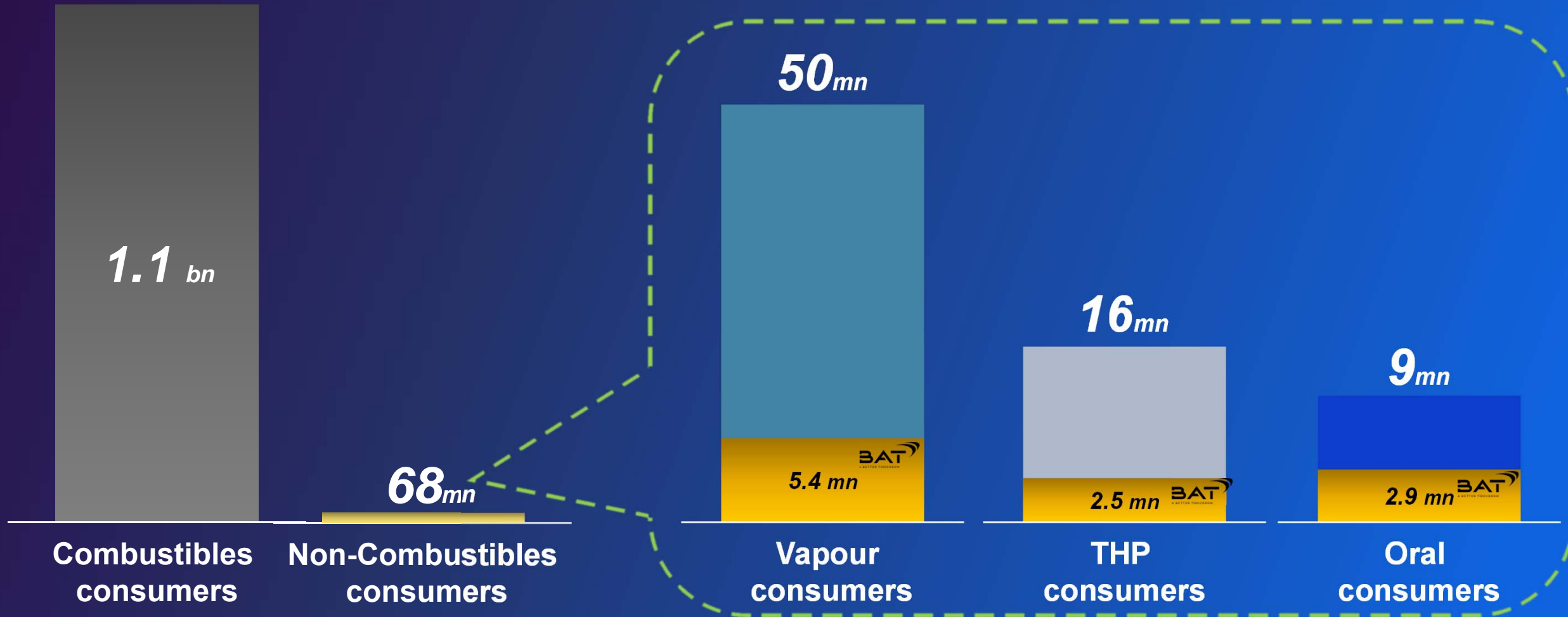
Scaling up to a Truly Global Brand

Investigating New Opportunities beyond Nicotine

Step Changing New Categories



A Significant Multi-Category Opportunity, Today



Source: KANTAR Incidence Study and BAT estimates in 2019 (Top 40 markets, Excl, China, India)



New Categories Consumers Generate Higher Revenue



Of All New 3 Categories Consumers:
41% Do not Smoke (Up from 28%, 3 years ago)

Source: Incidence Study & BAT internal estimates (Top 10 New Categories markets)



Driving Accelerated Industry Revenue Growth

NICOTINE INDUSTRY NET REVENUE (£ Bn)

Net Revenue calculated in Constant rates



New Categories include Vapour, THP and Modern Oral

Source: KANTAR Incidence Study & BAT internal estimates (Top 40 markets, Excl, China, India)

■ Combustibles ■ Non Combustibles

Unique Multi-Category Insights drive our Portfolio



ULTRA-LIGHTS MARKETS

(C. 20% of Industry FMC volumes)

Predominantly THP

LIGHTS MARKETS

(C. 30% of Industry FMC volumes)

Both THP & Vapour

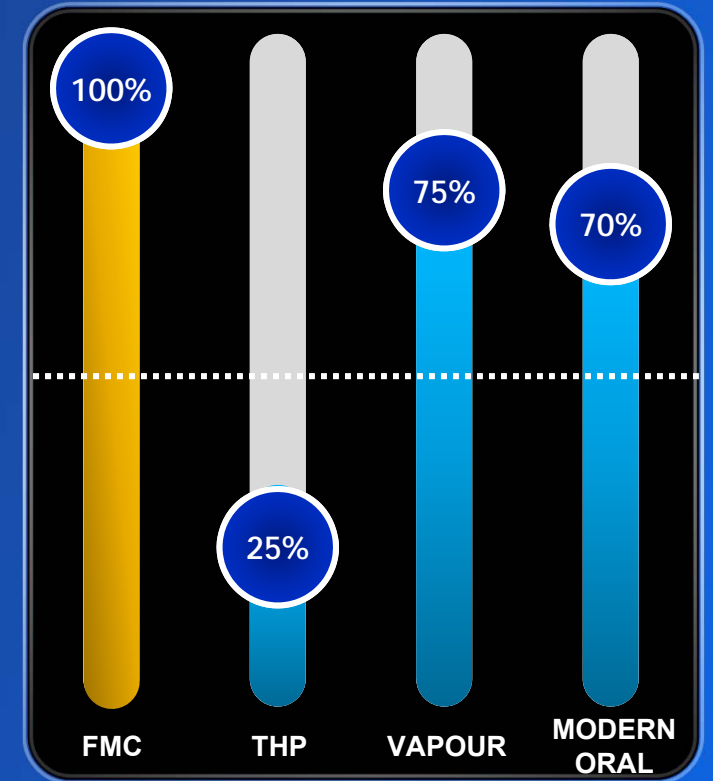
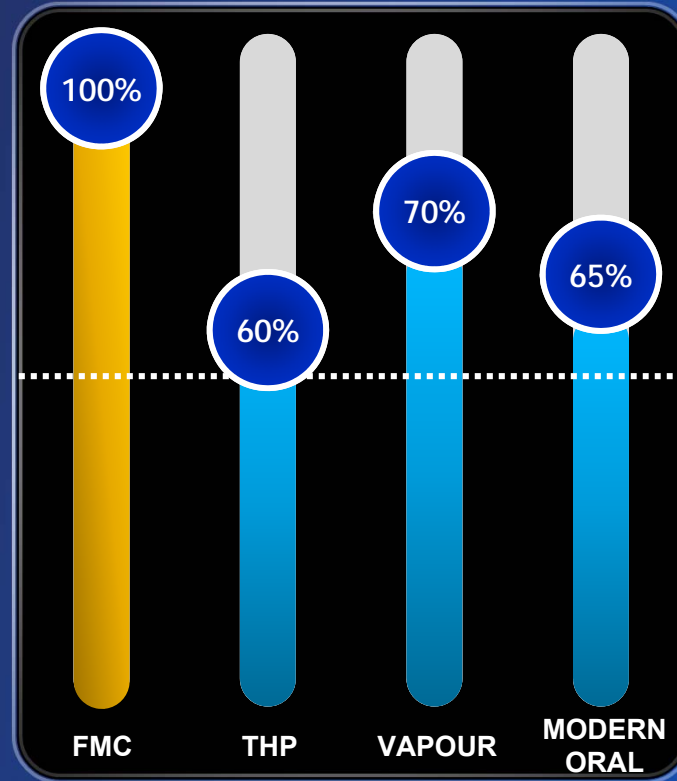
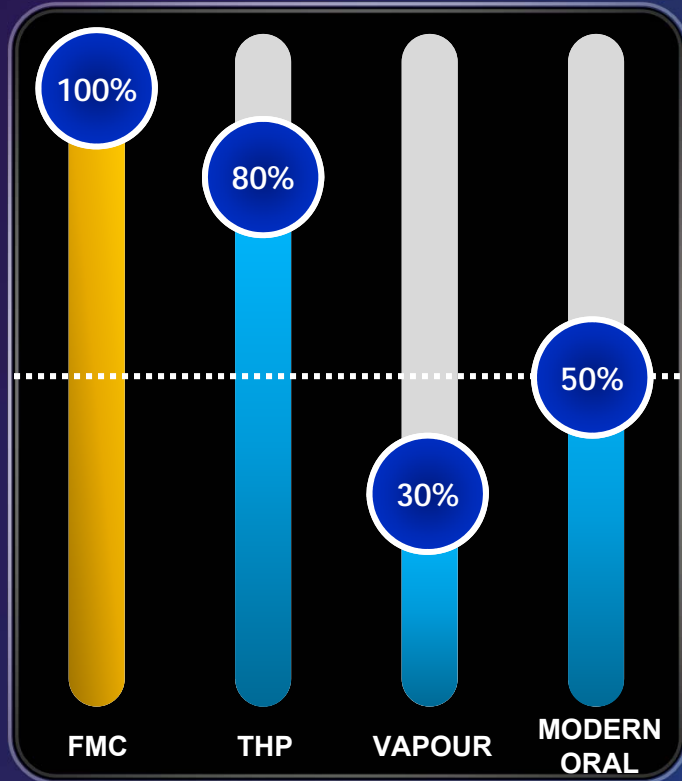
FULL FLAVOR MARKETS

(C. 50% of Industry FMC volumes)

Predominantly Vapour

Modern Oral : Potential across All Market Types

PRODUCT SATISFACTION INDEX (PSI)



Source: Volumes split based on BAT internal estimates of industry (Top 40 markets, Excl, China, India)
Index based on Consumer Track data



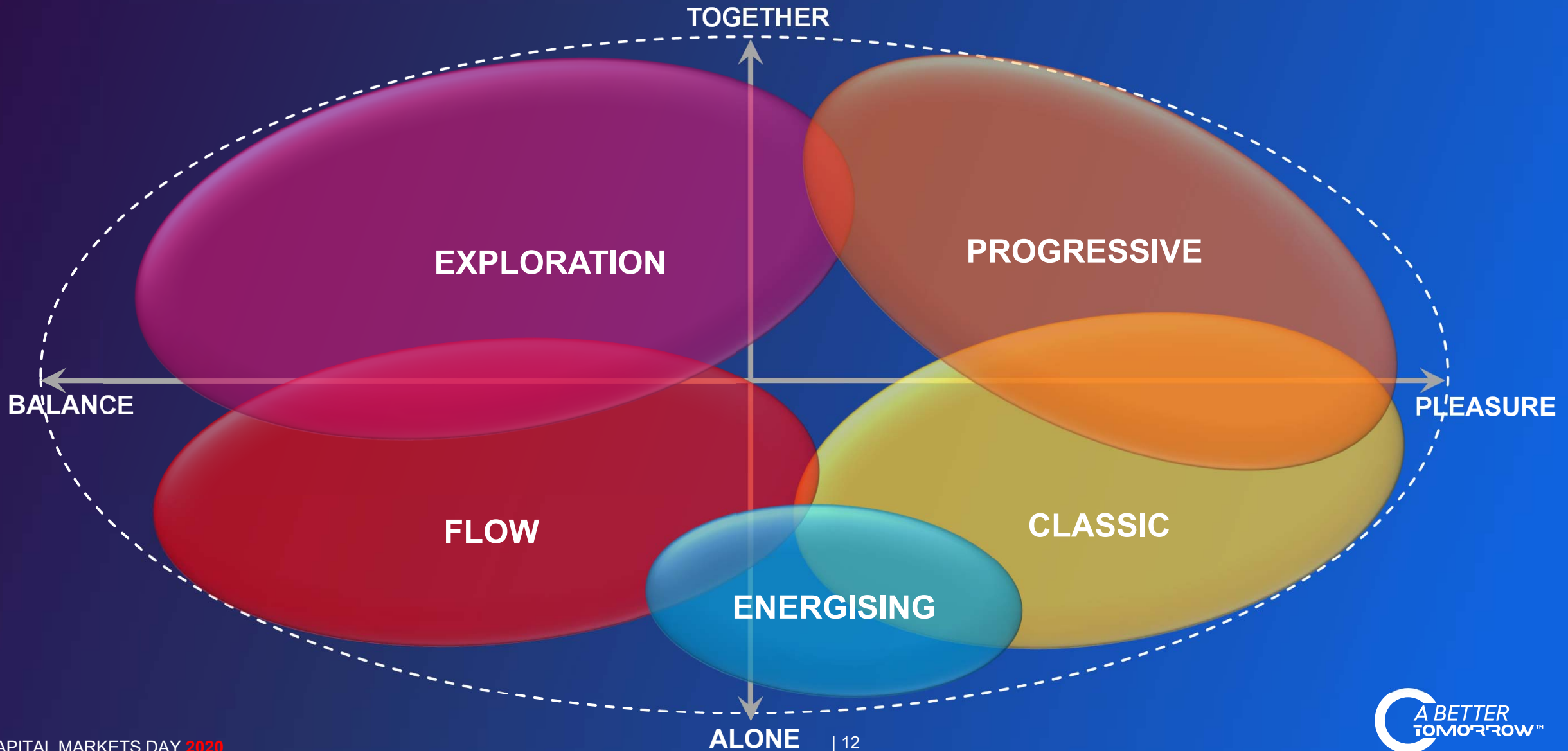
Insights Inform our Multi Category Market Choices & Resource Allocation



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

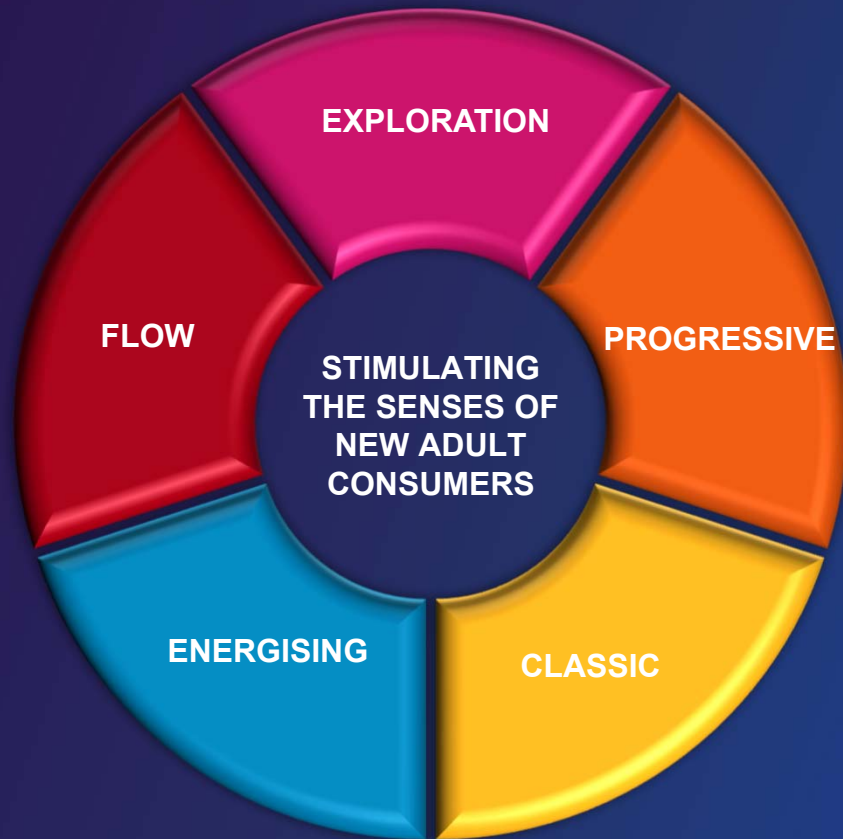
To Maximise Consumer Resonance & Investment Efficiency

Targeting Distinct Consumer Spaces...

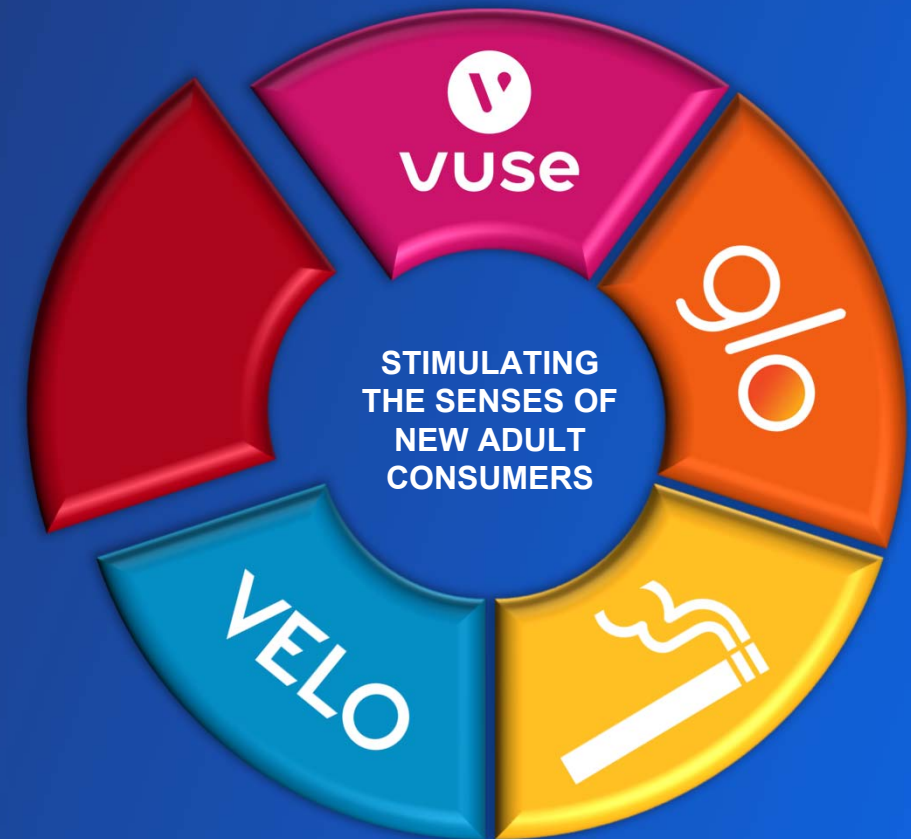


...Anchored to a Powerful Multi-category Portfolio

DISTINCT CONSUMER SPACES



MULTI CATEGORY PORTFOLIO



A Solid Foundation with Powerful Global Brands



Modern Oral

#1



Vapour

#2



THP

#2



~ 11 million Consumers Globally

~ 3.4 million Consumers in EU



Step Changing New Categories



Big Opportunity in Multi-Category Future

Accelerating the Right Capabilities
Stronger Simpler Faster

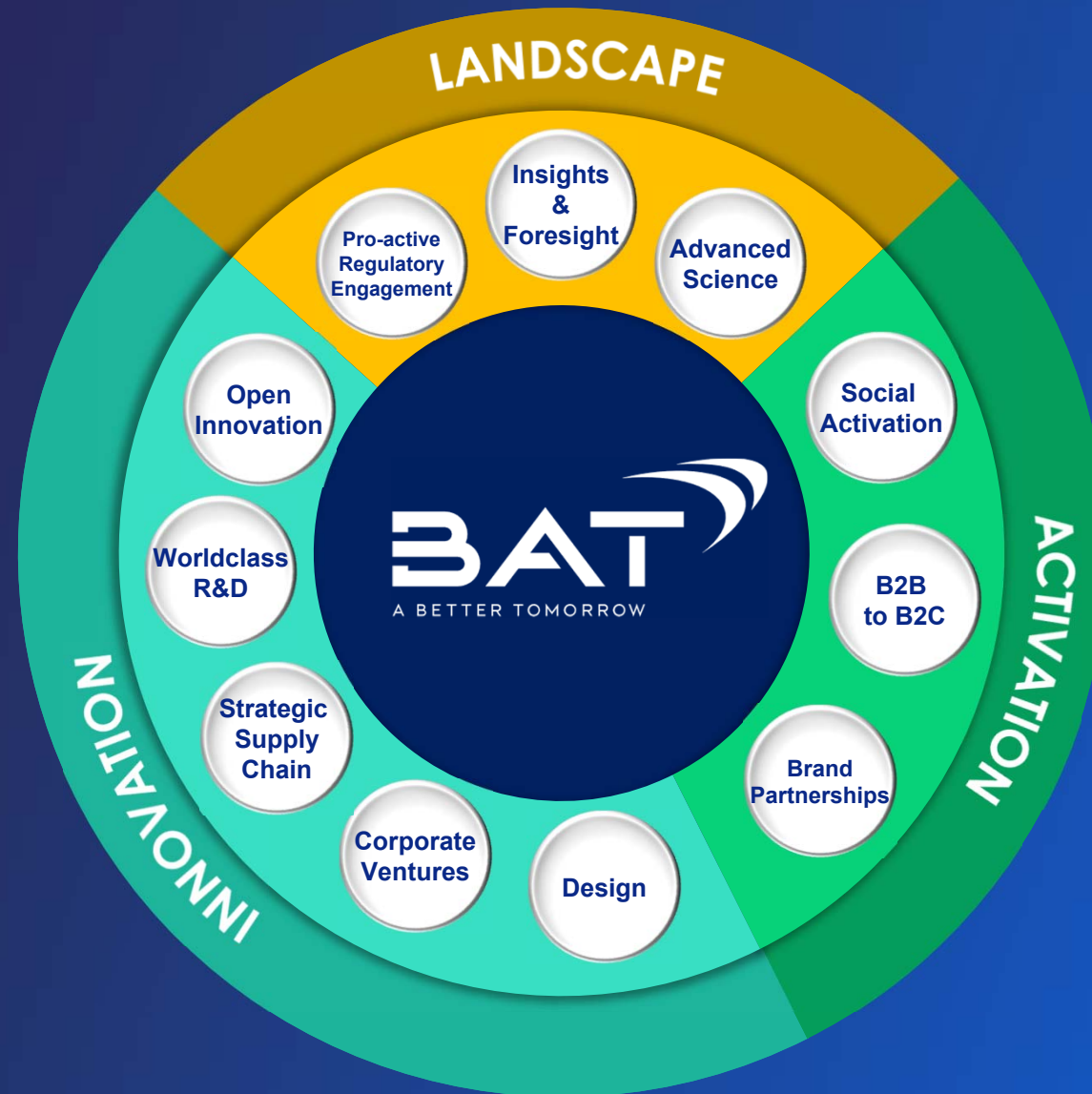
Addressing Competitiveness in THP

Building the World's Best Vapour Business

Scaling up to a Truly Global Brand

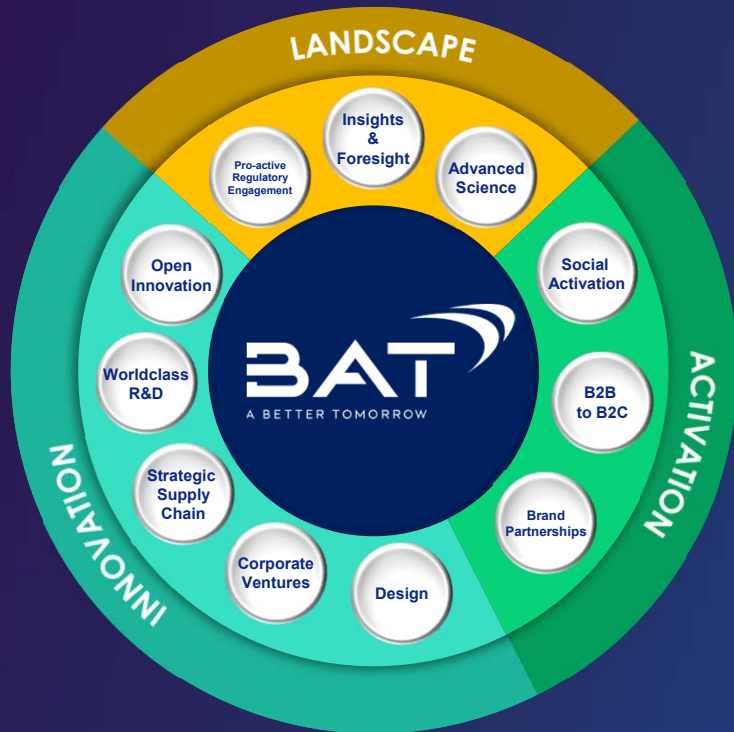
Investigating New Opportunities beyond Nicotine

Accelerating the Right Capabilities



Multi-category Foresights Leveraging Big Data

Insights & Foresight



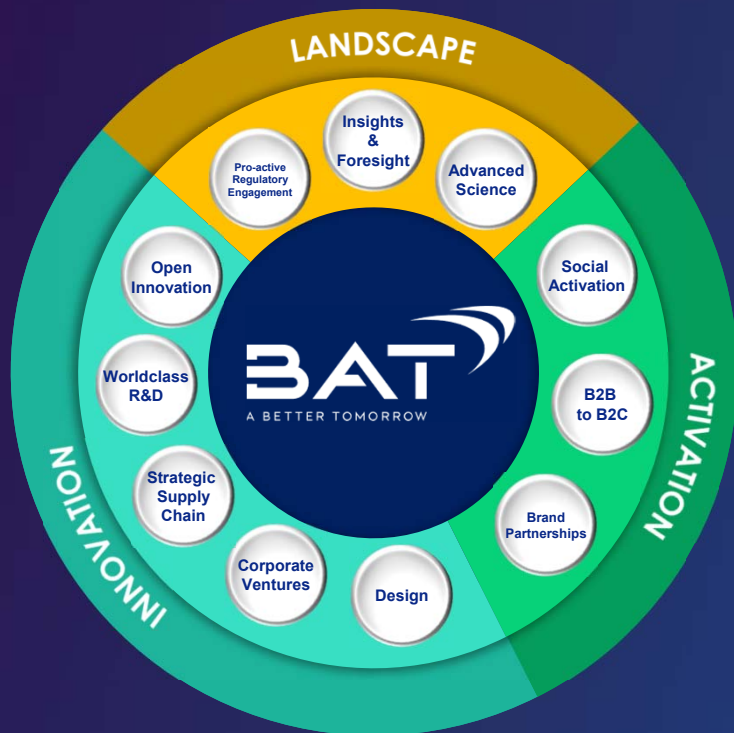
From ...

- Insights
- Mix Validation in Individual Markets
- Decentralised & Fragmented Data
- Individual & Adhoc Studies
- Slow Traditional Surveys

To ...

- Foresights**
- Understand Choice Drivers**
- One Global Data Source = BIG Data Mining**
- Multi-Category Database of 7mn Consumers – Continuous Tracking**
- Fast, Agile, Predictive Online Tools**

Transformation through a Design Led Business



To ...

Global Design Hub in UK & Asia

From ...

Limited Capability Leveraging few External Partners

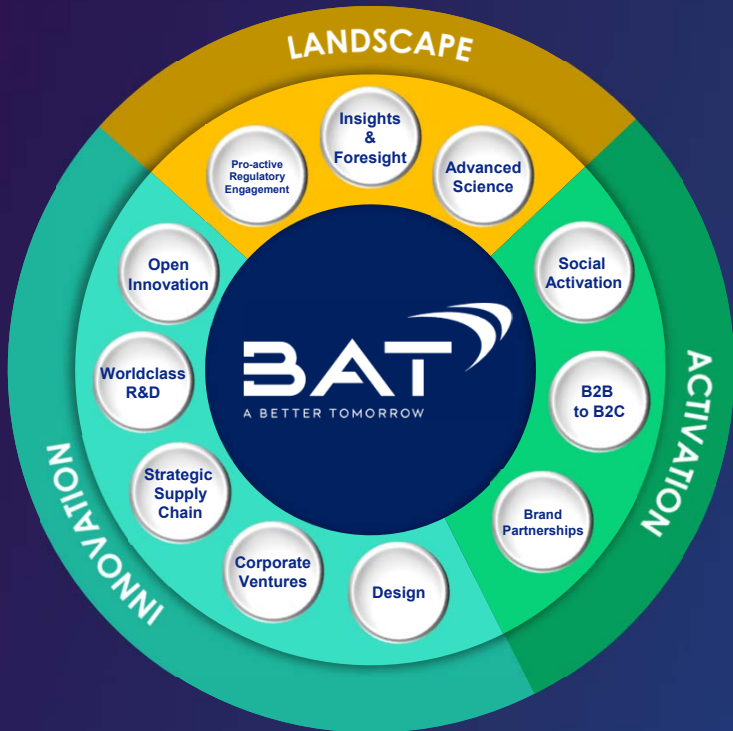
New Ecosystem of 15 External Partners

Putting Design at the Core of our Brand Expression

A more agile approach to Accelerate Innovation



To ...



From ...

- Large traditional in-house R&D capability
- Predominantly internally focused
- Low Speed to Market

Innovation Hubs – CN, UK, USA & Israel

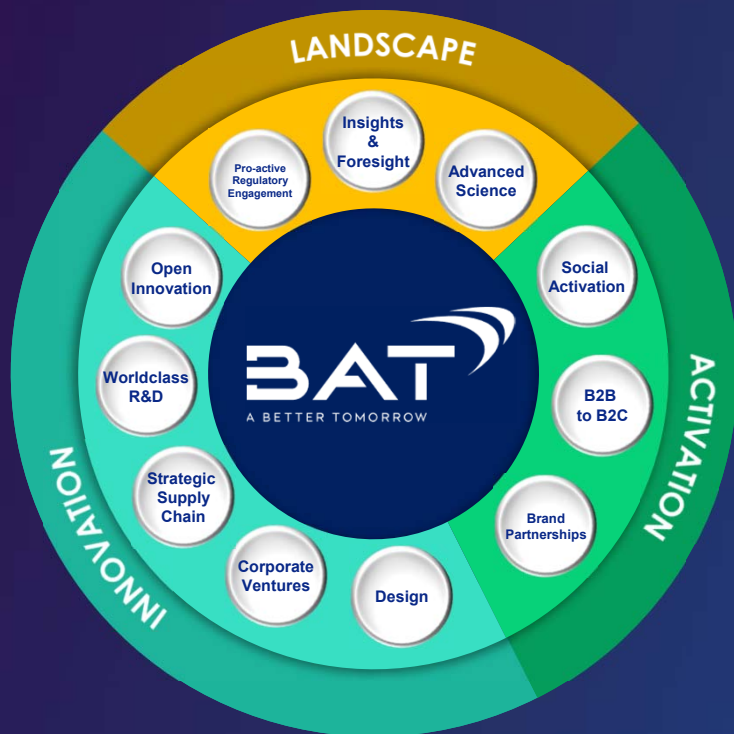
100+ Strategic Partnership with Leading External Companies

Corporate Venturing Established

Quick Prototyping & Piloting

Faster Development: 24 → 12 months
Strong Consumer Relevant Pipeline
Breakthrough Technologies No. 10 company with most patent filing in Europe

Digital Consumer Engagement & E-Commerce



From ...

- Sales Predominantly through Traditional Retail
- Building brands predominantly at point of sale
- Mass Marketing

To ...

- Highly Personalised & Customised Consumer Engagement
- Multi-Category Database of 7mn Consumers
- Convert Consumers to our **Multicategory eCommerce** (5mn visitors)
- Leverage **Social Media** with responsible **International Marketing Practices (IMP)**
- 3.5x growth of NC Brand Followers** on Social Media; **Engagement +200%**
- Lower **Conversion Costs** by up to 85%

Recruiting Top Talent with New Capabilities@ Scale



300+
External
Management Hires in
New Capabilities
In 2019

Digital Transformation

- Insights & Analytics
- Data Science
- Digital Information
- Digital Marketing
- Data Protection
- Cyber Security
- Platform Architecture

Innovation

- Scientific Research
- Product Design
- Device Technology
- Liquid Development
- Intellectual Property
- Venture Capital

Route to Consumer

- Own Retail
- E-Commerce
- Consumer Activation
- CRM



Consumer Electronics

FMCG

Technology

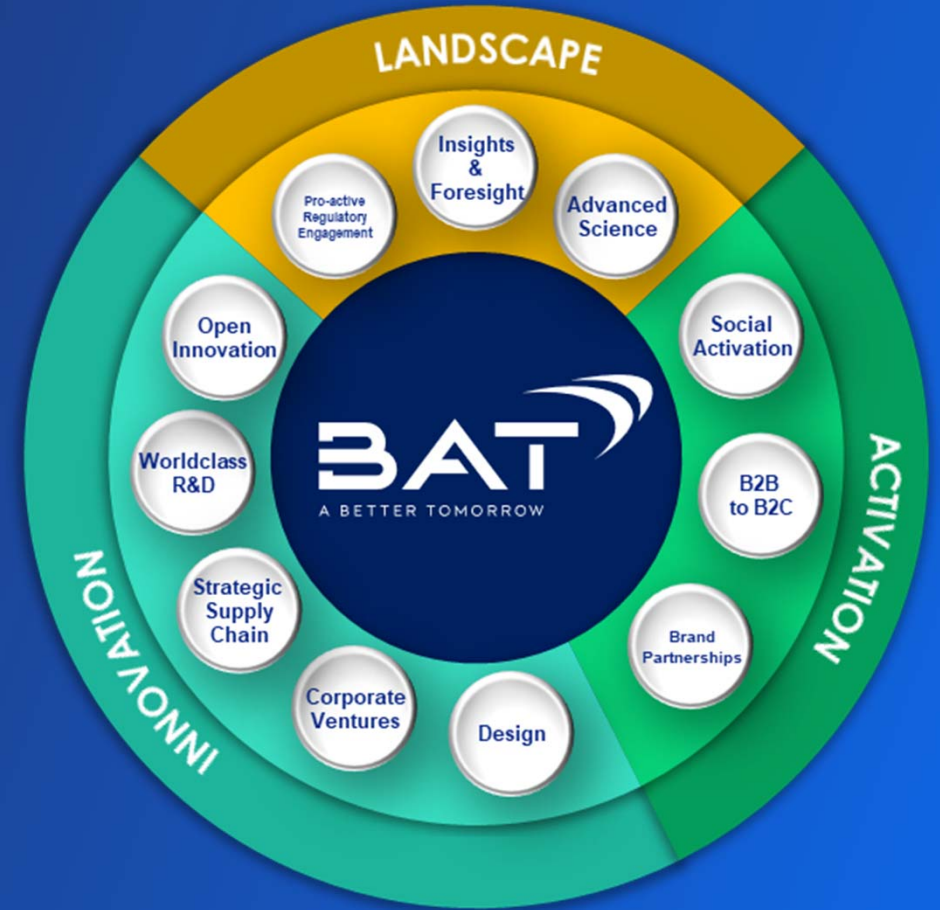
Pharmaceutical

Telecommunication

Professional Service / Consulting



Accelerating the Right Capabilities



Step Changing New Categories





Addressing Competitiveness to Accelerate Performance in 2020 - 2021



Back to Growth through Pro & Nano since Q4 2019

Learnings from Sens being Actioned

Further improvement through Hyper from April 2020

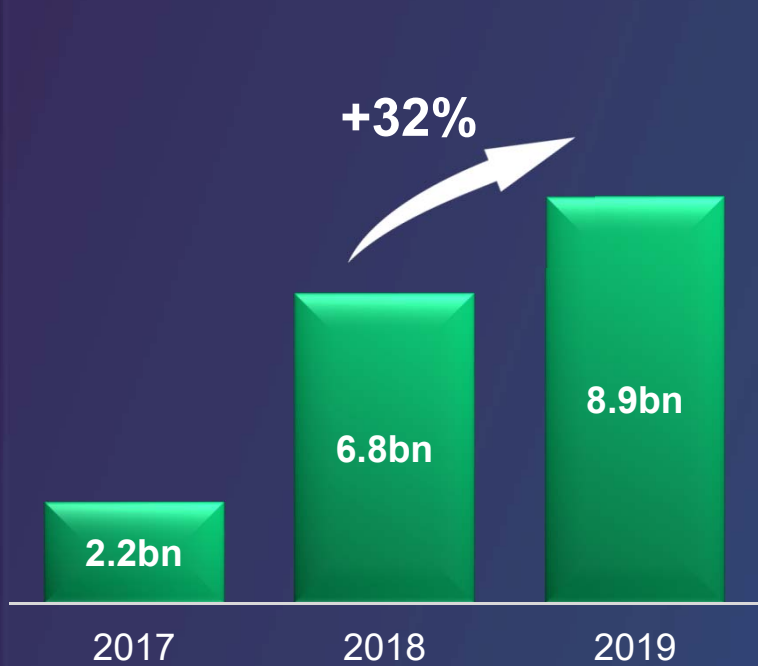
Step by Step Closing the Gaps



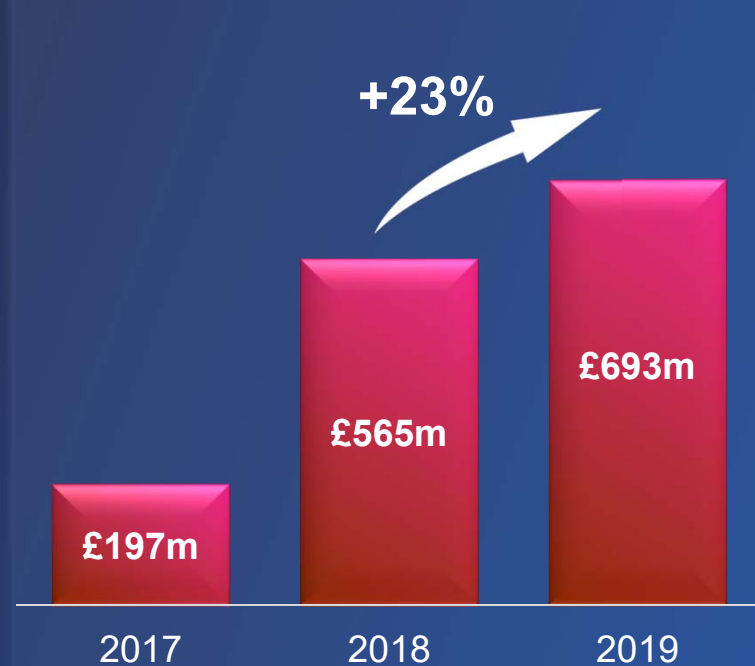
Glo Performance: Need for Acceleration in 2020-2021



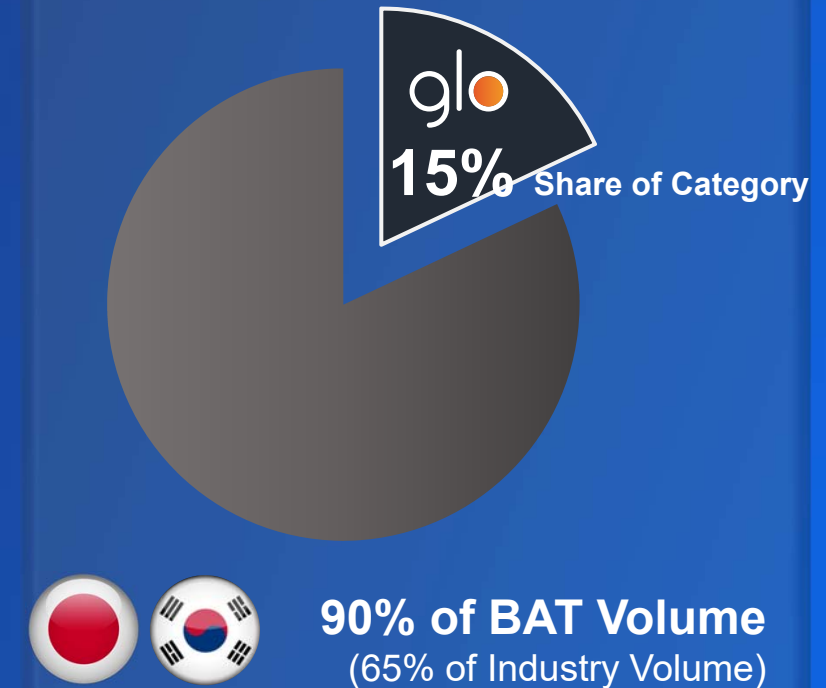
Volume



Revenue



Share & Footprint



Key Challenge: Gaps on Smoking Satisfaction, Stick & Device Appeal



Address performance gaps for Innovation Enthusiasts



share of segment

60%

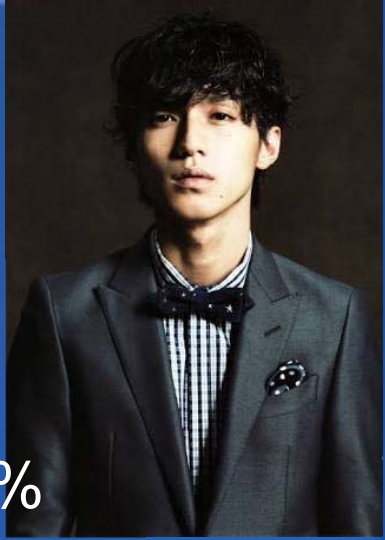
CONSIDERATES
20% of THP

INNOVATION ENTHUSIASTS
80% of THP



share of segment

16%



Strengths

- Smooth & Lower Taste Intensity
- Ease of Use & Durability
- Good Value

- Intense Taste Satisfaction
- Customization & personalization
- Wider flavour experience
- High-end Design

Gaps to Address

Source: Consumer Segmentation & Tracking Study (Japan), Share of segment based on Consumers Tracker study

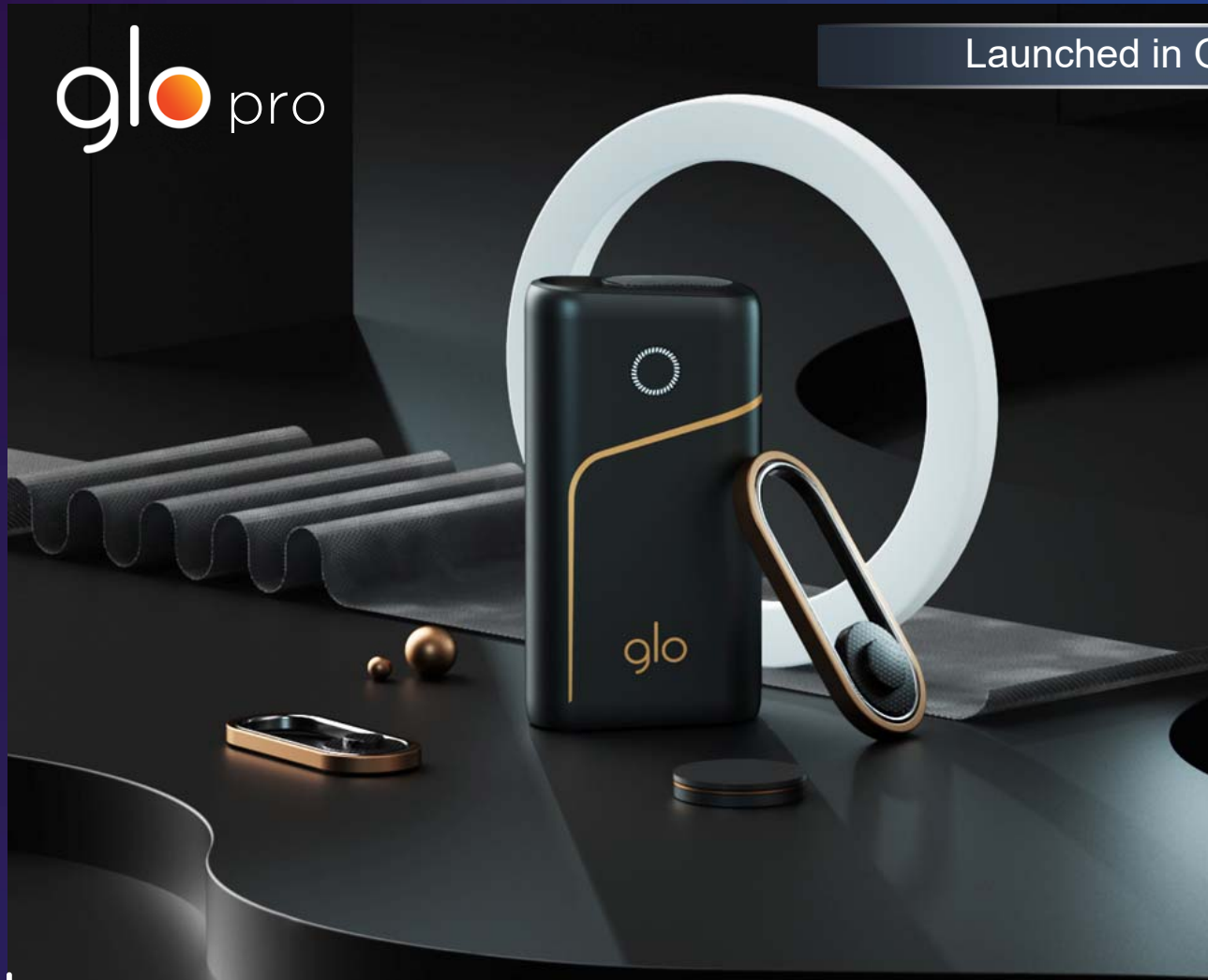


Glo Pro & Nano: Launched in Q4, 2020 as a first step



Launched in October '19

glo pro



glo nano



Glo Pro & Nano: Back to growth

Improved Volume Share Growth



Source: Retail data (Conveniences offtake Japan)

x10 Volume growth in Russia Critical mass in Moscow

Glo Volume (Indexed)

Glo Share (Moscow)



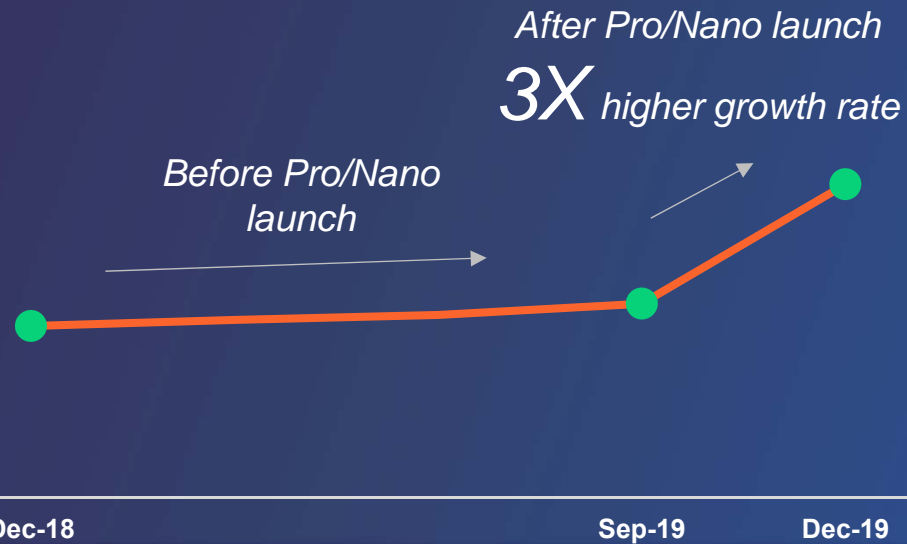
Source: BAT Internal sales data

Source: BAT Estimates (IMS)

Glo Pro & Nano: Back to growth



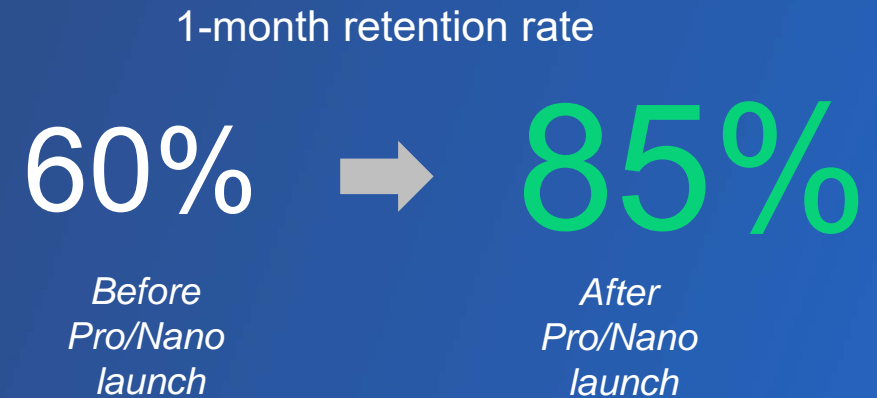
Significantly Faster Growth Rates



Source: Retail data (Conveniences offtake Japan)



Significantly Higher Retention



Source: Surveys among GLO Device purchasers in Russia & Italy

Hybrid presents Potential for the Future... ...but Glo Sens Performing below Expectation



Learnings being Actioned

- In-Market Execution
- Regulatory Framework
- USP Awareness & Consumer Navigation
- Drive Device Penetration



The Next Improvement: Glo Hyper from April 2020

glo hyper **LAUNCHING NOW**



**Familiar Stick Format
(30%+ Tobacco)**



**Induction Heating &
Customisation**



**Differentiated Packaging
& Range of Flavours**

Step Change in Taste Satisfaction

Glo Hyper + Neo Consumables... ...Step by Step – Addressing Competitiveness in THP



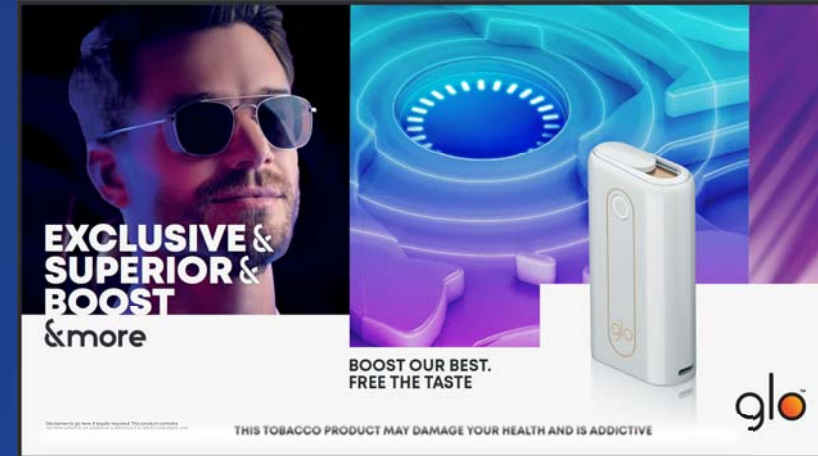
Source: Consumer Product Tests

Consumers Love the Hyper + Neo Experience

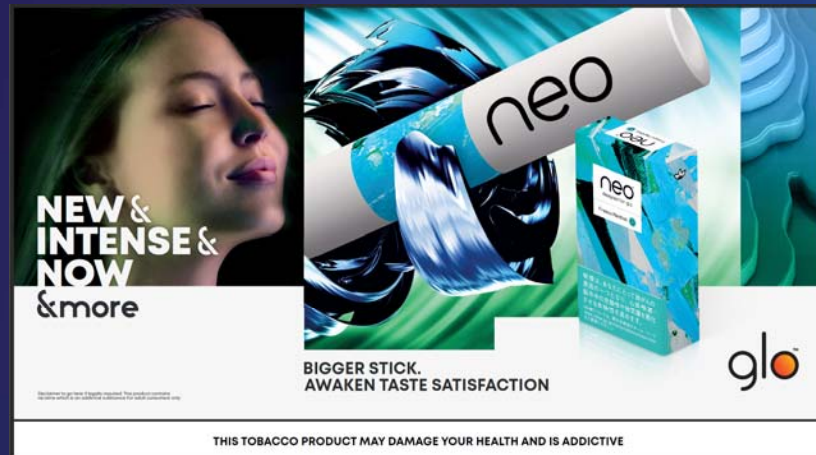
✓ HIGHER TASTE SATISFACTION



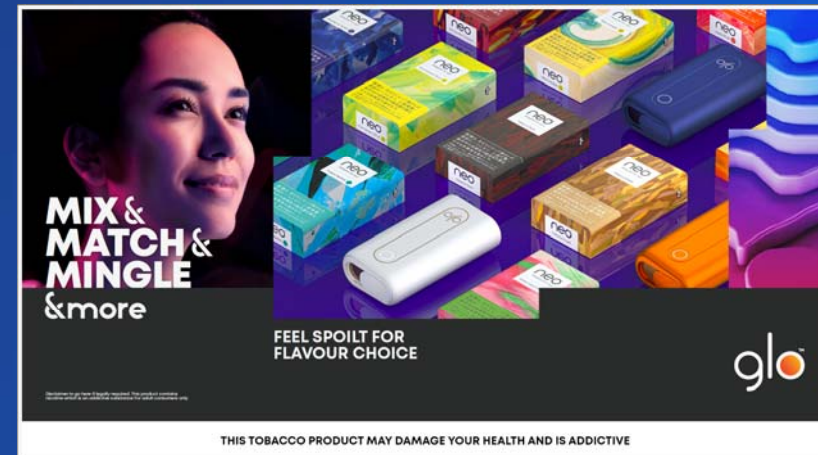
✓ BOOST FUNCTION FOR TASTE CONTROL



✓ FAMILIAR STICK FORMAT



✓ WIDEST RANGE OF CAPSULE FLAVOURS





Addressing Competitiveness to Accelerate Performance in 2020 - 2021



BACK TO GROWTH WITH PRO & NANO (Q4, 2019)



- ✓ Faster Growth Rates
- ✓ Higher Retention

FURTHER IMPROVEMENT THROUGH HYPER (Q2, 2020)



- ✓ Familiar Stick Format
- ✓ Induction Heating
- ✓ Taste Customisation
- ✓ Flavours

LEARNINGS FROM SENS BEING ACTIONED



- ✓ In Market Execution
- ✓ USP Awareness
- ✓ Device Penetration
- ✓ Navigation

STEP-BY-STEP CLOSING THE GAPS



- ✓ Smoking Satisfaction
- ✓ Stick Appeal
- ✓ Enhanced Flavours



Step Changing New Categories





Superior Product Portfolio



Powerful Consumer Engagement



Addressing Profitability



Winning in All Key Markets

Award-Winning Portfolio with Superior Products



Design > Consumers 21 – 30

THE VAPERS' CHOICE

- ✓ Design (4.05 vs JUUL 3.78)
- ✓ Taste amount (74 vs JUUL 59)
- ✓ Taste intensity (68 vs JUUL 54)

Source: Consumer Product test (UK) - Dec'18-Jan'19



Source: POTY award for e-cigarette category in the UK



Power > Consumers over 30

TRIPLE POWERED

- ✓ 3X battery power: 650 vs JUUL 200 mAh
- ✓ 3X aerosol delivery: 8 vs JUUL 2.8 ACM
- ✓ 3X pod size: 2ml vs JUUL 0.7ml

Source: R&D Specs Assessments

Superior Flavours ...with World Leading Innovation Partners



**FLAVOUR
TRENDS**

**SCIENTIFIC
FLAVOUR
DATABASE**

**AI
MODEL**

**CFI
SCORE**



#1 Tobacco

3 of Industry's Top 5



#1 Mint

4 of Industry's Top 5



#1 Fruit / Novel

7 of Industry's Top 9

Source: BAT Internal Product test in UK & PL – Nov-Dec'18;

**GLOBAL
INSIGHTS**

**+3,300
INGREDIENTS
+9,000 MOLECULES**

**FOODPAIRING
ALGORITHM**

**CONSUMER
FLAVOUR
INTELLIGENCE**



Premiumisation ...with Stylish Accessories & Limited Edition Collaborations



CUSTOMISATION

LIMITED EDITION

Sustainability at the Core of our Brands

Reducing **our materials**

Reducing **plastic waste**



Improving **our carbon footprint**

Improving **recycling**

- ePen 3 pods are now silicone cap-free!
- Removed poly-wraps from ePod starter kits & pod packs
- Working on removal of plastic trays from ePen 3 device kits



11mn
Plastic Bottles
Equivalent per annum

Effective Campaigns Winning Multiple Awards

#1
TRUSTED
BRAND



Transforming Retail ...to Vuse Inspiration Stores in 2020



750 retail stores converted to
A SINGLE BANNER

PORTFOLIO RATIONALISED
favouring Vuse Closed Systems

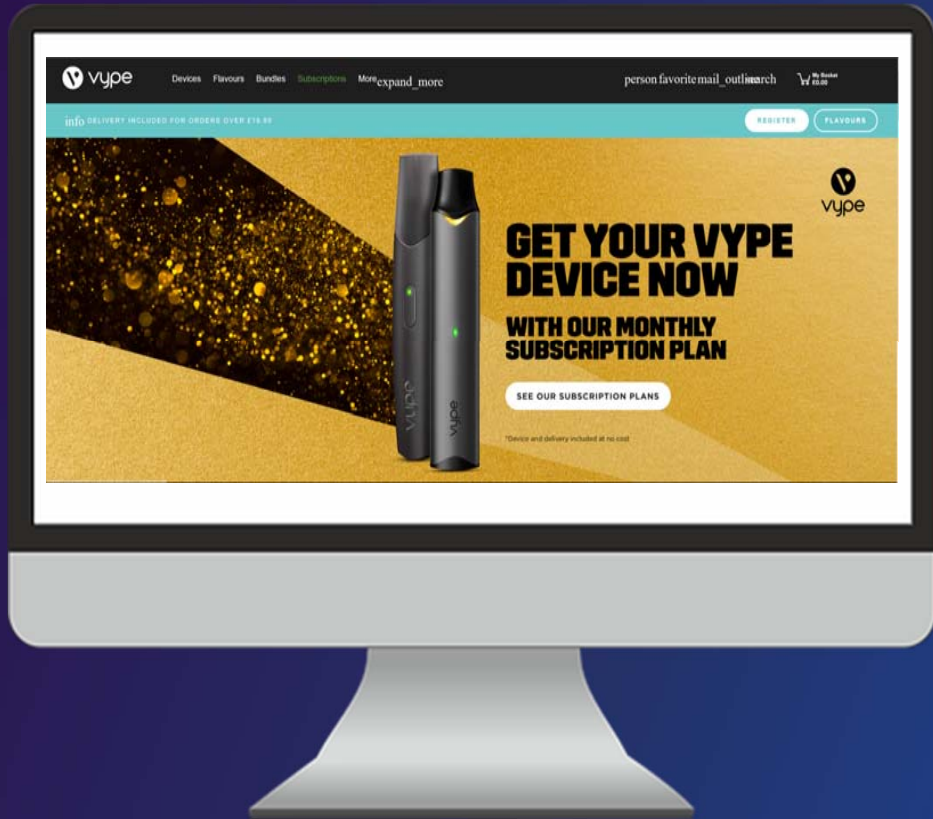
Supports **ENTIRE NEW**
CATEGORIES PORTFOLIO

Implementing **WORLD CLASS**
RETAIL PROCESSES

Pilot Store Results
EXCEEDING ALL EXPECTATIONS



...Best in Class Consumer Experience for Conversion through a Strong & Growing Subscription Model



~5mn
visitors in 2019

+55%
Growth in visitors vs PY

+25%
Growth in Conversion vs PY

HOW IT WORKS

- STEP 1: DEVICE OF CHOICE
- STEP 2: MIX & MATCH FLAVOURS
- STEP 3: DELIVERY INCLUDED

THE BENEFITS

- New Device included every 3 months*. Select between: either 1, either 3 vlyps, and eflow.
- 6 or 12 packs per month. Customizable flavours and strengths. Price per pack of cartridges from £3.60*
- No delivery charges. Choose between 1 or 6 months plans. Subscription starts from £22 per month.

OUR BEST PRICE ONLINE, ONLY AVAILABLE HERE

FROM £5.49 PER PACK
Or mix & match 5 packs
FOR £20.49

This product contains nicotine which is a highly addictive substance

SEE WHAT OUR CUSTOMERS HAVE TO SAY ABOUT VYPE

★★★★★
4.55 rating based on 6,195+ reviews

More than **90%**
of reviewers recommend Vype!

REVIEWS

Vapour Landscape Evolution Supports Margin Enhancement

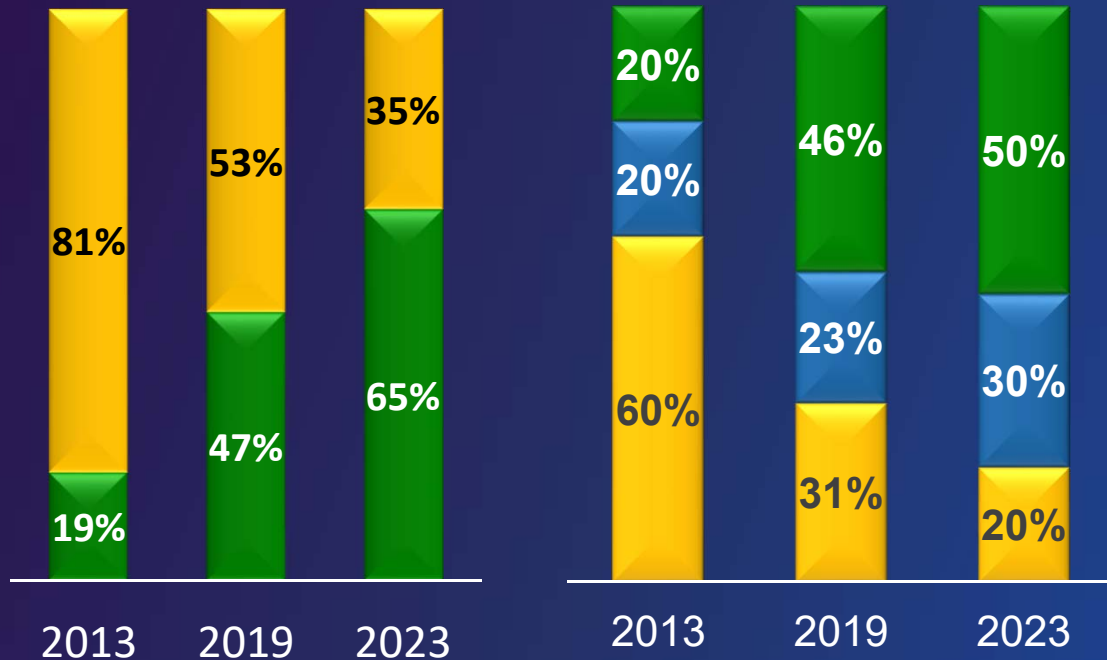


SHIFT FROM OPEN TO CLOSED SYSTEMS

SHIFT FROM VAPE STORES TO TRADITIONAL RETAIL AND ONLINE

BRAND CONSOLIDATION

INCREASED REGULATION



Source: BAT Internal Vapour Industry Outlook

■ Open System
 ■ Closed System
 ■ Traditional Retail
 ■ Online
 ■ Vape Store



TOP 3 PLAYERS RETAIL VALUE CONTRIBUTION (2019 FY)



86%



65%

FDA – 2021-22 PMTA



\$1.5bn

CONTESTABLE SPACE

Source: BAT Internal Estimates on Vapour Industry



Improving Profitability through D2C & Automation

Direct to Consumer



- Addressing High Trade Margins (avg. 40%)



- Own eCommerce
- Vuse Inspiration Stores
- Loyalty via Subscription
- Personalised Experience

+ % 15%-20%
Unit Margin Improvement in next 3 years

Automation



- Consolidation in Key Platforms
- Design for Automation
- 24 months to 12 months

6 months
Average Payback time

+ % 20%-30%
Unit Cost improvement In next 12 months

Source: BAT Internal Estimates

...and Portfolio Consolidation

10
BRANDS
TO 1



12
DEVICES
TO 2



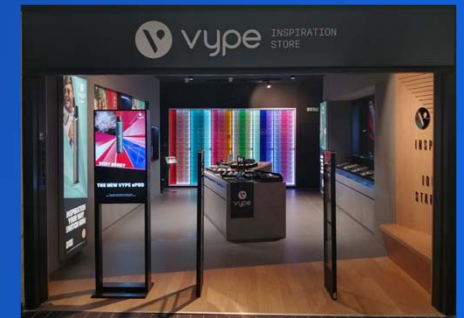
+1,000 E-LIQUID
SKUS
TO 170



TRADITIONAL
RETAIL
TO D2C



5 RETAIL
BANNERS
TO 1



Accelerated Pipeline in 2020-23

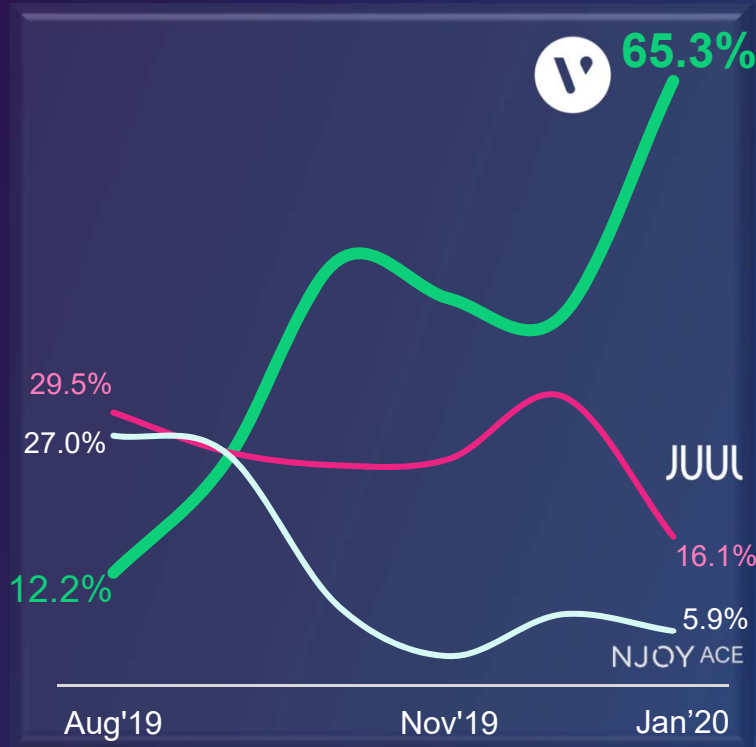


Vuse Alto: Accelerating Growth

#1 in Device share; x2 Cons. Share in last 6 mths

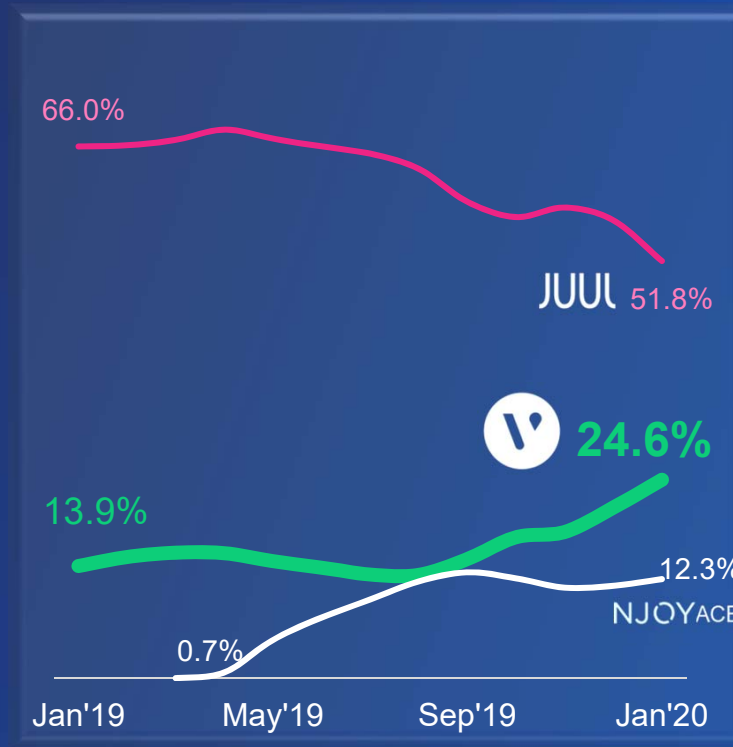


DEVICE (Power Unit Kit) SHARE



Source: STR PUK volume share

CONSUMABLES SHARE



Source: Marlin Consumable value share

Jan 20 vs. Jan 19

Vuse Alto +10.7

JUUL -14.2

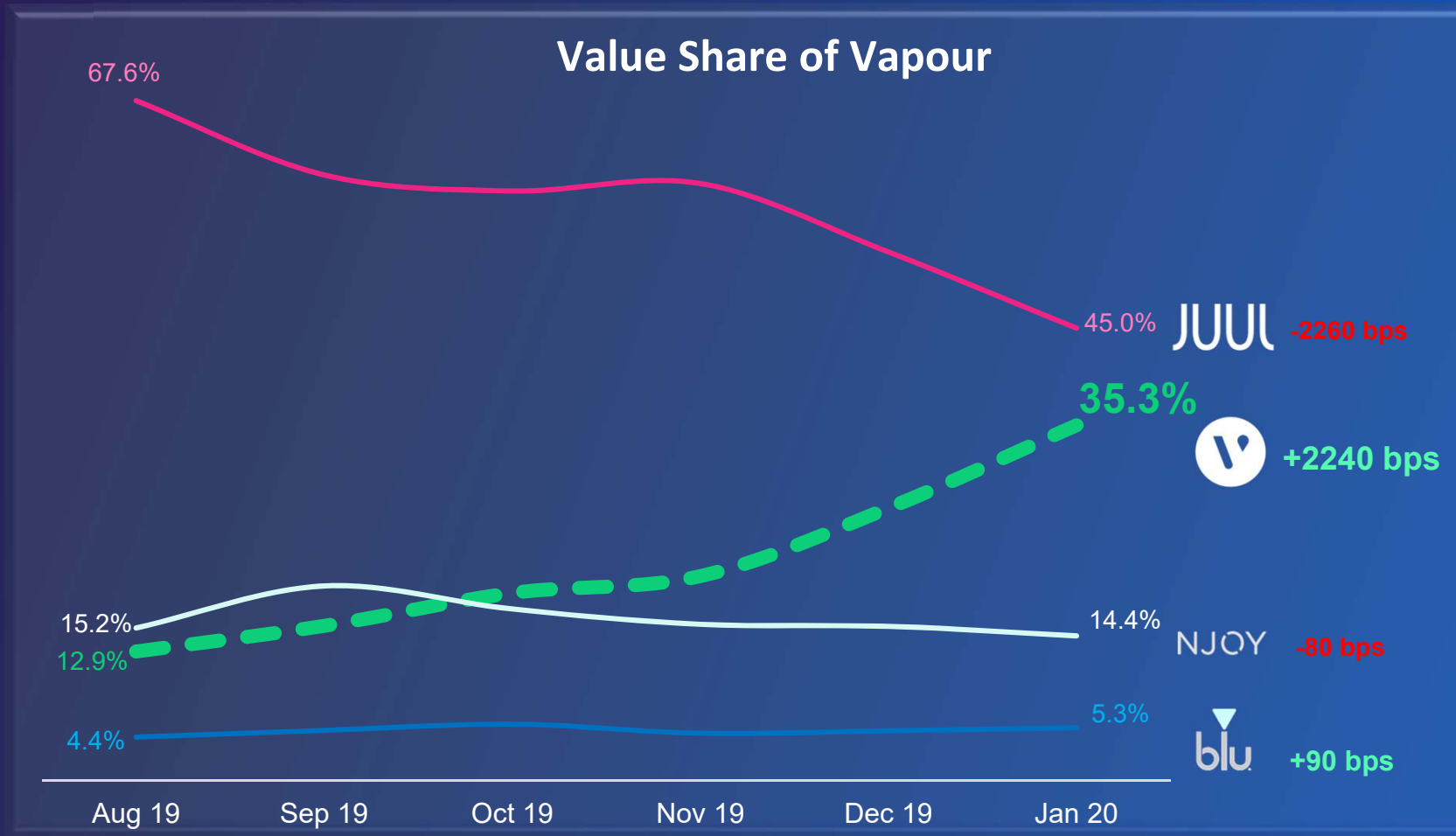
Vuse Alto driving Acceleration

Best in class In-Store Execution





Superior results with new Marketing Model in Georgia...To be replicated nationwide



Source: Marlin & Internal BAT estimates

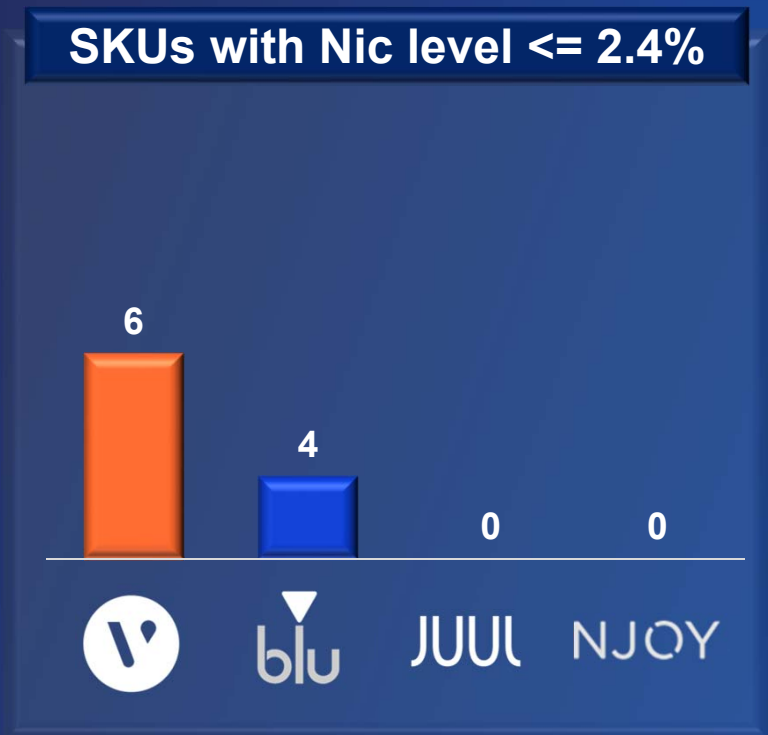




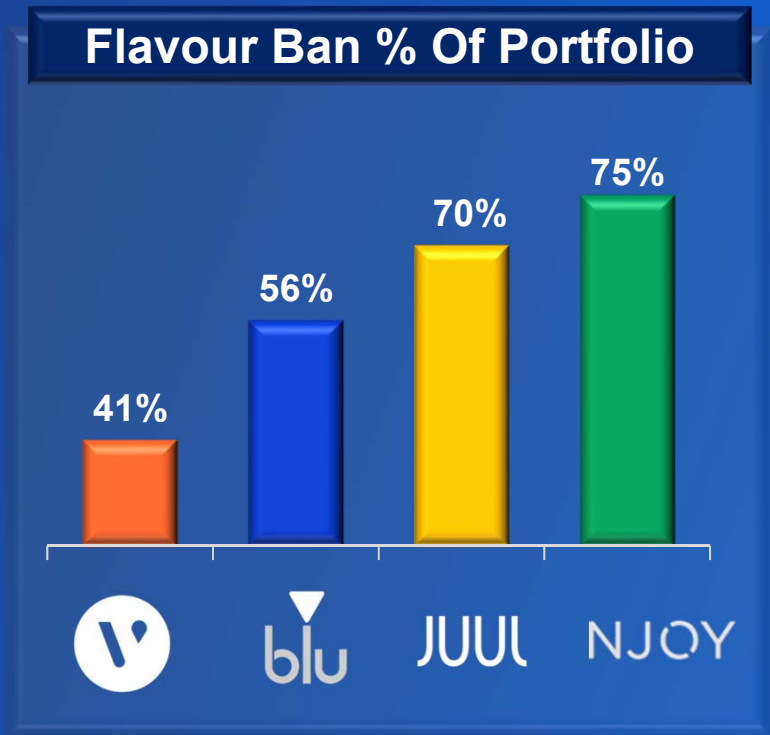
Vuse is Well Positioned for the Evolving US market



*Source: CDC National Youth Tobacco Survey, Feb-May 2019



*BAT Internal Estimate



*BAT Internal Estimate & Marlin share estimates

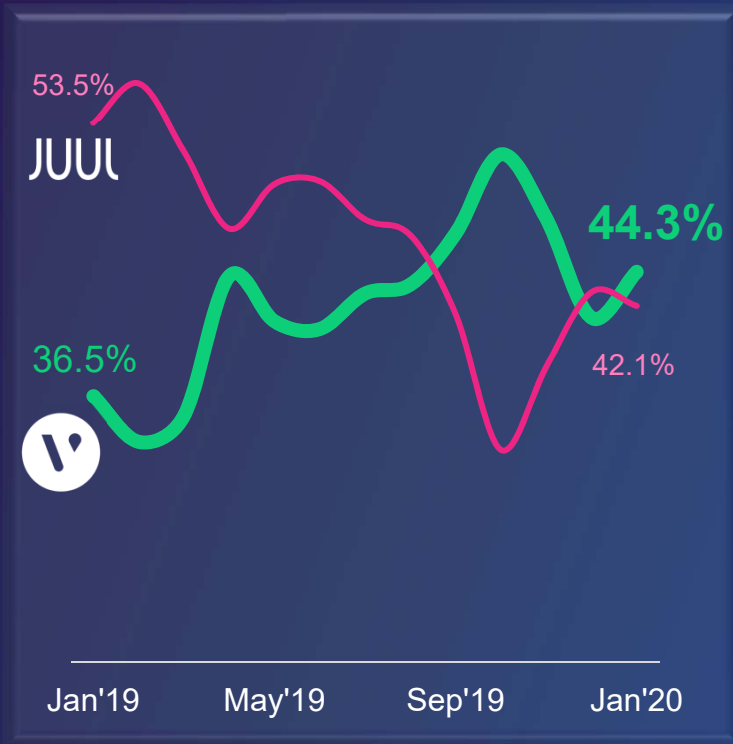
Vuse PMTA submissions: On Track
Contestable Space: 1.5bn by 2020 / 2021



Vype is #1 on Device Share; Consistently growing Consumables Share

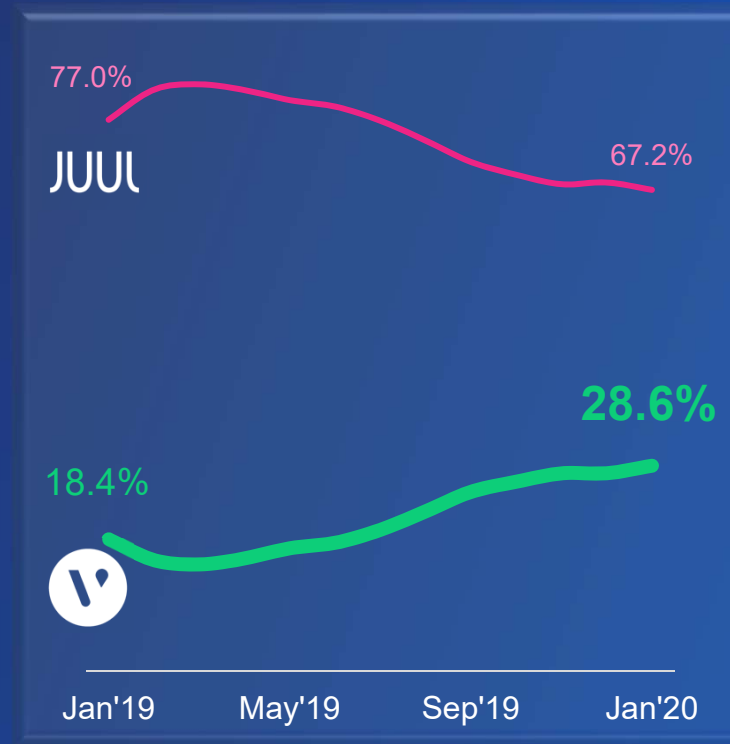


DEVICE SHARE



Source: POS scan device volume share

CONSUMABLES SHARE



Source: POS scan vapour value share Jan'20

Jan 20 vs. Jan 19

Vype **+10.2**

JUUL **-9.8**

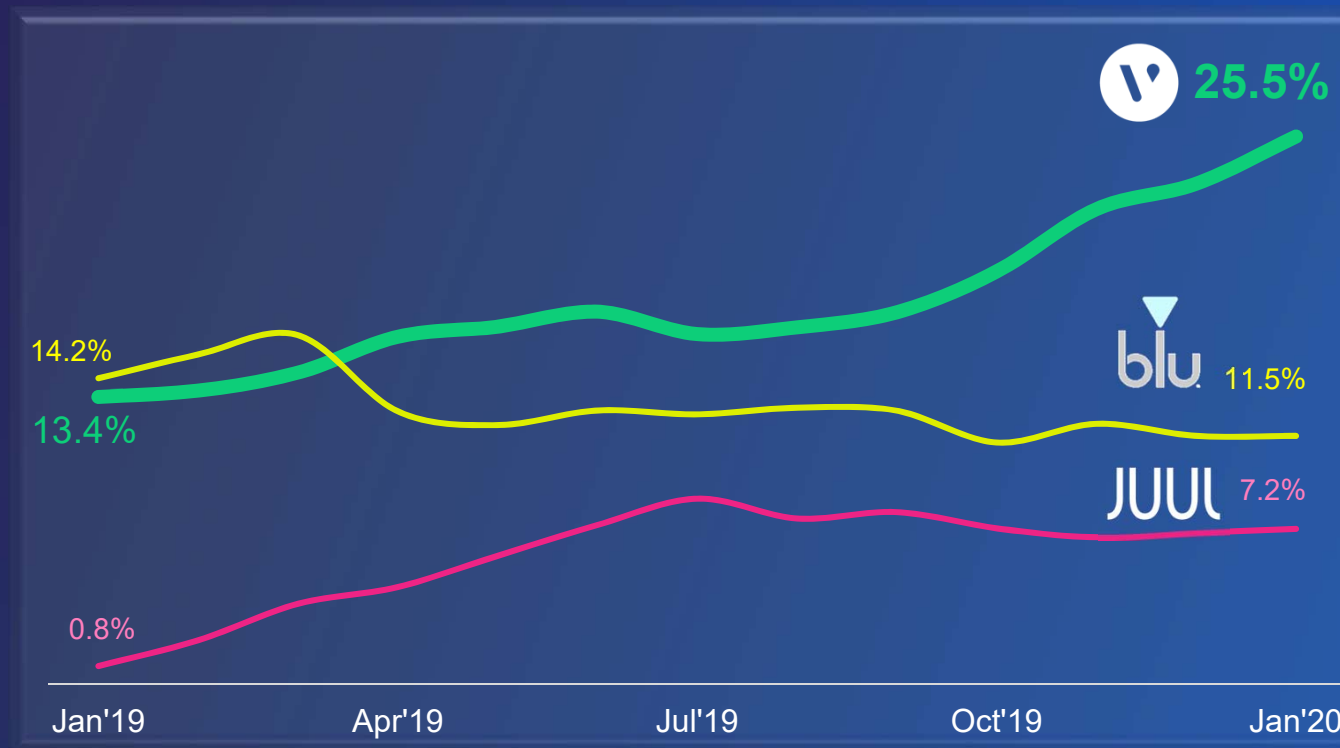
Responsibility & Trust | Relentless Focus | Always-on Activation | Personalisation



Vype is #1 with a Record 25% Market Share



TOTAL VALUE SHARE



Jan 20 vs. Jan 19

Vuse +12.1

JUUL +6.4

Source: Strator total vapour value share Jan'20

Key Cities Focus

Passion-platform activations

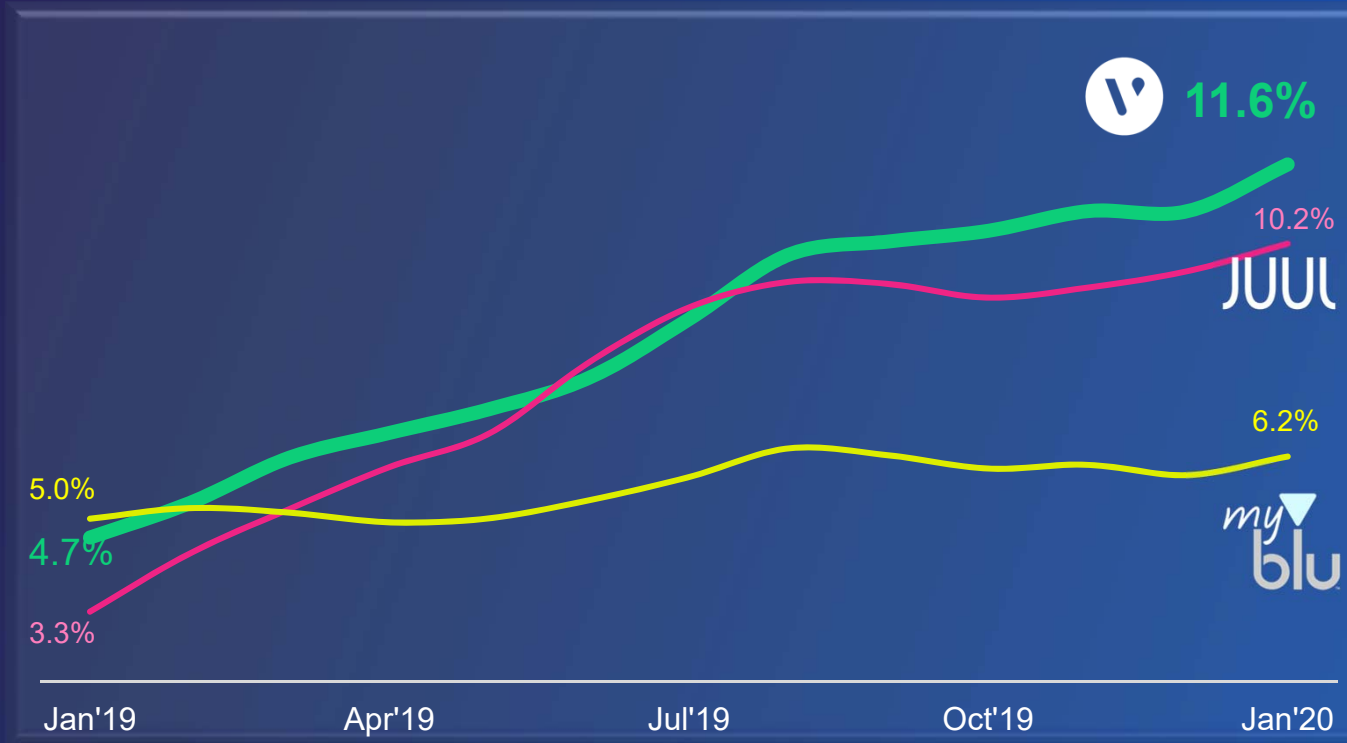




Vype is #1 closed system with a Record 12% Market Share



TOTAL VALUE SHARE



Jan 20 vs. Jan 19

Vype +7.0

JUUL +6.9



Consumer Survey of Product Innovation

Key Cities Focus

Quality & Trust

Vype Inspiration Stores



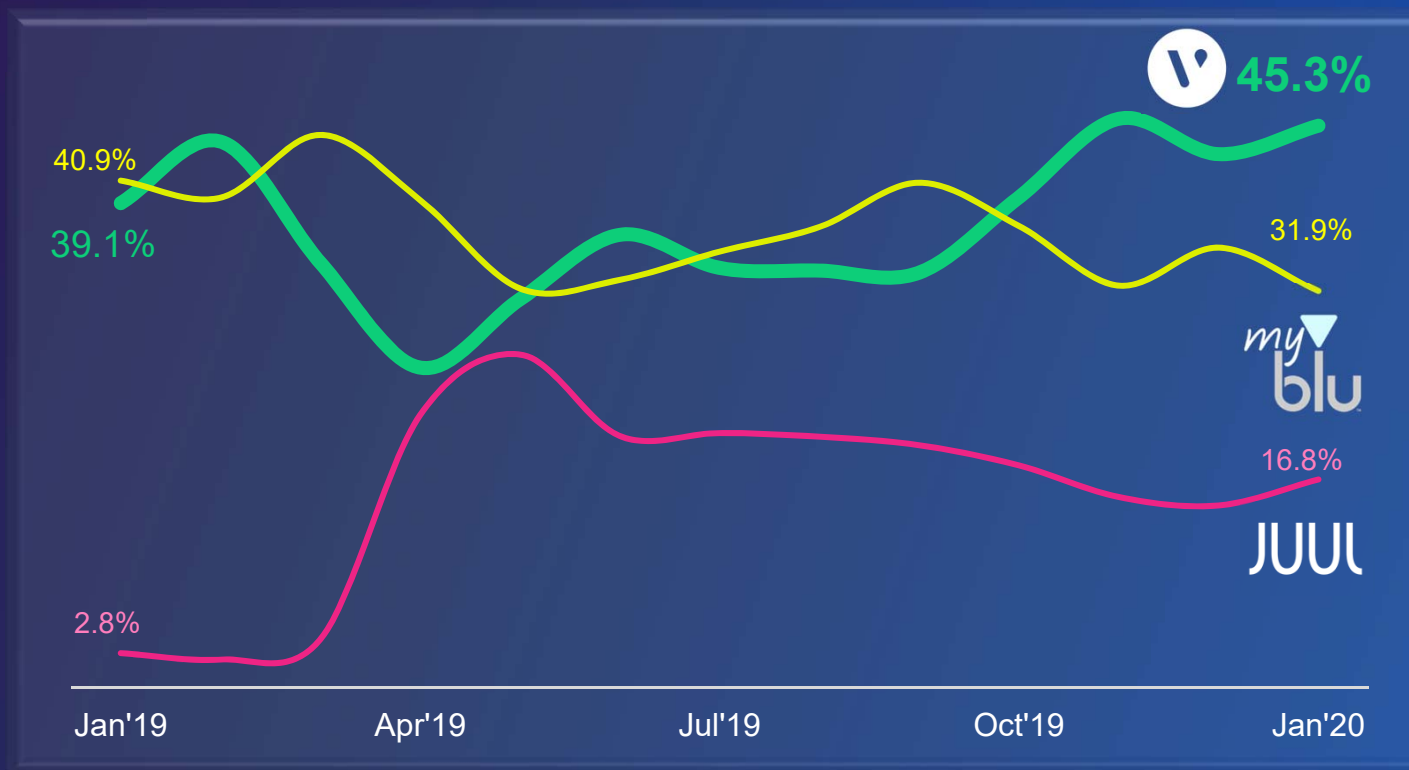
Source: Nielsen Scantrack, Total Coverage, value sales data to WE 02.02.20. Jan 20 is 4 or 5 weeks ending with 02.02.20
Source: POTY award for e-cigarette category in the UK



Vype is #1 with a Record 45% Market Share



TOTAL VALUE SHARE



Source: Nielsen (Traditional retail) total vapour value share Jan'20

Jan 20 vs. Jan 19

V +6.0

Despite 2 major competitor launches

JUUL +14.0

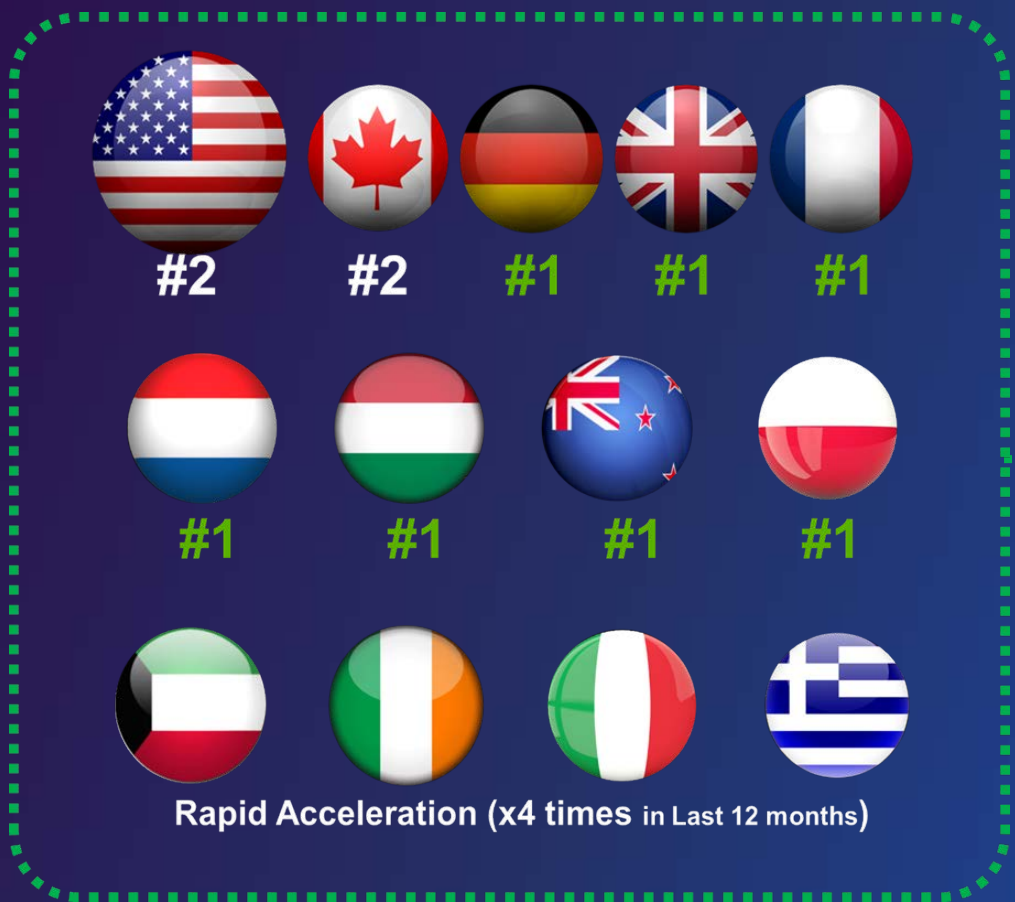
Superior Conversion

Large Scale Digital & Retail Activation

Vype Inspiration Stores



BAT #1 or rapidly growing in other markets beyond Top-5



Poised For
Future Global Leadership

Leader in EU

SUPERIOR PRODUCT PORTFOLIO



- ✓ ePod & ePen3
- ✓ Best Flavours
- ✓ Sustainability
- ✓ Accessories

POWERFUL CONSUMER ENGAGEMENT



- ✓ Award Winning Campaigns
- ✓ Vuse Inspiration Stores
- ✓ Subscription

ADDRESSING PROFITABILITY



- ✓ Portfolio Consolidation
- ✓ Automation
- ✓ D2C
- ✓ Subscription

WINNING IN ALL KEY MARKETS



- ✓ #1 in EU
- ✓ #2 in USA/CAN
- ✓ Future Global Leadership

Step Changing New Categories



Big Opportunity in Multi-Category Future

Accelerating the Right Capabilities
Stronger Simpler Faster

Addressing Competitiveness in THP

Building the World's Best Vapour Business

VELO

Scaling up to a Truly Global Brand

Investigating New Opportunities beyond Nicotine

A dark blue background with a faint, light blue world map showing the continents.

Global leader in
a very profitable
category **with**
large future
potential

A vibrant, colorful image of a galaxy or nebula with stars and swirling colors of purple, blue, and pink.

Fastest
growing brand
in the USA
since Launch

A light blue background with a complex molecular structure of spheres and connecting lines, resembling a network or a chemical structure.

Strong product
innovation
pipeline

A close-up image of water ripples on a blue surface, creating a textured, shimmering effect.

Portfolio
consolidation
under Velo

BAT is the Global Leader In Modern Oral



GLOBAL VOLUME
SHARE (POUCHES)

47%#

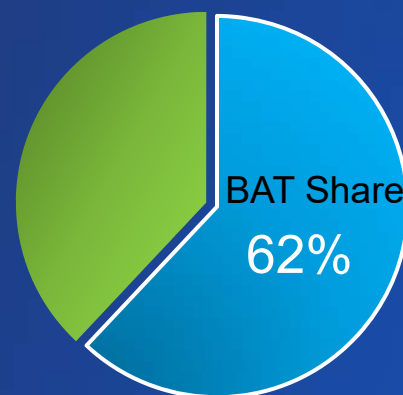


GLOBAL REVENUE

£116mn

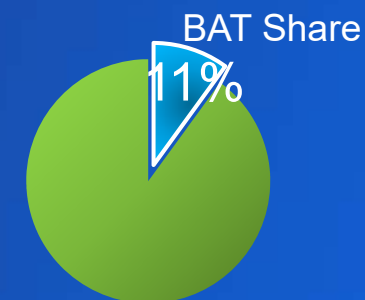
ENA (68%)

1.7bn pouches



USA (32%)

0.8bn pouches



Modern Oral: A Large Global Opportunity



✓ **NO DEVICE REQUIRED**

✓ **DISCRETION AND CONVENIENCE**

✓ **ANYWHERE, ANYTIME**

✓ **HIGH CONVERSION**

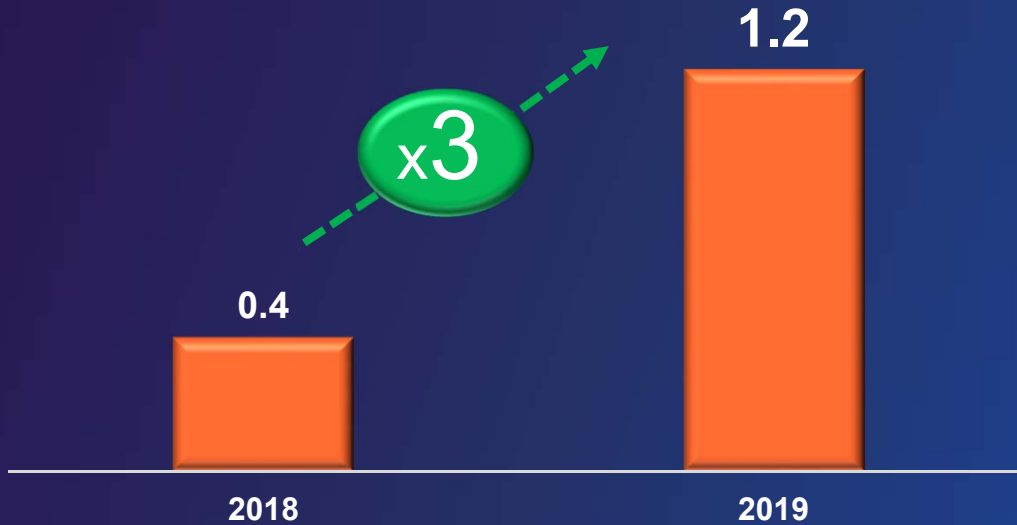
✓ **EMBRACED BY ADULT GEN-Z**

An Attractive Commercial Model (Gross Margin per unit)

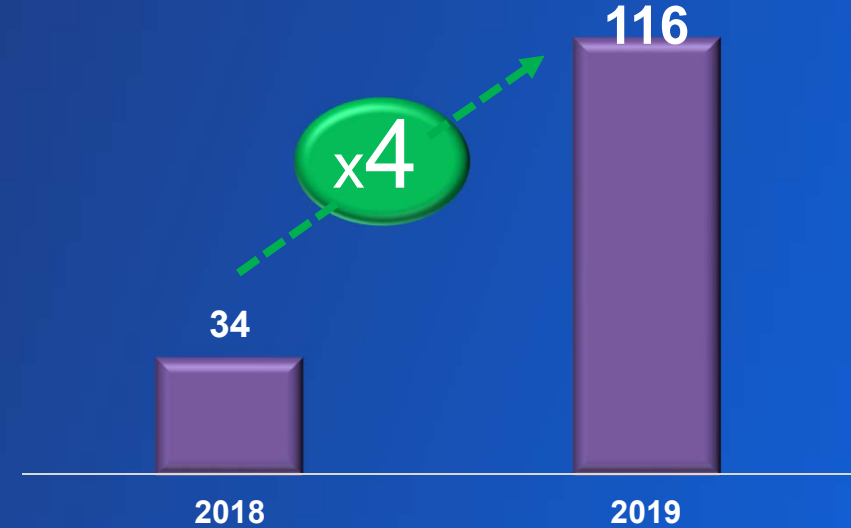


Large Global Potential... ... Driving Rapid Roll Out & Scale

BAT Volumes (bn pouches)



BAT Revenue (£ mn)



2018: 5 Markets

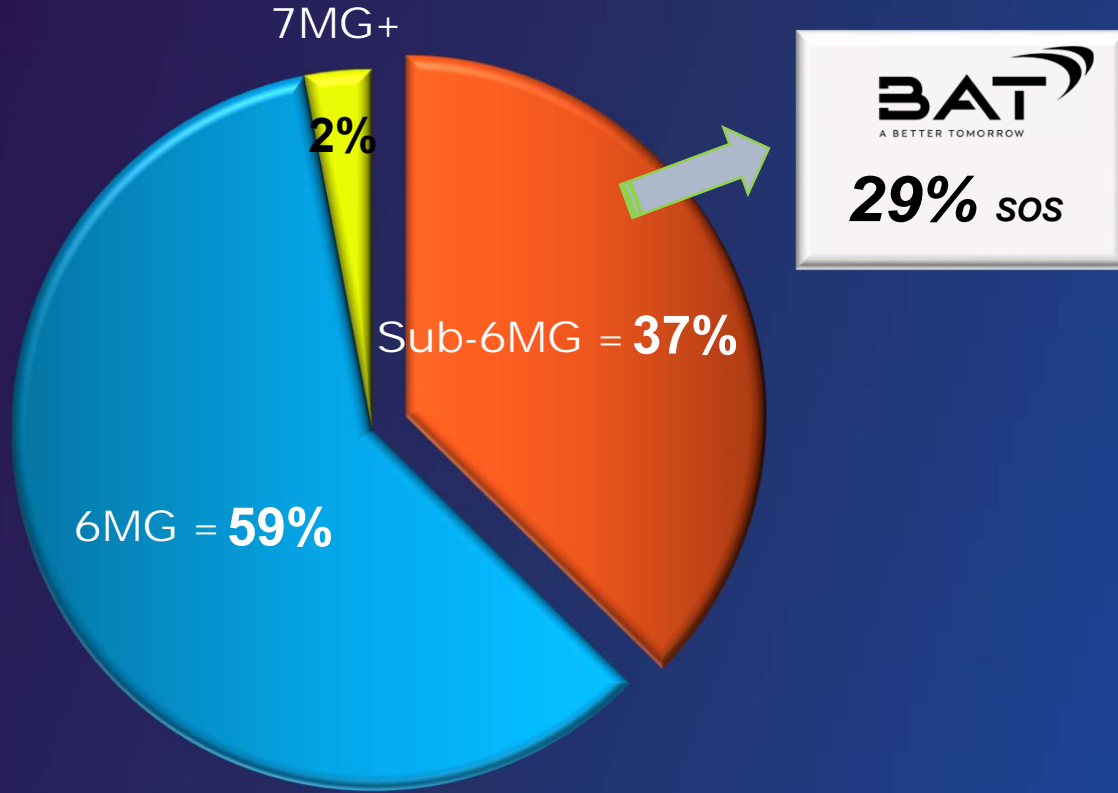


2019: 17 Markets





Our Portfolio plays in 37% of Category... ...Fastest Growing Modern Oral Segment in USA



Sub – 6MG
Fastest Growing
Segment
+500%
2019 vs. 2018

Opportunities To Be Addressed Via SE / PMTA Submissions

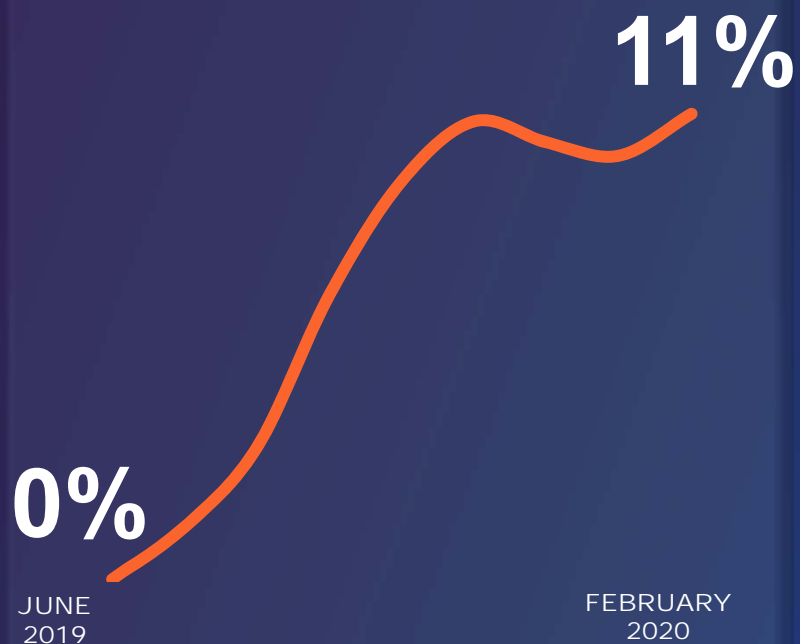
Source: Shipment Data (STR), FY 2019



Solid Progress with a Clear Product-Edge

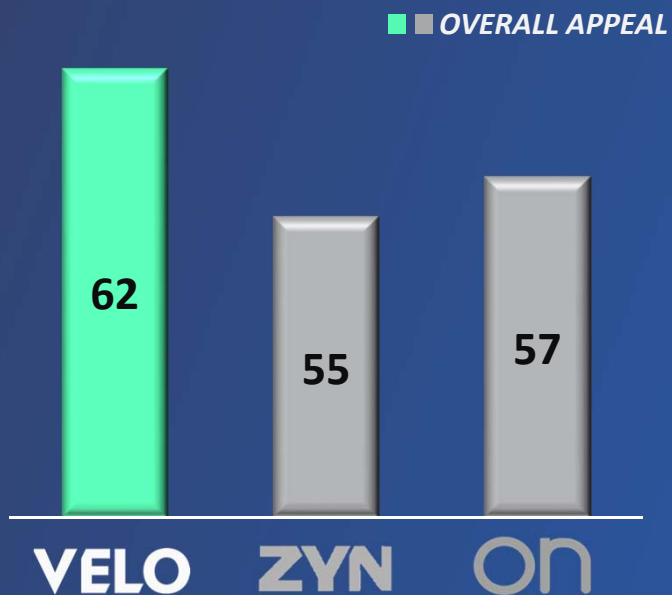


Fastest Share Growth



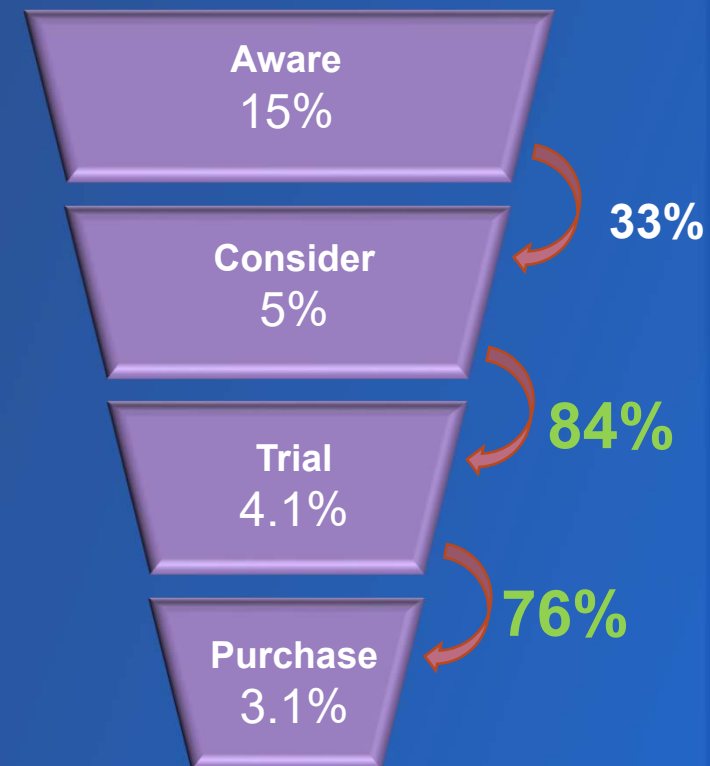
Source: Marlin (BAT share of value within Modern Oral category)

Superior Product



Source: Consumer Study, USA 2019

Strong Conversion Model



Source: 2019 USA Brand Tracker – VELO ATU Aug-Dec

VELO



Strong Positions in European Markets & Exciting Prospects in Developing Markets



Leadership in Scandinavia (65% of European Volume)



58%



61%



96%

Source: Nielsen Shares are quoted as exit December 2019

Strong positions in European markets (35% of European Volume)



30%



93%



80%



18%

(Launched in June)

*BAT Internal Reporting, 2019. Shares are quoted as exit December 2019

Exciting Prospects in Developing Markets



- 50% awareness
- 18% Trial
- 37% Non Trialists Intend to Purchase
- 90% Trialists 'Satisfied with Product Experience'

*Velo post launch track pakistan: asu 35, sec ab smokers

Portfolio Consolidation: One Global Brand

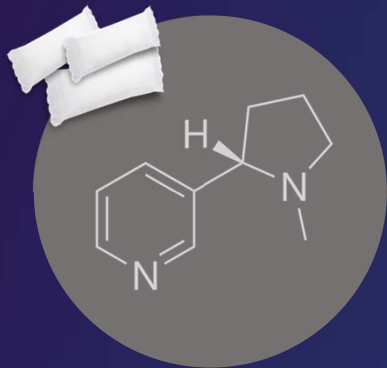


Proven Track Record of Brand Migrations



2020 - 21: Product Innovations to Accelerate Growth

Patented Nicotine Delivery System



Longer Lasting Flavour with expanded range



Multiple Formats



Sustainable Packaging



MORE CHOICE | MORE SATISFACTION | MORE CONVENIENT

Scaling up to a Truly Global Brand

GLOBAL LEADER IN A VERY PROFITABLE CATEGORY WITH LARGE FUTURE POTENTIAL

✓ 3x GM per mille vs. Combustibles ✓ Sustainable Regulation

FASTEST GROWING BRAND IN THE USA

✓ Superior Product in 1-4MG ✓ Addressing Portfolio Gap

STRONG PRODUCT INNOVATION PIPELINE

✓ Longer Lasting Flavours ✓ Patents ✓ Formats ✓ Sustainable Packaging

PORTFOLIO CONSOLIDATION UNDER VELO

✓ Proven Track Record of Migrations ✓ Extensive Digital Activation

A Strong Foundation with Powerful Global Brands



Modern Oral

#1



Vapour

#2



THP

#2



~ 11 million Consumers Globally

~ 3.4 million Consumers in EU



Step Changing New Categories



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Scaling up to a Truly Global Brand

Reduced Health Impact Compared to Cigarettes

Leveraging Current Delivery Platforms

BAT Global Marketing Reach

NEW CATEGORY GROWTH OPPORTUNITIES

Science and Regulatory Expertise

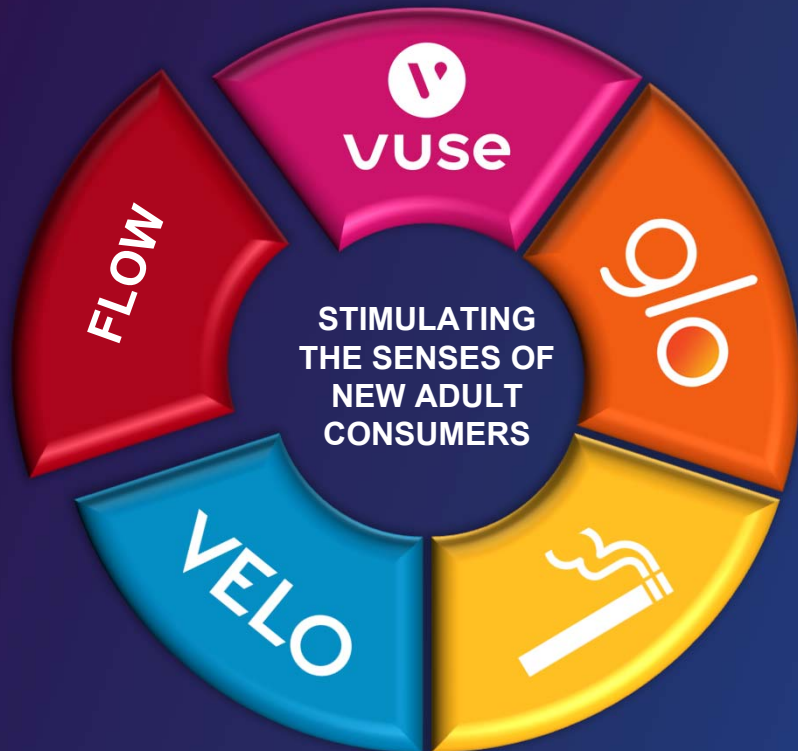
Strategic and Financial Attractiveness

Positive Environmental Contribution

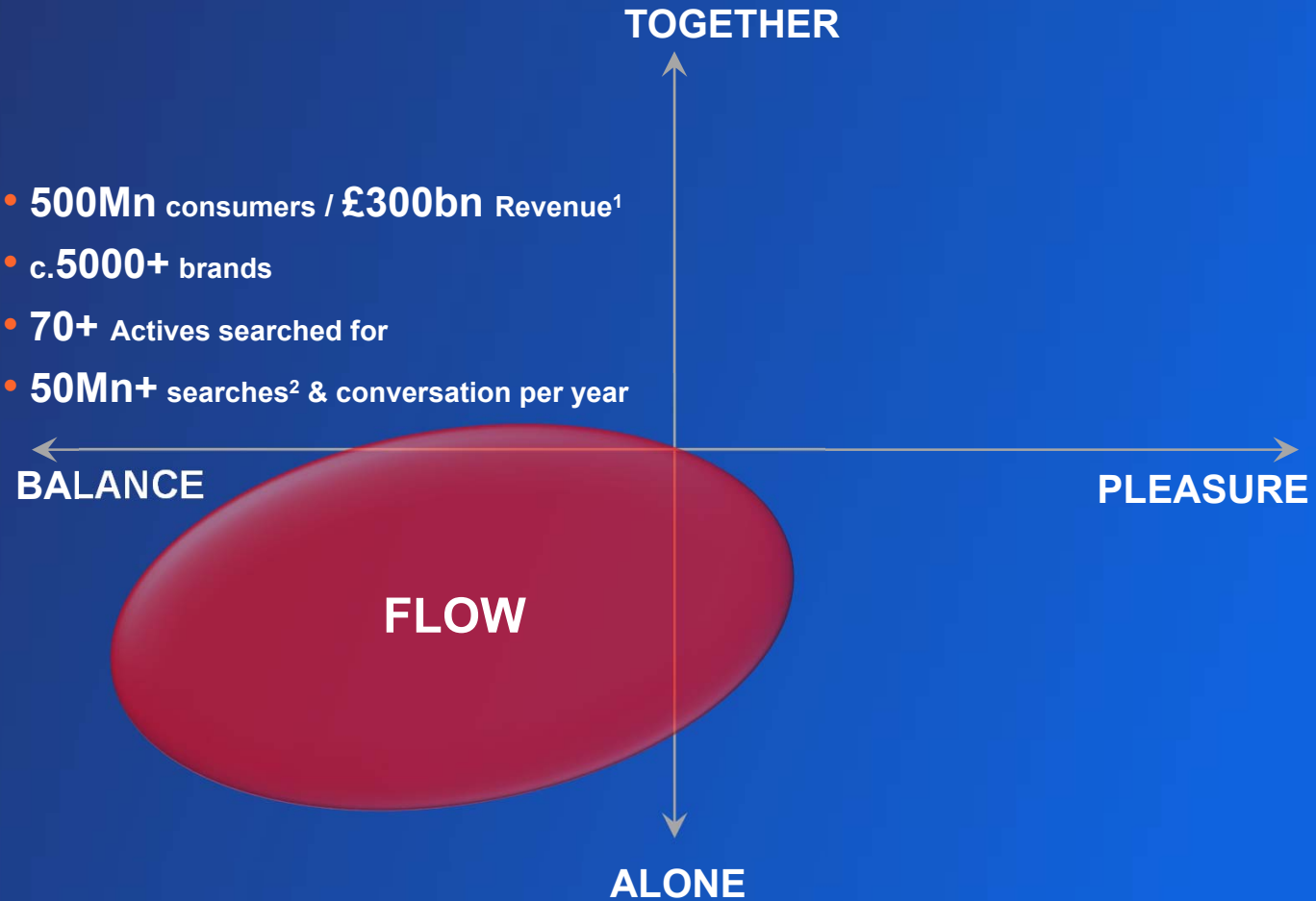
Investigating New Opportunities beyond Nicotine

Beyond Nicotine: A Mid Term Opportunity

MULTI CATEGORY PORTFOLIO

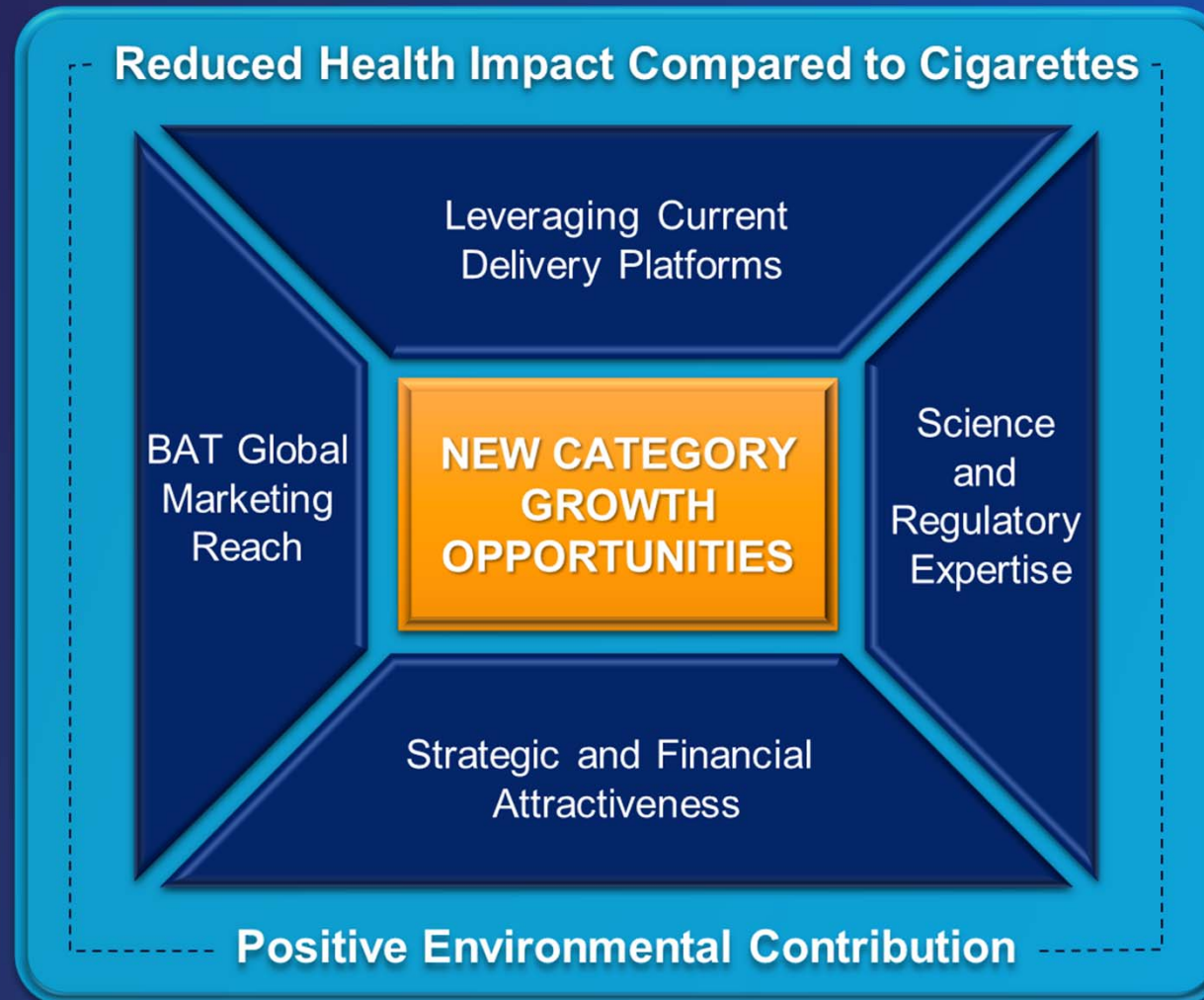


- 500Mn consumers / £300bn Revenue¹
- c.5000+ brands
- 70+ Actives searched for
- 50Mn+ searches² & conversation per year



¹ Search Data on Actives YOY growth rate over the past 4 years among top 28 actives; ² Search Data volume in 2018 vs 2019
¹ Consumer spaces (2024 commercial opportunity); ² Search Data on 3 Energy Need states monthly average x 12;

Beyond Nicotine... ...Clear Boundaries for Portfolio Development



The Advantages of Buccal and Inhalation Delivery



Opportunity to Leverage BATs Core Capabilities & Superior Delivery Systems



Inhalation



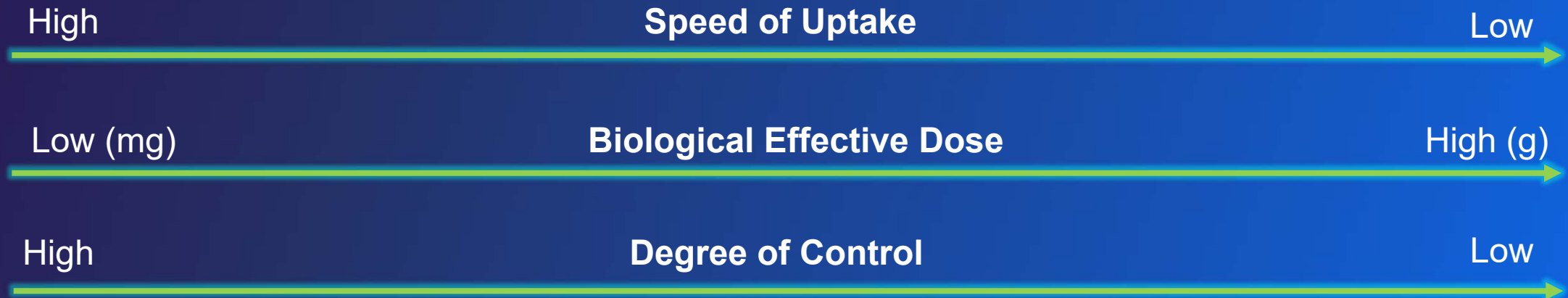
Buccal



Topical



Ingestion



Initial Focus (1) Consumer Foresights Beyond Nicotine



3 CONSUMER SPACES



Assessment Of Evolving Category Landscape



Understanding Interest In Actives & Ingredients



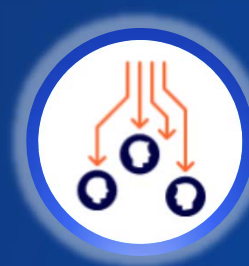
Decoding Changing Rituals



Consumer Resonance Of Novel Form Factors



Identifying Emerging Consumer Typologies



Interpreting Changing Consumption Behaviour



Initial Focus (2) Scientific Discovery

GOVERNING PRINCIPLES

- ✓ No combination of New Actives & Nicotine
- ✓ Pass Stringent Scientific Safety Testing & Standards
- ✓ Efficacy Scientifically Substantiated



Scientific Approach to
New Actives



Efficacy In Addressing
Consumer Needs



Suitable Bio-
Effective Dose



Comprehensive
Safety Profiles



Stringent Regulatory
Compliance



Robust Scientific
Substantiation

Step Changing New Categories



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£5bn New Categories revenue in 2023/2024

50mn non-combustibles product consumers by 2030

Thank You

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.