

# Closing Remarks

Jack Bowles – Chief Executive

# Important Information



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## 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](http://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.

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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.

# We are Delivering

**WE ARE  
DELIVERING  
OUR  
FINANCIAL  
RESULTS**



# We are Committed to 2020 Priorities

WE ARE  
COMMITTED  
TO  
DELIVERING  
OUR 2020  
PRIORITIES



**3-5%**  
Revenue\*



**High Single  
Figure**  
EPS Growth



**Continue to  
De-leverage**

# We are Building A Better Tomorrow



WE ARE  
BUILDING A  
BETTER  
TOMORROW



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





# We have a Clear Strategy

**WE ARE  
CLEAR  
ON HOW WE  
WIN**



# We are Enhancing our Capabilities

**WE ARE  
ENHANCING  
OUR  
CAPABILITIES**

## Investing in People



**Recruiting**  
Top Talents at Scale

DIGITAL  
TRANSFORMATION

INNOVATION

ROUTE TO  
CONSUMER

## Building Future Capabilities

**Investing** in New Capabilities  
across organisation



Foresights  
beyond Nicotine



21<sup>st</sup> Century  
Brand Building



Innovation  
& Design



Digital &  
Analytics



Direct-to-  
Consumer



ESG  
Front & Centre

## Enabled by Digital

**Digital** Organisation





# We have a New ETHOS

**WE ARE  
BOLDER,  
FASTER,  
EMPOWERED**



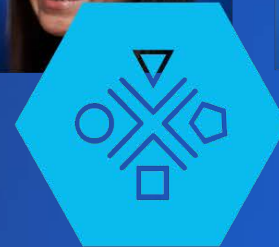
We are  
**Bold**



We are  
**Fast**



We are  
**Empowered**



We are  
**Diverse**



We are  
**Responsible**

## FINANCIAL DELIVERY

**3-5%** Revenue\*

**£5bn** New Categories Revenue by 2023/24

**Deleveraging**

## ESG AMBITION

**50 million**

Non-combustible Consumers by 2030<sup>^</sup>

**Carbon Neutral** by 2030<sup>^</sup>

## EFFICIENCIES

**£1bn**  
**2020-2022<sup>^^</sup>**

**High Single Figure EPS Growth\*\***

# BAT



A BETTER TOMORROW



# 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.