

# 2017 Investor Day

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# Important notice (continued)

Additional information concerning these and other factors can be found in BAT's and Reynolds's filings with the U.S. Securities and Exchange Commission ("SEC"), including Reynolds's most recent Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K and BAT's registration statement on Form F-4, which was declared effective by the SEC on June 14, 2017, 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 BAT's website [www.bat.com](http://www.bat.com). Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof and BAT undertakes no obligation to update or revise publicly any forward-looking statements or other data or statements contained within this communication, whether as a result of new information, future events or circumstances otherwise.

No statement in this communication is intended to be a profit forecast or profit estimate and no statement in this communication 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.

# BAT today



THE **LARGEST TOBACCO & NGP**  
IN THE WORLD BY **REVENUE &  
PROFIT**



**#3** ON THE FTSE  
**£112bn** MARKET CAP



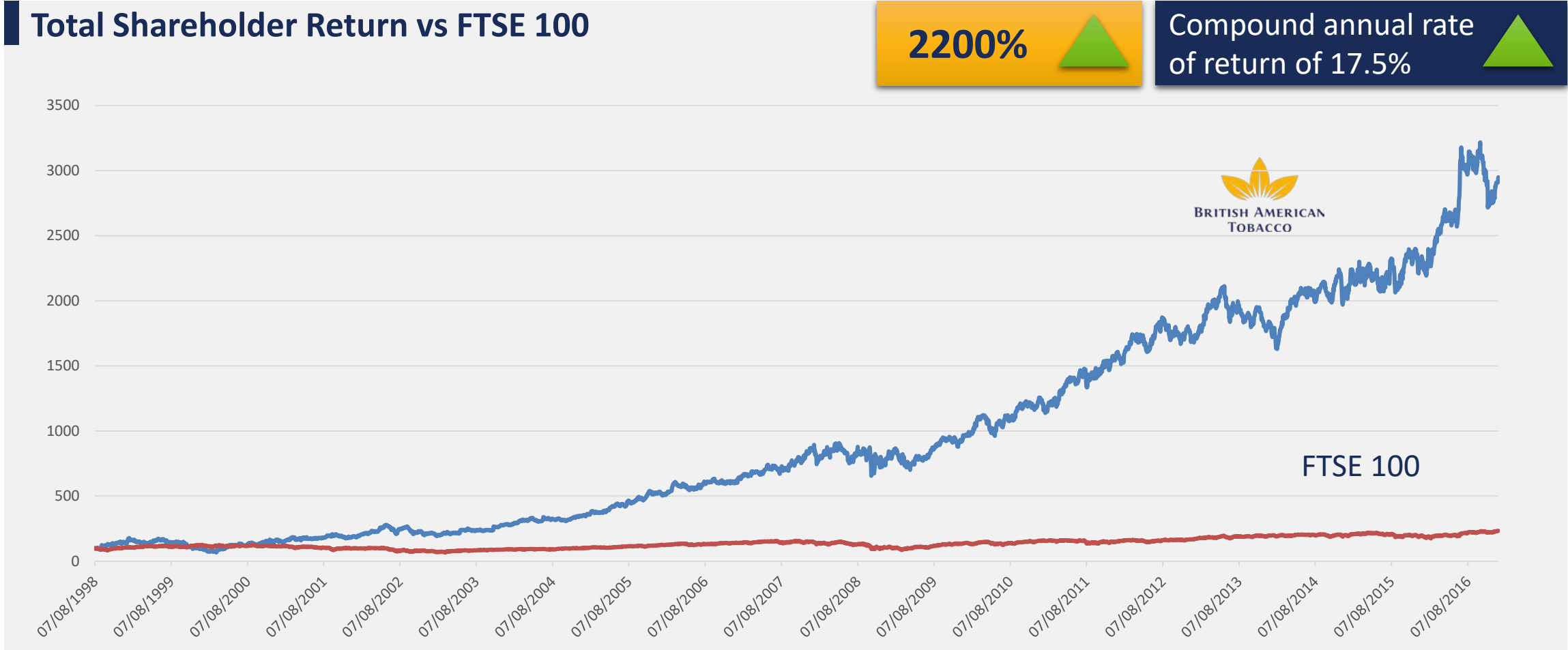
LEADING PERFORMANCE IN  
COMBUSTIBLE TOBACCO  
**7TH CONSECUTIVE YEAR**  
OF **SHARE GROWTH**



THE **LARGEST VAPOUR**  
**COMPANY** IN THE WORLD  
AND **SIGNIFICANT**  
**PROGRESS** IN THP



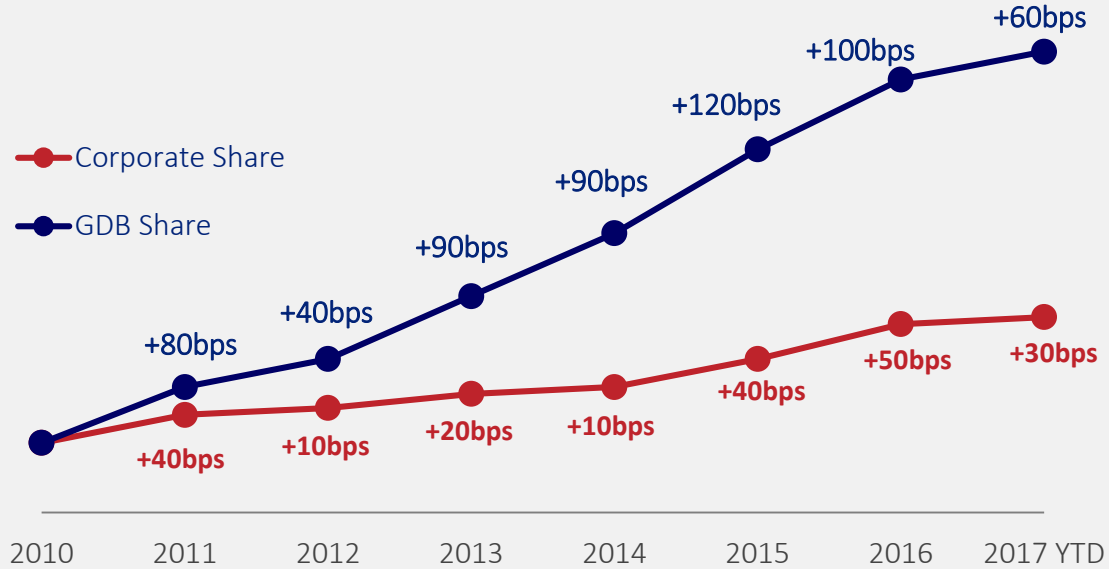
# Outstanding shareholder returns



# An exceptional business performance

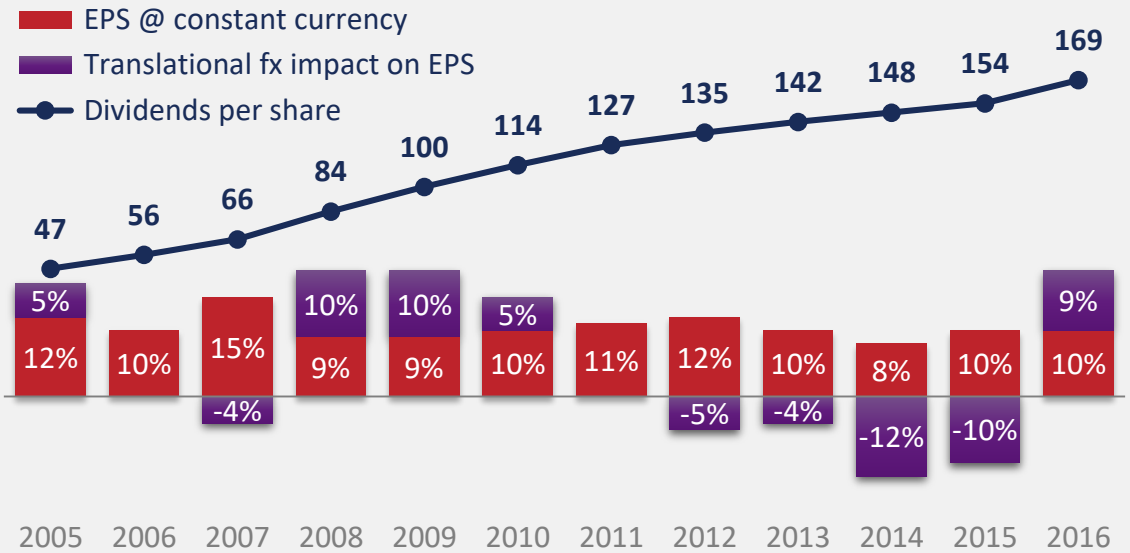
## REVENUE +4% 10 YR CAGR

### Revenue +4% 10 YR CAGR



## EPS +10% 10 YR CAGR

### EPS +10% 10 YR CAGR



# The industry is changing



**ash**.briefing  
action on smoking and health

*Electronic cigarettes (also known as vapourisers)*

**“Compared to tobacco products, electronic cigarettes are significantly safer”**



Royal College of Physicians

*Nicotine without smoke: tobacco harm reduction*

**Promote e-cigarettes widely as substitute for smoking says new RCP report**



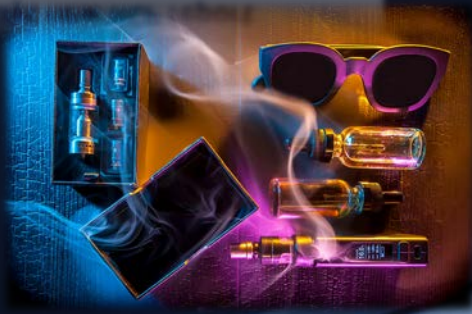
Public Health England

Kevin Fenton, Public Health Director of Health and Wellbeing:

**“The wider body of evidence consistently finds that e-cigarettes are less harmful than smoking”**

*E-cigarettes: an evidence update*

**“The current best estimate is that e-cigarettes are around 95% less harmful than smoking”**

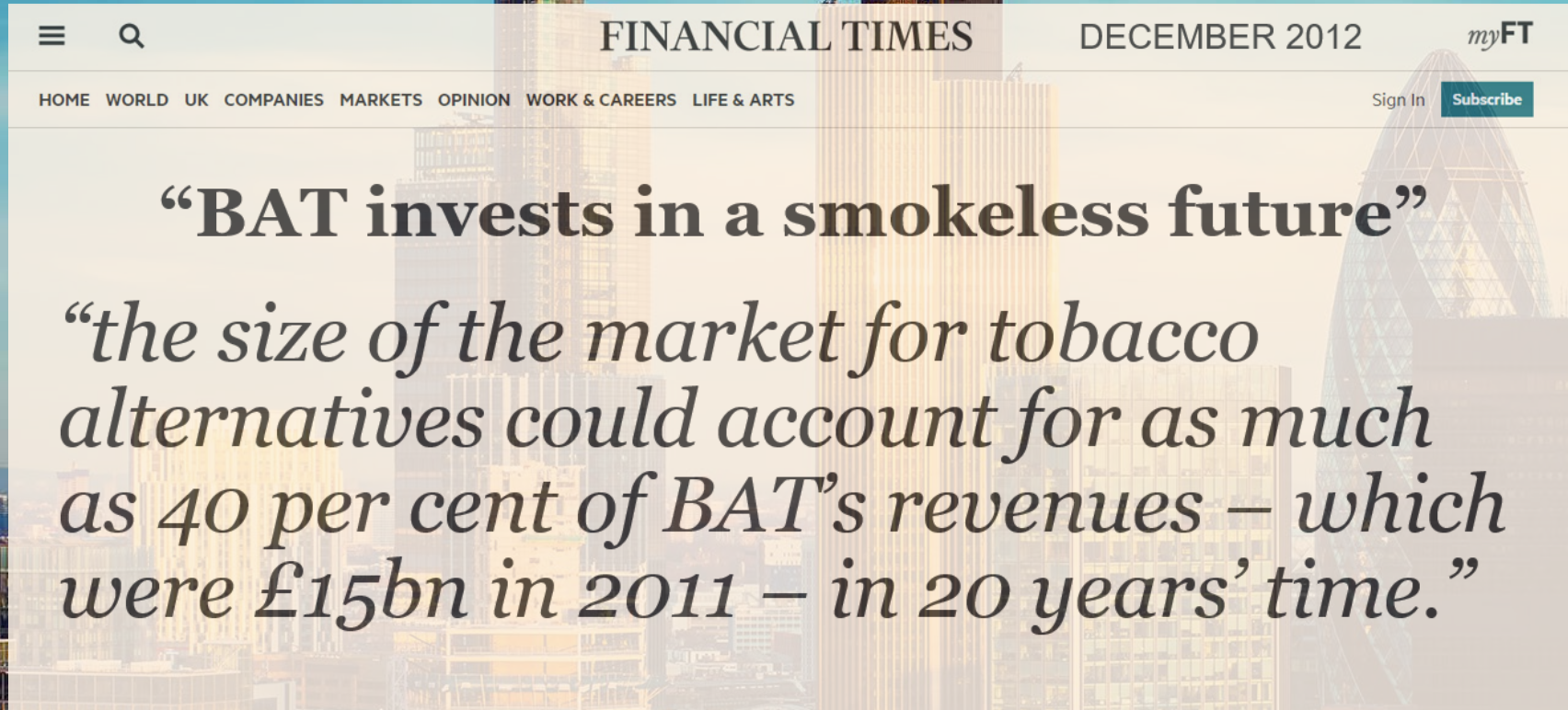


**“This study adds to growing evidence that e-cigarettes are a much safer alternative to tobacco, and suggests the long term effects of these products will be minimal.”**

*Alison Cox, Cancer Research UK*



We were prepared...



FINANCIAL TIMES DECEMBER 2012 myFT

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**“BAT invests in a smokeless future”**

*“the size of the market for tobacco alternatives could account for as much as 40 per cent of BAT’s revenues – which were £15bn in 2011 – in 20 years’ time.”*





# Our objectives are significant

## BAT Net Revenue and Profit

	2018	2022
REVENUES	THP > £0.6bn Vapour > £0.4bn TOTAL > £1bn	THP > £3.5bn Vapour > £1.5bn TOTAL > £5bn
PROFIT	BREAKEVEN BY END OF 2018	DELIVER SUBSTANTIAL PROFIT BY 2022

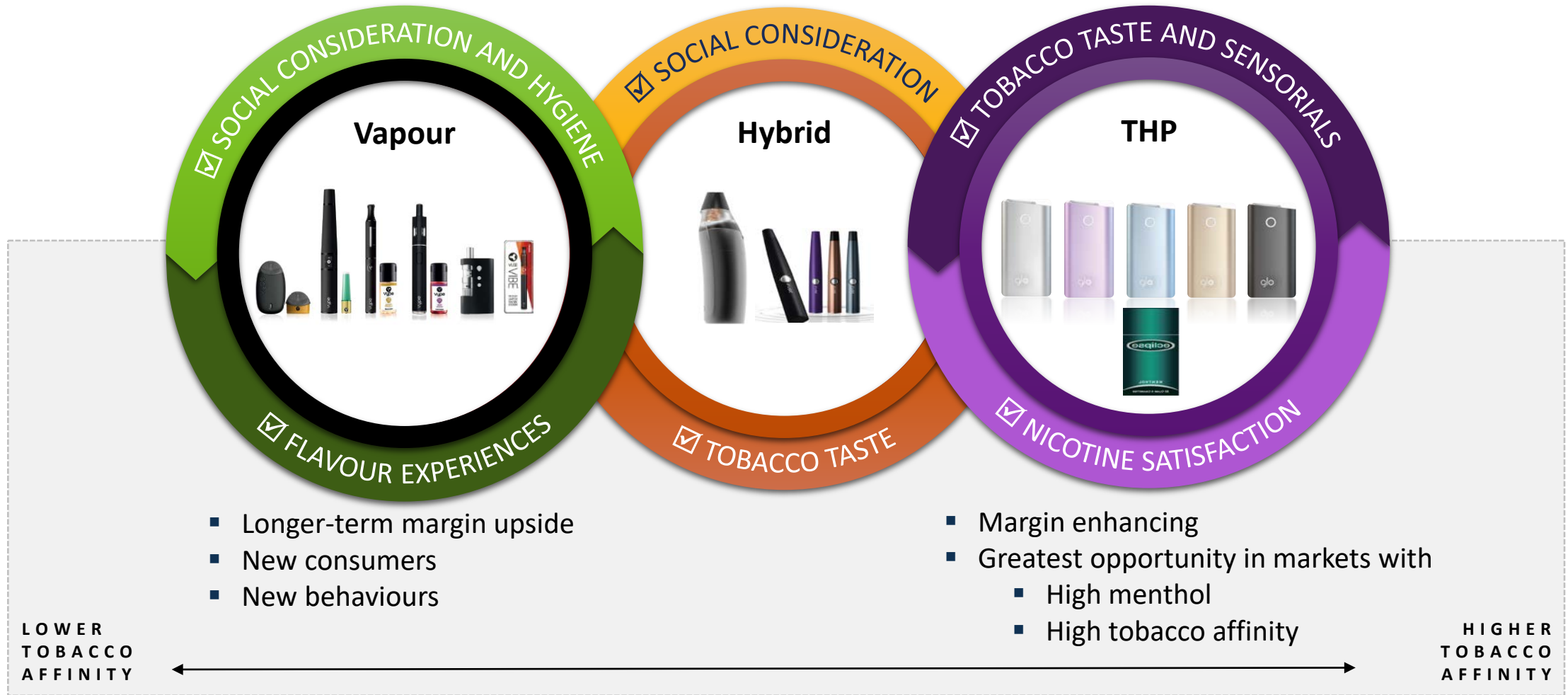
# We understand consumers



**CONSUMERS**



# So our strategy is DIFFERENT



# Now we can accelerate the transformation



# Today we will show you...



How we are continuing to outperform in combustibles



RAI performance and why it is such a great acquisition



Why our NGP strategy is the right strategy



What we have learned in Vapour and why we will win



glo performance and why we are confident it will continue



Why we are confident in delivering HSF EPS growth and investing in NGPs

# Structure of the Day

