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Performance Summary 2011

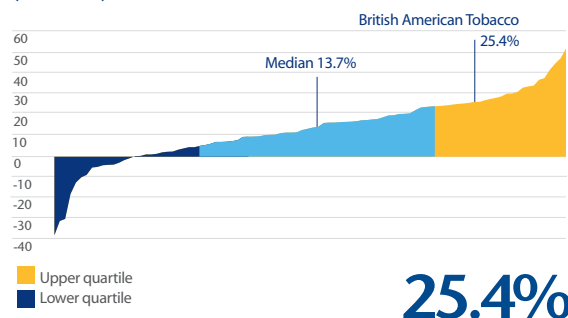


# Results at a glance

Gross turnover (including duty, excise and other taxes) (£million)	<b>46,123</b> +5%	Free cash flow (£million)	<b>3,326</b> +3%
Revenue (£million)	<b>15,399</b> +3%	Basic earnings per share (pence)	<b>157.1</b> +8%
Organic revenue <sup>2</sup> at constant exchange rates <sup>3</sup> (£million)	<b>15,453</b> +7%	Adjusted diluted earnings per share <sup>1</sup> (pence)	<b>194.6</b> +11%
Profit from operations (£million)	<b>4,721</b> +9%	Dividends per share (pence)	<b>126.5</b> +11%
Adjusted profit from operations <sup>1</sup> (£million)	<b>5,519</b> +11%	Group cigarette volumes, excluding associates (billion)	<b>705</b> -0.4%

- Adjusted profit from operations is derived after excluding the adjusting items from the profit from operations. These adjusting items include restructuring and integration costs, amortisation and impairment of trademarks, goodwill impairment and Fox River provision.
- Organic growth is the growth after adjusting for mergers and acquisitions and discontinued activities. Adjustments are made to current and prior year numbers, based on the 2011 Group position.
- Constant currency provides the information based on a re-translation, at prior year exchange rates, of the current year information.

## Total shareholder return (annual %)



FTSE 100 – 1 January 2009 to 31 December 2011  
The FTSE 100 comparison is based on three months' average values

## 10 year dividend per share (pence)



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## From the Chairman

# Dear shareholder

This has been a very successful year for your Company. While economic uncertainty continues, our operating environment improved during 2011. Our results for the year are driven by revenue growth, an improved operating margin, and growth in market share due to our successful brands, enhanced by the roll-out of product and packaging innovations.

### Increasing returns to shareholders

Using constant currency exchange rates, revenue rose by 7 per cent on an organic basis. Adjusted profit from operations grew by 11 per cent to £5,519 million, or by 10 per cent at constant currency exchange rates.

This is reflected in adjusted diluted earnings per share for 2011 improving by 11 per cent to 194.6p.

The Board has recommended a final dividend of 88.4p per share, which will be paid on 3 May 2012 to shareholders on the register at 9 March 2012. This takes the total dividend for the year to 126.5p, an increase of 11 per cent on last year, and maintains our target of paying out 65 per cent of earnings in dividends.

In addition, following the suspension of our share buy-back programme in 2009, the Board approved the resumption of the programme in 2011. Between the beginning of March and the end of December

2011, some 28 million shares were repurchased at a value of £750 million, excluding transaction costs.

A continuation of the share buy-back to a value of £1.25 billion has been agreed by the Board.

### Sustainability

Over the years we have built a strong reputation for corporate social responsibility and sustainability and have been recognised as leaders in our industry. Again this year, we publish our Sustainability Report alongside our Annual Report and they are both available online. You will find a summary of our sustainability agenda and our progress against it in 2011 in this Performance Summary.

### Continued success

2011 has been a very successful year for your Company and we carry momentum in market share growth and margin improvement into 2012. The economic climate around the world is far from settled but we remain confident that our strategy should continue to generate growth for our shareholders in the years ahead.

**Richard Burrows**  
Chairman



**Richard Burrows**  
Chairman



**2011 has been a very successful year for your Company and we carry momentum in market share growth and margin improvement into 2012.**

### 2011 highlights

- Revenue rose by 7 per cent on an organic basis
- Adjusted profit from operations grew by 11 per cent
- Adjusted diluted earnings per share improved by 11 per cent to 194.6p
- Recommended dividend for the year of 126.5p, up 11 per cent on 2010

# Our brand performance

Our Global Drive Brands are Dunhill, Kent, Lucky Strike and Pall Mall, and in 2011 they provided around 35 per cent of Group revenue. Our other international brands include Vogue, Viceroy, Rothmans, Kool, Peter Stuyvesant, Benson & Hedges, State Express 555 and John Player Gold Leaf. Our brands are sold in around 180 markets worldwide.



Brands in our portfolio

**200+**

## Global Drive Brands 2011

			
<p><b>Lucky Strike</b></p>	<p><b>Pall Mall</b></p>	<p><b>Kent</b></p>	<p><b>Dunhill</b></p>
<p>Cigarettes sold (billion)</p> <p><b>30</b></p> <p>2010: 26</p>	<p>Cigarettes sold (billion)</p> <p><b>81</b></p> <p>2010: 73</p>	<p>Cigarettes sold (billion)</p> <p><b>67</b></p> <p>2010: 61</p>	<p>Cigarettes sold (billion)</p> <p><b>48</b></p> <p>2010: 48</p>
<p>Volume growth</p> <p><b>+14%</b></p> <p>2010: +2%</p>	<p>Volume growth</p> <p><b>+11%</b></p> <p>2010: +8%</p>	<p>Volume growth</p> <p><b>+10%</b></p> <p>2010: -1%</p>	<p>Volume growth</p> <p><b>0%</b></p> <p>2010: +18%</p>
<p>Number of markets</p> <p><b>60+</b></p> <p>2010: 60+</p>	<p>Number of markets</p> <p><b>110+</b></p> <p>2010: 100+</p>	<p>Number of markets</p> <p><b>75+</b></p> <p>2010: 70+</p>	<p>Number of markets</p> <p><b>120+</b></p> <p>2010: 120+</p>

# Our regional results



Asia-Pacific	Americas	Western Europe	Eastern Europe, Middle East and Africa (EEMEA)
Share of Group revenue	Share of Group revenue	Share of Group revenue	Share of Group revenue
<b>28%</b> 2010: 25%	<b>23%</b> 2010: 24%	<b>23%</b> 2010: 25%	<b>26%</b> 2010: 26%
Revenue (£m)	Revenue (£m)	Revenue (£m)	Revenue (£m)
<b>4,251</b> 2010: 3,759	<b>3,558</b> 2010: 3,498	<b>3,600</b> 2010: 3,695	<b>3,990</b> 2010: 3,931
Adjusted profit* (£m)	Adjusted profit* (£m)	Adjusted profit* (£m)	Adjusted profit* (£m)
<b>1,539</b> 2010: 1,332	<b>1,441</b> 2010: 1,382	<b>1,228</b> 2010: 1,103	<b>1,311</b> 2010: 1,167
Volume (bn)	Volume (bn)	Volume (bn)	Volume (bn)
<b>191</b> 2010: 188	<b>143</b> 2010: 149	<b>135</b> 2010: 136	<b>236</b> 2010: 235

\*Adjusted profit from operations excludes the impact of restructuring and integration costs, amortisation and impairment of trademarks, goodwill impairment, exceptional provisions and gains on disposal of businesses and trademarks.



# Our sustainability goals

Sustainable business practice is at the heart of the Group's responsibility strategy. By addressing our social, environmental and economic impacts, we build value for the business, for our shareholders and for other stakeholders.

Our sustainability agenda comprises five goals covering harm reduction, marketplace, environment, supply chain and people and culture. You can read about all our long-term goals and our work in 2011 in these areas in our Sustainability Report 2011 online at [www.bat.com/sustainability](http://www.bat.com/sustainability).

Included on the following pages is a brief summary of how we are trying to meet our sustainability goals and achieve a sustainable future through:

- Working towards reducing the risks from our products;
- Supporting regulation based on sound evidence;
- Marketing our products responsibly;
- Promoting sustainable agriculture;
- Investing in our people; and
- Working with others.

**Like to know more?**  
[www.bat.com/sustainability](http://www.bat.com/sustainability)



## Harm reduction

### Our long-term harm reduction goal:

We will strive to bring commercially viable, consumer acceptable reduced-risk products to market.

The greatest negative impacts from our business are the real and serious health risks of tobacco products. So developing reduced-risk products for those adults who use tobacco is a priority.

### How we are preparing for the future

- Identifying which smoke toxicants pose the greatest health risks and inventing new technologies to reduce them.
- Developing a framework of scientific tests to evaluate the likely health impacts of potentially reduced-risk products.
- Engaging with regulators, scientists and the public health community to develop the frameworks needed to bring them to market.
- Nicoventures is exploring the development of and commercialisation of regulatory-approved nicotine products.





## Marketplace

### Our long-term marketplace goal:

We will take a lead in upholding high standards of corporate conduct within our marketplace.

Our aim is to grow our market share but we do this responsibly through innovative products and packaging. We believe that regulation should be shaped in collaboration with all stakeholders, including the tobacco industry.

### How we are preparing for the future

- Sharing objective evidence to help contribute to the policy debate on regulation, as well as supporting regulation for the development and sale of reduced-risk products.
- Updating and strengthening adherence to our International Marketing Standards.
- Collaborating with governments and enforcement authorities to help address the illegal tobacco trade and working with our competitors to develop new technologies to stop the unauthorised sale, re-sale or smuggling of tobacco products.



## Environment

### Our long-term environment goal:

We will actively address the impacts of our business on the natural environment.

Addressing the immediate impacts of our business on the environment as well as the likely future pressures involves risk assessments, performance management and investment in efficient technologies.

### How we are preparing for the future

- Using risk assessments and stakeholder dialogue to guide our approach to climate change.
- Developing strategies to reduce our impacts, focusing on water, energy and biodiversity.
- Using biodiversity risk and opportunity assessments to guide our approach to sustainable agriculture.
- Working with external stakeholders on areas of common interest, such as the members of our Biodiversity Partnership.



## Supply chain

### Our long-term supply chain goal:

We will work for positive social, environmental and economic impacts in our supply chain.

Our supply chain sustainability strategy covers our own planning, manufacturing, logistics and trade marketing operations, but the most significant part of it relates to tobacco growing where we have influence, rather than direct control.

### How we are preparing for the future

- Protecting the long-term security of our tobacco leaf supply by encouraging sustainable agriculture.
- Working to help build an objective evidence base on the impact of tobacco growing compared to other crops.
- Reducing the environmental impact of our own operations and encouraging our suppliers to reduce theirs.



## People and culture

### Our long-term people and culture goal:

We will work to ensure we have the right people and culture to meet our goals.

To achieve the goals we set for our business we need a strong workforce – from securing our supply of tobacco leaf to developing reduced-risk products.

### How we are preparing for the future

- Continuing to build robust succession plans.
- Embracing the diversity of our workforce to encourage creativity and innovation.
- Improving our approach to the health, wellbeing and safety of our people.
- Streamlining our global practices and eliminating duplication.
- Strengthening our core capabilities, our values and our culture.





# Shareholder information

## Financial calendar 2012

26 April	Interim Management Statement
26 April	Annual General Meeting The Banqueting House, Whitehall, London, SW1A 2ER
25 July	Half-Yearly Report
24 October	Interim Management Statement

## Final dividend 2011 – dates in 2012

23 February	Dividend announced (including amount of dividend per share in both sterling and rand; applicable exchange rate and conversion date – 21 February 2012)
23 February – 9 March	From the commencement of trading on 23 February to 9 March 2012 (inclusive), no removal requests in either direction between the UK main register and the South African branch register will be permitted
2 March	Last day to trade (JSE)
5-9 March	No transfers between UK main register and South African branch register; no shares may be dematerialised or rematerialised
5 March	Ex-dividend date (JSE)
7 March	Ex-dividend date (LSE)
9 March	Record date (LSE and JSE)
3 May	Payment date (sterling and rand)
	Subject to shareholder approval the final dividend for 2011 will be 88.4p per ordinary share. Dividends are declared and payable in sterling except for those shareholders on the branch register in South Africa whose dividends are payable in rand. A rate of exchange of £:R = 12.19960 as at 21 February 2012 (the closing rate for that date as quoted on Bloomberg), results in an equivalent final dividend of 1,078.44464 SA cents per ordinary share.

## Listings and shareholder services

### Premium listing

London Stock Exchange (Share Code: BATS; ISIN: GB0002875804)

### United Kingdom Registrar

#### Computershare Investor Services PLC

The Pavilions, Bridgwater Road, Bristol BS99 6ZZ

tel: 0800 408 0094; +44 870 889 3159

share dealing tel: 0870 703 0084 (UK)

your account: [www.computershare.com/uk/investor/bri](http://www.computershare.com/uk/investor/bri)

share dealing: [www.computershare.com/dealing/uk](http://www.computershare.com/dealing/uk)

web-based enquiries: [www.investorcentre.co.uk/contactus](http://www.investorcentre.co.uk/contactus)

### Secondary listing

JSE (Share Code: BTI)

Shares are traded in electronic form only and transactions settled electronically through Strate.

### South Africa Registrar

Computershare Investor Services (Pty) Ltd

PO Box 61051, Marshalltown 2107, South Africa

tel: 0861 100 925; +27 11 870 8222

email enquiries: [web.queries@computershare.co.za](mailto:web.queries@computershare.co.za)

### American Depositary Receipts

NYSE Amex Equities (Symbol: BTI; CUSIP No. 110448107)

Citibank Shareholder Services

P.O. Box 43077, Providence, Rhode Island 02940-3077, USA

tel: 1-888 985-2055 (toll-free) or +1 781 575 4555

email enquiries: [citibank@shareholders-online.com](mailto:citibank@shareholders-online.com)

website: [www.citi.com/dr](http://www.citi.com/dr)

### Publications

British American Tobacco Publications

Unit 80, London Industrial Park, Roding Road, London E6 6LS

tel: +44 20 7511 7797; facsimile: +44 20 7540 4326

email: [bat@team365.co.uk](mailto:bat@team365.co.uk)

Alternatively contact Computershare Investor Services (Pty) Ltd using the contact details shown above.

## Like to know more?

For more information about our performance, sustainability and financial results please visit

[www.bat.com](http://www.bat.com)



References in this publication to 'British American Tobacco', 'we', 'us', and 'our' when denoting opinion refer to British American Tobacco p.l.c. (the Company) (No. 3407696) and when denoting tobacco business activity refer to British American Tobacco Group operating companies, collectively or individually as the case may be.

**Cautionary statement:** this Performance Summary is extracted (without material adjustment) from, and should be read as an introduction to and in conjunction with, British American Tobacco p.l.c.'s 2011 Annual Report. The Performance Summary is provided for information only and is not intended to be a substitute for reading the Annual Report. In particular, the Performance Summary does not constitute summary financial statements and it does not contain sufficient information to allow for as full an understanding of the results of the Group and the state of affairs of the Group, and the principal risks and uncertainties facing the Group, as would be provided by the full Annual Report. Shareholders may view a copy of the Annual Report on [www.bat.com](http://www.bat.com) or obtain a hard copy free of charge. If you have sold or transferred all your shares in British American Tobacco p.l.c., you should send this document to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.



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