

# Delivering today. Investing in tomorrow.

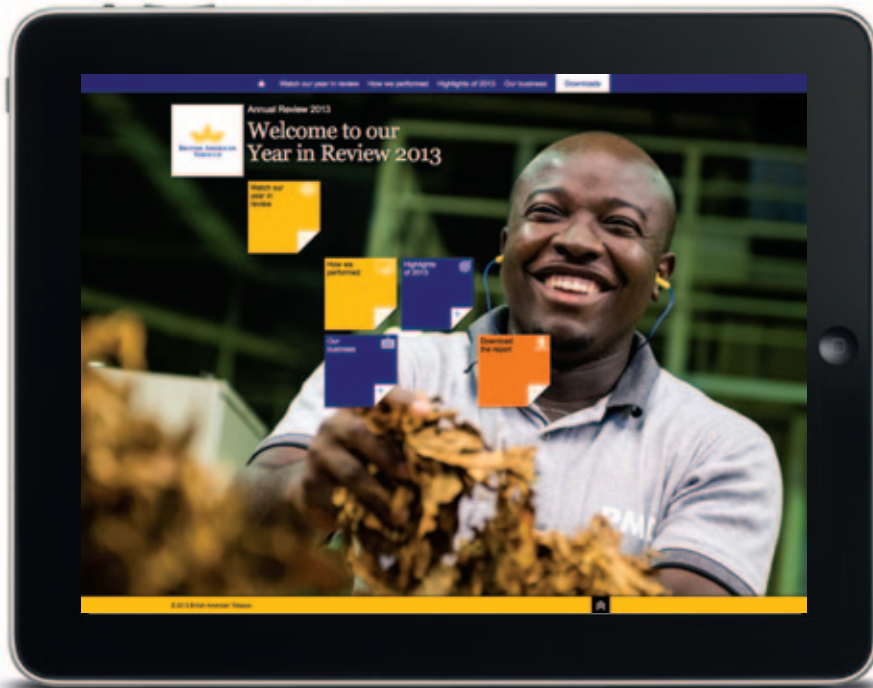
Performance Summary 2013



“The Group has achieved another year of strong earnings and market share growth, despite difficult trading conditions in some parts of the world and unfavourable currency headwinds. Good profit growth and a focus on asset management have also contributed to a continued improvement in return on capital employed.”

**Richard Burrows**  
Chairman

## Visit our Year in Review website



Download the full  
Annual Report 2013

Watch our  
Year in Review video

[www.bat.com/review2013](http://www.bat.com/review2013)

## Chief Executive's overview

“Our strategy is delivering today and I firmly believe it will continue to deliver long-term value to shareholders and a wide group of stakeholders.”

**Nicandro Durante**  
Chief Executive



### We're delivering today and investing in tomorrow

British American Tobacco had another very good year in 2013, again meeting or exceeding our financial metrics. Revenue and market share continued to grow. We also adopted a new vision in 2013, along with an enhanced strategy that better reflects the evolving needs of our consumers. This strategy is enabling us to respond even more rapidly to the opportunities and challenges we believe are important to a 21st century tobacco company committed to investing in its future.

I am as confident as ever in the growth of our tobacco business. Pricing remains good and despite the industry volume decline, the global cigarette market is growing in value. New investments will also contribute to future growth, such as our joint operation with subsidiaries of China National Tobacco Corporation, which commenced operations during 2013. We also launched Vype, our first electronic cigarette, in the UK in 2013, making us the first international tobacco business to enter this new market.

Our strategy is delivering today and I firmly believe it will continue to deliver long-term value to shareholders and a wide group of stakeholders.

### We've achieved another year of strong results

The Group's strong performance in 2013 was achieved against a backdrop of adverse exchange rate movements, lower industry volume and instability in some parts of the world. At constant rates of exchange, revenue was up by 4% and adjusted profit from operations was up by 7%. Adjusted diluted earnings per share was up by 6% at current rates or 10% at constant rates of exchange.

Our adjusted operating margin improved significantly by 100 basis points, at the top end of our guidance of an increase of 50 to 100 basis points each year.

### We're growing market share

In 2013 we successfully grew our global market share in key markets by 20 basis points, driven by the success of our GDBs, which were up by 60 basis points. Our share of the premium segment also grew, up by 80 basis points. However, cigarette volume from subsidiaries was lower by 2.7%, mainly as a result of industry declines.

Our international brands grew volume by 2.1%, of which our GDBs grew by 1.9%. Dunhill volume was up by 9.7% and Pall Mall grew by 4.4%. Kent's was 2.9% lower while Lucky Strike volume was down by 6.5%. Collectively, our GDBs now account for 35% of our total volume.

### We look to the future with confidence

Challenges persist in 2014. Economic recovery is still fragile, particularly across southern Europe. However, we have shown a consistent ability to improve our operating margin and grow market share. The pricing environment also remains good.

We have a great brand portfolio, market-leading innovations and an outstanding range of high-quality products. We maintain our firm commitment to invest in key growth markets and new product categories. Our scientific research into harm reduction, for instance, is helping us develop next-generation tobacco products, such as heat-not-burn, and nicotine products, like e-cigarettes.

In short, we have the expertise, the talented people and the global reach to succeed. Consumers have always been core to our success. We will continue to meet their needs by providing them with the superior and innovative products they want. We have a compelling strategy and proven capabilities in place to make this happen. I look forward to a gradually improving economic environment and BAT is well positioned to take advantage of this when it comes.

## Global Drive Brand 2013 performance

Dunhill cigarettes sold  
(billions)

54

+9.7%

**DUNHILL**  
SINCE 1907

Kent cigarettes sold  
(billions)

65

-2.9%

**KENT**

Lucky Strike cigarettes sold  
(billions)

31

-6.5%



Pall Mall cigarettes sold  
(billions)

87

+4.4%

**PALL MALL**

### Rothmans

From 2014, we have added Rothmans to our portfolio of GDBs. In 2013, we sold 26 billion Rothmans cigarettes.

## Our global business

British American Tobacco is a global tobacco group, with brands sold in more than 200 markets. We employ more than 57,000 people and, with over 200 brands in our portfolio, we make the cigarette chosen by one in eight of the world's one billion adult smokers.

With our geographic diversity, strong brands, talented people and proven strategy, the Group is well placed to achieve further success. In particular, we are confident that our investments in both high growth markets and new product categories will help us drive growth and build shareholder value in the years ahead.

### Our heritage

Founded in 1902, our Group of companies traded through the turbulence of the 20th century, including wars, revolutions and nationalisations.

The Group was first listed in 1912, and in 2013 the Company was one of the top 10 listed on the London Stock Exchange. We also have a secondary listing on the JSE Limited in South Africa.

### Our international brands

Dunhill, Kent, Lucky Strike and Pall Mall are our Global Drive Brands (GDBs). They are recognised as our leading brands globally.

We review our brands from time to time to assess performance and increase focus for investment. As a result, from 2014 we have added Rothmans to our GDBs.

We have many other famous international brands, including State Express 555, Vogue, Viceroy, Kool, Peter Stuyvesant, Craven A, Benson & Hedges and John Player Gold Leaf.

#### Dunhill

Dunhill's roots date back to 1907, when Dunhill Tobacco of London Limited was established on Gentlemen's Row. More than a century later, Dunhill is our premium international brand, embodying the perfect taste, always.

Number of markets  
where Dunhill is sold

110+

**DUNHILL**  
SINCE 1907

#### Kent

Kent symbolises progress through technology in the cigarette category and stands out as the most innovative and forward-looking brand in the industry. A pioneering brand, leading the way since 1952.

Number of markets  
where Kent is sold

80+

**KENT**

#### Rothmans

Rothmans dates back to 1890, when it was established in London by its founder, Louis Rothman. It has now been repositioned as a contemporary brand with a strong heritage, and is finding increasing appeal with consumers around the world.

Number of markets  
where Rothmans is sold

60+

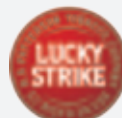
**Rothmans**  
OF LONDON

#### Lucky Strike

Based on its rich legacy dating back to 1871 when the brand was created by its founder RA Patterson, Lucky Strike stands for the true and original American cigarette.

Number of markets  
where Lucky Strike is sold

70+



#### Pall Mall

Pall Mall is the third biggest cigarette brand in the world. For more than 110 years its core proposition has been centred on rewarding smokers globally with real, high-quality value offers.

Number of markets  
where Pall Mall is sold

100+

**PALL MALL**



## Our sustainable approach to business

We manage our supply chain and the environment responsibly, leading in product expertise and working directly with over 100,000 independent farmers worldwide. Our approach to marketing leads our industry, in brand building, innovation and responsibility. Our companies adhere strictly to the high standards of our voluntary marketing principles. We are also proud of our Research & Development facilities, where our people are endeavouring to reduce the harm associated with tobacco products.

We play a significant role in local communities around the world. In many countries we are a top employer and the company of choice for people in all areas of our business. In 2013, our subsidiaries enabled governments worldwide to gather more than £33 billion in duty, excise and other taxes on our products, which is eight times the Group's profit after tax.

## Our products

### Traditional tobacco products

We continue to deliver good growth across our core tobacco product range. This includes cigarettes, Fine Cut (roll-your-own and make-your-own) tobacco, cigars, cigarillos, pipe tobacco and snus.

### Next-generation products

We are also investing in building a portfolio of innovative new tobacco and nicotine-based products alongside our traditional tobacco business. These next-generation product lines include nicotine inhalation, heat-not-burn devices and electronic cigarettes.

### Quality assured

Our market-leading innovations help to differentiate our products. We rely on a fully integrated global supply chain and use our expertise in leaf to secure supply and improve product quality.

## Geographic diversity

We're a diverse business and our people operate in a huge range of environments, from city offices to remote farms.

We have strong market positions in each of our four regions. Our key markets, shown here, account for around 80% of our total volume and around 85% of Group profit.

We also have two principal associate companies – Reynolds American Inc. in the US and ITC Ltd. in India – and have a joint operation, CTBAT, with subsidiaries of China National Tobacco Corporation.

### Asia-Pacific

#### Key markets

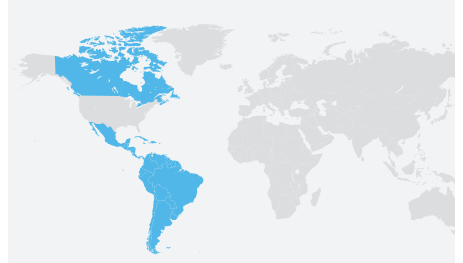
Australia	Malaysia	South Korea
Bangladesh	New Zealand	Taiwan
Indonesia	Pakistan	Vietnam
Japan	Philippines	



### Americas

#### Key markets

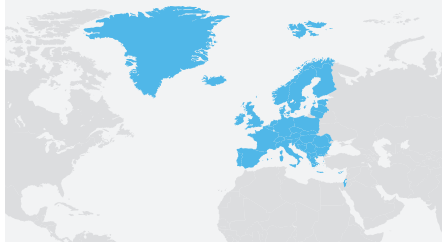
Argentina	Colombia
Brazil	Mexico
Canada	Venezuela
Chile	



### Western Europe

#### Key markets

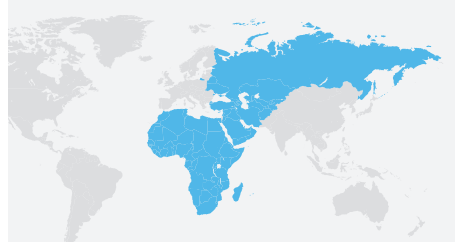
Belgium	Italy	Sweden
Czech Republic	Netherlands	Switzerland
Denmark	Poland	UK
France	Romania	
Germany	Spain	



### Eastern Europe, Middle East and Africa

#### Key markets

Algeria	Morocco	South Africa
Egypt	Nigeria	Turkey
The GCC	Russia	Ukraine
Kazakhstan		



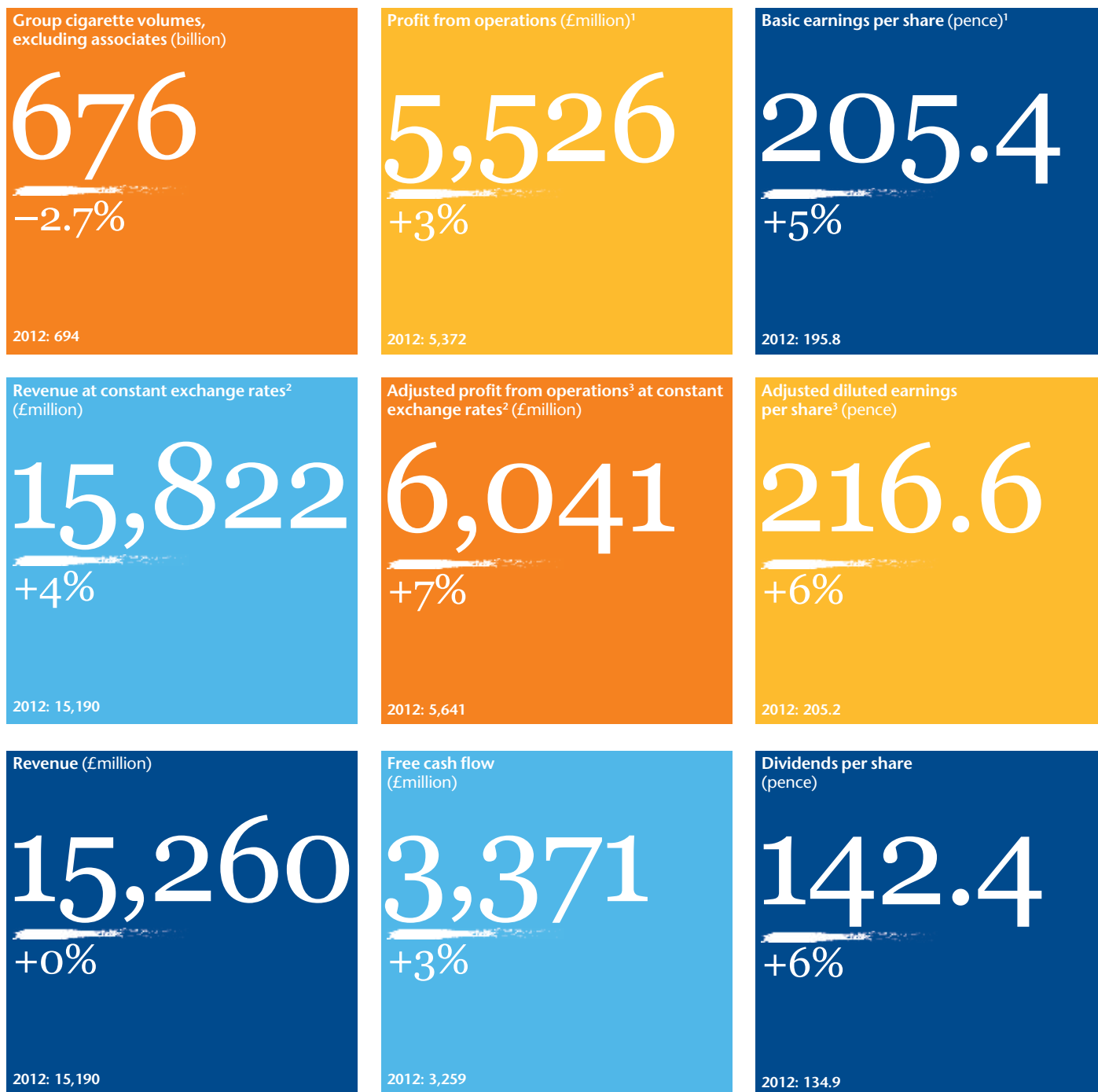
62

Markets where we  
are leader

46

Cigarette factories  
in 41 countries

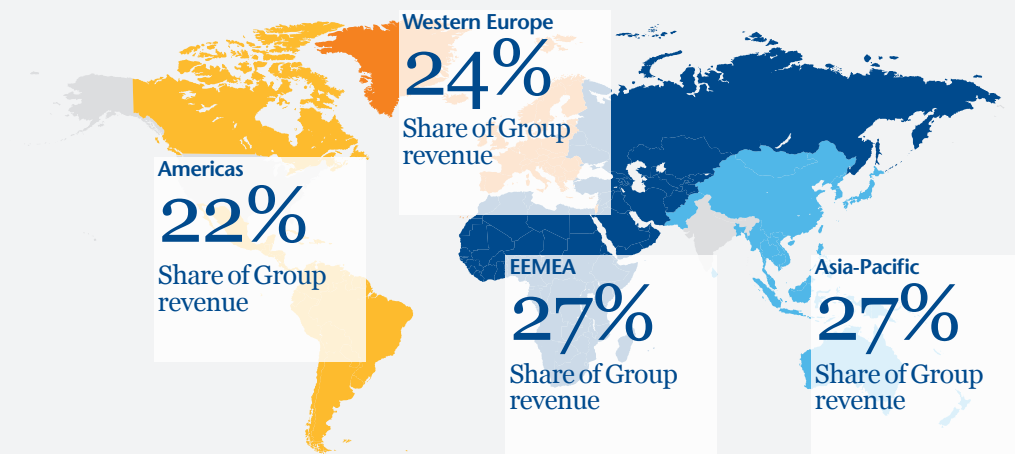
## Our year in numbers

**Notes:**

- 2012 figures have been restated. See Note 1 on the accounts in our Annual Report 2013, [www.bat.com/ar2013](http://www.bat.com/ar2013).
- Constant currency provides the information based on a re-translation, at prior year exchange rates, of the current year information.
- Adjusted profit from operations is derived after excluding the adjusting items from the profit from operations. These items include restructuring and integration costs, amortisation and impairment of trademarks and similar intangibles and a gain on deemed partial disposal of a trademark.

## Regional review

## Our regional performance



Asia-Pacific		Americas	
Volume (bn)	Revenue (£m)	Volume (bn)	Revenue (£m)
<b>197</b>	<b>4,203</b>	<b>134</b>	<b>3,317</b>
+5%	0%	-6%	-4%
2012: 188	2012: 4,214	2012: 142	2012: 3,460
Adjusted profit (£m)	Share of Group revenue (%)	Adjusted profit (£m)	Share of Group revenue (%)
<b>1,693</b>	<b>27</b>	<b>1,364</b>	<b>22</b>
+2%		-2%	
2012: 1,663	2012: 27	2012: 1,391	2012: 23
Western Europe		Eastern Europe, Middle East and Africa (EEMEA)	
Volume (bn)	Revenue (£m)	Volume (bn)	Revenue (£m)
<b>119</b>	<b>3,635</b>	<b>226</b>	<b>4,105</b>
-8%	+6%	-4%	+1%
2012: 129	2012: 3,442	2012: 235	2012: 4,074
Adjusted profit (£m)	Share of Group revenue (%)	Adjusted profit (£m)	Share of Group revenue (%)
<b>1,273</b>	<b>24</b>	<b>1,490</b>	<b>27</b>
+8%		+6%	
2012: 1,175	2012: 23	2012: 1,412	2012: 27

## Our vision and strategy

### Delivering shareholder value

We adopted a new vision in 2013 and enhanced our strategy to better reflect the evolving needs of consumers. These have been embedded across our business and they help us create long-term value for our shareholders and a wide group of stakeholders.

### Our strategy

Our strategy enables our business to deliver growth today, while ensuring we generate the funds to invest in our future. Tobacco remains at the core of our business and will continue to provide us with opportunities for growth.

Our vision lies at the heart of our strategy and underlines the importance of grasping new opportunities in tobacco and beyond.

Our strategy defines our mission and, through our Guiding Principles, it also guides our behaviours and activities, helping us to maintain a sustainable approach that will guarantee our future as a 21st century tobacco business.



### Our vision

World's best at satisfying consumer moments in tobacco and beyond.

### Satisfying consumer moments

We believe that by being the world's best at satisfying consumer moments, we'll become the leader in our industry. Consumers are at the core of everything we do and our success depends on addressing their evolving concerns, needs and behaviours.

### In tobacco and beyond

The second part of our vision – tobacco and beyond – recognises the strength of our traditional tobacco business and addresses the emerging opportunities we see in next-generation products. There is a great potential business opportunity here with emerging product categories in which we are uniquely placed to succeed.



## Our mission

Delivering our commitments to society, while championing informed consumer choice.

### Champion informed consumer choice

We need to continue to ensure that our consumers are fully informed about the choices they are making when they purchase our tobacco products. We recognise that we have a responsibility to offer a choice of products across the risk spectrum, but we will also defend their rights to choose and provide them with the products they want.

### Deliver our commitments to society

As society changes, and people's priorities and needs shift, we need to be ready to meet new challenges and take advantage of new opportunities. We are a major international business and with this status comes responsibilities, from being open about the risks of our products, to supporting rural communities in the developing world.

## Strategic focus areas

The foundations upon which our strategy is built have been in place for many years, but we continue to refocus our activities in all four areas and constantly review our ways of working.

### Growth

Understanding and delivering enjoyable consumer moments.

### Productivity

Effectively deploying resources to increase profits and generate funds.

### Winning organisation

Great people, great teams, great place to work.

### Sustainability

Ensuring a sustainable business that meets stakeholders' expectations.

## Guiding Principles

Our Guiding Principles provide clarity about what we stand for. They form the core of our culture and guide the delivery of our strategy.

### Enterprising spirit

We value enterprise from all of our employees across the world, giving us a great breadth of ideas and viewpoints to enhance the way we do business. We have the confidence to passionately pursue growth and new opportunities while accepting the considered entrepreneurial risk that comes with it. We are bold and strive to overcome challenges. This is the cornerstone of our success.

### Freedom through responsibility

We give our people the freedom to operate in their local environment, providing them with the benefits of our scale but the ability to succeed locally. We always strive to do the right thing, exercising our responsibility to society and other stakeholders. We use our freedom to take decisions and act in the best interest of consumers.

### Open minded

Our corporate culture is a great strength of the business and one of the reasons we have been and will continue to be successful. We are forward looking and anticipate consumer needs, winning with innovative, high-quality products. We listen to and genuinely consider other perspectives and changing social expectations. We are open to new ways of doing things.

### Strength from diversity

We employ people from more than 150 nations, giving us unique insights into local markets and enhancing our ability to compete across the world. We respect and celebrate each others' differences and enjoy working together. We harness diversity – of our people, cultures, viewpoints, brands, markets and ideas – to strengthen our business. We value what makes each of us unique.

## Shareholder and contact information

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

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

Access the web-based enquiry service of Computershare Investor Services PLC for holders of shares on the UK share register; view details of your British American Tobacco shareholding and recent dividend payments and register for shareholder electronic communications to receive notification of British American Tobacco shareholder mailings by email.

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

Go online or telephone 0870 703 0084 (UK) to buy or sell British American Tobacco shares traded on the London Stock Exchange. The internet share dealing service is only available to shareholders resident in countries in the European Economic Area.

#### 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 MKT (Symbol: BTI; CUSIP No. 110448107)

British American Tobacco sponsors an American Depositary Receipt (ADR) programme in the United States. Each ADR represents two of the Company's ordinary shares.

Enquiries regarding ADR holder accounts and payment of dividends should be directed to:

Citibank Shareholder Services  
PO 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

Copies of current and past Annual Reports are available on request. Copies of the Group corporate brochure, Who We Are, are also available. Highlights from these publications can be produced in alternative formats such as Braille, audio tape and large print.

Contact:  
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)

Holders of shares held on the South Africa register can contact Computershare Investor Services (Pty) Ltd using the contact details shown above.

### Our website – [www.bat.com](http://www.bat.com)

Access comprehensive information about British American Tobacco and download shareholder publications at the corporate website; visit the Investor Centre for valuation and charting tools and dividend and share price data and subscribe to the email alert services for key financial events in the British American Tobacco financial calendar; download the British American Tobacco Investor Relations app to access all the latest financial information on your iPad, iPhone or Android.

### Dividend Reinvestment Plan

Available to the majority of shareholders on the UK register, this is a straightforward and economic way of utilising your dividends to build up your shareholding in British American Tobacco. Contact Computershare Investor Services PLC in the UK for details.

### Individual Savings Accounts (ISAs)

A British American Tobacco sponsored ISA.

Contact:  
The Share Centre  
PO Box 2000, Aylesbury, Bucks HP21 8ZB  
tel: 0800 800 008; +44 1296 414 141  
email enquiries: [service@share.co.uk](mailto:service@share.co.uk)  
website: [www.share.co.uk](http://www.share.co.uk)

(The tax advantages of ISAs depend on your individual circumstances and the benefits of ISAs could change in the future. You should note that investments, their value and the income they provide can go down as well as up and you might not get back what you originally invested.)

### Capital gains tax

Fact sheet for British American Tobacco historical UK capital gains tax information; contact the British American Tobacco Company Secretarial Department, tel: +44 20 7845 1000 or access the Investor Centre at [www.bat.com/investorcentre/cgt](http://www.bat.com/investorcentre/cgt).

**Final dividend 2013 – dates in 2014**

For further details, please see 'Other disclosures' in the Annual Report at [www.bat.com/ar2013](http://www.bat.com/ar2013)

27 February	Dividend announced (including amount of dividend per share in both sterling and rand, applicable exchange rate and conversion date – 25 February 2014; plus additional applicable information as required in respect of South Africa Dividends Tax)
27 February to 14 March	From the commencement of trading on 27 February to 14 March 2014 (inclusive), no removal requests in either direction between the UK main register and the South Africa branch register will be permitted
7 March	Last day to trade (JSE)
10 March to 14 March	From the commencement of trading on 10 March to 14 March 2014 (inclusive), no transfers between the UK main register and the South Africa branch register; no shares may be dematerialised or rematerialised
10 March	Ex-dividend date (JSE)
12 March	Ex-dividend date (LSE)
14 March	Record date (LSE and JSE)
8 May	Payment date (sterling and rand)

**Financial calendar 2014**

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

**Registered office**

Globe House, 4 Temple Place, London WC2R 2PG  
tel: +44 20 7845 1000, facsimile: +44 20 7240 0555

Incorporated in England and Wales No. 3407696

**Representative Office in South Africa**

34 Alexander Street, Stellenbosch 7600, South Africa  
PO Box 631, Cape Town 8000, South Africa  
tel: +27 21 888 3077

**Investor relations**

Enquiries should be directed to Mike Nightingale,  
Rachael Brierley or Sabina Marshman  
tel: +44 20 7845 1180

**Press office**

Enquiries should be directed to Will Hill or Annie Brown  
tel: +44 20 7845 2888  
email: [press\\_office@bat.com](mailto:press_office@bat.com)

**Performance Summary 2013:****Cautionary statement and other information**

This Performance Summary is extracted (without material adjustment) from, and should be read as an introduction to and in conjunction with, the British American Tobacco p.l.c. Annual Report 2013 which comprises its Strategic Report, Directors' Report and Group Financial Statements.

The Performance Summary contains forward-looking statements that are subject to risk factors associated with, among other things, the economic and business circumstances occurring from time to time in the countries and markets in which the Group operates. It is believed that the expectations reflected in these statements 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 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 comprise the Company's Strategic Report or any supplementary materials 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.

References in this publication to 'British American Tobacco', 'BAT', '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.

Design and production: Radley Yeldar (London) [www.ry.com](http://www.ry.com)

Photography by David Hares.

Printed in the UK by Pureprint Group on Amadeus 50 Silk which is made from 50% recycled post-consumer waste and 50% virgin wood fibre sourced from sustainable forests. The paper is independently certified according to the rules of the Forest Stewardship Council®. All pulps used are Elemental Chlorine Free (ECF), and the manufacturing mill holds the ISO14001 and EU Ecolabel (EMAS) certificates for environmental management.





**Our year in review 2013**

Watch our video and download  
our full Annual Report 2013

[bat.com/review2013](http://bat.com/review2013)



[@BATPress](https://twitter.com/BATPress)



[flickr.com/  
welcometobat](http://flickr.com/welcometobat)



**BRITISH AMERICAN  
TOBACCO**

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



[youtube.com/  
welcometobat](http://youtube.com/welcometobat)