

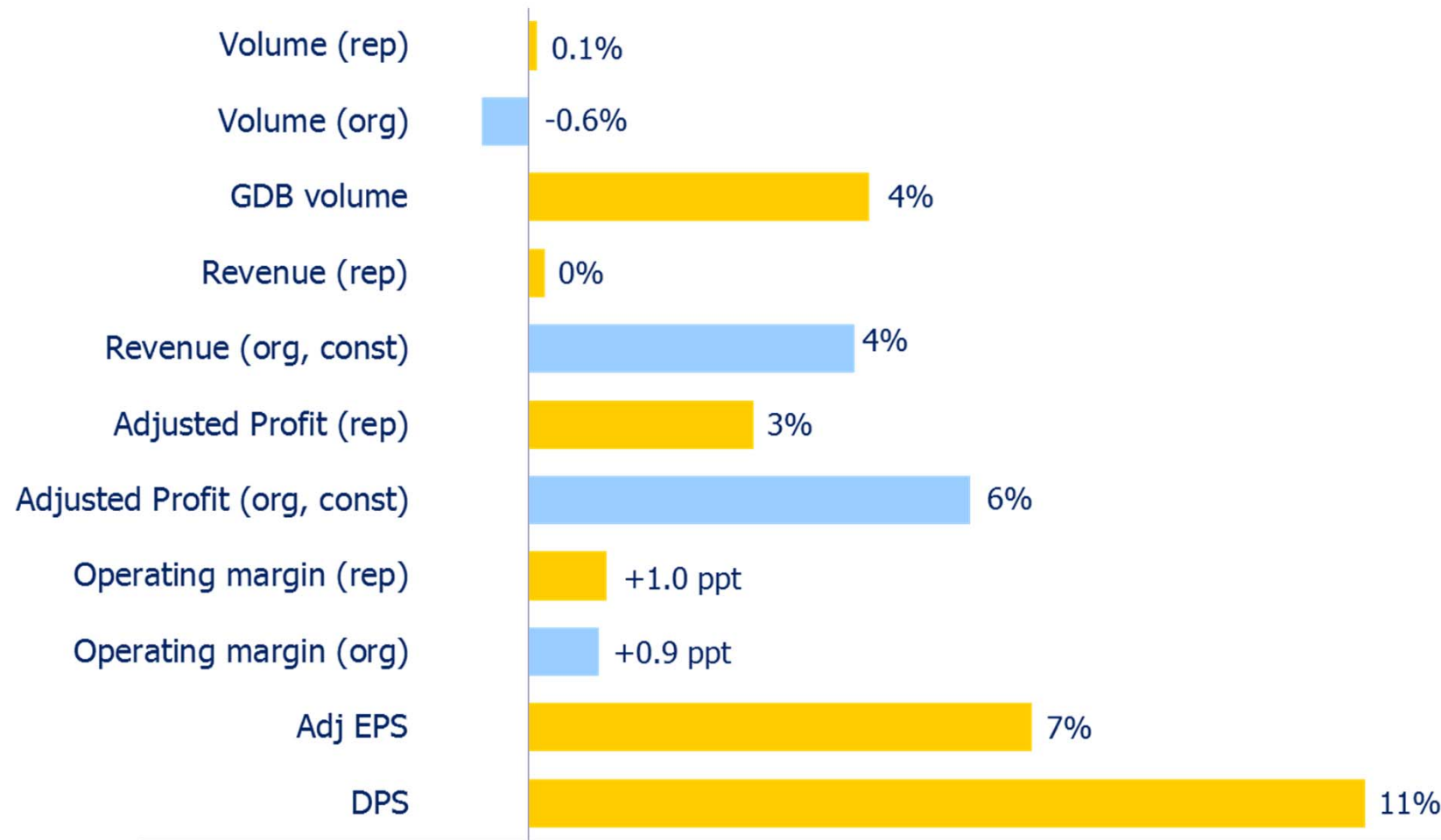


HALF-YEARLY RESULTS 2012

25th July 2012



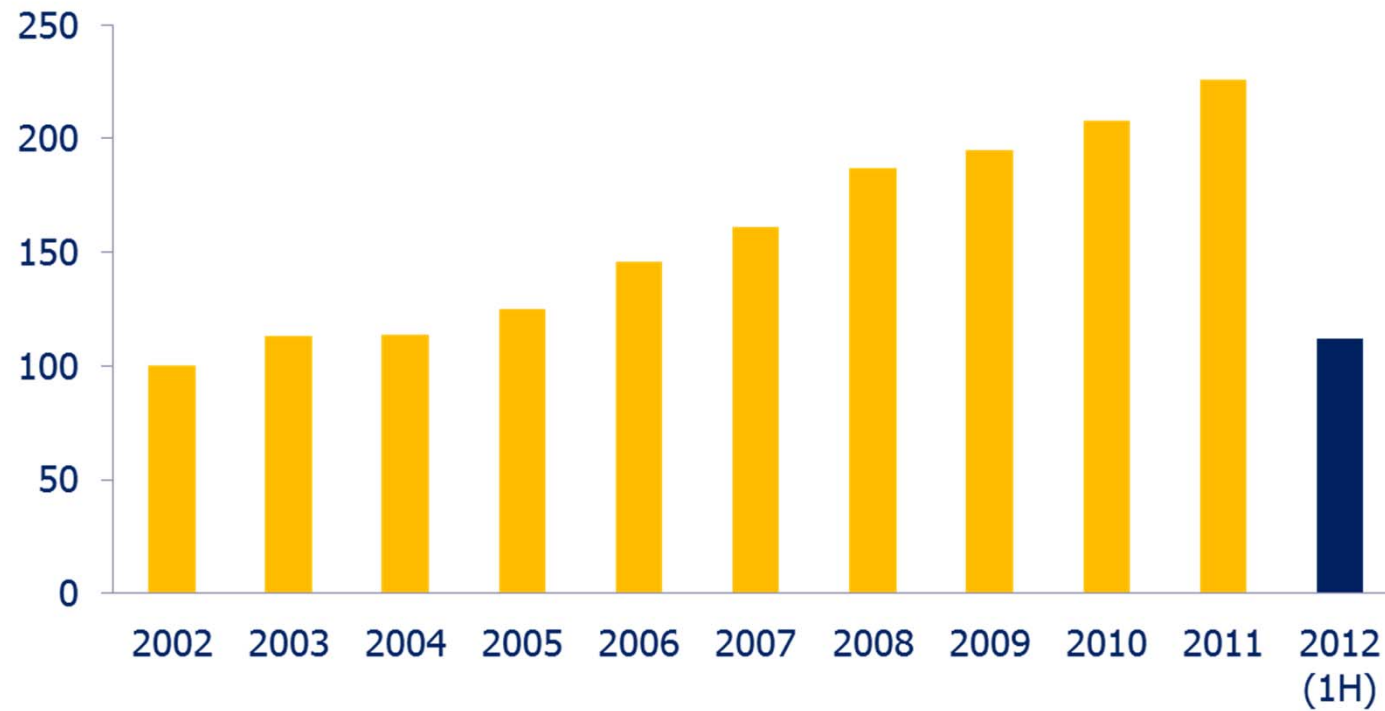
Delivering the strategy





Global drive brands

- GDB volume: 112 bns, +4%
- International brands: 184 bns, +3%
- Organic premium volume: 91 bns, +0.4%



Global drive brands



- Volume: 23.8 billion
- Share flat in T40
- Reloc driving the growth
- Strong share performance Malaysia, GCC, Romania, Brazil and S.Africa

KENT[®]

- Volume: 32.7 billion
- Share flat in T40
- Strong share performance in Romania and Ukraine



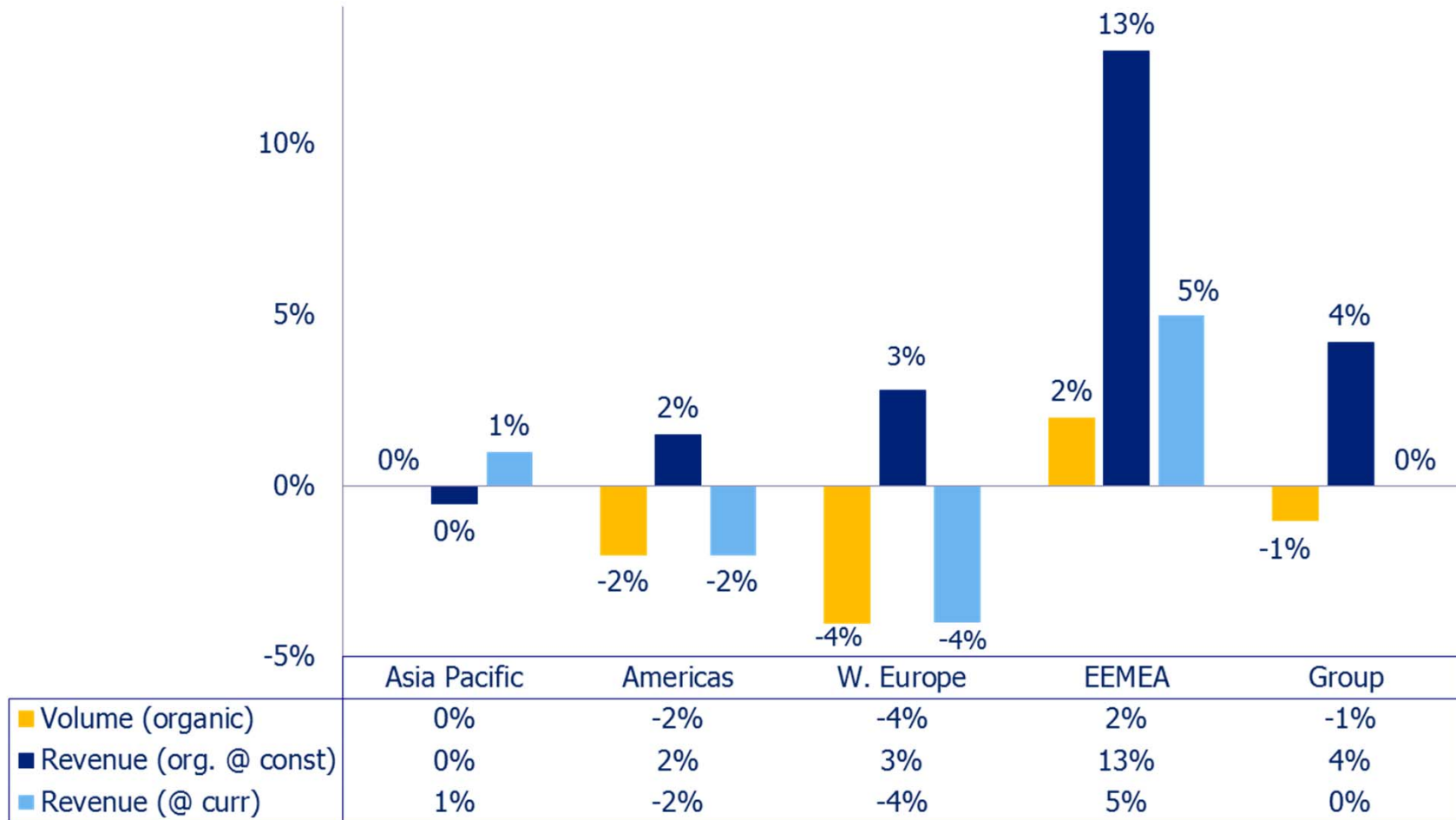
- Volume: 15.8 billion
- Share up 0.1 ppt in T40
- Click & Roll driving volume and share
- Strong share performance in Spain, France, Argentina and Chile

PALL MALL

- Volume: 39.4 billion
- Share flat in T40
- Share increases in Pakistan and Germany, offsets declines in Chile, Turkey and Spain

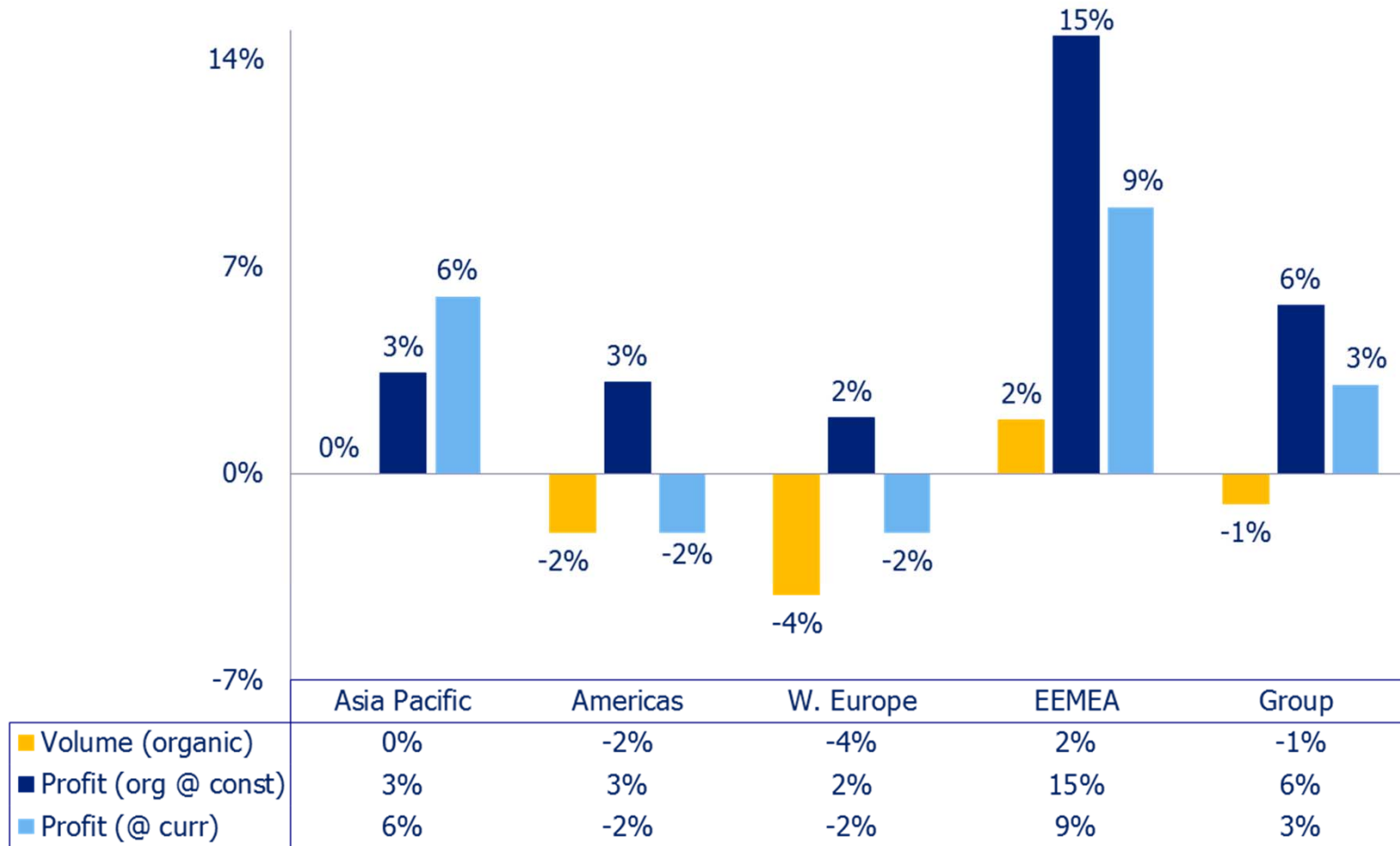


Volumes and revenue





Volumes and profit





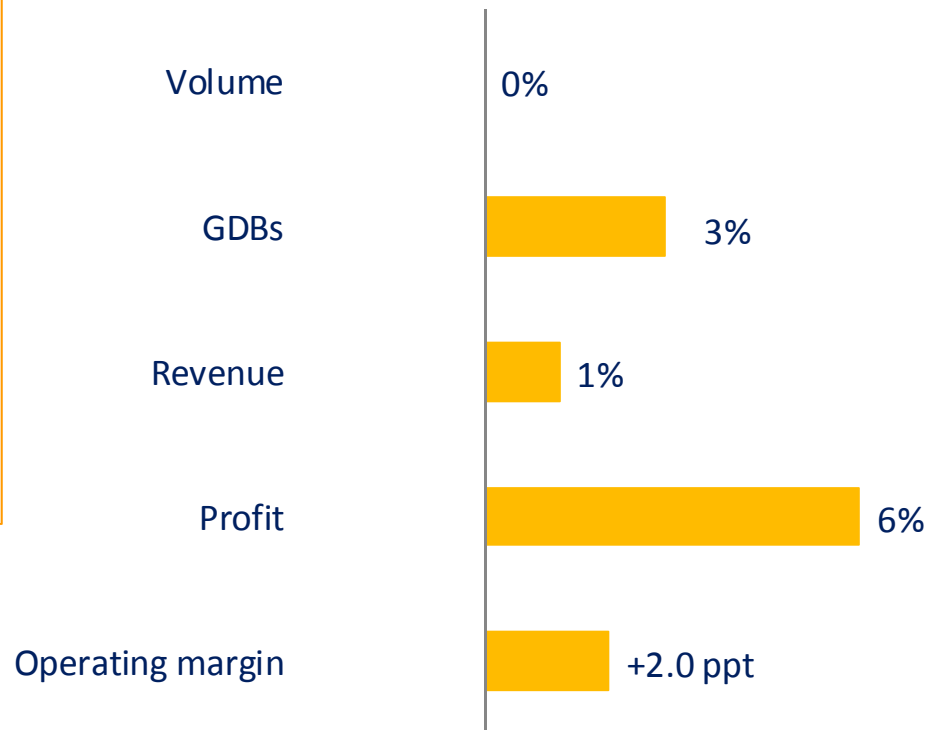
Asia-Pacific

Profit growth in Japan, Australia, Malaysia and Vietnam

Tough comparison with Japan one-off benefit in 1H 2011

Share growth in Malaysia, Vietnam, Pakistan and Taiwan

S.Korea profit flat, volumes and share still impacted by price increase



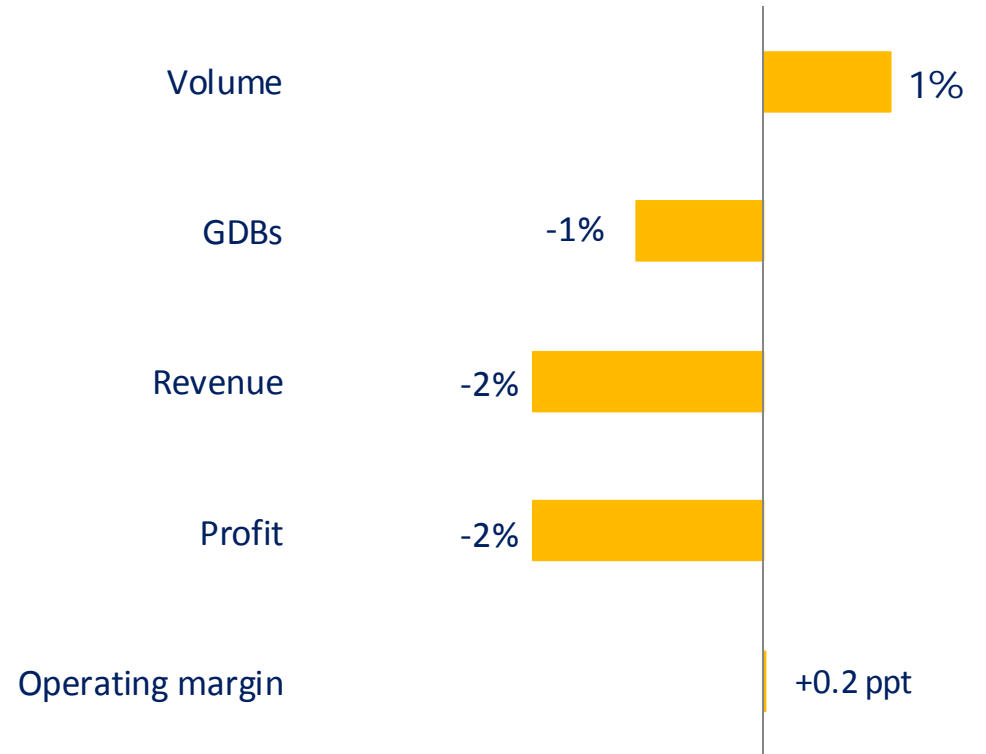


Americas

Good performance from Brazil, Chile and Colombia partially offset by Mexico

Volume growth in Canada and Chile, offset by Brazil, Mexico and Venezuela

Colombian acquisition continues to meet targets





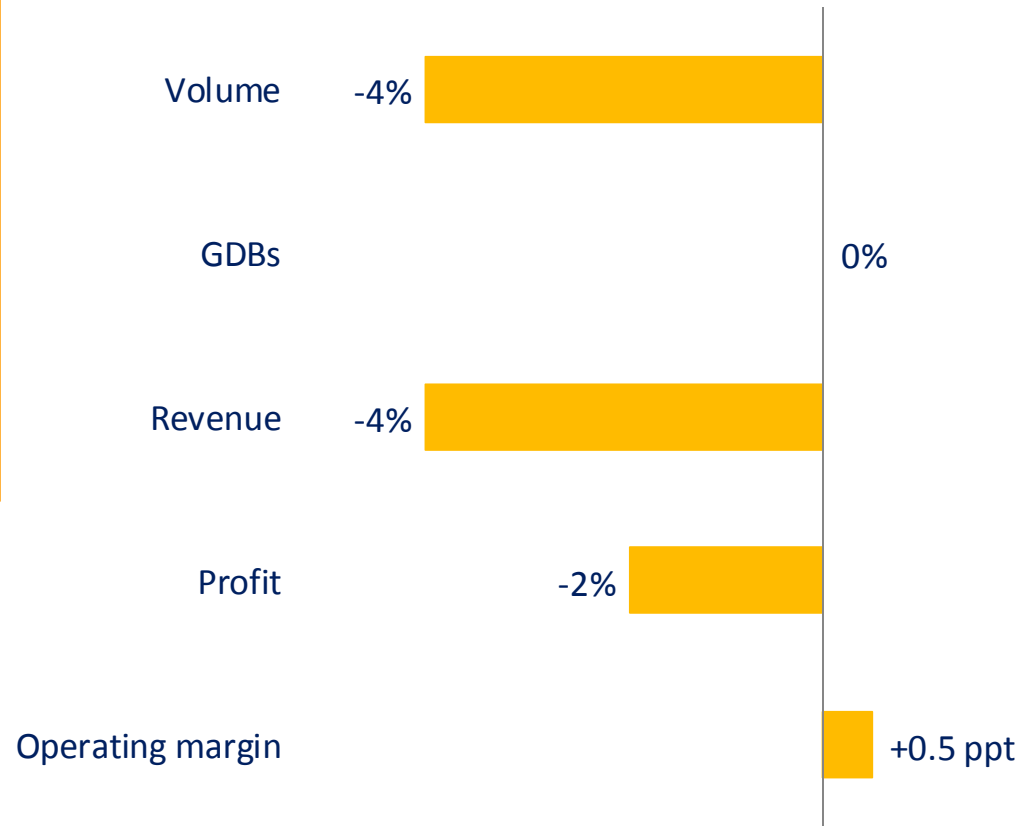
Western Europe

Good performance, adverse FX

Strong performances in Germany, France, UK and Romania

Growing share despite sharp decline in volumes

Pall Mall Fine Cut #1 brand





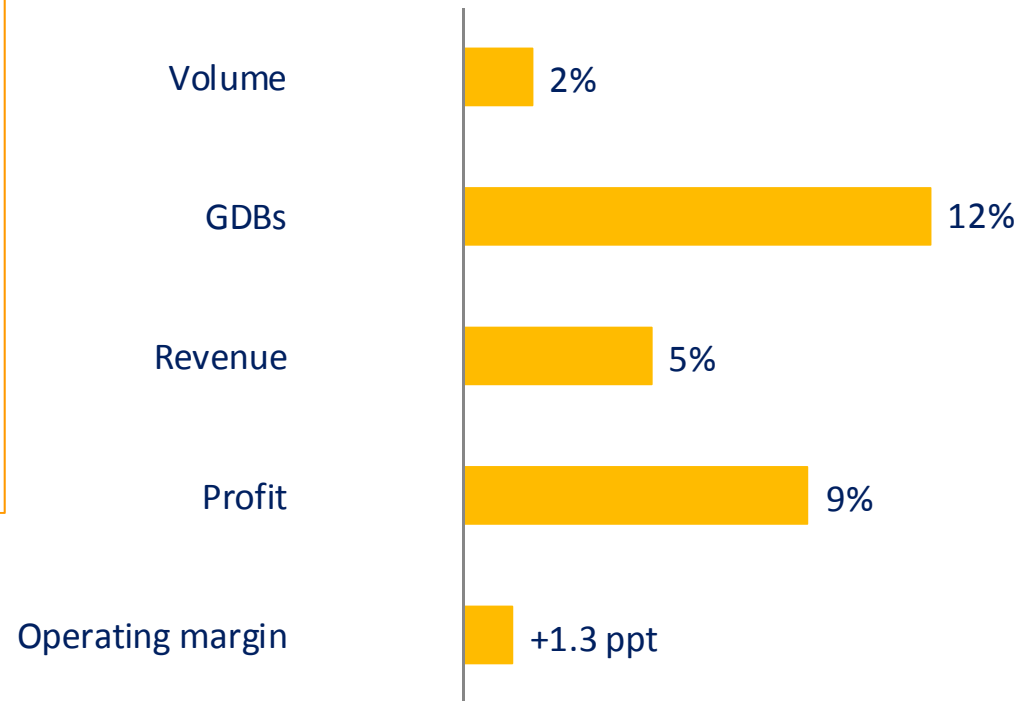
Eastern Europe, Middle East and Africa

Excellent GDB performance across the region

Strong performance in Russia, Kent still leading Premium

Turkey impacted by 2011 excise and competitor pricing

Share improvement in GCC, Nigeria, Russia, and Ukraine



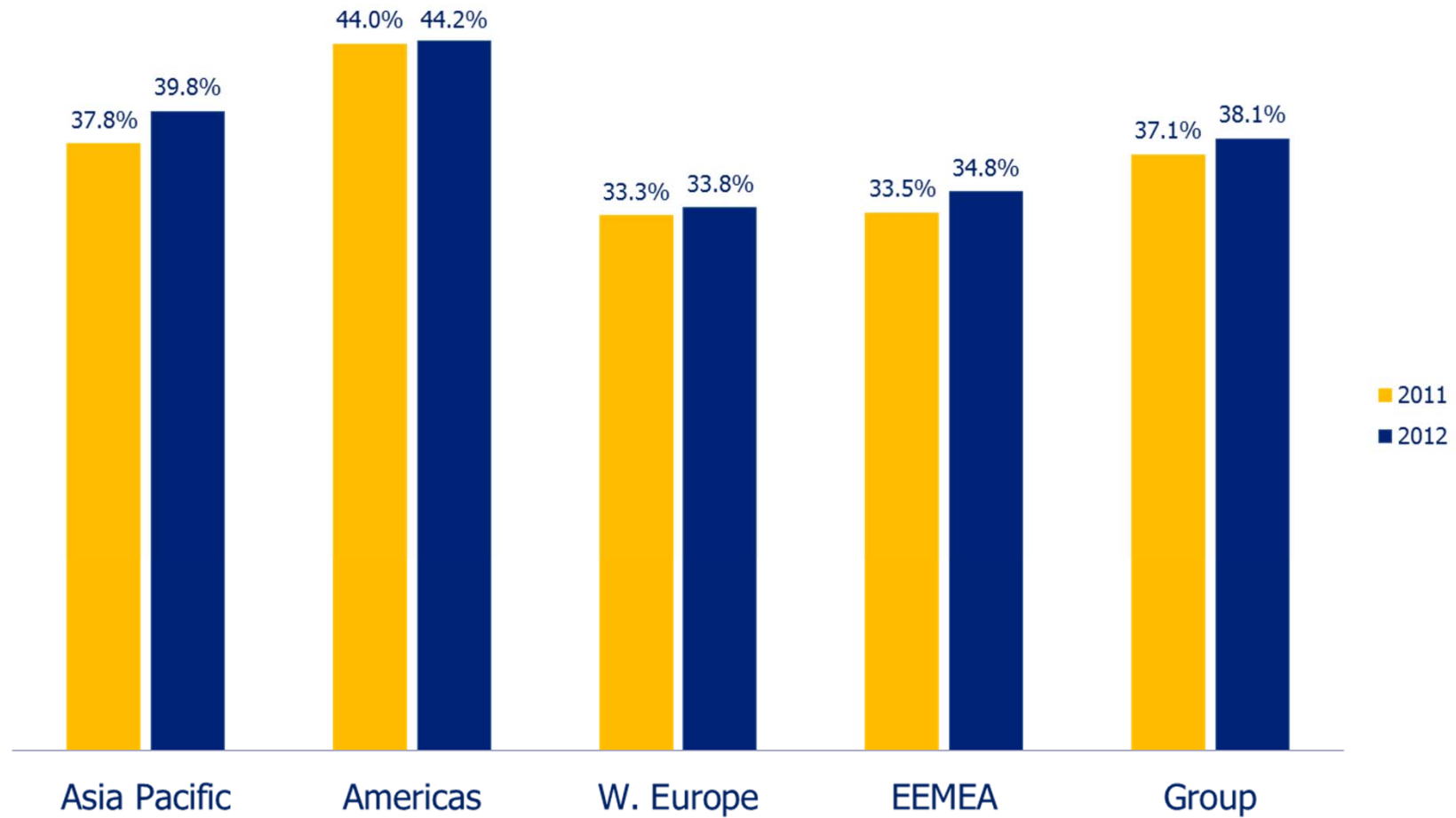


Ben Stevens

Finance Director and Chief Information Officer



Operating margin



* Based on adjusted profit



Profit from operations – adjusting items

	£m		
	2012	2011	% change
Adjusted profit	2,839	2,760	+3%
Restructuring & integration costs	(68)	(40)	
Amortisation of trademarks	(31)	(29)	
Profit from operations	2,740	2,691	+2%



Profit before tax

	£m		
	2012	2011	% change
Profit from operations	2,740	2,691	+2%
Net finance costs	(211)	(233)	+9%
Associates	344	329	+5%
Profit before tax	2,873	2,787	+3%



Net finance costs

	2012	£m	2011	£m
				Variance
Interest payable	(283)		(287)	+4
Investment income	50		42	+8
Fair value/exchange	22		12	+10
Net finance costs	(211)		(233)	+22



Taxation and profit for the period

	£m		
	2012	2011	% change
Profit before tax	2,873	2,787	+3%
Taxation	(787)	(781)	-1%
Profit for the period	2,086	2,006	+4%

Underlying tax rate was 30.8% (2011: 31.4%)



Non-controlling interests and adjusted EPS

Profit attributable to	£m		
	2012	2011	% change
Shareholders' equity	1,929	1,870	+3%
Non-controlling interests	157	136	+15%
Profit for the period	2,086	2,006	+4%
Adjusted Profit for the period	2,008	1,912	+5%
Number of shares	1,961 m	1,990 m	
Adjusted EPS	102.4p	96.1p	+7%



Drivers of adjusted EPS growth

	Pence	%
EPS 2011 (p)	96.1.	
Profit performance	5.5.	6%
Acquisitions / disposals	0.4.	0%
Net finance costs	1.0.	1%
Associates	2.2.	2%
Taxation	0.7.	1%
Non-controlling interests	(1.5)	-1%
Share buy-back	1.1.	1%
Exchange	(3.1)	-3%
EPS 2012 (p)	102.4.	7%



Cash flow

	2012.	2011.
	£m.	£m.
Adjusted profit from operations	2,839	2,760.
Non cash items	217.	256.
Increase in working capital	(1,247)	(802)
Net capital expenditure	(190)	(110)
Operating cash flow	1,619	2,104.
Net interest paid	(253)	(309)
Tax paid	(708)	(744)
Dividends paid to non-controlling interests	(135)	(139)
Restructuring costs	(95)	(115)
Dividends from associates	293	159.
Free cash flow	721	956.



Cash flow

	2012.	2011.
	£m.	£m.
Free cash flow	721.	956.
Dividends paid to shareholders	(1,723)	(1,620)
Share buy-back	(536)	(317)
Net investment activities	(27)	-)
Other net flows	(85)	(107)
Net cash flow	(1,650)	(1,088)



Net debt

	2012. £m.	2011. £m.
Opening net debt at 1 January	(7,928)	(7,841)
Net cash flow for the period	(1,650)	(1,088)
Exchange rate effects / accrued interest	183.	(332)
Net debt at 30 June	(9,395)	(9,261)



HALF-YEARLY RESULTS 2012



- Good underlying results
- FX headwinds
- Adjusted EPS 7% higher at 102.4p, despite currency headwinds
- Proposed dividend per share 11% higher at 42.2 pence
- Pricing momentum continues into 2012



Thank you for watching the webcast.

The Q&A session will commence shortly.

Thank you for your patience.



SUPPLEMENTARY SLIDES

Half-yearly results 2012



Volumes by region H1 2012

Region	Billions		
	2012	2011	% change
Asia Pacific	95	95	0%
Americas	71	70	+1%
Western Europe	62	65	-4%
Eastern Europe, Middle East and Africa	116	114	+2%
Group	344	344	0%



Volumes by region Q2 2012

Region	Billions		
	2012	2011	% change
Asia Pacific	50	51	-2%
Americas	34	34	-1%
Western Europe	33	35	-6%
Eastern Europe, Middle East and Africa	61	60	+3%
Group	178	180	-1%



Revenue by region H1 2012

Region	£m		
	2012	2011	% change
Asia Pacific	2,050	2,025	+1%
Americas	1,706	1,744	-2%
Western Europe	1,649	1,719	-4%
Eastern Europe, Middle East and Africa	2,047	1,950	+5%
Group	7,452	7,438	0%

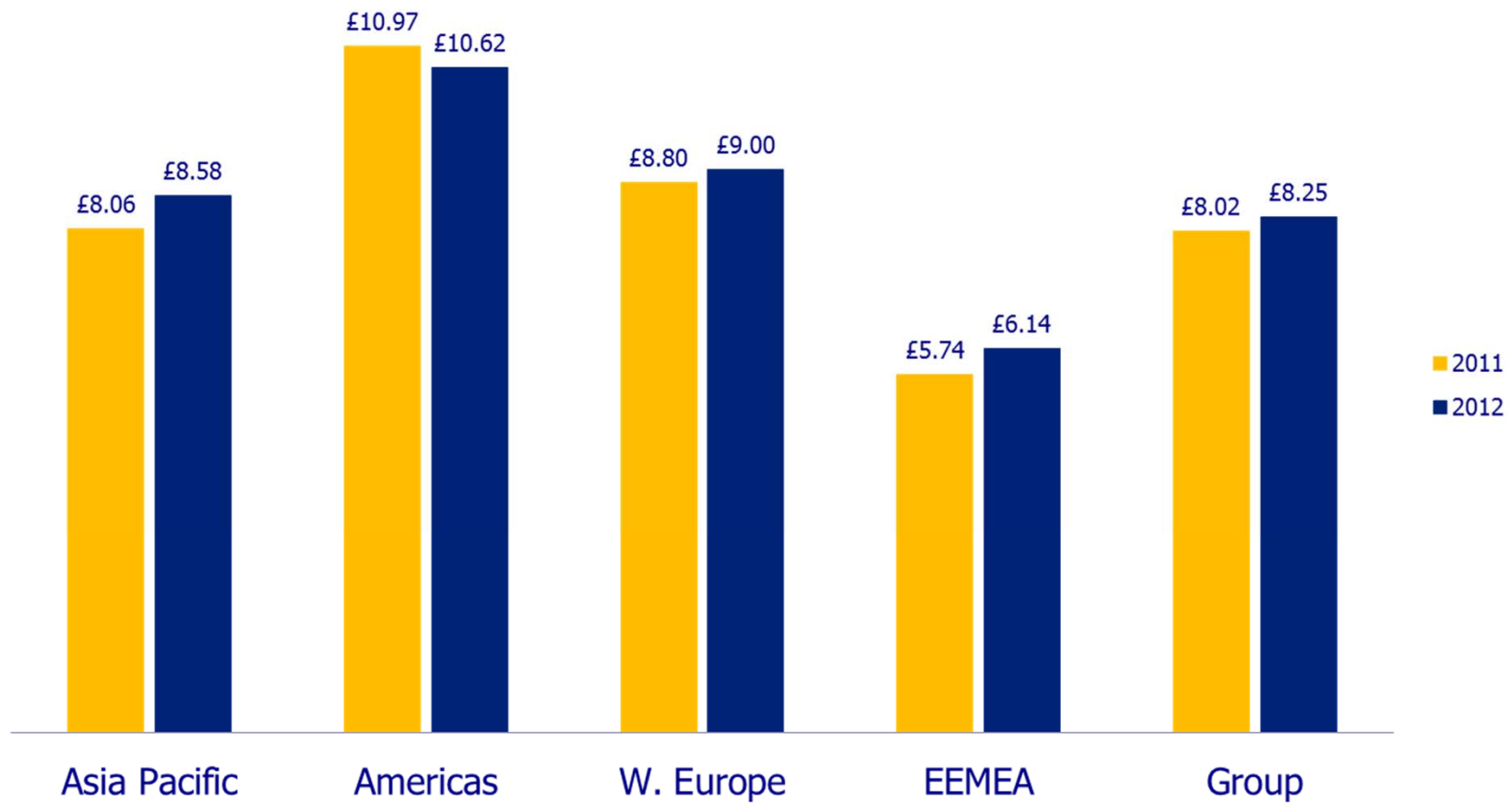


Adjusted profit from operations H1 2012

Region	£m		
	2012	2011	% change
Asia Pacific	815	766	+6%
Americas	754	768	-2%
Western Europe	558	572	-2%
Eastern Europe, Middle East and Africa	712	654	+9%
Group	2,839	2,760	3%



Margins: profit per mille





Foreign currencies

	Average		Closing	
	2012	2011	2012	2011
US dollar	1.577	1.617	1.568	1.605
Canadian dollar	1.586	1.579	1.599	1.549
Euro	1.216	1.152	1.236	1.107
South African rand	12.521	11.146	12.828	10.883
Brazilian real	2.941	2.636	3.166	2.508
Australian dollar	1.528	1.564	1.530	1.500
Russian rouble	48.255	46.239	50.876	44.817
Japanese yen	125.689	132.429	125.147	129.656
Indian rupee	82.267	72.744	87.574	71.768