



Interim Results 2022

New Category Growth Driving Faster Transformation

Jack Bowles – Chief Executive | **Tadeu Marroco** – Finance and Transformation Director

Important Information



The information contained in this presentation in relation to British American Tobacco p.l.c. ("BAT") and its subsidiaries has been prepared solely for use at this presentation. The presentation is not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident or located in any jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would require any registration or licensing within such jurisdiction.

References in this presentation to 'British American Tobacco', 'BAT', 'Group', 'we', 'us' and 'our' when denoting opinion refer to British American Tobacco p.l.c. and when denoting business activity refer to British American Tobacco Group operating companies, collectively or individually as the case may be.

The information contained in this presentation does not purport to be comprehensive and has not been independently verified. Certain industry and market data contained in this presentation has come from third party sources. Third party publications, studies and surveys generally state that the data contained therein have been obtained from sources believed to be reliable, but that there is no guarantee of accuracy or completeness of such data.

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, including "forward-looking" statements made within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. 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. These include statements 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 British American Tobacco Group (the "Group") operates, including the projected future financial and operating impacts of the COVID-19 pandemic.

All such forward-looking statements involve estimates and assumptions that are subject to risks, uncertainties and other factors. 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.

In particular, among other statements: (i) certain statements in the opening section (slides 9, 12, and 18); (ii) certain statements in Tadeu Marroco's section (slides 23, 26, 32 and 40); and (iii) certain statements in Jack Bowles' section (slides 43, 44 and 45).

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; the inability to develop, commercialise and deliver the Group's New Categories strategy; adverse litigation and dispute outcomes and the effect of such outcomes on the Group's financial condition; the impact of significant increases or structural changes in tobacco, nicotine and New Categories related taxes; translational and transactional foreign exchange rate exposure; changes or differences in domestic or international economic or political conditions; the ability to maintain credit ratings and to fund the business under the current capital structure; the impact of serious injury, illness or death in the workplace; adverse decisions by domestic or international regulatory bodies; and changes in the market position, businesses, financial condition, results of operations or prospects of the Group.

Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser. 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. Readers are cautioned not to place undue reliance on such forward-looking statements.

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.

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 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.

Additional Information

All financial statements and financial information provided by or with respect to the US or Reynolds American Inc. ("Reynolds") are initially prepared on the basis of U.S. GAAP and constitute the primary financial statements or financial records of the US business/Reynolds. This financial information is then converted to International Financial Reporting Standards as issued by the IASB 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 Reynolds it is provided as an explanation of, or supplement to, Reynolds' primary U.S. GAAP based financial statements and information.

Our vapour product Vuse (including Alto, Solo, Ciro and Vibe), and certain oral products including Velo, Grizzly, Kodiak, and Camel Snus, which are sold in the US, are subject to the Food and Drug Administration ("FDA") regulation and no reduced-risk claims will be made to these products without agency clearance.

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.

Audience

The material in this presentation is provided for the purpose of giving information about BAT and its subsidiaries to investors only and is not intended for general consumers. BAT, its directors, officers, employees, agents or advisers do not accept or assume responsibility to any other person to whom this material is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed. The material in this presentation is not provided for product advertising, promotional or marketing purposes. This material does not constitute and should not be construed as constituting an offer to sell, or a solicitation of an offer to buy, any of our products. Our products are sold only in compliance with the laws of the particular jurisdictions in which they are sold.



Interim Results 2022

New Category Growth Driving Faster Transformation

Jack Bowles – Chief Executive | **Tadeu Marroco** – Finance and Transformation Director

We are Transforming and Delivering

**Transforming
our business**

**Delivering robust
financial results**

**Successfully
navigating the
macro environment**

Superior shareholder returns: Dividend growth and £2bn Buyback

H1 2022 - Transforming and Delivering

Transforming our business

- 20.4m adult consumers of Non-Combustible products*
- 45% New Category revenue growth**
- 50%+ (£281m) reduction in New Category losses***
- Strong brands powered by innovation

Delivering robust financial results

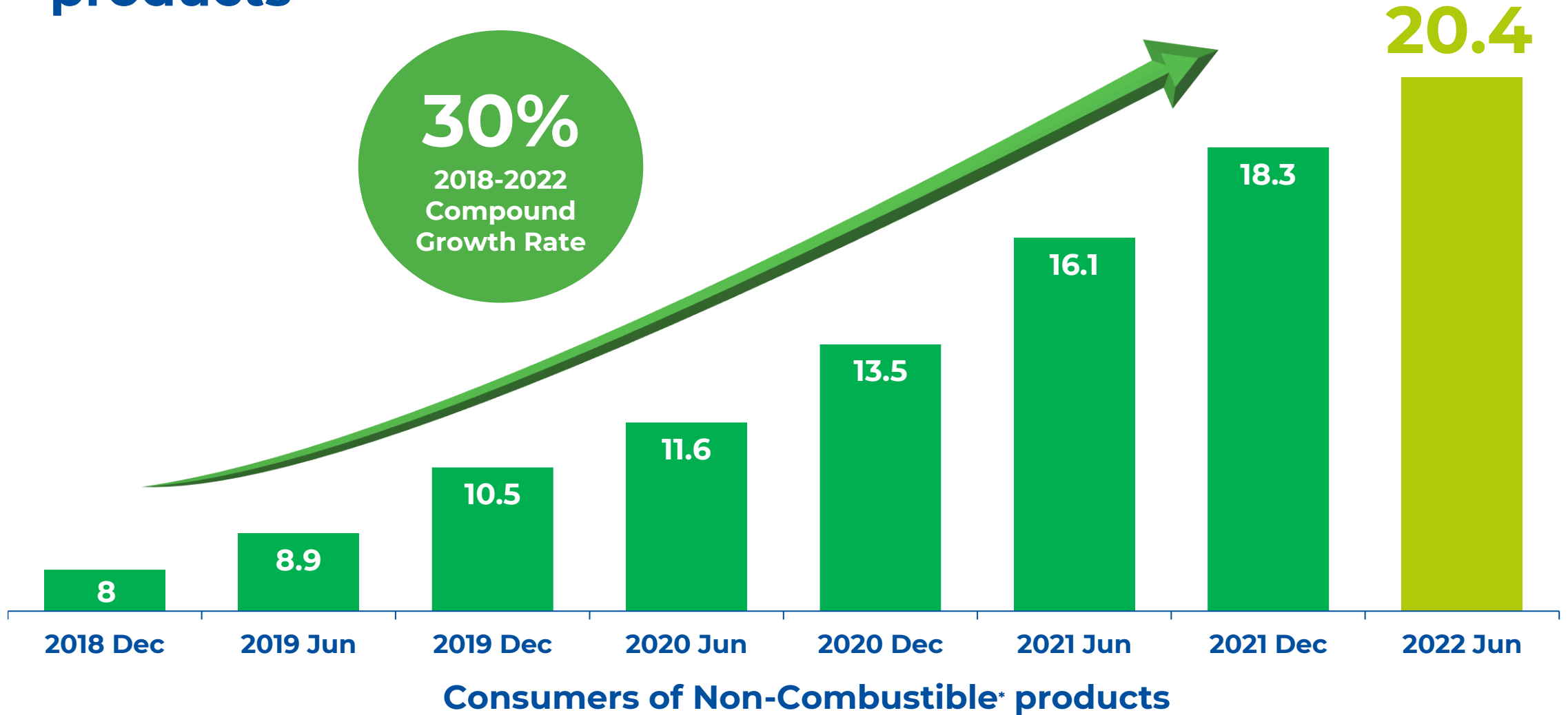
- Group revenue up +5.7%; +3.7% at constant FX**
- Reported diluted EPS down -42.9%
- Adjusted diluted EPS up +5.7% at constant FX^
- Confident in delivering FY22 guidance

Successfully navigating the macro environment

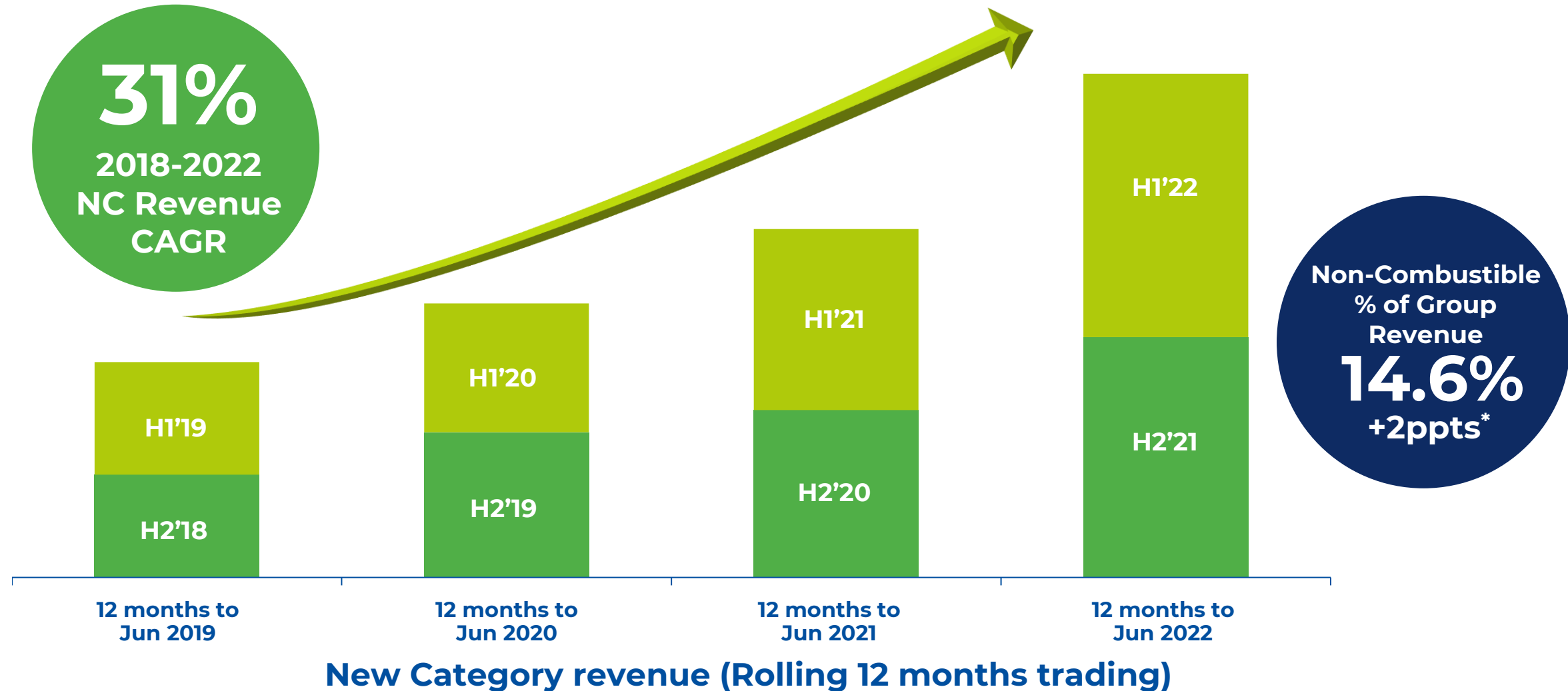
- £1.5bn Quantum savings delivered 6 months ahead of target
- 90bps improvement in adjusted operating margin to 43.9%^^
- Robust pricing – achieved c.90% of planned pricing

£3.8bn YTD cash returns to shareholders: £2.5bn Dividends and £1.3bn Buyback

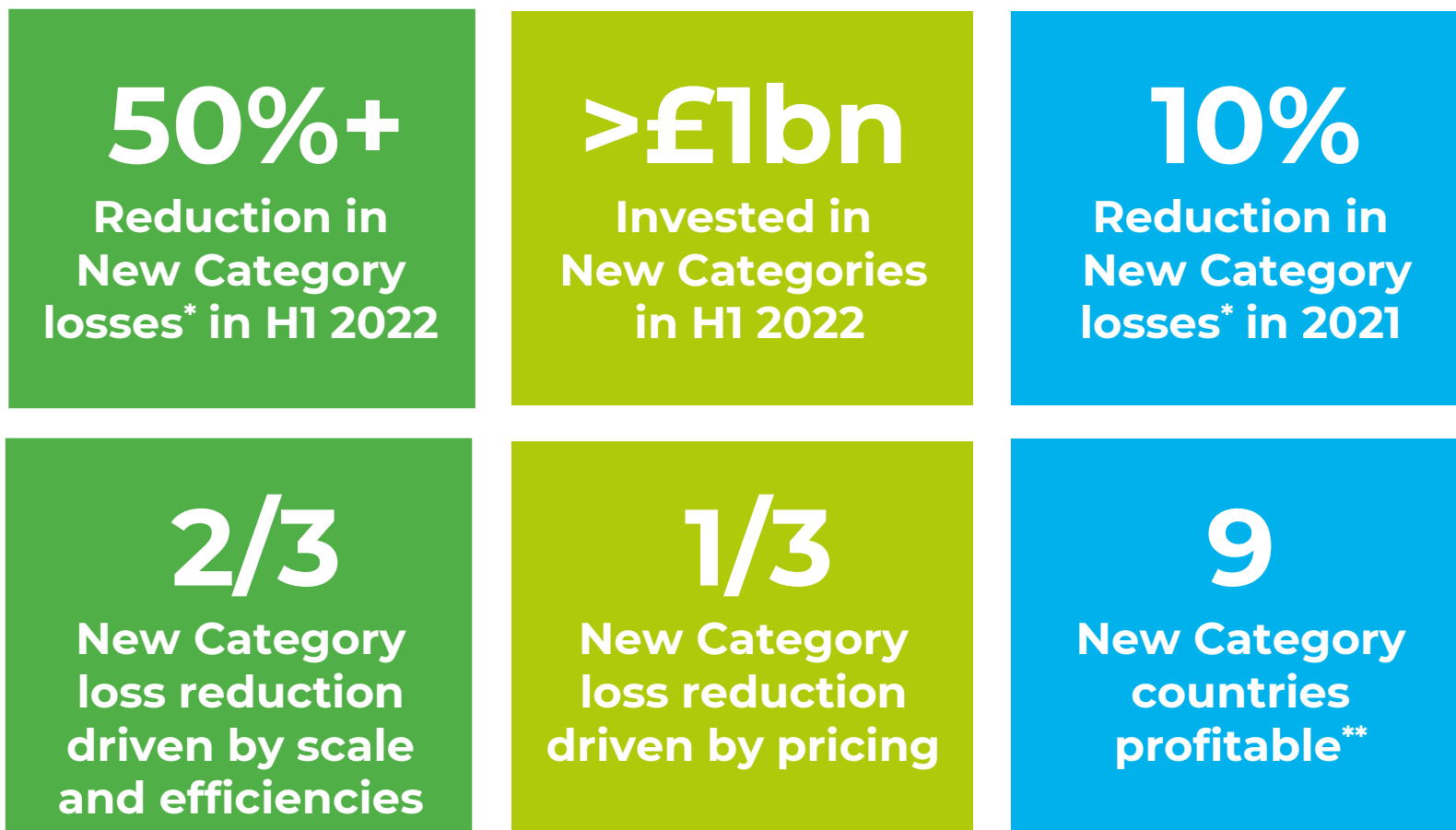
Over 20m consumers of our Non-Combustible* products



Strong New Category revenue momentum



On track for **£5bn New Category revenue and profitability**** by 2025



Continuing to invest in our transformation

glo hyper X2 – New smaller, lighter device

glo

PLEASURE REDEFINED, YOUR WAY

LOOKS GREAT, TASTES GREAT



- Dedicated Boost button for maximum taste satisfaction
- Improved LED status indicators
- Convenient iris shutter

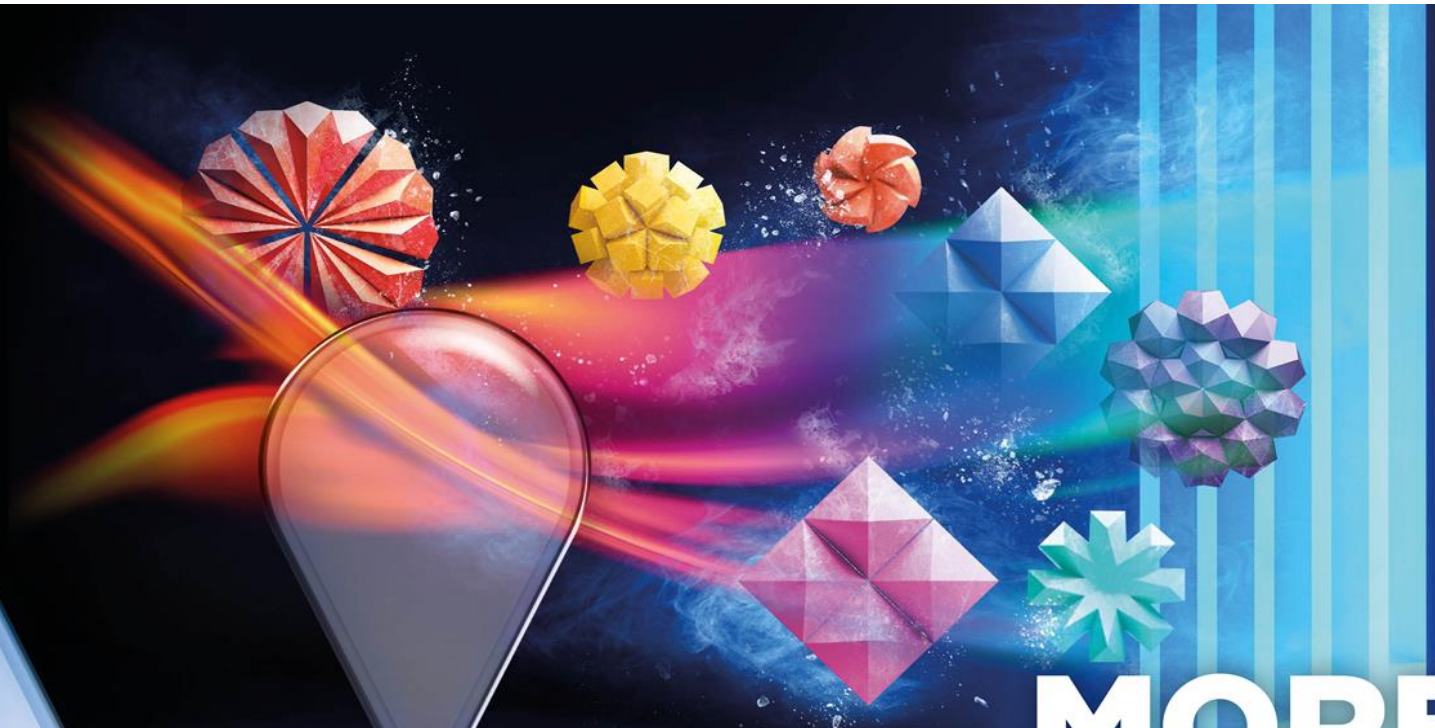
NEW HYPHER X2

glo hyper X2 – now launched in Japan



Vuse Go – New disposable fast approaching #2[^] in UK

VUSE



MORE FLAVOURS TO GO

NEW VUSE GO

DISPOSABLES UP TO 500 PUFFS*



This product contains nicotine and is addictive. 18+ only. Read leaflet in pack.
*Based on laboratory testing of newly manufactured product and may vary depending on individuals usage behaviour.
**Based on Vype/Vuse estimated value share from RRP in measured retail for vapour (i.e. total vapour category value in retail sales) in the USA, Canada, France, UK, Germany as of December 2021. These 5
^ Value share of disposables segment, UK.

Vuse ePod 2+ – Our first Bluetooth connected device

MY VUSE



vuse
ePod 2+ 

MY WAY



DEVICE
LOCK



CLOUD
CONTROL



FIND
MY VAPE



RECHARGE
REMINDER*

*MAY VARY BY
OPERATING PLATFORM

Velo – Driving growth through innovation and ESG

SMALL CAN BIG PLAN.



#MOVEONTOVELO

 Empty can and recycle.

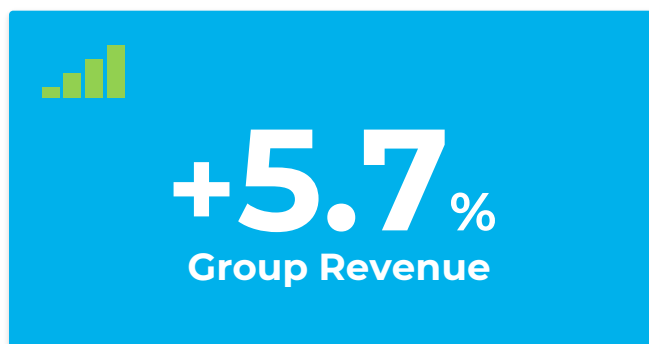
MOVE ON TO
VELO NICOTINE POUCHES
IN A RECYCLABLE CAN.

18+ only. This product contains nicotine and is addictive.



YOU'VE GOT VELO
VELO.COM/VELOSOPHY

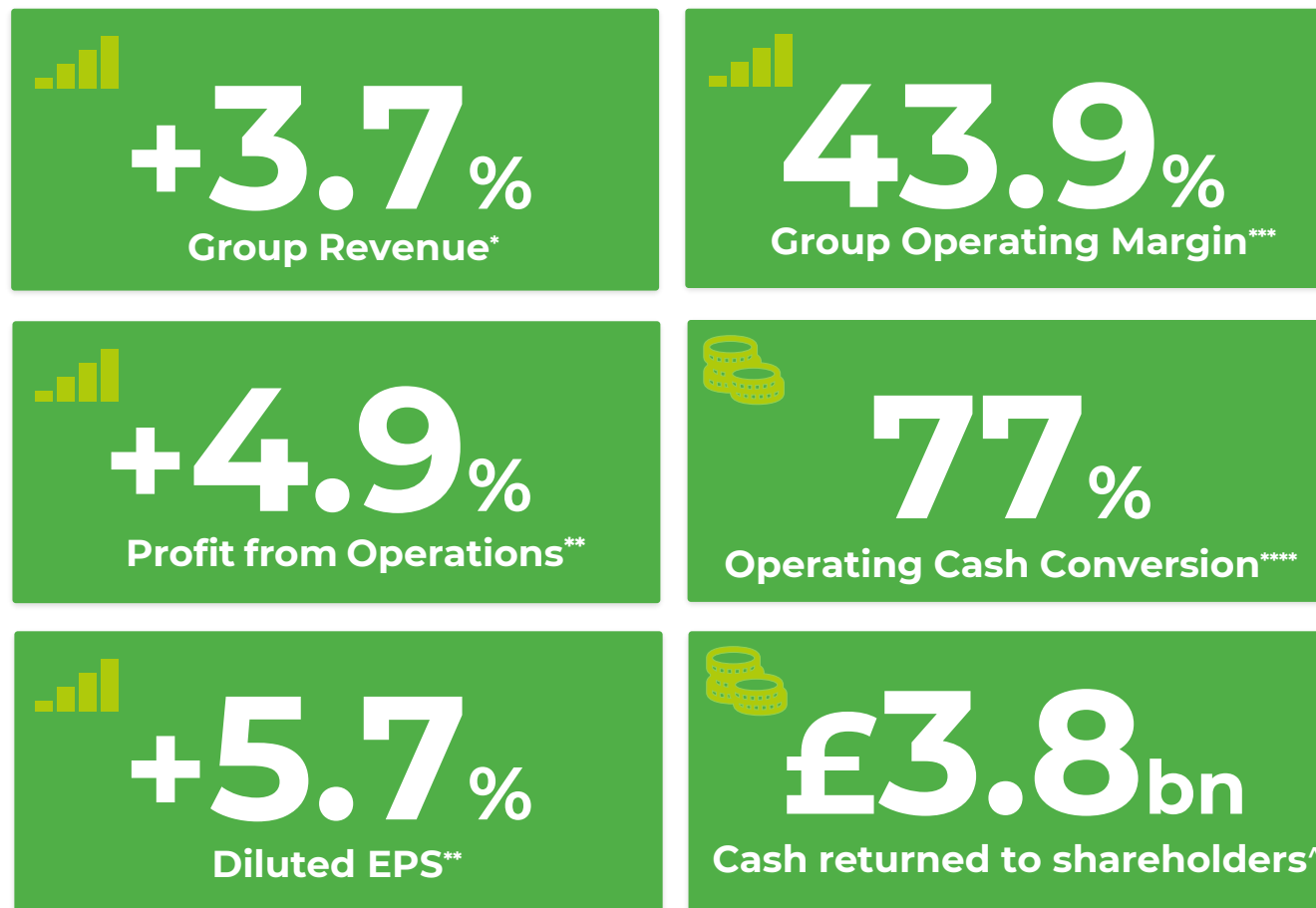
H1 2022 Reported results* impacted by one-off items



Reported results most significantly impacted by c.£1bn impairment of Russian assets

We are delivering robust financial results

H1 2022 Adjusted



Confident in Full Year guidance

Successfully navigating the challenging macro environment

Quantum

£1.5bn

**Annualised
cost savings**

Agility

- **Successfully managing inflation**
- **Activating Business Continuity Plans**
- **Ensuring end market supply continuity**

Margin expansion*

43.9%

+90bps

Full Year 2022 – Transforming and Delivering

Transforming our business

- Continued New Category growth momentum
- Strong H2 investment plans
- Further New Category loss* reduction

Delivering robust financial results

- Revenue growth of 2-4%**
- Mid-Single figure EPS growth***
- Continued strong cash generation

Successfully navigating the macro environment

- Leveraging our organisational agility
- Quantum savings in excess of £1.5bn
- Continued pricing power^

Committed to delivering long term sustainable shareholder value



Tadeu Marrocco

Finance and Transformation Director

H1 2022: Robust financial results

	REPORTED H1 2022 @ Current rates	ADJUSTED H1 2022 @ Constant rates
Revenue	+5.7%	+3.7%*
New Category Revenue	+45.4%	+45.0%*
Operating Margin	-11.7 pts	+90 bps**
Profit From Operations	-25.0%	+4.9%***
Diluted EPS	-42.9%	+5.7%***

Delivering robust financial results



Strong revenue growth ahead of volume growth across all three New Category brands



- Revenue* up +48%
- Volume up +19%
- Category Share** 34.7%
- Brand Power^ +7%



- Revenue* up +44%
- Volume up +30%
- Category Share** 19.6%
- Brand Power^ +9%



- Revenue* up +37%
- Volume up +10%
- Category Share** 31.4%
- Brand Power^ +5%

Underpinned by science and ESG

Further reduction in New Category losses of £281m*

Revenue Growth Management

- Prices increased in all 3 New Categories across both devices and consumables
- Improved Trade Margins for Vuse**

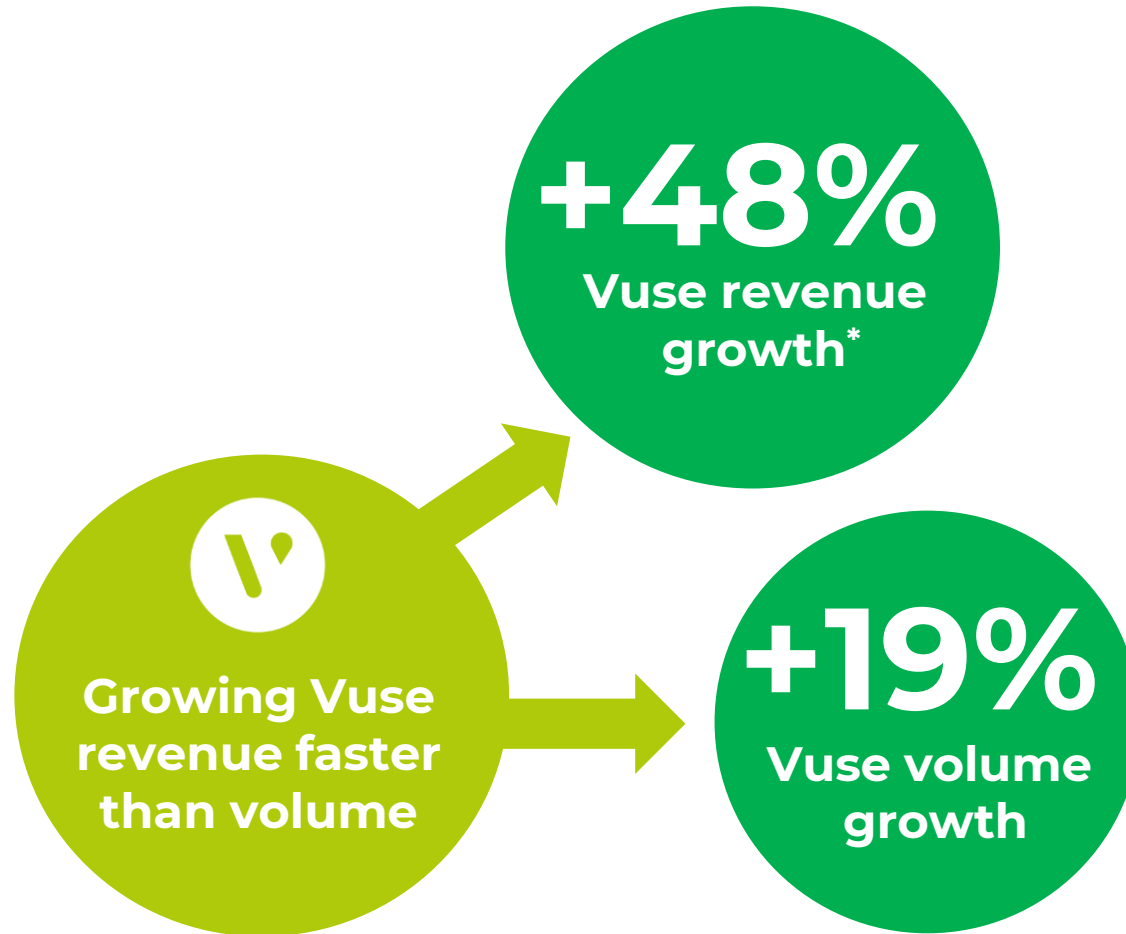
Reduced Cost of Goods

- Further scale benefits
- c.£120m productivity savings*** delivered
- Vuse Cost of Goods per unit down 17% driven by automation

Optimised Marketing Investment

- Marketing Spend Effectiveness
- Leveraging data and analytics
- Reduced Consumer acquisition^ and retention costs
 - Vuse 35% improvement
 - glo 30% improvement
 - Velo 35% improvement

Vapour: Vuse extends global leadership despite growth in disposable segment



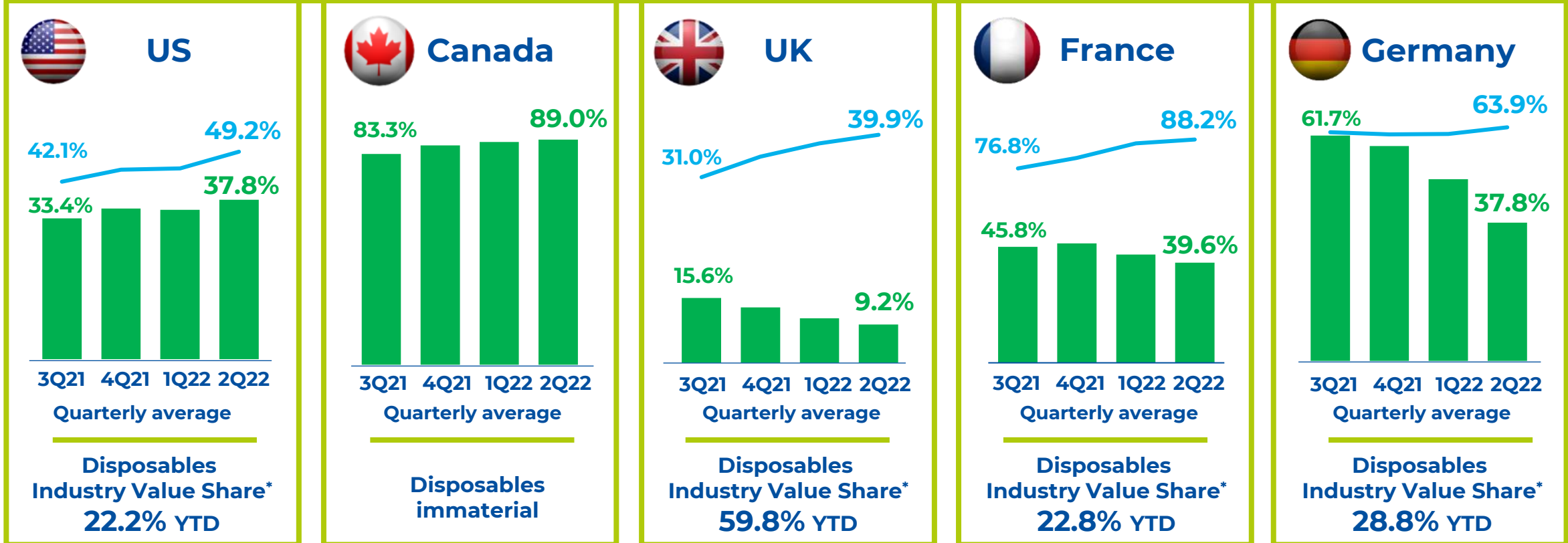
Vuse value share momentum continues

34.7%
+ 120 bps
Vuse value share of Vapour category**

49.8%
+ 670 bps
Vuse value share of Vapour category (ex-disposables)***

Vuse growing closed system value share in all T5**

Continued closed system momentum across T5** Markets (c.80% of Industry Revenue)



■ Vuse share of Total Vapour Category
 ■ Vuse share of Closed systems ex-disposables

Vuse Go disposable already launched in UK, rapid H2 roll out planned in Europe

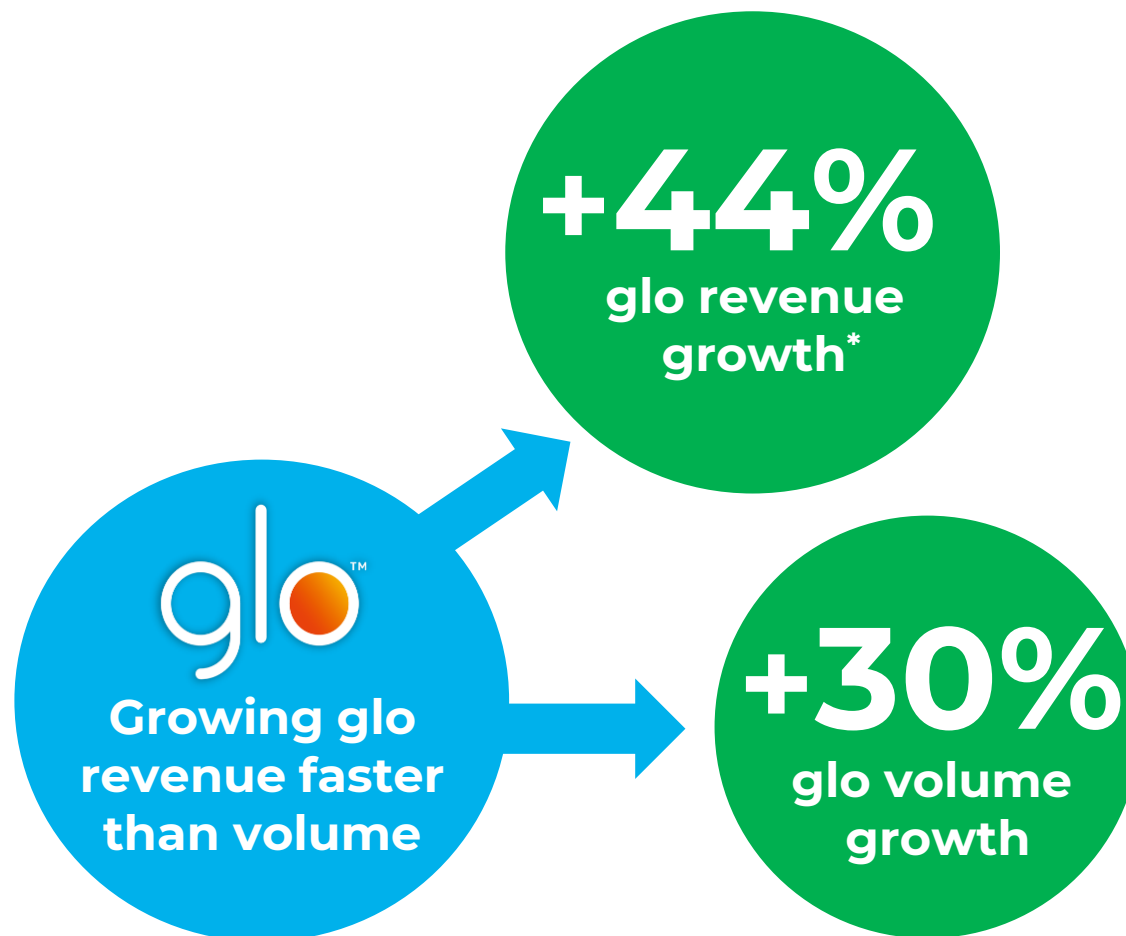
Already
#3
Disposables
Share*

Fast
approaching
#2
Disposables
Share*

- Premium price positioning
- Very limited cannibalisation
- Take-back scheme for devices
- Strong Youth Access Prevention controls with Verify platform for retailers



THP: glo continues to grow rapidly driven by hyper



glo volume share momentum continues

19.6%
+ 160 bps
glo volume share of THP category**

3.3%
+ 70 bps
glo volume share of total nicotine (FMC+THP)**

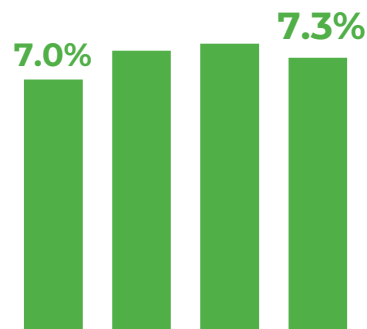
glo share of total nicotine* up YTD in all T9 markets

Record YTD glo Nicotine* Share in many key markets (c.80% of Industry Revenue)



Japan

**+0.6 ppts
YTD**



3Q21 4Q21 1Q22 2Q22
Quarterly average

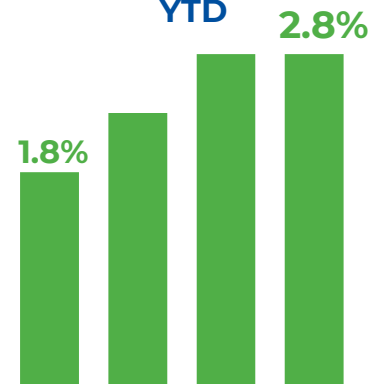
20.5%

Category share YTD



Italy

**+1.0 ppts
YTD**



3Q21 4Q21 1Q22 2Q22
Quarterly average

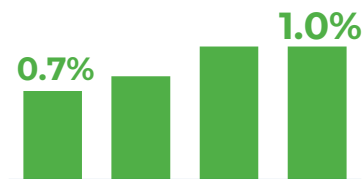
15.4%

Category share YTD



Romania

**+0.3 ppts
YTD**



3Q21 4Q21 1Q22 2Q22
Quarterly average

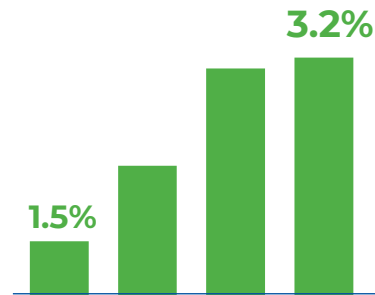
19.2%

Category share YTD



Poland

**+1.9 ppts
YTD**



3Q21 4Q21 1Q22 2Q22
Quarterly average

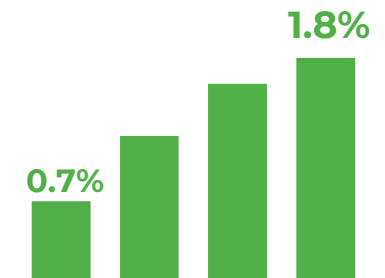
30.2%

Category share YTD



Czech Rep

**+1.0 ppts
YTD**

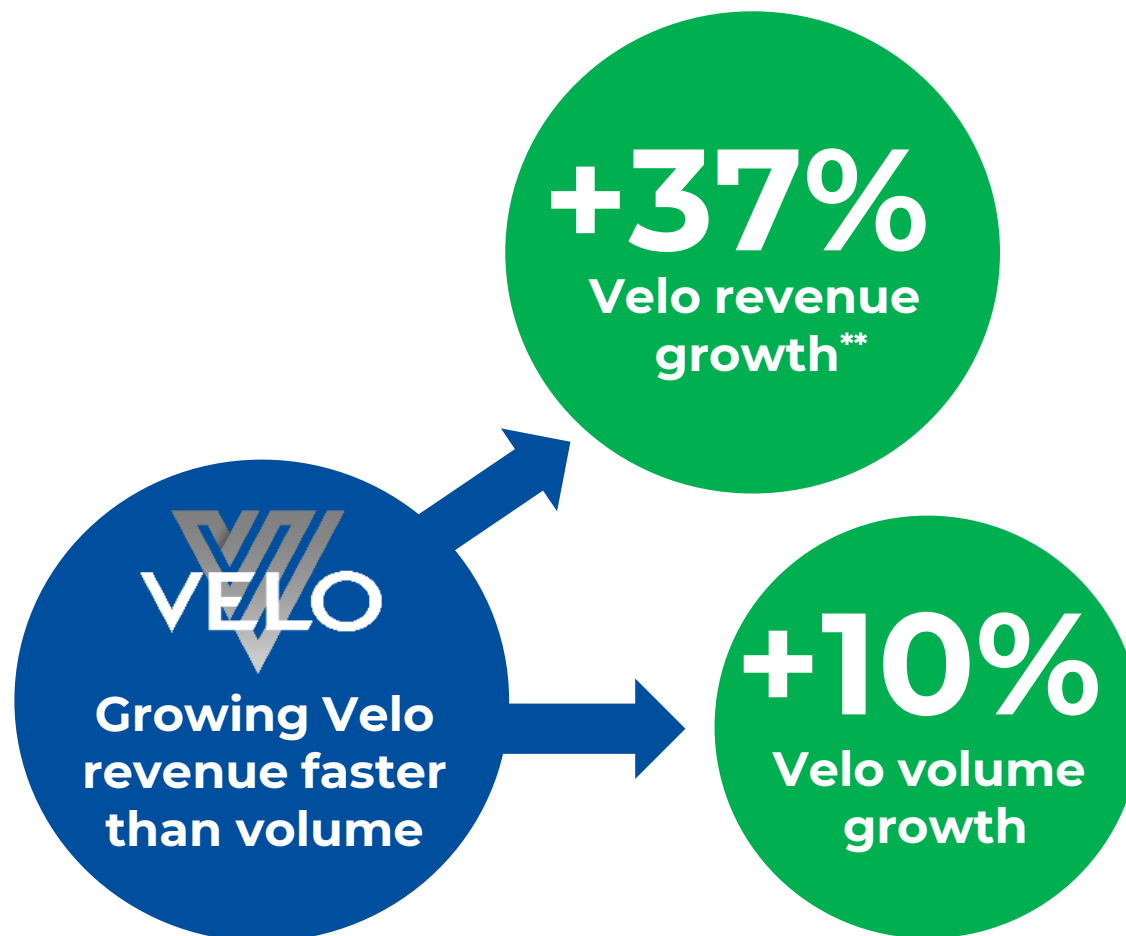


3Q21 4Q21 1Q22 2Q22
Quarterly average

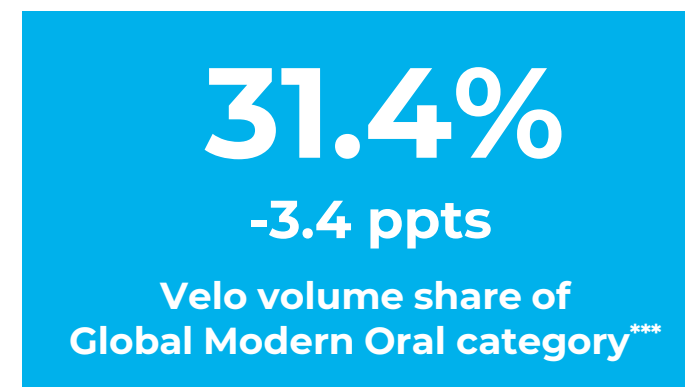
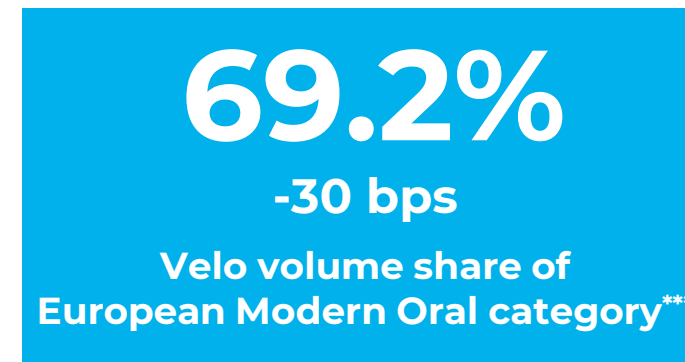
12.6%

Category share YTD

Modern Oral: Velo continued International leadership*



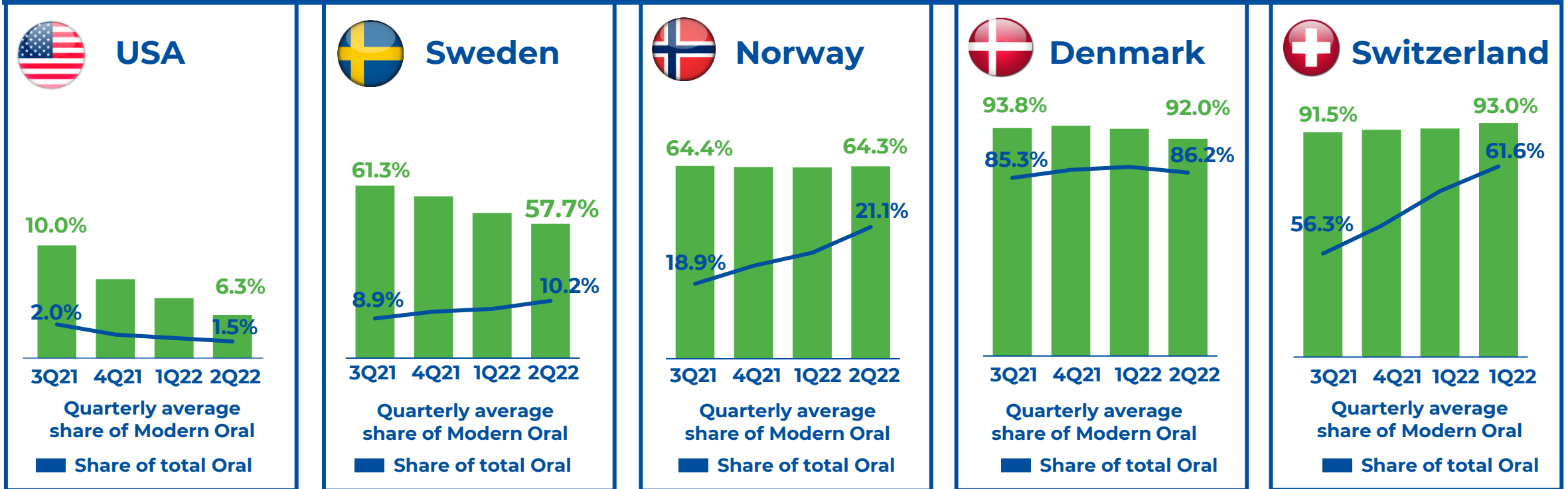
Maintaining European leadership in a fast growing category



*Velo is volume share leader in 4 of the international top 5 (i.e. excluding the US).** Revenue and volume growth versus H1'21. Revenue growth at constant rates. See Appendix A2. ***Share growth versus FY21. For share definitions see Appendix A3. Velo brand represents over 75% of our Modern oral volume. Velo volume share across Top 5 Modern Oral markets: US, Sweden, Denmark, Norway, Switzerland and now excludes Germany.

Velo: Continued International leadership*

Continued Share Growth Across Key** Markets (c.80% of Industry Revenue)



Leader in 15 of 17 European markets

* Volume share leadership in Top 5 markets. Velo is volume share leader in 4 of the international top 5 (i.e. excluding the US). ** Key markets: Sweden, Norway, Denmark, Switzerland, US and now excludes Germany. Volume share of Modern Oral category and volume share of total oral category – monthly average of quarter share to May 2022. See Appendix A3 for Volume share definition.

Velo: Geo expansion driving growth in new markets

UK volume share Leadership achieved



48%
volume share*
+19 ppts



- Trade presence increased to c.28k stores
- 2022 Product of the Year winner

Entering South Africa city pilot phase 2

Targeted activation plan with expanded distribution



10 pouch mini can

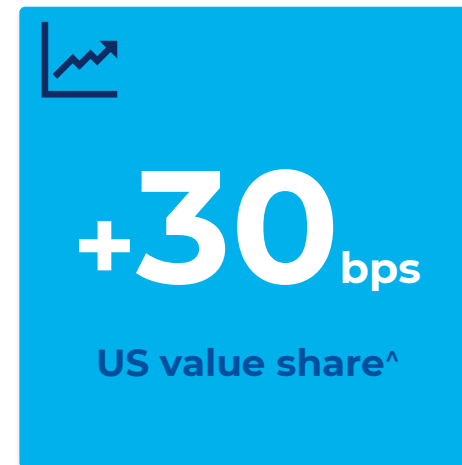
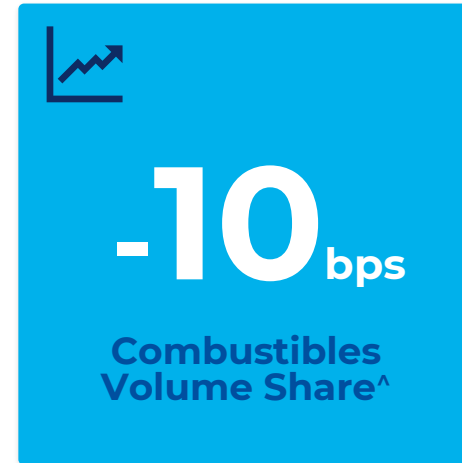


5 pouch sachet pack

- > 30% conversion to active user**
- Expanding guided trial leveraging digital
- Building brand presence

Further geographic expansion planned in H2

Combustibles: Delivering value growth



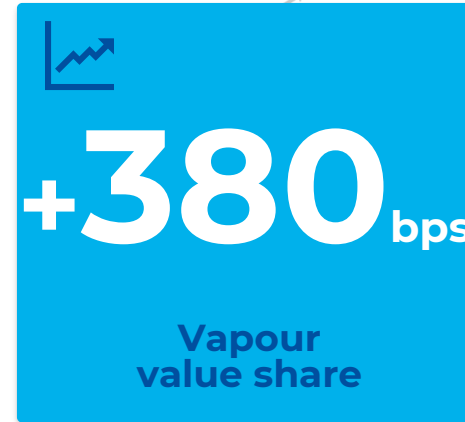
H1 2022: All four regions contributing to results



	New Category Revenue*	Revenue*	Combustible Value Share**	Adjusted Profit from Operations*
EUROPE	+49.8%	+9.7%	-30bps	+11.7%
APME	+15.9%	+4.7%	+40bps	-5.4%
AMSSA	+71.5%	+6.0%	-40bps	+6.5%
USA	+59.2%	-0.3%	+30bps	+5.5%
Group	+45.0%	+3.7%	+10bps	+4.9%

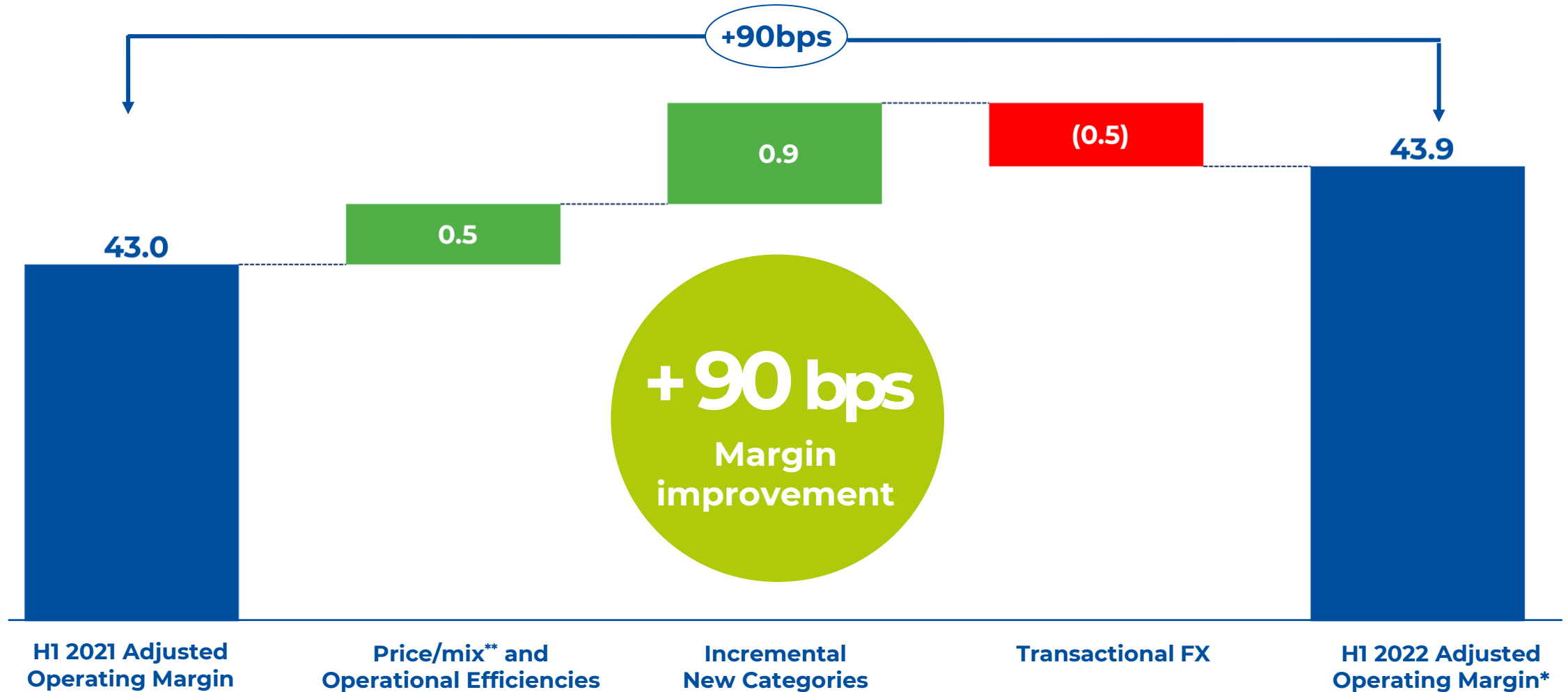


US: Continued Vuse strength and robust pricing in a challenging environment



- Vuse now #No.1 value share***
 - 19.4% volume growth
 - 60% revenue growth*
 - 36.3% YTD May, up 380bps
- Sequential combustible volume share** growth since Jan 22
- Premium value share growth, supported by Newport and Natural American Spirit

Strong Group Operating Margin expansion

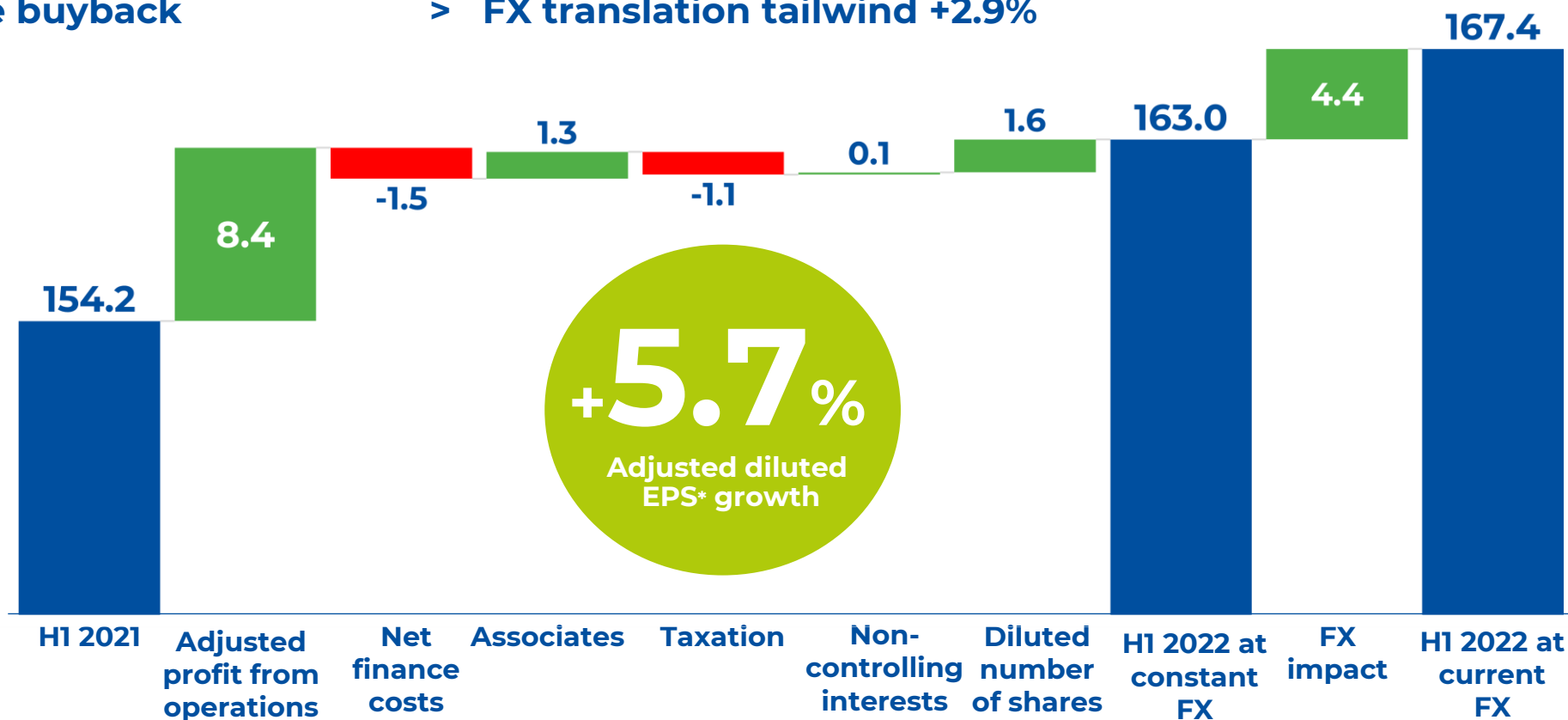


* On an adjusted current rate basis. See Appendix A1. ** See Appendix A4.

EPS*: Growth up +5.7%

H1 2022 EPS growth benefitting from:

- > Operational performance
- > Share buyback
- > Increase in Associate Income driven by post COVID recovery in ITC
- > FX translation tailwind +2.9%



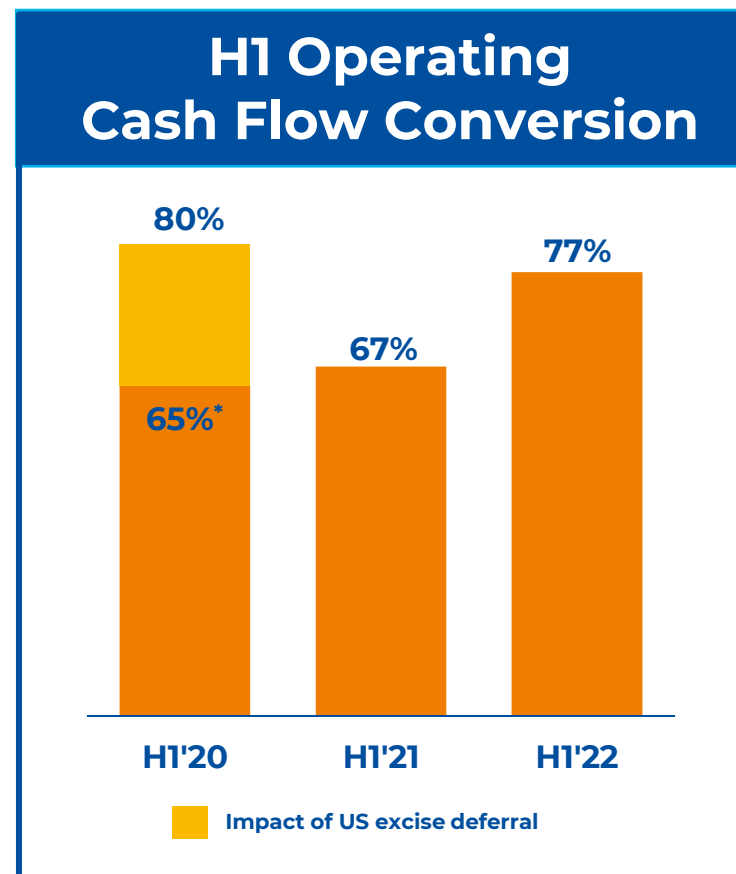
* Adjusted, diluted, EPS at constant rates. See Appendix A1 & A2.

Cash: On track for another year of strong cash conversion in excess of 90%

- ✓ **Further strong cash flow delivery:**
 - Continued working capital focus
 - New ways of working releasing cash from business

- ✓ **Cash flow weighted to H2, as normal**

- ✓ **Well on track to deliver:**
 - Another year of strong operating cash conversion >90%****
 - Adj. net debt to adj. EBITDA** expected within our 2-3x corridor



**c.£40bn
5 Year
Cumulative
Free Cash
Flow*****

FY 2022 Guidance maintained irrespective of the timing of the transfer of our Russian business



2-4%
Revenue Growth*



Mid-Single Figure
EPS Growth**



Jack Bowles

Chief Executive



We are delivering on our operational priorities

**STEP-CHANGE IN
NEW CATEGORIES**

**COMBUSTIBLE
VALUE
GROWTH**

**SIMPLIFY
THE
COMPANY**

- ✓ **Continued strong New Category momentum**
- ✓ **Delivering robust financial results**
- ✓ **Continued savings from Quantum**

Confident in FY 2022 guidance

Our Faster Transformation is well underway



- ✓ **We are transforming and delivering**
- ✓ **Driven by our multi-category strategy**
- ✓ **Actively encouraging adult smokers to switch***

Delivering on our Purpose

We are building A Better Tomorrow™

From

To



50 million consumers of Non-Combustible** products by 2030



£5bn New Category Revenue by 2025



Carbon neutral operations Scope 1&2 by 2030***



Net zero value chain emissions by 2050***



Eliminate unnecessary single-use plastic in our packaging & all plastic packaging recyclable^ by 2025***

Interim Results 2022: Q&A

Jack Bowles – Chief Executive | **Tadeu Marroco** – Finance and Transformation Director



Group Results excluding – Russia/Belarus

	Group excluding Russia/Belarus H1'22	Group excluding Russia/Belarus H1'21	Growth excluding Russia/Belarus H1'22 v H1'21	Total Group Growth H1'22 v H1'21	Group excluding Russia/Belarus FY21
Volume FMC & THP	291bn	301bn	-3.4%	-3.1%	608bn
	(£ Millions)	(£ Millions)			(£ Millions)
Revenue*	12,264	11,861	+3.4%	+3.7%	25,011
NC Revenue*	1,220	837	+45.7%	+45.0%	1,957
APFO**	5,398	5,160	+4.6%	+4.9%	11,011
	(Millions)	(Millions)			(Millions)
Consumers of Non-Combustible products***	19.0	15.1	+25.8%	+26.7%	17.1

* On a constant rate basis. See Appendix A2. ** On an adjusted constant rate basis. See Appendix A1 & A2. *** Consumers of Non-Combustible products. See Appendix A6.

Appendix



A1: Adjusting (Adj.)

Adjusting items represent certain items which the Group considers distinctive based upon their size, nature or incidence.

A2: Constant currency

Constant currency – measures are calculated based on the prior year's exchange rate, removing the potentially distorting effect of translational foreign exchange on the Group's results. The Group does not adjust for normal transactional gains or losses in profit from operations which are generated by exchange rate movements.

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. Corporate volume share is the share held by BAT Group/Reynolds (US region). Except when referencing particular markets, volume share is based on our key markets (representing over 80% of the Group's cigarette volume).

Value share: The retail value of units bought by consumers of a particular brand or combination of brands, as a proportion of the total retail value of units bought by consumers in the industry, category or other sub-categorisation in discussion.

Nicotine share: The retail sales volume/value of the nicotine product sold as a proportion of total specified nicotine product volume/value in that market. In the US covers: Combustibles, vapour and total oral.

A4: Price/Mix

Price mix is a term used by management and investors to explain the movement in revenue between periods. Revenue is affected by the volume (how many units are sold) and the value (how much is each unit sold for). Price mix is used to explain the value component of the sales as the Group sells each unit for a value (price) but may also achieve a movement in revenue due to the relative proportions of higher value volume sold compared to lower value volume sold (mix).

A5: Environmental Targets

Targets cover: climate change, water and waste, sustainable agriculture. Full details are available from the latest ESG Report

[British American Tobacco - Sustainability reporting \(bat.com\)](https://www.bat.com/sustainability-reporting)

A6: Consumers of Non-Combustible Products

The number of consumers of Non-Combustible products is defined as the estimated number of Legal Age (minimum 18 years) consumers of the Group's Non-Combustible products. In markets where regular consumer tracking is in place, this estimate is obtained from adult consumer tracking studies conducted by third parties (including Kantar). In markets where regular consumer tracking is not in place, the number of consumers of Non-Combustible products is derived from volume sales of consumables and devices in such markets, using consumption patterns obtained from other similar markets with adult consumer tracking (utilising studies conducted by third parties including Kantar). The number of consumers is adjusted for those identified (as part of the consumer tracking studies undertaken) as using more than one BAT Brand - referred to as "poly users".

The number of consumers of Non-Combustible products is used by management to assess the number of consumers using the Group's New Categories products as the increase in Non-Combustible products is a key pillar of the Group's ESG ambition and is integral to the sustainability of our business.

The Group's management believes that this measure is useful to investors given the Group's ESG ambition and alignment to the sustainability of the business with respect to the Non-Combustibles portfolio.

A7: Free Cash Flow

Net cash generated from operating activities before the impact of trading loans provided to a third party and after dividends paid to non-controlling interests, net interest paid and net capital expenditure.

A8: Operating Cash Conversion

Net cash generated from operating activities before the impact of adjusting items and dividends from associates and excluding trading loans to third parties, pension short fall funding, taxes paid and net capital expenditure, as a proportion of adjusted profit from operations.

A9: Velo advertisement disclaimer (slide 22)

This product is not risk-free and contains nicotine, an addictive substance. Comparison based on an assessment of smoke from a scientific standard reference cigarette (approx. 9mg tar) and components released during use of a Velo pouch, in terms of the average of the 9 harmful components the WHO recommends to reduce in cigarette smoke. 18+ only. This product contains nicotine and is addictive.



Interim Results 2022

New Category Growth Driving Faster Transformation

Jack Bowles – Chief Executive | **Tadeu Marroco** – Finance and Transformation Director