

Investor Day 2015

Americas Region

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Important notice (continued)



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Regional highlights: Americas

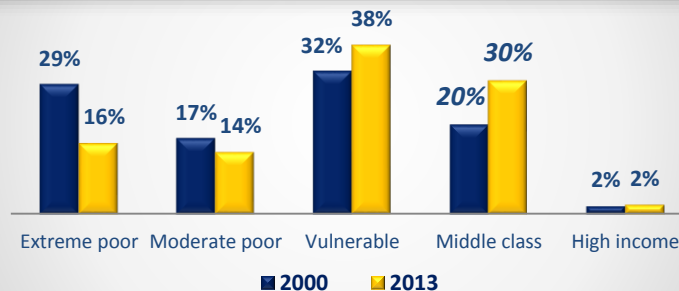
Fundamentally an attractive Region

- Still room for longer term economic growth
- Boosted middle class in Latin America, c. 30% of the population
- A strong pricing environment
- Consumers keen on innovation

But suffering a slowdown in the short term...

- GDP is slowing down in some key markets impacting FX rates
- Commodities slowdown across key markets including Canada
- Growth in disposal income is now slowing down
- Inflation & unemployment are increasing

Middle class expansion in Latin America



Annual disposable income YoY Growth



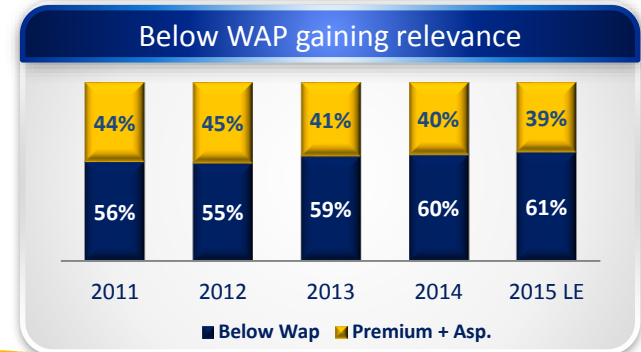
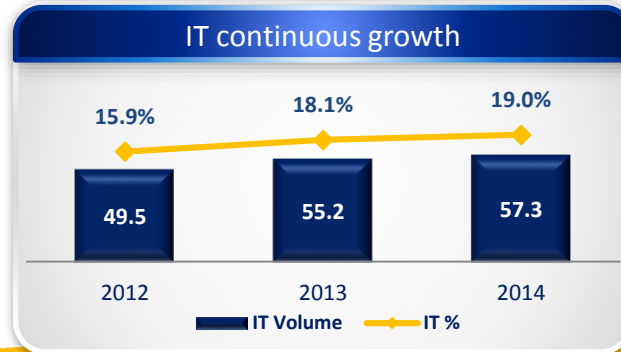
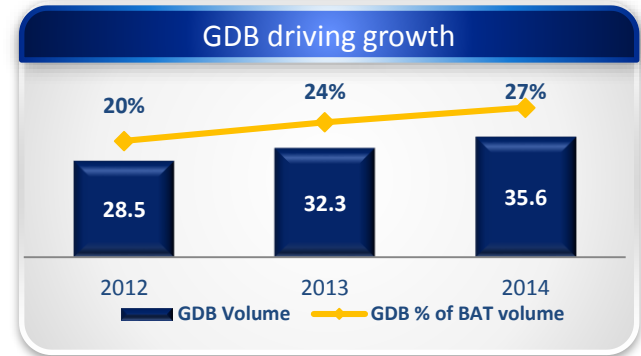
Opportunities and threats

We're positioned well to seize the significant opportunities in the Region

- Recapture volume from Illicit trade
- Further growth of Premium & GDBs
- With 56%* share, there's still room to grow value
- Unlock the potential of NGP

However, there are some trends impacting the business

- Illicit trade is growing across the region
- Down-trading driven by the economic issues



* Nielsen T40 market share
(Excludes Venezuela)

Delivering the strategy

- 40+ markets
- Leadership position in key markets and a strong established portfolio
- Robust pricing agenda across the Region
- Focus and investment behind premium (+0.7p.p.)¹
- Highest standards in execution across the region
- Region-wide anti-illicit trade programme in place
- Continuous productivity and efficiencies improvement programme
- Exporter of top talent to the Group
- Leaf farmers support programme
- Contributes 27% to group UOP with an improving mix
- High operating margin at 44%* and growing



Success stories enabled by the Group Strategy

- Sustained growth in share, UOP and Operating Margin
- Brazil success despite current excise model, Anti Illicit trade policies failure and current macro-economic performance
- Mexico volume & share with Pall Mall
- Colombia integration now complete with share c.49%
- Canada back to sustainable growth after many years



Regional Performance: Americas

Region performing well across key indicators



		2012 – 2014	HY 2015 vs HY 2014
Volume <i>avg growth p.a</i>	INDUSTRY	-3.6%	-3.2%
	BAT	-4.1%	-4.4%
Financial <i>avg growth p.a at constant rates</i>	REVENUE	3.9%	11.0%
	OPERATING PROFIT	6.6%	9.2%
	OPERATING MARGIN (AT CURRENT RATES)	2.7pp	0.3pp
Share <i>cumulative growth</i>	CIGARETTES	1.5pp	0.2pp*
	GDBs	5.4pp	1.5pp*

*HY 2015 vs FY 2014

Regional GDBs: Americas

GDBs driving growth – Fastest growing brands in key markets



29% of BAT Volume

Volume: +5.6%

Share: +1.5pp



Winning in key markets;
share +0.1pp*



Stronger equity;
BR share +1.0pp



Biggest brand;
Share +2.0pp
in CH & **+2.4pp**
in MX



Gaining share across
the Region **+0.5pp**;
+0.6pp in Argentina;
+64% volume growth*

GDBs driving premium share growth (+0.7pp)

Regional summary: Americas

A concerted effort behind Lucky Strike in the region



*Modernising the premium
segment through migration to LS
Driving premium growth
through innovation*

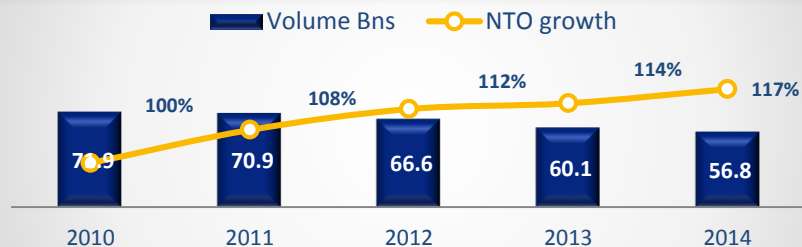


Brazil

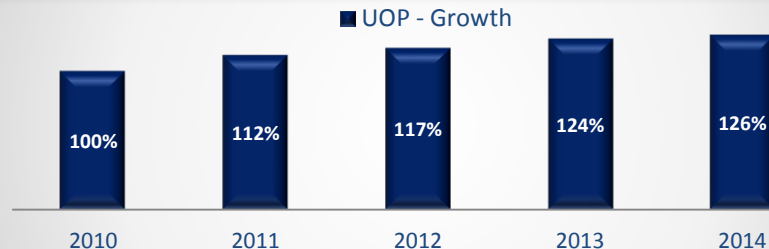
NTO maintained despite volume decline



NTO and volume trend



UOP trend



Share of market



Dunhill outstanding performance



Continuous share growth over the years. H1'15 volume impacted by economy slow-down, the growth of illicit trade and Competitors longer price increase delay



Brazil

Share opportunities and challenges for market



Recapture illicit trade volume

Excise structure

Continue growing share of Premium

Capitalise on the down-trading trend

Further optimise the cost structure

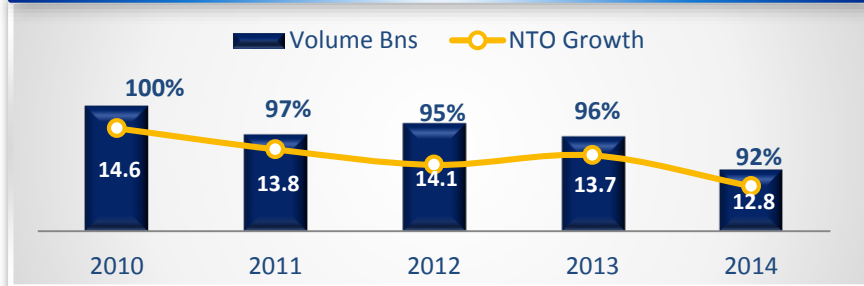


Canada

Striving for a level playing field



NTO and volume trend



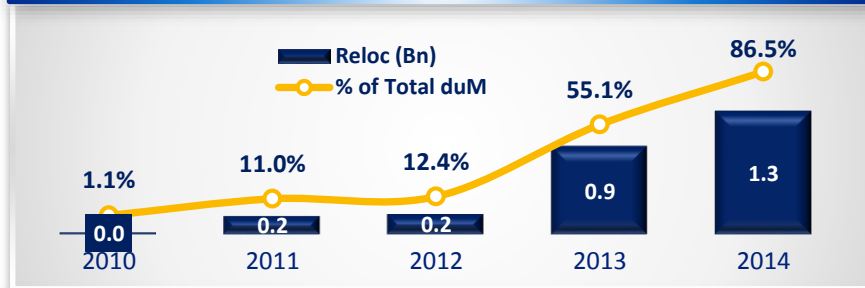
UOP trend



Share of market



Strengthening Premium through innovative offers



Despite the regulatory environment, successfully introducing innovation in Canada. Down-trading puts pressure on BAT share, but Pall Mall has been sustaining its continuous growth trend, partially offsetting the decline



Canada

Share opportunities and challenges for market



Reduce down-trading by building equity through innovation in Premium

Several successes in key provinces, but more challenging in ON & QC

Adoption of a moderate and predictable excise increase at
both federal and provincial level

Regulatory framework to curb illicit trade

Lead the formalisation of NGPs



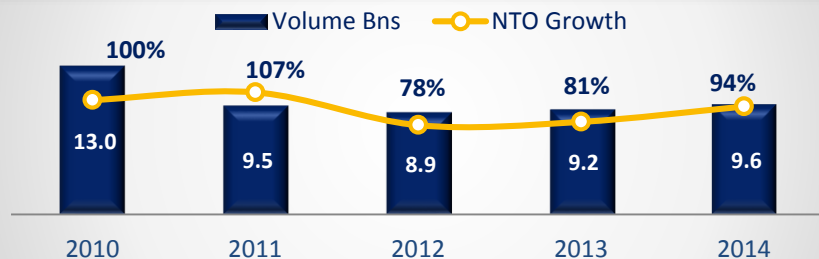
Mexico

Mexico's outstanding results due to Pall Mall's growth momentum, driven by deployment of innovations

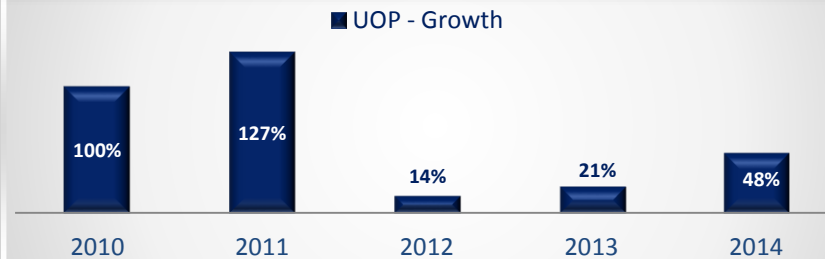


BRITISH AMERICAN
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NTO and volume trend



UOP trend



Share of market



Pall Mall: a true brand transformation



UOP recovering from excise shock & share growth driven by formats and innovation in Freshness & Stimulation arena



Mexico

Share opportunities and challenges for market



Drive modernisation in Premium through Lucky Strike

Further Pall Mall growth

Curb Illicit Trade risks through awareness programmes

A predictable excise regime and structure to avoid shocks



Other Americas strategic pillars

Value strengthening with Profit and Share growth



BATCCA UOP trend

■ UOP - Growth

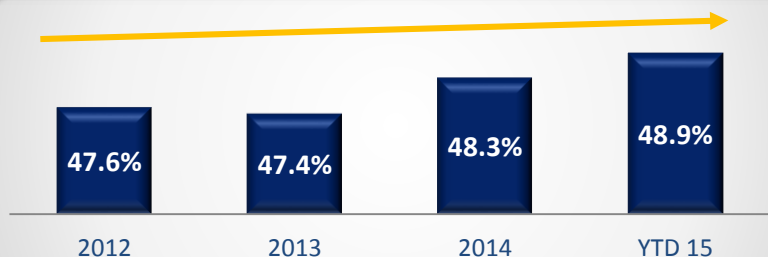


Chile UOP trend

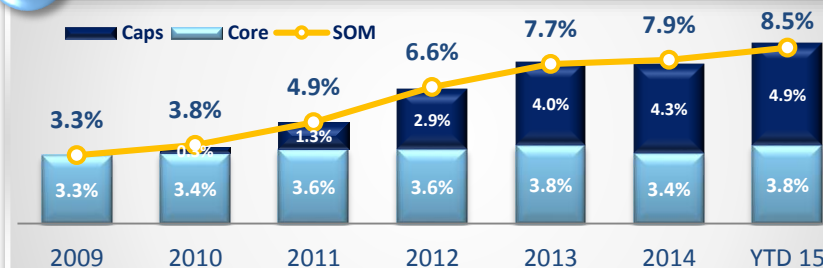
■ UOP - Growth



Colombia share of market



Argentina: Lucky Strike share of market



Source: Retail Audit YTD Jun'15, Volume Shipments , 2010, 2011 & 2012 SOM figures not rebased. Company Data, financials at constant rates

Regional summary

Well positioned to continue to capitalise on share momentum



Sustained growth of share & GDBs driven by innovation & a strong RTM

Continued delivery of financials despite the tough environment

Growth expected to continue as we continually modernise our portfolio



A strong regional performance to be continued...

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