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# Investor Day 2013

## Asia Pacific Region






Jack Bowles



### Growing...

- Middle Class Consumers , +10.7% 3 Yr CAGR
- ASU30 Smokers +3.2% to 26.3% of Total Smokers
- Innovation Segment +10% p.a. to 10bn
- Premium Segment +6.6% p.a. to 236bn
- Menthol Segment +3.1% p.a. to 70bn
- Kretek Segment +6.1% p.a. to 310bn



DIMENSION	2010	2012	CAGR
Consumption volume (bn)	1,081	1,099	 +0.8%
Duty Paid volume (bn)	1,021	1,042	 +1.0%
Illicit trade (bn)	59.6	57.4	 - 1.9 %
Industry value (£bn)	64	73	 +6.9%
Consumers disposable income (£, per capita)	2016.5	2312.1	 +7.1%

Source : BAT Estimates, Euromonitor

Notes:

- 1) Industry volumes (Duty Paid) only include Markets where BAT operates (excludes China, Thailand & India etc)
- 2) International companies include Top 11 markets in ASPAC which accounts for 90% of Total ASPAC
- 3) Annual Disposable income in GBPs

# BAT ASPAC

Promising Performance



- **25 Markets / 17,000 employees**
- **Leadership position in 10 key Markets**
- **Growing share in 9 out of 11 key Markets**
- **Top 6 Brands account for 60% of the volume**
- **37% of BAT Volume in Global Drive Brands**
- **Growing Operating Margin to 40%**
- **Growth in Innovation segments**
- **Recent entry in Philippines & Myanmar**
- **Accelerated Growth of ASPAC Talent**
- **Largest revenue and profit contributor to Group**



# BAT ASPAC is performing well

*Share*

*H1 2013 vs FY 2012*

Cigarettes



+0.3ppt

GDB



+0.4ppt

Premium



+1.0ppt

ASU30



+1.0ppt

# BAT ASPAC is performing well



*Financials*

*FY2010 - FY2012*  
*Average growth p.a.*  
*Organic constant*

*H12012 – H12013*  
*Constant growth*

**NTO**

 **+4.9%**

 **+5.3%**

**Operating Profit**

 **+9.3%**

 **+9.2%**

**Operating Margin**  
(as reported, current rates)

 **+2.1ppt**

 **+1.7ppt**

2013

# Strong Portfolio Mix

## Volume



## Share



# Delivering the strategy





# INNOVATION

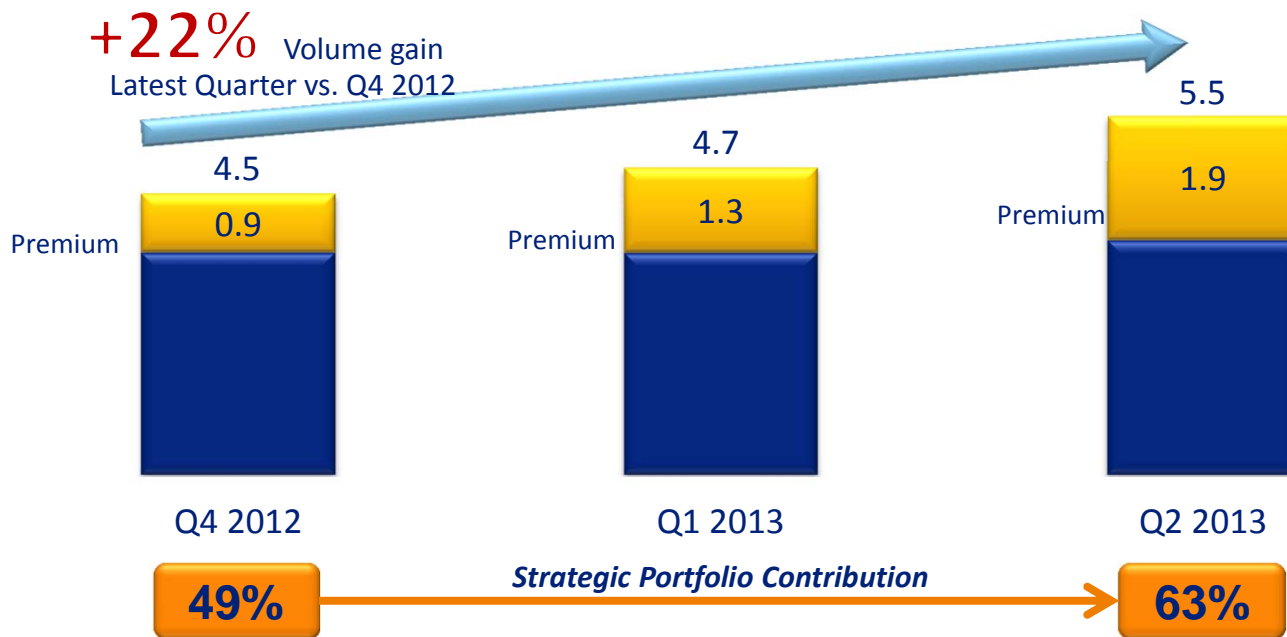
## GROWTH THROUGH INDUSTRY LEADING INNOVATION





- **Size of Market: 323bn**
- **Market growth 5% p.a**
- **Acquired Bentoel with local Brands**
  - Transformed portfolio to focus on strategic brands: Dunhill, Club Mild, Star Mild
  - Focused on emerging segments
  - Changed distribution approach (DSS and Wholesalers)
  - Built Strong Product capabilities (Product superiority for Dunhill Mild and Club Mild)

## BAT VOLUME GROWTH DRIVEN BY PREMIUM PORTFOLIO



- YTD Volume: +2% vs. SPLY
- Premium portfolio contribution = 36%
- Premium Share Growth by 2.4%



### Doubled Share in 6 Months



### Growing Share in Handler & Distribution

	Dec '12	Jun '13
Share in Handler	2.4%	3.5%
Distribution (WD)	34%	49%

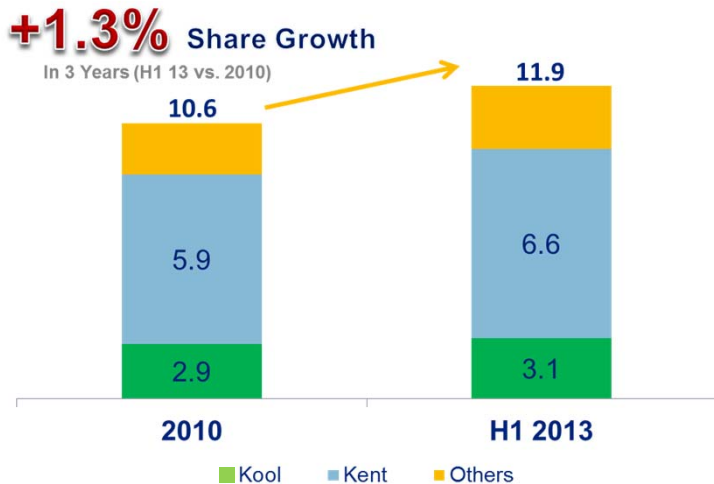


# JAPAN

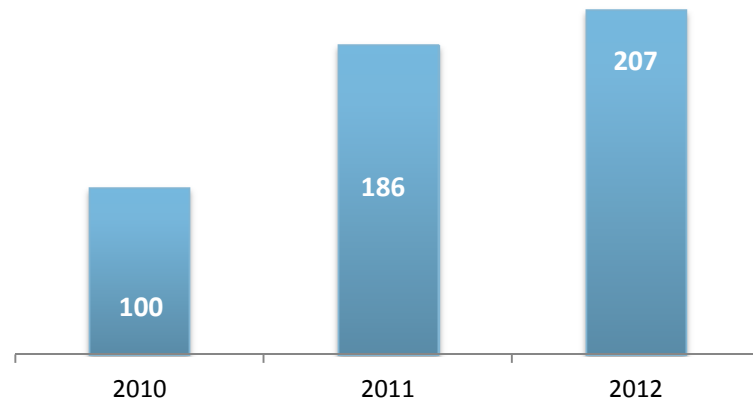
## STRENGTHENING THE PORTFOLIO SINCE 2010



### BAT Market Share (%)



### UOP Evolution



BAT Share of Fresh Segment

**22.4%**

BAT Share of Lights Segment

**13.6%**



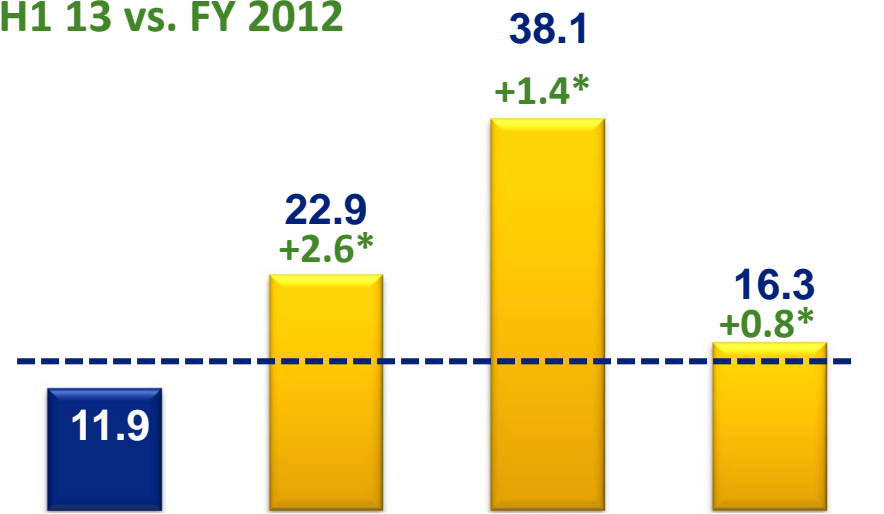
# JAPAN

## GROWTH IN EMERGING SEGMENTS THROUGH INNOVATION



### BAT Growing and Over-Indexed in Emerging Segments

H1 13 vs. FY 2012



Share of Market Share of Slimme Share of Capsule Share of ASU30

Source: BAT Estimates (H1 13 Share vs. FY 2012)



# PHILIPPINES

## RE-ENTRY INTO THE 7TH LARGEST MARKET

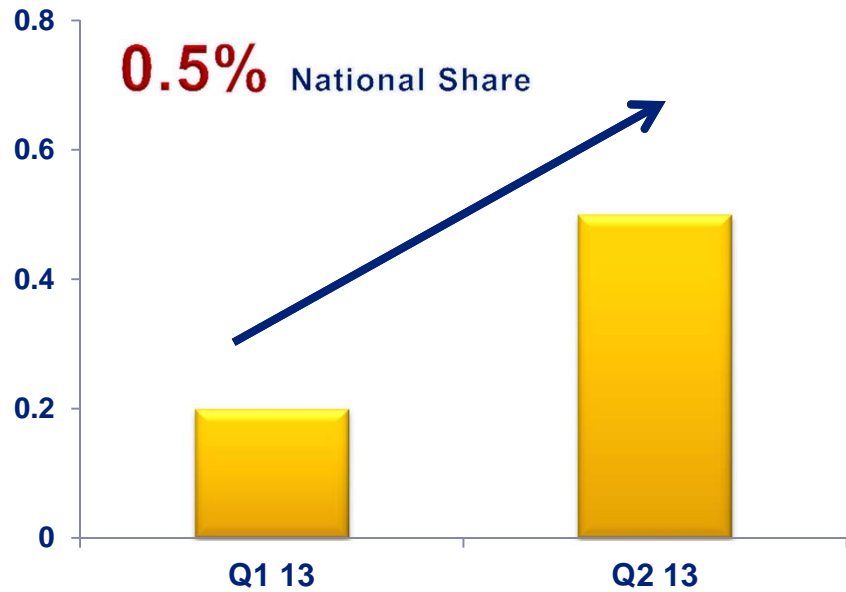


### Level Playing Field (January 2013)

*Excise tax per pack of 20s (PHP)*

	Before	After
	28.3	25.0 
	12.0	25.0 

### Positive Early Results





# SOUTH KOREA

## SHARE GROWTH FOR PAST 8 MONTHS



**BAT Market Share (%)**





# SOUTH KOREA

## DUNHILL BRAND BUILDING CAMPAIGN LAUNCHED



# Dunhill Lights: Growing share in 2013 (\*RA)



### Share (Pre vs. Post Re-launch)\*\*

National KA +0.1ppt

ASU 30 KA +0.2ppt

\*\*Pre (Apr), Post (Jun)

Superior Blend, Pack as Media Supported by Biggest Retail Activation – 95% Reach

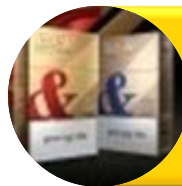
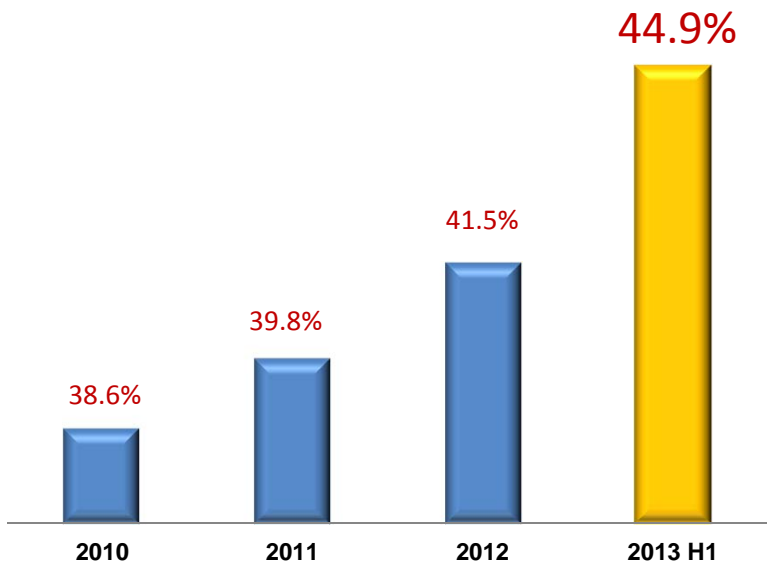


# BANGLADESH

## STRENGTHENED NO.1 POSITION ACHIEVED IN 2012



**BAT Market Share (%)**



**Leading the Premium Segment**  
(BAT - 98% Share of Segment)



**Successful Launch of Derby**  
(6.9% Share in June)



**Excellence in Execution:**  
**+6% National Distribution**  
**through new Routes**

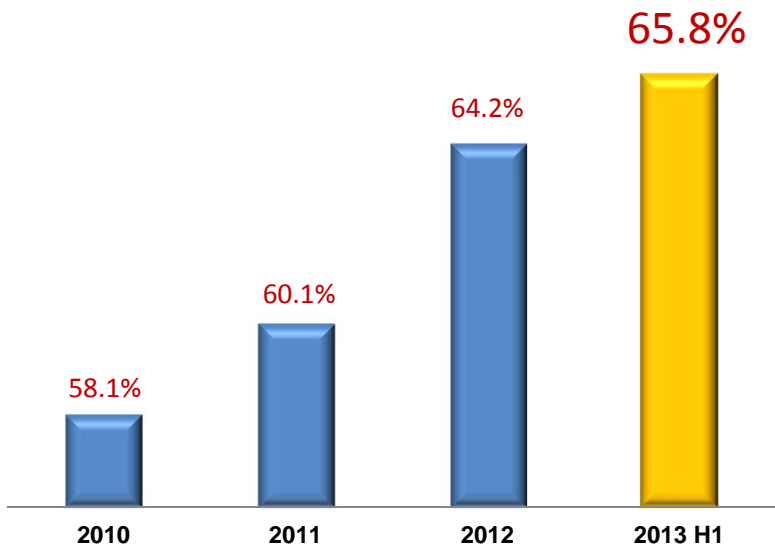


# PAKISTAN

## EXTENDED MARKET LEADERSHIP POSITION



**BAT Market Share (%)**



### **Premium Portfolio Growth**

*JPGL: +0.7% Share vs. SPLY  
(BAT - 97% Share of Segment)*



### **Capstan by Pall Mall: Biggest & Fastest Growing Brand**



### **Excellence in Execution:**

*+10% National Distribution through  
new Routes*



### **Driving Pricing in the market**

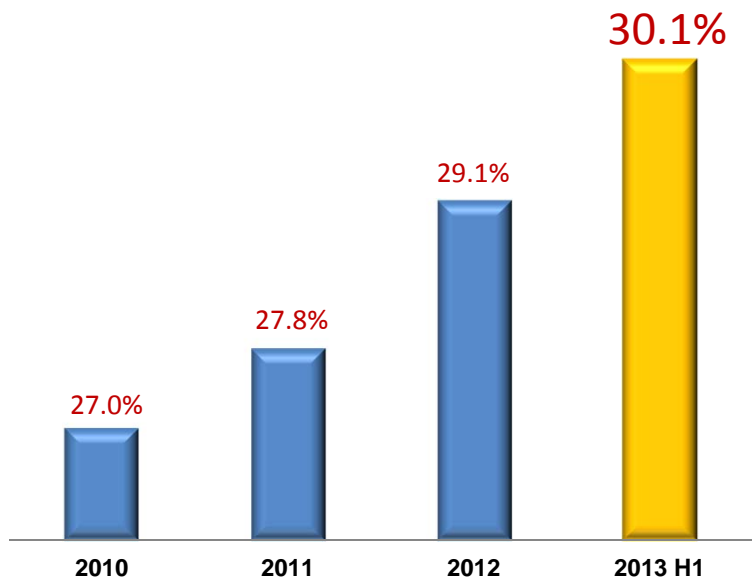


# VIETNAM

## CONSISTENT GROWTH YEAR ON YEAR



**BAT Market Share (%)**



### **Leadership in Premium**

Kent/555: +0.7ppt (H1 13 vs. SPLY)  
 BAT 54% of Premium; 10ppt  
 ahead of Competition



### **Craven A: Leading Asp. Premium**

Growth of +0.7ppt (H1 13 vs. SPLY)  
 BAT 73% of Asp. Premium Segment



### **Market Leaders in Hanoi**

1.5ppt ahead of International Competition



**Leading partner with Vinataba SMD & PMD Joint Venture agreements in place**



*Only International Tobacco  
Company Selling*



*Successful Re-launch  
of London*



*Growing Numerical Distribution  
Est. 65%*



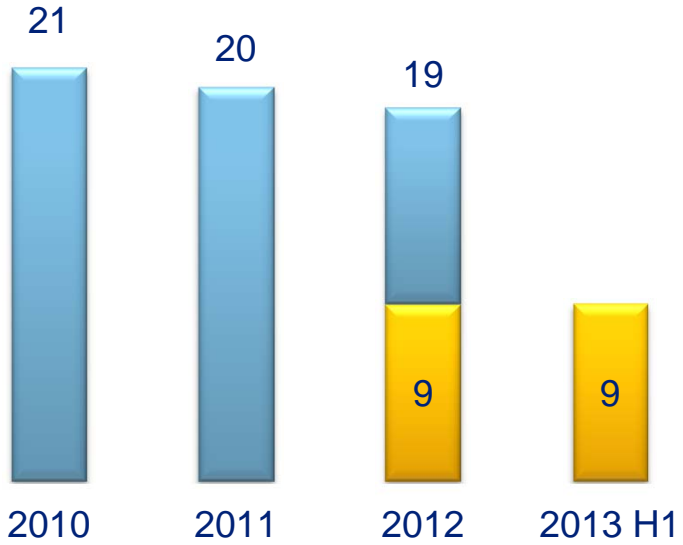


# AUSTRALIA

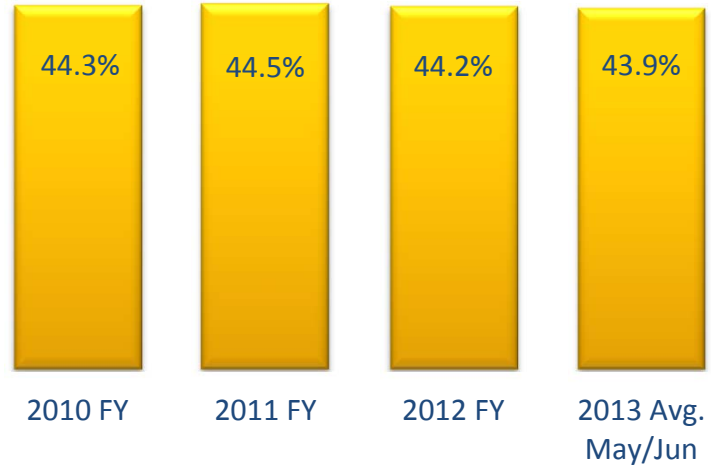
## CONSUMER SMOKING BEHAVIOURS STABLE POST PLAIN-PACKAGING, STABLE INDUSTRY VOLUME AND BAT SHARE



### Cigarette Industry Volume (Bns)



### BAT Share (%)



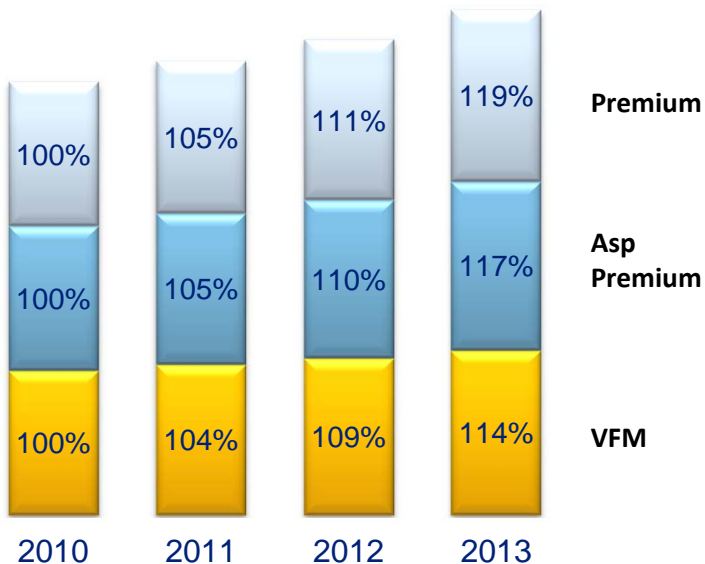


# AUSTRALIA

## VOLUME CONTINUES TO GROW, BAT CONTINUES TO MAINTAIN THE SHARE OF SEGMENTS, ILLICIT AT 10%



### Value / mille by Price Segments



### BAT Segment Share

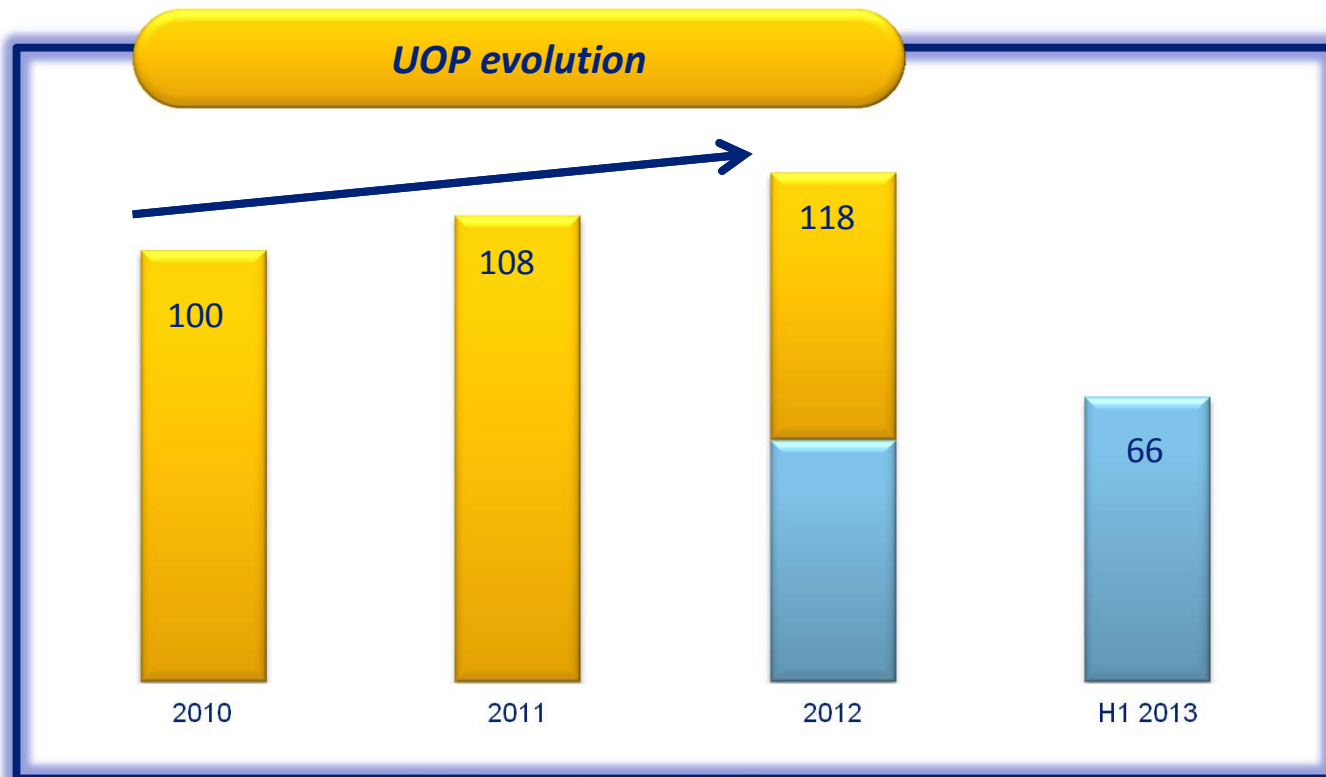
■ BAT Share of Premium ■ BAT Share of Asp. Premium





# AUSTRALIA

VOLUME CONTINUES TO GROW, BAT CONTINUES TO MAINTAIN THE SHARE OF SEGMENTS, ILLICIT AT 10%





# CHINA

## GOOD LONG TERM PROSPECTS



- CTBAT International Limited has commenced business operations
- It is a joint investment of subsidiaries of China National Tobacco Corporation and British American Tobacco, incorporated in Hong Kong
- It will own and manage worldwide international cigarette trademark State Express 555 (SE555)
- It will own the worldwide rights outside China to the leading brand Shuang Xi



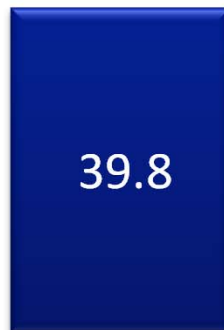
# Transformed to a more efficient organisation

*Operating Margin*

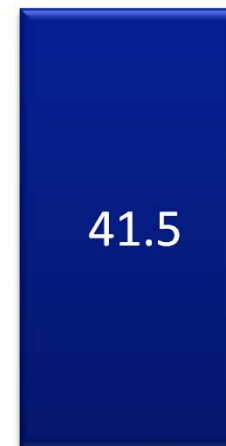
*+3.7ppt  
since 2011*



2011 H1



2012 H1



2013 H1

# Building strong leadership and talent pool for today & future

## Investing in Building Stronger ASPAC Talent

### % of Local Talent on Top Teams



**2010**  
**40 %**



**2013**  
**63%**

### ASPAC Talent in Senior Roles

**2010**  
**215 people**



**2013**  
**255 people (+19%)**



# H1 2013: Solid Performance across Key Metrics

H1 '13 vs. SPLY

Volume

+5.5%

Share

+0.3pnt

Revenue (£)

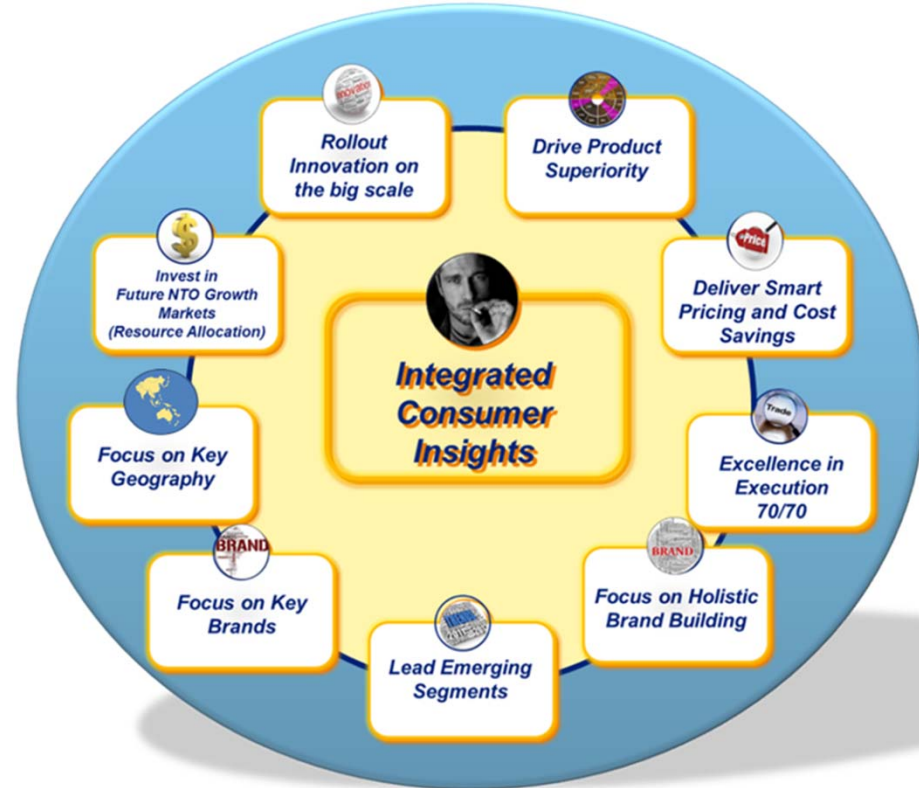
+5.3%

Adjusted profit (£)

+9.2%

Operating Margin

+1.7pnt



BAT ASPAC delivered Solid Performance for H1 2013

Growth in Key Consumer Segments

Leading Innovation & Brand Building in ASPAC

Strengthened BAT Positions in Key Markets

Promising Sustainable Growth in Key Markets including New Entries  
in Philippines, Myanmar

WELL POSITIONED TO CONTINUE TO DRIVE FOR **SUSTAINABLE VALUE TO OUR SHAREHOLDERS**



# Investor Day 2013