

# Building a Smokeless World



Preliminary Results 2024

**Tadeu Marroco** – Chief Executive | **Soraya Benchikh** – Chief Financial Officer

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In particular, among other statements: (i) certain statements in Tadeu Marroco's sections (slides 5, 30-35, 38, 40, 42-45); and (ii) certain statements in Soraya Benchikh's section (slides 8, 20, 22-27).

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# Important Information



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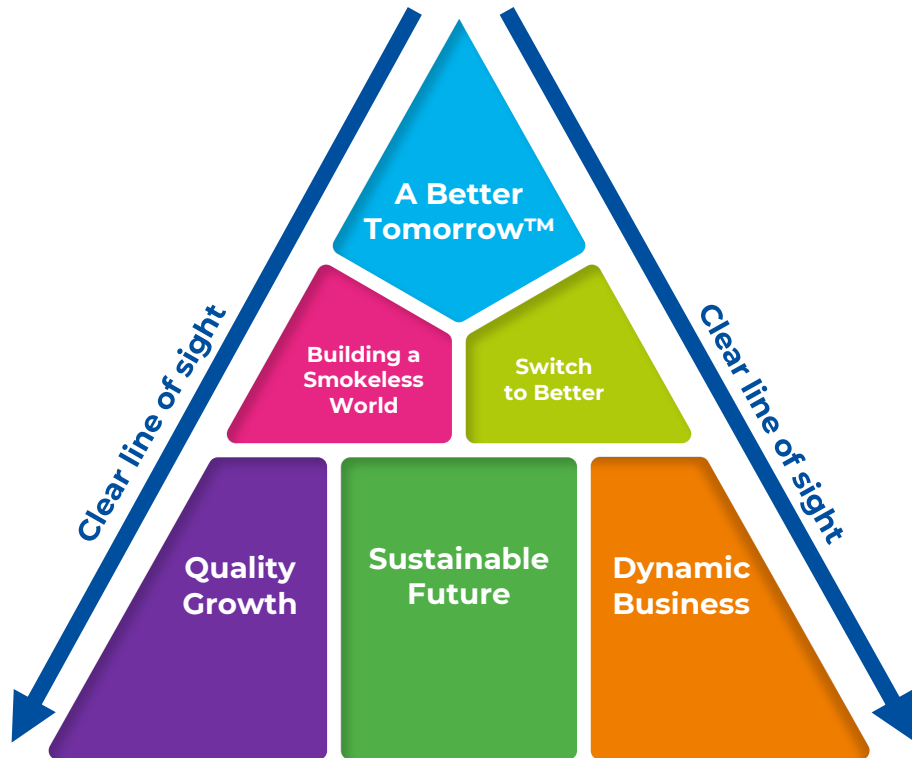
# 2024 investment driving positive momentum

Preliminary Results 2024

**Tadeu Marroco** – Chief Executive



# Driving a sustainable transformation in 2024



- **Results delivered in line with guidance**
  - Investments driving Combustibles recovery in U.S.
  - Continued robust delivery in AME and APMEA
- **Progress towards a Smokeless world**
  - Consumers of Smokeless\* products up 3.6m to 29.1m
  - Smokeless represents 17.5% of Group revenue, up 1ppt
- **Driving returns on more targeted NC investment**
  - £251m increase in Category contribution\*\*
  - Contribution margin\*\*\* +7.1ppts
- **Committed to generating strong cash returns**
  - Leverage within target range at 2.4x^
  - 2% dividend growth; £900m share buy-back in 2025
  - >£50bn cumulative free cash flow^^ expected 2024-2030
- **Confident in our sustainable transformation**
  - 2025 deployment year driving improved returns
  - Returning to mid-term algorithm in 2026

## Investing to deliver long-term value creation

# Targeted investment year in 2024

## What we said

### Goal: Strengthen our U.S. business

#### Action: Investments in our U.S. commercial plans:

- Adjusted price indices and laddering strategy
- Enhanced executional capabilities

### Goal: Strengthen our New Category performance

#### Action: Enhanced innovation cadence:

- Enabled by our significantly improved innovation capabilities and ecosystem

## What we delivered

### FY24 Combustibles volume and value share recovery

- Led by premium
- Previously announced commercial initiatives completed in H1
- Improved financial delivery

### H2 acceleration in New Category growth

- glo Hyper Pro delivering recovery in performance
- U.S. Modern Oral gaining traction with Velo, Grizzly
- Positive early signs from Q4 innovation launches

**Making progress, but more to do...**

# FY24 results in-line with expectations

Preliminary Results 2024

**Soraya Benchikh** – Chief Financial Officer



# My areas of focus

1

## Fuelling transformation

- Drive Combustibles value
- Quality growth
- Release cash

2

## Disciplined targeted capital deployment

- Target largest NC profit pools
- Laser focus on ROI
- Optimise footprint

3

## Strengthen financial resilience

- Strong balance sheet
- Maintain leverage 2x-2.5x\*

4

## Balanced capital allocation

- Progressive dividend
- Sustainable share buy-back
- Bolt-on M&A to accelerate transformation

Drive performance with KPIs

### Creating value for shareholders:

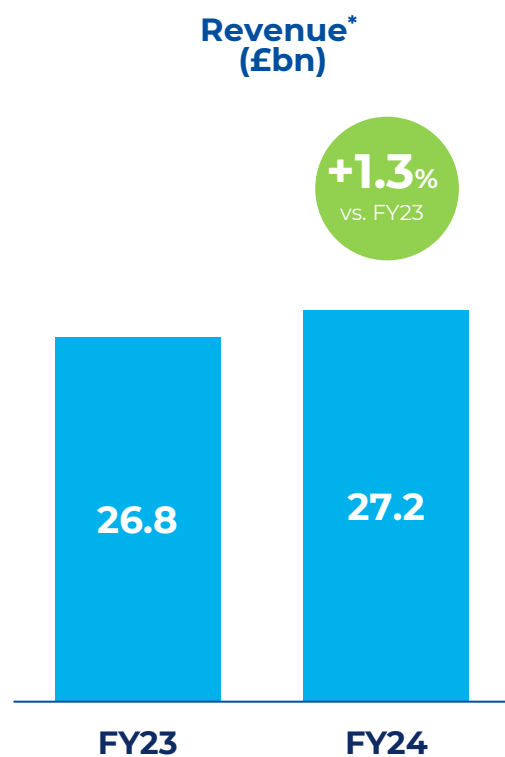
Sustainable +4% to +6% mid-term APFO (adjusted for Canada)\*\* growth

Maximise cash generation

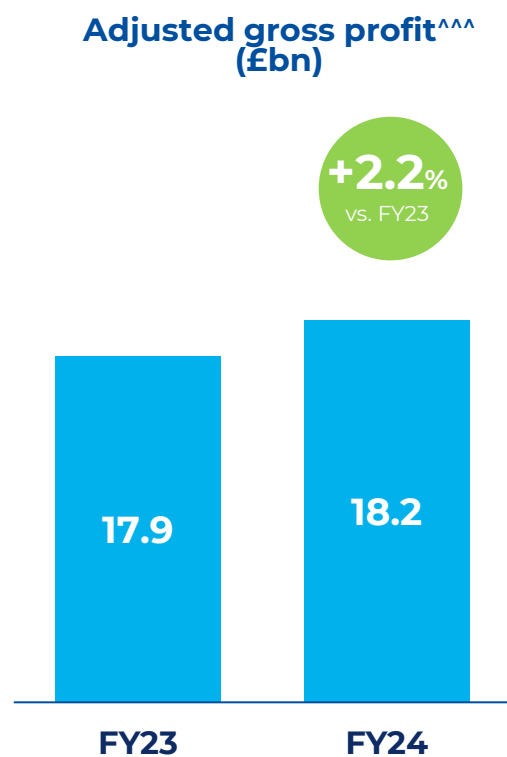
# FY24 performance in line with expectations

	Group Revenue	New Category Revenue	Profit from Operations	Diluted Earnings per Share
Reported	<p>£25,867m</p> <p>FY23: £27,283m -5.2%</p>	<p>£3,432m</p> <p>FY23: £3,347m +2.5%</p>	<p>£2,736m</p> <p>FY23: (£15,751m) n/m<sup>^</sup></p>	<p>136.0p</p> <p>FY23: (646.6p) n/m<sup>^</sup></p>
Adjusted Organic Constant Currency	<p><b>+1.3%*</b></p> <p>£27,151m</p>	<p><b>+8.9%*</b></p> <p>£3,551m</p>	<p><b>+1.4%**</b></p> <p>£12,439m</p>	<p><b>+3.6%**</b></p> <p>381.9p</p>

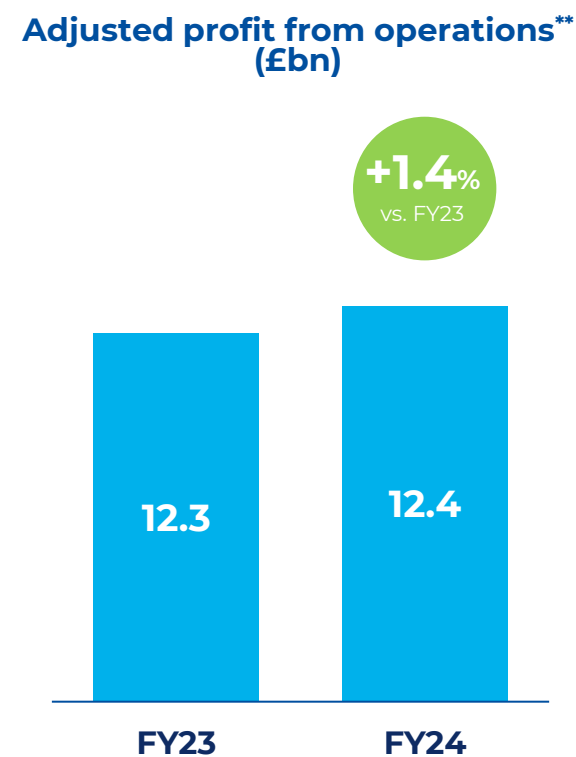
# Organic adjusted results in line with guidance\*\*



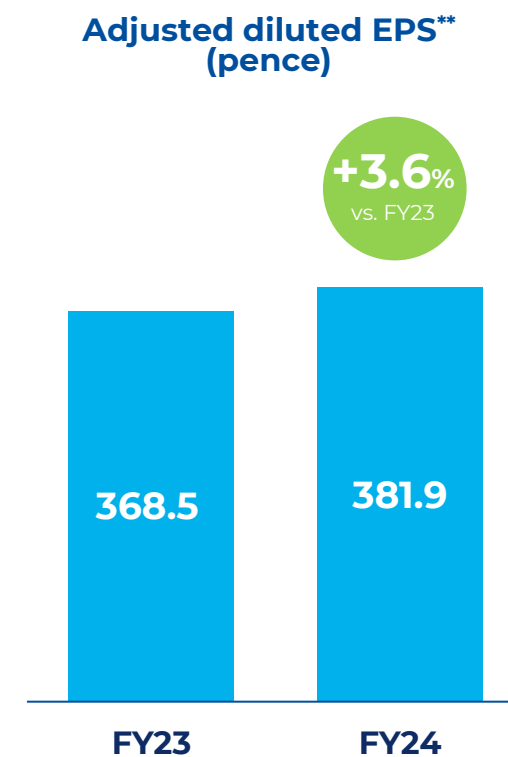
- Combustibles revenue\* **+0.1%**
  - Volume **-5.2%**
  - Price<sup>^</sup> / Mix **+5.3%**
- New Category revenue\* **+8.9%**



- Adj. gross margin<sup>^^^</sup> of **67.2%** up 60bps
- **c.£400m** improvement<sup>\*\*</sup> driven by:
  - New Categories growth<sup>\*\*</sup> **+19.8%**
  - Resilient Combustibles performance<sup>\*\*</sup> **+0.3%**

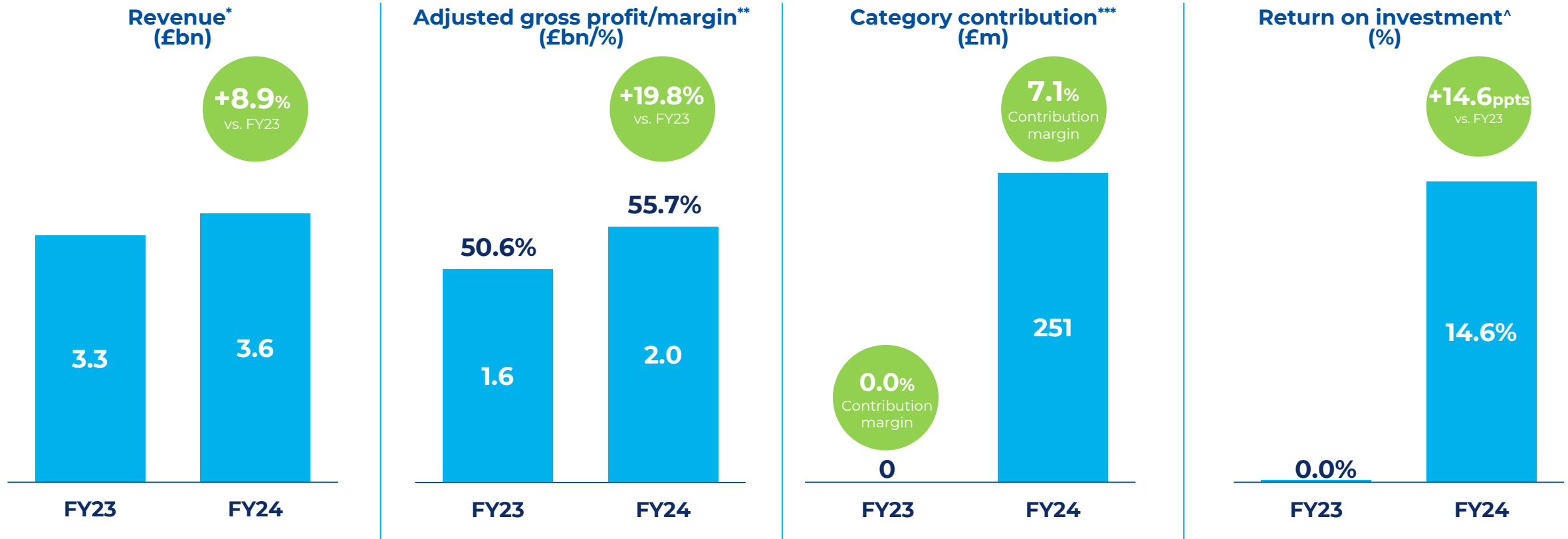


- Adj. operating margin<sup>\*\*</sup> flat at **45.8%**
  - Includes **1.1%** transactional FX
- New Category contribution<sup>^^</sup> up **£251m**
- Admin overhead costs broadly flat



- **+2.2% EPS kickers**
  - Lower net finance costs & impact from share buy-back
  - Partially offset by tax charge and lower share of ITC profits

# Delivering Quality Growth in New Categories

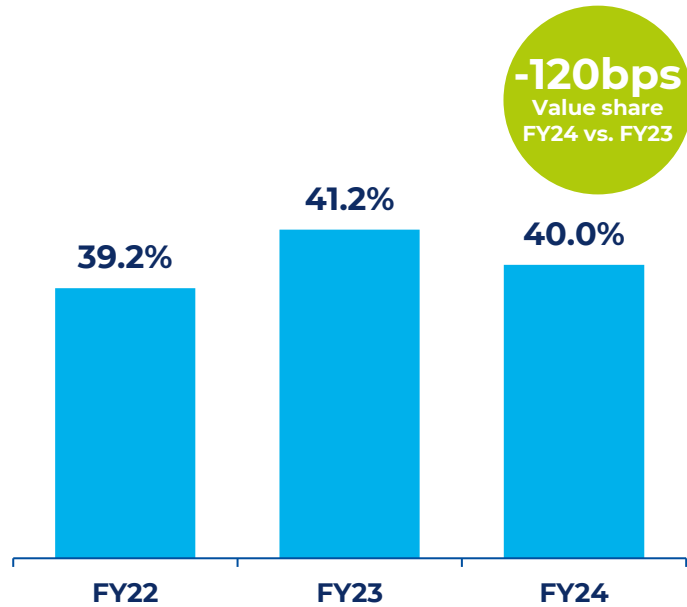


**Improving returns on more targeted investment**

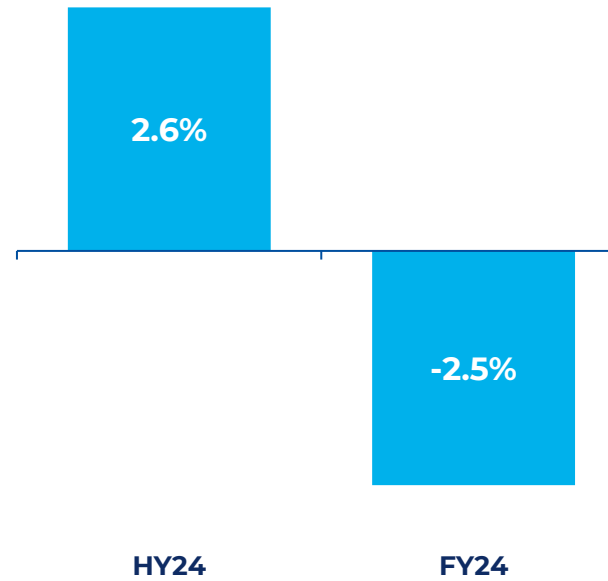
Financial growth versus FY23. \* On an organic, constant rate basis. See Appendices A2 & A7. \*\* On an adjusted, organic, constant rate basis. Adjusted gross profit: Profit from operations before the impact of adjusting items and translational foreign exchange, and before all non production/attributable distribution costs and presented excluding the inorganic performance of certain businesses bought or sold in the period. Adjusted gross margin: Adjusted gross profit as a proportion of organic revenue (at constant rates). See Appendices A1, A2 & A7. \*\*\* Category contribution: Profit from operations before the impact of adjusting items and translational foreign exchange, having allocated costs that are directly attributable to New Categories. On an organic, constant rate basis. See Appendices A1, A2 & A7. ^ Calculated as Marketing Investments and Research & Development Costs as a % of New Category contribution on an organic, constant rate basis. See Appendices A1, A2 & A7.

# Vuse: Maintains global value share leadership\*; illicit headwinds persist in the U.S. and Canada

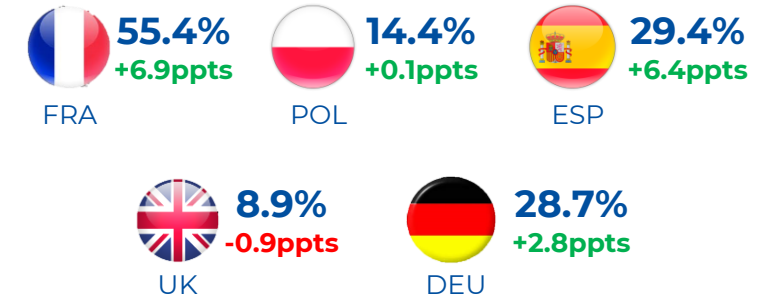
## Value share leadership in Top markets maintained\*



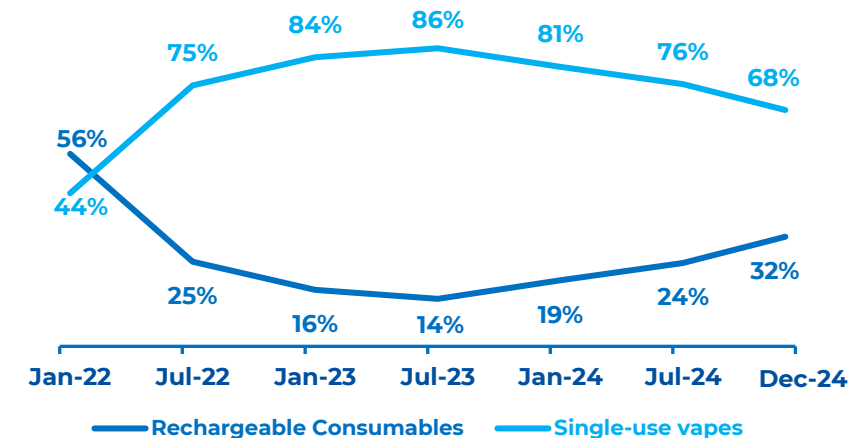
## Revenue\*\* impacted by illicit headwinds and lack of enforcement



## Value share gains across majority of Top markets in Europe\*\*\*



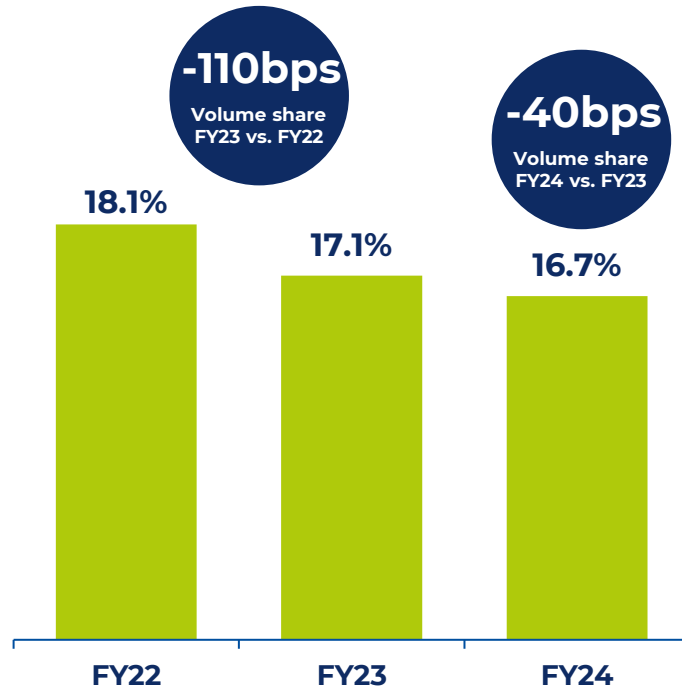
## Rechargeables returning to growth vs. single-use vapes in Europe^



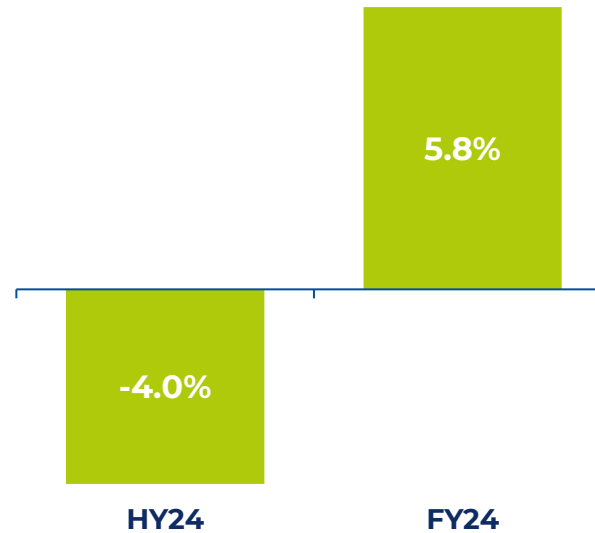
Financial growth vs. HY23, FY23 as applicable. \* FY24 BAT Vapour value share of rechargeable closed systems consumables and disposables in the Top 7 Vapour markets: U.S. - Marlin, Canada - Scan Data, UK - NielsenIQ, France - Strator, Germany - NielsenIQ, Poland - NielsenIQ, Spain - Logista RA. See Appendix A3. These Top markets accounted for c.90% of global Vapour industry (rechargeable closed systems consumables and disposables) revenue in 2024. \*\* On an organic, constant rate basis. See Appendices A2 & A7. \*\*\* FY24 BAT Vapour value share of rechargeable closed systems consumables and disposables in 5 of the Top 7 Vapour markets: UK - NielsenIQ, France - Strator, Germany - NielsenIQ, Poland - NielsenIQ, Spain - Logista RA. See Appendix A3. ^ Retail measurement (suppliers differ by market).

# glo: Innovation drives H2 performance acceleration

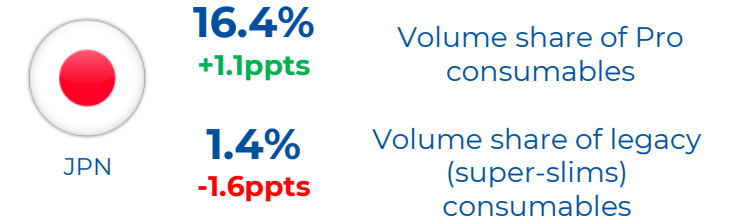
## Early signs of volume share\* recovery vs. FY23



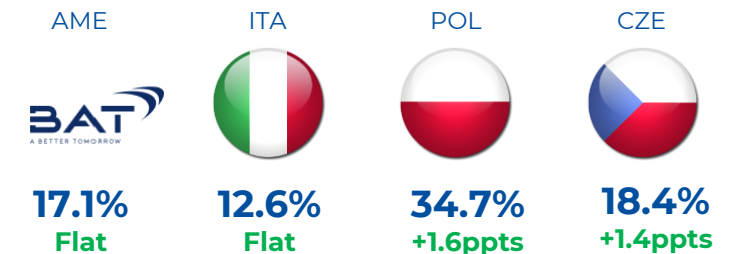
## New innovations and improved consumables driving revenue\*\* momentum



## Hyper Pro continues to grow volume share partially offsetting decline in legacy consumables\*

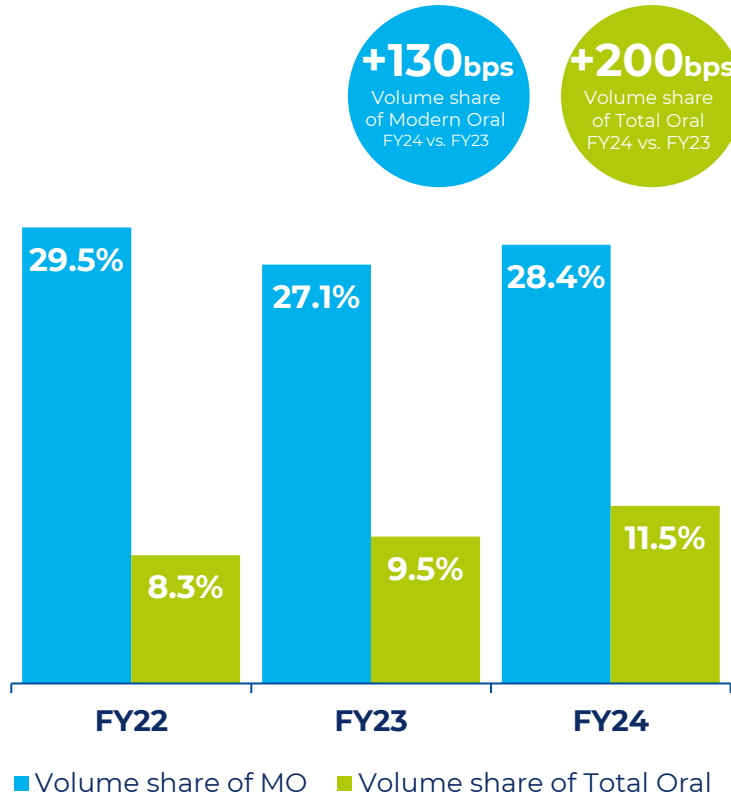


## Hyper Pro, neo and veo consumables drive volume share stabilisation in AME\*

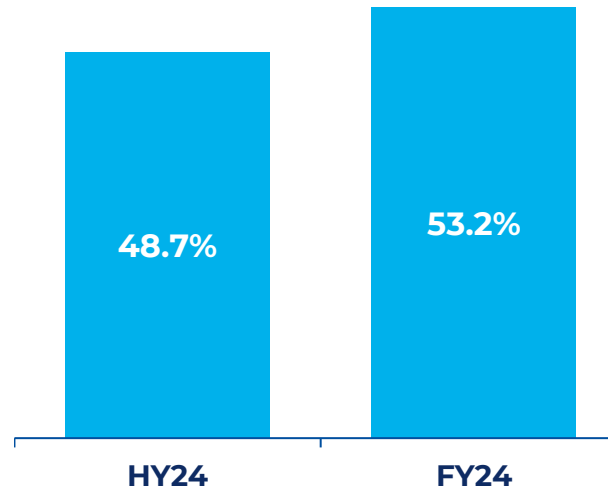


# Velo: Strong category growth and continued AME leadership\*

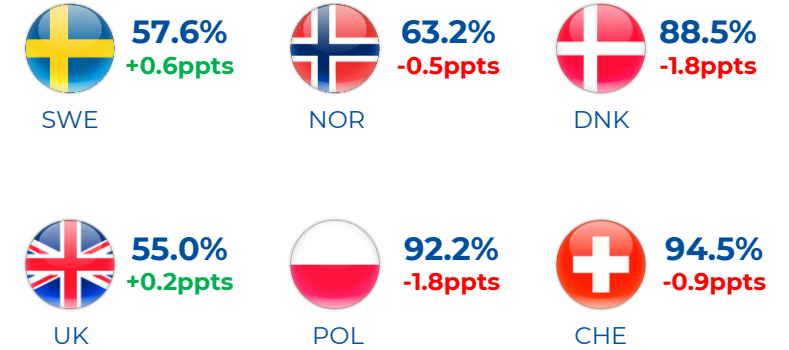
## Continued volume share\*\*\* gains



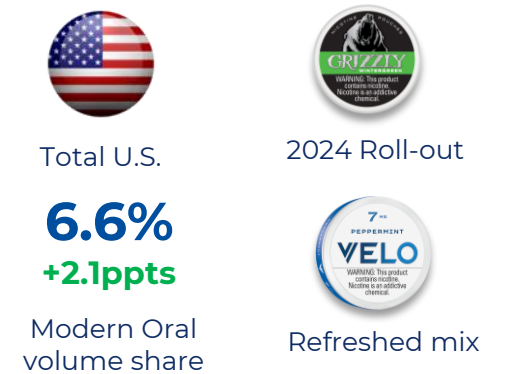
## Strong revenue\*\* growth



## #1 in AME with 64.7% volume share\*



## Gaining traction in the U.S.

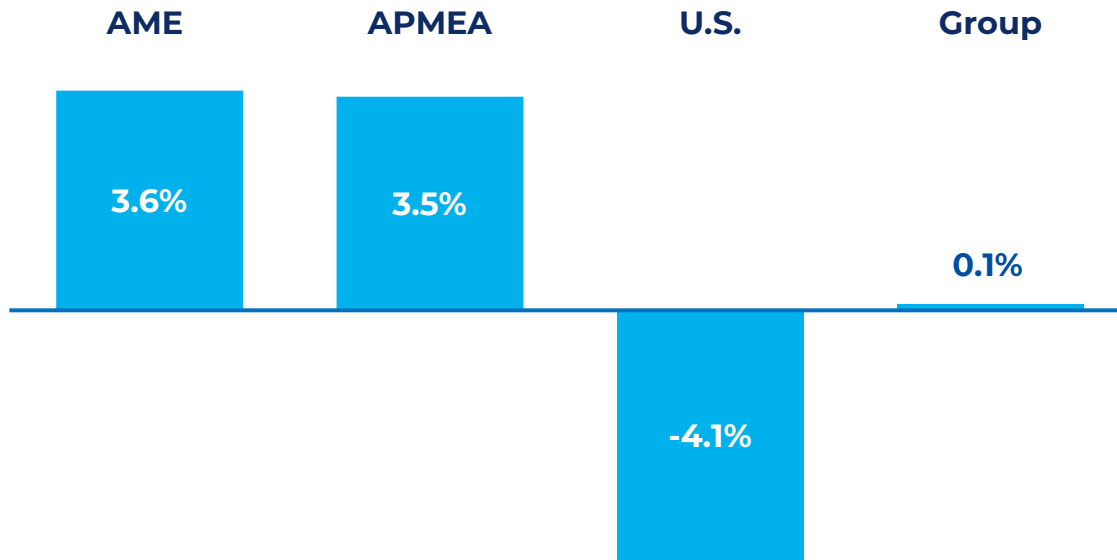


Financial growth vs. HY23, FY23 as applicable. \* FY24 volume share of MO leadership based on 6 of Top 7 Modern Oral markets globally, which are in Europe. \*\* On an organic, constant rate basis. See Appendices A2 & A7. \*\*\* FY24 Volume share growth of Modern Oral and volume share of Total Oral in Top Modern Oral markets: U.S. – RSD, AME: Sweden – NielsenIQ, Denmark – NielsenIQ, Norway – NielsenIQ, Switzerland – IMS, UK – NielsenIQ, Poland – NielsenIQ. See Appendix A3. These markets account for c.90% of total industry Modern Oral revenue in 2024.

# Combustibles: AME and APMEA growth offset by the U.S.



Combustibles organic revenue\*\* growth by region and globally



## Key drivers

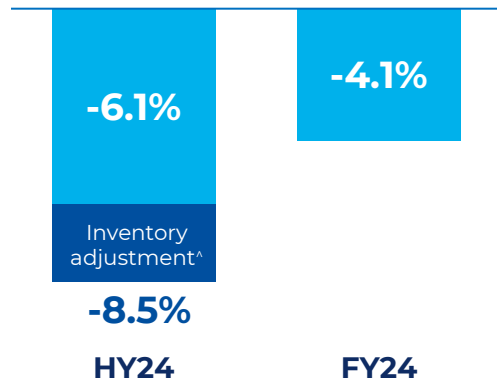
- Volume share\* **+20bps**
  - AME +20bps, APMEA +40bps and U.S. flat
- Value share\* **-20bps** driven by the U.S.
  - AME **flat**, APMEA **flat**
  - U.S. **-30bps**
- Combustibles revenue\*\* **+0.1%**
- Price/Mix\*\*\* **+5.3%**
- U.S. commercial plans have driven FY24 volume and value share improvement
- Continued revenue growth in AME and APMEA
- APMEA impacted by Sudan disruption and market exits



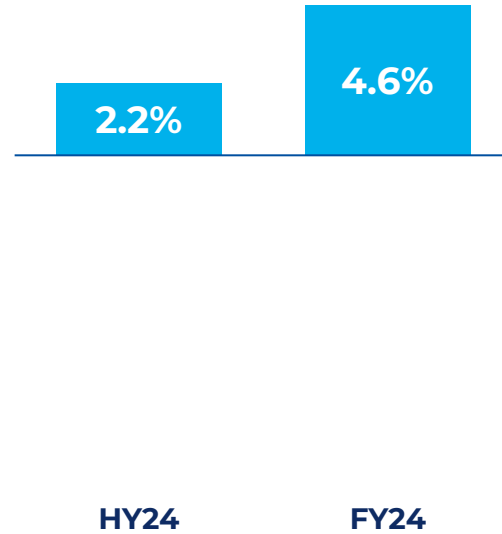
# U.S. H2 performance acceleration as expected



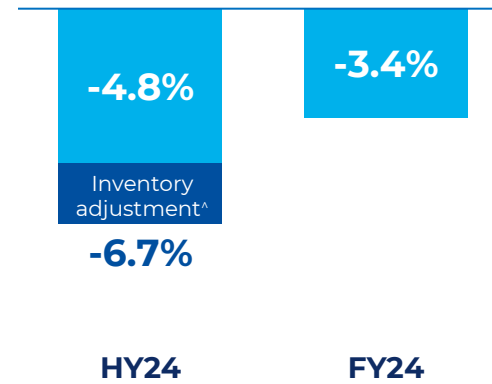
## Combustibles revenue\* growth



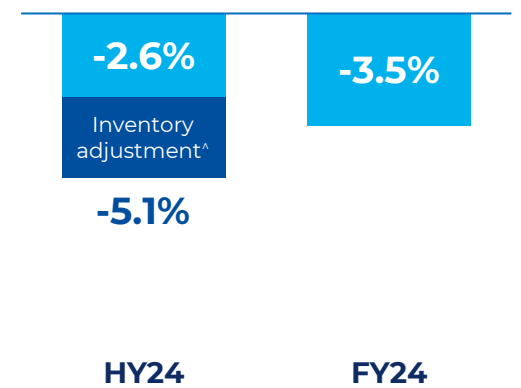
## New Category revenue\* growth



## Total revenue\* growth



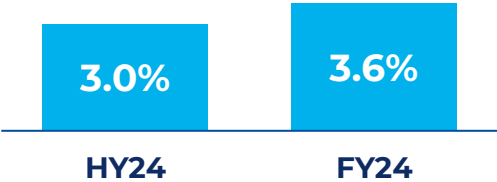
## Adjusted profit from Operations\*\* growth



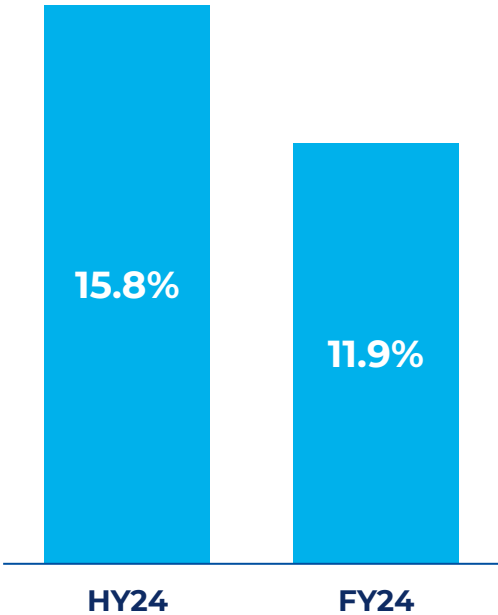
# AME: Continued strong delivery



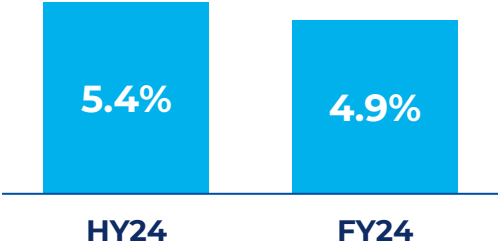
Combustibles revenue\* growth



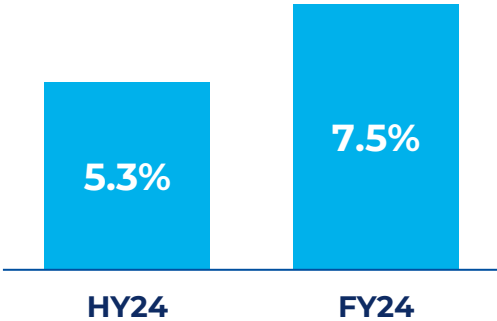
New Category revenue\* growth



Total revenue\* growth



Adjusted profit from operations\*\* growth

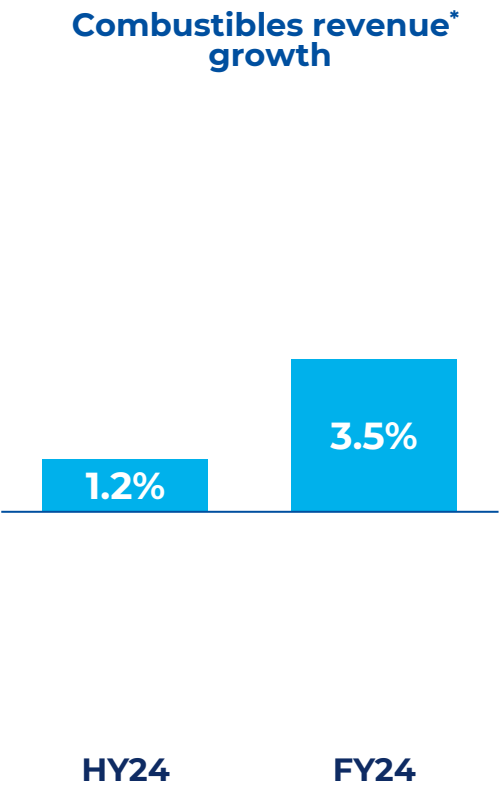


Financial growth vs. HY23, FY23 as applicable. \* On an organic, constant rate basis. See Appendices A2 & A7. \*\* Adjusted profit from operations on an adjusted, organic, constant rate basis. See Appendices A1, A2 & A7.

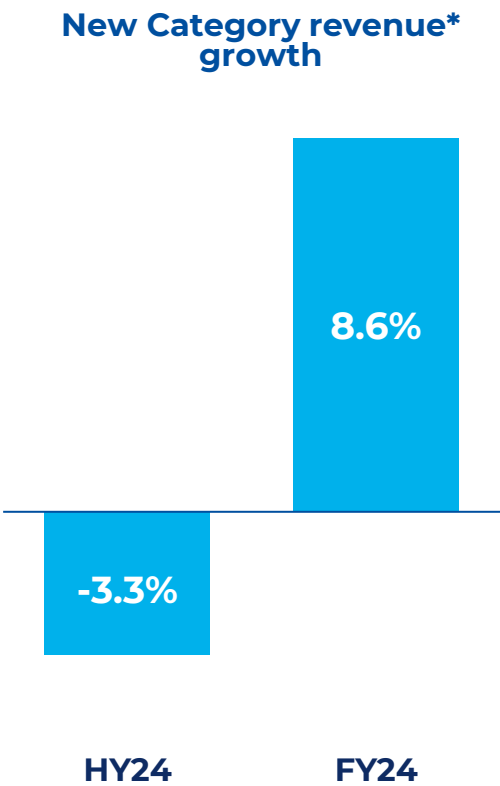
# APMEA: H2 improvement as expected



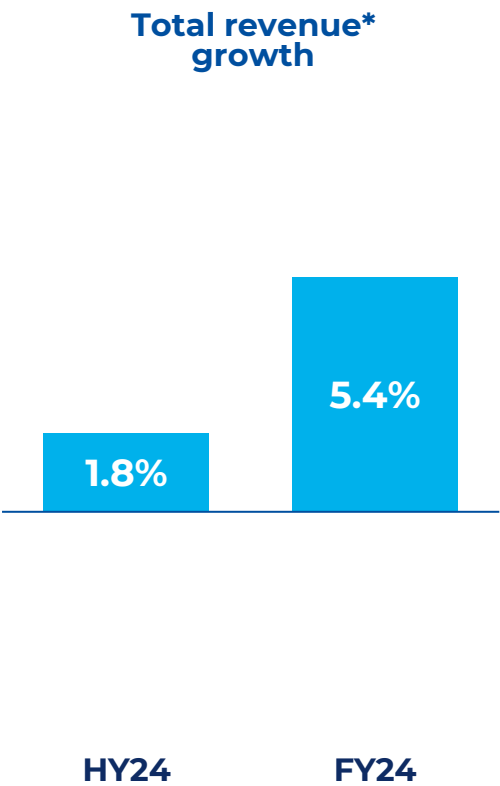
Combustibles revenue\* growth



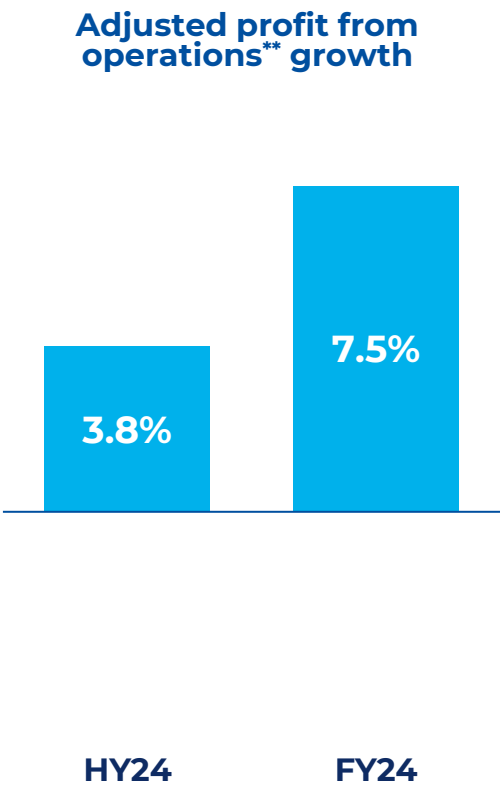
New Category revenue\* growth



Total revenue\* growth

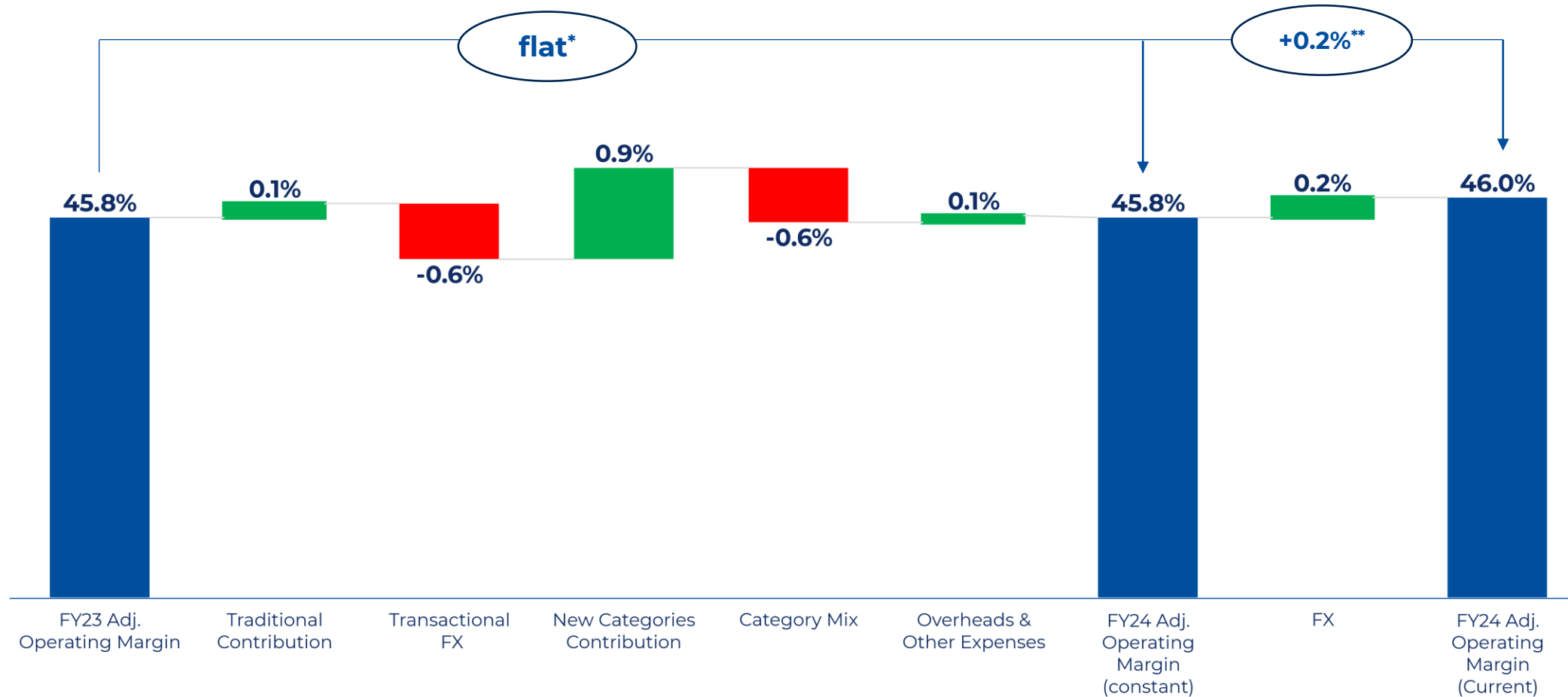


Adjusted profit from operations\*\* growth



Financial growth vs. HY23, FY23 as applicable. \* On a constant rate basis. See Appendix A2. \*\* Adjusted profit from operations on an adjusted, constant rate basis. See Appendices A1 & A2.

# Group operating margin: Successfully offsetting transactional FX and inflationary headwinds with NCs and efficiency gains



\* On an organic, adjusted constant rate basis. See Appendices A1, A2 & A7. \*\* On an organic, adjusted basis. See Appendices A1 & A7.

# Increasing agility and productivity savings

Continued focus on efficiencies

**>£1.2bn**

Productivity savings expected  
2023-2025

- c.£870m savings delivered to date
  - FY24: c.£400m
- Combustibles product simplification
- New Category optimisation and scale benefits



Offsetting headwinds  
and reinvesting in  
Quality Growth

- Headwinds absorbed:
  - Inflationary pressures
    - FY24: c.£390m
  - Transactional FX
    - FY24: 1.1%



Strengthening our resilience

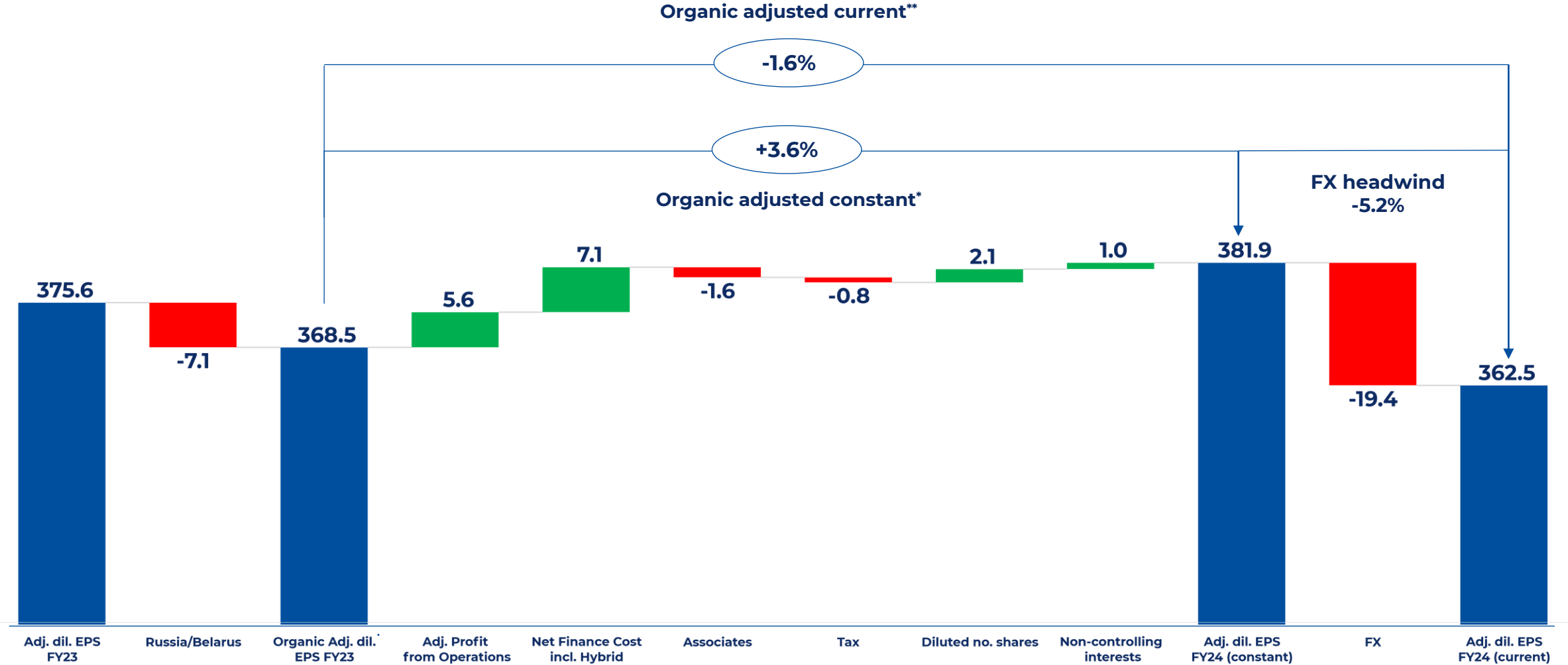
**c.£2bn**

Additional productivity savings  
2026-2030

- Cost of sales optimisation
- Offsetting headwinds
- Support gross profit expansion and mid-term algorithm
- Strong cash delivery

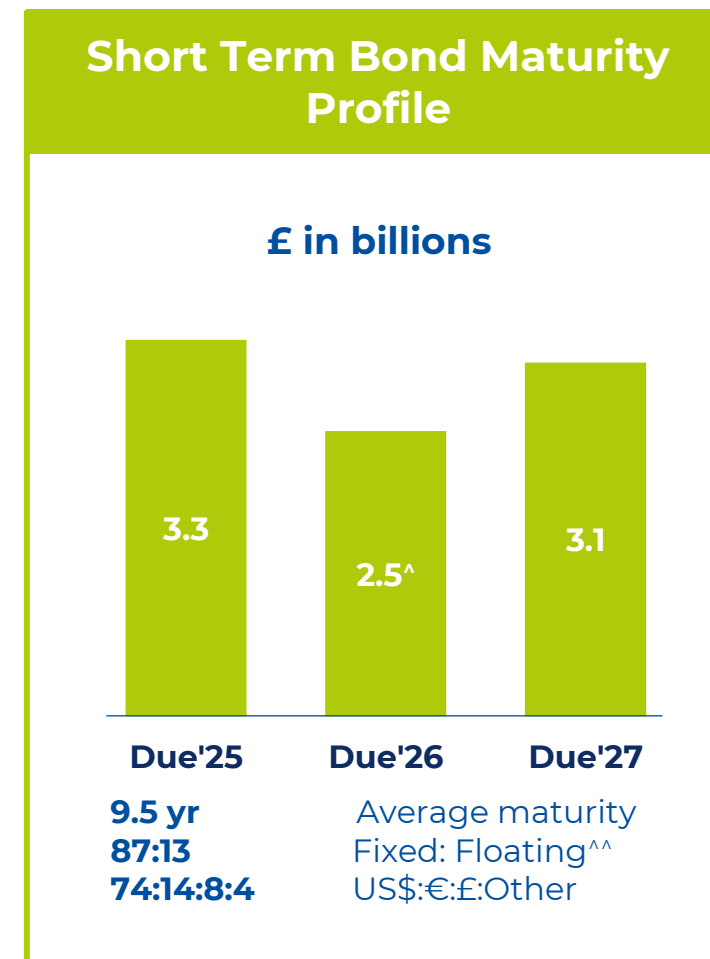
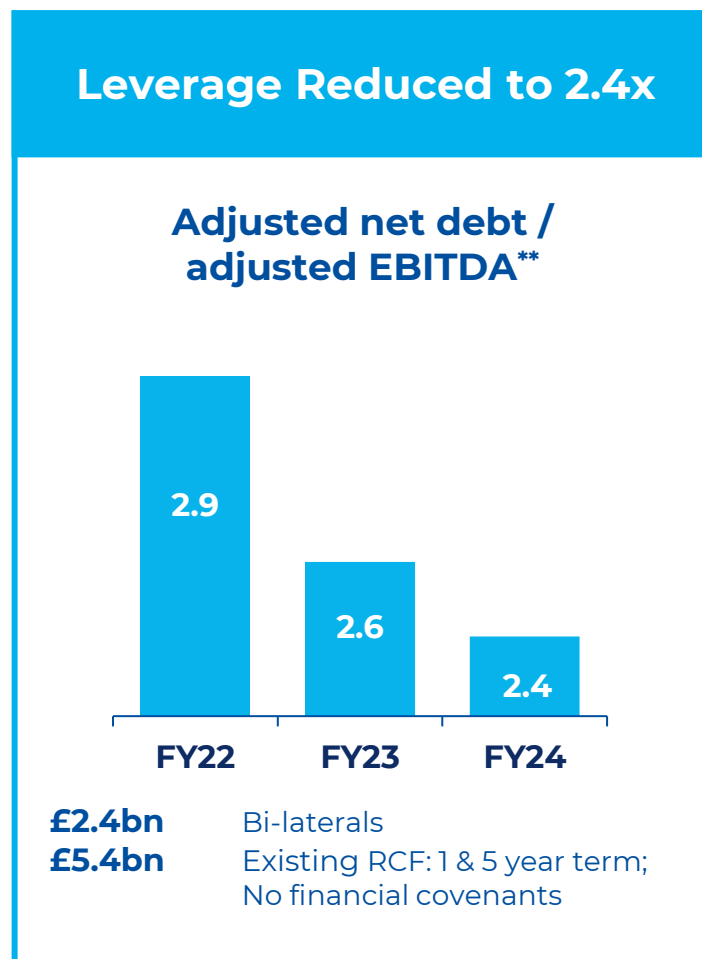
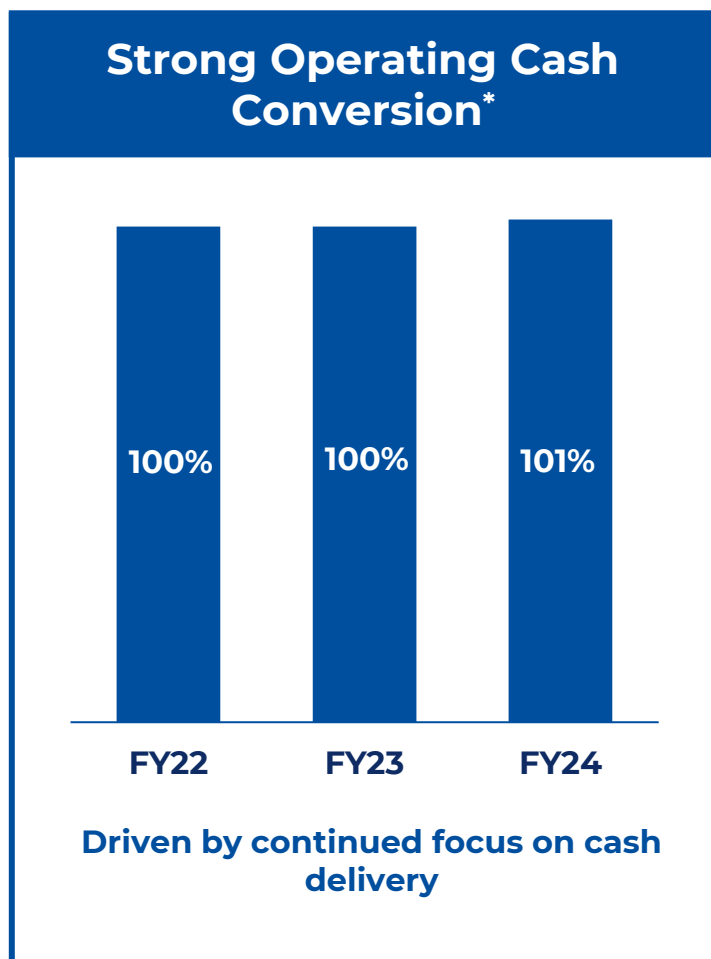
**Consistently delivering strong productivity savings to support our algorithm**

# Adjusted organic diluted EPS up 3.6%\*



\* Adjusted diluted EPS on an organic, constant rate basis. See Appendices A1, A2 & A7. \*\*Adjusted diluted EPS on an organic, current rate basis. See Appendices A1 & A7.

# Continued strong operating cash conversion



**Expect to be within our targeted 2-2.5x leverage corridor ex-Canada by FY26**

\* See Appendices A1 & A6. \*\* Adjusted net debt to adjusted EBITDA at current rates, including Canada. See Appendices A1 & A9. <sup>^</sup> Excluding first optional redemption date of hybrid bond. <sup>^^</sup> On a net debt basis excluding cash and other liquid assets in Canada.

# We support the Canadian CCAA proposed plans

## P&L accounting treatment

- We continue to fully consolidate our Canadian business in accordance with IFRS
- Recognised £6.2bn provision for full settlement in our FY24 reported results, treated as an adjusting item in line with our accounting policies

## In order to ensure the P&L reflects the economic delivery from Canada

- We will continue to consolidate 100% of revenue
- From APFO level, we will adjust annually (APFO adjusted for Canada)\* to recognise a charge as per the charging schedule below, with the cash payment made in the following year.

## Charging schedule

- FY25 adjustment reflecting removal of 100% of APFO from our Canadian business (excluding New Categories) due to timing uncertainty
  - For modelling purposes, FY24 rebased on the same basis (full details of the Group's Adjusted for Canada P&L in Appendix)
- FY26 onwards an adjustment reflecting the loss of 85% of Canadian APFO (excluding New Categories) and thereafter reducing to 80% in five years post settlement and 75% in ten years post settlement in line with the proposed plan

## 2025 and future guidance

- No impact on revenue guidance with Canada 100% consolidated
- Adjusted profit from operations is adjusted for Canada as per the charging schedule

## Cash flow impact

- Settlement payments expected to be made in two steps:
  - Upfront payment of restricted cash held in Canada (c.£2.5bn) is expected to be paid in 2025, on implementation of the proposed plans
  - Ongoing payment reflecting the annual contribution charged in the prior year as calculated in line with the proposed plan

## Expected leverage increase of c.0.3x

**We are hopeful of securing a conclusion for the benefit of all stakeholders**

# Dynamic approach to capital allocation as we transform

**Cash generation**  
Generate in excess of £50bn\* Free Cash Flow\*\* by 2030

**Deliver business transformation**  
Targeted investment in business transformation

**Optimise portfolio**  
Continuously review our footprint and drive cash flows



\* Excluding Canada and between 2024-2030. \*\* See Appendices A1 & A5. \*\*\* See Appendix A9.

# Significant 2025 Combustibles headwinds expected in APMEA



## Excise hike in Bangladesh

- On 9 January 2025, the interim **government of Bangladesh**, under IMF guidance, **issued a special ordinance increasing VAT and supplementary duty (SD)** on over 100 essential products, **including tobacco**
- In the tobacco sector, **excise tax has risen sharply (76% to 83% in the low segment and 81.5% to 83% in the other segments)**, coupled with above-inflationary floor price increases across all categories
- Expect an **acceleration in illicit trade** impacting the legal market **where we have 87% volume share**



## Tobacco regulations and excise in Australia

- Full National Tobacco Strategy (NTS) **compliance for manufacturers is required by 1 April 2025**
- **Ad-hoc excise increases** have driven an **accelerated industry volume decline in 2024** and **our 2025 outlook assumes a continuation of this industry** decline rate and further acceleration in Q4 2025 post the 2025 ad-hoc excise increase
- Ineffective Government policy expected to **further fuel illicit trade** in Combustibles and Vapour to unprecedented levels
- **c.65% of nicotine usage** is now **illicit\***

**c.1% Group revenue and c.2% Group APFO impact expected in 2025**

# FY25 deployment is the next step towards delivering our mid-term sustainable growth algorithm

## FY25 Guidance

**c.1%**  
Revenue Growth\*

**1.5-2.5%**  
APFO (Adjusted for Canada)  
Growth\*\*

## Key +/- drivers



- Improving U.S. financial performance
- Further Velo growth momentum
- Innovations in market for all three New Categories
- Continued strong performance in AME

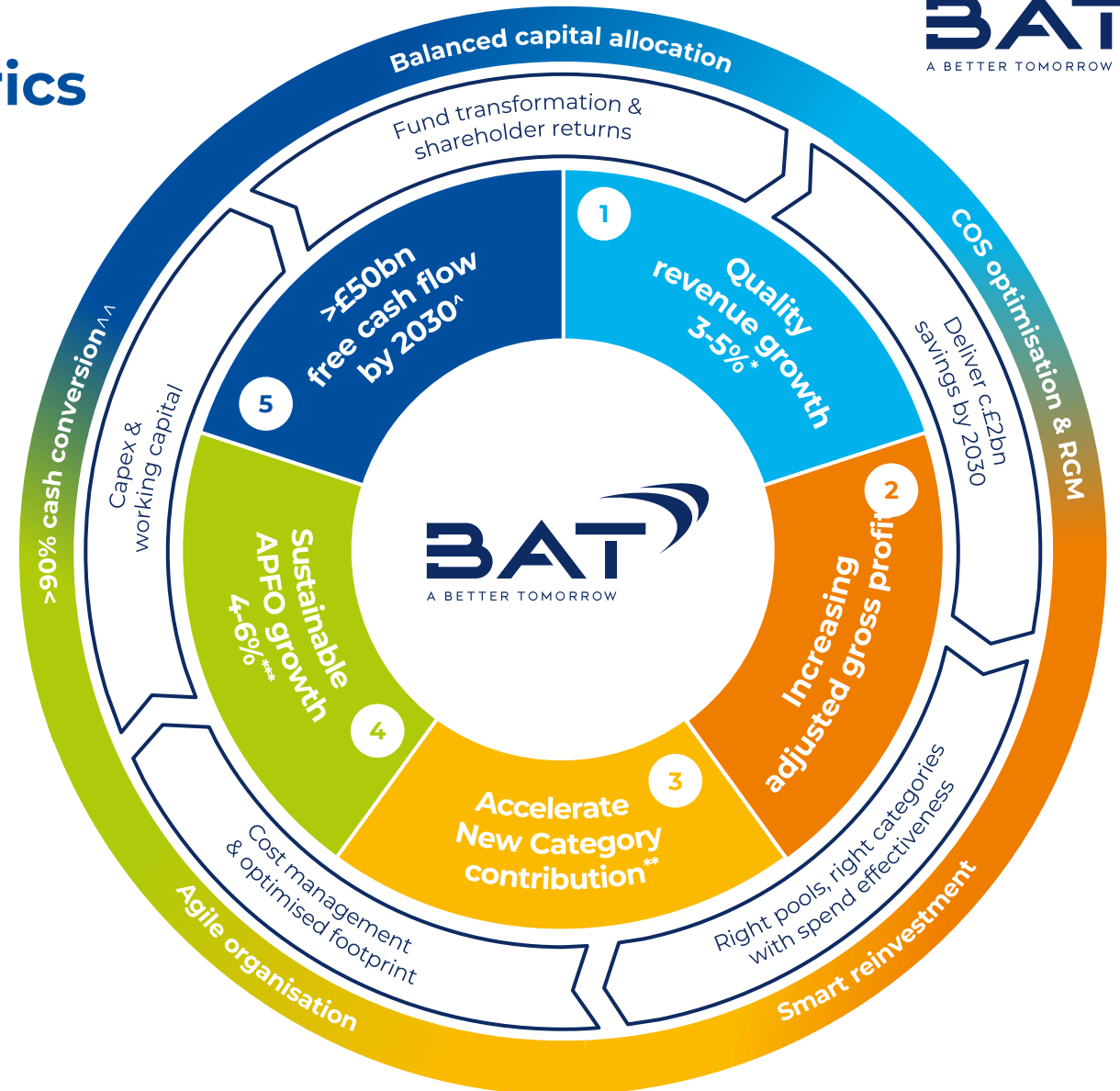


- Significant Combustibles headwinds in Bangladesh and Australia
- Continued macro headwinds impacting U.S. industry volume
- No meaningful impact from enforcement actions tackling U.S. illicit Vapour
- Investment in deployment of innovations

# Our 2026 sustainable growth algorithm supported by metrics

## Metrics:

1	Revenue growth <sup>1</sup> (%)
1	Smokeless revenue/total revenue <sup>2</sup> (%)
2	Adjusted gross profit growth <sup>3</sup> (%)
3	New Category contribution margin <sup>4</sup> (%)
3	New Category return on investment <sup>5</sup> (% of cc)
4	Return on capital employed <sup>6</sup> (%)
5	Free cash flow pre-dividend <sup>7</sup> (£m)
5	Adjusted net debt to adjusted EBITDA <sup>8</sup> (ratio)



<sup>1</sup> On an organic, constant rate basis. See Appendices A2 & A7. <sup>2</sup> Profit from operations before the impact of adjusting items and translational foreign exchange, having allocated costs that are directly attributable to New Categories. On an organic, constant rate basis. See Appendices A1, A2 & A7. <sup>3</sup> Excluding Canada and between 2024-2030. See Appendices A1 & A5. <sup>4</sup> See Appendices A1 & A6. <sup>5</sup> Adjusted for Canada on a constant rate basis. See Appendices A1 & A2. <sup>6</sup> On an organic, current rate basis. See Appendix A7. <sup>7</sup> See Smokeless definition in Appendix A11. <sup>8</sup> Adjusted gross profit: Profit from operations before the impact of adjusting items and translational foreign exchange, and before all non-production/attribution distribution costs and presented excluding the inorganic performance of certain businesses bought or sold in the period. On an organic, constant rate basis. See Appendices A1, A2 & A7. <sup>9</sup> Profit from operations before the impact of adjusting items and translational foreign exchange, having allocated costs that are directly attributable to New Categories. On an organic, constant rate basis. See Appendices A1, A2 & A7. <sup>10</sup> Margin refers to New Category contribution as a percentage of New Category revenue. <sup>11</sup> Calculated as New Category contribution divided by total investment (Marketing Investments and Research and Development Costs). <sup>12</sup> Return on capital employed is the adjusted profit from operations, divided by the average total assets (less investment in associates and joint ventures) net of average current liabilities. See appendix A1. <sup>13</sup> See Appendices A1 & A5. <sup>14</sup> See Appendix A9. All P&L metrics based on constant rates of FX for respective year unless otherwise stated. See Appendix A2. Smokeless revenue/total revenue/ROCE/FCF/ND/EBITDA based on current rates.

# Measuring our transformation

What we measure	How we measure it	2023	2024
Are we growing revenue?	<b>Revenue growth<sup>1</sup></b> (%)	+3.1%	+1.3%
Are we transforming?	<b>Smokeless revenue/total revenue<sup>2</sup></b> (%)	16.5%	17.5%
Are we delivering value as we grow?	<b>Adjusted gross profit growth<sup>3</sup></b> (%)	+2.8%	+2.2%
Is the transformation sustainable?	<b>New Category contribution margin<sup>4</sup></b> (%)	0%	+7.1%
What is the return on New Categories investment?	<b>New Category return on investment<sup>5</sup></b> (% of cc)	0%	+14.6%
What is the return on our capital?	<b>Return on capital employed<sup>6</sup></b> (%)	10.9%	12.1%
Are we delivering cash generation?	<b>Free cash flow pre-dividend<sup>7</sup></b> (£m)	8,360	7,901
Are we de-leveraging our business?	<b>Adjusted net debt to adjusted EBITDA<sup>8</sup></b> (ratio)	2.61x	2.44x

1) On an organic, constant rate basis. See Appendices A2 & A7. 2) On an organic, current rate basis. See Appendix A7. 3) Adjusted gross profit: Profit from operations before the impact of adjusting items and translational foreign exchange, and before all non production/attribution distribution costs and presented excluding the inorganic performance of certain businesses bought or sold in the period. On an organic, constant rate basis. 2024 aligned to new non-GAAP measure as disclosed in the Preliminary Results. See Appendices A1, A2 & A7. 4) Profit from operations before the impact of adjusting items and translational foreign exchange, having allocated costs that are directly attributable to New Categories. On an organic, constant rate basis. See Appendices A1, A2 & A7. Margin refers to New Category contribution as a percentage of New Category revenue. 5) Calculated as New Category contribution divided by total investment (Marketing Investments and Research and Development Costs) on an organic, constant rate basis. See Appendices A1, A2 & A7. 6) Return on capital employed is the adjusted profit from operations, divided by the average total assets (less investment in associates and joint ventures) net of average current liabilities. See Appendix A1. 7) See Appendices A1 & A5. 8) Including Canada. See Appendix A9. All P&L metrics based on constant rates of FX unless otherwise stated. See Appendix A2. Smokeless revenue/total revenue/ROCE/FCF/ND/EBITDA based on current rates.

# Confident in our sustainable transformation

Preliminary Results 2024

**Tadeu Marroco** – Chief Executive



# Why invest? 10 key reasons to believe in BAT's future

**1.**

Industry transformation will deliver **long-term nicotine value growth**

**2.**

Multi-category is a reality: **positioned for success in all attractive value pools**

**3.**

Transformed insights & foresights capabilities **to address future consumer preferences**

**4.**

**Enhanced innovation ecosystem** delivering a step change in our product portfolio

**5.**

Our Quality Growth strategic imperative is **driving prioritisation & focus**

**6.**

The U.S. remains the **cornerstone of our future**

**7.**

Front-footed approach to **shape the regulatory landscape**

**8.**

Extending **foundations in Beyond Nicotine** will support future growth

**9.**

Unique global footprint & multi-category focus drives our **Sustainable Growth Algorithm**

**10.**

A proud & responsible company. Our people make us **'Stronger Together'**

# 10 key reasons to believe in BAT's future

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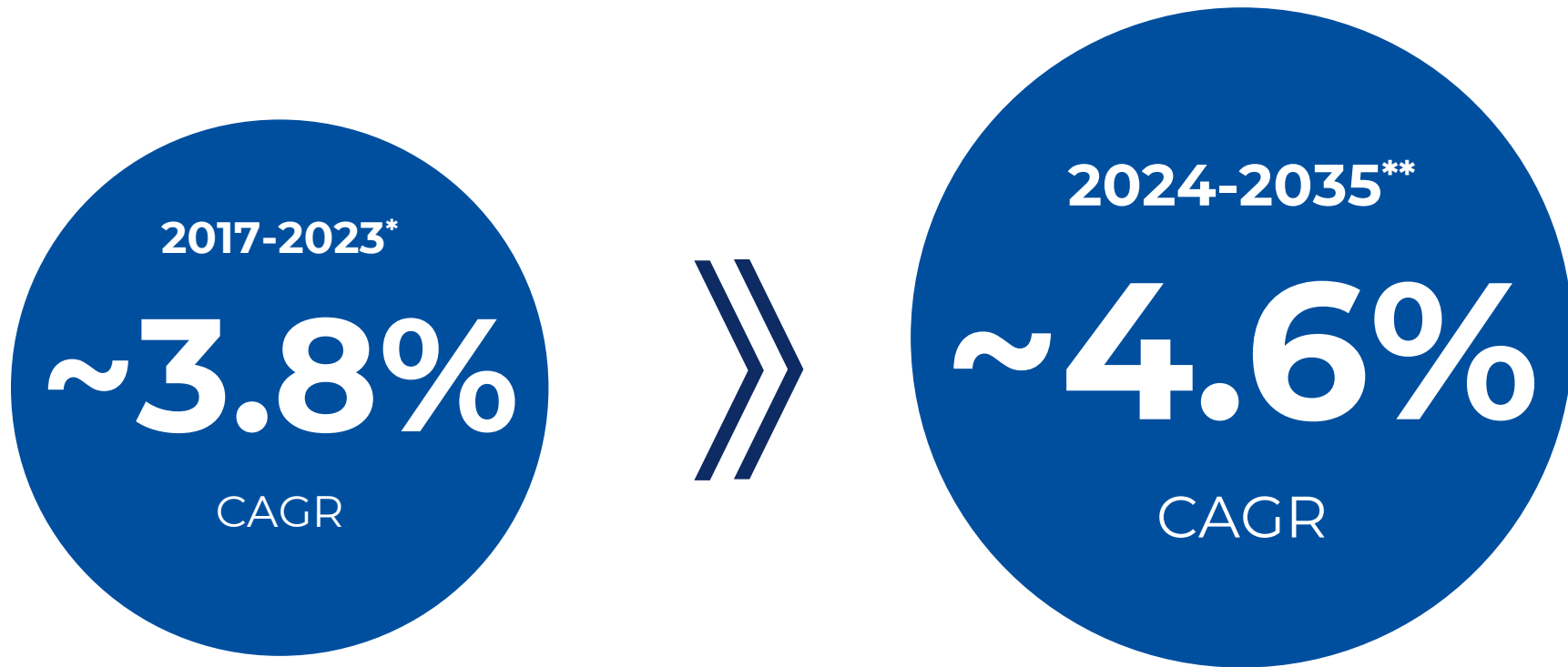
**10.**

A proud & responsible company. Our people make us **'Stronger Together'**

1.  
Industry  
transformation will  
deliver long-term  
nicotine value  
growth

# Industry transformation is accelerating nicotine value growth

Nicotine revenue CAGR expected to outpace the pre-transformation era



\* Total Nicotine revenue on an organic, constant rate basis. See Appendices A2 & A7. | Key industry players based on published results (BAT, IMB, PMI, JT, Altria).

\*\* BAT Internal estimates.

4.

Enhanced innovation ecosystem delivering a step change in our product portfolio

# Enhanced innovation ecosystem delivering a step change in our product portfolio in 2025 – glo Hilo



Samo za 18+. Ovaj proizvod nije bez rizika i oslobađa nikotin, koji stvara zavisnost.

- **New Heating Technology** – More heat for great taste
- **Authentic tobacco** or **intensely flavourful tobacco-free sticks**
- **Standard** and **Boost modes** for customised experience
- Stay in perfect **control with EasyView™** screen



## Gaining insights and encouraging results from Serbia launch


4.

Enhanced innovation ecosystem delivering a step change in our product portfolio

# Enhanced innovation ecosystem delivering a step change in our product portfolio in 2025 – Vuse Ultra



Roll-out  
Commencing  
**H1'25**



**DoneRight.**  
by **vuse**

Our vapes have 99% less toxicants than cigarettes.\*  
Our products are certified at independent labs.  
Our liquids are made in the USA.\*\*

NOT ALL VAPES CAN SAY THAT

\*18 only. This product contains nicotine and is addictive.  
\*\*This product is not for sale in any country where an additive substance. Comparison of nicotine from a scientific analysis conducted in accordance with the ISO 11075 protocol from 10 mg/ml to 1 mg/ml of the average of the 10 weekly consumption of the World Health Organization recommends to reduce in cigarette smoke.  
©2024 BAT. All rights reserved.



- Premium design with tech-led features
- New FlavourMax™ Technology
- CloudControl™ features
- Intuitive screen & app to keep consumers informed
- Lock/unlock features; removable battery



## Our next level premium offering

4.

Enhanced innovation ecosystem delivering a step change in our product portfolio

# Enhanced innovation ecosystem delivering a step change in our product portfolio in 2025 – Velo Plus



**H1'25**  
Distribution expansion to c.110k outlets



- Portfolio expansion with broad range of flavours and nicotine levels
- Encouraging off-take / evidence of growing adult consumer demand & trial
- Driving total Velo brand family growth
- Full activation plan live across retail, media, partnerships and digital platforms



## Encouraging results as U.S. nationwide expansion continues

5.

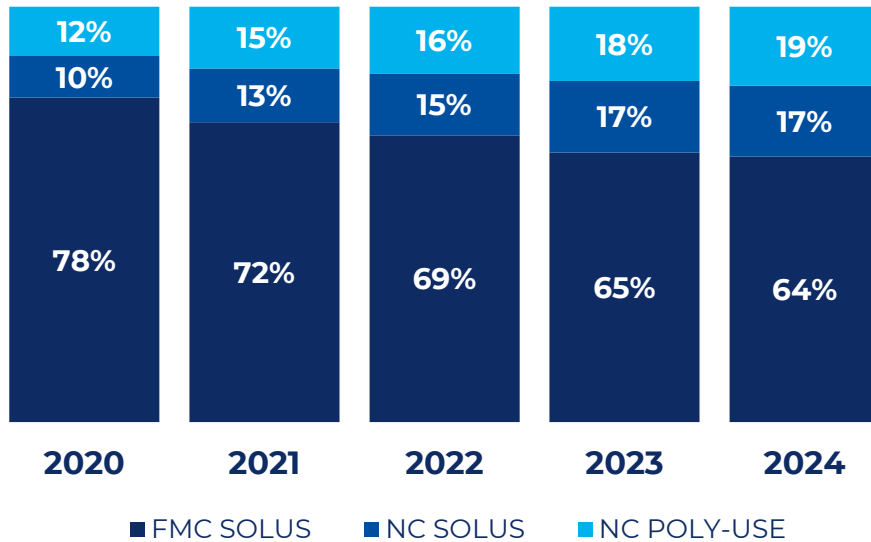
Our Quality growth strategic imperative is driving prioritisation & focus

# More than 1/3 of nicotine consumers in Europe are actively using New Categories

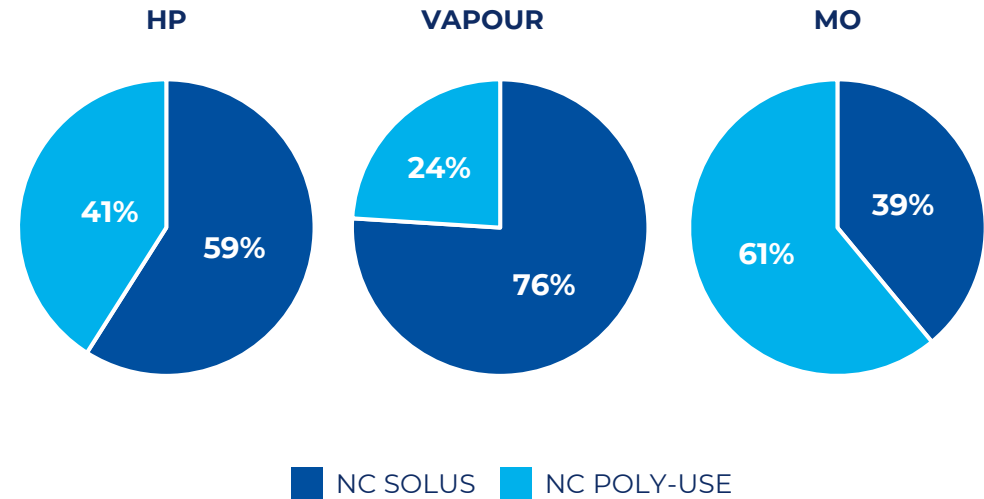


## 36% of adult nicotine consumers are actively using New Categories (NC)

Industry Europe (T14) Adult Nicotine Consumers



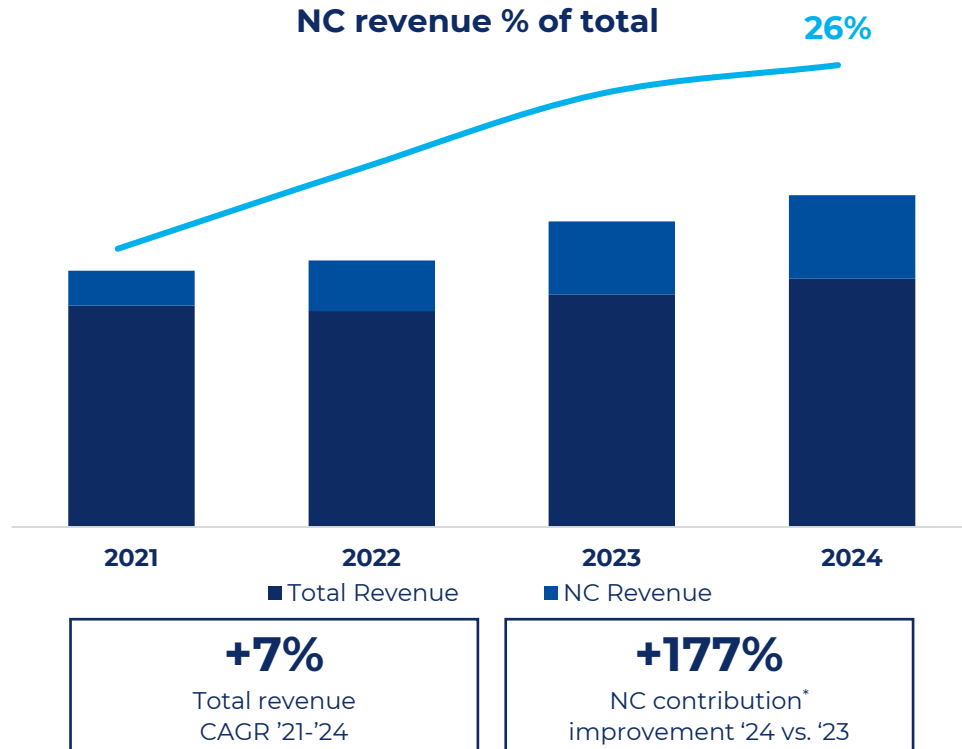
## Vapour has the most solus consumers



5.

Our Quality growth strategic imperative is driving prioritisation & focus

# New Categories is a game changer in Europe



	NC revenue % of total	Total revenue CAGR '21-'24	NC contribution* '24 vs. '23
Poland	<b>58%</b>	<b>+22%</b>	<b>+330%</b>
Italy	<b>45%</b>	<b>+4%</b>	<b>+37%</b>
Sweden	<b>68%</b>	<b>+16%</b>	<b>+44%</b>
Czech	<b>47%</b>	<b>+14%</b>	<b>+386%</b>

# The U.S. remains the cornerstone of our future

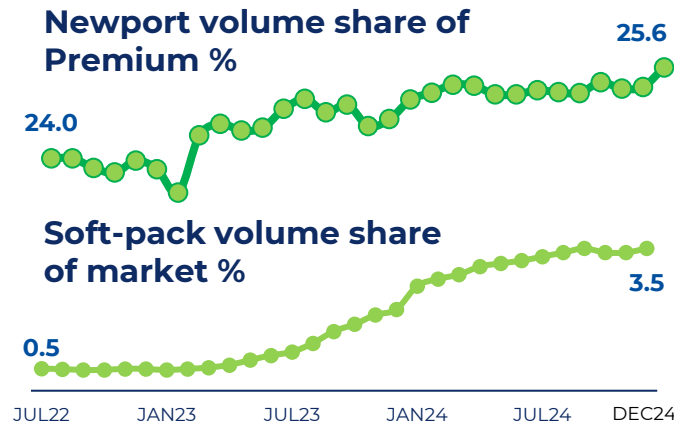
## Increased contract coverage

- Volume share +3.2ppts\* in newly contracted outlets\*\*
- Deep discount share of newly contracted outlets -1.2ppts\*

**82%** → **88%**  
Q3'23 → Q4'24  
**Combustibles contract coverage\*\***

## Newport laddering

- Targeted introduction of soft-pack driving a recovery in Newport share of Premium



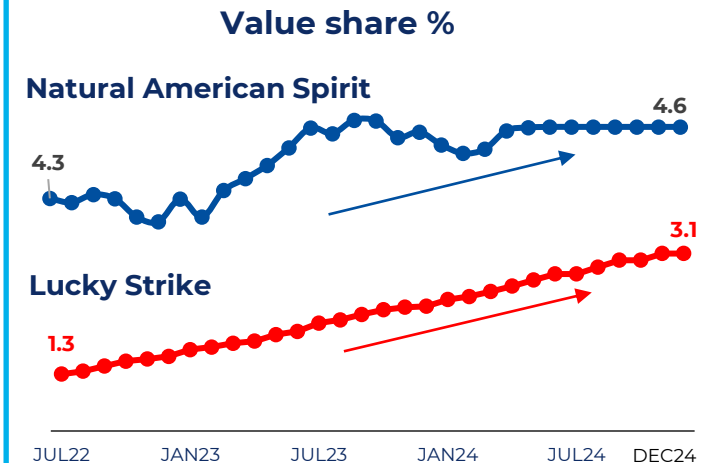
## Continued share gains in Super-Premium and Branded Value



Lucky Strike remains the fastest growing brand in the U.S.



Natural American Spirit share up 10bps to 4.6%



**We expect an improved U.S. financial performance in 2025**

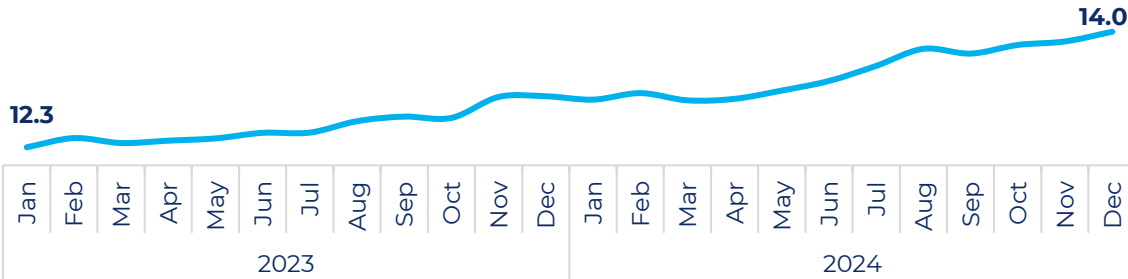
6.

The U.S. remains the cornerstone of our future

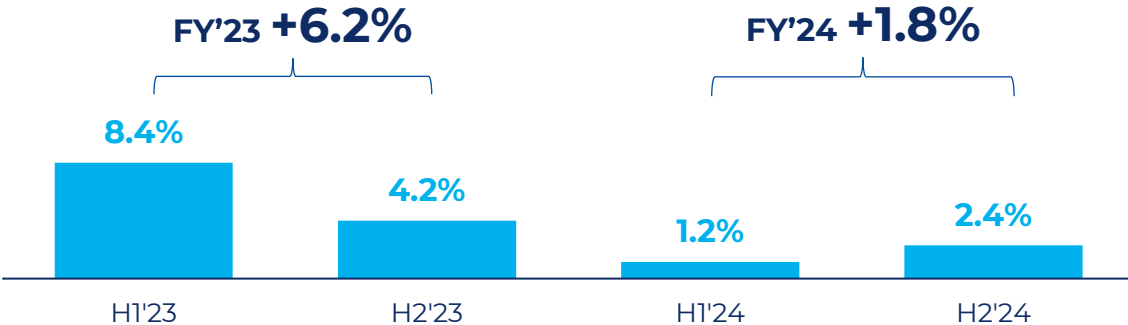
# U.S. deep discount segment growth slowing; branded value continues to gain



Deep discount segment volume share of U.S. market



Deep discount segment year-over-year volume growth



Volume Share	FY24	vs. FY23	FY23 vs. FY22
Deep discount segment	<b>13.4%</b>	+0.8ppts	+1.1ppts.
Branded value segment	<b>21.3%</b>	+1.4ppts	+0.6ppts
BAT share of branded value segment	<b>43.2%</b>	+0.5ppts	+0.2ppts

## Early signs of lower-end consumer sentiment improvement

6.

The U.S. remains the cornerstone of our future

# Our U.S. commercial plans are working



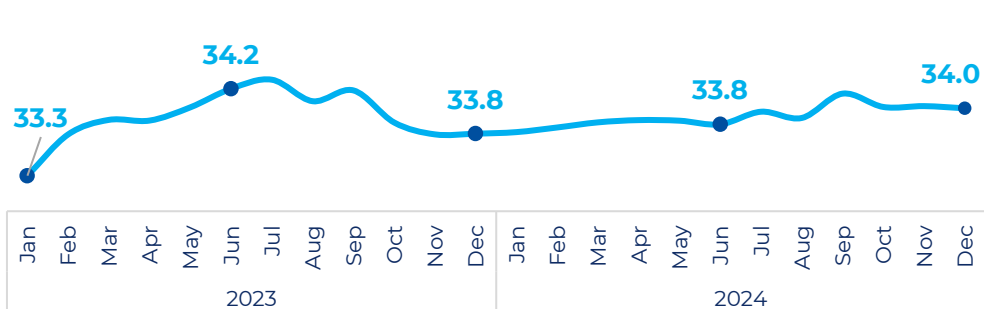
Premium segment volume share\*



Total Combustibles volume share excl. deep discount\*



Total Combustibles volume share\*



## Continued volume and value share recovery\*

### Volume share bps

Total U.S. Combustibles  
Excl. deep discount  
Premium segment

### FY23 vs. FY22

Total U.S. Combustibles	-10	flat
Excl. deep discount	+30	+40
Premium segment	+60	+50

### FY24 vs. FY23

### Value share bps

Total U.S. Combustibles  
Excl deep discount  
Premium segment

Total U.S. Combustibles	-60	-30
Excl deep discount	-40	-10
Premium segment	-50	flat

## We expect an improved U.S. financial performance in 2025

\* Source: Company data and Marlin. See Appendix A3.

# The U.S. regulatory environment is evolving

## Federal regulatory actions

### New Administration

- Tobacco Product Standard for Menthol in Cigarettes Rule withdrawn
- Proposed Tobacco Product Standard for Nicotine level of certain tobacco products frozen pending review

### FDA

- Proposal requiring submission of tracking numbers at import for Vapour products
- Federal multi-agency task force formed

### International Trade Commission (ITC)

- Investigating foreign manufacturers, importers, & distributors of single-use illicit products for patent infringement

## Continued PMTA progress

### Alto Tobacco Marketing Granted Order



FDA Authorizes Marketing of Vuse Alto Tobacco-Flavored E-Cigarette Pods and Accompanying Power Unit

Vapour

**50**

Pending BAT PMTAs

PMTAs approved

**22**

60% more than next competitor

## State illicit enforcement

- 30% of the tracked vapour industry volume will be covered by state directories by the end of 2025, including Louisiana:

Industry

**VUSE**

Louisiana Vapour volume

**+19%**

Louisiana Vapour volume

**+33%**

vs. National Trend

Volume

**+26%**

**+5.0ppts**

Volume share

**Actively supporting more effective U.S. regulation and enforcement**

# Continued proactive approach to Tobacco Harm Reduction (THR)

## Leveraging our established capabilities

1.



### Insights & horizon planning

Understand regulatory trends and drivers

2.



### Defined policies & principles

Maximise THR and address societal concerns

3.



### Evidence-based positions

Consolidated science and market evidence

4.



### Stakeholder engagement

Tailored approach to regulatory engagement

5.



### Monitoring progress

Monitor global progress on progressive regulations

## Driving increased engagement and dialogue

You want Britain to be smoke-free by 2030. Surprisingly, so do we.

BAT 1,696,684 followers  
Omni™ is a dynamic, evidence-based resource that makes the case for Tobacco Harm Reduction and its role in creating a Smokeless World. ...more

What does Omni™ seek to achieve?  
A Smokeless World

**Omni™**

Forward Thinking for a Smokeless World

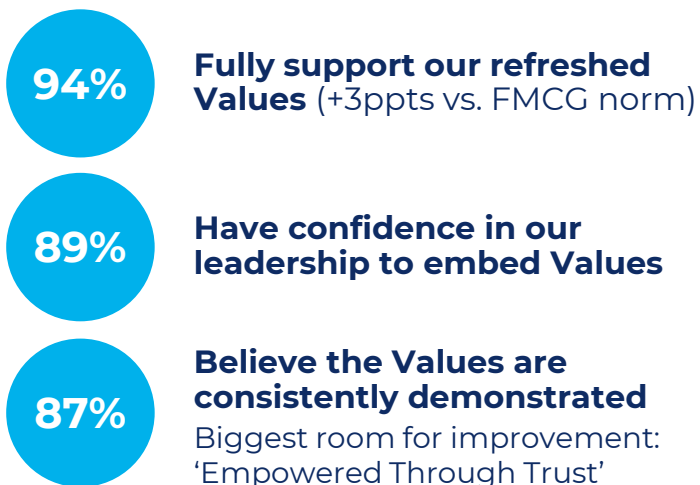
Scientific and Real-World Evidence of THR in Action

Download:



# Making "BAT the place to be" through our culture transformation

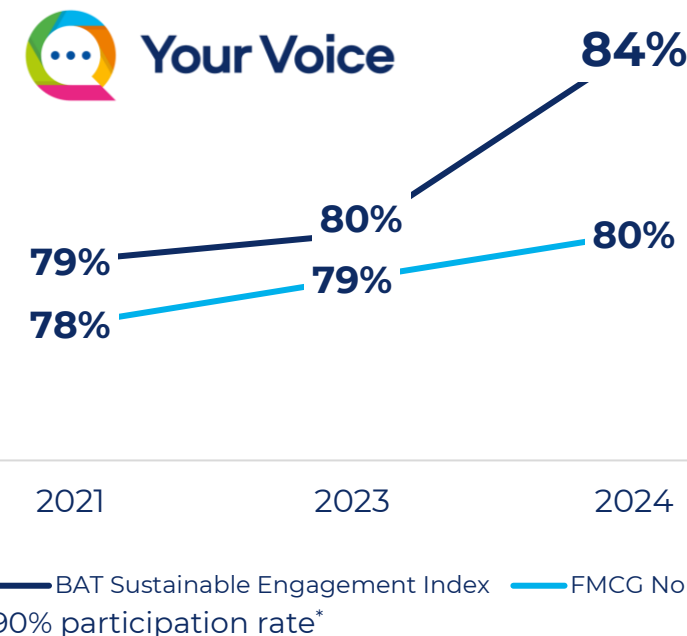
## Values activation survey in June 2024 – employee feedback



Global Top Employer for 8<sup>th</sup> consecutive year



## Employee engagement high and surpassing FMCG norm



## Our 2030 People Strategy is essential to attract, retain and engage talent

\* 90% of BAT employees globally participated in the latest 'Your Voice' survey.

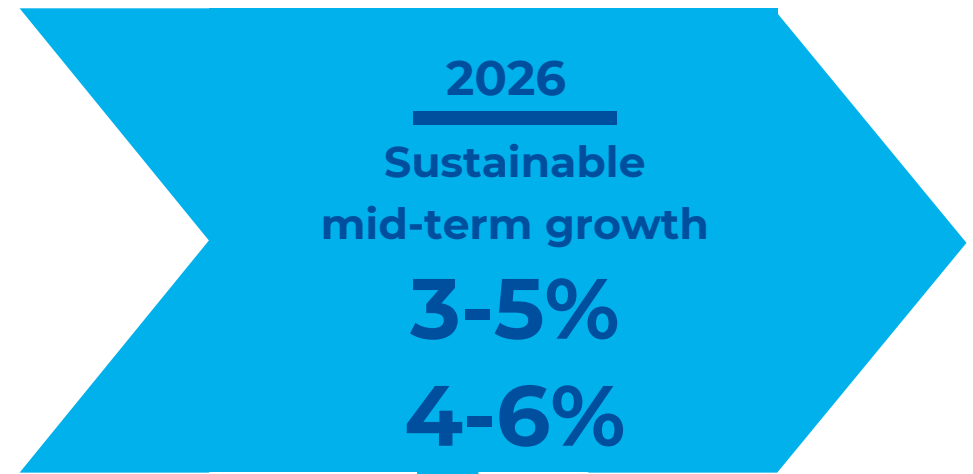
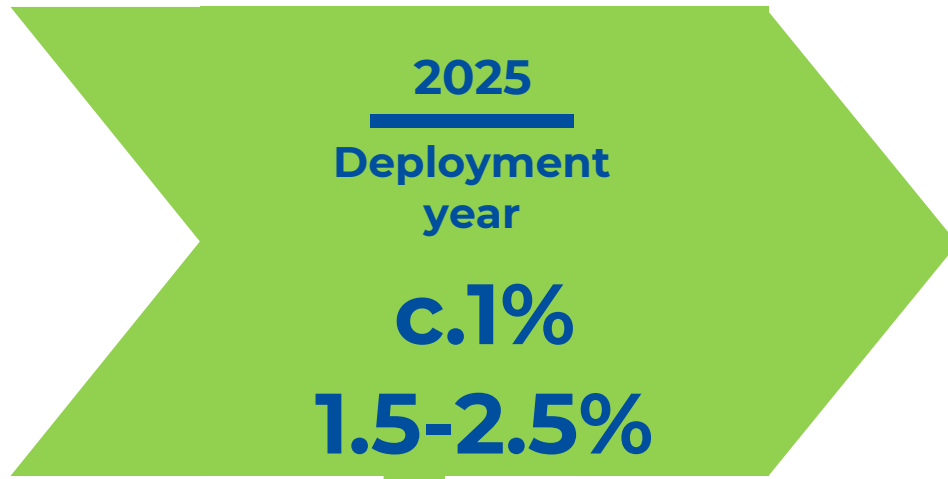
# 2025 Deployment Year priorities



- Targeted roll out of innovations in all three New Categories
  - Increasing NC returns on more focused investment
- Drive value from Combustibles
- Further improvement in our U.S. delivery
- Amplify proactive regulatory affairs approach
- Laser focus on enhanced cash flow generation
- Continue to build track record of delivery

**Confident in delivering mid-term guidance**

# Confident in delivering our mid-term sustainable Growth Algorithm in 2026



**Revenue Growth\***  
**APFO (Adjusted for Canada) Growth\*\***

- Improving U.S. financial performance
- Further Velo growth momentum
- Innovations in market for all three New Categories
- Continued strong performance in AME

---

**Key drivers**

- Significant Combustibles headwinds in APMEA (Bangladesh, Australia)
- Continued macro headwinds impacting U.S. industry volume
- No meaningful impact from enforcement actions tackling U.S. illicit Vapour
- Investment in deployment of innovations

- Improving U.S. financial performance
- Further Velo growth momentum
- Innovations in market for all three New Categories
- Continued strong performance in AME

- Improving U.S. financial performance
- Further Velo growth momentum
- Innovations gaining traction in all three New Categories and lapping deployment year investment
- Continued strong performance in AME
- Lapping Combustibles headwinds in Bangladesh
- Step up in efficiencies with commencement of our £2bn 2026-2030 savings plan

---

**Key drivers**

- Significant Combustibles headwinds in APMEA (Bangladesh, Australia)
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- Investment in deployment of innovations

- Improving U.S. financial performance
- Further Velo growth momentum
- Innovations in market for all three New Categories
- Continued strong performance in AME

\* On a constant rate basis. See Appendix A2. \*\* Adjusted for Canada on a constant rate basis. See Appendices A1 & A2.

# Q&A

## Preliminary Results 2024

**Tadeu Marroco** – Chief Executive | **Soraya Benchikh** – Chief Financial Officer



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<https://myirapp.com/bat/>



# Appendix

Preliminary Results 2024



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<https://myirapp.com/bat/>



# Appendix: Our volume shares in Top markets\*

Cigarettes	Volume share of Cigarettes	
	FY24 volume share	Change FY24 vs. FY23 (ppts)
<b>Group</b>	<b>45.7%</b>	<b>+0.2</b>
U.S.	33.9%	<b>0.0</b>
Germany	20.8%	<b>-0.5</b>
Japan	18.5%	<b>-0.1</b>
Romania	49.3%	<b>-0.9</b>
Brazil	68.7%	<b>+1.0</b>
Mexico	37.9%	<b>+0.5</b>
Bangladesh	87.3%	<b>+0.8</b>
Pakistan	80.1%	<b>+1.0</b>

Vuse	Value share of Total Vapour	
	FY24 value share	Change FY24 vs. FY23 (ppts)
<b>Group</b>	<b>40.0%</b>	<b>-1.2</b>
U.S.	50.2%	<b>-2.0</b>
U.K.	8.9%	<b>-0.9</b>
Canada	85.9%	<b>-6.7</b>
Poland	14.4%	<b>+0.1</b>
Germany	28.7%	<b>+2.8</b>
France	55.4%	<b>+6.9</b>
Spain	29.4%	<b>+6.4</b>

glo	Volume share of HP	
	FY24 volume share	Change FY24 vs. FY23 (ppts)
<b>Group</b>	<b>16.7%</b>	<b>-0.4</b>
Japan	17.8%	<b>-0.5</b>
Poland	34.7%	<b>+1.6</b>
South Korea	9.9%	<b>-1.1</b>
Italy	12.6%	<b>0.0</b>
Romania	16.2%	<b>-1.4</b>
Hungary	11.6%	<b>-1.7</b>
Greece	11.5%	<b>-0.3</b>
Czech Rep.	18.4%	<b>+1.4</b>
Germany	9.1%	<b>-1.2</b>

Velo	Volume share of Total Oral		Volume share of Modern Oral	
	FY24 volume share	Change FY24 vs. FY23 (ppts)	FY24 volume share	Change FY24 vs. FY23 (ppts)
<b>Group</b>	<b>11.5%</b>	<b>+2.0</b>	<b>28.4%</b>	<b>+1.3</b>
Sweden	18.2%	<b>+3.2</b>	57.6%	<b>+0.6</b>
Norway	26.4%	<b>+2.3</b>	63.2%	<b>-0.5</b>
U.S.	3.4%	<b>+1.6</b>	6.6%	<b>+2.1</b>
Denmark	86.0%	<b>-0.8</b>	88.5%	<b>-1.8</b>
Switz.	74.9%	<b>+3.2</b>	94.5%	<b>-0.9</b>
U.K.	55.0%	<b>+0.2</b>	55.0%	<b>+0.2</b>
Poland	92.2%	<b>-1.8</b>	92.2%	<b>-1.8</b>

\* **Top Vapour markets:** U.S. – RSD, Canada – Scan Data, the UK – NielsenIQ, France – Strator, Germany – NielsenIQ, Poland – NielsenIQ, Spain – Logista RA. These seven markets account for c.80% of global closed systems consumable revenue in 2024. **Top HP markets:** Japan – CVS-BC, South Korea – CVS, Italy – NielsenIQ, Germany – NielsenIQ, Greece – NielsenIQ, Hungary – SZTFH, Poland – NielsenIQ, Romania – NielsenIQ, Czech Republic – NielsenIQ. These nine markets account for c.80% of total industry HP revenue in 2024. **Top Modern Oral markets:** U.S. – RSD, Sweden – NielsenIQ, Denmark – NielsenIQ, Norway – NielsenIQ, Switzerland – IMS, UK – NielsenIQ, Poland – NielsenIQ. These seven markets account for c.90% of total industry Modern Oral revenue in 2024. **Top Combustibles markets:** U.S. – Marlin, Germany – NielsenIQ, Japan – CVS, Romania – NielsenIQ, Brazil – Scanntech, Mexico – NielsenIQ, Bangladesh – IMS, Pakistan – Retail Access. These eight markets account for c.60% of cigarette industry revenue in 2024.

# Appendix: Organic Group Results excl. Russia/Belarus

	Organic Group FY24	Organic Group FY23	Organic Growth FY24 vs. FY23	Total Group Growth FY24 vs. FY23 <sup>^</sup>
<b>Volume</b> FMC & HP	<b>526bn</b>	<b>553bn</b>	<b>-4.8%</b>	<b>-9.0%</b>
<b>Revenue*</b>	(£ Millions) <b>27,151</b>	(£ Millions) <b>26,804</b>	<b>1.3%</b>	<b>-0.5%</b>
<b>NC Revenue*</b>	<b>3,551</b>	<b>3,260</b>	<b>+8.9%</b>	<b>+6.1%</b>
<b>APFO**</b>	<b>12,439</b>	<b>12,272</b>	<b>+1.4%</b>	<b>-0.2%</b>
<b>Smokeless Consumers***</b>	(Millions) <b>29.1</b>	(Millions) <b>25.5</b>	(Millions) <b>+3.6</b>	<b>n/a</b>

\* On an organic, constant rate basis. See Appendices A2 & A7. \*\* Adjusted profit from operations on an adjusted, organic constant rate basis. See Appendices A1, A2 & A7. \*\*\* See Appendix A10. ^ FY24 results compared with FY23 results which include the performance of our Russian/Belarusian businesses in 2023. On a constant rate basis. See Appendix A2.

# Appendix: FY24 Group results (adjusted for Canada)

For year ended 31 December 2024 (£m)	Reported	Adjusting items	Adjusted*	Adjustment for Canada	As adjusted for Canada*
Profit from Operations					
U.S.	4,087	2,299	6,386	-	6,386
AME	-3,464	6,784	3,320	-520	2,800
APMEA	2,113	71	2,184	-	2,184
<b>Total Region</b>	<b>2,736</b>	<b>9,154</b>	<b>11,890</b>	<b>-520</b>	<b>11,370</b>
Net finance costs	-1,098	-491	-1,589	-126	-1,715
Associates and joint ventures	1,900	-1,379	521	-	521
<b>Profit before tax</b>	<b>3,538</b>	<b>7,284</b>	<b>10,822</b>	<b>-646</b>	<b>10,176</b>
Taxation	-357	-2,206	-2,563	169	-2,394
Non-controlling interests	-113	-38	-151	-	-151
Coupons relating to hybrid bonds net of tax	-42	-	-42	-	-42
<b>Profit attributable to shareholders</b>	<b>3,026</b>	<b>5,040</b>	<b>8,066</b>	<b>-477</b>	<b>7,589</b>
Diluted number of shares (m)	2,225		2,225		2,225
<b>Diluted earnings per share (pence)</b>	<b>136.0</b>	<b>-</b>	<b>362.5</b>	<b>-</b>	<b>341.1</b>

\* On an adjusted basis. See Appendix A2.

# Appendix: Non-GAAP Measures Reconciliation

Adjusted Profit from Operations

Years ended 31 December	2024 £m	2023 £m
<b>Profit/(loss) from operations</b>	<b>2,736</b>	<b>-15,751</b>
Add:		
Restructuring and integration costs	-	-2
Amortisation and impairment of trademarks and similar intangibles	2,279	23,202
Impairment of goodwill	39	4,614
Charges in respect of an excise assessment in Romania	449	-
Charges in respect of the ongoing litigation in Canada	6,203	-
Impairment charges in respect of fixed assets, including the Group's head office in London	149	-
Charges in connection with disposal of associate	6	-
Credit in respect of calculation of excise on social contributions in Brazil	-	-148
Credit in respect of settlement of historic litigation in relation to the Fox River	-132	-
Charges in connection with disposal of subsidiaries	-	351
Charges in respect of contributions on investment grants in Brazil	-	47
Credit in respect of recovery of VAT on social contributions in Brazil	-	-19
Charges in respect of DOJ investigation and OFAC investigation	4	75
Other adjusting items (including Engle)	157	96
<b>Adjusted profit from operations</b>	<b>11,890</b>	<b>12,465</b>
Impact of translational foreign exchange on adjusted profit from operations	549	
<b>Adjusted profit from operations translated at 2023 exchange rates</b>	<b>12,439</b>	<b>12,465</b>
Inorganic adjustments translated at 2023 exchange rates	-	-193
<b>Adjusted organic profit from operations translated at 2023 exchange rates</b>	<b>12,439</b>	<b>12,272</b>

# 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 estimated number of units bought by consumers of a specific brand or combination of brands, as a proportion of the total estimated 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 cigarettes. Corporate volume share is the share held by BAT Group. Except when referencing particular markets, volume share is based on our top markets.

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

## **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 price (how much each unit is sold for). The Group may achieve a movement in revenue due to the relative proportions of higher price volume sold compared to lower price volume sold (price/mix).

## **A5: 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.

## **A6: 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.

## **A7: Organic**

To supplement the Group's results presented in accordance with International Financial Reporting Standards (IFRS), the Group's Management Board, as the chief operating decision maker, reviews certain of its results, including revenue and adjusted profit from operations, at constant rates of exchange, prior to the impact of businesses sold or held-for-sale. Although the Group does not believe that these measures are a substitute for IFRS measures, the Group does believe that such results excluding the impact of businesses sold or to be held-for-sale provide additional useful information to investors regarding the underlying performance of the business on a comparable basis and in the case of the divestment of the Group's businesses in Russia and Belarus, the impact these businesses had on revenue and profit from operations. Accordingly, the organic financial measures appearing in this document should be read in conjunction with the Group's results as reported under IFRS. The exits referred to in respect of other markets, including in Africa, are not deemed significant to the users' understanding.

## **A8: Poly-usage**

- **Combustibles Poly-use** – refers to the use by an adult\* consumer of both Combustibles products and potentially reduced-risk tobacco and nicotine products which for many smokers is part of a transitional period where those consumers move towards a complete switch to potentially reduced-risk products by reducing the consumption of combustible tobacco products and replacing them with one or more potentially reduced-risk products.

- **New Categories Poly-use** – refers to the consumption of two or more potentially reduced-risk tobacco or nicotine product categories by adult\* consumers who do not consume any Combustibles products.

- **Total Poly-use** – total number of adult\* consumers consuming two or more tobacco and/or nicotine products, which may or may not include Combustibles products.

\* As defined by the relevant local law but shall in no circumstance refer to any person under the age of 18; and shall in no circumstance refer to any person under the age of 21 in the U.S.

## **A9: Adjusted net debt to adjusted EBITDA**

Net debt, excluding the impact of the revaluation of Reynolds American Inc. acquired debt arising as part of the purchase price allocation process, as a proportion of profit for the year (earnings) before net finance costs (interest), tax, depreciation, amortisation, impairment, associates and adjusting items

## **A10: Consumers of Smokeless Products**

The number of adult consumers of Smokeless products is defined as the estimated number of Legal Age (minimum 18 years) consumers of the Group's Smokeless products - which does not necessarily mean these users are solus consumers of these 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 Smokeless 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.

The number of Smokeless products consumers is used by management to assess the number of adult consumers regularly using the Group's New Categories products as the increase in Smokeless products is a key pillar of the Group's Sustainability ambition and is integral to the sustainability of our business.

## **A11: Smokeless Products**

Refers to Non-Combustibles, including Vapour products, Heated Products, Modern Oral and Traditional Oral.