



**BRITISH AMERICAN  
TOBACCO**

news release

www.bat.com

06 May 2009

**BRITISH AMERICAN TOBACCO p.l.c.**

**INTERIM MANAGEMENT STATEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2009**

- **Strong revenue growth at both constant and current exchange rates**
- **Volumes from subsidiaries increased 7 per cent to 170 billion**
- **All four Global Drive Brands grew volume, with overall growth of 7 per cent**

**Trading update**

British American Tobacco had a good start to 2009 and is continuing to build on the success achieved in 2008.

Group revenue for the three months grew strongly in constant currency terms, driven by the continued good pricing momentum and volume growth from the acquisitions made in the middle of last year (Skandinavisk Tobakskompagni (ST) and Tekel). All regions contributed to this good result. Revenue benefited further from the favourable impact of significant exchange rate movements which more than offset the adverse transactional impact of exchange rates on costs.

Group volumes from subsidiaries were 170 billion, up 7 per cent, mainly as a result of the acquisitions of ST and Tekel. Excluding the benefits of these acquisitions, volumes were in line with last year with premium volumes slightly ahead.

The four Global Drive Brands continued their strong performance and achieved overall volume growth of 7 per cent. Dunhill was up 8 per cent, Kent 3 per cent, Lucky Strike 4 per cent and Pall Mall grew by 11 per cent.

**Cigarette volumes**

The segmental analysis of the volumes of subsidiaries is as follows:

	<b>3 months to</b>		<b>Year to</b>
	<b>31.03.09</b>	31.03.08	31.12.08
	<b>bns</b>	bns	bns
Asia-Pacific	<b>43.3</b>	42.9	179.5
Americas	<b>37.9</b>	39.2	161.0
Western Europe	<b>29.7</b>	25.1	122.6
Eastern Europe	<b>27.1</b>	29.1	137.3
Africa and Middle East	<b>31.5</b>	22.1	114.2
	<b><u>169.5</u></b>	<u>158.4</u>	<u>714.6</u>

**Trading environment**

This performance was achieved against general trading conditions which became tougher during the quarter with lower industry volumes in a number of key markets and a deceleration of growth in the premium segment. In some markets, particularly in Central and Eastern Europe, there was down-trading to illicit trade as a result of excise increases.

## **Summary**

Paul Adams, Chief Executive, commented "We have been encouraged by the good start to the year and the first quarter's trading demonstrates the strength of British American Tobacco's business, despite the difficult economic conditions. The continuing growth from our Global Drive Brands, the balanced brand portfolio covering all price points, our leading market positions and our broad geographic spread give us confidence that we should deliver another year of good earnings growth."

## **CHANGES IN THE GROUP**

The acquisition of the cigarette and snus businesses of ST was subject to regulatory approval which was received on the condition that the Group divest a small number of local trademarks, primarily in Norway. The disposal of the trademarks was dealt with in two packages, with the first package sold and completed in February 2009, while in March 2009, contracts were exchanged in respect of the second package. The total proceeds from the two packages were in line with the estimated value of £182 million as reported in the 2008 Annual Report.

## **NET DEBT/FINANCING**

The Group remains confident in its ability to access successfully the debt capital markets and reviews its options on an ongoing basis. The main change in financing arrangements since the beginning of the financial year was the repayment of the €900 million maturing debt at the end of February 2009, financed from bonds issued during 2008 and from cash generated from operations.

The Group has sufficient financing and facilities available for the foreseeable future and at 31 March 2009 its guaranteed revolving credit facility of £1.75 billion was undrawn.

## **FINANCIAL POSITION**

There have been no material events, transactions or change in the financial position of the Group since the year end, other than as outlined in this statement.

On behalf of the Board

Nicola Snook

Secretary

5 May 2009

## **DISCLAIMERS**

This announcement does not constitute an invitation to underwrite, subscribe for, or otherwise acquire or dispose of any British American Tobacco p.l.c. shares or other securities.

This announcement contains certain forward looking statements which are subject to risk factors associated with, among other things, the economic and business circumstances occurring from time to time in the countries and markets in which the Group operates. It is believed that the expectations reflected in this announcement are reasonable but they may be affected by a wide range of variables which could cause actual results to differ materially from those currently anticipated.

Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser.

Notes to editors

British American Tobacco is the world's second largest quoted tobacco group by global market share, with brands sold in more than 180 markets. We have four Global Drive Brands – Dunhill, Kent, Lucky Strike and Pall Mall - and over 300 brands in our portfolio. We hold robust market positions in each of our regions and have leadership positions in more than 50 markets.

## FINANCIAL CALENDAR 2009

30 July Interim Results  
28 October Interim Management Statement

## REBASED REGIONAL STRUCTURE FOR THE INTERIM RESULTS 2008

The regional structure has been realigned from 1 January 2009, as explained in the Annual Report. For reference, the rebased numbers for the six months to 30 June 2008 are as follows:

	Revenue £m	Profit from Operations £m	Adjusted Profit from Operations* £m
Asia-Pacific	1,293	454	456
Americas	1,349	518	516
Western Europe	1,406	308	334
Eastern Europe	689	199	199
Africa and Middle East	720	245	252
	<u>5,457</u>	<u>1,724</u>	<u>1,757</u>

\*Excluding restructuring and integration costs and gains on disposal of businesses and brands.

## CORPORATE INFORMATION

### Primary listing

London Stock Exchange (Share Code: BATS; ISIN: GB0002875804)  
Computershare Investor Services PLC  
The Pavilions, Bridgwater Road, Bristol BS99 6ZZ, UK  
tel: 0800 408 0094; +44 870 889 3159  
Share dealing tel: 0870 703 0084 (UK only)  
Your account: [www.computershare.com/uk/investor/bri](http://www.computershare.com/uk/investor/bri)  
Share dealing: [www.computershare.com/dealing/uk](http://www.computershare.com/dealing/uk)  
Queries: [web.queries@computershare.co.uk](mailto:web.queries@computershare.co.uk)

### Secondary listing

(since 28 October 2008) — JSE (Share Code: BTI)  
Shares are traded in electronic form only and transactions settled electronically through Strate.  
Computershare Investor Services (Pty) Limited  
PO Box 61051, Marshalltown 2107, South Africa  
tel: 0861 100 950; +27 11 373 0017  
Queries: [web.queries@computershare.co.za](mailto:web.queries@computershare.co.za)

### Publications

British American Tobacco Publications  
Unit 80, London Industrial Park, Roding Road,  
London E6 6LS, UK  
tel: +44 (0)20 7511 7797; facsimile: +44 (0)20 7540 4326  
e-mail: [bat@team365.co.uk](mailto:bat@team365.co.uk) or  
Computershare Investor Services (Pty) Limited in South Africa  
using the contact details shown above.

### British American Tobacco p.l.c.

#### Registered office

Globe House  
4 Temple Place  
London  
WC2R 2PG  
tel: +44 (0)20 7845 1000

**British American Tobacco p.l.c.**  
**Representative office in South Africa**  
34 Alexander Street  
Stellenbosch  
7600  
South Africa  
(PO Box 631, Cape Town 8000, South Africa)  
tel: +27 (0)21 888 3722

---

This Interim Management Statement is released to the London Stock Exchange and the JSE Limited. It may be viewed and downloaded from our website, [www.bat.com](http://www.bat.com)

Copies of the Interim Management Statement may also be obtained during normal business hours from: (1) the Company's registered office; (2) the Company's representative office in South Africa; and (3) British American Tobacco Publications, as above.

**ENQUIRIES:**

**INVESTOR RELATIONS:**

Ralph Edmondson/ 020 7845 1180  
Rachael Brierley 020 7845 1519

**PRESS OFFICE:**

David Betteridge/Catherine Armstrong/ 020 7845 2888  
Elif Boutlu