



28 April 2011

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

**INTERIM MANAGEMENT STATEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2011**

- **Good organic revenue growth of 5 per cent at constant rates of exchange**
- **Volumes from subsidiaries decreased by 2.4 per cent to 164 billion, organic volumes reduced by 1.8 per cent**
- **Global Drive Brands volume grew by 9 per cent**

Nicandro Durante, Chief Executive, commented "British American Tobacco has made a good start to the year and our rate of organic volume decline is slowing. Our innovations are enabling us to take price increases and grow share in our Top 40 markets."

**SUMMARY OF PERFORMANCE**

**Trading update**

British American Tobacco performed well in the three months to the end of March, with good organic revenue growth.

Group organic revenue for the three months grew by 5 per cent in constant currency terms reflecting a continued good pricing environment. Reported revenue at both constant and current rates remained in line with last year which is mainly attributable to the disposal of Lyfra, the cessation of the Gauloises contract in Germany and the ending of the phone cards distribution in Brazil, all in 2010.

Group volumes from subsidiaries were 164 billion, down 2.4 per cent from 168 billion in 2010, while organic volumes were 1.8 per cent lower. Industry volume declined significantly in markets such as Spain, Mexico, Australia and Vietnam. However, the Group grew market share in all these markets.

The four Global Drive Brands delivered a strong overall performance with volume growth of 9 per cent and share growth in a number of key markets. Kent was up by 16 per cent, driven by Russia, Japan, South Korea, Romania and Ukraine. Pall Mall grew by 10 per cent as a result of volume growth in Pakistan, Romania and Turkey whilst good performances in Brazil, Taiwan, Russia and Romania contributed to a 6 per cent increase in Dunhill volumes. Lucky Strike volumes were 4 per cent lower mainly driven by industry volume declines in Spain.

**Trading environment**

This good performance was achieved in trading conditions which remain challenging, with industry volumes markedly lower in a number of markets. However, the Group's innovation strategy resulted in market share growth across all regions. There were higher than expected shipments to Japan, where the environment remains highly uncertain following the devastating earthquake.

The Group continues to address its cost base and, amongst other initiatives, is progressing the factory closure activities in Europe, as well as the downsizing of manufacturing facilities in Australasia.

## Cigarette volumes

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

	<u>3 months to</u>		<u>Year to</u>
	<u>31.03.11</u>	31.03.10	31.12.10
	bns	bns	bns
Asia-Pacific	44	45	188
Americas	36	38	149
Western Europe	30	31	136
EEMEA	54	54	235
	<u>164</u>	<u>168</u>	<u>708</u>

## CHANGES IN THE GROUP

On 7 April 2010, the Group announced that it had agreed to sell its Belgium distribution business, Lyfra NV, to Landewyck Group S.a.r.l. The transaction was completed on 25 June 2010.

## SHARE BUY-BACK PROGRAMME

The Group resumed an on-market share buy-back programme from the beginning of March 2011. During the period to 31 March 2011, 4.7 million shares were bought at a cost of £111 million (31 March 2010: nil), giving an average cost per share purchased of £23.91.

## FINANCIAL POSITION

The Group has sufficient financing and facilities available for the foreseeable future and at 31 March 2011 its central banking facility of £2 billion was undrawn. This facility also acts as a backstop for the Group's £1 billion euro commercial paper (ECP) programme of which £312 million was outstanding on 31 March 2011.

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. Further, the Board is not aware of any material events, transactions or change in the financial position of the Group which have occurred since 31 December 2010 up to and including 27 April 2011, being the latest practicable date before the date of the publication of this Interim Management Statement.

On behalf of the Board

**Nicola Snook**

Secretary

27 April 2011

## NOTES AND ADDITIONAL INFORMATION

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.

### Disclaimers

This Interim Management Statement (IMS) relates to the three months ended 31 March 2011 and contains information that covers the first quarter and the period since the quarter end to 27 April 2011, being the latest practicable date before the date of the publication of this IMS.

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 IMS 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.

### Distribution of this Interim Management Statement (IMS)

The IMS 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 IMS 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, details of which are given below.

### FINANCIAL CALENDAR 2011

5 May	Payment date of 2010 final dividend
27 July	Half-Yearly Report
26 October	Interim Management Statement

### HALF-YEARLY REPORT AND INTERIM DIVIDEND

With particular reference to the Company's obligations in respect of the secondary listing of its ordinary shares on the JSE, the proposed dates in respect of the Half-Yearly Report and interim dividend for the year ending 31 December 2011 are currently scheduled as follows:

#### 2011

Wednesday 27 July	Half-Yearly Report (to include announcement of declaration of interim dividend: amount of dividend per share in both sterling and rand; applicable exchange rate and conversion date – 25 July 2011).
Friday 12 August	Last Day to Trade (JSE)
Monday 15 August to Friday 19 August	No transfers between the UK main register and the South African branch register; no shares may be dematerialised or rematerialised.
Monday 15 August	Ex-dividend date (JSE)
Wednesday 17 August	Ex-dividend date (LSE)
Friday 19 August	Record date (LSE and JSE)
Wednesday 28 September	Payment date (sterling and rand)

#### Note:

Any changes to the dates set out above will be announced. The dates will be restated in the Half-Yearly Report scheduled for Wednesday 27 July 2011.

## **CORPORATE INFORMATION**

### **Premium 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)  
Web-based enquiries: [www.investorcentre.co.uk/contactus](http://www.investorcentre.co.uk/contactus)

### **Secondary listing**

JSE (Share Code: BTI)  
Shares are traded in electronic form only and transactions settled electronically through Strate.  
Computershare Investor Services (Pty) Ltd  
PO Box 61051, Marshalltown 2107, South Africa  
tel: 0861 100 925; +27 11 870 8222  
e-mail enquiries: [web.queries@computershare.co.za](mailto:web.queries@computershare.co.za)

### **American Depositary Receipts (ADRs)**

NYSE Amex Equities (Symbol: BTI; CUSIP Number: 110448107)  
Sponsored ADR programme; each ADR represents two ordinary shares of British American Tobacco p.l.c.  
Citibank Shareholder Services  
PO Box 43077  
Providence, Rhode Island 02940-3077, USA  
tel: 1-888-985-2055 (toll-free) or +1 781 575 4555  
e-mail enquiries: [citibank@shareholders-online.com](mailto:citibank@shareholders-online.com)  
website: [www.citi.com/dr](http://www.citi.com/dr)

### **Publications**

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

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