BRITISH AMERICAN TOBACCO

news release

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BRITISH AMERICAN TOBACCO p.l.c.

INTERIM MANAGEMENT STATEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013

GOOD UNDERLYING PERFORMANCE CONTINUED

- **Good revenue growth of 3.5% at constant rates of exchange**
- **Revenue growth of 0.7% at current rates of exchange**
- **Cigarette volume from subsidiaries decreased by 3.2% to 501 billion**
- **Total tobacco volume was down by 3.0%**
- **Global Drive Brand cigarette volume grew by 1.9%**

Nicandro Durante, Chief Executive, commented: "The Group continued its good performance against a backdrop of adverse exchange rate movements, lower industry volume and instability in some parts of the world. We have grown revenue and market share, our pricing momentum remains strong and our Global Drive Brands continue to perform well. During the period, the Group launched its first next generation product, Vype, and early signs are encouraging. We remain on track for a year of solid earnings growth."

SUMMARY OF PERFORMANCE

Trading update

British American Tobacco performed well in the nine months to the end of September 2013 with continued growth in revenue, market share and the Global Drive Brands. The Group's reported results were adversely impacted by exchange rate movements. Volume was lower than last year as a result of industry volume declines, excise-driven trade inventory movements in Brazil and the leap year comparator.

Group revenue for the nine months, at constant rates of exchange, grew by 3.5%, driven by strong pricing. At current exchange rates, revenue grew by 0.7%, as movements in some of the Group's key trading currencies continued to adversely impact reported revenues.

Cigarette volume from subsidiaries was 501 billion, down by 3.2%, with underlying cigarette volume declining 2.4%. Growth in many markets, including Bangladesh, Pakistan, Vietnam, the Middle East and the Philippines, was more than offset by lower volumes in Brazil, Russia, Turkey, Ukraine, Egypt and Western Europe.

Global Drive Brands' cigarette volume was up by 1.9%, with their market share growing strongly in the Group's Top 40 markets. Dunhill volume increased by 9.6%, with good growth in Indonesia, South Korea and the GCC. Kent was 4.0% lower, driven by market declines in Russia, Romania and Ukraine. Lucky Strike volume was down by 5.3%, with increases in the Philippines, Brazil and Poland, more than offset by market declines in Spain and lower volume in the Middle East. Pall Mall was up by 5.2%, largely as a result of growth in Pakistan, Romania, Chile and Argentina, partially offset by declines in Russia, Uzbekistan, Germany and Spain.

Other tobacco products performed well, with Fine Cut tobacco growing, driven by a 3.3% increase in Western Europe. Pall Mall, the biggest Fine Cut brand in Western Europe, was up by 10.7% with growth in Belgium, Spain, France, Italy and Germany. Total tobacco volume (including cigarettes) was 3.0% lower at 521 billion.

Trading environment
Despite industry volume declining and difficult trading conditions persisting in some parts of the world, the pricing environment remains strong. Exchange rate movements are adversely affecting the reported results.

Cigarette volumes
The segmental analysis of the volumes of subsidiaries was as follows:

	9 months to 30.09.13	9 months to 30.09.12	Year to 31.12.12
	bns	bns	bns
Asia-Pacific	149	141	188
Americas	97	104	142
Western Europe	87	95	129
EEMEA	168	177	235
	501	517	694
Total tobacco volumes	521	537	722

SHARE BUY-BACK PROGRAMME

The Group resumed an on-market share buy-back programme from the end of February 2013. During the nine months to 30 September 2013, 31.4 million shares were bought at a cost of £1,095.9 million, excluding transaction costs.

FINANCIAL POSITION

The Group has sufficient financing and facilities available for the foreseeable future.

The changes in the financing arrangements of the Group since the beginning of the financial year were the issue in March of a new €650 million bond with a maturity of 2025, a new US$300 million bond with a maturity of 2016 and a new £650 million bond with a maturity of 2026. These issues were in anticipation of the repayment in July 2013 of a €519 million bond and the repayment in November and December 2013 of a US$300 million and a £152 million bond respectively.

There have been no material events, transactions or changes 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 changes in the financial position of the Group which have occurred up to and including 22 October 2013, being the latest practicable date before the date of the publication of this Interim Management Statement.

On behalf of the Board
Nicola Snook
Secretary
22 October 2013

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 nine months ended 30 September 2013 and contains information that covers the nine months and the period since the third quarter end to 22 October 2013, 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

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 2014

27 February	Preliminary Statement
30 April	Annual General Meeting and Interim Management Statement
30 July	Half-Yearly Report
22 October	Interim Management Statement

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 (0)870 889 3159
Share dealing tel: 0870 703 0084 (UK only)
Your account: www.computershare.com/uk/investor/bri
Share dealing: www.computershare.com/dealing/uk
Web-based enquiries: www.investorcentre.co.uk/contactus

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

American Depositary Receipts (ADRs)
NYSE MKT (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
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British American Tobacco p.l.c. is a public limited company which is listed on the London Stock Exchange and the JSE Limited in South Africa. British American Tobacco p.l.c. is incorporated in England and Wales (No.3407696) and domiciled in the UK.

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