

30 APRIL 2014

BRITISH AMERICAN TOBACCO p.l.c.

INTERIM MANAGEMENT STATEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2014

ON TRACK FOR ANOTHER GOOD YEAR

- **Revenue grew by 2% at constant rates of exchange**
- **Revenue declined by 12% at current rates of exchange**
- **Cigarette volume from subsidiaries decreased by 1.0% to 158 billion, with a decrease of 1.1% for total tobacco volume**
- **Global Drive Brand cigarette volume grew by 6.3%**

Nicandro Durante, Chief Executive, commented: "This is a good underlying performance, underpinned by an improving trend in volume. We have grown revenue at constant rates of exchange and our pricing remains on track. Our market share continued to grow, driven by the strength of our Global Drive Brands. Although foreign exchange remains an issue for reported results, it is a good start to the year. I remain confident of delivering consistent growth in earnings in constant currency terms, which we will recognise with an increase in the dividend."

SUMMARY OF PERFORMANCE

Trading update

British American Tobacco delivered an improved volume performance, down just 1% in the first three months of the year, aided by the continued strong growth of the Global Drive Brands. The Group built on the good share performance seen last year, with strong share growth across the key markets in the first quarter of 2014.

Group revenue for the three months, at constant rates of exchange, grew by 2%, reflecting lower volume and the timing of price increases, compared to last year. At current exchange rates, revenue declined by 12%, as movements in the majority of the Group's key trading currencies adversely impacted reported revenue.

Cigarette volume from subsidiaries were 158 billion, down 1.0%, with growth in many markets, including Bangladesh, Pakistan, Indonesia, Japan and the GCC, more than offset by trade inventory adjustments in Denmark and lower volumes in Russia and Poland. Total tobacco volume was 1.1% lower.

The five Global Drive Brands' cigarette volumes were up by 6.3%, with their combined market share growing strongly in the Group's key markets. Dunhill volume increased by 4.1%, with good growth in Indonesia and Brazil, partially offset by market decline in Malaysia. Kent was 1.6% higher, driven by Japan and the Middle East, partially offset by market decline in Russia. Lucky Strike volume was down by 1.0%, with increases in Russia and Spain more than offset by decreases in Chile, Germany and Poland. Pall Mall was up by 6.9%, as a result of growth in Pakistan, Chile, South Africa, Argentina and Mexico, partially offset by declines in Russia and Italy. Rothmans grew by 27.6% with strong performances in Russia, Italy and Ukraine, partially offset by decline in Egypt.

Fine Cut was down 2.9%, driven by market declines in Western Europe, mainly Italy, Spain and France, partially offset by growth in Germany and Belgium. Both Pall Mall and Lucky Strike Fine Cut grew volumes.

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Trading environment

Emerging market volumes are increasing, however, the trading environment in Western Europe remains challenging.

Compared to last year, the timing of price increases will be more weighted towards the second half of the year. This, together with transactional exchange rate impacts which, at today's rates, will moderate over the year, means that results will be more skewed to the second half than in previous years.

Cigarette volumes

The segmental analysis of the volume of subsidiaries was as follows:

	3 months to 31.03.14	3 months to 31.03.13	Year to 31.12.13
	bns	bns	bns
Asia-Pacific	50	48	197
Americas	31	32	134
Western Europe	24	26	119
EEMEA	53	54	226
	158	160	676
Total Tobacco volume	164	166	703

SHARE BUY-BACK PROGRAMME

The Group resumed an on-market share buy-back programme from 28 February 2014. During the three months to 31 March 2014, 5.4 million shares were bought at a cost of £175.0 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 €400 million bond with a maturity of 2018, and a new €600 million bond with a maturity of 2029. These issues were in anticipation of the repayment of bonds that will expire later in 2014 and further financing needs for the Group.

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 29 April 2014, being the latest practicable date before the date of the publication of this Interim Management Statement.

On behalf of the Board

Nicola Snook

Secretary

29 April 2014

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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 200 markets. We have five Global Drive Brands – Dunhill, Kent, Lucky Strike, Pall Mall and Rothmans - and over 200 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 2014 and contains information that covers the three months and the period since the first quarter end to 29 April 2014, 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

8 May	Payment date of 2013 final dividend
30 July	Half-Yearly Report
22 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 the interim dividend for the year ending 31 December 2014 are currently scheduled as follows:

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Wednesday 30 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 – 28 July 2014; plus additional applicable information as required in respect of South African dividend tax).
Wednesday 30 July to Friday 22 August	From the commencement of trading on Wednesday 30 July 2014 to Friday 22 August 2014 (inclusive), no removal requests in either direction between the UK main register and the South Africa branch register will be permitted.
Friday 15 August	Last Day to Trade or LDT (JSE)
Monday 18 August to Friday 22 August	From the commencement of trading on Monday 18 August 2014 to Friday 22 August 2014 (inclusive), no transfers between the UK main register and the South Africa branch register will be permitted; no shares may be dematerialised or rematerialised.
Monday 18 August	Ex-dividend date (JSE)
Wednesday 20 August	Ex-dividend date (LSE)
Friday 22 August	Record date (LSE and JSE)
Tuesday 9 September	Last date for receipt of Dividend Reinvestment Plan (DRIP) elections (UK main register only).
Tuesday 30 September	Payment date (sterling and rand)

Note: Any changes to the dates set out above will be announced. This timetable will be included in the Half-Yearly Report scheduled for release on Wednesday 30 July 2014.

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
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.
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

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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

tel: 1-888-985-2055 (toll-free) or +1 781 575 4555

e-mail enquiries: Citibank@shareholders-online.com

website: 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 or

Computershare Investor Services (Pty) Ltd 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 20 7845 1000

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.

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 21 888 3077

ENQUIRIES:

INVESTOR RELATIONS:

Mike Nightingale 020 7845 1180

Rachael Brierley 020 7845 1519

Sabina Marshman 020 7845 1781

PRESS OFFICE:

Will Hill/Annie Brown

020 7845 2888

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