



PRELIMINARY RESULTS 2012

28th February 2013

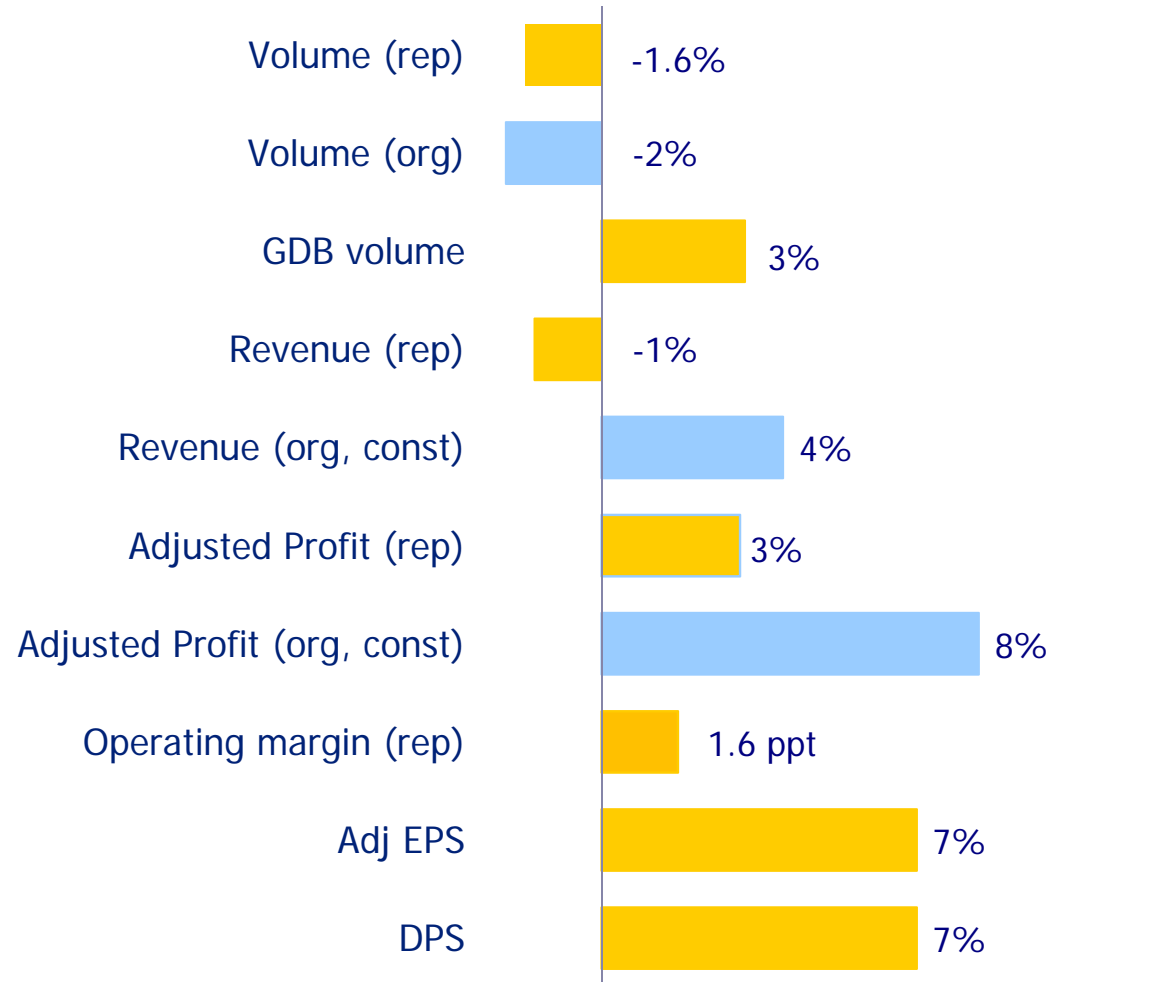


Nicandro Durante

Chief Executive



Delivering the strategy



Global drive brands

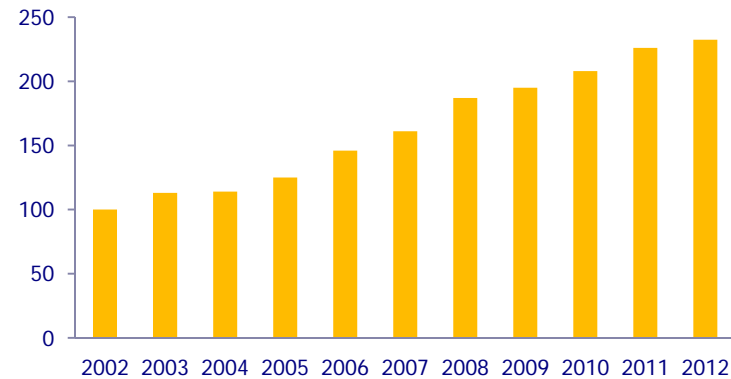


- Volume: 49 billion, up 2%
- Share +0.1 ppt in T40
- Strong growth in Indonesia, South Africa, Malaysia
- Innovations account for 73%



- Volume: 67 billion, up 1%
- Share is flat
- Strong performance in Russia, Ukraine and Azerbaijan
- Innovations driving growth

GDB volumes 2002-2012



- GDB volume: 232 billion +3%
- Total international brands: 377 billion +2%
- Organic premium volume -1%
- Organic below-premium volume -2%

Global drive brands

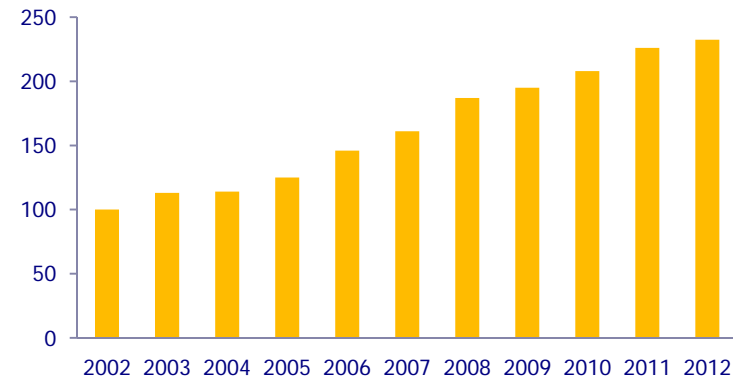


- Volume: 33 billion, up 11%
- Share 0.2 ppt in T40
- Growth in Western Europe and Americas
- Capsule markets driving growth

PALL MALL

- Volume: 83 billion, up 3%
- Share +0.1 ppt in T40
- Strong performance in Pakistan
- Southern Europe impacting volume

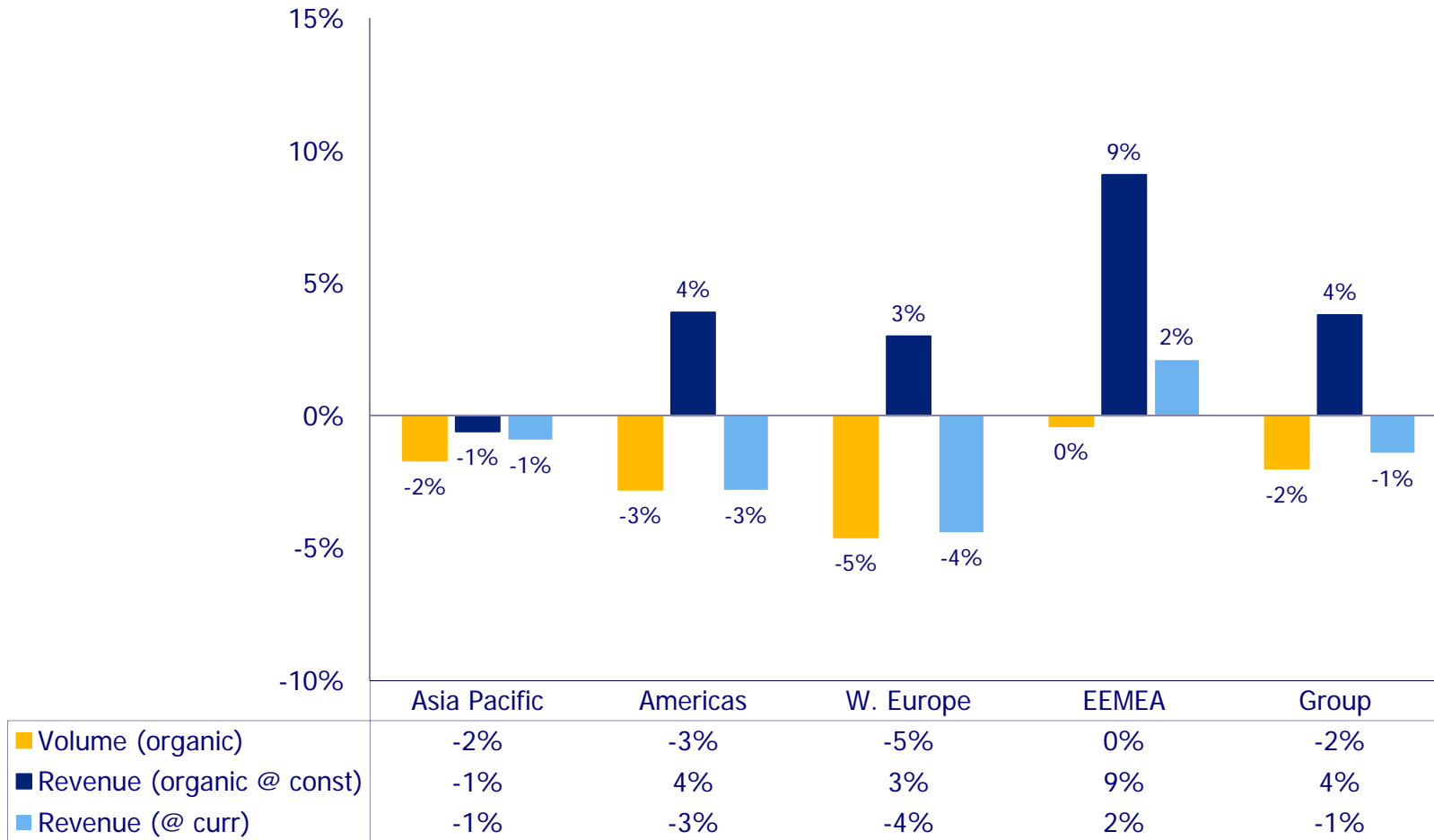
GDB volumes 2002-2012



- GDB volume: 232 billion +3%
- Total international brands: 377 billion +2%
- Organic premium volume -1%
- Organic below-premium volume -2%

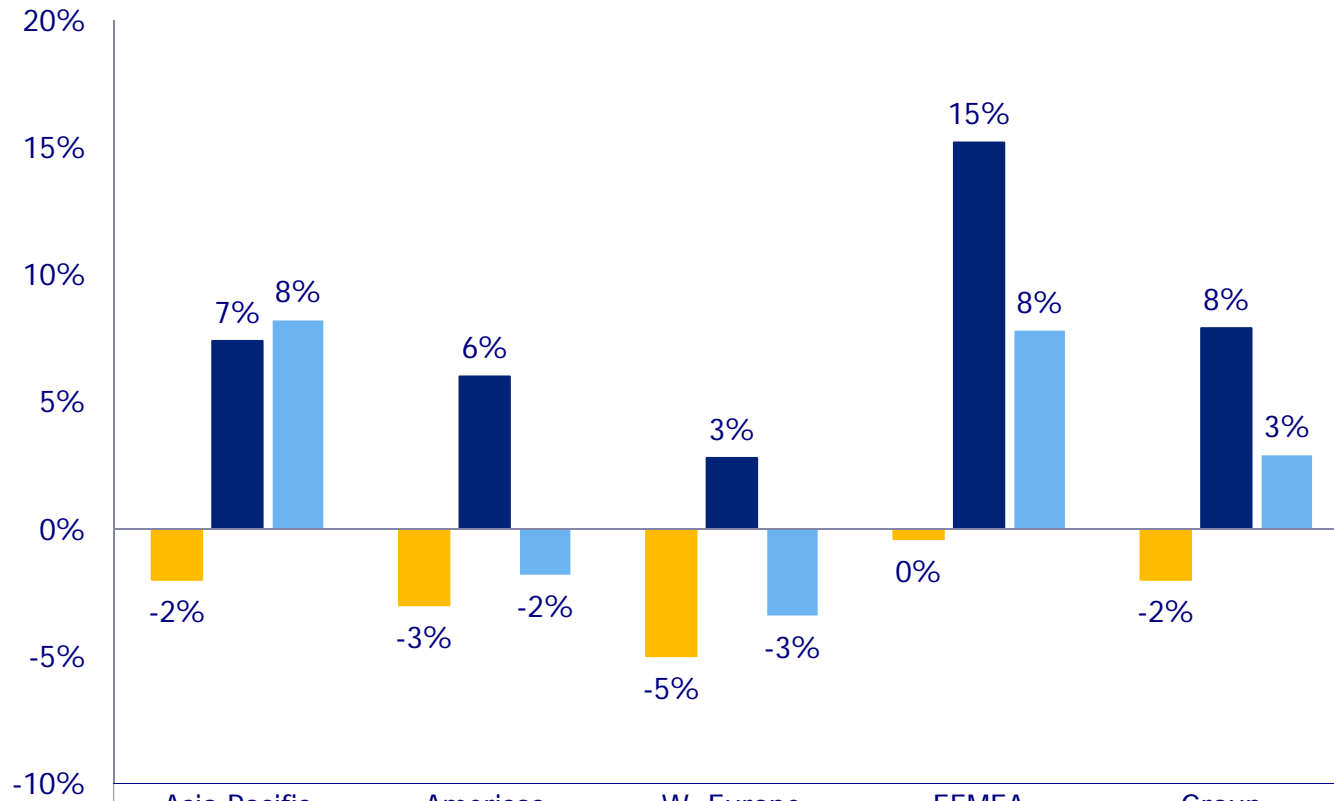


Volume and revenue





Volume and profit



	Asia Pacific	Americas	W. Europe	EEMEA	Group
■ Volume (organic)	-2%	-3%	-5%	0%	-2%
■ Profit (org @ const)	7%	6%	3%	15%	8%
■ Profit (@ curr)	8%	-2%	-3%	8%	3%

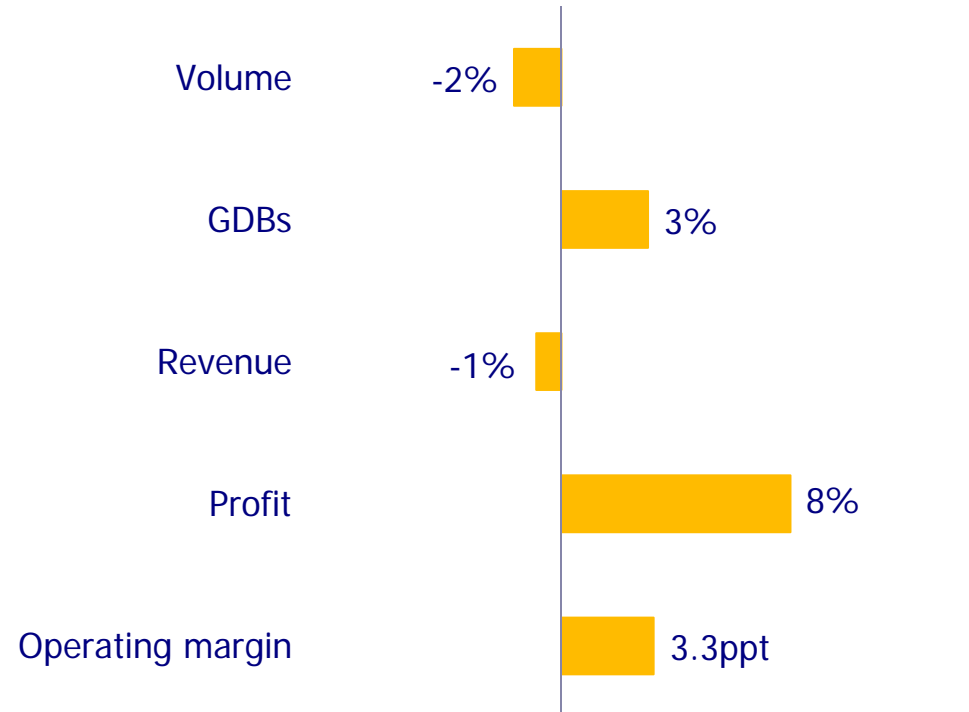


Asia Pacific

Strong profit growth due to good performances across the region

Volume impacted by declines in South Korea, Japan and Indonesia

Strong GDB performance





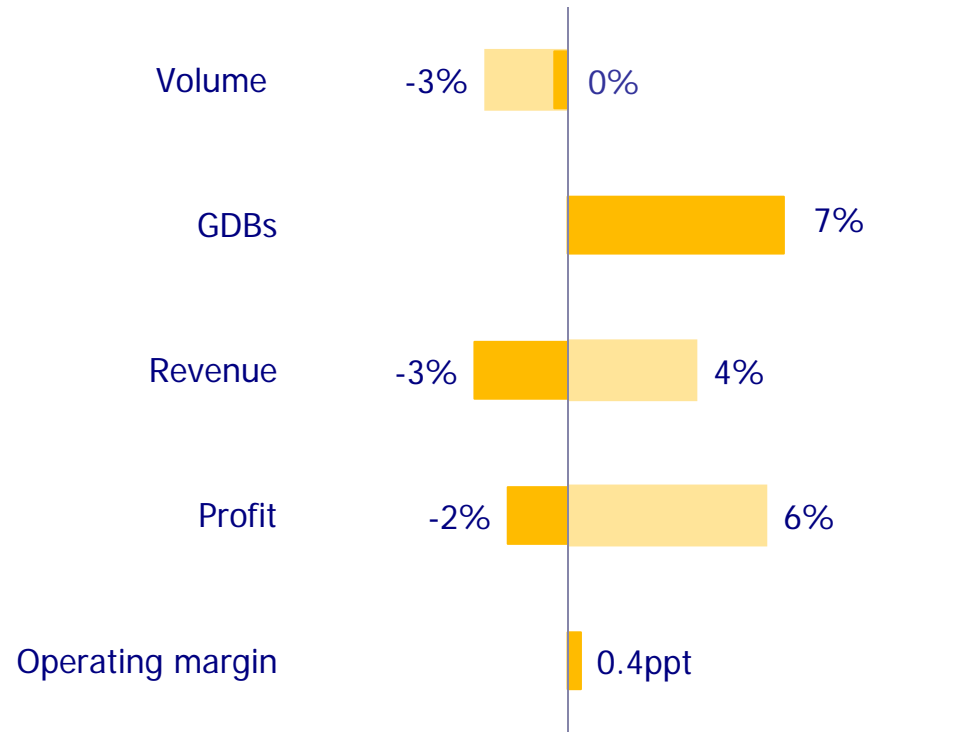
Americas

Illicit trade stabilised in Canada and du Maurier share increased

Strong performance of Lucky Strike in Argentina

Good GDB growth in Colombia

Share up in Brazil, Canada, Venezuela and Mexico



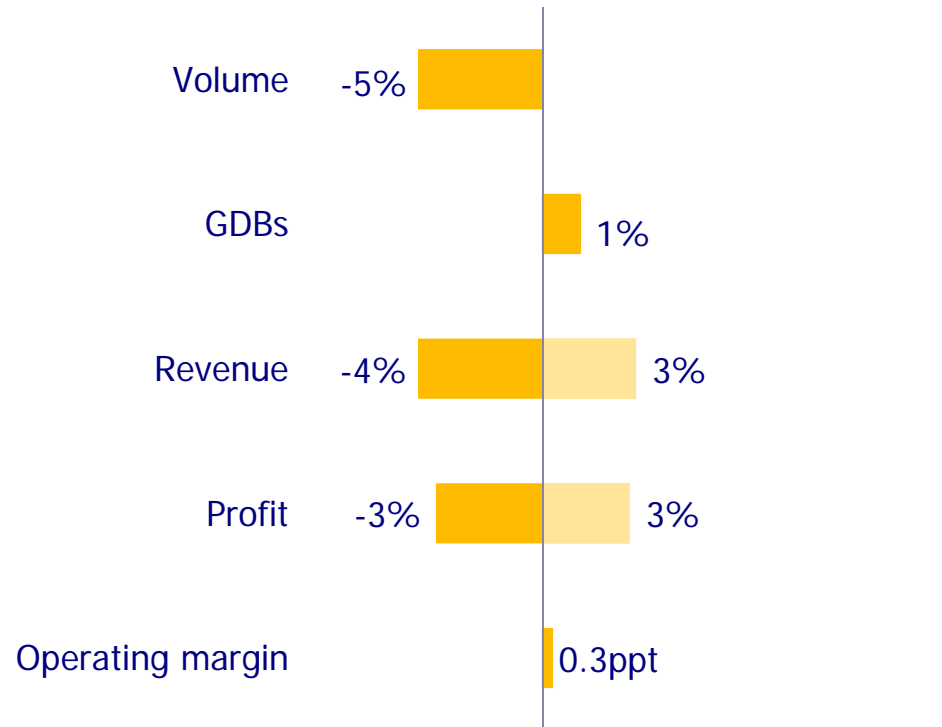
Reported

Org / Const. Cur.



Western Europe

Strong performance of Lucky Strike across the region
 Fine Cut volume up +8%
 Good performance of Pall Mall in Germany and Switzerland
 Volume up in the UK, Germany, Romania and Czech Republic



Reported

Org / Const. Cur.



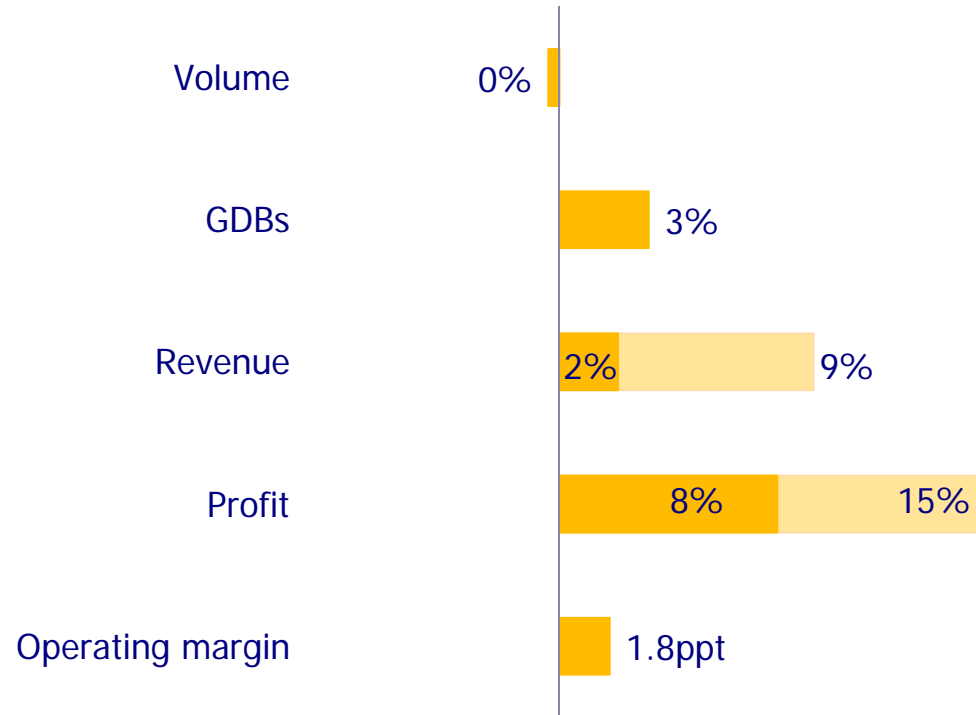
Eastern Europe, Middle East and Africa

Market share up in Ukraine, Egypt, GCC and Russia

Volume up in South Africa with good Dunhill performance

Strong Kent performance

Good volume performance by Pall Mall in Russia



Reported

Org / Const. Cur.

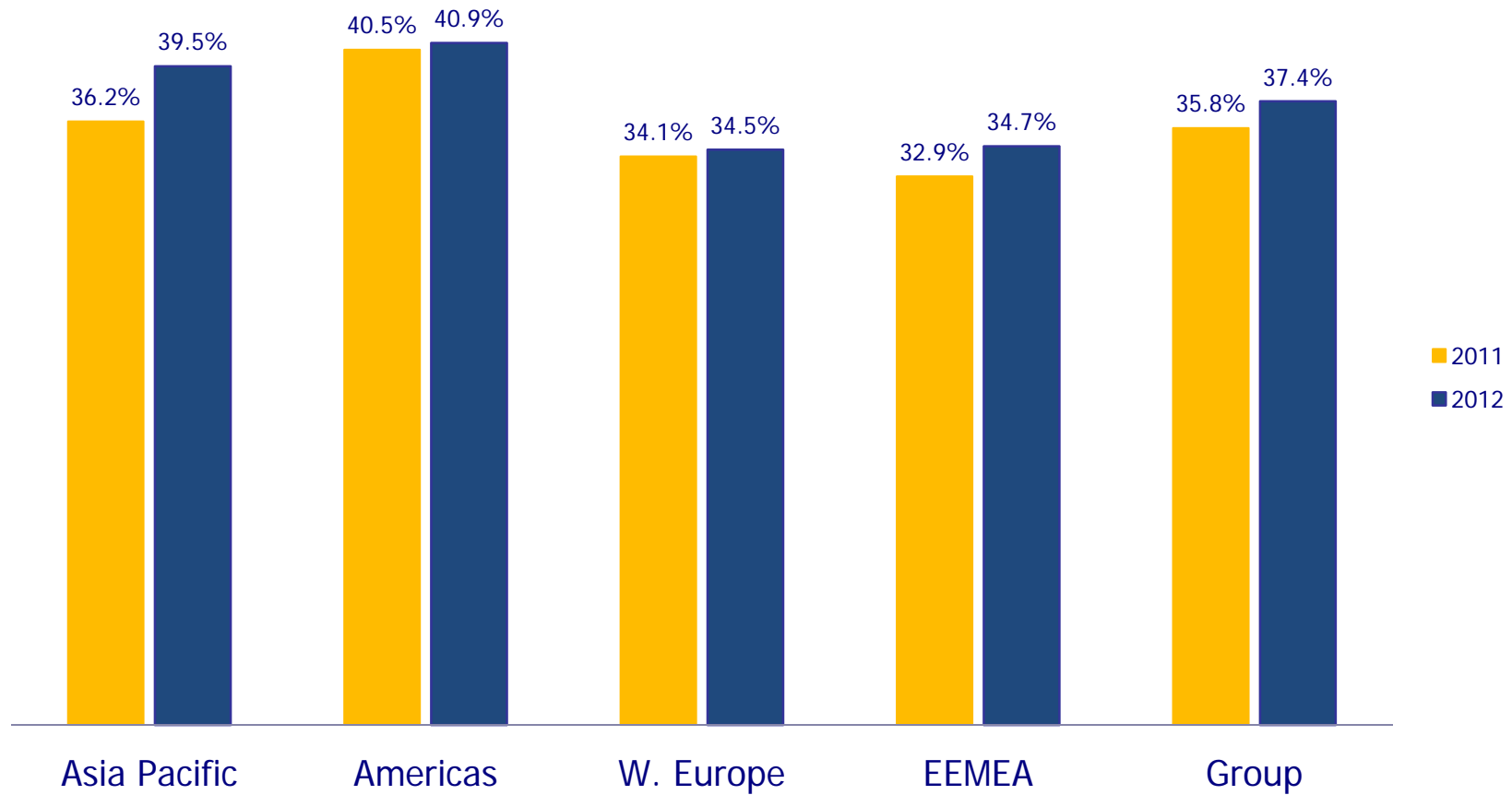


Ben Stevens

Finance Director and Chief Information Officer



Operating margin



Profit from operations – adjusting items

	£m		
	2012	2011	% change
Adjusted profit	5,681	5,519	+3%
Restructuring & integration costs	(206)	(193)	
Amortisation of trademarks	(63)	(58)	
Goodwill impairment	-	(273)	
Fox River	-	(274)	
Profit from operations	5,412	4,721	+15%



PRELIMINARY RESULTS 2012



Profit before tax

	£m		
	2012	2011	% change
Profit from operations	5,412	4,721	+15%
Net finance costs	(456)	(460)	-1%
Associates	692	670	+3%
Profit before tax	5,648	4,931	+15%



Taxation and profit for the period

	£m		
	2012	2011	% change
Profit before tax	5,648	4,931	+15%
Taxation	(1,526)	(1,556)	-2%
Profit for the period	4,122	3,375	+22%

Underlying tax rate was 30.6% (2011: 31.2%)



Non-controlling interests and adjusted EPS

Profit attributable to	£m		
	2012	2011	% change
Owners of the parent	3,841	3,095	+24%
Non-controlling interests	281	280	0%
Profit for the period	4,122	3,375	+22%
Adjusted profit after tax	4,044	3,857	
Number of shares	1,949m	1,982m	
Adjusted EPS	207.5p	194.6p	+7%



Drivers of adjusted EPS growth

	Pence	%
EPS 2011 (p)	194.6	
Profit performance	15.6	8%
Acquisitions / disposals	0.1	0%
Net finance costs	0.8	0%
Associates	3.3	2%
Taxation	2.3	1%
Non-controlling interests	(1.1)	0%
Share buy-back	2.2	1%
Exchange	(10.3)	-5%
EPS 2012 (p)	207.5	7%

Cash flow

	2012	2011
	£m	£m
Adjusted profit from operations	5,681	5,519
Non cash items	430	515
Increase in working capital	(282)	(141)
Net capital expenditure	(742)	(566)
Operating cash flow	5,087	5,327
Pension funds – shortfall funding	(164)	(140)
Net interest paid	(429)	(469)
Tax paid	(1,496)	(1,447)
Dividends paid to non-controlling interests	(259)	(275)
Restructuring costs	(228)	(217)
Dividends from associates	748	547
Free cash flow	3,259	3,326
Operating cash flow % of operating profit	90%	97%
Free cash flow % of adjusted earnings	81%	86%



Cash flow

	2012	2011
	£m	£m
Free cash flow	3,259	3,326
Dividends paid to shareholders	(2,538)	(2,358)
Share buy-back	(1,258)	(755)
Net investment activities	(43)	(311)
Other net flows	(57)	(93)
Net cash flow	(637)	(191)



Net debt

	2012	2011
	£m	£m
Opening net debt at 1 January	(7,928)	(7,841)
Net cash flow for the period	(637)	(191)
Exchange rate effects	89	123
Other (including change in accrued interest)	3	(19)
Closing net debt at 31 December	(8,473)	(7,928)



PRELIMINARY RESULTS 2012



- Financial targets met
- Adjusted EPS 7% higher at 207.5 pence
- Proposed dividend per share 7% higher at 134.9 pence
- Annual share buy-back programme increased to £1.50 bn
- Operating margin up by 160 bps, to 37.4%
- Pricing and share momentum continues into 2013



PRELIMINARY RESULTS 2012

28th February 2013



SUPPLEMENTARY SLIDES

28th February 2013



Volumes by region FY 2012

Region	Billions		
	2012	2011	% change
Asia Pacific	188	191	-2%
Americas	142	143	-0%
Western Europe	129	135	-5%
Eastern Europe, Middle East and Africa	235	236	-0%
Group	694	705	-2%



Volumes by region H2 2012

Region	Billions		
	2012	2011	% change
Asia Pacific	93	96	-3%
Americas	71	73	-2%
Western Europe	67	70	-5%
Eastern Europe, Middle East and Africa	119	122	-2%
Group	350	361	-3%



Volumes by region Q4 2012

Region	Billions		
	2012	2011	% change
Asia Pacific	47	50	-6%
Americas	38	38	+2%
Western Europe	34	35	-4%
Eastern Europe, Middle East and Africa	58	59	-2%
Group	177	182	-3%



Revenue by region FY 2012

Region	£m		
	2012	2011	% change
Asia Pacific	4,214	4,251	-1%
Americas	3,460	3,558	-3%
Western Europe	3,442	3,600	-4%
Eastern Europe, Middle East and Africa	4,074	3,990	2%
Group	15,190	15,399	-1%



Revenue by region H2 2012

Region	£m		
	2012	2011	% change
Asia Pacific	2,164	2,226	-3%
Americas	1,754	1,814	-3%
Western Europe	1,793	1,881	-5%
Eastern Europe, Middle East and Africa	2,027	2,040	-1%
Group	7,738	7,961	-3%



Adjusted profit from operations FY 2012

Region	£m		
	2012	2011	% change
Asia Pacific	1,666	1,539	8%
Americas	1,415	1,441	-2%
Western Europe	1,186	1,228	-3%
Eastern Europe, Middle East and Africa	1,414	1,311	8%
Group	5,681	5,519	3%



Adjusted profit from operations H2 2012

Region	£m		
	2012	2011	% change
Asia Pacific	851	773	10%
Americas	661	673	-2%
Western Europe	628	656	-4%
Eastern Europe, Middle East and Africa	702	657	7%
Group	2,842	2,759	3%



Top 40 market share movements (1)

Market	SOM FY12 (%)	Movement (ppt)
Argentina	26.7	-0.1
Australia	44.2	-0.3
Bangladesh	44.0	+1.8
Belgium	32.4	-0.5
Brazil	74.9	+1.2
Canada	51.2	+0.8
Chile	92.5	-0.6
Colombia ¹	47.6	-0.9
Czech	20.7	+0.9
Denmark	79.7	-0.9

Market	SOM FY12 (%)	Movement (ppt)
Egypt	15.8	+2.9
France	16.5	+0.7
GCC	34.6	+0.3
Germany	19.7	+0.4
Hungary	40.0	-1.8
Indonesia	7.0	-1.2
Italy	22.5	-0.9
Japan	12.0	-1.0
Kazakhstan	8.8	-0.2
Malaysia	62.6	+1.6

Based on retail audit

¹ Colombia – includes Protabaco, variance is calculated versus Q4 2011 combined BAT & Protabaco share (in line with acquisition)

² Egypt – 2011 is BAT estimate due to political disruptions



Top 40 market share movements (2)

Market	SOM FY12 (%)	Movement (ppt)
Mexico	34.2	+0.3
Netherlands	27.3	+0.1
New Zealand	71.5	+0.3
Pakistan	64.2	+4.1
Poland	28.4	-0.2
Romania	52.2	+1.7
Russia	20.6	+0.1
South Africa	85.3	-0.7
South Korea	13.5	-1.9

Market	SOM FY12 (%)	Movement (ppt)
Spain	11.9	-0.5
Sweden	27.9	+0.9
Switzerland	41.6	+0.3
Taiwan	9.1	+0.9
Turkey	21.1	-4.1
UK	8.1	+0.6
Ukraine	16.6	+1.3
Venezuela	92.1	+0.1
Vietnam	29.1	+1.4

Based on retail audit



Foreign currencies

	Average		Closing	
	2012	2011	2012	2011
US dollar	1.586	1.604	1.626	1.554
Canadian dollar	1.584	1.586	1.619	1.583
Euro	1.234	1.153	1.233	1.197
South African rand	13.054	11.632	13.791	12.547
Brazilian real	3.109	2.683	3.328	2.899
Australian dollar	1.532	1.554	1.566	1.516
Russian rouble	49.277	47.116	49.656	49.922
Japanese yen	126.633	127.826	140.549	119.572
Indian rupee	84.838	74.802	89.061	82.531