Multi-Category strategy delivers growth in difficult times

Interim Results 2020
Important Information

The information contained in this presentation in relation to British American Tobacco p.l.c. ("BAT") and its subsidiaries has been prepared solely for use at this presentation. The presentation is not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident or located in any jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would require any registration or licensing within such jurisdiction.

References in this presentation to 'British American Tobacco', 'BAT', 'Group', 'we', 'us' and 'our' when denoting opinion refer to British American Tobacco p.l.c. and when denoting tobacco business activity refer to British American Tobacco Group operating companies, collectively or individually as the case may be.

The information contained in this presentation does not purport to be comprehensive and has not been independently verified. Certain industry and market data contained in this presentation has come from third party sources. Third party publications, studies and surveys generally state that the data contained therein have been obtained from sources believed to be reliable, but that there is no guarantee of accuracy or completeness of such data.

Forward-looking Statements

This presentation does not constitute an invitation to underwrite, subscribe for, or otherwise acquire or dispose of any BAT shares or other securities. This presentation contains certain forward-looking statements, made within the meaning of Section 21E of the United States Securities Exchange Act of 1934, regarding our intentions, beliefs or current expectations concerning, amongst other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the economic and business circumstances occurring from time to time in the countries and markets in which the Group operates. In particular, these forward looking statements include statements regarding the BAT Group's future financial performance, future regulatory developments, planned product launches and the projected future financial and operating impacts of the COVID-19 pandemic.

These statements are often, but not always, made through the use of words or phrases such as "believe," "anticipate," "could," "may," "would," "should," "intend," "plan," "potential," "predict," "will," "expect," "estimate," "project," "positioned," "strategy," "outlook," "target" and similar expressions.

It is believed that the expectations reflected in this presentation are reasonable but they may be affected by a wide range of variables that could cause actual results to differ materially from those currently anticipated.

The forward-looking statements reflect knowledge and information available at the date of preparation of this presentation and BAT undertakes no obligation to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise.

Among the key factors that could cause actual results to differ materially from those projected in the forward-looking statements are uncertainties related to the following: the impact of competition from illicit trade; the impact of adverse domestic or international legislation and regulation; changes in domestic or international tax laws and rates and the impact of an unfavourable ruling by a tax authority in a disputed area; adverse litigation and dispute outcomes and the effect of such outcomes on the Group's financial condition; changes or differences in domestic or international economic or political conditions; the impact of the COVID-19 pandemic; adverse decisions by domestic or international regulatory bodies; the impact of market size reduction and consumer down-trading; translational and transactional foreign exchange rate exposure; the impact of serious injury, illness or death in the workplace; the ability to maintain credit ratings and to fund the business under the current capital structure; the inability to develop, commercialise and rollout New Categories; and changes in the market position, businesses, financial condition, results of operations or prospects of the Group.
Important Information

Forward-looking Statements (continued)

Additional information concerning these and other factors can be found in BAT's filings with the U.S. Securities and Exchange Commission ("SEC"), including the Annual Report on Form 20-F filed on 26 March 2020 and Current Reports on Form 6-K, which may be obtained free of charge at the SEC's website, http://www.sec.gov, and BAT's Annual Reports, which may be obtained free of charge from the British American Tobacco website www.bat.com.

Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser. Readers are cautioned not to place undue reliance on such forward-looking statements.

Additional Information

All financial statements and financial information provided by or with respect to the US or Reynolds American Inc. ("RAI") are initially prepared on the basis of U.S. GAAP and constitute the primary financial statements or financial records of the US business/RAI. This financial information is then converted to International Financial Reporting Standards as issued by the IASB and as adopted by the European Union (IFRS) for the purpose of consolidation within the results of the BAT Group. To the extent any such financial information provided in this presentation relates to the US or RAI it is provided as an explanation of, or supplement to, RAI's primary U.S. GAAP based financial statements and information.

Our vapour product Vuse (including Alto and Vibe), and certain oral products including Grizzly, Granit, Camel Snus, Kodiak and Velo, which are sold in the US, are subject to the Food and Drug Administration (FDA) regulation and no reduced-risk claims will be made to these products without agency clearance.

No Profit or Earnings Per Share Forecasts

No statement in this presentation is intended to be a profit forecast and no statement in this presentation should be interpreted to mean that earnings per share of BAT for the current or future financial years would necessarily match or exceed the historical published earnings per share of BAT.

Audience

The material in this presentation is provided for the purpose of giving information about BAT and its subsidiaries to investors only and is not intended for general consumers. BAT, its directors, officers, employees, agents or advisers do not accept or assume responsibility to any other person to whom this material is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed. The material in this presentation is not provided for product advertising, promotional or marketing purposes. This material does not constitute and should not be construed as constituting an offer to sell, or a solicitation of an offer to buy, any of our products. Our products are sold only in compliance with the laws of the particular jurisdictions in which they are sold.
2020 H1 RESULTS:
Our Multi-Category strategy delivers growth in difficult times

- Delivering revenue, profit and earnings growth* in exceptional circumstances
- Multi-Category consumer acquisition drives revenue and share growth**
- Excellent Combustibles value and volume share growth
- Navigating COVID supported by our diverse geographic footprint
- Committed to delivery and our 65% dividend pay-out ratio

Share growth versus FY19. Source: Company data
* On an adjusted, constant rate basis. See Appendix A1 & A2 ** Tracked share metrics
Building A Better Tomorrow

A Defining Corporate Purpose

To reduce the health impact of our business by offering a greater choice of enjoyable and less risky products for our consumers

Good Progress in 2020

- Non-Combustibles now 10% of revenue
- Additional 2.7m* Non-Combustibles consumers
- Invested additional £250m** in New Categories
- Set ambitious 2025 environmental targets
- Set ambitious 2030 Carbon Neutrality target

* Growth over last 12 months. ** Marketing Investment
Delivering for Today & Investing in the Future

Clear Commercial Priorities

- **STEP-CHANGE IN NEW CATEGORIES**
- **COMBUSTIBLE VALUE GROWTH**
- **SIMPLIFY THE COMPANY**

Good Progress in 2020

- Growing share* in New Categories
- New Category revenue** +12.7%
- Cigarette price/mix*** +8.5%
- Group revenue** +2.4%
- Quantum savings c.£240m YTD
- Navigating COVID with agility

Stronger, Simpler, Faster Commitment to Deliver

Our people have gone above and beyond to deliver growth

Share growth versus FY19. Source: Company data

# H1 2020 RESULTS: Delivering for Today

Results demonstrate real resilience during COVID

<table>
<thead>
<tr>
<th></th>
<th>REPORTED H1 2020 @ Current rates</th>
<th>ADJUSTED H1 2020 @ Constant rates*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>+0.8%</td>
<td>+2.4%</td>
</tr>
<tr>
<td>New Category Revenue</td>
<td>+14.7%</td>
<td>+12.7%</td>
</tr>
<tr>
<td>Operating Margin</td>
<td>+550 bps**</td>
<td>+80 bps***</td>
</tr>
<tr>
<td>Profit From Operations</td>
<td>+16.4%**</td>
<td>+3.3%</td>
</tr>
<tr>
<td>Diluted EPS</td>
<td>+22.7%**</td>
<td>+6.6%</td>
</tr>
</tbody>
</table>

* On an adjusted, constant rate basis. See Appendix A1 & A2.

** Prior period affected by charge in respect of the Quebec class action in Canada.

*** Current rate growth.
H1 2020 RESULTS:
A strong performance in a challenging environment

- Corporate Volume Share: +50 bps
- Corporate Value Share: +20 bps
- Strategic Cig+THP Value Share: +40 bps
- BAT Volumes (FMC+THP): -6.3% (excl GTR)
- New Category Revenue*: +12.7%
- Group Revenue*: +2.4%
- Adjusted Profit* from operations: +3.3%
- Adjusted Diluted EPS*: +6.6%

Share growth versus FY19. Source: Company data
* On an adjusted, constant rate basis. See Appendix A1 & A2
Successfully navigating a challenging environment

**COVID revenue** headwind c.4% H1; c.3% expected FY

| Developed Markets  
| (c.75% of Group revenue) | Emerging Markets  
| (c.25% of Group revenue) |

**Consumption resilient; stable to slightly higher**
- Good pricing
- Little evidence of accelerated downtrading

**Volume share +30bps**

**Volume impacted by lockdown severity & duration**
- Deeper lockdown in some markets
- Reduced illicit trade in others
- South Africa sales ban

**Volume share +70bps**

**Growing share**

**New Categories**

**Category growth slowed; now recovering**
- Face-to-face consumer activation restricted
- Switch to Digital comms
- E-commerce revenue up >2x

Global Travel Retail (GTR) substantially impacted

Share growth versus FY19. Source: Company data

*Adjusted Revenue on a constant rate basis. See Appendix A1 & A2. ** Volume share in THP, Value share in Vapour.*
NEW CATEGORIES: Driving a Step-Change

- Investing in Non-Combustible consumer acquisition in New Categories
- Leveraging our digital capabilities
- Growing our overall share** in New Categories

Share growth versus FY19. Source: Company data
* On an adjusted, constant rate basis. See Appendix A1 & A2. ** Volume share in THP, Value share in Vapour.
New Categories: Consumer acquisition drives growth

+2.7m (vs H1 2019) Non-Combustible product Consumers

+12.7% New Category Revenue*

+£250m Additional Investment**

#1 Vapour Device Sales***

UP 2x E-commerce Revenue*

UP 2x Speed of Innovation^
New Categories: Successfully pivoting to digital during COVID

Strong momentum in social media across New Categories

<table>
<thead>
<tr>
<th></th>
<th>Share of Social Media Engagement</th>
<th>Social Mentions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vuse</td>
<td>33%</td>
<td>x1.5 H1 2020 vs SPLY</td>
</tr>
<tr>
<td>VELO</td>
<td>89%</td>
<td>x2.8 H1 2020 vs SPLY</td>
</tr>
<tr>
<td>Glo</td>
<td>Hyper</td>
<td>x1.9 Post Hyper Launch (Q2’20 vs SPLY)</td>
</tr>
</tbody>
</table>

Source: BAT Internal Estimates: Social Media Listening Analytics
VAPOUR: Delivering a Step-Change

- 6.1m vapour consumers
- Vuse/Vype growing value share in all key markets
- Industry returning to growth in all key markets
Vapour: Vuse/Vype driving strong growth

- **+2.1m**
  - (vs H1 2019)
  - Vapour Consumers

- **+39%**
  - Vapour Revenue*

- **+70%**
  - US Vapour Revenue*

- **26%**
  - Value Share in T5 Markets

- **UP 3x**
  - Strategic Brand Value Share in T5**

- **UP 3x**
  - Vuse Alto US Value Share**

Number of consumers growth versus HY19. Number of consumers includes poly-users unless otherwise indicated. Source: Company data

* On an adjusted, constant rate basis. See Appendix A1 & A2. ** growth over last 12 months
### Vapour Industry Value

<table>
<thead>
<tr>
<th>Vapour Industry Value</th>
<th>Vuse/Vype</th>
</tr>
</thead>
<tbody>
<tr>
<td>12m change</td>
<td>YTD Value share</td>
</tr>
<tr>
<td>3m change</td>
<td></td>
</tr>
<tr>
<td>USA</td>
<td>-17%</td>
</tr>
<tr>
<td>Canada</td>
<td>+73%</td>
</tr>
<tr>
<td>UK</td>
<td>+24%</td>
</tr>
<tr>
<td>France</td>
<td>+21%</td>
</tr>
<tr>
<td>Germany</td>
<td>-11%</td>
</tr>
</tbody>
</table>

**Note:** US(Vapour) - Jun Marlin Vapour Consumables Value Share; Canada - Jun Scan Data Vapour Value Share; UK – Jun Nielsen Vype Value Share; France - Jun Strator Vapour Value Share; Germany - Jun Nielsen Vapour Value Share;

* Value share. Company data. Share growth YTD share v FY19. **Top 5 vapour markets off take value accounting for 80% of vapour revenue. US industry based on volume. Growth over last 12 months (May '20 vs. Jun '19).**

T5 Markets recovered to 76% of prior year peak value**
Vapour: Vuse/Vype is No.1 in device sales
Leading indicator of future growth

Vype/Vuse Volume Share of Device / Starter Kits (Latest available month)

USA & Canada: Volume Share of Device (Jun'20)
UK & France: Volume Share of Starter Kits (Jun'20)
Germany: Volume Share of Starter Kits (May'20)
**Vapour: Vuse brand consolidation grows share**

Canada value share at 44%* post Vype to Vuse migration

- **Value Share**
  - +9%pts
  - Accelerating post migration

- **Retention**
  - 100%
  - Within Vuse

- **Online Sales**
  - +54%
  - VS. Q1’20

- **Consumer**
  - 91%
  - Awareness

**Vuse growing share of total nicotine post migration**

* Latest weekly Value share. Note: Company data - Consumables $ Share of Value by brand. Retention and consumer data based on internal consumer data tracker.
THP: Delivering a Step-Change

- Growing volume share in Japan and ENA
- Strong early results from Hyper
- Delivering improved satisfaction
- Pivoting to digital activation

Note: Company data – Improved satisfaction based on +30% tobacco stick with device delivery based on consumer testing data.
THP: Growing volume share in Japan and ENA

- **Japan Total Nicotine Volume Share**: +70 bps to 18.9%
- **glo Japan June Share**: 5.4%
- **glo Hyper Japan June Share**: 0.7%
- **glo Moscow June Share**: 2.8%

**Jun YTD vs. FY 19***

<table>
<thead>
<tr>
<th>Country</th>
<th>YTD</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>5.3%</td>
<td>+0.3pp</td>
</tr>
<tr>
<td>Moscow</td>
<td>2.3%</td>
<td>+1.3pp</td>
</tr>
<tr>
<td>Italy</td>
<td>0.2%</td>
<td>+0.1pp</td>
</tr>
<tr>
<td>Ukraine</td>
<td>0.7%</td>
<td>+0.5pp</td>
</tr>
</tbody>
</table>

**THP revenue down -12%* due to:**
- Japan excise harmonisation
- glo Sens underperformance

THP: glo Hyper delivers improved satisfaction
Induction heating and larger stick format

- Tobacco Satisfaction ++
  - +30% More Tobacco + King Size

- Taste and Flavour ++
  - New Flavours & Capsules

- Device +
  - Fast Ramp up with Boost Button

- Stick ++
  - Premium King Stick Format

- Conversion Rates ++
  - 50% Conversion

Sources consumer data: company data based on brand launch monitor, CCC offtake data, social media listening, CVS share, ecommerce, glo stores and D2C consumer data. Conversion rates based on device penetration relative to share at latest weekly share.
THP: Continued growth* in Japan supported by glo Hyper

- **glo June Exit Share**: +5.9%
- **glo Hyper New Consumer Acquisition**: 37%
- **glo Hyper June Exit Share**: 1.3%
- **UP 2X Conversion Rate**: 50%

* Volume share. Chart source: CVS Offtake
Sources consumer data: company data based on brand launch monitor, CCC offtake data, social media listening, CVS share, ecommerce, glo stores and D2C consumer data. Conversion rates based on device penetration relative to latest weekly share.

H1 Digital launches; H2 Full launches in Japan, Russia, Romania, Italy and Germany
MODERN ORAL: Delivering a Step-Change

- Strong revenue* growth in a fast-growing category
- Strengthening leadership in Scandinavia**
- Volume share growth in US, but limited by portfolio gaps
Modern Oral: 71% growth* in an exciting category


<table>
<thead>
<tr>
<th>Country</th>
<th>Volume Share (Jun YTD)</th>
<th>YTD vs. FY19**</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>9.3%</td>
<td>+3.6pp</td>
</tr>
<tr>
<td>Switzerland</td>
<td>72.6%</td>
<td>+17.1pp</td>
</tr>
<tr>
<td>Norway</td>
<td>53.4%</td>
<td>+7.1pp</td>
</tr>
<tr>
<td>Denmark</td>
<td>14.2%</td>
<td>+3.1pp</td>
</tr>
<tr>
<td>Scandinavia</td>
<td>3.9%</td>
<td>+1.7pp</td>
</tr>
</tbody>
</table>

Portfolio gaps limiting share growth in US
Encouraging pilots in APME & AMSSA
COVID impacting activations

Modern Oral: Leadership in Scandinavia

Volume Share of Total Oral

1.4
4.5
62%
Share in Modern Oral

Mar'19 Jun'19 Sep'19 Dec'19 Mar'20 Jun'20

Volume Share of Total Oral

8.6
14.7
67%
Share in Modern Oral

Mar'19 Jun'19 Sep'19 Dec'19 Mar'20 Jun'20

Volume Share of Total Oral

74.3
95%
Share in Modern Oral

Mar'19 Jun'19 Sep'19 Dec'19 Mar'20 Jun'20

Share of total oral in retail, %

Source: Nielsen retail RA June 2020, NCT R3M June 2020, NO Dunhumby
NEW CATEGORIES: Driving a Step-Change

- Adding 2.7m Non-Combustible product consumers
- Delivering 12.7% revenue* growth in a challenging environment
- Investing an additional £250m**
- Successfully pivoting to digital during COVID
- Growing share*** in Vapour and THP, with strong revenue growth in Modern Oral

* On an adjusted, constant rate basis. See Appendix A1 & A2. ** Marketing Investment. *** Volume share in THP, Value share in Vapour.
COMBUSTIBLES: Value and volume share growth

- Excellent global value and volume share growth, with strong pricing
- Driving revenue* and value share growth in the US
- Value and volume share growth in every region
- Growing value share in Developed Markets and volume share in Emerging Markets

Share growth versus FY19. Source: Company data * On an adjusted, constant rate basis. See Appendix A1 & A2
The BAT Group does not own all brands featured in this presentation in all markets, e.g. BAT is the owner of Camel and Natural American Spirit in US only
Combustibles: Delivering excellent share growth

- **Corporate Volume Share**: +50bps
- **Corporate Value Share**: +20bps
- **Strategic Brand Value Share**: +40bps
- **Combustibles Revenue**: +2.2%
- **Cigarette Price/Mix**: +8.5%
- **Strategic Brand Share of Group Combustible volume**: 66%

Share growth versus FY19. Source: Company data
* On an adjusted, constant rate basis. See Appendix A1 & A2
Combustibles: Well balanced portfolio
Driving value growth and strong pricing

Source: Company internal estimates at constant rates. The BAT Group does not own all brands featured in this presentation in all markets, e.g. BAT is the owner of Camel and Natural American Spirit in US only. *Estimated consumer price turnover (CPTO) Combustible Strategic Brands FY 2019.
Combustibles: a strong performance
Winning in all market types and key segments

Key Segments
Driving growth

- Freshness and stimulation: +100 bps
- Slimmer: +170 bps
- Non full flavour: +30 bps

DMs (c.75% revenue)
Driving value growth

Corporate Share
- Volume share change: 50
- Value share change: 20

Share in Developed Markets
- Volume share change: 30
- Value share change: 30

EMs (c.25% revenue)
Driving volume growth

Share in Emerging Markets
- Volume share change: 70
- Value share change: Flat

FMC share change YTD 2020 vs FY 2019
Driving revenue growth in the US
US Corporate Volume Cigarette Share 35%, Newport Share 15%

- **US Revenue and Operating Profit Growth**: +10%
- **US Value Share**: +30 bps
- **US New Category Revenue**: +76%
- **US Vapour Value Share growth**: +10% pts

**Strong Brands Driving Value Share Growth**

**Higher Pricing Ahead of Peers enabled by Revenue Growth Management**

- Cigarette industry volume up +0.8%; FY outlook c.-2.5%
- YTD vapour value share up c.1.5x

Share growth versus FY19. Source: Company data
* On an adjusted, constant rate basis. See Appendix A1 & A2
Multi-Category Strategy: Total Nicotine share in the US up 70bps

US Nicotine Industry Value by Category

- Cigarettes: 83.0%
- Traditional Oral: 10.5%
- Vapour: 5.5%
- Modern Oral: 1.0%
- THP: 0.0%

BAT Growing Share of Total Nicotine

- US Nicotine Value Share: 35.9%, +70bps
- US Nicotine Volume Share: 33.6%, +60bps

Share growth versus FY19. Source: Company data
H2: COVID uncertainty remains

Navigating COVID with Agility
- Little evidence of accelerated downtrading to date in DMs
- Lockdown restrictions slowly easing
- All factories now fully reopened
- BCPs maintain supply continuity

GTR Substantially Impacted
- Planning for some recovery end Q4

South Africa Sales Ban Maintained
- Court hearing delayed to August
- We have a strong case
- Planning for a positive outcome

COVID Uncertainty Remains
- Planning for sequential recovery through H2
- Environment remains uncertain

Share growth versus FY19. Source: Company data. BCP: Business Continuity planning
South Africa cigarette and alcohol ban
A strong Q1 performance – Court hearing in August

Strong Q1 Performance
+10% Volume vs. SPLY

An Illicit Market
100% Total market is illicit

Illicit Price Spike
+ 300%

Avg Daily Consumption
-38% Daily consumption

Group Impact
-£25m Adjusted profit from operations per month

Government Revenue Lost
-£340m Tobacco Excise and VAT*

Share growth versus FY19. Source: Company data
*Industry-wide
2020 H1 RESULTS: Our Multi-Category strategy delivers growth in difficult times

- Delivering Revenue, Profit and Earnings Growth* in exceptional circumstances
- Multi-Category consumer acquisition drives revenue and share growth**
- Excellent Combustibles value and volume share growth
- Navigating COVID supported by our diverse geographic footprint
- Committed to delivery and our 65% dividend pay-out ratio

Share growth versus FY19. Source: Company data
* On an adjusted, constant rate basis. See Appendix A1 & A2 ** Tracked share metrics
Delivering for today & investing in the future

**STEP-CHANGE IN NEW CATEGORIES**

Unique Multi-Category Strategy
- Investing in our Global Brands

**COMBUSTIBLE VALUE GROWTH**

Strong brands and pricing
- Broad based share growth

**SIMPLIFY THE COMPANY**

Agile organisation, resilient supply chain, embracing digital
- Focus on cost control and investing in the future
Tadeu Marroco | Finance Director
H1 2020 RESULTS: Delivering for today & investing in the future

- Delivering revenue* growth in a challenging environment
- Releasing funds to support the growth agenda
- Realising the benefits of Quantum Phase 1
- Generating cash to de-lever the balance sheet
- Committed to dividend growth and our 65% pay-out ratio

* On an adjusted, constant rate basis. See Appendix A1 & A2
Revenue* +2.4%, absorbing c.-4% H1 COVID headwind

› Combustible revenue* +2.2%
› New Category revenue* +12.7%

Strong cigarette price/mix* +8.5%
› Volume and value share gains of +50bps; +20bps
› 5.6% Strategic brand combustible revenue* growth (66% of Group volume)
› Strong US performance with revenue* +9.7%

* On an adjusted, constant rate basis. See Appendix A1 & A2. **Price/mix defined in Appendix A4
PRICING: Continued strong price/mix* +8.5%

› Strong, balanced brand portfolio
› Revenue growth management
› Elasticity & affordability remain robust
› >80% pricing achieved YTD
› Little evidence of accelerated downtrading to date
› Strong H1 pricing, benefitting from 2019 rollover
› Lapping a strong price/mix comparator in H2

*Cigarettes Price / Mix

<table>
<thead>
<tr>
<th></th>
<th>H1'19</th>
<th>FY19</th>
<th>H1'20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price</td>
<td>7.0%</td>
<td>9.2%</td>
<td>8.5%</td>
</tr>
</tbody>
</table>

* Price/mix defined in Appendix A4
### REGIONS: Value share** growth in all regions

Regional performance reflects contrasting EM/DM COVID impacts

<table>
<thead>
<tr>
<th>Region</th>
<th>Adjusted Revenue*</th>
<th>Value Share**</th>
<th>Adjusted Profit from Operations*</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>+9.7%</td>
<td>+30bps</td>
<td>+9.6%</td>
</tr>
<tr>
<td>ENA</td>
<td>+3.0%</td>
<td>+10bps</td>
<td>+2.9%</td>
</tr>
<tr>
<td>APME</td>
<td>-10.5%</td>
<td>+20bps</td>
<td>-6.9%</td>
</tr>
<tr>
<td>AMSSA</td>
<td>-0.9%</td>
<td>+50bps</td>
<td>-3.6%</td>
</tr>
<tr>
<td><strong>Group</strong></td>
<td><strong>+2.4%</strong></td>
<td><strong>+20bps</strong></td>
<td><strong>+3.3%</strong></td>
</tr>
</tbody>
</table>

*Adjusted and constant rate basis. See Appendix A1-A2. **Value share of cigarettes (APME: cigs+THP) v FY19

Source: Company data
### MARKETS: Contrasting EM/DM COVID impacts

<table>
<thead>
<tr>
<th>DMs (c.75% revenue)</th>
<th>H1 Industry Volume</th>
<th>EMs (c.25% revenue)</th>
<th>H1 Industry Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>GER</td>
<td>+3.7%</td>
<td>BRA</td>
<td>+7.8%</td>
</tr>
<tr>
<td>USA</td>
<td>+0.8%</td>
<td>RUS</td>
<td>-2.6%</td>
</tr>
<tr>
<td>JPN</td>
<td>-3.9%</td>
<td>VNM</td>
<td>-8.8%</td>
</tr>
<tr>
<td>ITA</td>
<td>-4.0%</td>
<td>MEX</td>
<td>-14.4%</td>
</tr>
</tbody>
</table>

Source: Company data
OPERATING MARGIN:
Releasing funds to support the growth agenda

New Categories investment +c.£250m; margin +80bps

2019 Adjusted Operating Margin 42.9%

- Pricing and Operational Efficiencies 4.0
- Incremental New Categories -2.7
- Transactional FX -0.5

New Category Marketing Investment £250m

2020 Adjusted Operating Margin* 43.7%

* On an adjusted current rate basis. See Appendix A1.
QUANTUM: Realising the benefits of Phase 1
80% of Phase 1 savings realised; c.£300m expected savings for FY20

Phase 1 Completed:
✓ Ahead of schedule
✓ Organisational re-design
✓ Simplification and agility
✓ New ways of working

Phase 2 Underway:
✓ Operational efficiency
✓ Route to market focus
✓ Supply chain productivity

80% Phase 1 savings realised
~£240m in H1 2020

Phase 2
~£700m
2021-22 Expected savings

Supporting investment and continued delivery

On track to deliver Phase 1 savings of £300m
EPS*: Strong growth up +6.6%

H1 EPS* growth benefitting from:
› Good contribution from associates
› Reduced H1 underlying tax rate 25.0%

FY EPS* considerations:
› H2 associate income reflecting COVID
› FY underlying tax rate slightly lower than previous guidance of 25.5%
› FX translation headwind of c.2.5%

*Adjusted, diluted, EPS at constant rates. See Appendix A1 and A2.
CASH AND DELEVERAGE:
Strong liquidity position >90% operating cash conversion

<table>
<thead>
<tr>
<th>Strong H1 Operating Cash Flow Conversion</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1'18</td>
</tr>
<tr>
<td>70%*</td>
</tr>
</tbody>
</table>

Cash generation led by Combustibles

<table>
<thead>
<tr>
<th>Strengthened Liquidity in H1</th>
</tr>
</thead>
<tbody>
<tr>
<td>£ in billions</td>
</tr>
<tr>
<td>USD: April 2020 7, 10 &amp; 30 year bonds</td>
</tr>
<tr>
<td>EUR: April 2020 4.5 &amp; 8 year bonds</td>
</tr>
<tr>
<td>GBP: June 2020 8 year bonds</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Manageable Maturity Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>£ in billions</td>
</tr>
<tr>
<td>Due H2'20</td>
</tr>
<tr>
<td>Due'21</td>
</tr>
<tr>
<td>Due'22</td>
</tr>
<tr>
<td>Due'23</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Bond issuance</th>
</tr>
</thead>
<tbody>
<tr>
<td>£3.9bn</td>
</tr>
<tr>
<td>£4.8bn</td>
</tr>
<tr>
<td>£6.0bn</td>
</tr>
</tbody>
</table>

- Bond issuance
- 12-18 month Bi-laterals
- Renewed RCF: 1 & 5 year term
- 21 banks; No financial covenants


* Repaid in July 2020

Average Maturity:
- 8.9yr
- 88:12
- 59:24:11:6

Fixed: Floating

$:/£:/€:Other
Committed to dividend growth & 65% pay-out ratio

- c.£650m Capex = Depreciation*
- Working Capital efficiencies
- £1bn Quantum savings expected 2020-2022
- Deleverage (Adj Net debt/Adj EBITDA**)
  - Around 3x expected by end 2021
  - 1.5x-2.5x long term corridor
- Dividend
  - 65% pay-out ratio growth in GBP
- BAT Ventures; partnerships/small scale M&A

*Adjusted **Adjusted Net Debt to Adjusted EBITDA
On track to deliver FY 2020 Guidance
Demonstrating resilience through COVID challenges

1-3% Revenue*
Mid Single Figure EPS Growth^ Continue to De-leverage

* Adjusted Revenue on a constant rate basis. See Appendix A1 & A2
^Adjusted Diluted EPS on a constant rate basis. See Appendix A1 & A2
2020 H1 RESULTS:
Our Multi-Category strategy delivers growth in difficult times

- Delivering revenue, profit and earnings growth* in exceptional circumstances
- Multi-Category consumer acquisition drives revenue and share growth**
- Excellent Combustibles value and volume share growth
- Navigating COVID supported by our diverse geographic footprint
- Committed to delivery and our 65% dividend pay-out ratio

* On an adjusted, constant rate basis. See Appendix A1 & A2 ** Tracked share metrics
Delivering for Today & Investing in the Future

Clear Commercial Priorities

- **STEP-CHANGE IN NEW CATEGORIES**
- **COMBUSTIBLE VALUE GROWTH**
- **SIMPLIFY THE COMPANY**

Good Progress in 2020

- Growing share* in New Categories
- New Category revenue** +12.7%
- Cigarette price/mix*** +8.5%
- Group revenue** +2.4%
- Quantum savings c.$240m YTD
- Navigating COVID with agility

Stronger, Simpler, Faster

Commitment to Deliver

Our people have gone above and beyond to deliver growth

Share growth versus FY19. Source: Company data
H1 2020 RESULTS:
A strong performance in a challenging environment

- **Corporate Volume Share**: +50 bps
- **Corporate Value Share**: +20 bps
- **Strategic Cig+THP Value Share**: +40 bps
- **BAT Volumes (FMC+THP)**: -6.3% (-5.3% (excl GTR))
- **New Category Revenue**: +12.7%
- **Group Revenue**: +2.4%
- **Adjusted Profit** from operations**: +3.3%
- **Adjusted Diluted EPS**: +6.6%

Share growth versus FY19. Source: Company data
* On an adjusted, constant rate basis. See Appendix A1 & A2
We are Building A Better Tomorrow

To reduce the health impact of our business by offering a greater choice of enjoyable and less risky products for our consumers

- 10% Non-Combustibles Revenue and 11.6mn Consumers Today
- 50mn Non-Combustible Product Consumers by 2030
- £5bn New Category Revenue by 2025
- Carbon Neutral by 2030

We remain committed to our medium-term guidance post-COVID

* ESG ambitions
Appendix
ESG awards and recognition

- **2016**
  - Dow Jones Sustainability Indices: Europe
  - MSCI: BBB
  - Sustainability Award Gold Class 2016

- **2017**
  - Dow Jones Sustainability Indices: World leader
  - MSCI: A
  - Sustainability Award Silver Class 2017

- **2018**
  - Dow Jones Sustainability Indices: World leader
  - MSCI: A
  - Sustainability Award Gold Class 2018

- **2019**
  - Dow Jones Sustainability Indices: World leader
  - MSCI: BBB
  - Sustainability Award Gold Class 2019

- **2020**
  - CRRA Sustainability Award Gold Class 2020
  - 50 most sustainable companies

**E**
- CDP: CLIMATE: A, WATER: B
- CRRA Reporting Awards 2020
- Top 100 Company 2016
- Achievers 50
- Business & Human Rights Resource Centre
- FTSE top 5 ranking for Modern Slavery Statement

**S**
- Top 100 Company 2017
- Most Engaged Workplaces

**G**
- The Gartner Supply Chain Top 25 for 2020

**2016**
- No.1 Ranking
- 2016 Good Governance Report
- Advancing non-animal testing

**2017**
- FTSE top 5 ranking for Modern Slavery Statement

**2018**
- FTSE top 5 ranking for Modern Slavery Statement

**2019**
- FTSE top 5 ranking for Modern Slavery Statement

**2020**
- FTSE top 5 ranking for Modern Slavery Statement
Appendix

A1: Adjusting (Adj.)
Adjusting items represent certain items which the Group considers distinctive based upon their size, nature or incidence.

A2: Constant currency
Constant currency – measures are calculated based on a re-translation, at the prior year’s exchange rates, of the current year’s results of the Group and, where applicable, its segments.

A3: Share metrics
Volume share: The number of units bought by consumers of a specific brand or combination of brands, as a proportion of the total units bought by consumers in the industry, category or other sub-categorisation. Sub categories include, but are not limited to, the total nicotine category, modern oral, vapour, traditional oral or cigarette. Corporate volume share is the share held by BAT Group/Reynolds (US region).
Value share: The retail sales value of the product sold as a proportion of total retail sales value in that category.
Premium share: The retail sales volume of the premium product sold as a proportion of total retail sales volume of premium products in that category.
Nicotine share: The retail sales volume of the nicotine product sold as a proportion of total nicotine product volume in that category.
Exit share: The retail sales volume of the product sold as a proportion of total retail sales volume in that category at a specific period point in time.

A4: Price/Mix
Price mix is a term used by management and investors to explain the movement in revenue between periods. Revenue is affected by the volume (how many units are sold) and the value (how much is each unit sold for). Price mix is used to explain the value component of the sales as the Group sells each unit for a value (price) but may also achieve a movement in revenue due to the relative proportions of higher value volume sold compared to lower value volume sold (mix).

A5: Environmental Targets

A6: Non-Combustible consumers
The number of consumers of Non-Combustible products is defined as the estimated number of Legal Age (minimum 18 years) consumers of the Group’s Non-Combustible products. In markets where regular consumer tracking is in place, this estimate is obtained from adult consumer tracking studies conducted by third parties (including Kantar). In markets where regular consumer tracking is not in place, the number of consumers of Non-Combustible products is derived from volume sales of consumables and devices in such markets, using consumption patterns obtained from other similar markets with consumer tracking (utilising studies conducted by third parties including Kantar).

The number of Non-Combustible products consumers is used by management to assess the number of consumers regularly using the Group’s New Category products as the increase in Non-Combustible products is a key pillar of the Group’s ESG Ambition and is integral to the sustainability of our business.

The Group’s management believes that this measure is useful to investors given the Group’s ESG ambition and alignment to the sustainability of the business with respect to the Non-Combustibles portfolio.