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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.

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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 15 March 2019 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.

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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.

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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, and oral products Grizzly, Camel Snus, Velo and Kodiak, which are only sold in the US, are subject to FDA regulation and no reduced-risk claims will be made to these products without agency clearance.
Delivering a stronger, simpler, faster organisation

- COMBUSTIBLE VALUE GROWTH
- STEP-CHANGE IN NEW CATEGORIES
- SIMPLIFY THE COMPANY
Quantum | Simplifying the Company

COMBUSTIBLE VALUE GROWTH

STEP-CHANGE IN NEW CATEGORIES

SIMPLIFY THE COMPANY

Quantum is about growth

Deliver simplification & Release funds to invest in New Categories
Quantum | Building a stronger simpler faster organisation

Objectives

- Faster, more agile organisation
- Increased accountability
- More empowered employees
- Quicker decision making
- Release resources for reinvestment

Actions

- Reduce management layers - Reporting Business Units - 28 to 18
- Regional Support teams costs -50%
- Delivery - focused local business units
- Drive efficiencies in tail markets
- Expand scope of Global Shared Services Centre activities
  - Transactional – centre of excellence
  - Robotic process automation
  - Data analytics
- Optimise spans and layers, impacting:
  - 2,300 roles
  - >20% of senior management roles

Change ways of working

- Streamline Global Business Processes
- Enhance business and functional connectivity
- Organisational behaviours
  - Speed of delivery
  - Recognition of success
- Remove duplicative processes

Substantial completion expected by January 2020
Strong H1 results

- Volume: -3.5%
- Adjusted Revenue: +4.1%*
- Adjusted Profit from Operations: +5.9%*
- Adjusted Diluted EPS: +7.1%*
- Group market share: Flat
- Group value share: +10bps
- Strategic brand market share: +60bps
- Strategic brand value share: +50bps

*Adjusted and constant rate basis. See Appendix A3 for share metrics. Source: Company data
Consumer insights drive portfolio approach

- Evidence of poly-usage across categories supports BAT's portfolio approach
- New consumption moments
- Regulation drives different market environments
  - Variable cross category marketing freedoms
Vapour | Strong progress in key markets

Good results on $0.99 promo and 2.4% launch

4x Alto Device Sales (vs. pre-promotion)¹

+39% Alto pod volume (vs. pre-promotion)¹

6.7% Alto pod share (+270bps vs. pre-promotion)²

Source: Latest month value share in vapour segment based on scan in measured channels

1: Compares Week 5 to pre-promotion week 0. STR volume (PUK) and RSD volume (pods) in Phase 1 promotion area (4 states)

2: Share based on Retail Scan Data in latest week. See Appendix A3 for share metrics.
THP | Strong push in October in Japan and building momentum in Russia

Japan accounts for 2/3 of global industry THP volumes

Glo starting to build momentum in Russia

- Oftake Volume
  Jul vs. Jan
  5x

- Closing in on 1%
  Share in Moscow
  +40bps

BAT share of total Nicotine in Japan 18.5% (+220bps vs. FY2018)

See Appendix A3 for share metrics. Total nicotine share based on w/c Aug 19th

*Source: Nielsen share of shop handling in Moscow
Modern Oral | Fastest growing Modern Oral company in USA; leadership in the rest of the world

**VELO Share of Modern oral in 8 weeks**
9.1% Share in New Jersey
38% Share in New Jersey
23% Share in Washington
25% Share in Michigan

Double digit share in 14 states!

**#1 Brand**
In total oral within 4 months with 31% volume share

Geo-Expansion
- Expansion to 4 markets in last 2 months (USA, CZE, GER, KEN)
- Currently in 12 markets; 17 expected by year end

Source: Volume share in modern oral based on Retail Scan data. See Appendix A3 for share metrics.
Combustibles | Strong performance fuelling growth

Value Share Growth

- Corporate Value Share
- Strategic Brands Value Share

Strong H1 Pricing Delivered

+7.0%
Cig Price mix

Strong in USA, winning where it matters

+50bps
Premium Share

+60bps
Menthol Share

+70bps
ASU30 Share

Winning in Strategic Segments

- 83% of switchers & trialists accounted for by Strategic Segments
- 90% of BAT brand activities focus on Strategic Segments

*Source: Company data. H1 19 vs. FY18

In-market growths are YTD’19 vs. FY’18

See Appendix A3 for share metrics.
Delivering on our financial objectives

**2019 Guidance**

- **Revenue**
  - +3-5%* Mid-Upper

- **New Category Revenue**
  - +30-50%*

- **Operating Margin**
  - +50-100 bps

- **Profit From Operations**
  - +5-7%* Upper

- **Diluted EPS**
  - High Single Figure*

- **Leverage**
  - -0.4x ex-currency

**H2 priorities**

- Deliver Quantum and release additional resources
- Drive value growth from combustibles
- Deliver New category growth around the middle of 30-50% range
- Deliver the Full Year guidance

* Adjusted and constant rate basis. See Appendix A1-A2. Source: Company data
On track for a good year

› On track for the full year guidance
› New Category revenue expected around the middle of 30-50% range
› Building a stronger, simpler, faster organisation
› Delivering high single figure EPS growth
Sell Side Presentation

Jack Bowles
Chief Executive

Tadeu Marroco
Finance Director
Appendix

A1: Adjusting (Adj.)
Adjusting items are significant items of certain financial measures which individually or, if of a similar type, in aggregate, are relevant to an understanding of the Group’s underlying financial performance because of their size, nature or incidence. In identifying and quantifying adjusting items, the Group consistently applies a policy that defines criteria that are required to be met for an item to be classified as adjusting. The Group believes that these additional measures, which are used internally, are useful to users of the financial information in helping them understand the underlying business performance.

A2: Constant currency
Movements in foreign exchange rates have impacted the Group’s financial results. Measures are calculated based on a retranslation, at prior year’s exchange rates, of the current year’s results of the Group and where, applicable, its segments. Although the Group does not believe that these measures are a substitute for IFRS measures, the Group management board does believe that such results excluding the impact of currency fluctuations year on year provide additional useful information to investors regarding the Group’s operating performance on a local currency basis.

A3: Share metrics
Volume share: The retail sales volume of the product sold as a proportion of total retail sales volume in that category.
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.
Share of handling: The retail sales volume of the nicotine product sold as a proportion of the outlets within which the product is available.