Delivering Growth through Transformation

UBS European Virtual Conference 2020

Jack Bowles – Chief Executive
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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.

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

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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; adverse decisions by domestic or international regulatory bodies; the impact of market size reduction and consumer down-trading; the impact of the COVID-19 pandemic; 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 deliver the New Categories strategy; 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.
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Revision
For presentation purposes within these presentations, all prior periods have been revised to be consistent with the current reporting structure. All of the information in these presentations is in respect to continuing operations, revised for the fully retrospective adoption of IFRS 15.
We are building A Better Tomorrow

TO REDUCE THE HEALTH IMPACT OF OUR BUSINESS
We are building *A Better Tomorrow*

50 MILLION*  
NON-COMBUSTIBLE PRODUCT CONSUMERS** BY 2030

£5bn*  
NEW CATEGORY REVENUE BY 2025

TO REDUCE THE HEALTH IMPACT OF OUR BUSINESS

* ESG ambitions  
** See Appendix A6
With ESG Front & Centre
Driven by clear priorities

Reducing the HEALTH impact of our business

- **CONSUMER CHOICE**
- **WORLD-CLASS SCIENCE**
- **STANDARDS AND REGULATION**

E  Excellence in ENVIRONMENTAL management
- Climate change
- Water and waste
- Sustainable agriculture
- Circular economy

S  Delivering a positive SOCIAL impact
- Human rights
- Farmer livelihoods
- Health and safety
- People and culture

G  Robust corporate GOVERNANCE
- Business ethics
- Responsible marketing
- Regulation and policy engagement

50 million* consumers of non-combustible Products** by 2030

Carbon neutral by 2030*

Eliminate unnecessary single-use plastic and all plastic packaging recyclable by 2025*

* ESG ambitions. See Appendix A5. ** See Appendix A6
We are transforming the business
And lowering our health impact

Non-Combustible Consumers*

11.7m
+2.7m
Last 12 months**

Combustible Volumes

311bn
-6.5%
H1 2020

Volume decline versus H1'19

* See Appendix A6 ** Last 12 months ended 30 June 2020
While continuing our financial delivery
Despite the challenging environment in H120

+12.7%  New Category Revenue*

+8.5%  Group Price / Mix

+3.3%  Adjusted Profit* from Operations

>90%  Operating Cash Conversion*

+2.4%  Group Revenue*

+20 bps  Corporate Value Share

+6.6%  Adjusted Diluted EPS*

65%  Dividend Pay-out Ratio

H1 20 figures quoted relate to half-year results ended 30 June 2020. Share growth versus FY19. Source: Company data
* On an adjusted, constant rate basis. See Appendix A1 & A2
With a Step Change in New Categories in H1 20

Strong momentum across all New Categories

**T5 value share**

26% +7.7%

**145m pods**

+43%

**T6 volume share of Total Oral**

4% +1.6%

**717m pouches**

+74%

**T8 volume share**

15% +0.5%

**4.2bn sticks**

+9.1%

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Note: Vapour Value share includes Vype brands in UK, France and Germany. Modern oral volume share includes EPOK and LYFT brands in Scandinavia.

Share: June 2020, growth over last 12 months ended June 2020 in measured channels. See Appendix A3. Top 5 vapour markets: US, Canada, UK, France, Germany. Top 6 Modern oral markets: US, Sweden, Denmark, Norway, Switzerland and Germany. Top 8 THP markets: Japan, South Korea, Russia, Italy, Germany, Romania, Ukraine, Poland.
Combustible Value Growth & Simplifying the Business

Powered by Quantum

Value from Combustibles

Capabilities & Funding

Simplify the Business

Phase 1: complete
• Organisational re-design
• Simplification and agility
• New ways of working

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

£1bn Quantum Savings*

Investing in New Capabilities

Foresights beyond Nicotine

21st Century Brand Building

Innovation & Design

Digital & Analytics

Direct-to-Consumer

ESG Front & Centre

Enabled by Digital and 300+ Management Hires

*Expected by 2022
The transformation is well under way

Non-Combustibles already a significant revenue % where we have invested

63%  42%  27%  27%  13%

Note: % Revenue by market YTD Oct 2020
With great momentum in 2020
Strong share growth across all New Categories

<table>
<thead>
<tr>
<th>Vuse Value share YTD</th>
<th>Velo Volume share YTD</th>
<th>Glo Volume share YTD</th>
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<tbody>
<tr>
<td>23.8%</td>
<td>8.1%</td>
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</tr>
</tbody>
</table>

Note: Vapour Value share includes Vype brands in UK, France and Germany. Modern oral volume share includes EPOK and LYFT brands in Scandinavia.

On track to deliver on guidance
Resilient performance in a challenging environment

1-3% Revenue*
Mid Single Figure EPS Growth**
c.3x Net Debt/EBITDA by 2021

COVID-19 expected to have a -3% impact on FY20 revenue

*Adjusted Revenue on a constant rate basis. See Appendix A1 & A2
**Adjusted Diluted EPS on a constant rate basis. See Appendix A1 & A2
We are building A Better Tomorrow

To reduce the health impact of our business

£5bn* new category revenue by 2025

50 million* non-combustible product consumers** by 2030

* ESG ambitions
** See Appendix A6
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.

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 product 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.

Nicotine is addictive and is not risk-free, but it is widely accepted that most of the harm associated with tobacco comes from burning it and inhaling the toxicants in the smoke – not from the nicotine itself. Products that do not burn tobacco contain fewer toxicants and have the potential to be significantly less risky compared to smoking, as do products that contain nicotine but no tobacco. While more research is undoubtedly needed, we are encouraged by the growing body of independent evidence pointing to the reduced-risk potential of new category products.