Barclays Consumer Conference 2022

New Category Growth
Driving Faster Transformation

Tadeu Marroco – Finance and Transformation Director
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 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, including "forward-looking" statements made within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. 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. These include statements 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 British American Tobacco Group (the “Group”) operates, including the projected future financial and operating impacts of the COVID-19 pandemic.

All such forward-looking statements involve estimates and assumptions that are subject to risks, uncertainties and other factors. 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.

In particular, certain statements in slides 6, and 7.

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; the inability to develop, commercialise and deliver the Group's New Categories strategy; adverse litigation and dispute outcomes and the effect of such outcomes on the Group's financial condition; the impact of significant increases or structural changes in tobacco, nicotine and New Categories related taxes; translational and transactional foreign exchange rate exposure; changes or differences in domestic or international economic or political conditions; the ability to maintain credit ratings and to fund the business under the current capital structure; the impact of serious injury, illness or death in the workplace; adverse decisions by domestic or international regulatory bodies; and changes in the market position, businesses, financial condition, results of operations or prospects of the Group.

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

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.
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 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.

Additional Information
All financial statements and financial information provided by or with respect to the US or Reynolds American Inc. (“Reynolds”) are initially prepared on the basis of U.S. GAAP and constitute the primary financial statements or financial records of the US business/Reynolds. This financial information is then converted to International Financial Reporting Standards as issued by the IASB 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 Reynolds it is provided as an explanation of, or supplement to, Reynolds’ primary U.S. GAAP based financial statements and information.

Our vapour product Vuse (including Alto, Solo, Ciro and Vibe), and certain oral products including Velo, Grizzly, Kodiak, and Camel Snus, 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.
We are Transforming and Delivering

Transforming our business

Delivering robust financial results

Successfully navigating the macro environment

Superior shareholder returns: Dividend growth and £2bn Buyback
20.4m adult consumers of Non-Combustible products*
45% New Category revenue growth**
50%+ (£281m) reduction in New Category losses***
Strong brands powered by innovation

Group revenue up +5.7%; +3.7% at constant FX**
Reported diluted EPS down -42.9%
Adjusted diluted EPS up +5.7% at constant FX^*
Confident in delivering FY22 guidance

£1.5bn Quantum savings delivered 6 months ahead of target
90bps improvement in adjusted operating margin to 43.9%^^
Robust pricing – achieved c.90% of planned pricing

Transforming our business

Delivering robust financial results

Successfully navigating the macro environment

£3.8bn YTD cash returns to shareholders: £2.5bn Dividends and £1.3bn Buyback

Reducing the health impact of our business. Based on the weight of evidence and assuming a complete switch from cigarette smoking. These products are not risk free and are addictive. Our products as sold in the US, including Vuse, Yelo, Grizzly, Kodiak, and Camel Snus, are subject to FDA regulation and no reduced-risk claims will be made as to these products without agency clearance. These products are not risk free and are addictive. * See Appendix A3 ** At constant rates. See Appendix A2. *** Reduction versus H1’21 at constant rates at category contribution level: Profit from the sales of brands after deduction of directly attributable costs (including R&D, marketing) and before allocation of overheads. See Appendix A2.
^On an adjusted constant rate basis. See Appendix A1 and A2. ^^ On an adjusted basis at current adjusted rates. See Appendix A1.

H1 2022 - Transforming and Delivering
Full Year 2022 – Transforming and Delivering

Transforming our business

• Continued New Category growth momentum
• Strong H2 investment plans
• Further New Category loss* reduction

Delivering robust financial results

• Revenue growth of 2-4%**
• Mid-Single figure EPS growth***
• Continued strong cash generation

Successfully navigating the macro environment

• Leveraging our organisational agility
• Quantum savings in excess of £1.5bn
• Continued pricing power^*

Committed to delivering long term sustainable shareholder value

* Reduction at category contribution level: Profit from the sales of brands after deduction of directly attributable costs (including R&D, marketing) and before allocation of overheads. ** On a constant rate basis. See Appendix A2. *** On an adjusted, constant rate basis. See Appendix A1 & A2. ^ References to pricing power reflect our balanced portfolio across price tiers and low global elasticities for our combustible products. The terms are not intended to reflect any of the Group’s future pricing intentions.
Reducing the health impact of our business, based on the weight of evidence and assuming a complete switch from cigarette smoking. These products are not risk free and are addictive. * Beyond refers to Wellbeing & Stimulation. Expected target market for consumer acquisition is adult consumers seeking wellbeing and stimulation solutions in their daily lives. ** Consumers of Non-Combustible products definition. See Appendix A3. *** Environmental targets. See Appendix A4. ^ Capable of being reusable, recyclable or compostable.
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 the prior year’s exchange rate, removing the potentially distorting effect of translational foreign exchange on the Group’s results. The Group does not adjust for normal transactional gains or losses in profit from operations which are generated by exchange rate movements.

A3: Consumers of Non-Combustible Products
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 adult consumer tracking (utilising studies conducted by third parties including Kantar). The number of consumers is adjusted for those identified (as part of the consumer tracking studies undertaken) as using more than one BAT Brand - referred to as “poly users”.

The number of consumers of Non-Combustible products is used by management to assess the number of consumers using the Group’s New Categories 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.

A4: Environmental Targets
Targets cover: climate change, water and waste, sustainable agriculture. Full details are available from the latest ESG Report
British American Tobacco - Sustainability reporting (bat.com)