



Strong Brands Drive New Category Acceleration

Interim Results 2021

Jack Bowles – Chief Executive | **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, among other statements: (i) certain statements in the opening section (slide 6 and 19); (ii) certain statements in Tadeu Marroco's section (slides 21, 34 and 37); and (iii) certain statements in Jack Bowles' section (slide 40).

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.

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 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, Camel Snus and Granit, 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.



Strong Brands Drive New Category Acceleration

Interim Results 2021

Jack Bowles – Chief Executive | **Tadeu Marroco** – Finance and Transformation Director

Building A Better Tomorrow™



Our Purpose

To reduce the health impact of our business



Our Commitment

To provide adult consumers with a wide range of enjoyable less risky products

To encourage smokers to switch completely to scientifically-substantiated reduced-risk alternatives*

Delivering Our Purpose is Transforming BAT

From

To



Creating value for all our stakeholders



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



£5bn New Category Revenue by 2025



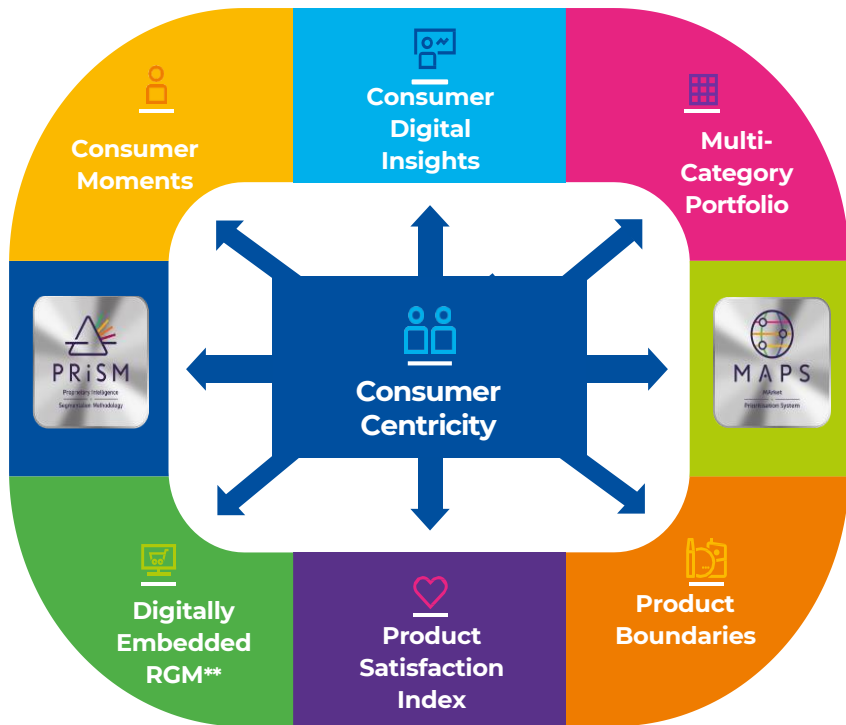
Carbon neutral by 2030***



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

* Beyond refers to Wellbeing & Stimulation Beyond Nicotine. Target market for consumer acquisition is existing adult smokers/nicotine/beyond nicotine users. ** Consumers of Non-combustible products definition. See Appendix A6. *** Environmental targets, carbon neutral is scope 1 & 2. See Appendix A5. ^ Reusable, recyclable or compostable.

HY 2021: Consumer-Centric Multi-Category Strategy Delivering Strong Growth



- Strong New Category momentum, revenue* up +50%
- Building strong brands - leveraging digital
- Continued progress on ESG



* Constant currency growth. See Appendix A2. ** RGM: Revenue Growth Management tool.

HY 2021: Strong New Category Momentum

New Category Revenue* up +50%
Record H1 NC Consumer Acquisition, up +2.6m to 16.1m**



**Global
Leadership**
ambition

Revenue* up +59%



**Fastest Growing
THP Brand**
ambition

Revenue* up +38%



**Global
Leadership**
ambition

Revenue* up +63%

HY 2021: Building A Better Tomorrow™



BAT

16.1m

Non-Combustible product consumers*

+2.6m

Growth

vuse

32%

Value Share In Top 5 markets**

+6.1 ppts

Growth

glo

17%

Volume share In Top 9 markets**

+3.2 ppts

Growth

VELO

40%

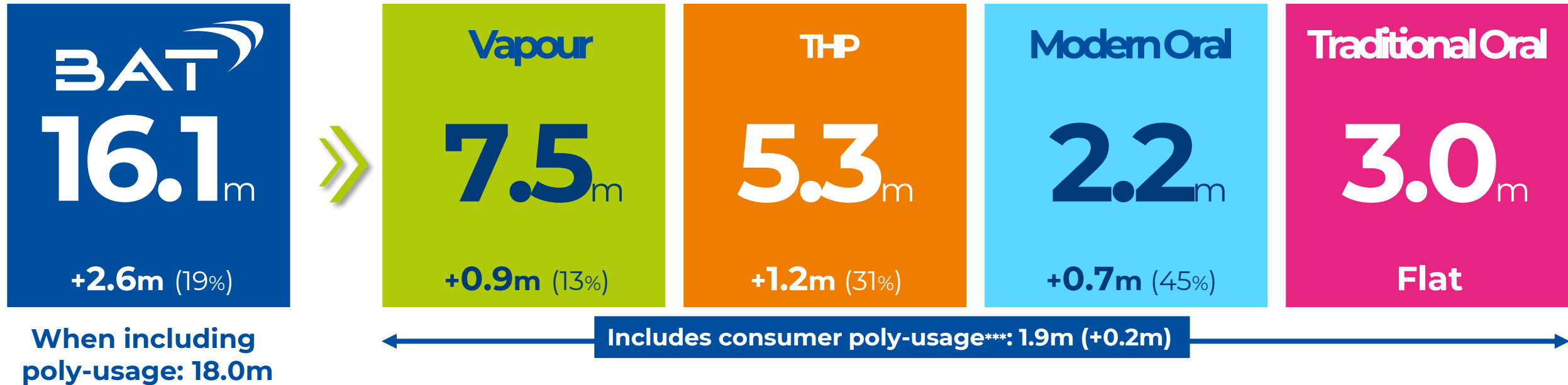
Volume Share In Top 5 markets**

+2.8 ppts

Growth

HY 2021 - Accelerating Consumer Acquisition* Across All Three Categories

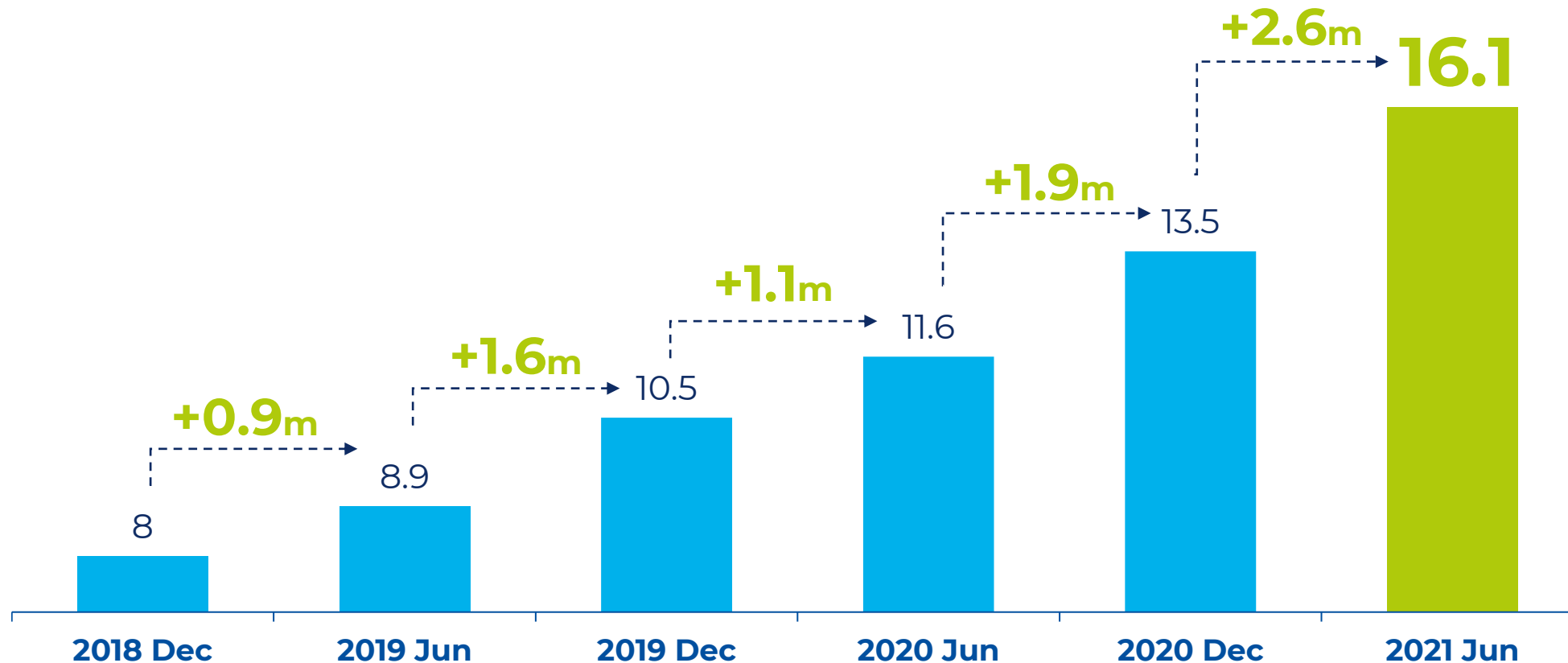
Number of consumers of Non-Combustible** products



Growth driven by true multi-category performance

HY 2021: Accelerating Consumer Acquisition*

Record 1H21 Performance: **+2.6m vs. Dec 20 (c. 2.5X vs. 1 year ago); +4.5m vs. Jun 20**



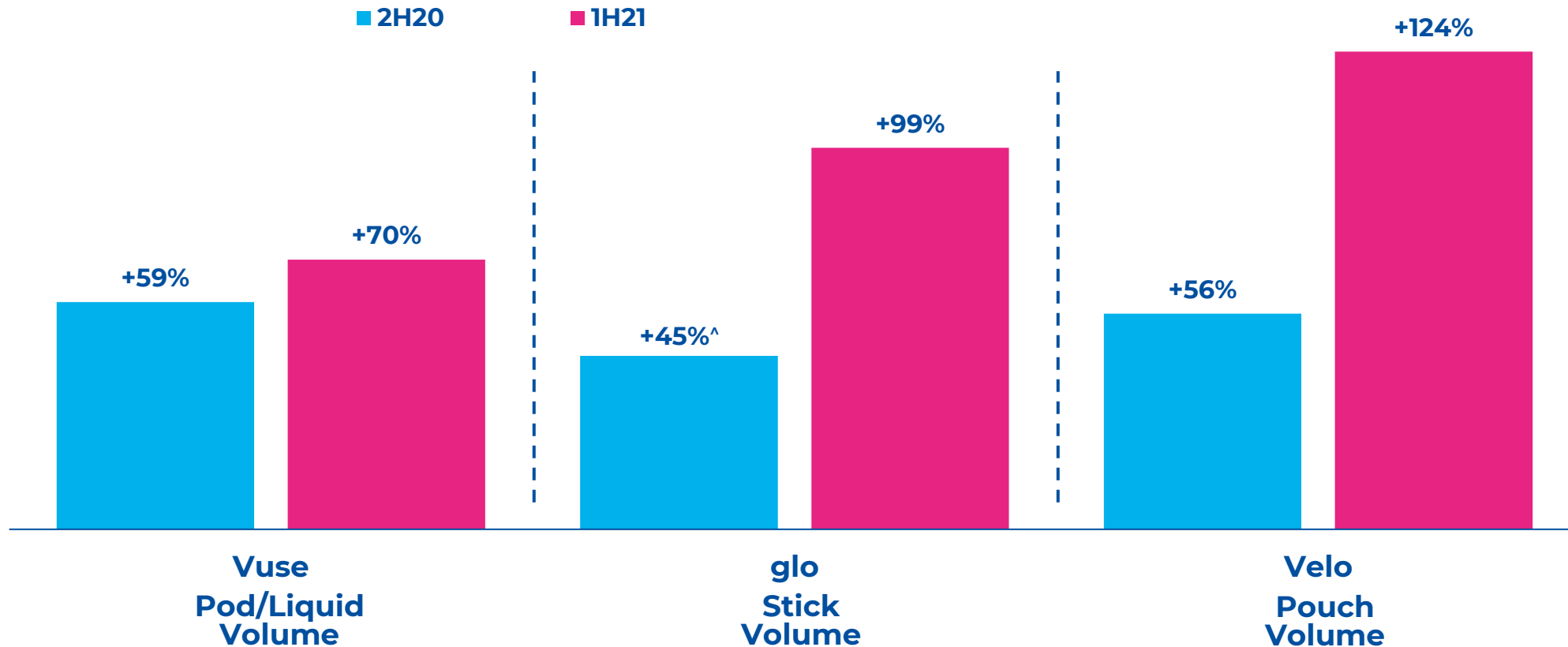
Accelerating & Highest ever 6-monthly growth

c.85% of FY 2020 growth already achieved in 1H21

Growth of consumers of Non-Combustible products**

Growth versus prior period unless otherwise stated. Source: Company data. * Target market for acquisition is existing adult smokers/nicotine users. ** See Appendix A6.

HY 2021: Consumer Conversion* Driving Strong Consumable Volume Growth**



* Consumer conversion from cigarettes to New Categories. ** Growth versus same period last year. ^ Excluding glo Sens growth in H2 2020. Volume growth of Vapour consumables, THP sticks, and Modern Oral pouches. Vuse brand represents c.90% of HY21 vapour revenue. Velo brand represents over 50% of HY21 Modern Oral markets. Continue to migrate remaining brands during 2021.

We are Building Brands of the Future



#1 Value Share in 4 of T5**
& fastest growing*** in all T5**

1ST Carbon Neutral
Global vape brand[^]

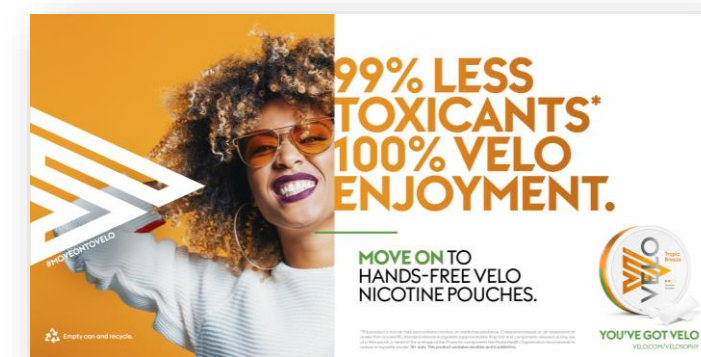
Strengthening Brand Power
Globally **+12%** vs. 1H20



Ambition to become **Fastest Growing**** THP Brand

Record glo category share
in key markets

Strengthening Brand Power
Globally **+19%** vs. 1H20



Fastest Awareness Growth in
the US

Strongest Brand in the Nordics

Strengthening Brand Power
Globally **+13%** vs. 1H20

* To read the Velo advertisement disclaimer in full, please see Appendix A7. ** Top 5 vapour markets : US, Canada, UK, France, Germany. T5 represent c.75% of Vapour industry revenue (closed-system). *** Vuse fastest growing in value share of category in T5 markets and glo ambition to become fastest growing in volume share across key markets.. ^ As verified by Vertis based on product Life Cycle Assessment data provided by an independent third party. This assessment takes into account the Group's purchase of carbon credits through reforestation projects.. Vuse brand represents c.90% of HY21 vapour revenue. Velo brand represents over 50% of HY21 Modern Oral markets. Continue to migrate remaining brands during 2021.

Powered by Consumer-Focused Digitalisation

c.1.9 Bn

Potential media reach from Strategic partnerships (1H21)

#1 in Branded search traffic across T5* for Vuse



+142%

Increase in social followers vs 1H20



12.1M

Contactable Adult New Category Consumers



29M

Total own e-comm visits



+63% vs 1H20

Subscriptions

37% of Vuse own e-comm revenue



+58% vs 1H20

Strategic** own e-comm revenue



Innovative deployment of dynamic branding

* Top 5 vapour markets : US, Canada, UK, France, Germany. T5 represent c.75% of Vapour industry revenue (closed-systems). Growth metrics versus 1H20. Vuse brand represents c.90% of HY21 vapour revenue. Velo brand represents over 50% of HY21 Modern Oral markets. Continue to migrate remaining brands during 2021. ** Strategic revenue relates to the revenue from the Group's strategic brands.

Building a Consumer-led Ecosystem Beyond Nicotine

Target Consumer Areas

Boost & Energy

Clarity & Focus

Calm & Relax



13 investments closed to date

Target areas:



Health and Wellness



Functional products – e.g. Focus, Energize & Relax



Science



Sustainability



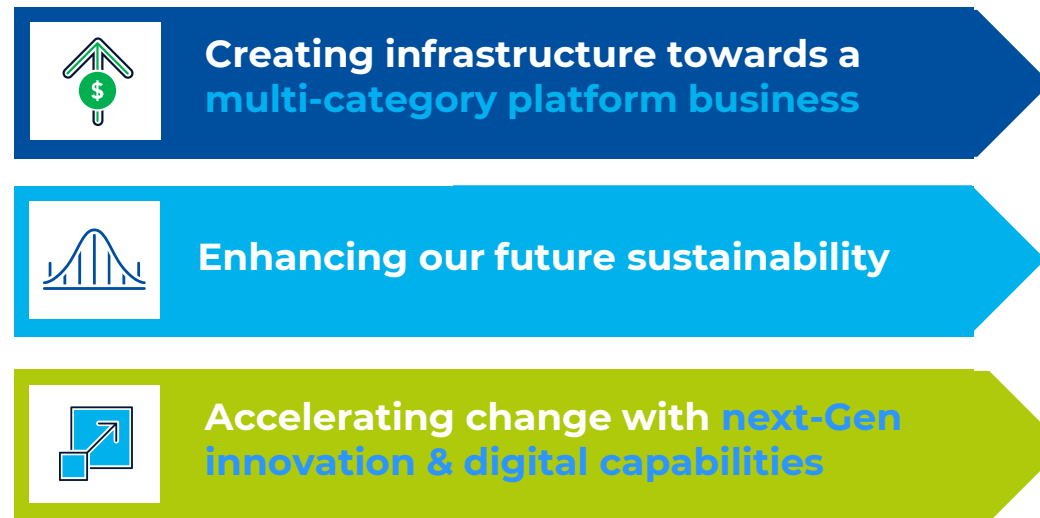
Technology



- R&D collaboration
- c.20% associate investment



Quest: Accelerating Our Transformation



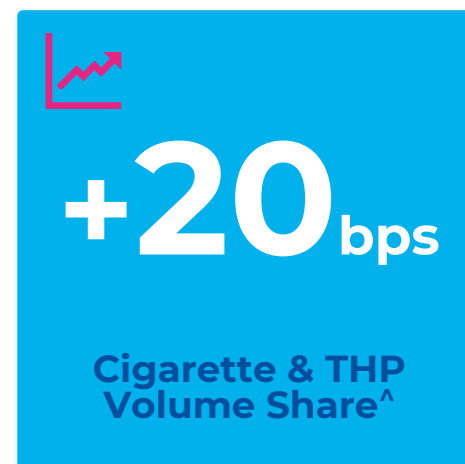
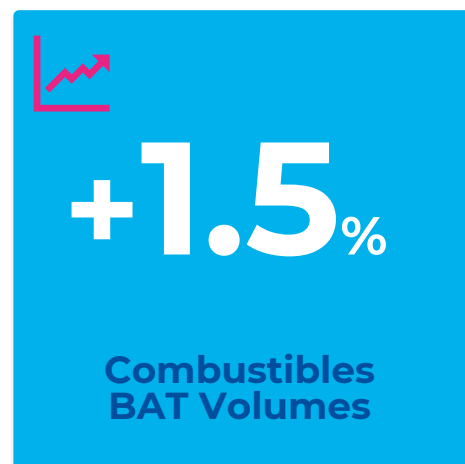
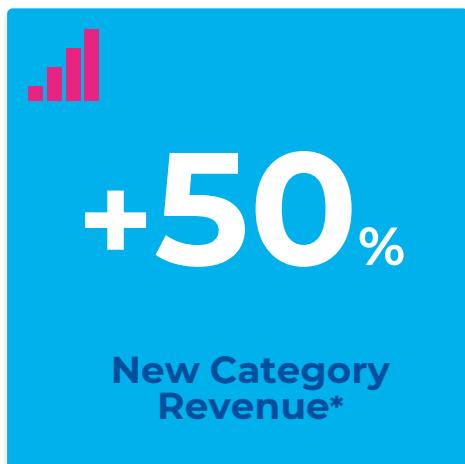
Enabling The Enterprise of the Future

HY 2021: Currency Translation Masks Strong Growth

	REPORTED HY 2021 @ Current rates	ADJUSTED HY 2021 @ Constant rates*
Revenue	-0.8%	+8.1%**
New Category Revenue	+40.4%	+50.0%**
Operating Margin	-120 bps	-70 bps***
Profit From Operations	-3.7%	+5.4%
Diluted EPS	-6.0%	+6.1%

* On an adjusted, constant rate basis. See Appendix A1 & A2. ** On a reported, constant rate basis. See Appendix A2. *** Current rate growth.

HY 2021: Strong Results



HY 2021: Accelerating our Transformation

Clear Operational Priorities

**STEP-CHANGE IN
NEW CATEGORIES**

**COMBUSTIBLE
VALUE
GROWTH**

**SIMPLIFY
THE COMPANY**

Strong results in H1 2021

- ✓ Accelerating New Category growth*
- ✓ Non-Combustible** Consumers +2.6m to 16.1m
- ✓ Building strong brands and leveraging digital
- ✓ c.£350m increased*** NC investment
- ✓ Group Revenue[^] up +8.1%
- ✓ Combustible value share^{^^} +10bps
- ✓ Quantum savings of £1bn expected 12mths early
- ✓ Quantum target raised to £1.5bn by 2022



Tadeu Marroco

Finance and Transformation Director

Accelerating our Transformation

Strong progress against financial focus areas



1. Releasing funds to support growth agenda

- £0.9bn total Quantum savings delivered to date
- Value through combustibles, revenue* up +5.8%

2. Maximising marketing spend effectiveness

- c.£350m incremental** investment driving accelerated New Category revenue growth

3. Generating cash to continue to de-lever the balance sheet

- On track for c.3x adj. net debt/adj. EBITDA*** and >90% cash conversion for FY21

Revenue: Strong Growth and New Category Momentum

Revenue growth* +8.1%

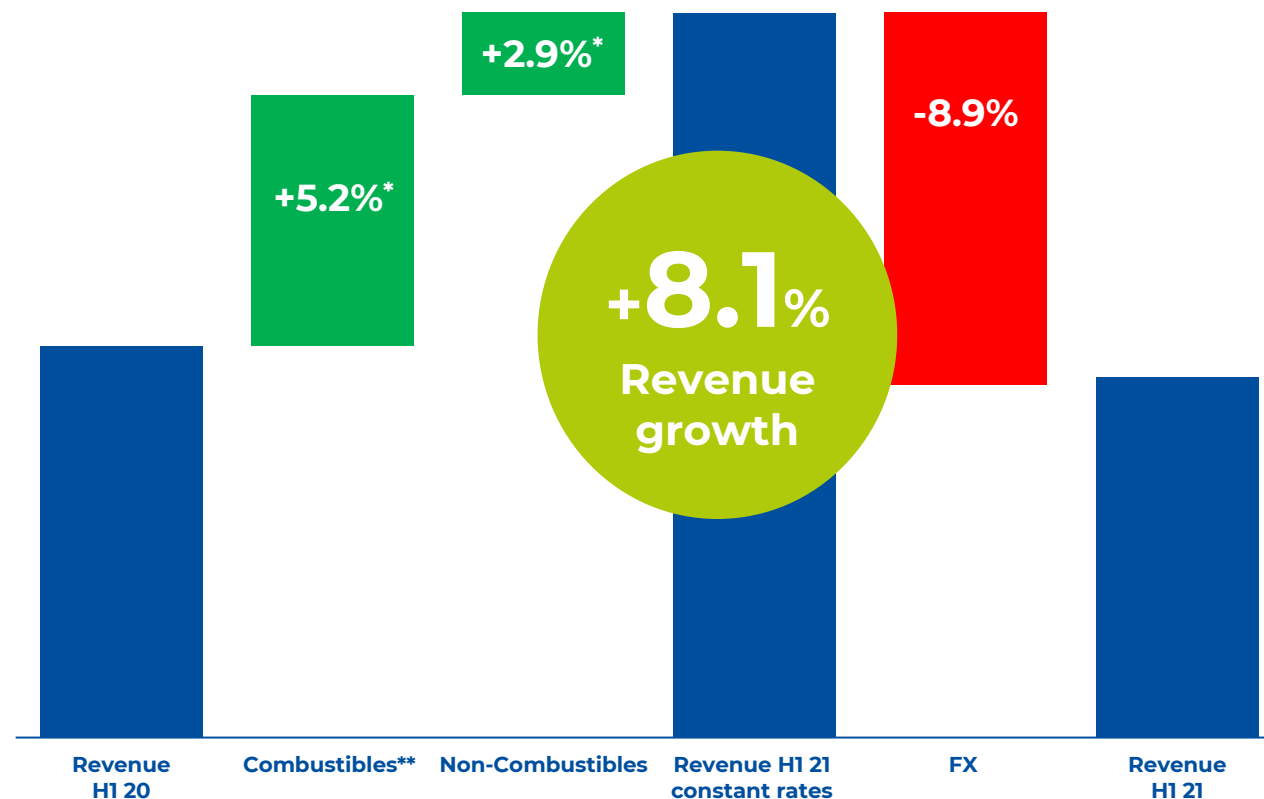
- Combustible revenue* +5.8%
- New Category revenue* +50%
 - Vapour +59%
 - THP +38%
 - Modern Oral +63%

Strong volume performance

- Accelerating NC volumes
- Combustibles +10bps volume share***

Driving value from Combustibles

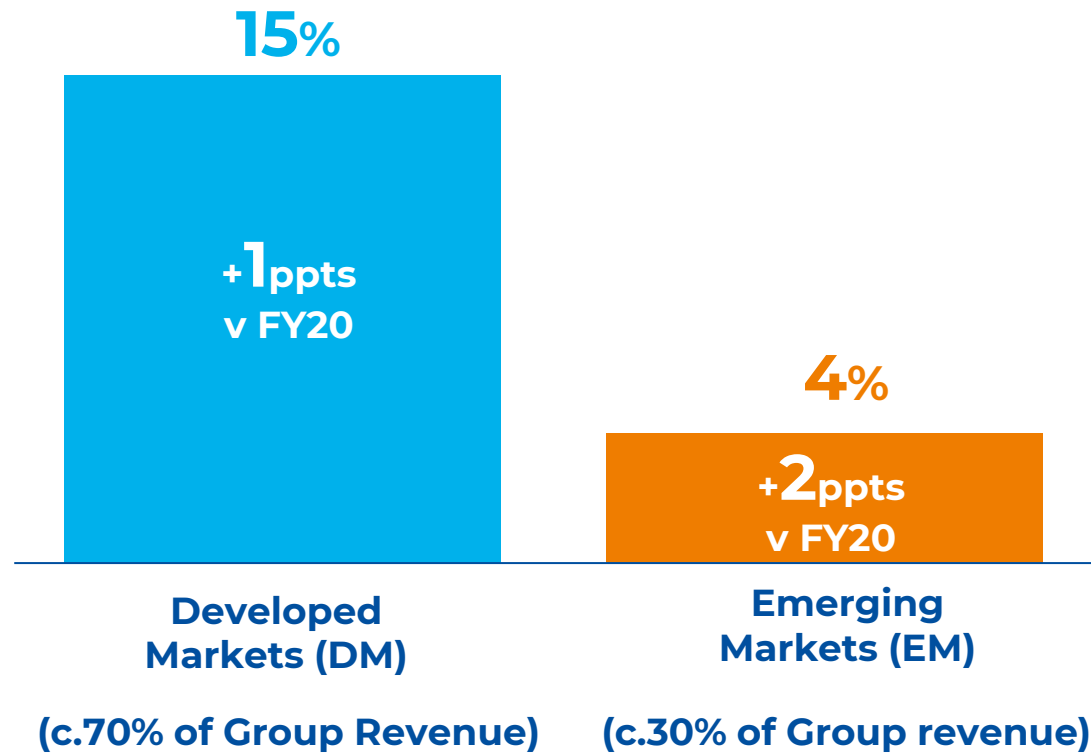
- Value share*** +10bps
- +4.3% price/mix[^], absorbing geographic mix impact



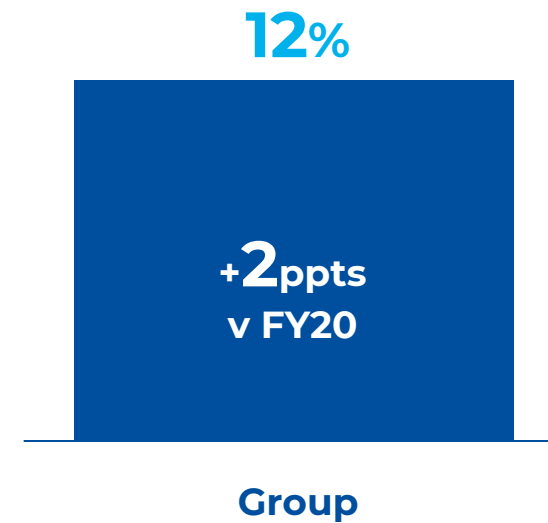
* Growth at constant rates. For definition see Appendix A3. ** Combustibles revenue contribution net of other revenue growth. *** Cigarette volume and value share. See Appendix A3. ^ Price/mix defined in Appendix A4.

Accelerating Portfolio Transformation

% of H1 DM/EM revenue in non-combustibles

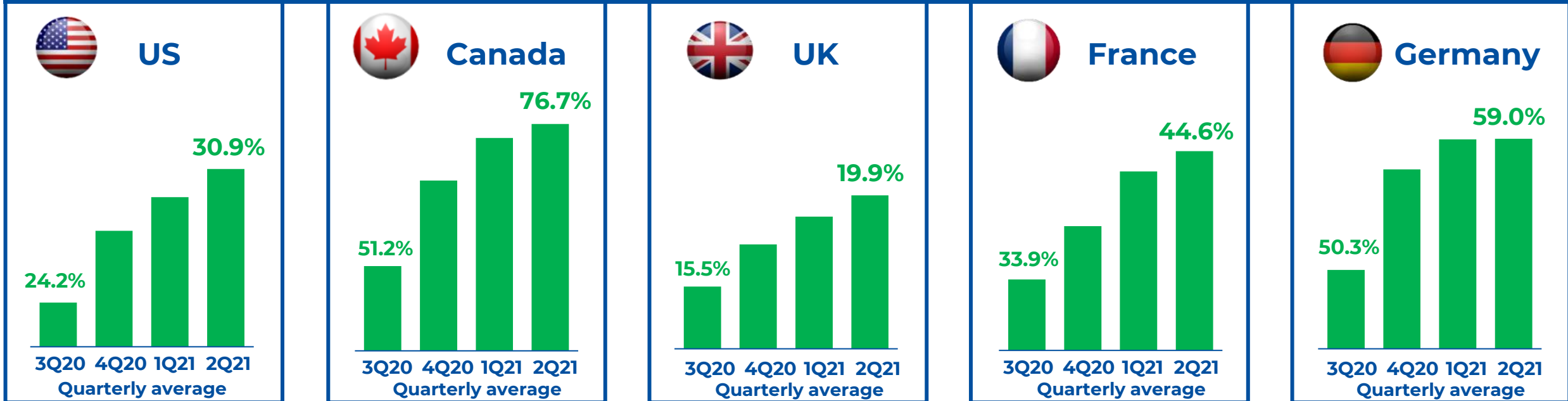


% of H1 Group revenue in non-combustibles



Vuse: Approaching Global Category Leadership

Continued strong value share* across T5** Markets (c.75% of Industry Revenue)



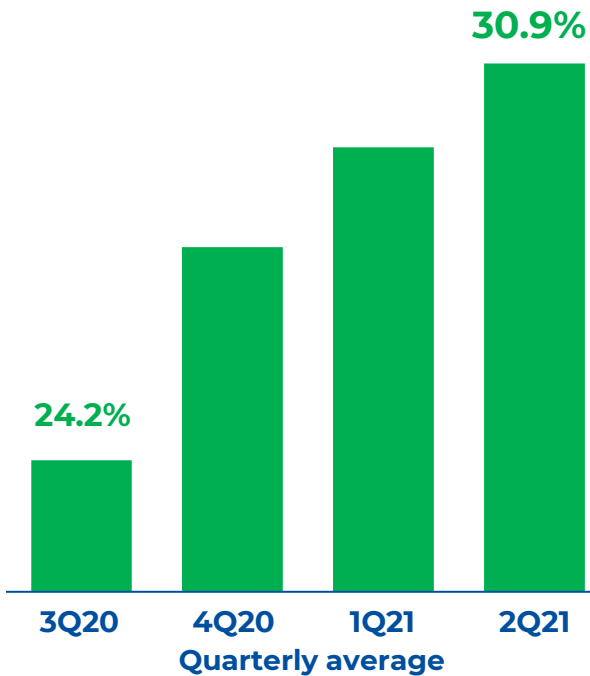
**First global carbon neutral
vape brand*****

**Continued device share^
leadership in T5****



Vuse: Approaching Leadership in the US

Vuse US value share



- Vuse value share up 5.1ppts reaching 30.0% May YTD
- Number 1 device share, with 60.4% May YTD
- Vuse consumable volume up 97%
- Vuse key brand attributes* ahead of main peer
 - Brand I Love, High Quality, Advanced Technology
- US Vapour Industry returning to growth, up c.30%

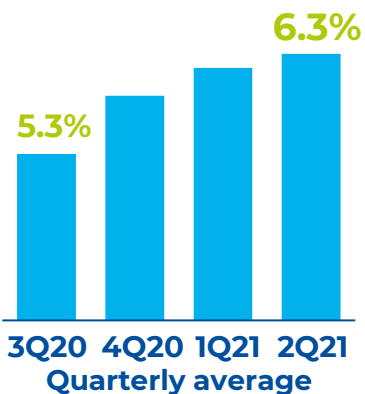
Vuse value share leadership in 20 states in June 2021

glo: Hyper Continues to Accelerate Share Growth

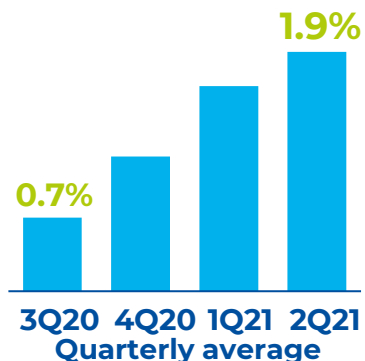


Record glo Nicotine* Share across key markets (c.80% of Industry Revenue)

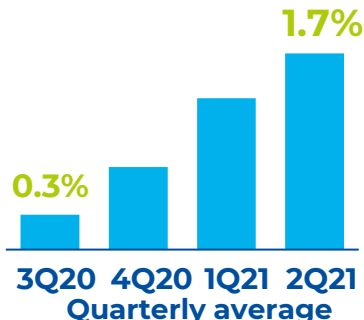
Japan



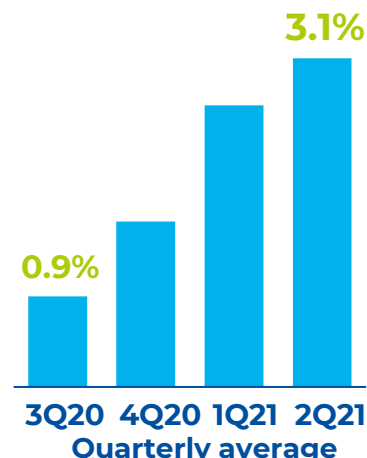
Russia



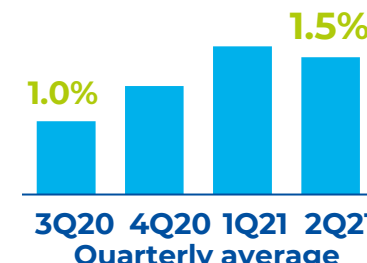
Italy



Ukraine



Romania



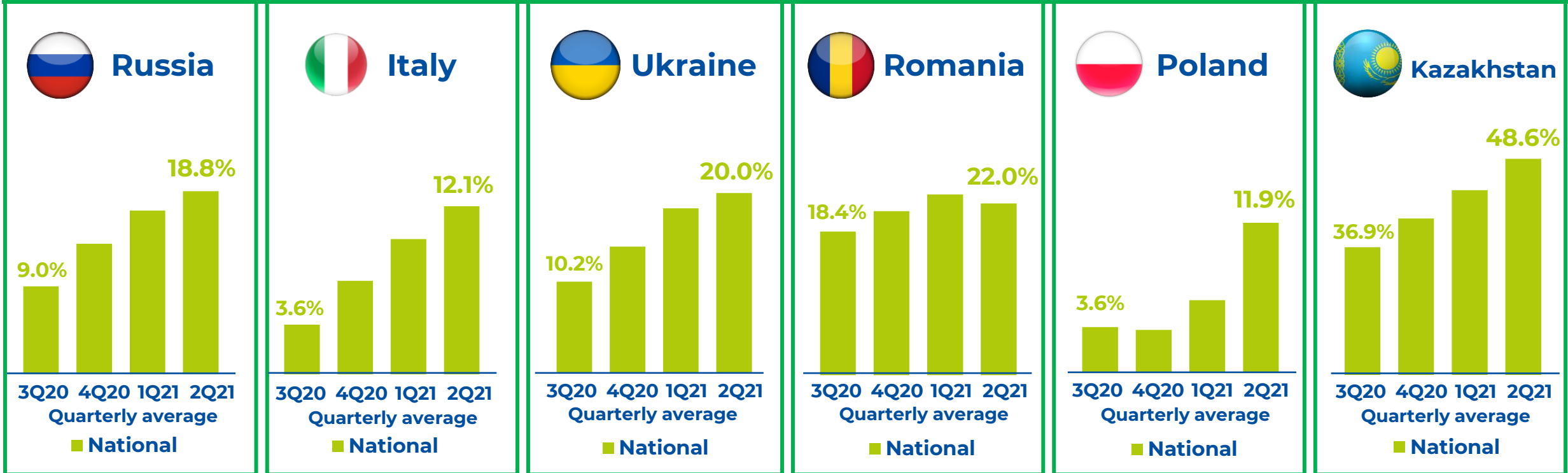
c.60% Japan volume in Hyper in H1

Consumables average price index >90 vs. peer**

* Share of Cigarette + THP nicotine volume – monthly average of quarter share to May 2021. 2Q21 share reflects average of April and May 21. Japan – CVS-BC Vol. Share of FMC+THP+Hybrid; Russia – IMS (BAT+PMI) est. Vol. Share of FMC+THP; Italy and Ukraine – Nielsen Vol. Share of FMC+THP; Romania – Nielsen KA Vol. share of FMC+THP. See Appendix A3 for Volume share definition. ** Weighted average consumables pricing across Japan, Russia, Italy, Ukraine and Romania, accounting for c.85% of glo volume.

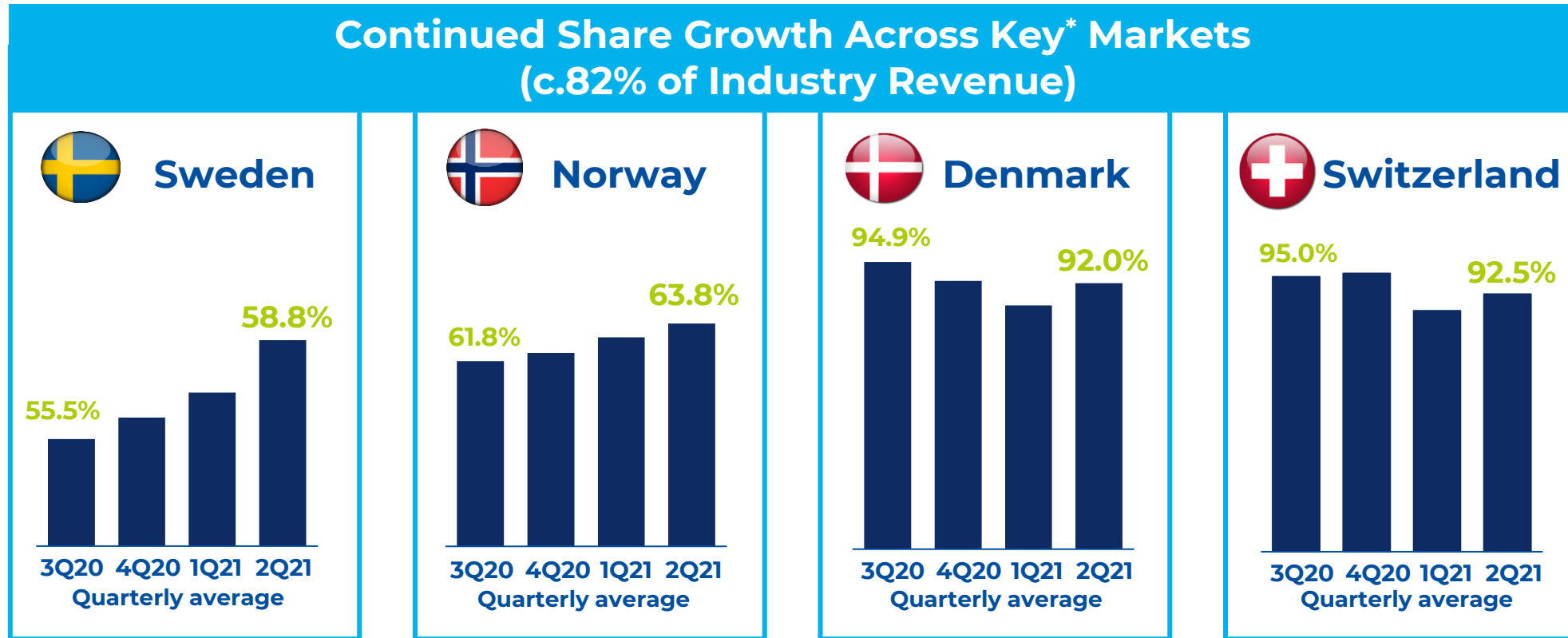
glo: Hyper Strong Category Share Growth in ENA

glo driving national THP Category Share



H1 glo volume growth rate 6x THP category growth rate

Velo: Maintaining International Leadership



Accelerating global volume growth, up 124%

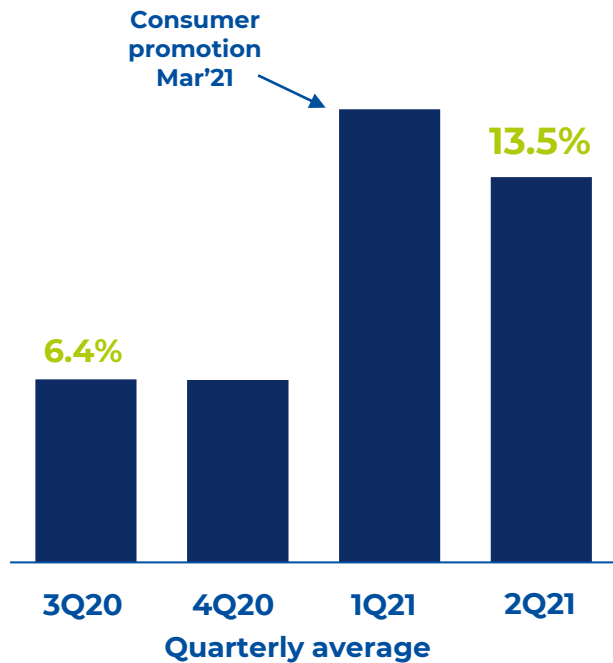
Gathering insights and learnings from emerging market tests

* Key markets: Sweden, Norway, Denmark, Switzerland, US and now excludes Germany. Volume share of Modern Oral category – monthly average of quarter share to May 2021, 2Q21 share reflects average of April and May 21. Includes EPOK/LYFT brands in ENA. Velo brand represents over 50% of HY21 Modern Oral markets.



Velo: Establishing a National Brand in the US

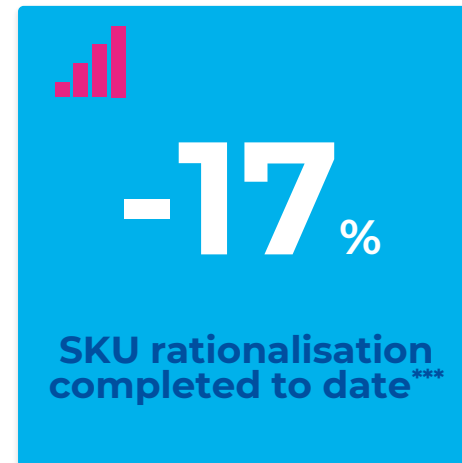
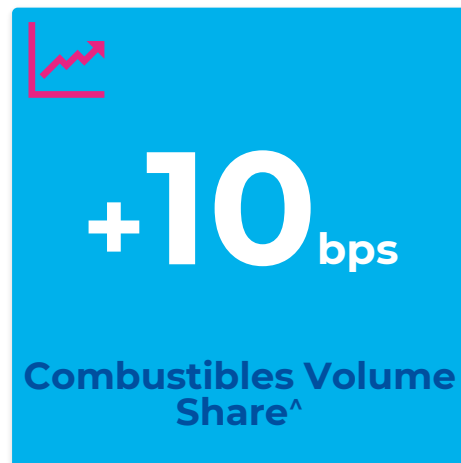
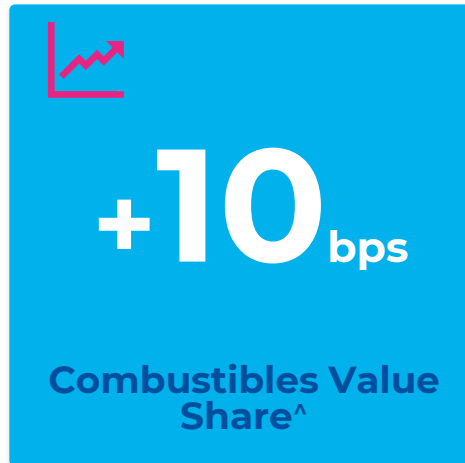
Velo US volume share



- Velo portfolio - 100% coverage of nicotine segments
- Distribution expanded to c.80k outlets, with distribution continuing to build
- Over 60% of consumers see Velo as Modern and Innovative*

Velo volume share up 2x in 32 states since Nov 2020 rollout

Combustibles: Delivering Value Growth



Regions: Over 5% Revenue Growth* in Every Region **BAT** A BETTER TOMORROW

	Revenue*	Cigarette Value Share**	Adjusted Profit from Operations*
US	+9.1%	+40bps	+9.7%
ENA	+5.9%	-10bps	-3.7%
APME	+5.8%	-10bps	+2.8%
AMSSA	+11.5%	-30bps	+4.2%
Group	+8.1%	+10bps	+5.4%

* Constant rate basis. See Appendix A1-A2. ** Value share of cigarettes v FY20. See Appendix A3.
Source: Company data.



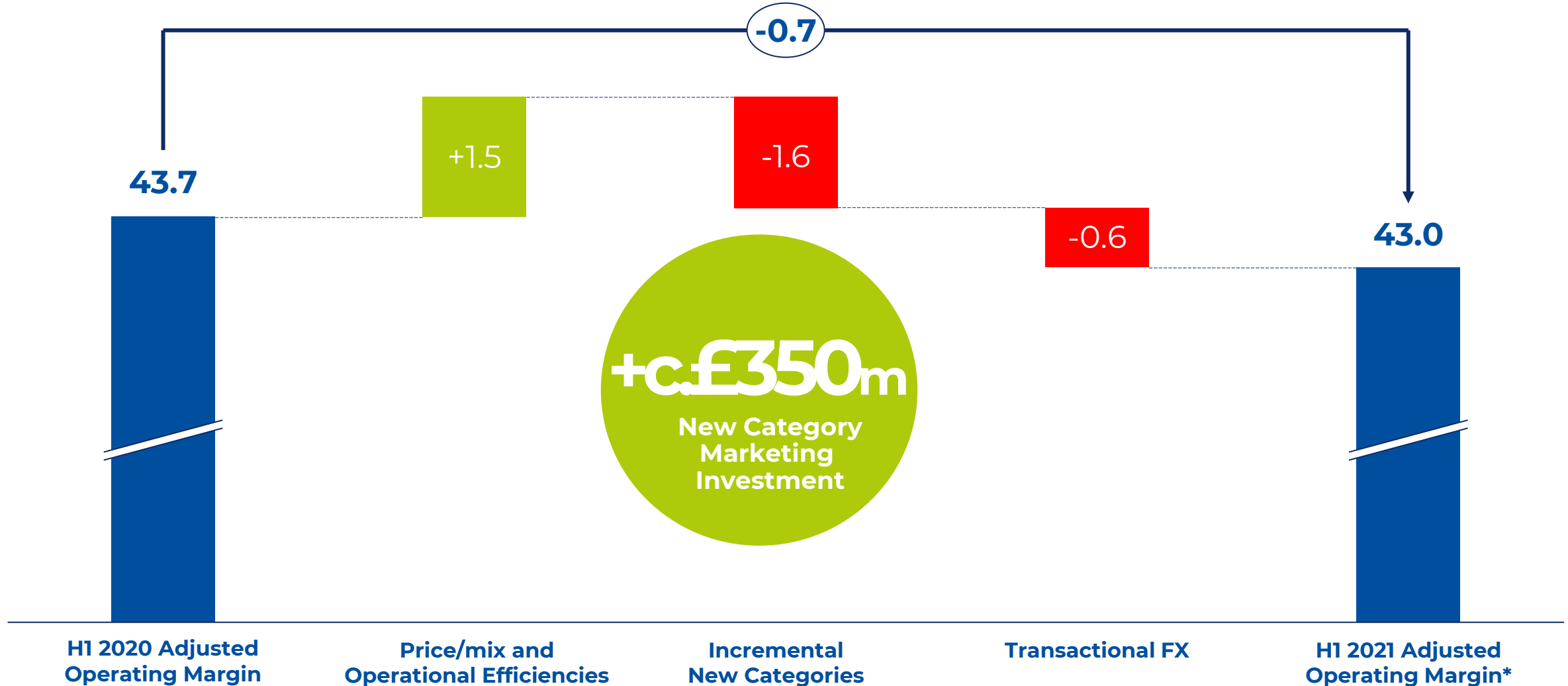
US: Continued Strong Performance



- Total Nicotine value share now 36.5% May YTD
- Vuse approaching value share leadership
- Strong value growth from combustibles enabled by Revenue Growth Management
- Strong growth in premium brands Newport and Natural American Spirit

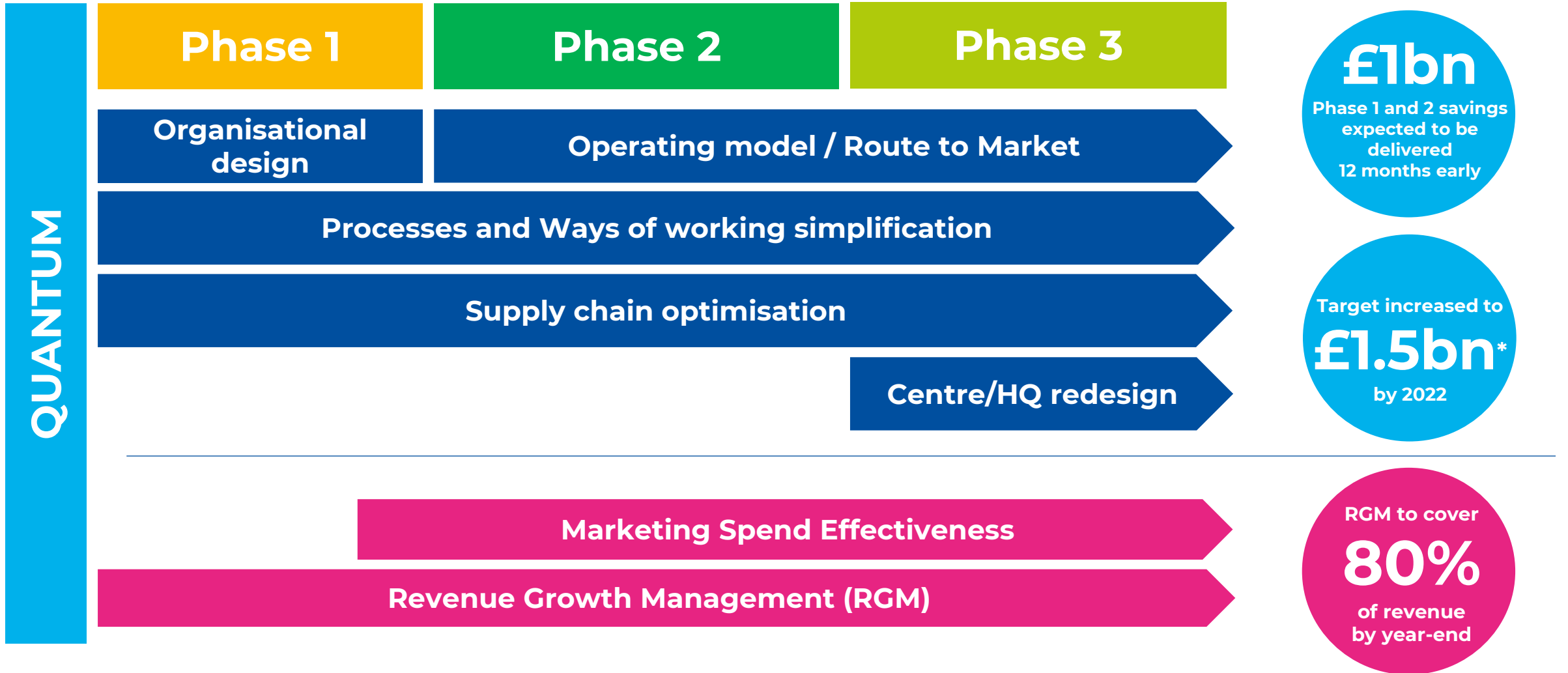
* On a constant rate basis. See Appendix A2 ** Share growth versus FY20. Total nicotine value share covers: combustibles, vapour and total oral. Source: Marlin. See Appendix A3 for share definitions. *** Combustible cigarette share. Source: Marlin. Share growth versus FY20. See Appendix A3 for share definitions. ^ Price/mix defined in Appendix A4. Source: Company data. ^^ On an adjusted, constant rate basis. See Appendix A1 & A2.

Group Operating Margin: Strong Operational Performance Funding New Category Investment



* On an adjusted current rate basis. See Appendix A1.

Quantum: Over £900m Total Savings Delivered



* 2020-2022 target.

EPS*: Growth up +6.1%

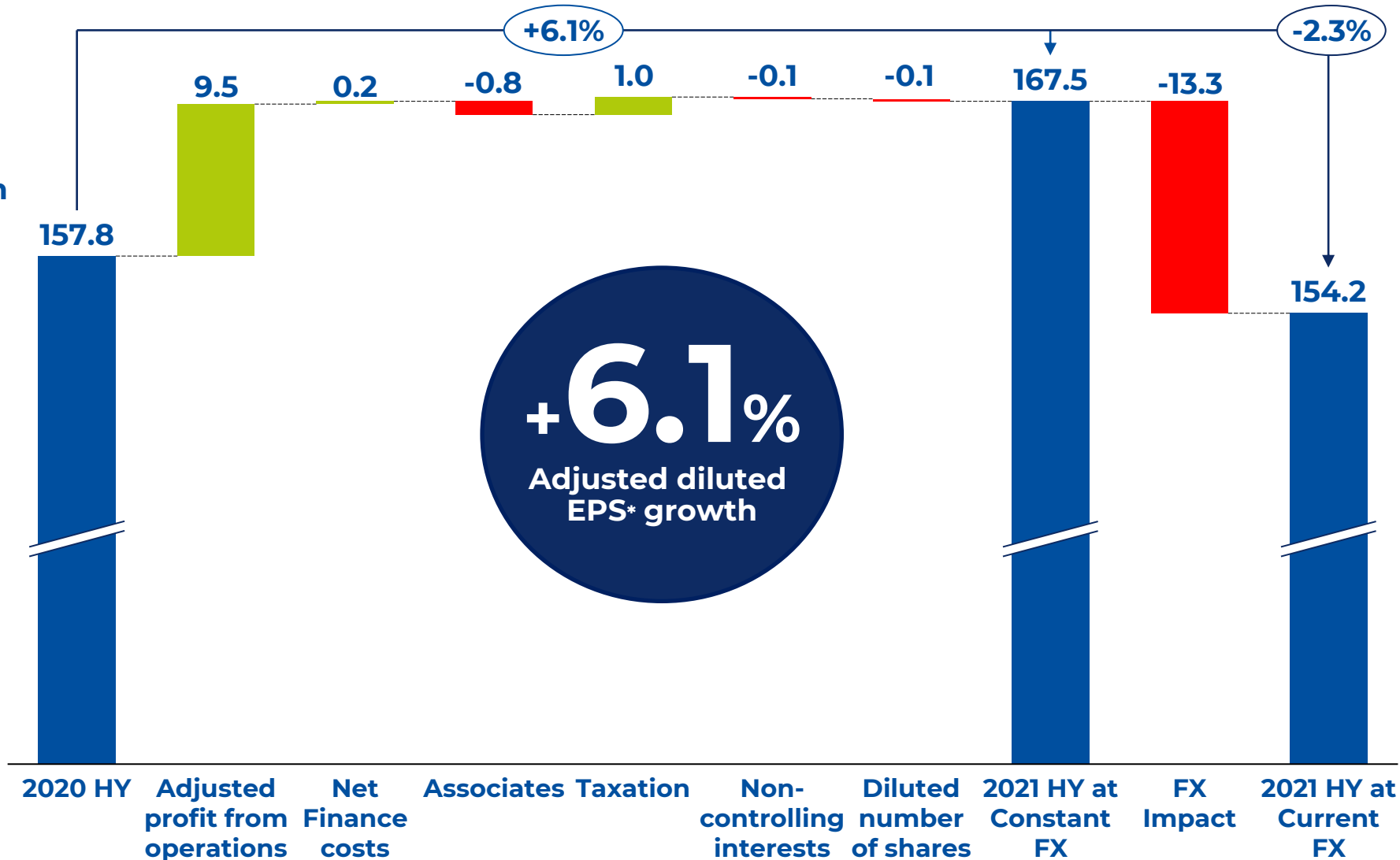
HY EPS* growth benefitting from:

- > Operational performance growth
- > Reduction in underlying tax rate to 24.8%

Partially offset by:

- > Reduced income from Associates

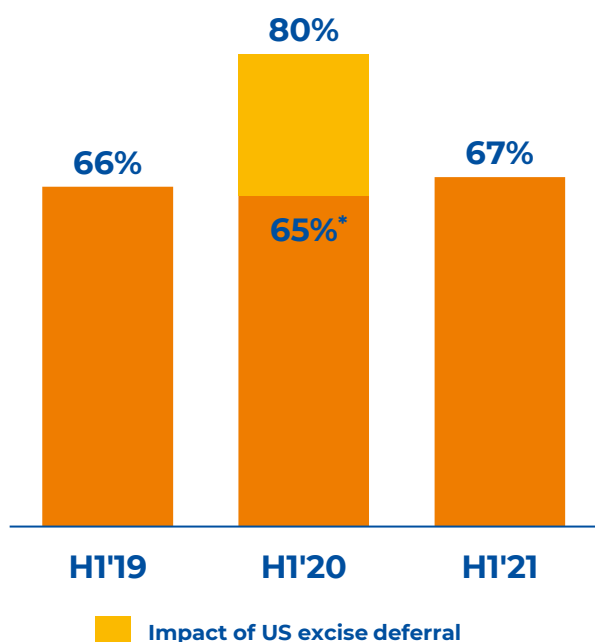
FX translation headwind -8.4%



* Adjusted, diluted, EPS at constant rates. See Appendix A1 & A2.

Cash: Continued Cash Flow Delivery

H1 Operating Cash Flow Conversion



Cash generation driven by
Combustibles

- **Further strong cash flow delivery:**
 - **Combustibles price/mix growth**
 - **New ways of working releasing cash from business**
- **Year-on-year comparison largely impacted by the deferral of excise in the US in H1'20**
- **Cash flow weighted to H2, as in previous years**
- **On track to deliver:**
 - **Another year of strong operating cash conversion >90%**
 - **De-leverage to c.3x adj. net debt to adj. EBITDA****

FY 2021 Guidance: Strong Operational Momentum and Cash flow



>5%
Revenue Growth*

- Continued strong New Category revenue growth*
- Improved global combustibles volume outlook, driven by Emerging Market recovery
- H2 to reflect geographic & portfolio mix and strong comparator



Mid Single Figure
EPS Growth**

- Further incremental New Category investment
- Australia excise change (£170m) and highly competitive pricing
- -2% transactional FX headwind on Adj. Profit from Operations
- Continued COVID impact on GTR and associates



Capital Allocation
Priorities
Flexibility increasing at year-end

- On track for >90% operating cash conversion***
- On track to deliver c.£40bn 5 Year Cumulative Free Cash Flow[^]
- Adjusted net debt/Adjusted EBITDA c.3x by year-end^{^^}
- Committed to 65% dividend pay-out ratio and growth in GBP terms***



Jack Bowles

Chief Executive

2021 - A Pivotal Year

STEP-CHANGE IN NEW CATEGORIES

COMBUSTIBLE
VALUE
GROWTH

SIMPLIFY
THE COMPANY

- ✓ New Category revenue* +50%; share gains in all 3 categories
- ✓ 16.1m non-combustible product consumers**, up 2.6m
- ✓ FY New Category losses expected to reduce
- ✓ On track to reach c.3x Adj. Net Debt/Adj. EBITDA***
- ✓ Delivering on our 3 operational priorities

Delivering our Purpose to Create Shared Stakeholder & Shareholder Value

From

To



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



£5bn New Category Revenue by 2025



Carbon neutral by 2030***



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

Our Transformation is Accelerating



- ✓ **Our established multi-category strategy is working**
- ✓ **We are building strong global brands**
- ✓ **Continuing the digitalisation of the whole business at speed**
- ✓ **BAT is changing rapidly – bold, agile, innovative, digitally enabled, diverse and inclusive, powered by our ethos**

Creating the Enterprise of the Future



Interim Results 2021: Q&A

Jack Bowles – Chief Executive | **Tadeu Marroco** – Finance and Transformation Director

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: 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). Except when referencing particular markets, volume share is based on our key markets (representing over 80% of the Group's cigarette volume).

Value share: The retail value of units bought by consumers of a particular brand or combination of brands, as a proportion of the total retail value of units bought by consumers in the industry, category or other sub-categorisation in discussion.

Nicotine share: The retail sales volume/value of the nicotine product sold as a proportion of total specified nicotine product volume/value in that market. In the US covers: Combustibles, vapour and total oral.

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

Targets cover: climate change, water and waste, sustainable agriculture. Full details are available from the ESG Report

[https://www.bat.com/group/sites/UK_9D9KCY.nsf/vwPagesWebLive/DOAWWEKR/\\$file/BAT_ESG_Report_2020.pdf?open&v=1](https://www.bat.com/group/sites/UK_9D9KCY.nsf/vwPagesWebLive/DOAWWEKR/$file/BAT_ESG_Report_2020.pdf?open&v=1)

A6: 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.

A7: Velo advertisement disclaimer (slide 13)

This product is not risk-free and contains nicotine, an addictive substance. Comparison based on an assessment of smoke from a scientific standard reference cigarette (approx. 9mg tar) and components released during use of a Velo pouch, in terms of the average of the 9 harmful components the WHO recommends to reduce in cigarette smoke. 18+ only. This product contains nicotine and is addictive.