

Building a Smokeless World



Fixed Income Update Call - Interim Results 2024

Soraya Benchikh – Chief Financial Officer | **Neil Wadey** – Group Head of Treasury

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In particular, among other statements in slides 4-9, 11, and 14-16.

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; the impact of supply chain disruptions; 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; changes in the market position, businesses, financial condition, results of operations or prospects of the Group; direct and indirect adverse impacts associated with climate change; direct and indirect adverse impacts associated with the move towards a Circular Economy; and Cyber Security risks caused by the heightened cyber-threat landscape and increased digital interactions with consumers, and changes to regulation.

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Important Information



Forward-looking Statements (continued)

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Additional Information

All financial statements and financial information provided by or with respect to the U.S. 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 U.S. 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 U.S. 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.

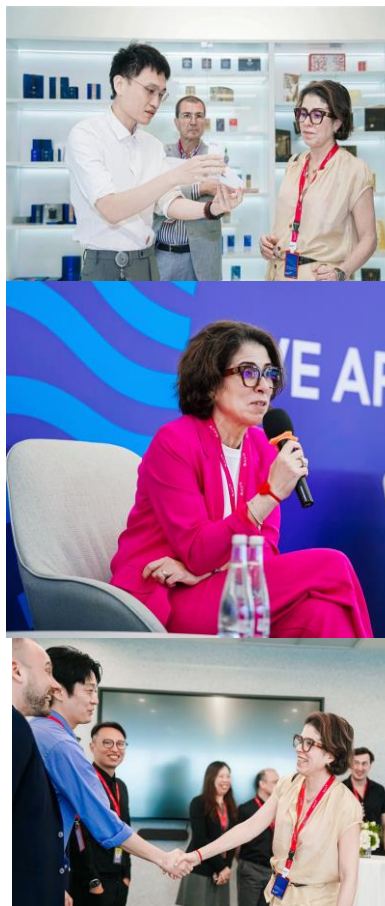
Audience

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Returns-focused approach, enabled by empowered teams

Extensive global Finance/Management career

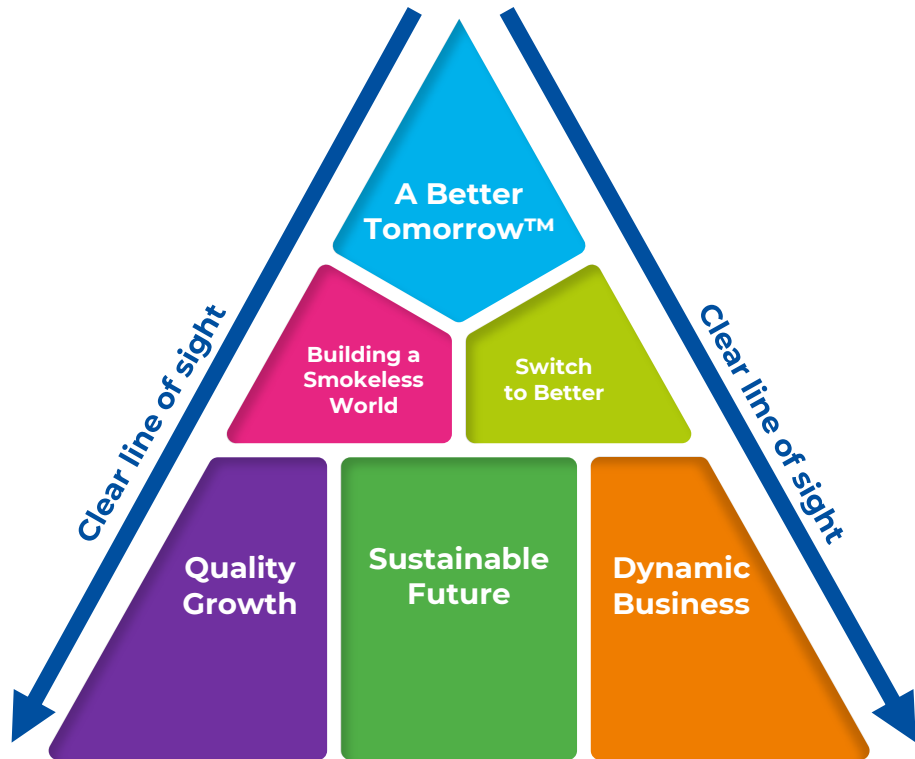
- **Various pivotal BAT roles**
 - Over two decades across three continents
- **Most recently: President for Europe at Diageo**
- **Proven track record of delivery**
- **Passion for transformative leadership**
- **Committed to fostering creative and empowered teams**



My Key Priorities

- **Quality Growth focus**
 - More balanced top and bottom-line performance
 - Targeting investment and resources to deliver better returns
- **Deliver consistent and sustainable results**
- **Enhanced cash returns for shareholders**

Driving a sustainable transformation



- **Our transformation continued in H1**
 - Consumers of Smokeless* products up 1.4m to 26.4m
 - Smokeless represents 17.9% of Group revenue, up 1.4ppts
- **Driving returns on more targeted NC investment**
 - £165m increase in category contribution**
 - Contribution margin*** increased by +9.8ppts vs. HY23
- **Enhanced financial flexibility and returns to shareholders**
 - Strong operating cashflow on track for >90% conversion^
 - Initiated sustainable share buy-back
 - 2024: £700m; 2025: £900m
- **On track for FY24 guidance**
 - H1 delivery in line with expectations
 - Confident in H2 acceleration

Investing to deliver long-term value creation

Targeted investment year in 2024

H1 performance in line with expectations and guidance

(Negative low-single digit revenue* and APFO**)

Key factors:

- Adverse U.S. wholesaler inventory moves^
- Continued investments in our U.S. commercial plans:
 - Adjusted price indices and laddering strategy
 - Increased salesforce and retail coverage
- New Category launches phased through H1
 - Majority in market by end June
- Lapping a tough comparator in APMEA

Confident in H2 acceleration to deliver FY guidance

(Low-single digit revenue* and APFO** growth)

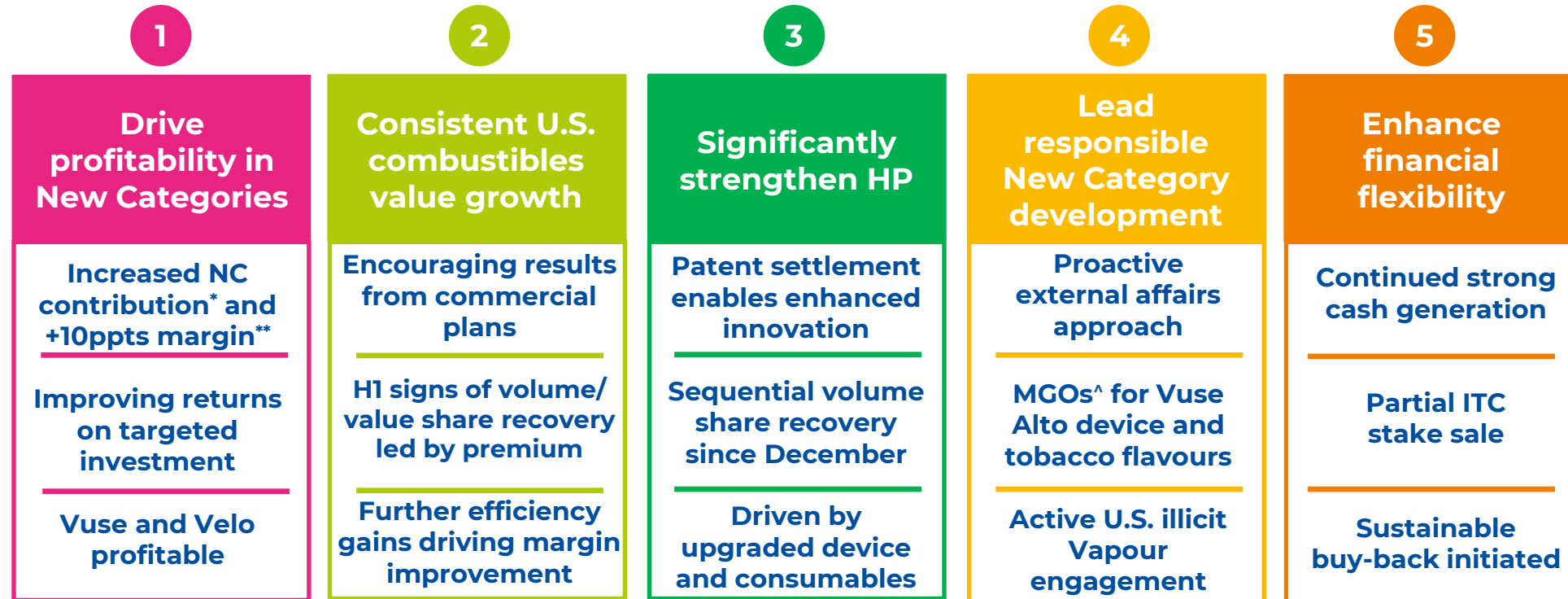
Key drivers:

- Reversal of U.S. wholesaler inventory moves^
- Majority of previously announced investments in U.S. commercial initiatives now completed
 - H1 volume/value share signs of recovery, led by premium
- Acceleration in New Category growth
 - Innovations in market in all three categories
- Softer comparator in APMEA
- Continued strong performance in AME

On track for full-year guidance

Good progress over the last 12 months... with more to do

Sharpen execution



6

Collaborative and inclusive culture

New corporate values and Management/Board appointments

H1 performance in line with expectations

	Group Revenue	New Category Revenue	Profit from Operations	Diluted Earnings per Share
Reported	<p>-8.2% £12,340m</p>	<p>-0.4% £1,651m</p>	<p>-28.3% £4,258m</p>	<p>+13.8% 200.3p</p>
Adjusted Organic Constant Currency	<p>-0.8%* £12,944m</p>	<p>+7.4%* £1,709m</p>	<p>-0.9%** £5,809m</p>	<p>+1.3%** 177.7p</p>

On track for Full-Year guidance

H1 performance impacted by U.S. wholesaler inventory movements...

HY24 U.S.		HY24 Group	
Organic	Organic adjusted for U.S. inventory [^]	Organic	Organic adjusted for U.S. inventory [^]
-13.7% Volume*	-11.4% Volume*	-6.6% Volume*	-6.4% Volume*
-6.7% Revenue**	-4.8% Revenue**	-0.8% Revenue**	FLAT Revenue**
-5.1% APFO***	-2.6% APFO***	-0.9% APFO**	+0.5% APFO***

... Inventory movements expected to unwind in H2

U.S. commercial actions gaining traction



H1 volume share showing signs of recovery...

...to support sustainable value share delivery

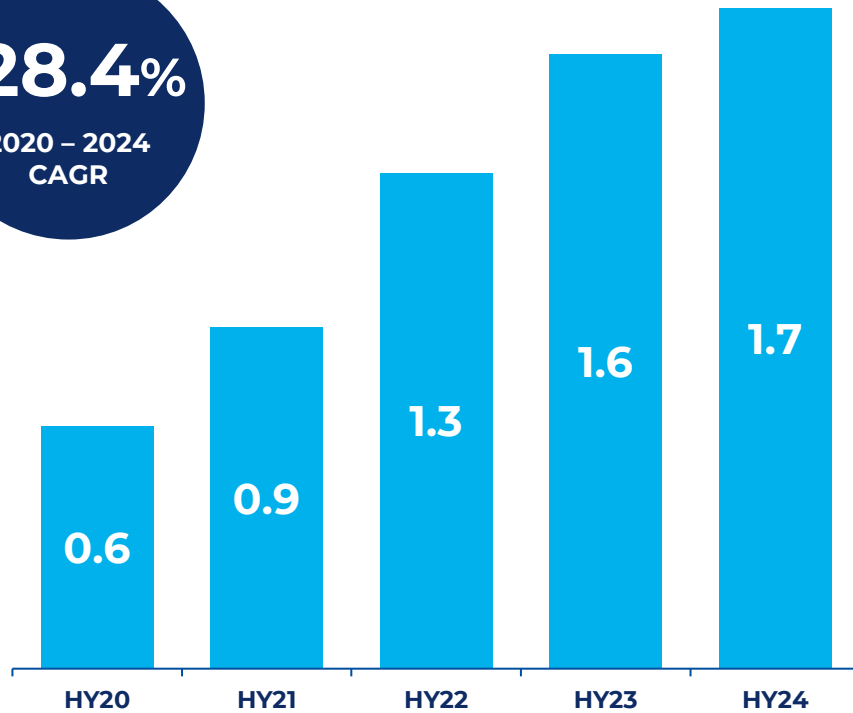
BAT	HY23 vs. HY22	FY23 vs. FY22	HY24 vs. HY23
Volume share* basis points			
Total U.S. combustibles	-30	-10	+10
Premium brands	+10	+60	+90

BAT	HY23 vs. HY22	FY23 vs. FY22	HY24 vs. HY23
Value share* basis points			
Total U.S. combustibles	-90	-60	-20
Premium brands	-90	-50	+20

* Source: Marlin Combustibles Share. See Appendix A3. YTD share versus same period last year. U.S. volume share HY24 vs. FY23 -10bps.

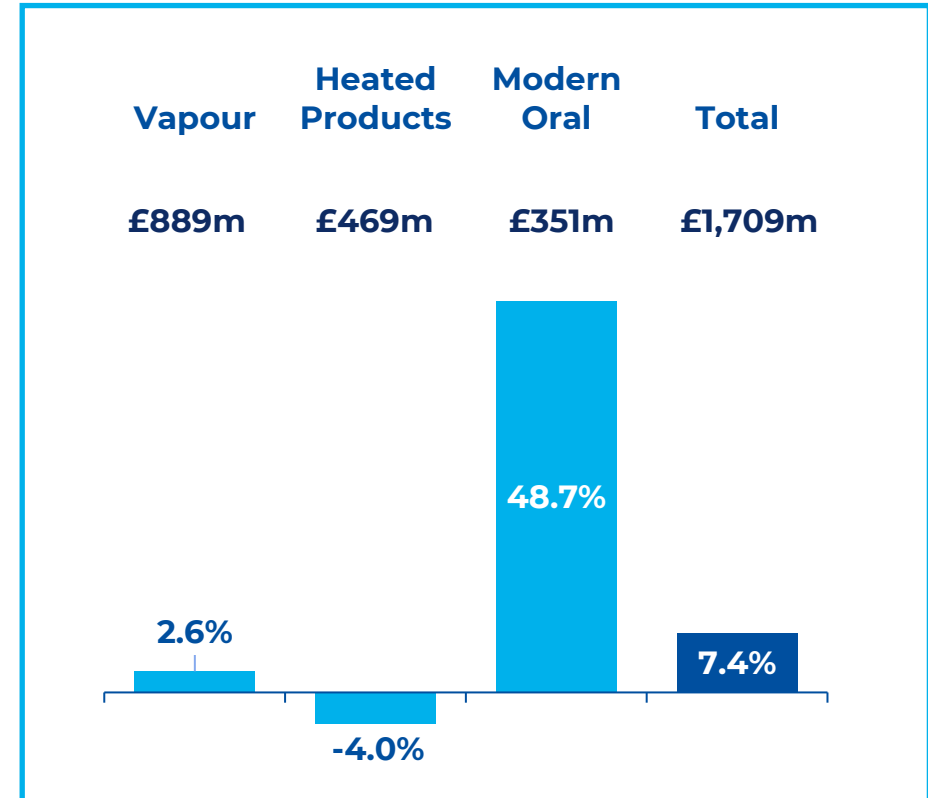
New Category revenue growth driven by Velo

28.4%
2020 – 2024
CAGR



New Category revenue (£bn)

HY24 vs. HY23
breakdown by
Category



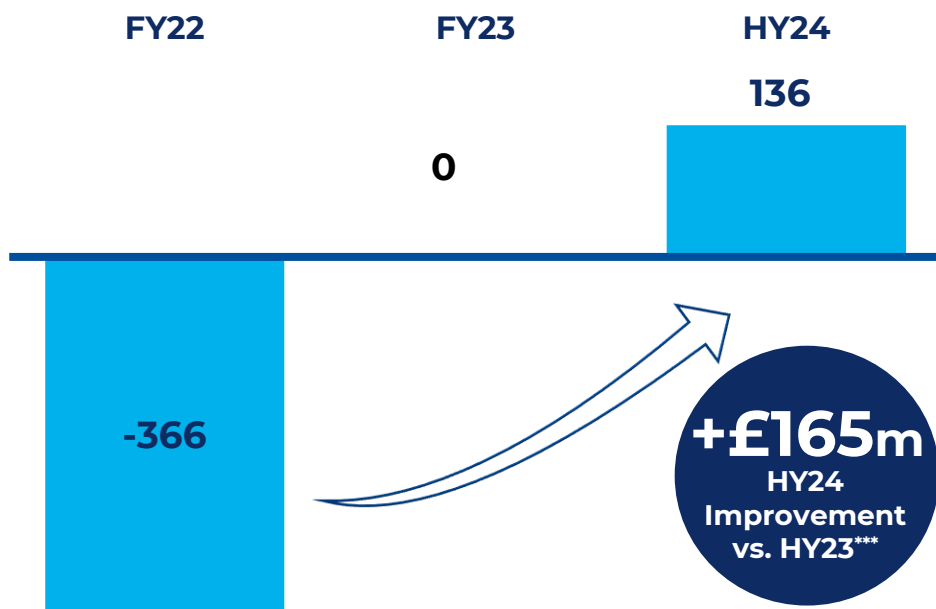
HY24 New Category revenue and growth*

H1 innovation launches expected to drive H2 acceleration

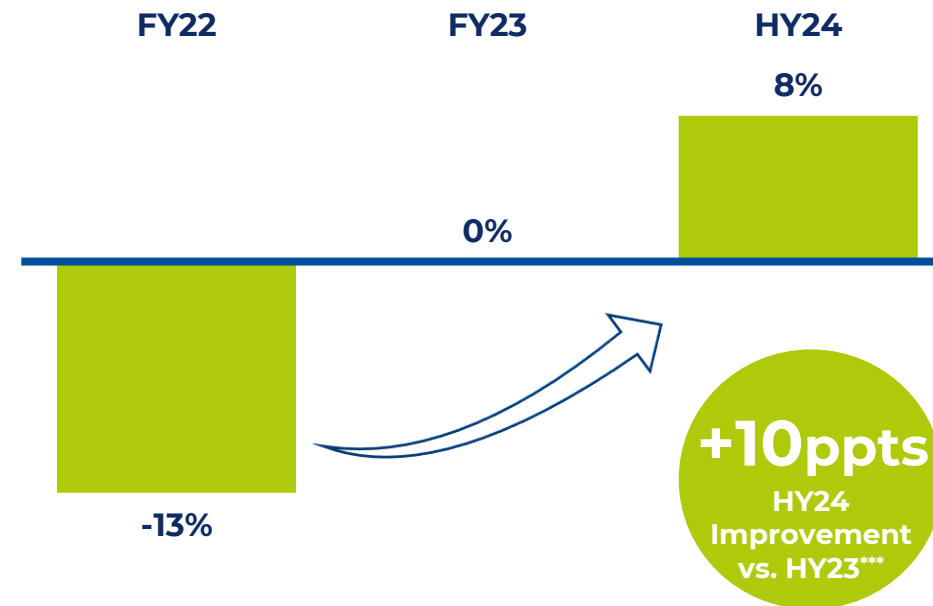
Quality Growth drives improved NC Contribution margin* and profitability**



New Category Contribution** (£m)



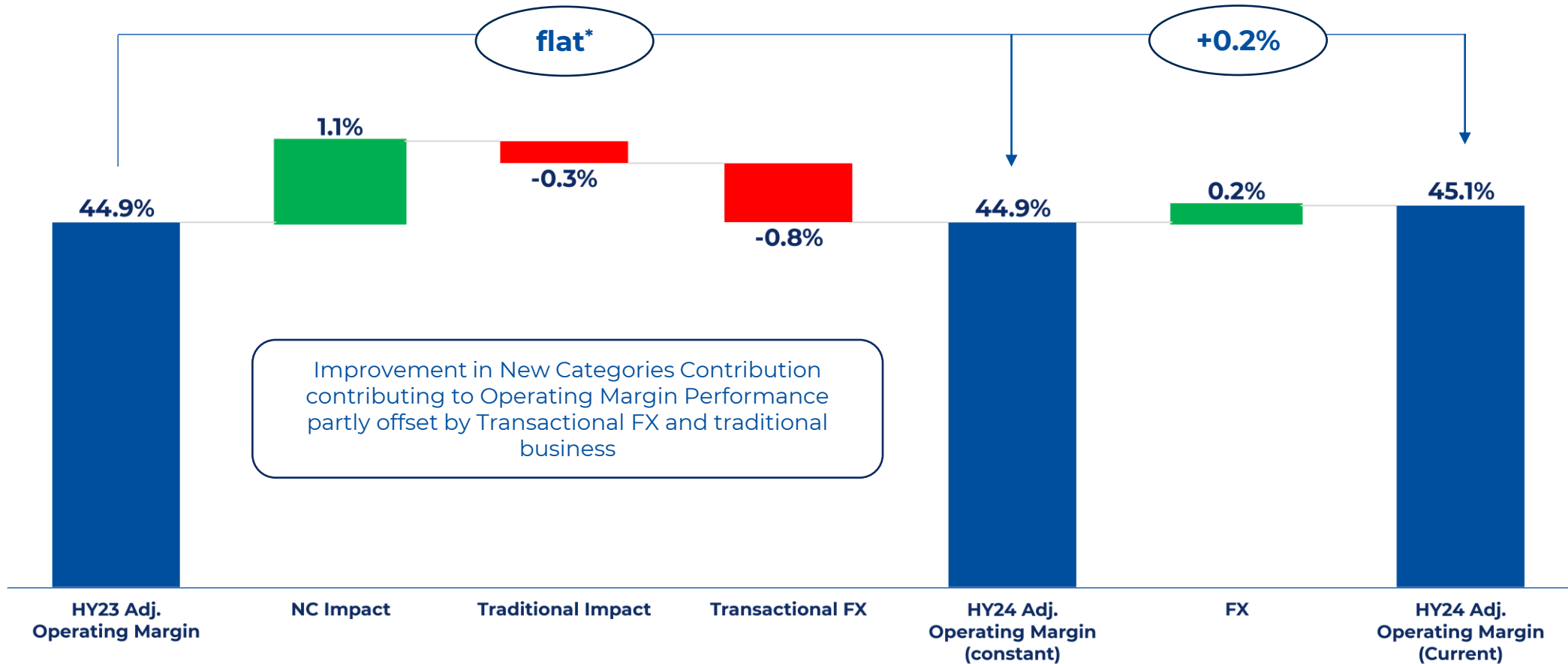
New Category Contribution Margin*



Improving contribution* across all three categories

Historical numbers FY22 presented as previously reported. FY23 and HY24 presented on an adjusted, organic, constant rate basis. See Appendices A1, A2 & A7. * Margin refers to New Category contribution as a percentage of New Category revenue. ** Profitability at category contribution level: Profit from operations before the impact of adjusting items and translational foreign exchange, having allocated costs that are directly attributable to New Categories. See Appendices A1 & A2. ***On an organic, constant rate basis. See Appendices A2 & A7.

Group margin: Successfully offsetting transactional FX and inflationary headwinds with NCs and efficiency gains

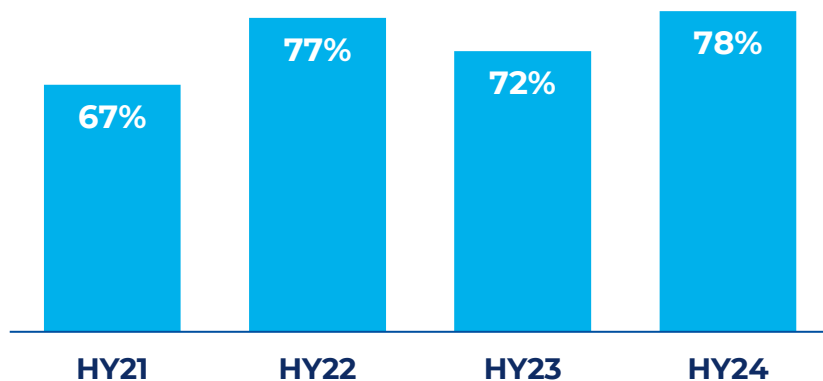


* On an organic, adjusted constant rate basis. See Appendices A1, A2 & A7.

Continued strong cash generation driving leverage reduction

Strong operating cash conversion*

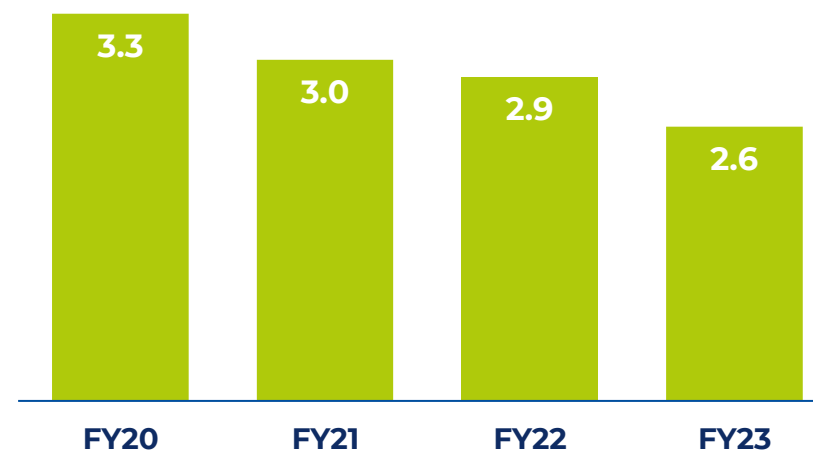
Expecting another year of strong operating cash conversion >90%*



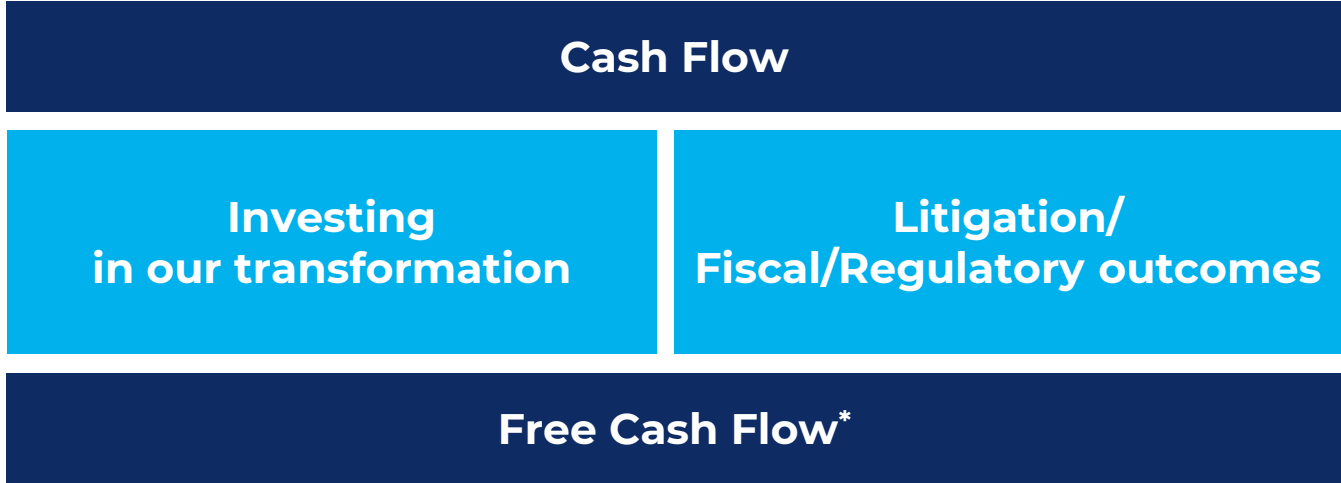
Cash flow weighted to H2, as normal

Strengthening our balance sheet alongside a manageable maturity profile

Expect to be within our narrowed 2-2.5x adj. net debt / adj. EBITDA corridor** by year-end



Dynamic approach to capital allocation as we transform



c.£40bn
5-Year
Cumulative
Free Cash
Flow***



Committed to sustainably returning cash to shareholders

* Free cash flow before dividends. See Appendices A1 & A5. ** Adjusted net debt to adjusted EBITDA at current rates. See Appendix A9. ***Ambition over the next 5 years. Pre-dividend payments. See Appendices A1 & A5.

2024 is the first step in delivering our mid-term sustainable growth algorithm



* On an organic, constant rate basis. See Appendices A2 & A7. ** On an adjusted, organic, constant rate basis. See Appendices A1, A2 & A7. *** Category contribution level: Profit from operations before the impact of adjusting items and translational foreign exchange, having allocated costs that are directly attributable to New Categories. On an organic constant rate basis. See Appendices A1, A2 & A7.

Q&A

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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

Year to date basis through May 2024.

Volume share: The estimated number of units bought by consumers of a specific brand or combination of brands, as a proportion of the total estimated 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 cigarettes. Corporate volume share is the share held by BAT Group. Except when referencing particular markets, volume share is based on our top markets.

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

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: Free Cash Flow

Net cash generated from operating activities before the impact of trading loans provided to a third party and after dividends paid to non-controlling interests, net interest paid and net capital expenditure.

A6: Operating Cash Conversion

Net cash generated from operating activities before the impact of adjusting items and dividends from associates and excluding trading loans to third parties, pension short fall funding, taxes paid and net capital expenditure, as a proportion of adjusted profit from operations.

A7: Organic

To supplement the Group's results presented in accordance with International Financial Reporting Standards (IFRS), the Group's Management Board, as the chief operating decision maker, reviews certain of its results, including revenue and adjusted profit from operations, at constant rates of exchange, prior to the impact of businesses sold or held-for-sale. Although the Group does not believe that these measures are a substitute for IFRS measures, the Group does believe that such results excluding the impact of businesses sold or to be held-for-sale provide additional useful information to investors regarding the underlying performance of the business on a comparable basis and in the case of the divestment of the Group's businesses in Russia and Belarus, the impact these businesses had on revenue and profit from operations. Accordingly, the organic financial measures appearing in this document should be read in conjunction with the Group's results as reported under IFRS. The exits referred to in respect of other markets, including in Africa, are not deemed significant to the users' understanding.

A8: Poly-usage

Refers to a transitional period for smokers towards complete switching to potentially reduced risk nicotine products during which period such smokers reduce cigarette consumption and choose to consume one or more New Category products.

A9: Adjusted net debt to adjusted EBITDA

Net debt, excluding the impact of the revaluation of Reynolds American Inc. acquired debt arising as part of the purchase price allocation process, as a proportion of profit for the year (earnings) before net finance costs (interest), tax, depreciation, amortisation, impairment, associates and adjusting items

A10: Consumers of Smokeless Products

The number of consumers of Smokeless products is defined as the estimated number of Legal Age (minimum 18 years) consumers of the Group's Smokeless products - which does not necessarily mean these users are solus consumers of these 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 Smokeless 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 Smokeless products consumers is used by management to assess the number of consumers using the Group's New Categories products as the increase in Smokeless products is a key pillar of the Group's ESG ambition and is integral to the sustainability of our business.

A11: Smokeless Products

Refers to Non-Combustibles, including Vapour products, Heated Products, Modern Oral and Traditional Oral.