



INTERIM RESULTS 2015

29th July 2015



Nicandro Durante

Chief Executive



Financials

Current

Constant

Revenue

£6.4bn

5.9%

2.4%

Profit

£2.5bn

6.0%

1.3%

Margin

39.2%

flat

0.4pp

EPS

100.2p

1.6%

3.9%

Volume

Cigarettes

322bn

2.9%

Total Tobacco

334bn

3.0%

GDBs

142bn

6.0%

Total IBs

198bn

2.3%

Underlying business is performing well

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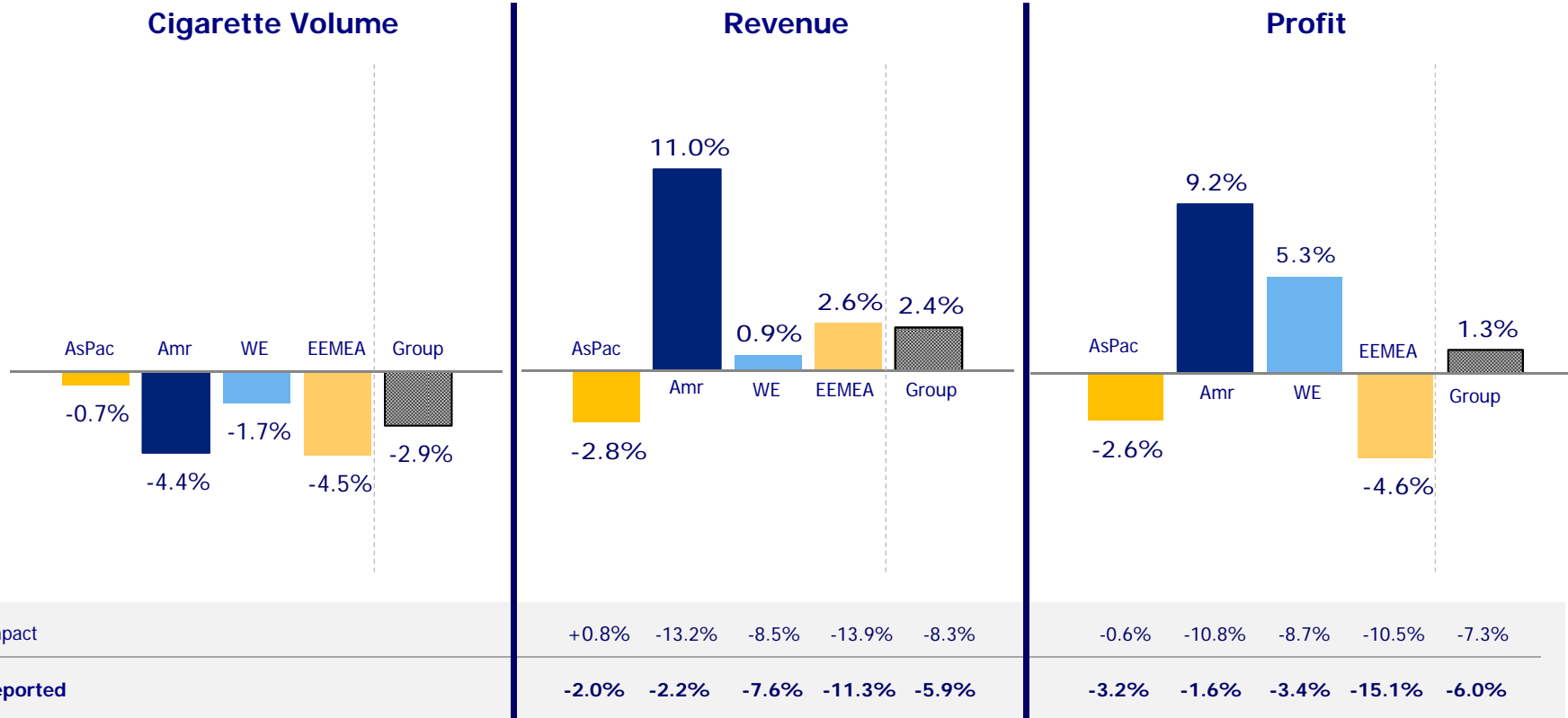
Underlying business is performing well

Ben Stevens

Finance Director

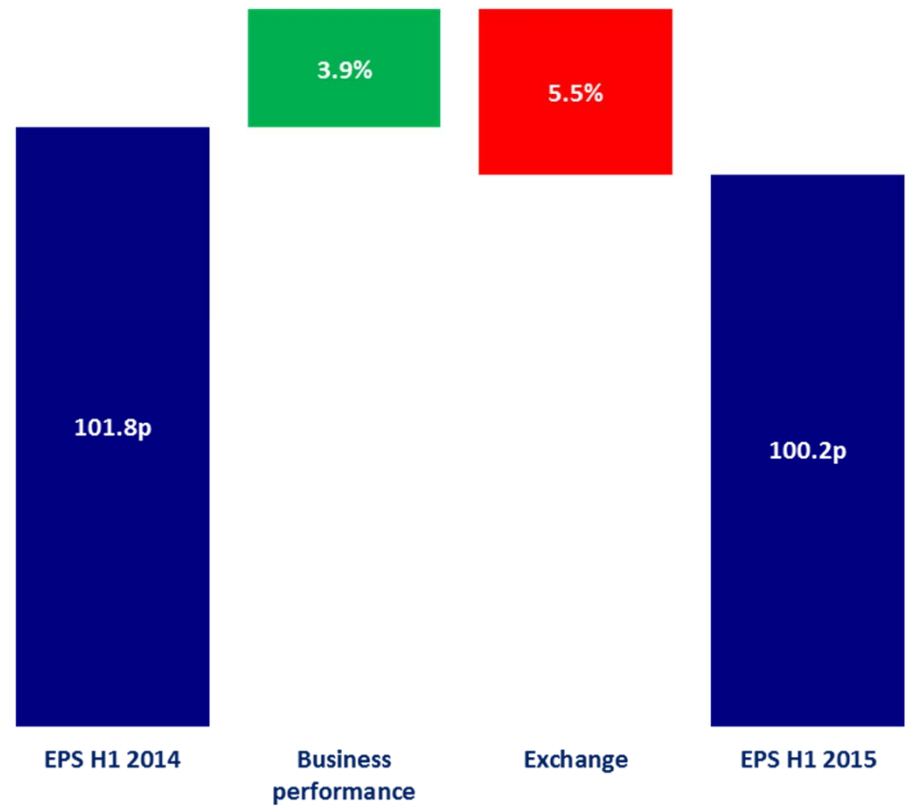
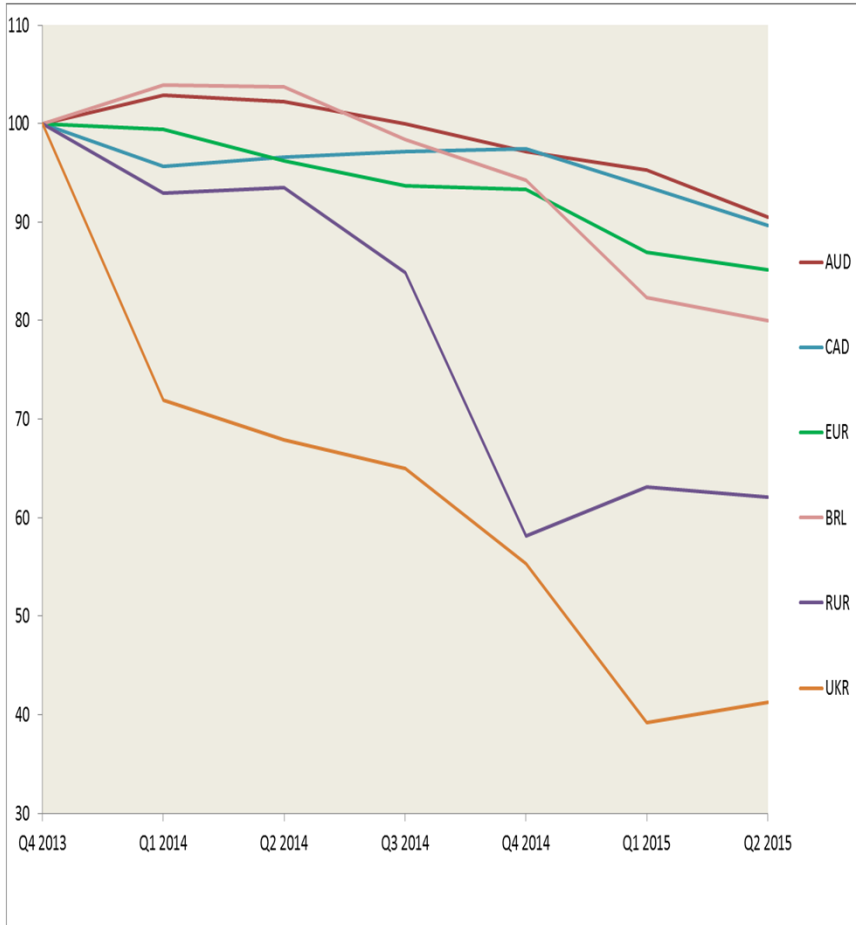


Regional performance*



*At constant rates of exchange

Foreign exchange



Foreign exchange impacts

Financials

	Current		Constant		Constant excl. transactional fx	
	2014	2015	2014	2015	2014	2015
Revenue	-10%	-6%	3%	2%	3%	2%
Profit	-9%	-6%	4%	1%	6%	5%
Margin	0.3pp	flat	0.5pp	0.4pp	1.1pp	1.2pp

Good underlying performance masked by significant translational and transactional FX impact

INTERIM RESULTS 2015

Asia Pacific – Regional Performance

Financials

Constant

Current

Revenue

£1,879m

2.8%

2.0%

Profit

£781m

2.6%

3.2%

Volume

Cigarettes

103bn

0.7%

GDBs

44bn

7.0%

INTERIM RESULTS 2015

Americas – Regional Performance

Financials

Constant

Current

Revenue

£1,570m

11.0%

2.2%

Profit

£690m

9.2%

1.6%

Volume

Cigarettes

60bn

4.4%

GDB

18bn

5.6%

Western Europe – Regional Performance

Financials

Constant

Current

Revenue

£1,597m

0.9%

7.6%

Profit

£566m

5.3%

3.4%

Volume

Cigarettes

52bn

1.7%

Total Tobacco

61bn

2.5%

GDB

32bn

4.4%

EEMEA – Regional Performance

Financials

Constant

Current

Revenue

£1,916m

2.6%

11.3%

Profit

£662m

4.6%

15.1%

Volume

Cigarettes

107bn

4.5%

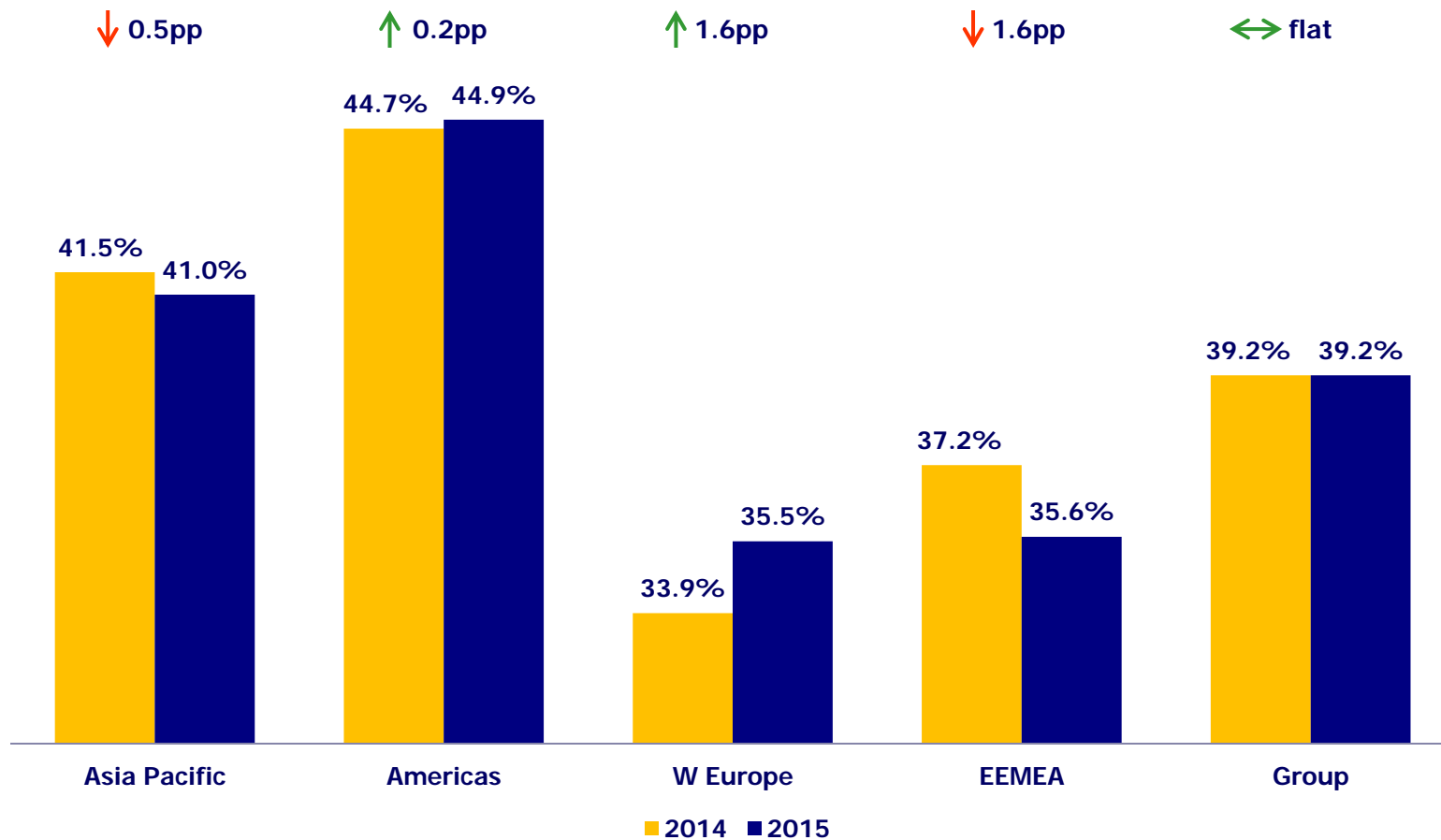
GDB

49bn

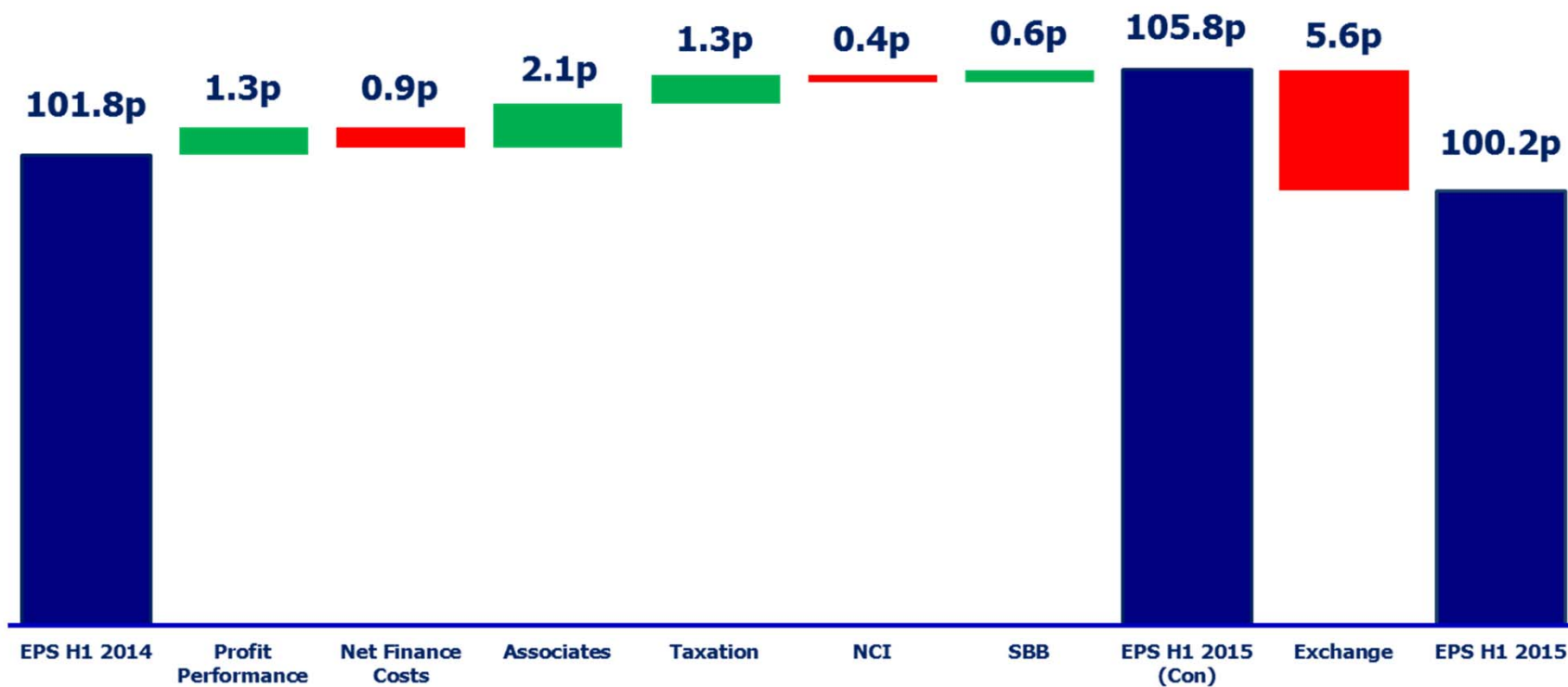
6.3%

Operating margin H1 2014 – H1 2015

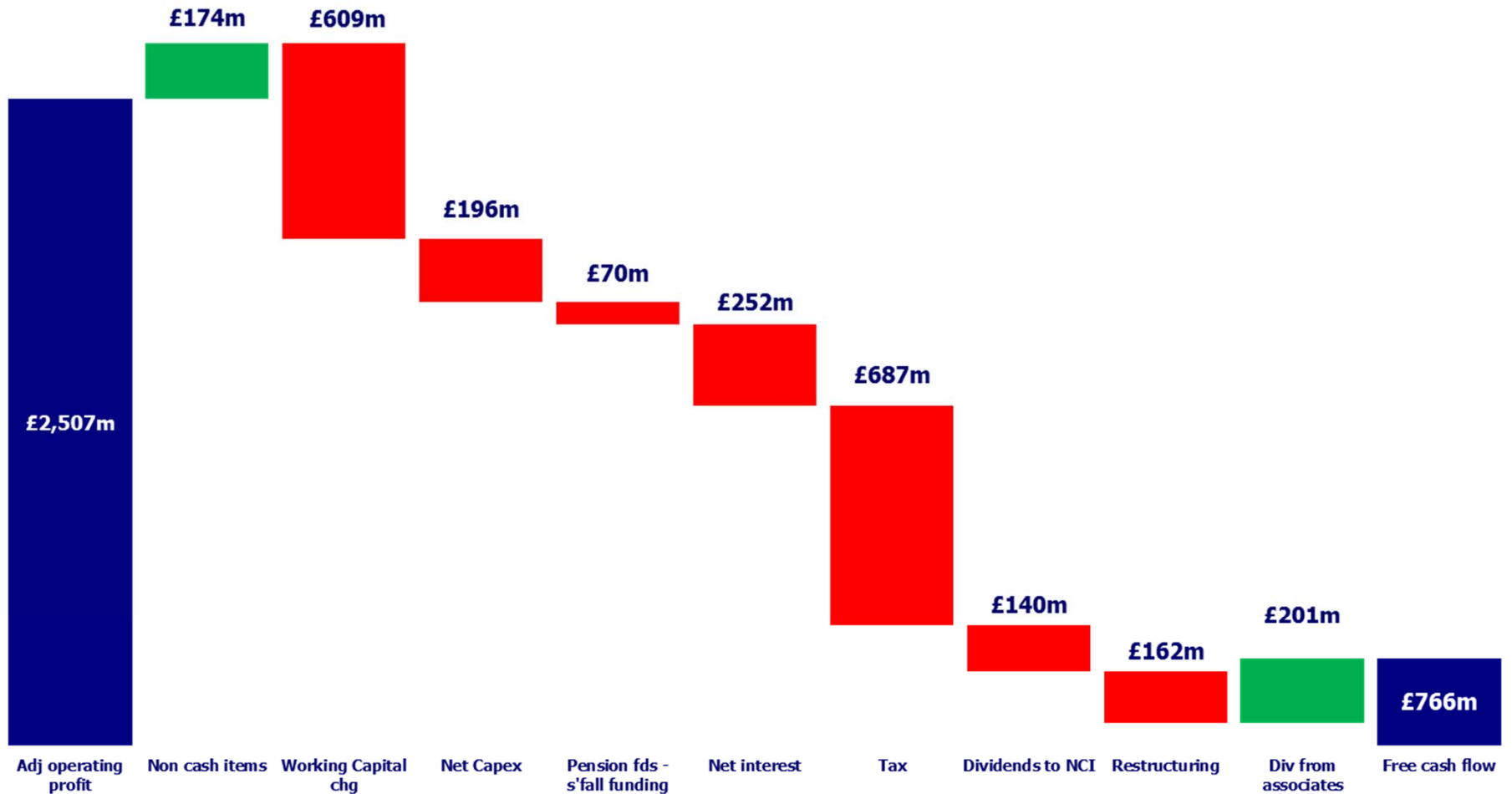
Based on adjusted profit and current FX



Drivers of adjusted EPS growth



Cash flow



Financing/Shareholder returns

- Net debt increased by £2.9bn to £13.9bn
- Invested \$4.7bn to retain shareholding in enlarged Reynolds American
- Potential transactions with Souza Cruz and TDR in Croatia announced
- Moody's credit rating unchanged at A3
- Fitch and S&P ratings remain unchanged at A-
- Interim dividend increases 4% (1/3 of 2014 FY dividend)
- Committed to increasing the final dividend despite FX impact on EPS



Nicandro Durante

Chief Executive



Key highlights

- Good underlying performance

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- Strong GDB growth

Global Drive Brands



- Volume: 27 billion, up 2.4%
- Share up 0.2ppt
- Innovations account for over 80% of volumes
- Key driver of premium share growth
- Strong volume and share growth in Indonesia and Brazil

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KENT[®]

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- Share flat
- Impacted by market declines in Russia and Ukraine
- Growth in the Middle East and Turkey

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- Share up 0.1ppt
- Strong performance in WER and Mexico
- Innovations account for 36% of volume

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PALL MALL /

- Volume: 47 billion, up 2.8%
- Share up 0.1ppt
- Strong performance across the Regions
- Record volume including Fine Cut
- Pall Mall Fine Cut No 1 brand in Western Europe

Global Drive Brands



- Volume: 27 billion, up 2.4%
- Share up 0.2ppt
- Innovations account for 36% of volume
- Key driver of premium share in Western Europe
- Strong volume and share in Eastern Europe and Brazil

KENT

- Volume: 30 billion, down 0.9%



- Volume: 22 billion, up 36.6%
- Share up 0.4ppt
- Strong performance in EEMEA, Western Europe and Australia
- Great momentum of slimmer innovations in Eastern Europe

declines in Russia and
the East and Turkey



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- Share up 0.1ppt
- Strong performance in WER and Mexico
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- Margin maintained despite transactional FX impact
- NGP development continues
- M&A transactions on track



Summary

- Underlying business is performing well
- Excellent performance from the GDBs
- Pricing environment better than 2014
- Significant currency headwinds continue
- Operating margin maintained
- Strong H1 comparator unwinds
- On track for another good year of earnings growth on a constant currency basis



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SUPPLEMENTARY SLIDES

29th July 2015



Cigarette volumes by region HY 2015

Region	Billions		
	2015	2014	% change
Asia Pacific	103	104	-1%
Americas	60	63	-4%
Western Europe	52	52	-2%
Eastern Europe, Middle East and Africa	107	112	-5%
Group	322	331	-3%

Cigarette volumes by region Q2 2015

Region	Billions		
	2015	2014	% change
Asia Pacific	54	53	+1%
Americas	31	32	-4%
Western Europe	28	29	-0%
Eastern Europe, Middle East and Africa	56	59	-5%
Group	169	173	-2%

Revenue by region HY 2015

Region	£m		
	2015	2014	% change
Asia Pacific	1,893	1,932	-2%
Americas	1,384	1,415	-2%
Western Europe	1,463	1,583	-8%
Eastern Europe, Middle East and Africa	1,658	1,868	-11%
Group	6,398	6,798	-6%

All numbers as reported

Adjusted profit from operations HY 2015

Region	£m		
	2015	2014	% change
Asia Pacific	776	801	-3%
Americas	622	632	-2%
Western Europe	519	537	-3%
Eastern Europe, Middle East and Africa	590	695	-15%
Group	2,507	2,665	-6%

All numbers as reported

Foreign currencies

	Average		Closing	
	2015	2014	2015	2014
Australian dollar	1.949	1.825	2.046	1.812
Brazilian real	4.527	3.833	4.885	3.769
Canadian dollar	1.881	1.830	1.963	1.821
Euro	1.366	1.218	1.412	1.249
Indian rupee	95.782	101.454	100.150	102.839
Japanese yen	183.311	171.005	192.443	173.216
Russian rouble	88.018	58.433	87.623	58.224
South African rand	18.162	17.855	19.089	18.191
US dollar	1.524	1.669	1.573	1.710