



BRITISH AMERICAN
TOBACCO

Performance Summary 2012



Read our full Annual Report
online at www.bat.com/ar2012



Proud history, bright future

British American Tobacco is a leading tobacco group, with brands sold in around 180 markets. We employ more than 55,000 people and, with over 200 brands in our portfolio, we make the cigarette chosen by one in eight of the world's one billion adult smokers.

Founded in 1902, our Group of companies traded through the turbulence of the 20th century, including wars, revolutions and nationalisations. The Group was first listed in 1912, and today we are one of the top 10 companies listed on the London Stock Exchange and feature in the Fortune 500. We have also had a secondary listing on the JSE Limited in South Africa since 2008.

We hold robust market positions in each of our four regions – Americas; Asia-Pacific; Eastern Europe, Middle East and Africa; and Western Europe – and we are leaders in more than 60 markets. Our approach to marketing is second to none in our industry, in brand building, innovation and responsibility. Our companies adhere strictly to the high standards of our voluntary marketing principles globally.

Our four leading brands are Dunhill, Kent, Lucky Strike and Pall Mall – our Global Drive Brands (GDBs).

Dunhill's roots date back to 1907, where Dunhill Tobacco of London Limited was established on Gentlemen's Row. More than a century later, Dunhill is our premium international brand, embodying the perfect taste, always.

Since its establishment in 1952, Kent has stood for a modern, progressive cigarette. Relaunched in 1997, it has grown very quickly in popularity, backed by innovative product offers.

Based on its rich legacy dating back to 1871, Lucky Strike is the true American original, now a popular choice throughout the world with a presence in more than 80 countries.

Pall Mall is the third biggest cigarette brand in the world, sold in over 110 markets. For more than 110 years its core proposition has been centred on rewarding smokers globally with real value offers.

We have many other famous international and local brands, including Rothmans, Vogue, Viceroy, Kool, Peter Stuyvesant and Benson & Hedges.

With our geographic diversity, strong brands, talented people and proven strategy, the Group is well placed to achieve further success. In particular, we are confident that our investments in both innovative cigarette products and next-generation nicotine and tobacco products will help us drive growth and build shareholder value in the years ahead.



Like to know more?

For more information about our performance, sustainability and financial results please visit

www.bat.com/ar2012

References in this publication to 'British American Tobacco', 'we', 'us', and 'our' when denoting opinion refer to British American Tobacco p.l.c. (the Company) (No. 3407696) and when denoting tobacco business activity refer to British American Tobacco Group operating companies, collectively or individually as the case may be.

Cautionary statement: this Performance Summary is extracted (without material adjustment) from, and should be read as an introduction to and in conjunction with, British American Tobacco p.l.c.'s 2012 Annual Report. The Performance Summary is provided for information only and is not intended to be a substitute for reading the Annual Report. In particular, the Performance Summary does not constitute summary financial statements and it does not contain sufficient information to allow for as full an understanding of the results of the Group and the state of affairs of the Group, and the principal risks and uncertainties facing the Group, as would be provided by the full Annual Report. Shareholders may view a copy of the Annual Report on www.bat.com or obtain a hard copy free of charge. If you have sold or transferred all your shares in British American Tobacco p.l.c., you should send this document to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Photography by David Hares and Mike Abrahams.

The paper used for this summary is Amadeus 50% Recycled Silk, which comprises 25% post-consumer and 25% pre-consumer waste, and 50% virgin wood fibre sourced from sustainable forests independently certified according to the rules of the Forest Stewardship Council®.



Richard Burrows
Chairman



Dear Shareholder

British American Tobacco delivered strong profit growth in 2012, achieved through good pricing and an outstanding improvement in operating margin, partially offset by adverse exchange rate movements. Difficult trading conditions persist in parts of the world, particularly southern Europe, but these results demonstrate the Company is in excellent shape and we remain confident that our strategy will continue to deliver superior shareholder returns.

Delivering shareholder value

This success is reflected in adjusted diluted earnings per share for 2012 rising to 207.5p, an increase of 7% on last year.

The Board has recommended a final dividend of 92.7p per share, which will be paid on 8 May 2013 to shareholders on the register at 15 March 2013. This takes the total dividend for the year to 134.9p, an increase of 7% on last year, and maintains our target of paying out 65% of sustainable earnings in dividends.

The Board also approved the continuation of our share buy-back programme in 2012. Between the beginning of March and the end of December 2012, almost 39 million shares were repurchased at a value of £1.25 billion, excluding transaction costs.

The Board has agreed a £1.5 billion share buy-back programme for 2013.

Sustainability

British American Tobacco was the first tobacco company to publish a social report and I am proud to say that more than a decade later we maintain our strong reputation for corporate social responsibility and sustainability. We were selected for the 11th successive year in the 2012 Dow Jones Sustainability Indexes, which recognise economic, social and environmental performance.

We have again published a separate Sustainability Summary report this year alongside our Annual Report. You can download this from our corporate website at www.bat.com/sustainability.

On track for further success

Reflecting on the success of 2012, let me express my thanks and appreciation to my fellow Directors on the Board, to our Chief Executive, Nicandro Durante, to management, and to all our colleagues around the world.

Looking forward, I am confident that we have the strategy, people and resources to continue to deliver high single figure earnings per share growth in the years ahead.

Our year in numbers

Group cigarette volumes,
excluding associates (billion)

694 -1.6%

Revenue at constant
exchange rates² (£million)

15,999 +4%

Revenue (£million)

15,190 -1%

Profit from operations¹ (£million)

5,412 +15%

Adjusted profit from operations¹ at
constant exchange rates² (£million)

5,970 +8%

Free cash flow (£million)

3,259 -2%

Basic earnings per share (pence)

198.1 +26%

Adjusted diluted earnings
per share¹ (pence)

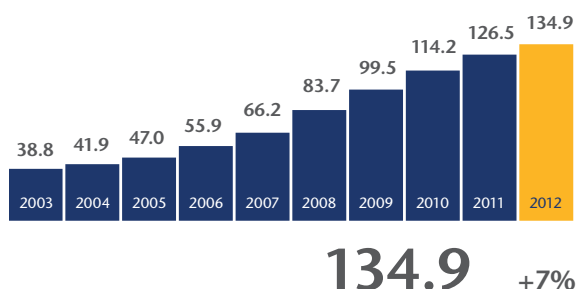
207.5 +7%

Dividends per share (pence)

134.9 +7%

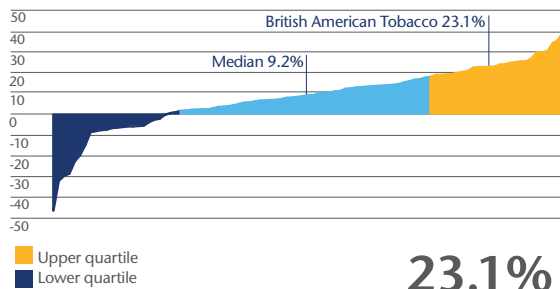
10 year dividend per share (pence)

1 January 2003 to
31 December 2012



Total shareholder return (annual %)

FTSE 100 – 1 January 2010 to 31 December 2012
The FTSE 100 comparison is based on three months' average values



1 Adjusted profit from operations is derived after excluding the adjusting items from the profit from operations. These adjusting items include restructuring and integration costs, amortisation and impairment of trademarks and similar intangibles, goodwill impairment and the Fox River provision.

2 Constant currency provides the information based on a re-translation, at prior year exchange rates, of the current year information.

Global Drive Brands 2012 performance



Dunhill

Cigarettes sold (billion)

49

Volume growth

+2%

Number of markets

130+



Kent

Cigarettes sold (billion)

67

Volume growth

+1%

Number of markets

90+



Lucky Strike

Cigarettes sold (billion)

33

Volume growth

+11%

Number of markets

80+



Pall Mall

Cigarettes sold (billion)

83

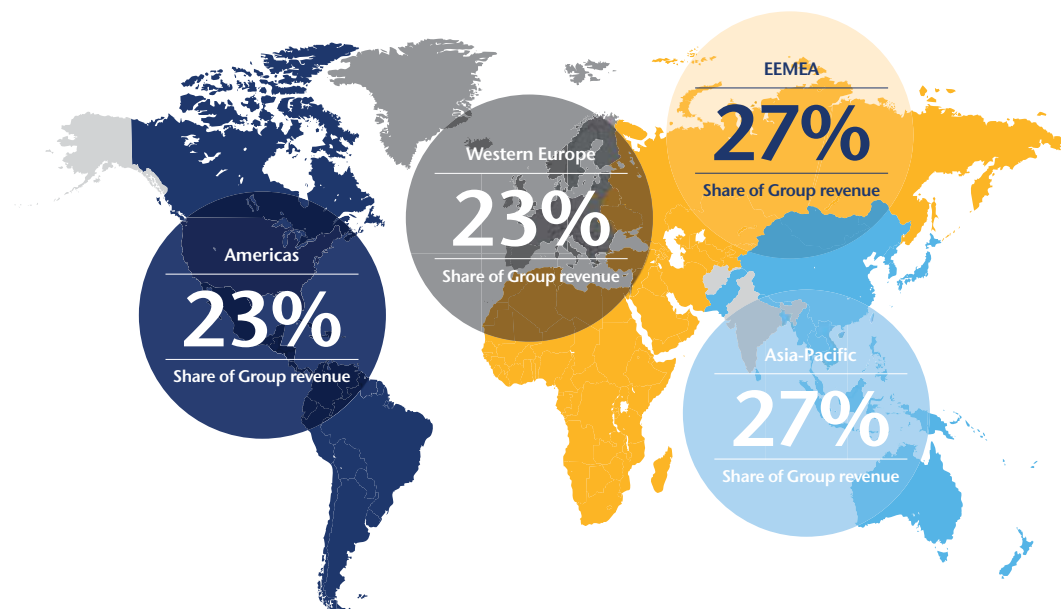
Volume growth

+3%

Number of markets

110+

Our regional performance



	Revenue (£m)	Adjusted profit ¹ (£m)	Volume (bn)
Asia-Pacific	4,214 2011: 4,251	1,666 2011: 1,539	188 2011: 191
Americas	3,460 2011: 3,558	1,415 2011: 1,441	142 2011: 143
Western Europe	3,442 2011: 3,600	1,186 2011: 1,228	129 2011: 135
Eastern Europe, Middle East and Africa (EEMEA)	4,074 2011: 3,990	1,414 2011: 1,311	235 2011: 236

¹ Profit references are based on adjusted profit from operations and therefore exclude the impact of restructuring and integration costs, amortisation and impairment of trademarks and similar intangibles, goodwill impairment, exceptional provisions and gains on disposal of businesses and trademarks.

Sustainability overview

Our vision of a sustainable tobacco business is one that manages the impact of its operations and products responsibly today and prepares for a future in which it continues to create value for shareholders as well as being in the best interest of other stakeholders.

We were the first tobacco company to publish a social report and our approach to sustainability has been reviewed and refined ever since. Our sustainability agenda today focuses on the five areas of harm reduction, marketplace, supply chain, environment and people and culture – all of which we describe in this section, highlighting our key priorities and issues.

In 2012, we began work on a brand new sustainability agenda that increases our ambition and better measures our impacts. The key areas of our current sustainability agenda will continue to be important, but we want to focus more specifically on the issues that have the greatest bearing on society. We'll be working with stakeholders to develop our plans and we will report on this in our Annual Report 2013.

You can read more about our activities, download our Sustainability Summary report and view our sustainability video online at www.bat.com/sustainability.



Harm reduction

We know tobacco products pose real and serious health risks and the only way to avoid these risks is not to use them. But many adults choose to smoke, so our top priority continues to be working towards reducing these risks and making available a range of less risky tobacco and nicotine-based alternatives.

Our research and development programme is focusing on tobacco harm reduction and we are exploring a range of reduced-risk tobacco and nicotine products. This includes a nicotine inhalation product being prepared for launch in the UK by our subsidiary Nicoventures and exploring innovative electronic cigarette technologies through our recent acquisition of CN Creative.

Our work with scientists and public health professionals aims to secure widespread support for tobacco harm reduction, including the regulatory changes needed to support bringing reduced-risk products to market.



Detailed performance data for 2012 is available at www.bat.com/sustainability/data.



Marketplace

We are proud of the way we do business and we aim always to be open and honest about our views and activities within the marketplace.

Like any business, we want to grow our market share. But we want to do this by encouraging existing adult smokers to choose our products over those of our competitors, not by trying to increase the number of people who smoke or how much they smoke.

Given the serious negative health impacts of tobacco products, we support balanced regulation and we expect high standards of corporate conduct among those who produce, distribute, market and sell them.

To achieve this we focus on three key areas: engaging with stakeholders on industry regulation; responsible marketing and preventing underage access; and fighting the black market in tobacco.



Supply chain

We rely on a complex but critical supply chain and we need it to be fit for the future. We are using our influence to improve sustainability from crop to consumer.

We manage the impacts of our business through our own activities and those of our supply chain. Our environmental management systems meet best international standards and we developed our supply chain sustainability strategy with the help of our internal and external stakeholders.

We don't own tobacco farms, but we provide agronomy support through our extension services to over 100,000 directly contracted farmers. Our Social Responsibility in Tobacco Production programme encourages continual improvement of the social and environmental performance of the suppliers we buy tobacco leaf from.



Environment

We are working to reduce our environmental impacts as we aim for stretching 2030 and 2050 carbon reduction targets.

In 2012, we also developed new five-year targets for CO₂e, energy and water use, as well as year-on-year targets for waste. These targets can be viewed online at www.bat.com/sustainability/data, where you can also find more details of our performance in 2012 against our key measures.

To help achieve our challenging new targets, we will be rolling out a number of energy and CO₂e reduction projects in 2013, and will continue to explore renewable and low carbon energy options for the longer term. We will also be conducting detailed assessments of long-term water supply and demand requirements in the 'high-risk' places we operate in.



People and culture

Our reputation as a leading employer helps us stand out in an increasingly competitive international employment market, and our people are key to delivering our strategy.

Our focus is on: driving high performance; developing the next generation of leaders; valuing the diversity of our employees; encouraging and rewarding entrepreneurial behaviour; and creating an engaging culture where individuals and teams can be successful.

Providing a safe place to work, protecting our employees' wellbeing and listening to their views are also fundamental. We want a stretching and supportive culture founded on personal commitment and responsibility that attracts, engages and retains the most talented and diverse people.

Shareholder information

Financial calendar 2013

25 April	Interim Management Statement
25 April	Annual General Meeting The Banqueting House, Whitehall, London SW1A 2ER
31 July	Half-Yearly Report
23 October	Interim Management Statement

Final dividend 2012 – dates in 2013

For further details, please see 'Other statutory and regulatory information' in the Annual Report at www.bat.com/ar2012

28 February	Dividend announced (including amount of dividend per share in both sterling and rand, applicable exchange rate and conversion date – 26 February 2013; plus additional applicable information as required in respect of South African Dividend Tax)
28 February – 15 March	From the commencement of trading on 28 February to 15 March 2013 (inclusive), no removal requests in either direction between the UK main register and the South Africa branch register will be permitted
8 March	Last day to trade (JSE)
11 March – 15 March	No transfers between the UK main register and the South Africa branch register; no shares may be dematerialised or rematerialised
11 March	Ex-dividend date (JSE)
13 March	Ex-dividend date (LSE)
15 March	Record date (LSE and JSE)
8 May	Payment date (sterling and rand)
	Subject to shareholder approval the final dividend for 2012 will be 92.7p per ordinary share. Dividends are declared and payable in sterling except for those shareholders on the branch register in South Africa whose dividends are payable in rand. A rate of exchange of £:R = 13.34290 as at 26 February 2013 (the closing rate for that date as quoted on Bloomberg), results in an equivalent final dividend of 1236.88683 SA cents per ordinary share.

Listings and shareholder services

Premium listing

London Stock Exchange
(Share Code: BAT5; ISIN: GB0002875804)

United Kingdom Registrar

Computershare Investor Services PLC
The Pavilions, Bridgwater Road, Bristol BS99 6ZZ
tel: 0800 408 0094; +44 870 889 3159
share dealing tel: 0870 703 0084 (UK)
your account: www.computershare.com/uk/investor/bri
share dealing: www.computershare.com/dealing/uk
web-based enquiries: www.investorcentre.co.uk/contactus

Secondary listing

JSE (Share Code: BTI)
Shares are traded in electronic form only and transactions settled electronically through Strate.

South Africa Registrar

Computershare Investor Services (Pty) Ltd
PO Box 61051, Marshalltown 2107, South Africa
tel: 0861 100 925; +27 11 870 8222
email enquiries: web.queries@computershare.co.za

American Depositary Receipts

NYSE MKT (Symbol: BTI; CUSIP No. 110448107)

Citibank Shareholder Services

P.O. Box 43077, Providence, Rhode Island 02940-3077, USA
tel: 1-888 985-2055 (toll-free) or +1 781 575 4555
email enquiries: citibank@shareholders-online.com
website: www.citi.com/dr

Publications

British American Tobacco Publications
Unit 80, London Industrial Park, Roding Road, London E6 6LS
tel: +44 20 7511 7797; facsimile: +44 20 7540 4326
email: bat@team365.co.uk

Holders of shares held on the South Africa register can contact Computershare Investor Services (Pty) Ltd using the contact details shown above.

Like to know more?

For more information about our business please visit www.bat.com

