



# Delivering today Investing in tomorrow

Performance Summary 2016



# Introduction

“A vintage year, driven by a successful strategy and winning culture”

Richard Burrows  
Chairman



## Our year in numbers

### Group cigarette volume

665bn

+0.2% (-0.8% organic<sup>1</sup>)  
2015: 663bn

### Group share of Key Markets

+50 bps

bps = basis points

KPI

### Global Drive Brands' (GDBs) cigarette volume

324bn

+7.5%

### Global Drive and Strategic Brands' (GDSBs) total volume

346bn

+7.2%

KPI

### Reported revenue

£14,751m

+12.6%  
2015: £13,104m

### Revenue at constant rates<sup>2</sup>

£14,008m

+6.9%  
2015: £13,104m

KPI

### Profit from operations

£4,655m

+2.2%  
2015: £4,557m

### Adjusted profit from operations<sup>3</sup> at constant rates<sup>2</sup>

£5,197m

+4.1% (+10% excl. trans FX<sup>4</sup>)  
2015: £4,992m

KPI

### Adjusted diluted earnings per share<sup>3</sup>

247.5p

+18.8%  
2015: 208.4p

KPI

### Adjusted diluted earnings per share<sup>3</sup> at constant rates<sup>2</sup>

230.0p

+10.4%  
2015: 208.4p

KPI

### Basic earnings per share

250.2p

+8.4%  
2015: 230.9p

### Total dividends per share

169.4p

+10.0%  
2015: 154.0p

### Cash generated from operations at constant rates<sup>2</sup>

£2,918m

+21.3%  
2015: £2,405m (excl. FII GLO)<sup>5</sup>

KPI

### Operating cash flow conversion ratio

93%

2015: 92%

KPI

### Total shareholder return (TSR) (compound annual growth rate)

16.1% 2014–2016

KPI

We use these measures and indicators to assess our performance. To ensure management's focus is aligned with the interests of our shareholders, our KPIs are reflected in our management incentive schemes. Although our business measures are not directly included in these incentives, they reflect our performance, improve the quality of our business and contribute to shareholder value.

#### Notes:

- Organic excludes contributions by TDR, Blue Nile, Ten Motives and CHIC.
- The term 'Constant rates' provides the information based on a re-translation, at prior year exchange rates, of the current year information.
- Adjusted profit from operations is derived after excluding the adjusting items from the profit from operations. These items include restructuring and integration costs, amortisation and impairment of trademarks and similar intangibles, and a payment and release of a provision relating to non-tobacco litigation.
- Estimate to exclude transactional foreign exchange on cost of sales.
- 2015 cash generated from operations included a one-off receipt in relation to Franked Investment Income Group Litigation Order (FII GLO), which is not treated as part of on-going cash generation. For the avoidance of doubt – all variances in this document are calculated based upon the absolute number.



## Chief Executive's review

“The Group delivered a great set of results in 2016, with excellent growth seen across all key business metrics”

**Nicandro Durante**  
Chief Executive



### A great year

The Group delivered a great set of results in 2016, with excellent growth seen across all key business metrics. This was achieved despite a challenging backdrop of adverse foreign exchange rates impacting our cost base and ongoing pressure on consumers' disposable income in many of our Key Markets.

The work that has been carried out in previous years to integrate and streamline internal systems, identify consumer needs earlier and increase efficiencies across the Group means that we now have the building blocks in place to continue to deliver for shareholders in the future.

### Results

Group revenue was up by 6.9% at constant rates of exchange, driven by good pricing – with price mix exceeding 6%. Reported revenue was 12.6% higher, reflecting the translational tailwind resulting from the relative weakness of sterling. On an organic basis, Group revenue was up by 5.3% at constant rates.

At constant rates of exchange, adjusted profit from operations grew by 4.1% and adjusted diluted earnings per share grew by 10.4%.

Adjusted profits from operations would have grown by approximately 10% were it not for the significant ongoing effect of adverse foreign exchange movements on our cost base during 2016.

Underlying operating margin, excluding transactional foreign exchange and acquisitions, grew by around 160 bps. On a reported basis, it was down by 90 bps to 37.2%.

### Agreement to acquire Reynolds American

I am very pleased that we reached an agreement with the Board of Reynolds American in relation to the acquisition of the remaining 57.8% of Reynolds American that the Group does not currently own.

This is a significant step towards the completion of this transaction and we look forward to putting the recommended offer to shareholders.

Strategically, this deal will create a truly global business with a world-class portfolio of tobacco and Next Generation Products that will be available across the most attractive markets in the world. Financially, it will be earnings accretive with enhanced cash generation while maintaining a solid investment grade credit rating.

We expect the transaction to close during the third quarter of 2017, subject to obtaining the relevant shareholder and regulatory approvals.

### Combustible tobacco products

Total Group cigarette volume for the full year was up 0.2% to 665 billion. A 0.8% decline on an organic basis was considerably better than the industry, which we estimate to be down around 3.0%.

Strong growth in 2016, with overall market share in our Key Markets increasing by 50 bps, was driven by the continuing momentum of our Global Drive Brands (GDBs).

Total volume growth across the GDBs was an outstanding 7.5% and total market share growth was 100 bps. The GDBs now account for 49% of Group cigarette volume, up from 32% in 2011, demonstrating the key role they play in our growth strategy.

### Next Generation Products

In 2016, we made significant progress with our differentiated strategy of developing and marketing a range of outstanding next generation tobacco and nicotine products, across both the Vapour and Tobacco Heating categories – having further strengthened our R&D capabilities and continued to invest in world-class science to provide our consumers with innovative and inspiring products.

Our Vapour Products business continues to perform very well and, following the geographic expansion of Vype in 2016, we are now present in ten markets and have the largest vapour business in the world outside of the US.

In the UK, our category retail share, as independently measured by AC Nielsen, has reached nearly 40% through the growth of Vype and the acquisition of Ten Motives. We also have an estimated market share of around 50% in Poland as well as category retail share of over 7% in Germany, over 4% in France and over 2% in Italy. In addition, we also launched a new vaping concept in Europe called the Vype Pebble, which we believe will enhance the overall category and increase consumer penetration.

In December 2016, we launched a new-to-world Tobacco Heating Product called glo in Sendai, Japan. Initial results are very encouraging, with glo gaining 5.4% volume share in a leading convenience store chain in Sendai after only ten weeks. Further roll-out and product upgrades are scheduled for 2017 and beyond.

These innovations, alongside our exciting pipeline, demonstrate our commitment to meeting all of the differing preferences of our consumers, providing them with a choice of outstanding products across the risk continuum.

### Facing the future with confidence

As these results demonstrate, our combustible tobacco business continues to perform extremely well and I am very pleased with the progress we are making in Next Generation Products. Both would be made stronger by our proposed acquisition of Reynolds American, creating what will become a truly global tobacco and Next Generation Products company, delivering sustained long-term profit growth and returns.

The ongoing success of the Group is only made possible by the passion and dedication of our talented people around the globe and I am confident that we are well placed to continue this success into the future.

**Nicandro Durante**  
Chief Executive

# Our global business

## Our heritage

British American Tobacco was founded in 1902 and was first listed in 1912. Today, we are one of the top five companies listed on the London Stock Exchange by market capitalisation. We also have a secondary listing on the Johannesburg Stock Exchange.

With factories in 42 countries and offices all around the world, we have long played a significant role in the local communities where we operate across the globe. We are proud that we are frequently rated in many countries as a top employer.

Traditional tobacco products are our core business. However, we are also committed to developing and selling potentially less risky alternatives to regular cigarettes. These Next Generation Products include Vapour Products, like e-cigarettes, and Tobacco Heating Products.

## Our products



### Traditional tobacco products

Our core tobacco product range includes cigarettes, Fine Cut (roll-your-own and make-your-own tobacco) and Swedish-style snus. Using insights from our consumers, we continue to develop high-quality products and market-leading innovations to differentiate our brands.

### Next Generation Products

We also market and sell a range of innovative Next Generation Products, the term we use to describe new types of tobacco and nicotine products. We are currently focusing on two distinct categories – Vapour Products and Tobacco Heating Products – which we believe have the potential to be both significantly less risky than conventional cigarettes and have widespread consumer appeal.

## Our leading brands

Our five Global Drive Brands – Dunhill, Kent, Lucky Strike, Pall Mall and Rothmans – play a key role in our growth strategy. These leading brands continued to drive volume and share growth in our markets worldwide in 2016.

We have many other famous international and local brands including Vogue, Viceroy, Kool, Peter Stuyvesant, Craven A, Benson & Hedges, John Player Gold Leaf, State Express 555 and Shuang Xi.

Our key Next Generation Product brands include Vype, our range of Vapour Products, and glo, our Tobacco Heating Product.



### Volume

**57bn** -3.3%  
2015: 59bn

### Market share

**Flat**

### Dunhill

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



### Volume

**66bn** +1.0%  
2015: 66bn

### Market share

**+10 bps**

### Kent

Kent symbolises progress through technology in the cigarette category and stands out as the most innovative and forward-looking brand in the industry. It is a pioneering brand, which has led the way since 1952.



### Volume

**36bn** +13.5%  
2015: 32bn

### Market share

**+10 bps**

### Lucky Strike

Based on its rich legacy dating back to 1871 when the brand was created by its founder RA Patterson, Lucky Strike stands for the true and original American cigarette.



### Volume

**92bn** +0.1%  
2015: 92bn

### Market share

**+10 bps**

### Pall Mall

Pall Mall is the third biggest cigarette brand in the world. For more than 115 years, its core proposition has been centred on offering adult smokers round the world a combination of value and high quality.



### Volume

**73bn** +36.9%  
2015: 52bn

### Market share

**+70 bps**

### Rothmans

Rothmans is an iconic brand established in London in 1890. A timeless classic with high-quality standards, Rothmans is finding increasing appeal among adult smokers worldwide thanks to a contemporary proposition.

## Our people



The Group's continuing success is only possible thanks to the nearly 50,000 talented people across the globe who work with farmers, in our factories, in city offices and out on the road supporting retailers. This total involvement in the whole tobacco supply chain – from seed to smoke – and the passion for what we do is what sets us apart.

Our products are made all over the world and it is essential to our continuing success that we employ a diverse range of people and cultures. The international nature of our business is reflected in the nationalities of our people – in 2016, 74 nationalities were represented at our London head office.

We are also proud to partner with over 90,000 contracted tobacco farmers worldwide. While we do not employ them directly, they represent an important part of our business.

## Our sustainable approach



Our approach to sustainability is embodied in our Sustainability Agenda, which is about creating shared value for both our shareholders and our stakeholders in wider society. It focuses on the three key areas that have the greatest significance to our business and our stakeholders:

- Harm reduction: We are committed to researching, developing and commercialising less risky alternatives to regular cigarettes.
- Sustainable agriculture and farmer livelihoods: We are committed to working to enable prosperous livelihoods for all farmers who supply our tobacco leaf.
- Corporate behaviour: We are committed to operating to the highest standards of corporate conduct and transparency.

## Our geographic diversity

With brands sold in over 200 markets, we have strong market positions in each of our four regions. Our Key Markets, shown below, account for around 80% of both our total volume and Group profit.

Provided the acquisition of Reynolds American Inc. (Reynolds American) proceeds, we will have a strong market position in the United States and our number of principal associate companies will be reduced to one – ITC Ltd in India. We also have a joint operation, CTBAT, with China National Tobacco Corporation.

55+

countries where  
we are market leader

44

cigarette factories  
in 42 countries

### Key Markets

#### Americas

Argentina  
Brazil  
Canada  
Chile

Colombia  
Mexico

#### Western Europe

Belgium  
Czech Republic  
Denmark  
France  
Germany  
Italy

Netherlands  
Poland  
Romania  
Spain  
Switzerland  
United Kingdom

#### Eastern Europe, Middle East and Africa

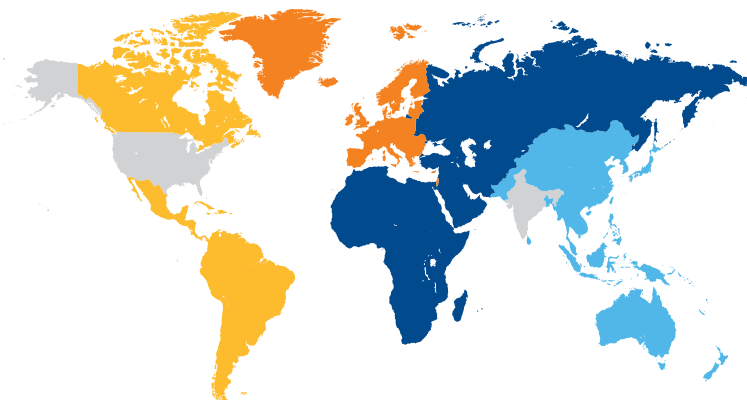
Algeria  
Egypt  
GCC  
Iran  
Iraq  
Kazakhstan

Morocco  
Nigeria  
Russia  
South Africa  
Turkey  
Ukraine

#### Asia-Pacific

Australia  
Bangladesh  
Indonesia  
Japan  
Malaysia  
New Zealand

Pakistan  
Philippines  
South Korea  
Taiwan  
Vietnam



# Our vision and strategy

Our strategy enables our business to deliver growth today, while continuing to invest in our future. Combustible products remain at the core of our business and will continue to provide us with opportunities for growth. However, we also see substantial growth opportunities in the Next Generation Products category and are making significant progress in the commercialisation and development of a range of products which offer consumers potentially less risky alternatives to conventional cigarettes.



## Our vision

World's best at satisfying consumer moments in tobacco and beyond.

### Satisfying consumer moments

We believe that by being the world's best at satisfying consumer moments, we will become the leader in our industry. Consumers are at the core of everything we do and our success depends on addressing their evolving concerns, needs and behaviours.

### Tobacco and beyond

The second part of our vision – tobacco and beyond – recognises the strength of our traditional tobacco business and the opportunities we see in Next Generation Products. This is a great potential business opportunity because consumers are looking for choices and product categories in which we are uniquely placed to succeed.

## Our mission

Delivering our commitments to society, while championing informed consumer choice.

### Champion informed consumer choice

We need to continue to ensure that our adult consumers are fully aware of the choices they are making when they purchase our products. We recognise that we have a responsibility to offer a range of products across the risk continuum but we will also defend people's right to make an informed choice.

### Deliver our commitments to society

As society changes and priorities and needs shift, we must be ready to meet new challenges and take advantage of new opportunities. We are a major international business and with this status comes responsibilities such as developing and marketing less risky products, being open about the risks of all our products, supporting agricultural communities in leaf-growing areas worldwide and minimising our impact on the environment.

## Strategic focus areas

The foundations upon which our strategy is built have been in place for many years, but we continue to refocus our activities in all four areas and constantly review our ways of working.

### Growth

Developing brands, innovations and new products to meet consumers' evolving needs.

### Productivity

Effectively deploying resources to increase profits and generate funds for investment.

### Winning organisation

Ensuring we have great people, great teams and a great place to work.

### Sustainability

Ensuring a sustainable business that meets stakeholders' expectations.

## Guiding Principles

Our Guiding Principles provide clarity about what we stand for. They form the core of our culture and guide how we deliver our strategy.

### Enterprising Spirit

We value enterprise from all of our employees across the world, giving us a great breadth of ideas and viewpoints to enhance the way we do business. We have the confidence to passionately pursue growth and new opportunities while accepting the considered entrepreneurial risk that comes with it. We are bold and strive to overcome challenges. This is the cornerstone of our success.

### Open Minded

Our corporate culture is a great strength of the business and one of the reasons we have been, and will continue to be, successful. We are forward-looking and anticipate consumer needs, winning with innovative, high-quality products. We listen to, and genuinely consider, other perspectives and changing social expectations. We are open to new ways of doing things.

### Freedom Through Responsibility

We give our people the freedom to operate in their local environment, providing them with the benefits of our scale but the ability to succeed locally. We always strive to do the right thing, exercising our responsibility to society and other stakeholders. We use our freedom to take decisions and act in the best interest of consumers.

### Strength from Diversity

Our management population comprises people from over 140 nations, giving us unique insights into local markets and enhancing our ability to compete across the world. We respect and celebrate each other's differences and enjoy working together. We harness diversity – of our people, cultures, viewpoints, brands, markets and ideas – to strengthen our business. We value what makes each of us unique.

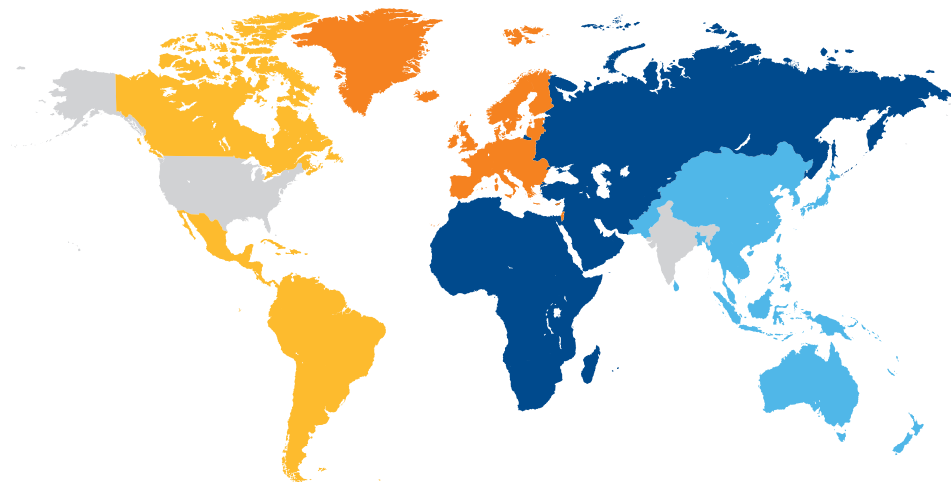


## Our global performance

Adjusted profit from operations grew strongly at constant rates of exchange.

As reported profit can be materially affected by exchange rate movements, the regional performance is presented at constant rates of exchange.

Our five Global Drive Brands (GDBs) had another successful year in 2016, growing volume and share in Key Markets.



### Americas

Share of Group revenue

**21%**

Volume

**113bn**

-8.8%  
2015: 124bn

Revenue  
at CC<sup>1</sup>

**£3,014m**

+10.8%  
2015: £2,720m

Adjusted profit<sup>2</sup>

**£1,172m**

+0.3%  
2015: £1,169m

Adjusted profit<sup>2</sup>  
at CC<sup>1</sup>

**£1,202m**

+2.8%  
2015: £1,169m

### Western Europe

Share of Group revenue

**25%**

Volume

**120bn**

+6.7%  
2015: 112bn

Revenue  
at CC<sup>1</sup>

**£3,471m**

+8.4%  
2015: £3,203m

Adjusted profit<sup>2</sup>

**£1,389m**

+21.2%  
2015: £1,146m

Adjusted profit<sup>2</sup>  
at CC<sup>1</sup>

**£1,236m**

+7.8%  
2015: £1,146m

### Eastern Europe, Middle East and Africa

Share of Group revenue

**27%**

Volume

**236bn**

+3.0%  
2015: 229bn

Revenue  
at CC<sup>1</sup>

**£3,753m**

+10.1%  
2015: £3,408m

Adjusted profit<sup>2</sup>

**£1,289m**

+6.7%  
2015: £1,208m

Adjusted profit<sup>2</sup>  
at CC<sup>1</sup>

**£1,271m**

+5.3%  
2015: £1,208m

### Asia-Pacific

Share of Group revenue

**27%**

Volume

**196bn**

-0.9%  
2015: 198bn

Revenue  
at CC<sup>1</sup>

**£3,770m**

-0.1%  
2015: £3,773m

Adjusted profit<sup>2</sup>

**£1,630m**

+11.0%  
2015: £1,469m

Adjusted profit<sup>2</sup>  
at CC<sup>1</sup>

**£1,488m**

+1.3%  
2015: £1,469m

#### Notes:

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

2. Profit refers to adjusted profit from operations and is derived after excluding the adjusting items from the profit from operations. The main items for 2016/2015 are restructuring and integration costs, amortisation and impairment of trademarks and similar intangibles.

## Our business model

### What we do

At the heart of our business is the manufacturing and marketing of superior tobacco products and Next Generation Products.

Our sustainable approach to sourcing, production, distribution and marketing helps us to create value for a wide group of stakeholders, from farmers to consumers.

We use our unique strengths and employ our resources and relationships to deliver sustainable growth in earnings for our shareholders.



### Our people and relationships

We employ around 50,000 people worldwide, with a workforce that is diverse and multicultural.

We have a devolved structure, with each local company having responsibility for its operations.

We encourage a culture of personal ownership and value our employees' talents and abilities. Their diverse perspectives help us to succeed.

We also have excellent relationships with a range of stakeholders, including farmers, retailers and distributors.

We engage with regulators around the world to support regulation that is based on robust evidence and thorough research, that respects legal rights and livelihoods, and delivers on the intended policy aims while recognising unintended consequences.



You can learn more about our work in supporting farmers in our leaf supply chain at [www.bat.com/farmervideo](http://www.bat.com/farmervideo) or [www.youtube.com/welcometobat](http://www.youtube.com/welcometobat)

### Source



#### What we do

While the Group does not own tobacco farms or directly employ farmers, we buy more than 400,000 tonnes of tobacco each year for our tobacco products and Tobacco Heating Products. The e-liquids used in our Vapour Products are made from medical grade nicotine sourced from high quality third-party manufacturers.

#### What makes us different

- We provide on-the-ground support and advice to over 90,000 contracted farmers to help ensure consistency and quality of supply.
- We work to enable prosperous livelihoods for all farmers who supply our tobacco leaf, investing over £60 million each year to support them through, among other initiatives, training and capacity building, and improving productivity.
- Our leaf operations are managed globally to ensure that the Group works with reliable, efficient and responsible farmers in our source countries.



### Market



#### What we do

We offer adult consumers a range of products, including cigarettes, Fine Cut tobacco, Swedish-style snus and Next Generation Products in a number of markets. Our range of high-quality products covers all segments, from value-for-money to premium.

#### What makes us different

- Our successful portfolio of international, regional and local tobacco brands meets a broad array of adult consumer preferences wherever we operate, based on sound consumer insights.
- Our international brand strategy focuses on our Global Drive Brands, which account for 49% of the cigarettes we sell and are a significant driver of growth.
- Our commitment to substantial investment in a range of Next Generation Products, including Vapour Products (like e-cigarettes) and Tobacco Heating Products, enables us to meet varied consumer needs in this emerging product category.







## Consumers

We place adult consumers at the heart of our business. We invest in world-class research to understand changing consumer needs and buying behaviour. This drives our leaf sourcing, product development, innovations, brands and trade activities.

We aim to satisfy consumers with a range of inspiring products across the risk spectrum and address expectations about how we should market them.



## Produce



### What we do

We manufacture high-quality products in state-of-the-art manufacturing facilities all over the world. We also ensure that these products and the tobacco leaf we purchase are in the right place at the right time. Our Next Generation Products are mainly manufactured in state-of-the-art third-party factories. We work to ensure that our costs are globally competitive and that we use our resources as effectively as possible.

### What makes us different

- In 2016 we had 44 cigarette factories across the globe. These strategically placed factories enable us to maximise efficiency and ensure products are where they need to be at the right time.
- Our production facilities are designed to meet the needs of an agile and flexible supply chain, providing a world-class operational base that is fit for the future.
- For our Next Generation Products, we expect our contract manufacturers to comply with the same high standards that exist on our own sites.

## Distribute



### What we do

We distribute our products around the globe effectively and efficiently. Around half of our global cigarette volume is sold by retailers, supplied through our direct distribution capability or exclusive distributors. We continuously review our route to market for combustible products and Next Generation Products, including our relationships with wholesalers, distributors and logistics providers.

### What makes us different

- Our relationships with, and efficient distribution to, retailers worldwide ensures we can offer the products our adult consumers wish to buy, where and when they want them.
- Our global footprint and direct distribution capability enables new product innovations to be distributed to markets quickly and efficiently.



## Innovation

We make significant investments in research and development to deliver innovations that satisfy or anticipate consumer needs and generate growth for the business. This involves cigarette innovations such as capsule products, additive-free products, slimmer products, tube filters and Reloc, our resealable pack technology.

We also look outside the traditional cigarette market and research, develop and test Next Generation Products such as Vapour Products (e-cigarettes) and Tobacco Heating Products.

## World-class science

We have an extensive scientific research programme in a broad spectrum of scientific fields including molecular biology, toxicology and chemistry. We have spent more than US\$1 billion on research and development over the past five years – with a focus on products that could reduce the risk associated with smoking conventional cigarettes.

We are transparent about our science and publish details of our research programmes on our dedicated website, [www.bat-science.com](http://www.bat-science.com), and the results of our studies in peer-reviewed journals.



You can take a video tour inside our state-of-the-art plant biotechnology labs and meet some of the scientists behind the science at [www.bat.com/labtour](http://www.bat.com/labtour) or at [www.youtube.com/welcometobat](http://www.youtube.com/welcometobat)

# Our KPIs and business measures

## Key performance indicators (KPIs)

Group share of Key Markets  
(increase in % share)

# +50 bps

**Target:** To continue to grow market share (bps = basis points).



Global Drive and Strategic Brands' (GDSBs) cigarette volume

# 346bn

+7.2%

**Target:** To increase our GDSBs' share faster than the rest of our portfolio.



Revenue  
at constant exchange rates

# £14,008m

+6.9%

**Target:** To grow revenue (also known as Net Turnover or NTO) by 2–5% per year over the medium to long term.



Adjusted profit from operations  
at constant exchange rates

# £5,197m

+4.1%

**Target:** The Group's medium- to long-term target is to grow adjusted profit from operations on average by 5–7% per year.



Adjusted diluted earnings  
per share

# 247.5p

+18.8%

**Target:** To grow adjusted diluted EPS at the rate of high single figures per annum, on average, over the medium to long term.



Adjusted diluted earnings  
per share at constant rates

# 230.0p

+10.4%

**Target:** To grow adjusted diluted EPS at the rate of high single figures per annum, on average, over the medium to long term.



Cash generated from  
operations at constant rates

# £2,918m

+21.3% 2015 excl. FII GLO receipt

**Target:** A specific target is set each year for the cash flow from operations.



Operating cash flow  
conversion ratio

# 93%

**Target:** To convert between 85 and 95% of our adjusted operating profit to operating cash flow.



Total shareholder return  
2014 to 2016

# 16.1%

**Target:** The Group is focused on increasing shareholder value, which is measured using TSR compared to a fast-moving consumer goods (FMCG) peer group. The FMCG comparator group is reviewed annually to ensure it remains both relevant and representative.



## Business measures

Operating margin

# 37.2%

-90 bps

**Target:** To increase operating margin by 50–100 bps per annum on average over the medium term.



Global Drive Brands' (GDBs) cigarette volume

# 324bn

+7.5%

**Target:** To increase our GDBs' share faster than the rest of the portfolio.



Carbon dioxide equivalent  
(CO<sub>2</sub>e) (tonnes CO<sub>2</sub>e per million cigarettes equivalent produced)

# 0.81

47% lower than 2000 baseline

**Target:** To reduce Group CO<sub>2</sub>e in tCO<sub>2</sub>e/MCE by 55% by 2025 and by 80% by 2050 against our 2000 baseline.



Group energy use  
(gigajoules per million cigarettes equivalent produced)

# 9.92

16% lower than 2007 baseline

**Target:** To reduce our energy use to 9.17 GJ/MCE by 2025, 25% lower than our 2007 baseline.



Water use (cubic metres per million cigarettes equivalent produced)

# 3.43

29% lower than 2007 baseline

**Objective:** To reduce water use to 3.17 m<sup>3</sup>/MCE by 2025, 35% lower than our 2007 baseline.



Recycling  
(percentage of waste recycled)

# 92.6%

**Objective:** To recycle 95% or more by 2025 in each year.



Employee engagement index

# 72%

**Objective:** To achieve a more positive score than the norm for FMCG companies in our comparator benchmark group.



A summary of our KPIs (key performance indicators) and business measures and how we performed against them in 2016.

We use these measures and indicators to assess our performance. To ensure management's focus is aligned with the interests of our shareholders, our KPIs are reflected in our management incentive schemes. Although our business measures are not directly included in these incentives, they reflect our performance, improve the quality of our business and contribute to shareholder value.

## Shareholder and contact information

### Listings and shareholder services

#### Premium listing

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

#### United Kingdom Registrar

Computershare Investor Services PLC  
The Pavilions, Bridgwater Road, Bristol BS99 6ZZ  
tel: 0800 408 0094; +44 370 889 3159  
web-based enquiries: [www.investorcentre.co.uk/contactus](http://www.investorcentre.co.uk/contactus)

#### [www.computershare.com/uk/investor/bri](http://www.computershare.com/uk/investor/bri)

Access the web-based enquiry service of Computershare Investor Services PLC for holders of shares on the UK share register; view details of your British American Tobacco shareholding and recent dividend payments and register for shareholder electronic communications to receive notification of British American Tobacco shareholder mailings by email.

#### [www.computershare.com/dealing/uk](http://www.computershare.com/dealing/uk)

Go online or telephone 0370 703 0084 (UK) to buy or sell British American Tobacco shares traded on the London Stock Exchange. The internet share dealing service is only available to shareholders resident in countries in the European Economic Area.

#### 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 Proprietary Limited  
PO Box 61051, Marshalltown 2107, South Africa  
tel: 0861 100 634; +27 11 870 8216  
email enquiries: [web.queries@computershare.co.za](mailto:web.queries@computershare.co.za)

#### American Depositary Receipts

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

British American Tobacco sponsors an American Depositary Receipt (ADR) programme in the United States. Each ADR represents one ordinary share.

Enquiries regarding ADR holder accounts and payment of dividends should be directed to:

Citibank Shareholder Services  
PO 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](mailto:citibank@shareholders-online.com)  
website: [www.citi.com/dr](http://www.citi.com/dr)

### Publications

Copies of current and past Annual Reports are available on request. Copies of the Group corporate brochure, We are BAT, are also available. Highlights from these publications can be produced in alternative formats such as Braille, audio tape and large print.

#### Contact:

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](mailto:bat@team365.co.uk)

Holders of shares held on the South Africa register can contact the Company's Representative office in South Africa using the contact details shown overleaf.

### Our website – [www.bat.com](http://www.bat.com)

Access comprehensive information about British American Tobacco and download shareholder publications at the corporate website; visit the Investors section for valuation and charting tools, dividend and share price data and subscribe to the email alert services for key financial events in the British American Tobacco financial calendar; download the British American Tobacco Investor Relations app to access all the latest financial information on your iPad, iPhone or Android device.

### Dividend Reinvestment Plan

Available to the majority of shareholders on the UK register, this is a straightforward and economic way of utilising your dividends to build up your shareholding in British American Tobacco. Contact Computershare Investor Services PLC in the UK for details.

### Individual Savings Accounts (ISAs)

A British American Tobacco sponsored ISA.

#### Contact:

The Share Centre  
PO Box 2000, Aylesbury, Bucks HP21 8ZB  
tel: 0800 800 008; +44 1296 414 141  
email enquiries: [service@share.co.uk](mailto:service@share.co.uk)  
website: [www.share.com](http://www.share.com)

(The tax advantages of ISAs depend on your individual circumstances and the benefits of ISAs could change in the future. You should note that investments, their value and the income they provide can go down as well as up and you might not get back what you originally invested.)

### Capital gains tax

Fact sheet for British American Tobacco historical UK capital gains tax information; contact the British American Tobacco Company Secretarial Department, tel: +44 20 7845 1000 or access online at [www.bat.com/cgt](http://www.bat.com/cgt)

### More available online



[www.bat.com/reporting](http://www.bat.com/reporting)

[www.bat.com/investors](http://www.bat.com/investors)

BAT IR app



# Shareholder and contact information continued

## Final dividend 2016 – dates in 2017

Please see 'Other corporate disclosures' in the 2016 Annual Report at [www.bat.com/reporting](http://www.bat.com/reporting)

23 February	Dividend announced (including amount of dividend per share in both sterling and rand, applicable exchange rate and conversion date – 21 February 2017; plus additional applicable information as required in respect of South Africa Dividends Tax)
23 February to 17 March	From the commencement of trading on 23 February to 17 March 2017 (inclusive), no removal requests in either direction between the UK main register and the South Africa branch register will be permitted
14 March	Last day to trade (JSE)
15 March to 17 March	From the commencement of trading on 15 March to 17 March 2017 (inclusive), no transfers between the UK main register and the South Africa branch register; no shares may be dematerialised or rematerialised
15 March	Ex-dividend date (JSE)
16 March	Ex-dividend date (LSE)
17 March	Record date (LSE and JSE)
10 April	Last date for receipt of Dividend Reinvestment Plan (DRIP) elections (UK main register only)
4 May	Payment date (sterling and rand)

## Future Payment of Dividends – Mandatory Direct Credit

From 2018, British American Tobacco is simplifying the way in which it pays dividends to shareholders by only paying cash dividends directly into a shareholder's nominated bank account. This is known as mandatory direct credit. British American Tobacco will no longer be issuing dividend cheques. Shareholders recorded on the main register as receiving dividend payments by cheque have been or will be advised by Computershare. Those shareholders will need to take the required action by selecting the appropriate option as set out in the Computershare notification.

Shareholders on the UK main register who already have their dividends paid: (1) by direct credit into their UK bank or building society account; or (2) through the Euroclear service using the CREST messaging system; or (3) through Computershare's Global Payments Service (GPS) are not affected by this change. Similarly, shareholders who participate in the British American Tobacco Dividend Reinvestment Plan (DRIP) are not required to take any action unless they choose to withdraw from the DRIP.

For the South Africa branch register, Computershare South Africa will notify affected shareholders of the equivalent applicable arrangements for the payment of dividends, as appropriate.

## Financial calendar 2017

26 April	Annual General Meeting Milton Court Concert Hall, Silk Street, London EC2Y 9BH
27 July	Half-Year Report

## Registered office

Globe House, 4 Temple Place, London WC2R 2PG  
tel: +44 20 7845 1000, facsimile: +44 20 7240 0555  
Incorporated in England and Wales No. 3407696

## Representative Office in South Africa

Waterway House South, No 3 Dock Road, V&A Waterfront,  
Cape Town 8000, South Africa  
PO Box 631, Cape Town 8000, South Africa  
tel: +27 21 003 6576

## Secretary (until 30 April 2017)

Nicola Snook

## Secretary Designate (Secretary from 1 May 2017)

Paul McCrory

## General Counsel

Jerome Abelman

## Investor relations

Enquiries should be directed to Mike Nightingale, Rachael Brierley or Sabina Marshman  
tel: +44 20 7845 1180

## Press office

Enquiries should be directed to Anna Vickerstaff  
tel: +44 20 7845 2888  
email: [press\\_office@bat.com](mailto:press_office@bat.com)

## Auditors

KPMG LLP  
15 Canada Square, Canary Wharf, London E14 5GL

### Performance Summary 2016: Cautionary statement and other information

This Performance Summary is extracted (without material adjustment) from, and should be read as an introduction to and in conjunction with, the British American Tobacco p.l.c. Annual Report 2016 which comprises its Strategic Report, Directors' Report and Group Financial Statements.

The Performance Summary contains forward-looking statements that are subject to risk factors associated with, among other things, the economic and business circumstances occurring from time to time in the countries and markets in which the Group operates. It is believed that the expectations reflected in these statements 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.

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 comprise the Company's Strategic Report or any supplementary materials 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](http://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.

References in this publication to 'British American Tobacco', 'BAT', '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.

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