

British American Tobacco p.l.c.
Incorporated in England and Wales
(Registration number: 03407696)
Short name: BATS
Share code: BTI
ISIN number: GB0002875804
("British American Tobacco p.l.c." or "the Company")

8 February 2024 – Press Release/Preliminary Results

British American Tobacco p.l.c.

Preliminary results for the year ended 31 December 2023

Building a Smokeless World

Summary

- Revenue down 1.3%, up 3.1% on an organic basis (at constant rates), driven by New Categories organic revenue up 21.0% (at constant rates) and resilient pricing
- Strong volume led New Category revenue growth - driven by Vuse and Velo, with revenue from Non-Combustibles now 16.5% of Group revenue, up 170 bps vs FY22
- New Categories achieved profitability in 2023 (at a category contribution level), two years ahead of original target and contributing a £398 million increase to Group profit, at constant rates of exchange
- Global settlement with Philip Morris International Inc. (PMI) that resolves all ongoing patent infringement litigation between the parties related to our Heated Products (HP) and Vapour products
- Total Combustibles organic revenue up 0.6% (at constant rates), with organic price/mix of +6.1% offset by lower volume and geographic mix mainly due to macro-economic pressures in the U.S. impacting the premium segment
- Strong performances from AME and APMEA, demonstrating the benefit our global footprint and multi-category strategy
- Reported loss from operations of £15,751m (with reported operating margin down 95.8 ppts to -57.7%) - impacted by a £27.6 billion non-cash impairment charge mainly related to our U.S. business (£27.3 billion)
- Adjusted organic profit from operations up 3.9% at constant rates, adjusted organic operating margin up 40 bps to 45.6%
- Reported diluted EPS at -646.6p; adjusted organic diluted EPS up 5.2% at constant rates
- Operating cash flow conversion 100% - **organic adjusted net debt / adjusted EBITDA down to 2.6x**
- Dividend growth of 2.0% to 235.52p, **in line with our progressive dividend increase approach**
- Continued ESG progress - 2023 MSCI rating upgraded to A (2022: BBB), achieved targets for water withdrawn and waste generated two years early

Tadeu Marroco, Chief Executive

"2023 was another year of resilient financial performance and delivery in line with our guidance, underpinned by our global footprint and multi-category strategy, despite a challenging macro-environment.

New Categories delivered continued volume-led revenue growth and increased profitability, driven by Vuse and Velo. As a result, our New Categories portfolio has turned profitable two years ahead of our original target.

In combustibles, our commercial plans in the U.S. are enabling early signs of portfolio recovery. AME and APMEA performed well, with a strong revenue and profit performance, led by our well-balanced portfolio.

Our refined strategy commits us to 'Building a Smokeless World', a predominantly smokeless business, with 50% of our revenue from Non-Combustibles by 2035. Consistent with this vision, and taking into account the current macro-economic pressures impacting the U.S. combustibles industry, the growth of illicit single-use vapour products and uncertainty around a potential menthol ban in the U.S., we have taken a non-cash impairment charge of £27.3 billion, mainly relating to our acquired U.S. combustibles brands.

We are investing to strengthen our U.S. business, accelerate innovation momentum, and enhance capabilities that support our strategic delivery. We expect these investments, together with the U.S. macro-economic pressures, will impact 2024. Thereafter, we will progressively build to deliver 3-5% organic revenue, and mid-single digit adjusted organic profit from operations growth by 2026 on a constant currency basis. We are committed to continuing to reward shareholders with strong cash returns throughout this period.

I am confident that the choices we have made will drive our long-term success and create sustainable value for all our stakeholders."



Performance highlights

For year ended 31 December 2023

	Reported		Adjusted ¹		Adjusted ¹ Organic ²
	Current rates	vs 2022 (current)	Current rates	vs 2022 (constant)	vs 2022 (constant)
Cigarette and HP volume share		-10 bps			
Cigarette and HP value share		-50 bps			
Non-Combustibles consumers ³	23.9m	+3.2m			
Revenue (£m)	£27,283m	-1.3%	£27,283m	+1.6%	+3.1%
Revenue from New Categories (£m)	£3,347m	+15.6%	£3,347m	+17.8%	+21.0%
(Loss)/profit from operations (£m)	£(15,751)m	-250%	£12,465m	+3.1%	+3.9%
Category contribution - New Categories (£m) ⁴			£17m	n/m	n/m
Operating margin (%)	(57.7)%	-95.8 ppts	+45.7%	+60 bps	+40 bps
Diluted (loss)/earnings per share (pence)	(646.6)p	-322%	375.6p	+4.0%	+5.2%
Net cash generated from operating activities (£m)	£10,714m	+3.1%			
Adjusted cash generated from operations (£m)			£7,824m	+2.9%	
Cash conversion (%)	(68.0)%	-167 ppts	+100%	-40 bps	
Borrowings ⁵ (£m)	£39,730m	-7.9%			
Adjusted Net Debt (£m)			£33,940m	-7.4%	
Dividend per share (pence)	235.52	+2.0%			

The use of non-GAAP measures, including adjusting items and constant currencies, are further discussed from page **Error! Bookmark not defined.**, with reconciliation from the most comparable IFRS measure provided.

Notes: 1. See page **Error! Bookmark not defined.** for discussion on adjusting items. 2. Organic measures exclude the performance of businesses sold (including the Group's Russian and Belarusian businesses) or acquired, or that have an enduring structural change impacting performance that may significantly affect the users' understanding of the Group's performance in the current and comparator periods to ensure like-for-like assessment across all periods. 3. Internal estimate, excluding Russia and Belarus, see page **Error! Bookmark not defined.**. 4. New Categories contribution is positive in 2023 at £17 million (at current rates of exchange), turning from a loss of £366 million in 2022. Accordingly, the movement is deemed not meaningful (or n/m) in % terms. 5. Includes lease liabilities.

Sharpening our Vision and Strategic Execution

Tadeu Marroco, Chief Executive

When appointed as Chief Executive, I was clear that the fundamentals of our strategy remain correct. However, we need to clarify our vision and strengthen our execution.

We are therefore refining our A Better Tomorrow™ purpose, with a vision to 'Build A Smokeless World'.

Our vision is clear and focused on migrating cigarette consumers to reduced-risk⁺⁺ alternatives.

At the same time, we will manage our cigarette business responsibly, enabling the returns to continue to invest in growing smokeless alternatives.

Leading in adult consumer choice is the cornerstone of our vision. Consumers are not choosing a single alternative to smoking, and BAT is very well positioned in all three of the main alternatives to smoking:

- Vuse is the global market leader in Vapour, a category that is the fastest growing alternative to smoking;
- glo, our HP brand, is the global #2 brand in a category that is a strong substitutional offer; and
- Velo is a leading Modern Oral brand in a rapidly growing category with the lowest toxicant profile of all New Categories.

We have refined our strategy, enabling sharper execution with a clear organisational line of sight across three strategic pillars:

- Quality Growth: Focused on more balanced top-line and bottom-line delivery, built on the strength of our global brands and innovation;
- Sustainable Future: Our first-class science, more active external engagement and regulatory focus driving our future sustainability; and
- Dynamic Business: A modern and progressive organisation, that is both efficient and effective in its operations, is data driven and creates the greatest financial flexibility possible to invest and generate cash returns.

I am pleased with the progress made across each of our key focus areas in 2023, each aligning with our strategic pillars:

- Drive profitability in New Categories: Reaching profitability (on a category contribution basis) two years ahead of our original target;
- U.S. combustibles value growth: Delivering sequential volume and value share growth since January 2023;

- Significantly strengthening Heated Products: Launching our first-to-market tobacco-free offer, veo, and the launch of glo Hyper pro in Italy and Poland, combined with the recently announced global settlement with PMI that resolves all ongoing patent infringement litigation between the parties related to our HP and Vapour products.
- Lead responsible New Category stewardship: Taking a pro-active, science-driven approach to external affairs, as demonstrated by our campaign in support of the ambition for a smoke-free Britain, through appropriate and responsible Vapour regulation; and
- Enhance financial flexibility: Delivering our fourth consecutive year of 100% operating cash conversion, enabling us to return a total of £26.2 billion to shareholders since 2019.

A key part of our Dynamic Business pillar is financial flexibility, disciplined capital allocation and strong shareholder distributions. We remain committed to our 25-year track record of consistent dividend growth, rewarding our shareholders through all economic cycles.

Over the next five years, we expect to generate around £40 billion of free cash flow before dividends.

In addition, we continue to pursue all opportunities to enhance balance sheet flexibility and, as part of this, we regularly review our stake in ITC. We recognise that we have a significant shareholding which offers us the opportunity to release and reallocate some capital.

Our shareholding in ITC has existed in one way or another since the early 1900s and is subject to numerous share capital changes and regulatory restrictions. We have been actively working for some time on completing the regulatory process required to give us the flexibility to monetise some of our shareholding and will update you at the earliest opportunity.

It is an exciting time to be part of BAT and I look forward to working with my colleagues around the globe to Build a Smokeless World and drive A Better Tomorrow™.

* Based on the weight of evidence and assuming a complete switch from cigarette smoking. These products are not risk free and are addictive.

†Our Vapour product Vuse (including Alto, Solo, Ciro and Vibe), and certain products including Velo, Grizzly, Kodiak, and Camel Snus, which are sold in the U.S., are subject to FDA regulation and no reduced-risk claims will be made as to these products without agency clearance.

2024 Outlook

- Global tobacco industry volume expected to be down c.3% mainly due to the U.S. and Indonesia.
- Low-single figure organic revenue* growth and continued progress towards our 2025 £5 billion New Category revenue ambition.
- Low-single figure organic adjusted profit from operations growth*, including an expected c.2% transactional FX headwind.
- Performance expected to be second half weighted given planned investment phasing and expected slow recovery in U.S. macros.
- Expected translational foreign exchange headwind of 3% on full year adjusted profit from operations growth.
- Operating cash flow conversion in excess of 90%.
- Progress towards the middle of our 2-3x adjusted net debt/adjusted EBITDA corridor*.
- Commitment to dividend growth in sterling terms*.

* at constant rates of exchange.

Other Information

Dividends

The Board has declared an interim dividend of 235.5p per ordinary share of 25p for the year ended 31 December 2023, payable in four equal quarterly instalments of 58.8795p per ordinary share in May 2024, August 2024, November 2024 and February 2025. This represents an increase of 2.0% on 2022 (2022: 230.9p per share), and a pay-out ratio, on 2023 adjusted diluted earnings per share, of 62.7%.

The quarterly dividends will be paid to shareholders registered on either the UK main register or the South Africa branch register and to holders of American Depositary Shares (ADSs), each on the applicable record dates set out under the heading 'Key dividend dates' below.

General dividend information

Under IFRS, the dividend is recognised in the year that it is approved by shareholders or, if declared as an interim dividend by directors, in the period that it is paid.

The cash flow, prepared in accordance with IFRS, reflects the total cash paid in the period, amounting to £5,055 million (2022: £4,915 million).

Dividends declared	2023		2022	
	Pence per share	US\$ per ADS	Pence per share	US\$ per ADS
Quarterly Payment 1 (paid May 2023)	57.72	0.723866	54.45	0.680434
Quarterly Payment 2 (paid August 2023)	57.72	0.734400	54.45	0.655523
Quarterly Payment 3 (paid November 2023)	57.72	0.713880	54.45	0.635540
Quarterly Payment 4 (paid February 2024)	57.72	0.731803	54.45	0.669190
	230.88	2.903949	217.80	2.640687

Holders of ADSs

For holders of ADSs listed on the New York Stock Exchange (NYSE), the record dates and payment dates are set out below. The equivalent quarterly dividends receivable by holders of ADSs in US dollars will be calculated based on the exchange rate on the applicable payment date. A fee of US\$0.005 per ADS will be charged by Citibank, N.A. in its capacity as depositary bank for the BAT American Depositary Receipt (ADR) programme in respect of each quarterly dividend payment. With effect from 1 May 2024, such dividends are subject to a fee of up to US\$0.04 per ADR per year (a fee of US\$0.01 per dividend based on the distribution of four quarterly cash dividends per year).

South Africa Branch register

In accordance with the JSE Limited (JSE) Listing Requirements, the finalisation information relating to shareholders registered on the South Africa branch register (comprising the amount of the dividend in South African rand, the exchange rate and the associated conversion date) will be published on the dates stated below, together with South Africa dividends tax information. The quarterly dividends are regarded as 'foreign dividends' for the purposes of the South Africa Dividends Tax. For the purposes of South Africa Dividends Tax reporting, the source of income for the payment of the quarterly dividends is the United Kingdom.

Key dividend dates

In compliance with the requirements of the London Stock Exchange (LSE), the NYSE and Strate, the electronic settlement and custody system used by the JSE, the following salient dates for the quarterly dividends payments are applicable.

Event	Payment No. 1	Payment No. 2	Payment No. 3	Payment No. 4
Preliminary announcement (includes declaration data required for JSE purposes)		08 February		
Publication of finalisation information (JSE)	11 March	18 June	16 September	9 December
No removal requests permitted (in either direction) between the UK main register and the South Africa branch register	11 March - 25 March	18 June - 1 July	17 September - 30 September	10 December - 23 December
Last Day to Trade (LDT) cum-dividend (JSE)	18 March	25 June	23 September	17 December
Shares commence trading ex-dividend (JSE)	19 March	26 June	25 September	18 December
No transfers permitted between the UK main register and the South Africa branch register	19 March - 25 March	26 June - 1 July	25 September - 30 September	18 December - 23 December
No shares may be dematerialised or rematerialised on the South Africa branch register	19 March - 25 March	26 June - 1 July	25 September - 30 September	18 December - 23 December
Shares commence trading ex-dividend (LSE)	21 March	27 June	26 September	19 December
Shares commence trading ex-dividend (NYSE)	21 March	27 June	26 September	19 December
Record date (JSE, LSE and NYSE)	22 March	28 June	27 September	20 December
Last date for receipt of Dividend Reinvestment Plan (DRIP) elections (LSE)	11 April	12 July	11 October	13 January 2025
Payment date (LSE and JSE)	2 May	2 August	1 November	3 February 2025
ADS payment date (NYSE)	7 May	7 August	6 November	6 February 2025

Notes:

- All dates are 2024, unless otherwise stated.
- The dates set out above may be subject to any changes to public holidays arising and changes or revisions to the LSE, JSE and NYSE timetables. Any confirmed changes to the dates will be announced.

SHORT-FORM ANNOUNCEMENT

This short-form announcement is the responsibility of the Directors of the Company. It is only a summary of the information contained in the full Preliminary Announcement – Year Ended 31 December 2023 (the “Results Announcement”) and does not contain full or complete details. Any investment decisions should be based on consideration of the full Results Announcement available via the JSE at <https://senspdf.jse.co.za/documents/2024/JSE/ISSE/BTI/BATFY23.pdf> and on the Company’s website at www.bat.com. Copies of the full Results Announcement may also be obtained during normal business hours from the Company’s registered office and the Company’s representative office in South Africa. Contact details are set out below.

Shareholder Information

Financial calendar 2024

Event	Date ¹
Annual General Meeting 2024 ²	24 April 2024
Half-Year Report 2024	25 July 2024

1. Indicated dates are subject to change.

2. Details of the venue and business to be proposed at the meeting will be set out in the Notice of Annual General Meeting, which will be made available to all shareholders and published on www.bat.com.

Corporate information

British American Tobacco p.l.c. is a public limited company which is listed on the London Stock Exchange, New York Stock Exchange and the JSE Limited in South Africa. British American Tobacco p.l.c. is incorporated in England and Wales (No. 3407696) and domiciled in the UK.

Registered office

Globe House, 4 Temple Place, London, WC2R 2PG, UK
tel: +44 20 7845 1000

Premium listing

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

Computershare Investor Services PLC

The Pavilions, Bridgwater Road, Bristol BS99 6ZZ, UK

tel: 0800 408 0094; +44 370 889 3159

Share dealing tel: 0370 703 0084 (UK only)

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 Limited (Share Code: BTI)

Shares are traded in electronic form only and transactions settled electronically through Strate.

Computershare Investor Services Proprietary Limited

Private Bag X9000, Saxonwold, 2132, South Africa

tel: 0861 100 634; +27 11 870 8216

email enquiries: web.queries@computershare.co.za

Sponsor for the purpose of the JSE listing

Merrill Lynch South Africa (Pty) Ltd t/a BofA Securities

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 6500

American Depositary Receipts (ADRs)

NYSE (Symbol: BTI; CUSIP Number: 110448107)

BAT's shares are listed on the NYSE in the form of American Depositary Shares (ADSs) and these are evidenced by American Depositary Receipts (ADRs), each one of which represents one ordinary share of British American Tobacco p.l.c. Citibank, N.A. is the depositary bank for the sponsored ADR programme.

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

website: www.citi.com/dr

Publications

British American Tobacco Publications

Unit 80, London Industrial Park, Roding Road, London E6 6LS, UK

tel: +44 20 7511 7797

e-mail enquiries: bat@team365.co.uk

If you require publications and are located in South Africa, please contact the Company's Representative office in South Africa using the contact details shown above.

Enquiries

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+44 (0)20 7845 2888 | @BATplc

BAT Media Team

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BAT IR Team

Webcast and Q&A session:

BAT will hold a live webcast for investors and analysts at 9.30am (GMT) on 8 February 2024, hosted by Tadeu Marroco, Chief Executive, and Javed Iqbal, Interim Finance Director and Director, Digital & Transformation. The presentation will be followed by a Q&A session. The webcast and presentation slides will be available to view on our website at www.bat.com/latestresults.

If you prefer to listen via conference call, please use the following dial-in details (participant passcode: 550353).

Standard International: +44 20 3936 2999

SA (toll free): +27 80 017 2952

UK (toll free): 0800 358 1035

U.S. (toll free): + 1 855 979 6654

Forward-looking statements and other matters

This announcement contains certain forward-looking statements, including "forward-looking" statements made within the meaning of the U.S. Private Securities Litigation Reform Act of 1995.

In particular, these forward-looking statements include, among other statements, statements regarding the Group's future financial performance, planned product launches and future regulatory developments and business objectives (including with respect to sustainability and other environmental, social and governance matters), as well as: (i) certain statements in the Summary and the Chief Executive statement and the 2024 Outlook (both on pages 1 to 3); (ii) certain statements in the Group Operating Review (pages **Error! Bookmark not defined.** to **Error! Bookmark not defined.**); (iii) certain statements in the Category Performance Review (pages **Error! Bookmark not defined.** to **Error! Bookmark not defined.**); (iv) certain statements in the Regional Review section (pages **Error! Bookmark not defined.** to **Error! Bookmark not defined.**); (v) certain statements in the Other Financial Information section (pages **Error! Bookmark not defined.** to **Error! Bookmark not defined.**); (vi) certain statements in the Other Information section (pages **Error! Bookmark not defined.** to **Error! Bookmark not defined.**); (vii) certain statements in the Notes to the Financial Statements section (pages **Error! Bookmark not defined.** to **Error! Bookmark not defined.**), including the Liquidity and Contingent liabilities and financial commitments sections; and (viii) certain statements in the Other Information (including Dividends) section (pages **Error! Bookmark not defined.** to **Error! Bookmark not defined.**).

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.

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 announcement are reasonable, but they may be affected by a wide range of variables that could cause actual results and performance to differ materially from those currently anticipated. 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 and the move towards a Circular Economy; and Cyber Security caused by the heightened cyber-threat landscape, the increased digital interactions with consumers and changes to regulation.

A review of the reasons why actual results and developments may differ materially from the expectations disclosed or implied within forward-looking statements can be found by referring to the information contained under the headings "Cautionary statement", "Group Principal Risks" and "Group Risk Factors" in the 2022 Annual Report and Accounts and Form 20-F of British American Tobacco p.l.c. (BAT). 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 Group's 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, www.sec.gov and BAT's Annual Reports, which may be obtained free of charge from the BAT website www.bat.com.

No statement in this announcement is intended to be a profit forecast and no statement in this communication 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. 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 announcement 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.

All financial statements and financial information provided by or with respect to the U.S. or Reynolds American are initially prepared on the basis of U.S. GAAP and constitute the primary financial statements or financial records of the U.S./Reynolds American. This financial information is then converted to International Financial Reporting Standards as issued by the IASB and as adopted for use in the UK (IFRS) for the purpose of consolidation within the results of the Group. To the extent any such financial information provided in this announcement relates to the U.S. or Reynolds American it is provided as an explanation of, or supplement to, Reynolds American's primary U.S. GAAP based financial statements and information.

Our Vapour product Vuse (including Alto, Solo, Ciro and Vibe), and certain products including Velo, Grizzly, Kodiak, Camel Snus and Granit, which are sold in the U.S., are subject to FDA regulation and no reduced-risk claims will be made as to these products without Agency clearance.

8 February 2024

Sponsor: Merrill Lynch South Africa (Pty) Ltd t/a BofA Securities