



News Release

BAT accelerates its enterprise transformation towards A Better Tomorrow™

18 February 2021

Speaking today at the Consumer Analyst Group of New York (CAGNY) Conference, BAT's Chief Executive, Jack Bowles, shared his growth plans and ambitions for the next phase in the company's transformation.

With strong New Category momentum and a clear pathway to their 2025 profitability, Bowles called 2021 a 'pivotal year' for BAT, announcing an ambitious programme called QUEST to accelerate the company's transformation to create the "Enterprise of the Future".

Focusing on five strategic business areas – Quantum*, Unleashing innovation, Empowering the Organisation, Shaping Sustainability and Technology & Digital – QUEST will propel BAT's continued evolution of its portfolio, structure, culture and ways of working.

BAT's transformation is underpinned by its purpose: building A Better Tomorrow™ by reducing the health impact of its business. Central to its strategy is the company's brands and portfolio of the future of reduced risk** products that target distinct areas beyond combustibles. These include vapour, tobacco heating products and modern oral products. BAT also offers products that go beyond nicotine, following the January launch of its new CBD vaping line, in a test market in Manchester.

In December 2020, BAT announced it had progressed its COVID-19 vaccine candidate into human trials - a significant milestone that further demonstrates the company's commitment to innovation and science.

BAT has 13.5 million consumers of its non-combustible products, a growth of 3m in 2020. As BAT works towards its aim of achieving 50 million consumers of non-combustible products by 2030, the company will continue to target its offering in high growth future areas, including the beyond nicotine 'on-the-go wellbeing and stimulation' space.

Jack Bowles, Chief Executive at BAT, comments: *"We are at a key moment in our transformation. We are accelerating our transformation towards A Better Tomorrow and committed to building The Enterprise of the Future."*

"We have made great progress. We have invested in strong foundations for the future. We are building and driving new capabilities, with a clear focus on digital, and

the sharpening of our science and innovation pipeline. And we have done this while consistently delivering financial returns.

“Our strategy, growth and investment priorities are building BAT into a sustainable, leading consumer-centric multi-category consumer products company of the future. Our transformation is moving us from a company that is known for tobacco, to one that is focused on technology and innovation.

“Our clear roadmap for the future is leveraging our strengths, new capabilities, innovation portfolio and brands with purpose to build A Better Tomorrow.”

* Quantum is BAT's programme to drive simplification and efficiencies

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

NOTES TO EDITORS

The presentation by Jack Bowles and Tadeu Marroco will be webcast from 5.30pm GMT on www.bat.com/investorpresentations. The Q&A session that follows is only available to be watched live by CAGNY members, however it will be available for viewing 24 hours later on www.bat.com/investorpresentations. The presentation slides and a transcript of the webcast will be available for download following the presentation.

Enquiries

Press Office

Lydia Meakin / Anna Vickerstaff
+44 (0) 20 7845 2888 (24 hours) | @BATplc

Investor Relations

Mike Nightingale: +44 (0)20 7845 1180
Victoria Buxton: +44 (0)20 7845 2012
William Houston: +44 (0)20 7845 1138
John Harney: +44 (0)20 7845 1263

About BAT

BAT is a leading, multi-category consumer products company, established in 1902. BAT's purpose is to build A Better Tomorrow™ by reducing the health impact of its business, which entails:

- Committing to providing adult consumers with a wide range of enjoyable and less risky products
- Continuing to be clear that combustible cigarettes pose serious health risks, and the only way to avoid these risks is not to start or to quit
- Encouraging those who otherwise continue to smoke, to switch completely to scientifically-substantiated, reduced-risk alternatives
- Tracking and sharing progress of our transformation

BAT aims to increase the number of its non-combustible product consumers to 50 million by 2030; and to achieve at least £5 billion in New Categories revenues by 2025.