

# News Release

Interim management statement for the three months ended 31  
March 2014

30 April 2014

## ON TRACK FOR ANOTHER GOOD YEAR

- Revenue grew by 2% at constant rates of exchange
- Revenue declined by 12% at current rates of exchange
- Cigarette volume from subsidiaries decreased by 1.0% to 158 billion, with a decrease of 1.1% for total tobacco volume
- Global Drive Brand cigarette volume grew by 6.3%

Nicandro Durante, Chief Executive, commented: "This is a good underlying performance, underpinned by an improving trend in volume. We have grown revenue at constant rates of exchange and our pricing remains on track. Our market share continued to grow, driven by the strength of our Global Drive Brands. Although foreign exchange remains an issue for reported results, it is a good start to the year. I remain confident of delivering consistent growth in earnings in constant currency terms, which we will recognise with an increase in the dividend."

## SUMMARY OF PERFORMANCE

### Trading update

British American Tobacco delivered an improved volume performance, down just 1% in the first three months of the year, aided by the continued strong growth of the Global Drive Brands. The Group built on the good share performance seen last year, with strong share growth across the key markets in the first quarter of 2014.

Group revenue for the three months, at constant rates of exchange, grew by 2%, reflecting lower volume and the timing of price increases, compared to last year. At current exchange rates, revenue declined by 12%, as movements in the majority of the Group's key trading currencies adversely impacted reported revenue.

Cigarette volume from subsidiaries were 158 billion, down 1.0%, with growth in many markets, including Bangladesh, Pakistan, Indonesia, Japan and the GCC, more than offset by trade inventory adjustments in Denmark and lower volumes in Russia and Poland. Total tobacco volume was 1.1% lower.

The five Global Drive Brands' cigarette volumes were up by 6.3%, with their combined market share growing strongly in the Group's key markets. Dunhill volume increased by 4.1%, with good growth in Indonesia and Brazil, partially offset by market decline in Malaysia. Kent was 1.6% higher, driven by Japan and the Middle East, partially offset by market decline in Russia. Lucky Strike volume was down by 1.0%, with increases in Russia and Spain more than offset by decreases in Chile, Germany and Poland. Pall Mall was up by 6.9%, as a result of growth in Pakistan, Chile, South Africa, Argentina and Mexico,

partially offset by declines in Russia and Italy. Rothmans grew by 27.6% with strong performances in Russia, Italy and Ukraine, partially offset by decline in Egypt.

Fine Cut was down 2.9%, driven by market declines in Western Europe, mainly Italy, Spain and France, partially offset by growth in Germany and Belgium. Both Pall Mall and Lucky Strike Fine Cut grew volumes.

## Trading environment

Emerging market volumes are increasing, however, the trading environment in Western Europe remains challenging.

Compared to last year, the timing of price increases will be more weighted towards the second half of the year. This, together with transactional exchange rate impacts which, at today's rates, will moderate over the year, means that results will be more skewed to the second half than in previous years.

## Cigarette volumes

The segmental analysis of the volume of subsidiaries was as follows:

	<b>3 months to 31.03.14 bns</b>	3 months to 31.03.13 bns	Year to 31.12.13 bns
Asia-Pacific	<b>50</b>	48	197
Americas	<b>31</b>	32	134
Western Europe	<b>24</b>	26	119
EEMEA	<b>53</b>	54	226
	<b>158</b>	<b>160</b>	<b>676</b>
<b>Total Tobacco volume</b>	<b>164</b>	<b>166</b>	<b>703</b>

## SHARE BUY-BACK PROGRAMME

The Group resumed an on-market share buy-back programme from 28 February 2014. During the three months to 31 March 2014, 5.4 million shares were bought at a cost of £175.0 million, excluding transaction costs.

## FINANCIAL POSITION

The Group has sufficient financing and facilities available for the foreseeable future.

The changes in the financing arrangements of the Group since the beginning of the financial year were the issue in March of a new €400 million bond with a maturity of 2018, and a new €600 million bond with a maturity of 2029. These issues were in anticipation of the repayment of bonds that will expire later in 2014 and further financing needs for the Group.

There have been no material events, transactions or changes in the financial position of the Group since the year end, other than as outlined in this statement. Further, the Board is not aware of any material events, transactions or changes in the financial position of the Group which have occurred up to and

including 29 April 2014, being the latest practicable date before the date of the publication of this Interim Management Statement.

On behalf of the Board  
**Nicola Snook**  
Secretary  
29 April 2014

[Interim Management Statement for the three months ended 31 March 2014 \(273 kb\)](#) 

## Enquiries

**British American Tobacco Press Office**  
Will Hill  
+44 (0) 20 7845 2888 (24 hours) | [@BATPress](#) 

**Investor Relations**  
Mike Nightingale / Rachael Brierley  
+44 (0) 20 7845 1180 / 1519