

News Release

On track for another good performance

30 July 2014

Half-yearly report to 30 June 2014

KEY FINANCIALS

Six months results - unaudited

**Please refer to table attached below*

HALF YEAR HIGHLIGHTS

- Group revenue was up by 3% at constant rates of exchange. Reported revenue was 10% lower, as a result of adverse exchange rate movements.
- Adjusted Group profit from operations increased by 4% at constant rates of exchange and decreased by 9% at current rates.
- Profit from operations, at current rates of exchange, was 12% lower at £2,458 million.
- Operating margin, at current rates of exchange, grew by 30 basis points to 39.2%.
- Adjusted diluted earnings per share, at constant rates of exchange, were up by 8%, principally as a result of the growth in adjusted profit from operations. At current rates, it was 7% lower at 101.8p.
- Basic earnings per share were 12% lower at 93.3p (2013: 106.6p).
- Group cigarette volume was 331 billion, a decline of 0.4%. Total tobacco volume (including cigarettes) was 0.5% lower.
- The Group's cigarette market share continued to increase in its key markets, led by good market share growth of the Global Drive Brands, which grew volume by 5.7%.
- Planned US\$4.7 billion investment to maintain the 42% shareholding in the enlarged Reynolds American, contingent on its proposed acquisition of Lorillard.
- 19 million shares were bought back at a cost of £632 million, excluding transaction costs. Due to the intended investment in Reynolds American, the share buy-back programme is suspended with effect from 30 July 2014.
- In line with existing policies, the Board has declared an interim dividend of 47.5p, a 6% increase on last year, to be paid on 30 September 2014.

Richard Burrows, Chairman, commenting on the 6 months ended 30 June 2014

“British American Tobacco performed well during the first half of the year but, as expected, results were affected by the strength of sterling. We are consistently increasing our market share, driven by the strong growth of our Global Drive Brands. Tight control of costs resulted in an improved operating margin. We

remain confident of high single-digit earnings growth at constant rates of exchange, which we have said we will recognise with an increase in the dividend.”

[Half-yearly report to 30 June 2014 - Full announcement \(1 mb\)](#) 

Enquiries

British American Tobacco Press Office

Will Hill

+44 (0) 20 7845 2888 (24 hours) | [@BATPress](#) 

Investor Relations

Mike Nightingale / Rachael Brierley / Sabina Marshman

+44 (0) 20 7845 1180 / 1519 / 1781

	2014 Current rates	2014 Constant rates	2013	Change Current rates	Change Constant rates
Revenue	£6,798m	£7,780m	£7,572m	-10%	+3%
Adjusted profit from operations*	£2,665m	£3,066m	£2,944m	-9%	+4%
Profit from operations	£2,458m	£2,844m	£2,807m	-12%	+1%
Adjusted diluted earnings per share*	101.8p	117.8p	109.1p	-7%	+8%
Basic earnings per share	93.3p	-	106.6p	-12%	-
Interim dividend per share	47.5p	-	45.0p	+6%	-

*The non-GAAP measures, including adjusting items and constant currencies, are set out on page 21 of the attached full announcement.