

24 OCTOBER 2012

BRITISH AMERICAN TOBACCO p.l.c.

INTERIM MANAGEMENT STATEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012

- **Good revenue growth of 4 per cent at constant rates of exchange**
- **Cigarette volumes from subsidiaries decreased by 1.2 per cent to 517 billion**
- **Global Drive Brand volumes grew by 3 per cent**

Nicandro Durante, Chief Executive, commented: "Economic recovery remains fragile this year and difficult trading conditions persist in many parts of the world. However, pricing remains strong, we are growing underlying market share and our Global Drive Brands continue to perform well. The trading performance of the Group is good and we are on track for another year of good earnings growth."

SUMMARY OF PERFORMANCE

Trading update

British American Tobacco continued to perform well in the nine months to the end of September 2012 with continued growth in underlying revenue and in the Global Drive Brands. Group volumes were down, after a low Q3, mainly driven by reduced industry volumes and a strong comparator, although the effect is expected to moderate by Q4. Underlying market share grew with strong performances in the majority of our top 40 markets.

Group revenue for the nine months at constant currency grew 4 per cent, driven by continued good pricing. Reported revenue was down 1 per cent, adversely impacted by exchange rate movements. Organic revenue growth at constant currency was 3 per cent.

Group volumes from subsidiaries were 517 billion, down 1.2 per cent, while organic volumes were 1.8 per cent lower as a result of the industry volume decline and the benefit in the comparative period of the one-off increase in sales volumes in Japan. Industry volume was down in Brazil as a result of a significant excise increase which has led to a rise in illicit trade. The benefit to Group volumes from the acquisition of Protabaco in Colombia and the higher sales in Bangladesh, Vietnam, Pakistan and the GCC, was more than offset by decreases in Brazil, Japan, Italy, Turkey and Egypt.

The four Global Drive Brands continued their good performance and achieved overall volume growth of 3 per cent. Kent was slightly up, growing in Russia, Ukraine and Azerbaijan but almost offset by the decline in Japan. Dunhill was 2 per cent higher than last year with good performances in the GCC, South Africa, Romania and Indonesia, partially offset by the adverse impact of competitive pricing activity in South Korea. Good performances in Pakistan, Russia, Romania and Canada, partially offset by lower volumes in Chile, Spain and Italy, contributed to a 2 per cent increase in Pall Mall volumes. Lucky Strike grew 14 per cent following good growth in Poland, Germany, France, South Korea, Argentina and Chile.

Other tobacco products performed very well and market share grew strongly. Volumes were up 8 per cent to 10,739 tonnes of Fine Cut in Western Europe, mainly in Germany, France, Hungary, the Netherlands, Spain and the United Kingdom. Pall Mall remains by far the largest Fine Cut brand in Western Europe.

Trading environment

The environment continues to be challenging, with industry volumes under pressure. In this environment the expansion of illicit trade remains a threat, driven by excise increases and pressure on consumers' disposable income.

Cigarette volumes

The segmental analysis of the volumes of subsidiaries is as follows:

	9 months to		Year to
	30.09.12	30.09.11	31.12.11
	bns	bns	bns
Asia-Pacific	141	141	191
Americas	104	105	143
Western Europe	95	100	135
EEMEA	177	177	236
	<u>517</u>	<u>523</u>	<u>705</u>

SHARE BUY-BACK PROGRAMME

The Group resumed an on-market share buy-back programme from the end of February 2012. During the nine months to September 2012, 30 million shares were bought at a total cost of £978 million, excluding transaction costs.

FINANCIAL POSITION

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

The changes in the financing arrangements since the beginning of the financial year were the repayment in June 2012 of a €337 million bond, a US\$690 million syndicated term credit facility and Mexican Peso 2,469 million borrowings. In June 2012, the Group issued US\$2 billion bonds and in July 2012, cancelled a €450 million syndicated term credit facility.

There have been no material events, transactions or change 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 change in the financial position of the Group which have occurred since 30 September 2012 up to and including 23 October 2012, being the latest practicable date before the date of the publication of this Interim Management Statement.

On behalf of the Board

Nicola Snook

Secretary

23 October 2012

NOTES AND ADDITIONAL INFORMATION

British American Tobacco is the world's second largest quoted tobacco group by global market share, with brands sold in around 180 markets. We have four Global Drive Brands – Dunhill, Kent, Lucky Strike and Pall Mall - and more than 200 brands in our portfolio. We hold robust market positions in each of our regions and have leadership positions in more than 50 markets.

Disclaimers

This Interim Management Statement (IMS) relates to the nine months ended 30 September 2012 and contains information that covers the nine months and the period since the third quarter end to 23 October 2012, being the latest practicable date before the date of the publication of this IMS.

This announcement does not constitute an invitation to underwrite, subscribe for, or otherwise acquire or dispose of any British American Tobacco p.l.c. shares or other securities.

This IMS contains certain forward looking statements which 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 this announcement are reasonable but they may be affected by a wide range of variables which could cause actual results to differ materially from those currently anticipated.

Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser.

Distribution of this Interim Management Statement (IMS)

The IMS is released to the London Stock Exchange and the JSE Limited. It may be viewed and downloaded from our website, www.bat.com

Copies of the IMS may also be obtained during normal business hours from:

- (1) the Company's registered office;
- (2) the Company's representative office in South Africa; and
- (3) British American Tobacco Publications, details of which are given below.

FINANCIAL CALENDAR 2013

28 February	Preliminary Statement
25 April	Annual General Meeting and Interim Management Statement
31 July	Half-Yearly Report
23 October	Interim Management Statement

CORPORATE INFORMATION

Premium listing

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

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

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Share dealing tel: 0870 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 (Share Code: BTI)

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

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American Depositary Receipts (ADRs)

NYSE MKT (Symbol: BTI; CUSIP Number: 110448107)

Sponsored ADR programme; each ADR represents two ordinary shares of British American Tobacco p.l.c.

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Publications

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British American Tobacco p.l.c. is a public limited company which is listed on the London 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.

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