

BUY: BTI

Current Price: \$36

Price Target: \$54

Upside: 52%

British American Tobacco [NYSE: BTI]

BIF: Consumer Staples

Sector Head: Torrey Jacobson-Evans

Analyst: Jack Margolius

I	Industry Overview
II	Company Overview
III	Investment Thesis
IV	Catalysts
VI	Valuation

Industry Overview

Tobacco Industry Trends



Sustainability: Tobacco companies have invested in sustainable agriculture to reduce the environmental impact their products can have.

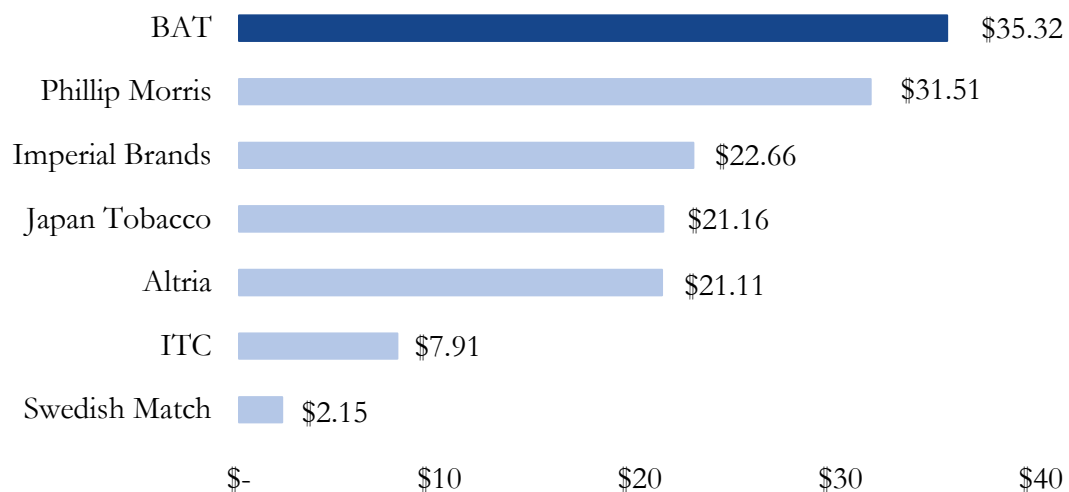


Regulation: Combustible products have seen a huge increase in regulations such as increased taxes, warning label requirements, & advertised restrictions.



Alternative products: Cigarette smoking is declining due to increased health awareness & taxes. Non-combustible have been heavily invested in and marketed as healthier

Sales by Company



Main Competitors



Altria
Altria Group
Distribution Company



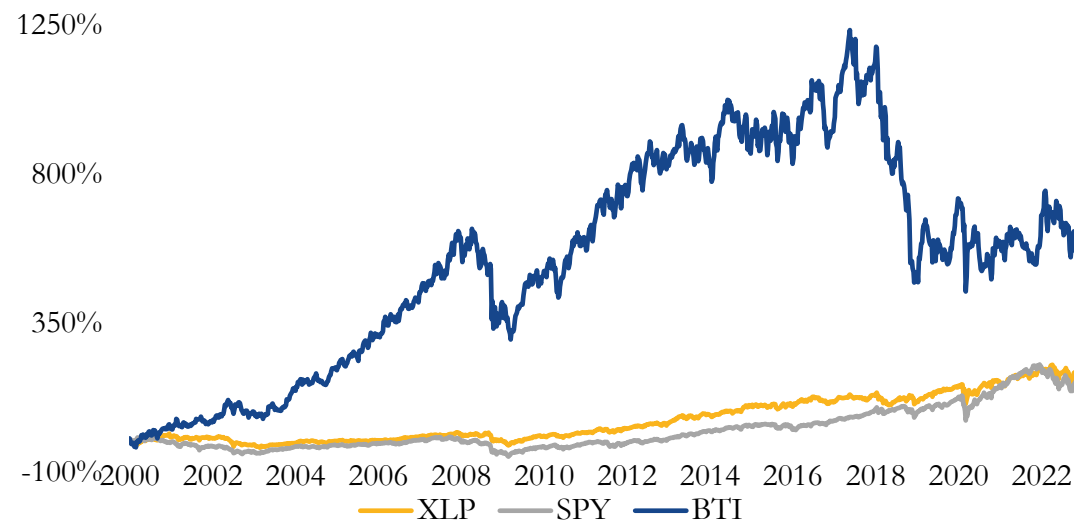
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Stock Price Performance



Company Overview

Business Overview

British American Tobacco engages in the **manufacturing** and **distribution** of tobacco products

Founded in **1902** and headquarters in **London**, United Kingdom and R&D centers around the world

Distributes its products primarily to **retail outlets**, with **global revenues** exceeding **\$35 billion**

Key Information

Current Share Price	\$36.33
52 Week Range	\$36.01 - 45.28
Market Cap. (in \$thousands)	\$81.625B
Enterprise Value	\$114.265B
Profit Margin	24%
CEO	Jack Bowles (2019)
Dividend Yield	9.19%

Brand Breakdown



E-Cig



Heating

VELO

Modern Oral



Cigarette

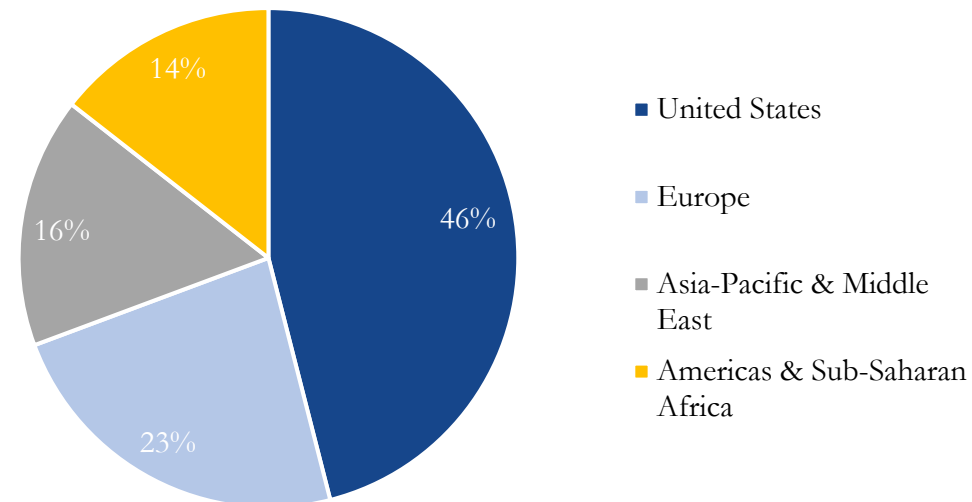


Cigarette



Traditional Oral

Revenue by Region



Investment Thesis

Recent History



Investment Thesis

RRP Growth

Risk-Reduced Products are the future of the Tobacco industry (Cigarettes only have a few decades left)

BAT's non-combustible product revenue is the fastest growing relative to competitors

Opportunistic Discount

BTI's stock price has fallen recently due to a readjustment over its bubble imploded

Trading at a discounted PE which has historically led to ~20% annual returns

ESG

BTI has been a market leader when it comes to ESG responsibility

BTI's environmental goals will appeal to the new consumer and provide a sentiment to use its products

BUY

Due to the discounted stock price & ability to capitalize on a massive industry changer

BTI presents investors with a rare buying opportunity poised to help investors beat the market and provide a hefty dividend

Risk Reduced-Product Growth

New Leaders in a Changing Market



Tobacco companies have ~30 years left before **Cigarettes** become extinct

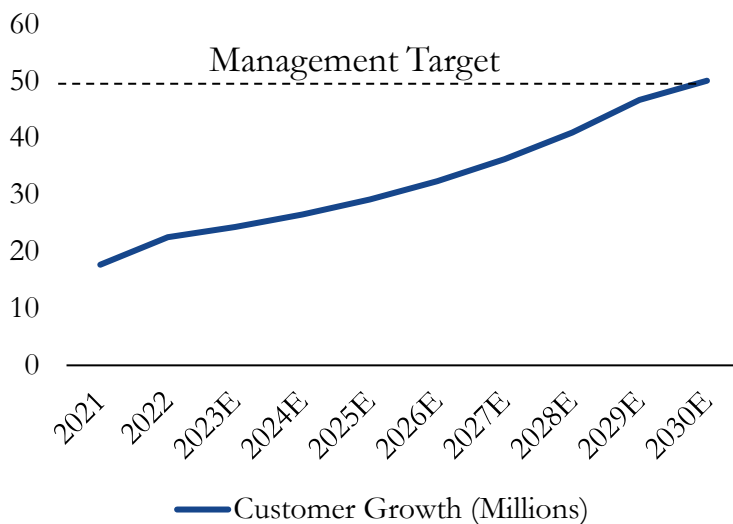


BTI offers 3 main categories of Reduced-Risk Products: **Vapour**, **Tobacco Heating**, and **Modern Oral** products



Vape market leader post-FDA Juul crackdown

New Categories Growth

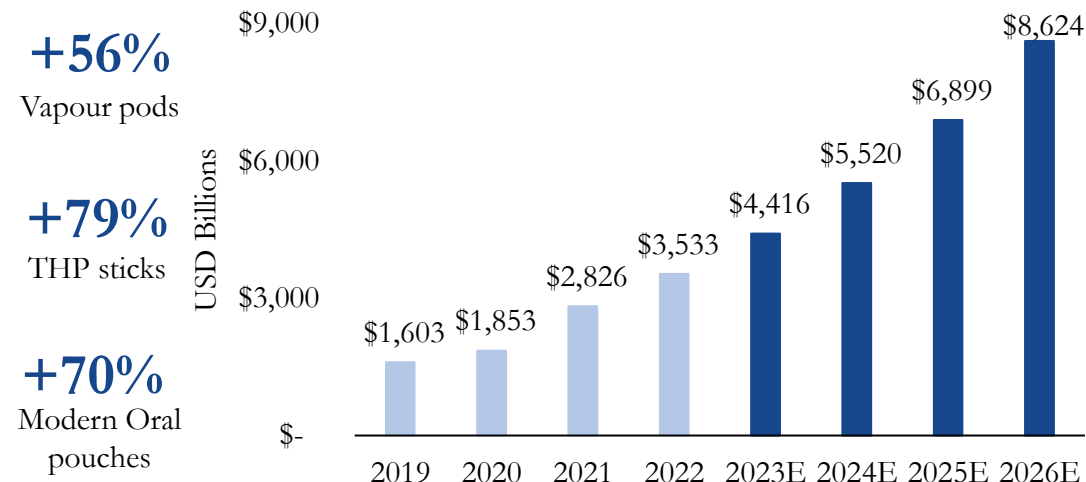


\$2.8b
in New Category revenues
(41% CAGR since 2020)

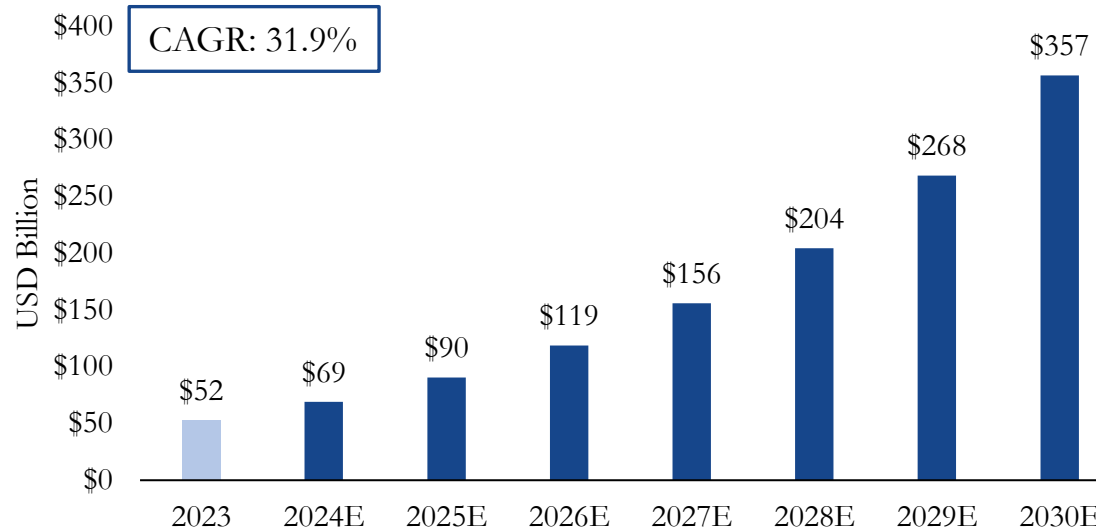
22.5m
Non-Combustible product
customers (+9m vs 2020)

\$387m
Invested in R&D

BTI's Non-Combustible Product Momentum



Reduced Risk Products Industry Growth



ESG Leader



Established ESG Track Record

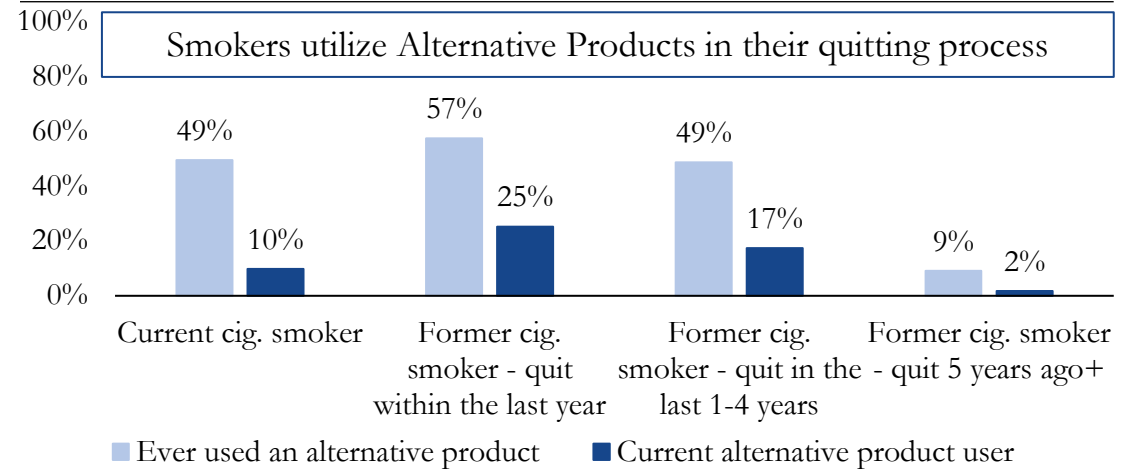
- First Tobacco company to release sustainability report (2001)
- Named in the **Dow Jones Sustainability Indices** for **21 consecutive years**
- **3rd highest ESG-rates FTSE 100** company in 2020 by Refinitiv
- Appointed Mike Nightingale as **Chief Sustainability Officer**
- 138 employee nationalities (**employee 64% diversity population**)

BTI provides data to assist government officials **in fighting against the black market** → resulting in **decreasing organized crime & underage tobacco use**

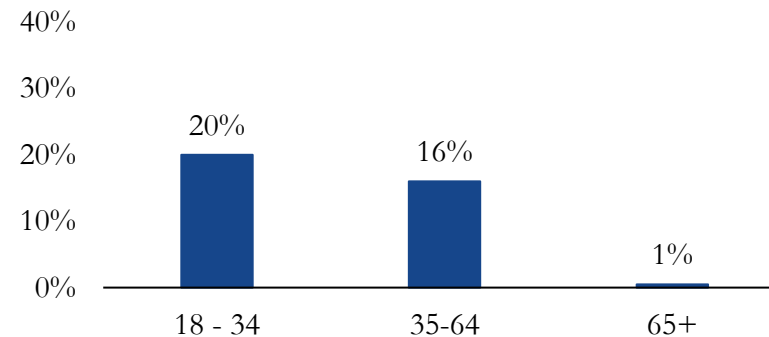
Climate Friendly Targets

2025	Circularity - 100% of Packaging to be Reusable
2025	30% of Water to be Reused
2025	Net ZERO Deforestation
2030	Carbon Neutral
2050	Net ZERO Emissions

Alternative Products Usage by Smokers



In-Line with Consumer Sentiment



75% of 18 to 34-year-olds consider the environmental impact of their purchases

BTI's current ESG strength and climate-positive targets align with current target - consumer sentiments

Discounted Opportunity

Hedge Against Macrocycles

9.1%
Div. Yield

Potential recession & aging population → investors are seeking **income investments**

62%
Payout Ratio

Relatively low → BAT is **investing more in their operations vs. competitions**

23 Years
Div. Growth

Consistent reliable growth for income investors → (\$336,000/yr. per 100,000 shares)

Return Potential

BTI is guiding for 7% to 9% in long-term growth

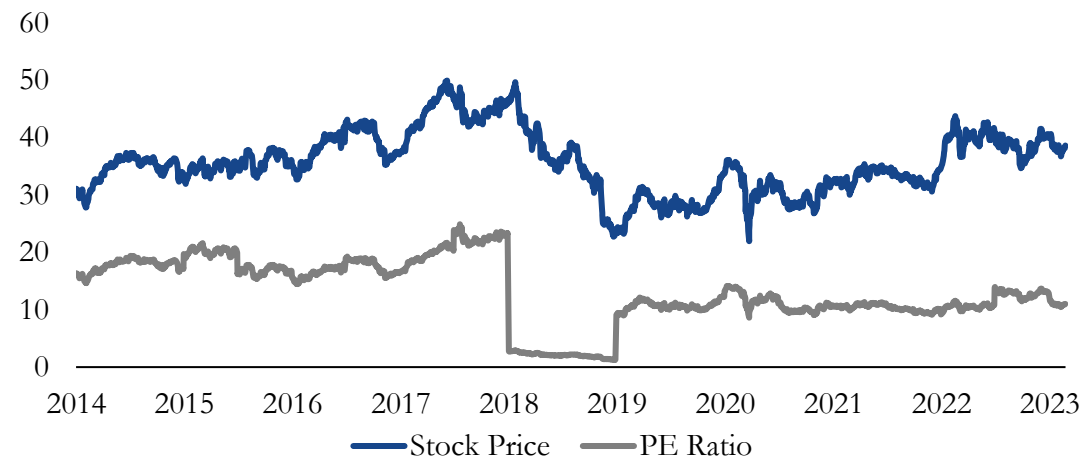
If BTI **returns to its fair-trading value** it could **double in 3-years**

Investors were **buying BTI at this value** during peak regulations

Investors have **bought at this valuation** when it grows from 3% to 9%

15% to 21% 5-year CAGR is expected at current valuation

PE vs. Stock Price



Discount



BTI's **dividend could soar by 35%**, delivering a nearly **10%** yield on today's cost




Its growth consensus is at **10.4%** and the **P/E** is at **10x**. The last time this happened, the company delivered **30X** returns over **17 years**.



Philip Morris (**PM**) is trading at a **~60% premium** with a **PE of 16x**


Valuation

Cases


Bear Case


P/E: 9.0
\$28 per share

- Unexpected regulation increases
- RRPs customer growth declines and Cigarette business slows quicker than expected


Base Case

P/E: 13.5
\$54 per share

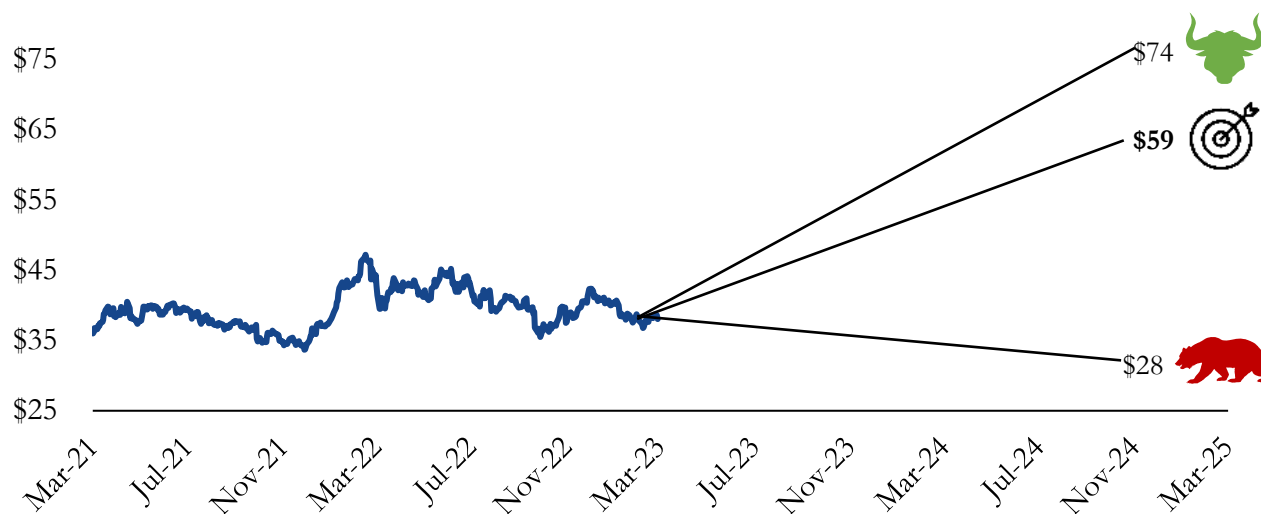
- RRP customer and revenue reach growth targets
- BTI trades at historical PE and EPS grows at ~9%


Bull Case

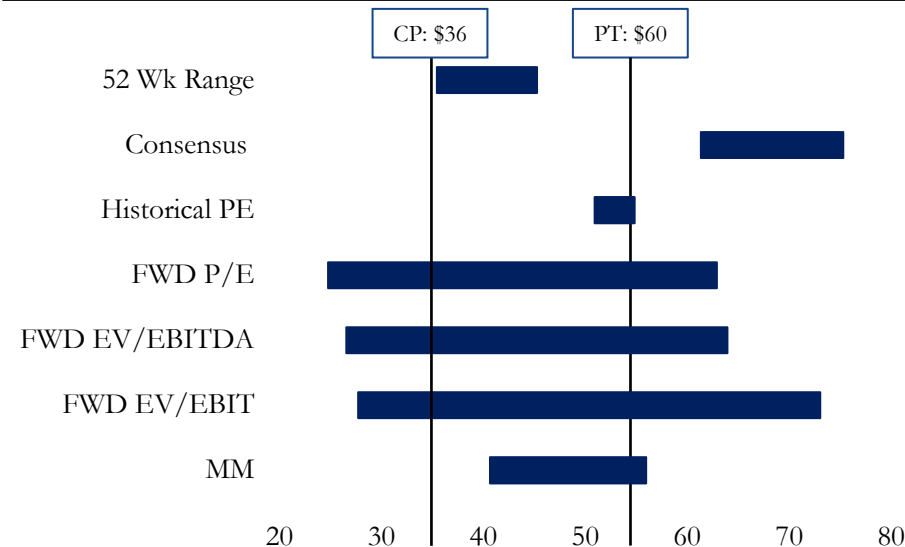
P/E: 16.5
\$74 per share

- RRP grows at 45% and reaches profitability prematurely
- Decrease in inflation created more profit opportunities

Case Targets



Football Field Analysis



BUY: BTI

Current Price: \$36

Price Target: \$55

Upside: 52%

Thank You

Questions

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Appendix A: Model Cover

British American Tobacco
NYSE: BTI
Proposal Date: 03/23/2023
Jack Margolius - SA Pitch - BIF Consumer Staples

Color Fomating	
Blue	Hardcoded
Black	Formula
Green	Linked

Appendix B: Income Statement

British American Tobacco (NYSE: BTI)										
Income Statement (in GBP millions except per share amount)										
Year End	FY 20	FY 21	FY 22	FY 23E	FY 24E	FY 25E	FY 26E	FY 27E	FY 28E	FY 29E
Sales	GBP 25,760.00	GBP 25,713.00	GBP 27,655.00	GBP 27,060.52	GBP 28,017.53	GBP 28,466.62	GBP 29,262.30	GBP 30,254.03	GBP 31,383.20	GBP 32,137.17
COGS	7,644	7,894	8,296	9,742	8,125	9,109	9,364	9,984	10,513	10,927
<i>As a % of Sales</i>	29.67%	30.70%	30.00%	36.00%	29.00%	32.00%	32.00%	33.00%	33.50%	34.00%
Gross Profit	18,116	17,819	19,359	17,319	19,892	19,357	19,898	20,270	20,870	21,211
<i>As a % of Sales</i>	70.33%	69.30%	70.00%	64.00%	71.00%	68.00%	68.00%	67.00%	66.50%	66.00%
SG&A Expenses	6,950	6,957	8,849	9,471	8,405	8,825	8,779	9,076	9,415	9,641
<i>As a % of Sales</i>	26.98%	27.06%	32.00%	35.00%	30.00%	31.00%	30.00%	30.00%	30.00%	30.00%
Other Operating Expenses	(188)	(196)	(959)	(1,082)	(841)	854	293	303	314	321
<i>As a % of Sales</i>	-0.73%	-0.76%	-3.47%	-4.00%	-3.00%	3.00%	1.00%	1.00%	1.00%	1.00%
EBIT	11,354	11,058	11,469	8,930	12,328	9,679	10,827	10,891	11,141	11,248
Interest Expense	1,654	1,493	1,648	1,613	1,670	1,696	1,744	1,803	1,870	1,915
<i>As a % of Sales</i>	6.42%	5.81%	5.96%	5.96%	5.96%	5.96%	5.96%	5.96%	5.96%	5.96%
Other non-Operating Expenses	1,358	691	507	1,353	841	854	585	605	628	643
<i>As a % of Sales</i>	5.27%	2.69%	1.83%	5.00%	3.00%	3.00%	2.00%	2.00%	2.00%	2.00%
Pretax Income	8,217	8,748	8,882	5,964	9,818	7,128	8,498	8,483	8,643	8,690
Income Tax	2,108	2,189	2,478	1,425	2,346	1,704	2,031	2,028	2,066	2,077
<i>As a % of Sales</i>	8.18%	8.51%	8.96%	5.27%	8.37%	5.98%	6.94%	6.70%	6.58%	6.46%
Minority Interest Expense	164	173	180	177	185	186	192	199	206	211
<i>As a % of Sales</i>	0.64%	0.67%	0.65%	0.65%	0.66%	0.65%	0.66%	0.66%	0.66%	0.66%
Net Income	6,400	6,789	6,666	4,362	7,287	5,238	6,275	6,257	6,372	6,402
<i>As a % of Sales</i>	24.8%	26.4%	24.1%	16.1%	26.0%	18.4%	21.4%	20.7%	20.3%	19.9%
Per Share data										
Basic Weighted Shares Outstanding	2,286	2,287	2,256	2,256	2,256	2,256	2,256	2,256	2,256	2,256
Dilutes Weighted Shares Outstanding	2,295	2,297	2,287	2,287	2,287	2,287	2,287	2,287	2,287	2,287
Basic EPS	GBP 2.80	GBP 2.97	GBP 2.95	GBP 1.93	GBP 3.23	GBP 2.32	GBP 2.78	GBP 2.77	GBP 2.82	GBP 2.84
<i>Growth</i>		6.03%	-0.46%	-34.56%	67.04%	-28.11%	19.79%	-0.28%	1.83%	0.48%
Diluted EPS	GBP 2.79	GBP 2.96	GBP 2.91	GBP 1.91	GBP 3.19	GBP 2.29	GBP 2.74	GBP 2.74	GBP 2.79	GBP 2.80

Appendix C: Model Assumptions

Assumptions

Effective Tax Rate	23.9%
Net Interest Expense	1,648
Interest Coverage Ratio	6.96
EBITDA	12,554
FWD EBITDA	13247

Appendix D: Balance Sheet

British American Tobacco (NYSE: BTI)

Balance Sheet (in GBPmillions except per share amount)

Year End	FY 20	FY 21	FY 22
Cash & Short Term Investments	3,381	3,265	4,025
Cash Only	3,139	2,809	3,446
Total Accounts Receivable	3,800	4,068	4,516
Accounts Receivables, Net	3,721	3,951	-
Accounts Receivables, Gross	3,762	3,988	-
Bad Debt/Doubtful Accounts	(41)	(37)	-
Other Receivables	79	117	149
Inventories	5,998	5,279	5,671
Finished Goods	3,636	3,179	-
Raw Materials	2,362	2,100	-
Other Current Assets	433	195	1,197
Miscellaneous Current Assets	433	195	-
Total Current Assets	13,612	12,807	15,409
Net Property, Plant & Equipment	5,060	4,953	4,867
Property, Plant & Equipment - Gross	9,104	8,971	-
Buildings	1,518	1,421	-
Machinery & Equipment	-	-	-
Construction in Progress	764	706	-
Leases	1,015	1,094	-
Other Property, Plant & Equipment	5,807	5,750	-
Accumulated Depreciation	4,044	4,018	-
Buildings	444	388	-
Machinery & Equipment	-	-	-
Other Property, Plant & Equipment	3,175	3,130	-
Total Investments and Advances	2,185	2,241	2,272
LT Investment - Affiliate Companies	1,796	1,948	2,020
Other Long-Term Investments	389	293	-
Long-Term Note Receivable	242	210	241
Intangible Assets	115,343	115,625	129,075
Net Goodwill	43,319	43,194	-
Net Other Intangibles	72,024	72,431	-
Other Assets	714	918	1,000
Deferred Charges	714	918	-
Total Assets	137,690	137,365	153,546

ST Debt & Current Portion LT Debt	3,542	3,532	4,413
Short Term Debt	3,405	3,406	4,413
Current Portion of Long Term Debt	137	126	-
Accounts Payable	3,722	3,923	10,449
Income Tax Payable	868	879	1049
Other Current Liabilities	7346	6810	1942
Accrued Payroll	23	14	-
Miscellaneous Current Liabilities	7323	6796	-
Total Current Liabilities	15,478	15,144	17,853
Long-Term Debt	39,927	35,666	38,726
Long-Term Debt excl. Capitalized Leases	39,589	35,346	-
Non-Convertible Debt	39,589	35,346	-
Capitalized Lease Obligations	-	-	-
Provision for Risks & Charges	1,911	1,631	1,383
Deferred Taxes	15,780	15,851	17,746
Deferred Taxes - Credit	16,314	16,462	18,428
Deferred Taxes - Debit	534	611	682
Other Liabilities	1,105	1,061	1,446
Other Liabilities (excl. Deferred Income)	1,105	1,061	-
Total Liabilities	74,735	69,964	77,836

Common Equity (Total)	62,673	67,101	75,368
Common Stock Par/Carry Value	614	614	-
Additional Paid-In Capital/Capital Surplus	103	107	-
Retained Earnings	73,605	75,748	44,081
Cumulative Translation Adjustment/Unrealized For. Exch. Gain	(6,830)	(6,427)	-
Revaluation Reserves	179	179	-
Other Appropriated Reserves	(403)	(262)	-
Unappropriated Reserves	573	2,258	-
Treasury Stock	(5,150)	(5,122)	-
Total Shareholders' Equity	62,673	67,101	75,368
Accumulated Minority Interest	282	300	342
Total Equity	62,955	67,401	75,710
Liabilities & Shareholders' Equity	137,690	137,365	153,546

Appendix E: Net Working Capital

NWC Projections	FY 20	FY 21	FY 22	FY 23E	FY 24E	FY 25E	FY 26E	FY 27E	FY 28E	FY 29E
Current Assets										
Sales	25,760	25,713	27,655	27,061	28,018	28,467	29,262	30,254	31,383	32,137
Accounts receivable	3,800	4,068	4,516	4,231	4,380	4,450	4,575	4,730	4,906	5,024
<i>AR Days</i>	<i>53.11</i>	<i>56.95</i>	<i>58.79</i>	<i>56.28</i>	<i>56.28</i>	<i>56.28</i>	<i>56.28</i>	<i>56.28</i>	<i>56.28</i>	<i>56.28</i>
COGS	7,644	7,894	8,296	9,742	8,125	9,109	9,364	9,984	10,513	10,927
Inventories	5,998	5,279	5,671	6,939	5,788	6,489	6,670	7,112	7,489	7,783
<i>Inventory Days</i>	<i>282.48</i>	<i>240.74</i>	<i>246.09</i>	<i>256.44</i>	<i>256.44</i>	<i>256.44</i>	<i>256.44</i>	<i>256.44</i>	<i>256.44</i>	<i>256.44</i>
SG&A	6,950	6,957	8,849	9,471	8,405	8,825	8,779	9,076	9,415	9,641
Prepaid expenses and other current assets	433	195	1,197	712	632	664	660	683	708	725
<i>As a % of SG&A</i>	<i>6.2%</i>	<i>2.8%</i>	<i>13.5%</i>	<i>7.5%</i>	<i>7.5%</i>	<i>7.5%</i>	<i>7.5%</i>	<i>7.5%</i>	<i>7.5%</i>	<i>7.5%</i>
Total Current Assets	10,231	9,542	11,384	11,882	10,800	11,603	11,905	12,524	13,103	13,533
Current Liabilities										
COGS	7,644	7,894	8,296	9,742	8,125	9,109	9,364	9,984	10,513	10,927
Accounts Payable	3,722	3,923	10,449	7,285	6,076	6,812	7,002	7,466	7,862	8,171
<i>AP Days</i>	<i>175.29</i>	<i>178.91</i>	<i>453.43</i>	<i>269.21</i>	<i>269.21</i>	<i>269.21</i>	<i>269.21</i>	<i>269.21</i>	<i>269.21</i>	<i>269.21</i>
SG&A	6,950	6,957	8,849	9,471	8,405	8,825	8,779	9,076	9,415	9,641
Other accrued liabilities	23	14	0	12	12	12	12	12	12	12
<i>As a % of SG&A</i>	<i>0.3%</i>	<i>0.2%</i>	<i>0.0%</i>	<i>0.2%</i>	<i>0.2%</i>	<i>0.2%</i>	<i>0.2%</i>	<i>0.2%</i>	<i>0.2%</i>	<i>0.2%</i>
Total Current Liabilities	3,745	3,937	10,449	7,297	6,088	6,824	7,015	7,478	7,874	8,183
NWC	6486	5605	935	4585.00003	4711.80906	4778.64598	4890.555	5045.988	5229.213	5349.439
<i>Change in NWC</i>		<i>-881</i>	<i>-4670</i>	<i>3650</i>	<i>127</i>	<i>67</i>	<i>112</i>	<i>155</i>	<i>183</i>	<i>120</i>

Appendix F: Cash Flow Statement

British American Tobacco (NYSE: BTI)						
Cash Flow Statement (in GBP millions except per share amount)						
Year End	FY 20		FY 21		FY 22	
Net Income before Extraordinaries	GBP	6,400	GBP	6,789	GBP	6,666
Net Income Growth			0,1049		0,0273	0,0282
Depreciation, Depletion & Amortization		834		949		1,085
Depreciation and Depletion		375		514	-	
Amortization of Intangible Assets		459		435	-	
Other Funds		(2,808)		(2,850)		(2,810)
Funds from Operations		7,988		8,333		8,798
Receivables		300		(393)	-	
Inventories		(144)		433	-	
Accounts Payable		(320)		183	-	
Other Assets/Liabilities			273		-285-	
Net Operating Cash Flow		8,097		8,271		8,901
Investing Activities						
All values GBP Millions.			2020		2021	2022
Capital Expenditures		(755)		(745)		(656)
Capital Expenditures (Fixed Assets)		(511)		(527)	-	
Capital Expenditures (Other Assets)		(244)		(218)	-	
Net Assets from Acquisitions	-			(231)		(40)
Sale of Fixed Assets & Businesses		100		32		31
Purchase/Sale of Investments			-159		-228	-129
Purchase of Investments		(343)		(369)	-	
Sale/Maturity of Investments		184		141	-	
Other Sources	-					3
Net Investing Cash Flow		(814)		(1,172)		(791)
Financing Activities						
Cash Dividends Paid - Total		(4,745)		(4,904)		(4,915)
Common Dividends		(4,745)		(4,904)	-	
Change in Capital Stock			-18		1599	-2092
Repurchase of Common & Preferred Stk.		(18)		(82)	-	
Sale of Common & Preferred Stock	-			1,681	-	
Proceeds from Stock Options	-			1,681	-	
Issuance/Reduction of Debt, Net		(807)		(3,865)		163
Other Funds		(417)		76		(269)
Other Uses		(419)		(156)	-	
Other Sources		2		232	-	
Net Financing Cash Flow		(6,177)		(7,271)		(7,299)
Exchange Rate Effect		(253)		(253)		431
Free Cash Flow		7,586		7,744		8,378

Appendix G: Cash Flow Projections

Cash Flow Projections	FY 20	FY 21	FY 22	FY 23E	FY 24E	FY 25E	FY 26E	FY 27E	FY 28E	FY 29E
Sales	GBP 25,760	GBP 25,713	GBP 27,655	GBP 27,061	GBP 28,018	GBP 28,467	GBP 29,262	GBP 30,254	GBP 31,383	GBP 32,137
CapEx	(755)	(745)	(656)	(739.69)	(765.85)	(640.50)	(658.40)	(680.72)	(706.12)	(723.09)
<i>as a % of Sales</i>	-2.9%	-2.9%	-2.4%	-2.7%	-2.7%	-2.3%	-2.3%	-2.3%	-2.3%	-2.3%
D&A	834	949	1,085	994.24	919.01	768.60	790.08	816.86	847.35	867.70
<i>as a % of CapEx</i>	-110.5%	-127.4%	-165.4%	-134.4%	-120.0%	-120.0%	-120.0%	-120.0%	-120.0%	-120.0%

Appendix H: Revenue Build

British American Tobacco (NYSE: BTI)										
Revenue Build (in GBP millions except per share amount)										
Year End	FY 20	FY 21	FY 22	FY 23E	FY 24E	FY 25E	FY 26E	FY 27E	FY 28E	FY 29E
Total Revenue	25,760	25,713	27,655	27,061	28,018	28,467	29,262	30,254	31,383	32,137
<i>% Growth</i>		-0.2%	7.6%	-2.1%	3.5%	1.6%	2.8%	3.4%	3.7%	2.4%
Combustibles	22,752	22,029	21,478	20,941	19,894	18,402	17,022	15,660	14,329	12,610
<i>% Growth</i>		-3.2%	-2.5%	-2.5%	-5.0%	-7.5%	-7.5%	-8.0%	-8.5%	-12.0%
Non- Combustibles	2,603	3,172	4,124	5,464	7,376	9,220	11,295	13,554	15,925	18,314
<i>% Growth</i>		21.9%	30.0%	32.5%	35.0%	25.0%	22.5%	20.0%	17.5%	15.0%
Other	421	483	570	655	747	844	946	1,040	1,129	1,213
<i>% Growth</i>		14.7%	18.0%	15.0%	14.0%	13.0%	12.0%	10.0%	8.5%	7.5%

Revenue projections are based on historical momentum and market trends. Combustible growth will slowly decline as a younger generation of tobacco and nicotine users begin to enter the market. The Combustibles market is projected to have 30 years remaining before it nears extinction. Therefore, based on BTI's revenue performance - they have 20 years of sufficient operations left, which is enough time for Non-combustible numbers to reach mature revenues. Non-combustible revenue growth projections were found based on the momentum and consumer sentiment towards different types of products, such as THP, vapes, and modern & traditional oral. Additionally, these revenue estimates are slightly bearish as management is guiding for 3-5% medium-term revenue growth

Appendix I: Beta

Covariance	0.00011232
Variance	0.00018605
Beta	0.603707784

Appendix J: WACC

British American Tobacco (NYSE: BTI)	
WACC	
Risk Free Rate	3.462%
Beta	0.603707784
Expected Market Return	9%
Equity Risk Premium	5.04%
Weight of Equity	65.3%
Cost of Equity	6.5%
Credit Spread	2.00%
Implied Tax Rate	24%
Weight of Debt	34.7%
Cost of Debt	4.2%
WACC	5.69%
MV Equity	GBP 81,644.64
<i>Share Price</i>	GBP 36.19
<i>Shares Outstanding</i>	2256
MV Debt	GBP 43,332

Appendix K: Comparable Companies Analysis



British American Tobacco (NYSE: BTI)
Comparable Companies
Figures in Millions

Company	Ticker	Price	Shares Outstanding	Market Cap	Cash	Debt	Minority Interest	EV	EPS	EV/Revenue	EV/EBIT	EV/EBITDA	P/E	FWD EV/Revenue	FWD EV/EBIT	FWD EV/EBITDA	FWD P/E	USD Stock Price
British American Tobacco	BTI	29.98		2256 67,634.88	4025	38726	180 110,565.88	2256	2.95	4.00	9.64	8.81	10.15	3.95	8.97	8.35	9.28	\$ 36.19
Altria Group Inc.	MO	37.79	1790	67,644.10	3331	20767	0 91,742.10	2256	2.59	5.46	9.42	9.31	14.59	5.24	8.86	8.76	8.73	
Philip Morris International Inc.	PM	78.28	1550	121,334.00	2650	29187	479 153,650.00	2256	4.73	5.96	11.90	13.19	16.55	4.98	12.18	11.40	14.08	
Reynolds Consumer Products Inc.	REYN	22.06	209	4,610.54	31	1751	0 6,392.54	2256	2.09	2.06	18.53	14.53	22.06	1.97	14.21	11.52	16.71	
Imperial Tobacco Group PLC	IMBBY	19.36	946	18,314.56	1850	9186	95 29,445.56	2256	1.66	1.74	8.89	7.41	11.66	3.07	7.20	6.72	6.61	
Japan Tobacco Inc.	JAPAY	8.41	1774	14,919.34	5469	5180	9 25,577.34	2256	1.54	1.56	6.00	4.65	5.46	1.57	6.24	5.09	5.50	
Minimum										1.56	6.00	4.65	5.46	1.57	6.24	5.09	5.50	
Quartile 1										1.70	8.16	6.72	8.97	1.87	6.96	6.31	6.35	
Median										3.03	9.53	9.06	13.13	3.51	8.92	8.55	9.00	
Quartile 3										4.98	16.87	14.19	20.68	4.50	13.70	11.49	16.05	
Maximum										5.96	18.53	14.53	22.06	5.24	14.21	11.52	16.71	
Average										3.46	10.73	9.65	13.41	3.46	9.61	8.64	10.15	

Comps Output	EV	Debt	Cash	Minority	Equity	Shares	Per Share GBP	Per Share USD
--------------	----	------	------	----------	--------	--------	---------------	---------------

FWD EBIT	12328							
Min	6,2429	76961.23	38726	4025	180 42,080.23	2256	18.65	22.94
Q1	6,959	85788.18	38726	4025	180 50,907.18	2256	22.57	27.76
Med	8,9151	109903.4	38726	4025	180 75,022.36	2256	33.25	40.90
Q3	13,698	168871.1	38726	4025	180 133,990.1	2256	59.39	73.05
Max	14,206	175123.1	38726	4025	180 140,242.1	2256	62.16	76.46
FWD EBITDA	13247							
Min	5,087	67,385.86	38726	4025	180 32,504.86	2256	14.41	17.72
Q1	6,3138	83637.11	38726	4025	180 48,756.11	2256	21.61	26.58
Med	8,5549	113324.9	38726	4025	180 78,443.91	2256	34.77	42.77
Q3	11,489	152194.5	38726	4025	180 117,313.5	2256	52.00	63.96
Max	11,518	152577	38726	4025	180 117,696	2256	52.17	64.17
FWD Revenue	28018							
Min	1,5735	44085.76	38726	4025	180 9204.756	2256	4.08	5.02
Q1	1,8722	52454.94	38726	4025	180 17,573.94	2256	7.79	9.58
Med	3,5098	98336.48	38726	4025	180 63,455.48	2256	28.13	34.60
Q3	4,5039	126187.2	38726	4025	180 91,306.23	2256	40.47	49.78
Max	5,2376	146745.1	38726	4025	180 111,864.1	2256	49.59	60.99

Comps Output

FWD P/E	EPS	Per Share		
Min	5.50	3.19	17.51	21,540,9329
Q1	6.33	3.19	20.17	21,805,6675
Med	9.00	3.19	28.69	35,288,6783
Q3	16.05	3.19	51.15	62,912,9169
Max	16.71	3.19	53.25	65,492,4925

Comps Share Price			
GBP	52.63	\$64.60	\$ 57.51
		Q3, MAX	
		Med, Q3	
		\$50.41	

Historically Fair Value P/E				
13	3.19	41,418,6396	50,945,2027	
14	3.19	44,604,93042	54,864,0644	

Historical PE		
GBP	43.01	\$52.90

Appendix L: Discounted Cash Flow Analysis

British American Tobacco (NYSE: BTI)									
Discounted Cash Flow									
Figures in Millions GBP									
	FY 20	FY 21	FY 22	FY 23E	FY 24E	FY 25E	FY 26E	FY 27E	
Revenue	25,760	25,713	27,655	27,061	28,018	28,467	29,262	30,254	
% Growth			-0.18%	7.53%	-2.13%	3.54%	1.60%	2.80%	3.39%
EBITDA		12,188	12,007	12,554	9,924	13,247	10,447	11,617	11,708
EBITDA Margin		47.3%	46.7%	45.4%	36.7%	47.3%	36.7%	39.7%	38.7%
NOPAT	9,275	9,137	9,554	7,552	10,081	7,950	8,841	8,910	
Tax Rate (as stated in 10-K)		24%	24%	24%	24%	24%	24%	24%	24%
Plus: D&A		834	949	1,085	994	919	769	790	817
Less: CapEx	(755)	(745)	(656)	(740)	(766)	(640)	(658)	(681)	
Less: Change in NWC		0	-881	-4670	3650	127	67	112	155
FCFF	9,354	10,222	14,653	4,157	10,107	8,012	8,860	8,891	
Discount Factor					1	2	3	4	5
Terminal Value (growth)									245,776
Terminal Value (multiple)									100,164
Cash Flows (growth)				4,157	10,107	8,012	8,860	254,667	
Cash Flows (multiple)				4,157	10,107	8,012	8,860	109,055	
PV of CF (growth)				3,933	9,048	6,786	7,101	193,111	
PV of CF (multiple)				3,933	9,048	6,786	7,101	82,695	

Gordon Growth	
Enterprise Value	219,980
Less: Debt	38,726
Plus: Cash	4,025
Less: Minority Interest	180
Equity Value	185,999
Diluted Shares Outstanding	2,256
Price Per Share	GBP 82.05
	\$ 98.46

Terminal Multiple	
Enterprise Value	109,565
Less: Debt	38,726
Plus: Cash	4,025
Less: Minority Interest	180
Equity Value	74,684
Diluted Shares Outstanding	2,256
Price Per Share	GBP 33.10
	\$ 39.72

Terminal Growth Rate	2.00%
Terminal Multiple (EV/EBITDA)	8.55
WACC	5.00%

WACC						
Terminal G.R.	2.50%	4.66%	5.06%	5.66%	6.06%	6.66%
\$ 98.46	178.59	147.60	115.82	100.59	83.24	66.21
2.25%	159.66	134.11	107.02	93.70	78.26	62.21
2.00%	144.29	122.82	99.42	87.66	73.81	59.82
1.75%	131.56	113.24	92.79	82.32	69.82	57.82
1.50%	120.84	105.00	86.96	77.57	66.21	54.82

WACC						
EV/EBITDA	2.50%	4.66%	5.06%	5.66%	6.06%	6.66%
\$ 39.72	52.60	51.38	49.61	48.46	46.78	45.78
10.63	47.64	46.52	44.88	43.82	42.27	41.27
9.63	42.68	41.63	40.13	39.18	37.76	36.76
8.63	37.72	36.79	35.42	34.54	33.23	32.23
7.63	32.76	31.92	30.69	29.90	28.74	27.74

Min	66.21	79.45607
Q1	82.78	99.33513
Med	100.59	120.7093
Q3	127.19	152.6268
Max	178.59	214.3046

Min	28.74	34.48352
Q1	33.89	40.67212
Med	40.15	48.18276
Q3	46.65	55.97978
Max	52.60	63.11646

Appendix M: Valuation Weighting Table

Weighted Share Price		
Method	Share Price	Weight
GG	\$ 98.46	10%
MM	\$ 39.72	30%
Historical PE	\$ 52.90	30%
Comps	\$ 57.51	30%
Share Price		\$ 54.89
<i>Upside</i>		<i>52%</i>

Appendix N: Investment Risks & Mitigants

Risk-Reduced Products Unprofitability

- **Losses** were cut by **60%** this past year, expect profitability in 2024 (**a year ahead of schedule**)
- **Cigarette** business will be able to **support more R&D and growing RRP portfolio** over the next two decades

Inflationary Concerns

- BAT was able to **pass increases in costs to the consumer**
- Increases prices by 13% in the US and 17% in Europe

Pausing Share Buybacks

- Investors became nervous after BAT announced they would **pause its share buyback program**
- Management stated that BAT will use **extra cash to pay down more debt** (strengthen its balance sheet)

Appendix O: Brand Outline

Just 7 to 10% of smokers are successful when attempting to quit

BAT's Global Brands

Our Reduced-Risk Portfolio (Non-Combustibles)*†

New Categories

Vapour

Tobacco Heating

Modern Oral





Traditional Oral



Combustible

Combustible Tobacco







U.S.-specific





Appendix P: New Category Product Overviews



- Industry-leading E-cigarette brand
- 99% fewer toxins compared to classic cigarettes
- A 2019 Harvard study found e-cigarettes help lower cigarettes smoked per day



- Heating tobacco contains lower levels of toxins compared to combustibles
- The safest option for bystanders

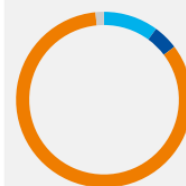


- Nicotine pouches are the least harmful way to consume nicotine
- Not inhaled into the lungs

Multi-Category Portfolio

BAT is a leading consumer-centric, multi-category consumer goods business dedicated to stimulating the senses of adult consumers worldwide. Our portfolio reflects our commitment to meeting the evolving and varied needs of today's adult consumer who seeks sensorial enjoyment for different moods and moments.

Revenue by product category



Category	Revenue (£m)	Percentage
New Categories	£2,894m	10.4%
Traditional Oral	£1,209m	4.4%
Combustibles	£23,030m	83.3%
Other	£522m	1.9%

£27,655m
Total revenue

Strategic Portfolio
These are our key brands in both the combustible and Non-Combustible categories. This ensures focus and investment on the brands and categories that will underpin the Group's future performance. The strategic portfolio is:

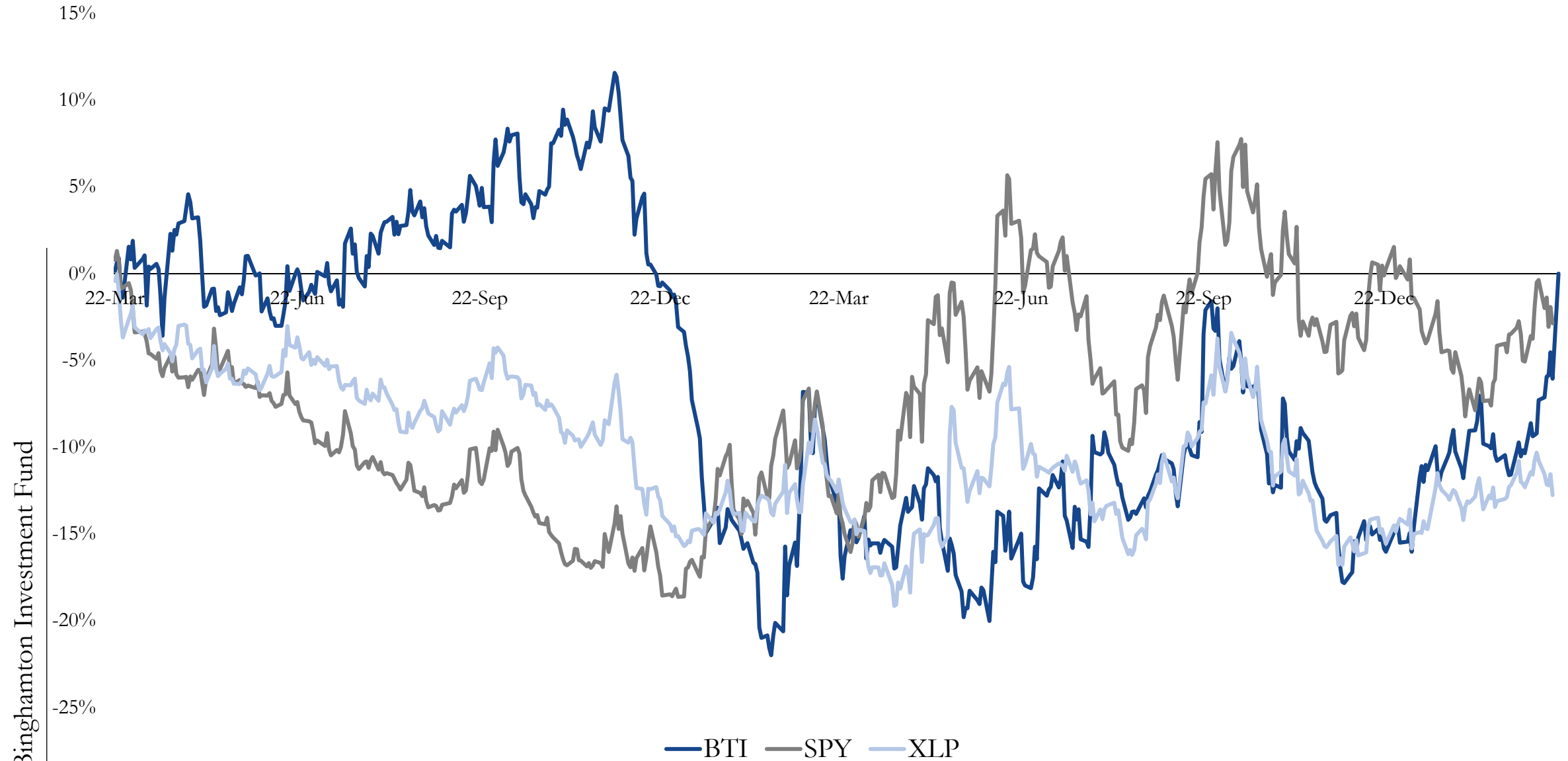
Non-Combustibles
All brands within New Categories and the strategic Traditional Oral brands in moist and snus.
Combustibles
Dunhill, Kent, Lucky Strike, Pall Mall, Rothmans, Newport (U.S.), Natural American Spirit (U.S.), Camel (U.S.).

Notes:
BAT's New Category products are not smoking cessation devices and are not marketed for that purpose.
* 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.

Category	Description
Vapour	Vapour products are handheld, battery-powered devices that heat a liquid (called an e-liquid) to produce an inhalable aerosol, commonly known as vapour. These products can be either open or closed systems. Open systems offer a customised vaping experience – using a refillable tank. Closed systems work with disposable, pre-filled cartridges, offering greater convenience.
THP	Tobacco Heating Products (THPs) are a new category of tobacco product designed to heat rather than burn tobacco. They create an inhalable aerosol that contains nicotine and are also known as 'heat-not-burn' products.
Modern Oral	Modern Oral products are our smoke-free oral nicotine products, sometimes called nicotine pouches, designed for use in the mouth. Consumers place a disposable nicotine pouch between their gum and upper lip where nicotine and flavours are released and nicotine is absorbed through the tissues lining the mouth.
Traditional Oral	Traditional oral products include snus and snuff. Snus is a moist form of oral tobacco originating from Sweden. It is available in loose form or as pouches. The tobacco is typically mixed with water, salt and aromas.
Combustibles	The Group sold 605 billion cigarette sticks and 16 billion OTP (stick equivalents) in 2022. The Group operates in over 170 markets, with 41 fully integrated cigarette manufacturing facilities in 39 markets.

Our Reduced-Risk Portfolio (Non-Combustibles)*

Appendix Q: 2-Year Stock Performance



Appendix R: ESG Roadmap

● Improvement / target met ● Ongoing focus area ● Significant improvement required

● Improvement / target met ● Ongoing focus area ● Significant improvement required

Topic	Goals and targets	Metrics	Performance tracking			
			2022	2021	2020	Trend
H Harm reduction	£5bn by 2025 in revenue from New Categories	New Category revenues (Ebn)	2.9	2.1	1.4	●
	50m by 2030 consumers of our Non-Combustible products	No. of consumers (millions) [♦]	22.5	18.3	13.5	●
E Climate change	Net Zero by 2050 across our value chain - comprising Scope 1, 2 & 3 greenhouse gas (GHG) emissions	Scope 1 & 2 (market based) CO ₂ e emissions (thousand tonnes) [♦]	420	495	541	●
	50% CO₂e emissions reduction by 2030 across our value chain - comprising Scope 1, 2 & 3 GHG emissions ¹	Scope 1 & 2 CO ₂ e emissions intensity (tonnes per £m revenue) [♦]	15.2	19.3	20.0	●
	Carbon neutral operations by 2030 comprising Scope 1 & 2 GHG emissions	% Scope 1 & 2 CO ₂ e emissions reduction vs 2020 baseline	22.3	8.4	N/A	●
		Scope 3 CO ₂ e emissions (thousand tonnes) including biogenic emissions and removals ²	- ²	5,243	5,614	●
Circular economy	<1% waste to landfill by 2025	% waste sent to landfill from direct operations	4.9	8.70	8.90	●
	100% packaging reusable, recyclable or compostable by 2025	% packaging reusable, recyclable or compostable	92	92	80	●
		% markets selling Vuse and glo with Take-Back schemes	100	100	-	●
Biodiversity & ecosystems	No gross deforestation of primary native forests in our tobacco, paper and pulp supply chains	% sources of wood used by our contracted farmers for curing fuels that are from sustainable sources [♦]	99.99	99.89	99.70	●
	Net Zero deforestation by 2025 of managed natural forests in our tobacco, paper and pulp supply chains	% paper and pulp volumes that is certified as sourced sustainably [♦]	94	89	-	●
Water	35% less water use by 2025	% reduction in water withdrawn vs 2017 baseline	33	28	23	●
	100% operations sites Alliance for Water Stewardship certified by 2025	% operations sites Alliance for Water Stewardship (AWS) certified	36	15	-	●

Topic	Goals and targets	Metrics	Performance tracking			
			2022	2021	2020	Trend
S Human rights ³	Zero child labour aiming for zero incidents in our Tobacco Supply Chain by 2025	% farms with incidents of child labour identified [♦]	0.38	0.70	0.50	●
		% incidents of child labour reported as resolved by the end of the growing season [♦]	100	100	98.5	●
	Monitoring of supply chains	% farms monitored for child labour in our Tobacco Supply Chain [♦]	99.99	99.91	99.70	●
		% product material and higher-risk indirect service suppliers having an independent labour audit within a three-year cycle [♦]	36.6	22	-	●
Farmer livelihoods³	Crop diversification supporting prosperous livelihoods	% farmers in our Tobacco Supply Chain reported to grow other crops for food or as additional sources of income [♦]	92.8	95.6	93.4	●
People, Diversity & Culture	Increase to 45% by 2025 proportion of women in management roles	% female representation in management roles [♦]	41	39	38	●
		Zero accidents aiming for zero accidents Group-wide each year	Number of work-related accidents (including assaults) resulting in injury, causing absence of one shift or more	83	95	114
		Lost Time Incident Rate (LTIR) [♦]	0.19	0.20	0.22	●
		Number of serious injuries and fatalities to employees and contractors [♦]	36	31	39	●
G Ethics & Integrity	100% SoBC compliance aiming for full adherence to our Standards of Business Conduct (SoBC)	Number of established SoBC breaches [♦]	84	99	116	●
		Number of disciplinary actions taken as a result of established SoBC breaches that resulted in people leaving BAT [♦]	58	46	54	●
Responsible marketing	Full compliance aiming for full compliance with marketing regulations	Incidents of non-compliance with marketing regulations resulting in a fine or penalty [♦]	3	-	-	-

Our Sustainability Agenda



Appendix S: 8-Step Responsible Business Model

1 Seeing over the horizon

As one of the most long-standing and established consumer goods businesses in the world, we have a unique view of the consumer across our product categories, which is increasingly driven by powerful data and analytics. These insights ensure that the development and responsible marketing of our products are fit to satisfy consumer needs.

Driven by our unique and data-driven consumer insight platform (PRISM), we focus on product categories and consumer segments across our global business that have the best potential for long-term sustainable growth.

Link to risks
Tobacco, New Categories and other regulation interrupts growth strategy
Inability to develop, commercialise and deliver the New Categories strategy
Climate and circularity

2 Accelerating tobacco harm reduction

World-class science is needed to substantiate the quality, product safety and reduced-risk potential of our New Category products. This is crucial for building consumer trust and encouraging adult smokers to completely switch to less risky alternatives¹.

We have an extensive scientific research programme in a broad spectrum of scientific fields, including molecular biology, toxicology and chemistry. We are transparent about our science and publish details of our research programmes on our dedicated website, www.bat-science.com, and the results of our studies in peer-reviewed journals.

Link to risks
Inability to develop, commercialise and deliver the New Categories strategy

 Read more about our science on [pages 32, 34, 36 and 50](#)

3 Staying ahead of the curve

As consumer preferences and technology rapidly evolve, we rely on our growing global network of digital hubs, innovation hubs, world-class R&D laboratories, external partnerships and our corporate venturing initiative, Btomorrow Ventures, to stay ahead of the curve.

Driving sustainable growth is at the core of our innovation. We make significant investments in research and development to deliver innovations that satisfy or anticipate consumer preferences and generate growth for the business.

Led by our strength in developing consumer insights, each innovation helps us on our journey to build A Better Tomorrow™ by reducing the health impact of our business.

Link to risks
Inability to develop, commercialise and deliver the New Categories strategy

4 Sourcing materials responsibly

The majority of our tobacco is sourced by BAT Group's vertically integrated Leaf Operations through direct contracts with c.81,000 farmers. The remainder is from third-party suppliers that, in turn, contract with an estimated 195,000 farmers. The vast majority of tobacco farms in our supply chain are smallholder family farms.

Beyond tobacco, we source product materials like paper and filters for cigarettes and, for our New Category products, we have a growing supply chain in consumer electronics and e-liquids. We also have a vast number of suppliers of indirect goods and services that are not related to our products, such as for IT services and facilities management.

Link to risks
Geopolitical tensions
Injury, illness or death in the workplace
Solvency and liquidity
Climate and circularity

 Read more about our supply chain on [pages 43 to 93](#)

5 Utilising our global manufacturing footprint

We manufacture high-quality products in facilities all over the world. We also ensure that these products and the tobacco leaf we purchase are in the right place at the right time.

Our New Category products are manufactured in a mix of our own and third-party factories. We work to ensure that our costs are globally competitive and that we use our resources as effectively as possible.

Link to risks
Geopolitical tensions Injury, illness or death in the workplace
Disputed taxes, interest and penalties
Foreign exchange rate exposures
Solvency and liquidity
Climate and circularity

6 Moving our products seamlessly everywhere

By applying modern technologies, including AI and machine learning, we ensure our products are where they are needed when they are needed.

Our products are sold around the world and we distribute them effectively and efficiently using a variety of distribution models suited to local circumstances and conditions. These distribution models include retailers, supplied through our direct distribution capability or exclusive distributors, and our Direct-to-Consumer business – which has been accelerated through the deployment of owned e-commerce sites.

Link to risks
Tobacco, New Categories and other regulation interrupts growth strategy
Inability to develop, commercialise and deliver the New Categories strategy
Litigation
Foreign exchange rate exposures
Climate and circularity

7 Marketing our products responsibly

Tobacco and nicotine products should be marketed responsibly to adults only and not designed to appeal to youth.

Through a globally responsible approach to marketing, we help to raise standards and prevent underage access, while growing our market share by encouraging adult consumers to choose our products over those of our competitors.

Our International Marketing Principles (IMP) govern our marketing across all product categories. They include strict requirements to be responsible, accurate and targeted at adult consumers only. Our IMP are applied even when they are stricter than local laws.

Link to risks
Tobacco, New Categories and other regulation interrupts growth strategy
Inability to develop, commercialise and deliver the New Categories strategy
Litigation

 Read more about responsible marketing on [page 64](#)

8 Offering the consumer choice

We have a powerful brand portfolio that we are proud of. Our global brands are well positioned, with leading-edge insights, science and innovation behind our product pipeline.


We offer adult consumers a range of products, including combustible products, Vapour, Modern Oral and THPs, in markets around the world. Our range of high-quality products covers all segments, from value-for-money to premium.

Link to risks
Competition from illicit trade
Geopolitical tensions
Significant increases or structural changes in tobacco, nicotine and New Categories related taxes
Inability to develop, commercialise and deliver the New Categories strategy
Foreign exchange rate exposures
Disputed taxes, interest and penalties
Climate and circularity

Our eight-step business model


Our business model begins and ends with the consumer. The insights we gather from adult consumers, underpinned by robust science, unlocks value by ensuring we offer the right product choices to meet their preferences. Our product portfolio is constantly being enhanced through innovations designed to better serve adult consumers and build A Better Tomorrow™.

Following the responsible sourcing of raw materials and components, we utilise our global footprint to manufacture at speed and scale. We use our global distribution capabilities to ensure our products are where they need to be, when they are needed. Through our responsible marketing practices and powerful portfolio, we market and sell our products which, in turn, generate further insights.



A Better Tomorrow™ for:

- Consumers
- Shareholders and Investors
- Society
- Employees

 Read more about our stakeholders on [page 18](#)

Appendix T: ESG Recognition

Sustainability and ESG Ratings* (examples)



A in CDP Climate and A- in Water Security & Forests

In 2022, we achieved A, A- and A-, respectively, in the CDP Climate Change, Water Security and Forests assessments; placed in the top 2% of companies CDP scored.



Member of Dow Jones Sustainability Indices

Powered by the S&P Global CSA

Dow Jones Sustainability Indices (DJSI)

BAT scored 88 (out of 100) in the 2022 S&P Global Corporate Sustainability Assessment (9 December 2022). Based on the S&P Global ESG Scores, BAT was selected for inclusion in the DJSI World Index; placed in the top 3% of companies assessed. We have been included in the DJSI indices for 21 consecutive years.



Best-in-class ISS Score

As of December 2022, BAT received an ISS Governance and Environment Quality Score of 1. Scores are ranked on a scale of 1 to 10. A governance score of 1 indicates a lower governance risk and an environment quality score of 1 indicates better environmental disclosure.



MSCI¹

In December 2022, BAT received a rating of BBB (on a scale of AAA to CCC) in the MSCI ESG Ratings assessment.



Sustainalytics²

As of January 2023, BAT received an ESG Risk Rating of 33.4 from Sustainalytics and was assessed to be at high risk of experiencing material financial impacts from ESG factors.

Sustainability and ESG Awards* (examples)



Financial Times Climate Leader

In 2022, we were named as a Climate Leader by the Financial Times for the second successive year, for reduction in greenhouse gas emissions (GHG) intensity, and placed in the top 3% of companies surveyed.



Global Top Employer

We have been named as a Global Top Employer for five consecutive years, recognising our commitment to best-in-class working environments and career opportunities.



Race at Work Charter

We are signatories to the UK Race at Work Charter for supporting racial equality in the workplace.



Gold Class Sustainability Award

We were awarded the highest Gold Class in the S&P Global Sustainability Yearbook 2022.



Workforce Disclosure Initiative (WDI)

Our 2022 WDI submission received a score which placed us in the top 10% of participating companies.



Gartner Supply Chain Top 25

Our Supply Network Operations was recognised in the Gartner Supply Chain Top 25 global rankings for the third year in a row.



Global Top Employer

In 2022, we won the Global Top Employer award, for the fifth consecutive year, a globally certified award recognising organisational excellence in people practices.



Disability Confident Employer

BAT was recognised by a major UK government-backed accreditation scheme for the way we attract, develop and support people with disabilities and long-term health conditions.



Race at Work Charter

We are signatories to the UK Race at Work Charter for supporting racial equality in the workplace.



Corporate Equality Index

In 2022, our U.S. and Mexico businesses scored 100% on the Human Rights Campaign Foundation's Corporate Equality Index for LGBT+ workplace equality.



Women in STEM awards (WISE)

In 2022, we achieved a Rank 1 certification in the UK for our Science, Technology & Engineering strategy.



Brandon Hall Awards

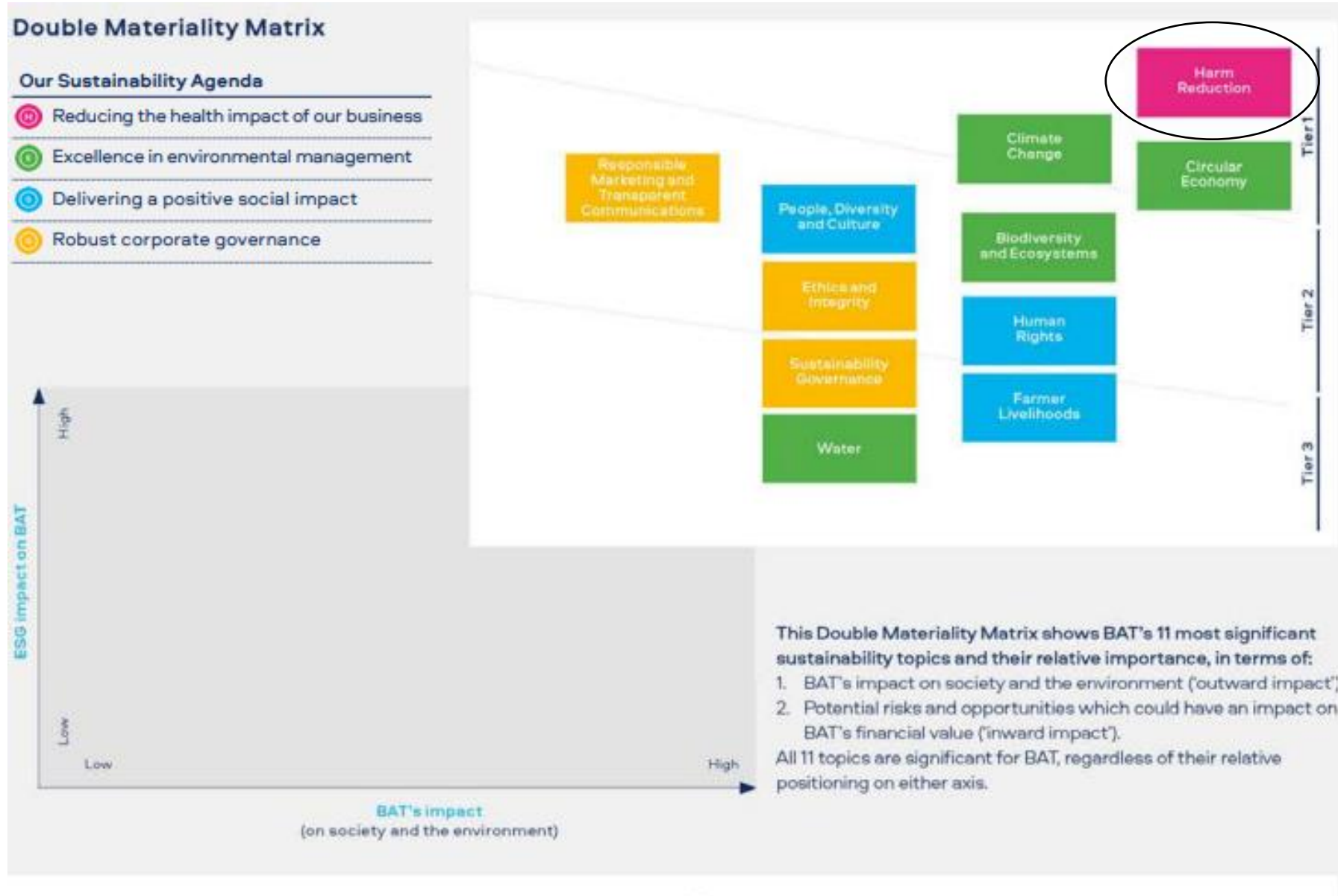
In 2022, we achieved Gold Awards from the Brandon Hall Group.

Appendix U: Green House Gas Improvements

BAT Group Greenhouse gas emissions

Emission Source	Total emissions (thousand tonnes CO ₂ e)			
	2019	2020	2021	2022
Total Scope 1 ¹ CO ₂ e [†]	396	342	325	308
Total Scope 2 CO₂e Market-based^{1†}	386	199	170	113
Total Scope 2 CO ₂ e Location-based [†]	453	418	393	356
Total Scope 3 CO₂e^{2†}	6,781	5,614	5,243	N/A
Total Scope 3 CO₂e non biogenic emissions	4,502	3,506	3,563	N/A
Total Scope 3 CO₂e biogenic emissions (including biogenic removals)	2,279	2,108	1,681	N/A
Category 1: Purchased Goods and Services (Total)	4,049	4,011	3,703	N/A
Category 1: Purchased Goods	1,543	1,187	1,278	N/A
Category 1: Purchased Services	107	720	677	N/A
Category 1: Purchased Tobacco Leaf	2,189	1,969	1,600	N/A
Category 1: Other Purchased Goods & Services	210	135	149	N/A
Category 2: Capital Goods	463	177	142	N/A
Category 3: Fuel and Energy Related Emissions	166	134	188	N/A
Category 4: Upstream Transportation & Distribution	197	225	208	N/A
Category 5: Waste Generated in Operations	5	9	8	N/A
Category 6: Business Travel	33	8	14	N/A
Category 7: Employee Commuting	23	53	59	N/A
Category 9 ³ : Downstream Transportation and Distribution	N/A	27	31	N/A
Category 11: Use of Sold Products	587	641	662	N/A
Category 12: End-of-Life Treatment of Sold Products	1,253	324	227	N/A
Category 14: Franchises	5	5	1	N/A

Appendix V: ESG Impact Chart

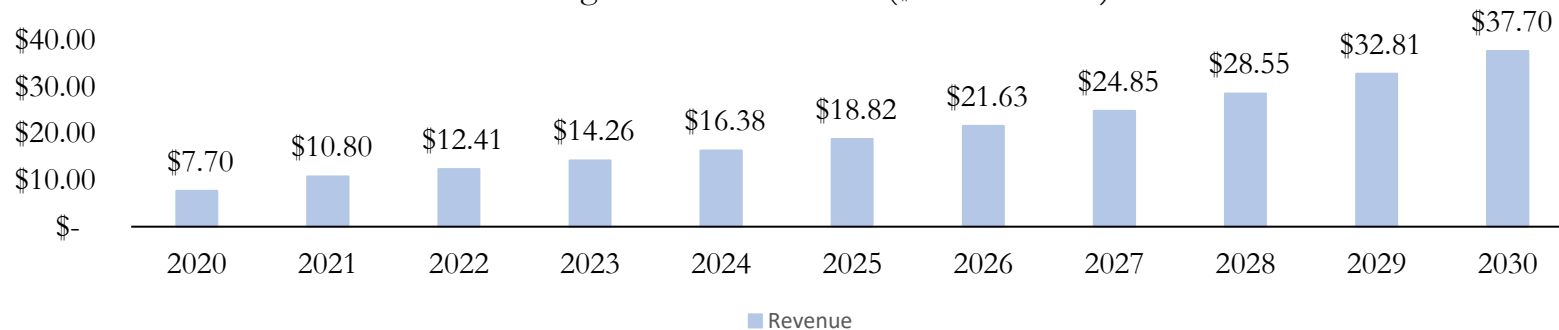


Appendix W: Cannabis

- BTI has been exploring the potential opportunities presented by the cannabis industry
 - In 2019, BAT announced that it had invested \$176 million in a Canadian cannabis company called Organigram Holdings Inc., which produces medical and recreational cannabis products
 - This investment gave BTI a 19.9% stake in Organigram, with an option to increase its stake to 40% in the future
 - In 2022, BTI invested \$37 million in Sanity Group, which is a German Cannabis company. Sanity is also supported by Snoop Dog
 - Sanity Group specializes in medical and adult-use marijuana.
- BTI has not announced any specific plans to enter the marijuana business, it is possible that BAT may leverage its expertise in tobacco and vaping to enter the cannabis industry in the future.



U.S. Legal Cannabis Market (\$USD billions)



Appendix X: Current Regulatory Environment

