

# Exhibit 28

S&P Global  
Market Intelligence

# British American Tobacco p.l.c. LSE:BATS FH1 2018 Earnings Call Transcripts

Thursday, July 26, 2018 8:30 AM GMT

S&P Global Market Intelligence Estimates

	-FH1 2018-	-FH2 2018-		-FY 2018-	-FY 2019-
	CONSENSUS	CONSENSUS	SURPRISE	CONSENSUS	CONSENSUS
EPS Normalized	1.35	1.58	▲3.23	2.94	3.22
Revenue (mm)	11660.49	12731.61	▲1.36	24418.21	25711.11

Currency: GBP  
Consensus as of Jul-26-2018 9:01 AM GMT



stores, ePen 3 has achieved the highest rate of sale for any Vype device to date. With higher margins than ePen 2, and refill purchase rates the highest achieved for any Vype product to date, the early signs are encouraging.

In the U.S., the category has continued to grow up rapidly and is up over 20% in the first half, driven by a significant increase in the size of the consumer base. Vapor revenue was down 4%, but up 12% after adjusted for the impact of VUSE Vibe recall. The overall VUSE family, which has featured nicotine salts technology since 2012, continued to grow volume and value. However, share was down 10 percentage points to 21% due to the growth in the Vapor category.

In Q2, VUSE Vibe recall volumes were absorbed as negative sales. However, both VUSE Ciro and VUSE Solo have captured a significant proportion of their volume loss by the recall. Recall costs have not been material.

In August, we will be launching the VUSE Alto in the U.S., our first Pod Mod product. This will be available in 4 variants, and will new feature, an innovative ceramic wick. Like other VUSE products, Alto has a 5% nicotine concentration liquid and is a nicotine salt product. Our research shows that Alto rates significantly higher than any other nicotine salt Pod Mod products on a number of key consumer attributes and purchase intent.

We continue to perform well in our other markets and remain the market leader in Poland and in Germany in closed systems. We also recently launched ePen 3 in Canada and Vype in Greece. The opportunity in the category remains significant. When you look at total nicotine consumption, we continue to see a growing market for nicotine with new consumers and behaviors, driven by the growth in the Vapor category. With a strong product pipeline, we are well positioned with our multicategory approach to be a winner.

So in summary, we are continuing to deliver on our commitment to high-single figure earnings growth. Our combustible business is outperforming the industry, and we are generating strong revenue growth from the strategic portfolio. In the U.S., the business performing well and synergy delivery is ahead of plan. Our potentially reduced risk products continue to grow strongly. We have significant additional investments in NGPs planned as well for the second half and expect to see THP category grow again in Japan.

Given these, I continue to believe we can deliver in excess of GBP 1 billion in NGP revenue this year, more than doubling the size of our business over the course of 2018. We are on track for another good year of earnings growth at constant currency, driven by strong underlying profit growth and with the benefit of the U.S. tax reform allowing us to accelerate our NGP investments. Overall, the business is performing well.

I will now hand over to Ben, who will take you through the details of the results.

**John Benedict Stevens**

*Finance Director & Executive Director*

Thank you, Nicandro, and good morning, everyone. As Nicandro said in his opening, reported volume, revenue and profit from operations were up 11%, 57% and 72%, respectively, benefiting significantly from the inclusion of Reynolds as a wholly owned subsidiary.

As we said earlier, for clarity, I will now focus on the adjusted representative results, which were all against a comparative base that assumes full ownership of Reynolds and other acquisitions throughout 2017. This doesn't affect comparisons made on an EPS basis.

Representative volume was down 2.2%. This was mainly driven by trade inventory movements in the GCC and industry volume decline, in particular in Ukraine, Brazil and Russia; partially offset by growth in Pakistan and THP volume, which reached 3.3 billion sticks in the first half.

Adjusted revenue was down 6.4% at current rates but was up 1.9% on a constant basis as higher pricing across the majority of our markets was partly offset by negative geographic and portfolio mix of around 3%.