



BAT's Transformation to Build A Better Tomorrow™ in West and Central Africa

Recently, our Group announced the transformation of our corporate strategy to achieve our evolved purpose to build A Better Tomorrow™. We will do this by reducing the health impact of our business through offering a greater choice of enjoyable and less risky products* to our consumers. As a business, we are convinced that by working together to achieve this purpose, we will deliver sustainable value for all our stakeholders.

At BAT, consumer-led innovation and product science are central to achieving our 'A Better Tomorrow™' purpose. Our transformation is about anticipating and satisfying the ever-evolving consumer: providing pleasure, reducing risk effects of the products, increasing choice, and stimulating the senses of adult consumers.

In essence, we are moving our revenue streams and becoming a business that defines itself, not by the product it sells, but by the consumer needs that it meets. We are creating the brands of the future i.e. brands with purpose.

Our transformation journey requires investments in research and development (R&D), manufacturing, and marketing, among others, but making such investments is not new to us. We've invested about \$185 million to date (including the initial investment of \$150m in 2001) to build and improve a state-of-the-art factory in Ibadan, Oyo State, Nigeria. Our investment has been an integrative process that impacts on all aspects of the tobacco industry, from manufacturing to distribution of tobacco products. The factory has become the operations and export hub of our activities in West and Central Africa, supplying 14 countries within the region.

Over the past 20 years we have generated revenues of over \$900 million for the Nigerian government

through tax and other regulatory payments and driven additional foreign direct investment of over \$30 million through our third-party supplier, A.R Packaging Nigeria Limited (formerly NAMPAC Cartons). BAT Nigeria is consistently one of the top 5 non-oil exporters each month, thereby contributing significantly to the Federal Government's objective to diversifying Nigeria's export revenue base. We have generated over \$500 million as revenue from our export. Presently, BAT Nigeria generates / repatriates in excess of US\$ 110 million in foreign exchange each year. In 2020, despite the impact of COVID-19 on the business

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environment, BAT Nigeria contributed over ₦= 65 billion to the national treasury in the form of excise duties and other taxes.

As was done with our legacy business, implementing this new corporate strategy should ultimately entail the establishment



Yarub Al-Bahrani
Area Director, West & Central Africa Area

of manufacturing and export hubs, and new distribution and support networks. Thus, we will be making capital investments, creating new jobs and competencies, and establishing new value chains in Nigeria and across West and Central Africa.

We see exciting times ahead. However, the key to accelerating the movement of adult consumers to less-risky alternatives cannot be achieved by our industry alone. We need a seat at the harm reduction table to discuss these issues directly and openly with all stakeholders—including regulators, the government and public health professionals alike. Only through collaborative efforts can we develop effective regulatory frameworks that will enable real choice for adult consumers whilst still serving the public health objectives.



* Based on the weight of evidence and assuming a complete switch from cigarette smoking. These products are not risk-free and are addictive.