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Physicians for a Smoke-Free Canada

Presented at
World Conference on Tobacco or Health
Abu Dhabi
17-21 March 2015
Tobacco Control has something that other global health challenges don’t.

A money-driven disease agent.
Three Global Territories

USA
290 billion

CHINA
2.5 trillion

Everywhere else
2.8 trillion

PMI, 856
USA, 291

BAT, 667
JTI, 536
IMP, 294
Other, 455
China, 2478
In the globalized tobacco market, almost all profits cross international borders.

With an increasing importance of revenues from developing countries.
The PMI money trail: Part 1

- From Canada and Latin America: $988 million, 31% margin
- From European Union: $4.5 billion, 50% margin
- From Eastern Europe and Middle East: $3.2 billion, 42% margin
- From Asia: $4.8 billion, 45% margin

Source: PMI presentation to CAGNY, February 2014. Regions are not exact, and are coloured for illustrative purposes only.
The BAT money trail: Part 1

Source: BAT Year end report 2014

Income to British American Tobacco, 2014 (% of profits)

- From Western Europe: £1,189 million (22%)
- From Eastern Europe and Middle East and Africa: £1,380 million (26%)
- From Asia-Pacific: £1,548 million (29%)

Americas: £1,286 million (24%)
At least half of the profits come from developing countries: $10 billion!

<table>
<thead>
<tr>
<th></th>
<th>Profits</th>
<th>% from developing countries</th>
<th>Amount from developing countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>PMI</td>
<td>$7.6 billion</td>
<td>45%</td>
<td>$3.4 billion</td>
</tr>
<tr>
<td>BAT</td>
<td>$5.6 billion</td>
<td>58%</td>
<td>$3.9 billion</td>
</tr>
<tr>
<td>IMP</td>
<td>$2.4 billion</td>
<td>57%</td>
<td>$1.2 billion</td>
</tr>
<tr>
<td>JTI</td>
<td>$4.4 billion</td>
<td>Not revealed (70% is international sales of which at least 40% is in developing countries)</td>
<td>More than $1.2 billion</td>
</tr>
<tr>
<td>Total</td>
<td>$20 billion</td>
<td></td>
<td>$10+ billion</td>
</tr>
</tbody>
</table>
Annual Compensation > $20+ million

British American Tobacco
Nicandro Durante, 2012
£ 3,386,004

Japan Tobacco
Mitsuomi Koizumi
¥156,000,000

Imperial Tobacco
Alison Cooper
£ 2,011,000

2013, PMI
André Calantzopoulos
$ 10,906,612
US Government received $247 billion from international tobacco sales

Income Taxes:

Earnings before income taxes and provision for income taxes consisted of the following for the years ended December 31, 2013, 2012 and 2011:

<table>
<thead>
<tr>
<th>(in millions)</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings before income taxes</td>
<td>$12,542</td>
<td>$13,004</td>
<td>$12,542</td>
</tr>
<tr>
<td>Provision for income taxes:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>United States federal:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td>$247</td>
<td>$226</td>
<td>$270</td>
</tr>
<tr>
<td>Deferred</td>
<td>(5)</td>
<td>(61)</td>
<td>118</td>
</tr>
<tr>
<td>Total United States</td>
<td>242</td>
<td>165</td>
<td>388</td>
</tr>
<tr>
<td>Outside United States</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td>3,451</td>
<td>3,855</td>
<td>3,368</td>
</tr>
<tr>
<td>Deferred</td>
<td>(23)</td>
<td>(187)</td>
<td>(103)</td>
</tr>
<tr>
<td>Total outside United States</td>
<td>3,428</td>
<td>3,668</td>
<td>3,265</td>
</tr>
<tr>
<td>Total provision for income taxes</td>
<td>$3,670</td>
<td>$3,833</td>
<td>$3,653</td>
</tr>
</tbody>
</table>

Source: PMI annual report, 2013