

British American Tobacco PLC

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BAT to make around £436m provision after Quebec court upheld 2015 decision against Canadian unit

British American Tobacco plc (LON:BATS) will make a provision of around £436m in its 2019 accounts after a Quebec appeal court last week upheld a 2015 decision that awarded smokers in the Canadian province around C\$15bn, about £8.5bn against its Imperial Tobacco Canada Ltd. (ITCAN) and two other firms.

In a statement on Tuesday, the FTSE 100-listed tobacco firm pointed out that, as part of the 2015 decision, ITCAN was required to place C\$758m (approximately £436m) in escrow and said its board have determined that that asset's recoverability "is, under IFRS, less than virtually certain."

It said that there will be no impact from the charge to adjusted net debt to adjusted underlying earnings (EBITDA) ratio or to 2019 cash flow.

READ: BAT "extremely disappointed" Quebec class action lawsuit judgment against Canadian subsidiary not overturned

In a statement on Monday, a spokesperson for BAT had said: "We are still of the view that this decision is wrong - ignoring the reality that both adult consumers and government have known about the risk associated with smoking for decades. As a result, we believe it should be overturned."

The spokesperson added: "Imperial Tobacco Canada Ltd. needs to review the court's decision in more detail and will decide on next steps over the coming days and weeks. Given the significance of the judgment, they have said that they fully intend to appeal the decision to the Supreme Court of Canada."

Price: 3093p

Market Cap: £70947.26M

1 Year Share Price Graph



Share Information

Code: BATS

Listing: LSE

52 week **High** **Low**
 4,265.00p 2,336.50p

Sector: Capital Goods

Website: www.bat.com

Company Synopsis:

British American Tobacco is the world's second largest quoted tobacco group by global market share, with brands sold in more than 180 markets.

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