

CAC VIII - Friedrichsruhe

Explanatory Notes on Draft Programme

These notes relate to the items shown on the draft programme for CAC VIII dated 23.3.83.

A. B.A.T Industries Review

In this paper, the current situation, prospects and immediate key issues for the Group will be reviewed. (½ hr)

B. Operating Group/Company Reviews

These reviews will summarise the current situation for each Operating Group/Company and also the action in hand to build on identified strengths and to eliminate weaknesses. Delegates will be asked to indicate how their current performance and plans relate to B.A.T Industries Objectives and Guidelines. (½ hr each)

C. Smoking Issues

After a brief introductory paper outlining the current situation and the most significant developments over the past year, delegates will be invited to discuss identified key issues. (2 hrs)

D. Tobacco Key Issues/Implications

Issues to be discussed will include factors affecting the market (e.g. economic growth rates, levels of taxation, economy brands, etc.), possible responses to market/competitive pressures and the implications for profits and cash flow in the Group's Tobacco activities. (2 hrs)

E. Public Affairs Issues

Issues to be discussed will include:

- Expected trends in public attitudes and in legislative controls on industry
 - Attitudes of Governments to foreign investment
 - Attitudes to conglomerates
 - Implications for B.A.T Industries
- (2 hrs)

F. Personnel Issues

Issues to be discussed will include employee participation, communication and management development. (1 hr)

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G. Group Financial Forecast

The introductory paper will outline the Group's five year forecasts for sales, profits and cash. The implications of these forecasts will then be discussed. (1 hr)

H. 10 Year View/Investment Strategy

The conclusions from the papers presented to the B.A.T Industries Board will be summarised. Major factors influencing the Geographical and Industrial development of the Group will be discussed, including the criteria for new investments. (2 hrs)

J. Non-Tobacco Manufacturing Options

Options in Non-Tobacco manufacturing will be discussed with particular reference to growth prospects, the ability to earn acceptable returns on assets and opportunities for technology transfer. (2 hrs)

K. Opportunities in Services

Opportunities in Retailing will be considered and also opportunities for investing in other service activities. Potential benefits of increasing the proportion of the Group's activities which are in service activities will be discussed. (2 hrs)

L. Company Strategies

The heads of the major diversified operations within the Group will be asked to describe their approach to diversification, with particular reference to:-

- The types of activity preferred and the criteria that led to these choices.
- The competitive position of the main diversified operations.
- Growth potential
- Managing risk
- Attitudes to intra-Group co-ordination/co-operation (2 hrs)

23rd March, 1983
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