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BAT quarterly net profit down 42% on lower volume

PETALING JAYA: British American Tobacco (M) Bhd (BAT) registered a 42% year-on-year decline in net profit to RM84.8mil for the third quarter of the financial year ending Dec 31, 2019 (FY19), on lower volume.

The group's net profit for the first nine months of FY19 of RM250mil, represented a 30% decrease as compared to the same period last year.

BAT has declared a third interim dividend of 29 sen per share.

In a statement yesterday, BAT said the total legal industry volume declined by 11% when compared to the same period last year.

This was largely attributed to the high level of illegal cigarette trade which stood at 65% as

well as the impact from sales and service tax (SST)-led pricing.

In addition, the rapid growth of illegal vaping had added further pressure on the volume of legal cigarette.

BAT managing director Erik Stoel said the results were achieved on the back of conscious cost base and investment management.

"The current environment within the tobacco industry is one that is unsustainable and untenable for any legal company.

"The grim fact is that the current scenario of cheap illegal and contraband tobacco products have further deteriorated despite efforts by law enforcement agencies like the Royal

Malaysian Police and the Royal Malaysian Customs to clamp down on cartels running the syndicates.

"We need more players like the Health Ministry to bear down on the inflow of cheap contraband cigarettes that does not comply with tobacco control laws into the country," he said.

Stoel urged the ministry to focus on combating the cheap contraband trade and collaborate with like-minded parties to manage the issue.

He also pointed out that a sustainable total nicotine regulatory and fiscal framework is necessary to build BAT's business back into growth.