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## BAT Q3 profit falls, declares 29 sen dividend

**PETALING JAYA:** British American Tobacco (Malaysia) Bhd (BAT) posted a 42% decline in its net profit for the third quarter ended Sept 30, 2019 to RM84.8 million from RM146.27 million in the previous corresponding quarter.

Revenue for the quarter fell 20.6% to RM584.34 million from RM735.53 million.

A third interim dividend of 29 sen per share was declared.

In a statement, BAT said the total legal industry volume dropped 11% compared to the same period last year, largely attributed to high levels of illegal cigarette trade and the impact from SST-led pricing.

The group added that the decline was compounded by the rapid growth of illegal vaping, putting further pressure on legal cigarette volumes.

BAT's nine-month net profit contracted 29.8% to RM249.95 million from RM355.88 million in the preceding period, while revenue was 10% lower at RM1.85 billion from RM2.05 billion.

Looking ahead, the group said it was extremely concerned about the lack of progress on the reduction of illegal cigarette trade and the high level of affordability stretch on legal consumers in Malaysia.

"The current environment within the tobacco industry is one that is unsustainable and untenable for any legal company. While we continue in our commitment to deliver value to our shareholders, the results for this quarter was achieved on the back of conscious cost base and investment management," BAT Malaysia managing director Erik Stoel in a statement.

The group also said it would continue to rationalise operating costs and work closely with the authorities on enhancing enforcement and setting up a comprehensive and sustainable total regulatory and fiscal framework.

"As we look to the remainder of 2019, we remain committed to adopting a multi-category approach with investment into new segments such as tobacco heated products.

"However, diversification and investment into these new categories can only be done on the basis of sensible and pragmatic total category regulation that allows legal companies to operate and set a tighter control restricting the entry of illegal cigarettes into the country. Otherwise, it is simply unsustainable," said Stoel.