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## ILLEGAL CIGARETTES BLOW

# BAT Malaysia Q1 net profit eases to RM88.6m

**KUALA LUMPUR:** British American Tobacco (Malaysia) Bhd's (BAT) net profit eased 7.92 per cent to RM88.6 million in the first quarter ended March 31 from RM96.23 million a year ago.

In an exchange filing yesterday, BAT Malaysia said continued dominance of illegal cigarettes trade, price increases and smoking restrictions at eateries dragged earnings lower.

Its first quarter revenue dropped 2.62 per cent to RM620.96 million from RM637.65 million previously largely due to Sales and Services Tax-led pricing and high number of illegal cigarettes.

BAT Malaysia managing director Erik Stoel said although legal players conformed to regulations governing the industry, there was still a market majority that did not and would not comply with regulations or excise duties.

"Despite better enforcement, illegal cigarette syndicates were rapidly evolving their tactics and operations to avoid detection by the authorities.

"Syndicates have resorted to selling contraband cigarettes off premises via the social media, through chat groups or via home delivery services," said Stoel.

BAT Malaysia is urging the government to consider a more holistic and comprehensive solution to address continued higher consumption of illegal cigarettes.

"Another key area that requires urgent and immediate focus is the introduction of a more consistent regulatory framework governing the tobacco industry, especially in the new category of Potentially Reduced Risk Products.

"There seems to be a lack of consistent application of the laws surrounding price approvals, which were unjustified, as it had delayed the launch of our tobacco-heated product, Glo," he said.

He said the delay by the Health Ministry's Tobacco Control Sector was unwarranted and gave the impression that BAT Malaysia would not be given a fair opportunity to sell its products despite complying with regulatory requirements.