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MANAGEMENT DISCUSSION AND ANALYSIS



Dear Shareholders,

I am pleased to present the Management Discussion and Analysis (MD&A) of British American Tobacco (Malaysia) Berhad (“BAT Malaysia”, “the Company” or “the Group”) for the financial year ended 31 December 2020. This MD&A provides insights into BAT Malaysia’s business operations, financial performance and expectations going into 2021.

Jonathan Reed
(Managing Director)



TURNAROUND YEAR FOR BAT MALAYSIA

In 2020, BAT Malaysia delivered a turnaround performance for our shareholders. BAT Malaysia grew quarter on quarter in the three closing quarters of the year.

Although headwinds were presented in the form of disruptions from the COVID-19 pandemic, the growing

tobacco black market and the growth of illegal nicotine vapour sales, 2020 provides a great platform for the Company to go back to growth and build *A Better Tomorrow™*.

A more detailed assessment of BAT Malaysia’s financial results is disclosed in the Review of Financial Results section following this MD&A.




MEETING CONSUMER NEEDS

The strength of our brands played a critical role in BAT Malaysia’s 2020 turnaround.

In response to consumer downtrading brought on by excise- and COVID-19-related affordability pressures, BAT Malaysia successfully introduced a new brand, KYO, to fortify our portfolio in the Value-for-Money (VFM) segment. The fast and bold execution of KYO has seen a positive share of market since its launch in mid-2020, achieving a 2.8 percent share of market in the second month of launch. With Rothmans and KYO, BAT Malaysia’s share of the VFM segment achieved a 33 percent market share at the end of 2020.

At the same time, BAT Malaysia maintained Dunhill’s leadership position within the premium segment. This was achieved by refreshing the design of its cigarette pack with the unveiling of a bold, new premium and progressive look and feel for the brand. In one month, Dunhill’s share of the premium segment grew by 1 percent in the mass market and 4 percent in convenience stores.

3 Consecutive Quarters with Growth

	Q1 '20 vs Q4 '19	Q2 '20 vs Q1 '20	Q3 '20 vs Q2 '20	Q4 '20 vs Q3 '20
 VOLUMES	-29%	+12%	+18%	+3%
 REVENUE	-27%	+14%	+15%	+5%
 PROFIT FROM OPERATIONS	-48%	+16%	+6%	+19%

MANAGEMENT DISCUSSION AND ANALYSIS

OUR CORPORATE PURPOSE OF A BETTER TOMORROW™

In 2020, we launched our purpose of *A Better Tomorrow™*. With this purpose, BAT Malaysia will create a sustainable future for our shareholders and other stakeholders.

While combustible tobacco will be at the core of our business for some time to come, we aim to generate an increasingly greater proportion of our revenues from products other than cigarettes, thereby reducing the health impact of our business.

In 2020, we also started conversations on the need to establish an appropriate regulatory framework for New Category products such as nicotine liquids for vaping. With over one million Malaysians consuming unregulated nicotine vapour products of unknown provenance, BAT Malaysia believes that policy change is long overdue.

BAT Malaysia was encouraged when Budget 2021 announced the government's intention to excise vaping devices and zero nicotine liquids. However, zero nicotine liquids make up only 3 percent of the Malaysian market. We are hopeful that this is a move towards legalisation of nicotine containing liquids.



Read more about what our global Chief Executive Jack Bowles has to say about our evolved **corporate strategy and purpose**

SUSTAINABILITY TO THE FRONT

Underpinning BAT Malaysia's *A Better Tomorrow™* ambition is our Environment, Social and Governance, (ESG) programme. With this, we set out clear commitments to deliver a positive impact on the environment, on society and on our employees. Chief amongst those, beyond reducing the harm impact of our business, are:

- Placing greater emphasis on the importance of addressing climate change and ensuring excellence in environmental, health and safety management.
- Remaining committed to delivering a positive social impact to economically vulnerable communities.
- Ensured continued and robust corporate governance in BAT Malaysia.

Committed to Building
A Better Tomorrow™

Our Purpose

To **reduce the health impact*** of our business

Our Commitment

To provide **adult consumers** with a wide range of **enjoyable and less risky products***

To encourage **smokers to switch completely to scientifically-substantiated reduced-risk alternatives***

* Assuming a complete switch from cigarette smoking. These products have the potential to be less risky and if they contain nicotine are addictive.

Building A Better Tomorrow™

1

We are committed to transforming BAT Malaysia to reduce our health impact

2

We are uniquely positioned with our consumer-centric multi-category portfolio

3

We have the strengths, new capabilities, brands and resources to succeed

4

We are on a journey; transformation is happening. The opportunity is huge

5

We are confident in delivering our targets and building A Better Tomorrow™

MANAGEMENT DISCUSSION AND ANALYSIS



Details of BAT Malaysia's sustainability agenda in relation to ESG as well as key achievements and targets are found in the Awards and Highlights section and the Sustainability Statement section of this annual report.



Watch more on our journey towards a green office for **our people and the planet** on here

THE TOBACCO BLACK MARKET CRISIS

The tobacco black market remained a threat to the legitimate industry in 2020. According to the Illicit Cigarettes Study conducted by Nielsen, illegal cigarettes grew to 63 percent of the industry total volume in 2020. This cements Malaysia's dubious position as having the largest illegal tobacco problem in the world.

Responding to this crisis, in the 2nd quarter of 2020 we launched a bold campaign to STOP THE BLACK MARKET. Viewed over 400 million times, the campaign started a discussion with Malaysians on the size of the illegal tobacco problem and how it might be solved.

BAT Malaysia was encouraged to see the government announce a range of measures to fight the tobacco black market as part of Budget 2021.



Scan this code for the **latest ICS survey** results

OUR ETHOS

Launched in 2020, our ethos is the key driver to deliver *A Better Tomorrow™*. Our ethos is about being bold, fast, empowered, responsible and diverse to create a future-fit culture at BAT.

Developed with significant input from our employees, our ethos is the thread that runs through everything we do and how we do it, and we believe it empowers our people, fosters a vibrant and rewarding work place and promotes sustainable long-term value.

BAT Malaysia's focus in this area has been recognized. BAT Malaysia was awarded the Top Employers Malaysia, Top Employers Asia Pacific and Top Employers Global 2021 certifications by the Top Employers Institute, the global authority on recognising excellence in people practices. Locally, we were awarded as the Best International Organisation and Outstanding Practice – Initiative for Women Workforce at the prestigious LIFE AT WORK 2019 Awards. Organised annually by the Ministry of Human Resources (MOHR) through its agency, Talent Corporation Malaysia Berhad (TalentCorp) and in collaboration with the

MANAGEMENT DISCUSSION AND ANALYSIS

Ministry of Women, Family and Community Development (KPWKM), the awards celebrate organisations whose leading workplace strategies demonstrate a drive and commitment to not just recruiting but nurturing and cultivating local talents in the workforce.

HEALTH AND SAFETY OF OUR TEAM

Our number one priority amidst the COVID-19 pandemic has been securing the health and safety of our employees. BAT Malaysia established stringent standard operating procedures including the issuing of personal protective equipment, the establishment of work-from-home protocols and, recognising how this pandemic can affect mental health, we also launched BAT Cares, a mental health and wellness support tool for our team.

DIGITAL AND DATA DRIVEN TRANSFORMATION

Technology was a key enabler in 2020, allowing us to turnaround our business and deliver strong results.

As part of our transformation journey, we invested in analytical tools that greatly enhanced our understanding of shifting consumer purchasing patterns and allowed us to optimise our route to market approach. This year, we accelerated commercial insights by empowering the business with a key data analytics tools that allowed us to reduce the time spent in garnering insights.

Technology also played a role in the Company's response to the challenges of COVID-19. We were able to execute work-from-home protocols via the Microsoft Teams platform and enhanced network bandwidth capability. Similarly, BAT Malaysia successfully conducted our first virtual AGM and quarterly analyst briefings.

MOVING FORWARD FOR A BETTER TOMORROW™

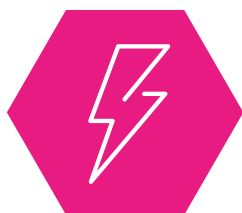
The Company's turnaround in 2020 provides a great platform for us to go back to growth and build *A Better Tomorrow™*.

In 2021, BAT Malaysia will continue to strengthen our portfolio by solidifying Dunhill's leadership in the Premium market while driving further growth in the Value-for-Money category through Rothmans and KYO.

We also look forward to seeing the impact of the government's efforts, as announced in Budget 2021, to address the tobacco black market. We believe that for these measures to be truly effective the government must look at reducing the price gap between the legal and black markets. This will be especially the case given affordability pressures brought on by COVID-19.

In 2021, we will continue to transform our business to build *A Better Tomorrow™* for our shareholders and other stakeholders. The greatest contribution we can make to society is to reduce the health impact of our business. For BAT Malaysia, that means leading the discussion around the establishment of an appropriate regulatory framework for nicotine vaping. This would ensure that the over one million Malaysians who currently vape would have access to products of known quality and safety standards.

The Board of Directors, Leadership Team and employees of BAT Malaysia are committed to delivering a strong performance for the financial year 2021.



BOLD



FAST



EMPOWERED



DIVERSE



RESPONSIBLE

AWARDS AND ACHIEVEMENTS

“The entry earned consistently high scores across all four areas of assessment. Most notable were the judges’ comments praising the campaign for its strong industry-level approach that yielded impressive, tangible results.”

Soren Beaulieu

Regional Content & Strategy Director of Marketing Interactive

“In spite of the troubling economic situation caused by the COVID-19 pandemic, BAT Malaysia has created an amazing book, with a compelling cover and convincing story that impressed the judges. Considering there are over 1,690 entries from 29 countries competing for this year’s awards, capturing the Silver Award is indeed a world-class achievement.”

Reni L. Witt

President & Founder
International ARC Awards

“A company’s corporate governance is important to investors since it shows a company’s direction and business integrity. By being recognised for upholding high standards of corporate governance, BAT Malaysia not only builds trust with investors and the community, its employees also stand to gain from working in a company whose corporate reputation fosters a culture of integrity that leads to a positive performance and sustainable business.”

Devanesan Evanson

CEO, MSWG

2020

- Certified as a Top Employer in Malaysia and Asia Pacific for 2021 by Top Employers Institute for the third consecutive year, and also awarded the Top Employer Global 2021 certification.
- Awarded the Leadership in Energy and Environmental Design (LEED) certification.
- Silver Award in the Best Corporate Affairs Strategy category at the PR Asia Awards 2020.
- Silver Award in the Traditional Annual Report (Food & Consumer Packaged Goods) category at the Annual Report Competition (ARC) Awards 2020.
- Silver Award in the Integrated Presentation category at the International Annual Report Design Awards (IADA) 2020.
- Ranked third place in the Excellence Award for Overall Corporate Governance and Performance at the MSWG-ASEAN Corporate Governance Awards 2019.
- Ranked fourth place in the Industry Excellence Award (Consumer Products & Services) at the MSWG-ASEAN Corporate Governance Awards 2019.
- ASEAN Asset Class Award at the 2019 ASEAN Corporate Governance Scorecard (ACGS) Awards.
- Ranked 19th amongst the top 100 Malaysian Public Listed Companies (PLCs) for Corporate Governance Disclosure 2019.
- Recognised as the Best International Organisation and the Best Outstanding Practice – Initiative for Women Workforce at the Life At Work 2019 Awards, organised by Talent Corporation Malaysia Bhd (TalentCorp).
- Gold Premier Award for the ‘OSH Management on Retail & Wholesale of FMCG Products’, by the Malaysian Occupational Safety and Health Practitioners’ Association (MOSPHA).

2019

- Highest Return on Equity over Three Years in the Consumer Products and Services Sector at The Edge Billion Ringgit Club 2019.
- MSWG-ASEAN Corporate Governance Awards 2018 – Excellence Award for Disclosure (15th).
- MSWG-ASEAN Corporate Governance Awards 2018 – Excellence Award for Long-Term Value Creation (2nd).
- Recognised by Top Employers Institute, an independent global certification company as one of the Top Three Best Companies in Malaysia.
- Certified Top Employer in Malaysia and Asia Pacific 2020 by Top Employers Institute.
- Won HR Best Companies to Work for in Asia.
- Winner of Excellence in Total Rewards Strategy (Gold), Excellence in Employee Engagement (Silver), Excellence in Innovative Use of HR Tech (Silver), Excellence in Business Transformation (Bronze), and Excellence in Employee Wellbeing (Bronze) at the HR Excellence Awards Malaysia 2019.
- The Company won its first health and safety award from a Health and Safety NGO and recognition by the industry: Achieved Malaysian Occupational Safety and Health Practitioners’ Association (MOSPHA) Health and Safety Audit with Full Compliance. Also won the Gold Award for Retail and Wholesale of FMCG Product Category.



MINORITY SHAREHOLDERS WATCH GROUP
Shareholder Activism and Protection of Minority Interest



AWARDS AND ACHIEVEMENTS

2018

- Highest Return on Equity Over Three Years in the Consumer Products and Services Sector at The Edge Billion Ringgit Club 2018.
- Recognised by Top Employers Institute, an independent global certification company as one of the Top Three Companies within Malaysia.
- Also secured Top Employer – Malaysia/Asia Pacific 2019 by Top Employers Institute.
- Winner of The Best Employer Brand Leadership Award by BrandLaureate BestBrands Awards 2017-2018.
- HR Asia's 'Best Companies to Work for in Asia 2018' at the HR Excellence Awards Malaysia 2018.
- Winner of Excellence in Total Rewards Strategy (Gold), Excellence in Innovative Use of HR Tech (Silver), Excellence in Employee Engagement (Silver) and Excellence in Employer Branding (Bronze) at the HR Excellence Awards Malaysia 2018.
- Winner of the "Outstanding Practice: Work" at the Life at Work Award 2018 by Talent Corporation Malaysia Berhad.
- British American Tobacco Global Business Services Sdn Bhd (BAT GSD KL) and BAT Aspac Shared Services Sdn Bhd were also awarded HR Asia's 'Companies to Work for in Asia 2018' and two Gold Awards at the HR Excellence Awards Malaysia 2018.

2017

- Certified as a Top Employer-Malaysia by the Top Employer Institute, an independent global certification company.
- Winner of the CG Award for Industry Excellence in the Consumer Goods category at the MSWG-ASEAN Corporate Governance Awards 2017 for the third consecutive year in a row.
- Winner of Excellence in Employee Engagement (Gold), Excellence in Employer Branding (Silver) and Excellence in Leadership Development (Silver) and Excellence in Innovative Use of HR Tech (Bronze) at the HR Excellence Awards 2017.
- Winner of Most Sustainable Brand Award in the Business and Community Leadership category and winner of the Brand Transformational Leadership Award (Erik Stoel) at the BrandLaureate BestBrands Award 2016-2017.
- Winner of Malaysia's Best Employer Brand Awards from the Employer Branding Institute.
- Commercial Marketers & Distributors Sdn Bhd was awarded Best Tax Payer Award 2016 in the Private Limited Company category by the Inland Revenue Board of Malaysia.

2016

- Winner of Malaysia Best Employer Brand Award at the Employer Brand Awards 2015.
- Two Gold awards for Best Candidate Experience and Best Recruitment Evaluation Technique at the Asia Recruitment Awards 2015.
- Received the Pioneer Members Award Tribute to Selangor Members of 45 years and above from the Federation of Malaysian Manufacturers Selangor Branch as recognition of our longstanding membership with them.
- Highest Return on Equity in the Consumer Product Sector for The Edge Billion Ringgit Club Awards 2015.
- Silver award for Employer of Choice Award at the Malaysia HR Awards in partnership with JobStreet.com.
- Top 10 public listed companies in Malaysia recognised for their excellence in corporate reporting at the Building Trust Awards 2015 by Pricewaterhouse Cooper.
- Top 20 Companies shortlisted for their Reporting within an Annual Report at the ACCA Malaysia Sustainability Reporting Awards 2015.
- Winner of the CG Award for Industry Excellence in the Consumer Services and Goods category at the MSWG-ASEAN Corporate Transparency, Index, Findings and Recognition 2015 – The Malaysian Chapter.



REVIEW OF FINANCIAL RESULTS

REVENUE

Total revenue for BAT Malaysia declined by 7.7 percent (RM193 million) when compared to 2019.

The persistently high levels of the tobacco black market at 63 percent and the growth of illegal vaping coupled with market downtrading have resulted in the Group's domestic revenue declined by 5.3 percent (RM132 million). The COVID-19 pandemic has impacted the Group's duty-free sales as the imposed regional and international travel restrictions, resulted in revenue decline by 2.5 percent (RM61 million).

COST OF SALES

The Group's cost of sales reduced by 4.1 percent (RM73 million) when compared to 2019, primarily attributed to lower sales volume from the impact of pandemic travel restrictions, productivity improvements and cost-saving initiatives. The Group continued to drive cost rationalisation initiatives to deliver a competitive product cost leveraging its current supply chain model.

OPERATING EXPENSES

In 2020, operating expenses were slightly higher by 2.6 percent (RM7 million) when compared to the previous year, mainly driven by strategic investments the Group has undertaken to support our growing portfolio - Dunhill, KYO and Rothmans, restructuring expenses (please see below) and additional costs incurred due to the purchase of personal protective equipment and sanitisation cost as a result of the

COVID-19 pandemic. In addition, during the year, the Group invested in a campaign "STOP THE BLACK MARKET", which has highlighted the severity of the tobacco black market and its impact to Malaysia, prompting both Malaysians and the government to act on this issue. The overall increase in cost was partially offset by savings from the restructuring exercise, which started last year.

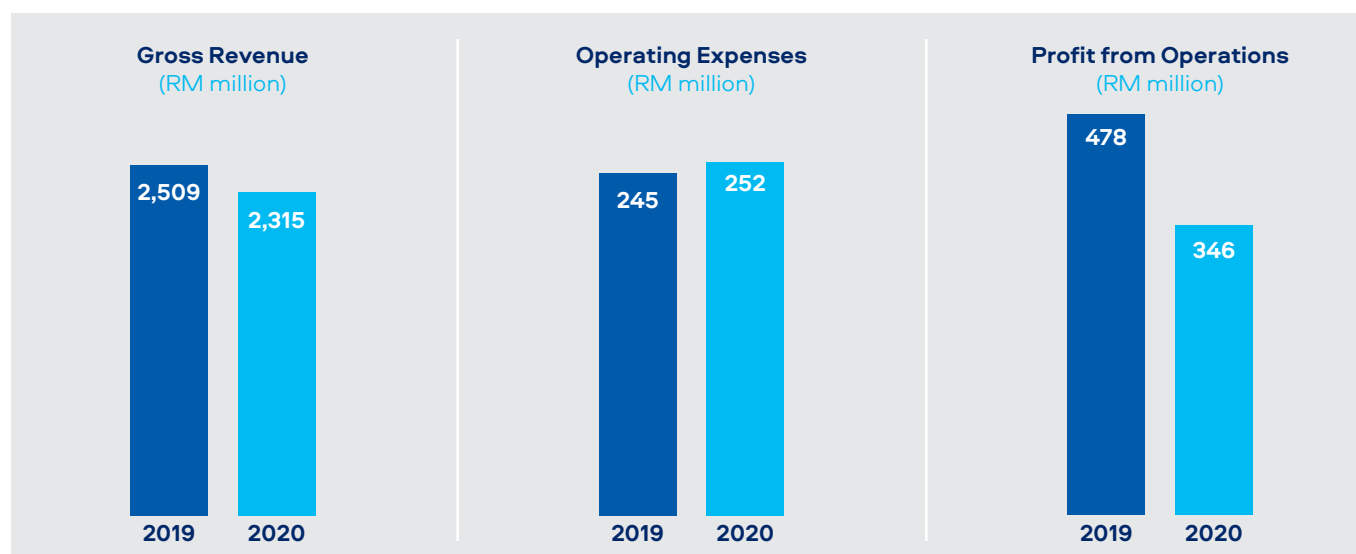
RESTRUCTURING EXPENSES

The Group's internal reorganisation exercise started in the fourth quarter of 2019 and concluded in 2020. This internal reorganisation exercise amounted to RM19 million, is a step change in delivering a more efficient, agile and focused organisation. As a result of the restructuring exercise, the Group had a reduction of approximately 100 headcounts in the workforce, which enabled the Group to unlock cost, improve ways of working and set a foundation of sustainable growth for the business.

PROFIT FROM OPERATIONS

The Group recorded a decline of 27.6 percent (RM132 million) in profit from operations when compared to 2019. This was mainly led by high illegal cigarette volume, growth of illegal vaping, market downtrading and lower duty-free sales as a result of COVID-19 related regional and international travel restrictions.

Profit from operations on a full-year recorded a decline when compared to the previous year.



REVIEW OF FINANCIAL RESULTS



However, the quarter on quarter evolution has shown continuous improvement and growth since the second quarter of 2020, showing positive signs of recovery in the business.

TAXATION

The average effective tax rate of the Group for the financial year ended 31 December 2020 was 26.6 percent. The marginal increase in average effective tax rate versus actual tax rate of 24 percent was mainly due to non-deductible items, which were mainly associated with restructuring expenses, interest non-deductibility, capital items and other non-allowable expenses.

DIVIDENDS

Despite the challenging environment, the Group remains committed to pay dividends at a level above 90 percent of its earnings. In 2020, the Group declared four quarterly interim dividends amounting to 83 sen per share, equivalent to a 98 percent total earnings payout for the year and a dividend yield of 7 percent based on average share price in 2020.

DEBT STRUCTURE

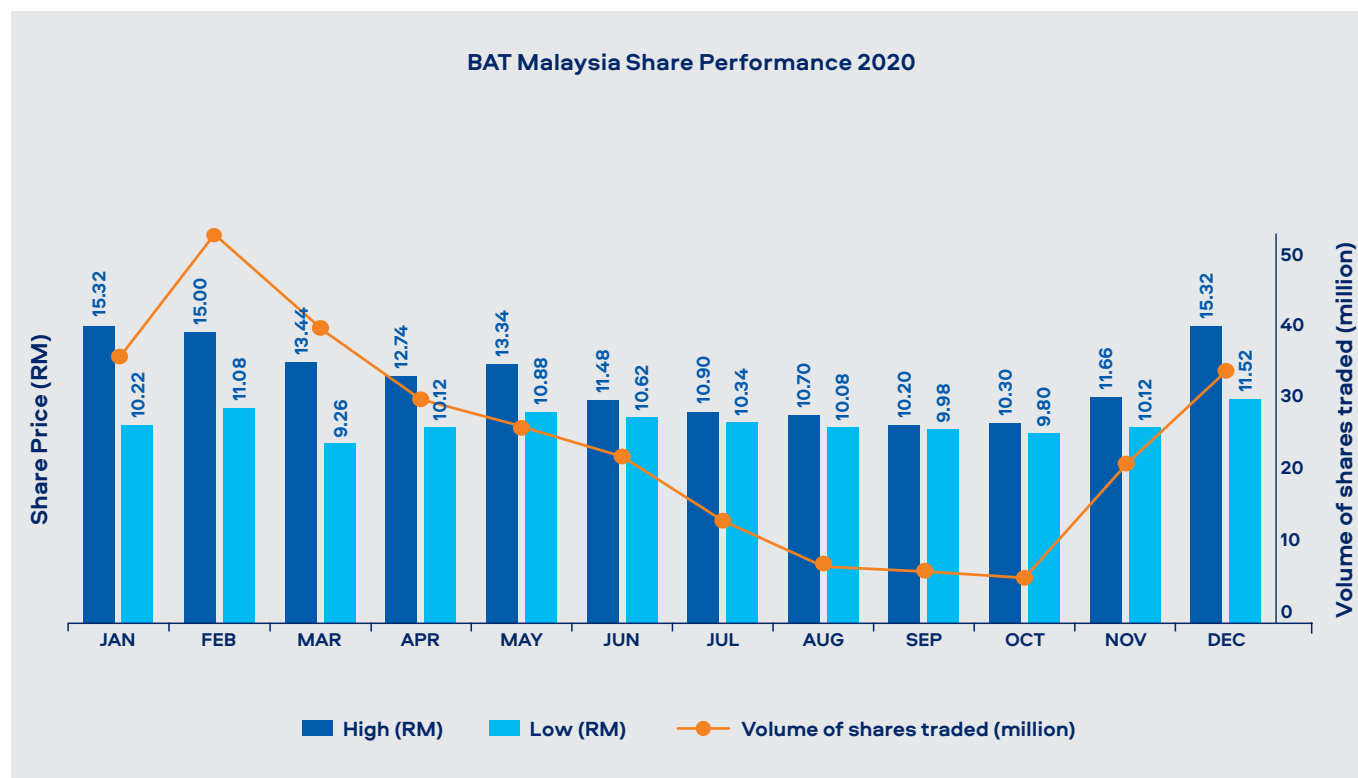
As at 31 December 2020, the Group has a total debt facility of RM620 million maintained with several licensed financial institutions in Malaysia. The Group continues to utilise revolving credits and bank overdrafts to support its short-term working capital requirements. This more flexible debt structure allows the Group to borrow at optimum level thereby minimising financing costs, together with improving interest deductibility. At the end of 2020, the Group had RM510 million of revolving credits with tenure of one month, compared to RM421 million in 2019, to support the higher working capital requirements due to higher inventories to ensure no supply chain disruption impacting the business during the unprecedented time of the COVID-19 pandemic.

WORKING CAPITAL AND LIQUIDITY

In 2020, cash from operations recorded a decline of 41 percent (RM184 million) as compared to 2019. The decrease in cash inflow was mainly due to lower receipts from lower sales coupled with additional purchase of inventories in view of the pandemic situation to ensure business continuity.

	12 months 2019 RM million	12 months 2020 RM million
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)	492	359
Profit from Operations	478	346
Cash from Operations	448	264
Cash Conversion	91%	73%
Increase in cash and cash equivalents	(58)	9

REVIEW OF FINANCIAL RESULTS

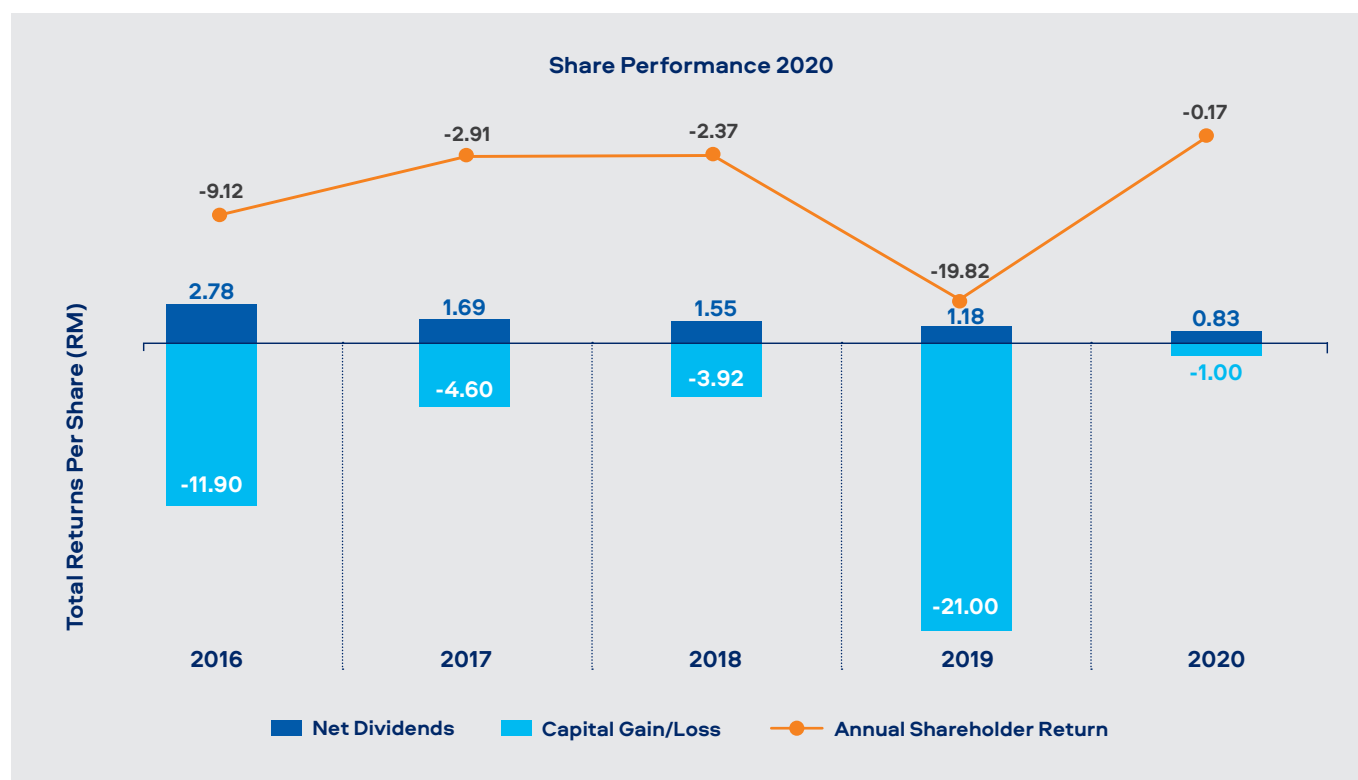


SHAREHOLDERS' RETURN

The share price of BAT Malaysia was mainly impacted by external factors such as the COVID-19 pandemic and the tobacco black market. In the last two months of the year, the share price has risen by 40 percent. It is encouraging to note that the strength of the company is being recognised after delivering three consecutive quarters of growth in performance. In addition, Budget 2021's announcement with the Government introducing a series of measures to combat illegal trade and the introduction of a tax framework for zero nicotine vaping also provided confidence for an optimistic outlook in the legal industry.

Market capitalisation for the Group closed at RM4.0 billion in 2020. The annual dividend yield that the Group generated is estimated at 7 percent. The Group continues to ensure that shareholders' return is maximised via sound strategies with focus on continuous strengthening and building a robust brand portfolio, increasing the Group's market share of the legal market and driving further cost efficiencies for delivering growth. Apart from the business, the Group has also focused on Environmental, Social and Corporate Governance agenda for a sustainable future.

REVIEW OF FINANCIAL RESULTS



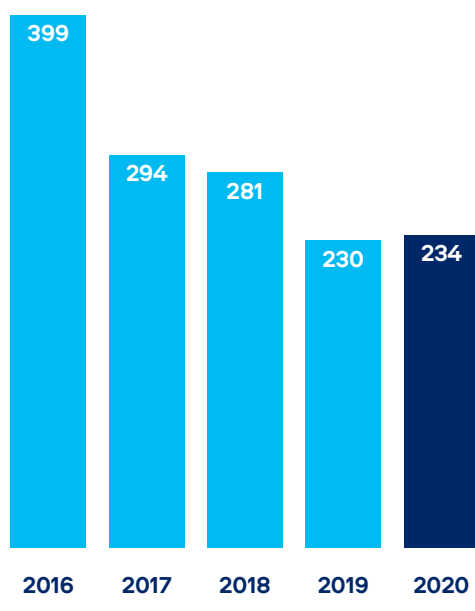
TREASURY

The Group's foreign currency exposure mainly comes from the purchase of finished goods. As part of the Group's treasury policy, foreign currency exposure is minimised by hedging the net exposure for the next 18 months, in line with the hedging period that was allowed under the Foreign Exchange Control guideline enforced by Bank Negara Malaysia. The permitted range on the hedge ratio within the 18 months of transaction date is 50 percent to 95 percent. The primary objective of the hedging strategy is to protect shareholder value by minimising foreign exchange rate fluctuations. This is achieved by layering the hedges monthly within the allowable boundaries set by Bank Negara Malaysia.

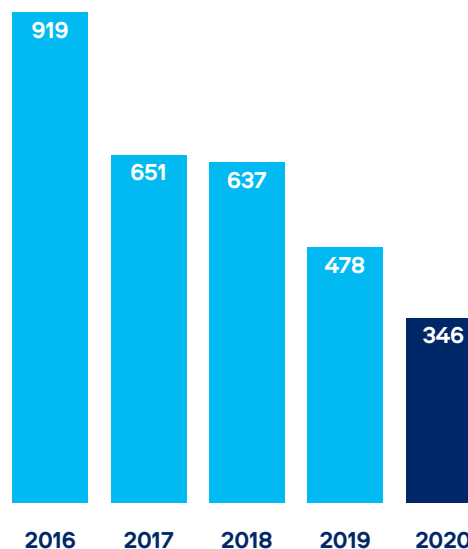
FIVE-YEAR PERFORMANCE

HISTORY

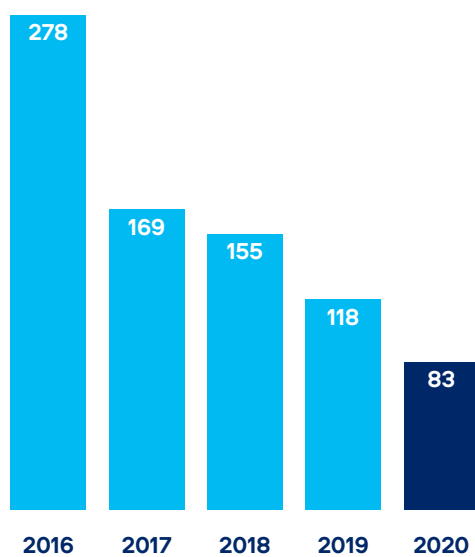
Operating Expenses (RM million)
excluding restructuring expenses



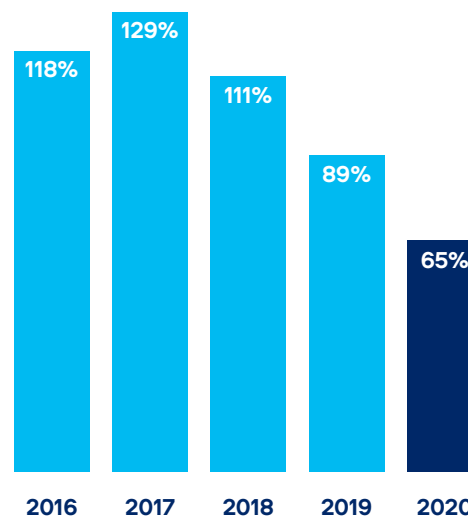
Profit from Operations (RM million)



Net Total Dividend per Share (Sen)



Return on Equity



FIVE-YEAR PERFORMANCE

HIGHLIGHTS

2016

The Group announced on 17th March 2016 that it would be restructuring its business operations by sourcing tobacco products for its domestic market from other state-of-the-art BAT factories regionally and would cease manufacturing operations. The restructuring was in line with the Group's efforts towards realising a new and more sustainable business model, amidst an increasingly challenging business environment. The Group subsequently announced the sale of the land and building upon which the factory operations are located and the sale was completed in November 2016. The volume share of the tobacco black market hit an all-time high record 57.1 percent in the month of December 2016 (*Source: Illegal Cigarette Study*).

2017

The Group has completed the closure of its factory operations in June 2017 and has changed its sourcing from local manufacturing to full importation. The Group entered into the Value-for-Money segment of the legal market through the launch of Rothmans in October 2017. Tobacco black market levels continued to trend upwards and recorded at all time high of 59 percent.

2018

It was a stabilising year for BAT Malaysia after consecutive years of double-digit decline. Malaysia saw the historic changeover in Government in May 2018, resulting in visible policy changes. The Government announced the abolishment of GST and reintroduced SST on 1st September 2018 to address affordability concerns. Following the SST implementation, a price increase of 40 sen per pack of cigarettes took place as the tobacco industry is regulated to pass on tax to consumer price.

2019

The tobacco landscape evolved significantly with the emergence and challenge of illegal vaping and continuous high levels of the tobacco black market. A year after the change of government, the Group did not see any significant action taken to address illegal tobacco as well as affordability issues. As a result, legal tobacco industry was greatly impacted, with the Group registering a 25 percent decline in its operating profit. The Group had taken aggressive cost rationalisation and restructuring measures to achieve a sustainable cost base and profitability level for the future. However, an urgent structural reform is needed in order to secure a sustainable tobacco framework for the industry and legal tobacco companies.

2020

This was an unprecedented year marked by the COVID-19 global pandemic. The tobacco black market and illegal vaping incidence continued to be high at 70 percent of the total nicotine market. Despite these external challenges, the Group had been resilient and showed strong signs of recovery quarter on quarter. Dunhill, our flagship brand gained share of segment, increasing by 2.2 percentage points. During the year, the Group extended its portfolio with the launch of KYO in the VFM segment to capture a fair share of down traders. KYO's performance was encouraging with 2.8 percent share of the market, achieved within two months of launch. With this new addition to the Group's portfolio, the corporate share of the market increased by 1.1 percentage points versus 2019 to 51.7 percent. It is encouraging to see the government's efforts in setting regulations and enforcement in curbing illegal cigarettes via the Budget 2021 announcement. It is noted that significant enforcement and excise reform is needed to secure a sustainable tobacco and vaping framework for the industry.

CORPORATE HIGHLIGHTS

DECEMBER 2019

JANUARY 2020

- British American Tobacco Malaysia Chinese New Year celebrations with employees



FEBRUARY

- Financial Analyst Briefing on Fourth Quarter 2019 Financial Results

MARCH

- BAT p.l.c. unveils new Corporate Brand and Purpose of A Better Tomorrow™
- BAT Malaysia 'works from home'



APRIL

- Virtual energisers hosted throughout the month of April to drive connection, motivation and energy for all employees



MAY

- Virtual Financial Analyst Briefing on First Quarter 2020 Financial Results

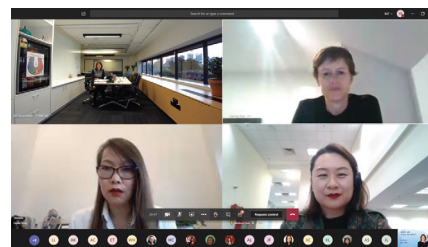
JUNE

- Virtual British American Tobacco Malaysia 2019 59th Annual General Meeting



JUNE (CONTD.)

- Rise Up. Create an Impact. Women in Leadership panel discussion with senior female leaders within BAT Group



JULY

- Launch of KYO
- Virtual Financial Analyst Briefing on Second Quarter 2020 Financial Results
- Launch of "Stop the Black Market campaign"



CORPORATE HIGHLIGHTS

AUGUST

- BAT Malaysia Reboot. Organisation-wide virtual event to launch new company strategy
- Silver Award in the Best Corporate Affairs Strategy category at PR Asia Awards 2020 for “Sampai Bila” campaign
- Awarded TalentCorp’s LIFE AT WORK 2019 Awards for Best International Organisation and Best Outstanding Practice – Initiative for Women Workforce
- Donation of 986 digital assets to SOLS TECH to digitally empower underprivileged communities



SEPTEMBER

- Silver Award at the prestigious International ARC Awards 2020, for BAT Malaysia’s 2019 Annual Report, in the Traditional Annual Report (Food and Consumer Packaged Goods) category



OCTOBER

- Received Leadership in Energy and Environmental Design (LEED) certification for BAT Malaysia’s head office in Guoco Tower
- Launched Say No to Unnecessary Single Use Plastics Campaign
- MSWG-ASEAN Corporate Governance Awards – Excellence Award in the Top 100 Companies for Overall Corporate Governance and Performance, and Industry Excellence Award for Consumer Products and Services
- Virtual Financial Analyst Briefing of Third Quarter 2020 Financial Results



NOVEMBER

- BAT Malaysia Run Home Organisation-wide virtual event to close 2020 and ensure fast start for 2021
- Dunhill Full Range Pack Upgrade



DECEMBER

- Partnered with My Kasih to distribute food aid to economically vulnerable families in Perak, Pahang and Kuala Lumpur



IN THE NEWS

Speak up against tobacco black market: BAT Malaysia

By **NST Business** - June 15, 2020 @ 4:27pm



BAT rises on Budget 2021 announcement on illegal cigarettes crackdown

by **LYDIA NATHAN**

BRITISH American Tobacco (M) Bhd (BAT) is poised to benefit from the Budget 2021 announcement on the government's commitment to curb the illegal trade of cigarettes, says RHB Research Institute Sdn Bhd.

RHB has upgraded the counter to a 'Buy' with an increased target price (TP) of RM12 from RM10.80 which translates into an 8% dividend yield for the stock.

BAT rose 76 sen or 7.4% to RM10.98 at close yesterday.

RHB analyst Soong Wei Siang noted that the government's intention to address issues surrounding the illegal tobacco trade can turn the BAT fortunes and give the company a compelling risk-rewarding factor.

"This can be a turning point for the company, as we believe cigarette transshipment is a key channel for illicit trade," he said.

According to Soong, unfair com-



BAT's YTD performance is overshadowed by the growth of the tobacco and vaping black market, which grew from 69% to 70% the livelihood of the tobacco industry - the Multi-Agency Task Force and lighted the imposition of excise

include ineffective execution from enforcement authorities, as well as competition within the industry that is strong.

BAT recorded a net profit of RM63.74 million, up 16.72% year-on-year (YOY) for the third quarter ended Sept 30, 2020 as revenue increased 14.81% YOY in the same period to RM627.52 million.

BAT declared a dividend of 21 sen per share, bringing its cumulative dividends for the nine months ended Sept 30, 2020 (9MFY20) to 56 sen.

In its filing to Bursa Malaysia on Oct 28, BAT's year-to-date (YTD) performance is overshadowed by the growth of the tobacco and vaping black market, which grew from 69% to 70%.

It pointed out the growing concern over the tobacco black market that has also been increasing over the past quarter from 60.5% to 64.5% share of the total market.

Illicit cigarette trades leaked roughly RM80 million in loss for the government in revenue for the

Prestasi BAT Malaysia meningkat

Kuala Lumpur: British American Tobacco (Malaysia) Berhad (BAT Malaysia) mencatatkan pertumbuhan bagi suku ketiga

Firm launches anti-black market tobacco campaign

BAT Malaysia named progressive workplace for women workforce

BAT Malaysia recognised as progressive workplace



BRITISH American Tobacco Malaysia Berhad (BAT Malaysia) came out tops in the prestigious LIFE AT WORK 2019 Awards, emerging as Best International Organisation and Outstanding Practice - Initiative for Women Workforce.

The LIFE AT WORK Awards are organised annually by the Ministry of Human Resources (MOHR) through its agency, Talent Corporation Malaysia Berhad (TalentCorp) and in collaboration with the Ministry of Women, Family and Community Development (KPWKM) to celebrate organisations whose leading workplace strategies demonstrate a drive and commitment to not just recruiting but nurturing and cultivating local talents in the workforce. BAT Malaysia beat 62 other international companies within its category to take home the much-coveted accolade of Best International Organisation.

BLACK MARKET IMPACT

BAT Malaysia's Q3 profit from operations rises to RM88m

KUALA LUMPUR: British American Tobacco (Malaysia) Bhd's (BAT Malaysia) profit from operations for the third quarter ended Sept 30 rose six per cent to RM88 million compared to the preceding quarter while revenue increased 15 per cent to RM628 million.

Domestic industry volume increased by seven per cent from the second quarter, driven mainly by volume recovery following the easing of the Movement Control

robustly positioned portfolio in the value-for-money segment that includes the introduction of the KYO brand, which has recorded a positive share of market since its launch," he said in a statement.

BAT Malaysia's market share stood at 52.5 per cent, driven by KYO and reinforced by Dunhill's consistent leadership within the premium segment.

However, its year-to-date performance is facing a serious impact from the ram-

BAT initiates campaign to fight illegal cigarettes

PETALING JAYA: With its performance under pressure from cheaper illicit cigarettes, British American Tobacco (M) Bhd (BAT) has launched a nationwide campaign to intensify its fight against contraband tobacco in Malaysia.

Launched yesterday, the campaign, called "Stop the Black Market", would draw attention to the seriousness of the tobacco black market. It would also invite Malaysians to share their thoughts on curtailing this crime.

help tackle the problem of illicit cigarette.

In a statement, BAT noted that today, 62% of the total tobacco market in Malaysia belongs to criminal gangs, and the country is now ranked No. 1 in the world for illegal cigarettes.

As well as impacting the country's reputation, the tobacco black market accounts for RM5.3bil in excise tax losses each year. It also has other negative implications, the tobacco manufacturer said.

ket is far-reaching as it affects legal businesses and the lives of all Malaysians.

"We applaud the hard work done by law enforcement agencies recently and we hope that these efforts continue to pressure the syndicates operating in this black market. However, enforcement alone is not enough to address this issue.

"More attention needs to be drawn to the severity of the issue and Malaysians should have an avenue to voice their concerns,

The first step to tackle tobacco black markets has begun

BAT Malaysia's efforts receive regional recognition