



**British American Tobacco
(Malaysia) Berhad**

1st Quarter 2011 Results

Analyst Presentation

21 April 2011



Agenda

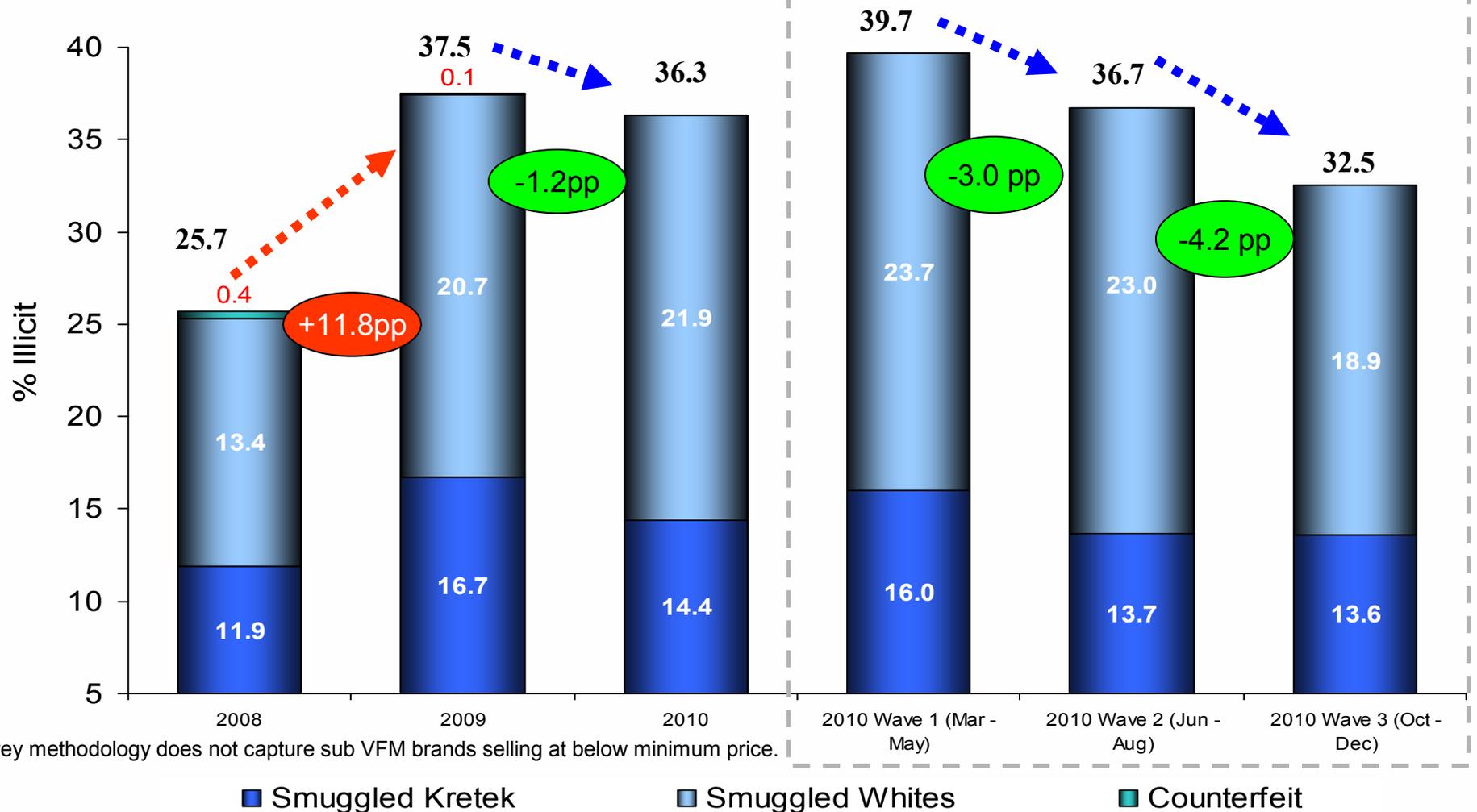
- **Industry Review, Market Share and Volumes**
- **BATM's Activities**
- **Quarter 1, 2011 Results**
- **Other Highlights**
- **Future Prospects**

INDUSTRY REVIEW, MARKET SHARE AND VOLUMES

Illicit Trade

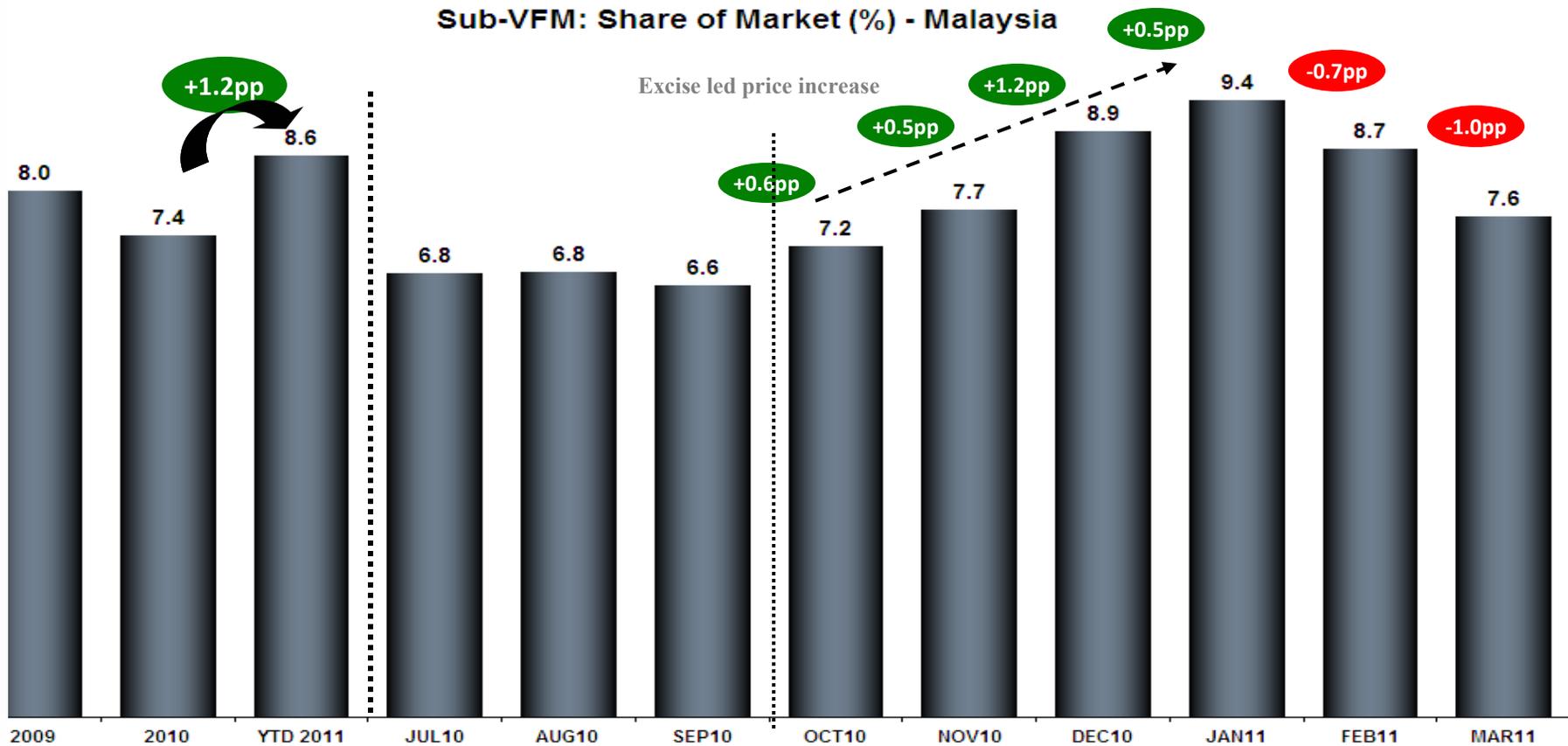


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2010 Wave 3 vs Wave 2 saw a reduction of 4.2 ppt
2010 vs 2009 saw a reduction of 1.2 ppt

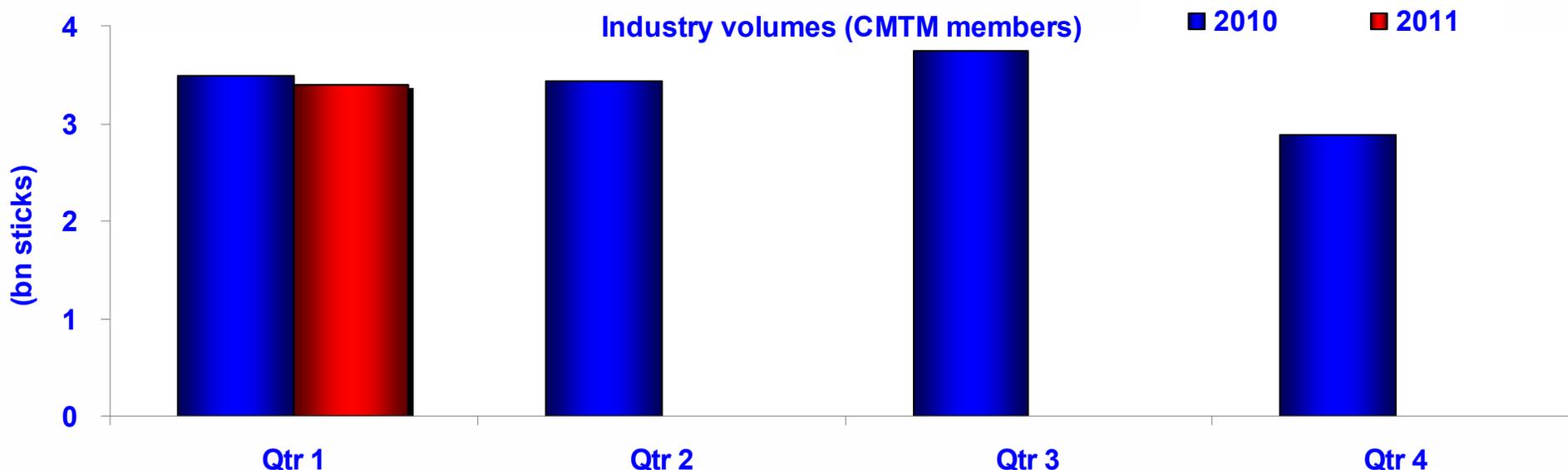
Sub VFM brands – Decline driven primarily by brands adjusting back to minimum pricing



Source: Malaysia Retail Audit (Base: Total Whites)

Sub VFM segment declines after 4 months of aggressive growth by -1.8pp (Jan vs Mar 2011)

Industry volumes decreased



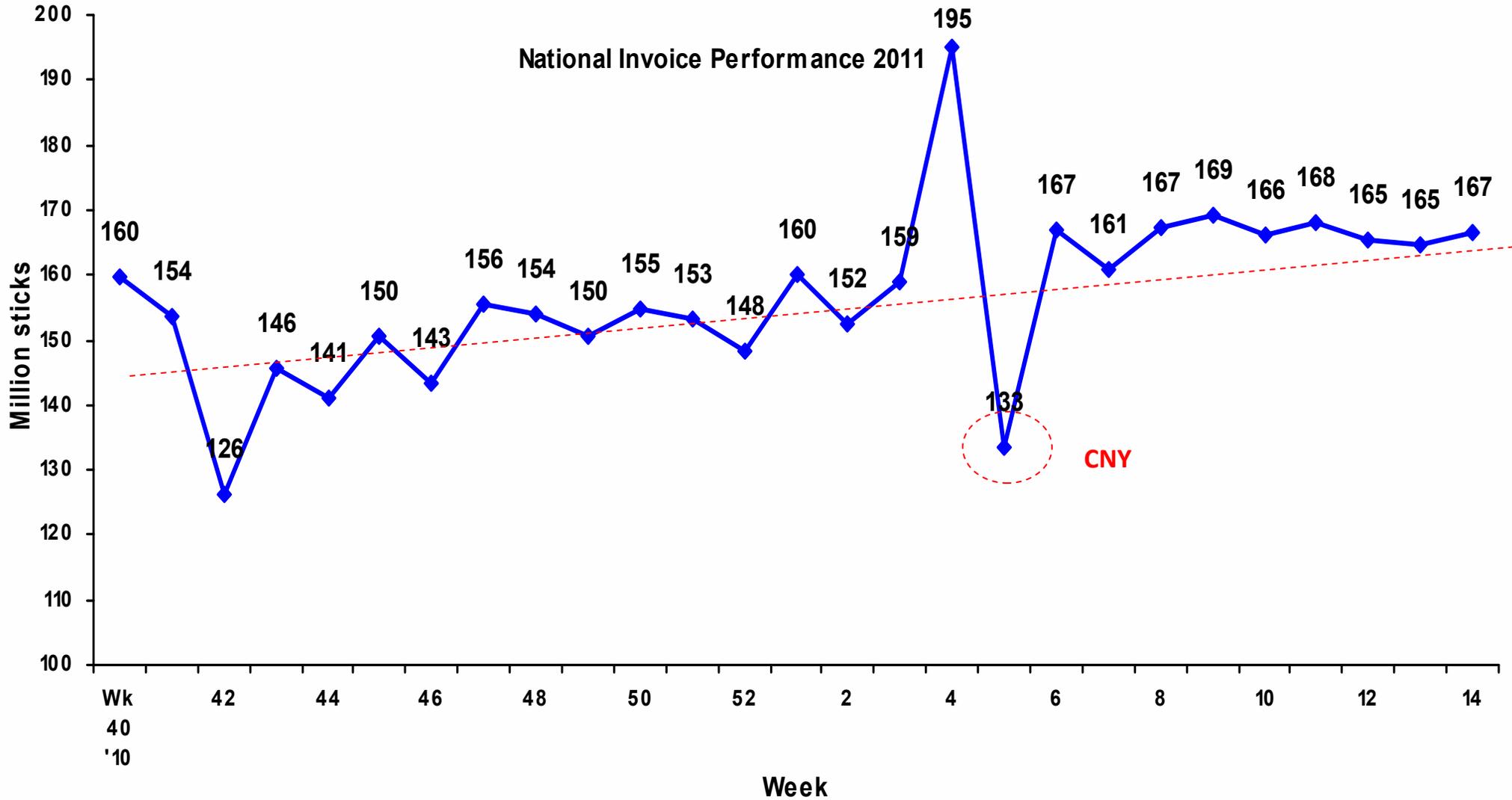
Shipment Volume (in bn sticks)	YTD 2011	YTD 2010	Variance YTD 11 vs YTD 10
BATM	2.08	2.25	-7.5%
Industry (CMTM members)	3.18	3.50	-9.0%
Other whites (estimate)	0.30	0.30	1.4%

Note: Other whites volumes extrapolated from RA share

Source: Research commissioned by Confederation of Malaysian Tobacco Manufacturers (CMTM)

BAT performed marginally better than the industry, declining by 7.5%

Weekly Volume Performance

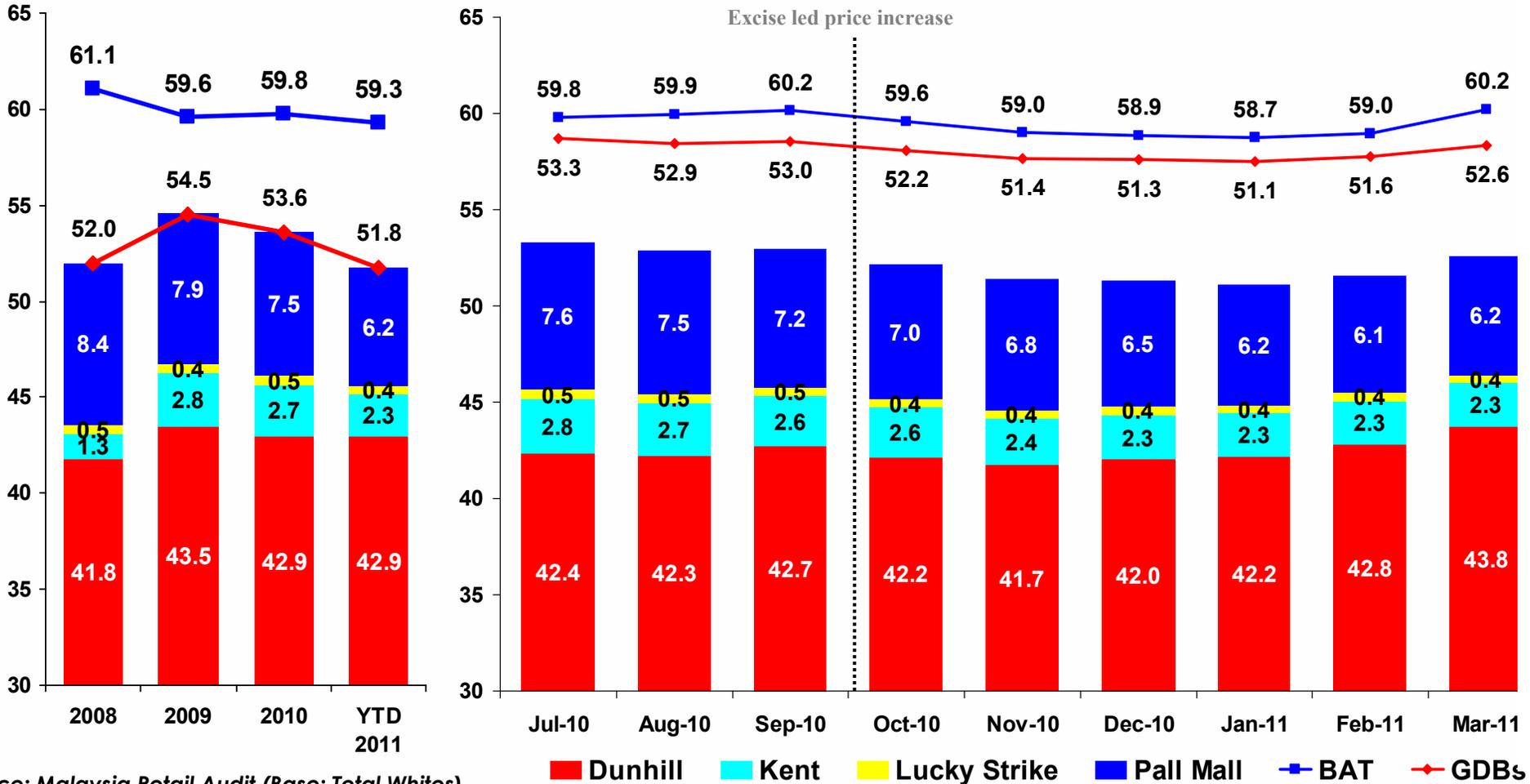


BAT volumes showing positive trends post the excise increase on October 2010

BAT & GDB Share



Share of Market %



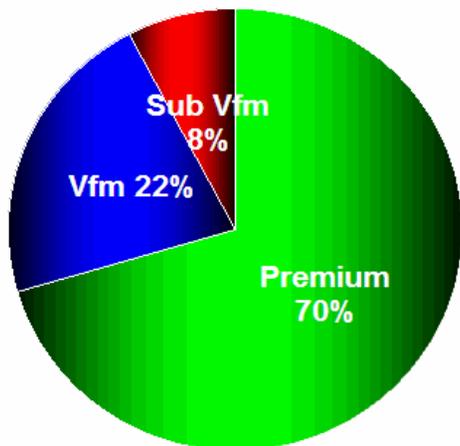
Source: Malaysia Retail Audit (Base: Total Whites)

Corporate share softens by -0.4ppt for the YTD vs SPLY, from down trading pressure due to excise increase. BAT shares return to growth in February and March 2011

Market remains Premium-skewed



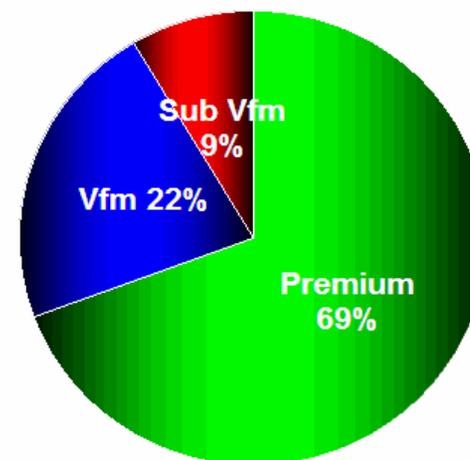
YTD 2010



BAT

Share of Premium	73.5
Share of Value for Money	36.1
Share of Sub VFM	-

YTD 2011



BAT

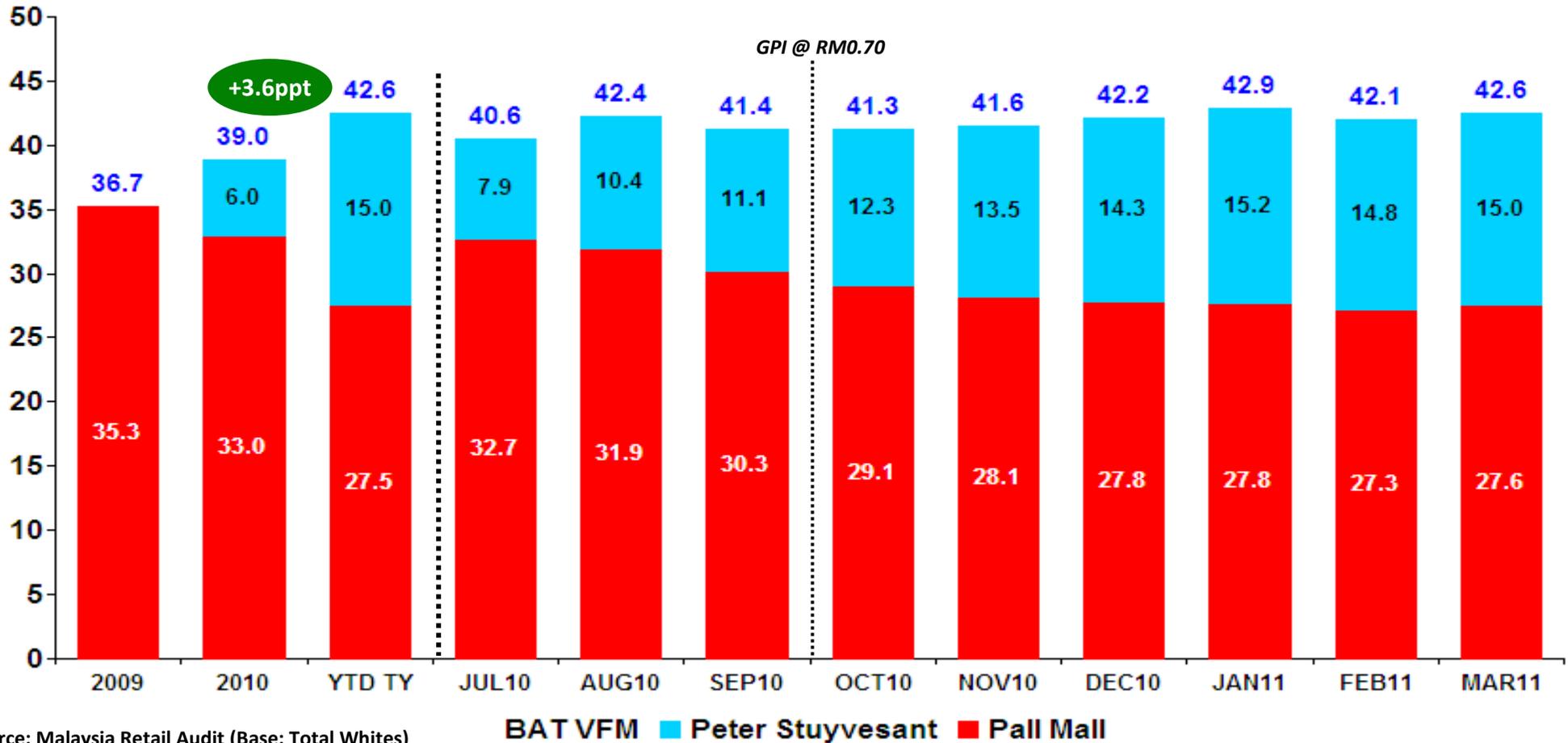
Share of Premium	72.0
Share of Value for Money	42.6
Share of Sub VFM	-

Source: Malaysia Retail Audit, March 2011 (Base: Total Whites)

BAT VFM share of segment growing



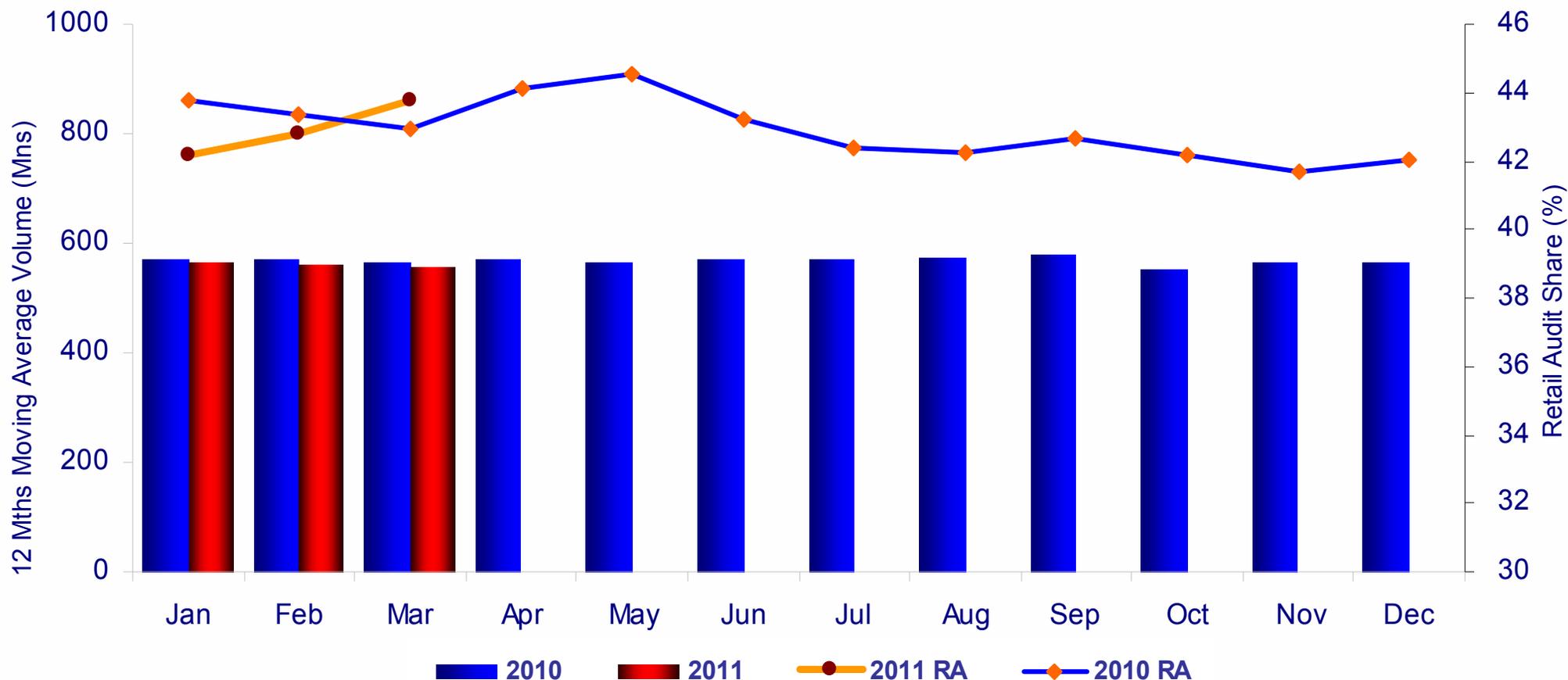
BAT VFM : Share of Segment (%) - Malaysia



Improvement in BAT VFM SOS driven by Peter Stuyvesant (+6.4ppt YTD 2011 vs SPLY).

BRAND ACTIVITIES AND PERFORMANCE

Dunhill



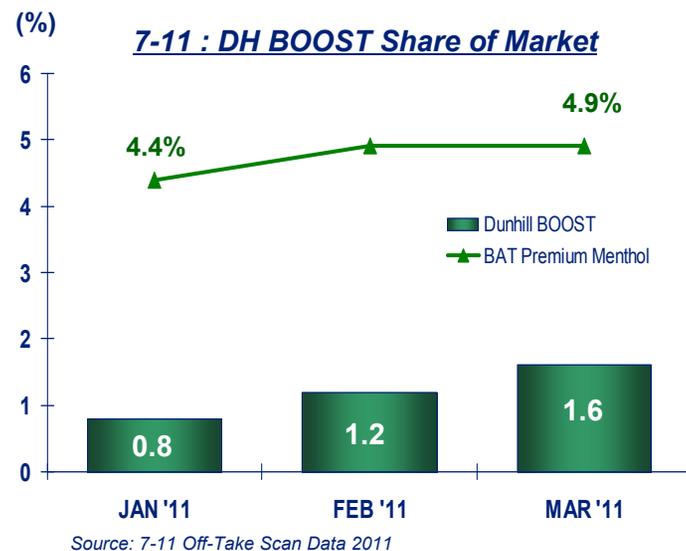
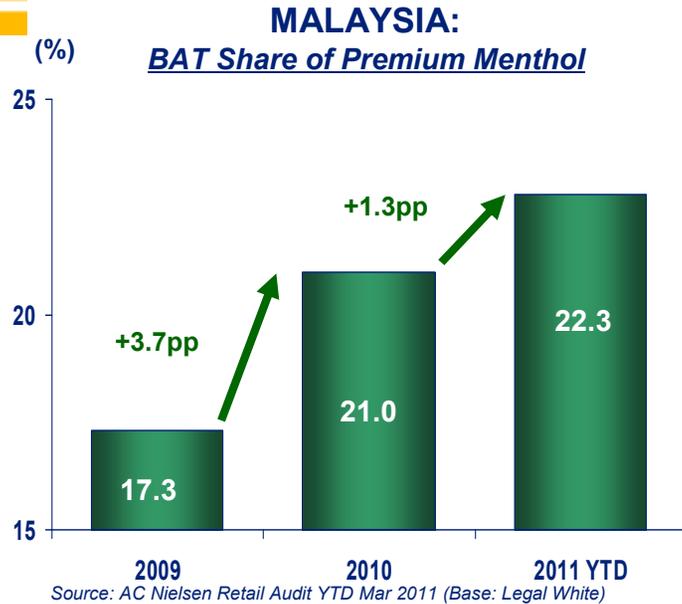
Note: RA figures are on a month by month basis

Source: Nielsen Retail Audit

YTD 2011 market share at 42.9% (-0.4ppt vs SPLY), down due to excise increase in October 2010, sees growth of +1.6pp (Jan vs Mar 2011).

Redefining the Menthol Segment

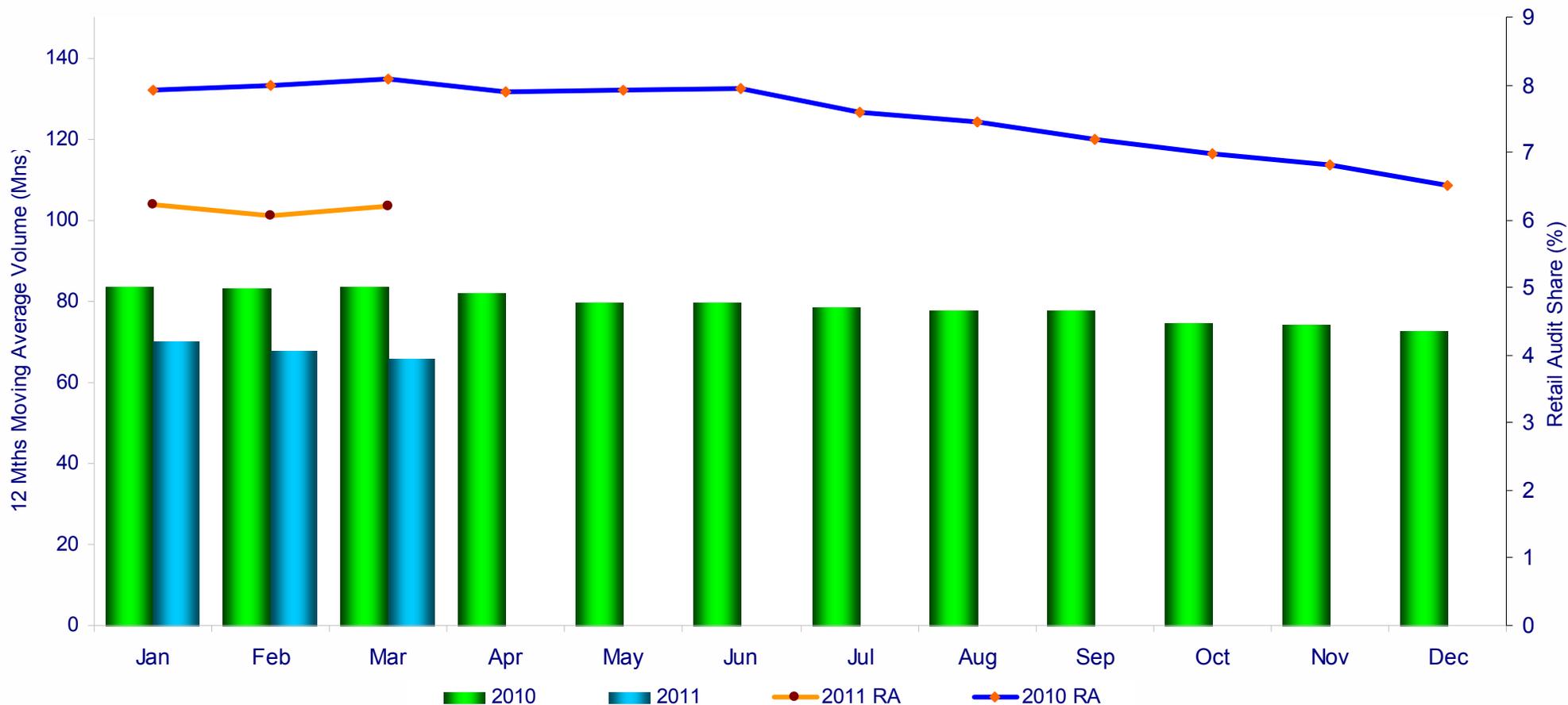
Dunhill Menthol Boost



- Dunhill Menthol with RELOC function and Dunhill BOOST with Capsule Technology has been the 1st and biggest innovation seen in the Menthol segment in Malaysia.
- RELOC has redefined “freshness” to a new dimension in the menthol category.
- Capsule innovation with Dunhill BOOST has provided consumers the ability to activate on-demand extra menthol sensation. Initial results are encouraging with a marginal segment growth.

Produk ini mengandung lebih 4,000 bahan kimia termasuk tar, nikotina dan karbon monoksida yang membahayakan kesehatan.

Pall Mall



Source: Malaysia Retail Audit (Base: Total Whites)

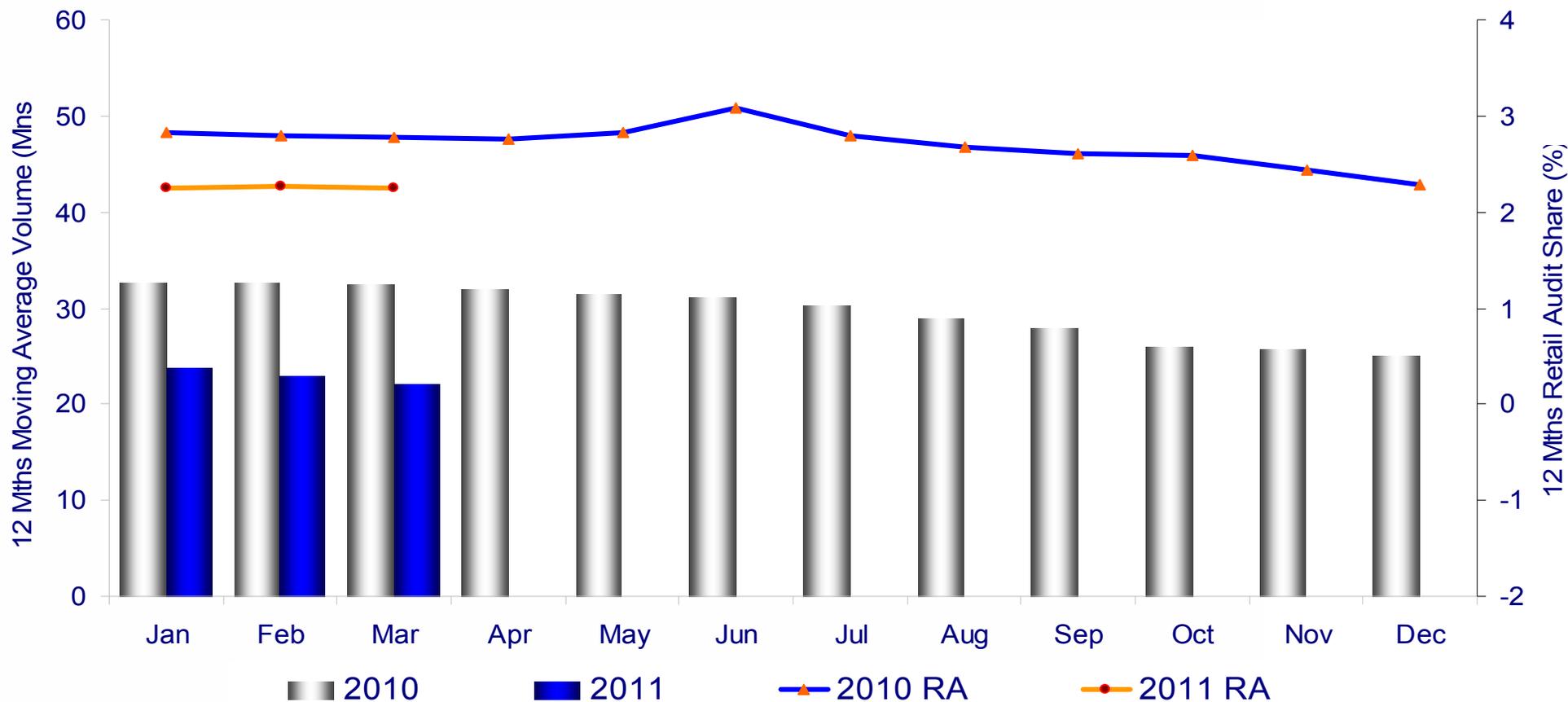
RA figures are on a month by month basis

YTD 2011 market share at 6.2% (-1.8 ppt vs. SPLY) due to delisting of 25s pack size and portfolio adjustment with Peter Stuyvesant

Introducing Pall Mall ICE

Produk ini mengandung lebih 4,000 bahan kimia termasuk tar, nikotina dan karbon monoksida yang membahayakan kesehatan.

Kent

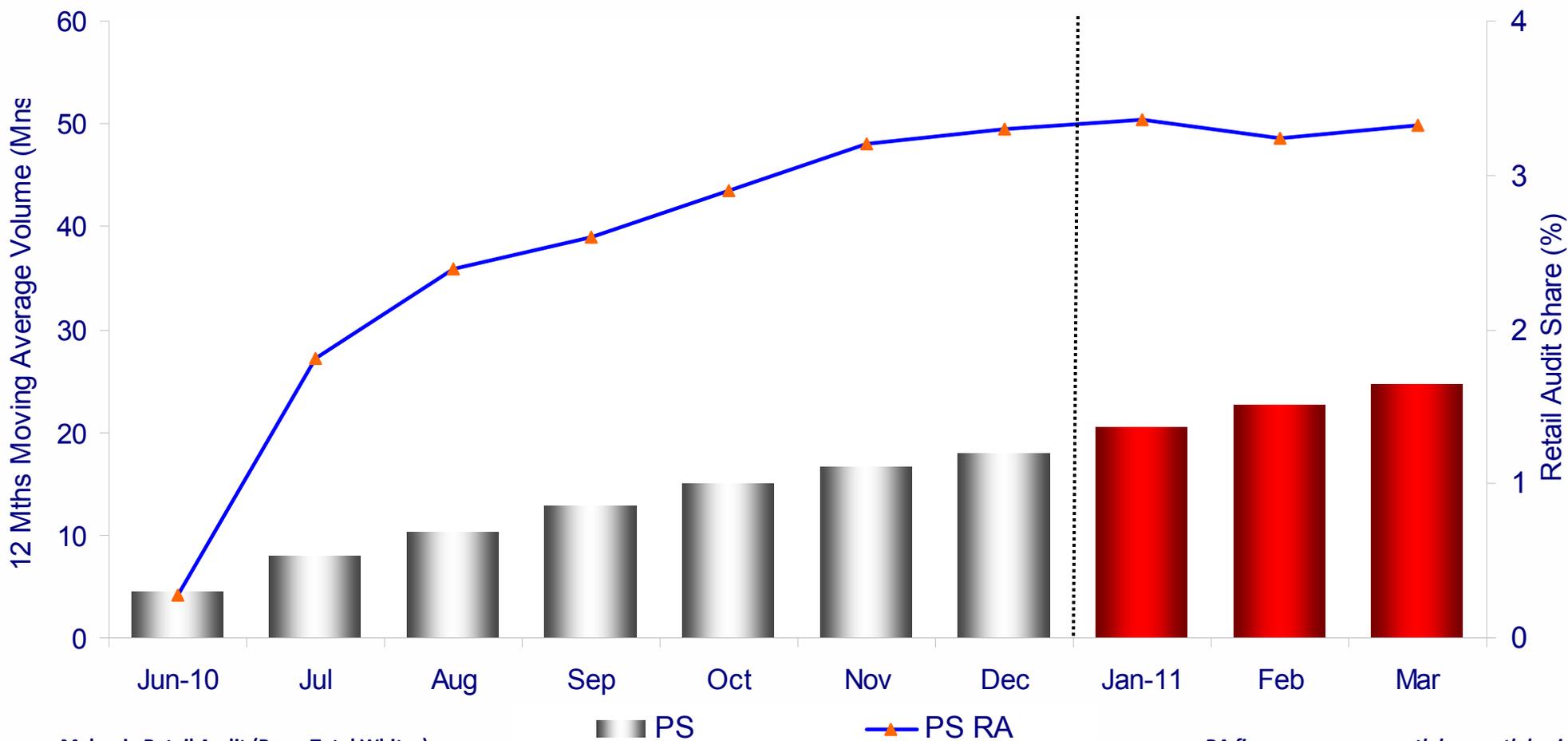


Source: Malaysia Retail Audit (Base: Total Whites)

RA figures are on a month by month basis

YTD 2011 market share at 2.3% (-0.5ppt vs SPLY)

Peter Stuyvesant



Source: Malaysia Retail Audit (Base: Total Whites)

RA figures are on a month by month basis

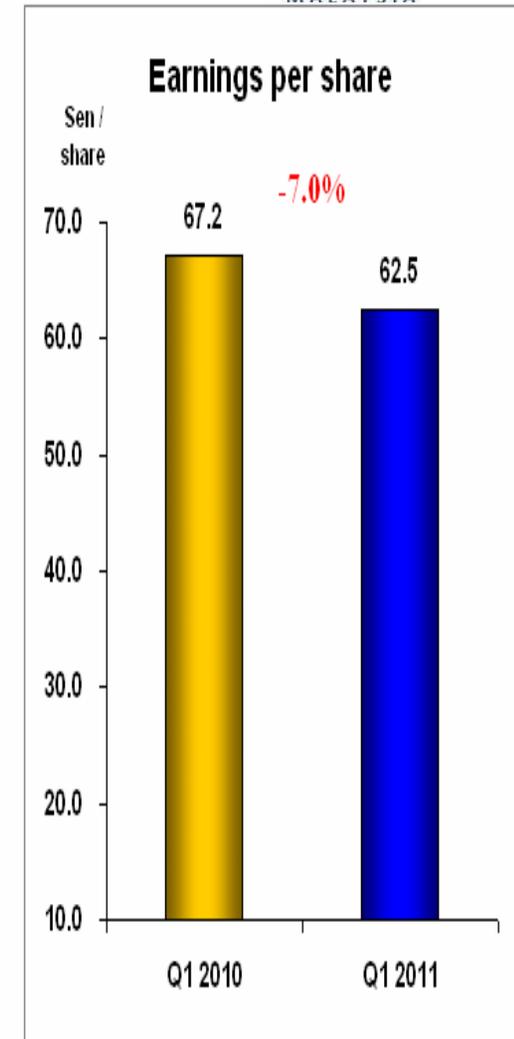
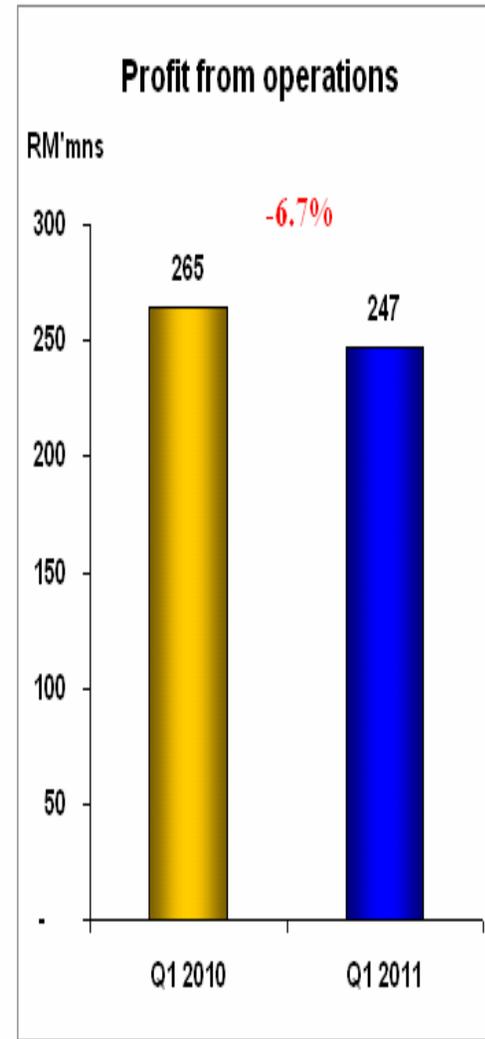
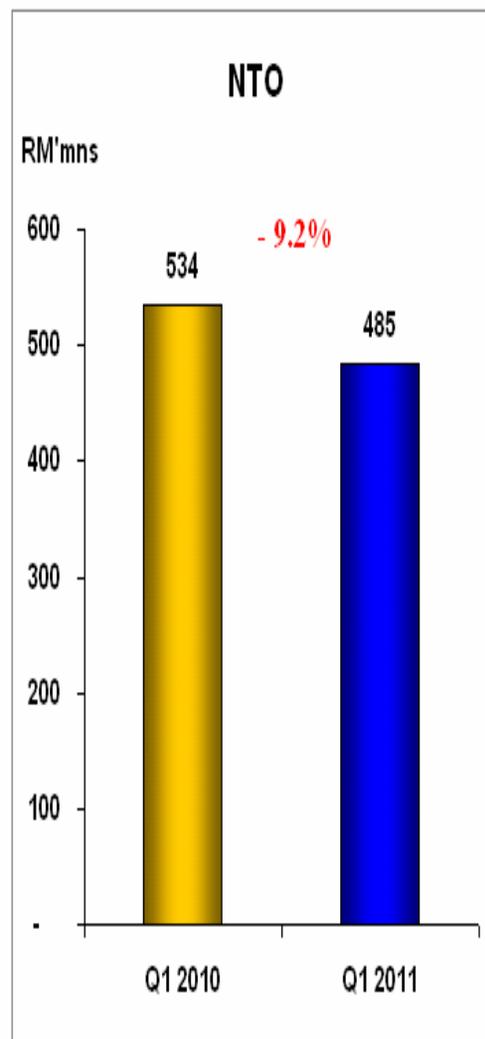
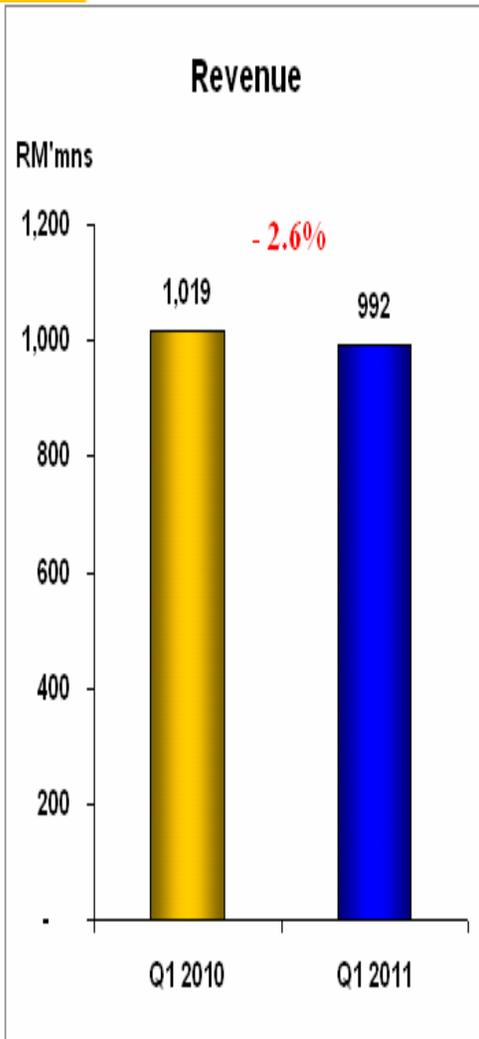
Peter Stuyvesant at 3.3% market share for YTD Mar 2011, with positive contribution by the Menthol variant launched in November 2010, achieving 0.4% market share in Mar 2011

FINANCIAL HIGHLIGHTS

Quarter 1 2011 vs Quarter 1 2010

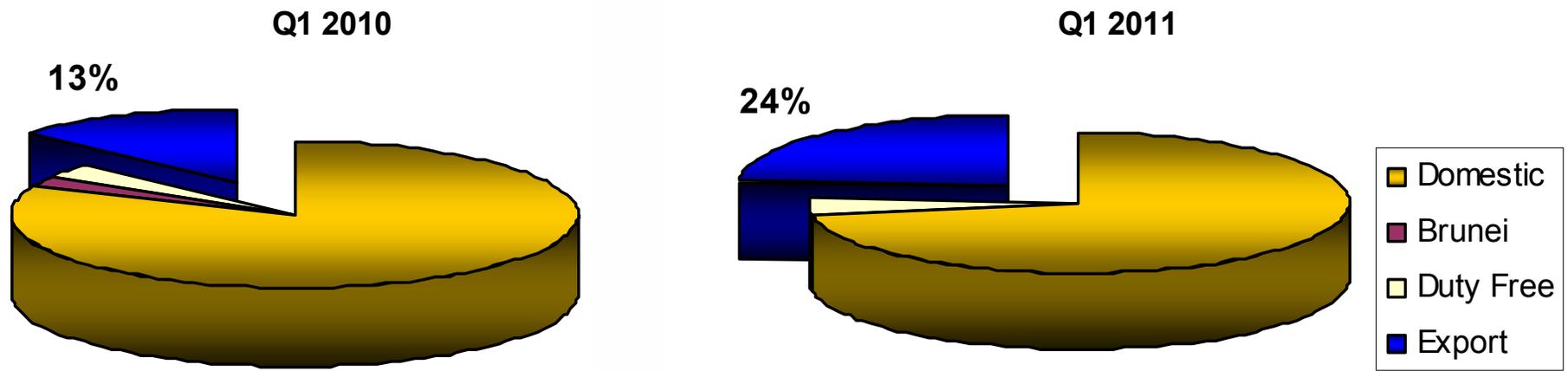


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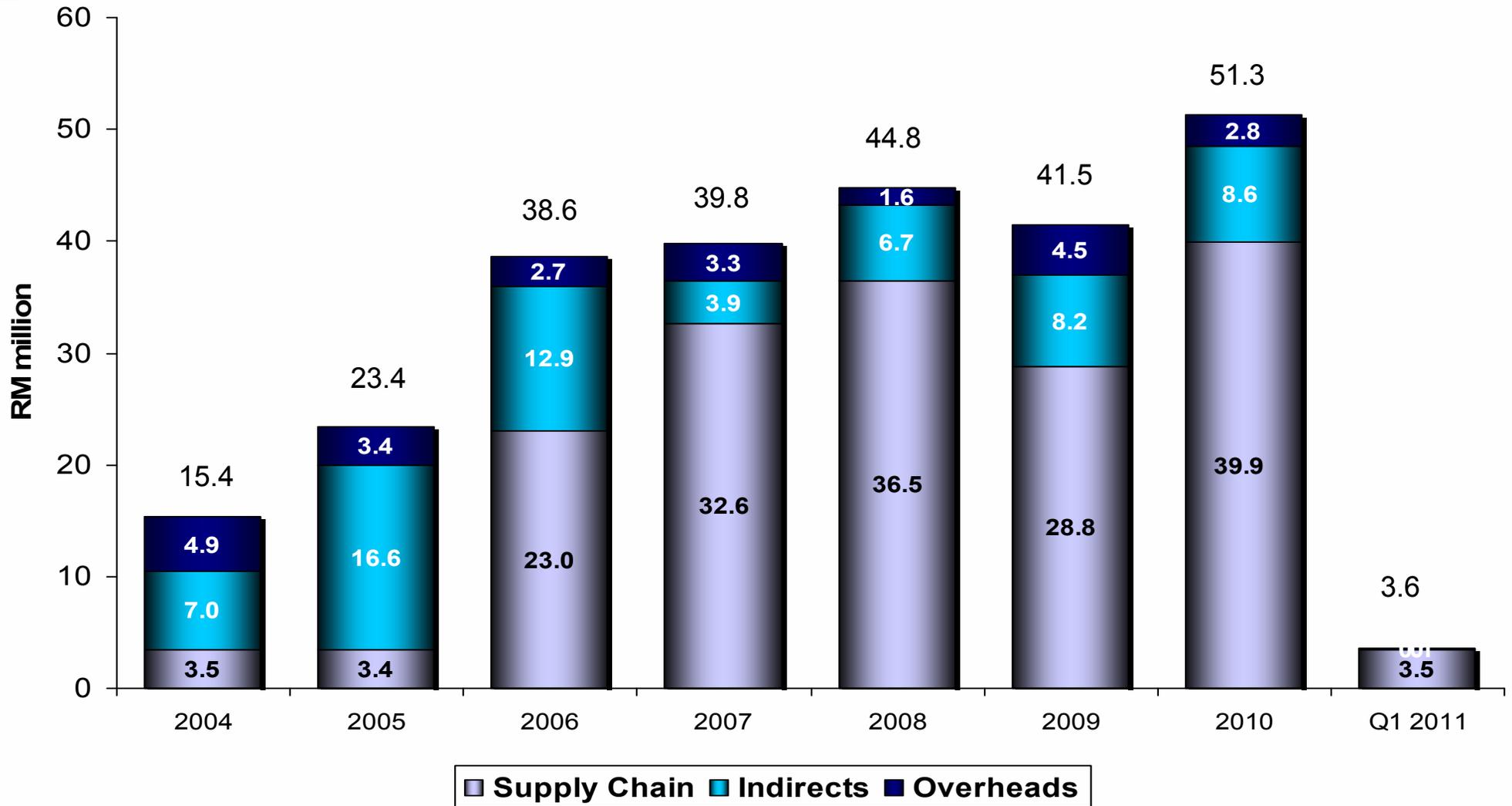
EPS declines less than volume benefiting from proactive cost management and productivity savings, partially offset by unfavourable mix.

Contract Manufacturing / Exports



90% growth in cigarette export volume drives manufacturing cost per mille lower

Productivity Savings



OTHER HIGHLIGHTS



Tobacco Regulations Amendments



- Amendments to the Control of Tobacco Product Regulations 2004 were introduced on **31 March 2011**
- The amendments made were in relation to:
 - Gazette of **minimum price at RM7/pack** of 20s (i.e. 35 sen per stick) from RM6.40/pack of 20s previously
 - The requirement retail selling price of cigarettes to be increased corresponding to tax increases
- Amendments were in accordance to the Guidelines issued by the Ministry of Health in 2010 on cigarette pricing which has been complied with by BAT Malaysia
- No significant impact arising from the new regulations for the business

Annual Report 2010 published



English



Bahasa Malaysia

Recent Corporate Responsibility highlights



Employee Volunteer Programme 2011

CNY lunch with students of SIMA Handicapped Centre in Penang
15th February, 2011

First ever EVP outside of Central Area!

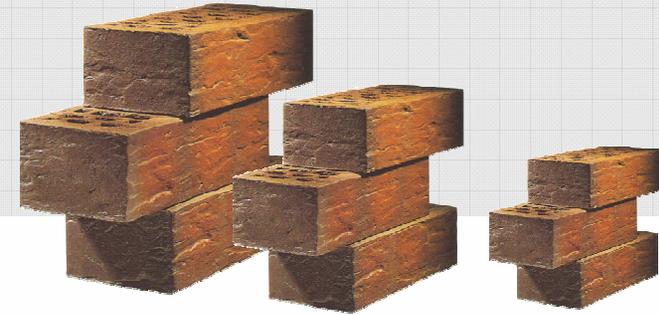


Recent Corporate Responsibility highlights



Eradicating Poverty by 2010 (Project E10)

Desa KEDA Nagalilit, Kulim, Kedah



Groundbreaking Ceremony on 21st February 2011:

- Marking the foundation for 20 homes for the hardcore poor
- A collaboration between BATM Foundation and Kedah Regional Development Authority



Recent Corporate Responsibility highlights



Earth Hour 2011

Lights out for one hour in BAT Malaysia on 26th March 2011



Prior to Earth Hour



Earth Hour

428 pledges from employees!

Japan Earthquake and Tsunami Donation Drive

Week-long donation drive (17th – 25th March) to collect funds for the earthquake and tsunami victims of Japan

FUTURE PROSPECTS



Future Prospects

- Industry volumes down on hefty excise led price increase and illegal sale of local manufactured products at below minimum price.
- BAT performs better than industry despite larger premium and 14's portfolio
- Financial impact of regulation prohibiting packs less than 20 sticks in line with expectation
- Group remains cautious on profit outlook for 2011

Thank You