

Government's no excise increase decision is on the right track to tackle the high illicit trade

Petaling Jaya, 20 October 2011 – British American Tobacco (Malaysia) Berhad (BAT Malaysia) today announced a year to date decline in gross profit of 2.0% for the first 9 months in 2011 due to lower volumes driven by the high excise led price increase in the previous year, and also the loss of 14's pack size margin. As a result, profit after tax declined by 1.7% from RM548 million to RM539 million compared to the same period last year.

The industry continued to register a decline in year-to-date volumes of 3.0% over the same period last year, while the Group outperformed the industry average by recording a decline of 1.9%. This declining trend in industry volumes continues to be a point of great concern for the legal industry given the excessively high levels of illicit cigarette trade in the country which now stands at 37.3%, according to the Illicit Cigarette Survey commissioned by the Confederation of Malaysian Tobacco Manufacturers.

Remarking on the Government's move not to increase excise this year, Managing Director of BAT Malaysia, William Toh said, "We are thankful that the Government has taken the prudent step in not imposing an increase in cigarette excise during the tabling of Federal Budget 2012. This shows that the Government has taken the fight against illegal cigarette trading even more seriously through a prudent cigarette excise policy."

"We strongly believe that if the Government continues with its two-pronged approach of a prudent excise policy and enhanced and persistent enforcement with deterrent penalties, this will be an effective strategy to fight the huge illegal cigarettes trade in Malaysia today and with it, increase excise revenue plus deliver on Government's health agenda," Toh added.

From a legal market share perspective, BAT Malaysia's portfolio of brands continued to deliver solid results, recording 60.6% year to date August 2011 market share performance which is an increase of 0.6 percentage points compared to the same period last year.

Dividend announcement

The Board of Directors of BAT Malaysia has declared a third interim dividend for 2011 of 60.00 sen per share.

Outlook 2011

The Group's volume and profit outlook for 2011 is improved following no change in excise but remains sensitive to the prevailing high incidence of illicit cigarettes trade and pricing activities of certain sub-value for money brands selling below Government mandated minimum price.

For more information on British American Tobacco Malaysia's financial results, please visit www.batmalaysia.com

About British American Tobacco Malaysia Berhad

British American Tobacco (Malaysia) Berhad (British American Tobacco Malaysia) emerged on 3rd November 1999 from the merger of Rothmans of Pall Mall (Malaysia) Berhad and Malaysian Tobacco Company Berhad.

These two long established tobacco companies brought with the merger, experience and an unrivalled portfolio of highly successful international brands to create the largest tobacco company in the country.

British American Tobacco Malaysia manufactures and markets high quality tobacco products designed to meet diverse consumer preferences. Brand portfolio includes well-established international names like Dunhill, Kent and Pall Mall. British American Tobacco Malaysia has close to 1,600 employees who are involved in the full spectrum of the tobacco industry, from leaf buying and processing to manufacturing, marketing and distribution.

British American Tobacco Malaysia is part of the British American Tobacco group, which is the world's most international tobacco group and the second largest stock market listed tobacco group by global market share.

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