



**British American Tobacco
(Malaysia) Berhad**

3rd Quarter 2011 Results

Analyst Presentation

20 October 2011

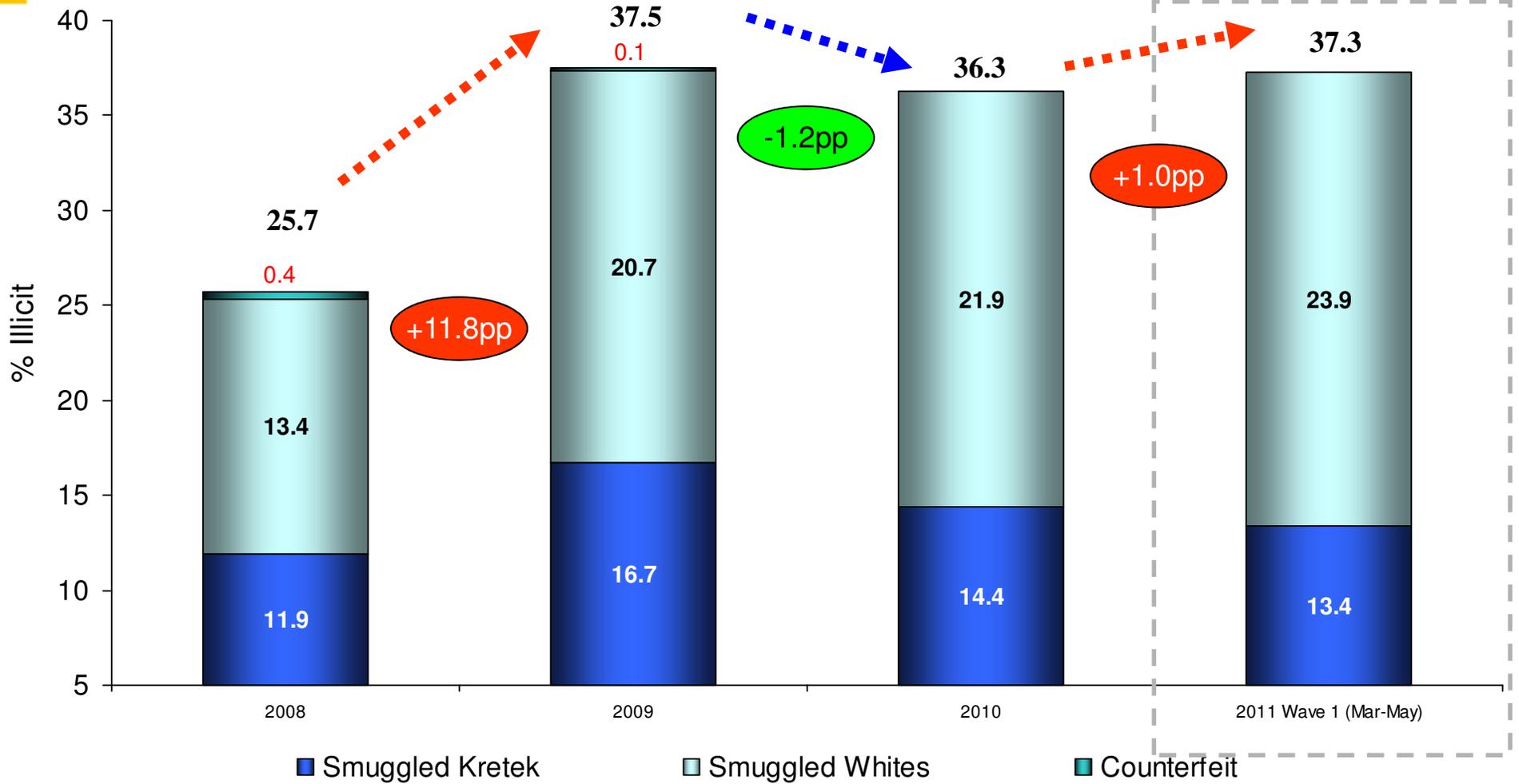


Agenda

- **Industry Review**
- **BATM's Activities**
- **Quarter 3, 2011 Results**
- **Other Highlights**
- **Future Prospects**

INDUSTRY REVIEW AND BATM ACTIVITIES

Illicit Trade



Survey methodology does not capture sub-VFM brands selling at below minimum price.

Illicit incidence remains high

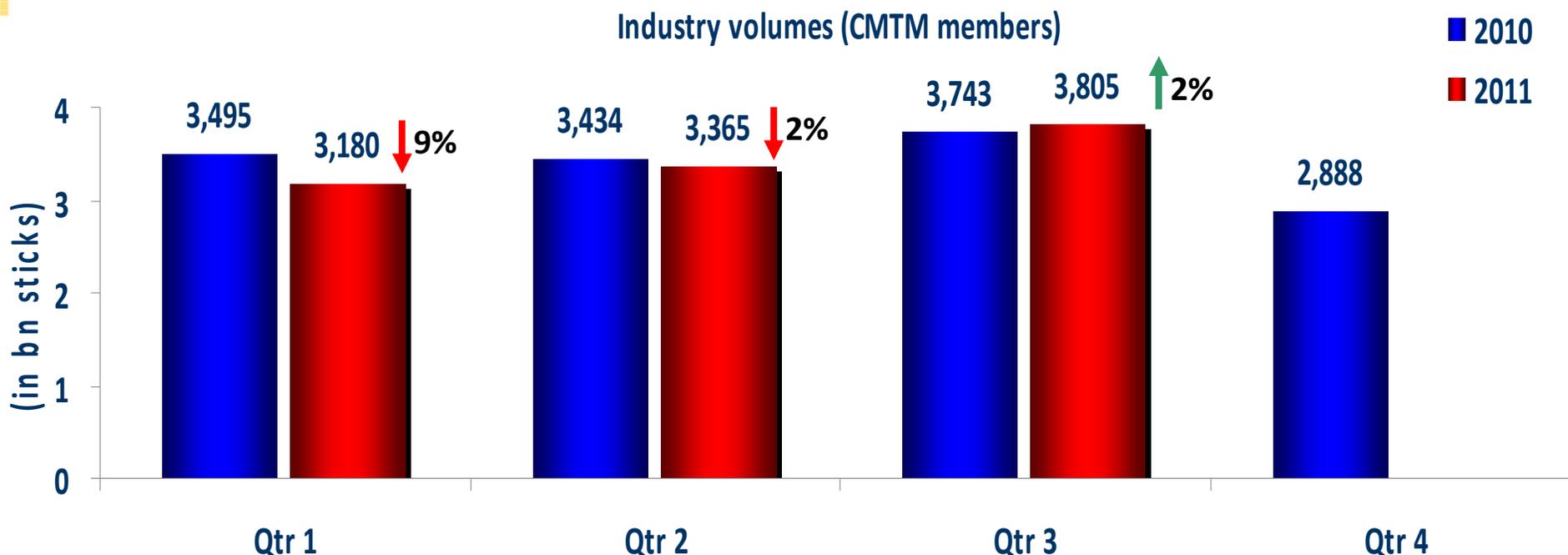


Zero Excise Increase

“There was no hike in the price of cigarettes in the Budget 2012 as it is quite high now and increasing it would only encourage the use of illegal cigarettes, which is currently on the rise.....However, the Government can increase the price of cigarettes any time,”

PM Malaysia

YTD Industry volumes decreased



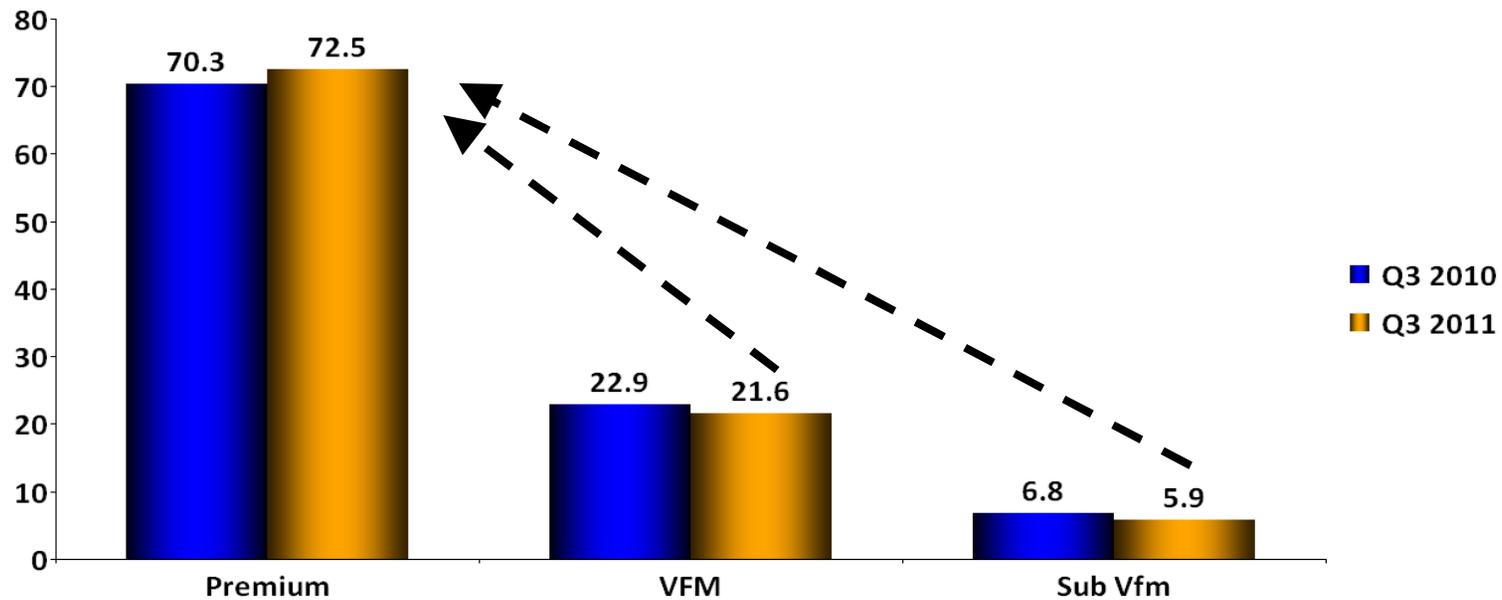
Shipment Volume (in bn sticks)	Q3 2011	Q3 2010	Variance Q3 11 vs Q3 10	YTD 2011	YTD 2010	Variance YTD 11 vs YTD 10
BATM	2.32	2.25	3.0%	6.60	6.73	-1.9%
Industry (CMTM members)	3.80	3.74	1.6%	10.35	10.67	-3.0%
Sub VFM (estimate)	0.22	0.27	-20.6%	0.75	0.83	-9.4%

Source: Confederation of Malaysian Tobacco Manufacturers (CMTM)

Note: Sub-VFM volumes extrapolated from Retail Audit

BATM outperformed Industry (CMTM members), declining -1.9% vs Industry's -3.0% decline for Q3 YTD vs SPLY

Market remains Premium-skewed



BAT

Q3 2010

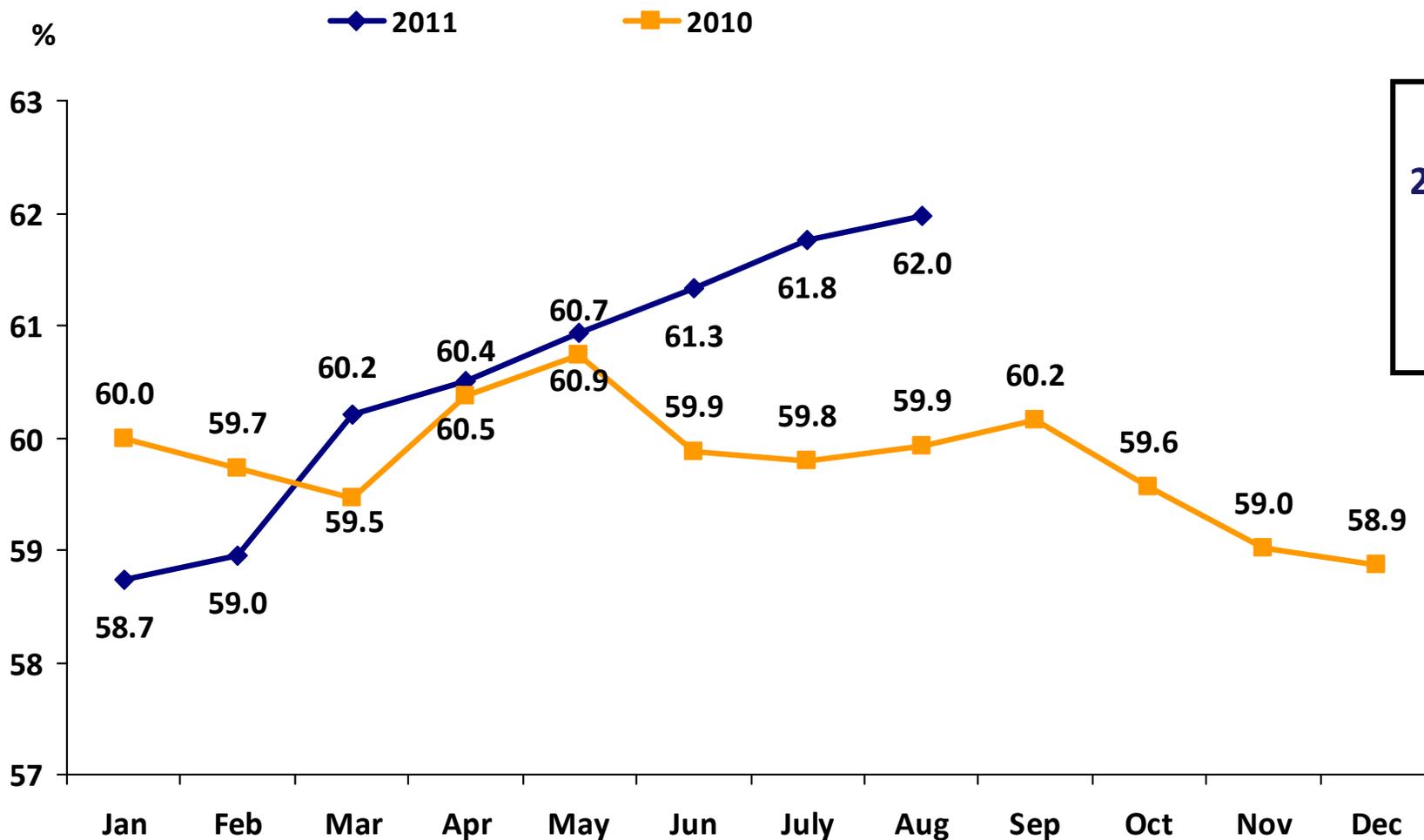
Share of Premium	71.6
Share of Value for Money	41.5
Share of Sub-VFM	-

BAT

Q3 2011

Share of Premium	72.3
Share of Value for Money	43.7
Share of Sub-VFM	-

BATM Market share



2011: 60.6 (YTD)
2010: 59.8 (FY)

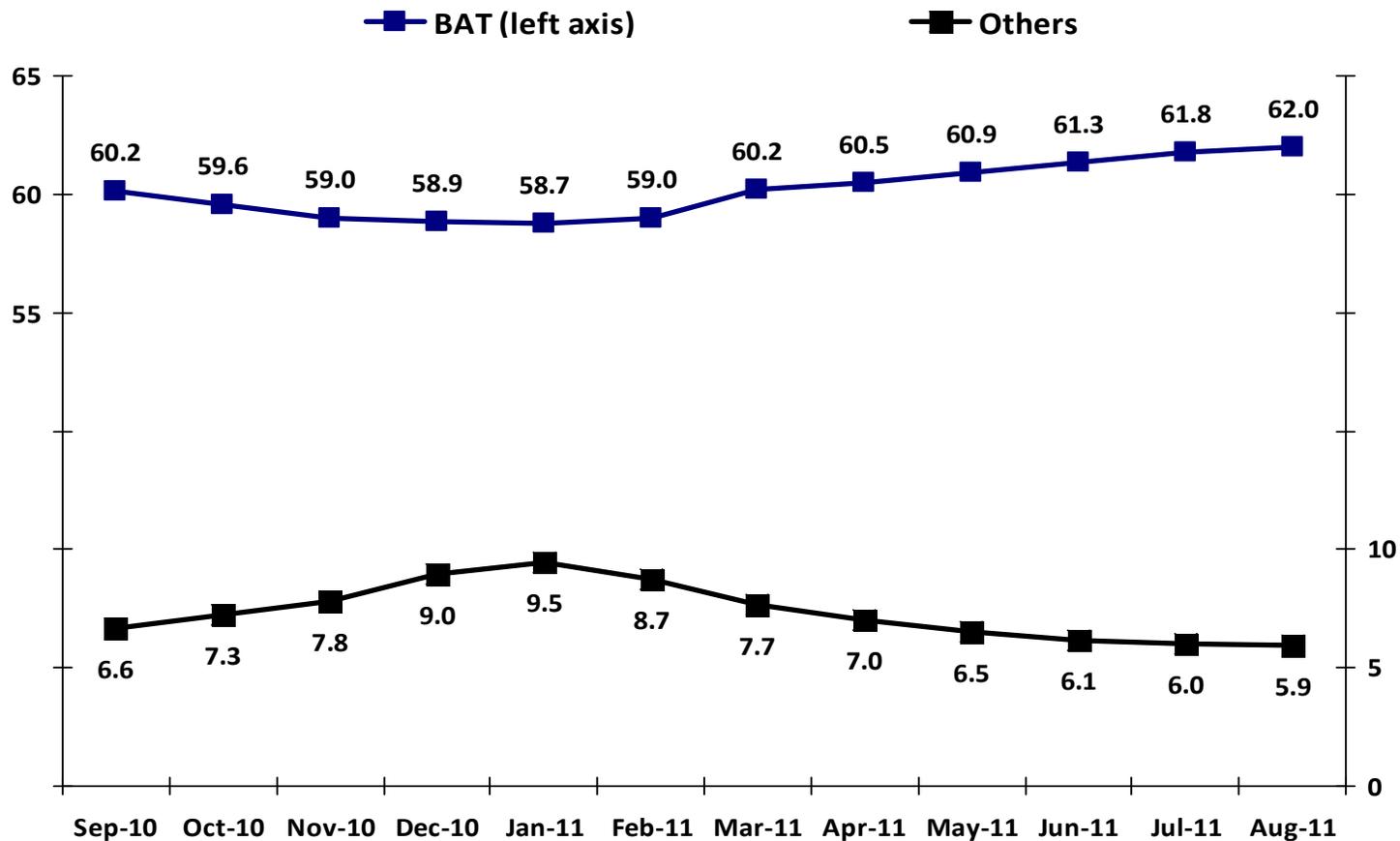
Source: Retail Audit (Base: Whites only)

Month on month share growth

BATM recovered share at the expense of Sub VFM



Aug vs. Jan'11



+3.3ppt

-3.6ppt

Source: Malaysia Retail Audit (Base: Total Whites)

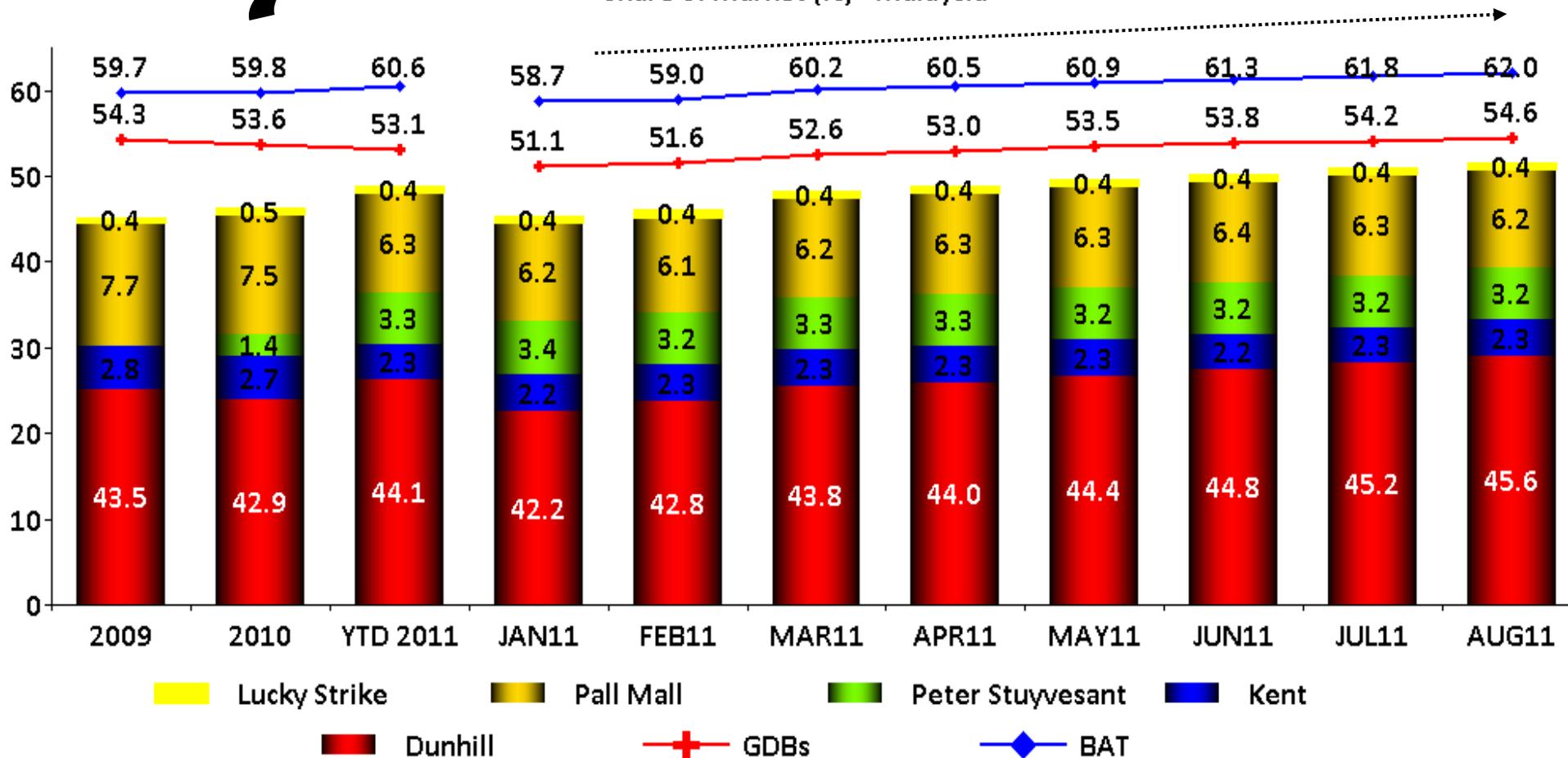
BATM grew share by +3.3ppt since January 2011 while Other white segment declined by -3.6ppt for the same corresponding period

BAT & GDB Share



+0.8ppt

Share of Market (%) - Malaysia



Source: Malaysia Retail Audit (Base: Total Whites)

Highest share since March 2008.



Dunhill



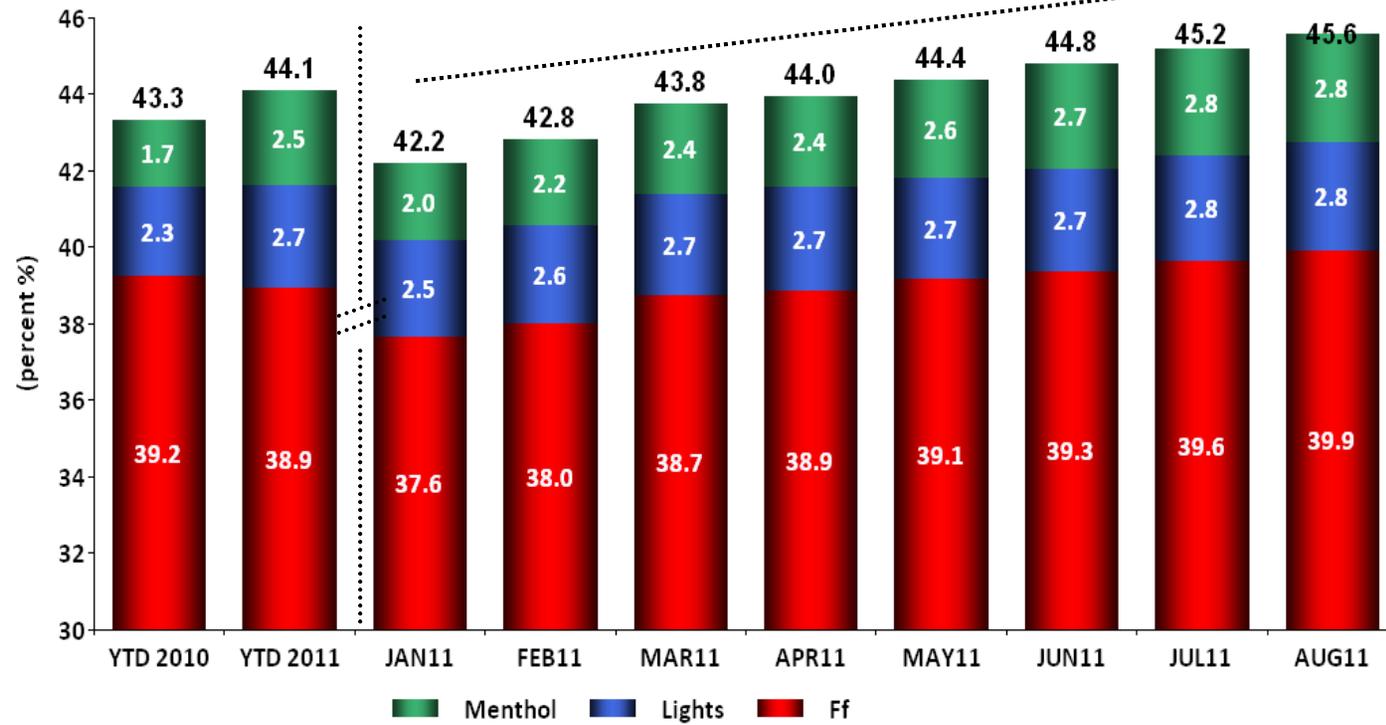
Dunhill Global Pack Design with RELOC

Jan 2011: Dunhill Menthol BOOST

May 2011:
Dunhill SWITCH

First convertible
cigarette in Malaysia

Dunhill - Share of Market (%) - Malaysia

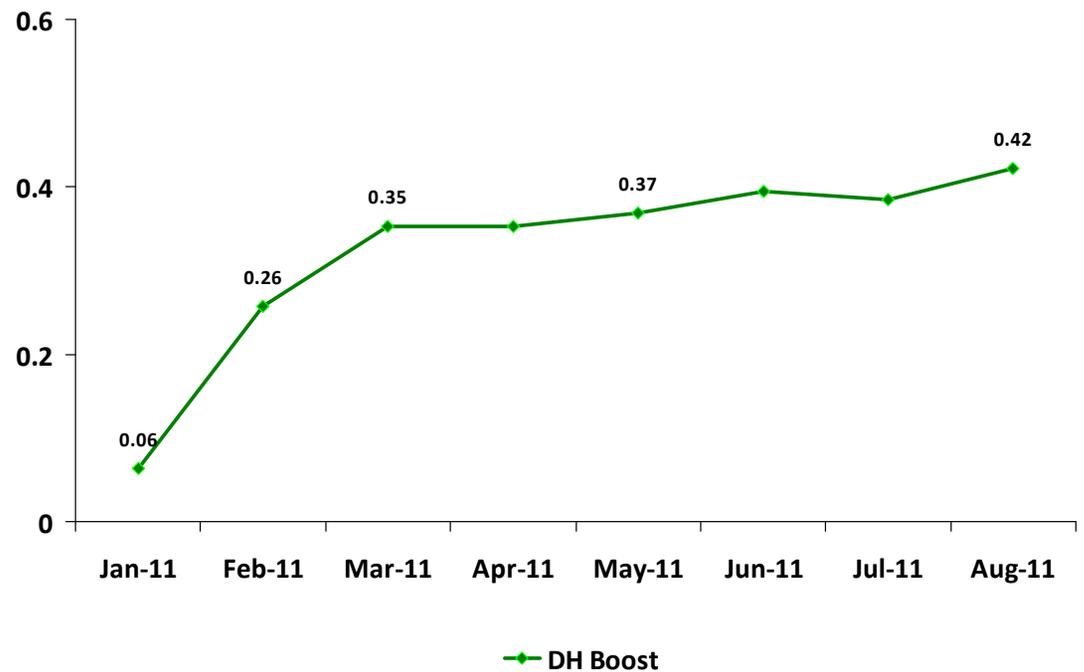


Source: Malaysia Retail Audit (Base: Total Whites)

Dunhill highest share ever.

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

Dunhill Boost Campaign on Capsule's Proposition



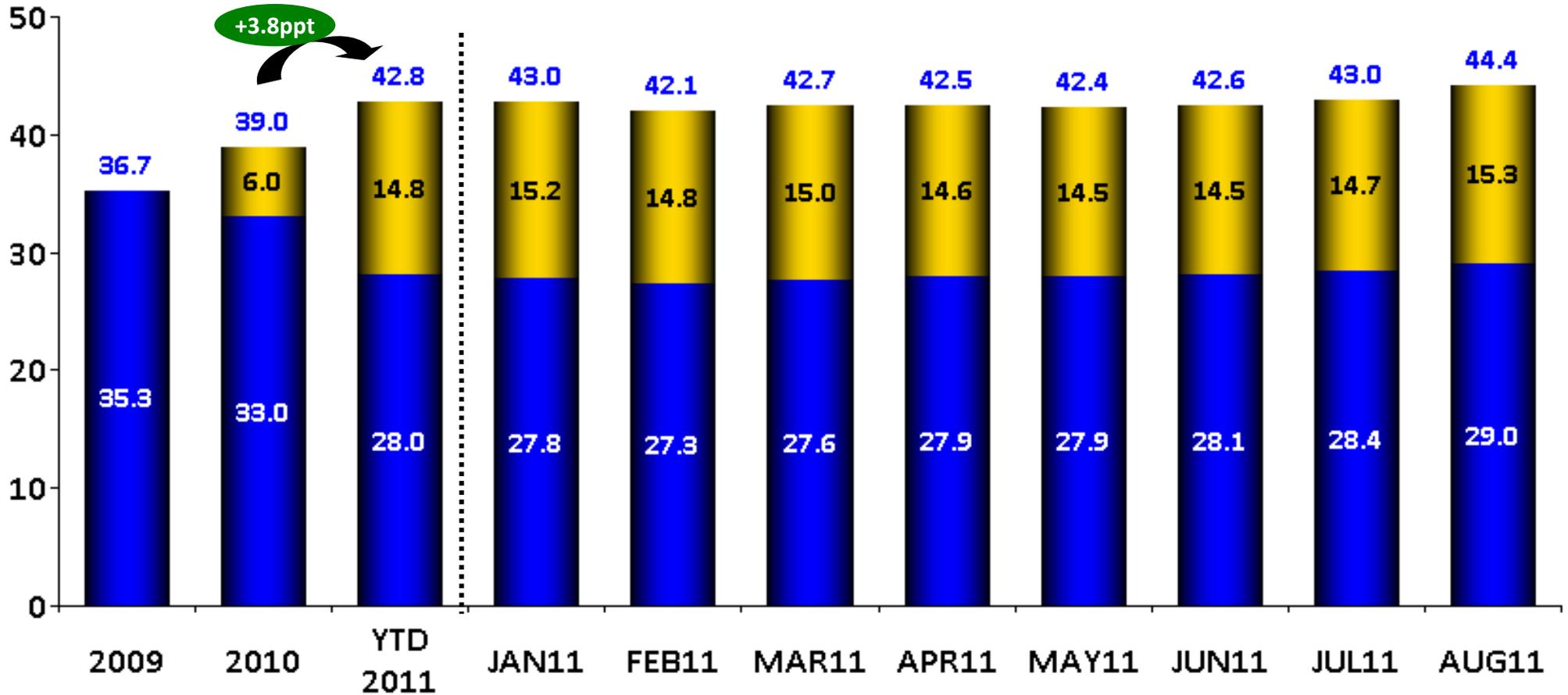
Pack sleeve and printed poly to communicate clearly on Capsule proposition and its USP – “Click to release Menthol, Whenever you want”

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

BAT VFM share of segment growing



BAT VFM : Share of Segment (%) - Malaysia



Source: Malaysia Retail Audit (Base: Total Whites)

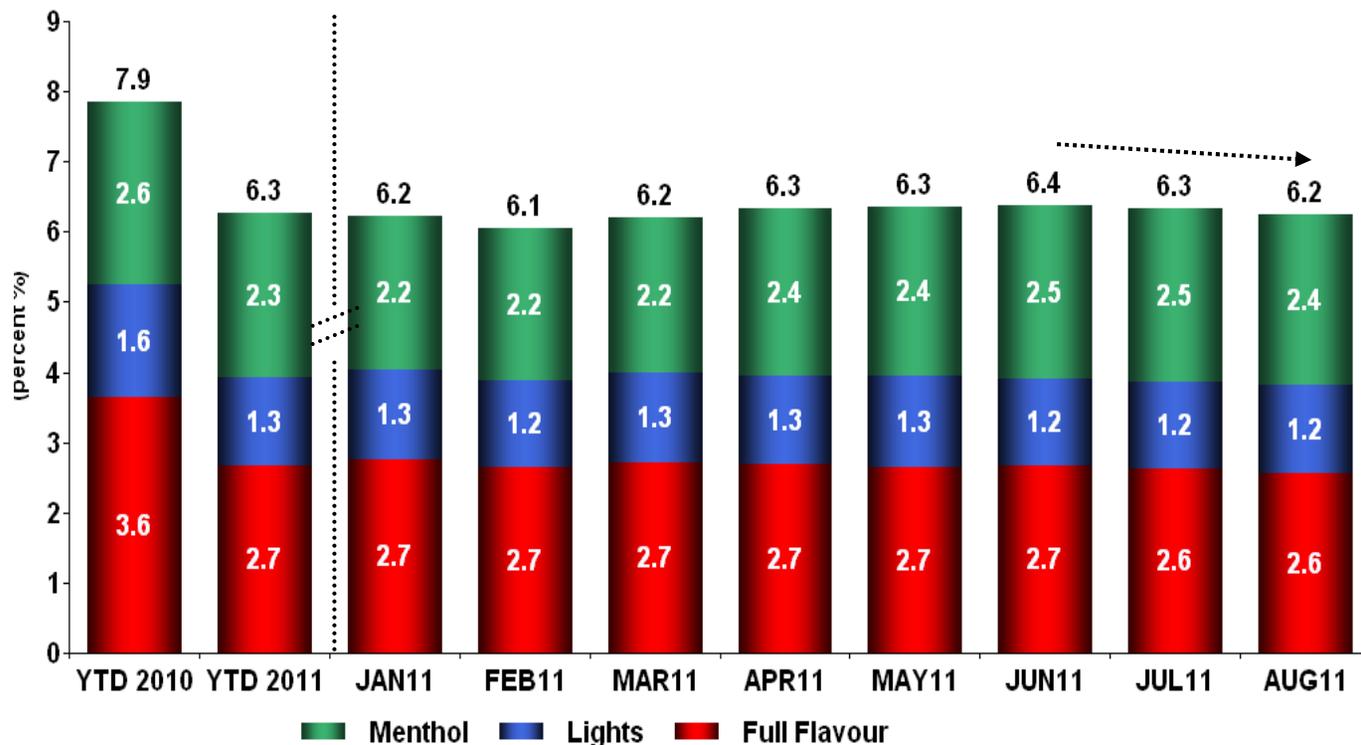
BAT VFM ■ Peter Stuyvesant ■ Pall Mall

2011 stable. Growth vs 2010

Pall Mall



Pall Mall - Share of Market (%) - Malaysia



Source: Malaysia Retail Audit (Base: Total Whites)

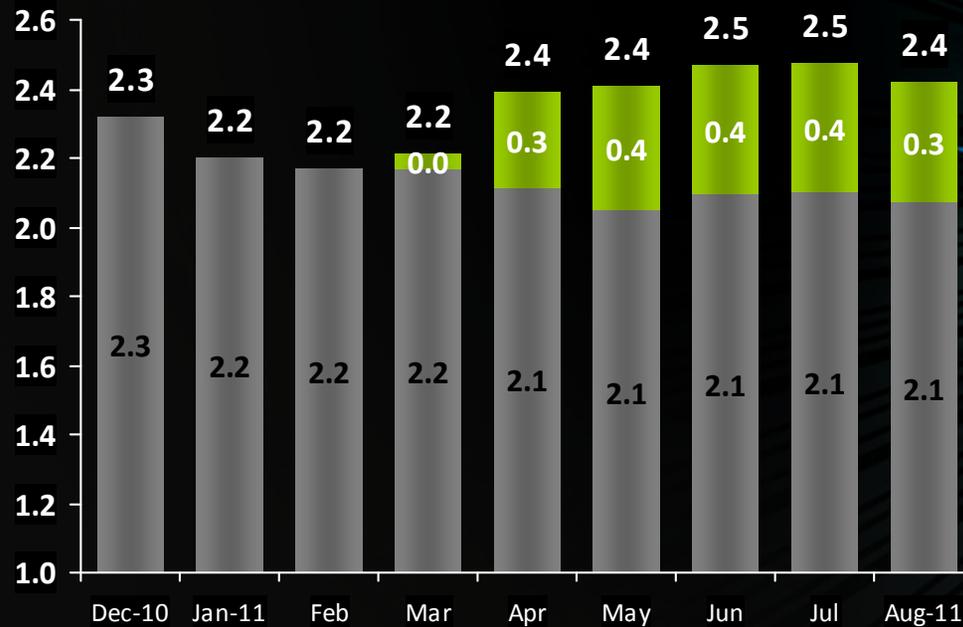
Share of segment stable

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

Addition of Pall Mall Ice further strengthened Pall Mall in VFM Menthol

Pall Mall Menthol – SOM (%)

■ Pall Mall Menthol ■ Pall Mall Ice



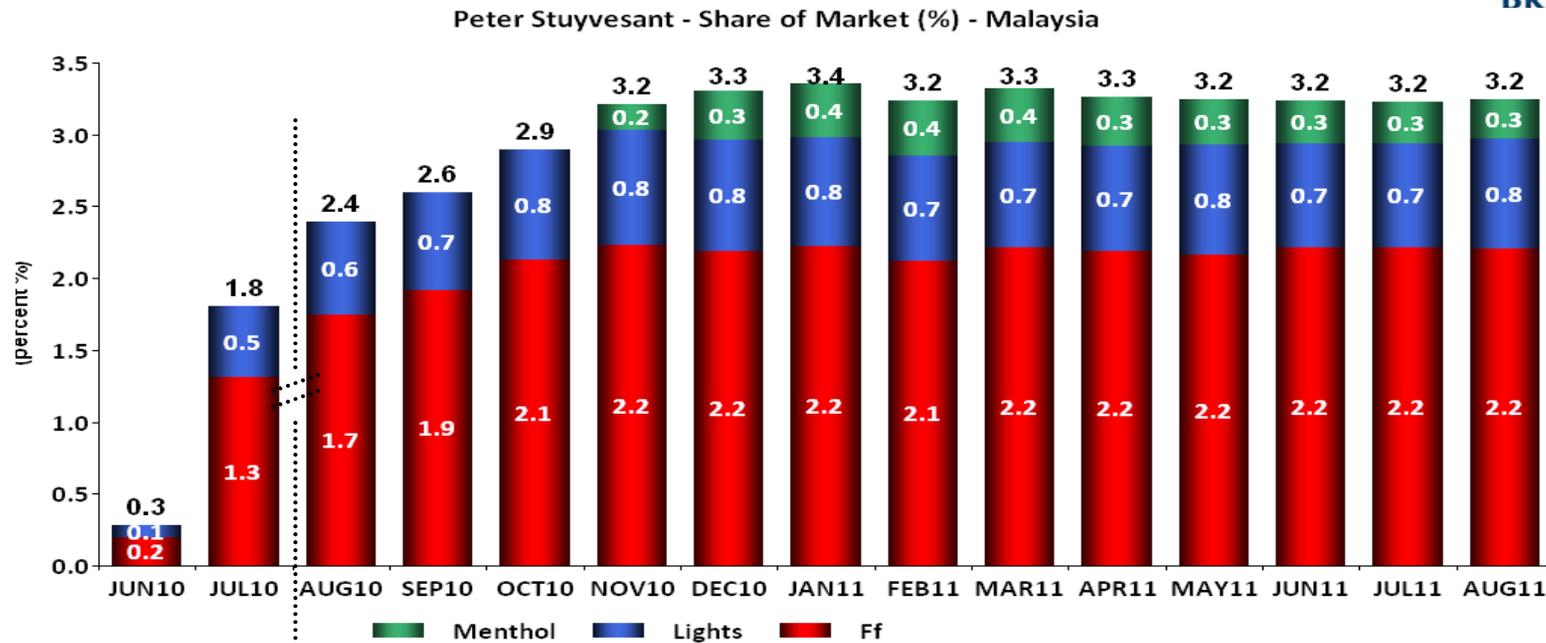
Source: Malaysia Retail Audit (base: Whites only)

PRODUK INI MENGANDUNGI LEBIH 4,000 BAHAN KIMIA TERMASUK TAR, NIKOTINA DAN KARBON MONOKSIDA YANG MEMBAHAYAKAN KESIHATAN

Peter Stuyvesant



BRITISH AMERICAN
TOBACCO
MALAYSIA



Source: Malaysia Retail Audit (Base: Total Whites)

International Peter Stuyvesant Core Range

International Peter Stuyvesant 2011 Edition

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

Share of segment growing

Festive Appreciation and Anti-Illicit Campaign



Smart TRP for Hari Raya



Distribution of Anti-Illicit Trade (AIT) informative leaflets



Hari Raya Puasa Poster

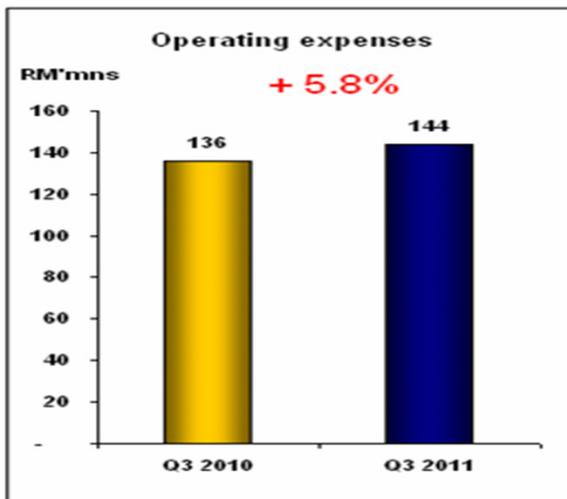
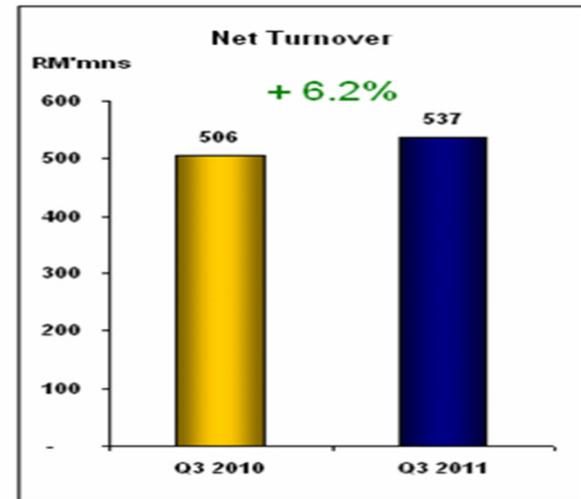
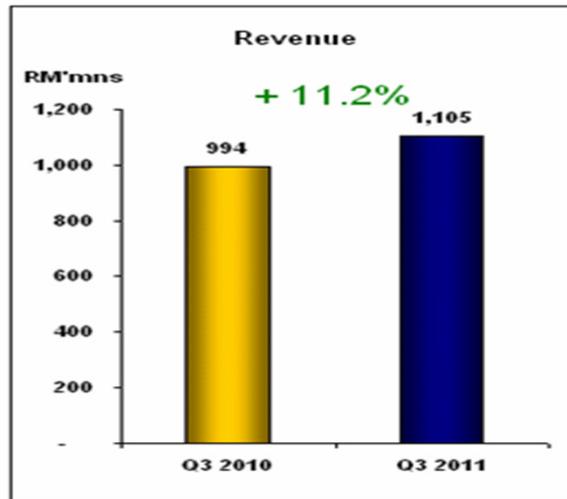
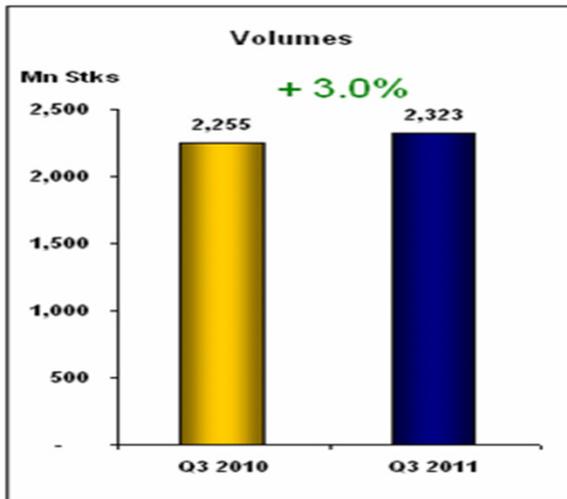


FINANCIAL HIGHLIGHTS

Quarter 3, 2011 vs Quarter 3, 2010



BRITISH AMERICAN
TOBACCO
MALAYSIA

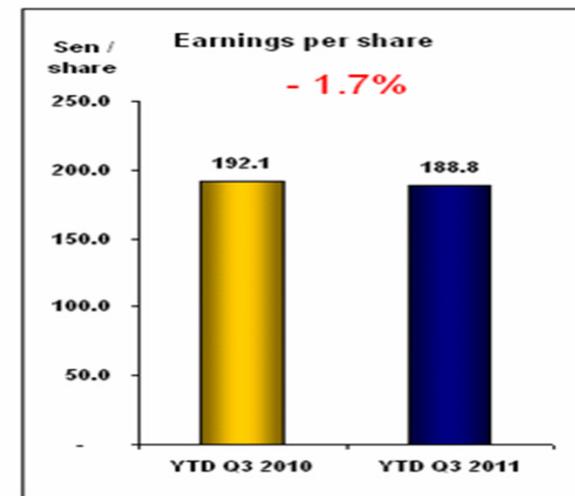
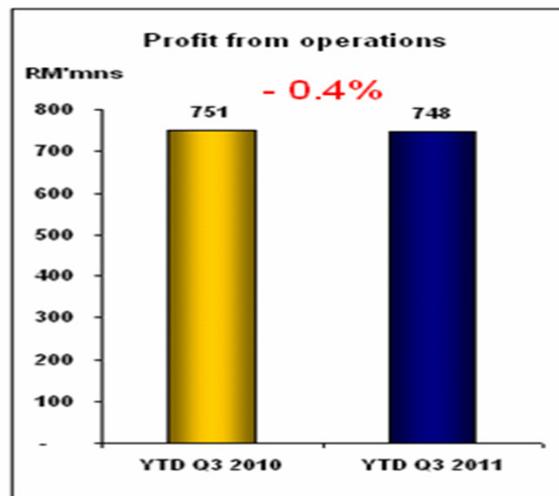
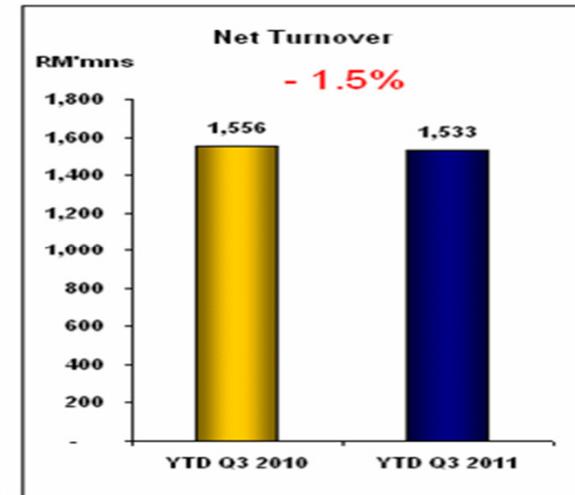
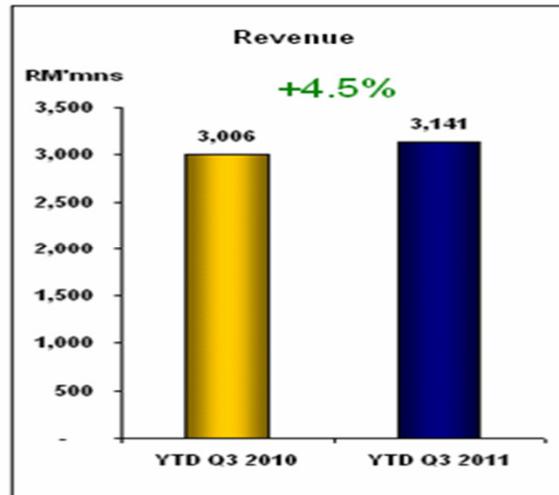
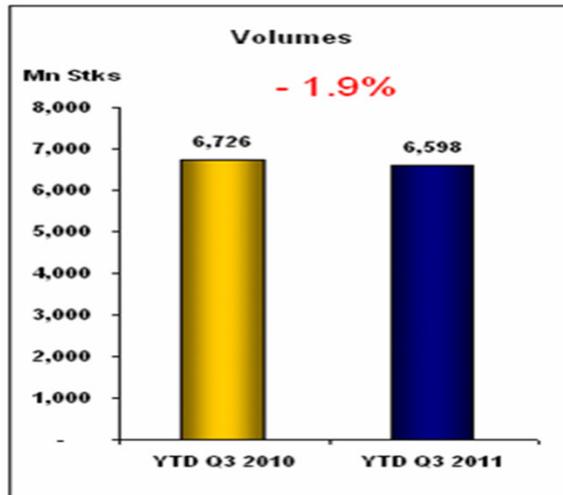


Higher operating expenses due to changed distribution model

YTD Q3, 2011 vs YTD Q3, 2010

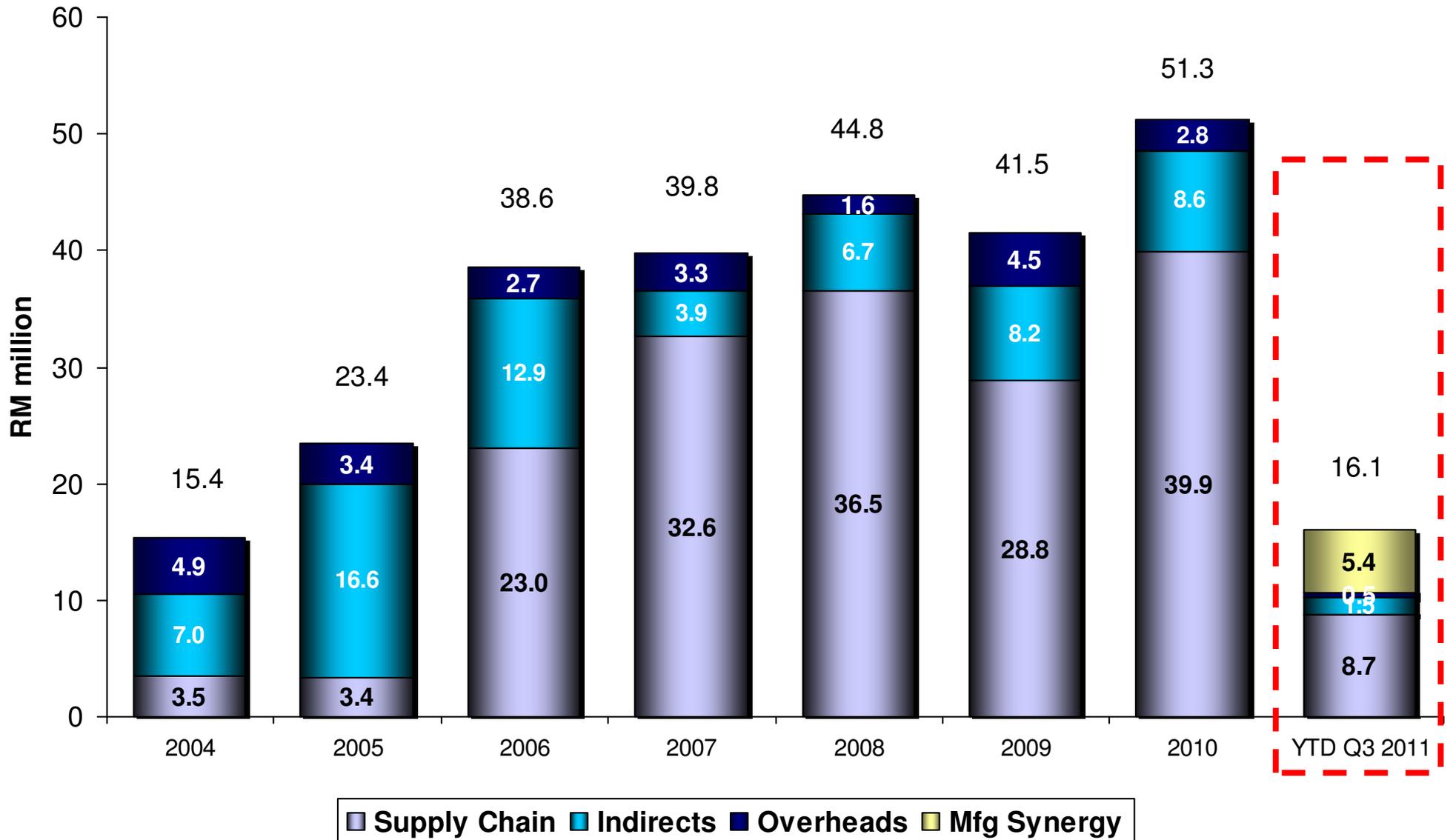


BRITISH AMERICAN
TOBACCO
MALAYSIA



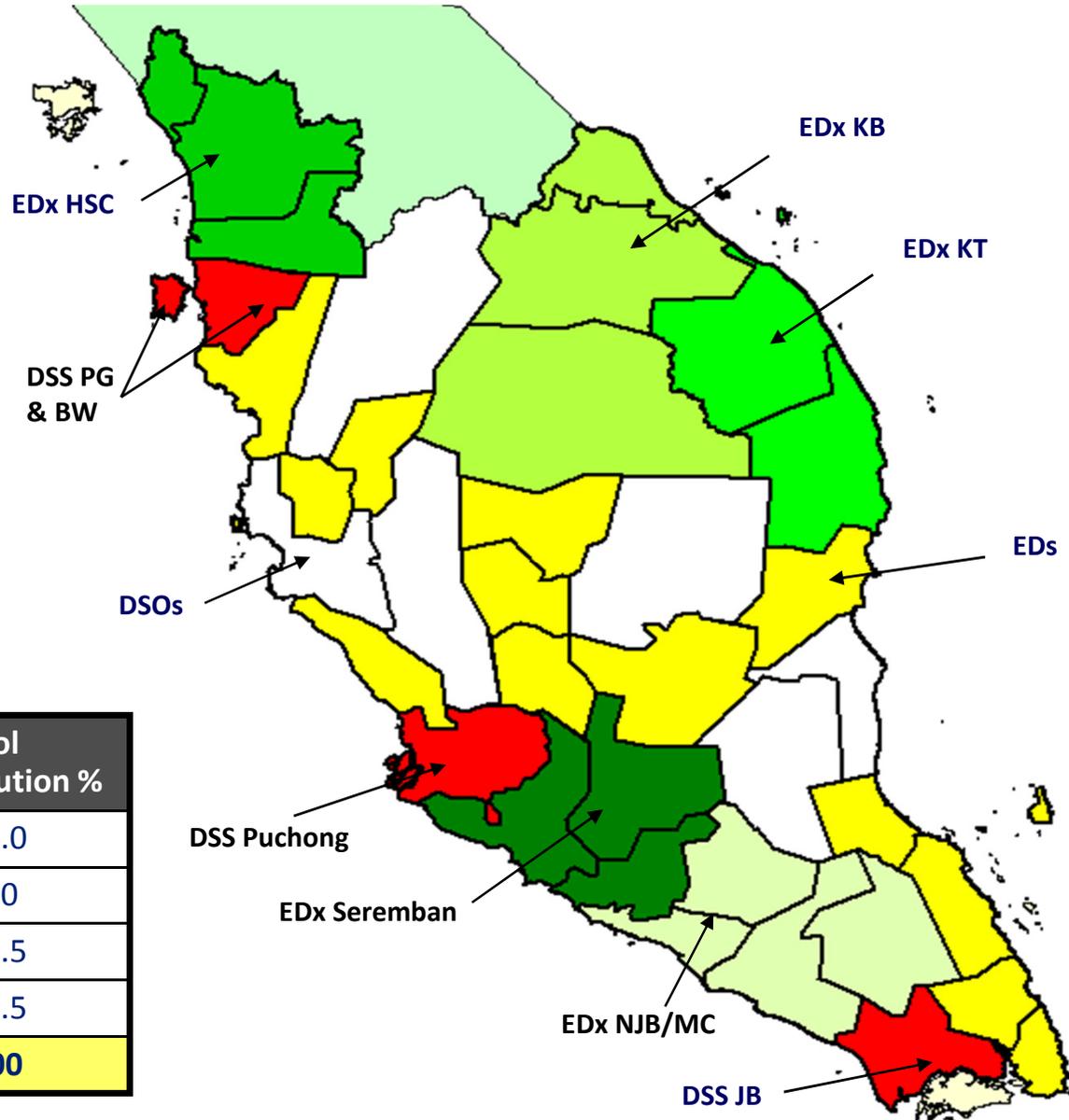
Year on year operating expenses down significantly

Productivity Savings



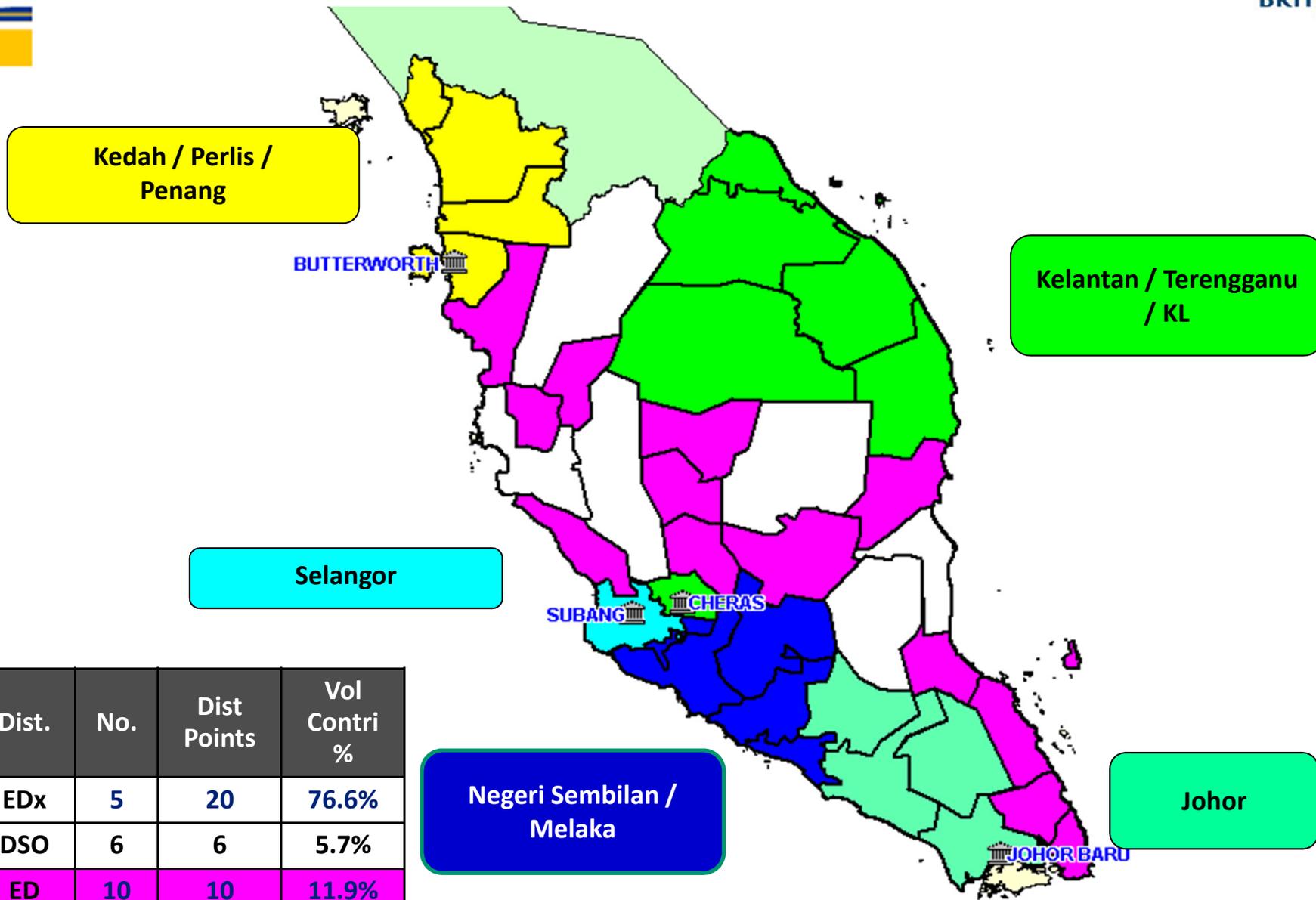
OTHER HIGHLIGHTS

Distribution model change - Pen Msia Footprint (2010)



Distribution Model	2010	Vol contribution %
DSS	3	48.0
DSO	11	8.0
EDx	4	28.5
ED	25	15.5
Total	54	100

Distribution model change - Pen Msia Footprint (Oct-2011)



Dist.	No.	Dist Points	Vol Contri %
EDx	5	20	76.6%
DSO	6	6	5.7%
ED	10	10	11.9%
Total	21	36	94.2%

Recent CR highlights



Plant Nursery Land Clearing – Workday Employee Volunteer Programme (22nd July)

26 volunteers spent the day planting saplings and cleaning up the surrounding areas of Joy Garden Old Folks Home, Semenyih



10th Higher Education Starter Kit (HESK) Awards Ceremony (23rd August)

A total of 242 aspiring students from the tobacco growing community awarded with the HESK awards totalling RM147,000



Recent CR highlights (cont'd)



Save our Waterfalls – Workday Employee Volunteer Programme (9th September)

A total of 38 volunteers rolled up their sleeves and braved the cold waters to help clean up the Sungai Liam Waterfall in Ulu Yam



State Office Festive Employee Volunteer Programme (25th September)

34 students from Yayasan Kebajikan Anak-anak Yatim Kelantan treated to a sumptuous Hari Raya luncheon, joined by volunteers from LTDC and CMD Kota Bharu



Awards and Recognition



BAT Malaysia receives recognition for 11th year running in FinanceAsia poll

BAT Malaysia was recognised in FinanceAsia's Best Managed Companies Poll in the categories below:

Best Managed Company – 6th place

Best Corporate Governance – 3rd place

Best Investor Relations – 4th place

Most committed to strong dividend policy – 3rd place



Recognition for BAT Malaysia at The ACCA Malaysian Sustainability Reporting Awards (MaSRA), a first for the company

BAT Malaysia was recognised in the ACCA MaSRA Awards as:

Winner – Reporting within an Annual Report



Awards and Recognition



BAT Malaysia receives SVA Exemplary Award in KPMG Shareholder Value Award 2011



BAT Malaysia was recognised as the inaugural winner of the SVA Exemplary Award in the recent KPMG Shareholder Value Award 2011 on the 13th October 2011 for having won 10 times in a straight row since the award started in 2001!

FUTURE PROSPECTS



Future Prospects

- BAT continues to outperform industry for 3rd Quarter running, supported by new product launches
- No excise increase announced in 2012 budget
- Improved outlook for Q4
- Concern on future Government Excise and its impact on Illicit



Thank You