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MALAYSIA

ANALYST BRIEFING QUARTER 1, 2013

22nd April 2013



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AGENDA

- **Industry Review, Market Share and Volumes**
- **BATM Review**
- **Financial Highlights - Quarter 1, 2013 Results**
- **Other Highlights**
- **Future Prospects**



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INDUSTRY REVIEW, MARKET SHARE, VOLUMES

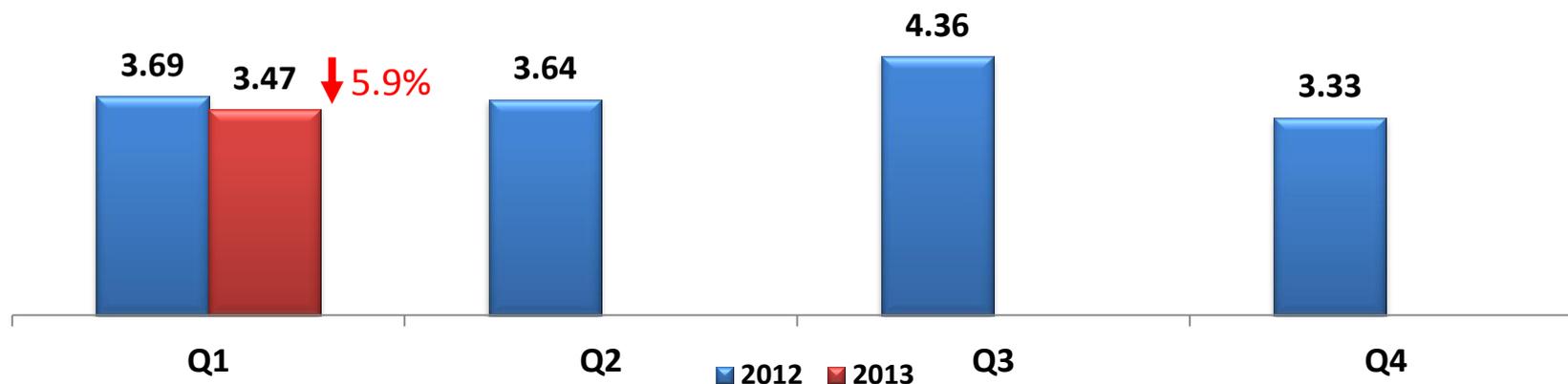
Industry Volume: Softened in Q1'13 vs. SPLY



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Source: Industry Exchange, Invoice volumes (Kretek + Whites)

Industry Volumes (bns) Big3 + Other Whites + Kretek



	Q1 2012		Q1 2013		FY 2011		FY 2012	
	Q1 2012	Q1 2013	Q1 2013 vs. SPLY	% Variance	Q1 2013 vs. SPLY	% Variance	2012 vs. 2011	% Variance
BATM	2.19	2.04	-0.15	-7.0%	8.63	8.65	0.02	0.2%
Total Big3	3.43	3.27	-0.17	-4.8%	13.25	14.00	0.75	5.7%
Other Whites (estimate)	0.15	0.10	-0.05	-35.1%	0.92	0.56	-0.36	-39.1%
Kretek	0.10	0.10	0.00	0.0%	0.44	0.45	0.01	2.5%
Total Big3 + OW + Kretek	3.69	3.47	-0.22	-5.9%	14.61	15.01	0.40	2.7%

Note: Other Whites volumes extrapolated from Retail Audit

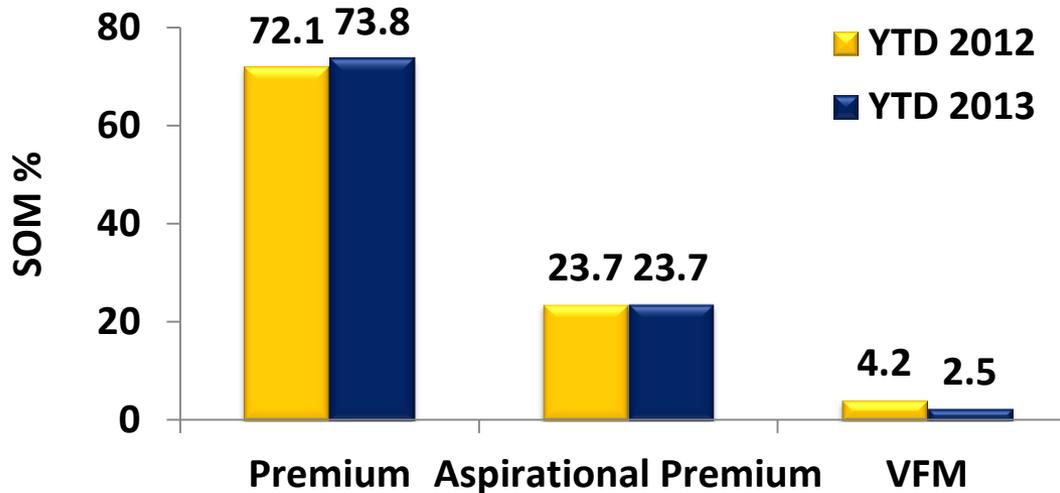
- Big-3 dipped by -4.8% (Q1 2013 vs. SPLY), which led to a total industry volume decline of 5.9%

Premium segment further grew to 73.8% SOM

Source: YTD Mar'13 Malaysia Retail Audit (Base: Total Legal Market – White + Kretek)



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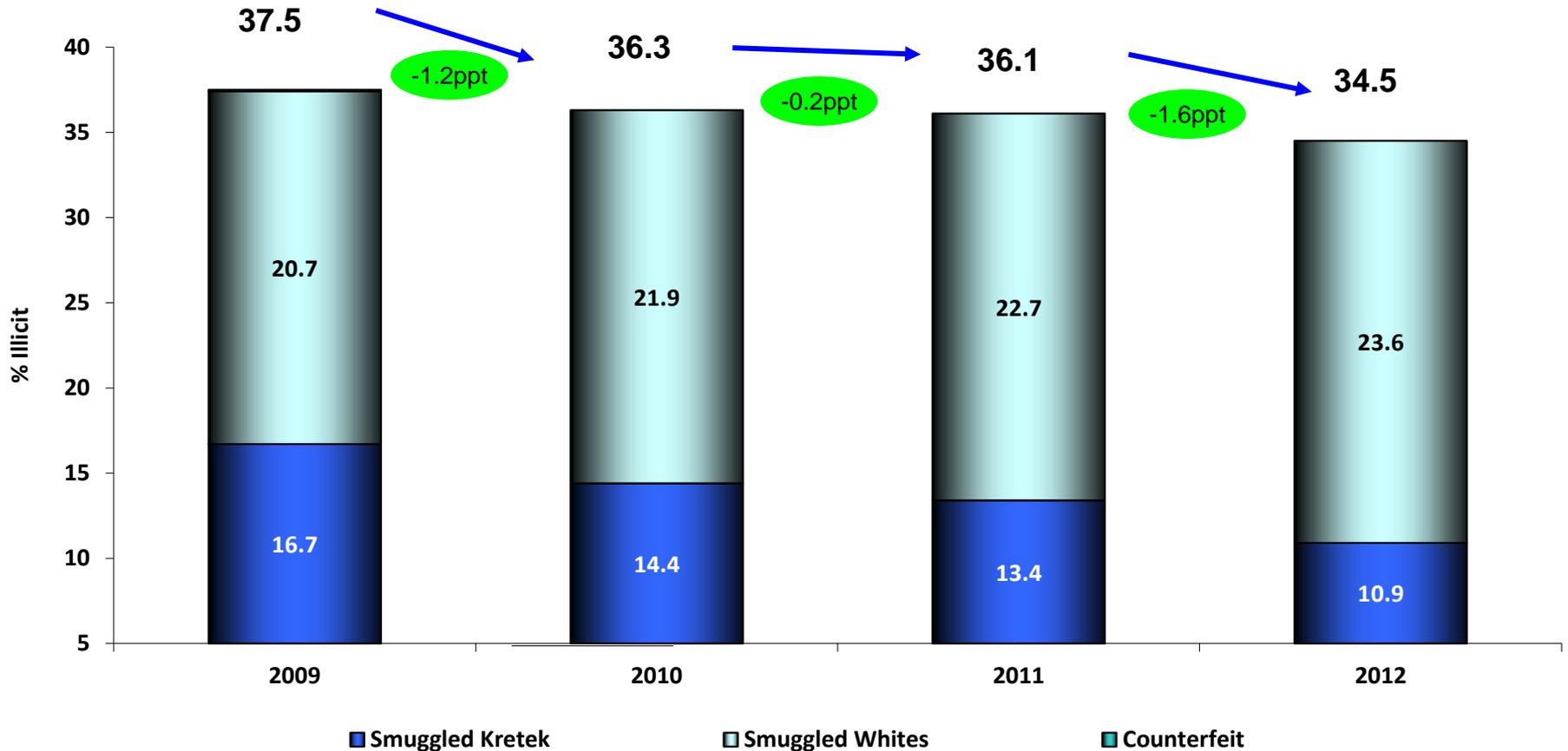
SPLY 2012		YTD 2013	
<u>Share of Premium</u>	<u>YTD Mar 2012</u>	<u>Share of Premium</u>	<u>YTD Mar 2013</u>
BAT	71.8	BAT	72.0
<u>Share of Aspirational Premium</u>		<u>Share of Aspirational Premium</u>	
BAT	36.5	BAT	35.3
<u>Share of VFM</u>		<u>Share of VFM</u>	
BAT	0	BAT	0

Reasonable price increase & strong enforcement by authorities have resulted in marginal decline in Illicit Trade in 2012

Source: Illicit Cigarette Study, 2008 - 2012



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

Illicit incidence declined 1.6ppt in 2012 to 34.5%

However, illicit white is on the rise by 0.9ppt to 23.6%.



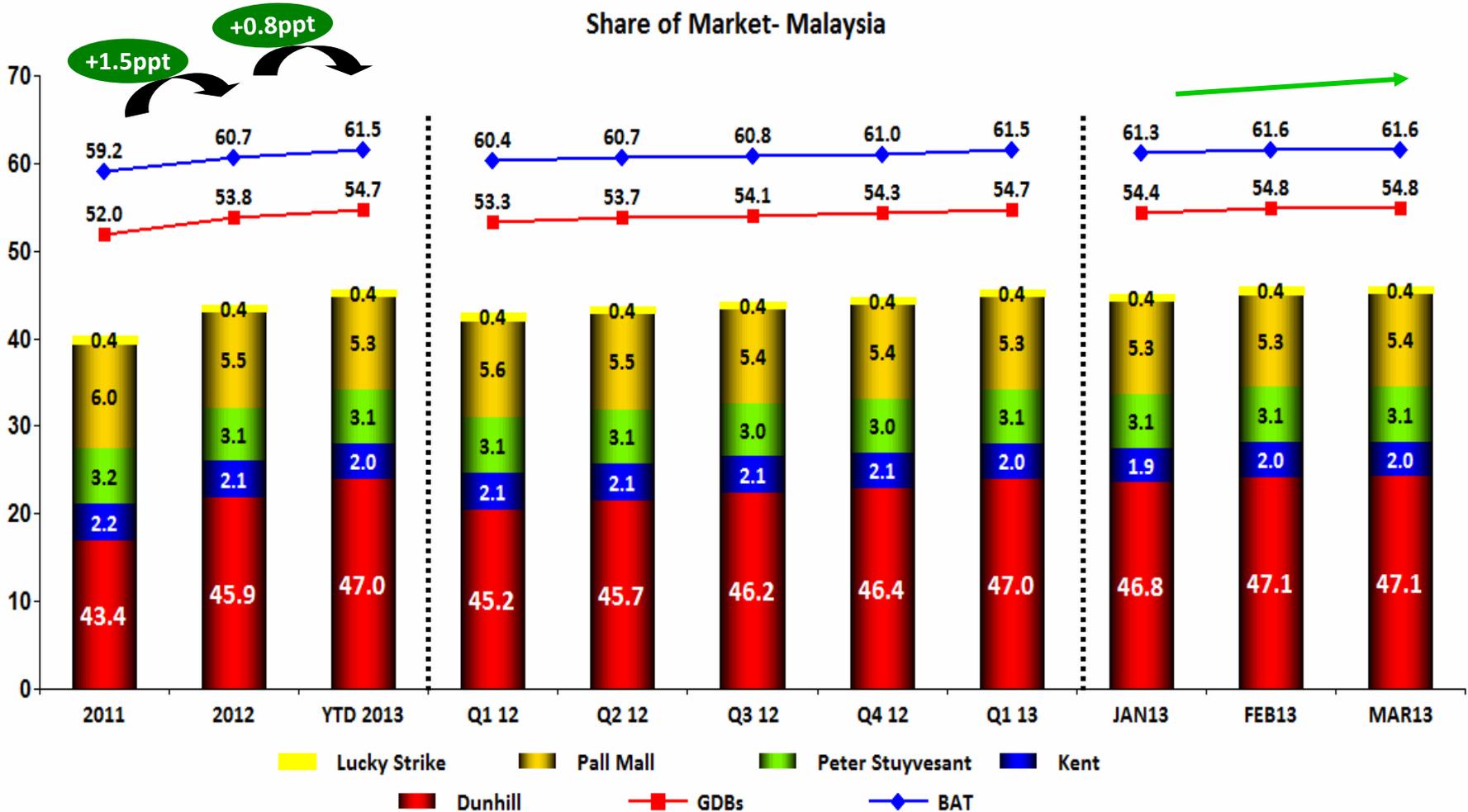
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BATM REVIEW

BAT: Continue to deliver corporate share growth in 2013



Source: YTD Mar'13 Malaysia Retail Audit (Base: Total Legal Market – White + Kretek)



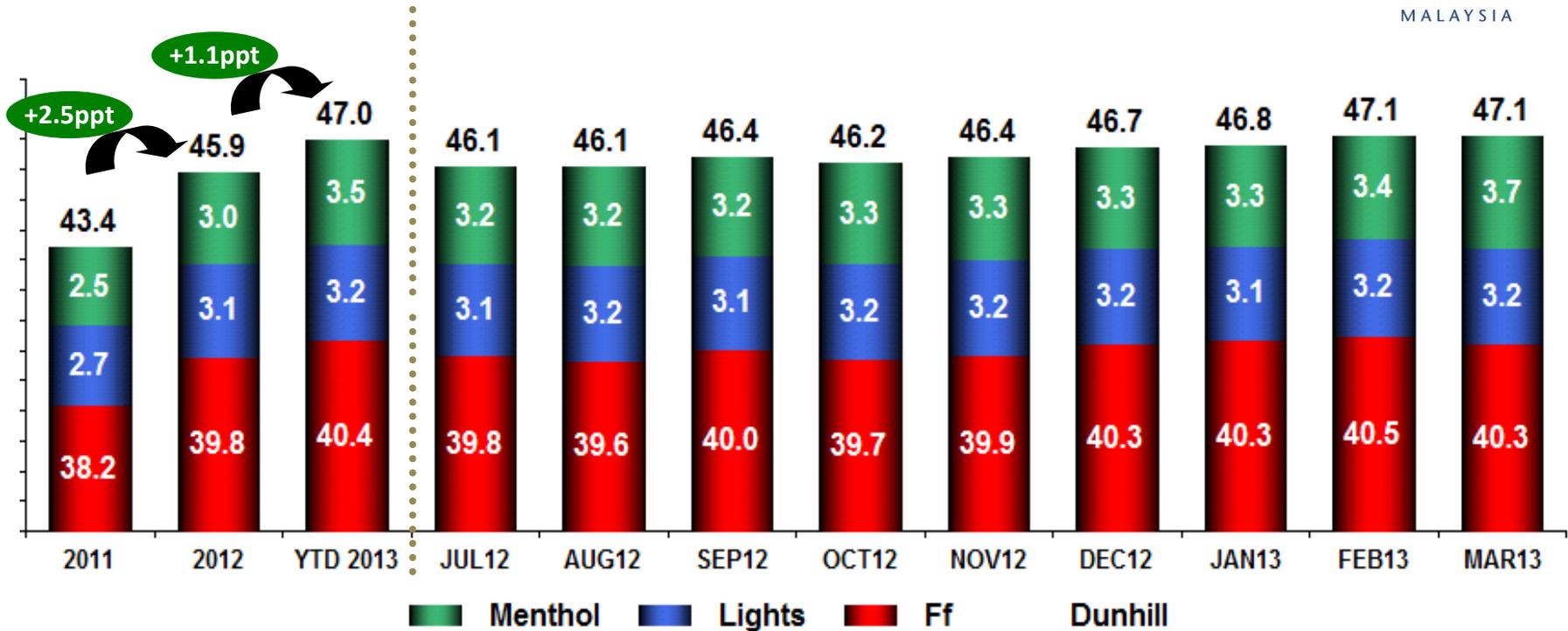
BAT share growth driven by Dunhill

Dunhill: Maintains strong growth since 2010



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Source: YTD Mar'13 Malaysia Retail Audit (Base: Total Legal Market – White + Kretek)



Q4 2012
New RELOC Seal Design

Q4 2012
Dunhill Switch Reinforcement campaign

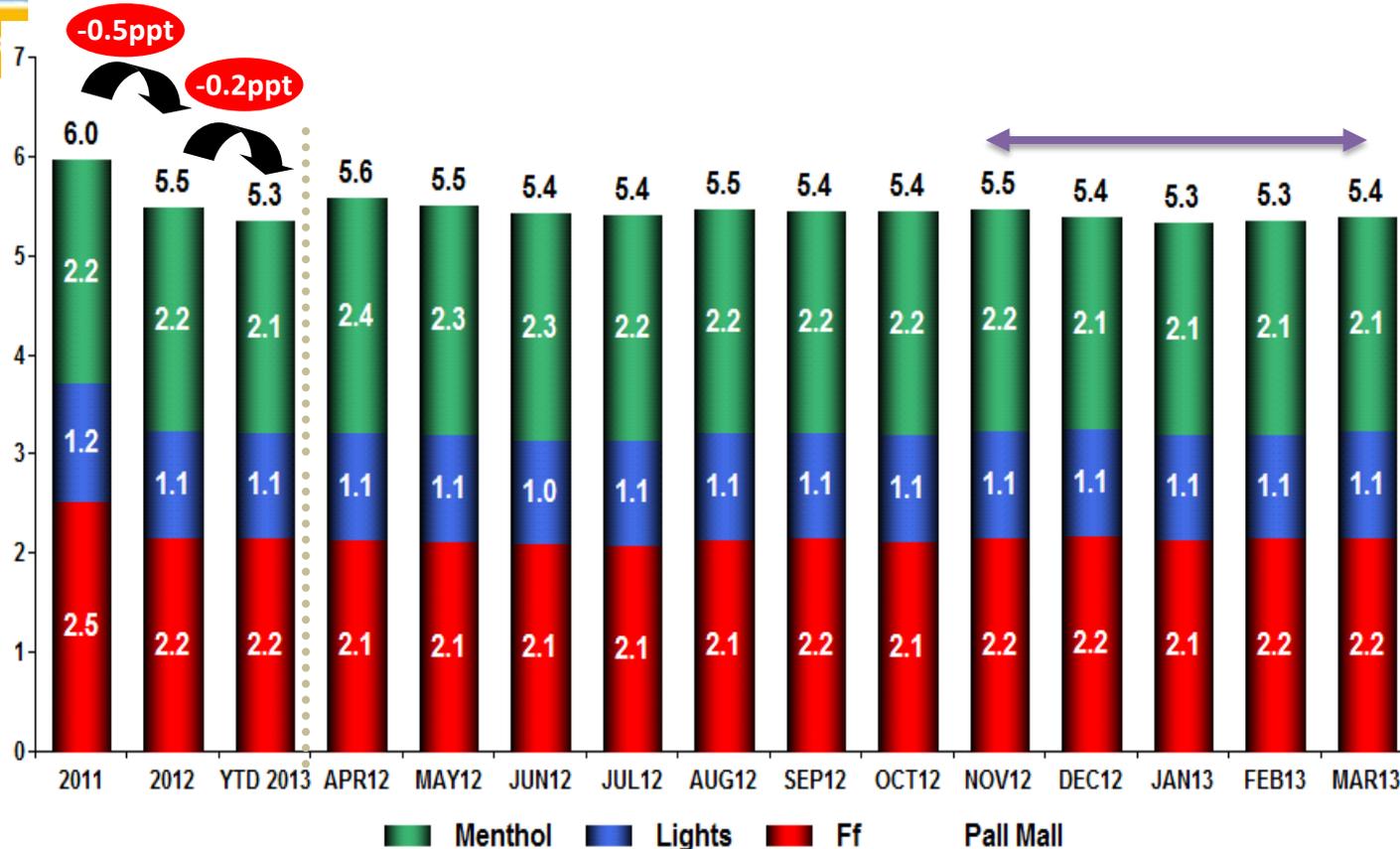
Mar 2013
Dunhill Ice – High Menthol Capsule product: Nationwide launch

Pall Mall: Stabilized share at circa 5.4% SOM

Source: YTD Mar'13 Malaysia Retail Audit (Base: Total Legal Market – White + Kretek)



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Feb 2012:
Launch of
Pall Mall
Mint

Jul 2012:
Pall Mall Core Range Re-launch

Sep 2012:
Pall Mall Original
Taste Pack Upgrade

Decline halted post new pack re-launch in July 2012

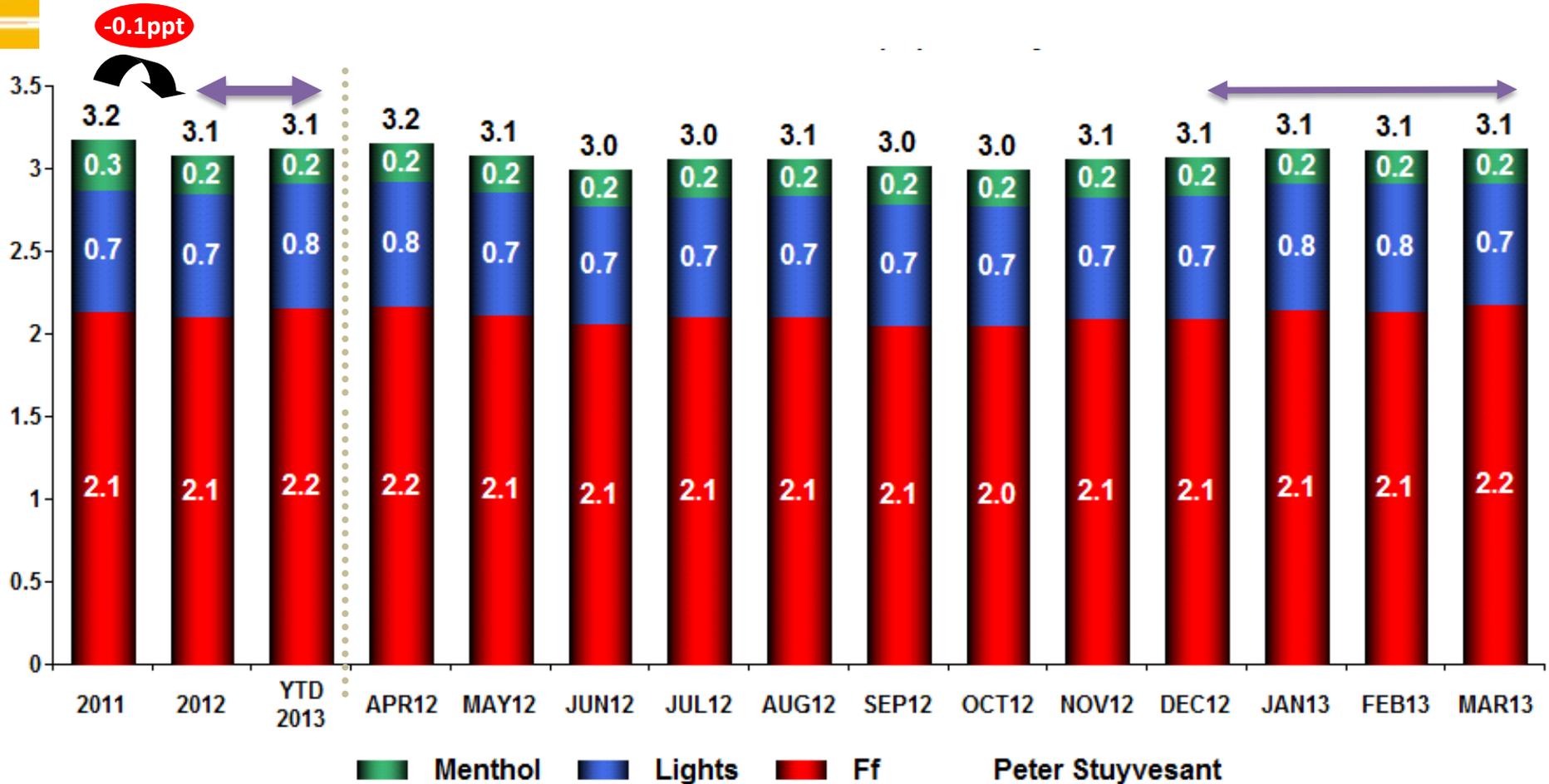
Produk ini mengandungi lebih 4,000 bahan kimia termasuk tar, nikotina dan karbon monoksida yang membahayakan kesihatan.

Peter Stuyvesant: Resilient at 3.1% SOM

Source: YTD Mar'13 Malaysia Retail Audit (Base: Total Legal Market – White + Kretek)



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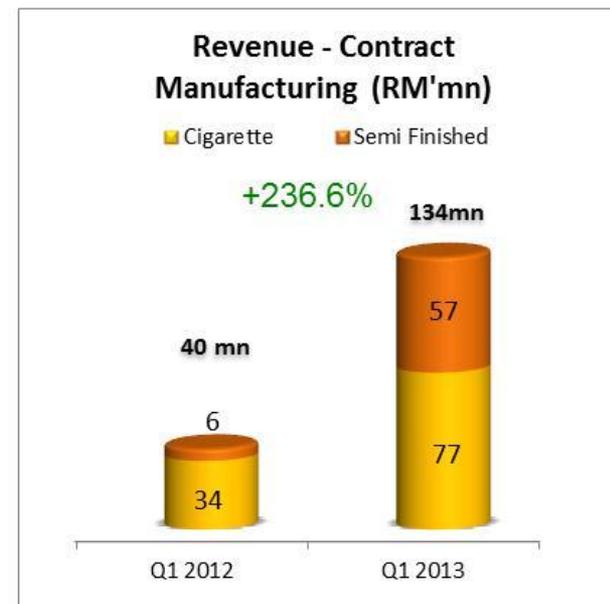
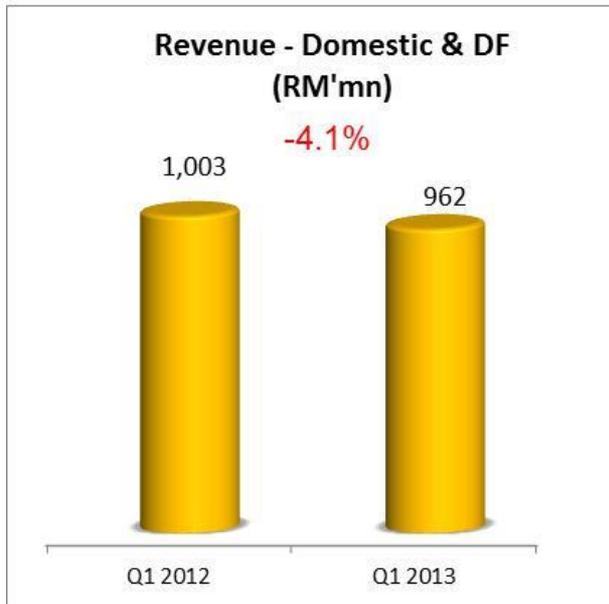
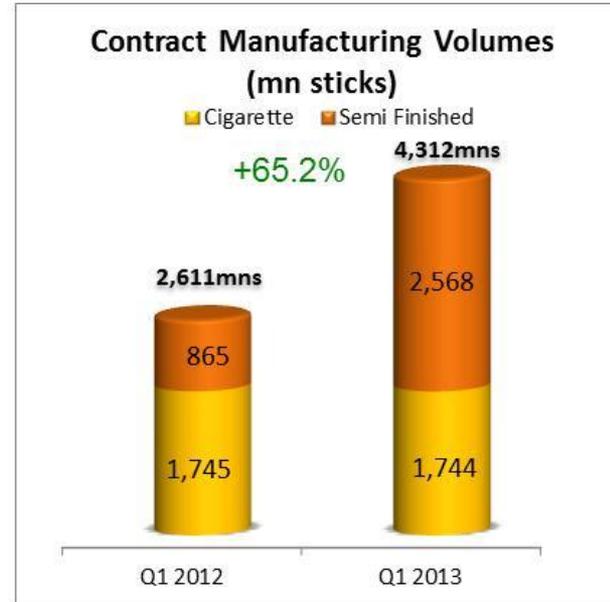
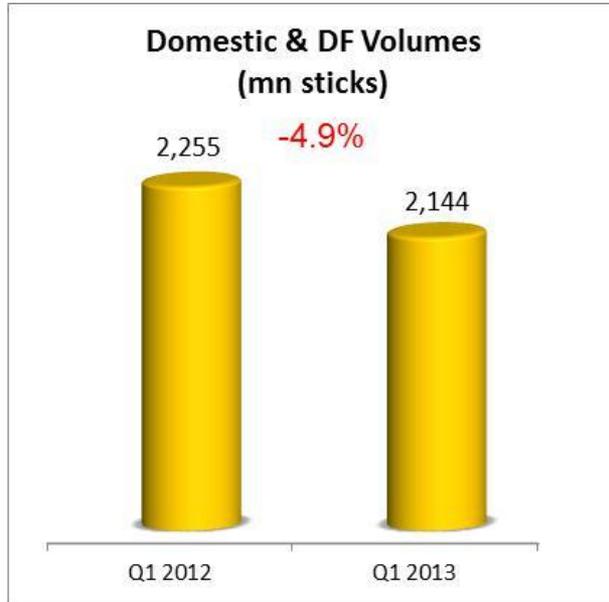
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FINANCIAL HIGHLIGHTS

Volume and Revenue Mix



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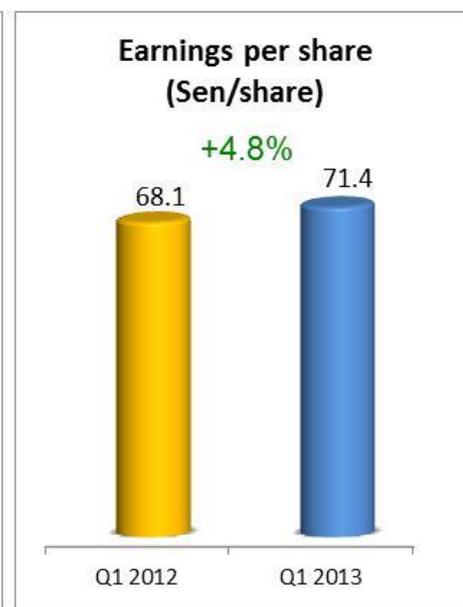
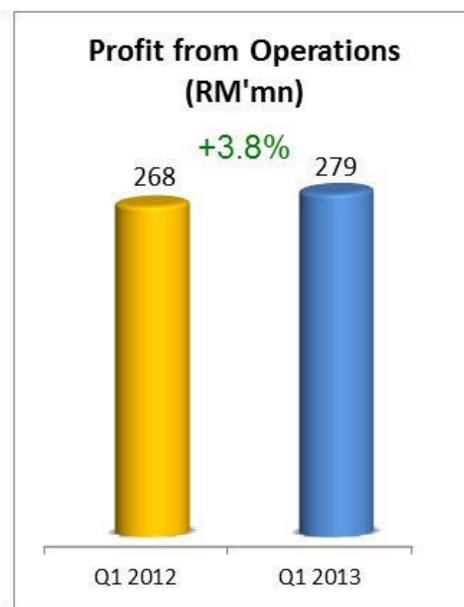
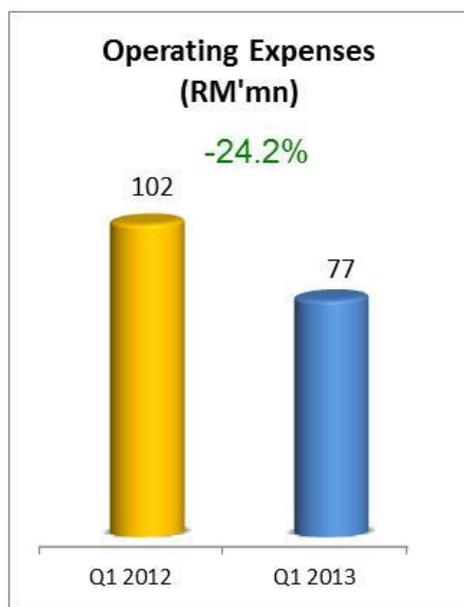
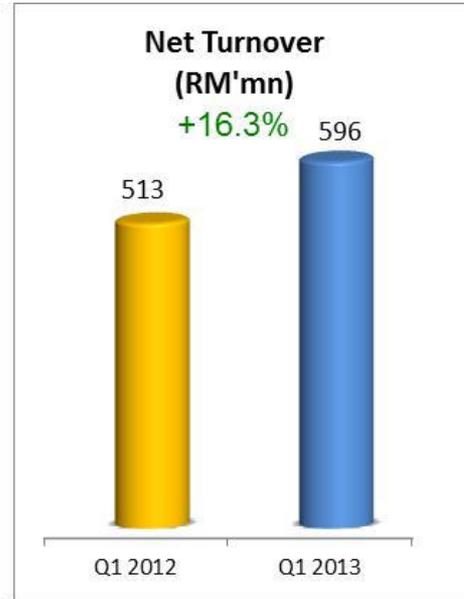
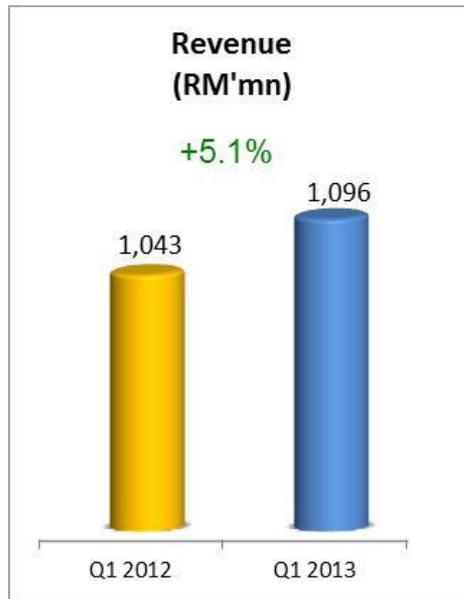


*SFG (Semi Finished Goods) include Non Cigarette sales converted to Cigarette equivalent unit of measures

Quarter 1, 2013 vs Quarter 1, 2012



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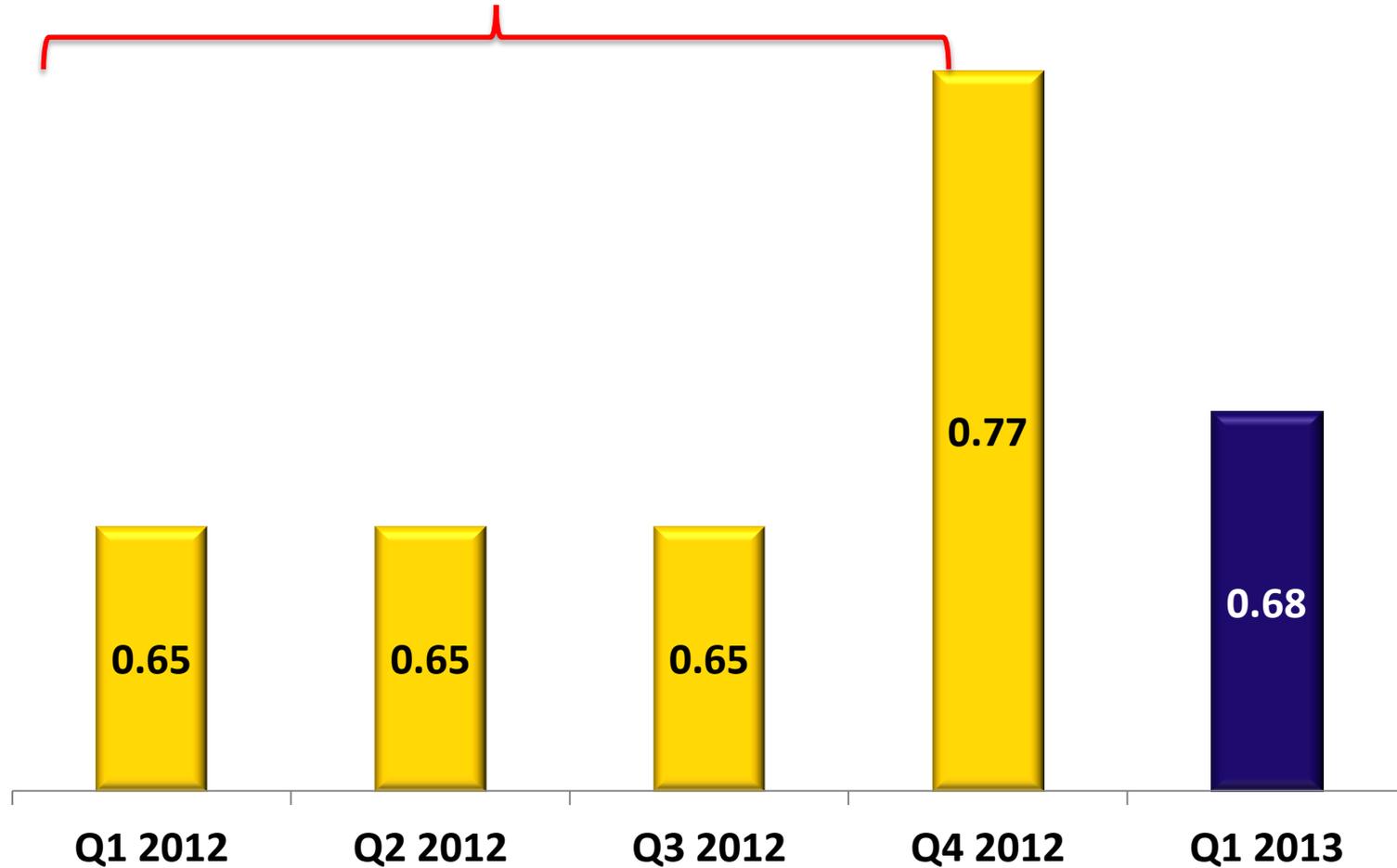




Q1 Dividends

2012: RM2.72 - 97.4% Payout

Q1 2013: 95.1% Payout



Dividends for Q1 2013 at 68 cents per share



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OTHER HIGHLIGHTS

Recent CR Highlights

Completion of Building Homes for Hardcore Poor – Desa KEDA Nagalilit, Kedah

Second phase of Company's initiative completed in February 2013



Recent CR Highlights

The Asset Corporate Awards 2012

**Gold Award for Investor Relations – F&B sector
(represents the 9th recognition received from The Asset)**



Recent CR Highlights



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Launch of BAT plc Sustainability Summary 2012

- Report on the Group's sustainability agenda and performance globally
- Available for download on www.bat.com
- For iPad and Android tablets: iTunes App Store and Google Play App Store – 'bat sustainability'

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SUSTAINABILITY

Why it matters

SUSTAINABILITY SUMMARY 2012

HARM REDUCTION
How we tackle the most negative consequences of our business by working to develop a range of reduced-risk tobacco and nicotine products. p6

MARKETPLACE
How we support evidence-based regulation of tobacco products by engaging with industry regulation, responsible marketing and fighting the black market in tobacco. p9

SUPPLY CHAIN and the ENVIRONMENT
How our direct relationship with farmers worldwide helps to promote environmental sustainability and human rights through sustainable supply chain management. p13

PEOPLE and CULTURE
How we attract and retain the very best talent through a working and supportive culture, maintaining our standards of excellence across the business. p17

Our Chief Executive on why it matters

“To grow our business we must operate sustainably – creating shared value for our shareholders and society in a challenging and changing landscape.”
Nicholas Davies, Chief Executive

This is a very exciting time to be leading British American Tobacco – together we are beginning to write the next chapter in our long history. The outlook for our business is very good for so many reasons, but I am particularly encouraged by the progress we are making to offer smokers less risky products. For years, many public health stakeholders told us that this was the most important thing we could do. We agreed, but the scientific and regulatory challenges are mountains we continue to climb.

Supply chain roots
As a fast-moving consumer goods company, consumers are the centre of our universe, but we never forget the importance of tobacco farmers who are at the root of our supply chain. Lately, critics have suggested tobacco growing has worse social, economic and environmental impacts than other commercial crops. A recent, independent study by Oxfam International shows that this isn't the case. How a read at www.bat.com/thebate and make up your own mind.

*Tobacco Advisory Group of the Royal College of Physicians, 2007.

2 British American Tobacco Sustainability Summary 2012



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FUTURE PROSPECTS

Future Prospects



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- The Group seeks to continue its recent strong share growth momentum.
- However, the Group is concerned with the decline in the overall market size and associated impact on domestic volume.
- Despite a gradual reduction in illicit trade, illicit white cigarettes have increased which is directly competing with our portfolio as opposed to illicit kretek.
- The Group is cautiously optimistic on 2013 outlook given the factors above, and barring any ad-hoc high excise announcement in the near future.



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THANK YOU