

BAT Malaysia: Impact to be short term

VOLATILE ECONOMIC ENVIRONMENT

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BRITISH American Tobacco (Malaysia) Bhd (BAT Malaysia) expects an impact from the volatile economic environment driven by inflationary pressures and disruptions on the global supply chain in the short term.

The challenging operating landscape would stretch disposable income, leading to downtrading from legal products to tobacco black market options, said BAT Malaysia managing director

Nedal Salem.

Nevertheless, the company is buoyed by the government's recent move to exempt nicotine vapour from the Poison Act 1952 and introduce excise onto nicotine vapour, which signals the intent to establish regulations for vapour products.

Salem said the company was also encouraged by the lower levels of the tobacco black market, stemming from measures announced by the government.

In the medium term, he said BAT Malaysia was confident the economic conditions would improve, the government would in-



British American Tobacco (Malaysia) Bhd managing director Nedal Salem says it remains committed to driving its purpose of 'A Better Tomorrow'.

troduce balanced regulations on vapour and accelerate their interventions to further reduce the tobacco black market.

"We aim to continue growing our tobacco heating product, glo, which represents our efforts to offer a choice of reduced-risk alternatives to adult smokers. We will also focus on investing in our value-for-money brands, and maintaining leadership in the premium segment," he said after BAT Malaysia's annual general meeting on Wednesday.

The company will also continue to urge the government to establish a balanced science and evidence-based regulatory

framework for vapour products, and work with policymakers in the fight against the tobacco black market.

With the incidence of black market cigarettes continuing to hover above 55 per cent, Salem said the company remained firm that this issue was detrimental not only to public health, but also had a significant adverse impact on the country's economy.

BAT Malaysia, said Salem, remained committed to driving its purpose of "A Better Tomorrow" for its financial year 2023.

The company is steadfast in its commitment to champion sustainability agenda, which is sup-

ported by four pillars that prioritise harm reduction, environmental, social and governance.

"In our financial year 2023, we will focus on driving our carbon neutrality efforts, building our community projects and work towards reducing the health impact of our business."

Salem said despite the challenging operating environment, BAT Malaysia delivered a solid performance for 2022.

He added that although revenue was flat, its gross profit improved marginally and it significantly improved the company's net operating cash flow for the year.