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## LOWER VOLUME

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**KUALA LUMPUR:** British American Tobacco (Malaysia) Bhd's (BAT Malaysia) net profit dropped 17.2 per cent to RM52.29 million in the first quarter ended March 31, from RM63.11 million in the same period in 2021.

Group revenue in the same quarter eased 7.94 per cent to RM521.56 million from RM566.55 million.

BAT Malaysia said the decrease in revenue was due to lower volume caused by the onset of the Omicron variant of Covid-19 that affected purchasing habits, high illicit cigarette incidence and other seasonal factors.

BAT Malaysia said Dunhill's share of the premium segment had grown 0.7 percentage points (ppt) to 61.9 per cent.

The company's value-for-money brands, Rothmans and KYO, grew 1.0ppt to 35 per cent share of the segment compared with the

same period last year.

Managing director Nedal Salem said BAT Malaysia was maintaining the growth trajectory of its strategic brands within its premium and VFM segments.

"BAT Malaysia is also poised to benefit further from its future-fit route-to-market hybrid sales model and digital transformation initiatives, all of which will play a role in creating a simpler and faster organisation," he said.

Nedal said illicit cigarettes, which made up close to 60 per cent of the market, weighed down the performance of the legal industry, causing the government to lose about RM5 billion annually in tax revenue.

"We believe there is a risk that the tobacco black market prevalence may increase as a result of the re-opening of borders and the resumption of cross-border trade and travel."