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KUALA LUMPUR (July 21): British American Tobacco (Malaysia) Bhd's (BAT Malaysia) net profit for the second quarter ended June 30, 2022 (2QFY22) increased by 2.3% to RM73.25 million, up from RM71.62 million a year ago, driven by marginally higher revenue and gross profit margin coupled with lower tax expenses.

Revenue in 2QFY22 grew 7% to RM637.5 million compared with RM595.8 million a year earlier.

Earnings per share (EPS) also gained to 25.7 sen per share, from 25.1 sen per share a year before.

The group declared a second interim dividend of 25 sen per share — payable on Aug 18 with an ex-date on Aug 4 — adding to a total of 42 sen for FY2022. The second interim dividend amounting to RM71.38 million represents a payout ratio of 97%.

According to BAT Malaysia's income statement in a bourse filing on Thursday (July 21), the gross profit margin grew slightly to 26% in 2QFY22, an improvement from 25% in 2QFY21.

As for its first half of 2022 (1HFY22), BAT Malaysia recorded a decline of 6.8% in its net profit to RM125.5 million, down from RM134.7 million in 1HFY21.

In a separate statement, BAT Malaysia managing director Nedal Salem said the company will continue its particular emphasis on tobacco harm reduction.

"We are encouraged by the government's commitment to regulate the vape industry in Malaysia. We strongly urge the government to adopt policies that are evidence-based and data-driven, to ensure the over one million Malaysian vape users have access to reduced-risk products that are compliant with quality and safety standards," he said.

Nedal opined that the government must continue its push towards curbing the tobacco black market in Malaysia.

On Thursday, BAT Malaysia's share price closed 16 sen or 1.5% higher at RM10.52, valuing the group at RM3 billion. Year to date, the counter has fallen by 25%. It is currently trading at a historical price-earnings ratio of 10.9 times, while offering a dividend yield of about 9%.