



**British American Tobacco
(Malaysia) Berhad**

4th Quarter 2011 Results

Analyst Presentation

16 February 2012

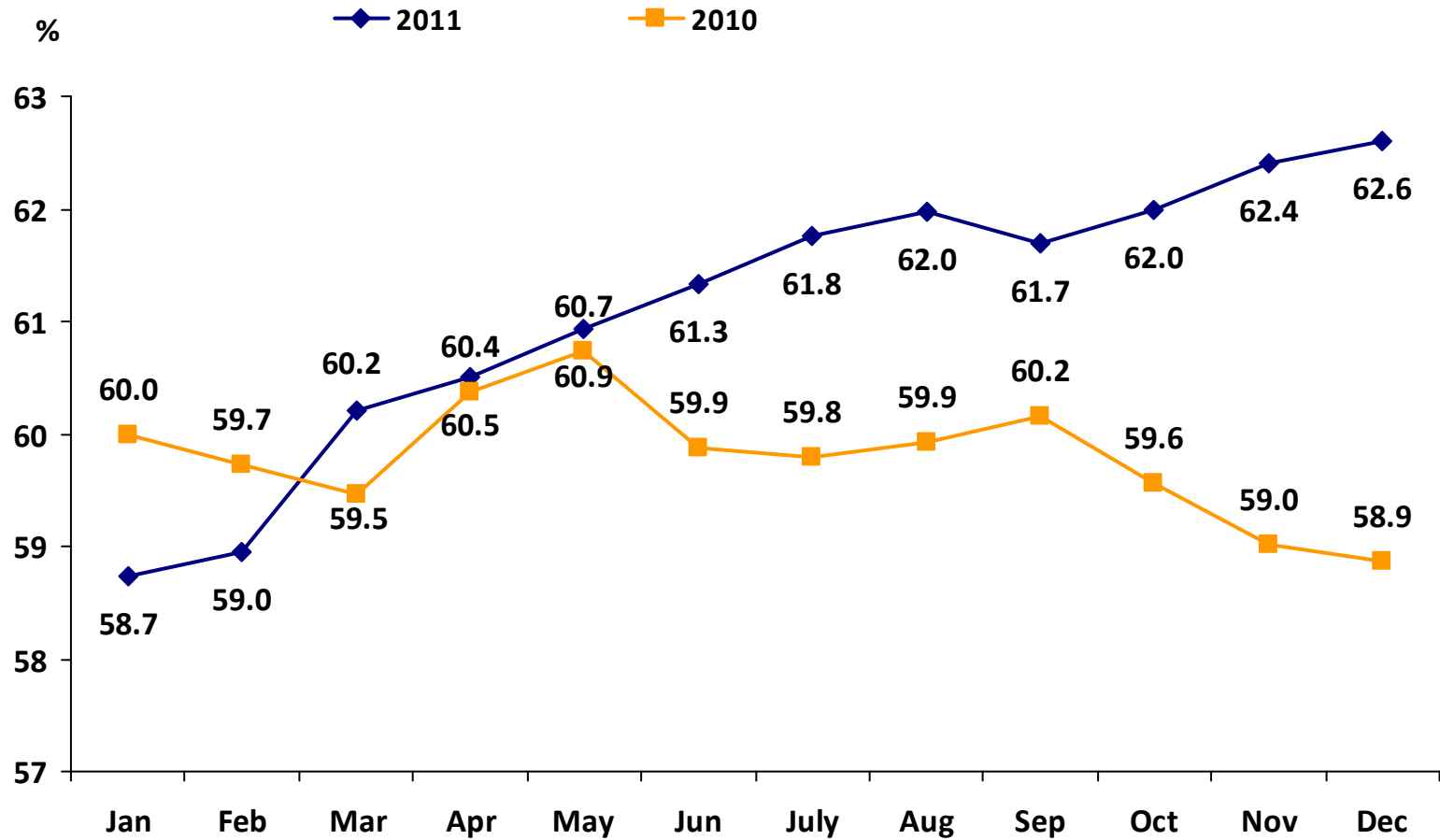


Agenda

- **Industry Review, Market Share and Volumes**
- **BATM's Activities**
- **Quarter 4, 2011 Results**
- **Other Highlights**
- **Future Prospects**

**INDUSTRY REVIEW,
MARKET SHARE,
VOLUMES AND
BATM ACTIVITIES**

BAT Market share



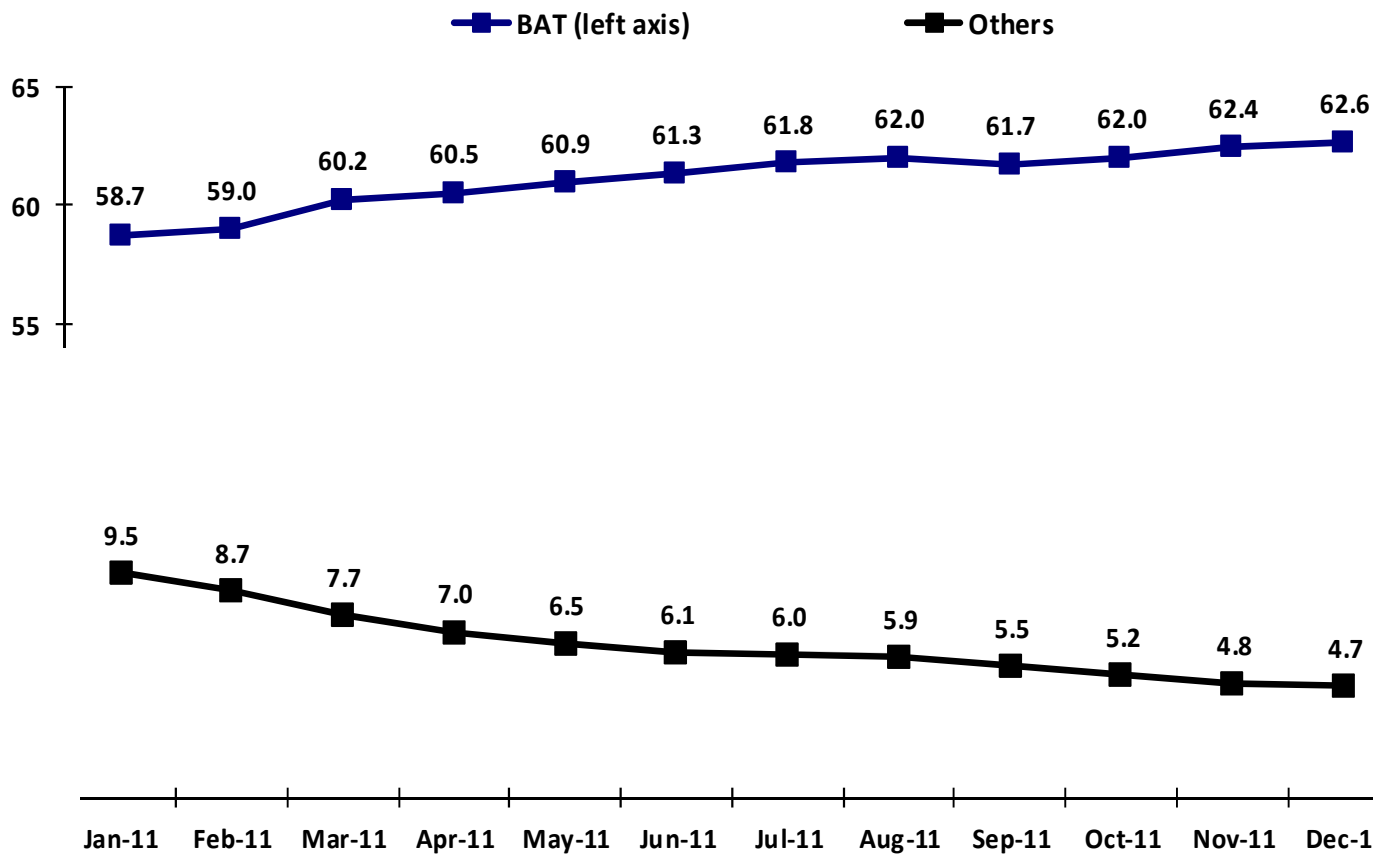
Source: Retail Audit (Base: Whites only)

BAT grew share for the 2nd consecutive year (after 9 years of share decline), by +1.3ppt (2011 vs. 2010) to register 2011 Full Year: 61.1% SOM, driven by Dunhill and Peter Stuyvesant. BAT exit share at 62.6% SOM, was up +3.9ppt vs. Jan 2011.

BATM recovered share at the expense of other whites



Jan vs Dec'11



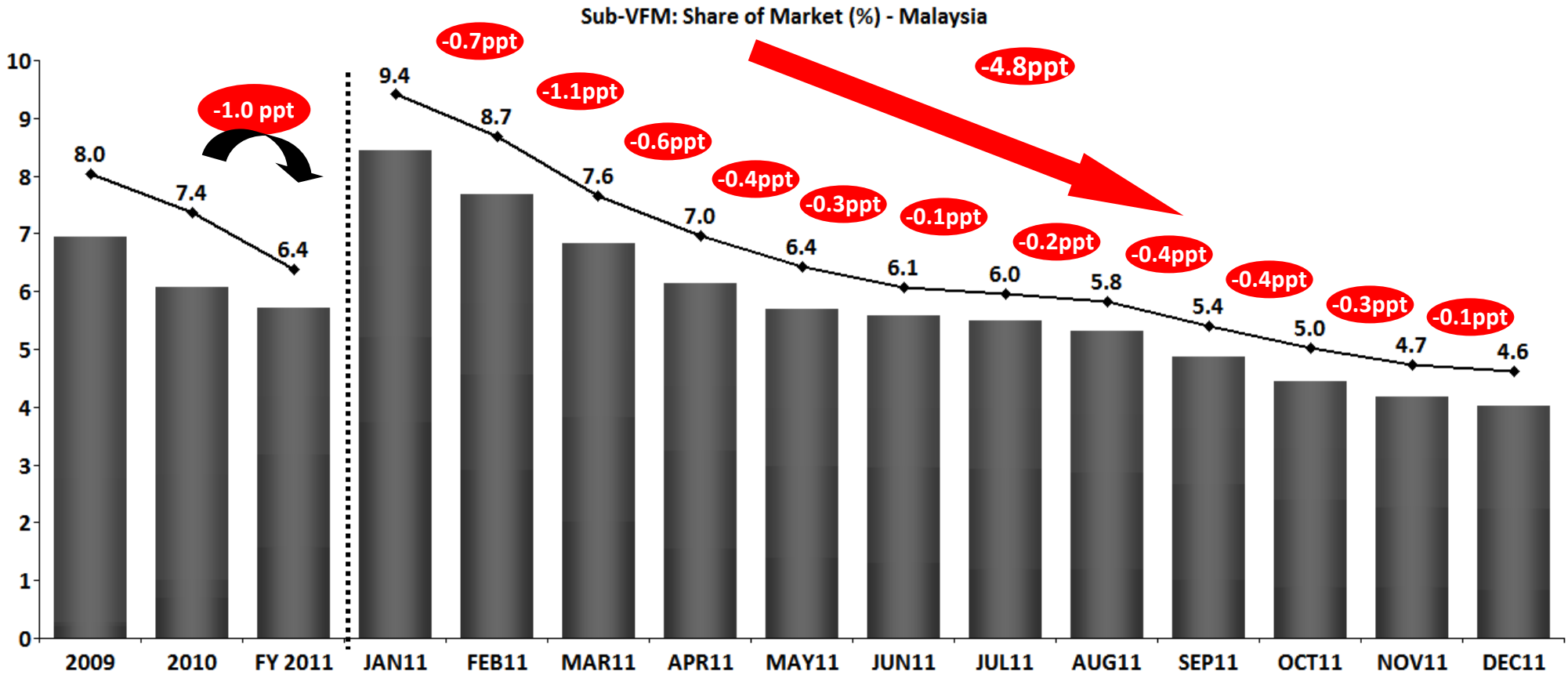
+3.9ppt

-4.8ppt

Source: Malaysia Retail Audit (Base: Total Whites)

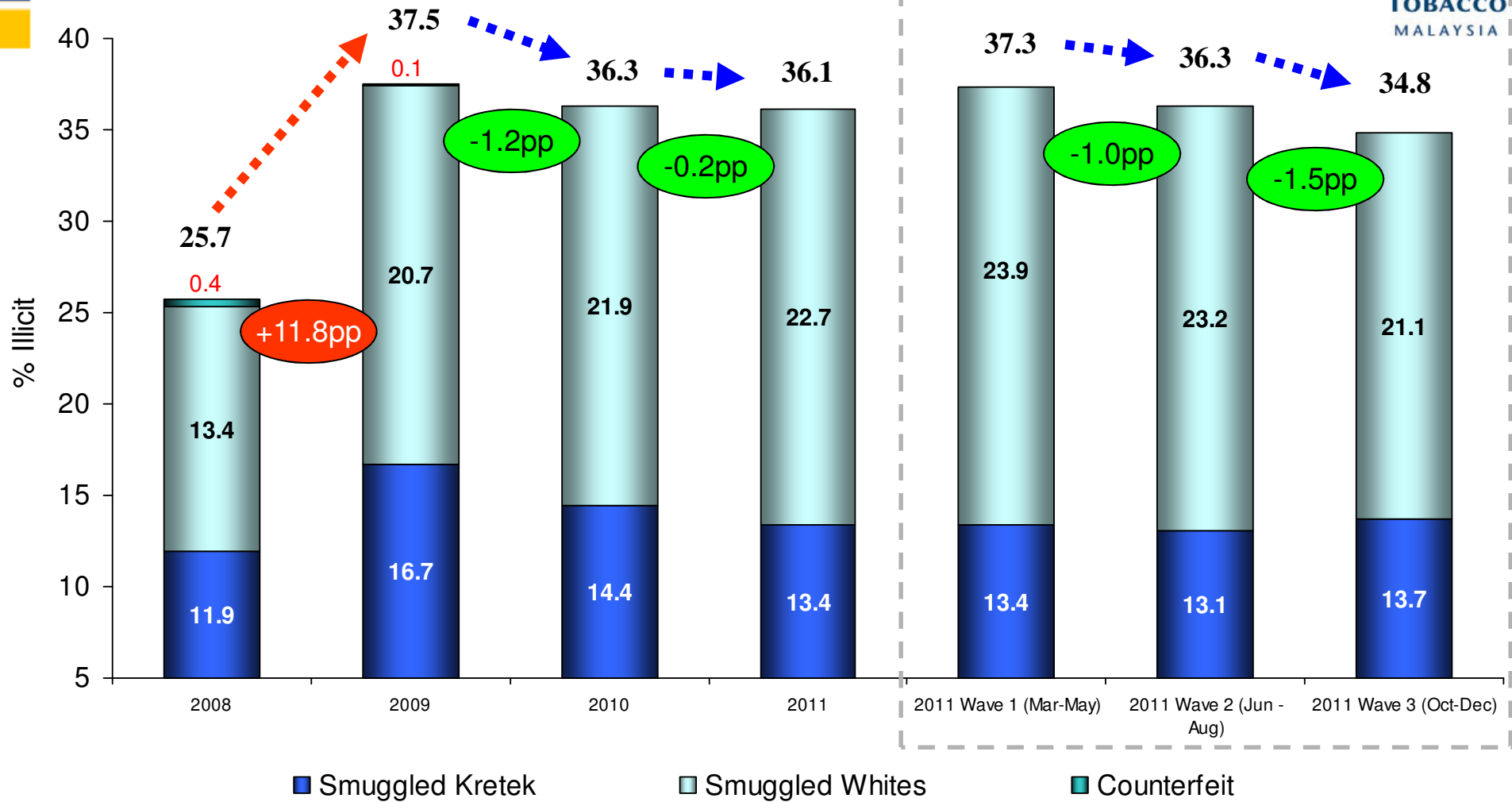
BATM grew share by +3.9ppt since January 2011 while other white segment declined by -4.8ppt for the same corresponding period

Sub VFM continues to decline post January 2011



Source: Malaysia Retail Audit (Base: Total Whites)

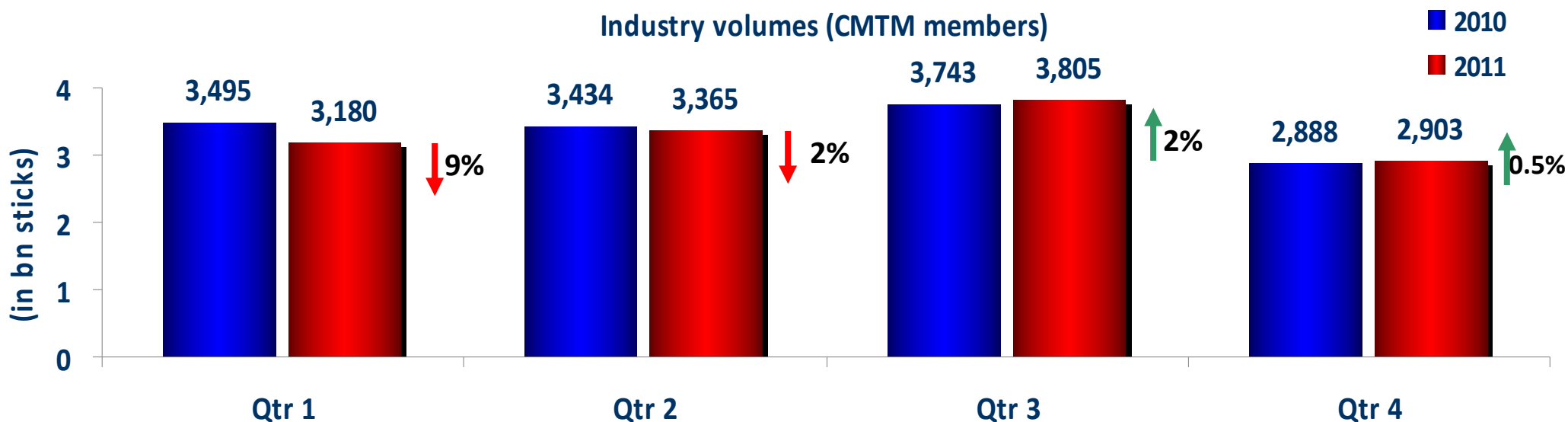
Illicit Trade



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

Illicit incidence remains high but Wave 3 registers a 1.5% decline from wave 2 given no excise increase in the Oct Budget

Industry volumes decreased 2.3%

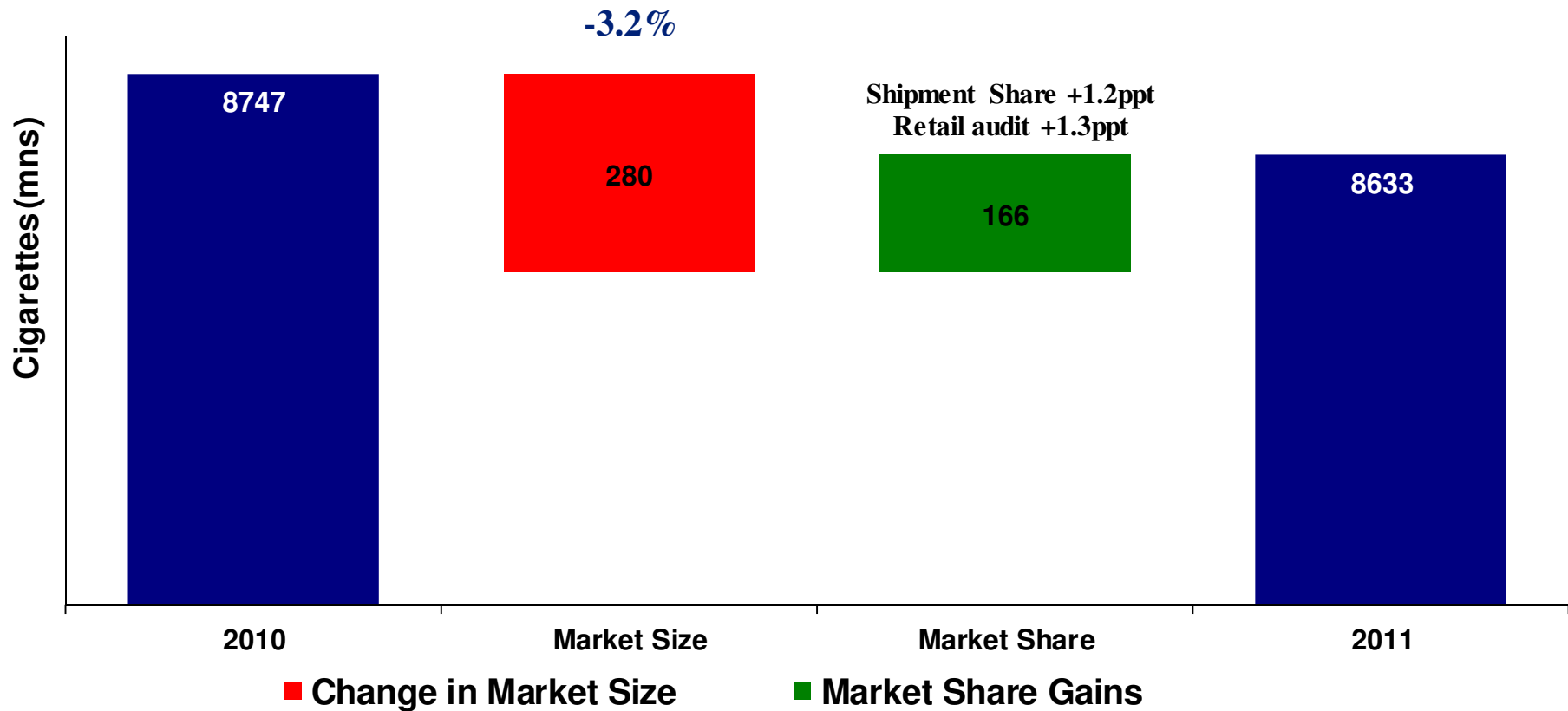


Shipment Volume (in bn sticks)	Q4 2011	Q4 2010	Variance Q4 11 vs Q4 10	FY2011	FY2010	Variance FY11 vs FY10
BATM	2.04	2.02	0.7%	8.63	8.75	-1.3%
Industry (CMTM members)	2.90	2.89	0.5%	13.25	13.56	-2.3%
Sub VFM (estimate)	0.15	0.25	-41.4%	0.92	1.08	-15.3%
Total	3.05	3.14	-2.9%	14.17	14.64	-3.2%

Source: Confederation of Malaysian Tobacco Manufacturers (CMTM)

Note: Sub-VFM volumes extrapolated from Retail Audit

BAT Volume Reconciliation – 2010 to 2011

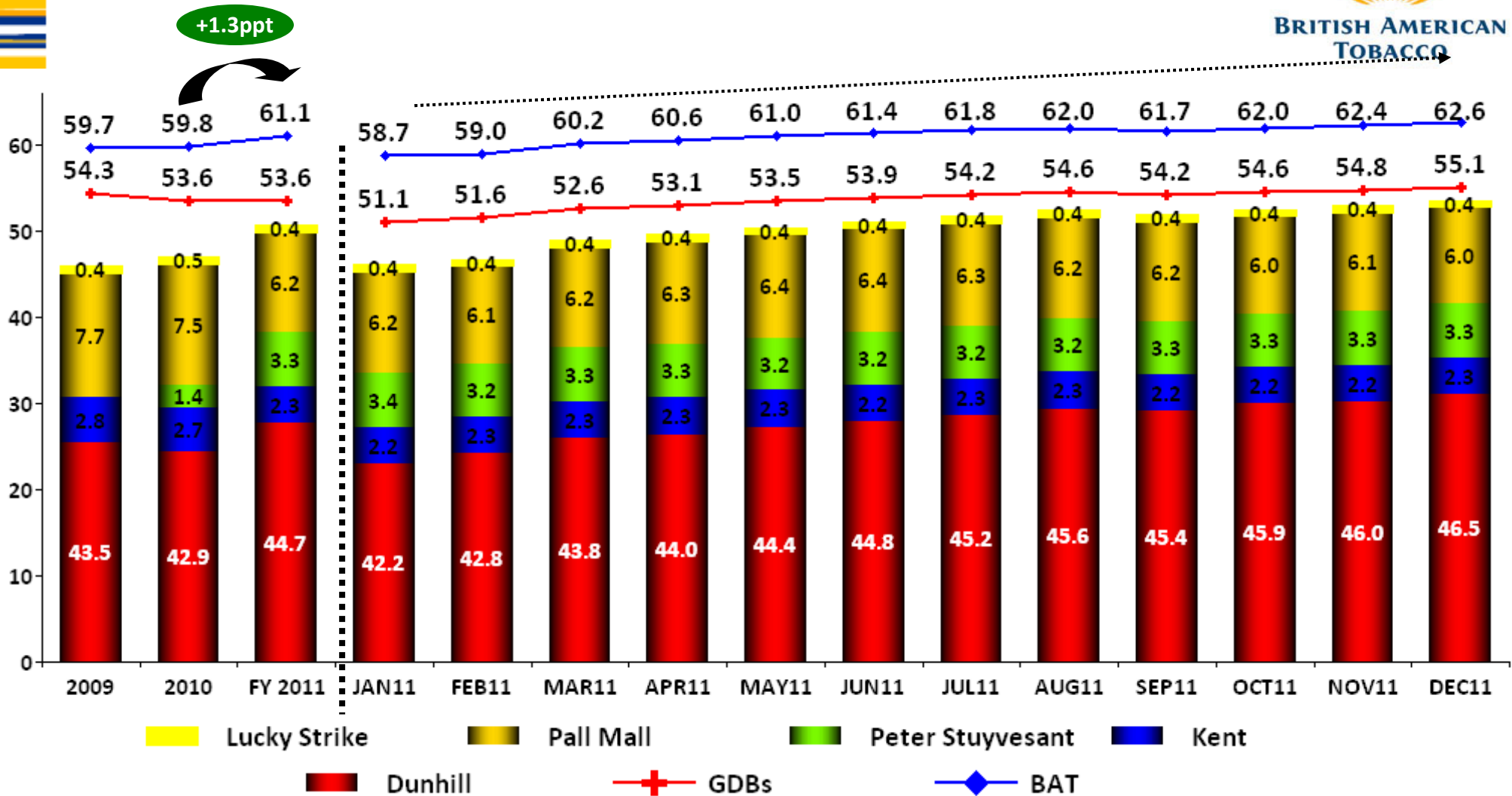


Total legal industry declines by 3.2% from consumption decline, whilst BAT gains +1.3ppt market share. BAT needs 2.1ppt gain in market share to achieve flat volumes and counter consumption / legal market size decline.

BAT & GDB Share



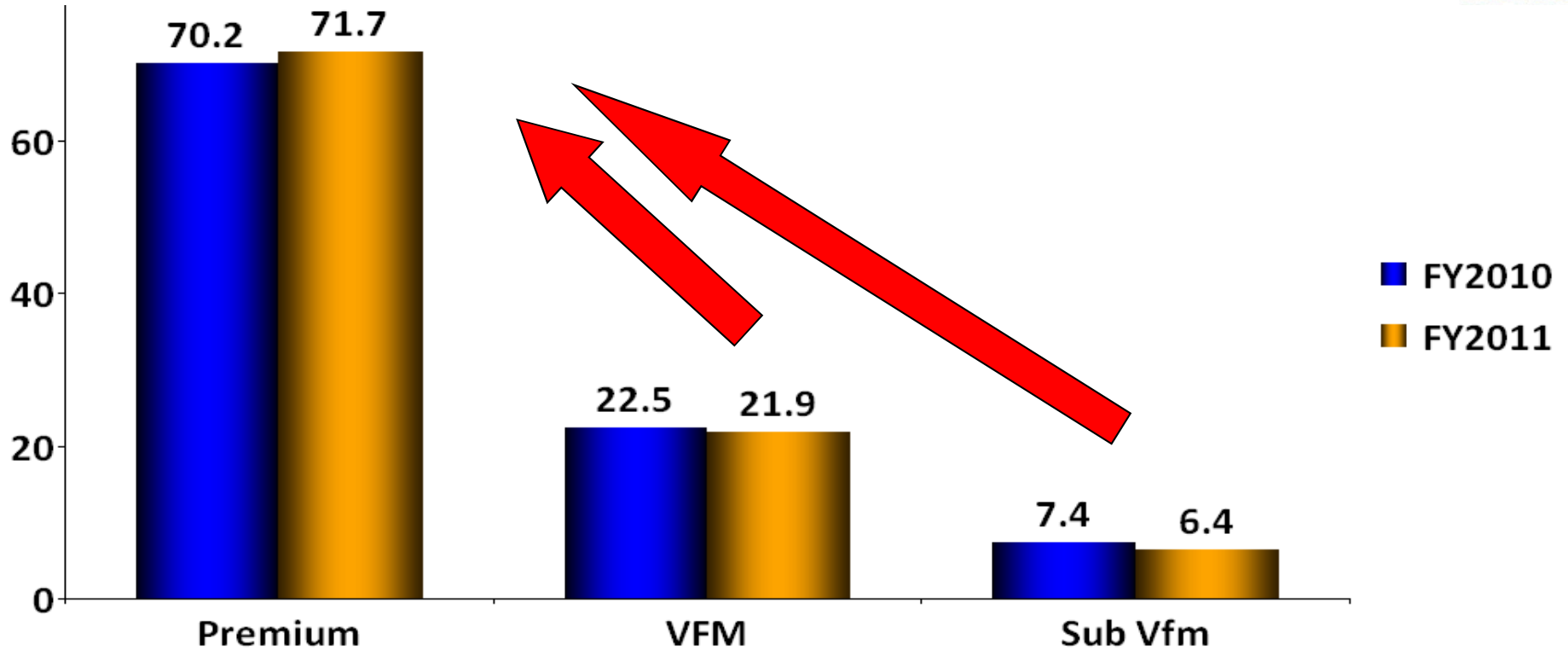
BRITISH AMERICAN TOBACCO



Source: Malaysia Retail Audit (Base: Total Whites)

BAT closed the year with 61.1% market share, up +1.3ppt compared to 2010. The only international player to grow share this year!

Market remains Premium-skewed



<u>BAT</u>	<u>2010</u>	<u>BAT</u>	<u>2011</u>
Share of Premium	72.7	Share of Premium	72.2
Share of Value for Money	39.0	Share of Value for Money	42.8
Share of Sub-VFM	0	Share of Sub-VFM	0

Source: Malaysia Retail Audit (Base: Total Whites)



Dunhill

Dunhill Global Pack Design with RELOC

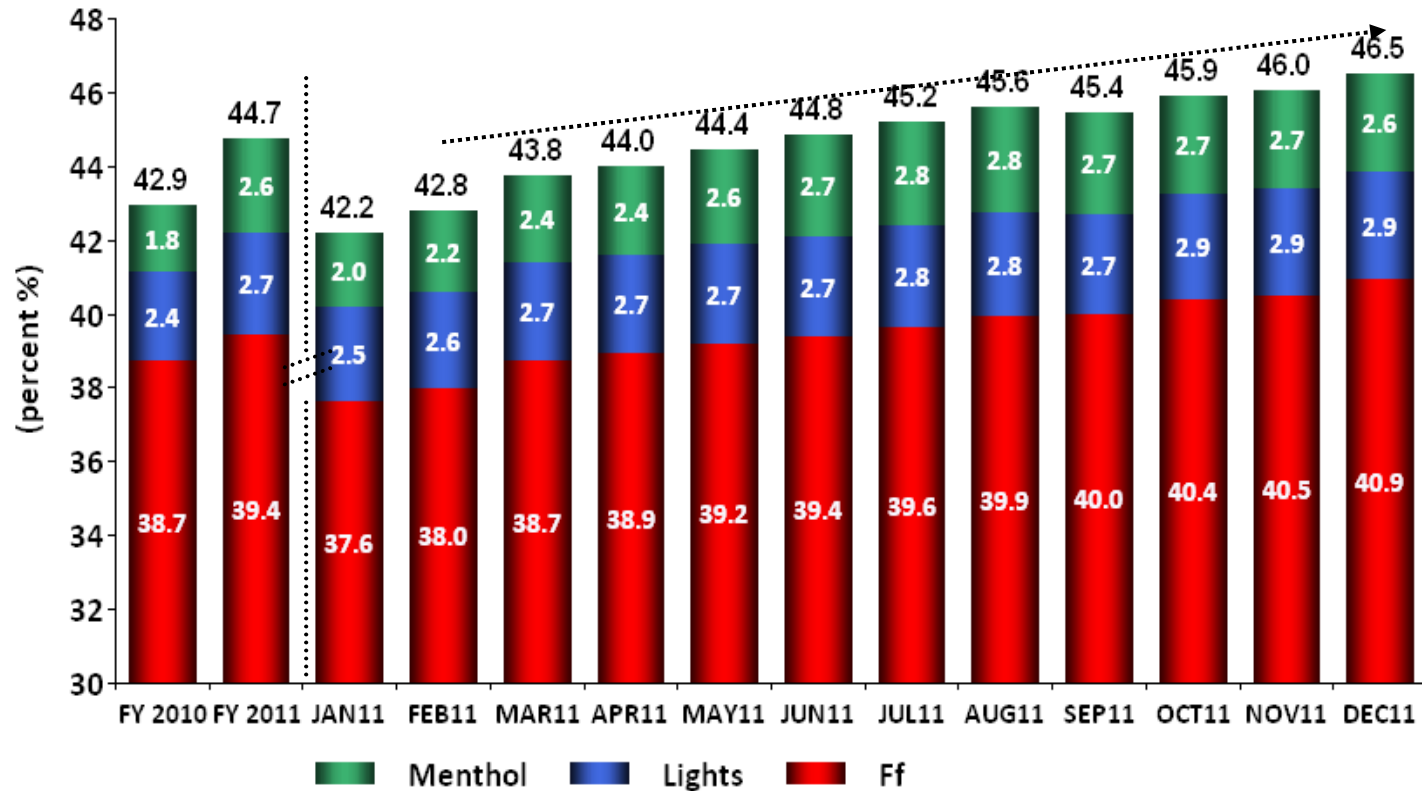


Jan 2011: Dunhill Menthol BOOST

May 2011:
Dunhill SWITCH

First convertible
cigarette in Malaysia

Oct 2011:
Dunhill RED campaign
Enhance imagery



Source: Malaysia Retail Audit (Base: Total Whites)

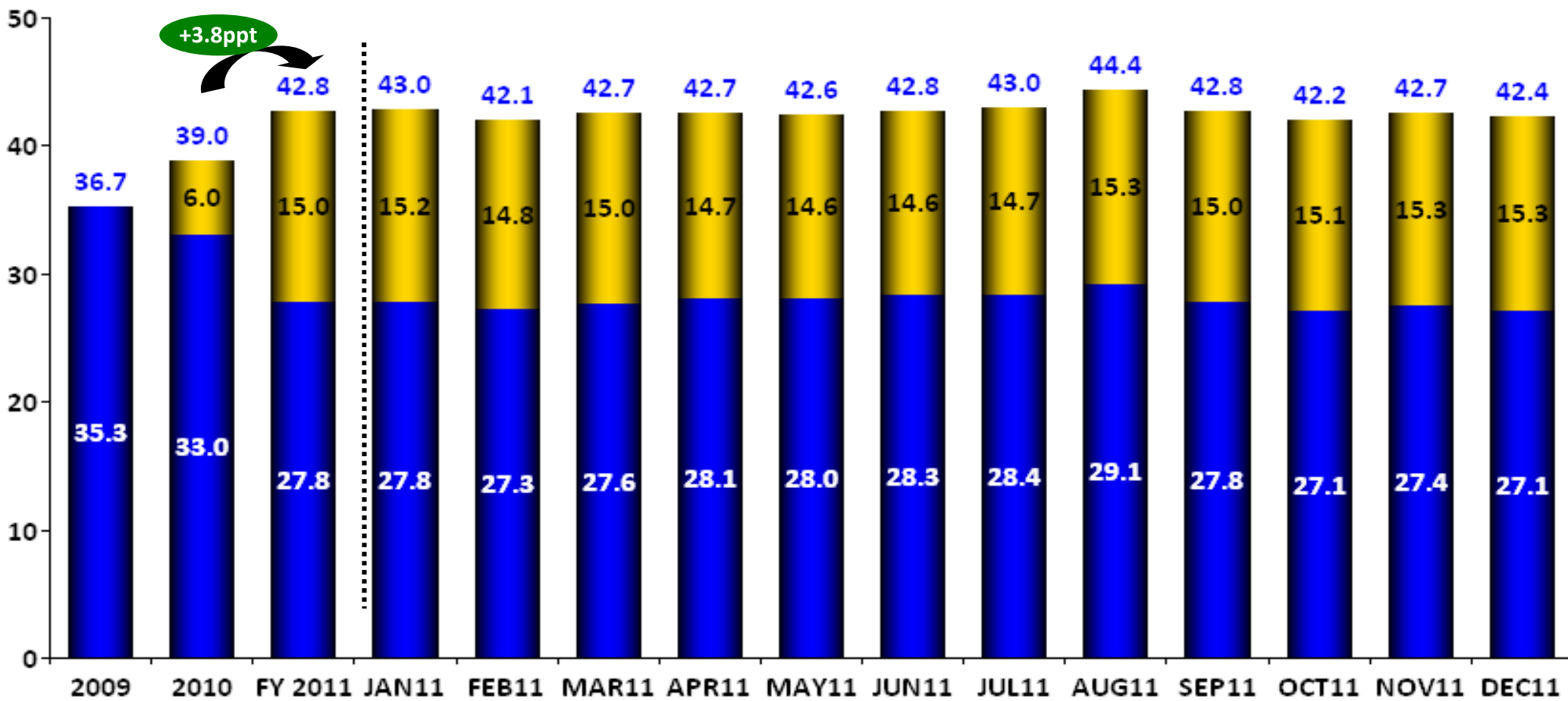
Dunhill Family's continued growth acquired 46.5% SOM in December – Dunhill's highest share ever!
FY 2011 SOM of 44.7% grew by +1.8ppt compared to 42.9% SOM in 2010.

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

BAT VFM share of segment growing



BAT VFM : Share of Segment (%) - Malaysia

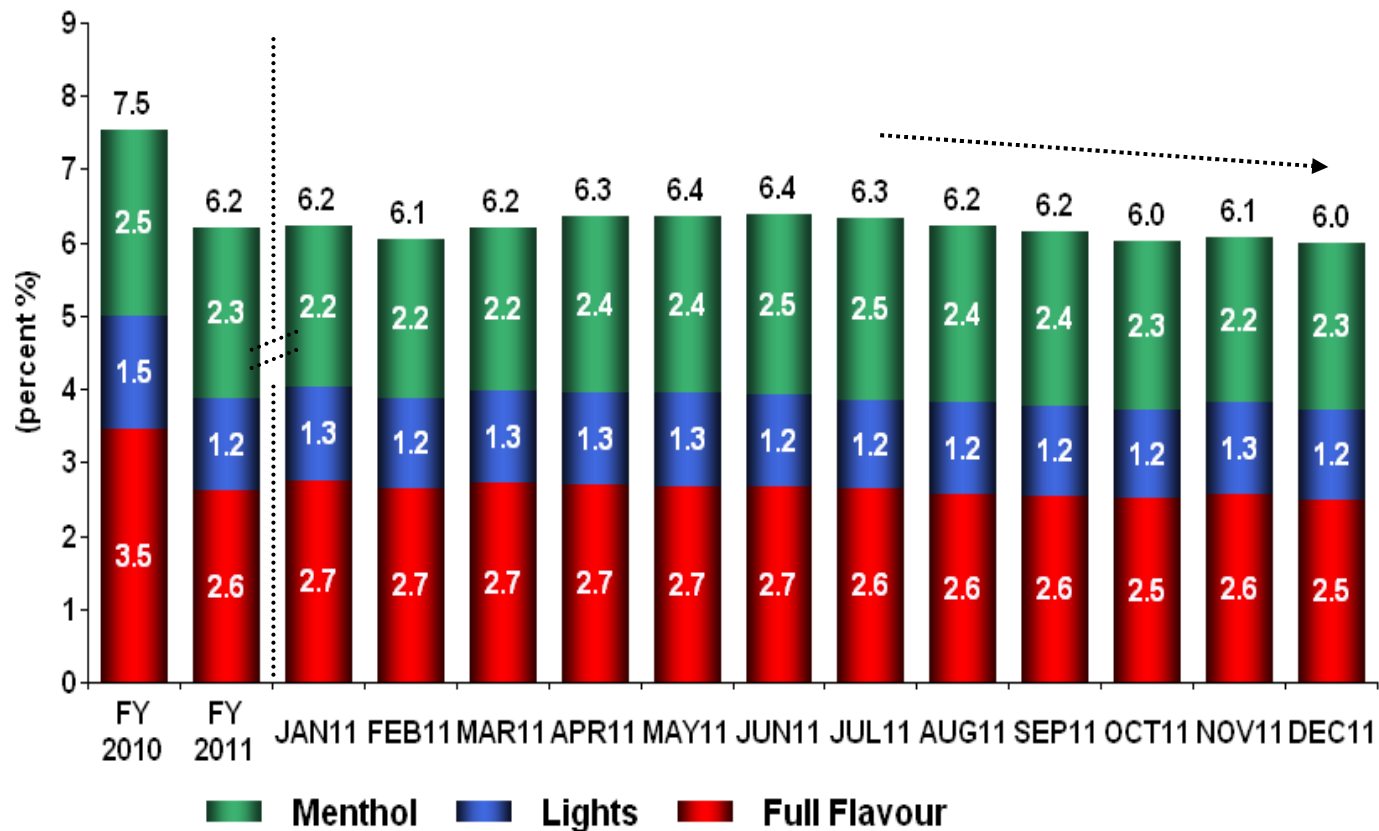


Source: Malaysia Retail Audit (Base: Total Whites)

BAT VFM ■ Peter Stuyvesant ■ Pall Mall

2011 stable. Growth vs 2010

Pall Mall



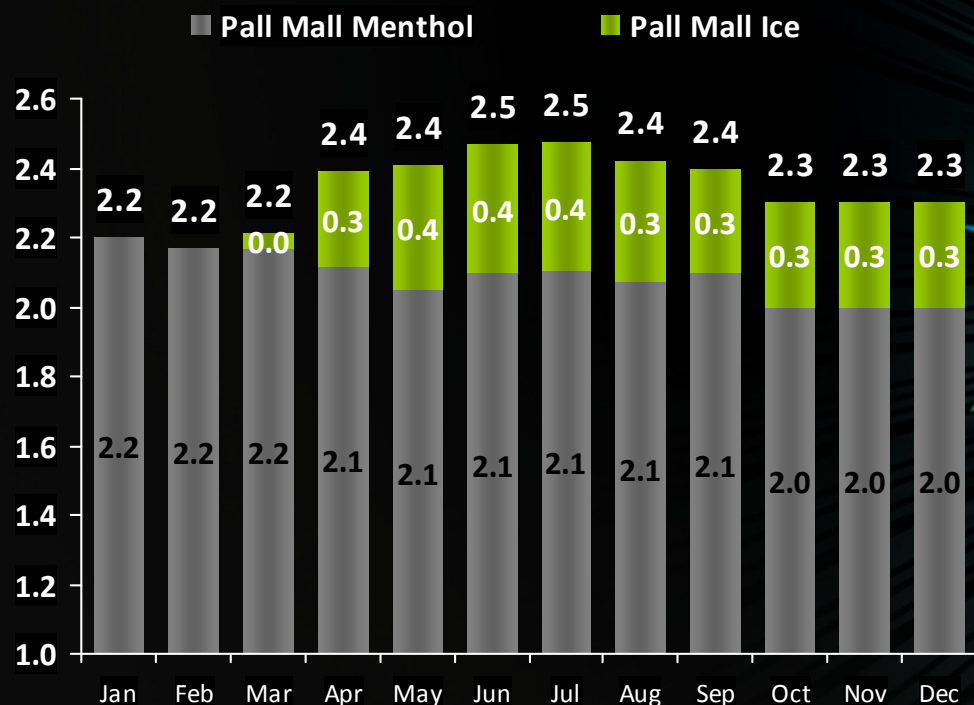
Source: Malaysia Retail Audit (Base: Total Whites)

Pall Mall shares stable in 2011

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 (%) 2011



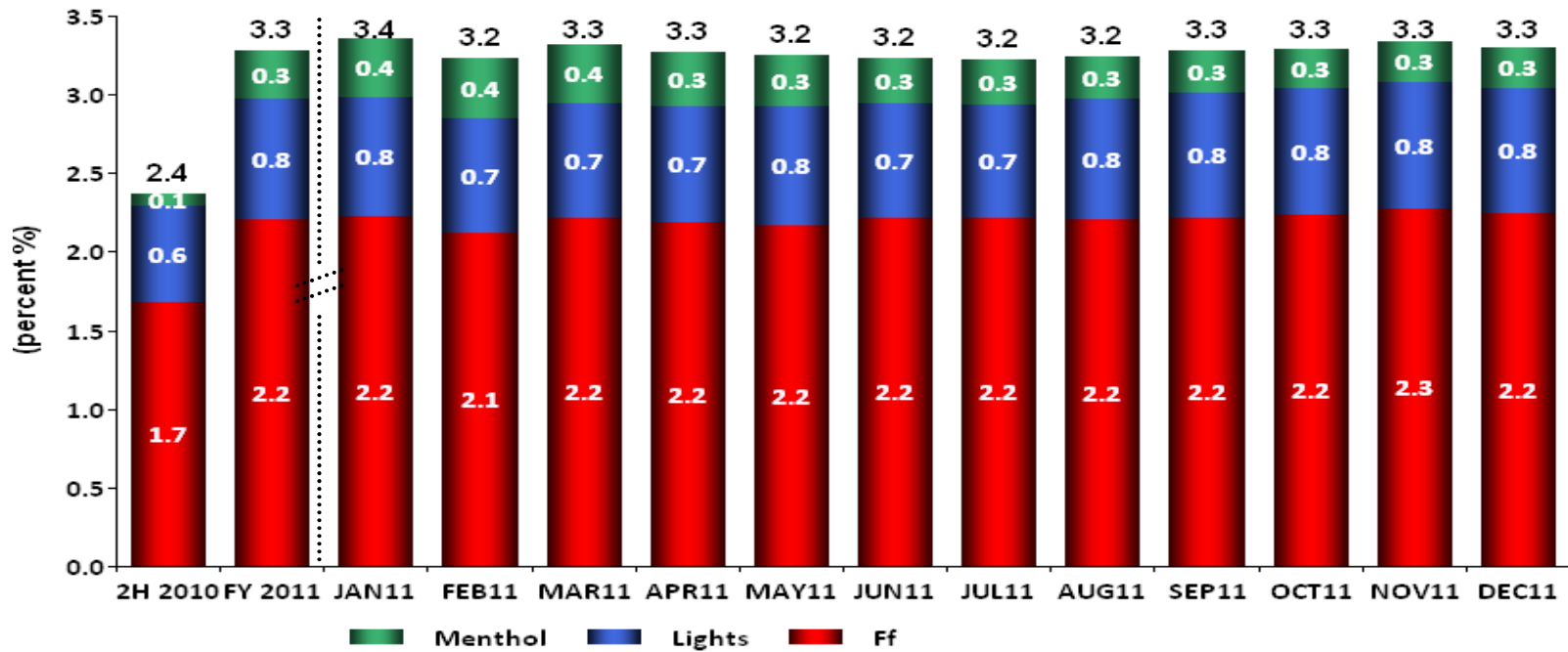
Source: Malaysia Retail Audit (base: Whites only)

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

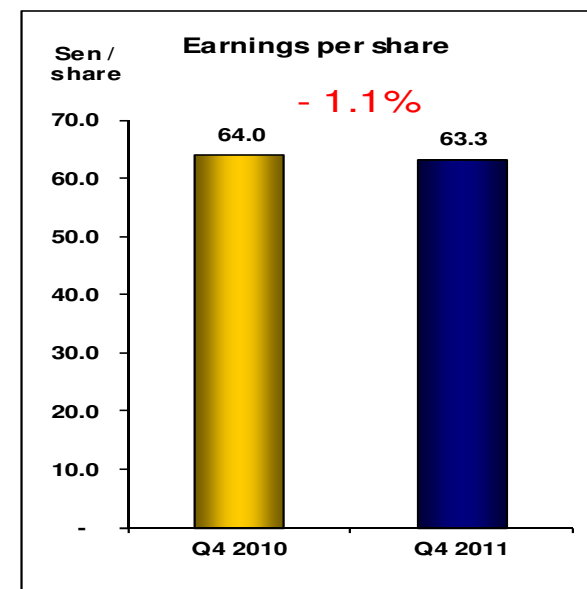
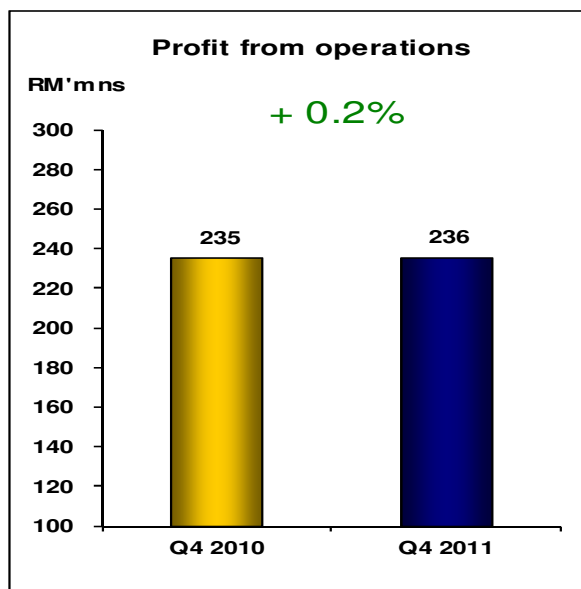
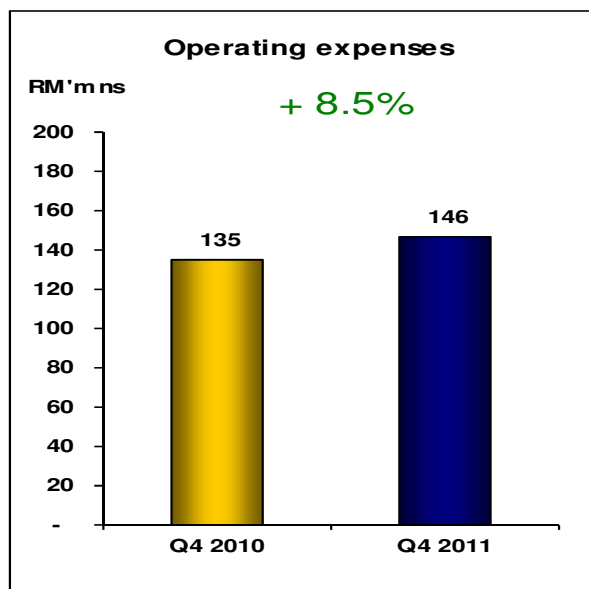
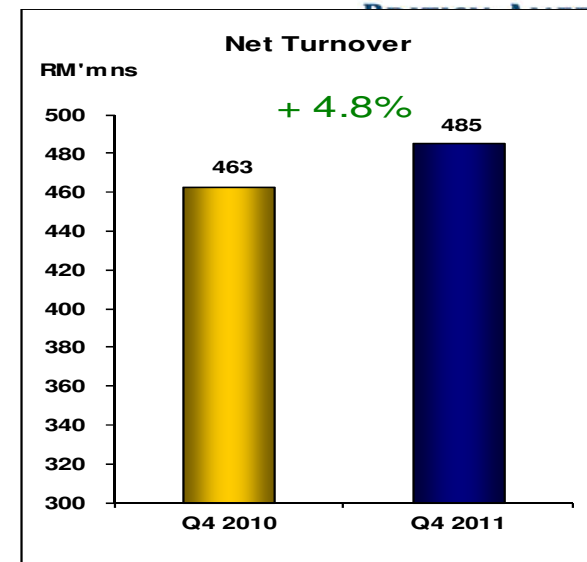
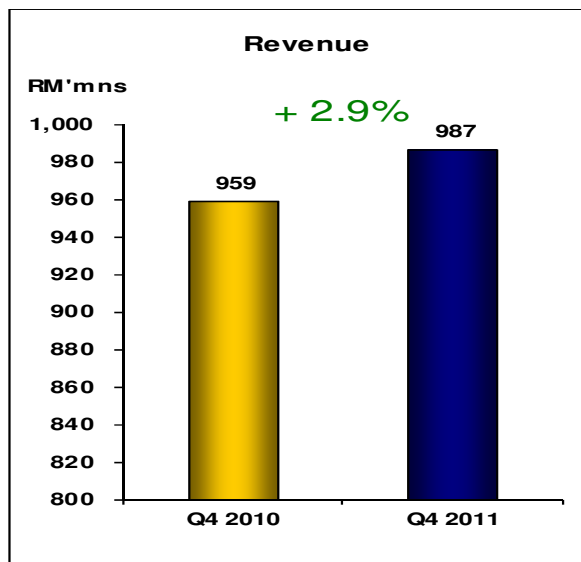
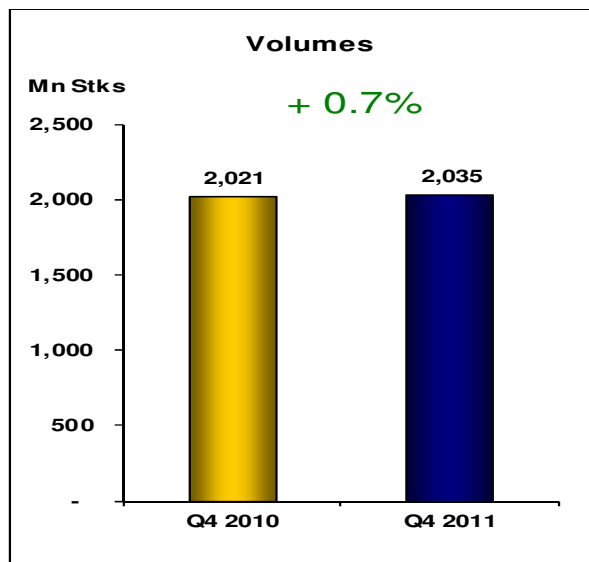
International Peter Stuyvesant 2011 Edition

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

Peter Stuyvesant remains sturdy at 3.3% SOM

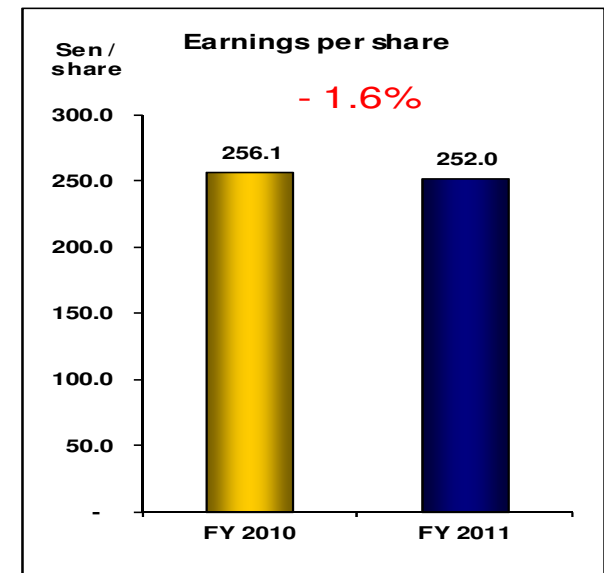
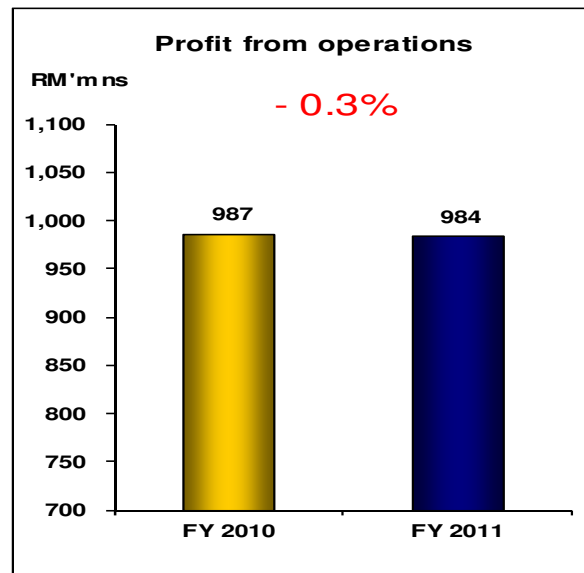
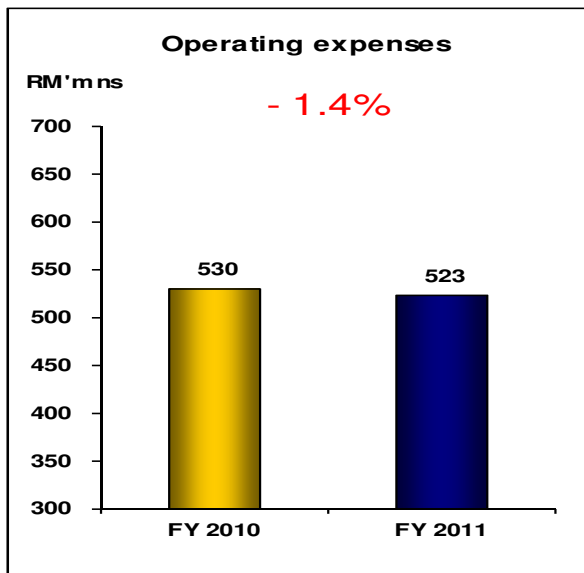
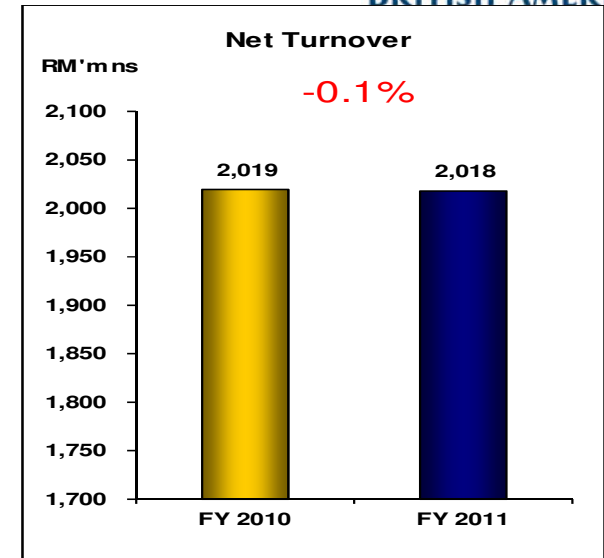
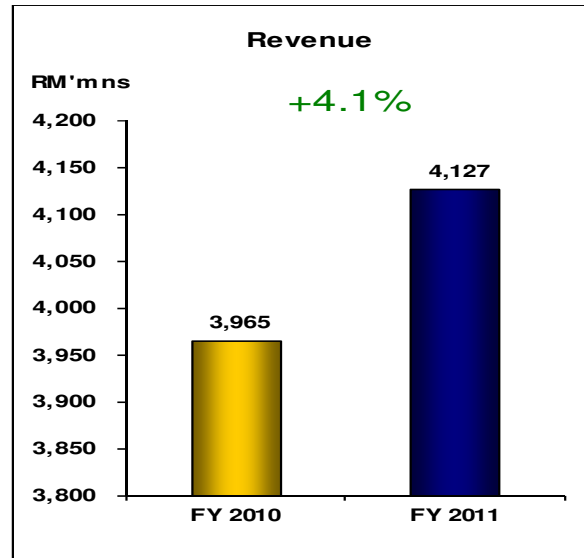
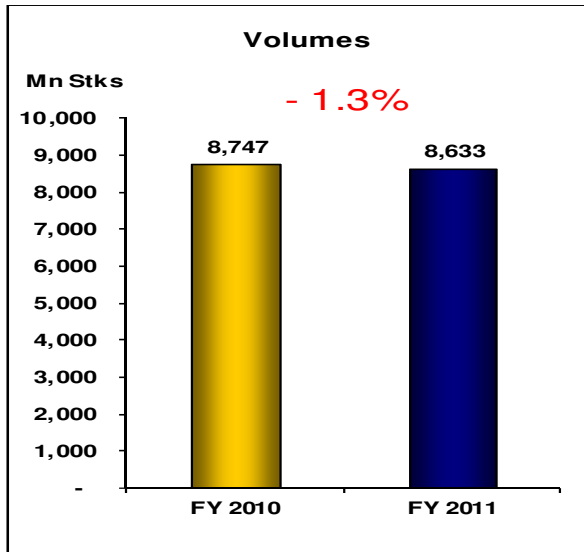
FINANCIAL HIGHLIGHTS

Quarter 4, 2011 vs Quarter 4, 2010



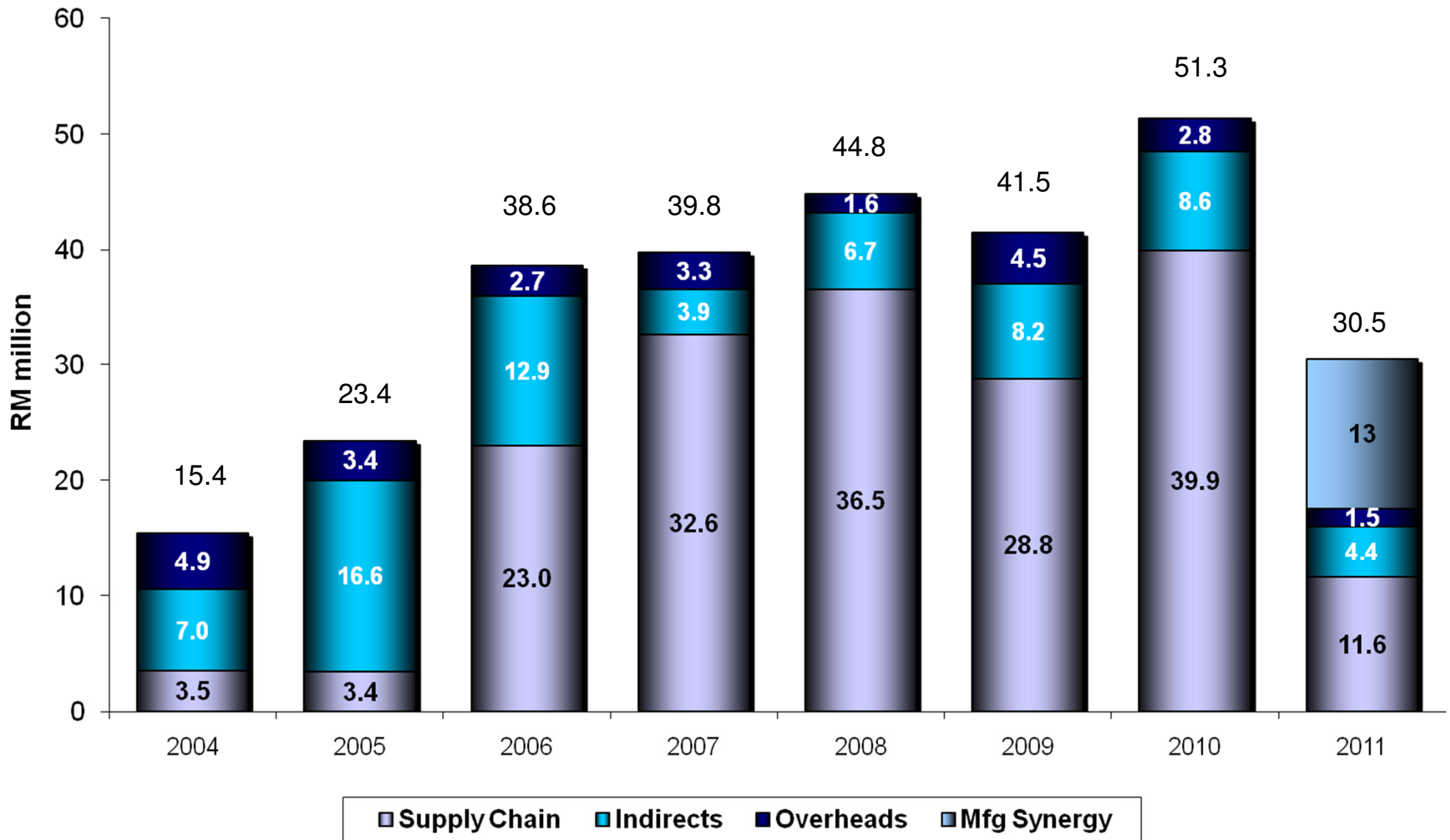
Higher operating expenses due to merchandising accounting treatment

Full Year 2011 vs 2010



Profits down on lower volumes partially offset by lower operating costs

Productivity Savings



OTHER HIGHLIGHTS

Recent CR highlights

Launch of Recycling Awareness Programme: (25th October)

OPUS
Announcements

Current Location
 Home
 Information
 News
 Announcements

25/10/2011 - Improving our recycling culture

BACK TO ANNOUNCEMENTS MAIN PAGE << PREVIOUS NEXT >>

Actions
 Add Link to listing

Improving our recycling culture

Did you know...



1 recycled tin can would save enough energy to power a light bulb for 20 hours

1 recycled plastic bottle would save enough energy to power a 60-watt light bulb for 3 hours

70% less energy is required to recycle paper compared with making it from raw materials

In 2009, we started an initiative to place recycling bins in all VP and VP West pantries to promote greater awareness among employees on recycling. And now as part of our continuous efforts to **Go Green**, we will be placing additional paper recycling bins around the VP and VP West administration offices.

At the same time, measures will be introduced to **improve** the current process of collection of recyclable items from these bins. All recyclable items will be collected **separately**, according to the individual metal, plastic and paper recycling bins. This recyclable waste will be separated from other waste materials during collection.

Not sure what you can put into the recycling bins? Click on this short [Recycling Guide](#) to find out!

Local intranet | Pro

Company-wide communications was launched on cultivating better recycling habits and also, **additional paper recycling bins** were installed in pantries



WHAT YOU CAN RECYCLE



Examples:

Paper				
Plastic				
Metal				

Reminder:

✓ Please rinse plastic AND tin food packaging before recycling

X Don't recycle greasy food packaging

Recent CR highlights (cont'd)

Beach Cleanup – Workday EVP (11th November)

22 volunteers helped to cleanup the **Bagan Lalang Beach, Sepang** in the workday EVP for 2011



BATM Foundation Scholarship Awards Ceremony (18th November)

28 students were awarded with a **total of RM328,868** for the full duration of their course of study



Awards and Recognition



EHS Excellence Awards 2011



Recognition: **Special Judges Award**

The Asset Corporate Awards



Recognition: **Gold Award for Environmental Responsibility and Investor Relations**

Awards and Recognition (cont'd)



Malaysian Corporate Governance Index 2011

Recognition: Distinction Award and the Industry Excellence Award in Consumer Products category



National Annual Corporate Report Awards 2011



Recognition: Industry Excellence Award in Consumer Products Category



Awards and Recognition (cont'd)



CSR Asia – Asian Sustainability Rating 2011

Ranking:

- BAT Malaysia ranked **6th best company** in Malaysia for **sustainability disclosure**
- BAT Malaysia's ranking speaks volumes of company's commitment towards sustainability (as we did not publish a standalone Sustainability Report)

CSR ASIA



FUTURE PROSPECTS



Future Prospects

- BAT grew market share by 1.3ppt, but insufficient to counter consumption decline
- 2011 profit from operations flat, commendable given lower 14's margin and one off impact of changes to accounting policy and distribution model
- Group relatively optimistic on 2012 outlook, on strong share performance
- However illicit trade and sale below MP by certain local brands warrant a note of caution



Thank You