

BAT Malaysia maintains strong year to date performance

- Government decision not to increase excise is further support for the fight against illicit cigarette trade

Petaling Jaya, 23 October 2012 - British American Tobacco (Malaysia) Berhad (BAT Malaysia) today announced the results for its financial period ended 30 September 2012.

“The Group continues to deliver a strong performance, registering a year-to-date market share of 62.5%, a 2.0 percentage point growth compared to the same period last year,” said William Toh, Managing Director of BAT Malaysia.

He added that the Group’s performance was attributed to its strong product offerings, contributed mainly by DUNHILL which grew by 2.4 percentage points compared to the full year of 2011.

Toh also said, “We are encouraged by the Government’s pragmatic decision to not increase cigarette excise in the 2013 Malaysia Budget, which goes a long way in the fight against illegal cigarette trade.

“The latest illicit cigarette trade incidence stands at 34.9% based on the second wave (June to August 2012) of the Illegal Cigarettes Study commissioned by the Confederation of Malaysian Tobacco Manufacturers (CMTM). Though this is a marginal 0.2 percentage point increase compared to the previous wave’s results, it represents an encouraging 1.4 percentage points drop from the same period last year. This is clear

indication that the Government's decision to not increase cigarette excise last year, coupled with enhanced enforcement efforts, is making some headway in the tackling of this national threat.

"The Group is relatively optimistic on its outlook for the remainder of 2012 and will seek to better last year's performance," said Toh.

Financial Highlights for the first three quarters of 2012

- **Revenue grew by 4.1%**, mainly attributed to the increase in contract manufacturing volume and the change from toll to full contract manufacturing. This increase was offset by lower domestic sales revenue and the recognition of distribution costs above gross revenue following move from direct sales to third party distribution last year.
- **Gross profit grew a modest 1%** ahead of same period last year. The increase in gross revenue from contract manufacturing is offset by the lower domestic sales and the impact of distribution costs moving above gross revenue. For comparison, gross profit would have grown by approximately 3.0% excluding the impact of distribution costs moving above gross revenue.
- **Profit before tax increased by 11%** compared to same period last year, significantly ahead of gross profit growth, owing mostly to operating expenses that were 18% lower than the comparable period last year.
- **Profit after tax increased by 11%**, in line with profit before tax.

Arising from the Group's financial performance, The Board of Directors has declared a third interim dividend of 65.00 sen per share.

For more information on British American Tobacco Malaysia's financial results, please visit www.batmalaysia.com

About British American Tobacco (Malaysia) Berhad

British American Tobacco (Malaysia) Berhad (British American Tobacco Malaysia) emerged on 3rd November 1999 from the merger of Rothmans of Pall Mall (Malaysia) Berhad and Malaysian Tobacco Company Berhad. These two long established tobacco companies brought with the merger, experience and an unrivalled portfolio of highly successful international brands to create the largest tobacco company in the country.

British American Tobacco Malaysia manufactures and markets high quality tobacco products designed to meet diverse consumer preferences. Its brand portfolio includes well-established international names like Dunhill, Kent, Pall Mall and Peter Stuyvesant. British American Tobacco Malaysia has about 1,200 employees who are involved in the full spectrum of the tobacco industry, from leaf buying and processing to manufacturing, marketing and distribution.

British American Tobacco Malaysia is part of the British American Tobacco group, which is the world's most international tobacco group and the second largest stock market listed tobacco group by global market share.

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