



**BRITISH AMERICAN
TOBACCO**
MALAYSIA

Analyst Briefing

QUARTER 4, 2014

February 2015



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AGENDA

- **Industry Review: Volumes and Market Share**
- **BATM Review**
- **2014 Performance**

2014 Headlines

- **Strong financial delivery vs. SPLY**
 - Net Turnover: +5.5%
 - Profit from Operations +9.6%
- **Industry Volume decline -4.4%** (FY'14 vs. FY'13)
- **Sharp decline in illegal cigarette incidence** in W1'14 and W2'14 due to ongoing anti-illegal cigarette trade campaign
- **BAT SOM resilient** – decline of 0.7ppt vs. 2013
 - Dunhill solid performance in a down trading environment
 - Peter Stuyvesant phenomenal growth



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Industry Review Volumes and Market Share

Customs to continue with its robust enforcement activities in 2014

Daily Express, 12th Dec 2014

Illegal cigs trade down

Customs: Ops Pacak yields positive results in Bintulu

By M. SIVANANTHA SHARMA
newsdesk@thestar.com.my

BUTTERWORTH: The sale of legal cigarettes has improved following the Royal Malaysian Customs' operation against the smuggling, distribution and sale of illegal cigarettes.

Customs deputy director-general (enforcement and compliance) Datuk Matrang Suaili said he had received a feedback from the Confederation of Malaysian Tobacco Manufacturers (CMTM) that the sale of legal cigarettes in Bintulu had increased by 38% since *Ops Pacak* was launched there recently.

He said the operation had been carried out in Sabah and Sarawak and would be launched in Penang



Stubbed out: Customs officers shredding seized contraband cigarettes in Kepala Batas, Penang.



Ops Outlet: National intensive RMC enforcement on illegal cigarettes

Recent statistics from the Operasi Outlet campaign (2 January to 12 December):

- No. of outlets raided = **6,012**
- No. of retailers arrested = **1,258**



Operasi Outlet terus gempur

■ 111 peruncit ditahan di Johor, 89 didakwa ■ 50 peniaga diberkas di Kelantan, 21 didakwa

Dihebtu Nurul Ain Hussein



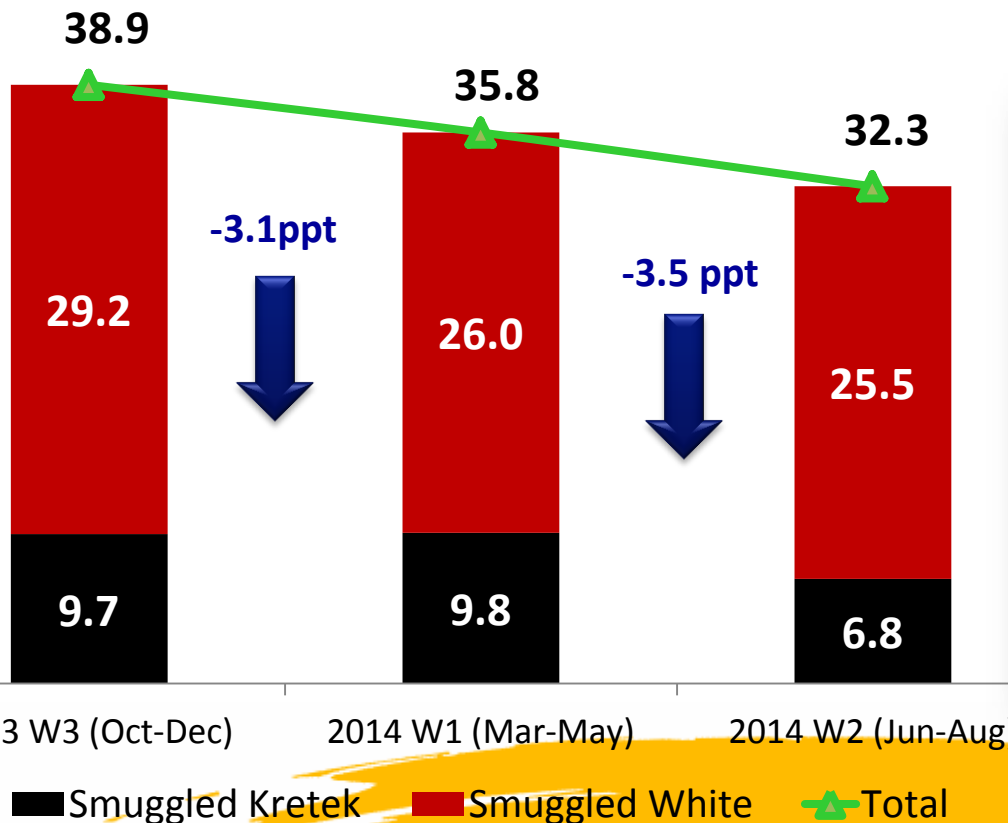


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RMC's Ops Outlet has contributed to excellent results to-date!

Unprecedented 6.6ppt decline - largest decline in TWO decades

Source : Illegal Cigarettes Study 2013 (Oct – Dec) – 2014 (Jun-Aug)



The Star , 11 Dec 2014



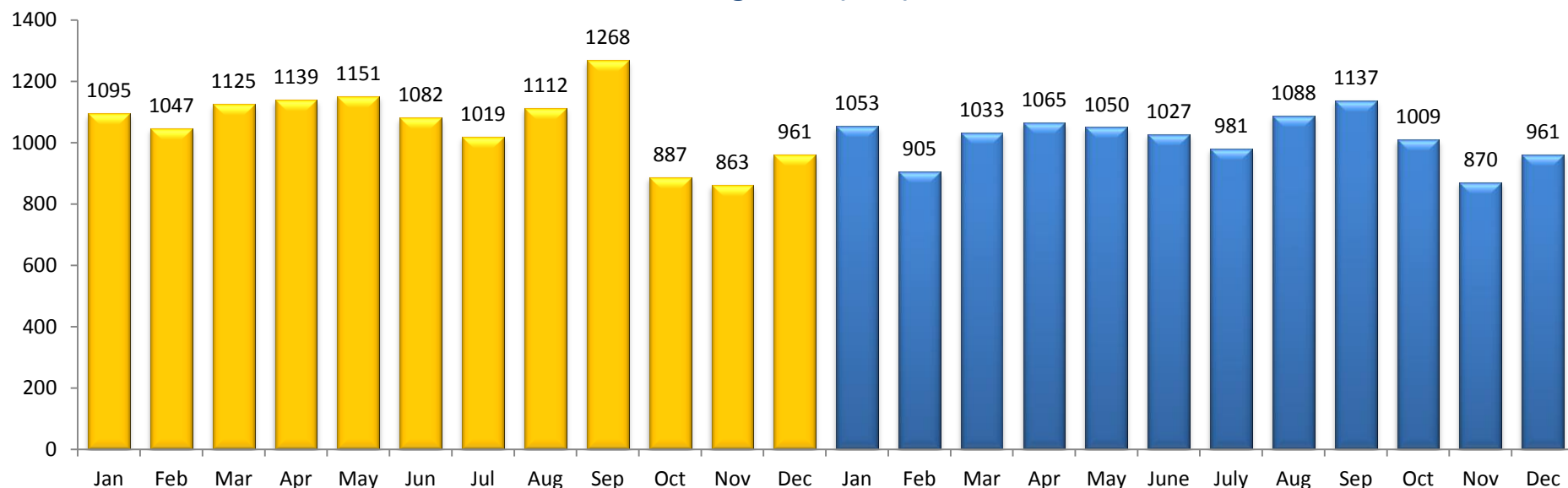


Market review update

Legal market declined **-4.4%** vs. FY'13.

Q4 negatively impacted by excise driven price increase.

Big-3 IMS (mns)



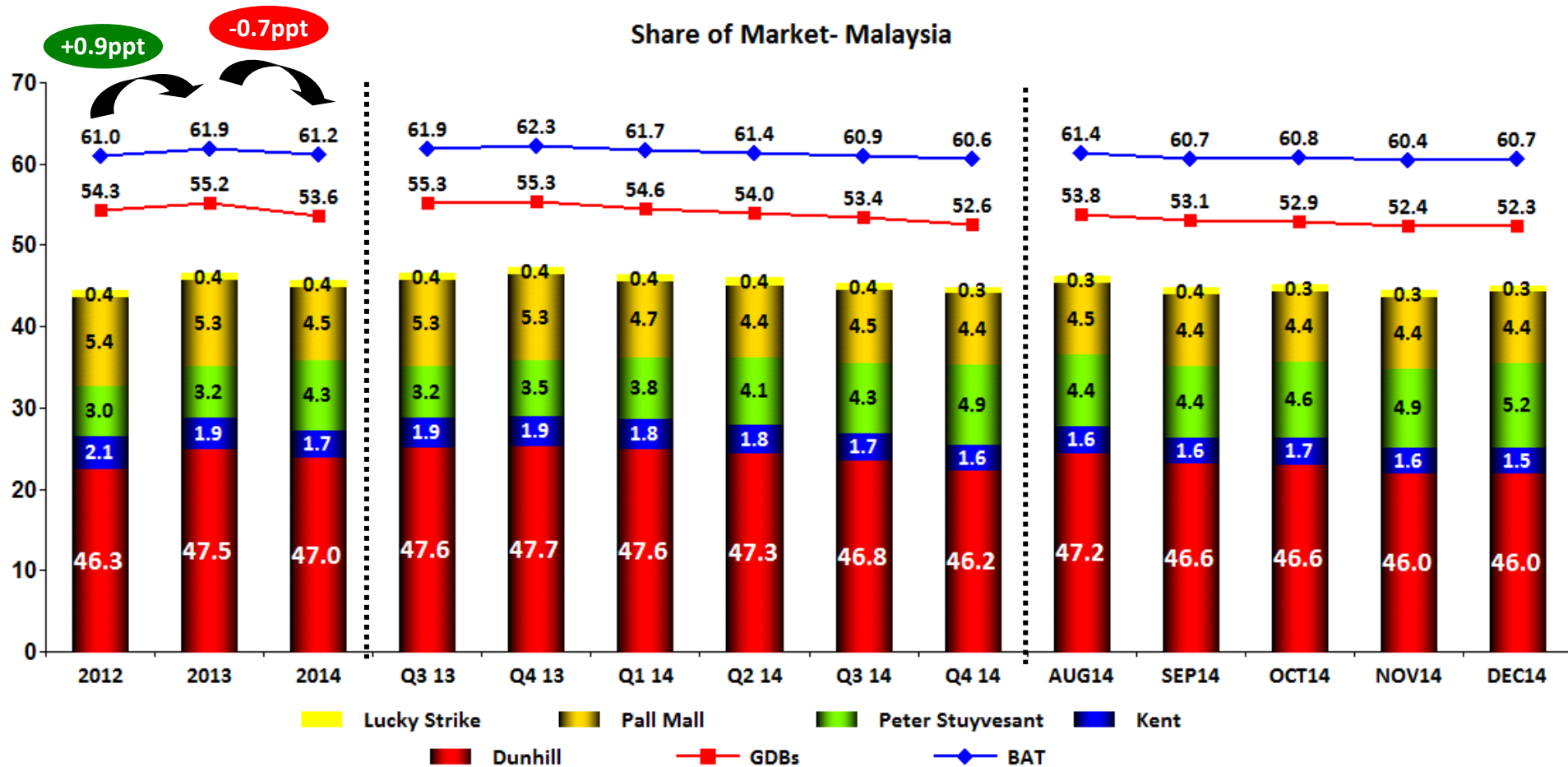
FY'14 vs. FY'13:

	FY'14	FY'13	Change
Industry	12,179	12,749	-4.4%
BAT	7695	8080	-4.8%



BAT SOM remains resilient despite down trading pressure, mainly on Dunhill

Source: YTD DEC 14 Malaysia Retail Audit (Base: Total Legal Market – White + Kretek)





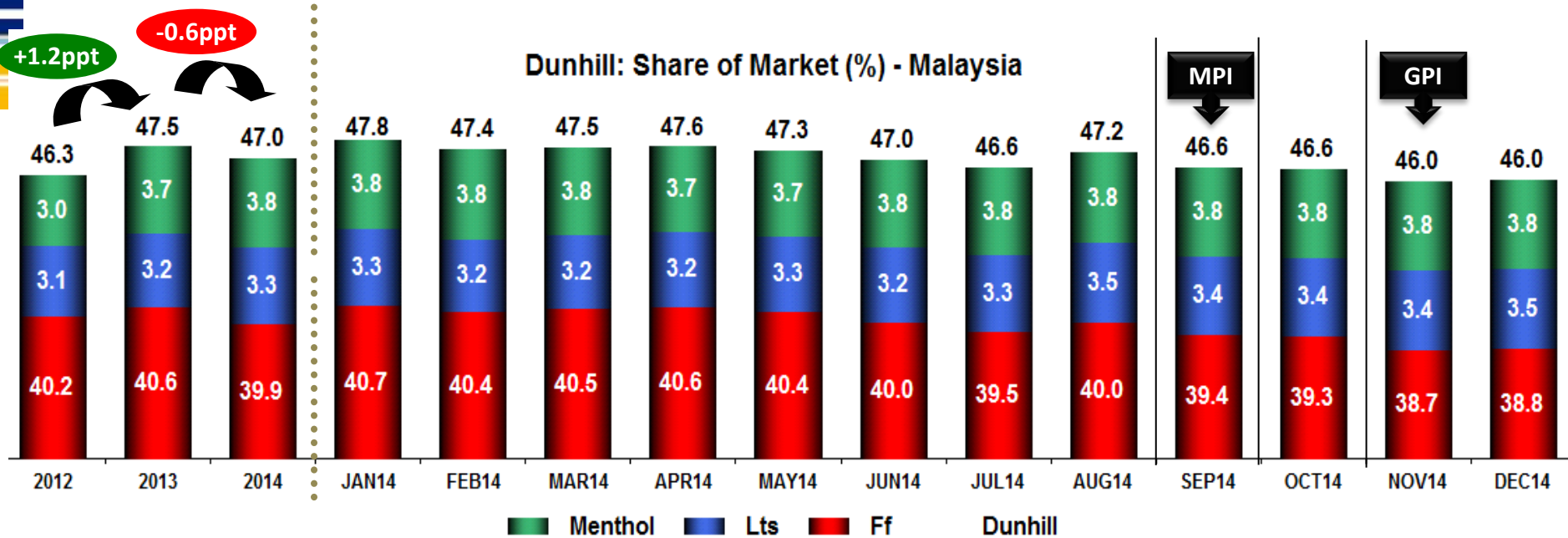
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BATM Review



Dunhill: Strong performance on the back of Innovation

Source: YTD DEC 14 Malaysia Retail Audit (Base: Total Legal Market – White + Kretek)



Apr 2014 (Britannia)
Dunhill FF & Lts - Limited Edition Pack
(Nationwide launch)

July 2014
Dunhill Taste Lights – Charcoal tube filter
Dunhill Taste Menthol – High menthol tube filter
(Nationwide launch)

Nov 2014
Relaunch of DH Taste (Menthol and Lights) with enhanced pack design
(Nationwide launch)

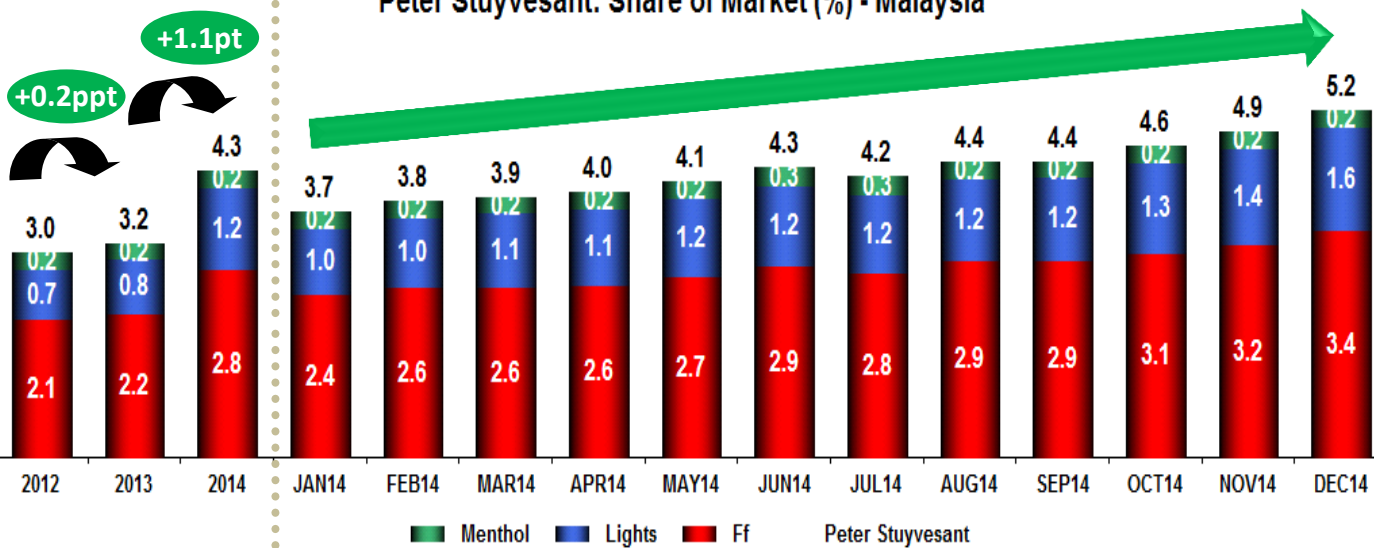


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Peter Stuyvesant: record share braking 5% SOM

Source: YTD DEC 14 Malaysia Retail Audit (Base: Total Legal Market – White + Kretek)

Peter Stuyvesant: Share of Market (%) - Malaysia



PS LEP

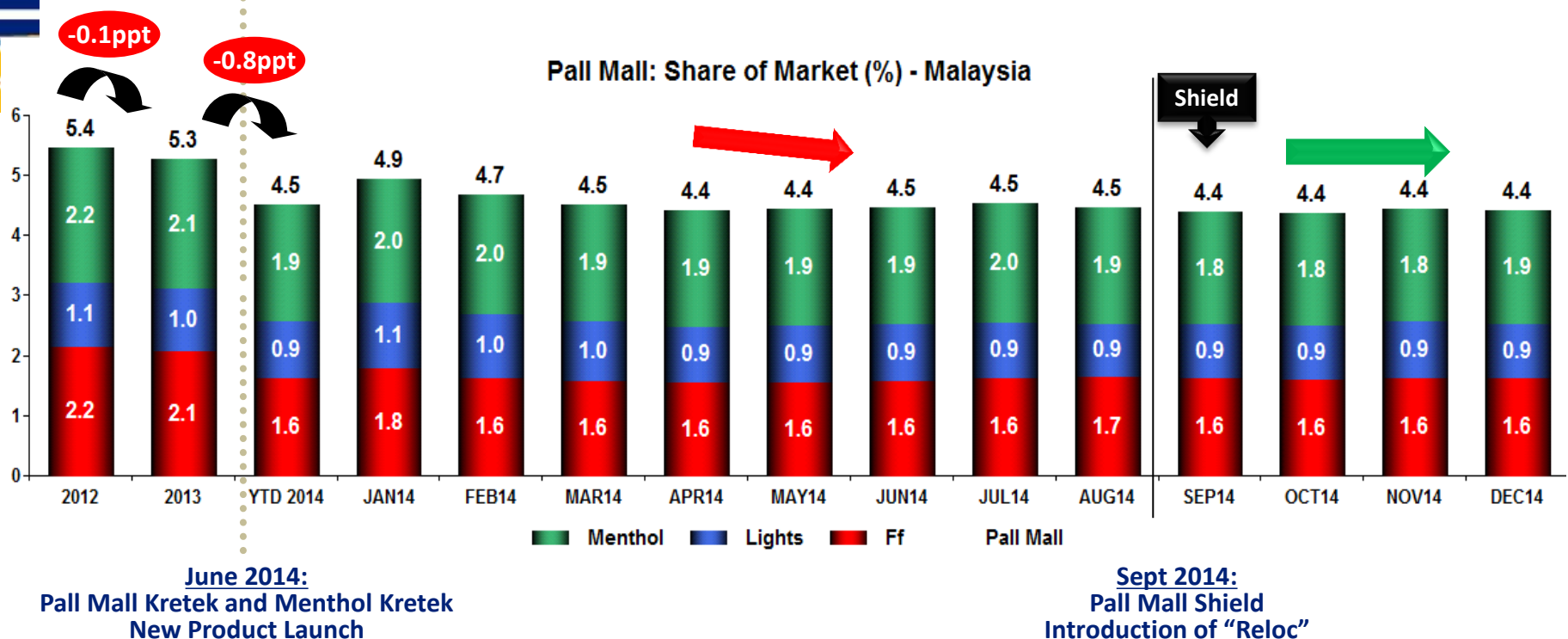
Produk ini mengandung lebih 4,000 bahan kimia termasuk tar, nikotina dan karbon monoksida yang membahayakan kesehatan.



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Pall Mall: stable SOM for the last 3 quarters

Source: YTD DEC 14 Malaysia Retail Audit (Base: Total Legal Market – White + Kretek)



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



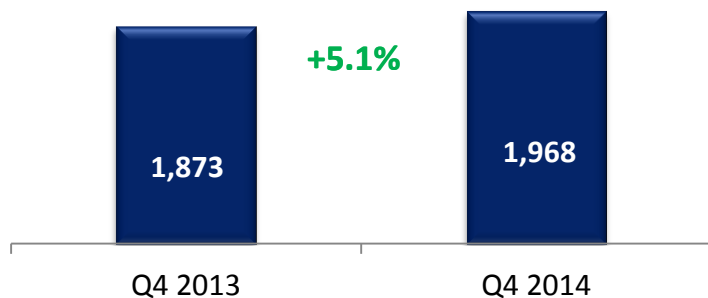
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2014 Results Financial Highlights

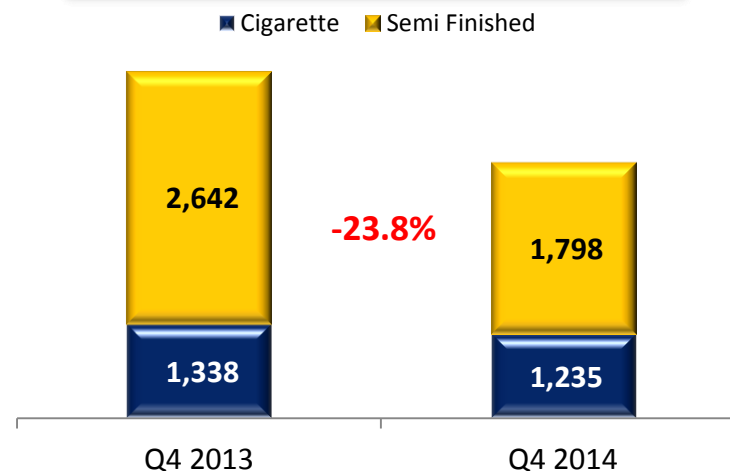


Q4 Discrete: Key Metrics

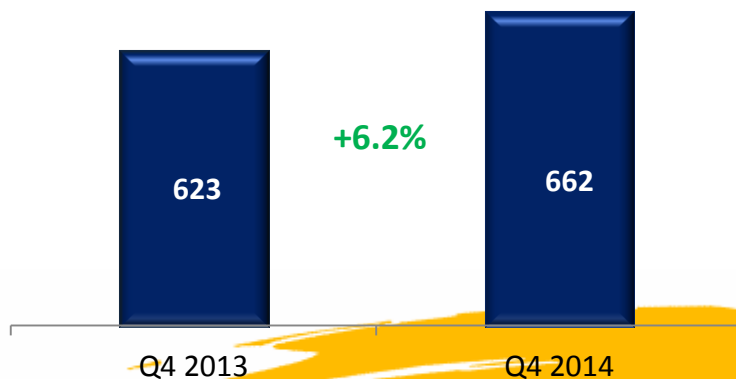
Domestic & DF Volumes (mn stick)



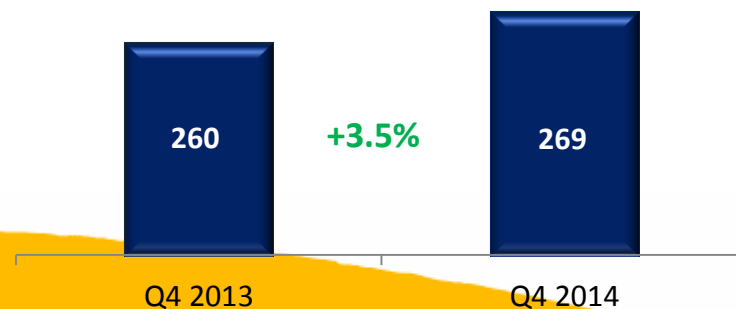
Contract Manufacturing Vol. (mn stick)



Net Turnover (RM mn)



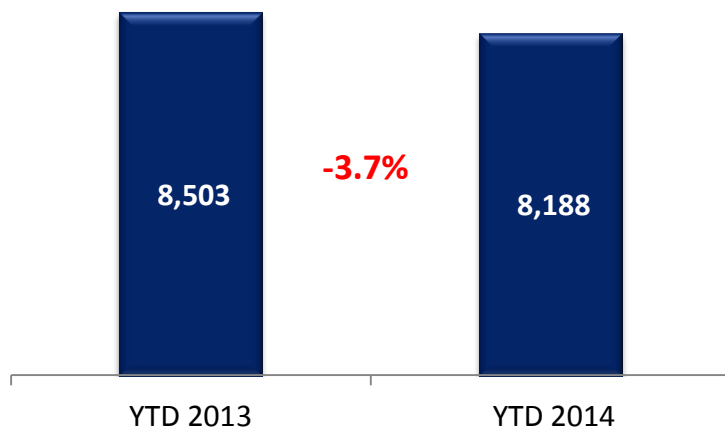
Profit from Operations (RM mn)



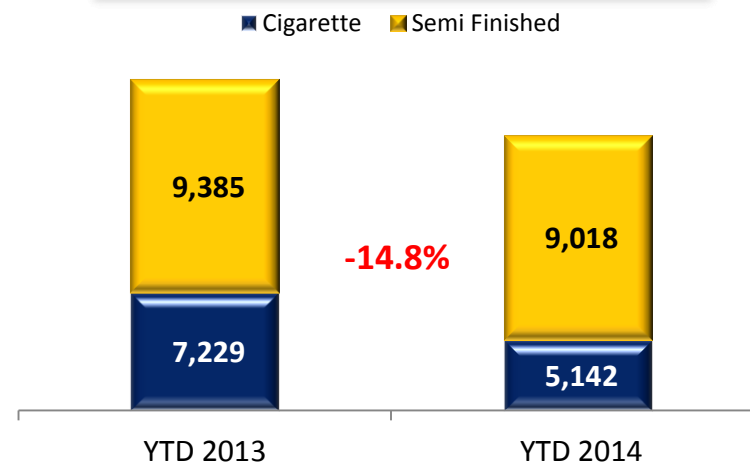


Q4 YTD: Volume and Revenue

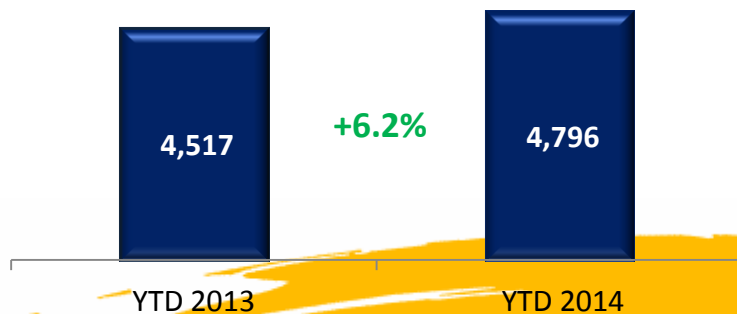
Domestic & DF Volumes (mn stick)



Contract Manufacturing Vol. (mn stick)



Revenue (RM mn)



Net Turnover (RM mn)



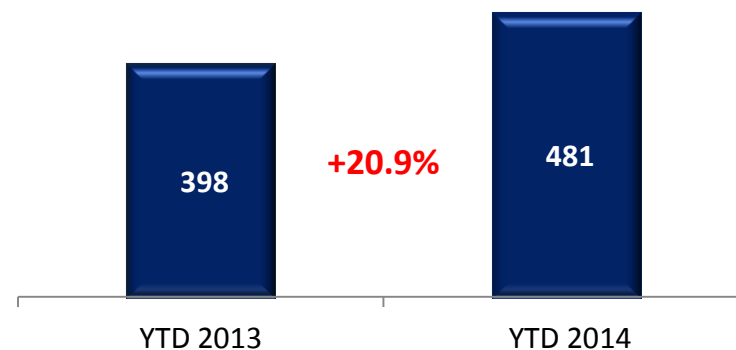


Q4 YTD: Key Metrics

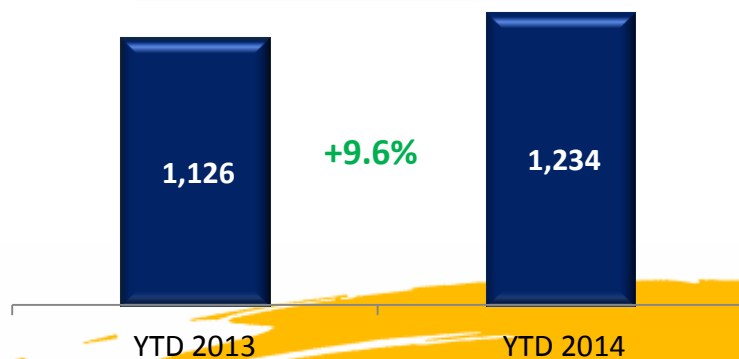
Gross Profit (RM mn)



Operating Expenses (RM mn)



Profit from Operation (RM mn)



Earning per Share (Sen/share)





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Dividend Payout

2012

RM 2.72

97.4% Payout

2013

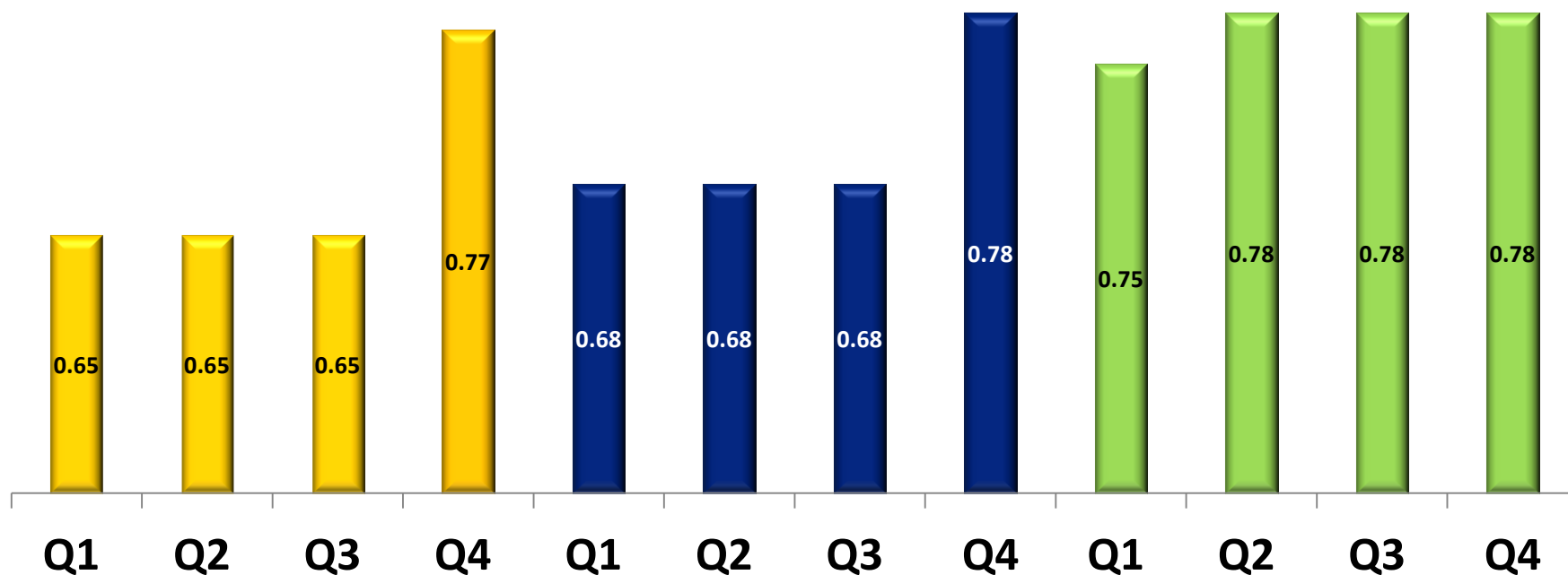
RM 2.82

97.8% Payout

2014

RM 3.09

97.8% Payout



Dividend Growth 9.6% in 2014



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THANK YOU