

BAT MALAYSIA BRACES FOR CHALLENGING TIMES

Petaling Jaya, 28 July 2015 – British American Tobacco (Malaysia) Berhad (BAT Malaysia) today announced its financial results for the first half of the year ended 30 June 2015.

“BAT Malaysia (the Group) recorded a contraction of 9.0 percent in domestic and duty free volumes in year-to-date June 2015, when compared to the same period in 2014. This was largely attributed to a softer demand for domestic volumes due to weaker market sentiments in the second quarter of this year. However, in spite of the overall volume decline, BAT Malaysia demonstrated resilient performance with a lower rate of revenue decline of 0.8% and a Gross Profit of 3.4 percent higher when compared to the year-to-date June of last year”, said Stefano Clini, Managing Director, BAT Malaysia

First half of 2015 financial highlights:

- **Revenue** declined 0.8% when compared to the same period in 2014 (RM18million), largely attributed to the volume decline in the domestic market during the second quarter of the year and the Group’s absorption of the Goods and Service Tax (GST).
- **Gross Profit** at 3.4 percent ahead of the same period last year (RM28million) as a consequence of lower cost of sales driven by productivity savings and an overall smaller volume base.
- **Profit from Operations** was down 3.6 percent when compared to the same period of 2014.

Arising from the Group’s financial performance, the Board of Directors has declared a second interim dividend of 78 sen per share.

As of June 2015 year to date, BAT Malaysia recorded a market share of 61.7 percent, witnessing an increase of 0.5 percentage point versus full year 2014.

“Our flagship brand, DUNHILL, recorded an increase of 0.7 percentage point versus the preceding quarter, maintaining its leadership position with 46.7 percentage share of market, despite a marginal decrease of 0.3 percentage point against full year 2014”, said Clini.

“Within the Aspirational Premium segment, BAT Malaysia witnessed an increase in its market share by 1.0 percentage point versus full year 2014, driven by PETER STUYVESANT which surpassed the 5% market share milestone, reaching 5.3% market share for the first half of the year. PALL MALL remained stable, holding a market share of 4.5 percent”, added Clini.

BAT Malaysia continues to remain concerned as legal volumes continue to suffer at the expense of the rampant illegal cigarette trade in the country as a consequence of the steep excise increases in September 2013 and November 2014. Illegal cigarette trade incidence remains high at 33.7 percent¹.

To which Clini commented, “BAT Malaysia lauds the action taken by various enforcement agencies and in particular the Royal Malaysian Customs for their unwavering commitment towards addressing the illegal cigarette trade. We are hopeful that with continuous enforcements such as the recent launch of multi-state *Ops Pacak Rokok Dan Arak Seludup* and stronger penalties meted out by courts, the illegal cigarettes trade can be further eradicated.”

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 1,000 employees who are involved in the full spectrum of the tobacco industry, from processing to manufacturing, and marketing to 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.

¹ 2014 Illicit Cigarette Study (ICS) commissioned by the Confederation of Malaysian Tobacco Manufacturers.

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