

Headline	BAT awaiting approval for 'alternative' products launch		
MediaTitle	The Sun		
Date	19 Apr 2019	Color	Full Color
Section	Business	Circulation	297,582
Page No	13	Readership	892,746
Language	English	ArticleSize	336 cm <sup>2</sup>
Journalist	AMIR IMRAN HUSAIN SAFRI	AdValue	RM 8,623
Frequency	Daily	PR Value	RM 25,869



# BAT awaiting approval for 'alternative' products launch

► Firm to introduce tobacco heating product and its flagship offering, Glo

■ BY **AMIR IMRAN HUSAIN SAFRI**  
*sunbiz@thesundaily.com*

**PETALING JAYA:** British American Tobacco Bhd (BAT) is currently awaiting approval for its tobacco heating product (THP) and its flagship product Glo from the tobacco control sector and department director-general of health under the Health Ministry.

"We have submitted our application to the relevant authorities in December last year, the price of our THP will be subject to the regulatory bodies," said BAT managing director Erik Stoek at a media briefing yesterday.

He expects some consumers to adopt the risk reduced tobacco product as the vapour produced product has less harmful chemical compared with conventional cigarettes.

"The industry estimates that the global THP market to grow to £5 billion (RM27.1 billion) in the next four to five years," he said.

In Malaysia, BAT's competitor Phillip Morris Malaysia Bhd was the first big tobacco firm to introduce such product.

In addition, BAT is also conducting a pilot project to produce unprocessed tobacco product in East Malaysia.

"At the moment, we are two weeks in with our



From left: Stoek, BAT chairman Tan Sri Aseh Che Mat, legal & external affairs director Linda Song and finance director Ricardo Martin Guardo at the media briefing yesterday.  
 – **MASRY CHE ANI/THESUN**

project, Dunhill HTL cigarillos in East Malaysia, which retails for RM9 for a pack of twenty."

Stoek said affordability is one of the key factors in combating illicit cigarettes in Malaysia. A research by Nielsen ICS estimates that the volume share of illicit cigarette stands at 60%.

He estimates that the profit of illicit cigarette to be RM1.2 billion compared with RM700 million recorded by the legal trade. The prevalence of illicit cigarette was one of the decision for the company to close its Virginia Park factory in Petaling Jaya in 2016.

Currently, BAT is in its first year of full import business model, with 98% of their products manufactured in Indonesia. It has managed to reduce the lead times by ten days for finished goods and prepaid excise duties, from 26 days to

16 days and 21 days to 11 days, respectively.

However, the company retains a factory in Johor with an annual production capacity of 100 million sticks.

"The factory is in operation since December last year and it is a means to retain our manufacturing license. Should the situation with illicit cigarettes improve, we might expand our manufacturing capacity in Malaysia," said Stoek.

"We welcome the government's commitment in tackling this problem, especially with the increase of penalty related to illicit cigarette. The fine of RM100,000 and six months jail term show that the government is serious in their enforcement," he added.

Last year, the authorities raided 325 outlets involving a total of 100 million cigarettes.