



**BRITISH AMERICAN  
TOBACCO**  
MALAYSIA

# **ANALYST BRIEFING QUARTER 2, 2016**

26<sup>th</sup> July 2016



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# AGENDA

- **H1 2016 Headlines**
- **Industry Review**
- **Company Review**
- **Q2 2016 Results: Financial Highlights**

# H1 2016 Headlines

**Financial Performance vs. SPLY:** negatively impacted by volume decline

- Revenue: -16.0%
- Profit from Operations: -42.7% (excl. one-off restructuring expenses: -28.8%)

**Industry Duty Paid Domestic volumes:** declined by -26.3% vs. SPLY (YTD Jun'16 vs SPLY)

**Illegal cigarettes:** impacting legal demand

- Latest reading for Dec '15: all time high of 45.6% of total market

**Market Share:** BAT registered a decline of 2.5ppt YTD May '16 vs. FY 2015 (currently at 58.5%)

- Dunhill: recovering in the last 3 months (+0.7ppt vs. February share).
- Peter Stuyvesant: strong performance gaining +0.8ppt vs. FY2015 (@6.4% SOM).
- Pall Mall: YTD marginal decline of -0.2ppt vs. FY2015



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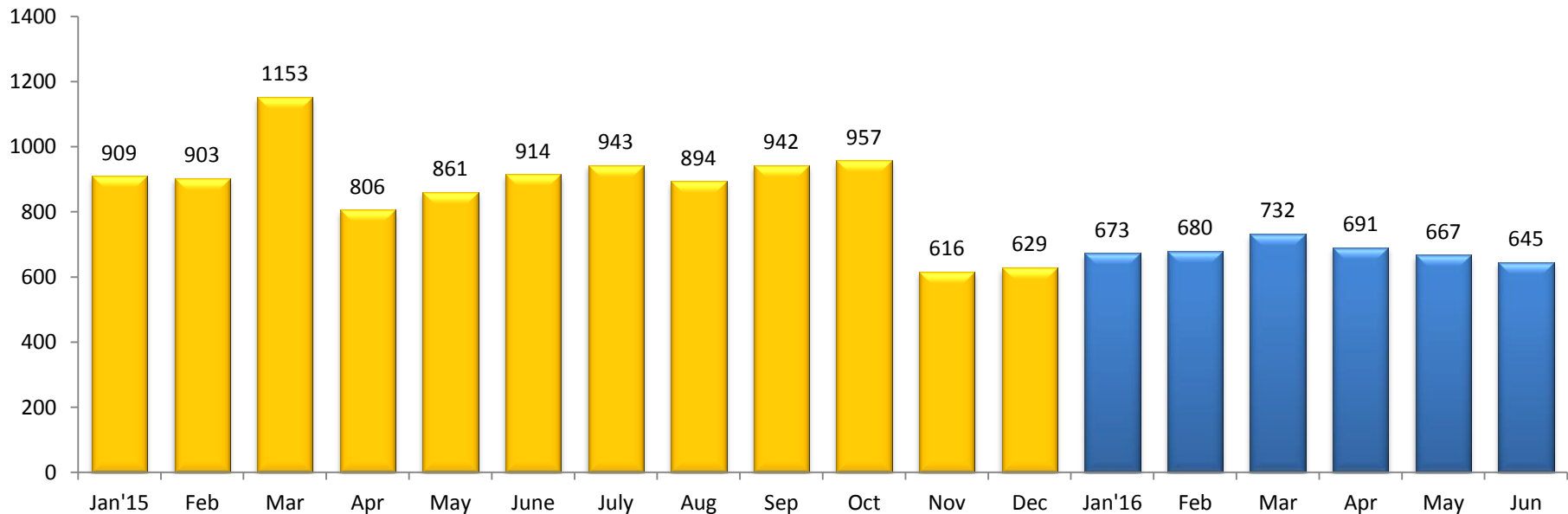
# Industry Review

# Industry Duty Paid - Domestic

YTD Jun'16, legal market declined **-26.3%** vs. SPLY



Big-3 IMS (mns)



## YTD Jun'16 vs. SPLY:

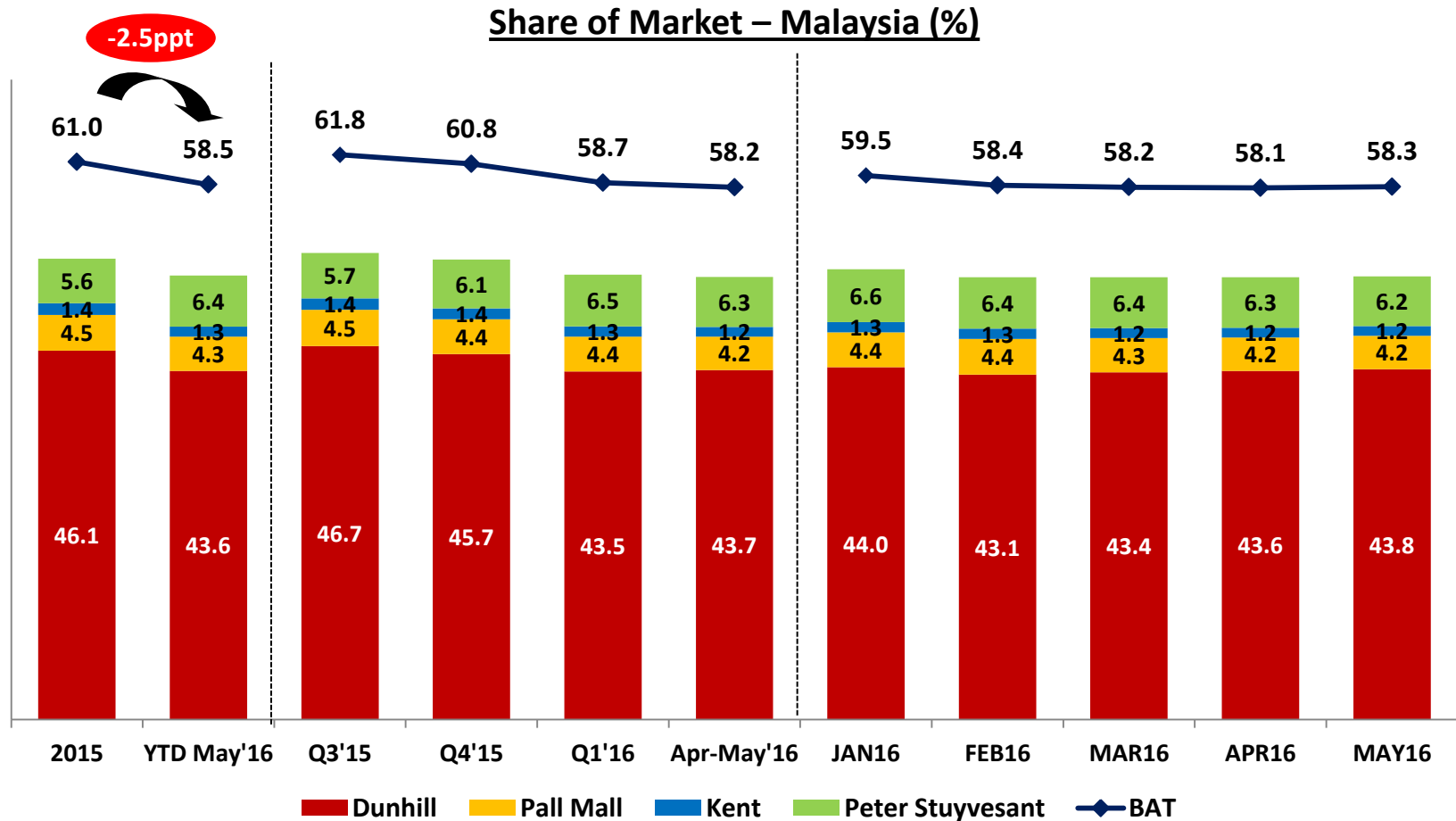
Monthly Avg.	YTD Jun'15	YTD Jun'16	Change
<b>Industry</b>	924	681	-26.3%
<b>BAT</b>	583	399	-31.6%



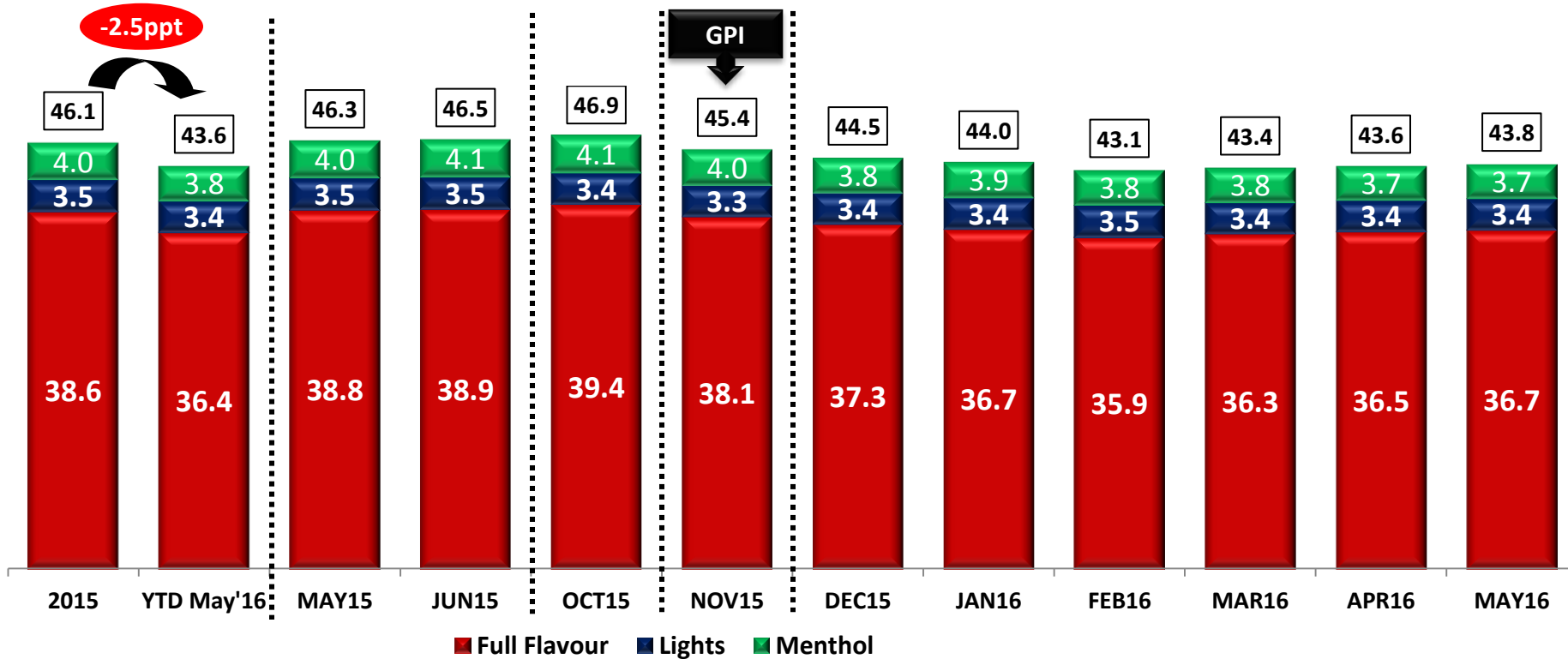
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# Company Review

# BAT on a recovery in May driven by Dunhill



# Dunhill: Full Flavour driving recovery in the last three months



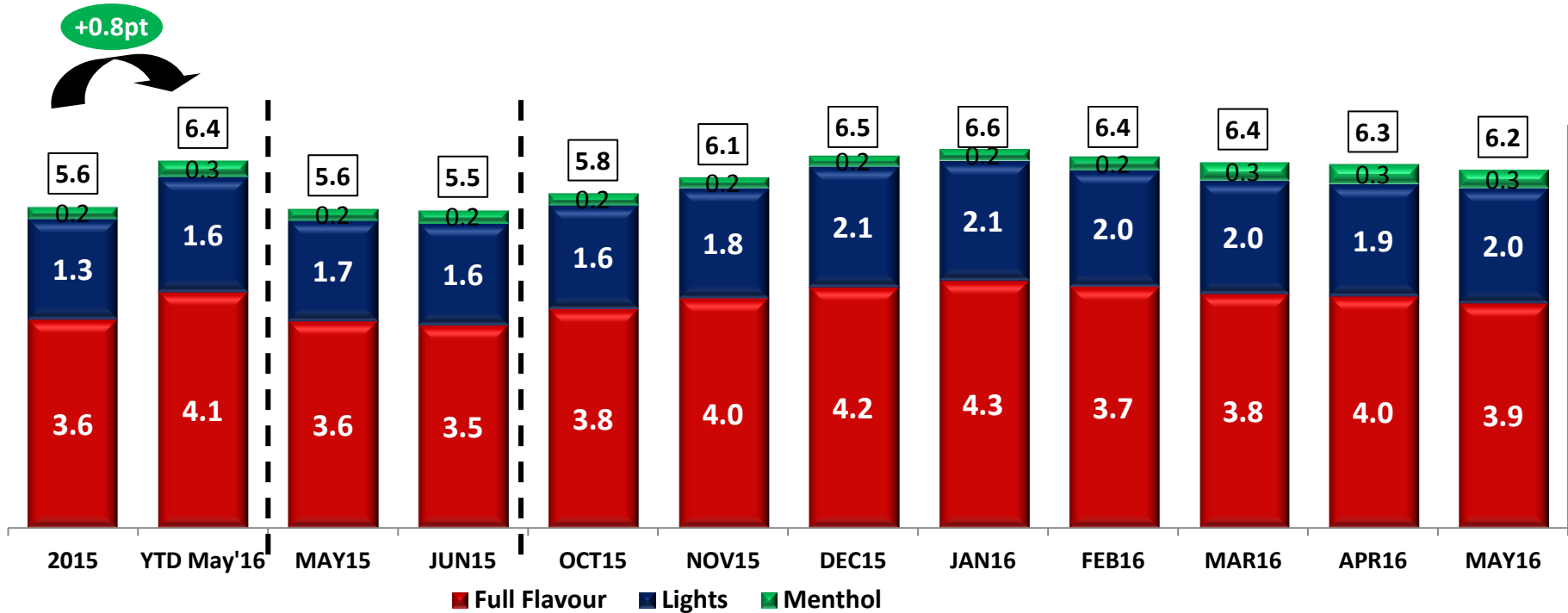
Aug 2015  
Launch of DH Mix  
(Double Capsule) -  
Nationwide launch

Oct 2015  
Dunhill LEP (FF & Lts)

Jan 2016  
Dunhill Reserve



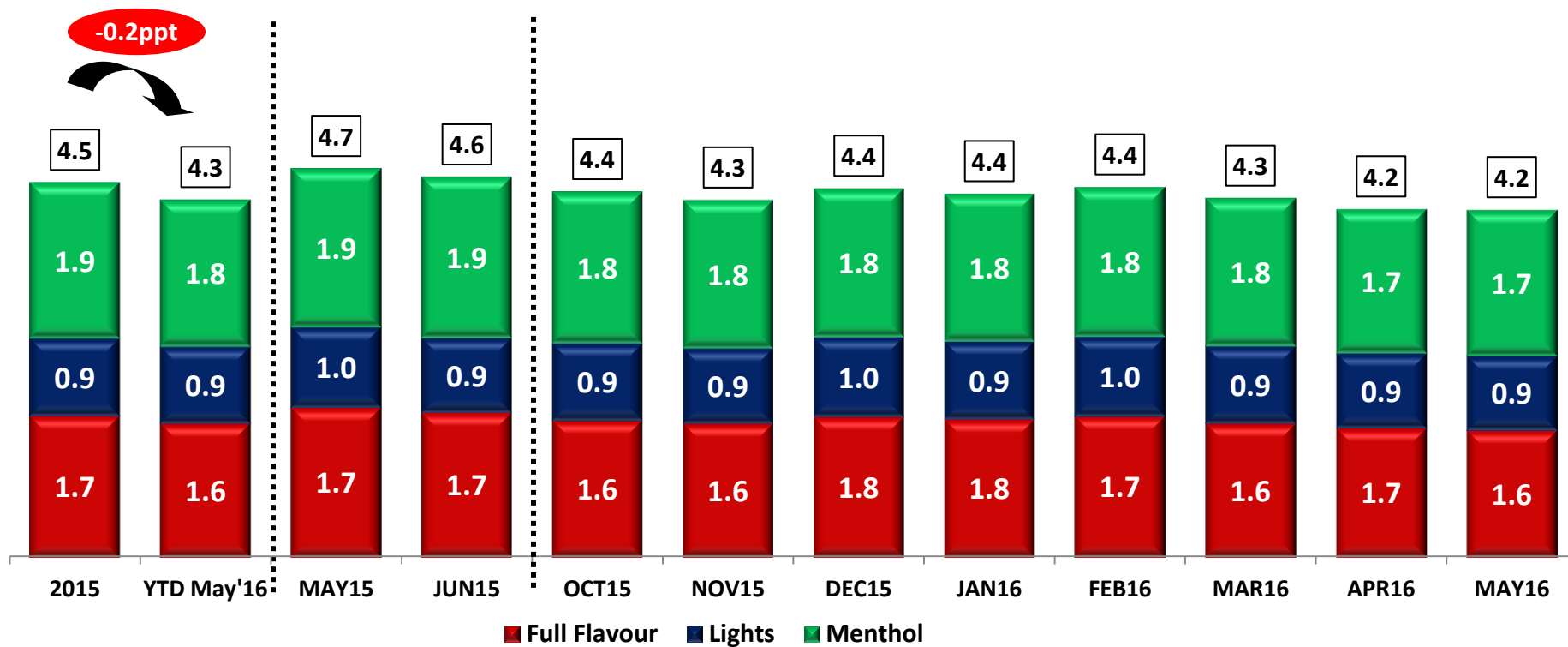
# Peter Stuyvesant: strong performance



Feb 2016:  
Peter Stuyvesant  
Remix (Line  
Extension)

May 2016:  
New Line  
Extension/product  
upgrade

# Pall Mall: marginal decline YTD May'16



March 2015:  
Pall Mall XL  
(Line Extension)



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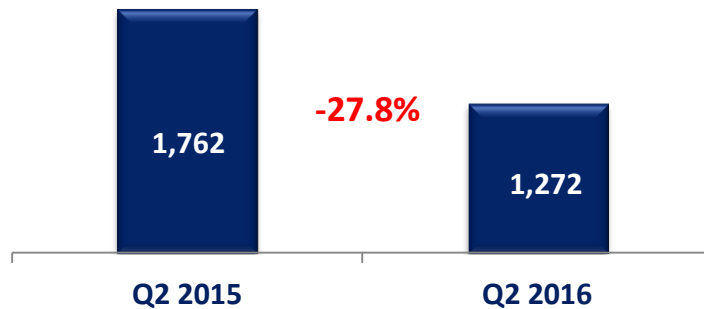
# **Q2 2016 Results Financial Highlights**

# Q2 Discrete: Key Metrics

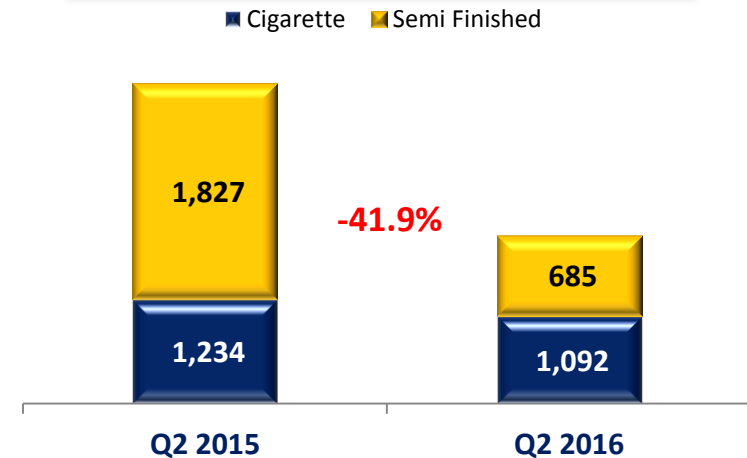


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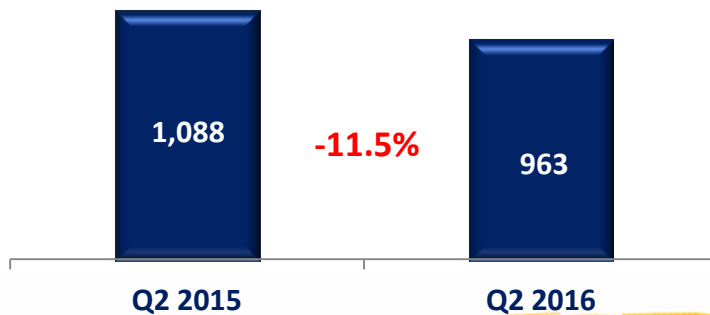
Domestic & DF Volumes (mn stick)



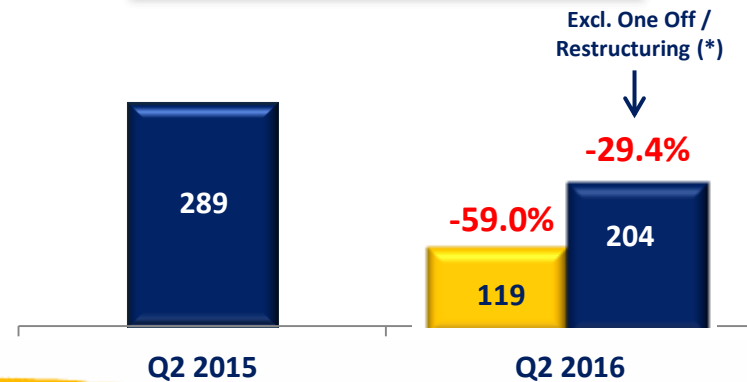
Contract Manufacturing Volumes (mns)



Revenue (RM'mn)



Profit from Operations (RM'mn)



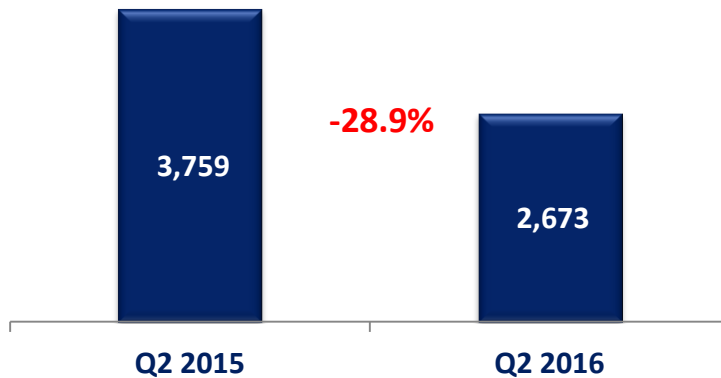
(\*) Provision for Restructuring expenses related to the cessation of factory operations. Total Provision: RM 86mn

# H1 YTD: Volume and Revenue

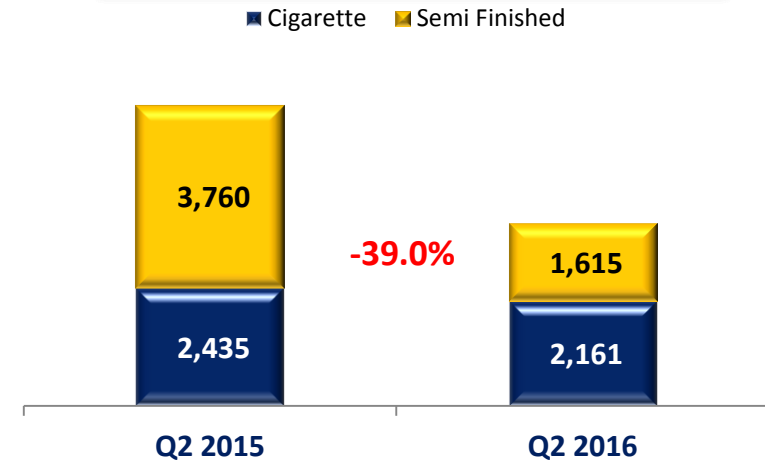


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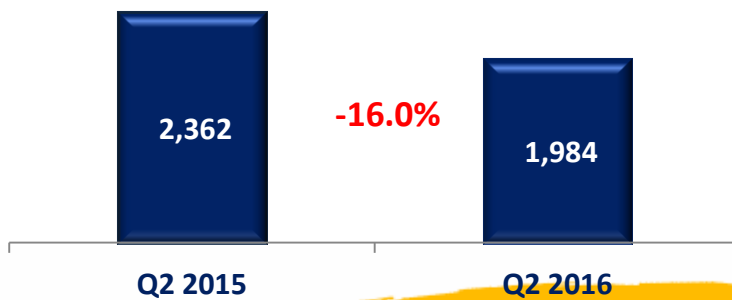
### Domestic & DF Volumes (mn stick)



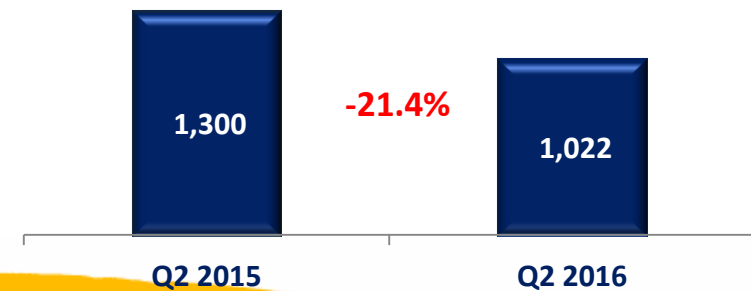
### Contract Manufacturing Volumes (mns)



### Revenue (RM'mn)



### Net Turnover (RM'mn)

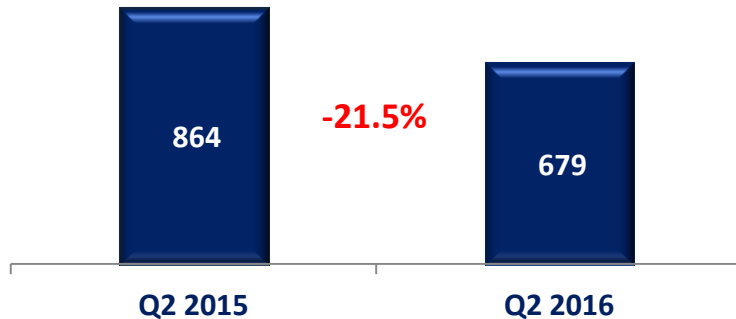


# H1 YTD: Key Metrics

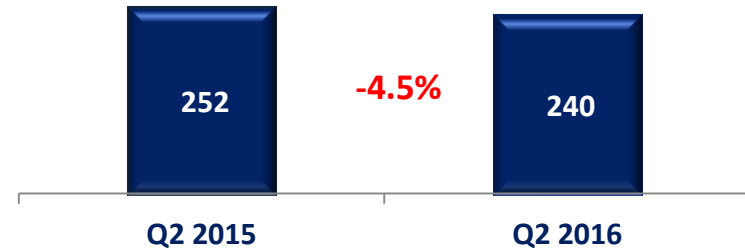


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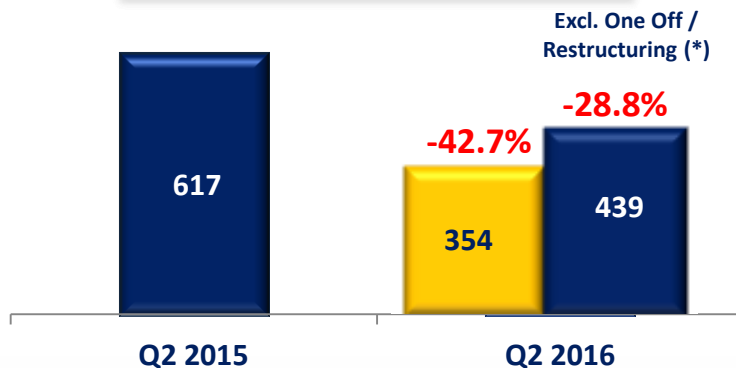
### Gross Profit (RM'mn)



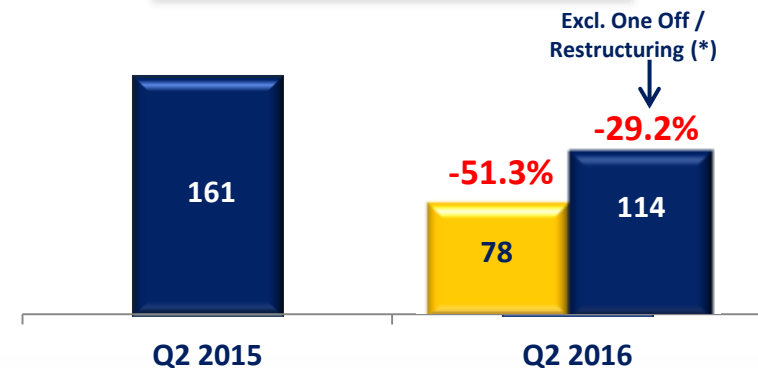
### Operating Expenses (RM'mn)



### Profit from Operations (RM'mn)

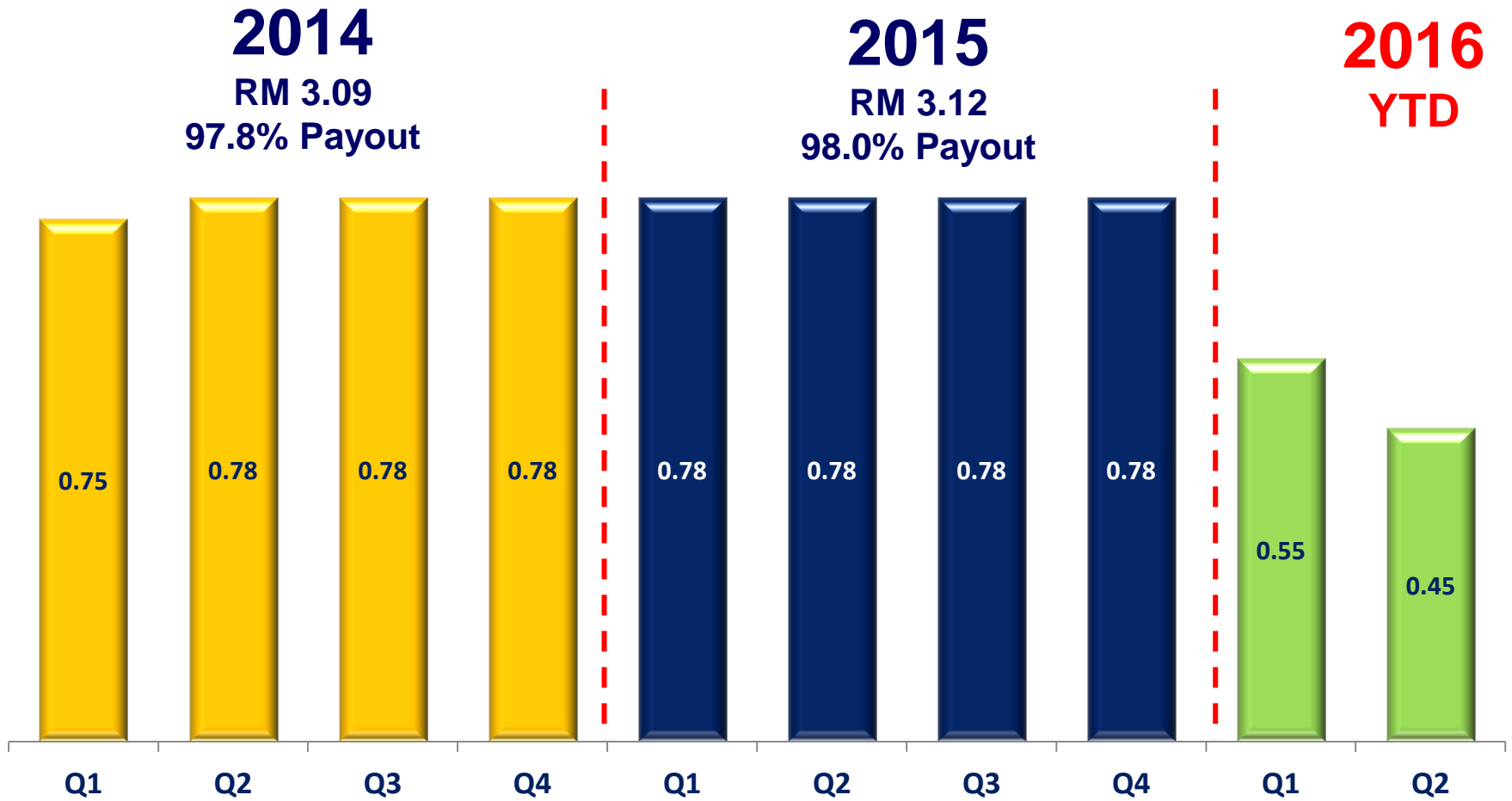


### Earning per Share (Sen/share)



(\*) Provision for Restructuring expenses related to the cessation of factory operations. Total Provision: RM 86mn

# Dividend Payout





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**THANK YOU**