



**BRITISH AMERICAN
TOBACCO**
MALAYSIA

ANALYST BRIEFING QUARTER 3, 2016

24th October 2016

AGENDA

- **Q3 2016 Headlines**
- **Industry Review**
- **Company Review**
- **Q3 2016 Results: Financial Highlights**

Q3 2016 Headlines



Financial Performance (YTD Sep vs. SPLY): negatively impacted by volume decline

- Revenue: -17.2%
- Profit from Operations: -37.7% (excl. one-off restructuring expenses: -28.8%)

Industry Duty Paid Domestic volumes: declined by -28.6% vs. SPLY (YTD Sep'16 vs SPLY)

Illegal cigarettes: continue to grow, impacting legal demand

- Latest reading for May'16: 49.9% of total market (2015 FY: 36.9%)

Market Share: BAT registered a decline of 2.8ppt YTD Aug '16 vs. FY 2015 (currently at 58.1%)

- Dunhill: YTD decline of -2.8ppt vs. FY2015 @43.3% SOM. However, launch of F&S in Jul'16 has increased DH menthol range by +0.3ppt vs Jul'16 share.
- Peter Stuyvesant: strong performance gaining +0.7ppt vs. FY2015 @6.3% SOM.
- Pall Mall: YTD marginal decline of -0.2ppt vs. FY2015 @4.3% SOM.



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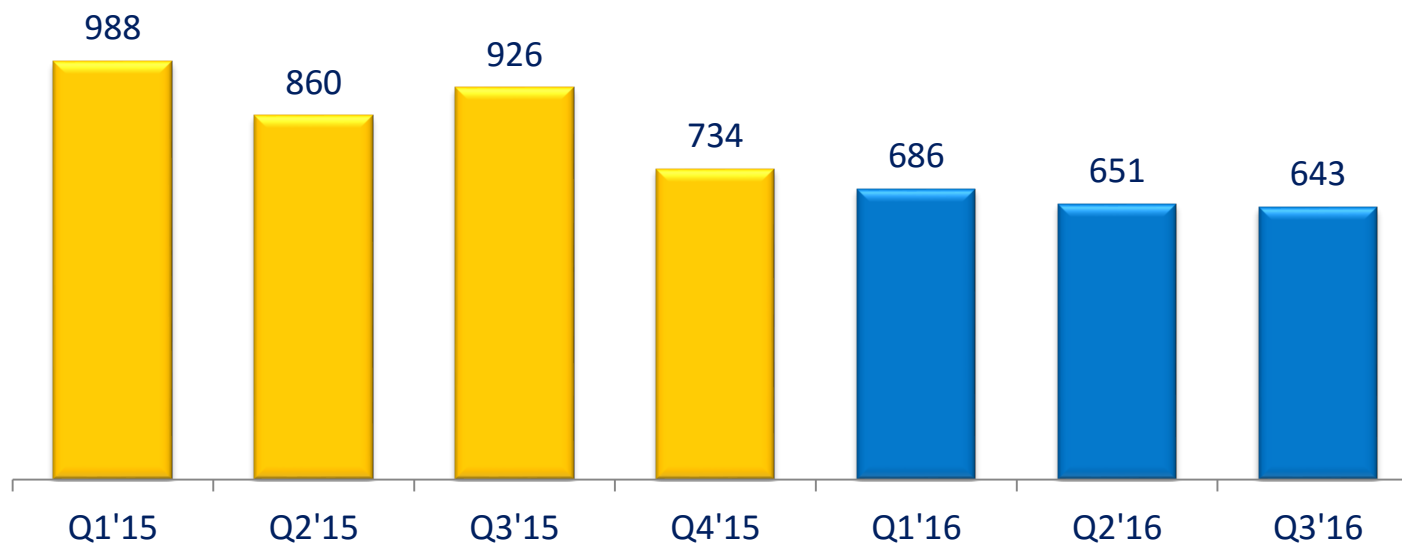
Industry Review

Market review update

YTD Sep'16, legal market declined **-28.6%** vs. SPLY



Big-3 IMS (mns)



YTD Sep'16 vs. SPLY:

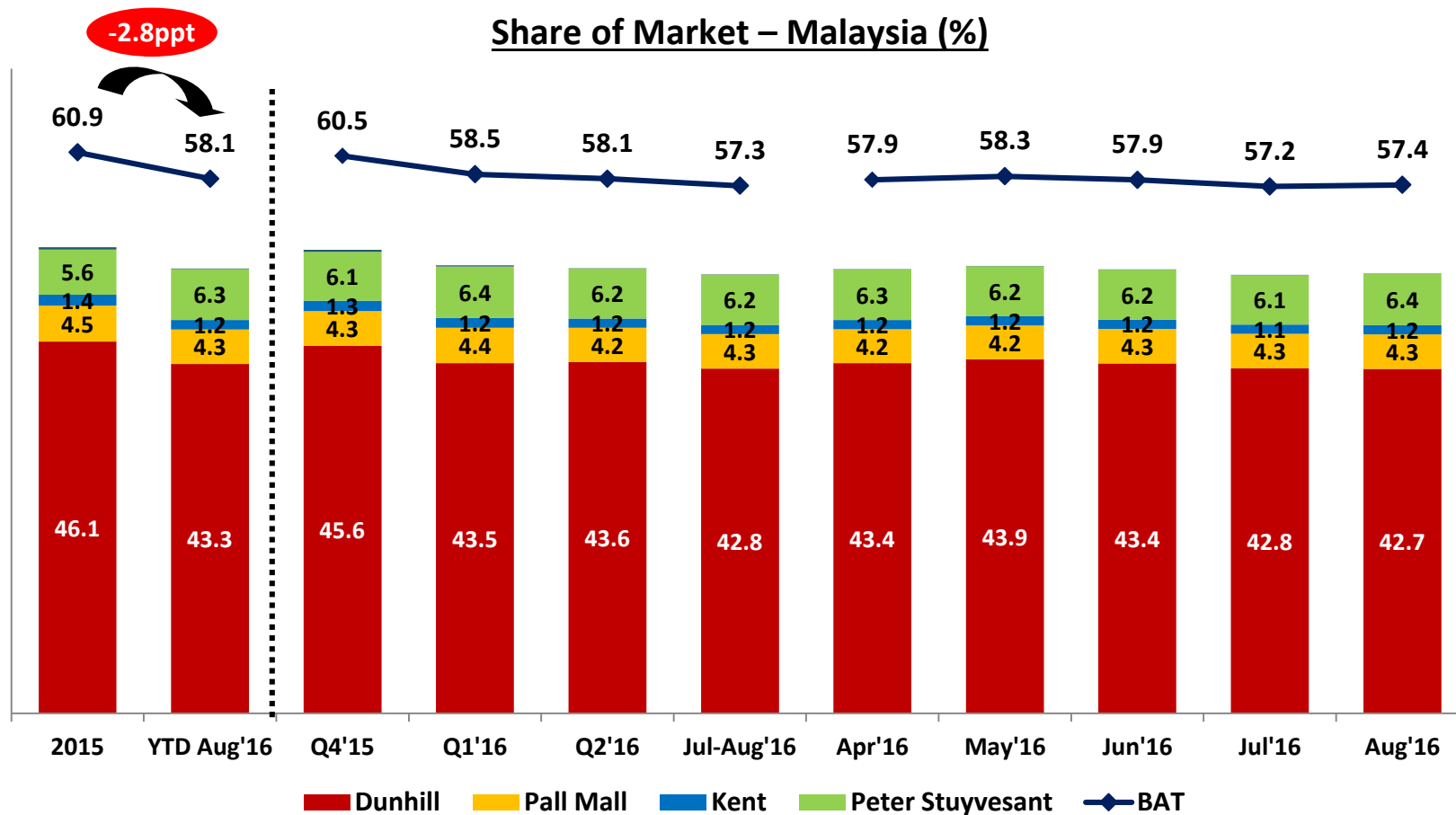
Monthly Avg.	YTD Sep'15	YTD Sep'16	Change
Industry	925	660	-28.6%
BAT	584	396	-32.3%



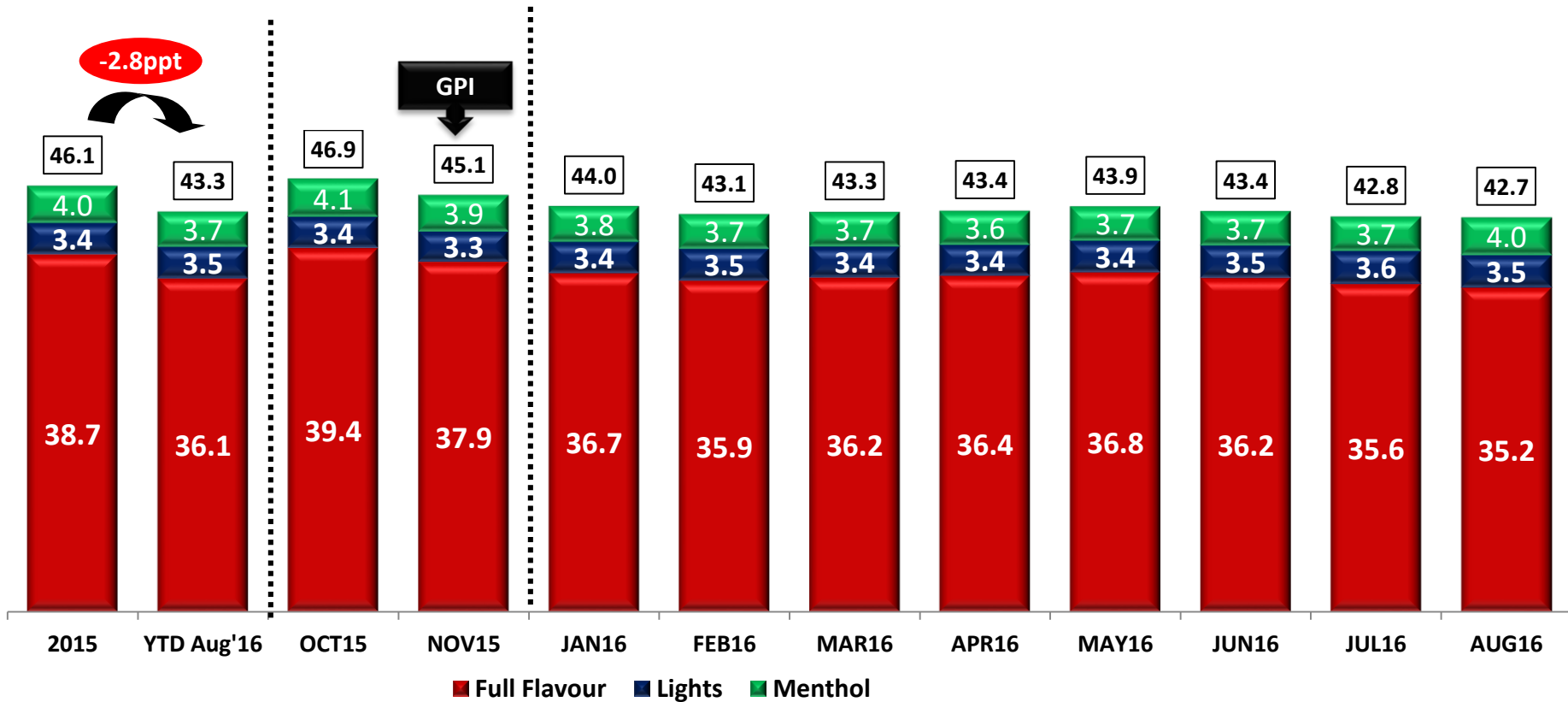
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Company Review

Dunhill key focus – further build on the strength of the brand



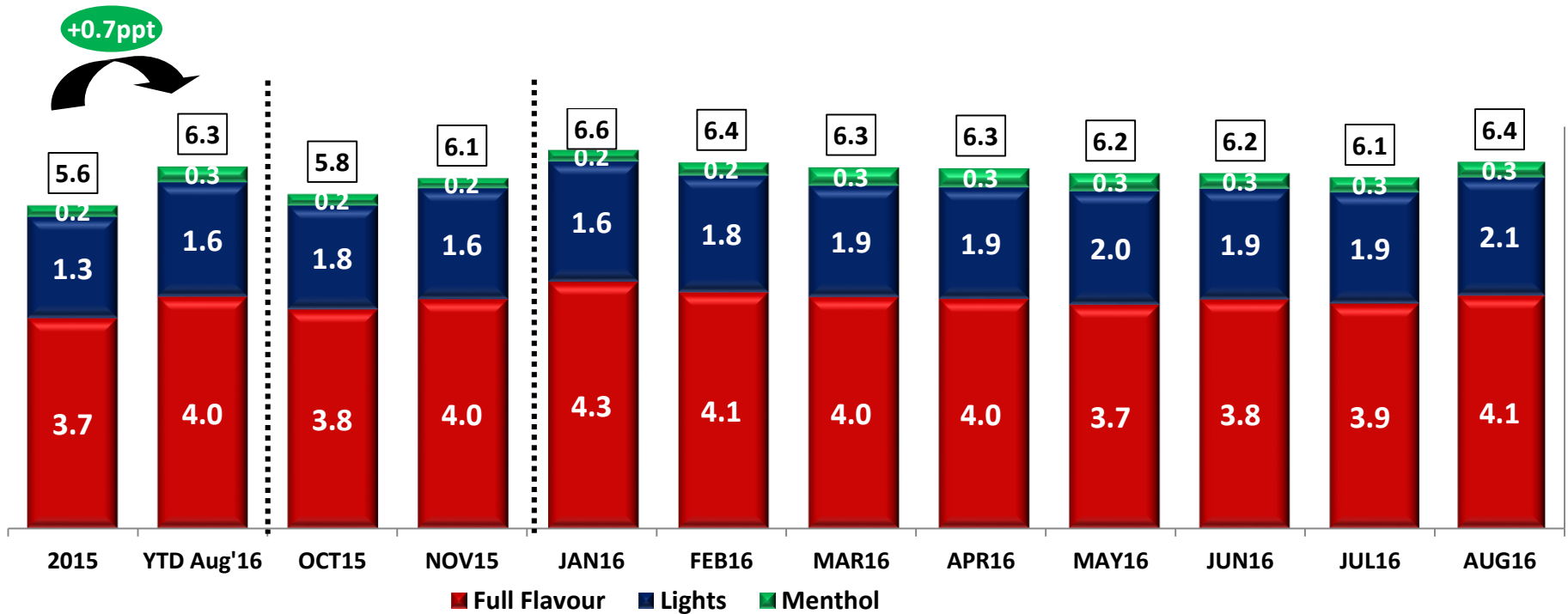
Dunhill: Growth in Menthol segment



Jul 2016:
Dunhill

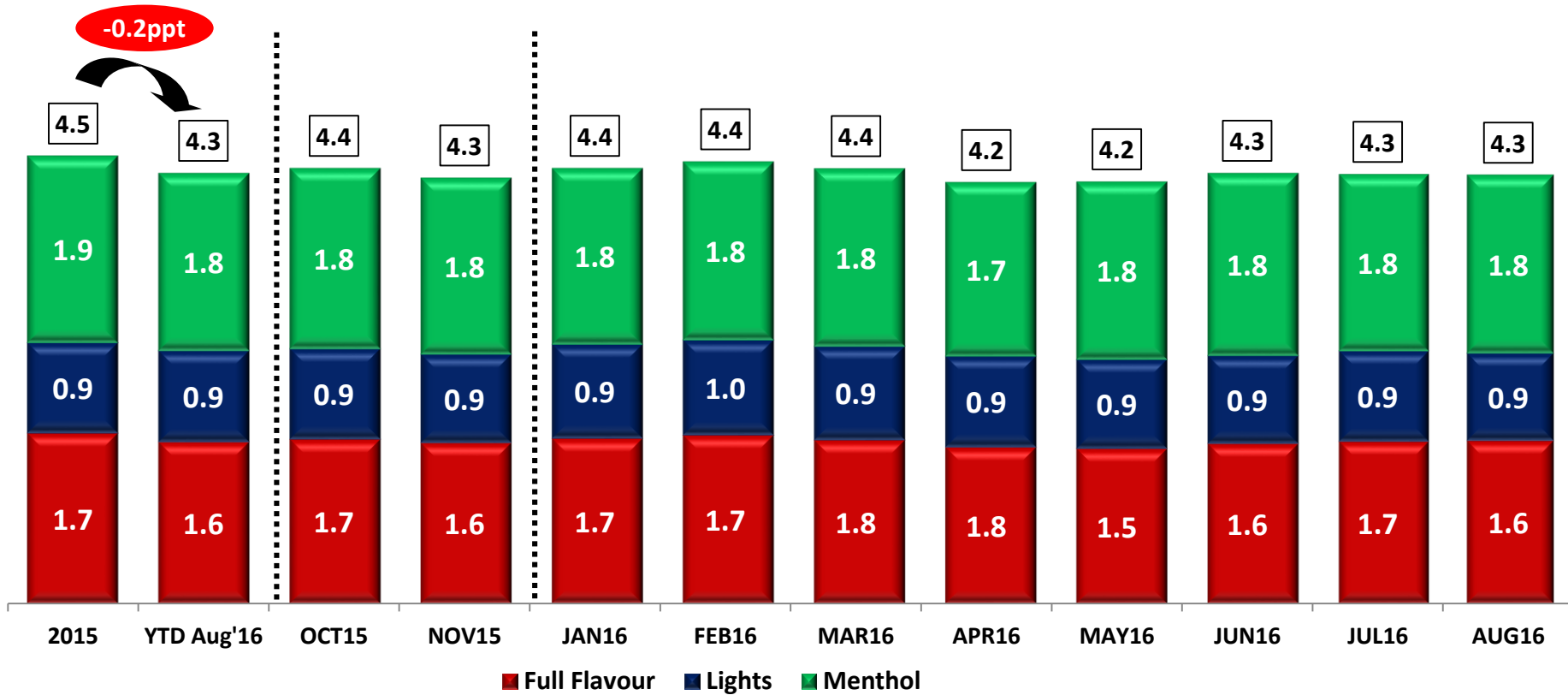
Sep 2016:
Dunhill Core
Product

Peter Stuyvesant: strong performance



Feb 2016:
Peter Stuyvesant
Remix

Pall Mall: marginal decline YTD Aug'16



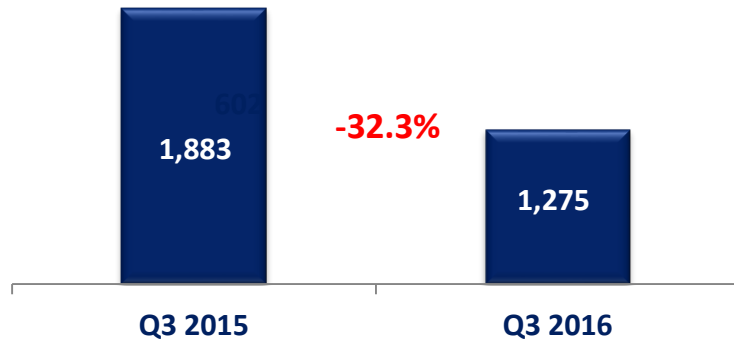


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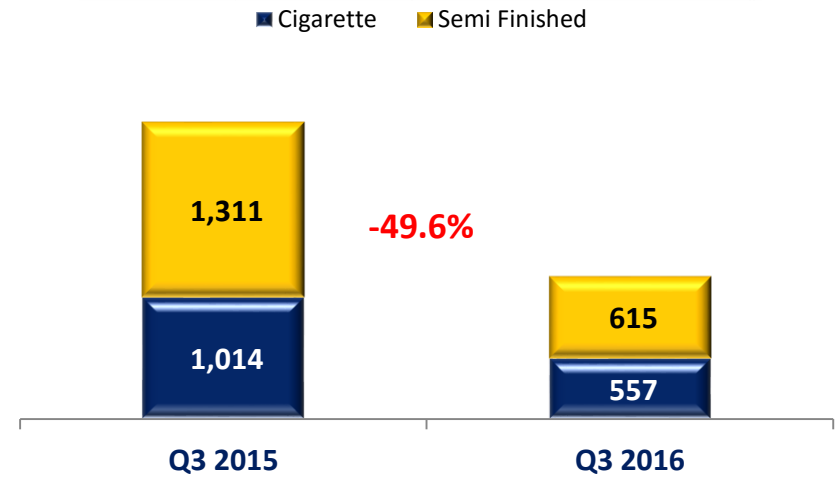
Q3 2016 Results Financial Highlights

Q3 Discrete: Key Metrics

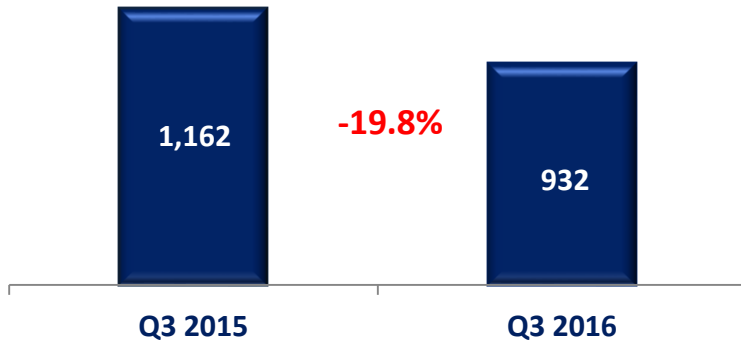
Domestic & DF Volumes (mn stick)



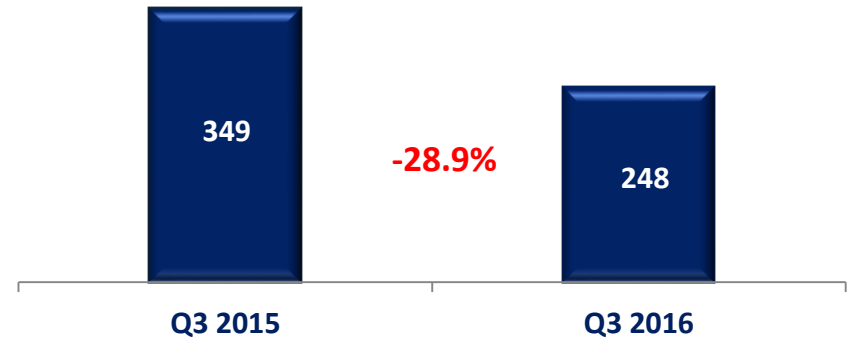
Contract Manufacturing Volumes (mn stick)



Revenue (RM'mn)



Profit from Operation (RM'mn)

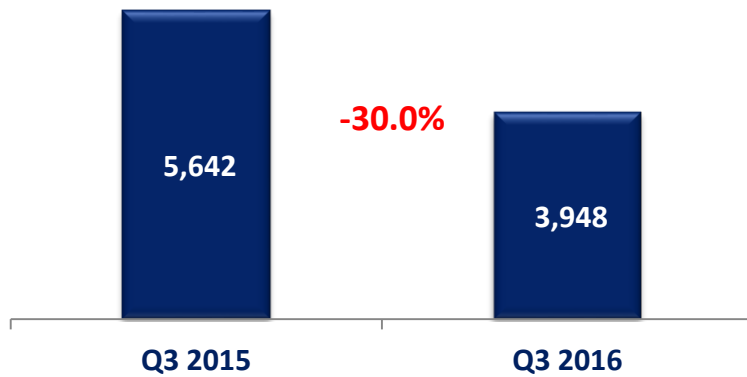


Q3 YTD: Volume and Revenue

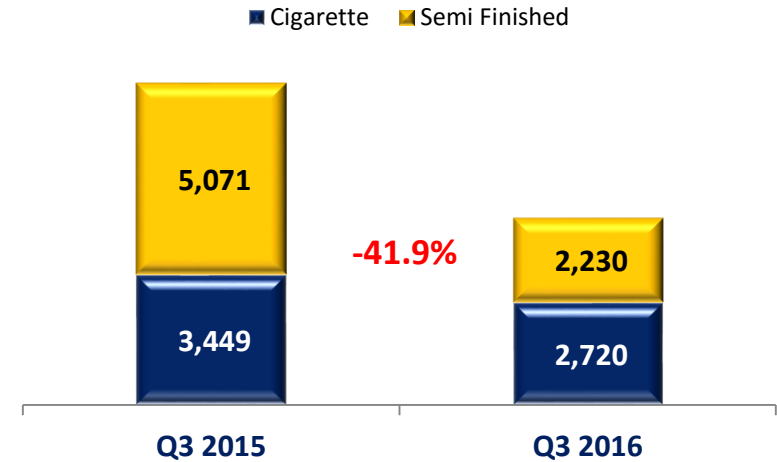


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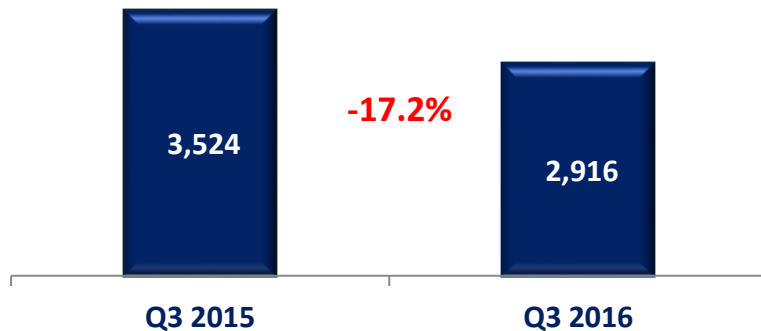
Domestic & DF Volumes (mn stick)



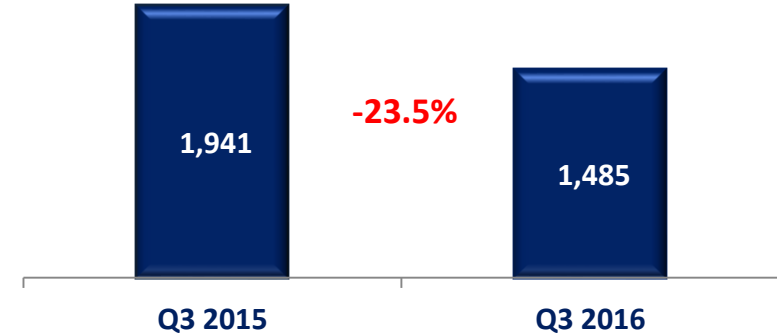
Contract Manufacturing Volumes (mn stick)



Revenue (RM'mn)

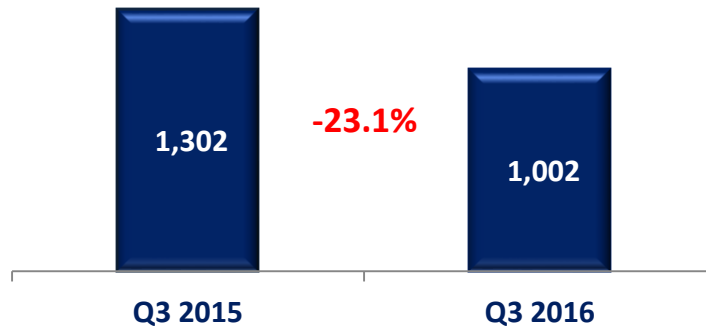


Net Turnover (RM'mn)

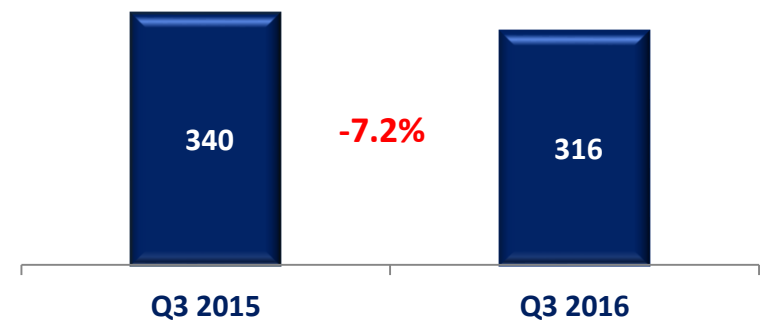


Q3 YTD: Key Metrics

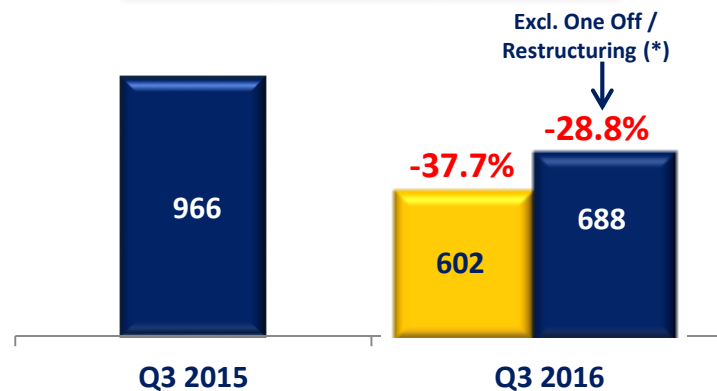
Gross Profit (RM'mn)



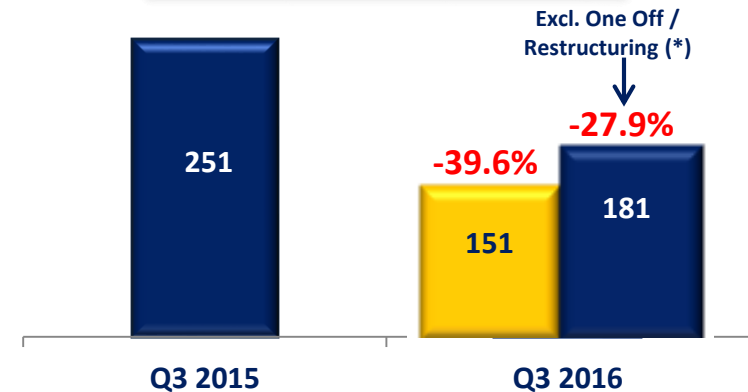
Operating Expenses (RM'mn)



Profit from Operation (RM'mn)



Earning per Share (Sen/share)



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

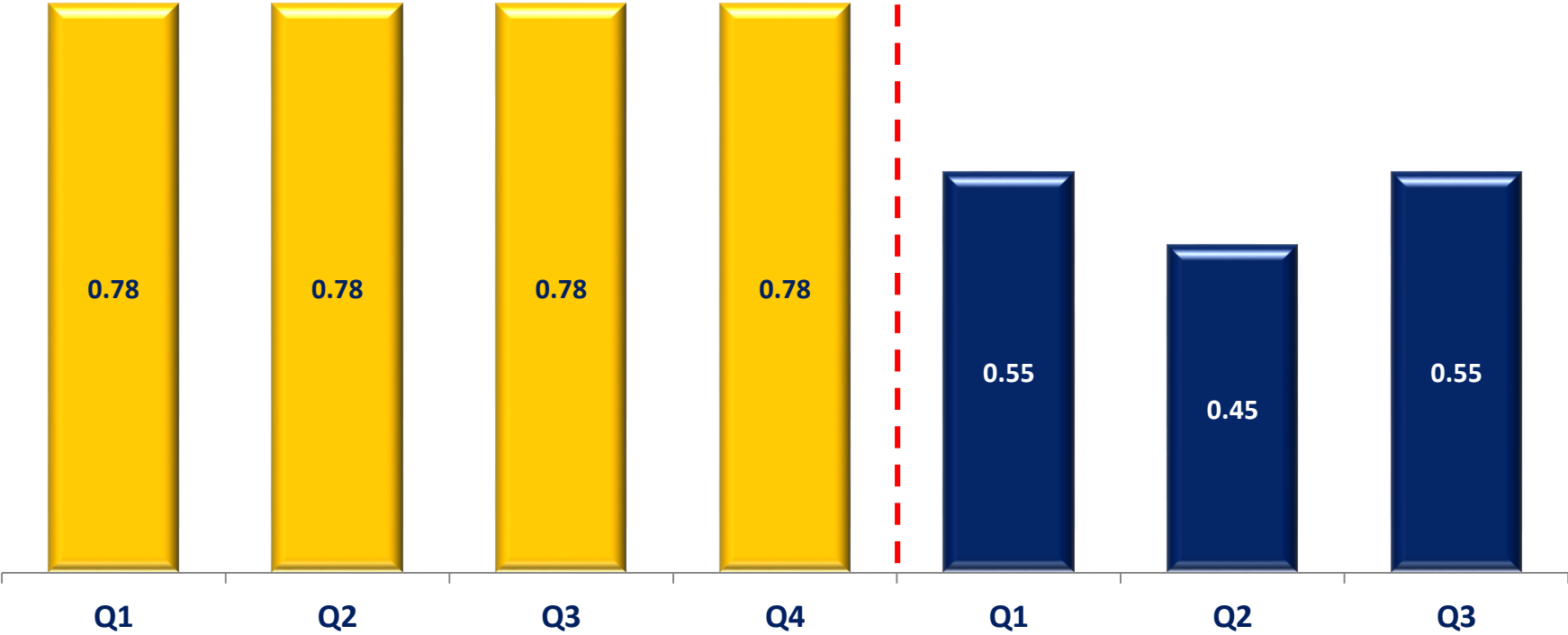
Dividend Payout



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2015
RM 3.12
98.0% Payout

2016 YTD
RM1.55
103% Payout





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