



QUARTER 1, 2020 PERFORMANCE

21st May 2020

Agenda

1

Q1 Business Review & Financial Performance

2

Impact of COVID-19

A vertical photograph of the Petronas Towers in Kuala Lumpur, Malaysia, showing the upper section with the spire and the twin towers. The image is partially obscured by a yellow diagonal line and a blue background.

Q1 Business review and financial performance

Q1'20 Performance summary



69%

Of total nicotine

Illegal FMC & vaping



-11%

vs Q1'19

Legal domestic industry volume



Rothmans

-18%

vs Q1'19

BAT domestic volume*

* Total BAT volume including Duty Free -21%



-23%

vs Q1'19

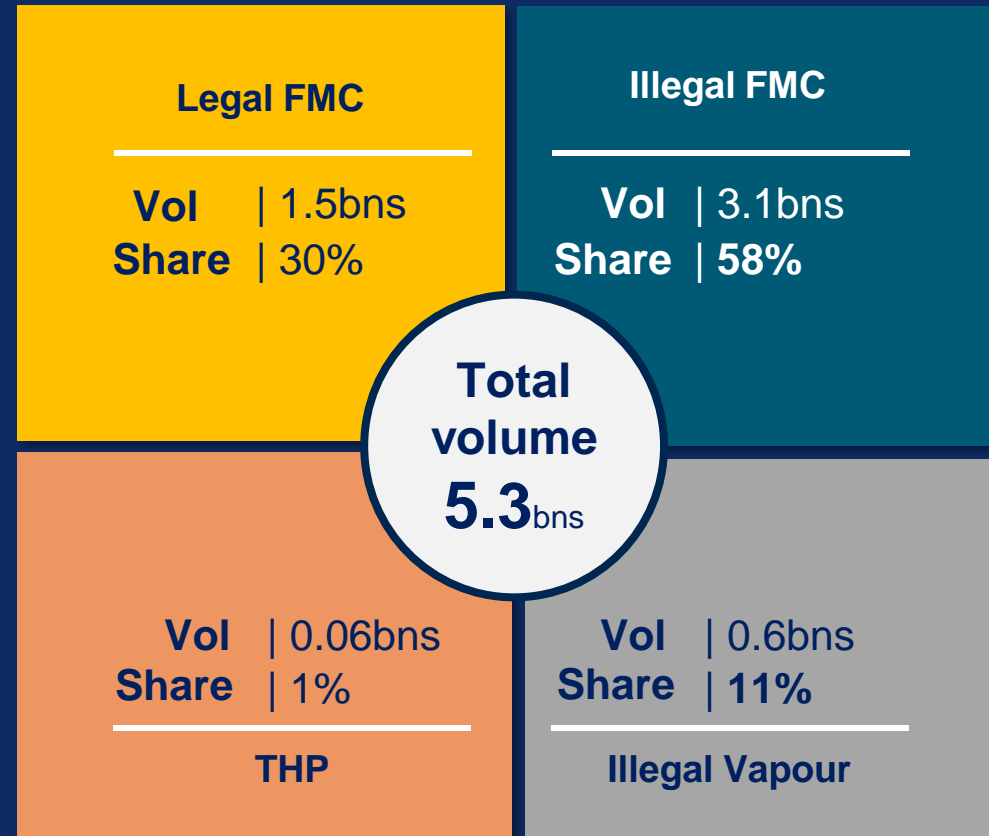
Revenue



Corporate market share

- Disruption to the research fieldwork in Mar to Apr 2020 due to Movement Control Order
- Ipsos to resume in-store audits from Jun'20

Q1'20 nicotine industry in Malaysia

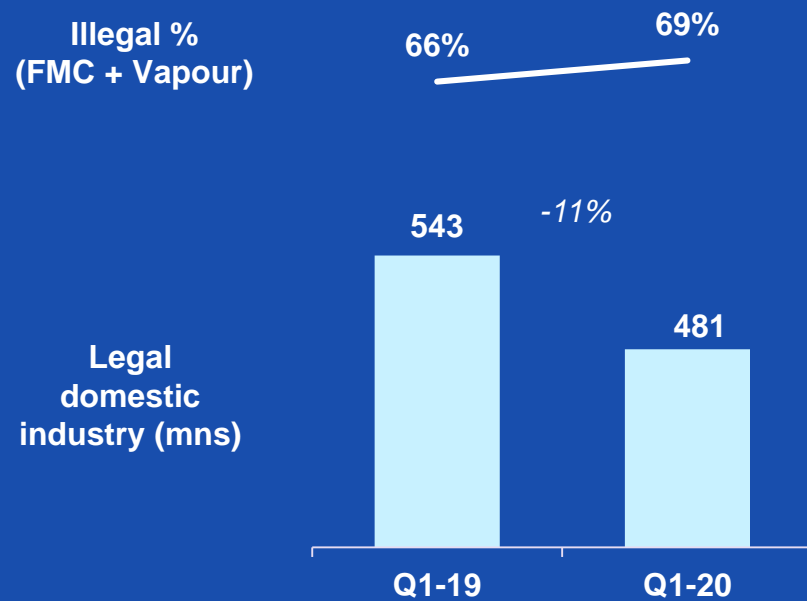


Source: Illegal Cigarette Study, Consumer Track

Industry continues to be pressurised by illegal FMC & Vapour (69% of total nicotine)

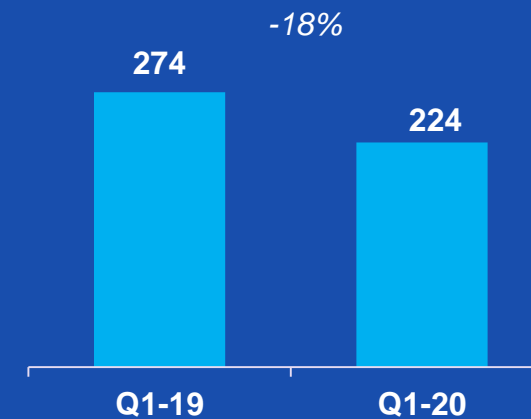
Legal domestic industry impacted by the growth of illegal FMC & Vapour

Industry Domestic Shipment Volume Monthly average (mns)



Legal FMC heavily pressured by growth in illegal FMC and illegal vaping

BAT Domestic Shipment Volume Monthly average (mns)

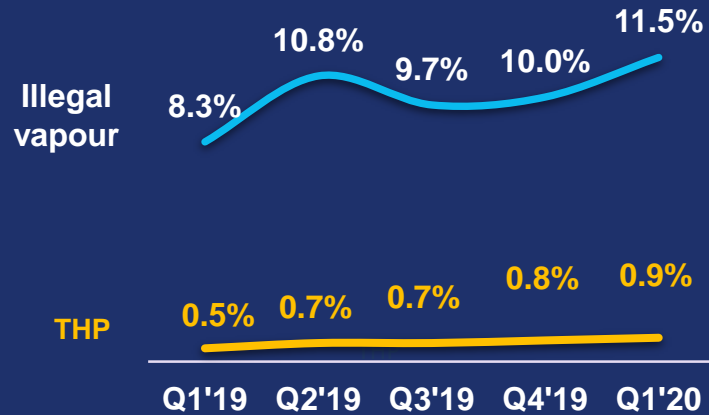


BAT impacted more due to market contraction and downtrading

THP category size small and stagnant

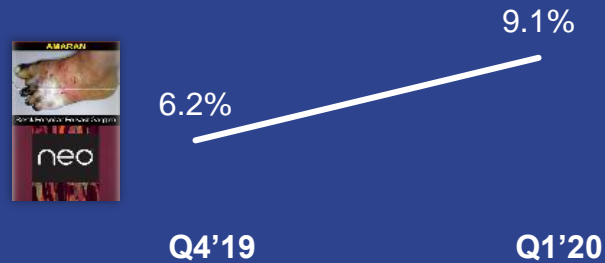
New categories

Share of Total Nicotine



Glo performance in Q1'20

Glo Share of THP category in Klang Valley



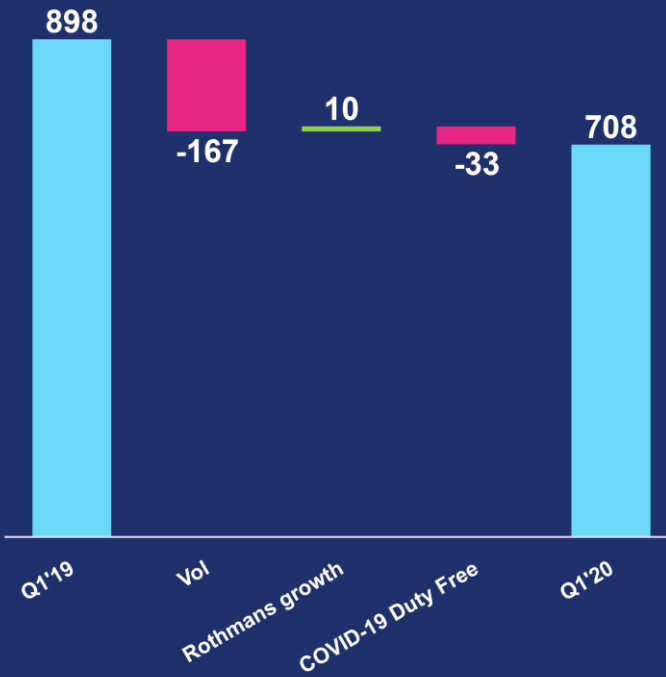
Factors leading to slower THP category growth

- Affordability remains a key barrier - High cost of entry
- Unable to fully deliver on tobacco taste satisfaction

Q1 Performance

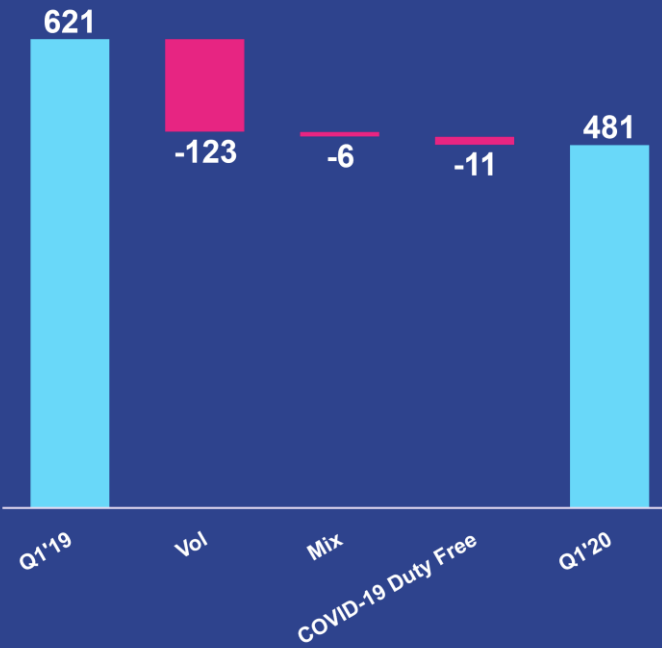
Total Volume mns

-21%
vs SPLY



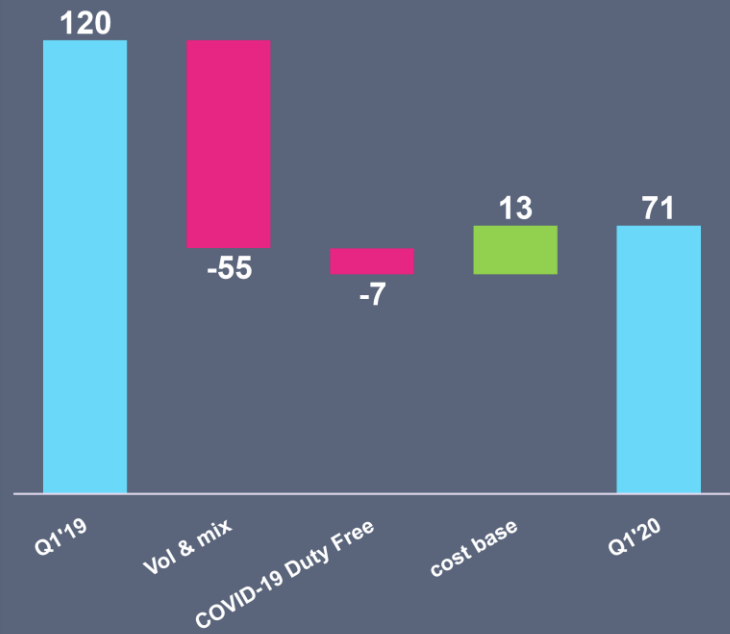
Revenue RM'mil

-23%
vs SPLY



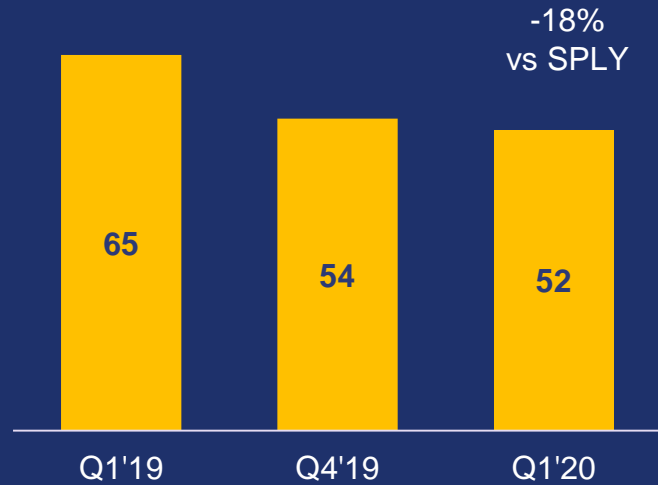
Profit from operations RM'mil

-41%
vs SPLY



Continue to optimise cost base delivering efficiencies

Operating expenses (RM'mil)



-RM13mil : Q1'20 vs SPLY

- RM8mil - Cost base optimisation & sharpening investment
- RM5mil - Restructuring savings

Restructuring expenses (RM'mil)



Savings in Q1'20:
RM5mil

Dividend payout for Q1 2020

Earnings per share

17.8 sen

Dividend per share

17.0 sen

Payout ratio

96%

Payout 18th June 2020



A vertical, black and white photograph of the Petronas Towers in Kuala Lumpur, Malaysia, showing the intricate architectural details of the towers' spires and the iconic double-peaked crown. The image is partially obscured by a diagonal yellow and blue graphic element.

Impact of COVID-19

Navigating through MCO

Operating disruption during MCO



JB Factory closed. Indonesia factory uninterrupted



Supply to retail disrupted during MCO



Duty-Free channel impacted



~30% of retail outlets closed during MCO

Operations resumed 4th May

Distribution

- Inventory supply from source factory secured and uninterrupted

Financials

- Sharpening investments
- Tight liquidity management
- Continue to optimise cost base and working capital



Supporting employees' wellbeing

- Strict compliance to SOPs
- Heightened safety & hygiene
- 80% work from home during CMCO for office staff (100% Work from home during MCO)
- Roster arrangement for sales & distribution staff
- Weekly communication and engagement with employees to stay connected
- Continuous training & development via online learning

Despite MCO, illegal cigarette syndicates continued operating



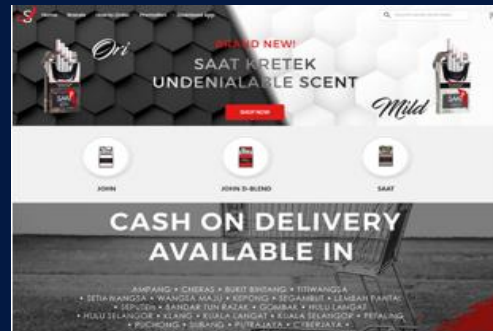
Storage in private residences



Distributing within '10km radius' to avoid road blocks



Using private vehicles to transport contraband



Selling on Social Media & Online



Delivering via courier / e-hailing delivery services

Illegal traders profiteering from MCO supply disruption

Effective structural reform needed urgently



Policy change → transshipment laws/single point of entry



Stricter and rigorous enforcement



Faster activation of Multi-Agency Taskforce (MATF)

RM5bn pa lost in tax revenue to illicit, which can be used for COVID recovery

BAT Malaysia Summary

- ➔ Q1 performance in line with expectation despite challenging environment
- ➔ Effective regulatory framework required for sustainable tobacco industry

