



QUARTER 3, 2020 PERFORMANCE

28th Oct 2020

Agenda

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Q3 Business Review and Financial Performance

2

Other Business Updates

A vertical photograph of the Petronas Towers in Kuala Lumpur, Malaysia, showing the intricate architectural details of the towers and their spires. The image is partially obscured by a yellow diagonal line and a blue background.

Q3 Business Review and Financial Performance

Q3 highlights



+7%

vs Q2'20

Legal domestic industry volume



+14%

vs Q2'20

BAT domestic volume



+1.0ppt

vs Q2'20

BAT share of market

Illegal cigarette incidence

64.5%

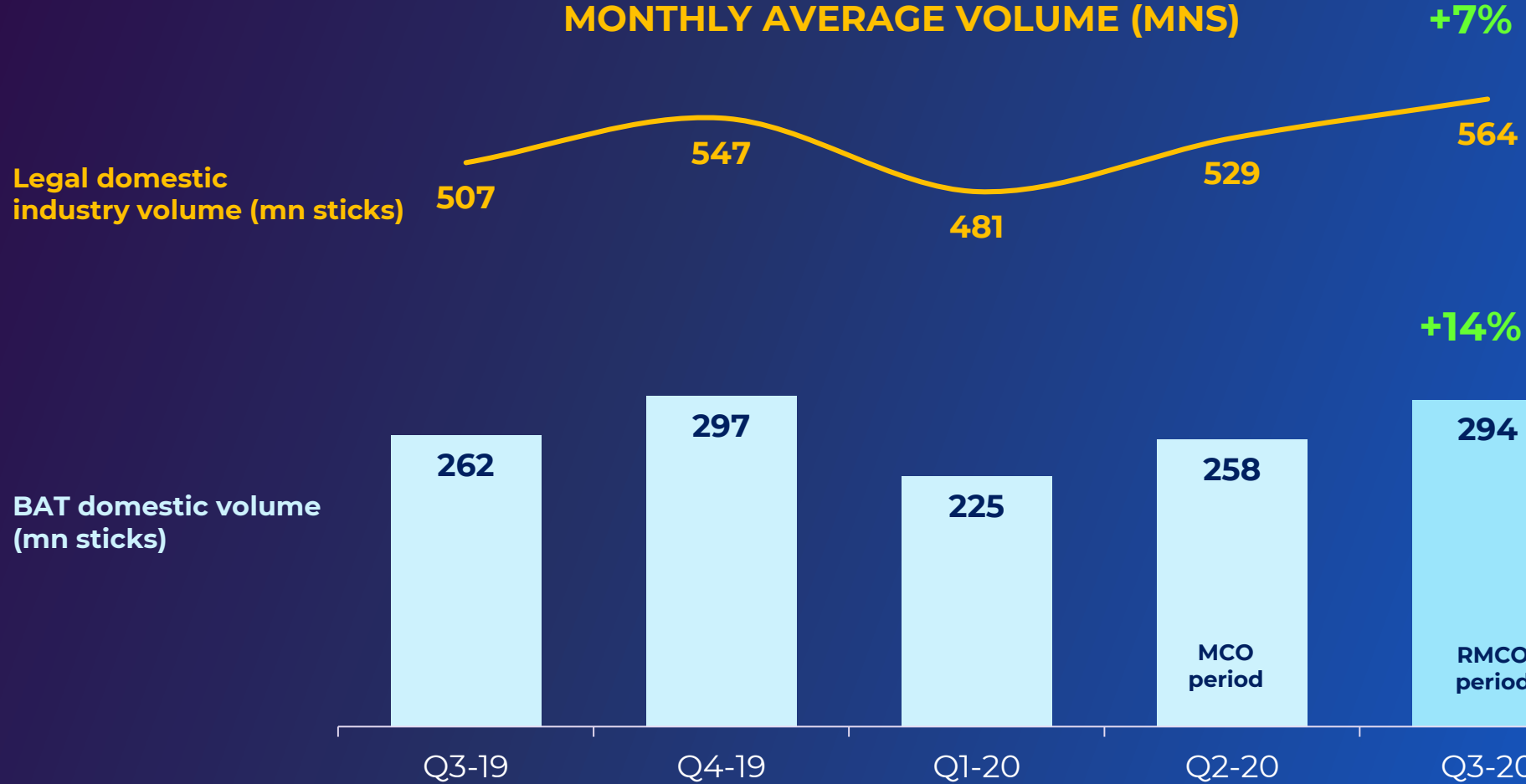
Aug'20

+4ppt

vs Jun'20

Total BAT volume including Duty Free +18%

BAT outperformed the legal domestic industry in Q3



BAT volume growth driven by strong portfolio performance

Source: CMTM Big 3 industry exchange Jan 2019 – Sep 2020

BAT share growth driven by Rothmans, KYO and Dunhill



Strong Q3 performance



+18%
vs Q2'20

Total BAT volume
(including Duty Free)



+15%
vs Q2'20

Revenue



+6%
vs Q2'20

Profit from operations



+17%
vs Q2'20

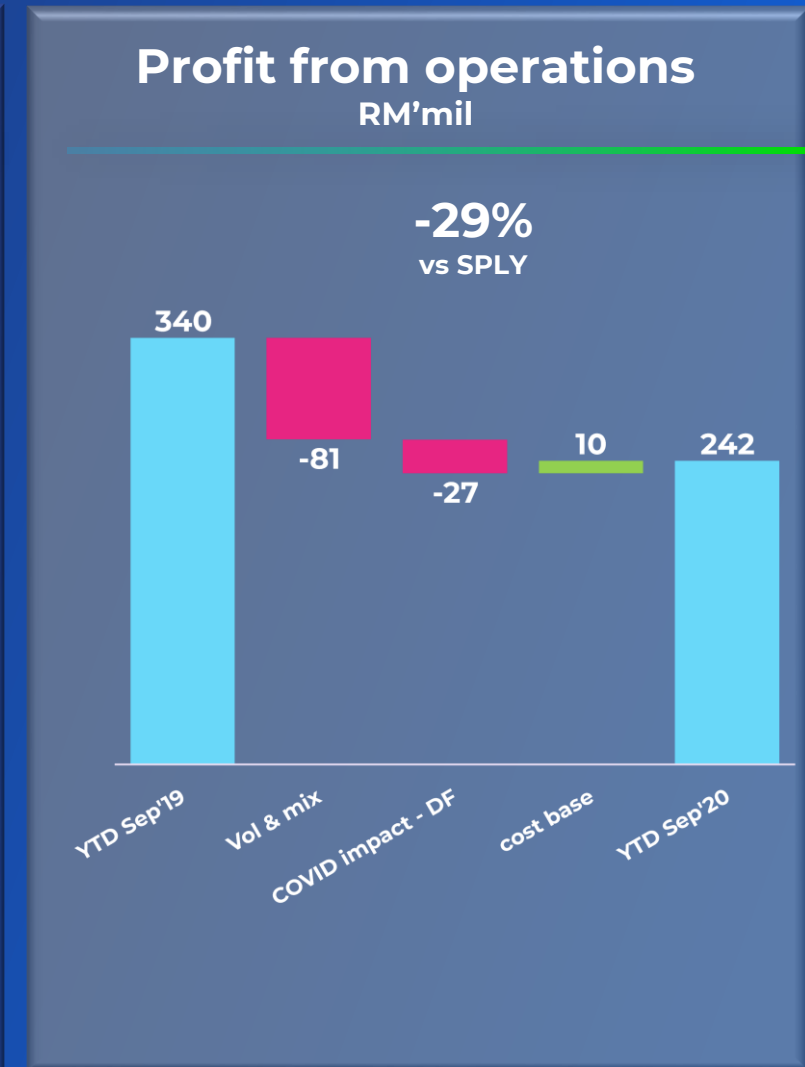
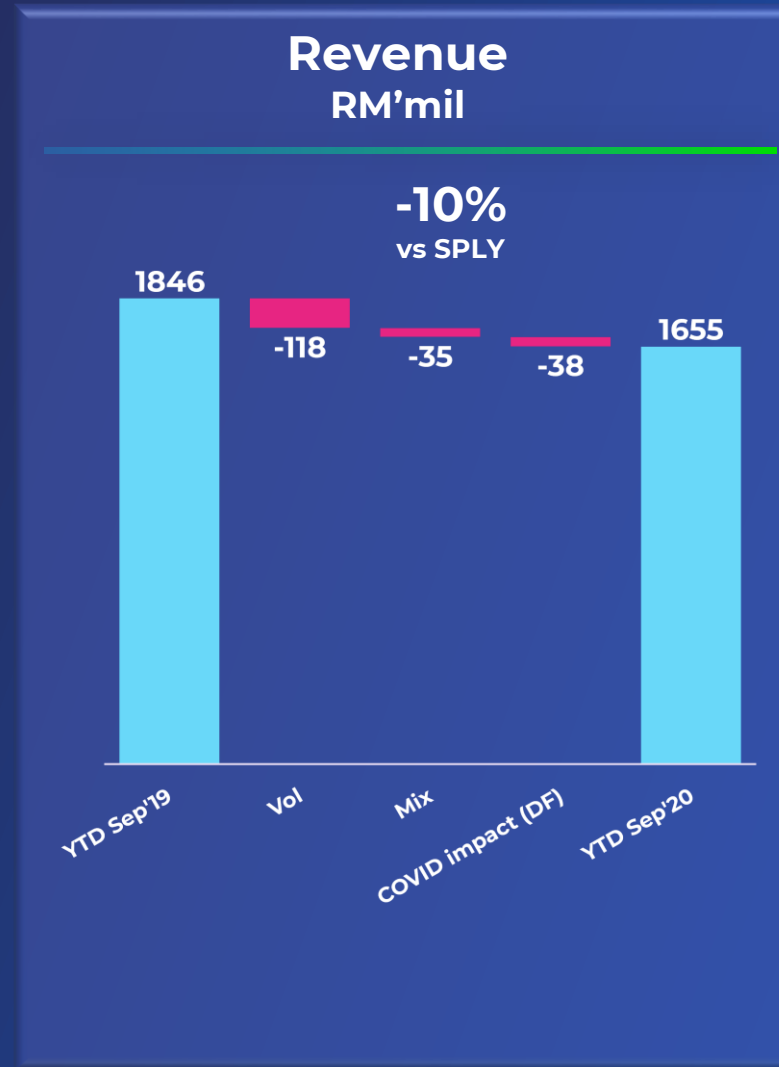
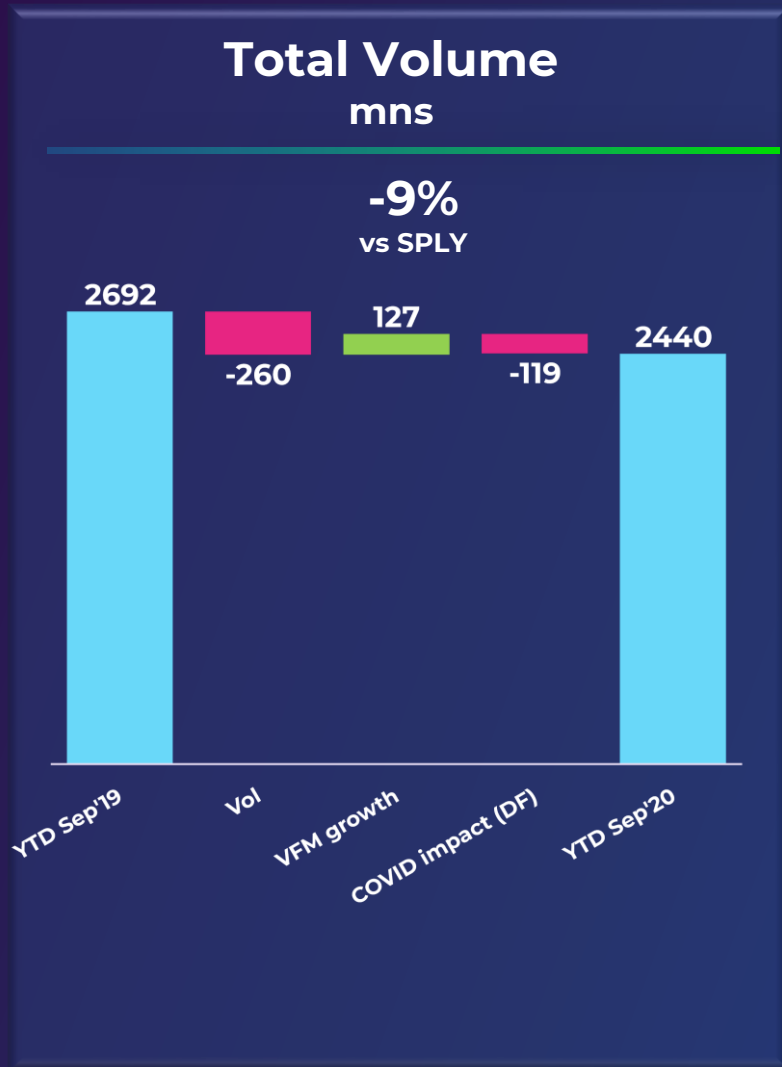
Earnings per share

Positive portfolio results translated to improved financial results

Turnaround in Q2, accelerated improvement in Q3

	Q1'20 vs Q1'19	Q2'20 vs Q2'19	Q3'20 vs Q3'19
Volumes (Domestic)	-21%	-16%	+10%
Revenue	-23%	-15%	+7%
Profit from operations	-41%	-22%	-22%

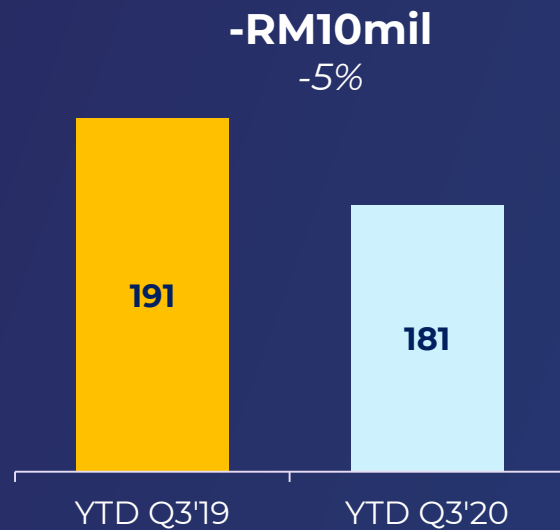
Underlying YTD performance continues to be pressured by black market and downtrading



*Domestic performance excluding Duty Free

Continue to optimise cost base to support investments

Operating expenses (RM'mil)



Restructuring expenses (RM'mil)



100% completion

RM15 mil
Q4'19

RM14 mil
YTD Q3'20



- **Cost base optimisation and resource allocation**
- **Overheads savings from restructuring**
- **Strategic investment to deliver sustainable growth**

Dividend payout for Q3 2020

Earnings per share

22.3 sen
+17% vs Q2

Dividend per share

21.0 sen
+11% vs Q2

Payout ratio

94%

Payment scheduled for 25th Nov 2020

**Based on last 3 quarters dividend paid out and third interim dividend 2020 declared*

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Other Business Updates

Q4 Focus Areas



Stop the Black Market



Our portfolio

Tobacco black market crisis requires urgent action



High illegal FMC

60.5% Jun'20 **▶ 64.5%** Aug'20

Malaysia No 1 in the world tobacco black market



Government needs to act

Finance Ministry To Introduce Ways To Disincentivise Malaysia's Shadow Economy

The country's shadow economy is worth RM300 billion.

BY ESTHER CHANG
OCTOBER 12, 2020



STOP THE BLACK MARKET



To STOP THE BLACK MARKET, a holistic approach is needed



Multi Agency Task Force operationalised with clear objectives



Policy change at borders - transshipment laws / single point of entry



Excise moratorium



Exploration of other excise measures to reduce the price gap between the legal and black market



Regulate vaping

BAT Malaysia Summary

- ➔ **Dunhill maintaining a strong share of premium segment. Rothmans and KYO growing their shares of segment**
- ➔ **Strong Q3 results, continued growth since Q2**
- ➔ **Significant enforcement and excise reform required to STOP THE BLACK MARKET**

End