



# QUARTER 4, 2020 PERFORMANCE

10<sup>th</sup> Feb 2021

# Agenda

1

**Q4 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 diagonal yellow and blue graphic element.

# Q4 Business Review and Financial Performance

# Q4 highlights



**Stable**

vs Q3'20

Legal domestic industry  
volume



**+3%**

vs Q3'20

BAT total volume

**Illegal cigarette  
incidence**

**64.4%**

Nov'20

**+1.0ppt**

vs Q3'20

**DUNHILL**

TOBACCO OF LONDON LTD

Share of segment

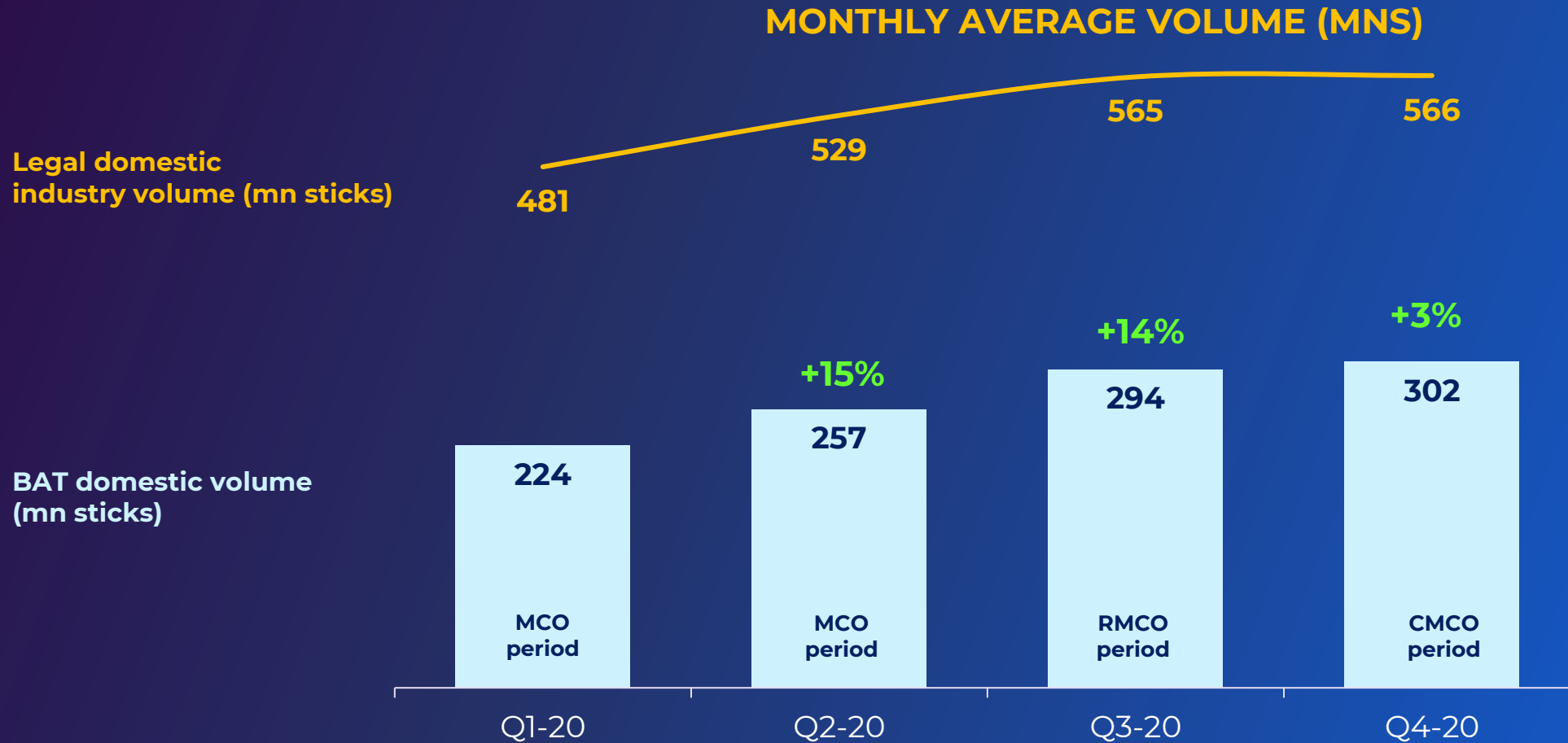
**60.1%**

Q4 2020

**+0.4ppt**

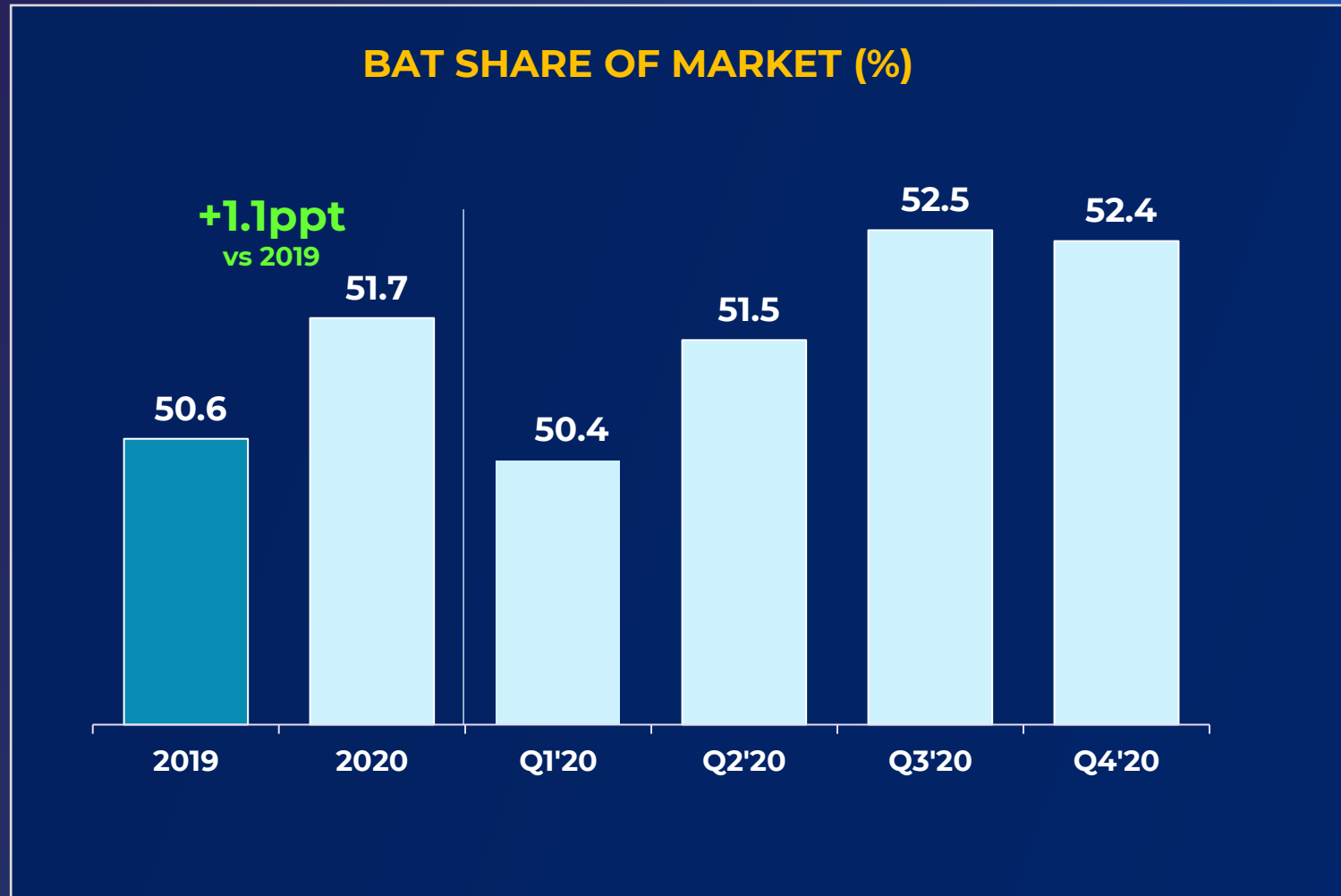
vs Q3'20

# Continuous improvement in BAT volume



**Sustained volume performance driven by Dunhill, Rothmans and KYO**

# First year of share growth for BAT since 2015



# Growth trajectory continued in Q4



**+3%**  
vs Q3'20

Total BAT volume  
(including Duty Free)



**+5%**  
vs Q3'20

Revenue



**+19%**  
vs Q3'20

Profit from operations



**+14%**  
vs Q3'20

Earnings per share

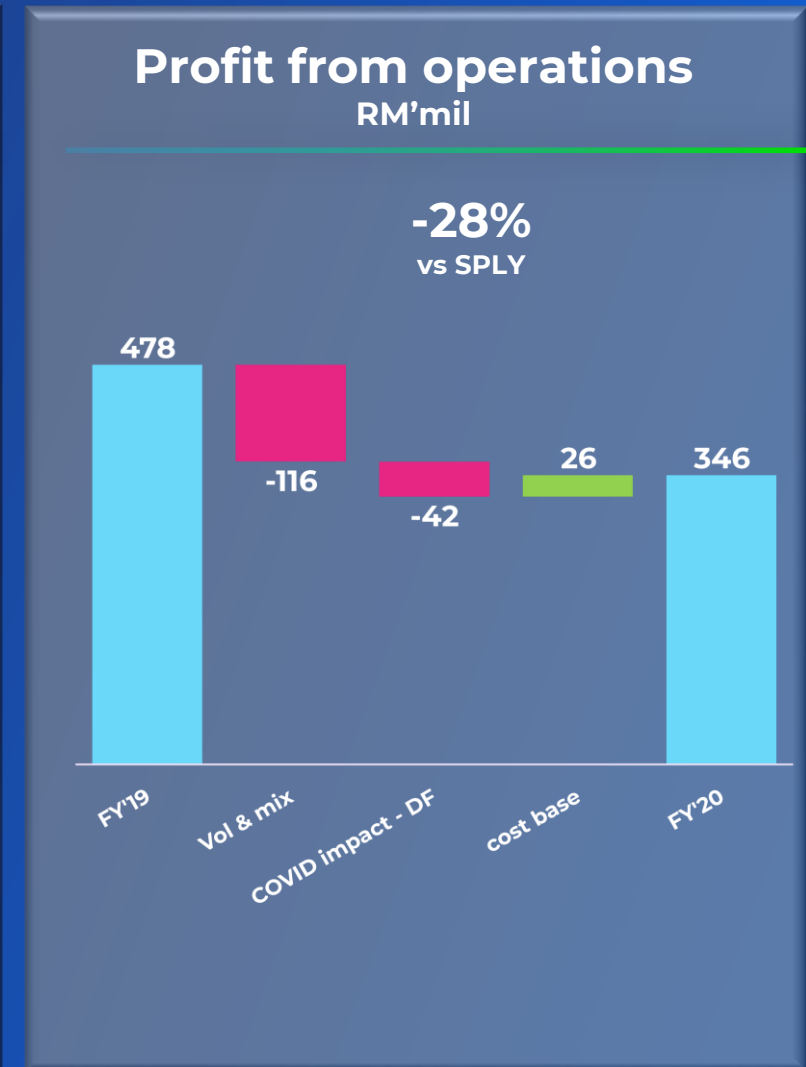
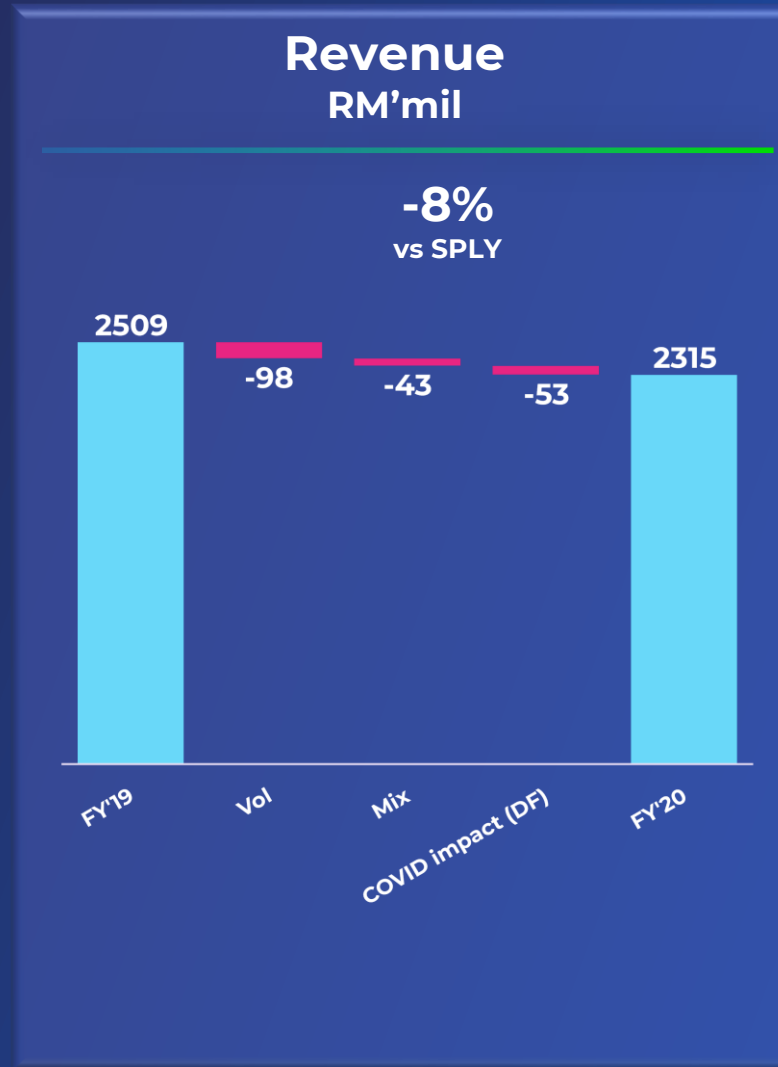
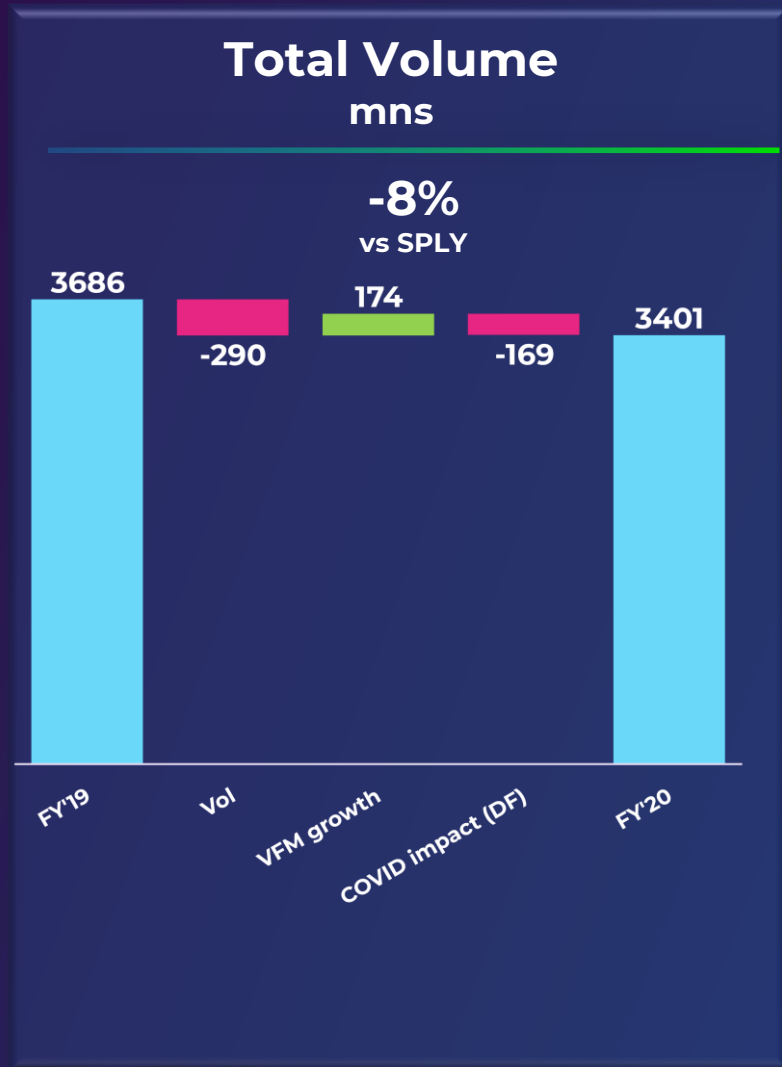
**Growth momentum that started in Q2 continued through 3 consecutive quarters**

# Consecutive quarter on quarter sustained growth across all metrics

	Q1'20 vs Q4'19	Q2'20 vs Q1'20	Q3'20 vs Q2'20	Q4'20 vs Q3'20
Volumes	-29%	+12%	+18%	+3%
Revenue	-27%	+14%	+15%	+5%
Profit from operations	-48%	+16%	+6%	+19%



# Full year 2020 results are mainly impacted by COVID-19, Duty-free travel restrictions and downtrading

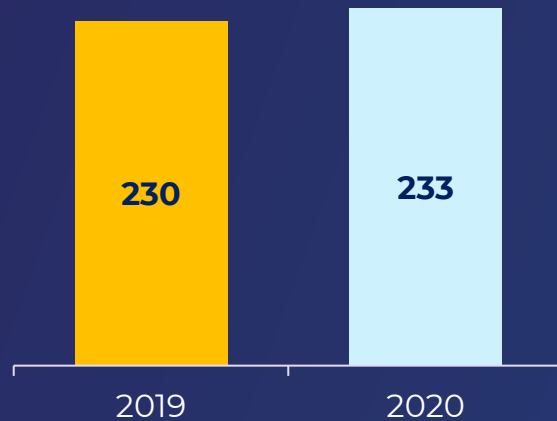


\*Domestic performance excluding Duty Free

# Continue to optimise cost base to support investments

## Operating expenses (RM'mil)

Operating expenses excluding restructuring



### 2020 operating expenses optimised via:

- Cost base reduction and efficient resource allocation
- Overheads savings from restructuring exercise
- Reprioritisation of strategic investments to deliver sustainable growth

## Restructuring expenses (RM'mil)



**100%  
completion**

RM15 mil  
2019

RM19 mil  
2020



**Foundation set for stronger and simpler organisation**

# Dividend payout for Q4 2020

<b>Earnings per share</b>	<b>25.5 sen</b> +14% vs Q3
<b>Dividend per share</b>	<b>27.0 sen</b> +29% vs Q3
<b>Payout ratio</b>	<b>106%</b>

Payment scheduled for 9<sup>th</sup> Mar 2021

A black and white 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.

# Other Business Updates

# Illegal tobacco crisis remains a key threat

## Budget 2021 step in the right direction

- ✓ Tier 1 moratorium
- ✓ Import restrictions
- ✓ Transshipment restrictions
- ✓ Operationalising of multi-agency taskforce



## Tobacco black market continues to grow

# 64.4%

November Illegal Cigarette Survey by Nielsen



## BAT actively engaging for further action

100k responses to surveys



Price gap between legal and black-market cigarettes need to be addressed

# Opportunity exists for Government to legalise nicotine vaping



Growing global agreement on the harm reduced nature of vaping



> 1million vapers using unregulated products



> 3,000 established SME vape retailers



Vapour potential revenue of RM300m for MY Government

**Malaysians deserve access to a regulated market place with proper safety controls in place**

# BAT Malaysia Summary

- ➔ **Dunhill, growing share of premium segment. Rothmans and KYO growing their share of market.**
- ➔ **3 consecutive quarters of growth momentum.**
- ➔ **Significant enforcement and excise reform required to STOP THE BLACK MARKET.**
- ➔ **Encouraging Budget 2021 outcomes, nicotine vaping still needs to be regulated.**

**Thank you**