



Our purpose is to build a better tomorrow by reducing the health impact of our business

A BETTER TOMORROW™

QUARTER 3, 2021 PERFORMANCE

28th October 2021



Agenda

1 Q3 Business Review and Financial Performance

2 Other Business Update





Q3 Business Review



2021 Key priorities



1 Combustible Value Growth 

2 Step-Change in New Categories 

3 A Simpler & Smarter Company 

Key Enablers:


Sustainability


Accelerating Tomorrow's Leaders



Q3 Highlights



-4%*

vs Q2'21

Legal domestic industry volume



+1%

vs Q2'21

BAT domestic volume



+1%

vs Q2'21

Total BAT volume (incl. Duty Free)



57.9%

May'21

Illegal FMC
-6.2ppt vs Dec'20

Source: Nielsen ICS report



+0.2ppt

vs Q2'21

BAT Share of Market



+3%

vs Q2'21

Revenue



+1%

vs Q2'21

Profit from operations



+10%

vs Q2'21

Earnings per share

*Adjusted CMTM IMS Big 3 industry exchange

Continuous share & profit growth despite FMCO restriction

YTD Sep'21 highlights



+6%*

vs SPLY

Legal domestic industry volume



+7%

vs SPLY

BAT domestic volume



+3%

vs SPLY

Total BAT volume (incl. Duty Free)



57.9%

May'21

Illegal FMC
-6.2ppt vs Dec'20

Source: Nielsen ICS report



+1ppt

Vs SPLY

BAT Share of Market



+7%

vs SPLY

Revenue



+24%

vs SPLY

Profit from operations



+26%

vs SPLY

Earnings per share

*Adjusted CMTM IMS Big 3 industry exchange

BAT brands performing in strategic segments

Dunhill Limited-edition pack celebrating national pride



Share of market

+0.3ppt

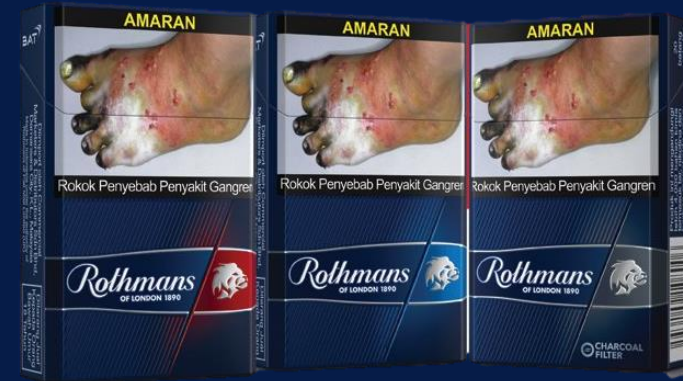
Q3 vs Q2

Share of Premium segment

+0.2ppt

Q3 vs Q2

Rothmans brand modernisation with new pack



Share of market

+0.5ppt

Q3 vs Q1 (pre-launch)

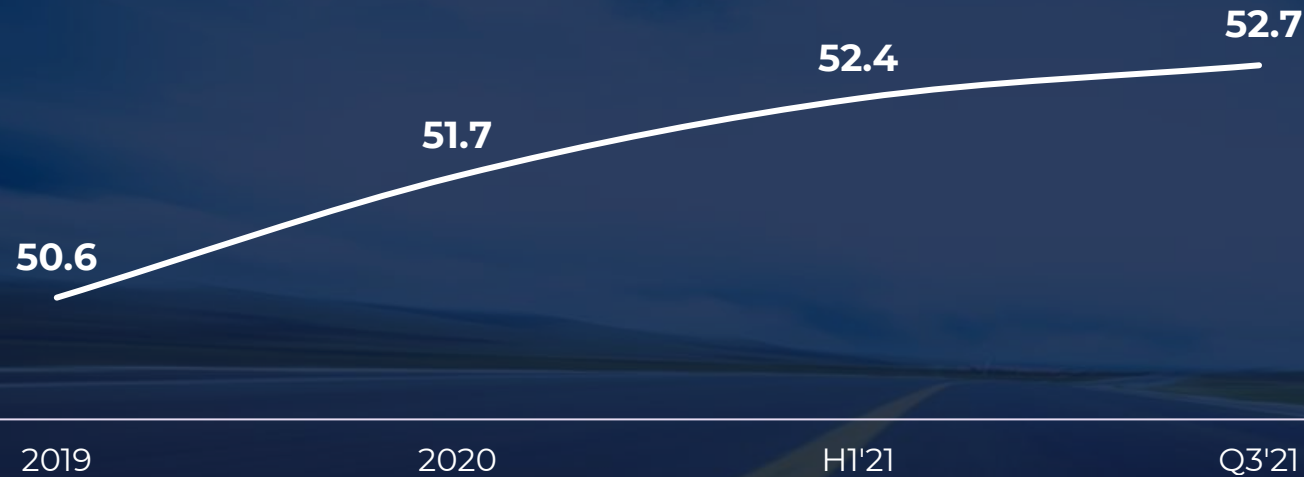
Share of VFM segment

+0.8ppt

Q3 vs Q1 (pre-launch)

Share growth momentum continues in Q3

BAT Retail Audit Share of Market (%)



YTD Sep vs SPLY



+1 ppt



Dunhill share of segment

+2.1ppt

(YTD Sep vs SPLY)



VFM share of segment

+2.5ppt

(YTD Sep vs SPLY)

Source: IPSOS Retail Audit Malaysia (Sep-21)

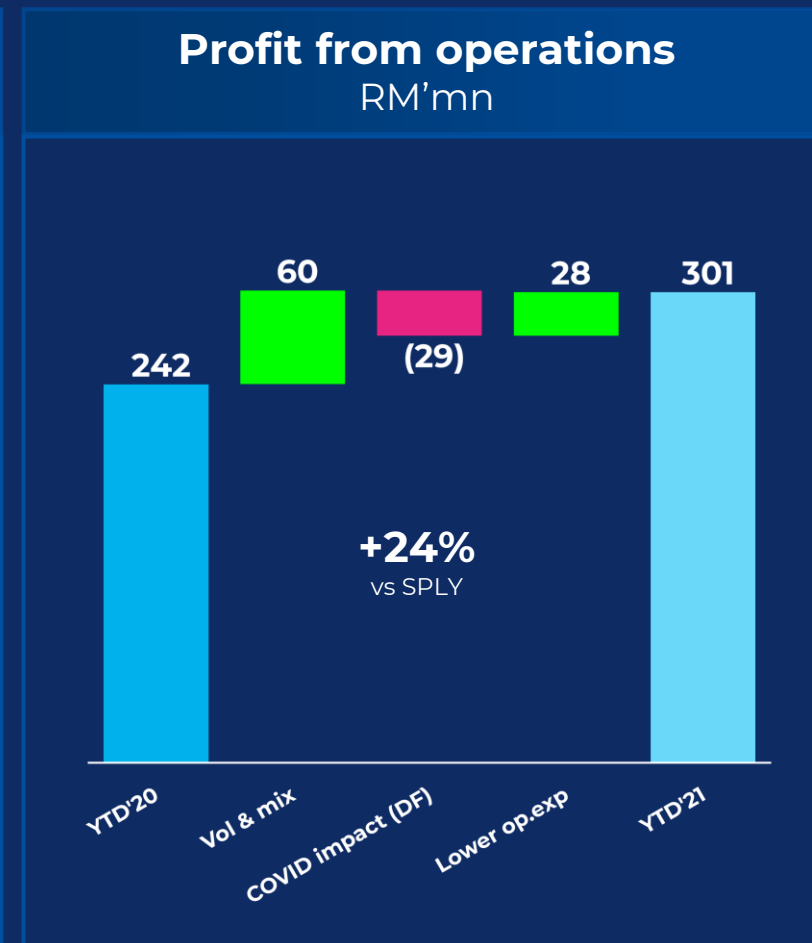
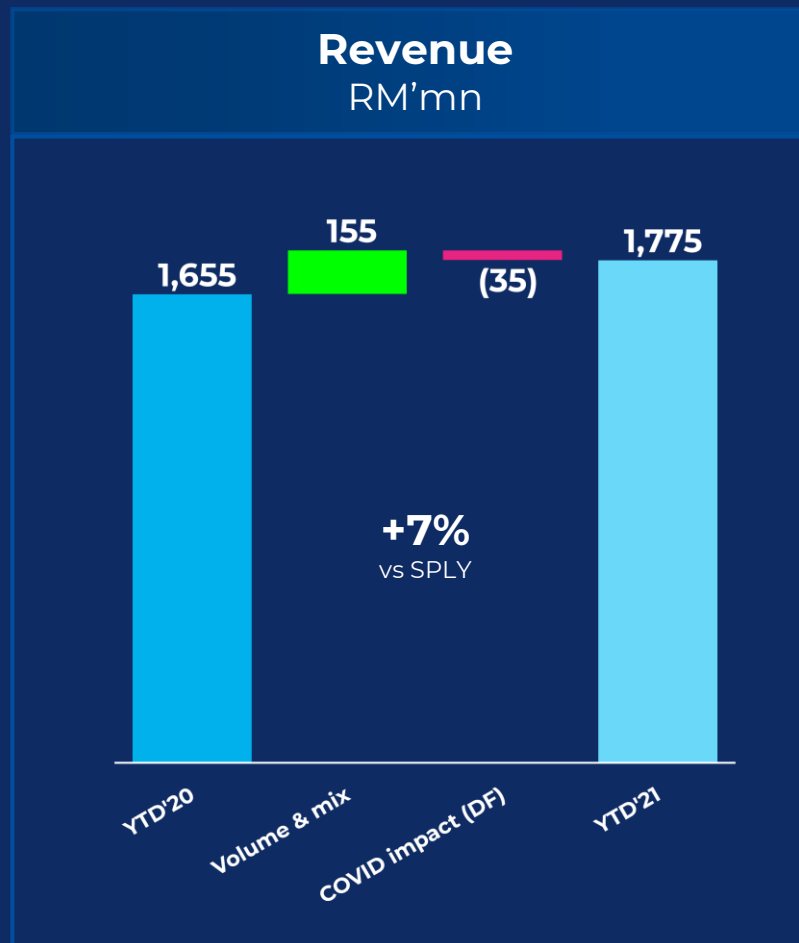
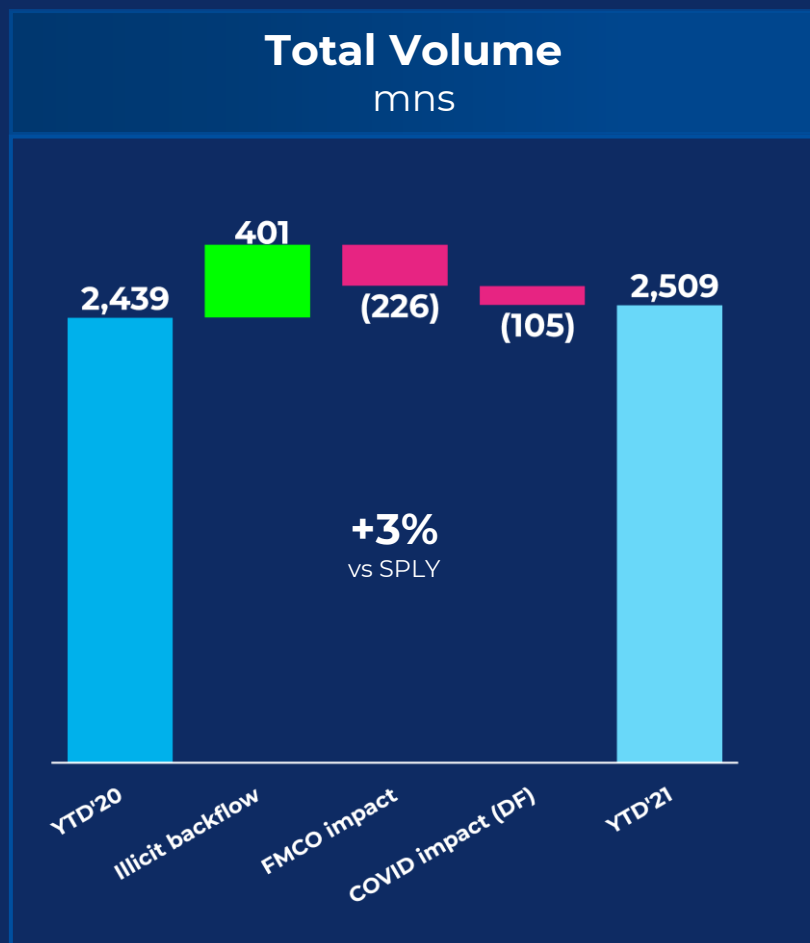
Winning portfolio strategy driving corporate share growth



Q3 Financial Performance



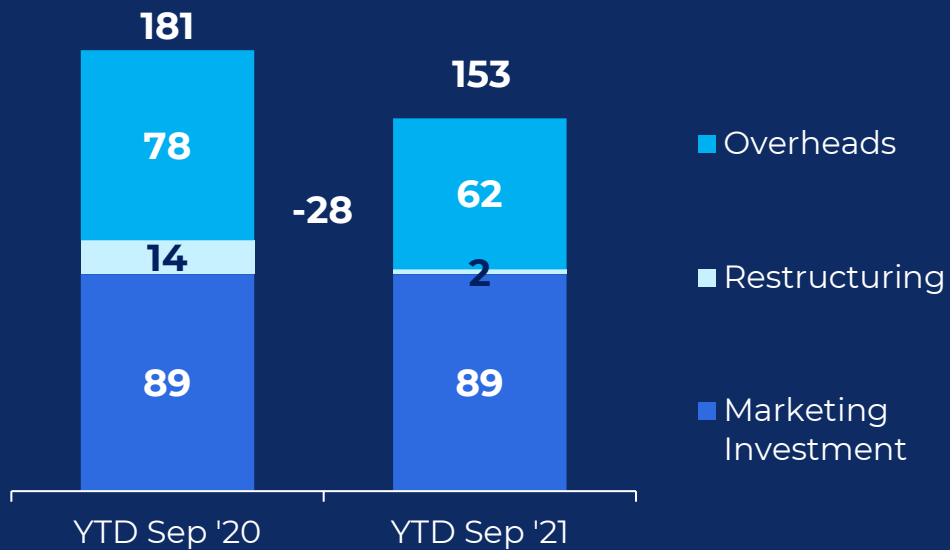
YTD Sep'21 Financial performance



Positive results driven by revenue growth and cost optimisation

Cost optimisation without compromising investments behind strategic brands

Operating Expenses RM'mn



Share of Premium segment
+2.1ppt
YTD Sep vs SPLY



Share of VFM segment
+2.5ppt
YTD Sep vs SPLY

Source: IPSOS Retail Audit Malaysia (Sep-21)

Dividend payout for Q3 2021

Earnings per share

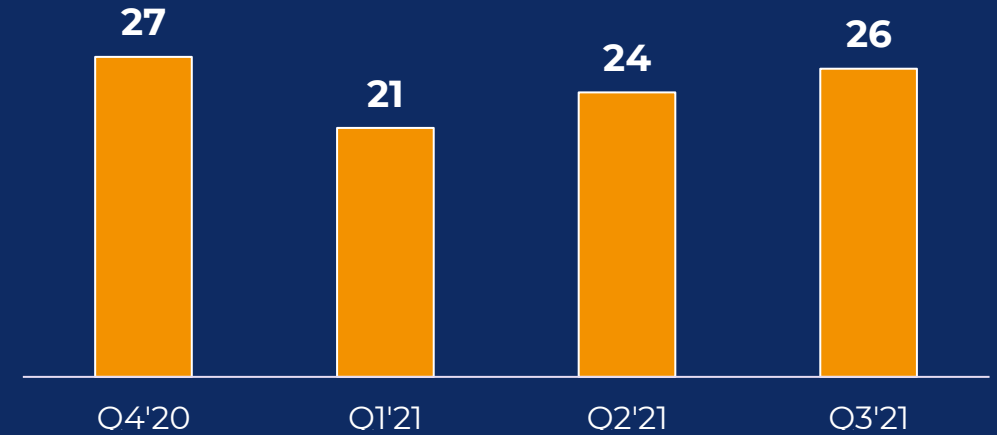
27.6 sen
+24% vs Q3'20

Dividend

26.0 sen
+24% vs Q3'20

Payout ratio

94%



Dividend Yield

7%

Payment scheduled for 25th November 2021

- Based on average last 12 months share price
- Based on last 3 quarters dividend paid out and third interim dividend 2021 declared



Other Business Updates



Tobacco black market remains a significant threat

Budget 2021 measures had resulted in 6.2ppt reduction in illicit cigarette incidence



- Transshipment restrictions
- Import restrictions
- Strengthening of multi-agency taskforce

However, tobacco black market syndicates are pivoting to coastal smuggling

HOW ILLICIT CIGARETTES ARE SMUGGLED INTO MALAYSIA VIA COASTAL



- Marine Police seized more than RM220 mil of smuggled items in H1'2021 compared to RM56 mil for the same period last year.
- More than 70% of these seizures were illegal cigarettes and liquor followed by drugs.*

*<https://www.thesundaily.my/home/marine-police-seize-more-than-rm220m-of-smuggled-items-from-january-to-june-KD8041095>

Budget 2022 Wishlist

- Include further measures to clamp down on the tobacco black market, through enhanced enforcement initiatives.
- Maintain tobacco excise to address the price gap between legal products and those in the black market.

Progressive approach needed for nicotine vapour



Harm reduction

Provide today's adult smokers with a choice of reduced-risk products - In line with our A Better Tomorrow™ purpose



> 1 million vapers

Ensure Malaysia's 1.1 million vapers have access to products that are regulated and compliant to quality and safety standards.



Risk proportionate

Taxation and regulations need to be evidence based by taking account of the reduced-risk nature of these products not to be treated in the same way as conventional cigarettes

Budget 2022 Wishlist

- Introduce a risk proportionate taxation and regulatory framework for nicotine vapour.



Q3 key Sustainability activities

H

Reducing the **HEALTH** impact of our business

BAT Malaysia unveils new sustainability strategy, with focus on harm reduction

Esther Lee / theedgemarkets.com
September 14, 2021 15:06 pm +08

HOME MALAYSIA
Experts: Tobacco harm reduction already successful in reducing smoking in many countries

Wednesday, 11 Aug 2021 06:13 PM MYT

Continued advocacy for regulated nicotine vapour market-place

E

Excellence in **ENVIRONMENTAL** management



All metrics relating to waste, water, energy and recycling on-track

S

Delivering a positive **SOCIAL** impact



COVID relief programme supporting our communities

G

Robust corporate **GOVERNANCE**



Recognised for excellence in corporate governance



BAT Malaysia Summary

- ➔ **Continuous share & profit growth in Q3 despite FMCO restrictions**
- ➔ **BAT brands continue to grow across all price segments**
- ➔ **Sustained consecutive quarter on quarter growth across key financial indicators**
- ➔ **Enhanced enforcement and maintained tobacco excise are required to clamp down on the tobacco black market**
- ➔ **Advocate for the introduction of a regulatory framework for reduced-risk products such as nicotine vapour**
- ➔ **Updated sustainability strategy, with focus on harm reduction**