



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

# A BETTER TOMORROW™

# QUARTER 2, 2021 PERFORMANCE

23<sup>rd</sup> July 2021



# Agenda

**1** Q2 Business Review and Financial Performance

**2** Other Business Update





# Q2 Business Review and Financial Performance



# 2021 Key priorities

**A BETTER  
TOMORROW™**

**1** Combustible Value Growth



**2** Step-Change in New Categories



**3** A Simpler & Smarter Company



*Key Enablers:*

Sustainability



Accelerating  
Tomorrow's  
Leaders



# H1 highlights



**+12%**

vs H1'20

**Legal domestic industry volume**



**+14%**

vs H1'20

**BAT domestic volume**



**57.9%**

May'21

**Illegal FMC**  
**-6.2ppt** vs Dec'20



**+1.5ppt**

Vs H1'20

**BAT Share of Market**



**+13%**

vs H1'20

**Revenue**



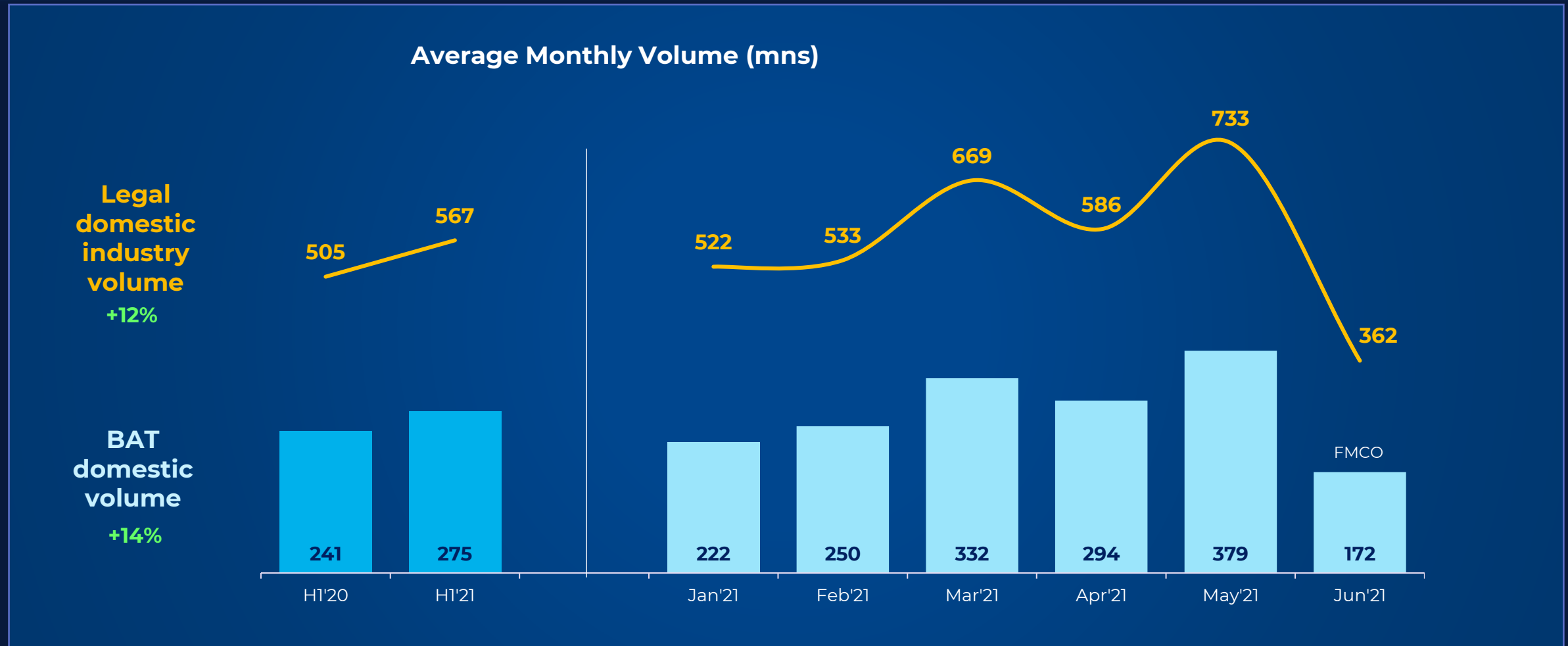
**+25%**

vs H1'20

**Profit from operations**

**Budget 2021 measures to tackle Illicit driving H1 volume +14% resulting in profit +25%**

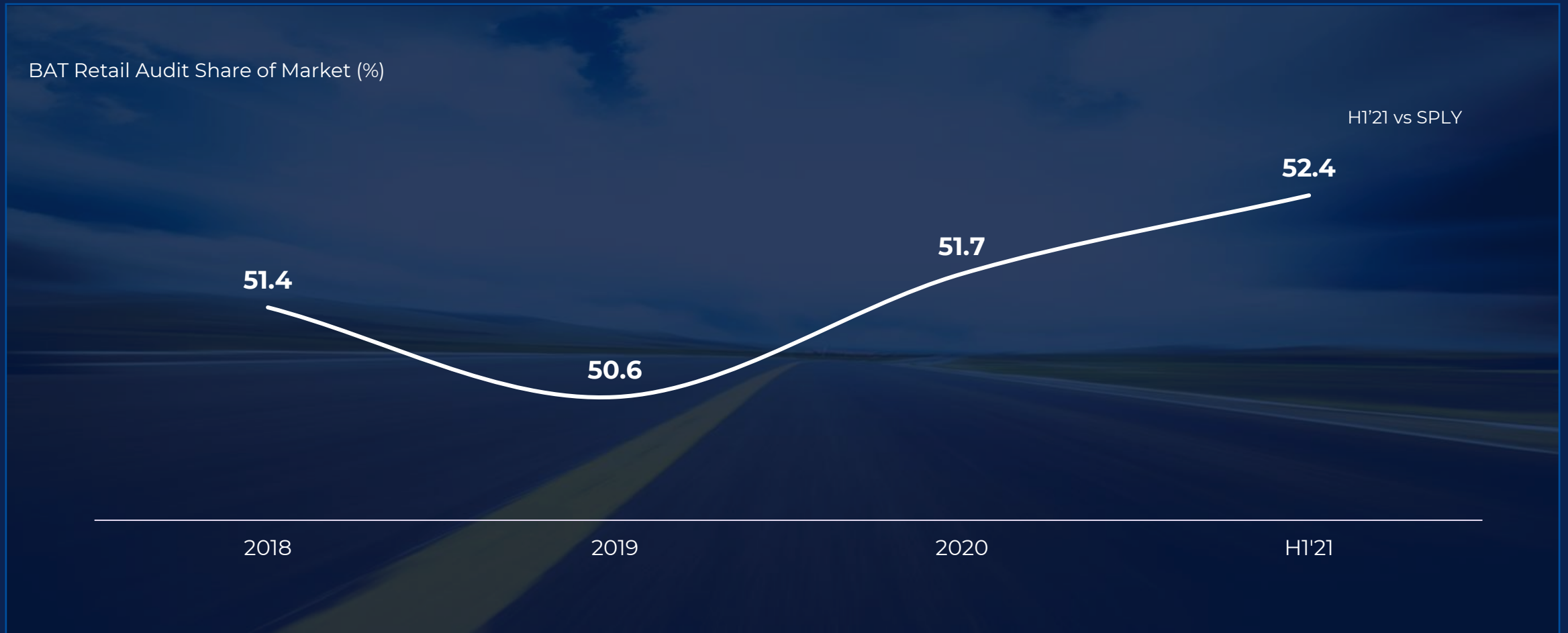
# Legal industry volume recovery driven by positive anti-illicit measures



Source: CMTM Big 3 industry exchange

**BAT outperformed legal industry in first half despite disruption from FMCO in June'21**

# Share growth momentum continues in 2021



Source: IPSOS Retail Audit Malaysia

**Strong portfolio performance drives growth**

# Q2 Financial performance



**+5%**

vs Q1'21

**Total BAT volume  
(incl. Duty Free)**



**+5%**

vs Q1'21

**Revenue**



**+23%**

vs Q1'21

**Profit from operations**



**+13%**

vs Q1'21

**Earnings per share**

**6<sup>th</sup> consecutive quarter on quarter growth**



# H1 Financial performance



**+10%**

vs H1'20

**Total BAT volume  
(incl. Duty Free)**



**+13%**

vs H1'20

**Revenue**



**+25%**

vs H1'20

**Profit from operations**



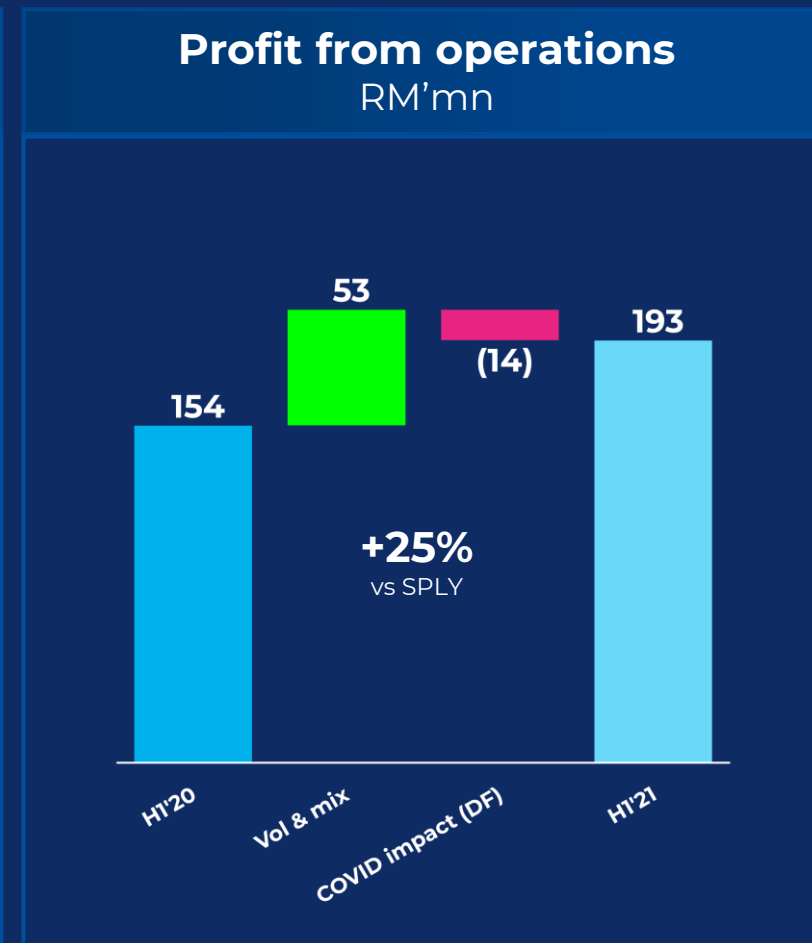
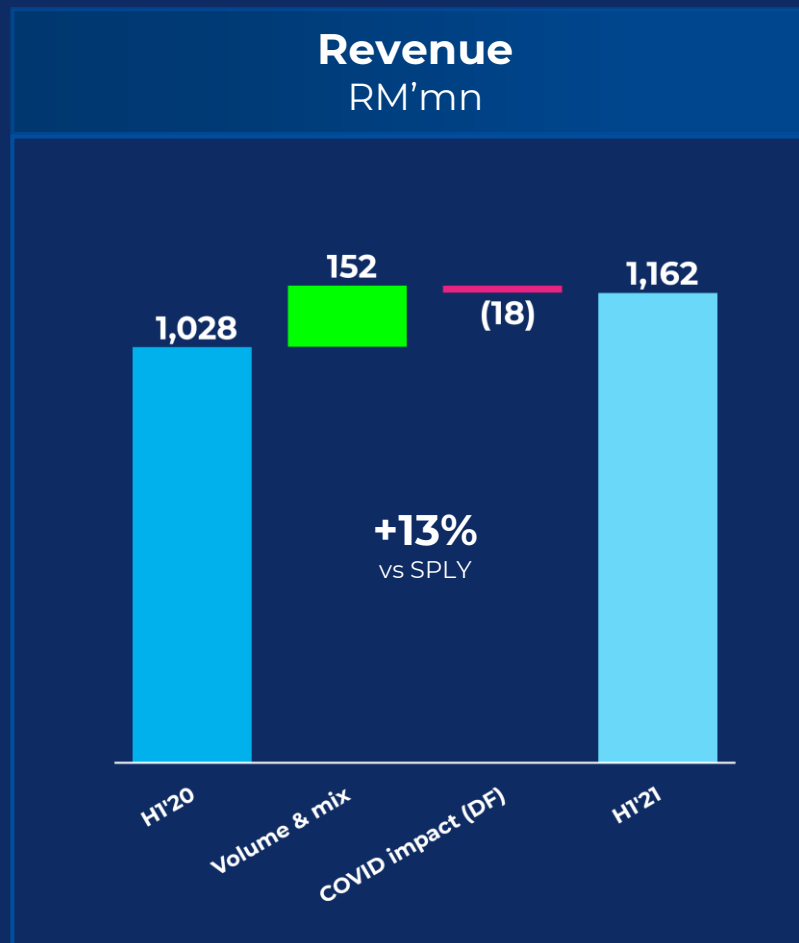
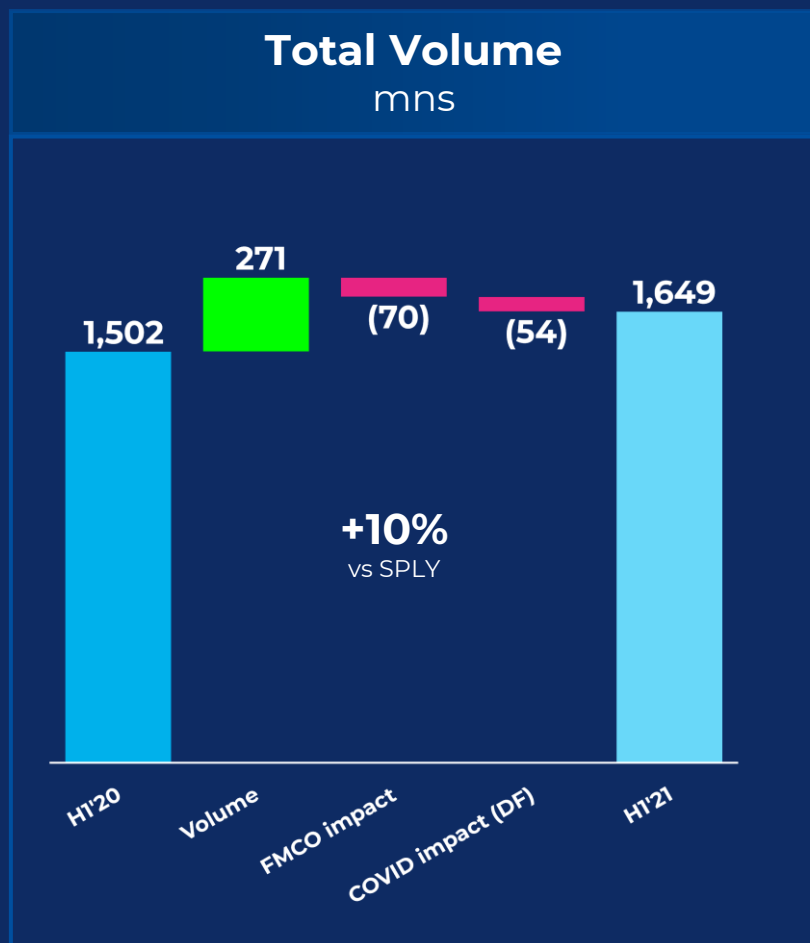
**+28%**

vs H1'20

**Earnings per share**

**Strong performance across all key metrics**

# H1 positive results driven by strong volume growth



Continued positive signs of recovery from measures against the tobacco black market

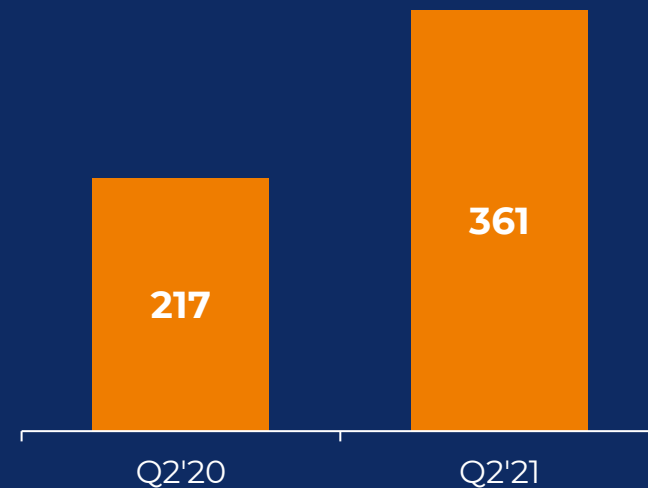
# Optimising cost and securing inventories coverage

## Operating Expenses RM'mn



Overhead savings partially offset by additional investment behind strengthening our portfolio

## Inventories RM'mn



Holding 5 weeks of additional inventories to manage uncertainties in supply and volatility in demand

# Dividend payout for Q2 2021

**Earnings per share**

**25.1** sen  
+31% vs Q2'20

**Dividend**

**24.0** sen  
+33% vs Q2'20

**Payout ratio**

**96%**

Payment scheduled for 20<sup>th</sup> August 2021



# Other Business Update



# Tobacco black market remains a significant threat

## Budget 2021 measures step in the right direction



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

## However, tobacco black market syndicates are shifting focus



- Shifting of modus operandi from port to coastal smuggling

## Sustained momentum required



- Hold firm to Budget 2021 measures
- Fiscal stability maintained
- Expand enforcement to cover coastal smuggling
- Address price gap between legal and black market cigarettes

**Supply and demand measures required to really impact the tobacco black market**

# BAT supports growing calls for nicotine vapour regulation



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

**Ensure Malaysia's 1.1 million vapers have access to products that comply with safety & quality standards**

**Generate economic activity, spur FDI and SME growth**

**Unlock potential RM300million tax revenue for the government**

# BAT Malaysia Summary

- ➔ **H1 positive results driven by +14% increase in volume**
- ➔ **BAT brands growing share across all price segments**
- ➔ **Encouraging Budget 2021 measures to tackle the tobacco black market. Industry sustainability requires supply and demand measures**
- ➔ **Progressive regulations on vaping products needed in Malaysia**





**THANK YOU**

