



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

# A BETTER TOMORROW™

# QUARTER 1, 2021 PERFORMANCE

31<sup>st</sup> May 2021



# Agenda

**1** Q1 Business Review and Financial Performance

**2** Other Business Update





# Q1 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



# Q1 highlights



**+19%**

vs Q1'20

**Legal domestic  
industry volume**



**+19%**

vs Q1'20

**BAT domestic volume**



**+1.9ppt**

vs Q1'20

**BAT Share of Market**



**+18%**

vs Q1'20

**Revenue**



**+22%**

vs Q1'20

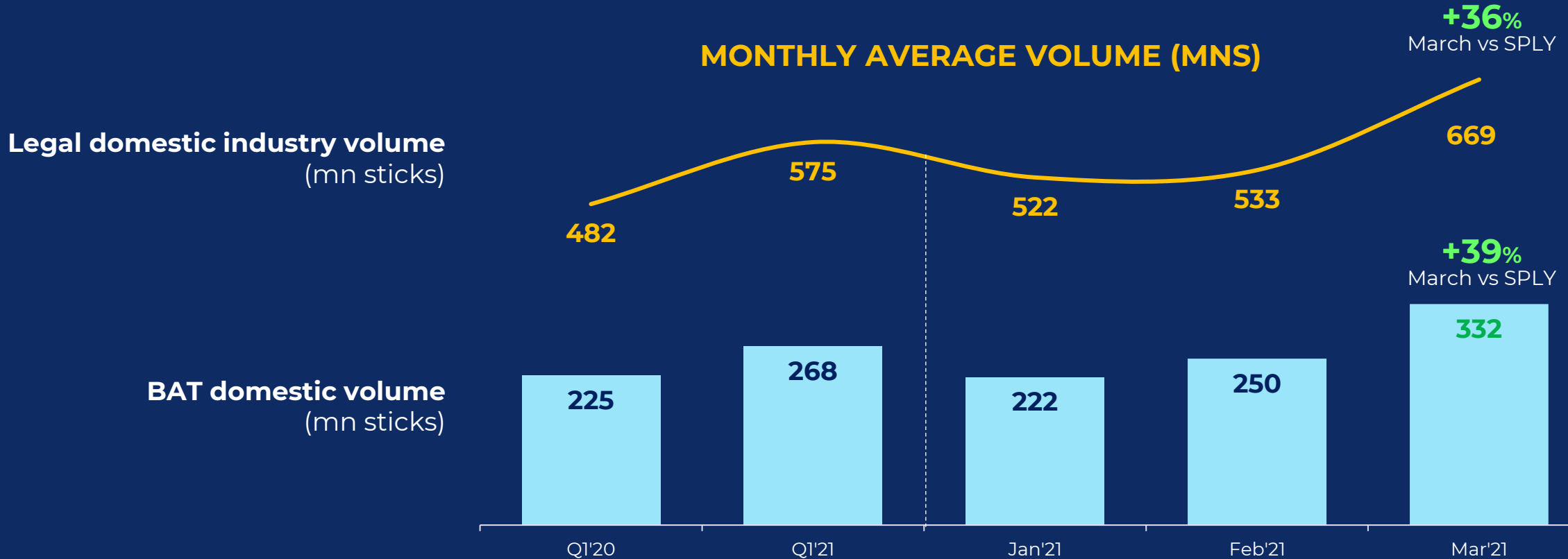
**Profit from operations**

Source: CMTM Big 3 industry exchange, IPSOS Retail Audit

**Back to growth delivering strong Q1 result across all key indicators**

# Legal domestic volume recovery

Drop in illicit resulted in backflow to legal market



Source: CMTM Big 3 industry exchange

**BAT outperformed legal industry in March**

# Share growth momentum continued in Q1'21



Source: IPSOS Retail Audit Malaysia

**Strong portfolio performance drives growth**

# Financial performance



**+14%**

vs Q1'20

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



**+18%**

vs Q1'20

**Revenue**



**+22%**

vs Q1'20

**Profit from operations**



**+24%**

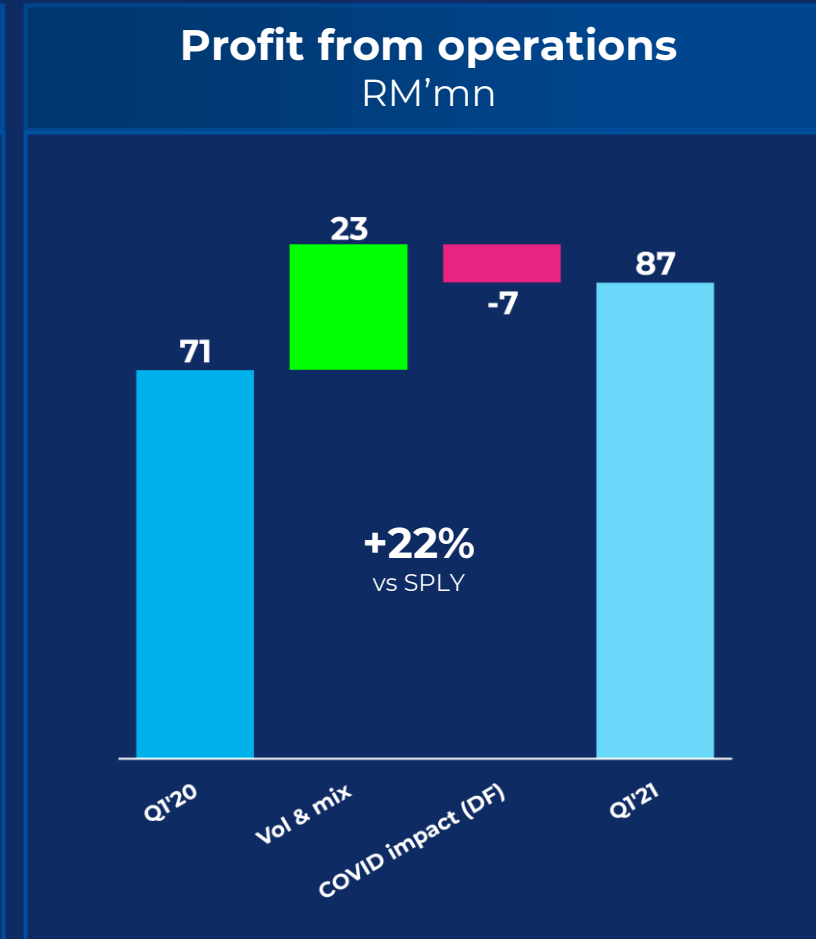
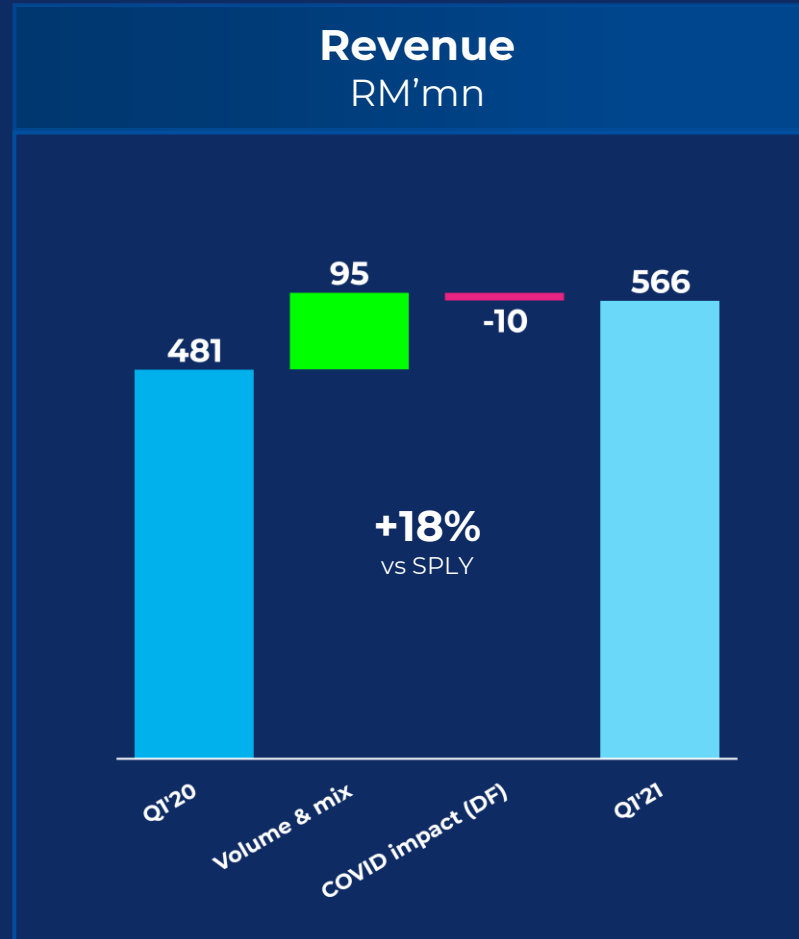
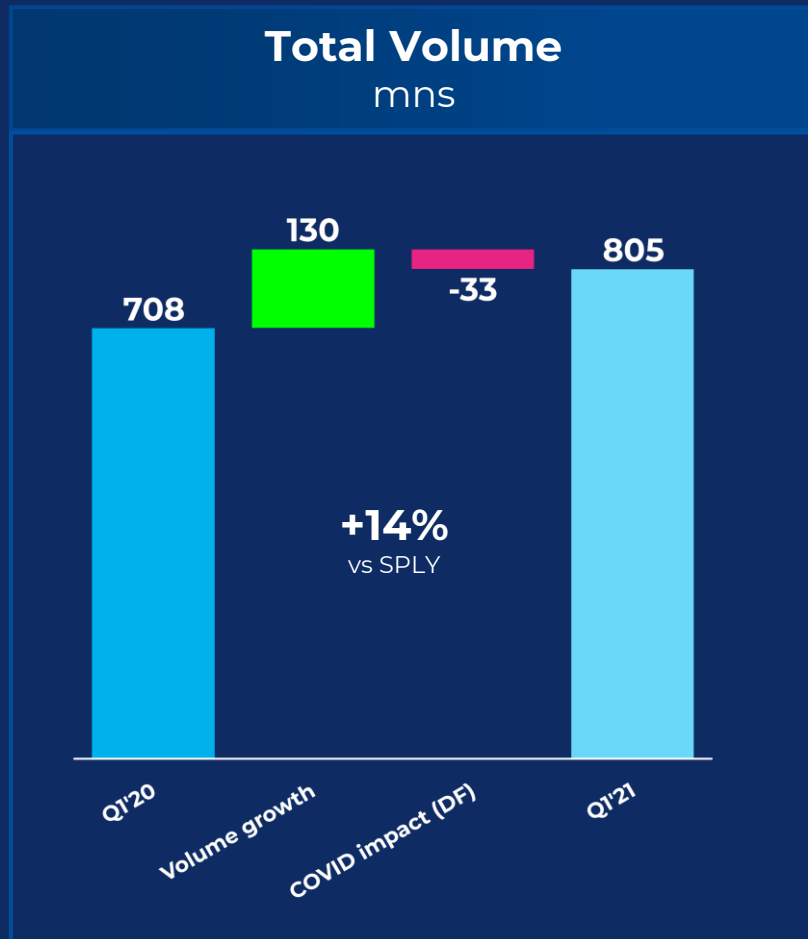
vs Q1'20

**Earnings per share**

**Significant improvement across all key metrics**



# Q1 positive results driven by strong volume growth

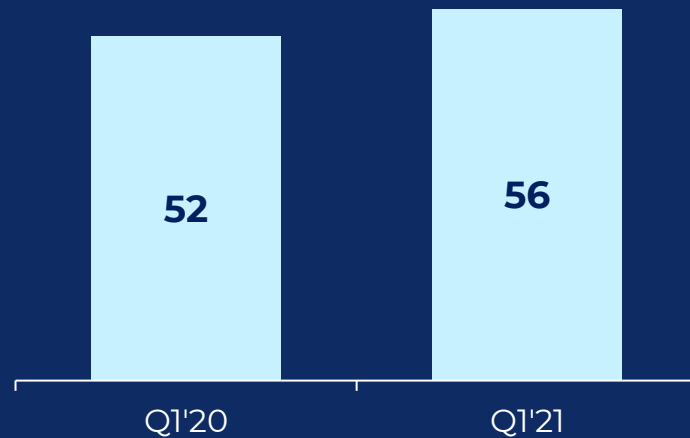


Early signs of recovery from measures to tackle the tobacco black market

# Optimising cost and securing inventories coverage

## Operating Expenses

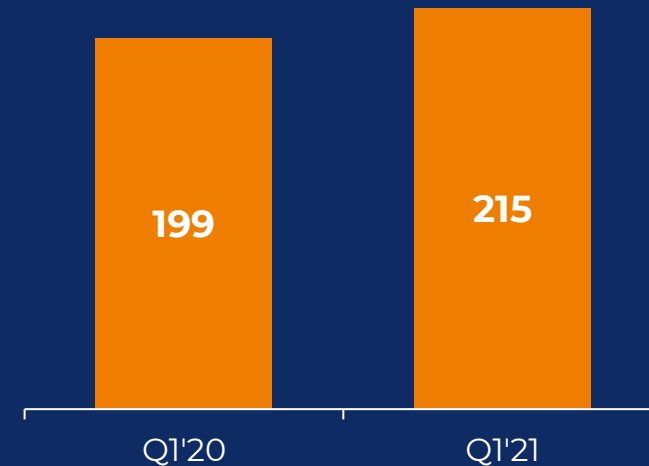
RM'mn



Overhead savings offset by investment behind strengthening Dunhill, Rothmans & KYO

## Inventories

RM'mn



Holding 4 weeks of stock build to manage uncertainties in supply and volatility in demand

# Dividend payout for Q1 2021

**Earnings per share**

**22.1** sen  
+24% vs Q1'20

**Dividend**

**21.0** sen  
+24% vs Q1'20

**Payout ratio**

**95%**

Payment scheduled for 30<sup>th</sup> June 2021



# Other Business Update



# Despite early signs of positive recovery, tobacco black market remains a significant threat

## Budget 2021 measures are a 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 regulations on vaping products

 <p><b>Harm reduction</b></p>	<p><b>Provide today's adult smokers with a choice of reduced-risk products - In line with our A Better Tomorrow™ purpose</b></p>
 <p><b>&gt;1 million vapers</b></p>	<p><b>Ensure Malaysian vapers use regulated products that comply to safety and quality standards</b></p>
 <p><b>Economy</b></p>	<p><b>Generate economic activities, job opportunities and spur SME development in Malaysian vaping industry</b></p>
 <p><b>Tax revenue</b></p>	<p><b>Potential RM300million tax revenue for the Government</b></p>

Source: "Study on Malaysian Vaping Industry, February 2021" by Malaysian Vape Chamber of Commerce, "National Health and Morbidity Survey 2019" by Malaysian Ministry of Health

**Progressive regulations on vaping products needed in Malaysia**

# BAT Malaysia Summary

- ➔ **BAT volume outperformed legal industry in March**
- ➔ **BAT brands growing in all price segments**
- ➔ **Significant improvement in all key financial indicators**
- ➔ **Encouraging Budget 2021 measures to tackle the tobacco black market. Sustainability requires supply and demand measures**
- ➔ **Progressive regulations on vaping products needed in Malaysia**



**THANK YOU**

