



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

# A BETTER TOMORROW™

# QUARTER 4, 2022 PERFORMANCE

16<sup>th</sup> February 2023



# Agenda

1

Q4 Performance Review

2

Business Updates

**BAT**  
MALAYSIA



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# Q4 '22 Business Performance – Highlights



**54.8 ppt**

-2.4ppt vs FY '21

**Illegal Incidence**



**+5.6%**

vs. Q4 '21

**Legal Domestic Volume**



**-12.6%**

vs. Q4 '21

**Total Volume**

**Industry**

**BAT**

Continuous QoQ Illicit Reduction & BAT Volume affected by RTM Transition in Q4 '21

# FY '22 Business Performance – Highlights



**56.6** ppt

-0.6 vs FY '21

**Illegal  
Incidence**



**+4.8%**

vs. SPLY

**Legal Domestic  
Volume**



**-2.0%**

vs. SPLY

**Total  
Volume**



**-0.8** ppt

vs. SPLY

**Share of  
Market**

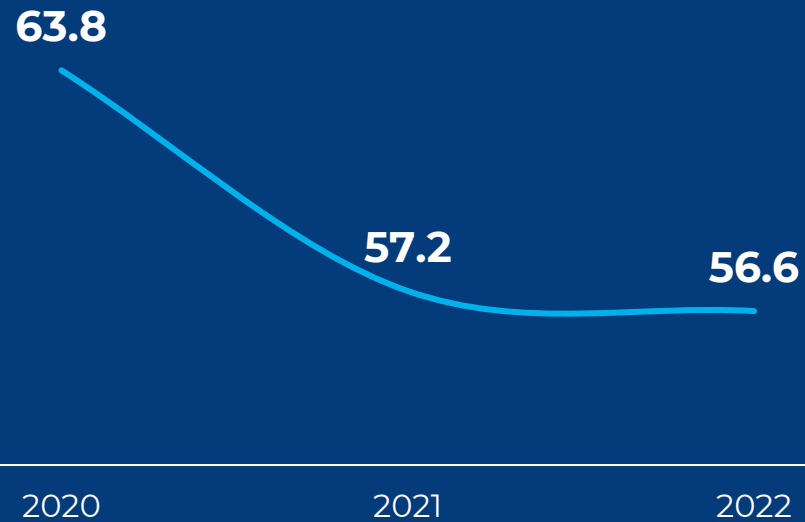
**Industry**

**BAT**

Industry Rebound with Illicit Reduction & RTM Transition in '21 impacts BAT's Full Year Volume

# FY '22 Business Performance – Illicit vs Legal

## Illicit Incidence



Source: Nielsen Illegal Cigarettes Study

## Monthly Legal Industry Volume (bns)



Source: CMTM Industry Exchange

Further Illicit Reduction | Industry Offtake Rebound & Normalised

# FY '22 Business Performance – BAT SoM



BAT Retail Audit Share of Market (%)



Dunhill Share of Segment

**+1.1ppt**  
(FY '22 vs SPLY)



A.P. Share of Segment

**-2.8ppt**  
(FY '22 vs SPLY)



VFM Share of Segment

**+0.7ppt**  
(FY '22 vs SPLY)

Source: IPSOS Retail Audit Malaysia

Share back to Growth from Q4 '22

# Q4 '22 Financial Performance – Highlights



**-13%**  
vs Q4 '21  
**Volume**



**-11%**  
vs Q4 '21  
**Revenue**



**-9%**  
vs Q4 '21  
**Operating Profit**

Impact from Volume Downside Cushioned by Cost Optimisation Measures



# FY '22 Financial Performance – Highlights



**-2%**  
vs SPLY  
**Volume**



**-2%**  
vs SPLY  
**Revenue**



**-1%**  
vs SPLY  
**Operating Profit**



**+343**<sub>m</sub> RM  
vs SPLY  
**Cash from Operations**

Robust FY Results within Challenging Operating Environment | Effective Cash Conversion

# Q1 '23 Dividend Proposal

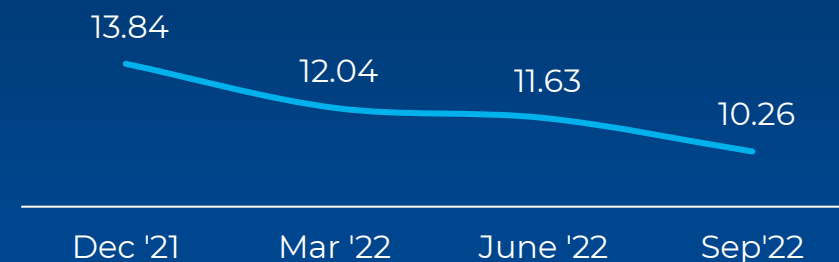
	Q4 '22	Q4 '21	Var
<b>Total BAT Volume</b> (bn sticks)	1.06	1.22	-14%
<b>Revenue</b> (RM mn)	771	862	-11%
<b>Operating Profit</b> (RM mn)	100	110	-9%
<b>Profit after tax</b> (RM mn)	62	71	-14%
<b>Earnings per share</b> (sen)	22	25	-4%
<b>Dividend</b> (sen)	21 97% payout ratio	27 108% payout ratio	-22%
	<b>FY '22</b> 96% payout ratio	<b>FY '21</b> 98% payout ratio	

## Dividend for Board's Approval

**21 sen** per ordinary share  
RM60mil, payable on 7 Mar 2023

Dividend Yield **7%\***

## Share Price (RM)



\* Based on last 3 quarters dividend paid out and fourth interim dividend 2022 declared (Share price is based on date of announcement)

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# Refined Strategy for Sustainable Growth



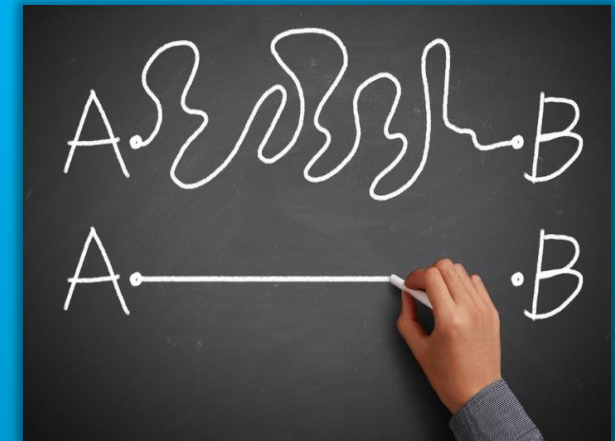
Combustible  
Value Growth



Step-Change in New  
Categories



A Simpler & Smarter  
Company



ESG Front and Center

# Glo is in the Market now...



SATISFACTION AT UNPARALLELED VALUE

# Q4 Key Sustainability Activities

E

S

G

## Renewable Energy Consumption



**Total Solar Energy Generated** 59,316 kWh

- Green Energy Consumed: **33,253 kWh**
- CO2 Emissions Reduced: **42 tCO2e**  
(Equal to planting 695 trees)

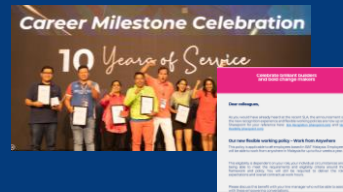
## Water



### AWS Certification

Process initiated

## People & Culture



- Revamped Recognition Framework
- New Flex Work Policies

## Community Farm Gardens



- ✓ Partnership with MOA
- ✓ Infrastructure Development
- ✓ Training for RAs

## Donations



- 100 laptops donated to Yayasan TZA NGO
- RM750K donated to support vulnerable communities

## Recognition



MSWG-ASEAN Corporate Governance Award 2021



Recognized as an "ASEAN Asset Class PLCs" at the 2021 ASEAN Corporate Governance Scorecard.

## Governance Boost



100% Employees Covered

## BAT Malaysia welcomes a comprehensive review on the tobacco bill

### Health minister: MoH to review tobacco generational endgame policy



Dr Zaliha Mustafa speaks on air at Wisma Bernama, Kuala Lumpur December 8, 2022. — Bernama pic

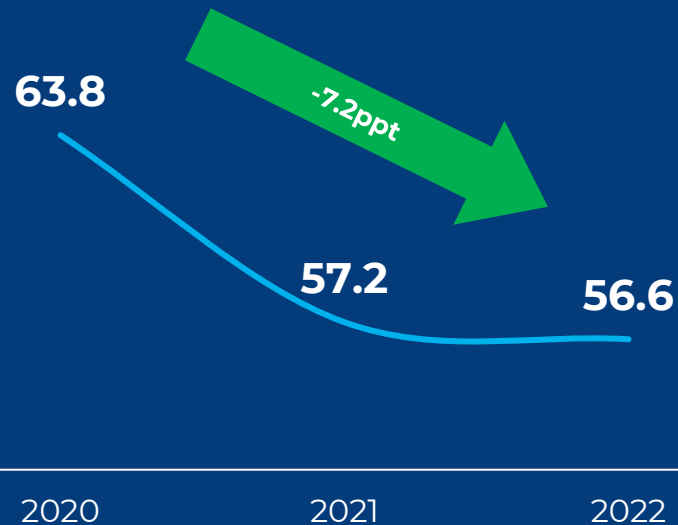
New Health Minister stated that a review will be conducted on the tobacco bill and the generational end game proposal

Instead of introducing additional controls, **BAT Malaysia urges** the new Government to:

- **Prioritise efforts to stop tobacco black market** in the country; and
- Immediately **introduce appropriate regulatory framework** for reduced-risk products

# Government on the right track to tackle tobacco black market with new initiatives

Illicit incidence showing downward trend for 2 consecutive years



Key drivers of the reduction of illicit incidence:

- Focused enforcement in inland
- Effective implementation of transshipment controls

Source: Nielsen Illegal Cigarettes Study

Key initiatives required to further drive down the tobacco black market

Pemandu lori ditahan bersama rokok seludup RM2.28 juta



APMM Kelantan rampas rokok seludup Hong Kong bernilai lebih RM1 juta



- Focus enforcement on coastal smuggling
- Address tobacco black market syndicates
- Sustained efforts on inland seizures
- Maintain excise rate moratorium
- Reduce price gaps between legal and black market tobacco



# Tabling of Budget 2023

## Measures to address revenue leakages from cigarette smuggling announced in October before Parliament dissolution need to be maintained



- Additional measures that were announced to address cigarette smuggling is a step in the right direction
- New measures announced include:
  - Special rewards scheme for enforcement to stop smuggling activities
  - Enhanced controls at entry points for cigarettes including private jetties



**BAT Malaysia urges Government to maintain announced measures to address black market in the tabling of Budget 2023 in February 2023**

# Summary

Delivered FY ambition despite operating in challenging environment

Glo launched as part of multicategory business transformation

Our strategic brands continue to grow across Dunhill & VFM products

Illicit incidence recorded downward trend for 2 consecutive years

MoH to review the proposal on Tobacco Bill

Appropriate regulations needed for potentially reduced-risk products



# Q&A

