



**BRITISH AMERICAN
TOBACCO**
MALAYSIA

British American Tobacco (Malaysia) Berhad

2nd Quarter 2011 Results

Analyst Presentation

21 July 2011

Agenda

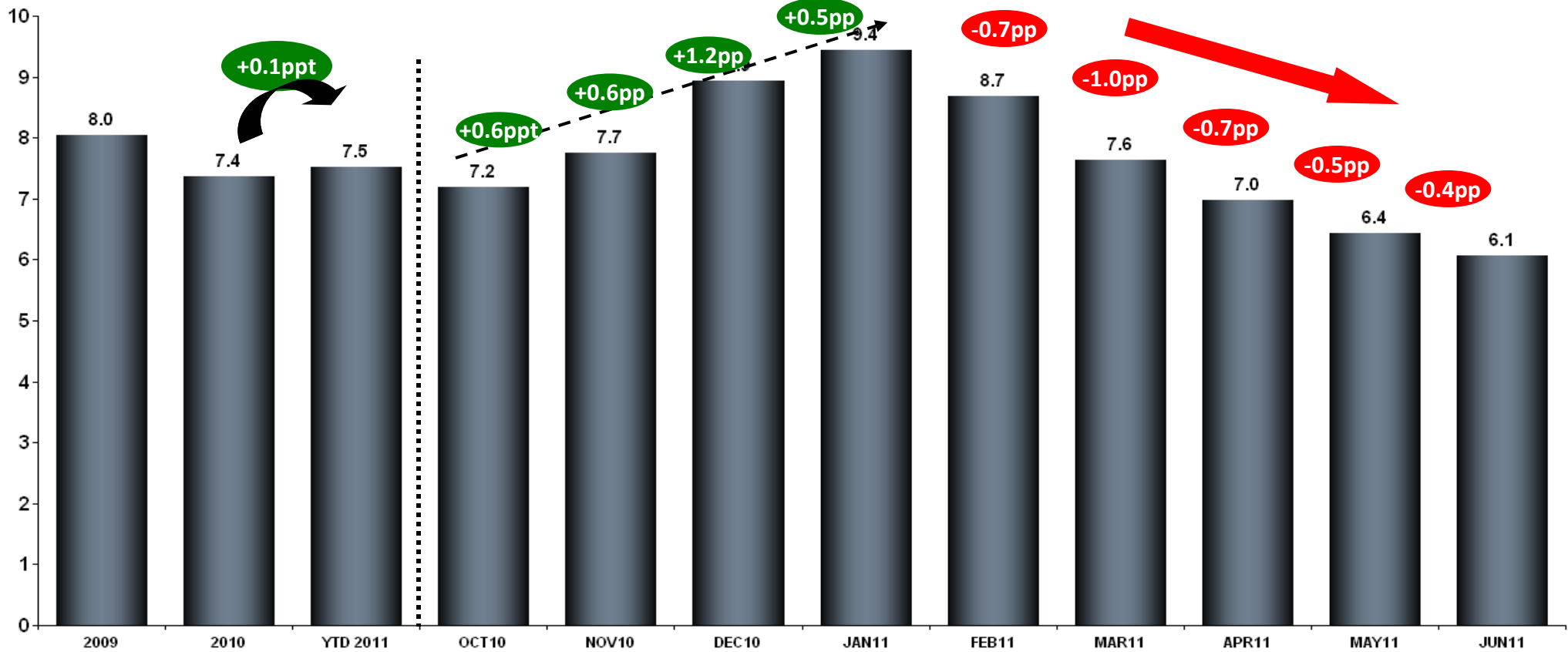
- **Industry Review, Market Share and Volumes**
- **BATM's Activities**
- **Quarter 2, 2011 Results**
- **Other Highlights**
- **Future Prospects**

INDUSTRY REVIEW, MARKET SHARE AND VOLUMES

Sub VFM



Sub-VFM: Share of Market (%) - Malaysia

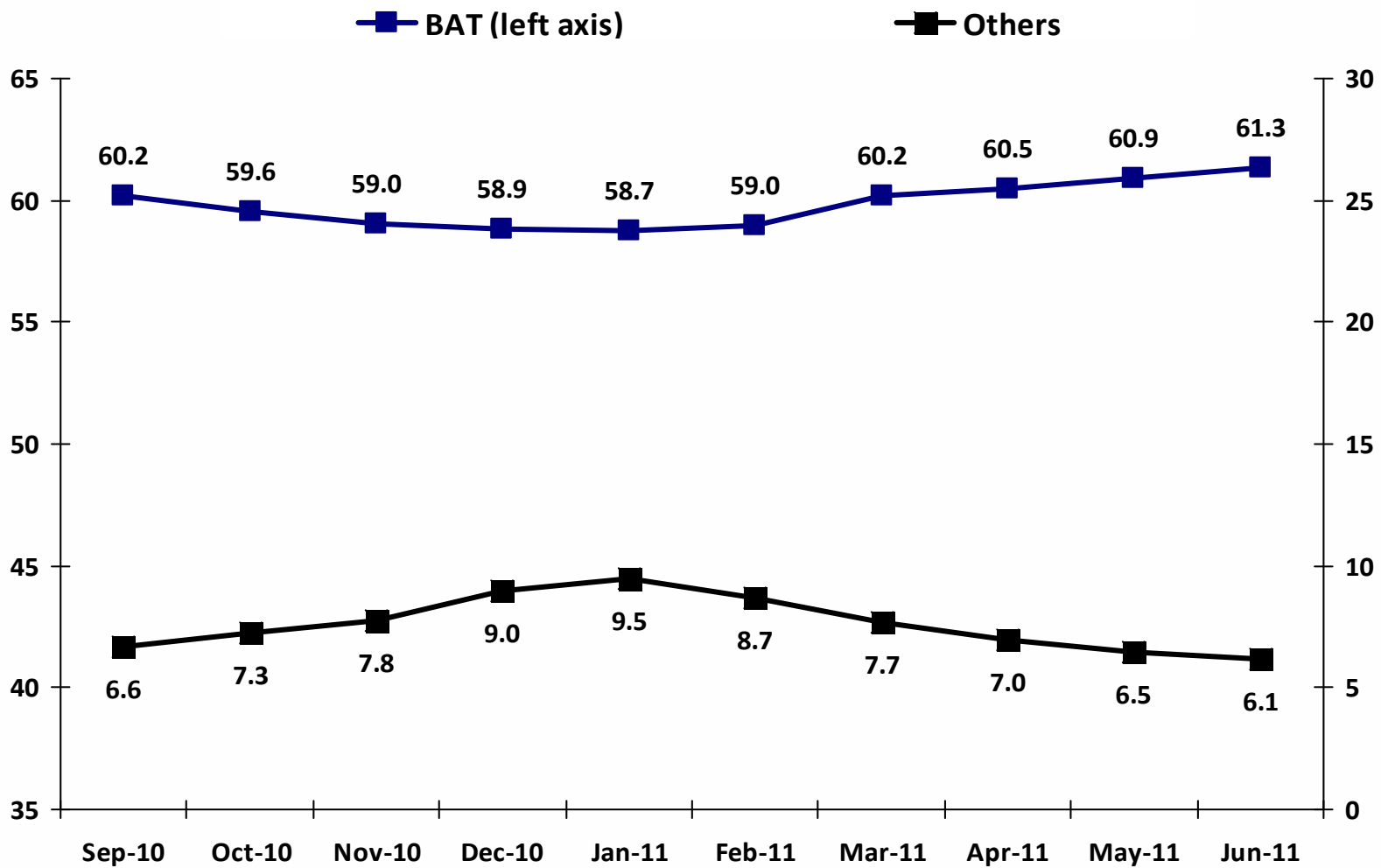


Source: Malaysia Retail Audit (Base: Total Whites)

**Sub VFM segment continues to decline.
Losses driven by adjustment of selling price back to minimum pricing.**

Which contributed to our share recovery

Jun vs. Jan'11

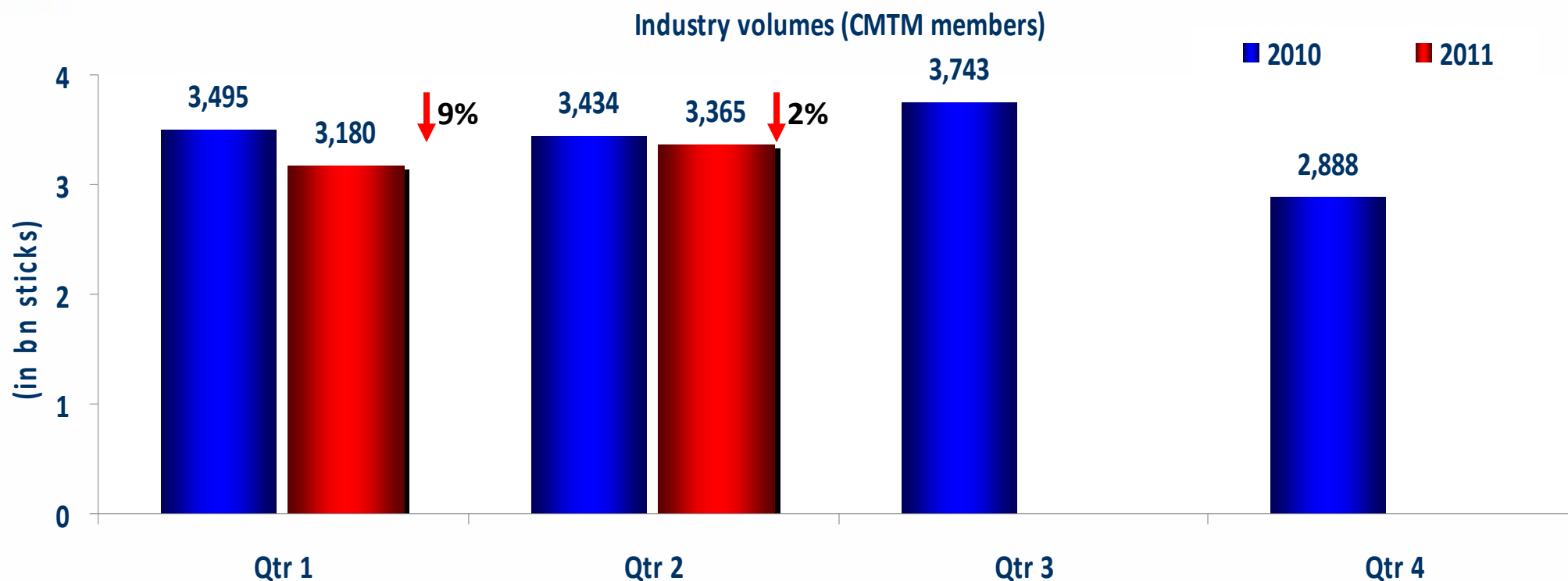


+2.6pp

-3.4pp

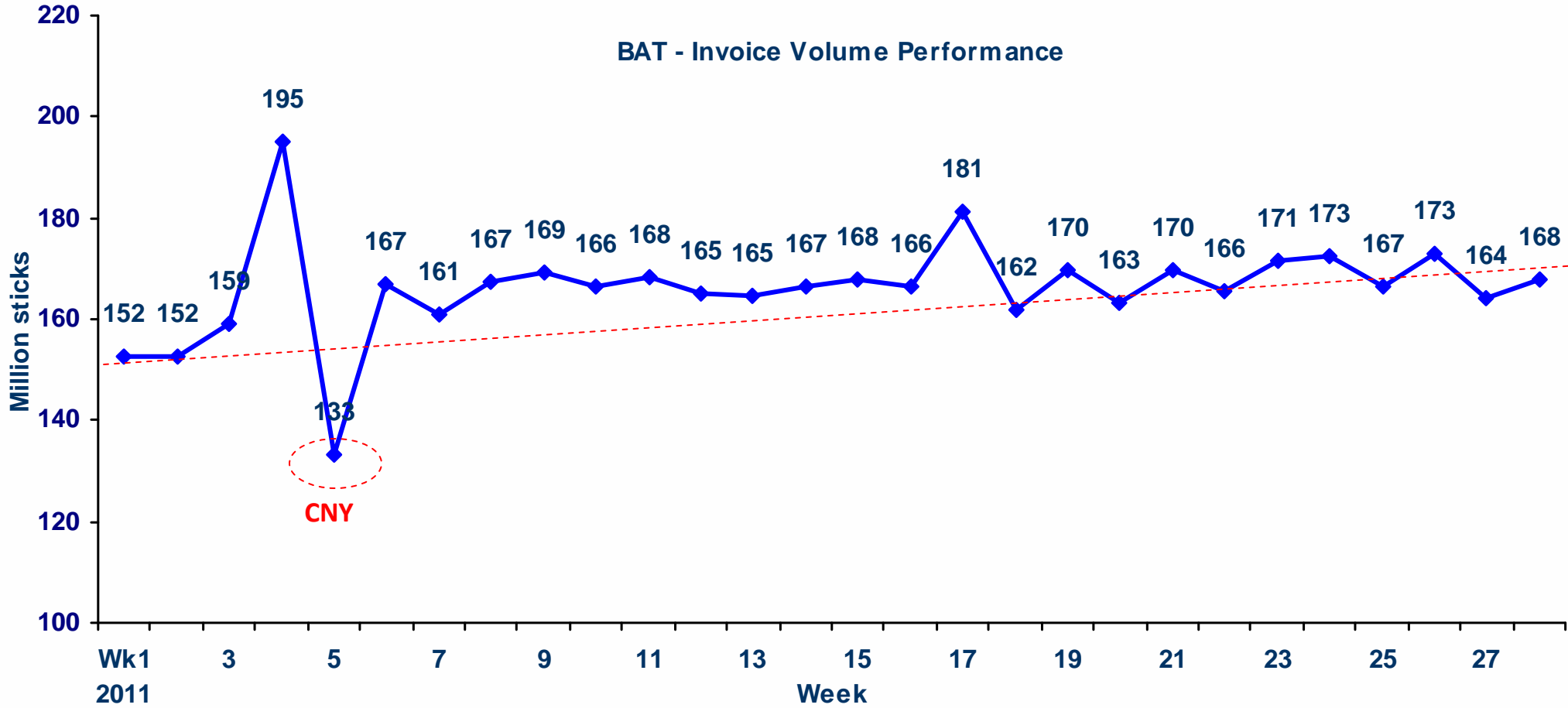
Source: Malaysia Retail Audit (Base: Total Whites)

Industry volumes decreased



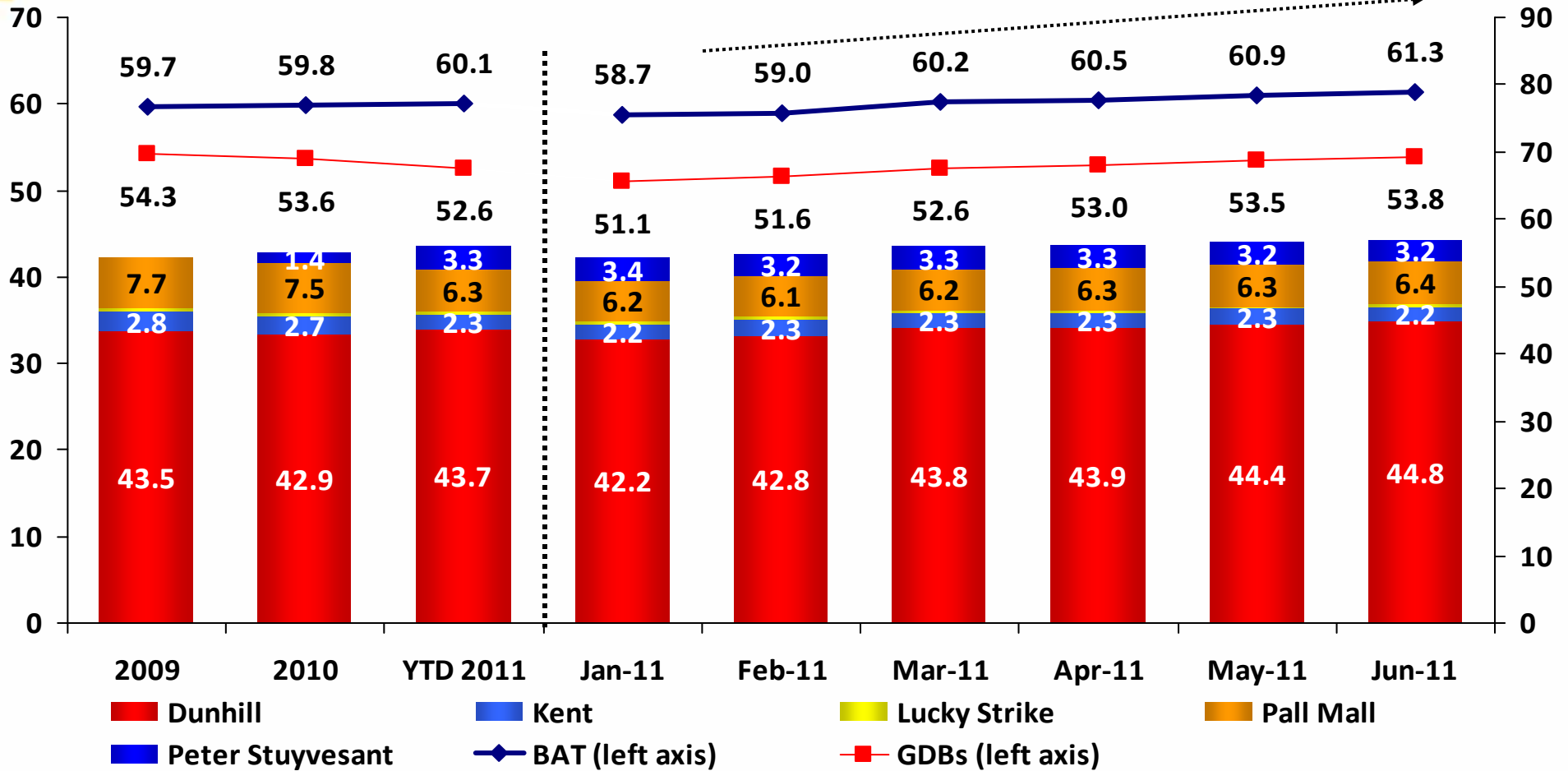
Shipment Volume (in bn sticks)	Q2 2011	Q2 2010	Variance Q2 11 vs Q2 10	1H 2011	1H 2010	Variance 1H 10 vs 1H 09
BATM	2.20	2.22	-1.2%	4.28	4.47	-4.4%
Industry (CMTM members)	3.36	3.43	-2.0%	6.54	6.93	-5.5%
Sub VFM (estimate)	0.24	0.26	-9.7%	0.54	0.56	-3.8%

Weekly Volume Performance



Source: Invoice YTD Wk28 2011

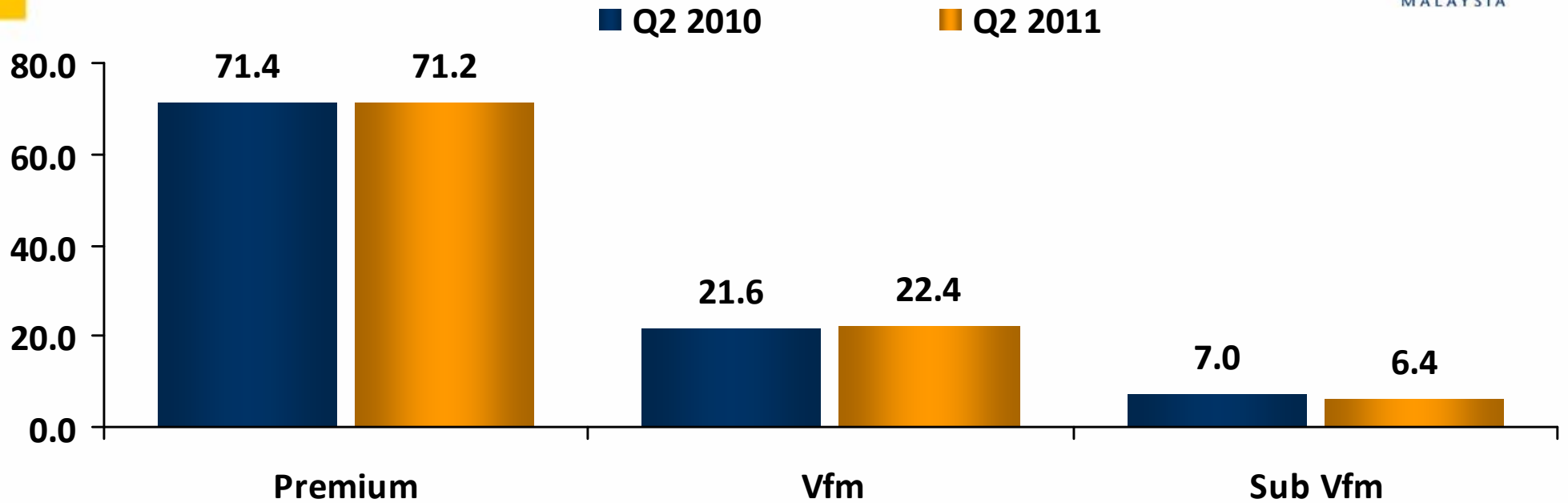
BAT & GDB Share



Source: Malaysia Retail Audit (Base: Total Whites)

YTD June 2011 vs SPLY Corporate Share up by +0.1pp. Corporate share has been growing month on months since January 2011 to register 61.3% in June 2011, its highest since July 2008.

Market remains Premium-skewed



BATM

Q2 2010

Share of Premium	73.4
Share of Value for Money	36.5
Share of Sub-VFM	-

BATM

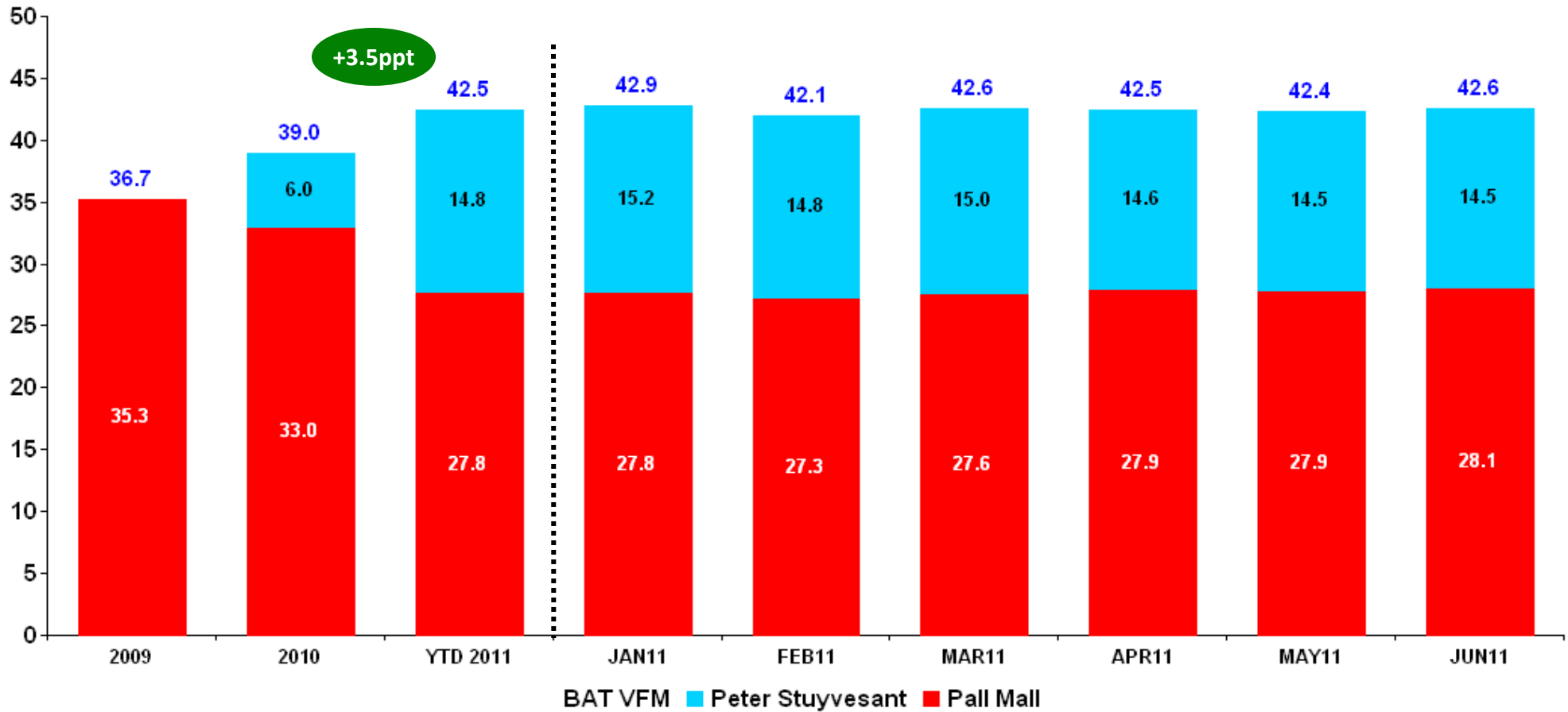
Q2 2011

Share of Premium	72.3
Share of Value for Money	42.5
Share of Sub-VFM	-

BAT VFM share of segment growing



BAT VFM : Share of Segment (%) - Malaysia



Source: Malaysia Retail Audit (Base: Total Whites)

Improvements in BAT VFM SOS (+6.2pp YTD 2011 vs SPLY)

BRAND ACTIVITIES AND PERFORMANCE

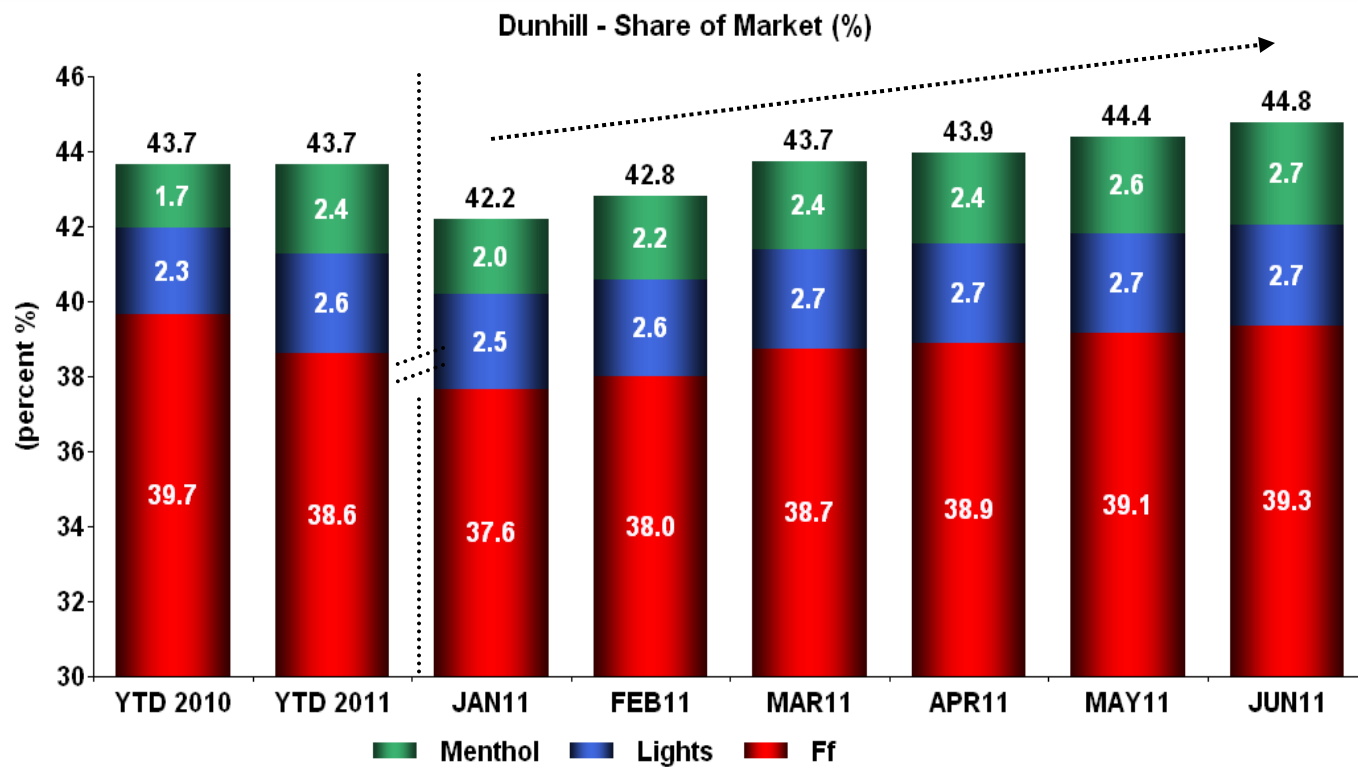


Dunhill



Dunhill Global Pack Design with RELOC

Jan 2011: Dunhill Menthol BOOST



May 2011:
Dunhill SWITCH

First convertible cigarette in Malaysia

Source: Malaysia Retail Audit (Base: Total Whites)

Produk ini mengandungi lebih 4,000 bahan kimia termasuk tar, nikotina dan karbon monoksida yang membahayakan kesihatan.

New Product Line... Dunhill Switch

100% natural Menthol Capsule

Improved Design for Tipping paper –
shorter vs Boost.

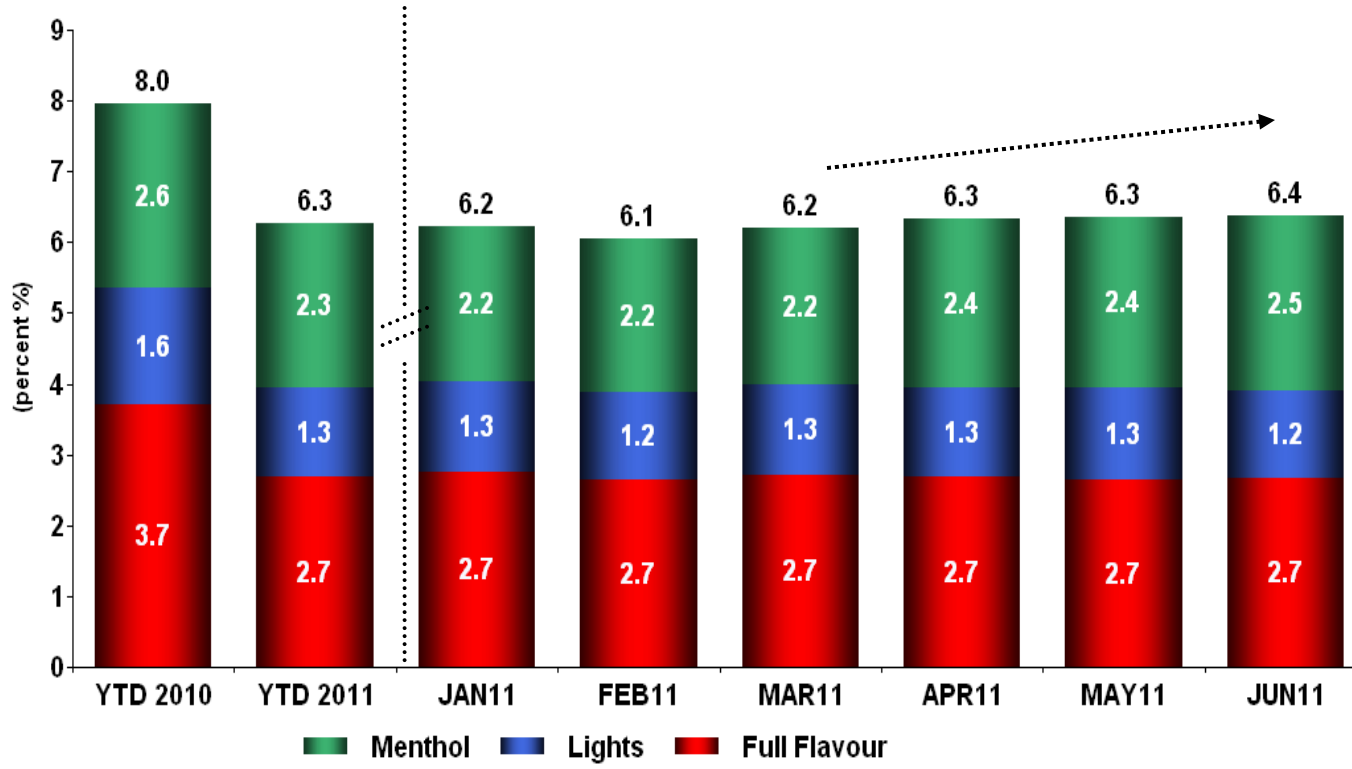
Produk ini mengandung lebih 4,000 bahan kimia termasuk tar, nikotina dan karbon monoksida yang membahayakan kesehatan.



Pall Mall



Pall Mall - Share of Market (%)



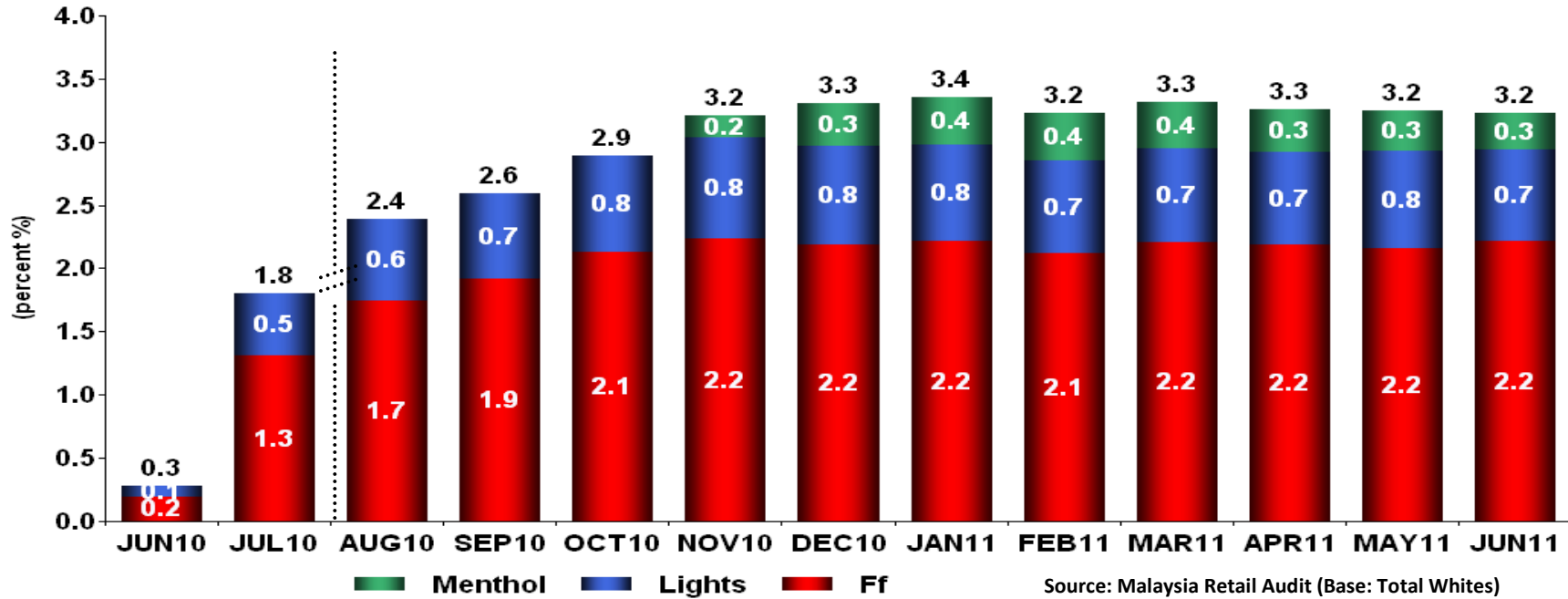
Source: Malaysia Retail Audit (Base: Total Whites)

Produk ini mengandungi lebih 4,000 bahan kimia termasuk tar, nikotina dan karbon monoksida yang membahayakan kesihatan.

Peter Stuyvesant



Peter Stuyvesant - Share of Market (%)



International Peter Stuyvesant Core Range

International Peter Stuyvesant 2011 Edition

Produk ini mengandung lebih 4,000 bahan kimia termasuk tar, nikotina dan karbon monoksida yang membahayakan kesehatan.

FINANCIAL HIGHLIGHTS

Quarter 2, 2011 vs Quarter 2, 2010

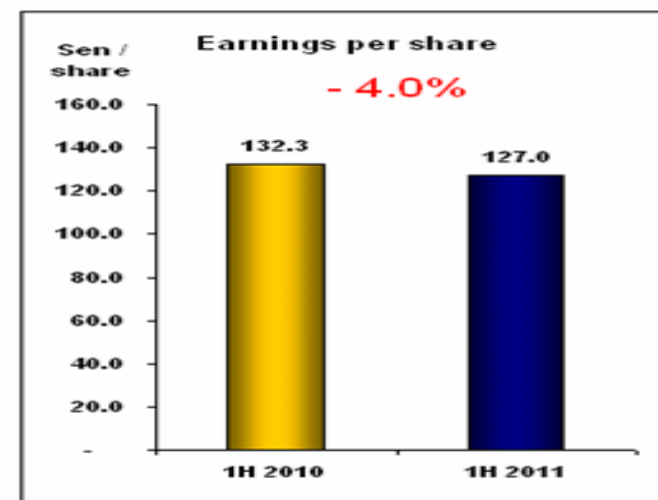
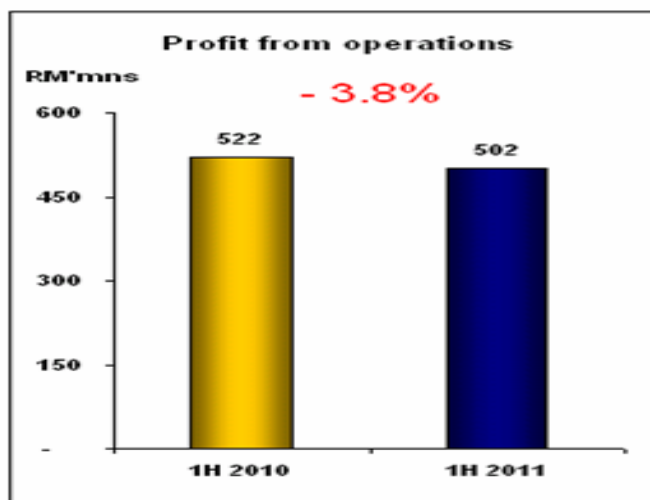
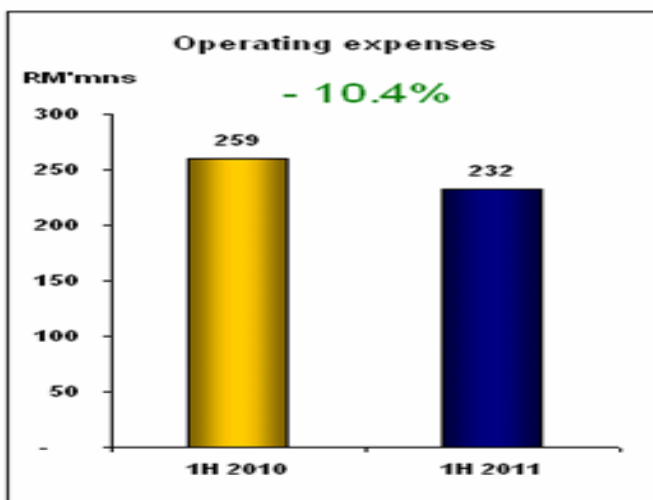
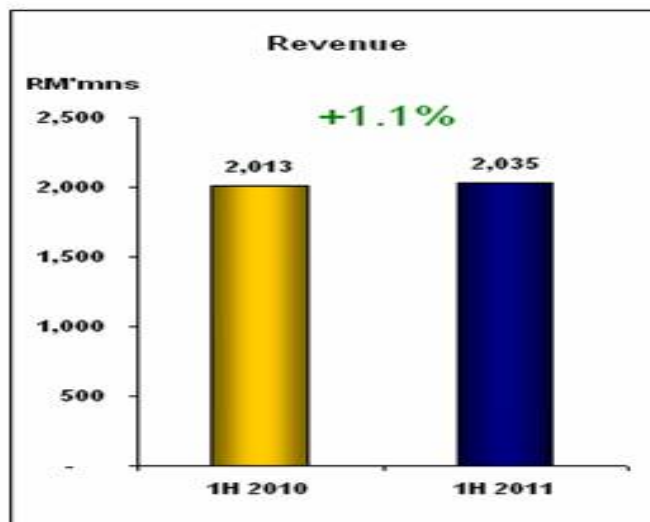
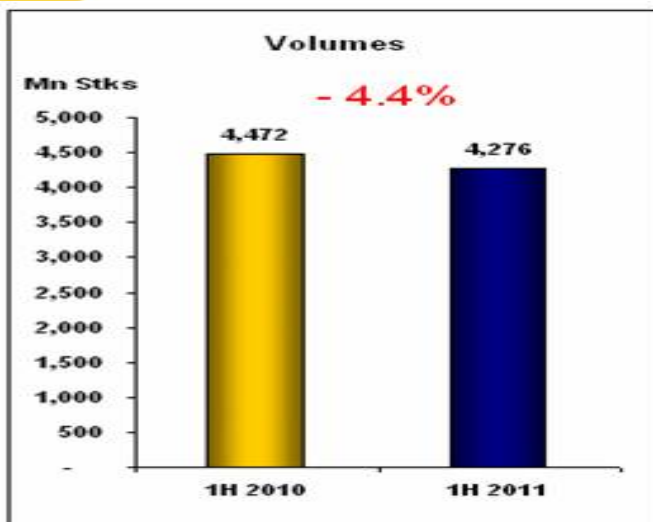


EPS declines less than volume benefiting from proactive cost management and productivity savings, partially offset by unfavourable mix.

1H 2011 vs 1H 2010

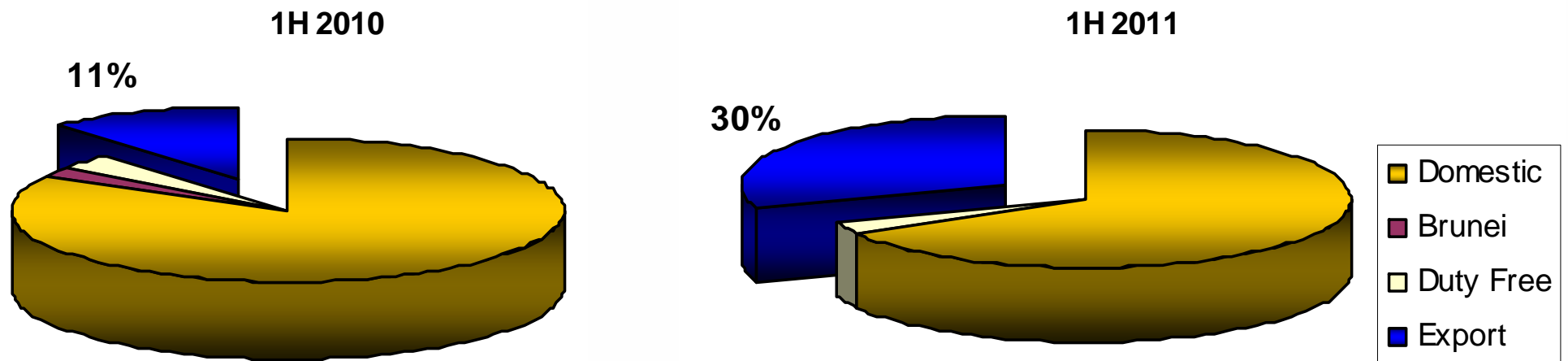


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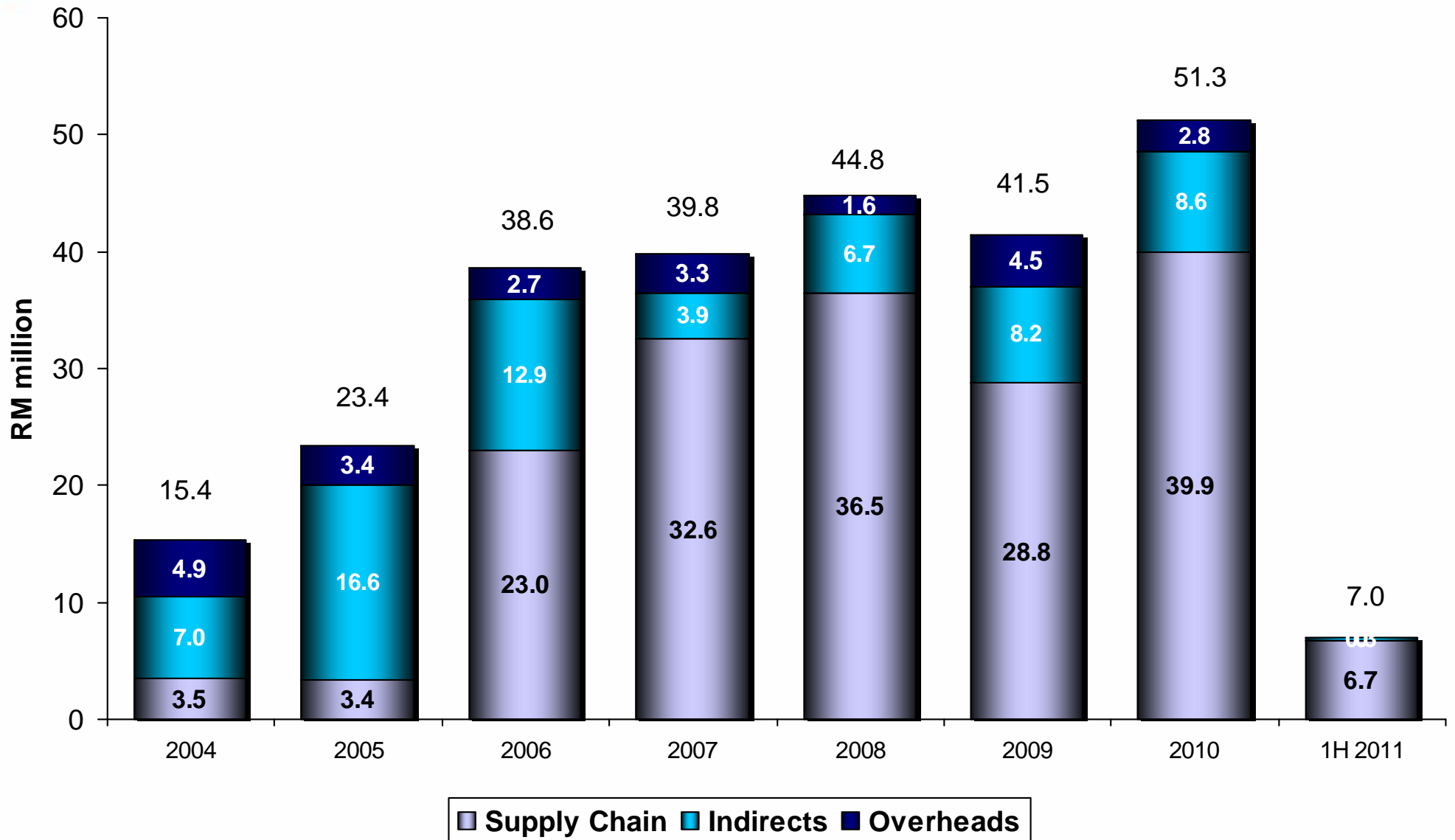
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Contract Manufacturing / Exports



200% growth in cigarette export volume drives manufacturing cost per mille lower

Productivity Savings



OTHER HIGHLIGHTS



New Smoke Free Zones in Melaka



- New non-smoking zones have been gazetted in the state of Malacca on 14th June 2011.
- **Five areas** in Melaka declared as smoke-free zones beginning 15 June 2011. They are:
 1. Melaka Central District' s World Heritage Area;
 2. Melaka Raya District;
 3. Alor Gajah town centre;
 4. Jasin town centres; and
 5. Melaka International Trade Centre
- Private residences are **exempt from the ban**.
- Smoking is still **allowed on streets** (except for five footways and Jonker Street & Jalan Kota).
- **Business impact as a result of this regulation – too early to say. We are monitoring this issue closely.**

Recent Corporate Responsibility & other highlights



Installation of Rain Water Harvesting Tank: World Environment Day (WED)



Installation of **2nd Rain Water Harvesting Tank** to recycle rainwater for use in daily cleaning and wetting of tobacco dust waste

Economizers for Boilers



Installation of **3rd Economizer for Boilers in Factory** to encourage efficient waste and energy management

Smoking Etiquette Guidelines



Re-launch of **Smoking Etiquette Guidelines** for all employees (including state offices) to encourage smoking employees to smoke responsibly, especially in public areas

Recent Corporate Responsibility & other highlights (cont'd)



Maternity Leave Extension



Extension of Maternity Leave from 2 months to **3 months** for employees

BAT plc Global Sustainability Report 2010 Feature on Malaysia



Feature on BAT Malaysia's **sustainability case studies** in Global Sustainability Report: **Driving Sustainability Initiatives in the Business & Anti-illicit Trade in Malaysia**

BAT Malaysia reaffirmed AAA and P1 rating by Rating Agency Malaysia (RAM)

BAT Malaysia has once again **affirmed our AAA and P1 rating** by the Rating Agency Malaysia (RAM), the best ratings for medium term programme and commercial papers/medium term notes programme.



Awards and recognition



Recognition for BAT Malaysia at The Edge Billion Ringgit Club 2011 Corporate Awards

BAT Malaysia was recognised in **The Edge Billion Ringgit Club 2011 Corporate Award** in the categories below:

- Most Profitable Company with the **Highest Return on Equity in the Consumer Products Sector**
- Most Profitable Company with the **Highest Return on Equity among Big Cap Companies** (companies with more than RM10billion market capitalisation)



FUTURE PROSPECTS



Future Prospects

- BAT volumes up vs Quarter 1.
- BAT continues to outperform industry for 2nd Quarter running, supported by new product launches
- 1H volumes vs SPLY lower from high illicit & illegal pricing activity by certain sub VFM brands
- Financial impact of regulation prohibiting packs less than 20 sticks in line with expectation
- Group remains cautious on profit outlook for 2011
- Concern on Government Excise and Illicit



Thank You