



**BRITISH AMERICAN
TOBACCO**
MALAYSIA

British American Tobacco (Malaysia) Berhad

1st Quarter 2012 Results

Analyst Presentation

23 April 2012

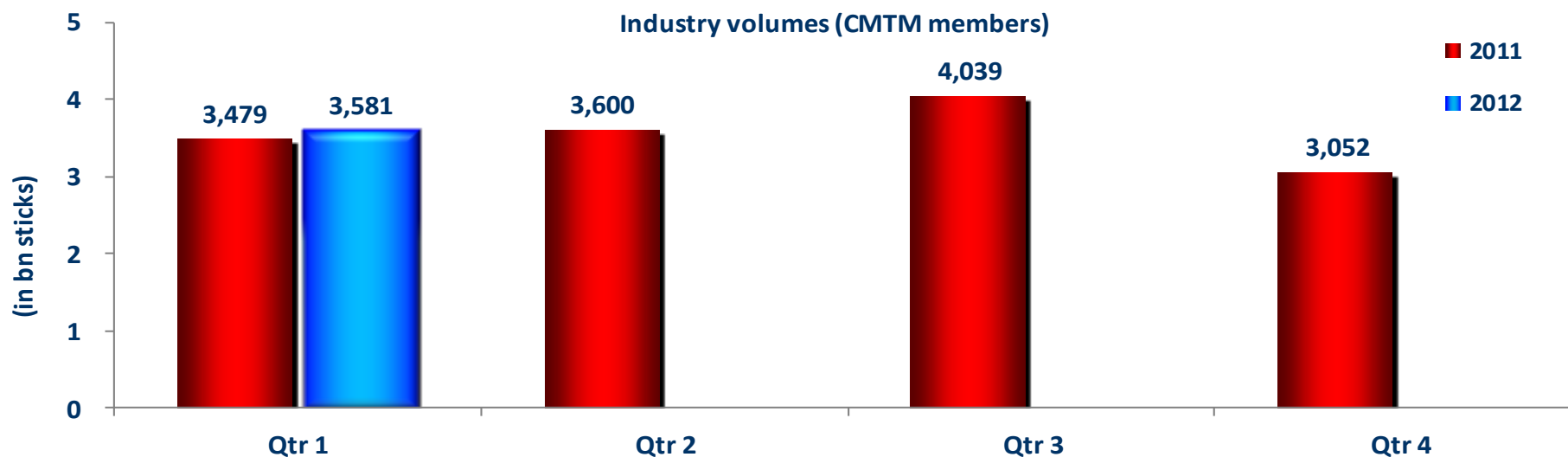
Agenda

- **Industry Review, Market Share and Volumes**
- **BATM Review**
- **Competitor Review**
- **Quarter 1, 2012 Results**
- **Other Highlights**
- **Future Prospects**

INDUSTRY REVIEW, MARKET SHARE, VOLUMES AND BATM REVIEW

Industry Volumes

Source: Confederation of Malaysian Tobacco Manufacturers (CMTM)

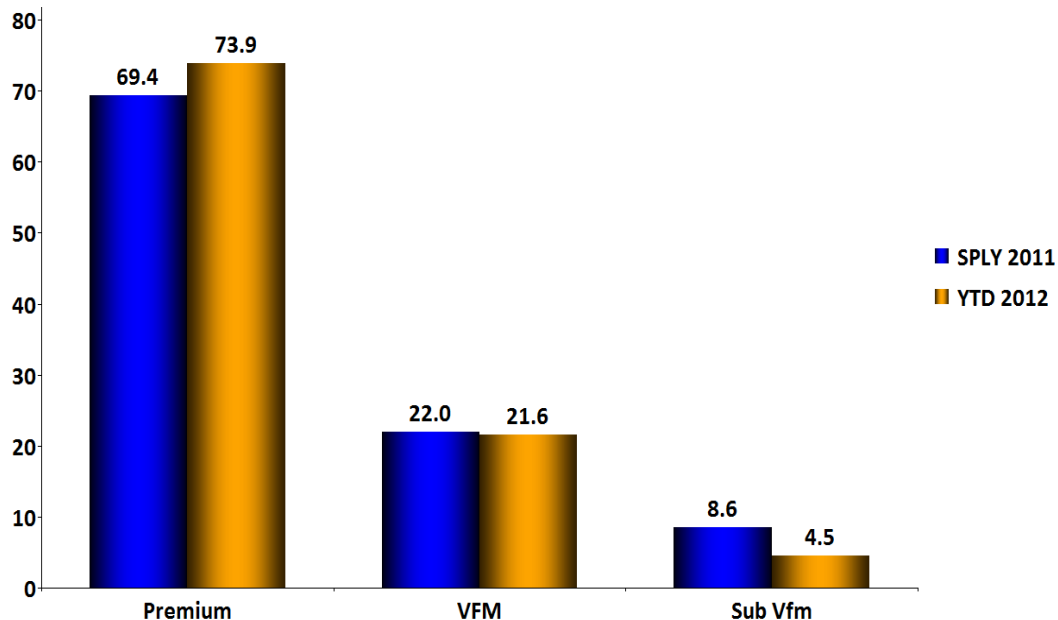


Shipment Volume (in bn sticks)	Q1 2012	Q1 2011	Variance Q1 12 vs Q1 11	Volume Variance Q1 12 vs Q1 11
BATM	2.17	2.08	4.5%	0.09
Industry (CMTM members)	3.42	3.18	7.7%	0.24
Sub VFM (estimate)	0.16	0.30	-47.3%	-0.14
Total	3.58	3.48	2.9%	0.10

BAT's volume growth of 4.5% is driven mainly by Dunhill.

Market remains Premium skewed

Source: Malaysia Retail Audit (Base: White Only)

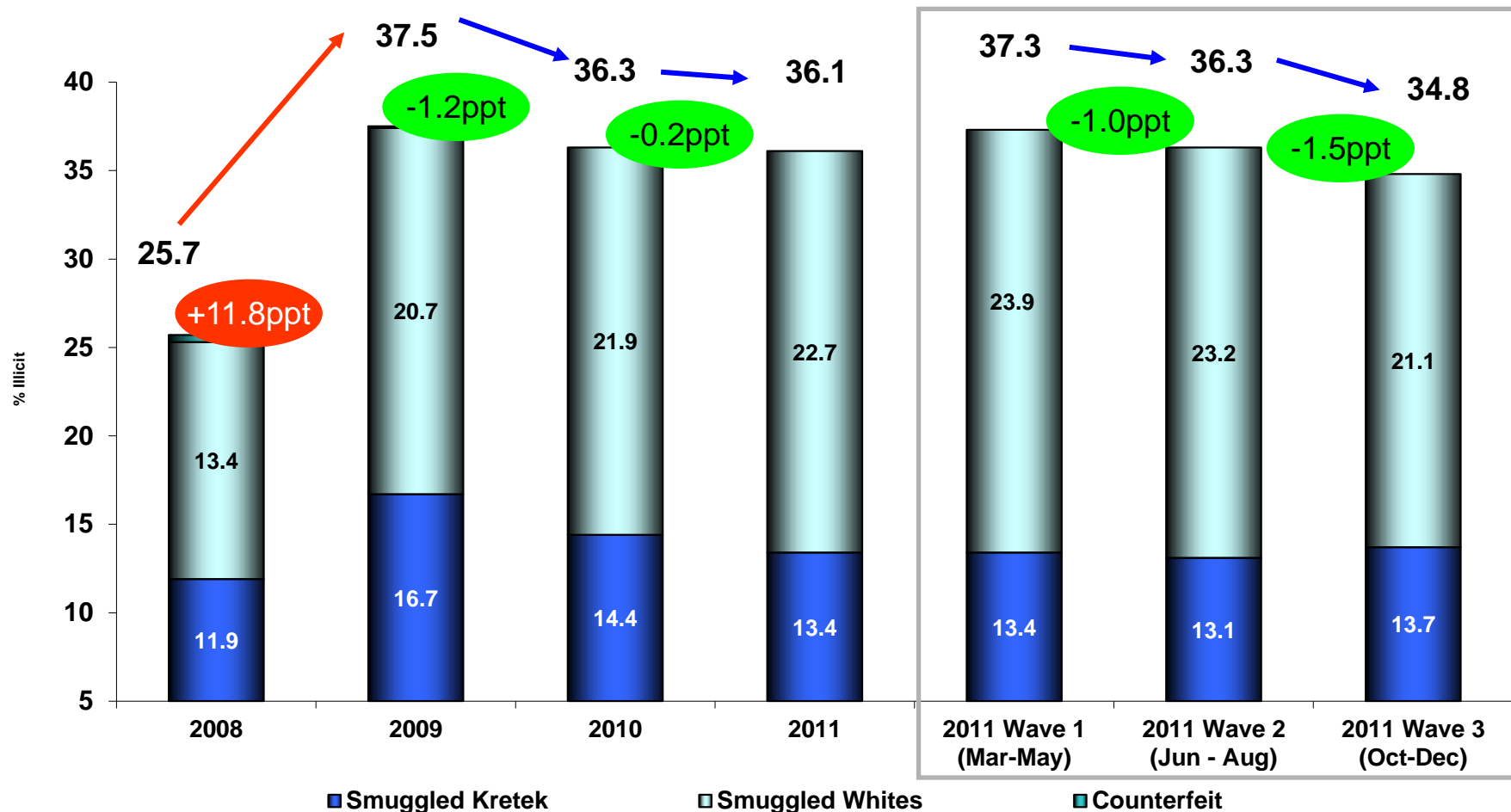


<u>BAT</u>	<u>YTD 2012</u>
Share of Premium	72.2
Share of Value for Money	42.2
Share of Sub-VFM	0

<u>BAT</u>	<u>SPLY 2011</u>
Share of Premium	72.0
Share of Value for Money	42.6
Share of Sub-VFM	0

Illicit Trade

Source: Illicit Cigarette Study, 2011

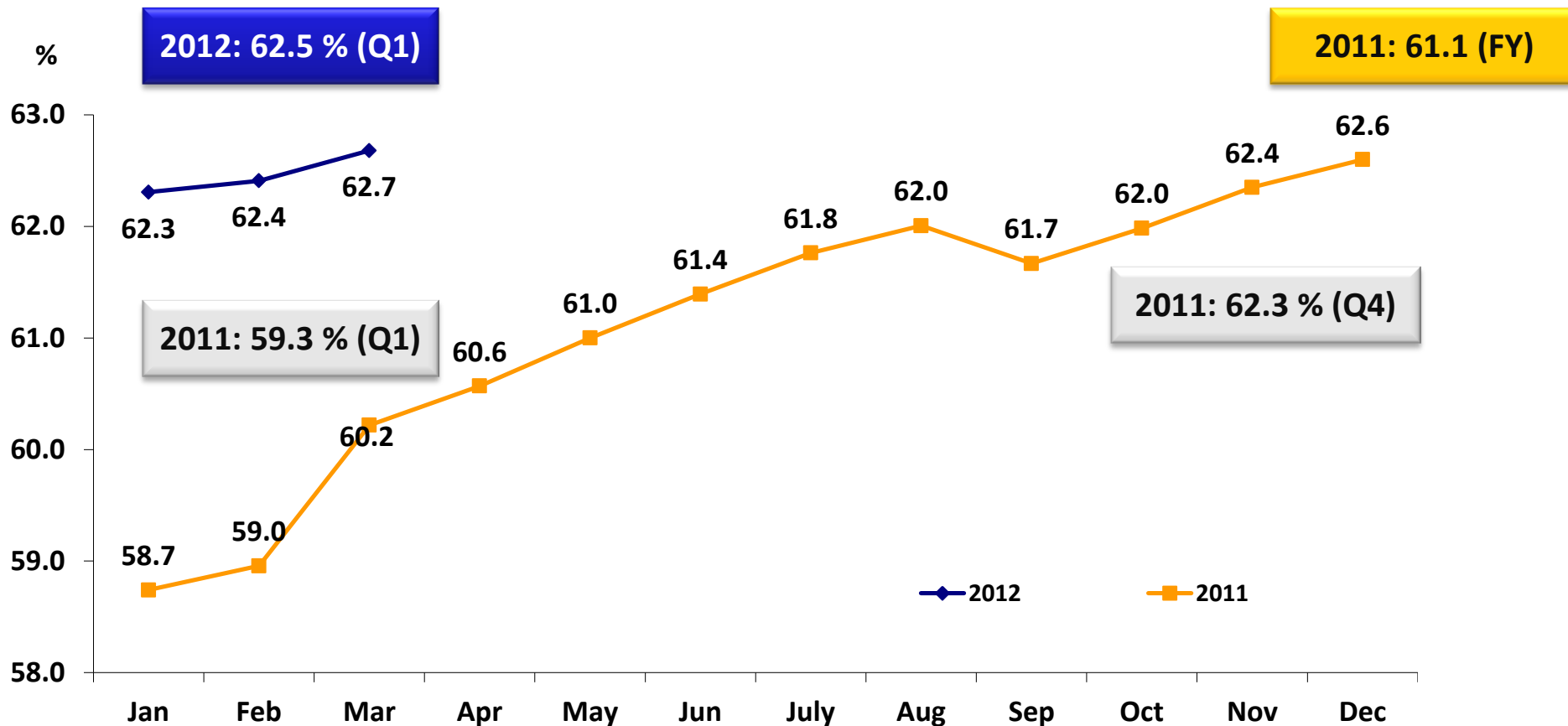


*Survey methodology does not capture sub-VFM brands selling at below minimum price.

Illicit incidence registered a decline in 2011, driven by enforcement activities as well as zero excise. However Illicit remains a large concern

BAT Share of Market

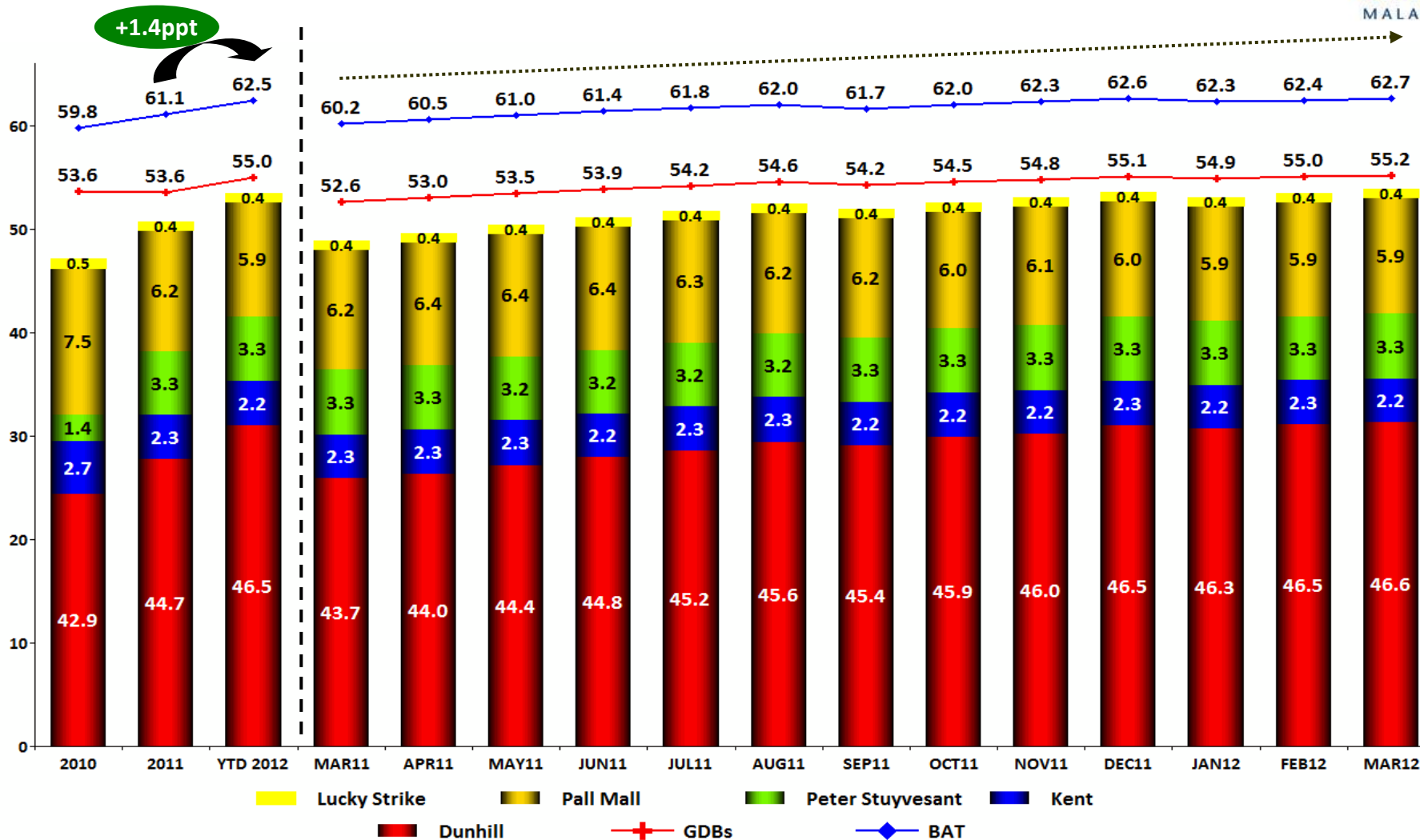
Source: Malaysia Retail Audit (Base: White Only)



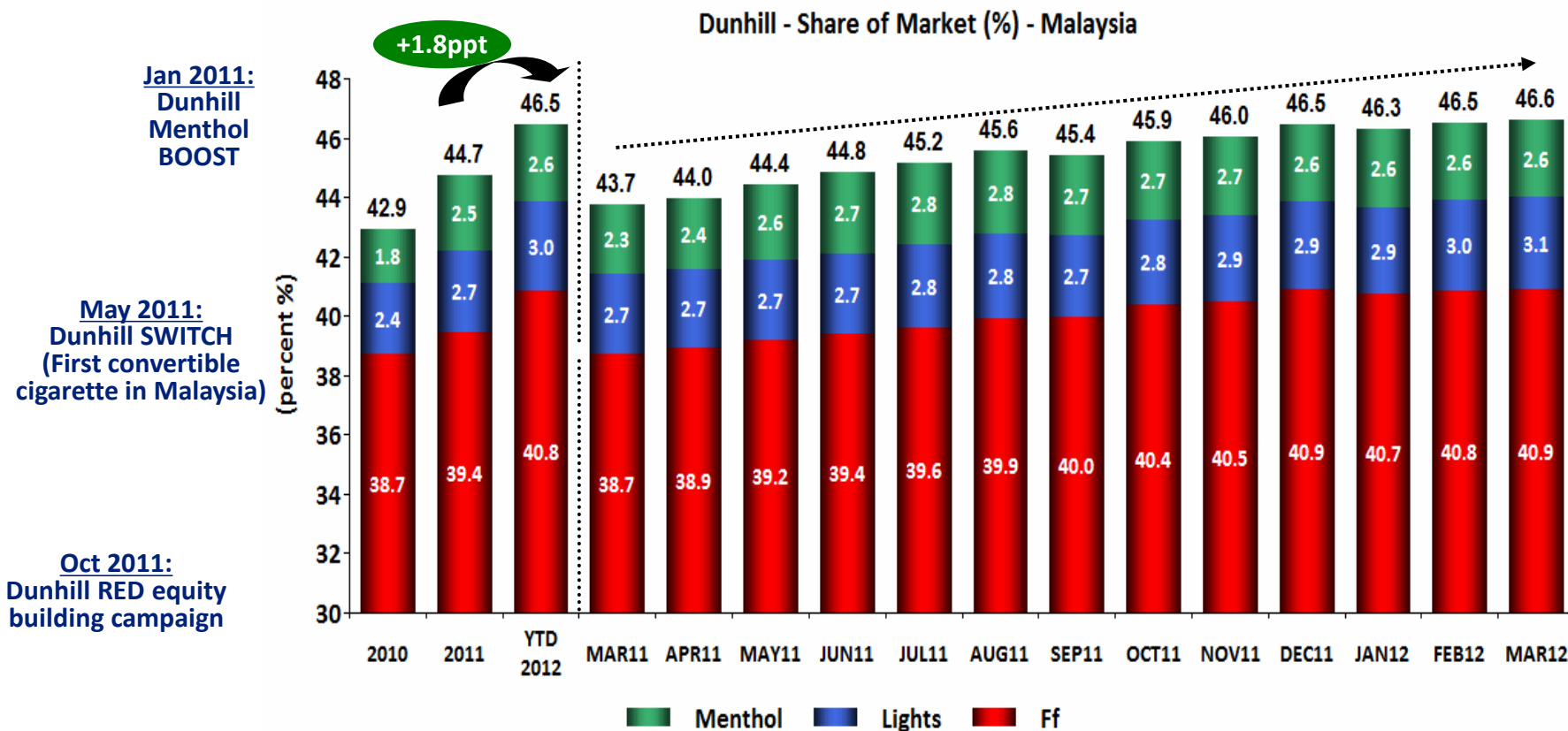
BAT grew share for the 3rd consecutive year (after 9 years of share decline), by +1.4ppt (YTD 2012 vs. FY 2011) to register 62.5% SOM, driven by Dunhill.

BAT & GDB Share

Source: Malaysia Retail Audit (Base: White Only)



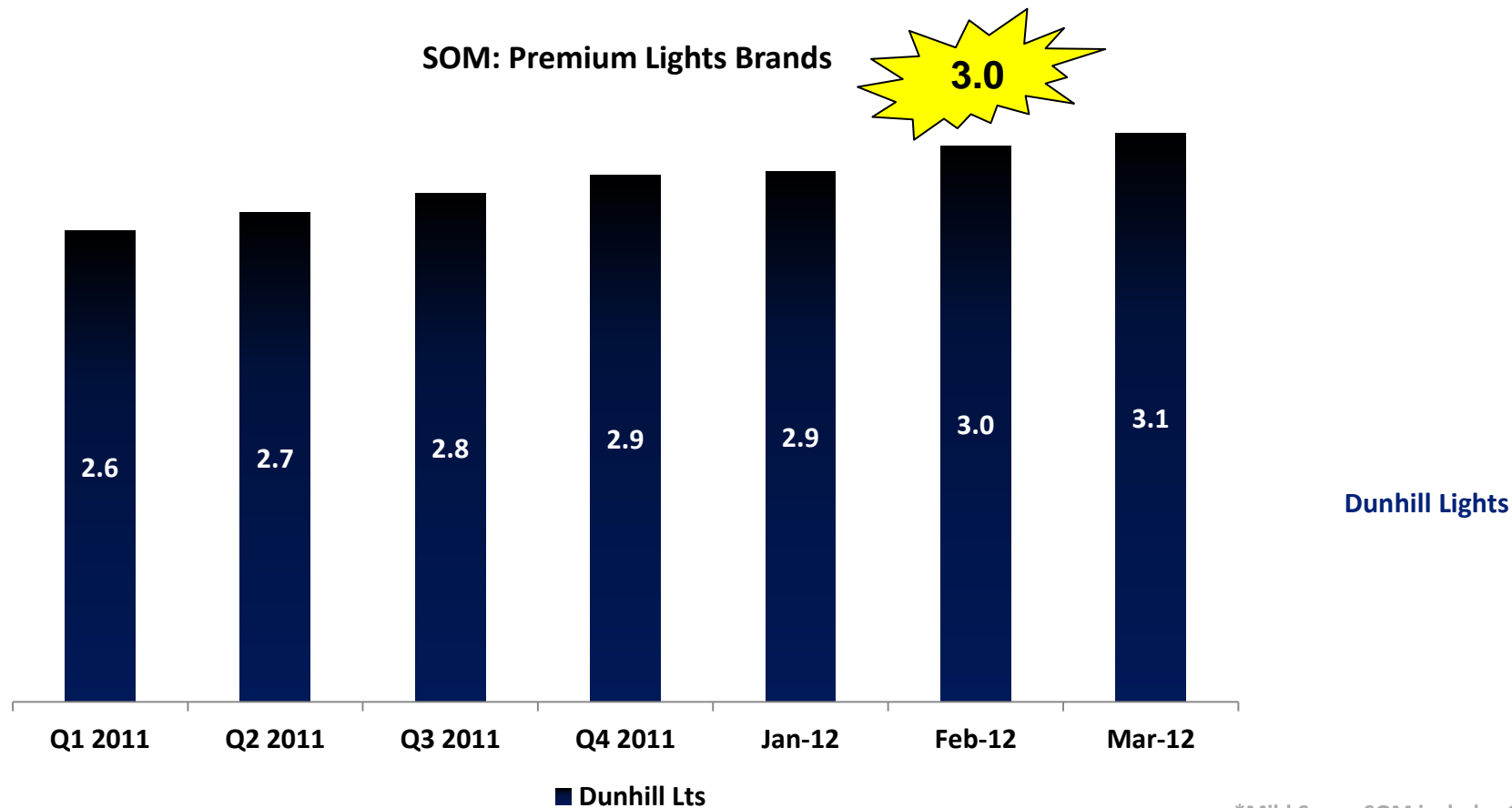
BAT YTD March 2012 registered 62.5% market share, up +1.4ppt vs. FY2011



**In the latest RA, Dunhill recorded 46.6% SOM, its highest share ever!
vs. FY 2011 SOM, Dunhill grew +1.8ppt.**

Dunhill Lights breaching the 3.0% mark!

Source: Malaysia Retail Audit (Base: White Only)



*Mild Seven SOM includes Original variant

DH Lights continue to build on its growth momentum, clearly establishing leadership within the Premium Lights segment

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

Re-launch of new and improved Dunhill Switch to strengthen BATM's position in Premium Lights segment

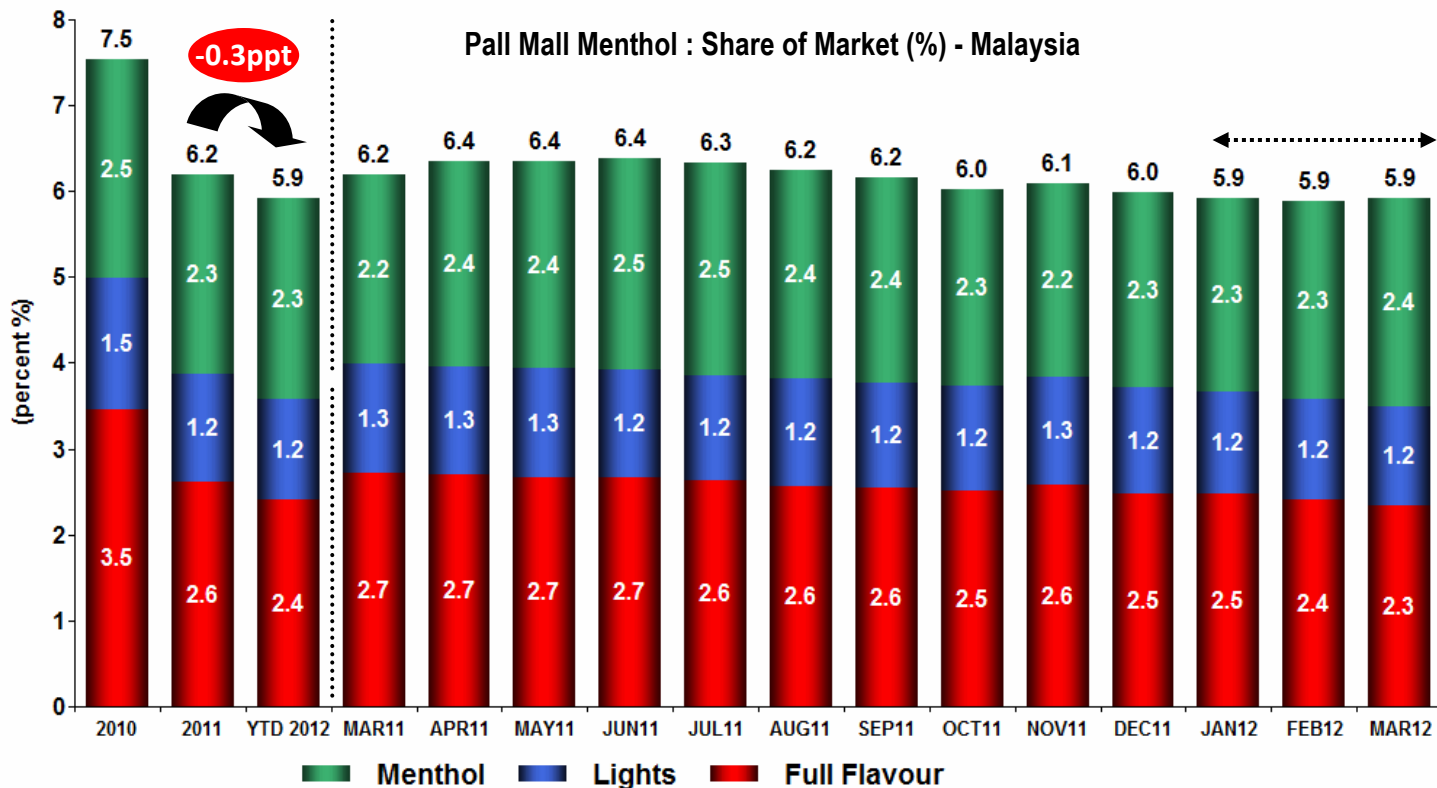


Dunhill Switch, with upgraded product and new pack offers 2 key USPs

- **Smooth light taste**
- **Refreshing mint finish upon crushing the capsule**

Pall Mall

Source: Malaysia Retail Audit (Base: White Only)



Pall Mall Family of SKUs

Feb 2012:
Launch of Pall Mall Mint

**Pall Mall's performance continue to soften, since second half of 2011
In the latest RA read, Pall Mall's decline has halted at 5.9% SOM supported by the recent
launch of Pall Mall Mint**

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

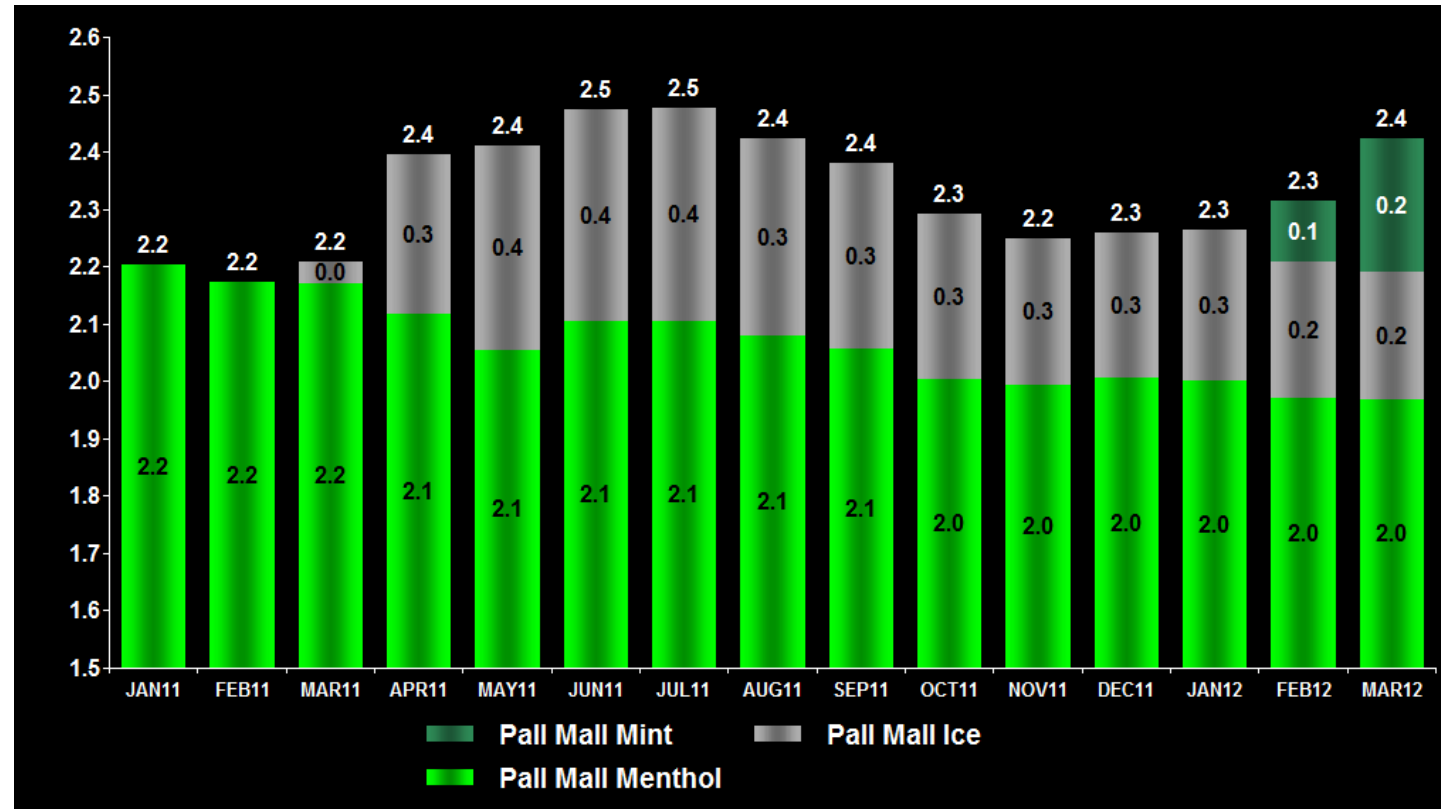
Pall Mall Mint registering 0.2% SOM post 2nd month of launch

Source: Malaysia Retail Audit (Base: White Only)



Pall Mall Menthol Range

Pall Mall Menthol : Share of Market (%) - Malaysia



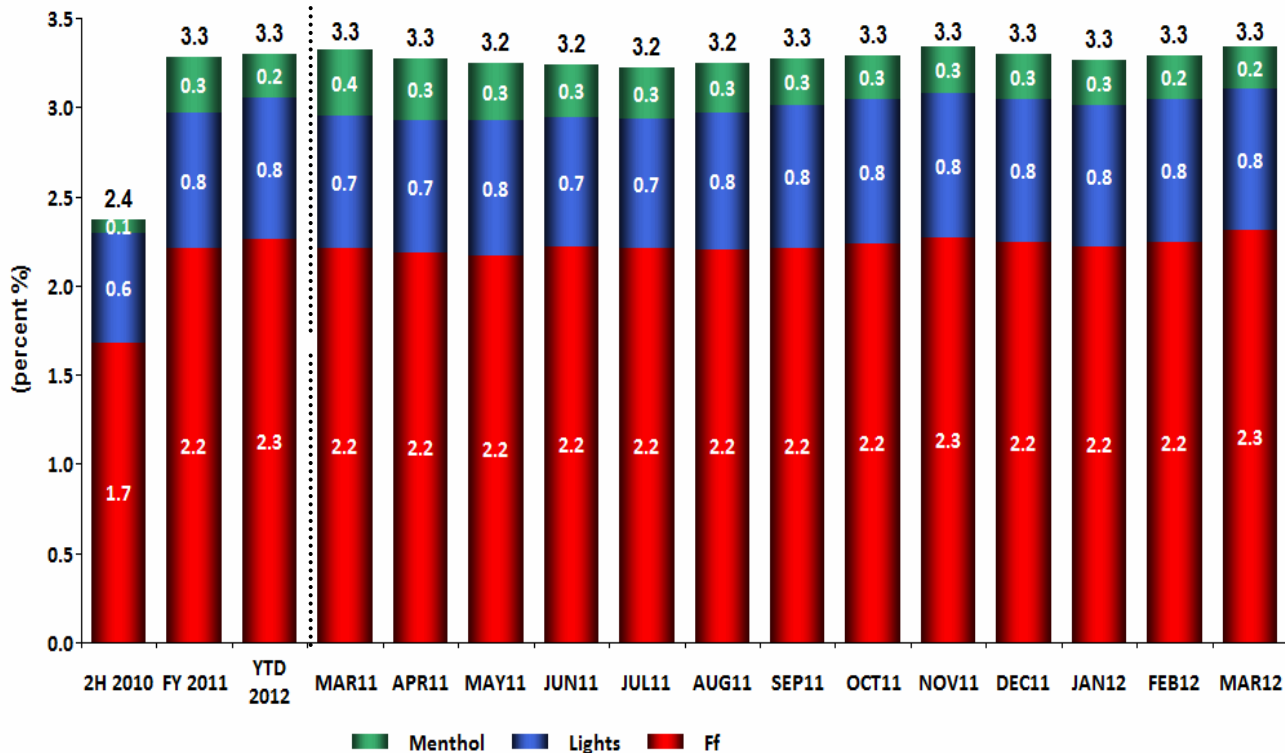
Produk ini mengandung lebih 4,000 bahan kimia termasuk tar, nikotina dan karbon monoksida yang membahayakan kesehatan.

Peter Stuyvesant

Source: Malaysia Retail Audit (Base: White Only)



Peter Stuyvesant - Share of Market (%) - Malaysia



Peter Stuyvesant Family of SKUs

May 2011:
Limited Edition Tin Packaging

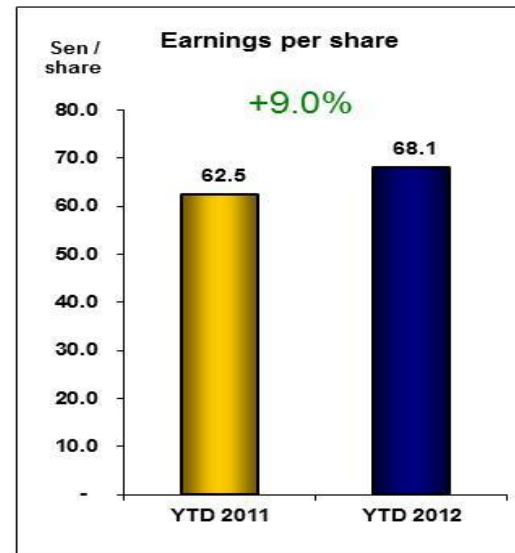
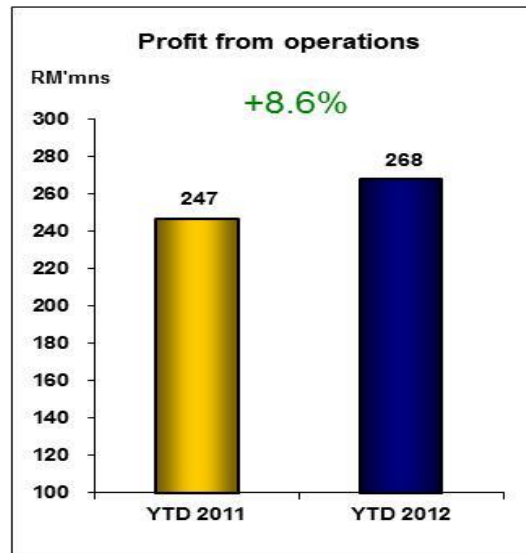
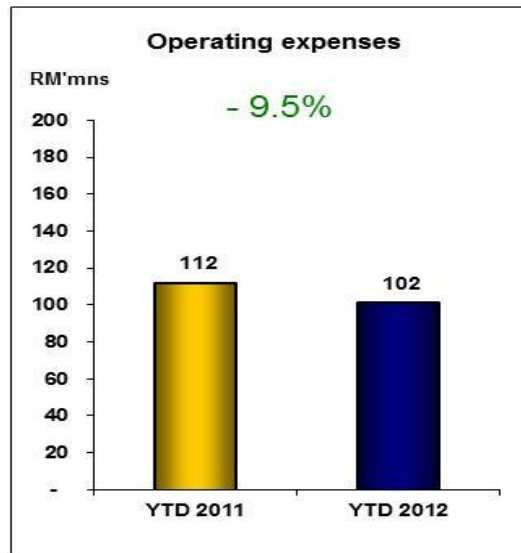
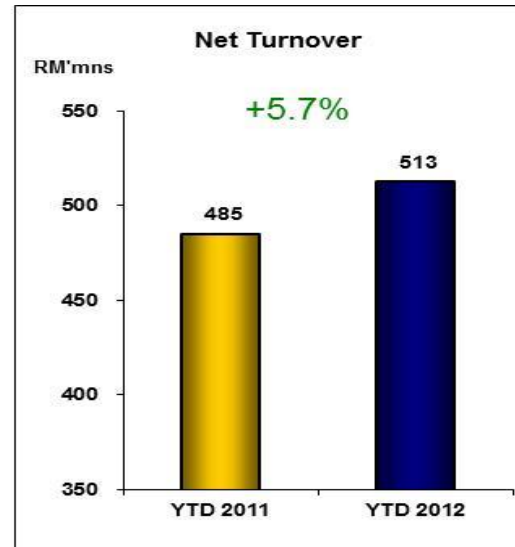
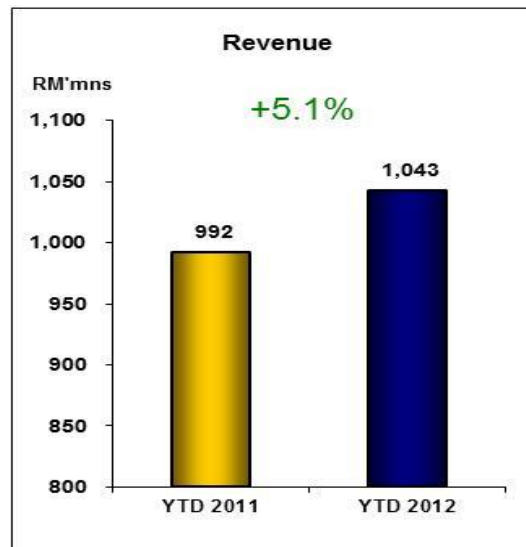
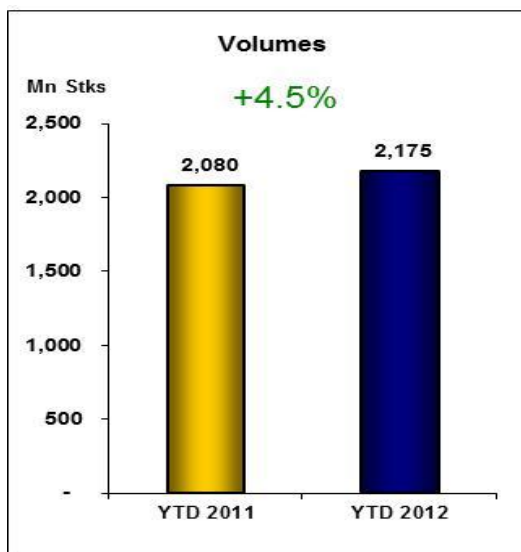
July 2011:
Limited Edition Pack

Peter Stuyvesant remains sturdy at 3.3% SOM

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

FINANCIAL HIGHLIGHTS

Quarter 1, 2012 vs Quarter 1, 2011

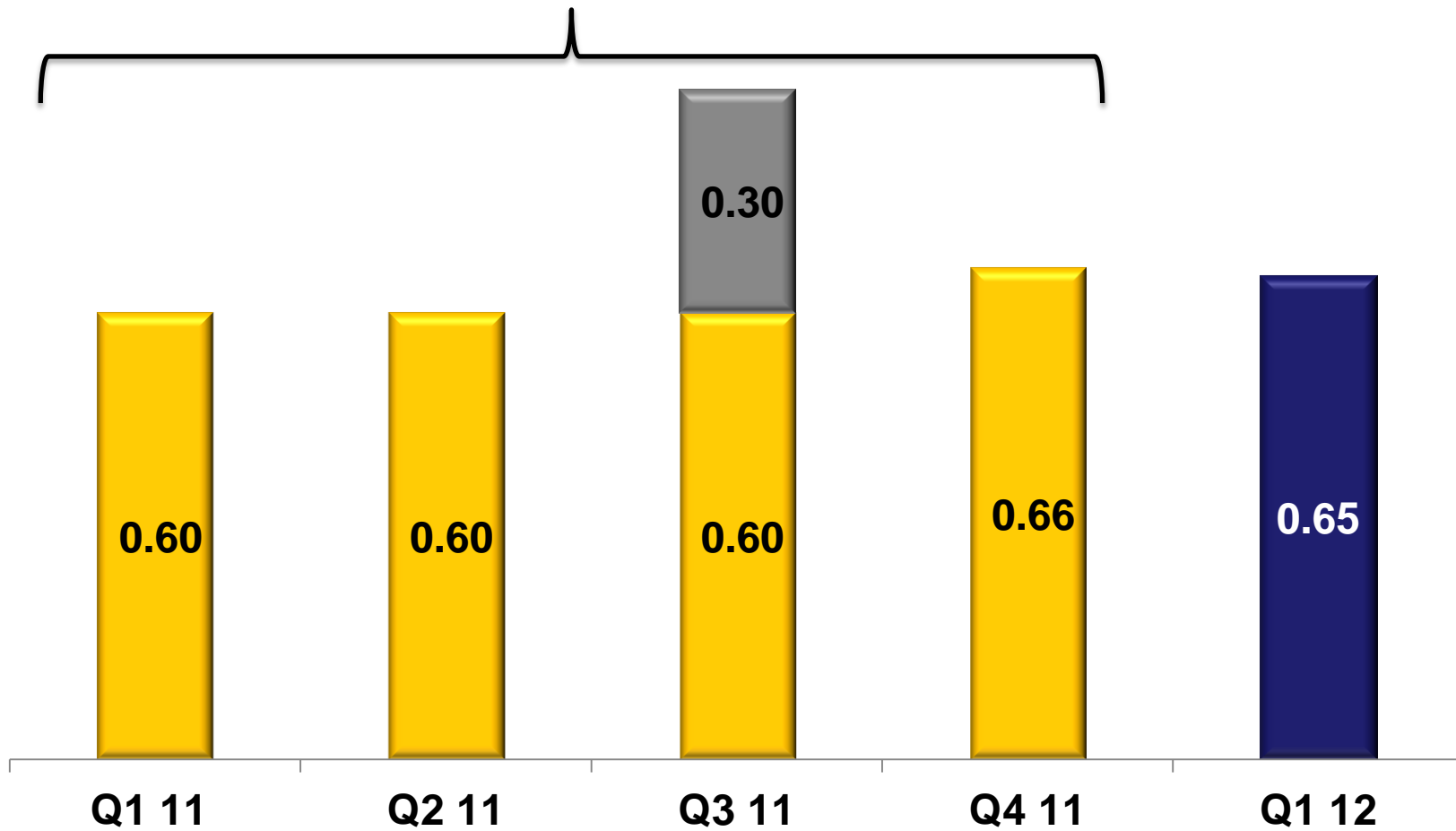


EPS increase higher than revenue due to savings from DX consolidation, deferment in merchandising and marketing spend and proactive cost management

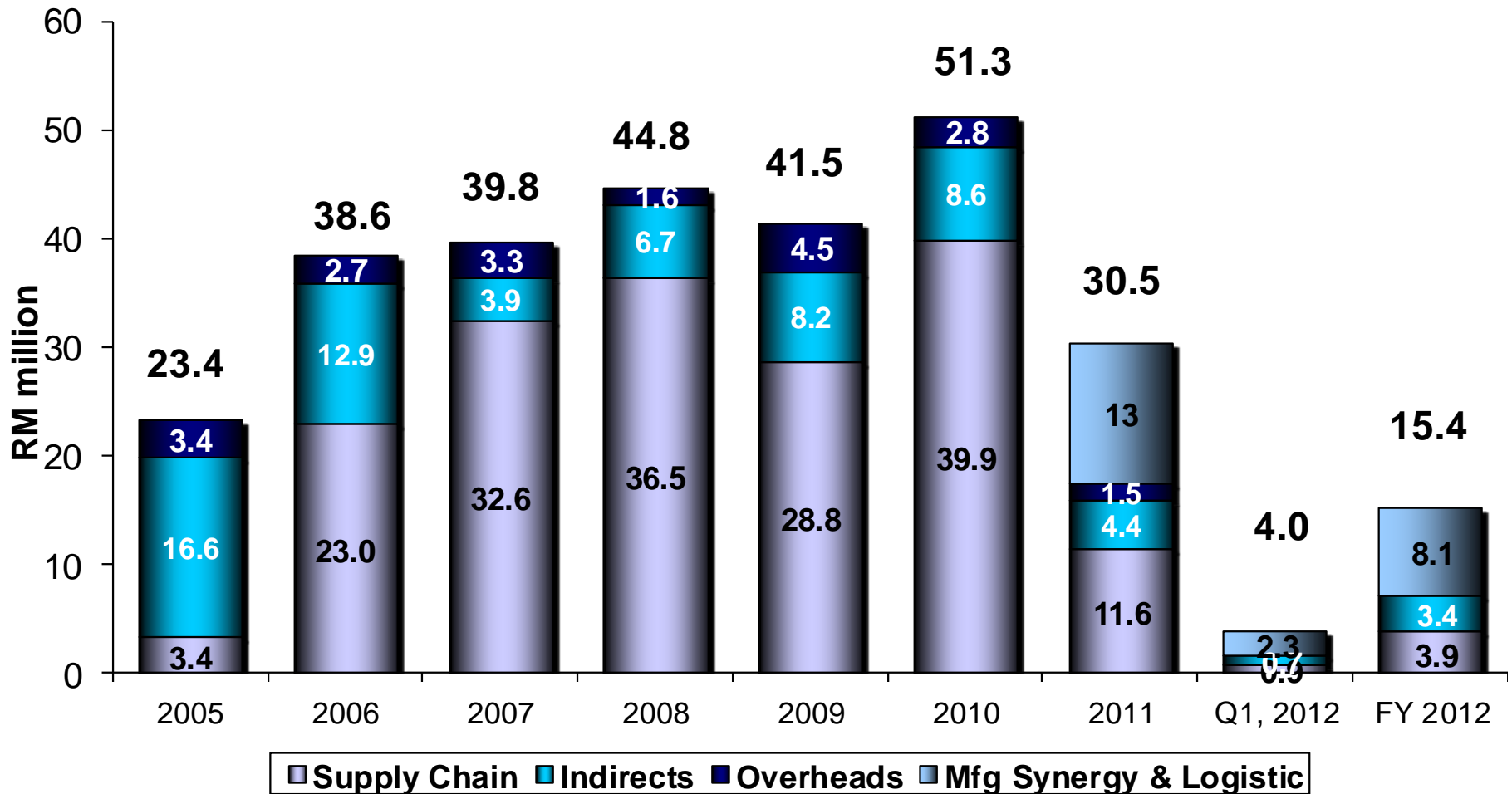
Q1 Dividend 65 sen per share

2011: 98% Payout (110% inc. Special)

2012 Q1 : 95% Payout



Productivity Savings



OTHER HIGHLIGHTS

Announcement by the Minister of Health

- Ministry of Health planning to reduce emission levels
- No fixed reduction target – plan still in discussion

Nicotine level in cigarettes may be reduced

BENTONG: The Health Ministry is considering reducing the nicotine content in cigarettes to curb the smoking addiction.

Its minister Datuk Seri Liow Tiong Lai said he had ordered the ministry's director-general to conduct a study into the implementation of the step.

It would be yet another move in a long line of government efforts to break the addiction to cigarettes.

"Currently, the nicotine content in

one cigarette stick is 20mg. We hope that by reducing the amount, we can help smokers care for their health and control their addiction," he said after joining the Felda Lurah Bilut settlers in a "10,000 steps a day programme" here yesterday.

Liow said there was no fixed reduction target yet as the plan was still in discussion but he hoped that it could be reduced by 10mg.

He added that the smoking cessa-

tion programme introduced in health clinics had been successful.

"The programme's success rate has increased from 60% to 80%. Next, we want to move this programme to the community level," he said.

However, he added that smokers themselves needed to be aware that they could only break the habit using their own willpower.



Healthy step: Liow and Pahang Local Government, Health and Environment Committee chairman Datuk Hoh Khai Mun (on Liow's left) participating in the '10,000 steps a day programme' in Bentong yesterday.

The Star, pg.16
19 March 2012

“As a responsible company, British American Tobacco Malaysia supports sensible regulations and will comply with such regulations enacted by the Government governing the sale of our products. In relevance to the recent statement made by the Minister of Health Dato' Seri Liow Tiong Lai, we are unable to offer any comment due to the absence of any detailed information on the matter. As the Minister pointed out, the plan was still in discussion.”

FUTURE PROSPECTS

Future Prospects

- The unprecedented zero excise in 2011 coupled with robust enforcement has allowed the legal market to stabilise.
- BAT has continued to grow market share, 0.2ppt and 3.2ppt V's Last Quarter and SPLY respectively.
- 2012 profit from operations expected to grow due to better domestic volume and contribution from higher margin from contract manufacturing.
- Group relatively optimistic on 2012 outlook
- However, illicit trade and continuous illegal pricing below Minimum Price by certain local brands warrant caution



Thank You