

## **BAT Malaysia registers a strong 2012 performance**

**PETALING JAYA, 26 February 2013:** British American Tobacco (Malaysia) Berhad (BAT Malaysia) today announced its 4<sup>th</sup> Quarter, 2012 financial results, citing a strong full year performance, with growth in volume, share and profit.

“In 2012, the Group achieved a modest 0.24% volume growth. The real significance of this however is that it was the first volume growth for the Group in recent years, a great achievement in our 100<sup>th</sup> year in Malaysia. This was driven for the main part by the stellar performance of DUNHILL which achieved a record 47.3% share in 2012. Overall, the Group grew its market share by 1.6 percentage point, to record a third consecutive year of strong share growth,” said Datuk William Toh, Managing Director of BAT Malaysia.

“The latest illegal cigarette incidence\* stands at 33.8%, a decrease of 1.1 percentage point versus the previous wave survey results. Notably, 2012 has witnessed a 1.6% drop in illegal cigarette incidence as compared with 2011. This is a clear indication that the Government’s prudent decision to not increase excise tax in 2011 and 2012, coupled with the Government’s continuous enforcement efforts to combat illegal cigarettes has resulted in a relatively stable industry volume in 2012 and is starting to move the illicit trade needle in the right direction,” said Datuk Toh.

“The Group did experience a small increase in ad valorem excise in the year as a result of the Royal Malaysian Customs imposing a transfer pricing increase. This did result in a small increase in prices to consumers,” added Datuk Toh.

Datuk Toh concluded that the Group was relatively optimistic on its outlook for 2013, given the strength of BAT Malaysia’s portfolio and its recent market share performance.

\*Third wave (October to December 2012) of the Illegal Cigarettes Study (ICS) commissioned by the Confederation of Malaysian Tobacco Manufacturers.

## **Financial Highlights for Full Year 2012**

- **Gross Revenue** increased by 5.8% mainly due to a significant increase in contract manufacturing volume and further fuelled by improved margins following a costing change in advance of the September 2012 OneSAP implementation. Whilst not as significant, the domestic volume mix and margin improvement similarly contributed to the overall revenue growth.
- **Gross Profit** increased by 0.5% compared to the same period last year but would have been up 1.7% without the impact of the movement of distribution costs above gross revenue. Primary drivers behind the growth are volume and margin gains from domestic, duty free and contract manufacturing (RM38 million), offset by the distribution costs and other provision and foreign exchange movements (RM31 million).
- **Profit before tax** increased by 10.3%, largely as a result of a significant drop in operating expenses (RM92 million lower). This decrease has arisen from lower management incentives, absence of non-recurring charges experienced in 2011, and movement of distribution costs above gross revenue following outsourcing of distribution in 2011. During the year the Group impaired its Forest Development Expenditure prepayment asset, (RM19 million), assessing its value not to be realisable.
- **Profit after tax / Earnings per Share** increased by 10.9%. No significant deviation in the effective tax rate was observed versus the previous year, with a small improvement from interest deductibility.

Arising from the Group's financial performance, The Board of Directors have declared a fourth interim dividend of 77.00 sen per share.

For more information on British American Tobacco Malaysia's financial results, please visit [www.batmalaysia.com](http://www.batmalaysia.com)

### **About British American Tobacco (Malaysia) Berhad**

British American Tobacco (Malaysia) Berhad (British American Tobacco Malaysia) emerged on 3rd November 1999 from the merger of Rothmans of Pall Mall (Malaysia) Berhad and Malaysian Tobacco Company Berhad. These two long established tobacco companies brought with the merger, experience and an unrivalled portfolio of highly successful international brands to create the largest tobacco company in the country.

British American Tobacco Malaysia manufactures and markets high quality tobacco products designed to meet diverse consumer preferences. Its brand portfolio includes well-established international names like Dunhill, Kent, Pall Mall and Peter Stuyvesant. British American Tobacco Malaysia has about 1,200 employees who are involved in the full spectrum of the tobacco industry, from leaf buying and processing to manufacturing, marketing and distribution.

British American Tobacco Malaysia is part of the British American Tobacco group, which is the world's most international tobacco group and the second largest stock market listed tobacco group by global market share.

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