

## **COMMENDABLE PERFORMANCE FOR BAT MALAYSIA IN FIRST QUARTER**

**Petaling Jaya, 28 April 2015** – British American Tobacco (Malaysia) Berhad (BAT Malaysia) today announced its financial results for the first quarter of the year ended 31 March 2015.

“BAT Malaysia (The Group) witnessed a marginal decline of 0.4 percent in domestic and duty free volumes in the first quarter 2015 compared to the same period last year. The contract manufacturing volume saw a decline of 4.8 percent in the first quarter 2015 compared to the same period last year, resulting mainly from the declining volumes sold to the Australian market. However, in spite of an overall volume decline, the Group closed the first quarter with a commendable performance – delivering a total Revenue growth of 10.4 percent, and Gross Profit growth of 11.3 percent when compared to the first quarter of 2014”, said Stefano Clini, Managing Director, BAT Malaysia.

### **Year to date Quarter 1 2015 financial results:**

- **Revenue** grew by 10.4 percent versus same period last year, due to pricing despite a decline in volume.
- **Gross Profit** saw an increase of 11.3 percent compared to same period last year, driven by revenue growth which was partially offset by the impact of excise increase in November 2014.
- **Operating Expenses** were up 22.5 percent versus the same period last year, driven mainly by timing of marketing expenditure, one-off business restructuring costs and the impact of inflation on the overall cost structure.
- **Profit from operations** grew 7.6 percent (RM 23 millions) when compared to the first quarter of 2014.

Arising from the Group’s financial performance, the Board of Directors has declared a first interim dividend of 78 sen per share.

As of March 2015 year to date, despite the excise-led price increase in quarter 4 2014, BAT Malaysia ended its first quarter with 61.1 percent market share, witnessing a marginal decline of 0.1 percentage point versus full year 2014.

“DUNHILL recorded a commendable result once again in the first quarter of the year, maintaining its leadership position in the market with a market share of 46.4 percent, despite a decline of 0.6 percentage points versus full year 2014”, said Clini.

Within the Aspirational Premium segment, BAT Malaysia grew its market share by 0.9 percentage points this quarter versus full year 2014, driven by PETER STUYVESANT. PETER STUYVESANT continues to grow and share gains have been consistently recorded on a monthly basis (currently at 5.2 percent share of market). PALL MALL remains stable at 4.5 percent share of market,” added Clini.

Despite a promising start to the year, the Group remains concerned as legal volumes continue to suffer from the impact of the rampant illegal cigarette trade in the country as a consequence of the steep excise increases in September 2013 and November 2014.

To this end, Clini commented, “The Group is very encouraged by the game-changing strategies that the law enforcement agencies have adopted in 2014, especially by the Royal Malaysian Customs in demonstrating that the Government is serious about eradicating the illegal cigarette trade. The Ops Outlet carried out by the Royal Malaysian Customs have proven to be effective and instrumental in driving a sharp 6.1 percentage point reduction of the share of illegal cigarette trade in the country.”

“The recently launched Ops Outlet 2.0 Rokok dan Arak Seludup by the Royal Malaysian Customs is yet another milestone that is expected to make headway in bringing down the illegal cigarettes incidence. The Group is hopeful that with the continuous enforcements and stronger penalties levied by the courts, the illegal cigarettes can be further eradicated”, he added.

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 3<sup>rd</sup> November 1999 from the merger of Rothmans of Pall Mall (Malaysia) Berhad and Malaysian Tobacco Company Berhad. British American Tobacco Malaysia has about 1,000 employees who are involved in the full spectrum of the tobacco industry, from processing to manufacturing, and marketing to 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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