Illicit Cigarettes Study (ICS) In Malaysia, July 2024 Report

Report Commissioned by CMTM member companies

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Table of contents

Illegal Cigarettes Criteria for Verification	3
Illegal Cigarettes Incidence at National Level	4
Illegal Cigarettes Incidence at Peninsular Malaysia Level	5
Illegal Cigarettes Incidence at East Malaysia Level	6
Top 10 Illegal Cigarettes Brands National Level	7
Tax Stamp Breakdown of Illegal Cigarettes	8
Fake Tax Stamp Breakdown by Manufacturers / Importers	9-12
Illegal Cigarettes Incidence by States	13-14
Top 10 Illegal Cigarettes Brands State Level	15-30
Appendix: Nielsen's ICS Research Objective & Methodology	31-62

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Illegal Cigarettes Criteria For Verification

Packs with at least one (1) of the following features:

1. Absence of Registered Importers
2. Unregistered Importers*
3. Absence of Registered Manufacturers
4. Unregistered Manufacturers*
5. Packs with counterfeit (fake) Malaysian tax stamp**
6. Packs without Malaysian tax stamp
7. Packs with non-Malaysian tax stamp
8. Unregistered Brand*
9. Non Compliance to Ministry of Health's Control of Tobacco Product Regulations (CTPR) 2004
    I. Absence or Non Compliance of Pictorial Health Warning Requirements
    II. Pack Size other than 20 sticks
    III. Absence or Non Compliance of mandated labeling requirements

* *Not registered with the Royal Malaysian Customs*
** *Verified by Lembah Sari Sdn Bhd (LSSB) – Government appointed sole vendor for tax stamp*

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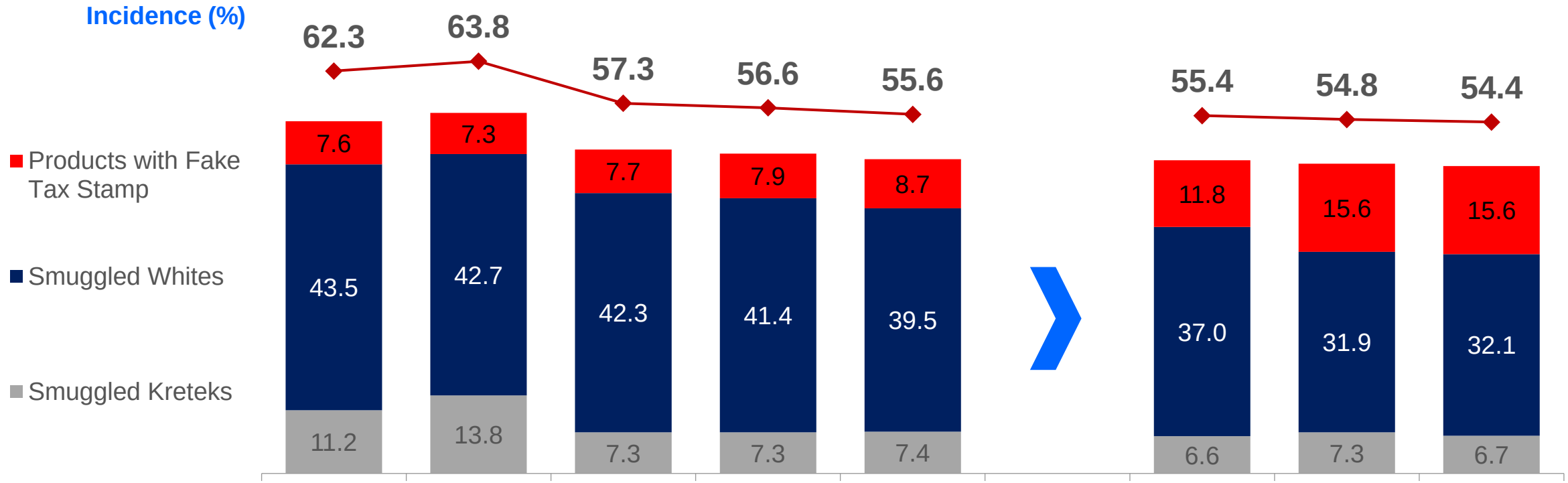
Illegal Cigarettes Incidence At National Level :

Overall decrease by 0.4 ppt. vs. May, 2024



Volume (Billions sticks)	2019	2020	2021	2022	2023	Mar, 2024	May, 2024	Jul, 2024
Legal Cigarettes	7.3	6.7	6.9	7.1	7.1	0.6	0.6	0.6
Illegal Cigarettes	12.2	11.7	9.1	9.3	8.9	0.7	0.7	0.7
Estimated Total industry	19.5	18.4	16.0	16.4	16.0	1.3	1.3	1.3
Incidence	*62.3%*	*63.8%*	*57.3%*	*56.6%*	*55.6%*	*55.4%*	*54.8%*	*54.4%*

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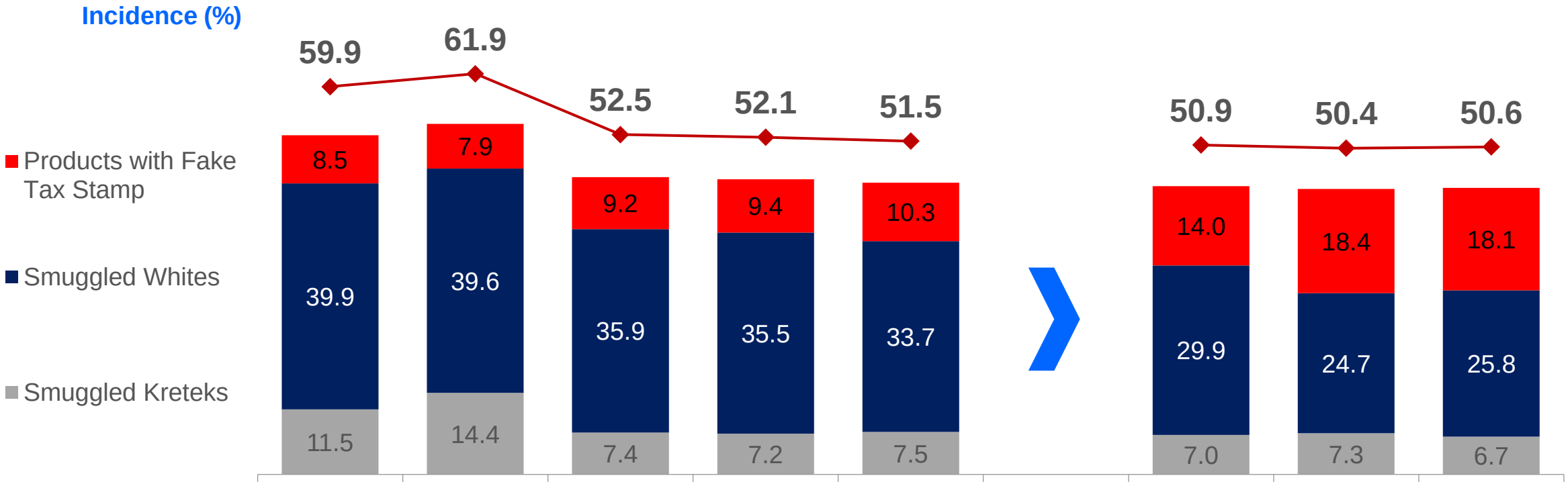
Illegal Cigarettes Incidence In Pen. Malaysia :

Overall increase by 0.2 ppt. vs. May, 2024



Volume (Billions sticks)	2019	2020	2021	2022	2023	Mar, 2024	May, 2024	Jul, 2024
Legal Cigarettes	7.0	6.5	6.4	6.6	6.6	0.52	0.53	0.54
Illegal Cigarettes	10.5	10.4	7.0	7.2	7.0	0.54	0.54	0.55
Estimated Total industry	17.5	16.9	13.4	13.8	13.6	1.06	1.07	1.09
Incidence	*59.9%*	*61.9%*	*52.5%*	*52.1%*	*51.5%*	*50.9%*	*50.4%*	*50.6%*

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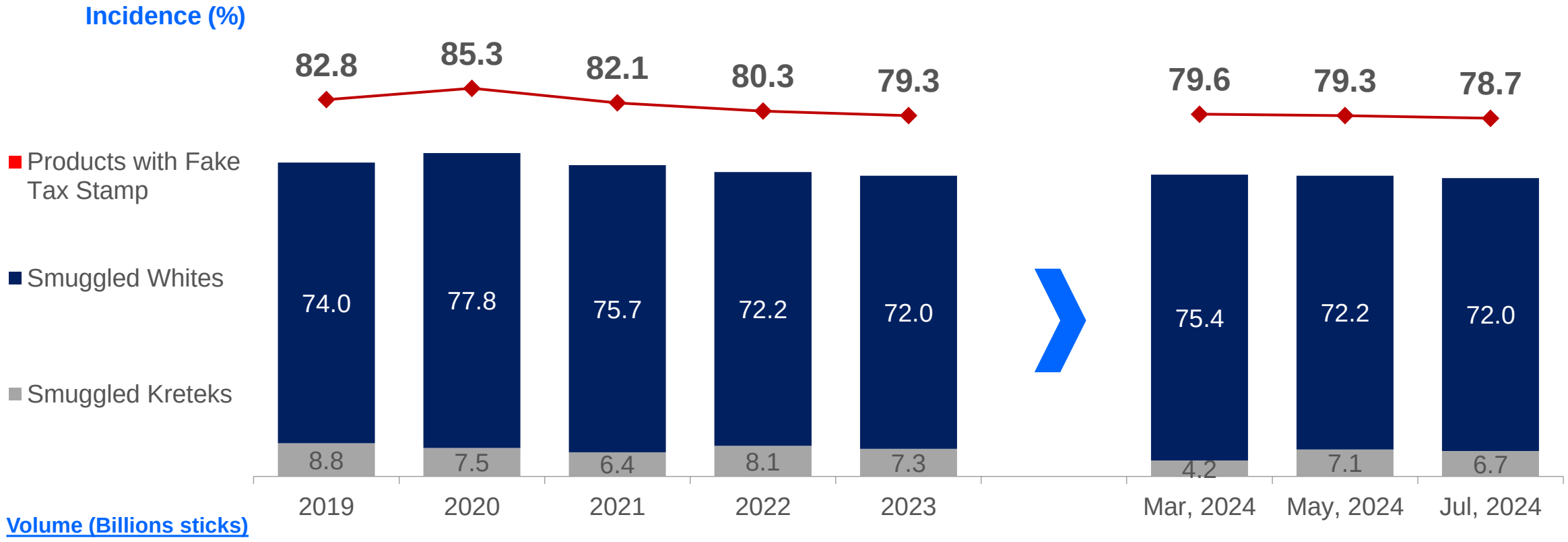
Illegal Cigarettes Incidence In East Malaysia :

Overall decrease by 0.6 ppt. vs. May, 2024



Volume (Billions sticks)	2019	2020	2021	2022	2023	Mar, 2024	May, 2024	Jul, 2024
Legal Cigarettes	0.3	0.2	0.5	0.5	0.5	0.04	0.04	0.04
Illegal Cigarettes	1.7	1.3	2.1	2.1	1.9	0.16	0.15	0.13
Estimated Total industry	2.0	1.5	2.6	2.6	2.4	0.20	0.19	0.17
Incidence	*82.8%*	*85.3%*	*82.1%*	*80.3%*	*79.3%*	*79.6%*	*79.3%*	*78.7%*

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Top 10 Illegal Cigarettes Brands*

They account for approximately 75% of illegal cigarettes volume

	Illegal Brand	Jul 2024 SOM (%)	May 2024 SOM (%)	2023 SOM (%)
1.	John	12.2	10.9	13.7
2.	Era	6.7	8.3	7.4
3.	Canyon	3.9	3.4	5.6
4.	Bosston*	3.2	3.3	1.7
5.	Misto*	2.9	2.3	1.4
6.	Gudang Garam	2.8	2.9	4.2
7.	L.A.	2.8	2.6	2.3
8.	Concept*	2.6	2.3	0.8
9.	U2	2.5	2.0	4.4
10.	Parkway	1.3	1.1	1.5
	Top 10 Total	**40.9**	**39.1**	**43.0**
	Other Illegal	*1.35*	*15.7*	*12.6*
	Total Illegal %	**54.4**	**54.8**	**55.6**

** relates to incidence of empty packs collected that meet any of illegal cigarettes criteria in page 3, regardless whether they are a legal brand or otherwise*

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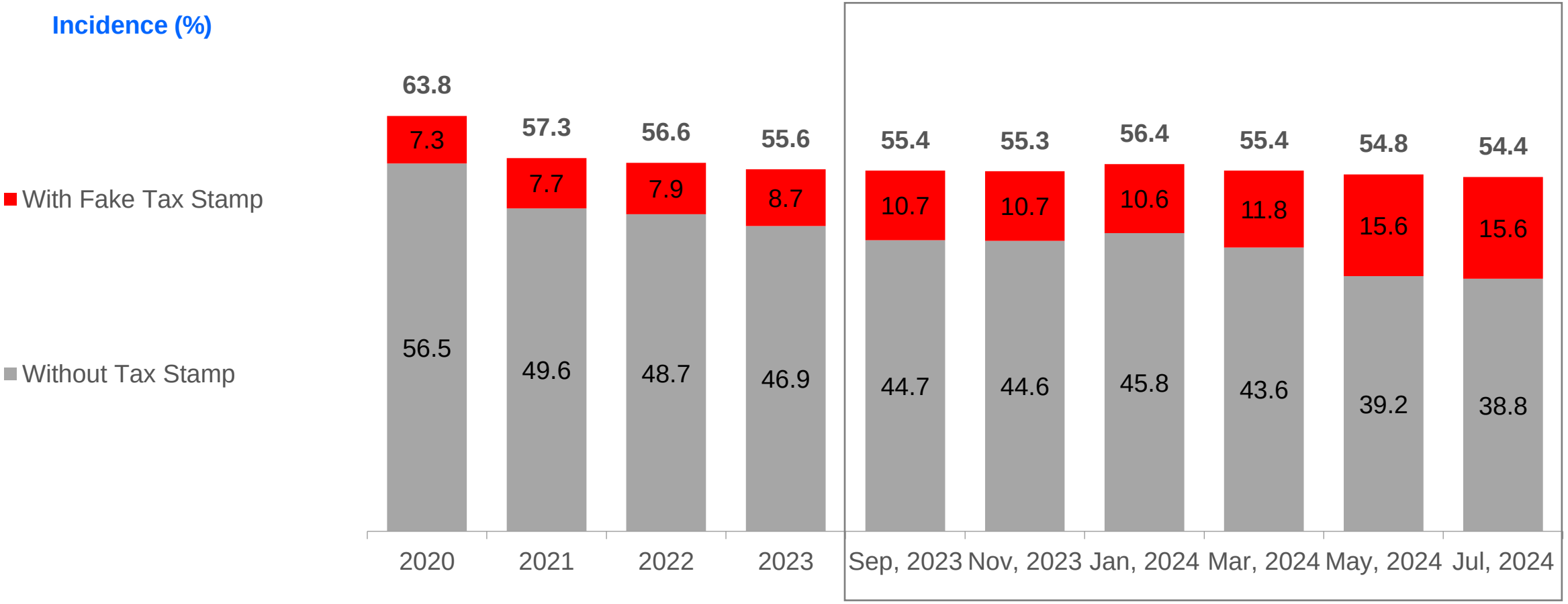
Tax Stamp Breakdown Of Illegal Cigarettes :

- 71% of illegal cigarettes are without tax stamps while remaining 29% are with fake tax stamps



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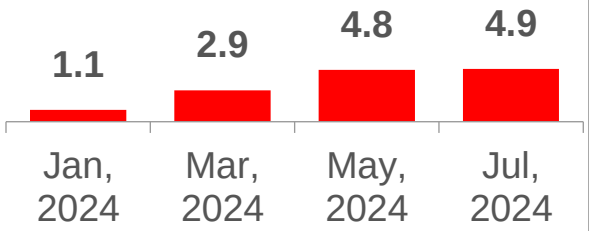
Fake Tax Stamp Breakdown By Importers :

Long One Trading

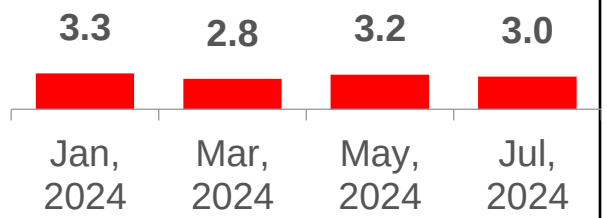
Incidence (%) 2.4 0.3 0.7 0.1

Incidence (%) 0.8 0.4 0.2



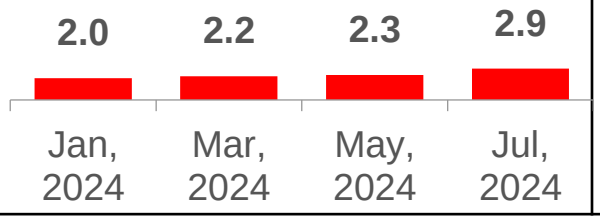
Mahata Tobacco Marketing

Incidence (%) 3.0



JTM Tobacco Marketing

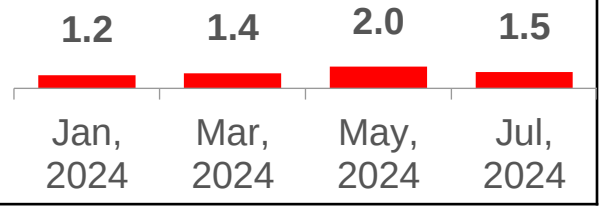
Incidence (%) 2.9



Milton Tobacco International

Incidence (%) 0.1 0.8 0.1 0.3

Incidence (%) 0.2



*0.0%** Incidence is less than 0.1%; figure is too small to feature.*

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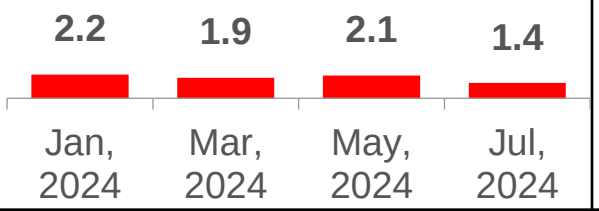
Fake Tax Stamp Breakdown By Importers :

Gillion Tobacco

Incidence (%) 0.2 1.0 0.0** 0.1

Incidence (%) 0.0** 0.1 0.0**



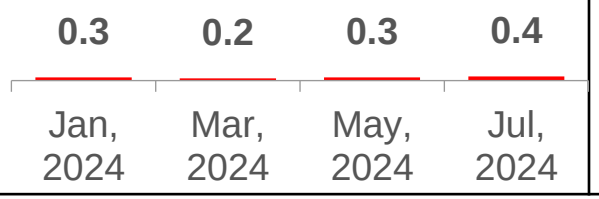
VTI Marketing

Incidence (%) 1.0 0.0** 0.0**

Neptune Tobacco International

Incidence (%) 0.4

New Importer First Detected in Jan 2024



PTC International

Incidence (%) 0.2 0.0**

New Importer First Detected in Jul 2024

*0.0%** Incidence is less than 0.1%; figure is too small to feature.*

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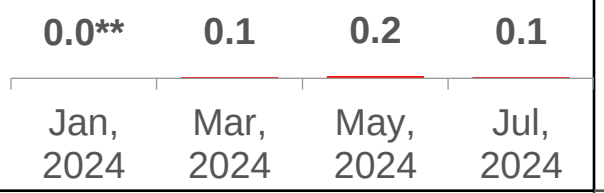
Fake Tax Stamp Breakdown By Importers :

Global 55 Resource

Incidence (%) *0.1* *0.0***

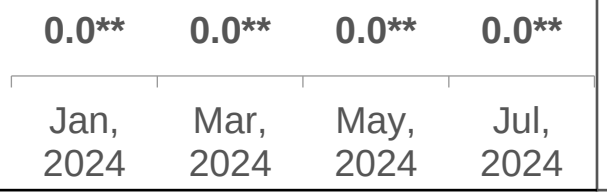


Legasi Jutawan

Incidence (%) *0.0***

Pacific Tobacco Company

Incidence (%) *0.0***



Zeno DFSC

Incidence (%) *0.0***

*0.0%** Incidence is less than 0.1%; figure is too small to feature.*

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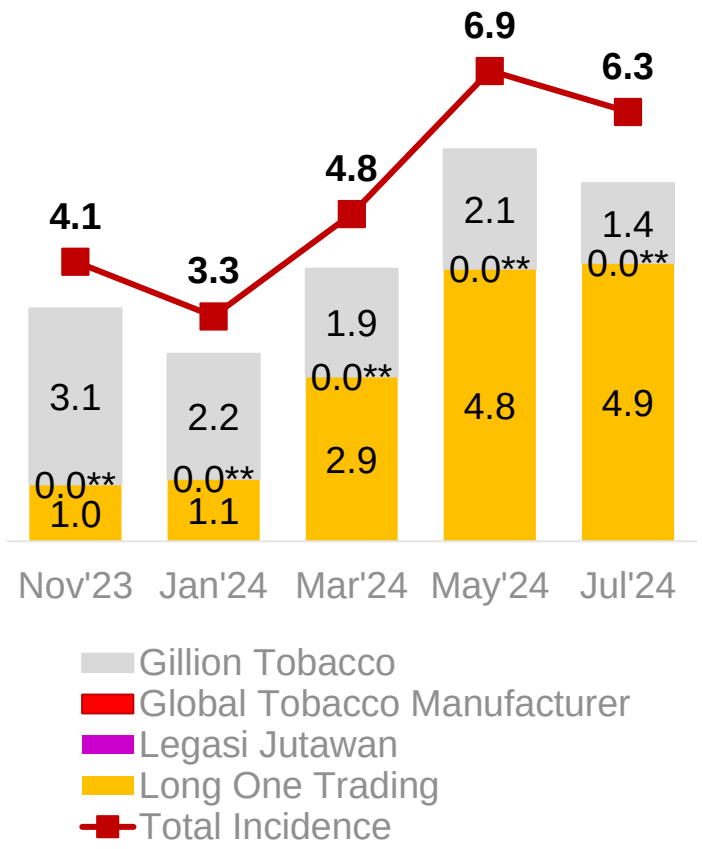
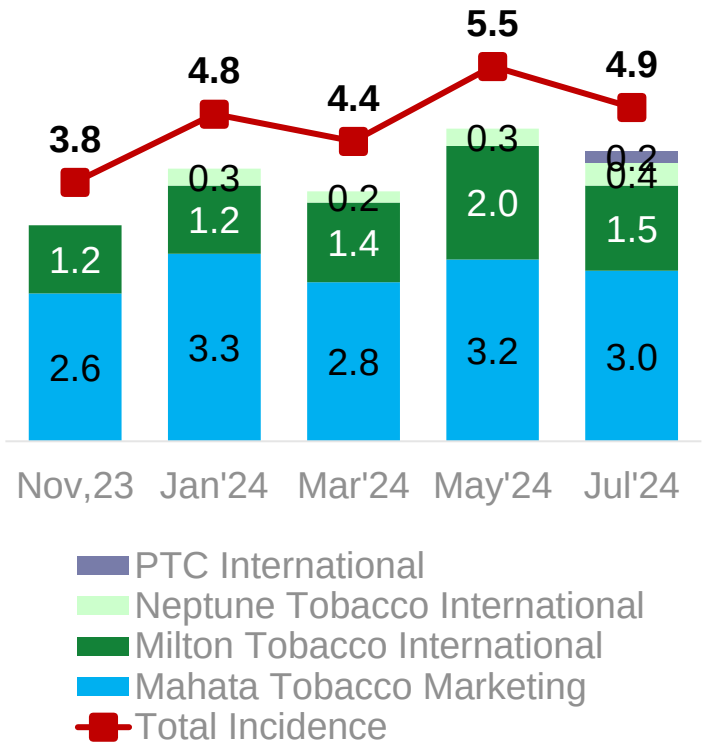
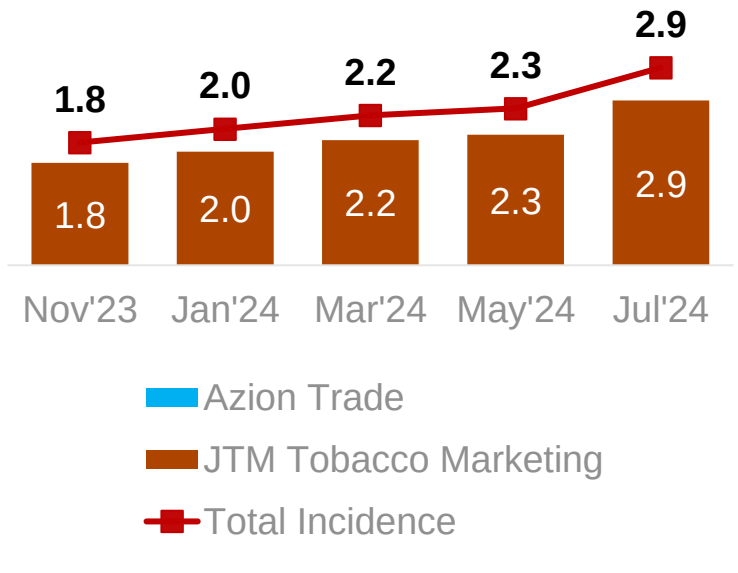
Fake Tax Stamp Breakdown By Importers :

Incidence for packs imported by JTM Tobacco Marketing, Long One Trading and Neptune Tobacco International have increased in Jul'24

New packs with importer PTC International printed on pack detected in Jul'24







*0.0%** Incidence is less than 0.1%; figure is too small to feature.*

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Illegal Cigarettes Incidence By State :

9 States recording an increase vs. May 2024

	A Jul, 2024				B May, 2024				A minus B Variance (Jul'2024 vs. May'2024)				Volume Contribution
	Total Illegal	Fake Tax Stamp	Smuggled Whites	Smuggled Kretek	Total Illegal	Fake Tax Stamp	Smuggled Whites	Smuggled Kretek	Total Illegal	Fake Tax Stamp	Smuggled Whites	Smuggled Kretek	%
WP Labuan	**80.7**	0.0	80.7	0.0	**80.0**	0.0	79.6	0.4	**+0.7**	0.0	+1.1	-0.4	0%**
Sarawak	**78.7**	0.1	67.3	11.3	**79.1**	0.0	69.2	9.9	**-0.4**	+0.1	-1.9	+1.4	10%
Sabah	**78.6**	0.0	76.7	1.9	**79.4**	0.0	74.8	4.6	**-0.8**	0.0	+1.9	-2.7	9%
Pahang	**76.5**	26.2	40.3	10.0	**78.4**	29.3	37.0	12.1	**-1.9**	-3.1	+3.3	-2.1	12%
Terengganu	**74.3**	17.5	50.3	6.5	**71.4**	21.0	44.6	5.8	**+2.9**	-3.5	+5.7	+0.7	5%
Melaka	**64.6**	41.7	22.0	0.9	**62.4**	35.5	25.4	1.5	**+2.2**	+6.2	-3.4	-0.6	5%
Perlis	**59.9**	15.0	42.4	2.5	**55.0**	12.4	41.3	1.3	**+4.9**	+2.6	+1.1	+1.2	1%
Kelantan	**57.7**	2.4	55.0	0.3	**53.2**	0.3	50.6	2.3	**+4.5**	+2.1	+4.4	-2.0	3%
Johor	**50.9**	34.8	14.0	2.1	**50.7**	34.4	14.7	1.6	**+0.2**	+0.4	-0.7	+0.5	18%
Kedah	**48.0**	22.8	23.7	1.5	**44.1**	22.7	20.8	0.6	**+3.9**	+0.1	+2.9	+0.9	3%
Penang	**45.1**	7.8	34.5	2.8	**45.7**	9.3	33.1	3.3	**-0.6**	-1.5	+1.4	-0.5	5%
Selangor	**42.5**	5.9	23.7	12.9	**43.2**	6.1	23.3	13.8	**-0.7**	-0.2	+0.4	-0.9	7%
WP KL	**42.5**	1.6	26.0	14.9	**42.2**	2.6	23.1	16.5	**+0.3**	-1.0	+2.9	-1.6	15%
WP Putrajaya	**42.4**	0.0	16.0	26.4	**42.3**	0.5	19.0	22.8	**+0.1**	-0.5	-3.0	+3.6	0%**
N.Sembilan	**40.5**	21.2	16.3	3.0	**42.3**	21.9	17.0	3.4	**-1.8**	-0.7	-0.7	-0.4	3%
Perak	**31.5**	12.7	17.8	1.0	**31.9**	13.3	17.8	0.8	**-0.4**	-0.6	0.0	+0.2	3%
National Incidence	**54.4**	**15.6**	**32.1**	**6.7**	**54.8**	**15.6**	**31.9**	**7.3**	**-0.4**	**0.0**	**+0.2**	**-0.6**	**100%**

*0.0%** Incidence is less than 0.1%; figure is too small to feature.*

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Illegal Cigarettes Incidence By State :

7 States recording an increase vs. 2023

	A Jul, 2024				B 2023				A minus B Variance (May'2024 vs. 2023)				Volume Contribution
	Total Illegal	Fake Tax Stamp	Smuggled Whites	Smuggled Kretek	**Total Illegal**	Fake Tax Stamp	Smuggled Whites	Smuggled Kretek	**Total Illegal**	Fake Tax Stamp	Smuggled Whites	Smuggled Kretek	%
WP Labuan	**80.7**	0.0	80.7	0.0									0%**
Sarawak	**78.7**	0.1	67.3	11.3	**80.2**	0.0	68.1	12.1	**-1.5**	+0.1	-0.8	-0.8	10%
Sabah	**78.6**	0.0	76.7	1.9	**78.4**	0.0	76.2	2.2	**+0.2**	0.0	+0.5	-0.3	9%
Pahang	**76.5**	26.2	40.3	10.0	**77.7**	12.3	54.2	11.2	**-1.2**	+13.9	-13.9	-1.2	12%
Terengganu	**74.3**	17.5	50.3	6.5	**68.4**	11.5	51.8	5.1	**+5.9**	+6.0	-1.5	+1.4	5%
Melaka	**64.6**	41.7	22.0	0.9	**49.2**	27.5	19.1	2.6	**+15.4**	+14.2	+2.9	-1.7	5%
Perlis	**59.9**	15.0	42.4	2.5	**50.6**	1.6	41.3	7.7	**+9.3**	+13.4	+1.1	-5.2	1%
Kelantan	**57.7**	2.4	55.0	0.3	**56.9**	1.0	53.5	2.4	**+0.8**	+1.4	+1.5	-2.1	3%
Johor	**50.9**	34.8	14.0	2.1	**56.0**	17.0	32.6	6.4	**-5.1**	+17.8	-18.6	-4.3	18%
Kedah	**48.0**	22.8	23.7	1.5	**46.4**	6.0	36.7	3.7	**+1.6**	+16.8	-13.0	-2.2	3%
Penang	**45.1**	7.8	34.5	2.8	**46.8**	8.0	35.7	3.1	**-1.7**	-0.2	-1.2	-0.3	5%
Selangor	**42.5**	5.9	23.7	12.9	**45.3**	4.3	29.0	12.0	**-2.8**	+1.6	-5.3	+0.9	7%
WP KL	**42.5**	1.6	26.0	14.9	**41.4**	1.1	30.2	10.1	**+1.1**	+0.5	-4.2	+4.8	15%
WP Putrajaya	**42.4**	0.0	16.0	26.4									0%**
N.Sembilan	**40.5**	21.2	16.3	3.0	**41.3**	21.1	16.7	3.5	**-0.8**	+0.1	-0.4	-0.5	3%
Perak	**31.5**	12.7	17.8	1.0	**34.4**	13.0	20.4	1.0	**-2.9**	-0.3	-2.6	0.0	3%
National Incidence	**54.4**	**15.6**	**32.1**	**6.7**	**55.6**	**8.7**	**39.5**	**7.4**	**-1.2**	**+6.9**	**-7.4**	**-0.7**	**100%**

*0.0%** Incidence is less than 0.1%; figure is too small to feature.*

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Top 10 Illegal Cigarettes Brands* For Perlis

- Volume contribution to National = 1%

	Illegal Brand	Jul, 2024 SOM (%)	May, 2024 SOM (%)	2023 SOM (%)
1.	John	36.4	37.5	33.2
2.	Vson*	9.7	8.9	0.0**
3.	Vess	3.9	3.4	5.9
4.	Manchester*	3.9	1.9	0.0**
5.	Gudang Garam	2.5	1.3	7.0
6.	Tiara	1.9	0.2	1.7
7.	Concept*	0.4	-	0.0**
8.	Rudland & George*	0.3	0.4	-
9.	Redwood*	0.3	0.6	0.0**
10.	Misto*	0.2	0.5	1.1
	Top 10 Total	**59.5**	**54.7**	**48.9**
	Other Illegal	*0.4*	*0.3*	*1.7*
	Total Illegal %	**59.9**	**55.0**	**50.6**

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** relates to incidence of empty packs collected that meet any of illegal cigarettes criteria in page 3, regardless whether they are a legal brand or otherwise*
*0.0%** Incidence is less than 0.1%; figure is too small to feature.*

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Top 10 Illegal Cigarettes Brands* For Kedah

- Volume contribution to National = 3%

	Illegal Brand	Jul, 2024 SOM (%)	May, 2024 SOM (%)	2023 SOM (%)
1.	John	14.3	12.5	24.6
2.	Vson*	12.8	12.0	0.8
3.	Vess	4.8	3.6	3.9
4.	Tiara	4.1	4.3	3.7
5.	A380*	3.2	3.5	1.9
6.	Manchester*	2.6	1.1	0.4
7.	Gudang Garam	1.5	0.6	3.6
8.	Fenzo	1.2	-	-
9.	Misto*	1.0	2.6	0.3
10.	Promax*	0.7	0.4	1.0
	Top 10 Total	**46.2**	**40.6**	**40.2**
	Other Illegal	*1.8*	*3.5*	*6.2*
	Total Illegal %	**48.0**	**44.1**	**46.4**

** relates to incidence of empty packs collected that meet any of illegal cigarettes criteria in page 3, regardless whether they are a legal brand or otherwise*

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Top 10 Illegal Cigarettes Brands* For Penang

- Volume contribution to National = 5%

	Illegal Brand	Jul, 2024 SOM (%)	May, 2024 SOM (%)	2023 SOM (%)
1.	John	31.9	28.9	31.4
2.	Gudang Garam	2.7	3.2	2.8
3.	Manchester*	2.5	2.6	2.5
4.	M*	1.0	1.3	0.6
5.	Tex	1.0	1.1	1.0
6.	Pragon*	0.8	1.0	1.0
7.	Concept*	0.8	1.3	0.9
8.	Forman*	0.8	1.3	0.3
9.	A380*	0.6	0.3	0.7
10.	Luffman	0.5	1.3	0.4
	Top 10 Total	**42.6**	**42.3**	**41.6**
	Other Illegal	*2.5*	*3.4*	*5.2*
	Total Illegal %	**45.1**	**45.7**	**46.8**

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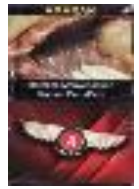

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** relates to incidence of empty packs collected that meet any of illegal cigarettes criteria in page 3, regardless whether they are a legal brand or otherwise*

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Top 10 Illegal Cigarettes Brands* For Perak

- Volume contribution to National = 3%

	Illegal Brand	Jul, 2024 SOM (%)	May, 2024 SOM (%)	2023 SOM (%)
1.	John	11.2	11.3	12.3
2.	D&J	3.3	2.9	3.7
3.	9th Century*	3.1	3.0	1.7
4.	Misto*	2.5	3.1	1.7
5.	Concept*	2.2	1.6	2.2
6.	Canyon	1.5	1.0	1.8
7.	Manchester*	1.3	0.9	1.8
8.	Gudang Garam	0.9	0.8	0.7
9.	A380*	0.5	0.2	0.3
10.	Forman*	0.5	0.8	0.3
	Top 10 Total	**27.0**	**25.6**	**26.5**
	Other Illegal	*4.5*	*6.3*	*7.9*
	Total Illegal %	**31.5**	**31.9**	**34.4**

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** relates to incidence of empty packs collected that meet any of illegal cigarettes criteria in page 3, regardless whether they are a legal brand or otherwise*

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Top 10 Illegal Cigarettes Brands* For Selangor

- Volume contribution to National = 15%

	Illegal Brand	Jul, 2024 SOM (%)	May, 2024 SOM (%)	2023 SOM (%)
1.	John	9.7	8.0	10.9
2.	L.A.	7.3	6.7	4.8
3.	Canyon	5.8	3.9	4.9
4.	Gudang Garam	4.7	4.8	6.3
5.	U2	4.3	3.7	7.0
6.	Luffman	2.9	3.2	3.1
7.	Misto*	1.4	1.2	0.9
8.	A380*	1.3	1.6	1.4
9.	Bosston*	1.0	0.8	0.5
10.	6th Sense*	0.7	0.6	0.5
	Top 10 Total	**39.1**	**34.5**	**40.3**
	Other Illegal	*3.4*	*8.7*	*5.0*
	Total Illegal %	**42.5**	**43.2**	**45.3**

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Top 10 Illegal Cigarettes Brands* For WP KL

- Volume contribution to National = 7%

	Illegal Brand	Jul, 2024 SOM (%)	May, 2024 SOM (%)	2023 SOM (%)
1.	John	9.2	7.8	11.0
2.	L.A.	9.0	9.3	5.0
3.	Canyon	7.9	4.6	3.9
4.	U2	5.5	3.8	7.3
5.	Gudang Garam	5.2	4.9	4.4
6.	Luffman	2.9	4.0	4.4
7.	Concept*	0.6	0.4	0.2
8.	Bosston*	0.4	0.7	0.2
9.	Zon King	0.3	2.7	3.2
10.	Sampoerna	0.3	1.4	0.6
	Top 10 Total	**41.3**	**39.6**	**40.2**
	Other Illegal	*1.2*	*2.6*	*1.2*
	Total Illegal %	**42.5**	**42.2**	**41.4**

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Top 7 Illegal Cigarettes Brands* For WP Putrajaya

- Volume contribution to National = 0%**

	Illegal Brand	Jul, 2024 SOM (%)	May, 2024 SOM (%)	2023 SOM (%)
1.	L.A.	17.7	12.0	
2.	Gudang Garam	8.5	10.8	
3.	John	6.7	10.9	
4.	Canyon	5.9	0.2	
5.	U2	3.2	4.9	
6.	Luffman	0.3	1.8	
7.	Djarum	0.1	-	
	Top 7 Total	**42.4**	**40.6**	
	Other Illegal	-	*1.7*	
	Total Illegal %	**42.4**	**42.3**	

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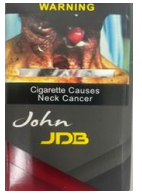

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Top 10 Illegal Cigarettes Brands* For Negeri Sembilan

- Volume contribution to National = 3%

	Illegal Brand	Jul, 2024 SOM (%)	May, 2024 SOM (%)	2023 SOM (%)
1.	John	8.9	7.8	5.0
2.	Misto*	8.7	6.1	6.8
3.	Canyon	5.8	5.1	7.9
4.	A380*	3.9	7.0	6.9
5.	Gudang Garam	2.4	2.9	3.0
6.	6th Sense*	2.4	3.0	2.8
7.	Bosston*	1.4	0.8	1.0
8.	Promax*	1.3	2.0	0.5
9.	9th Century*	1.3	0.9	0.5
10.	Vson*	1.0	0.4	0.1
	Top 10 Total	**37.1**	**36.0**	**34.5**
	Other Illegal	*3.4*	*6.3*	*6.8*
	Total Illegal %	**40.5**	**42.3**	**41.3**

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Top 10 Illegal Cigarettes Brands* For Melaka

- Volume contribution to National = 5%

	Illegal Brand	Jul, 2024 SOM (%)	May, 2024 SOM (%)	2023 SOM (%)
1.	John	12.9	15.0	10.7
2.	Bosston*	12.4	14.4	4.9
3.	Misto*	11.7	6.7	4.1
4.	Canyon	8.7	9.8	7.7
5.	Manchester*	6.8	1.3	2.9
6.	Galaxy*	4.1	5.0	0.8
7.	Pragon*	3.9	4.0	1.3
8.	Concept*	1.2	0.7	0.7
9.	Gudang Garam	0.6	0.7	2.2
10.	SOHO*	0.6	1.4	7.6
	Top 10 Total	**62.9**	**59.0**	**42.9**
	Other Illegal	*1.7*	*3.4*	*6.3*
	Total Illegal %	**64.6**	**62.4**	**49.2**

** relates to incidence of empty packs collected that meet any of illegal cigarettes criteria in page 3, regardless whether they are a legal brand or otherwise*

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Top 10 Illegal Cigarettes Brands* For Johor

- Volume contribution to National = 18%

	Illegal Brand	Jul, 2024 SOM (%)	May, 2024 SOM (%)	2023 SOM (%)
1.	Bosston*	7.2	7.1	3.3
2.	Misto*	6.7	5.2	2.9
3.	Concept*	5.3	2.7	1.3
4.	John	4.1	3.0	8.9
5.	Promax*	4.0	4.4	1.4
6.	Galaxy*	3.5	4.9	0.9
7.	Canyon	3.4	5.3	13.2
8.	Pragon*	2.4	2.6	1.2
9.	U2	2.3	1.9	5.8
10.	NYX	2.0	2.5	1.9
	Top 10 Total	**40.9**	**39.6**	**40.8**
	Other Illegal	*8.2*	*11.1*	*15.2*
	Total Illegal %	**49.1**	**50.7**	**56.0**

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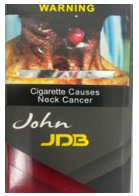

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Top 10 Illegal Cigarettes Brands* For Pahang

- Volume contribution to National = 12%

	Illegal Brand	Jul, 2024 SOM (%)	May, 2024 SOM (%)	2023 SOM (%)
1.	John	26.0	24.0	29.4
2.	Concept*	12.9	14.5	2.3
3.	Bosston*	10.0	10.8	7.3
4.	Gudang Garam	7.4	8.9	9.4
5.	Canyon	6.9	5.4	11.7
6.	U2	6.4	5.6	11.7
7.	L.A.	1.2	1.4	0.6
8.	Pragon*	1.2	1.5	1.0
9.	Gajah Baru	0.9	0.9	0.7
10.	Misto*	0.6	0.6	0.6
	Top 10 Total	**73.5**	**73.6**	**74.7**
	Other Illegal	*3.0*	*4.8*	*3.0*
	Total Illegal %	**76.5**	**78.4**	**77.7**

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Top 10 Illegal Cigarettes Brands* For Terengganu

- Volume contribution to National = 5%

	Illegal Brand	Jul, 2024 SOM (%)	May, 2024 SOM (%)	2023 SOM (%)
1.	John	37.6	34.3	39.2
2.	Misto*	7.0	7.1	1.7
3.	Saat	5.7	3.9	4.5
4.	U2	3.4	2.6	4.2
5.	Gudang Garam	3.2	3.2	4.3
6.	Concept*	3.1	4.1	1.1
7.	Gajah Baru	2.8	2.5	0.6
8.	Pragon*	2.7	5.0	4.3
9.	Bosston*	2.5	1.9	1.7
10.	A380*	0.8	1.4	0.6
	Top 10 Total	**68.8**	**66.0**	**62.2**
	Other Illegal	*5.5*	*5.4*	*6.2*
	Total Illegal %	**74.3**	**71.4**	**68.4**

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Top 8 Illegal Cigarettes Brands* For Kelantan

- Volume contribution to National = 3%

	Illegal Brand	Jul, 2024 SOM (%)	May, 2024 SOM (%)	2023 SOM (%)
1.	John	30.5	34.6	32.2
2.	Saat	24.2	15.8	17.6
3.	Pragon*	1.8	-	0.1
4.	Concept*	0.6	0.3	0.8
5.	Gudang Garam	0.3	2.3	2.4
6.	Galaxy*	0.2	-	0.0**
7.	Lee*	0.1	0.2	0.9
8.	Vson*	0.0**	-	-
	Top 8 Total	**57.7**	**53.2**	**54.0**
	Other Illegal	-	-	*2.9*
	Total Illegal %	**57.7**	**53.2**	**56.9**

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** relates to incidence of empty packs collected that meet any of illegal cigarettes criteria in page 3, regardless whether they are a legal brand or otherwise*
*0.0%** Incidence is less than 0.1%; figure is too small to feature.*

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Top 2 Illegal Cigarettes Brands* For WP Labuan

- Volume contribution to National = 0%**

	Illegal Brand	Jul, 2024 SOM (%)	May, 2024 SOM (%)	2023 SOM (%)
1.	Era	80.0	76.3	
2.	Premium	0.7	3.3	
	Top 2 Total	**80.7**	**79.6**	
	Other Illegal	-	*0.4*	
	Total Illegal %	**80.7**	**80.0**	

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Top 10 Illegal Cigarettes Brands* For Sabah

- Volume contribution to National = 9%

	Illegal Brand	Jul, 2024 SOM (%)	May, 2024 SOM (%)	2023 SOM (%)
1.	Era	69.9	72.6	73.1
2.	Premium	3.6	1.4	2.2
3.	D&J	2.9	0.6	0.7
4.	Grow	1.0	1.7	-
5.	L.A.	0.5	2.0	1.8
6.	Gudang Garam	0.3	0.5	0.1
7.	Lee*	0.3	-	00**
8.	Win MIld	0.1	0.1	0.3
9.	Astro	0.0**	-	-
10.	Sampoerna	0.0**	0.2	0.0**
	Top 10 Total	**78.6**	**79.1**	**78.2**

Other Illegal	-	*0.3*	*0.2*
Total Illegal %	**78.6**	**79.4**	**78.4**

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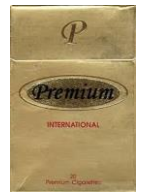

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** relates to incidence of empty packs collected that meet any of illegal cigarettes criteria in page 3, regardless whether they are a legal brand or otherwise*
*0.0%** Incidence is less than 0.1%; figure is too small to feature.*

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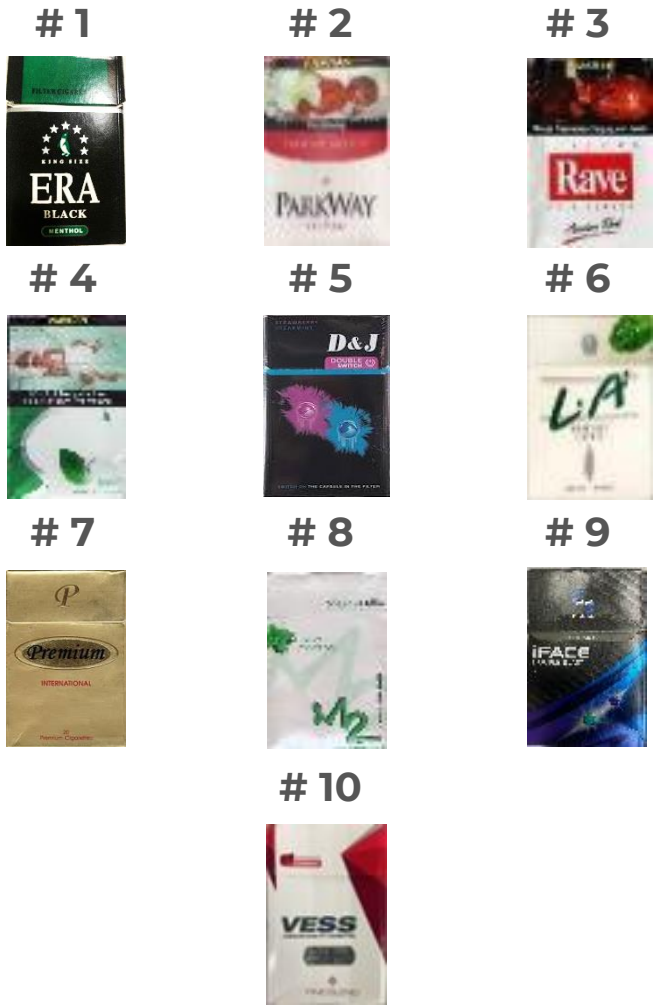
Top 10 Illegal Cigarettes Brands* For Sarawak

- Volume contribution to National = 10%

	Illegal Brand	Jul, 2024 SOM (%)	May, 2024 SOM (%)	2023 SOM (%)
1.	Era	28.7	34.8	27.3
2.	Parkway	18.5	15.9	19.1
3.	Rave	12.3	11.3	13.9
4.	S Super	6.3	5.6	1.8
5.	D&J	6.2	5.6	3.5
6.	L.A.	3.9	2.5	7.5
7.	Premium	0.6	0.4	0.7
8.	Master Mild M2	0.5	0.1	0.6
9.	iFACE	0.4	-	0.0**
10.	Vess	0.3	0.3	0.5
	Top 10 Total	**77.7**	**76.5**	**74.9**
	Other Illegal	*1.0*	*2.6*	*5.3*
	Total Illegal %	**78.7**	**79.1**	**80.2**



** relates to incidence of empty packs collected that meet any of illegal cigarettes criteria in page 3, regardless whether they are a legal brand or otherwise*

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Appendix:
Nielsen's ICS Research Objective & Methodology

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Research Objectives

1. **Identify the incidence & trend of illegal cigarettes in Malaysia & at State Level**

2. **Identify the illegal brands available in Malaysia and at State Level**

3. **Identify the level of compliance vs. non-compliance on cigarette packs**

   I. Security features (Tax Stamps)

   II. Brands of Local Manufacturers and Importers registered with Royal Malaysian Customs

   III. Mandated Labeling Requirements (under Control of Tobacco Product Regulations, Trade Description Act, Price Control & Anti Profiteering Act)

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Overview Of Study Framework

METHODOLOGY

- Method: **Litter collection of cigarette packs.**
- Frequency**: 6 waves** in a year.
- Geographical coverage: Nationwide (Pen. M'sia and Sabah & Sarawak)
- Sample size: Nationwide **21,200 packs per wave** (Pen M'sia = A minimum of 1,200 packs per State, Sabah & Sarawak = 1,600 packs each, Putrajaya & Labuan = 400 packs each)

PROCESS

Packs collection ▶ Coding of packs ▶ Verification of security features by government appointed vendor – Lembah Sari Sdn Bhd ▶ Verification of security features by Member companies ▶ Analysis & Reporting

SAMPLING ERROR

- 0.6% at national level and minimum 5.0% at state level

- Results are presented as ratio or percentages of sticks collected.

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ICS Research Methodology & Design

I. **ICS Universe, Sample Size**

II. Sampling Coverage Of ICS and Fieldwork

III. Coding Processes

IV. Data Processing

V. Weighting The Survey Data

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Why Sample Size of 20,000 packs?

Sample Size (n=)	Sampling Error @ 95% Confidence
n=50	14.9%
n=100	9.9%
n=250	5.9%
n=500	4.1%
n=1,000	2.8%
n=2,000	2.0%
n=3,000	1.6%
n=4,000	1.4%
n=10,000	0.8%
n=20,000	**0.6%**
n=50,000	0.4%

- The data accuracy for a sample size is dependent on the sample size of a study; **Sampling error declines** as **sample size** for a study is **increased**
- To ensure minimal sampling error at **National level**, **sample size of n=20,000** was chosen
- At State level, a minimum sample size of n=1,200 was chosen to optimize data accuracy without impacting the efficiency of fieldwork turnaround time. However, n=400 for Putrajaya and Labuan due to population size consideration.

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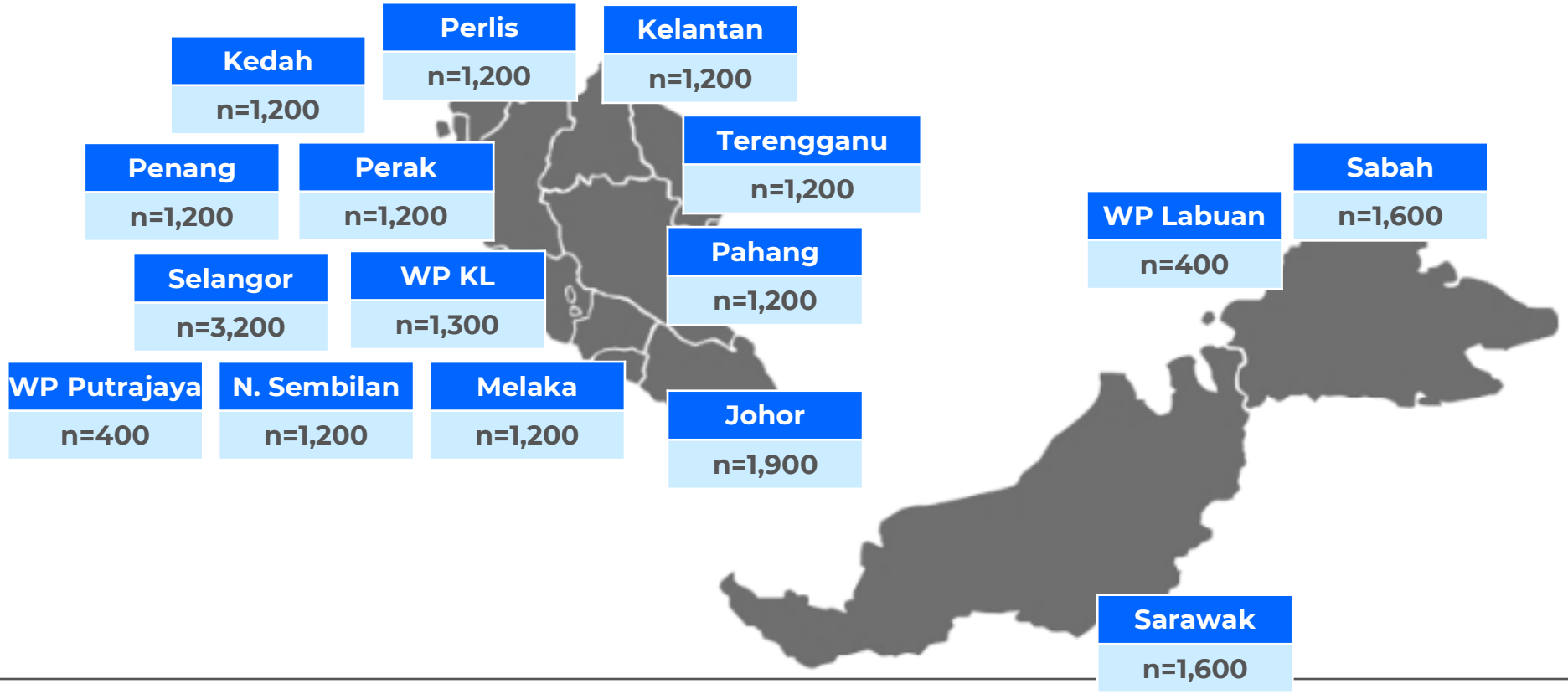
Geographical Coverage & Sample Size For Each State

- State in Pen Malaysia, minimum sample size n=1,200
- State in East Malaysia, sample size n=1,600
- **These sample size are robust** taking into consideration geographical landscape, different cigarettes volume pattern and efficient turnaround of fieldwork



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Sampling Coverage of ICS

STATE	DISTRICT COVERED		
Perlis	Kangar		
Kedah	Kuala Muda	Kota Setar	Kulim
	Kubang Pasu	Baling	Pendang
Penang	Timur Laut	Seberang Perai Tengah	Seberang Perai Utara
Perak	Kinta	Larut & Matang	Manjung
	Hilir Perak	Kerian	
Selangor	Petaling	Ulu Langat	Klang
	Gombak	Kuala Langat	
WP	Spread across KL	Spread across Putrajya	Spread across Labuan
N. Sembilan	Seremban	Jempol	Port Dickson
	Tampin		
Melaka	Melaka	Alor Gajah	
Johor	Johor Bahru	Batu Pahat	Kluang
	Kulai Jaya	Muar	Kota Tinggi
Pahang	Kuantan	Temerloh	Bentong
	Maran	Rompin	Pekan
Terengganu	Kuala Terengganu	Kemaman	Dungun
	Besut		
Kelantan	Kota Bharu	Pasir Mas	Tumpat
	Bachok	Tanah Merah	
Sabah	Kota Kinabau	Tawau	Sandakan
	Lahad Datu	Keningau	Semporna
	Papar	Penampang	Beluran
	Tuaran	Ranau	Kota Belud
Sarawak	Kuching	Miri	Sibu
	Bintulu	Serian	Samarahan
	Sri Aman	Sarikei	Kapit
	Bau	Limbang	Saratok

- Nationwide
- All 13 states in Peninsular and East Malaysia and 3 Federal Territories
- Covers each state's **top 50% most populous** districts
- The sampling approach ensure **both Urban & Rural** coverage reflects data released by Malaysia Department of Statistic (Census 2010)

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Flow Chart For Pre-Fieldwork & Fieldwork

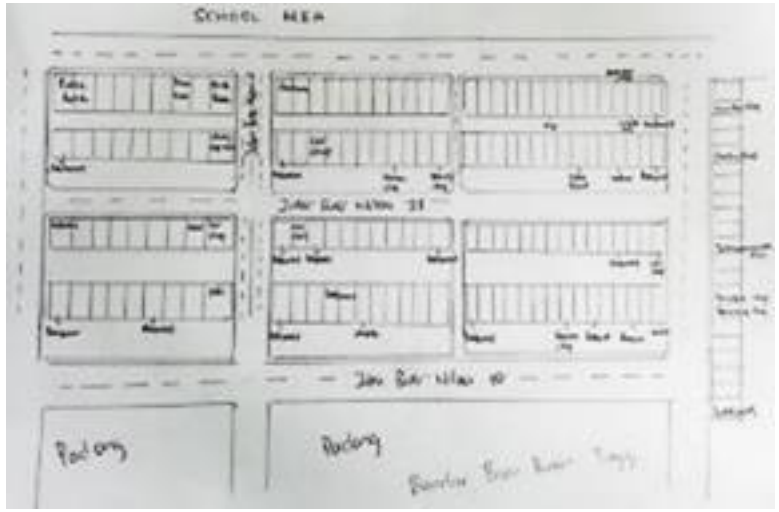
Establish starting point of collection

Collect 25 packs from the street each week

Attach label to bag: Standard label with the following:

- *State*
- *Location collected*
- *Area type*
- *Date of collection*

Packs will then be delivered to Nielsen's Head Office at KL for coding



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Guidelines For Pack Collection

- All Packs collected from the collection points must be in decent condition. If not Lembah Sari Sdn. Bhd. will not be able to validate the authenticity of a pack if the packs are so badly damaged that certain key elements are missing
- Instruction to collectors is to collect pack in decent condition.
- No instruction on brand restriction is issued (hence, **rejection of packs in poor condition applies to all** brands)
- As such, collectors will have no preference on the packs being collected as long as it is in decent condition
- Remuneration for packs collected are standard across all pack type / brand

Visual Examples of Unacceptable Packs

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ICS Research Methodology & Design

I. ICS Universe, Sample Size

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A Robust SOP For Pack Verification & Coding Process

The following diagram illustrates the pack verification & coding process

1. **Pack Collection** *Weekly*
2. **Data Entry** *Weekly*
3. **Quality Control** *Weekly 10%*
4. **Data Cleaning & Processing** *Weekly*
5. **Data Checking/ Reporting** *Weekly*
6. **Pack Sorting & Warehouse Storage** *Weekly*
7. **Preparation for Lembah Sari Review** *Wave End*
8. **Lembah Sari Review** *Wave End*
9. **Check Lembah Sari Verifications** *Wave End*
10. **Preparation for CMTM verification** *Wave End*
11. **Packs & Excel Sheet to CMTM to Verify** *Wave End*
12. **Compile Lembah Sari & CMTM's Feedback** *End of Wave*
13. **Data Change Instructions to DP** *Wave End*
14. **Final Tabulation** *Wave End*
15. **Final Reporting** *Wave End*
16. **Pack Disposal & Wave Gaps**

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Coding & Storage Process At Nielsen HQ

1. Packs which arrive at Nielsen HQ are assigned a unique pack ID number

Pack Sample

A unique ID is assigned to each pack when it reach Nielsen HQ

Each cigarettes pack which arrive will have a sticker with details on when and where it is collected

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Coding & Storage Process At Nielsen HQ

2. Once the pack ID number is assigned, data entry process will begins. All information on the pack will be captured

3. When data entry is completed, the packs are sorted by brands and types

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Coding & Storage Process At Nielsen HQ

4. Once the sorting is complete, the cigarettes packs are stored on shelves with labeling for easy retrieval when required

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Illegal Cigarettes Criteria For Verification

Packs with at least one (1) of the following features:

1. Absence of Registered Importers
2. Unregistered Importers*
3. Absence of Registered Manufacturers
4. Unregistered Manufacturers*
5. Packs with counterfeit (fake) Malaysian tax stamp**
6. Packs without Malaysian tax stamp
7. Packs with non-Malaysian tax stamp
8. Unregistered Brand*
9. Non Compliance to Ministry of Health's Control of Tobacco Product Regulations (CTPR) 2004
    I. Absence or Non Compliance of Pictorial Health Warning Requirements
    II. Pack Size other than 20 sticks
    III. Absence or Non Compliance of mandated labeling requirements

* *Not registered with the Royal Malaysian Customs*
** *Verified by Lembah Sari Sdn Bhd (LSSB) – Government appointed sole vendor for tax stamp*

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Regulations Set By The Malaysian Government

- All locally manufactured cigarettes and imported cigarettes are required to meet the following criteria:
  - **Registered brand** with Customs
  - **Registered manufacturer** with Customs
  - **Registered importer** with Customs (if it is an imported pack)
  - **Malaysian labeling requirements** i.e. pictorial health warning clause, textual health warning clause, “no sales to under 18” clause, manufacturing date, name and address on manufacturer/importer
  - **Pack size** of not less than 20 sticks

- Additional security features for imported / manufactured packs for **domestic** consumption:
  - Blue tax stamp

- Additional security features for imported / manufactured packs for **duty free** consumption:
  - Pink tax stamp

** relates to incidence of empty packs collected that meet any of illegal cigarettes criteria in page 3, regardless whether they are a legal brand or otherwise*

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Visible Elements Captured By ICS

The following visible elements is **checked & coded / captured** for ***each*** of the collected packs by Nielsen Malaysia

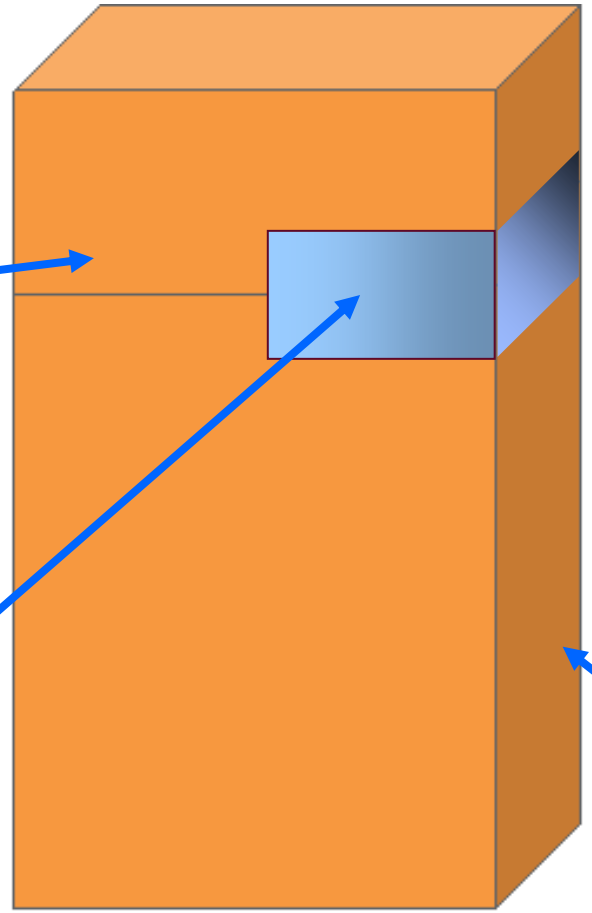
Brand, Variant, Pack size & type

Presence of Health Warning Clause

Malaysian or Non-Malaysian

Presence of Security Feature; Tax Stamp

- Blue Tax Stamp
- Pink Tax Stamp
- Non-Malaysian banderol
- Other Tax Stamp



Other information

- Duty Free packs
  - Malaysian Duty Not Paid clause
- State/Town/District/Location
- *Pictorial Health Warning Clause (2009)*
- Etc., etc.

Manufacturer/ Importer

- Company Name
- Address

Information on registered brands, registered manufacturers/ Importers is provided by CMTM

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Verification Of Security Tax Stamp

- **Tax Stamps** are verified by Lembah Sari using the special reader/tool
- Verification outcome: **sign off by Lembah Sari** & Nielsen as witness

	A	B	C	D	G	H
1	Local Manufacturer		F = Fake		X = No Ink	G50 = genuine security ink, DF/MY - fake (tampe
2	No	Pack ID System	Brand	Pack Size	Remarks (by LSSB)	
3					Security Ink	Other Comments
10	7	30720	John	20	F	
11	8	111197	John	20	F	
12	9	110215	John	20	F	
13	10	101121	John	20	F	
14	11	40886	John	20	F	
15	12	40782	John	20	F	
16	13	121022	John	20	F	
17	14	100613	John	20	F	
18	15	121195	John	20	F	
19	16	110975	John	20	F	
20	17	60734	John	20	F	
21	18	110977	John	20	F	
22	19	41164	John	20	F	
23	20	40704	John	20	F	
24	21	40689	John	20	F	
25	22	40708	John	20	F	
26	23	40711	John	20	F	
27	24	10838	John	20	F	
28	25	41090	John	20	F	
29	26	40662	John	20	F	
30	27	40906	John	20	F	
31	28	4167	John	20	F	
32	29	111160	John	20	F	
33	30	41032	John	20	F	
34	31	40639	John	20	F	
35	32	120799	John	20	F	
36	33	40843	John	20	F	

Template - BATM / Template - PMI / Template - JTI / Template - RMC Importer / Template - ELPC /

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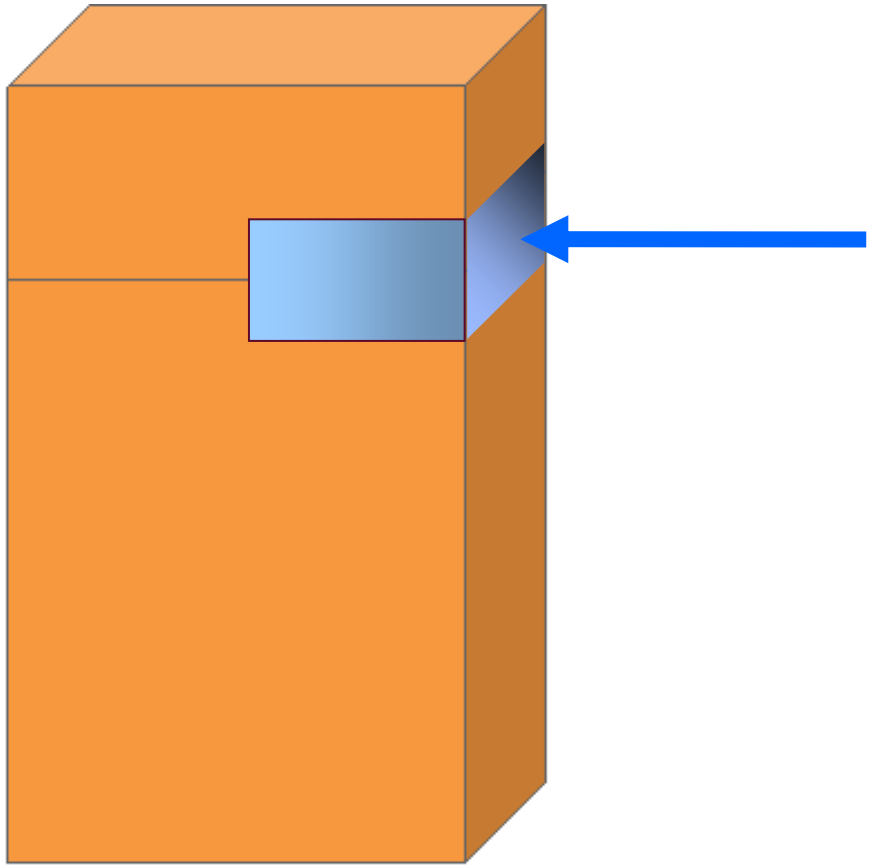
Verification Of Security Tax Stamp



Blue Tax Stamp
(Domestic Market)

OR

Pink Tax Stamp
(Duty Free Market)

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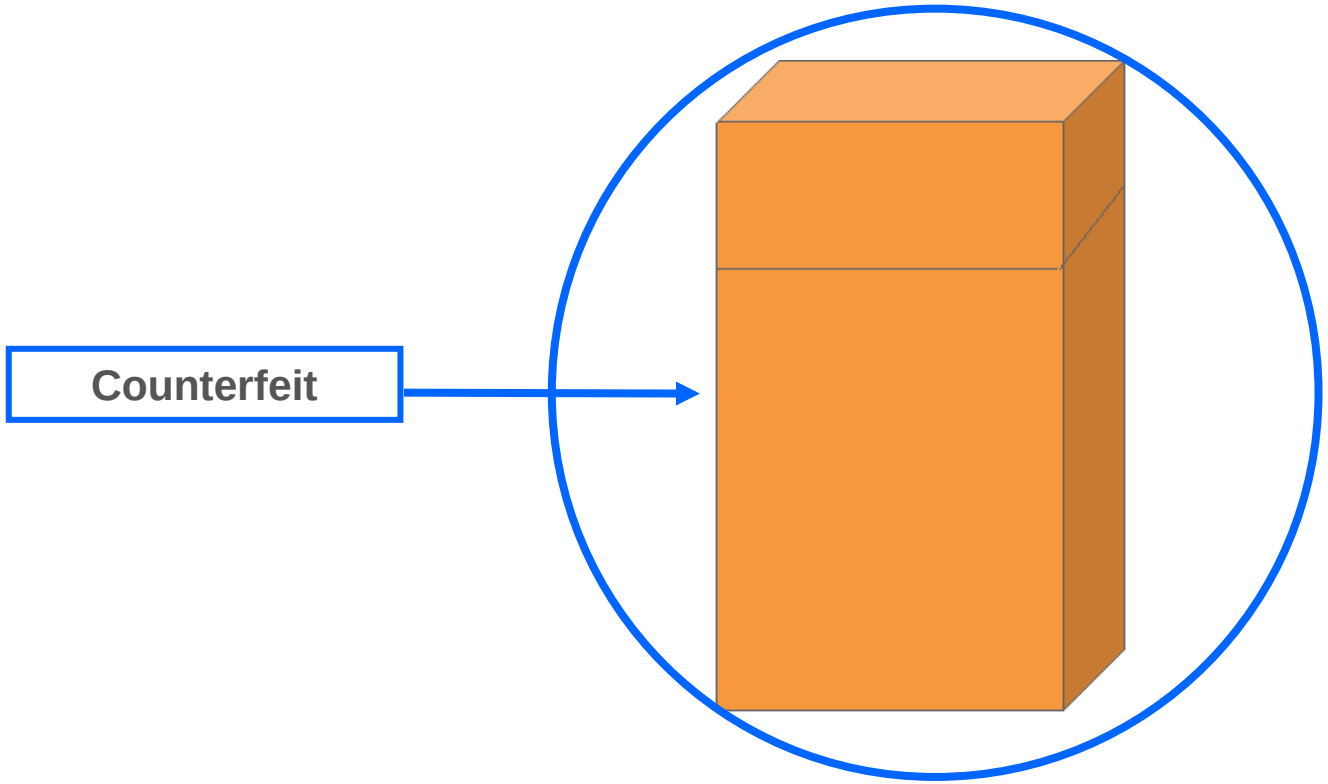
Verification Of Non-Visible Elemenets

- Only applicable to CMTM members' brands
- **Verification** by the respective member companies' **technical experts**
- Pack **IDs of identified Counterfeit packs** are given to Nielsen Malaysia



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ICS Research Methodology & Design

I. ICS Universe, Sample Size

II. Sampling Coverage Of ICS and Fieldwork

III. Coding Processes

IV. Data Processing

V. Weighting The Survey Data

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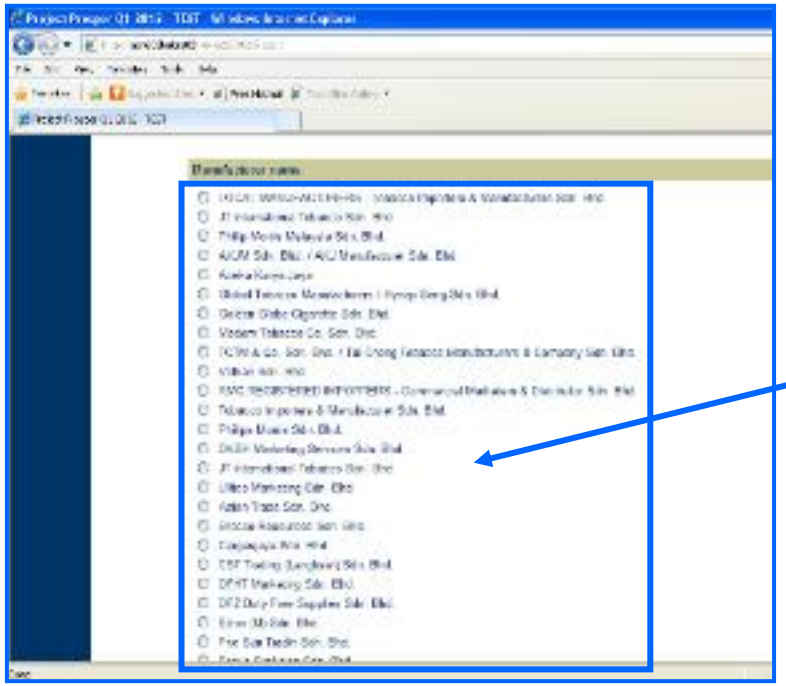
Data Processing (Data Cleaning & Merging)

- Software program to ensure data accuracy
- Logic checks on brand and manufacturers
- Security feature verification results merged into data file



Control of Response List by Researchers

- Data entry **can only input data as per the response list provided**
- **Any new information** to be added to the response list is **subject to** Research Team **approval**
- Research Team will **review and validate the new details** before adding in any new response into the system

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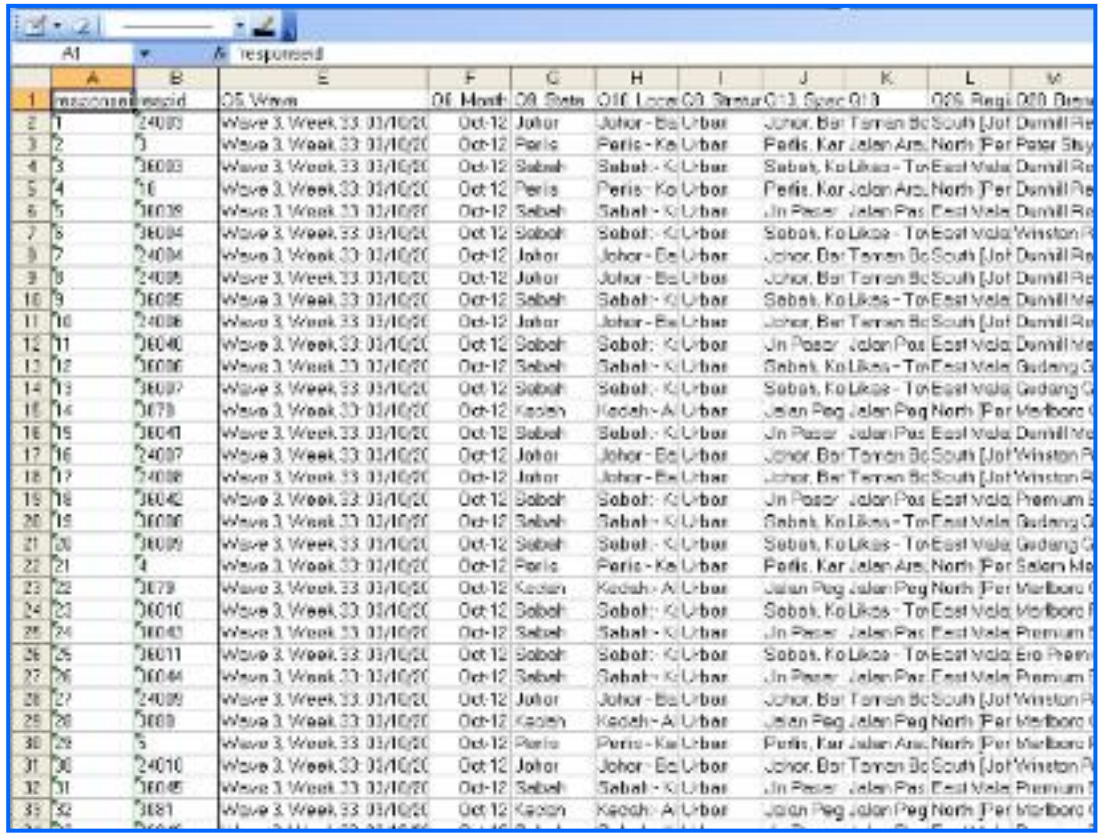
Data Processing (Quality Control)



10% of data entered into the database will be cross-check by a QC personnel to ensure data accuracy and coders are capturing the data correctly

QC personnel will randomly select 10% of packs which has been keyed into the system, cross-compare to ensure pack features is similar to what has been recorded in the system and rectify the data

Besides completing a 10% physical QC check, the database is reviewed to check for data discrepancy against known facts

- *E.g. Dunhill belongs to BAT M'sia ,*
- *Legal packs comes only in pack size of 20s*

If any data discrepancies are detected, the affected pack will be extracted and a physical validation process will be undergone

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ICS Research Methodology & Design

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How Does Nielsen Weight The Data?

Step 1 : Establish the Estimated Legal Industry Volume

- The **estimated legal industry volume** is established based on the following information:
  - **In-market sales** as provided independently by British American Tobacco Malaysia (BATM), Philip Morris Malaysia (PMM) and Japan Tobacco International (JTI)
  - Local manufacturers' **volume** and **Malaysian Duty Free** volume from Illicit Cigarettes Study **(ICS)**

	Jul, 2024 ('000 sticks)
CMTM Member Companies (BATM, PMM, JTI)	574,659
Other Local manufacturers	0
Malaysian Duty Free	1,807
Total Legal Cigarettes Sales	**576,466**

Derive from actual in-market sales as provided by CMTM member companies

ICS volume estimation is used as substitute since actual data is not available

Unit of measurement : thousand sticks

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How Does Nielsen Weight The Data?

Step 2 : Establish the Legal Industry Volume contribution by State

- Using in-market sales (3 months average) as provided by CMTM member companies as a guideline, **establish each states' legal volume contribution** towards the national volume of 576,466,000 sticks

	IN-MARKET SALES BY CMTM	STATE'S LEGAL VOLUME CONTRIBUTION
PERLIS	3,047	0.5%
KEDAH	21,577	3.9%
PENANG	40,819	7.3%
PERAK	42,830	7.7%
SELANGOR	135,763	24.3%
WP KL	63,818	11.4%
WP PUTRAJAYA	300	0.1%
N.SEMBILAN	27,639	4.9%
MELAKA	19,718	3.5%
JOHOR	115,081	20.6%
PAHANG	25,310	4.5%
TERENGGANU	10,638	1.9%
KELANTAN	16,240	2.9%
WP LABUAN	254	0.0%
SABAH	17,015	3.0%
SARAWAK	18,403	3.3%
NATIONAL	**558,451**	

Step 2a. (Using In-Market Sales)

State Legal Volume = State's In-Market Volume **Contribution**
National Volume

(e.g. 135,763 / 558,451 = 24.3%)

	IN-MARKET SALES	STATE'S LEGAL VOLUME CONTRIBUTION	PROJECTED/ ESTIMATED STATE LEGAL VOLUME
SELANGOR	135,763	24.3%	140,143
NATIONAL	**558,451**		**576,466**

Step 2b.

Projected States Legal Volume

= State Legal Volume Contribution **X** National Legal Volume
(derived from In-Market Sales) (obtained from Step 1)

(e.g. 24.3% x 576,466 = 140,143)

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How Does Nielsen Weight The Data?

Step 2 : Key Output

	IN-MARKET SALES BY CMTM	STATE'S LEGAL VOLUME CONTRIBUTION	PROJECTED/ ESTIMATED STATE LEGAL VOLUME
PERLIS	3,047	0.5%	3,146
KEDAH	21,577	3.9%	22,273
PENANG	40,819	7.3%	42,136
PERAK	42,830	7.7%	44,212
SELANGOR	135,763	24.3%	140,143
WP KL	63,818	11.4%	65,876
WP PUTRAJAYA	300	0.1%	310
N.SEMBILAN	27,639	4.9%	28,530
MELAKA	19,718	3.5%	20,354
JOHOR	115,081	20.6%	118,793
PAHANG	25,310	4.5%	26,126
T'GANU	10,638	1.9%	10,981
KELANTAN	16,240	2.9%	16,764
WP LABUAN	254	0.0%	262
SABAH	17,015	3.0%	17,563
SARAWAK	18,403	3.3%	18,996
NATIONAL	**558,451**		**576,466**

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How Does Nielsen Weight The Data?

Step 3 : Establish the Incidence for Legal / Illegal Cigarettes

- Convert the data from **"packs collected"** to **"sticks"** (based on pack size)
- The **study's unit of measurement** is based on consumption in **sticks**
  - Though CTPR prohibits the sales of cigarettes below the pack sizes of 20 sticks**, illegal cigarettes** (primarily for illegal kretek) could still be found **in pack sizes below 20 sticks**
  - The **calculation based on number of packs collected** will **create a false inflation** on illegal volume due to the presence of packs sizes below 20 sticks

State	Total packs collected (Jul'24)	Number of legal packs collected	(Unweighted) Volume of legal packs collected	Number of illegal packs collected	(Unweighted) Volume of illegal packs collected	Total volume (Legal + Illegal)	Incidence of legal cigarettes	Incidence of illegal cigarettes
			A		B	C = A + B	D = A / C	E = B / C
SELANGOR	3,200	1,780	35,600	1,420	26,280	61,880	57.5%	42.5%

Step 3a.
Sum up the number of sticks per pack for all legal packs collected to establish the estimated legal volume in sticks

Step 3b.
Repeat Step 3a to establish the estimated illegal volume in sticks

Step 3c.
Sum up the total consumption for both legal and illegal to establish
The estimated total cigarette volume at state level

Step 3d.
Calculate the ratio of estimated legal vs. illegal volume

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Top 10 Illegal Cigarettes Brands* For Sarawak

Step 3 : Incidence for Legal / Illegal Cigarettes Key Output

- Establish the level of legal vs. illegal cigarettes ratio in each respective state

State	Total packs collected (Jul'24)	Number of legal packs collected	(Unweighted) Volume of legal packs collected	Number of illegal packs collected	(Unweighted) Volume of illegal packs collected	Total volume (Legal + Illegal)	Incidence of legal cigarettes	Incidence of illegal cigarettes
			A		B	C = A + B	D = A / C	E = B / C
PERLIS	1,200	473	9,460	727	14,140	23,600	40.1%	59.9%
KEDAH	1,200	618	12,360	582	11,408	23,768	52.0%	48.0%
PENANG	1,200	648	12,960	552	10,640	23,600	54.9%	45.1%
PERAK	1,200	820	16,400	380	7,529	23,929	68.5%	31.5%
SELANGOR	3,200	1,780	35,600	1,420	26,280	61,880	57.5%	42.5%
WP KL	1,300	715	14,300	585	10,571	24,871	57.5%	42.5%
WP PUTRAJAYA	400	216	4,320	184	3,180	7,500	57.6%	42.4%
N.SEMBILAN	1,200	708	14,160	492	9,626	23,786	59.5%	40.5%
MELAKA	1,200	423	8,460	777	15,459	23,919	35.4%	64.6%
JOHOR	1,900	929	18,580	971	19,236	37,816	49.1%	50.9%
PAHANG	1,200	273	5,460	927	17,822	23,282	23.5%	76.5%
T'GANU	1,200	303	6,060	897	17,495	23,555	25.7%	74.3%
KELANTAN	1,200	507	10,140	693	13,812	23,952	42.3%	57.7%
WP LABUAN	400	77	1,540	323	6,460	8,000	19.3%	80.7%
SABAH	1,600	340	6,800	1,260	25,032	31,832	21.4%	78.6%
SARAWAK	1,600	332	6,640	1,268	24,564	31,204	21.3%	78.7%

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How Does Nielsen Weight The Data?

Step 4 : Project Total Market Volume

- Once each states' estimated legal volume and legal incidence have been established, the numbers will be used to project total industry volume for each state

	STATE LEGAL VOLUME	LEGAL INCIDENCE	TOTAL MARKET VOLUME	STATE ILLEGAL VOLUME
	A	B	C = A / B	D = C - A
SELANGOR	140,143	57.5%	243,596	103,453

Step 4a.
Based on the incidence for legal cigarettes of 56.9% in Selangor, project the total volume for the state
(e.g. 140,143 divide by 57.5% = 243,596)

Step 4b.
Illegal volume is established by subtracting the projected total state's volume with the legal volume
(e.g. 243,596 – 140,143 = 103,453)

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How Does Nielsen Weight The Data?

Step 4 : Key Output - Illegal Cigarettes Incidence @ National level

- Repeat the same process in Step 4 for all States

	STATE LEGAL VOLUME	LEGAL INCIDENCE	TOTAL MARKET VOLUME	STATE ILLEGAL VOLUME
PERLIS	3,146	40.1%	7,847	4,701
KEDAH	22,273	52.0%	42,831	20,558
PENANG	42,136	54.9%	76,728	34,592
PERAK	44,212	68.5%	64,508	20,296
SELANGOR	140,143	57.5%	243,596	103,453
WP KL	65,876	57.5%	114,574	48,698
WP PUTRAJAYA	310	57.6%	538	228
N.SEMBILAN	28,530	59.5%	47,925	19,395
MELAKA	20,354	35.4%	57,547	37,193
JOHOR	118,793	49.1%	241,781	122,988
PAHANG	26,126	23.5%	111,405	85,279
TERENGGANU	10,981	25.7%	42,684	31,703
KELANTAN	16,764	42.3%	39,600	22,836
WP LABUAN	262	19.3%	1,360	1,098
SABAH	17,563	21.4%	82,217	64,654
SARAWAK	18,996	21.3%	89,271	70,275
NATIONAL	**576,466**		**1,264,413**	**687,947**

Divide **National Illegal Volume 687,947** with **National Total Market Volume 1,264,413** **54.4%**

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