



JT INTERNATIONAL BERHAD GROWS MARKET SHARE AMIDST DIFFICULT ENVIRONMENT

- Remains Concerned By Continued Rise In Illicit Cigarettes

JT International Berhad's Fourth Quarter Financial Results
For The Year Ended 31st December, 2010

Kuala Lumpur (Thursday, 24th February, 2011)

Fourth Quarter Results For Period Under Review

JT International Berhad (JTI Malaysia) registered consolidated revenue of RM277.5 million for the fourth quarter ended 31st December, 2010, compared with RM301.3 million in the corresponding quarter last year. The decrease in revenue was attributed to lower sales volume, offset partially by higher cigarette prices. Profit before tax was higher at RM36.0 million compared with RM21.8 million for the same period last year. The increase in profit before tax was driven by lower marketing and operating expenditures and higher cigarette prices, offset partially by lower sales volume.

Full Year Results For Period Under Review

JTI Malaysia registered consolidated revenues of RM1,205.1 million for the full financial year ended 31st December, 2010, compared with RM1,158.2 million in the previous year. Profit before tax also improved to RM178.9 million compared with RM143.6 million in the previous year. Higher sales volume and higher cigarette prices contributed to the increase in revenue. Profit before tax improved due to the same factors mentioned above, coupled with lower marketing expenditures.

Tobacco Industry Operating Environment

In 2010, the overall tobacco industry volume, as reported by the Confederation of Malaysian Tobacco Manufacturers (CMTM), saw a further drop of 1% from 2009. Whilst the decline was moderate compared to prior years, the incidence of illicit cigarettes continued to grow



significantly in 2010. Results of the Illicit Cigarettes Study, commissioned by CMTM, saw the incidence of illicit cigarettes from June-August 2010 remaining critical at nearly 40%.

Despite the external challenges, JTI Malaysia successfully grew its corporate market share to 19.6% from 18.6% in the previous year (*source: Nielsen Retail Audit Report*). Winston, the leader in the Value segment, continued with its strong performance, increasing its market share to 10.5% from 9.8% during the same period last year.

Tobacco Industry Outlook

For 2011, JTI Malaysia expects the operating environment to be extremely challenging with illicit cigarettes continuing to be a threat to the legitimate cigarette manufacturers. On 1st October 2010, the Government implemented a hefty increase of 16% on cigarette excise tax, resulting in tobacco manufacturers, including JTI Malaysia, to increase the retail selling price of cigarettes by 70 sen per pack of 20 sticks. This further widened the retail selling price gap between legal and illicit cigarettes. Consumers with lower spending capacity switched to cheaper illicit cigarettes, which are widely available and sold below the Government mandated Minimum Cigarette Price (MCP) of RM7.00 per pack of 20 sticks. This not only exerts negative pressure on total industry volume, it also undermines the Government's revenue and health objectives.

JTI Malaysia, once again, urges the Government to seriously consider adopting a moderate tax increase policy as excessive taxation exacerbates the illicit cigarettes trade. The Government and Law Enforcement Agencies (LEAs) must also develop and implement more holistic and integrated enforcement initiatives to stamp out the illicit cigarettes trade in Malaysia.

Amidst these challenges, JTI Malaysia is committed to maintain its competitiveness and to deliver a satisfactory overall performance for the next financial year through continued effective investment behind its global flagship brands: Winston, Mild Seven and Camel.

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JTI is a member of the Japan Tobacco Group of Companies (JT), a leading international tobacco product manufacturer. It markets world-renowned brands such as Winston, Mild Seven and Camel. Other international brands include Benson & Hedges, Silk Cut, Sobranie, Glamour and LD. With headquarters in Geneva, Switzerland, and net sales of USD 10.2 billion in the fiscal year ended December 31, 2010, JTI has more than 25,000 employees and operations in 120 countries. For more information, visit www.jti.com

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