MEDIA INFORMATION
For immediate release

JT International Berhad Maintains Market Share Amidst Challenging Environment

Fourth Quarter Financial Results For The Year Ending 31st December, 2011

Kuala Lumpur, (Monday, 27 February, 2012)

Fourth Quarter Results For Period Under Review

JT International Berhad (JTI Malaysia) registered a consolidated revenues of RM265.6 million for the fourth quarter ended 31st December 2011, a decline of 4.3%, compared with RM277.5 milllion in the same period last year. The decrease in revenue was attributed to lower sales volume. Profit before tax in the current quarter dropped to RM23.7 million, down by 34.2%, compared with RM36.0 million registered in 2010. Lower sales volume and higher marketing expenditure contributed to the drop in profit before tax.

Full Year Results For Period Under Review

For the year under review, JTI Malaysia achieved revenues of RM1197.8 million, a decline of 0.6% from the 2010 revenues of RM1205.1 million. Profit before tax for 2011 dropped by 8.2% at RM164.3 million compared with RM178.9 million for the full year in 2010. The decrease in revenues was mainly attributed to lower sales volume of Winston, offset partially by higher cigarettes prices. Winston's volume was severely impacted by several sub-value brands that were sold below the Government-mandated Minimum Cigarette Price of RM7.00 for a pack of cigarettes as well as the prevailing high incidence of illegal cigarettes trade. Profit before tax decreased due to lower sales volume that was offset partially by higher net margins and lower marketing expenditures.

Tobacco Industry Operating Environment

In 2011, the overall tobacco industry volume, as measured by the Confederation of Malaysian Tobacco Manufacturers (CMTM), saw a further decline of 2.3% from 2010. Whilst the decline was moderate compared to prior years, the incidence of illegal cigarettes remained high for the full year at 36.1%. (source: Illicit Cigarettes Survey (ICS) commissioned by CMTM). This is a major concern for the industry and the Government as this represents an estimated 9 billion illegal cigarettes in the country in 2011.

Despite the significant external challenges, we have maintained our market share at 19.8% compared to the prior year (Nielsen Retail Audit Report). Whilst Winston, the leader in the Value segment, dropped its market share to 10.0% from 10.6% in 2010, Mild Seven recorded a strong growth, increasing its market share to 4.1% in 2011 compared with 3.5% in 2010.

Tobacco Industry Outlook

For 2012, JTI Malaysia expects the operating environment to remain extremely challenging with illegal cigarettes continuing to be a threat to the legitimate cigarette manufacturers. The Government acknowledged the severity of this issue and did not impose a cigarette excise increase in the 2012 Federal Budget. Following this move, the final wave of the Illicit Cigarettes Survey for the period between October – December 2011 showed a decline of 1.5% points from the previous wave for the period between June – August 2011.

JTI Malaysia strongly supports the Government's pragmatic approach which calls for a moderate level of cigarette taxation, coupled with intensified and persistent enforcement by Government Agencies (including apprehension and conviction of illegal traders), to combat the illegal cigarettes trade in Malaysia.

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