

## **MEDIA INFORMATION**

For immediate release



# **JT International Berhad Improves Financial Performance** *First Quarter Financial Results For The Year Ending 31<sup>st</sup> December, 2012*

**Kuala Lumpur, Thursday, 24 May, 2012**

### **First Quarter Results For Period Under Review**

JT International Berhad (JTI Malaysia) registered consolidated revenues of RM321.4 million for the first quarter ended 31<sup>st</sup> December 2012, compared with RM290.7 million in the same period last year. The increase in revenues was attributed to a 9.4% growth in sales volume in the current quarter compared to a very depressed first quarter last year. The Group's sales volume then was severely impacted by the blatant violation of the Government-mandated Minimum Cigarette Price (MCP) of RM7.00 by several brands belonging to small manufacturers.

Profit before tax in the current quarter was higher at RM50.6 million compared with RM46.3 million for the same period last year. Profit before tax increased by 9.3%, attributed to higher sales volume offset partially by higher marketing and operating expenditures.

The Group achieved a stable market share of 19.8% compared to 19.9% in the previous year (Nielsen Retail Audit Report). Whilst Winston, the leader in the Value segment, dropped its market share to 9.8% from 10.2% in 2011, Mild Seven recorded a strong growth, increasing its market share to 4.3% compared with 3.9% in 2011.

### **Comparison with Preceding Quarter's Results**

For the quarter under review, the Group registered revenues of RM321.4 million and a profit before tax of RM50.6 million as compared to the preceding quarter's revenues of RM265.6 million and profit before tax of RM23.7 million. The increase in revenue was attributed to higher sales volume in the current quarter as compared to the preceding quarter. In the fourth Quarter of 2011, the trade normalised its inventory post the 2012 trade budget speculation in September. Profit before tax was higher resulting from higher sales volume and lower marketing expenditures in the current quarter.

## **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).

## **Tobacco Industry Outlook**

For 2012, the Group expects the operating environment to remain extremely challenging with illegal cigarettes continuing to be a major threat to the legitimate cigarette manufacturers. The Group welcomed Government's decision not to impose a cigarette excise tax increase in the 2012 Federal Budget. Coupled with intensified and persistent enforcement by Government Agencies (including possible conviction of illegal traders), the Group is cautiously hopeful that the increasing incidence of illicit cigarettes could possibly be arrested this year. JTI Malaysia strongly supports a pragmatic and moderate approach to cigarette taxation, coupled with intensified and persistent enforcement by Government Agencies to combat the illegal cigarettes trade in Malaysia.

Amidst these challenges, the Group is committed to maintaining its competitiveness through continued effective investment behind its global flagship brands - Winston, Mild Seven and Camel.

###

### **For further information, please contact:**

#### **Azrani Rustam**

Corporate Affairs & Communications Director

Tel : +603 20876875

HP : +6012 2082649

#### **Buvanes Lingam**

Communications Manager

Tel : +603 20876823

HP : +6012 9023010

[buvanes.lingam@jti.com](mailto:buvanes.lingam@jti.com)

JTI is a member of Japan Tobacco Group of Companies, a leading international tobacco product manufacturer. It markets world-renowned brands such as Winston, Mild Seven and Camel. Other global brands include Benson & Hedges, Silk Cut, Sobranie, Glamour and LD. With its headquarters in Geneva, Switzerland, and net sales of USD 11.2 billion in the fiscal year ended December 31, 2011, JTI has operations in more than 120 countries and about 25,000 employees. For more information, visit [www.jti.com](http://www.jti.com).