

MEDIA INFORMATION

For immediate release



JTI Malaysia's Revenue Increased by 9% in the Fourth Quarter of 2012

*Fourth Quarter Financial Results For The Financial Year
Ending 31 December, 2012*

Kuala Lumpur, Wednesday, 26 February, 2013

Fourth Quarter Results For Period Under Review

JT International Berhad (JTI Malaysia) registered consolidated revenues of RM 290.0 million for the fourth quarter ended 31st December 2012, as compared with RM265.6 million for the same period last year. The increase in revenues was attributed to a 7.2% increase in sales volume in the current quarter compared to the same quarter last year. Profit before tax in the current quarter was lower at RM9.6 million compared with RM23.7 million for the same period last year, driven by the impact of the restructuring of the Group's tobacco leaf and stemmery operations.

Following an extensive review of the business and operating environment, which have been extremely challenging over the past few years, the Group ceased the leaf and stemmery operations in the fourth quarter of 2012. In addition, the Group also ceased the purchase of local leaf from growers. This restructuring resulted in a one-time financial impact of RM12.2 million in the current quarter. These charges included an impairment of plant and machinery (RM3.3 million), employee separation payments (RM4.2 million), and goodwill payments to growers (RM3.1 million).

Full Year Results For Period Under Review

For the year under review, the Group achieved revenues of RM1234.3 million as compared with revenues of RM1197.8 million for the corresponding period last year. The 3.0% increase in revenues was mainly attributed to higher sales volume and better product mix. Profit before tax was lower at RM141.5 million as compared with RM164.3 million for the corresponding period last year, mainly driven by the one-time restructuring impact of the Group leaf and stemmery operations and higher marketing investments & operating expenditures offset partially by higher sales volume and better product mix. Excluding the one-time restructuring charge, profit before tax declined marginally by 6.5%.

Despite the significant external challenges, the Group managed to achieve a market share of 19.6% as compared to 19.9% achieved in the same period last year (Nielsen Retail Audit Report). Mild Seven recorded an increase in market share of 0.3 percentage point, increasing its market share to 4.4% compared with 4.1% in 2011. Winston, the leader in the Value segment, saw its market share decline to 9.8% from 10.0% in 2011 driven by the continued impact of illicit cigarettes and the sales of cigarettes below the government mandated minimum price.

Tobacco Industry Outlook

For 2013, JTI Malaysia expects the operating environment to remain challenging, driven by the continued impact of the sale of illegal cigarettes and the impact from certain local brands selling below the Government mandated minimum price. The incidence of illegal cigarettes has remained high at 34.5% (Source: Wave 1 to Wave 3, 2012, Illicit Cigarette Survey (ICS) commissioned by the Confederation of Tobacco Manufacturers).

Nevertheless, the Group remains confident that the incidence of illegal cigarettes can be reduced if enforcement efforts by the Malaysian law enforcement agencies are intensified. JTI Malaysia supports the Government's recent decision not to increase excise tax for cigarettes in the 2013 Federal Budget, after recognizing the scale of the illegal trade problem in Malaysia. There continues to be a need for the Government and the industry to work together in addressing the situation with concerted and practical cooperation efforts.

Despite this challenging operating environment, the Group is committed to maintain its competitiveness through continued effective investment behind its Global Flagship Brands: Winston and Mild Seven.

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JTI is a member of the 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 headquarters in Geneva, Switzerland, and core revenue of USD 11.8 billion in the fiscal year ended December 31, 2012, JTI has operations in more than 120 countries and about 25,000 employees. For more information, visit www.jti.com.