MEDIA INFORMATION
For immediate release

JTI Malaysia's Financial Performance Continues to be Impacted by Sales of Cigarettes Below the Government Mandated Minimum Price

First Quarter Financial Results For The Financial Year Ending 31 December, 2013

Kuala Lumpur, 22 May, 2013

For the quarter under review, the Group registered revenues of RM309.9 million as compared with RM321.4 million for the same period last year. However, profit before tax in the current quarter was higher at RM53.4 million compared with RM50.6 million for the same period last year. The decrease in revenues was attributed to a 7.0% decline in sales volume in the current quarter compared to the same quarter last year. Profit before tax was higher, driven by increased net margins and better product mix offset partially by lower sales volume.

The Group achieved a broadly stable market share of 19.7% as compared to 19.8% achieved in the same period last year (*Nielsen Retail Audit Report*). Mild Seven (which has been renamed Mevius beginning May 2013) recorded an increase in market share of 0.1 percentage point, increasing its market share to 4.5%. Winston, the leader in the value segment, increased its market share to 9.9% from 9.8% in 2012 despite the continued impact of the sales of cigarettes below the government mandated minimum price and the continued high prevalence of illegal cigarettes.

Comparison with Preceding Quarter's Result

For the quarter under review, the Group registered revenues of RM309.9 million as compared with revenues of RM290.0 million for the preceding quarter. The increase in revenues was attributed to higher sales volume in the current quarter compared to the preceding quarter.

Profit before tax in the current quarter was higher at RM53.4 million compared with RM9.6 million in the preceding quarter, driven by higher sales volume, lower marketing investments and lower operating expenditures in the current quarter. In addition, there was a one-time restructuring impact of the Group leaf and stemmery operations amounting to RM12.2 million in the preceding quarter.

Prospects for This Financial Year

For the remainder of 2013, JTI Malaysia expects the operating environment to remain challenging due to the continued impact of the sale of some local brands selling below the government mandated minimum cigarette price and the high prevalence of illegal cigarettes. The Group also anticipates several regulatory measures that had previously been announced by the Government to be implemented.

The incidence of illegal cigarettes remained high at 34.5% (*Source: Wave 1 to Wave 3, 2012, Illicit Cigarette Survey (ICS) commissioned by Confederation of Tobacco Manufacturers*). Nevertheless, the Group remains confident that the incidence of illegal cigarettes can be reduced if the enforcement efforts by the Malaysian law enforcement agencies are intensified. JTI Malaysia hopes that the Government will continue with its prudent and pragmatic approach to excise tax this year to further address the illegal cigarettes trade situation. The Group also hopes that any further regulatory measures introduced by the Government on tobacco would strongly take into consideration the adverse impact on the illegal cigarettes trade situation in the country.

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

###

For further information, please contact:

Azrani Rustam
Corporate Affairs & Communications Director
Tel : +603 20876875
HP : +6012 2082649
azrani.rustam@jti.com

Eza Dzul Karnain
Communications Manager
Tel : +603 20876823
HP: +6012 3420060
ezashafina.dzulkarnain@jti.com

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, Mevius (formerly Mild Seven) and Camel. Other global brands include 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.