

MEDIA INFORMATION

For immediate release



JTI Malaysia Grows Market Share Amid A Difficult Operating Environment

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

Kuala Lumpur, 21 November 2013 – JT International Berhad reported today that for the 3rd quarter of its 2013 financial year, the Group registered revenues of RM 307.3 million as compared with RM319.2 million for the same period last year. The decrease in revenues was mainly attributed to a 7.7% decline in sales volume partially offset by higher cigarette prices in the current quarter compared to the same quarter last year.

Profit before tax in the current quarter was marginally lower at RM41.3 million compared with RM41.8 million for the same period last year. Profit before tax decreased, driven by lower sales volume and higher marketing investments, offset by higher net margins and improved product mix.

For the cumulative period to 30th September 2013, the Group achieved revenues of RM942.4 million as compared with revenues of RM944.3 million for the corresponding period last year. The marginal decrease in revenues was attributed to a 4.4% decline in sales volume offset by higher cigarette prices and improved product mix. Profit before tax for the first nine months of 2013 was higher at RM136.2 million as compared with RM132.0 million for the corresponding period last year. Profit before tax was higher driven by increased net margins and improved product mix, offset partially by lower sales volume and higher marketing investments.

For the first nine months of 2013, the Group achieved a market share growth of 0.3 percentage point to 19.7% from 19.4% in the same period last year (*Nielsen Retail Audit Report*). Mevius recorded market share growth of 0.1 percentage point, increasing its market share to 4.4% compared with 4.3% in 2012. Winston, the market leader in the value segment, grew its market share to 10.0% from 9.7% in 2012 despite the continued impact of illicit cigarettes and the sales of cigarettes below the government mandated minimum cigarette price.

Prospects for This Financial Year

For the remainder of 2013, JTI Malaysia expects the operating environment to remain extremely challenging driven by the recent 14% excise-driven cigarette price increase in October and the continued high prevalence of illegal cigarettes at 33.6% of the market, based on the results of the latest illegal cigarette study for the period March to May 2013 (Source: Wave 1, 2013, Illicit Cigarette Survey (ICS) commissioned by Confederation of Malaysian Tobacco Manufacturers).

The Group remains committed to work with the Government to address the burgeoning illegal cigarettes trade which cost the country RM1.9 billion in lost tax revenues in 2012, according to a report prepared jointly by International Tax and Investment Centre (ITIC) and Oxford Economics released in October 2013.

The Group is hopeful that several measures that will be introduced soon including the Ministry of Health making possession of illegal cigarettes an offence under their regulations would go some way towards addressing the situation. Further, the Group views positively the recent proposal by Royal Malaysian Customs to amend the Customs Act and introduce mandatory prison sentences for trading and smuggling illegal cigarettes. Coupled with the continued intensified enforcement efforts by the Malaysian law enforcement agencies, the Group remains confident that the incidence of illegal cigarettes can be further reduced.

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

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JTI, a member of the Japan Tobacco Group of Companies, is a leading international tobacco manufacturer. It markets world-renowned brands such as Camel, Winston and Mevius (Mild Seven). Other global brands include Benson & Hedges, Silk Cut, Sobranie, Glamour and LD. With headquarters in Geneva, Switzerland, and about 25,000 employees worldwide, JTI has operations in more than 120 countries. Its core revenue in the fiscal year ended December 31, 2012, was USD 11.8 billion. For more information, visit www.jti.com.