MEDIA INFORMATION
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JTI Malaysia Records Share Growth Amidst Significant External Challenges in 2013

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

Kuala Lumpur, 25 February 2014 – For the quarter under review, the Group registered revenues of RM330.8 million as compared with RM290.0 million for the same period last year. The increase in revenues was mainly attributed to higher cigarette prices partially offset by a 4.7% decline in sales volume in the current quarter compared to the same quarter last year. Profit before tax in the current quarter was higher at RM28.1 million compared to RM9.6 million for the same period last year. This was higher, driven by increased net margins and better product mix partially offset by lower sales volume and higher marketing investments. In addition, a one-time restructuring charge of RM12.2 million was incurred in the same period last year, driven by the impact of the closure of the Group's tobacco leaf and stemmery operations.

Full Year Results For Period Under Review

For the year under review, the Group achieved revenues of RM1273.3 million as compared with revenues of RM1234.3 million for the corresponding period last year. The marginal increase in revenues was attributed to higher cigarette prices and better product mix, offset partially by a 4.4% decline in sales volume and higher marketing investments. Profit before tax was higher at RM164.3 million as compared with RM141.5 million for the corresponding period last year, driven by the same factors mentioned above.

Despite facing significant external challenges, the Group achieved a market share growth of 0.2 percentage points to 19.6% from 19.4% in the same period last year (*Nielsen Retail Audit Report*). Mevius, premium brand, recorded a market share growth of 0.1 percentage point, increasing its market share to 4.4% compared with 4.3% in 2012. Winston, leader in the sub-premium segment, grew 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.

Tobacco Industry Outlook

For 2014, JTI Malaysia expects the operating environment to remain extremely challenging, primarily due to the 14% excise increase in October 2013 and the continued high prevalence of illegal cigarettes at 35.7% of the market (*Source: Wave 1 to Wave 3, 2013, Illicit Cigarette Survey (ICS) commissioned by Confederation of Malaysian Tobacco Manufacturers*). In addition, consumption is expected to be impacted by continued inflationary pressures and weak consumer sentiment.

The challenges posed by increased illegal cigarette trading in Malaysia provides an opportunity for both the Government and the industry to work on strategies and initiatives to address the issue further and JTI Malaysia continues to support all efforts in that direction. JTI Malaysia also welcomes the recent Government decision to tighthen regulations by criminalizing possession of illegal cigarettes which aims to impact demand of such contraband products.

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 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 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.