



MEDIA RELEASE

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BAT MALAYSIA DELIVERS STRONG Q2 PERFORMANCE, YEAR-TO-DATE WEIGHED DOWN BY TOBACCO BLACK MARKET

Bukit Damansara, 23 July 2020 – British American Tobacco (Malaysia) Berhad (BAT Malaysia or the Company) announced its financial results for the second quarter ended 30 June 2020 (Q2FY2020) today.

During the quarter under review, the Company's domestic volume saw an increase of 15% over Q12020. This was due to BAT Malaysia's fast and agile response to fully replenish the market within the first week of restart of operations following the MCO.

The Company also refocused its distribution to organised convenience stores as most restaurants and cafes were closed during the MCO. As a result, there was a 1.9 percentage point increase in share of market in convenience stores versus the preceding quarter (Source: Convenience Scan Data).

The overall domestic volume improvement translated to revenue increase of 14% in Q2FY2020, which resulted in a 16% rise in profit from operations to RM83 million against RM71 million registered for the immediate preceding quarter.

However, year-to-date performance versus 2019, profit from operations was RM154 million versus RM227 million in the same period last year. This represented a decline of 32%. This decline was mainly attributed to legal market contraction as a result of illicit cigarette volume, growth of illicit nicotine vaping and market down-trading. The decline was partially offset by the benefit of cost rationalisation that the Group has undertaken since the end of 2019.

Q2 2020 Financial Highlights:

- Profit from operations for the quarter under review stood at RM83 million, a 16% increase compared to the immediate preceding quarter.
- Revenue for the quarter under review increased by 14% to RM547 million compared to the preceding quarter.
- Operating expenses were slightly higher by 10% compared to the previous quarter. This was largely due to the on-going restructuring expenses of RM7 million incurred in the current quarter.
- Despite the difficult operating landscape, the Board of Directors has declared a second interim dividend of 18.0 sen per share, totalling RM51 million to be paid out on 19 August 2020.

Jonathan Reed, Managing Director of BAT Malaysia said:

"We delivered a strong Q2, despite the challenging operating environment caused by Covid-19"



“Our strong Q2 performance came on the back of our ability to re-supply the market quickly following the MCO as well as our growth in market share, driven by our focus on the organised convenience channel.”

“However, tackling the tobacco black market and illegal vaping remains to be the biggest issue for the sustainability of the legal tobacco industry.”

“BAT Malaysia has taken the proactive step to address the illegal tobacco trade through the launch of our STOP THE BLACK MARKET campaign on 6 July 2020.”

“The campaign has received strong support from Malaysians. It is obvious that the public is greatly concerned about the illegal tobacco trade. Not only are Malaysians calling for urgent action on the tobacco black market, they are contributing great ideas on how this trade can be stopped.

“We will be sharing these ideas on how to STOP THE BLACK MARKET over the coming weeks. For more information head to <https://stoptheblackmarket.com.my>” Reed concluded.

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For more information on British American Tobacco Malaysia’s financial results, please visit www.batmalaysia.com

About British American Tobacco (Malaysia) Berhad

British American Tobacco (Malaysia) Berhad is the leading tobacco company in Malaysia. This strong position is built upon a portfolio of high-quality tobacco products designed to meet diverse consumer preferences. Our portfolio includes world- famous brands like DUNHILL, KENT, PETER STUYVESANT, PALL MALL and ROTHMANS. British American Tobacco Malaysia employs almost 500 employees who are involved in a wide spectrum of disciplines, from generating insights, developing brands and making these available on a national level. In addition, we also set leading edge talent development practices as well as ensure a strong foundation of corporate governance and shareholder relations. The company is part of the British American Tobacco group, which is the world’s most international tobacco group and the second largest stock market listed tobacco group by global market share.

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