



MEDIA RELEASE

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PERFORMANCE TURNAROUND IMPEDED BY RECORD TOBACCO BLACK MARKET

Bukit Damansara, 10 February 2021 – British American Tobacco (Malaysia) Berhad (BAT Malaysia) today announced its financial results for the fourth quarter ended 31 December 2020 (Q4FY2020).

Q4FY2020 Financial Highlights:

- Profit from operations for the quarter under review stood at RM104 million, a 19% increase compared to the preceding quarter.
 - Revenue for the quarter under review increased by 5% or RM33 million to RM660 million compared to the preceding quarter.
 - The board of directors has declared a fourth interim dividend of 27.0 sen per share, totalling RM77 million to be paid out on 9 March 2021.
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Jonathan Reed, Managing Director of BAT Malaysia said, “BAT Malaysia proved to be resilient in 2020, with strong signs of improved quarter on quarter performance.”

“Based on our fourth quarter results, we successfully delivered three consecutive quarters of growth in profit from operations.”

“Notably, BAT Malaysia was able to outperform the legal industry with a growth of 3% over the previous quarter. This was mainly due to the market leadership of Dunhill coupled with the strong performance of our value for money (VFM) brands Rothmans and KYO. The improved performance was able to offset the impact of COVID-19 travel restrictions on the Company’s duty-free business.

According to Jonathan, BAT Malaysia’s success in growing its market share within the legal space saw its profit from operations for the quarter increase by 19% to RM104 million.. “This improvement came off the back of a 5% jump in revenue to RM660 million compared to the third quarter,” he added.



However, the tobacco black market continued to undermine the Company's performance. In 2021, we expect the levels of black market cigarettes in Malaysia to remain high. B40 and M40 consumers especially will be facing financial pressures due to the prolonged MCO. These segments may turn to cheaper black market alternatives because they just simply cannot afford legal cigarettes.

"The Government has made a good start in addressing the tobacco black market in Budget 2021. There is now an urgent need to close the price gap between legal and black market products. Only then can the illegal cigarettes problem be addressed effectively and tax losses can be stemmed."

"Further, it is critical that the Malaysian Government introduces regulatory and excise frameworks for nicotine vaping. This would ensure that the 1 million Malaysian vapers can access products of known quality, allow the government to collect significant revenue and is part of our global purpose of creating [A Better Tomorrow](#) by reducing the health impact of our business,"

BAT Malaysia ended its 2020 financial year on a sturdy note. Profit from operations was RM346 million for 2020 against RM478 million for the 2019 financial year, marking a 28% decline. This decline can be attributed to legal market contraction as a result of high illicit cigarette volume, growth of illicit vaping, market downtrading and lower duty-free sales. However, the decline was partially offset by the benefit of cost rationalisation that the Group has undertaken since the end of 2019.

Dunhill, the Company's flagship brand, gained share of segment with an increase of 2.0 percentage-points (ppt) year-on-year. The launch of KYO was also able to capture a fair share of down traders, leading to an increase in our overall market share by 1.1ppt to 51.7%.

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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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