



## **MEDIA RELEASE**

### **FOR IMMEDIATE DISSEMINATION**

# **BAT MALAYSIA ACHIEVED Q1 PROFIT OF RM82 MILLION; COST OPTIMISATION DELIVERS 14% SAVINGS**

**Bukit Damansara, 27 May 2022** – British American Tobacco (Malaysia) Berhad (BAT Malaysia) today announced its financial results for the first quarter ended 31 March 2022 (Q1 FY2022).

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#### **Q1 FY2022 Financial Highlights (compared to the same period last year):**

- Profit from operations for the quarter under review stood at RM82 million in spite of volume decline
  - Revenue was recorded at RM522 million, with positive growth achieved for Premium and Value-For Money brands
  - Operating expenses reduced by 14% or RM8 million as a result of cost optimisation
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For the quarter under review, BAT Malaysia recorded an 8% decrease in revenue to RM522 million against RM567 million registered in the same period a year ago. This decrease was due to a volume decline caused by the onset of the Omicron variant that affected purchasing habits during the said quarter, the persistently high illicit cigarette incidence and other seasonal factors.

Nevertheless, BAT Malaysia's cost rationalisation efforts successfully reduced operating expenses by 14% or RM8 million compared to the same quarter last year. This had mitigated the impact of lower volume to its profit from operations, which was marginally lower at RM82 million compared to RM87 million in the corresponding quarter a year ago.

Dunhill's share of premium segment grew by 0.7 percentage points (ppt) to 61.9%, further strengthening its market leadership position. The Group's Value-for-Money (VFM) brands, Rothmans and KYO, also grew by 1.0ppt to 35.0% share of segment as compared to the same period last year. The growth in these strategic segments cushioned the impact of the 1.3ppt reduction in share of market for its Aspirational Premium (AP) brands following the transition of Pall Mall to Peter Stuyvesant as part of the company's portfolio optimisation strategy. Overall, the company's total market share stood at 51.9%, a decline of 0.5ppt compared to Q1 FY2021.

**Nedal Salem, managing director of BAT Malaysia**, said, "BAT Malaysia is maintaining the growth trajectory of its strategic brands within its Premium and Value-For-Money segments. This is in tandem with the company's aim to deliver combustible value growth."

"Concurrently, BAT Malaysia is also poised to benefit further from its future-fit route-to-market hybrid sales model and digital transformation initiatives, all of which will play a role in creating a simpler and faster organisation," he explained.



On the tobacco black market, Nedal said, “The tobacco black market, which currently commands close to 60% of the total market, continues to weigh down on the performance and operations of the legal industry and cause the government to lose about RM5 billion annually in uncollected tax revenue.”

“We believe there is a risk that the tobacco black market prevalence may increase further as a result of the re-opening of borders and the resumption of cross-border trade and travel. This may potentially reverse the downtrend achieved in 2021 following measures put in place by the Government to curtail this problem,” he said.

“It is extremely critical that the government now focusses its attention and resources to increase enforcement and reinforce border security. Policy stability is also important to ensure that tobacco black market syndicates are not inadvertently incentivised, further triggering an uptick in prevalence.”

“Instead, the government should seize the opportunity to explore measures to close the price gap between legal and black market tobacco products,” Nedal added.

Nedal also said that BAT Malaysia is encouraged by the government's move towards regulating the vape industry in Malaysia. “Vape regulations must be premised on scientific-evidence and data-driven facts so as to allow Malaysian smokers access to alternatives with reduced-risk potential to smoking and ensure the products used are compliant with quality and safety standards,” he said.

“Progressive regulations on vaping would be in tandem with BAT Malaysia’s purpose of building A Better Tomorrow™, as the company aims to focus on reducing the health impact of its business by offering a greater choice of less risky products to consumers,” Nedal concluded.

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For more information on British American Tobacco Malaysia’s financial results, please visit [www.batmalaysia.com](http://www.batmalaysia.com) or the Company’s Annual Report.

**About British American Tobacco (Malaysia) Berhad**

British American Tobacco (Malaysia) Berhad is the leading tobacco company in Malaysia with a purpose to build A Better Tomorrow™ by reducing the health impact of its business. This strong position is built upon a portfolio of products designed to meet diverse consumer preferences. Our portfolio includes world-famous brands like DUNHILL, KENT, PETER STUYVESANT, ROTHMANS and KYO. BAT Malaysia employs almost 400 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 a leading multi-category consumer goods business and the second largest stock market listed tobacco group by global market share.

For more information, please contact British American Tobacco (Malaysia) Berhad:

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Rohan Gnanaganesan (Legal and Corporate Affairs Director) at [rohan\\_gnanaganesan@bat.com](mailto:rohan_gnanaganesan@bat.com) or

Aizzura Rahim (Corporate Communications Manager) at [aizzura\\_rahim@bat.com](mailto:aizzura_rahim@bat.com)

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