



Analyst Briefing

QUARTER 4, 2014

February 2015

AGENDA

- **Industry Review: Volumes and Market Share**
- **BATM Review**
- **2014 Performance**

2014 Headlines

- **Strong financial delivery vs. SPLY**
 - Net Turnover: +5.5%
 - Profit from Operations +9.6%
- **Industry Volume decline -4.4% (FY'14 vs. FY'13)**
- **Sharp decline in illegal cigarette incidence in W1'14 and W2'14 due to ongoing anti-illegal cigarette trade campaign**
- **BAT SOM resilient – decline of 0.7ppt vs. 2013**
 - Dunhill solid performance in a down trading environment
 - Peter Stuyvesant phenomenal growth

Industry Review Volumes and Market Share

Customs to continue with its robust enforcement activities in 2014

Daily Express, 12th Dec 2014

Illegal cigs trade down

Customs: Ops Pacak yields positive results in Bintulu

By M. SIVANANTHA SHARMA
newsdesk@thestar.com.my

BUTTERWORTH: The sale of legal cigarettes has improved following the Royal Malaysian Customs' operation against the smuggling, distribution and sale of illegal cigarettes.

Customs deputy director-general (enforcement and compliance) Datuk Matrang Suaili said he had received a feedback from the Confederation of Malaysian Tobacco Manufacturers (CMTM) that the sale of legal cigarettes in Bintulu had increased by 38% since Ops Pacak was launched there recently.

He said the operation had been carried out in Sabah and Sarawak and would be launched in Penang



Stubbed out:
Customs officers shredding seized contraband cigarettes in Kepala Batas, Penang.

Ops Outlet: National intensive RMC enforcement on illegal cigarettes

Recent statistics from the Operasi Outlet campaign (2 January to 12 December):

- No. of outlets raided = **6,012**
- No. of retailers arrested = **1,258**

Kerajaan alami kerugian berbilion-bilion ringgit Malaysia akibat aktiviti penyeludupan

Penyeludupan terus dibanteras

MESYAJANG
BINTULU, Jumaat - Usaha untuk merangani aktiviti penyeludupan dan penyalahgunaan hasil kebun tembakau yang dilakukan merupakan satu cara yang efektif dalam mengurangkan kerugian negara oleh orang jahil. Kastam Darul Malaysia (Jabatan Kastam) dan agensi pengawasnya yang lain, Timbalan Ketua Pengarah Jatah dan Pihak Berkuasa Perdagangan (Persekutuan dan Persekutuan), Dato' Haj Matang Sumbi berkata hasil ini

dari tahun ke tahun," katanya.
Beliau berkata demikian semasa sidang media di Pekanbaru, Pulau Pinang semalam. "Risiko Selukut Pimpinan Negri Sarawak, termasuklah dengan kerugian berjaya mencapai 56 kes yang melibatkan pelbagai kewarganegaraan dan pelajar dari usia 16 hingga 19 tahun pada tahun 1987. Biasanya kes yang dipendalih menurun sebanyak 11.0 peratus setiap tempoh lima tahun, namun meningkat tempoh semasa atau selepas.

"Lebih 50 peratus pungutan tersebut ditangguh daripada cuka dan alkohol yang dibangkitkan yang berangsur turun dengan RM123, 600-324.48 atau 13.0 peratus daripada kesemuanya pungutan



Operasi Outlet terus gempur

■ 111 peruncit ditahan di Johor, 89 didakwa
Diah Izaily Nurul Ain Hussein

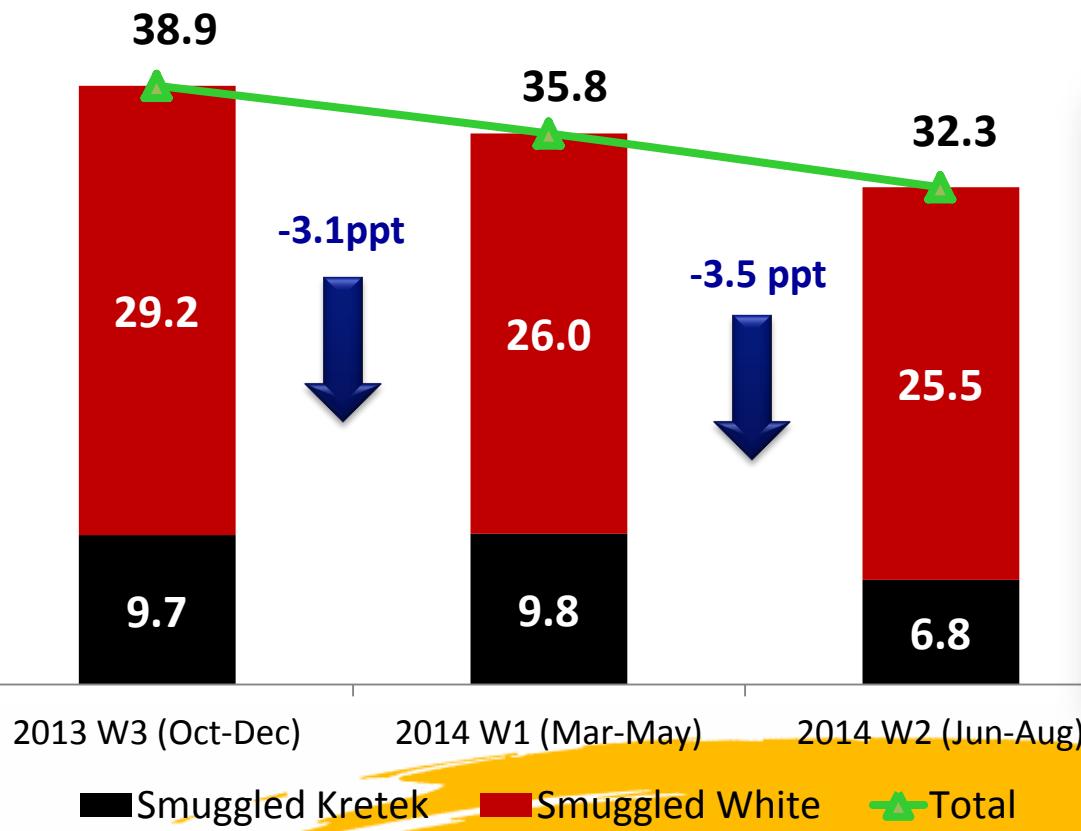
■ 50 peniaga diberkas di Kelantan, 21 didakwa



RMC's Ops Outlet has contributed to excellent results to-date!

Unprecedented 6.6ppt decline - largest decline in TWO decades

Source : Illegal Cigarettes Study 2013 (Oct – Dec) – 2014 (Jun-Aug)

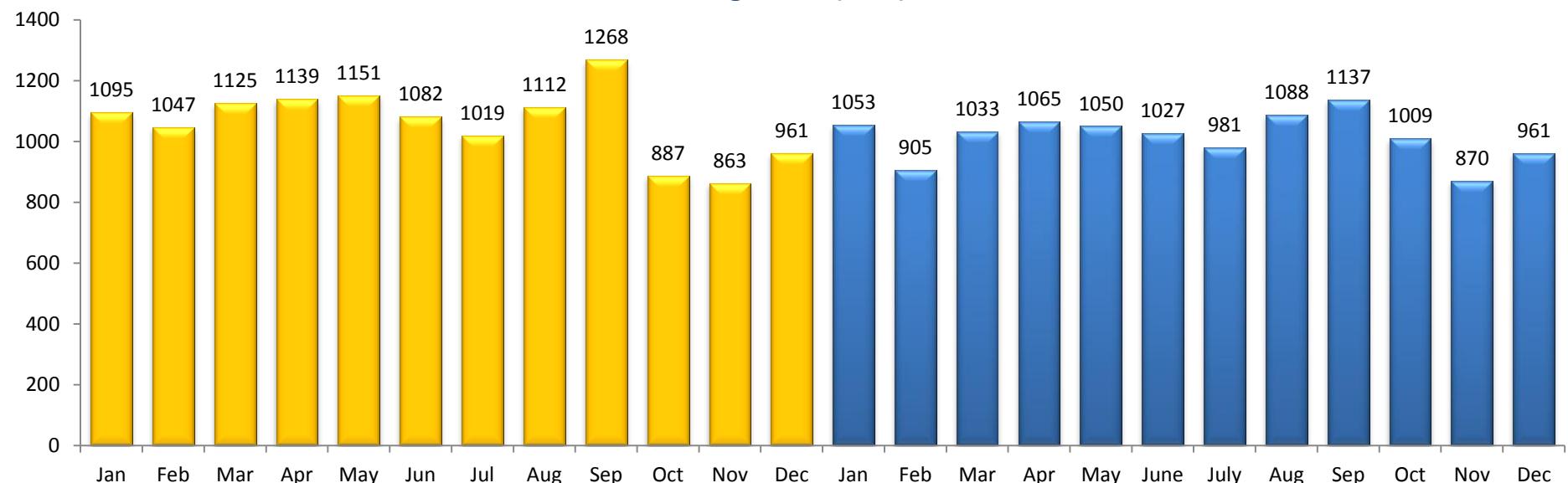


Market review update

Legal market declined **-4.4%** vs. FY'13.

Q4 negatively impacted by excise driven price increase.

Big-3 IMS (mns)

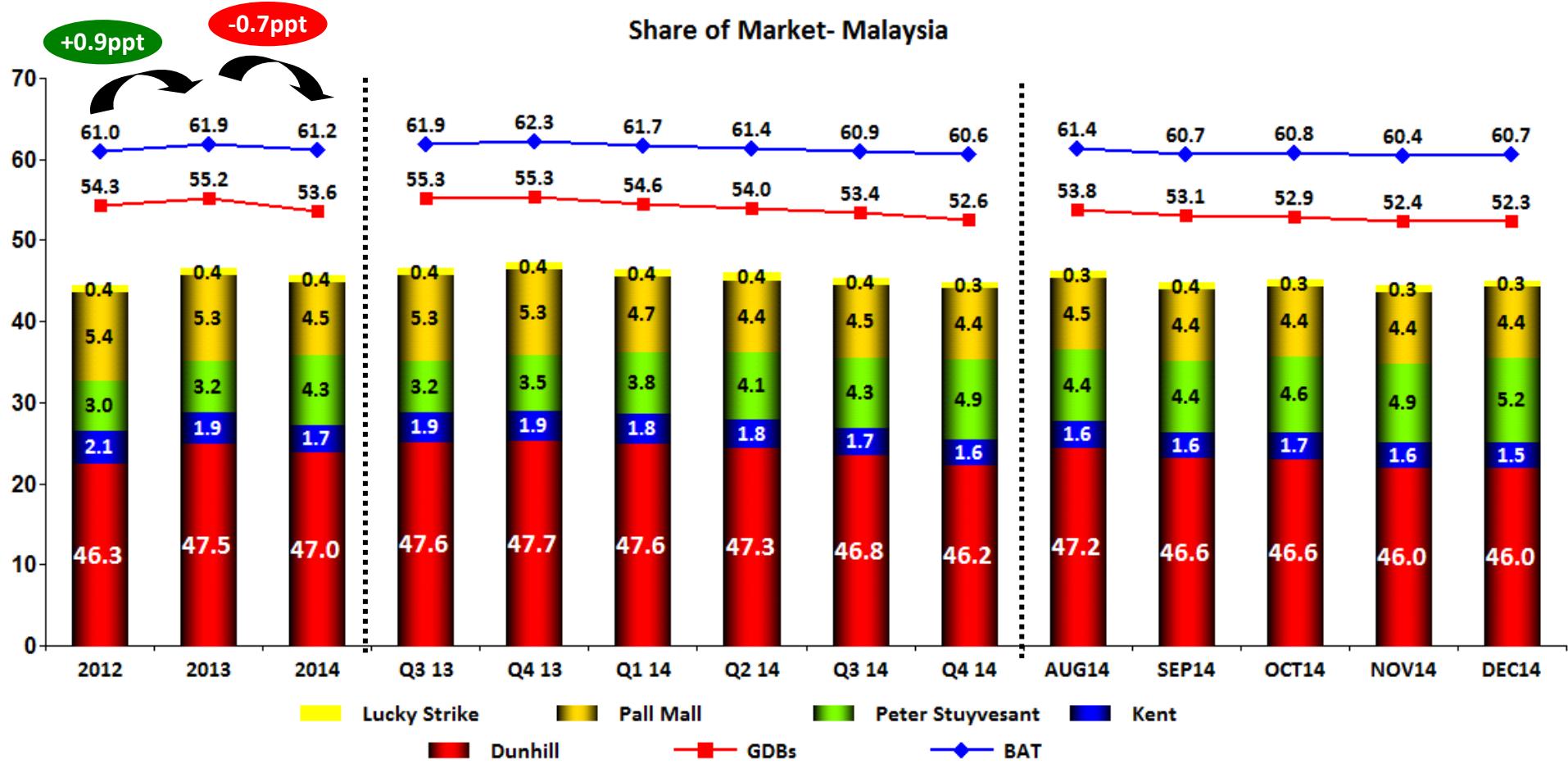


FY'14 vs. FY'13:

	FY'14	FY'13	Change
Industry	12,179	12,749	-4.4%
BAT	7695	8080	-4.8%

BAT SOM remains resilient despite down trading pressure, mainly on Dunhill

Source: YTD DEC 14 Malaysia Retail Audit (Base: Total Legal Market – White + Kretek)

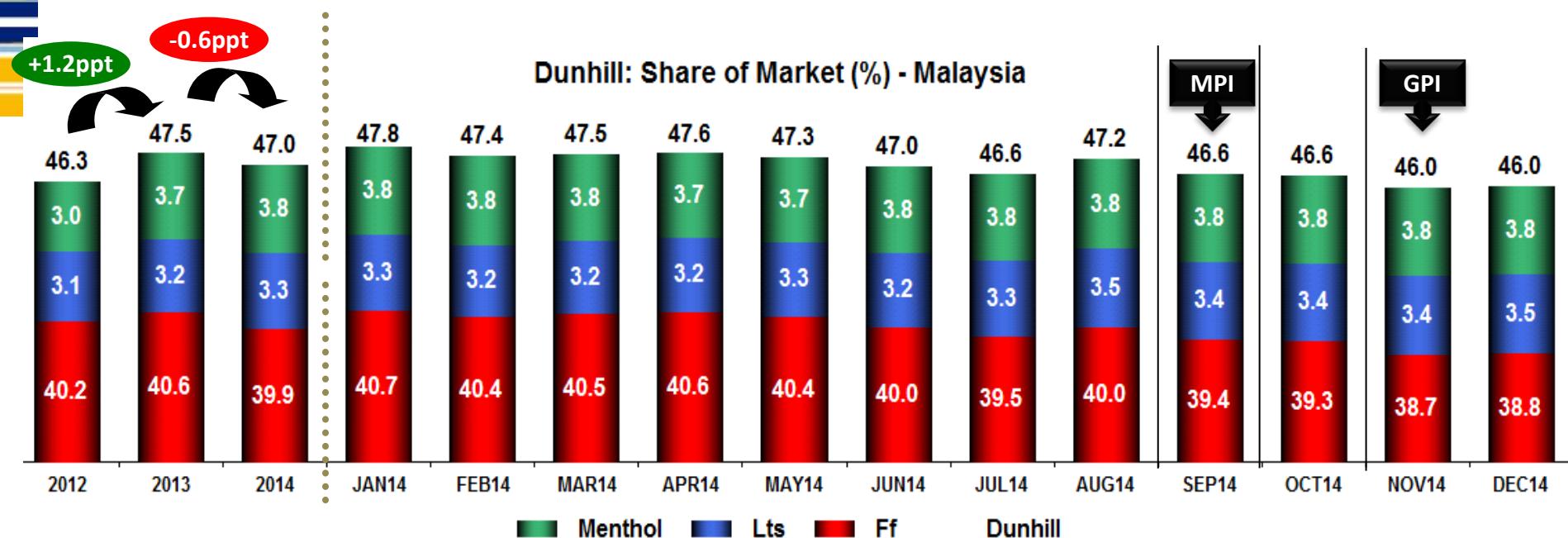




BATM Review

Dunhill: Strong performance on the back of Innovation

Source: YTD DEC 14 Malaysia Retail Audit (Base: Total Legal Market – White + Kretek)



Apr 2014 (Britannia)

Dunhill FF & Lts - Limited Edition Pack
(Nationwide launch)

July 2014

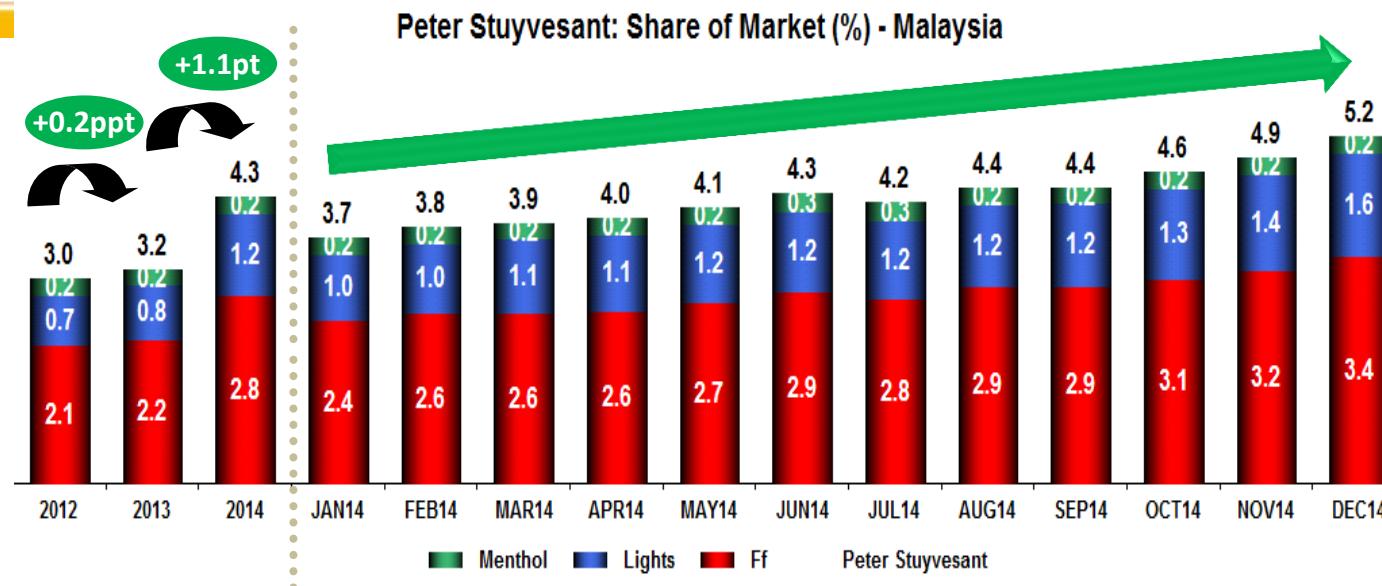
Dunhill Taste Lights – Charcoal tube filter
Dunhill Taste Menthol – High menthol tube filter (Nationwide launch)

Nov 2014

Relaunch of DH Taste (Menthol and Lights) with enhanced pack design (Nationwide launch)

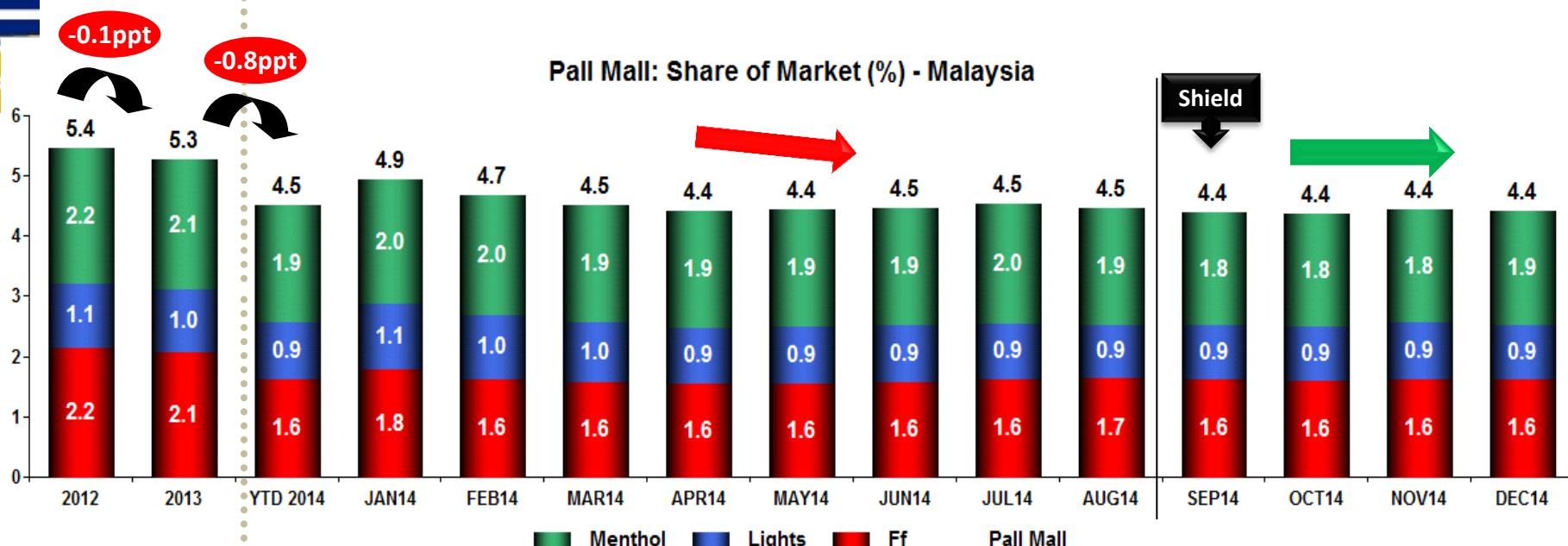
Peter Stuyvesant: record share braking 5% SOM

Source: YTD DEC 14 Malaysia Retail Audit (Base: Total Legal Market – White + Kretek)



Pall Mall: stable SOM for the last 3 quarters

Source: YTD DEC 14 Malaysia Retail Audit (Base: Total Legal Market – White + Kretek)



June 2014:
Pall Mall Kretek and Menthol Kretek
New Product Launch

Sept 2014:
Pall Mall Shield
Introduction of "Reloc"



BRITISH AMERICAN
TOBACCO

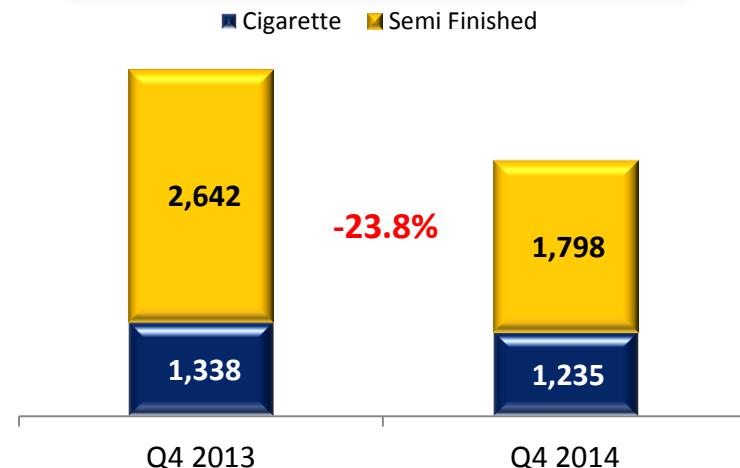
2014 Results Financial Highlights

Q4 Discrete: Key Metrics

Domestic & DF Volumes (mn stick)



Contract Manufacturing Vol. (mn stick)



Net Turnover (RM mn)

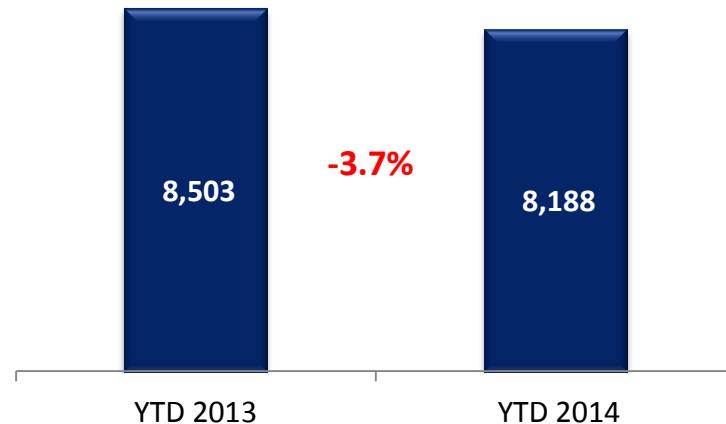


Profit from Operations (RM mn)

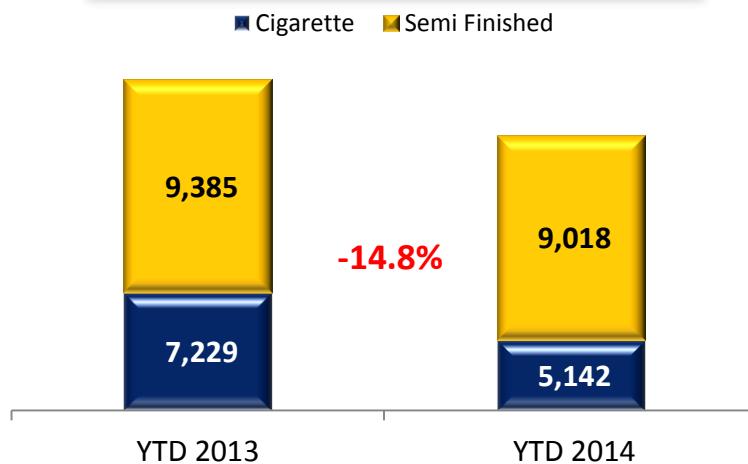


Q4 YTD: Volume and Revenue

Domestic & DF Volumes (mn stick)



Contract Manufacturing Vol. (mn stick)



Revenue (RM mn)



Net Turnover (RM mn)



Q4 YTD: Key Metrics

Gross Profit (RM mn)



Operating Expenses (RM mn)



Profit from Operation (RM mn)



Earning per Share (Sen/share)



Dividend Payout

2012

RM 2.72

97.4% Payout

2013

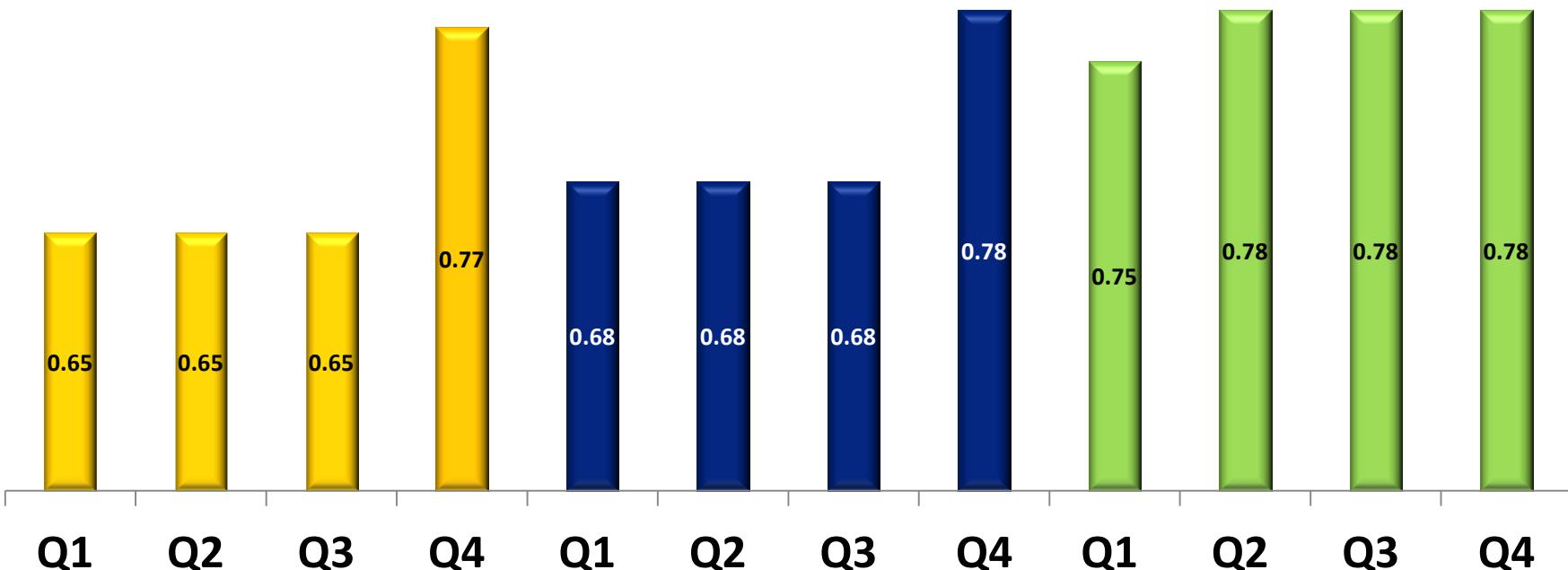
RM 2.82

97.8% Payout

2014

RM 3.09

97.8% Payout



Dividend Growth 9.6% in 2014



BRITISH AMERICAN
TOBACCO
MALAYSIA

THANK YOU