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KUALA LUMPUR (Feb 8): British American Tobacco (Malaysia) Bhd (BAT Malaysia), the country's largest tobacco company by revenue, posted its second straight quarterly net profit decline in the fourth quarter ended Dec 31, 2022 (4QFY2022), reporting a net profit of RM61.73 million compared with RM71.46 million a year ago. The decline was partly due to the one-off prosperity tax of 33%.

As a result, earnings per share came in lower at 21.6 sen for 4QFY2022, compared with 25 sen for 4QFY2021.

Quarterly revenue also fell 10.6% to RM770.66 million, from RM861.89 million in 4QFY2021.

Nevertheless, the group declared a fourth interim dividend of 21 sen per share, amounting to RM60 million for the financial year ended Dec 31, 2022 (FY2022), payable on March 7.

For the full year FY2022, BAT Malaysia's net profit was down 7.8% to RM262.52 million from RM284.86 million in FY2021, as revenue slipped 1.54% to RM2.6 billion from RM2.64 billion.

Annual volume fell 2% compared with 2021.

BAT Malaysia said it saw an overall market share decline of 0.8% year-on-year in 2022, mainly attributed to the delisting of Kent and Pall Mall brands during the year.

But in line with the downtrading trend observed in the market, the group's val-

ue-for-money brands captured an additional 1% share of market in 2022.

"Despite the contraction of the industry's overall share of the premium segment by 1% during the year, the group's Dunhill brand had secured [an] additional 1.1% share in this segment, indicating the premium brand's strong foothold," BAT Malaysia said in a statement.

As the group's focus remains on tobacco harm reduction, BAT Malaysia said it will introduce innovative products, offering alternative choices with reduced risk potential to the adult Malaysian smokers.

"With the launch of our tobacco heated product, glo, that hit the market in February 2023, we are now able to offer an alternative choice with reduced risk potential to the adult Malaysian smokers. This is in line with our commitment towards building A Better Tomorrow™," BAT Malaysia managing director Nedal Salem said.

"We are also encouraged by the new government's priority to implement economic reforms to stimulate growth and strengthen the foundations of the country. This in part can be achieved through reducing leakages stemming from the tobacco black market and creating a new revenue stream by implementing taxation for reduced risk products such as vape, which remains unregulated," he added.

In Budget 2022, various measures were announced by the previous government to reduce the levels of tobacco black market including the introduction of a single-entry point policy in the northern region, enhanced controls at landing points including private jetties, and a special rewards scheme for enforcement to stop smuggling activities.

"[Hence], we strongly encourage the new government to maintain these measures in the February Budget 2023 tabling, while also exploring science and evidence-based regulations to legalise the vapour market," he added.

BAT Malaysia shares finished up 20 sen or 1.59% to RM12.80 on Wednesday (Feb 8), translating into a market capitalisation of RM3.65 billion. The stock has risen 13.88% year-to-date.