

## **Ceylon Tobacco Company PLC**

### **Summary of performance for the quarter ended 31st December 2019**

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The Company's sales volume for the fourth quarter ending 31st December 2019, declined by 19% compared to same period last year driven by successive excise led cigarette price increases during 2019. As a result, the Company's revenue reduced by LKR 2.23bn in comparison to the same period last year.

With regular tax hikes targeting only legal cigarettes, the ever-widening price gap between legal and smuggled cigarettes has resulted in price pressured consumers choosing smuggled cigarettes as a cheaper alternative, thereby driving exponential growth in the illegal segment. The growth in smuggled cigarettes remains a significant threat to the turnover of the legal industry and Government revenue collectability therefrom.

To ensure sustainability, CTC remained committed to investing in the Company's brands with a predominant focus on infusing value into the main-stream brand, John Player Gold Leaf, to appease consumers already impacted by lack of affordability.

The Company's profit after tax for the quarter ended 31st December 2019, reduced by LKR 1.26bn in comparison to the same period last year. This was largely due to a reported reduction of other operating expenses in the fourth quarter of 2018 arising from a reduction in constructive liability of CTC key business partners with regards to changes in tax regimes over the past few years.

#### **Dividends**

The Directors recommend a final dividend of LKR 12.13 per share for 2019. The final dividend is subject to the approval of the shareholders at the Annual General Meeting to be held on 30th April 2020.

## CEYLON TOBACCO COMPANY PLC

### Statement of Profit or Loss and Other Comprehensive Income

(all amounts in Sri Lanka Rupees millions)

	3 months ended 31 December		12 months ended 31 December	
	2019 Un-audited	2018 Un-audited	2019 Un-audited	2018 Audited
Turnover	35,579	37,812	141,342	145,298
Government Levies	(25,895)	(29,141)	(105,818)	(112,368)
<b>Revenue</b>	<b>9,684</b>	<b>8,671</b>	<b>35,524</b>	<b>32,930</b>
Other operating income	33	76	70	81
Raw material used	(693)	(645)	(2,213)	(2,592)
Employee benefit expense	(552)	(636)	(1,477)	(1,454)
Depreciation & amortisation expense	(76)	(43)	(296)	(172)
Other operating expenses	(2,005)	(73)	(4,550)	(2,890)
Interest income	357	375	1,633	1,573
<b>Profit before income tax</b>	<b>6,748</b>	<b>7,725</b>	<b>28,691</b>	<b>27,476</b>
Income tax expense	(2,746)	(2,460)	(11,432)	(10,472)
<b>Profit for the period</b>	<b>4,002</b>	<b>5,265</b>	<b>17,259</b>	<b>17,004</b>
<b>Other Comprehensive Income</b>				
Re-measurement of defined benefit obligation	(39)	15	(85)	21
<b>Total comprehensive income for the period</b>	<b>3,963</b>	<b>5,280</b>	<b>17,174</b>	<b>17,025</b>
<b>Earnings Per Share (basic and diluted)</b>	<b>21.36</b>	<b>28.11</b>	<b>92.13</b>	<b>90.78</b>

The Notes form an integral part of these Interim Financial Statements.



Amun Mustafiz  
Finance Director  
Date : 26th February 2020

**CEYLON TOBACCO COMPANY PLC**  
**Statement of Financial Position**  
(all amounts in Sri Lanka Rupees millions)

	31 December	31 December
	2019	2018
	Un-audited	Audited
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	3,978	3,082
Intangible assets	3	-
Employee benefit asset	197	276
Other receivables	116	122
<b>Total non-current assets</b>	<b>4,294</b>	<b>3,480</b>
<b>Current assets</b>		
Inventories	2,729	2,334
Trade and other receivables	2,799	2,242
Cash and cash equivalents	16,845	20,153
Asset held for sale	0	0
<b>Total current assets</b>	<b>22,373</b>	<b>24,729</b>
<b>Total assets</b>	<b>26,667</b>	<b>28,209</b>
<b>Equity and Liabilities</b>		
<b>Equity</b>		
Stated capital	1,873	1,873
Retained earnings	2,750	3,486
<b>Total equity attributable to equity holders</b>	<b>4,623</b>	<b>5,359</b>
<b>Non-current liabilities</b>		
Unfunded retirement benefit obligation	0	0
Deferred tax liabilities	597	563
Lease liabilities	119	-
<b>Total non-current liabilities</b>	<b>716</b>	<b>563</b>
<b>Current liabilities</b>		
Trade and other payables	10,680	12,638
Lease liabilities	100	-
Current taxation	6,475	5,550
Dividends payable	3,746	3,814
Unclaimed dividends	327	285
<b>Total current liabilities</b>	<b>21,328</b>	<b>22,287</b>
<b>Total liabilities</b>	<b>22,044</b>	<b>22,850</b>
<b>Total equity and liabilities</b>	<b>26,667</b>	<b>28,209</b>
Net Asset Per Share	24.68	28.61

The Notes form an integral part of these Interim Financial Statements.

I certify that these financial statements have been prepared in compliance with the requirements of the Companies Act, No. 07 of 2007.

  
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Amun Mustafiz  
Finance Director  
Date : 26th February 2020

The Board of Directors is responsible for the preparation and presentation of these financial statements.

Approved and signed for and on behalf of the Board of Directors:

  
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Nedal Salem  
Managing Director and CEO  
Date : 26th February 2020

  
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Amun Mustafiz  
Finance Director  
Date : 26th February 2020

**CEYLON TOBACCO COMPANY PLC**  
**Statement of Changes in Equity**  
(all amounts in Sri Lanka Rupees millions)

	<b>Stated capital</b>	<b>Retained earnings</b>	<b>Total</b>
<b>Balance at 1 January 2018</b>	<b>1,873</b>	<b>2,697</b>	<b>4,570</b>
Profit for the year	-	17,004	17,004
Other comprehensive income	-	21	21
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>17,025</b>	<b>17,025</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>			
Write back of unclaimed dividends	-	23	23
Dividends	-	(16,259)	(16,259)
<b>Total transactions with shareholders</b>	<b>-</b>	<b>(16,236)</b>	<b>(16,236)</b>
<b>Balance at 31 December 2018 (Audited)</b>	<b>1,873</b>	<b>3,486</b>	<b>5,359</b>
<b>Balance at 1 January 2019</b>	<b>1,873</b>	<b>3,486</b>	<b>5,359</b>
Profit for the year	-	17,259	17,259
Other comprehensive income	-	(85)	(85)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>17,174</b>	<b>17,174</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>			
Write back of unclaimed dividends	-	30	30
Dividends	-	(17,940)	(17,940)
<b>Total transactions with shareholders</b>	<b>-</b>	<b>(17,910)</b>	<b>(17,910)</b>
<b>Balance at 31 December 2019 (Unaudited)</b>	<b>1,873</b>	<b>2,750</b>	<b>4,623</b>

# CEYLON TOBACCO COMPANY PLC

## Statement of Cash Flows

(all amounts in Sri Lanka Rupees millions)

	12 months ended 31 December	
	2019 Un-audited	2018 Un-audited
<b>A. Cash Flows from Operating Activities</b>		
Cash generated from operations	24,448	26,105
Interest received	1,666	1,573
Interest paid	(32)	-
Surplus paid by Plan Asset	-	450
Gratuity paid - Unfunded scheme	(0)	(0)
Income tax paid	(10,472)	(8,778)
<b>Net Cash generated from Operating Activities</b>	<b>15,610</b>	<b>19,350</b>
<b>Cash Flows from Investing Activities</b>		
Purchase and construction of Property, Plant & Equipment	(1,198)	(996)
Purchase of intangible assets	(3)	-
<b>Net Cash used in Investing Activities</b>	<b>(1,201)</b>	<b>(996)</b>
<b>Cash Flows from Financing Activities</b>		
Dividends paid	(17,932)	(15,623)
Unclaimed dividends paid	(4)	(2)
New finance leases	314	-
Payment of finance lease liabilities	(95)	-
<b>Net cash used in Financing Activities</b>	<b>(17,717)</b>	<b>(15,625)</b>
<b>Net (decrease)/ Increase in Cash &amp; Cash equivalents</b>	<b>(3,308)</b>	<b>2,729</b>
Cash & Cash Equivalents at the beginning of year	20,153	17,424
(Decrease)/ Increase in cash	(3,308)	2,729
<b>Cash &amp; Cash Equivalents at the end of the period</b>	<b>16,845</b>	<b>20,153</b>
<b>B. Analysis of Cash &amp; Cash Equivalents at the end of the period</b>		
Cash in hand & bank balances	9,845	11,153
Short term investments	7,000	9,000
<b>Total cash &amp; cash equivalents</b>	<b>16,845</b>	<b>20,153</b>
<b>C. Cash generated from Operations</b>		
Profit before Tax	28,691	27,476
Depreciation & amortisation expense	296	172
Interest expense	32	-
Interest income	(1,666)	(1,573)
Write off of property, plant & equipment	6	-
Net interest on retirement benefit obligations	(6)	(31)
Provision for obsolete inventories and doubtful Debts	86	18
<b>Operating Profit before changes in Working Capital</b>	<b>27,439</b>	<b>26,062</b>
<b>Movement in Working Capital</b>		
Inventories	(426)	252
Trade & Other Receivables	(607)	(506)
Trade & Other Payables	(1,958)	297
	<b>24,448</b>	<b>26,105</b>

## CEYLON TOBACCO COMPANY PLC

### Notes to the interim financial statements

#### 1 General information

Ceylon Tobacco Company PLC is a public limited liability Company domiciled in Sri Lanka. The principal operations of the Company are manufacturing, marketing and selling cigarettes. The registered office of business is 178, Srimath Ramanathan Mawatha, Colombo 15. The ultimate holding company of Ceylon Tobacco Company PLC is British American Tobacco PLC through British American Tobacco International Holdings BV.

#### 2 Basis of preparation

The condensed interim financial statements of Ceylon Tobacco Company PLC are for the twelve months ended 31 December 2019. They have been prepared in accordance with LKAS 34 - Interim Financial Reporting. These interim financial statements have been prepared in accordance with the SLFRS standards and IFRIC interpretations issued and effective as at the time of preparing these statements. The condensed interim financial statements do not include all of the information required for full annual financial statements and have not been audited.

#### 3 Summary of significant accounting policies

The accounting policies adopted are consistent with those of the previous financial year. Further, new accounting standard SLFRS 16 - Leases has been adopted in the financial statements effective from 1 January 2019.

#### 4 Comparatives

Comparatives are provided for the same period last year and for the statement of financial position at the date of the last published annual report (31 December 2018). Where necessary comparative figures have been reclassified to conform with the current year's presentation.

#### 5 Contingent Liabilities

There have been no material changes to the contingent assets or contingent liabilities since the last annual reporting period.

#### 6 Events Occurring after the reporting period

There were no material events that occurred after the reporting date that require adjustments or disclosure to the Financial Statements.

#### 7 Market Price Per share

For the 12 months ended 31 December,

	2019	2018
	Rs	Rs
Highest	1,239.00	1,500.00
Lowest	1,045.00	1,350.00
Last Traded	1,100.30	1,415.00

8 20 Largest Shareholders of the Company

Name of Shareholder	31 December 2019		30 September 2019	
	No. of Shares	% Holding	No. of Shares	% Holding
British American Tobacco International Holdings BV	157,590,931	84.13	157,590,931	84.13
Philip Morris Brand SARL	15,585,910	8.32	15,585,910	8.32
Pershing LLC S/A Averbach Grauson & Co.	1,605,009	0.86	1,605,009	0.86
Northern Trust Company S/A - Fundsmith Emerging Equities Trust PLC	1,092,645	0.58	1,092,645	0.58
CB NY S/A Allan Gray Frontier Markets Equity Fund Limited	1,065,834	0.57	865,834	0.46
RBC Investor Services Bank-COELI SICAV	794,813	0.42	878,756	0.47
SSBT-BMO Investments 11 (Ireland) Public Limited Company	710,489	0.38	985,742	0.53
SSBT-AL Mehwar Commercial Investments L L C	493,258	0.26	493,258	0.26
BBH-Matthews Emergine Asia Fund	361,292	0.19	361,292	0.19
Mrs Jasbinderjit Kaur Piara Singh	312,063	0.17	312,063	0.17
J.B.Cocoshell (Pvt) Ltd	246,724	0.13	-	-
Miss Neesha Harnam	225,780	0.12	225,780	0.12
SSBT-Frank Russel Trust Company Comingled Benefit Fund Trust GNA	200,124	0.11	200,124	0.11
HSBC INTL NOM Ltd - SSBT-BMO-LGM Frontier Markets Equity Fund	197,692	0.11	244,387	0.13
HSBC INTL NOM Ltd - SSBT-Deutsche Bank AG Singapore A/C 01	175,600	0.09	175,600	0.09
Harnam Holdings SDN BHD	150,000	0.08	150,000	0.08
Bank of Ceylon No 1 Account	143,175	0.08	143,176	0.08
Deutsche Bank AG AS Trustée For JB vantage Value Equity Fund	134,831	0.07	134,831	0.07
BNYM RE- GHI Holdings Mauritius	129,687	0.07	-	-
Mellon Bank N.A-Eaton Vance Trust Co.Collective Inv.	126,600	0.07	148,901	0.08
JPMBL SA-Kapitalforeningen Emerging Markets Long Term Economic Investment Fund	-	-	324,765	0.17
PICTET and CIE (Europe) SA S/A Lloyd George Indian Ocean Master Fund	-	-	160,000	0.09
<b>Sub Total</b>	<b>181,342,457</b>	<b>96.81</b>	<b>181,679,004</b>	<b>96.99</b>
Others	5,981,294	3.19	5,644,747	3.01
<b>Total Shares</b>	<b>187,323,751</b>	<b>100.00</b>	<b>187,323,751</b>	<b>100.00</b>

9 Computation of % of Public Shareholding

	31 December 2019	30 September 2019
	No of Shares	No of Shares
<b><u>Parent Company</u></b>		
British American Tobacco International (Holdings) BV	157,590,931	157,590,931
	<b>157,590,931</b>	<b>157,590,931</b>
<b><u>Directors shareholding (including spouses &amp; children)</u></b>		
W Pegel	-	-
N L Salem	-	-
Y Kanagasabai	-	-
A Tittawella	-	-
A Mustafiz	-	-
U Zahur	-	-
	<b>-</b>	<b>-</b>
Parent Company	157,590,931	157,590,931
Subsidiaries or Associate Companies of Parent	-	-
Subsidiaries or Associate Companies	-	-
10% or more holding	-	-
Directors shareholding (including spouses & children)	-	-
Public Holding	<b>29,732,820</b>	<b>29,732,820</b>
	<b>187,323,751</b>	<b>187,323,751</b>
Public Holding as a % of Issued Share Capital	15.87%	15.87%
Number of shareholders holding the Public Holding	3,471	3,308
Market Capitalisation of Public Holding (Rs. Million)	32,751	32,980

The Company complies with option 1 of the Listing Rules 7.13.1(a) - Float Adjusted Market Capitalisation of Rs. 10.0Bn which requires no minimum public holding percentage.