

## **Ceylon Tobacco Company PLC**

### **Summary of Performance for the quarter ending 31st March 2020**

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The Company's sales volume for the quarter ending 31st March 2020, declined by 13% compared to same period last year due to the impact of the excise led cigarette price increases during 2019, particularly the increase of 72mm category prices. During the said period, sales have been further impacted due to product access restrictions faced by consumers and retailers as a result of the island wide curfew intermittently imposed to contain the COVID-19 pandemic.

The Company's turnover and the contribution to the Government revenue through excise, other levies and taxes were reduced marginally in comparison to the same period last year. The Company's profit after tax for the quarter ended 31st March 2020 reported as LKR 3.93bn, which is a reduction of 3% in comparison to the same period last year largely due to the reduction of volumes as explained earlier.

From 20th March 2020 onwards, CTC has been operating its business strictly in conformity with Government guidelines and directives issued from time to time with regard to the implementation of curfew, work from home arrangements and health and safety measures.

During this period the primary focus of the company has been to ensure the continuation of business activities subject to the health and safety of employees as well as the work force of all extended value chain partners. As such CTC has implemented Work from Home Policy for all office-based employees utilizing IT capabilities to facilitate seamless remote working conditions. All other employees have on a need-only basis been engaged to carry out limited critical responsibilities subject to taking all necessary health and safety precautions.

Whilst acknowledging and appreciating the timely and effective measures being taken by the Government to contain the COVID-19 pandemic in Sri Lanka, the Management is committed to take decisions and measures in order to ensure that CTC continues to support the Government with much needed revenue and deliver shareholder value.

#### **Dividends**

The Directors recommend a first interim dividend of Rs. 19.00 per share to be paid by the 04th of June 2020.

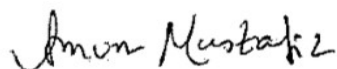
# CEYLON TOBACCO COMPANY PLC

## Statement of Profit or Loss and Other Comprehensive Income

(all amounts in Sri Lanka Rupees millions)

|  | 3 months ended 31 March |                    |
|--|-------------------------|--------------------|
|  | 2020<br>Un-audited      | 2019<br>Un-audited |
| Turnover   | 34,238                  | 34,280             |
| Government Levies                                | (25,936)                | (25,989)           |
| <b>Revenue</b>                                   | <b>8,302</b>            | <b>8,291</b>       |
| Other operating income                           | 1                       | 9                  |
| Raw material used                                | (548)                   | (584)              |
| Employee benefit expense                         | (310)                   | (233)              |
| Depreciation & amortisation expense              | (79)                    | (76)               |
| Other operating expenses                         | (936)                   | (1,046)            |
| Net finance income                               | 262                     | 453                |
| <b>Profit before income tax</b>                  | <b>6,692</b>            | <b>6,814</b>       |
| Income tax expenses                              | (2,762)                 | (2,753)            |
| <b>Profit for the period</b>                     | <b>3,930</b>            | <b>4,061</b>       |
| <b>Other Comprehensive Income</b>                |                         |                    |
| Re-measurement of defined benefit obligation     | 20                      | (11)               |
| <b>Total comprehensive income for the period</b> | <b>3,950</b>            | <b>4,050</b>       |
| <b>Earnings Per Share (basic and diluted)</b>    | <b>20.98</b>            | <b>21.68</b>       |

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



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Amun Mustafiz  
**Finance Director**  
Date : 14th May 2020

# CEYLON TOBACCO COMPANY PLC


## Statement of Financial Position

(all amounts in Sri Lanka Rupees millions)

|  | 31 March      | 31 December   |
|--|---------------|---------------|
|  | 2020          | 2019          |
|  | Un-audited    | Audited       |
| <b>Assets</b>                                      |               |               |
| <b>Non-current assets</b>                          |               |               |
| Property, plant and equipment                      | 3,912         | 3,978         |
| Intangible assets                                  | 3             | 3             |
| Employee benefit asset                             | 213           | 197           |
| Other receivables                                  | 111           | 116           |
| <b>Total non-current assets</b>                    | <b>4,239</b>  | <b>4,294</b>  |
| <b>Current assets</b>                              |               |               |
| Inventories  | 2,733         | 2,729         |
| Trade and other receivables                        | 6,290         | 2,799         |
| Cash and cash equivalents                          | 13,962        | 16,845        |
| Asset held for sale                                | 0             | 0             |
| <b>Total current assets</b>                        | <b>22,985</b> | <b>22,374</b> |
| <b>Total assets</b>                                | <b>27,224</b> | <b>26,668</b> |
| <b>Equity and Liabilities</b>                      |               |               |
| <b>Equity</b>                                      |               |               |
| Stated capital                                     | 1,873         | 1,873         |
| Retained earnings                                  | 6,700         | 2,750         |
| <b>Total equity attributable to equity holders</b> | <b>8,573</b>  | <b>4,623</b>  |
| <b>Non-current liabilities</b>                     |               |               |
| Unfunded retirement benefit obligation             | 0             | 0             |
| Deferred tax liabilities                           | 723           | 597           |
| Lease liabilities                                  | 95            | 119           |
| <b>Total non-current liabilities</b>               | <b>818</b>    | <b>716</b>    |
| <b>Current liabilities</b>                         |               |               |
| Trade and other payables                           | 11,293        | 10,681        |
| Lease liabilities                                  | 100           | 100           |
| Current taxation                                   | 6,119         | 6,475         |
| Dividends payable                                  | -             | 3,746         |
| Unclaimed dividends                                | 321           | 327           |
| <b>Total current liabilities</b>                   | <b>17,833</b> | <b>21,329</b> |
| <b>Total liabilities</b>                           | <b>18,651</b> | <b>22,045</b> |
| <b>Total equity and liabilities</b>                | <b>27,224</b> | <b>26,668</b> |
| Net Asset Per Share                                | <b>45.77</b>  | <b>24.68</b>  |

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.



Amun Mustafiz

Finance Director

Date : 14th May 2020

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

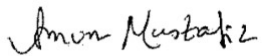
Approved and signed for and on behalf of the Board of Directors:



Nedal Salem

Managing Director and CEO

Date : 14th May 2020



Amun Mustafiz

Finance Director

Date : 14th May 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 2019</b>  | <b>1,873</b>          | <b>3,486</b>             | <b>5,359</b>    |
| Profit for the period   | -                     | 4,061                    | 4,061           |
| Other comprehensive income  | -                     | (11)                     | (11)            |
| <b>Total comprehensive income for the period</b>                              | <b>-</b>              | <b>4,050</b>             | <b>4,050</b>    |
| <b>Transactions with owners of the Company, recognised directly in equity</b> |                       |                          |                 |
| Write back of unclaimed dividends   | -                     | -                        | -               |
| Dividends   | -                     | -                        | -               |
| <b>Total transactions with shareholders</b>                                   | <b>-</b>              | <b>-</b>                 | <b>-</b>        |
| <b>Balance at 31 March 2019 (Unaudited)</b>                                   | <b>1,873</b>          | <b>7,536</b>             | <b>9,409</b>    |
| Profit for the period   | -                     | 13,198                   | 13,198          |
| Other comprehensive income  | -                     | (74)                     | (74)            |
| <b>Total comprehensive income for the period</b>                              | <b>-</b>              | <b>13,124</b>            | <b>13,124</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 (Audited)</b>                                  | <b>1,873</b>          | <b>2,750</b>             | <b>4,623</b>    |
| <b>Balance at 1 January 2020</b>  | <b>1,873</b>          | <b>2,750</b>             | <b>4,623</b>    |
| Profit for the period   | -                     | 3,930                    | 3,930           |
| Other comprehensive income  | -                     | 20                       | 20              |
| <b>Total comprehensive income for the period</b>                              | <b>-</b>              | <b>3,950</b>             | <b>3,950</b>    |
| <b>Transactions with owners of the Company, recognised directly in equity</b> |                       |                          |                 |
| Write back of unclaimed dividends   | -                     | -                        | -               |
| Dividends   | -                     | -                        | -               |
| <b>Total transactions with shareholders</b>                                   | <b>-</b>              | <b>-</b>                 | <b>-</b>        |
| <b>Balance at 31 March 2020 (Unaudited)</b>                                   | <b>1,873</b>          | <b>6,700</b>             | <b>8,573</b>    |

# CEYLON TOBACCO COMPANY PLC

## Statement of Cash Flows

(all amounts in Sri Lanka Rupees millions)

|   | 3 months ended 31 March |                    |
|---|-------------------------|--------------------|
|   | 2020<br>Un-audited      | 2019<br>Un-audited |
| <b>Cash flows from operating activities</b>                             |                         |                    |
| Profit before Tax   | 6,692                   | 6,814              |
| <i>Adjustments for:</i>   |                         |                    |
| Depreciation & amortisation expense                                     | 78                      | 70                 |
| Interest expense  | 6                       | 9                  |
| Interest income   | (268)                   | (462)              |
| Write off of property, plant & equipment                                | -                       | 6                  |
| Net interest on retirement benefit obligations                          | 4                       | (2)                |
| Provision for obsolete inventories and doubtful Debts                   | 4                       | 43                 |
| <b>Operating profit before working capital changes</b>                  | <b>6,516</b>            | <b>6,478</b>       |
| <i>Changes in working capital</i>                                       |                         |                    |
| Inventories   | (5)                     | 117                |
| Trade & other receivables   | (3,488)                 | 190                |
| Trade & other payables  | 613                     | (1,019)            |
| <b>Cash generated from operations</b>                                   | <b>3,636</b>            | <b>5,766</b>       |
| Interest received   | 268                     | 462                |
| Interest paid   | (6)                     | (9)                |
| Gratuity paid - unfunded scheme   | (0)                     | (0)                |
| Income tax paid   | (2,992)                 | (2,186)            |
| <b>Net cash generated from operating activities</b>                     | <b>906</b>              | <b>4,033</b>       |
| <b>Cash flows from investing activities</b>                             |                         |                    |
| Purchase and construction of property, plant & equipment                | (13)                    | (6)                |
| <b>Net cash used in investing activities</b>                            | <b>(13)</b>             | <b>(6)</b>         |
| <b>Cash flows from financing activities</b>                             |                         |                    |
| Dividends paid  | (3,746)                 | (3,305)            |
| Unclaimed dividends paid  | (6)                     | (2)                |
| Payment of finance lease liabilities                                    | (24)                    | (22)               |
| <b>Net cash outflow from financing activities</b>                       | <b>(3,776)</b>          | <b>(3,329)</b>     |
| <b>Net (decrease)/ increase in cash &amp; cash equivalents</b>          | <b>(2,883)</b>          | <b>698</b>         |
| Cash & cash equivalents at the beginning of year                        | 16,845                  | 20,153             |
| (Decrease)/ Increase in cash  | (2,883)                 | 698                |
| <b>Cash &amp; cash equivalents at the end of the period</b>             | <b>13,962</b>           | <b>20,851</b>      |
| <b>Analysis of cash &amp; cash equivalents at the end of the period</b> |                         |                    |
| Cash in hand & bank balances  | 10,962                  | 4,851              |
| Short term investments  | 3,000                   | 16,000             |
| <b>Total cash &amp; cash equivalents</b>                                | <b>13,962</b>           | <b>20,851</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 three months ended 31 March 2020. 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 31 December 2019. 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 except the impact from COVID-19 pandemic. The Company has made a disclosure to the Colombo Stock Exchange (CSE) setting out the impact of the pandemic on 22 April 2020.

#### 7 Market Price Per share

For the 3 months ending 31 March,

|             | <b>2020</b> | <b>2019</b> |
|-------------|-------------|-------------|
|             | <b>Rs</b>   | <b>Rs</b>   |
| Highest     | 1,160.00    | 1,499.00    |
| Lowest      | 990.10      | 1,325.00    |
| Last Traded | 1,000.00    | 1,339.90    |

8 20 Largest Shareholders of the Company

| Name of Shareholder  | 31 March 2020      |               | 31 December 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          |
| CB NY S/A Allan Gray Frontier Markets Equity Fund Limited          | 1,288,702          | 0.69          | 1,065,834          | 0.57          |
| Northern Trust Company S/A - Fundsmith Emerging Equities Trust PLC | 1,092,645          | 0.58          | 1,092,645          | 0.58          |
| RBC Investor Services Bank-COELI SICAV                             | 633,735            | 0.34          | 794,813            | 0.42          |
| SSBT-BMO Investments 11 (Ireland) Public Limited Company           | 563,489            | 0.30          | 710,489            | 0.38          |
| SSBT-AL Mehwar Commercial Investments L L C                        | 493,258            | 0.26          | 493,258            | 0.26          |
| BBH-Matthews Emergine Asia Fund                                    | 338,433            | 0.18          | 361,292            | 0.19          |
| Mrs Jasbinderjit Kaur Piara Singh                                  | 312,063            | 0.17          | 312,063            | 0.17          |
| J.B.Cocoshell (Pvt) Ltd  | 248,624            | 0.13          | 246,724            | 0.13          |
| Miss Neesha Harnam   | 215,780            | 0.12          | 225,780            | 0.12          |
| SSBT-Frank Russel Trust Company Comingled Benefit Fund Trust GNA   | 200,124            | 0.11          | 200,124            | 0.11          |
| SSBT-BMO LGM Frontier Markets Equity Fund                          | 197,692            | 0.11          | 197,692            | 0.11          |
| Deutsche Bank AG Singapore A/C 01 (PWM WM CLIENT)                  | 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          | 143,175            | 0.08          |
| Deutsche Bank AG AS Trustee For JB vantage Value Equity Fund       | 134,831            | 0.07          | 134,831            | 0.07          |
| BNYM RE- GHI Holdings Mauritius                                    | 129,687            | 0.07          | 129,687            | 0.07          |
| Mellon Bank N.A-Eaton Vance Trust Co.Collective Inv.               | 126,600            | 0.07          | 126,600            | 0.07          |
| <b>Sub Total</b>   | <b>181,226,288</b> | <b>96.74</b>  | <b>181,342,457</b> | <b>96.81</b>  |
| Others   | 6,097,463          | 3.26          | 5,981,294          | 3.19          |
| <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 March 2020 | 31 December 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      |
|   | <hr/>         | <hr/>            |
|   | 157,590,931   | 157,590,931      |
| <b><u>Directors shareholding (including spouses &amp; children)</u></b> |               |                  |
| W Pegel   | -             | -                |
| N L Salem   | -             | -                |
| Y Kanagasabai   | -             | -                |
| A Tittawella  | -             | -                |
| A Mustafiz  | -             | -                |
| U Zahur   | -             | -                |
|   | <hr/>         | <hr/>            |
|   | -             | -                |
| 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  | 29,732,820    | 29,732,820       |
|   | <hr/>         | <hr/>            |
|   | 187,323,751   | 187,323,751      |
| Public Holding as a % of Issued Share Capital                           | 15.87%        | 15.87%           |
| Number of shareholders holding the Public Holding                       | 3,465         | 3,471            |
| Market Capitalisation of Public Holding (Rs. Million)                   | 29,733        | 32,751           |

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.