

Ceylon Tobacco Company PLC

Summary of Performance for the quarter ended 31st December 2018

The Company's sales volume for the fourth quarter ending 31st December 2018, declined by 3.2% compared to same period last year due to the impact of the excise led cigarette price increase effective from 1st of August 2018. The total volume for the year ended 31st December 2018 remained same compared to the last year. During the year, the contribution to the Government revenue through excise, other levies and taxes increased by LKR 7.53bn with a 6.4% growth and the Company's revenue increased by LKR 1.77bn in comparison to the same period last year.

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 address consumer affordability, to safeguard both industry and government revenue.

The smuggled illicit cigarettes with an estimate of 510mn sticks for the year, along with under-regulated and low taxed products such as "Beedi" with an estimate of 4.8bn sticks for the year, remained a key threat to Government revenue from the tobacco industry due to widening price gap between the legally manufactured cigarettes and such cheaper smoking options. These were further fueled by macroeconomic factors that impacting consumer spending power.

The Company's profit after tax increased by LKR 2.41bn to be at LKR 17.00bn for the year ended 31st December 2018, largely due to a reduction in the constructive liability of CTC key business partners with regards to changes in tax regimes over the past few years.

CTC's flagship Corporate Social Responsibility initiative, the Sustainable Agricultural Development Programme (SADP) continued to focus on alleviating poverty and empowering the livelihoods of families in rural Sri Lanka. The total number of families supported by the Company as at 31st December 2018 stood at 19,664, comprising of 76,396 beneficiaries in 16 districts.

Dividends

The Directors recommend a final dividend of LKR 15.77 per share for 2018. The final dividend is subject to the approval of the shareholders at the Annual General Meeting to be determined shortly.