

# BAT revenue rises but profit and market share fall

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British American Tobacco (BAT) complained of "the growth in illicit trade" causing its South African cigarette sales and profits to decline.



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"Volume and profit fell due to down-trading and the growth in illicit trade" BAT said in its results regarding SA for the six months to end-June released on Thursday morning.

"Benson & Hedges and Dunhill continued to grow market share although this was more than offset by Peter Stuyvesant, with total market share down."

The group reported a 16% jump in revenue to 7.7bn, but aftertax profit declined by 14% to 2.3bn. BAT declared an interim dividend of 56.5p, 10% higher than the 51.3p paid in the first half of 2016.

"The relative weakness of sterling led to a significant tailwind on our reported results, with revenue 15.7% higher and profit from operations up 16.3% at current rates of exchange," CEO Nicandro Durante.

BAT completed its acquisition of the 57.8% of Reynolds it did not already own on Tuesday.

"If the acquisition had occurred on January 1 2017, before accounting for anticipated synergy and restructuring benefits, it is currently estimated that group revenue would have been 12.6bn and group profit from operations would have been 4bn for the six months to 30 June.

"This is after charging 26m for the amortisation of acquired intangibles, an uplift to the fair value of inventory of 540m and 212m in respect of integration and acquisition costs," the results statement said.

*Source: BDpro*

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