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PRESS RELEASE: BAT UGANDA MARKS THE 20TH ANNIVERSARY OF LISTING ON THE UGANDA SECURITIES EXCHANGE, UNVEILS ITS NEW CORPORATE STRATEGY AND PURPOSE

BAT Uganda has today celebrated its 20th anniversary of listing on the Uganda Securities Exchange through a bell-ringing ceremony hosted by the Uganda Securities Exchange (USE) and graced by the Capital Markets Authority (CMA).

Following USE's commencement of trading in 1998, BAT was amongst the first companies to list, which it did through an IPO in the year 2000. During the ceremony, BAT Uganda also unveiled its new evolved strategy and purpose as well as a new corporate brand identity.

BAT Uganda Managing Director, Kirunda Magoola said:

“Whilst BAT has been on the USE for 20 years, the Company has operated in Uganda for over 90 years. We take pride in this rich history and heritage, on the back of which we have continued to offer sustained and superior value to our shareholders.”

“Over the years, our business has navigated significant changes and weathered many storms. I am however proud to say that through it all, we have come out stronger and even more resilient. This year, unfortunately, is a unique one for everyone. The world is navigating one of the worst health disasters ever experienced, which is adversely impacting all spheres of life, including businesses and the wider economy. As the fight against COVID-19 continues, we stand in solidarity with our fellow Ugandans and look forward to the dawn of a better tomorrow.

“As we mark our 20th USE anniversary and take stock of our achievements thus far, it is also an opportune time to touch on what tomorrow holds. This year, BAT unveiled an evolved corporate strategy and purpose to build “A Better Tomorrow” for our stakeholders. This is an ambition to reduce the health impacts of our business by providing adult consumers with a choice of innovative and viable products with reduced risk.

“Unfortunately, it is not all rosy in our industry. Despite our proven commitment to driving investment and business growth as well as contributing to Uganda’s socio-economic development through sustained tax remittances to the exchequer, we are still grappling with a difficult trading environment. This is most significantly characterised by the illicit trade in cigarettes.

“It is estimated that the Uganda Government loses approximately UGX 30 Billion in annual tax revenue to the illegal tobacco market.

We are concerned that, despite the enhanced border controls put in place to mitigate the spread of COVID-19, our trade teams continue to report an increased presence of illegal cigarettes in the Ugandan market. These are primarily tax-evaded cigarettes smuggled across the Kenyan and South Sudan borders. If this lost revenue was to be recouped, it would go a long way in supporting the economic recovery of the country in the wake of the COVID-19 pandemic.

“On an encouraging note, we are seeing media reports on seizures of large amounts of illicit cigarettes in Uganda, indicative of efforts by the authorities to fight this menace. This notwithstanding, we call for stringent enforcement measures to support the Uganda Revenue Authority’s Digital Tracking System already in place. These measures include identification of the source and supply routes of illegal cigarettes, prohibitive fines charged to the owners of products seized by the authorities as well as prosecution of those caught engaging in illicit trade. We also reiterate our call to the Government to ratify the World Health Organisation (WHO’s) Protocol to Eliminate Illicit Trade in Tobacco Products (ITP).

BAT Uganda Chairman, Hon. Dr Elly Karuhanga said:

“Our business has grown from strength to strength over the last 20 years. Recently, BAT registered a 7% revenue growth to Ushs 164.3 billion and a post-tax profit increase of 14 % to Ushs 15.7 billion in 2019 compared to 2018. Our superior performance on the USE is also testimony to this. In the last three years alone, we have seen continued growth in dividend pay-outs to our shareholders, with Ushs. 246 per share at the end of 2017, to Ushs. 280 per share and Ushs. 320 per share for end of 2018 and 2019 respectively.

“Despite this positive trajectory, 2020 continues to present significant challenges. Most significantly, an unpredictable tax regime is expected to present challenges to the sustainability of our cigarette business, amidst a host of other challenges such as the illicit trade in tobacco products. We however welcome the governments’ decision not to increase excise thus far. BAT remains positive and open to dialogue and consultation with the relevant government stakeholders to achieve a sustainable and balanced regulatory and fiscal environment.”

Going forward, we look forward to many more successful years in Uganda as we work to build a better tomorrow for all our stakeholders.

USE Chief Executive Officer Mr. Paul Bwiso said:

BAT Uganda was the second company to list on the Uganda Securities Exchange (USE) following the divestiture of government in Uganda. The listing journey of BAT Uganda started on 28th June 2000 when its Initial Public Offer (IPO) opened. A total of 4.9 million shares were offered at Ugx 1,000 each. The IPO was oversubscribed by 5 percent and attracted various retail and institutional shareholders. The company was listed on The Exchange on 3rd October 2000. Over the past 20-years, the company’s share price has grown from an IPO Price of Ugx 1,000 to Ugx 30,000 per share today with market capitalization of Ugx 1.5 Trillion. The counter has traded over Ugx 28 Billion in turnover over the past 20-years.

Since listing, the company has consistently paid dividends which is one of the reasons for most of their shareholdings taking a buy to hold view on the stock. BAT Uganda has consistently met its listing obligations and is always among the first listed companies to publish its audited financial statements. The USE is committed to developing the platform where we connect seekers of capital to providers of capital and using IT innovation to offer convenient solutions to ensure increased market access to retail and institutional investors.

We congratulate the BAT Uganda Board of Directors and management on reaching this milestone and look forward to mutually beneficial relationship.

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ABOUT BAT UGANDA

BAT Uganda is a member of the British American Tobacco Group, the world's first largest quoted tobacco company by global market share, with brands sold in more than 180 markets. The Company has sustained a significant presence in Uganda since 1928 and has been listed on the Uganda Securities Exchange since 2000. BAT Uganda has grown to become one of the country's largest taxpayers and we have been listed on the Uganda Securities Exchange since 2000. We sell cigarettes chosen by a majority of Uganda's adult smokers with a variety of high-quality cigarette brands sold in the market and partner with over 30,000 trade and business partners in Uganda. Through its sister companies within the BAT Group and its partners, BAT Uganda is the largest single buyer of Ugandan tobacco leaf supporting the livelihood of over 13,500 tobacco farmers.