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## IDLCSL Flash Note

# BATBC BD (BATBC) CY25 Earnings

Significant earnings contraction driven by volume decline and factory relocation cost

Rating: **Under Review**

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# Earnings decline driven by one-off restructuring cost

- BATBC reported CY25 EPS of BDT 10.8, down from BDT 32.4 in CY24, reflecting a 67% decline in profit YoY.
- Q4 CY25 EPS stood at BDT -2.5 compared to BDT 7.9 in Q4 CY24, primarily due to volume contraction and one-off restructuring cost of BDT 7.2bn related to the closure of the Dhaka factory and relocation of plant, machinery, and cigarette manufacturing equipment to the Savar facility following regulatory requirements.
- Normalized EPS, excluding an estimated BDT 5-5.2bn of one-off expenses in Q4 CY25, would be around BDT 3.0 for the quarter and around BDT 4.0 for Q2 CY25. Normalized FY25 EPS is estimated at around BDT 18.5 per share.

Fig: BATBC's annual earnings per share (BDT)

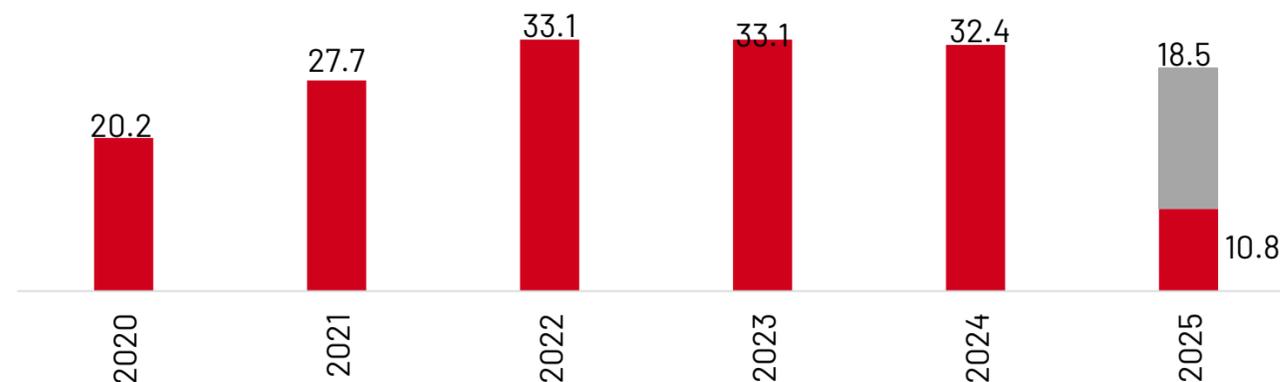
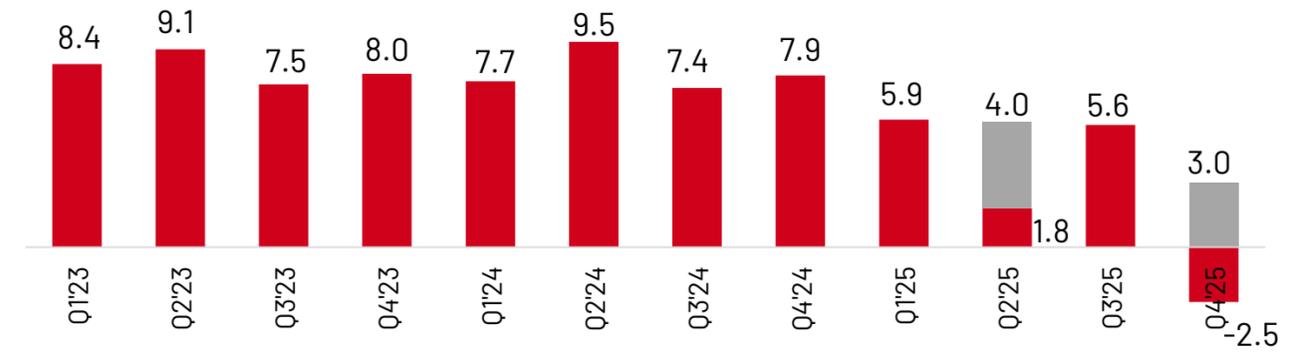


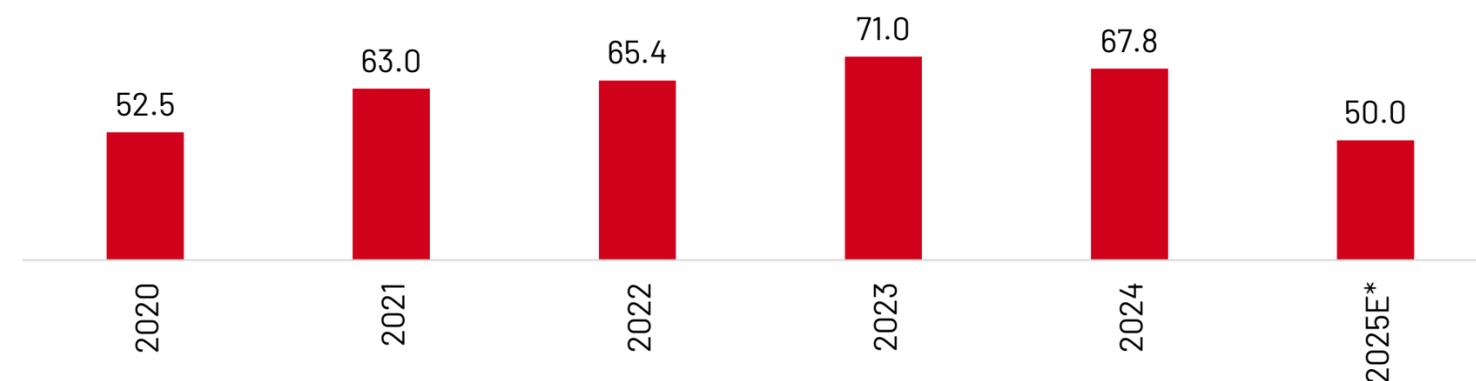
Fig: BATBC's quarterly earnings per share (BDT)



# Volume contraction weighed on revenue and profitability

- BATBC experienced significant revenue pressure during CY25, driven by an estimated 30% decline in cigarette volumes, reducing the number of sticks sold to 50bn from 68bn in 2024 and 71bn in 2023. Around 73% of BATBC's portfolio is concentrated in the low-end segment, which saw the sharpest volume contraction.
- During the first nine months of CY25, the Jan'25 floor tax revision increased excise duties, resulting in higher retail prices in the low-tier segment. Given the segment's high price sensitivity, this led to some consumer shift toward lower-priced alternatives produced by manufacturers with relatively lower tax compliance.

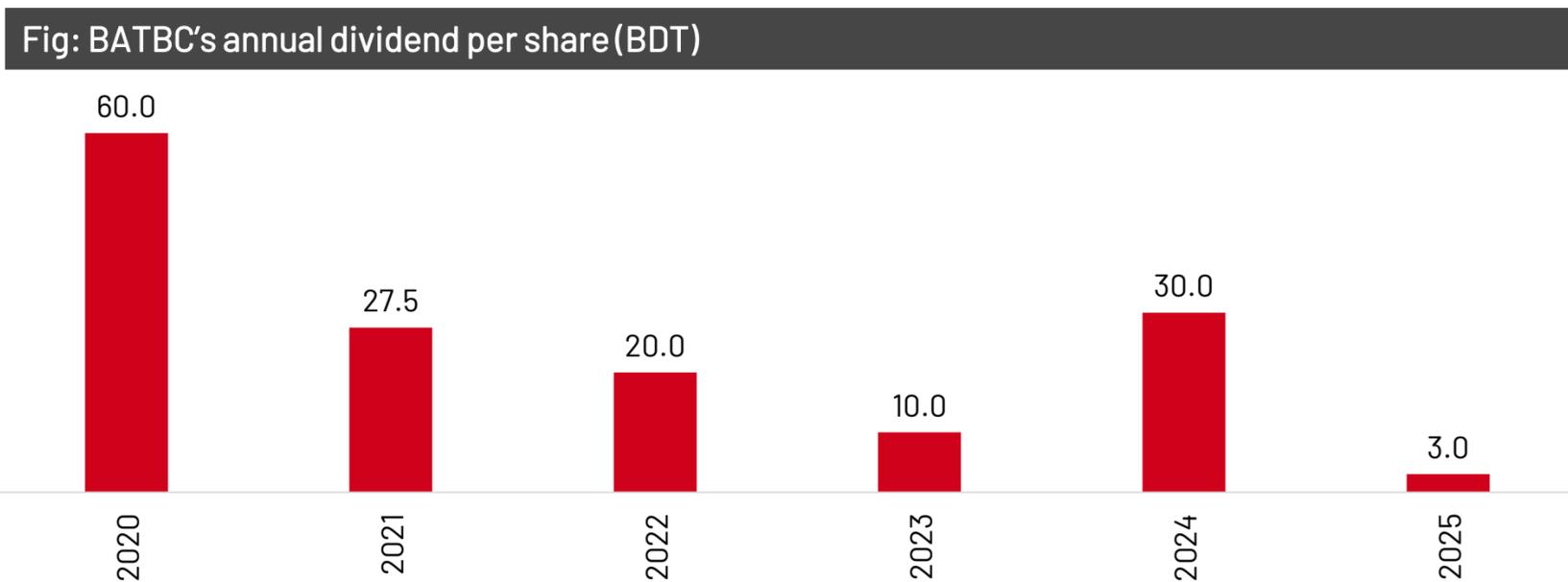
Fig: BATBC's cigarette quantity sold in billion sticks (bn)



\*Quantity sold in 2025 has not been published, but is estimated to be around 50bn.

# Higher operating expenses further strained profitability

- Profitability was further impacted by elevated operating expenses, reflecting inflationary pressures and increased operational activity, in addition to the one-off restructuring cost related to the factory relocation.
- BATBC recommended BDT 3.0 per share final cash dividend for CY25, which is significantly lower than the BDT 30 per share dividend declared in CY24 and below the company's historical payout range.



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Market Perform	N/A	N/A
Underperform	N/A	N/A
<b>Total</b>	<b>N/A</b>	<b>N/A</b>

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Md. Fahad Been Ayub is a Business Analyst at IDLC Securities Limited, starting his tenure in July 2023 as a Senior Executive Officer. Before joining IDLC Securities Limited, Fahad worked as an Engineer in the Technology division at SSD-TECH. Fahad holds a Bachelor's degree in Computer Science and Engineering from Chittagong University of Engineering & Technology (CUET). To complement his technical background, he pursued an MBA with a major in Finance from the Institute of Business Administration (IBA), University of Dhaka, equipping him with a robust understanding of financial strategies and business management.



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