2011年9月20日

各　位

会 社 名　　日本たばこ産業株式会社
代 表 者 名　代表取締役社長　木村　宏
（コード番号 2914
東証・大証・名証 第一部、福証・札証）
問合せ先　　ＩＲ広報部（TEL 03-3582-3111（代表））

JT 欧州フィールド・トリップ資料について

当社は、9月19日・20日にかけて、投資家向け欧州フィールド・トリップを開催しております。本フィールド・トリップにおいては、当社グループの最新鋭のたばこ製造工場であるドイツトリアー工場の見学に加え、各担当役員より、国内たばこ市場の状況、JT International（以下「JTI」）の１月～6月の実績速報及び欧州主要市場の概況等につきましてご説明することとしております。本フィールド・トリップにおいて使用する資料は、以下のとおりです。

資料１：　Japanese Domestic Tobacco Business
－Effect of tax-led price hike in 2010 and recovery from the damage of Great East Japan Earthquake－

資料２：　JTI　－First Half Results and Full Year Outlook－

資料３：　JTI　－Western Europe Region－

資料４：　JTI　－UK Market－

資料５：　JTI　－France Market－

資料６：　JTI　－Trier Factory－

以上

≪資料1≫

Investor Field Trip Luxembourg/Trier
September 19-20, 2011

Japanese Domestic Tobacco Business

～Effect of tax-led price hike in 2010 and recovery from the damage of Great East Japan Earthquake

Akira Saeki
Executive Vice President
and Head of Tobacco Business Planning Division

*Please be reminded that the figures shown on these slides may differ from those shown in the financial statements as they are intended to facilitate the understanding of individual businesses.
*For details, please refer to the footnotes on the slides.

Caution concerning forward-looking statements

Forward-Looking and Cautionary Statements

This presentation contains forward-looking statements about our industry, business, plans and objectives, financial conditions and results of operations based on current expectations, assumptions, estimates and projections. These statements reflect future expectations, identify strategies, discuss market trends, contain projections of operational results and financial conditions, and state other forward-looking information.

These forward-looking statements are subject to various known and unknown risks, uncertainties and other factors that could cause our actual results to differ from those suggested by any forward-looking statement. We assume no duty or obligation to update any forward-looking statement or to advise of any change in the assumptions and factors on which they are based. Risks, uncertainties or other factors that could cause actual results to differ materially from those expressed in any forward-looking statement include, without limitation:

1) health concerns related to the use of tobacco products;
2) legal or regulatory developments and changes; including, without limitation, tax increases and restrictions on sales, marketing and use of tobacco products, governmental investigations and privately imposed smoking restrictions;
3) litigation in Japan and elsewhere;
4) our ability to further diversify our business beyond the tobacco industry;
5) our ability to successfully expand internationally and make investments outside Japan;
6) competition and changing consumer preferences;
7) the impact of any acquisitions or similar transactions;
8) local and global economic conditions; and
9) fluctuations in foreign exchange rates and the costs of raw materials.

Footnotes

(1) Total share of key brands: Mild Seven, Seven Stars, Pianissimo (market share for key brands also includes market shares of ‘Icene’ and ‘Lucia’, which were migrated into the Pianissimo family in January 2010)

(2) JT sales volume excludes sales of Japan duty-free and China division

(3) Adjusted net sales excluding tax excludes revenue from the imported tobacco, Japan duty-free, the China division and other peripheral businesses

(4) Number of JT employees: from March 2000, the number of JT employees is counted at working base

Agenda

- Our role and strategies
- Tax-led price hike in 2010
- Impact of the earthquake
- Initiatives to regain market share
- Concluding Remarks
- Appendix

Our role and strategies

Core source of profits for the JT Group

JT will strive to achieve continuous growth by overcoming challenges in the Japanese domestic market, such as the continuing declines in total tobacco demand and intensifying competition

Optimize our marketing mix toward sustainable growth by providing quality and services suitable for the price of its products

- **Strengthen the brand portfolio**
- **Secure leading visibility at point of sale**
- **Maximize consumer satisfaction through continuous improvement in quality and enhancement of the quality assurance system**
- **Optimize operations to ensure efficiency**
- **Fulfill our responsibility as the market leader and strive to achieve a harmonious coexistence between smokers and non-smokers**

Strategy following the tax-led price hike in October 2010

Excise Tax Increase in October 2010 (+3.5 JPY per stick)

- 38% tax increase
- Expected significant industry contraction

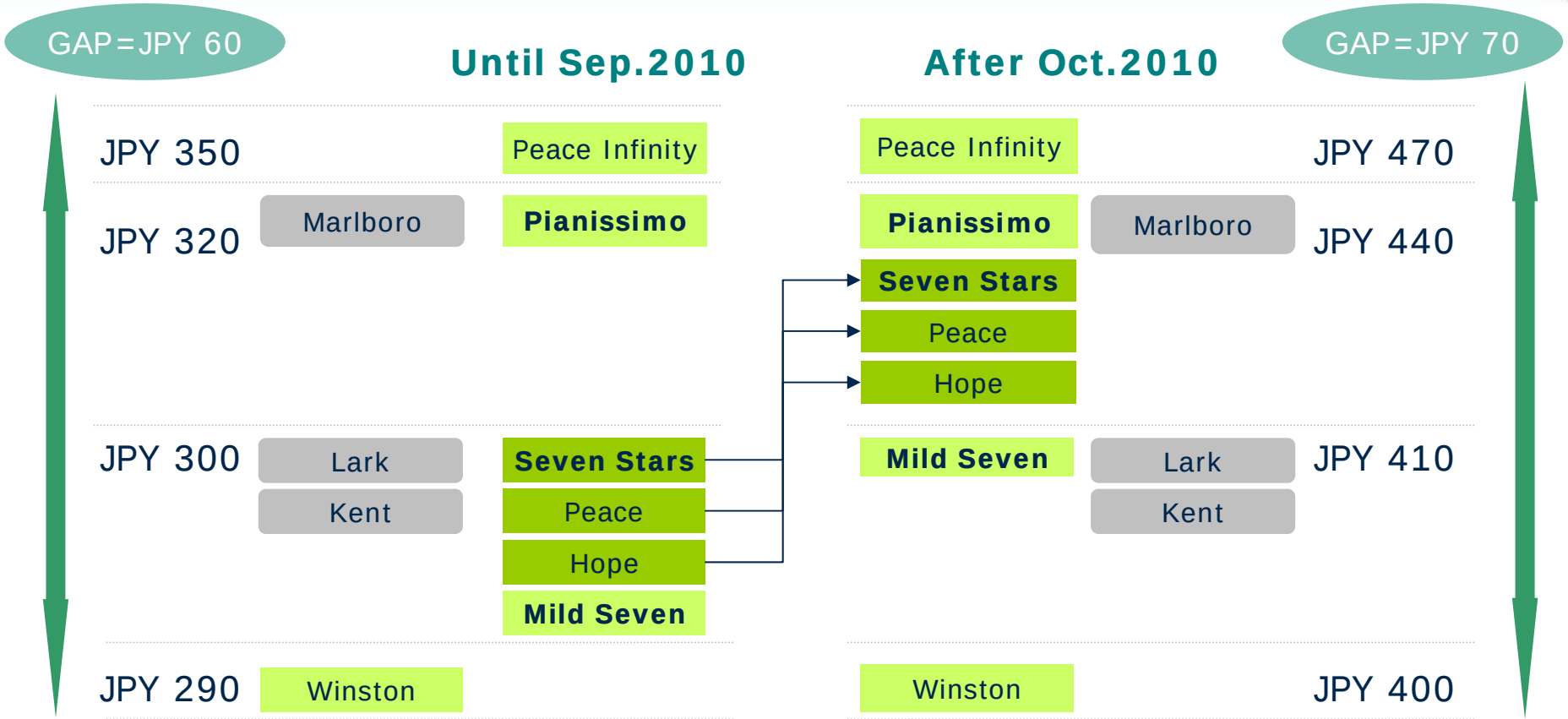
Optimization of the pricing approach

Increase average sales price excl. tax

Enhance portfolio through:
- Mix improvement
- Wider price range

Provide products with superior benefits in line with the new price

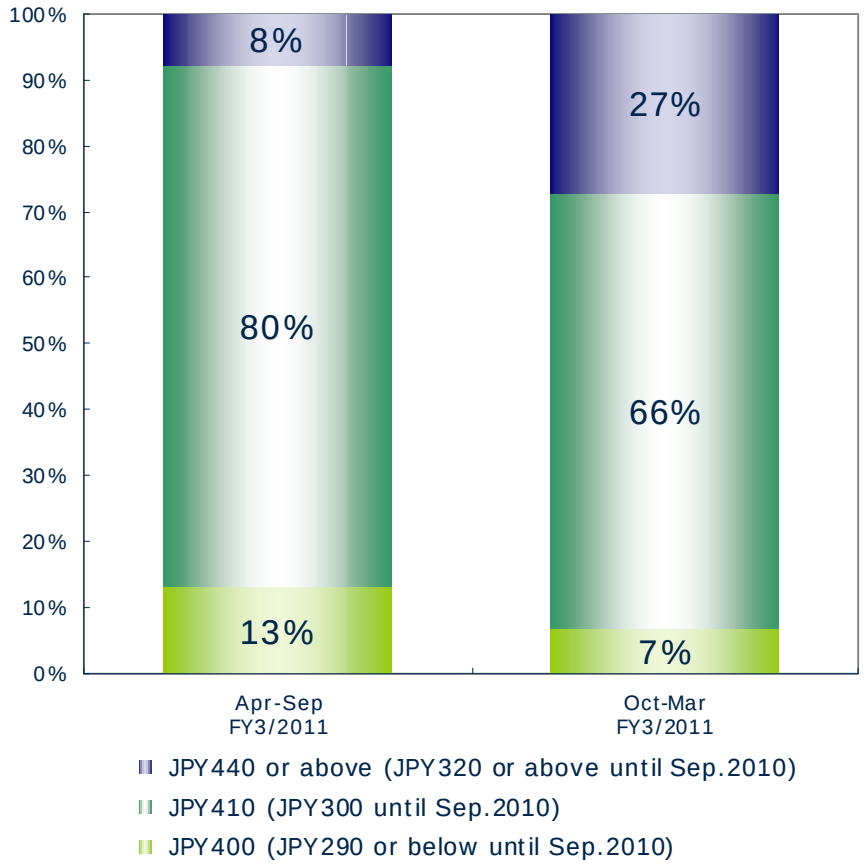
New price structure after tax hike

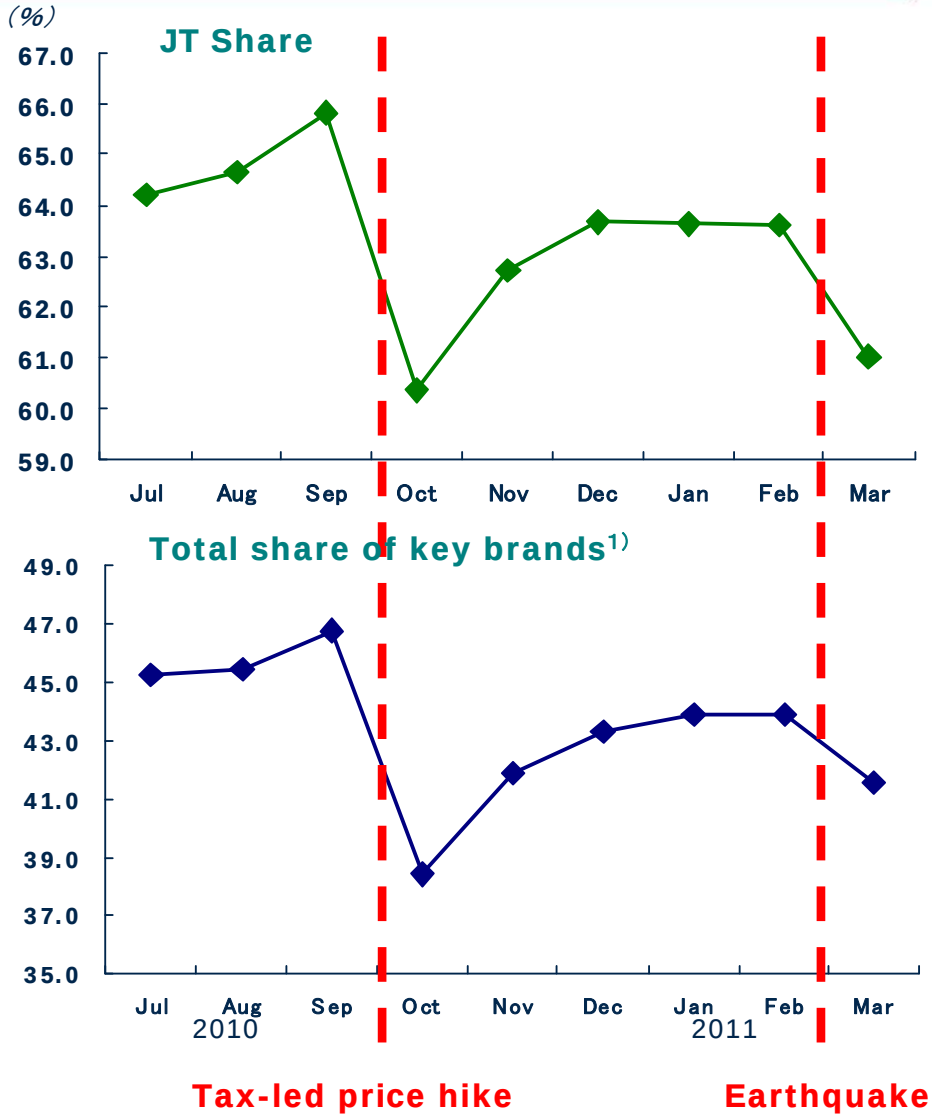


	FY3/2011 Apr-Sep	FY3/2011 Oct-Mar	Change
Retail Sales Price (20sticks/pack)	298	408	37%
NS ex tax per M	4,053	5,536	37%

Significant mix improvement

≪JT sales volume by price segment ≫





Launching products with superior benefits

≪Product / Package Innovation≫



Seven Stars
Rejuvenation



Mild Seven
New package with round corners

Limited Edition Packs







Pianissimo Super Slims
Menthol One:
Launched in November 2010



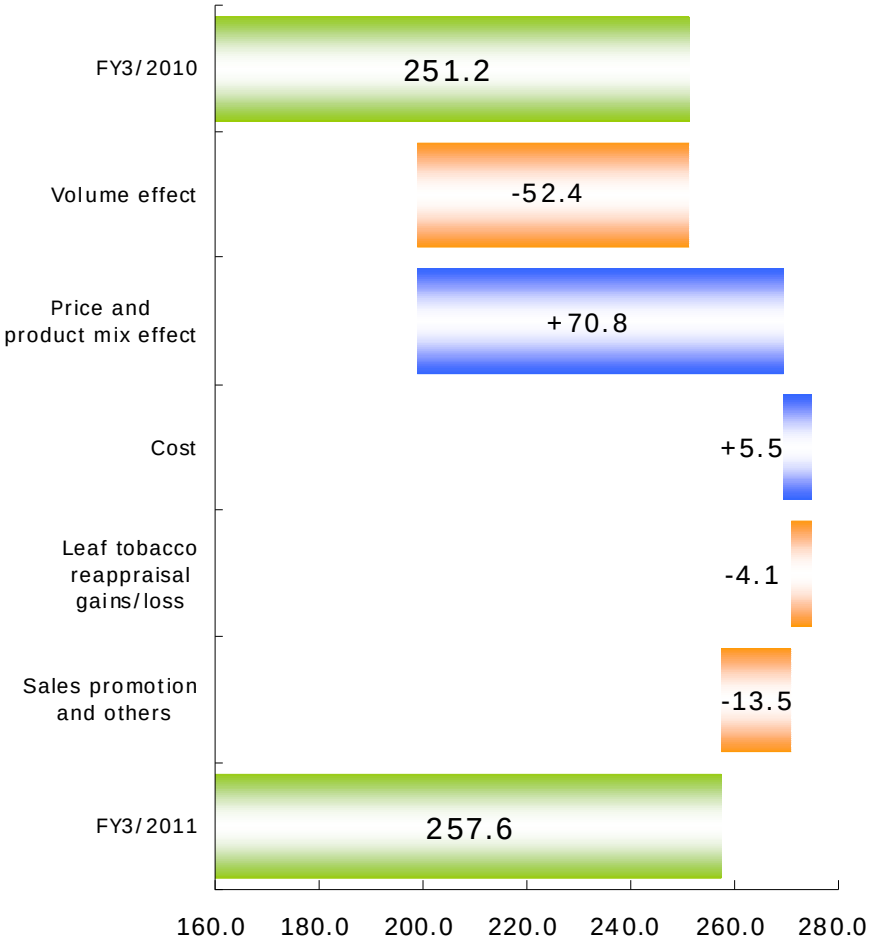
Mild Seven D-Spec One
100's Box:
Launched in January 2011

This slide has been developed to explain JT's performance to our investors. This slide is not intended to promote the purchase of our products or to induce smoking.

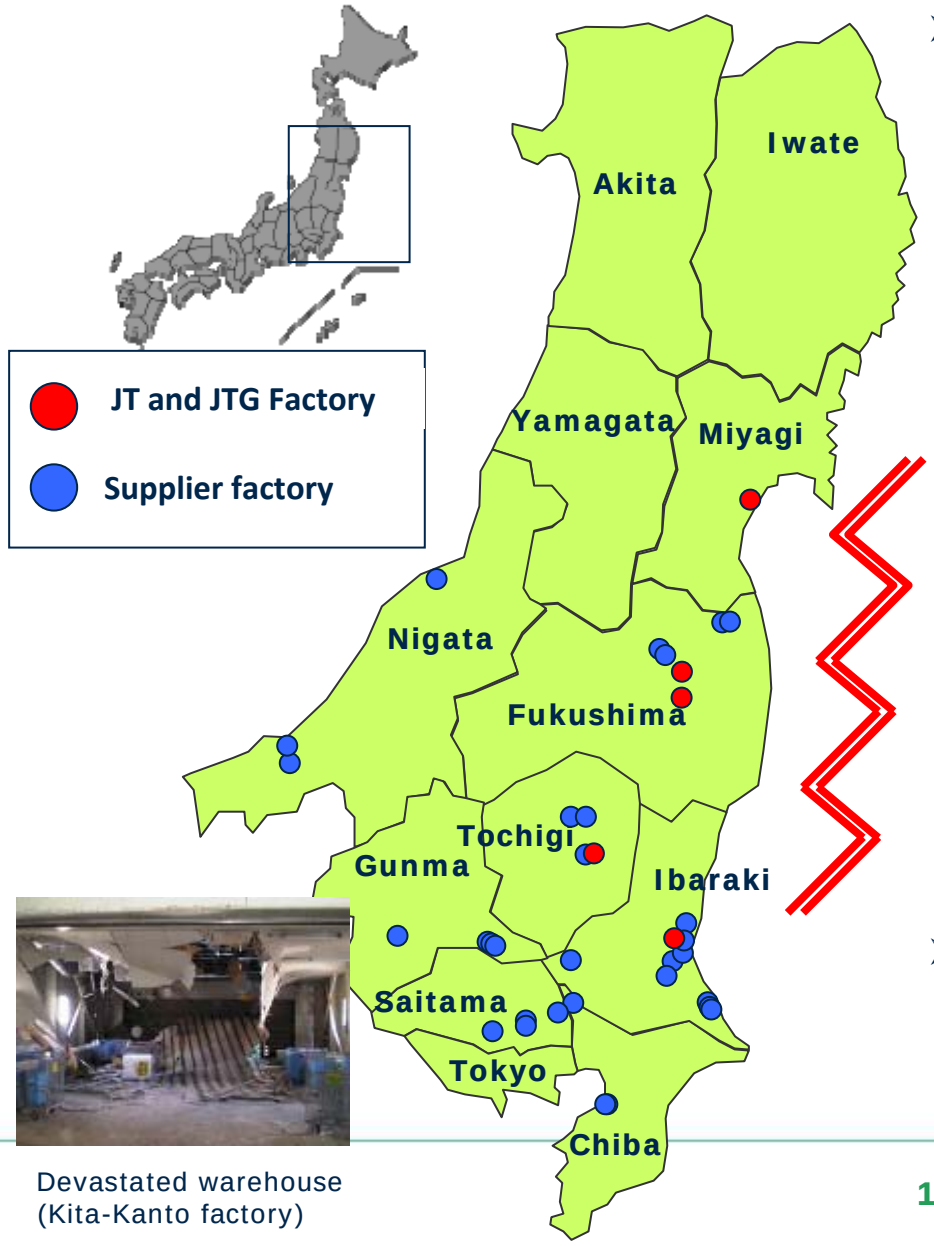
Sales and EBITDA grew in the FY 3/2011

(BNU, JPY BN)	FY 3/2010	FY 3/2011	Change
JT Sales Volume[2)]	151.8	134.6	**-11.3%**
Adjusted Net Sales excluding tax[3)]	615.9	617.9	**+0.3%**
EBITDA	251.2	257.6	**+2.6%**
Operating Income	198.7	212.9	**+7.1%**

≪EBITDA Roadmap≫



Impact of 3.11 earthquake



Devastated warehouse
(Kita-Kanto factory)

- Damages to 2 cigarette factories, 2 raw material factories and 1 affiliated filter factory, along with shortages of raw material

- ✓ Urgently imported semi-finished goods from JTI
- ✓ Swift change of suppliers

- ✓ Increased production of factories in western area
- ✓ Early restoration of devastated factories

- By June, all factories, except the filter one, were restored. Combined with raw material availability, this allowed resumption of supply

Resumption of supply

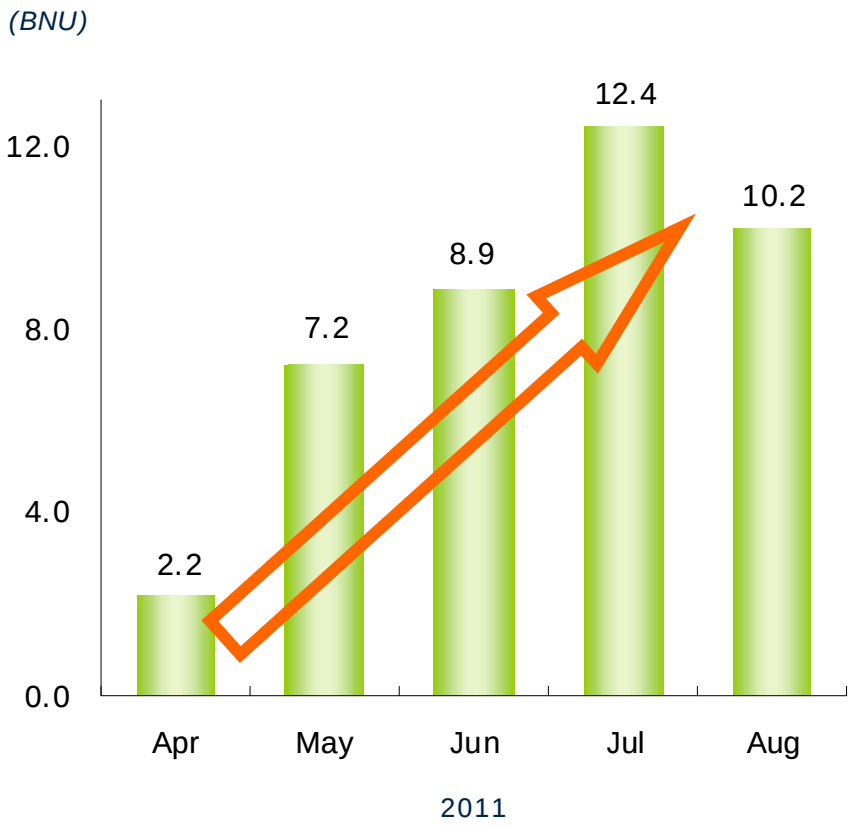
- Temporarily suspended product shipments from Mar 30th to Apr 10th
- Supply of product resumed sequentially and shipment restrictions were gradually removed from Apr 11th
- Supply of all 73 SKUs from July 18th
- Removed the shipment restrictions from August 1st

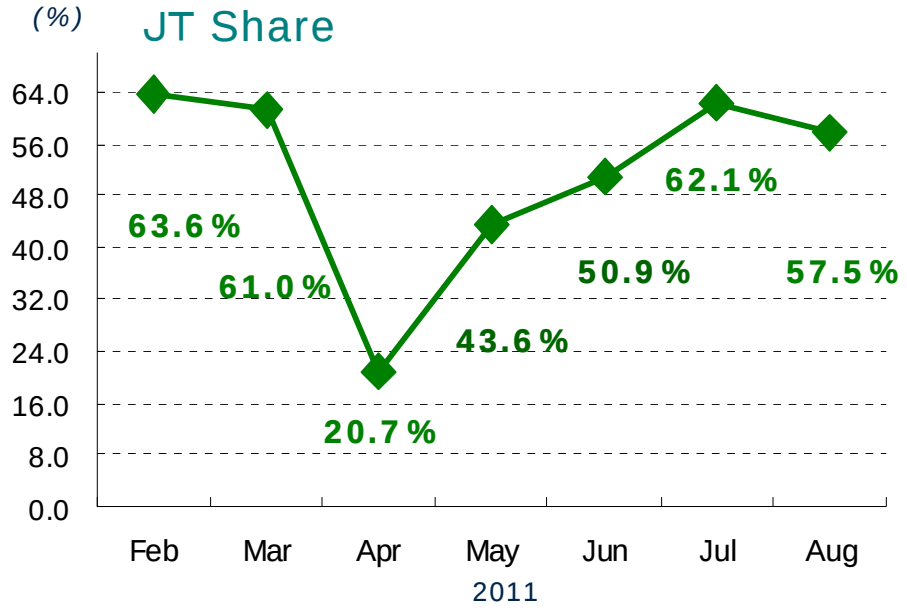
- Normalized product supply



Recovery of sales volume & market share

≪Monthly JT Sales Volume[2)]≫









Store shelves during shortage of goods

Store shelves after supply normalization

This slide has been developed to explain JT's performance to our investors. This slide is not intended to promote the purchase of our products or to induce smoking.

Initiatives to regain market share

- **New product launches**
  - **Focusing on key brands**

- **Consumer Promotion**
  - **Directly approaching consumers**

- **Trade Promotion**
  - **Enhancing motivation of retailers**

New product launches -focusing on key brands

Seven Stars Cutting Menthol



- The first super slims product from the Seven Stars family
- Rich and sharp menthol flavor with ''flavor thread filters”

Nationwide launch from late August 2011



Seven Stars Alaska Menthol Box



- New 5mg tar ''super strong menthol'' product
- Innovative ''Triple-mint blending'' and ''Triple flavoring''

Nationwide launch from late October 2011

This slide has been developed to explain JT’s performance to our investors. This slide is not intended to promote the purchase of our products or to induce smoking.

Consumer promotion-directly approaching consumers

■Japanese Tobacco Campaign

- The biggest campaign to date, launched on September 1st



Zippo は全 18 種!! お好きなデザインを 1 つ選び、ご応募ください。



抽選で総計10万名様に
お好きなJTブランド特製Zippoを、さし上げます。

Trade promotion-enhancing motivation of retailers

≪Investment in point of sale≫



Investment in store fixtures



Support store refurbishment





Mild Seven Shop

Strategies for future growth

Core source of profits for the JT Group

- **Continue to deliver superior value to consumers**

Fulfill diversifying needs

Launch new products	Deliver innovative Package design	Deliver innovative OTP
Improve quality and innovation in taste & flavor	Improve point of sale	Develop smoking areas

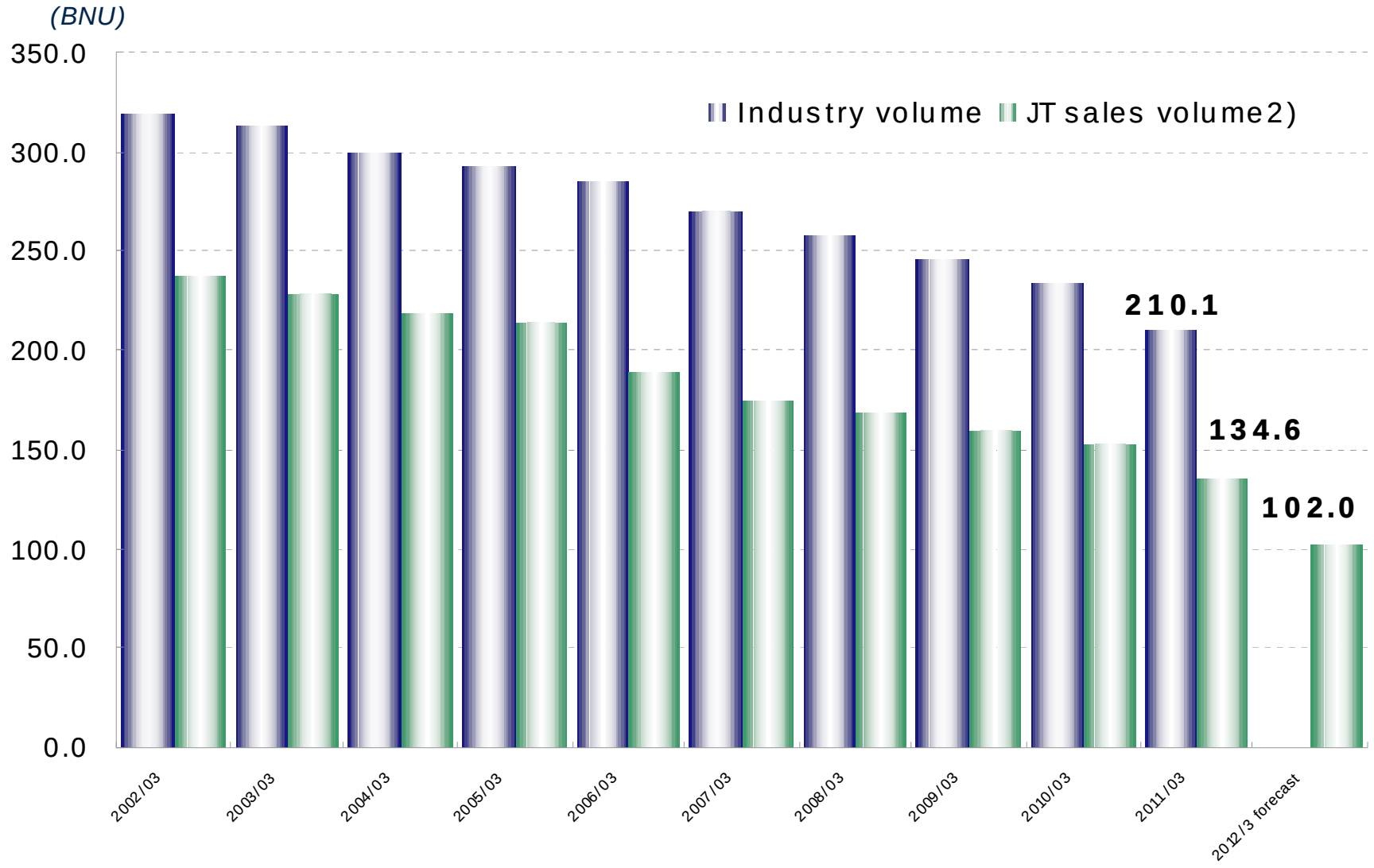
Adding value for consumers

- Products with superior benefits in line with the new price
- Enhanced quality

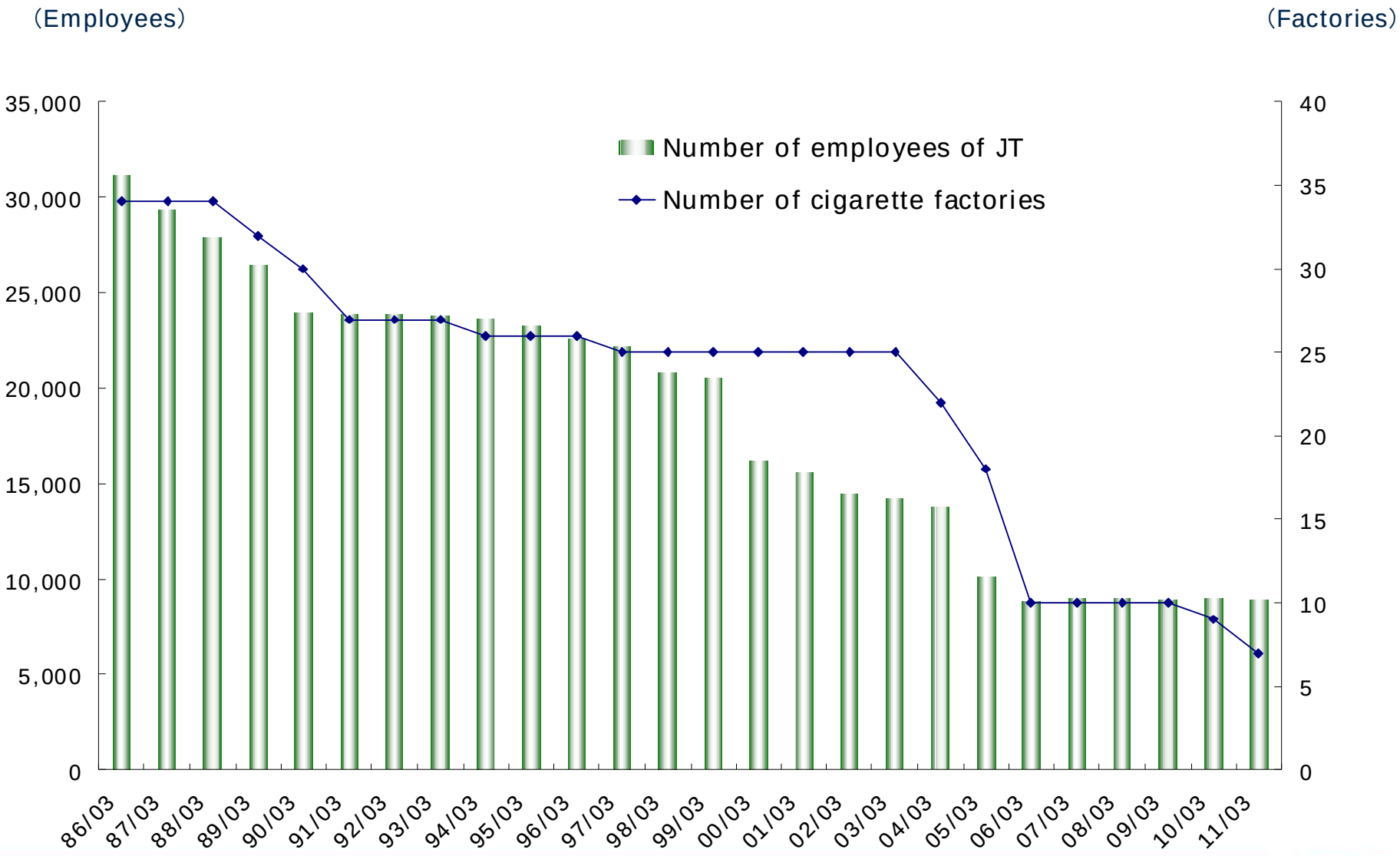
- **Strive to maximize efficiencies**

Appendix

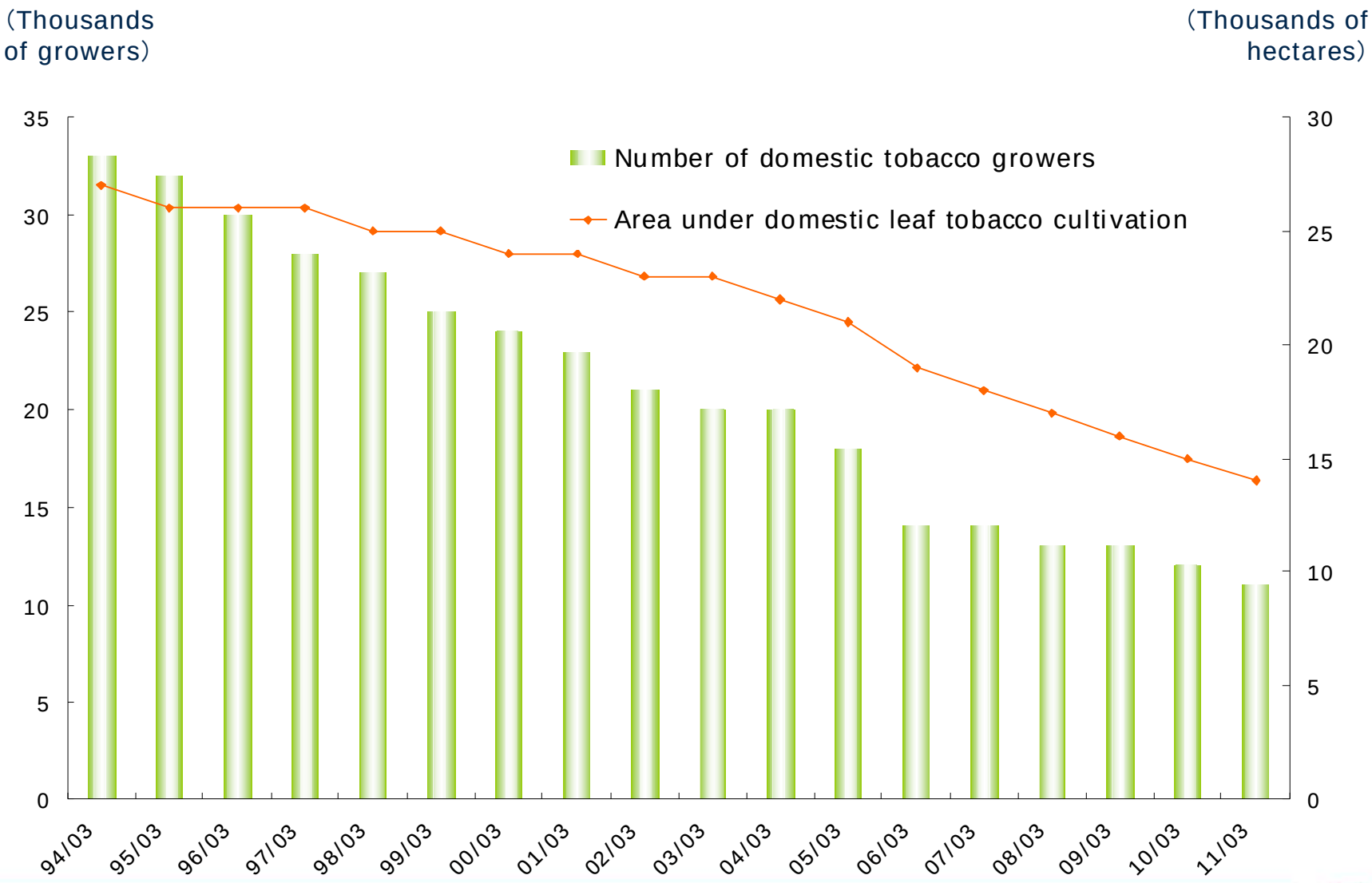
Sales volume



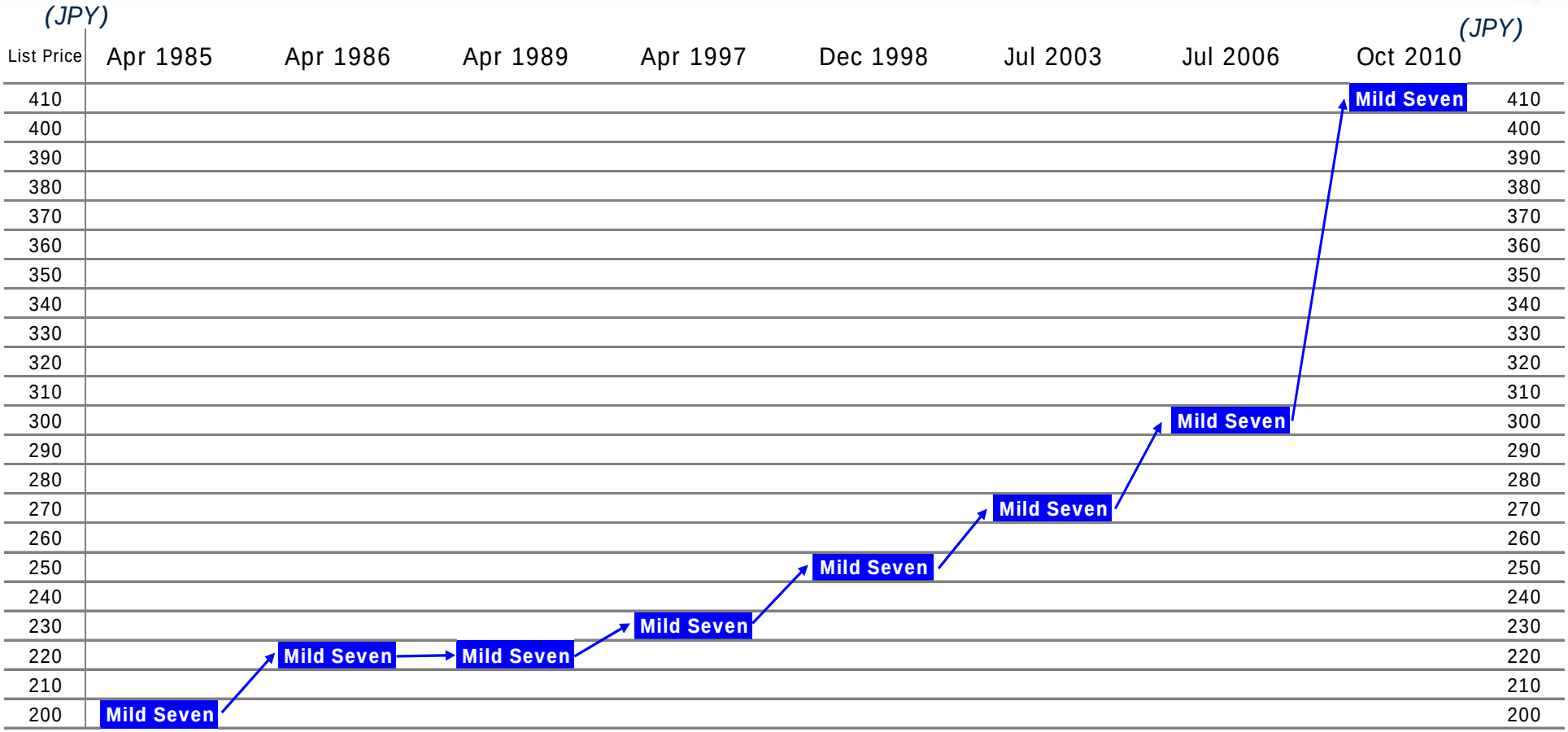
Number of JT employees [4] and Number of cigarette factories



Number of domestic tobacco growers and cultivation area



List price of Mild Seven



Tax change

Tobacco tax introduction	Tobacco tax hike	Consumption tax introduction	Consumption tax hike	National tobacco special excise tax introduction	Tobacco excise tax hike	Tobacco excise tax hike	Tobacco excise tax hike

Tax incidence of Mild Seven per pack

56.7%	59.7%	59.7%	59.1%	61.3%	63.2%	63.1%	64.5%

Route to market

JT

CVS
around 60%



Retail store
around 25%



Supermarket /
Station Kiosk /
Others
Around 15%



Customers

Case study: Pricing strategy and market share of Mild Seven following 2006 tax hike

≪Until Jun.2006≫

JPY 300
- Marlboro

JPY 280
- Seven Stars
- Cabin
- Hope
- Peace
- Mild Seven
- Winston
- Caster

JPY 270
- Lark
- Kent

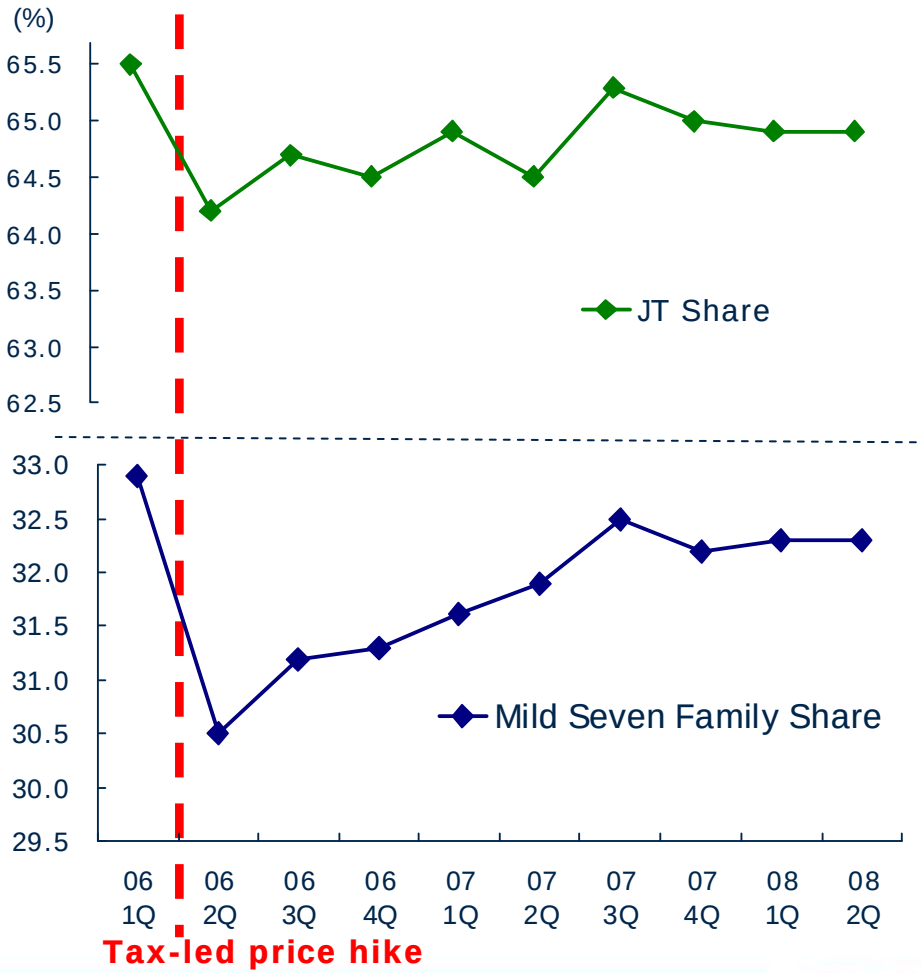
≪After Jul.2006≫

JPY 320
- Marlboro

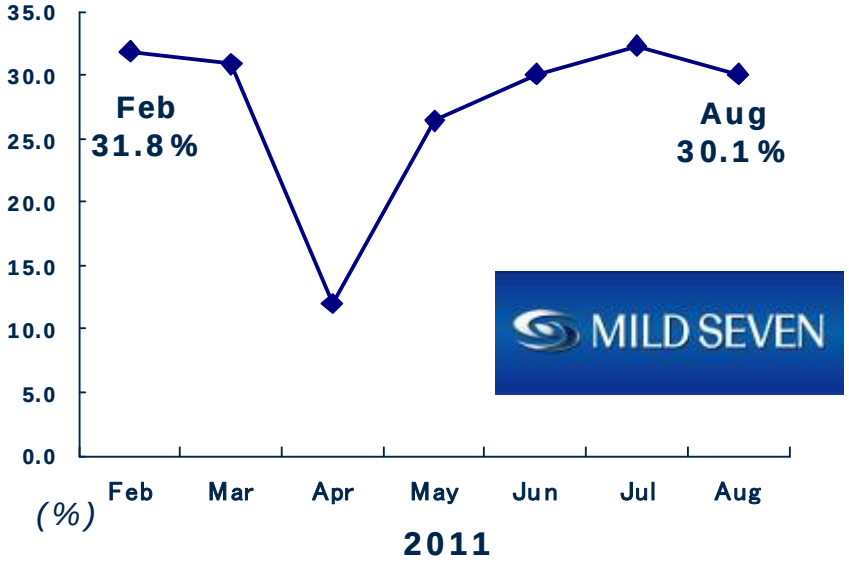
JPY 300
- Mild Seven
- Seven Stars
- Cabin
- Hope
- Peace
- Lark
- Kent

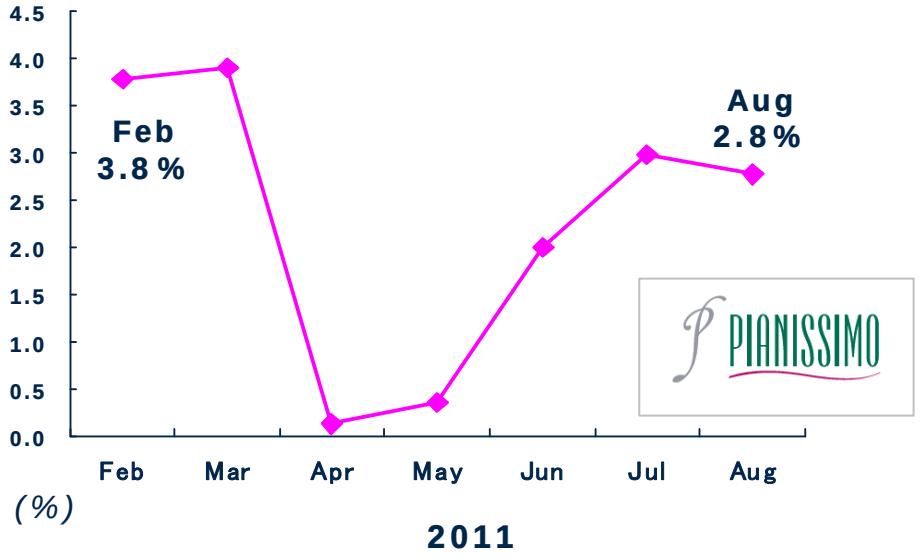
JPY 290
- Winston
- Caster

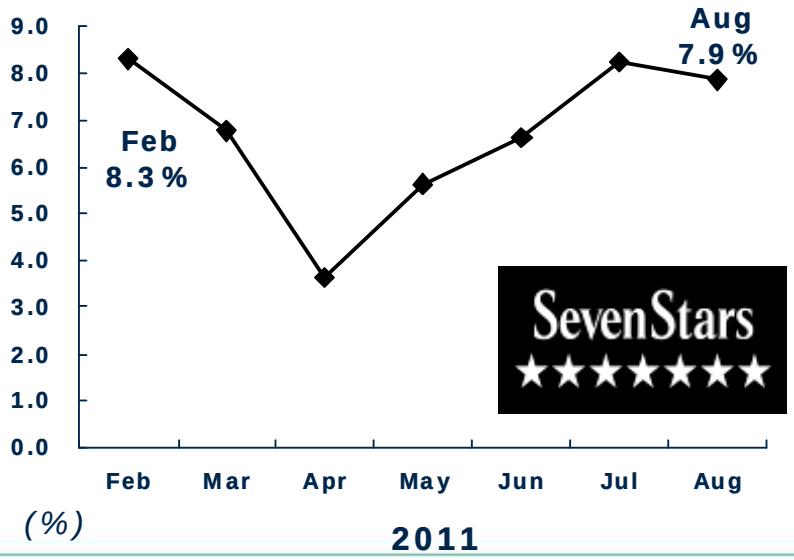
≪Market share evolution in the two years following the 2006 tax-led price hike≫



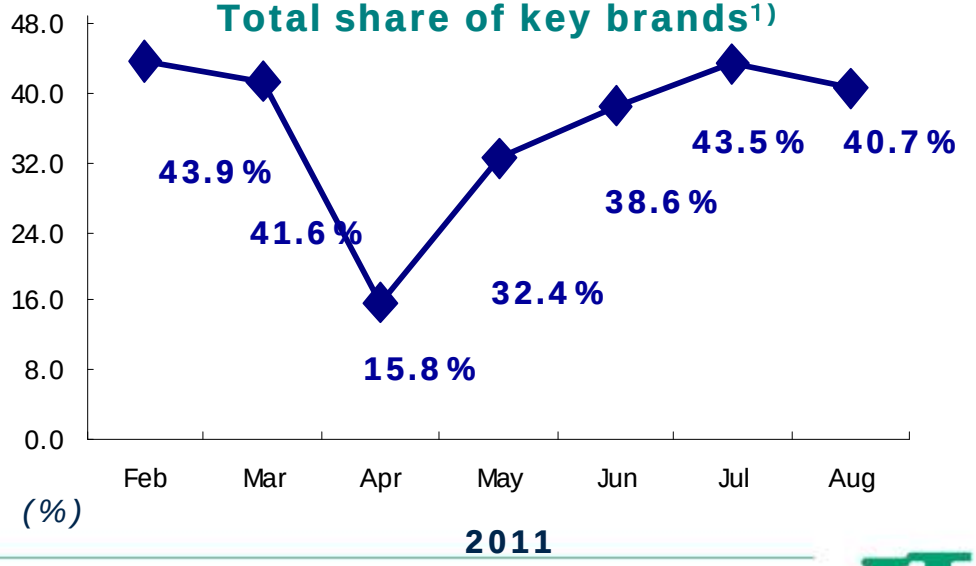
Restoration of market share of JT's key brands[1)]







Total share of key brands[1)]



≪資料1　和文≫

Investor Field Trip Luxembourg / Trier
September 19-20, 2011

国内たばこ事業

-2010年増税定価改定と東日本大震災からの回復状況について

佐伯　明
常務執行役員　たばこ事業本部事業企画室長

※本資料に含まれる数値は各事業の業績を分かりやすく説明するために使用しており、
　財務諸表の数値と異なる場合があります。
※詳しくはFootnotesをご覧下さい。

当資料取扱上の注意点

将来に関する記述等についてのご注意

本資料に記載されている、当社又は当社グループに関連する業績見通し、計画、方針、経営戦略、目標、予定、事実の認識・評価等といった、将来に関する記述は、当社が現在入手している情報に基づく、本資料の日付時点における予測、期待、想定、計画、認識、評価等を基礎として記載されているに過ぎません。また、見通し・予想数値を算定するためには、過去に確定し正確に認識された事実以外に、見通し・予想を行うために不可欠となる一定の前提（仮定）を使用しています。これらの記述ないし事実または前提（仮定）については、その性質上、客観的に正確であるという保証も将来その通りに実現するという保証もありません。また、あらたな情報、将来の事象、その他の結果にかかわらず、常に当社が将来の見通しを見直すとは限りません。これらの記述ないし事実または前提（仮定）が、客観的には不正確であったり将来実現しないという可能性の原因となりうるリスクや要因は多数あります。その内、現時点で想定される主なものとして、以下のような事項を挙げることができます（なおかかるリスクや要因はこれらの事項に限られるものではありません）。

（1）喫煙に関する健康上の懸念の増大
（2）たばこに関する国内外の法令規則による規制等の導入・変更（増税、たばこ製品の販売、マーケティング及び使用に関する政府の規制等）、喫煙に関する民間規制及び政府による調査の影響等
（3）国内外の訴訟の動向
（4）国内たばこ事業、海外たばこ事業以外へ多角化する当社の能力
（5）国際的な事業拡大と、日本国外への投資を成功させる当社の能力
（6）市場における他社との競争激化、銘柄嗜好の変化
（7）買収やビジネスの多角化に伴う影響
（8）国内外の経済状況
（9）為替変動及び原材料費の変動

注

(1) JT注力ブランド合計シェア ＝ マイルドセブン、セブンスター、ピアニッシモ(2010年1月にピアニッシモに統合したアイシーン、ルーシア込みで遡及）

(2) JT販売数量 ＝ 輸入たばこ、国内免税、中国事業等を控除

(3) 調整後税抜売上高 ＝ 輸入たばこ、国内免税、中国事業等を控除

(4) JT単体従業員数 ＝ 2000年3月期以降　就業人員ベース

目次

- 国内たばこ事業の役割と戦略
- 増税定価改定影響
- 震災影響
- シェア奪回の取組み
- まとめ
- **Appendix**

国内たばこ事業の役割と戦略

JTグループの利益創出の中核として
　国内市場における総需要の減少とそれに伴う競争激化といった事業を取り巻く環境の変化を克服し、引き続き事業価値増大を図る

価格に相応しい品質・サービス提供による持続的成長に向けた
マーケティング・ミックス効果の最大化

- 強靭なブランドポートフォリオの構築
- 圧倒的露出優位性の確保
- お客様満足の最大化のため、品質向上のあくなき追及、出荷保証体制の更なる強化
- コスト効率性の高い事業運営体制の構築
- リーディングカンパニーとしての責務
  - たばこを吸う方と吸われない方の共存できる社会の実現をめざす

2010年10月　増税にともなう定価改定における戦略

2010年10月～　たばこ税増税(3.5円/本)

- これまでにない大幅な増税
- 大幅な販売数量減少を想定

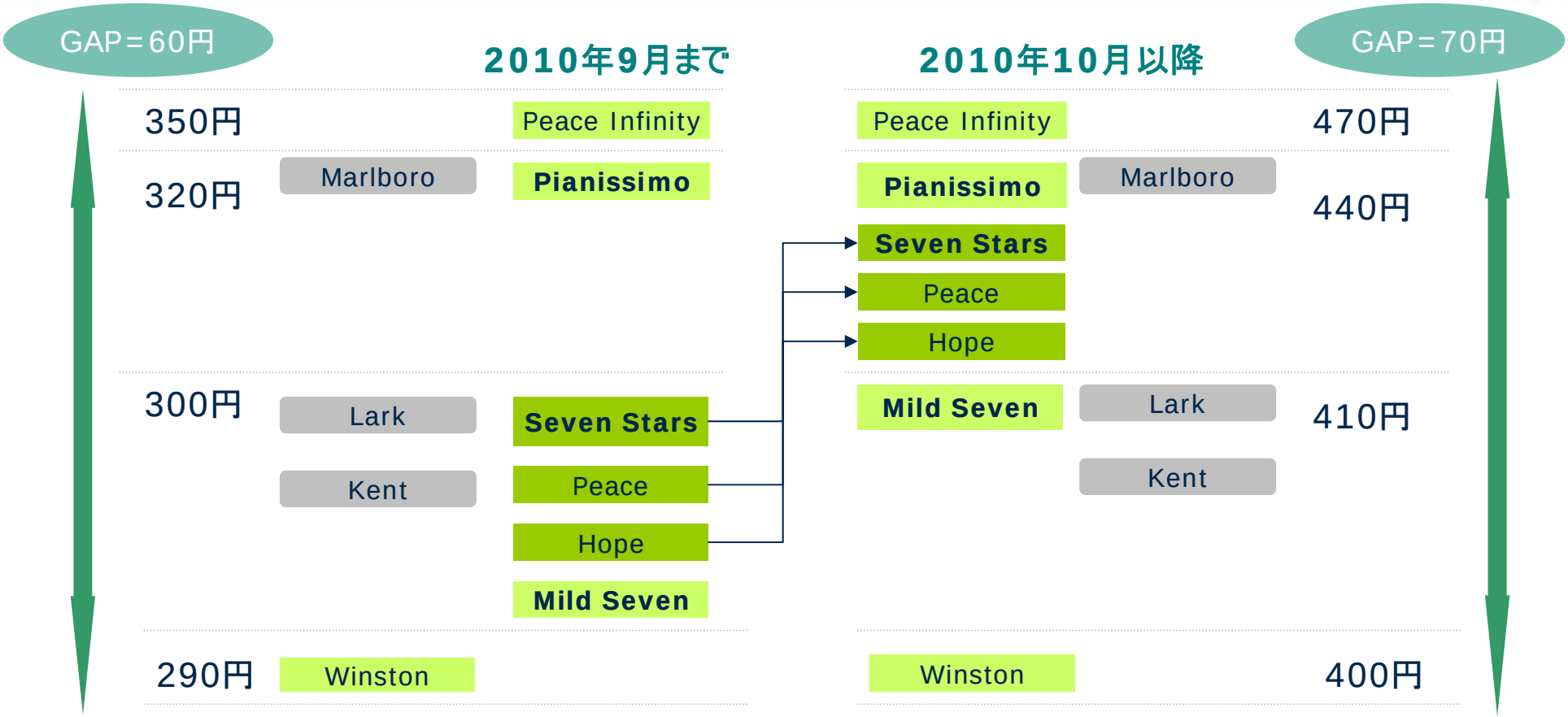
最適な価格体系の構築

税抜平均単価の向上

バランスのとれたポートフォリオ構築
- ミックスの改善
- 価格帯の幅の拡大

価格に見合う付加価値向上

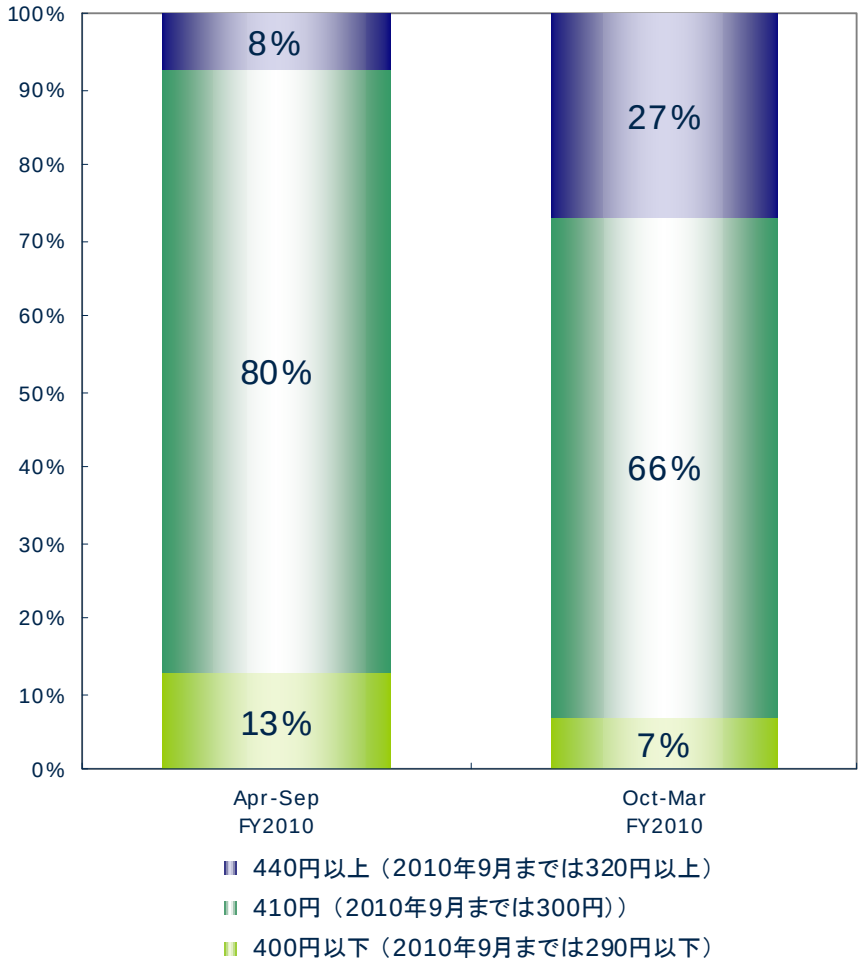
増税後の価格体系

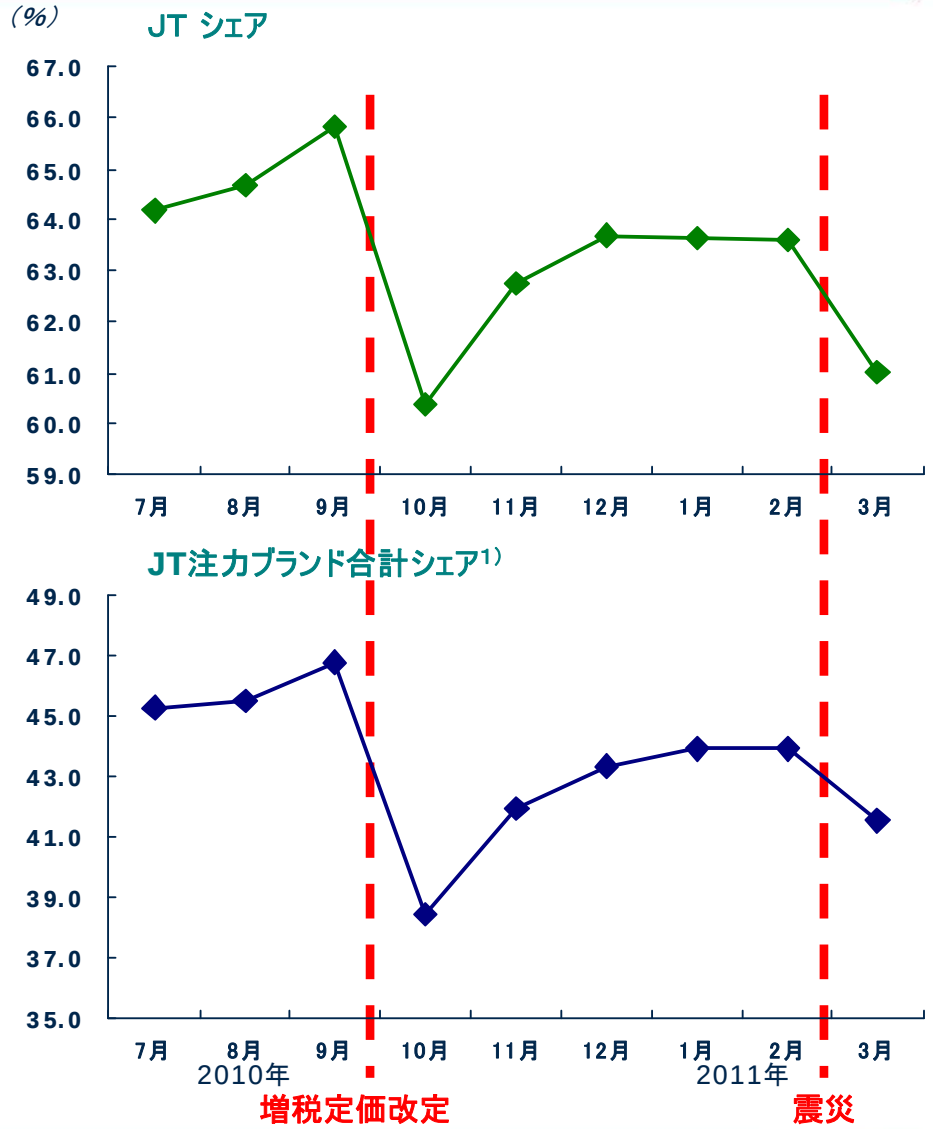


	2010年度 4-9月	2010年度 10-3月	増減
平均小売価格 (20本/箱)	298	408	37%
千本当税抜売上高	4,053	5,536	37%

ミックスの改善

≪JT価格帯別商品構成比≫





付加価値向上施策

≪プロダクトイノベーション / パッケージイノベーション≫



セブンスターシリーズ
リニューアル



マイルドセブン　ラウンドボックス化

期間限定パッケージ







「ピアニッシモ・スーパースリム・
メンソール・ワン」
2010年11月発売



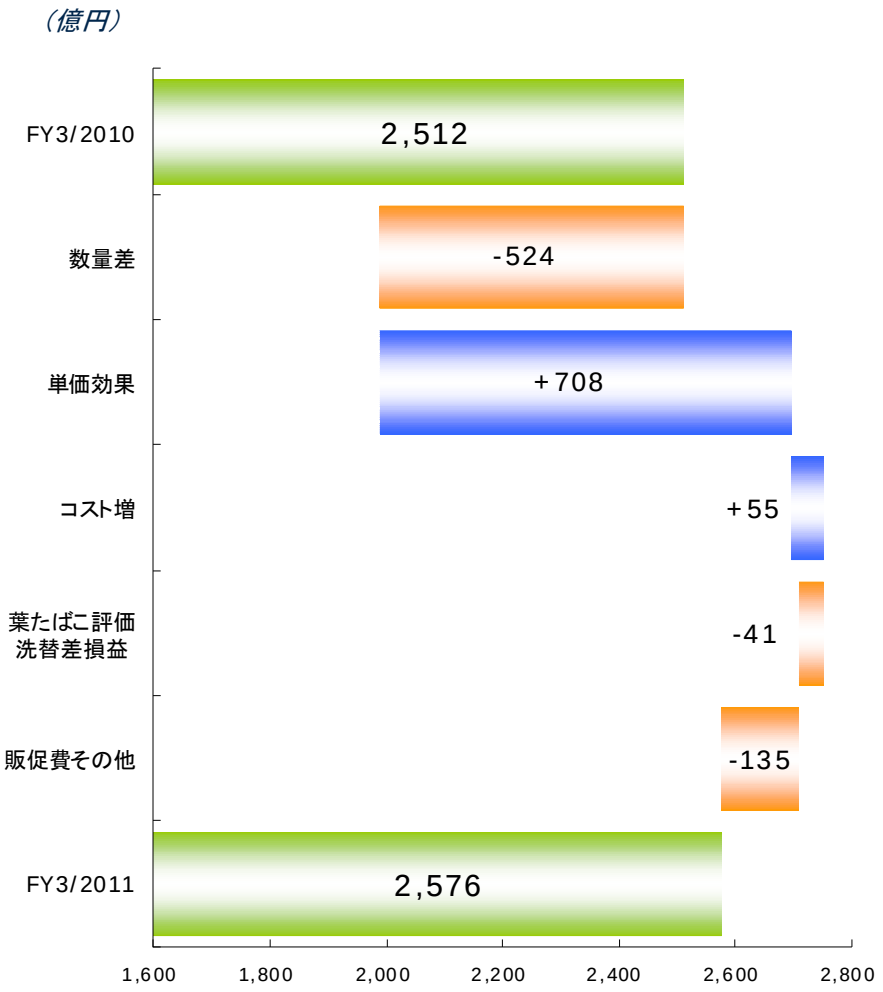
「マイルドセブン・ディースペック・
ワン・100’s・ボックス」
2011年1月発売

このスライドは投資家に業績を説明する目的で作成されたものです。
消費者へのたばこの販売もしくは喫煙を促す目的ではありません

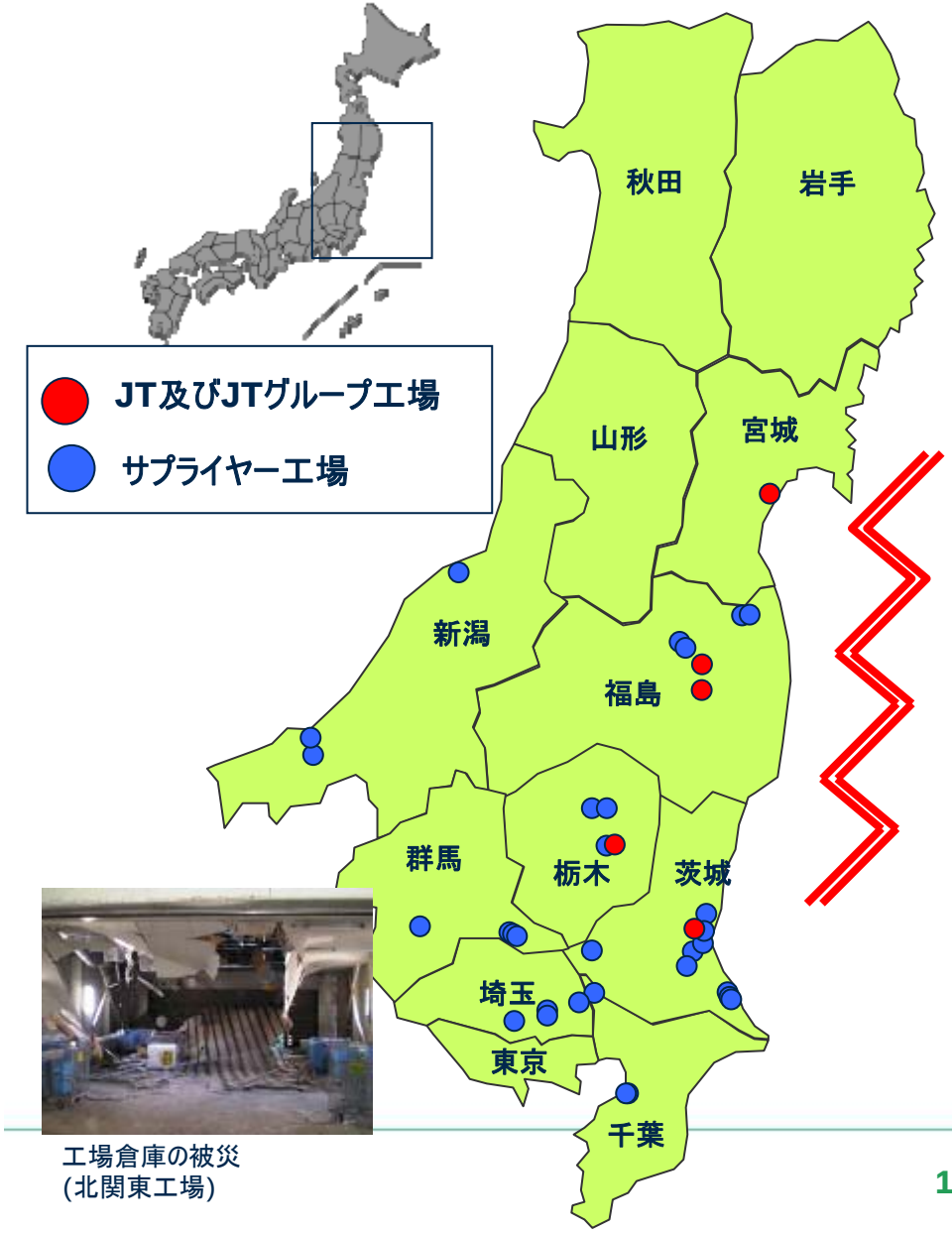
2011年3月期は増収増益

(億本, 億円)	FY 3/2010	FY 3/2011	増減
JT販売数量[2]	1,518	1,346	**-11.3%**
調整後税抜売上高[3]	6,159	6,179	**+0.3%**
EBITDA	2,512	2,576	**+2.6%**
営業利益	1,987	2,129	**+7.1%**

≪EBITDA Roadmap≫



3.11 東日本大震災影響



工場倉庫の被災
(北関東工場)

- 工場被災(たばこ製造工場2ヶ所、原料工場2ヶ所、グループ会社のフィルター工場1ヶ所)
- 半製品・原材料品の調達の制約

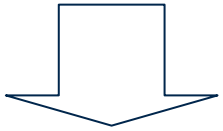
✓ JTIからの半製品緊急輸入
✓ 迅速なサプライヤーの変更

✓ 東海以西の工場による増産
✓ 被災工場の早期復旧

- 6月までにフィルター工場を除く被災工場が稼動再開
- 原材料供給面での対応も進み、供給を漸次再開

供給の復旧

- 製品一時出荷停止（3/30-4/10）
- 製造体制の復旧にともない、漸次供給銘柄数を拡大、出荷量の制限を段階的に解除（4/11以降）
- 73銘柄供給体制確立（7/18）
- 全銘柄の出荷量限定を解除（8/1）

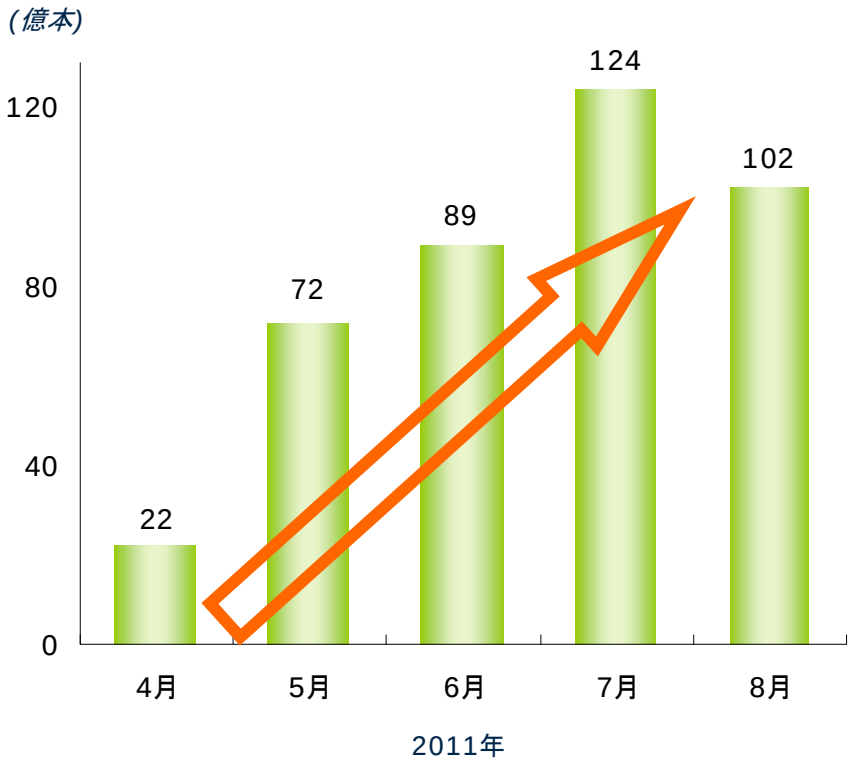


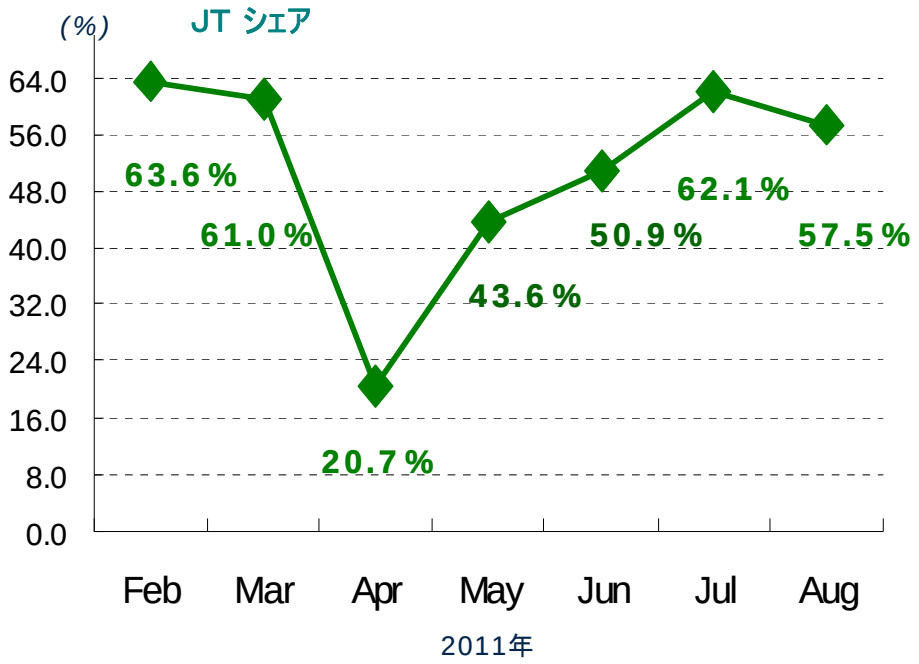
- 供給体制の平常化



震災影響からの順調な回復-数量・シェア

≪月次JT販売数量[2)]≫







出荷一時停止中の店頭の様子



出荷再開・正常化

このスライドは投資家に業績を説明する目的で作成されたものです。
消費者へのたばこの販売もしくは喫煙を促す目的ではありません

シェア奪回にむけて

- 新商品の投入
  -主要ブランド強化

- 消費者キャンペーン
  -消費者へのダイレクトアプローチ

- 売場確保の取組み
  -販売店様のモチベーションアップ施策

シェア奪回のための取組み-主要ブランド強化

■セブンスター・カッティング・メンソール



■セブンスターから初のスーパースリム商品

■「フレーバー・スレッド・フィルター」の搭載により
一点に突き刺さるような鋭くキレのあるメンソール感を実現

2011年8月下旬より全国で新発売



■セブンスター・アラスカ・メンソール・ボックス



■セブンスターにタール5mg”超強メンソール”商品をラインナップ

■JT独自の”トリプルミント製法””トリプル加香”でクリアな”超強メンソール感”を実現

2011年10月下旬より全国発売

シェア奪回のための取組み-消費者へのダイレクトアプローチ

■日本のたばこキャンペーン

- 過去最大級のキャンペーンを実施　(9月1日より)



Zippo は全 18 種!! お好きなデザインを 1 つ選び、ご応募ください。



抽選で総計10万名様に
お好きなJTブランド特製Zippoを、さし上げます。

シェア奪回のための取組み-販売店様のモチベーションアップ施策

≪販売接点の強化≫



店頭什器への投資



店舗改装支援





マイルドセブンショップ

今後の成長戦略

JTグループの利益創出の中核として

- 付加価値の向上

多様化するお客様のニーズにお応えする

新製品投入	パッケージ形状・デザインの変更	OTP拡大
品質改善 味づくりのイノベーション	売場改善	喫煙場所確保

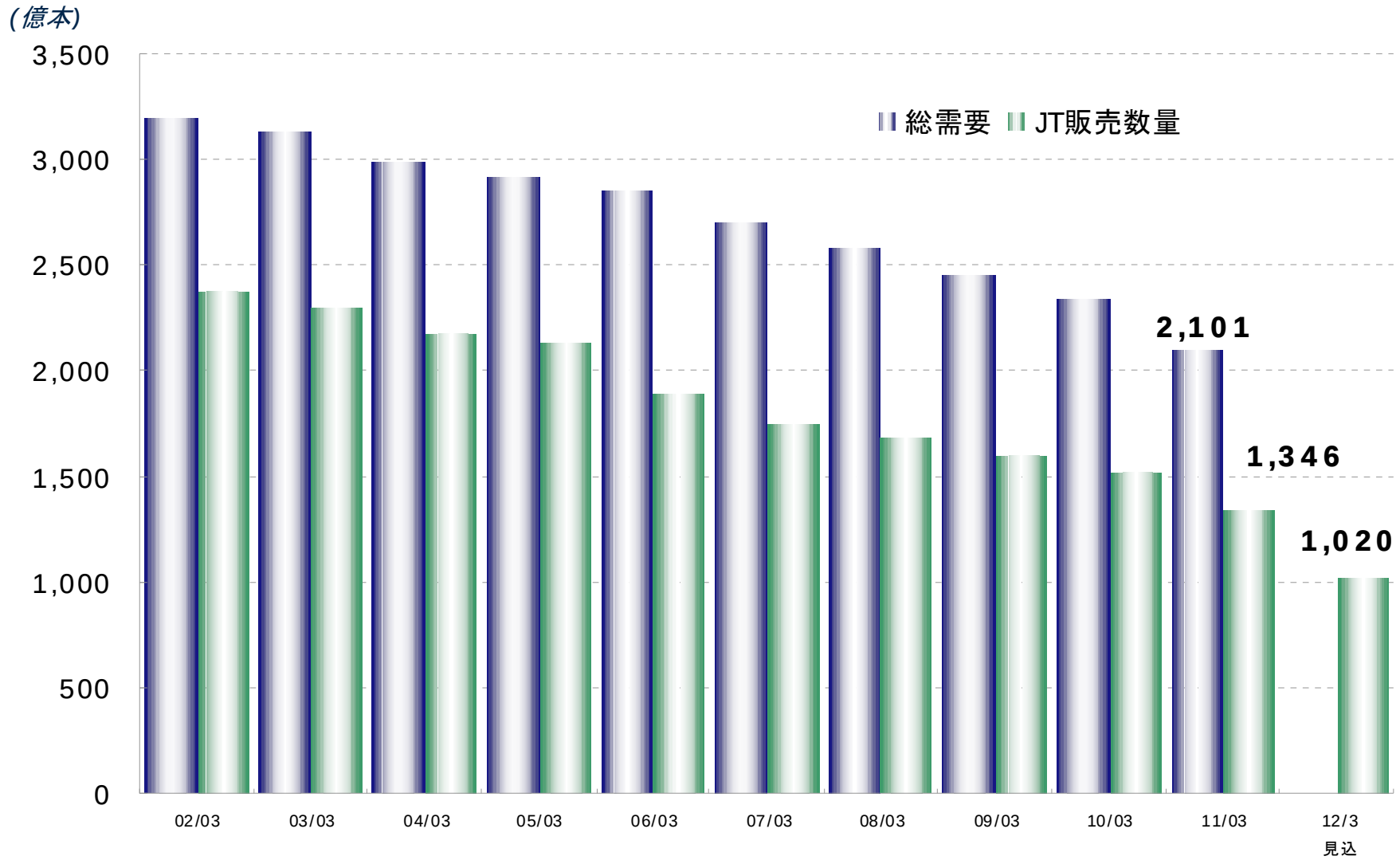
付加価値の向上

●価格に相応しい商品づくり
●お客様にご満足いただける品質の提供

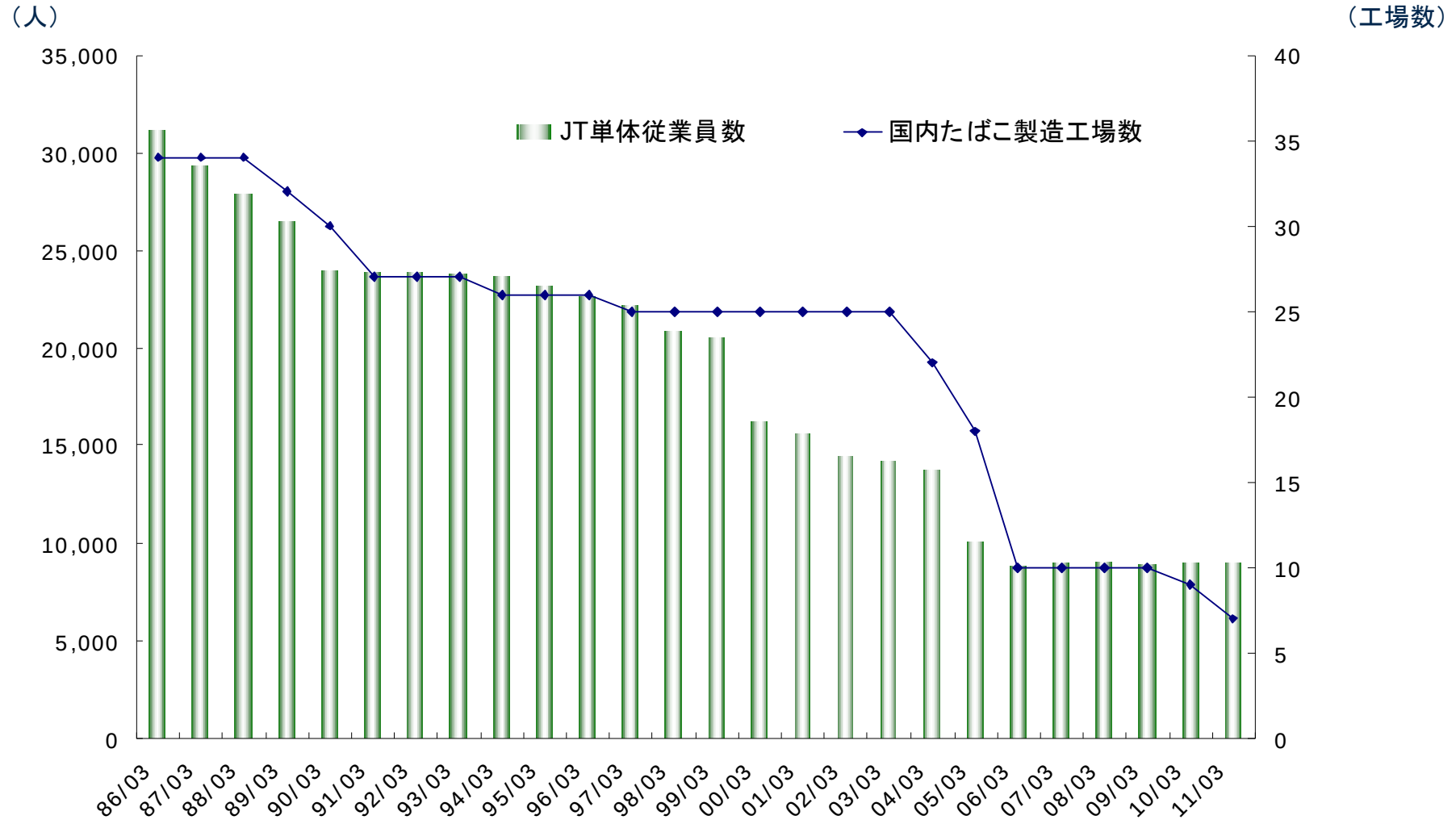
- 不断のコスト削減と効率性の追求

Appendix

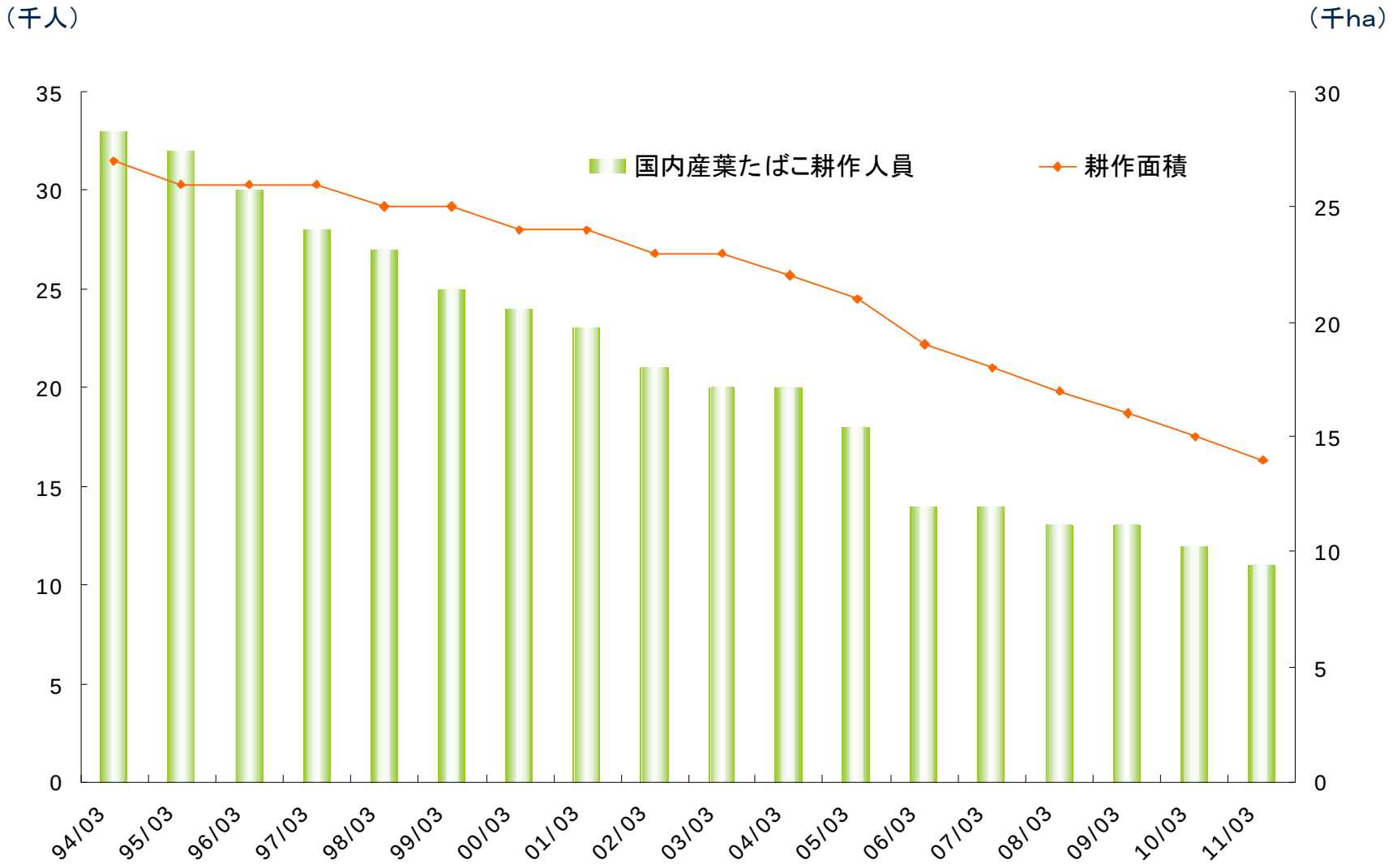
販売数量


(億本)
3,500
3,000
2,500
2,000
1,500
1,000
500
0
総需要
JT販売数量
2,101
1,346
1,020
02/03
03/03
04/03
05/03
06/03
07/03
08/03
09/03
10/03
11/03
12/3
見込

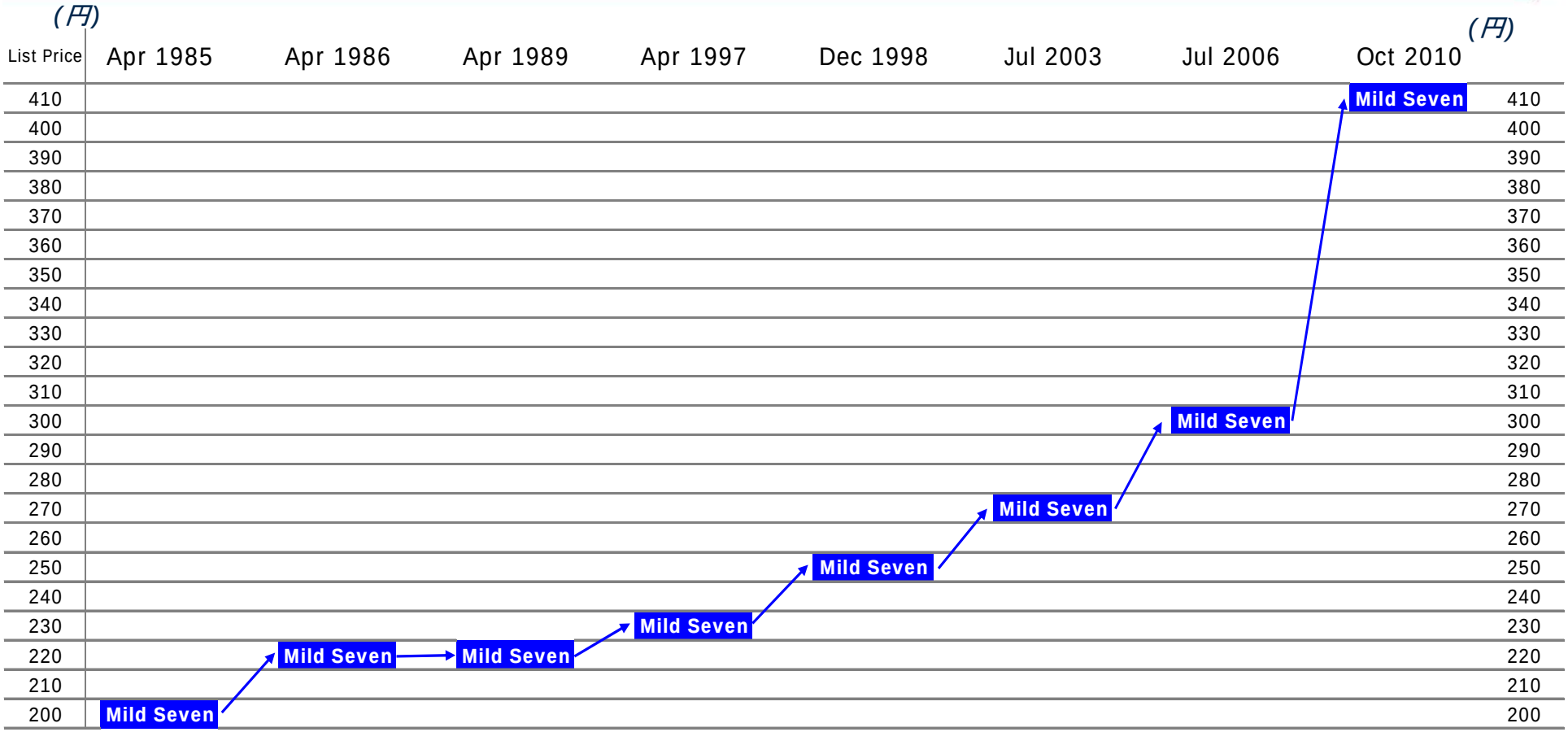
JT単体従業員数[4]および国内たばこ製造工場数



国内産葉たばこ耕作人員および耕作面積



マイルドセブンの小売価格推移



たばこ関連法令

たばこ消費税創設	たばこ消費税増税	消費税創設	消費税増税	たばこ特別税創設	たばこ税増税	たばこ税増税	たばこ税増税

マイルドセブンの税負担率（消費税含む）

56.7%	59.7%	59.7%	59.1%	61.3%	63.2%	63.1%	64.5%

販売チャネル

JT

コンビニエンスストア
60％程度



一般店
25％程度



スーパーマーケット/
駅売店/その他
15％程度



お客様

2006年増税定価改定の際のMSの価格戦略とその後のシェア推移

≪2006年6月まで≫

300円 Marlboro

Seven Stars
Cabin
Hope
280円 Peace

Mild Seven
Winston
Caster
Lark
270円 Kent

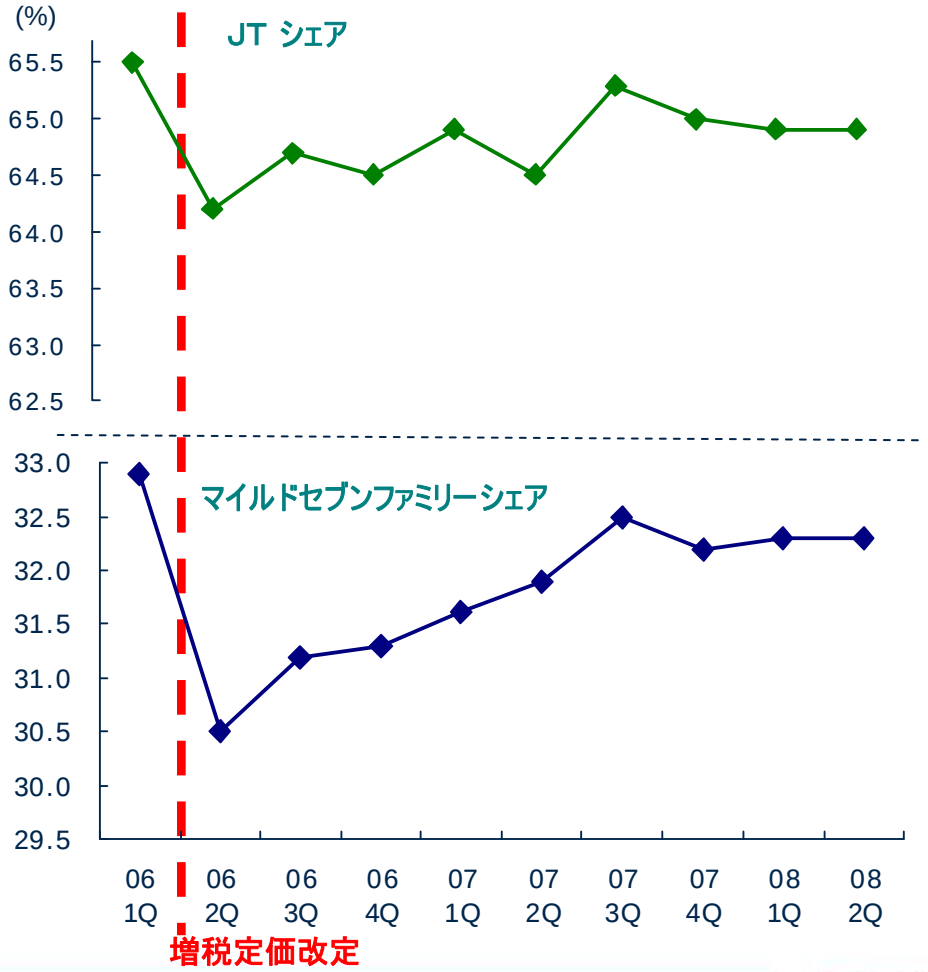
≪2006年7月以降≫

Marlboro 320円

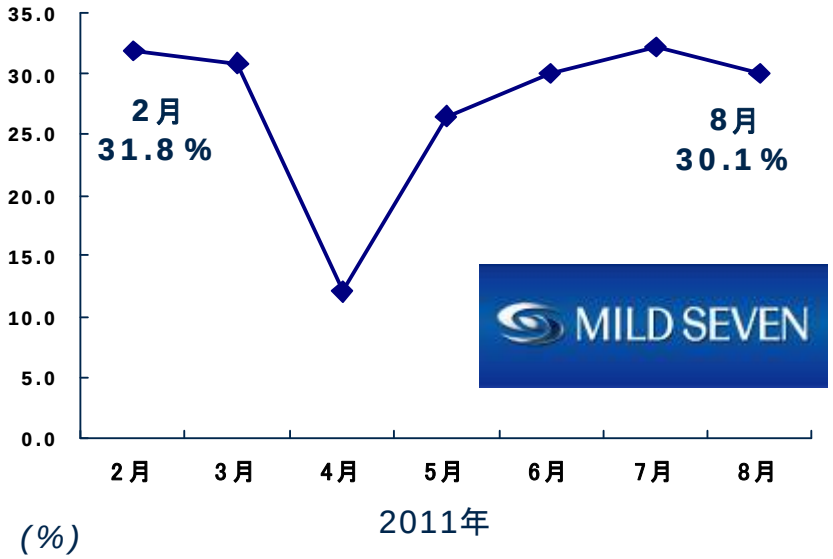
Mild Seven
Seven Stars
Cabin
Hope
Peace
Lark
Kent
300円

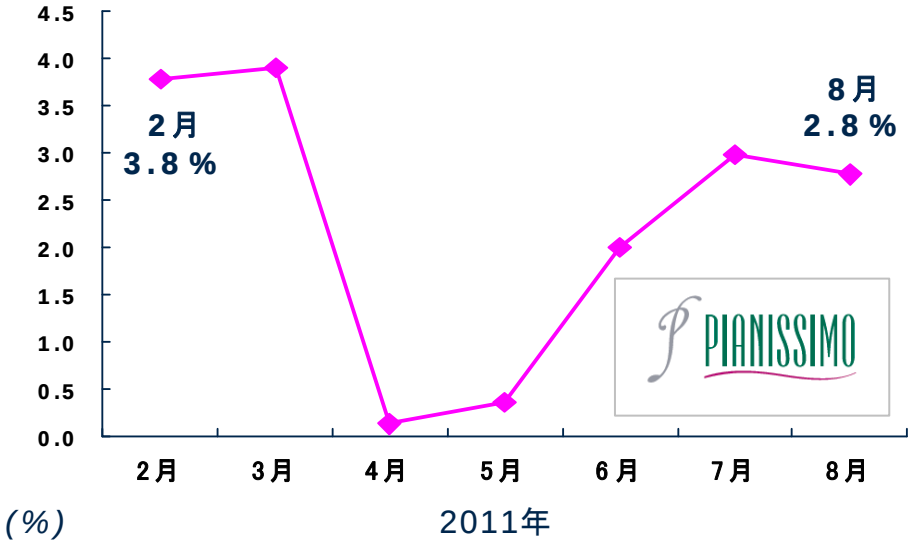
Winston
Caster
290円

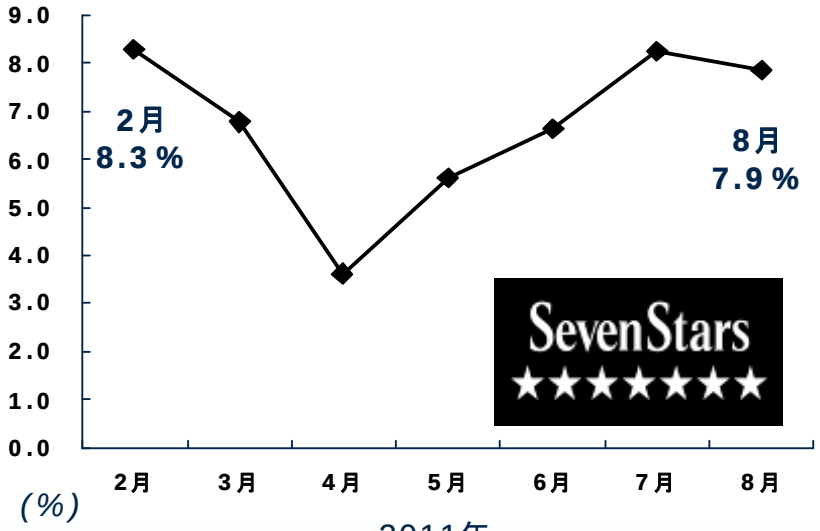
≪2006年の増税定価改定後2年間の四半期別シェア推移≫

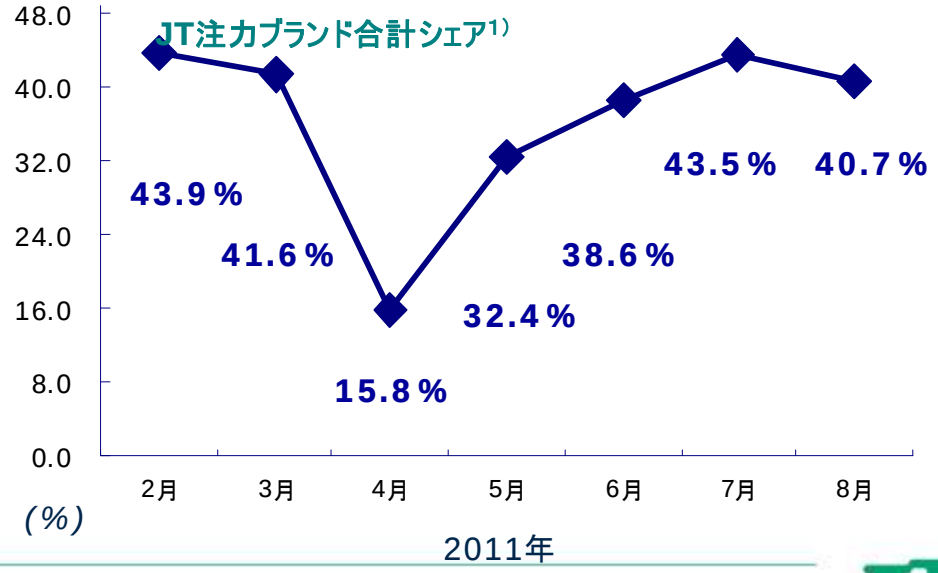


震災からの順調な回復-JT注力ブランドシェア[1)]









≪資料2≫

JT International

Investor Field Trip

First Half Results and Full Year Outlook

Luxembourg / Trier

September 19-20, 2011

quality commitment innovation synergy

Forward-Looking and Cautionary Statements

This presentation contains forward-looking statements about our industry, business, plans and objectives, financial conditions and results of operations based on current expectations, assumptions, estimates and projections. These statements discuss future expectations, identify strategies, discuss market trends, contain projections of operational results and financial condition and state other forward-looking information.

These forward-looking statements are subject to various known and unknown risks, uncertainties and other factors that could cause our actual results to differ from those suggested by any forward-looking statement. We assume no duty or obligation to update any forward-looking statement or to advise of any change in the assumptions and factors on which they are based. Risks, uncertainties or other factors that could cause actual results to differ materially from those expressed in any forward-looking statement include, without limitation:

1) health concerns relating to the use of tobacco products;
2) legal or regulatory developments and changes; including, without limitation, tax increases and restrictions on the sale, marketing and usage of tobacco products, governmental investigations and privately imposed smoking restrictions;
3) litigation in Japan and elsewhere;
4) our ability to further diversify our business beyond the tobacco industry;
5) our ability to successfully expand internationally and make investments outside of Japan;
6) competition and changing consumer preferences;
7) the impact of any acquisitions or similar transactions;
8) local and global economic conditions; and
9) fluctuations in foreign exchange rates and the costs of raw materials.

This presentation contains packages of our brands in some slides. Those slides have been developed to explain JTI's performance to our investors. And they are not intended to promote the purchase of our products.

Roland Kostantos

Chief Financial Officer

Agenda

- Strategic Framework
- First Half Results
- First Half Results by Cluster
- Full Year Outlook
- Concluding Remarks
- Appendix

- Strategic Framework -

Strategic framework, focusing on top-line growth and broadening our earnings base

JTI Mission

Group Profit Growth Engine

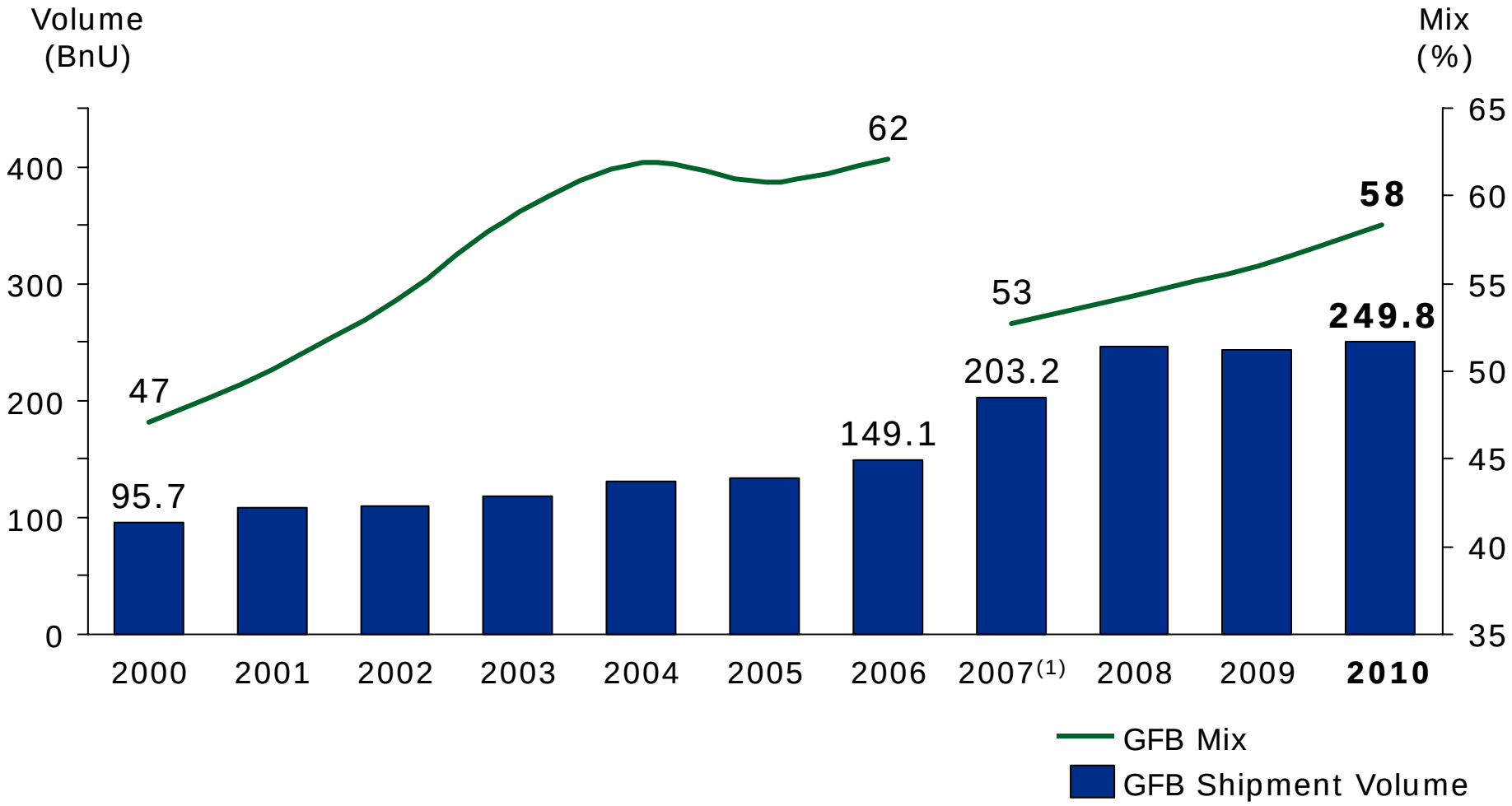
Growth Priorities	
Quality Top-Line	**Broadened Earnings Base**

Key Strategies

- Build and nurture outstanding **brands**
- Continue to enhance **productivity**
- Continue to focus on **responsibility and credibility**
- Develop **people** as a cornerstone of growth

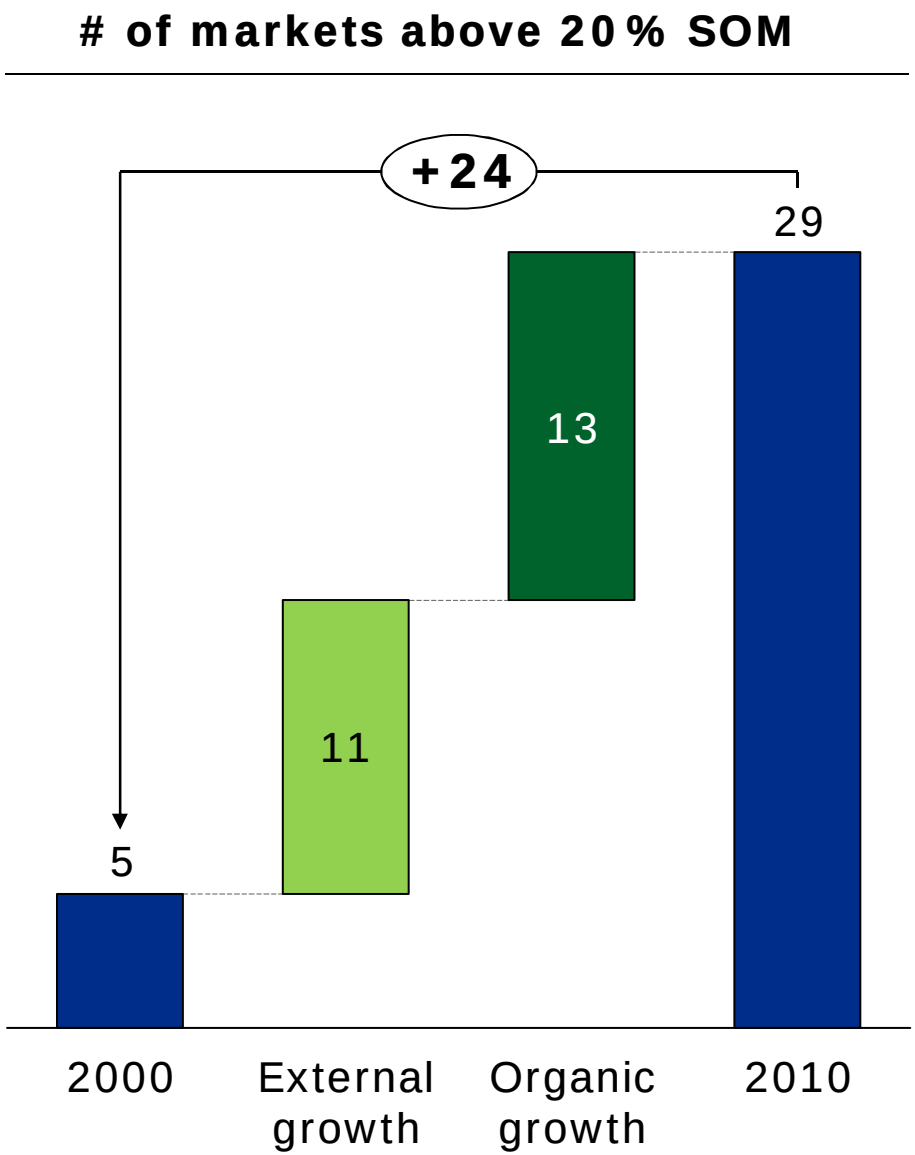
Global Flagship Brands focus drives quality top-line growth

GFB Shipment Volume and GFB Mix within Total Shipment Volume (BNU, %)



Note: (1) fGLH brands only 8.5 months consolidated

Significant position in a growing number of markets

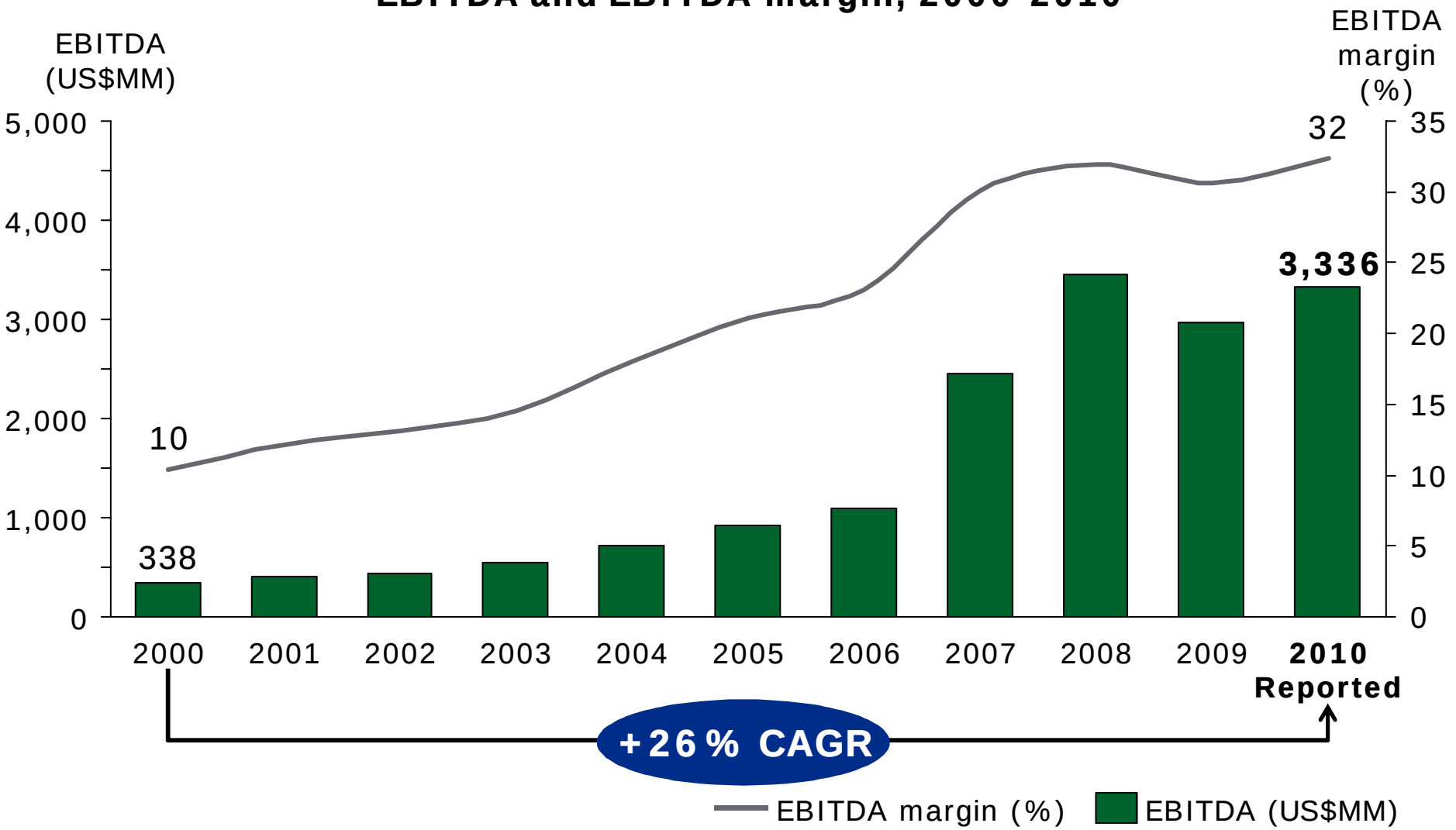


- JTI held 20% market share or more in 29 markets by 2010
- Increase of 24 markets over 10 years via organic & external growth
- #1 or #2 position in 23 markets including Russia, Ukraine, UK, Ireland, Austria, Sweden, Taiwan, Malaysia, Tanzania and Jordan

Source: JTI Estimates

Strategic framework has delivered strong results

EBITDA and EBITDA margin, 2000-2010



Note: (1) As of 2009, EBITDA margin excludes distribution, private label, contract manufacturing and other peripheral businesses

(2) 2010 results are based on IFRS

- First Half Results -

Strong 2011 1H business performance

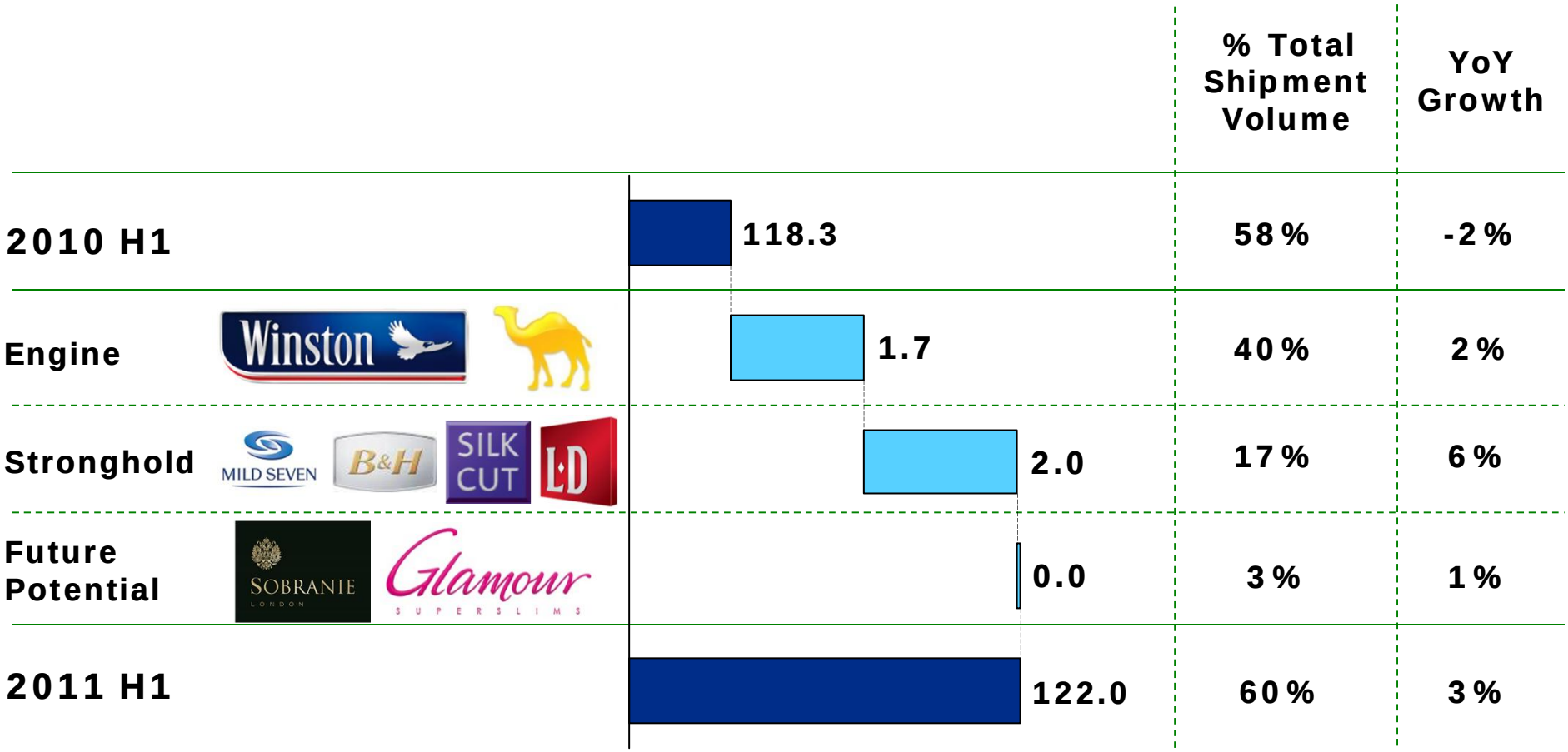
	Year-over-Year Growth
Total Shipment Volumes	0.1%
GFB Shipment Volumes	3.2%
Core Net Sales[1][2]	6.2%
EBITDA[2]	13.4%

Note: (1) Core Net Sales excludes revenue from distribution, private label, contract manufacturing and other peripheral businesses

(2) At constant rates of exchange

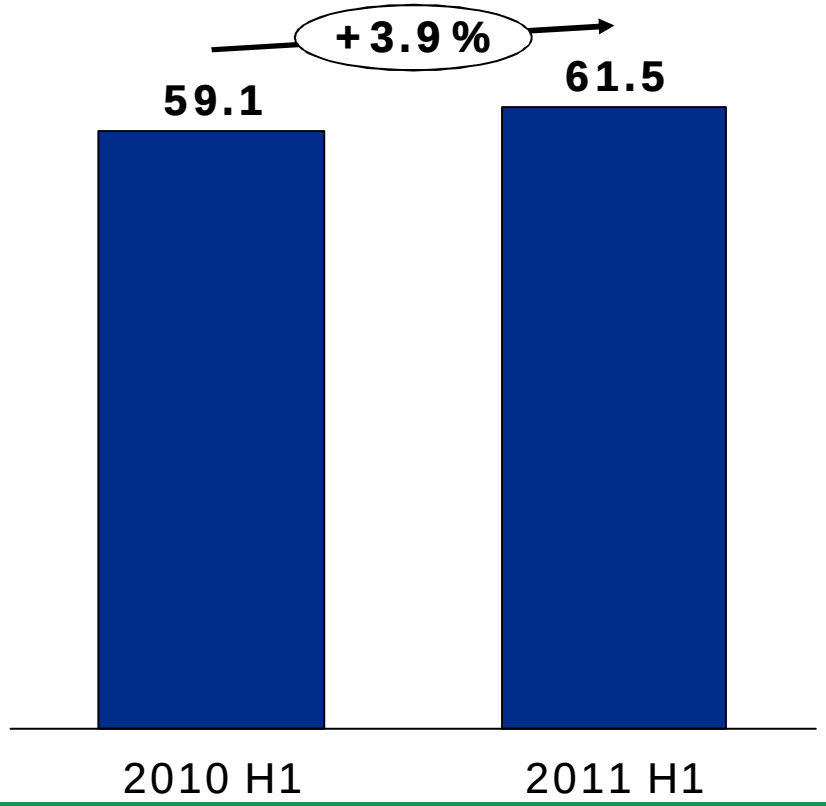
GFB portfolio continues to capture growth opportunities

2011 H1 GFB shipment volumes vs. 2010 (BnU)



Engine brands – Winston: the #2 international brand in the world

Winston shipment volume (BnU)



- Winston continued to capture consumers across JTI's geographic footprint
- Winston capitalized on key trends of up trading in emerging markets & down trading in mature markets

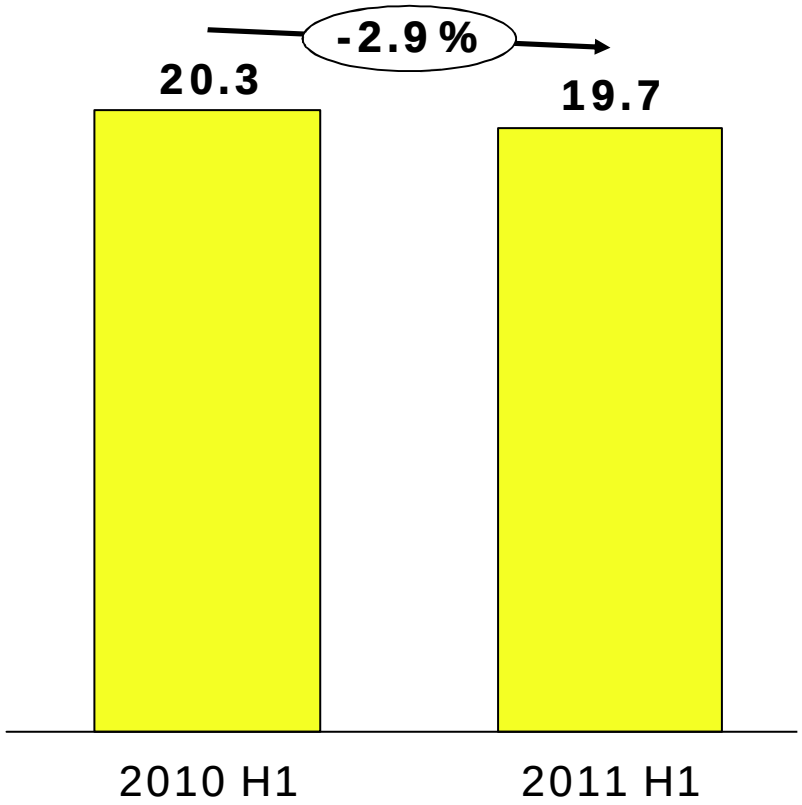




THIS SLIDE HAS BEEN DEVELOPED TO EXPLAIN JTI'S PERFORMANCE TO OUR INVESTORS.
IT IS NOT INTENDED TO PROMOTE THE PURCHASE OF OUR PRODUCTS.

Engine brands – Camel: leveraging this strong iconic brand

Camel shipment volume (BnU)



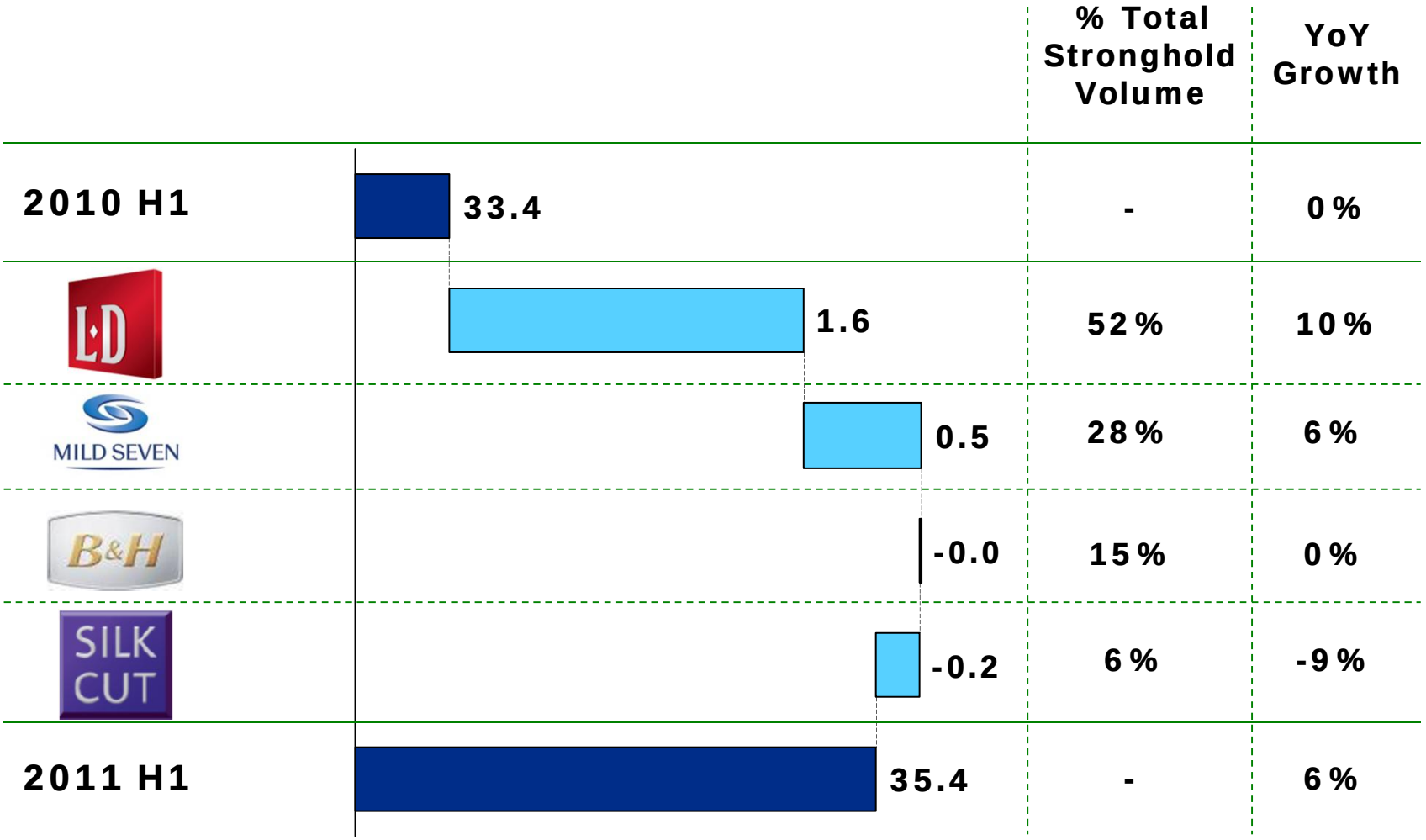
- Camel performance impacted by industry contraction in Spain
- Excluding Spain, Camel grew by 1.3% due to strong performance in Turkey and France



THIS SLIDE HAS BEEN DEVELOPED TO EXPLAIN JTI'S PERFORMANCE TO OUR INVESTORS.
IT IS NOT INTENDED TO PROMOTE THE PURCHASE OF OUR PRODUCTS.

Stronghold brands – LD, Mild Seven, B&H, Silk Cut: strong growth of 6% driven by LD and Mild Seven

2011 H1 GFB shipment volumes vs. 2010 (BNU)



Continued share gains in most of key markets, proving our competitiveness

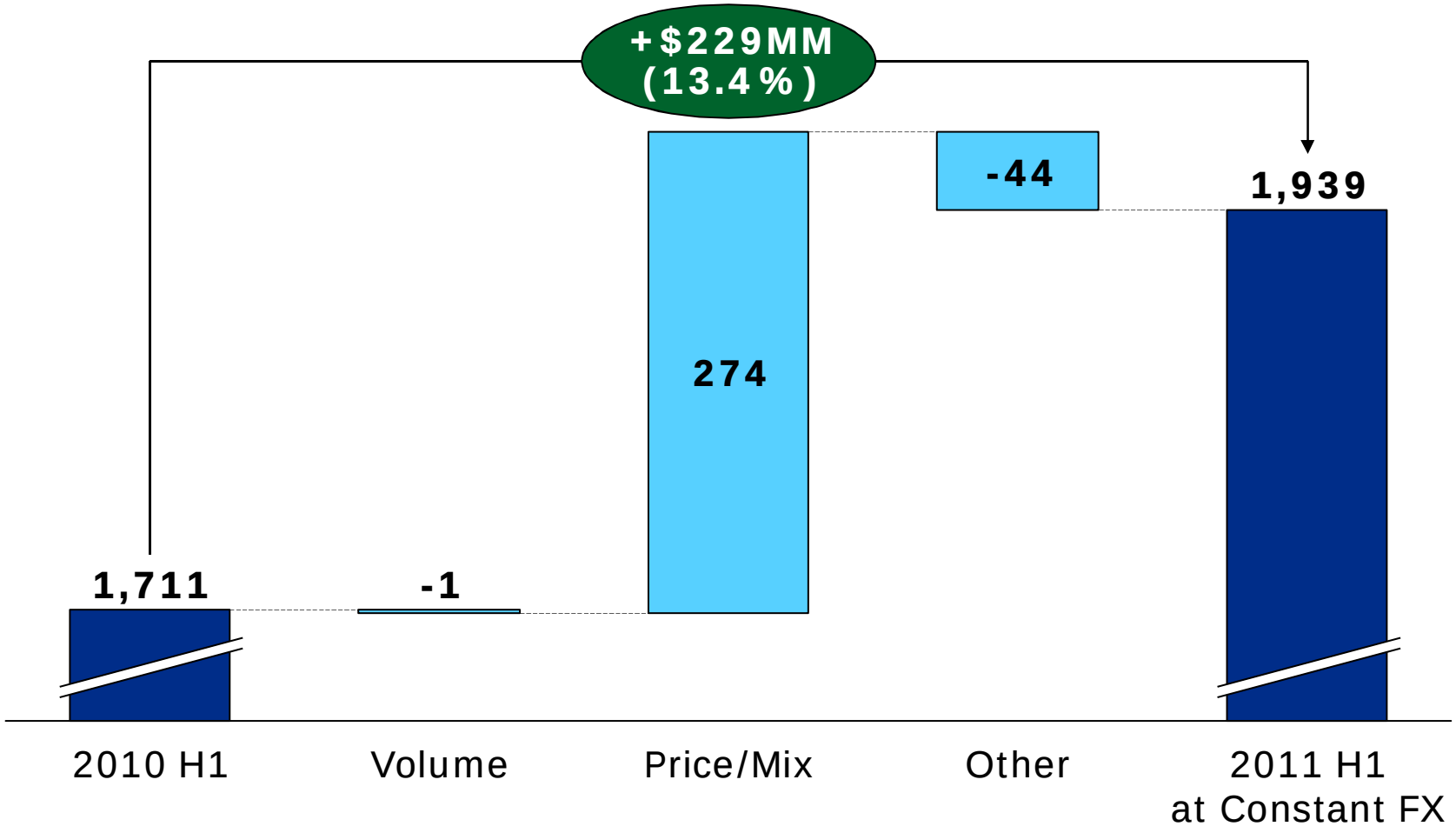
	2011(1)	ppt. change vs. last year
Russia	37.1%	+0.2
France	16.2%	+0.6
Italy	20.3%	+1.2
Spain	20.5%	-0.1
UK	39.1%	+0.2
Turkey	23.5%	+2.5
Taiwan	38.4%	+1.2

Note: (1) 12 month moving average share of market; market shares do not include Roll-Your-Own / Make-Your-Own

Source: AC Nielsen, Logista, Altadis and JTI estimates

Double-digit EBITDA growth driven by pricing

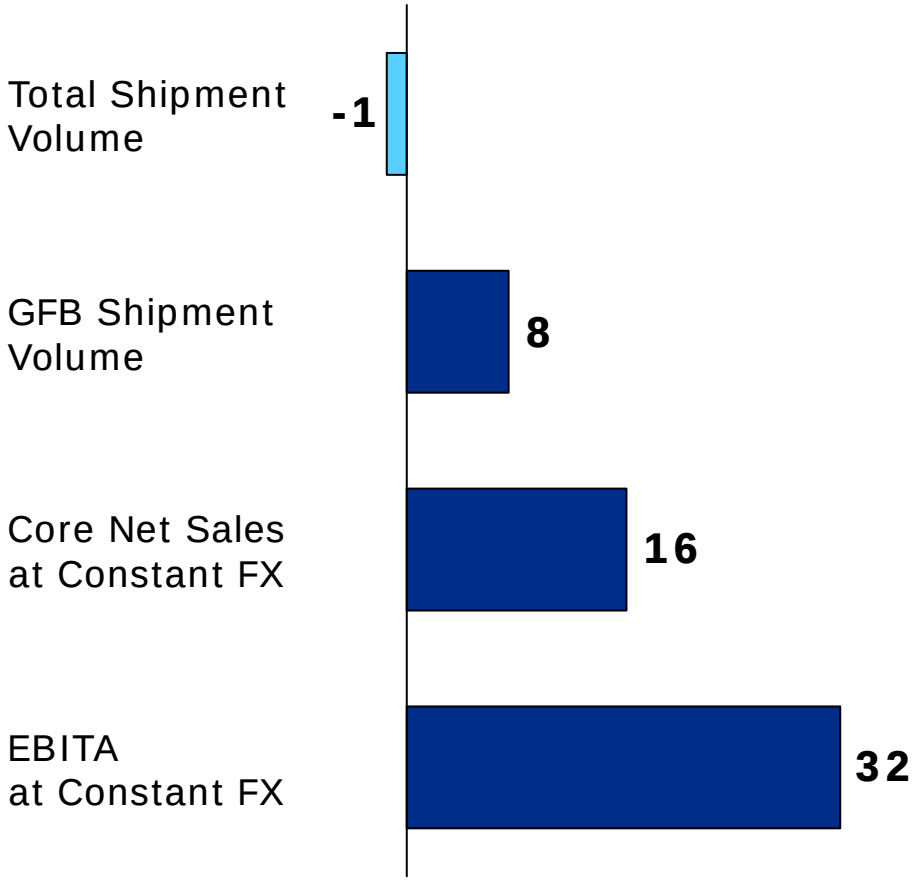
H1 EBITDA Roadmap ($MM)



- First Half Results by Cluster -

CIS+: Drives overall JTI growth

Year-over-year growth, 1H 2011 vs. 1H 2010, %

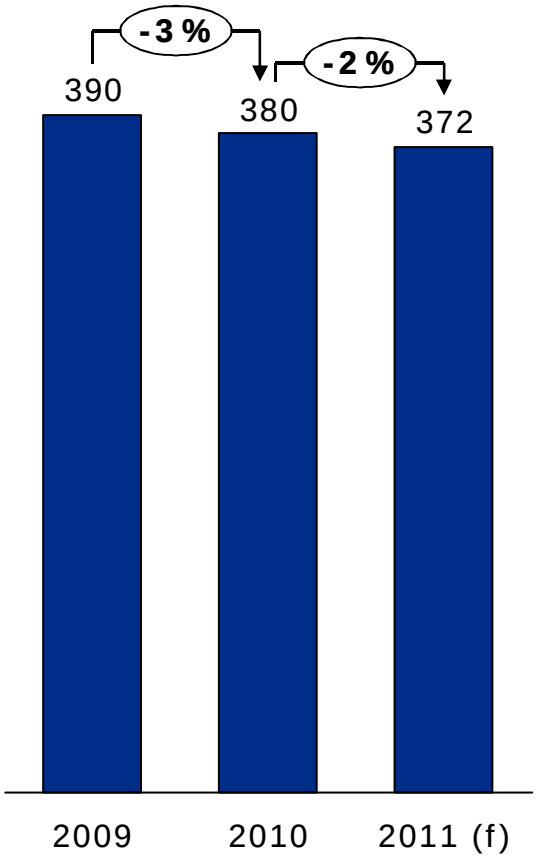


- GFB volume and pricing drove strong Core Net Sales and EBITA growth
- Seized pricing opportunities in Russia, Romania and Kazakhstan
- Challenging environment in Ukraine and Belarus

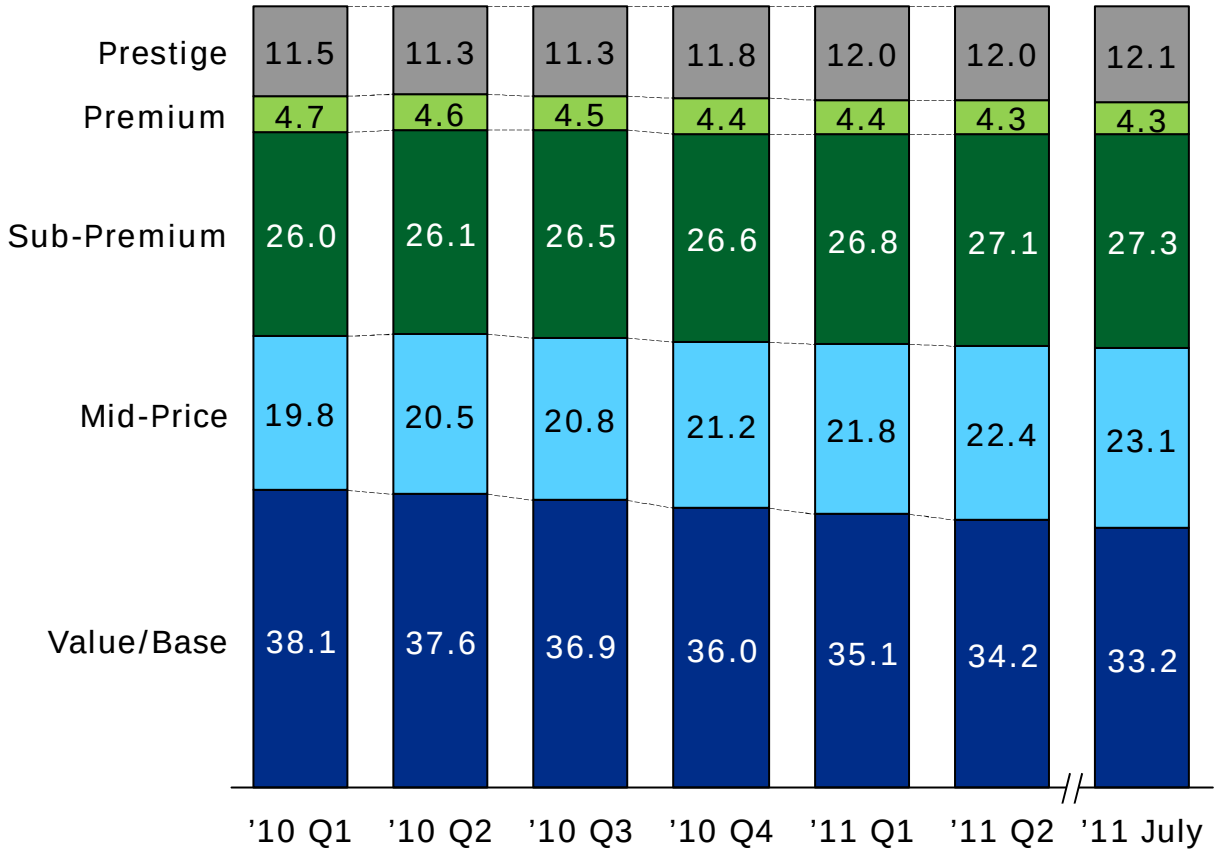
Note: Core Net Sales excludes revenue from distribution, private label, contract manufacturing and other peripheral businesses

Russia: Industry contraction is slowing and up-trading continues

Total Industry Size (BnU)

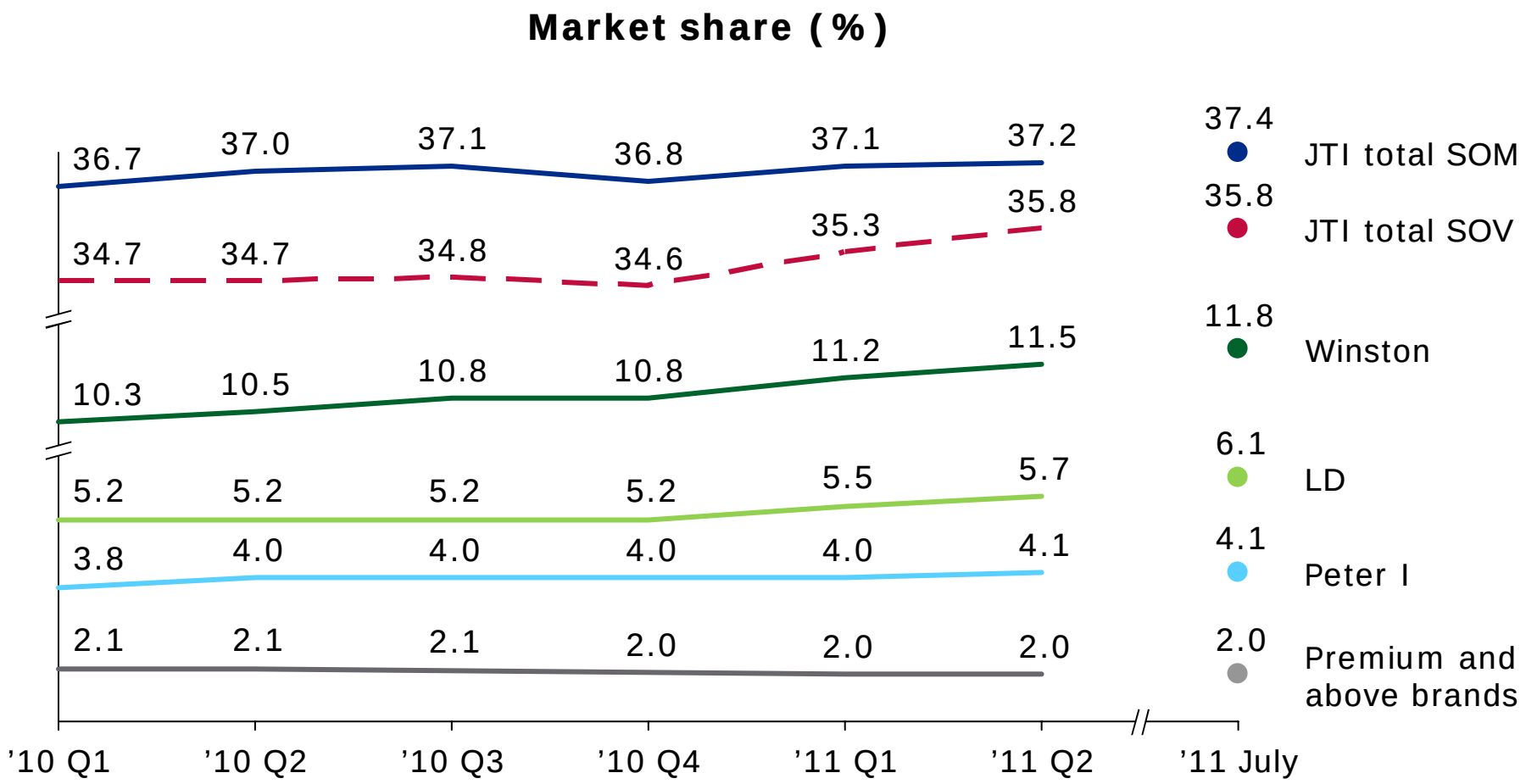


RMC Price Segment Evolution (%)



Source: Industry size, JTI estimates; Price segments, A.C.Nielsen

Russia: Strengthened our market share leadership

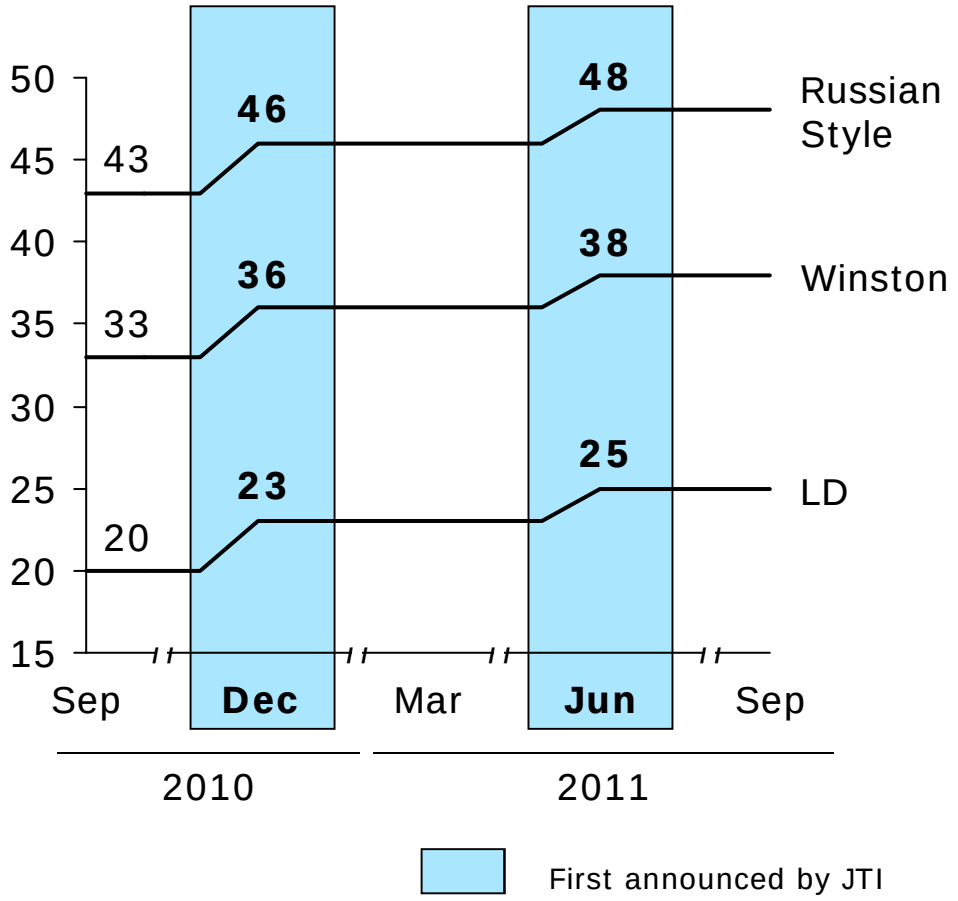


Source: AC Nielsen, July SOM is on a monthly basis

Russia: Pricing environment remains robust and we expect continued rational regulatory environment

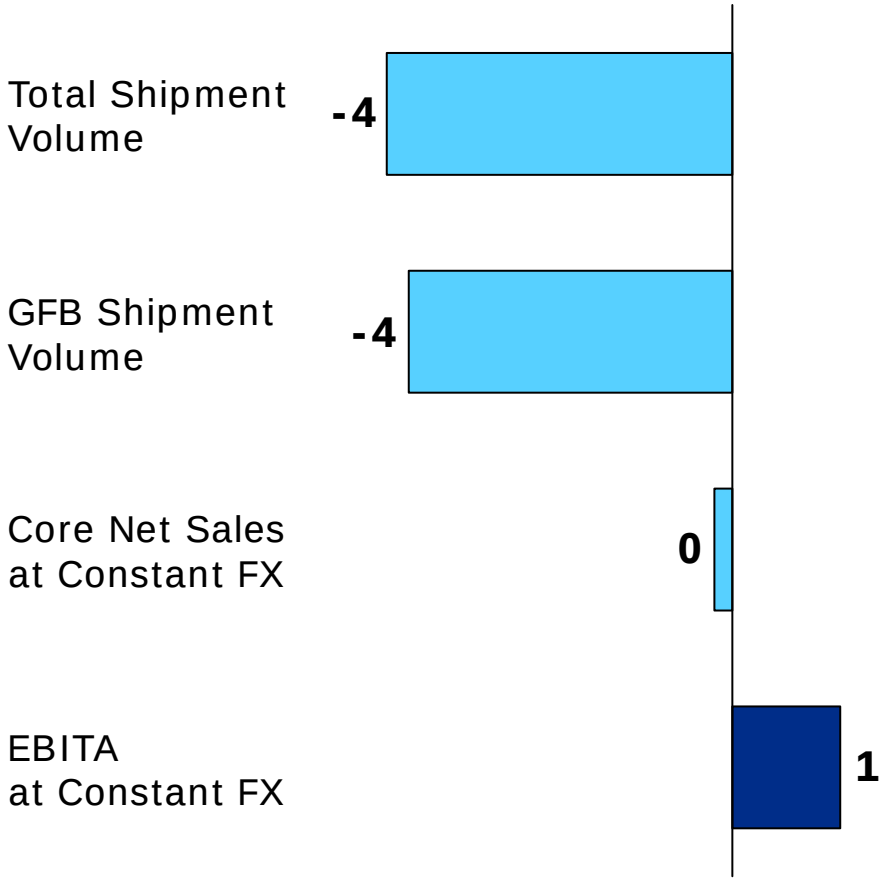
- JTI as market leader has consistently increased prices
- Latest excise tax increase proposal, being discussed by government, is more balanced and realistic than options discussed earlier this year. Conclusion expected in Q4 2011
- In mid August, the Ministry of Health published draft legislation on tobacco control for public discussion. We believe the outcome will be rational

Pricing evolution Sep. '10-Sep. '11 (RUB/20 pack)



South and West Europe: Solid performance despite challenges in Spain

Year-over-year growth, 1H 2011 vs. 1H 2010, %

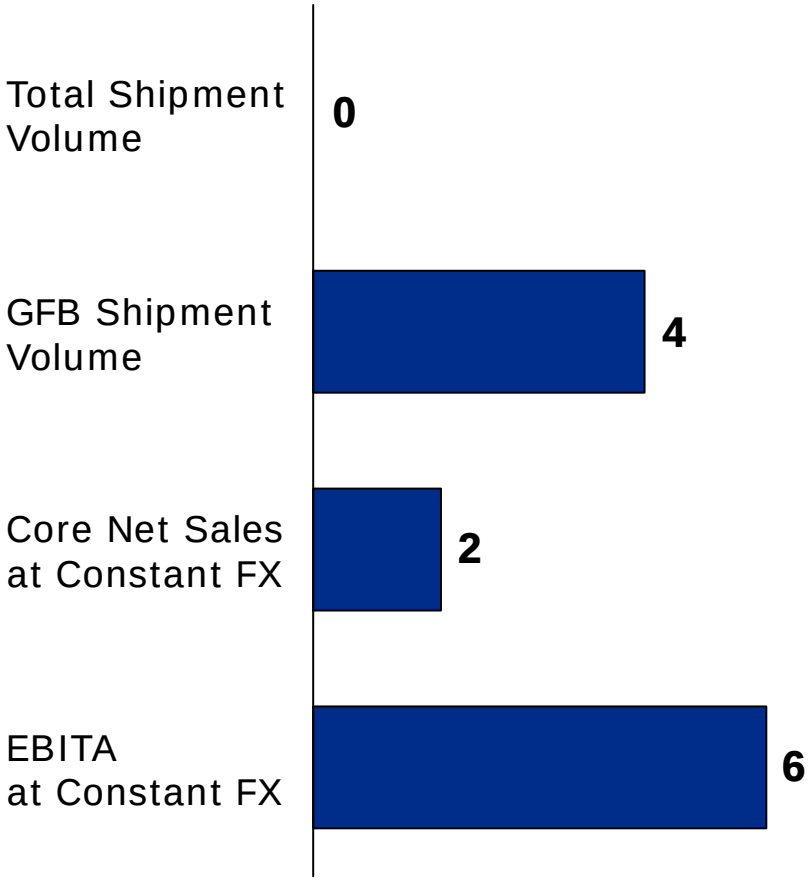


- Industry contraction in Spain drove volume reduction
- Excluding Spain, total shipment and GFB shipment volumes have grown 4% and 3%, respectively
- Pricing and volume momentum in Italy and France more than offset impact of Spain and drove EBITA growth

Note: Core Net Sales excludes revenue from distribution, private label, contract manufacturing and other peripheral businesses

North and Central Europe: Expanding scale and profitability

Year-over-year growth, 1H 2011 vs. 1H 2010, %

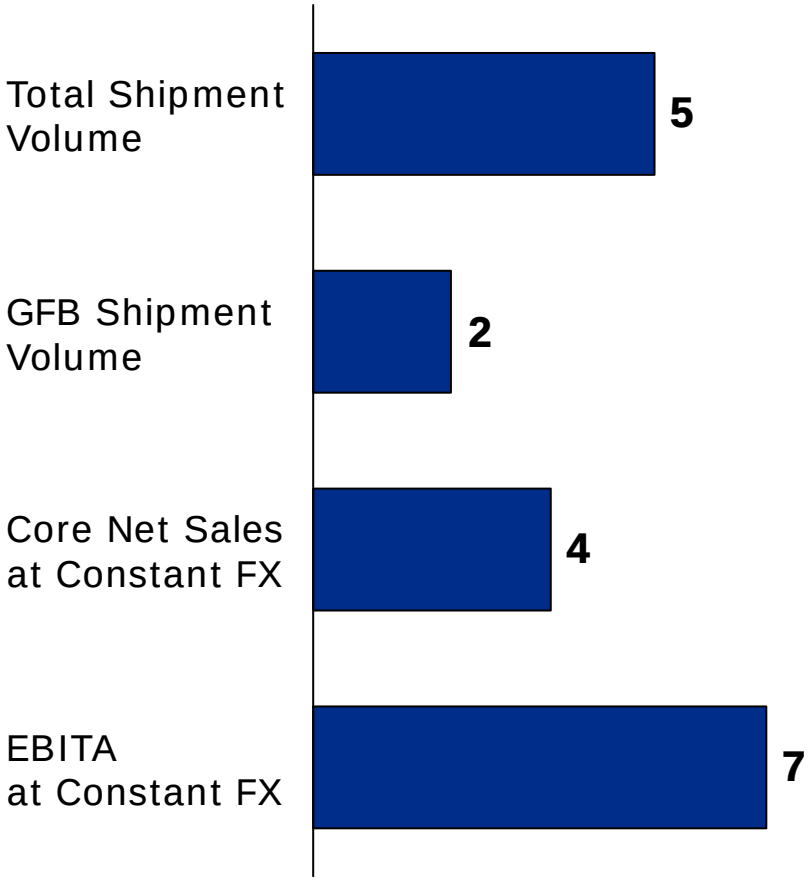


- Czech, Germany, Poland and Hungary delivered enhanced GFB and profitability growth
- Seized pricing opportunities in Poland, Germany, Czech and Sweden
- Solid volume base and profitability from UK

Note: Core Net Sales excludes revenue from distribution, private label, contract manufacturing and other peripheral businesses

Rest-of-the-World: Expanding the base for sustainable future growth

Year-over-year growth, 1H 2011 vs. 1H 2010, %



- Impressive total shipment volume growth of 5%, driven by Middle East and Central Africa
- Profitability improved through both favorable volume and pricing impact
- Seized pricing opportunities in Taiwan, Korea and Canada

Note: Core Net Sales excludes revenue from distribution, private label, contract manufacturing and other peripheral businesses

- Full Year Outlook -

Solid business fundamentals support EBITDA target achievability

	Year-over-Year Growth		
	H1 Act	Aug. YTD	Full Year Outlook
Total Shipment Volumes	0.1%	0.0%	0.0%
GFB Shipment Volumes	3.2%	3.7%	2.7%
Core Net Sales[1][2]	6.2%		7.6%
EBITDA[2]	13.4%		11.2%

Note: (1) Core Net Sales excludes revenue from distribution, private label, contract manufacturing and other peripheral businesses

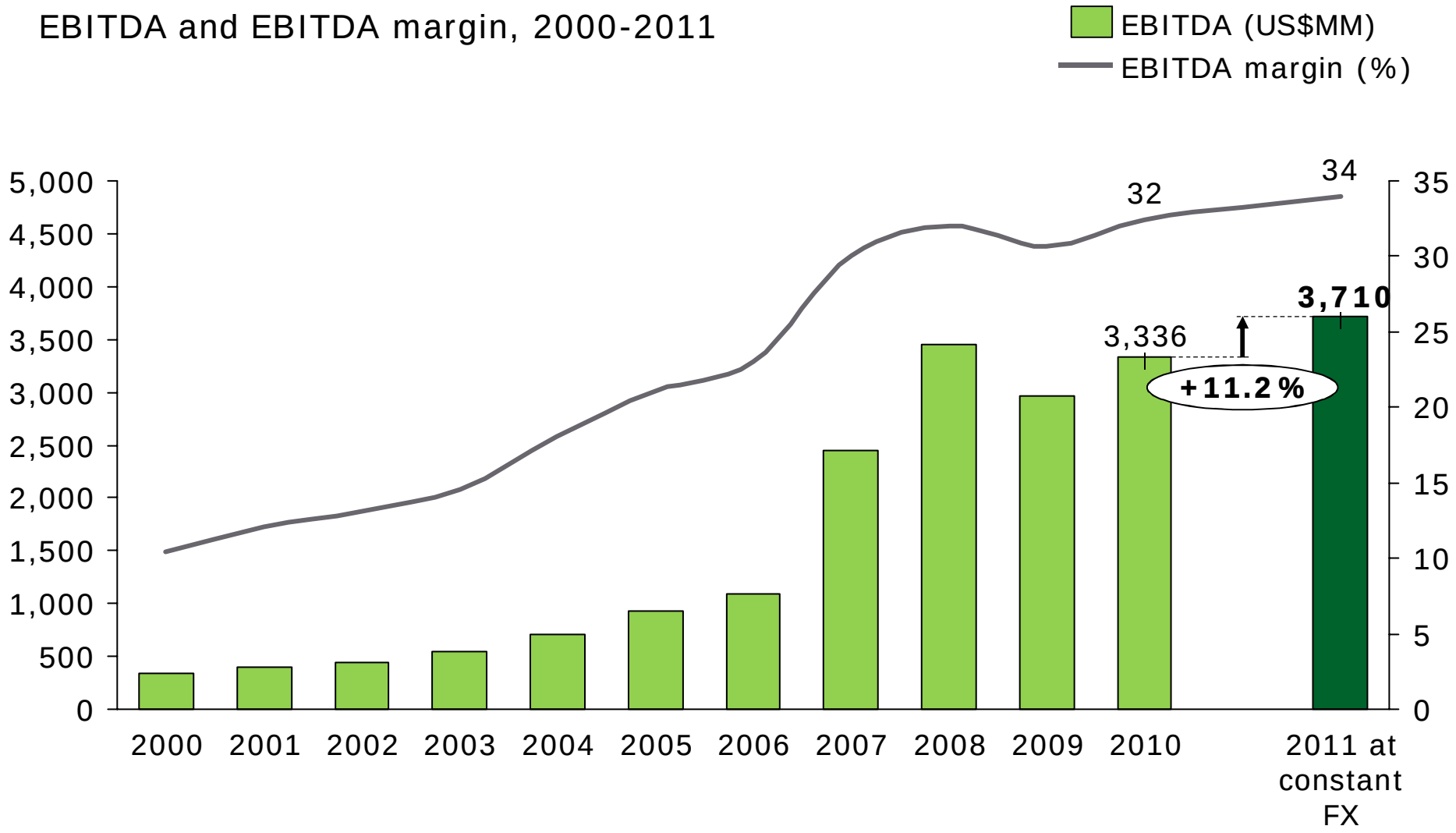
(2) At constant rates of exchange

Year to date FX development broadly in line with expectations while prevailing Ruble rate is weakening

	8 month average		Weekly average	Full Year	
	2011 Act	Change vs. 2010	Sept. 12-16	2011 Assumption	Change vs. 2010
RUB	28.57	6%	30.40	28.50	7%
GBP	0.62	5%	0.63	0.61	7%
EUR	0.72	4%	0.73	0.70	7%
CHF	0.89	21%	0.88	0.90	17%
TWD	29.11	10%	29.54	28.70	11%

Strong record to continue

EBITDA and EBITDA margin, 2000-2011



Note: Excludes impact of HCTF acquisition

Further broadening the base through the acquisition of Haggar Cigarette & Tobacco Factory Ltd (HCTF)

THIS SLIDE HAS BEEN DEVELOPED TO EXPLAIN JTI'S PERFORMANCE TO OUR INVESTORS.
IT IS NOT INTENDED TO PROMOTE THE PURCHASE OF OUR PRODUCTS.

- Leadership position in both Sudan and South Sudan
- We will benefit from an enhanced geographic footprint and earnings base in Africa
- Completion expected in November 2011 (not included in the forecast)

Cigarette Market in Sudan

- Market size: approx. 5.5 billion cigarettes
- Growth rate 8% per annum on average between 2003 and 2010

About HCTF

- Sales volume in 2010: 4.5BnU
- HCTF SOM: 82% with Bringi 69%
- Number of factories: Two
- Number of employees: 925 as of July

Deal overview

- Total consideration is approx. $450MM
- EBITDA multiple: 9.9 times



Source: Company estimate

- Concluding Remarks -

Delivered a strong sets of result in the first half, and on track to meet our target

- Continued focus on executing our growth priorities
  - Quality top-line growth
  - Broadening earnings base

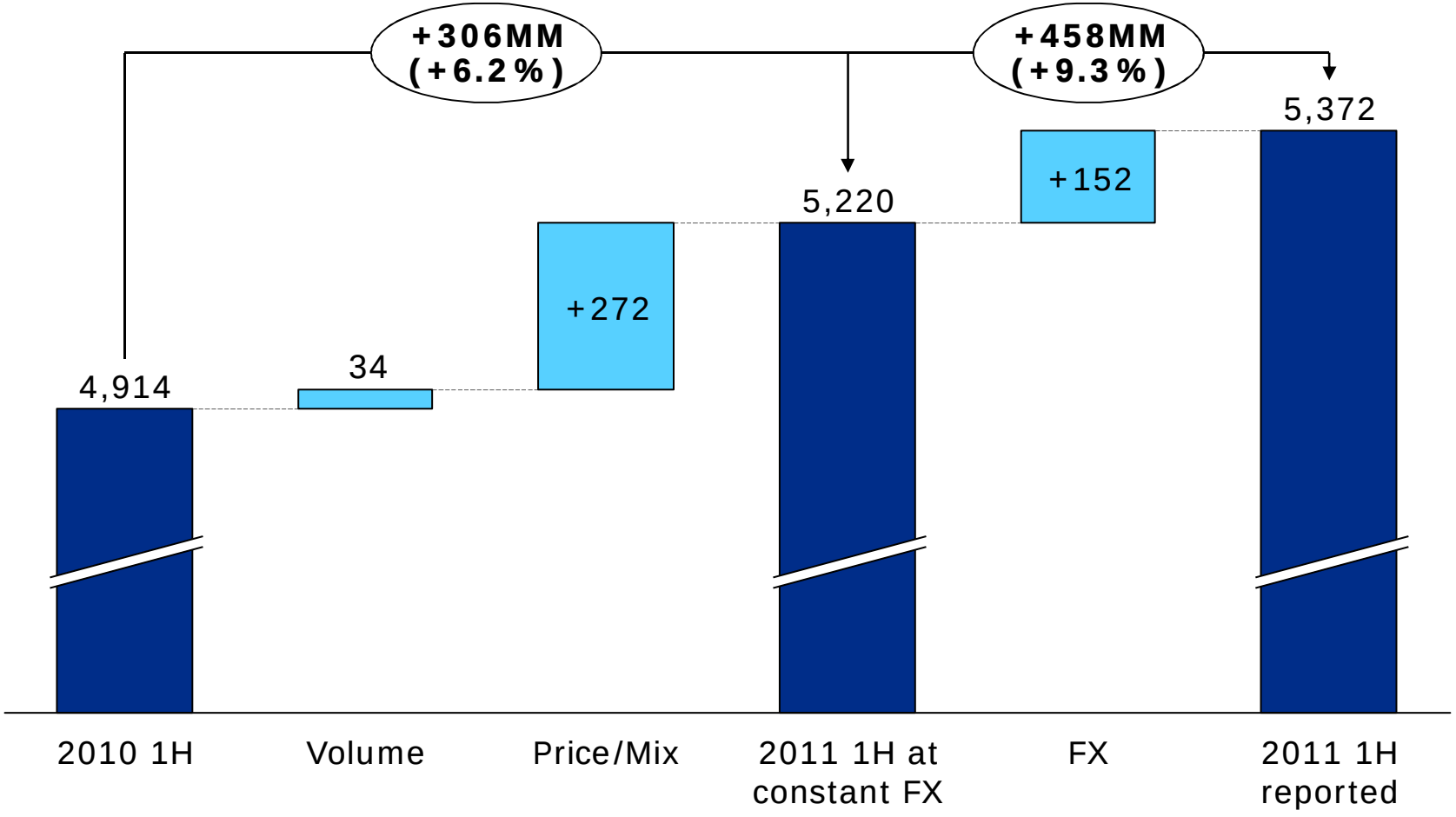
- Strong first half performance driven by:
  - Robust pricing
  - GFB growth of 3.2%
  - Market share gains in most key markets
  - Solid EBITDA growth of 13.4% at constant rates of exchange and 14.7% on a reported basis

- On track to meet our revised forecast of 11.2% EBITDA growth at constant rates of exchange

- Appendix -

Core Net Sales: 1H

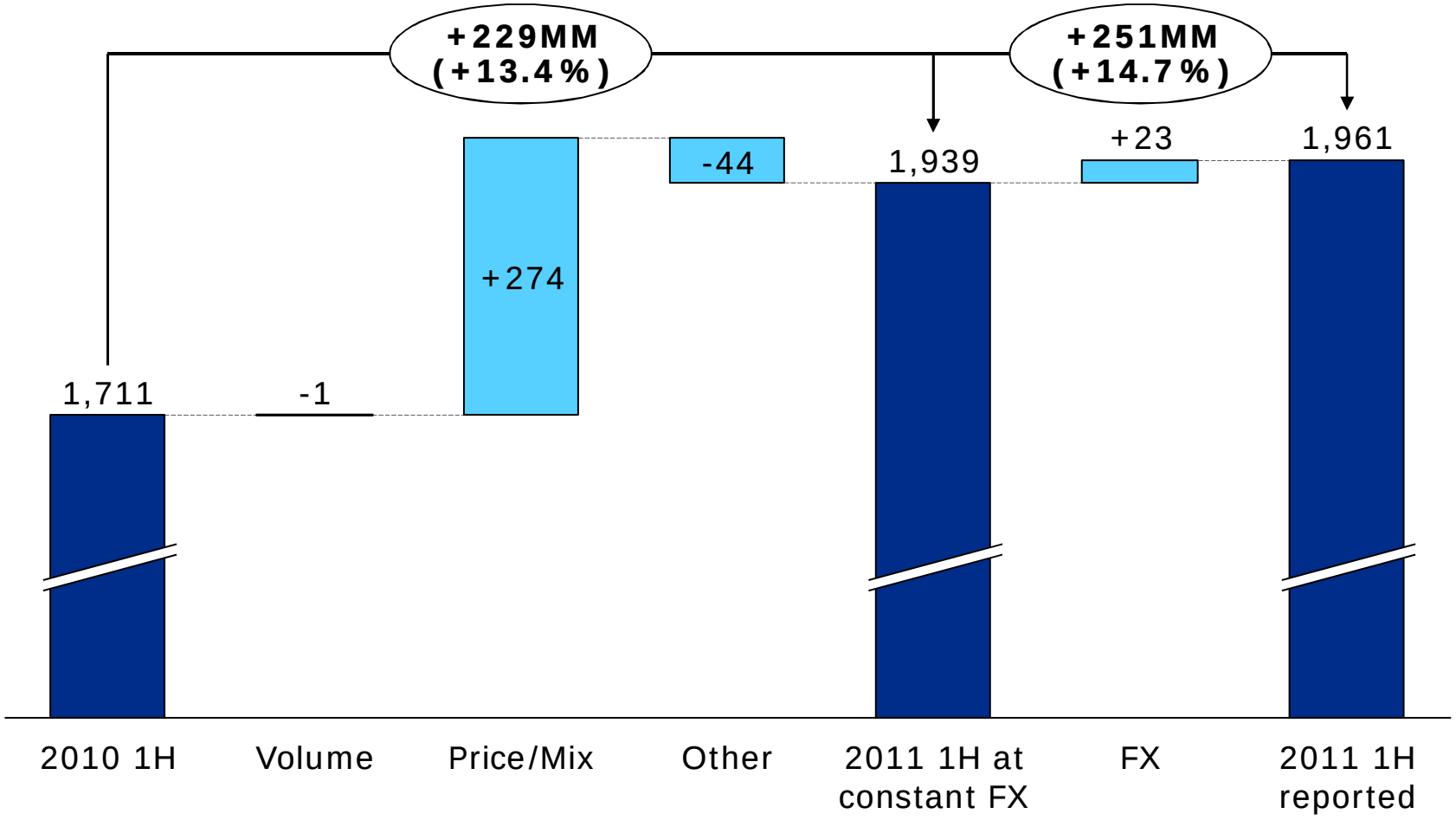
2011 1H core net sales vs. 2010 ($MM)



Note: Core Net Sales excludes revenue from distribution, private label, contract manufacturing and other peripheral businesses

EBITDA: 1H

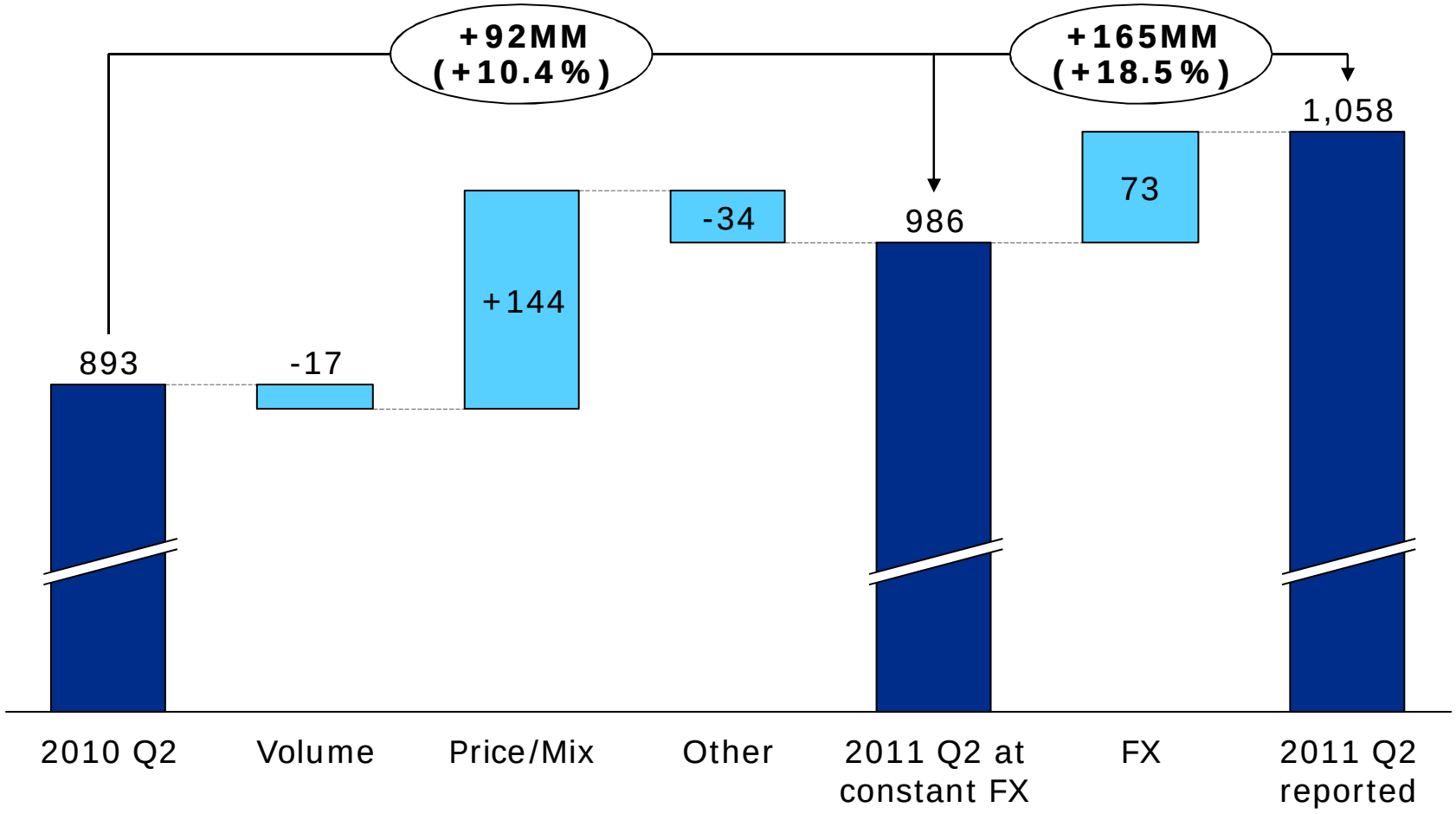
2011 1H EBITDA vs. 2010 ($MM)



Note: Core Net Sales excludes revenue from distribution, private label, contract manufacturing and other peripheral businesses

EBITDA: Q2

2011 Q2 EBITDA vs. 2010 ($MM)



Note: Core Net Sales excludes revenue from distribution, private label, contract manufacturing and other peripheral businesses

≪資料2　和文≫

JT International

Investor Field Trip

1-6月期実績/通期見通し

Luxembourg / Trier

September 19-20, 2011

quality commitment innovation synergy

当資料取扱上の注意点

将来に関する記述等についてのご注意

本資料に記載されている、当社又は当社グループに関連する業績見通し、計画、方針、経営戦略、目標、予定、事実の認識・評価等といった、将来に関する記述は、当社が現在入手している情報に基づく、本資料の日付時点における予測、期待、想定、計画、認識、評価等を基礎として記載されているに過ぎません。また、見通し・予想数値を算定するためには、過去に確定し正確に認識された事実以外に、見通し・予想を行うために不可欠となる一定の前提（仮定）を使用しています。これらの記述ないし事実または前提（仮定）については、その性質上、客観的に正確であるという保証も将来その通りに実現するという保証もありません。また、あらたな情報、将来の事象、その他の結果にかかわらず、常に当社が将来の見通しを見直すとは限りません。これらの記述ないし事実または前提（仮定）が、客観的には不正確であったり将来実現しないという可能性の原因となりうるリスクや要因は多数あります。その内、現時点で想定される主なものとして、以下のような事項を挙げることができます（なおかかるリスクや要因はこれらの事項に限られるものではありません）。

（1）喫煙に関する健康上の懸念の増大
（2）たばこに関する国内外の法令規則による規制等の導入・変更（増税、たばこ製品の販売、マーケティング及び使用に関する政府の規制等）、喫煙に関する民間規制及び政府による調査の影響等
（3）国内外の訴訟の動向
（4）国内たばこ事業、海外たばこ事業以外へ多角化する当社の能力
（5）国際的な事業拡大と、日本国外への投資を成功させる当社の能力
（6）市場における他社との競争激化、銘柄嗜好の変化
（7）買収やビジネスの多角化に伴う影響
（8）国内外の経済状況
（9）為替変動及び原材料費の変動

本プレゼンテーション内にてたばこのパッケージ写真が掲載されていますが、投資家に事業を説明する目的で作成されたものであり、消費者へのたばこの販売促進もしくは喫煙を促す目的ではありません。

Roland Kostantos

Chief Financial Officer

目次

- 戦略フレームワーク
- 1-6月期実績
- クラスター別1-6月期実績
- 通期見通し
- まとめ
- Appendix

- 戦略フレームワーク-

戦略フレームワーク: トップライン成長と収益基盤の拡充に注力

JTIミッション

JTグループの利益成長の牽引役

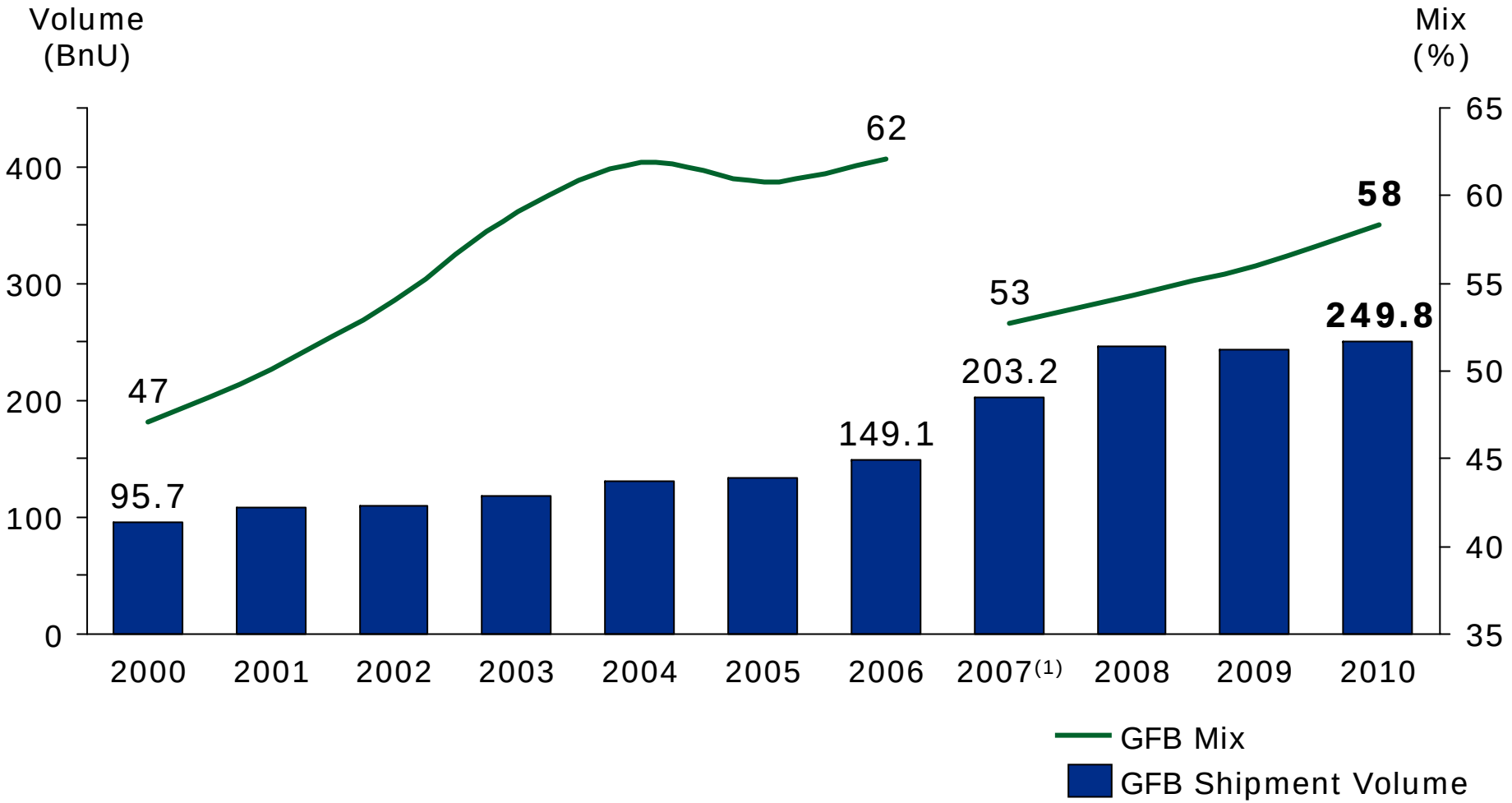
優先事項	
質の高いトップライン成長	収益基盤の拡充

主要戦略

- 卓越したブランドの構築と育成
- 生産性向上の継続
- 責任・信用への更なる注力
- 成長の礎石となる人材の育成

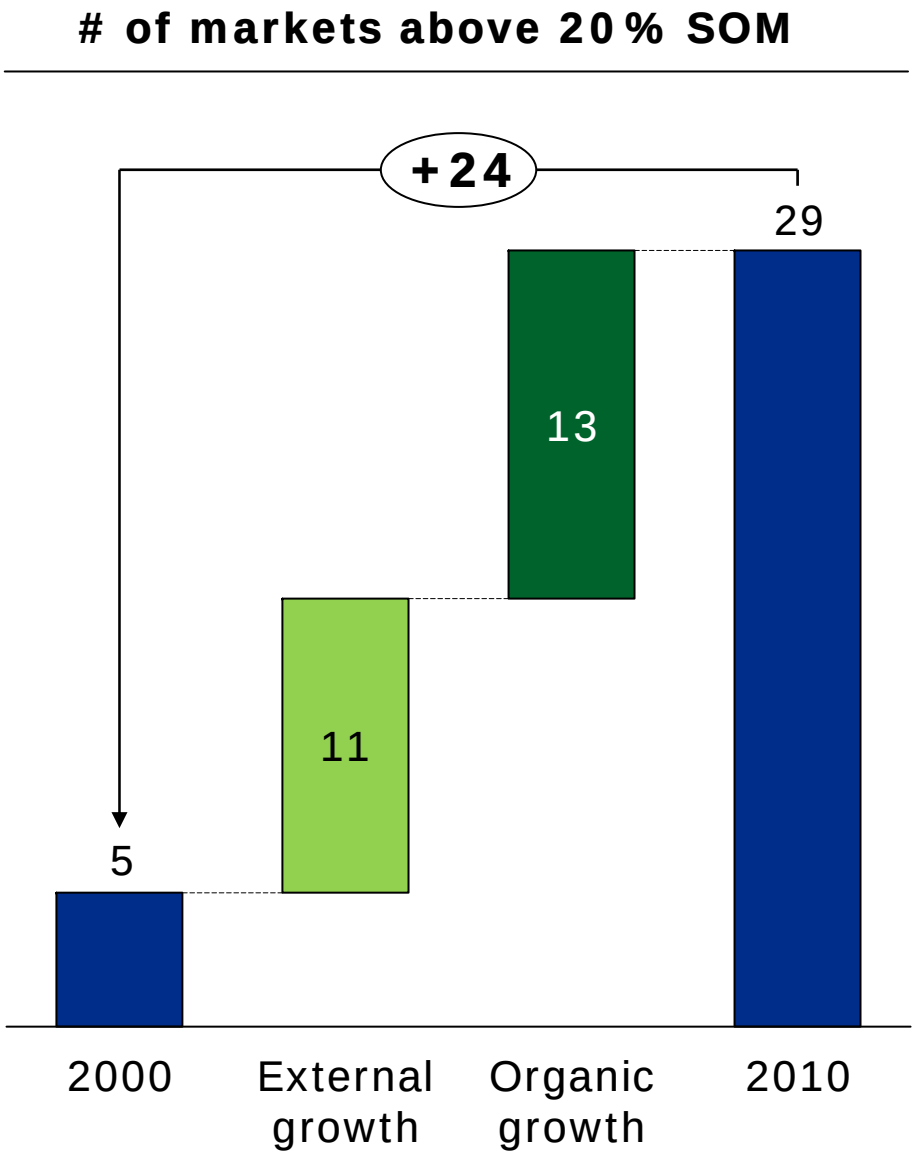
GFBへの注力が質の高いトップライン成長を実現

GFB Shipment Volume and GFB Mix within Total Shipment Volume (BNU, %)



Note: (1) fGLH brands only 8.5 months consolidated

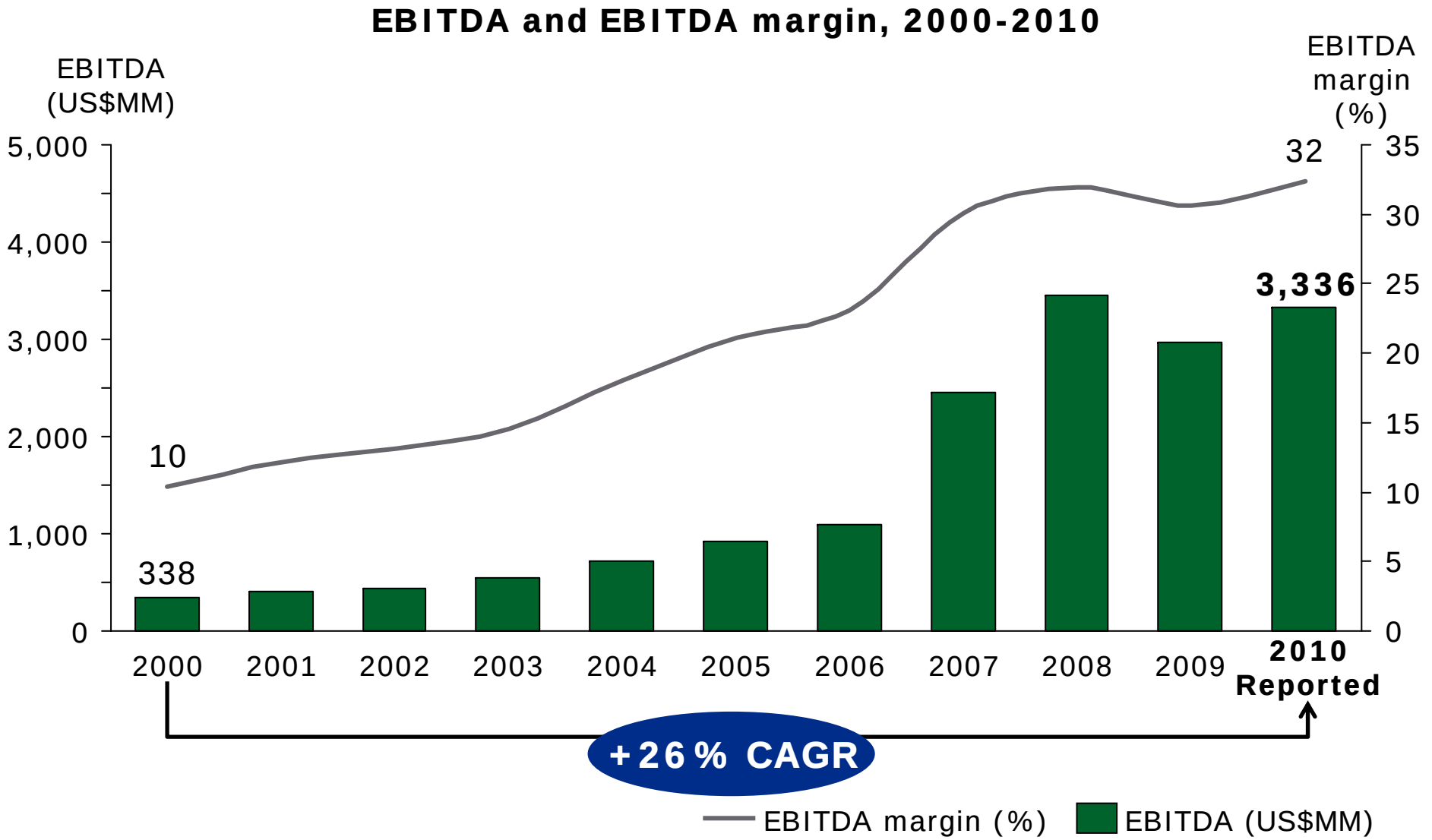
シェア上位市場の拡充



- 29市場において20%以上のシェアを保有(2010年)
- 自律的成長及びM&Aによる成長により、10年間で20%以上のシェアを保有する市場を24市場も拡充
- ロシア、ウクライナ、英国、アイルランド、オーストリア、スウェーデン、台湾、マレーシア、タンザニア、ヨルダン等の23市場において、市場シェア1・2位を獲得

Source: JTI Estimates

戦略実行により力強い成長を達成



Note: (1) As of 2009, EBITDA margin excludes distribution, private label, contract manufacturing and other peripheral businesses

(2) 2010 results are based on IFRS

- 1-6月期実績 -

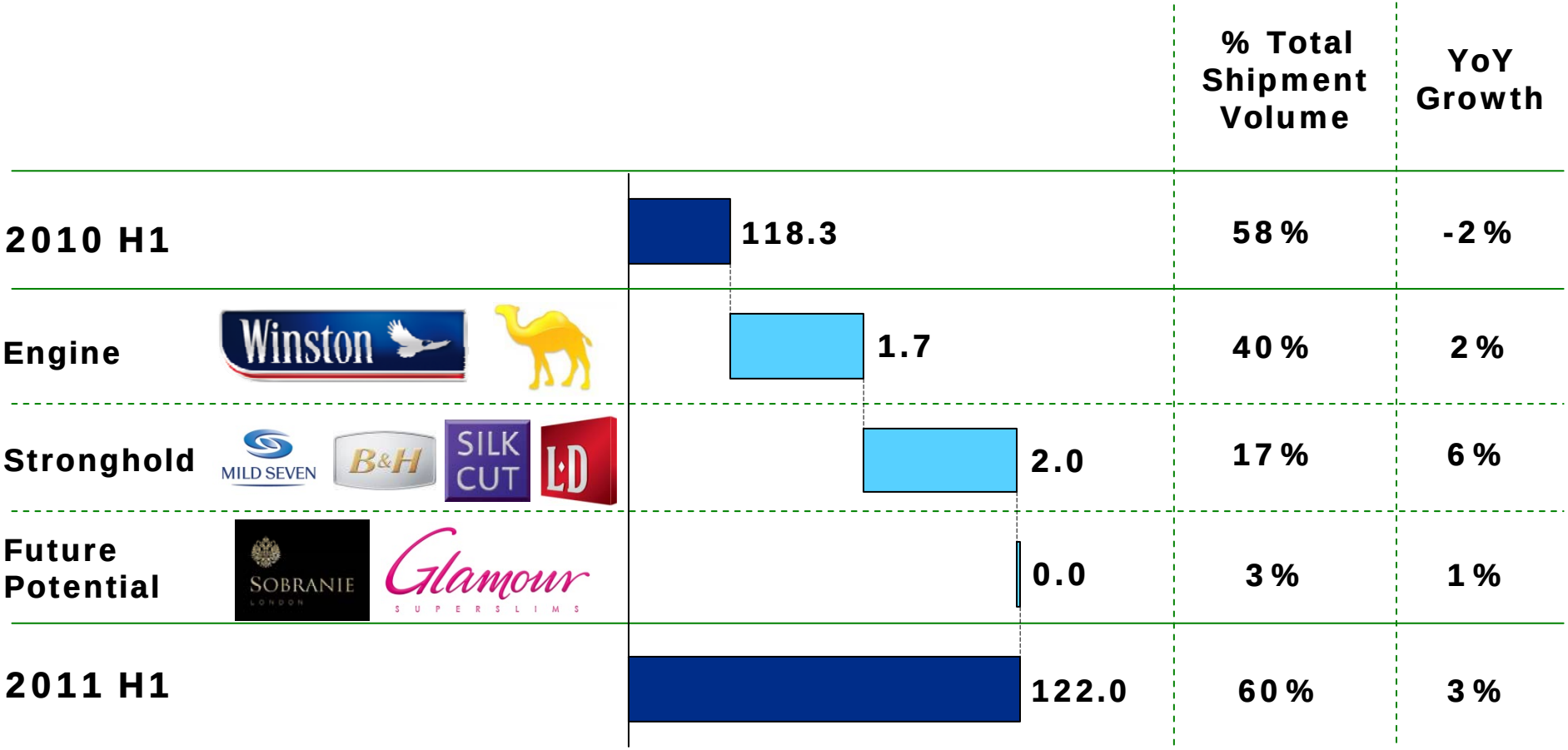
力強い1-6月期実績

	Year-over-Year Growth
Total Shipment Volumes	0.1%
GFB Shipment Volumes	3.2%
Core Net Sales(1)(2)	6.2%
EBITDA(2)	13.4%

Note: (1) Core Net Sales excludes revenue from distribution, private label, contract manufacturing and other peripheral businesses
(2) At constant rates of exchange

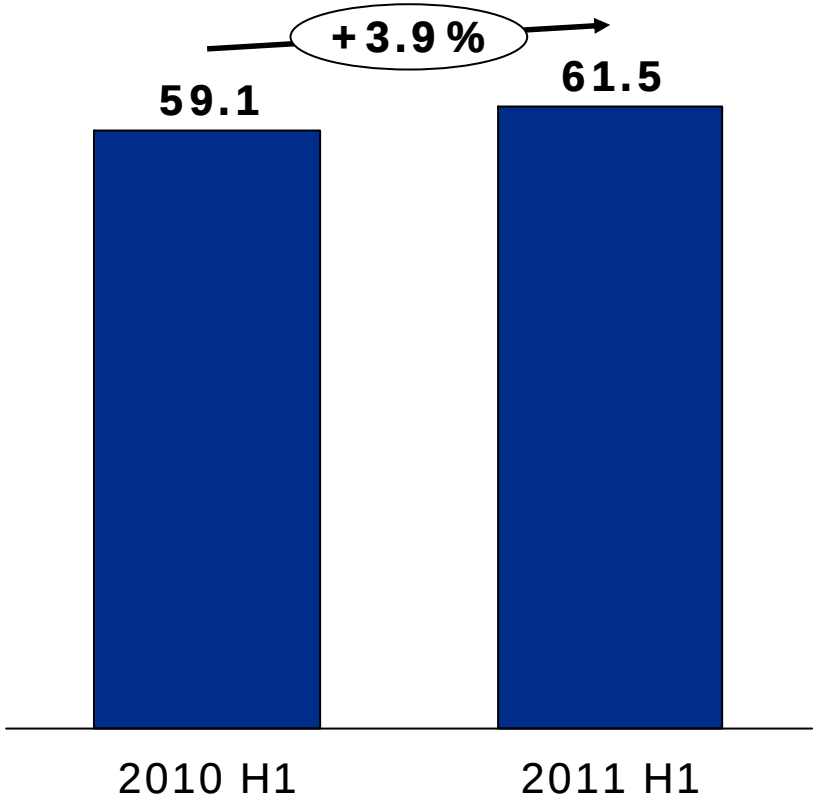
充実したGFBポートフォリオによる成長継続

2011 H1 GFB shipment volumes vs. 2010 (BnU)



Engineブランド – Winston: 世界第2位のブランド

Winston shipment volume (BnU)



- 世界に拡がる多くの市場において、新しいお客様を獲得
- 新興市場でのアップトレーディング、成熟市場でのダウントレーディングのトレンド享受

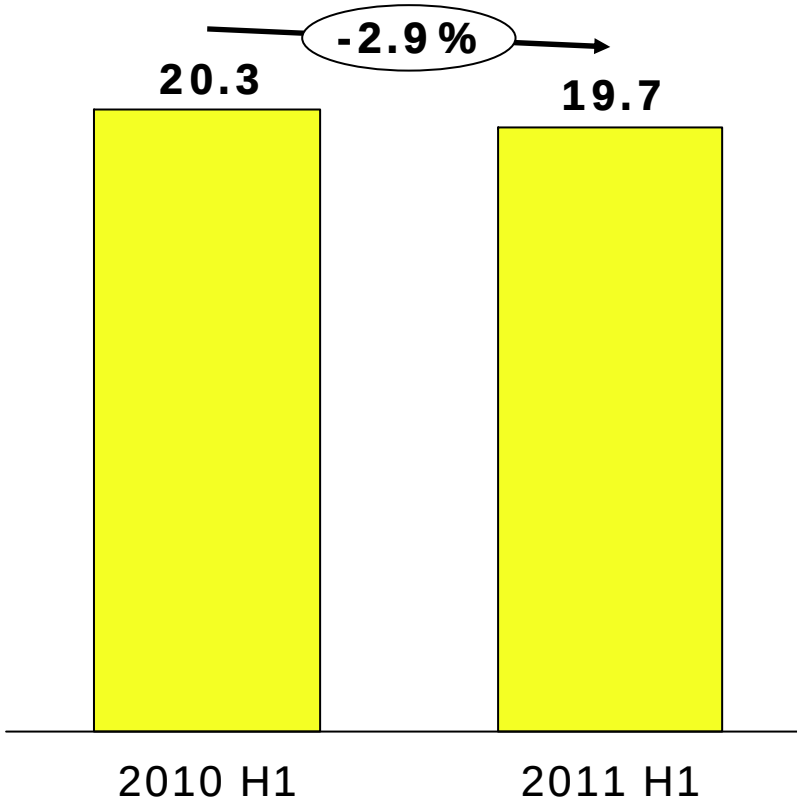




このスライドは投資家に業績を説明する目的で作成されたものです。消費者へのたばこの販売もしくは喫煙を促す目的ではありません。

Engineブランド – Camel: ブランドエクイティの活用

Camel shipment volume (BnU)



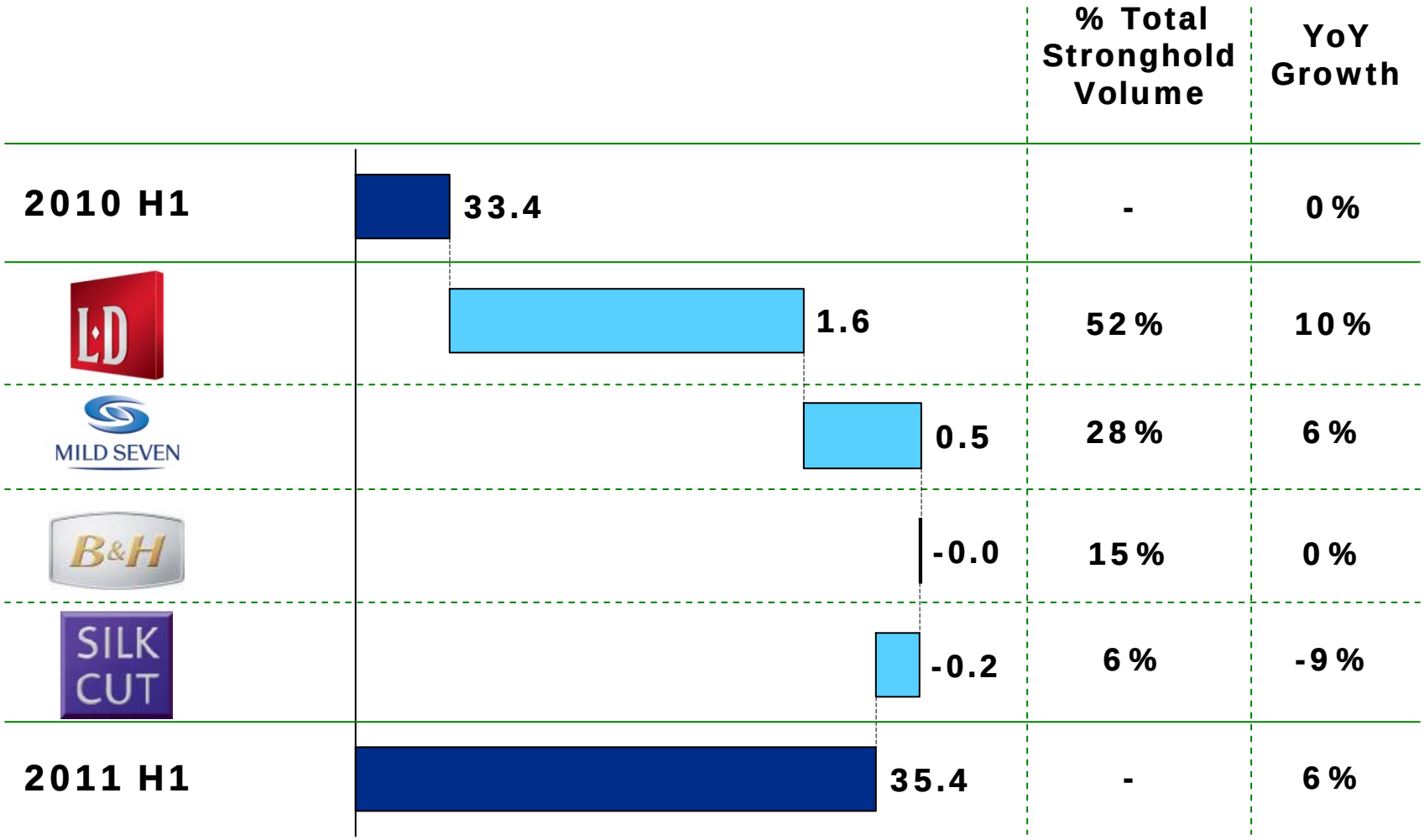
- スペインの総需要減少影響を受ける
- スペイン除きでは、トルコ及びフランスでの好調なパフォーマンスを受け1.3%成長



このスライドは投資家に業績を説明する目的で作成されたものです。消費者へのたばこの販売もしくは喫煙を促す目的ではありません。

Stronghold ブランド – LD, Mild Seven, B&H, Silk Cut: LDとMild Sevenが6％もの成長を牽引

2011 H1 GFB shipment volumes vs. 2010 (BNU)



ほぼ全ての主要市場においてシェア伸長、競争力の強さを顕示

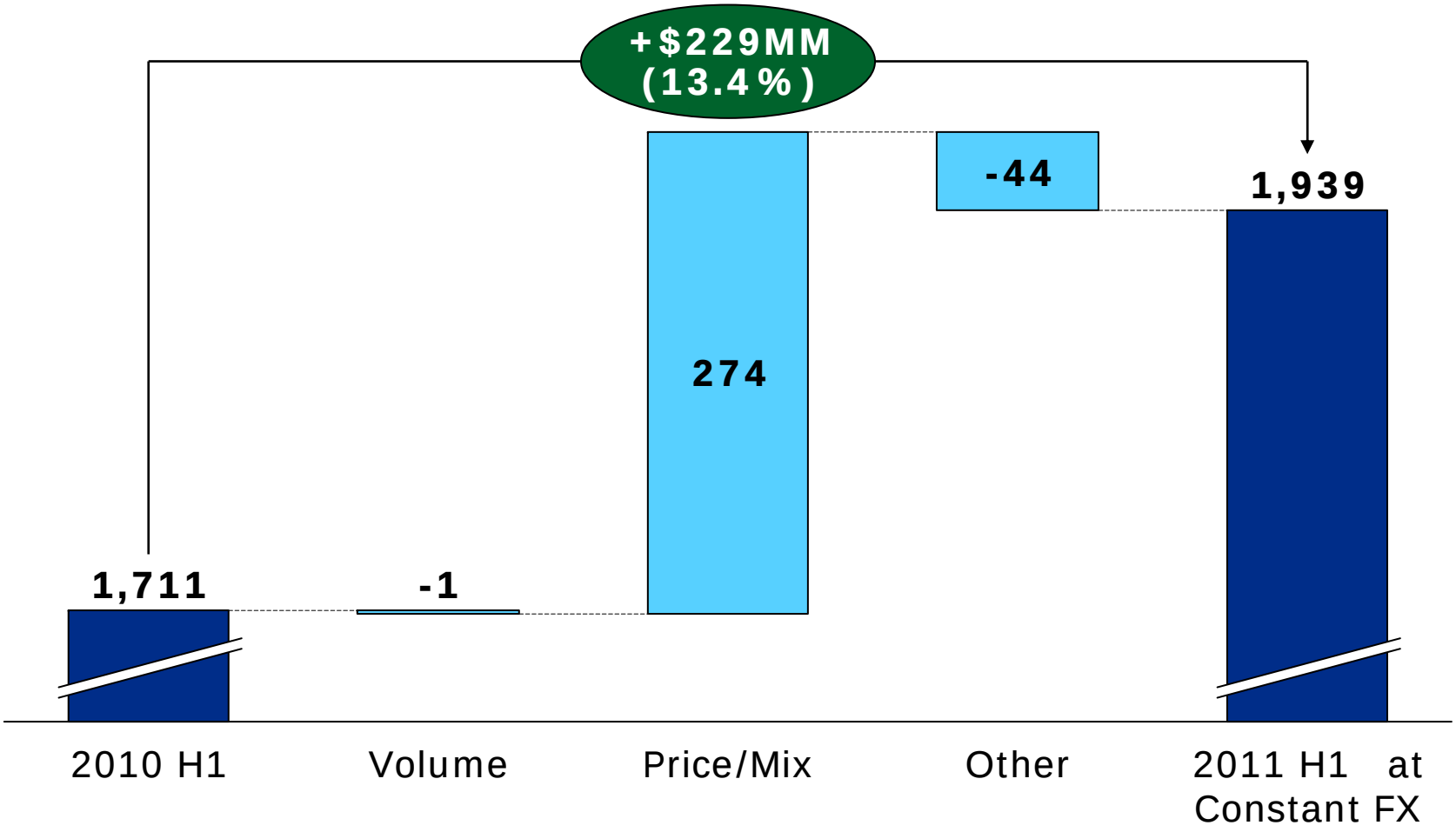
	2011(1)	ppt. change vs. last year
Russia	37.1%	+0.2
France	16.2%	+0.6
Italy	20.3%	+1.2
Spain	20.5%	-0.1
UK	39.1%	+0.2
Turkey	23.5%	+2.5
Taiwan	38.4%	+1.2

Note: (1) 12 month moving average share of market; market shares do not include Roll-Your-Own / Make-Your-Own

Source: AC Nielsen, Logista, Altadis and JTI estimates

値上げがEBITDA二桁成長を牽引

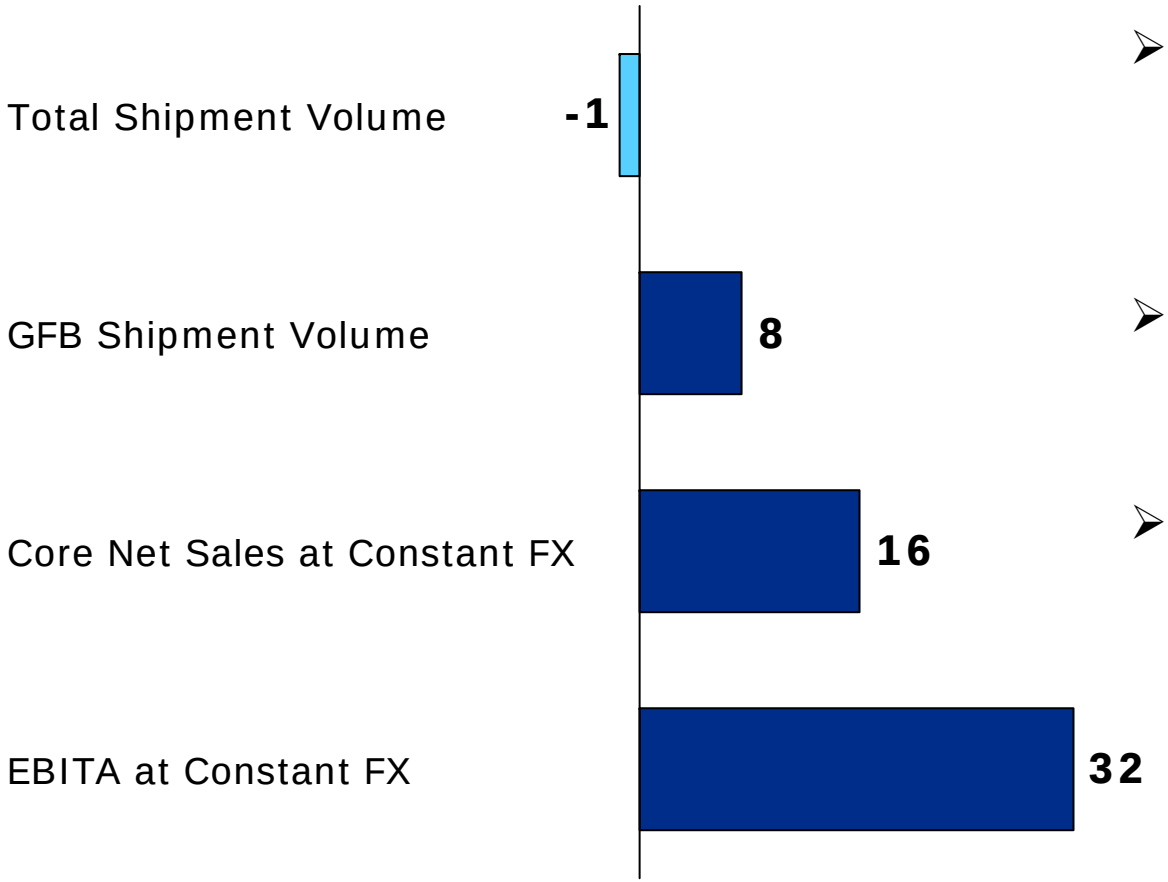
H1 EBITDA Roadmap ($MM)



- クラスター別1-6月期実績 -

CIS+: JTI全体の成長を牽引

Year-over-year growth, 1H 2011 vs. 1H 2010, %



- GFB数量と単価上昇が調整後税抜売上高、EBITAの成長を牽引
- ロシア、ルーマニア、カザフスタンで値上げを実施
- ウクライナ、ベラルーシでは、事業環境が不安定

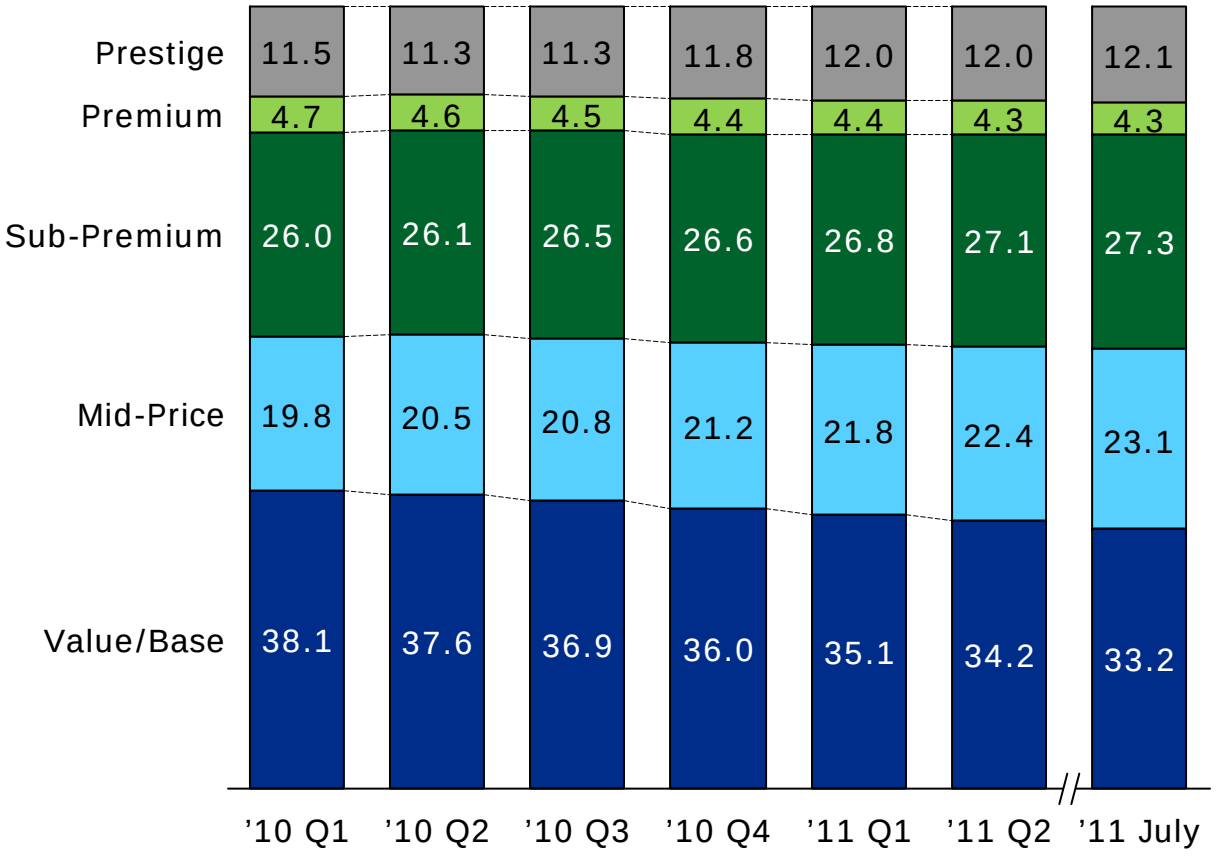
Note: Core Net Sales excludes revenue from distribution, private label, contract manufacturing and other peripheral businesses

ロシア: 総需要減少が緩やかに、アップトレーディングは継続

Total Industry Size (BnU)

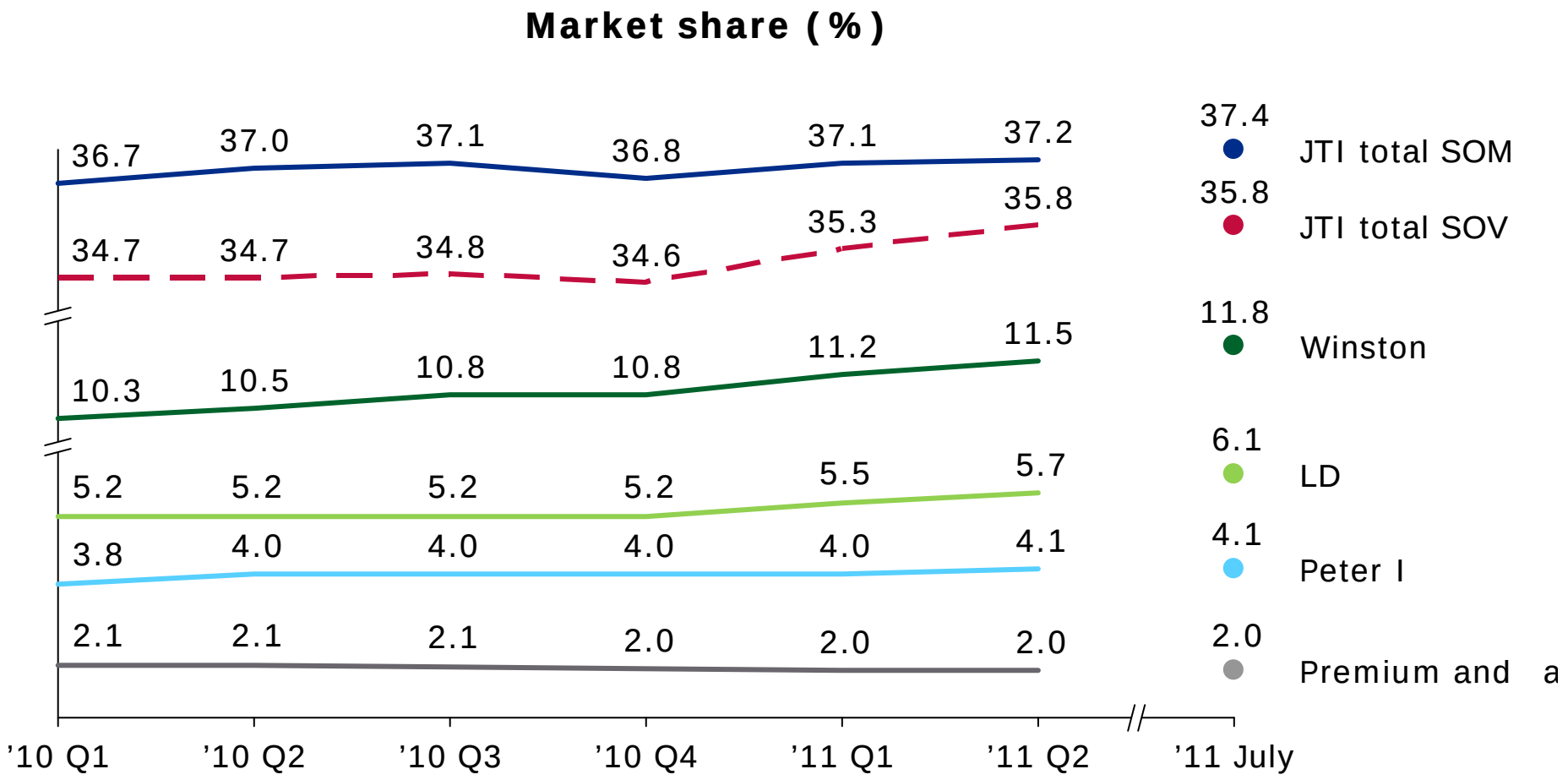


RMC Price Segment Evolution (%)



Source: Industry size, JTI estimates; Price segments, A.C.Nielsen

ロシア: 市場シェア首位の地位を更に強化

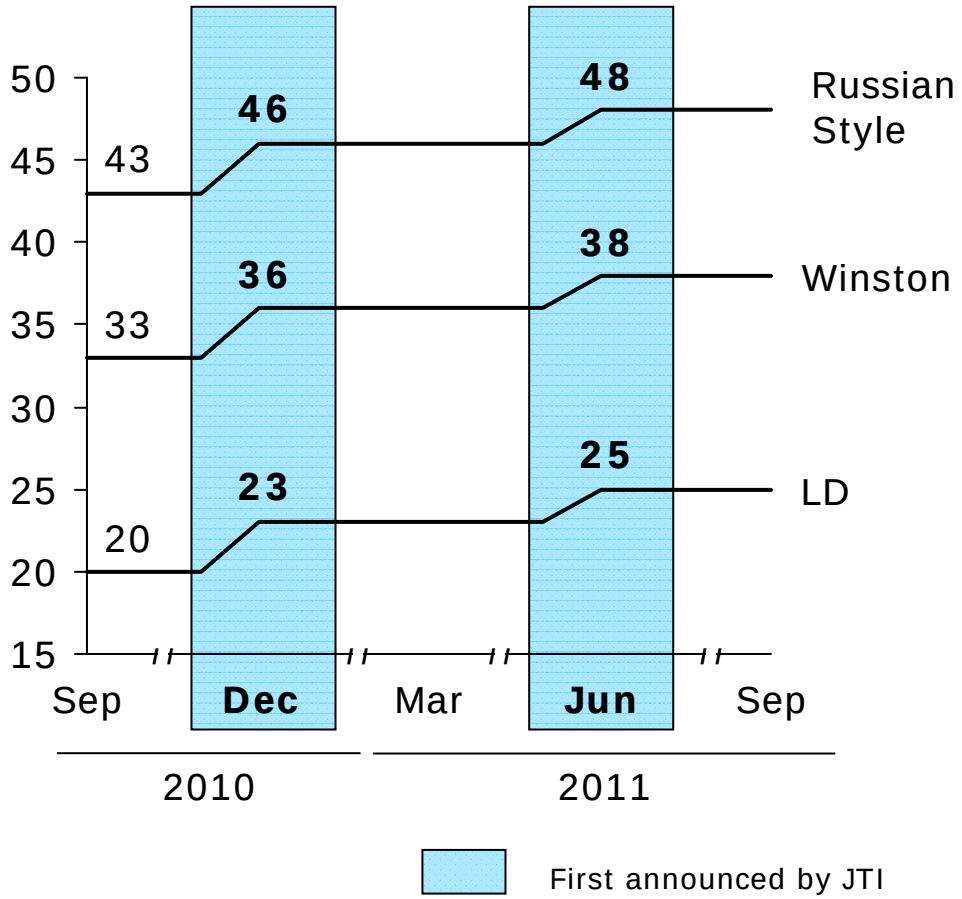


Source: AC Nielsen, July SOM is on a monthly basis

ロシア: 着実に値上げを実施できる市場環境は継続、引き続き合理的な規制環境を期待

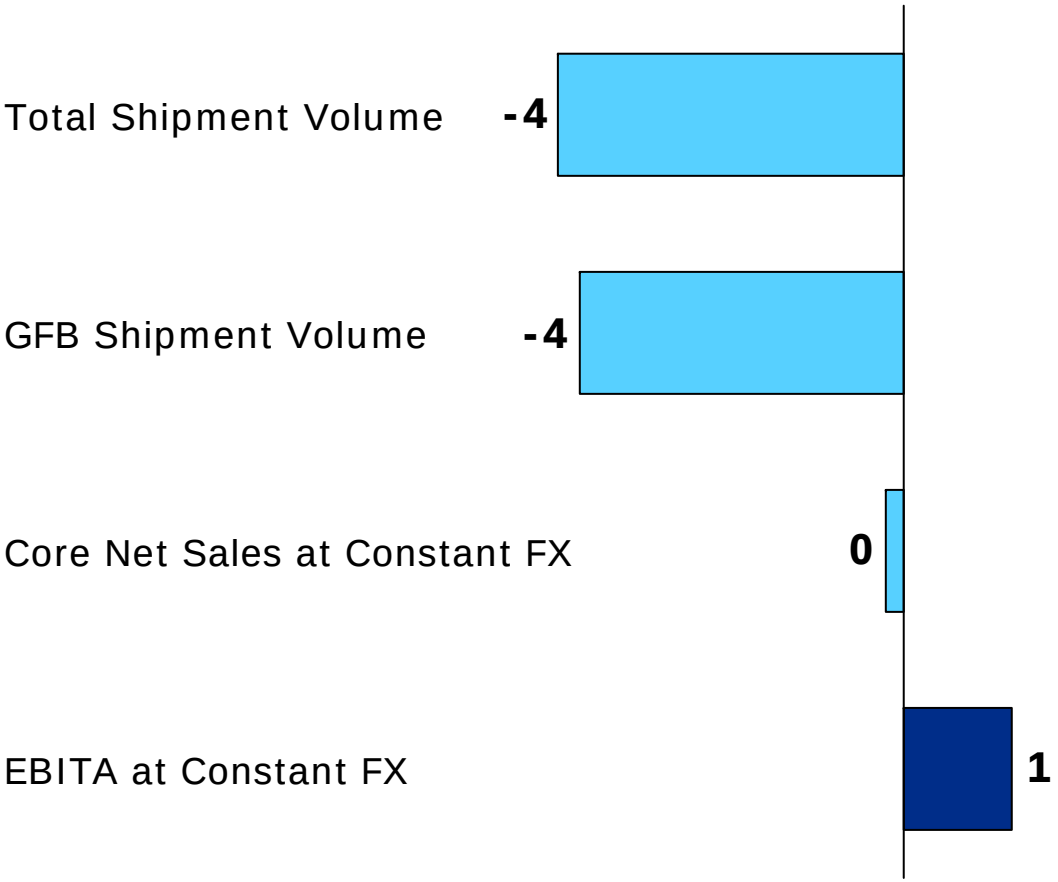
- マーケットリーダーとして継続的に値上げを主導
- 政府が議会に提出した増税法案は、以前に話題になっていた増税案と比較して、バランスのとれた合理的なもの (増税法案設立は11年Q4頃)
- 8月中旬-保健省が喫煙規制の草案を発表。最終的な規制法案が合理的なものになることを要望

Pricing evolution Sep. '10-Sep. '11 (RUB / 20 pack)



South and West Europe:
スペインでの減少にも関わらず堅実なパフォーマンス

Year-over-year growth, 1H 2011 vs. 1H 2010, %

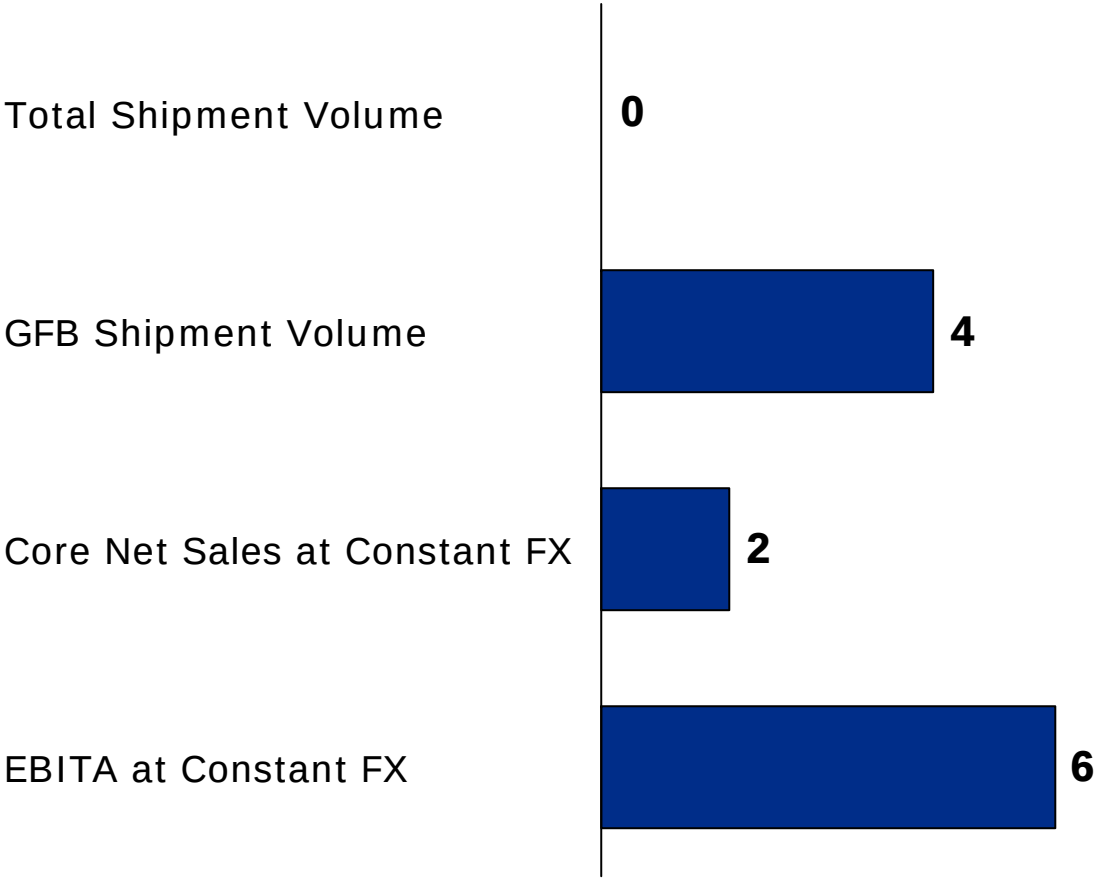


- スペインの総需要減少が販売数量減少に影響
- 総販売数量4%成長
  GFB数量3%成長
  (スペイン除き)
- イタリアとフランスの単価上昇効果及び数量モメンタムがスペインの減少を上回り、EBITA微増

Note: Core Net Sales excludes revenue from distribution, private label, contract manufacturing and other peripheral businesses

North and Central Europe:
市場規模及び収益力が拡大

Year-over-year growth, 1H 2011 vs. 1H 2010, %

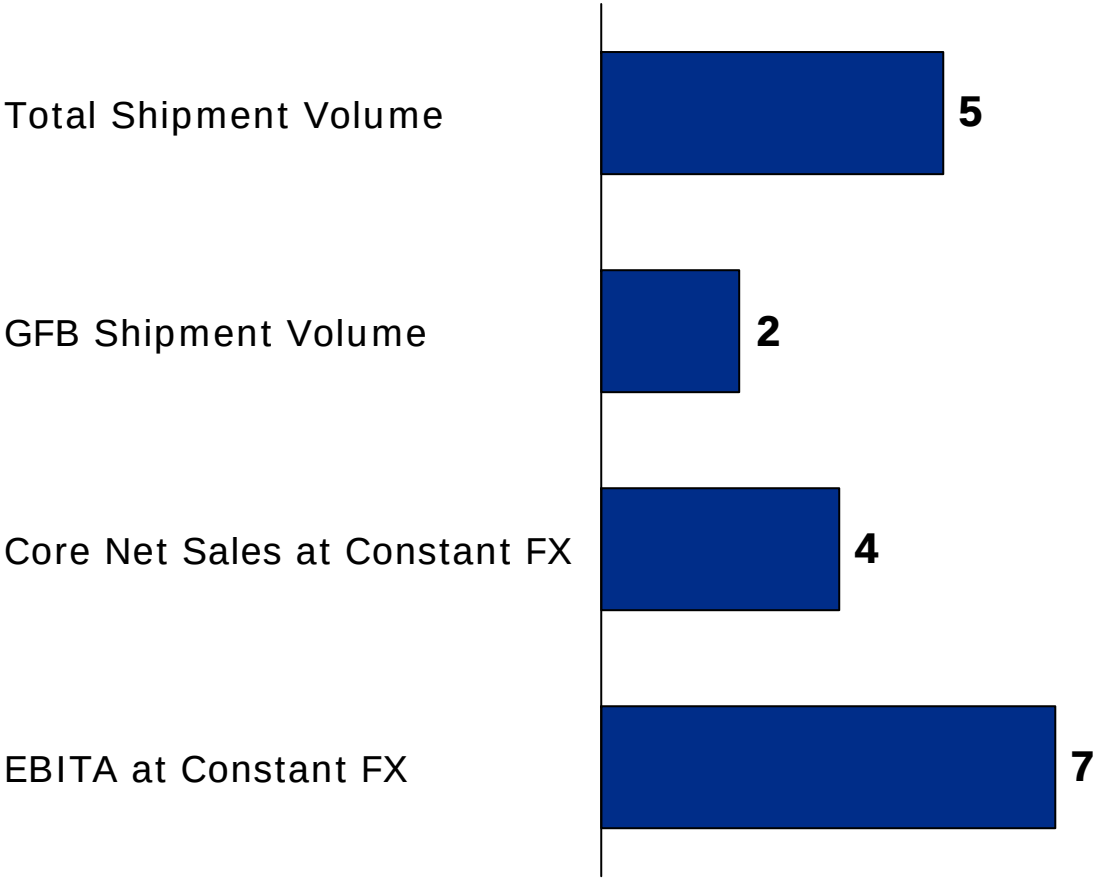


- チェコ、ドイツ、ポーランド、ハンガリーでGFB数量及び収益力が向上
- ポーランド、ドイツ、チェコ、スウェーデンで値上げを実施
- 英国の堅実な数量基盤及び収益力

Note: Core Net Sales excludes revenue from distribution, private label, contract manufacturing and other peripheral businesses

Rest-of-the-World:
将来の持続可能な成長基盤が拡大

Year-over-year growth, 1H 2011 vs. 1H 2010, %



- 中東、中央アフリカが5%もの総販売数量成長を牽引
- 販売数量、単価上昇効果による収益力改善
- 台湾、韓国、カナダで値上げを実施

Note: Core Net Sales excludes revenue from distribution, private label, contract manufacturing and other peripheral businesses

- 通期見通し -

EBITDA目標達成をサポートする堅実な事業ファンダメンタルズ

	Year-over-Year Growth		
	H1 Act	Aug. YTD	Full Year Outlook
Total Shipment Volumes	0.1%	0.0%	0.0%
GFB Shipment Volumes	3.2%	3.7%	2.7%
Core Net Sales(1)(2)	6.2%		7.6%
EBITDA(2)	13.4%		11.2%

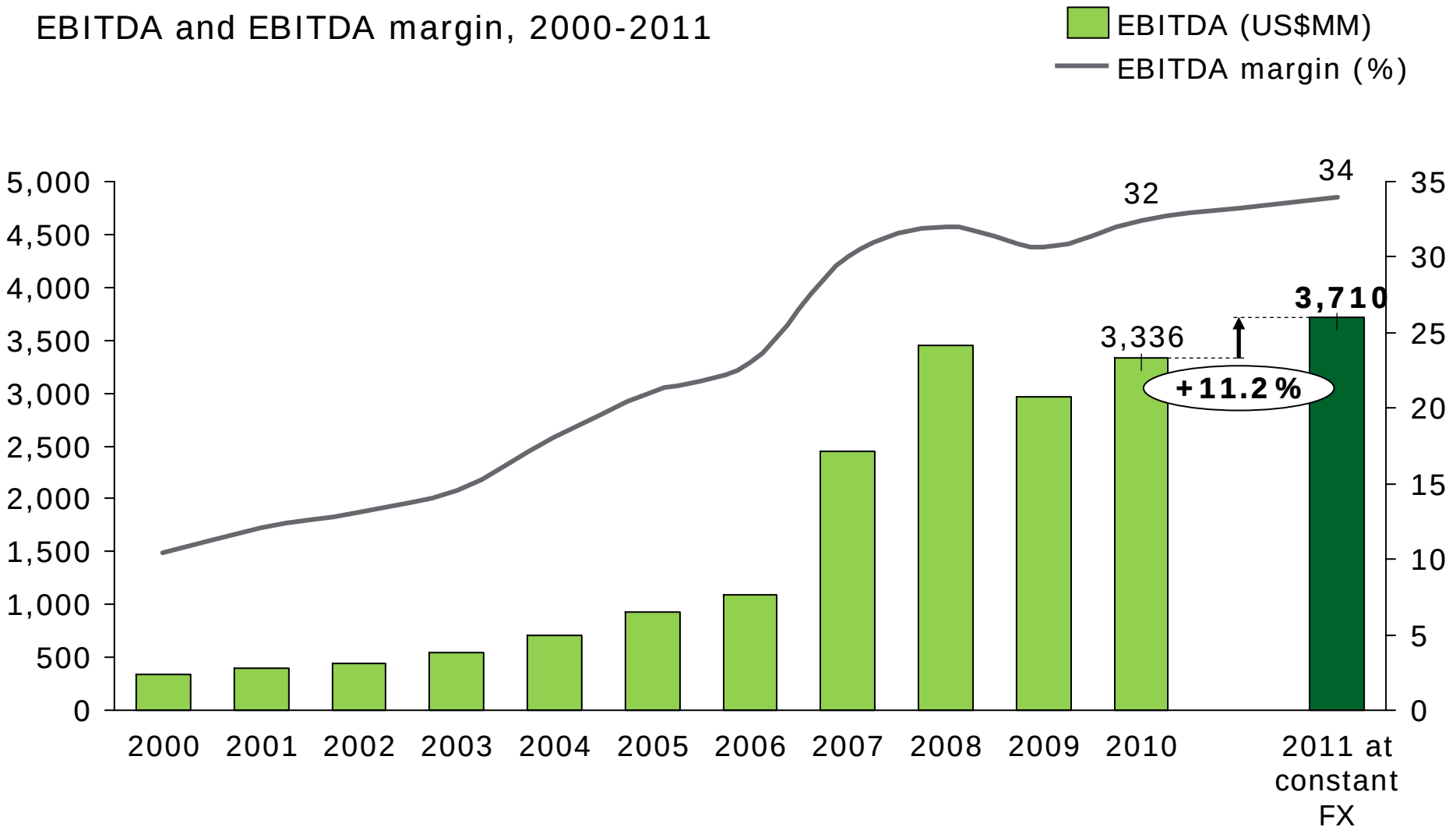
Note: (1) Core Net Sales excludes revenue from distribution, private label, contract manufacturing and other peripheral businesses

(2) At constant rates of exchange

実勢はRUB安傾向も、1-8月期中平均レートはほぼ見込レート通りの動き

	8 month average		Weekly average	Full Year	
	2011 Act	Change vs. 2010	Sept. 12-16	2011 Assumption	Change vs. 2010
RUB	28.57	6%	30.40	28.50	7%
GBP	0.62	5%	0.63	0.61	7%
EUR	0.72	4%	0.73	0.70	7%
CHF	0.89	21%	0.88	0.90	17%
TWD	29.11	10%	29.54	28.70	11%

力強い業績を継続



Note: Excludes impact of HCTF acquisition

Haggar Cigarette & Tobacco Factory Ltd (HCTF)
買収による収益基盤強化

このスライドは投資家に業績を説明する目的で作成されたものです。消費者へのたばこの販売もしくは喫煙を促す目的ではありません。

- スーダン共和国及び南スーダン共和国においてマーケットリーダーへ
- アフリカにおける地域ポートフォリオ及び収益力を強化
- クロージングは2011年11月を予定 (見込には織り込まれていない)

たばこ市場
- 市場規模: 約55億本
- 市場成長率:年平均8%(2003-2010年)

HCTFについて
- 2010年販売数量: 45億本
- 市場シェア: 82%(Bringi:69%)
- 工場数: 2工場
- 従業員数: 925人(7月時点)

買収条件
- 買収金額:約450百万USドル
- EBITDA倍率:9.9倍



Source: Company estimate

- まとめ -

1-6月期は見込達成に向け力強い業績

- 成長戦略の優先事項実行に引き続き注力
  - 質の高いトップライン成長
  - 収益基盤の拡充

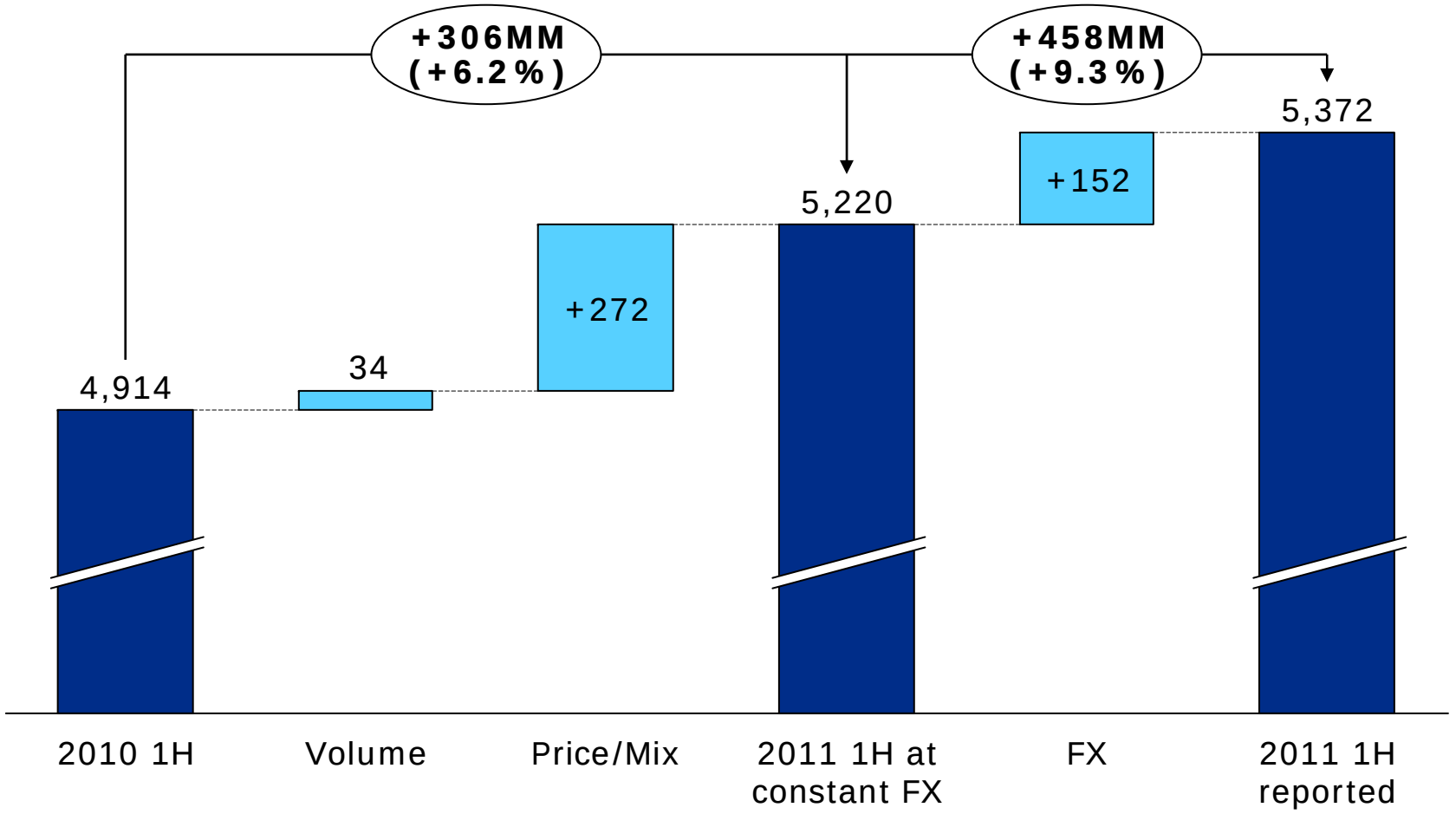
- 上期の力強いパフォーマンス：
  - 着実な値上げ
  - GFB3.2%成長
  - ほぼ全ての主要市場におけるシェア伸長
  - 強固な為替中立ベースEBITDA13.4%、財務報告ベースEBITDA14.7%成長

- 為替中立ベースEBITDA11.2%成長の実現に向け順調な推移

- Appendix -

Core Net Sales: 1H

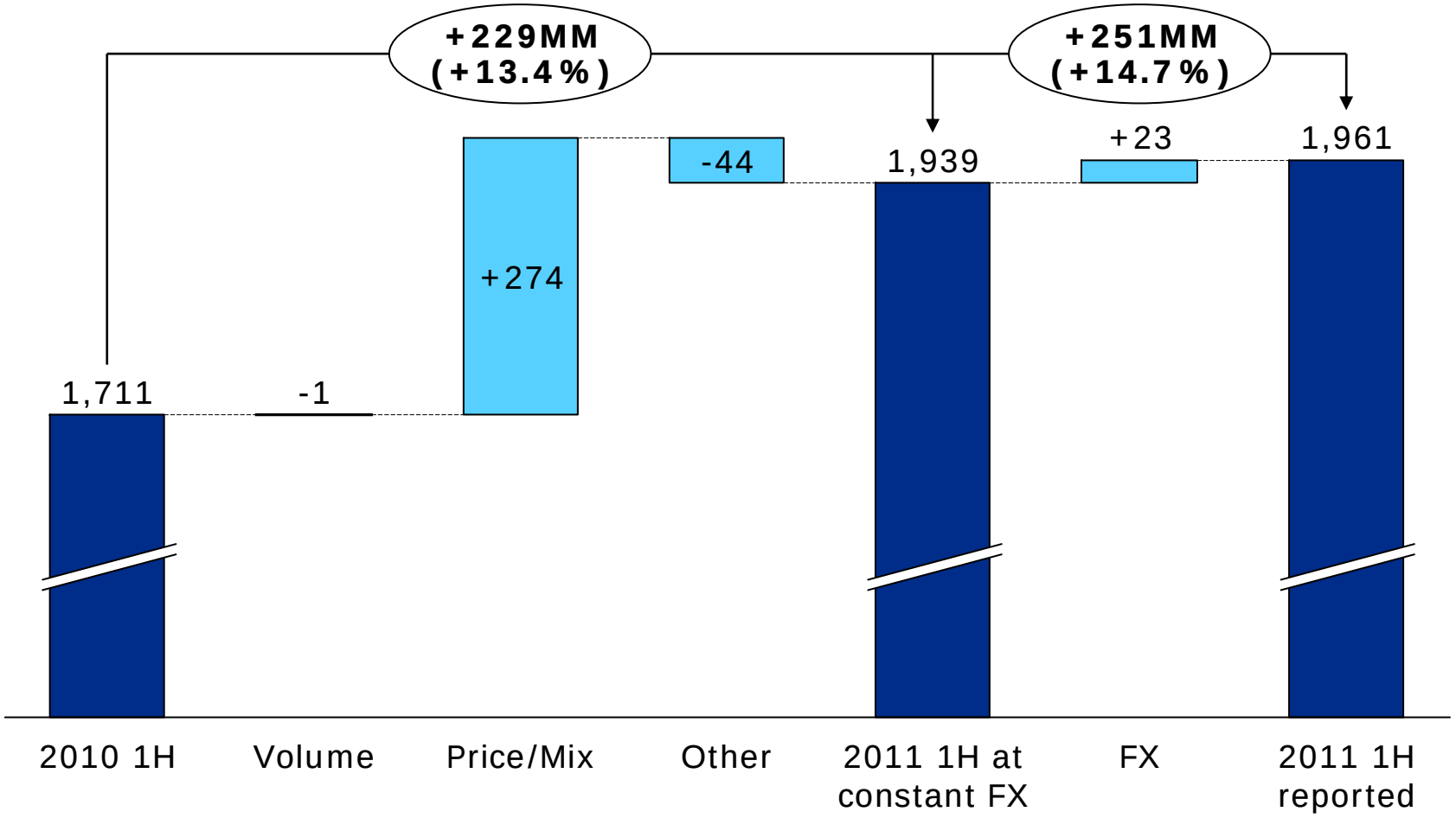
2011 1H core net sales vs. 2010 ($MM)



Note: Core Net Sales excludes revenue from distribution, private label, contract manufacturing and other peripheral businesses

EBITDA: 1H

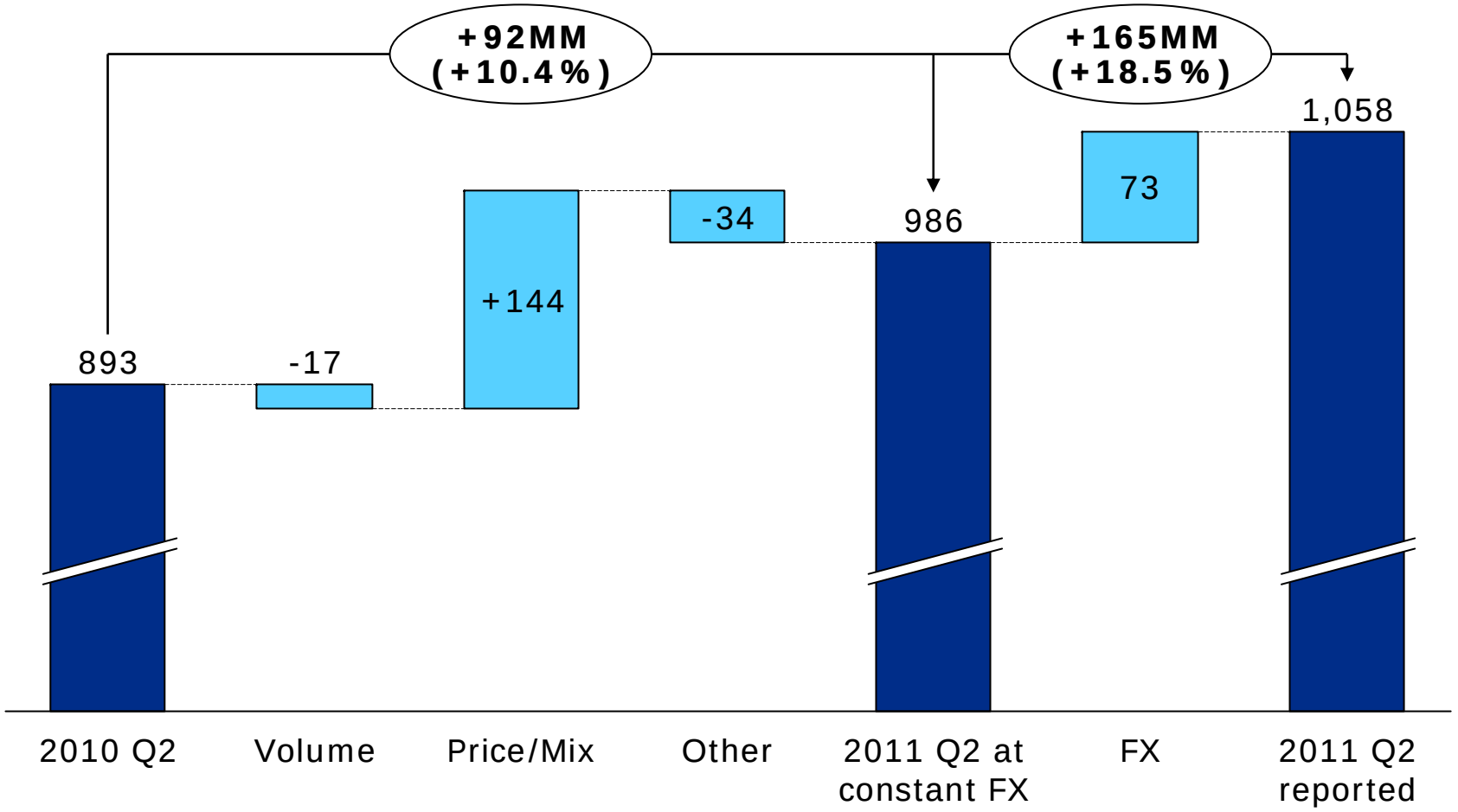
2011 1H EBITDA vs. 2010 ($MM)



Note: Core Net Sales excludes revenue from distribution, private label, contract manufacturing and other peripheral businesses

EBITDA: Q2

2011 Q2 EBITDA vs. 2010 ($MM)



Note: Core Net Sales excludes revenue from distribution, private label, contract manufacturing and other peripheral businesses

≪資料3≫

JT International

Investor Field Trip

Western Europe Region

Luxembourg / Trier

September 19-20, 2011

quality commitment innovation synergy

Forward-Looking and Cautionary Statements

This presentation contains forward-looking statements about our industry, business, plans and objectives, financial conditions and results of operations based on current expectations, assumptions, estimates and projections. These statements discuss future expectations, identify strategies, discuss market trends, contain projections of operational results and financial condition and state other forward-looking information.

These forward-looking statements are subject to various known and unknown risks, uncertainties and other factors that could cause our actual results to differ from those suggested by any forward-looking statement. We assume no duty or obligation to update any forward-looking statement or to advise of any change in the assumptions and factors on which they are based. Risks, uncertainties or other factors that could cause actual results to differ materially from those expressed in any forward-looking statement include, without limitation:

1) health concerns relating to the use of tobacco products;
2) legal or regulatory developments and changes; including, without limitation, tax increases and restrictions on the sale, marketing and usage of tobacco products, governmental investigations and privately imposed smoking restrictions;
3) litigation in Japan and elsewhere;
4) our ability to further diversify our business beyond the tobacco industry;
5) our ability to successfully expand internationally and make investments outside of Japan;
6) competition and changing consumer preferences;
7) the impact of any acquisitions or similar transactions;
8) local and global economic conditions; and
9) fluctuations in foreign exchange rates and the costs of raw materials.

This presentation contains packages of our brands in some slides. Those slides have been developed to explain JTI's performance to our investors. And they are not intended to promote the purchase of our products.

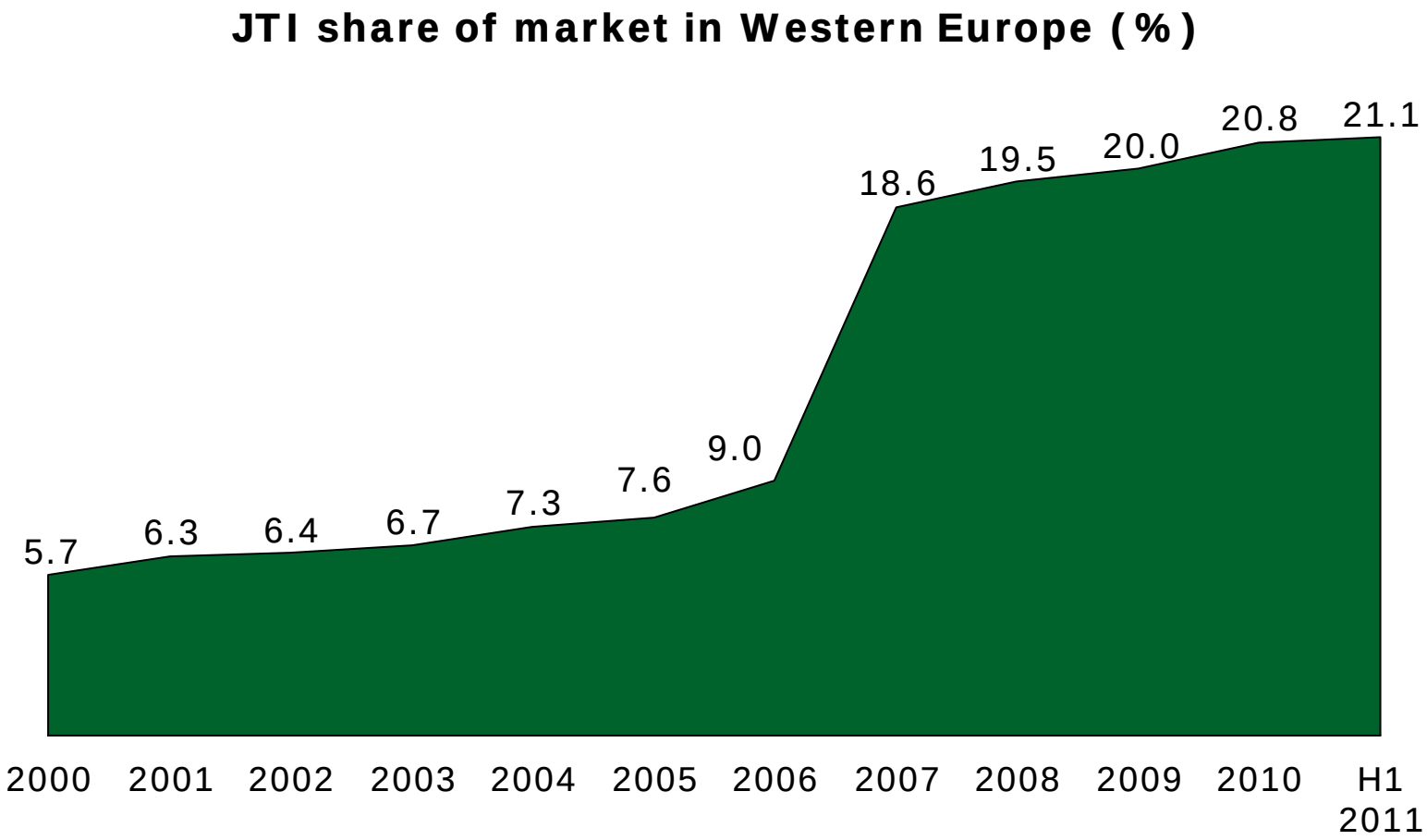
Eddy Pirard

Western Europe Region
Regional President

Agenda

- Introduction
- Environment Overview
- WE Strategies & Performance
- Overview of Key Markets
- Concluding Remarks

11 years of uninterrupted SOM growth in Western Europe

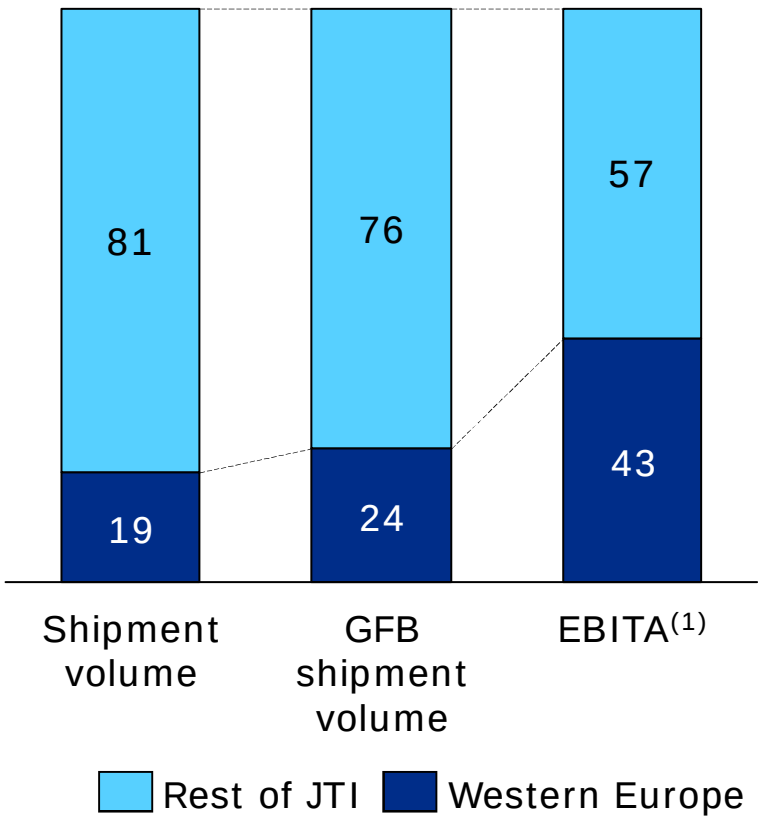


Source: Logista, AC Nielsen, Wholesaler / Trade data, JTI estimates

- Introduction -

Western Europe is the largest profit contributor in JTI, with the highest margins

Contribution by Region, 2010 (%)



- Typical mature market profile, with high margins
- 3rd largest region in terms of volume for JTI
- Role of the region is to deliver profitability while strengthening our positions in the markets

Note: (1) Central costs excluded from EBITA

Source: Altadis, Logista, AC Nielsen, GFK, Siebel analytics, Omnimas, Trade data, JTI estimates

Western Europe covers a $10.3bn profit pool

Region

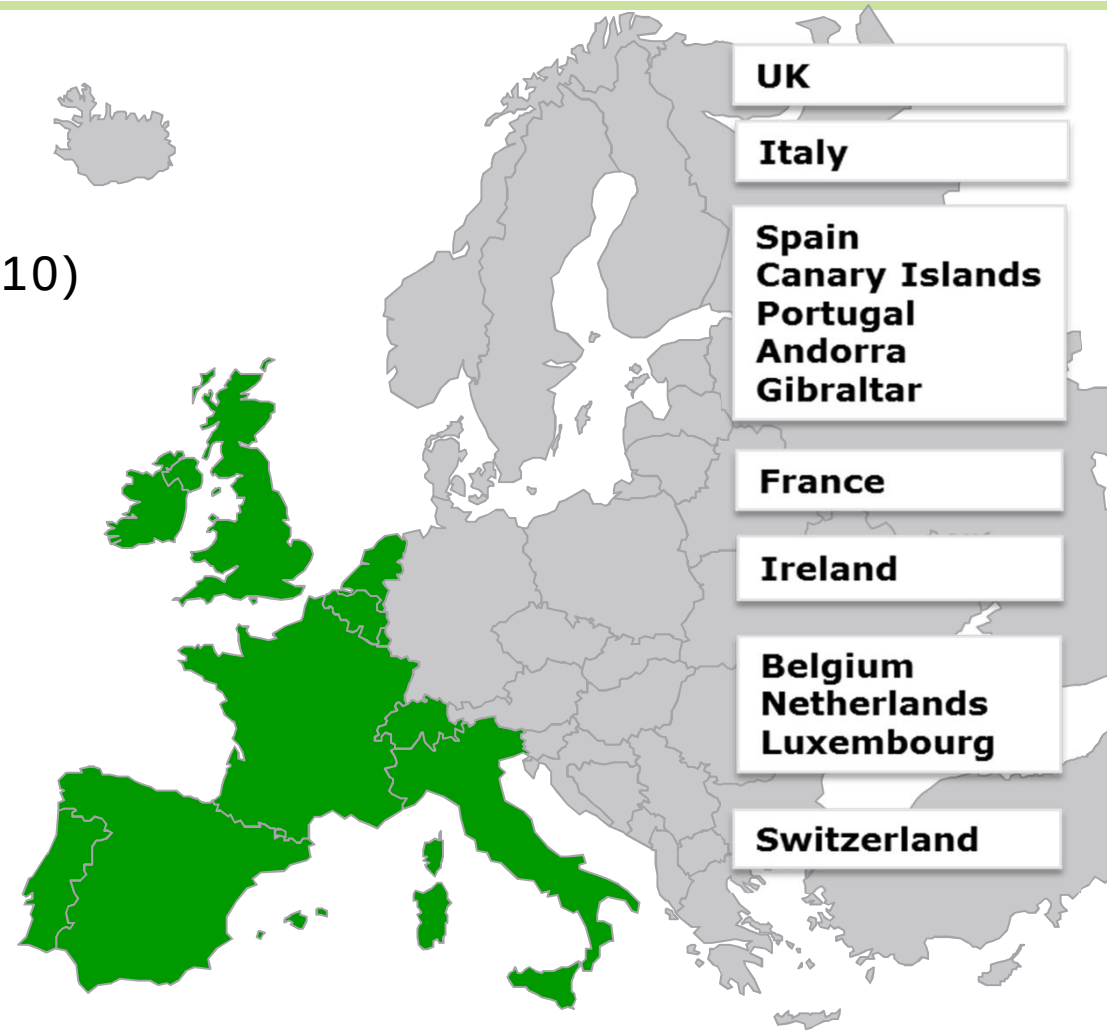
- 13 markets
- 286 million population (2010)

Tobacco

- RMC 323.4 BnU
- OTP 62.0 BnU
- Profit pool $10.3bn

JTI

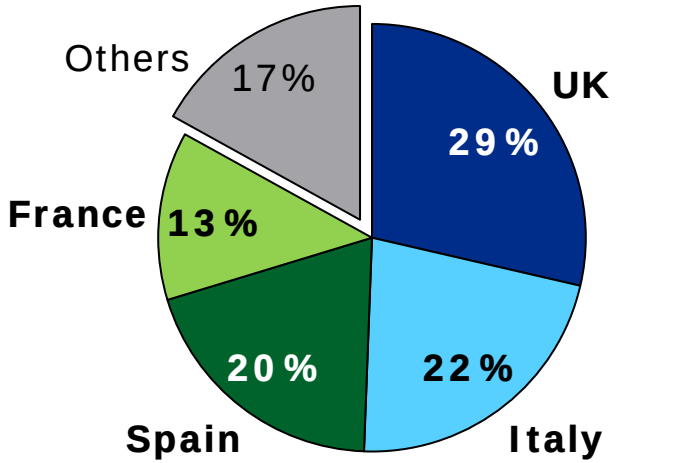
- 1,900 employees in 7 business units



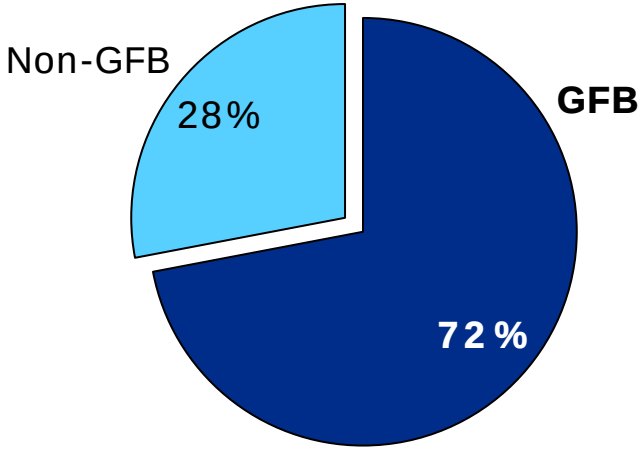
Source: Eurostat, Canaries National Statistics Institute, Altadis , AC Nielsen, GFK, Logista, Omnimas, Siebel analytics, Trade and Industry data, JTI estimates

The region is highly concentrated, with 4 markets contributing more than 80% of total volume

Volume by Market, 2010 (%)



Share of GFB, 2010 (%)



- Industry volumes contracting in most markets
- Strong proportion of GFB, in particular Camel, Winston, B&H and Silk Cut
- Our focus is on gaining share of market while enhancing profitability

- Environment Overview -

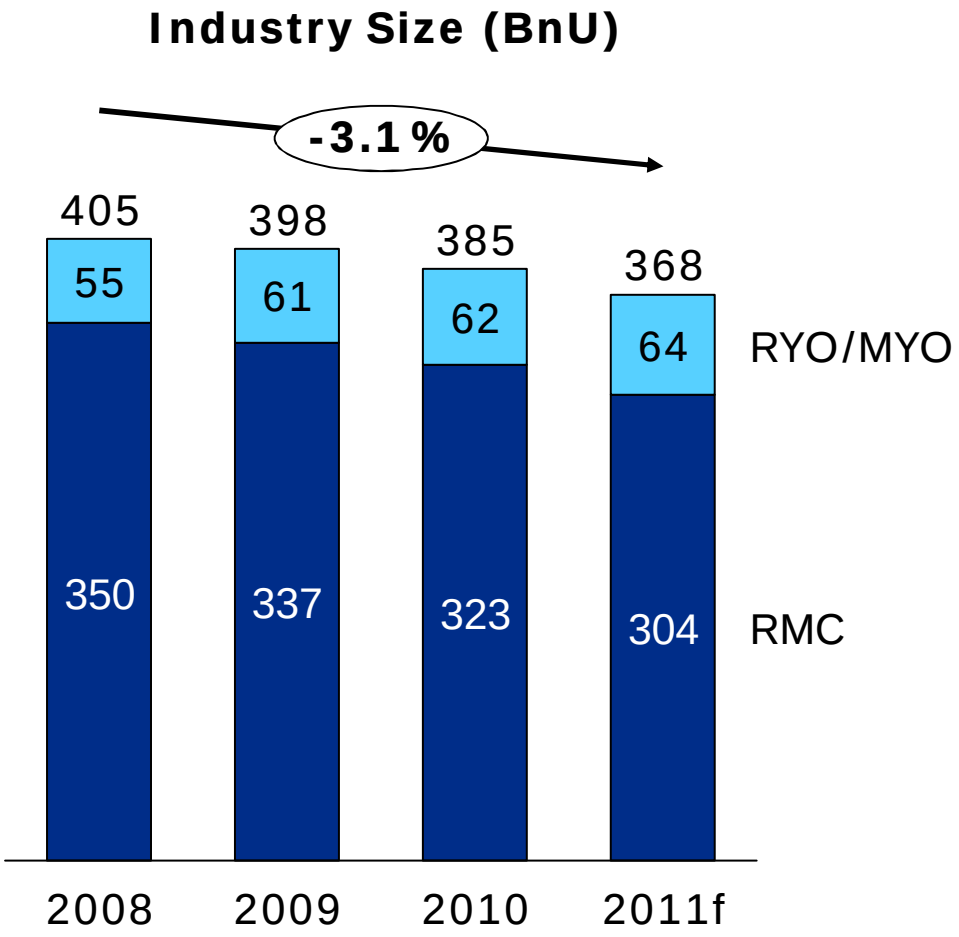
Despite signs of improvement in the first half of the year, macro-economic environment remains very fragile

- High unemployment, pressure on disposable income and low consumer confidence impact total tobacco industry volumes.
- Spain, Portugal and Ireland have been particularly hard hit by the crisis.
- The economic outlook for the region is increasingly uncertain due to the current concerns about euro zone sovereign debt



Source: Factiva

Industry size continues to be under pressure

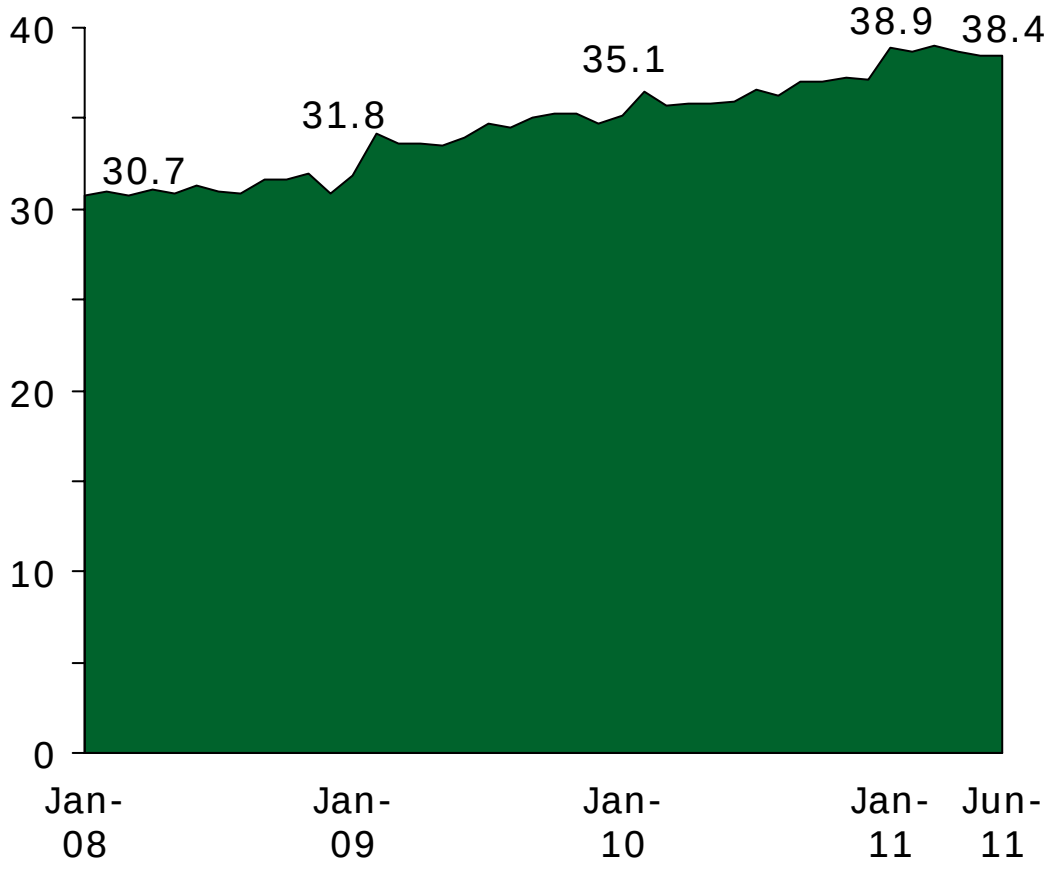


- Pressure on industry size, amplified by economic challenges, tax-led price hikes and tighter regulatory environment
- Spain is expected to be down a further 16% this year – a 3rd year of double digit decline
- Declines in smoking incidence and consumption exacerbated by growth in illicit trade

Source: Altadis, AC Nielsen, Omnimas, Logista, GFK, Siebel analytics, Wholesaler, Trade and Industry data, JTI estimates

Downtrading continues in the RMC category

Share of Value/Super Value[(1)] segments (%)

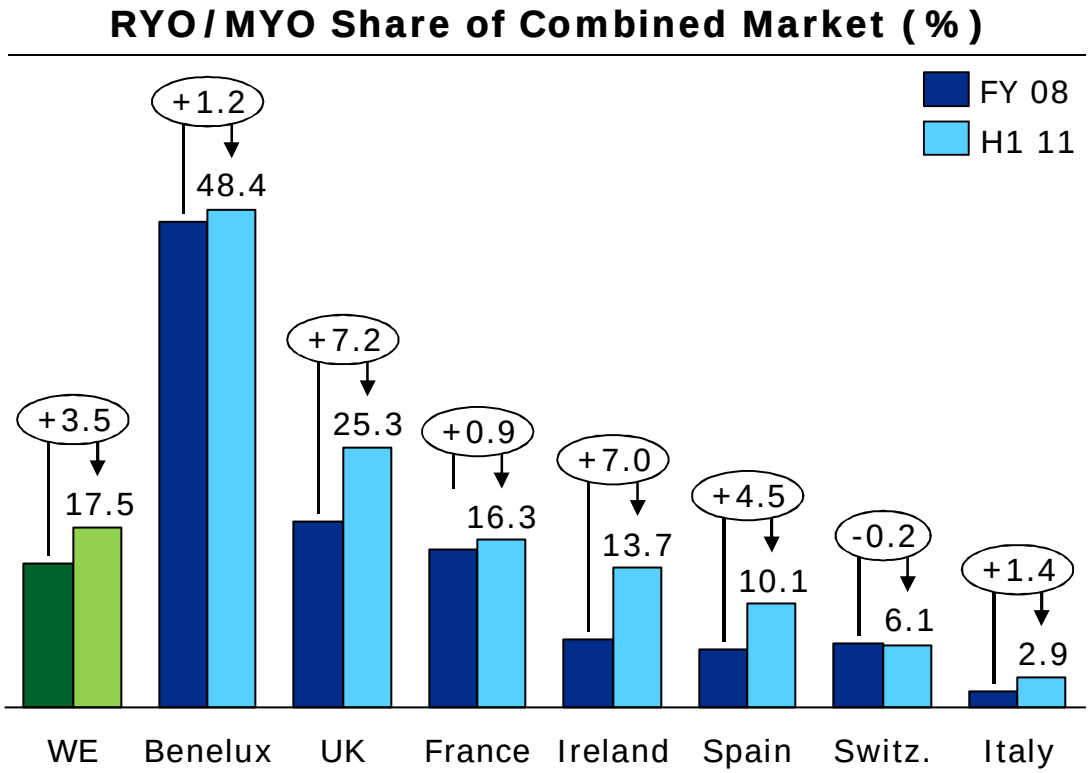


- Value/Super Value segments are the only ones growing since 2008
- Lower price segments currently represent approx. 38% of the total volume, up from ~30% in 2008

Note: (1) Value/Super Value includes Popular in Italy and Sub-Premium in Switzerland

Source: ACNielsen, Altadis, Logista, Cimabel, Wholesaler and Trade data, JTI estimates

Changing consumer trends are driving RYO/MYO growth momentum in most markets

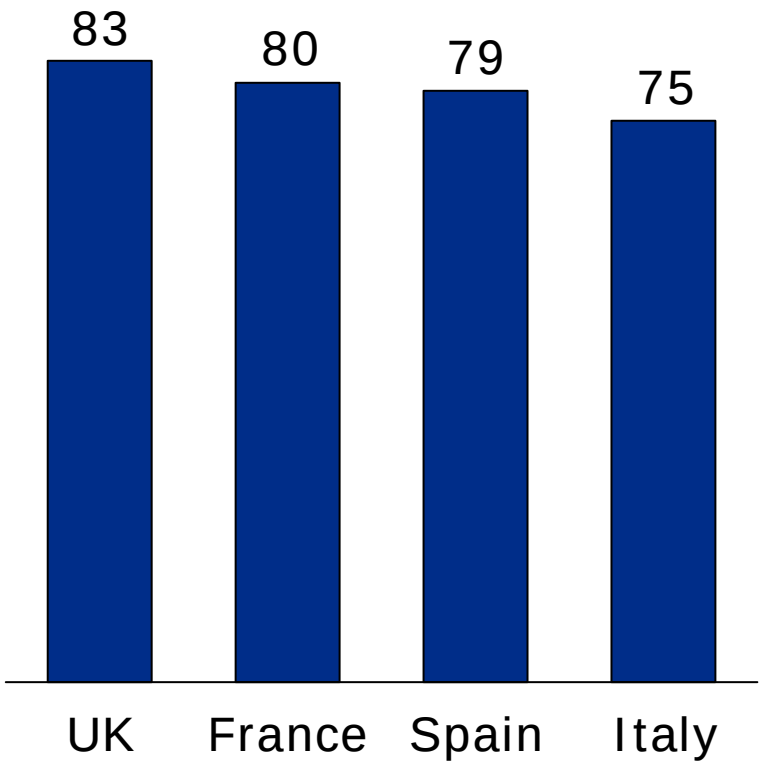


- RYO/MYO category continues to grow across the Region. Category growth is driven by:
  - Significant price advantage vs. ready-made cigarettes due to lower tax incidence
  - Increased number of credible offers (Camel, Winston)
- Growing social acceptance of RYO and increasing dual usage with RMC

Source: AC Nielsen, Altadis, Logista, Cimabel, Wholesaler and Trade data, JTI estimates

Western Europe has some of the highest tobacco tax incidences in the world

Total Tax Incidence(1) (%)

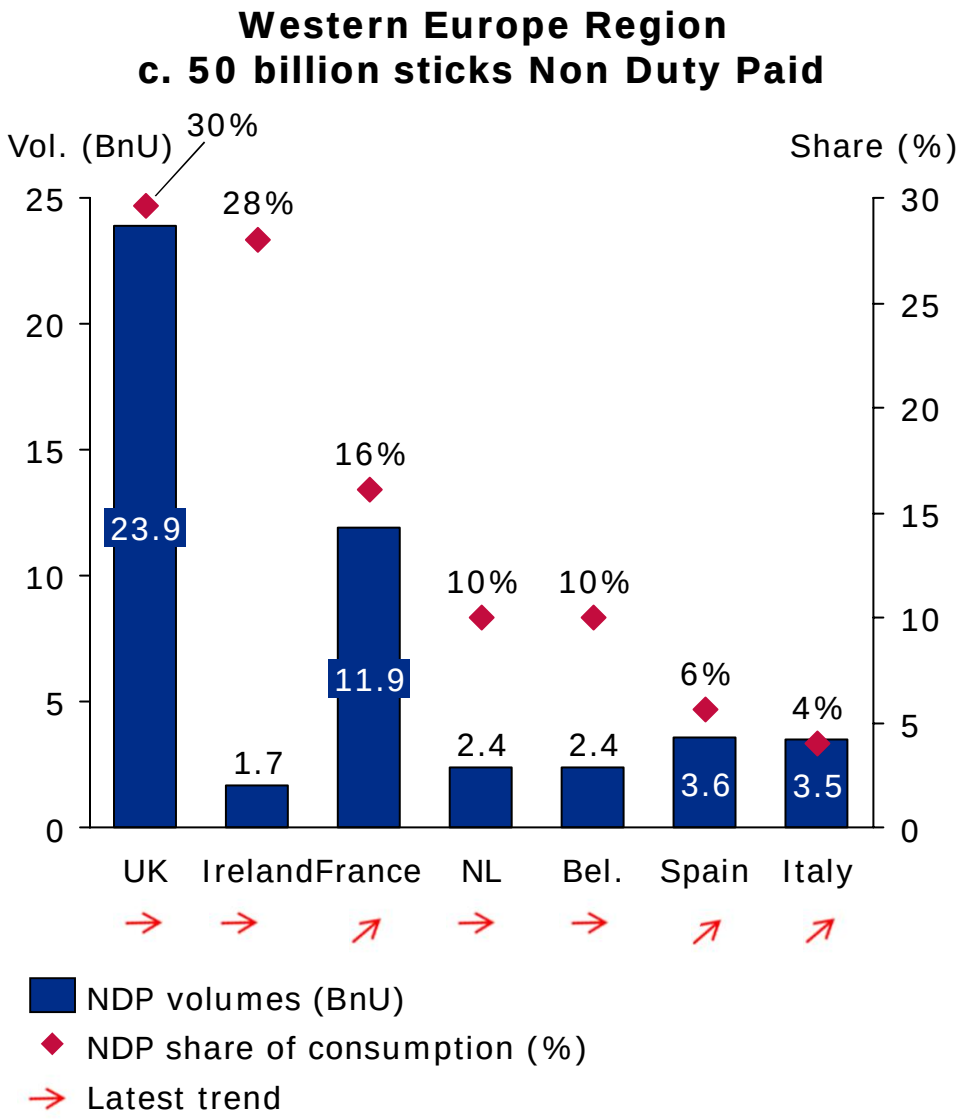


- We are supportive of the EU Excise Directive
- As a general principle, we pass on tax increases to consumers, in line with government expectations
- We oppose excessive tax hikes that can lead to an increase in the illicit trade

Note: (1) Tax incidence based on Weighted Average Price (WAP), including VAT.

Source: JTI estimates

Illicit trade is a growing concern, combatted by all stakeholders



The Scale

- 330bn illicit cigarettes smoked worldwide, equivalent to a 10.4% global market share
- Governments losing approx. US$40bn p.a.

Initiatives to Combat Illicit Trade

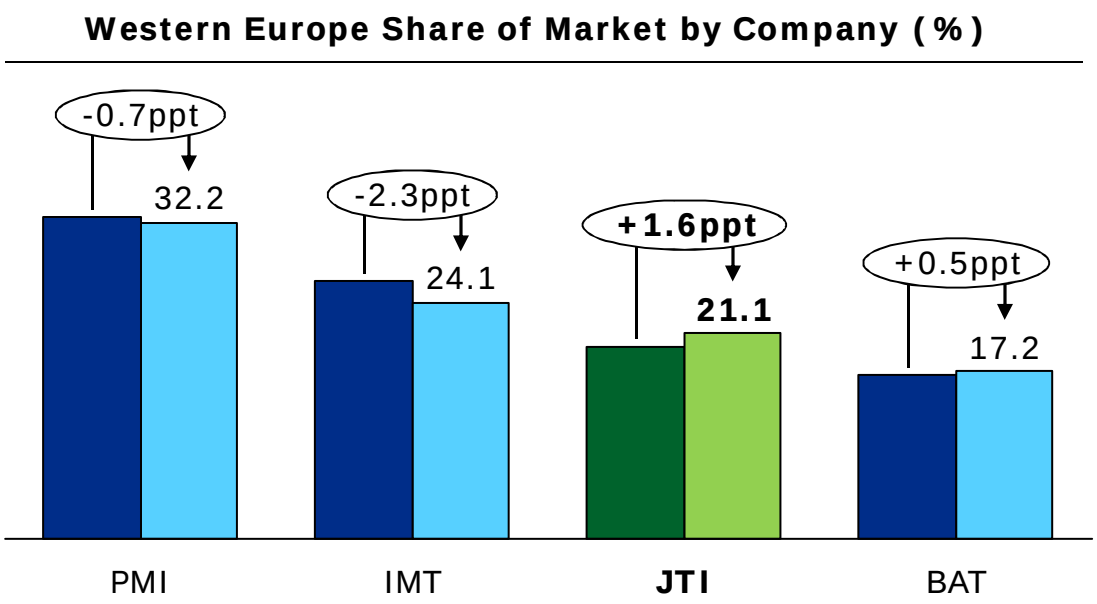
- Agreement with EU
- Communication campaigns
- Advocacy on penalties, sentencing
- Industry measurement

Source: Euromonitor July 2010, JTI estimates

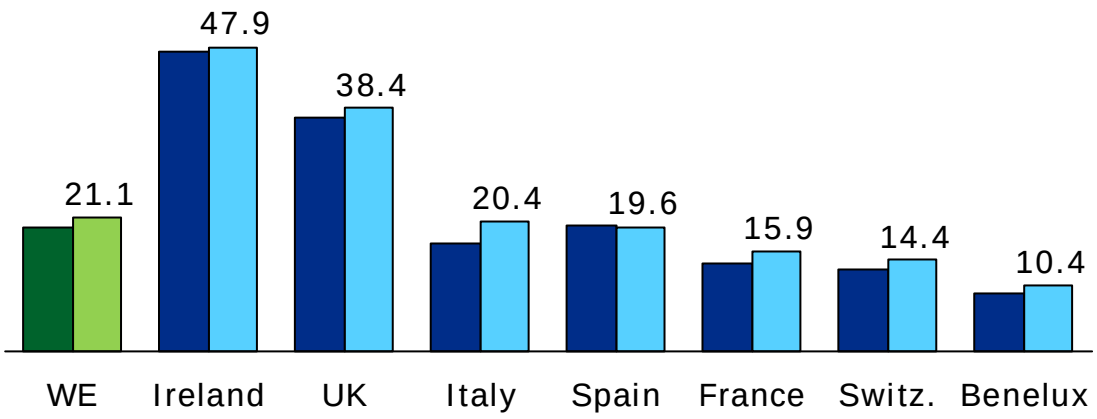
- WE Strategies & Performance -

JTI is the fastest-growing manufacturer in Western Europe, growing in most markets

Western Europe Share of Market by Company (%)



JTI Share of Market in key WE markets (%)



- Strong #3 player
- Narrowing the gap to the regional #2
- JTI continues to grow in most markets, despite challenging economic and competitive environment

Source: ACNielsen, Altadis, Logista, Cimabel, Wholesaler and Trade data, JTI estimates

JTI owns 2 of the top 3 RMC brands in Western Europe, and their share of market is growing

THIS SLIDE HAS BEEN DEVELOPED TO EXPLAIN JTI'S PERFORMANCE TO OUR INVESTORS.
IT IS NOT INTENDED TO PROMOTE THE PURCHASE OF OUR PRODUCTS.

Top 10 RMC Brands ranking in the Region

Rank	Brand	Company	FY08	H1 11	
1	Marlboro	PMI	19.7%	19.1%	-
2	**Winston**	**JTI**	**5.5%**	**6.6%**	+
3	**Camel**	**JTI**	**6.2%**	**6.4%**	+
4	Pall Mall	BAT	3.4%	4.5%	+
5	Chesterfield	PMI	4.5%	3.7%	-
6	L&M	PMI	2.6%	3.2%	+
7	Fortuna	IMT	4.2%	3.3%	-
8	Philip Morris	PMI	2.5%	3.1%	+
9	**B&H**	**JTI**	**3.0%**	**2.9%**	-
10	JPS	IMT	2.2%	2.9%	+



- **Winston**: leading the growth with 2008-2010 volume CAGR of 6.9%



- **Camel**: Strong #3 and well placed in sub-premium sector



- **B&H**: Strong positions in UK, Ireland, Italy, France and Spain

Source: AC Nielsen, Altadis, Logista, Cimabel, Wholesaler and Trade data, JTI estimates

Western Europe's role is to protect profitability while growing our positions in the markets

JTI Mission

Group Profit Growth Engine

WE Vision	WE Mission
#2 Tobacco Company	Sustainable & predictable volume and profit contribution

Key Strategic Priorities

- Enhance brand portfolio across markets to address all consumer needs
- Achieve excellence in execution at point of sale
- Strong engagement on taxation and regulation, with focus on credibility and responsibility
- Recruit, retain and develop our people as a foundation of our success

Enhance brand portfolio across markets to address all consumer needs

THIS SLIDE HAS BEEN DEVELOPED TO EXPLAIN JTI'S PERFORMANCE TO OUR INVESTORS.
IT IS NOT INTENDED TO PROMOTE THE PURCHASE OF OUR PRODUCTS.

GFB Packaging Rejuvenation and Line Extensions



Innovation in RMC and OTP



- Over 45 000 consumer interviews providing:
  - Clear understanding of current needs and wants
  - Insight into potential future opportunities
- Focused investment behind continuing to build brand equity
- Strengthening and enriching brand portfolio, both RMC and OTP
- Innovation as a key driver of consumer franchise retention and recruitment

Achieve excellence in execution at point of sale

THIS SLIDE HAS BEEN DEVELOPED TO EXPLAIN JTI'S PERFORMANCE TO OUR INVESTORS.
IT IS NOT INTENDED TO PROMOTE THE PURCHASE OF OUR PRODUCTS.



Brand visibility / Merchandising

ASDA
TOTAL
coop
Sainsbury's
bp
Naville
SPAR
TESCO

Long term Trade Partnerships

Trade Marketing Excellence



Effective Field Force Management



Consumer Engagement at POS

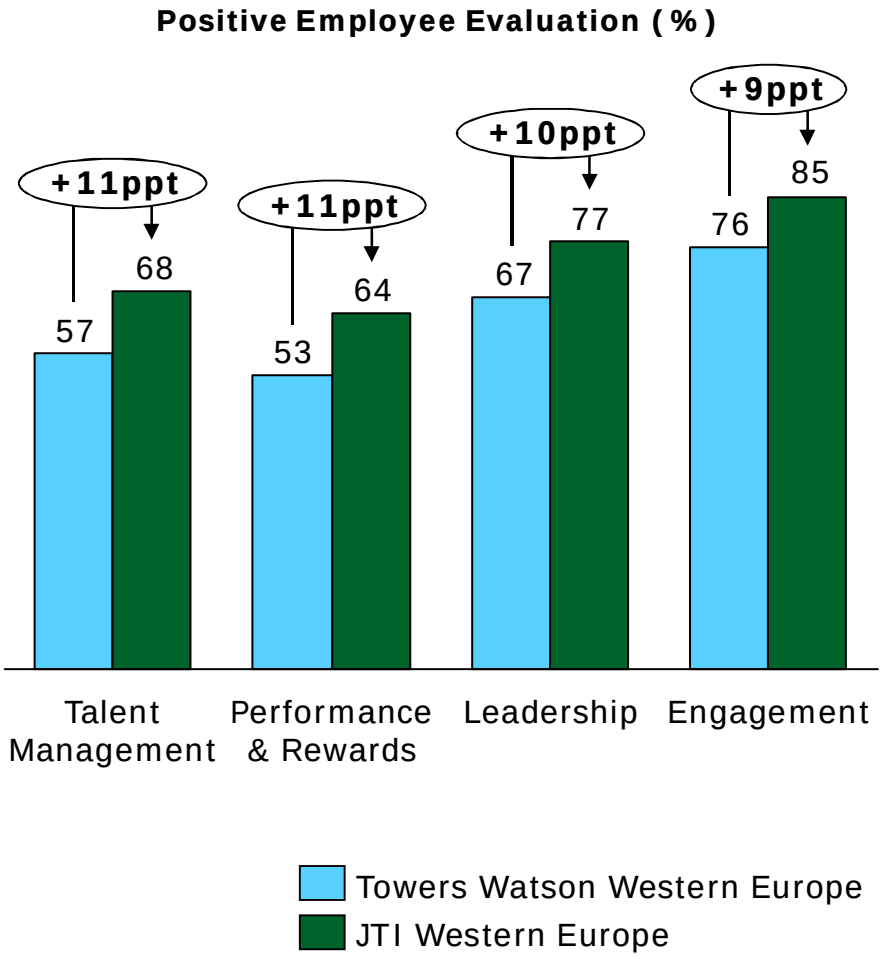
Strong engagement on taxation and regulation, with focus on credibility and responsibility

- Constructively engage
- Point of reference for governments, regulators and trade
- Seeking balanced and proportionate regulation
- Solution oriented
- Evidence based
- Enable business sustainability and growth
  - Protect brand equity
  - Competitive environment
  - Consumer communication



Recruit, retain and develop our people as a foundation of our success

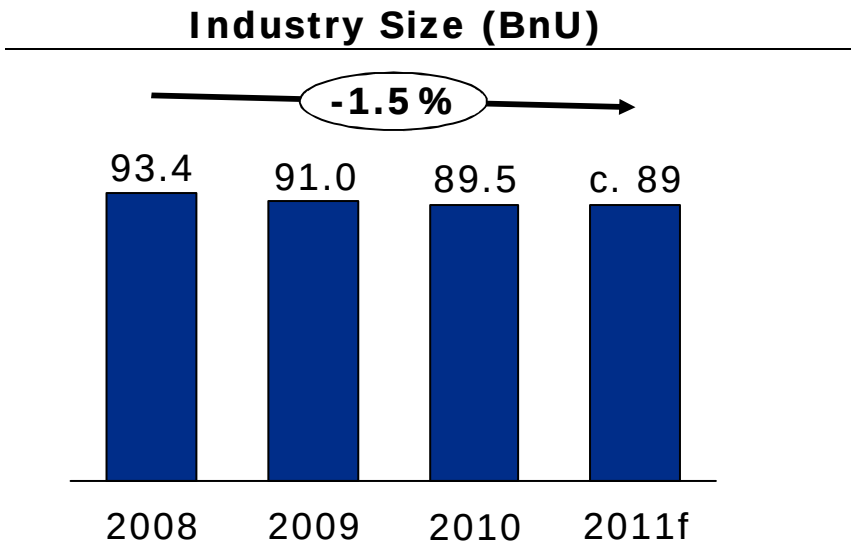
- **Employee Engagement Survey**
  - Over 90% participation
  - Outperformed Towers Watson's norm for Global FMCG companies on all 9 categories
  - Significantly higher vs. benchmark on:
    - Talent Management
    - Performance & Rewards
    - Leadership
    - Engagement
- Feeding future global management bench strength

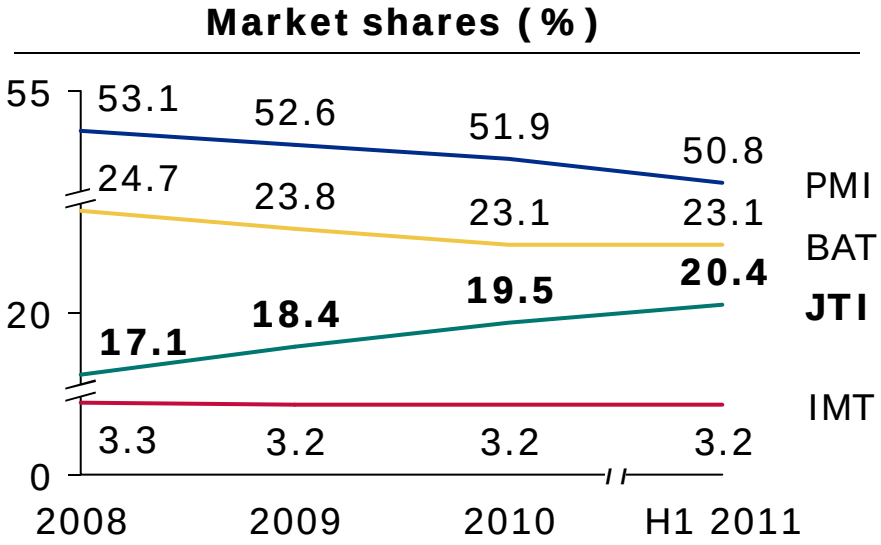


- Overview of Key Markets -

- Overview of Italian market -

Italy: Remarkable growth story



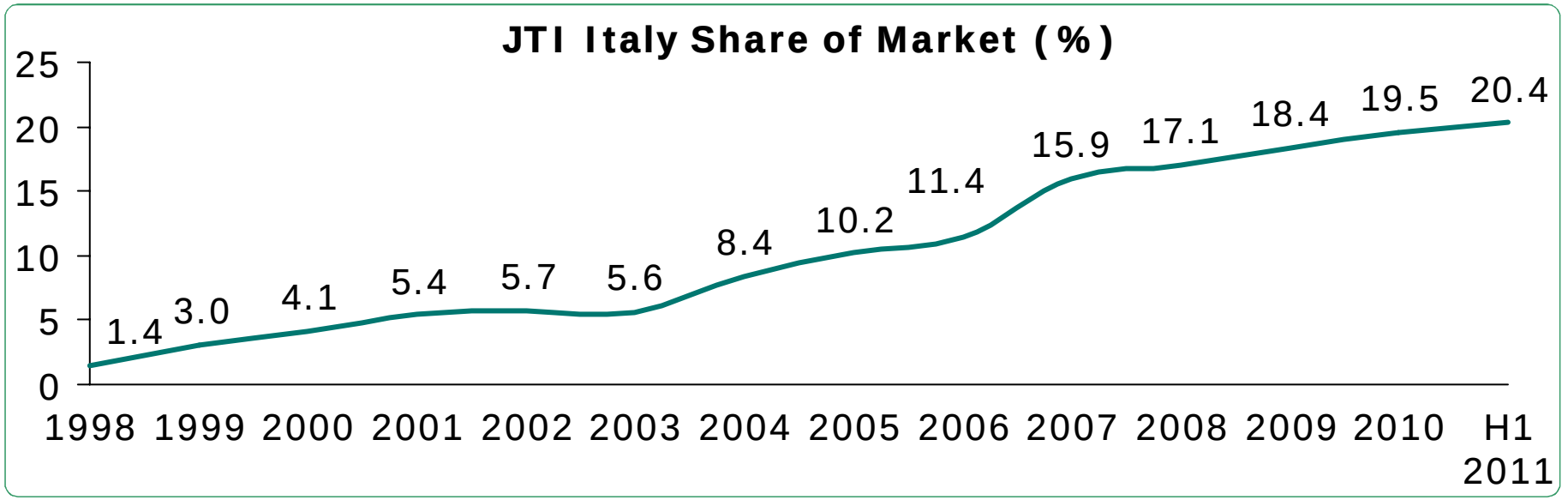


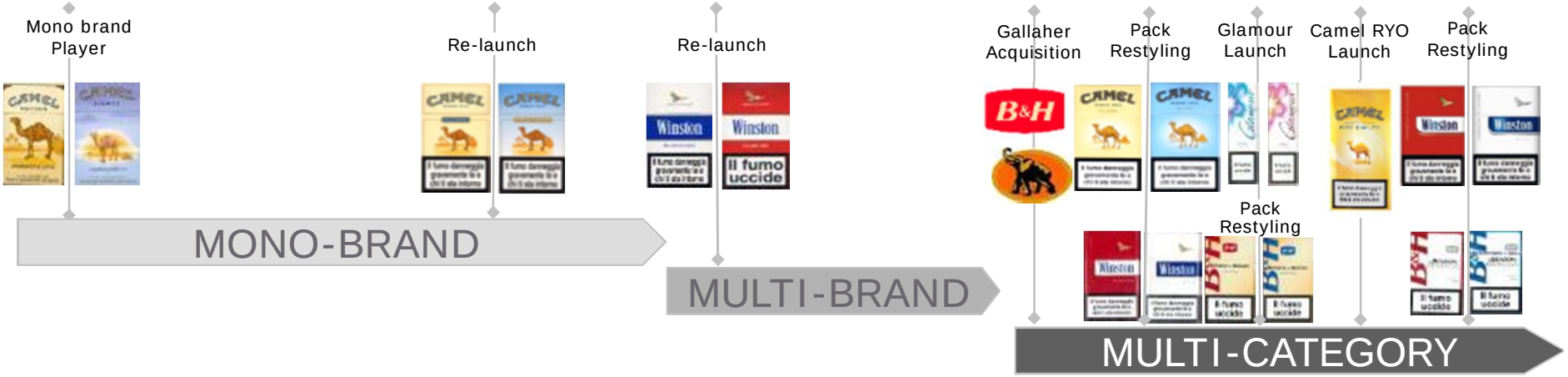
- Italy is the largest market in the Region, and is a key market for JTI
- JTI is the fastest-growing player in the market and expects to continue to grow both in Volume and SoM in the years to come
- Gradual and predictable excise and price increases have led to steady government revenue growth
- Despite high degree of restrictions, JTI has in grown through the development of its portfolio to meet consumers' needs and expectations

Source: AC Nielsen

Italy: from 1% to over 20% share in 13 years by building a balanced multi-brand and multi-category GFB portfolio

THIS SLIDE HAS BEEN DEVELOPED TO EXPLAIN JTI'S PERFORMANCE TO OUR INVESTORS.
IT IS NOT INTENDED TO PROMOTE THE PURCHASE OF OUR PRODUCTS.

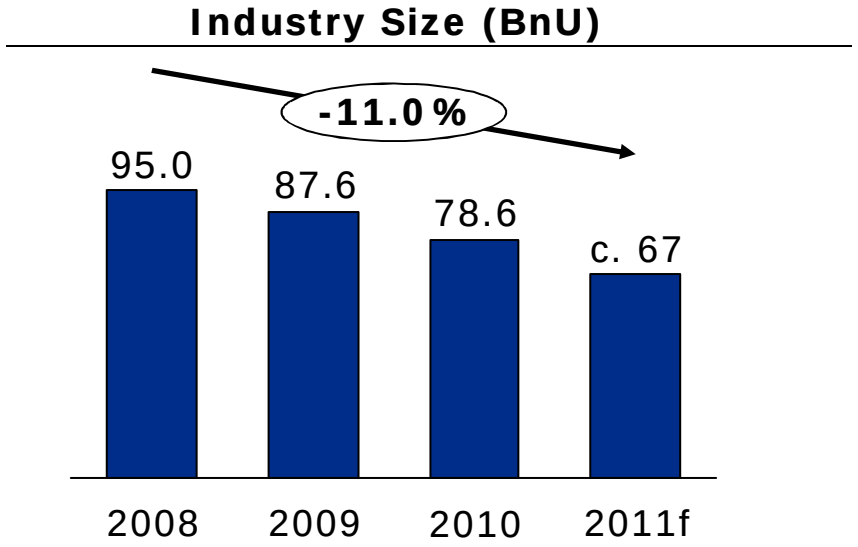


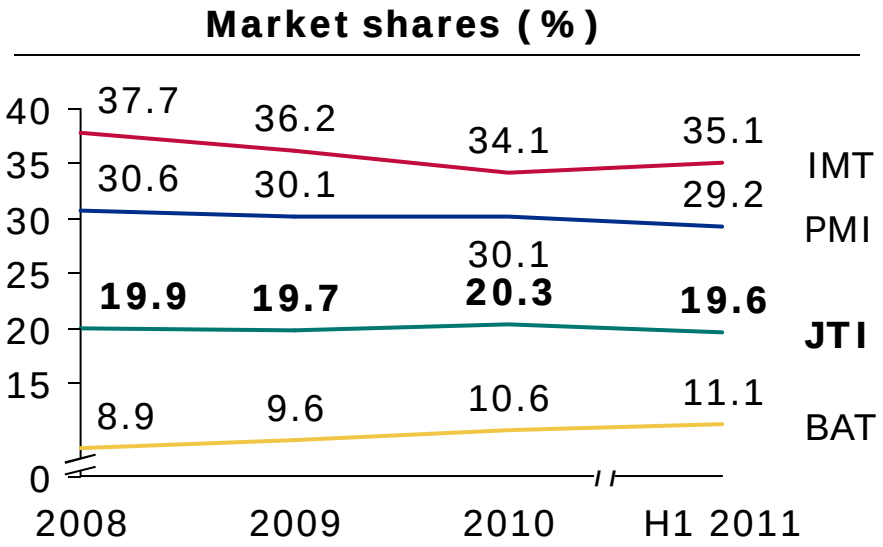


Note: Volume and SOM refer to RMC Category
Source: DFT sell-out, AC Nielsen

- Overview of Spanish market -

Spain: A challenging economic and competitive environment



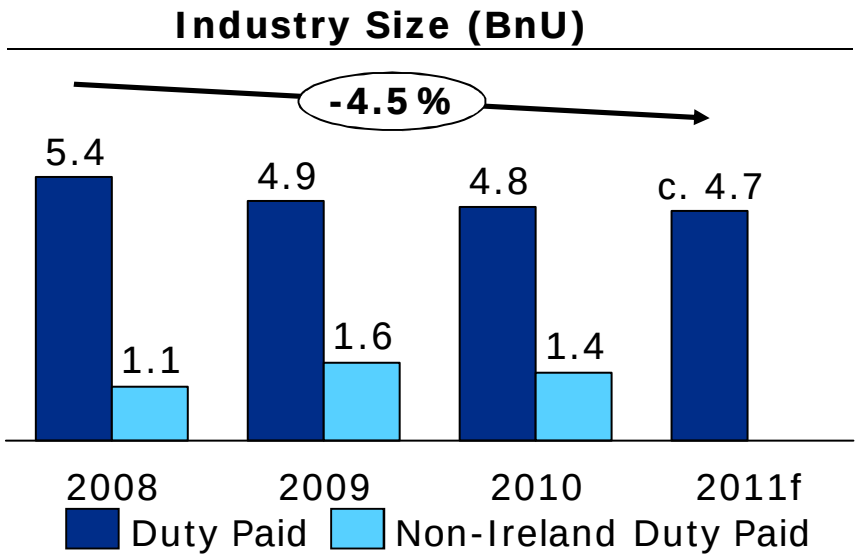


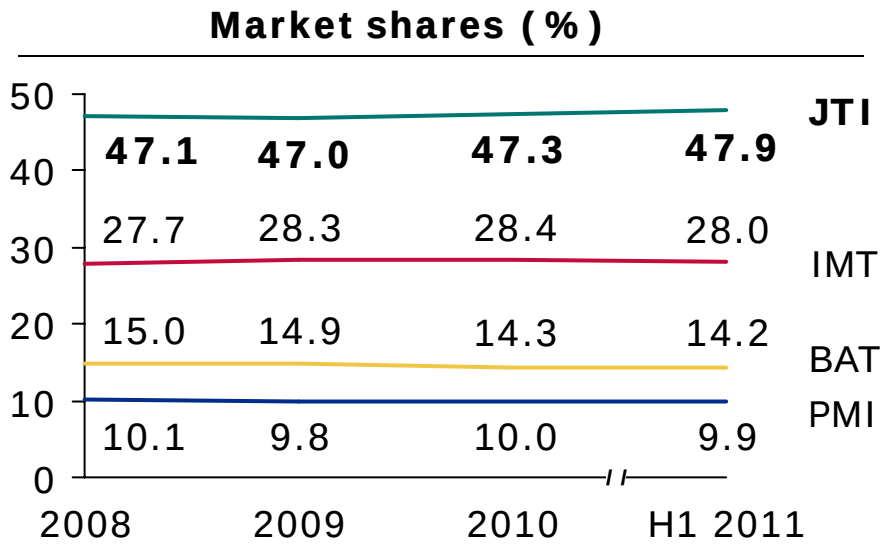
- Economic crisis continues to cause industry volume decline. A 3rd year of double-digit decline is forecast for 2011
- Downtrading continues, but there are early signs of stabilization
- Industry profitability has been negatively impacted by price war but the situation is stabilizing
- Despite a temporary price disadvantage, JTI share of market has remained stable supported by strong brand equity from Winston and Camel

Source: Logista

- Overview of Irish market -

Ireland: A strengthening leadership position



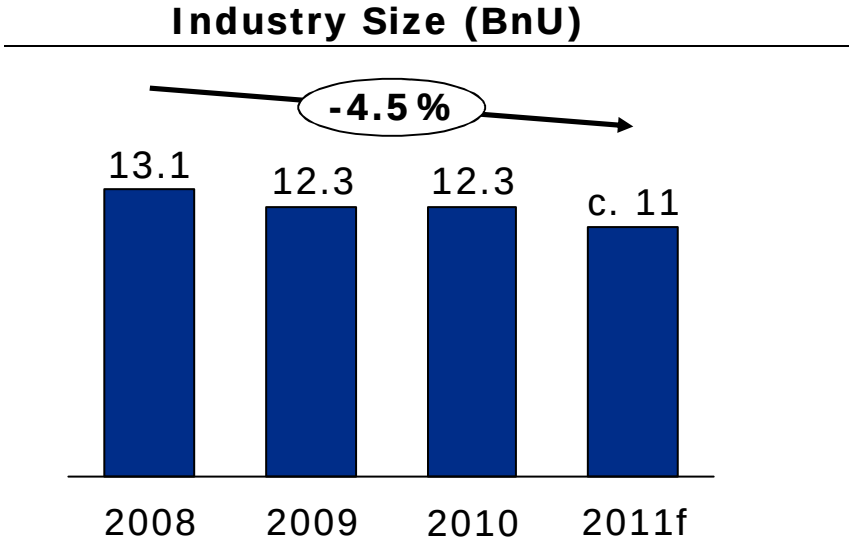


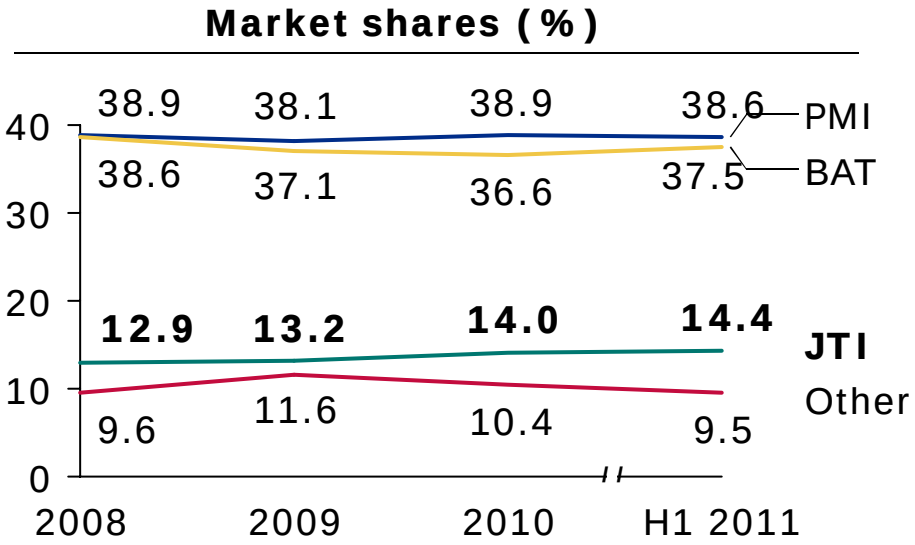
- Illicit trade levels, while still high, have stabilized the past years
- JTI continues to strengthen its leadership position with almost 50% SOM under high restrictions at point of sale
- Share growth achieved by adapting our portfolio, expanding in to the Value segment (Mayfair) and RYO (Amber Leaf) despite aggressive pricing activity from competition

Source: AC Nielsen, Lansdowne Research, JTI estimates

- Overview of Swiss market -

Switzerland: A continued success story





- Strength of CHF impacting border trade
- JTI continues to increase its SOM
  - Camel maintains strong legacy position (#4)
  - Winston growth demonstrates relevance in current economic circumstances
  - B&H London introduced to compete in the dynamic value sector

Source: Distribution and Trade data, JTI estimates

- Concluding Remarks -

We are a strong #3 in Western Europe, credibly aspiring to become the #2 Tobacco Company in the Region

- Gradual economic recovery is expected, but this might take some time
- Strong #3 position, credibly aspiring to fulfill our vision as #2 in the Region
- Highly competitive portfolio with leadership and/or challenger positions in each key segment, and a focus on our Global Flagship Brands
- Well-defined strategic priorities:
  - Enhance brand portfolio across markets to address all consumer needs
  - Achieve excellence in execution at point of sale
  - Strong engagement on taxation and regulation, with focus on credibility and responsibility
  - Recruit, retain and develop our people as a foundation of our success