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FOR IMMEDIATE RELEASE

Tokyo, October 4, 2013

Documents presented at the Investor Conference

Japan Tobacco Inc. (JT) (TSE: 2914) held an Investor Conference today in London. Company Executives made presentations on JT's Global Tobacco Growth Strategy, JT International's (JTI) Financial Results for the period January to June 2013 and an overview of the Company's key brands.

Documents presented:

Document 1:	Global Tobacco Growth Strategy
Document 2:	JTI H1 2013 Financial Results
Document 3:	MEVIUS Evolution
Document 4:	Focusing on our brands for sustainable growth
Document 5:	Expanding our geographic reach for sustainable growth

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Japan Tobacco Inc. is a leading international tobacco product company. Its products are sold in over 120 countries and its internationally recognized brands include Winston, Camel, Mevius/Mild Seven and Benson & Hedges. With diversified operations, JT is also actively present in pharmaceuticals, beverages and processed foods. The company's revenue was ¥2.120 trillion (US$22,543 million(*)) in the fiscal year ended March 31, 2013.

**Translated at the rate of ¥94.05 per $1, as of March 29, 2013*

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document 1

Global Tobacco Growth Strategy

Akira Saeki
Executive Deputy President,
President of the Tobacco Business

Caution on Forward-Looking Statements

Today's presentations contain forward-looking statements. These statements appear in a number of places in these presentations and include statements regarding the intent, belief, or current and future expectations of our management with respect to our business, financial condition and results of operations. In some cases, you can identify forward-looking statements by terms such as "may", "will", "should", "would", "expect", "intend", "project", "plan", "aim", "seek", "target", "anticipate", "believe", "estimate", "predict", "potential" or the negative of these terms or other similar terminology. These statements are not guarantees of future performance and are subject to various risks and uncertainties. Actual results, performance or achievements, or those of the industries in which we operate, may differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements. In addition, these forward-looking statements are necessarily dependent upon assumptions, estimates and data that may be incorrect or imprecise and involve known and unknown risks and uncertainties. Forward-looking statements regarding operating results are particularly subject to a variety of assumptions, some or all of which may not be realized.

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) decrease in demand for tobacco products in key markets;

(2) restrictions on promoting, marketing, packaging, labeling and usage of tobacco products in markets in which we operate;

(3) increases in excise, consumption or other taxes on tobacco products in markets in which we operate;

(4) litigation around the world alleging adverse health and financial effects resulting from, or relating to, tobacco products ;

(5) our ability to realize anticipated results of our acquisition or other similar investments;

(6) competition in markets in which we operate or into which we seek to expand;

(7) deterioration in economic conditions in areas that matter to us;

(8) economic, regulatory and political changes, such as nationalization, terrorism, wars and civil unrest, in countries in which we operate;

(9) fluctuations in foreign exchange rates and the costs of raw materials; and

(10) catastrophes, including natural disasters. .

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This presentation contains images or packages of our brands in some slides. Those slides have been included exclusively to illustrate JT Group's strategy or performance to our investors. They are not to be used for any other purpose.

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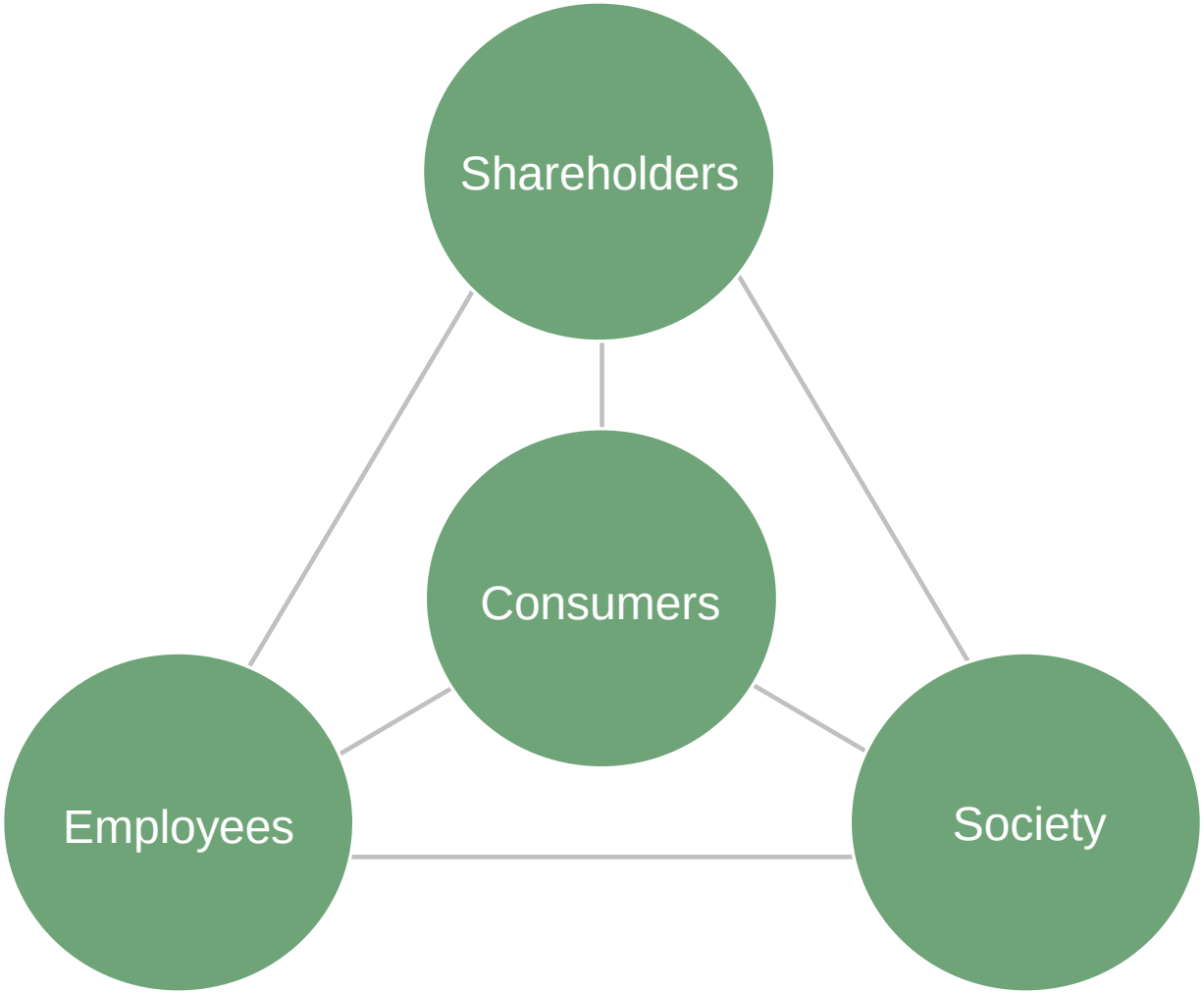
The 4S Model guides our management principles



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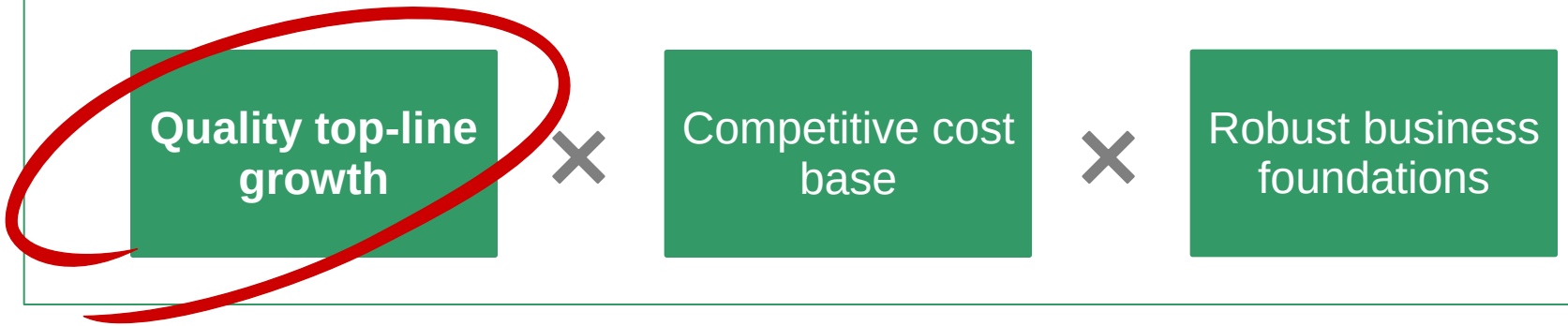
Quality top line growth is a key priority to achieve our vision

Vision

To be the No.1 global tobacco company

Strategic Framework



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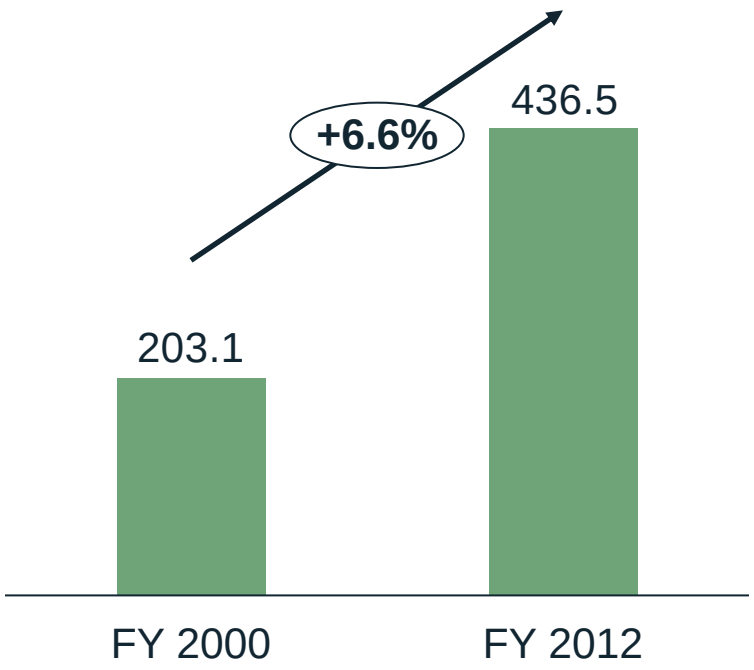
Track record of growth in the tobacco business

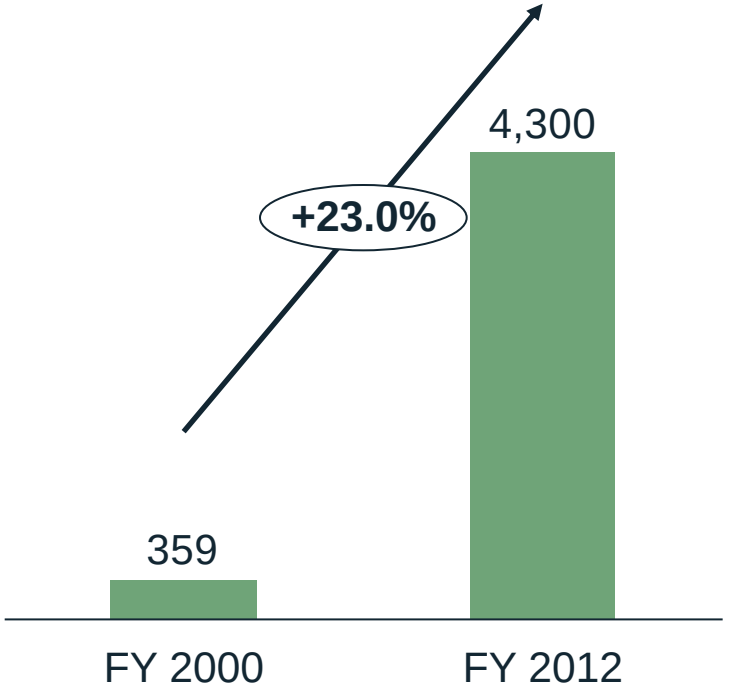
International Tobacco Business:
The Group's profit engine fueled by strong top-line growth

Total Volume Growth (BnU)



Growth rate: CAGR2000-12
2000: including China Division (China, Hong Kong, and Macau)
2012: including cigars, pipe tobacco and snus, but excluding contract manufactured products and China Division

EBITDA Growth ($MM)



Growth rate: CAGR2000-12
2000: US GAAP base
2012: Adjusted EBITDA / IFRS base

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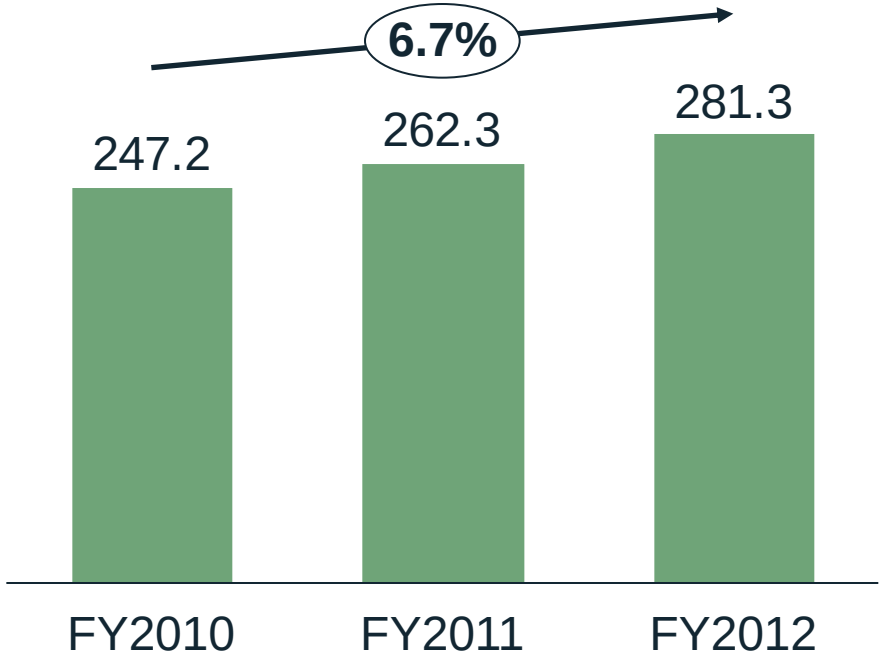
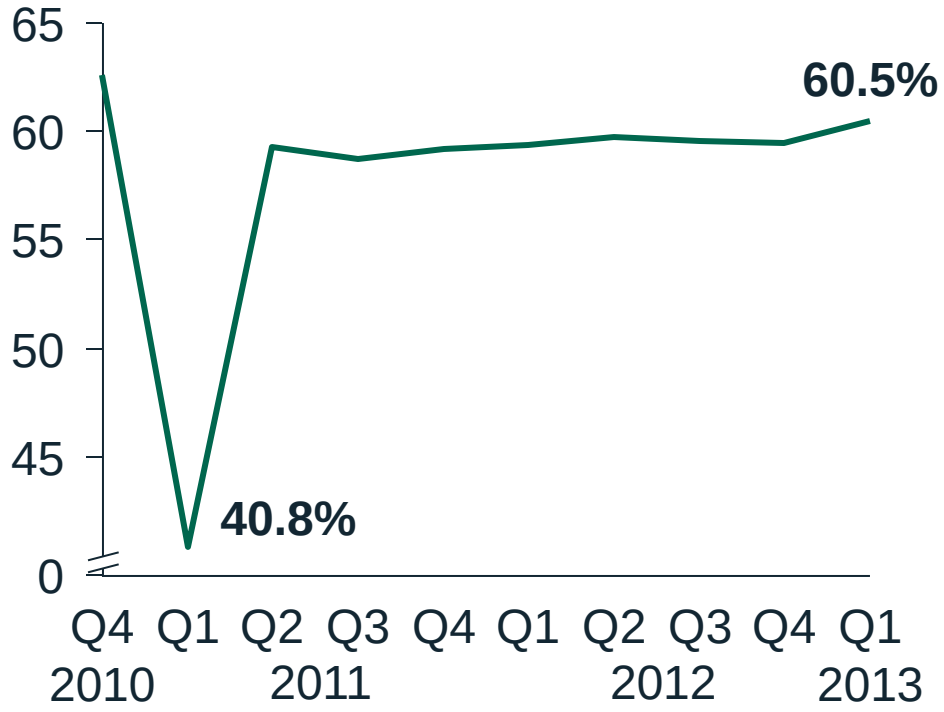
Japanese Domestic Tobacco Business: Consolidated its strong earnings base with 60% market share

EBITDA[1]（Billions of yen）



Share of Market（%）



1) IFRS based adjusted EBITDA: Operating profit + depreciation and amortization+ adjustment items (income and costs)
Adjustment items (income and costs) = impairment losses on goodwill ± restructuring income and costs ± others
Growth rate : CAGR2010-12

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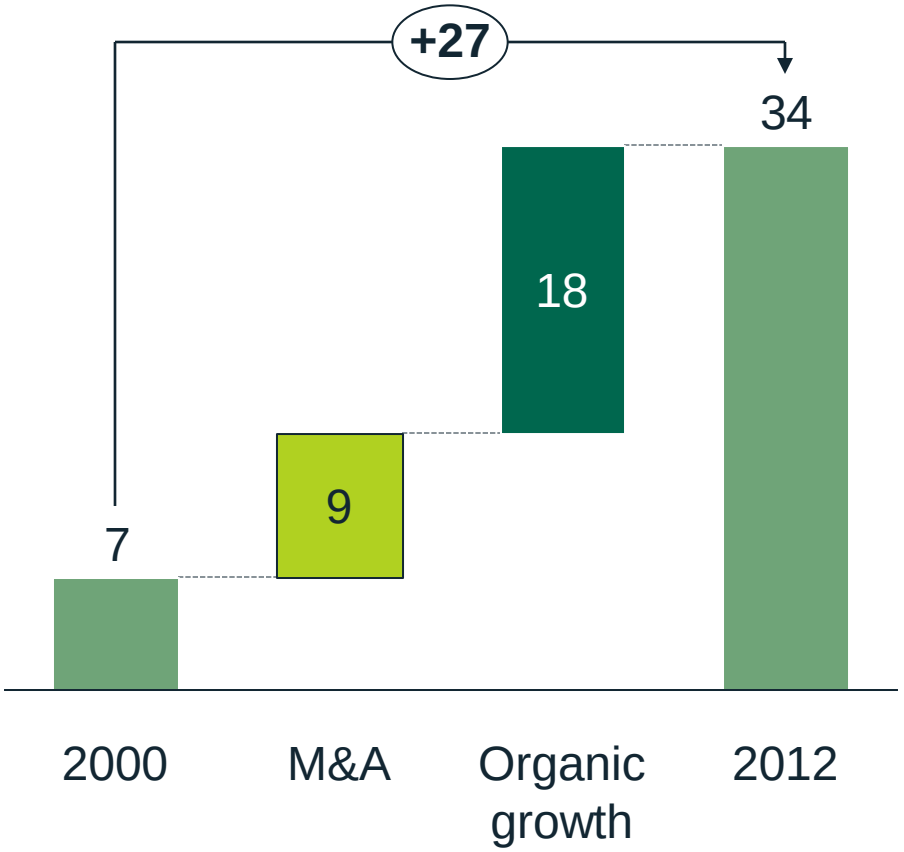
Growing our footprint through M&A and organically

Number of markets above 20% SOM



- **M&A**
  - Gallaher
  - HCTF*
  - Gryson
- **Organic growth**: Continuous investment in brands and in trade capabilities

Source: JTI estimates
Note: Data after 2008 excludes contract manufactured products, includes Ciger/Pipes/Snus 2012 and Gryson & Sudan
**HCTF: Haggar Cigarette & Tobacco Factory, operating in Sudan & South Sudan*

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Enhancing our product portfolio to meet consumers' diverse needs



Developing emerging products with Ploom Inc. Launched Ploom in Austria in May 2013, with additional market roll-outs planned during the year

Expanding our presence in the fine cut category
Became No.2 fine cut manufacturer in Europe



Entering Shisha, a new tobacco category for JTG
Acquired Al Nakhla in March 2013, a leading manufacturer of water pipe tobacco

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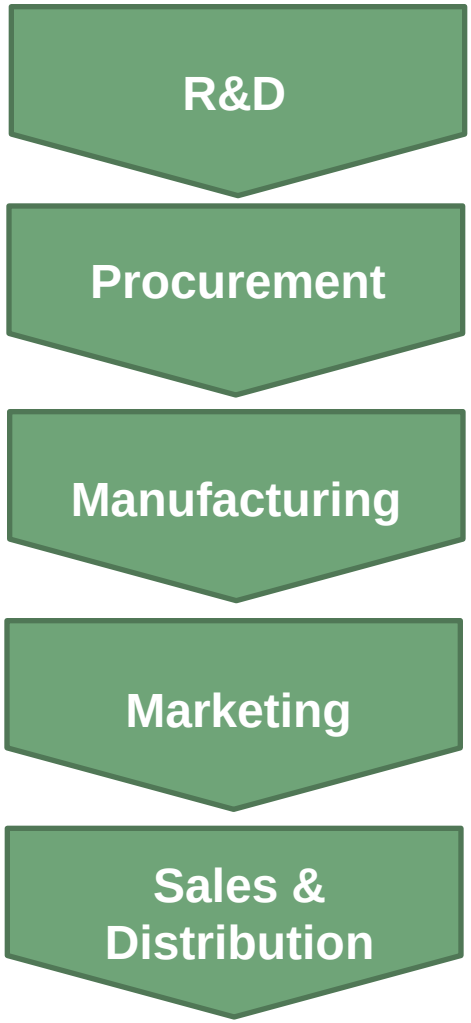
Brand equity building by investing throughout the value chain



- Product innovation and quality improvement in tobacco leaf, blends, filters, printing techniques and packaging
- Greater vertical integration to ensure a stable supply of quality leaf
- Factory modernization for improved productivity, quality and flexibility

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Strong market positions achieved through strategy and investment alignment

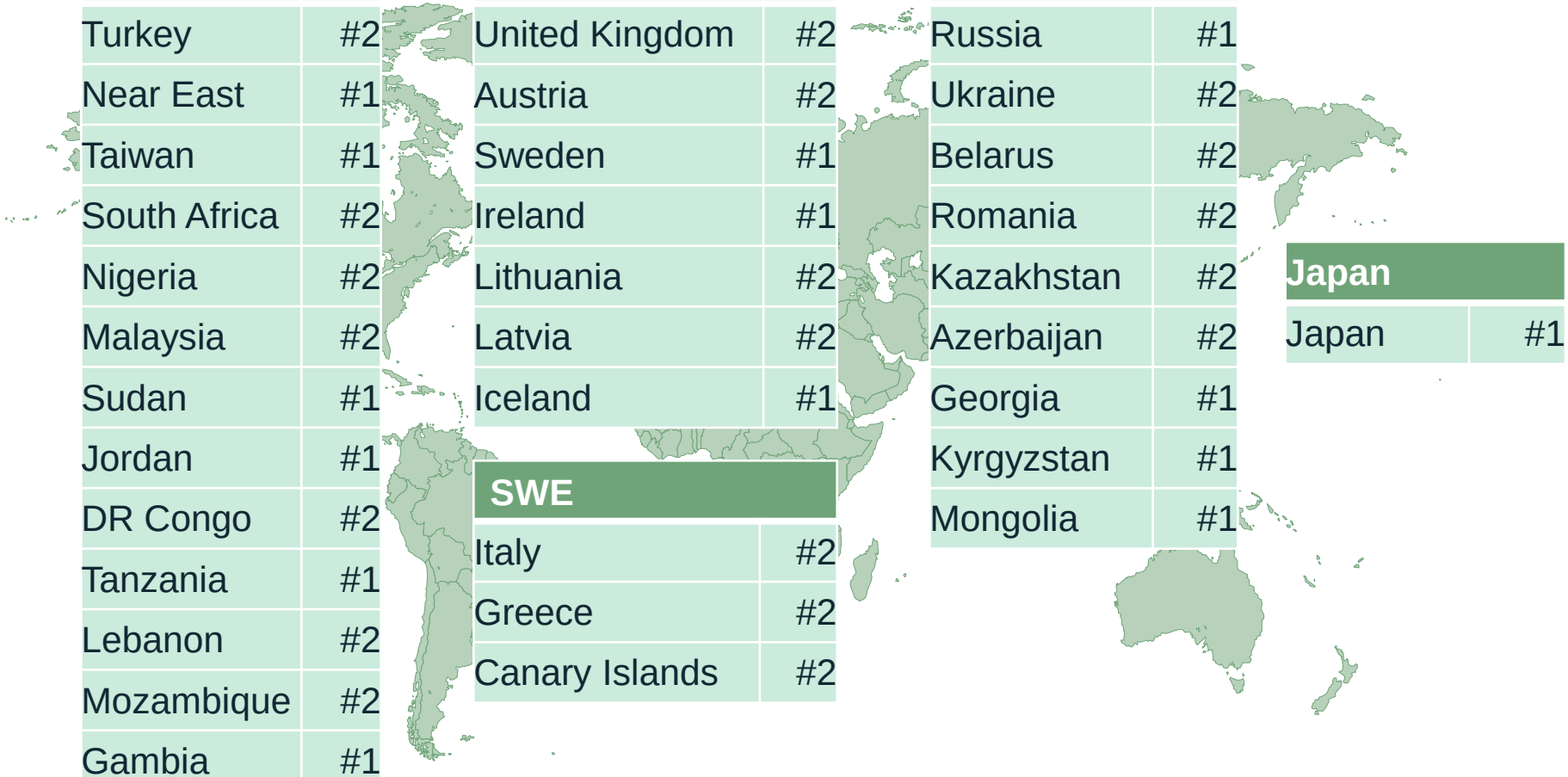
R-o-W	
Turkey	#2
Near East	#1
Taiwan	#1
South Africa	#2
Nigeria	#2
Malaysia	#2
Sudan	#1
Jordan	#1
DR Congo	#2
Tanzania	#1
Lebanon	#2
Mozambique	#2
Gambia	#1
Guinea	#1
Maldives	#1

NCE	
United Kingdom	#2
Austria	#2
Sweden	#1
Ireland	#1
Lithuania	#2
Latvia	#2
Iceland	#1

SWE	
Italy	#2
Greece	#2
Canary Islands	#2

CIS+	
Russia	#1
Ukraine	#2
Belarus	#2
Romania	#2
Kazakhstan	#2
Azerbaijan	#2
Georgia	#1
Kyrgyzstan	#1
Mongolia	#1

Japan	
Japan	#1



Data as of FY 2012
Source: JT, JTI estimates

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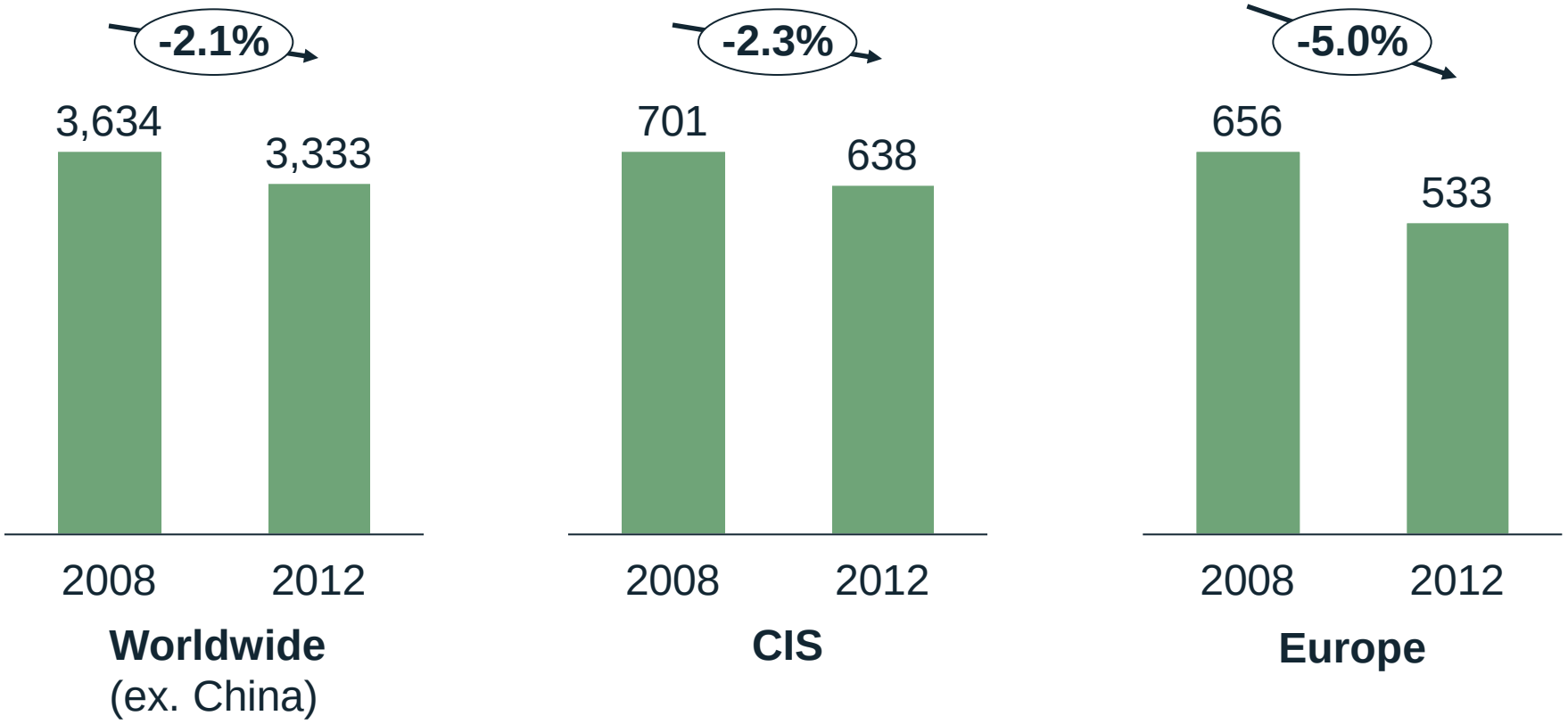
Operating Environment

Industry contraction continues, mainly in Europe and CIS

Cigarette industry size trend (BnU)



Growth rate: CAGR 2008-12
Source: Euromonitor

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Regulatory update

- Increase of non-evidence based regulatory proposals:
  - Plain packaging
  - Ingredient ban

- Our position:
  - All tobacco regulation should be evidence-based, practical, enforceable and competitively neutral
  - We strongly oppose flawed, unreasonable or disproportionate regulation and reserve the right to question, and if necessary challenge it, especially when it is not evidence-based
  - We actively seek dialogue with governmental authorities around the world regarding the regulation of our products and the tobacco industry

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Rational excise tax environment

- Excise tax changes in 2013 so far are largely in line with our expectations
- Governments seem more cautious not to reduce revenues by implementing disruptive tax increases
- Our policy is to pass excise tax increases on to consumers and seize additional pricing opportunities

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Pricing environment remains robust

- Pricing is the main driver of our top-line growth
- Ability to take pricing remains strong across our clusters
- Well-timed and calibrated price increases are key

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Key priorities for sustainable profit growth

Continued development of our key brands

Global Flagship Brands

Engine



Winston

Stronghold

MEVIUS

BENSON & HEDGES

L·D

SILK CUT

Future Potential

SOBRANIE LONDON

Glamour SUPERSLIMS

Japanese Key Brands

SevenStars

MEVIUS

PIANISSIMO

Other Tobacco Products

Fine Cut

Fleur du Pays

AMBER LEAF

Water Pipe



Emerging products

ploom™

ZERO STYLE

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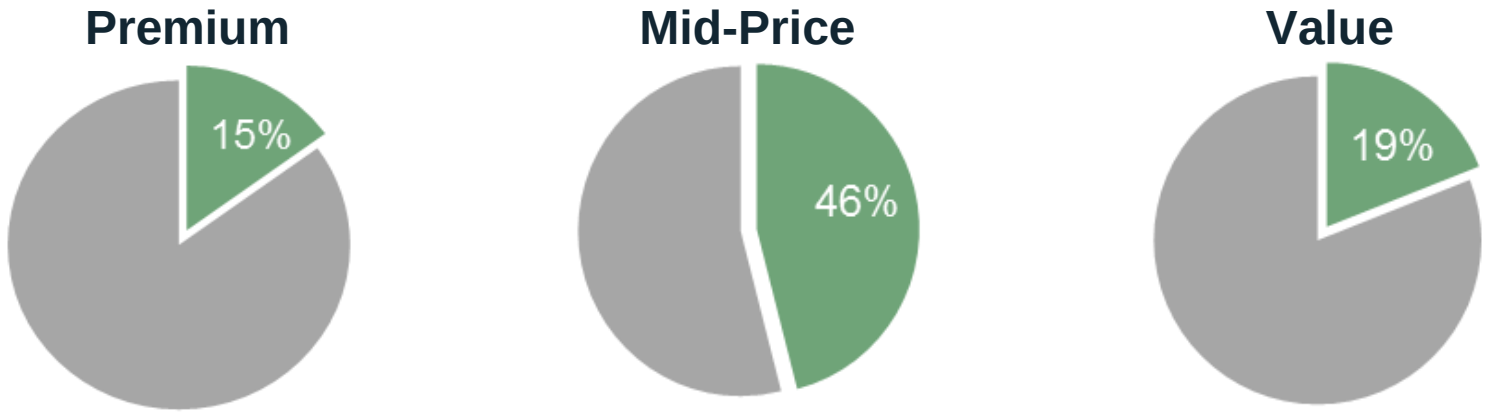
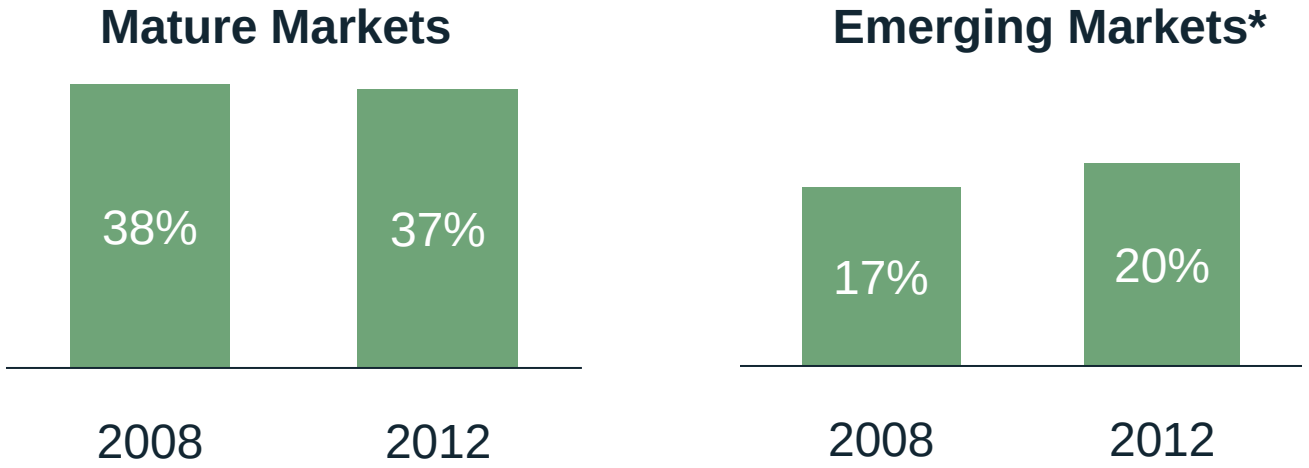
Strengthening our premium offering to capture growth potential

JTG share by price segment (2012)



Source: JT estimate, based on 42 markets data from Nielsen

Premium segment evolution



**Excluding China*
Source: Euromonitor

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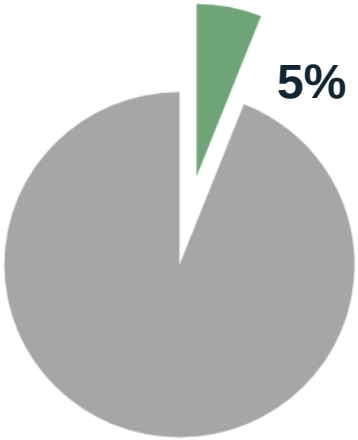
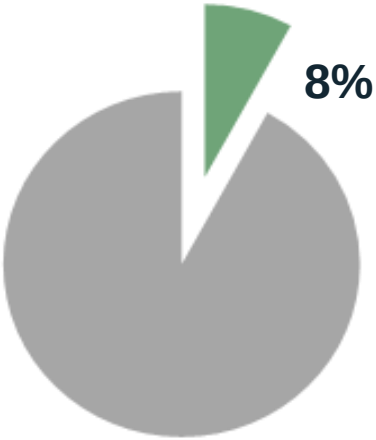
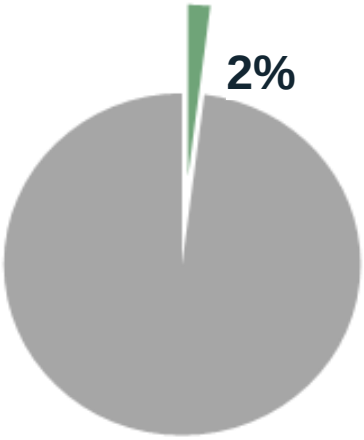
Expanding our presence in emerging markets where we are under-represented

JTG share in emerging regions (2012)

	Asia-Pacific (excl. China/Japan)	**Middle East & Africa**	**Latin America**
			
Growth forecast RMC industry (CAGR12-17)	+0.3%	+1.6%	-1.1%

Source: Euromonitor

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The emerging products opportunity: a complex environment

- Regulation remains to be defined
  - EU Tobacco Products Directive
  - USA Food & Drug Administration (FDA)
  - UK Medicines and Healthcare products Regulatory Agency (MHRA)
- Taxation is often ambiguous or non-existent
- Consumer needs and interests keep evolving
- Potential change in the tobacco industry landscape

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JT Group emerging products vision & approach

Vision

To become the global leader in the emerging products category by offering alternative tobacco experiences to adult smokers through new innovative technologies

Approach

- Offering satisfaction and pleasure to consumers
- Developing a portfolio and pipeline approach focusing on 3 areas:
  - Tobacco vapor
  - E-vapor (non-tobacco based)
  - Other emerging products
- Pioneering with early commercial launches, and learning:
  - Ploom
  - Zero style
- Engaging with regulators
- Conducting scientific studies for potential future health claims

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Concluding Remarks

Akira Saeki
Executive Deputy President,
President of the Tobacco Business

In closing

- Although the business environment remains challenging, we will continue to achieve robust performance as demonstrated in the past
- Our objective is to continue delivering sustainable profit growth over the mid- to long-term by prioritizing business investments for:
  - Brand equity enhancement
  - Geographic expansion
  - Product portfolio enhancement

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document 2

JTI H1 2013 Financial Results

Roland Kostantos

Senior Vice President,
Finance and IT, Chief Financial Officer

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Agenda

- First Half Results
- First Half Performance by Cluster
- Summary

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First Half Results

Revenue and earnings growth in a challenging environment

(BnU, $MM)	H1 2013	Change
Total shipment volume	201.6	-5.1%
GFB shipment volume	127.9	-2.3%
Core revenue (1)	5,865	4.1%
Adjusted EBITDA (1)	2,226	7.0%

(1) At constant rates of exchange

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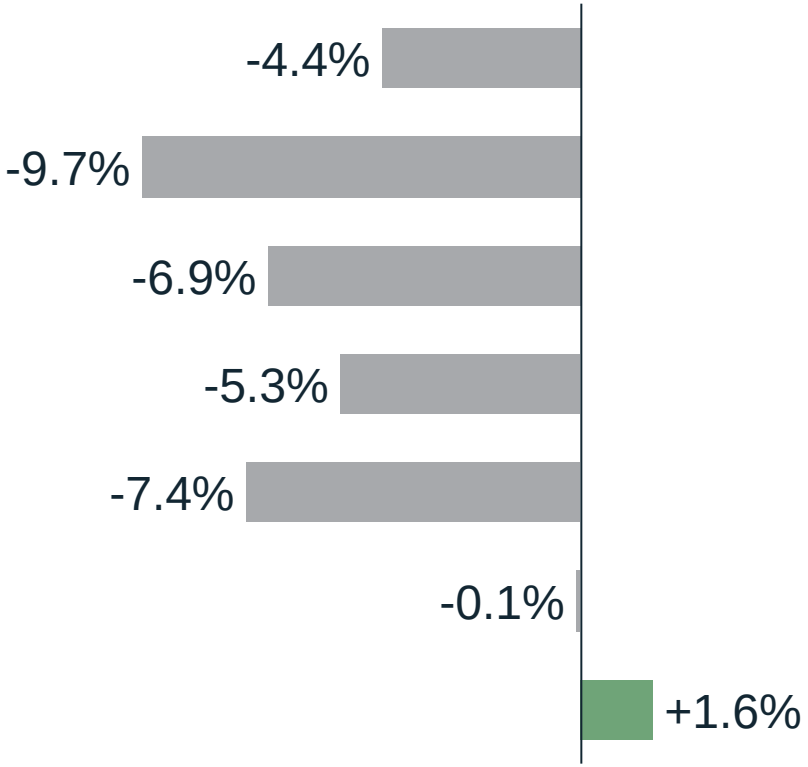
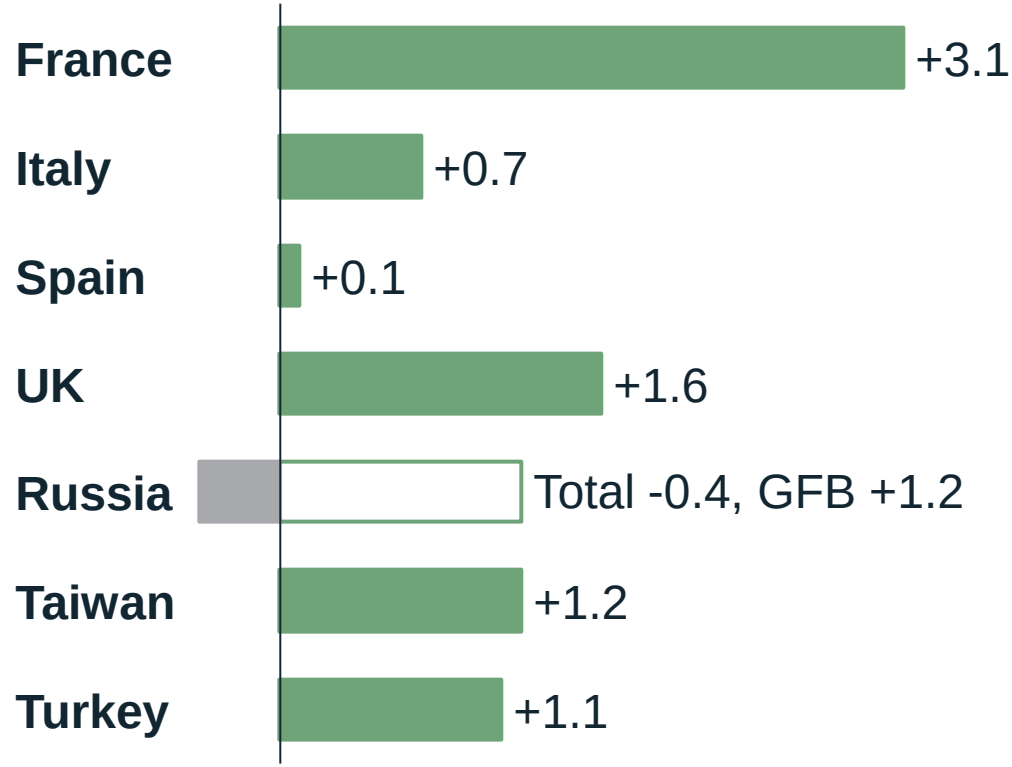
Significant industry contraction. Share of market gains driven by strong business fundamentals

Industry contraction (%)
H1 13 vs. H1 12



Share of Market variation (ppt)
12-month avg.



Source: JTI estimates, Nielsen

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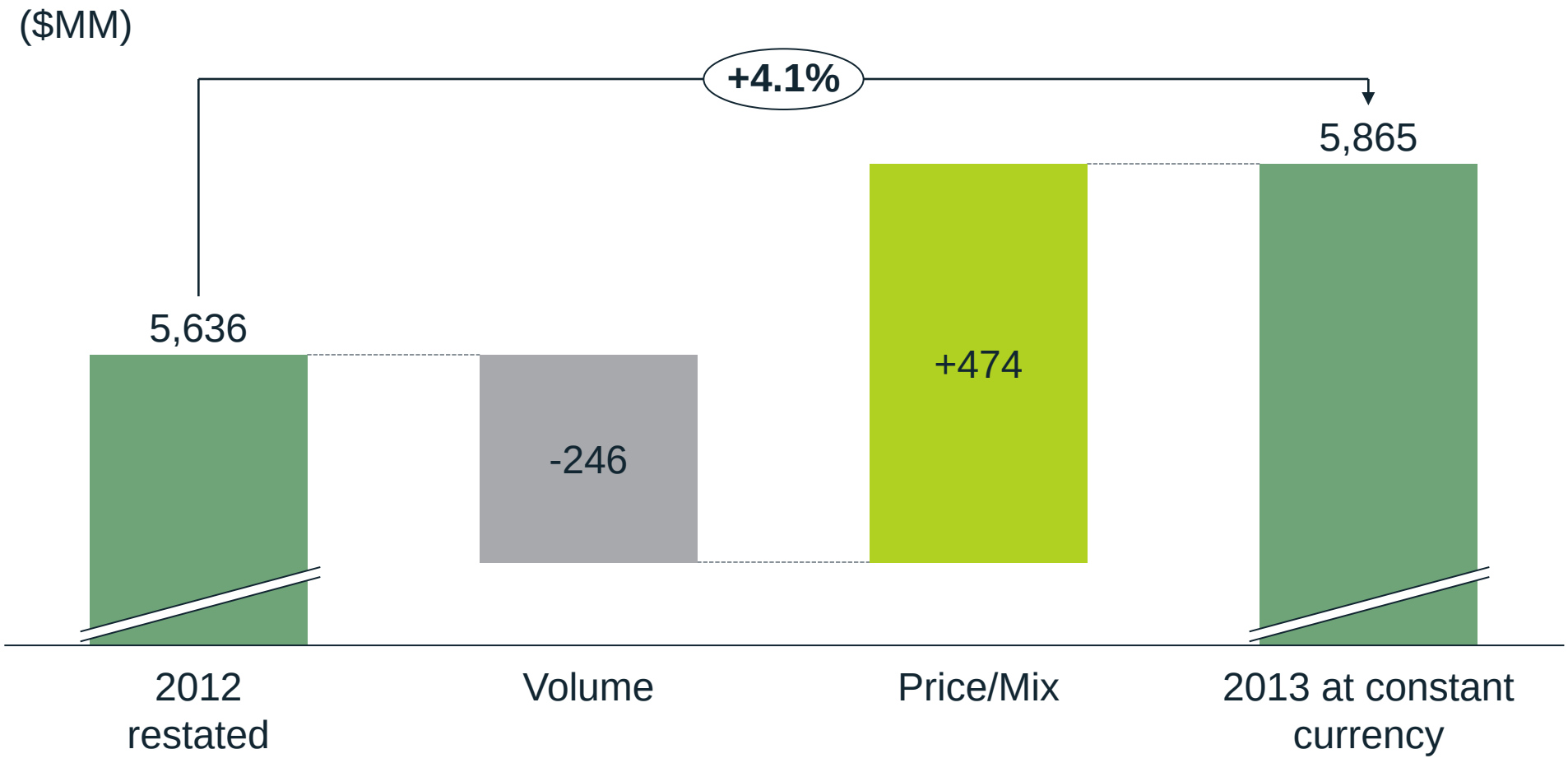
Core revenue increase driven by Price/Mix



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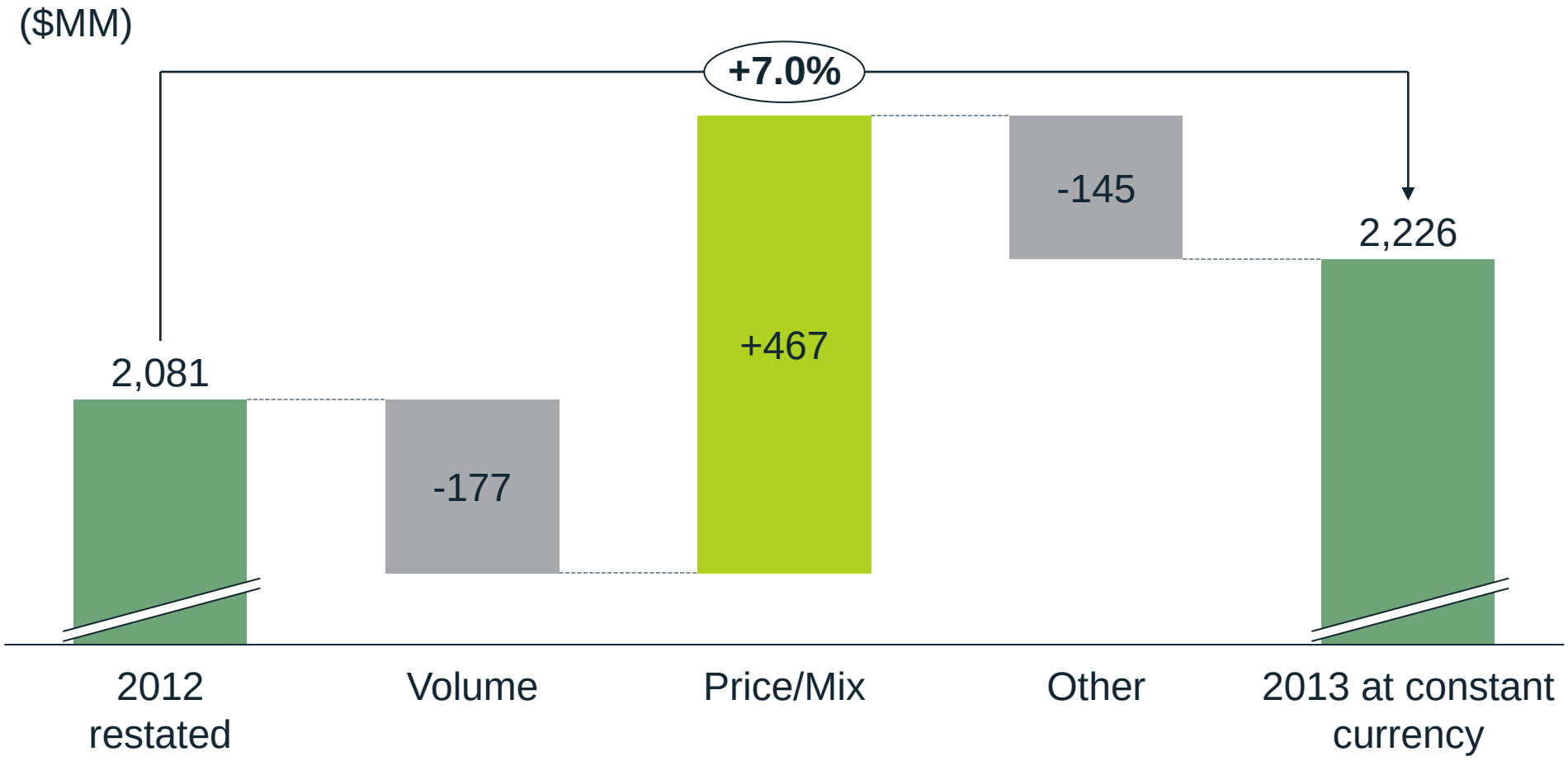
Adjusted EBITDA growth driven by Price/Mix



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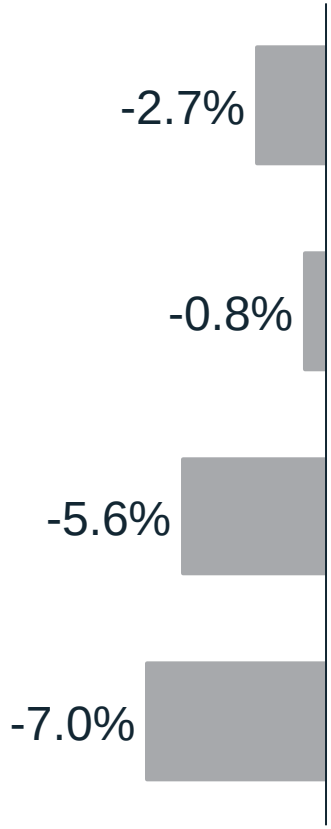
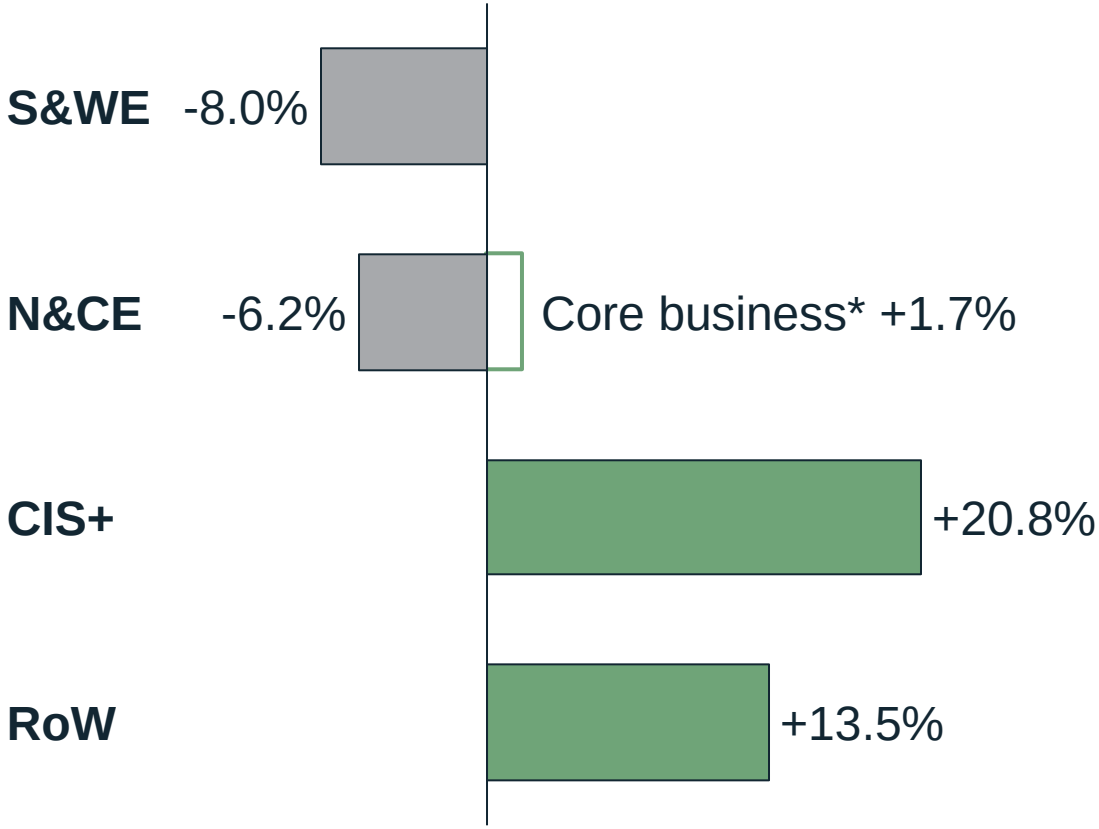
First Half Performance by Cluster

EBITA growth driven by core business strength

Volume, H1 13 vs. H1 12



EBITA, H1 13 vs. H1 12



** Core business excludes distribution businesses*

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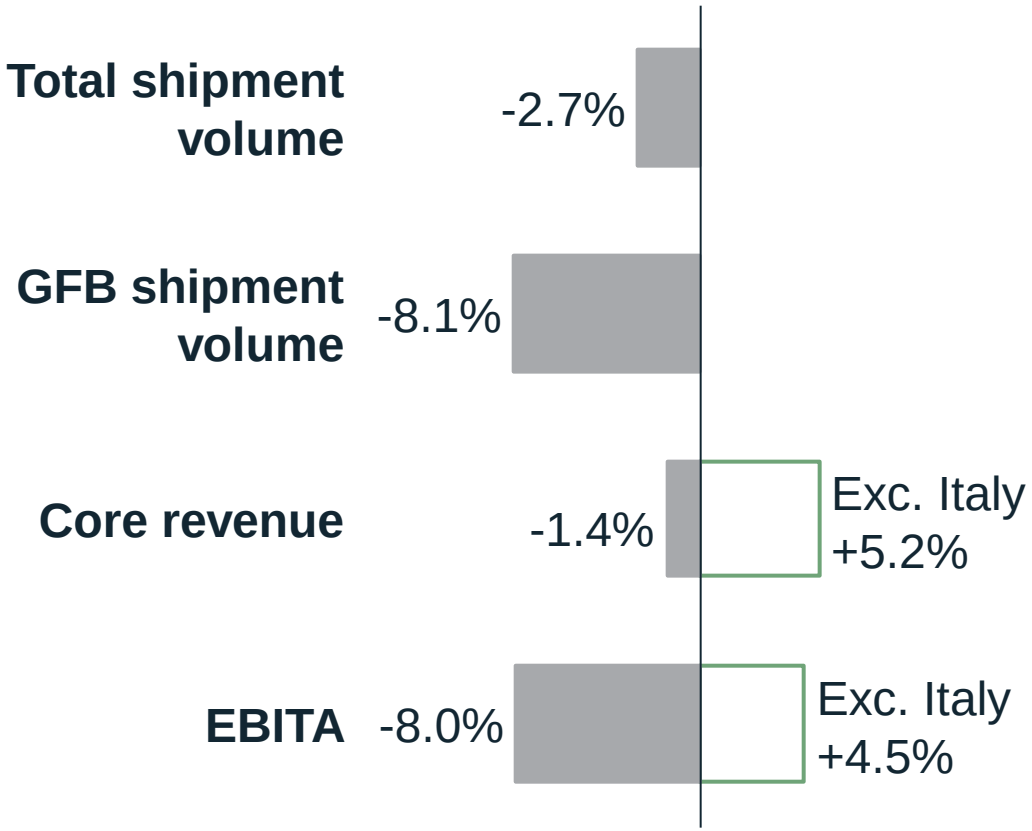
South & West Europe: Challenging due to industry contraction

H1 13 vs. H1 12



- Significant industry contraction impacts volume
- SoM gains across several markets
  - Belgium +2.3ppt, France +3.1ppt, Greece +1.0ppt, Italy +0.7ppt, Netherlands +1.3ppt, Spain +0.1ppt
- Core revenue and EBITA impacted by lower volume and down-trading
- Excluding Italy, core revenue and EBITA grow 5.2% and 4.5%, respectively

Note: Core Revenue and EBITA at constant rates of exchange

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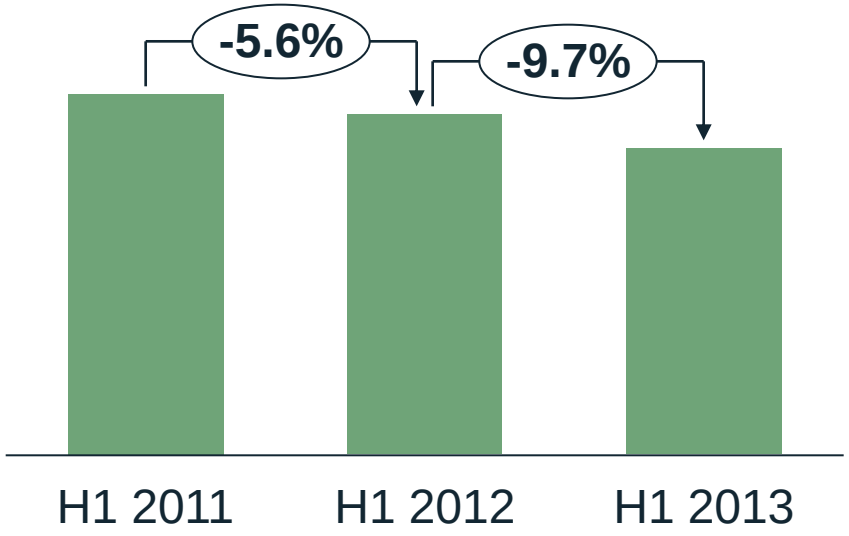
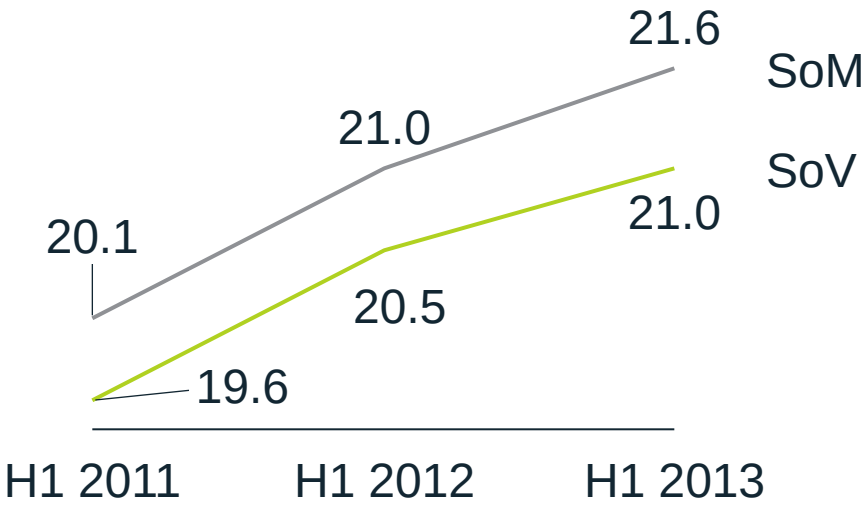
Italy: Share of market and share of value gains continue

Industry size, 6-month periods



JTI SoM/SoV (%), 12-month avg.



- Growth in share of market and share of value driven by GFB
  - Winston SoM +0.6ppt, Camel SoM +0.2ppt
- Industry contraction accelerated from H2 2012
- Most recent price increase of €0.1 in March 2012

Source: JTI estimates, Nielsen

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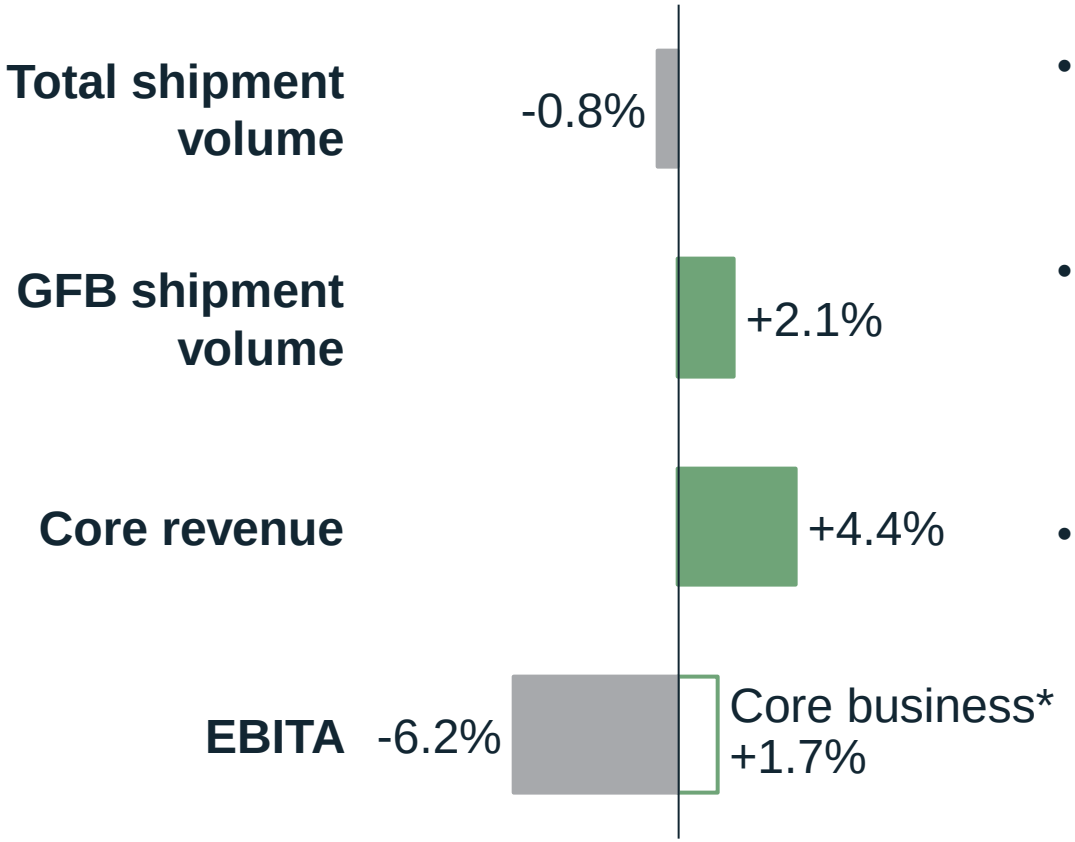
North & Central Europe: GFB volume and strong pricing drove growth

H1 13 vs. H1 12



- Continued industry contraction
- Total volume resilient with GFB volume growth
- Pricing gains drove core revenue growth, including Poland, Sweden and the UK
- EBITA grows +1.7% excluding the distribution businesses, specific items included
  - 2012 gain on disposal
  - 2013 reduced scale in Austria

Note: Core Revenue and EBITA at constant rates of exchange
** Core business excludes distribution businesses*

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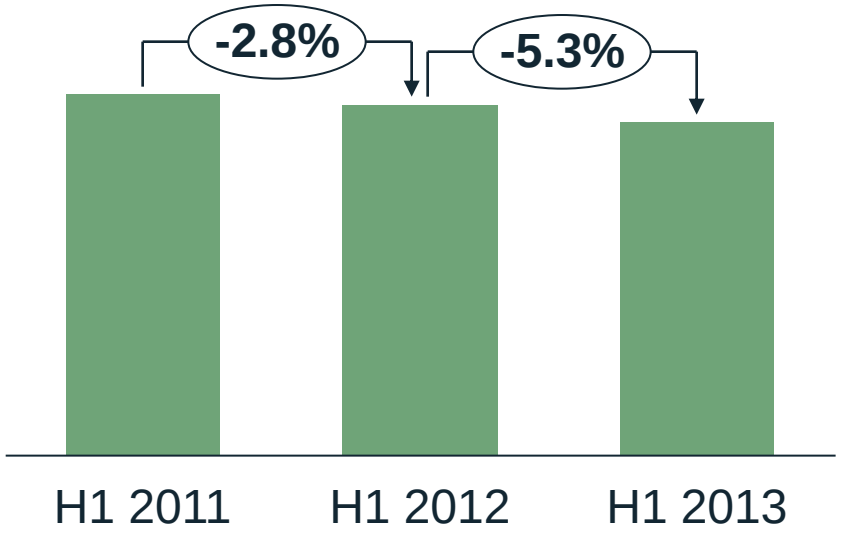
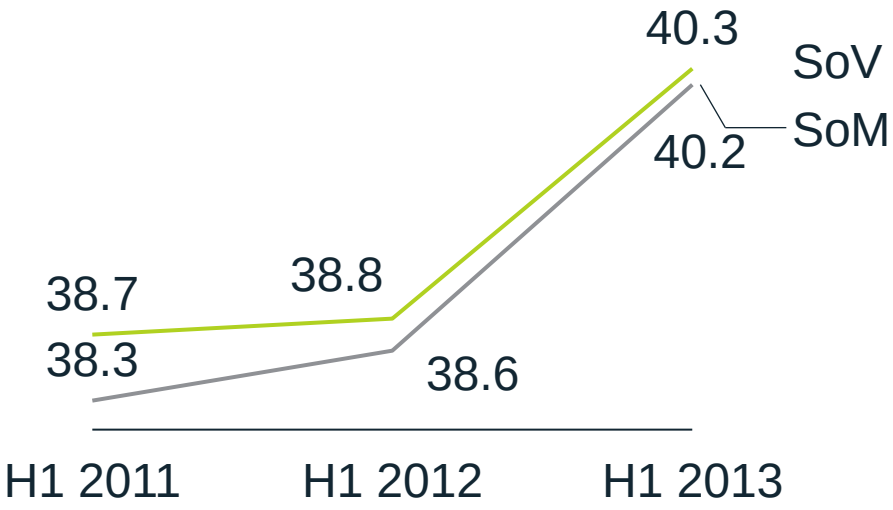
UK: Accelerated share of market and share of value gains

Industry size, 6-month periods



JTI SoM/SoV (%), 12-month avg.



- Share of market exceeds 40% for first time since Gallaher acquisition
- Robust pricing environment
- JTI continues to hold top 3 brands in the market (Amber Leaf, Sterling, Mayfair)

Source: JTI estimates, Nielsen

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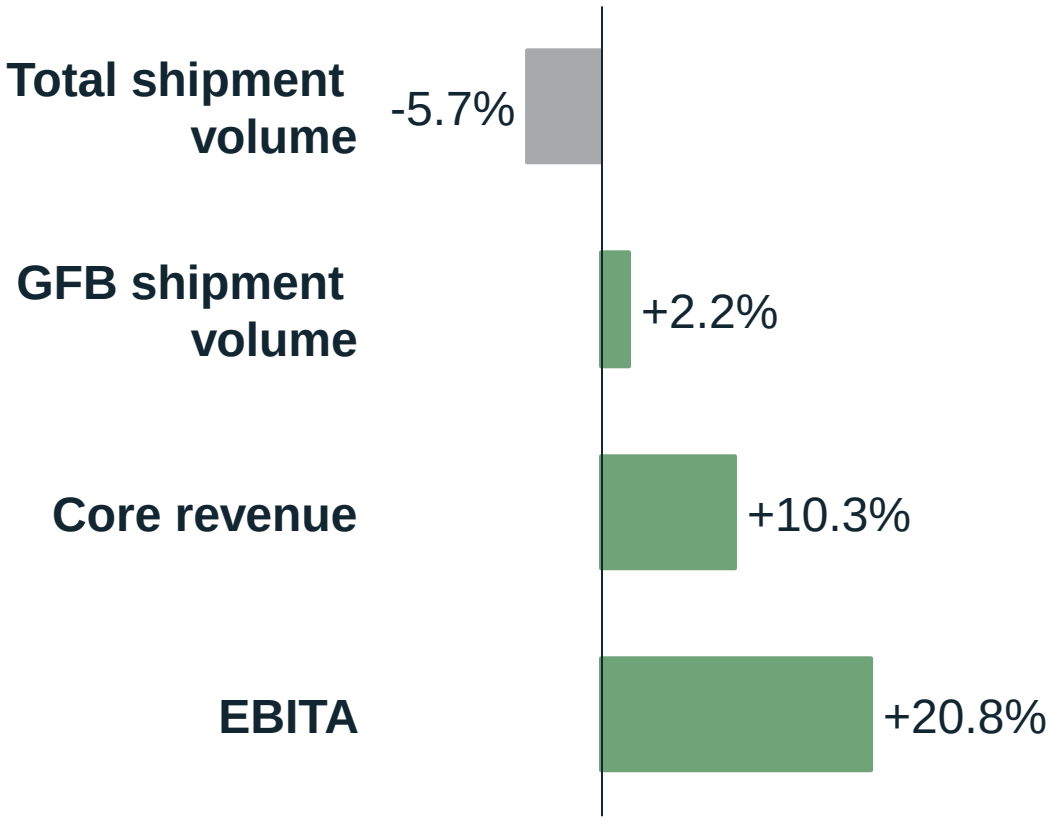
CIS+: Revenue and earnings growth driven by GFB momentum and Pricing

H1 13 vs. H1 12



- GFB volume growth driven by Winston in Russia, Kazakhstan and Caucasus
- Up-trading trend continues in Russia
- Pricing remains robust in all key markets

Note: Core Revenue and EBITA at constant rates of exchange

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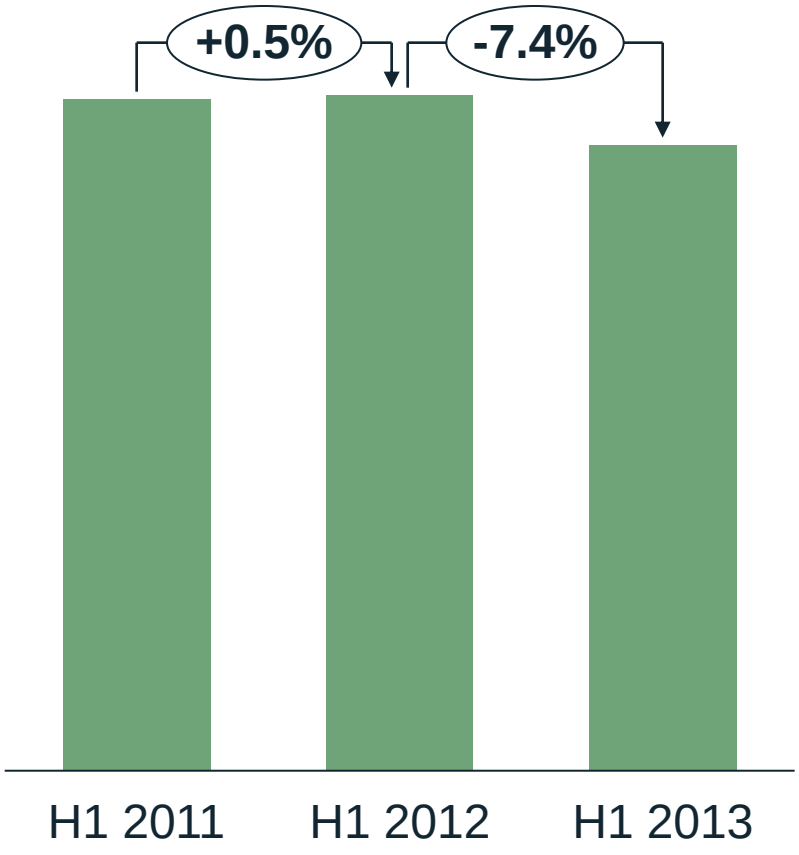
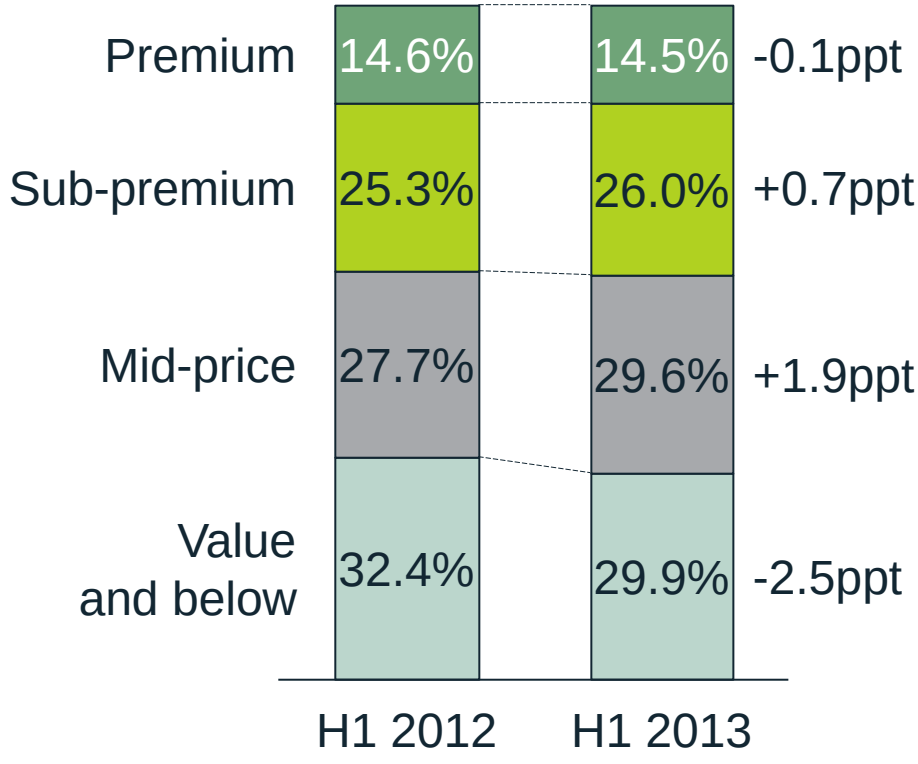
Russia: Up-trading continues in a contracting market

Industry size, 6-month periods



Price segment evolution (%)
6-month periods



Source: JTI estimates, Nielsen

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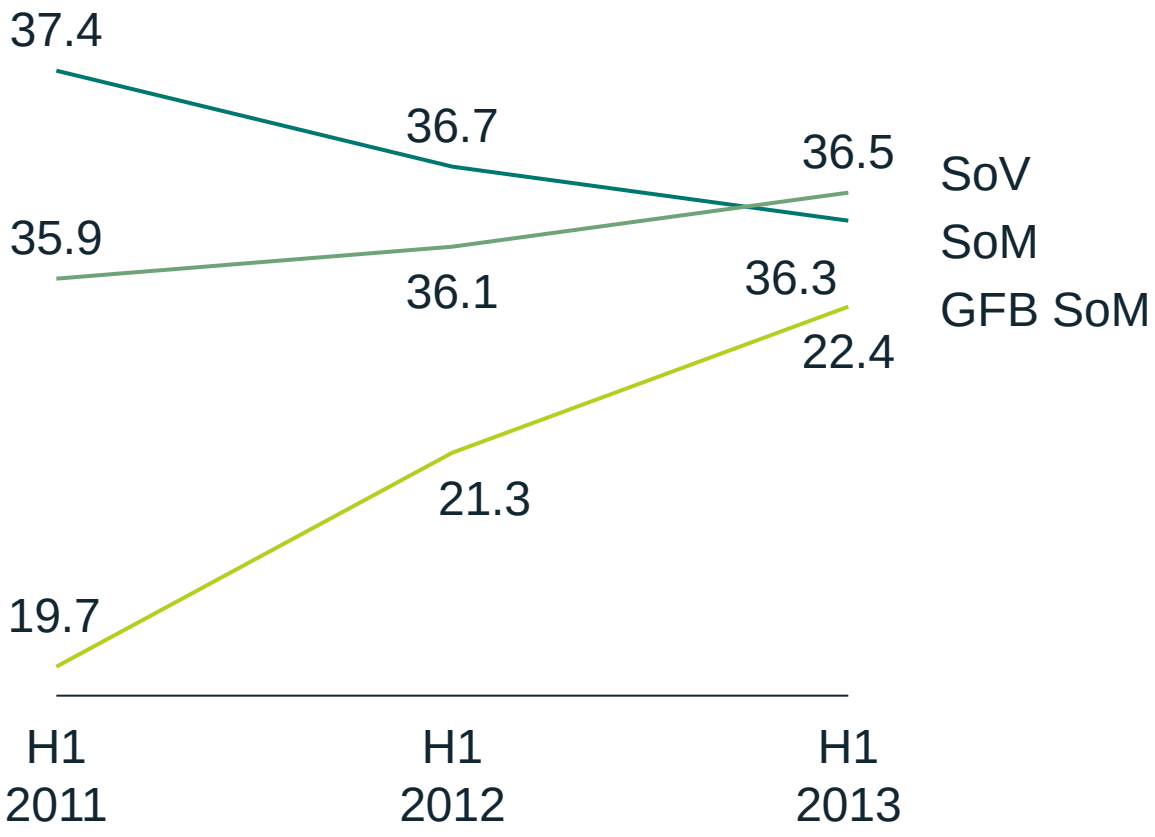
Russia: Share of value gains driven by GFB growth

JTI SoM/SoV (%), 12-month avg.



- Growing SoV leadership position, through strong GFB equity
  - Winston continued to grow share of market as #1 brand
  - LD #2 position in Mid-price
  - Premium+ brands grew volume

Source: Nielsen

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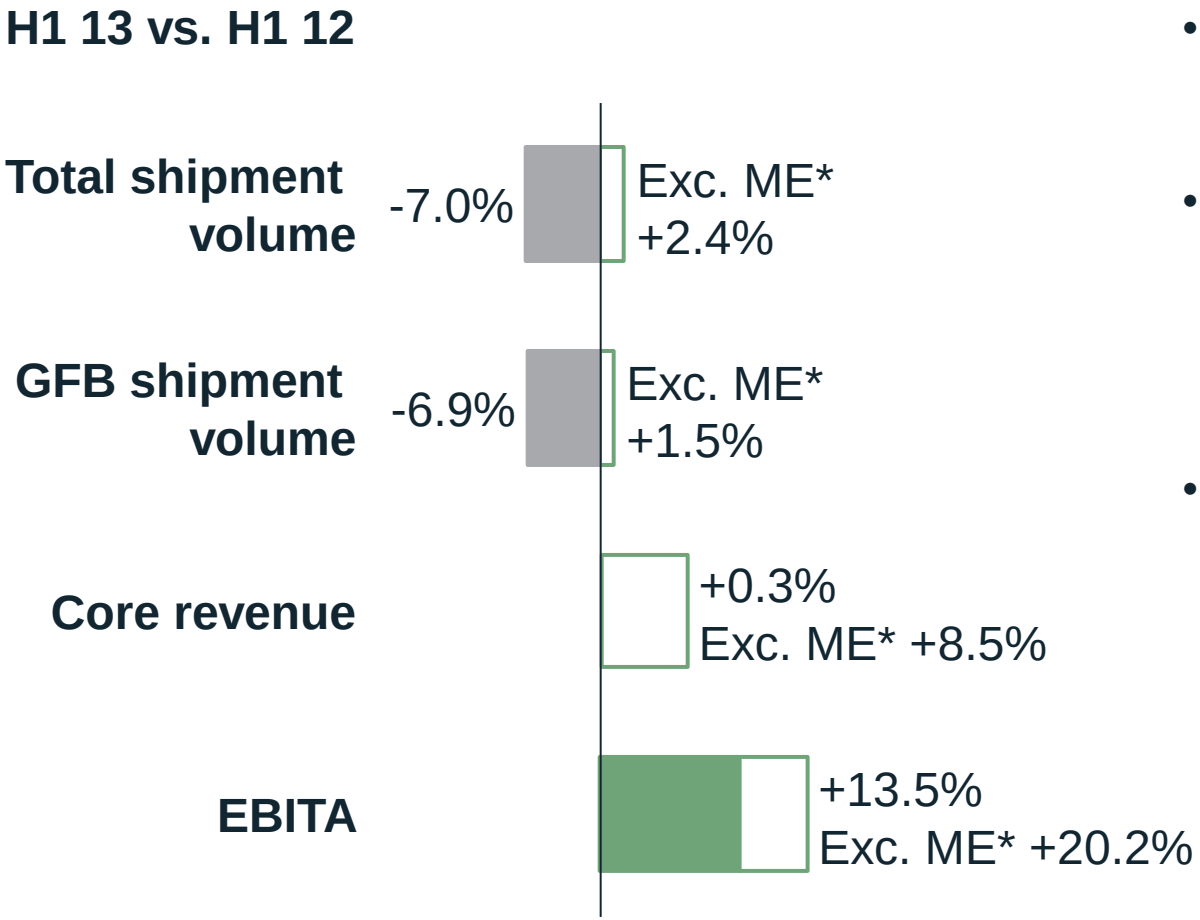
Rest-of-the-World: Continued strong earnings performance despite Middle East volatility



- Shipment volatility in the Middle East impacts volume
- Excluding Middle East markets, cluster growth was strong in terms of volume and earnings
- Robust pricing in several markets, including Canada, Malaysia, Taiwan, Tanzania and Turkey

Note: Core Revenue and EBITA at constant rates of exchange
**ME: Middle East and Near East markets*

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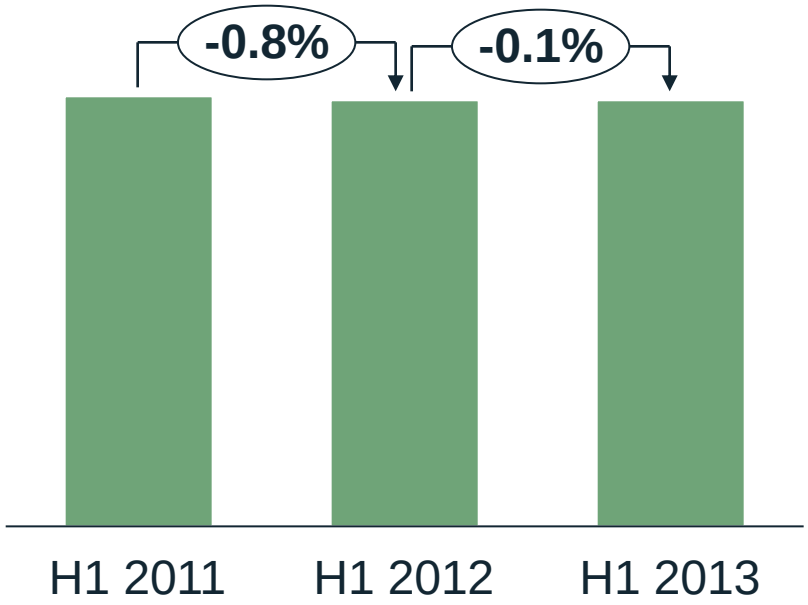
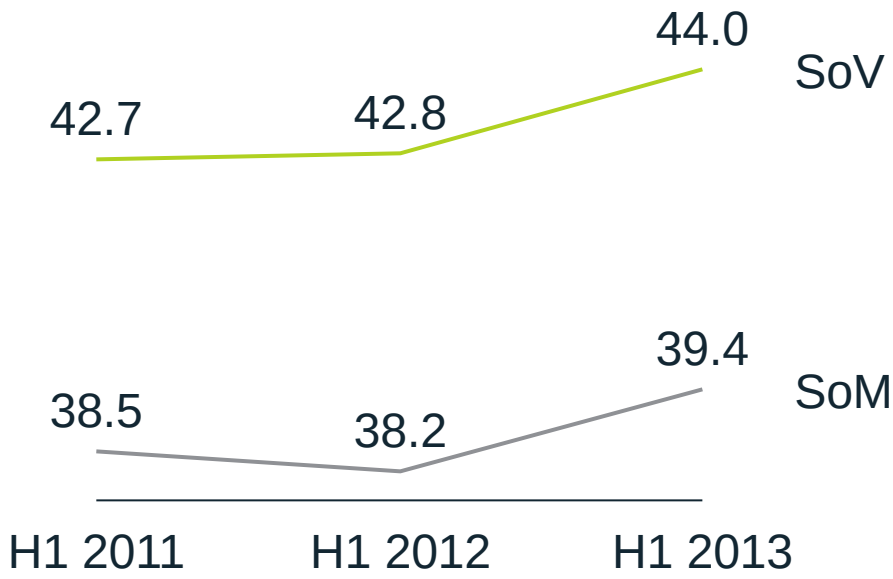
Taiwan: Share of market and share of value increased

Industry size, 6-month periods



JTI SoM/SoV (%), 12-month avg.



- JTI strengthened number 1 position in SoV
- MEVIUS maintains SOM and #1 position post transition from Mild Seven

Source: JTI estimates, Nielsen

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Summary

Business fundamentals remain strong, driving full year double digit earnings growth

- Business fundamentals remain strong
    - Increasing share of market
    - Continued growth of share of value
    - GFB growth in Russia
    - Robust pricing environment drives earnings and revenue growth
- H2 volume to decline versus prior year, impacting full year core revenue growth expectation
- On track to deliver full year double digit adjusted EBITDA growth on a constant currency basis

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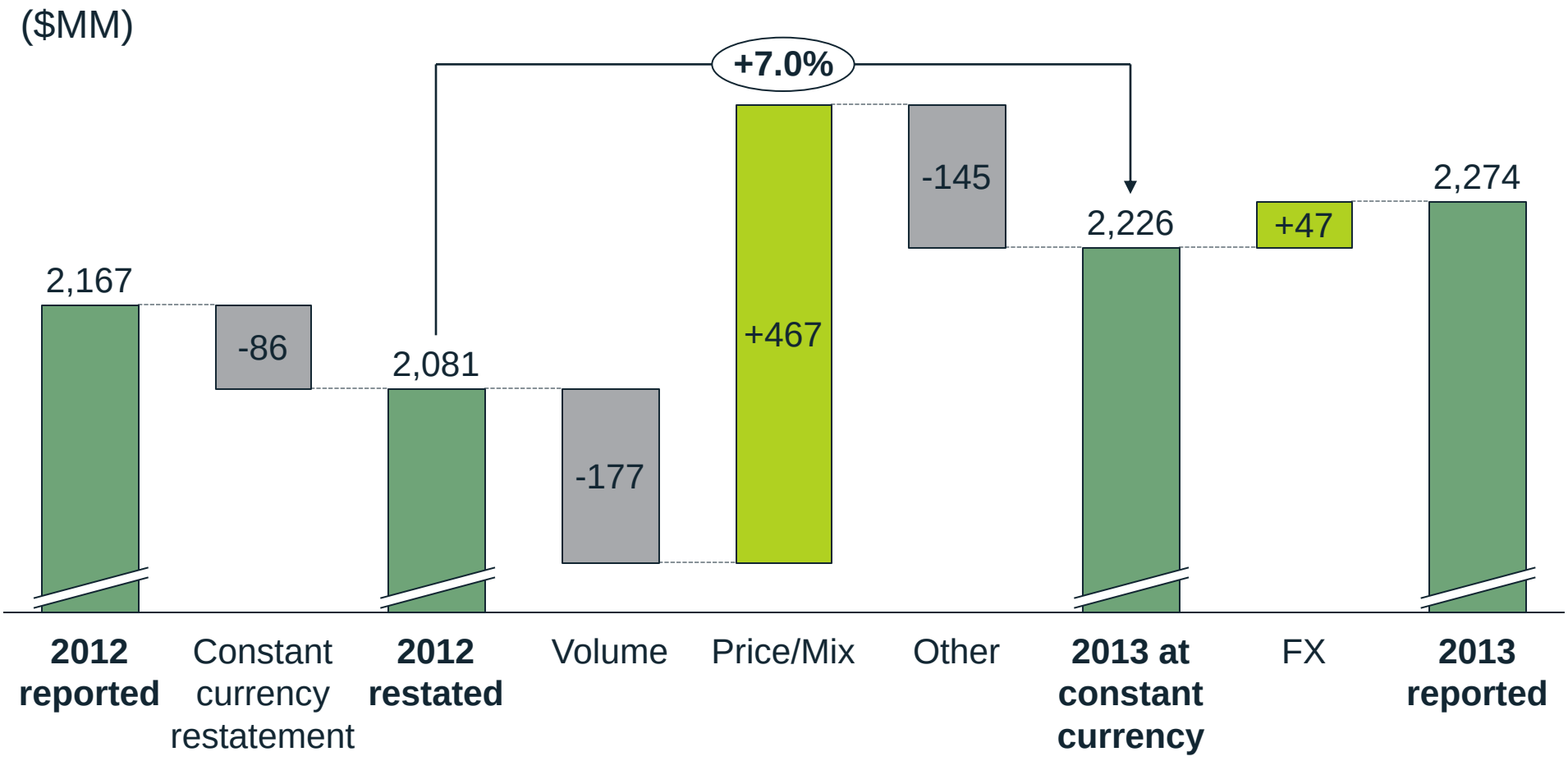
Appendix

Adjusted EBITDA (Jan – Jun results)



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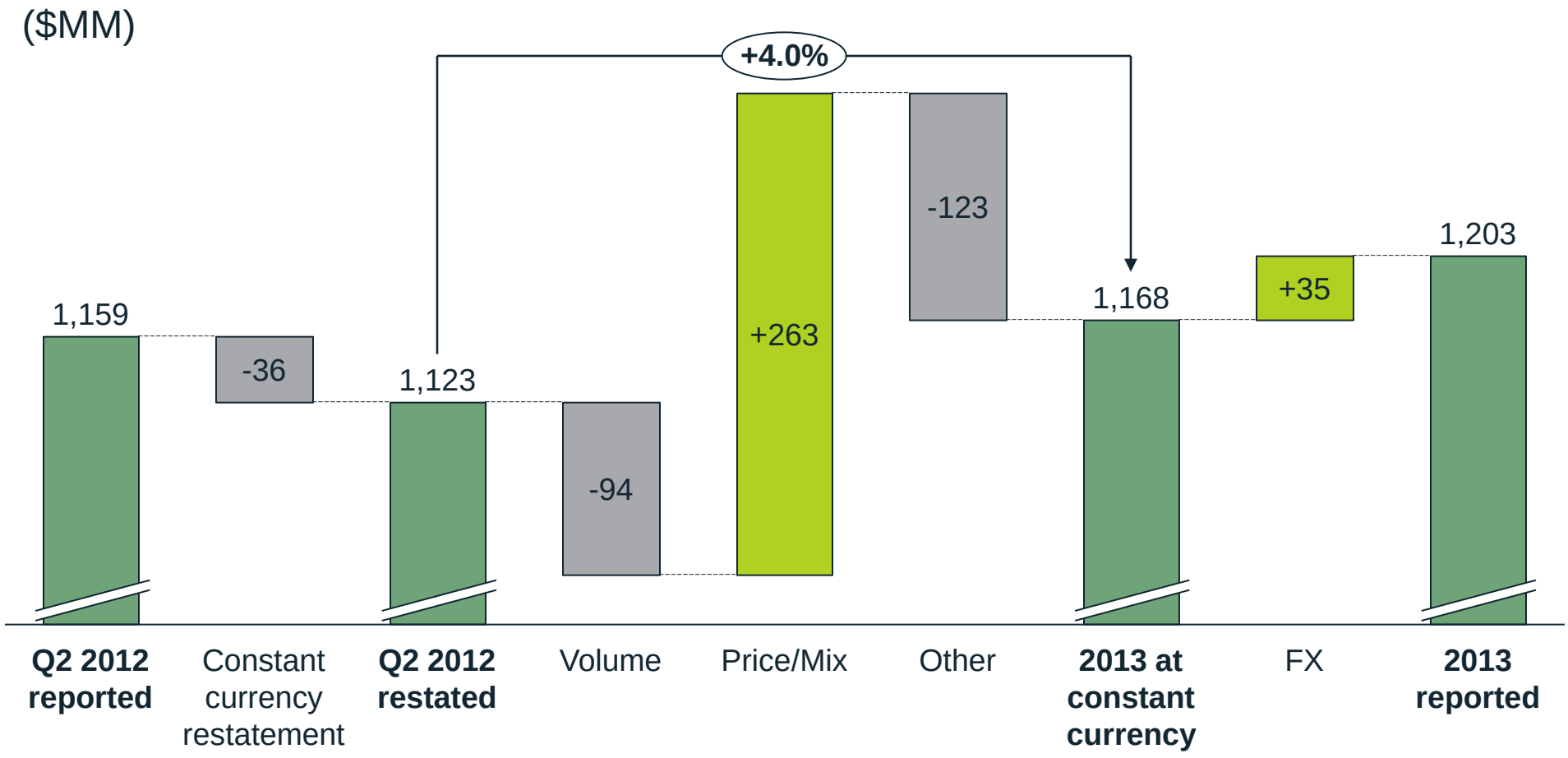
Adjusted EBITDA (Apr – Jun results)



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document 3

MEVIUS Evolution

Junichi Fukuchi
Senior Vice President,
Head of Tobacco Business Planning

Caution on Forward-Looking Statements

Today's presentations contain forward-looking statements. These statements appear in a number of places in these presentations and include statements regarding the intent, belief, or current and future expectations of our management with respect to our business, financial condition and results of operations. In some cases, you can identify forward-looking statements by terms such as "may", "will", "should", "would", "expect", "intend", "project", "plan", "aim", "seek", "target", "anticipate", "believe", "estimate", "predict", "potential" or the negative of these terms or other similar terminology. These statements are not guarantees of future performance and are subject to various risks and uncertainties. Actual results, performance or achievements, or those of the industries in which we operate, may differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements. In addition, these forward-looking statements are necessarily dependent upon assumptions, estimates and data that may be incorrect or imprecise and involve known and unknown risks and uncertainties. Forward-looking statements regarding operating results are particularly subject to a variety of assumptions, some or all of which may not be realized.

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) decrease in demand for tobacco products in key markets;

(2) restrictions on promoting, marketing, packaging, labeling and usage of tobacco products in markets in which we operate;

(3) increases in excise, consumption or other taxes on tobacco products in markets in which we operate;

(4) litigation around the world alleging adverse health and financial effects resulting from, or relating to, tobacco products ;

(5) our ability to realize anticipated results of our acquisition or other similar investments;

(6) competition in markets in which we operate or into which we seek to expand;

(7) deterioration in economic conditions in areas that matter to us;

(8) economic, regulatory and political changes, such as nationalization, terrorism, wars and civil unrest, in countries in which we operate;

(9) fluctuations in foreign exchange rates and the costs of raw materials; and

(10) catastrophes, including natural disasters. .

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Strengthening our premium segment with MEVIUS



- We have the opportunity to further strengthen our premium portfolio
- Our long term goal is to make MEVIUS the No.1 global premium brand

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Building on the strengths of Mild Seven and growing globally

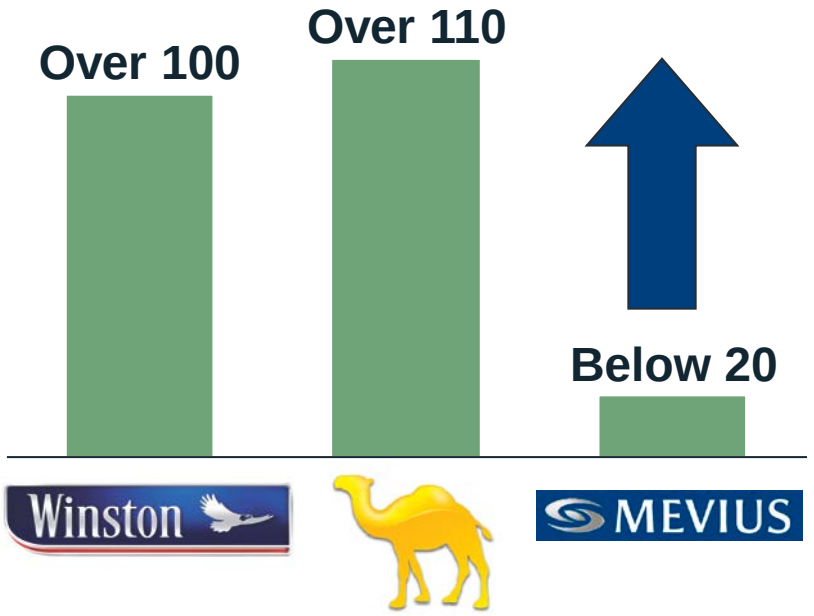
- Rich heritage linked to smooth taste, clean finish, unique tobacco blend and charcoal filter
- Strong presence in key Asian markets

- Substantial potential to enter new markets

Share of market and positions in key markets

Japan	32.2% (#1)
Taiwan	24.4% (#1)
Korea	7.0% (#7)
Malaysia	4.5% (#6)

Geographic coverage
(Number of markets)



Source: TIOJ, Nielsen
Notes:
•Apr-Jun 2013 is used for market share in Japan and for market positions
•12 months average at Jun 2013 is used for market share in Taiwan/Korea/Malaysia

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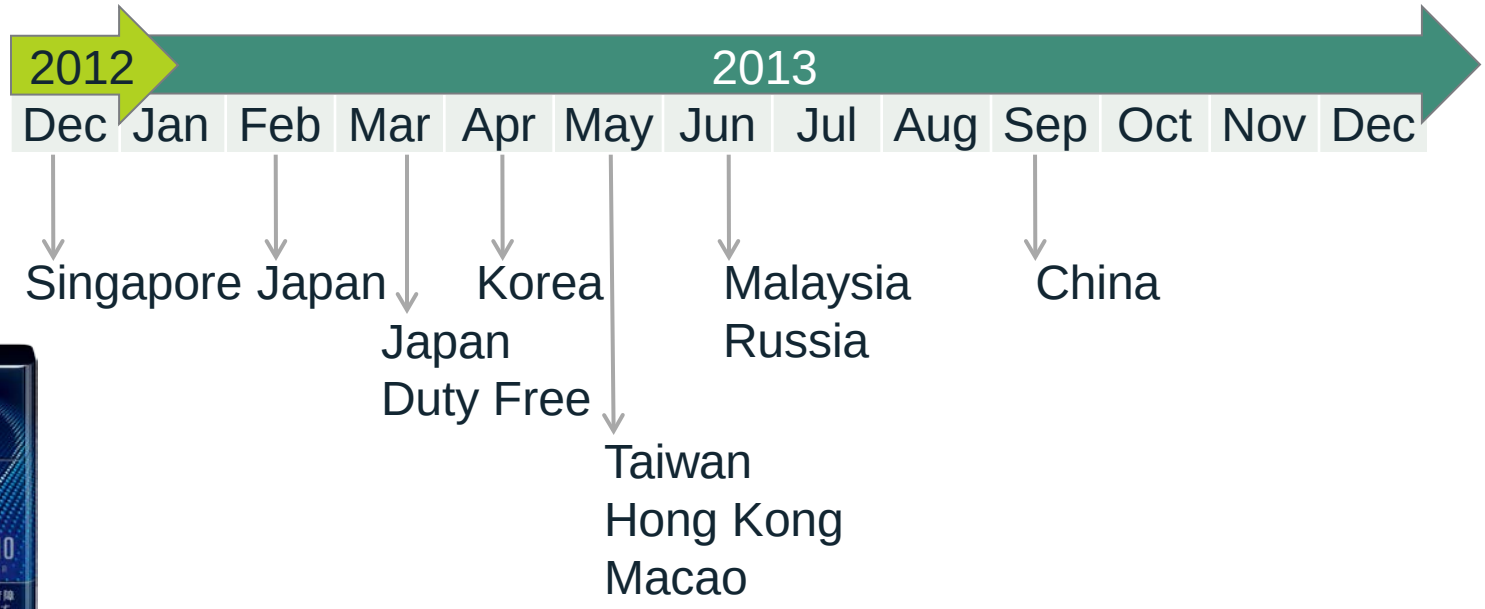
MEVIUS transition plan

- Successful re-branding in key markets
- MEVIUS transition to be finalized in all current Mild Seven markets by Q1 2014

Mevius Key Markets Roll-Out





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Successful start in its market of origin: Japan

New design and name to consolidate and expand the brand's position

Before November 2012



November 2012



February 2013



Design	*Former Design*	New Design
Brand Name	*Mild Seven*	MEVIUS

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Communication and promotional activities

Ads for magazine / smoking places



Event / Sampling







POP Ads







POS display / Sales Promotion





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Strengthening brand equity through line extensions & innovation

- New value-added products in menthol segment with 100% natural menthol, capsule technology and innovative filter

Base Line





Aroma-changing Capsule



Spread Filter

Menthol Line & Extension

Winter 2012
MEVIUS Premium Menthol



Spring 2013
Premium menthol Option



Autumn 2013
Premium menthol Spread



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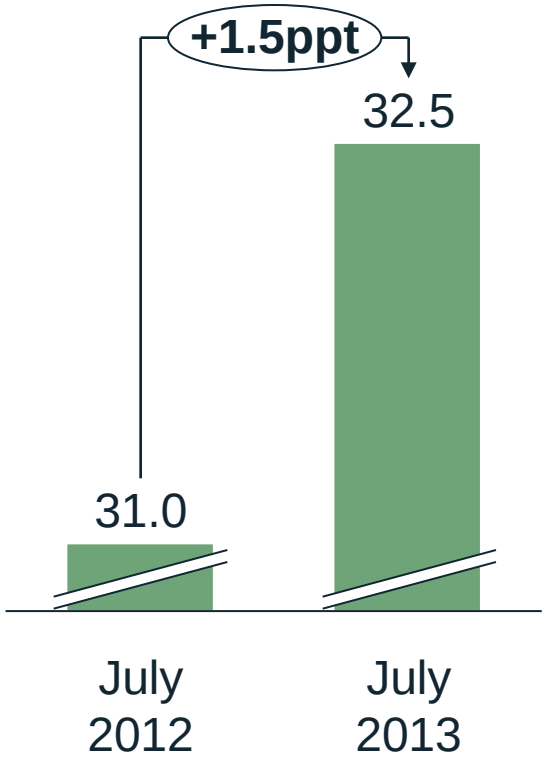
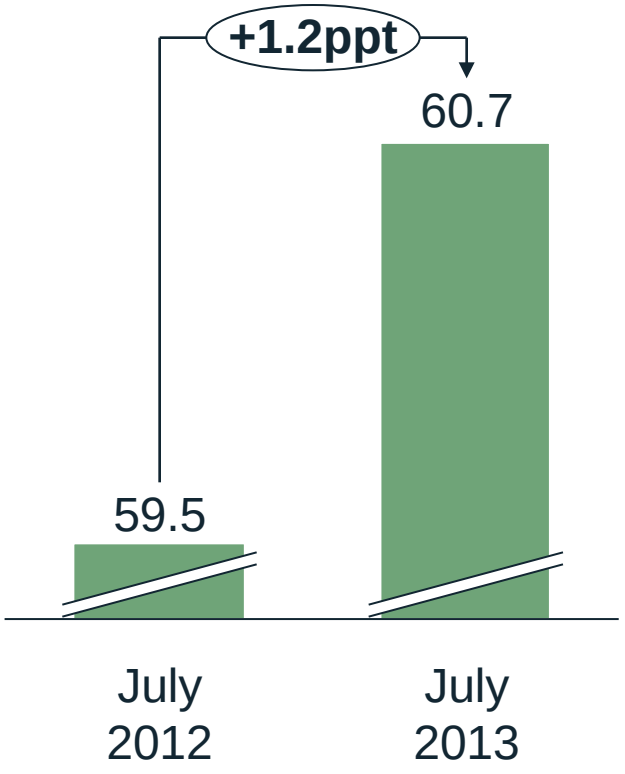
MEVIUS drives JT share growth

MEVIUS Market share (%)
Jul 2012 vs. Jul 2013



JT Market share (%)
Jul 2012 vs. Jul 2013



Source: TIOJ

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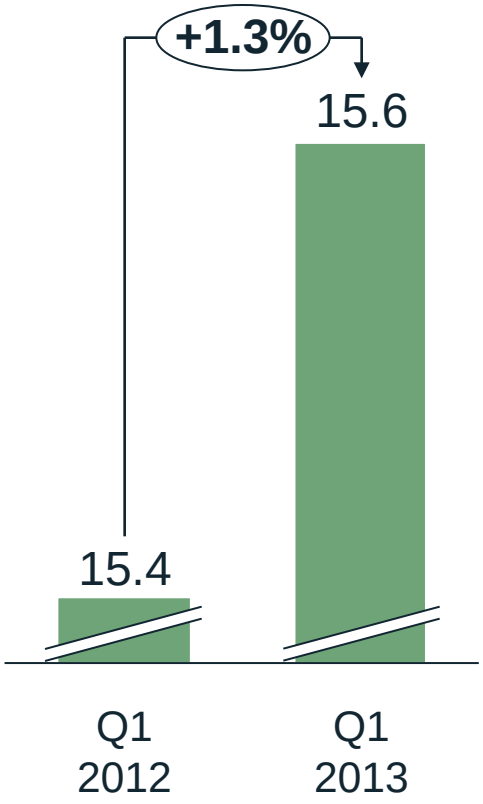
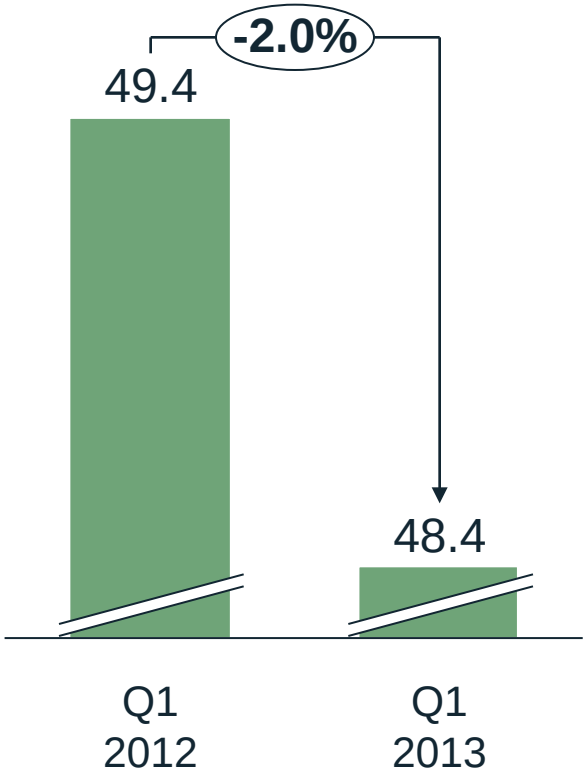
MEVIUS volume grew despite industry contraction

MEVIUS volume (BnU)
Q1 2012 vs. Q1 2013



Industry size (BnU)
Q1 2012 vs. Q1 2013



Source: TIOJ Q1 April-June

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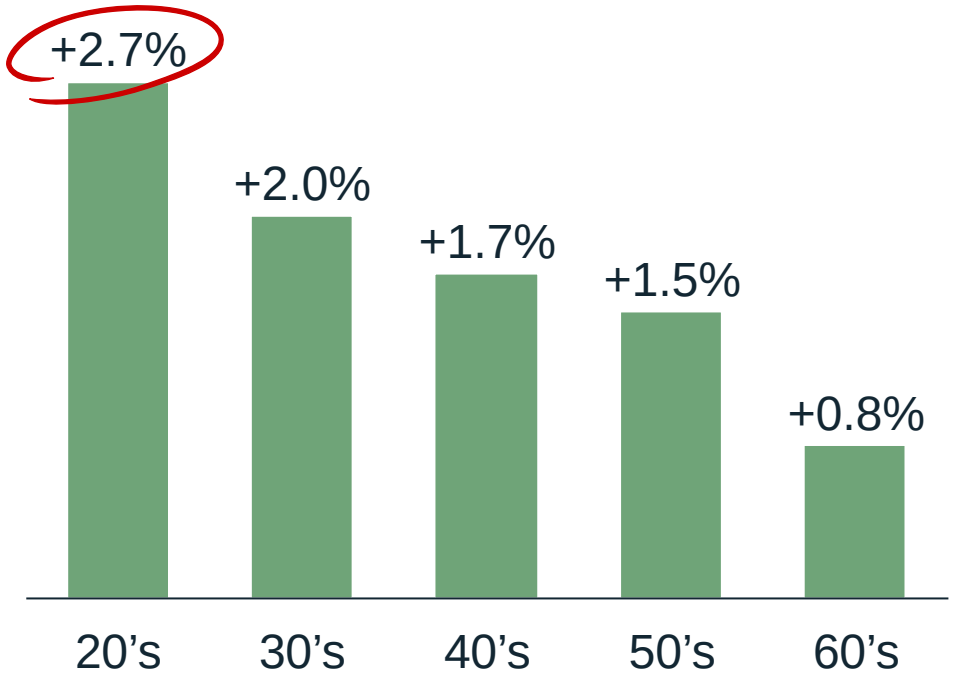
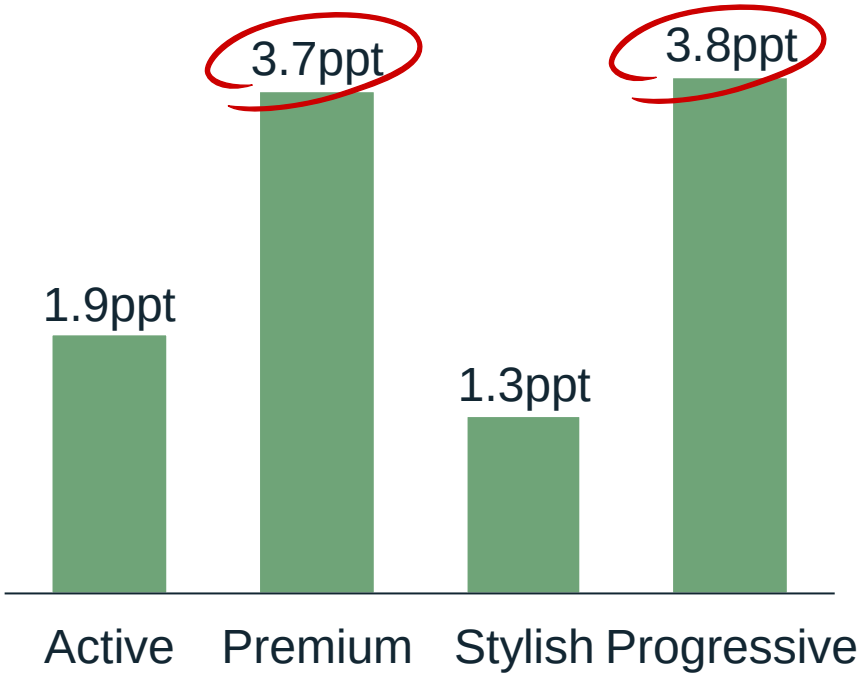
Share gains among young adult smokers and brand image improvement

Market share increase after brand name change by age group
Jan 2013 vs. Jun 2013



Brand image perception change
July 2012 vs. April 2013



Source: JT survey, 5 million consumer purchase data

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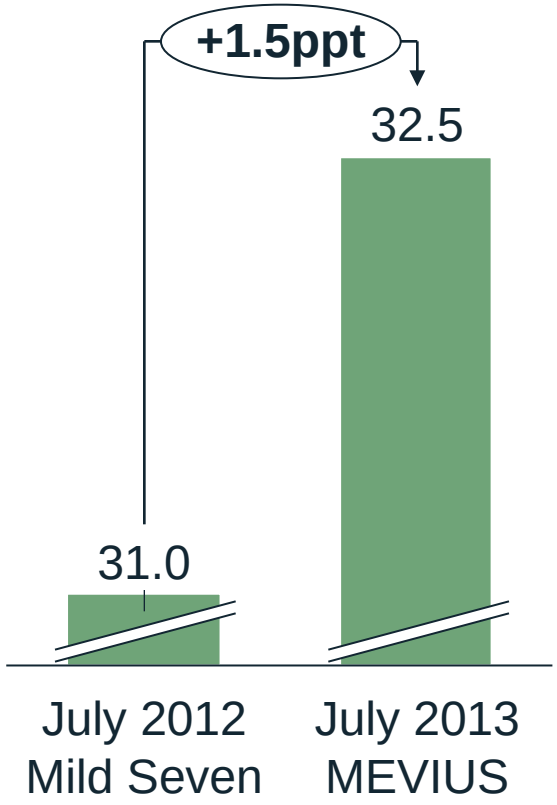
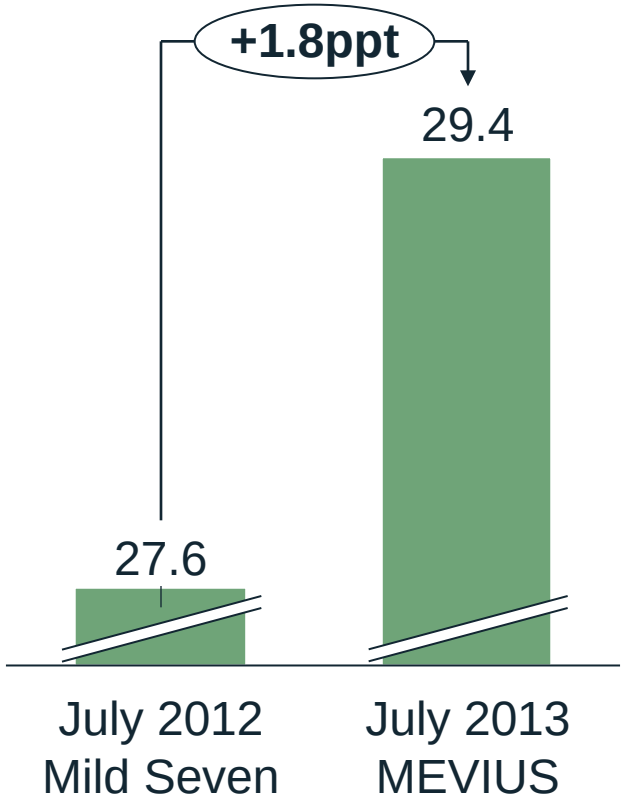
Even stronger share growth in the convenience store channel

MEVIUS Market share (%)
Jul 2012 vs. Jul 2013



Source: TIOJ

MEVIUS convenience store share (%)
Jul 2012 vs. Jul 2013



Source: JT estimates

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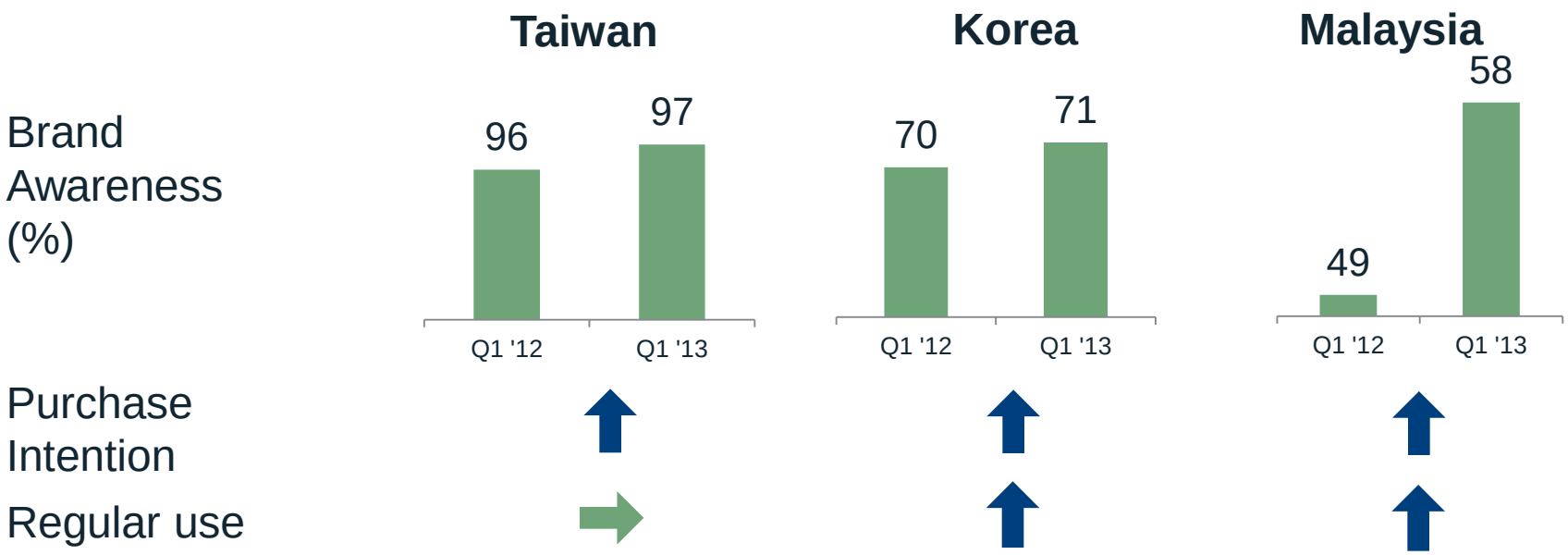
MEVIUS marketing initiatives in other key markets

MEVIUS Brand Image and awareness continue to improve

Brand Image

Consumers in key markets describe MEVIUS as “High quality”, “Dynamic”, “Modern”, “Stylish” and “brand for people like me”

Brand awareness, Purchase Intention and Regular Use



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Successful activities in key markets

- Consistent messages:
  - *“New Brand Name, Same Smooth Taste”*
  - *“It’s Only About Evolution”*
- Focus on both trade and consumer activation


















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Way forward for MEVIUS

- Our first step to make MEVIUS the global No.1 premium brand was successfully executed in most existing markets, giving us confidence that we are going in the right direction
- Entry in new markets is currently being prioritized by the recently established MEVIUS global brand team
- Further investment in brand equity and innovation will contribute to premiumize MEVIUS and expand its consumer base

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