Announcement ： February 5, 2015
Investors' Meeting：February 6, 2015

JTI FY 2014 Results and 2015 Outlook

Thomas A. McCoy
President & Chief Executive Officer

FORWARD-LOOKING STATEMENTS

This presentation contains forward-looking statements. These statements appear in a number of places in this presentation 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.

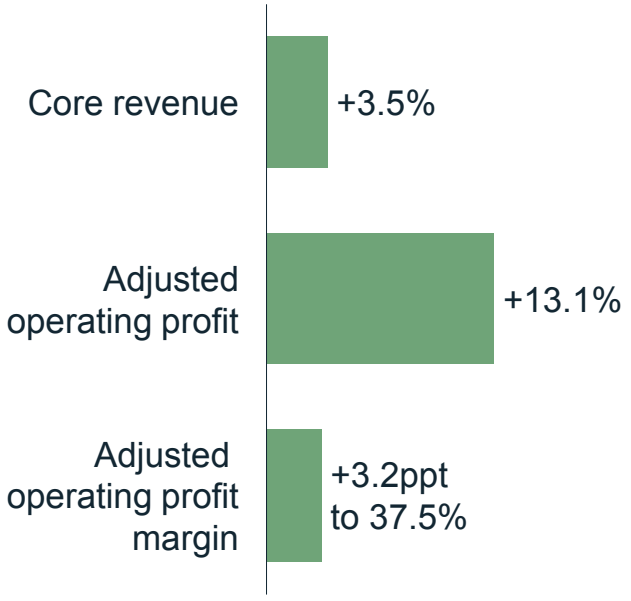
© Copyright JT 2015

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.

© Copyright JT 2015

Strong financial performance

Key Financial Indicators 2014
Year-over-Year change



Key drivers

- Robust pricing
- GFB share of market gains
- Total and GFB share of value growth
- Cost efficiencies
- Benefits from 20% stake in Megapolis, Russian distributor

Note: figures at constant rates of exchange

© Copyright JT 2015

GFB portfolio drives quality top-line growth

GFB share and mix evolution

	2014	vs. 2013 (ppt)
GFB SoM	14.3%	+0.5
GFB SoV	14.4%	+0.6
GFB Mix	65.9%	+1.8

- Strategic focus and consistent investment across GFB portfolio
- Pricing and equity drove share of market and share of value gains
- GFBs represent today 66% of total JTI shipment volume
- GFB equity continued to strengthen led by innovative propositions and line extensions

Source: Internal estimates
Note: SoM and SoV based on markets representing about 90% of total GFB volume
© Copyright JT 2015

Winston gains share and global reach

Share of market (SoM)

	2014	vs. 2013 (ppt)
Winston	**9.6%**	**+0.4**
Russia	15.0%	+0.7
Azerbaijan	8.1%	+1.0
Germany	2.4%	+0.5
Sweden	5.3%	+1.5
Switzerland	8.9%	+0.6
Taiwan	4.8%	+1.2

- Winston ranked #2 globally
- Record market share in 27 markets
- New line extensions
- Positive share performance in fine cut across Europe







Source: Internal estimates
Note: SoM based on markets representing about 90% of total Winston volume
© Copyright JT 2015

Solid share performance across other GFBs

Camel

SoM	2014	vs. 2013 (ppt)
Camel	**3.6%**	+0.5
Czech	4.3%	+0.5
Holland	8.4%	+0.7
Turkey	7.9%	+6.0

LD

SoM	2014	vs. 2013 (ppt)
LD	**5.9%**	+0.4
Ukraine	5.2%	+1.6
Hungary	8.7%	+1.7
Kazakh.	12.7%	+2.3

Mevius

SoS(1)	Dec. 2014	vs. Dec. 2013 (ppt)
Mevius	**21.8%**	+0.4
Vietnam	1.6%	+0.1
Malaysia	6.5%	+0.6
Taiwan	58.3%	+1.2











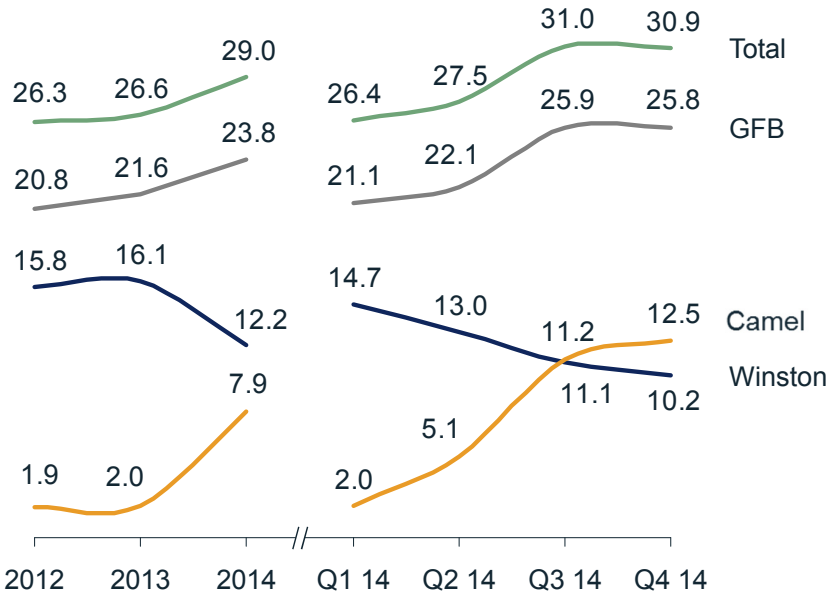


(1) Share of premium segment in Mevius' top 5 Asian markets excl. Japan: Cambodia, Korea, Malaysia, Taiwan & Vietnam
Source: Internal estimates, Nielsen, DCS. Note: Camel and LD SoM based on markets representing about 90% of their respective volume

© Copyright JT 2015

Turkey: Camel strengthens total GFB business

SoM evolution
(%)

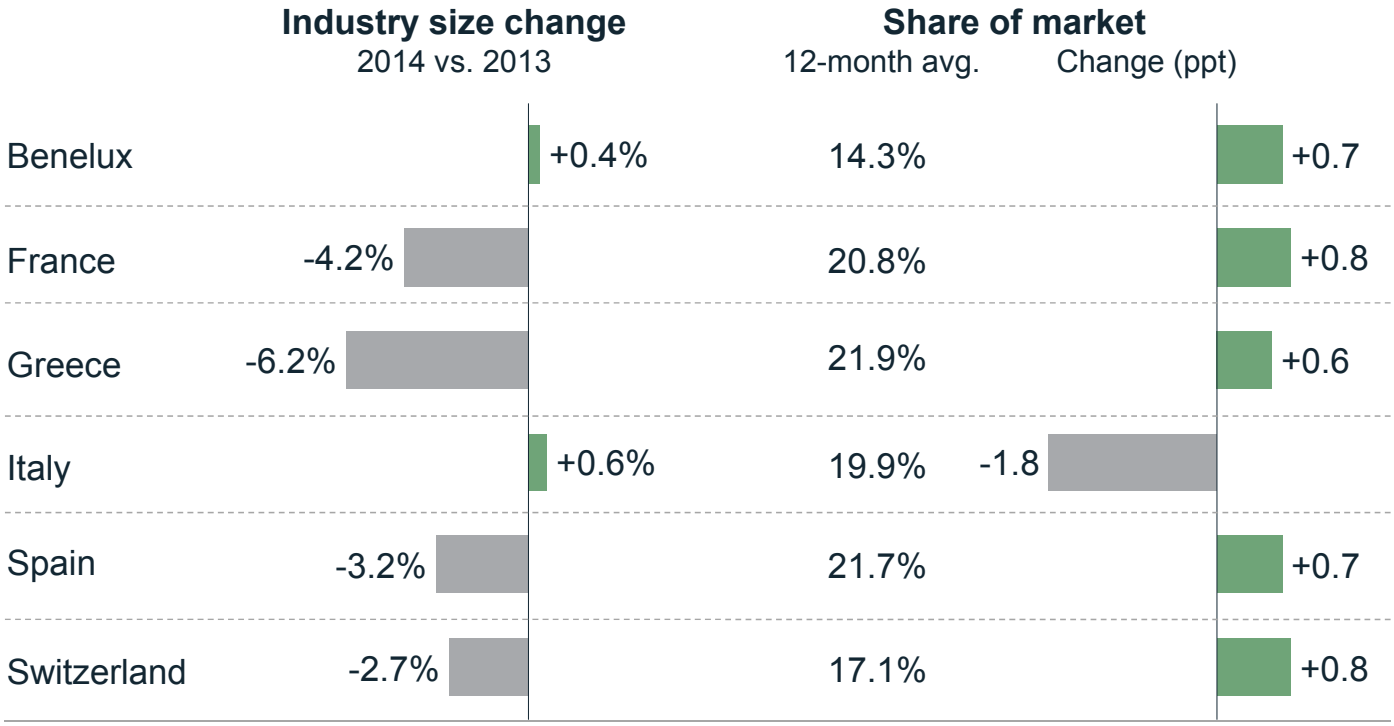


- JTI continued total and GFB market share growth
- Intensified price competition in the value segment following the tax increase affected Winston
- Price repositioning of Camel to popular:
  - Share of market and share of value gains
  - More than compensated Winston share losses
- Winston and Camel represent a combined 20% market share in 2014

Source: Nielsen

© Copyright JT 2015

S&WE: share of market growth driven by GFB



Note: Industry size includes cigarettes and fine cut. Benelux includes Belgium, Luxembourg and Netherlands
Source: Internal estimates, Nielsen, IRI, Logista

© Copyright JT 2015

Strong fine cut share growth in Europe

Fine cut share of market (SoM)

	2014	vs. 2013 (ppt)
Europe	**18.8%**	+1.6
France	32.7%	+1.9
Ireland	68.3%	+5.8
Poland	10.8%	+6.2
Spain	20.2%	+2.7
Switzerland	20.5%	+3.5
UK	42.6%	+1.3

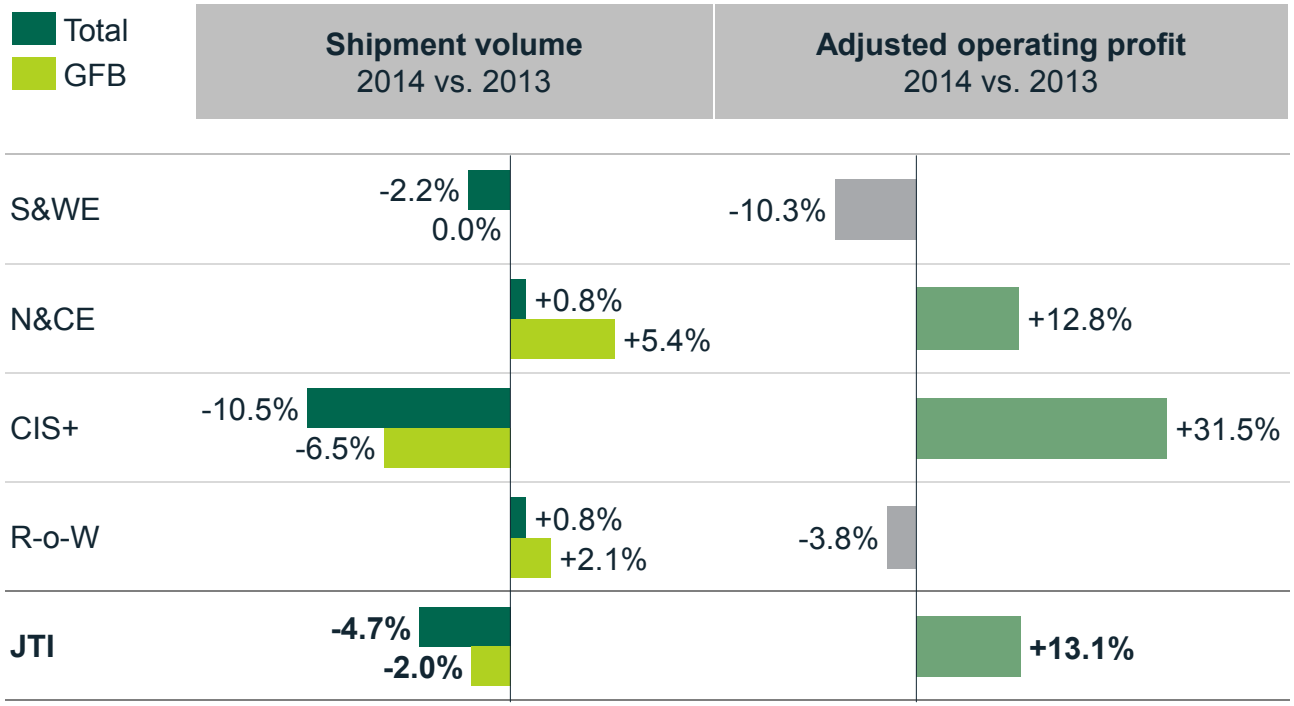
- Share growth momentum continued driven by GFB
- Consolidated number 1 or 2 position in several markets
- Amber Leaf remains number 1 tobacco brand in the UK



Source: Internal estimates, Nielsen, Logista, IRI

© Copyright JT 2015

Strong financial performance in N&CE and CIS+ clusters

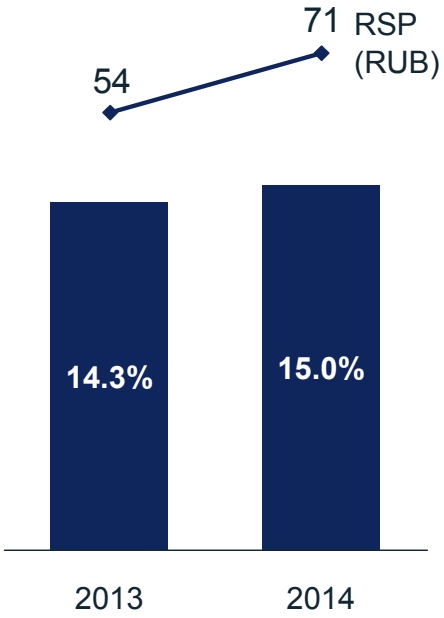


Note: Adjusted operating profit at constant rates of exchange

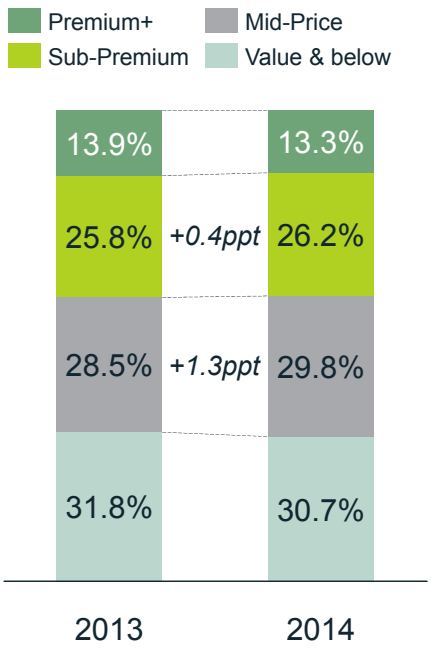
© Copyright JT 2015

Russia: strong leadership position driven by Winston

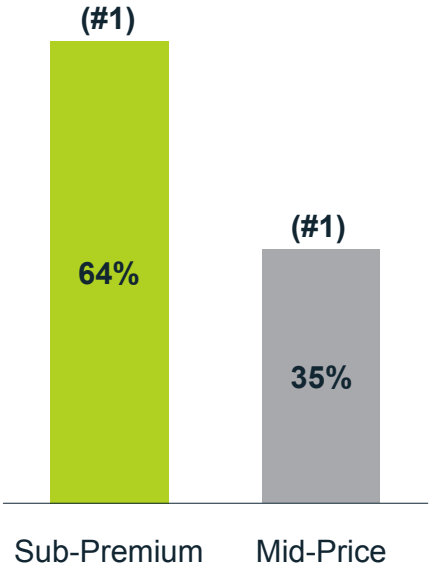
Winston SoM & RSP



RMC Price segments



JTI Share of segment & ranking



Source: Internal estimates, Nielsen

© Copyright JT 2015

Russia: Confident about 2015

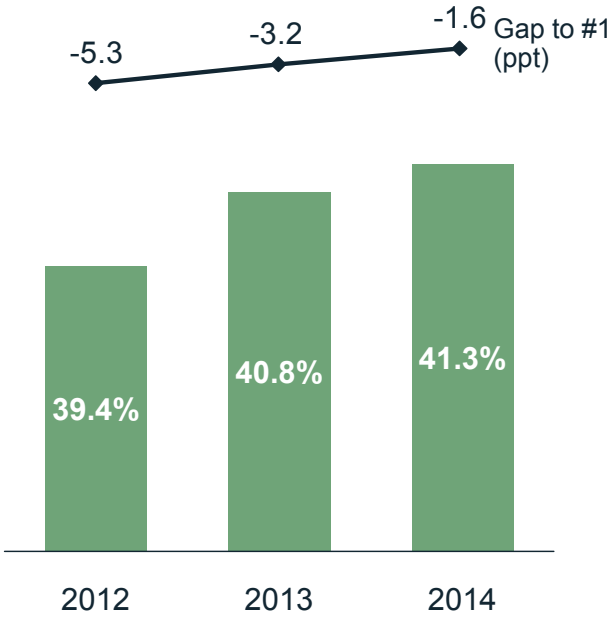
- Operating environment will remain challenging:
  - Economic recession and currency devaluation
  - Early signs of downtrading
  - Full impact of retail display ban and HoReCa smoking ban
  - Industry volume decline expected broadly in line with 2014

- Confident about 2015:
  - Market leadership position
  - Pricing opportunities remain
  - GFB market share growth momentum led by Winston, the #1 brand
  - Equity building initiatives through increased marketing investment
  - Well-balanced portfolio
  - Line extensions enhancing competitiveness

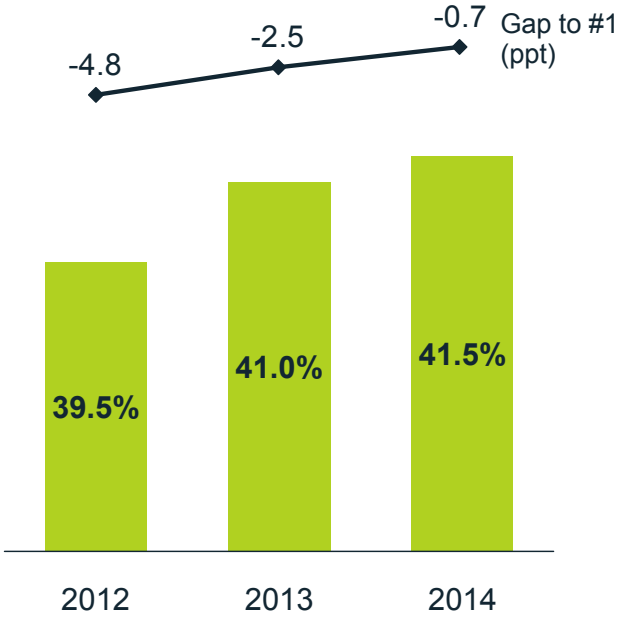
© Copyright JT 2015

UK: Robust pricing and share growth

SoM evolution



SoV evolution

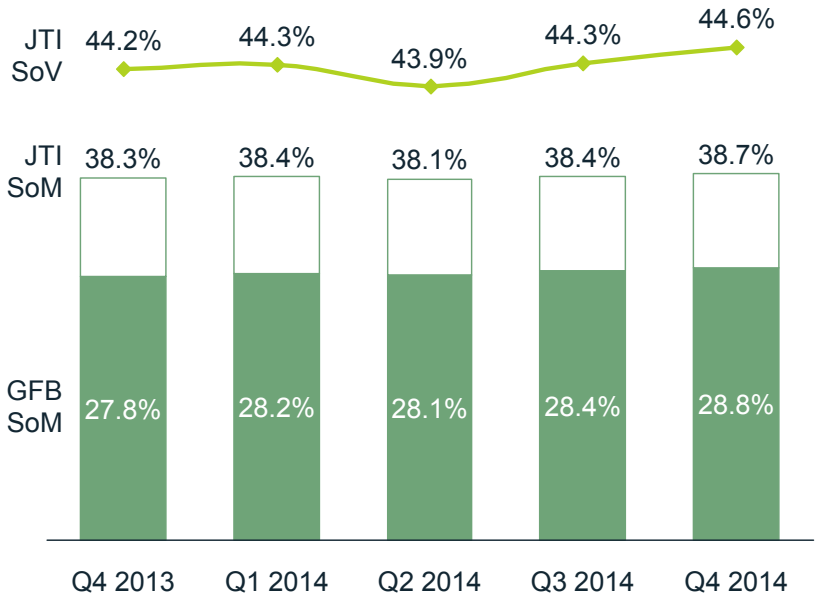


Source: Nielsen

© Copyright JT 2015

Taiwan: Consolidating our leadership position

SoM and SoV evolution



- Strong brand equity drove pricing and profitability
  - Mevius remained the #1 tobacco brand
  - Winston and LD grew both volume and share of market
- Consolidated leadership in both share of market and share of value

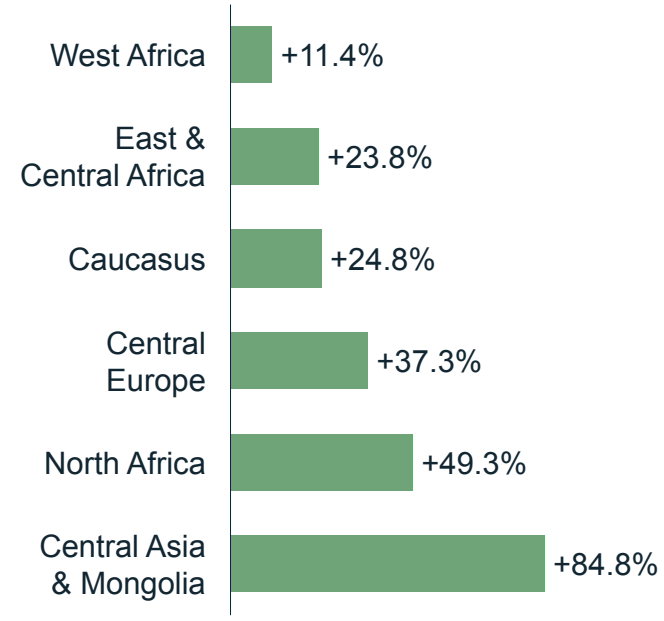
Source: Nielsen

© Copyright JT 2015

Business base expansion

- Long-term investment efforts in emerging markets generating volume and earnings growth
- Combination of organic expansion and acquisitions in 2014
  - Conventional tobacco: market entries in Brazil, Egypt, Myanmar
  - Emerging products: acquisition of E-Lites in e-cigarettes

EBITA growth in emerging markets
2014 vs. 2013



Note: EBITA at constant currency. For the list of markets included in each geography, please refer to the appendix

© Copyright JT 2015

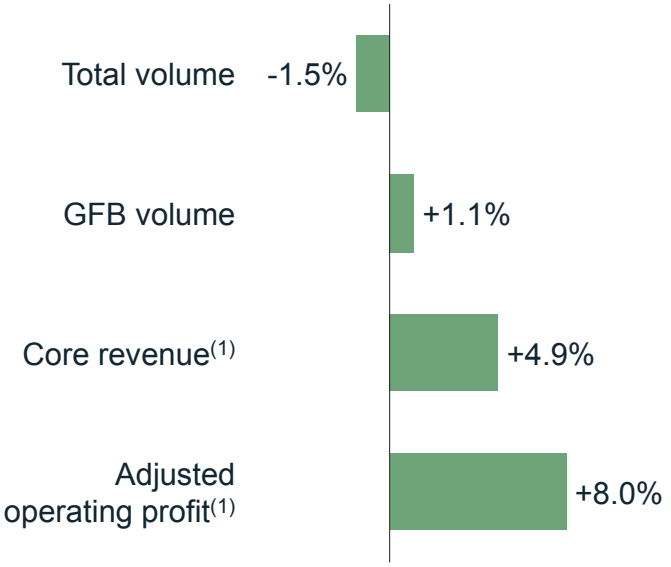
Summary of 2014 results

- Double-digit adjusted operating profit growth
- Strong business fundamentals
  - Robust pricing in key markets of Russia, Taiwan and the UK
  - Well-balanced brand portfolio
  - Total share of value growth
  - Continued GFB share of market and GFB share of value growth
- Expanded earnings base
- Cost efficiencies
- Focused investments on brands and emerging products

© Copyright JT 2015

Strengthening JTI for the future while delivering high single digit profit growth in 2015

Key Performance Indicators 2015
Forecast year-over-year change



- Industry contraction will impact total volume
- GFB volume grows driven by market share momentum
- Core revenue growth at constant currency driven by solid pricing and improved GFB mix
- Investments to secure mid- to long-term sustainable growth
- Focus on emerging products
- Adjusted operating profit to grow 8% at constant currency

1) At constant rates of exchange

© Copyright JT 2015