Announcement ：February 4, 2016
Investors' Meeting：February 5, 2016

JTI FY 2015 Results & 2016 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.

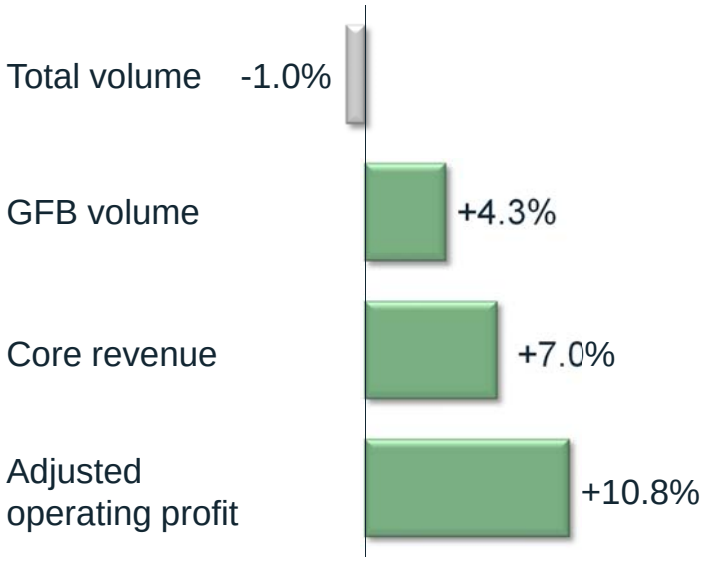
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Double-digit profit growth in 2015

Key Performance Indicators 2015
(change vs. PY)



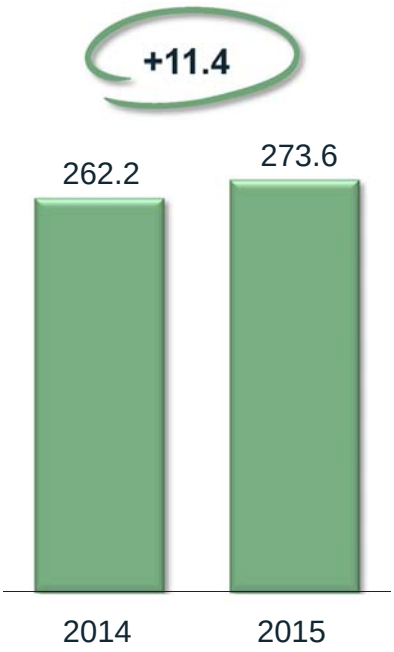
- Strong performance driven by:
  - Pricing gains, and
  - Positive GFB momentum.
- Increased investment in:
  - GFB portfolio and equity,
  - Business base expansion, and
  - Emerging products.
- Solid growth across all clusters and key markets.

Note: Core revenue and Adjusted operating profit at constant currency

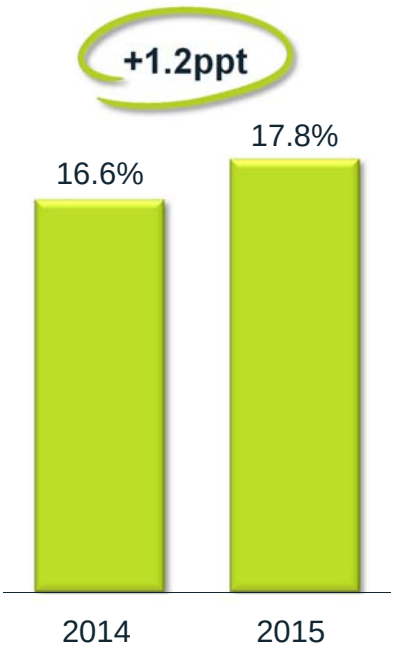
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GFBs growing volume and share

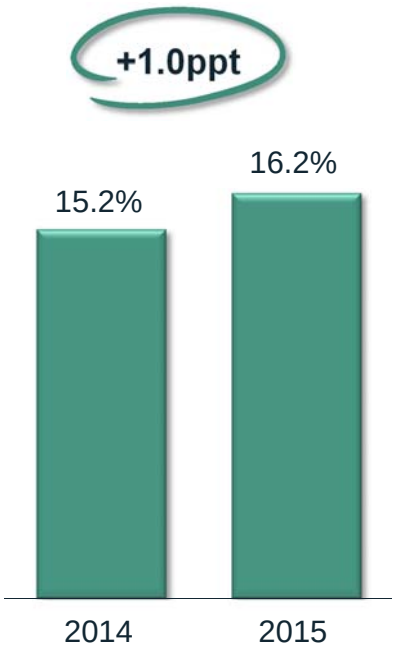
GFB volume (BnU)



GFB SoM



GFB SoV



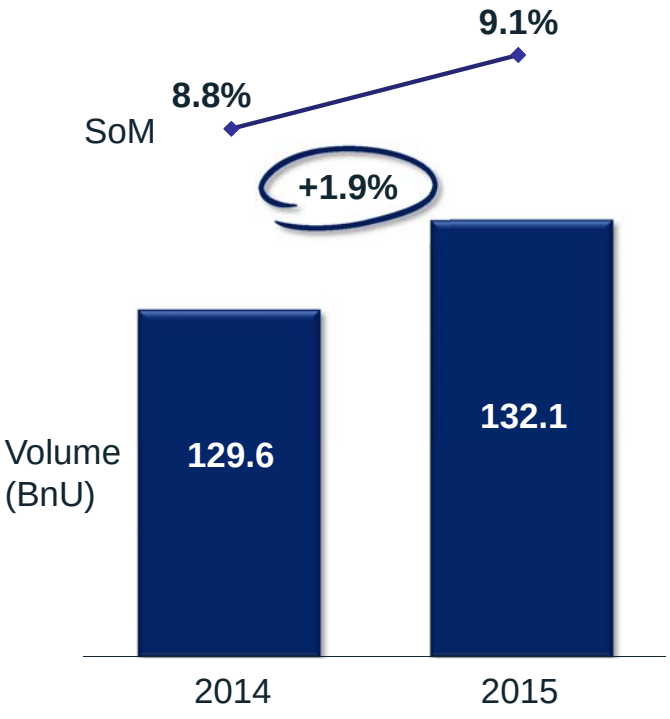
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Source: Internal estimates. GFB SoM and SoV based on markets representing ~90% of JTI total volume

Winston

Winston: Investing in equity, innovation and global expansion

Winston SoM and volume



- Double-digit volume growth in 40 markets.
- Record market share in 23 markets.
- Robust performance in fine cut.
- Continued roll-out of innovations.
- Increased global reach to 121 markets.

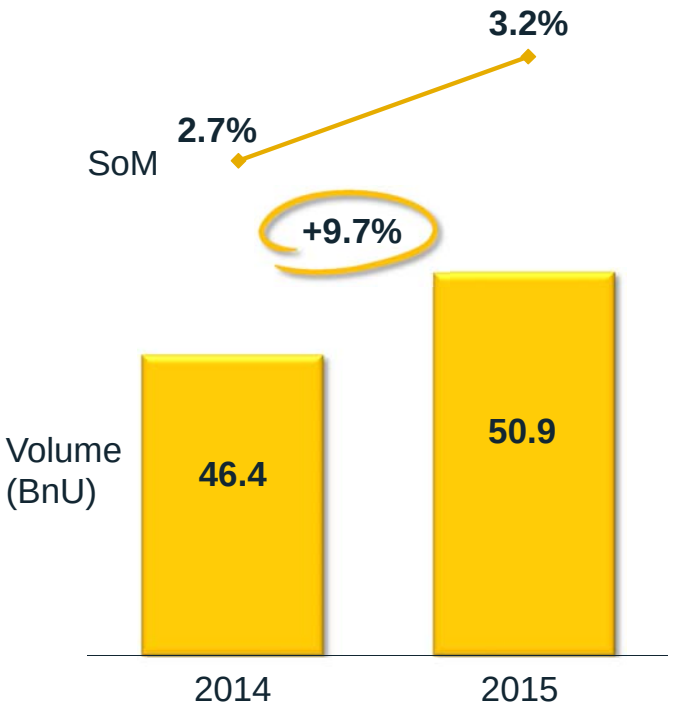


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Source: Internal estimates. Note: Winston SoM based on markets representing ~90% of JTI total volume

Camel: Highest historical volume

Camel SoM and volume



- Significant contribution to GFB volume growth.
- Record high market share in Czech Republic, Italy, Netherlands, Turkey and Spain.
- Packaging upgrade rolled out in 35 markets.
- First-to-market Double Capsule in 15 markets.

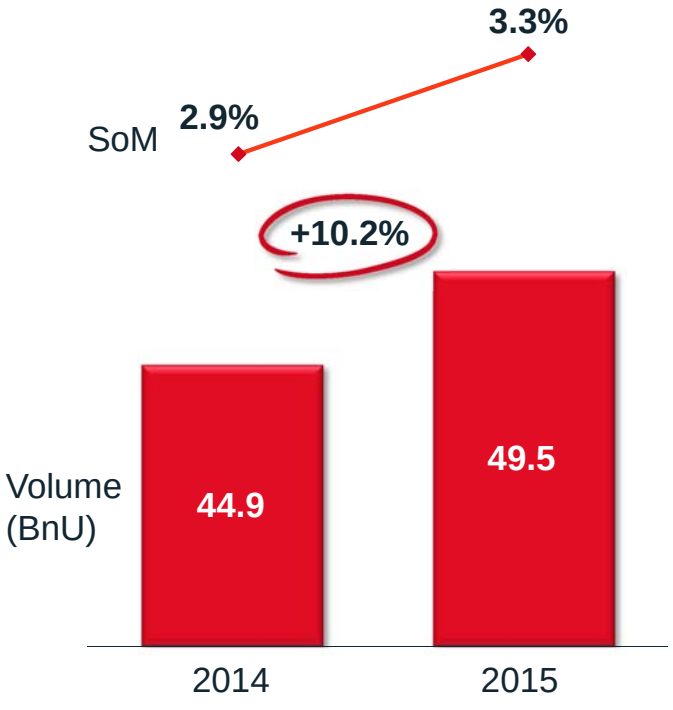


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Source: Internal estimates. Note: Camel SoM based on markets representing ~90% of JTI total volume

LD: Double-digit volume growth

LD SoM and volume



- LD Club Compact driving volume growth.
- Record high market share in 12 markets.
- Expanded global reach to 46 markets, with 8 new entries in 2015.



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Source: Internal estimates. Note: LD SoM based on markets representing ~90% of JTI total volume

Building leadership in emerging products

E-VAPOR

logic.

- #3 in the US.
- First closed tank offering in France (Nov. 2015).
- Launched in the UK.



E-Lites

- Positive performance of Curv in the UK.
- Strong momentum in Ireland.
- Launched in Germany.



TOBACCO-VAPOR

ploom™ TECH

- Unique hybrid combining e-cigarette technology and tobacco cartridges.
- Pilot launches planned for 2016.



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Increased investment to broaden our business footprint

Seeding investments	Key focus markets
Distribution expansion	Brazil, Thailand, Myanmar
Business building initiatives	Korea, Egypt, Vietnam, Philippines, Hungary, Bulgaria
New market entries	Bangladesh, Nepal

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Positive financial performance across all clusters

(2015 vs. PY)	Core revenue	Adjusted operating profit
S&WE	+8.0%	+7.9%
N&CE	+8.7%	+14.5%
CIS+	+6.4%	+14.0%
R-o-W	+5.8%	0.0%
JTI	**+7.0%**	**+10.8%**

Note: Core revenue and Adjusted operating profit at constant currency

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Growth in the key markets of Italy, France and Spain

Volume and market share evolution (2015 vs. PY)

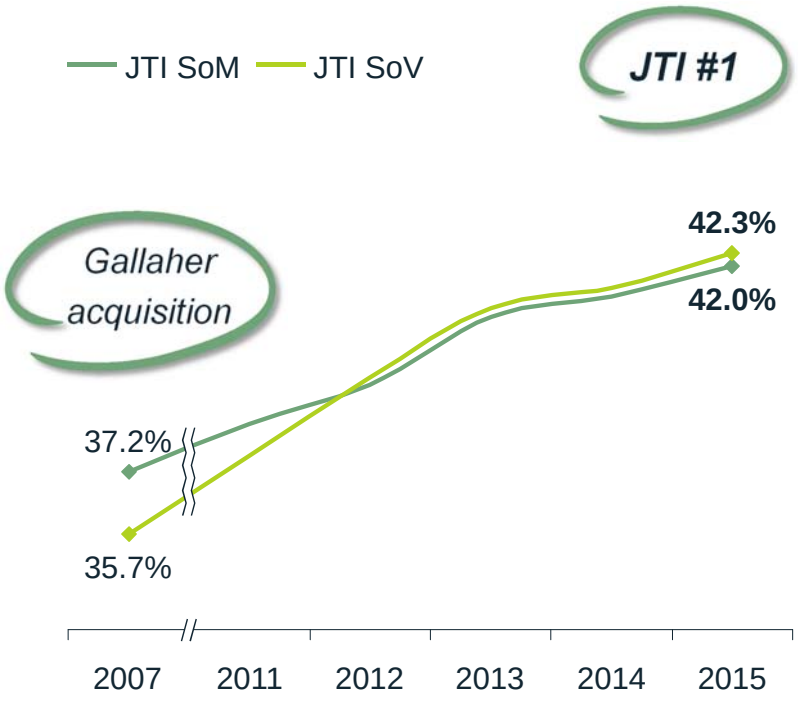
	Industry volume	JTI SoM	JTI volume	GFB volume
Italy	-0.4%	+1.2ppt (21.1%)	+9.3%	+9.7%
France	+2.7%	+0.6ppt (21.4%)	+6.4%	+9.4%
Spain	-1.1%	+0.6ppt (22.3%)	+1.9%	+4.4%

Source: IRI, Nielsen, Logista. Note: Spain SoM based on a 12-month rolling average to November 2015 vs. full-year 2014

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UK: Achieved the #1 position

JTI share evolution



- Market leading position fueled by increasing investment behind brands and route-to-market.
- Consistent growth since the Gallaher acquisition, supported by:
  - Amber Leaf, the #1 tobacco brand,
  - Sterling, the #1 cigarette brand.
- Well-positioned to continue growing and strengthen JTI's #1 position.
  - Strong trade programs to manage new regulations ahead.

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Source: Nielsen, Internal estimates

Europe: Increasing volume and share

JTI volume and SoM in Europe
(2015 vs. PY)

	Volume	SoM
JTI	+4.3%	+0.7ppt
GFB	+8.8%	+1.1ppt
Winston	+15.6%	+0.7ppt
Camel	+7.2%	+0.3ppt

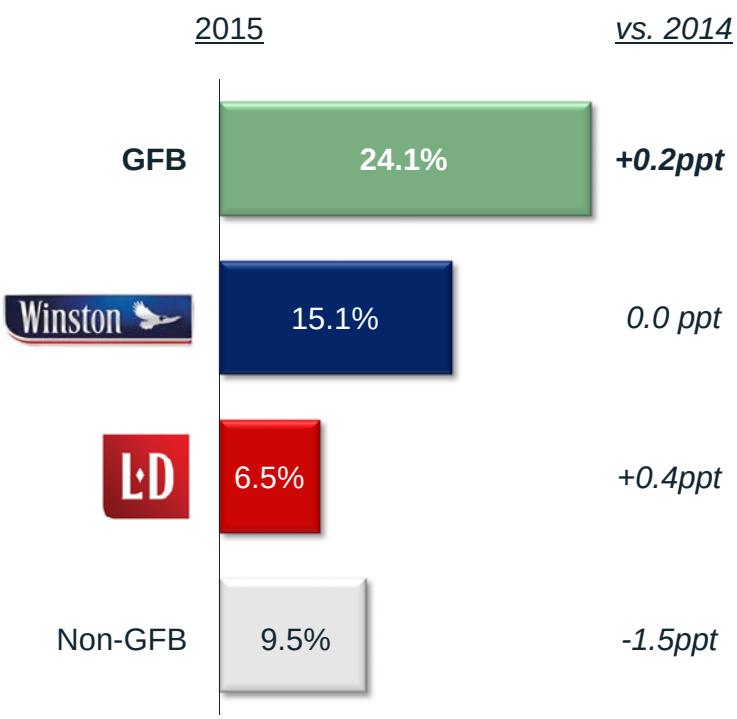
- Impressive volume progression in 20 out of 31 markets.
- Record market share in 21 markets.
- High single-digit GFB volume growth in 14 markets.
  - Winston and Camel growing volume in 20 markets.
  - GFB mix of 74.2% in 2015.

Source: Internal estimates. Note: Europe comprises S&WE and N&CE clusters

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Russia: Continued GFB share growth and pricing

JTI SoM evolution



- Strong profit growth driven by pricing and exceptional GFB equity.
- GFB market share continued to grow.
  - Winston remained the #1 brand, maintaining a stable market share.
  - LD achieved record high market share, returning to #3 positon.
- Solid leadership in:
  - Share of market (33.6%),
  - Share of value (34.6%),
  - Sub-Premium (66.1%), and
  - Mid-Price (32.4%).

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Source: Nielsen, Internal estimates

Russia: Outlook for 2016

- Operating environment to remain challenging:
  - Economic recession impacting consumer sentiment.
  - Continued industry contraction and downtrading.

- Confident about 2016:
  - Pricing opportunities remain.
  - Leadership in both share of market and share of value.
  - Strong GFB portfolio, driven by Winston and LD.
  - Competing in Compact and Big Pack.
  - Increased investment in modern trade.

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Taiwan: Strengthening our market leadership

JTI and GFB share evolution

	2015	vs. PY
JTI SoV	45.3%	+1.1ppt
JTI SoM	39.2%	+0.8ppt
GFB SoM	31.7%	+3.3ppt

Migration of More to Winston

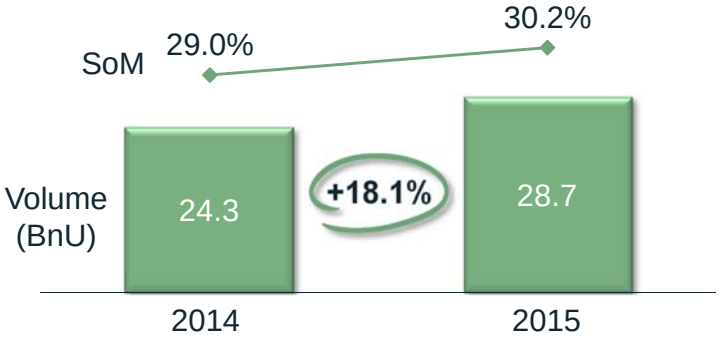


- Strong #1 tobacco player in both share of market and share of value.
- Positive GFB momentum in 2015:
  - Mevius consolidated its leadership in Premium.
  - Winston became the #3 brand, benefiting from the migration of More.
  - LD continued to grow market share, enhancing its presence in Value.
- Manufacturer price increase in August 2015.
- Stable industry volume expected in 2016.

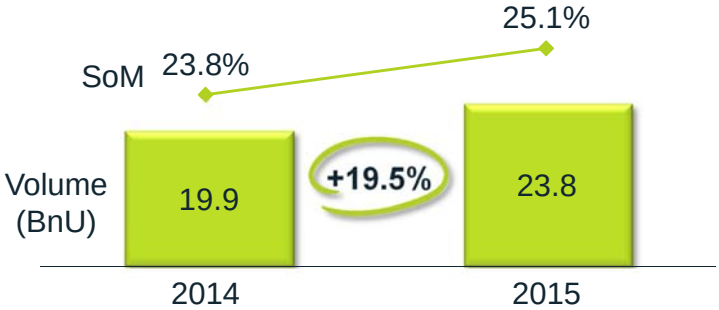
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Source: Nielsen, Internal estimates

Turkey: Exceeding 30% market share

JTI volume and market share



GFB volume and market share



- Outperforming in a growing industry:
  - Double-digit volume growth,
  - Record market share,
  - 2 brands in the top-3: Camel (#1) and Winston (#3).
- Positive outlook for 2016:
  - Industry to continue growing,
  - Tax-led price increase in January 2016.

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Source: Nielsen

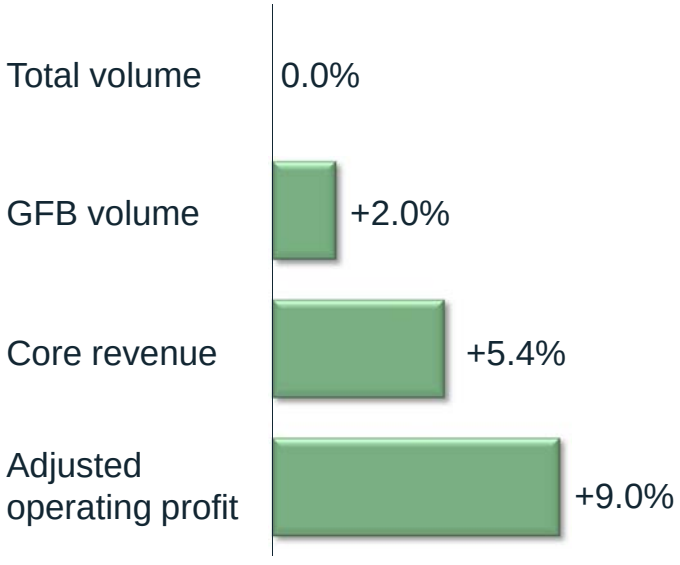
Summary of 2015 results

- Double-digit adjusted operating profit growth.
- Solid top-line performance, driven by pricing and positive GFB momentum.
- Strong business fundamentals across clusters and key markets.
  - Market leadership in Russia, Taiwan and the UK.
  - Record market share in France, Spain and Turkey.
- Increased investment in emerging products and seeding markets.

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2016 outlook: Continued investment and profit growth

Key Performance Indicators 2016
Forecast year-over-year change



Note: Core revenue and Adjusted operating profit at constant currency

- Stable volume against continued industry contraction.
- GFB volume and share growth, supported by emerging markets and acquisitions.
- 65% of the planned pricing already implemented.
- Additional investment to secure long-term sustainable growth.
- Adjusted operating profit to grow 9%.

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