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FOR IMMEDIATE RELEASE

Tokyo, June 5, 2018

Documents presented at the Investor Conference in London

Japan Tobacco Inc. (JT) (TSE: 2914) announces that JT Group is holding an Investor Conference today at 5:00pm Tokyo time (9:00am London time) in London. The JT Group executives will make presentations on the management principle and strategies under the new management, the role of acquisitions and performance of past transactions and also the global strategy and scientific updates of Reduced-Risk Products.

Documents & Presenters:

Document 1: JT Group Priorities for Sustainable Growth
Masamichi Terabatake, JT Group President & Chief Executive Officer

Document 2: JTI's Growth Strategy - The role of acquisitions
Eddy Pirard, JT International President & Chief Executive Officer

Document 3: Reduced-Risk Products Strategy
Daniel Torras, JT International Senior Vice President, Reduced-Risk Products

Document 4: Reduced-Risk Products Science Update
Ian Jones, JT International Vice President, Reduced-Risk Products Science

On-demand webcast will be available from 6th June.
（https://www.jt.com/investors/results/presentation_events/）

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Japan Tobacco Inc. is a leading international tobacco company with operations in more than 130 countries. With close to 60,000 employees, it manufactures and sells some of the world's best-known brands including Winston, Camel, MEVIUS and LD. The JT Group is committed to investing in Reduced-Risk Products (RRP) and currently markets Ploom TECH, its tobacco vapor product, and various e-cigarette products under the Logic brand. The Group is also present in the pharmaceutical and processed food businesses. For more information, visit https://www.jt.com/.

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Document 1

JT Group
Priorities for Sustainable Growth

Masamichi Terabatake
JT Group President & Chief Executive Officer

Forward-Looking Statements

This presentation contains forward-looking statements. These statements appear in a number of places in this document 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) increase in awareness of health concerns related to smoking;
(2) regulatory developments; including, without limitation, tax increases and restrictions on sales, marketing, packaging, labeling and use of tobacco products, privately imposed restrictions and governmental investigations;
(3) litigation around the world alleging adverse health and financial effects resulting from, or relating to, tobacco products;
(4) our ability to further diversify our business beyond the traditional tobacco industry;
(5) our ability to successfully expand internationally and make investments outside Japan;
(6) competition and changing consumer preferences;
(7) our ability to manage impacts derived from business diversification or business expansion;
(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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Our Management Policy

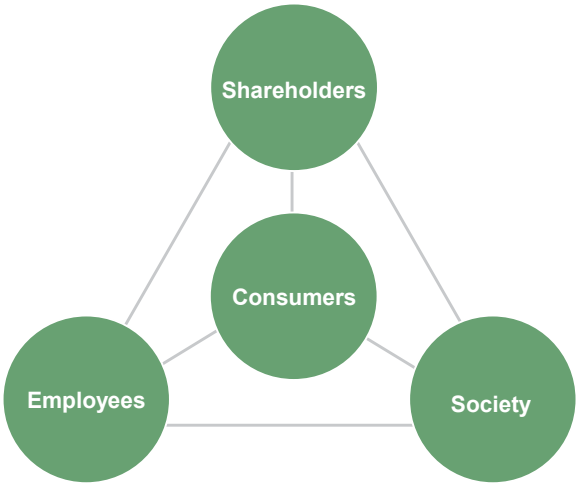
Management Principle

4S MODEL

We strive to **fulfill our responsibilities** to our

- valued Consumers,
- Shareholders,
- Employees, and
- the wider Society,

carefully **considering the respective interests** of these four key stakeholder groups, and **exceeding their expectations** wherever we can



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Strategic framework and resource allocation

Strategic framework

Quality top-line growth

×

Competitive cost base

×

Robust business foundations

Resource allocation

Based on the 4S model, JT Group allocates resources to:

1. **Prioritize business investments** to fuel growth in the tobacco business
2. **Enhance shareholder returns** by delivering a sustainable and steady increase of the Dividend Per Share in line with the Group's mid- to long-term profit outlook

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Business Plan 2018

Mid- to long-term target and role of each business

Mid to high single-digit profit growth* in the plan period

TOBACCO BUSINESS
JT Group's profit growth engine

1. Reduced-Risk Products (RRP)**
   - **Drive the future growth of tobacco business**
2. Combustible Tobacco Products
   - **Remain the platform of profitability**

PHARMACEUTICAL & PROCESSED FOOD BUSINESSES
Complement profit growth

- **Continue to deliver profit**
- **Grow via top-line expansion**

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** Adjusted operating profit growth at constant FX in the mid- to long-term. ** RRP / Reduced-Risk Products: products with potential to reduce the risks associated with smoking.*

Business Plan 2018 Priorities - Growth opportunity of RRP

Drive the future growth of the Group

- **Fulfill diverse consumer needs with the highest quality RRP portfolio**
  - Long and extensive experience in RRP development
  - Develop a global RRP portfolio focusing on features that matter to consumers
- **First priority is to achieve RRP leadership in Japan**
  - Multi-product portfolio with different heating profiles
  - Aim to gain 40% share of RRP category by the end of 2020

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Business Plan 2018 Priorities - Organic and M&A expansion

Empower JT Group's growth engine

- **Prioritize investments toward organic growth and M&A to:**
  - Further expand our presence in emerging markets
  - Consolidate our leading position in established markets

- **Disciplined approach in pursuing M&A opportunities and integration process**

Delivering on 2018 objectives

- **Solid start of the year to deliver on our 2018 full year target**

  - Japanese domestic tobacco business
    - Capsule production capacity enhancements being delivered as planned
    - National roll-out of Ploom TECH started successfully
    - Development of new RRP offers on schedule
    - Robust market share level in combustibles
  - International tobacco business
    - Strong top-line growth driven by pricing is on track
    - Integration of newly acquired assets are on or above plan

- **On track to deliver JTG's 15th consecutive year of Dividend Per Share increase**

Closing Remarks

Aim to be the leading global tobacco company

Our long-term vision remains to become the #1 global tobacco company, by offering consumers freedom of choice

- Continuous business investment in both combustibles and RRP to significantly strengthen JT Group's portfolio
- Strong leadership to enhance organizational capabilities

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Document 2

JTI's Growth Strategy
The role of acquisitions

Eddy Pirard
JTI President & Chief Executive Officer

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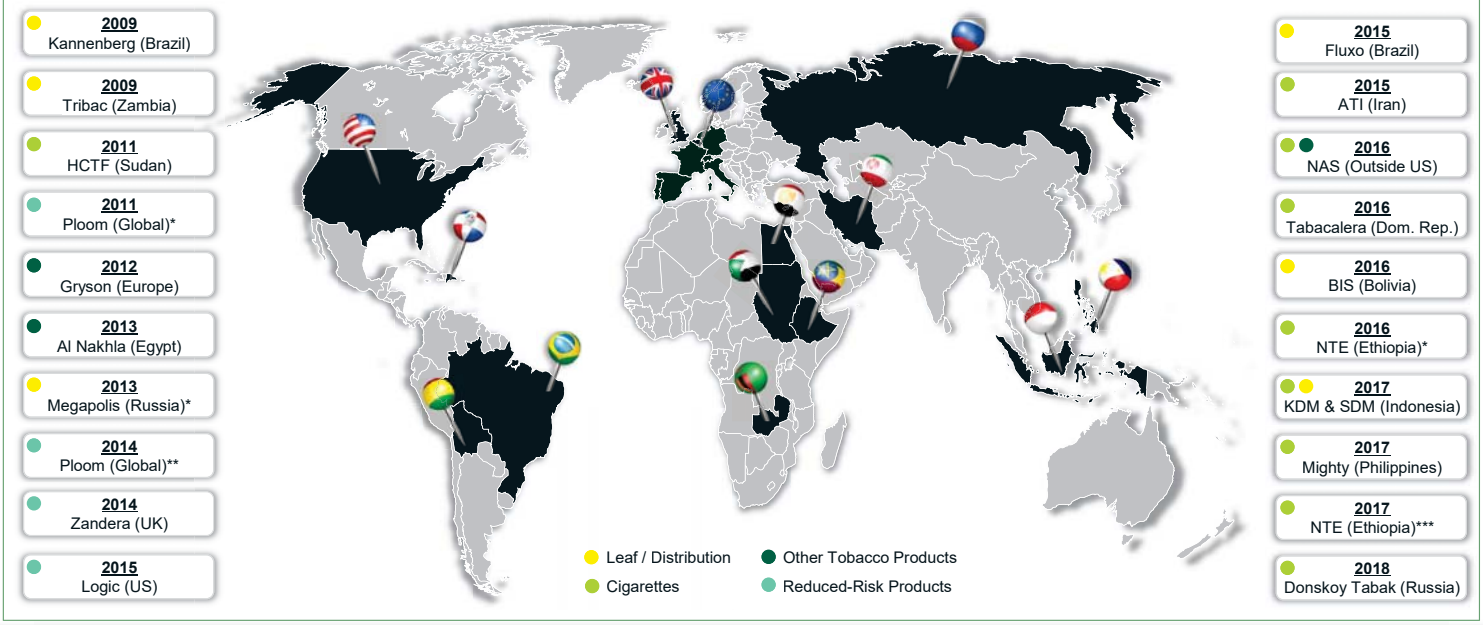
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This presentation contains images of our products in some slides. Those slides have been included exclusively to illustrate JT Group's strategy or performance to our investors. They are not to be used for any other purpose.

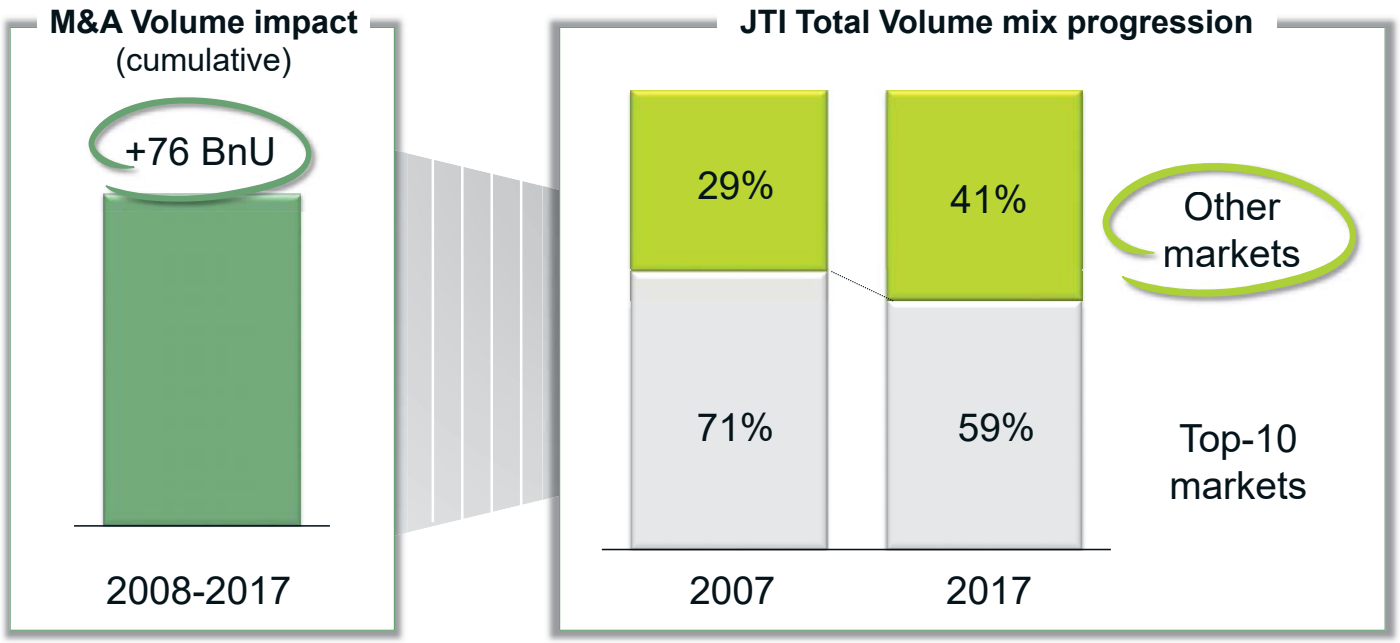
10 years of focused acquisitions

Key Acquisitions (2008-2017)



** Equity stake. ** Acquisition of trademarks and IP. *** Share purchase agreement bringing JTG's share ownership to over 70%. Note: The Donskoy Tabak acquisition is expected to be finalized in Q3 2018.*

To balance our volume base



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Note: JTI's top-10 markets based on total volume.

To support our GFB expansion

GFB Volume (CAGR 2007-2017)

GFB	Winston	CAMEL	LD Liggett Ducat	MEVIUS
+3%	+3%	+3%	+7%	+1%
to 260 BnU	to 144 BnU	to 53 BnU	to 46 BnU	to 18 BnU

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To fuel our growth in emerging markets

Emerging markets (2017 vs. 2007)

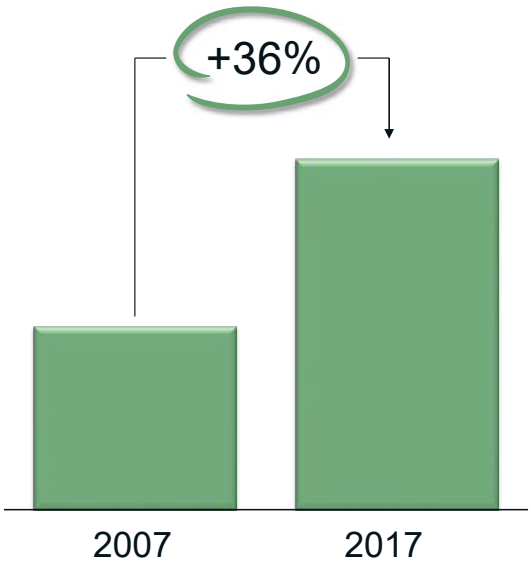
Total Volume	GFB Volume	Core Revenue	Adjusted Op. Profit
+12%	+54%	+30%	+7%

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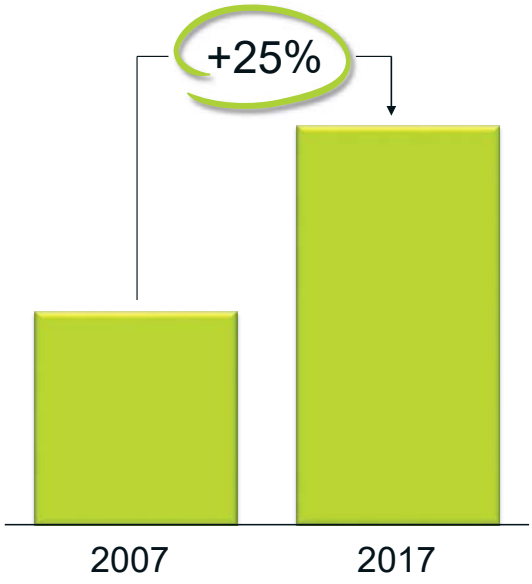
Note: Reported figures.

To broaden our financial footprint

Core Revenue: # of markets ≥ 50 $MM



Adj. Op. Profit: # of markets ≥ 20 $MM



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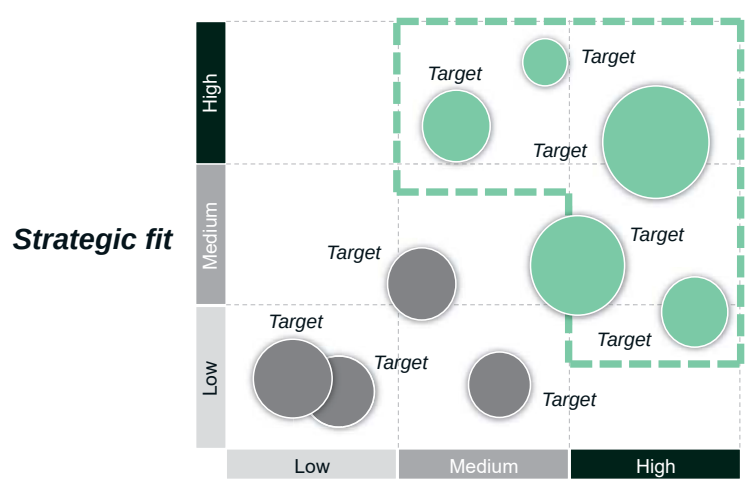
Note: Reported figures.

Clear priorities driving our business development efforts

Strategic Priorities

- *Strengthen our base*
- *Expand our footprint*
- *Enhance our portfolio*

Business Development Matrix Concept



Assessing all targets holistically

M&A process steps		Main assessment areas					
1	*STRATEGIC FIT*	*Geographic footprint*	*Product portfolio*	*Brand equity*	*Route to consumer*	*"Buy or build"*	*Profit timeline*
2	*MARKET POTENTIAL*	*Macroeconomics*			*Operating environment*		
3	*VALUATION*	*Discounted Cash Flow*			*Multiples*		
4	*FINANCIAL IMPACT*	*FCF*	*Volume*	*Revenue*	*Adjusted profit*	*Funding*	
5	*M&A DECISION*	***Management considers all the inputs holistically, ensures alignment with company's strategy and verifies sustainability of returns for the long-term***					

Note: The above list is not exhaustive.

Proven track record of successful integration

*Since 2015 **ATI** bolstered our existing footprint and performance in **Iran***

Market Share*	Total Volume	GFB Volume	Core Revenue
+17pp	x3	x4	x3

JTI Iran performance - 2017 vs. 2014

** SoM based on a 12-month moving average to December 2017 vs. same period 2014. ATI (Arian Tobacco Industry) had a market share of circa 7% before being integrated to JTI. Note: Reported figures.*

Proven track record of successful integration

*Since 2012 **GRYSON** strengthened our growth platform in **fine cut***

Market Share*	Total Volume	GFB Volume	Core Revenue
+11pp	x2	x3	x2

JTI Fine cut performance - 2017 vs. 2011

** Western Europe SoM based on a 12-month moving average to December 2017 vs. same period 2011. Gryson had a fine cut market share of circa 4% in Western Europe before being integrated to JTI. Note: Reported figures.*

Proven track record of successful integration

*The **FLUXO** acquisition in 2015 strongly enhanced our in-market capabilities in **Brazil***

Market Share*	Winston Volume	GFB Volume	Core Revenue
+1.4pp	x20	x6	x6

JTI Brazil - 2017 vs. 2015

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** Monthly SoM based on December 2017 vs. December 2015. Note: Reported figures.*

Looking ahead

Recent acquisitions will contribute to our sustainable profit growth

Market	Strategic fit	SoM gain	Annualized volume gain	5Y industry value potential*
Philippines	Increasing scale to boost GFB growth	+23pp	+16 BnU	+50%
Indonesia	Gaining kretek capabilities and scale	+2pp	+7 BnU	+40%
Ethiopia	Entering a new attractive market	+98pp	+5 BnU	+180%
Russia**	Strengthening portfolio and sales presence	+7pp	+16 BnU	+35%

*Source: Internal estimates. * RMC retail industry value growth estimates (2021 vs. 2016 at constant FX, rounded up). ** The Donskoy Tabak acquisition is expected to be finalized in Q3 2018.*

Opportunities remain for value enhancing acquisitions

Global RMC industry volume* - Share of market

Global RMC industry value attributable to other players**



*Source: Internal estimates. * Covering 78 markets (excl. China). Big-5 = Altria, BAT, IMB, JT and PMI. ** RMC retail industry value covering 78 markets (excl. China).*

Closing remarks

- Acquisitions broadened our footprint, contributing to JTI's profit progression
- Recent acquisitions will strengthen our business and financial base
- Attractive opportunities remain for further expansion, organically & through M&A
- On track to deliver on our FY18 targets, with return to strong revenue growth

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