Document 3

Reduced-Risk Products Strategy

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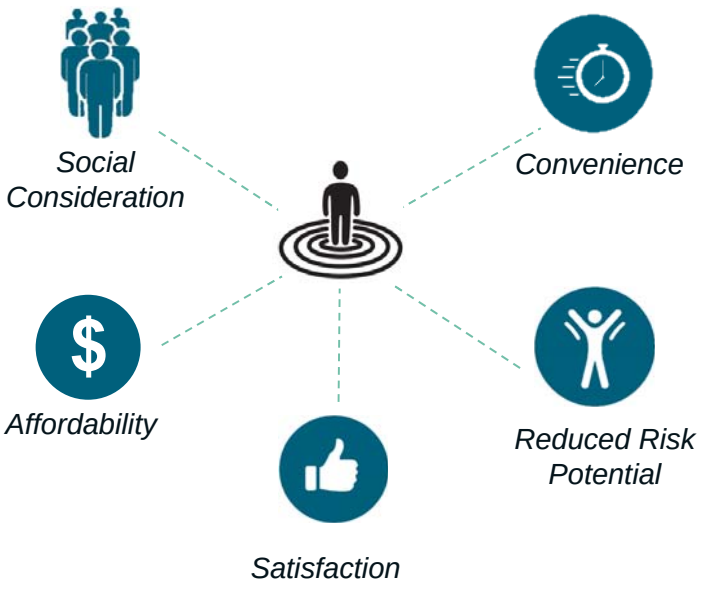
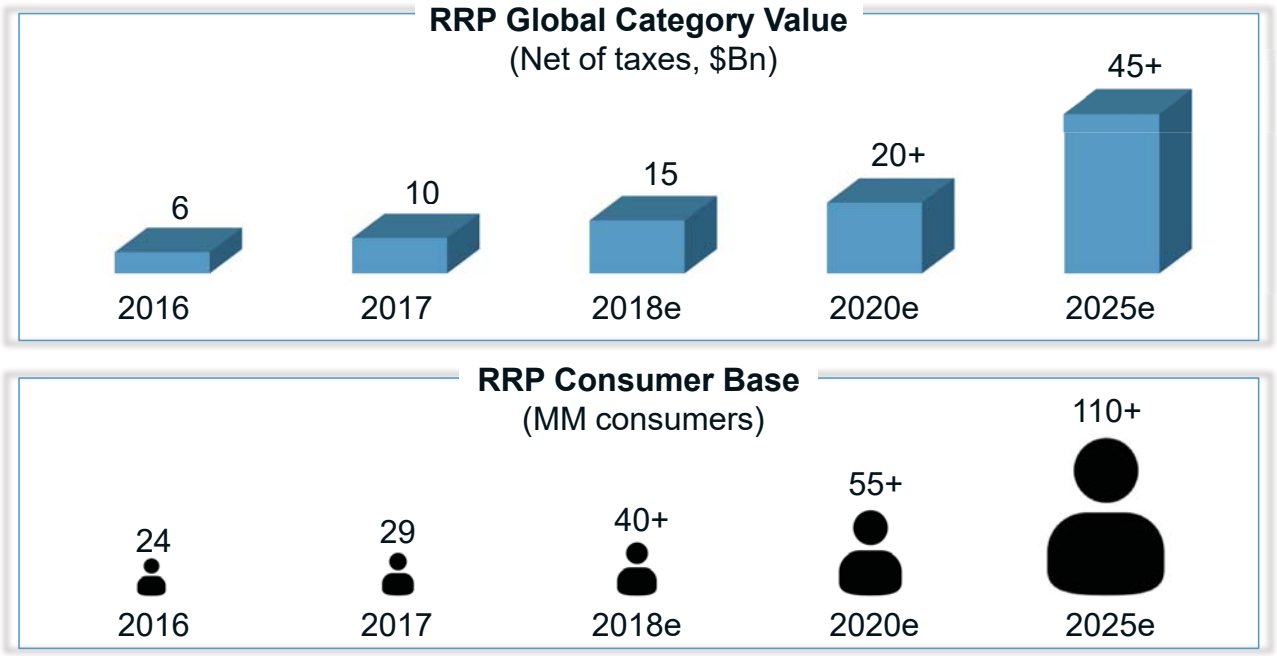
This presentation contains images of our products in some slides. Those slides have been included exclusively to illustrate JT Group's strategy or performance to our investors. They are not to be used for any other purpose.

Broadening spectrum of consumer needs



Consumers *are increasingly interested in experiences and products that address a* ***broadening spectrum of personal and social needs***

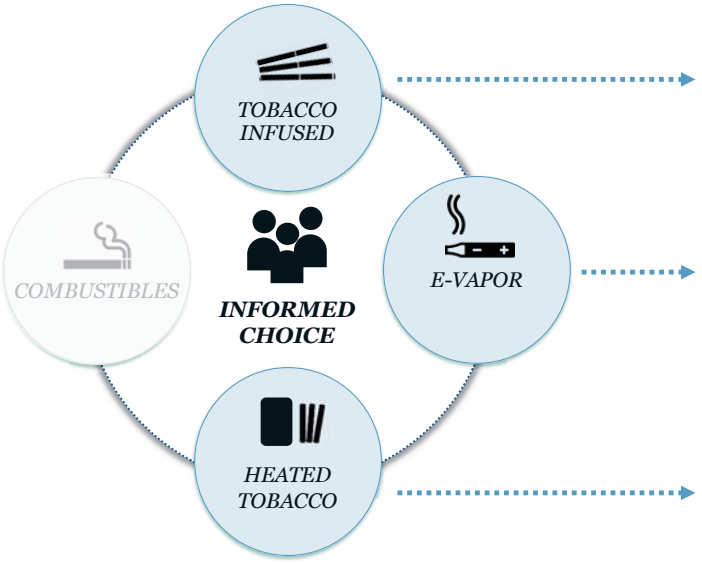
RRP growth is expected to continue



Source: Internal estimates. Note: RRP global category value comprises T-Vapor and E-Vapor (consumables / refills + devices).

Our consumer-centric strategy benefits key stakeholders

Committed to developing, beyond combustibles, a range of products with reduced-risk potential…



… to generate sustainable benefits to key stakeholders

Consumers	***RELEVANT & DIVERSE PRODUCT OFFERING***
Society	***POTENTIAL FOR HARM REDUCTION***
Shareholders	***ENHANCED RETURNS IN THE LONG-TERM***
Employees	***NEW PROFESSIONAL HORIZONS***

JTG's global footprint focuses on markets that matter

Present in…



… accounting for



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Source: Internal estimates. Note: Including World Wide Duty Free as one market.

Portfolio centered on 2 brands: Ploom and Logic

ploom

T-Vapor

ploom TECH

logic.

E-Vapor

logic. POWER

logic. LQD

logic. PRO

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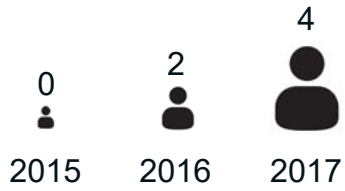
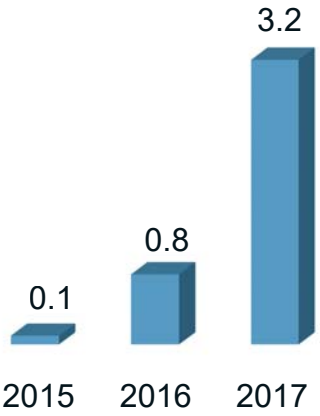
T-Vapor | Strong growth led by Japan

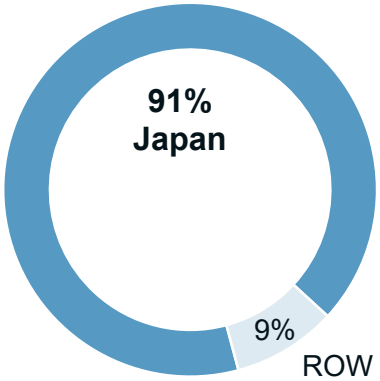
Consumer Base
(MM consumers)



Category Value
(Net of taxes, $Bn)



Geographic Mix
(% of global volume, 2017)



T-Vapor

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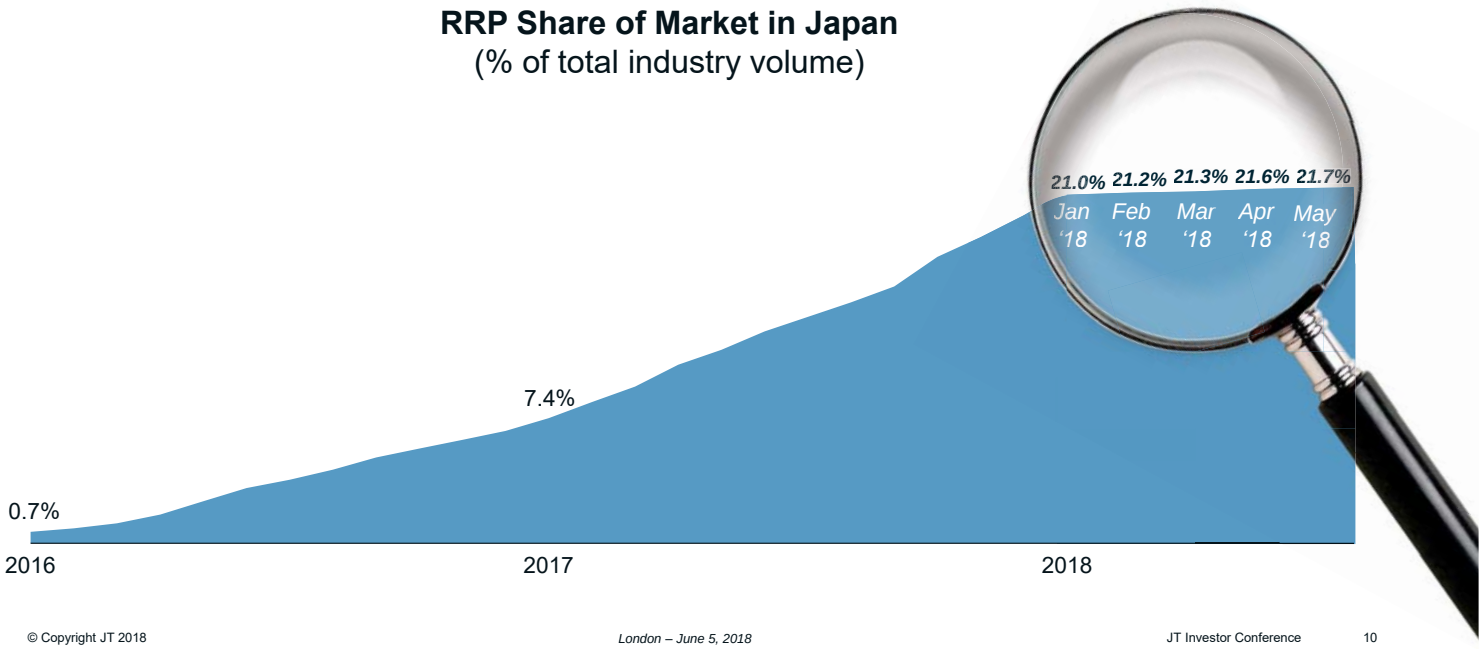
Source: Internal estimates. Note: T-Vapor comprises Heated Tobacco and Tobacco Infused Vapor (consumables + devices).

T-Vapor | Despite recent slowdown, still a sizeable category in Japan

RRP Share of Market in Japan
(% of total industry volume)



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Source: Internal estimates. Note: May 2018 share of market for the 3 weeks ending May 21.

Our 2020 ambition in Japan



Our ambition is to achieve 40% share of RRP in Japan by year-end 2020

Roadmap to 40% | 1 Better understanding of Japanese consumers

Japanese consumers are seeking an experience that …

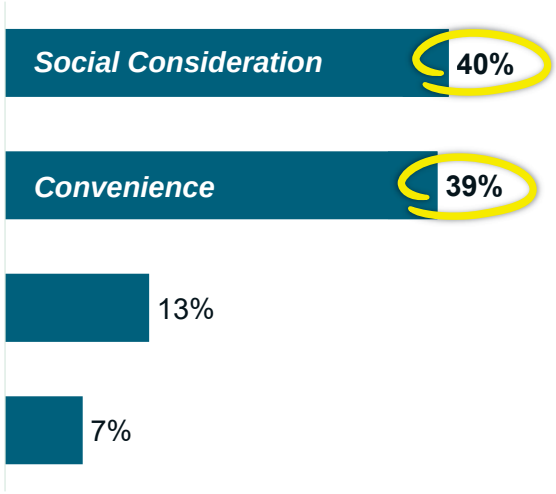


… reduces **social pressure from others** due to smoking

… has less impact on their **routine** than cigarettes

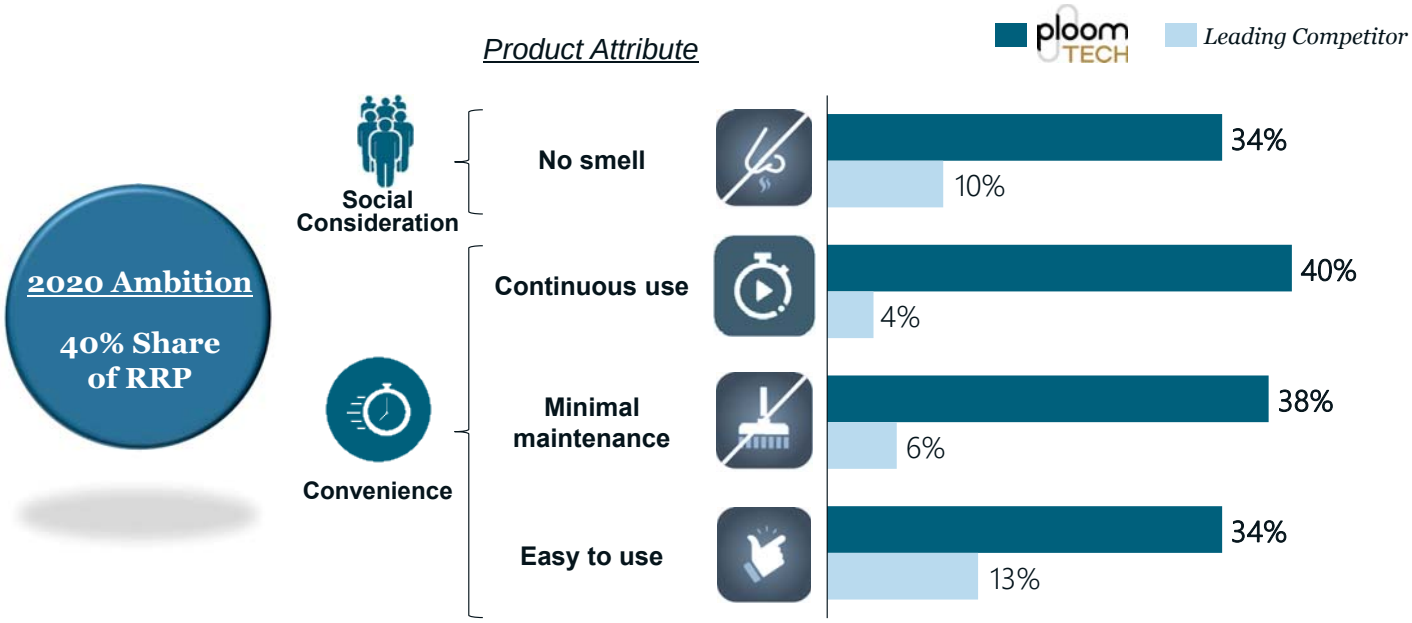
… has a reduced-risk potential compared to smoking cigarettes

… is less expensive than cigarettes



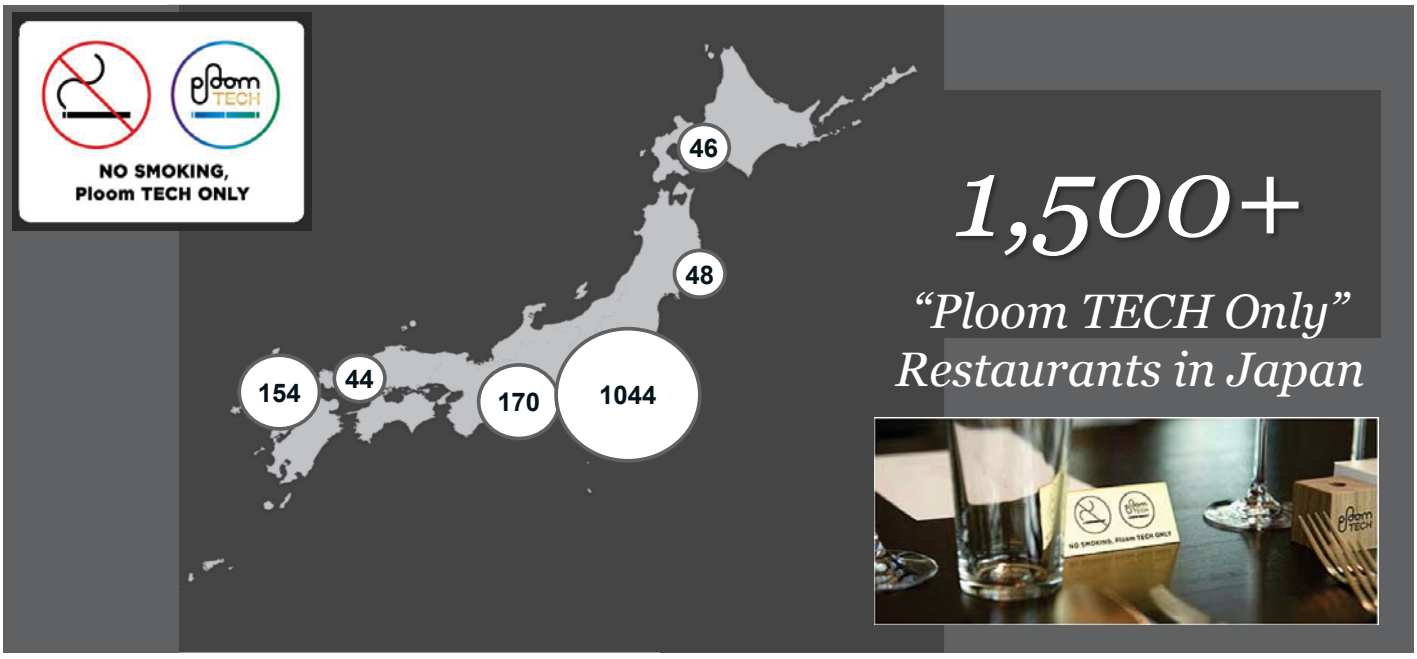
Source: JT consumer study (Japan 2018).

Roadmap to 40% | 2 Ploom TECH better addressing key consumer needs



Source: JT consumer study (Japan 2018).

Exclusive Ploom TECH use expanding rapidly



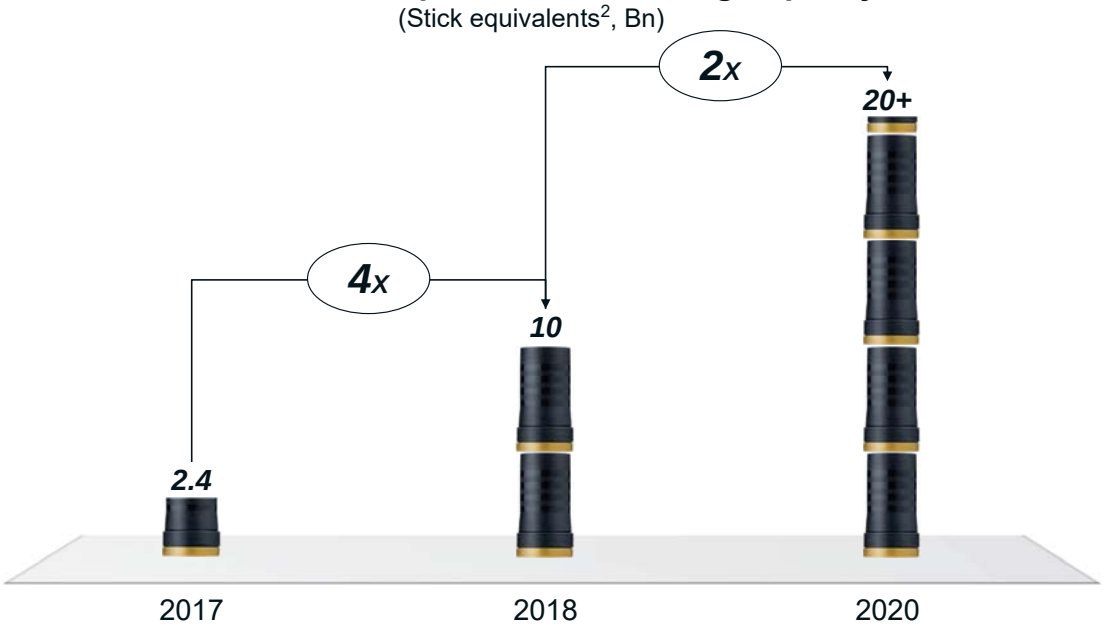
Roadmap to 40% | 3 Ploom TECH capacity now in place, ramping up through 2020

2020 Ambition

40% Share of RRP

Ploom TECH Capsule Manufacturing Capacity[1]

(Stick equivalents[2], Bn)



(1) As of year-end, annualized. (2) Conversion: 1 pack of Ploom TECH equals 20 RMC sticks.

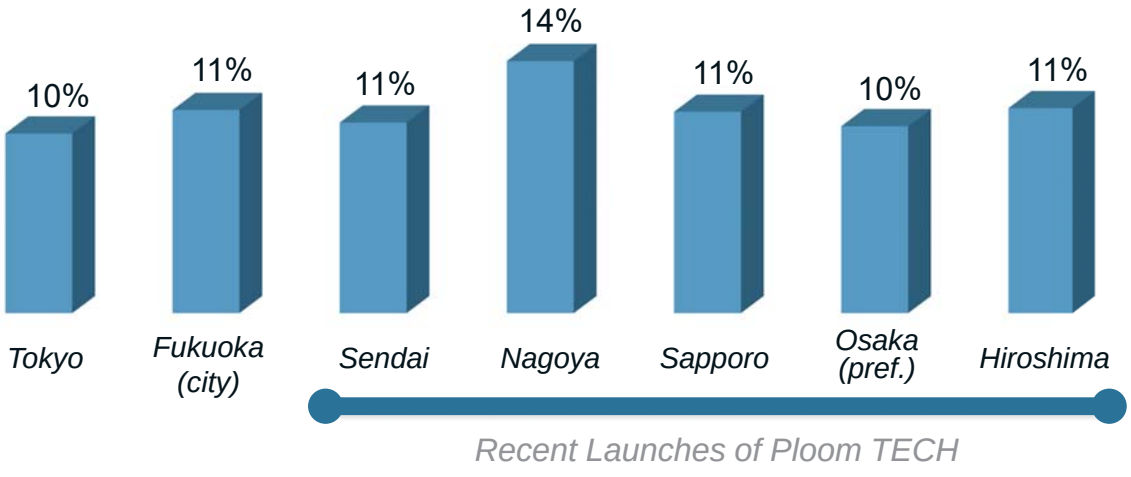
Roadmap to 40% | 4 Results in line with expectations

2020 Ambition

40% Share of RRP

JT Share of RRP Category in Japan

(% of total RRP volume)

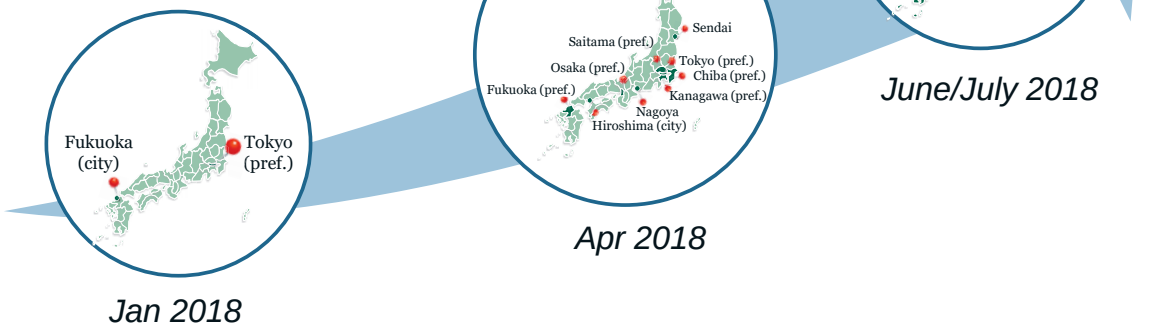


Source: Internal sell-out estimates as of May 21, 2018.

Roadmap to 40% | 5 Accelerated national expansion of Ploom TECH

2020 Ambition

40% Share of RRP



Roadmap to 40% | 6 Complementing our RRP offering

2020 Ambition

40% Share of RRP

TOBACCO INFUSED

ploom TECH+

- New device, same low heating temperature
- New, rich vapor, with improved satisfaction
- Still no smoke smell, no burn, no ash
- Still easy-to-use, no maintenance
- Same Ploom TECH capsules and manufacturing

HEATED TOBACCO

ploom S

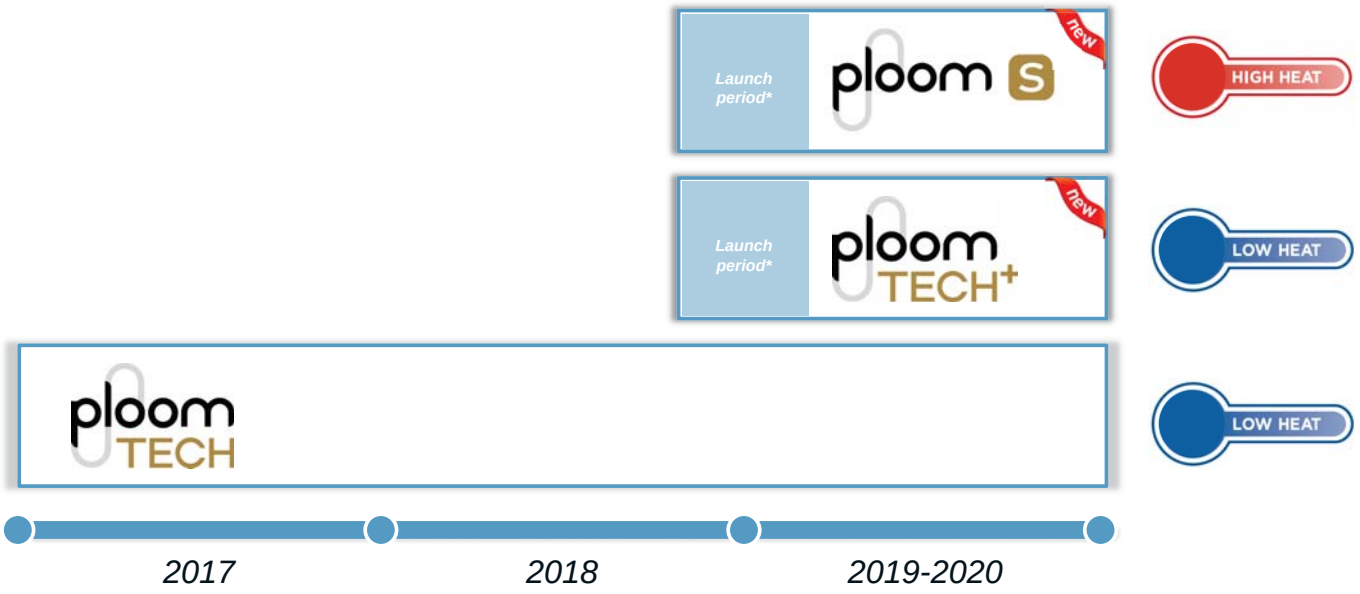
- Rich, RMC-like experience and tobacco flavor
- Superior taste
- Less smell, no burn, no ash
- Modern design, intuitive and convenient
- Minimum maintenance

MEVIUS

Co-branding with Mevius, Japan's #1 cigarette brand

Execution leveraging leading in-market salesforce capabilities

Roadmap to 40% | 6 Complementing our RRP offering



* Ploom S and Ploom TECH+ will be launched in Japan late this year or early 2019 at earliest.

Achieving our 2020 ambition in Japan

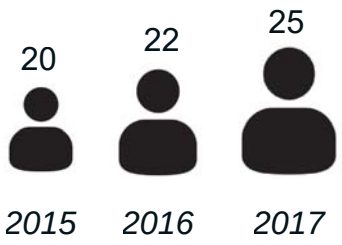
2020 Ambition

40% Share of RRP

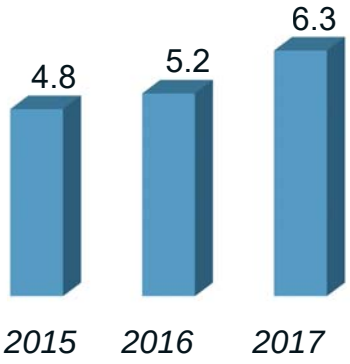
1. Better understanding of Japanese consumers
2. Ploom TECH better addressing key consumers' needs
3. Ploom TECH capacity secured
4. Positive results in new launch areas
5. Accelerated national expansion
6. Enhanced our RRP portfolio

E-Vapor | Today the largest RRP category

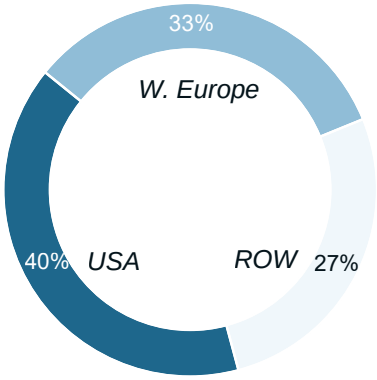
Consumer Base
(MM consumers)



Category Value
(Net of taxes, $Bn)



Geographic Mix
(% of global value, 2017)



E-Vapor

Source: Internal estimates. Note: Category value (consumables / refills + devices).

E-Vapor | #3 global player with strong international presence

Present in…



… accounting for





Source: Internal estimates. Note: WWDF stands for World Wide Duty Free.

Logic | Our current product portfolio

logic. POWER



logic. LQD



logic. PRO



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Logic | Wide and compelling range of liquid options

logic. PRO



logic. LQD



15+

E-liquid flavors

Made in Europe

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Logic | Building a global brand







Logic | Building a global brand







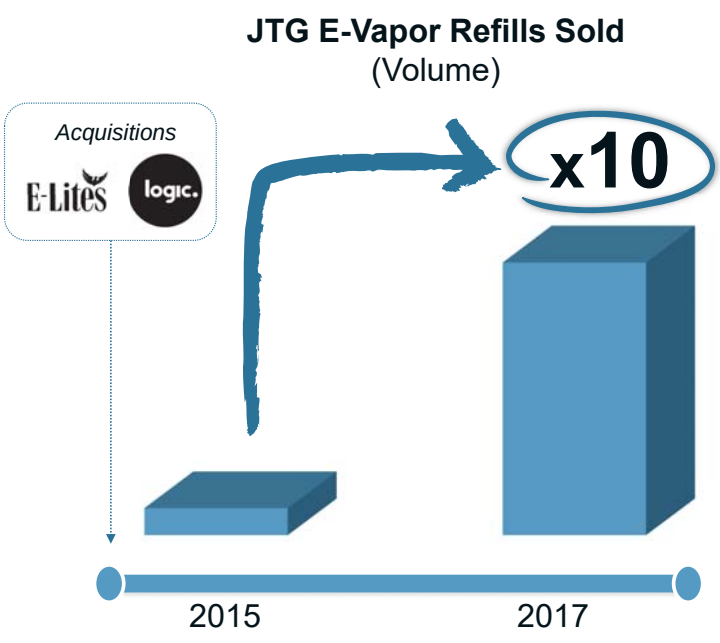
Logic | Building a global brand







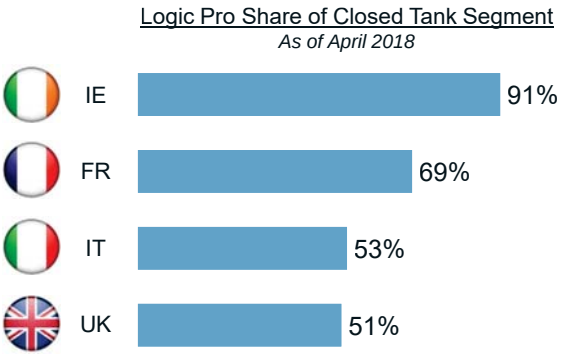
E-Vapor | Exponential volume growth, fueling our share in Europe



logic.

#1 E-Vapor brand overall in Ireland

#1 in closed tank systems in France, Italy, and the UK



Source: Internal estimates.

E-Vapor | Introducing Logic Compact, the next step in our journey



Logic Compact | Our new premium closed tank system





Logic Compact | Our new premium closed tank system



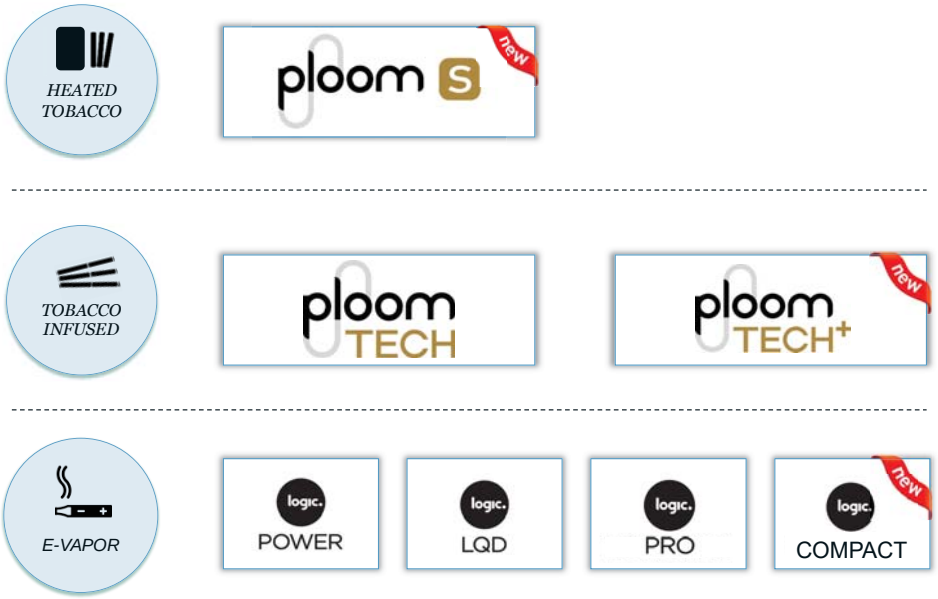




E-Vapor | Building a competitive and sustainable position

1. Logic - our global brand
2. Diverse and compelling product portfolio
3. Strong international presence, with leading positions in Europe
4. Expanding portfolio with Logic Compact
5. Geographic footprint expansion to 20+ markets by 2020

Our enhanced RRP portfolio



Our RRP journey continues…

- *Wireless connectivity*
- *Advanced e-vapor technology*
- *Diagnostics & usage app functionality*
- *New heat-not-burn developments*
- *Novel heating system*
- *Expanded range of flavors*

… supported by robust investments

c.$2 Bn investment

Research & Development



Supply Chain & Manufacturing



New Consumer Touchpoints



New Channels



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Note: Investments (M&A + R&D + CAPEX) for the 2015-2020 period.

Committed to RRP success

- RRP address emerging consumer needs, representing a strategic opportunity
- Consumer-centric strategy, focusing on markets and categories that matter
- T-Vapor – On track to meet our 2020 target in Japan, enhancing our Ploom offering
- E-Vapor – Launching Logic Compact, strengthening our portfolio and competitiveness
- Focused investments driving the expansion of RRP business and financial base

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