



Japan Tobacco Inc./JT International International Tobacco Business Results for 2006 (unaudited)

February 9th, 2007

Tokyo, Japan

quality commitment innovation synergy



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Forward-Looking and Cautionary Statements



This presentation contains forward-looking statements about our industry, business, plans and objectives, financial conditions and results of operations based on current expectations, assumptions, estimates and projections. These statements discuss future expectations, identify strategies, discuss market trends, contain projections of operational results and financial condition and state other forward-looking information. These forward-looking statements are subject to various known and unknown risks, uncertainties and other factors that could cause our actual results to differ from those suggested by any forward-looking statement. We assume no duty or obligation to update any forward-looking statement or to advise of any change in the assumptions and factors on which they are based. 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) **health concerns relating to the use of tobacco products;**
- 2) **legal or regulatory developments and changes; including, without limitation, tax increases and restrictions on the sale, marketing and usage of tobacco products, and governmental investigations and privately imposed smoking restrictions;**
- 3) **litigation in Japan and elsewhere;**
- 4) **our ability to further diversify our business beyond the tobacco industry;**
- 5) **our ability to successfully expand internationally and make investments outside of Japan;**
- 6) **competition and changing consumer preferences;**
- 7) **the impact of any acquisitions or similar transactions;**
- 8) **local and global economic conditions, and**
- 9) **fluctuations in foreign exchange rates and the costs of raw materials.**

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Jean-François Leroux

Senior Vice President
Finance, Information Technology and CFO

- Financial Overview -

Summary

Continued industry leading growth
Double digits for each key performance indicator

- ❑ Total Volume up 10.4%*
- ❑ Global Flagship Brand (GFB) Volume up 13.6%*
- ❑ Net Sales after tax up 11.1%*
- ❑ EBITDA up 17.8%*^

* Like-for-like 2006 vs. 2005

^ In this presentation, EBITDA is before royalty payment to JT

Summary – Full Year Results (like-for-like)



	2005	2006	Change	
Volume	217.5	240.1	22.6	10.4%
GFB Volume	131.2	149.1	17.9	13.6%
(US\$million)				
Net Sales after tax*	4,256	4,729	473	11.1%
EBITDA	925	1,090	165	17.8%

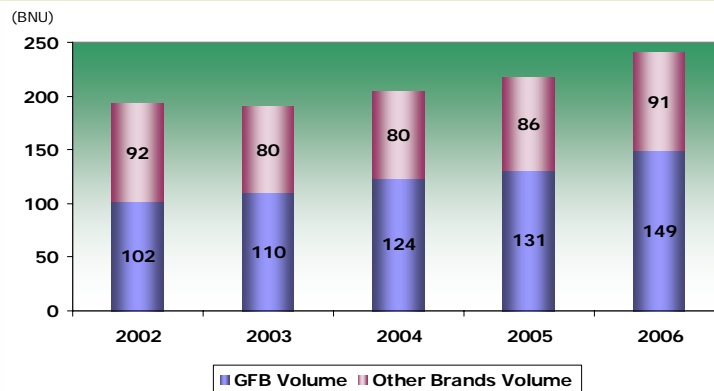
*2005 Net Sales after tax restated based on 2006 US GAAP. JTI Net Sales are historically reported excluding Japan for consolidation purposes.

Like-for-like:

- Excluding JTI products sold in Japan in 2005
- All further slides in this presentation are on like-for-like basis for comparability purposes unless otherwise noted

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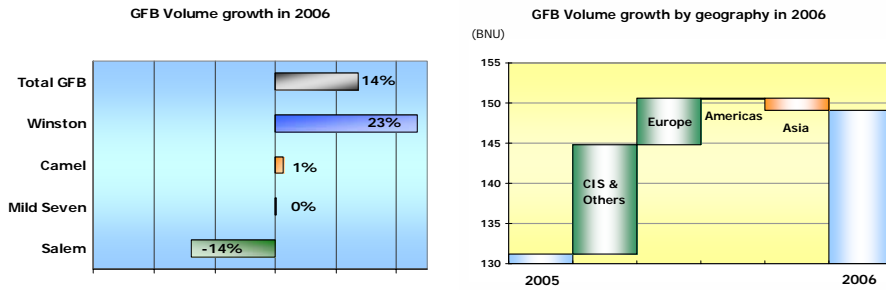
Growth Drivers - Volume Evolution



- Continued strong and balanced volume growth
- Global Flagship Brands (GFB) reaching 62% of total volume

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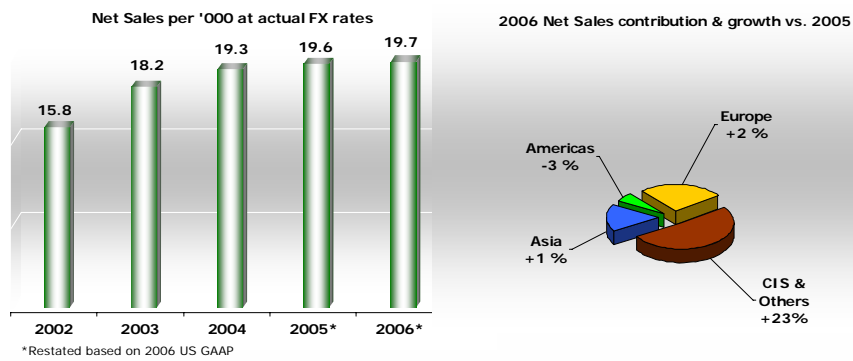
Growth Drivers - GFB Volume



- Winston volume passed 90 Bn
- CIS & Others Region and Europe drive GFB volume growth

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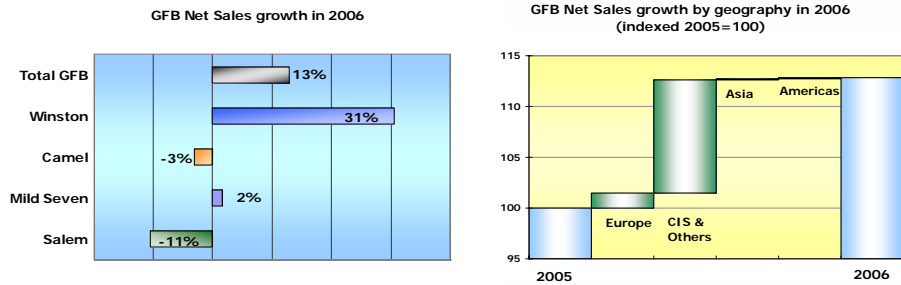
Growth Drivers - Net Sales



- Limited Net Sales per thousand growth due to increased price competitiveness
- Europe Net Sales growth impacted by Spain

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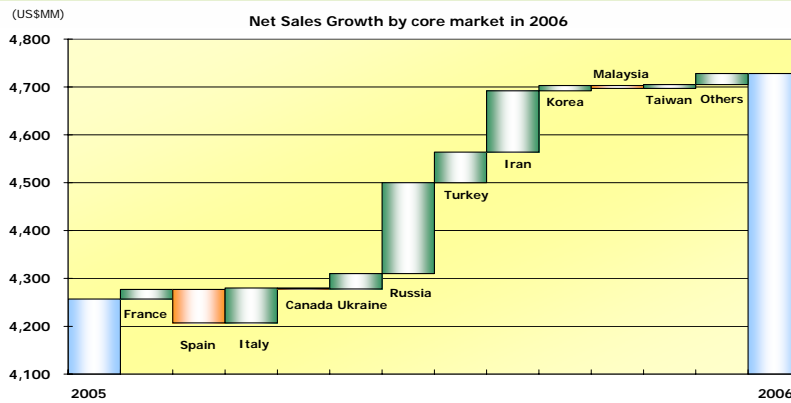
Growth Drivers - GFB Net Sales



- ❑ Winston driving GFB Net Sales growth; Camel impacted by Spain
- ❑ All regions contributed to GFB Net Sales increase

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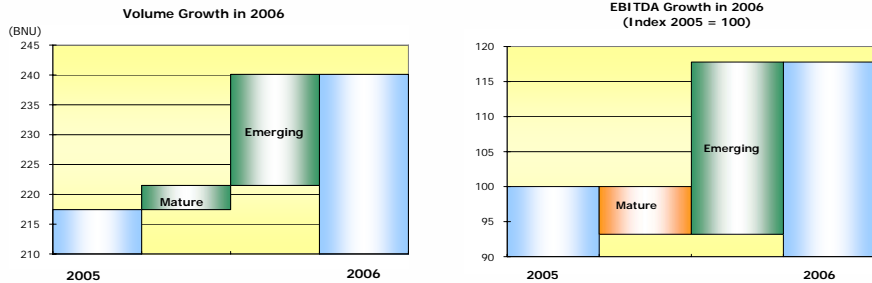
Growth Drivers – Core Markets Net Sales



- ❑ Core markets driving JTI Net Sales
- ❑ Spain downside fully compensated within Europe

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Managing Growth - Emerging vs. Mature* Markets

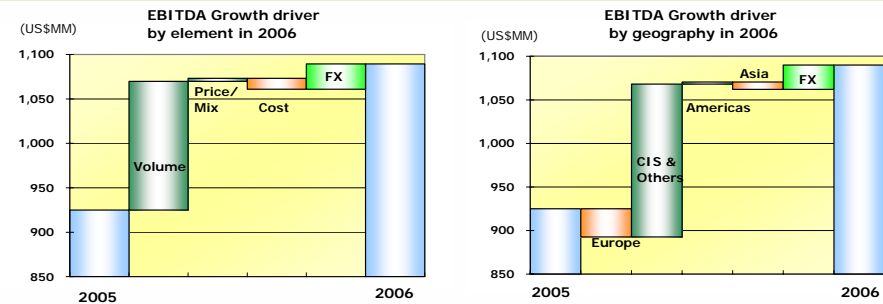


- ❑ Volume and EBITDA growth mainly driven by emerging markets
- ❑ Mature markets without Spain contributing to EBITDA growth

*Emerging and mature markets classification in line with the World Bank definition.

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Managing Growth - EBITDA Roadmap



- ❑ Volume growth is driving profitability growth
- ❑ Investments to strengthen organization to adequately support expanding operations

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Managing Growth - Consistent Core Strategies

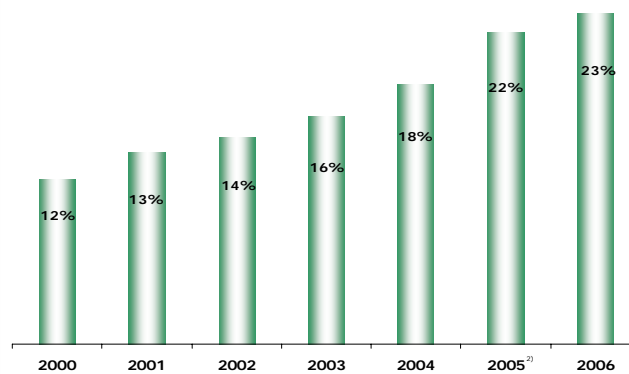


Continued to:

- ❑ *Strengthen GFB equity*
- ❑ *Leverage & deploy brand portfolio*
- ❑ *Improve impact at point of sale*
- ❑ *Concentrate on core markets*
- ❑ *Reduce cost base while delivering quality products*
- ❑ *Aim for the highest standard of corporate responsibility*
- ❑ *Invest in talent*

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Consistency - EBITDA Margin¹⁾ Evolution



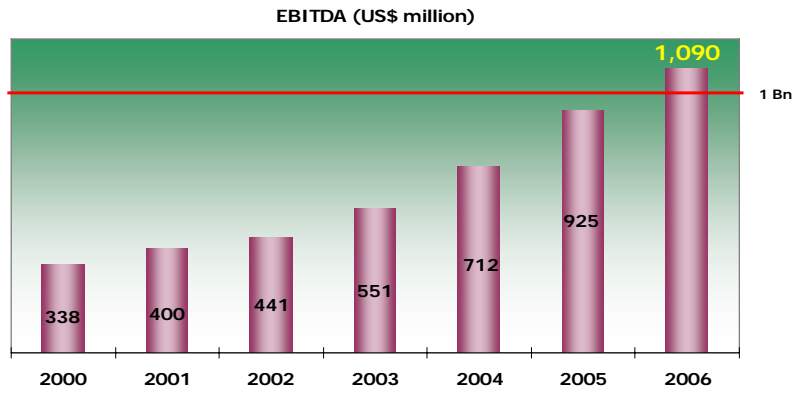
Continuous improvement

¹⁾ EBITDA Margin = EBITDA / Net Sales after tax

²⁾ Growth pattern impacted by the change to 2006 US GAAP per 1 January 2006.

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Consistency – EBITDA Growth



Passing USD 1 Billion EBITDA

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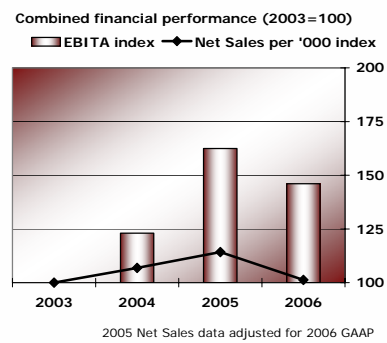
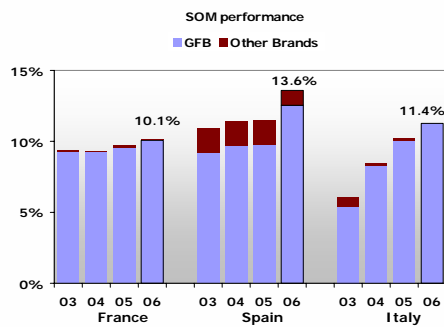


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Regional base

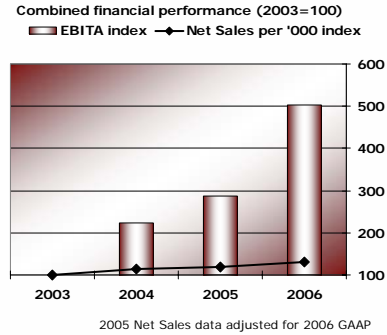
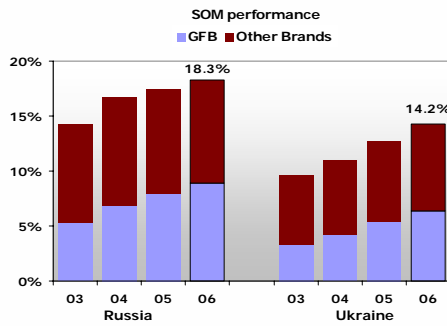
Sources: SOM Data France and Spain based on distribution to trade, SOM Data Canada based on internal estimates. SOM Data for Iran not available. All other SOM Data provided by AC Nielsen.



- Steady GFB Share of Market growth in all key markets
- Despite Spain events, 2006 EBITA 1.5 times 2003 EBITA
- EBITA CAGR* 2003-2006 is 10%

*CAGR = Compound Annual Growth Rate

Appendix - Russia & Ukraine

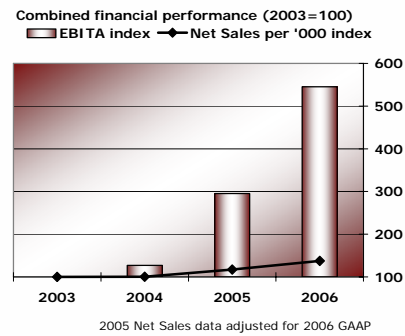
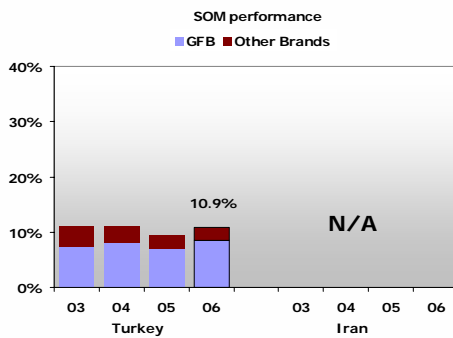


- Strong international brand portfolio captures up-trading trends
- Steady net sales per thousand improvement
- EBITA CAGR* 2003-2006 is 50%

*CAGR = Compound Annual Growth Rate

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Appendix - Turkey & Iran

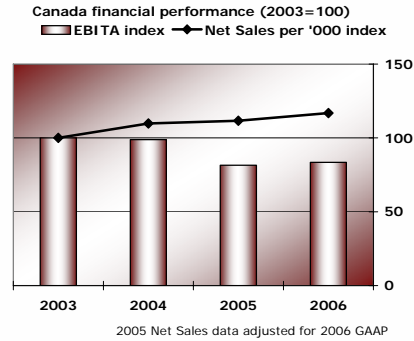
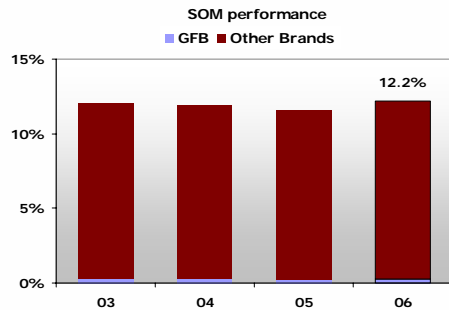


- GFB lead turnaround to growth in Turkey
- Leadership position as #1 international tobacco company in Iran further expanded
- EBITA CAGR* 2003-2006 is 53%

*CAGR = Compound Annual Growth Rate

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Appendix - Canada

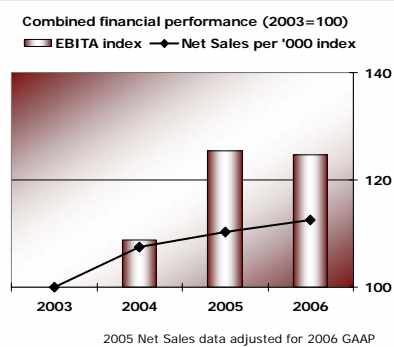
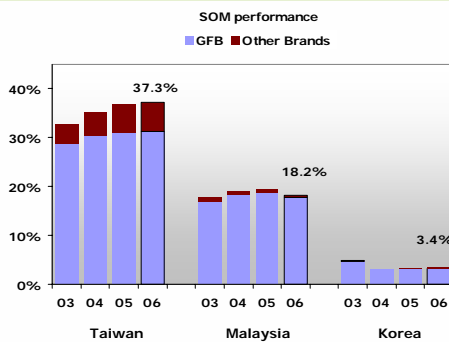


- Strong Export A growing premium segment share
- EBITA down due to growth of value segment

*CAGR = Compound Annual Growth Rate

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Appendix - Taiwan, Malaysia & Korea



- SOM continued to grow in Taiwan; SOM stabilized in Korea
- Malaysia continues to be impacted by market dynamics
- EBITA CAGR* 2003 – 2006 is 6%

*CAGR = Compound Annual Growth Rate

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