



JT International

Business Results for 2010

February 8, 2011

Tokyo, Japan

quality commitment innovation synergy



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, 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.

Pierre de Labouchere

President
&
Chief Executive Officer

- JT International 2010 Results -

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2010 Highlights

- Strong EBITDA growth of 10.6%, or 7.7%, at constant rates of exchange, exceeding our forecast of 6.2%
- Robust pricing
- Market share gains in most key markets
- Early signs of recovery
- Continued focus on innovation and top-line growth

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	Year-over-Year Growth	
	Constant rates of exchange	Reported
TOTAL SHIPMENT VOLUMES		(1.5%)
GFB SHIPMENT VOLUMES		2.7%
CORE NET SALES	4.8%	5.6%
EBITDA	7.7%	10.6%

- Improving total shipment volumes trend in H2, and continued GFB shipment volume growth
- Favorable pricing, driving Core Net Sales and EBITDA growth
- EBITDA growth exceeding our initial forecasts, at constant rates of exchange

Note: (1) Core Net Sales excludes revenue from distribution, private label, contract manufacturing and other peripheral businesses

Share gains in key markets

	2009	2010	ppt. change
RUSSIA	36.8%	37.0%	0.2
FRANCE	14.8%	16.0%	1.2
ITALY	18.5%	19.7%	1.2
SPAIN	20.6%	20.8%	0.2
UK	39.2%	39.0%	(0.2)
TURKEY	19.0%	22.6%	3.6
TAIWAN	38.0%	38.4%	0.4

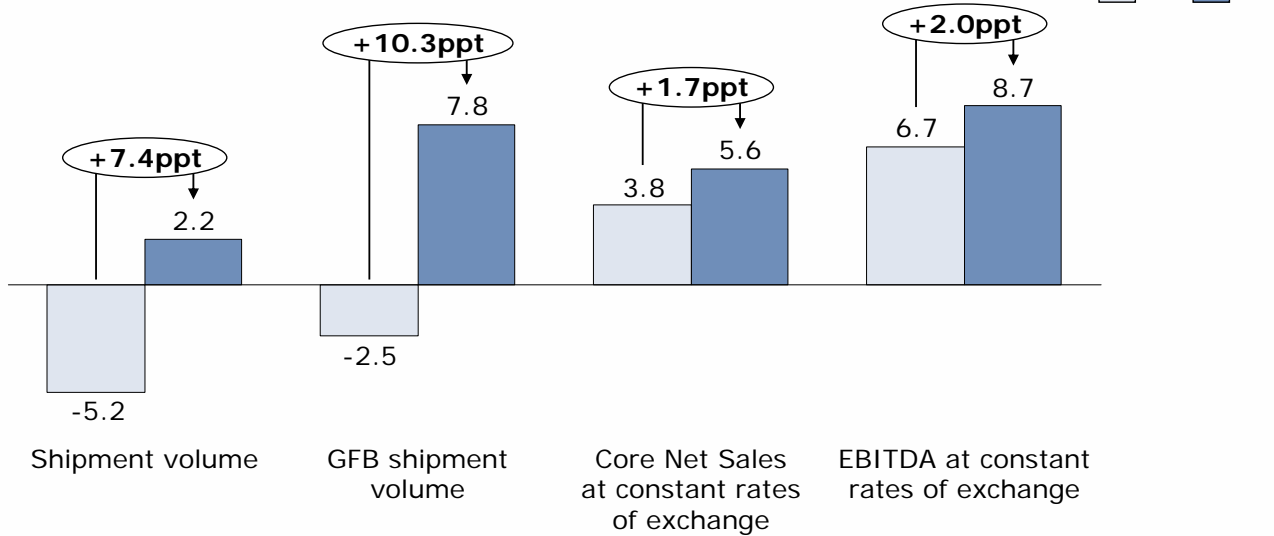
- Brand, portfolio and trade marketing strengths drove market share gains in all key markets, except the UK

Note: (1) Data sourced from AC Nielsen, Logista, Altadis and JTI estimates
 (2) 12 month moving average share of market
 (3) Market shares do not include Roll-Your-Own / Make-Your-Own

Early signs of recovery



Year over year variation, 2010 vs. 2009, %



- Strong total and GFB shipment volume rebound in H2 2010, after a challenging H2 2009
- Core Net Sales and EBITDA growth accelerated in H2 2010, at constant rates of exchange

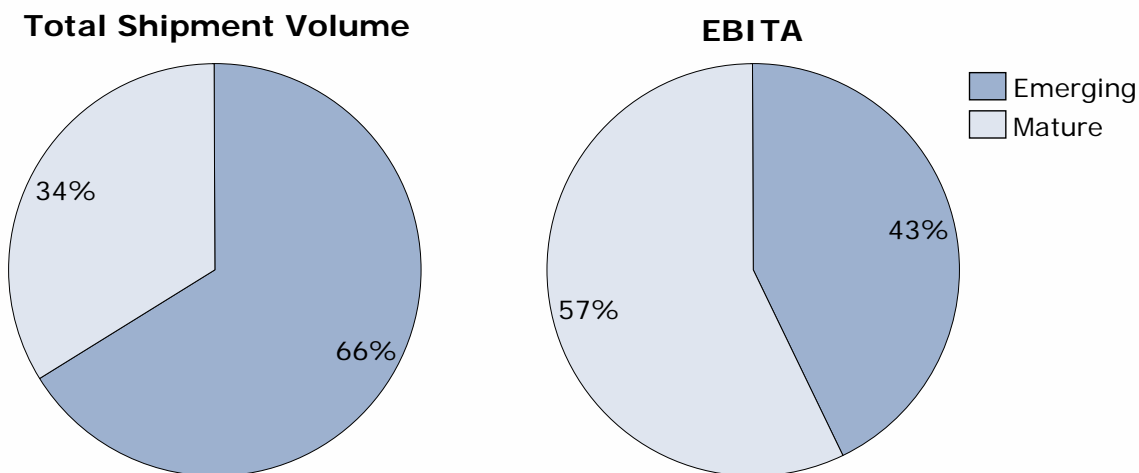
Note: (1) Core Net Sales excludes revenue from distribution, private label, contract manufacturing and other peripheral businesses

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Well positioned for future growth



Emerging markets' share of Volume and EBITA, %

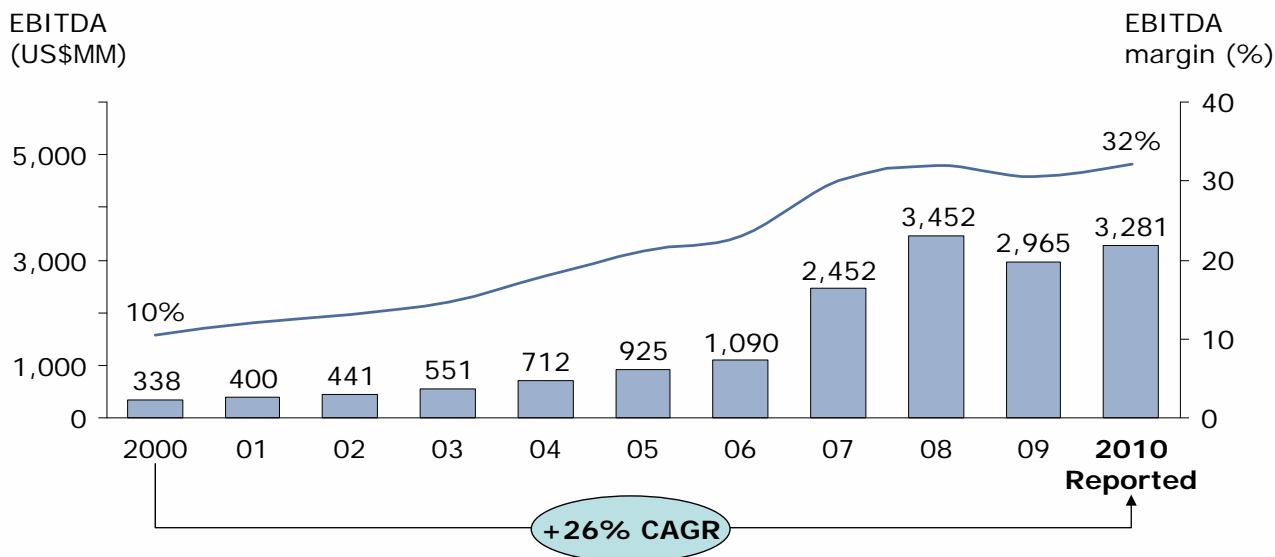


- Pricing in emerging markets drove EBITA growth
- Good geographic mix for sustainable growth
- Emerging markets provide top-line growth opportunities

Note: (1) Definition of mature and emerging market as per World Bank classification
(2) EBITA on a reported basis, excluding distribution, private label, contract manufacturing and other peripheral businesses

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EBITDA and EBITDA margin, 2000-2010



➤ In 2011, we will grow EBITDA by 10% at constant rates of exchange

Note: (1) As of 2009, EBITDA margin excludes distribution, private label, contract manufacturing and other peripheral businesses

Roland Kostantos

Chief Financial Officer

- Financial Overview -

2010 Results



(US\$MM / BNU)

	2009	2010	Change	
			Abs.	%
Shipment Volume				
- Total	434.9	428.4	(6.5)	(1.5%)
- GFB	243.4	249.8	6.5	2.7%
Reported				
- Core Net Sales excl. tax	9,682	10,223	540	5.6%
- EBITDA	2,965	3,281	316	10.6%
Constant Rates of Exchange				
- Core Net Sales excl. tax	9,682	10,144	462	4.8%
- EBITDA	2,965	3,192	227	7.7%

- Strong pricing and GFB shipment volume growth drove Core Net Sales to grow by 5.6% and EBITDA by 10.6%
- EBITDA growth above forecasts

Note: (1) Core Net Sales excludes revenue from distribution, private label, contract manufacturing and other peripheral businesses

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2010 Results: Half-Year evolutions



(US\$MM / BNU)

	H1 10	Change		H2 10	Change	
		Abs.	%		Abs.	%
Shipment Volume						
- Total	204.7	-11.3	-5.2%	223.7	4.8	2.2%
- GFB	118.3	-3.0	-2.5%	131.5	9.5	7.8%
Reported						
- Core Net Sales excl. tax	4,970	419	9.2%	5,252	122	2.4%
- EBITDA	1,684	179	11.9%	1,596	137	9.4%
Constant Rates of Exchange						
- Core Net Sales excl. tax	4,727	175	3.8%	5,417	287	5.6%
- EBITDA	1,606	100	6.7%	1,587	127	8.7%

- Strong 2nd half performance, driven by significant GFB volume improvement
- Solid EBITDA growth throughout the year, above forecasts

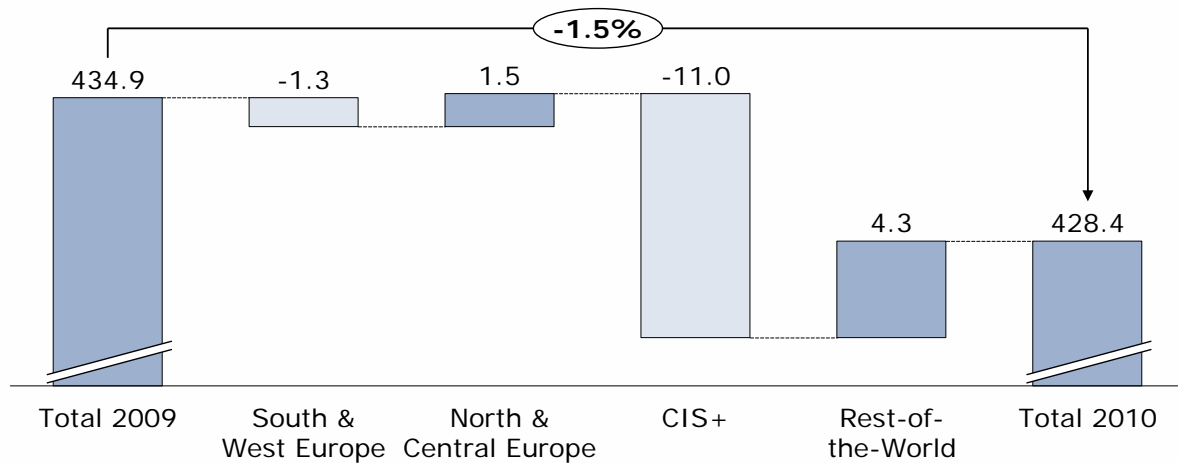
Note: (1) Core Net Sales excludes revenue from distribution, private label, contract manufacturing and other peripheral businesses

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Total shipment volume evolution



BNU



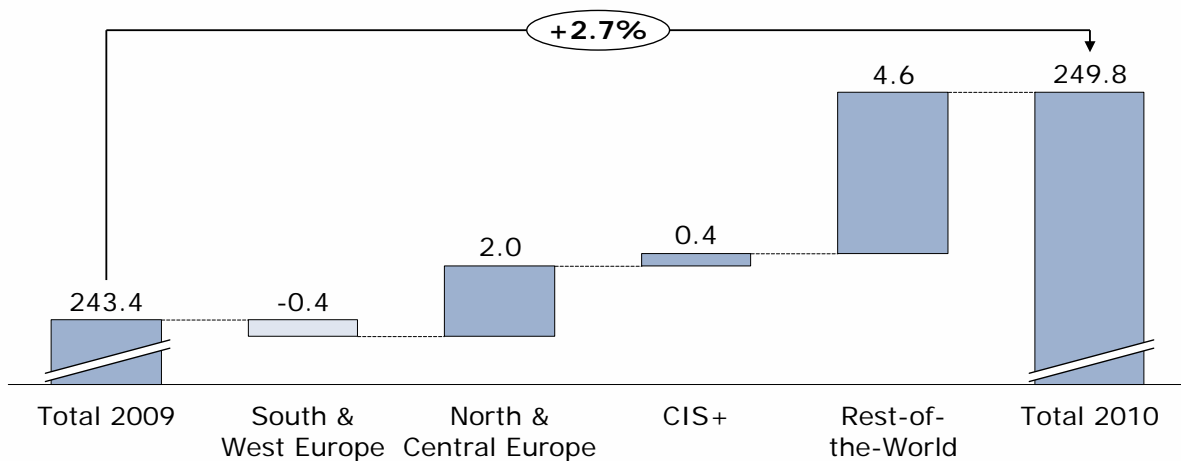
- Shipment volume decline driven by CIS+, partially compensated by Rest-of-the-World and North & Central Europe
- CIS+ shipment volumes are stabilizing

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GFB Shipment volume evolution



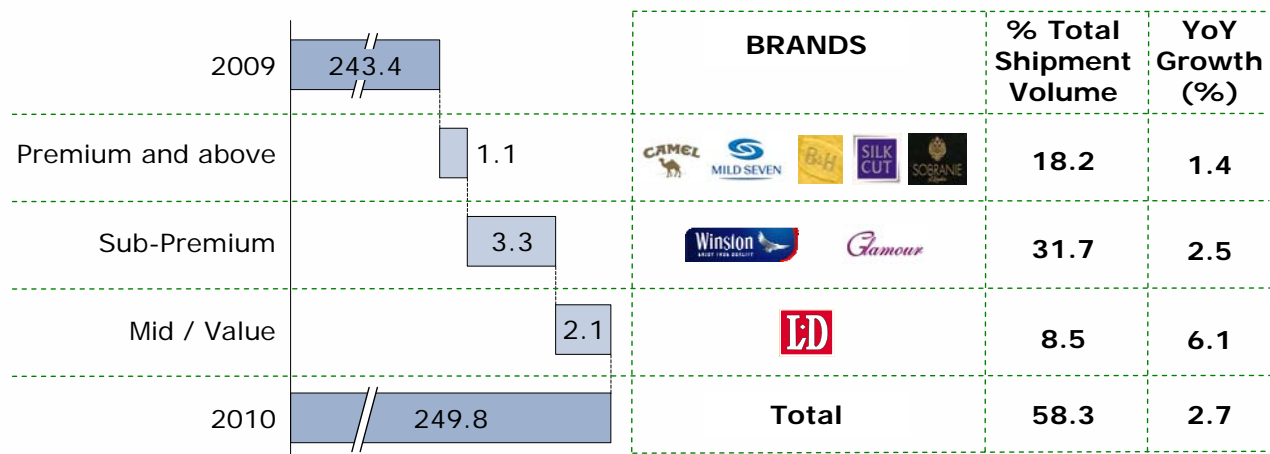
BNU



- GFB shipment volume grew strongly in most clusters, driven by Winston, LD, Mild Seven and Camel

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2010 GFB shipment volumes vs. 2009 (BNU)

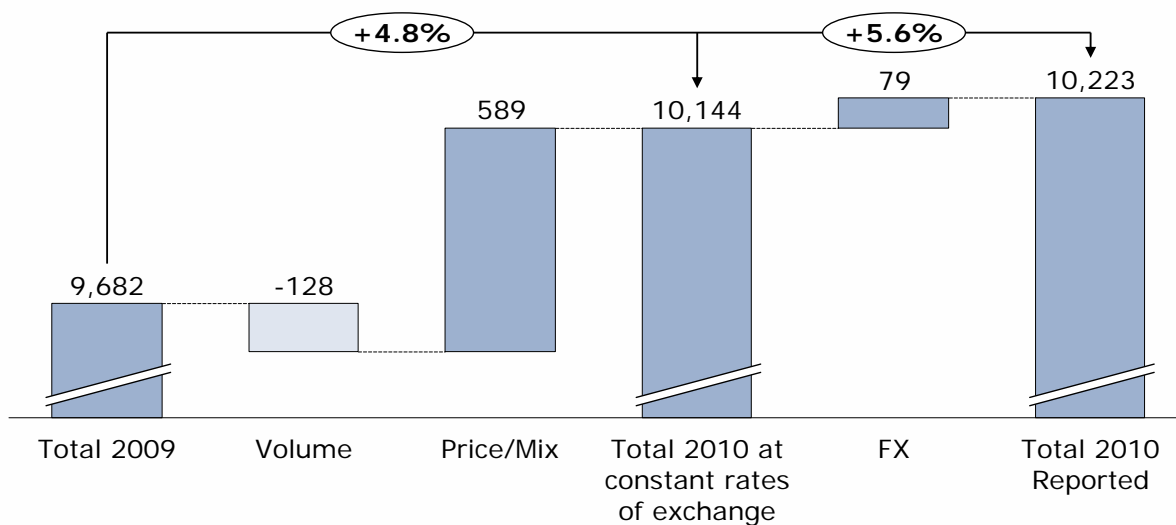


- Our focus on GFB continues to deliver growth despite the crisis
- Winston and LD lead top-line growth
- GFB mix improved to 58.3%, up 2.4ppt since 2009

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Core Net Sales evolution

US\$MM



- Continued price/mix growth and GFB volume growth drove Core Net Sales growth

Note:

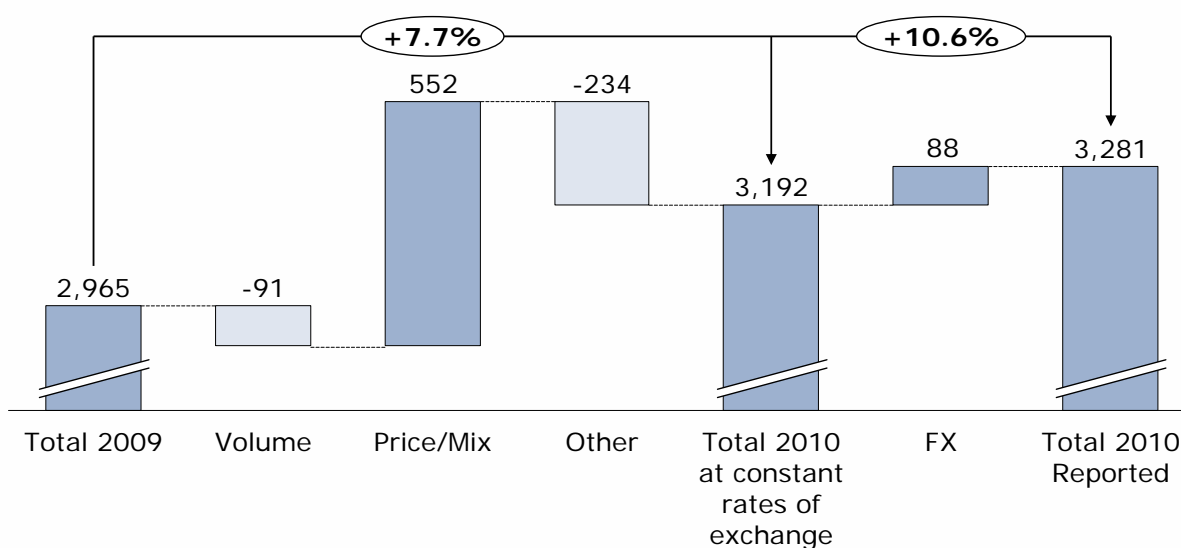
(1) Core Net Sales excludes revenue from distribution, private label, contract manufacturing and other peripheral businesses

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EBITDA evolution



US\$MM



- EBITDA growth driven by pricing, more than compensating for the impact of shipment volume decline and increasing costs

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Foreign exchange



	2009 Average	2010 Average	Jan 2011 Average	2010 vs 2009	2011 vs 2010
RUB	31.77	30.36	30.11	4.6%	0.8%
GBP	0.65	0.65	0.63	0.2%	1.6%
EUR	0.73	0.75	0.75	-3.0%	-0.1%

- US\$ depreciation against RUB since 2009, providing a tailwind for most of 2010
- US\$ appreciation against EUR partly offset by our natural hedge

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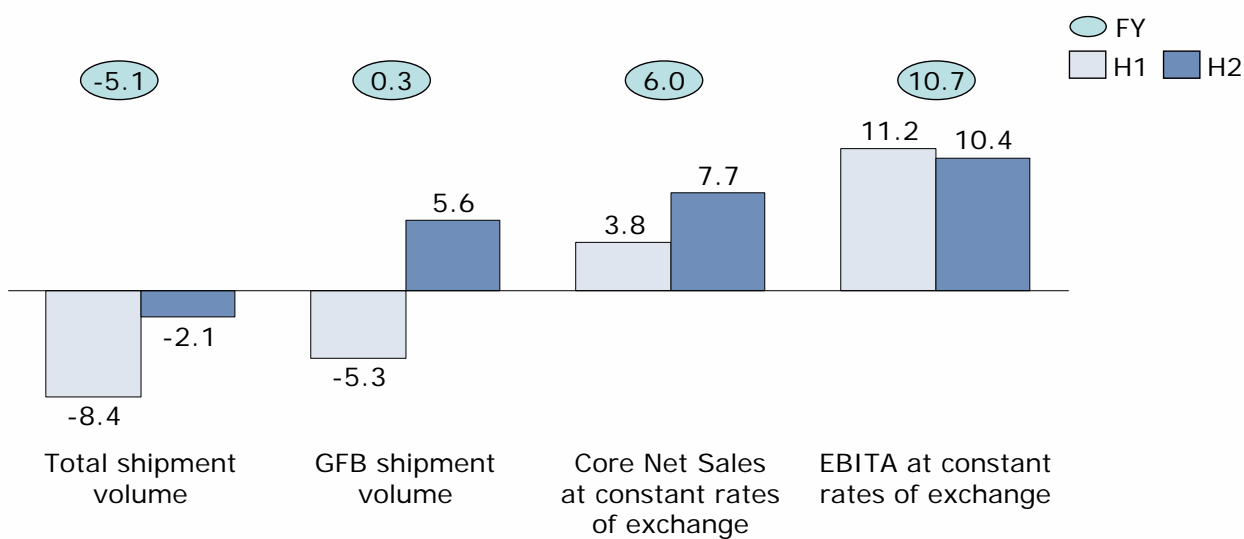
Pierre de Labouchere

President
&
Chief Executive Officer

- Business Overview -

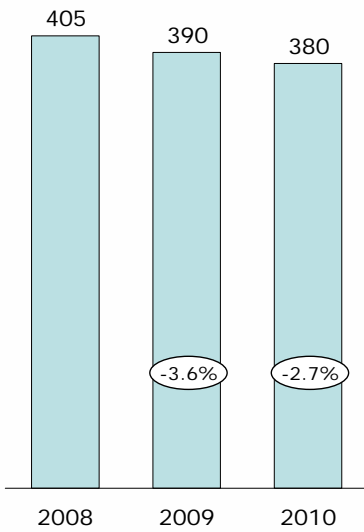
CIS+ Key Indicators

Year over year variation, 2010 vs. 2009, %

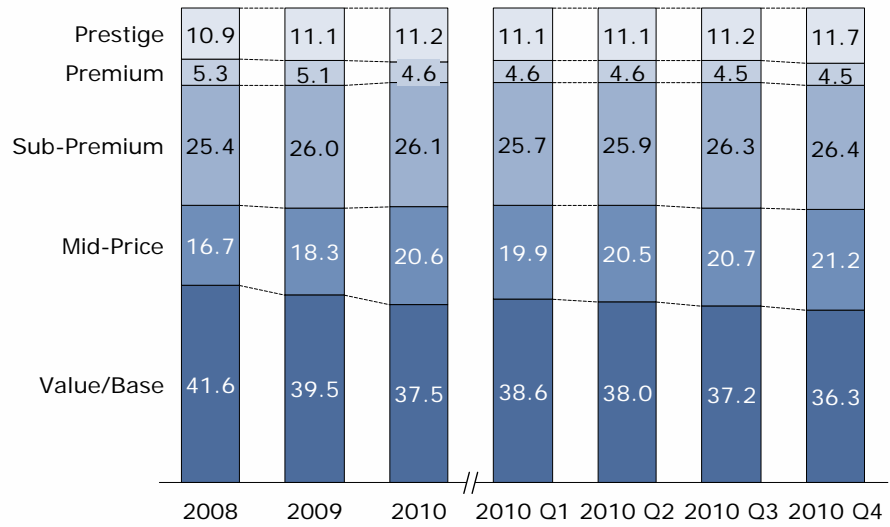


- Significant market contraction is starting to slow down
- Strengthening JTI market share and favorable pricing drove Core Net Sales and EBITA growth

Total Industry Size (BNU)



RMC Price Segment Evolution (%)

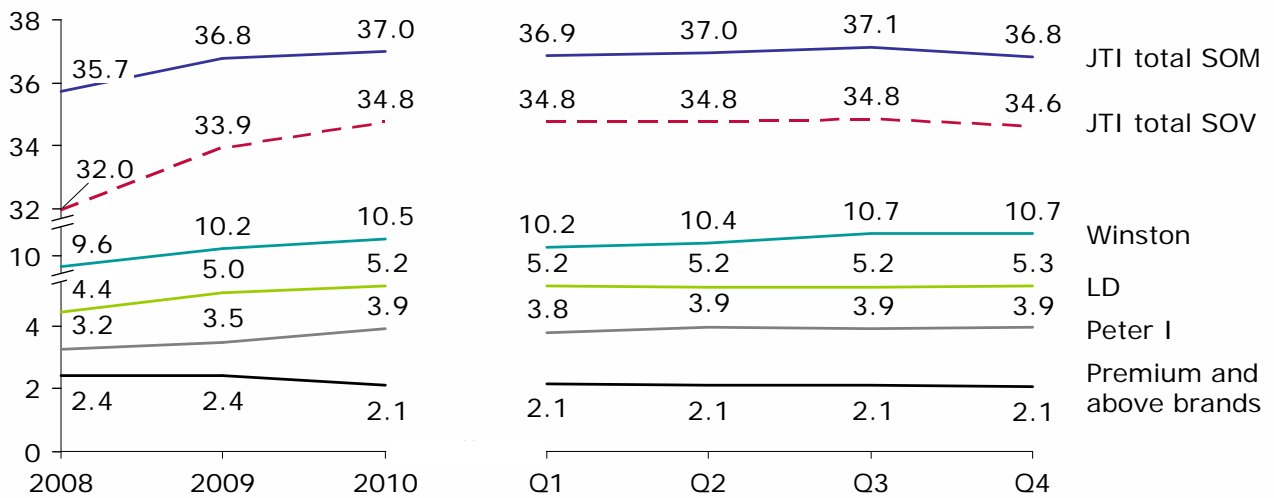


- Industry contraction stabilizing since H2 2010
- Resumption of up-trading into Mid-Price and above segments

Note: (1) Data sources: Industry size, JTI estimates; Price segments, A.C.Nielsen

Russia Business Update

Market share, %



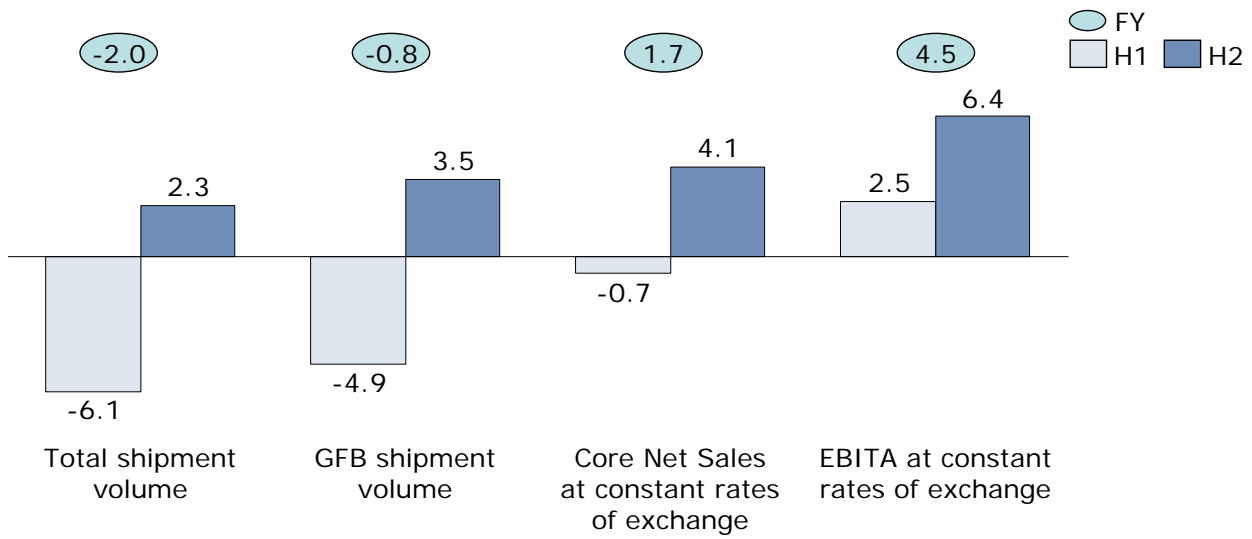
- Strengthening our market share leadership, and growing share of value
- Continued focus behind GFB brand equity

Note: (1) Data sourced from AC Nielsen

South and West Europe Key Indicators



Year over year variation, 2010 vs. 2009, %



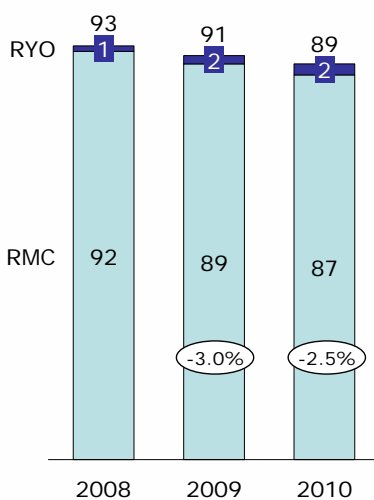
- Continued industry contraction, with a rebound in H2 2010
- JTI gained market share in all key markets
- Favorable pricing more than offset shipment volume declines, driving Core Net Sales and EBITA growth

Note: (1) Core Net Sales excludes revenue from distribution, private label, contract manufacturing and other peripheral businesses

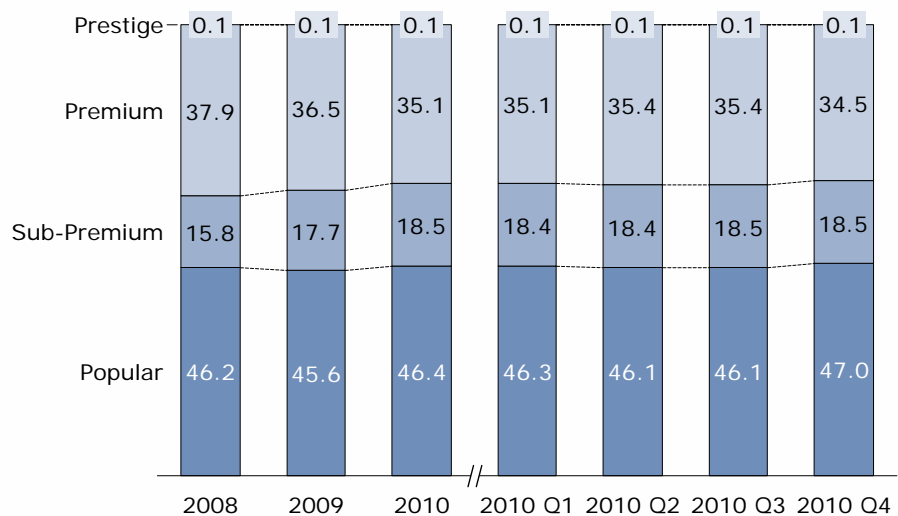
Italy: Market Size and Segment Evolution



Total Industry Size (BNU)



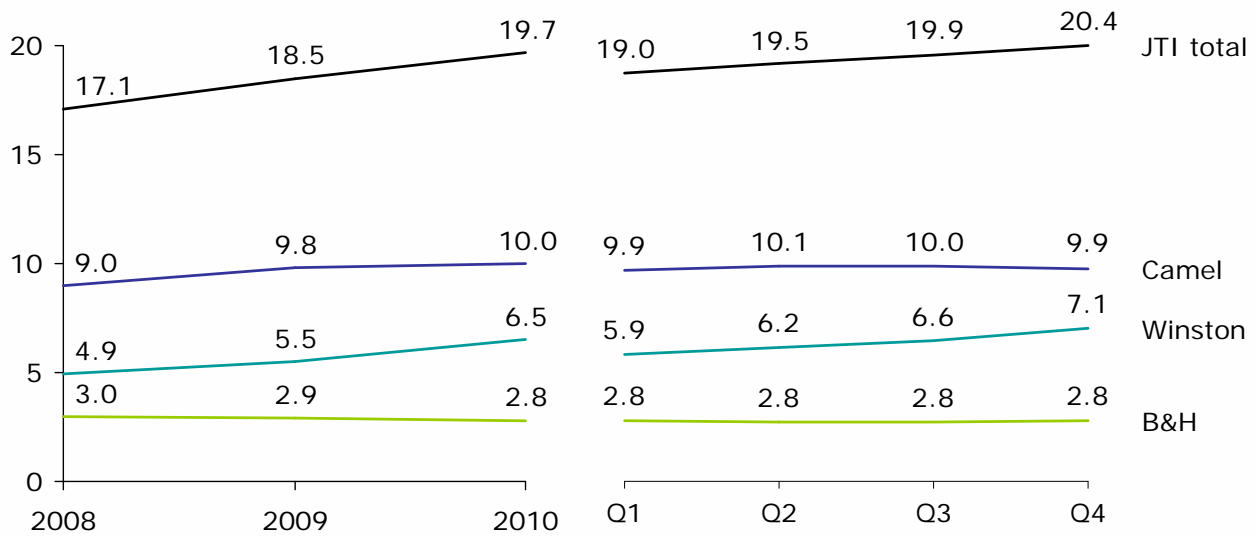
RMC Price Segment Evolution (%)



- Industry contraction continued in 2010
- Continuation of downtrading, particularly into the Popular segment, benefiting Winston

Note: (1) Data sources: Industry size, JTI estimates; Price segments, A.C.Nielsen

Market share, %

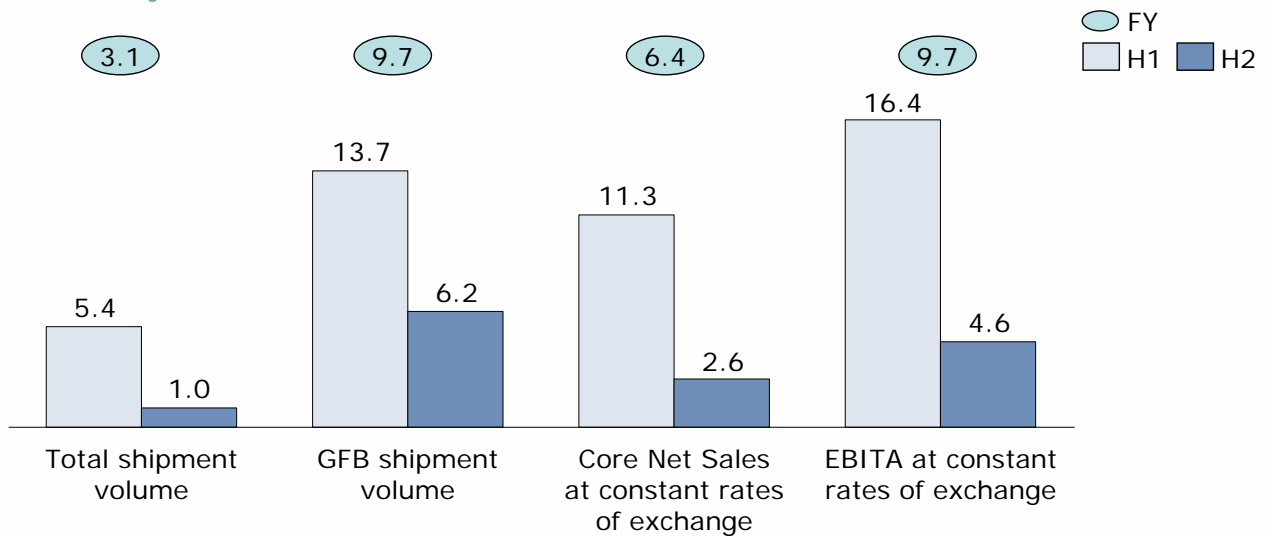


- JTI is the only manufacturer gaining market share in Italy, thanks to the performance of Winston, the fastest-growing brand in the market

Note: (1) Data sourced from AC Nielsen

North and Central Europe Key Indicators

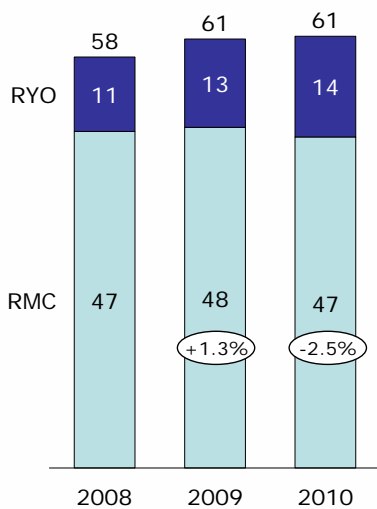
Year over year variation, 2010 vs. 2009, %



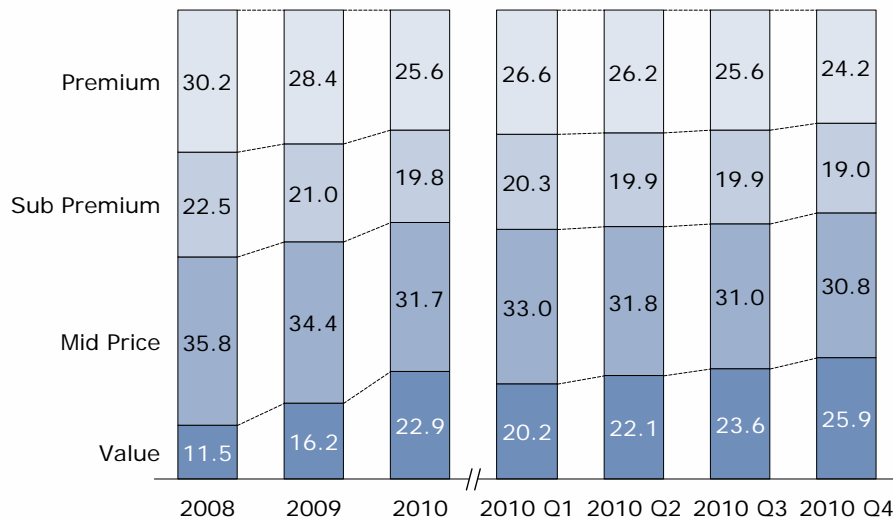
- Solid total and GFB volume growth
- Strong pricing drove Core Net Sales and EBITA growth

Note: (1) Core Net Sales excludes revenue from distribution, private label, contract manufacturing and other peripheral businesses

Total Industry Size (BNU)



RMC Price Segment Evolution (%)

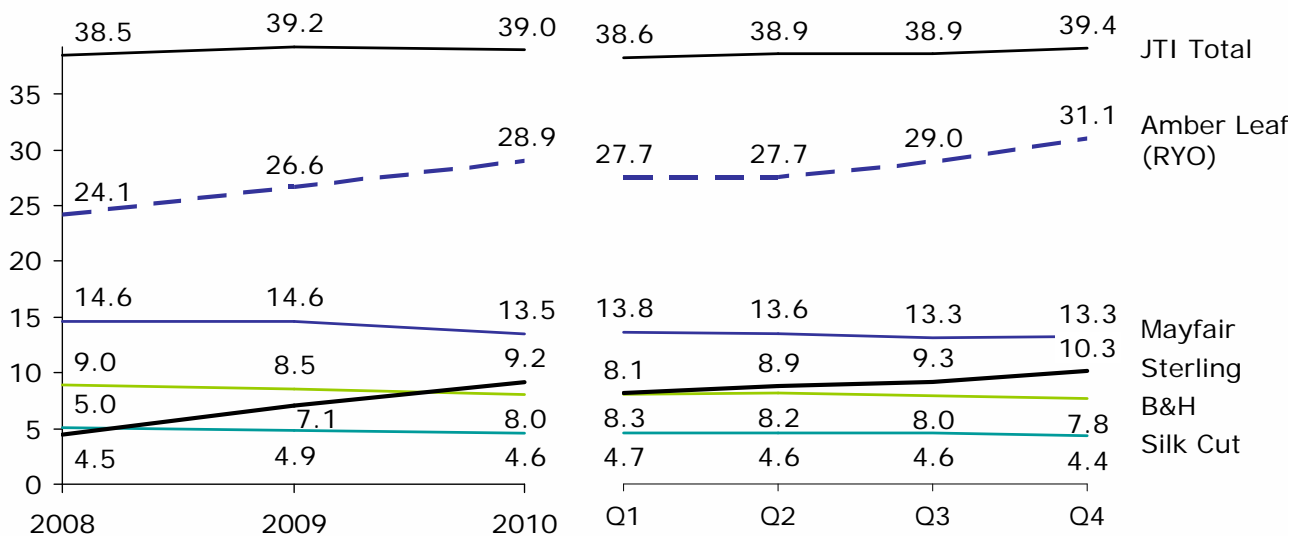


- Industry contraction and accelerating downtrading
- Rapidly growing RYO category, now at 23% of total market

Note: (1) Data sources: Industry size, JTI estimates; Price segments, A.C.Nielsen
 (2) Share figures restated, due to a change in data source

UK Business Update

Market share, %



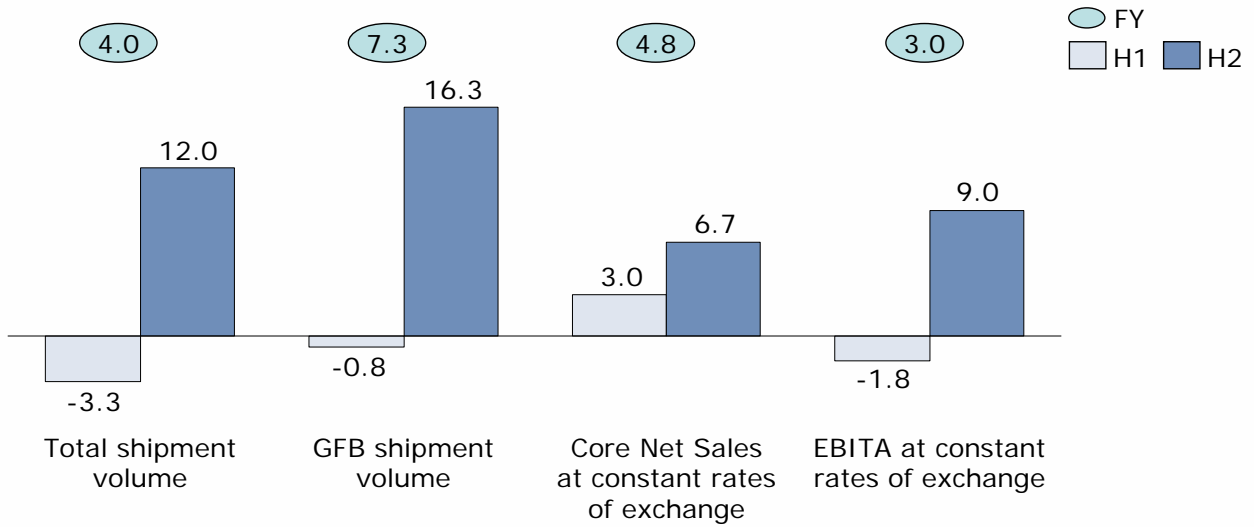
- Share stabilized in H2, after a decline due to a period of price disadvantage
- Sterling benefits from down-trading, continues to lead Value segment
- Gaining share in the rapidly growing RYO segment

Note: (1) Data sourced from A.C. Nielsen
 (2) Share figures restated, due to a change in data source

Rest-of-the-World Key Indicators



Year over year variation, 2010 vs. 2009, %



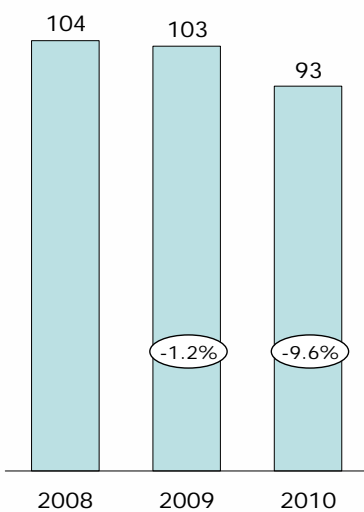
➤ Strong shipment volume growth led by the Middle East and Korea, combined to a rebound in Turkey and Taiwan in H2 2010

Note: (1) Core Net Sales excludes revenue from distribution, private label, contract manufacturing and other peripheral businesses

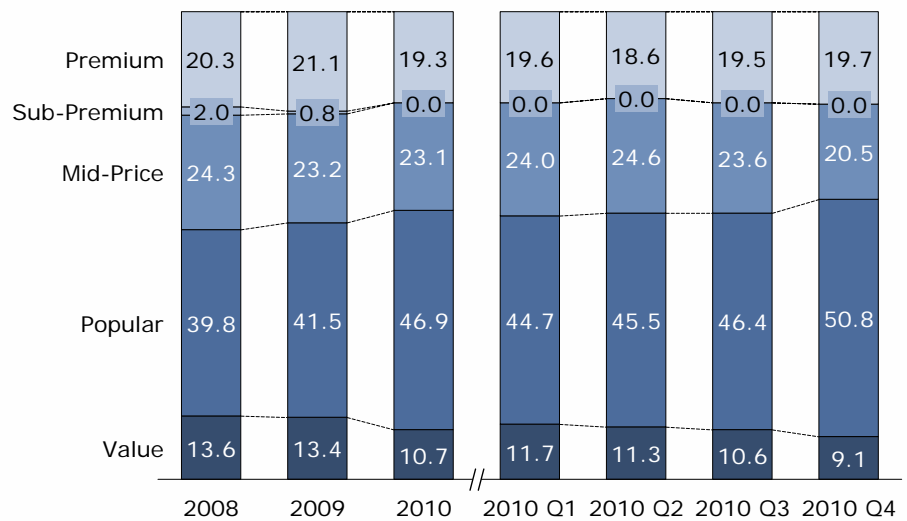
Turkey: Market Size and Segment Evolution



Total Industry Size (BNU)



RMC Price Segment Evolution (%)



➤ Industry contracted by 9.6% and down-trading accelerated following a significant excise increase in January 2010

Note: (1) Data sourced from AC Nielsen

Market share, %



- JTI continued to be the fastest-growing manufacturer, due to strong share growth by Winston, despite increasing competitive pressure

Note: (1) Data sourced from A.C. Nielsen

Conclusions

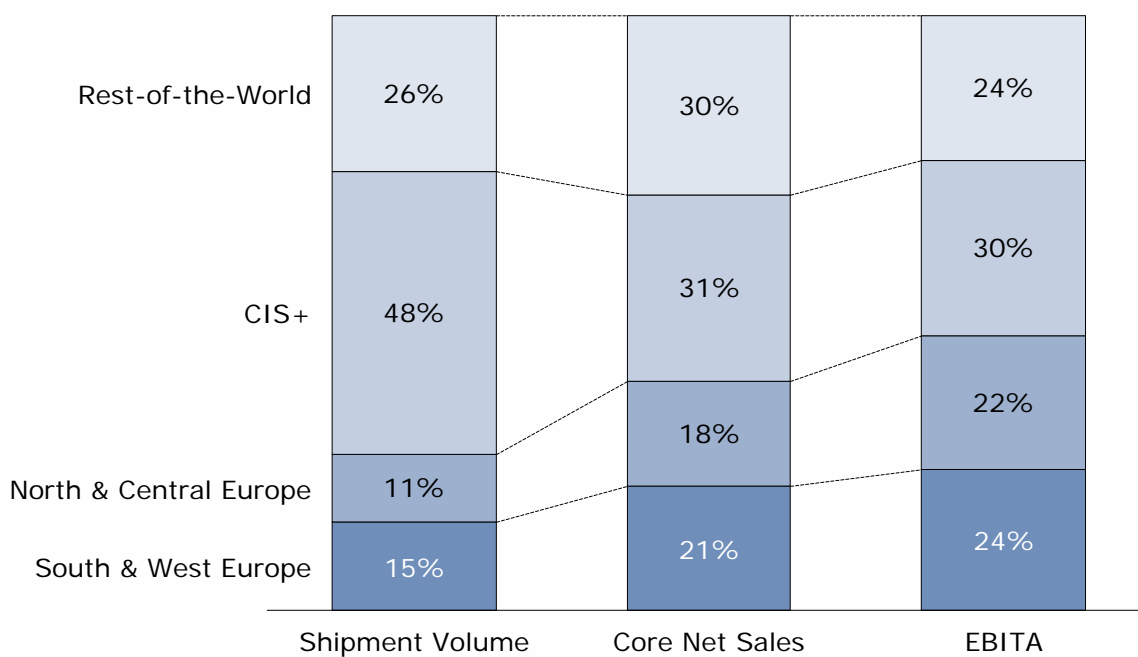
- Strong EBITDA growth of 10.6%, or 7.7%, at constant rates of exchange, exceeding our forecast of 6.2%
- Robust pricing
- Market share gains in most key markets
- Early signs of recovery
- Continued focus on innovation and top-line growth

- In 2011, we will grow EBITDA by 10% at constant rates of exchange

Appendices

Appendix A: Cluster Split

Clusters contribution to Volume, Core Net Sales and EBITA, %



Note:

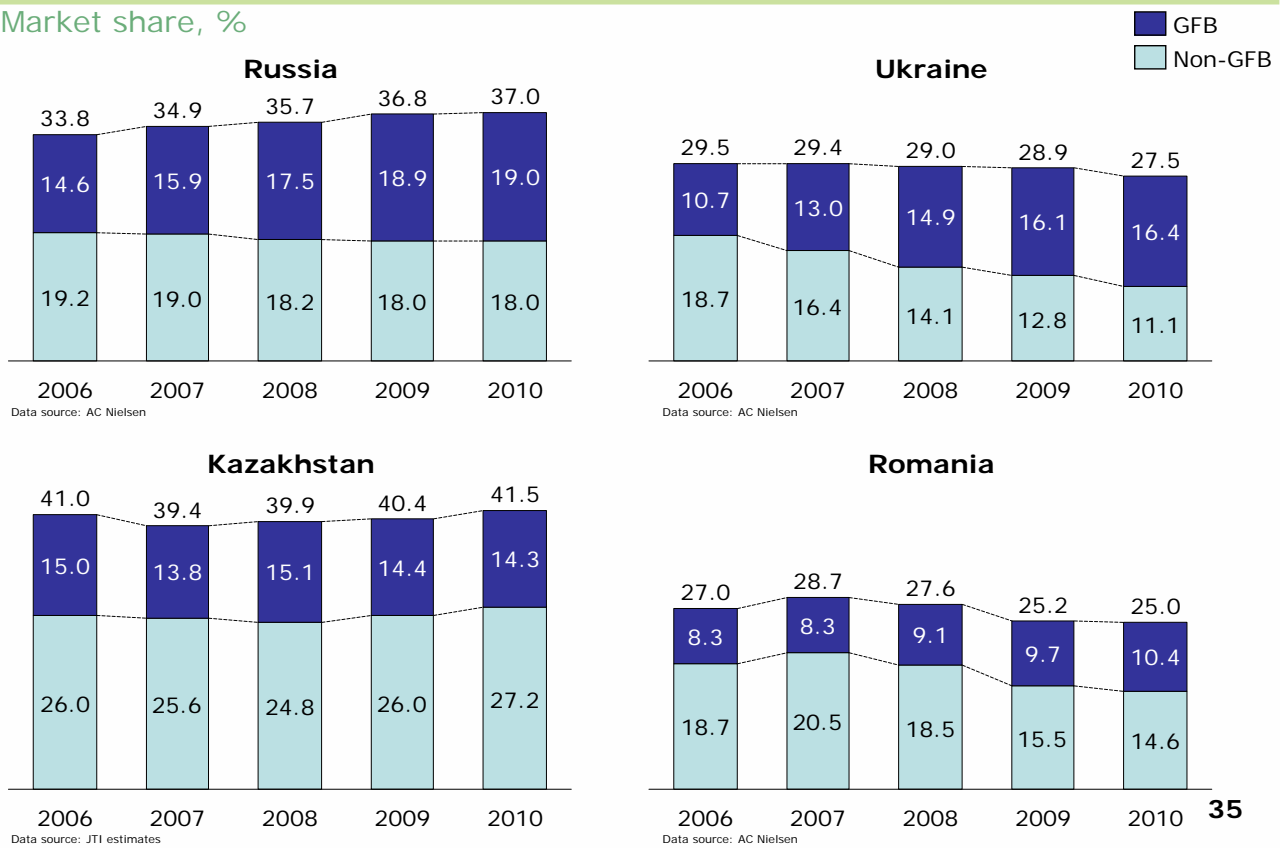
(1) HQ Core Net Sales including in RoW and EBITA before HQ allocation

(2) Core Net Sales, excluding distribution, private label, contract manufacturing and other peripheral businesses

Appendix B: SOM GFB & Non-GFB – CIS+



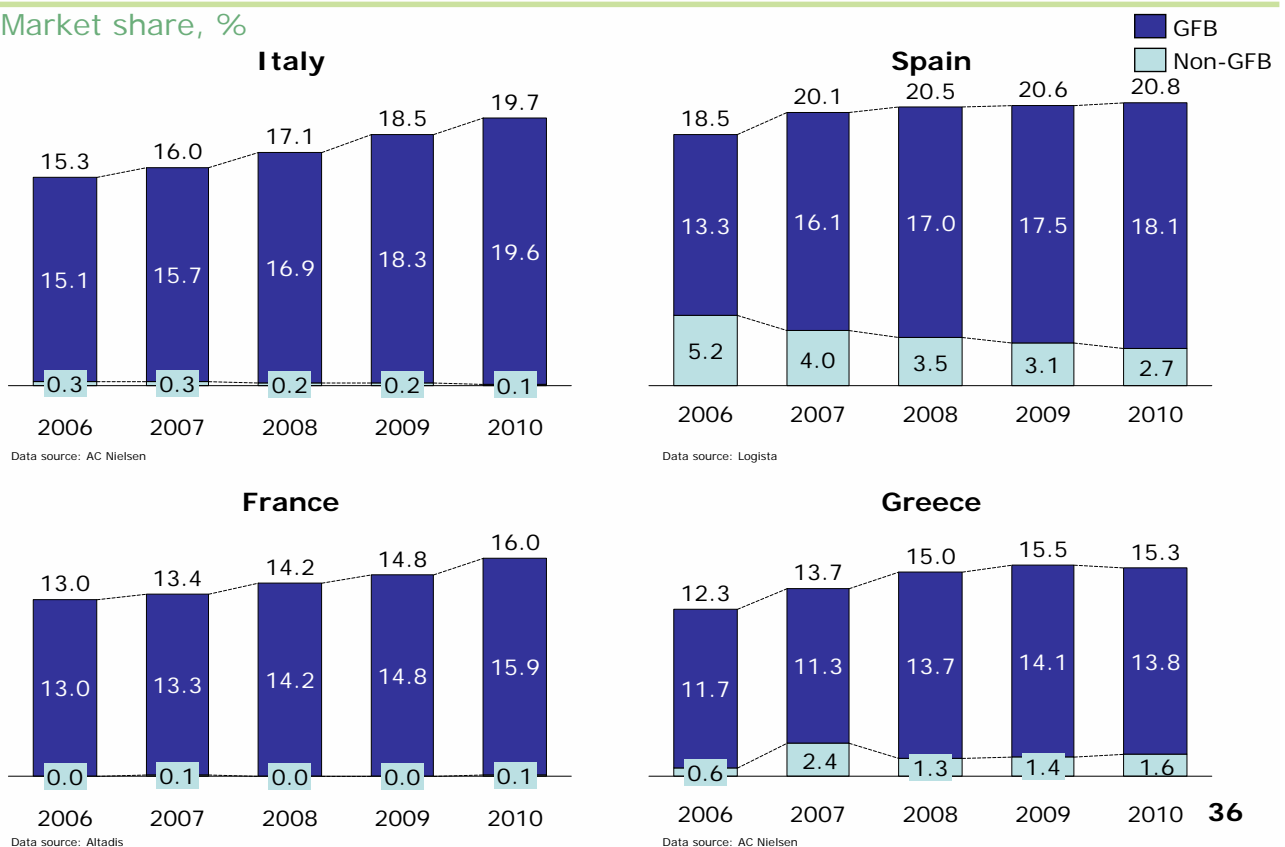
Market share, %



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Appendix B: SOM GFB & Non-GFB – South & West Europe JTI

Market share, %

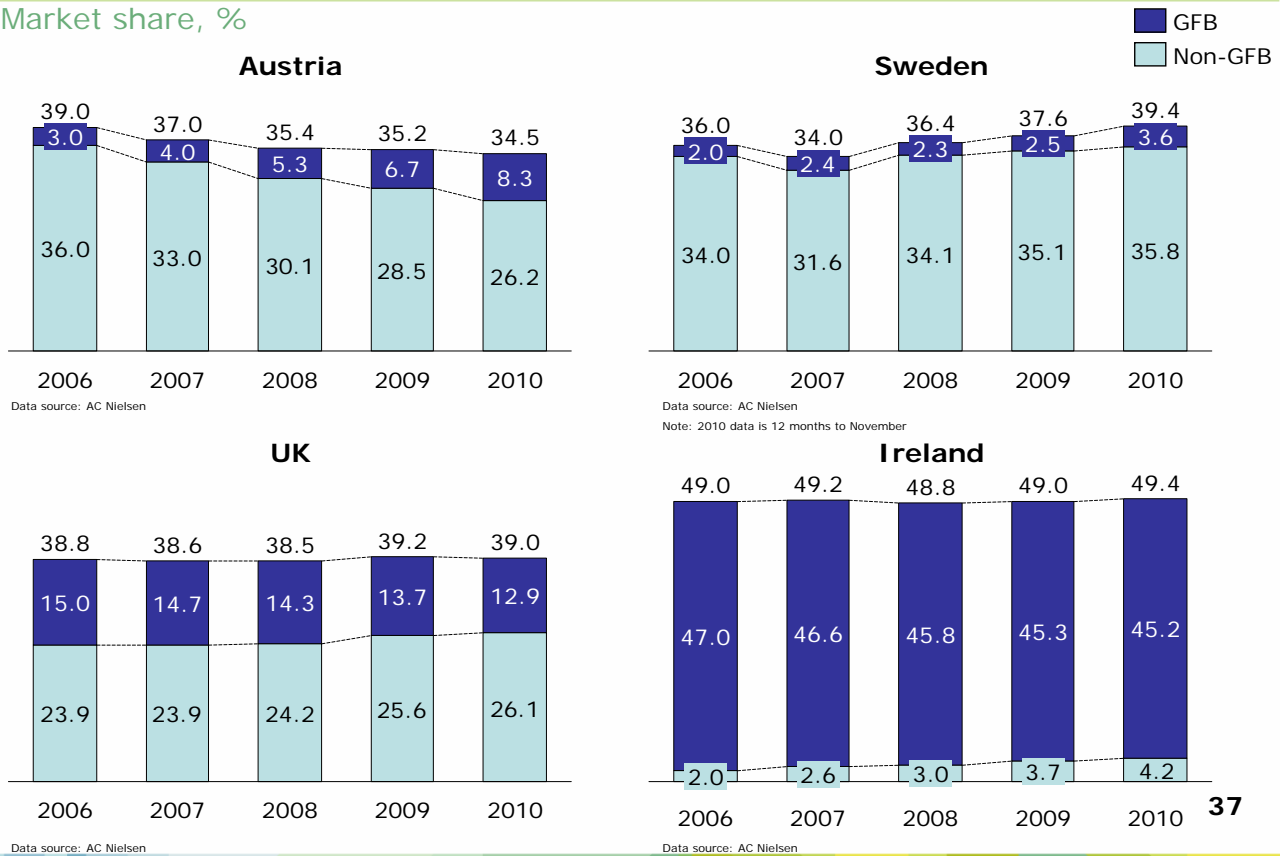


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Appendix B: SOM GFB & Non-GFB – North & Central Europe



Market share, %



Appendix B: SOM GFB & Non-GFB – Rest-of-the-World



Market share, %

