

JTI 2017 Key Achievements & 2018 Guidance

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President & Chief Executive Officer

FORWARD-LOOKING STATEMENTS

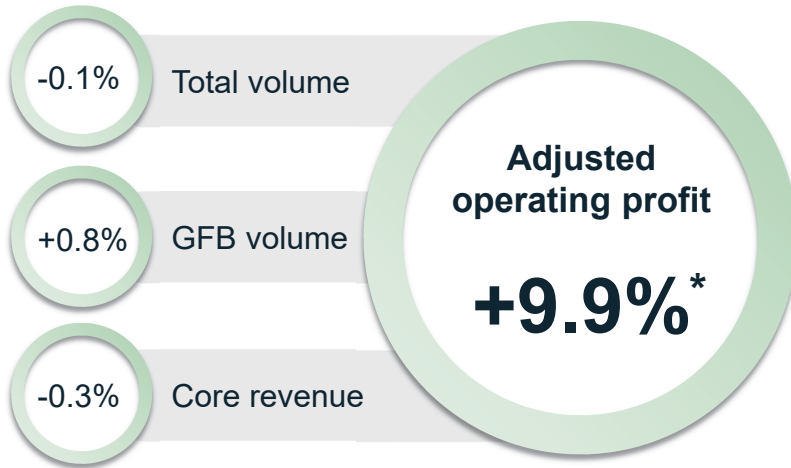
This presentation contains forward-looking statements. These statements appear in a number of places in this presentation and include statements regarding the intent, belief, or current and future expectations of our management with respect to our business, financial condition and results of operations. 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.

Strong profit growth while investing for the future

JTI 2017 performance



- Positive GFB momentum driven by market share gains
 - Planned investments – mainly in Russia and the UK – impacted core revenue
 - Stronger business base from acquisitions
 - Currency-neutral profit growth led by global supply chain optimization
- * Or +4% when including the UK distributor impact

Note: 2017 vs. PY. At constant currency.

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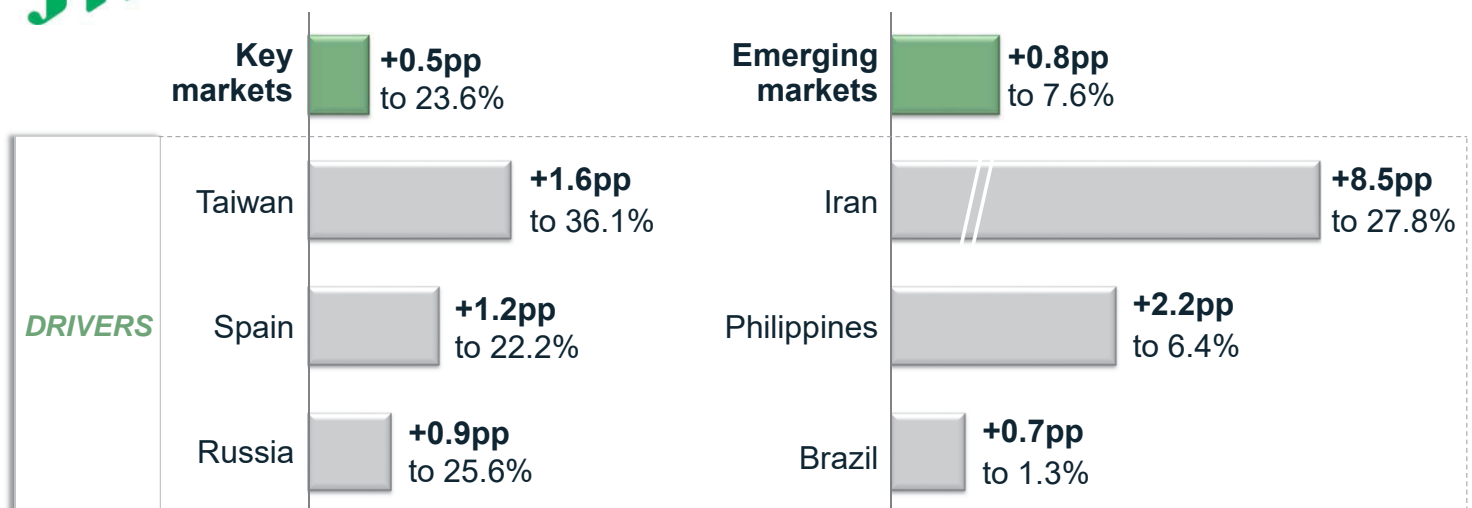
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GFBs achieved robust share gains



GFB share of market (2017 vs. PY)



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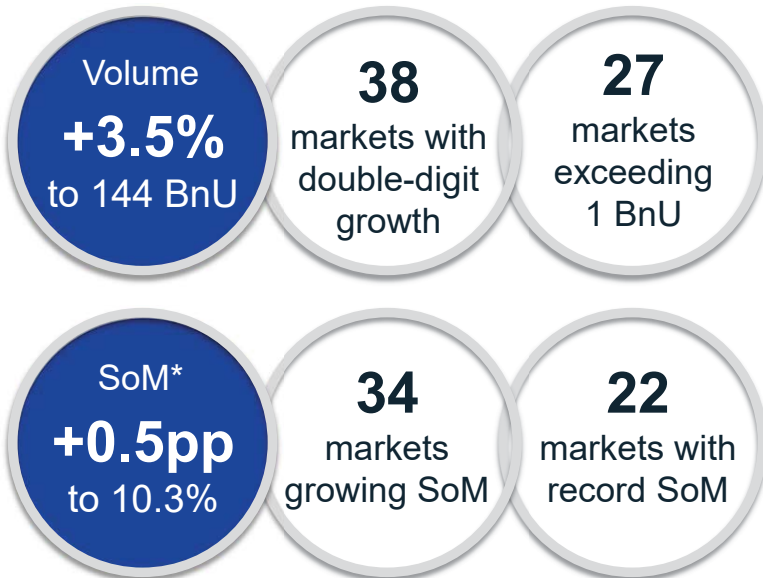
Note: SoM on 12-month rolling average to December. Source: Internal estimates.

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Winston: Driving the GFB growth momentum



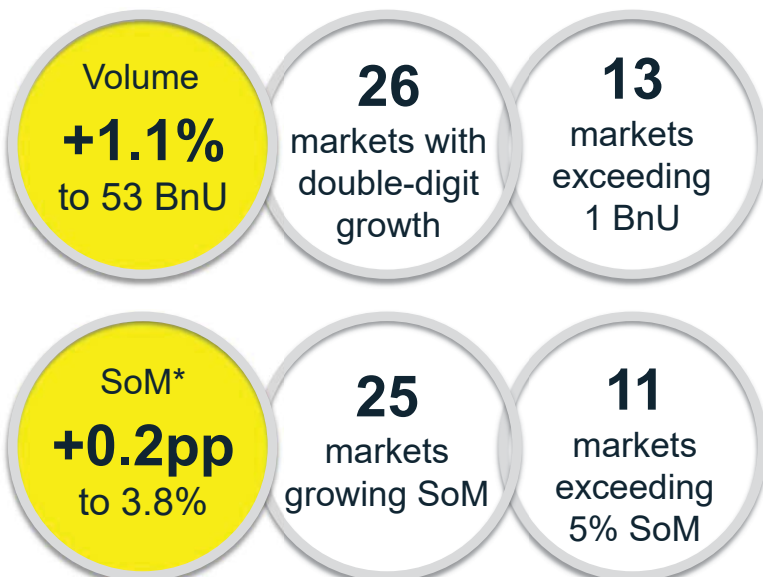
- Third consecutive year of strong volume growth, led by portfolio investments
- Leading positions in more than 20 markets, including France, Russia, Spain & Turkey



Winston XStyle Duo - Russia



Camel: Achieving record volumes

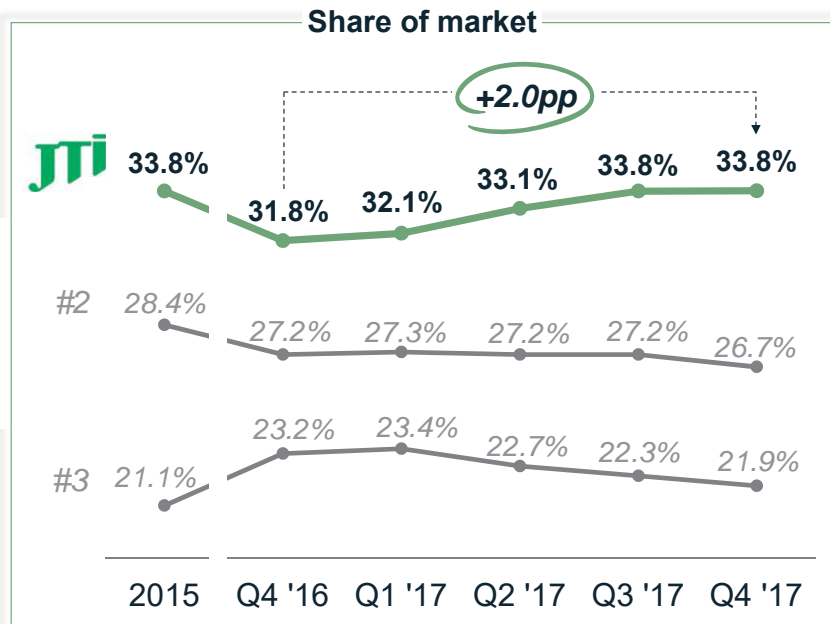


- Fourth consecutive year of volume growth, mainly driven by emerging markets
- Geographic expansion continued, with 10 new market launches since 2015



Camel Kretek - Indonesia

Russia: Restored market share position



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Note: Quarterly SoM on 3-month rolling average. Source: Nielsen and Internal estimates.

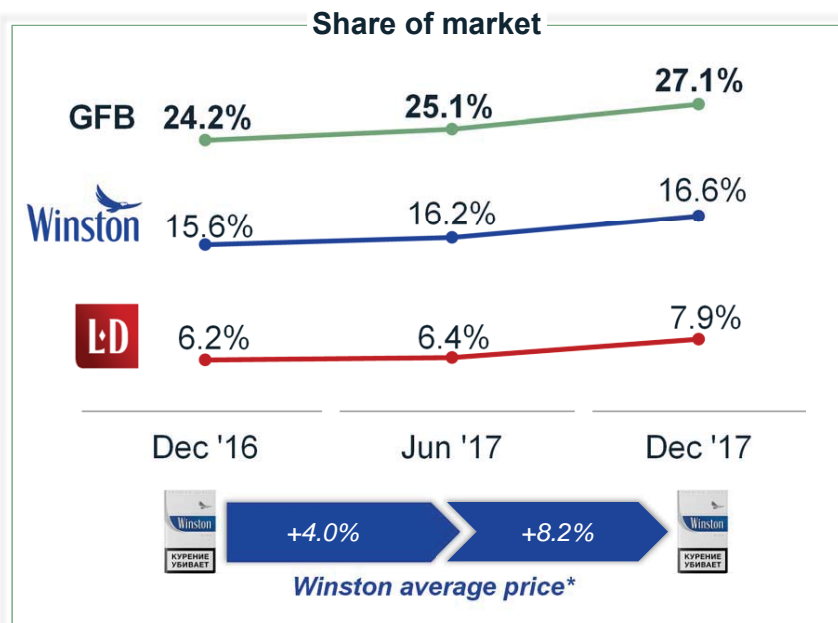
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Strong market share growth fueled by portfolio investments:

- Restored key price indices to level the playing field:
 - Share in the value segment increased 3.2pp vs. Q4 '16
- Significant expansion in all growing cigarette segments (Q4 '17 vs. Q4 '16):
 - Flavor on demand: +15.7pp
 - Compact: +4.9pp

Russia: Winston and LD achieved record market share



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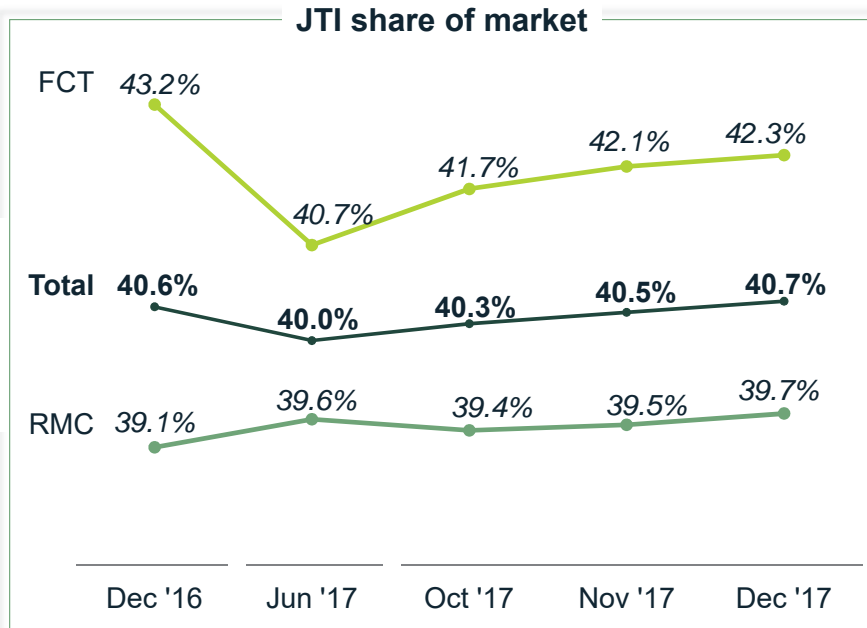
Note: Monthly SoM data. Source: Nielsen and Internal estimates. * Retail selling price for 20 cigarettes.

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- Winston strengthened its market leading position:
 - Strong expansion in flavor on demand and compact segments
- LD grew volume and gained robust share momentum:
 - Successful migration of More complemented by organic growth
- Continued share progression despite accelerated pricing as of June 2017

UK: Regaining market share momentum



- Disruptive year due to intense price competition in fine cut and regulatory change
- Market share returned to growth as of Q4 '17, supported by:
 - Fine cut – growth of Sterling and improved Amber Leaf trend
 - Cigarettes – positive performance of B&H and Sovereign

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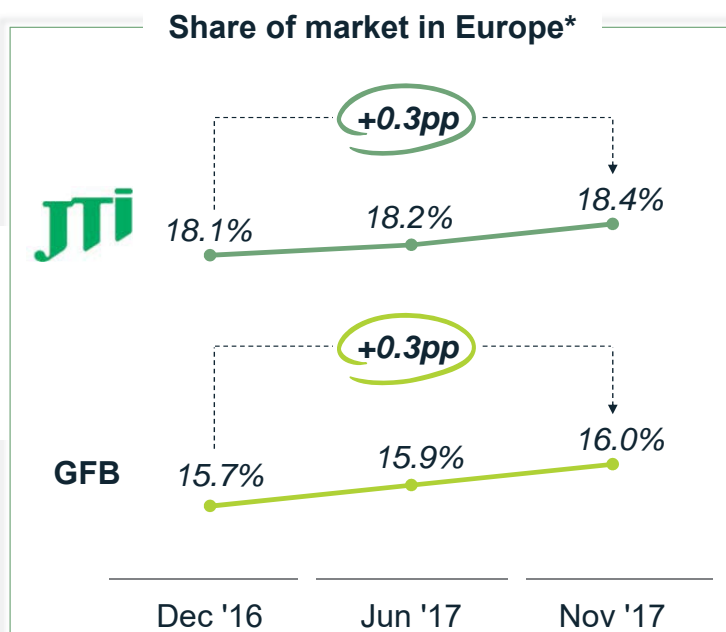
Note: Monthly SoM data. Source: Nielsen and Internal estimates.

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Europe: Resilient performance driven by GFBs



- Increased pressure due to TPD2 implementation and intense competition
- Entering 2018 with improving market share momentum
- Resilient GFB performance:
 - Camel and Winston achieved share record in several markets, including Czech Republic, Netherlands & Spain
 - Ongoing challenges in France, Germany and Italy

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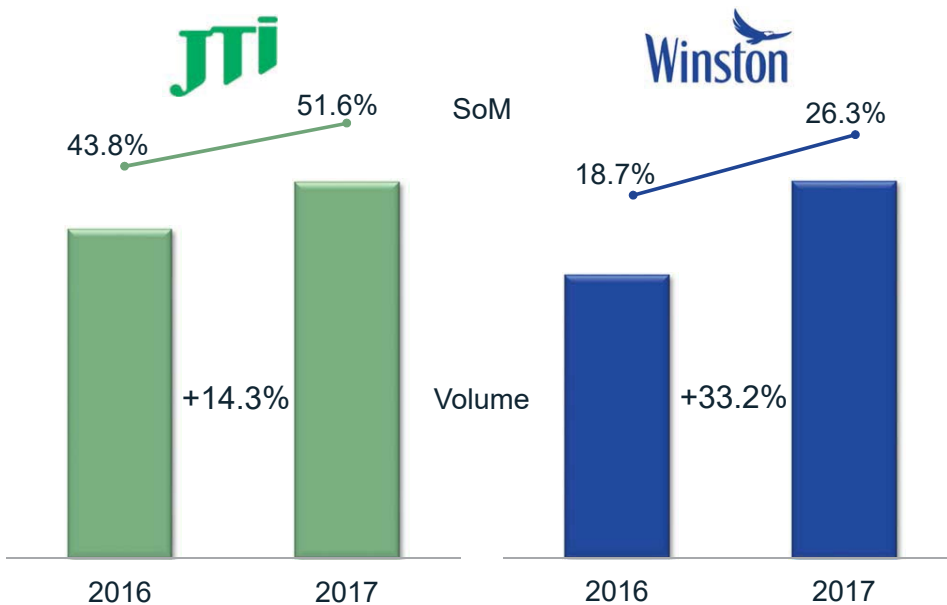
Note: Monthly SoM data. Source: Internal estimates. * Excluding the UK.

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Iran: Exceptional performance led by Winston



- Double-digit volume growth for the third consecutive year driving robust financial contribution
- Strong leading position, with market share above 50%
- New volume and share record for Winston, the #1 RMC brand
- Superior in-market capabilities following the ATI acquisition

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Note: SoM on 12-month rolling average to December. Source: Internal estimates.

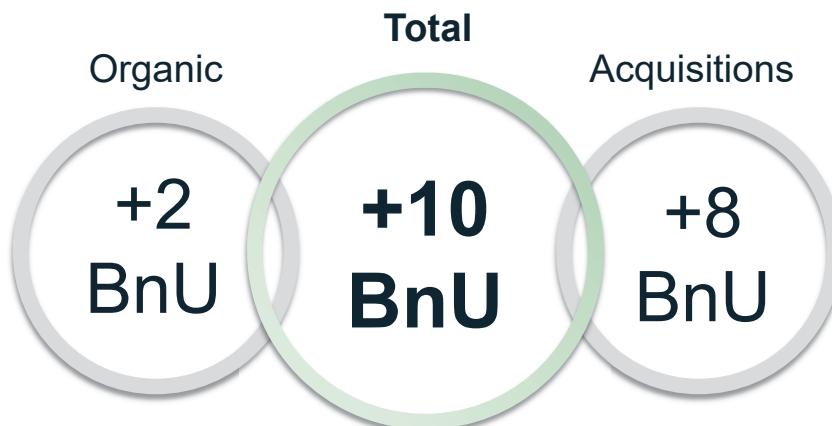
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Asia Pacific: Expanding organically and by acquisitions

JTI volume growth in Asia (2017 vs. PY)



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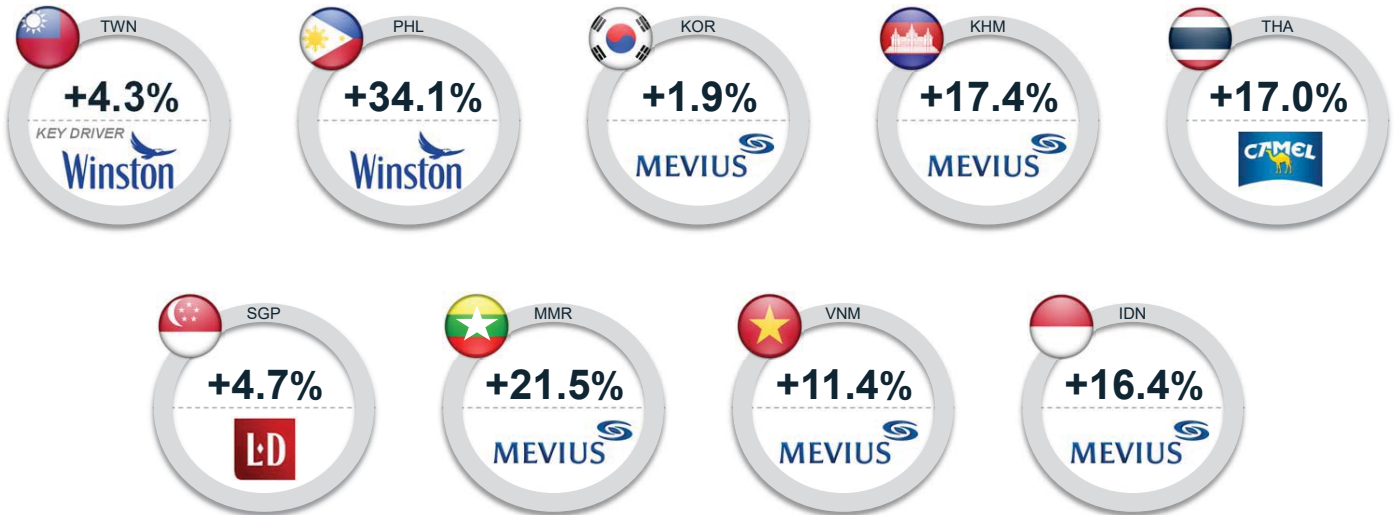
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Asia Pacific: GFBs drive organic volume for sustainable growth

GFB volume growth in selected Asian markets (2017 vs. PY)



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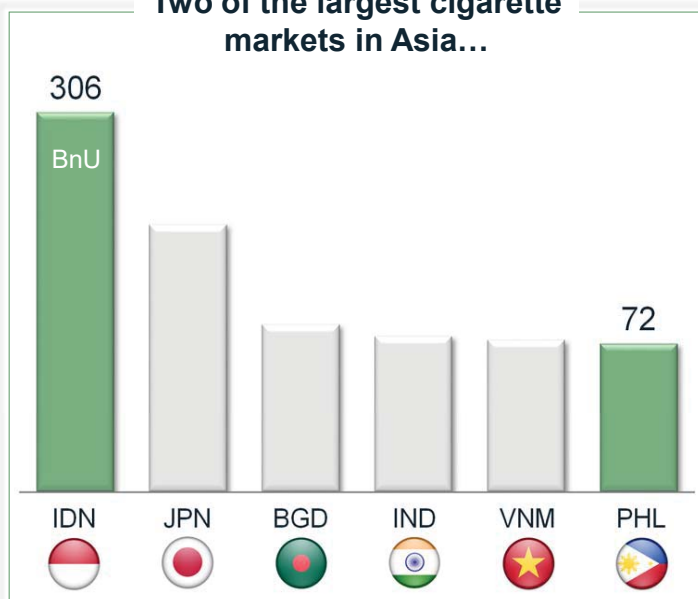
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Philippines & Indonesia: Acquisitions to shape our future

Two of the largest cigarette markets in Asia...

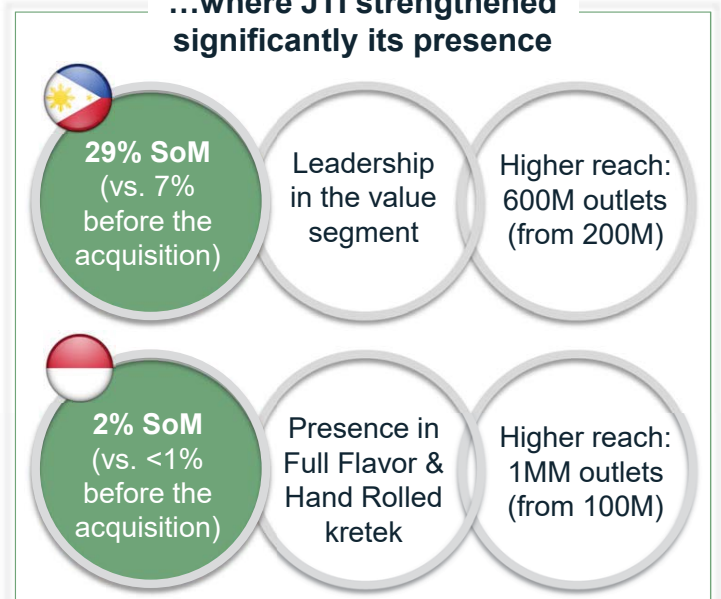


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Note: Monthly SoM in December 2017. Source: Internal estimates.

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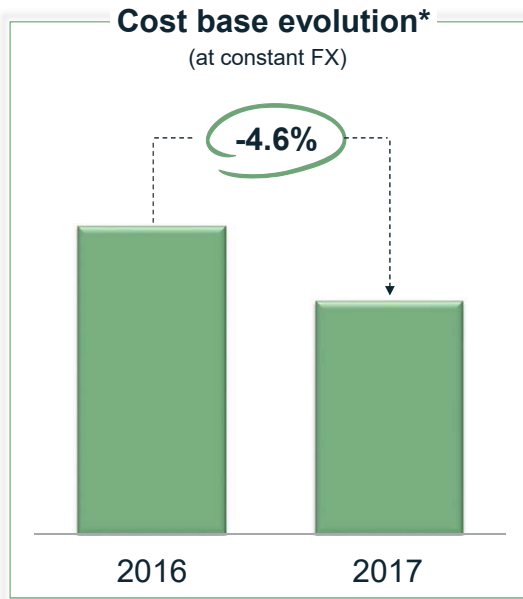
...where JTI strengthened significantly its presence



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Reduced costs driven by supply chain and process optimization



- Significant cost base reduction led by planned initiatives to decrease product costs drives 2017 profit growth:
- Efficiencies from manufacturing footprint optimization
- Benefits from lower leaf and non-tobacco material costs
- Continuous improvement of business processes to further strengthen our competitiveness

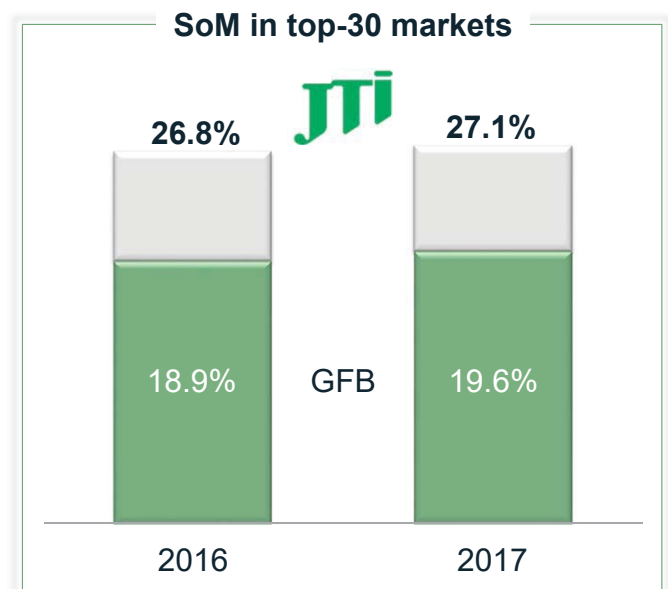
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* Excluding the UK distributor impact.

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Entering 2018 with positive business momentum

- GFB-led share growth across top-30 markets
- Strengthened position in key markets
- Strong organic growth in emerging markets
- Expanded business footprint with acquisitions
- Improved cost base



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Note: SoM on 12-month rolling average to December, based on JTI's top-30 markets. Source: Internal estimates.

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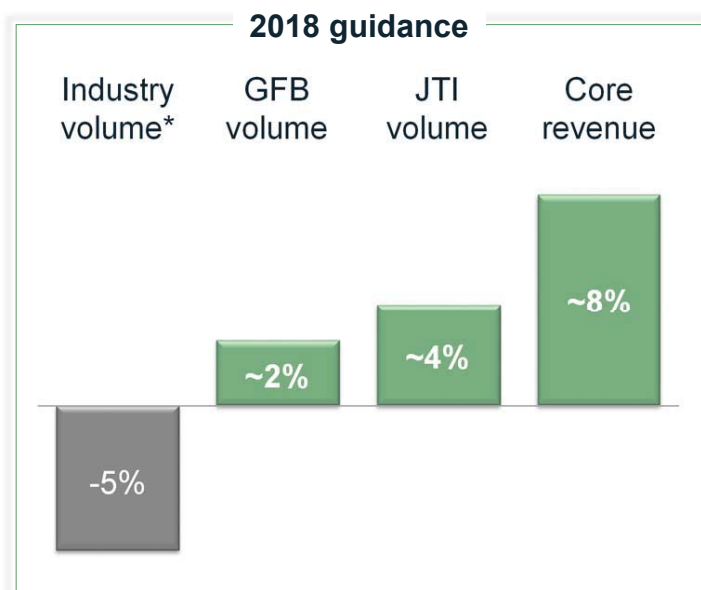
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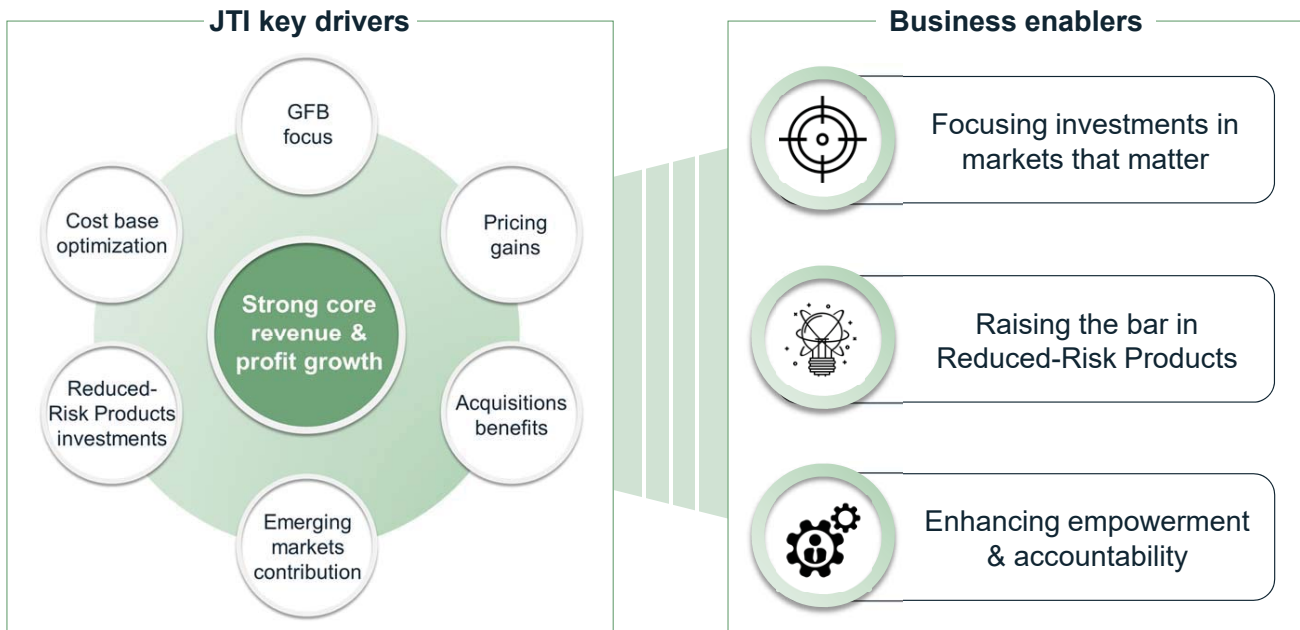
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Returning to top-line growth



- Industry volume contraction to continue
- Targeting robust volume growth:
 - Focus on fewer and bigger GFBs
 - Sustained momentum in emerging markets
 - Significant benefits from acquisitions
- Strong core revenue growth, led by pricing

Roadmap to drive sustainable growth



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