



Business Plan 2019

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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.

Agenda

- FY2018 Overview
- Business Plan 2019
- Achieve sustainable profit growth for the JT Group
- Resource allocation policy

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FY2018 Overview

Significant achievements in 2018

- **Robust currency neutral profit growth, focusing on both RRP* and conventional products**
- **Stronger business foundations for sustainable profit growth in the tobacco business**

Adjusted operating profit at constant FX
(FY2018 growth vs PY)

+8.9%

FY2018 Dividend per share: **JPY 150**

*RRP : Reduced-Risk Products: products with potential to reduce the risks associated with smoking

Organizational initiatives

Accelerating our efforts towards “a company that initiates change and drives evolution”

JT

- More focus on customer-centric activities
- Comprehensive management combining RRP and conventional products to win competition

JTI

- Assessing operation efficiencies and instilling a more agile mind-set

Creating additional synergies between JT/JTI

- Adapting the R&D organization to a rapidly changing environment

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Business Plan 2019

Tokyo – February 8, 2019

JT Investor Meeting

9

Business Plan 2019 - Mid- to long-term target

Adjusted operating profit at constant FX growth rate

Mid to high single-digit

Achieve sustainable profit growth for the JT Group

Tobacco Business

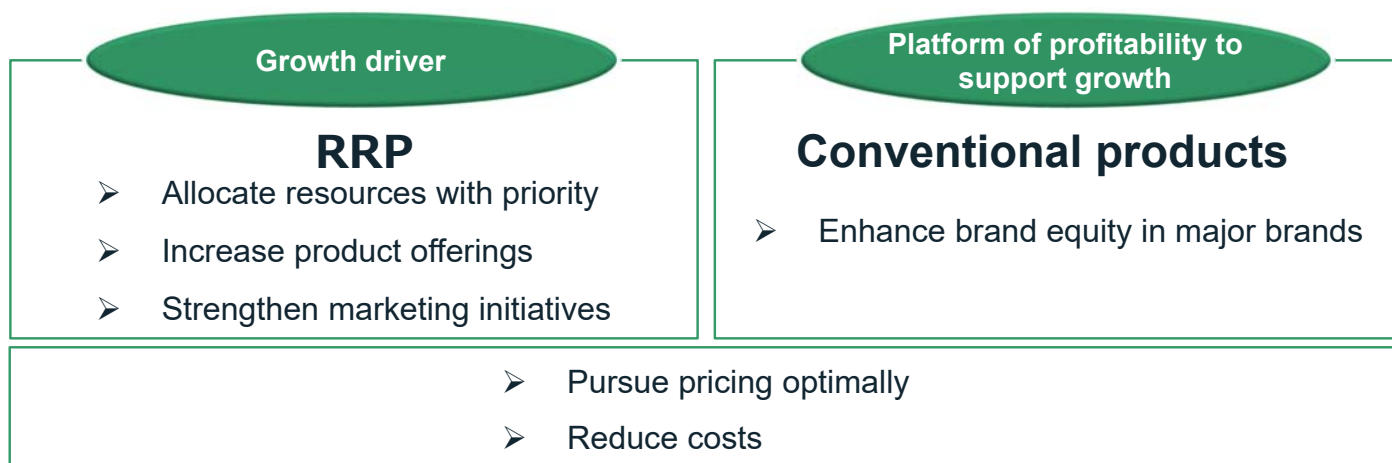
“Tobacco Business” to deliver mid to high single-digit profit growth*



*Adjusted operating profit growth rate at constant FX over mid- to long-term

Japanese Domestic Tobacco Business

- Return to sustainable profit growth in "total tobacco"
- Drive total market share gains by offering a variety of options



Ploom TECH+ / Ploom S roll-out plan in Japan



*Miyagi, Tokyo, Aichi, Osaka, Hiroshima and Fukuoka prefectures

International Tobacco Business

Continue to deliver strong currency-neutral profit growth

Sustainable profit growth in existing markets	Geographic expansion in emerging markets	Acceleration of growth in the RRP category
<ul style="list-style-type: none">➤ Market share gains by strengthening brand equity➤ Pricing opportunities	<ul style="list-style-type: none">➤ M&A / Organic growth➤ Post merger Integration	<ul style="list-style-type: none">➤ Product portfolio enhancement➤ Geographic expansion

Pharmaceutical & Processed Food Businesses

Complement the Group's profit growth by rebuilding business foundations

Pharmaceuticals Business

Promote R&D for next-generation strategic products and maximize the value of each product

- Continue to focus on:
 - improving drug discovery capabilities;
 - maximizing the value of each products; and
 - exploring opportunities for strategic in-licensing
- Reform the business structure in Torii Pharmaceutical Co., Ltd

Processed Food Business

Business operation for sustainable top-line growth

- Focus on staple foods
- Pursue robust operating base by optimization of production

Resource allocation policy

Resource allocation policy

The “4S” model guides our resource allocation

- Prioritize business investments for sustainable profit growth in the mid- to long-term
- Strike a balance between profit growth through business investments and shareholder returns

<Shareholder return policy>

- Aim to enhance shareholder returns considering the Company’s mid- to long-term profit growth trend, while maintaining a strong financial base*
 - Work toward stable and consistent growth in dividend per share
 - Consider implementing a share buy-back program, taking into account the Company’s mid-term operating environment and financial outlook
 - Continue to closely monitor shareholder returns of global FMCG companies**

*As its financial policy, the Company will maintain a strong financial base that secures stability in case of changes in business environment such as economic crises and flexibility enabling expeditious responses to business investment opportunities.

**A Fast-Moving Consumer Goods (daily consumer goods) company which has a stakeholder model similar to our “4S” model, and has realized strong business growth.

Closing Remarks

Closing Remarks

- Solid profit pool from conventional products continues to expand
- Plus, RRP begin to contribute
- Business environment remains uncertain and unstable
- Evolve the organization to be bolder and faster
- Continue being preferred choice of consumers, shareholders, employees and the wider society.
- Achieve sustainable profit growth for the long-term.

