



JTI 2018 Results & 2019 Guidance

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President & Chief Executive Officer

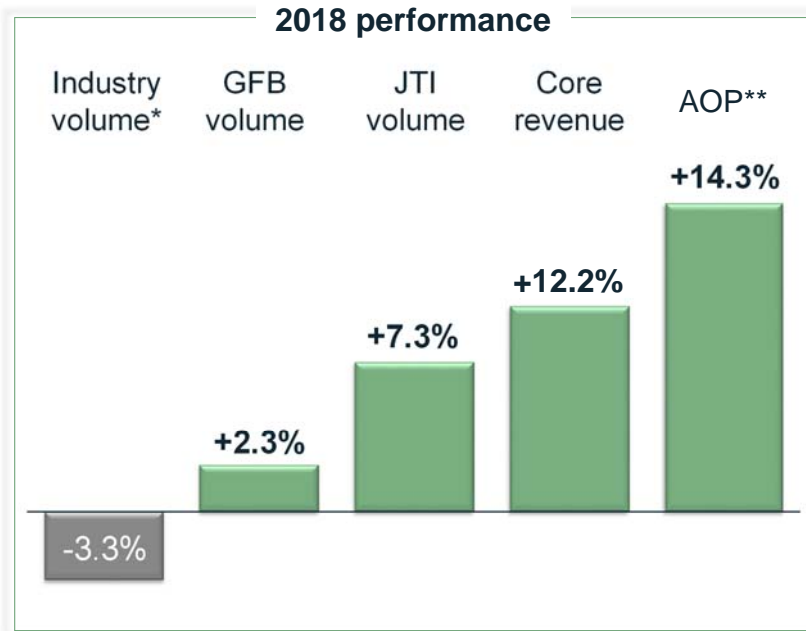
FORWARD-LOOKING STATEMENTS

This presentation contains forward-looking statements. These statements appear in a number of places in this 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.

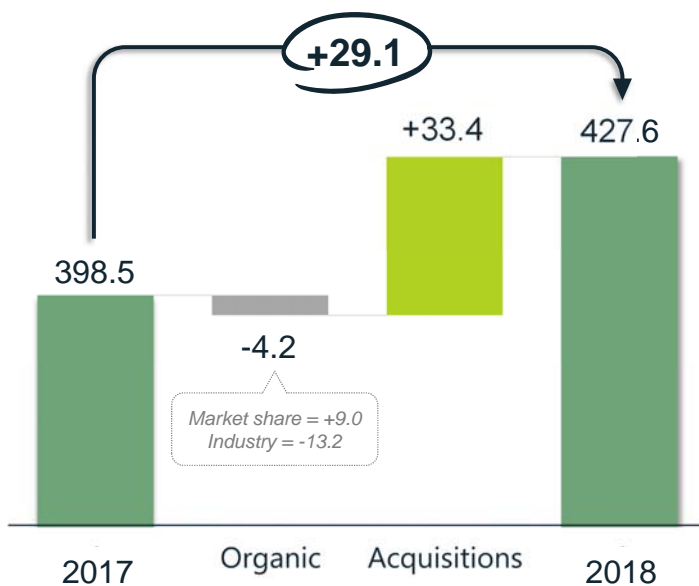
Excellent performance in 2018



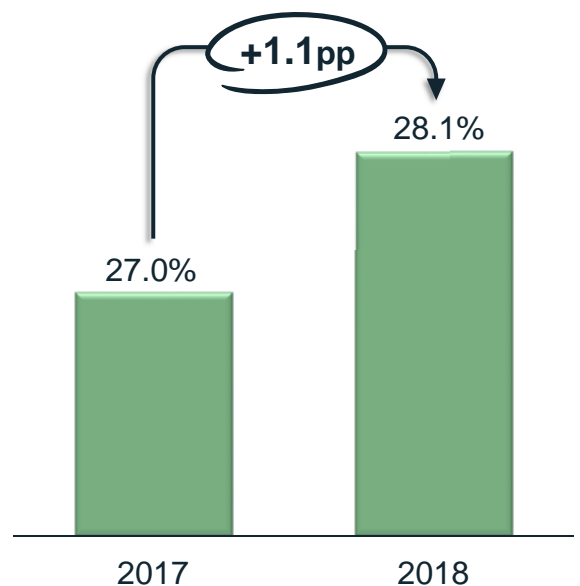
- Robust volume increase driven by acquisitions and GFB expansion
- Significant core revenue growth, bolstered by improved pricing in Russia and the UK
- Strong top-line momentum drove double-digit adjusted operating profit growth
- Positive organic performance in terms of volume, revenue and profit

Strong volume growth led by acquisitions and share gains

JTI shipment volume (BnU)

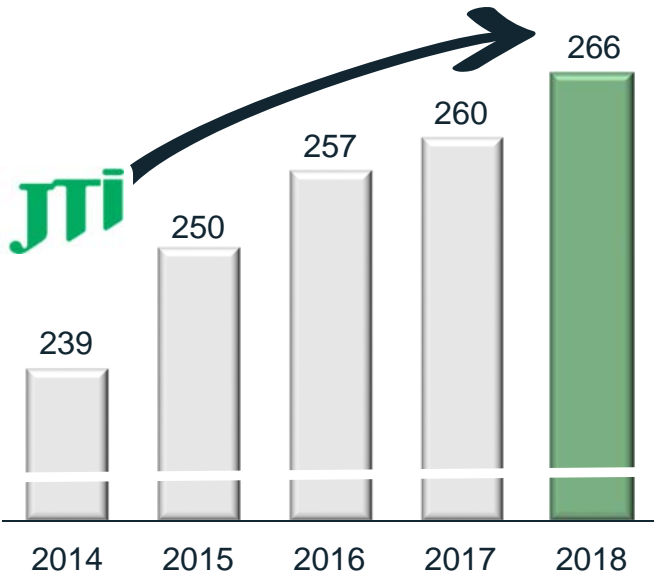


JTI market share (top-30 markets)



Organic momentum fueled by GFBs, notably Winston

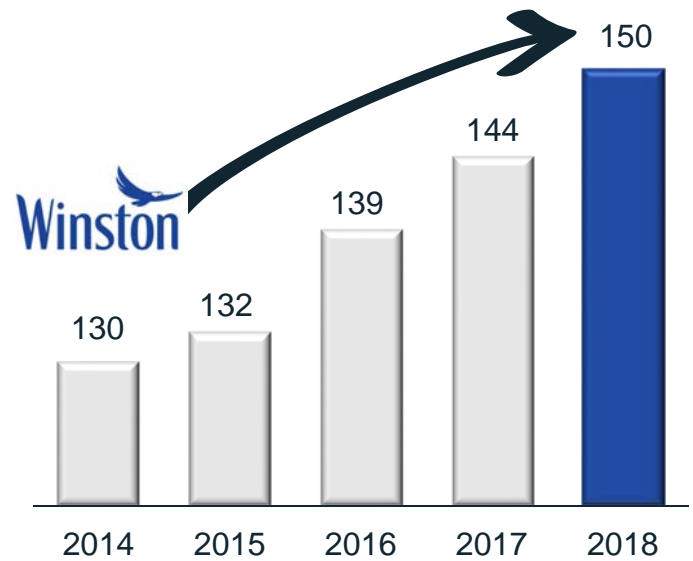
GFB shipment volume (BnU)



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Winston shipment volume (BnU)

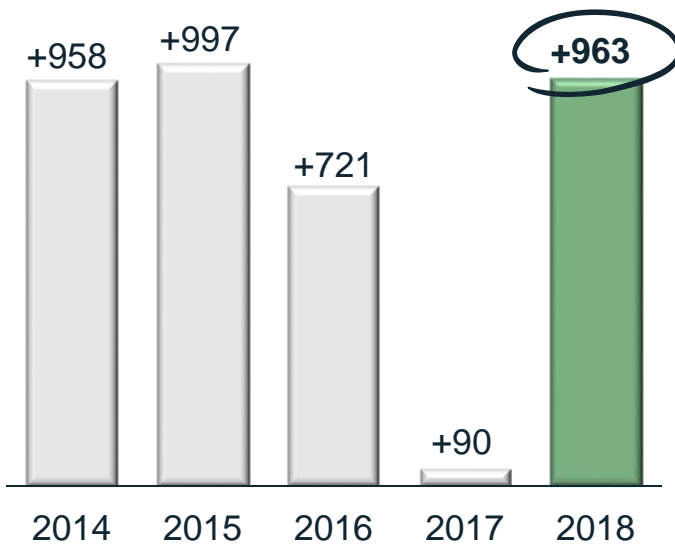


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Robust pricing gains

JTI Price/mix variance (\$MM)



- Price/mix returned to JTI's historical level
- Strong pricing in key markets*, including Russia and the UK
- Significant gains also in Canada, Iran, the Philippines, Romania, Sudan and Ukraine

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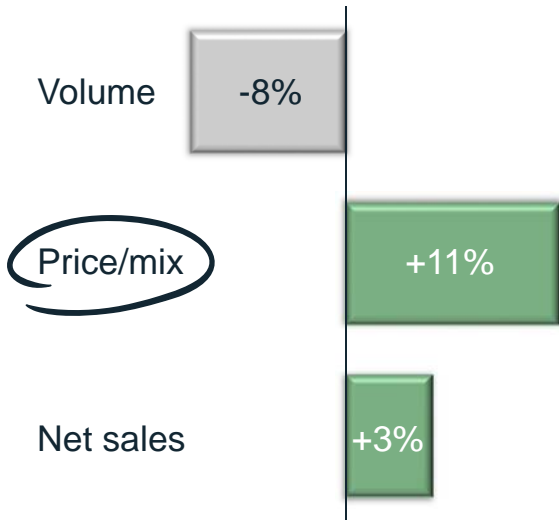
Note: The above figures are related to price/mix contribution to core revenue growth. * France, Italy, Russia, Spain, Taiwan, Turkey and the UK.

Russia – Positive pricing and GFB share momentum

Industry evolution* (2018 vs. PY)



Share evolution (2018 vs. PY, pp)



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* RMC industry price/mix and net sales change in local currency. Industry net sales = retail value - taxes - trade margin. Source: Internal estimates, Nielsen.

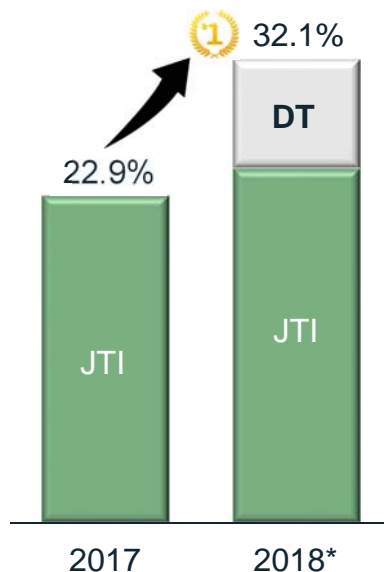
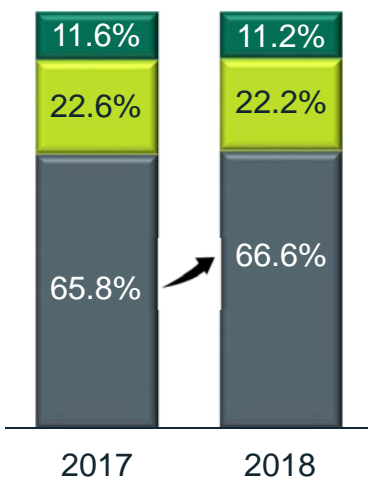
Russia – Donskoy Tabak boosting JTI's competitiveness

Industry price segments



Share of the Value segment

Premium Mid-price Value



- Donskoy Tabak acquisition strengthened JTI's leadership and business flexibility
- Best placed in value, the largest and only growing RMC price segment
- Donskoy Tabak to be profit accretive in 2019, with an increasing contribution expected in outer years
- Synergies expected from complementary brand portfolio and distribution coverage

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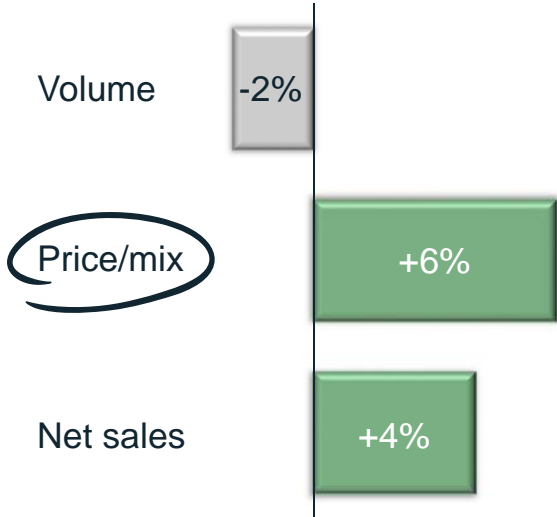
* As though JTI had owned Donskoy Tabak for the whole year. Note: DT stands for Donskoy Tabak. Source: Internal estimates, Nielsen.

UK – Improved pricing and continued share gains

Industry evolution* (2018 vs. PY)



Share evolution (2018 vs. PY, pp)



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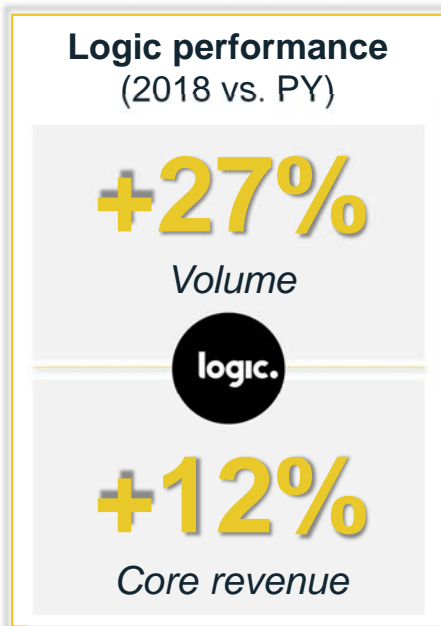
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* Total industry (RMC + Fine cut) price/mix and net sales change in local currency. Industry net sales = retail value - taxes - trade margin. Source: Internal estimates, Nielsen.

RRP – Accelerating our expansion with Logic Compact



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RRP – Logic Compact UK showing solid growth potential

Number one pod system among adult vapers...

Vaping experience



Satisfaction

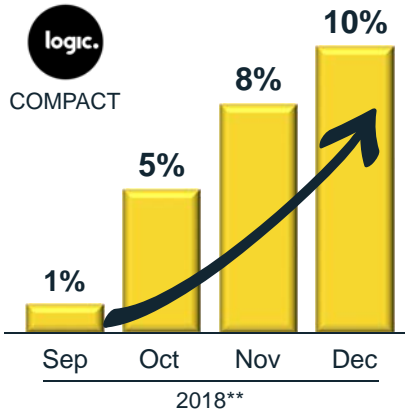


Overall liking



(UK survey – In home usage after 7 days)*

Rapidly gaining share in the closed tank category...



Highly evaluated by main opinion leaders...

“Logic Compact is a class act... good quality, a lovely vaping experience, and ideal for those who find more complex devices daunting.”

ecigclick

*“This has got to be **one of the best tobacco flavored e-liquids** for a pod kit that I’ve tasted for a long time.”*



Exiting 2018 with strong business fundamentals...

TOTAL VOLUME



Strong growth bolstered by acquisitions

TOP-30 MARKETS SOM



Positive momentum continued, led by GFBs

PRICE/MIX



Robust gains, in line with historical trend

...and tailwinds from acquisitions, notably Bangladesh

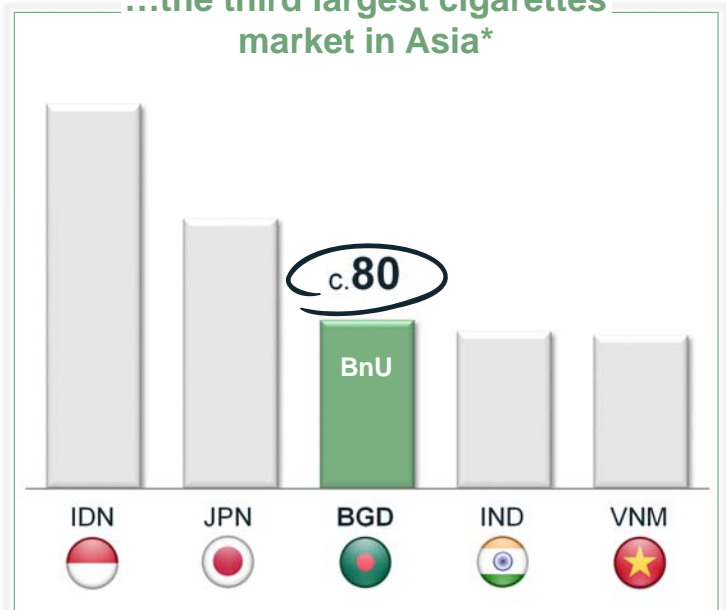
What we acquired in Bangladesh...



c. 16 BnU
Cigarettes volume

c. 20%
Share of market

...the third largest cigarettes market in Asia*

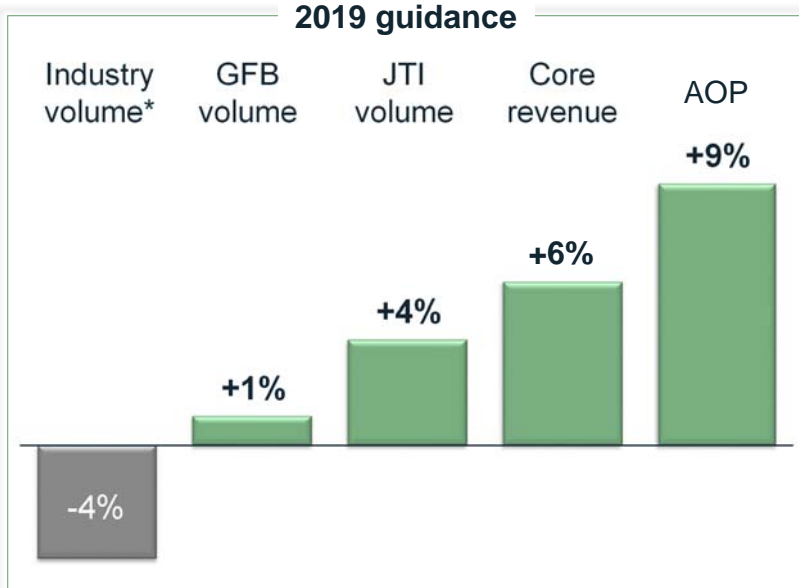


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Source: Internal estimates. * Excluding China.

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2019 – Growth momentum to continue across all KPIs

2019 guidance



- GFB to continue growing
- Acquisitions to bolster total volume
- RRP expansion to accelerate
- Strong financial growth, led by pricing

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* Based on JTI's top-30 markets (RMC + Fine cut). Note: 2019 variance vs. PY. Core revenue and AOP (adjusted operating profit) at constant currency. Source: Internal estimates.