



JTI 1H 2014 Financial Results

Roland Kostantos

*Senior Vice President,
Finance and IT, Chief Financial Officer*

Caution on Forward-Looking Statements

Today's presentations contain forward-looking statements. These statements appear in a number of places in these presentations 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. .

This presentation contains images or packages of our brands in some slides. Those slides have been included exclusively to illustrate JT Group's strategy or performance to our investors. They are not to be used for any other purpose.

Agenda

- First Half Results
- First Half Performance by Cluster
- Summary



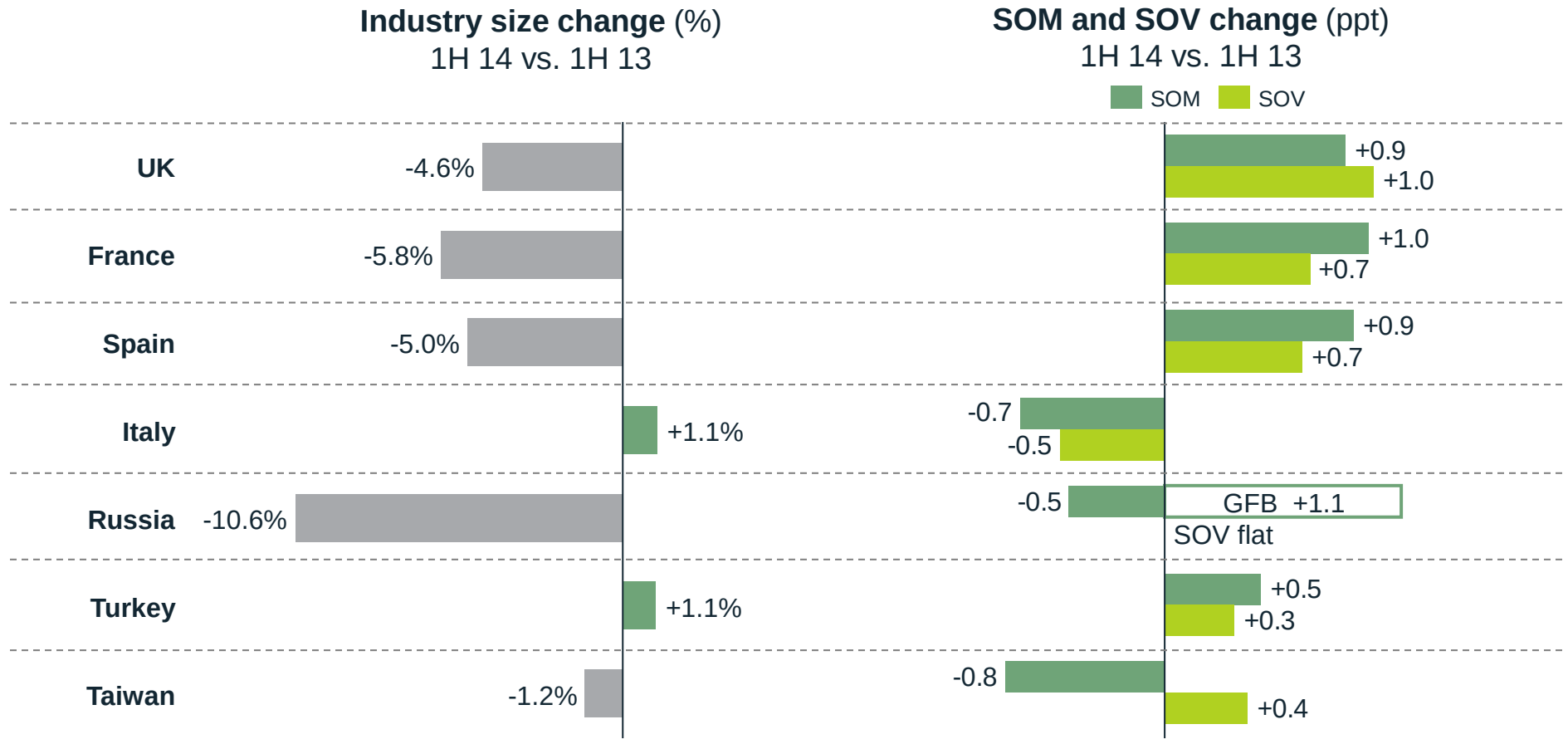
First Half Results

Double-digit earnings growth in a challenging environment

(BnU, \$MM)	1H 2014	Change
Total shipment volume	190.6	-5.6%
GFB shipment volume	123.0	-4.0%
Core revenue	6,083	4.2%
Adjusted Operating Profit	2,323	11.7%

Note: Core revenue and Adjusted Operating Profit are at constant rates of exchange

Significant industry contraction. Strong business fundamentals drive share gains



Source: JTI estimates, Nielsen, Logista, Tobacco Board

Note: SOM and SOV calculated on 12-month average. Industry size, SOM and SOV include cigarettes and fine cut

GFB focus drives quality top-line growth

JTI share and GFB mix evolution

	1H 2014	vs. 2008 (ppt)
GFB SOM	13.5%	 +1.9
JTI SOV	20.2%	 +3.7
JTI SOM	19.7%	 +0.2
GFB mix	64.5%	 +10.0

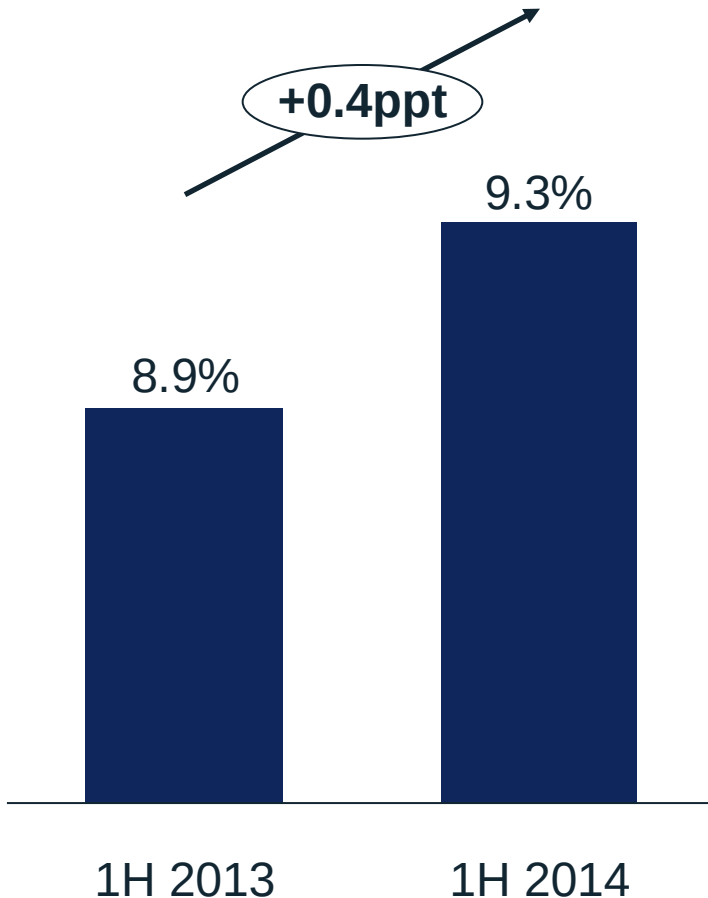
- Consistent strategy focus and investment across the GFB portfolio
- GFB equity continues to strengthen
- Since 2008 GFB drives overall share of value and share of market improvement
- GFB's represent 65% of total JTI shipments

Source: JTI estimates, Nielsen

Note: SOM and SOV based on 56 markets. SOM and SOV include cigarettes and fine cut, calculated on 12-month average.

Winston continues to drive share growth across JTI

Winston share of market



- Winston ranked No. 2 globally
- Winston grew share in 84% of its top markets in 2014, including +1.5ppt in Russia
- Recent launches in new markets including Brazil, Egypt, Oman and Sudan
- Enhancement of brand equity continues with global leadership in growing compact cigarette segment



Source: JTI estimates, Nielsen

Note: Winston SOM based on 37 markets. SOM includes cigarettes and fine cut, calculated on 12-month average

© Copyright JT 2014

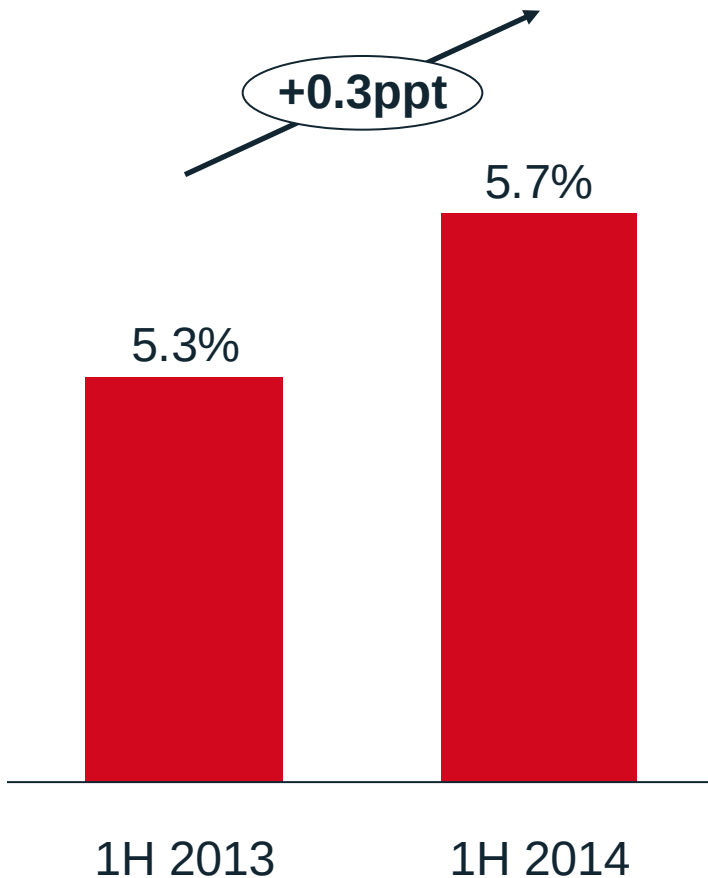
London – September 19, 2014

JT Investor Meeting

9

LD growing global market share

LD share of market



- LD is the No.2 global value brand
- Volume +11.4% excluding Russia, with share gains in Europe, notably Hungary (+3.1ppt) and Poland (+1.4ppt)
- LD Club growth, LD Club Extra launch and rejuvenation of LD Base family stabilized performance in Russia



Source: JTI estimates, Nielsen

Note: LD SOM based on 21 markets. SOM includes cigarettes and fine cut, calculated on 12-month average

© Copyright JT 2014

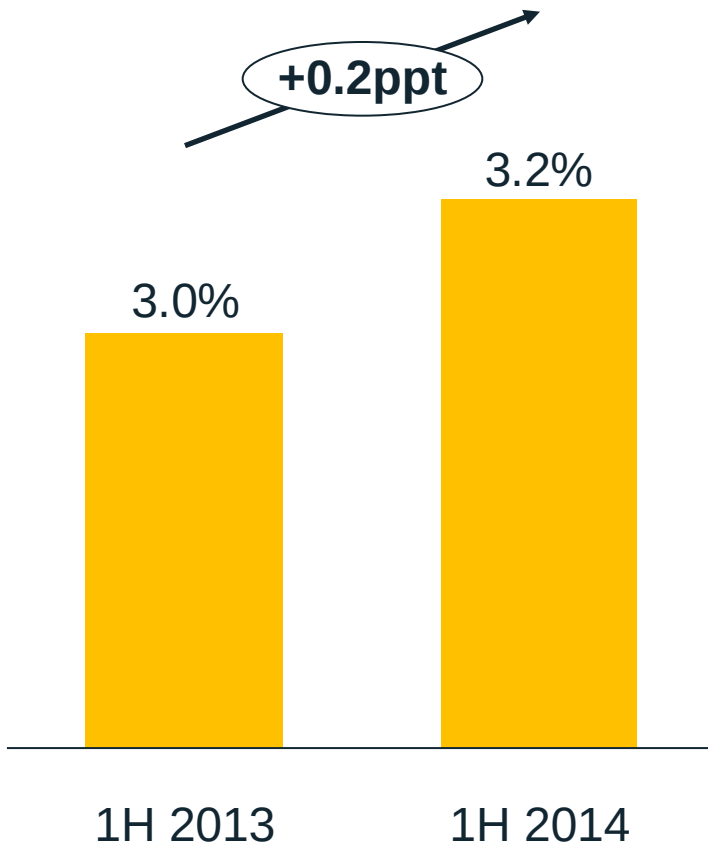
London – September 19, 2014

JT Investor Meeting

10

Camel growing share of market and shipment volume

Camel share of market



- Innovative extensions increase brand equity and grow share
- Shipment volumes increase in Benelux, Germany, South Africa and Turkey



Source: JTI estimates, Nielsen

Note: Camel SOM based on 24 markets. SOM includes cigarettes and fine cut, calculated on 12-month average

© Copyright JT 2014

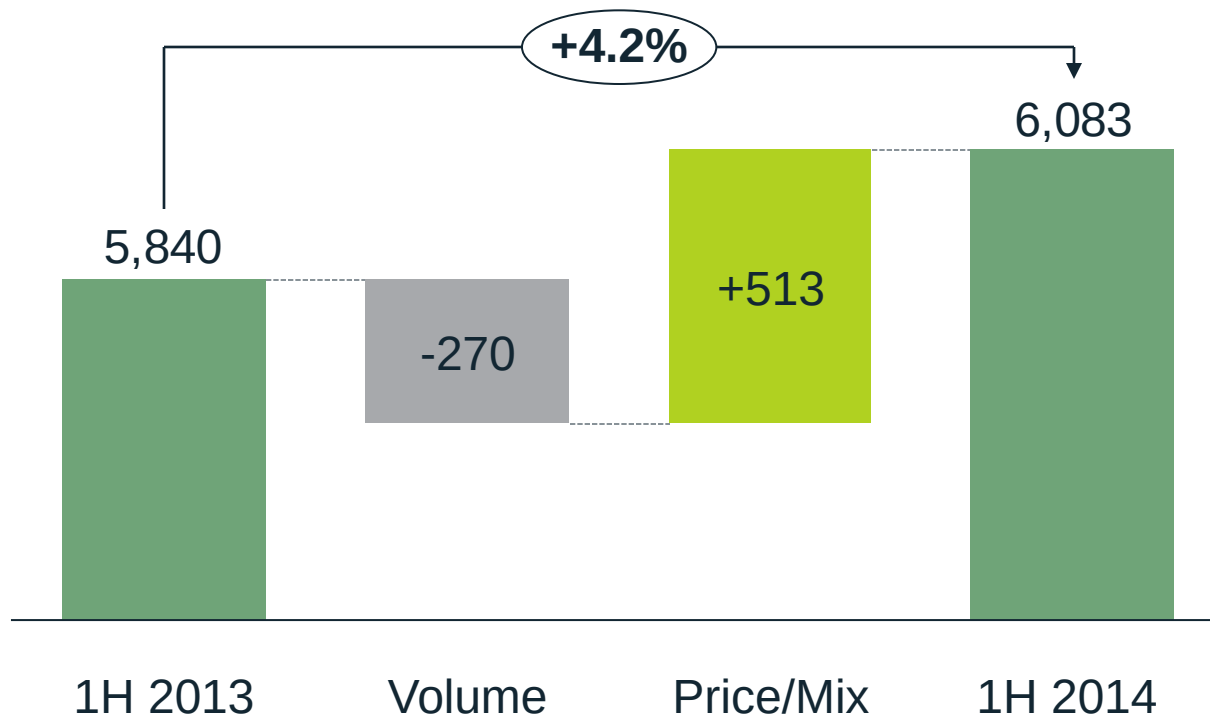
London – September 19, 2014

JT Investor Meeting

11

Pricing remains the key driver of revenue growth

Core revenue (\$MM)



Price/Mix contribution to core revenue growth (%)



Note: Core revenue at constant rates of exchange

© Copyright JT 2014

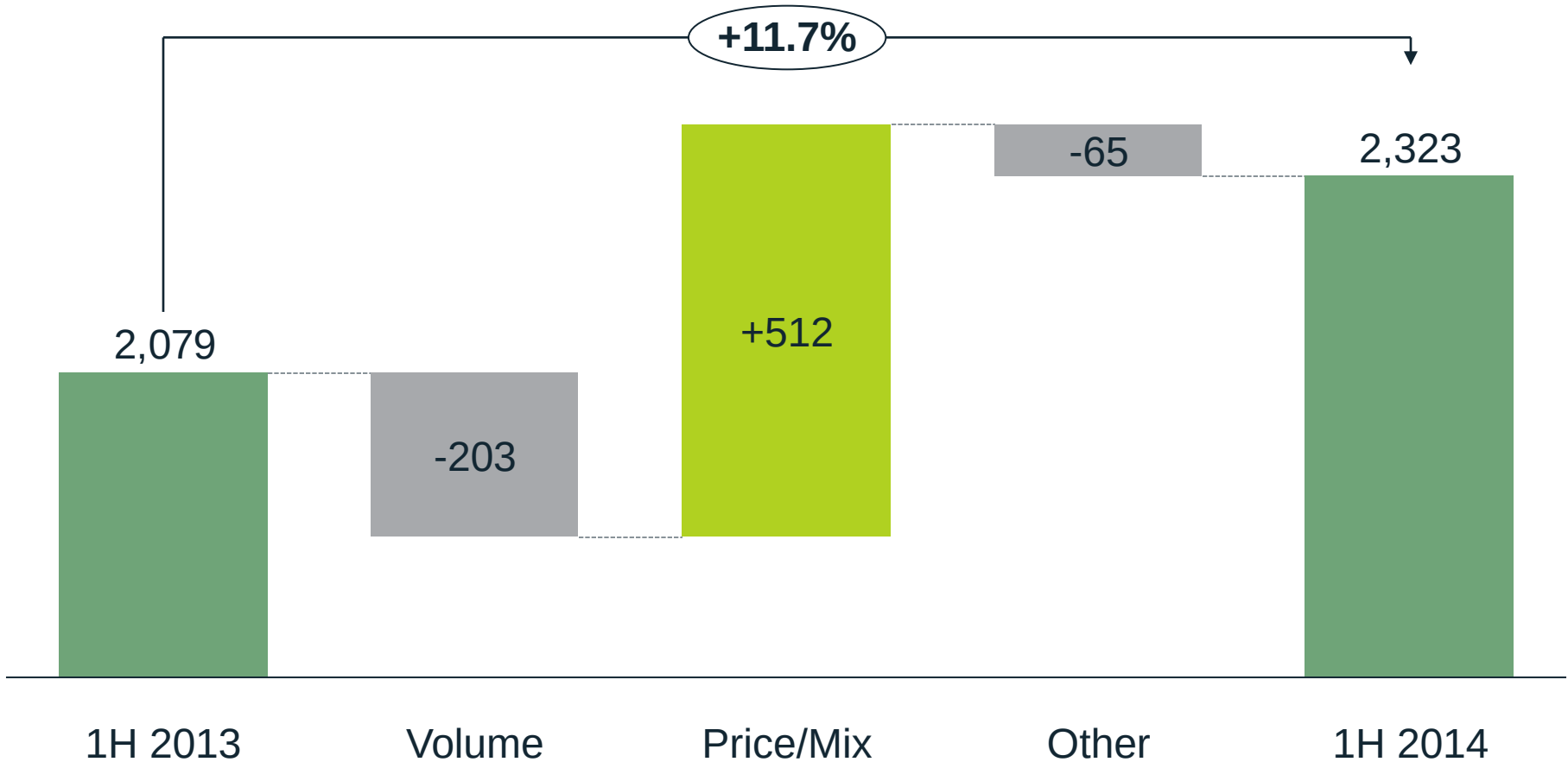
London – September 19, 2014

JT Investor Meeting

12

Double-digit earnings growth

Adjusted Operating Profit (\$MM)



Note: Adjusted Operating Profit at constant rates of exchange

© Copyright JT 2014

London – September 19, 2014

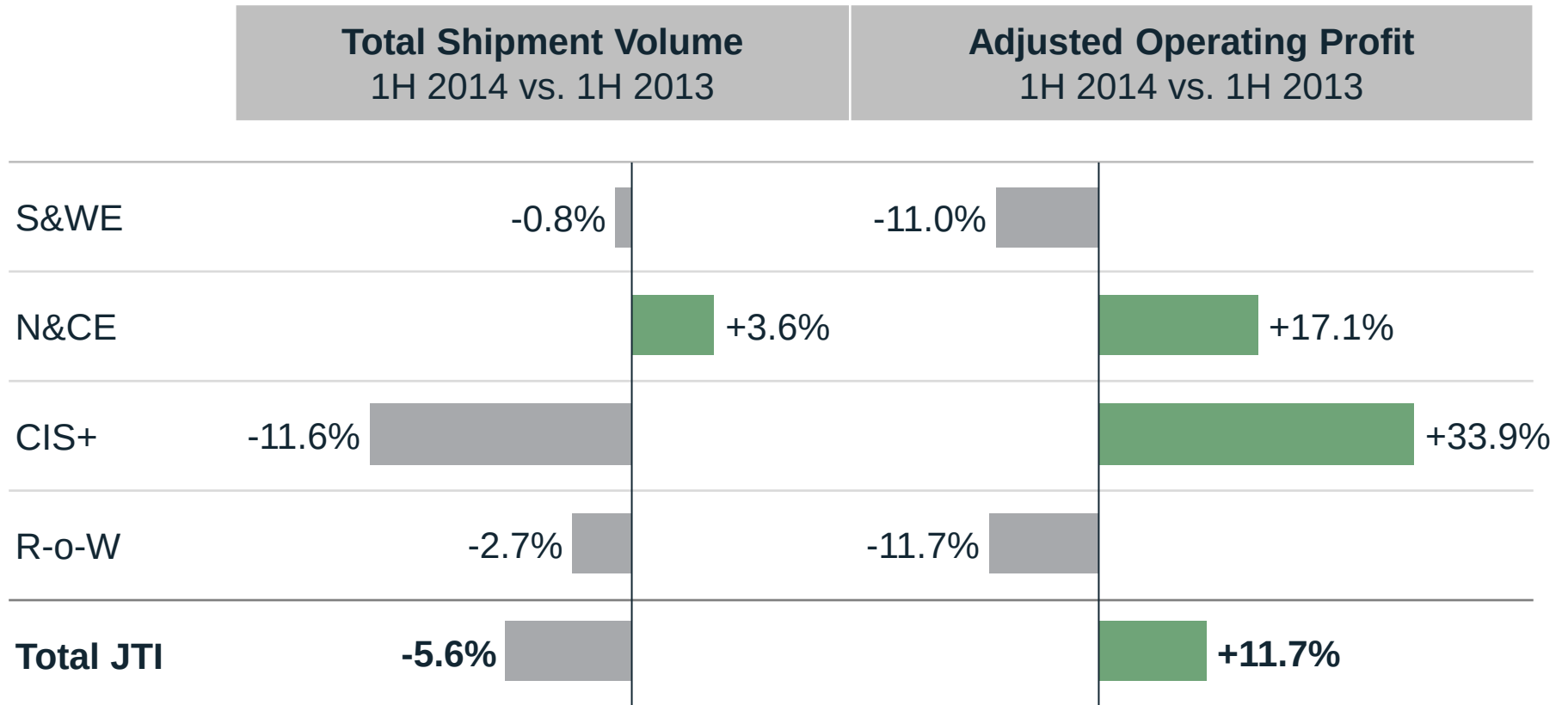
JT Investor Meeting

13



First Half Performance by Cluster

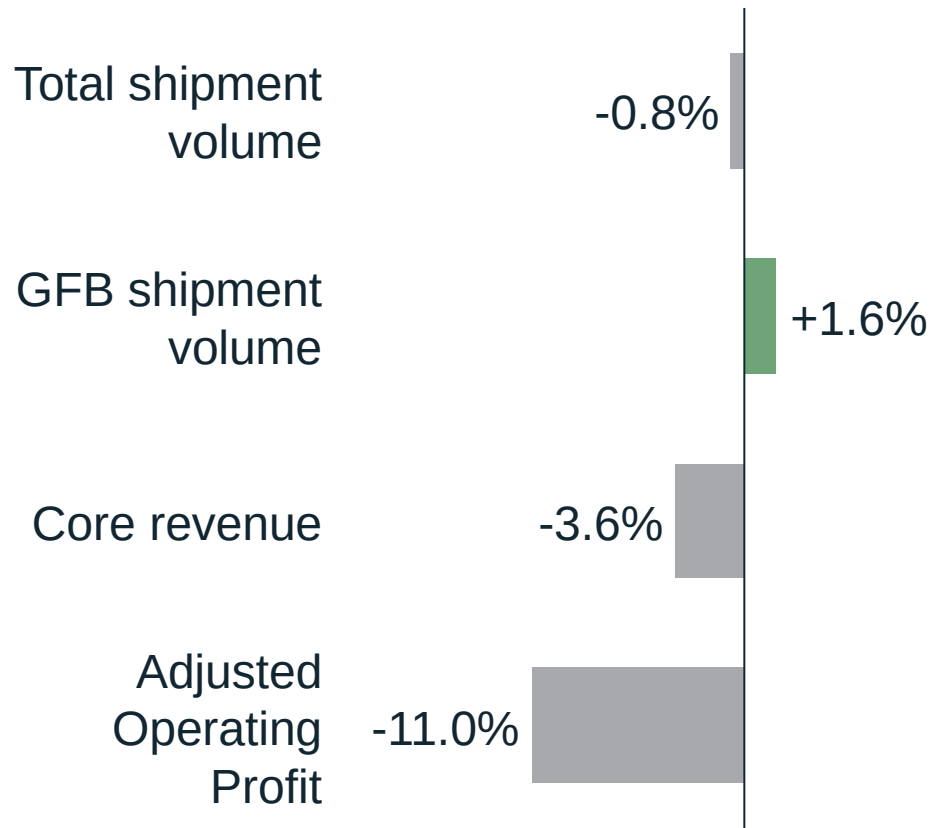
Strong performance in N&CE and CIS+ drive earnings growth



South & West Europe: Significant share of market gains

Key Performance Indicators

1H 2014 vs. 1H 2013



- Share of market gains across several markets driven by GFB:

• Benelux	+1.1ppt
• France	+1.0ppt
• Greece	+0.9ppt
• Spain	+0.9ppt
• Switzerland	+1.3ppt

- Lower industry decline rate in key markets (*-2.9% in 1H 2014 vs. -7.1% in 1H 2013*)
- Financial performance negatively impacted by taxation, notably in Italy and France

Source: JTI estimates, Nielsen

Note: Core revenue and Adjusted Operating Profit at constant rates of exchange. SOM includes cigarettes and fine cut, calculated on 12-month average

© Copyright JT 2014

London – September 19, 2014

JT Investor Meeting

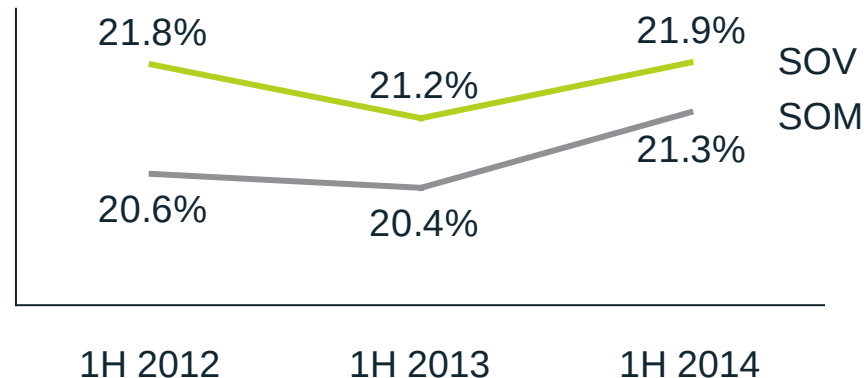
16

Spain: Share of market and share of value growth

Industry Size 6 months YTD



Share of market and share of value



- Slow down in significant industry size decline versus prior years
- Improvement in share of market driven by strong GFB performance:
 - Winston +0.7ppt
 - Camel +0.2ppt
 - Benson & Hedges +0.2ppt
- With 12.6% share, Winston is the No. 2 cigarette brand in Spain
- Price increase in July 2014

Source: JTI estimates, Nielsen. Note: SOM and SOV include cigarettes and fine cut, calculated on 12-month average

© Copyright JT 2014

London – September 19, 2014

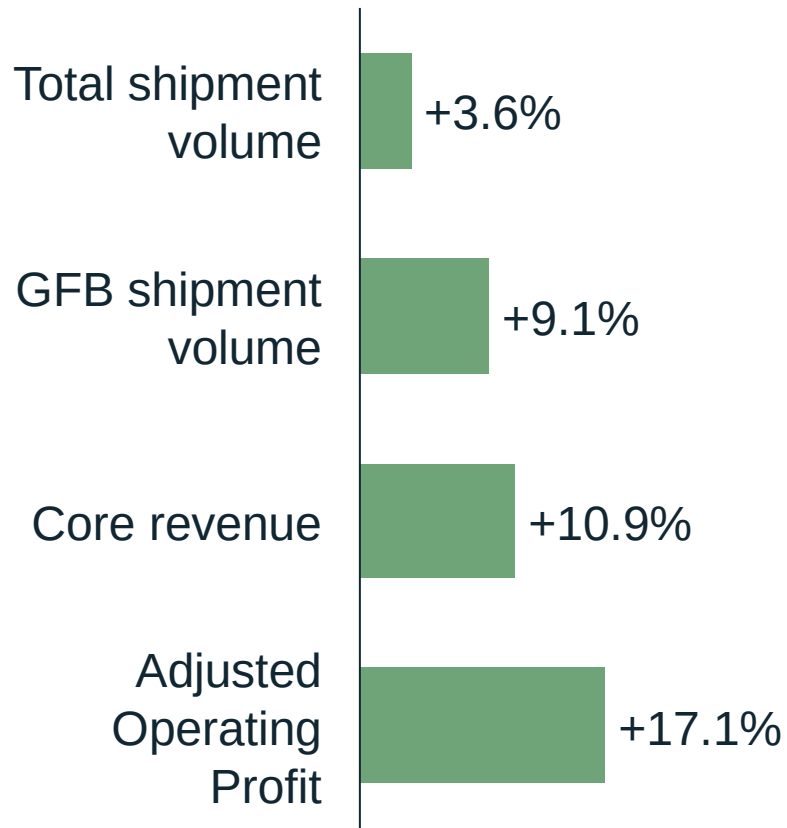
JT Investor Meeting

17

North & Central Europe: Continuing positive momentum

Key Performance Indicators

1H 2014 vs. 1H 2013



- Total shipment volume increased by 3.6% driven by Winston, LD and Benson & Hedges
- Share of market gains across the region:
 - Germany +0.7ppt
 - Hungary +4.4ppt
 - Ireland +2.7ppt
 - Poland +1.6ppt
 - UK +0.9ppt
- Robust pricing in the UK and Germany drives positive financial performance

Source: JTI Estimates, Nielsen

Note: Core revenue and Adjusted Operating Profit at constant rates of exchange. SOM includes cigarettes and fine cut, calculated on 12-month average

© Copyright JT 2014

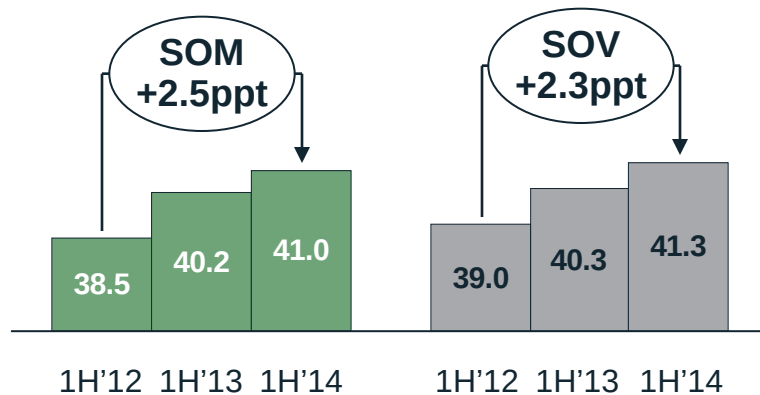
London – September 19, 2014

JT Investor Meeting

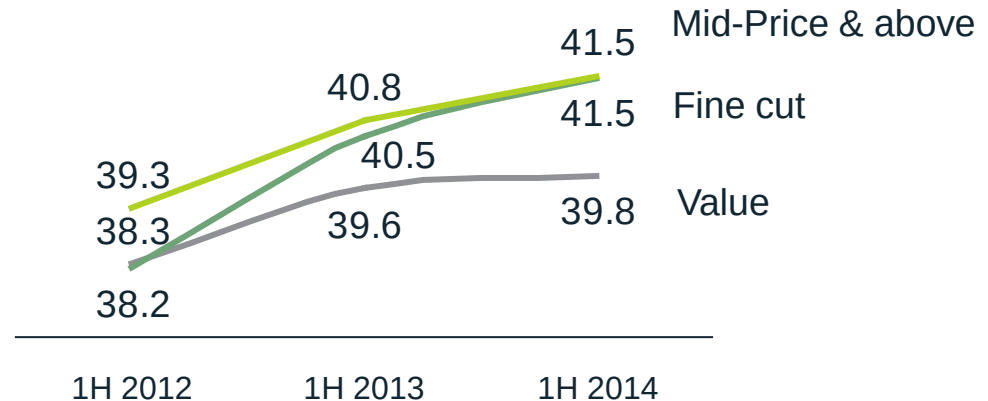
18

UK: Positive performance across the portfolio drives share of market and share of value growth

SOM and SOV (%)



Share of segment (%)



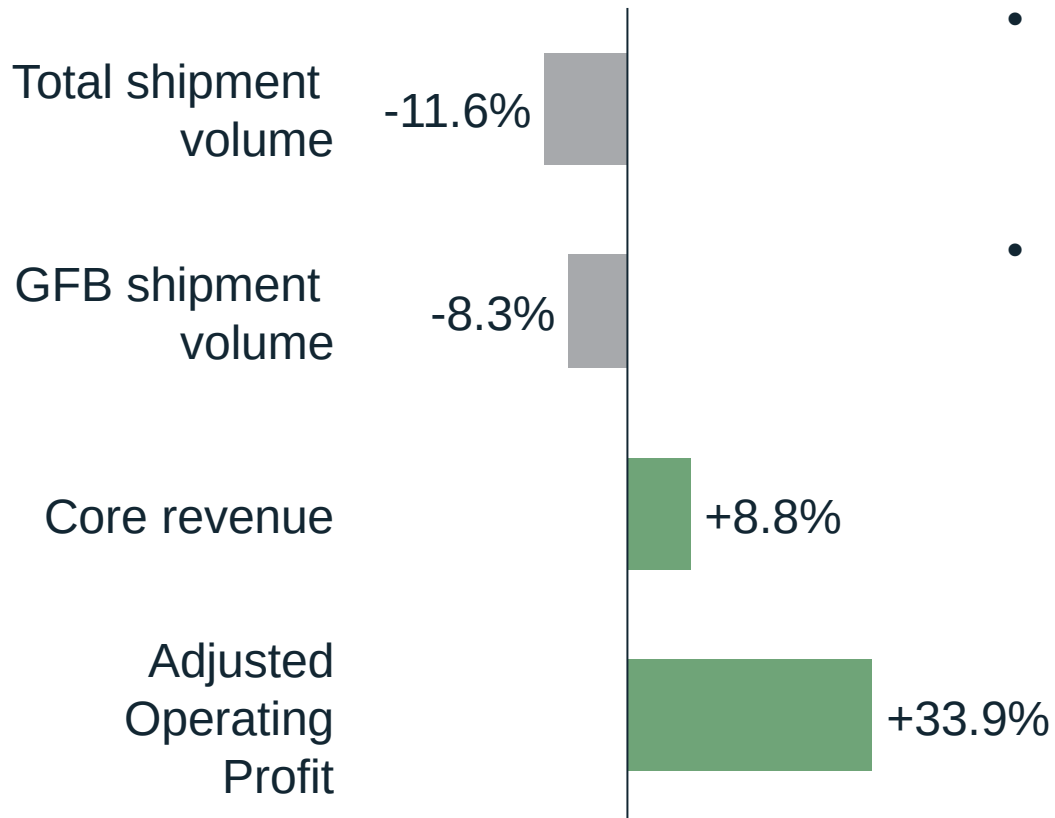
- Share of market and share of value exceeded 41% in 1H 2014
- Strong share performance across all segments:
 - Silk Cut and B&H lead share of segment growth in mid-price and above
 - Sovereign Blue drives share growth in the expanding value segment
 - Amber Leaf momentum consolidates its position as No. 1 tobacco brand
- Price increase in September 2014

Source: JTI estimates, Nielsen. Note: SOM and SOV include cigarettes and fine cut, calculated on 12-month average

CIS+: Robust pricing in a challenging environment

Key Performance Indicators

1H 2014 vs. 1H 2013

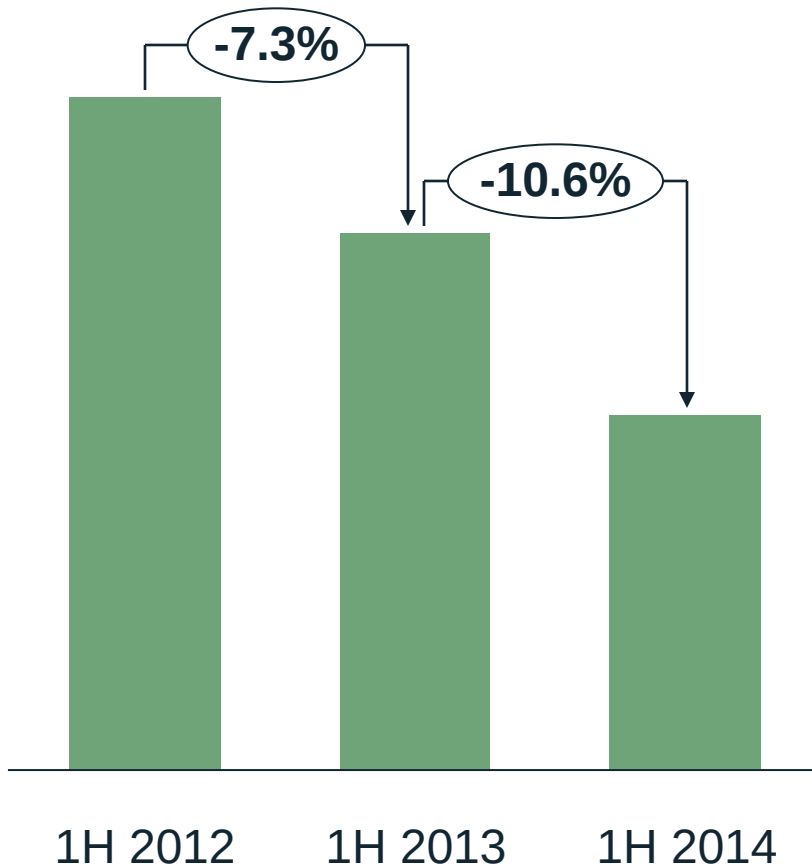


- Accelerating industry size decline
- Significant tax led price increases, notably in Russia, Kazakhstan and Ukraine
- Pricing environment remains positive driving core revenue and earnings growth in Belarus, Kazakhstan, Russia and Ukraine

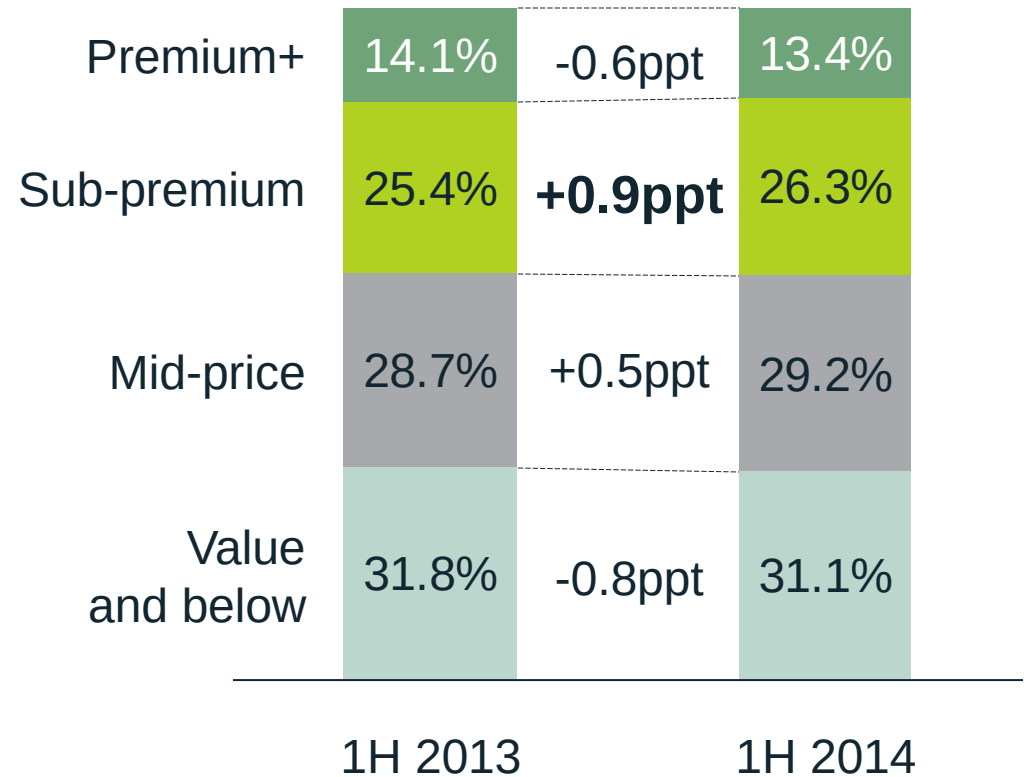
Note: Core revenue and Adjusted Operating Profit at constant rates of exchange

Russia: Sub-premium segment growth

Industry size evolution



Price segment dynamics



Source: JTI estimates, Nielsen

© Copyright JT 2014

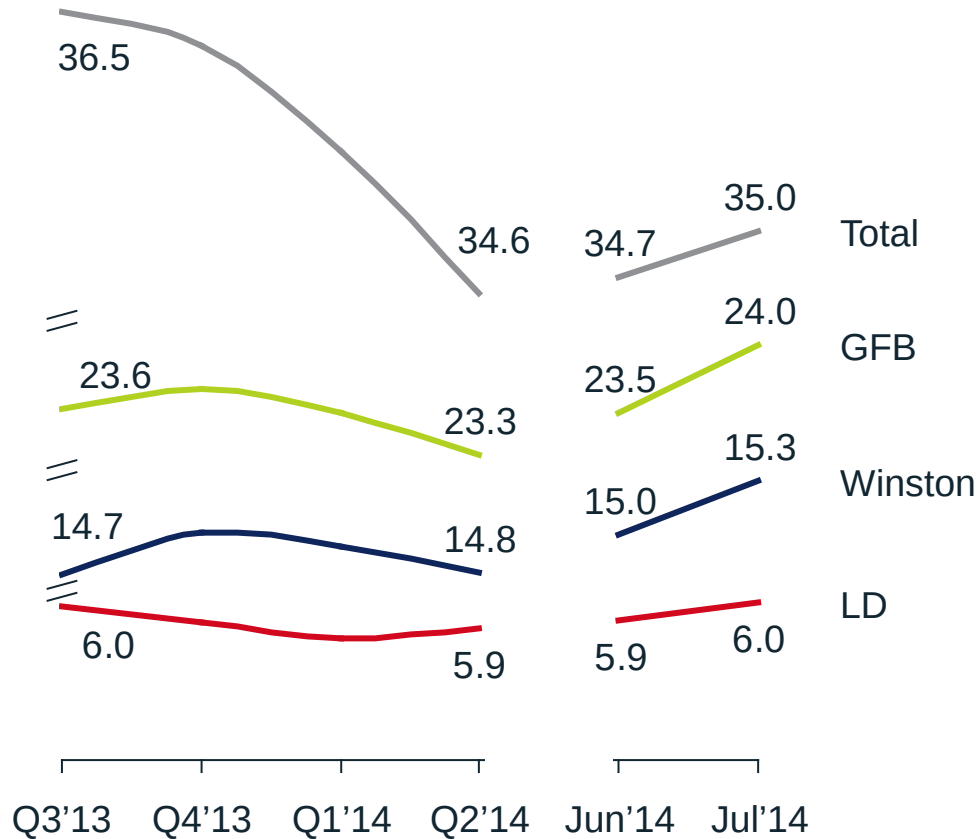
London – September 19, 2014

JT Investor Meeting

21

Russia: GFB growth leads share of market recovery

Share of market evolution (%)



- Portfolio well-positioned to capture growth in the sub-premium and mid-price segments
- Winston reaches record high of 15.3% share in July
- LD returns to 6.0% share as No. 2 brand in mid-price segment
- Pricing environment remains positive, with price increase in May 2014

Source: JTI estimates, Nielsen

Note: SOM calculated on a 3-month average for quarters and spot rates for individual months

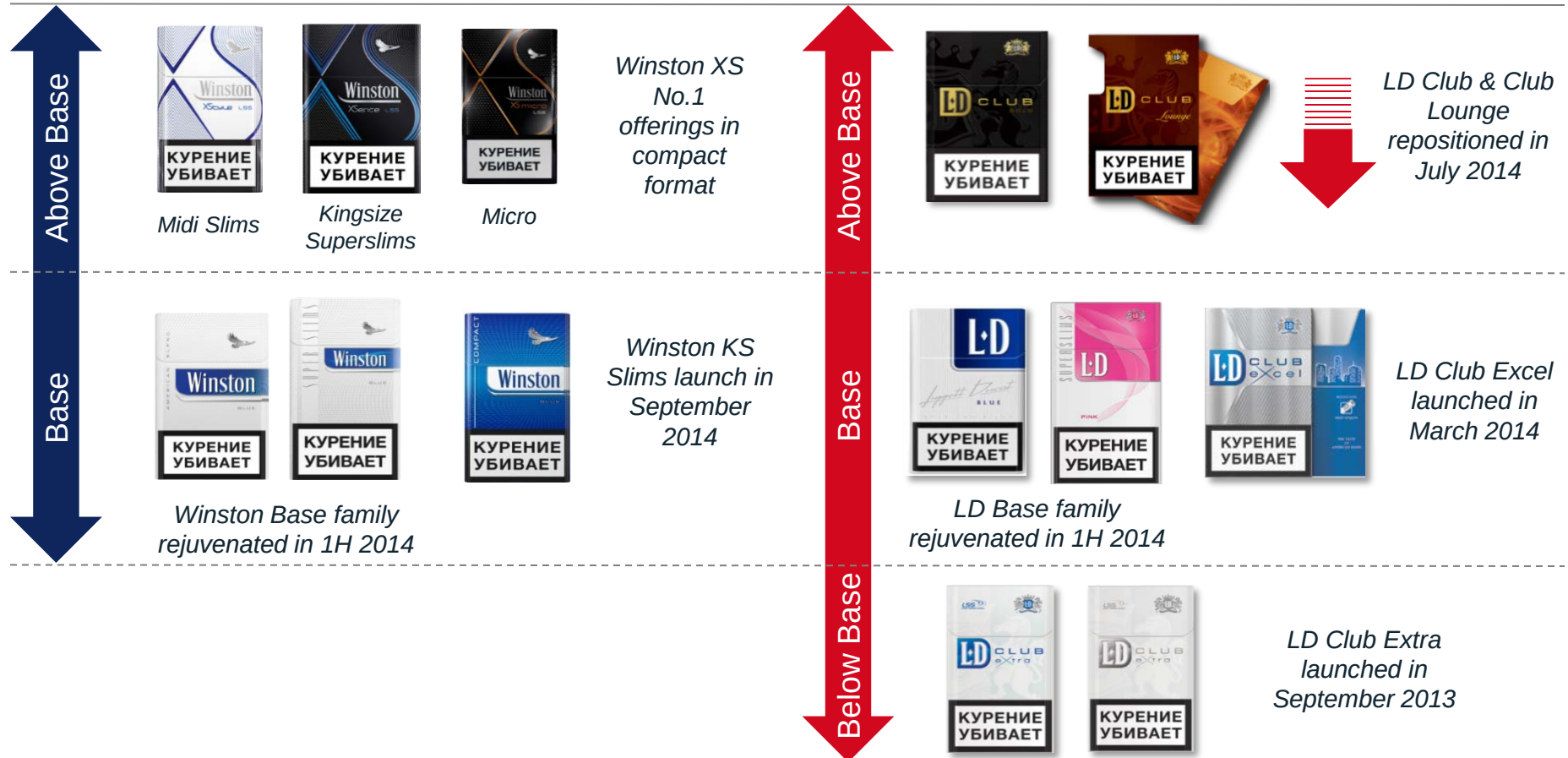
© Copyright JT 2014

London – September 19, 2014

JT Investor Meeting

22

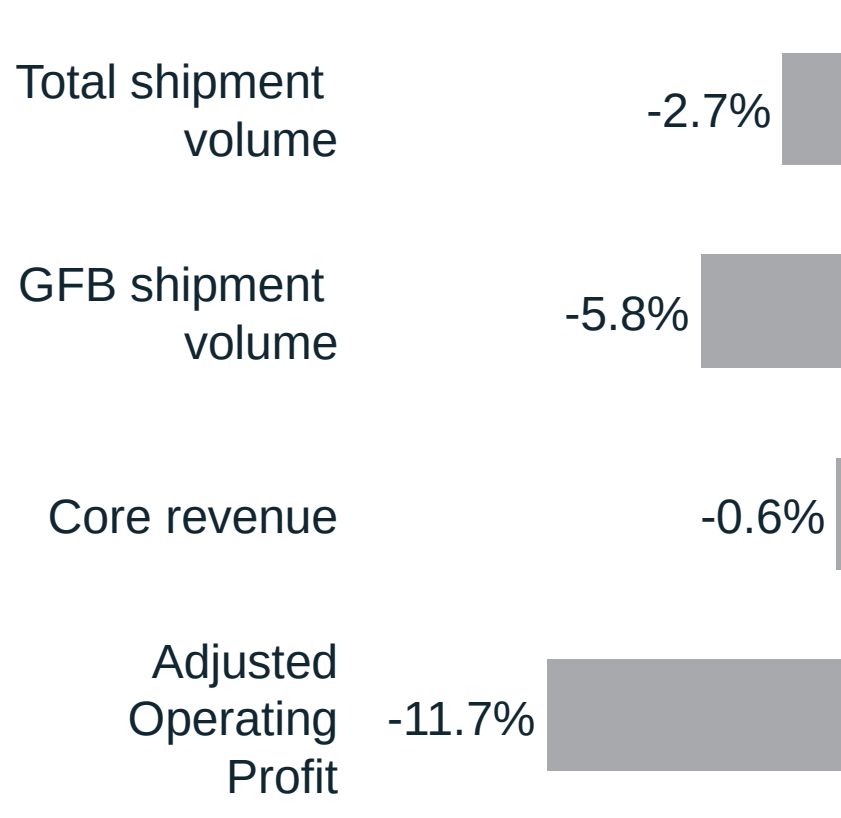
Russia: Expanding portfolio increases competitiveness



Rest-of-the-World: Pricing pressure impacts profitability

Key Performance Indicators

1H 2014 vs. 1H 2013



- Inventory adjustments in Turkey, shipment volatility in the Middle East, and Taiwan impact both total and GFB volume
- Share of market improvements driven by GFB momentum:
 - Canada +0.7ppt
 - Malaysia +0.4ppt
 - Turkey +0.5ppt
- Solid pricing in Canada, Malaysia, Sudan and Taiwan
- Price competition in Turkey and Iran negatively impact financial performance

Source: JTI Estimates, Nielsen

Note: Core revenue and Adjusted Operating Profit at constant rates of exchange. SOM includes cigarettes and fine cut, calculated on 12-month average

© Copyright JT 2014

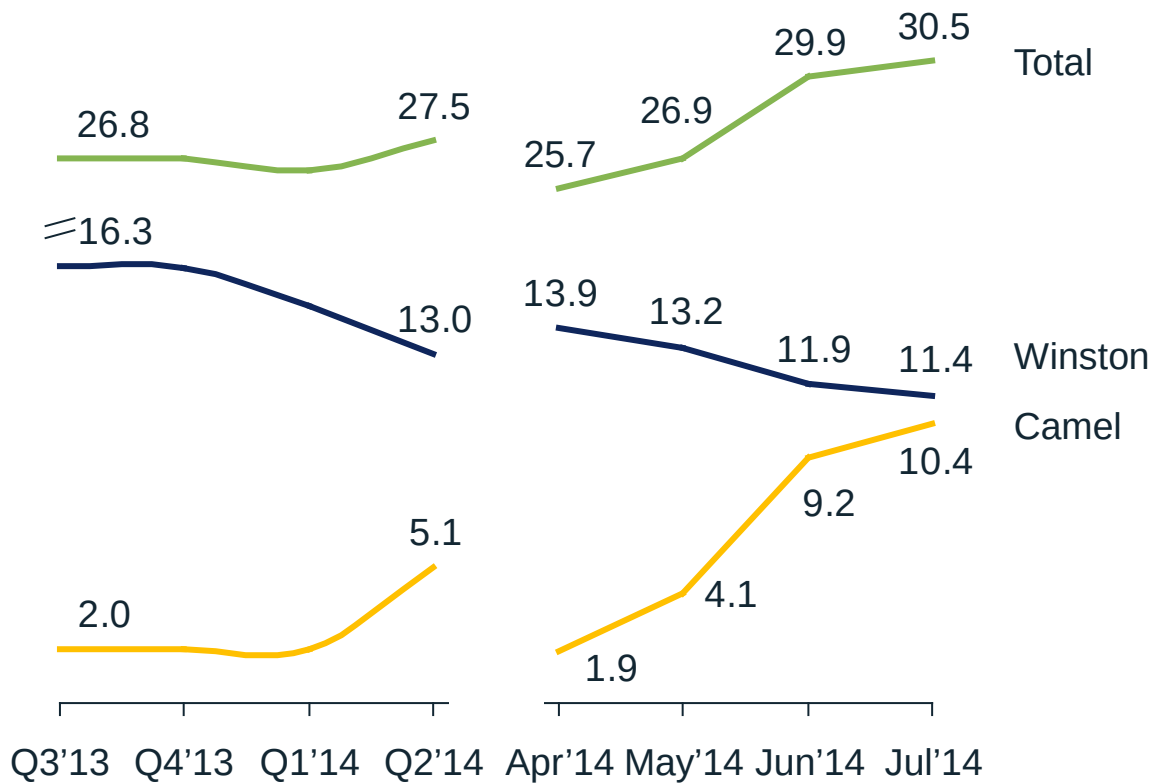
London – September 19, 2014

JT Investor Meeting

24

Turkey: Reacting positively to price competition

Share of market evolution (%)



- JTI continues total share of market growth momentum
- Intensified price competition from the value segment following Jan 2014 tax increase negatively impacted Winston share
- Camel price repositioning from premium to popular in May results in net share gains

Source: JTI estimates, Nielsen

Note: SOM calculated on a 3-month average for quarters and spot rates for individual months

© Copyright JT 2014

London - September 19, 2014

JT Investor Meeting

25



Summary

On track to deliver double-digit earnings growth

- Strong business fundamentals and brand equity
- Improving share performance across all key markets
 - GFB share of market grows in Russia
- Pricing is secured in key markets
- 1H 2014 earnings growth of 11.7% with core revenue increasing by 4.2% at constant currency
- On track to deliver double-digit earnings growth at constant currency in line with prior guidance



Expanding our presence in Central Europe

Jorge da Motta

Regional President, Central Europe

Caution on Forward-Looking Statements

Today's presentations contain forward-looking statements. These statements appear in a number of places in these presentations 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. .

This presentation contains images or packages of our brands in some slides. Those slides have been included exclusively to illustrate JT Group's strategy or performance to our investors. They are not to be used for any other purpose.

Central Europe provides JTI with solid volume and profit growth

- 25 Markets
- 50 million adult smokers
- Total industry volume of 351 BnU
 - Cigarette volume of 282 BnU
 - OTP volume of 69 BnU
- Profit pool of \$7.3 billion
- Growth of 12% since 2008



Source: JTI estimates

Note: Data include Adriatica markets that joined the Regional scope in 2014. OTP includes fine cut and snus

JTI is the fastest growing international tobacco manufacturer in the region

Volume, 2013 vs. 2010 (BnU)



- Top- and bottom-line grew significantly between 2010 and 2013
- Total shipment volume was up 4.9BnU, despite an overall industry contraction of 15BnU
- Profit contribution quadrupled, driven by volume and price/mix gains

EBITA

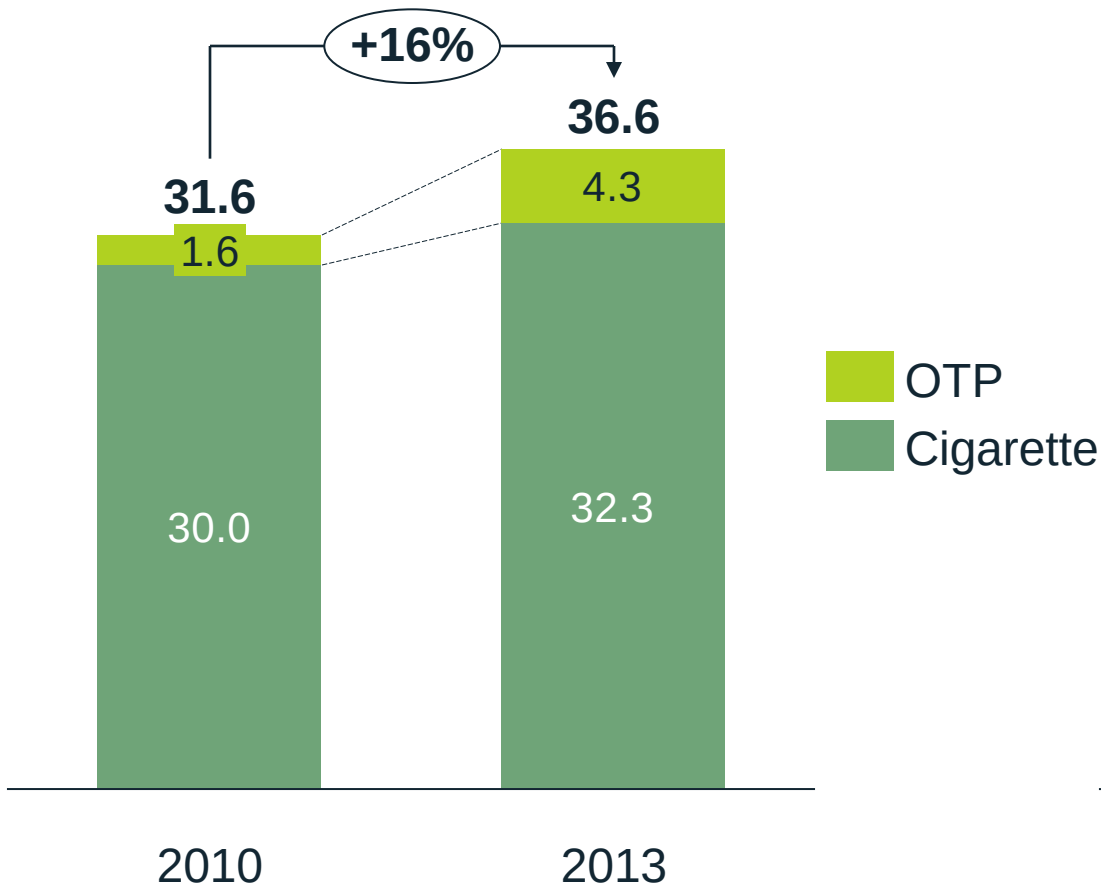
(Index, 2010=100)



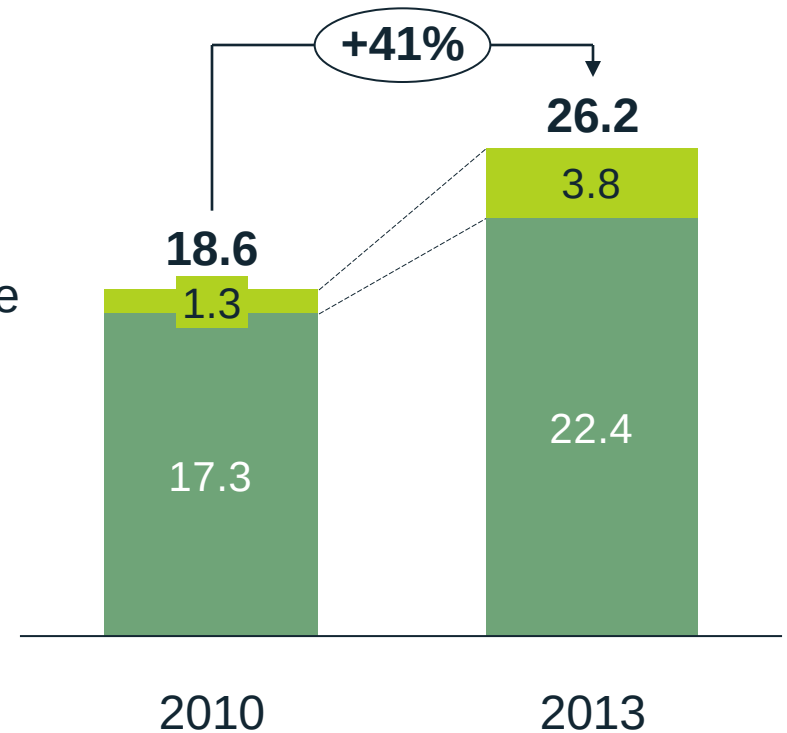
Note: All data hereafter excluding Adriatica markets unless otherwise noted

Strong volume growth in both cigarette and OTP categories, driven by GFBs

Total shipment volume (BnU)



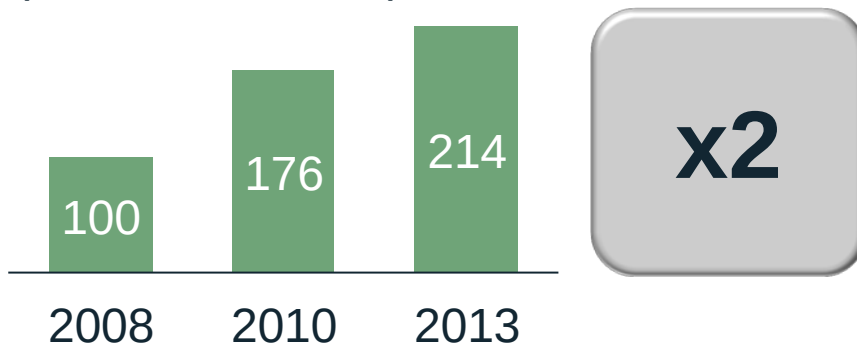
GFB shipment volume (BnU)



Consistent investment and seeding to grow market share

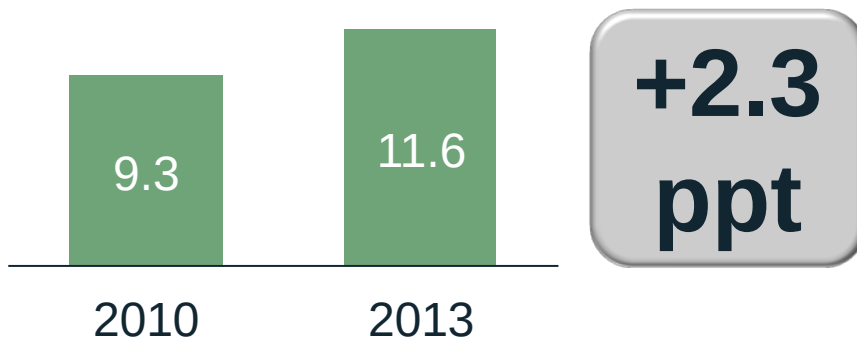
Investments

(Index, 2008=100)



- Increasing focused investments have enabled
 - Growth of GFB presence,
 - Strengthening of infrastructure and capabilities,
 - Expansion across key distribution channels

Share of market evolution (%)



- Share of market growth across all markets in cigarette (+2.4ppt) and OTP (+3.1ppt) categories

Source: JTI estimates, Nielsen.

Note: Investments include marketing programs, allowances, marketing and sales opex. SOM includes cigarettes and fine cut

© Copyright JT 2014

London – September 19, 2014

JT Investor Meeting

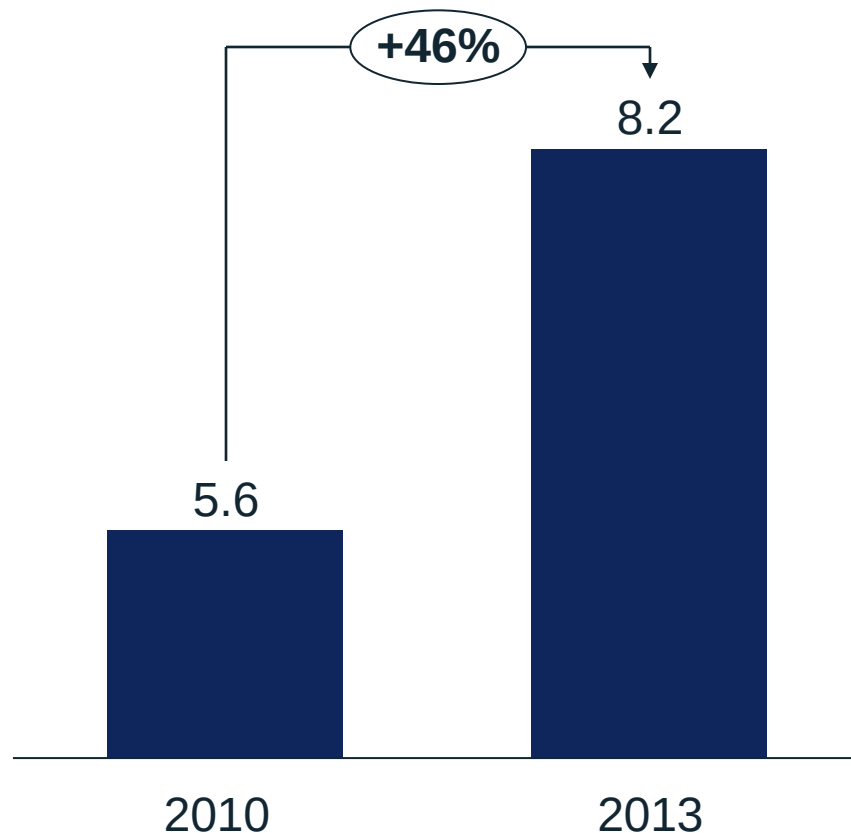
7



Our focus on GFB is paying off

Winston: Living up to its JTI megabrand status

Winston total shipment volume (BnU)



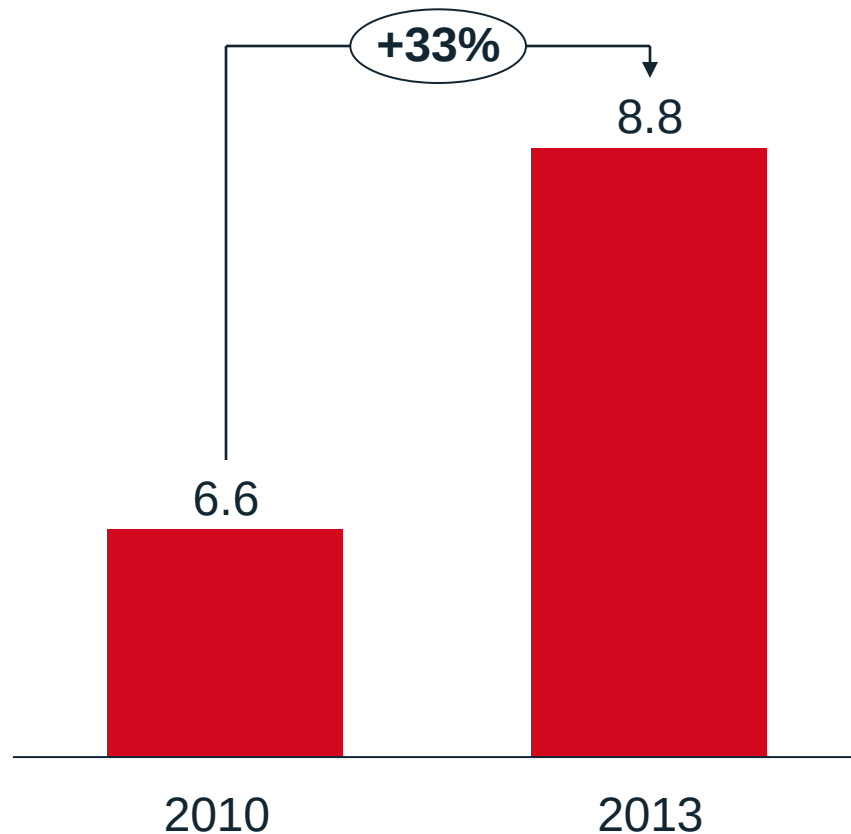
- JTI's largest brand in the recently expanded Region, both in cigarette and fine cut, now at +10BnU⁽¹⁾
- Winston's international stature and "affordable quality" credentials offer a solid base for successful expansion
- Regional key markets include Romania, Serbia, Baltics, Austria and Germany, the largest fine cut market in the world where Winston is now a key player



1) Including Adriatic markets

LD: Building scale in both cigarette and OTP categories

LD total shipment volume (BnU)



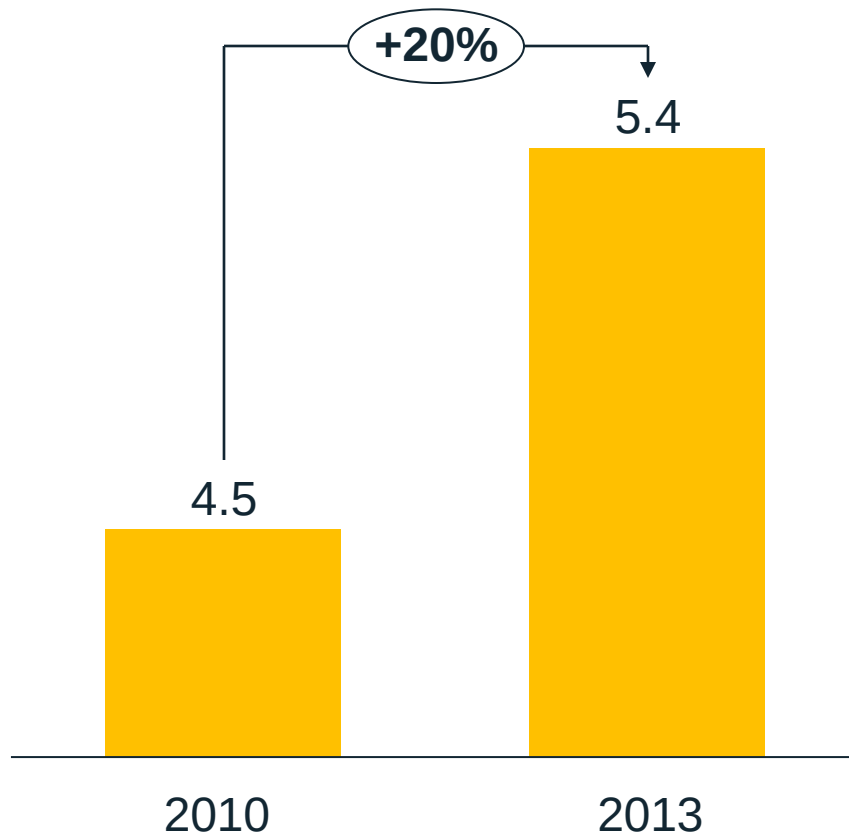
- Region's 2nd largest GFB both in cigarette and OTP categories⁽¹⁾
- Since 2010, through increased focus, LD volume has grown +2.2BnU
- Available in 15 markets including Poland, Hungary, Czech Republic, Sweden (in Snus), and more recently in Denmark, Lithuania and Estonia



1) Including Adriatica markets

Camel: Leveraging on an iconic premium image

Camel total shipment volume (BnU)

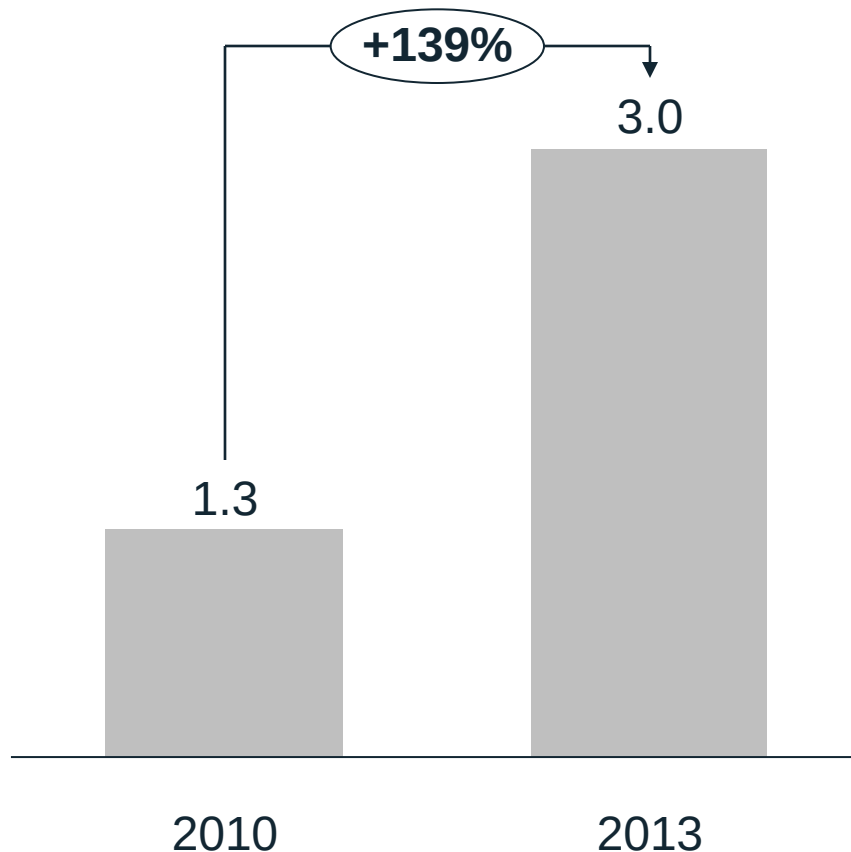


- Long-term presence across all 25 markets with key strongholds in Sweden, Austria, Czech Republic, Poland, and also Germany
- Volume growth mainly driven by successful innovative propositions, such as the capsule filter variants (launched in 8 markets)



B&H: Expanding through the Progressive variant

B&H total shipment volume (BnU)



- A very promising GFB demonstrating dynamic growth momentum
- B&H premium quality heritage combined with modern image cues allows for expansion into all key consumer relevant segments
- Successful deployment particularly in Germany, Austria, Czech and Hungary

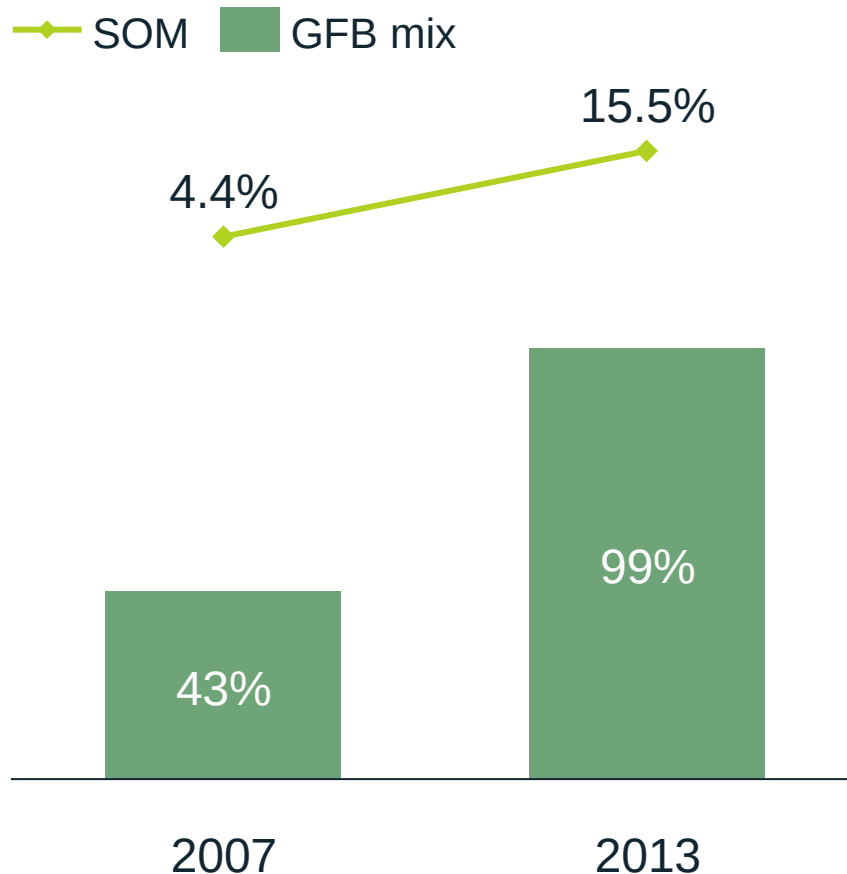




Delivering strong results in key markets

Poland: Tripling our cigarette share of market in 6 years

Cigarette SOM and GFB mix evolution



- Strong share of market gains and profit growth by focusing on GFBs
- JTI scale established via LD
 - Leading Super Slims in value segment
 - Successful entry into fine cut as of mid-2013
- Consistent investment behind Camel iconic premium stature (#2 brand in premium segment)
- Continued enhancement of route to market and presence at Point of Sale

Source: JTI estimates, Nielsen

© Copyright JT 2014

London – September 19, 2014

JT Investor Meeting

14

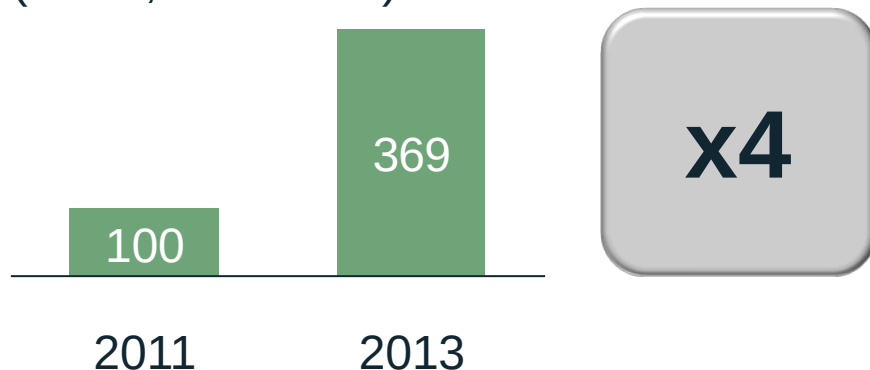
Poland: Growing cigarette and fine cut GFB volume

Total shipment volume (BnU)



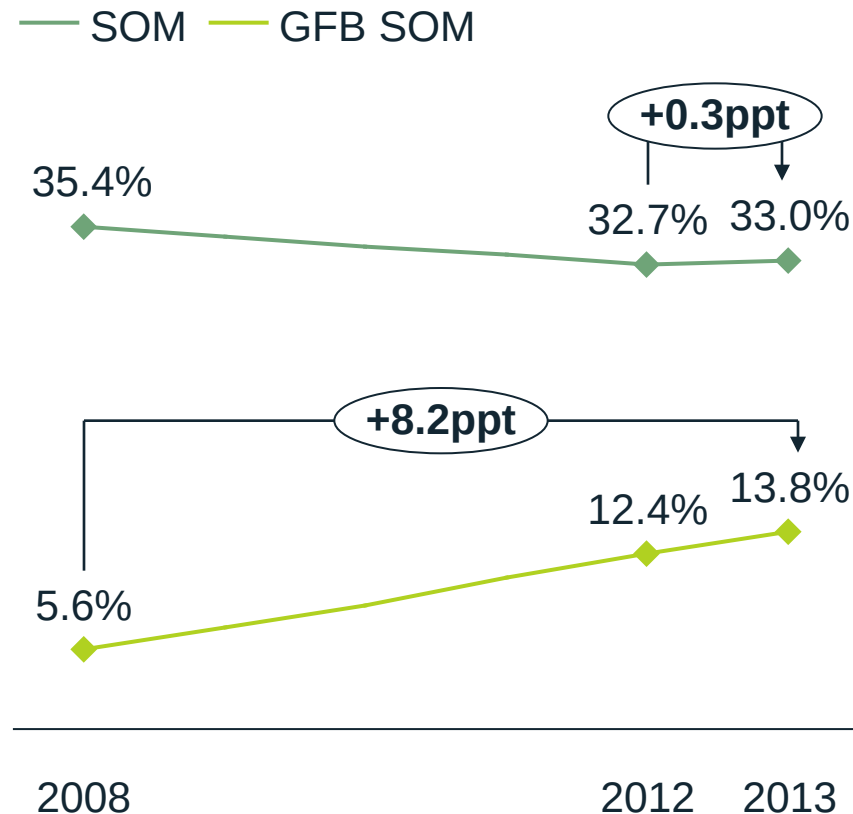
- Strong volume growth over the last 5 years whilst total industry declined 26%
- Successful extension of LD to Make-Your-Own in mid-2013, with the brand ending the year at the 3rd place of the category
- Market with positive contribution since 2011, now with outlook for further accelerated growth

EBITA (Index, 2011=100)



Austria: Consolidating our position through GFB focus

Cigarette SOM and GFB SOM evolution (%)

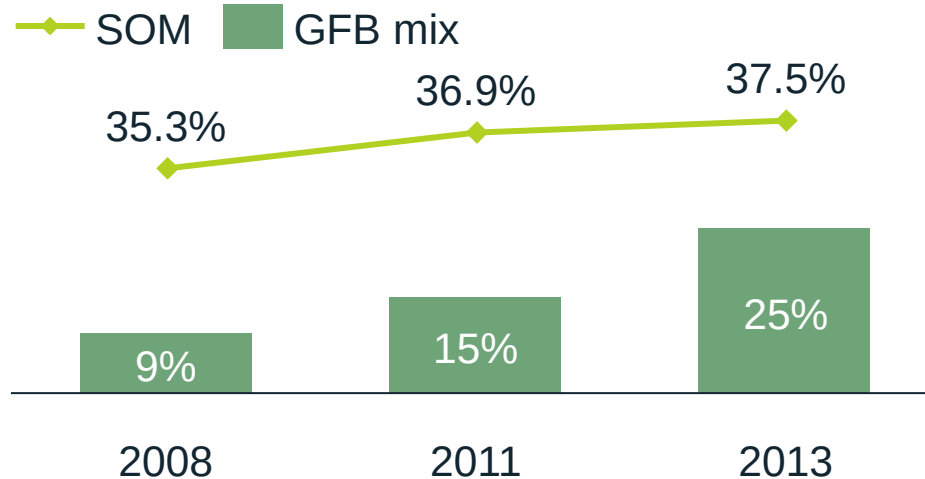


- Mature, profitable market, highly dependent on legacy brands
- Consistent focus on 3 GFBs drove market share turnaround in 2013
 - B&H Progressive launch growth of +4.3ppt
 - Camel the only growing brand above the value segment
 - Winston crossed 4% cigarette market share in April '13 for the first time

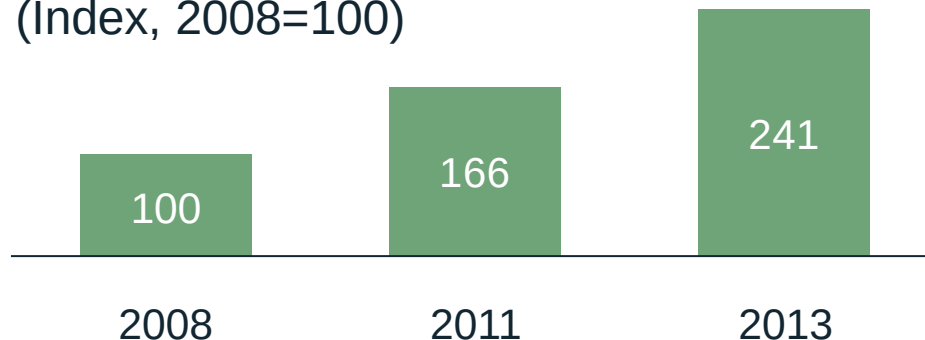
Source: JTI estimates, Nielsen

Sweden: Further building market leadership in the cigarette category

Cigarette SOM and GFB mix evolution



EBITA (Index, 2008=100)



- Strengthened cigarette market leadership through sustained focus on GFBs
- Camel grew significantly boosted by innovative capsule product launch
- Winston at an all time high market share, supported by enhanced distribution and visibility
- LD quickly building scale in the significant snus category

Source: JTI estimates, Nielsen

© Copyright JT 2014

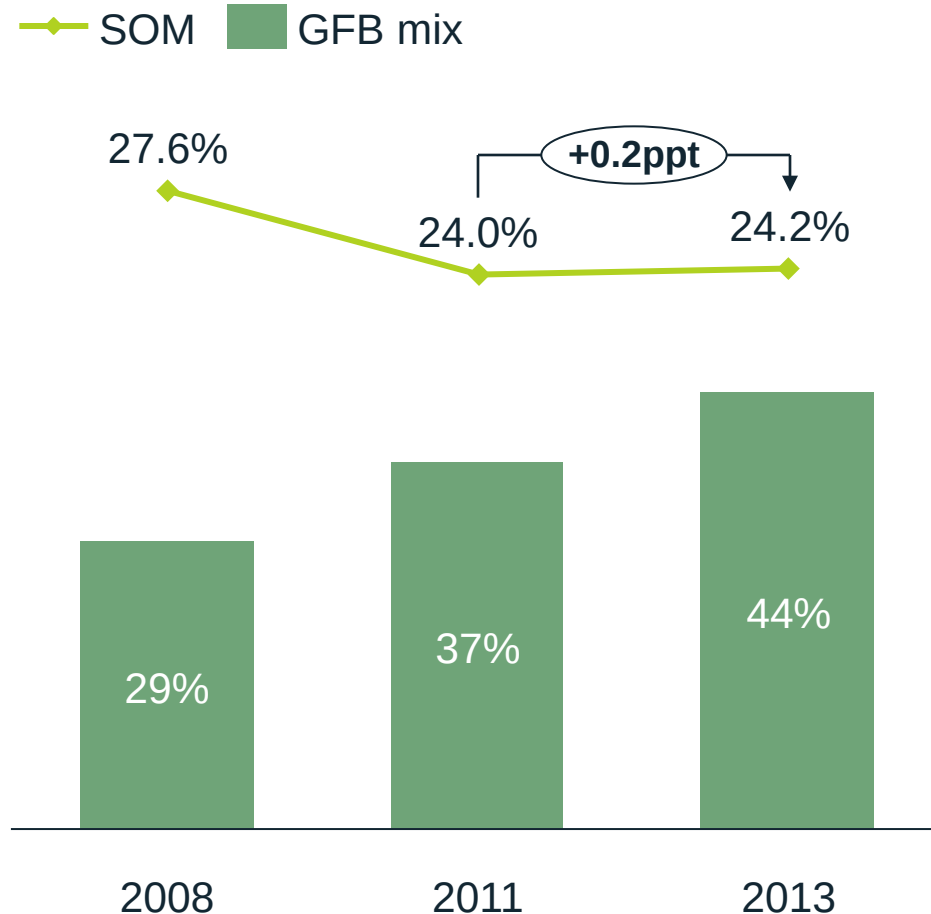
London – September 19, 2014

JT Investor Meeting

17

Romania: Building a robust portfolio for sustainable growth

Cigarette SOM and GFB mix evolution

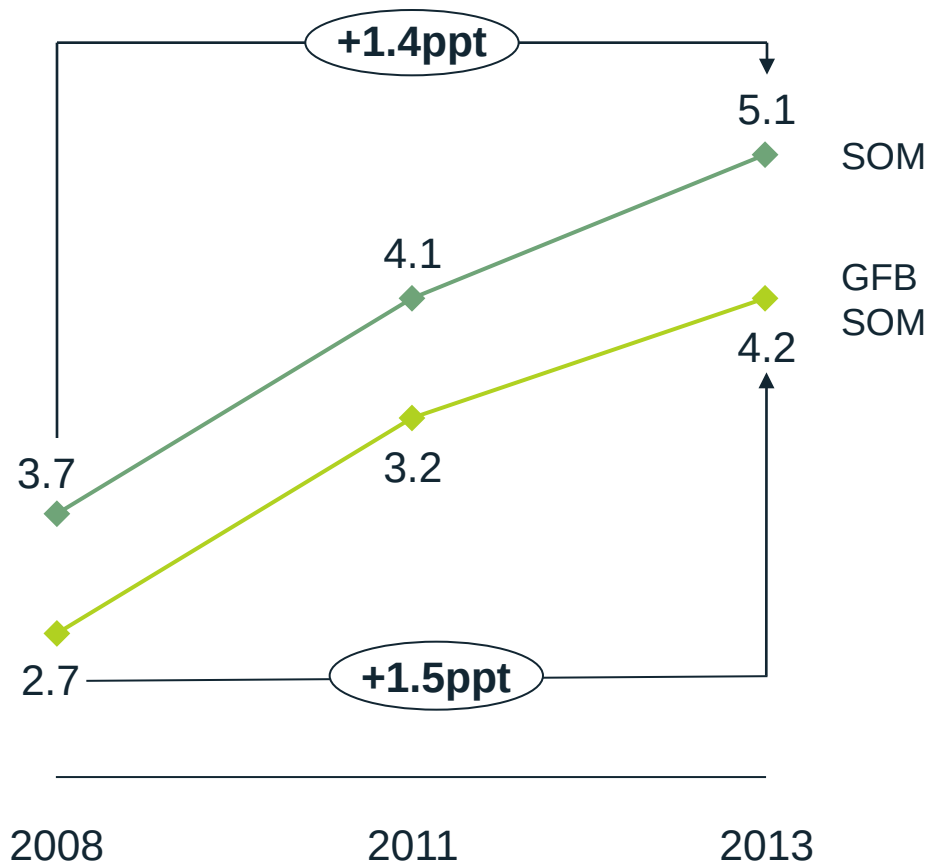


- JTI share of market returned to growth in 2013, for the first time since 2007, driven by consistent focus on GFBs
- Winston reached 11% market share
- Increasing presence in the growing prestige segment with Sobranie
- Very promising launch of B&H in 2014

Source: JTI estimates, Nielsen

Germany: Strong momentum in the largest EU market

SOM and GFB SOM evolution (%)

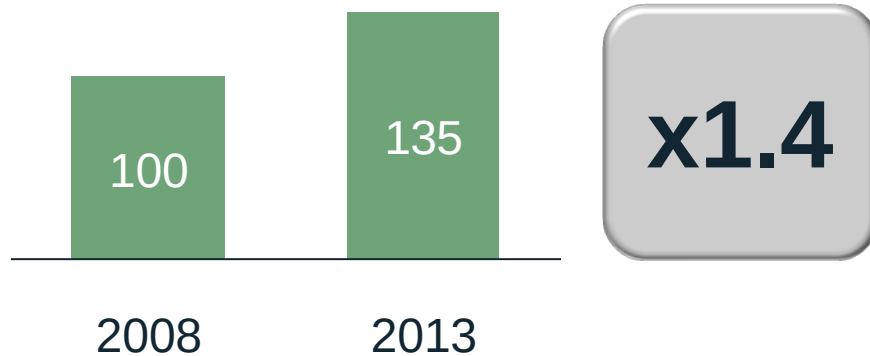


- JTI resumed market share growth after long-term decline through significant and focused investment in GFBs:
- Winston became a key player in the fine cut category
- B&H consistently grew and expanded in all key pack formats
- Camel returned to growth in the cigarette category as of 2011, after a 20-year decline

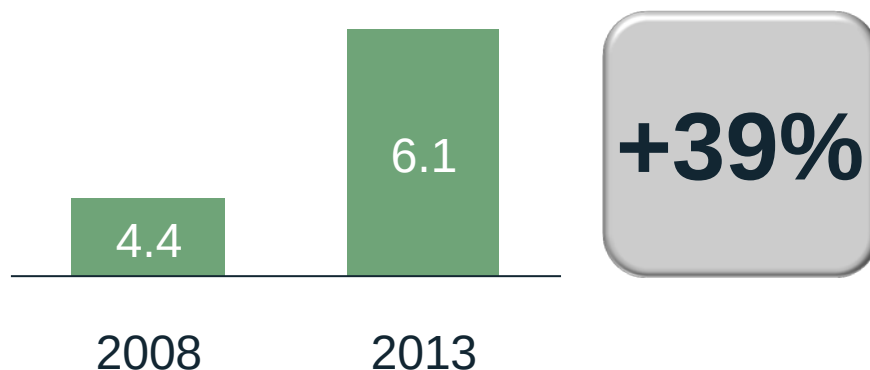
Source: JTI estimates, Nielsen. Note: SOM includes cigarettes and fine cut

Germany: Increased investment boosts performance

Trade Investment (Index, 2008=100)



Total shipment volume (BnU)



- Boosted trade investment to expand GFB distribution (Key Accounts & Vending) and visibility (Point of Sale and Out of Home)
- Total volume grew significantly over the period, reaching 6BnU in 2013
 - Winston doubled its volume
 - B&H reached the 1BnU threshold
 - Camel delivered in excess of 1.7BnU

Expanding JTI's footprint across Central Europe with dynamic market share growth, led by GFBs

Share of market and GFB mix evolution

Market	SOM		GFB Mix	
	2013	vs. 2008 (ppt)	2013	vs. 2008 (ppt)
Slovenia	14.9%	 +8.8	78.5%	 +31.0
Baltics	29.5%	 +6.2	76.9%	 +25.9
Hungary	9.1%	 +5.8	92.3%	 +7.5
Czech	12.5%	 +4.8	83.2%	 +35.1
Denmark	5.7%	 +3.3	100%	 +4.2
Slovakia	6.2%	 +1.8	77.4%	 +2.4

Source: JTI estimates, Nielsen. Note: SOM includes cigarettes and fine cut



Growth momentum across the region to continue

A great story of growth and focus with further opportunities ahead

- Central Europe delivered significant growth in terms of share of market, volume, and profit
- This was achieved thanks to an entrepreneurial approach, consistent focus on GFBs and expansion of route-to-market
- Going forward, we see plenty of opportunities to continue growing through continued GFB focus in all tobacco categories, including brand migrations, and expanded regional geographical scope