

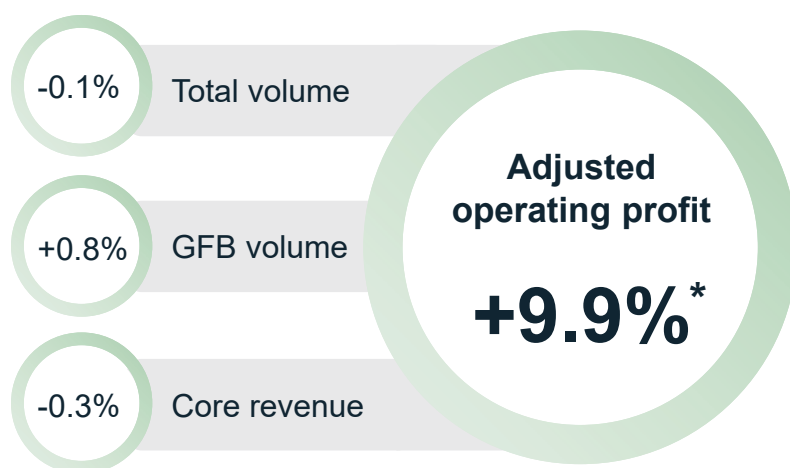
JTI 2017 Key Achievements & 2018 Guidance

Eddy Pirard

President & Chief Executive Officer

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

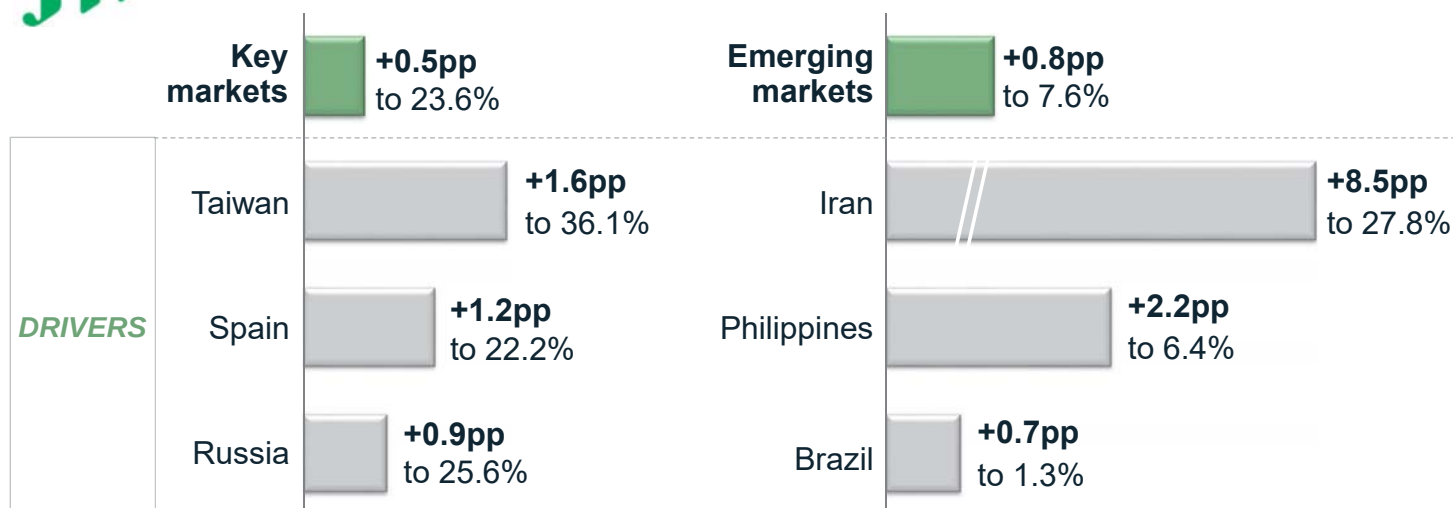
* Or +4% when including the UK distributor impact

Note: 2017 vs. PY. At constant currency.

GFBs achieved robust share gains



GFB share of market (2017 vs. PY)



© Copyright JT 2018

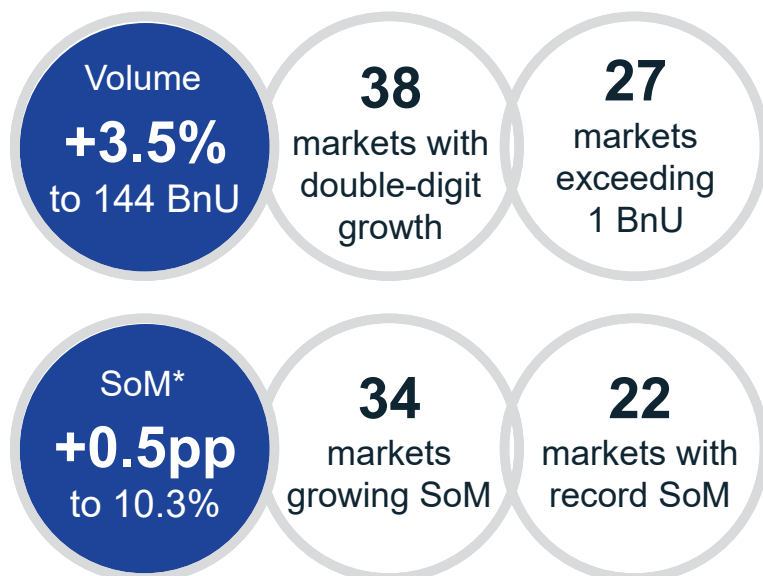
Tokyo – February 7, 2018

JT Investor Conference

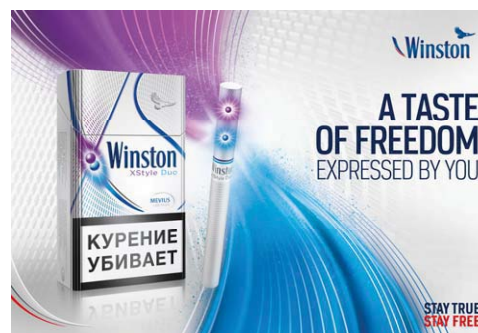
3

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

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

© Copyright JT 2018

Tokyo – February 7, 2018

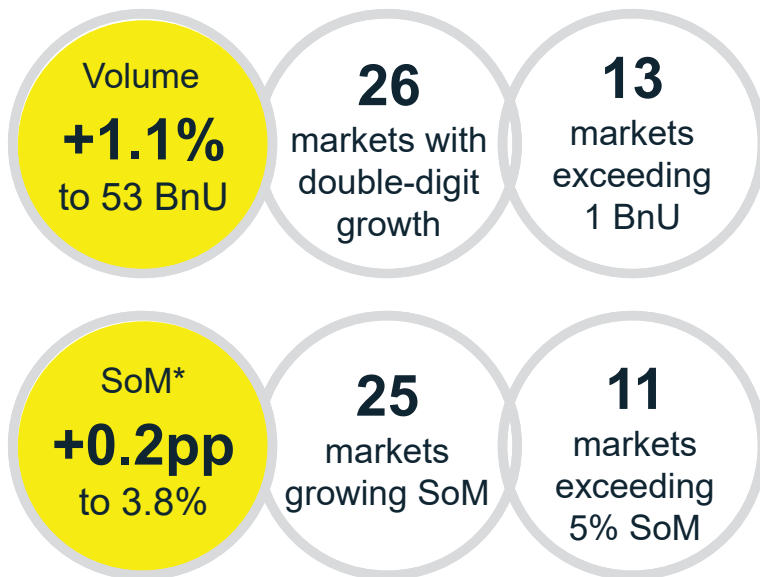
JT Investor Conference

4

Note: 2017 Volume and SoM variance vs. PY. * SoM on 12-month rolling average to December, based on JTI's top-30 markets. Source: Internal estimates.



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

© Copyright JT 2018

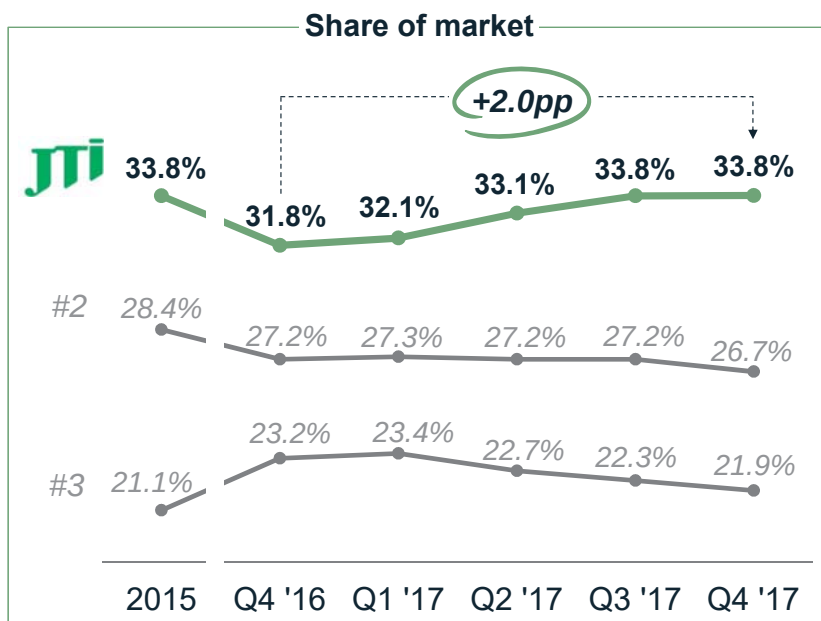
Tokyo – February 7, 2018

JT Investor Conference

5

Note: 2017 Volume and SoM variance vs. PY. * SoM on 12-month rolling average to December, based on JT's top-30 markets. Source: Internal estimates.

Russia: Restored market share position



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

© Copyright JT 2018

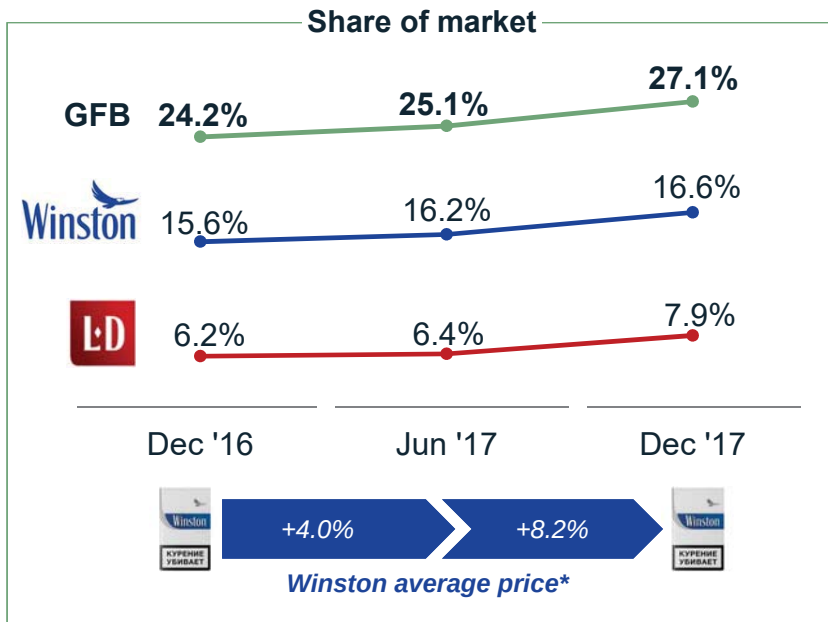
Tokyo – February 7, 2018

JT Investor Meeting

6

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

Russia: Winston and LD achieved record market share



© Copyright JT 2018

Tokyo – February 7, 2018

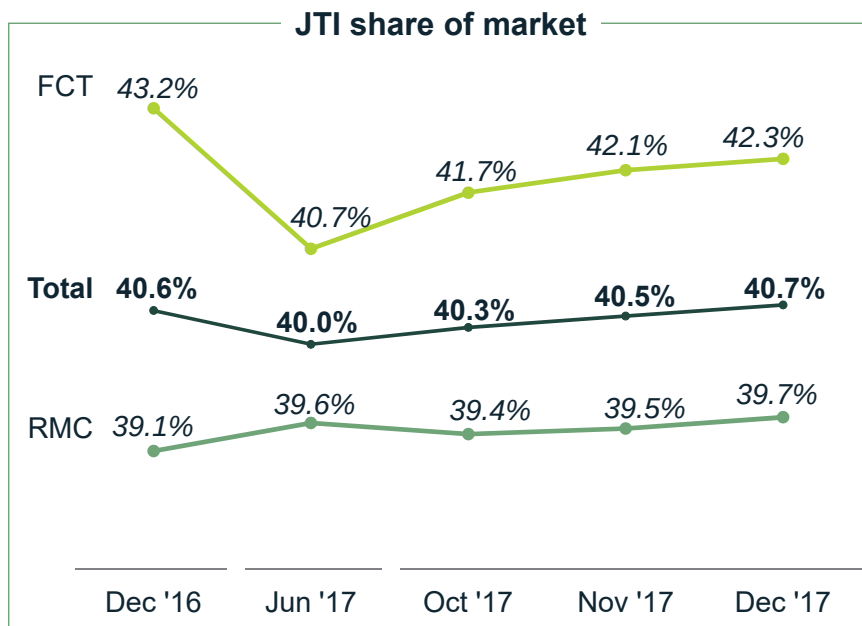
Note: Monthly SoM data. Source: Nielsen and Internal estimates. * Retail selling price for 20 cigarettes.

JT Investor Meeting

7

- 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



© Copyright JT 2018

Tokyo – February 7, 2018

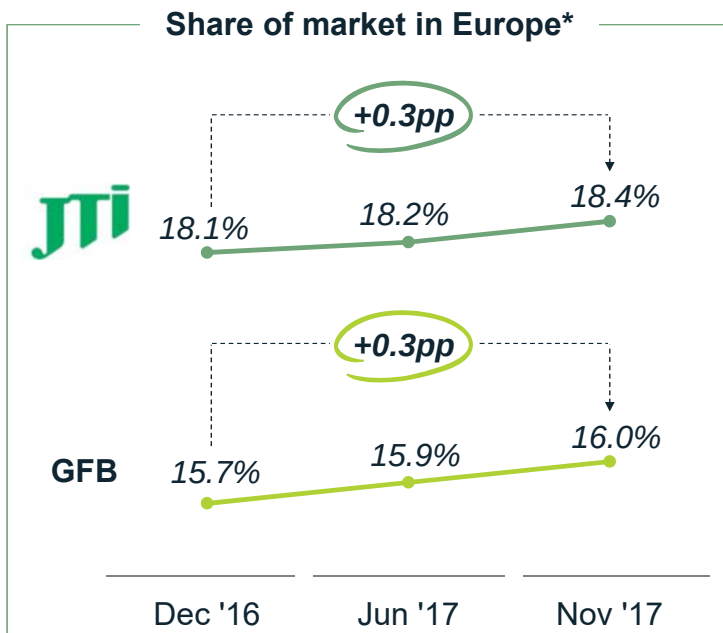
Note: Monthly SoM data. Source: Nielsen and Internal estimates.

JT Investor Meeting

8

- 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

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

© Copyright JT 2018

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

Tokyo – February 7, 2018

JT Investor Meeting

9

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

© Copyright JT 2018

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

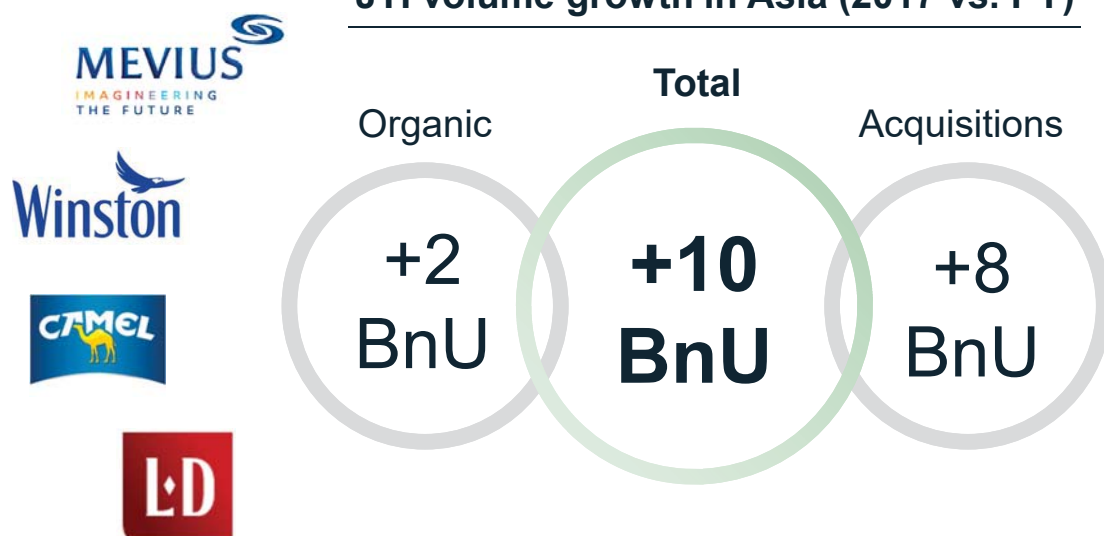
Tokyo – February 7, 2018

JT Investor Meeting

10

Asia Pacific: Expanding organically and by acquisitions

JTI volume growth in Asia (2017 vs. PY)



© Copyright JT 2018

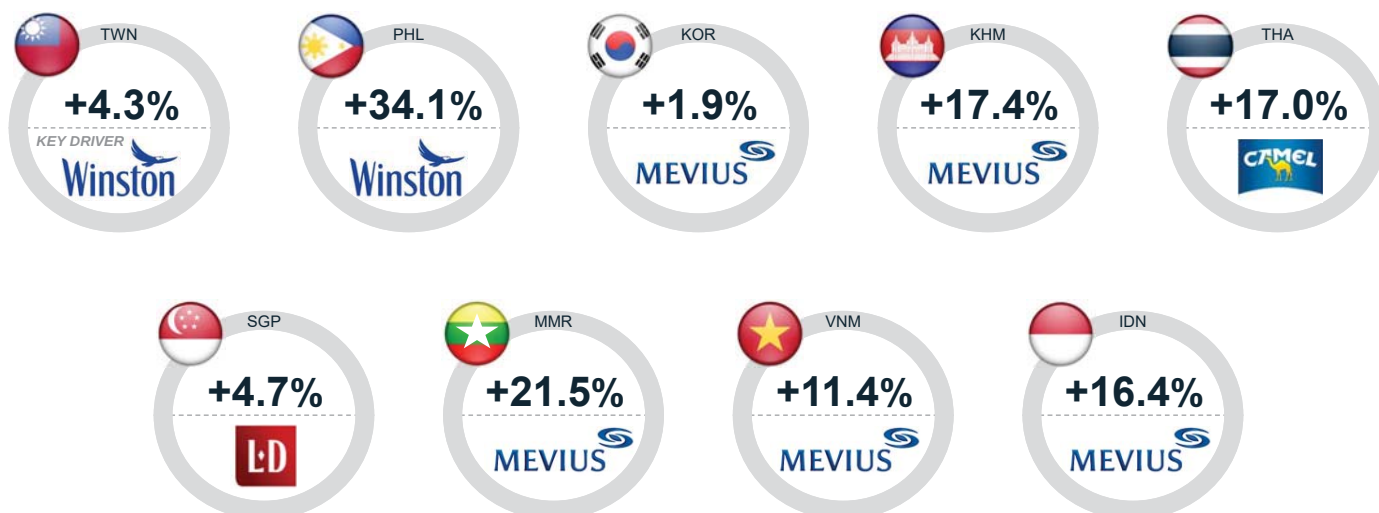
Tokyo – February 7, 2018

JT Investor Meeting

11

Asia Pacific: GFBs drive organic volume for sustainable growth

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



© Copyright JT 2018

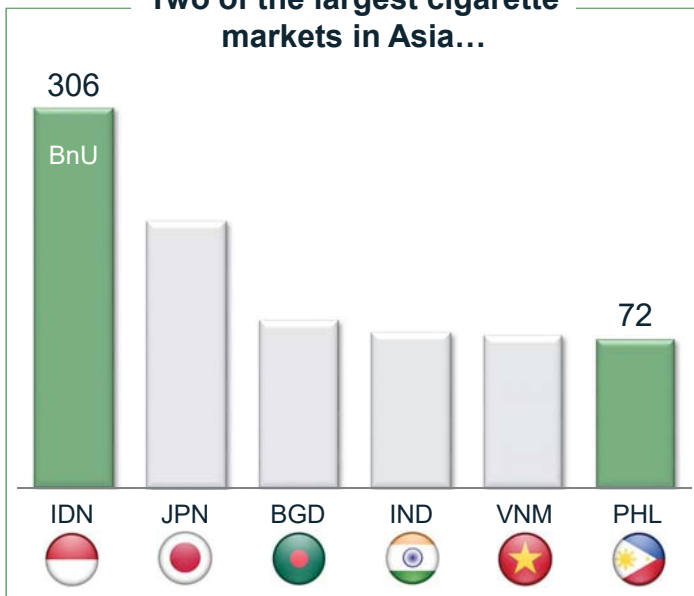
Tokyo – February 7, 2018

JT Investor Meeting

12

Philippines & Indonesia: Acquisitions to shape our future

Two of the largest cigarette markets in Asia...

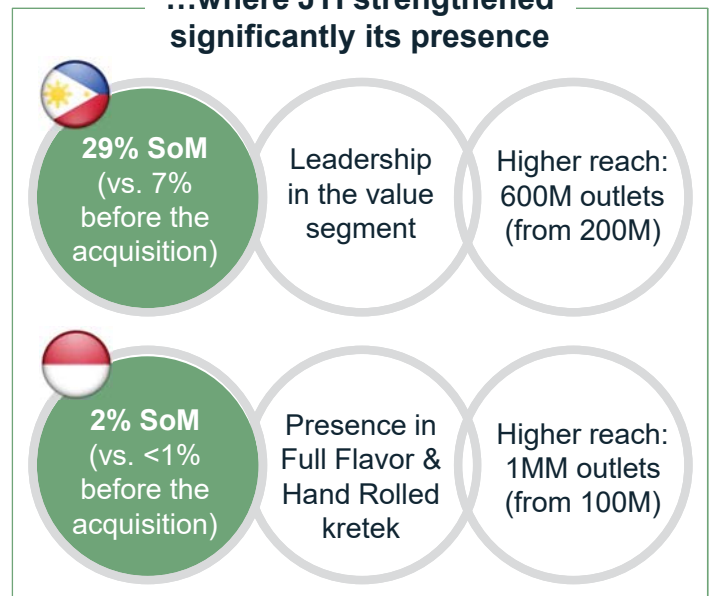


© Copyright JT 2018

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

Tokyo – February 7, 2018

...where JTI strengthened significantly its presence



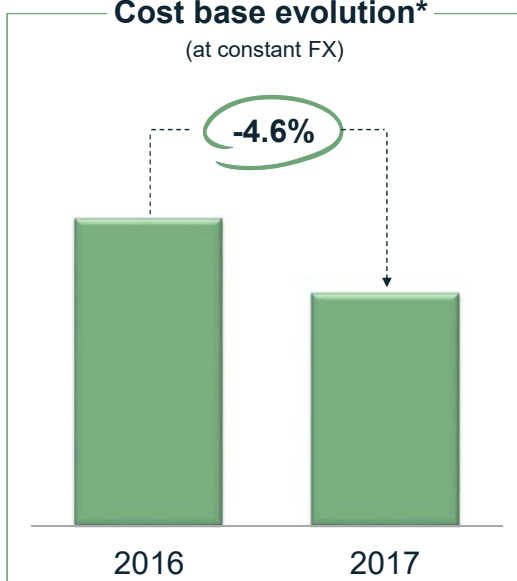
JT Investor Meeting

13

Reduced costs driven by supply chain and process optimization

Cost base evolution*

(at constant FX)



- 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

© Copyright JT 2018

* Excluding the UK distributor impact.

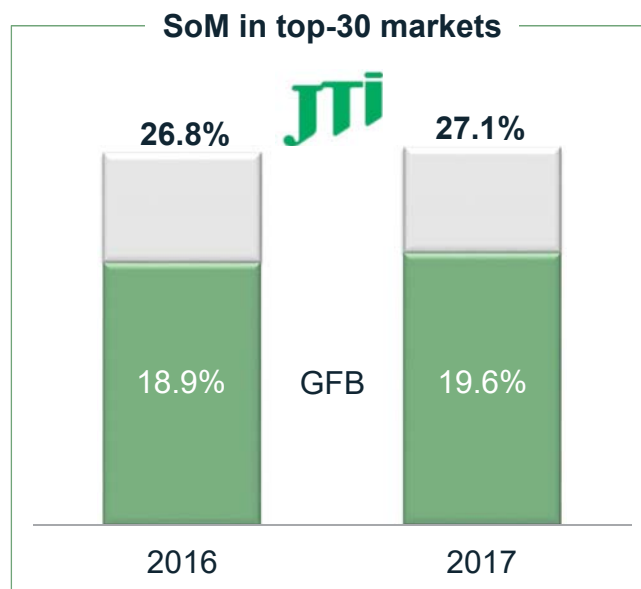
Tokyo – February 7, 2018

JT Investor Meeting

14

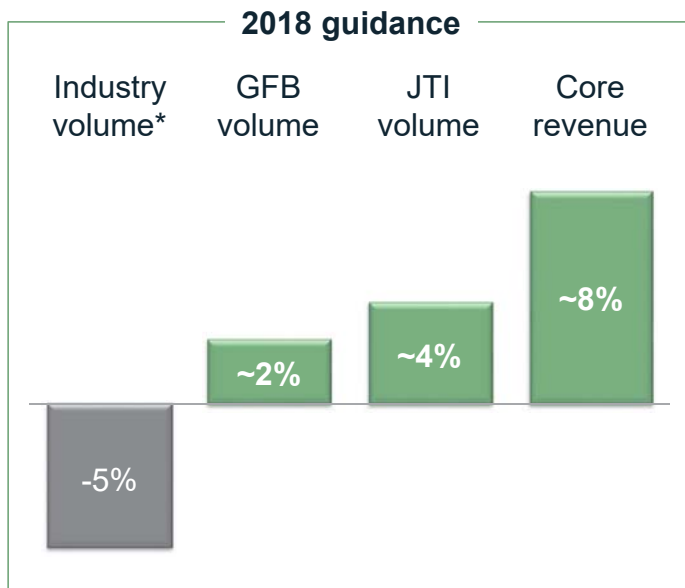
Entering 2018 with positive business momentum

- 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



2018 Guidance

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

