

Reduced-Risk Products Strategy

Daniel Torras

JTI Senior VP, Reduced-Risk Products

Forward-Looking Statements

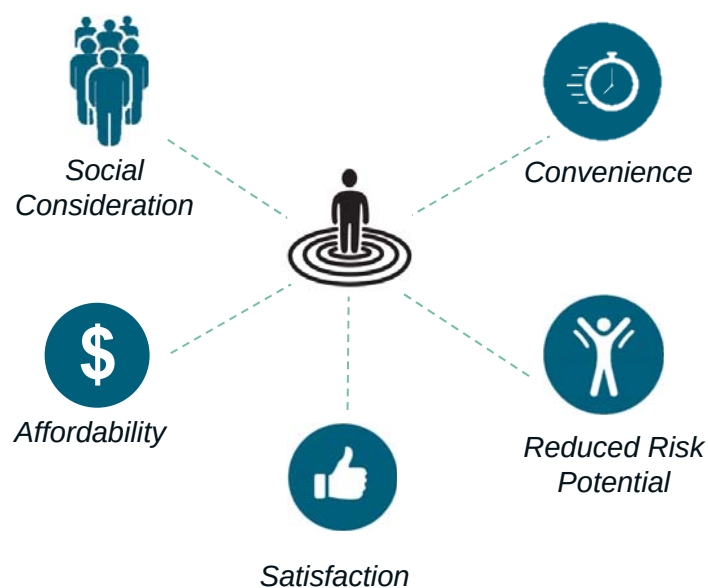
This presentation contains forward-looking statements. These statements appear in a number of places in this document and include statements regarding the intent, belief, or current and future expectations of our management with respect to our business, financial condition and results of operations.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

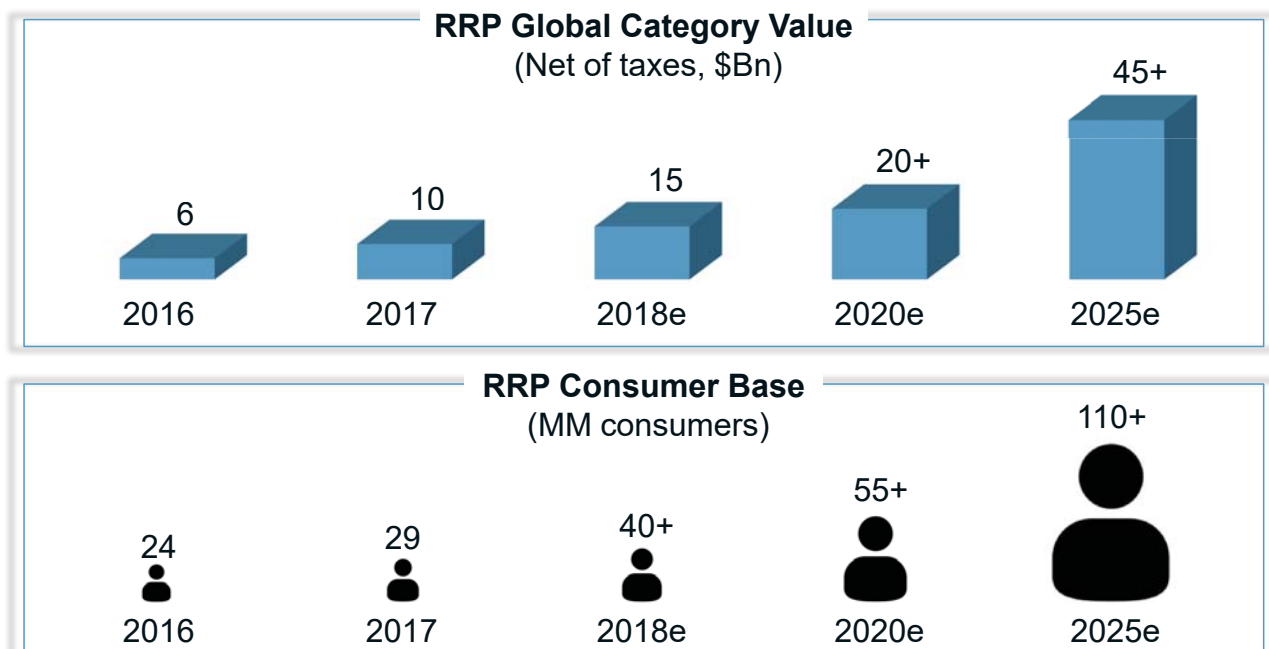
This presentation contains images of our products in some slides. Those slides have been included exclusively to illustrate JT Group's strategy or performance to our investors. They are not to be used for any other purpose.

Broadening spectrum of consumer needs



Consumers are increasingly interested in experiences and products that address a broadening spectrum of personal and social needs

RRP growth is expected to continue



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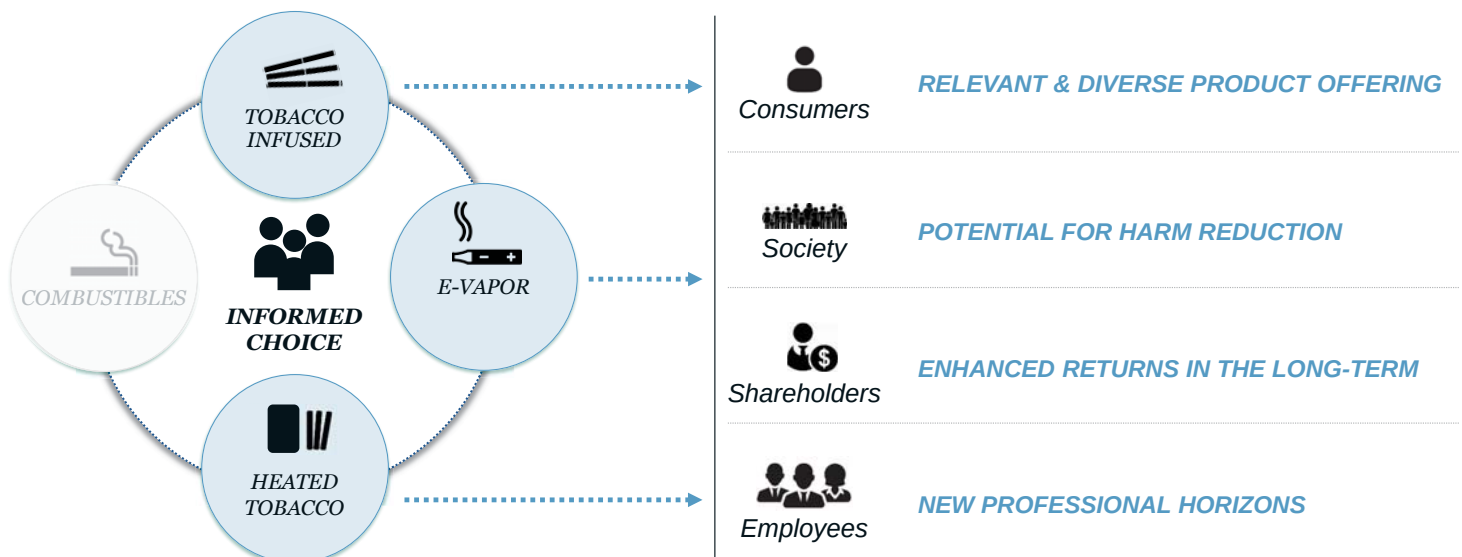
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Source: Internal estimates. Note: RRP global category value comprises T-Vapor and E-Vapor (consumables / refills + devices).

Our consumer-centric strategy benefits key stakeholders

Committed to developing, beyond combustibles,
a range of products with reduced-risk potential...

... to generate sustainable benefits to key stakeholders



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JTG's global footprint focuses on markets that matter

Present in...



... accounting for



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Source: Internal estimates. Note: Including World Wide Duty Free as one market.

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Portfolio centered on 2 brands: Ploom and Logic



T-Vapor



E-Vapor



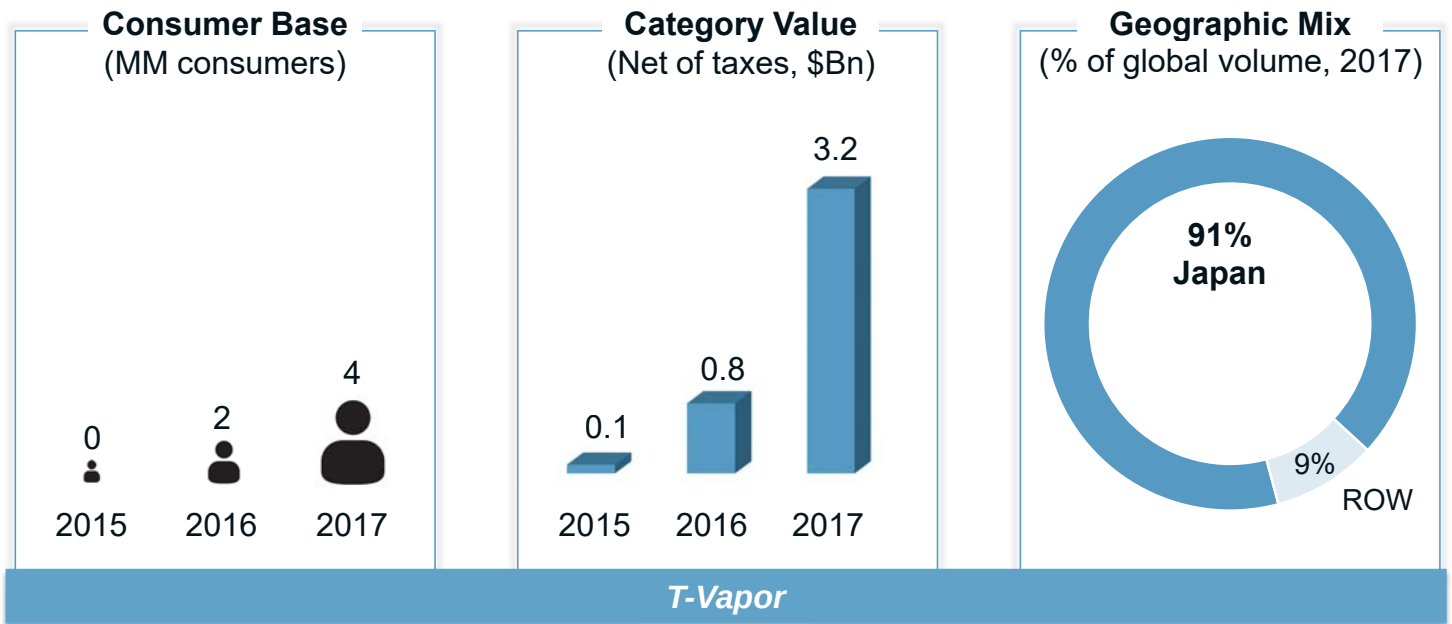
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T-Vapor | Strong growth led by Japan



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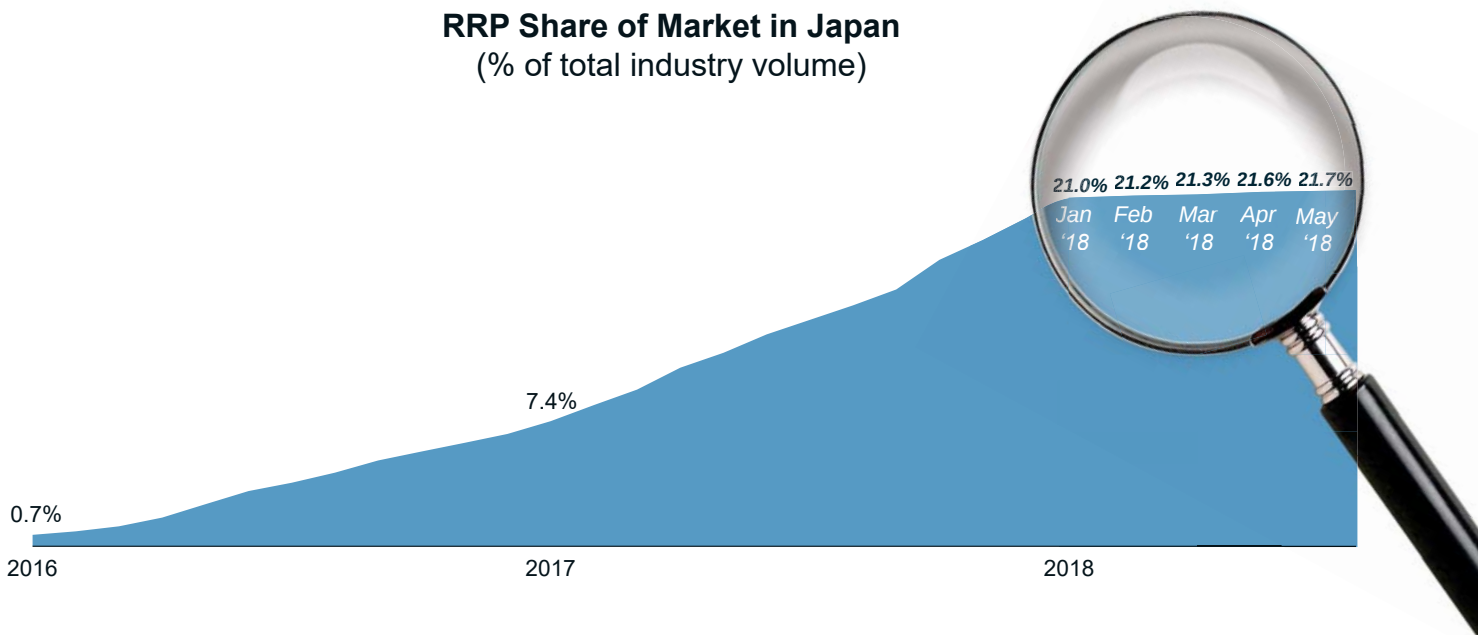
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Source: Internal estimates. Note: T-Vapor comprises Heated Tobacco and Tobacco Infused Vapor (consumables + devices).

T-Vapor | Despite recent slowdown, still a sizeable category in Japan

RRP Share of Market in Japan (% of total industry volume)



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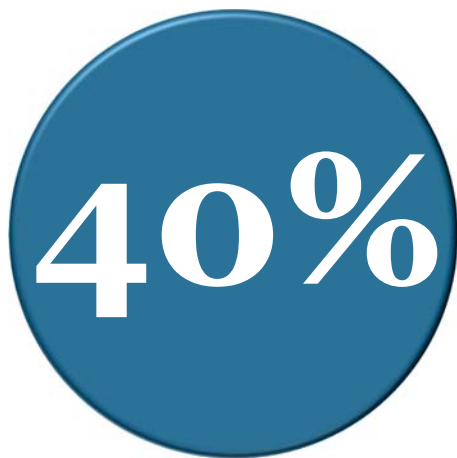
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Source: Internal estimates. Note: May 2018 share of market for the 3 weeks ending May 21.

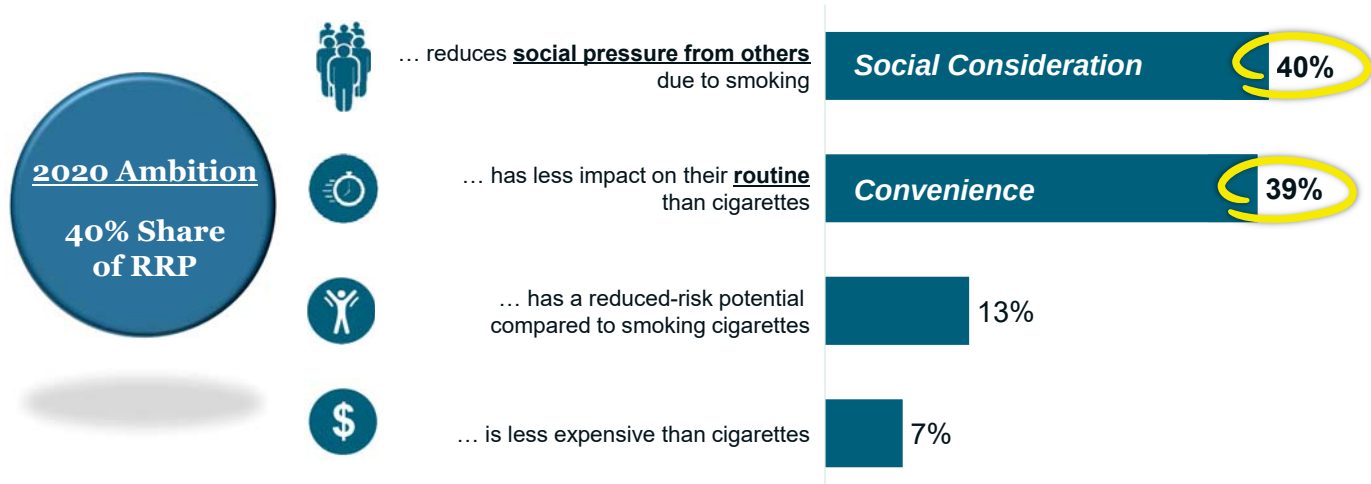
Our 2020 ambition in Japan



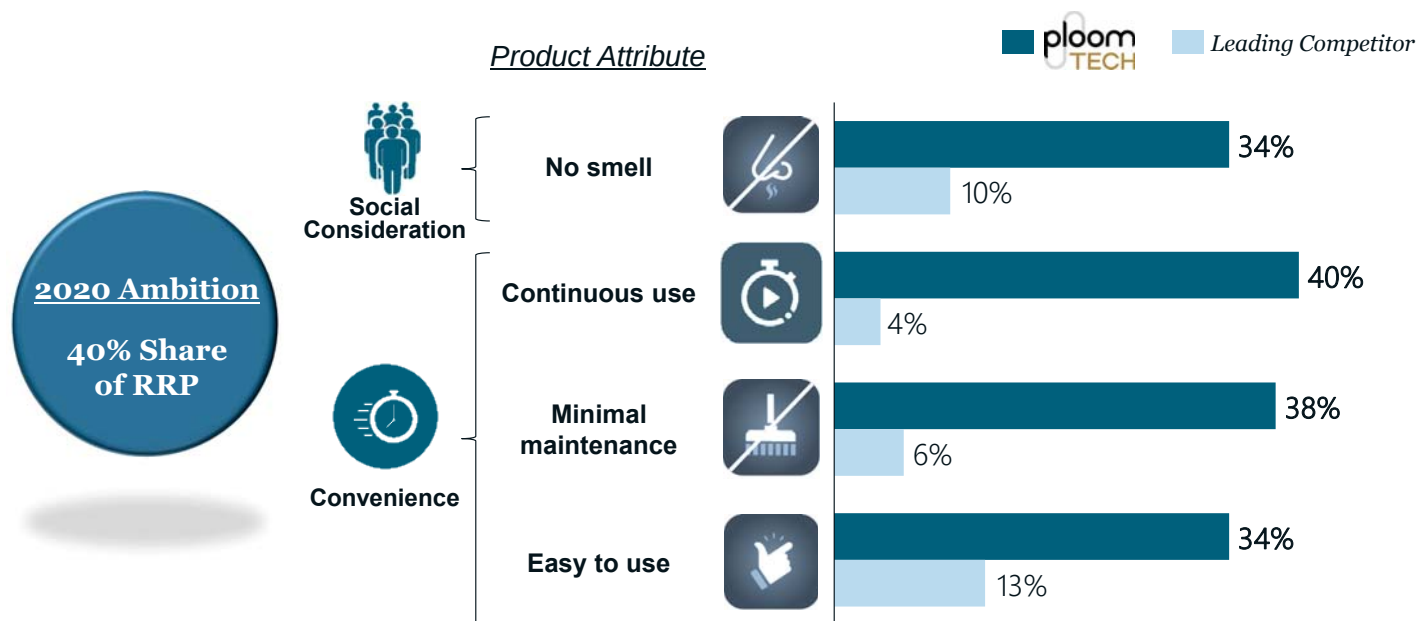
***Our ambition is to achieve
40% share of RRP in
Japan by year-end 2020***

Roadmap to 40% | ① Better understanding of Japanese consumers

Japanese consumers are seeking an experience that ...



Roadmap to 40% | 2 Ploom TECH better addressing key consumer needs



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Source: JT consumer study (Japan 2018).

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Exclusive Ploom TECH use expanding rapidly



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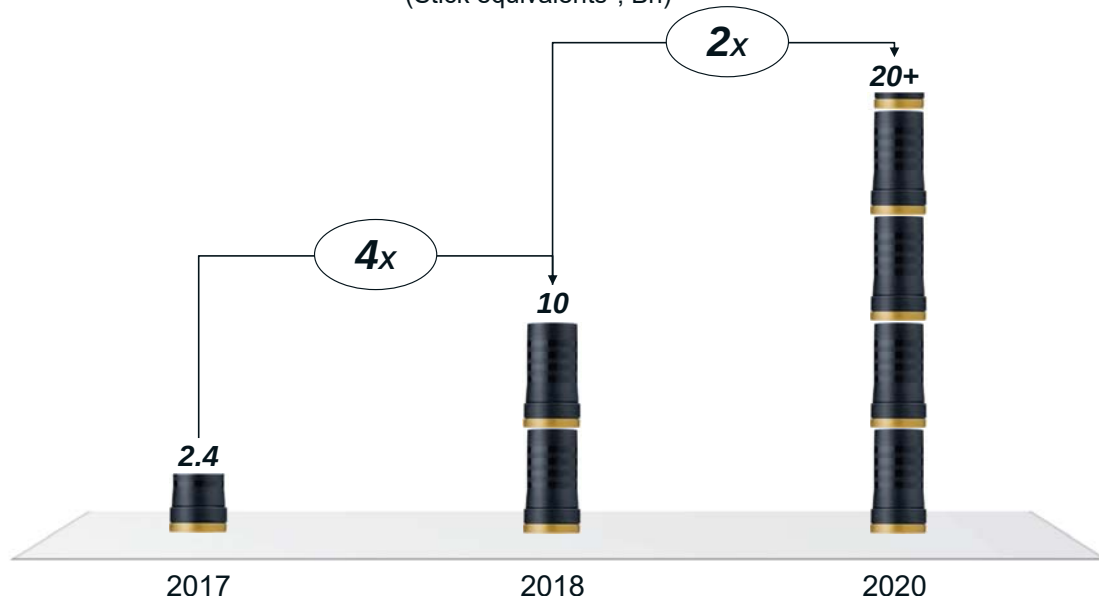
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Roadmap to 40% | 3 Ploom TECH capacity now in place, ramping up through 2020

Ploom TECH Capsule Manufacturing Capacity¹ (Stick equivalents², Bn)



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(1) As of year-end, annualized. (2) Conversion: 1 pack of Ploom TECH equals 20 RMC sticks.

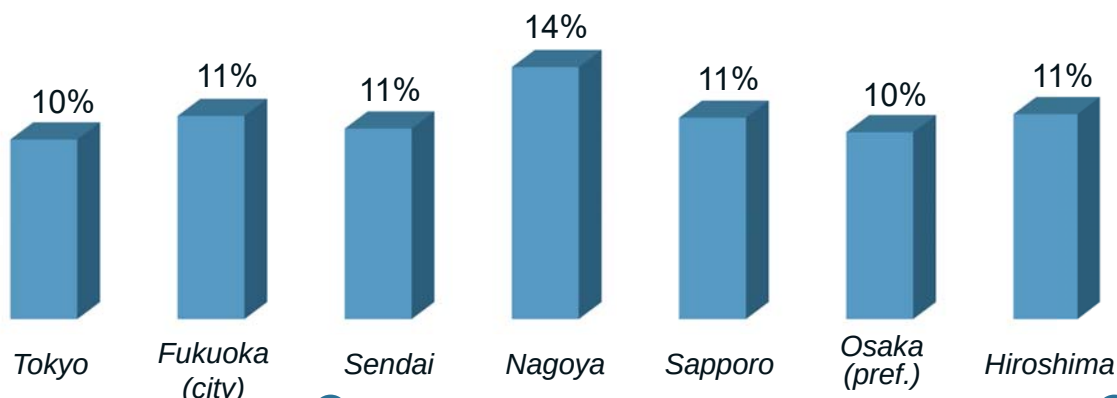
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Roadmap to 40% | 4 Results in line with expectations

JT Share of RRP Category in Japan (% of total RRP volume)



Recent Launches of Ploom TECH

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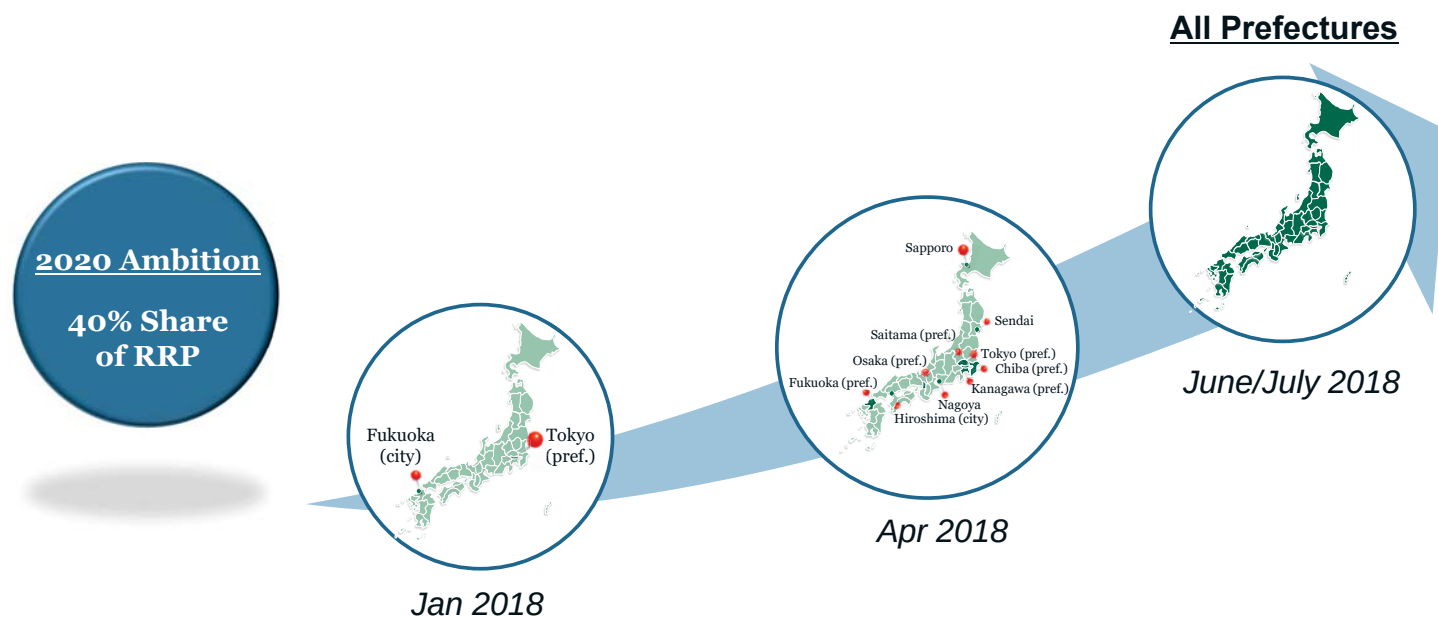
Source: Internal sell-out estimates as of May 21, 2018.

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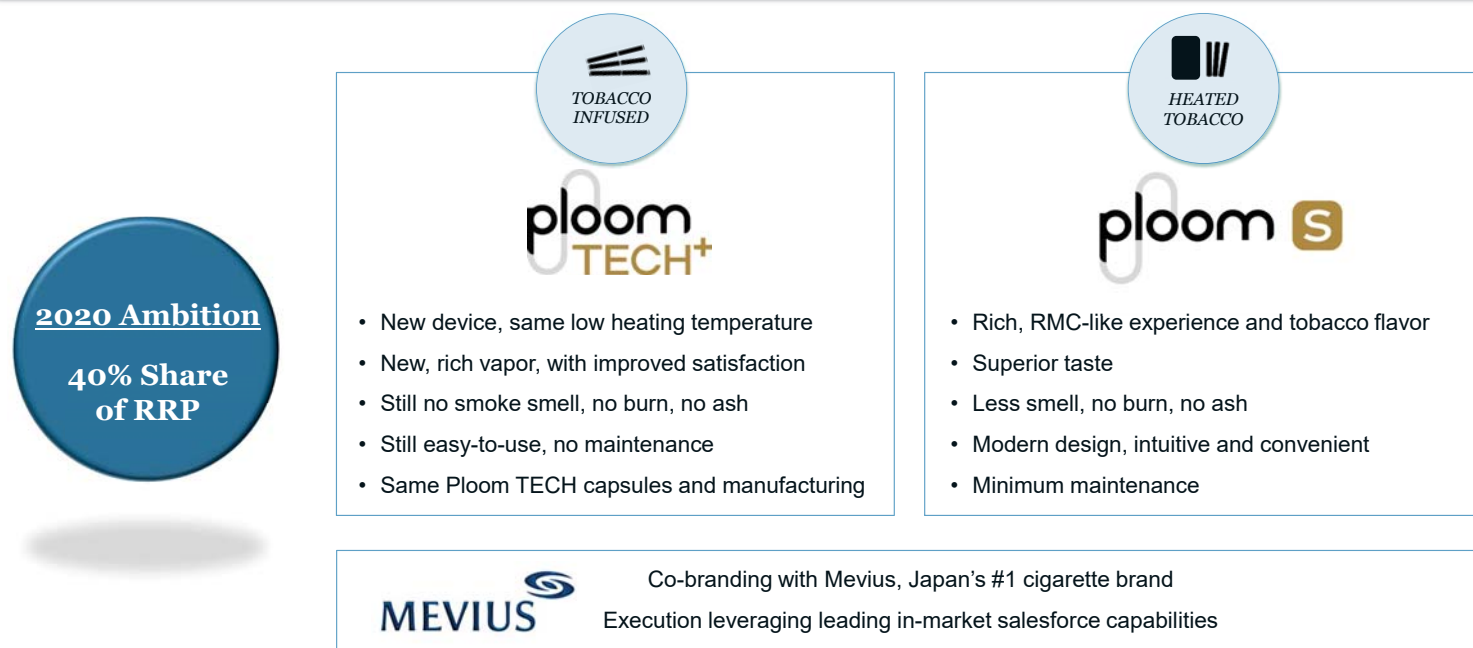
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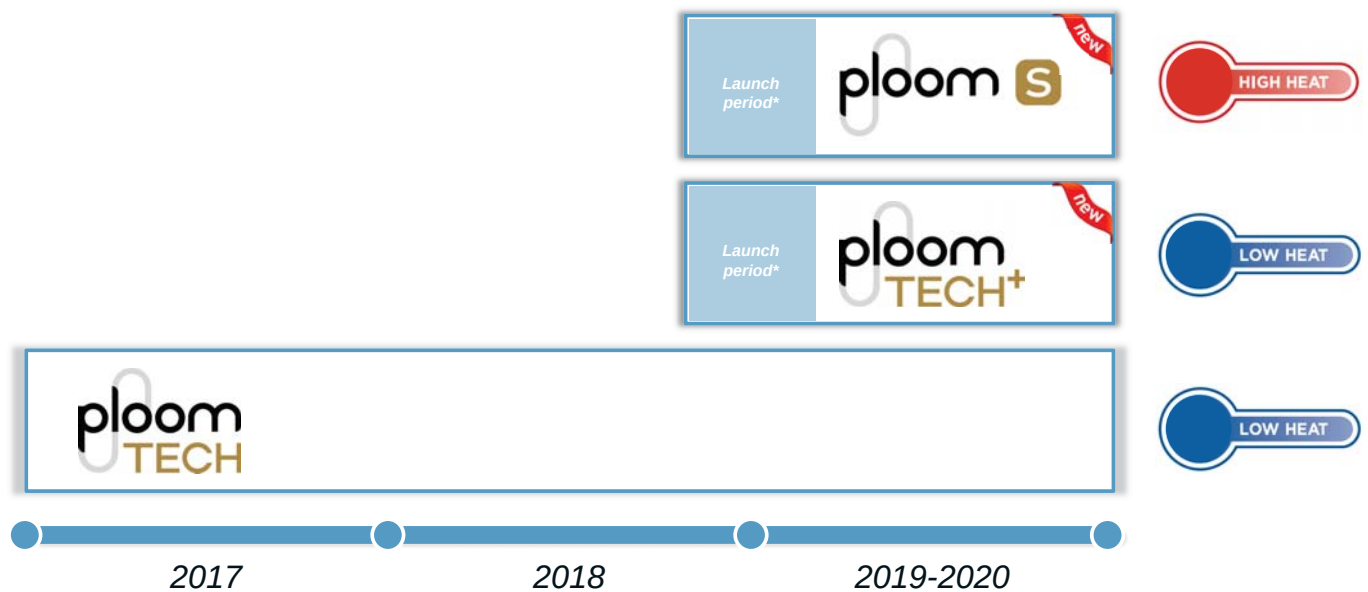
Roadmap to 40% | 5 Accelerated national expansion of Ploom TECH



Roadmap to 40% | 6 Complementing our RRP offering



Roadmap to 40% | 6 Complementing our RRP offering



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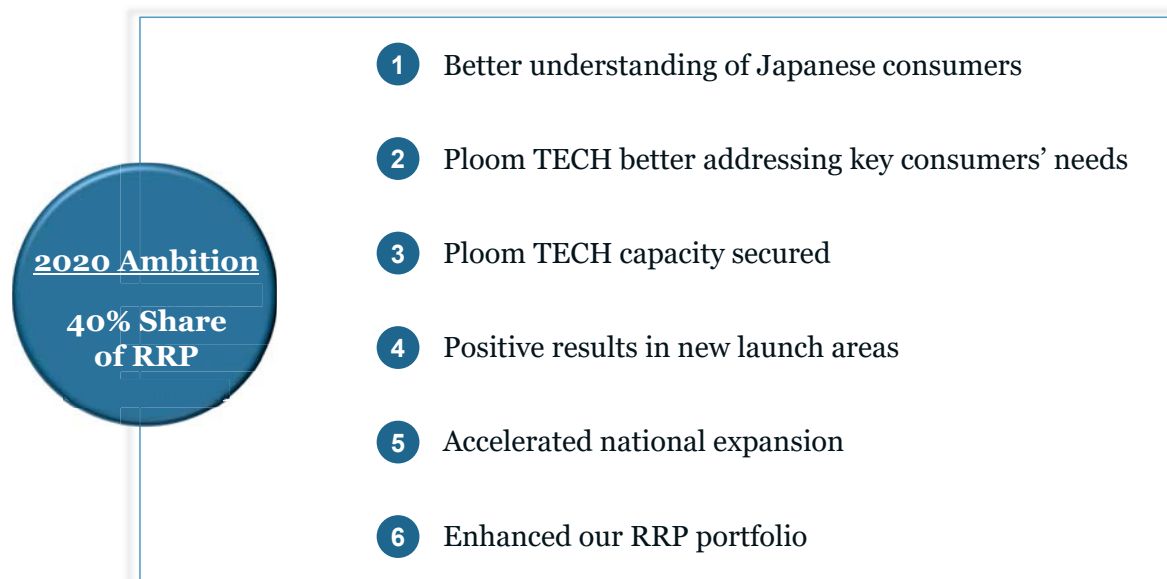
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* Ploom S and Ploom TECH+ will be launched in Japan late this year or early 2019 at earliest.

Achieving our 2020 ambition in Japan



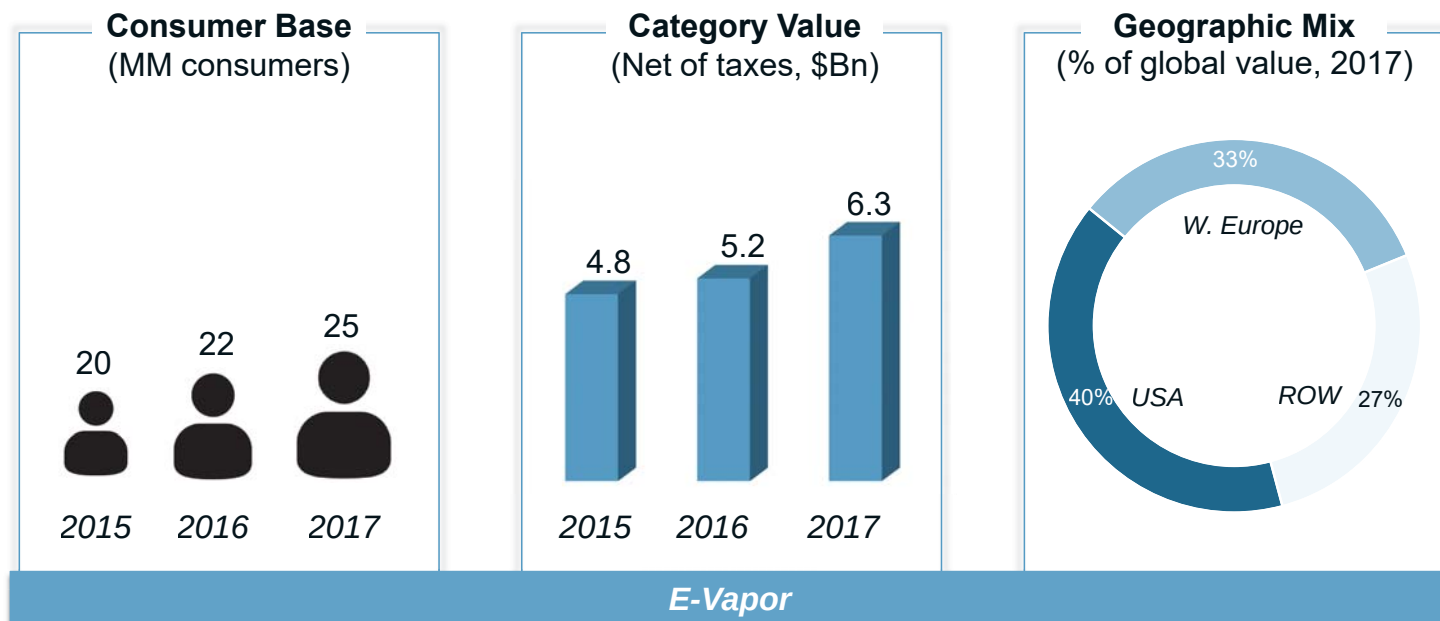
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E-Vapor | Today the largest RRP category



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Source: Internal estimates. Note: Category value (consumables / refills + devices).

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E-Vapor | #3 global player with strong international presence

Present in...



... accounting for



BE



FR



DE



GR



IE



IT



KR



RU



UK



US



WWDF

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Source: Internal estimates. Note: WWDF stands for World Wide Duty Free.

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Logic | Our current product portfolio

logic.
POWER



logic.
LQD



logic.
PRO



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Logic | Wide and compelling range of liquid options

logic.
PRO



15+
E-liquid flavors

logic.
LQD



*Made
in Europe*

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Logic | Building a global brand



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Logic | Building a global brand



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Logic | Building a global brand



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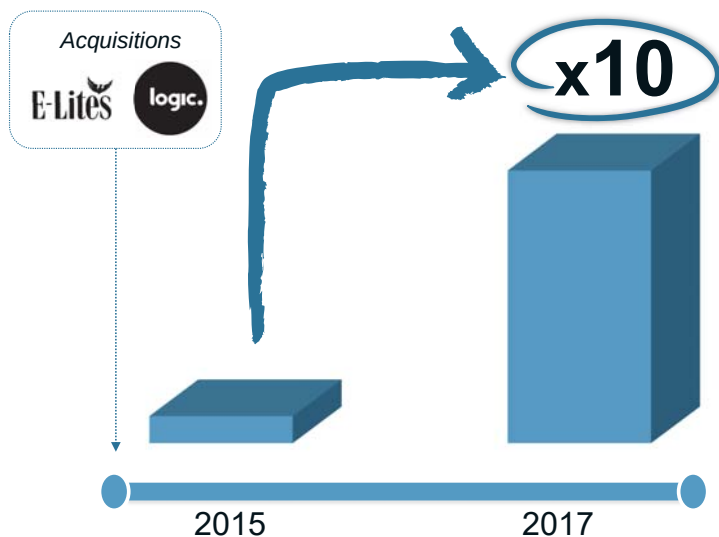


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E-Vapor | Exponential volume growth, fueling our share in Europe

JTG E-Vapor Refills Sold (Volume)



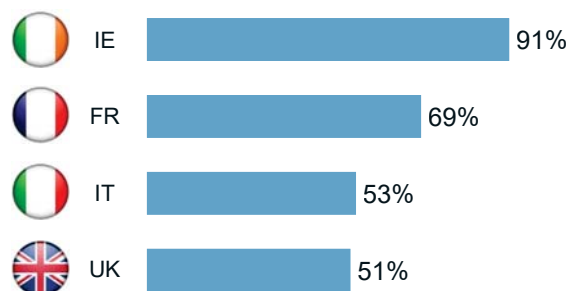
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Source: Internal estimates.

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logic.

- #1 E-Vapor brand overall in Ireland
- #1 in closed tank systems in France, Italy, and the UK

Logic Pro Share of Closed Tank Segment As of April 2018



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E-Vapor | Introducing Logic Compact, the next step in our journey



Logic Compact | Our new premium closed tank system



Logic Compact | Our new premium closed tank system



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E-Vapor | Building a competitive and sustainable position

- 1 Logic - our global brand
- 2 Diverse and compelling product portfolio
- 3 Strong international presence, with leading positions in Europe
- 4 Expanding portfolio with Logic Compact
- 5 Geographic footprint expansion to 20+ markets by 2020

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Our enhanced RRP portfolio



Our RRP journey continues...



Wireless connectivity



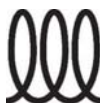
*Advanced e-vapor
technology*



*Diagnostics & usage
app functionality*



*New heat-not-burn
developments*

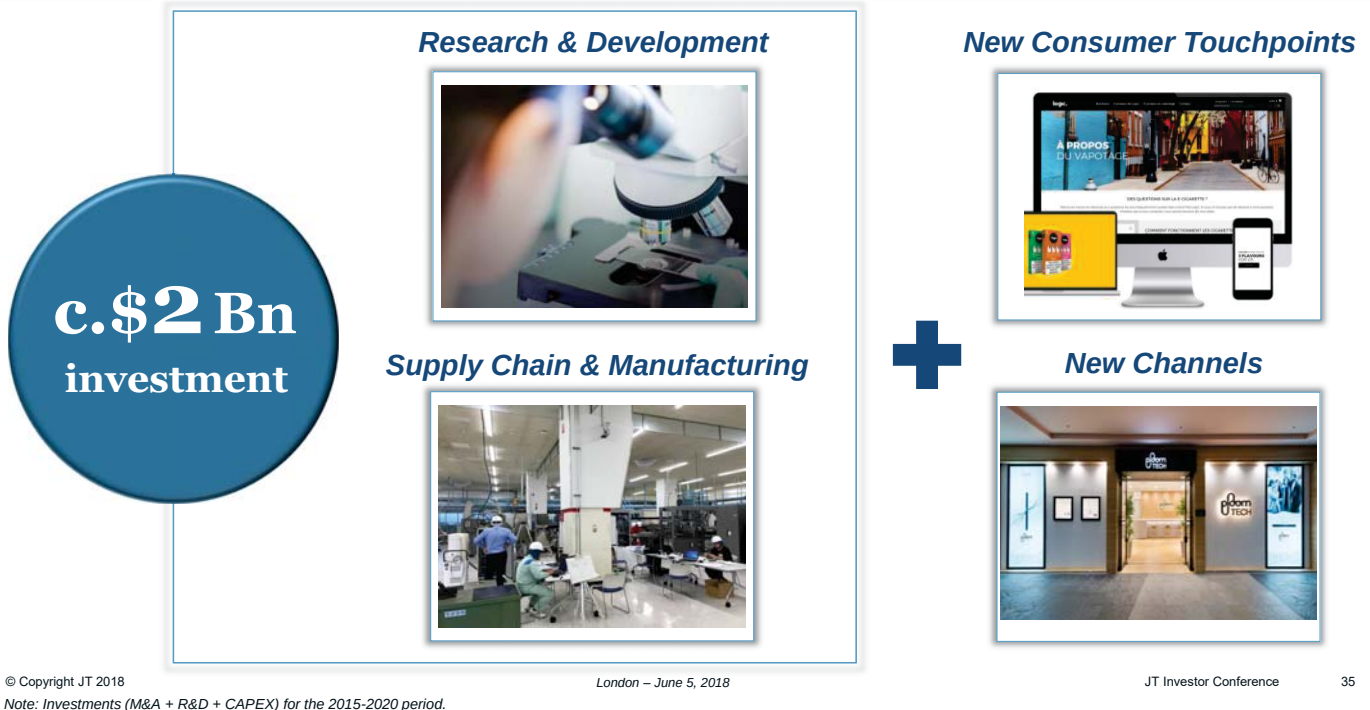


Novel heating system



*Expanded range of
flavors*

... supported by robust investments



Committed to RRP success

- RRP address emerging consumer needs, representing a strategic opportunity
- Consumer-centric strategy, focusing on markets and categories that matter
- T-Vapor – On track to meet our 2020 target in Japan, enhancing our Ploom offering
- E-Vapor – Launching Logic Compact, strengthening our portfolio and competitiveness
- Focused investments driving the expansion of RRP business and financial base