



Tobacco business strategic focus and source for sustainable growth

Akira Saeki

Executive Deputy President,
President of the Tobacco Business

Caution on Forward-Looking Statements

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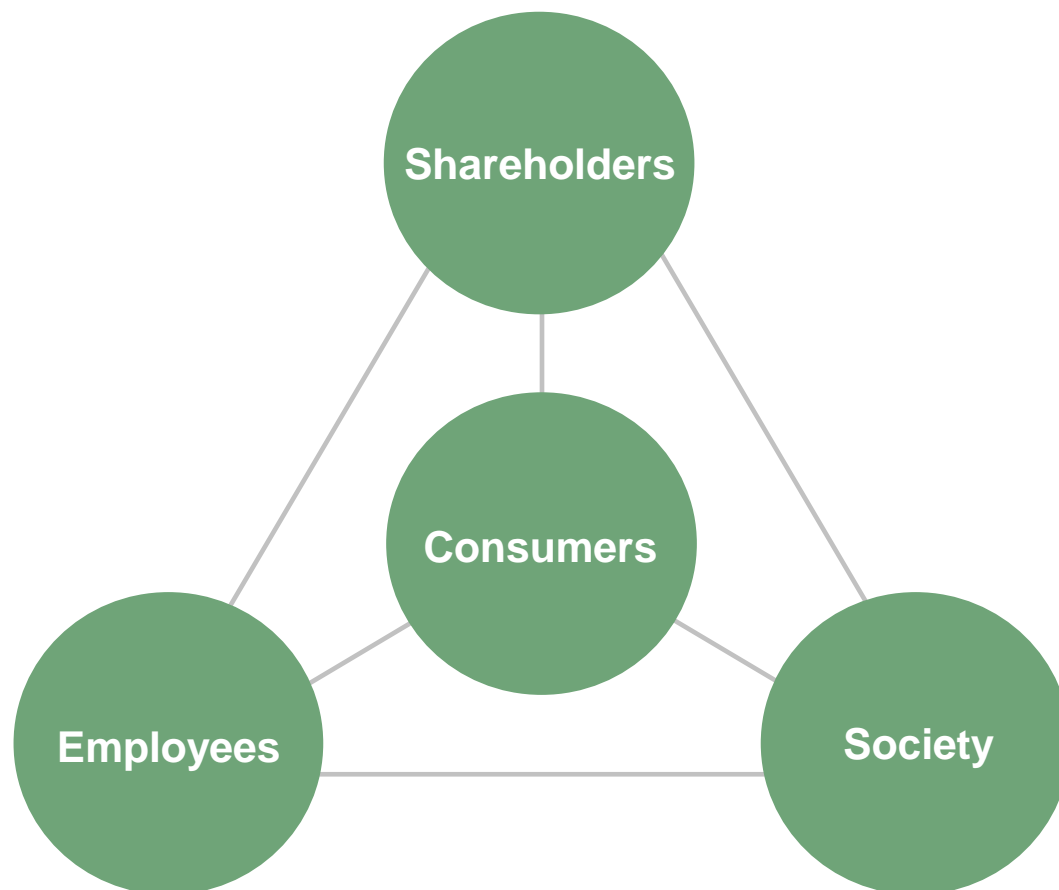
Risks, uncertainties or other factors that could cause actual results to differ materially from those expressed in any forward-looking statement include, without limitation:

- (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;
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- (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.

The 4S Model continues driving our sustainable growth

Management Principles



Our vision and strategic framework remain unchanged

Our Vision

To be the No.1 global tobacco company

Strategic Framework

**Quality top-line
growth**

**Broadening the
earnings base**

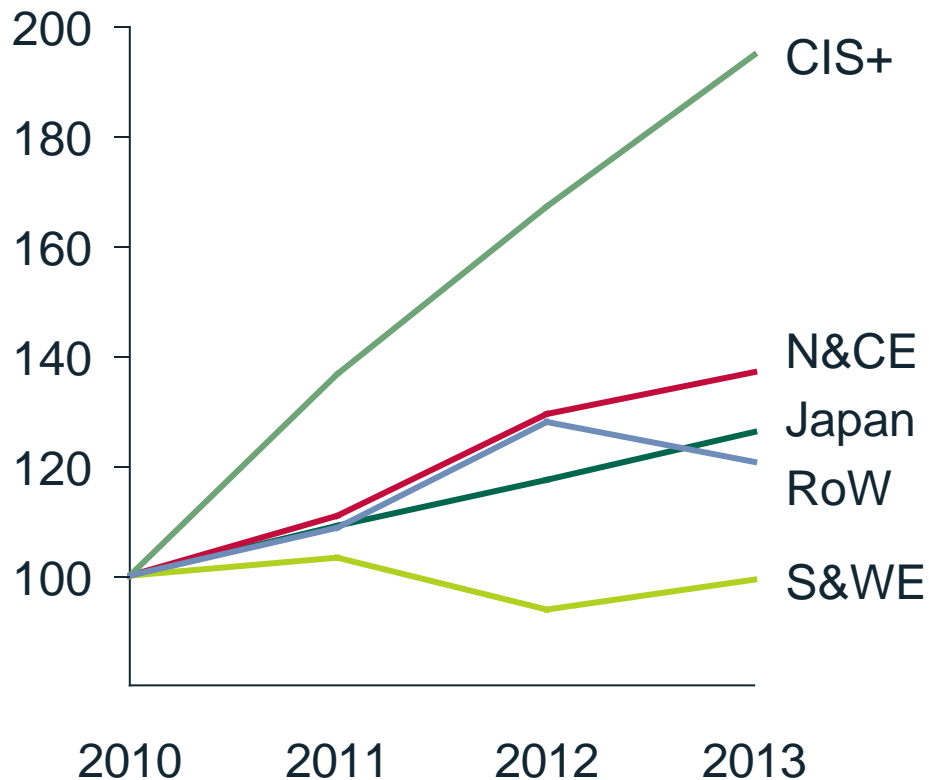
**Robust business
foundations**



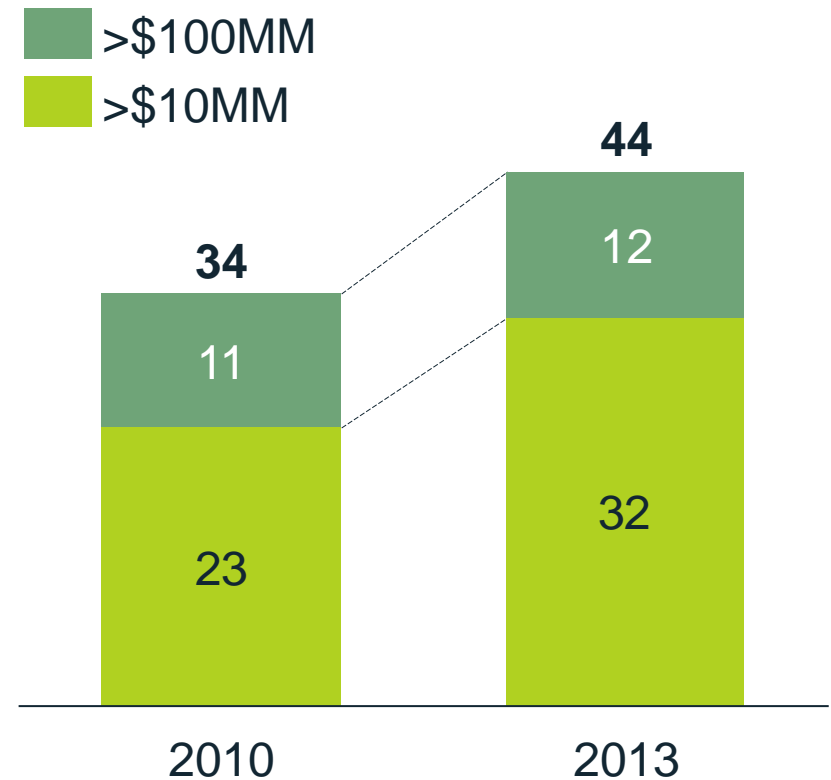
Performance track record

Delivered continuous profit growth by enhancing market profitability through investment

Profit growth by cluster
(Index, 2010=100)

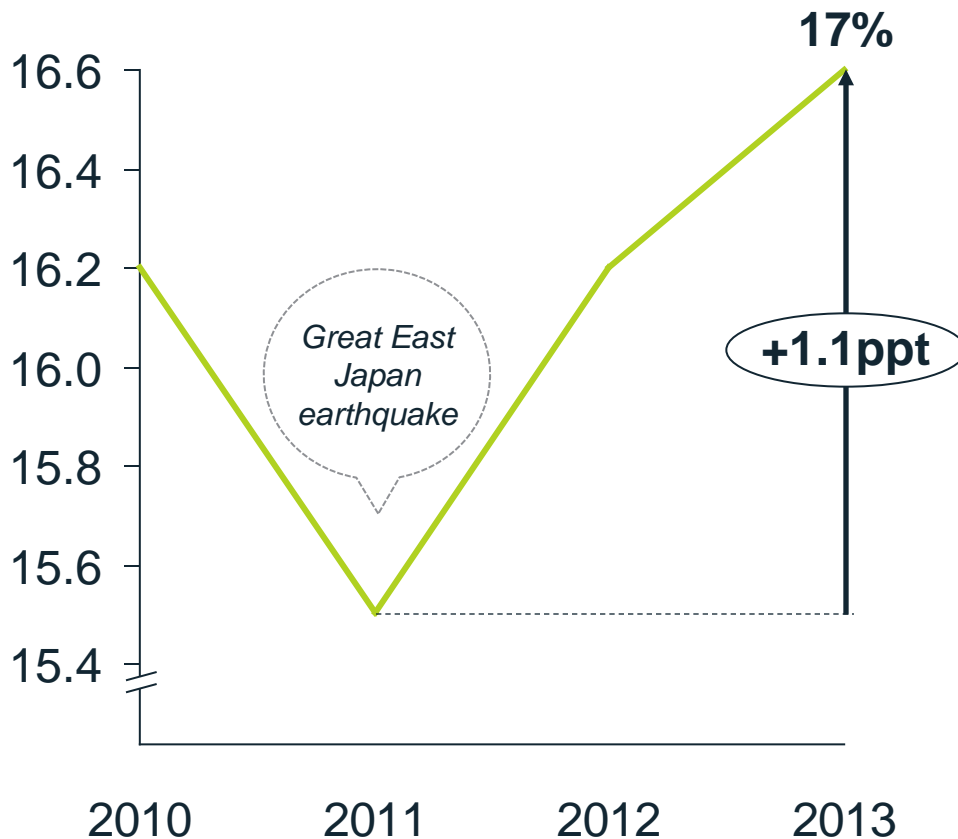


of markets over \$10MM EBITA



Strengthened presence through share of market increase

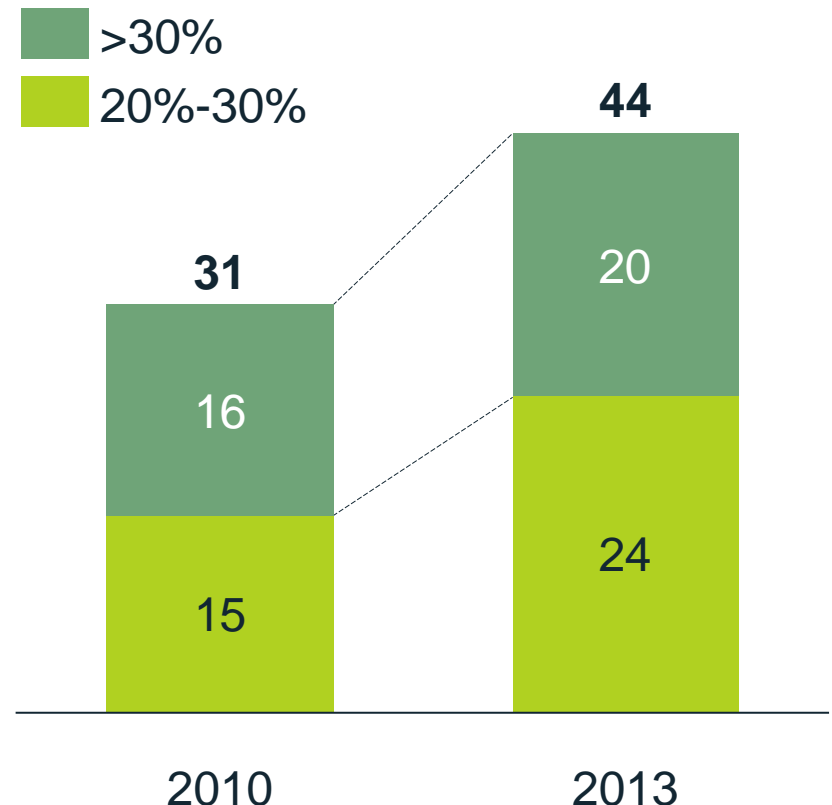
JTG Share of market evolution (%)



Source: Euromonitor (China excluded)

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of markets over 20% SOM



Source: JTG estimates

London – September 19, 2014

JT Investor Meeting

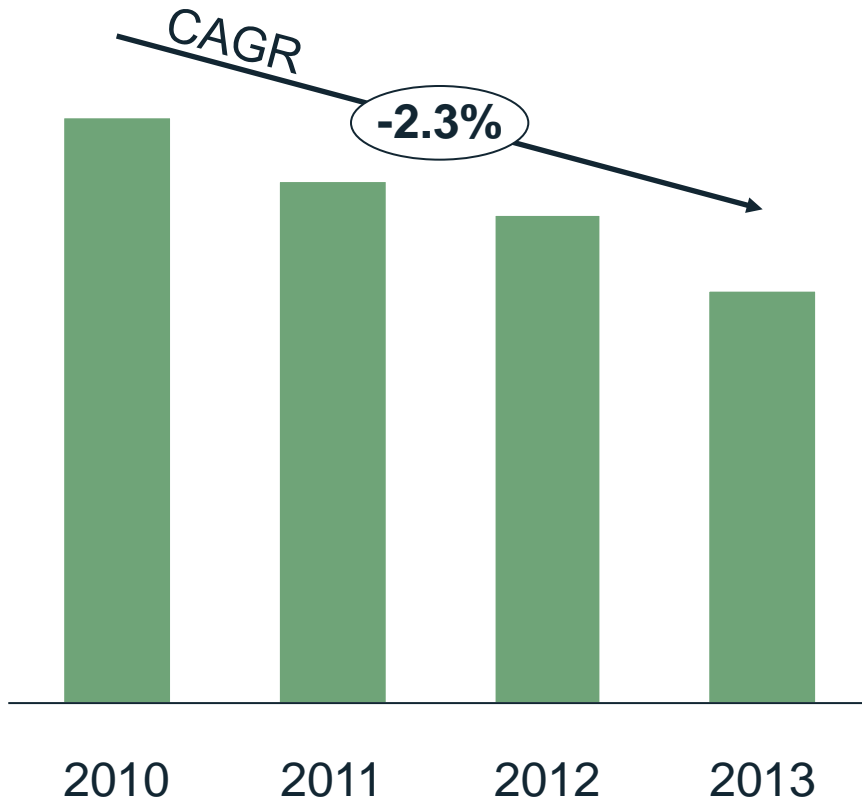
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Operating environment

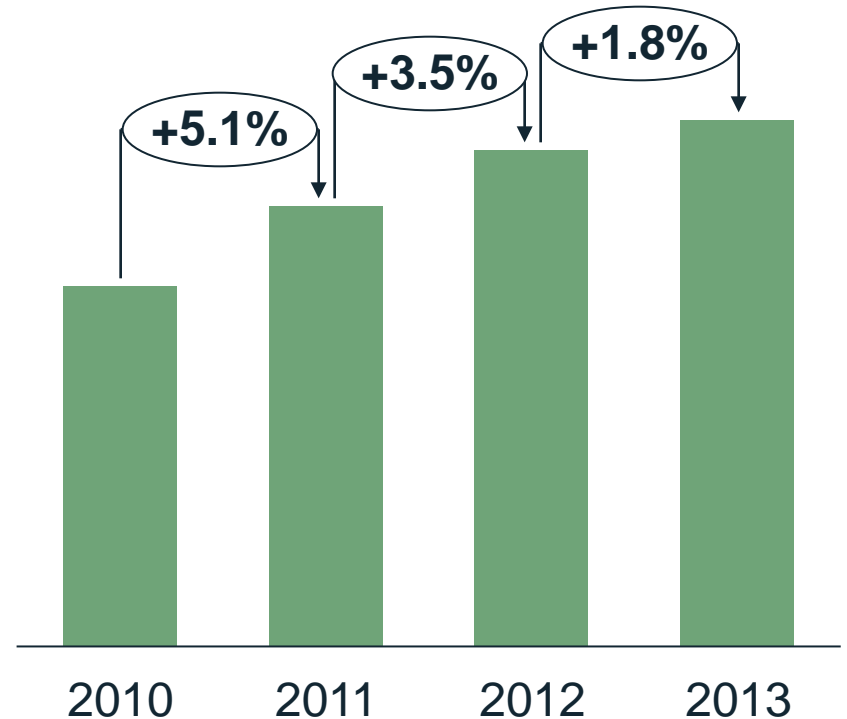
Cigarette market contraction continued, while fine cut growth slowed down

Cigarette global industry evolution



Source: Euromonitor (China excluded)

Fine cut global industry evolution



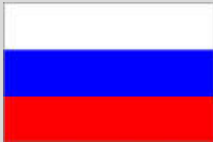

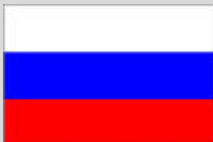


Source: Euromonitor

Solid pricing environment

- Pricing environment continued to be solid
- Pricing remained a key driver of our top- and bottom-line growth
- Tactical pricing in certain markets led to fierce competition, but overall picture has not changed

Regulatory environment continues to be manageable

	2014	2015	2016
Extended Health Warning			EU TPD2  Q2
Ingredients Restriction			EU TPD2  Q2
Display Ban	 Q2	 Q2 Incl. small shops	
SIPPs	 Q2 Incl. HoReCa		



Confidence in sustainable growth

Continuously building strong brands and product portfolio

Global Flagship Brands



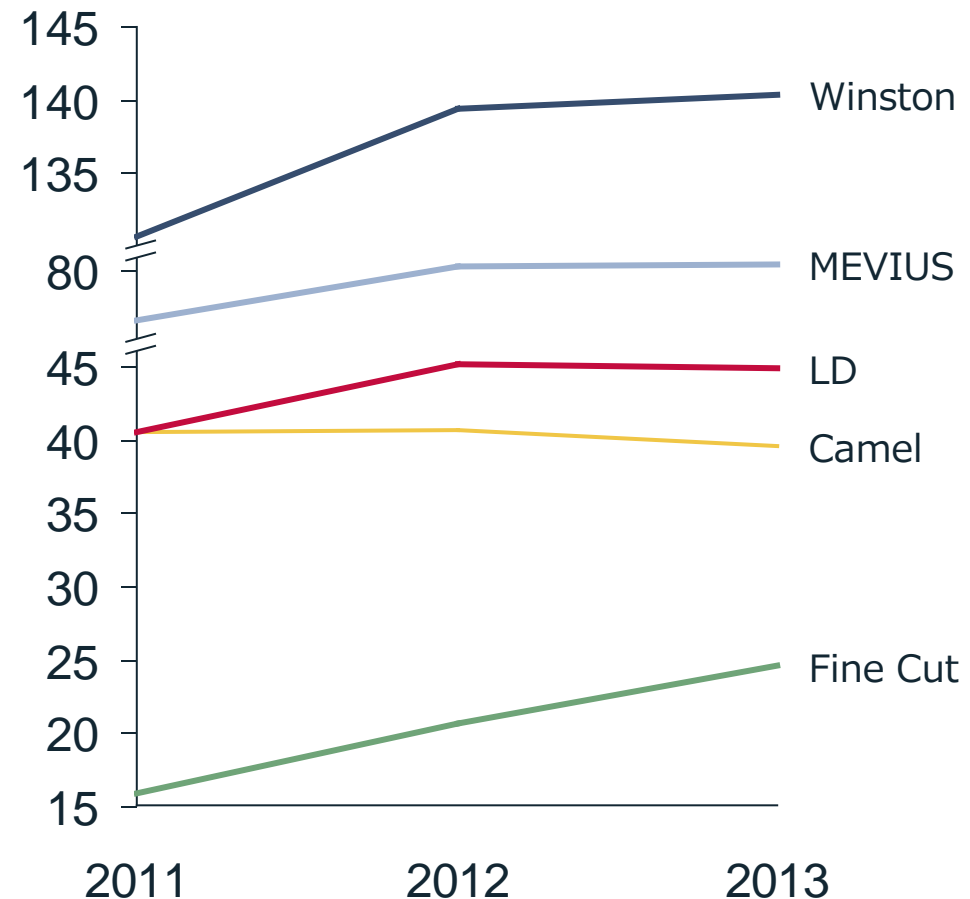
Other Tobacco Products



Emerging Products

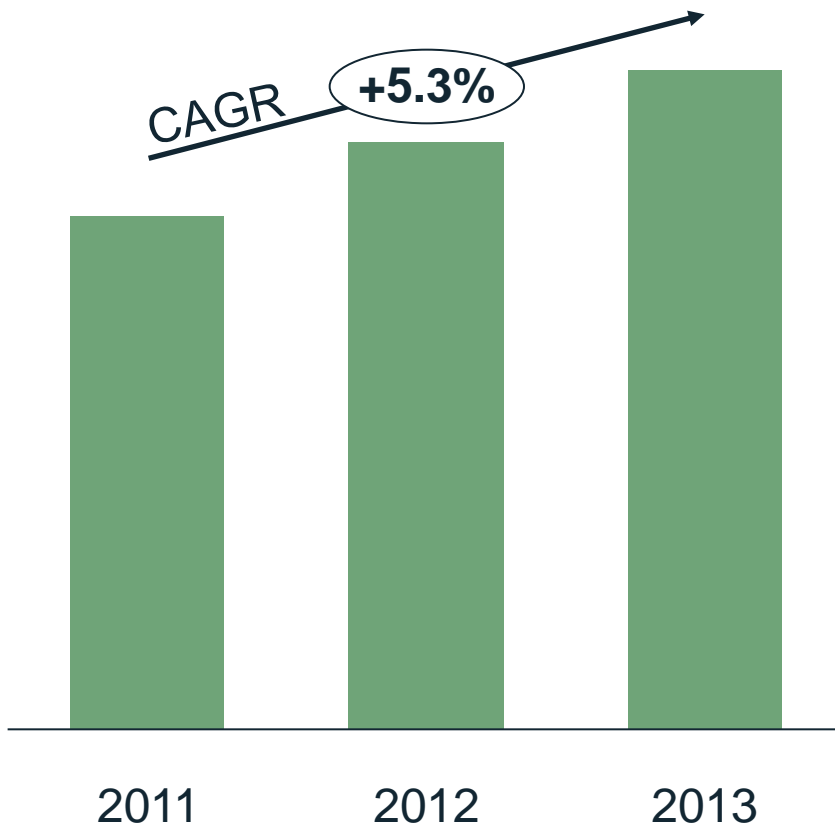
ZERO STYLE

JTG volume evolution (BnU)



Resilient industry with continuous value creation and potential for value increase

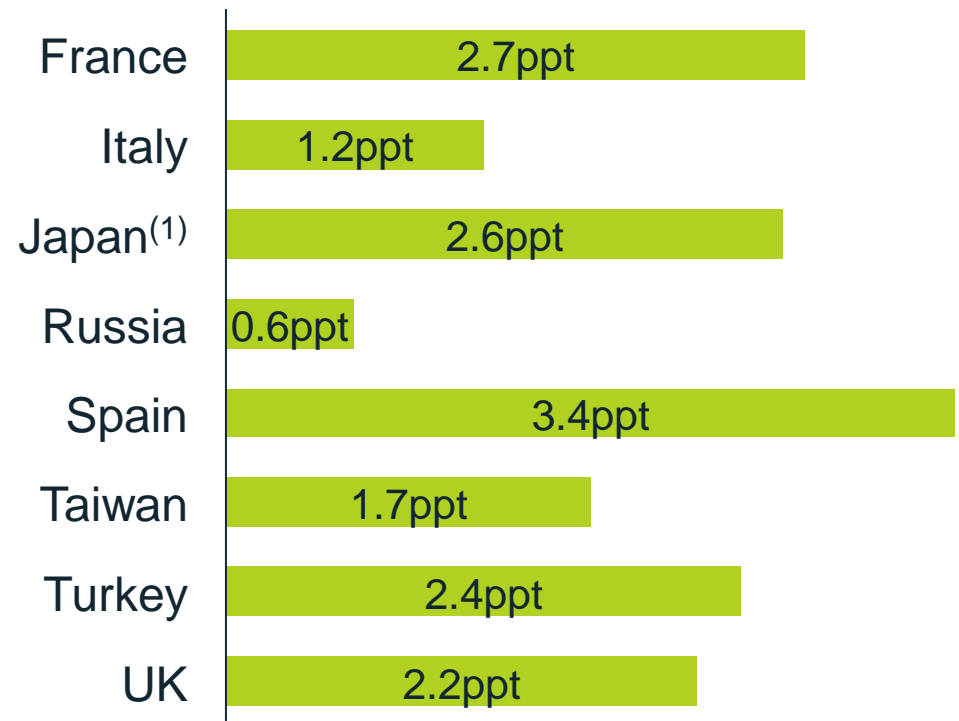
Industry value evolution



Source: Euromonitor

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JTG Share of value growth, 2013 vs. 2011

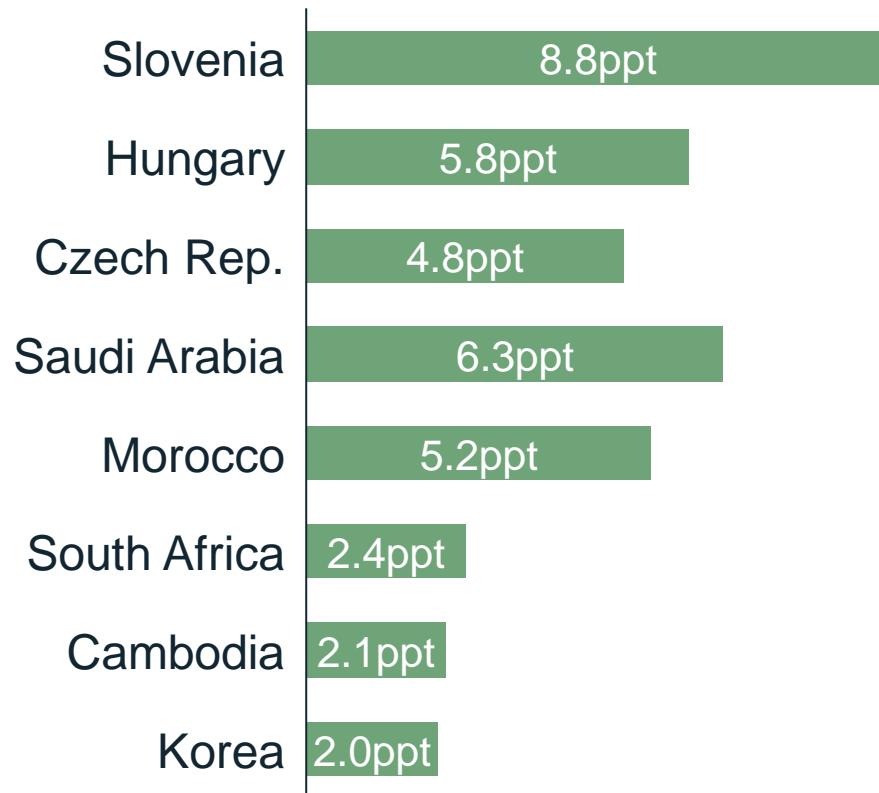


(1) Earthquake impact excluded

Source: JTG estimates

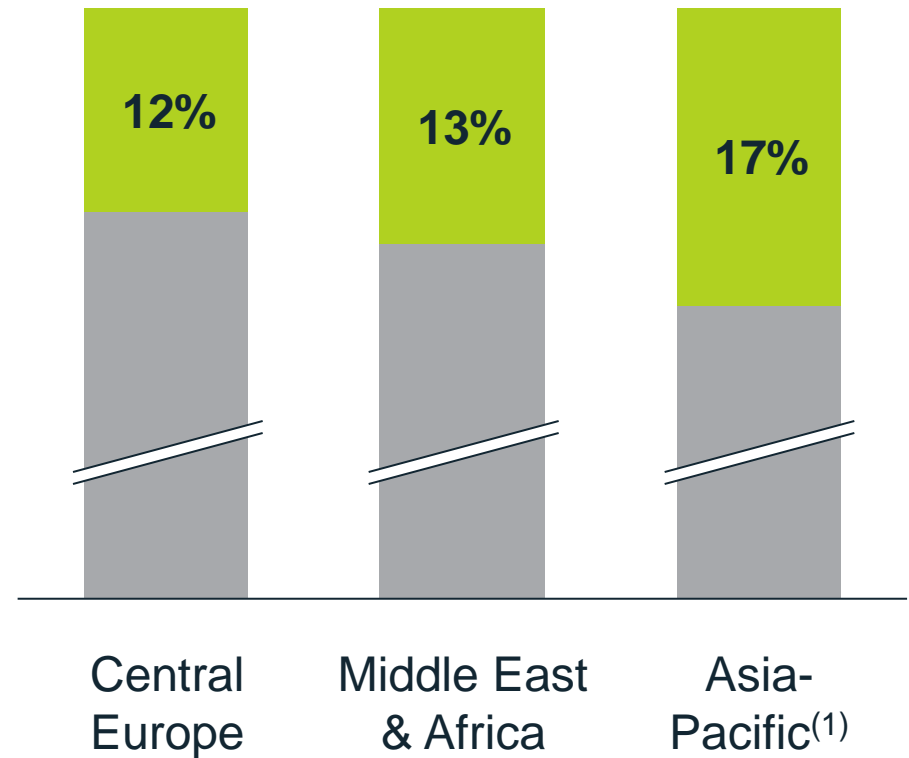
Potential for further geographic expansion

JTG Share of market growth, 2013 vs. 2008



Source: JTG estimates

2013 JTG Share of market by area



(1) China and India excluded

Source: Euromonitor, JTG estimates

Building a leading portfolio in the new emerging products category

- Pioneer with early commercial launches and fully leverage lessons learned
- Continue market roll-out of Ploom: France and the UK
- Several new products in the pipeline
- E-Lites acquisition in progress
 - One of the most renowned brands in the UK
 - 3rd largest UK e-cig company in retail sales, with approx. 20% market share
 - Product offer centered on instant usage, cartomizers and rechargeables
 - Presence in 20,000 retail outlets

Continuously deliver on our commitment

Mid to high single digit
profit growth in the mid- to long-term



Closing Remarks

Akira Saeki

Executive Deputy President,
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In closing

- Confidence in sustainable growth
 - Strong brands and product portfolio building capabilities
 - Potential for further share of value increase
 - Potential for further geographic expansion
 - Emerging product business
- Based on 4S model, we will continue to pursue quality top-line growth by leveraging sources of business
- Aim to achieve sustainable profit growth in the mid- to long-term