



JTI 1H 2014 Financial Results

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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.

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- (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 ;
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- (6) competition in markets in which we operate or into which we seek to expand;
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- (10) catastrophes, including natural disasters. .

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Agenda

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



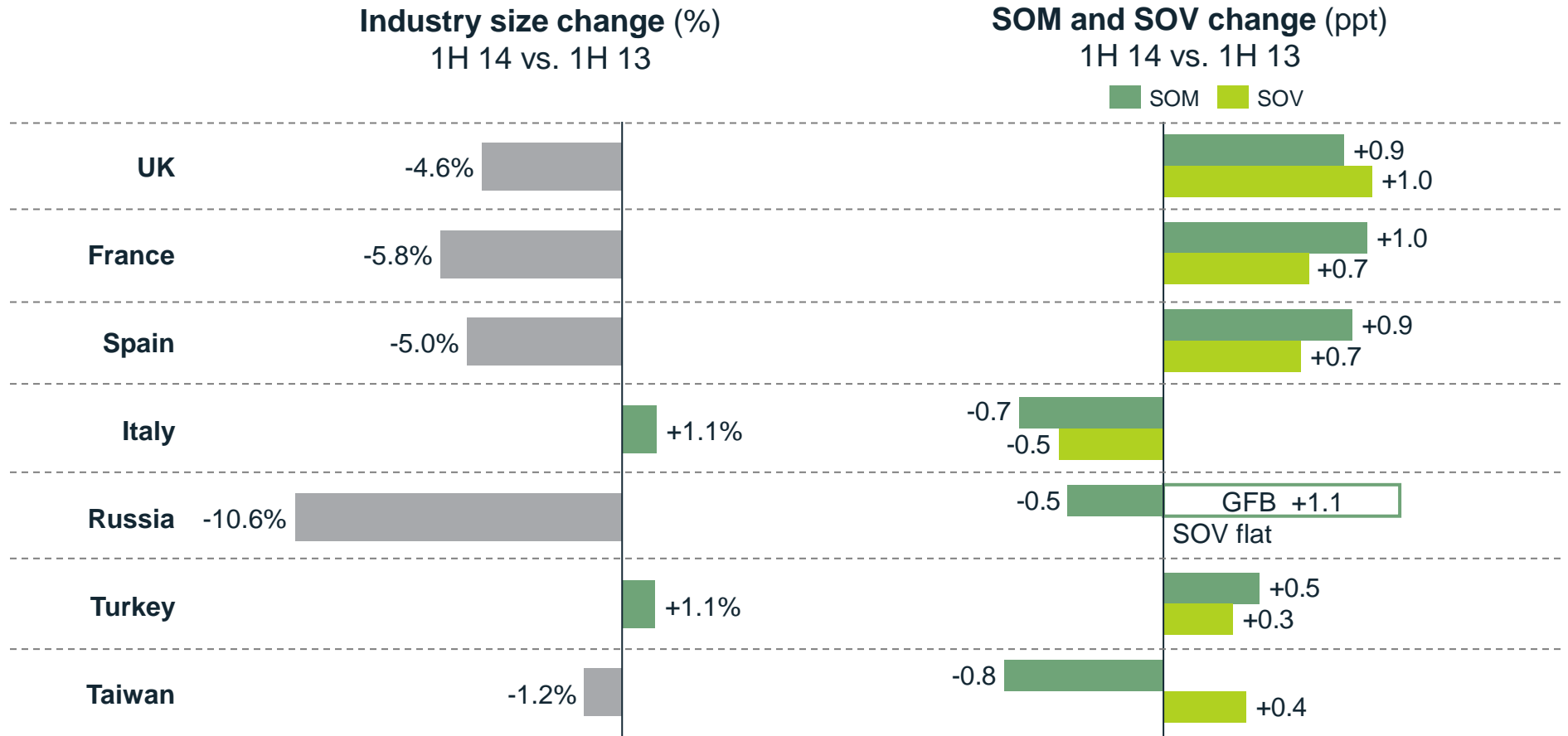
First Half Results

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

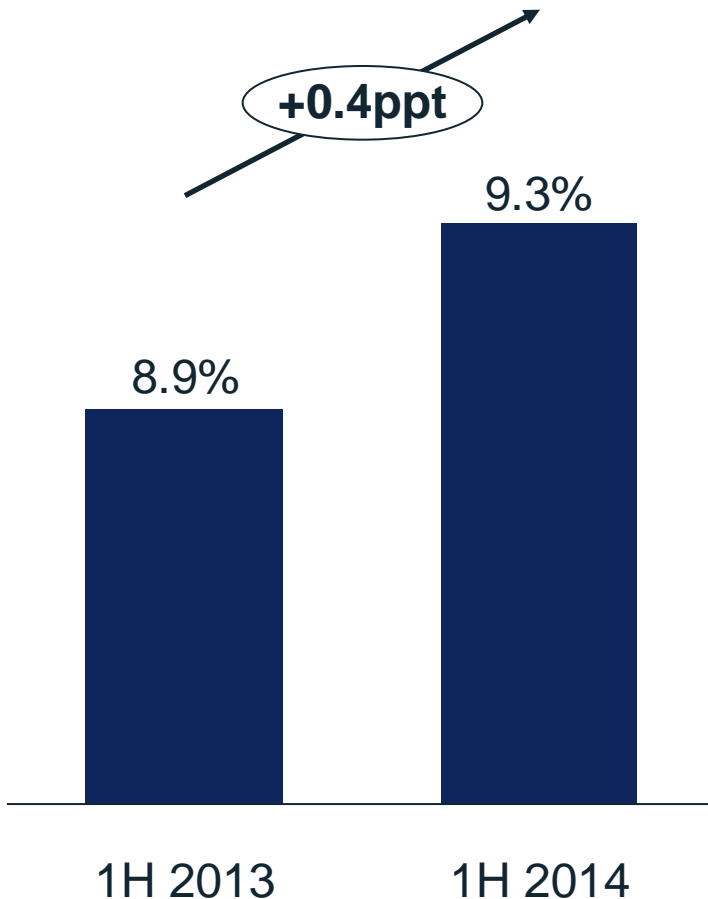
- Consistent strategy focus and investment across the GFB portfolio
- GFB equity continues to strengthen
- Since 2008 GFB drives overall share of value and share of market improvement
- GFB's represent 65% of total JTI shipments

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

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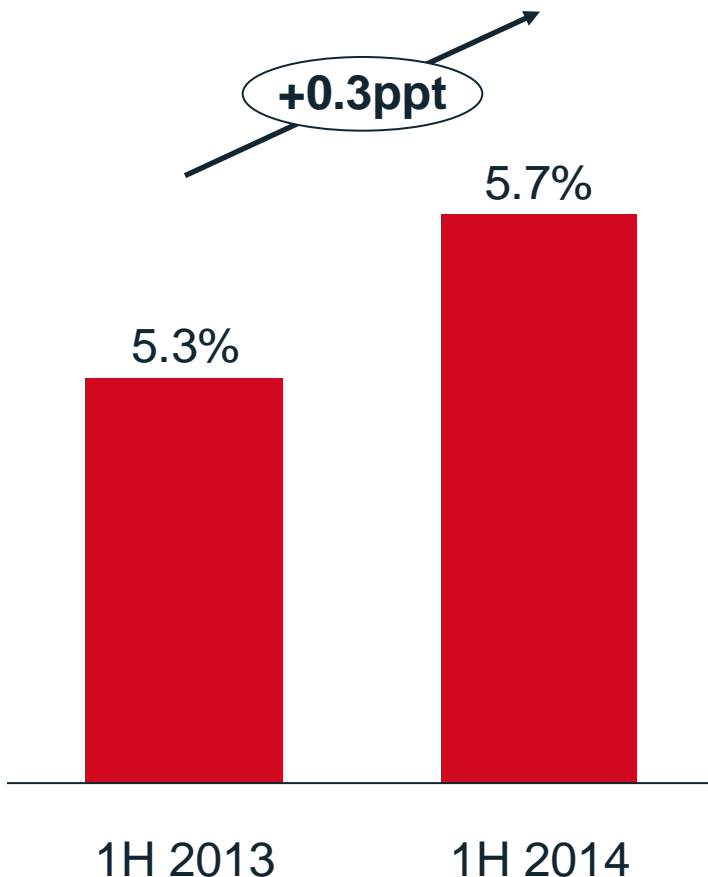
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LD growing global market share

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

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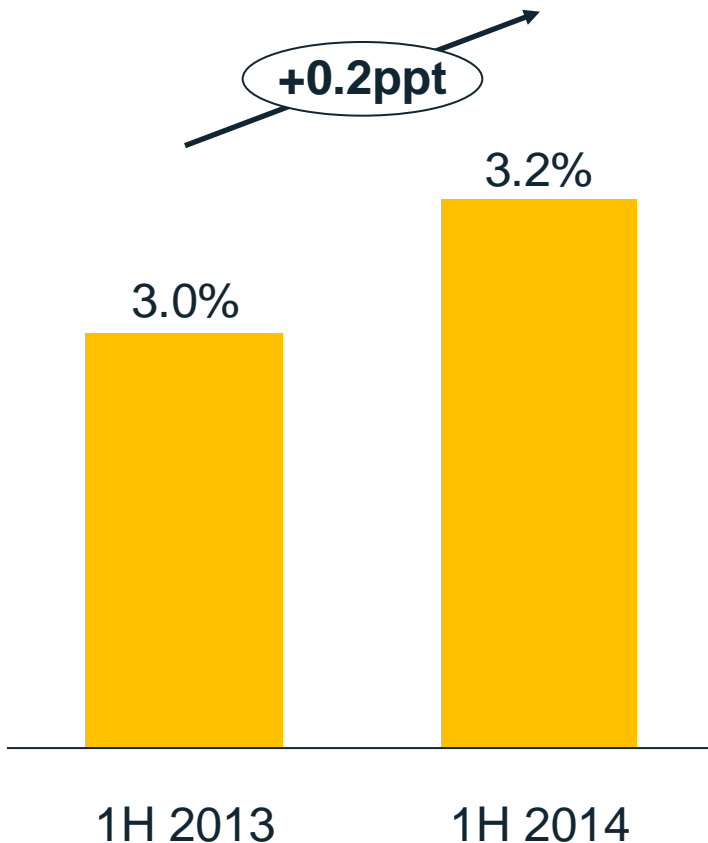
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Camel growing share of market and shipment volume

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

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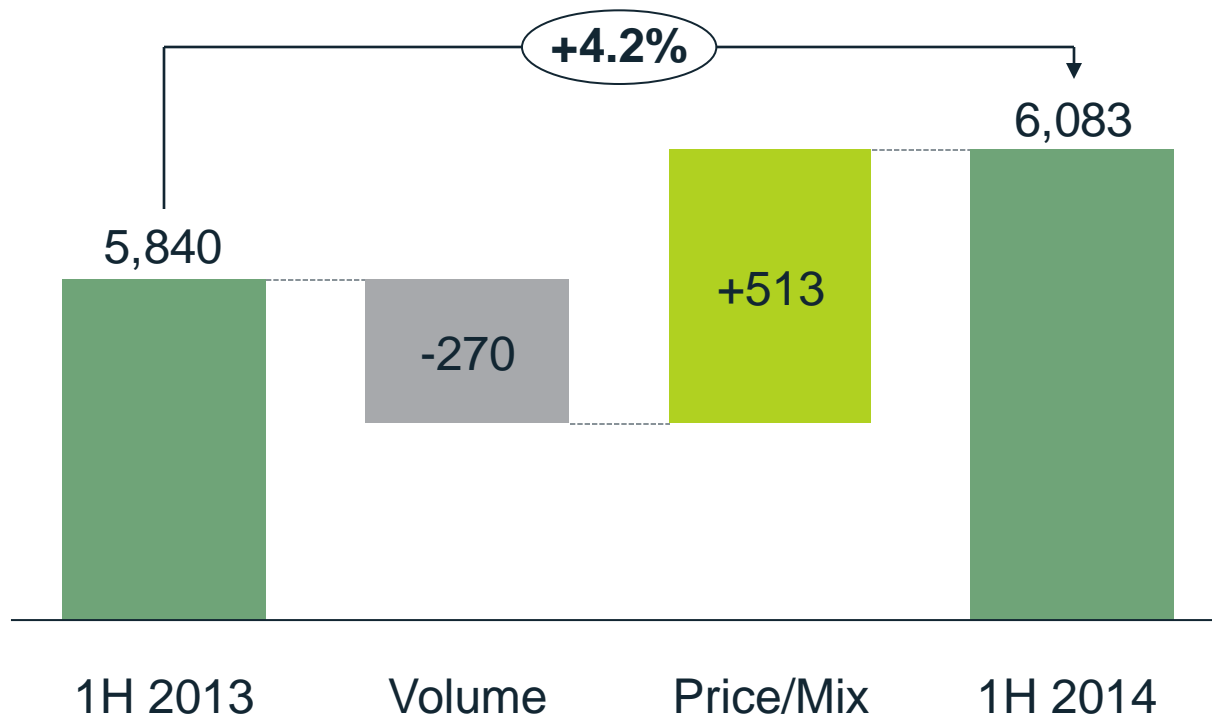
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Pricing remains the key driver of revenue growth

Core revenue (\$MM)



Price/Mix contribution to core revenue growth (%)



Note: Core revenue at constant rates of exchange
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Double-digit earnings growth

Adjusted Operating Profit (\$MM)



Note: Adjusted Operating Profit at constant rates of exchange

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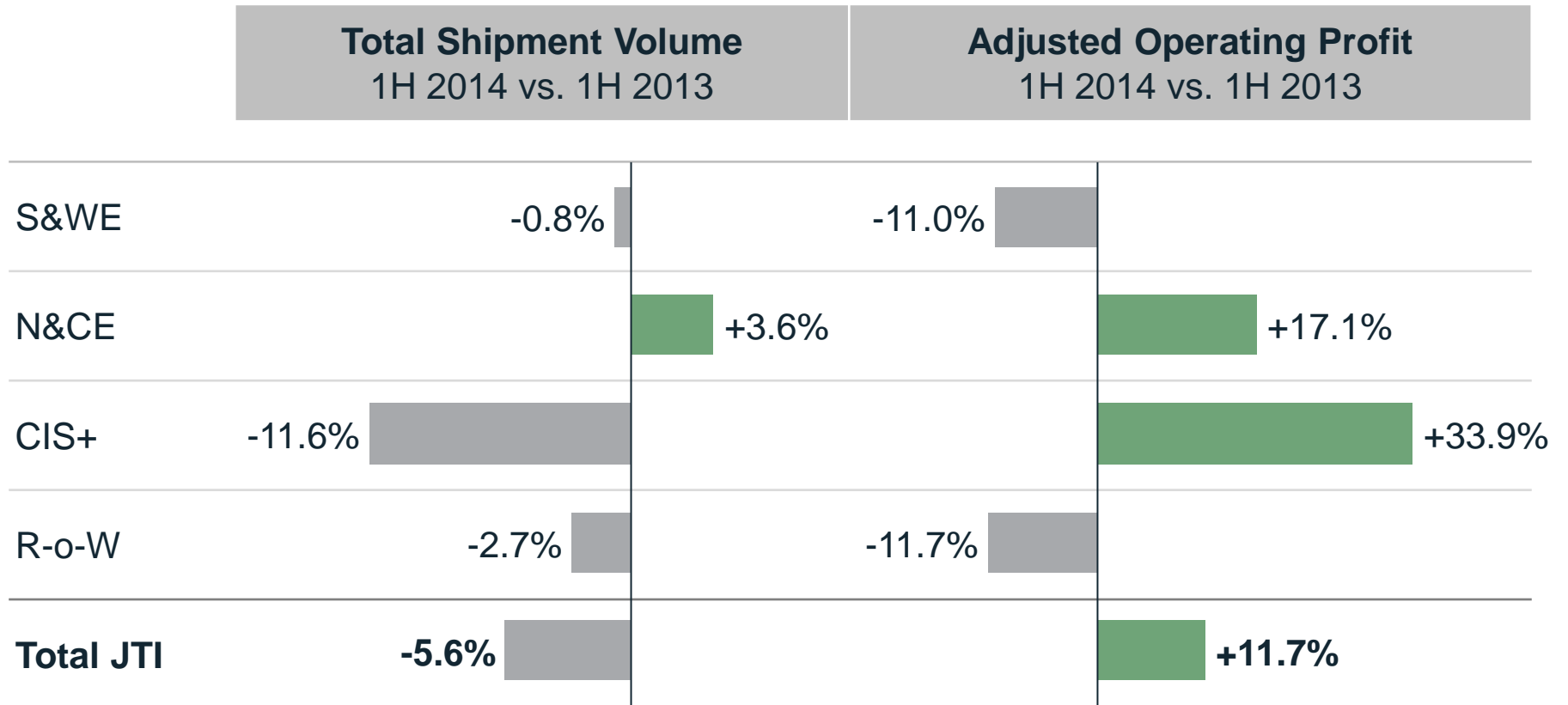
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First Half Performance by Cluster

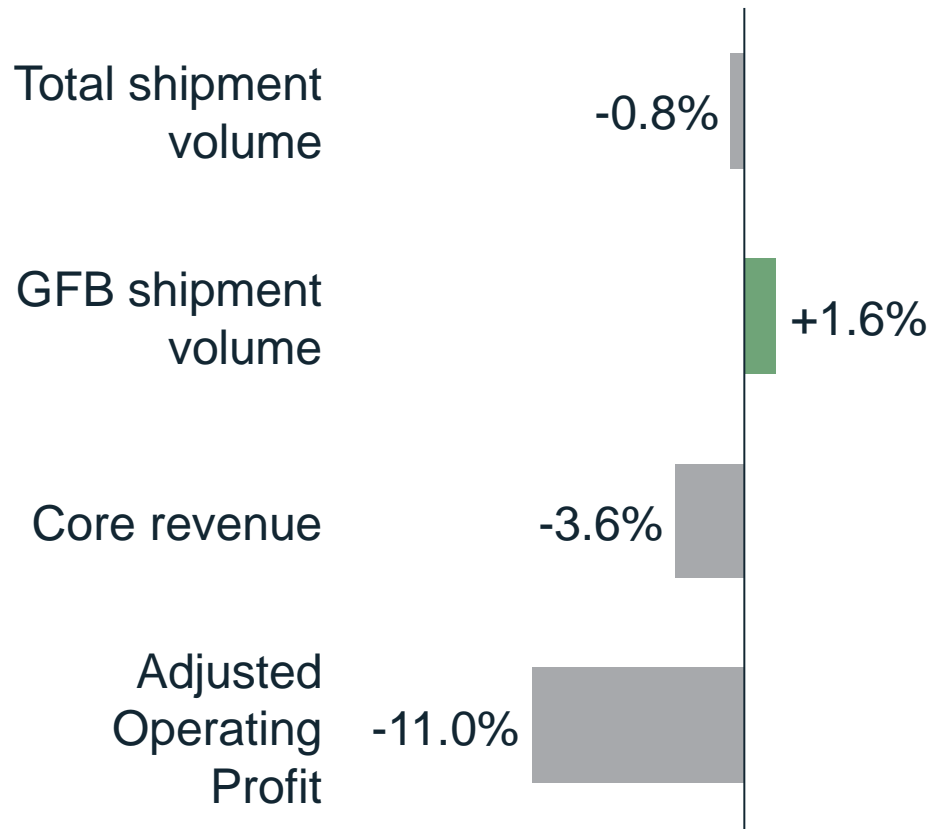
Strong performance in N&CE and CIS+ drive earnings growth



South & West Europe: Significant share of market gains

Key Performance Indicators

1H 2014 vs. 1H 2013



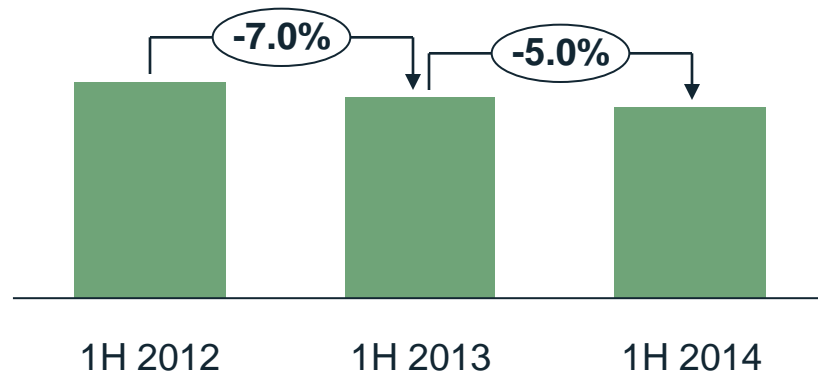
- Share of market gains across several markets driven by GFB:
 - Benelux +1.1ppt
 - France +1.0ppt
 - Greece +0.9ppt
 - Spain +0.9ppt
 - Switzerland +1.3ppt
- Lower industry decline rate in key markets (-2.9% in 1H 2014 vs. -7.1% in 1H 2013)
- Financial performance negatively impacted by taxation, notably in Italy and France

Source: JTI estimates, Nielsen

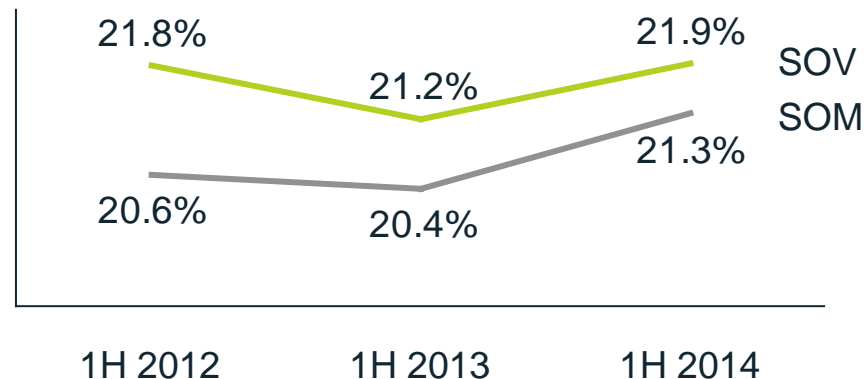
Note: Core revenue and Adjusted Operating Profit at constant rates of exchange. SOM includes cigarettes and fine cut, calculated on 12-month average

Spain: Share of market and share of value growth

Industry Size 6 months YTD



Share of market and share of value



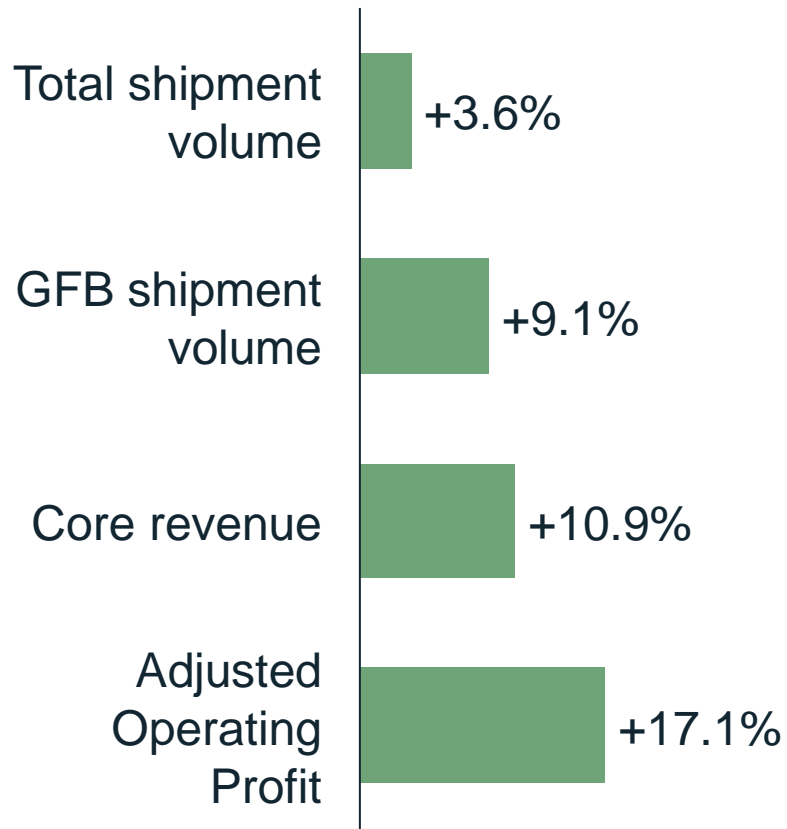
- Slow down in significant industry size decline versus prior years
- Improvement in share of market driven by strong GFB performance:
 - Winston +0.7ppt
 - Camel +0.2ppt
 - Benson & Hedges +0.2ppt
- With 12.6% share, Winston is the No. 2 cigarette brand in Spain
- Price increase in July 2014

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

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

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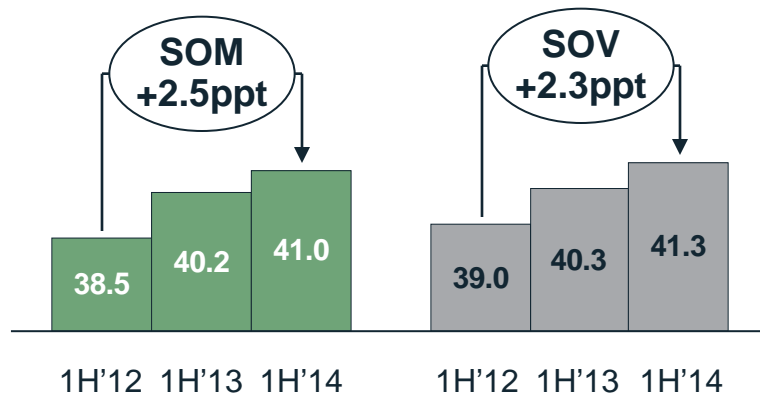
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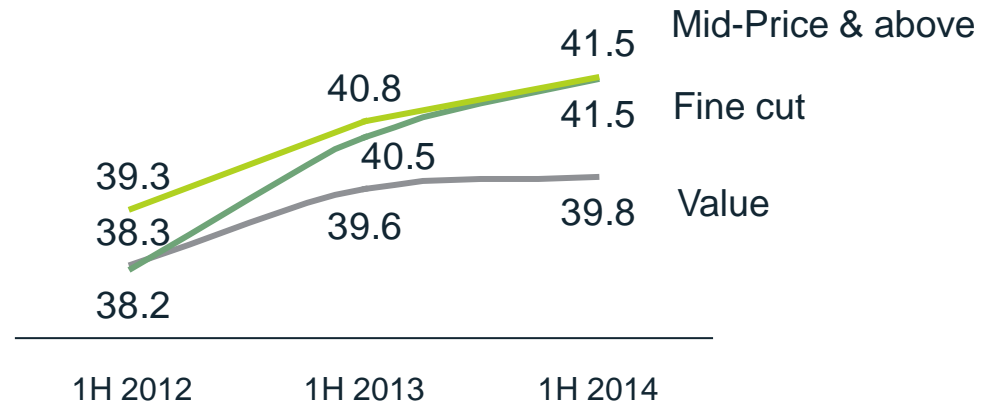
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UK: Positive performance across the portfolio drives share of market and share of value growth

SOM and SOV (%)



Share of segment (%)



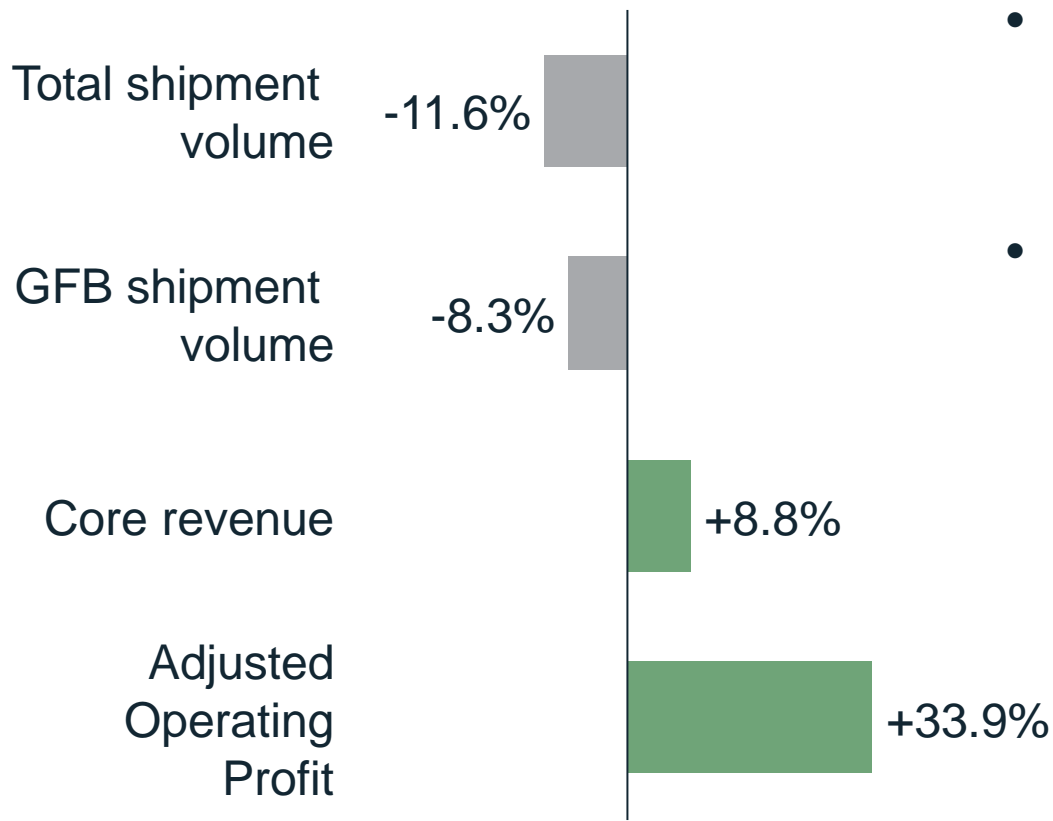
- Share of market and share of value exceeded 41% in 1H 2014
- Strong share performance across all segments:
 - Silk Cut and B&H lead share of segment growth in mid-price and above
 - Sovereign Blue drives share growth in the expanding value segment
 - Amber Leaf momentum consolidates its position as 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

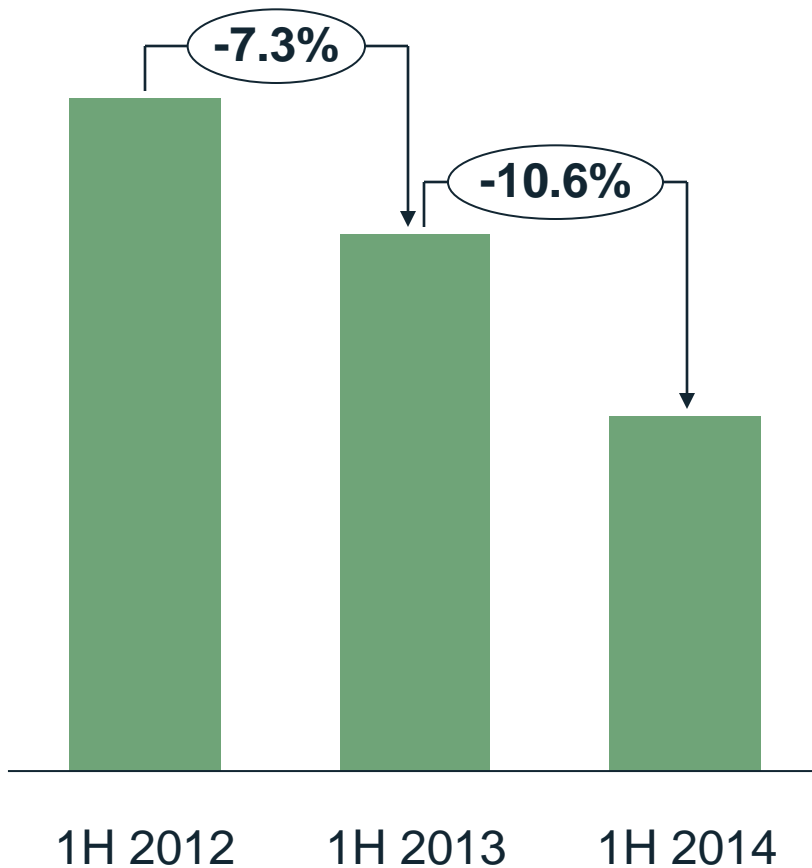


- Accelerating industry size decline
- Significant tax led price increases, notably in Russia, Kazakhstan and Ukraine
- Pricing environment remains positive driving core revenue and earnings growth in Belarus, Kazakhstan, Russia and Ukraine

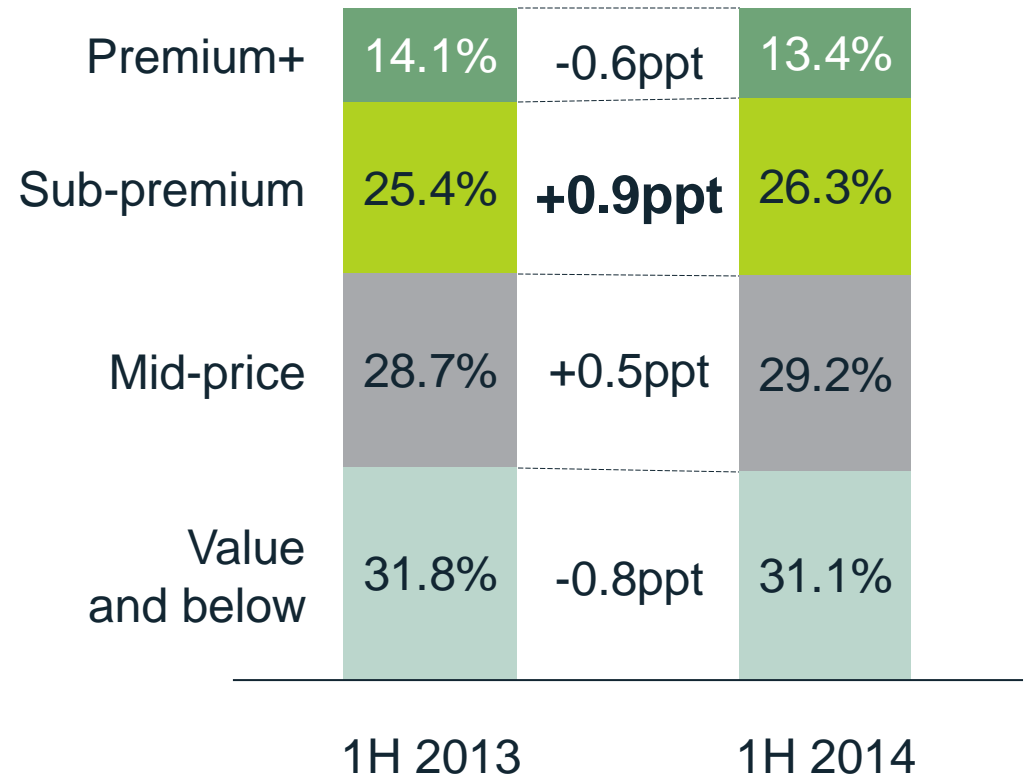
Note: Core revenue and Adjusted Operating Profit at constant rates of exchange

Russia: Sub-premium segment growth

Industry size evolution



Price segment dynamics



Source: JTI estimates, Nielsen

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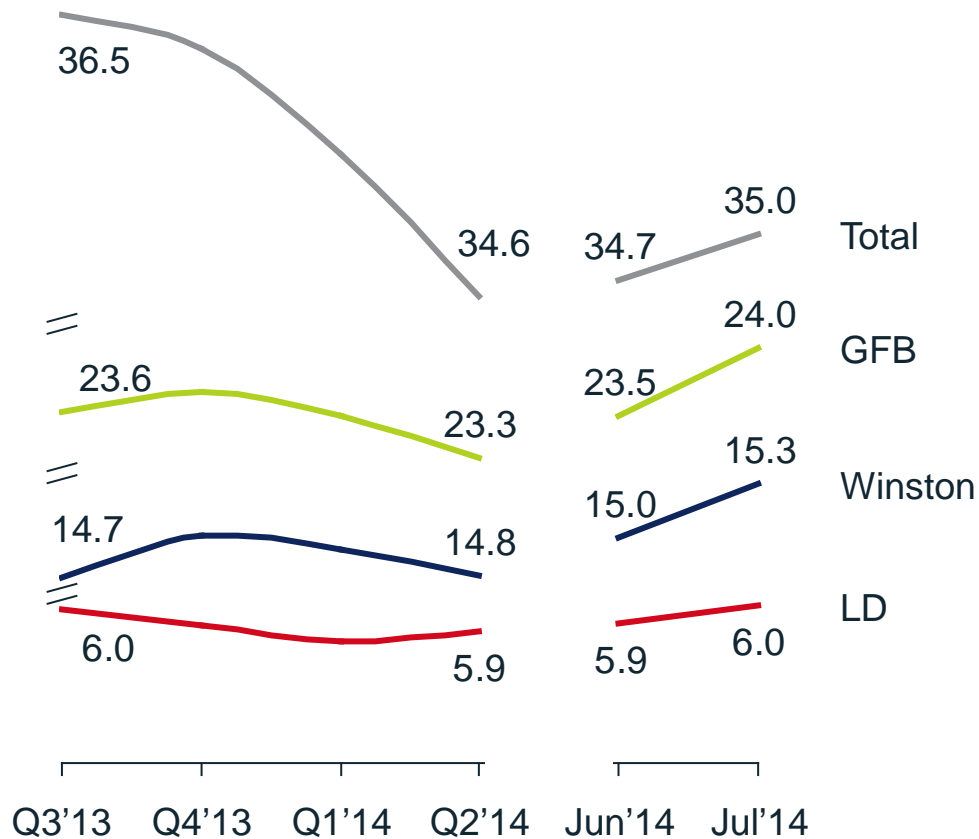
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Russia: GFB growth leads share of market recovery

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

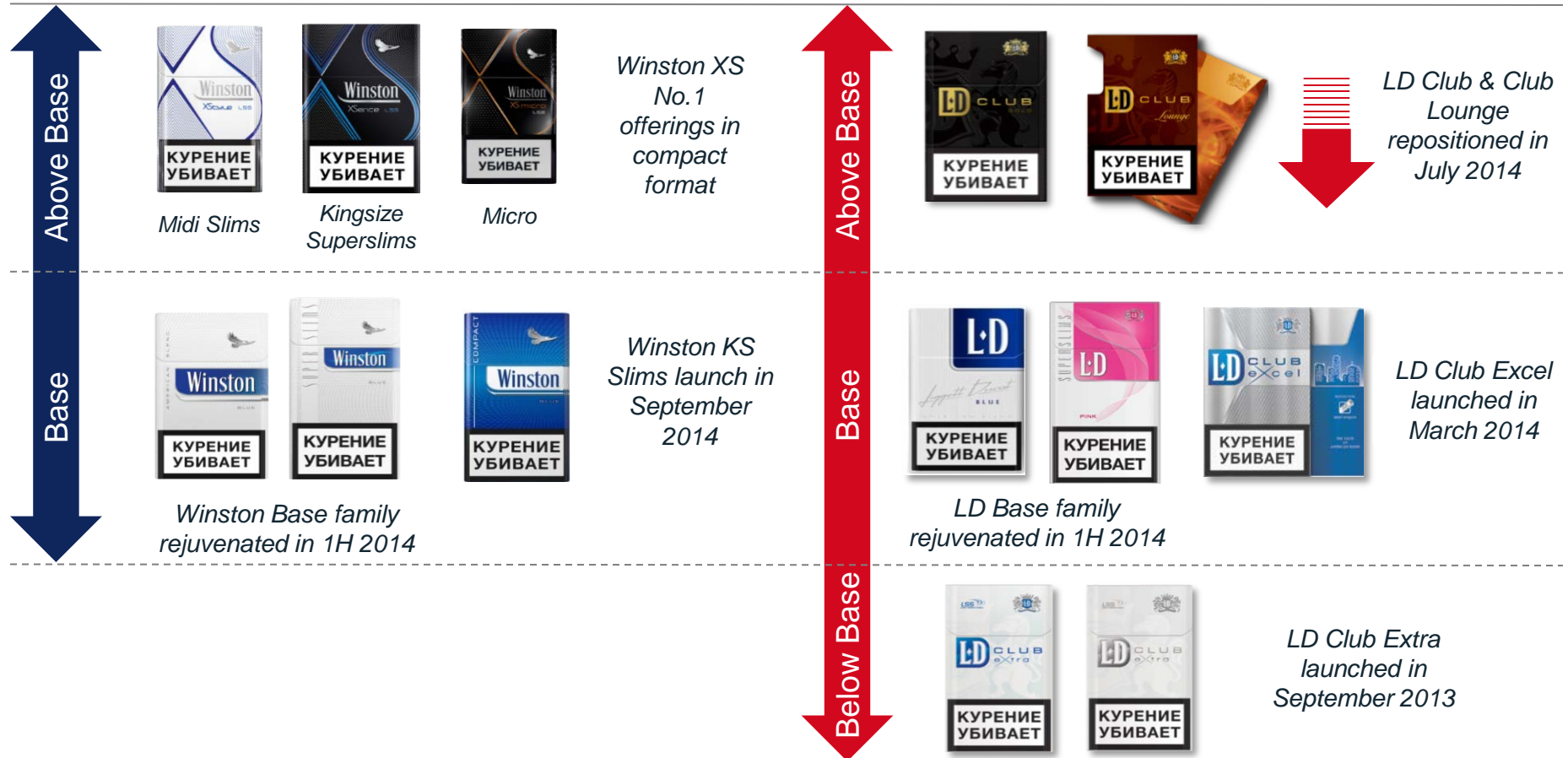
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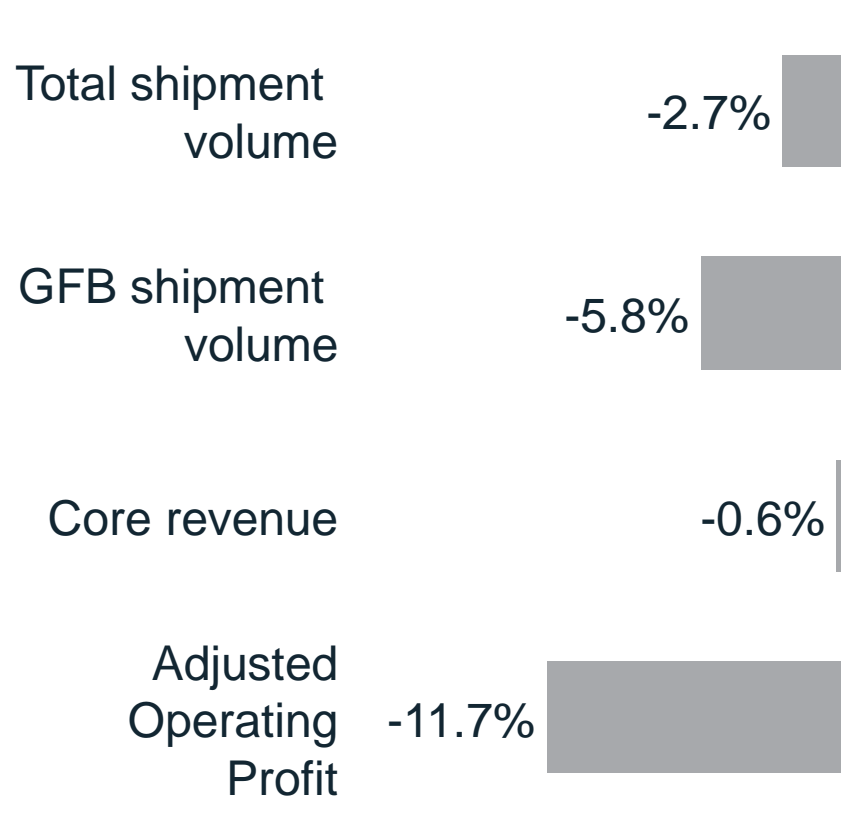
Russia: Expanding portfolio increases competitiveness



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

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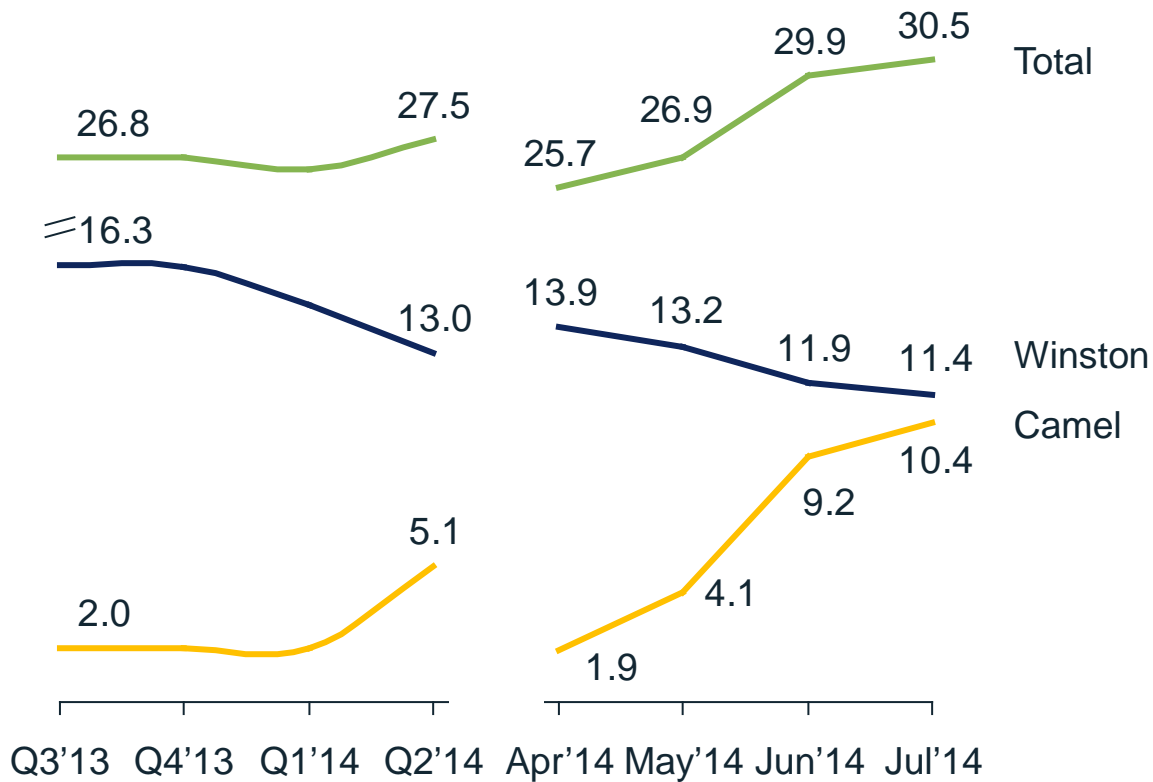
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Turkey: Reacting positively to price competition

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

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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