



The JT Group tobacco business:
Strategic focus and investment
for sustainable growth

Akira Saeki

*Executive Deputy President,
President of Tobacco Business*

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.

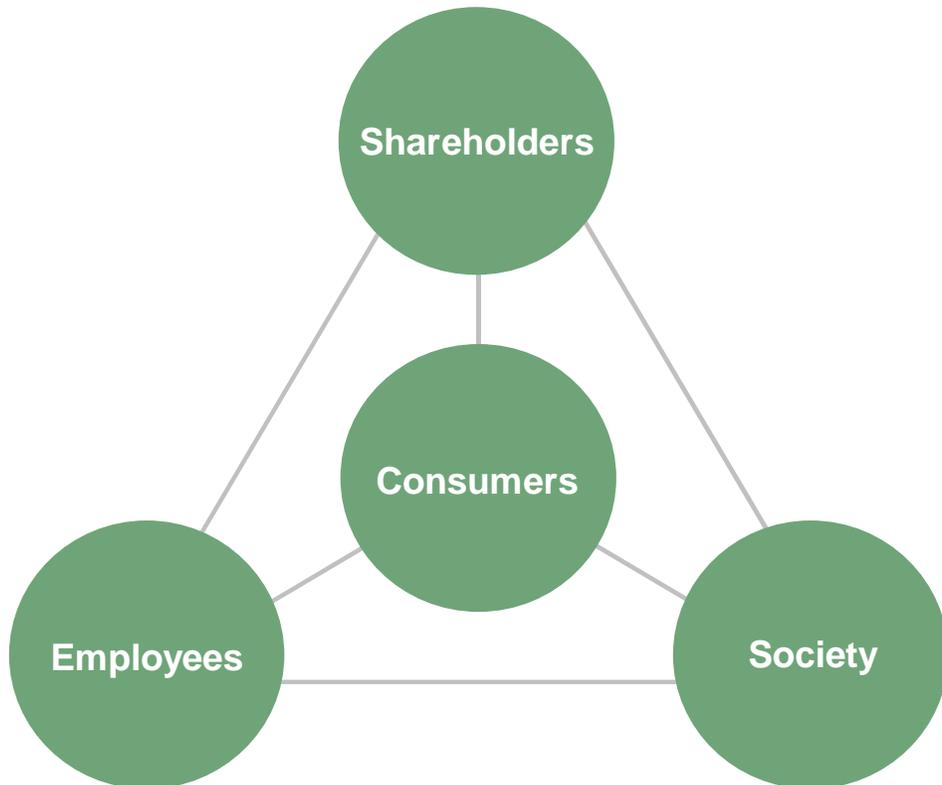
Risks, uncertainties or other factors that could cause actual results to differ materially from those expressed in any forward-looking statement include, without limitation:

- (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.

The 4S Model and Strategic Framework guides us towards Our Vision

Management Principles



Our Vision

To be the No.1 global tobacco company

Strategic Framework

**Quality
top-line growth**

Brand equity
enhancement

**Broadening
the earnings base**

Geographic /
Product expansion

**Robust
business
foundations**

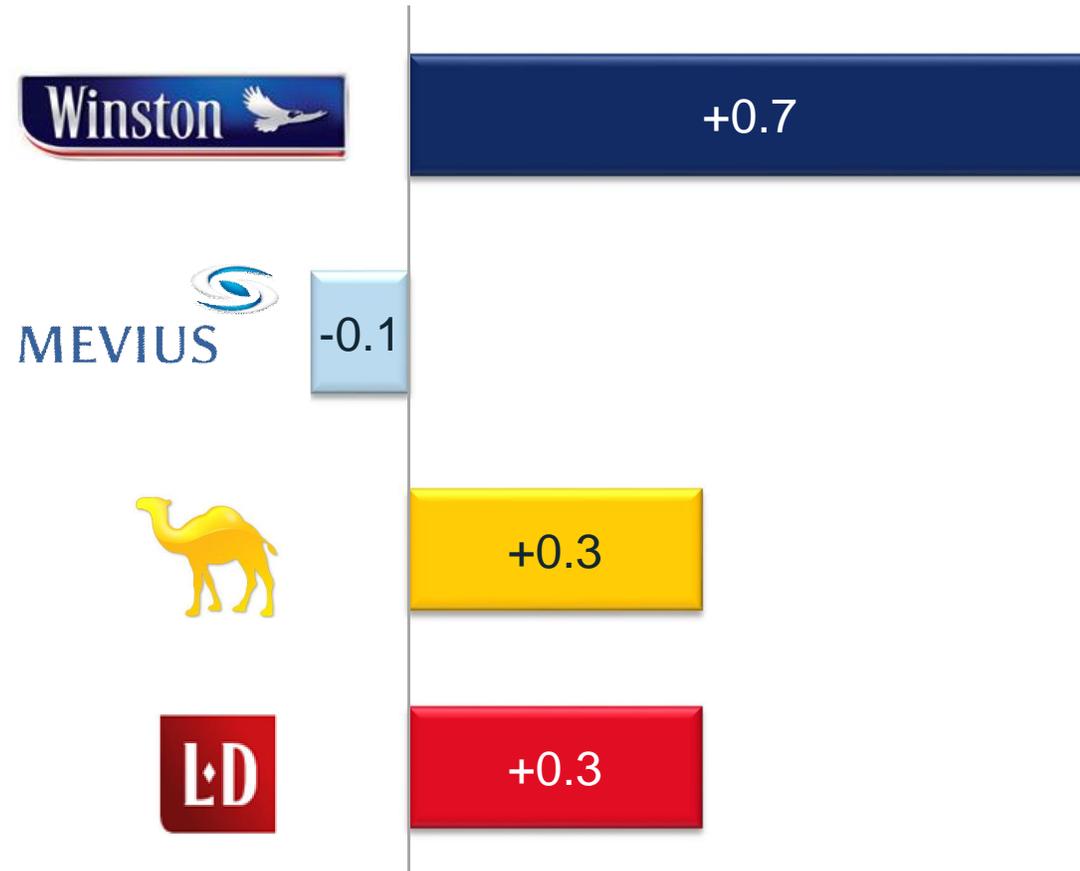
Cost
optimization

Resource allocation

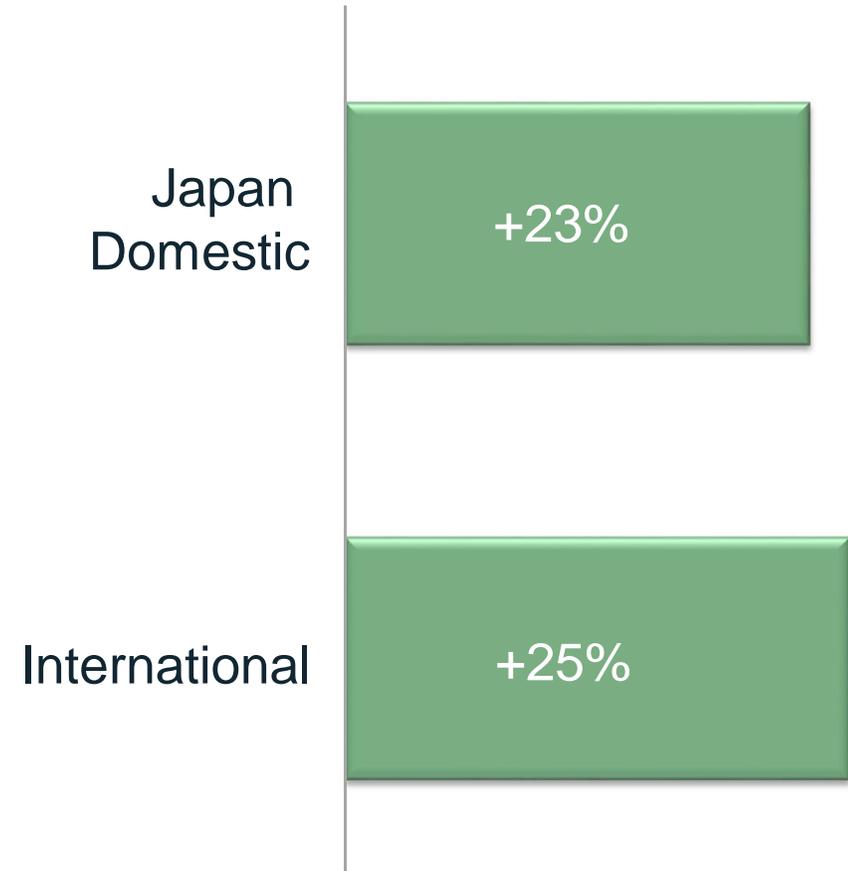
Prioritize business investment for sustainable future profit growth

Investment in brands is the cornerstone of quality top-line growth

Share of market, 2014 vs. 2010 (ppt)

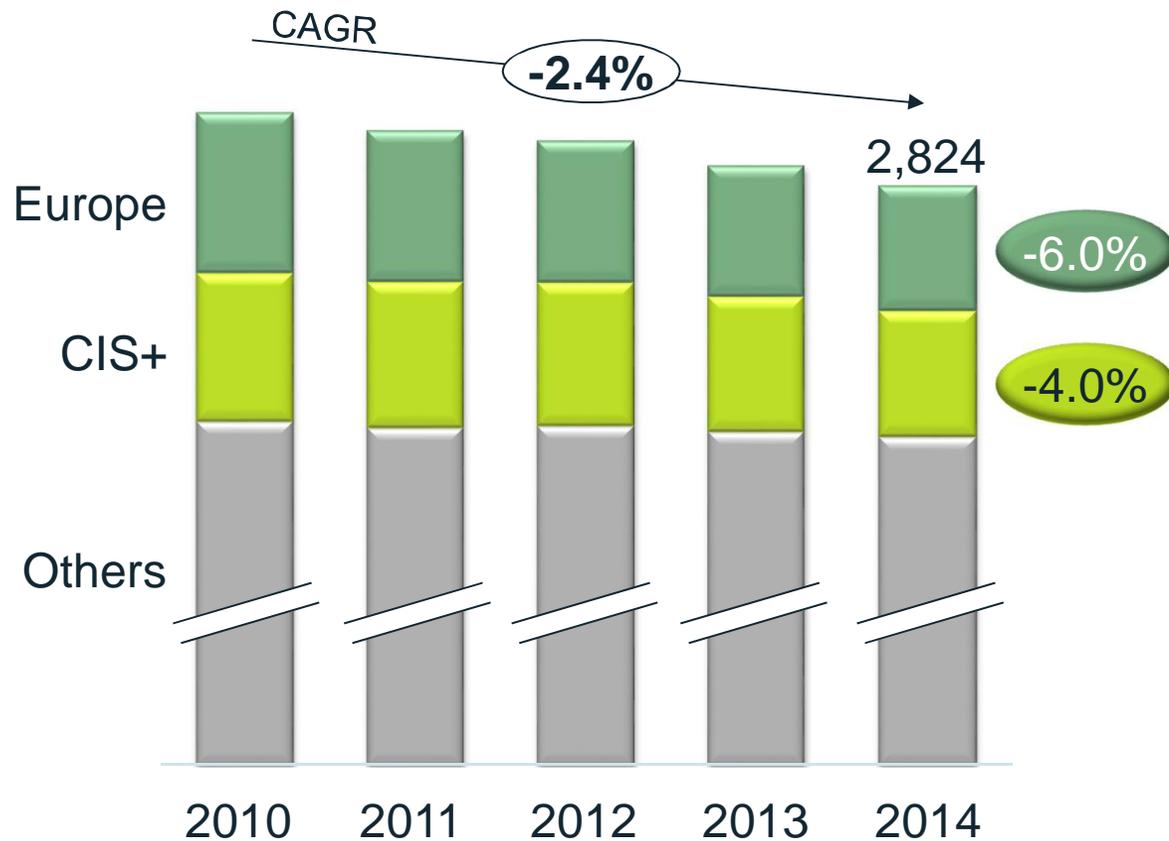


Revenue per thousand, 2014 vs. 2010

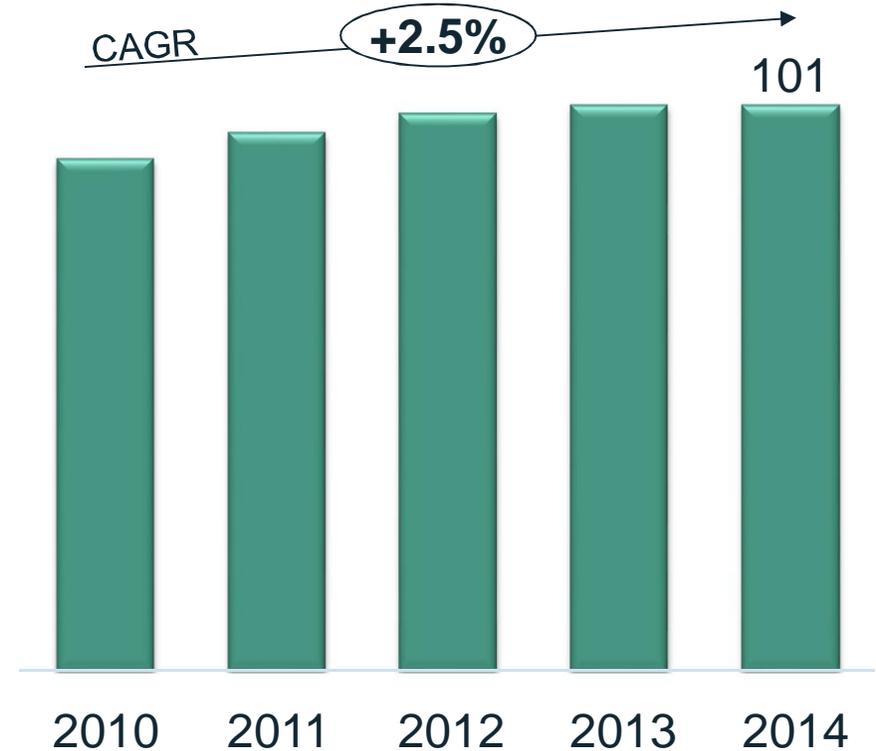


Industry contraction continues, while fine cut volume grows

RMC industry volume (BnU)



Fine cut industry volume (BnU)



Adapting to tighter regulations

Plain packaging

- Filed the legal challenge to the legislation in Ireland and the UK
- Marketing efforts ahead of May 2016 implementation in Ireland and the UK
 - Accelerate product launches
 - Strengthen relationship with trade partners

EU TPD2

- Adjustment of the supply chain
- Relocation of manufacturing facilities in Europe by 2019



Accelerating investment

Initiatives for broadening the business base

Emerging
Products

E-Vapor, Tobacco-Vapor

Seeding
markets

**Bangladesh, Brazil, Bulgaria, Egypt,
Myanmar, Thailand, Uzbekistan**

GFB
Introduction/
enhancement

Winston → Bangladesh, Japan, Myanmar
Camel → Cambodia, Lebanon, Taiwan
MEVIUS → Georgia, Kazakhstan, Poland
LD → Austria, Romania, Saudi Arabia

Development of Emerging Products in 3 platforms

Vision: Become the leader in Emerging Products



E-Lites: Continue the growth momentum in key European markets

- Upgrades to E-Lites portfolio
- Launch of CURV
 - Advanced product with Swiss made e-liquid
- Product launch pipeline
- Investments in brand equity
 - Including TV Advertising, Digital Media & Sponsorship



Logic: A major milestone on our growth path

- Strengthen and grow position in USA
- Enhance product portfolio and build pipeline of future JT proprietary innovation
- Plan for global expansion
- Comprehensive brand building program



POWER SERIES: Electronic Cigarette



PRO SERIES: Closed Tank E-Liquid Vaporizer



An advertisement for Logic e-cigarettes and vaporizers. It features three products: a black Logic Pro, a black Logic Premium Disposable, and a silver Logic Premium Rechargeable. The background is a dark, textured surface. Text highlights product launches: 'Launched 2015: LOGIC Pro Now #1 brand in US convenience (Palmer Smith - Liquid CIG report)', 'Launched 2010: Premium Disposables Now 2 of the top 5 selling SKUs in the US (Palmer Smith - Liquid CIG report)', and 'Launched 2012: Premium Rechargeables Now 4 of the top 9 selling SKUs in the US (Palmer Smith - Non-Liquid CIG report)'. A '2016' badge indicates 'New Products', 'New Programs', and 'Increased Trade Profitability'. The ad also includes the slogan 'No one understands the fast-changing world of e-cigarettes better than Logic.' and 'Trust in Logic.' with website and phone information.

Tobacco-vapor: Developing consumer-oriented offerings

- Pioneer in tobacco vaporizers with Ploom
- Learning from consumers to adapt our product offering
- New product development ongoing
 - Working on a unique and innovative tobacco-vapor proposition
 - Pilot launches planned in 2016
- Accelerating investment in innovation infrastructure and organizational capabilities

Confident in delivering profit growth

JT tobacco business

Mid to high single digit

profit growth in the mid- to long-term



Closing Remarks

Akira Saeki

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In closing

- Confidence in achieving sustainable profit growth in the mid to long term
- Prioritize investment to pursue quality top-line growth
- CIS+ continues to be the key profit generator with a strong leading position
- Fulfill our responsibility toward our stakeholders as core business and profit growth engine of the JT Group