



JT International Investor Field Trip

First Half Results and Full Year Outlook

Luxembourg / Trier

September 19-20, 2011

quality commitment innovation synergy



Forward-Looking and Cautionary Statements



This presentation contains forward-looking statements about our industry, business, plans and objectives, financial conditions and results of operations based on current expectations, assumptions, estimates and projections. These statements discuss future expectations, identify strategies, discuss market trends, contain projections of operational results and financial condition and state other forward-looking information.

These forward-looking statements are subject to various known and unknown risks, uncertainties and other factors that could cause our actual results to differ from those suggested by any forward-looking statement. We assume no duty or obligation to update any forward-looking statement or to advise of any change in the assumptions and factors on which they are based. 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) health concerns relating to the use of tobacco products;
- 2) legal or regulatory developments and changes; including, without limitation, tax increases and restrictions on the sale, marketing and usage of tobacco products, governmental investigations and privately imposed smoking restrictions;
- 3) litigation in Japan and elsewhere;
- 4) our ability to further diversify our business beyond the tobacco industry;
- 5) our ability to successfully expand internationally and make investments outside of Japan;
- 6) competition and changing consumer preferences;
- 7) the impact of any acquisitions or similar transactions;
- 8) local and global economic conditions; and
- 9) fluctuations in foreign exchange rates and the costs of raw materials.

This presentation contains packages of our brands in some slides. Those slides have been developed to explain JTI's performance to our investors. And they are not intended to promote the purchase of our products.

Roland Kostantos

Chief Financial Officer



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- Strategic Framework
 - First Half Results
 - First Half Results by Cluster
 - Full Year Outlook
 - Concluding Remarks
 - Appendix

- Strategic Framework -



Strategic framework, focusing on top-line growth and broadening our earnings base



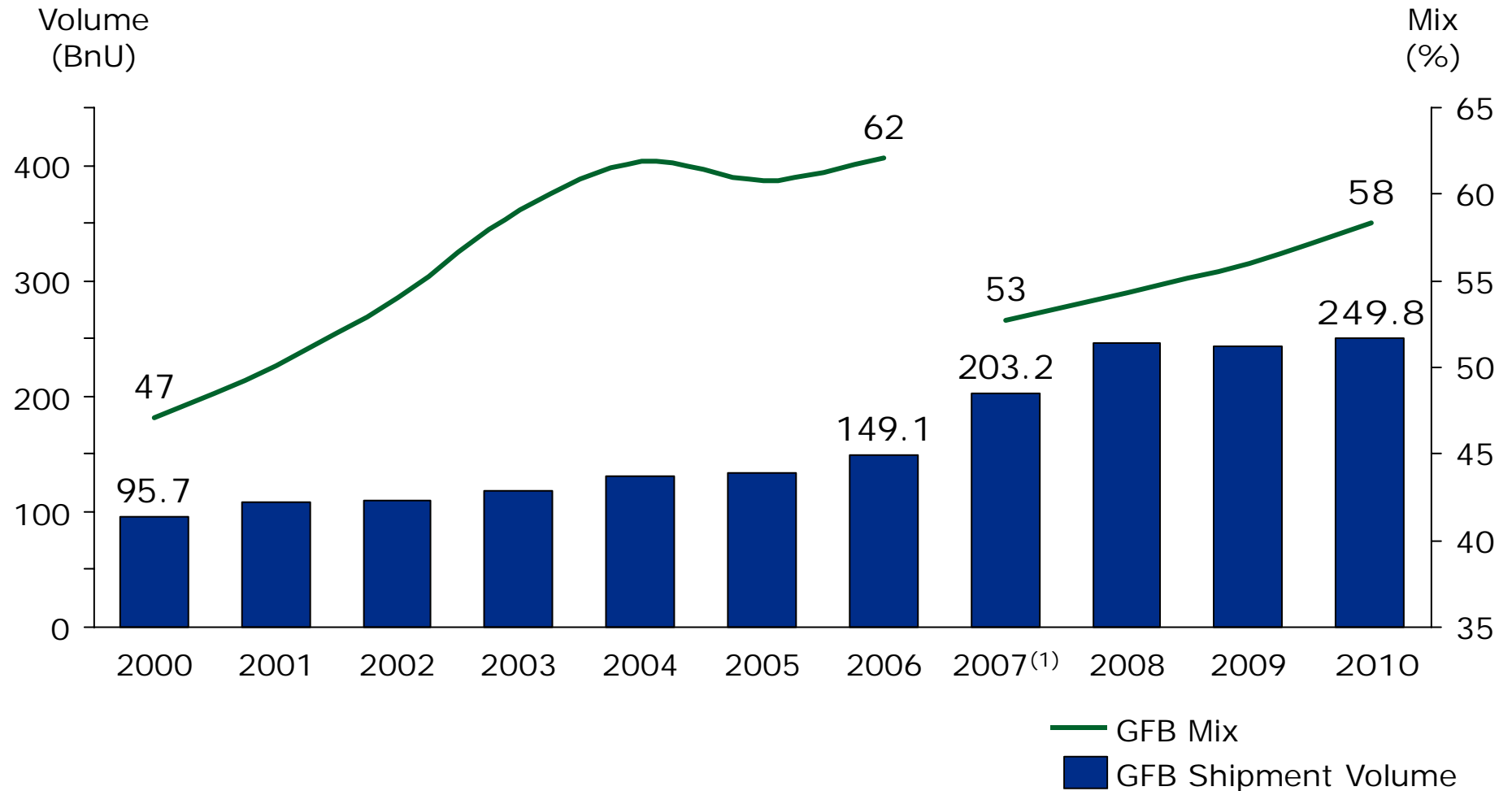
Growth Priorities	
Quality Top-Line	Broadened Earnings Base

Key Strategies
<ul style="list-style-type: none">➤ Build and nurture outstanding brands➤ Continue to enhance productivity➤ Continue to focus on responsibility and credibility➤ Develop people as a cornerstone of growth

Global Flagship Brands focus drives quality top-line growth



GFB Shipment Volume and GFB Mix within Total Shipment Volume (BNU, %)

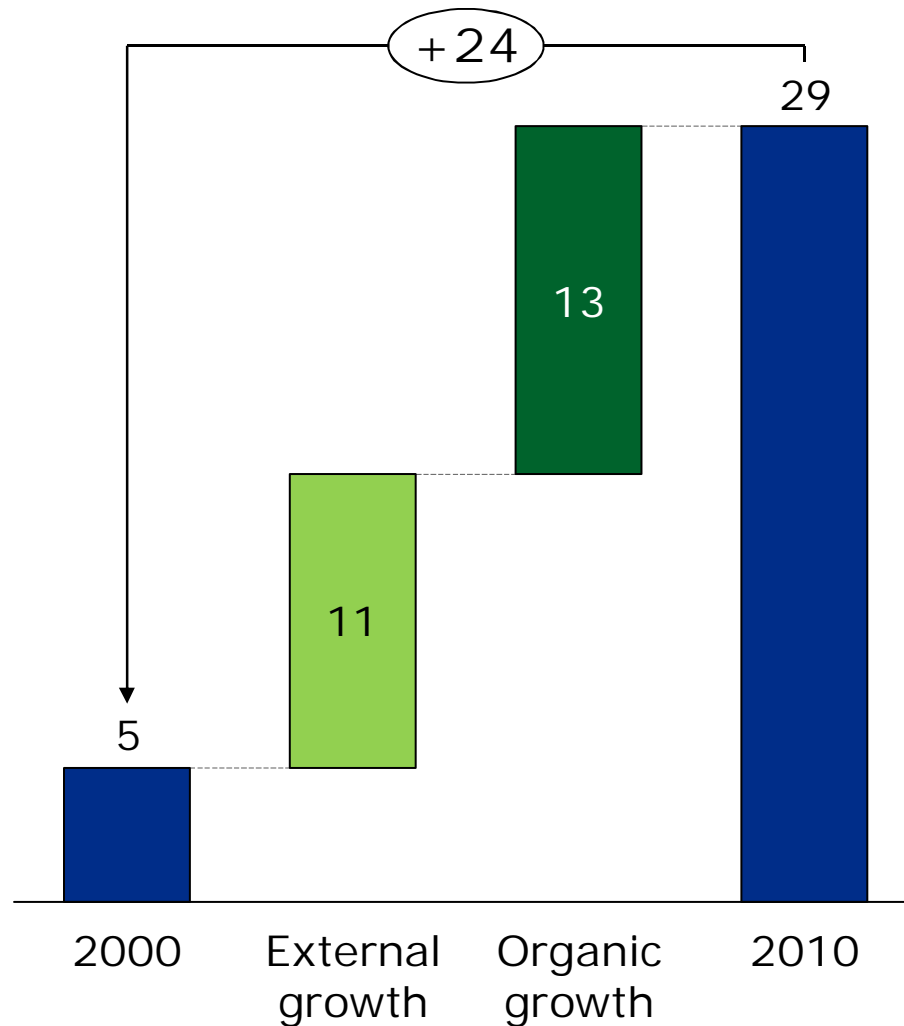


Note: (1) fGLH brands only 8.5 months consolidated

Significant position in a growing number of markets



of markets above 20% SOM

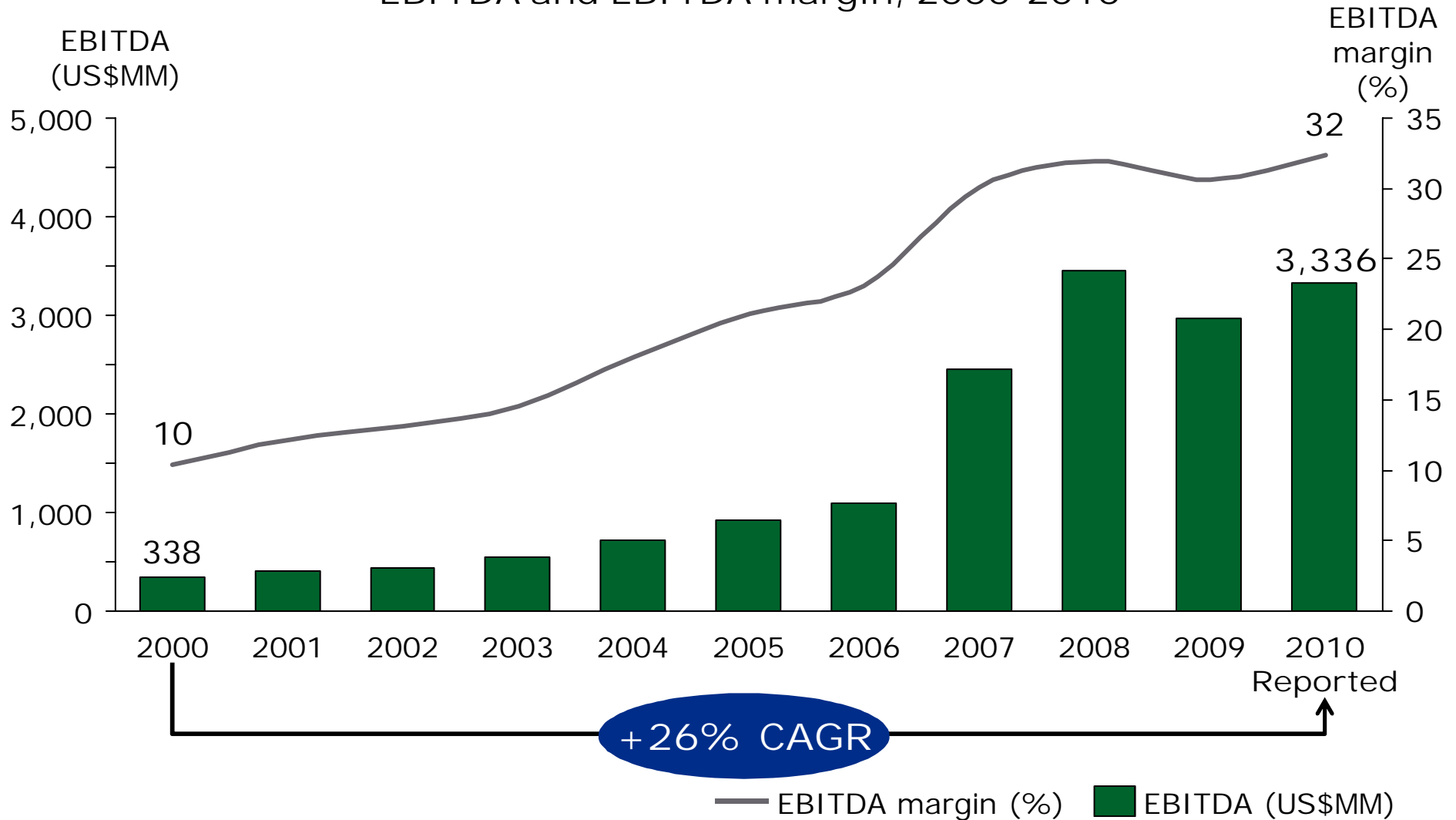


- JTI held 20% market share or more in 29 markets by 2010
- Increase of 24 markets over 10 years via organic & external growth
- #1 or #2 position in 23 markets including Russia, Ukraine, UK, Ireland, Austria, Sweden, Taiwan, Malaysia, Tanzania and Jordan

Strategic framework has delivered strong results



EBITDA and EBITDA margin, 2000-2010



Note:

- (1) As of 2009, EBITDA margin excludes distribution, private label, contract manufacturing and other peripheral businesses
- (2) 2010 results are based on IFRS

- First Half Results -



Strong 2011 1H business performance

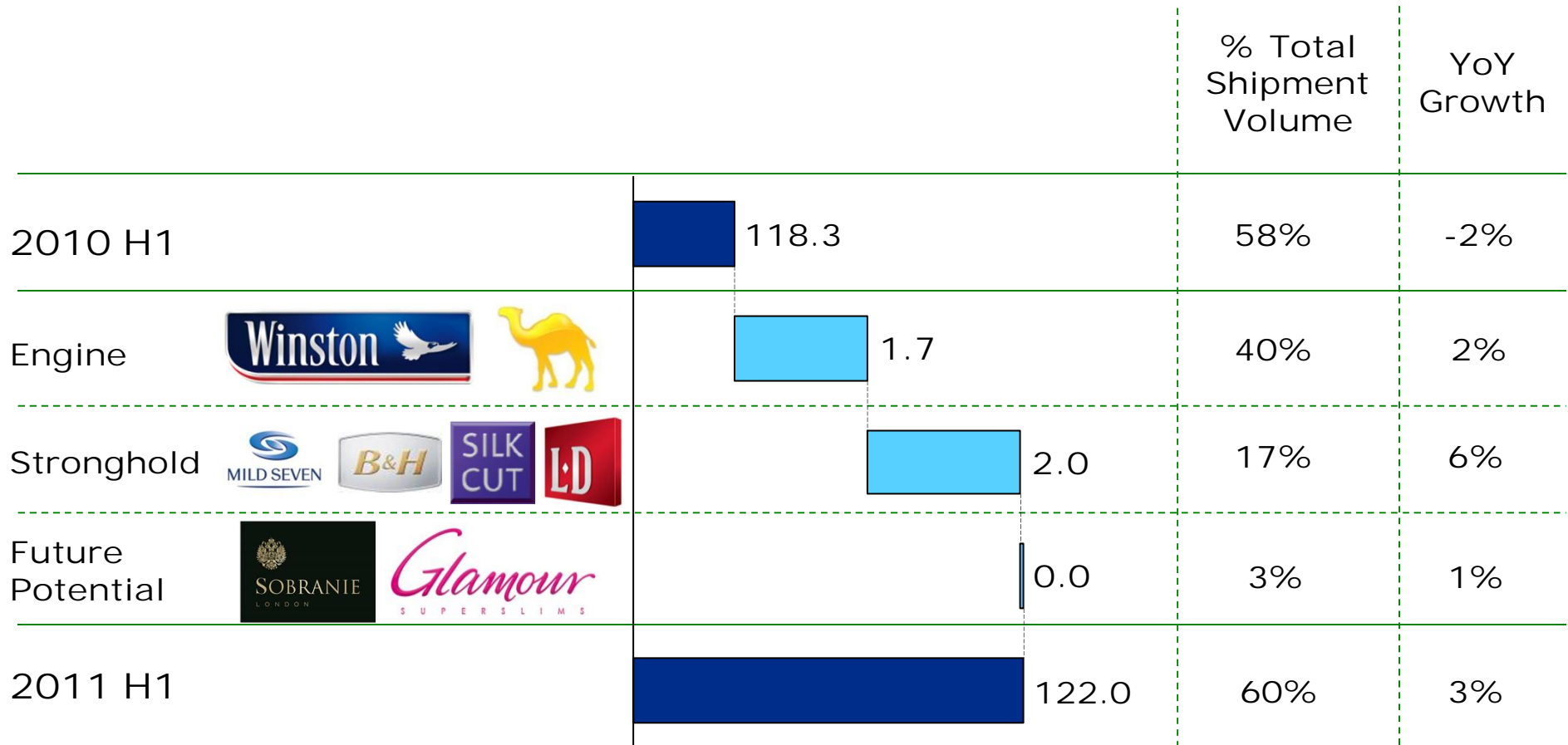


	<u>Year-over-Year Growth</u>
Total Shipment Volumes	0.1%
GFB Shipment Volumes	3.2%
Core Net Sales ⁽¹⁾⁽²⁾	6.2%
EBITDA ⁽²⁾	13.4%

Note: (1) Core Net Sales excludes revenue from distribution, private label, contract manufacturing and other peripheral businesses
(2) At constant rates of exchange

GFB portfolio continues to capture growth opportunities

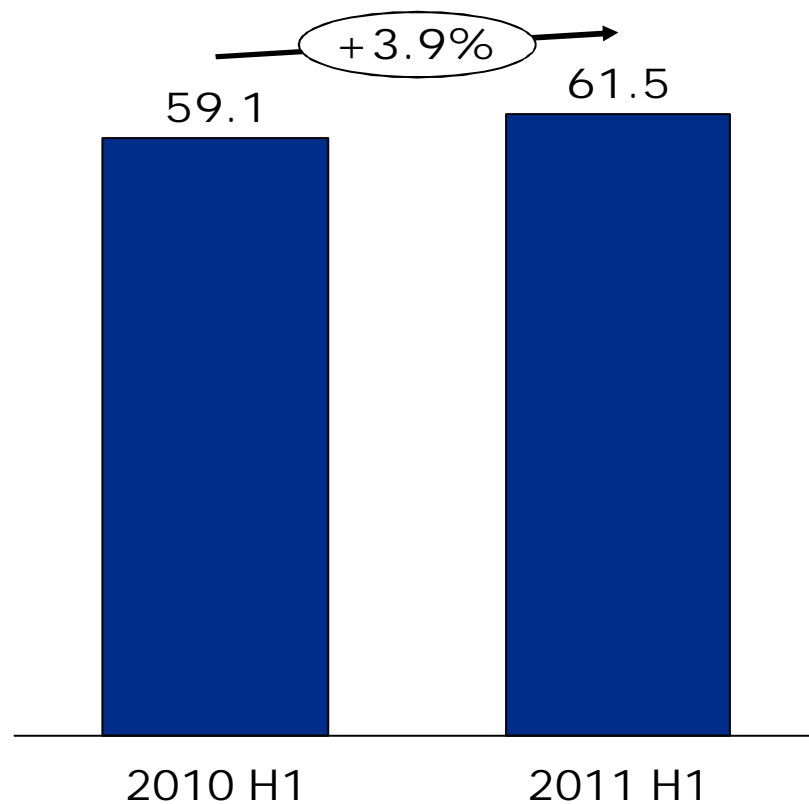
2011 H1 GFB shipment volumes vs. 2010 (BnU)



Engine brands – Winston: the #2 international brand in the world



Winston shipment volume (BnU)



- Winston continued to capture consumers across JTI's geographic footprint
- Winston capitalized on key trends of up trading in emerging markets & down trading in mature markets

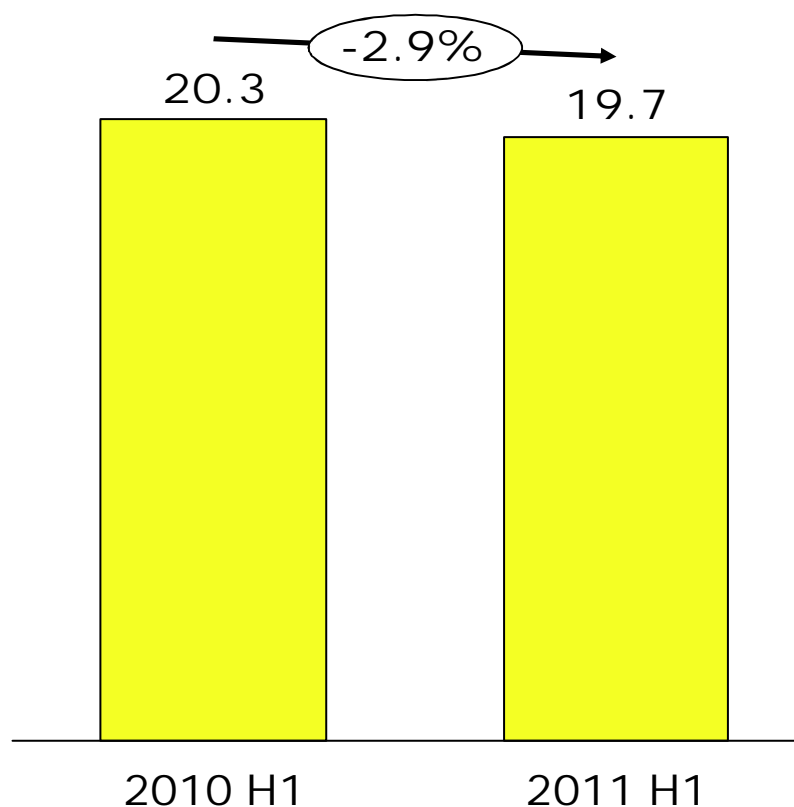


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IT IS NOT INTENDED TO PROMOTE THE PURCHASE OF OUR PRODUCTS.

Engine brands – Camel: leveraging this strong iconic brand



Camel shipment volume (BnU)



➤ Camel performance impacted by industry contraction in Spain

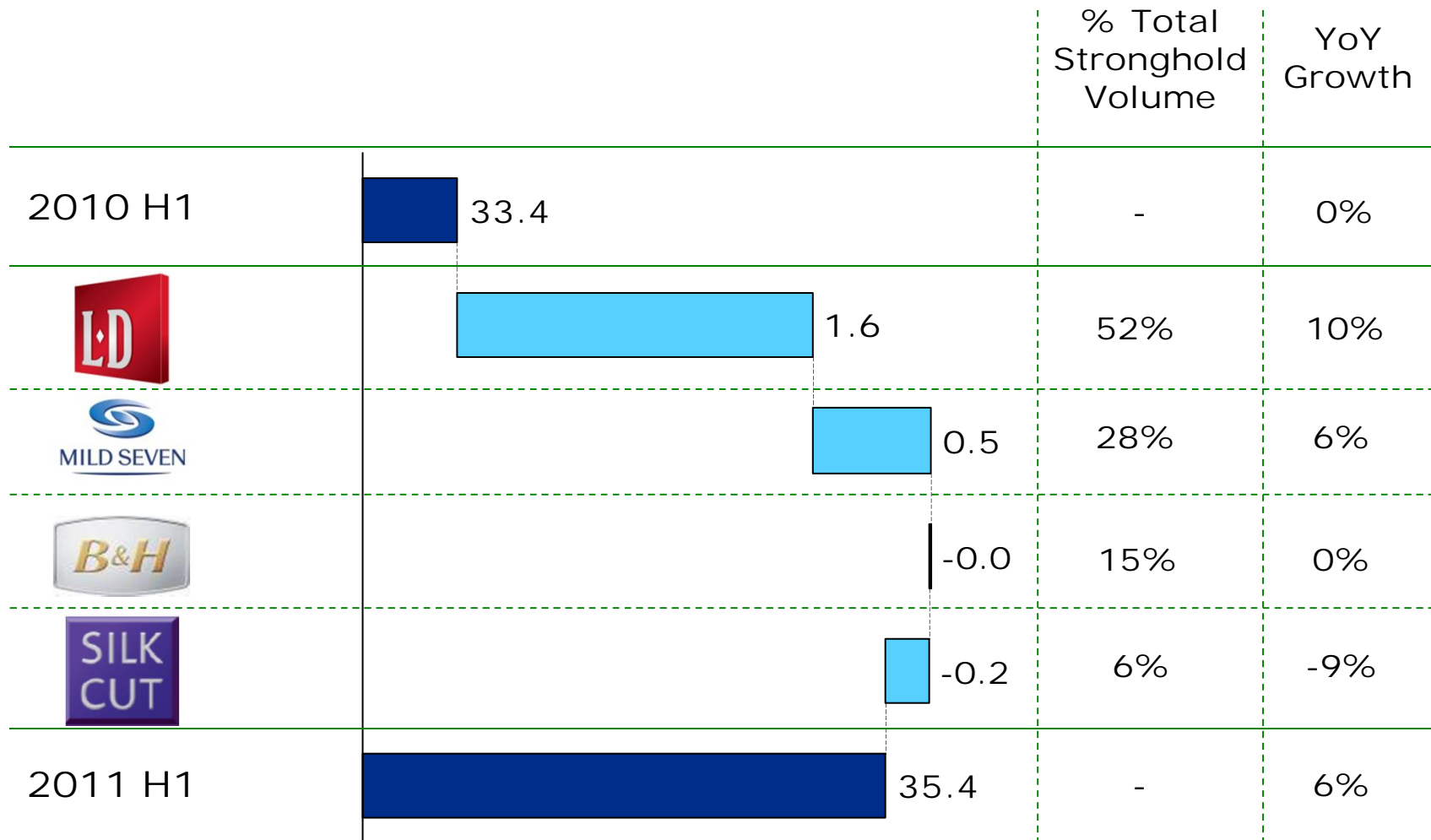
➤ Excluding Spain, Camel grew by 1.3% due to strong performance in Turkey and France



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Stronghold brands – LD, Mild Seven, B&H, Silk Cut: strong growth of 6% driven by LD and Mild Seven

2011 H1 GFB shipment volumes vs. 2010 (BNU)



Continued share gains in most of key markets, proving our competitiveness



	2011 ⁽¹⁾	ppt. change vs. last year
Russia	37.1%	+0.2
France	16.2%	+0.6
Italy	20.3%	+1.2
Spain	20.5%	-0.1
UK	39.1%	+0.2
Turkey	23.5%	+2.5
Taiwan	38.4%	+1.2

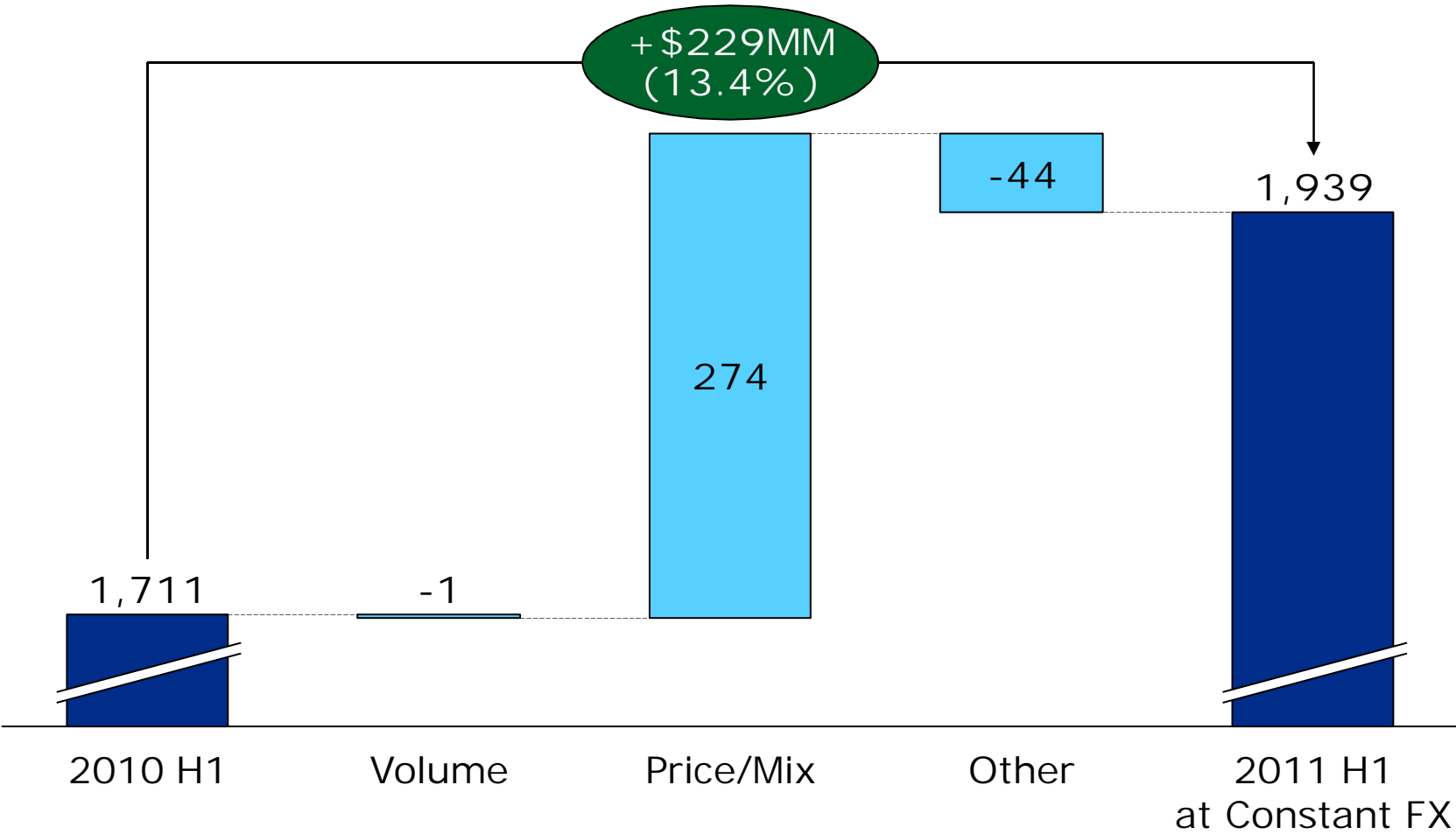
Note: (1) 12 month moving average share of market; market shares do not include Roll-Your-Own / Make-Your-Own

Source: AC Nielsen, Logista, Altadis and JTI estimates

Double-digit EBITDA growth driven by pricing



H1 EBITDA Roadmap (\$MM)



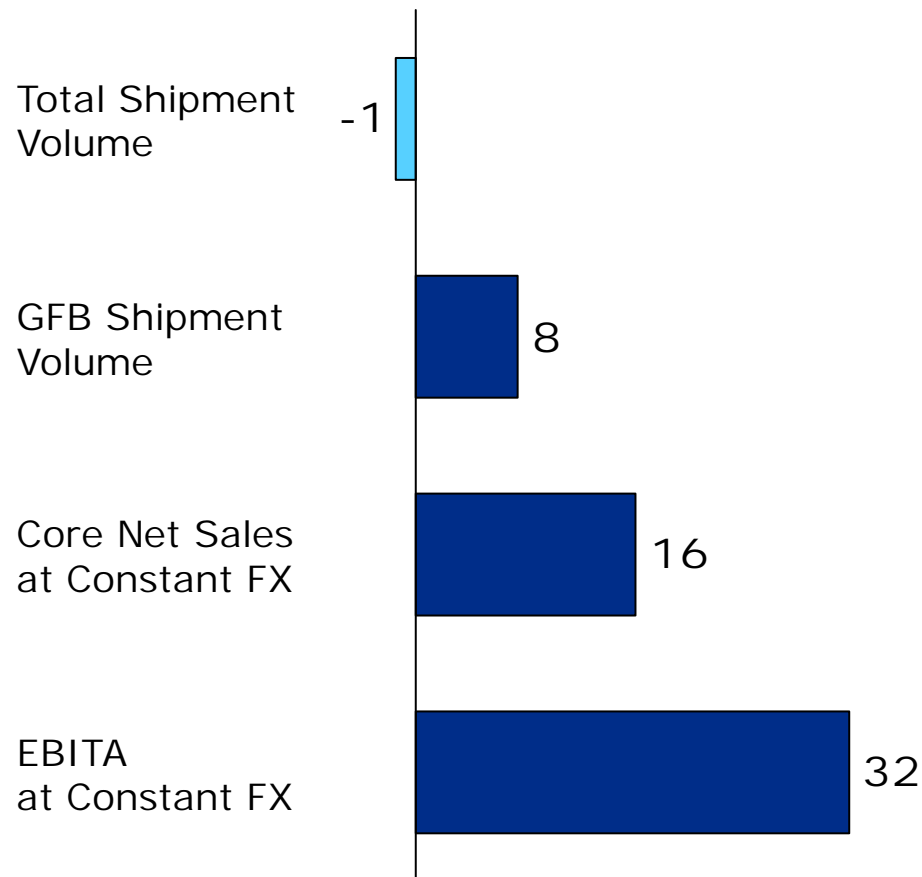
- First Half Results by Cluster -



CIS+: Drives overall JTI growth



Year-over-year growth, 1H 2011 vs. 1H 2010, %



- GFB volume and pricing drove strong Core Net Sales and EBITA growth
- Seized pricing opportunities in Russia, Romania and Kazakhstan
- Challenging environment in Ukraine and Belarus

Note: Core Net Sales excludes revenue from distribution, private label, contract manufacturing and other peripheral businesses

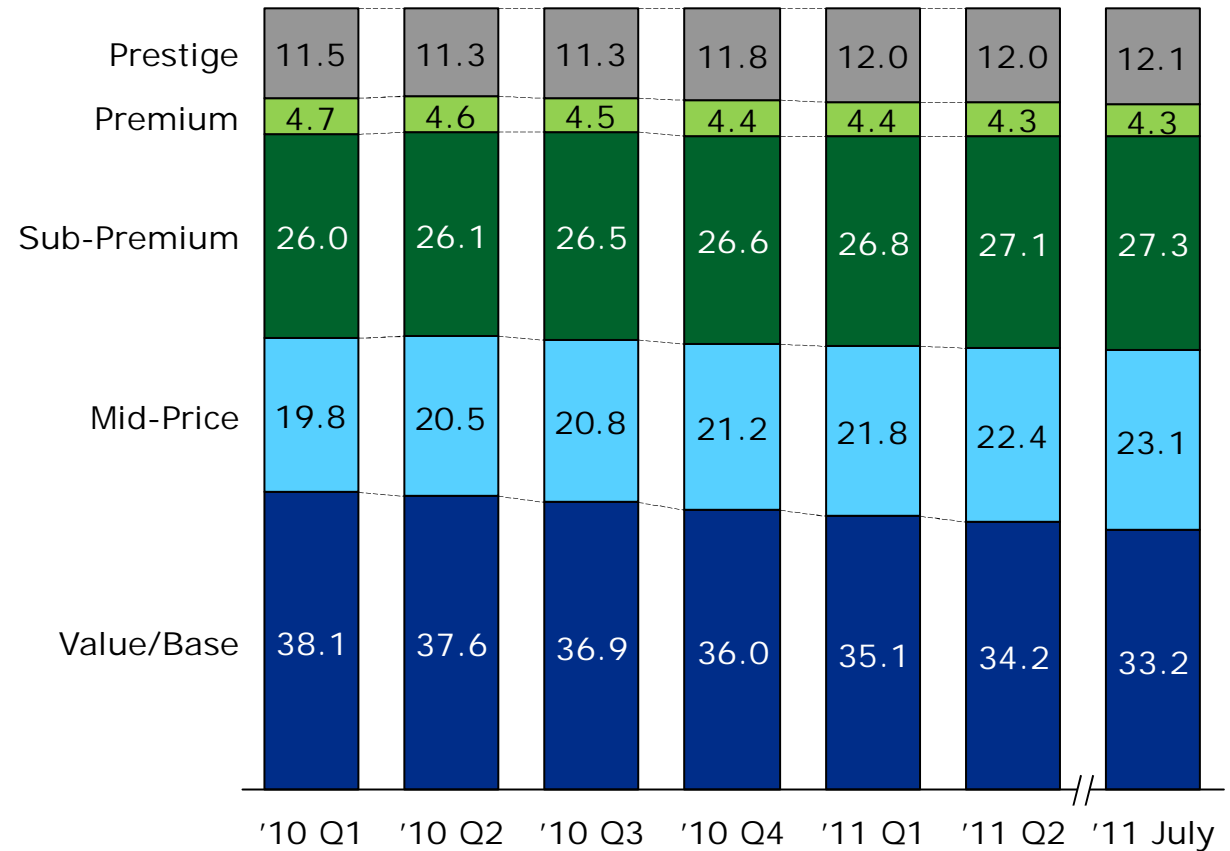
Russia: Industry contraction is slowing and up-trading continues



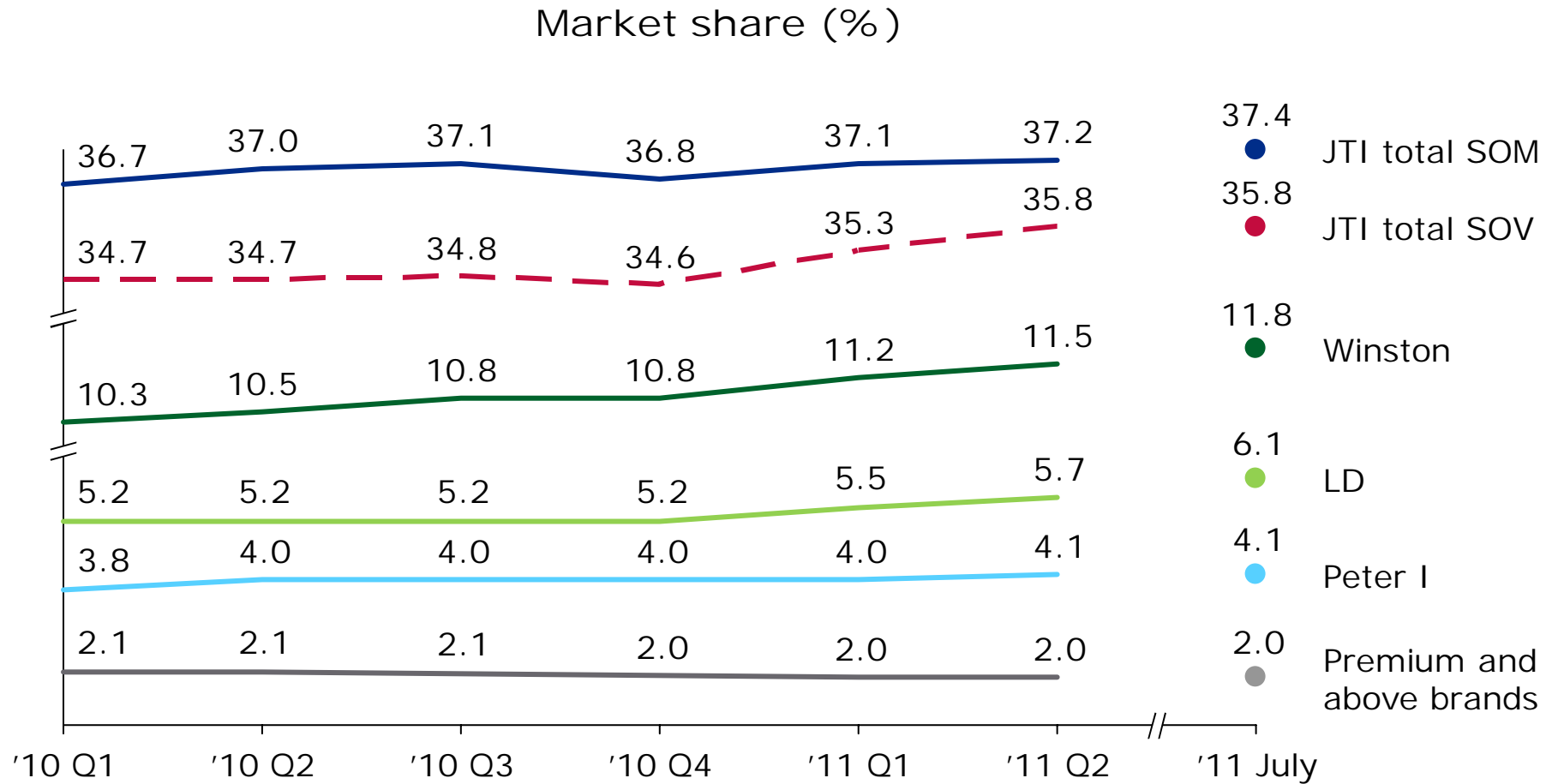
Total Industry Size (BnU)



RMC Price Segment Evolution (%)



Russia: Strengthened our market share leadership

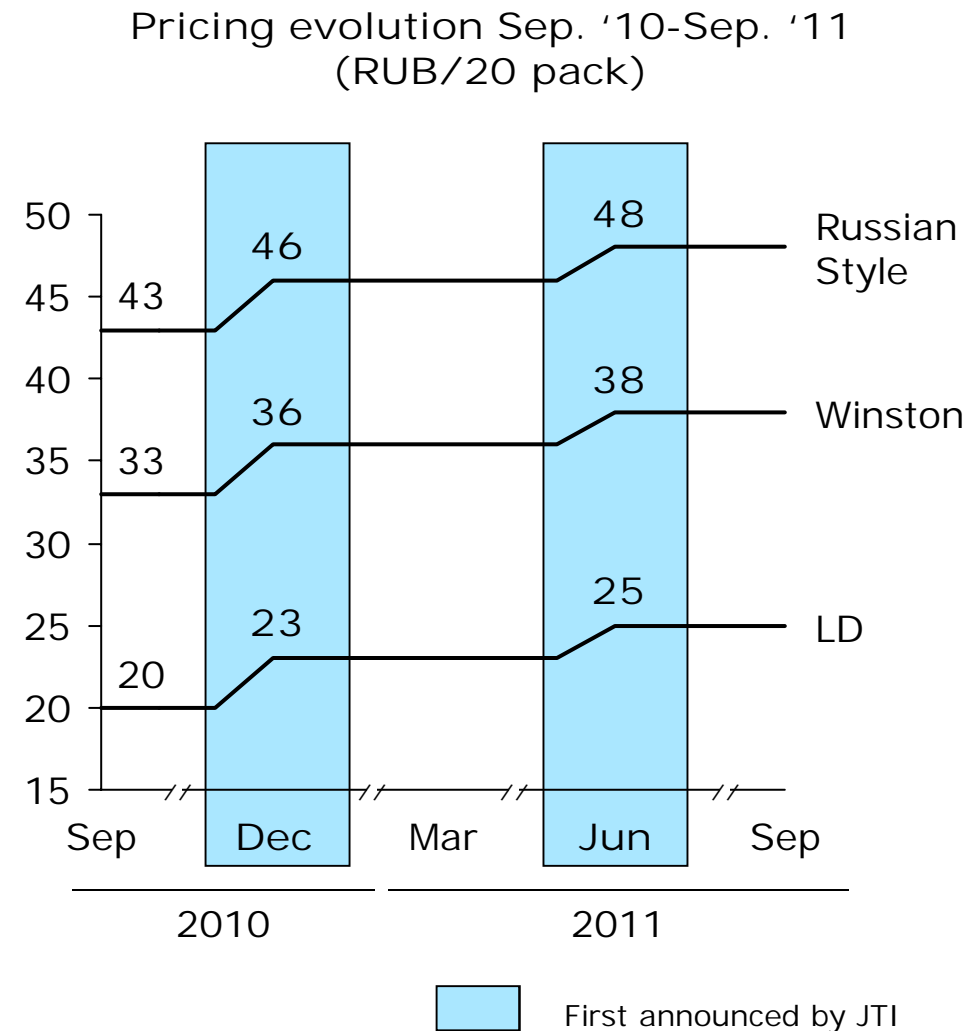


Source: AC Nielsen, July SOM is on a monthly basis

Russia: Pricing environment remains robust and we expect continued rational regulatory environment



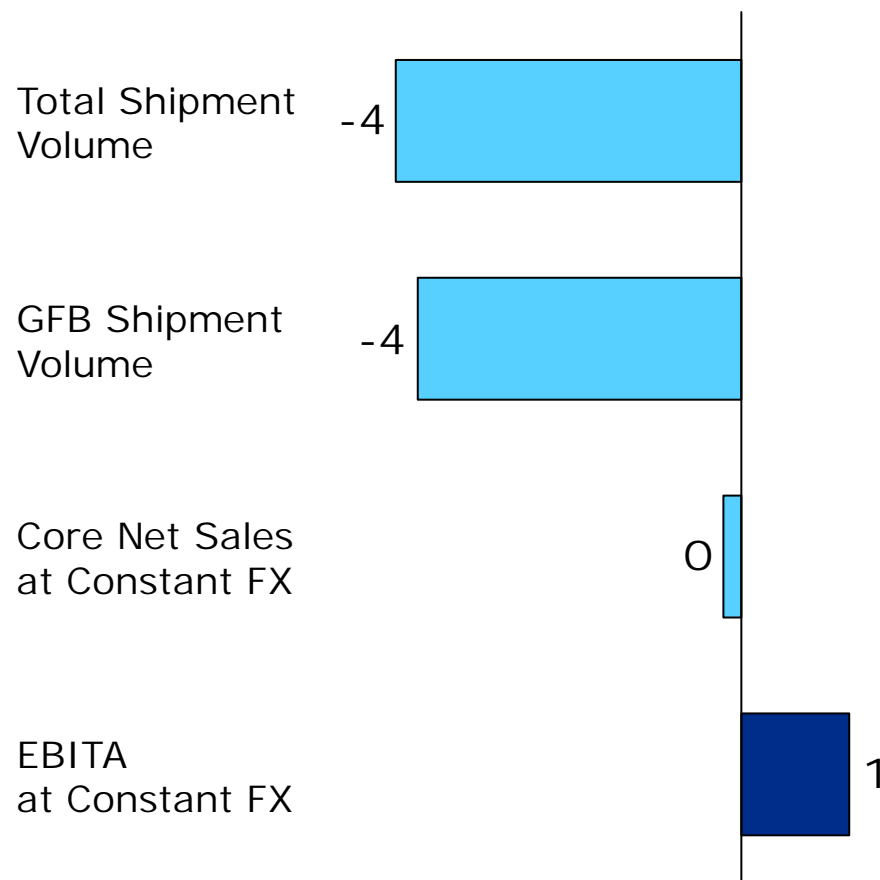
- JTI as market leader has consistently increased prices
- Latest excise tax increase proposal, being discussed by government, is more balanced and realistic than options discussed earlier this year. Conclusion expected in Q4 2011
- In mid August, the Ministry of Health published draft legislation on tobacco control for public discussion. We believe the outcome will be rational



South and West Europe: Solid performance despite challenges in Spain



Year-over-year growth, 1H 2011 vs. 1H 2010, %



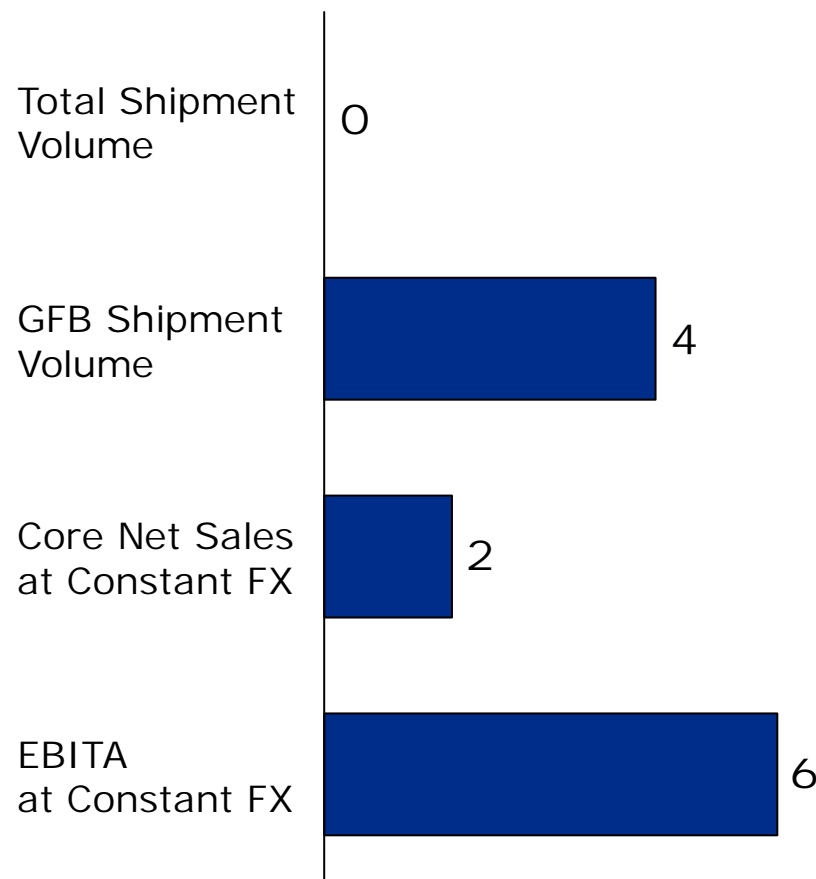
- Industry contraction in Spain drove volume reduction
- Excluding Spain, total shipment and GFB shipment volumes have grown 4% and 3%, respectively
- Pricing and volume momentum in Italy and France more than offset impact of Spain and drove EBITA growth

Note: Core Net Sales excludes revenue from distribution, private label, contract manufacturing and other peripheral businesses

North and Central Europe: Expanding scale and profitability



Year-over-year growth, 1H 2011 vs. 1H 2010, %

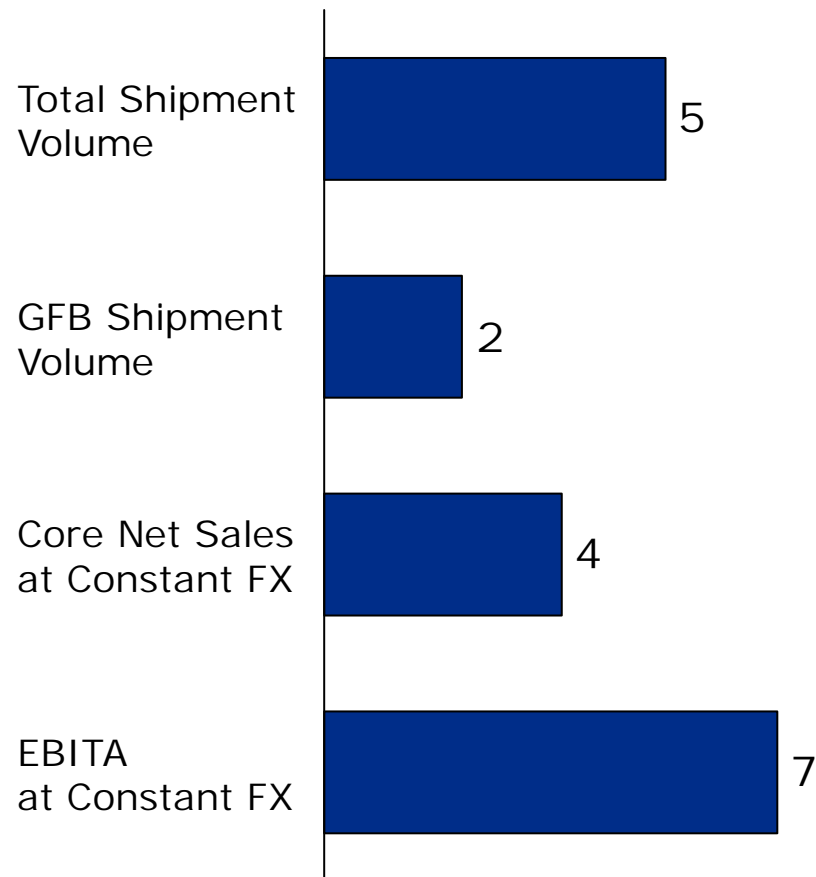


- Czech, Germany, Poland and Hungary delivered enhanced GFB and profitability growth
- Seized pricing opportunities in Poland, Germany, Czech and Sweden
- Solid volume base and profitability from UK

Rest-of-the-World: Expanding the base for sustainable future growth



Year-over-year growth, 1H 2011 vs. 1H 2010, %



- Impressive total shipment volume growth of 5%, driven by Middle East and Central Africa
- Profitability improved through both favorable volume and pricing impact
- Seized pricing opportunities in Taiwan, Korea and Canada

- Full Year Outlook -



Solid business fundamentals support EBITDA target achievability



	Year-over-Year Growth		
	H1 Act	Aug. YTD	Full Year Outlook
Total Shipment Volumes	0.1%	0.0%	0.0%
GFB Shipment Volumes	3.2%	3.7%	2.7%
Core Net Sales ⁽¹⁾⁽²⁾	6.2%		7.6%
EBITDA ⁽²⁾	13.4%		11.2%

Note: (1) Core Net Sales excludes revenue from distribution, private label, contract manufacturing and other peripheral businesses
(2) At constant rates of exchange

Year to date FX development broadly in line with expectations while prevailing Ruble rate is weakening

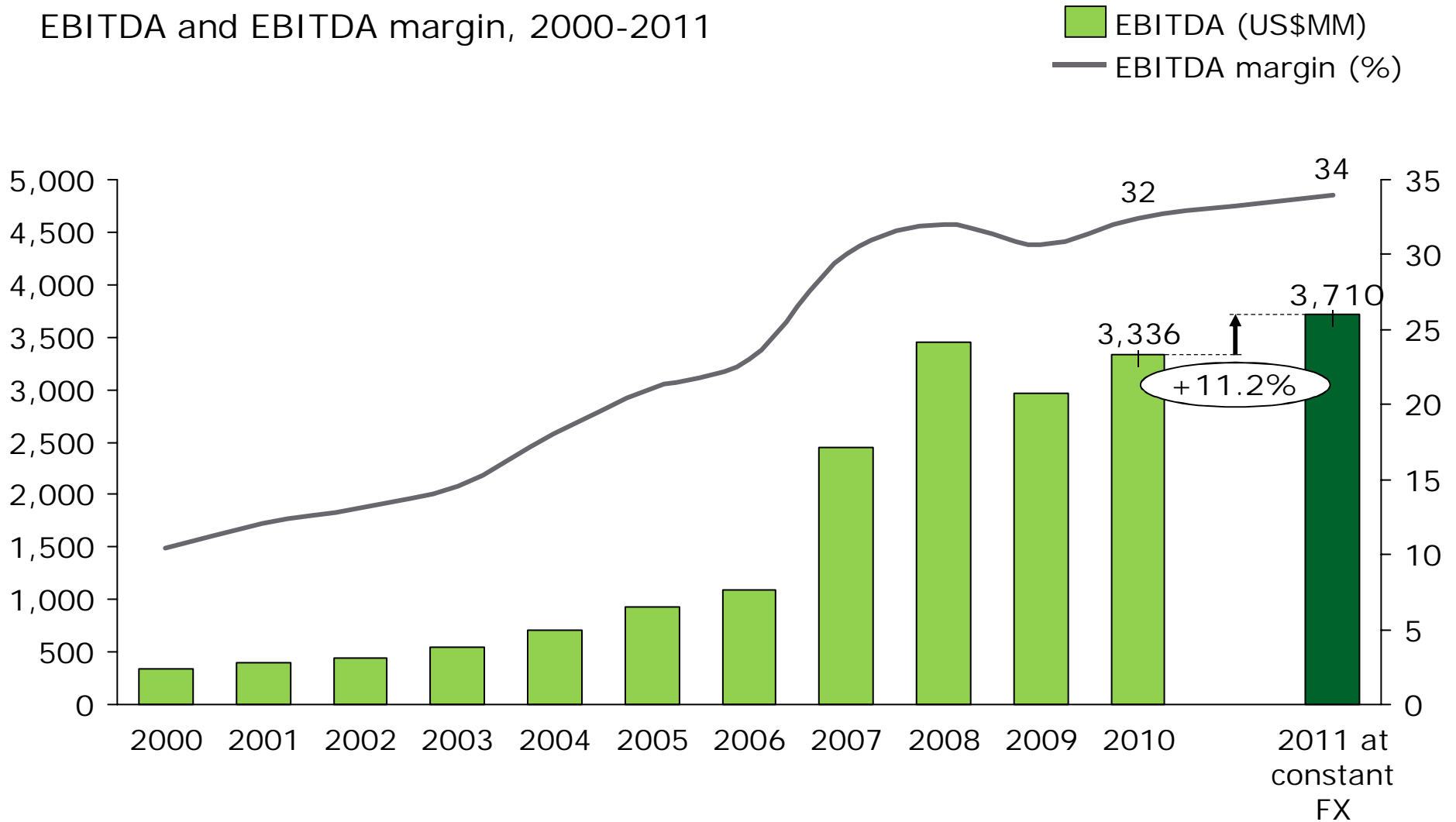


	8 month average		Weekly average	Full Year	
	2011 Act	Change vs. 2010	Sept. 12-16	2011 Assumption	Change vs. 2010
RUB	28.57	6%	30.40	28.50	7%
GBP	0.62	5%	0.63	0.61	7%
EUR	0.72	4%	0.73	0.70	7%
CHF	0.89	21%	0.88	0.90	17%
TWD	29.11	10%	29.54	28.70	11%

Strong record to continue



EBITDA and EBITDA margin, 2000-2011



Note: Excludes impact of HCTF acquisition

Further broadening the base through the acquisition of Haggar Cigarette & Tobacco Factory Ltd (HCTF)



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- Leadership position in both Sudan and South Sudan
- We will benefit from an enhanced geographic footprint and earnings base in Africa
- Completion expected in November 2011 (not included in the forecast)

Cigarette Market in Sudan

- Market size: approx. 5.5 billion cigarettes
- Growth rate 8% per annum on average between 2003 and 2010

About HCTF

- Sales volume in 2010: 4.5BnU
- HCTF SOM: 82% with Bringi 69%
- Number of factories: Two
- Number of employees: 925 as of July

Deal overview

- Total consideration is approx. \$450MM
- EBITDA multiple: 9.9 times



- Concluding Remarks -



Delivered a strong sets of result in the first half, and on track to meet our target



- Continued focus on executing our growth priorities
 - Quality top-line growth
 - Broadening earnings base

- Strong first half performance driven by:
 - Robust pricing
 - GFB growth of 3.2%
 - Market share gains in most key markets
 - Solid EBITDA growth of 13.4% at constant rates of exchange and 14.7% on a reported basis

- On track to meet our revised forecast of 11.2% EBITDA growth at constant rates of exchange

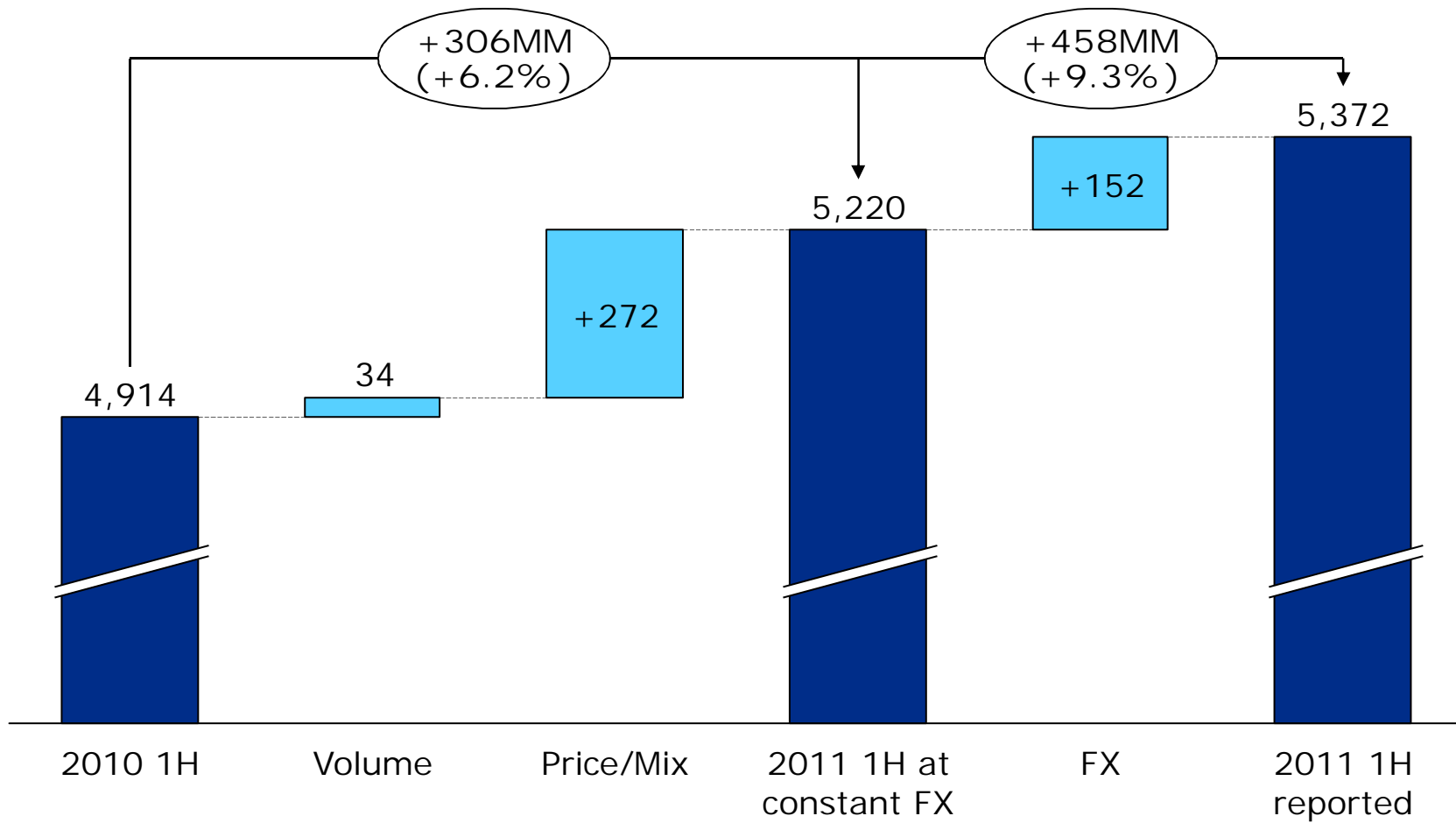
- Appendix -



Core Net Sales: 1H



2011 1H core net sales vs. 2010 (\$MM)

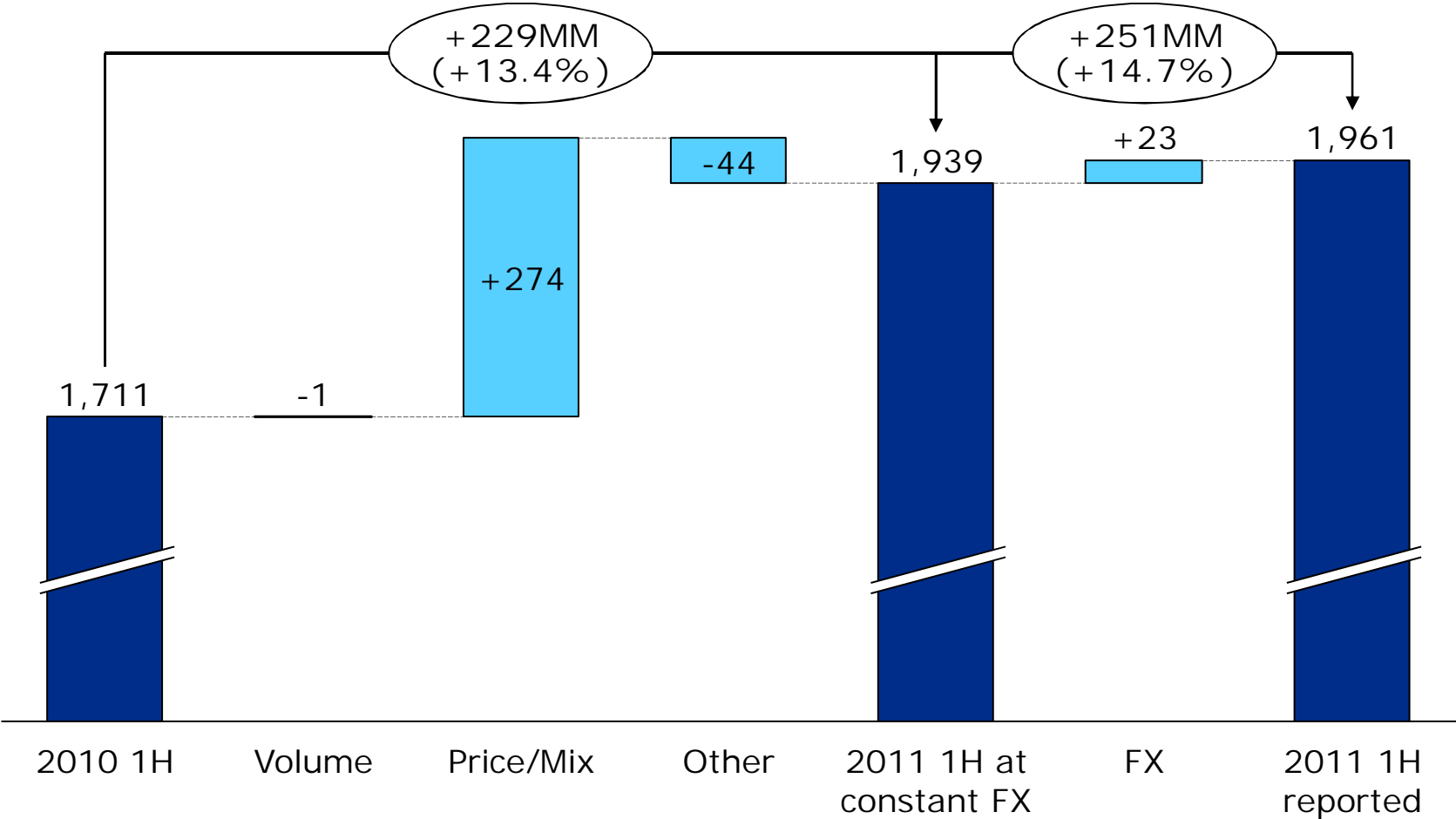


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EBITDA: 1H



2011 1H EBITDA vs. 2010 (\$MM)

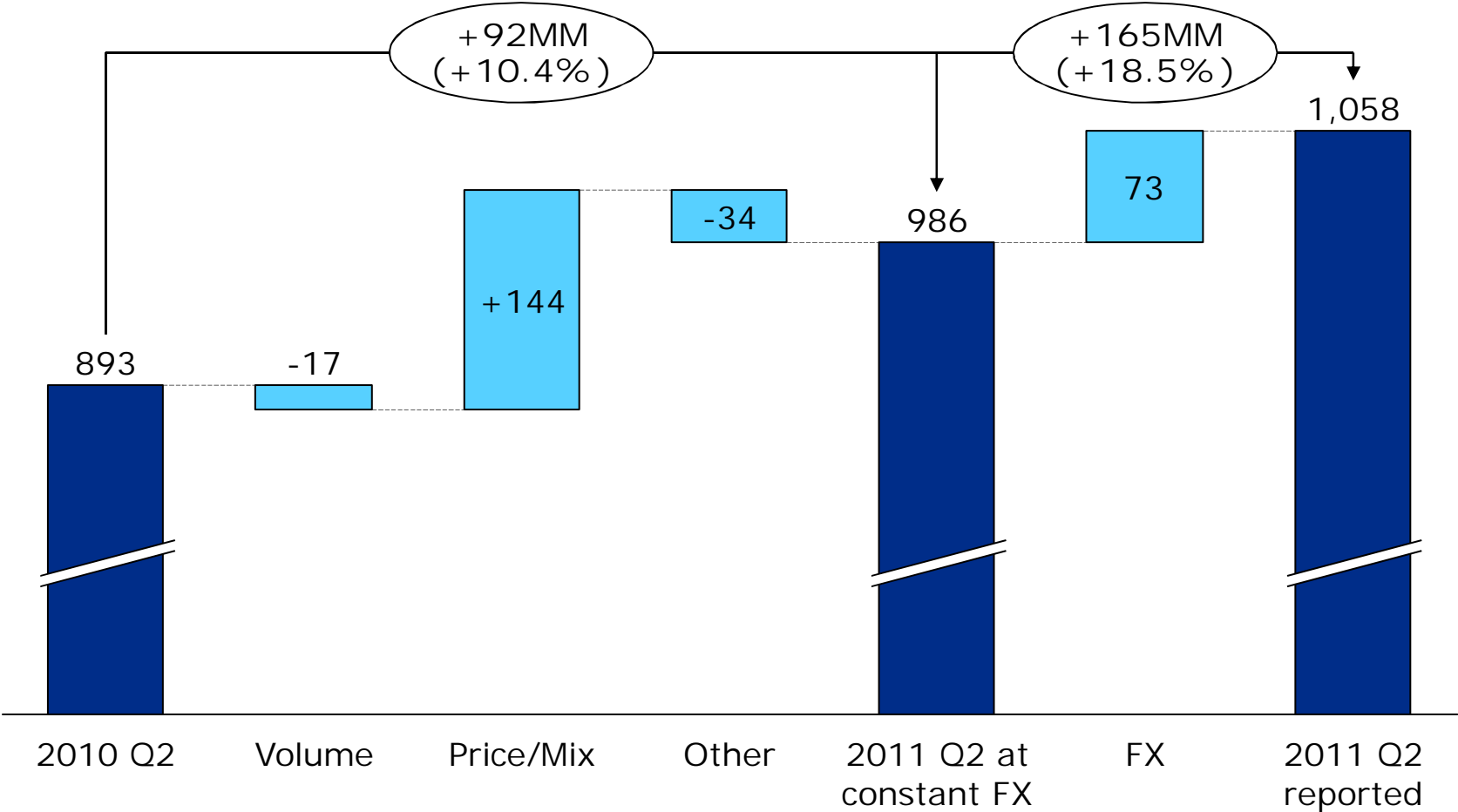


Note: Core Net Sales excludes revenue from distribution, private label, contract manufacturing and other peripheral businesses

EBITDA: Q2



2011 Q2 EBITDA vs. 2010 (\$MM)



Note: Core Net Sales excludes revenue from distribution, private label, contract manufacturing and other peripheral businesses