



# JTI H1 2013 Financial Results

Roland Kostantos

*Senior Vice President,*

*Finance and IT, Chief Financial Officer*

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- (9) fluctuations in foreign exchange rates and the costs of raw materials; and
- (10) catastrophes, including natural disasters.

# Agenda

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



# First Half Results

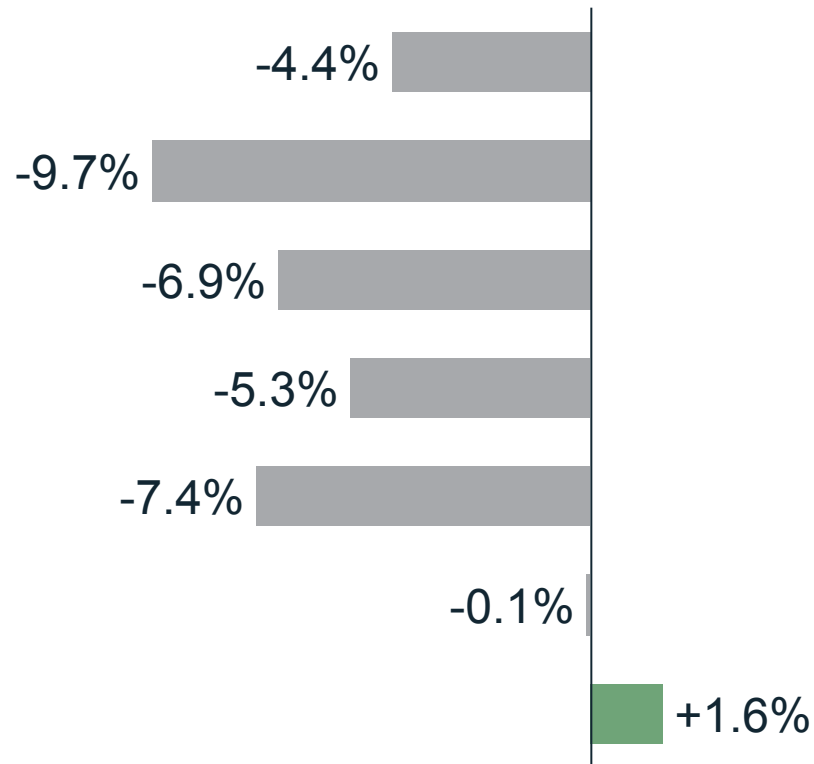
## Revenue and earnings growth in a challenging environment

<i>(BnU, \$MM)</i>	H1 2013	Change
Total shipment volume	201.6	-5.1%
GFB shipment volume	127.9	-2.3%
Core revenue <sup>(1)</sup>	5,865	4.1%
Adjusted EBITDA <sup>(1)</sup>	2,226	7.0%

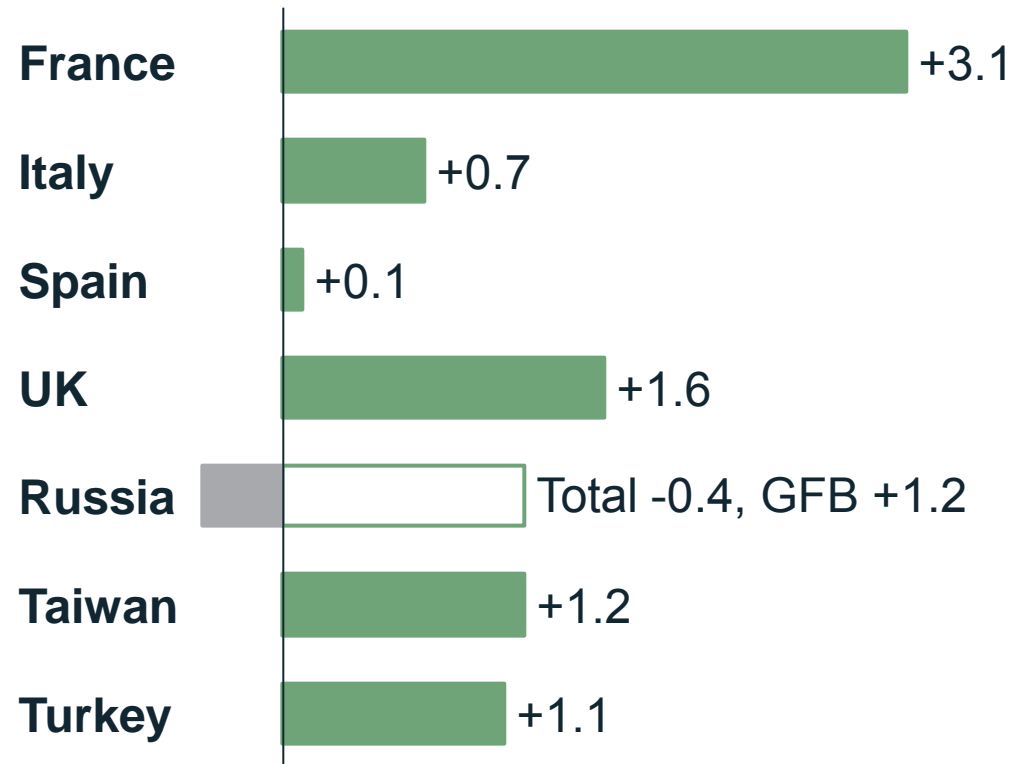
*(1) At constant rates of exchange*

Significant industry contraction. Share of market gains driven by strong business fundamentals

**Industry contraction (%)**  
H1 13 vs. H1 12

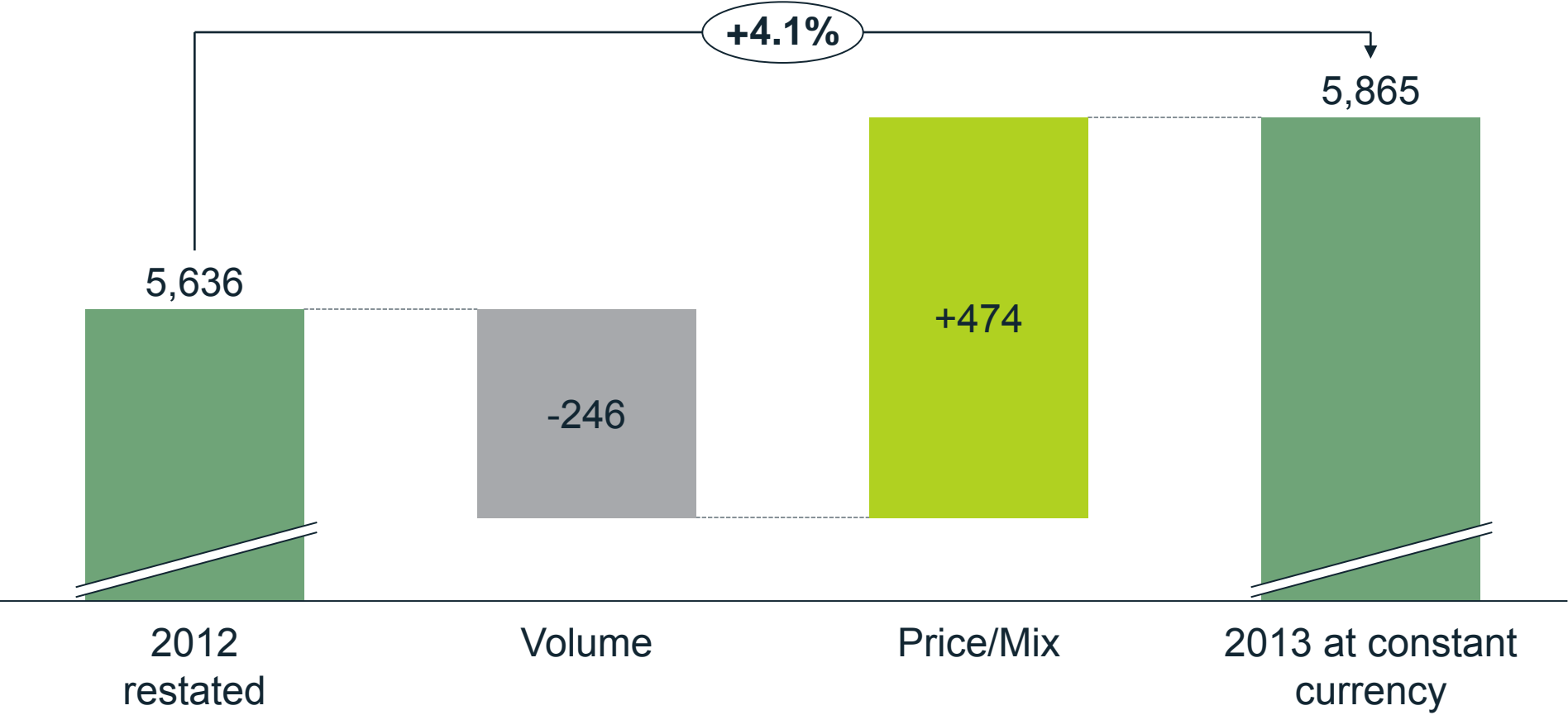


**Share of Market variation (ppt)**  
12-month avg.

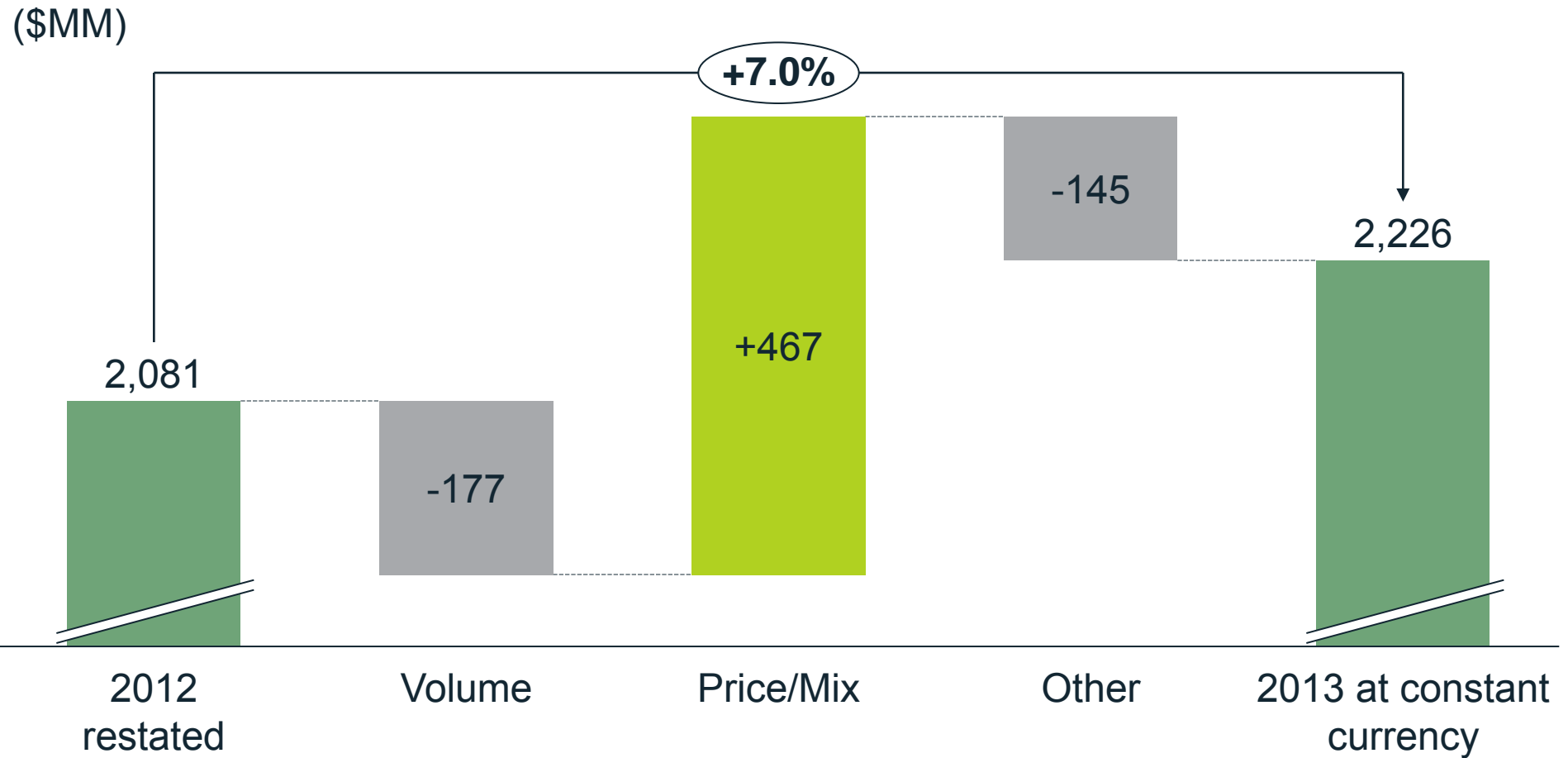


# Core revenue increase driven by Price/Mix

(\$MM)



# Adjusted EBITDA growth driven by Price/Mix

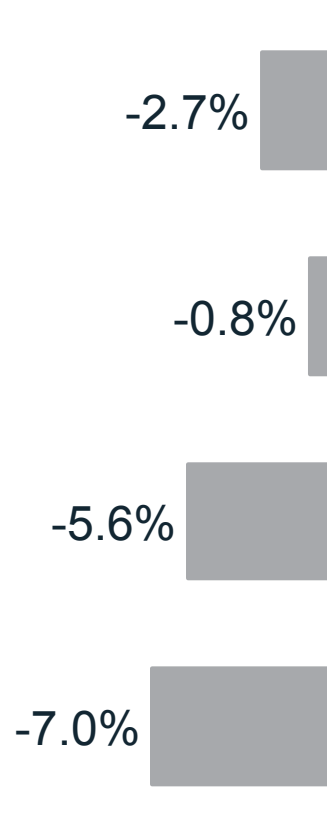




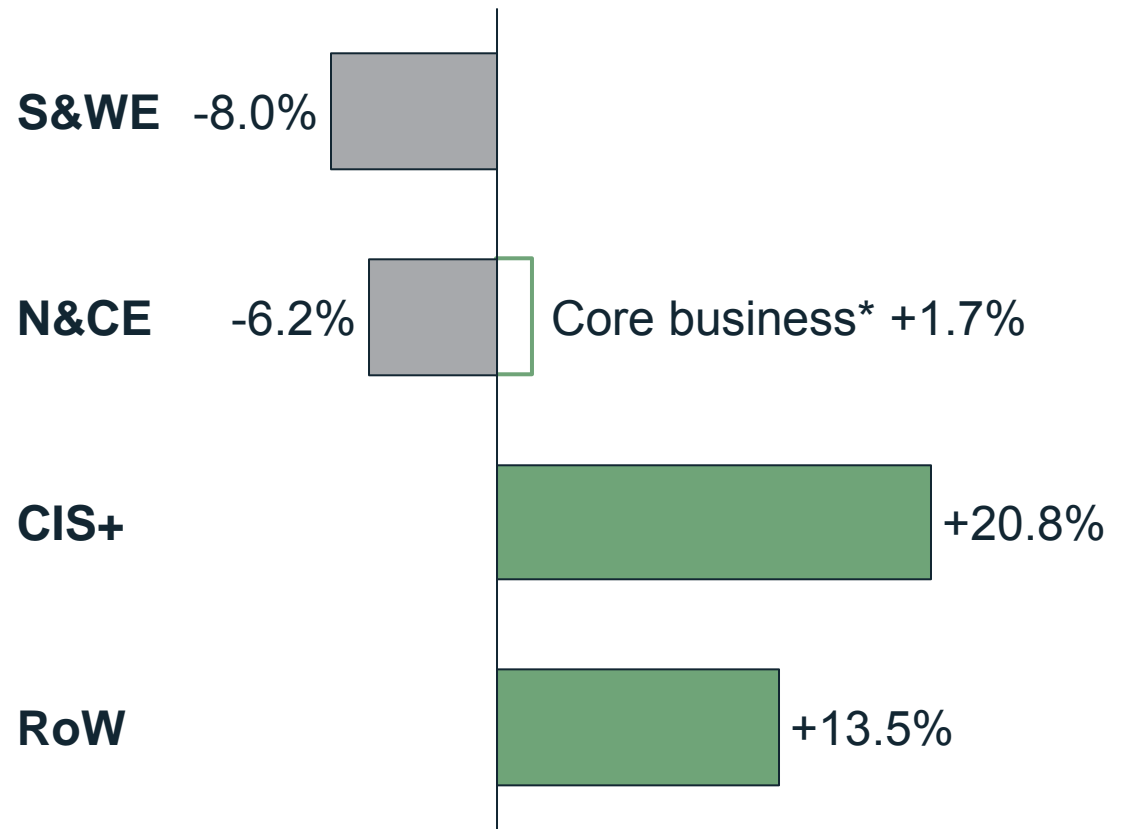
# First Half Performance by Cluster

# EBITA growth driven by core business strength

## Volume, H1 13 vs. H1 12



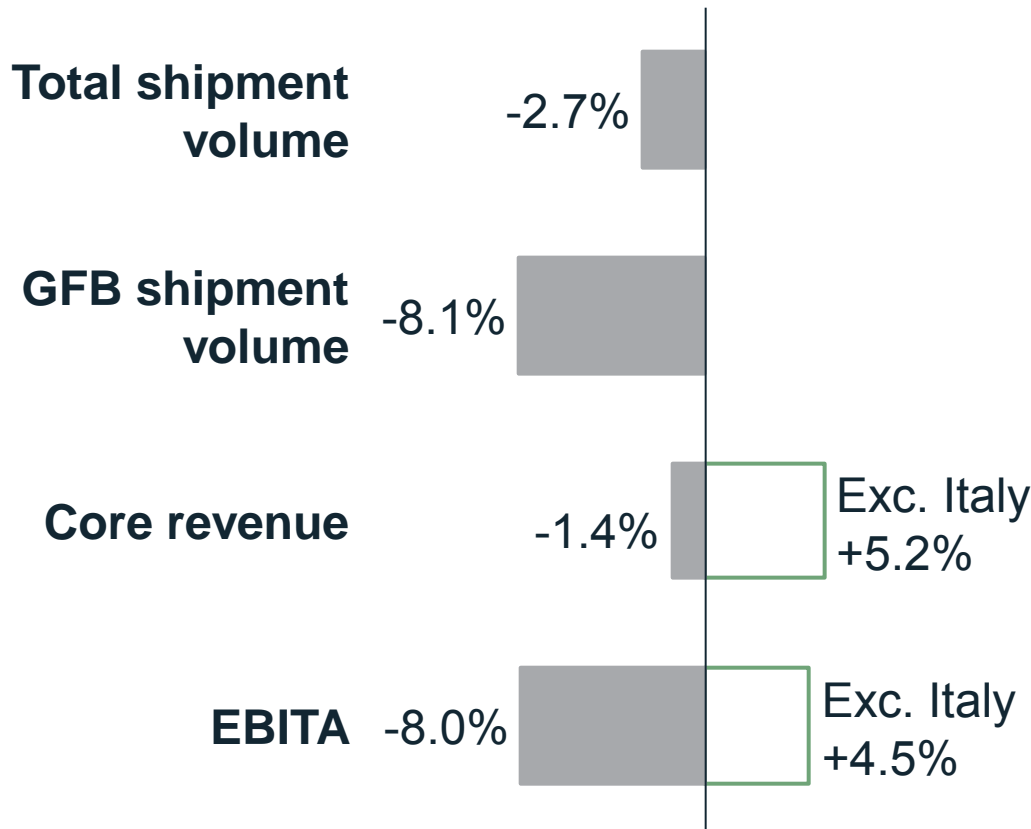
## EBITA, H1 13 vs. H1 12



\* Core business excludes distribution businesses

# South & West Europe: Challenging due to industry contraction

## H1 13 vs. H1 12

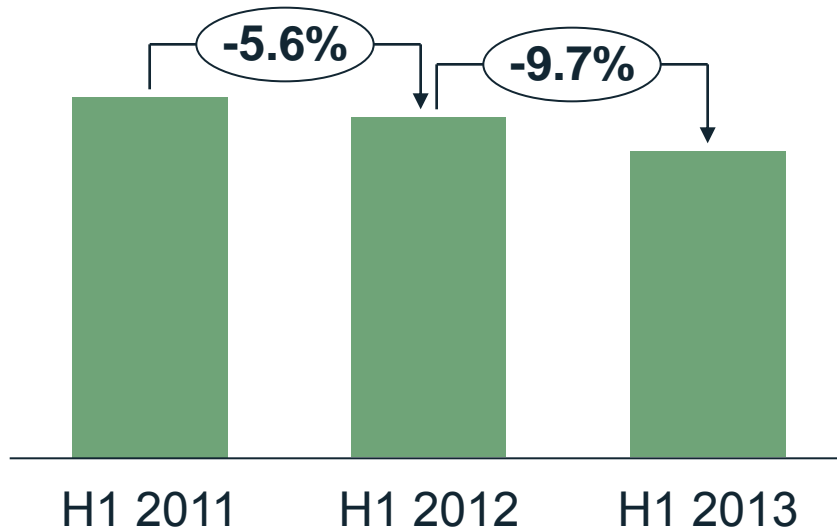


- Significant industry contraction impacts volume
- SoM gains across several markets
  - Belgium +2.3ppt, France +3.1ppt, Greece +1.0ppt, Italy +0.7ppt, Netherlands +1.3ppt, Spain +0.1ppt
- Core revenue and EBITA impacted by lower volume and down-trading
- Excluding Italy, core revenue and EBITA grow 5.2% and 4.5%, respectively

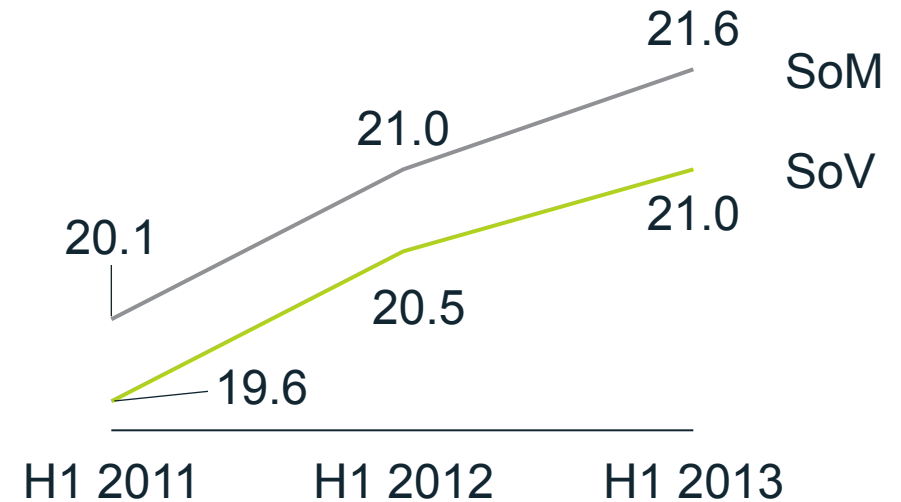
Note: Core Revenue and EBITA at constant rates of exchange

# Italy: Share of market and share of value gains continue

## Industry size, 6-month periods



## JTI SoM/SoV (%), 12-month avg.



- Growth in share of market and share of value driven by GFB
  - Winston SoM +0.6ppt, Camel SoM +0.2ppt
- Industry contraction accelerated from H2 2012
- Most recent price increase of €0.1 in March 2012

Source: JTI estimates, Nielsen

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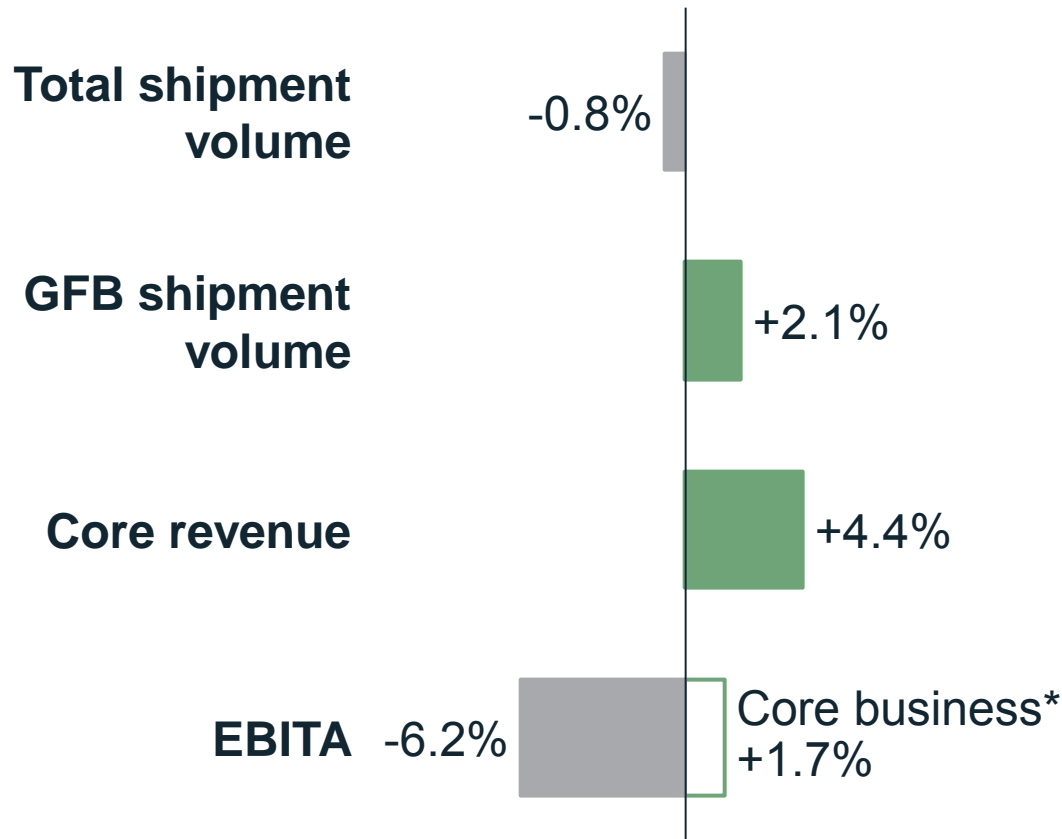
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# North & Central Europe: GFB volume and strong pricing drove growth

## H1 13 vs. H1 12



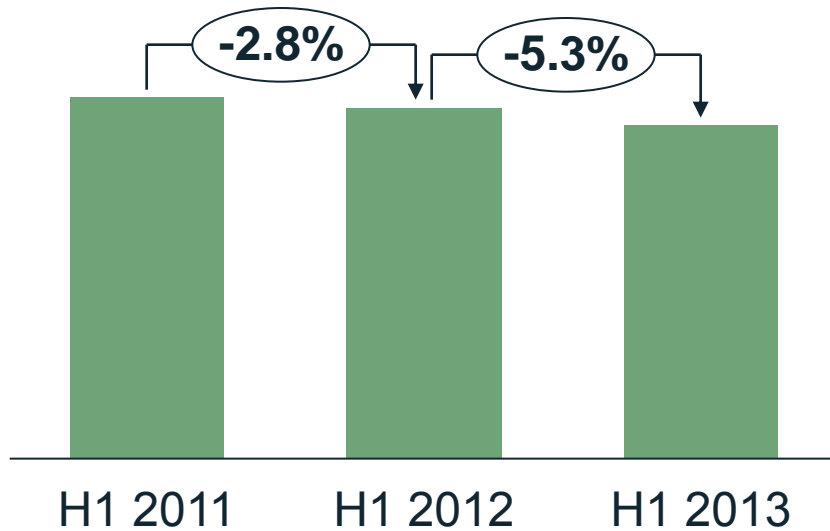
- Continued industry contraction
- Total volume resilient with GFB volume growth
- Pricing gains drove core revenue growth, including Poland, Sweden and the UK
- EBITA grows +1.7% excluding the distribution businesses, specific items included
  - 2012 gain on disposal
  - 2013 reduced scale in Austria

Note: Core Revenue and EBITA at constant rates of exchange

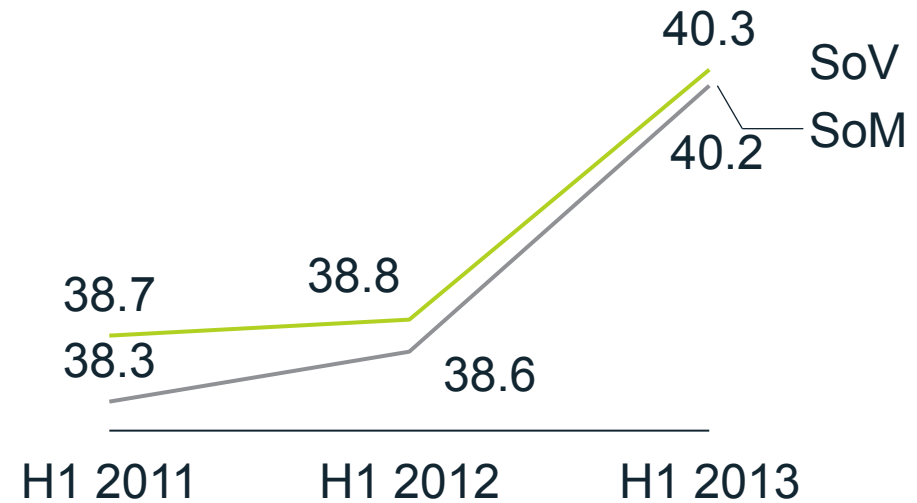
\* Core business excludes distribution businesses

# UK: Accelerated share of market and share of value gains

## Industry size, 6-month periods



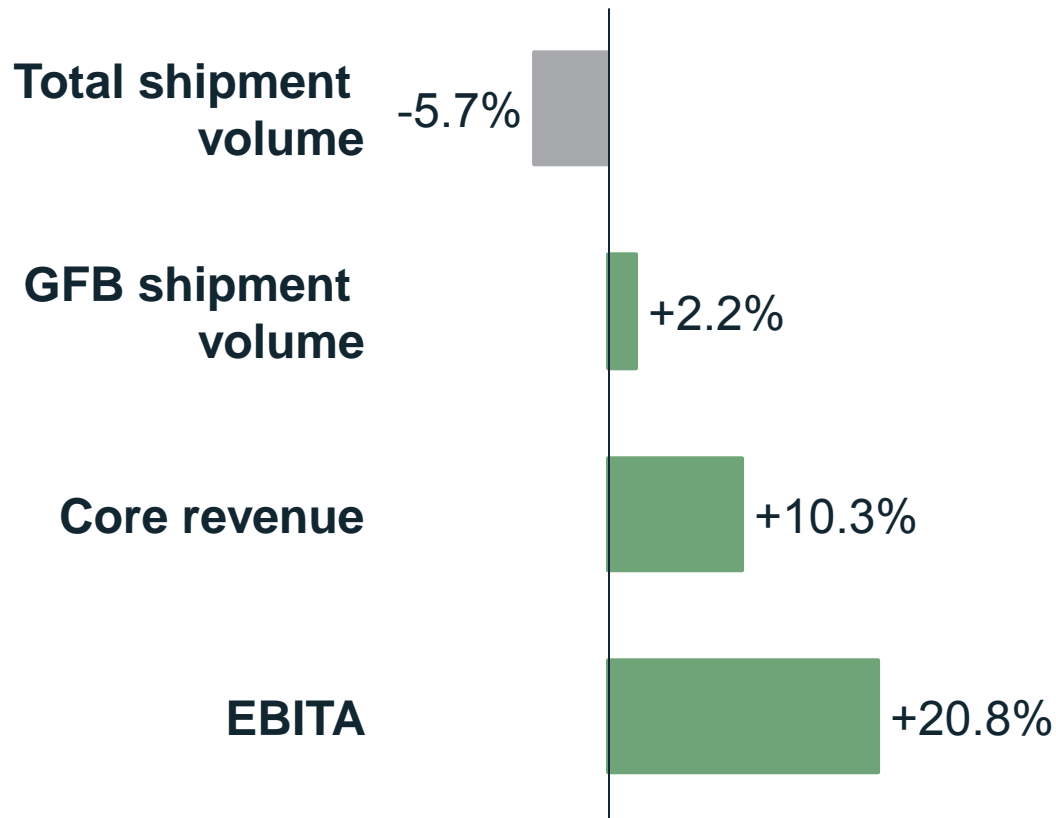
## JTI SoM/SoV (%), 12-month avg.



- Share of market exceeds 40% for first time since Gallaher acquisition
- Robust pricing environment
- JTI continues to hold top 3 brands in the market (Amber Leaf, Sterling, Mayfair)

# CIS+: Revenue and earnings growth driven by GFB momentum and Pricing

## H1 13 vs. H1 12

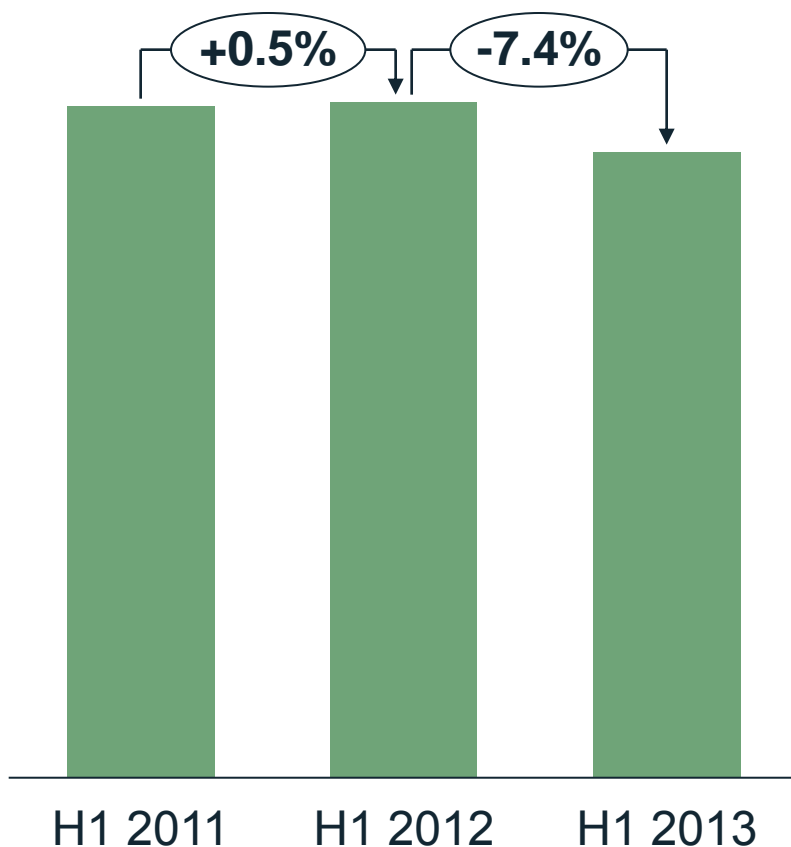


- GFB volume growth driven by Winston in Russia, Kazakhstan and Caucasus
- Up-trading trend continues in Russia
- Pricing remains robust in all key markets

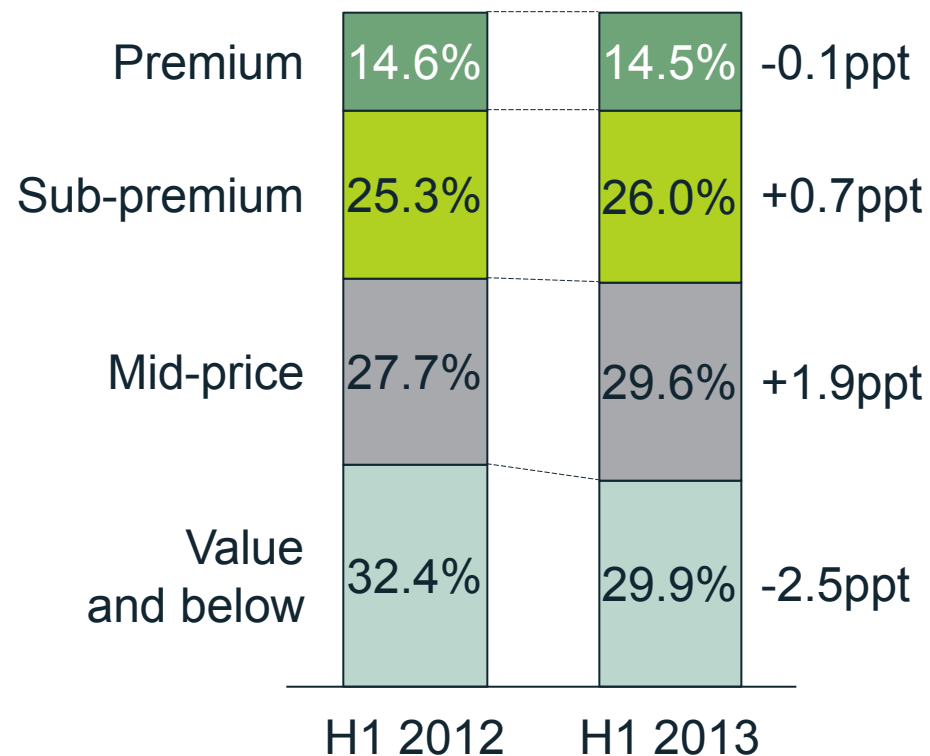
Note: Core Revenue and EBITA at constant rates of exchange

# Russia: Up-trading continues in a contracting market

## Industry size, 6-month periods



## Price segment evolution (%) 6-month periods



Source: JTI estimates, Nielsen

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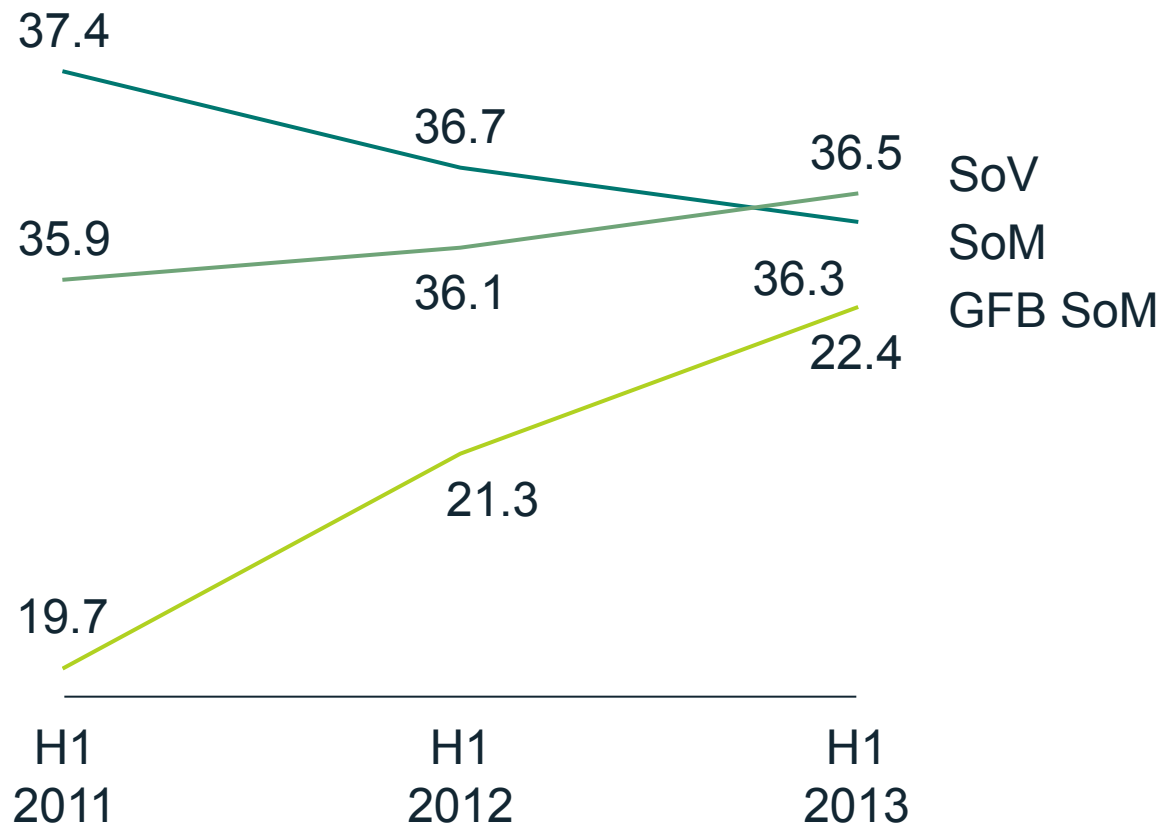
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# Russia: Share of value gains driven by GFB growth

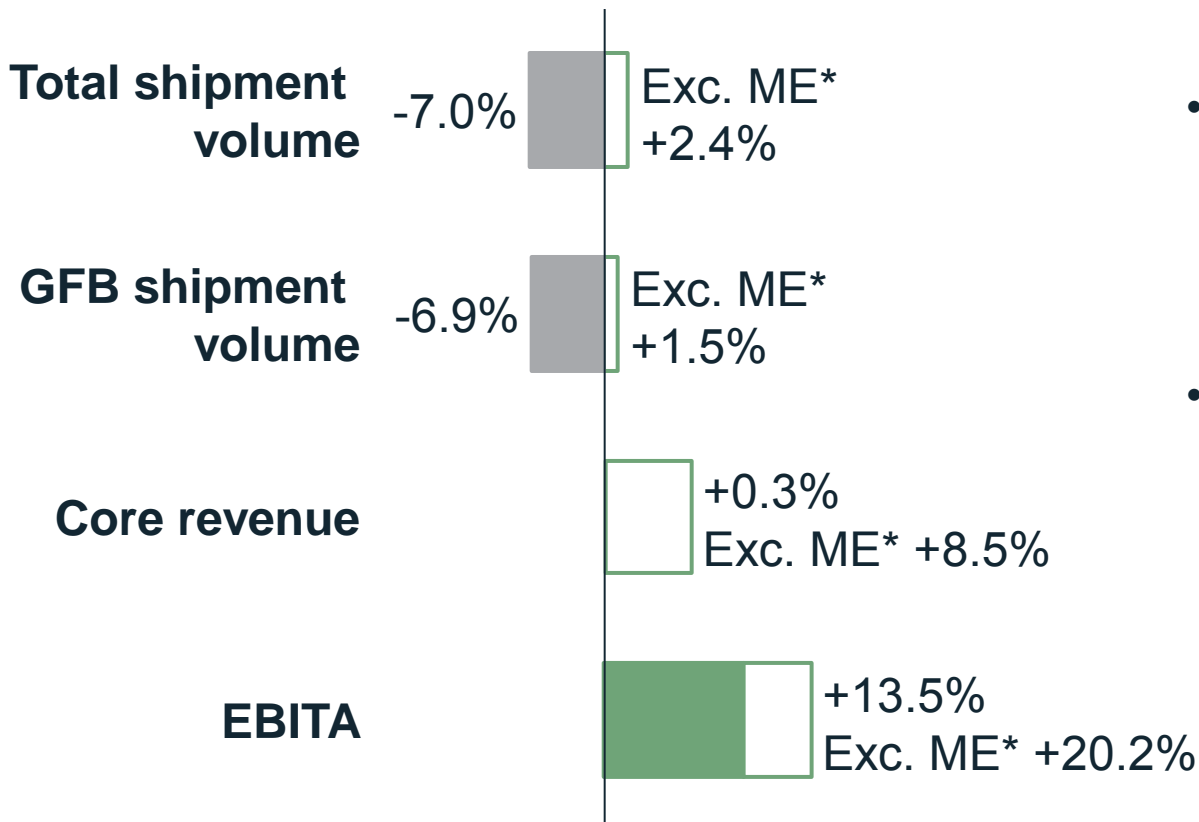
## JTI SoM/SoV (%), 12-month avg.



- Growing SoV leadership position, through strong GFB equity
- Winston continued to grow share of market as #1 brand
- LD #2 position in Mid-price
- Premium+ brands grew volume

# Rest-of-the-World: Continued strong earnings performance despite Middle East volatility

## H1 13 vs. H1 12



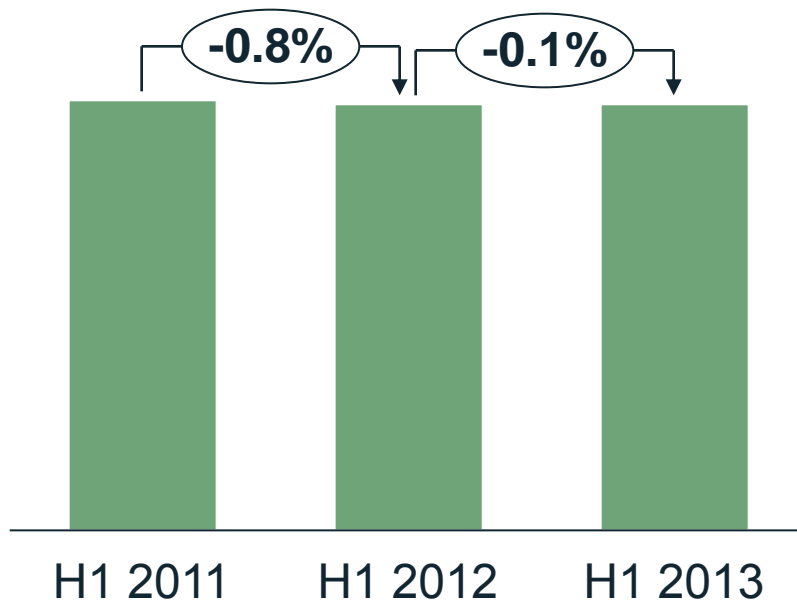
- Shipment volatility in the Middle East impacts volume
- Excluding Middle East markets, cluster growth was strong in terms of volume and earnings
- Robust pricing in several markets, including Canada, Malaysia, Taiwan, Tanzania and Turkey

Note: Core Revenue and EBITA at constant rates of exchange

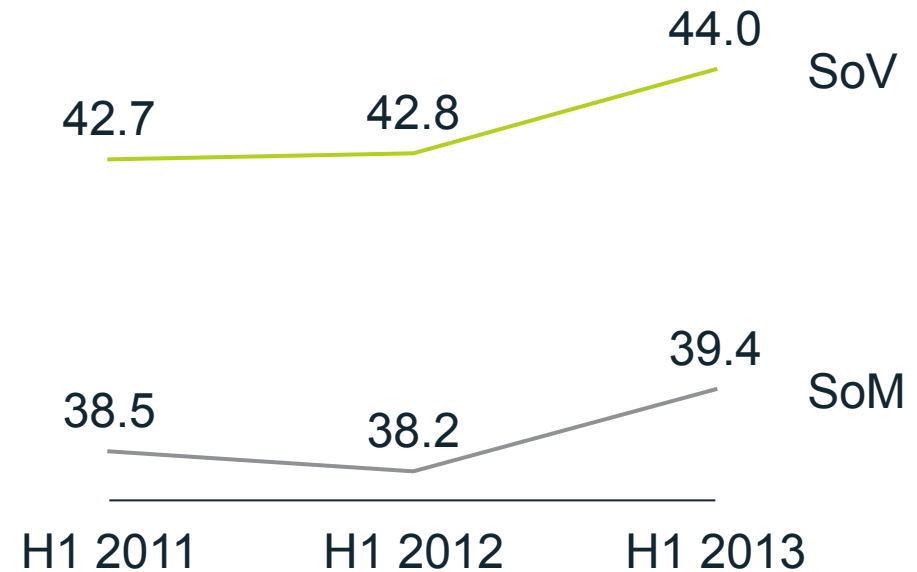
\*ME: Middle East and Near East markets

# Taiwan: Share of market and share of value increased

## Industry size, 6-month periods



## JTI SoM/SoV (%), 12-month avg.



- JTI strengthened number 1 position in SoV
- MEVIUS maintains SOM and #1 position post transition from Mild Seven

# Summary

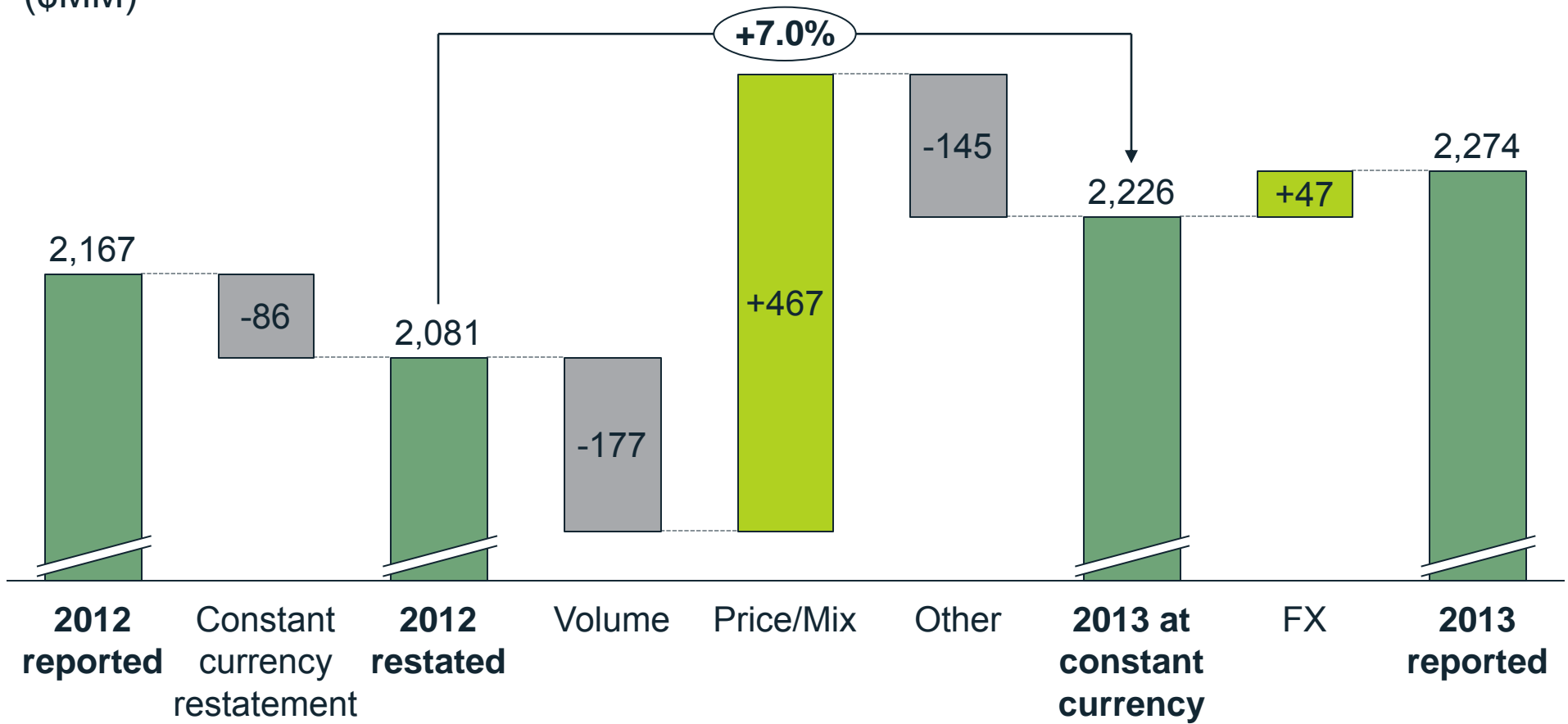
# Business fundamentals remain strong, driving full year double digit earnings growth

- Business fundamentals remain strong
  - Increasing share of market
  - Continued growth of share of value
  - GFB growth in Russia
  - Robust pricing environment drives earnings and revenue growth
- H2 volume to decline versus prior year, impacting full year core revenue growth expectation
- On track to deliver full year double digit adjusted EBITDA growth on a constant currency basis

# Appendix

# Adjusted EBITDA (Jan – Jun results)

(\$MM)



# Adjusted EBITDA (Apr – Jun results)

(\$MM)

