



# MEVIUS Evolution

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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.

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.

# Strengthening our premium segment with MEVIUS



MILD SEVEN  
EVOLUTION  
I & U  
MEVIUS

受け継ぐものと、超えていくもの。  
あなたとともに、時代とともに、  
終わりなき進化を続けていくブランドへ。

**MEVIUS、始動。**  
【メビウス】

喫煙は、あなたにとって心筋梗塞の危険性を高めます。  
疫学的な推計によると、喫煙者は心筋梗塞により死亡する危険性が非喫煙者に対して約2倍高くなります。  
【詳細については、厚生労働省のホームページ [www.mhlw.go.jp/topics/tobacco/main.html](http://www.mhlw.go.jp/topics/tobacco/main.html)をご覧ください。】

- We have the opportunity to further strengthen our premium portfolio
- Our long term goal is to make MEVIUS the No.1 global premium brand

# Building on the strengths of Mild Seven and growing globally

- Rich heritage linked to smooth taste, clean finish, unique tobacco blend and charcoal filter
- Strong presence in key Asian markets

- Substantial potential to enter new markets

## Share of market and positions in key markets

Japan	32.2% (#1)
Taiwan	24.4% (#1)
Korea	7.0% (#7)
Malaysia	4.5% (#6)

## Geographic coverage (Number of markets)



Source: TIOJ, Nielsen

Notes:

- Apr-Jun 2013 is used for market share in Japan and for market positions
- 12 months average at Jun 2013 is used for market share in Taiwan/Korea/Malaysia





Successful start in its market of  
origin: Japan

# New design and name to consolidate and expand the brand's position

**Before  
November 2012**



**November 2012**



**February 2013**





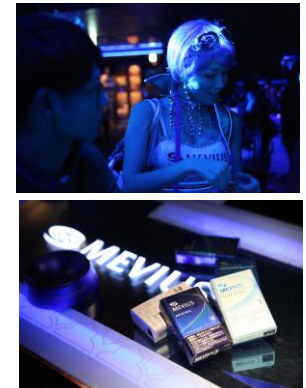
# Communication and promotional activities

## Ads for magazine / smoking places



喫煙は、あなたにとって肺がんの原因の一つとなり、心臓病・脳卒中の危険性や肺気腫を悪化させる危険性を高めます。未成年者の喫煙は、健康に対する悪影響やたばこへの依存をより強めます。周りの人から勧められても決して吸ってはいけません。たばこの煙は、あなたの周りの人、特に乳幼児、子供、お年寄りなどの健康に影響を及ぼします。喫煙の際には、周りの人の迷惑にならないように注意しましょう。

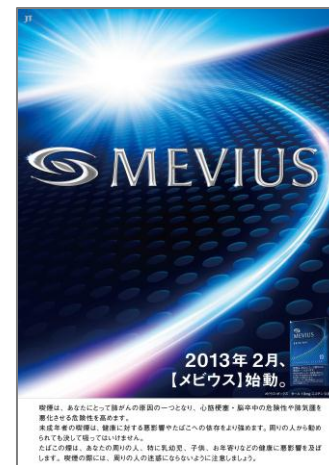
## Event / Sampling



## POP Ads



## POS display / Sales Promotion



# Strengthening brand equity through line extensions & innovation

- New value-added products in menthol segment with 100% natural menthol, capsule technology and innovative filter

## Base Line



Aroma-changing Capsule



Spread Filter

## Menthol Line & Extension

Winter 2012  
MEVIUS Premium Menthol

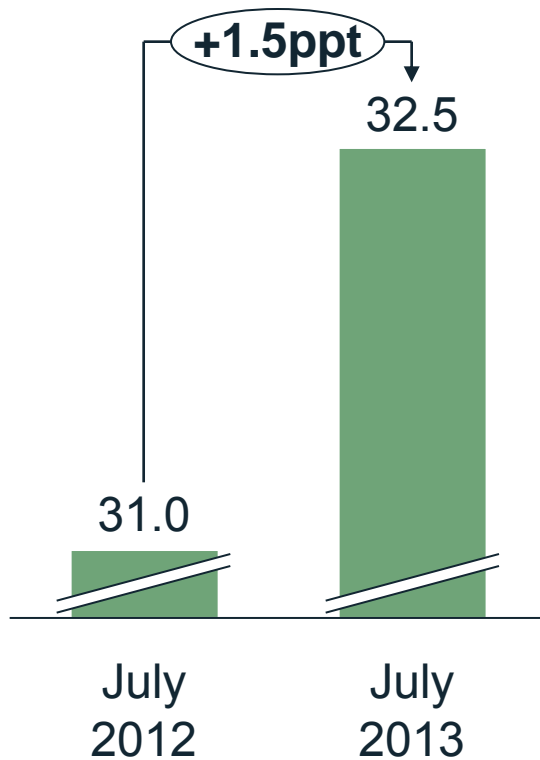
Spring 2013  
Premium menthol Option

Autumn 2013  
Premium menthol Spread

# MEVIUS drives JT share growth

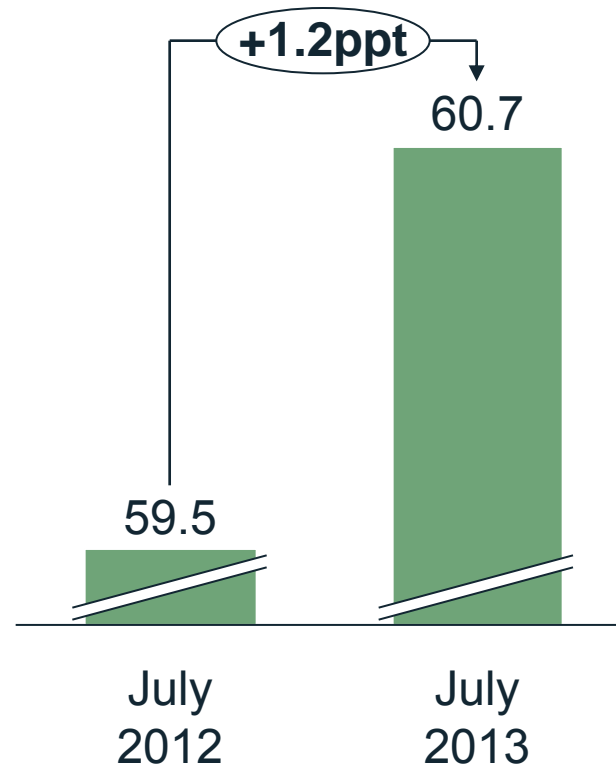
## MEVIUS Market share (%)

Jul 2012 vs. Jul 2013



## JT Market share (%)

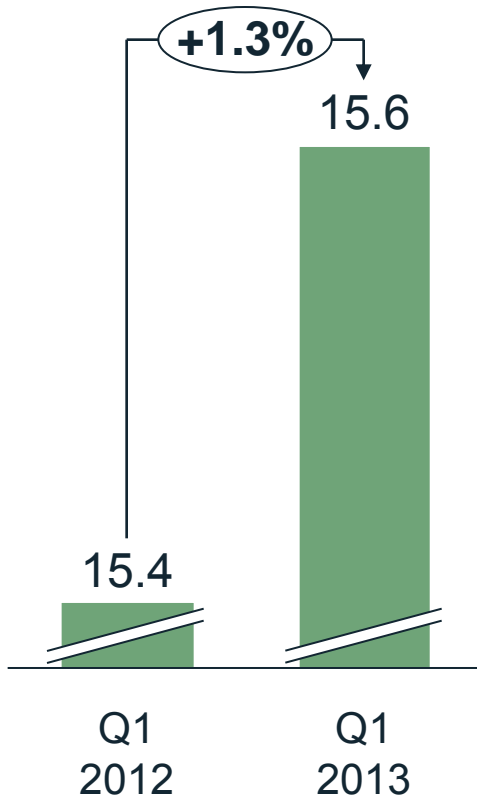
Jul 2012 vs. Jul 2013



# MEVIUS volume grew despite industry contraction

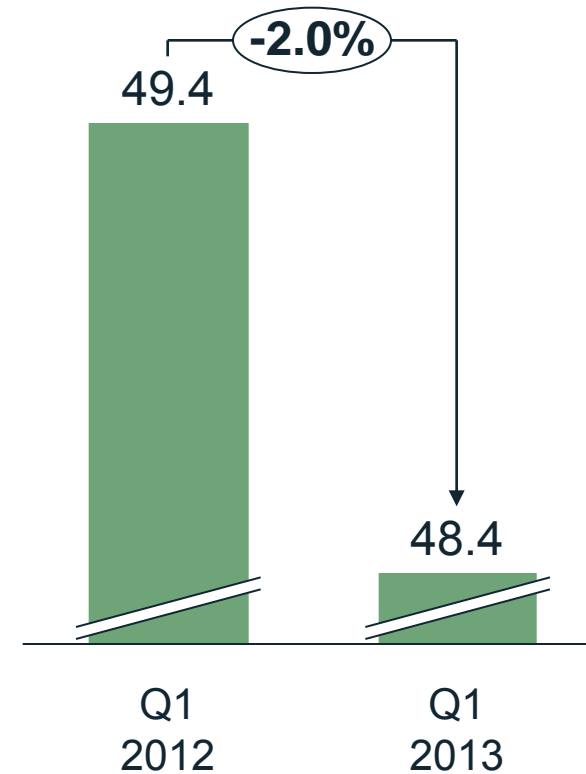
## MEVIUS volume (BnU)

Q1 2012 vs. Q1 2013



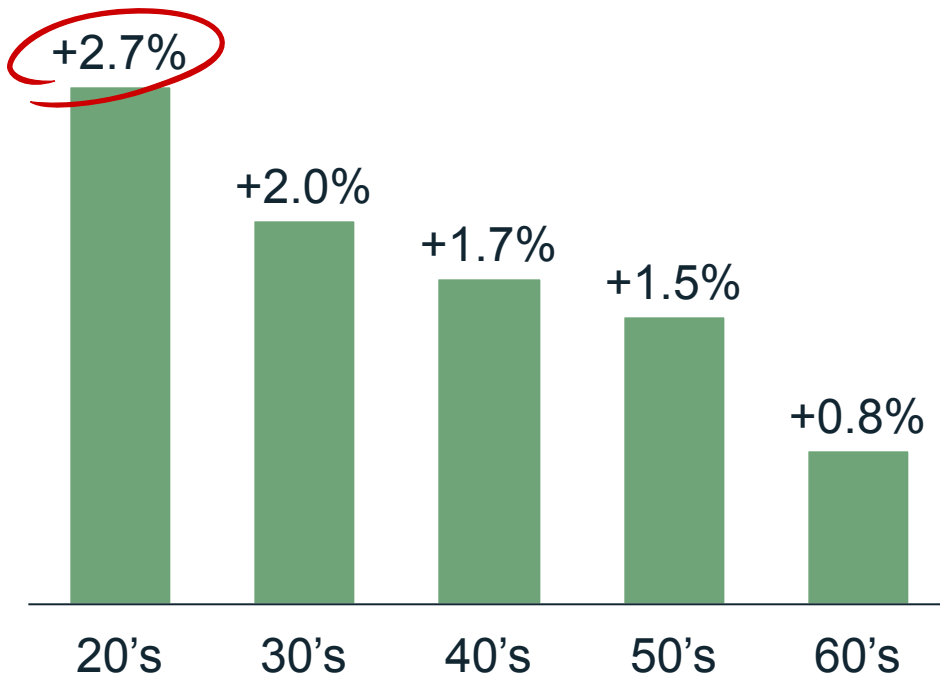
## Industry size (BnU)

Q1 2012 vs. Q1 2013

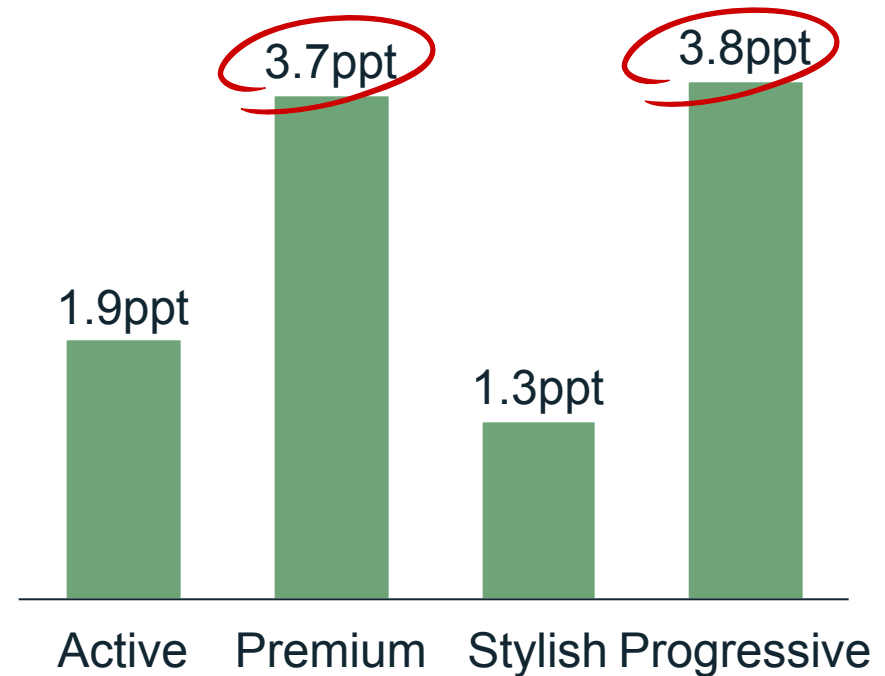


# Share gains among young adult smokers and brand image improvement

**Market share increase  
after brand name change by age group**  
Jan 2013 vs. Jun 2013



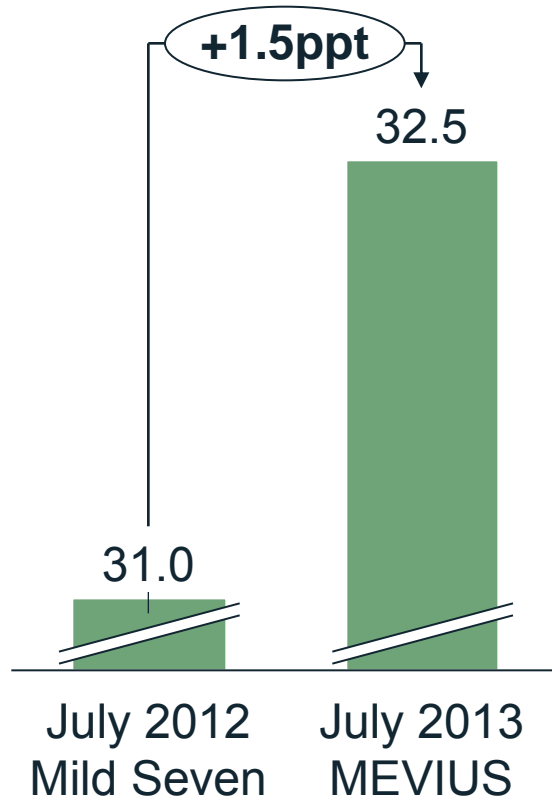
**Brand image  
perception change**  
July 2012 vs. April 2013



# Even stronger share growth in the convenience store channel

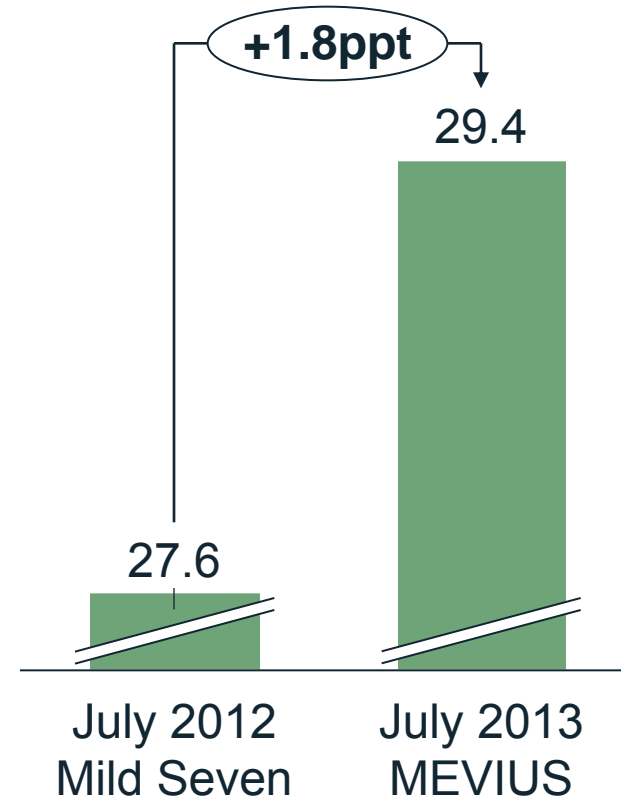
## MEVIUS Market share (%)

Jul 2012 vs. Jul 2013



## MEVIUS convenience store share (%)

Jul 2012 vs. Jul 2013





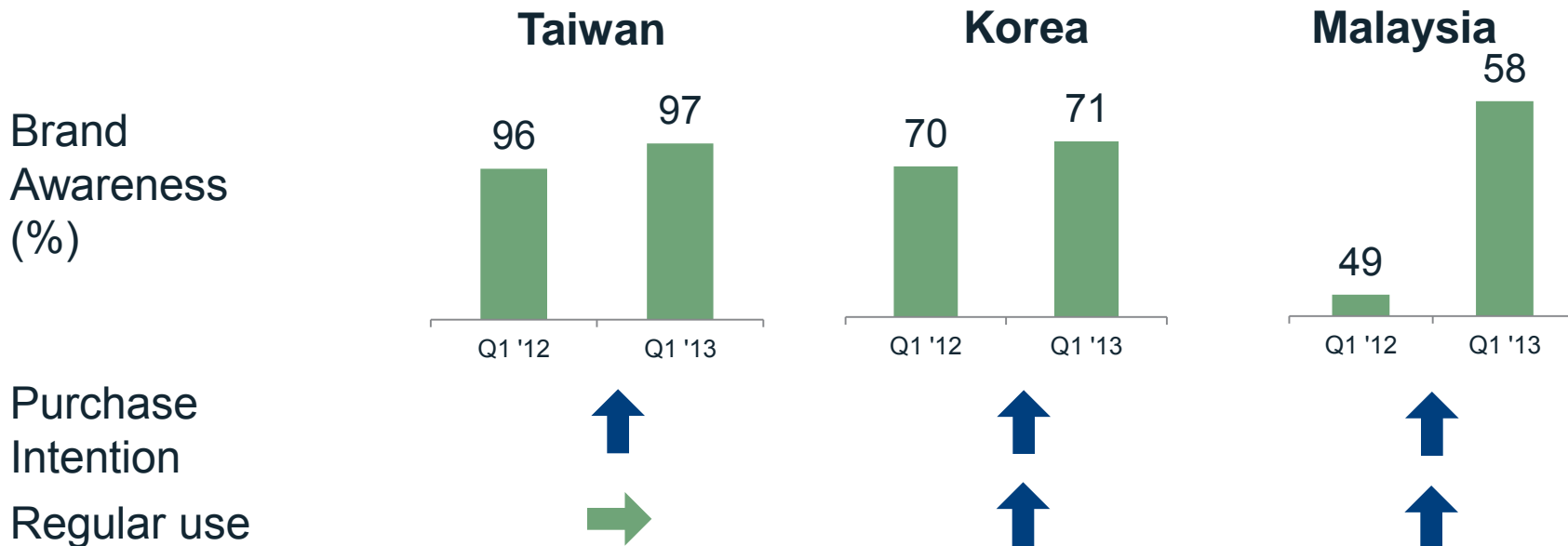
# MEVIUS marketing initiatives in other key markets

# MEVIUS Brand Image and awareness continue to improve

## Brand Image

Consumers in key markets describe MEVIUS as “High quality”, “Dynamic”, “Modern”, “Stylish” and “brand for people like me”

## Brand awareness, Purchase Intention and Regular Use





# Successful activities in key markets

- Consistent messages:
  - *“New Brand Name, Same Smooth Taste”*
  - *“It’s Only About Evolution”*
- Focus on both trade and consumer activation



# Way forward for MEVIUS

- Our first step to make MEVIUS the global No.1 premium brand was successfully executed in most existing markets, giving us confidence that we are going in the right direction
- Entry in new markets is currently being prioritized by the recently established MEVIUS global brand team
- Further investment in brand equity and innovation will contribute to premiumize MEVIUS and expand its consumer base