



Growing our leading position in the Caucasus

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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.

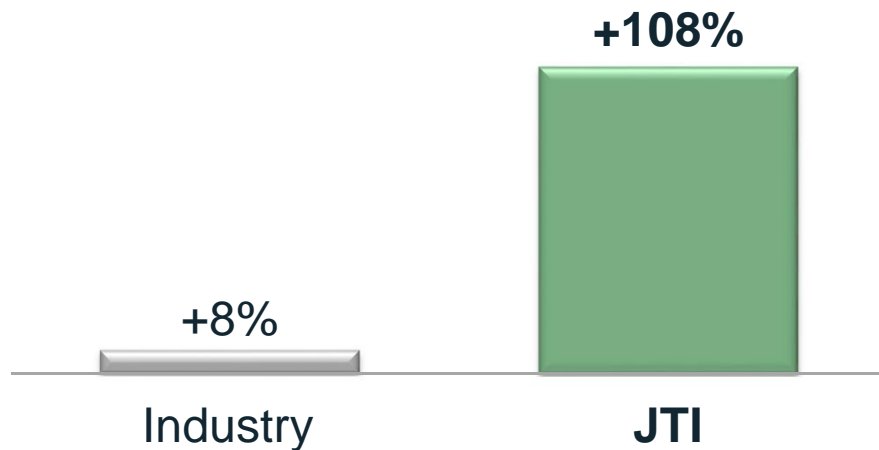
This presentation contains images or packages of our brands in some slides. Those slides have been included exclusively to illustrate JT Group's strategy or performance to our investors. They are not to be used for any other purpose.

The Caucasus: A dynamic and developing area

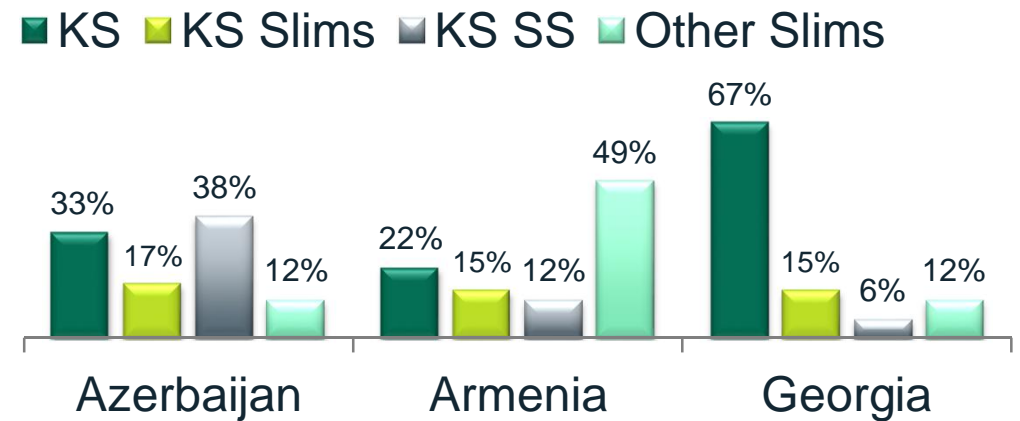
- 3 diverse markets: Armenia, Azerbaijan and Georgia
- Stable operating environment
 - Cigarette industry volume of 28.8 BnU in 2014
 - Cigarette industry value of 1.6 \$Bn in 2014
- JTI significantly outperforming industry



Volume, 2014 vs. 2010

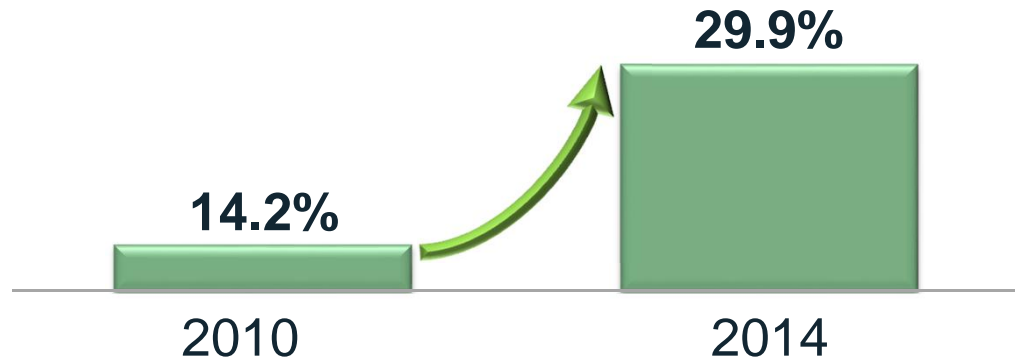


Cigarette market by configuration

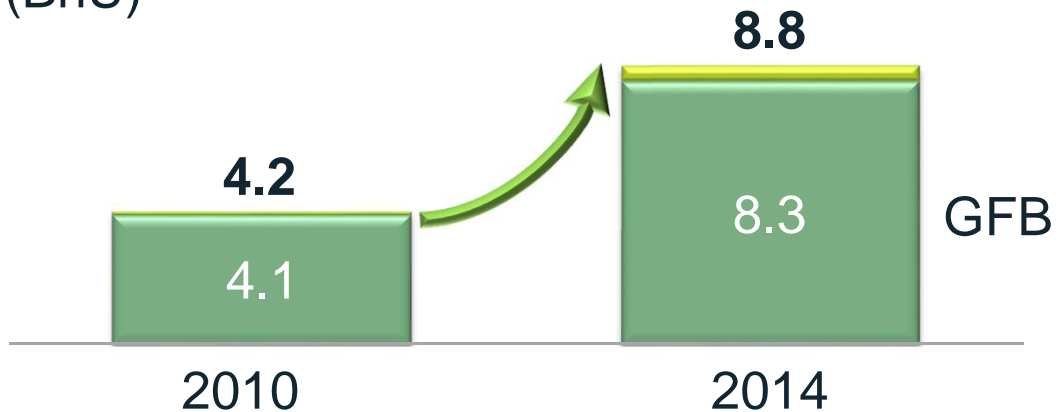


JTI, the tobacco industry leader

JTI Share of market



JTI Total volume (BnU)



- JTI Caucasus
 - Established in 2011
 - Based in Tbilisi
 - Objective: further broaden JTI's business base
- Volume and share of market doubled since 2010 driven by GFBs
- Leading tobacco company since 2012

Investing to drive profit growth

Investment (Index, 2010=100)



EBITA (Index, 2010=100)



- Increasing focused investments to:
 - Enhance GFB equity
 - Develop infrastructure and people
 - Expand distribution coverage
 - Increase visibility at point of sales

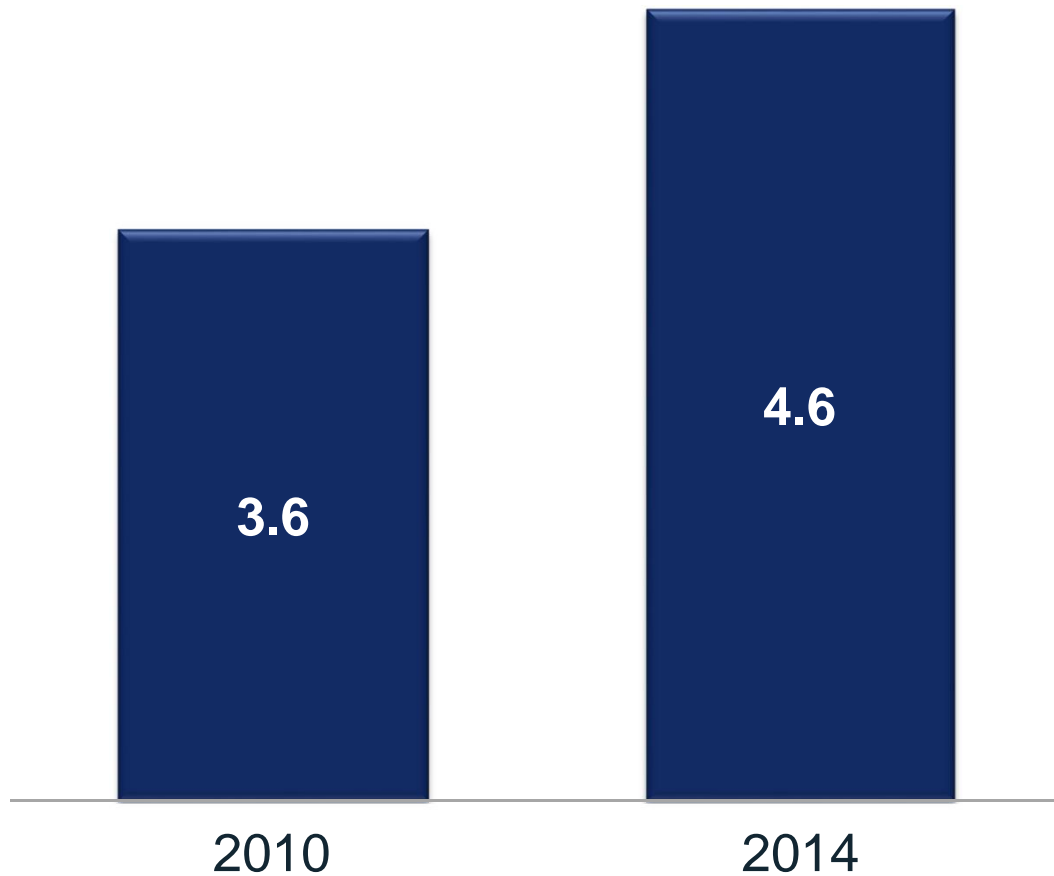
- Profit more than quadrupled over the last 5 years driven by volume and price/mix improvements



GFBs fueling our growth momentum

Winston: The #1 brand in the Caucasus

Winston total volume (BnU)

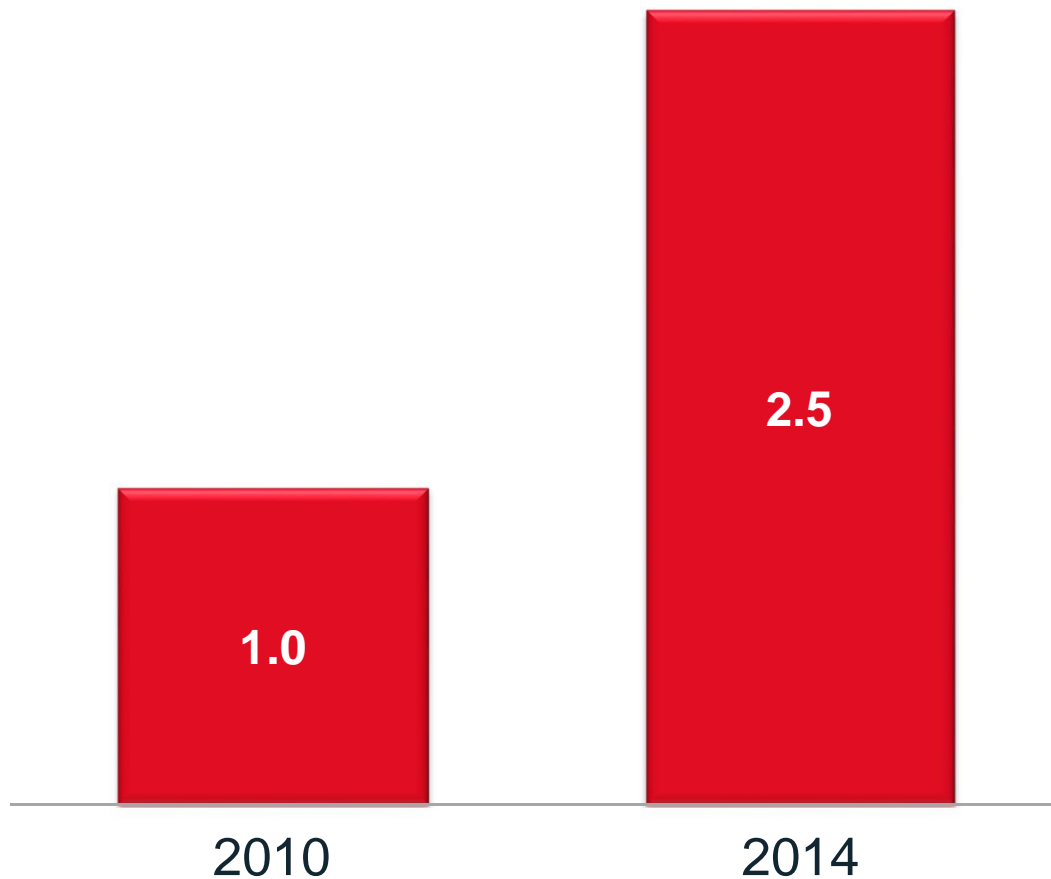


- Leading brand in the Caucasus with 15.1% market share in 2014, an increase of 2.1ppt vs. 2010
- #1 brand in Georgia and Armenia
- In Azerbaijan, Winston improved its mix delivering over 65% of total volume through XS range at higher price points



LD: Doubling volume driven by Azerbaijan

LD total volume (BnU)

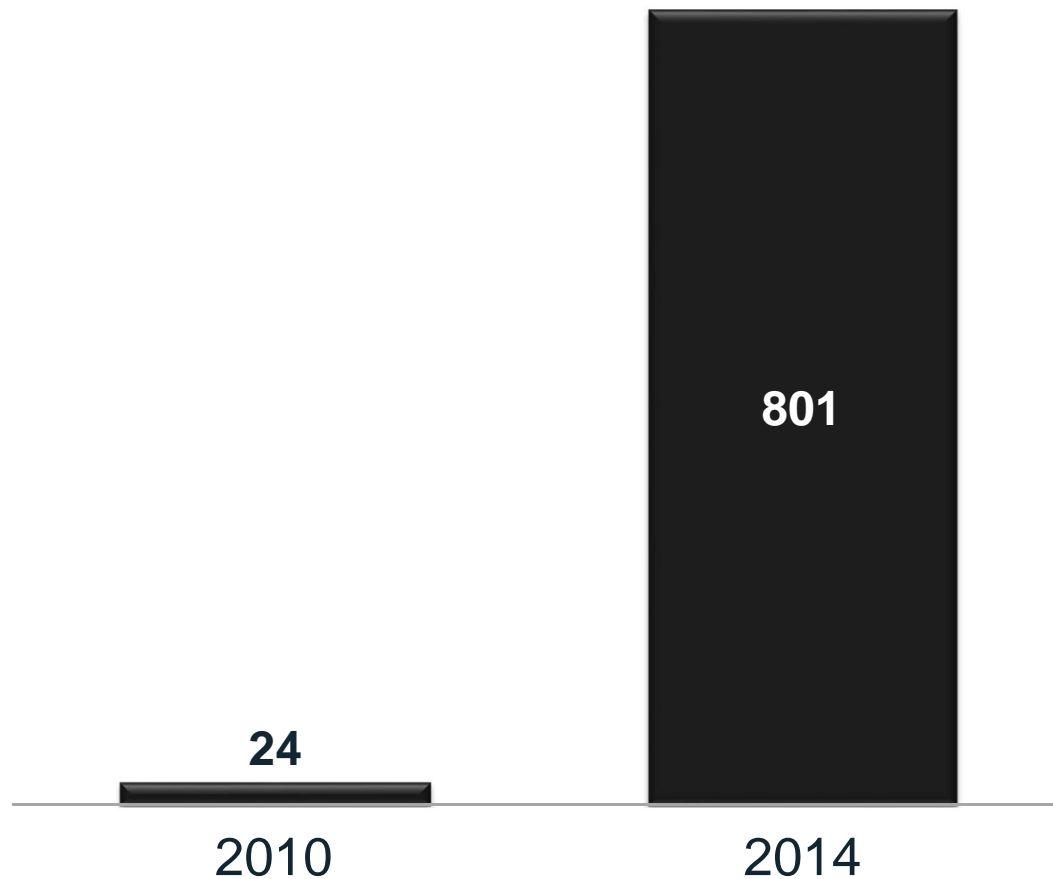


- Launched in Azerbaijan in early 2011
- Strong growth driven by LD Club
- Representing 55% of JTI volume
- Launched in Armenia in 2013
- Compelling product mix
- Rapid share gains in the growing Value segment



Sobranie: Broadening presence in the Premium segment

Sobranie total volume (MMU)



- Sobranie has an outstanding performance in the highly profitable Premium segment
- In 2014, Sobranie's share of Premium in Caucasus reached 11%
- Growth driven by Azerbaijan and Georgia, where Sobranie is significantly out performing Premium segment growth

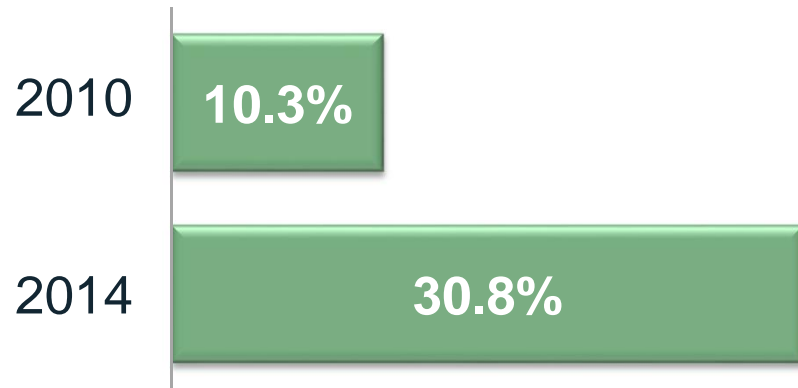




Solid growth across all markets

Azerbaijan: Expanding the portfolio and tripling market share

JTI Share of market



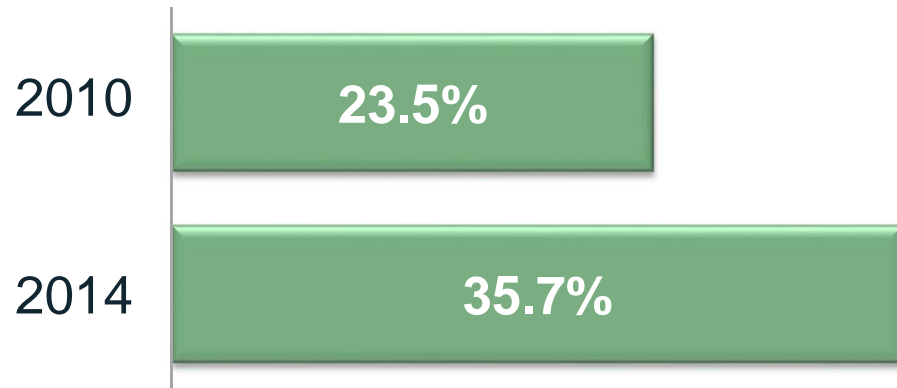
JTI Share of segment

	2014	vs. 2010 (ppt)
Premium+	22%	+22
Mid-Price	51%	+29
Value	2%	+2

- Entered the Azeri market in 2007 with Winston
- Strong market share increase (+20ppt vs. 2010) driven by portfolio expansion
 - LD leading volume and largest share contributor due to LD Club
 - Sobranie delivering strong growth in the Premium+ segment
- Key success factors: innovative propositions, enhanced retail coverage and strong team capabilities

Georgia: Strengthening our leading position by expanding GFBs

JTI Share of market



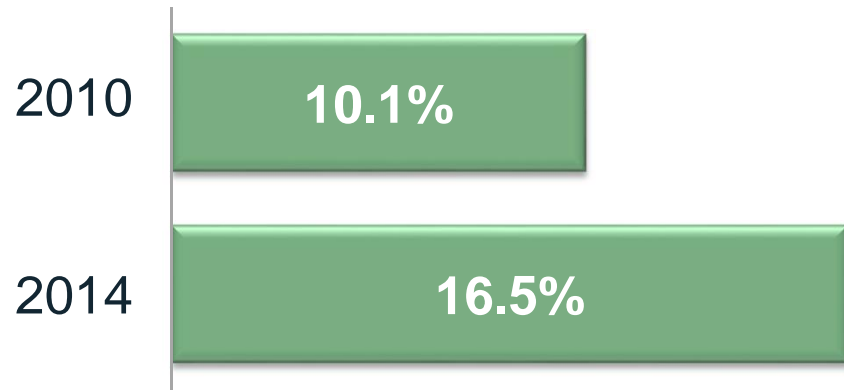
JTI Share of segment

	2014	vs. 2010 (ppt)
Premium+	5%	+5
Mid-Price	60%	+9
Value	13%	+13

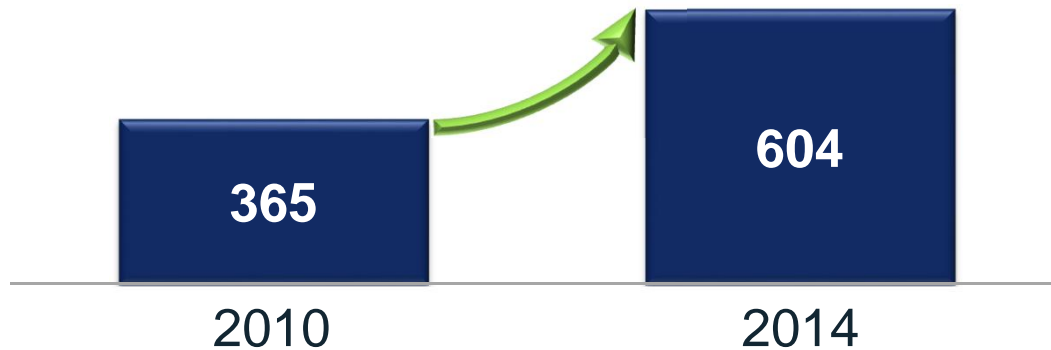
- Strong market leading position with significant share advantage vs. #2
- Winston is the #1 brand in Mid-Price, the largest volume segment
- Increasing presence above and below Winston to fuel market share growth
 - In Premium and Value, growth driven by Sobranie and Magna, respectively
- Key success factors: improved route to market and coverage as well as development of local team

Armenia: Investing and seeding to grow market share

JTI Share of market



Winston volume (MMU)



- Presence since 2000. #1 international tobacco manufacturer since Q4 2014
- Winston is the leading brand as of 2013, with strong presence in Mid-Price
- Investing toward future growth opportunities by:
 - Building LD through line extensions to increase focus in Value
 - Establishing a JTI local entity in December 2014 to improve further our commercial capabilities

Great achievements setting the base for future growth

- The Caucasus delivered significant growth in volume, share of market and profit
- This was achieved by increasing investments, consistent focus on GFB, talent development and effective business relations with local partners
- Future growth opportunities driven by a stable operating environment and our strong brand portfolio across all price segments