



JTI 1H 2016 Financial Results

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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 intended to be used for any other purpose.





Agenda

- First Half 2016 Results
- First Half 2016 Performance by Cluster
- Summary and FY 2016 Outlook

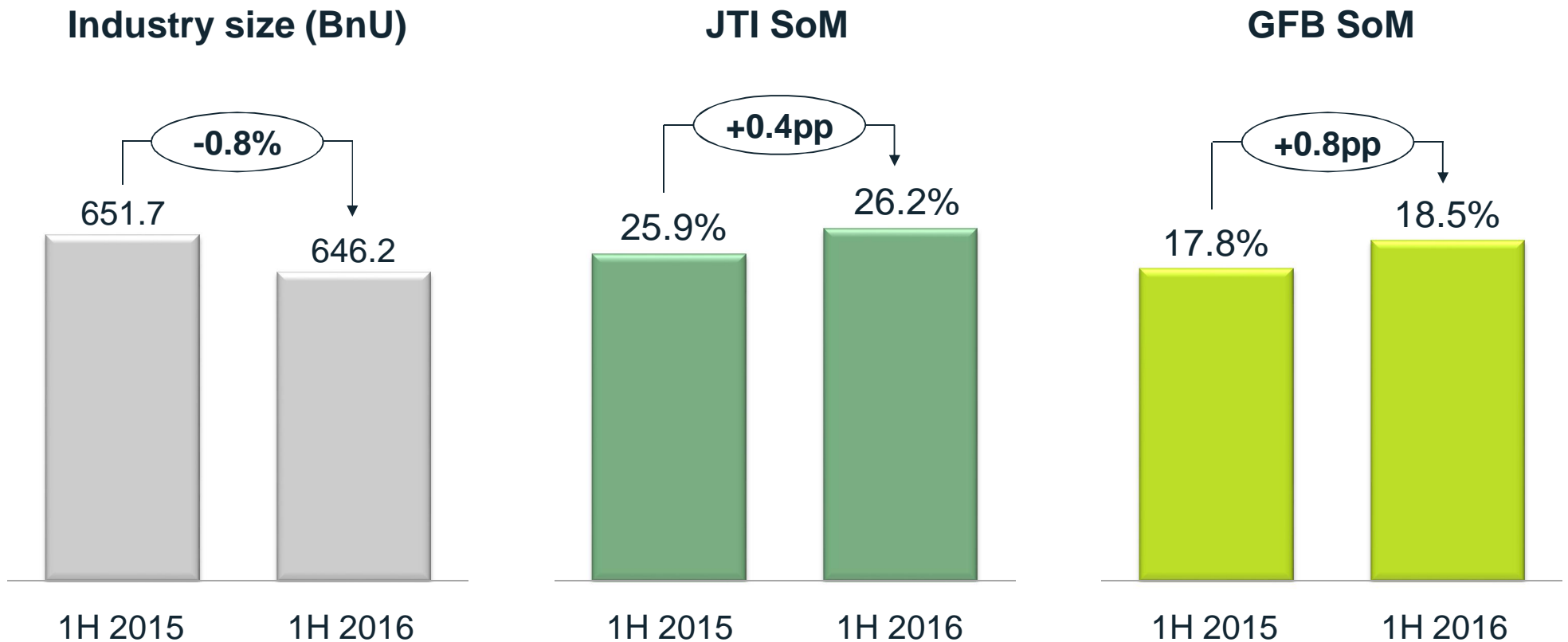


First half 2016 results

Strong 1H 2016 performance

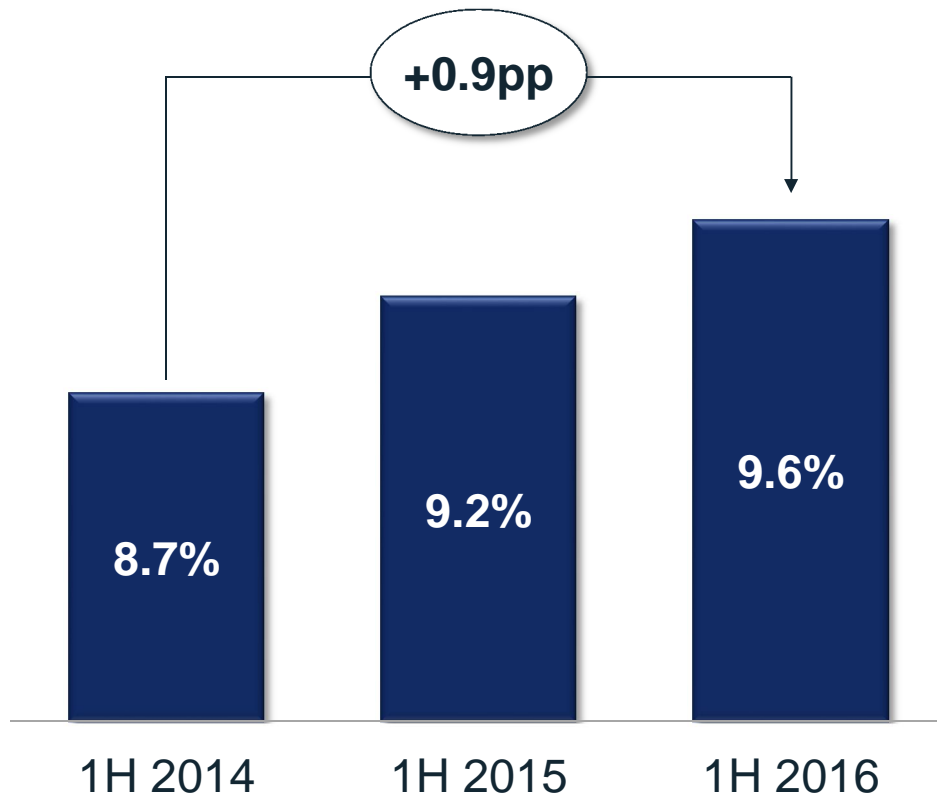
(BnU, \$MM)	1H 2016	vs. 1H 2015
Total volume	199.7	 +4.4%
GFB volume	140.7	 +6.7%
Core revenue	5,700	 +12.6%
Adjusted operating profit	2,083	 +17.7%

Moderate industry decline with continued share gains driven by GFBs



Winston continues to drive share growth across JTI

Winston share of market

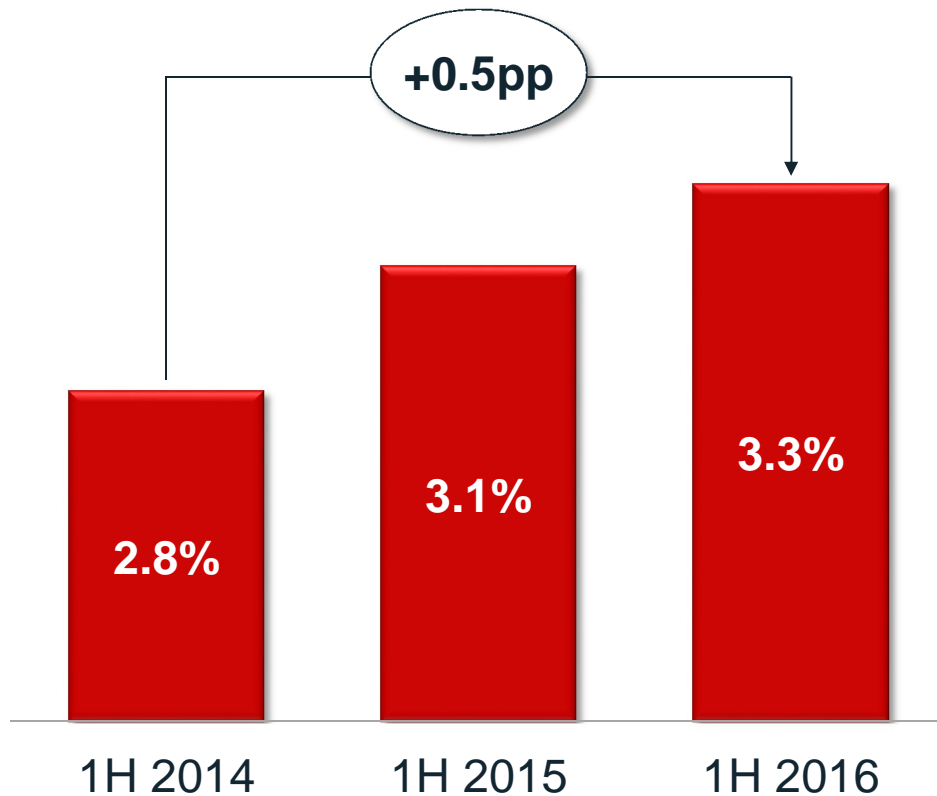


- Winston ranked #2 globally
- SoM gains in France, Germany, Iran, Italy, Philippines, Russia and Turkey
- Growth fueled by ongoing equity enhancements to RMC and fine cut



LD growing market share

LD share of market

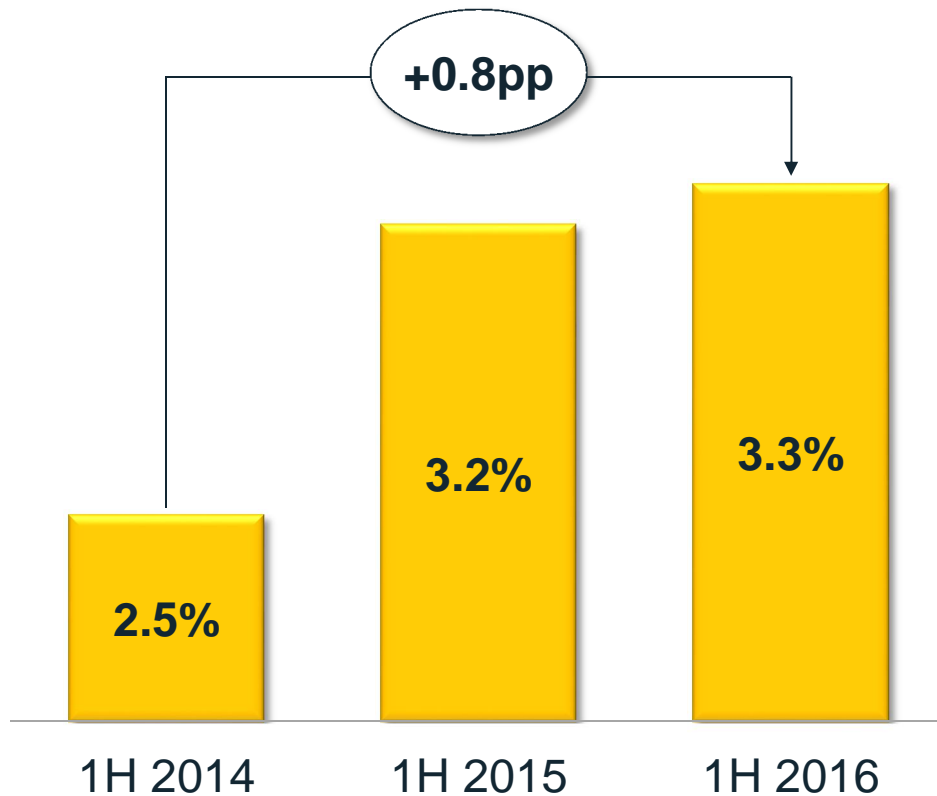


- Record market share achieved in Canada, Kazakhstan, Romania, Russia and Ukraine
- Innovative line extensions, such as LD Club Compact, drove 70% of volume growth over the last 2 years



Camel growing share of market and shipment volume

Camel share of market



- Third consecutive year of volume and share growth
- 2016 share gains driven by Italy, Benelux markets, Czech Republic, South Africa and the Philippines
- Volume growth further enhanced by Camel equity in seeding markets



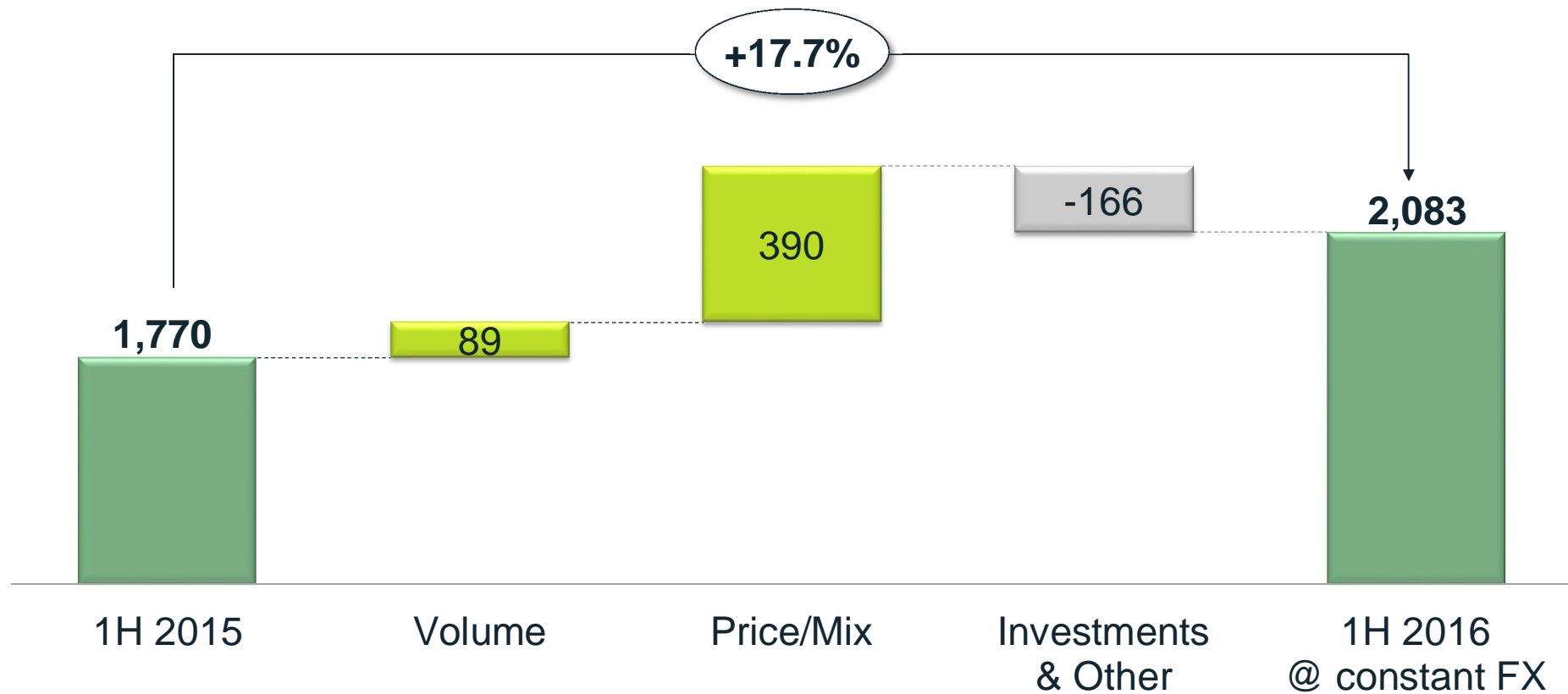
Solid pricing drives core revenue growth

Core revenue (\$MM)



Growing profit and business investments

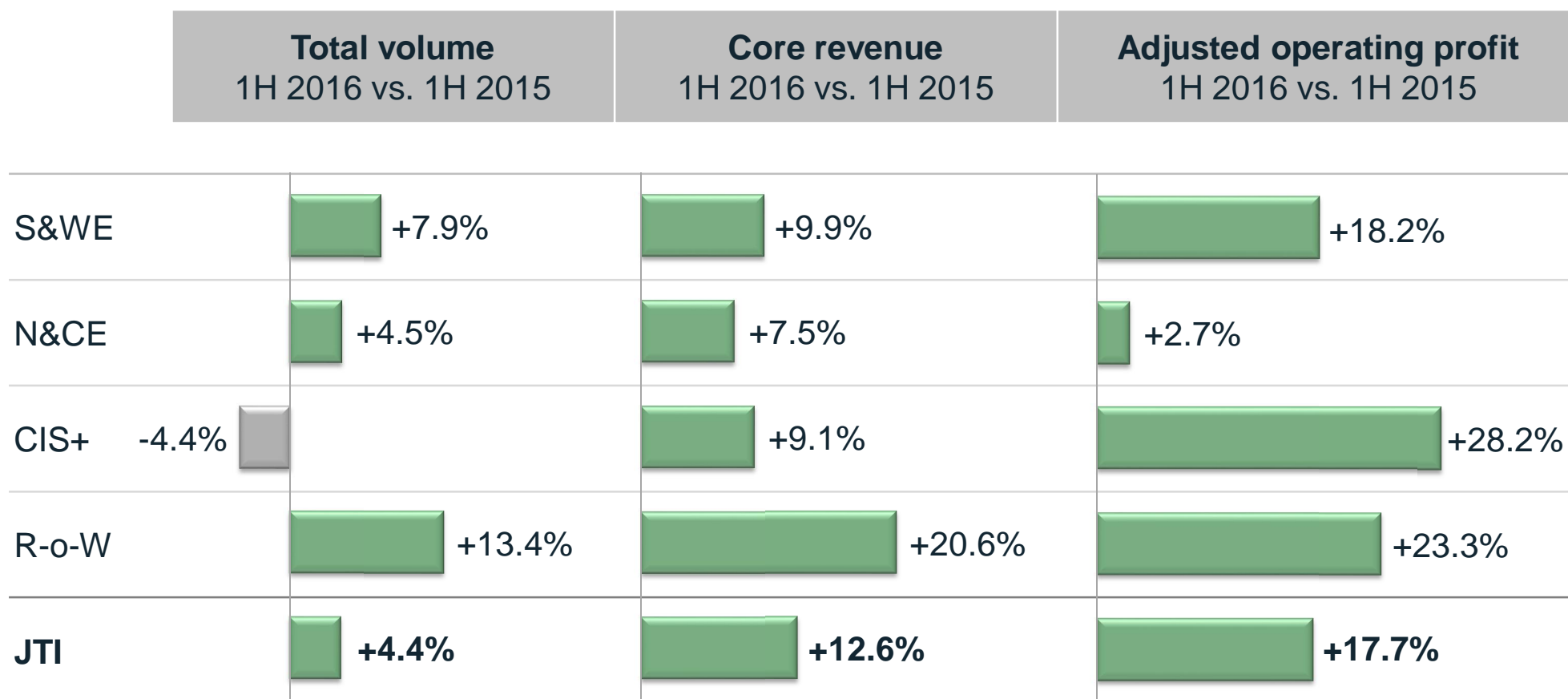
Adjusted operating profit (\$MM)





First half performance by cluster

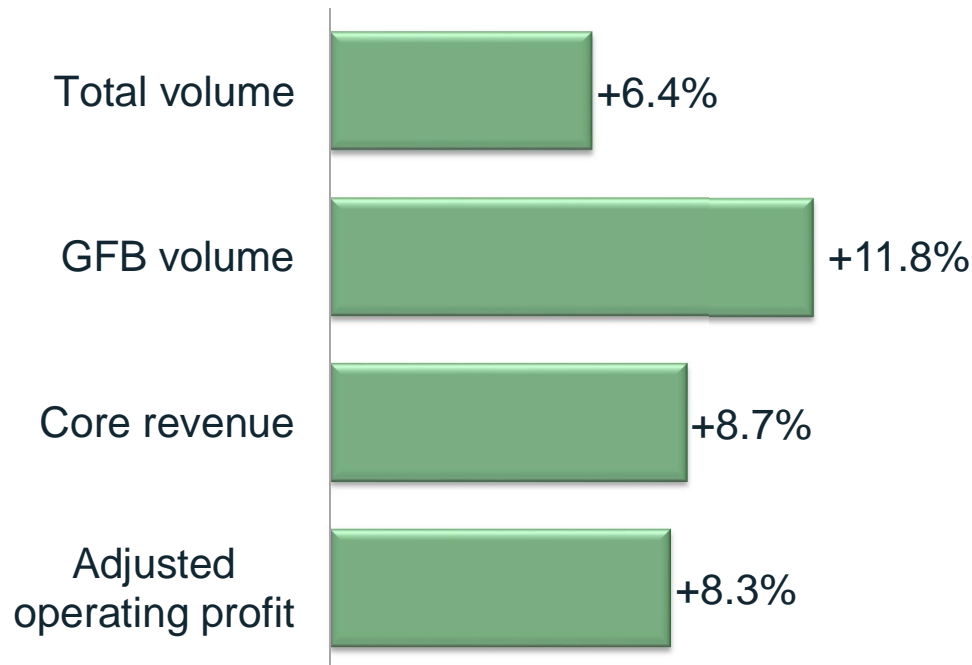
Robust top and bottom line results across clusters



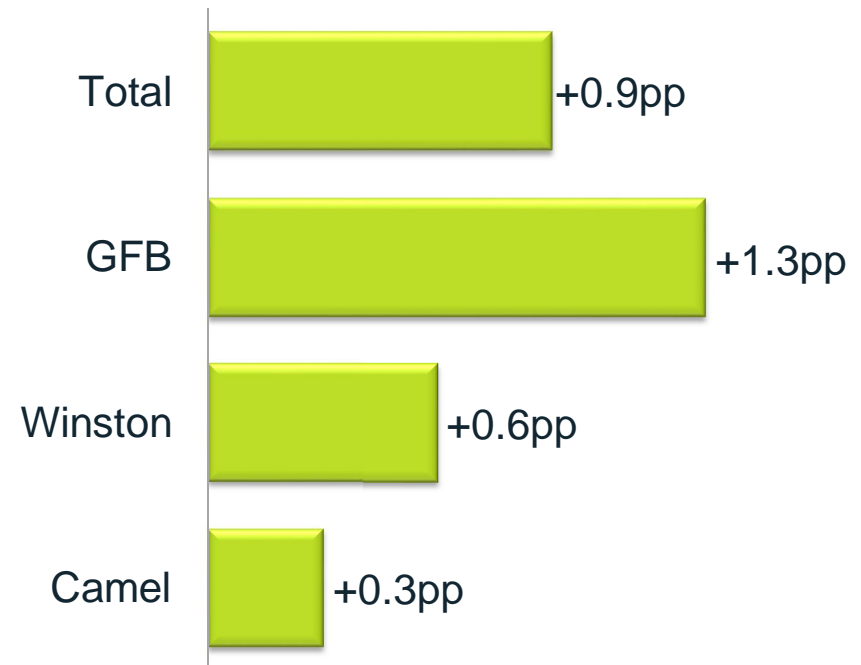
Europe: Exceptional performance led by GFBs

Europe (S&WE + N&CE)

Key Performance Indicators 1H 2016 vs. 1H 2015

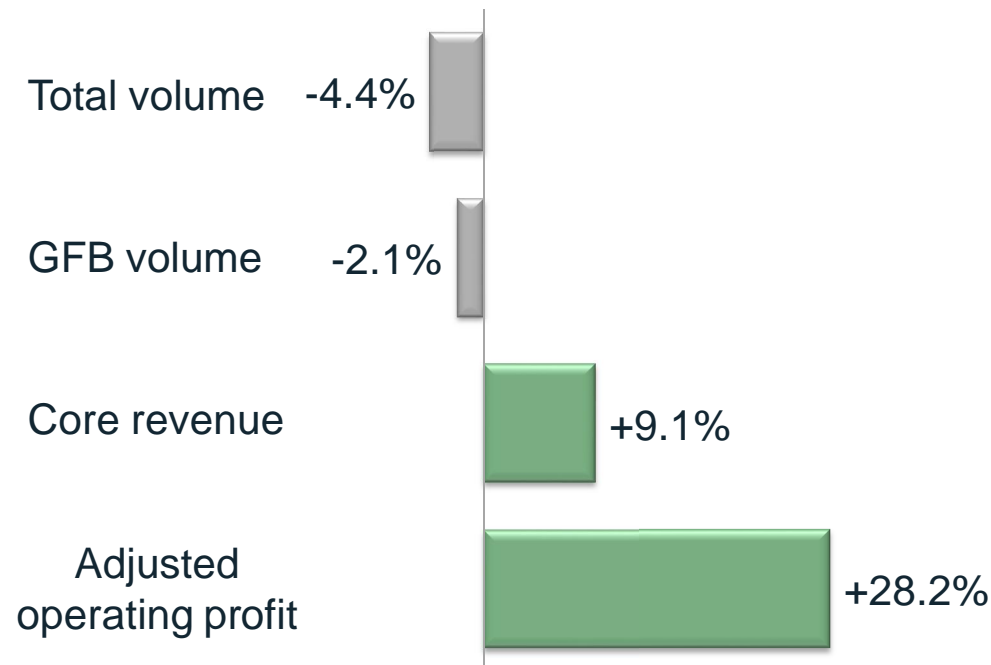


JTI Share of market 1H 2016 vs. 1H 2015



CIS+: Pricing drives strong revenue and profit growth

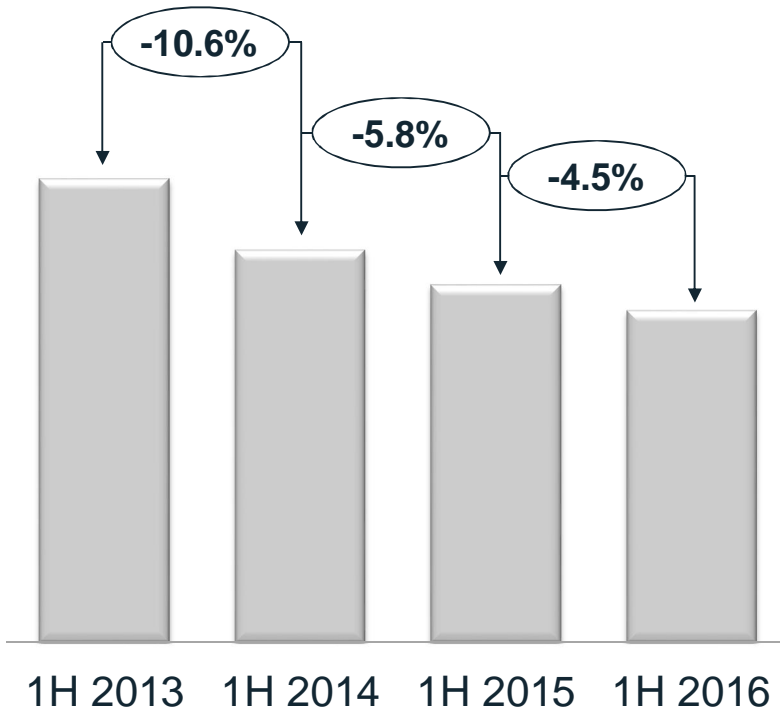
Key Performance Indicators 1H 2016 vs. 1H 2015



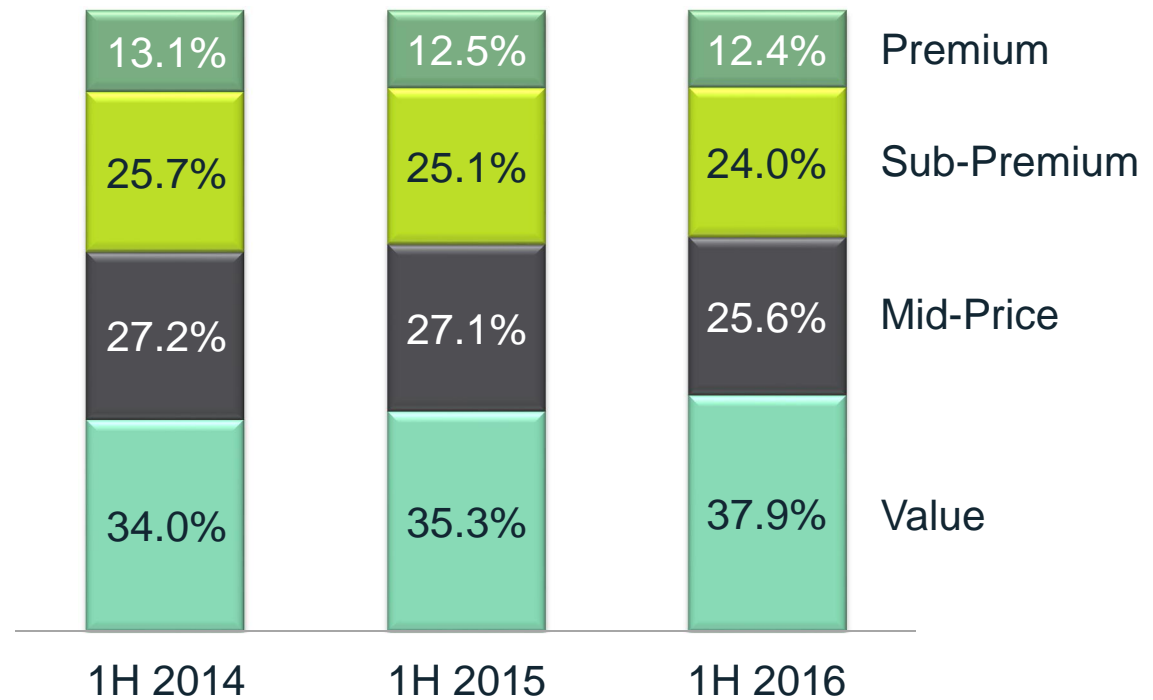
- Industry size decline results in total volume reduction
- GFB resilience driven by strong share of market performance:
 - Kazakhstan +1.4pp
 - Romania +4.5pp
 - Russia +0.5pp
 - Ukraine +0.3pp
- Strengthened #1 SoM position in Russia and Kazakhstan
- Robust pricing supports strong core revenue and earnings growth

Russia: Market size decline moderates while downtrading continues

Industry volume evolution



Price segment dynamics



Russia: Investment in equity drives GFB share growth and pricing

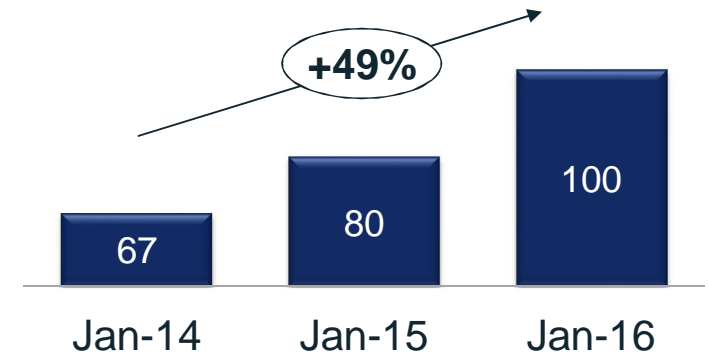
Sub-Premium



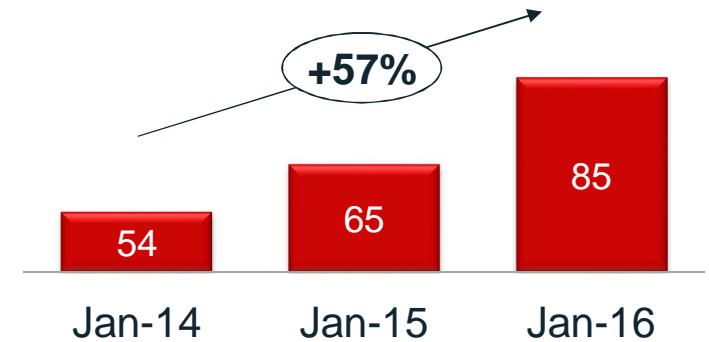
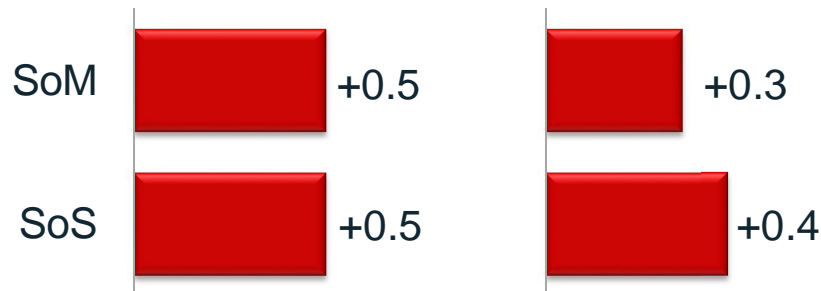
Share evolution YoY (pp)



Pricing change (RUB / pack)

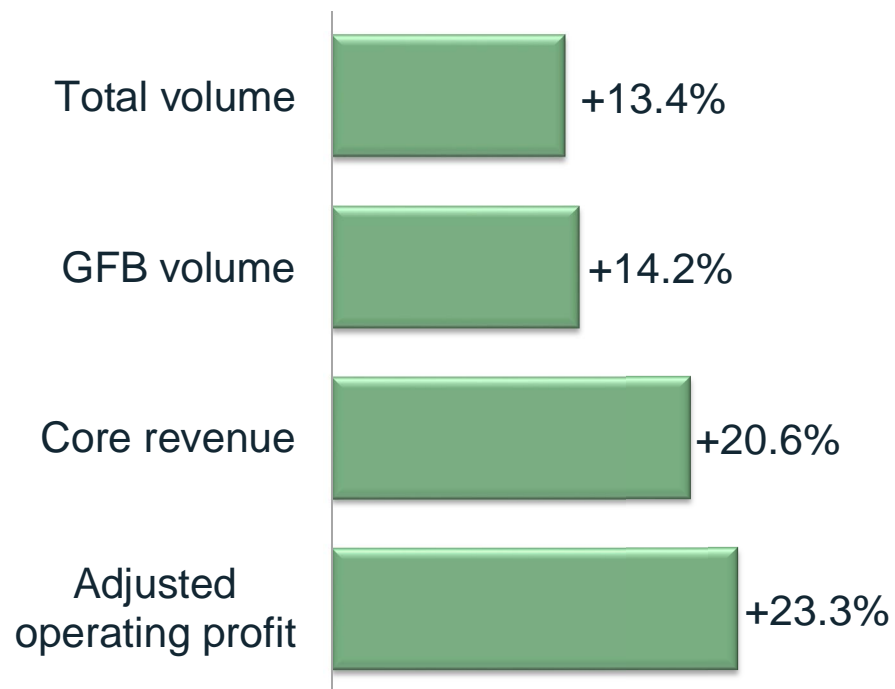


Mid-Price/Value



Rest-of-the-World: Growing profit while investing for the long-term

Key Performance Indicators 1H 2016 vs. 1H 2015



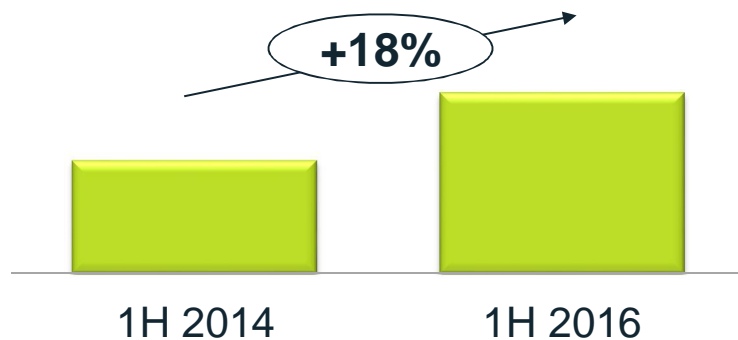
- Share of market growth across many markets including:
 - Brazil, Canada, Iran, Korea, Myanmar, Philippines and Taiwan
- Pricing in Canada, Iran, Taiwan, Turkey drives strong revenue growth
- Significant double-digit profit growth after investment in seeding markets and emerging products

Turkey: Improved profitability and higher market share

JTI Share of market (%)



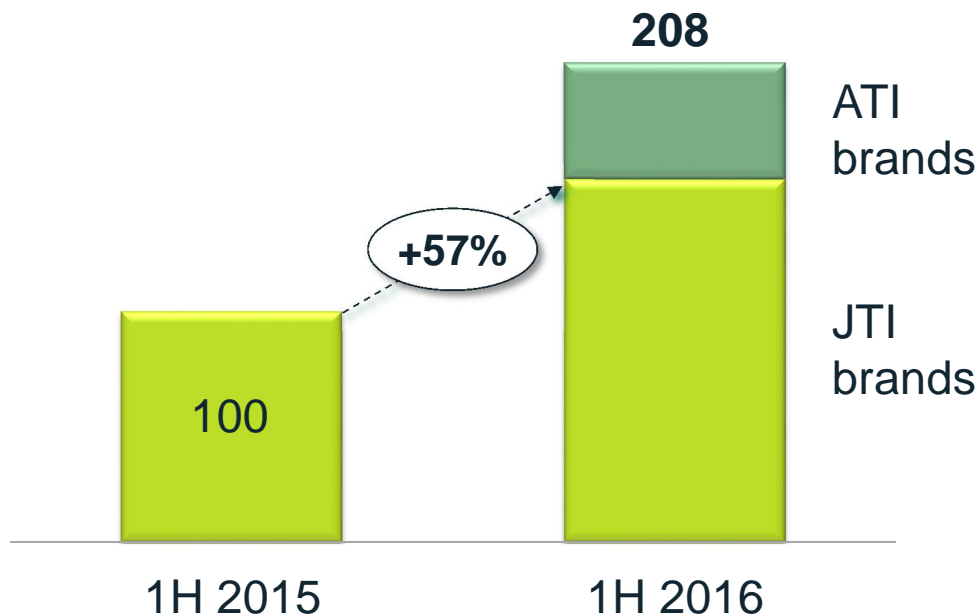
JTI Core revenue per M Index (1H 2014 = 100)



- Share of market growth following Camel price repositioning in May 2014
- Stabilization of share at 30% level
- Robust pricing drives improved profitability from the first half of 2016
- +1TRY increase across the portfolio announced in July 2016

Iran: Strong growth led by acquisition and expanded distribution

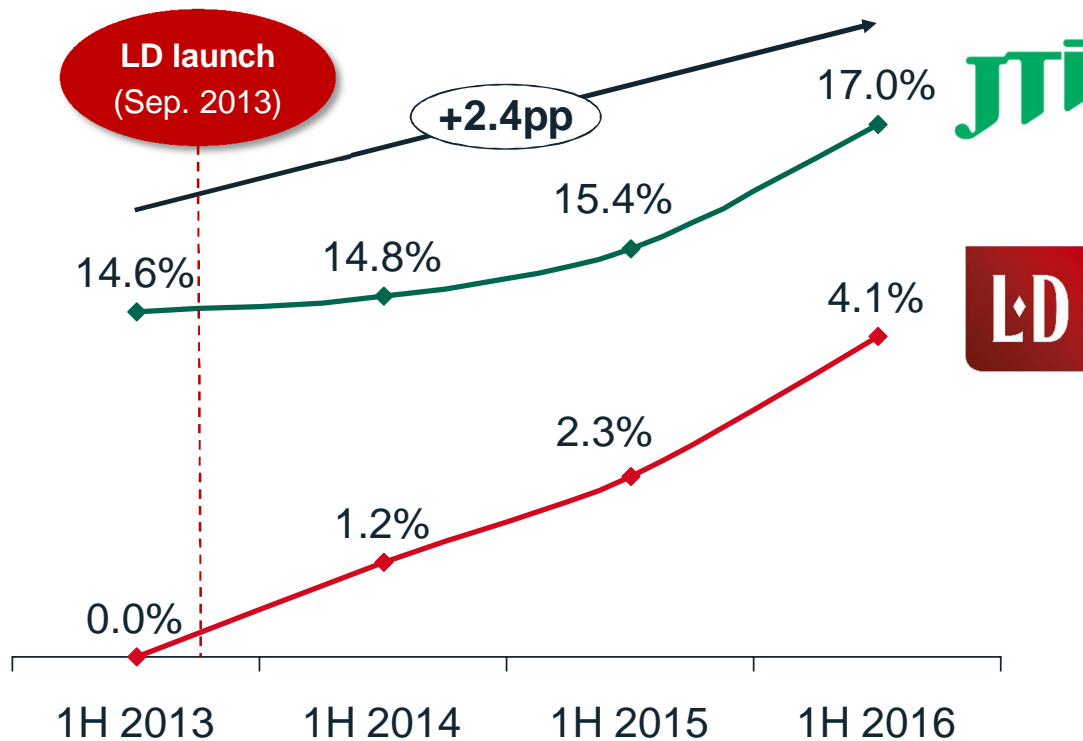
Volume progression (Index, 1H 2015=100)



- Winston #1 brand*
- ATI acquired in September 2015
- Improved route-to-market drove JTI brands' YoY volume growth above 50%
- Significant contributor to earnings growth in 2016

Canada: Continued share gains in a highly regulated market

Share of market development



- Highly regulated tobacco market:
 - Retail display ban
 - SIPP's ban
 - 75% health warnings
- Strong JTI share growth of 2.4pp since 2013 driven by LD
- Robust year-on-year pricing
- JTI volume growth in 1H 2016



Summary and FY 2016 Outlook

Well positioned to achieve double-digit profit growth in FY 2016

- Strengthening business fundamentals with increased global share of market driven by GFBs
- Robust 1H performance with growth across all Key Performance Indicators
- Well positioned to achieve full year earnings growth of 11.4% in 2016:
 - Total volume and core revenue to increase 2.0% and 8.1%, respectively
 - Secured robust pricing
 - Increased investments in emerging products and seeding markets