



Investing and leading through change

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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.

Strong market fundamentals...

Top-5 tobacco industry value markets

 CN  228 \$Bn

 US  94 \$Bn

 JP  32 \$Bn

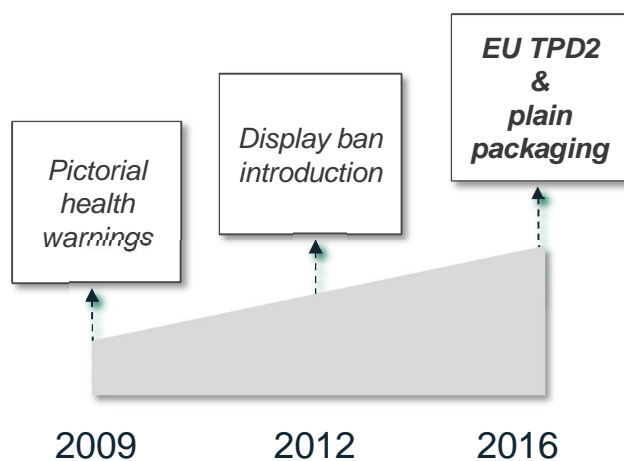
 DE  27 \$Bn

 UK  23 \$Bn

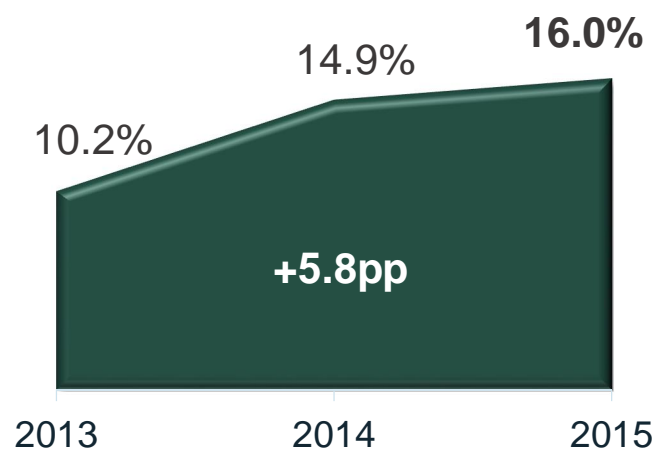
- 5th largest market in terms of industry value
- Predictable excise tax increases
- Total industry volume decline slowing in 1H 2016
 - RMC industry volume of 31.8 BnU in 2015
 - Fine cut industry volume of 15.3 BnU in 2015
- E-vapor positive momentum continues

...Yet increasing challenges

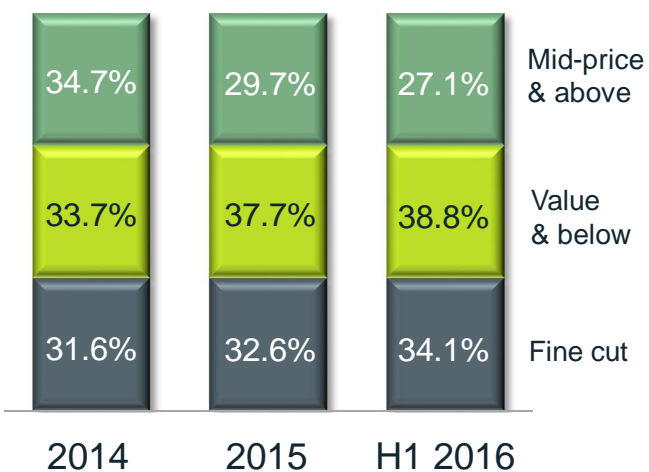
Key regulatory changes



NUKDP evolution⁽¹⁾

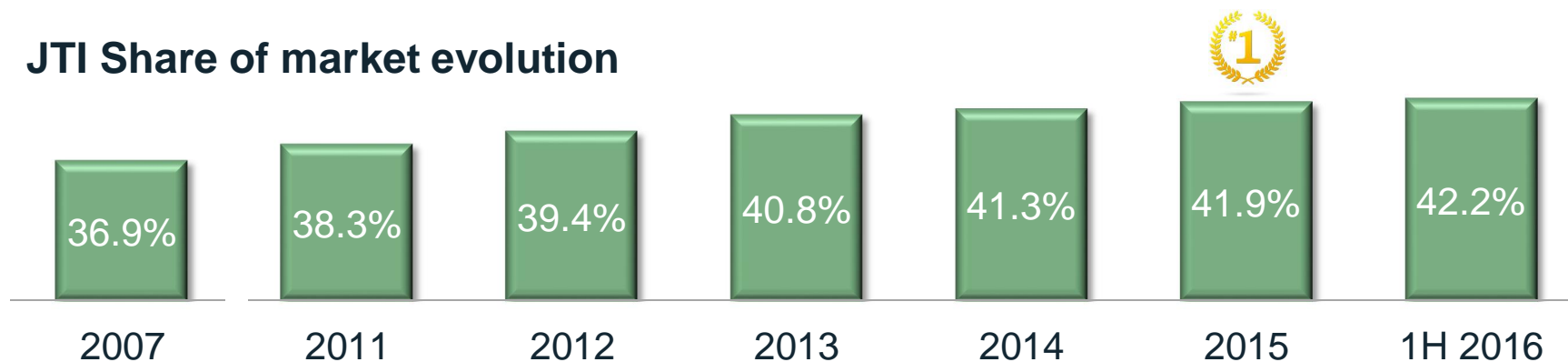


Price segments dynamics

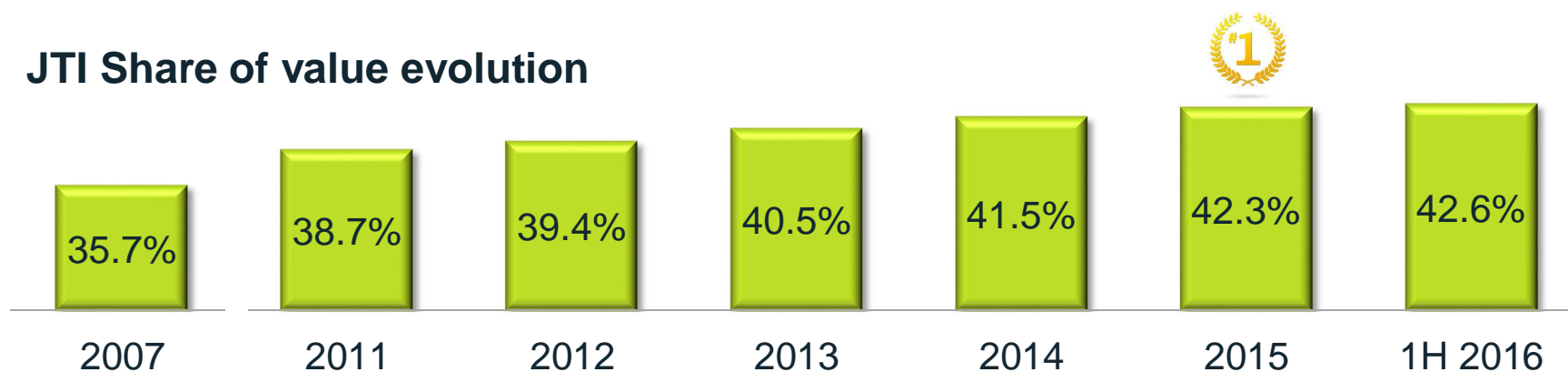


JTI: Continuous growth & UK leadership since 2015

JTI Share of market evolution






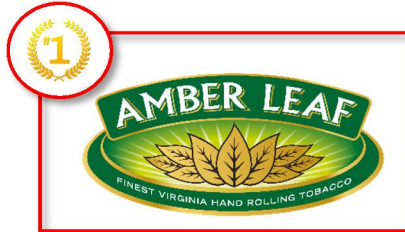

JTI Share of value evolution





Strategic growth drivers

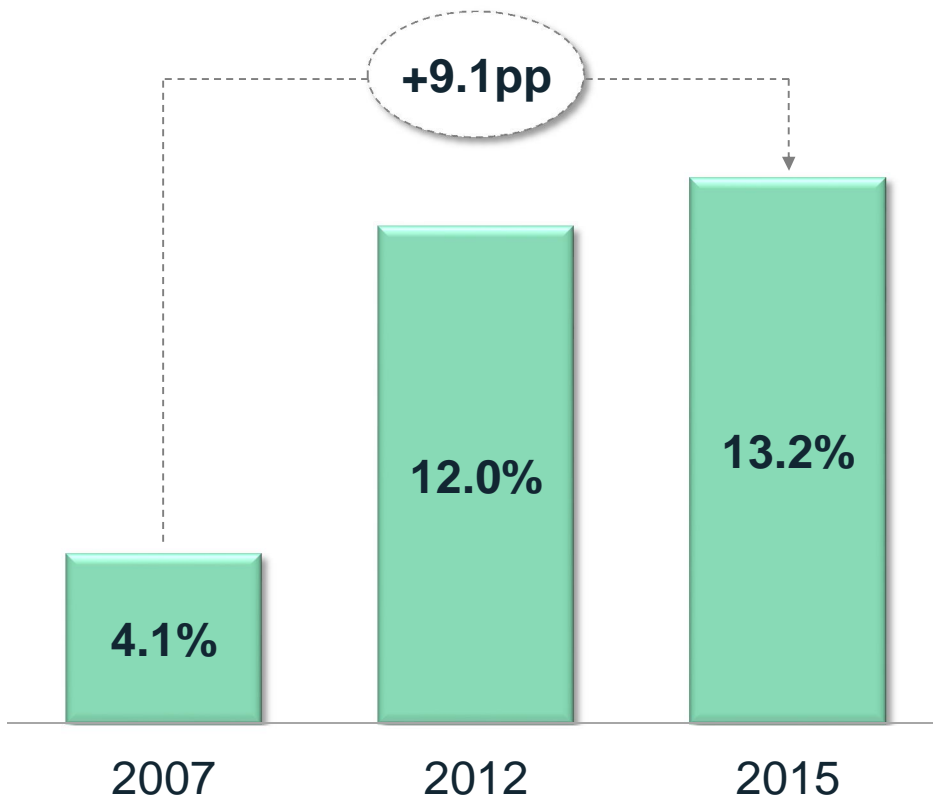
Developing leading brands across all categories

Cigarettes	Fine Cut	Emerging Products
    	  	

Focused investments behind strong equity brands

Sterling: Driving cigarettes growth since 2012

Sterling SoM evolution (RMC)



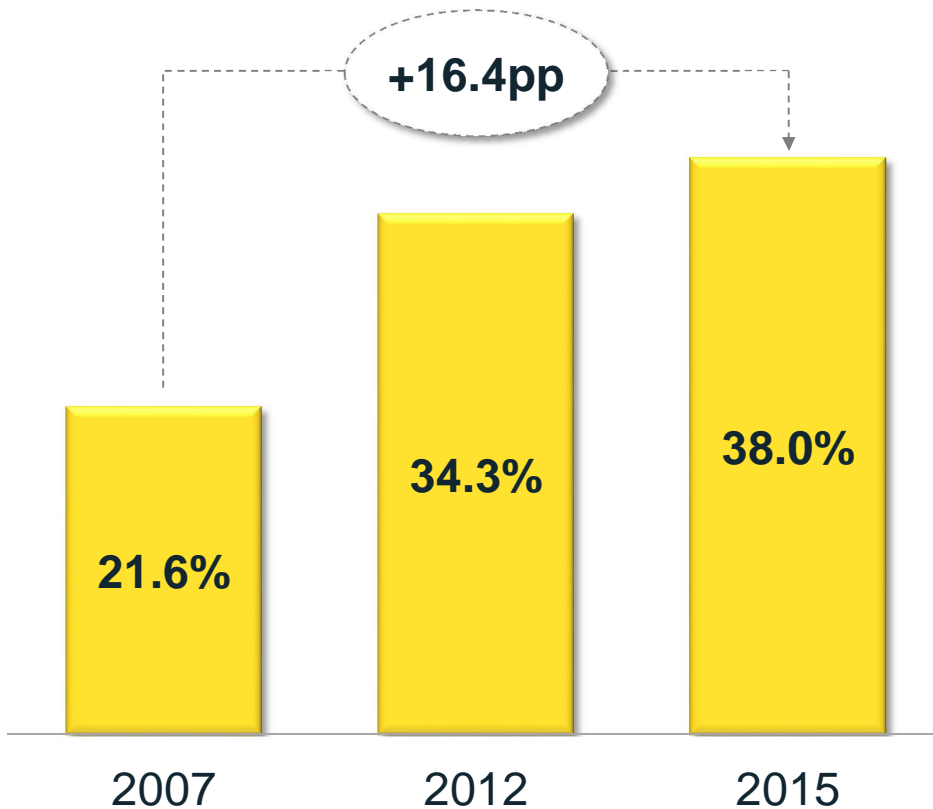
- #1 Cigarette brand since 2012
- #1 Capsule offering: Sterling Fresh Taste



- Success driven by:
 - Consumer-driven innovation
 - Balanced pricing
 - Brand equity

Amber Leaf: UK's biggest fine cut and the largest brand in the market

Amber Leaf SoM evolution (FCT)



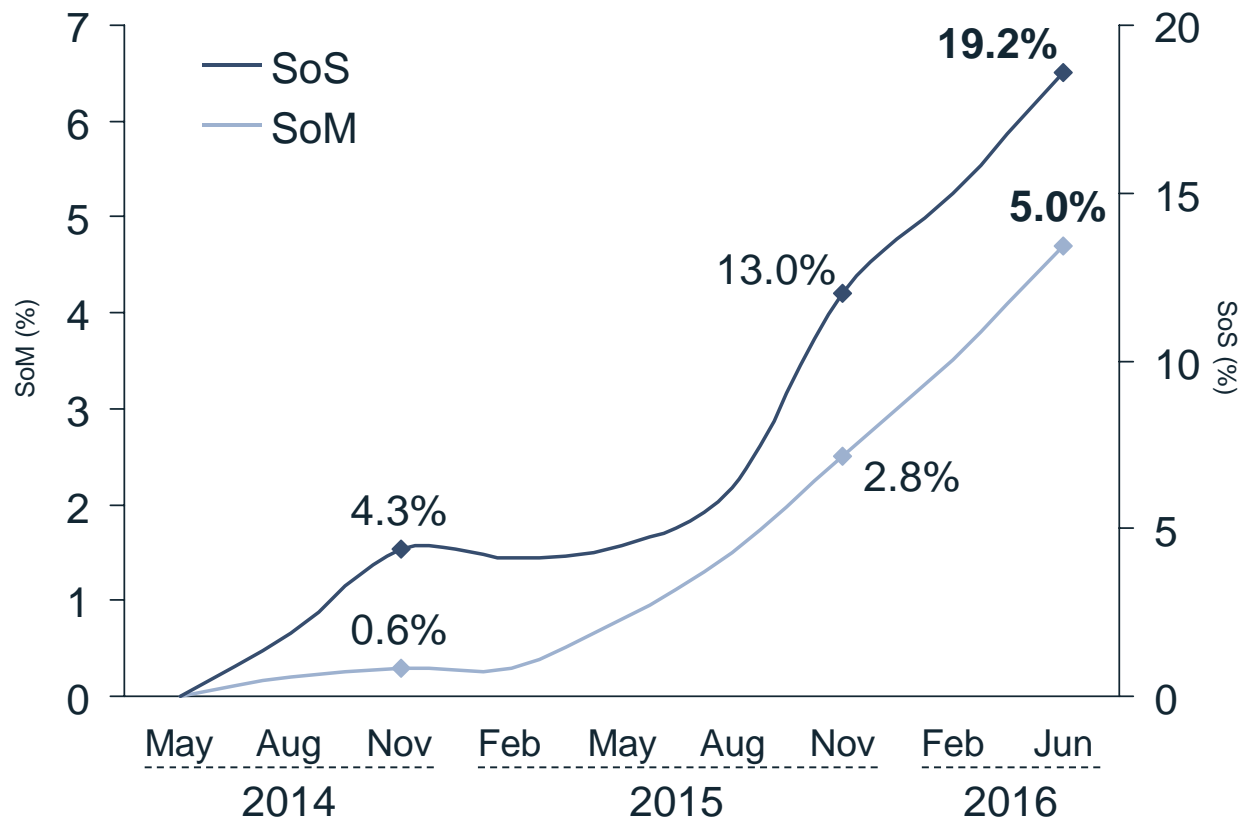
- Strong #1 fine cut (FCT) brand in the UK
- Leading tobacco brand since 2012



- Success driven by:
 - Effective pricing
 - Optimum product offering
 - High quality

B&H Blue: Building success despite regulatory challenges

B&H Blue Share of market & Share of segment⁽¹⁾



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Source: Nielsen. (1) Share of 'ultra value' segment

London – September 23, 2016

- UK's fastest growing brand post retail display ban

**BENSON
& HEDGES**

- Excellence in trade marketing capabilities



Superior trade capabilities providing strong presence at retail

Key retail channels

Share of retail

JTI SoM, 2015

vs. 2014

Multiple Grocers



28.7%

42.1%



+0.5pp

Gas & Convenience



23.5%

41.2%



+0.9pp

Independents & Symbols



47.8%

42.2%



+1.0pp

Partnership with trade through change

ONLINE TRADE SUPPORT & LOYALTY PROGRAMS

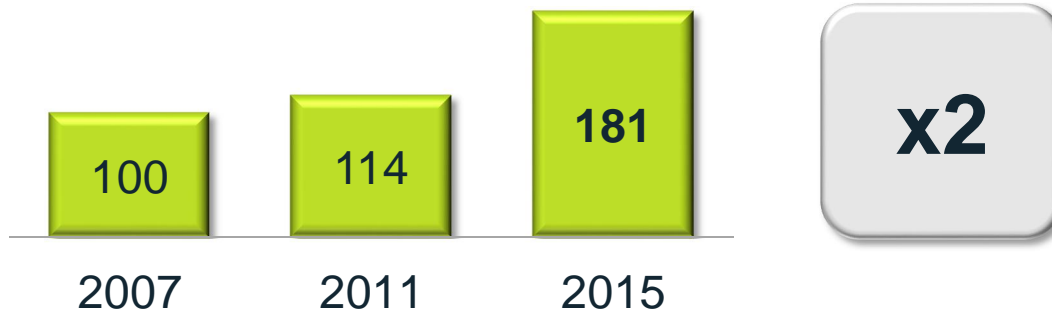


JTI TRADE APP

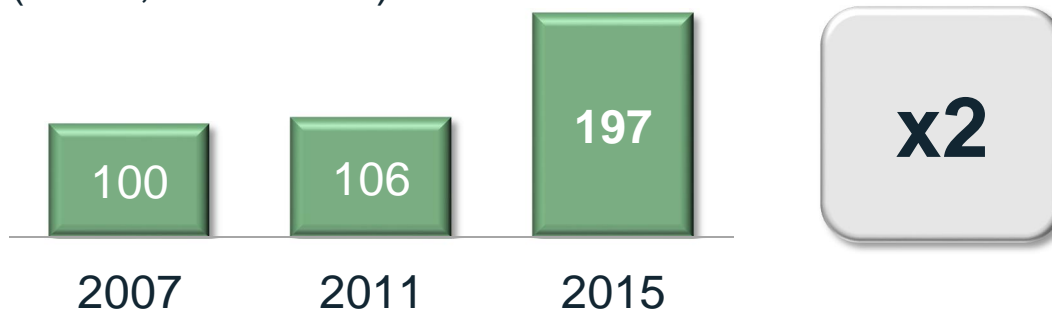


Focused investment generating high returns

Core revenue per thousand (Index, 2007=100)



EBITA (Index, 2007=100)



- Unit price & EBITA almost doubled since the Gallaher acquisition
- Sustainable growth offsetting industry volume decline, driven by:
 - Strong brands in all categories
 - Robust share and pricing gains
 - Disciplined cost management

Strong confidence in JTI's ability to continue growing ahead

- Market leadership
- Share and profitability growth
- Brand portfolio strength
- Trade marketing excellence
- Highly talented workforce



Tobacco manufacturer
JTI



Tobacco brand
Amber Leaf



Cigarette brand
Sterling

