



JT Group Priorities for Sustainable Growth

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Forward-Looking Statements

This presentation contains forward-looking statements. These statements appear in a number of places in this document 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) increase in awareness of health concerns related to smoking;
- (2) regulatory developments; including, without limitation, tax increases and restrictions on sales, marketing, packaging, labeling and use of tobacco products, privately imposed restrictions and governmental investigations;
- (3) litigation around the world alleging adverse health and financial effects resulting from, or relating to, tobacco products;
- (4) our ability to further diversify our business beyond the traditional tobacco industry;
- (5) our ability to successfully expand internationally and make investments outside Japan;
- (6) competition and changing consumer preferences;
- (7) our ability to manage impacts derived from business diversification or business expansion;
- (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.

Our Management Policy

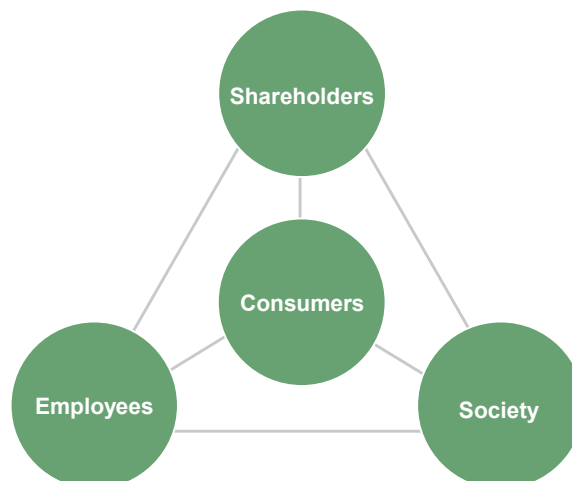
Management Principle

4S MODEL

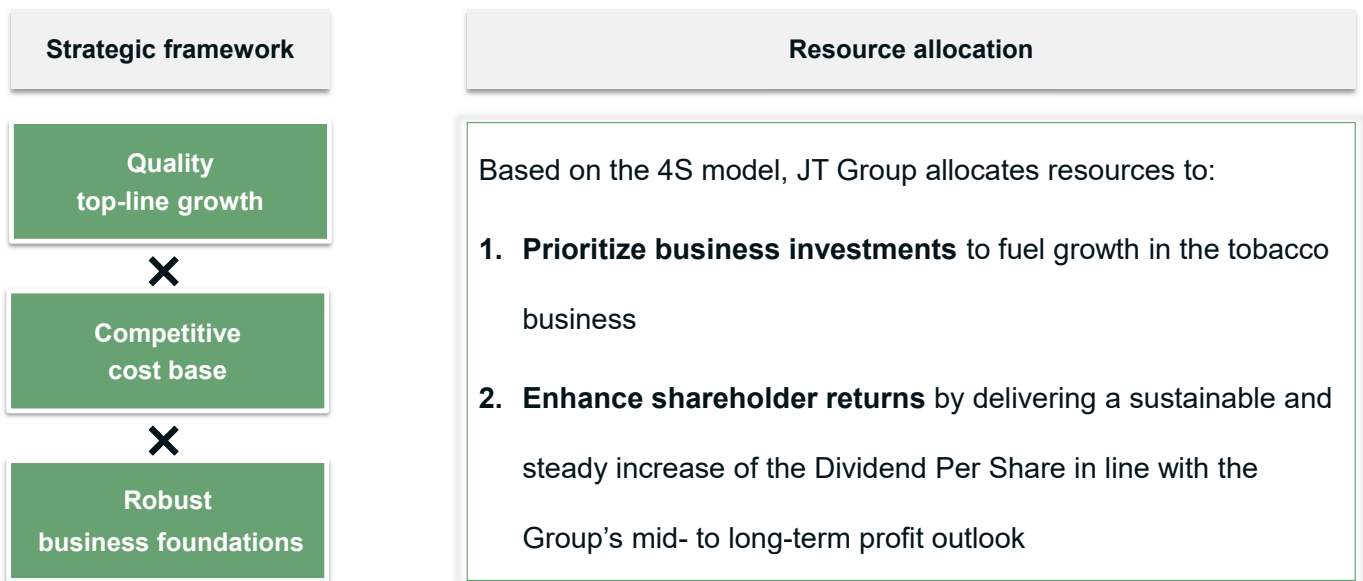
We strive to **fulfill our responsibilities** to our

- valued Consumers,
- Shareholders,
- Employees, and
- the wider Society,

carefully **considering the respective interests** of these four key stakeholder groups, and **exceeding their expectations** wherever we can



Strategic framework and resource allocation



Business Plan 2018

Mid- to long-term target and role of each business

Mid to high single-digit profit growth* in the plan period

TOBACCO BUSINESS *JT Group's profit growth engine*

1. Reduced-Risk Products (RRP)**
 - **Drive the future growth of tobacco business**
2. Combustible Tobacco Products
 - **Remain the platform of profitability**

PHARMACEUTICAL & PROCESSED FOOD BUSINESSES

Complement profit growth

- **Continue to deliver profit**
- **Grow via top-line expansion**

Business Plan 2018 Priorities - Growth opportunity of RRP

Drive the future growth of the Group

- **Fulfill diverse consumer needs with the highest quality RRP portfolio**
 - Long and extensive experience in RRP development
 - Develop a global RRP portfolio focusing on features that matter to consumers
- **First priority is to achieve RRP leadership in Japan**
 - Multi-product portfolio with different heating profiles
 - Aim to gain 40% share of RRP category by the end of 2020

Business Plan 2018 Priorities - Organic and M&A expansion

Empower JT Group's growth engine

- **Prioritize investments toward organic growth and M&A to:**
 - Further expand our presence in emerging markets
 - Consolidate our leading position in established markets
- **Disciplined approach in pursuing M&A opportunities and integration process**

Delivering on 2018 objectives

- **Solid start of the year to deliver on our 2018 full year target**
 - Japanese domestic tobacco business
 - Capsule production capacity enhancements being delivered as planned
 - National roll-out of Ploom TECH started successfully
 - Development of new RRP offers on schedule
 - Robust market share level in combustibles
 - International tobacco business
 - Strong top-line growth driven by pricing is on track
 - Integration of newly acquired assets are on or above plan
- **On track to deliver JTG's 15th consecutive year of Dividend Per Share increase**

Closing Remarks

Aim to be the leading global tobacco company

**Our long-term vision remains to become the #1 global tobacco company,
by offering consumers freedom of choice**

- Continuous business investment in both combustibles and RRP to significantly strengthen JT Group's portfolio
- Strong leadership to enhance organizational capabilities