



JTI's Growth Strategy

The role of acquisitions

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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.

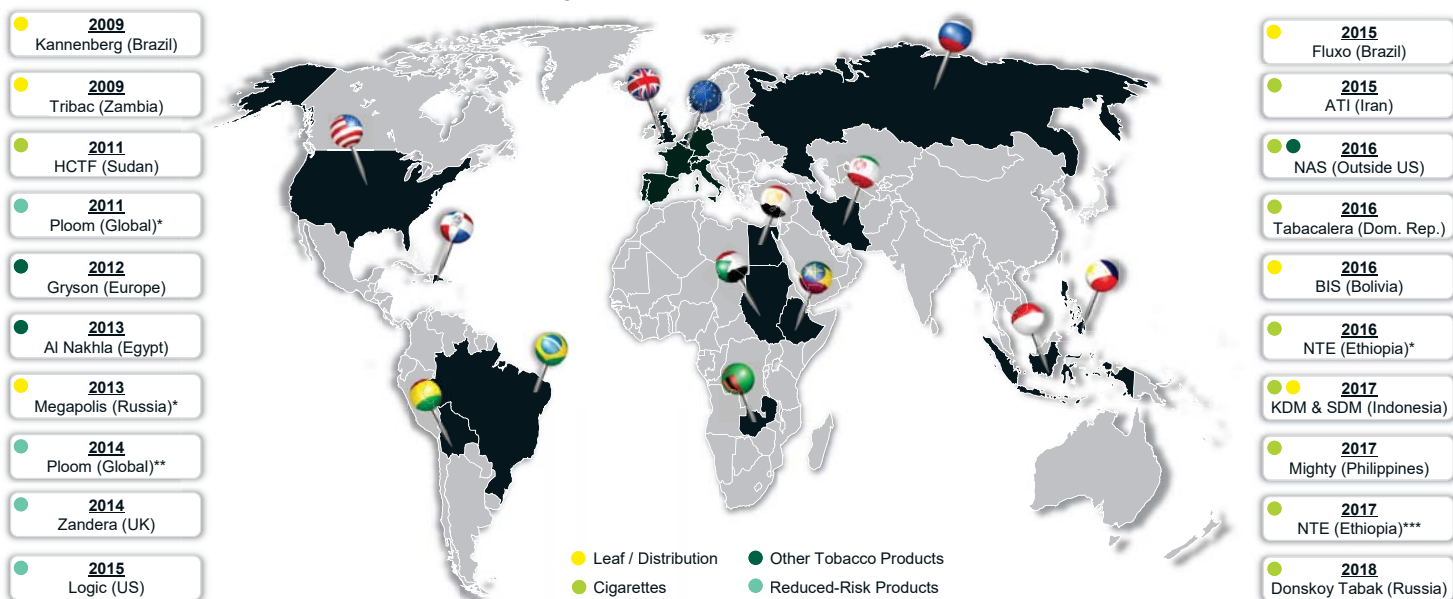
Risks, uncertainties or other factors that could cause actual results to differ materially from those expressed in any forward-looking statement include, without limitation:

- (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.

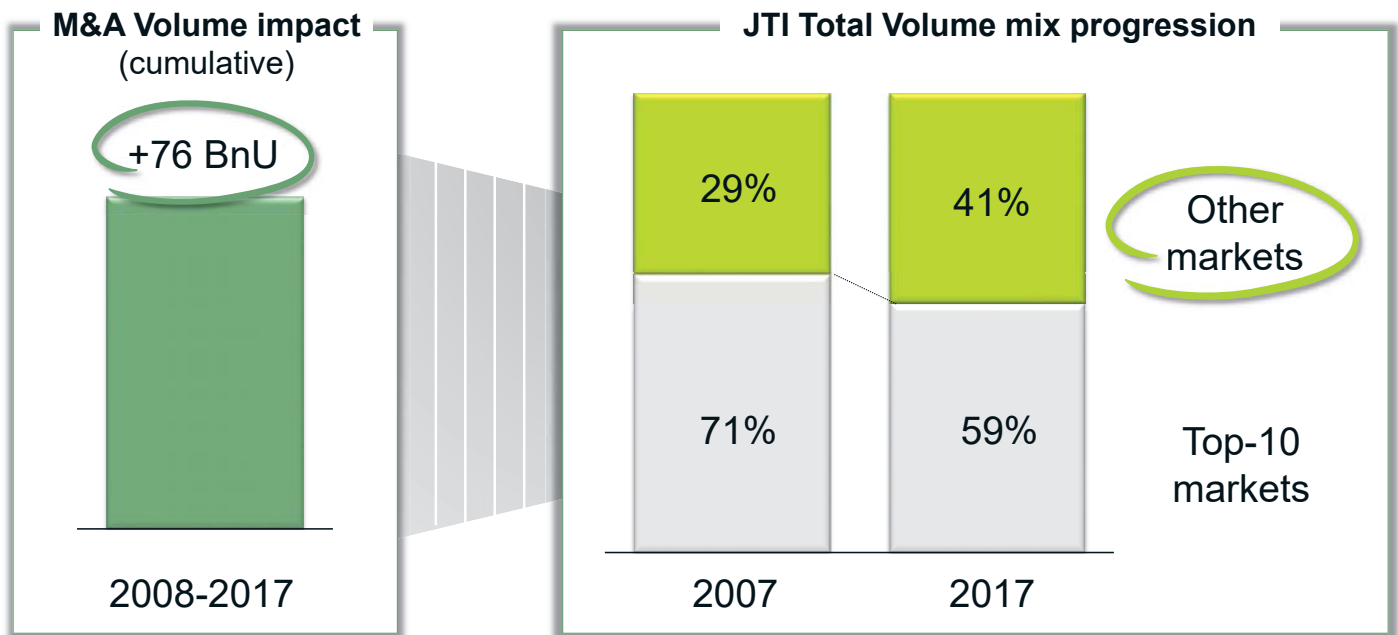
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10 years of focused acquisitions

Key Acquisitions (2008-2017)



To balance our volume base



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Note: JTI's top-10 markets based on total volume.

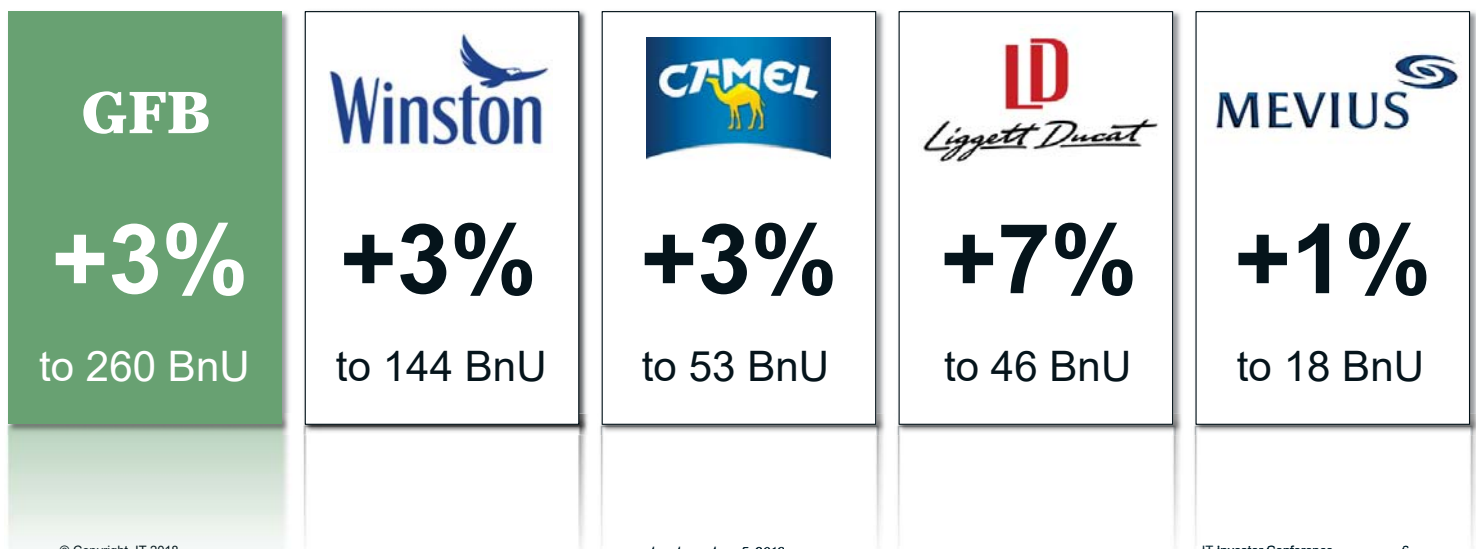
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To support our GFB expansion

GFB Volume (CAGR 2007-2017)



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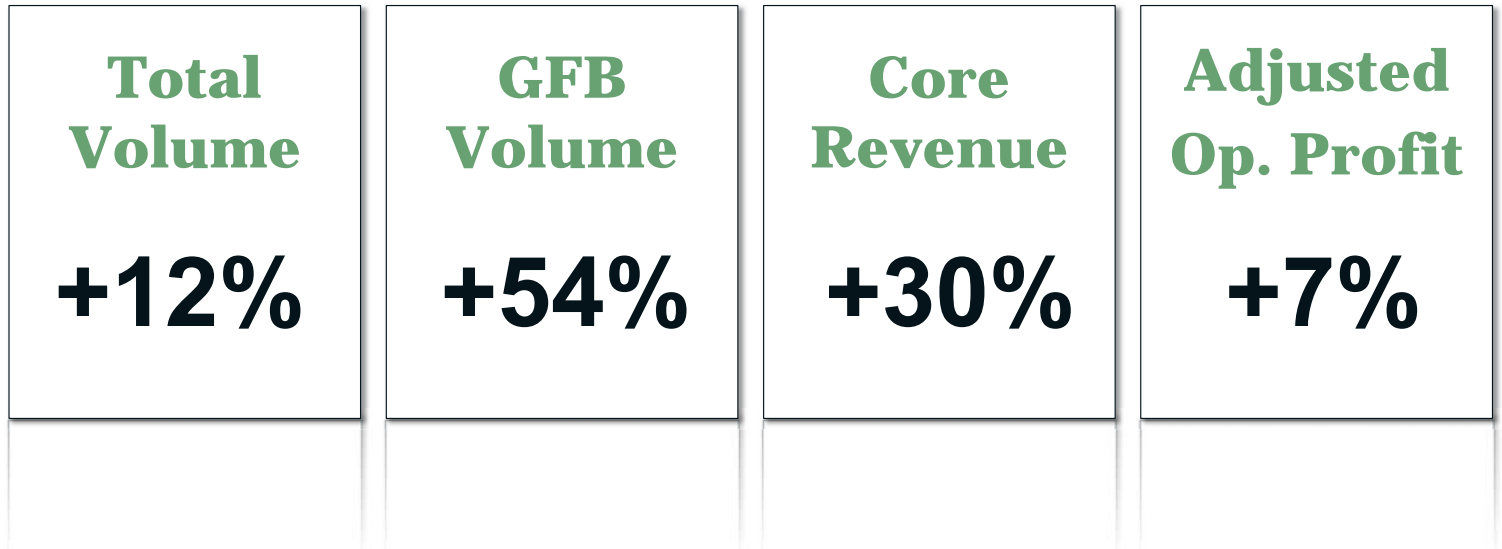
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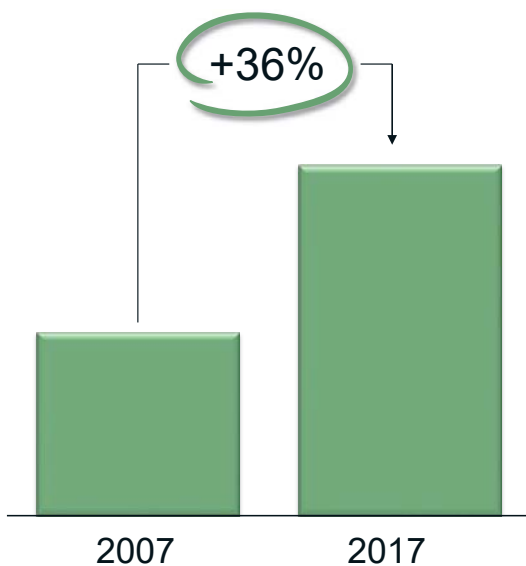
To fuel our growth in emerging markets

Emerging markets (2017 vs. 2007)

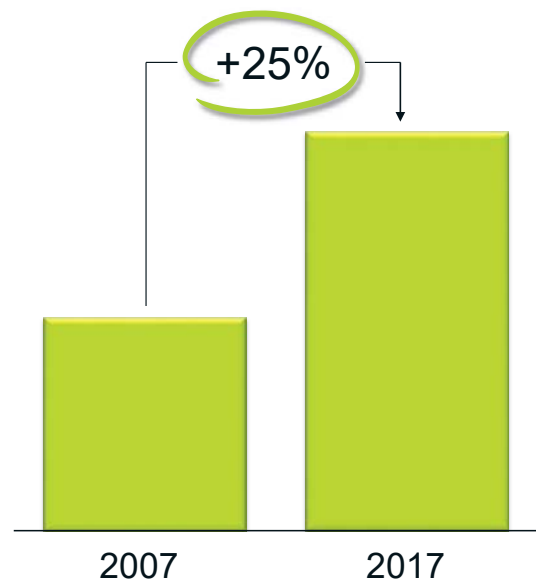


To broaden our financial footprint

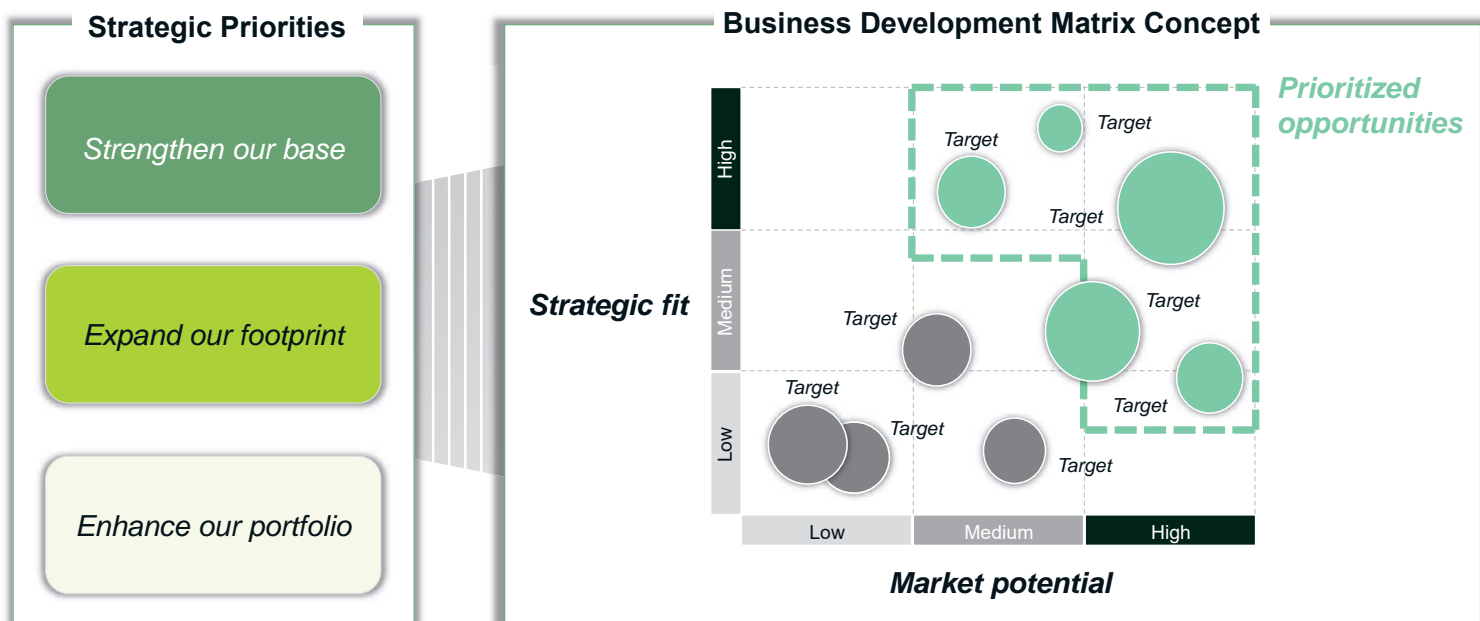
Core Revenue: # of markets \geq 50 \$MM



Adj. Op. Profit: # of markets \geq 20 \$MM



Clear priorities driving our business development efforts



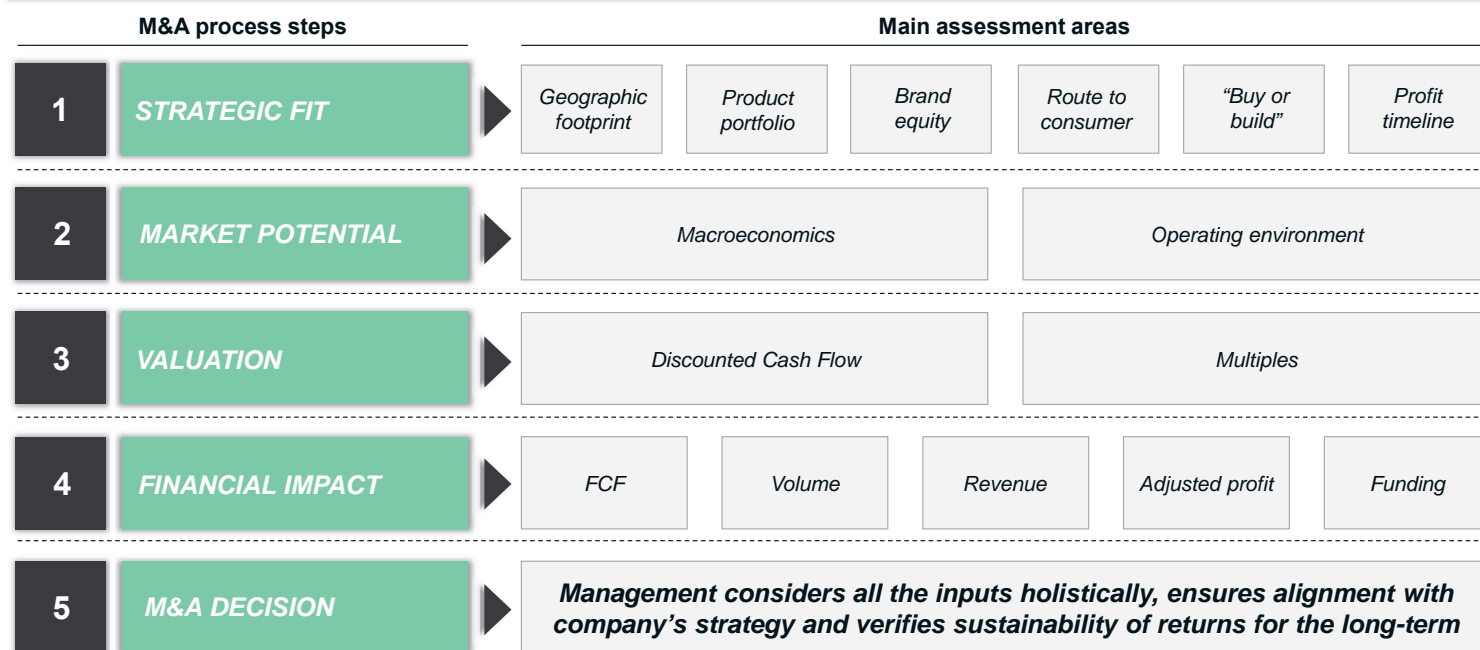
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Assessing all targets holistically



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Note: The above list is not exhaustive.

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Proven track record of successful integration

Since 2015 **ATI** bolstered our existing footprint and performance in **Iran**

**Market
Share***

+17_{pp}

**Total
Volume**

x3

**GFB
Volume**

x4

**Core
Revenue**

x3

JTI Iran performance - 2017 vs. 2014

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* SoM based on a 12-month moving average to December 2017 vs. same period 2014. ATI (Arian Tobacco Industry) had a market share of circa 7% before being integrated to JTI. Note: Reported figures.

Proven track record of successful integration

Since 2012 **GRYSON** strengthened our growth platform in **fine cut**

**Market
Share***

+11_{pp}

**Total
Volume**

x2

**GFB
Volume**

x3

**Core
Revenue**

x2

JTI Fine cut performance - 2017 vs. 2011

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* Western Europe SoM based on a 12-month moving average to December 2017 vs. same period 2011. Gryson had a fine cut market share of circa 4% in Western Europe before being integrated to JTI. Note: Reported figures.

Proven track record of successful integration

The **FLUXO** acquisition in 2015 strongly enhanced our in-market capabilities in **Brazil**

**Market
Share***

+1.4_{pp}

**Winston
Volume**

x20

**GFB
Volume**

x6

**Core
Revenue**

x6

JTI Brazil - 2017 vs. 2015

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* Monthly SoM based on December 2017 vs. December 2015. Note: Reported figures.











Looking ahead

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Recent acquisitions will contribute to our sustainable profit growth

Market	Strategic fit	SoM gain	Annualized volume gain	5Y industry value potential*
 Philippines	Increasing scale to boost GFB growth	+23pp	+16 BnU	+50% 
 Indonesia	Gaining kretek capabilities and scale	+2pp	+7 BnU	+40% 
 Ethiopia	Entering a new attractive market	+98pp	+5 BnU	+180% 
 Russia**	Strengthening portfolio and sales presence	+7pp	+16 BnU	+35% 

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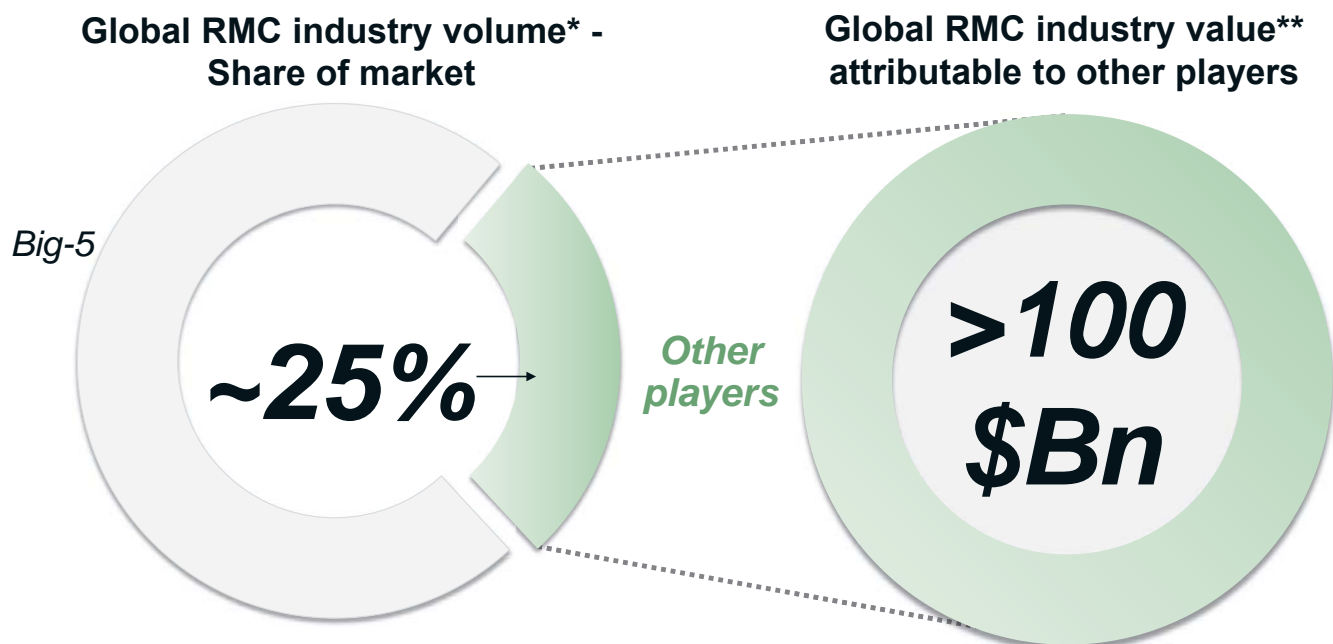
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Source: Internal estimates. * RMC retail industry value growth estimates (2021 vs. 2016 at constant FX, rounded up). ** The Donskoy Tabak acquisition is expected to be finalized in Q3 2018.

Opportunities remain for value enhancing acquisitions



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Source: Internal estimates. * Covering 78 markets (excl. China). Big-5 = Altria, BAT, IMB, JT and PMI. ** RMC retail industry value covering 78 markets (excl. China).

Closing remarks

- Acquisitions broadened our footprint, contributing to JTI's profit progression
- Recent acquisitions will strengthen our business and financial base
- Attractive opportunities remain for further expansion, organically & through M&A
- On track to deliver on our FY18 targets, with return to strong revenue growth