



JT International Business Results for 2012

Tokyo, Japan
February 01, 2013

Forward-Looking and Cautionary Statements

This presentation contains forward-looking statements about our industry, business, plans and objectives, financial conditions and results of operations based on current expectations, assumptions, estimates and projections. These statements reflect future expectations, identify strategies, discuss market trends, contain projections of operational results and financial conditions, and state other forward-looking information.

These forward-looking statements are subject to various known and unknown risks, uncertainties and other factors that could cause our actual results to differ from those suggested by any forward-looking statement; these forward looking statements are not intended to be construed as our assurance for it to materialize in the future. We assume no duty or obligation to update any forward-looking statement or to advise of any change in the assumptions and factors on which they are based. 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. health concerns related to the use of tobacco products;
2. legal or regulatory developments and changes; including, without limitation, tax increases and restrictions on sales, marketing and use of tobacco products, governmental investigations and privately imposed smoking restrictions;
3. litigation in Japan and elsewhere;
4. our ability to further diversify our business beyond the tobacco industry;
5. our ability to successfully expand internationally and make investments outside of Japan;
6. competition and changing consumer preferences;
7. the impact of any acquisitions or similar transactions;
8. local and global economic conditions; and
9. fluctuations in foreign exchange rates and the costs of raw materials

This presentation contains packages of our brands in some slides. Those slides have been developed to explain JTI's performance to our investors. And they are not intended to promote the purchase of our products or induce smoking.

**Pierre de Labouchere
President &
Chief Executive Officer**

Business Results 2012

Strong results driven by top-line growth

2012 Highlights

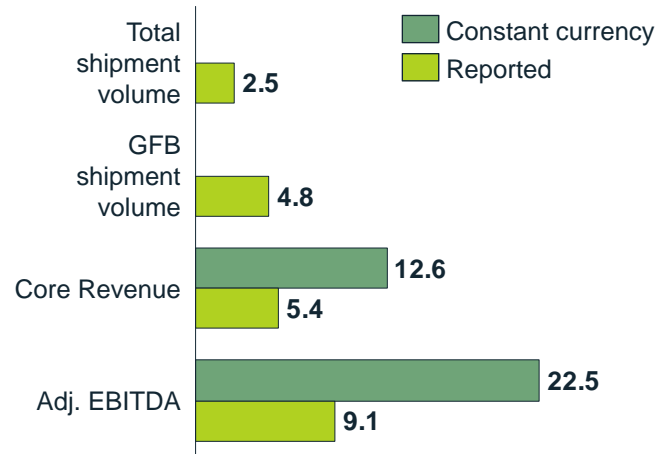
Strong set of results with EBITDA growth of 22.5% at constant rates of exchange, despite a challenging environment

Key drivers:

- robust pricing,
- market share gains in most key markets,
- total and GFB volume growth, and
- expanding our products and markets base

Key Performance Indicators 2012

Year-over-Year Growth (%)



Share of market continued to grow across most key markets

Share Of Market (12-month moving avg.)

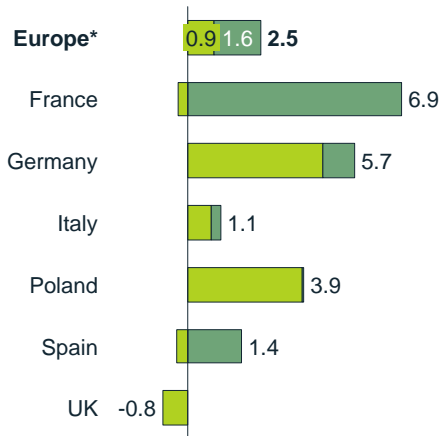
| Markets | 2012 | Change vs. last year (ppt) | |
|---------|-------|----------------------------|--------------|
| | | Total | Excl. Gryson |
| France | 17.4% | +1.4 | +0.3 |
| Italy | 21.4% | +1.0 | +0.9 |
| Russia | 36.5% | -0.6 | -0.6 |
| Spain | 20.8% | +0.6 | +0.2 |
| Taiwan | 38.9% | +0.7 | +0.7 |
| Turkey | 26.3% | +2.2 | +2.2 |
| UK | 39.3% | +1.0 | +1.0 |

- GFB shipment volume growth, supported by investment in brand equity
- Well-balanced brand portfolio capturing both up-trading and down-trading trends
- Strong trade marketing capabilities
- In Russia, GFB gained 1.3ppt share of market whilst lower-end local brands declined 1.9ppt

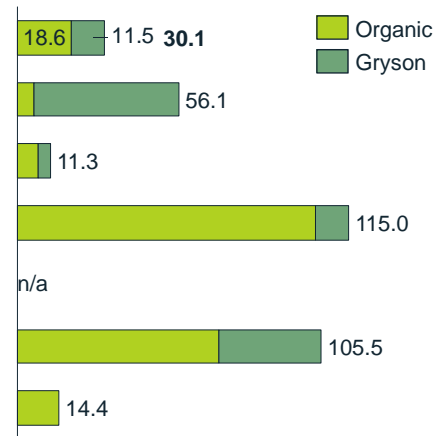
Note: Market shares include cigarettes and fine cut
Source: Nielsen, Logista, Altadis

Strong organic volume performance in the largest European markets, complemented by the Gryson acquisition

JTI vol. growth 2012 (%)



Fine cut vol. growth 2012 (%)











- Strong performance in most large European markets despite the industry contraction
- Organic total volume growth driven by market share gains, in particular by GFB
- Organic fine cut volume growth
- Gryson acquisition strengthens our position in fine cut

*Europe = North & Central Europe + South & West Europe clusters

GFB shipment volume grew strongly, increasing its weight in our overall portfolio

2012 GFB shipment volume
Year-on-Year variation (BnU)

| | | % Total Shipment Volume | YoY Volume Change |
|------------------|--|-------------------------|-------------------|
| 2011 |  | 60.2% | +2.6% |
| Engine |   | 41.3% | +5.2% |
| Stronghold |   | 17.8% | +5.1% |
| Future Potential |   | 2.5% | -3.2% |
| 2012 |  | 61.6% | +4.8% |

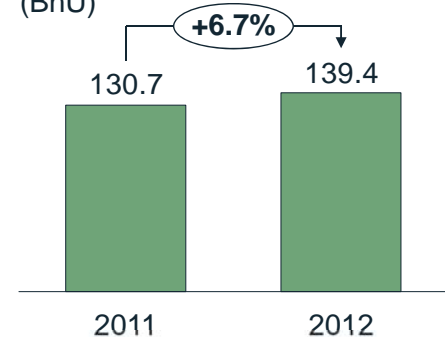
Winston improved again its performance, consolidating its #2 global ranking

GFB performance

- Another shipment volume record
- Excellent performance of the Core and XS families, supported by brand rejuvenation and industry firsts (e.g.: XS Micro)
- Continued investment in brand equity and innovative propositions (e.g.: Winston KS Slim Capsule)
- Strengthened #1 position in Russia (+12.6% volume) and Turkey (+8.5%)
- Driving growth in many geographies, including Central Asia, Caucasus and Middle East



Winston shipment volume (BnU)



Camel grew volume and market share through rejuvenation and innovative line extensions

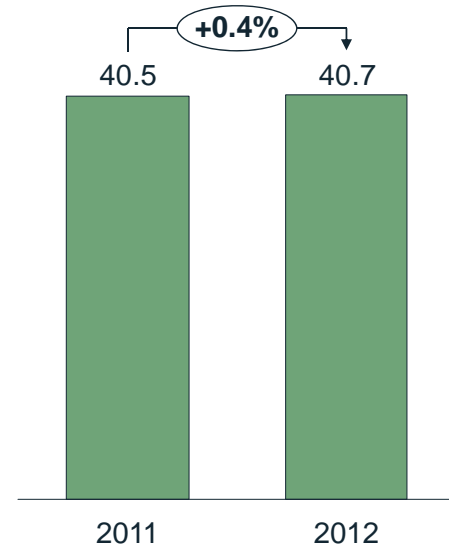
GFB performance



- Strong performance despite downtrading and economic downturn
- Camel Curve drove market share gains in most of Camel's top 10 markets in 2012
- Volume growth in Russia driven by the base family, and across most European markets as line extensions and fine cut broaden the consumer base



Camel shipment volume (BnU)



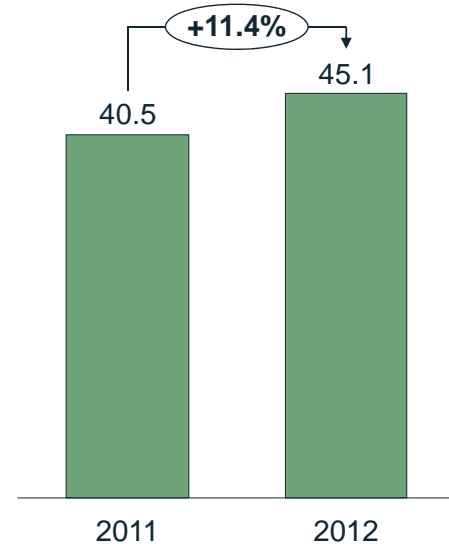
LD is strengthening its global #2 position in the Value segment, supported by innovation

GFB performance



- Strong shipment volume growth across the entire portfolio as a result of stronger brand equity, supported by innovation (LD Club Lounge)
- 24 new SKUs launched
- Presence in 33 markets across all 4 clusters

LD shipment volume
(BnU)



Mild Seven: robust volume maintained through innovation

GFB performance

- Mild Seven grew volume in almost all markets, driven by the LSS* variant
- In Taiwan, we maintained market share despite industry contraction and a price increase. LSS variant grew 30%
- Launch of innovations incl. LSS King Size Super Slims, King Size Fat Slims and Option in Russia, Taiwan, Korea, Malaysia and Philippines
- Mevius name change to be rolled out to all markets by end 2013

*LSS: Less Smoke Smell

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Mild Seven shipment volume (BnU)



JT International Business Results for 2012

11

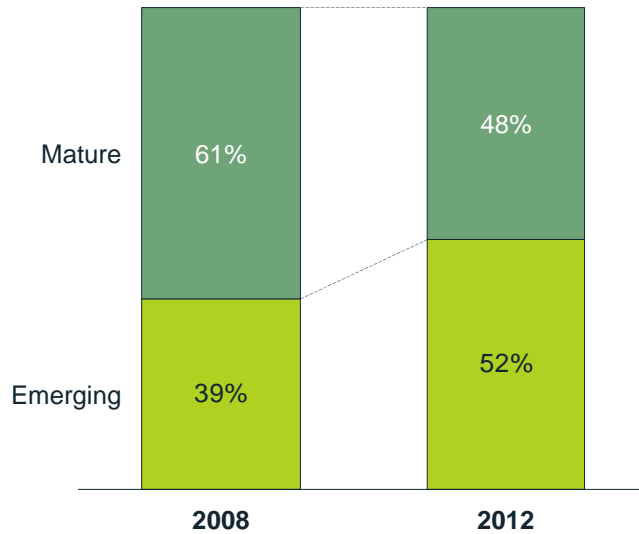
Pricing remains the key driver of top-line growth

- Price/mix contributed \$1.1bn to Core Revenue growth
- Reasonable excise tax environment:
 - Governments were generally rational about excise tax policy and increasingly cautious not to reduce their revenues given the economic context
 - Excise tax changes in 2012 largely in line with our expectations
- Strategy remains to pass excise tax increases on to consumers and seize additional pricing opportunities

Share of Emerging Markets in our EBITA mix is growing

Broadening the base

EBITA contribution of Mature* / Emerging Markets (%)



- Share of Emerging Markets in our overall mix increased, driven mostly by Russia, Middle East, Africa and Caucasus
- EBITA in Emerging Markets has grown at 14.7% CAGR since 2008, driven by pricing and GFB volume growth
- Share of revenue contributed by Emerging Markets grew significantly as well

*Mature markets are those classified as High Income by the World Bank

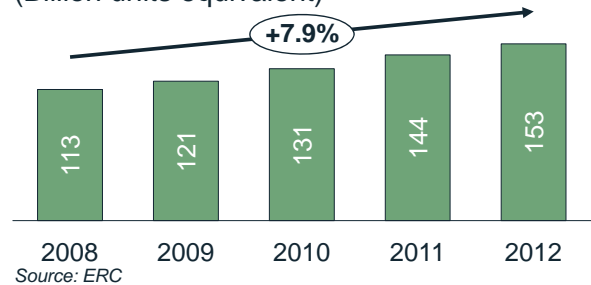
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Expanding our presence in the growing fine cut category

Broadening the base

- Growing category in several European markets, fueled by economic downturn
- Organic volume and market share growth in most EU markets, driven by new launches, innovation and brand equity development
- Gryson acquisition results in:
 - JTI #2 fine cut manufacturer in EU
 - Category share leadership in France and Ireland, #2 in Spain and the UK
 - Portfolio of complementary brands
 - Additional fine cut manufacturing capacity and know-how

Global fine cut volume
(Billion units equivalent)



Entering Shisha, a new tobacco category for JTI

Broadening the base

- JTI will be the first global manufacturer to enter this growing category
- Business historically strong in the Middle East with recent growth in non-traditional markets
- Acquisition of Nakhla will enable JTI to:
 - satisfy consumers' needs in a different category
 - grow this category further by applying JTI's global marketing and distribution knowledge
 - establish a platform to launch our cigarette brands in Egypt





Rethinking tobacco with Ploom

Broadening the base

- Taking our partnership with Ploom Inc. to the next level with
 - an upgraded device
 - new blends including some JTI GFB
 - on-going development of other emerging products
- Aiming to launch Ploom in several markets in 2013



Roland Kostantos
Chief Financial Officer

Financial and Operational
Overview 2012

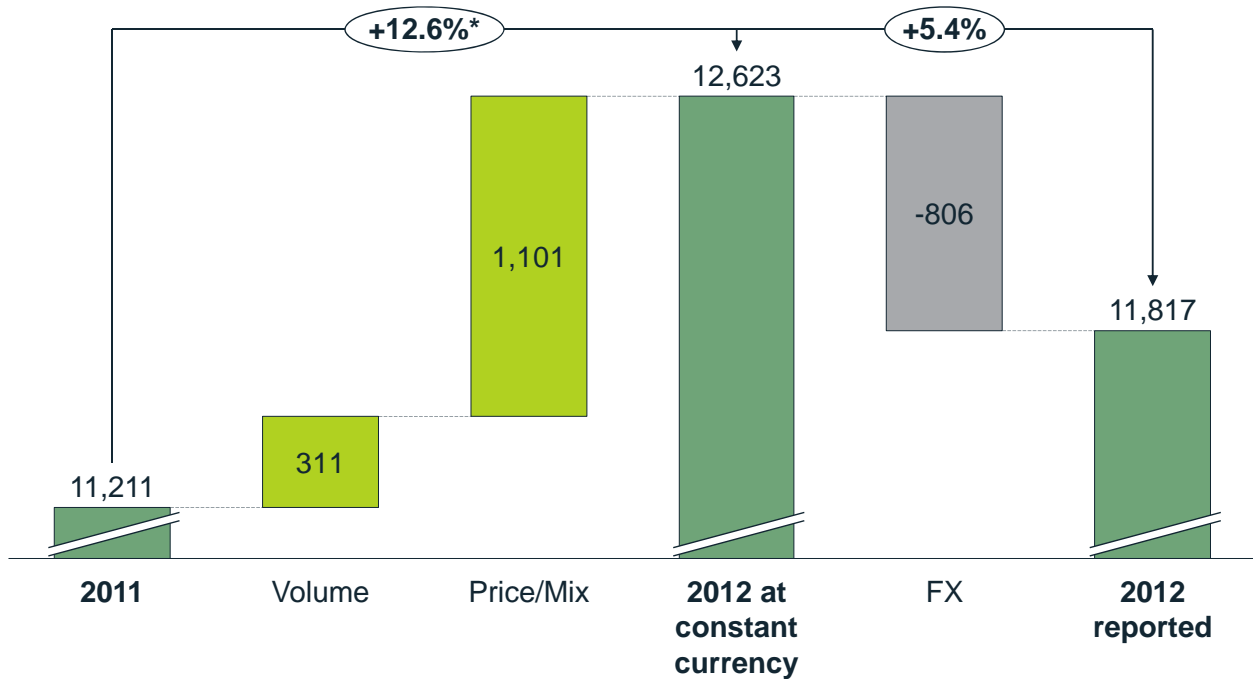
Strong results in 2012

BnU, US\$ MM

| | 2011 | 2012 | % Change | |
|-----------------------|--------|--------|----------|-------------------|
| | | | Reported | Constant currency |
| Total shipment volume | 425.7 | 436.5 | +2.5% | |
| GFB shipment volume | 256.5 | 268.8 | +4.8% | |
| Core Revenue | 11,211 | 11,817 | +5.4% | +12.6% |
| Adjusted EBITDA | 3,944 | 4,302 | +9.1% | +22.5% |

Pricing, volume and improved mix drove Core Revenue growth

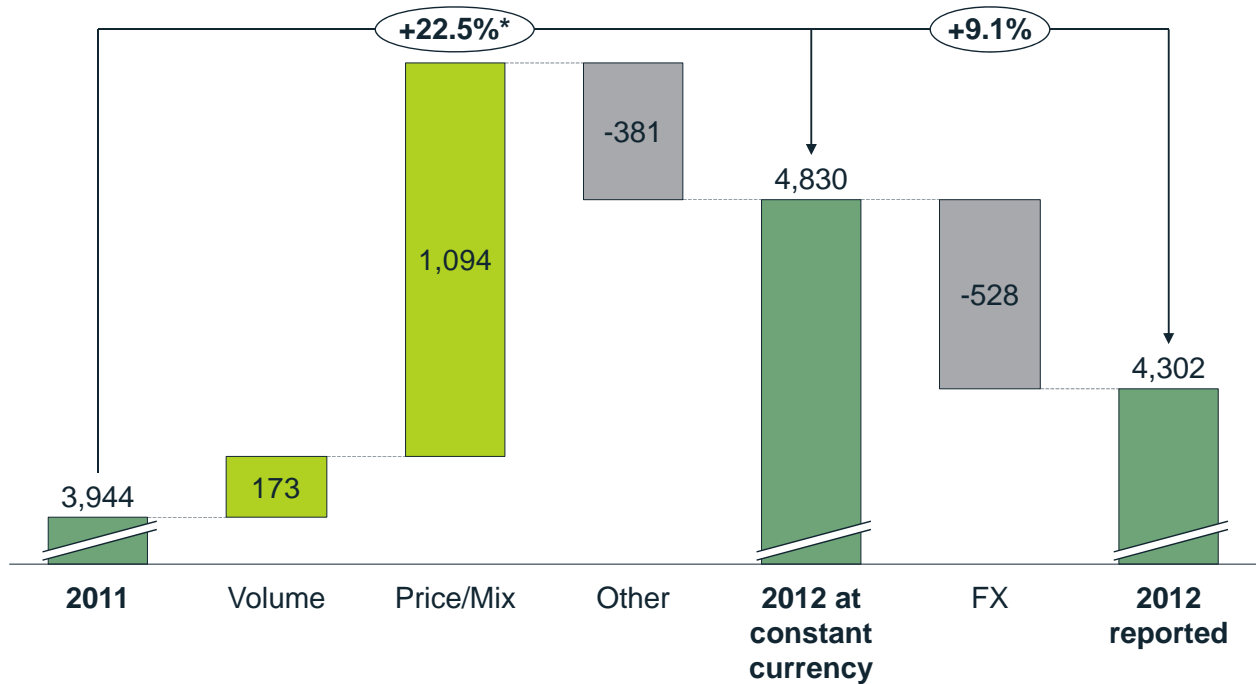
Core Revenue drivers (US\$ MM)



* 12.6% includes approximately 2ppt of pricing taken to mitigate the effect of a currency with substantial devaluation

Adjusted EBITDA grew 22.5% at constant currency

Adjusted EBITDA drivers (US\$ MM)



* 22.5% includes approximately 6ppt of pricing taken to mitigate the effect of a currency with substantial devaluation

South & West Europe: volume increase and pricing gains drove EBITA growth

Key Performance Indicators

| (BnU, US\$ MM) | 2012 | Change |
|-----------------------|-------|---------|
| Total shipment volume | 62.7 | +3.1% |
| GFB shipment volume | 54.0 | +0.9% |
| Core Revenue | 2,248 | +4.4% |
| EBITA | 809 | +2.8% |
| EBITA margin | 36.0% | -0.6ppt |

- On an organic basis, total shipment volume and EBITA grew despite continued industry contraction
- Share gains across most markets driven by GFB innovation, including France, Italy and Spain
- GFB volume continues to perform well, with Winston growing and Camel stabilizing
- Gryson acquisition adds volume scale and further increases market share

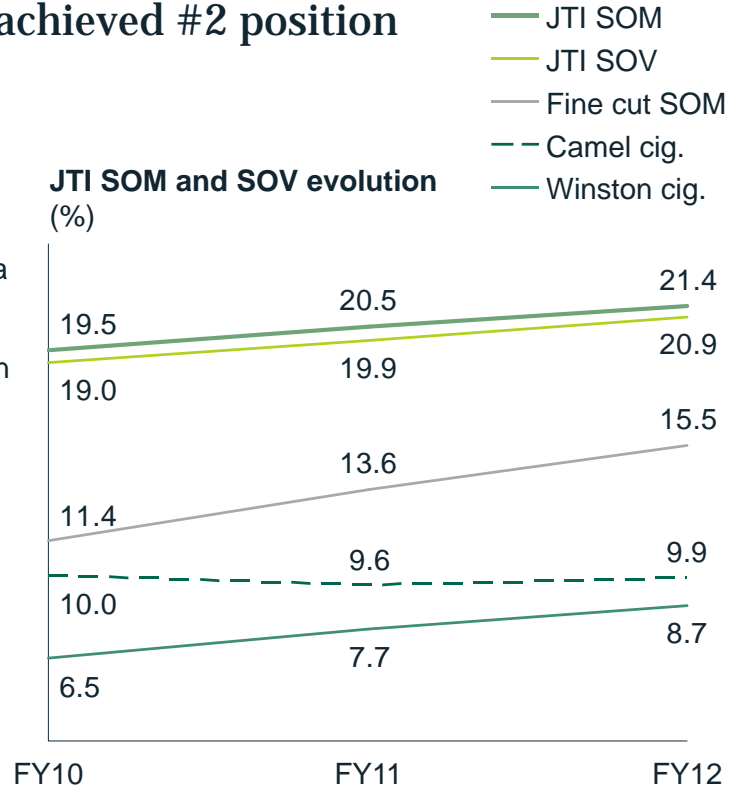
Note: Core Revenue and EBITA at constant rates of exchange

Italy: grew market share and achieved #2 position

South & West Europe

- Reached #2 position by market share in a circa 80 BnU market
- Only player growing market share, both in cigarette and fine cut, driven by strong Winston growth and stable Camel performance
- Acceleration of industry contraction and down trading to fine cut

JTI SOM and SOV evolution
(%)



Note: Share of Market and Value include cigarettes and fine cut
Data source: Nielsen

North & Central Europe: strong GFB volume and profit growth

Key Performance Indicators

| (BnU, US\$ MM) | 2012 | Change |
|-----------------------|-------|---------|
| Total shipment volume | 49.9 | +1.6% |
| GFB shipment volume | 24.3 | +4.1% |
| Core Revenue | 2,062 | +5.6% |
| EBITA | 863 | +16.3% |
| EBITA margin | 41.8% | +3.9ppt |

- EBITA growth of 16.3% driven by:
 - GFB growth in Austria, Czech Republic, Germany, Hungary, Poland and Sweden
 - Pricing gains in Germany, Sweden and the United Kingdom
- Continued to grow earnings in the UK despite down-trading and industry contraction

Note: Core Revenue and EBITA at constant rates of exchange

CIS+: strong growth momentum continued

Key Performance Indicators

| (BnU, US\$ MM) | 2012 | Change |
|-----------------------|-------|---------|
| Total shipment volume | 197.4 | -0.2% |
| GFB shipment volume | 122.9 | +9.6% |
| Core Revenue | 4,305 | +14.2% |
| EBITA | 1,627 | +32.2% |
| EBITA margin | 37.8% | +5.1ppt |

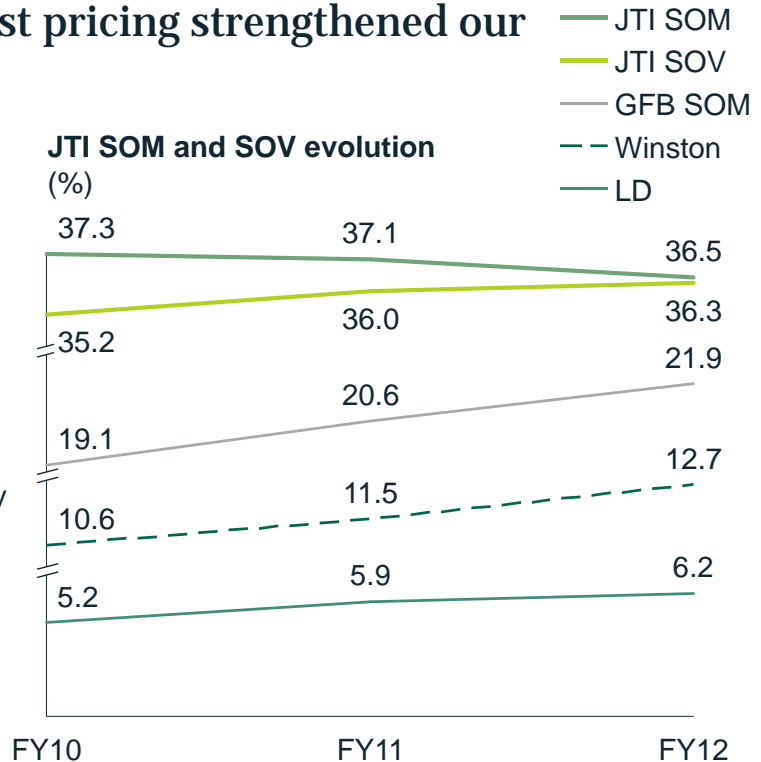
- Pricing gains in Kazakhstan, Romania, Russia and Ukraine
- Continuing to focus on quality top-line growth to consolidate our leading positions
- Winston #1 brand in CIS+
- Expanding business base in Caucasus and Central Asia

Note: Core Revenue and EBITA at constant rates of exchange

Russia: GFB growth and robust pricing strengthened our Share of Value leadership

CIS+

- Moderate industry size decline and continued up-trading trend
- Enhanced share of value leadership position, through strong GFB equity:
 - Winston continued to grow share of market as #1 brand through base family growth and premium line extensions
 - LD solidified #2 position in Mid-price
 - Premium+ brands grew volume



Data source: Nielsen

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Rest-of-the-World: leveraged growth opportunities

Key Performance Indicators

| (BnU, US\$ MM) | 2012 | Change |
|-----------------------|-------|---------|
| Total shipment volume | 126.5 | +7.2% |
| GFB shipment volume | 67.6 | +0.2% |
| Core Revenue | 4,008 | +20.2% |
| EBITA | 1,147 | +48.3% |
| EBITA margin | 28.6% | +5.4ppt |

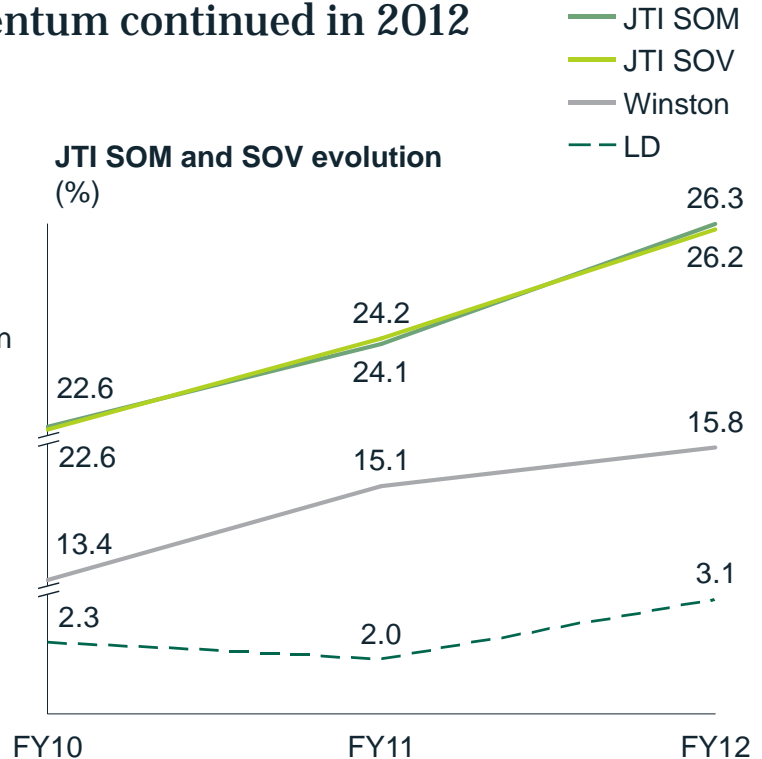
- Expanding the base for sustainable future growth in Middle East and Africa
- Sudan performing ahead of expectations
- GFB volume increased 7% excluding the impact of shipment suspension to Syria
- Pricing gains in Canada, Malaysia, Taiwan and Tanzania

Note: Core Revenue and EBITA at constant rates of exchange

Turkey: SOM and SOV momentum continued in 2012

Rest-of-the-World

- #2 in market share and share of value
- GFB shipment volume grew 15.7% driven by:
 - Winston growth reinforcing its #1 brand position
 - Strong LD momentum



Data source: Nielsen

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Summary of 2012 results

- Strong Total shipment volume performance
- GFB shipment growth in all clusters, despite declining industry size
- Market share gains in most key markets
- Robust pricing increases revenue and profitability
- Significant investment in brands and capability
- Business base continues to expand
- Adjusted EBITDA grew 9.1% on a reported basis

Pierre de Labouchere

2013

- Economic and regulatory environment will remain challenging
- Highly confident in our ability to continue double-digit EBITDA growth at constant rates of exchange in 2013:
 - Approximately 60% of pricing already taken
 - GFB expected to continue share gains in current markets and expand into new markets
 - We will enhance our global Premium offerings with the move from Mild Seven to Mevius
 - We will integrate and grow recent acquisitions

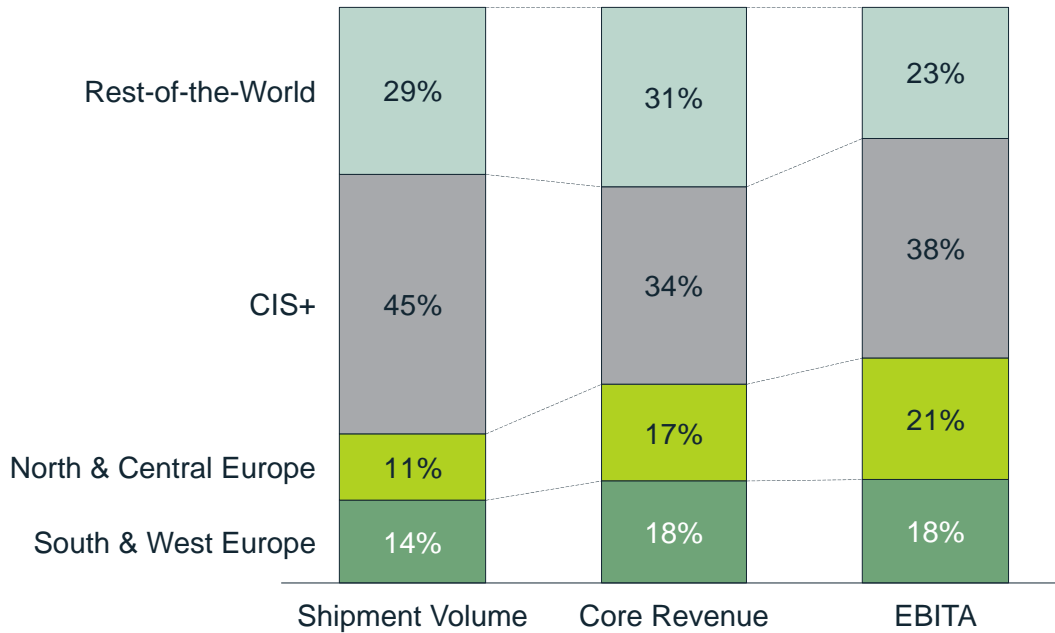
Appendix

Definitions

| Term | Definition |
|-----------------|---|
| Fine Cut | Roll-Your-Own / Make-Your-Own tobacco products |
| GFB | Global Flagship Brands (Winston, Camel, Mild Seven, B&H, Silk Cut, LD, Glamour, Sobranie) |
| Core Revenue | Revenue excluding revenue from distribution, contract manufacturing and other peripheral businesses |
| Adjusted EBITDA | Operating profit + depreciation and amortization + impairment losses on goodwill ± restructuring-related income and costs |
| SOM | Share of Market |
| SOV | Share of Value, representing our share of the total retail value of the market. Total retail value of the market is computed by multiplying volume and retail sales price |
| Shisha | Aromatic and non-aromatic tobacco-based products, also known as molasses, meant to be used with a waterpipe. |

Cluster Split

Clusters contribution to Volume, Core Revenue and EBITA



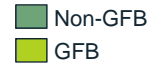
Foreign exchange rates

Key local currency exchange rates vs. US\$

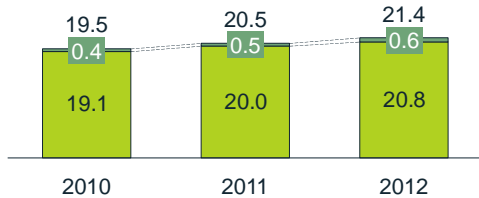
| Currency | 2011 | 2012 |
|----------|-----------|-----------|
| RUB | 29.40 | 31.07 |
| GBP | 0.63 | 0.63 |
| EUR | 0.72 | 0.78 |
| CHF | 0.89 | 0.94 |
| TWD | 29.44 | 29.57 |
| IRR | 10 620.92 | 16 872.14 |

SOM GFB & Non-GFB – South & West Europe

Market share, %

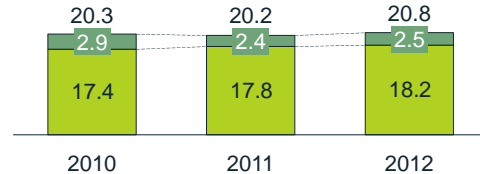


Italy



Data source: Nielsen

Spain



Data source: Logista

France



Data source: Altadis

Greece



Data source: Nielsen

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Note: Market shares include cigarettes and fine cut

SOM GFB & Non-GFB – North & Central Europe

Market share, %

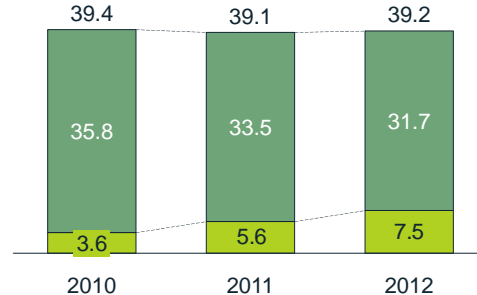


Austria



Data source: Nielsen

Sweden



Data source: Nielsen

UK

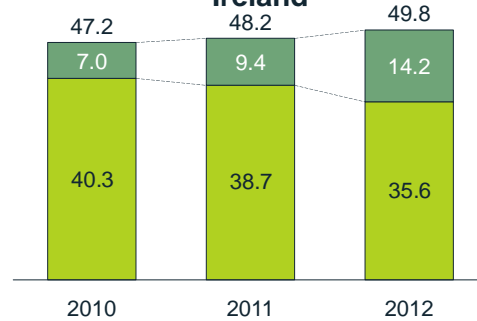


Data source: Nielsen

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Note: Market shares include cigarettes and fine cut

Ireland



Data source: Nielsen

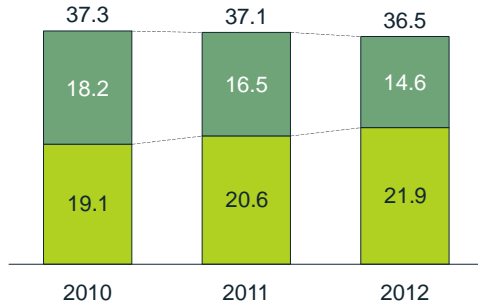
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SOM GFB & Non-GFB – CIS+

Market share, %

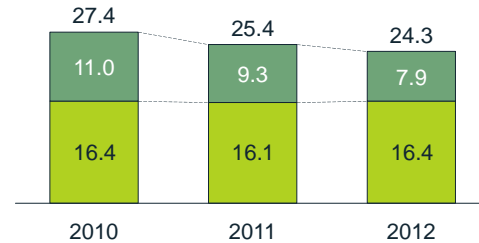


Russia



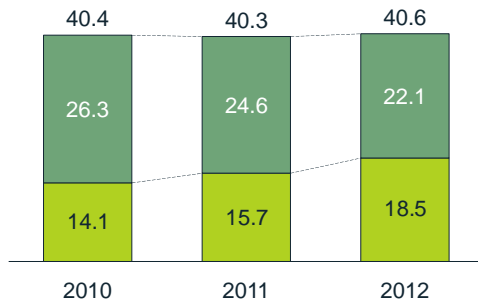
Data source: Nielsen

Ukraine



Data source: Nielsen

Kazakhstan



Data source: JTI estimates

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Note for Kazakhstan: 2012 is 12-month rolling average to November

Romania



Data source: Nielsen

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SOM GFB & Non-GFB – Rest-of-the-World

Market share, %

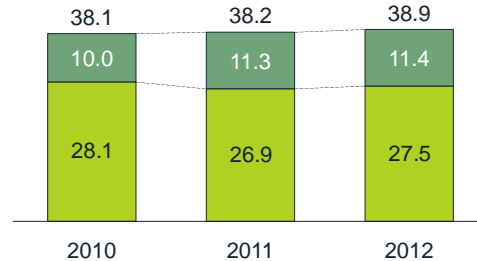


Turkey



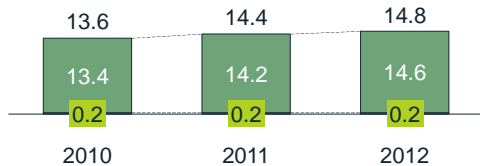
Data source: Nielsen

Taiwan



Data source: Nielsen

Canada



Data source: JTI estimates and Nielsen
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Malaysia

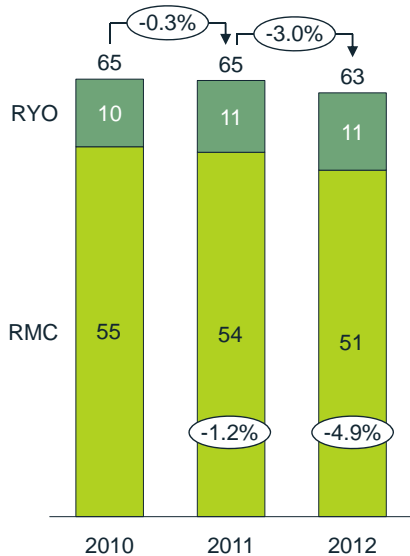


Data source: Nielsen

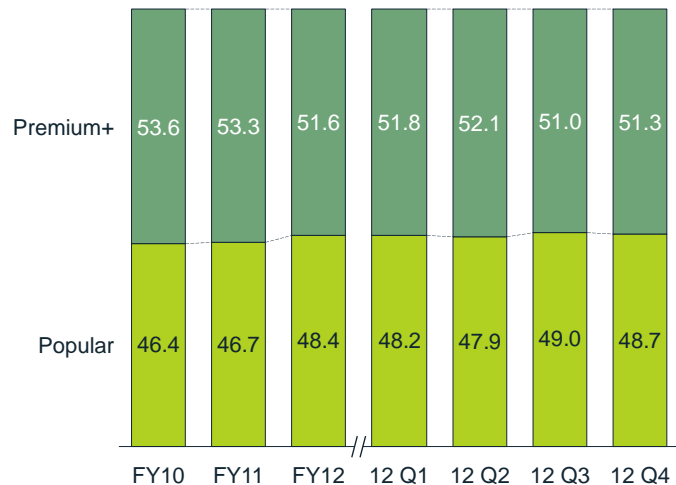
Note: Market shares include cigarettes and fine cut

France industry size and price segment evolution

Total Industry Size (BnU)



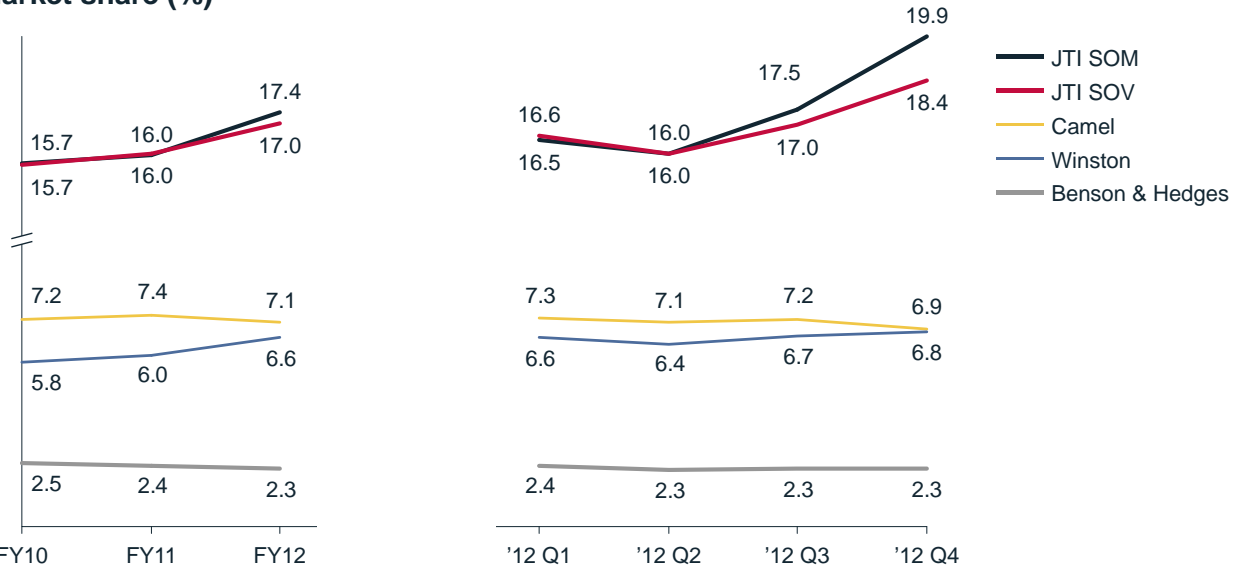
RMC Price Segment Evolution (%)



Note for Price Segment Evolution: FY12 is 12-month rolling average to November / 12Q4 is Oct.-Nov. average
 Data source: JTI estimates and Altadis

France market shares by brand

Market share (%)



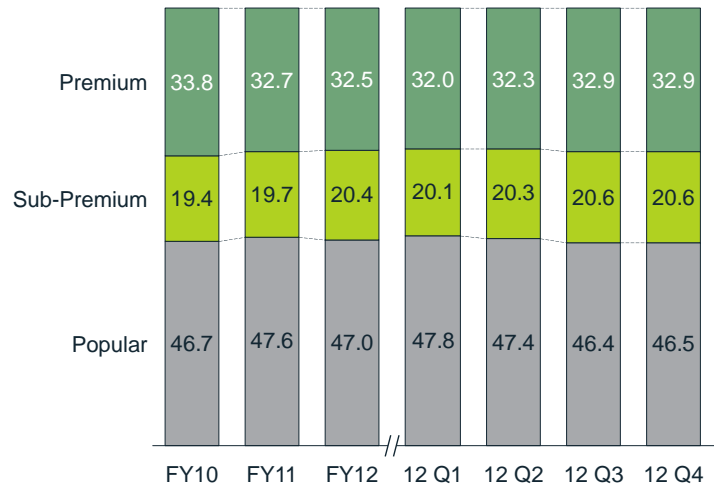
Note: Share of Market and Value include cigarettes and fine cut
Data source: Altadis

Italy industry size and price segment evolution

Total Industry Size (BnU)



RMC Price Segment Evolution (%)



Data source: JTI estimates, Logista and Nielsen

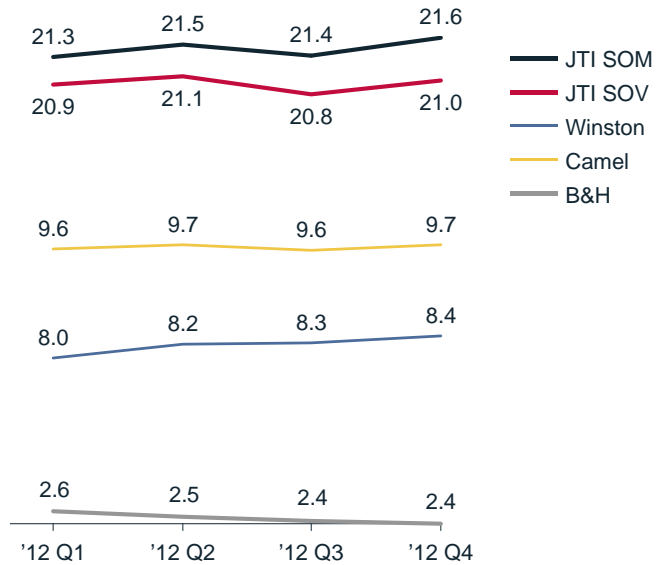
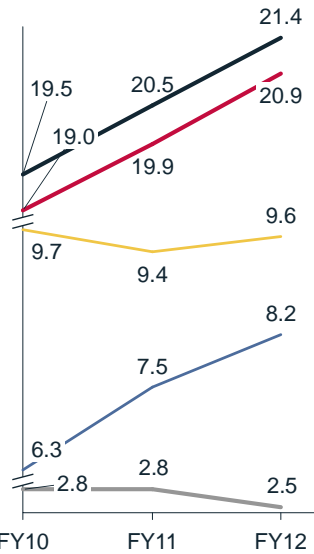
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41

Italy market shares by brand

Market share (%)

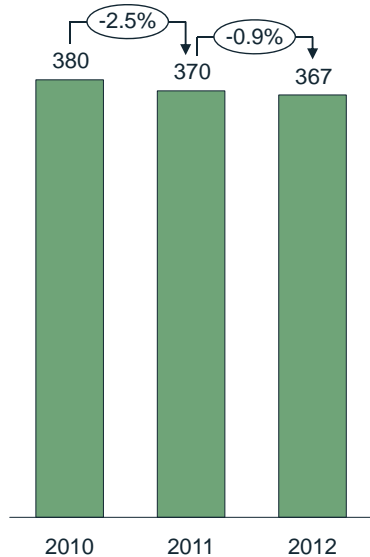


Note: Share of Market and Value include cigarettes and fine cut
Data source: Nielsen

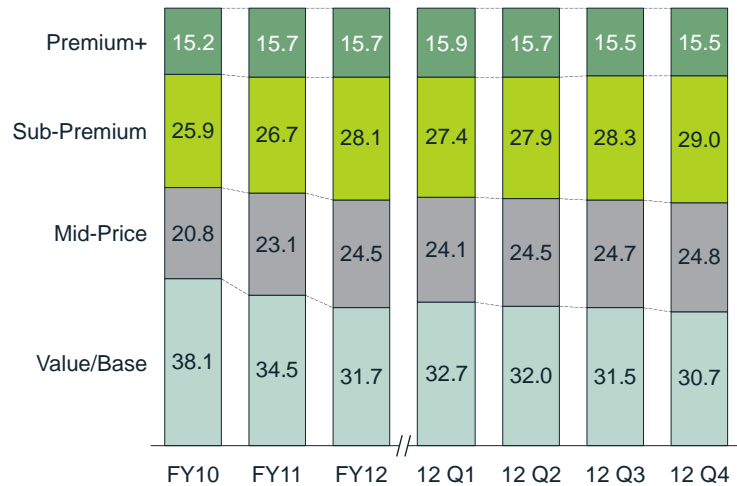
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Russia industry size and price segment evolution

Total Industry Size (BnU)



RMC Price Segment Evolution (%)



Data source: JTI estimates and Nielsen

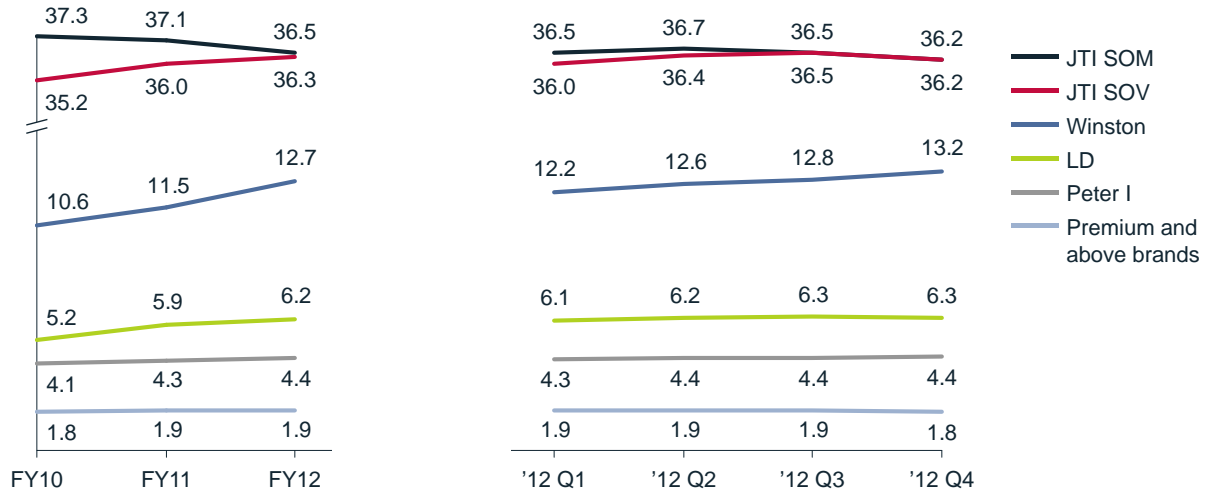
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43

Russia market shares by brand

Market share (%)

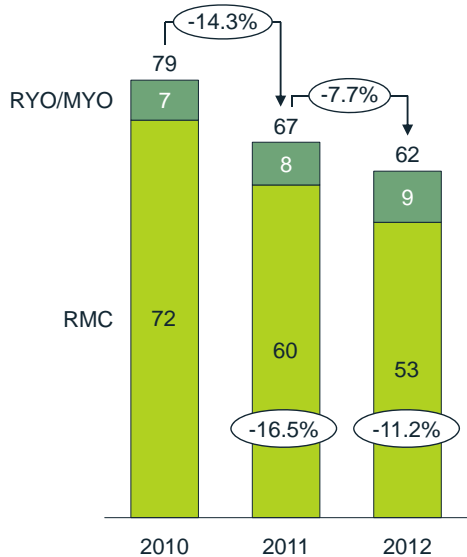


Data source: Nielsen

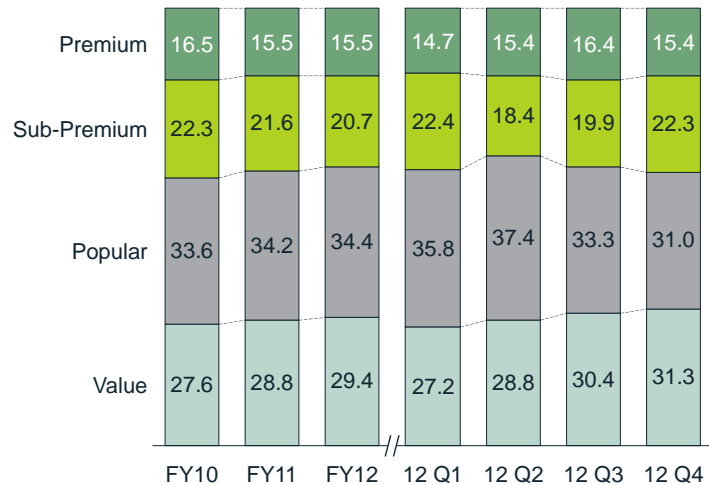
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Spain industry size and price segment evolution

Total Industry Size (BnU)



RMC Price Segment Evolution (%)

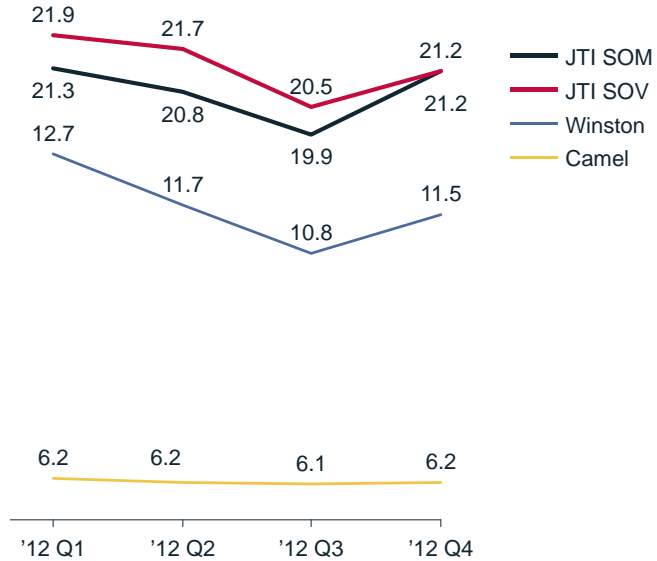
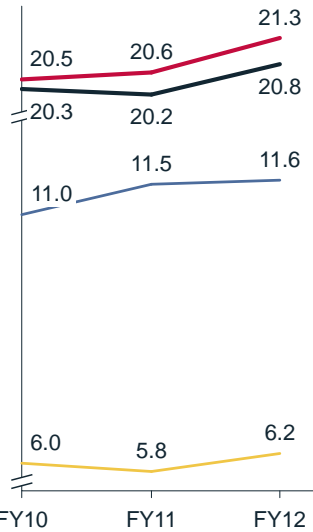


Data source: JTI estimates and Logista

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Spain market shares by brand

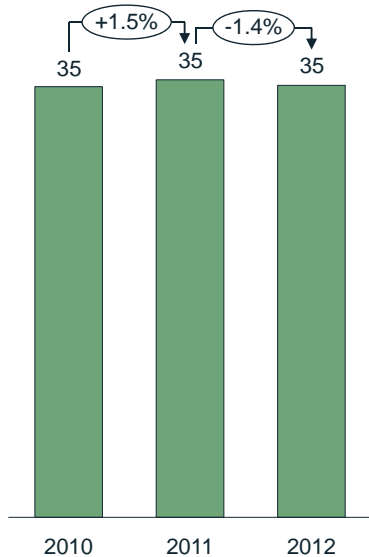
Market share (%)



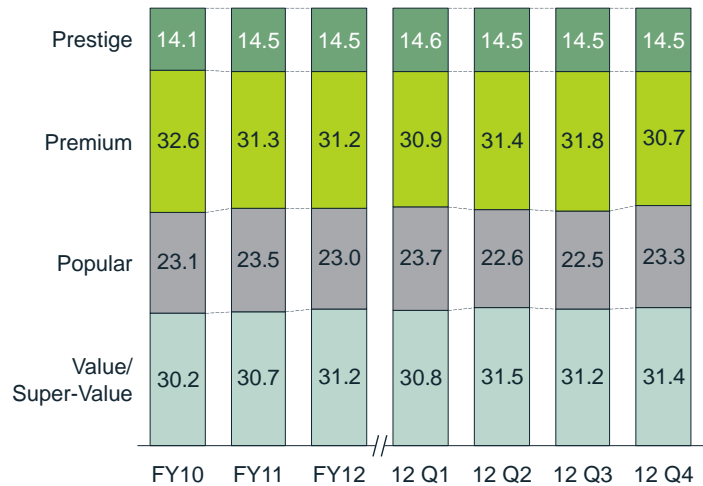
Note: Share of Market and Value include cigarettes and fine cut
Data source: Logista

Taiwan industry size and price segment evolution

Total Industry Size (BnU)



RMC Price Segment Evolution (%)



Data source: JTI estimates and Nielsen

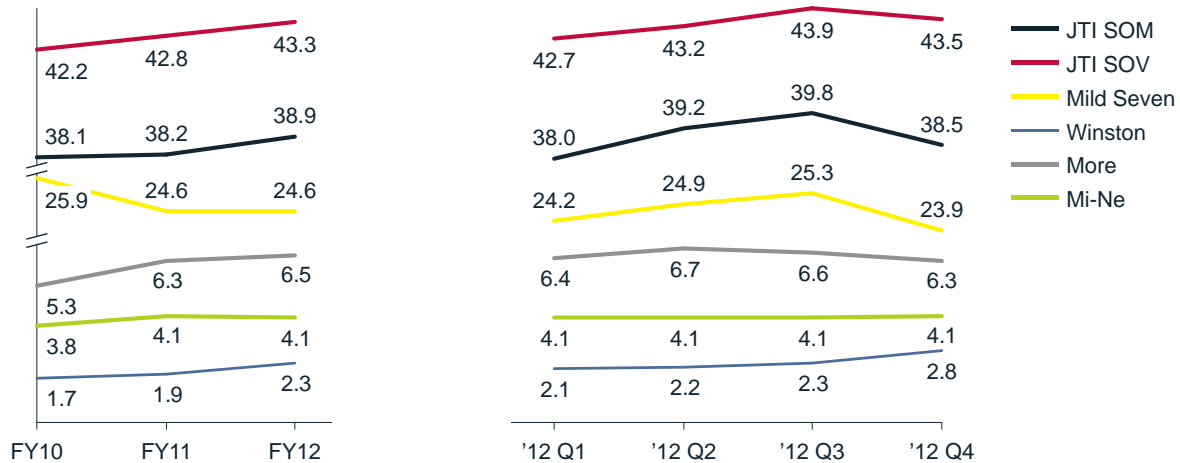
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47

Taiwan market shares by brand

Market share (%)



Data source: Nielsen

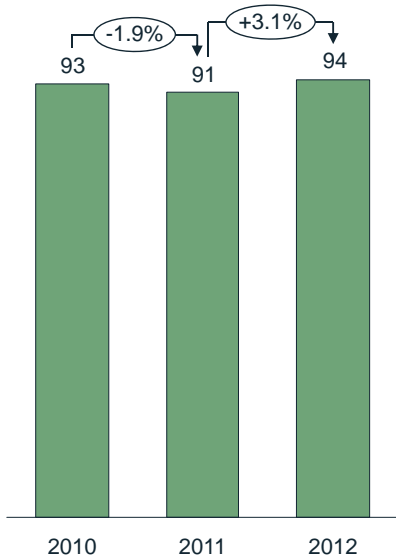
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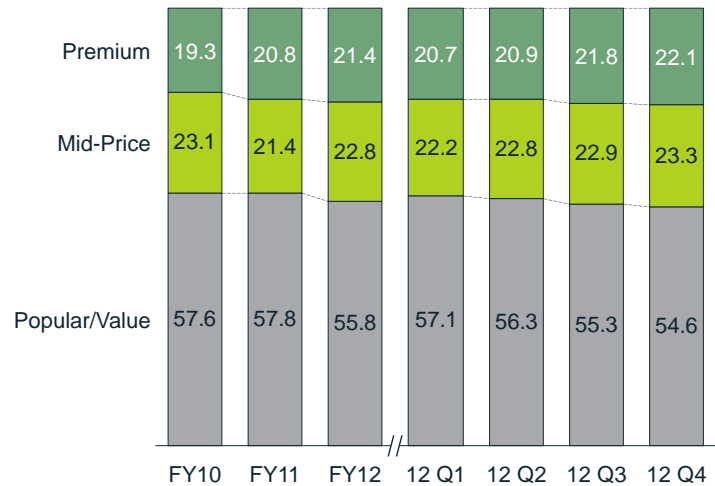
48

Turkey industry size and price segment evolution

Total Industry Size (BnU)



RMC Price Segment Evolution (%)

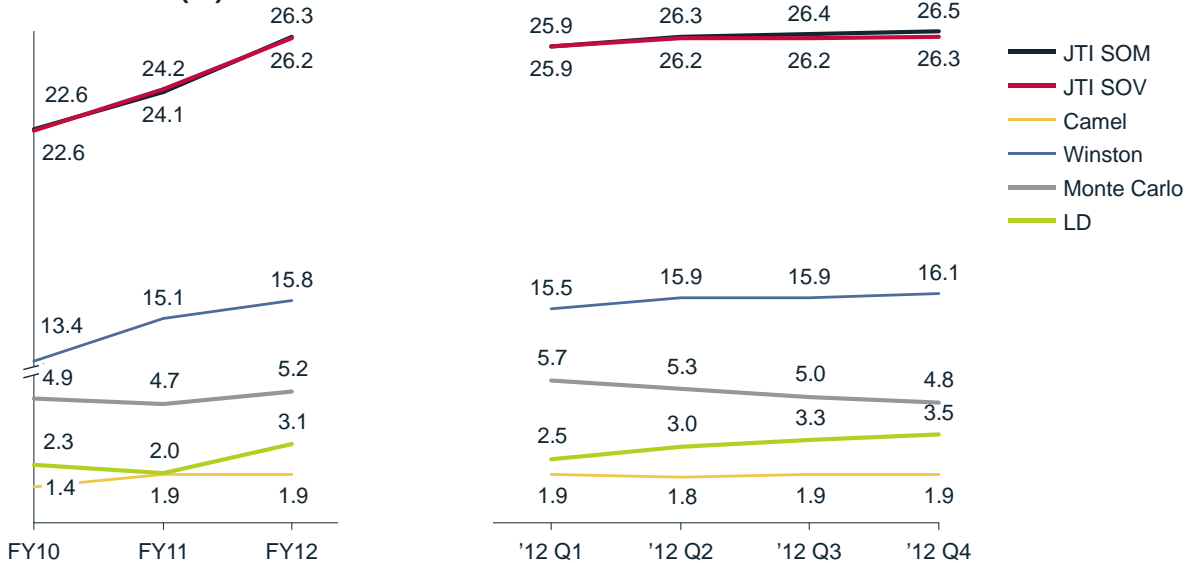


Data source: Nielsen

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Turkey market shares by brand

Market share (%)

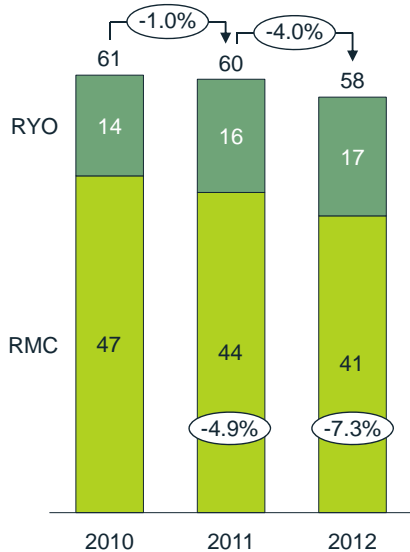


Data source: Nielsen

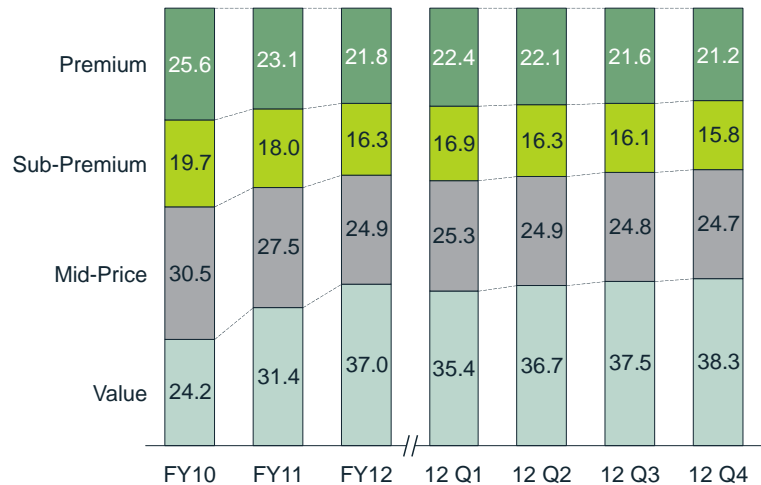
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UK industry size and price segment evolution

Total Industry Size (BnU)



RMC price segment evolution (%)



Data source: JTI estimates and Nielsen

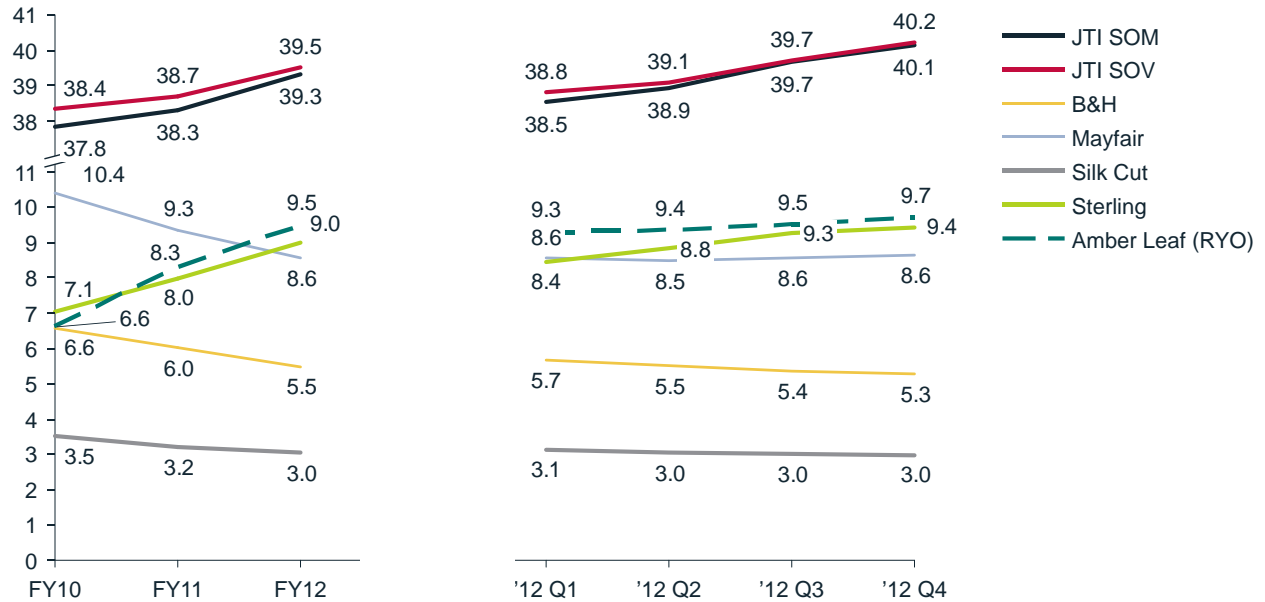
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51

UK market shares by brand

Market share (%)



Note: Share of Market and Value include cigarettes and fine cut
Data source: Nielsen

Enterprising
Open
Challenging