



Strengthening our leading position in CIS+

Kevin Tomlinson
Regional President, CIS+

Caution on Forward-Looking Statements

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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.

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A strong #1 in CIS+



A. Ernst
(GM Russia)



P. Holloway
(GM Caucasus)



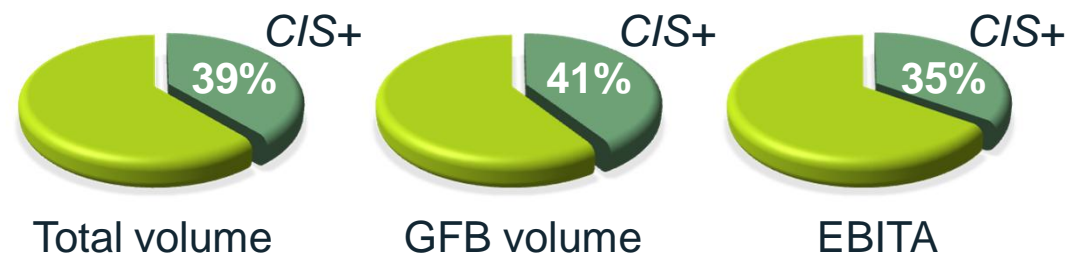
D. Gilfillan
(GM Kazakhstan & CAM)

A dynamic region and strong contributor to JTI's growth

- 12 markets with a population of 282 million:
 - Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Mongolia, Russia, Tajikistan, Turkmenistan, Uzbekistan and Ukraine
- 53 million adult smokers⁽¹⁾
- Industry volume of 471 BnU in 2014
- Industry value of 30 \$Bn in 2014
- Key contributor to the JTI's top and bottom-line growth
 - 6 factories
 - 7,200 employees

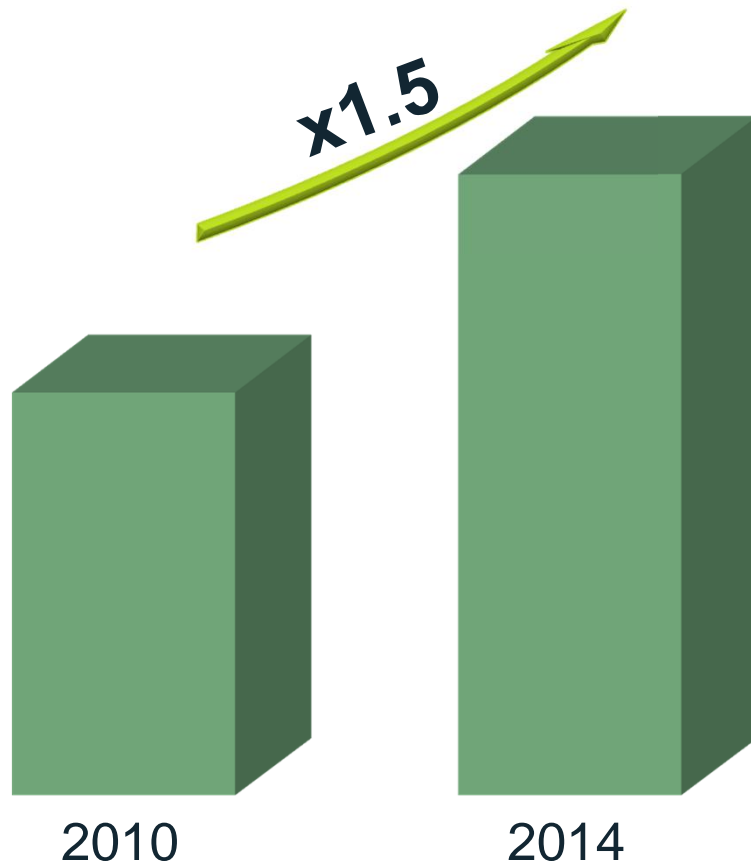


CIS+ contribution to JTI 2014 results



Delivering solid profit increases

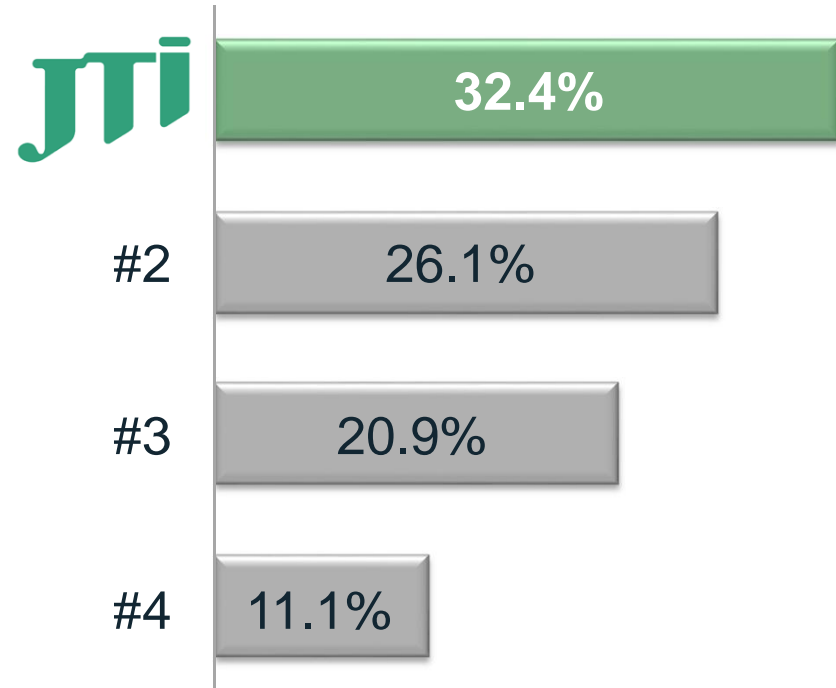
EBITA
(Index, 2010=100)



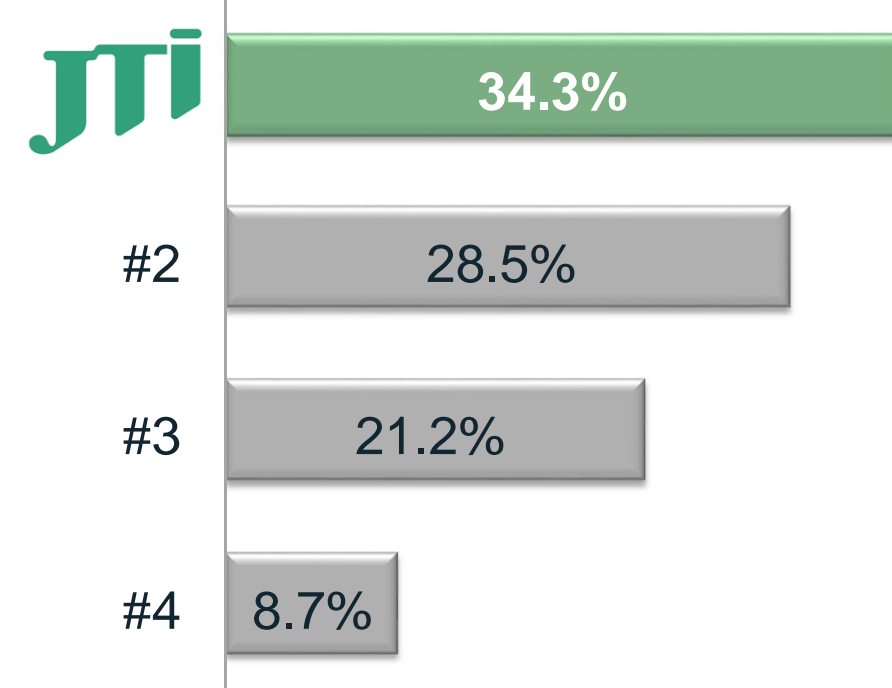
- Strong profit growth consistently delivered over the last five years
- Industry retail value grew 86% since 2010
- Predictable and reasonable excise tax increases providing solid pricing environment:
- Affordability and illicit trade levels remain favorable vs. more developed markets

JTI is the undisputed #1 tobacco player in CIS+

Share of market in CIS+, 2014



Share of value in CIS+, 2014



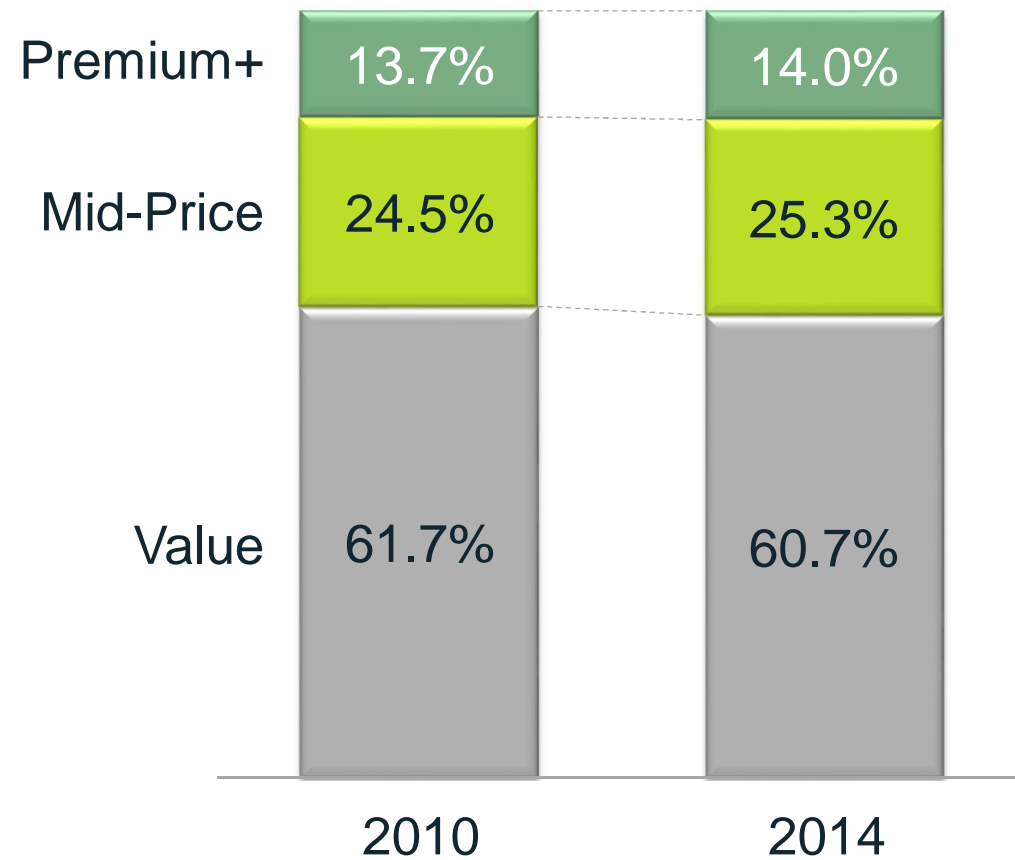
JTI holds the #1 SoM or SoV position in 6 markets, while being strong #2 or #3 in the others



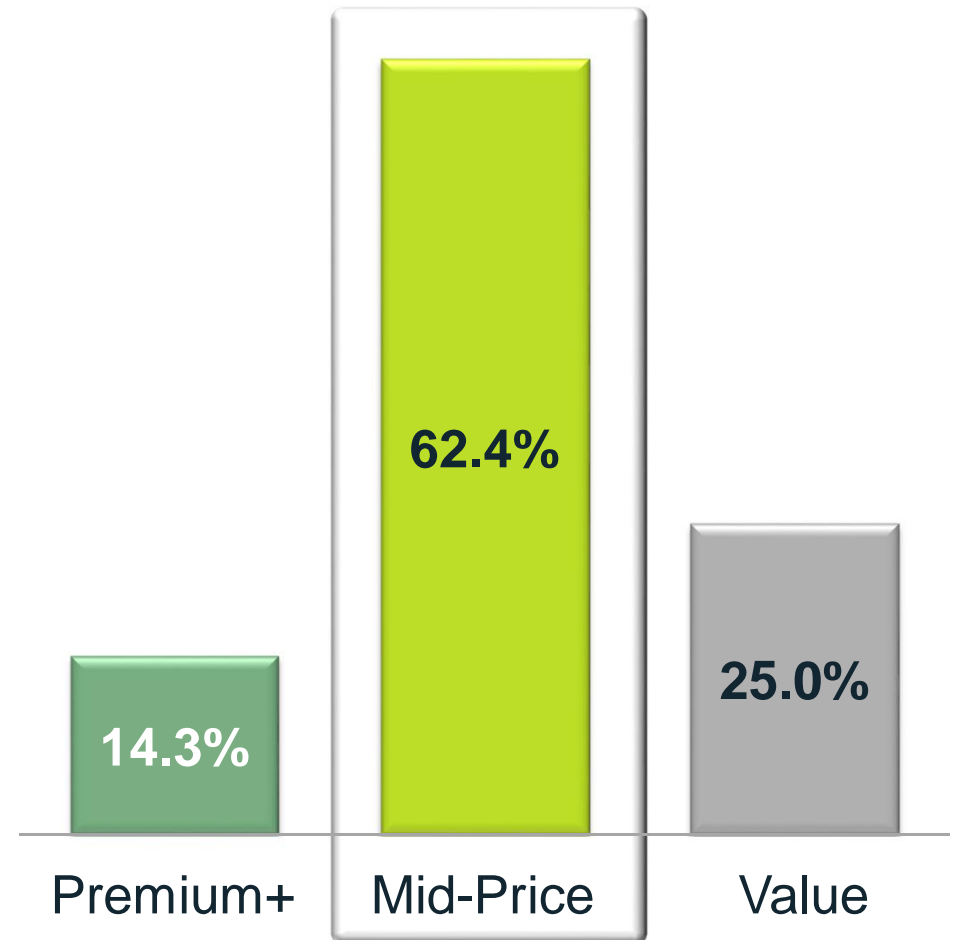
Focused investment on GFBs driving strong results

Strong leading position in the growing Mid-Price segment

Price segments development



JTI share of segment, 2014



Constantly investing to strengthen GFB equity

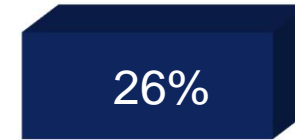
Innovative and evolving portfolio



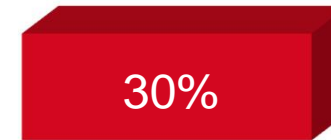
Brand extensions' contribution (vol. %)

2014

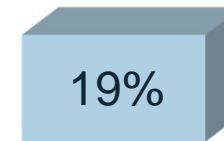
vs. 2010



+20ppt



+27ppt



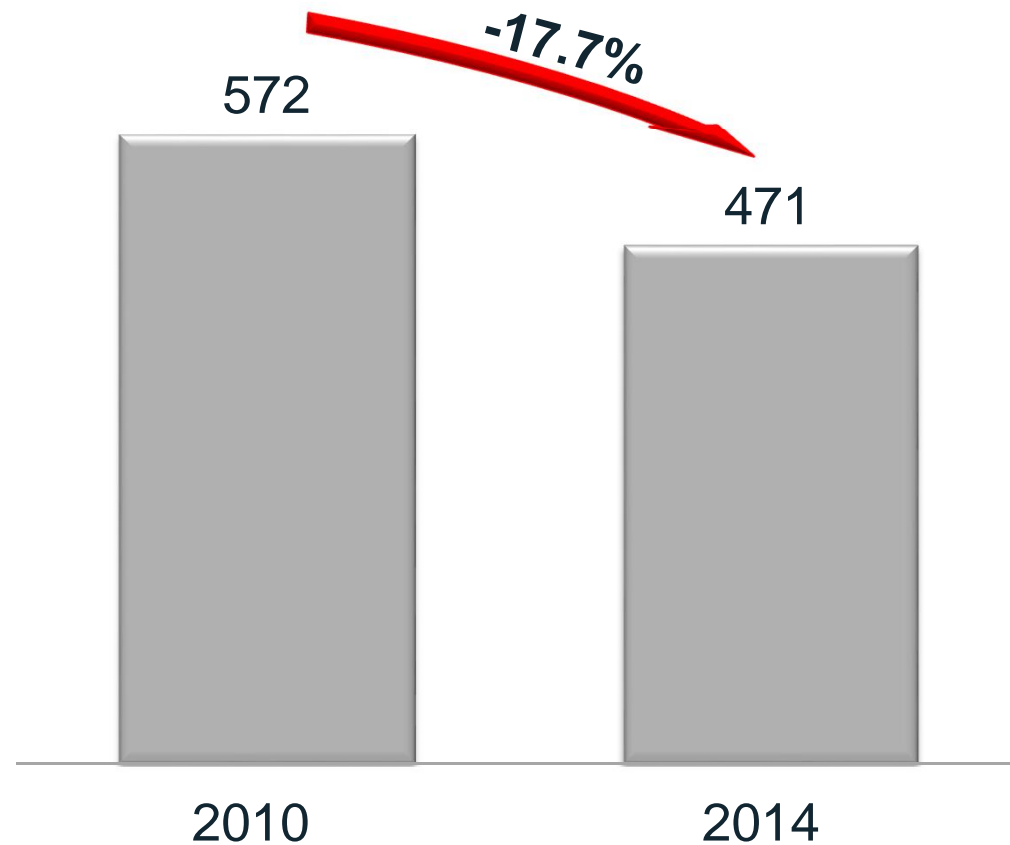
+5ppt



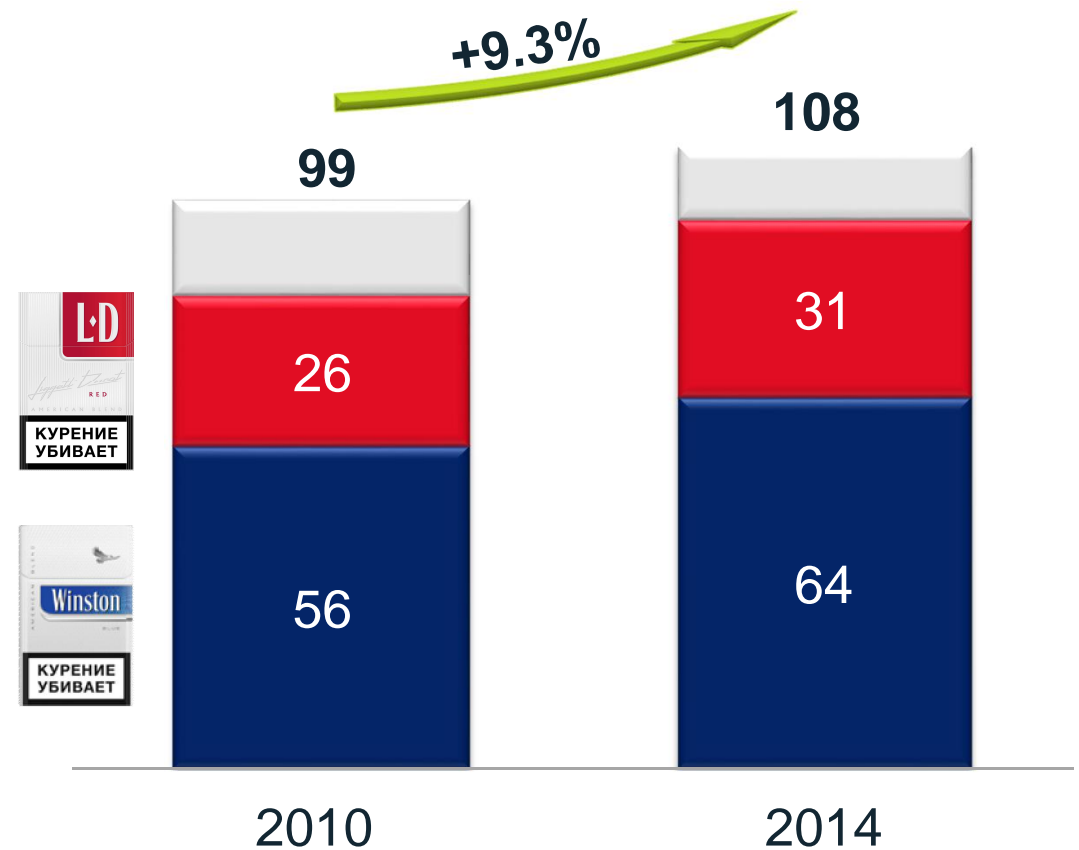
+1ppt

Continued GFB volume growth driven by Winston and LD

Industry volume
(BnU)

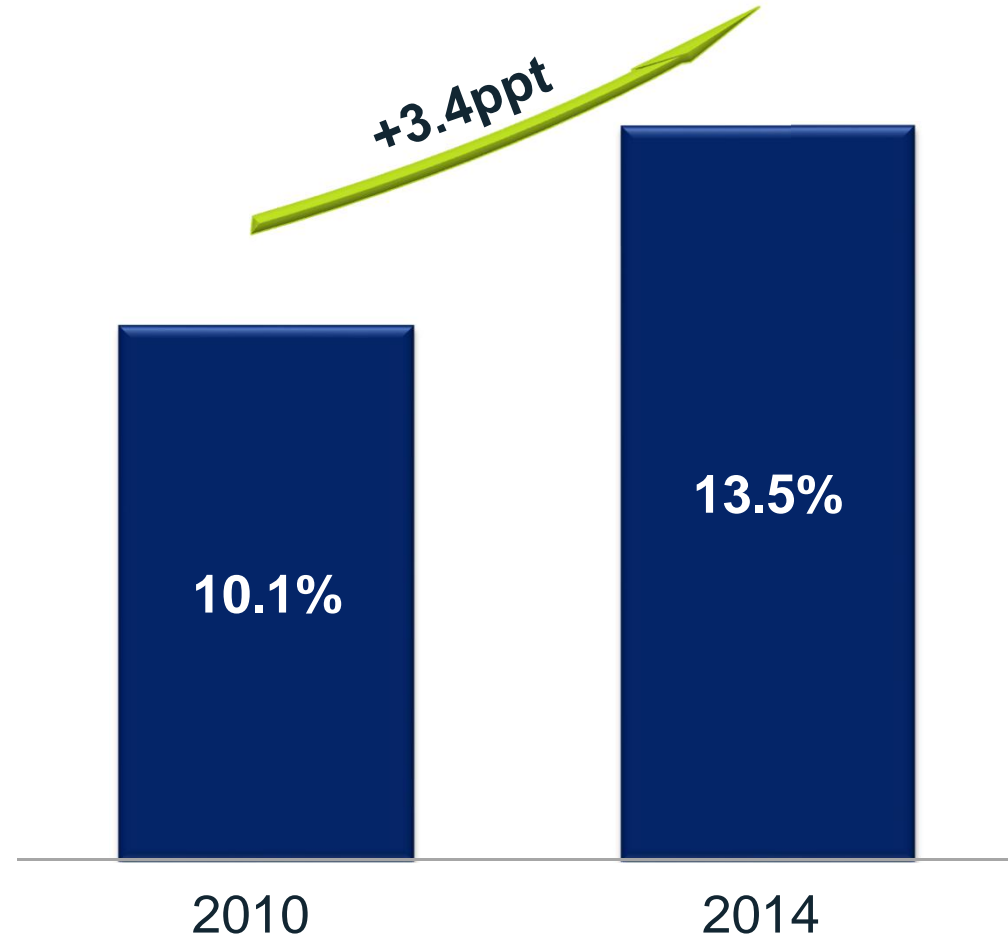


GFB volume
(BnU)



Winston: The leading tobacco brand in CIS+

Winston share of market

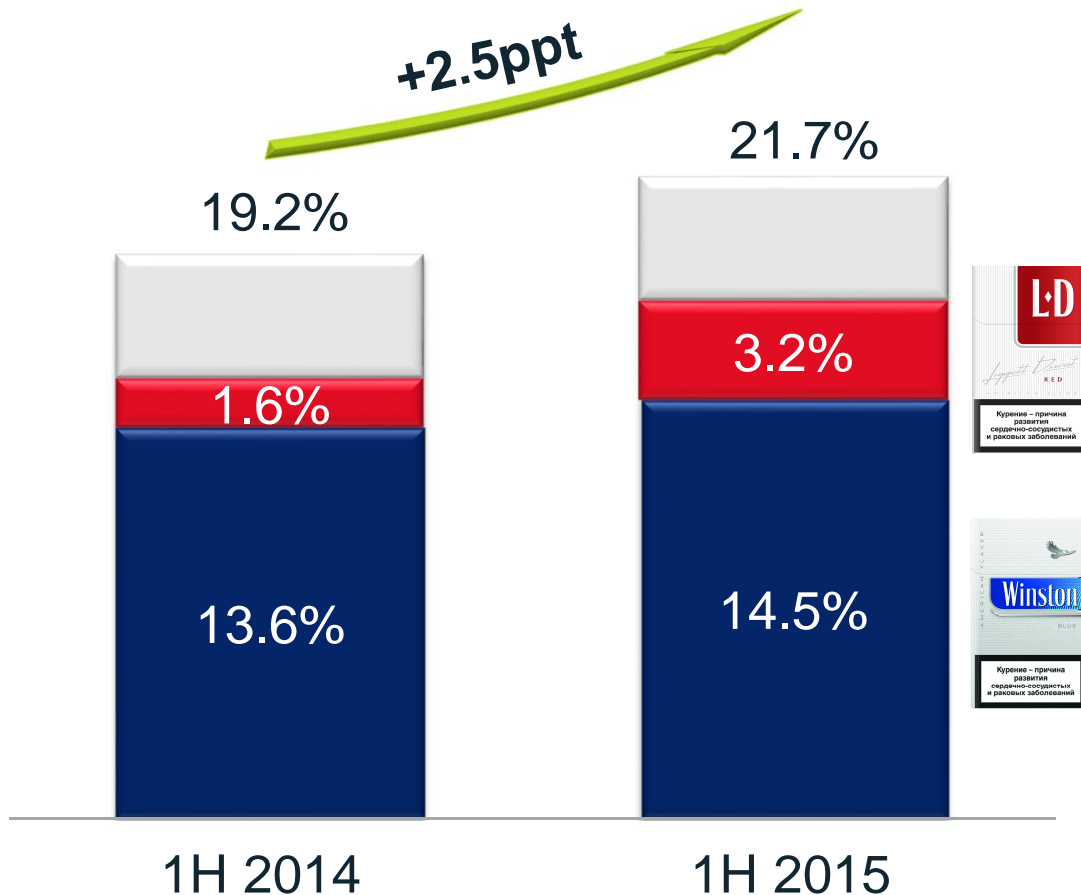


- #1 tobacco brand in CIS+ with market share of 13.5% in 2014, up 3.4ppt vs. 2010
- Holding a strong leading position in several markets, namely Russia, Kyrgyzstan, Georgia, Belarus and Armenia
- Widening the brand appeal by continuously evolving the portfolio with innovative and affordable extensions



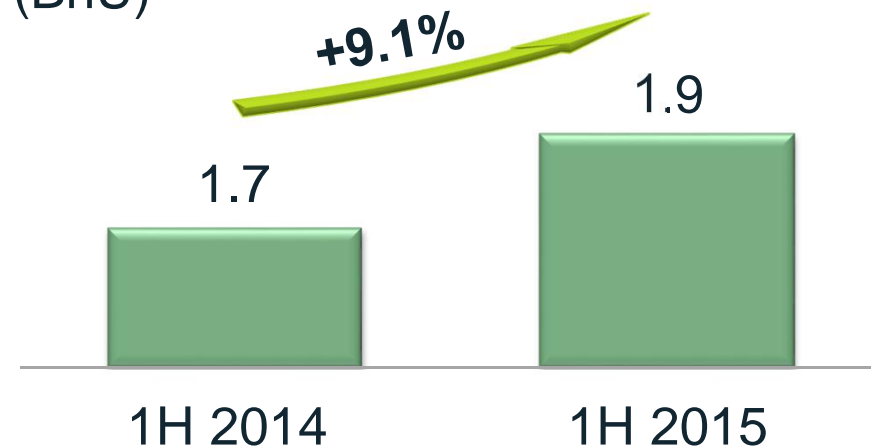
Belarus: Strong GFB performance led by Winston and LD

GFB share of market



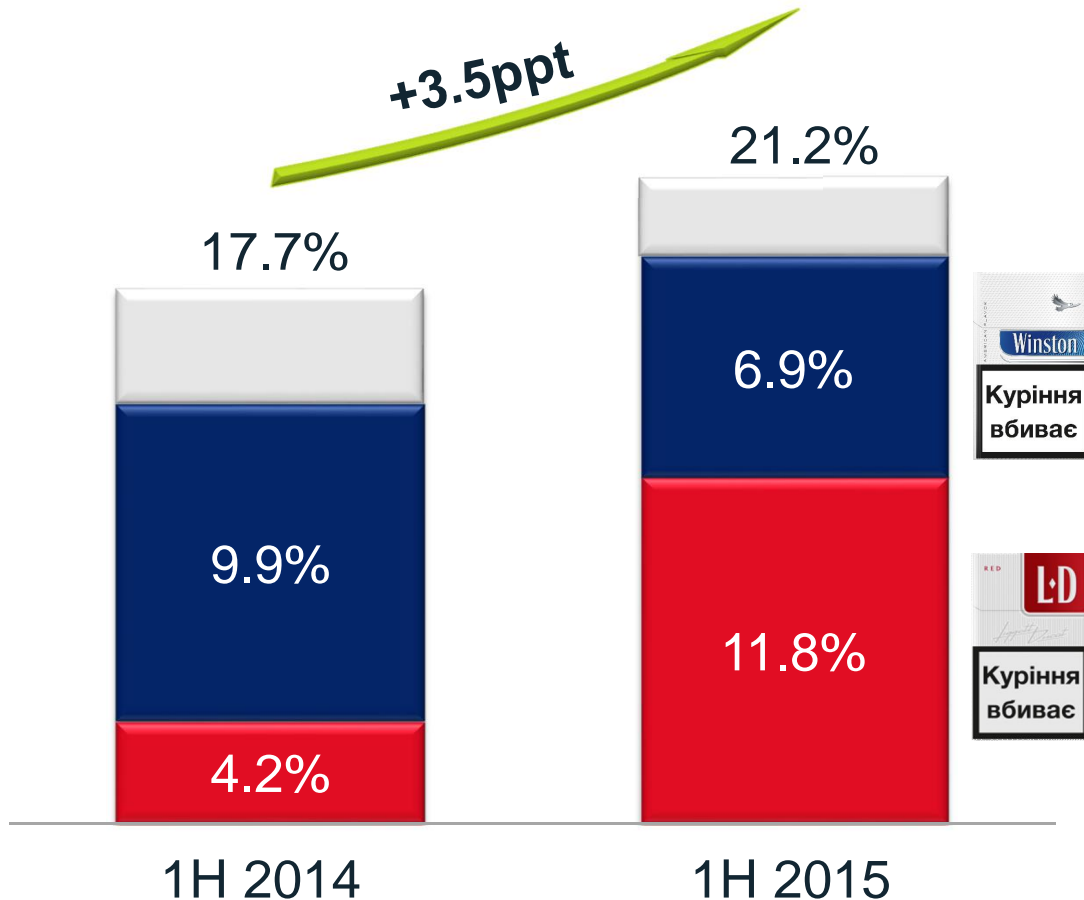
- Winston strengthened its market leading position driven by the positive momentum of the Core family as well as line extensions
- LD doubled its share of market over the last 12 months, becoming the second GFB pillar

GFB volume (BnU)



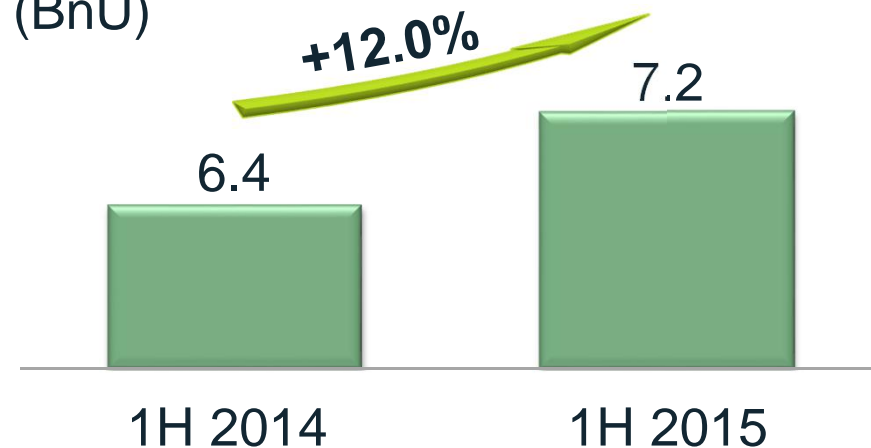
Ukraine: LD drives outstanding GFB growth momentum

GFB share of market



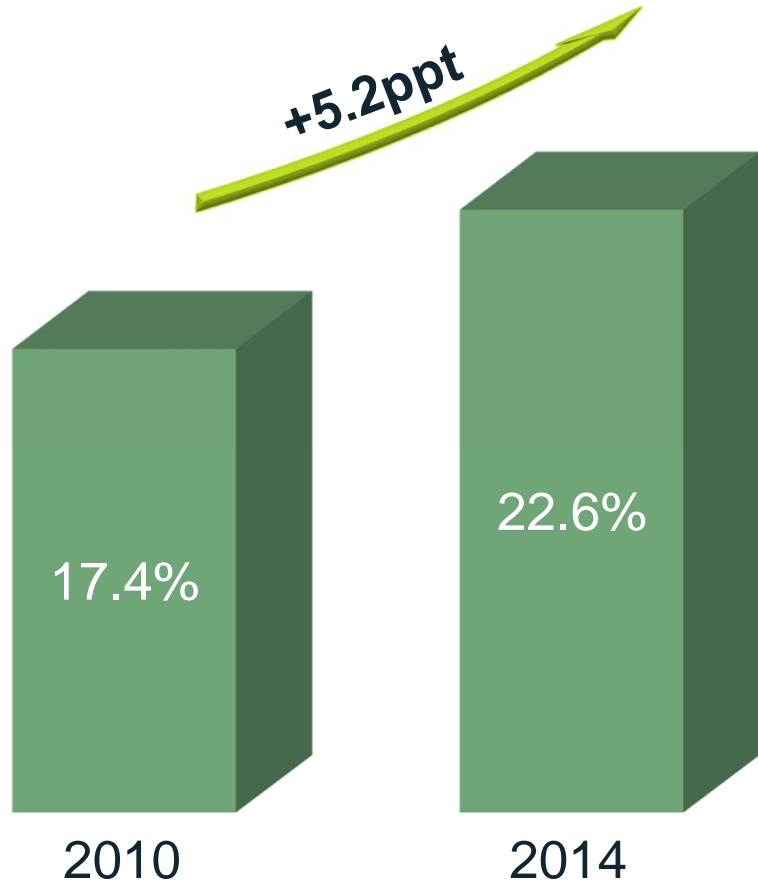
- Strong GFB performance driven by LD
- LD's competitively layered portfolio attracts both up-traders and down-traders. LD reached the #1 position in the market in June 2015
- Continued investment in Winston equity in downtrading environment

GFB volume (BnU)

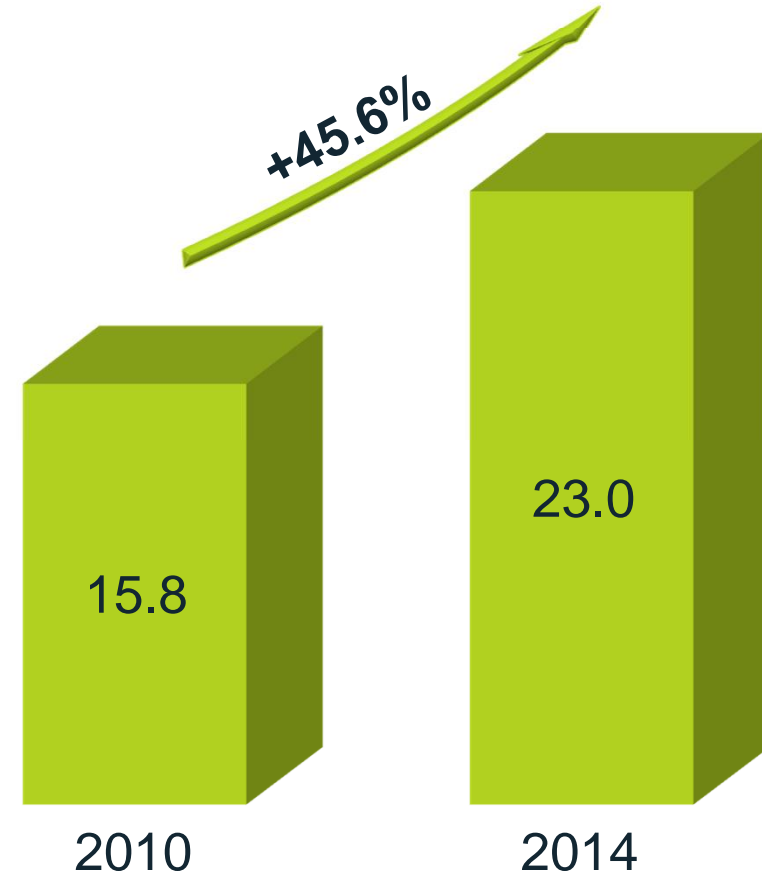


Unit price increasing significantly

GFB share of market



Core revenue per thousand (US\$)





Confident about the future

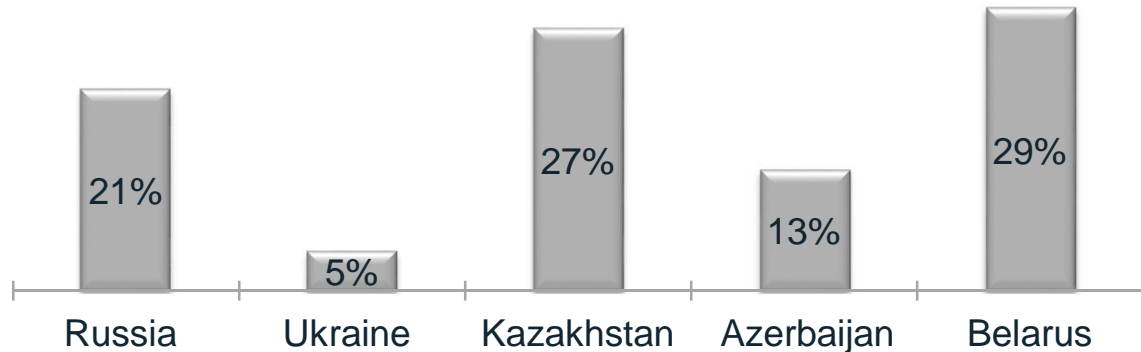
Operating environment is expected to stabilize

Real GDP, change vs. PY

	2014	2015e	2016e
Russia	0.6%	-3.6%	0.6% ↑
Ukraine	-6.8%	-10.0%	0.9% ↑
Kazakhstan	4.3%	1.9%	2.3% ↑
Azerbaijan	2.0%	1.7%	1.7% ↑
Belarus	1.5%	-1.5%	1.5% ↑

- Economy is expected to moderately improve in 2016
- Key markets are introducing long-term excise planning cycles with gradual and predictable increases
- Eurasian Economic Union of Russia, Kazakhstan, Belarus, Armenia and Kyrgyzstan is progressing well

Excise evolution, CAGR 2010-2014



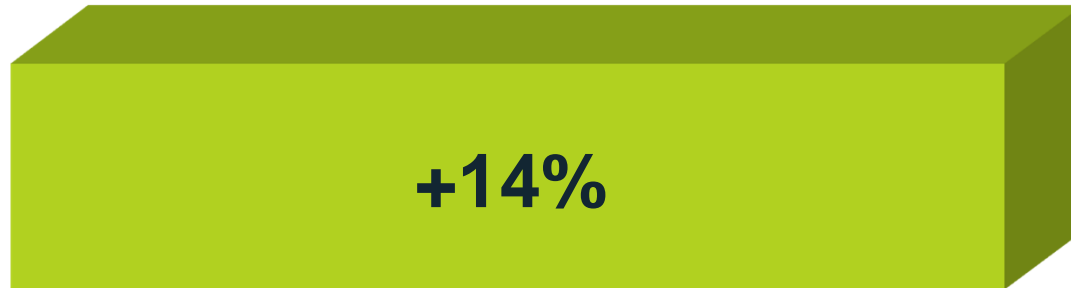
Strong profit growth trends in both Russia and other CIS+ markets expected to continue

EBITA, CAGR 2010-2014

Russia



Other CIS+
markets



Closing remarks

- Committed to consolidate our leading position in the CIS+ Region
- Excise tax increases should be more predictable and passed onto the consumer
- Pricing opportunities remain but could be affected by competitive activities in the value segment
- Focused investment in equity building programs will continue with the aim to fuel the GFB share growth momentum
- Strong regional distribution capability
- Fully engaged and empowered workforce



Growing our leading position in the Caucasus

Paul Holloway
General Manager, Caucasus

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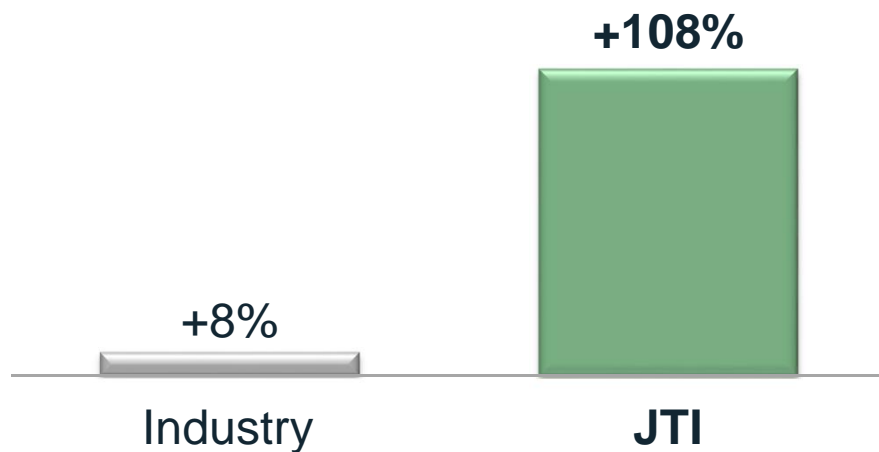
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The Caucasus: A dynamic and developing area

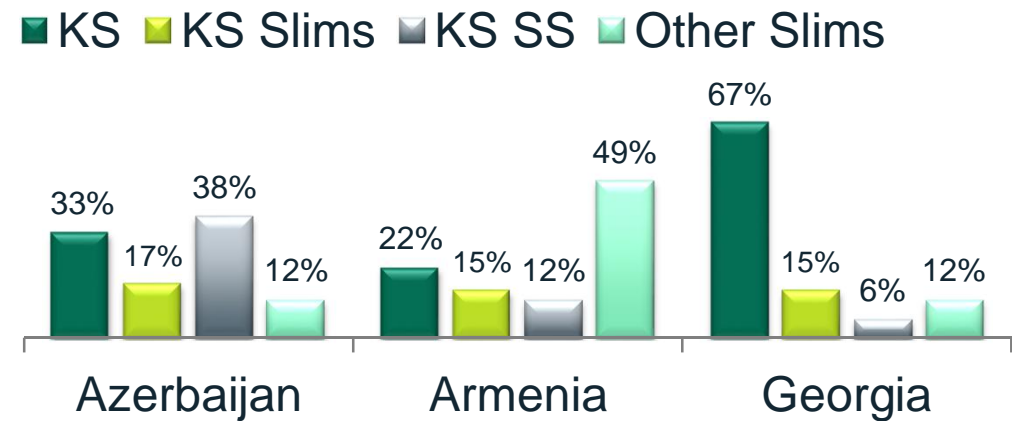
- 3 diverse markets: Armenia, Azerbaijan and Georgia
- Stable operating environment
 - Cigarette industry volume of 28.8 BnU in 2014
 - Cigarette industry value of 1.6 \$Bn in 2014
- JTI significantly outperforming industry



Volume, 2014 vs. 2010

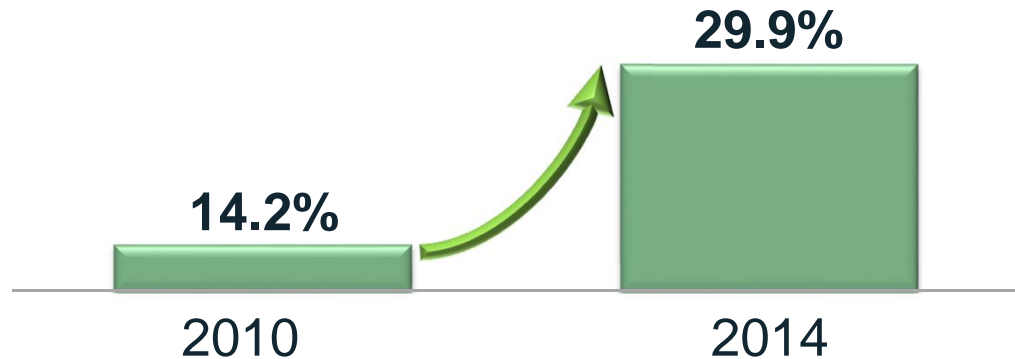


Cigarette market by configuration

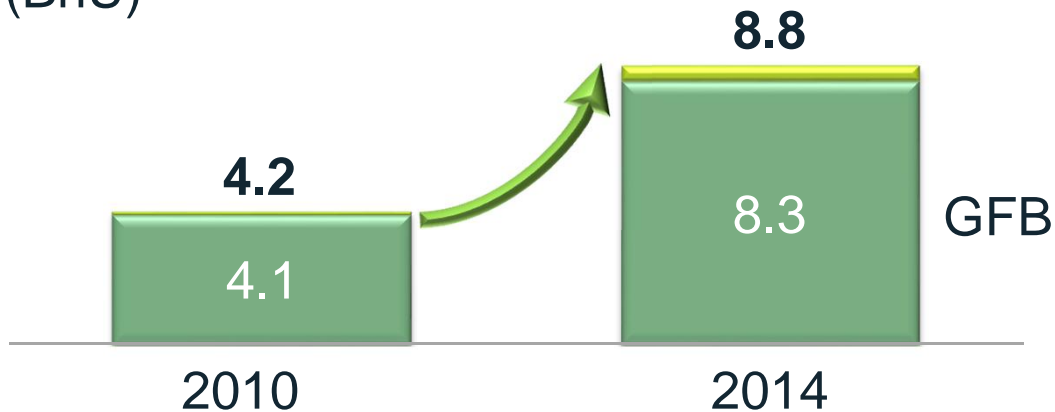


JTI, the tobacco industry leader

JTI Share of market



JTI Total volume (BnU)



- JTI Caucasus
 - Established in 2011
 - Based in Tbilisi
 - Objective: further broaden JTI's business base
- Volume and share of market doubled since 2010 driven by GFBs
- Leading tobacco company since 2012

Investing to drive profit growth

Investment (Index, 2010=100)



EBITA (Index, 2010=100)



- Increasing focused investments to:
 - Enhance GFB equity
 - Develop infrastructure and people
 - Expand distribution coverage
 - Increase visibility at point of sales

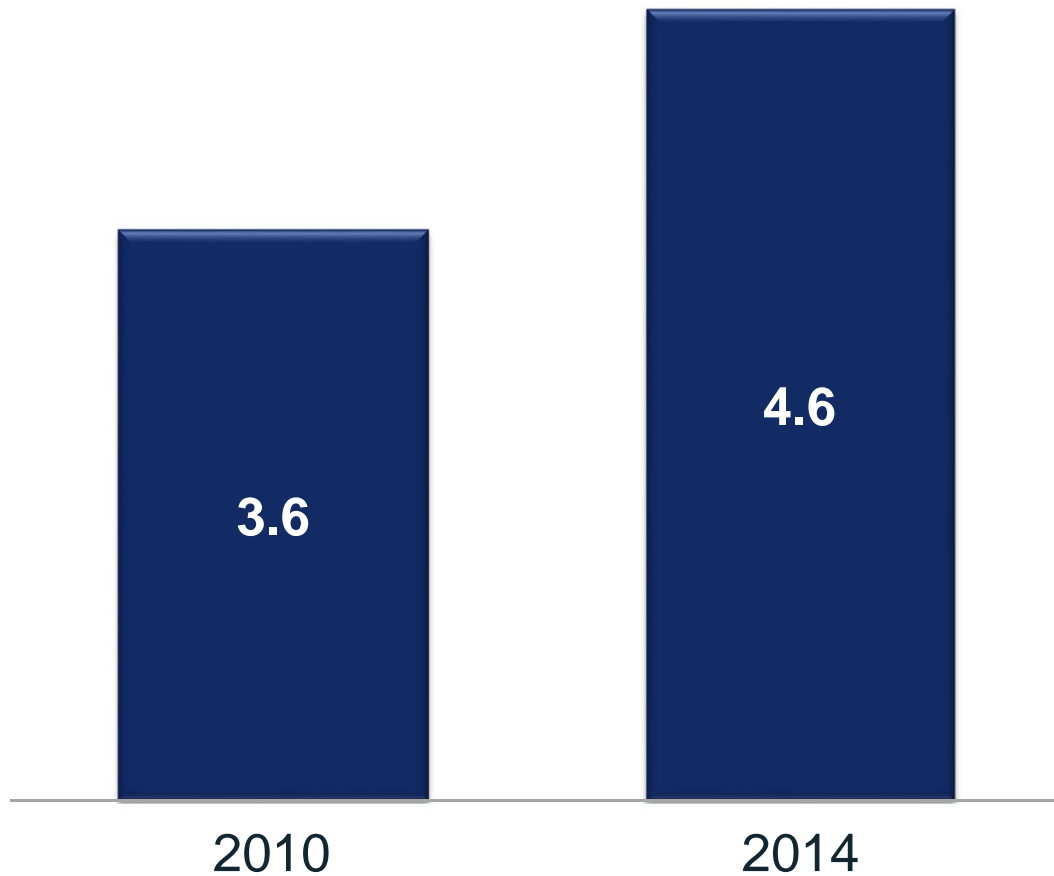
- Profit more than quadrupled over the last 5 years driven by volume and price/mix improvements



GFBs fueling our growth momentum

Winston: The #1 brand in the Caucasus

Winston total volume (BnU)

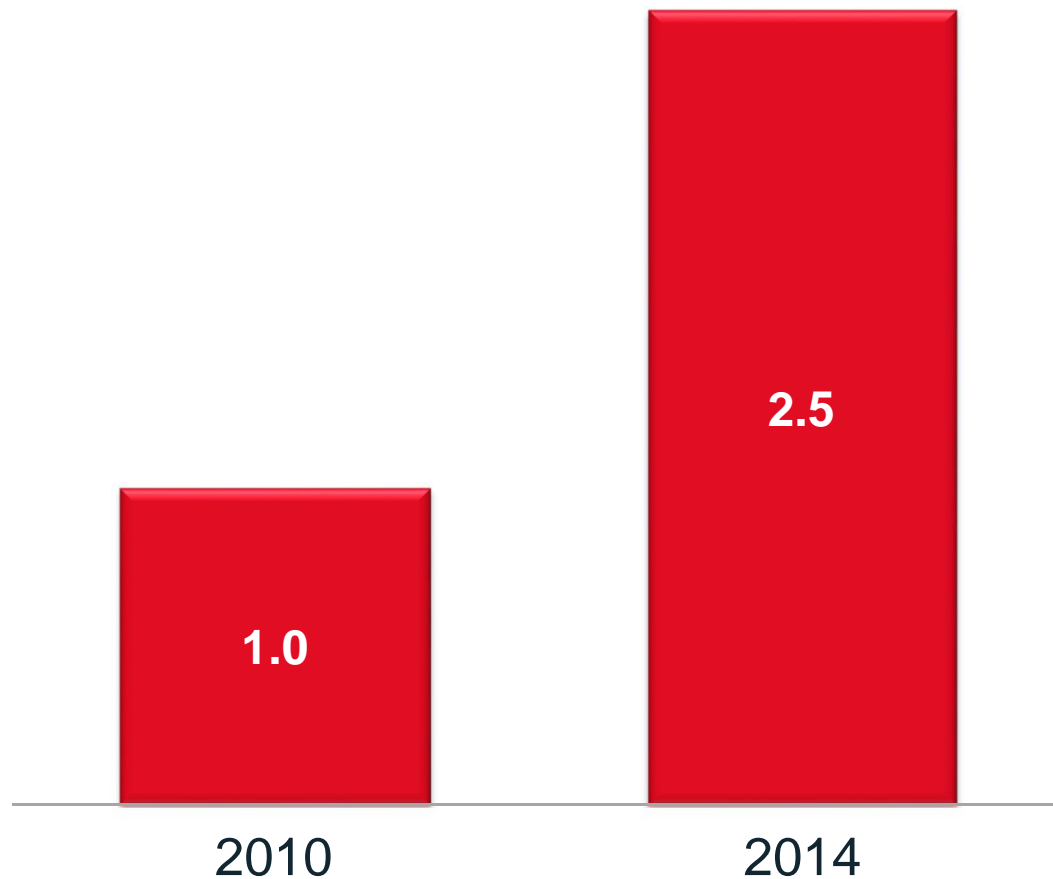


- Leading brand in the Caucasus with 15.1% market share in 2014, an increase of 2.1ppt vs. 2010
- #1 brand in Georgia and Armenia
- In Azerbaijan, Winston improved its mix delivering over 65% of total volume through XS range at higher price points



LD: Doubling volume driven by Azerbaijan

LD total volume (BnU)

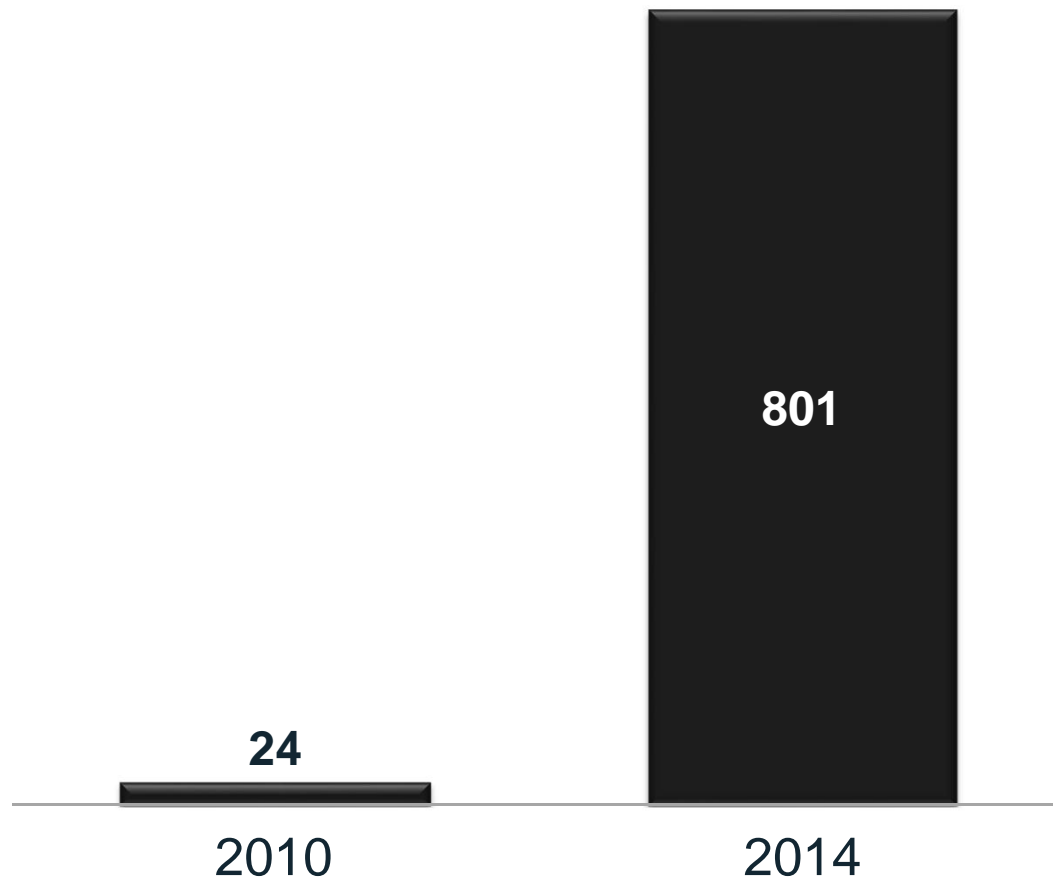


- Launched in Azerbaijan in early 2011
- Strong growth driven by LD Club
- Representing 55% of JTI volume
- Launched in Armenia in 2013
- Compelling product mix
- Rapid share gains in the growing Value segment



Sobranie: Broadening presence in the Premium segment

Sobranie total volume (MMU)



- Sobranie has an outstanding performance in the highly profitable Premium segment
- In 2014, Sobranie's share of Premium in Caucasus reached 11%
- Growth driven by Azerbaijan and Georgia, where Sobranie is significantly out performing Premium segment growth

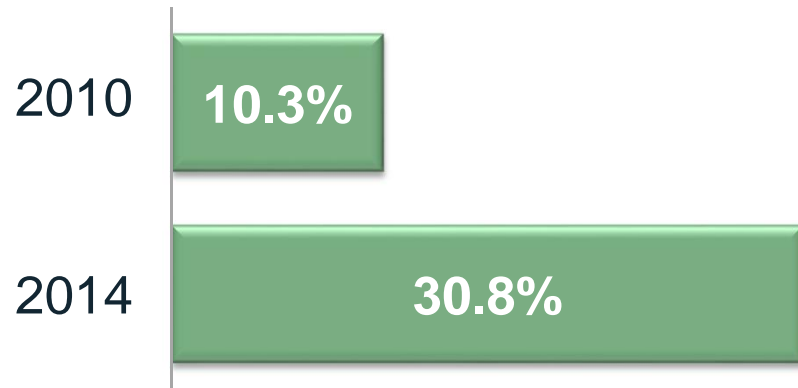




Solid growth across all markets

Azerbaijan: Expanding the portfolio and tripling market share

JTI Share of market



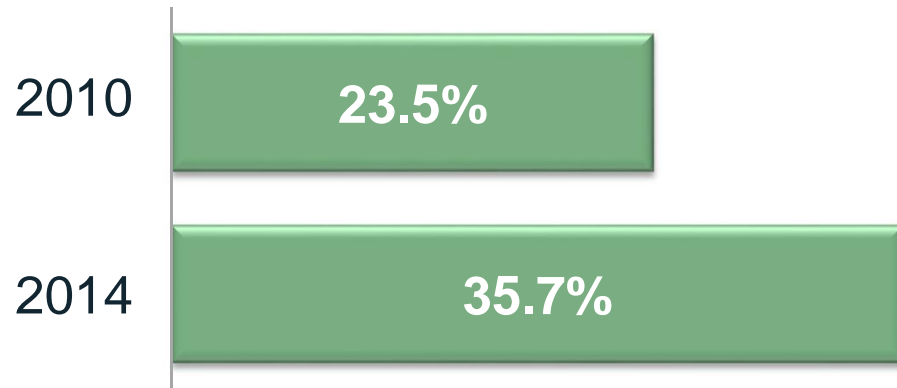
JTI Share of segment

	2014	vs. 2010 (ppt)
Premium+	22%	+22
Mid-Price	51%	+29
Value	2%	+2




- Entered the Azeri market in 2007 with Winston
- Strong market share increase (+20ppt vs. 2010) driven by portfolio expansion
 - LD leading volume and largest share contributor due to LD Club
 - Sobranie delivering strong growth in the Premium+ segment
- Key success factors: innovative propositions, enhanced retail coverage and strong team capabilities

Georgia: Strengthening our leading position by expanding GFBs

JTI Share of market



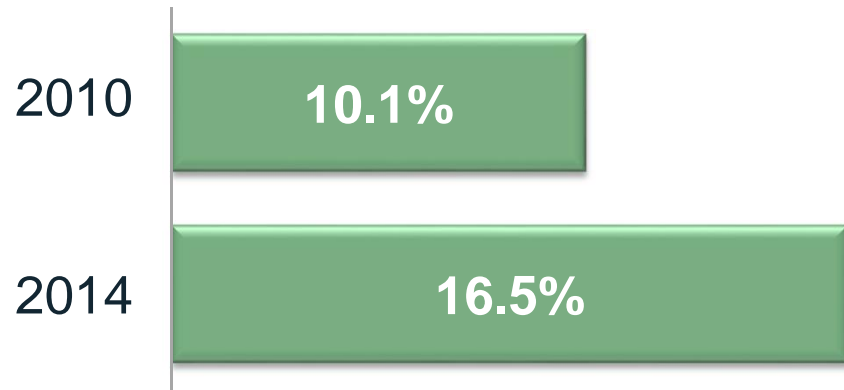
JTI Share of segment

	2014	vs. 2010 (ppt)
Premium+	5%	 +5
Mid-Price	60%	 +9
Value	13%	 +13

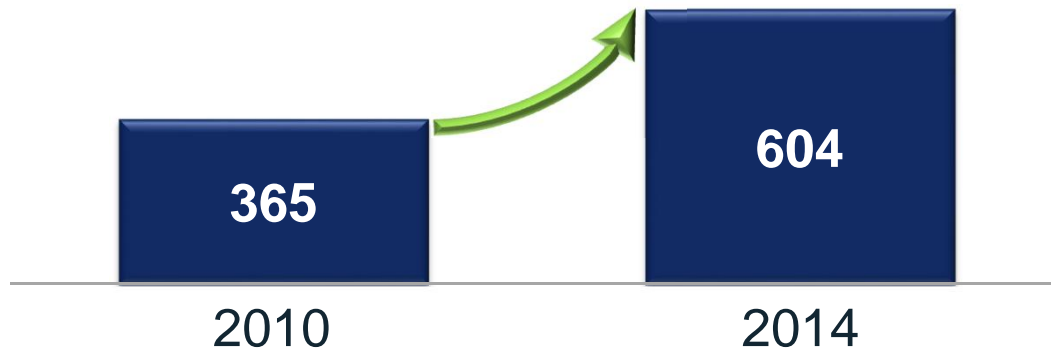
- Strong market leading position with significant share advantage vs. #2
- Winston is the #1 brand in Mid-Price, the largest volume segment
- Increasing presence above and below Winston to fuel market share growth
- In Premium and Value, growth driven by Sobranie and Magna, respectively
- Key success factors: improved route to market and coverage as well as development of local team

Armenia: Investing and seeding to grow market share

JTI Share of market



Winston volume (MMU)



- Presence since 2000. #1 international tobacco manufacturer since Q4 2014
- Winston is the leading brand as of 2013, with strong presence in Mid-Price
- Investing toward future growth opportunities by:
 - Building LD through line extensions to increase focus in Value
 - Establishing a JTI local entity in December 2014 to improve further our commercial capabilities

Great achievements setting the base for future growth

- The Caucasus delivered significant growth in volume, share of market and profit
- This was achieved by increasing investments, consistent focus on GFB, talent development and effective business relations with local partners
- Future growth opportunities driven by a stable operating environment and our strong brand portfolio across all price segments