

PRESS RELEASE

JTI has become the leader in the Russian FMCG market for sales

Winston strengthened the best-selling consumer brand position in RF

Moscow, July, 10, 2018 – JTI Russia topped the list of the biggest companies in the Russian fast-moving consumer goods market for sales in value terms in 2017, the retail audit by the Nielsen research company showed¹, reflecting sales value of over 200 FMCG categories in Russia. According to Nielsen, JTI accounted for 5 percent of total sales of goods in reviewed categories. PepsiCo and Philip Morris International also made it to the list of top three FMCG companies.

Winston, JTI's flagship brand, confirmed its status as the best-selling FMCG brand in Russia, accounting for 2.8 percent of total sales of the analyzed categories, the study says.

According to Nielsen, cigarettes are the biggest FMCG category in Russia, making up 14,4 percent of all consumer goods sales in value terms. The list of top 5 major product categories also includes beer (8.7 percent), vodka (6.3 percent), pasteurized milk (2.5 percent), and instant coffee (2.2 percent).

"The Nielsen data reflect the important role of the tobacco category in the Russian economy. Cigarettes are not only the key cash flow driver in retail but also the 2nd largest source of tax revenues for the state budget after oil and gas sector. JTI leadership on the Russian consumer good market means, in the first place, being a major taxpayer, since excise duties and VAT make up 61 percent of the average price for a cigarette pack, - JTI Russia's General Manager Dean Gilfillan said. - At the same time, we are strongly concerned about rapid growth of tobacco illicit trade, which is a threat to legal business and stability of the state budget income. According to the industry estimates, in 2018 the state's loss of unpaid tobacco excises and VAT may reach about 50 billion rubles. The key common goal of the government and the legal industry is prevention of the expansion of illegal tobacco market".

¹ Nielsen Retail audit data, Russia sales value, 2017

Nielsen retail audit, 2017, covered over 200 fast-moving consumer goods categories in different retail channels in cities and urban Russia localities with over 10 000 citizens.

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About JTI

JTI (Japan Tobacco International), part of Japan Tobacco Group, is a leading international tobacco manufacturer. With headquarters in Geneva, Switzerland, and operations across 120 countries worldwide, JTI employs about 40,000 people representing over 100 nationalities. The headquarters of its parent company, Japan Tobacco Inc., is located in Tokyo, Japan.

JTI is the leader of Russia's tobacco market² Its portfolio in Russia features international brands Winston, Mevius, Camel, Sobranie, Glamour and LD, as well as Russian Style, Peter I, Troika and e-vapor brand Logic Pro.

JTI is also one of the largest foreign investors in the Russian tobacco industry. As of the end of 2017, its total direct investment in the Russian economy exceeded 2 billion US dollars.

The company's business in Russia is represented by JTI Russia, a sales division with offices in 68 regions across the country, and three production sites. They are the Petro factory – Russia's largest producer of finished tobacco products – and two raw tobacco supplying plants in Lipetsk and in Leningrad Regions.

JTI's manufacturing facilities and sales offices employ about 4,000 people. In 2018 JTI is recognized as the #1 best employer in Russia for career development and employee compensation package.³

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²According to Nielsen data, April, 2018.

³According to international Top Employer Institute certifications, 2018.