

MEDIA INFORMATION

For immediate release



JTI opens its first South American cigarette factory

With four production lines, plant located in Santa Cruz do Sul will produce Camel and Winston brands for the local market

Santa Cruz do Sul, September 26, 2018 – JTI opened today its first South American cigarette factory. The factory is located in Santa Cruz do Sul (155km (96 miles) of Porto Alegre), city host to large Brazilian industries and base to JTI since 2009, when the company started its dealings with tobacco leaves in Brazil. The plant, with its 10.000 sq meters (107.639 sq ft), has capacity to operate four production lines in up to three shifts. The total investment for the factory amounted to 85 million Real (US\$ 20.7).

“In 2018, we celebrated 100 years of Japanese settlement in Brazil. Now, we are very proud to open this factory in Santa Cruz do Sul. This is a great step to develop our business in Brazil. The JT Group will continue to establish strong relationships with Brazilian stakeholders”, said Mutsuo Iwai, JT’s Executive Vice President and President of the Tobacco Business.

The state of Rio Grande do Sul will produce Camel and Winston (marketed in the country) and LD (for exports) brands. In addition to supplying the Brazilian market, the output will be distributed to Argentina, Bolivia, Chile and Ecuador, and, gradually, to the whole of Latin America.

According to Flavio Goulart, director of Corporate Affairs and Communication for JTI, the decision to invest in Brazil is due to the country’s high degree of technical and operational knowledge. “The excellent standards of the Brazilian tobacco leaves, which JTI employs in its global flagship brands, was also taken into account”, he added.

Future

“Our project is ready for expansion at any time. We are here today not only to boost the Brazilian market, but also to meet exporting demands from other countries in the region. We are focused on following the successful steps we have been taking so far”, said Timur Mutaev, Operations Officer for the Cigarette Factory in Brazil.

Analyzing the national market, Claudio Ferreira, General Manager Brazil, evaluates the perspectives for expansion as positive with the opening of the factory. “Our market share resulted in a geographical expansion that covers most of Brazilian territory, reaching regions we did not reach before. Today, we are present in 13 states, and our brands are strongly recognized at sales locations”, he said.

The opening ceremony was attended by local authorities and JTI executives from Japan, United States, Bolivia and Switzerland who received a guided tour of the plant.

Globalized team

With a local presence since 2009, JTI employs almost two thousand collaborators in tobacco processing, research and distribution centers in Brazil. To assemble the factory team, more than four thousand interviews were conducted. Amongst the 80 employees hired, nearly 50 – between operators, mechanical and electronic engineers – had the opportunity of travelling to attend training programs in factories in Russia, Romania, Ukraine, Poland and Switzerland.

As well as the permanent team in Rio Grande do Sul, there are people in other countries providing information, and technical and strategical knowledge – the competitive edge of a company active in 130 countries and represented by employees of 100 different nationalities.

The New Factory by the numbers

- Investment: BRL 85 millions (US\$ 20.7m)
- Total area: 10.000 sq meters (107.639 sq ft)
- Direct jobs: 80
- Brands produced: Camel, Winston and LD
- 4 lines of production, operating in up to three shifts
- Capacity: up to eight thousand cigarettes per minute, equivalent to 400 packs
- Exportations: to Argentina, Bolivia, Chile, Ecuador and, gradually, the whole of Latin America
- Hired operators, mechanical and electronic engineers had the opportunity of travelling to attend training programs in JTI factories in five countries: Russia, Romania, Ukraine, Poland and Switzerland.

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About JTI

JTI is a leading international tobacco company with operations in more than 130 countries. It is the global owner of both Winston, the number two cigarette brand in the world, and Camel, outside the USA and has the largest share in sales for both brands. Other global brands include Mevius and LD. With its internationally recognized brand Logic, JTI is also a major player in the e-cigarette market and has, since 2011, been present in the heated tobacco category with Ploom. Headquartered in Geneva, Switzerland, JTI employs close to 40,000 people and was awarded Global Top Employer for four consecutive years. JTI is a member of the Japan Tobacco Group of Companies. For more information, visit www.jti.com.

In Brazil, JTI's infrastructure, widespread throughout the country, includes a tobacco processing unit in the state of Rio Grande do Sul, in addition to tobacco acquisition units, a research center and distribution centers in 12 states and the Federal District. JTI established its first Brazilian office in Rio de Janeiro in 2000. The company has direct partnerships with over 13 thousand tobacco growers, who receive local support in the form of an agronomy consulting to ensure a sustainable production of the highest quality. The highlight of JTI's operations in Brazil goes to the integrated efforts of the Global Supply Chain and Market divisions, unique in the world.

JTI Brazil by the numbers

- Over 945 permanent employees
- 1,200 temporary JTI employees
- 13,000 tobacco suppliers
- Four tobacco acquisition subsidiaries: Pinhalzinho (SC), Canoinhas (SC), Pouso Redondo (SC) and São Mateus do Sul (PR)
- 13 tobacco distribution branches

Trajectory in Brazil

- 2000: Opening of the first JTI Brazil office, in Rio de Janeiro, for cigarette sales.
- 2009: Acquisition of the companies KBH&C Tabacos and Kannenberg & Cia. Ltda., in Santa Cruz do Sul.
- 2010: Unification of the companies for the formation of JTI Processadora.
- 2011: Inauguration of Agronomy, Development, Extension, and Training (ADET) center, in Santa Cruz do Sul.
- 2015: Acquisition of distributor Fluxo, increasing capacity of cigarette distribution in Brazil.
- 2018: Inauguration of the company's first Cigarette Factory in South America, located in Santa Cruz do Sul.