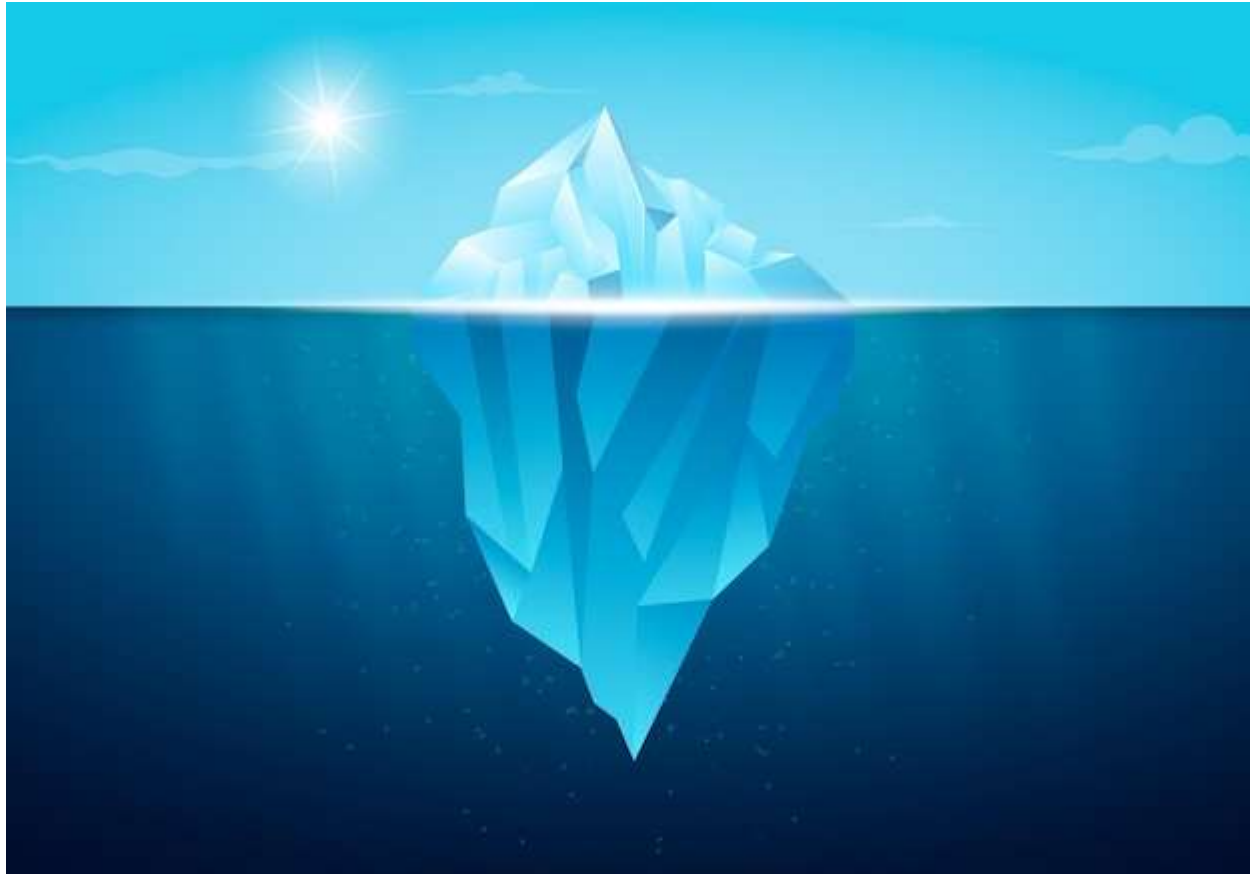


▣ The Cultural Iceberg



Easy to See

Language, Food, Clothing, Literature, Greetings, Holidays and festivals, Folklore etc

Not Easy to See

Beliefs, Manners, Family roles, Self-concept, Work ethic, Core values, Interpretations, Humor, Gender roles, Body languages, Gestures, Beauty ideals, Aesthetics, Attitude to education, Thought patterns etc



Characteristics of the Tobacco Industry

- **Capital intensive equipment industry**
- **Monopoly and Oligopoly Market Structure**

- **Strong brand power and economies of scale are important**
- **Requires high technology and marketing, distribution, and sales capabilities**

Raw material procurement

- Requires a large amount of raw material purchase and aging process
- Requires expertise in securing raw materials

R&D

- Technology becomes important due to consumer needs and strengthened regulations
- Organic collaboration with marketing is required

Production

- Requires large-scale facilities
- Requires high-level quality control capabilities

Marketing

- Marketing investment and brand management are important
- Brand growth takes a long time

Sales

- Requires strong distribution network and sales force
- Entails high costs

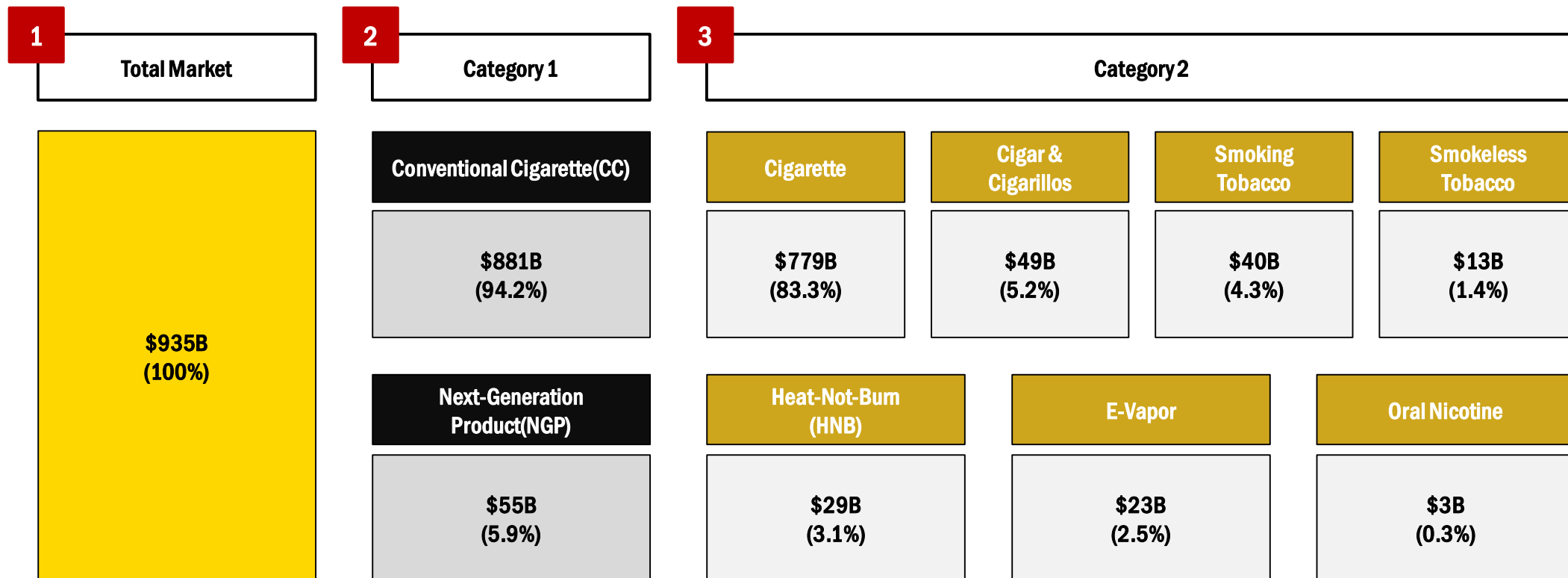
Service

- Responding to customer claims is very important
- Collaboration in each field is important



Global Smoking Population **1.3B(17%)** / Annual Global Market Value **\$965B(USD)**

【 Total Market Value by Product Type(2021) 】



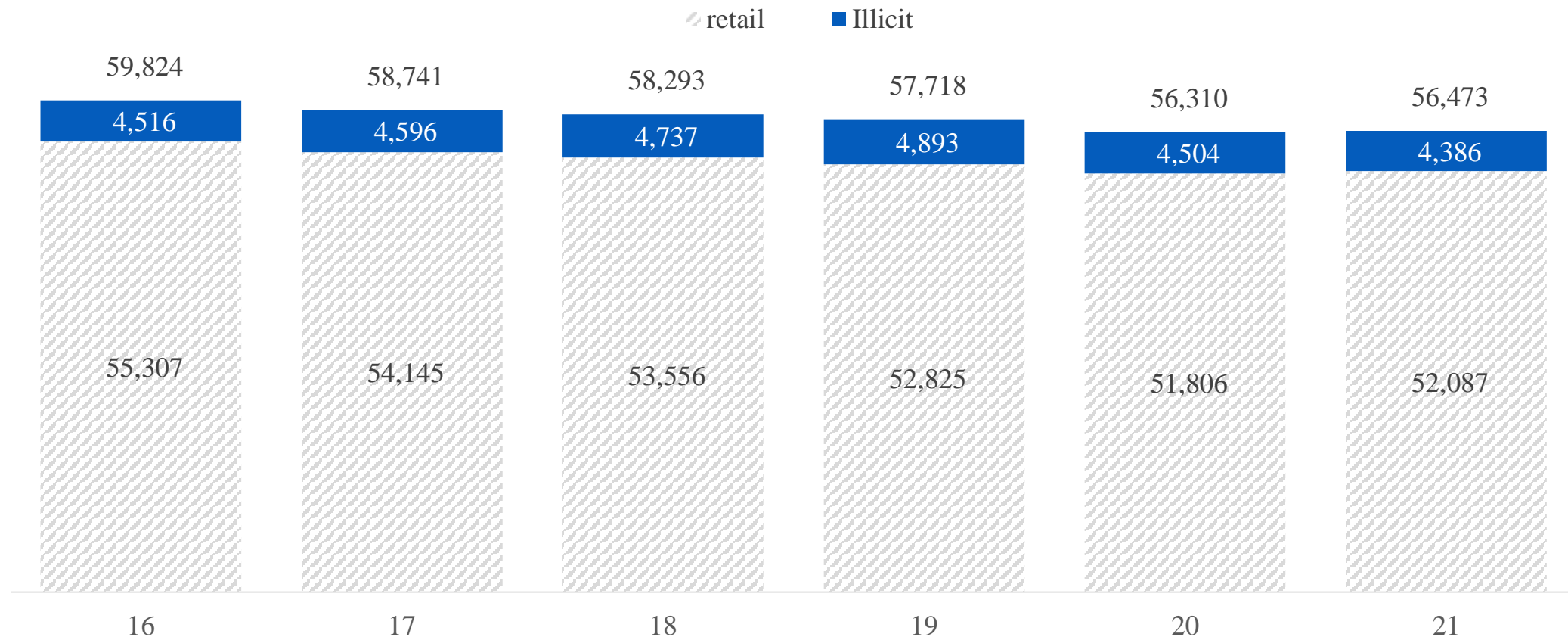
*Source : Euromonitor(2021)

*Smoking Tobacco : Pipe, RYO tobacco

*Smokeless Tobacco : Snuff, Chewing Tobacco

The total market size is about 5.6 trillion cigarettes
(declining trend after e-cigarettes)

unit: cigarette



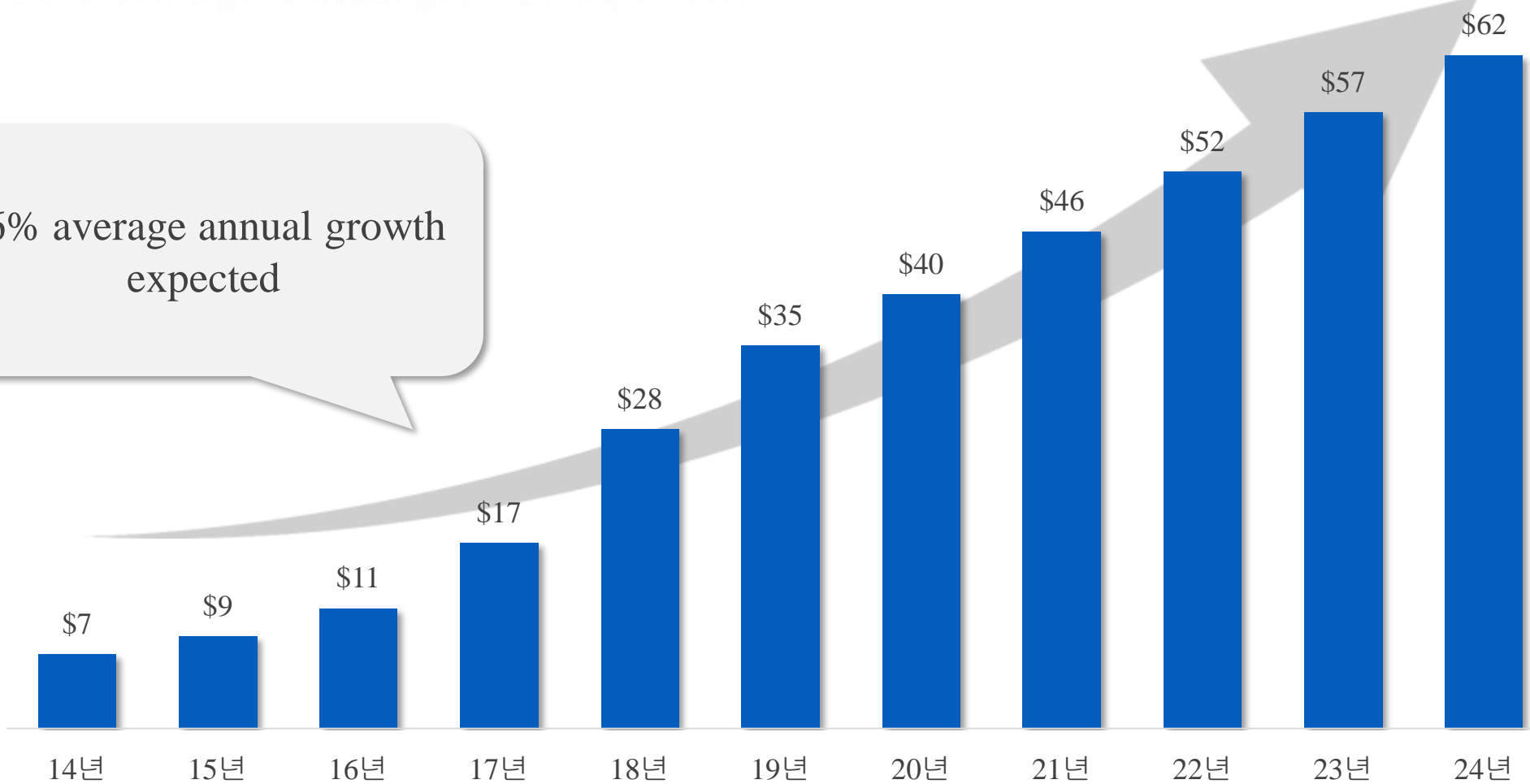


E-Cigarette(NGP) Market Trend

unit: \$B

26% average annual growth expected

26% average annual growth expected





Top 4 Tobacco Companies



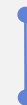
**Philip Morris
International**



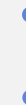
**British American
Tobacco**



**Japan Tobacco
International**



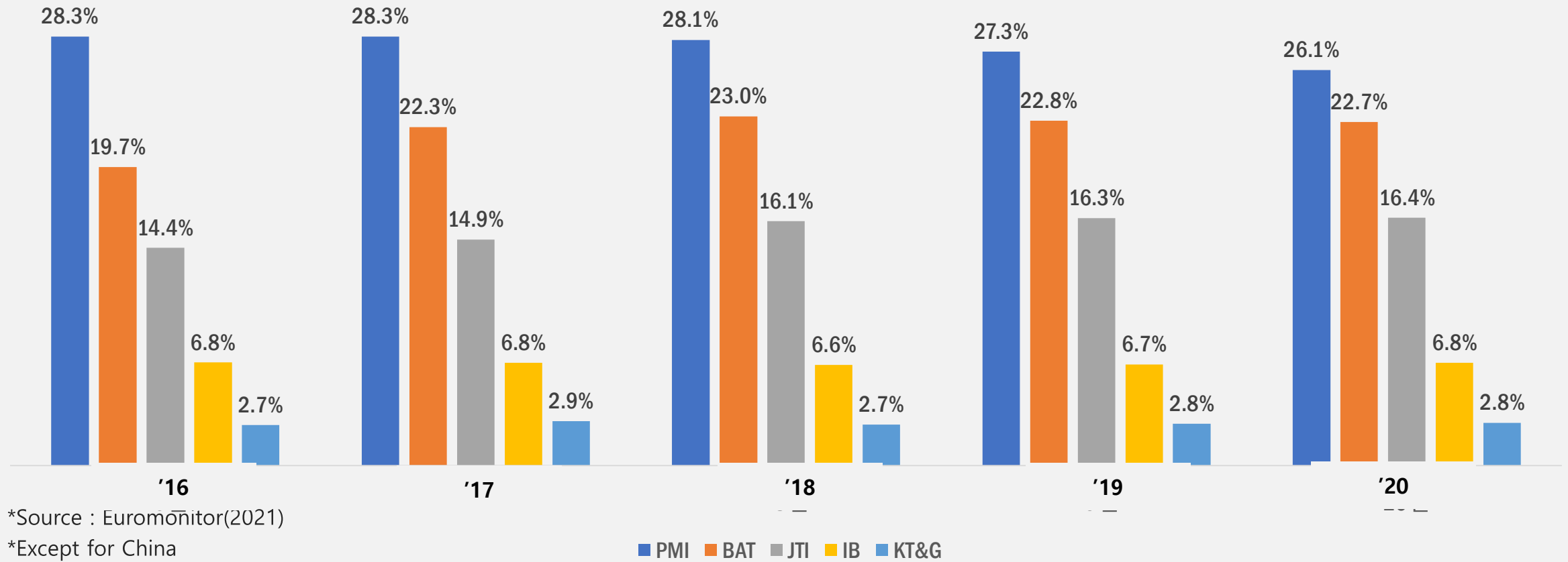
**Imperial
Brands**





Market Trend - Market Share Trend by Manufacturer

[Market Share Trend by Manufacturer]



KT&G has about 3% of total market in Global cigarette market