



Investor Presentation

Fiscal Year 2017



Forward looking information

This presentation includes “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. The Company cautions readers that any statements contained herein regarding earnings and expectations for its performance are forward-looking statements based upon management's current knowledge and assumptions about future events, including anticipated levels of demand for and supply of its products and services; costs incurred in providing these products and services; timing of shipments to customers; changes in market structure; government regulation, including the impact of regulations on tobacco products; product taxation; industry consolidation and evolution; changes in global supply and demand positions for tobacco products; and general economic, political, market, and weather conditions. Actual results, therefore, could vary from those expected. A further list and description of these risks, uncertainties, and other factors can be found in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2016, and in other documents the Company files with the Securities and Exchange Commission. This information should be read in conjunction with the Annual Report on Form 10-K for the year ended March 31, 2016 and the Form 10Q for the most recently ended fiscal quarter.

Web Disclosure

Universal Corporation's website, www.universalcorp.com, is the primary source of publicly disclosed news about Universal Corporation and its operating companies. Those wishing to stay on top of company news can sign up for email alerts by going to Investor Relations in the website's Investor section.







Universal Corporation

Quick Facts

Founded	1918
Stock Exchange	NYSE
Ticker	UVV
Revenues (as of 3/31/16)	\$2.1 billion
Dividend Yield	3.94%
Stock Price	
Recent Stock Price (11/8/2016)	\$54.85
52 wk High	\$61.69
52 wk Low	\$49.95
Common Shares Outstanding	22.8 million

46 year consecutive annual common stock dividend increase

Investment Highlights

-  **Leading position in global leaf tobacco supply**
One of the top two global industry players
-  **Full service provider with long standing supplier and customer relationships**
Diversified sources of compliant leaf tobacco from a strong, sustainable supplier base
Industry-leading customers
-  **Defensible market position given strong barriers to entry**
Extensive, proprietary network built up over a long period of time
Global coordination coupled with strong local management
-  **Solid and sustainable financial performance**
Strong cash flow generation provides financial flexibility
-  **Experienced management team with proven track record**
-  **Long history of returning value to shareholders through dividends and share repurchases**



Business and Industry Overview



Tobacco Operations

- Africa, Brazil, and the United States produce approximately 60% of the flue-cured and burley tobacco grown outside China
- Annual production of such tobaccos handled by Universal: Africa 35-45%, Brazil 15-25%, United States 25-35%
- Universal conducts its business in more than 30 countries on five continents and employs over 24,000 permanent and seasonal workers

Diverse Product Portfolio

- **Flue-cured**



- Cured leaves have a yellow to orange color and grows well in subtropical regions with light rainfall
- Matures from the bottom leaves up and are harvested at different times as they mature, after which they are cured using heat
- Used in American and English blend cigarettes

- **Burley**



- Cured leaves are brown in color and are typically grown in heavier soils than flue-cured
- Leaves are graded by their position on the stalk and are air-cured in barns
- Used in American blend cigarettes

- **Oriental**



- Small, aromatic leaf grown in Turkey, Macedonia, Bulgaria and Greece
- Sun-cured
- Used in American blend cigarettes

- **Dark**



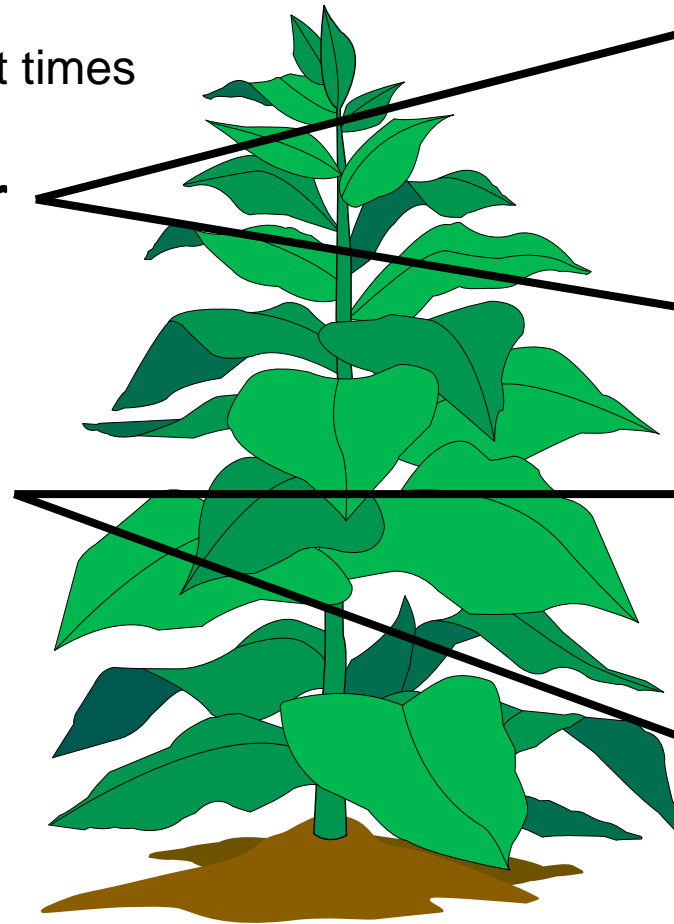
- Used in cigars, pipe tobacco, and smokeless products
- Air or fire cured

The Tobacco Plant

- Style and quality variation, regional variation
- Not a commodity product
- Leaves harvested at different times

Customer A - Flavor

Customer B - Filler



Tips

Leaf

Cutters

Lugs

**Sandleaves
(Primings)**

Role of the Leaf Tobacco Supplier

- Intermediary between farmers and manufacturers of tobacco products
- Sources leaf tobacco for customers
- Processes tobacco to customer specifications
- Does not manufacture cigarettes or other consumer tobacco products

With Farmers

- Contracts with farmers for crops
- Manages large number of farmer relationships
- Provides seed and fertilizer in some cases
- Offers agronomy support
- Promotes sustainable farmer base and Good Agricultural Practices
- Compliant leaf



With Manufacturers

- Works with customers before the tobacco is grown to understand needs
- Finds buyers for the different grades and styles of tobacco produced in each crop
- Processes tobacco by separating lamina from stem, removing non-tobacco materials, and drying to precise moisture targets for long-term storage
- Delivers a compliant product that meets customer specifications
- Supports sustainable tobacco production

Why Universal is an Industry Leader

**Strategic
Market
Position**

**Strong Local
Management**

**Compliant
Product**

**Diversified
Sources**

**Financial
Strength**

Universal's Strengths as a Leaf Supplier

- **Sourcing**
 - Global reach
 - Strong local management teams
 - Capability to market all of the different grades and styles produced in a single crop
- **Agronomy**
 - Continuous and substantial investment in grower base
 - Strong commitment to delivering a quality, compliant product
 - Product traceability
 - Good agricultural practices which encompass crop quality, environmental stewardship, and agricultural labor practices
 - Agronomists working with individual farmers
 - Managing future production to meet customer regulatory requirements
 - Seed research and development facilities

Universal's Strengths as a Leaf Supplier

(continued)

- **Processing**
 - State of the art processing facilities
 - Facilities in the major tobacco producing areas
 - Efficient operations
- **Logistics**
 - Proven ability in managing a robust end-to-end tobacco supply chain connecting hundreds of thousands of small-scale farmers with the end-market
 - Operational efficiency in areas with limited infrastructure and political challenges

Main Drivers of Customer Purchases



Sustainability and Supply Chain Integrity

A Key to Continued Success

Our business is reliant on the success of our farmers and employees, the strength and resiliency of our supply chain and our ability to deliver a consistent supply of quality tobacco to our customers. Our commitment to sustainability and supply chain integrity is an integral part of achieving these ends and includes:

<p>Good Agricultural Practices</p>	<p>We develop and invest in R&D, targeting sound leaf production techniques and technologies that promote crop quality and efficiencies. We undertake variety and crop production field trials in our major supply origins around the world, and maintain a state-of-the-art Agronomy Research Station in Brazil.</p>
<p>Farmer Training</p>	<p>We support and train farmers on good agricultural practices to boost the success of our farm partners and to ensure a supply of quality tobaccos for our customers. We employ over 800 agronomists and leaf technicians supporting over 275,000 farmers, and continue to expand our MobiLeaf agronomy information system platform in 12 countries.</p>
<p>Process Optimization, Accountability and Traceability</p>	<p>We design systems and deploy assets targeting process efficiency, accountability and traceability throughout the supply chain. We commissioned a second, high efficiency production line and continue to increase our operational and IT infrastructure in Mozambique to handle an expanding crop.</p>
<p>Forestry and Natural Resource Management</p>	<p>We promote programs and practices that protect the resources needed for tobacco production. We worked with our farmer partners to plant over 37 million trees in 2014.</p>
<p>Fair Labor Practices</p>	<p>We monitor and address child and forced labor issues in the supply chain with the help of our farm partners and communities. We have an active Agricultural Labor Practice Program targeting child and farm labor issues in 9 countries and are expanding implementation throughout our contracted supply base.</p>
<p>Social Development</p>	<p>We invest in the development of farm and employee communities where we operate and the improvement of livelihoods based on mutually identified needs. Projects and investments include the expansion of infrastructure, the support of education and the improvement of water availability. We built and improved 45 schools, provided educational materials to 27 schools and dug 53 wells in Malawi, Mozambique, Tanzania and Zambia over the last six years.</p>

High Quality Customer Base

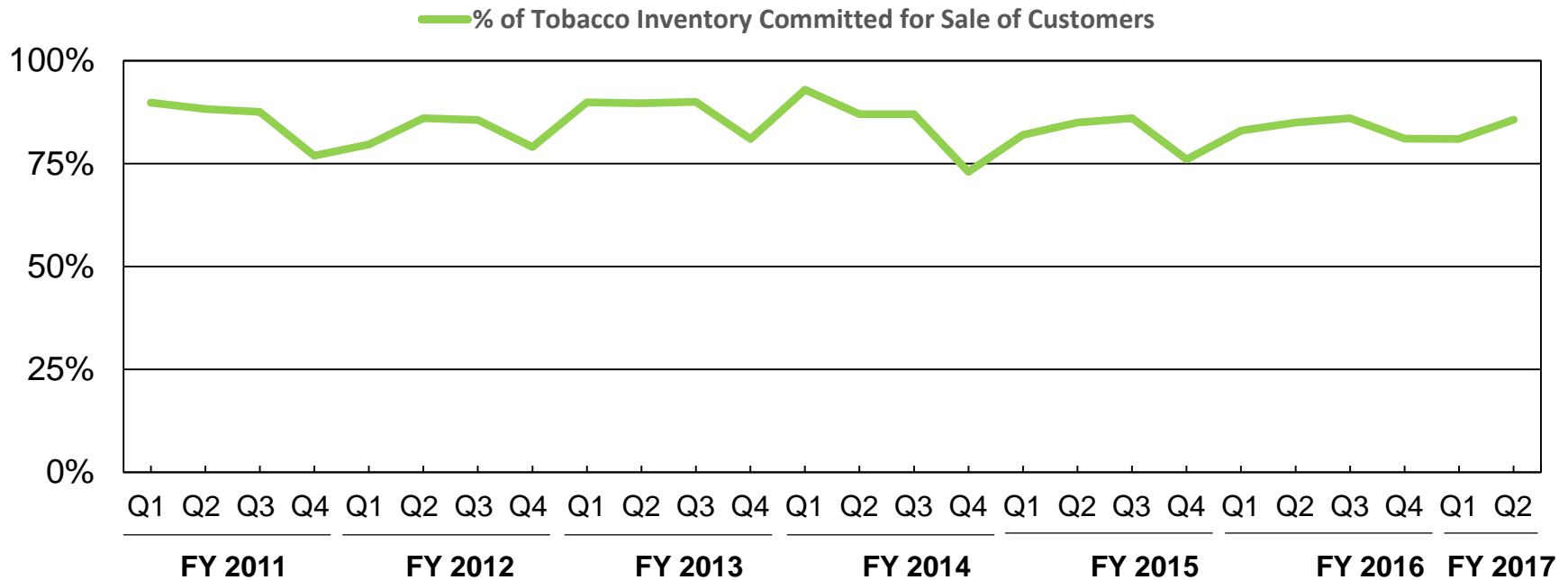
- Over 75% of our sales are to customers with major positions in their respective markets and with whom we have long-standing relationships
- Five largest customers include Philip Morris International, Inc., British American Tobacco plc, Imperial Brands plc, Japan Tobacco, Inc. and China Tobacco International, Inc.
- In the aggregate, accounted for more than 60% of Universal's consolidated revenues for the past three years
 - Philip Morris International, Inc., Imperial Brands plc, British American Tobacco plc and Japan Tobacco, Inc. account for 70% of the tobacco manufacturer world market (excluding China)¹

Top 5 Universal cigarette manufacturer customers	Tobacco manufacturer world market share 2015 ¹
Philip Morris International, Inc.	14.7%
Imperial Brands plc	4.1%
China Tobacco International, Inc.	42.0%
British American Tobacco plc	10.8%
Japan Tobacco, Inc.	8.8%
TOTAL	80.4%

¹ Bloomberg, Euromonitor

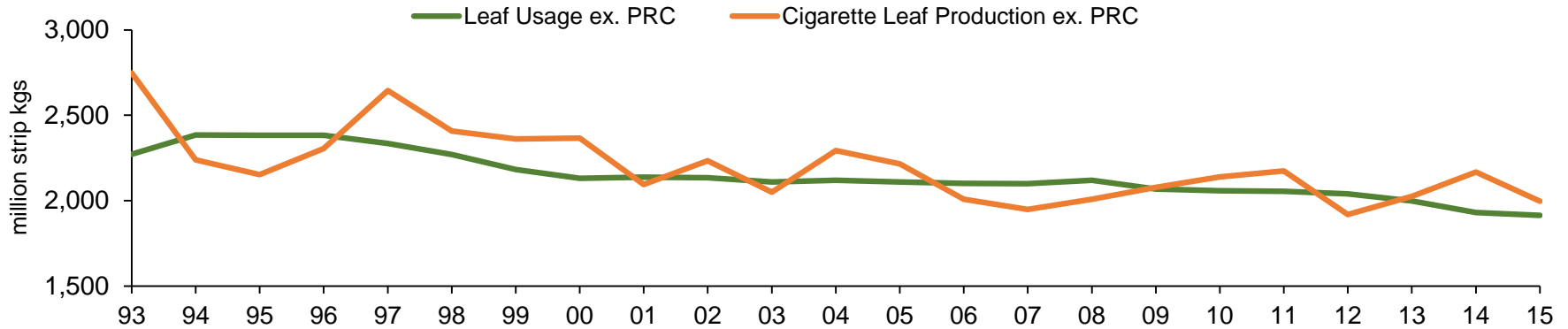
Committed Inventory

- On average at least 80% of our inventory is committed for sale to customers
- We source tobacco to meet anticipated demand

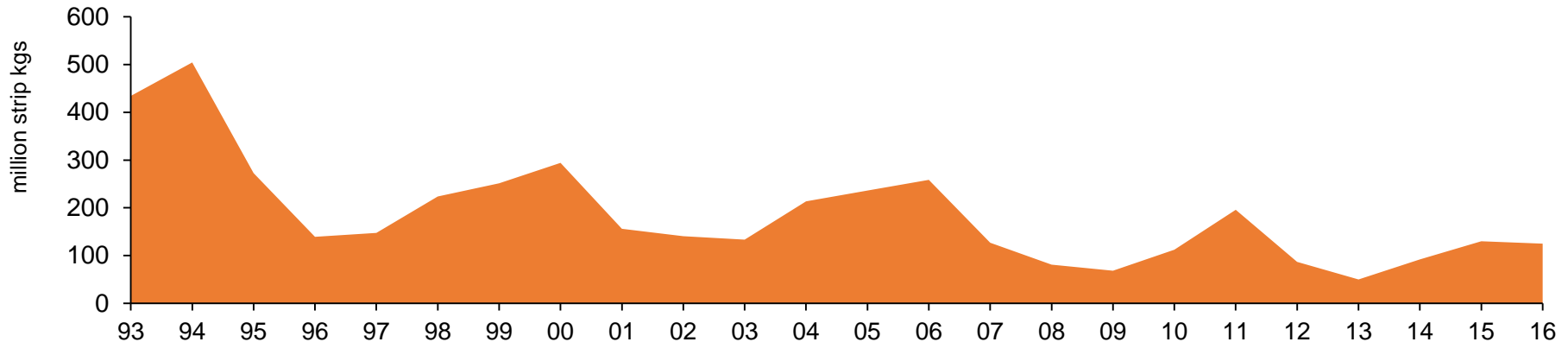


Industry Supply and Demand

Leaf Usage vs. Cigarette Leaf Production by Crop Year





Flue-Cured and Burley Unsold Stocks (as of June 30)



Company Estimates. Excludes Asian Monopolies

Leaf Tobacco Competitive Environment

Industry structure

Company	Presence
 Universal	Global
 ALLIANCE One	Global
Others	Local / regional

Barriers to entry

- Worldwide network
- Long-term relationship business
- Capital investment
- Mature industry

Global Cigarette Market

- The global tobacco industry produces about six trillion cigarettes a year
- About 5% of cigarettes manufactured worldwide are consumed in the United States
- Universal expects ongoing demand for leaf tobacco will decline slightly primarily due to declining cigarette consumption in developed markets partially offset by modest growth in consumption in emerging markets from population growth and increasing disposable income

Other Businesses

- Sheet Tobacco (Deli-HTL and DHT GmbH & Co.)
 - Sheet tobacco is a malleable sheet formed from a pulp of stems and other tobacco remnants
 - Produces wrapper and binder sheet for all types of cigars, as well as cigar and cigarette filler sheets
- Global Laboratory Services, Inc.
 - Physical and chemical testing, as well as E-Liquid and vapor testing
 - Pesticide and other Crop Protection Agents (CPA)
 - Moisture and chemical check samples
 - Research and Development
- AmeriNic
 - Joint-venture between Universal and AVOCA
 - U.S. based producer of high quality liquid nicotine for the electronic cigarette and next generation products market

Other Businesses

(continued)

- ULT Agronomic Center
 - Seed variety research & development
 - Production techniques
 - Grower sustainability studies
 - Integrated Pest Management (IPM)
 - Evaluation of new agrochemical products
- Carolina Innovative Food Ingredients, Inc.
 - Primary focus to derive value added liquid and dry ingredients from sweet potatoes
 - Supplying the growing health & wellness, food and beverage markets, and the global pet food industry
 - New manufacturing facility in North Carolina
 - Nearly half of all USA sweet potatoes are grown in North Carolina
 - Supports tobacco growers, producing sweet potatoes in rotation crop

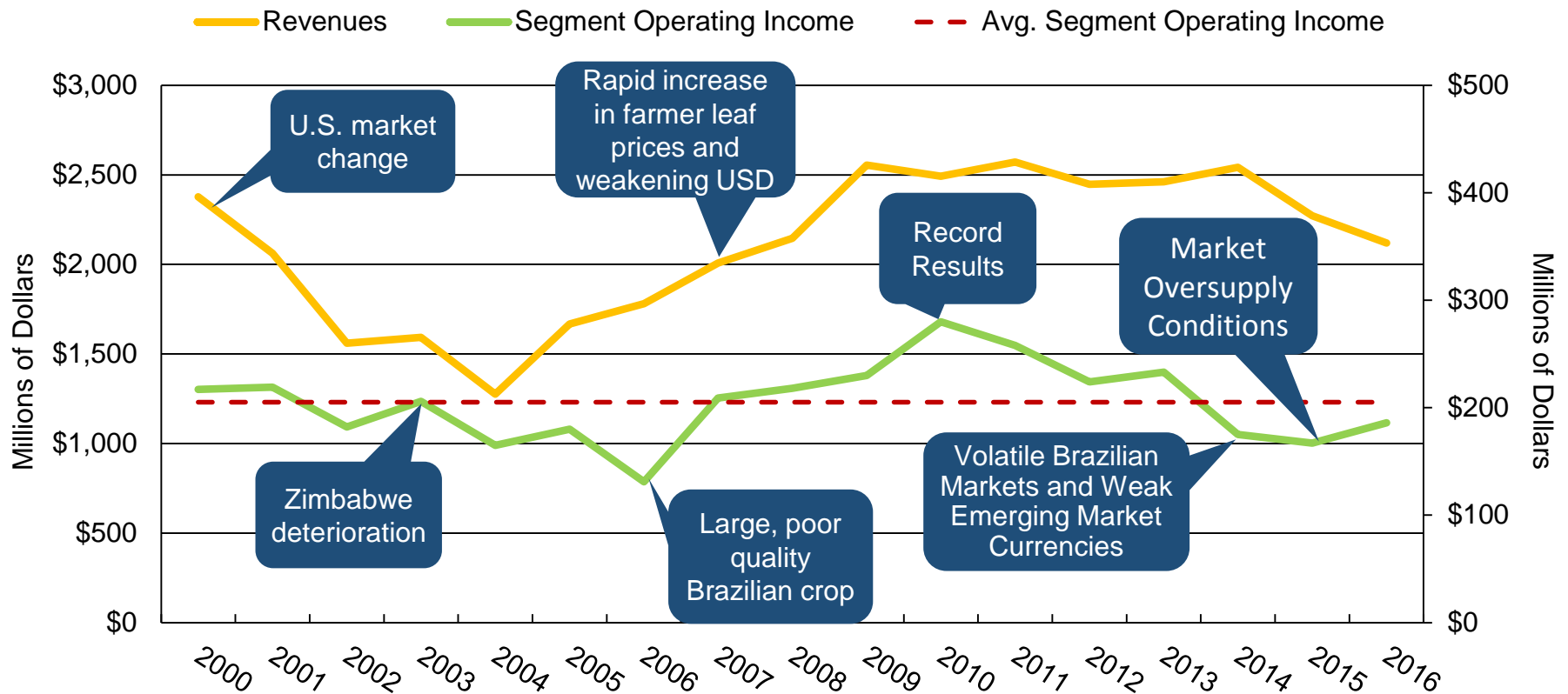


Financial Overview



Tobacco Segment Revenues & Operating Income

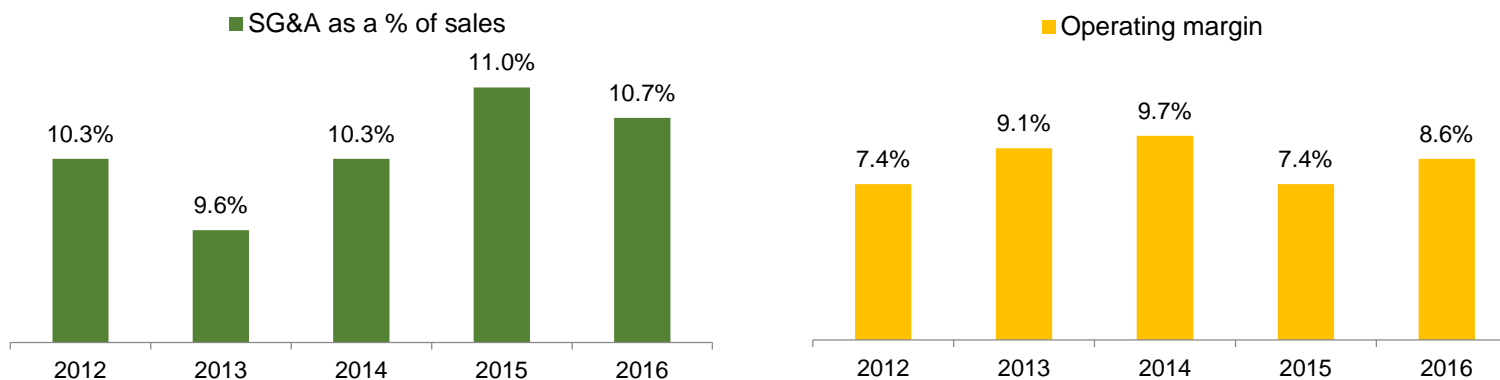
by Fiscal Year



* Segment operating income includes equity in pretax earnings of unconsolidated affiliates and excludes restructuring and impairment charges and certain non-operating items as presented in our audited financial statements. Total segment operating income is a non-GAAP measure. See Appendix.

Financial Results

In millions	FY 2012 ¹	FY 2013 ¹	FY 2014 ¹	FY 2015 ¹	FY 2016 ¹
Revenues	\$2,447	\$2,462	\$2,542	\$2,272	\$2,120
EBITDA*	\$227	\$274	\$289	\$212	\$225
Operating income	\$180	\$223	\$246	\$168	\$182
Net income ²	\$92	\$133	\$149	\$115	\$109



*Non-GAAP measure. Please see Appendix

¹ Results for fiscal years 2012 through 2016 include the net effect of unusual items. See Appendix for details.

² Attributable to Universal Corporation. Universal holds less than 100% financial interest in certain consolidated subsidiaries, and a portion of net income is attributable to the non-controlling interests in those subsidiaries.

Summary Financials

Six Months Ended
September 30,

In millions	2016	2015
Revenues	\$752	\$732
EBITDA*	\$54	\$51
Operating income	\$35	\$32
Net income ¹	\$20	\$17

*Non-GAAP measure. Please see Appendix

¹ Attributable to Universal Corporation. Universal holds less than 100% financial interest in certain consolidated subsidiaries, and a portion of net income is attributable to the non-controlling interests in those subsidiaries

Highlights

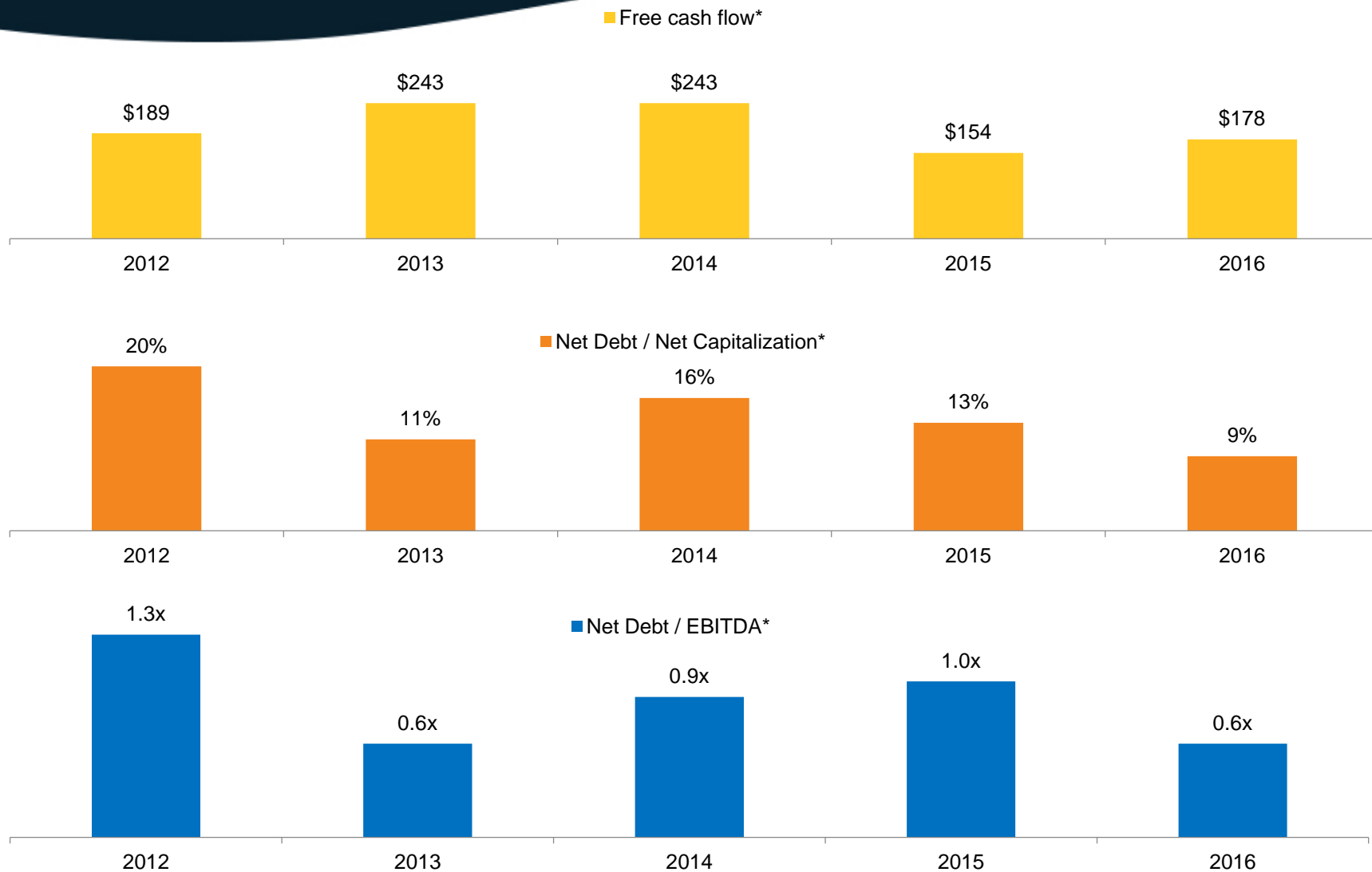
- Improved six-month results on higher sales volumes and lower selling, general, and administrative costs.
- Operating income of \$35 million, up \$3 million compared to the first half of the prior year.
- Earnings improvements in the North America and Other Tobacco segments offset by declines in the Other Regions segment.
- Revenues up on modestly higher volumes, partly offset by lower revenues on the timing of receipt of dividend income from unconsolidated subsidiaries.
- Previously announced changes in our leaf supply arrangements in both the United States and Mexico positively impacted results in the first half of fiscal year.

Fiscal Year Outlook

- After consecutive years of leaf tobacco supply and demand imbalance, global demand remains soft and may contribute to delays in customer purchase and shipment timing decisions.
- Shipments are expected to be weighted to the second half of the year, with lower total lamina volumes this fiscal year.
- Reduced crop purchases in Brazil in the current fiscal year, as well as challenging market conditions in Tanzania, will negatively impact sales volumes this fiscal year. The most significant drop in volumes is expected in the fourth fiscal quarter of 2017 as Brazil shipped heavily in the fourth fiscal quarter of 2016, and Brazilian shipments will be lower this fiscal year.
- Lower crop levels have reduced working capital needs, decreased borrowing, and increased cash reserves.

Strong Cash Flow Generation

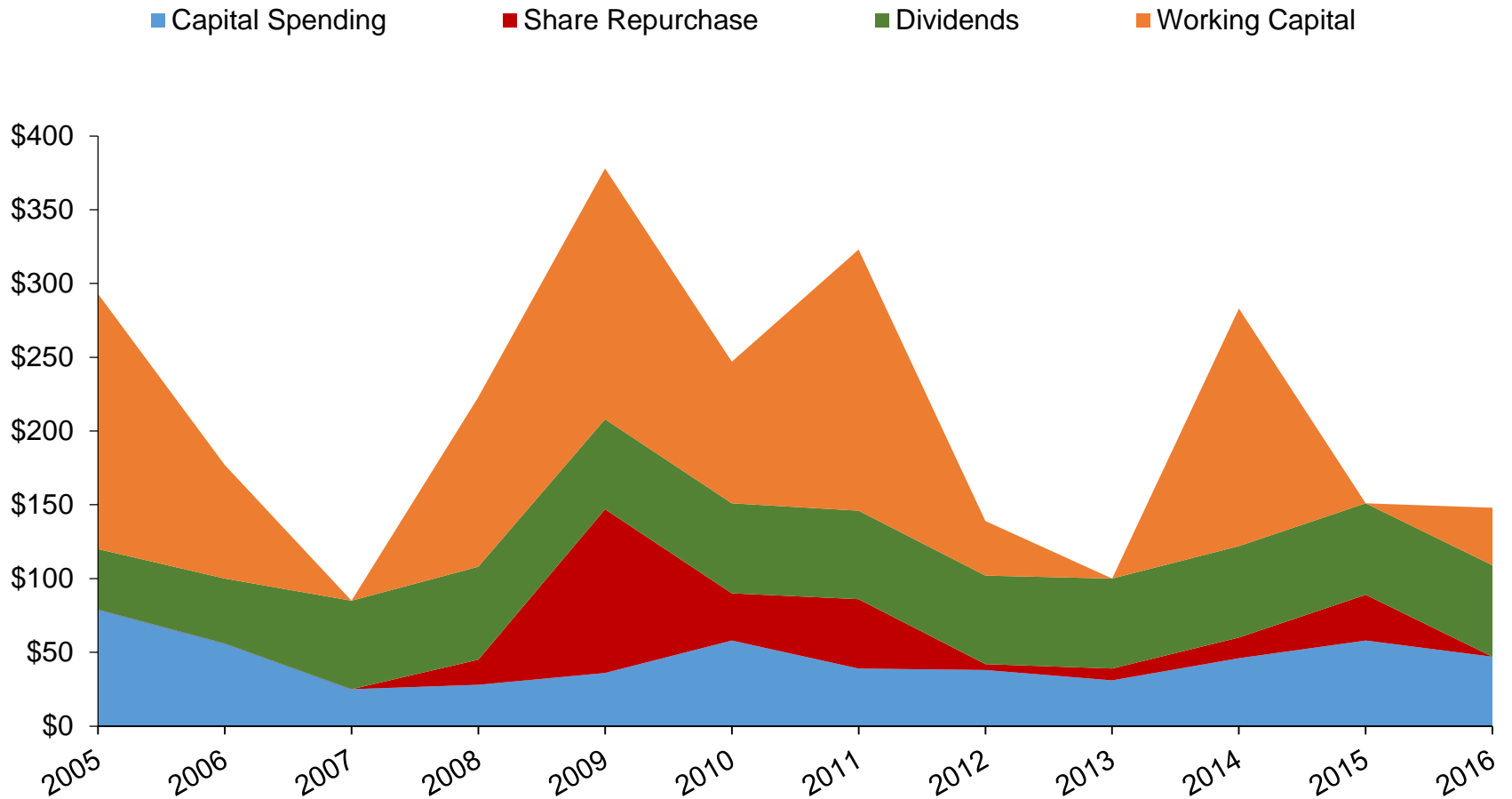
By Fiscal Year



* Non-GAAP measure. Please see Appendix. Free cash flow defined as EBITDA - Capex

Uses of Cash

In Millions



Working Capital

- Working capital resource requirements are predominately short-term in nature
- Most working capital needs are for tobacco crop purchases
- Working capital needs are seasonal within each geographic region - peak working capital requirements are generally reached during the first and second fiscal quarters
- Seasonal borrowing requirements primarily relate to purchasing crops in South America and Africa
- Available capital resources include cash balances, a committed revolving credit facility, uncommitted lines of credit, and long-term debt

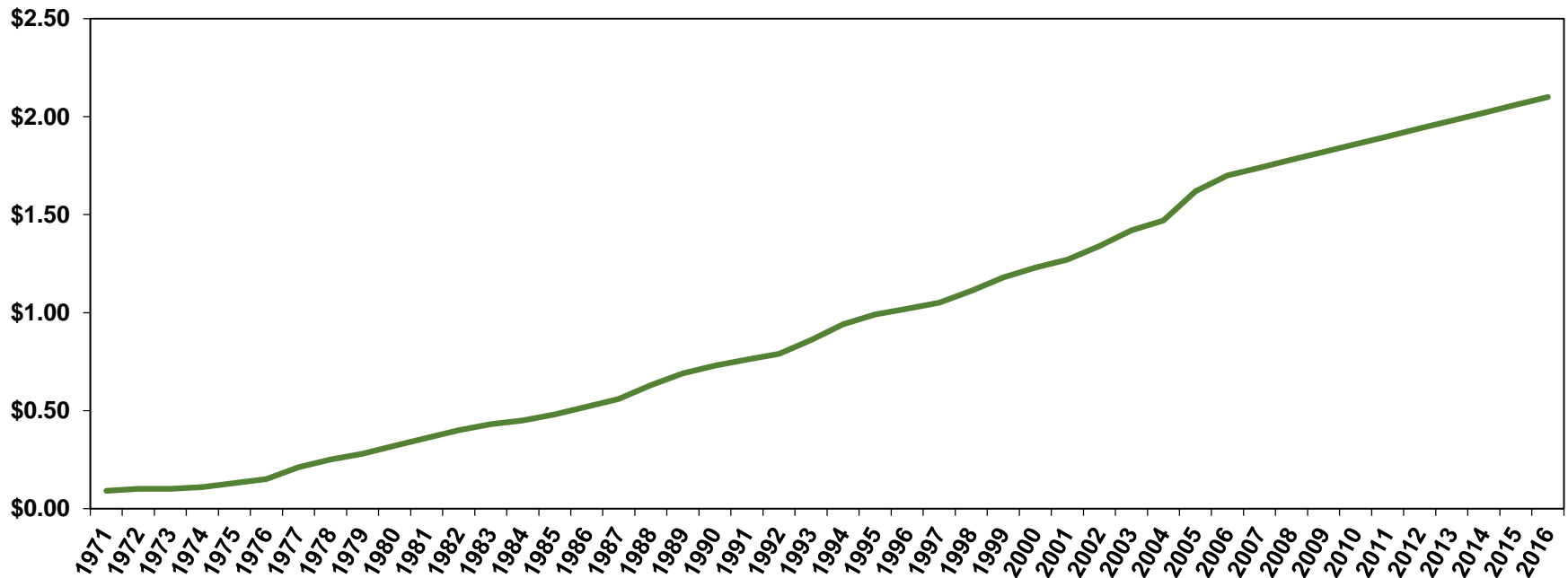
Key Financial Policies

- **Use of free cash flow**
 - After balancing our capital structure, excess cash flow after dividends and capital expenditures is available to fund expansion or otherwise enhance shareholder value
- **Capital Spending**
 - New investments must meet a minimum hurdle rate to receive approval
 - Maintain capital expenditures below depreciation
- **Working capital and liquidity**
 - Maintain a relatively large portion of total debt as long term in order to reduce liquidity risk
 - Maintain funding mechanisms that efficiently utilize the foreign cash balances
 - Finance day-to-day needs through a combination of cash, uncommitted bank lines and a revolving credit facility
- **Debt level**
 - Target maximum quarterly net debt to net capitalization between 30% and 40% including customer deposits as short term debt
 - Net debt to net capitalization – 9% at March 31, 2016
- **Maintain investment grade rating**

Shareholder Value and Financial Strength

- Increased common stock dividend annually for 46 consecutive years
- Net debt to net capitalization on March 31, 2016 was 9%

— UVV Common Stock Annual Dividend



The Universal Effect



Every step in our production process requires action

Each action ripples out and impacts lives in our communities around the globe

We can't work effectively without investing in and strengthening the communities where we operate



Appendix



The following table sets forth the unusual items included in reported results, none of which are included in segment results:

In millions	2012	2013	2014	2015	2016
(Charges) and gains					
Gain on favorable outcome of excise tax case in Brazil	—	—	\$81.6	—	—
Reversal of valuation allowance on excise tax credits in Brazil				\$12.7	—
(Charge for) Reversal of European Commission fine in Italy	(\$49.1)	—	—	—	—
Income tax benefit from subsidiary's payment of European Commission fine				\$8.0	—
Restructuring costs	(\$11.7)	(\$4.1)	(\$6.7)	(\$4.9)	(\$2.4)
Gain on fire loss insurance settlement in Europe	\$9.6	—	—	—	—
Gain on sale of facility in Brazil	\$11.1	—	—	—	—
Gain on assignment of farmer contracts and sale of related assets in Brazil	—	—	—	—	—
Gain on acquisition of Unitab Interest	—	—	—	—	\$3.4
Total effect on operating income	(\$40.1)	(\$4.1)	\$74.9	\$7.8	\$1.0
Total effect on net income	(\$40.3)	(\$1.8)	\$48.7	\$13.1	\$0.7

Please see the Company's Annual Reports or Form 10-K for the corresponding fiscal years for additional information on the unusual items.

Appendix

Net Debt and Net Capitalization

We consider the sum of notes payable and overdrafts, long-term debt (including current portion), and customer advances and deposits, less cash and cash equivalents, and short-term investments on our balance sheet to be our net debt. We also consider our net debt plus shareholders' equity to be our net capitalization.

In millions	2012	2013	2014	2015	2016
Notes payables and overdrafts	\$128	\$105	\$63	\$60	\$66
Long term debt (inc. current portion)	\$409	\$393	\$356	\$370	\$370
Customer advances and deposits	\$17	\$25	\$16	\$30	\$16
Cash and cash equivalents	\$262	\$368	\$164	\$249	\$319
Short term investments	—	—	—	—	—
Net debt	\$292	\$155	\$271	\$211	\$133
Total Universal Corporation shareholders' equity	\$1,183	\$1,259	\$1,378	\$1,363	\$1,414
Net capitalization	\$1,475	\$1,413	\$1,649	\$1,574	\$1,547

Appendix

EBITDA

We consider operating income plus equity in pretax earnings of unconsolidated affiliates before interest expense, amortization, depreciation and taxes to be our EBITDA

						Six Months Ended September 30,	
In millions	2012	2013	2014	2015	2016	2015	2016
Net income(loss)¹	\$92	\$133	\$149	\$115	\$109	\$17	\$20
Minus: Net income (loss) attributable to noncontrolling interests in subsidiaries	(9)	(8)	(6)	(6)	(9)	(2)	1
Add: Income taxes	61	66	76	38	54	6	10
Subtract: Interest income	1	1	1	1	1	0	1
Add: Interest expense	23	22	20	17	16	8	8
Subtract: Equity in pretax earnings (losses) of unconsolidated affiliates	3	6	4	7	5	0	1
Operating income (loss)	\$180	\$223	\$246	\$168	\$182	\$32	\$35
Add: Depreciation and amortization	44	45	39	37	38	18	17
Add: Equity in pretax earnings (losses) of unconsolidated affiliates	3	6	4	7	5	0	1
EBITDA	\$227	\$274	\$289	\$212	\$225	\$51	\$54

¹ Attributable to Universal Corporation. Universal holds less than 100% financial interest in certain consolidated subsidiaries, and a portion of net income is attributable to the non-controlling interests in those subsidiaries.

Free Cash Flow defined as EBITDA less Capital Expenditures

In millions						Six Months Ended September 30,	
	2012	2013	2014	2015	2016	2015	2016
EBITDA	\$227	\$274	\$289	\$212	\$225	\$51	\$54
Capital Expenditures	\$38	\$31	\$46	\$58	\$47	\$28	\$18
Free Cash Flow	\$189	\$243	\$243	\$154	\$178	\$22	\$36

Included in this presentation are certain non-GAAP financial measures that are not determined in accordance with US generally accepted accounting principles. The non-GAAP results described in this presentation are financial measures that are not required by, or presented in accordance with generally accepted accounting principles ("GAAP"). The non-GAAP information provides information to assist comparability and estimates of future performance. Universal believes these measures are helpful in assessing operations and estimating future results and enable period-to-period comparability of financial performance. Non-GAAP results should not be considered as an alternative to revenue or income amounts determined in accordance with GAAP and should be read in conjunction with their GAAP counterparts.