

2013 **Investor** **Presentation**



Universal Corporation



Forward looking information



This presentation contains forward-looking information. 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, but not limited to, anticipated levels of demand for and supply of our products and services; costs incurred in providing these products and services; timing of shipments to customers; changes in market structure; government regulation; product taxation; industry consolidation and evolution; changes in exchange rates; 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, 2013, and in other documents the Company files with the Securities and Exchange Commission ("SEC"). This information should be read in conjunction with the Annual Report on Form 10-K for the year ended March 31, 2013 and Form 10-Q for the quarter ended June 30, 2013.

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	\$2.5 billion
Dividend Yield	4.1%
Stock Price	
Recent Stock Price (08/28/13)	\$49.26
52 wk High	\$63.36
52 wk Low	\$45.62
Common Shares Outstanding	23.2 million

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 leaf tobacco
 - 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**

Business and Industry Overview



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Leading Position in Tobacco Growing Areas



- Universal conducts its business in more than 30 countries on five continents and employs over 25,000 permanent and seasonal workers
- Annual production* handled: Africa 35-45%, North America 25-35%, Brazil 20-30%



* Flue-cured and burley crop

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Diverse Product Portfolio



- Flue cured



- Cured leaves have a yellow to orange color. 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 in barns using heat
- Used in American and English blend cigarettes

- Burley



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

- Oriental



- Small, aromatic leaf grown in Turkey, Macedonia, Bulgaria and Greece
- Sun cured

- Dark

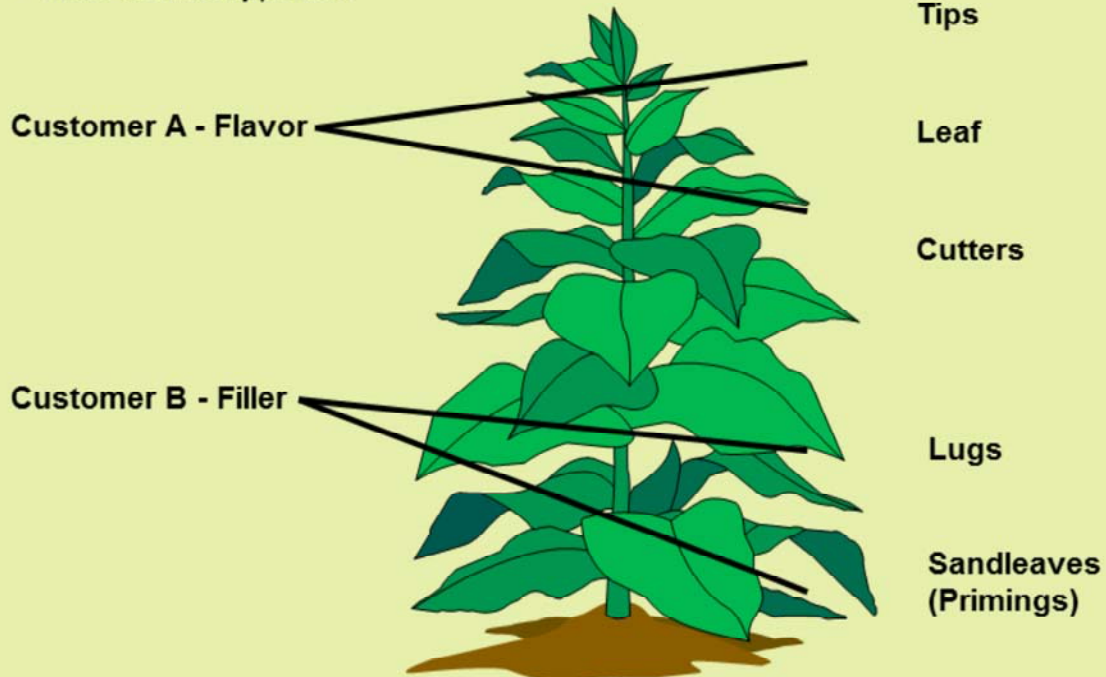


- Used in cigars, pipe tobacco, and smokeless products
- Air or fire cured

The Tobacco Plant



- Stalk variation, regional variation
- Not a commodity product



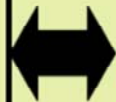
Role of the Leaf Tobacco Supplier



- 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
- Compliant leaf



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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

Universal's Strength 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
 - Agronomists working with individual farmers
 - Managing future production to meet customer regulatory requirements
 - Seed research and development facilities

Universal's Strength 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
 - Actively manage risks at all levels to protect margins

Main Drivers of Customer Purchases



- Price/value of the product
- Compliant leaf
- Consistent supply to protect continuity of customer blends
- Inventory durations held by customers
- Inventory in the market—uncommitted stocks
- Supply/demand balance

Sustainable Tobacco Production

A Key to Continued Success



- We started employing sustainable production long ago because it helped our business
- Without reforestation, trained farmers, and strong farm communities, we would not have a successful business

Farmer Training

- We assist and train farmers on all aspects of tobacco production including: seedling production, fertilizer application, prevention of non-tobacco materials in tobacco

Water Supply

- Supported the construction of wells in many operations and provide treadle pump kits to farmers in order to water their food crops

Model Farms

- Demonstrate and promote crops for food security as well as provide training on crop rotation and oxen training program to reduce human labor

Reforestation

- Supply seedlings to farmers to replace trees used in tobacco production
- Have planted 12 million trees to date

Education

- Have built 29 primary schools to date in Mozambique
- Universal is a board member of the Elimination of Child Labor in Tobacco Foundation

Health

- Build and support small clinics in rural areas to provide basic health services
- Participates in mosquito control projects in Africa where Malaria is still a major killer

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High Quality Customer Base



- Over 75% of volume is derived from sales to customers with major positions in their respective markets and with whom we have long-standing relationships
- Five largest customers include Philip Morris, Imperial Tobacco, China Tobacco, British American Tobacco and Japan Tobacco
 - In the aggregate, accounted for more than 60% of Universal's consolidated revenues for the past three years
 - Philip Morris, Imperial Tobacco, British American Tobacco and Japan Tobacco account for 74% of the tobacco manufacturer world market (excluding China)¹

Universal customer breakdown



■ Customers with major positions
■ Others

Top 5 Universal customers	Tobacco manufacturer world market share 2012 ²
Philip Morris	16%
Imperial Tobacco	5%
China Tobacco	42%
British American Tobacco	12%
Japan Tobacco	9%
Total	84%

¹ British American Tobacco company filings

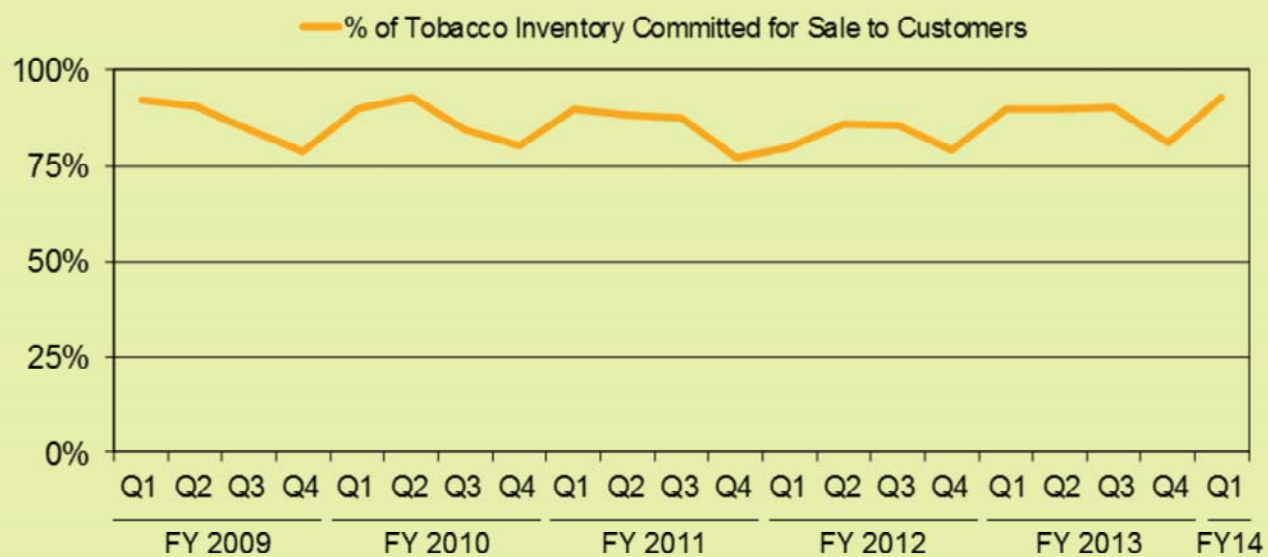
² British American Tobacco company filings; Philip Morris, Imperial Tobacco, British American Tobacco and Japan Tobacco include China

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Committed Inventory

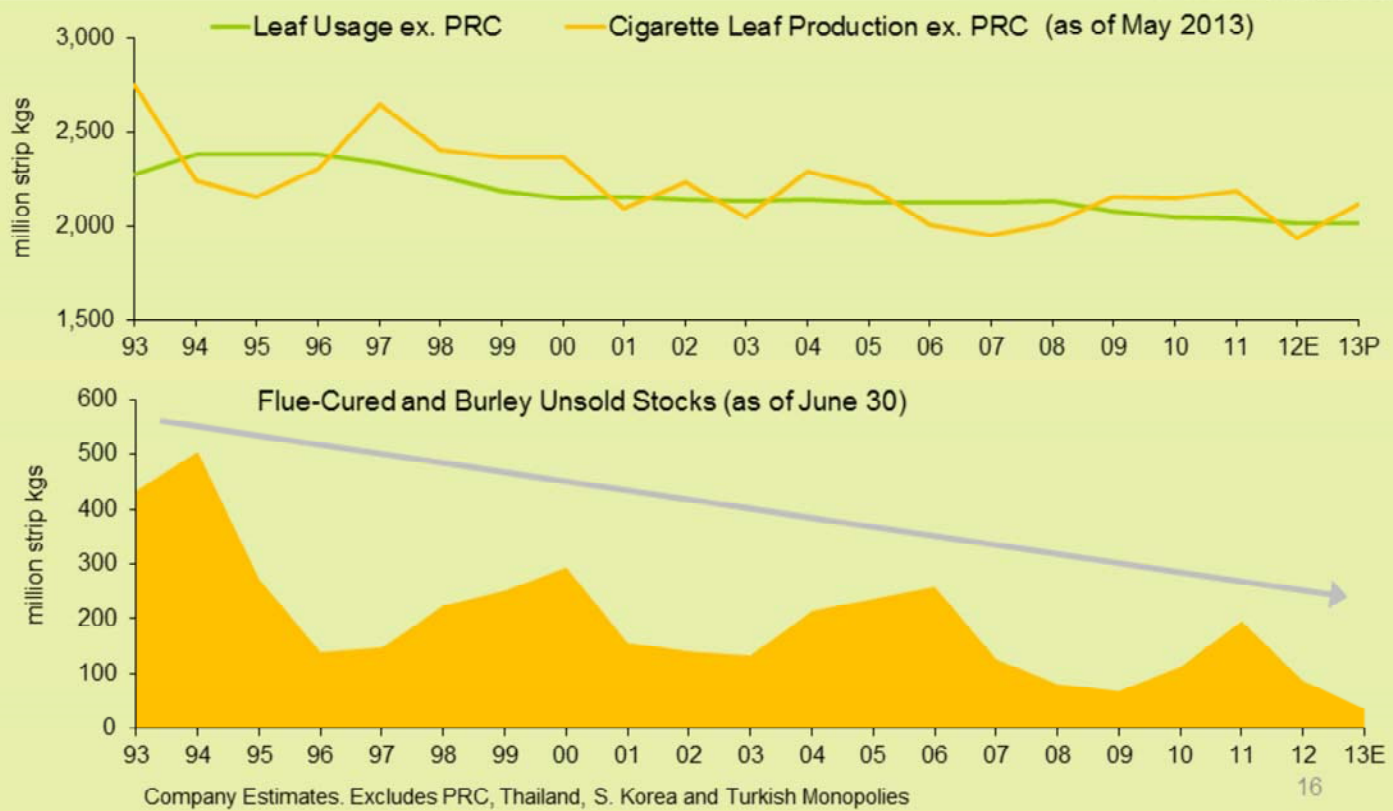


- At least 80% of our inventory is committed for sale to customers
- We source tobacco to meet anticipated demand



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Favorable Supply and Demand Trends



Leaf Tobacco Competitive Environment



Industry structure

Company	Presence
 Universal Corporation	Global
 ALLIANCE ONE	Global
Others	Local / regional

Barriers to entry

- Worldwide network
- Relationship business
- Capital investment
- Mature industry

Global Tobacco Manufacturer Industry Outlook



2012-2015 Estimated global cigarette industry volume CAGR (ex. USA)



Forecast 2015 volumes:

3.1 to 3.2 trillion sticks

2.6 to 2.7 trillion sticks

5.7 to 5.9 trillion sticks

Source: Philip Morris International company filings; forecasts as of November 2012

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Electronic Cigarettes Opportunity



Joint venture

- In August 2013, Universal announced the formation of AmeriNic, a joint venture with Avoca to produce liquid nicotine for the electronic cigarette industry
- The new business will produce high quality, USP grade liquid nicotine in the U.S. using fully traceable and compliant tobaccos
- Production is expected to begin before the end of the calendar year
- The \$0.5 billion electronic cigarette category is expected to reach \$8.3 billion by 2017

About Avoca, Inc.

- Avoca, Inc. is a division of Pharmachem Laboratories and specializes in botanical extraction and purification
- Custom developer and manufacturer of extraction products and services including blending, extracting, concentrating, purifying and isolating unique products based upon customer specifications
- Four key products and processes include:
 - Ground botanical products
 - Extracted botanical products
 - Standardized extracts
 - Custom isolation and purification

Financial Overview

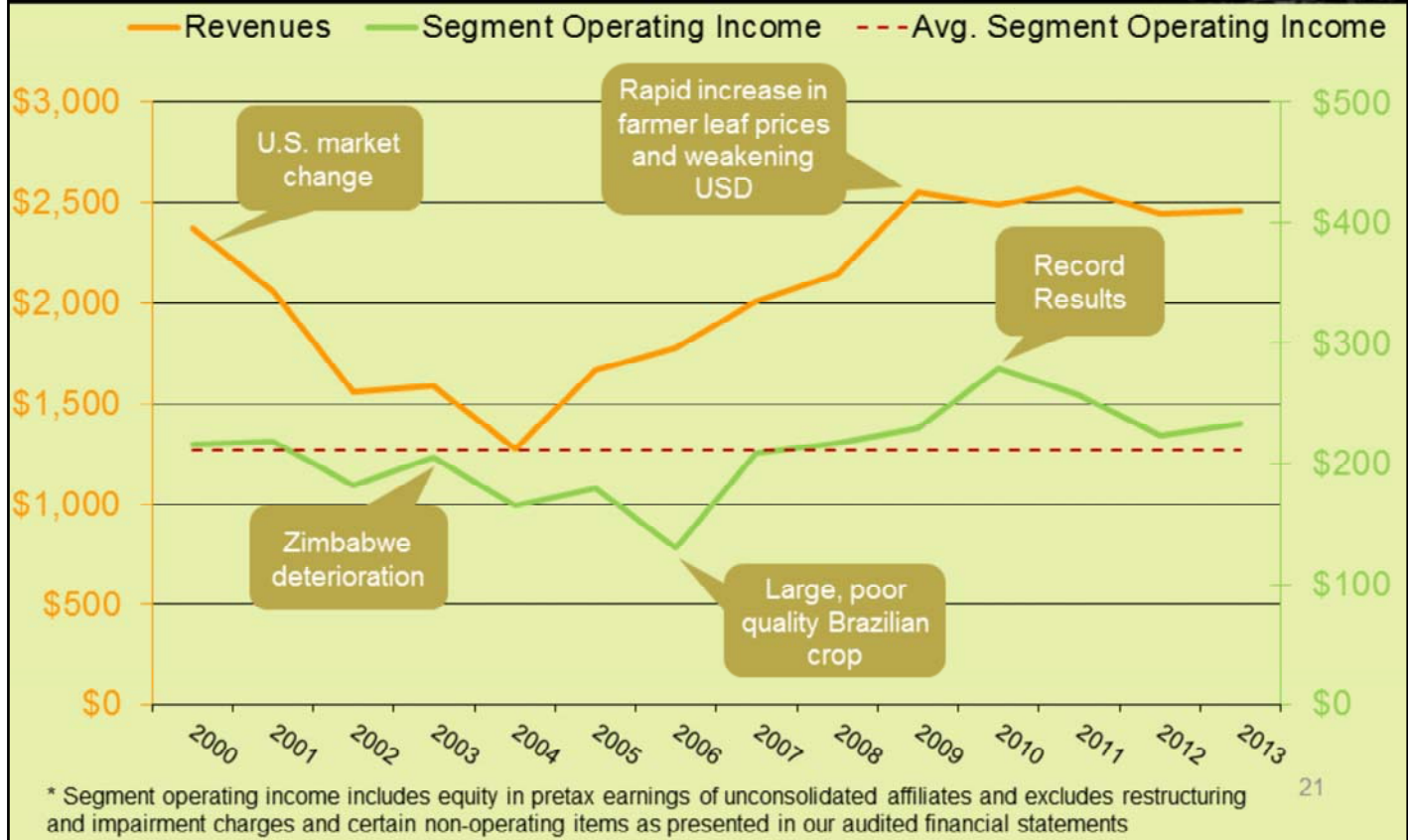


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Tobacco Segment Revenues & Operating Income

by Fiscal Year
in Millions of Dollars



Recent Financial Results



In millions	FY 2009	FY 2010	FY 2011 ¹	FY 2012 ¹	FY 2013 ¹	CAGR (09-13)
Revenues	\$2,555	\$2,492	\$2,572	\$2,447	\$2,462	(0.9%)
EBITDA*	\$272	\$323	\$309	\$227	\$274	0.1%
Operating income	\$210	\$257	\$255	\$180	\$223	1.5%
Net income ²	\$132	\$168	\$157	\$92	\$133	0.2%



*Non-GAAP measure. Please see Appendix.

¹ Results for fiscal years 2011, 2012 and 2013 include the net effect of unusual items which amounted to a net pretax benefit of \$5.3 million (\$0.12 per diluted share), a net pretax charge of \$40.1 million (\$1.42 per diluted share), and a net pretax charge of \$4.1 million (\$0.06 per diluted share) respectively. 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.

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First Quarter FY 2014 Update



Summary financials

In millions	Q1 FY 2014	Q1 FY 2013	Y/Y change	LTM Q1 2014
Revenues	\$434	\$461	(6.0%)	\$2,434
EBITDA*	\$99	\$55	78.6%	\$317
Operating income	\$86	\$43	101.9%	\$267
Net income¹	\$58	\$23	152.1%	\$168

*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

- Revenues for Q1 2014 were down \$27.9 million compared to the same period a year ago on a combination of lower volumes at higher average prices
- Segment operating results declined by \$37.8 million reflecting unusually low volumes of carryover shipments of African tobaccos and unfavorable currency effects in the Other Region's segment, which were partially offset by improved performance in the North American and Other Tobacco Operations segments
- Cost of goods sold decreased by about 2% to \$362.1 million, due to reduced volumes partially offset by higher overall leaf costs
- Interest expense was down \$0.9 million reflecting lower average debt balances during the first quarter vs. last year
- Results included a pre-tax non-recurring gain of \$81.6 million on the favorable conclusion of a Brazilian excise tax case

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Strong Cash Flow Generation

By Fiscal Year

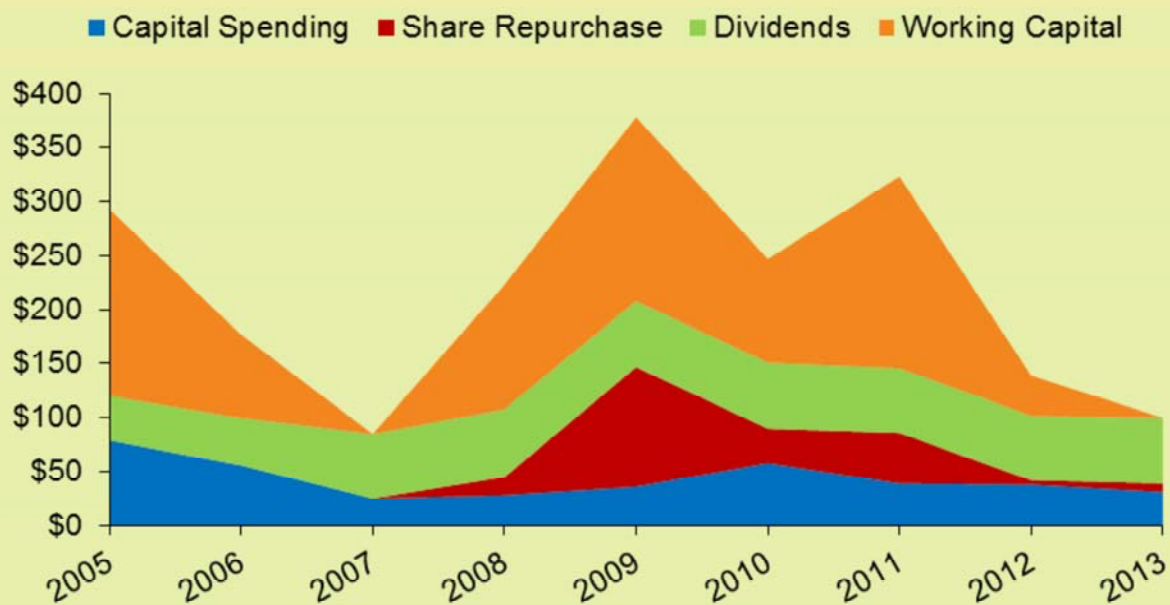


* Non-GAAP measure. Please see Appendix. Free cash flow defined as EBITDA - Capex

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Uses of Cash

In Millions



Working Capital



- 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 first and the second 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 net debt to net capitalization between 35% and 45% including customer deposits as short term debt
 - Net debt to net capitalization – 11% at March 31, 2013
- Maintain investment grade rating

Shareholder Value and Financial Strength



- Increased common stock dividend annually for 43 consecutive years
- Net debt to net capitalization on September 30, 2012 was 25%



Financial Summary & Outlook



- FY 2013 - Improved financial metrics over the last fiscal year
 - Reduced total debt by about \$35 million, and net of cash balances, debt is down by \$137 million
 - Net of cash and including customer deposits, net debt to net capitalization ratio was 11.0%
 - Cash flow from continuing operations was \$234 million
 - Reduced capital spending to well below depreciation
- FY 2014 - Outlook
 - FY 2014 crop sizes have increased in some key sourcing areas, with strong leaf demand
 - Burley tobacco remains in high demand, and current year crop levels are down from earlier projections in some origins are not expected to meet global requirements
 - U.S. crop sizes negatively impacted by high levels of rainfall
 - Uncommitted inventories are near historic lows, limiting ability to glean additional volumes from this source
 - Volatile green tobacco prices in Brazil have disrupted markets and pressured margins there
 - No benefit of carryover crop shipments which helped results in the first and second quarters of FY 2013
 - Total volumes shipped forecasted to be lower in FY 2014

Appendix



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Appendix



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

In millions	2011	2012	2013
(Charges) and gains			
(Charge for) Reversal of European Commission fine in Italy (1)	\$7.4	(\$49.1)	—
Restructuring costs (2)	(\$21.5)	(\$11.7)	(\$4.1)
Gain on fire loss insurance settlement in Europe (3)	—	\$9.6	—
Gain on sale of facility in Brazil (4)	—	\$11.1	—
Gain on assignment of farmer contracts and sale of related assets in Brazil (5)	\$19.4	—	—
Total effect on operating income	\$5.3	(\$40.1)	(\$4.1)
Total effect on net income	\$3.3	(\$40.3)	(\$1.8)

(1) FY 2012 – Fines and accumulated interest from the September 9, 2011, decision by the General Court of the European Union rejecting an Italian subsidiary's application to reinstate immunity related to infringements of European Union antitrust law in the Italian raw tobacco market

FY 2011 – The reversal of a portion of a European Commission fine recorded by an Italian subsidiary in 2005 related to the Spanish tobacco processing market, following a decision of the General Court of the European Union that reduced the amount of fine by half

(2) Restructuring charges, primarily related to workforce reductions in the United States, South America, Europe, and Africa

(3) The fire loss insurance settlement related to a plant fire in Europe in 2010. The operating assets have been replaced

(4) Sale of land and storage buildings in Brazil in November 2011

(5) Assignment of farmer production contracts and related assets in Brazil in October 2010

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	2009	2010	2011	2012	2013	Q1 2013	Q1 2014
Notes payables and overdrafts	\$ 169	\$177	\$149	\$128	\$105	\$150	\$133
Long term debt (inc. current portion)	\$411	\$430	\$415	\$409	\$393	\$408	\$390
Customer advances and deposits	\$14	\$108	\$8	\$17	\$25	\$69	\$64
Cash and cash equivalents	\$213	\$246	\$141	\$262	\$368	\$207	\$124
Short term investments	—	—	—	—	—	—	—
Net debt	\$381	\$469	\$432	\$292	\$155	\$419	\$463
Total Universal Corporation shareholder's equity	\$1,029	\$1,123	\$1,186	\$1,183	\$1,259	\$1,182	\$1,290
Net capitalization	\$1,411	\$1,591	\$1,618	\$1,475	\$1,413	\$1,601	\$1,753

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

In millions	2009	2010	2011	2012	2013	Q1 2013	Q1 2014	LTM Q1 2014
Operating income	\$ 210	\$257	\$255	\$180	\$223	\$43	\$86	\$267
Depreciation	\$41	\$41	\$44	\$42	\$43	\$11	\$11	\$43
Amortization	\$1	\$2	\$2	\$2	\$2	\$0	\$0	\$2
Equity in pretax earnings of unconsolidated affiliates	\$21	\$22	\$9	\$3	\$6	\$1	\$2	\$6
EBITDA	\$272	\$323	\$309	\$227	\$274	\$55	\$99	\$317

Appendix

Free Cash Flow



Free Cash Flow defined as EBITDA less Capital Expenditures

In millions	2009	2010	2011	2012	2013	Q1 2013	Q1 2014	LTM Q1 2014
EBITDA	\$272	\$323	\$309	\$227	\$274	\$55	\$99	\$317
Capital Expenditures	\$36	\$58	\$39	\$38	\$31	\$9	\$10	\$32
Free Cash Flow	\$237	\$266	\$269	\$189	\$243	\$47	\$89	\$285

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.