JAPAN TOBACCO INC.
2-1, Toranomon 2-chome, Minato-ku
Tokyo 105-8422 JAPAN
Phone:03-3582-3111

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JT's Consolidated Financial Results for FY2015 First Quarter

Solid start toward mid-to-high single digit growth in adjusted operating profit at constant FX

Results for January 1 – March 31, 2015 on a Like-for-Like basis[1]

- Revenue and adjusted operating profit declined 5.5% and 2.9% respectively as a result of a decline in sales volume in the Japanese domestic tobacco business, negatively affected by the comparison to the previous year, and unfavorable currency movements in the international tobacco business.

- Adjusted operating profit at constant FX grew 5.6% driven by robust price/mix in the international tobacco business.

- Profit attributable to owners of the parent grew 16.7% due to lower income taxes.

- International Tobacco Business: Adjusted operating profit declined 0.1% due to unfavorable exchange rates of local currencies against the US Dollar. In US Dollars at constant FX adjusted operating profit grew 13.1%, driven by strong price/mix.

- Japanese Domestic Tobacco Business: Total sales volume declined 16.2%, due to an unfavorable comparison to the same period of the previous year which was affected by a one-off increase in demand preceding the April consumption tax (VAT) hike. Adjusted operating profit declined 14.3% as a result of the total sales volume decrease.

Forecast for FY2015

The Company maintains its current financial outlook for this fiscal year.

Mitsuomi Koizumi, President and Chief Executive Officer of JT, commented:

"In a challenging business environment, including currency volatility, our international tobacco business fundamentals remain strong, and pricing continues to be a key driver, reflecting the strength of our brands. Domestically, despite intensified market competition, since last April Mevius has steadily extended its market share through a number of initiatives aimed at strengthening brand equity. Looking ahead, I believe our performance this quarter has provided a solid foundation for the 12-month forecast."

Consolidated Financial Results for January 1 – March 31, 2015

(billions of Yen)	January - March		Difference	Net Change
	2014	2015		
Revenue	587.0	554.9	-32.1	-5.5%
Adjusted operating profit	163.3	158.6	-4.7	-2.9%
Operating profit	156.6	143.4	-13.1	-8.4%
Profit attributable to owners of the parent	89.3	104.2	14.9	16.7%

At constant FX:

Adjusted operating profit	163.3	172.5	9.2	5.6%

- **Revenue**
  Revenue declined due to lower sales volume in the Japanese domestic tobacco business, and unfavorable currency movements in the international tobacco business.

- **Adjusted Operating Profit**
  Adjusted operating profit declined 2.9% due to lower revenue. However, at constant FX adjusted operating profit increased 5.6% as a result of strong price/mix in the international tobacco business.

- **Profit Attributable to Owners of the Parent**
  Profit attributable to owners of the parent grew ¥14.9 billion as a result of lower income taxes compared to the same period of the previous year.

Results by Business Segment

International Tobacco Business

(billions of units, billions of Yen)	January - March		Net Change
	2014	2015	
Total shipment volume[2]	87.7	88.1	0.5%
GFB shipment volume	55.3	60.0	8.4%
Core revenue[3]	283.7	282.3	-0.5%
Adjusted operating profit	105.1	105.0	-0.1%

Total and GFB shipment volume grew 0.5% and 8.4% respectively, reflecting positive performance in the Benelux markets, France, Germany, Italy, the Middle East, Spain, Taiwan and Turkey, as well as favorable trade inventory adjustments in the Middle East and Turkey compared to the first quarter 2014. Market share[4] increased in a number of markets including France, Spain, Turkey and the UK.

Core revenue and adjusted operating profit declined 0.5% and 0.1% respectively, as a result of a number of local currencies depreciating against the US Dollar. This was partially offset by the depreciation of the Japanese Yen against the US Dollar. In US Dollars core revenue and adjusted operating profit declined 14.2% and 13.8% respectively. At constant FX, driven by robust price/mix, adjusted operating profit grew 13.1%, while core revenue increased 6.5%.

Japanese Domestic Tobacco Business

(billions of units, billions of Yen)	January – March		Net Change
	2014	2015	
Total sales volume	30.4	25.5	-16.2%
Core revenue	171.1	149.6	-12.6%
Adjusted operating profit	66.5	57.0	-14.3%

Total sales volume decreased 16.2% being negatively affected by the unfavorable comparison to the same period of the previous year, when a temporary increase in demand occurred preceding the April consumption tax hike. As a result, core revenue and adjusted operating profit declined 12.6% and 14.3% respectively, partially offset by the price/mix effect and continuous cost reduction initiatives.

Amid intensified market competition the Company continued to undertake marketing and sales initiatives primarily focused on Mevius. The February launch of three Premium Menthol Option Yellow products, an extension to the popular Premium Menthol line, underpinned the steady growth of the Mevius family's overall share, which has been continuously improving to reach 32.1% this quarter from 31.3% in April – June 2014.

Pharmaceutical Business

(billions of Yen)	January - March		Difference
	2014	2015	
Revenue	18.2	16.6	-1.6
Adjusted operating profit	-0.4	-0.8	-0.5

The increase in royalty revenue was more than offset by the unfavorable comparison to the same period of the previous year, which witnessed an inflow of milestone payments related to the original JT compounds that have been out-licensed, and a one-off increase in demand for Torii Pharmaceutical products prior to the consumption tax hike. Adjusted operating profit decreased ¥0.5 billion to -¥0.8 billion as a result of lower revenue.

Processed Food Business

(billions of Yen)	January – March		Difference
	2014	2015	
Revenue	38.4	38.8	0.4
Adjusted operating profit	0.1	0.9	0.8

The processed food business undertook several promotional initiatives and launched a number of new products in various frozen food categories. Driven by the revision of prices, revenue grew to ¥38.8 billion, while adjusted operating profit increased to ¥0.9 billion being additionally supported by efficient management of manufacturing costs and operating expenses.

Beverage Business

(billions of Yen)	January – March		Difference
	2014	2015	
Revenue	41.8	39.9	-1.9
Adjusted operating profit	-0.6	-0.5	0.1

As announced in the February 2015 statement, the Company has decided to withdraw from the manufacture and sale of JT beverage products, targeting the end of September 2015.

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Consolidated Forecast for FY2015

The Company maintains its current financial outlook for this fiscal year.

(billions of Yen)	Jan-Dec 2014 Actual (A)	Jan-Dec 2015 Forecast (B)	Change from 2014 Actual (B)-(A)
Revenue	2,433.5	2,380.0	-53.5 (-2.2%)
Adjusted operating profit	660.1	585.0	-75.1 (-11.4%)
Operating profit	571.8	539.0	-32.8 (-5.7%)
Profit attributable to owners of the parent	389.1	387.0	-2.1 (-0.5%)

Forecast at constant FX

Adjusted operating profit	660.1	705.0	44.9 (6.8%)

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Japan Tobacco Inc. is a leading international tobacco company. Its products are sold in over 120 countries and its internationally recognized brands include Winston, Camel, Mevius and LD. With diversified operations, JT is also actively present in pharmaceuticals and processed foods. The company's revenue was ¥2.154 trillion (US$17,867 million(*)) in the fiscal year ended December 31, 2014(**).

**Translated at the rate of ¥120.55 per $1, as of December 31, 2014*
***Due to a change in the accounting period from March 31 to December 31, the fiscal year 2014 covered nine months for Japanese domestic businesses and 12 months for the consolidated subsidiaries which operate the Group's international tobacco business. On a comparable full calendar year basis, revenue was ¥2.433 trillion (US$20,186 million(*)).*

Notes

[1] Fiscal year 2014 was a transitional year for JT Group after changing its accounting period from March 31 to December 31. On a reported basis fiscal year 2014 covered nine months for Japanese domestic business and 12 months for the consolidated subsidiaries which operate the Group's international tobacco business. In order to present fiscal year 2015 results on a comparable basis, the Company refers to fiscal year 2014 as a full calendar year from January 1 to December 31.
[2] Including fine cut, cigars, pipe tobacco and snus, but excluding contract manufactured products, waterpipe tobacco and emerging products.
[3] Revenue including waterpipe tobacco and emerging products, but excluding revenue from distribution, contract manufacturing and other peripheral businesses.
[4] Source: Nielsen and JTI estimates on a 12-month rolling average, unless otherwise specified, for cigarettes and fine cut at the end of March 2015, except for France, Spain and the UK at the end of February 2015.

Additional definitions are provided at http://www.jt.com/media/definitions/index.html.

Contacts: Ryohei Sugata, General Manager
Dmitry Krivtsov, Associate General Manager
Media and Investor Relations Division
Japan Tobacco Inc. Tokyo: +81-3-5572-4292
E-mail: jt.media.relations@jt.com

Results for FY2015 First Quarter

(Jan-Mar Like-for-Like basis)

・Revenue, operating profit, adjusted operating profit and profit attributed to owners of the parent company for January - March, 2014 would be disclosed in the Quarterly Securities Report, which will be subject to auditor's review.

1. Summary of Business Performance

(unit: JPY billion,%)

	2014 Jan-Mar	2015 Jan-Mar	Change	Rates of Change
Revenue	587.0	554.9	-32.1	- 5.5%
Operating profit	156.6	143.4	-13.1	- 8.4%
Profit before income taxes	156.0	145.3	-10.7	- 6.9%
Profit	91.3	105.0	+13.7	+15.0%
Profit (attributable to owners of parent company)	89.3	104.2	+14.9	+16.7%
Adjusted Operating profit*1	163.3	158.6	-4.7	- 2.9%

(Reference)

(unit: JPY billion,%)

	2014 Jan-Mar	2015 Jan-Mar	Change	Rates of Change
Adjusted Operating profit at constant rates of exchange*1*2	163.3	172.5	+9.2	+5.6%

＊1 :Adjusted Operating profit
= Operating profit + Amortization cost of acquired intangibles + Adjusted items (income and costs)*
*Adjusted items (income and costs) = impairment losses on goodwill ± restructuring income and costs ± others

＊2 : Jan-Mar, 2014 -Actual
Jan-Mar, 2015 -Regarding international tobacco business, at the same foreign exchange rates between local currency vs USD and JPY vs USD as Jan-Mar, 2014

2.Breakdown of Revenue

(unit: JPY billion,%)

	2014 Jan-Mar	2015 Jan-Mar	Change	Rates of Change
Revenue	587.0	554.9	-32.1	- 5.5%
Japanese domestic tobacco	180.3	157.6	-22.7	- 12.6%
Core revenue*1	171.1	149.6	-21.5	- 12.6%
International tobacco	305.1	299.9	-5.3	- 1.7%
Core revenue*2	283.7	282.3	-1.5	- 0.5%
Pharmaceutical	18.2	16.6	-1.6	- 8.8%
Processed food	38.4	38.8	+0.4	+0.9%
Beverage	41.8	39.9	-1.9	- 4.5%
Others	3.1	2.2	-0.9	- 30.2%

(Reference)

(unit: USD million,%)

	2014 Jan-Mar	2015 Jan-Mar	Change	Rates of Change
International tobacco Core revenue*2	2,761	2,369	-392	- 14.2%
International tobacco Core revenue at constant rates of exchange*2*3	2,761	2,941	+180	+6.5%

＊1 :Excluding revenue from the distribution business of imported tobacco

＊2 :Includes revenue from waterpipe tobacco and Emerging Products, but excludes revenue from distribution, contract manufacturing and other peripheral businesses.

＊3 :Jan-Mar, 2014 -Actual
Jan-Mar, 2015 -Regarding international tobacco business, at the same foreign exchange rates between local currency vs USD as Jan-Mar, 2014

Results for FY2015 First Quarter
(Jan-Mar Like-for-Like basis)

・Revenue, operating profit, adjusted operating profit and profit attributed to owners of the parent company for January - March, 2014 would be disclosed in the Quarterly Securities Report, which will be subject to auditor's review.

3.Adjusted Operating profit by business segment*1

(unit: JPY billion,%)

	2014 Jan-Mar	2015 Jan-Mar	Change	Rates of Change
Consolidated Operating profit	156.6	143.4	-13.1	- 8.4%
Adjustment*2	6.8	15.2	+8.5	-
Adjusted Operating profit*1	163.3	158.6	-4.7	- 2.9%
Japanese domestic tobacco Operating profit	65.9	55.8	-10.1	- 15.3%
Adjustment*2	0.6	1.2	+0.6	-
Adjusted Operating profit*1	66.5	57.0	-9.5	- 14.3%
International tobacco Operating profit	97.8	97.0	-0.8	- 0.8%
Adjustment*2	7.2	7.9	+0.7	-
Adjusted Operating profit*1	105.1	105.0	-0.1	- 0.1%
Pharmaceutical Operating profit	-0.4	-0.8	-0.5	-
Adjustment*2	—	—	—	-
Adjusted Operating profit*1	-0.4	-0.8	-0.5	-
Processed Food Operating profit	-0.3	0.9	+1.2	-
Adjustment*2	0.4	0.0	-0.4	-
Adjusted Operating profit*1	0.1	0.9	+0.8	+568.2%
Beverage Operating profit	-0.6	-0.6	+0.0	-
Adjustment*2	—	1.0	+1.0	-
Adjusted Operating profit*1	-0.6	-0.5	+0.1	-
Others/Elimination Operating profit	-5.8	-8.8	-3.0	-
Adjustment*2	-1.5	6.0	+7.5	-
Adjusted Operating profit*1	-7.4	-2.8	+4.5	-

(Reference) (unit: USD million,%)

	2014 Jan-Mar	2015 Jan-Mar	Change	Rates of Change
International tobacco Adjusted Operating profit*1	1,022	881	-141	- 13.8%
International tobacco Adjusted Operating profit at constant rates of exchange*1*3	1,022	1,156	+134	+13.1%

(Reference)Depreciation and amotization (unit: JPY billion)

	2014 Jan-Mar	2015 Jan-Mar	Change
Depreciation and amotization	34.3	35.1	+0.7
Japanese domestic tobacco	11.2	11.2	+0.0
International tobacco	16.8	18.1	+1.3
Pharmaceutical	0.9	1.2	+0.2
Processed food	1.8	1.6	-0.1
Beverage	2.8	2.7	+0.0
Others/Elimination	0.9	0.4	-0.5

＊1 :Adjusted Operating profit
= Operating profit + Amortization cost of acquired intangibles + Adjusted items (income and costs)*
*Adjusted items (income and costs) = impairment losses on goodwill ± restructuring income and costs ± others

＊2 :Adjustment = Amortization cost of acquired intangibles + Adjusted items (income and costs)*
*Adjusted items (income and costs) = impairment losses on goodwill ± restructuring income and costs ± others

＊3 :Jan-Mar, 2014 -Actual
Jan-Mar, 2015 -Regarding international tobacco business, at the same foreign exchange rates between local currency vs USD as Jan-Mar, 2014

Results for FY2015 First Quarter

(Jan-Mar Like-for-Like basis)

・Revenue, operating profit, adjusted operating profit and profit attributed to owners of the parent company for January - March, 2014 would be disclosed in the Quarterly Securities Report, which will be subject to auditor's review.

4.Consolidated financial position data

(unit: JPY billion)

	As of end of Dec. 2014	As of end of Mar. 2015	Change
Total Assets	4,704.7	4,342.0	-362.7
Total Equity	2,622.5	2,356.9	-265.6
Equity attributable to owners of the parent company	2,536.8	2,272.0	-264.8
BPS(attributable to owners of parent company) (yen)	1,395.74	1,268.82	-126.93

5.Liquidity*

(unit: JPY billion)

	As of end of Dec. 2014	As of end of Mar. 2015	Change
Liquidity	389.5	198.9	-190.6

＊: Liquidity＝cash and deposits＋marketable securities＋securities purchased under repurchase agreements

6.Interest-bearing debt*

(unit: JPY billion)

	As of end of Dec. 2014	As of end of Mar. 2015	Change
Interest-bearing debt	228.2	405.6	177.4

＊: Interest-bearing debt = short-term bank loans + CP + bonds + long-term borrowings ＋ lease obligation

7.Consolidated cash flows data

(unit: JPY billion,%)

	2014 Jan-Mar	2015 Jan-Mar	Change	Rates of Change
Cash flows from operating activities	－	-140.3	－	－
Cash flows from investing activities	－	-34.9	－	－
Cash flows from financing activities	－	-12.2	－	－
Cash and cash equivalents, beginning of the year	－	385.8	－	－
Foreign currency translation adjustments on cash and cash equivalents	－	-3.2	－	－
Cash and cash equivalents, end of the quarter*1	－	195.2	－	－
FCF*2	-23.6	-178.3	-154.7	－

＊1 Included in "Cash and cash equivalents" at the end of this quarter is ¥57.0 billion (IRR 15,804.7 billion) held by the Group's Iranian subsidiary, JTI Pars PJS Co.. Due to international sanctions and other factors imposed on Iran, the subsidiary's ability to remit funds outside of Iran is restricted.

＊2 :FCF is total of cash flows from operating activities and investing activities excluding the following items;
Cash flows from interest and dividends received and its tax effect / interest paid and its tax effect in operating activities.
Cash flows from purchase of short-term investment securities, proceeds from sale and redemption of short-term investment securities, purchase of investment securities, proceeds from sale of investment securities, payments into time deposits, proceeds from withdrawal of time deposits and others in investing activities (those from purchase/sale of securities held for business operation are not included here).

8.Capital expenditures

(unit: JPY billion)

	2014 Jan-Mar	2015 Jan-Mar	Change
Capital expenditures	35.2	31.2	-3.9
Japanese domestic tobacco	13.1	13.8	+0.8
International tobacco	15.0	11.2	-3.8
Pharmaceutical	1.9	0.8	-1.1
Processed food	1.2	1.3	+0.2
Beverage	2.3	2.7	+0.4
Others/Elimination	1.7	1.4	-0.4

9.Business data

【Japanese domestic tobacco business】	2014 Jan-Mar	2015 Jan-Mar	Change	Rates of Change	
JT sales volume*	30.4	25.5	-4.9	- 16.2%	BNU
Total demand	49.4	42.5	-6.9	- 13.9%	BNU
JT market share	61.5%	59.9%	-1.6%pt		
JT net sales after tax per 1,000 cigarettes	5,483	5,671	+188	+3.4%	JPY

＊ :Sales volume of domestic duty-free and China business is excluded, which was 0.8 billion for Jan-Mar, 2014 and 0.9 billion for Jan-Mar, 2015, respectively.

【International tobacco business】	2014 Jan-Mar	2015 Jan-Mar	Change	Rates of Change	
Total shipment volume*	87.7	88.1	+0.4	+0.5%	BNU
GFB shipment volume	55.3	60.0	+4.7	+8.4%	BNU
JPY/USD rate for consolidation	102.77	119.16	+16.39	+15.9%	JPY
RUB/USD rate for consolidation	34.97	62.27	+27.30	-43.8%	RUB
GBP/USD rate for consolidation	0.60	0.66	+0.05	-8.3%	GBP
EUR/USD rate for consolidation	0.73	0.89	+0.16	-17.7%	EUR
CHF/USD rate for consolidation	0.89	0.95	+0.06	-6.4%	CHF
TWD/USD rate for consolidation	30.27	31.56	+1.28	-4.1%	TWD
TRY/USD rate for consolidation	2.21	2.46	+0.24	-9.9%	TRY

＊ :Total shipment volume includes fine cut, cigars, pipe tobacco and snus but excludes contract manufactured products, waterpipe tobacco products and Emerging Products

(unit: JPY billion,%)

<Pharmaceutical business>	2014 Jan-Mar	2015 Jan-Mar	Change	Rates of Change
R&D expenses	7.6	7.1	-0.5	- 6.3%

FY 2015 Forecasts
(as of February 5, 2015)

・Regarding the withdrawal from the manufacture and sales of JT beverage products announced on Feburary 4th, 2015, the financial impact was not included in the FY2015 forecasts.

1. Summary of Business Performance

(unit: JPY billion,%)

	2014 Jan-Dec	FY2015 Forecasts	Change	Rates of Change
Revenue	2,433.5	2,380.0	-53.5	- 2.2%
Operating profit	571.8	539.0	-32.8	- 5.7%
Profit(attributable to owners of the parent)	389.1	387.0	-2.1	- 0.5%
Basic EPS(yen)[*1]	214.06	212.92	-1.14	- 0.5%
Adjusted Operating profit[*2]	660.1	585.0	-75.1	- 11.4%
DPS(yen)	-	108.00	-	-
Payout ratio[*3]	-	50.7%	-	-
ROE(attributable to owners of parent company)[*4]	-	15.0%	-	-

（参考）

	2014 Jan-Dec	FY2015 Forecasts	Change	Rates of Change
Adjusted Operating profit at constant rates of exchange[*5]	660.1	705.0	+44.9	+6.8%

＊1 :Based on profit attributable to owners of the parent

＊2 :Adjusted Operating profit
= Operating profit + Amortization cost of acquired intangibles + Adjusted items (income and costs)*
*Adjusted items (income and costs) = impairment losses on goodwill ± restructuring income and costs ± others

＊3 :Payout ratio＝Dividend per share/Basic EPS

＊4 :Based on Profit attributable to owners of parent company and Equity attributable to owners of the parent company

＊5 :2014 Jan-Dec -Actual
FY2015 Forecasts- Regarding international tobacco business, at the same foreign exchange rates between local currency vs USD and JPY vs USD as 2014 Jan-Dec

2.Breakdown of Revenue

(unit: JPY billion,%)

	2014 Jan-Dec	FY2015 Forecasts	Change	Rates of Change
Revenue	2,433.5	2,380.0	-53.5	- 2.2%
Japanese domestic tobacco	685.9	669.0	-16.9	- 2.5%
Core revenue[*1]	649.8	635.0	-14.8	- 2.3%
International tobacco	1,328.0	1,277.0	-51.0	- 3.8%
Core revenue[*2]	1,258.2	1,219.0	-39.2	- 3.1%
Pharmaceutical	65.8	74.0	+8.2	+12.5%
Processed food	161.2	168.0	+6.8	+4.2%
Beverage	181.3	184.0	+2.7	+1.5%
Others	11.3	8.0	-3.3	- 29.1%

（Reference） (unit: USD million,%)

	2014 Jan-Dec	FY2015 Forecasts	Change	Rates of Change
International tobacco Core revenue[*2]	11,911	10,600	-1,311	- 11.0%
International tobacco Core revenue at constant rates of exchange[*2*3]	11,911	12,500	+589	+4.9%

＊1 :Excluding revenue from the distribution business of imported tobacco

＊2 :Includes revenue from waterpipe tobacco and emerging products, but excludes revenue from distribution, contract manufacturing and other peripheral businesses.

＊3 :2014 Jan-Dec -Actual
FY 2015 Forecasts -at the same foreign exchange rates between local currency vs USD as 2014 Jan-Dec

FY 2015 Forecasts
(as of February 5, 2015)

3.OP & Adjusted Operating profit by business segment*1

(unit: JPY billion,%)

	2014 Jan-Dec	FY2015 Forecasts	Change	Rates of Change
Consolidated Operating profit	571.8	539.0	-32.8	- 5.7%
Japanese domestic tobacco	181.5	247.0	+65.5	+36.1%
International tobacco	379.5	325.0	-54.5	- 14.4%
Pharmaceutical	-7.3	-4.5	+2.8	–
Processed food	-1.2	1.5	+2.7	–
Beverage	-0.5	0.0	+0.5	–
Others/Elimination	19.9	-30.0	-49.9	–
Adjusted Operating profit*1	660.1	585.0	-75.1	- 11.4%
Japanese domestic tobacco*1	238.7	250.0	+11.3	+4.7%
International tobacco*1	447.1	362.0	-85.1	- 19.0%
Pharmaceutical*1	-7.3	-4.5	+2.8	–
Processed food*1	1.4	1.5	+0.1	+5.7%
Beverage*1	-0.5	0.0	+0.5	–
Others/Elimination*1	-19.3	-25.0	-5.7	–

(Reference) (unit: USD million,%)

	2014 Jan-Dec	FY2015 Forecasts	Change	Rates of Change
International tobacco Adjusted Operating profit*1	4,253	3,150	-1,103	- 25.9%
International tobacco Adjusted Operating profit at constant rates of exchange*1*2	4,253	4,595	+342	+8.0%

＊1 :Adjusted Operating profit
= Operating profit + Amortization cost of acquired intangibles + Adjusted items (income and costs)*
*Adjusted items (income and costs) = impairment losses on goodwill ± restructuring income and costs ± others

＊2 :2014 Jan-Dec -Actual
FY 2015 Forecasts -at the same foreign exchange rates between local currency vs USD as 2014 Jan-Dec

4.Consolidated cash flows

(unit: JPY billion,%)

	2014 Jan-Dec	FY2015 Forecasts	Change	Rates of Change
FCF*	455.4	282.0	-173.4	-38.1%

＊ :FCF is total of cash flows from operating activities and investing activities excluding the following items;
Cash flows from interest and dividends received and its tax effect / interest paid and its tax effect in operating activities.
Cash flows from purchase of short-term investment securities, proceeds from sale and redemption of short-term investment securities, purchase of investment securities, proceeds from sale of investment securities, payments into time deposits, proceeds from withdrawal of time deposits and others in investing activities (those from purchase/sale of securities held for business operation are not included here).

5.Capital expenditures

(unit: JPY billion)

	2014 Jan-Dec	FY2015 Forecasts	Change
Capital expenditures	140.9	161.0	+20.1
Japanese domestic tobacco	41.0	41.0	+0.0
International tobacco*	74.2	85.0	+10.8
Pharmaceutical	4.7	6.5	+1.8
Processed food	4.7	7.0	+2.3
Beverage	10.7	13.0	+2.3
Others/Elimination	5.5	7.0	+1.5

6.Business data

【Japanese domestic tobacco business】	2014 Jan-Dec	FY2015 Forecasts	Change	Rates of Change	
JT sales volume*	112.4	109.0	-3.4	- 3.0%	BNU

＊: Sales volume of domestic duty-free and China business is excluded

【International tobacco business】	2014 Jan-Dec	FY2015 Forecasts	Change	Rates of Change	
Total shipment volume*	398.0	392.0	-6.0	- 1.5%	BNU
GFB shipment volume	262.2	265.0	+2.8	+1.1%	BNU
JPY/USD rate for consolidation	105.79	115.00	+9.21	+8.7%	JPY
RUB/USD rate for consolidation	38.40	65.00	+26.60	-40.9%	RUB
GBP/USD rate for consolidation	0.61	0.64	+0.03	-5.1%	GBP
EUR/USD rate for consolidation	0.75	0.90	+0.15	-16.3%	EUR
CHF/USD rate for consolidation	0.91	0.90	-0.01	1.7%	CHF
TWD/USD rate for consolidation	30.31	31.15	+0.84	-2.7%	TWD
TRY/USD rate for consolidation	2.19	2.25	+0.06	-2.8%	TRY

＊: Total shipment volume includes fine cut, cigars, pipe tobacco and snus, but excludes contract manufactured products, waterpipe tobacco and emerging products

Data of JT products in Japanese market

* Excludes sales from the China, Hong Kong, and Macau markets and domestic duty-free sales.

Japanese Domestic Tobacco Business Results

1. Quarterly Sales Volume

(billions of cigarettes)

	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
2013	26.8	29.3	30.3	30.1	116.5
2014	30.4	24.7	28.8	28.4	112.4
2015	25.5				

2. Quarterly Retail Price Sales

(billions of JPY)

	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
2013	544.2	593.3	614.1	608.5	2,360.1
2014	615.6	520.4	607.0	598.4	2,341.3
2015	536.1				

* Retail price sales = sales volume × fixed retail price.

3. Quarterly Net Sales Excluding Excise Tax / Revenue Per Thousand Cigarettes

(JPY)

	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
2013	5,498	5,491	5,485	5,481	5,488
2014	5,483	5,652	5,675	5,670	5,617
2015	5,671				

* Net sales excluding excise tax /Revenue per thousand cigarettes
= (retail price sales-retailer margins-consumption tax-excise taxes)
/sales volume×1,000

4. Quarterly JT Market Share

(%)

	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
2013	59.5	60.5	60.7	61.1	60.5
2014	61.5	59.6	60.1	60.0	60.4
2015	59.9				

Market Share in Growing Segments

1. 1mg Tar

(1) JT 1mg Tar Product Share (%)

	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
2013	14.4	14.7	14.7	14.7	14.6
2014	14.8	14.5	14.4	14.3	14.5
2015	14.5				

(2) 1mg Market Share (%)

	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
2013	24.5	24.5	24.5	24.4	24.5
2014	24.6	25.0	24.7	24.8	24.8
2015	24.9				

2. Menthol

(1) JT Menthol Product Share (%)

	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
2013	7.7	8.3	8.8	9.0	8.5
2014	9.0	9.6	9.4	9.5	9.4
2015	10.1				

(2) Menthol Market Share (%)

	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
2013	26.2	26.3	26.3	26.4	26.3
2014	26.1	27.3	26.7	27.1	26.8
2015	27.7				

3. JPY 450 or above*

(1) JT JPY 450 or above Product Share (%)

	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
2013	14.5	14.5	14.4	14.7	14.5
2014	14.7	14.3	14.7	14.5	14.6
2015	14.2				

(2) JPY 450 or above Product Market Share (%)

	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
2013	36.6	36.1	35.9	36.0	36.1
2014	35.9	35.5	35.8	35.6	35.7
2015	35.3				

Japan Tobacco Inc. Clinical Development as of April 30, 2015

＜In-house development＞

Code （Generic Name）	Potential Indication/Dosage form	Mechanism		Phase	Note
JTK303(elvitegravir)/ cobicistat/emtricitabine/ tenofovir alafenamide	HIV infection /Oral	HIV integrase inhibitor/ Nucleoside reverse transcriptase inhibitor	Suppresses blood HIV levels by inhibiting the activities of integrase and reverse transcriptase, enzymes involved in the replication of HIV.	Preparing to file (Japan)	JTK-303(elvitegravir); In-house Cobicistat, Emtricitabine, Tenofovir Alafenamide; In-license (Gilead Sciences)
emtricitabine/ tenofovir alafenamide	HIV infection /Oral	Nucleoside reverse transcriptase inhibitor	Suppresses blood HIV levels by inhibiting the activity of reverse transcriptase, an enzyme involved in the replication of HIV.	Preparing to file (Japan)	In-license (Gilead Sciences)
JTT-851	Type 2 diabetes mellitus /Oral	G protein-coupled receptor 40 agonist	Decreases blood glucose by stimulation of glucose-dependent insulin secretion.	Phase2 (Japan) Phase2 (Overseas)	In-house
JTZ-951	Anemia associated with chronic kidney disease /Oral	HIF-PHD inhibitor	Increases red blood cells by stimulating production of erythropoietin, an erythropoiesis-stimulating hormone, via inhibition of HIF-PHD.	Phase2(Japan) Phase1(Overseas)	In-house
JTE-051	Autoimmune/allergic diseases /Oral	Interleukin-2 inducible T cell kinase inhibitor	Suppresses overactive immune response via inhibition of the signal to activate T cells related to immune response.	Phase1(Overseas)	In-house
JTE-052	Autoimmune/allergic diseases /Oral, Topical	JAK inhibitor	Suppresses overactive immune response via inhibition of Janus kinase (JAK) related to immune signal.	Phase1(Japan)	In-house
JTE-151	Autoimmune/allergic diseases /Oral	RORγ antagonist	Suppresses overactive immune response via inhibition of ROR γ related to Th 17 activation.	Phase1(Overseas)	In-house
JTE-350* (histamine dihydrochloride)	Diagnostic product /Positive control solution in the skin prick test	Histamine receptor agonist	Induces wheal and flare as histamine reactions on the epidermis in the skin prick test.	NDA filed (Japan)	In-license （ALK-Abelló） Co-development with Torii
JTT-251	Type 2 diabetes mellitus /Oral	PDHK inhibitor	Decreases blood glucose by activation of pyruvate dehydrogenase (PDH) related to carbohydrate metabolism.	Phase1(Overseas)	In-house
JTT-252	Type 2 diabetes mellitus /Oral	SGLT1 inhibitor	Decreases blood glucose by inhibition of sodium glucose co-transporter 1 (SGLT1) in small intestine.	Phase1(Overseas)	In-house
JTK-351	HIV infection /Oral	HIV integrase inhibitor	Suppresses blood HIV levels by inhibiting the activity of integrase, an enzyme involved in the replication of HIV.	Phase1(Japan)	In-house

Clinical trial phase presented above is based on the first dose.

*One of the medical products publicly offered for a development company by the Study Group on Unapproved and Off-label Drugs of High Medical Need, set up by the Ministry of Health, Labour and Welfare.

＜Licensed compounds＞

Compound （JT's code）	Licensee	Mechanism		Note
elvitegravir (JTK-303)	Gilead Sciences	HIV Integrase inhibitor	Suppresses blood HIV levels by inhibiting the activity of integrase, an enzyme involved in the replication of HIV.	elvitegravir/cobicistat/emtricitabine/tenofovir alafenamide U.S. and EU marketing approvals submitted
trametinib	Novartis	MEK inhibitor	Inhibits cellular growth by specifically inhibiting the activity of MAPK/ERK Kinase (MEK1/2).	Melanoma Japan marketing approval submitted
Anti-ICOS monoclonal antibody	MedImmune	ICOS antagonist	Suppresses overactive immune response via inhibition of ICOS which regulates activation of T cells.	
JTE-052	LEO Pharma	JAK inhibitor	Suppresses overactive immune response via inhibition of Janus kinase (JAK) related to immune signal.	

Updates since the previous announcement on February 5, 2015:

<In-house development>
・emtricitabine/tenofovir alafenamide (F/TAF): "preparing to file" in Japan.

<Licensed compounds>
・Novartis Pharma K.K. annouced its filing of New Drug Application in Japan for trametinib as a drug for treatment of BRAF V600 mutation-positive malignant melanoma on April 27, 2015.