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Full year earnings achieve double-digit growth
Market share continues to grow in most key markets
Japan Tobacco International (JTI) business results for 2013 and October-December 2013

Highlights *(change versus prior year)*

January-December 2013
- Adjusted EBITDA at constant FX[1] achieved double-digit growth of 11.3% driven by continued revenue increase.
- Core revenue at constant FX increased 6.1% driven by strong price/mix, more than compensating for a 4.6% decline of total shipment volume. This decline was due to industry contraction in a number of markets and trade inventory adjustments, partly offset by a fine cut volume growth of 18.4%.
- Despite Winston momentum, GFB shipment volume declined 0.8%.

October-December 2013
- Total shipment volume declined 3.2% due to continued industry contraction in a number of markets. GFB shipment volume increased 3.1% mainly due to a favorable comparison versus the same quarter the prior year.
- Adjusted EBITDA at constant FX grew 11.9% driven by solid revenue growth.
- Core revenue at constant FX increased 10.3% as a result of strong price/mix.

Year-on-year market share[2] continued to grow in most key markets including France, Italy, Spain, Taiwan, Turkey, and the UK. In Russia, total share of value[3] and GFB share of market continued to increase.

Results: January-December 2013

	2012 Results					**2013 Results**				
	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Dec
Total shipment volume (billions of units)	98.9	113.5	115.5	108.6	436.5	92.6 (-6.4%)	109.0 (-3.9%)	109.6 (-5.1%)	105.1 (-3.2%)	416.4 (-4.6%)
GFB shipment volume (billions of units)	61.1	69.7	71.6	66.3	268.8	58.4 (-4.5%)	69.5 (-0.3%)	70.3 (-1.8%)	68.4 (+3.1%)	266.6 (-0.8%)
Core Revenue (millions of US$)	2,731	2,997	3,125	2,963	11,817	2,729 (-0.1%)	3,112 (+3.8%)	3,227 (+3.3%)	3,206 (+8.2%)	12,273 (+3.9%)
[Reference] Core Revenue at constant FX (millions of US$)	2,678	2,958	3,055	2,963	11,655	2,734 (+2.1%)	3,131 (+5.8%)	3,230 (+5.7%)	3,267 (+10.3%)	12,362 (+6.1%)

( ) Net change in comparison to the same period in 2012

[Reference] (millions of US$)	2012 Results					**2013 Results**				
	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Dec
Adjusted EBITDA	1,008	1,159	1,183	950	4,300	1,070 (+6.2%)	1,203 (+3.8%)	1,344 (+13.5%)	1,006 (+5.9%)	4,623 (+7.5%)
Adjusted EBITDA at constant FX	958	1,123	1,114	950	4,145	1,058 (+10.5%)	1,168 (+4.0%)	1,325 (+18.9%)	1,063 (+11.9%)	4,614 (+11.3%)

( ) Net change in comparison to the same period in 2012

January-December 2013

- Core revenue at constant FX grew US$708 million (+6.1%) as a result of US$1,083 million (+9.3%) in price/mix improvement, partially offset by negative volume.
- Adjusted EBITDA at constant FX increased US$469 million (+11.3%), driven by US$1,066 million (+25.7%) in price/mix improvement.

October-December 2013

- Core revenue at constant FX increased US$304 million (+10.3%), as a result of positive price/mix of US$347 million (+11.7%), more than compensating for negative volume.
- Adjusted EBITDA at constant FX grew US$113 million (+11.9%), driven by US$344 million (+36.2%) in price/mix improvement.

Cluster Performance: October-December 2013 *(change vs. prior year)*

- **South and West Europe**: Despite growth in France and Switzerland, total shipment volume declined 5.4% due to continued industry contraction. GFB shipment volume decreased 1.3%. Share of market increased in France, Greece, Italy, Spain and Switzerland.
- **North and Central Europe**: Total shipment volume was flat and GFB shipment volume increased 6.1% driven by strong GFB performance primarily in Austria, Czech Republic, Germany, Hungary and Sweden. Despite volume decline in the UK due to industry contraction, market share grew. Market share also increased in Austria, Germany, Ireland, and Poland.
- **CIS+:** GFB shipment volume grew 1.3% driven by continued momentum in the Caucasus markets and Kazakhstan. Total shipment volume decreased 5.8%. In Russia, total and GFB shipment volume decreased 8.6% and 1.2% respectively. This decline was mainly due to an estimated approximately 8% industry contraction impacting notably our mid- to low-price brands. We continued to gain total share of value and GFB share of market in Russia.
- **Rest-of-the-World**: Total and GFB shipment volume increased 0.6% and 8.6% respectively, driven by trade inventory adjustments ahead of an excise tax increase in 2014 in Turkey, as well as positive performance in South East Asian markets, Sudan and Taiwan. Market share grew in Malaysia, Taiwan and Turkey.

Global Flagship Brands (GFB): October-December 2013 *(change vs. prior year)*

- **Winston**: Shipment volume increased 5.1% as a result of continued growth in the Benelux, the Caucasus markets, France, Germany, Kazakhstan, Middle East and Africa, Russia, Taiwan and Turkey.
- **Camel**: Shipment volume declined 0.8% due to industry contraction in Spain and down-trading in Turkey.
- **Mevius**: Shipment volume declined 3.7%, mainly due to down-trading in Taiwan and industry contraction in Korea, partially offset by growth in South East Asian markets.
- **LD**: Shipment volume grew 5.5% driven by growth in the Caucasus markets, Hungary, Kazakhstan, Middle East and Africa and Turkey.

Twelve-month Performance: January-December 2013 *(change vs. prior year)*

- Total shipment volume declined 4.6% to 416.4 billion cigarette equivalent units, mainly due to industry contraction in a number of markets and trade inventory adjustments. Total shipment volume grew in the Benelux, the Caucasus markets, Czech Republic, France, Germany, Hungary, South East Asian markets, Sudan, Sweden, Taiwan and Turkey.
- GFB shipment volume declined 0.8% to 266.6 billion cigarette equivalent units, despite the volume growth in Austria, the Caucasus markets, Czech Republic, Germany, Hungary, Kazakhstan, Middle East and Africa, Romania, South East Asian markets, Sweden, Taiwan and Turkey.
- On a reported basis, core revenue increased 3.9% to US$12,273 million and adjusted EBITDA grew 7.5% to US$4,623 million.

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Japan Tobacco Inc. is a leading international tobacco product company. Its products are sold in over 120 countries and its internationally recognized brands include Winston, Camel, Mevius/Mild Seven and Benson & Hedges. With diversified operations, JT is also actively present in pharmaceuticals, beverages and processed foods. The company's revenue was ¥2.120 trillion (US$22,543 million(*)) in the fiscal year ended March 31, 2013.

**Translated at the rate of ¥94.05 per $1, as of March 29, 2013*

Notes:

[1] Constant currency measures are computed by restating current year results at the previous year's foreign currency exchange rates. In 2013, market results/forecast, subject to highly volatile currency, significant currency devaluation and/or highly inflationary environments, are reported at actual/assumed exchange rates for figures both on a reported basis and at constant rates of exchange. Accordingly, 2012 results at constant rates of exchange have been restated for such markets. Results at constant rates of exchange should be considered in addition to, not as a substitute for, results reported in accordance with IFRS.

[2] Source: Logista, Nielsen and JTI estimates on a 12-month rolling average for cigarettes and fine cut at the end of December 2013.

[3] Source: Nielsen estimates on a 12-month rolling average for cigarettes at the end of December 2013.

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

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