Supplementary Document

Tokyo, April 30, 2015
Japan Tobacco Inc.

Japan Tobacco International (JTI)
Results for the 3 month period ended March 31, 2015

Robust pricing drives revenue and earnings growth at constant FX

(billions of units, millions of US$)	Jan-Mar		Change vs. prior year
	2015	2014	
Total shipment volume[1]	88.1	87.7	0.5%
GFB shipment volume[1]	60.0	55.3	8.4%
Core revenue[2]	2,369	2,761	-14.2%
Core revenue at constant FX	2,941	2,761	6.5%
Adjusted operating profit	881	1,022	-13.8%
Adjusted operating profit at constant FX	1,156	1,022	13.1%

Highlights

3 months quarter-to-date 2015 (January-March)

- Adjusted operating profit at constant FX grew 13.1% driven by GFB growth and strong pricing in several key markets. On a reported basis, adjusted operating profit declined 13.8% due to unfavorable currency movements.
- Core revenue at constant FX was up 6.5% while it declined 14.2% on a reported basis due to unfavorable currency movements.
- Total and GFB shipment volumes increased 0.5% and 8.4%, respectively, reflecting positive performance in the Benelux markets, France, Germany, Italy, the Middle East, Spain, Taiwan and Turkey. This volume growth was also driven by resumed shipments in the Middle East as well as inventory adjustments and Camel's performance in Turkey versus this time last year. GFB fine cut shipment volume grew 31.7% driving total fine cut volume growth to 13.6%.
- Year-on-year market share[3] increased in the key markets of France, Spain, Turkey and the UK. In Russia, GFB share of market gains continued, led by Winston and LD.

Performance review

3 months quarter-to-date 2015 (January-March)

Core revenue at constant FX grew US$180 million (+6.5%) to US$2,941 million, driven by US$210 million in price/mix improvement.

Adjusted operating profit at constant FX was up US$134 million (+13.1%) to US$1,156 million, due to a positive price/mix of US$202 million.

On a reported basis, core revenue and adjusted operating profit declined 14.2% and 13.8%, respectively, due to unfavorable currency movements.

Total shipment volume

Total shipment volume increased 0.5% to 88.1 billion cigarette equivalent units. This reflected positive performance in the Benelux markets, France, Germany, Italy, the Middle East, Romania, Spain, Taiwan and Turkey, as well as favorable trade inventory adjustments in the Middle East and Turkey compared to the first quarter 2014. Fine cut shipment volume grew in the Benelux markets, the Czech Republic, France, Germany, Hungary, Ireland, Italy, Spain and the UK.

(billions of units)	Jan-Mar		Change
Cluster	**2015**	**2014**	**vs. prior year**
South & West Europe	15.1	14.0	8.2%
North & Central Europe	12.6	12.3	2.1%
CIS+	31.3	36.2	-13.5%
Rest-of-the-World	29.1	25.2	15.4%
Total JTI	**88.1**	**87.7**	**0.5%**

GFB shipment volume

GFB shipment volume increased 8.4% to 60.0 billion cigarette equivalent units, mainly driven by Belarus, the Benelux markets, Canada, the Czech Republic, France, Germany, Italy, Malaysia, certain Middle East markets, Romania, South East Asian markets, Spain, Taiwan, Turkey and Ukraine. GFB fine cut shipment volume grew 31.7%, led by the Benelux markets, France, Germany, Hungary, Italy and Spain. GFB represented 68.0% of total shipment volume, an increase of 5.0ppt compared to the same period last year.

Winston: Shipment volume increased 3.9% to 28.7 billion cigarette equivalent units, driven by growth in Africa, Belarus, France, Germany, the Middle East, Spain and Turkey. Fine cut shipment volume grew 47.6%, notably in the Benelux markets, France, Germany and Spain.

Camel: Shipment volume increased 34.2% to 11.8 billion cigarette equivalent units, mainly driven by the price repositioning in Turkey. Fine cut shipment volume grew 22.7%, primarily in the Benelux markets, France and Spain.

Mevius: Growth in Malaysia, South East Asian markets and Taiwan could not offset industry volume contraction in Korea resulting in shipment volume declining 2.4% to 3.9 billion cigarette equivalent units.

LD: Shipment volume grew 7.1% to 10.3 billion cigarette equivalent units, primarily driven by Canada and Ukraine. Fine cut shipment volume declined 4.4%.

Cluster results

South and West Europe

(billions of units, millions of US$)	Jan-Mar 2015	2014	Change vs. prior year
Total shipment volume	15.1	14.0	8.2%
GFB shipment volume	13.3	11.8	12.3%
Core revenue at constant FX	550	488	12.8%

Total and GFB shipment volumes increased 8.2% and 12.3%, respectively, driven by improved performance and trade inventory adjustments in France and Spain. Share of market increased in Belgium, France, Greece, Luxembourg, Netherlands, Spain and Switzerland.

Core revenue at constant FX increased 12.8% driven by favorable volume and US$17 million in positive price/mix, mainly in France, Italy and Spain.

In France, total and GFB shipment volumes increased 13.6% and 18.3%, respectively, driven by Winston, Camel and Benson & Hedges. Fine cut shipment volume grew 17.0% driven by Winston and Camel. Market share grew 0.7ppt to 20.9%.

In Italy, total and GFB shipment volumes increased 8.3% and 8.6%, respectively, mainly driven by Camel. Benson & Hedges continued growing volume. Fine cut shipment volume increased 17.1% led by GFBs. Market share declined 1.7ppt to 19.7% despite Benson & Hedges growing 0.2ppt to 2.3%. Versus the fourth quarter last year, 3-month rolling average market share was up 0.5ppt to 19.9%, driven by Winston (+0.2ppt) and Camel (+0.2ppt).

In Spain, total and GFB shipment volumes grew 13.3% and 18.3%, respectively, driven by Winston, and Camel. Fine cut shipment volume increased 37.5% driven primarily by Winston. Market share gained 0.7ppt to 21.8% led by our GFBs.

North and Central Europe

(billions of units, millions of US$)	Jan-Mar 2015	2014	Change vs. prior year
Total shipment volume	12.6	12.3	2.1%
GFB shipment volume	6.9	6.5	5.9%
Core revenue at constant FX	637	573	11.0%

Total and GFB shipment volumes grew 2.1% and 5.9%, respectively, mainly driven by the Czech Republic, Germany and Ireland. Market share increased in the Czech Republic, Germany, Hungary, Ireland, Poland and the UK.

Core revenue at constant FX increased 11.0% driven by positive price/mix of US$50 million and volume gains.

In Austria, industry contraction impacted our total shipment volume, down 5.9%. Driven by Camel and LD, GFBs were more resilient as their shipment volume remained flat. Market share declined 0.5ppt to 31.9%, despite Winston, Camel and Benson & Hedges gaining 0.4ppt, 0.2ppt and 0.2ppt, respectively.

In Poland, total and GFB shipment volumes decreased 1.9% and 1.5%, respectively, mainly due to industry contraction. Market share grew 0.8ppt to 16.1%. LD remained the number two brand in the market and the number one value brand.

In the UK, total and GFB shipment volumes declined 0.4% and 8.8%, respectively, due to continued industry contraction and downtrading to the value segment. Fine cut shipment volume grew 5.5%. Market share increased 0.5ppt to 41.5%, led by Sterling, Old Holborn and Amber Leaf, the number one tobacco brand in this market.

CIS+

(billions of units, millions of US$)	Jan-Mar		Change
	2015	**2014**	**vs. prior year**
Total shipment volume	31.3	36.2	-13.5%
GFB shipment volume	23.0	24.3	-5.3%
Core revenue at constant FX	897	937	-4.2%

Total and GFB shipment volumes declined 13.5% and 5.3%, respectively, due to the Caucasus markets, Kazakhstan and Russia.

Core revenue at constant FX decreased 4.2% due to negative volume offsetting a positive price/mix of US$104 million.

In Romania, total and GFB shipment volumes increased 1.5% and 28.4%, respectively, led by Winston, Benson & Hedges and Sobranie. Market share grew 0.6ppt to 25.0% driven by our GFBs.

In Russia, total and GFB shipment volumes decreased 19.9% and 12.7%, respectively. This was due to industry contraction estimated at 9.0% for the quarter[4], year-on-year impacts of regulatory changes, economic slowdown and trade inventory adjustments. Despite share of market declining 1.7ppt to 34.4% due to competitive pressure in the mid-price and value segments, GFB market share grew 0.2ppt to 23.7%, led by Winston and LD. Share of value[5] declined 1.1ppt to 35.5%.

Rest-of-the-World

(billions of units, millions of US$)	Jan-Mar		Change
	2015	**2014**	**vs. prior year**
Total shipment volume	29.1	25.2	15.4%
GFB shipment volume	16.7	12.6	32.6%
Core revenue at constant FX	857	763	12.4%

Total and GFB shipment volumes increased 15.4% and 32.6%, respectively, mainly driven by certain Middle East and South East Asian markets, Taiwan and Turkey. Market share grew in Canada, Korea, Malaysia and Turkey.

Core revenue at constant FX grew 12.4% driven by positive volume and a price/mix increase of US$40 million.

In Taiwan, total and GFB shipment volumes increased 8.8% and 9.0%, respectively, primarily driven by Mevius and Winston. Market share declined 0.5ppt to 38.6%, despite Winston growing share by 1.0ppt to 4.9%. On a 3-month rolling average, share of market grew for the third consecutive quarter reaching 39.3% this quarter, driven by Mevius, Winston and LD. JTI remains the leading tobacco company in both share of market and share of value.

In Turkey, total and GFB shipment volumes increased 82.2% and 118.5%, respectively, mainly driven by positive performance following the price repositioning of Camel last May and favorable trade inventory movements versus the same period last year. Camel share was up 8.4ppt to 10.3%, driving total share of market to 30.1% (+3.4ppt).

Notes:

[1] Including fine cut, cigars, pipe tobacco and snus, but excluding contract manufactured products, waterpipe tobacco and emerging products.
[2] Revenue including waterpipe tobacco and emerging products, but excluding revenue from distribution, contract manufacturing and other peripheral businesses.
[3] Source: Nielsen and JTI estimates on a 12-month rolling average at the end of March 2015, except for Belgium, France, Germany, Greece, Ireland, Luxembourg, Netherlands, Spain, Switzerland and the UK at the end of February 2015.
[4] Source: JTI estimates based on January-March 2015 data versus the same period last year.
[5] Source: JTI estimates on a 12-month rolling average at the end of March 2015.

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

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