



FOR IMMEDIATE RELEASE

Tokyo, April 25, 2013

JT's Consolidated Financial Results for the 12 months ended March 31, 2013

Results for the 12 months ended March 31, 2013

- **Adjusted EBITDA at constant rates of exchange** increased 15.1% driven by strong top line growth in the tobacco businesses, exceeding the “Business Plan 2012” target amid a challenging business environment. **Revenue** and **adjusted EBITDA** grew 4.2% and 7.8% respectively. **Profit attributable to owners of the parent** increased 7.1%.
 - **International Tobacco Business:** achieved double-digit growth of core revenue and adjusted EBITDA at constant rates of exchange. Core revenue and adjusted EBITDA increased 5.4% and 9.1% respectively in US dollars on a reported basis, driven by robust pricing and total shipment volume growth of 2.5%. GFB shipment volume grew 4.8%.
 - **Japanese Domestic Tobacco Business:** increased total sales volume by 7.2% in comparison to the prior fiscal year which was affected by the March 2011 earthquake. This growth was driven by steady market share recovery through a number of product, packaging and sales initiatives, with underlying market share of 60.0% in both February and March 2013. Core revenue and adjusted EBITDA grew 6.9% and 7.3% respectively.
- The Company's Board is recommending a **total dividend** per share of ¥68, including a first half-year dividend per share of ¥30. This amounts to a forecast dividend payout ratio of 37.6% for this fiscal year.
- **Adjusted EPS at constant rates of exchange** increased by 27.3%, primarily due to strong business growth. The Company conducted a share buy-back of about ¥250 billion in response to the Japanese government's secondary share offering of JT shares.
- The Company has steadily conducted business investments for sustainable profit growth in the medium to long-term: the evolution of Mild Seven to **Mevius** with the long-term aim of becoming the number one global premium brand; the **acquisitions of Gryson and Nakhla** for the purpose of product and geographic expansion; and steady progress towards establishing profitability with the first-ever market launch of a JT original drug.

“Business Plan 2013”

- Under the 4S model, our long-standing management principle, the Company will continuously prioritize business investments for sustainable profit growth in the medium to long-term, while at the same time seeking to improve the attractiveness of our shareholder returns by benchmarking global FMCG companies in a variety of sectors.
- The Company will continuously strive to achieve the following medium to long-term targets:
 - **Adjusted EBITDA growth rate:** Mid to high single digit growth per annum over the medium to long-term at constant rates of exchange
 - **Dividend payout ratio:** 40% for the fiscal year 2013, subsequently aiming to reach 50% for the fiscal year 2015
 - **Adjusted EPS growth rate:** High single digit growth per annum in the medium to long-term at constant rates of exchange



- **For the 12 months ending March 31, 2014**, the Company forecasts a record high **adjusted EBITDA** of ¥730.0 billion, an increase of 17.3%, due to strong business momentum in the tobacco businesses, which is supported by the Company's consistent and active business investments for sustainable profit growth in the medium to long-term. **Adjusted EBITDA at constant rates of exchange** is forecast to grow 6.1%.

The consolidated dividend payout ratio is forecast to be 40.3% for the fiscal year ending March 31, 2014, with the annual total dividend per share forecast of ¥92.

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

“Once again, our tobacco businesses drove JT Group's strong growth amid a challenging business environment. Internationally, continued investment in our business allowed us to deliver a strong performance. In Japan, our market share has achieved a steady recovery through continuous investments to strengthen brand equity.

The underlying performance of Mevius in Japan has given us confidence in the brand's potential, which is showing upward momentum of market share. We will continue to strengthen the brand's equity with the long-term aim of Mevius becoming the number one global premium brand. Additionally, we have steadily expanded our product portfolio through the acquisitions of Gryson and Nakhla.

Looking ahead, we are confident that pursuing the “4S” model is the best approach to increase the company's value in the medium to long-term. We will continuously offer additional value and satisfaction to consumers, while maintaining the medium to long-term perspective and prioritizing business investment for future growth.”

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Consolidated Financial Results for the 12 months ended March 31, 2013

Unit: Billions of Yen

	FY03/2012 (A)	FY03/2013 (B)	Difference (B)-(A)	Net Change (%)
Revenue	2,033.8	2,120.2	86.4	4.2
Adjusted EBITDA	577.1	622.1	45.0	7.8
Operating profit	459.2	532.4	73.2	15.9
Profit attributable to owners of the parent	320.9	343.6	22.7	7.1

At constant rates of exchange:

Adjusted EBITDA	577.1	664.2	87.1	15.1
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➤ **Revenue**

Revenue increased 4.2% driven by strong pricing and GFB shipment volume growth in the international tobacco business and increased total sales volume due to comparison with the earthquake-affected prior fiscal year in the Japanese domestic tobacco business.

➤ **Adjusted EBITDA**

Adjusted EBITDA increased 7.8% due to top line growth of the tobacco businesses. At constant rates of exchange, adjusted EBITDA grew 15.1%.

➤ **Profit Attributable to Owners of the Parent**

Profit attributable to owners of the parent grew 7.1%, due to an increase in adjusted EBITDA.

➤ **Dividends**

The Company's Board is recommending a second half-year dividend per share of ¥38. Accordingly, a total dividend per share of ¥68 is now forecast, including the payment of a first half-year dividend of ¥30. This amounts to a forecast dividend payout ratio of 37.6% for this fiscal year.



Results by Business Segment

➤ **International Tobacco Business (Financial results for January 1 – December 31, 2012)**

Units: Billions of Cigarettes, Billions of Yen

	Jan-Dec 2011	Jan-Dec 2012	Net change (%)
Total shipment volume	425.7	436.5	2.5
GFB shipment volume	256.5	268.8	4.8
Core revenue	894.6	943.1	5.4
Adjusted EBITDA	314.8	343.3	9.1

Total shipment volume increased 2.5% to 436.5 billion cigarettes driven by strong GFB momentum in an overall challenging business environment. GFB shipment volume grew 4.8% to 268.8 billion cigarettes, driven by Russia, Turkey, Kazakhstan, Ukraine, Middle East and other CIS+ markets. Organically, total shipment volume grew 1.0% to 429.3 billion cigarettes.

Core revenue and adjusted EBITDA grew 5.4% and 9.1% respectively in US dollars on a reported basis as a result of strong pricing and total shipment volume growth. At constant rates of exchange, core revenue and adjusted EBITDA increased 12.6%¹ and 22.5%² respectively. Core revenue and adjusted EBITDA in Japanese Yen increased 5.4% and 9.1% respectively.

➤ **Japanese Domestic Tobacco Business**

Units: Billions of Cigarettes, Billions of Yen

	FY03/2012	FY03/2013	Net change (%)
Total sales volume	108.4	116.2	7.2
Core revenue	611.9	654.0	6.9
Adjusted EBITDA	262.3	281.3	7.3

Total sales volume increased 7.2% in comparison to the earthquake-affected prior fiscal year. The growth was driven by steady market share recovery to 59.6% for this fiscal year (FY2011: 54.9%), led by a number of product, packaging and sales initiatives to strengthen brand equity. Underlying market share in February and March reached 60.0%. As a result, core revenue increased 6.9%. Adjusted EBITDA grew 7.3% due to an increase of total sales volume and the absence of earthquake related costs this fiscal year, partly offset by higher costs as the Company made active investments in strengthening brand equity.

The rebranding to Mevius from Mild Seven from early February 2013 was completed smoothly, with steady market share growth to 30.2% in January, 31.9% in February and 32.2% in March. According to JT's own survey in March, 30% of those who were not yet smokers of Mild Seven said they had tried Mevius since the rebranding. The Company will launch "Mevius Premium Menthol Option", featuring the "aroma-changing capsule", strengthening the brand equity through product range extensions.



➤ **Pharmaceutical Business**

Unit: Billions of Yen

	FY03/2012 (A)	FY03/2013 (B)	Difference (B) – (A)
Revenue	47.4	53.2	5.8
Adjusted EBITDA	-10.0	-12.7	-2.7

Revenue increased to ¥53.2 billion, as a result of growth in sales of Torii Pharmaceutical's REMITCH® CAPSULES, an anti-pruritus drug for hemodialysis patients, and an anti-HIV drug, Truvada® Combination Tab. The growth was also driven by milestone revenue related to progress in R&D of original JT compounds that have been out-licensed. Adjusted EBITDA was -¥12.7 billion primarily due to an increase in R&D expenditure, reflecting progress in product development.

Clinical Development Highlights:

- JTK-303 (HIV infection): US FDA approval of a single tablet regimen containing JTK-303 was obtained by a JT partner in August 2012. The drug is now marketed as Stribild® in the US. Additionally, an NDA for JTK-303 as mono agent has been filed with the US FDA and the EMA by the partner. In Japan, JT received manufacturing and marketing approval in March 2013. Torii Pharmaceutical plans to launch the drug in Japan on May 14, 2013.
- JTT-751 (Hyperphosphatemia): JT submitted an NDA in Japan in January 2013 for the drug licensed from a JT partner.
- TO-194SL (Cedar pollinosis): Torii Pharmaceutical submitted an NDA in Japan for this sublingual immunotherapy drug in December 2012.
- MEK inhibitor (Melanoma): NDAs for this drug to treat melanoma (a type of skin cancer) were filed by a JT partner with the US FDA in August 2012, and the EMA in February 2013.

➤ **Beverage Business**

Unit: Billions of Yen

	FY03/2012 (A)	FY03/2013 (B)	Difference (B) – (A)
Revenue	188.8	185.5	-3.3
Adjusted EBITDA	14.6	12.4	-2.2

Sales volume of the Company's beverage products achieved a record high led by growth in the "Aroma Bottle" series of our flagship coffee brand "Roots" and the "Tennen sui" series. Revenue declined ¥3.3 billion due to lower revenue in cup vending machines, partly offset by higher sales volume. Adjusted EBITDA declined ¥2.2 billion due to lower revenue and unfavorable channel mix. The Company has taken a number of initiatives to enhance brand equity with a focus on "Roots" and "Tennen sui", aiming to strengthen the foundations of the business.

➤ **Processed Food Business**

Unit: Billions of Yen

	FY03/2012 (A)	FY03/2013 (B)	Difference (B) – (A)
Revenue	170.7	168.7	-1.9
Adjusted EBITDA	5.4	7.4	1.9

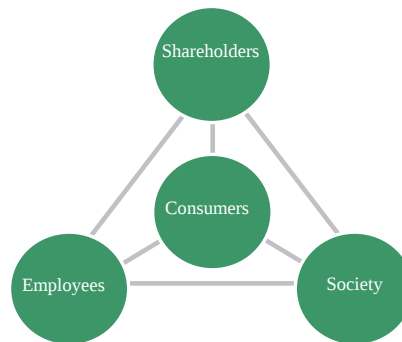
As a result of the closure of the processed fishery products business with the aim of improving profitability, revenue declined ¥1.9 billion. Excluding this negative impact, revenue increased ¥4.9 billion through a strategic focus on staple food products. Adjusted EBITDA grew ¥1.9 billion because of the growth of staple food products and the absence of costs which were allocated in the prior fiscal year, partly offset by higher raw material costs.

“Business Plan 2013”

➤ **Management Principle**

Under the “4S” model, the Company will balance the interests of consumers, shareholders, employees and wider society, and fulfill our responsibilities towards them, aiming to exceed their expectations. We aim to achieve further growth through the delivery of sustainable profit growth in the medium to long-term, in line with the “4S” model.

The Company prioritizes business investments for sustainable future profit growth, in line with these management principles, and seeks to improve the attractiveness of our shareholder returns at the same time by benchmarking global FMCG companies in a variety of sectors.



➤ **Mid- to Long-term Targets**

The Company will continuously strive to achieve the medium and long-term profit target set in the “Business Plan 2012”, targeting **adjusted EBITDA** growth of mid to high single digit per annum over the medium to long-term at constant rates of exchange. The Company also aims to achieve a **dividend payout ratio** of 40% for the fiscal year 2013, subsequently aiming to reach 50% for the fiscal year 2015, and high single digit **adjusted EPS** growth per annum over the medium to long-term at constant rates of exchange.

➤ **Business Targets**

- In achieving these targets, the Tobacco businesses continue to be positioned as the core business of the JT Group, aiming for mid to high single digit adjusted EBITDA growth per annum over the medium to long-term. The Japanese domestic tobacco business acts as a highly competitive platform of profitability, while the international tobacco business strengthens its role as the Group’s profit growth engine.
- The Pharmaceutical business will strive to establish profitability through the rapid and efficient market launch of compounds in late phases of clinical trials, in addition to efforts to maximize the value of each product.
- The Beverage business will strive to strengthen its foundation for further growth, aiming to contribute to Group profits.
- The Processed Food business will aim to achieve operating profit margin on a par with, or above, the industry average with a view to contributing to Group profits.



Consolidated Forecast for the Fiscal Year Ending March 31, 2014

The Company forecasts growth in **adjusted EBITDA at constant rates of exchange** of 6.1%. **Revenue** and **adjusted EBITDA** are forecast to increase 11.7% and 17.3% respectively, as a result of expected continuous strong momentum and the significant depreciation of the Japanese Yen against the US dollar in the international tobacco business, and expected growth in total sales volume in the domestic tobacco business. **Profit attributable to owners of the parent** is forecast to grow 20.8%.

Unit: Billions of Yen

	FY03/2013 Actual (A)	FY03/2014 Forecast (B)	Change from FY03/2013 Actual (B)-(A)
Revenue	2,120.2	2,368.0	247.8 (11.7%)
Adjusted EBITDA	622.1	730.0	107.9 (17.3%)
Operating profit	532.4	616.0	83.6 (15.7%)
Profit attributable to owners of the parent	343.6	415.0	71.4 (20.8%)

Forecast at constant rates of exchange

Adjusted EBITDA	622.1	660.0	37.9 (6.1%)
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- **International Tobacco Business³:** Growth of adjusted EBITDA in US dollars at constant rates of exchange⁴ is forecast to be double digit. Core revenue and adjusted EBITDA are forecast to increase 5.4% and 7.6% respectively, driven by pricing and GFB shipment volume growth while, in Japanese Yen, these are forecast to increase 25.3% and 28.2% respectively because of the strong depreciation of the Japanese Yen against the US dollar.
- **Japanese Domestic Tobacco Business:** Total sales volume is forecast to increase by 2.8 billion to 119.0 billion. This growth is expected to be due to an increase in market share by strengthening brand equity, focusing on Mevius, and one-off heightened demand ahead of the consumption tax (VAT) hike expected in April 2014, while total demand is expected to decline. Core revenue and adjusted EBITDA are forecast to grow 2.3% and 3.4% respectively.
- **Pharmaceutical Business:** Revenue and adjusted EBITDA are forecast to increase ¥6.3 billion to ¥59.5 billion and ¥2.2 billion to -¥10.5 billion respectively due to expected growth in products from Torii Pharmaceutical, and milestone and royalty revenues related to progress in R&D of original JT compounds that have been out-licensed.
- **Beverage Business:** Revenue is forecast to grow ¥1.5 billion to ¥187.0 billion, due to expected continuous growth in our flagship coffee brand “Roots” and the “Tennen sui” series. Adjusted EBITDA is forecast to decrease ¥1.9 billion to ¥10.5 billion because of expected higher expenditure as the Company plans to take measures to strengthen the brand equity of the “Tennen sui” series and to strengthen vending machine operations.
- **Processed Food Business:** The forecast for revenue is ¥159.0 billion, a decline of ¥9.7 billion due to the closure of the processed fishery products business, partly offset by expected growth in staple food products led by the Company’s initiatives to increase added value. Adjusted EBITDA is forecast to grow ¥2.1 billion to ¥9.5 billion due to expected higher revenue and continuous cost reduction efforts, more than compensating for expected higher material costs and the negative impact of the depreciation of the Japanese Yen.



Shareholder returns, Share buy-back and Treasury shares

➤ Our view on shareholder returns

The Board of Directors has prioritized business investments for sustainable profit growth in the mid-to long-term, while at the same time pursuing a competitive level of return to shareholders compared to the global FMCG players.

The company has achieved an average annual EBITDA growth rate of 5.9% during the fiscal years 2000 to 2012 through business investments which include the acquisitions of RJR International and Gallaher. In the International Tobacco business that we have focused on in particular so far, the company has achieved an average annual US dollar based EBITDA growth rate of 24% during the period.

In addition to profit growth, the company has increased the consolidated dividend payout ratio. The amount of dividend per share has been increased by an average of 26% per year during the past five years. The company has therefore steadily increased the amount of return to shareholders.

The Board of Directors believes that the significantly high return, which far exceeds the amount of cash flow generated by the business and would require the company to make additional financial borrowing from a third party, is short-term focused, and would become an obstacle to making business investments for future profit growth, loss of business competitiveness and decrease of the company's value in the mid- to long term.

In the Business Plan 2013 announced today, the Board of Directors set out the target rate of the consolidated dividend payout ratio of 40% for the fiscal year 2013, and also the ratio of 50% for the fiscal year 2015, and expects the amount of dividend per share for the fiscal year 2013 will be 92 yen (up 35.3% from the previous year, consolidated dividend payout ratio of 40.3%).

➤ Share buy-back

The Board of Directors has prioritized business investments for sustainable profit growth in the mid-to long-term, while at the same time pursuing a competitive level of return to shareholders compared to the global FMCG players.

The Board of Directors believes that the significantly high return, which far exceeds the amount of cash flow generated by the business is short-term focused and would become an obstacle to making business investments for future profit growth, to loss of business competitiveness and to decrease of the company's value in the mid- to long-term.

Regarding possible future share buy-backs, the Board of Directors will determine this in a timely and appropriate manner in accordance with business environment from the perspective of properly managing the adjusted EPS growth rate that we set as the key performance indicator regarding return to shareholders.

➤ Our view on cancellation of treasury shares

The company has a legal restriction on the issuance of new shares under the relevant provisions of the JT Act. The Board of Directors believes that it is important to maintain the flexibility of the company in utilizing treasury shares as a substitute for the issuance of new shares, rather than cancelling all of them.

The figures concerning return to shareholders such as the consolidated dividend payout ratio, EPS, and etc. is calculated excluding the treasury shares in accordance with accounting standards, and whether the company cancels the treasury shares will not affect these figures used as an index showing the level of return to shareholders.



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 12.6% includes approximately 2 percentage points of pricing taken to mitigate the effect of a currency with substantial devaluation.

² 22.5% includes approximately 6 percentage points of pricing taken to mitigate the effect of a currency with substantial devaluation.

³ The exchange rate assumptions for US \$1.00 are; Ruble 31.00, UK Sterling 0.66, Euro 0.80, Swiss Franc 0.96, Taiwan Dollar 29.71 and ¥95.00. Appreciation of the Japanese yen and the Swiss Franc against the US dollar negatively affects the consolidated financial result numbers. Conversely, appreciation of the other currencies against the US dollar has a positive effect.

⁴ 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.

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

Results for the FY ended Mar.2013

1. Summary of Business Performance

(unit: JPY billion,%)

	FY ended Mar. 2012	FY ended Mar. 2013	Change	Rates of Change
Revenue	2,033.8	2,120.2	+86.4	+4.2%
Operating profit	459.2	532.4	+73.2	+15.9%
Profit before income taxes	441.4	509.6	+68.2	+15.5%
Profit	328.6	351.5	+23.0	+7.0%
Profit(attributable to owners of the parent)	320.9	343.6	+22.7	+7.1%
Basic EPS(yen)	168.50	181.07	+12.57	+7.5%
Diluted EPS(yen)	168.44	180.99	+12.55	+7.4%
Adjusted EBITDA ^{*1}	577.1	622.1	+45.0	+7.8%
Adjusted profit	290.8	329.7	+38.9	+13.4%
Adjusted EPS(yen) ^{*2}	152.65	173.65	+21.00	+13.8%
DPS(yen)	50.00	68.00	18.00	+36.0%
Payout ratio	29.7%	37.6%	+7.9%pt	-
ROE(attributable to owners of the parent)	20.3%	20.0%	-0.3%pt	-

(Reference)	FY ended Mar. 2012	FY ended Mar. 2013	Change	Rates of Change
Adjusted EBITDA at constant rates of exchange ^{*3}	577.1	664.2	+87.1	+15.1%
Adjusted EPS at constant rates of exchange(yen) ^{*2+3}	152.65	194.30	+41.65	+27.3%

- *1 :Adjusted EBITDA = Operating profit + depreciation and amortization ± adjustment items (income and costs)*
 *Adjustment items (income and costs) = impairment losses on goodwill ± restructuring income and costs ± others
- *2 :Adjusted EPS = (Profit or loss attributable to owners of the parent company ± adjustment items (income and costs) ± tax and minority interests adjustments) / (weighted-average common shares + increased number of ordinary shares under subscription rights to shares)
 *Adjustment items (income and costs) = impairment losses on goodwill ± restructuring income and costs ± others
- *3 :FY ended Mar.2012-Actual
 FY ended Mar.2013- Regarding international tobacco business, at the same foreign exchange rates between local currency vs USD and JPY vs USD as FY ended Mar.2012

2.Breakdown of Revenue

(unit: JPY billion,%)

	FY ended Mar. 2012	FY ended Mar. 2013	Change	Rates of Change
Revenue	2,033.8	2,120.2	+86.4	+4.2%
Japanese domestic tobacco	646.2	687.1	+41.0	+6.3%
Core revenue ^{*1}	611.9	654.0	+42.1	+6.9%
International tobacco ^{*2}	966.3	1,010.7	+44.4	+4.6%
Core revenue ^{*3}	894.6	943.1	+48.5	+5.4%
Pharmaceutical	47.4	53.2	+5.8	+12.1%
Beverage	188.8	185.5	-3.3	-1.7%
Processed foods	170.7	168.7	-1.9	-1.1%
Others	14.6	15.0	+0.5	+3.2%

(Reference)	FY ended Dec. 2011	FY ended Dec. 2012	Change	Rates of Change
International tobacco	11,211	11,817	+606	+5.4%
Core revenue ^{*3}	11,211	12,623	+1,412	+12.6%

- *1 :Excluding revenue from the distribution business of imported tobacco
- *2 :International tobacco business: FY ended Dec.2011 and FY ended Dec.2012
- *3 :Excluding revenue from the distribution, contract manufacturing and other peripheral businesses.
- *4 :FY ended Dec.2011-Actual
 FY ended Dec.2012- at the same foreign exchange rates between local currency vs USD as FY ended Dec.2011

3.Adjusted EBITDA by business segment^{*1}

(unit: JPY billion,%)

	FY ended Mar. 2012	FY ended Mar. 2013	Change	Rates of Change
Consolidated Operating profit	459.2	532.4	+73.2	+15.9%
Adjustment ^{*3}	118.0	89.8	-28.2	-23.9%
Adjusted EBITDA ^{*1}	577.1	622.1	+45.0	+7.8%
Japanese domestic tobacco Operating profit	209.3	241.3	+32.0	+15.3%
Adjustment ^{*3}	53.0	40.0	-13.0	-24.5%
Adjusted EBITDA ^{*1}	262.3	281.3	+19.1	+7.3%
International tobacco Operating profit ^{*2}	252.4	289.5	+37.2	+14.7%
Adjustment ^{*2+3}	62.4	53.8	-8.6	-13.8%
Adjusted EBITDA ^{*1+2}	314.8	343.3	+28.5	+9.1%
Pharmaceutical Operating profit	-13.5	-16.2	-2.7	-
Adjustment ^{*3}	3.5	3.4	-0.0	-0.7%
Adjusted EBITDA ^{*1}	-10.0	-12.7	-2.7	-
Beverage Operating profit	4.5	2.4	-2.1	-47.5%
Adjustment ^{*3}	10.1	10.1	-0.0	-0.2%
Adjusted EBITDA ^{*1}	14.6	12.4	-2.2	-14.8%
Processed Foods Operating profit	-2.5	-5.8	-3.4	-
Adjustment ^{*3}	7.9	13.2	+5.3	+67.5%
Adjusted EBITDA ^{*1}	5.4	7.4	+1.9	+35.8%
Other/Elimination Operating profit	9.0	21.2	+12.1	+134.5%
Adjustment ^{*3}	-18.9	-30.7	-11.8	-
Adjusted EBITDA ^{*1}	-9.8	-9.6	+0.3	-

(Reference)	FY ended Dec. 2011	FY ended Dec. 2012	Change	Rates of Change
International tobacco Adjusted EBITDA ^{*1}	3,944	4,302	+357	+9.1%
International tobacco Adjusted EBITDA at constant rates of exchange ^{*1+4}	3,944	4,830	+886	+22.5%

- *1 : Adjusted EBITDA = Operating profit + depreciation and amortization ± adjustment items (income and costs)*
 *Adjustment items (income and costs) = impairment losses on goodwill ± restructuring income and costs ± others
- *2 :International tobacco business: FY ended Dec.2011 and FY ended Dec.2012
- *3 :Exc
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- *4 :FY ended Dec.2011-Actual
 FY ended Dec.2012- at the same foreign exchange rates between local currency vs USD as FY ended Dec.2011

4.Consolidated financial position data

(unit: JPY billion)

	As of end of Mar.2012	As of end of Mar.2013	Change
Total Assets	3,667.0	3,852.6	+185.6
Total Equity	1,714.6	1,892.0	+177.4
Equity attributable to owners of the parent company	1,634.1	1,806.1	+172.1
BPS(attributable to owners of the parent) (yen)*	858.09	993.75	+135.66

* : A 200 for 1 stock split is done, effective as of July 1, 2012.

Calculated on the assumption that this stock split was conducted at the beginning of the previous fiscal year.

5.Liquidity*

(unit: JPY billion)

	As of end of Mar.2012	As of end of Mar.2013	Change
Liquidity	431.2	168.3	-263.0

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

6.Interest-bearing debt*

(unit: JPY billion)

	As of end of Mar.2012	As of end of Mar.2013	Change
Interest-bearing debt	502.4	327.2	-175.1

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

7.Consolidated cash flows data

(unit: JPY billion,%)

	FY ended Mar. 2012	FY ended Mar. 2013	Change	Rates of Change
Cash flows from operating activities	551.6	466.6	-85.0	-15.4%
Cash flows from investing activities	-103.8	-147.9	-44.1	-
Cash flows from financing activities	-279.1	-569.5	-290.4	-
Cash and cash equivalents, beginning of the year	244.2	404.7	+160.5	+65.7%
Foreign currency translation adjustments on cash and cash equivalents	-8.2	-11.2	-3.0	-
Cash and cash equivalents, end of the year ^{*1}	404.7	142.7	-262.0	-64.7%
FCF ^{*2}	451.3	316.0	-135.3	-30.0%

*1 Included in "Cash and cash equivalents" at the end of this quarter is ¥14.9 billion (IRR ¥5,561.0 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,%)

	FY ended Mar. 2012	FY ended Mar. 2013	Change	Rates of Change
Capital expenditures	119.0	137.4	+18.5	+15.5%
Japanese domestic tobacco	56.2	71.2	+15.0	+26.7%
International tobacco*	39.1	37.5	-1.6	-4.2%
Pharmaceutical	3.9	5.8	+1.9	+47.8%
Beverage	8.1	12.0	+3.9	+48.5%
Processed foods	7.3	4.6	-2.7	-37.1%
Other/Elimination and corporate	4.3	6.3	+2.0	+46.3%

* : International tobacco business: FY ended Dec.2011 and FY ended Dec.2012

9.Business data

[Japanese domestic tobacco business]	FY ended Mar. 2012	FY ended Mar. 2013	Change	Rates of Change
JT sales volume*	108.4	116.2	+7.8	+7.2%
Total demand	197.5	195.1	-2.4	-1.2%
JT market share	54.9%	59.6%	+4.7%pt	-
JT net sales after tax per 1,000 cigarettes	5,502	5,502	+0	+0.0%

* : Sales volume of domestic duty-free and China division is excluded, which was 3.7 billion for FY3/2012 and 3.1 billion for FY3/2013, respectively.

[International tobacco business]	FY ended Dec. 2011	FY ended Dec. 2012	Change	Rates of Change
Total shipment volume*	425.7	436.5	+10.8	+2.5%
GFB shipment volume	256.5	268.8	+12.3	+4.8%
JPY/USD rate for consolidation	79.80	79.81	+0.01	-0.0%
RUB/USD rate for consolidation	29.40	31.07	+1.67	-5.4%
GBP/USD rate for consolidation	0.63	0.63	+0.01	-0.9%
EUR/USD rate for consolidation	0.72	0.78	+0.06	-7.1%
CHF/USD rate for consolidation	0.89	0.94	+0.05	-4.9%
TWD/USD rate for consolidation	29.44	29.57	+0.55	-0.5%

* : Total shipment volume includes cigars, pipe tobacco and snus, but does not include contract manufactured products

<Pharmaceutical business>	FY ended Mar. 2012	FY ended Mar. 2013	Change	Rates of Change
R&D expenses	24.9	30.7	+5.8	+23.2%

<Beverage business>	FY ended Mar. 2012	FY ended Mar. 2013	Change	Rates of Change
Sales of JT products	31.91	32.25	+0.34	+1.1%
Roots	19.32	18.54	-0.78	-4.0%

	As of end of Mar.2012	As of end of Mar.2013	Change
Number of beverage vending machines*	265,000	262,000	-3,000
JT-owned	35,000	39,000	+4,000
Combined	84,000	83,000	-1,000
Others	146,000	140,000	-6,000

* : Beverage vending machines include vending machines for cans and packs, etc. and for cups owned by other companies and operated by our subsidiary. "JT-owned" vending machines are owned by JT. "Combined" vending machines are owned by our subsidiaries or affiliates, and focus on selling JT brand Beverage but also sell non-JT brand Beverage.

10.Number of employees*

	As of end of Mar.2012	As of end of Mar.2013	Change
Number of employees (consolidated basis)	48,529	49,507	+978
Japanese domestic tobacco	11,092	11,043	-49
International tobacco	24,237	24,397	+160
Pharmaceutical	1,693	1,744	+51
Beverage	10,646	4,912	-
Processed foods		6,563	-
Other/Corporate	861	848	-13
Number of employees (parent company)	8,936	8,925	-11

* : Number of employees is counted at working base, unless otherwise indicated.

Results for the FY ended Mar.2013

11.Account titles of P / L

(unit: JPY billion,%)

	FY ended Mar. 2012	FY ended Mar. 2013	Change	Rates of Change
Revenue	2,033.8	2,120.2	+86.4	+4.2%
Japanese domestic tobacco	646.2	687.1	+41.0	+6.3%
Core revenue *2	611.9	654.0	+42.1	+6.9%
International tobacco *1	966.3	1,010.7	+44.4	+4.6%
Core revenue *1*3	894.6	943.1	+48.5	+5.4%
Pharmaceutical	47.4	53.2	+5.8	+12.1%
Beverage	188.8	185.5	-3.3	-1.7%
Processed foods	170.7	168.7	-1.9	-1.1%
Others	14.6	15.0	+0.5	+3.2%
Cost of sales	892.0	899.4	+7.4	+0.8%
Gross profit	1,141.8	1,220.8	+79.0	+6.9%
Other Operating profit	48.5	42.2	-6.3	-13.1%
Gain on sale of tangible fixed assets, intangible assets and investment properties	30.1	35.2	+5.1	+16.8%
Others	18.4	7.0	-11.4	-62.1%
Share of profit of investments accounted for using the equity method	2.0	2.8	+0.7	+35.6%
SG&A	733.2	733.4	+0.2	+0.0%
Advertising expenses	21.5	20.6	-1.0	-4.5%
Promotion expenses	128.0	137.5	+9.5	+7.4%
Freight and storage cost	27.9	27.1	-0.8	-3.0%
Commissions	41.0	41.2	+0.2	+0.5%
Employee benefits expenses	235.1	241.4	+6.4	+2.7%
R&D expenses	51.5	56.9	+5.4	+10.5%
Depreciation and amortization	58.5	59.1	+0.5	+0.9%
Impairment losses	7.0	3.2	-3.8	-54.2%
Loss on sale of tangible fixed assets and investment properties	11.5	9.3	-2.2	-19.1%
Corporation fee for termination of leaf tobacco farming	12.5	0.0	-12.5	-100.0%
Others	138.7	137.2	-1.5	-1.1%
Operating profit	459.2	532.4	+73.2	+15.9%
Depreciation and amortization	118.8	116.5	-2.4	-2.0%
Adjustment items (income)	-29.9	-34.2	-4.3	—
Adjustment items (costs)	29.0	7.5	-21.5	-74.0%
Adjusted EBITDA *4	577.1	622.1	+45.0	+7.8%
Japanese domestic tobacco Operating profit	209.3	241.3	+32.0	+15.3%
Depreciation and amortization	39.6	41.1	+1.5	+3.8%
Adjustment items (income)	—	-1.2	-1.2	—
Adjustment items (costs)	13.4	0.2	-13.3	-98.9%
Adjusted EBITDA *4	262.3	281.3	+19.1	+7.3%
International tobacco Operating profit *1	252.4	289.5	+37.2	+14.7%
Depreciation and amortization *1	55.2	51.1	-4.1	-7.5%
Adjustment items (income) *1	-0.6	-0.4	+0.2	—
Adjustment items (costs) *1	7.7	3.1	-4.7	-60.5%
Adjusted EBITDA *1*4	314.8	343.3	+28.5	+9.1%
Pharmaceutical Operating profit	-13.5	-16.2	-2.7	—
Depreciation and amortization	3.5	3.4	-0.1	-0.7%
Adjusted EBITDA *4	-10.0	-12.7	-2.7	—
Beverage Operating profit	4.5	2.4	-2.1	-47.5%
Depreciation and amortization	10.1	10.1	0.0	0.2%
Adjusted EBITDA *4	14.6	12.4	-2.2	-14.8%
Processed Foods Operating profit	-2.5	-5.8	-3.4	—
Depreciation and amortization	7.4	7.1	-0.3	-4.0%
Adjustment items (costs)	0.4	6.0	+5.6	+1291.7%
Adjusted EBITDA *4	5.4	7.4	+1.9	+35.8%
Others/Elimination Operating profit	9.0	21.2	+12.1	+134.5%
Depreciation and amortization	3.1	3.6	+0.6	+18.9%
Adjustment items (income)	-29.4	-32.6	-3.3	—
Adjustment items (costs)	7.4	-1.7	-9.2	—
Adjusted EBITDA *4	-9.8	-9.6	+0.3	—

(unit: JPY billion,%)

	FY ended Mar. 2012	FY ended Mar. 2013	Change	Rates of Change
Financial income	5.6	5.5	-0.1	-2.0%
Dividend income	1.3	1.4	+0.1	+6.6%
Interest income	2.4	3.8	+1.4	+59.4%
Foreign exchange gain	—	—	—	—
Other	2.0	0.4	-1.6	-81.8%
Financial costs	23.4	28.3	+4.9	+20.8%
Interest expenses	14.4	10.1	-4.2	-29.5%
Pension/post retirement benefit	5.5	5.7	+0.2	+3.6%
Foreign exchange loss	2.7	11.3	+8.5	+312.1%
Other	0.8	1.2	+0.4	+45.7%
Profit before income taxes	441.4	509.6	+68.2	+15.5%
Income taxes	112.8	158.0	+45.2	+40.1%
Profit	328.6	351.5	+23.0	+7.0%
Owners of the parent company	320.9	343.6	+22.7	+7.1%
Non-controlling interests	7.7	7.9	+0.2	+3.0%

*1 : International tobacco business: FY ended Dec.2011 and FY ended Dec.2012

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

*3 : Excluding revenue from the distribution, contract manufacturing and other peripheral businesses.

4 : Adjusted EBITDA = Operating profit + depreciation and amortization ± adjustment items (income and costs)
*Adjustment items (income and costs) = impairment losses on goodwill ± restructuring income and costs ± others

Results for the FY ended Mar.2013

12.Account titles of B/S

(unit: JPY billion)

	As of end of Mar.2012	As of end of Mar.2013	Change
Current assets	1,331.0	1,213.1	-117.9
Cash and cash equivalents	404.7	142.7	-262.0
Cash and deposits	108.8	121.8	+13.0
Short-term investment	295.9	21.0	-275.0
Trade and other receivables	327.8	387.8	+60.1
Notes and accounts receivable	311.8	368.0	+56.1
Other	17.7	21.5	+3.8
Allowance for doubtful accounts	-1.7	-1.6	+0.1
Inventories	446.6	473.0	+26.4
Merchandise and finished goods	112.5	133.1	+20.7
Leaf tobacco	294.8	292.0	-2.8
Other	39.3	47.9	+8.5
Other financial assets※3	27.4	29.1	+1.7
Other current assets	123.2	177.9	+54.7
Prepaid tobacco excise taxes	87.3	130.3	+43.1
Prepaid expenses	10.7	9.5	-1.2
Consumption taxes payable	6.7	10.6	+3.9
Other	18.5	27.4	+8.9
Non-current assets held for sale	1.4	2.6	+1.2
Non-current assets	2,336.0	2,639.5	+303.5
PP&E	619.5	672.3	+52.8
Cost	1,451.0	1,535.7	+84.7
Accumulated depreciation and accumulated impairment losses	-831.4	-863.4	-32.0
Land, buildings and structures	293.4	307.3	+13.9
Cost	594.0	615.7	+21.7
Accumulated depreciation and accumulated impairment losses	-300.5	-308.3	-7.8
Machinery and vehicles	239.2	271.2	+32.0
Cost	670.6	720.2	+49.5
Accumulated depreciation and accumulated impairment losses	-431.4	-449.0	-17.5
Tools, furniture and fixtures	55.8	65.3	+9.5
Cost	155.2	171.4	+16.1
Accumulated depreciation and accumulated impairment losses	-99.5	-106.1	-6.6
Construction in progress	31.1	28.5	-2.6
Cost	31.1	28.5	-2.6
Accumulated depreciation and accumulated impairment losses	—	—	—
Goodwill※1	1,110.0	1,316.5	+206.4
Cost	1,110.0	1,316.5	+206.4
Accumulated depreciation and accumulated impairment losses	—	—	—
Intangible assets	306.4	348.8	+42.4
Cost	848.0	933.1	+85.1
Accumulated depreciation and accumulated impairment losses	-541.5	-584.2	-42.7
Trademark※2	257.3	287.6	+30.3
Cost	663.9	733.7	+69.9
Accumulated depreciation and accumulated impairment losses	-406.5	-446.1	-39.6
Software	17.8	31.9	+14.1
Cost	97.3	111.6	+14.3
Accumulated depreciation and accumulated impairment losses	-79.6	-79.8	-0.2
Other	31.3	29.3	-2.0
Cost	86.8	87.7	+0.9
Accumulated depreciation and accumulated impairment losses	-55.5	-58.3	-2.9
Investment property	67.4	59.0	-8.4
Retirement benefit assets	14.4	14.8	+0.5
Investments accounted for using the equity method	18.4	22.9	+4.5
Other financial assets※3	67.5	71.8	+4.2
Deferred tax assets	132.2	133.3	+1.2
Total assets	3,667.0	3,852.6	+185.6

※3 Other financial assets(current & non-current)	94.9	100.9	+6.0
Derivative assets	1.9	4.1	+2.1
Equities	39.1	46.7	+7.6
Bonds	8.8	15.7	+6.8
Time deposits	24.3	5.3	-19.0
Other	34.9	38.2	+3.3
Allowance for doubtful accounts	-14.1	-9.1	+5.0

※1 Goodwill	1,067.5	1,274.0	+206.4
International tobacco cash-generating unit			
Goodwill processed food cash-generating unit	25.4	25.4	—

※2 Trademark International tobacco business	254.5	284.9	+30.3
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(unit: JPY billion)

	As of end of Mar.2012	As of end of Mar.2013	Change
Current liabilities	1,157.5	1,113.0	-44.5
Trade and other payables	298.7	312.7	+14.1
Notes and accounts payable	165.4	173.5	+8.0
Other payables	71.7	71.3	-0.4
Other	61.5	68.0	+6.5
Bonds and borrowings※4	211.8	44.3	-167.5
Income taxes payable	42.5	85.7	+43.2
Other financial liabilities※4	8.0	8.6	+0.5
Provisions	5.7	5.3	-0.4
Other current liabilities※5	590.7	656.3	+65.6
Liabilities directly associated with non-current assets held-for-sale	0.1	0.1	—
Non current liabilities	794.9	847.7	+52.8
Bonds and borrowings※4	279.7	270.4	-9.4
Other financial liabilities※4	21.0	18.8	-2.1
Retirement benefit liabilities	315.0	343.1	+28.1
Provisions	4.4	4.8	+0.3
Other non-current liabilities※5	92.2	113.2	+21.0
Deferred tax liabilities	82.5	97.3	+14.8
Liabilities	1,952.4	1,960.6	+8.2
Equity	1,714.6	1,892.0	+177.4
Share capital	100.0	100.0	—
Capital surplus	736.4	736.4	+0.0
Treasury shares	-94.6	-344.6	-250.0
Other components of equity	-376.4	-155.5	+220.9
Retained earnings	1,268.6	1,469.7	+201.2
Non-controlling interests	80.6	85.9	+5.3
Total liabilities and equity	3,667.0	3,852.6	+185.6

※4 Bonds and borrowings(including other financial liabilities)(current & non-current)	520.5	342.1	-178.5
Derivative liabilities	5.1	3.8	-1.3
Short-term borrowings	43.5	23.8	-19.6
Commercial paper	—	—	—
Current portion of long-term borrowings	78.2	20.5	-57.8
Current portion of bonds	90.1	—	-90.1
Long-term borrowings	49.3	33.2	-16.1
Bonds	230.5	237.2	+6.8
Other	23.9	23.6	-0.3

※5 Other liabilities(current & non-current)	683.0	769.5	+86.6
Tobacco excise taxes payable	240.5	285.8	+45.2
Tobacco special excise taxes payable	15.1	14.5	-0.6
Tobacco local excise taxes payable	191.4	182.4	-9.0
Consumption taxes payable	83.2	85.4	+2.2
Provision for bonuses	39.7	45.5	+5.7
Compensated absences	18.6	19.8	+1.3
Other	94.5	136.3	+41.7

1. Summary of Business Performance

(unit: JPY billion,%)

	FY03/2013	FY03/2014	Change	Rates of Change
Revenue	2,120.2	2,368.0	+247.8	+11.7%
Operating profit	532.4	616.0	+83.6	+15.7%
Profit before income taxes	509.6	598.0	+88.4	+17.4%
Profit	351.5	423.0	+71.5	+20.3%
Profit(attributable to owners of the parent)	343.6	415.0	+71.4	+20.8%
Basic EPS(yen) ^{*1}	181.07	228.34	+47.26	+26.1%
Adjusted EBITDA ^{*2}	622.1	730.0	+107.9	+17.3%
DPS(yen)	68.00	92.00	+24.00	+35.3%
Payout ratio ^{*3}	37.6%	40.3%	+2.7%pt	-
ROE(attributable to owners of the parent) ^{*4}	20.0%	20.4%	+0.4%pt	-

(Reference)

	FY03/2013	FY03/2014	Change	Rates of Change
Adjusted EBITDA at constant rates of exchange ^{*5}	622.1	660.0	+37.9	+6.1%

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

2 :Adjusted EBITDA = Operating profit + depreciation and amortization ± adjustment items (income and costs)

*Adjustment 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 :FY03/2013-Actual

FY03/2014- Regarding international tobacco business, at the same foreign exchange rates between local currency vs USD
and JPY vs USD as FY03/2013

2. Breakdown of Revenue

(unit: JPY billion,%)

	FY03/2013	FY03/2014	Change	Rates of Change
Revenue	2,120.2	2,368.0	+247.8	+11.7%
Japanese domestic tobacco	687.1	703.0	+15.9	+2.3%
Core revenue ^{*1}	654.0	669.0	+15.0	+2.3%
International tobacco ^{*2}	1,010.7	1,244.0	+233.3	+23.1%
Core revenue ^{*3}	943.1	1,182.0	+238.9	+25.3%
Pharmaceutical	53.2	59.5	+6.3	+11.9%
Beverage	185.5	187.0	+1.5	+0.8%
Processed Food	168.7	159.0	-9.7	-5.8%
Others	15.0	14.0	-1.0	-6.8%

(Reference)

	2012	2013	Change	Rates of Change
International tobacco				
Core revenue ^{*2*3}	11,817	12,450	+633	+5.4%
International tobacco				
Core revenue at constant rates of exchange ^{*2*3*4}	11,655	12,550	+895	+7.7%

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

*2 :International tobacco business: Year ended 2012 and year ending 2013

*3 :Includes revenue from waterpipe tobacco, but excludes revenues from distribution, contract manufacturing and other peripheral businesses.

*4 :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 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.

3. OP & Adjusted EBITDA by business segment^{*1}

(unit: JPY billion,%)

	FY03/2013	FY03/2014	Change	Rates of Change
Consolidated Operating profit	532.4	616.0	+83.6	+15.7%
Japanese domestic tobacco	241.3	246.0	+4.7	+2.0%
International tobacco ^{*2}	289.5	375.0	+85.5	+29.5%
Pharmaceutical	-16.2	-14.0	+2.2	-
Beverage	2.4	0.5	-1.9	-78.8%
Processed Food	-5.8	2.0	+7.8	-
Other/Elimination	21.2	6.0	-15.2	-71.6%
Adjusted EBITDA ^{*1}	622.1	730.0	+107.9	+17.3%
Japanese domestic tobacco ^{*1}	281.3	291.0	+9.7	+3.4%
International tobacco ^{*1*2}	343.3	440.0	+96.7	+28.2%
Pharmaceutical ^{*1}	-12.7	-10.5	+2.2	-
Beverage ^{*1}	12.4	10.5	-1.9	-15.5%
Processed Food ^{*1}	7.4	9.5	+2.1	+29.1%
Other/Elimination ^{*1}	-9.6	-10.5	-0.9	-

(Reference)

	2012	2013	Change	Rates of Change
International tobacco Adjusted EBITDA ^{*1*2}	4,302	4,630	+328	+7.6%
International tobacco Adjusted EBITDA at constant rates of exchange ^{*1*2*3}	4,147	4,630	+483	+11.6%

1 :Adjusted EBITDA = Operating profit + depreciation and amortization ± adjustment items (income and costs)

*Adjustment items (income and costs) = impairment losses on goodwill ± restructuring income and costs ± others

*2 :International tobacco business: Year ended 2012 and year ending 2013

*3 :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 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.

4. Consolidated cash flows data

(unit: JPY billion,%)

	FY03/2013	FY03/2014	Change	Rates of Change
FCF [*]	316.0	280.0	-36.0	-11.4%

* : 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,%)

	FY03/2013	FY03/2014	Change	Rates of Change
Capital expenditures	137.4	195.0	+57.6	+41.9%
Japanese domestic tobacco	71.2	63.0	-8.2	-11.6%
International tobacco [*]	37.5	94.0	+56.5	+150.6%
Pharmaceutical	5.8	4.0	-1.8	-30.6%
Beverage	12.0	12.0	-0.0	-0.2%
Processed Food	4.6	8.0	+3.4	+74.1%
Other/Elimination and corporate	6.3	14.0	+7.7	+121.5%

* : International business: Year ended 2012 and year ending 2013

6. Business data

	FY03/2013	FY03/2014	Change	Rates of Change
Japanese domestic tobacco business				
JT sales volume [*]	116.2	119.0	+2.8	+2.4%

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

	2012	2013	Change	Rates of Change
International tobacco business ^{*1}				
Total shipment volume ^{*2}	436.5	432.0	-4.5	-1.0%
GFB shipment volume	268.8	273.0	+4.2	+1.6%
JPY/USD rate for consolidation	79.81	95.00	+15.19	-16.0%
RUB/USD rate for consolidation	31.07	31.00	-0.07	+0.2%
GBP/USD rate for consolidation	0.63	0.66	+0.03	-4.4%
EUR/USD rate for consolidation	0.78	0.80	+0.02	-2.7%
CHF/USD rate for consolidation	0.94	0.96	+0.02	-2.3%
TWD/USD rate for consolidation	29.57	29.71	+0.14	-0.5%

*1: International business: Year ended 2012 and year ending 2013

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

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)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2011	36.0	50.6	20.3	27.8	134.6
FY 03/2012	18.4	32.5	30.0	27.5	108.4
FY 03/2013	29.4	30.2	29.8	26.8	116.2

2. Quarterly Retail Price Sales (billions of JPY)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2011	535.5	753.1	413.4	567.0	2,269.0
FY 03/2012	373.6	662.5	610.0	560.3	2,206.5
FY 03/2013	596.7	612.9	605.2	544.2	2,358.9

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

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

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2011	4,054	4,052	5,539	5,533	4,582
FY 03/2012	5,444	5,516	5,509	5,515	5,502
FY 03/2013	5,508	5,505	5,499	5,498	5,503

* 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 (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2011	64.5	65.1	62.7	62.6	64.1
FY 03/2012	40.8	59.3	58.7	59.2	54.9
FY 03/2013	59.4	59.7	59.6	59.5	59.6

Market Share in Growing Segments

1. 1mg Tar

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

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2011	15.7	15.2	15.2	15.4	15.4
FY 03/2012	9.8	14.1	14.1	14.3	13.2
FY 03/2013	14.4	14.2	14.3	14.4	14.3

(2) 1mg Market Share (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2011	24.7	23.7	24.0	24.3	24.2
FY 03/2012	24.7	23.9	24.1	24.4	24.3
FY 03/2013	24.5	24.2	24.4	24.5	24.4

(3) JT Share in 1mg Tar Segment (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2011	63.6	64.1	63.3	63.5	63.7
FY 03/2012	39.6	58.8	58.5	58.7	54.2
FY 03/2013	58.8	58.7	58.6	58.8	58.7

2. Menthol

(1) JT Menthol Product Share (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2011	8.4	8.0	8.7	8.4	8.3
FY 03/2012	3.2	6.3	6.6	6.9	5.8
FY 03/2013	7.5	7.6	7.4	7.7	7.6

(2) Menthol Market Share (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2011	23.9	23.3	25.7	25.3	24.3
FY 03/2012	26.1	24.2	25.1	25.0	25.1
FY 03/2013	25.6	25.7	25.6	26.2	25.8

(3) JT Share in Menthol Segment (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2011	35.2	34.1	33.8	33.3	34.2
FY 03/2012	12.4	26.2	26.4	27.5	23.2
FY 03/2013	29.3	29.4	28.9	29.6	29.3

3. JPY 440 or above*

(1) JT JPY 440 or above Product Share (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2011	5.1	4.7	17.4	16.7	9.3
FY 03/2012	8.1	15.1	14.9	14.8	13.4
FY 03/2013	14.7	14.8	14.5	14.5	14.6

(2) JPY 440 or above Product Market Share (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2011	24.7	24.4	38.3	37.4	29.4
FY 03/2012	37.6	36.4	37.0	36.6	36.9
FY 03/2013	36.6	36.9	39.5	36.6	36.7

(3) JT Share in JPY 440 or above Segment (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2011	20.7	19.5	45.5	44.7	29.1
FY 03/2012	21.5	41.3	40.2	40.4	36.2
FY 03/2013	40.1	40.2	36.7	39.7	39.9

* JPY 320 or above, before Oct 2010

4. Quarterly D-spec Product Share (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2011	10.91	10.47	10.44	11.02	10.70
FY 03/2012	5.41	9.19	9.29	9.86	8.51
FY 03/2013	9.70	9.76	9.62	9.63	9.68

Japan Tobacco Inc. Clinical Development as of April 25, 2013

<In-house development>

Code (Generic Name)	Potential Indication/Dosage form	Mechanism		Phase	Origin
JTK-303 (elvitegravir)	HIV infection /Oral	HIV Integrase inhibitor	Integrase inhibitor which works by blocking integrase, an enzyme that is involved in the replication of HIV	Preparing to file (Japan)	In-house
JTT-705 (dalcetrapib)	Dyslipidemia /Oral	CETP modulator	Decreases LDL (bad cholesterol) and increases HDL(good cholesterol) by modulation of CETP activity	Phase2 (Japan)	In-house
JTT-302	Dyslipidemia /Oral	CETP inhibitor	Decreases LDL and increases HDL by inhibition of CETP	Phase2 (Overseas)	In-house
JTT-751 (ferric citrate)	Hyperphosphatemia /Oral	Phosphate binder	Decreases serum phosphorous level by binding phosphate derived from dietary in the gastrointestinal tract	NDA filed (Japan)	In-license (Keryx Biopharmaceuticals) Co-development with Torii
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	Phase1(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	JAK inhibitor	Suppresses overactive immune response via inhibition of Janus kinase (JAK) related to immune signal.	Phase1(Japan)	In-house

* Based on the first dose

<Licensed compounds>

Compound (JT's code)	Licensee	Mechanism		Note
elvitegravir (JTK-303)	Gilead Sciences	HIV Integrase inhibitor	Integrase inhibitor which works by blocking integrase, an enzyme that is involved in the replication of HIV	<u>Elvitegravir</u> : U.S. and EU marketing approvals submitted <u>Stribild</u> : EU marketing approval submitted <u>New Single Tablet Regimen</u> : Phase3
trametinib	GlaxoSmithKline	MEK inhibitor	Inhibits cellular growth by specifically inhibiting the activity of MAPK/ERK Kinase (MEK1/2)	<u>Metastatic melanoma</u> U.S. and EU marketing approval submitted <u>Metastatic melanoma, trametinib+dabrafenib</u> EU marketing approval submitted
dalcetrapib (JTT-705)	Roche	CETP modulator	Decreases LDL (bad cholesterol) and increases HDL(good cholesterol) by modulation of CETP activity	Roche announced the termination of the development of dalcetrapib on May 7, 2012.
Anti-ICOS monoclonal antibody	MedImmune	ICOS antagonist	Suppresses overactive immune response via inhibition of ICOS which regulates activation of T cells	

Updates since the previous announcement on January 31, 2013:

- JT obtained marketing approval of Stribild Combination Tablets in Japan on March 25, 2013.