Announcement : October 30, 2014
Investors 'Meeting : October 31, 2014

Consolidated financial results for FY2014 second quarter

(April 2014 through September 2014)

CFO and Senior Vice President
Naohiro Minami

*Please be reminded that the figures shown on these slides may differ from those shown in the financial statements as they are intended to facilitate the reader's understanding of individual businesses.

*For details of each indicator, please refer to annotations on slide 22.

Caution concerning Forward-Looking Statements

FORWARD-LOOKING STATEMENTS

This presentation contains forward-looking statements. These statements appear in a number of places in this presentation and include statements regarding the intent, belief, or current and future expectations of our management with respect to our business, financial condition and results of operations. In some cases, you can identify forward-looking statements by terms such as "may", "will", "should", "would","expect", "intend", "project", "plan", "aim", "seek", "target", "anticipate", "believe", "estimate", "predict","potential" or the negative of these terms or other similar terminology. These statements are not guarantees of future performance and are subject to various risks and uncertainties. Actual results, performance or achievements, or those of the industries in which we operate, may differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements. In addition, these forward-looking statements are necessarily dependent upon assumptions, estimates and data that may be incorrect or imprecise and involve known and unknown risks and uncertainties. Forward-looking statements regarding operating results are particularly subject to a variety of assumptions, some or all of which may not be realized.

Risks, uncertainties or other factors that could cause actual results to differ materially from those expressed in any forward-looking statement include, without limitation:

(1) decrease in demand for tobacco products in key markets;
(2) restrictions on promoting, marketing, packaging, labeling and usage of tobacco products in markets in which we operate;
(3) increases in excise, consumption or other taxes on tobacco products in markets in which we operate;
(4) litigation around the world alleging adverse health and financial effects resulting from, or relating to, tobacco products ;
(5) our ability to realize anticipated results of our acquisition or other similar investments;
(6) competition in markets in which we operate or into which we seek to expand;
(7) deterioration in economic conditions in areas that matter to us;
(8) economic, regulatory and political changes, such as nationalization, terrorism, wars and civil unrest, in countries in which we operate;
(9) fluctuations in foreign exchange rates and the costs of raw materials; and
(10) catastrophes, including natural disasters.

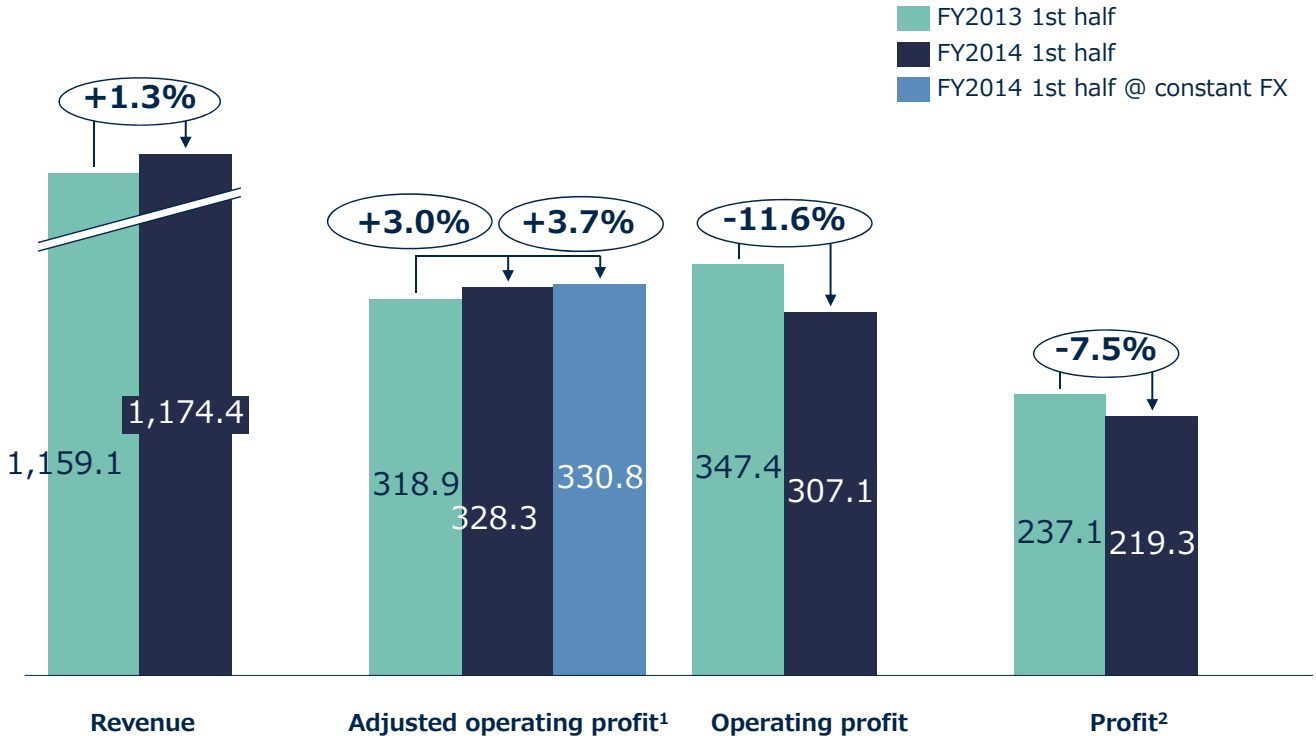
Consolidated financial results (Reported)

Consolidated financial results: Adjusted operating profit grew driven by robust pricing in the International Tobacco Business

Reported basis

Key measures

(JPY BN, %)



Results by business segment (Reported)

International Tobacco Business （Jan-Jun）:

Reported basis

(BNU,MMUS$,%)

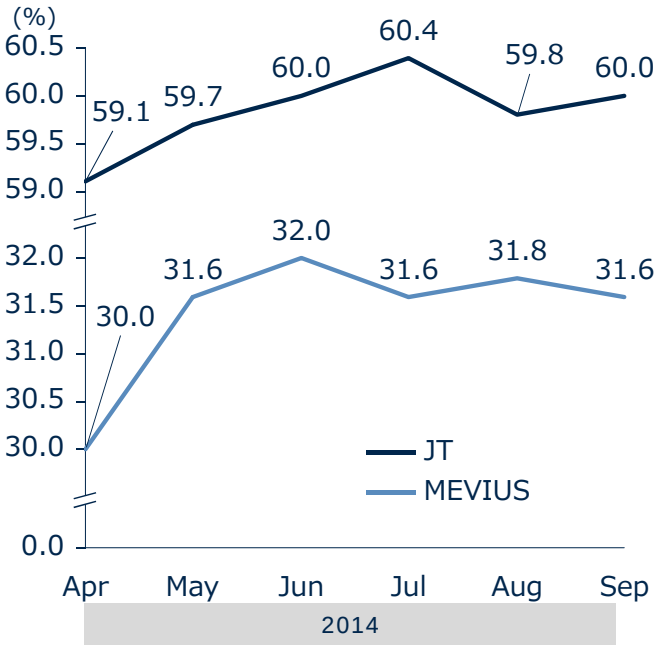
	2013 Jan-Jun	2014 Jan-Jun	change
Total shipment volume[3]	202.0*	190.6	-5.6%
GFB shipment volume	128.1*	123.0	-4.0%
@ constant FX			
Core revenue[4]	5,840	6,083	+4.2%
Adjusted operating profit[1]	2,079	2,323	+11.7%
Reported			
Core revenue[4]	5,840	5,876	+0.6%
Adjusted operating profit[1]	2,079	2,147	+3.3%
JPY basis (JPY BN)			
Core revenue[4]	559.7	602.0	+7.6%
Adjusted operating profit[1]	199.2	219.9	+10.4%

*Following a recent assessment of fine cut consumption, the conversion rate from tons to cigarette equivalent units for High Volume Tobacco has been adjusted since 2014. 2013 figures for Total and GFB shipment volume have been restated accordingly

Reported basis

Japanese Domestic Tobacco Business (Apr-Sep): Resilient share performance amongst intensified competition

Monthly share of JT and MEVIUS







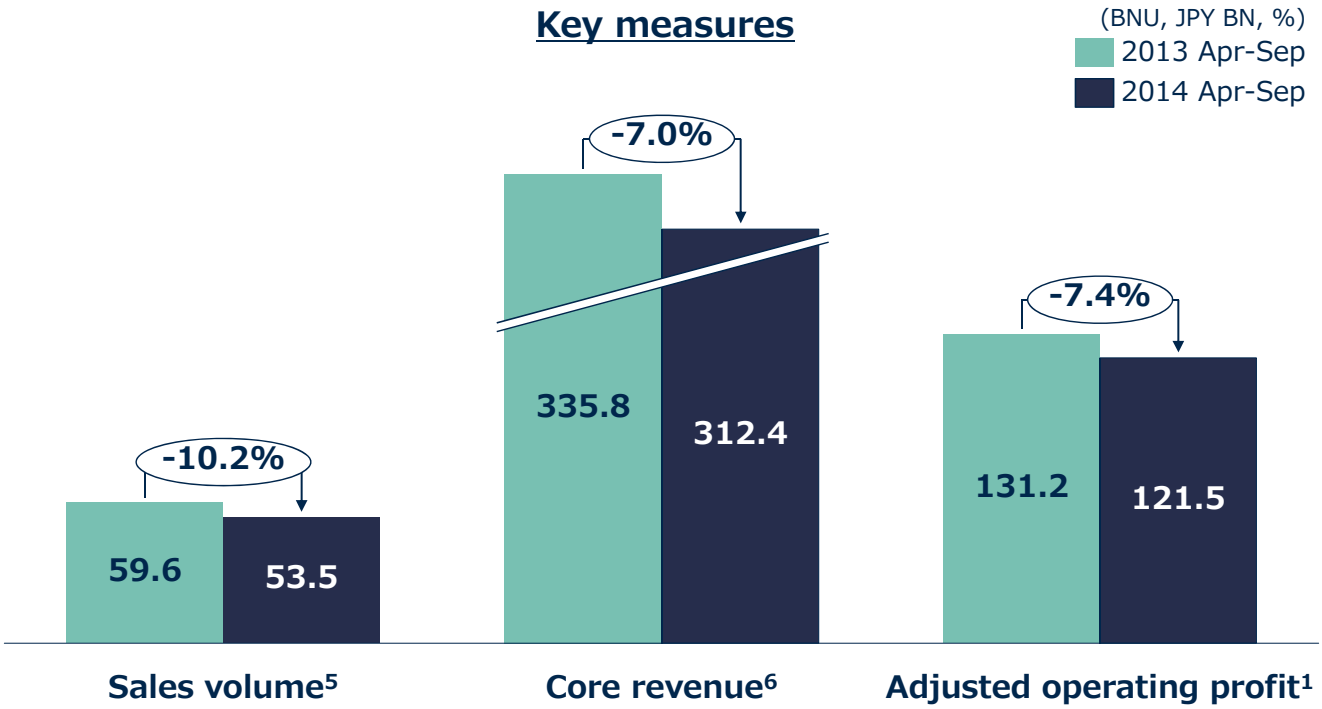
＊source; TIOJ

THIS SLIDE HAS BEEN DEVELOPED TO EXPLAIN JT'S PERFORMANCE TO OUR INVESTORS.
IT IS NOT INTENDED TO PROMOTE THE PURCHASE OF OUR PRODUCTS OR INDUCE SMOKING

Reported basis

Japanese Domestic Tobacco Business (Apr-Sep): Price/mix gains partially offset impact of lower volume

Key measures



Reported basis

Pharmaceutical, Beverage, and Processed Food Businesses (Apr-Sep):

(JPY BN)

	2013 Apr-Sep	2014 Apr-Sep	Change
Pharmaceutical business			
Revenue	30.4	**28.4**	**-2.0**
Adjusted operating profit[1]	-5.4	**-6.4**	**-1.0**
Beverage business			
Revenue	97.2	**93.7**	**-3.5**
Adjusted operating profit[1]	-0.7	**-0.1**	**+0.6**
Processed food business			
Revenue	75.8	**77.0**	**+1.2**
Adjusted operating profit[1]	-0.4	**-0.3**	**+0.1**

Progress of clinical development in Pharmaceutical business

Torii Pharmaceutical

- Cedartren Sublingual Drop launched in Japan in October

JT International preliminary results

Preliminary results

JT International （Jan-Sep）：
Double-digit earnings growth continues

(BNU,MMUS$,%)

	2013 Jan-Sep	2014 Jan-Sep	Change
Total shipment volume[3]	312.0*	**296.6**	**-4.9%**
GFB shipment volume	198.8*	**194.3**	**-2.2%**
@ constant FX			
Core revenue[4]	9,067	**9,441**	**+4.1%**
Adjusted operating profit[1]	3,327	**3,718**	**+11.8%**
Reported			
Core revenue[4]	9,067	**9,101**	**+0.4%**
Adjusted operating profit[1]	3,327	**3,454**	**+3.8%**

*Following a recent assessment of fine cut consumption, the conversion rate from tons to cigarette equivalent units for High Volume Tobacco has been adjusted since 2014. 2013 figures for Total and GFB shipment volume have been restated accordingly

Preliminary results

JT International （S&WE, N&CE Jan-Sep）：

- South & West Europe : Resilient GFB performance in spite of market contraction
- North & Central Europe : Continued GFB strong momentum

Year-on-year growth rates by cluster

(%)

	Jan-Mar	Apr-Jun	Jul-Sep	Jan-Sep
South & West Europe				
Total shipment volume[3]	-5.9%	+4.0%	-2.3%	-1.4%
GFB shipment volume	-3.8%	+6.9%	+0.6%	+1.3%
Core revenue[4] @constant FX	-8.8%	+1.5%	-5.8%	-4.3%
North & Central Europe				
Total shipment volume[3]	+3.1%	+4.2%	-1.7%	+1.7%
GFB shipment volume	+8.3%	+9.7%	+1.1%	+6.1%
Core revenue[4] @constant FX	+9.9%	+11.9%	+6.3%	+9.2%

JT International （CIS+, RoW Jan-Sep）:

- CIS+ : Volume decline slowed down in Jul-Sep with continued revenue growth
- Rest-of-the-World : Volume growth rate improved in Jul-Sep

Year-on-year growth rates by cluster

(%)

	Jan-Mar	Apr-Jun	Jul-Sep	Jan-Sep
CIS+				
Total shipment volume[3]	-7.8%	-14.7%	-10.8%	-11.3%
GFB shipment volume	-4.9%	-10.9%	-5.0%	-7.1%
Core revenue[4] @constant FX	+14.6%	+4.2%	+8.9%	+8.9%
Rest-of-the-World				
Total shipment volume[3]	-5.6%	-0.2%	+6.4%	+0.4%
GFB shipment volume	-13.6%	+1.2%	+12.8%	+0.8%
Core revenue[4] @constant FX	+0.2%	-1.2%	+2.8%	+0.6%

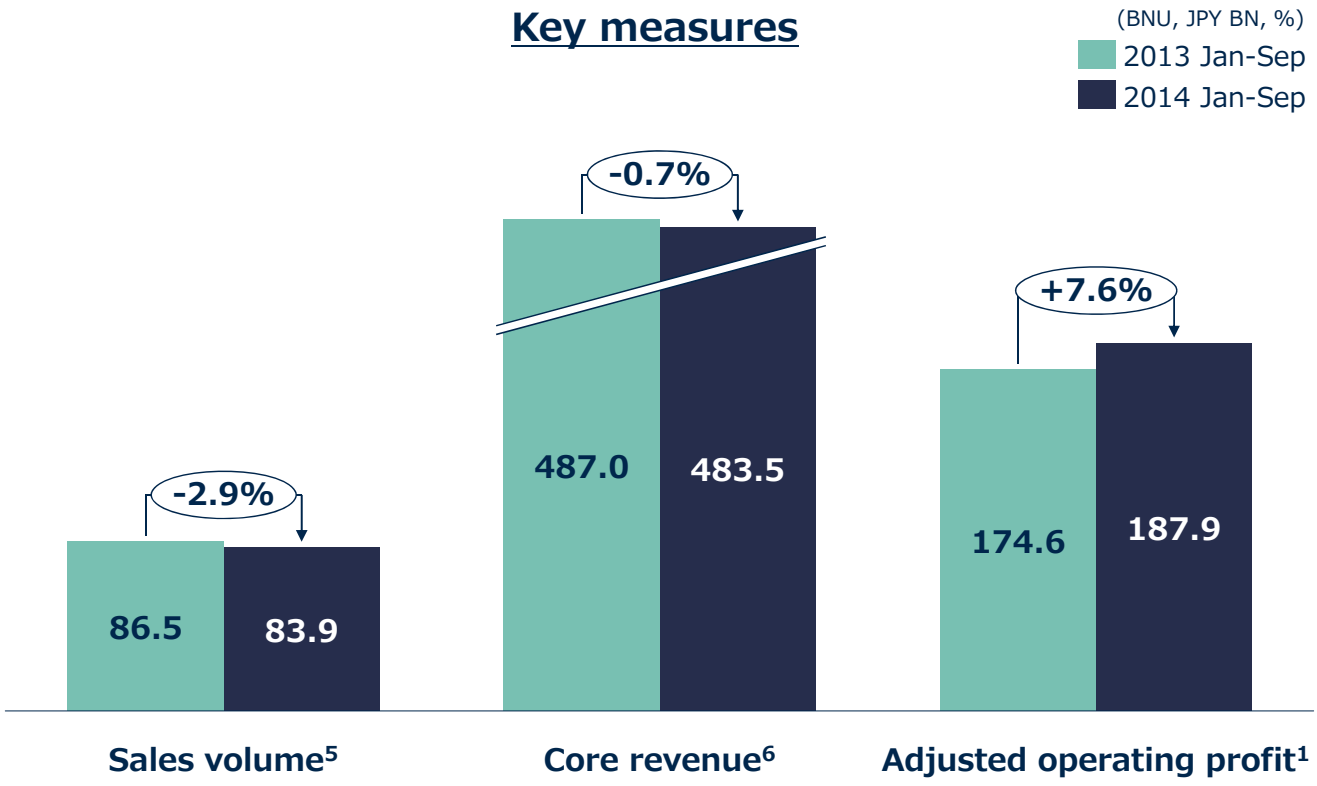
L-f-L basis （Reference）

Figures for like-for-like comparison are calculated by adding up quarterly results that have already been disclosed. For the details of the calculation method, please see Slide 41 in the appendix.

Japanese Domestic Tobacco Business (Jan-Sep):

L-f-L basis

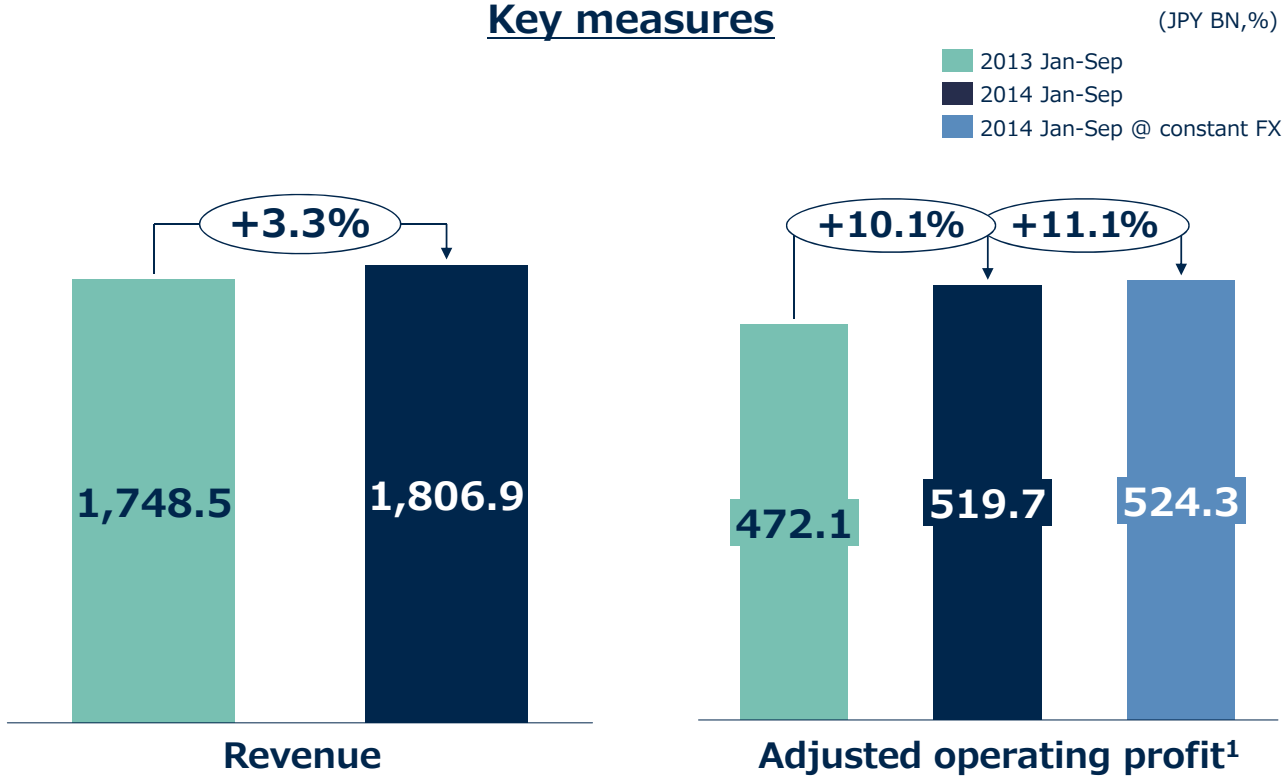
Key measures



Consolidated results (Jan-Sep):

L-f-L basis

Key measures



2014 Revised forecasts

Consolidated financial forecasts （Revised forecasts）: Adjusted operating profit revised to exceed initial forecast

L-f-L basis

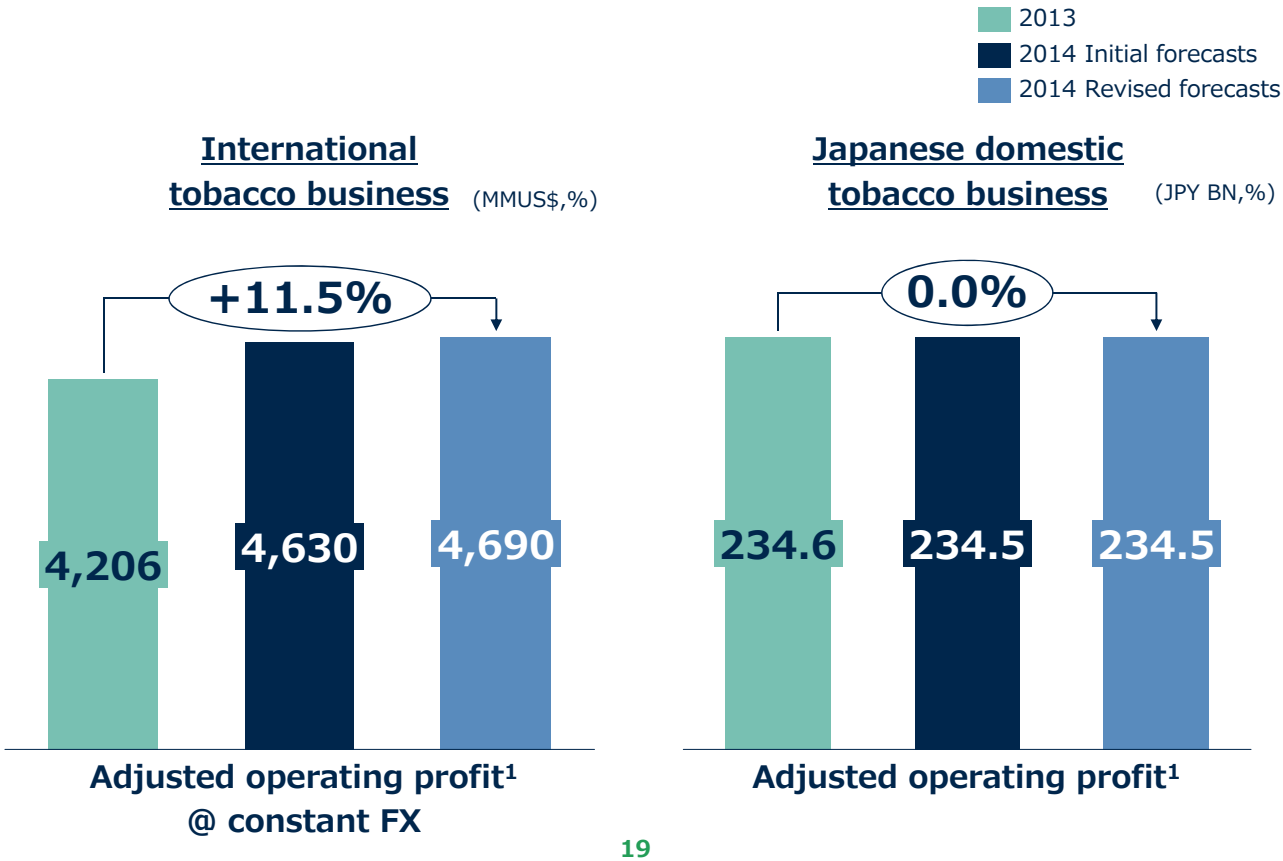
(JPY BN,%)

	Revised forecasts	Change from initial forecasts	Change from previous year
Adjusted operating profit[1] @constant FX	661.0	**+11.0**	**+7.8%**
Revenue	2,423.0	**-7.0**	**+2.1%**
Adjusted operating profit[1]	645.0	**+22.0**	**+5.2%**
Operating profit	586.0	**+32.0**	**-8.9%**
Profit[2]	401.0	**+31.0**	**-9.6%**

*Please note that the revised forecast for FY2014 does not recognize the restructuring costs relating to JT's announcement of October 7, 2014 regarding the proposal to restructure manufacturing facilities in Europe, since its effects on our financial performance are yet to be confirmed. However, the restructuring costs will be recognized by the end of current fiscal year.

International Tobacco Business & Japanese Domestic Tobacco Business（Revised forecasts）: Confident to deliver committed targets

L-f-L basis



Pharmaceutical, Beverage, and Processed Food Businesses(Revised forecasts):

L-f-L basis

(JPY BN)

	Revised forecasts	Change from initial forecasts	Change from previous year
Pharmaceutical business			
Revenue	65.0	**+2.0**	+6.8
Adjusted operating profit¹	-9.5	**+3.5**	+4.2
Beverage business			
Revenue	182.0	**-6.0**	-1.8
Adjusted operating profit¹	-1.5	**-**	+0.6
Processed food business			
Revenue	161.0	**-4.0**	+3.8
Adjusted operating profit¹	1.0	**-2.0**	+0.4

Closing :

- **Aim to achieve ca. 8% growth for adjusted operating profit @ constant FX**
  - **International tobacco business: confident to deliver double digit profit growth**
  - **Japanese domestic tobacco business: continue brand equity enhancement with a particular focus on MEVIUS**
- **Annual DPS of 100 JPY, no change from initial plan**

<Annotations>

1 Adjusted operating profit:	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 Profit:	Profit attributable to owners of the parent
3 Total shipment volume: (International tobacco business)	Includes fine cut, cigars, pipe tobacco and snus but excludes contract manufactured products and waterpipe tobacco products
4 Core revenue: (International tobacco business)	Includes revenue from waterpipe tobacco products, but excludes revenues from distribution, contract manufacturing and other peripheral businesses.
5 Sales volume: (Japanese domestic tobacco business)	Excludes sales volume of domestic duty free and the China business
6 Core revenue: (Japanese domestic tobacco business)	Excludes revenue from distribution of imported tobacco in the Japanese domestic tobacco business, among others

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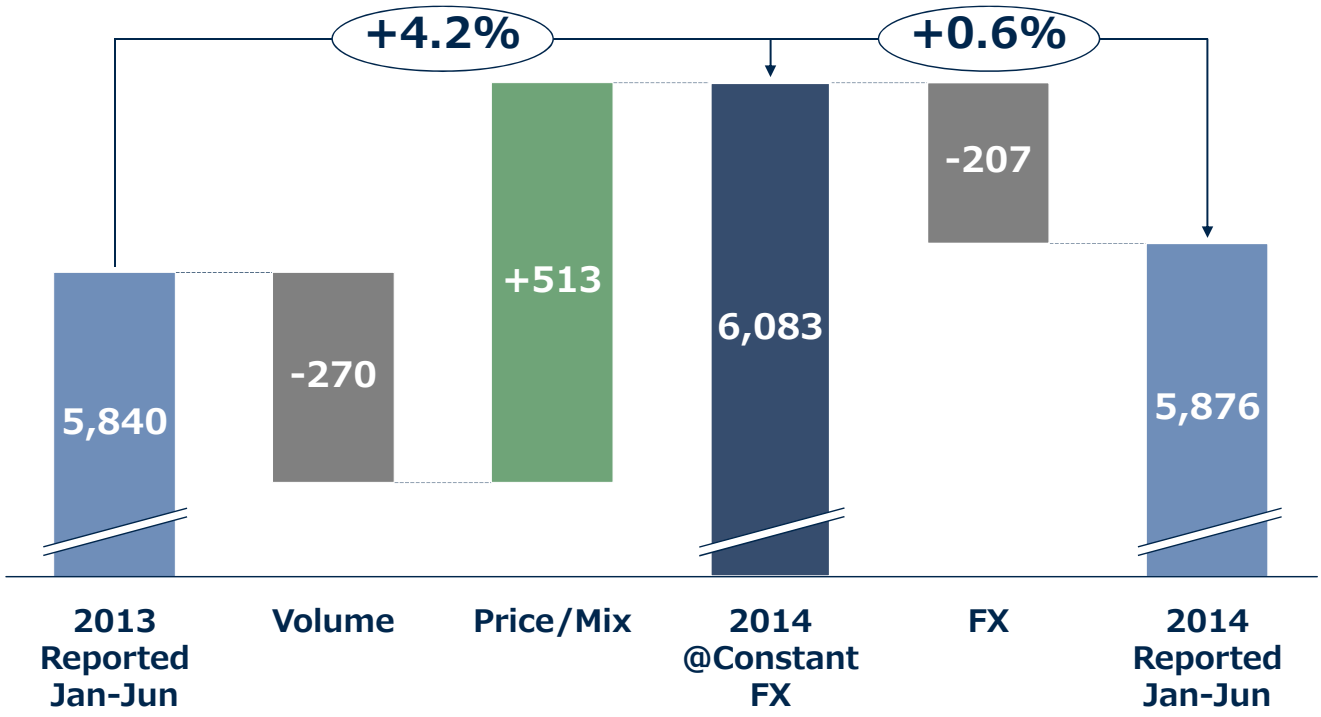
Appendix

International Tobacco Business (Jan-Jun)

Reported basis

(MMUS$)

Core revenue[4]

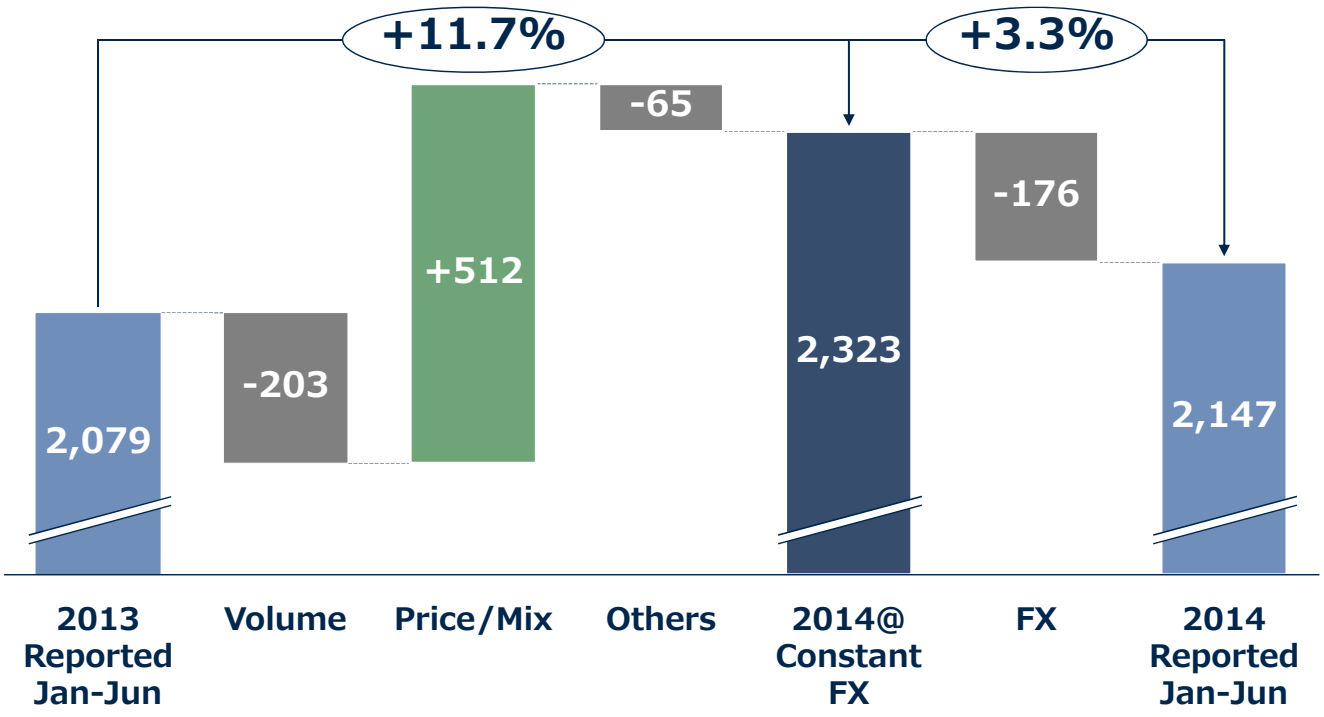


International Tobacco Business (Jan-Jun)

Reported basis

(MMUS$)

Adjusted operating profit[1]

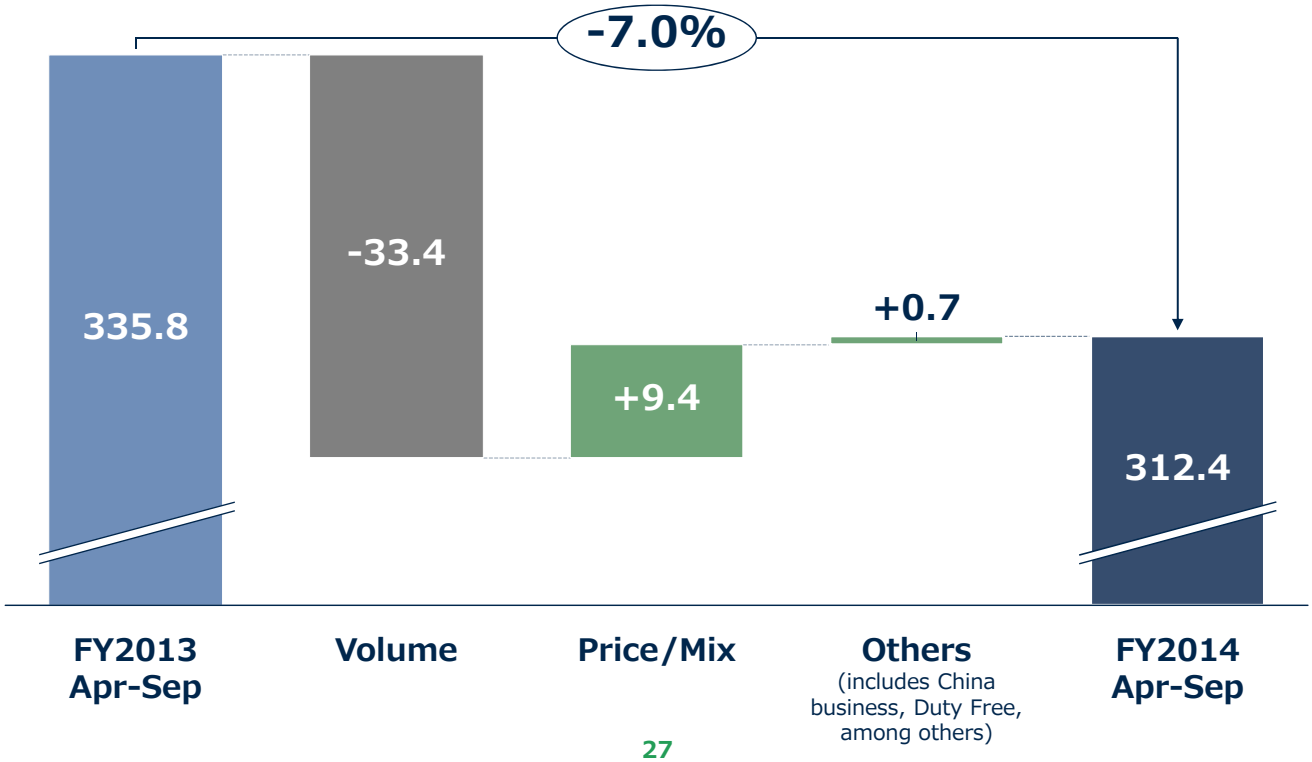


Japanese Domestic Tobacco Business (Apr-Sep)

Reported basis

(JPY BN)

Core revenue[6]



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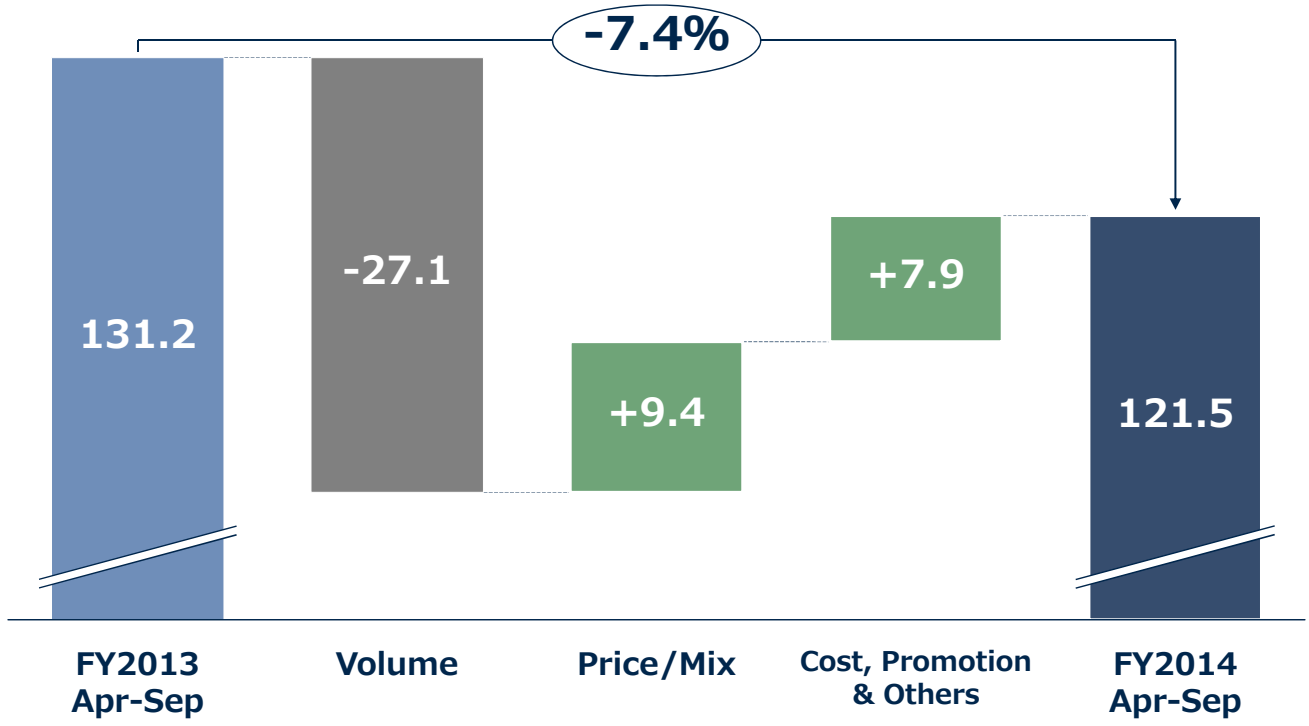
Japanese Domestic Tobacco Business (Apr-Sep)

Reported basis

(JPY BN)

Adjusted operating profit[1]



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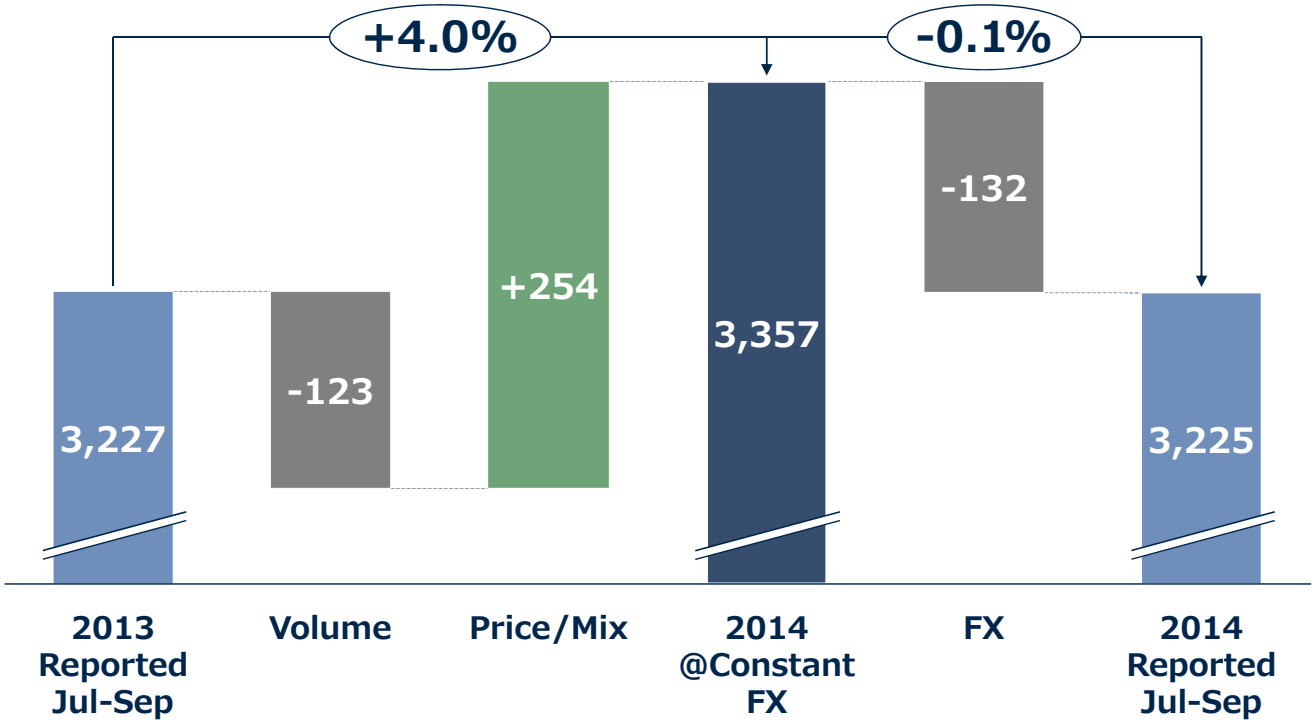
JT International (Jul-Sep)

Preliminary results

(MMUS$)

Core revenue[4]



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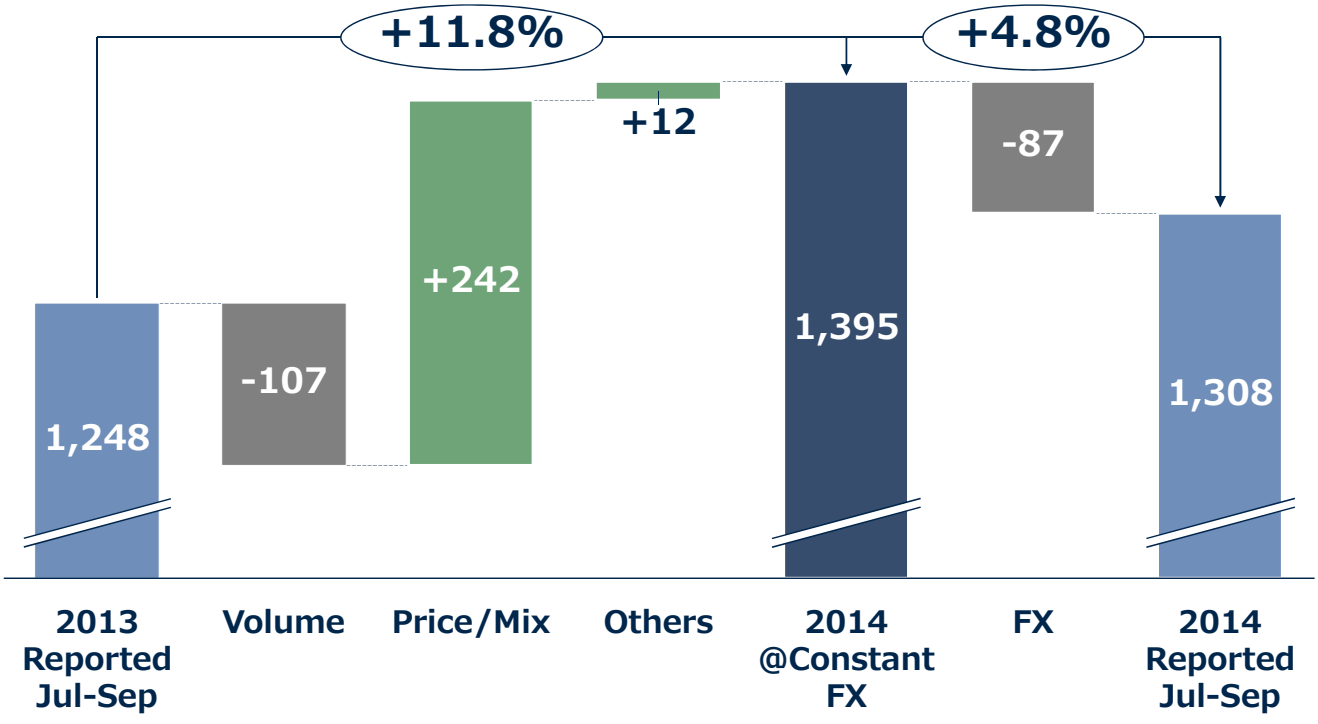
JT International (Jul-Sep)

Preliminary results

(MMUS$)

Adjusted operating profit[1]



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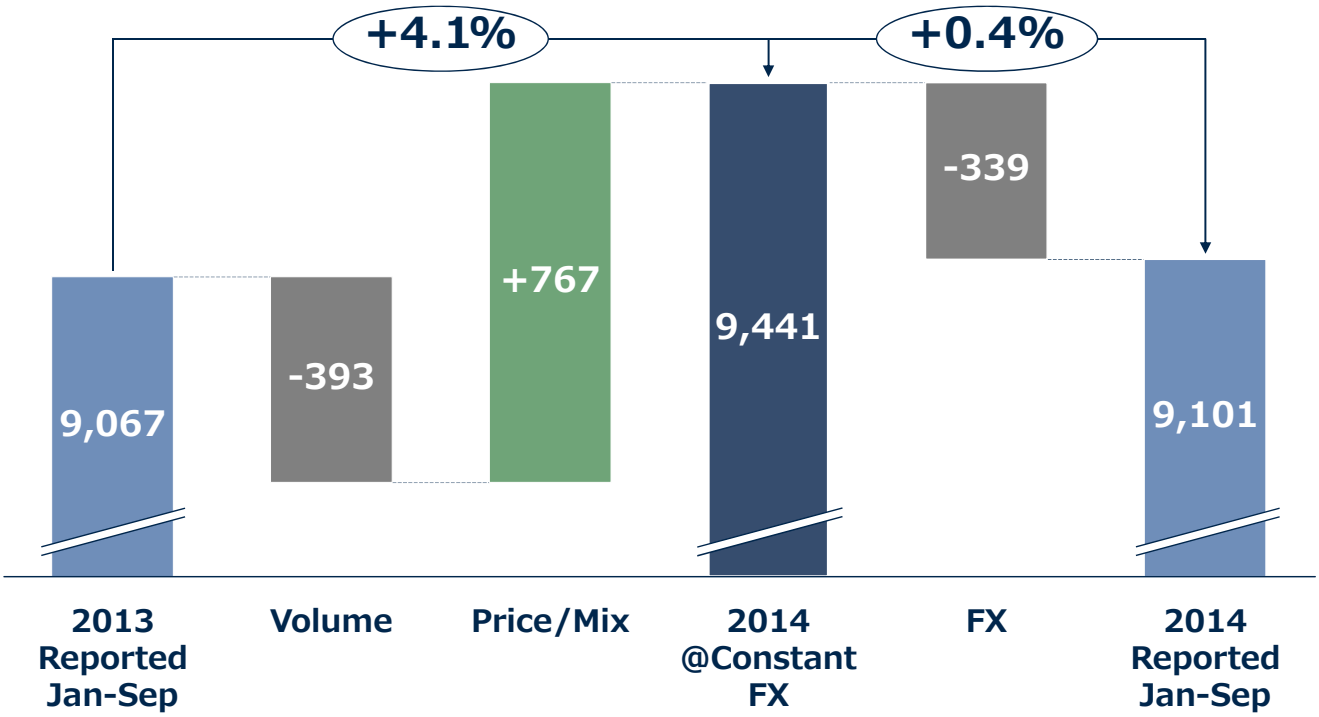
JT International (Jan-Sep)

Preliminary results

(MMUS$)

Core revenue[4]

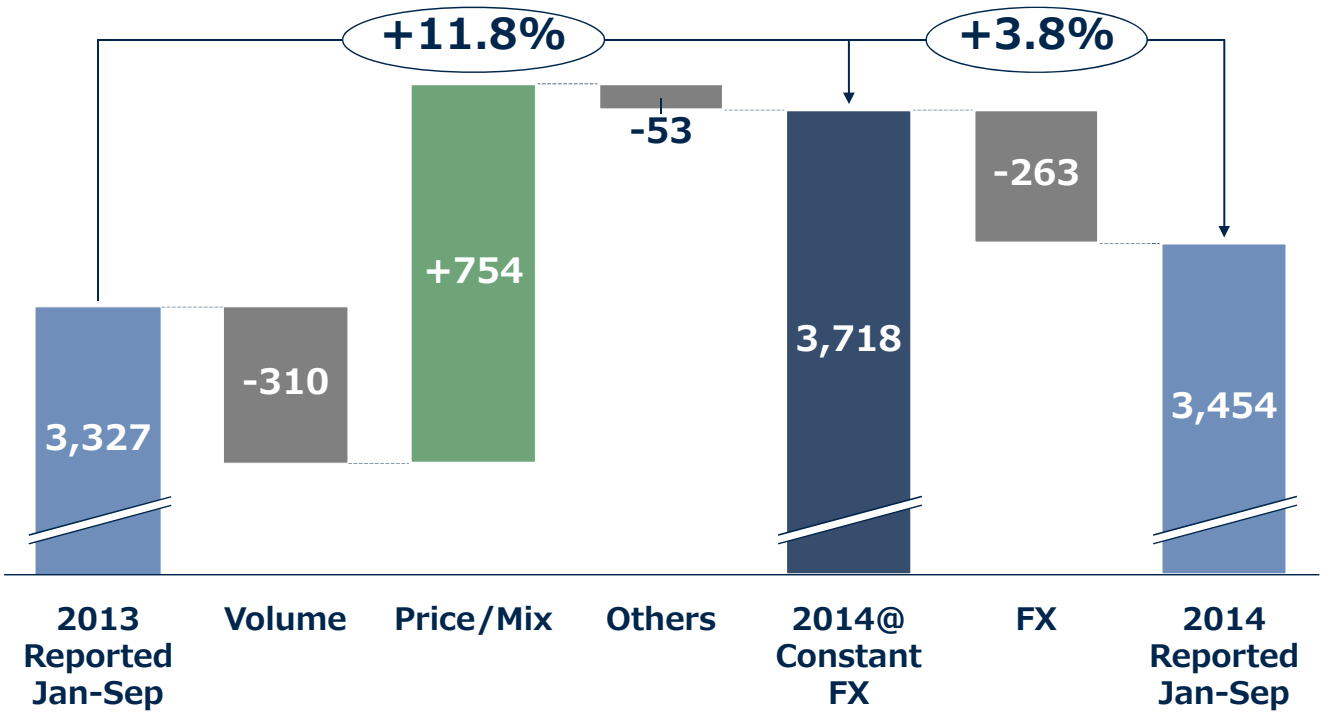


JT International (Jan-Sep)

Preliminary results

(MMUS$)

Adjusted operating profit[1]



Preliminary results

JT International (Jan-Sep)
Total shipment volume

	2014 Jan-Mar	2014 Apr-Jun	2014 Jul-Sep	2014 Jan-Sep
JTI	**-5.4%**	**-5.8%**	**-3.6%**	**-4.9%**
South & West Europe	**-5.9%**	**4.0%**	**-2.3%**	**-1.4%**
France	-7.4%	1.7%	-0.6%	-2.0%
Italy	-9.5%	3.6%	-7.4%	-4.3%
Spain	-8.7%	9.6%	6.7%	2.4%
Switzerland	-5.0%	10.6%	-3.1%	0.9%
North & Central Europe	**3.1%**	**4.2%**	**-1.7%**	**1.7%**
Austria	1.2%	-1.0%	-4.8%	-1.7%
Ireland	-3.1%	4.5%	-0.4%	0.3%
Poland	1.6%	1.8%	-8.4%	-2.0%
Sweden	-0.4%	2.3%	2.0%	1.4%
UK	-2.5%	-0.4%	-4.2%	-2.4%
CIS+	**-7.8%**	**-14.7%**	**-10.8%**	**-11.3%**
Kazakhstan	-16.3%	-23.1%	-4.3%	-14.7%
Romania	7.6%	-2.4%	-0.6%	1.1%
Russia	-12.1%	-18.8%	-14.5%	-15.4%
Ukraine	-2.4%	-5.3%	-6.6%	-5.0%
Rest of the World	**-5.6%**	**-0.2%**	**6.4%**	**0.4%**
Canada	-9.2%	-2.1%	-0.5%	-3.5%
Malaysia	-6.6%	-5.4%	10.4%	-0.8%
Taiwan	-11.5%	-8.7%	-6.0%	-8.7%
Turkey	-32.1%	1.2%	21.2%	-1.3%

Total Shipment Volume: Includes fine cut, cigars, pipe tobacco and snus but excludes contract manufactured products and waterpipe tobacco products

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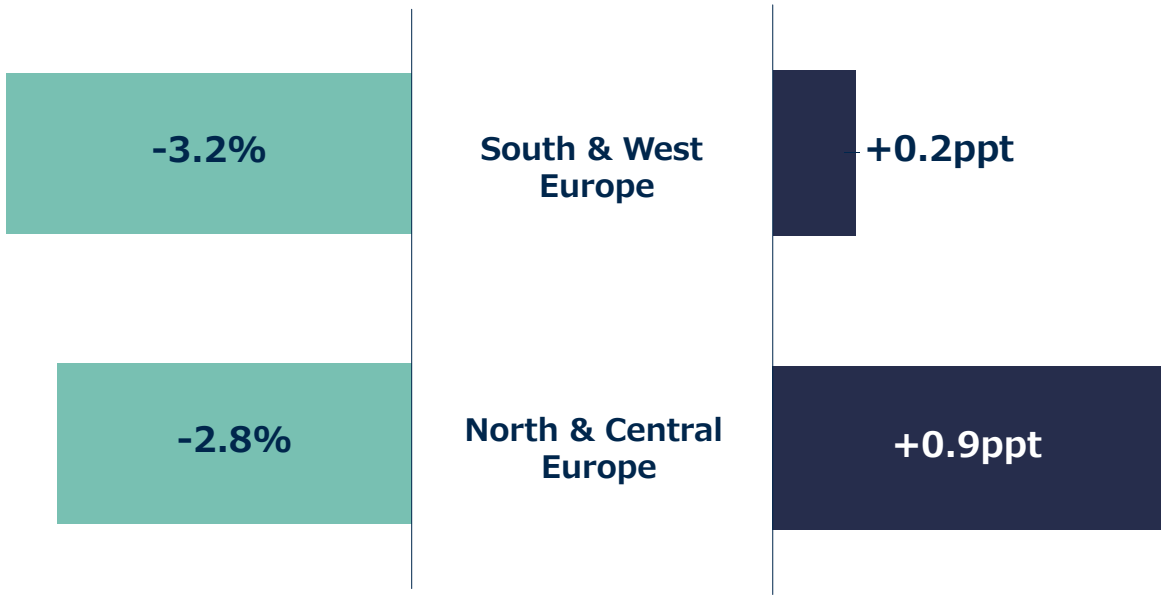
Preliminary results

JT International
Industry size & Share of market variance in S&WE and N&CE

Industry size variance(%)
12 month Aug 14 vs 12 month Aug 13

Share of market variance(ppt)
12 month ave. Aug 14 vs 12 month ave. Aug 13



Source: JTI estimate

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JT International (Jan-Sep)
GFB shipment volume

















(BNU)	2014 Jan-Mar	2014 Apr-Jun	2014 Jul-Sep	2014 Jan-Sep
GFB shipment volume	**55.3** -5.5%	**67.7** -2.8%	**71.4** 1.0%	**194.3** -2.2%
Winston	**27.6** -7.1%	**34.1** -9.5%	**34.7** -5.6%	**96.3** -7.5%
Camel	**8.8** -3.7%	**11.8** 17.7%	**13.5** 26.8%	**34.0** 14.3%
MEVIUS	**4.0** -8.1%	**4.4** -3.7%	**4.7** -4.3%	**13.1** -5.3%
LD	**9.6** -2.6%	**11.3** -1.7%	**12.1** -1.1%	**33.1** -1.7%
B&H	**2.4** 5.4%	**2.8** 15.0%	**3.1** 13.6%	**8.3** 11.5%
Silk Cut	**0.7** -12.2%	**0.7** -0.8%	**0.8** -10.1%	**2.2** -7.9%
Sobranie	**0.5** 7.1%	**0.6** 14.2%	**0.7** 27.4%	**1.9** 17.0%
Glamour	**1.6** -10.2%	**1.9** -11.7%	**1.9** -7.7%	**5.4** -9.9%

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JT International
Share of key markets (12 month moving average)

	2013 Sep	2014 Sep	Change
France	**20.0%**	**20.6%**	**+0.6ppt**
Italy	**21.7%**	**20.3%**	**-1.4ppt**
Russia	**36.2%**	**35.4%**	**-0.9ppt**
(GFB)	**22.8%**	**23.6%**	**+0.8ppt**
Spain	**20.7%**	**21.5%***	**+0.8ppt**
Taiwan	**39.5%**	**38.3%**	**-1.2ppt**
Turkey	**26.5%**	**27.6%***	**+1.1ppt**
UK	**40.6%**	**41.3%**	**+0.7ppt**

Source: IRI, Logista, Nielsen
Note: SOM figures are rounded off
*12 month moving average as of Aug 2014

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JT International
Share of key markets (3 month average)

	2013 Jul-Sep	2013 Oct-Dec	2014 Jan-Mar	2014 Apr-Jun	2014 Jul-Sep
France	20.1%	20.3%	20.5%	20.7%	20.9%
Italy	21.7%	21.3%	20.7%	19.8%	19.6%
Russia	36.5%	36.2%	35.6%	34.6%	34.9%
(GFB)	23.6%	23.7%	23.5%	23.3%	23.9%
Spain	20.5%	21.7%	21.2%	21.8%	21.8%*
Taiwan	39.9%	38.3%	38.4%	38.1%	38.4%
Turkey	26.8%	26.9%	26.4%	27.5%	30.9%*
UK	41.0%	41.3%	41.0%	41.2%	41.5%

Source: IRI, Logista, Nielsen
Note: SOM figures are rounded off
* 2 month average as of Aug 2014

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JT International
Tax and price increase

	excise tax change	price increase
France	*Jan, Jul[i] 2013* *Jan 2014*	*Jul 2013* *Jan 2014*
Italy	-	*Aug 2014[ii]*
Russia	*Jan 2013* *Jan 2014*	*Jun, Dec 2013* *May, Oct 2014*
Spain	*Jan、Jun[i] 2013*	*Jan, Jul 2013* *Jun-Jul 2014*
Taiwan	-	*Jul, Sep-Oct[iii] 2013*
Turkey	*Jan, Jul 2013* *Jan, Jul 2014*	*Jan 2013* *Jan 2014*
UK	*Mar 2013* *Mar 2014*	*Mar, Sep 2013* *Mar, May, Sep 2014*

i) Tax Structure change
ii) Price increase for some brands
iii)Price increase for some brands each month

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FX actual vs.PY

	2014 Jan-Mar	2014 Apr-Jun	2014 Jul-Sep	2014 Jan-Sep
RUB/$	34.97	35.00	36.21	35.39
	(-13.1%)	(-9.6%)	(-9.5%)	(-10.7%)
GBP/$	0.60	0.59	0.60	0.60
	(+6.5%)	(+9.6%)	(+7.8%)	(+8.0%)
EUR/$	0.73	0.73	0.75	0.74
	(+3.8%)	(+5.0%)	(+0.1%)	(+2.9%)
CHF/$	0.89	0.89	0.91	0.90
	(+4.1%)	(+6.0%)	(+2.0%)	(+4.0%)
TWD/$	30.27	30.12	30.01	30.13
	(-2.6%)	(-0.9%)	(-0.5%)	(-1.3%)
TRY/$	2.21	2.11	2.16	2.16
	(-19.6%)	(-13.0%)	(-8.8%)	(-13.9%)
UAH/$	8.86	11.69	12.57	11.04
	(-9.7%)	(-31.6%)	(-36.4%)	(-27.6%)
JPY/$	102.77	102.17	103.84	102.93
	(-10.0%)	(-3.3%)	(-4.7%)	(-5.9%)

Revised FX assumption

	2013 Act	Initial assumption	Revised assumption	Impact on earnings vs. initial assumption
RUB/$	31.84	36.00	36.70	Negative
GBP/$	0.64	0.60	0.60	-
EUR/$	0.75	0.72	0.75	Negative
CHF/$	0.93	0.88	0.90	Positive
TWD/$	29.68	30.30	30.10	Positive
TRY/$	1.90	2.30	2.20	Positive
UAH/$	7.99	10.00	11.50	Negative
JPY/$	97.73	100.00	104.00	Positive

L-f-L basis（Jan-Sep）

Like-for-Like basis figures

- Like-for Like basis figures have not been audited
- Calculation method:
  - Combine of FY2013 fourth quarter (Jan-Mar 2014), FY2014 first quarter (Apr-Jun 2014), and FY2014 second quarter (Jul-Sep 2014) results, using a simplified calculation method [(1)+(2)+(3)]
  - Exclude International Tobacco Business results for the corresponding period (Oct–Dec 2013, Jan–Mar 2014, and Apr-Jun 2014)
  - Include preliminary International Tobacco Business results for Jan–Sep 2014 on a Japanese Yen basis

*Different calculation method will be used at the time of FY2014 full year results disclosure, as well as for FY2014 quarterly results used for comparison purposes at the time of FY2015 quarterly results disclosure.

	FY2013 Q4 (1)	FY2014 Q1 (2)	FY2014 Q2 (3)
Consolidated			
Domestic businesses	Jan-Mar	Apr-Jun	Jul-Sep
International business	Oct-Dec	Jan-Mar	Apr-Jun

→

	FY2013 Q4 (1)	FY2014 Q1 (2)	FY2014 Q2 (3)
Consolidated			
Domestic businesses	Jan-Mar	Apr-Jun	Jul-Sep
−			
International business	Oct-Dec	Jan-Mar	Apr-Jun

→

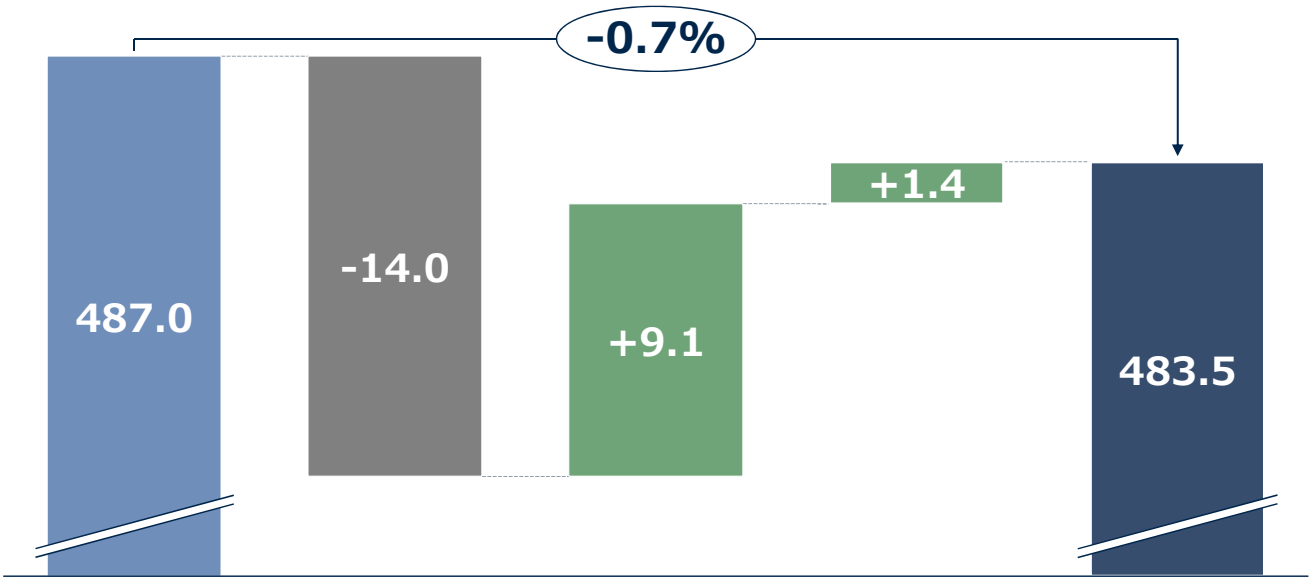
	Jan-Sep, 2014		
Consolidated			
Domestic businesses	Jan-Mar	Apr-Jun	Jul-Sep
＋			
International business	Jan-Sep		

Japanese Domestic Tobacco Business（Jan-Sep）

L-f-L basis

(JPY BN)

Core revenue[6]

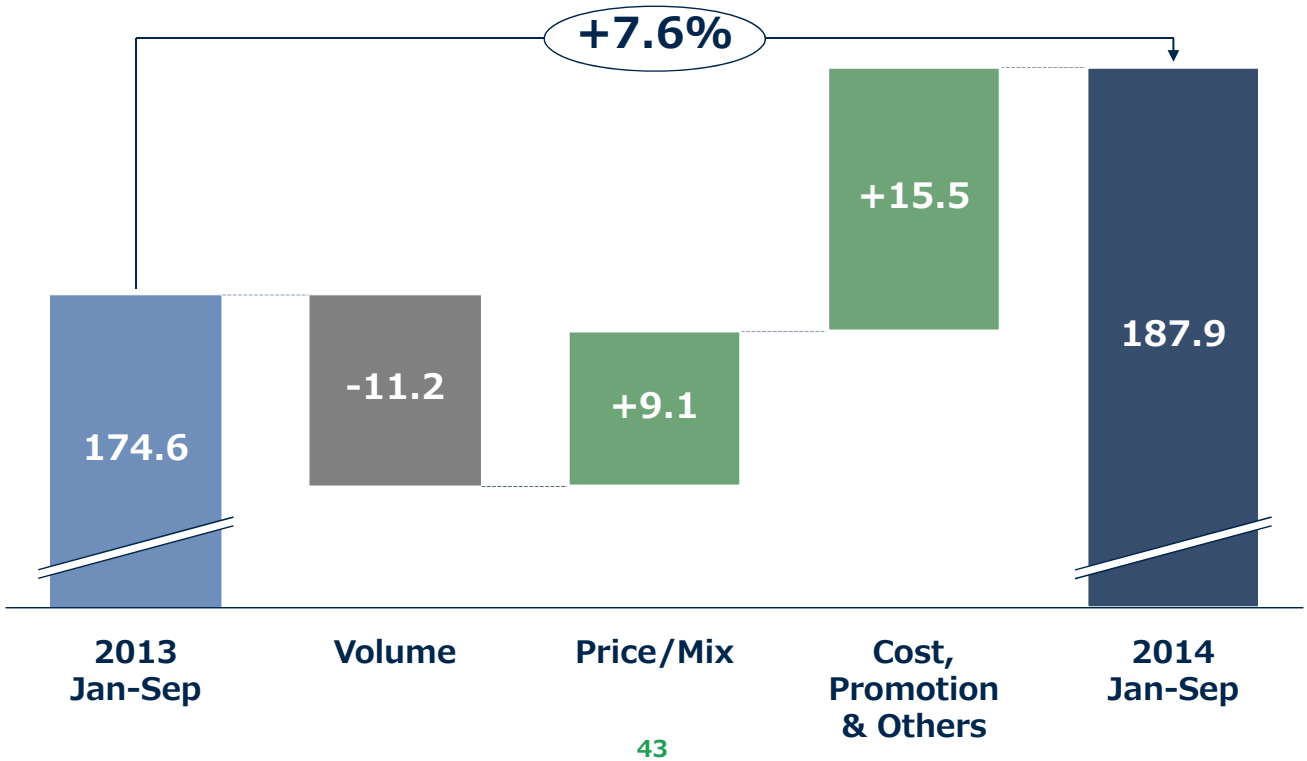


Japanese Domestic Tobacco Business (Jan-Sep)

L-f-L basis

Adjusted operating profit[1]

(JPY BN)



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Basic EPS, DPS, Payout Ratio

	FY2013 Act	FY2014 Forecasts (Reported)
Basic EPS (JPY)*	235.48	206.32
DPS (JPY)	96.00	100.00
Payout ratio (%)**	40.8%	48.5%

	FY 2013 Apr-Sep	FY 2014 Apr-Sep
Basic EPS (JPY)*	130.48	120.68
Interim dividend (JPY)	46.00	50.00

*Based on profit attributable to owners of the parent
**Payout ratio = Dividend per share/Basic EPS

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Results for FY2014 Second Quarter

(April 1, 2014 through September 30, 2014)

1. Summary of Business Performance

(unit: JPY billion,%)

	FY2013 Q2	FY2014 Q2	Change	Rates of Change
Revenue	1,159.1	1,174.4	+15.3	+1.3%
Operating profit	347.4	307.1	-40.3	- 11.6%
Profit before income taxes	339.1	303.0	-36.1	- 10.7%
Profit	241.1	223.1	-17.9	- 7.4%
Profit(attributable to owners of parent company)	237.1	219.3	-17.8	- 7.5%
Adjusted Operating profit*1	318.9	328.3	+9.4	+3.0%

(Reference) (unit: JPY billion,%)

	FY2013 Q2	FY2014 Q2	Change	Rates of Change
Adjusted Operating profit at constant rates of exchange*2	318.9	330.8	+11.9	+3.7%

*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 :FY2013Q2-Actual
FY2014Q2- Regarding international tobacco business, at the same foreign exchange rates between local currency vs USD and JPY vs USD as FY2013

2. Breakdown of Revenue

(unit: JPY billion,%)

	FY2013 Q2	FY2014 Q2	Change	Rates of Change
Revenue	1,159.1	1,174.4	+15.3	+1.3%
Japanese domestic tobacco	352.3	329.7	-22.6	- 6.4%
Core revenue*1	335.8	312.4	-23.3	- 7.0%
International tobacco*2	596.2	639.3	+43.0	+7.2%
Core revenue*3	559.7	602.0	+42.4	+7.6%
Pharmaceutical	30.4	28.4	-2.0	- 6.6%
Beverage	97.2	93.7	-3.5	- 3.6%
Processed food	75.8	77.0	+1.2	+1.6%
Others	7.1	6.4	-0.7	- 10.3%

(Reference) (unit: USD million,%)

	2013 Jan-Jun	2014 Jan-Jun	Change	Rates of Change
International tobacco Core revenue*3	5,840	5,876	+36	+0.6%
International tobacco Core revenue at constant rates of exchange*3*4	5,840	6,083	+243	+4.2%

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

*2 :International tobacco business: 6M ended Jun. 2013 and 6M ended Jun. 2014

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

*4 :2013 Jan-Jun -Actual
2014 Jan-Jun -Regarding international tobacco business, at the same foreign exchange rates between local currency vs USD and JPY vs USD as 2013

3. Adjusted Operating profit by business segment*1

(unit: JPY billion,%)

	FY2013 Q2	FY2014 Q2	Change	Rates of Change
Consolidated Operating profit	347.4	307.1	-40.3	- 11.6%
Adjustment*3	-28.5	21.2	+49.7	-
Adjusted Operating profit*1	318.9	328.3	+9.4	+3.0%
Japanese domestic tobacco Operating profit	132.2	110.4	-21.8	- 16.5%
Adjustment*3	-1.0	11.1	+12.1	-
Adjusted Operating profit*1	131.2	121.5	-9.7	- 7.4%
International tobacco Operating profit*2	186.7	201.7	+15.0	+8.0%
Adjustment*2*3	12.4	18.2	+5.8	+46.3%
Adjusted Operating profit*1*2	199.2	219.9	+20.7	+10.4%
Pharmaceutical Operating profit	-5.4	-6.4	-1.0	-
Adjustment*3	—	—	—	-
Adjusted Operating profit*1	-5.4	-6.4	-1.0	-
Beverage Operating profit	-0.7	-0.1	+0.6	-
Adjustment*3	—	—	—	-
Adjusted Operating profit*1	-0.7	-0.1	+0.6	-
Processed Food Operating profit	-0.3	0.1	+0.4	-
Adjustment*3	-0.1	-0.4	-0.3	-
Adjusted Operating profit*1	-0.4	-0.3	+0.1	-
Other/Elimination Operating profit	34.8	1.3	-33.5	- 96.2%
Adjustment*3	-39.7	-7.6	+32.1	-
Adjusted Operating profit*1	-4.9	-6.3	-1.4	-

(Reference) (unit: USD million,%)

	2013 Jan-Jun	2014 Jan-Jun	Change	Rates of Change
International tobacco Adjusted Operating profit*1	2,079	2,147	+68	+3.3%
International tobacco Adjusted Operating profit at constant rates of exchange*1*4	2,079	2,323	+244	+11.7%

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

	FY2013 Q2	FY2014 Q2	Change	Rates of Change
Depreciation and amotization	65.2	68.5	+3.4	+5.1%
Japanese domestic tobacco	22.1	22.3	+0.2	+1.1%
International tobacco*2	31.0	33.9	+2.9	+9.3%
Pharmaceutical	1.8	2.1	+0.4	+20.1%
Beverage	5.3	5.4	+0.2	+3.0%
Processed food	3.4	3.2	-0.2	- 5.7%
Others/Elimination	1.7	1.6	-0.1	- 4.4%

*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 : International tobacco business: 6M ended Jun. 2013 and 6M ended Jun. 2014

3 :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

*4 :2013 Jan-Jun -Actual
2014 Jan-Jun -Regarding international tobacco business, at the same foreign exchange rates between local currency vs USD and JPY vs USD as 2013

4. Consolidated financial position data

(unit: JPY billion)

	As of end of Mar.2014	As of end of Sep.2014	Change
Total Assets	4,616.8	4,367.2	-249.6
Total Equity	2,596.1	2,569.2	-26.9
Equity attributable to owners of the parent company	2,505.6	2,482.3	-23.3
BPS(attributable to owners of parent company) (yen)	1,378.57	1,365.76	-12.80

5. Liquidity*

(unit: JPY billion)

	As of end of Mar.2014	As of end of Sep.2014	Change
Liquidity	259.3	178.1	-81.2

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

6. Interest-bearing debt*

(unit: JPY billion)

	As of end of Mar.2014	As of end of Sep.2014	Change
Interest-bearing debt	375.9	285.1	-90.8

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

7. Consolidated cash flows data

(unit: JPY billion,%)

	FY2013 Q2	FY2014 Q2	Change	Rates of Change
Cash flows from operating activities	23.2	204.4	+181.2	+780.5%
Cash flows from investing activities	7.8	-55.2	-63.0	—
Cash flows from financing activities	-40.3	-219.1	-178.7	—
Cash and cash equivalents, beginning of the year	142.7	253.2	+110.5	+77.4%
Foreign currency translation adjustments on cash and cash equivalents	6.9	-11.4	-18.2	—
Cash and cash equivalents, end of the quarter*1	140.3	171.9	+31.7	+22.6%
FCF*2	12.4	147.8	+135.4	+1092.3%

*1 Included in "Cash and cash equivalents" at the end of this quarter is ¥47.4 billion (IRR 14,494.3 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,%)

	FY2013 Q2	FY2014 Q2	Change	Rates of Change
Capital expenditures	60.4	64.3	+3.9	+6.5%
Japanese domestic tobacco	18.8	15.7	-3.1	-16.4%
International tobacco*	26.7	37.4	+10.7	+40.1%
Pharmaceutical	1.3	2.1	+0.8	+61.6%
Beverage	9.0	5.7	-3.3	-36.8%
Processed food	2.0	1.6	-0.4	-18.5%
Others/Elimination and corporate	2.5	1.7	-0.8	-31.2%

* : International tobacco business: 6M ended Jun. 2013 and 6M ended Jun. 2014

9. Business data

【Japanese domestic tobacco business】	FY2013 Q2	FY2014 Q2	Change	Rates of Change	
JT sales volume*	59.6	53.5	-6.1	- 10.2%	BNU
Total demand	98.4	89.4	-9.0	- 9.1%	BNU
JT market share	60.6%	59.9%	-0.7%pt		
JT net sales after tax per 1,000 cigarettes	5,488	5,665	+176	+3.2%	JPY

* :Sales volume of domestic duty-free and China business is excluded, which was 1.7 billion for FY2013Q2 and 1.7 billion for FY2014Q2, respectively.

【International tobacco business】	2013 Jan-Jun	2014 Jan-Jun	Change	Rates of Change	
Total shipment volume*	202.0	190.6	-11.4	- 5.6%	BNU
GFB shipment volume	128.1	123.0	-5.2	- 4.0%	BNU
JPY/USD rate for consolidation	95.73	102.46	+6.73	- 6.6%	JPY
RUB/USD rate for consolidation	31.03	34.98	+3.96	- 11.3%	RUB
GBP/USD rate for consolidation	0.65	0.60	-0.05	+8.0%	GBP
EUR/USD rate for consolidation	0.76	0.73	-0.03	+4.4%	EUR
CHF/USD rate for consolidation	0.94	0.89	-0.05	+5.1%	CHF
TWD/USD rate for consolidation	29.66	30.19	+0.53	- 1.8%	TWD

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

(unit: JPY billion,%)

<Pharmaceutical business>	FY2013 Q2	FY2014 Q2	Change	Rates of Change
R&D expenses	15.5	14.0	-1.5	- 9.5%

(unit: million case,%)

<Beverage business>	FY2013 Q2	FY2014 Q2	Change	Rates of Change
Sales of JT products	17.29	15.45	-1.84	- 10.6%
Roots	8.39	7.38	-1.02	- 12.1%

	As of end of Mar.2014	As of end of Sep.2014	Change
Number of beverage vending machines*	266,000	266,000	+0
JT-owned	44,000	44,000	+0
Combined	82,000	83,000	+1,000
Others	140,000	139,000	-1,000

* :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.

2014 Forecasts
【Jan-Dec Like for Like basis】
(as of October 30, 2014)

-FY2014, a transitional period for the change in accounting period, will cover nine months from April 1, 2014 to December 31, 2014. The same change in the accounting period will be applied to those of the Company's consolidated subsidiaries whose current closing date is other than December 31.
-Based on the assumption that the fiscal year of the Company and all of its consolidated subsidiaries is 12 months from January to December, consolidated earnings forecasts for the year ending December 31, 2014 (on Jan-Dec Like for Like basis) will be as follows.

1. Summary of Business Performance (unit: JPY billion,%)

	2013 Jan-Dec basis	2014 Jan-Dec basis	Change	Rates of Change
Revenue	2,372.2	2,423.0	+50.8	+2.1%
Operating profit	643.3	586.0	-57.3	- 8.9%
Profit(attributable to owners of the parent)	443.6	401.0	-42.6	- 9.6%
Basic EPS(yen)*1	242.12	220.63	-21.49	- 8.9%
Adjusted Operating profit*2	613.0	645.0	+32.0	+5.2%

(参考)

	2013 Jan-Dec basis	2014 Jan-Dec basis	Change	Rates of Change
Adjusted Operating profit at constant rates of exchange*3	613.0	661.0	+48.0	+7.8%

*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 :FY2013-Actual
FY2014- Regarding international tobacco business, at the same foreign exchange rates between local currency vs USD and JPY vs USD as FY2013

2.Breakdown of Revenue (unit: JPY billion,%)

	2013 Jan-Dec basis	2014 Jan-Dec basis	Change	Rates of Change
Revenue	2,372.2	2,423.0	+50.8	+2.1%
Japanese domestic tobacco	690.5	683.0	-7.5	- 1.1%
Core revenue*1	656.3	648.0	-8.3	- 1.3%
International tobacco	1,270.0	1,321.0	+51.0	+4.0%
Core revenue*2	1,200.7	1,253.0	+52.3	+4.4%
Pharmaceutical	58.2	65.0	+6.8	+11.8%
Beverage	183.8	182.0	-1.8	- 1.0%
Processed Food	157.2	161.0	+3.8	+2.4%
Others	12.6	11.0	-1.6	- 12.7%

(Reference) (unit: USD million,%)

	2013	2014	Change	Rates of Change
International tobacco Core revenue*2	12,273	12,060	-213	- 1.7%
International tobacco Core revenue at constant rates of exchange*2*3	12,273	12,650	+377	+3.1%

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

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

*3 :2013-Actual
2014-at the same foreign exchange rates between local currency vs USD at 2013

3.OP & Adjusted Operating profit by business segment*1 (unit: JPY billion,%)

	2013 Jan-Dec basis	2014 Jan-Dec basis	Change	Rates of Change
Consolidated Operating profit	643.3	586.0	-57.3	- 8.9%
Japanese domestic tobacco	235.6	181.0	-54.6	- 23.2%
International tobacco	376.4	405.0	+28.6	+7.6%
Pharmaceutical	-13.7	-9.5	+4.2	—
Beverage	-2.1	-1.5	+0.6	—
Processed Food	0.7	-2.5	-3.2	—
Other/Elimination	46.3	13.0	-33.3	- 71.9%
Adjusted Operating profit*1	613.0	645.0	+32.0	+5.2%
Japanese domestic tobacco*1	234.6	234.5	-0.1	- 0.0%
International tobacco*1	410.8	442.0	+31.2	+7.6%
Pharmaceutical*1	-13.7	-9.5	+4.2	—
Beverage*1	-2.1	-1.5	+0.6	—
Processed Food*1	0.6	1.0	+0.4	+34.1%
Other/Elimination*1	-17.3	-21.5	-4.2	—

(Reference) (unit: USD million,%)

	2013	2014	Change	Rates of Change
International tobacco Adjusted Operating profit*1	4,206	4,260	+54	+1.3%
International tobacco Adjusted Operating profit at constant rates of exchange*1*2	4,206	4,690	+484	+11.5%

*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 :2013-Actual
2014-at the same foreign exchange rates between local currency vs USD at 2013

4.Business data

【Japanese domestic tobacco business】	2013 Jan-Dec basis	2014 Jan-Dec basis	Change	Rates of Change	
JT sales volume*	116.5	112.5	-4.0	- 3.5%	BNU

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

【International tobacco business】	2013	2014	Change	Rates of Change	
Total shipment volume*1	417.5	397.0	-20.5	- 4.9%	BNU
GFB shipment volume	267.5	261.0	-6.5	- 2.4%	BNU
JPY/USD rate for consolidation	97.73	104.00	+6.27	-6.0%	JPY
RUB/USD rate for consolidation	31.84	36.70	+4.86	-13.2%	RUB
GBP/USD rate for consolidation	0.64	0.60	-0.04	6.6%	GBP
EUR/USD rate for consolidation	0.75	0.75	-0.00	0.4%	EUR
CHF/USD rate for consolidation	0.93	0.90	-0.03	3.0%	CHF
TWD/USD rate for consolidation	29.68	30.10	+0.42	-1.4%	TWD

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

2014 Forecasts
【Reported basis】
(as of October 30, 2014)

-FY2014, a transitional period for the change in accounting period, will cover nine months from April 1, 2014 to December 31, 2014. The same change in the accounting period will be applied to those of the Company's consolidated subsidiaries whose current closing date is other than December 31.
-For its consolidated subsidiaries whose current closing date is December 31, the accounting period will remain unchanged, covering the twelve months from January 1, 2014 to December 31, 2014.

1. Summary of Business Performance

(unit: JPY billion,%)

	FY2013	FY2014
Revenue	2,399.8	2,143.0
Operating profit	648.3	514.0
Profit(attributable to owners of the parent)	428.0	375.0
Basic EPS(yen)*1	235.48	206.32
Adjusted Operating profit*2	641.8	574.0
DPS(yen)	96.00	100.00
Payout ratio*3	40.8%	48.5%
ROE(attributable to owners of the parent)*4	19.9%	15.0%

*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

2.Breakdown of Revenue

(unit: JPY billion,%)

	FY2013	FY2014
Revenue	2,399.8	2,143.0
Japanese domestic tobacco	710.3	503.0
Core revenue*1	676.2	477.0
International tobacco*2	1,270.0	1,321.0
Core revenue*3	1,200.7	1,253.0
Pharmaceutical	64.4	47.0
Beverage	184.5	140.0
Processed Food	156.9	124.0
Others	13.6	9.0

(Reference) (unit: USD million,%)

	2013	2014	Change	Rates of Change
International tobacco Core revenue*2*3	12,273	12,060	-213	- 1.7%
International tobacco Core revenue at constant rates of exchange*2*3*4	12,273	12,650	+377	+3.1%

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

*2 :International tobacco business: Year ended 2013 and year ending 2014

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

*4 :2013-Actual
2014-at the same foreign exchange rates between local currency vs USD at 2013

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

(unit: JPY billion,%)

	FY2013	FY2014
Consolidated Operating profit	648.3	514.0
Japanese domestic tobacco	258.1	115.0
International tobacco*2	376.4	405.0
Pharmaceutical	-9.0	-9.0
Beverage	-2.1	-1.0
Processed Food	-0.2	-2.5
Other/Elimination	25.0	6.0
Adjusted Operating profit*1	641.8	574.0
Japanese domestic tobacco*1	257.7	168.0
International tobacco*1*2	410.8	442.0
Pharmaceutical*1	-9.0	-9.0
Beverage*1	-2.1	-1.0
Processed Food*1	0.6	1.0
Other/Elimination*1	-16.2	-27.0

(Reference) (unit: USD million,%)

	2013	2014	Change	Rates of Change
International tobacco Adjusted Operating profit*1*2	4,206	4,260	+54	+1.3%
International tobacco Adjusted Operating profit at constant rates of exchange*1*2*3	4,206	4,690	+484	+11.5%

*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 :International tobacco business: Year ended 2013 and year ending 2014

*3 :2013-Actual
2014-at the same foreign exchange rates between local currency vs USD at 2013

4.Consolidated cash flows data

(unit: JPY billion,%)

	FY2013	FY2014
FCF*	212.6	424.0

*: 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,%)

	FY2013	FY2014
Capital expenditures	156.2	144.0
Japanese domestic tobacco	49.1	35.0
International tobacco*	78.5	89.0
Pharmaceutical	3.9	3.0
Beverage	14.6	8.5
Processed Food	4.9	4.0
Other/Elimination and corporate	5.1	5.0

*: International business: Year ended 2013 and year ending 2014

6.Business data

【Japanese domestic tobacco business】	FY2013	FY2014	
JT sales volume*	120.1	82.0	BNU

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

【International tobacco business】*1	2013	2014	Change	Rates of Change	
Total shipment volume*2	417.5	397.0	-20.5	- 4.9%	BNU
GFB shipment volume	267.5	261.0	-6.5	- 2.4%	BNU
JPY/USD rate for consolidation	97.73	104.00	+6.27	-6.0%	JPY
RUB/USD rate for consolidation	31.84	36.70	+4.86	-13.2%	RUB
GBP/USD rate for consolidation	0.64	0.60	-0.04	6.6%	GBP
EUR/USD rate for consolidation	0.75	0.75	-0.00	0.4%	EUR
CHF/USD rate for consolidation	0.93	0.90	-0.03	3.0%	CHF
TWD/USD rate for consolidation	29.68	30.10	+0.42	-1.4%	TWD

*1: International business: Year ended 2013 and year ending 2014

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

Forecasts for the FY2014
【Jan-Dec Like for Like basis】
Previous Forecast vs Revised Forecast
(as of October 30, 2014)

-FY2014, a transitional period for the change in accounting period, will cover nine months from April 1, 2014 to December 31, 2014. The same change in the accounting period will be applied to those of the Company's consolidated subsidiaries whose current closing date is other than December 31.
-Based on the assumption that the fiscal year of the Company and all of its consolidated subsidiaries is 12 months from January to December, consolidated earnings forecasts for the year ending December 31, 2014 (on Jan-Dec Like for Like basis) will be as follows.

1. Summary of Business Performance

(unit: JPY billion,%)

	Previous Forecast	Revised Forecast	Change	Rates of Change
Revenue	2,430.0	2,423.0	-7.0	-0.3%
Operating profit	554.0	586.0	+32.0	+5.8%
Profit(attributable to owners of parent company)	370.0	401.0	+31.0	+8.4%
Basic EPS(yen)*1	203.57	220.63	+17.06	+8.4%
Adjusted Operating profit*2	623.0	645.0	+22.0	+3.5%

(Reference)

	Previous Forecast	Revised Forecast	Change	Rates of Change
Adjusted Operating profit at constant rates of exchange *3	650.0	661.0	+11.0	+1.7%

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

*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 :Regarding international tobacco business, at the same foreign exchange rates between local currency vs USD and JPY vs USD as FY2013

2.Breakdown of Revenue

(unit: JPY billion,%)

	Previous Forecast	Revised Forecast	Change	Rates of Change
Revenue	2,430.0	2,423.0	-7.0	-0.3%
Japanese domestic tobacco	681.0	683.0	+2.0	+0.3%
Core revenue*1	646.0	648.0	+2.0	+0.3%
International tobacco	1,319.0	1,321.0	+2.0	+0.2%
Core revenue*2	1,247.0	1,253.0	+6.0	+0.5%
Pharmaceutical	63.0	65.0	+2.0	+3.2%
Beverage	188.0	182.0	-6.0	-3.2%
Processed Food	165.0	161.0	-4.0	-2.4%
Others	12.5	11.0	-1.5	-12.0%

(Reference)

(unit: USD million,%)

	Previous Forecast	Revised Forecast	Change	Rates of Change
International tobacco Core revenue*2	12,400	12,060	-340	- 2.7%
International tobacco Core revenue at constant rates of exchange*2*3	12,800	12,650	-150	- 1.2%

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

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

*3 :At the same foreign exchange rates between local currency vs USD at 2013

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

(unit: JPY billion,%)

	Previous Forecast	Revised Forecast	Change	Rates of Change
Consolidated Operating profit	554.0	586.0	+32.0	+5.8%
Japanese domestic tobacco	181.0	181.0	-	-
International tobacco	398.0	405.0	+7.0	+1.8%
Pharmaceutical	-13.0	-9.5	+3.5	-
Beverage	-1.5	-1.5	-	-
Processed Food	3.0	-2.5	-5.5	-
Others/Elimination	-14.5	13.0	+27.5	-
Adjusted Operating profit*1	623.0	645.0	+22.0	+3.5%
Japanese domestic tobacco*1	234.5	234.5	-	-
International tobacco*1	425.0	442.0	+17.0	+4.0%
Pharmaceutical*1	-13.0	-9.5	+3.5	-
Beverage*1	-1.5	-1.5	-	-
Processed Food*1	3.0	1.0	-2.0	- 66.7%
Others/Elimination*1	-26.0	-21.5	+4.5	-

(Reference)

(unit: USD million,%)

	Previous Forecast	Revised Forecast	Change	Rates of Change
International tobacco Adjusted Operating profit*1	4,230	4,260	+30	+0.7%
International tobacco Adjusted Operating profit at constant rates of exchange*1*2*	4,630	4,690	+60	+1.3%

*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 :At the same foreign exchange rates between local currency vs USD at 2013

4.Business data

【Japanese domestic tobacco business】	Previous Forecast	Revised Forecast	Change	Rates of Change	
JT sales volume*	112.5	112.5	—	—	BNU

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

【International tobacco business】	Previous Forecast	Revised Forecast	Change	Rates of Change	
Total shipment volume*1	405.0	397.0	-8.0	- 2.0%	BNU
GFB shipment volume	263.0	261.0	-2.0	- 0.8%	BNU
JPY/USD rate for consolidation	100.00	104.00	+4.00	-3.8%	JPY
RUB/USD rate for consolidation	36.00	36.70	+0.70	-1.9%	RUB
GBP/USD rate for consolidation	0.60	0.60	-	-	GBP
EUR/USD rate for consolidation	0.72	0.75	+0.03	-4.0%	EUR
CHF/USD rate for consolidation	0.88	0.90	+0.02	-2.2%	CHF
TWD/USD rate for consolidation	30.30	30.10	-0.20	+0.7%	TWD

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

2014 Forecasts
【Reported basis】
Previous Forecast vs Revised Forecast
(as of October 30, 2014)

-FY2014, a transitional period for the change in accounting period, will cover nine months from April 1, 2014 to December 31, 2014. The same change in the accounting period will be applied to those of the Company's consolidated subsidiaries whose current closing date is other than December 31.
-For its consolidated subsidiaries whose current closing date is December 31, the accounting period will remain unchanged, covering the twelve months from January 1, 2014 to December 31, 2014.

1. Summary of Business Performance

(unit: JPY billion,%)

	Previous Forecast	Revised Forecast	Change	Rates of Change
Revenue	2,150.0	2,143.0	-7.0	- 0.3%
Operating profit	482.0	514.0	+32.0	+6.6%
Profit(attributable to owners of the parent)	344.0	375.0	+31.0	+9.0%
Basic EPS(yen)*1	189.27	206.32	+17.06	+9.0%
Adjusted Operating profit*2	552.0	574.0	+22.0	+4.0%
DPS(yen)	100.00	100.00	-	-
Payout ratio*3	52.8%	48.5%	-4.3ppt	
ROE(attributable to owners of the parent)*4	13.8%	15.0%	+1.3ppt	

*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

2.Breakdown of Revenue

(unit: JPY billion,%)

	Previous Forecast	Revised Forecast	Change	Rates of Change
Revenue	2,150.0	2,143.0	-7.0	-0.3%
Japanese domestic tobacco	501.0	503.0	+2.0	+0.4%
Core revenue*1	475.0	477.0	+2.0	+0.4%
International tobacco*2	1,319.0	1,321.0	+2.0	+0.2%
Core revenue*3	1,247.0	1,253.0	+6.0	+0.5%
Pharmaceutical	45.0	47.0	+2.0	+4.4%
Beverage	146.0	140.0	-6.0	-4.1%
Processed Food	130.0	124.0	-6.0	-4.6%
Others	10.5	9.0	-1.5	-14.3%

(Reference)

(unit: USD million,%)

	Previous Forecast	Revised Forecast	Change	Rates of Change
International tobacco Core revenue*2*3	12,400	12,060	-340	- 2.7%
International tobacco Core revenue at constant rates of exchange*2*3*4	12,800	12,650	-150	- 1.2%

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

*2 :International tobacco business: Year ended 2013 and year ending 2014

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

*4 :2013-Actual
2014-at the same foreign exchange rates between local currency vs USD at 2013

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

(unit: JPY billion,%)

	Previous Forecast	Revised Forecast	Change	Rates of Change
Consolidated Operating profit	482.0	514.0	+32.0	+6.6%
Japanese domestic tobacco	115.0	115.0	-	-
International tobacco*2	398.0	405.0	+7.0	+1.8%
Pharmaceutical	-12.5	-9.0	+3.5	-
Beverage	-1.0	-1.0	-	-
Processed Food	3.0	-2.5	-5.5	-
Other/Elimination	-21.5	6.0	+27.5	-
Adjusted Operating profit*1	552.0	574.0	+22.0	+4.0%
Japanese domestic tobacco*1	168.0	168.0	-	-
International tobacco*1*2	425.0	442.0	+17.0	+4.0%
Pharmaceutical*1	-12.5	-9.0	+3.5	-
Beverage*1	-1.0	-1.0	-	-
Processed Food*1	3.0	1.0	-2.0	-66.7%
Other/Elimination*1	-31.5	-27.0	+4.5	-

(Reference)

(unit: USD million,%)

	Previous Forecast	Revised Forecast	Change	Rates of Change
International tobacco Adjusted Operating profit*1*2	4,230	4,260	+30	+0.7%
International tobacco Adjusted Operating profit at constant rates of exchange*1*2*3	4,630	4,690	+60	+1.3%

*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 :International tobacco business: Year ended 2013 and year ending 2014

*3 :2013-Actual
2014-at the same foreign exchange rates between local currency vs USD at 2013

4.Consolidated cash flows data

(unit: JPY billion,%)

	Previous Forecast	Revised Forecast	Change	Rates of Change
FCF*	364.0	424.0	+60.0	+16.5%

*: 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,%)

	Previous Forecast	Revised Forecast	Change	Rates of Change
Capital expenditures	154.0	144.0	-10.0	- 6.5%
Japanese domestic tobacco	41.0	35.0	-6.0	- 14.6%
International tobacco*	89.0	89.0	-	-
Pharmaceutical	3.0	3.0	-	-
Beverage	9.0	8.5	-0.5	- 5.6%
Processed Food	6.0	4.0	-2.0	- 33.3%
Other/Elimination and corporate	6.0	5.0	-1.0	- 16.7%

*: International business: Year ended 2013 and year ending 2014

6.Business data

【Japanese domestic tobacco business】	Previous Forecast	Revised Forecast	Change	Rates of Change	
JT sales volume*	82.0	82.0	-	-	BNU

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

【International tobacco business】*1	Previous Forecast	Revised Forecast	Change	Rates of Change	
Total shipment volume*2	405.0	397.0	-8.0	- 2.0%	BNU
GFB shipment volume	263.0	261.0	-2.0	- 0.8%	BNU
JPY/USD rate for consolidation	100.00	104.00	+4.00	-3.8%	JPY
RUB/USD rate for consolidation	36.00	36.70	+0.70	-1.9%	RUB
GBP/USD rate for consolidation	0.60	0.60	-	-	GBP
EUR/USD rate for consolidation	0.72	0.75	+0.03	-4.0%	EUR
CHF/USD rate for consolidation	0.88	0.90	+0.02	-2.2%	CHF
TWD/USD rate for consolidation	30.30	30.10	-0.20	+0.7%	TWD

*1: International business: Year ended 2013 and year ending 2014

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

* 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 03/2013	29.4	30.2	29.8	26.8	116.2
FY 03/2014	29.2	30.3	30.0	30.3	120.0
	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
2013	26.8	29.2	30.3	30.0	116.5
2014	30.3	24.7	28.8		

2. Quarterly Retail Price Sales

(billions of JPY)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2013	596.7	612.9	605.2	544.2	2,358.9
FY 03/2014	593.3	614.0	608.5	615.6	2,431.5
	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
2013	544.2	593.3	614.1	608.5	2360.1
2014	615.6	520.4	607.0		

* 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 03/2013	5,508	5,505	5,499	5,498	5,503
FY 03/2014	5,491	5,485	5,481	5,483	5,485
	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		

* 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 03/2013	59.4	59.7	59.6	59.5	59.6
FY 03/2014	60.5	60.7	61.1	61.5	61.0
	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		

Market Share in Growing Segments

1. 1mg Tar

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

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2013	14.4	14.2	14.3	14.4	14.3
FY 03/2014	14.7	14.7	14.7	14.8	14.7
	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		

(2) 1mg Market Share (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2013	24.5	24.2	24.4	24.5	24.4
FY 03/2014	24.5	24.5	24.4	24.6	24.5
	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		

2. Menthol

(1) JT Menthol Product Share (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2013	7.5	7.6	7.4	7.7	7.6
FY 03/2014	8.3	8.8	9.0	9.0	8.8
	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		

(2) Menthol Market Share (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2013	25.6	25.7	25.6	26.2	25.8
FY 03/2014	26.3	26.3	26.4	26.1	26.3
	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		

3. JPY 450 or above*

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

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2013	14.7	14.8	14.5	14.5	14.6
FY 03/2014	14.5	14.4	14.7	14.7	14.6
	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		

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

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2013	36.6	36.9	39.5	36.6	36.7
FY 03/2014	36.1	35.9	36.0	35.9	36.0
	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		

Japan Tobacco Inc. Clinical Development as of October 30, 2014

＜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.	Phase3 (Japan) Global Study*	New Single Tablet Regimen JTK-303(elvitegravir); In-house Cobicistat, Emtricitabine, Tenofovir Alafenamide; 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.	Preparing to file (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.

*Part of global study conducted by Gilead Sciences.
**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	Licensee	Mechanism		Note
elvitegravir	Gilead Sciences	HIV Integrase inhibitor	Suppresses blood HIV levels by inhibiting the activity of integrase, an enzyme involved in the replication of HIV.	New Single Tablet Regimen (elvitegravir/cobicistat/emtricitabine/tenofovir alafenamide) Phase3
trametinib	GlaxoSmithKline	MEK inhibitor	Inhibits cellular growth by specifically inhibiting the activity of MAPK/ERK Kinase (MEK1/2).	Metastatic melanoma, trametinib+dabrafenib Phase3
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 July 30, 2014:

<Licensed compounds>
・Elvitegravir has been approved by the U.S. Food and Drug Administration on Sptember 24.