Announcement ： February 5, 2015
Investors' Meeting：February 6, 2015

JTG Consolidated financial results for 2014 and forecasts for fiscal year 2015

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CFO and Senior Vice President

*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 25.

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.

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Consolidated financial results Reported basis

Consolidated financial results (Reported basis)

(JPY BN)

	FY2013 (Apr-Mar)	**FY2014 (Apr-Dec)**
Revenue	2,399.8	**2,154.0**
Adjusted Operating Profit[1]	641.8	**588.6**
Operating Profit	648.3	**499.8**
Profit[2]	428.0	**362.9**
FCF	212.6	**480.7**

(JPY,%)

Basic EPS	235.48 JPY	**199.67 JPY**
DPS	96.00 JPY	**100.00JPY**
Payout Ratio	40.8%	**50.1%**

*International Tobacco Business: financial results for the 12 months ended December 31, 2013 and 2014, respectively.

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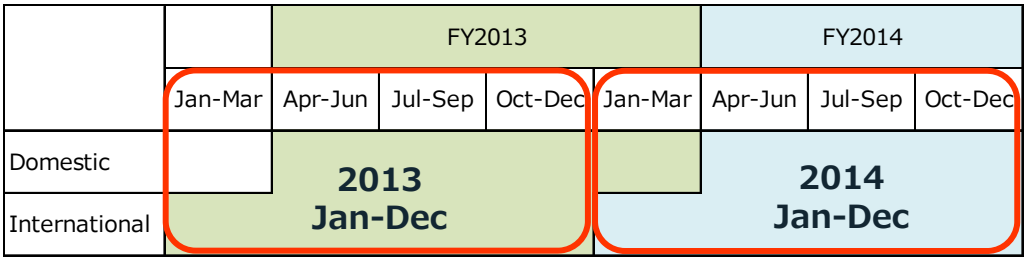
Year-on-year analysis for 2014 results and FY2015 forecasts on a like-for-like basis

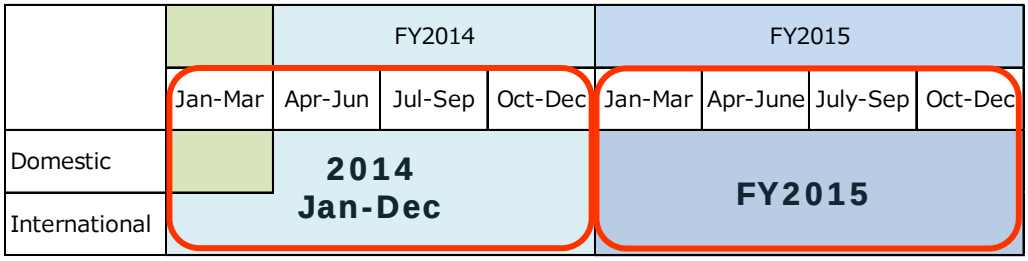
- 2014 results: results of Jan-Dec 2014 in comparison with results of Jan-Dec 2013



Like-for-Like (L-f-L) basis

- Revenue, operating profit, adjusted operating profit and profit attributed to owners of the parent company for January - December, 2014 would be disclosed in the Annual Securities Report, which will be audited.
- For the purpose of fair comparison and reference, the same accounting methods were applied to both financial results of January - December 2013 and 2014. Financial results of January - December, 2013 will not be audited.

- FY2015 forecasts: forecasts for Jan-Dec 2015 in comparison with results of Jan-Dec 2014



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Consolidated financial results
L-f-L basis (Jan-Dec 2014)

Achieved double-digit growth of adjusted operating profit at constant FX

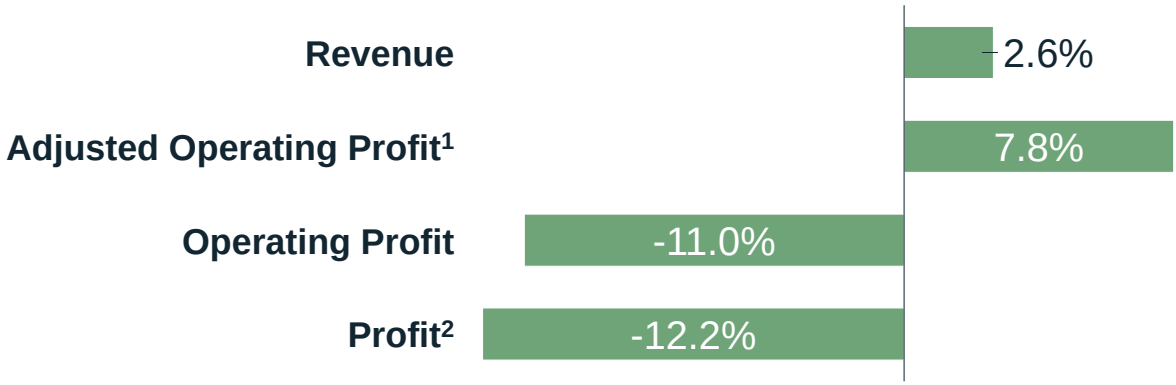
Adjusted Operating Profit[1] (@ constant FX)

+10.6%

Adjusted EPS[3] (@ constant FX)

+11.1%

Key Metrics Y-o-Y Change (@ actual FX)



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Results by segment
L-f-L basis (Jan-Dec 2014)

Delivered double-digit profit growth at constant FX driven by robust pricing

(BNU,MMUS$,%)

	2013	2014	change
Total Shipment Volume[4]	417.5*	**398.0**	**-4.7%**
GFB Shipment Volume	267.5*	**262.2**	**-2.0%**
@ constant FX			
Core Revenue[5]	12,273	**12,700**	**3.5%**
Adjusted Operating Profit[1]	4,206	**4,757**	**13.1%**
Reported			
Core Revenue[5]	12,273	**11,911**	**-3.0%**
Adjusted Operating Profit[1]	4,206	**4,253**	**1.1%**
JPY basis (JPY BN)			
Core Revenue[5]	1,200.7	**1,258.2**	**4.8%**
Adjusted Operating Profit[1]	410.8	**447.1**	**8.8%**

*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.

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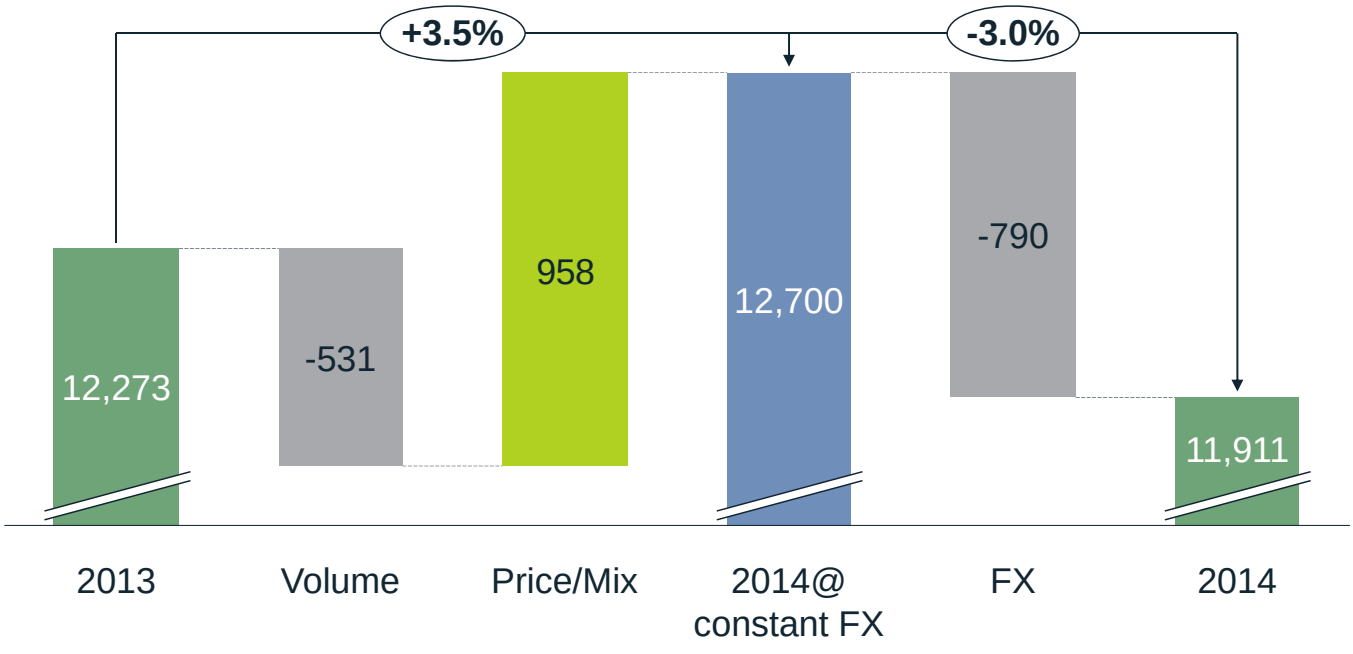
Top-line growth despite continued industry contraction

Core Revenue[5] (MMUS$)



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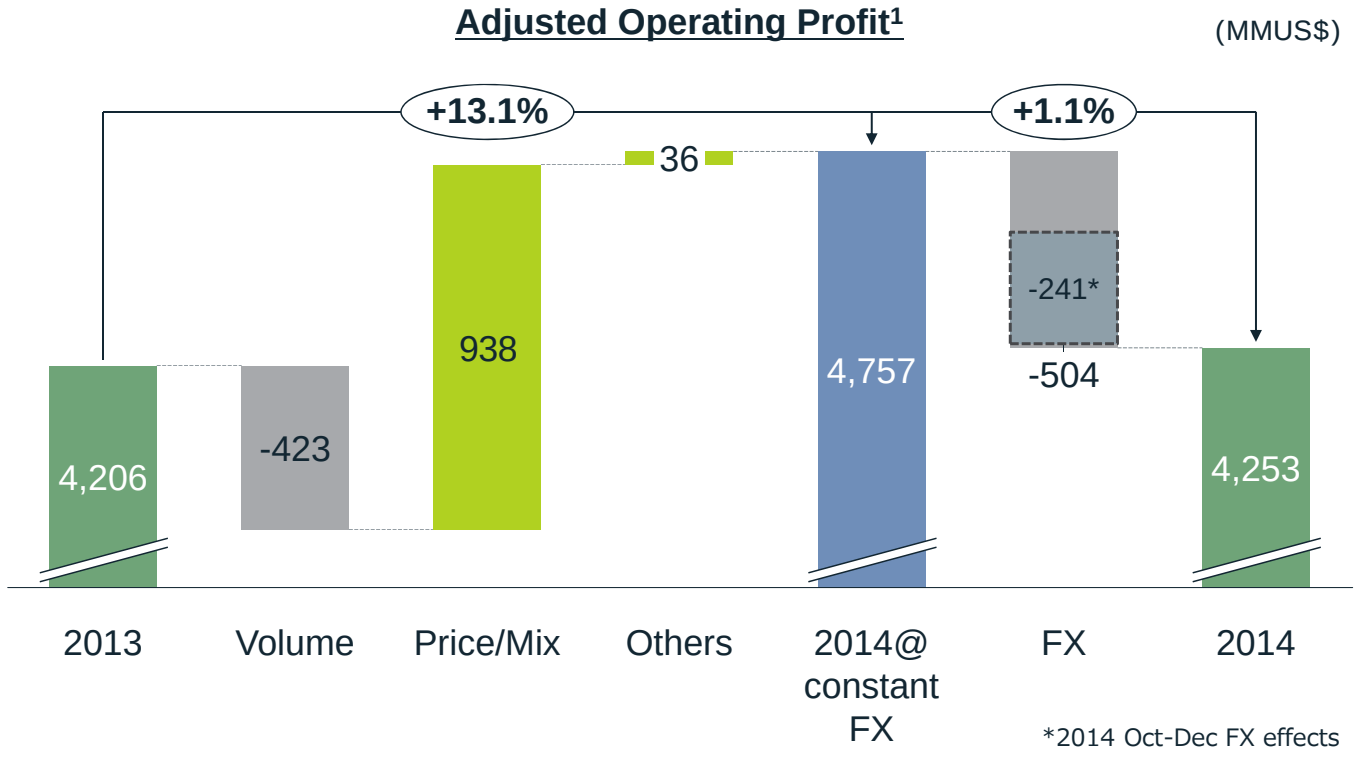
Profit growth driven by pricing



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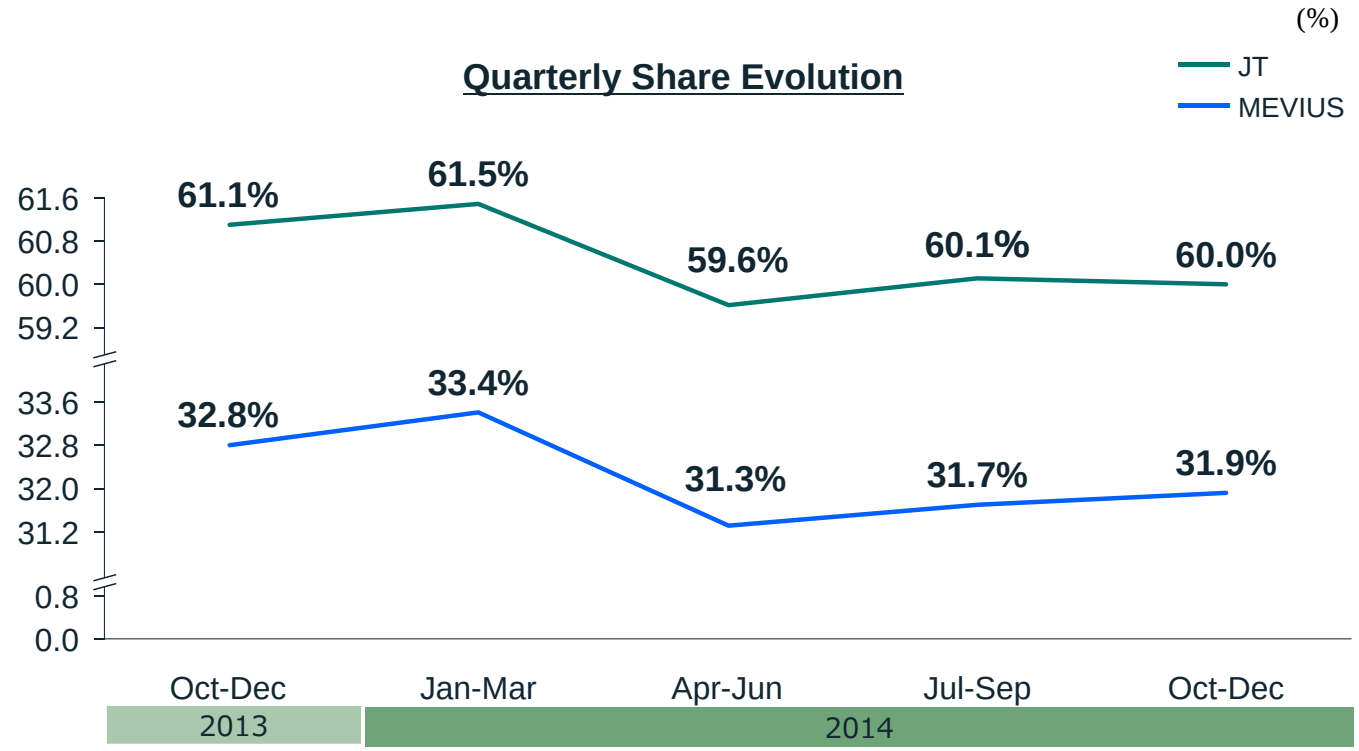
Mevius performance leading to resilient market share in the context of intensified competition



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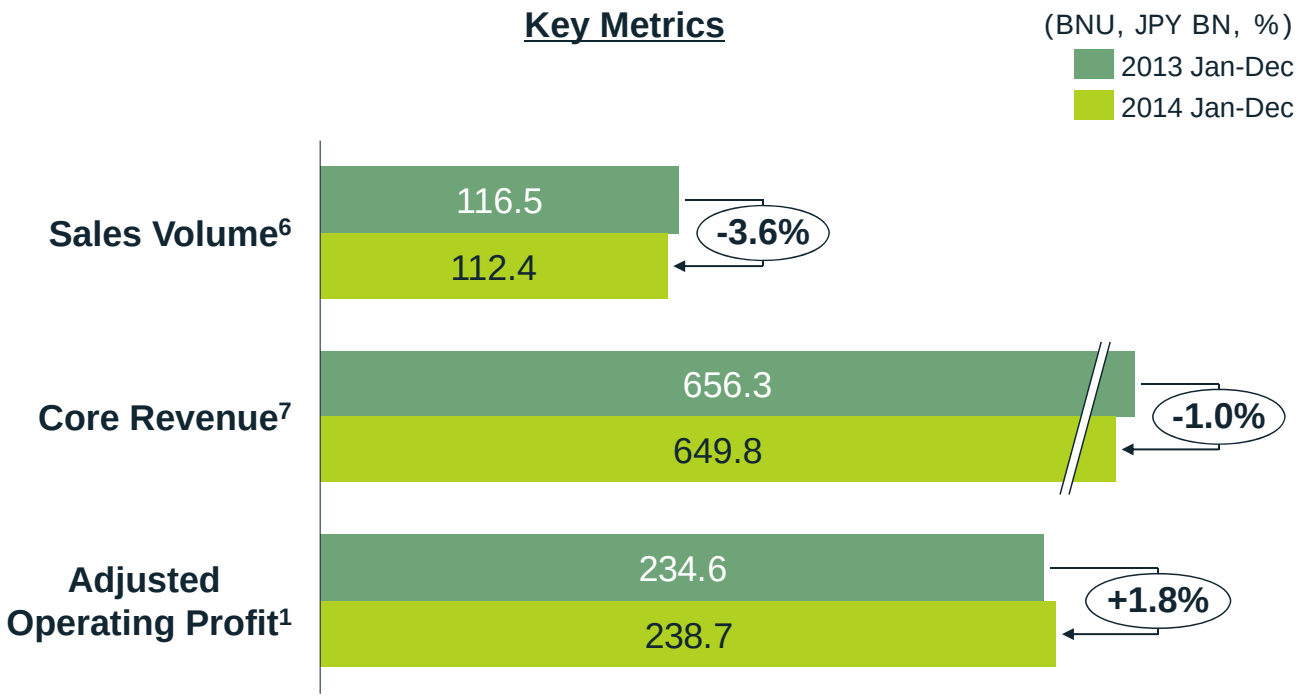
Enhanced brand equity enabled price/mix improvement



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Pharmaceutical, Beverage and Processed Food businesses improved earnings

(JPY BN)

	2013 Jan-Dec	**2014 Jan-Dec**	**Change**
Pharmaceutical Business			
Revenue	58.2	**65.8**	**+7.6**
Adjusted Operating Profit[1]	-13.7	**-7.3**	**+6.3**
Beverage Business			
Revenue	183.8	**181.3**	**-2.5**
Adjusted Operating Profit[1]	-2.1	**-0.5**	**+1.6**
Processed Food Business			
Revenue	157.2	**161.2**	**+4.0**
Adjusted Operating Profit[1]	0.6	**1.4**	**+0.8**

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Forecasts for fiscal year 2015

Consolidated financial forecasts

Reported revenue and profits forecast to decrease due to unfavorable FX

(JPY BN, %)

	2014 Jan-Dec	FY2015 Jan-Dec	Change
Revenue	2,433.5	**2,380.0**	**-2.2%**
Adjusted Operating Profit[1](@ constant FX)	660.1	**705.0**	**6.8%**
Adjusted Operating Profit[1]	660.1	**585.0**	**-11.4%**
Operating Profit	571.8	**539.0**	**-5.7%**
Profit[2]	389.1	**387.0**	**-0.5%**
Basic EPS (JPY)	214.06	**212.92**	**-0.5%**
FCF	455.4	**282.0**	**-38.1%**
CAPEX	140.9	**161.0**	**14.3%**

*Business and financial impacts relating to the withdrawal from the manufacture and sale of JT beverage products announced on February 4, 2015, have not been included.

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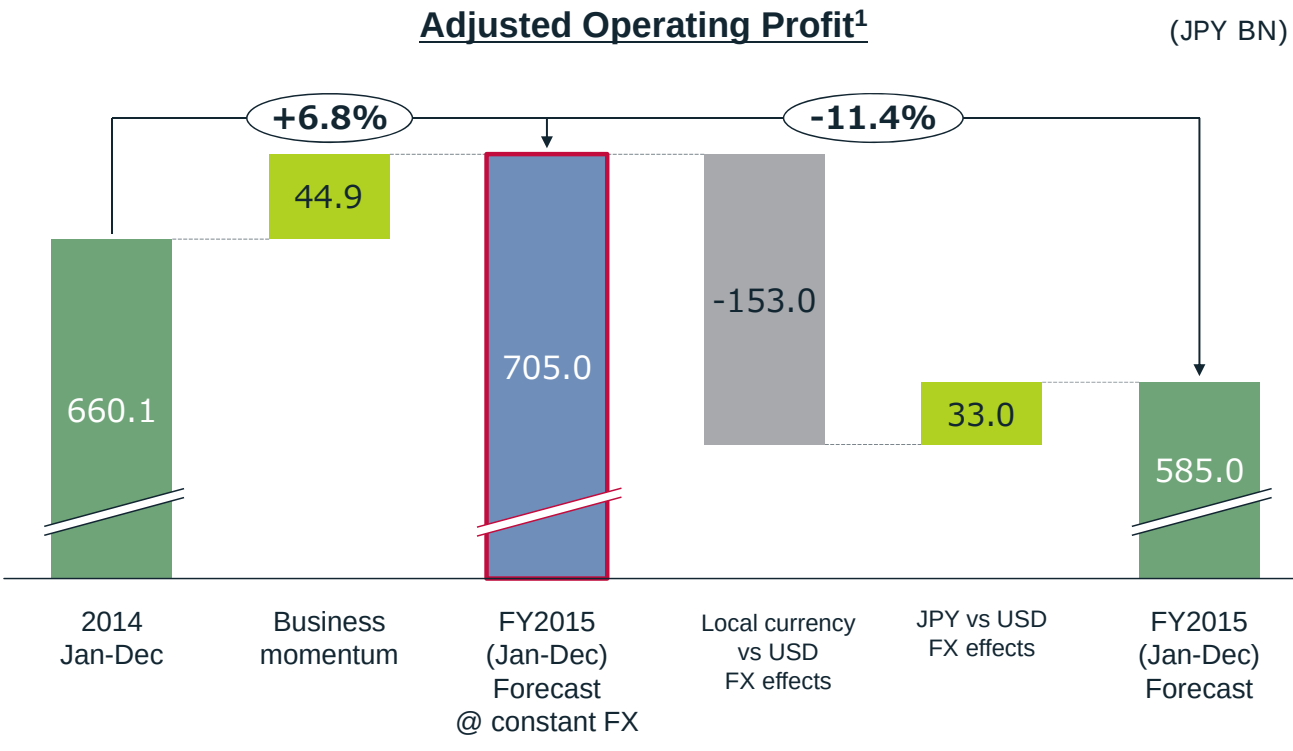
Aim to achieve 6.8% adjusted operating profit growth at constant FX



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Forecasts by segment

International Tobacco Business Forecasts

Forecast to deliver 8% profit growth at constant FX

(BNU,MMUS$,%)

	2014	2015	Change
Total Shipment Volume[4]	398.0	**392.0**	**-1.5%**
GFB Shipment Volume	262.2	**265.0**	**1.1%**
@ constant FX			
Core Revenue[5]	11,911	**12,500**	**4.9%**
Adjusted Operating Profit[1]	4,253	**4,595**	**8.0%**
Reported			
Core Revenue[5]	11,911	**10,600**	**-11.0%**
Adjusted Operating Profit[1]	4,253	**3,150**	**-25.9%**
JPY basis (JPY BN)			
Core Revenue[5]	1,258.2	**1,219.0**	**-3.1%**
Adjusted Operating Profit[1]	447.1	**362.0**	**-19.0%**

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FX Assumption & Sensitivity

	2014 Act	2015 Assumption	Change
RUB/$	38.40	65.00	-40.9%
GBP/$	0.61	0.64	-5.1%
EUR/$	0.75	0.90	-16.3%
CHF/$	0.91	0.90	+1.7%
TWD/$	30.31	31.15	-2.7%
TRY/$	2.19	2.25	-2.8%
JPY/$	105.79	115.00	+8.7%

FX Sensitivity Guidance for FX impact on 2015 adjusted operating profit of US$ 3,150 MM based on the current assumptions:

- Local currency vs. US$

  1% deviation from the assumed rates against US$ by all the currencies in the same direction (excluding Yen) leads to;

  Approx. US$ 40MM impact on US$ based adjusted operating profit

  US$ 40MM composed of:

  RUB 35%, GBP 25%, EUR 15%, TWD 15%, TRY 5%, CHF -15%

- US$ vs. Yen

  Yen/$ move of 1 yen from the assumption leads to;

  Approx. 3 billion yen impact on Yen-based adjusted operating profit

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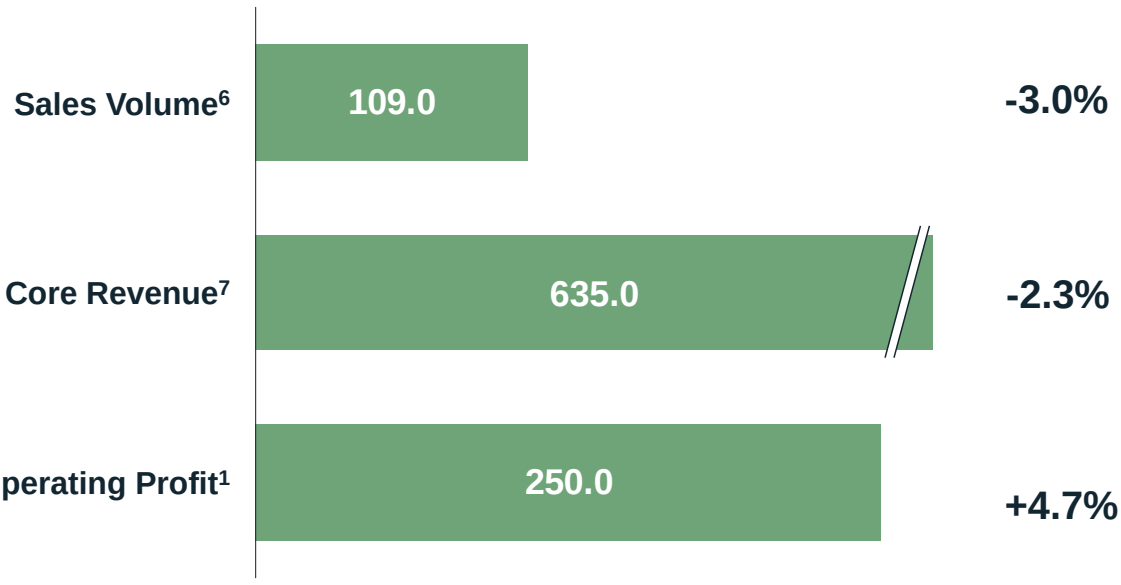
Japanese Domestic Tobacco Business Forecasts

Aim to grow profit by enhancing competitiveness

FY2015 Forecasts (Jan-Dec) (BNU, JPY BN, %)



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Pharmaceutical and Processed Food Businesses: Continue strengthening business foundation

(JPY BN)

	2014 Jan-Dec	FY2015 Jan-Dec	Change
Pharmaceutical Business			
Revenue	65.8	**74.0**	**+8.2**
Adjusted Operating Profit[1]	-7.3	**-4.5**	**+2.8**
Processed Food Business			
Revenue	161.2	**168.0**	**+6.8**
Adjusted Operating Profit[1]	1.4	**1.5**	**+0.1**
Beverage Business*			
Revenue	181.3	**184.0**	**+2.7**
Adjusted Operating Profit[1]	-0.5	**0**	**+0.5**

*Business and financial impacts relating to the withdrawal from the manufacture and sale of JT beverage products announced on February 4, 2015, have not been included.

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Continue to pursue sustainable profit growth through investment

JTG mid-to long-tem goal

Adjusted operating profit (@constant FX) annual avg. growth rate

Mid- to high-single digit

Fiscal year 2015: +6.8%

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<Annotation>

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 company
3 Adjusted EPS:	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
4 Total shipment volume: (International tobacco business)	Includes fine cut, cigars, pipe tobacco and snus but excludes contract manufactured products, waterpipe tobacco and emerging products
5 Core revenue: (International tobacco business)	Includes revenue from waterpipe tobacco and emerging products, but excludes revenues from distribution, contract manufacturing and other peripheral businesses.
6 Sales volume: (Japanese domestic tobacco business)	Excludes sales volume of domestic duty free and the China business
7 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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