Supplementary Document

Tokyo, February 5, 2015
Japan Tobacco Inc.

Japan Tobacco International (JTI)
Results for the 12 month period ended December 31, 2014

JTI delivers 13.1% earnings growth at constant FX

(billions of units, millions of US$)	Jan-Dec		Change vs. prior year	Oct-Dec		Change vs. prior year
	2014	2013		2014	2013	
Total shipment volume[1]	398.0	417.5	-4.7%	101.4	105.5	-3.9%
GFB shipment volume[1]	262.2	267.5	-2.0%	67.9	68.7	-1.2%
Core revenue[2]	11,911	12,273	-3.0%	2,809	3,206	-12.4%
Core revenue at constant FX	12,700	12,273	3.5%	3,260	3,206	1.7%
Adjusted operating profit	4,253	4,206	1.1%	799	879	-9.2%
Adjusted operating profit at constant FX	4,757	4,206	13.1%	1,040	879	18.2%

Highlights

Full year 2014 (January-December)

- Adjusted operating profit grew 1.1%, and 13.1% at constant FX driven by strong price/mix.
- Core revenue declined 3.0% due to unfavorable currency, but increased 3.5% at constant FX.
- Total and GFB shipment volumes declined 4.7% and 2.0%, respectively, primarily driven by industry volume contraction.
- Fine cut shipment volume increased 11.1% driven by GFB fine cut volume which grew 32.7%.
- Year-on-year market share[3] increased in the key markets of France, Spain, Turkey and the UK. In Russia, GFB share of market continued to grow driven by Winston.

3 months quarter-to-date 2014 (October-December)

- Currency-neutral core revenue and adjusted operating profit grew 1.7% and 18.2%, respectively, driven by strong price/mix.
- On a reported basis, core revenue and adjusted operating profit were down 12.4% and 9.2%, respectively, primarily due to the unfavorable ruble-dollar exchange rate.
- Total and GFB shipment volumes declined 3.9% and 1.2%, respectively, mainly due to industry contraction. GFB fine cut shipment volume grew 37.6% driving total fine cut volume growth of 13.3%.

Performance review

Full year 2014 (January-December)

Core revenue at constant FX grew US$427 million (+3.5%) to US$12,700 million, driven by US$958 million in price/mix improvement.

Adjusted operating profit at constant FX increased US$551 million (+13.1%) to US$4,757 million driven by US$938 million in price/mix improvement.

On a reported basis, core revenue declined 3.0% to US$11,911 million while adjusted operating profit grew 1.1% to US$4,253 million.

Total shipment volume

Total shipment volume declined 4.7% to 398.0 billion cigarette equivalent units, mainly due to industry contraction in Russia. Total shipment volume growth in Benelux markets, the Caucasus, Germany, Hungary, Middle East and African markets and Turkey, was offset by declines in Italy, Kazakhstan, Russia and Ukraine. Fine cut shipment volume grew in Benelux markets, France, Germany, Hungary, Ireland, Poland, Switzerland and the UK.

(billions of units)	Jan-Dec		Change
Cluster	**2014**	**2013**	**vs. prior year**
South & West Europe	59.8	61.1	-2.2%
North & Central Europe	51.6	51.3	0.8%
CIS+	165.7	185.2	-10.5%
Rest-of-the-World	120.8	119.9	0.8%
Total JTI	**398.0**	**417.5**	**-4.7%**

GFB shipment volume

GFB shipment volume decreased 2.0% to 262.2 billion cigarette equivalent units, despite volume growth by Camel, Benson & Hedges and Sobranie. GFB fine cut shipment volume grew 32.7%, led by Benelux markets, France, Germany, Hungary, Italy, Poland and Spain. GFB represented 65.9% of total shipment volume, an increase of 1.8ppt compared to the same period last year.

Winston: Shipment volume declined 8.1% to 129.6 billion cigarette equivalent units, despite growth in Benelux markets, Germany, Middle East and African markets, Romania, Spain and Taiwan. The decline was primarily due to industry contraction in Russia and Ukraine, as well as downtrading in Italy and Turkey. Fine cut shipment volume grew 34.1%.

Camel: Shipment volume increased 16.9% to 46.4 billion cigarette equivalent units, a record for Camel since the brand acquisition in 1999, driven by growth in Benelux markets, Germany, Middle East and African markets, Spain and Turkey. Fine cut shipment volume grew 21.2%.

Mevius: Shipment volume declined 3.0% to 17.8 billion cigarette equivalent units due to ongoing downtrading in Taiwan.

LD: Despite positive performance in Canada, Hungary, Kazakhstan and Ukraine, shipment volume declined 0.8% to 44.9 billion cigarette equivalent units, primarily due to Russia. Fine cut shipment volume grew 56.5%.

Cluster results

South and West Europe

(billions of units, millions of US$)	Jan-Dec 2014	Jan-Dec 2013	Change vs. prior year
Total shipment volume	59.8	61.1	-2.2%
GFB shipment volume	51.4	51.4	-0.0%
Core revenue at constant FX	2,051	2,161	-5.1%

Total shipment volume declined 2.2%, primarily due to France and Italy. GFB shipment volume was flat as growth in Benelux markets, Portugal and Spain offset the decline in Italy. Share of market grew in Belgium, France, Greece, Luxembourg, Netherlands, Spain and Switzerland.

Core revenue at constant FX decreased 5.1% due to volume decline and US$55 million in negative price/mix, mainly in France and Italy.

In France, total and GFB shipment volumes declined 2.1% and 1.0%, respectively, while industry volume contracted 4.2%. Fine cut shipment volume grew 7.1%. Market share increased 0.8ppt to 20.8%, led by Winston and Camel.

In Italy, total and GFB shipment volumes declined 7.9% and 7.6%, respectively, due to downtrading linked to price repositioning. Benson & Hedges grew 28.6% following its February launch in the value segment. Fine cut shipment volume increased 8.3% led by our GFBs. Market share declined 1.8ppt to 19.9%.

In Spain, total and GFB shipment volumes grew 0.6% and 4.9%, respectively, driven by Winston, Camel and Benson & Hedges. Fine cut shipment volume increased 2.2% driven by Winston and Camel. Market share grew 0.7ppt to 21.7%, led by the strong performance of our GFBs, particularly Winston.

North and Central Europe

(billions of units, millions of US$)	Jan-Dec 2014	Jan-Dec 2013	Change vs. prior year
Total shipment volume	51.6	51.3	0.8%
GFB shipment volume	27.8	26.4	5.4%
Core revenue at constant FX	2,315	2,148	7.7%

Total and GFB shipment volumes grew 0.8% and 5.4%, respectively, mainly driven by Czech Republic, Germany and Hungary. Market share grew in Czech Republic, Germany, Hungary, Ireland, Poland and the UK.

Core revenue at constant FX increased 7.7% driven by positive price/mix of US$173 million, mainly in the UK.

In Austria, GFB shipment volume grew 5.6% driven by Winston, Camel and Benson & Hedges while total shipment volume decreased 2.0%. Market share declined 0.2ppt to 32.0%.

In Poland, total and GFB shipment volumes decreased 2.9% and 2.7%, respectively, mainly due to industry contraction. Market share increased 1.0ppt to 15.9% driven by Camel and LD.

In the UK, total and GFB shipment volumes declined 3.7% and 7.6%, respectively, due to industry contraction and downtrading to the value segment. Fine cut shipment volume grew 2.0%. Market share increased 0.5ppt to 41.3%, led by Old Holborn and Amber Leaf, with the latter consolidating its number one tobacco brand position.

CIS+

(billions of units, millions of US$)	Jan-Dec		Change
	2014	2013	vs. prior year
Total shipment volume	165.7	185.2	-10.5%
GFB shipment volume	115.7	123.8	-6.5%
Core revenue at constant FX	4,735	4,364	8.5%

Total and GFB shipment volumes declined 10.5% and 6.5%, respectively, due to Kazakhstan, Russia and Ukraine. In the second half of the year, trend in total shipment volume improved in Russia driven by GFB shipment volume.

Core revenue at constant FX increased 8.5% driven by price/mix of US$835 million, mainly in Russia and Ukraine.

In Romania, total and GFB shipment volumes increased 0.2% and 18.9%, respectively, led by Winston, Benson & Hedges and Sobranie. Market share increased 0.9ppt to 25.0%, primarily driven by Winston, Benson & Hedges and Sobranie.

In Russia, total and GFB shipment volumes decreased 13.6% and 10.1%, respectively. This was due to industry contraction estimated at 9.5% for the full year[4], following tax-led price increases as well as competitive pressure in the mid- and low-price segments. Despite share of market declining 1.4ppt to 34.9%, GFB market share grew 0.4ppt to 23.6%, led by Winston achieving a record 15.0% share. Share of value[5] declined 0.9ppt to 35.8%.

Rest-of-the-World

(billions of units, millions of US$)	Jan-Dec		Change
	2014	2013	vs. prior year
Total shipment volume	120.8	119.9	0.8%
GFB shipment volume	67.2	65.9	2.1%
Core revenue at constant FX	3,600	3,600	0.0%

Total and GFB shipment volumes increased 0.8% and 2.1%, respectively, mainly driven by Korea, Middle East and African markets and Turkey. Market share grew in Canada, Malaysia and Turkey.

Core revenue at constant FX was stable.

In Taiwan, total and GFB shipment volumes decreased 5.3% and 0.1%, respectively, reflecting downtrading due to price competition. In the fourth quarter, GFB shipment volume grew 10.9%

versus the same period last year driven by Mevius. Year-on-year total market share declined 1.0ppt to 38.4%, despite Winston growing share 1.2ppt to 4.8%. JTI remains the leading tobacco company in both share of market and share of value.

In Turkey, total and GFB shipment volumes increased 2.3% and 0.7%, respectively, driven by continued growth of Camel following its successful price repositioning to the popular segment. Camel share grew 6.0ppt to 7.9% driving total share of market to 29.0% (+2.4ppt). In the fourth quarter, market share of Camel reached 12.5%.

Performance review
3 months quarter-to-date 2014 (October-December)

Core revenue at constant FX grew US$53 million (+1.7%) to US$3,260 million, driven by US$191 million in price/mix improvement.

Adjusted operating profit at constant FX increased US$160 million (+18.2%) to US$1,040 million, driven by US$184 million in price/mix gains.

Total shipment volume declined 3.9% to 101.4 billion cigarette equivalent units mainly due to Russia. Fine cut shipment volume increased 13.3% driven by positive GFB momentum in Benelux markets, France, Italy, Germany, Hungary, Portugal and Spain. GFB shipment volume decreased 1.2% to 67.9 billion units, essentially due to Winston volumes in Russia and Turkey.

Shipment volume

(billions of units)	Total Oct-Dec		Change vs. prior year	GFB Oct-Dec		Change vs. prior year
Cluster	**2014**	**2013**		**2014**	**2013**	
South & West Europe	13.7	14.4	-4.8%	11.9	12.4	-4.1%
North & Central Europe	12.6	12.9	-2.0%	6.8	6.6	3.2%
CIS+	42.3	46.1	-8.1%	30.2	31.7	-4.9%
Rest-of-the-World	32.8	32.2	1.7%	19.0	18.0	5.5%
Total JTI	**101.4**	**105.5**	**-3.9%**	**67.9**	**68.7**	**-1.2%**

Core revenue at constant FX

(millions of US$)	Oct-Dec		Change vs. prior year
Cluster	**2014**	**2013**	
South & West Europe	482	521	-7.4%
North & Central Europe	607	585	3.8%
CIS+	1,237	1,151	7.5%
Rest-of-the-World	933	949	-1.7%
Total JTI	**3,260**	**3,206**	**1.7%**

Notes:

[1] Including fine cut, cigars, pipe tobacco and snus, but excluding contract manufactured products, waterpipe tobacco and emerging products.
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.

[2] Revenue including waterpipe tobacco and emerging products, but excluding revenue from distribution, contract manufacturing and other peripheral businesses.

[3] Source: IRI, Logista, Nielsen and JTI estimates on a 12-month rolling average, unless otherwise specified, for cigarettes and fine cut at the end of December 2014. Germany and Spain are on a 12-month rolling average at the end of November 2014. 12-month share of market growth for November 2014 markets is calculated against a 12-month share of market at the end of December 2013.

[4] Source: JTI estimates based on January-December 2014 data versus the same period last year.

[5] Source: Nielsen estimates on a 12-month rolling average for cigarettes at the end of December 2014.

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

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