Announcement ：August 3, 2015
Investor's Meeting：August 4, 2015

Consolidated Financial Results for FY2015 Second Quarter

(January 1, 2015 through June 30, 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 28.

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)

*Financial results for FY2014 Q2 Year-to-Date:
Domestic businesses : Apr 1st - Sep 30th, 2014; International business : Jan 1st - Jun 30th, 2014

(JPY BN)

	FY2014 (Q2 YTD)	**FY2015 (Q2 YTD)**
Revenue	1,174.4	**1,171.7**
Adjusted Operating Profit[1]	328.3	**327.9**
Operating Profit	307.1	**290.0**
Profit[2]	219.3	**211.5**

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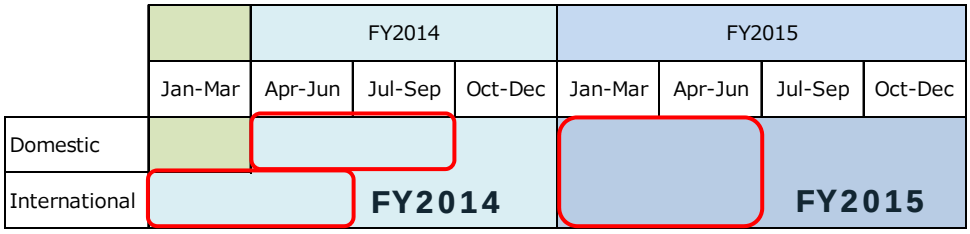
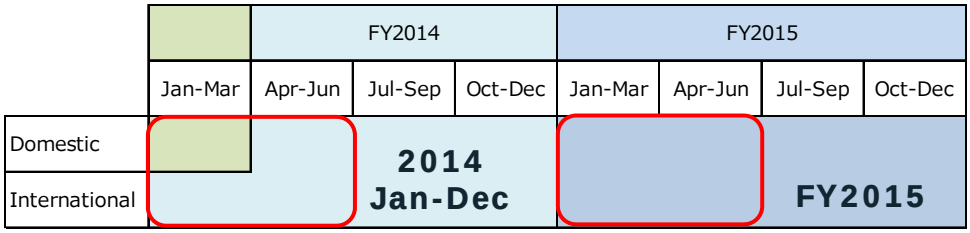
Reported and Like-for-Like basis

Consolidated periods for the prior year results are different for reported basis and like-for-like basis

- Reported basis
  - 2014 Domestic businesses : From Apr 1st to Sep 30th, 2014
    International tobacco business : From Jan 1st to Jun 30th, 2014
  - 2015 All businesses : From Jan 1st to Jun 30th, 2015



- Like-for-Like basis (L-f-L basis)
  - 2014 All businesses: From Jan 1st to Jun 30th, 2014
  - 2015 All businesses: From Jan 1st to Jun 30th, 2015



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

- Revenue, operating profit, adjusted operating profit and profit attributed to owners of the parent company for January - June, 2014 would be disclosed in the Quarterly Securities Report, which will be subject to auditor's review.

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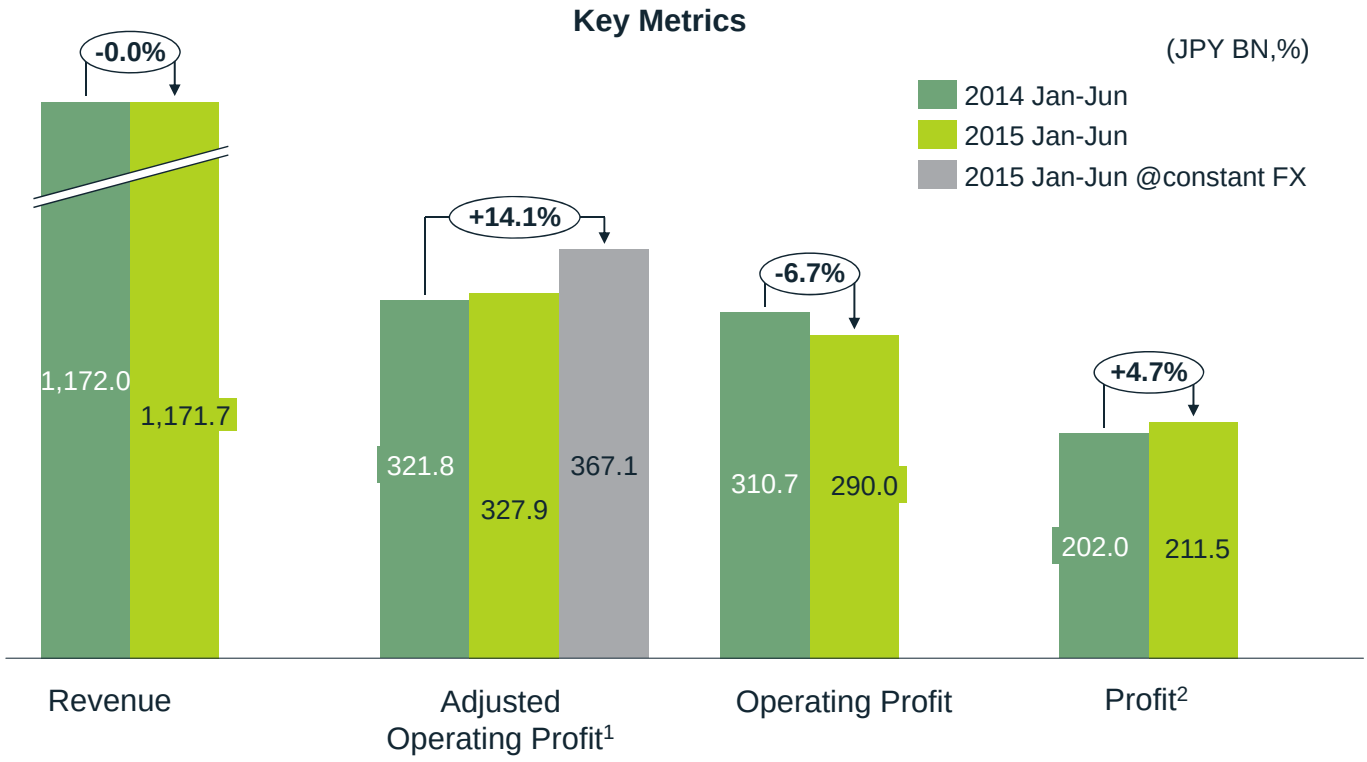
Consolidated financial results L-f-L basis (Jan-Jun 2015)

Achieved solid profit growth driven by robust business performance



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Results by segment
L-f-L basis (Jan-Jun 2015)

Pricing drove revenue and profit growth at constant FX

(BNU,MMUS$,%)

	2014 Jan-Jun	2015 Jan-Jun	change
Total Shipment Volume[3]	190.6	**191.2**	**0.3%**
GFB Shipment Volume	123.0	**131.9**	**7.2%**
@ constant FX			
Core Revenue[4]	5,876	**6,272**	**6.7%**
Adjusted Operating Profit[1]	2,147	**2,461**	**14.6%**
Reported			
Core Revenue[4]	5,876	**5,061**	**-13.9%**
Adjusted Operating Profit[1]	2,147	**1,770**	**-17.5%**
JPY basis (JPY BN)			
Core Revenue[4]	602.0	**609.2**	**1.2%**
Adjusted Operating Profit[1]	219.9	**212.9**	**-3.2%**

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Year-on-year growth by cluster

(%)

	2015 Jan-Mar	2015 Apr-Jun	2015 Jan-Jun
South & West Europe			
Total Shipment Volume[3]	**8.2%**	**5.0%**	**6.5%**
GFB Shipment Volume	**12.3%**	**8.0%**	**10.0%**
Core Revenue[4] @ constant FX	**12.8%**	**7.3%**	**9.8%**
North & Central Europe			
Total Shipment Volume[3]	**2.1%**	**2.0%**	**2.0%**
GFB Shipment Volume	**5.9%**	**7.8%**	**6.9%**
Core Revenue[4]@ constant FX	**11.0%**	**7.4%**	**9.2%**

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Year-on-year growth by cluster

(%)

	2015 Jan-Mar	2015 Apr-Jun	2015 Jan-Jun
CIS+			
Total Shipment Volume[3]	**-13.5%**	**-2.3%**	**-7.4%**
GFB Shipment Volume	**-5.3%**	**2.4%**	**-1.0%**
Core Revenue[4] @ constant FX	**-4.2%**	**12.3%**	**4.5%**
Rest-of-the-World			
Total Shipment Volume[3]	**15.4%**	**0.3%**	**7.2%**
GFB Shipment Volume	**32.6%**	**11.2%**	**20.4%**
Core Revenue[4] @ constant FX	**12.4%**	**0.1%**	**5.7%**

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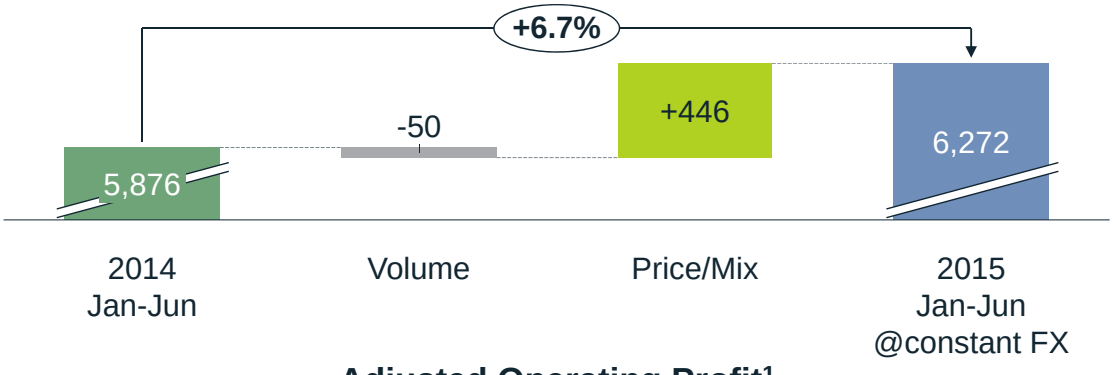
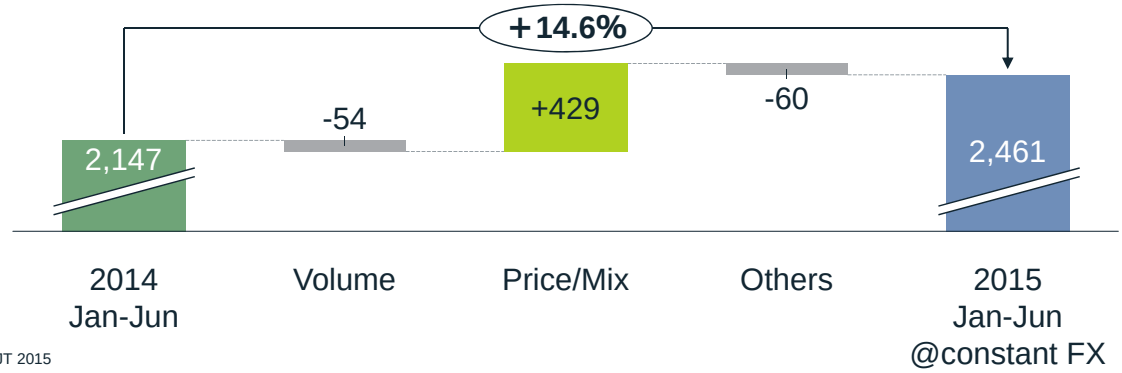
Top-line and profit growth driven by pricing

(MMUS$, %)

Core Revenue[4]



Adjusted Operating Profit[1]



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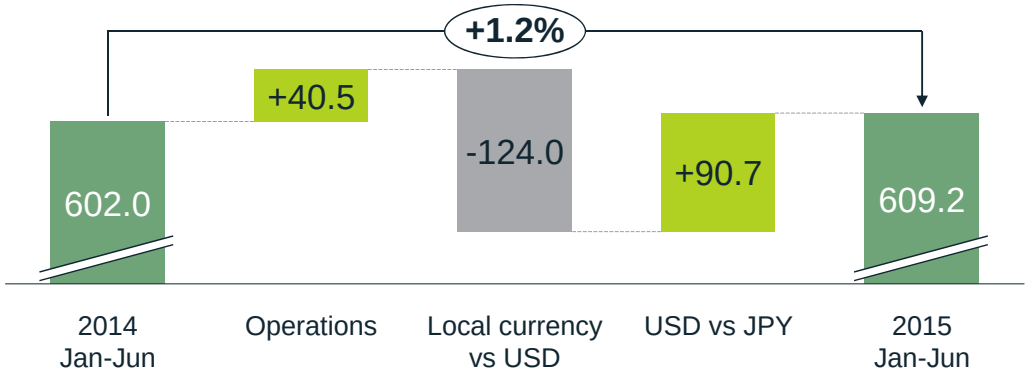
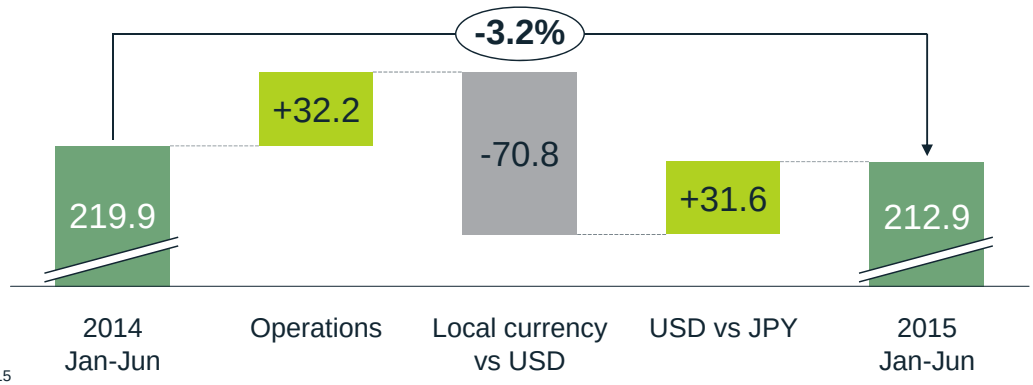
FX impacts

Core Revenue[4]

(JPY BN, %)



Adjusted Operating Profit[1]



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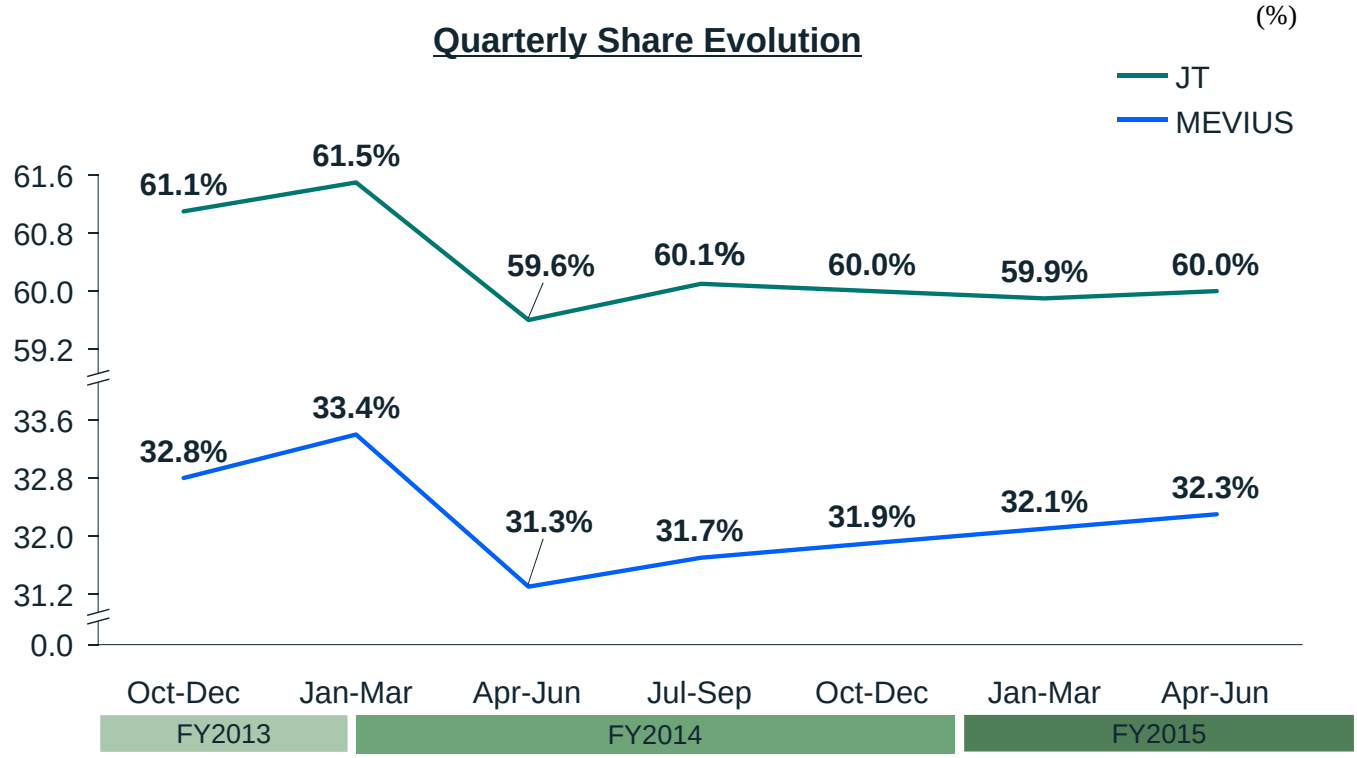
Resilient MEVIUS performance amongst continued intensified competition

Quarterly Share Evolution

(%)



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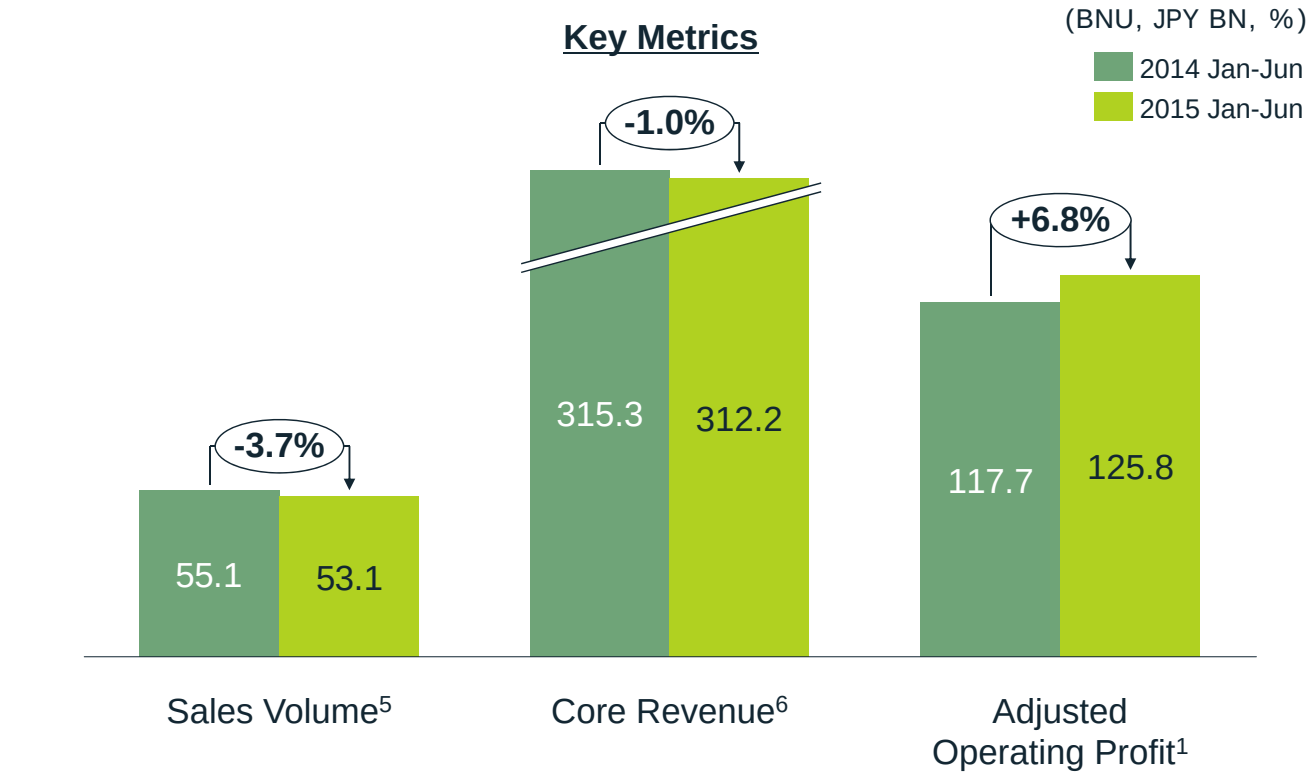
Achieved profit growth driven by price/mix and cost decrease



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Pharmaceutical and Processed food businesses delivered year-on-year business growth

(JPY BN)

	2014 Jan-Jun	**2015 Jan-Jun**	**Change**
Pharmaceutical Business			
Revenue	31.4	**34.8**	**3.4**
Adjusted Operating Profit[1]	-4.1	**-2.1**	**2.0**
Processed Food Business			
Revenue	76.0	**79.3**	**3.4**
Adjusted Operating Profit[1]	0.3	**1.1**	**0.8**
Beverage Business*			
Revenue	86.7	**82.0**	**-4.7**
Adjusted Operating Profit[1]	-2.0	**-0.8**	**1.2**

*Announced withdrawal from the manufacture and sales of JT beverage products, targeting the end of September, 2015.
*On July 31, 2015, the transfer of shares JT held in its subsidiaries conducting vending machine operation business and the transfer of certain JT beverage brands were completed. Consequently, the beverage business will be classified as a discontinued operation starting in the third quarter.

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2015 Revised forecasts

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Consolidated Financial Forecasts (Revised forecasts)

Confident of achieving adjusted operating profit target at constant FX

(JPY BN, %)

	Initial forecasts	**Revised forecasts**	**Change from initial forecasts**	**Change from previous year**
Adjusted Operating Profit[1] @constant FX	705.0	**705.0**	**-**	**6.8%**
Revenue	2,380.0	**2,350.0**	**-30.0**	**-3.4%**
Adjusted Operating Profit[1]	585.0	**613.0**	**28.0**	**-7.1%**
Operating Profit	539.0	**668.0**	**129.0**	**16.8%**
Profit[2]	387.0	**471.0**	**84.0**	**21.1%**

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Accelerating investments in the second half for future sustainable profit growth

(BNU, MMUS$,%)

	Initial forecasts	Revised forecasts	Change from initial forecasts	Change from previous year
Total Shipment Volume[3]	392.0	**392.0**	**-**	**-1.5%**
GFB Shipment Volume	265.0	**267.0**	**2.0**	**1.8%**
@constant FX				
Core Revenue[4]	12,500	**12,500**	**-**	**4.9%**
Adjusted Operating Profit[1]	4,595	**4,595**	**-**	**8.0%**
Reported basis				
Core Revenue[4]	10,600	**10,400**	**-200**	**-12.7%**
Adjusted Operating Profit[1]	3,150	**3,230**	**80**	**-24.1%**
Yen basis (JPY BN)				
Core Revenue[4]	1,219.0	**1,261.0**	**42.0**	**0.2%**
Adjusted Operating Profit[1]	362.0	**390.0**	**28.0**	**-12.8%**

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Updated FX assumption and sensitivity

- FX sensitivity guidance based on the revised forecast of adjusted operating profit of $3,230MM
- 1% deviation from the updated exchange rates against USD by all currencies excluding yen in the same direction leads to slightly above $40MM impact on USD-based adjusted operating profit
- 1 yen move from the updated yen-dollar exchange rate leads to approximately 3 billion yen impact on yen-based adjusted operating profit

	2015 Initial assumptions	2015 Revised assumptions	Compositions in sensitivity of slightly above 40MM$
RUB/$	**65.00**	**57.50**	**Nearly 40%**
GBP/$	**0.64**	**0.66**	**20%**
EUR/$	**0.90**	**0.90**	**10%**
CHF/$	**0.90**	**0.95**	**Slightly above -10%**
TWD/$	**31.15**	**31.10**	**15%**
TRY/$	**2.25**	**2.65**	**Slightly above 5%**
JPY/$	**115.00**	**121.00**	

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Japanese Domestic Tobacco Business (Revised forecasts)

Aim to achieve the initial profit target amid a difficult operating environment

(JPY BN, %)

	Initial forecasts	**Revised forecasts**	**Change from initial forecasts**	**Change from previous year**
Sales Volume	109.0	**109.0**	**-**	**-3.0%**
Core Revenue	635.0	**638.0**	**3.0**	**-1.8%**
Adjusted Operating Profit[1]	250.0	**250.0**	**-**	**4.7%**

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Pharmaceutical and Processed Food Businesses (Revised forecasts)

(JPY BN)

	Initial forecasts	**Revised forecasts**	**Change from initial forecasts**
Pharmaceutical Business			
Revenue	74.0	**75.0**	**1.0**
Adjusted Operating Profit[1]	-4.5	**-4.5**	**-**
Processed Food Business			
Revenue	168.0	**168.0**	**-**
Adjusted Operating Profit[1]	1.5	**2.5**	**1.0**
Beverage business*			
Revenue	184.0	**97.0**	**-87.0**
Adjusted Operating Profit[1]	0	**-2.0**	**-2.0**

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Disclosure from 2015 Q3

Consolidated Financial Results and Forecasts (disclosure from 2015 Q3)

Results and forecasts for Beverage Business to be disclosed in "Profit from discontinued operation" column

Revenue	
	Japanese domestic tobacco business
	International tobacco business
	Pharmaceutical business
	Processed food business
	Beverage business
Adjusted operating profit	
	Japanese domestic tobacco business
	International tobacco business
	Pharmaceutical business
	Processed food business
	Beverage business
Operating profit	
Profit attributable to owners of the parent	



Continuing operations	
	Revenue
		Japanese domestic tobacco business
		International tobacco business
		Pharmaceutical business
		Processed food business
	Adjusted operating profit
		Japanese domestic tobacco business
		International tobacco business
		Pharmaceutical business
		Processed food business
	Operating profit
	Profit from continuing operations
Profit from discontinued operation	
Profit attributable to owners of the parent	

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Disclosure of profit and EPS

(JPY BN, JPY)

	Initial forecasts	Revised forecasts (Beverage business as discontinued operation)
Profit (continuing operations)	-	387.0
Profit (discontinued operation)	-	84.0
Profit (total)	387.0	471.0
EPS (continuing operations)	-	215.57
EPS (discontinued operation)	-	46.79
EPS (total)	212.92	262.36

*The above figures are calculated using a simplified method and therefore not official.

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Profit from discontinued operations and shareholder return

- **Profit from the sale of the vending machine operation business is an extremely extraordinary non-repeating factor even in the medium- to long-term**
- **We do not commit whether to include this profit into the dividend resource now**
- **Our policy is to achieve stable and sustainable dividend increase in the medium- to long-term**
- **We will offer 2015 annual dividend together with a medium- to long-term shareholder return policy in February next year at the time of full year financial reporting, after reviewing the operating environment and financial outlook during the process of developing business plan**

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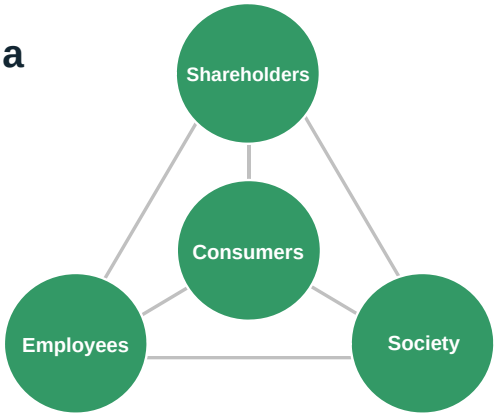
Confirmed robust business performance and solid profit growth

- **Confident in achieving mid to high single-digit profit growth***
- **Progress in business investment for future growth :**

  Completed Logic acquisition
- **Continuous pursuit of efficiency:**

  Optimize manufacturing footprint in Russia
- **Interim dividend of ¥ 54 per share,**

  aiming to achieve 50 % payout ratio



*Adjusted operating profit on a consolidated basis at constant FX for fiscal year 2015

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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 Total shipment volume: (International tobacco business)	Includes fine cut, cigars, pipe tobacco and snus but excludes contract manufactured products, waterpipe tobacco and emerging products
4 Core revenue: (International tobacco business)	Includes revenue from waterpipe tobacco and emerging 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	Excludes revenue from distribution of imported tobacco in the Japanese domestic tobacco business, among others

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