Supplementary Document

Tokyo, August 3, 2015
Japan Tobacco Inc.

Japan Tobacco International (JTI)
Results for the 3-month period ended June 30, 2015

Pricing drives revenue and profit growth at constant FX

(billions of units, millions of US$)	Apr-Jun		Change vs. prior year	Jan-Jun		Change vs. prior year
	2015	2014		2015	2014	
Total shipment volume[1]	103.1	102.9	0.2%	191.2	190.6	0.3%
GFB shipment volume[1]	71.9	67.7	6.2%	131.9	123.0	7.2%
Core revenue[2]	2,693	3,115	-13.6%	5,061	5,876	-13.9%
Core revenue at constant FX	3,331	3,115	6.9%	6,272	5,876	6.7%
Adjusted operating profit	889	1,124	-20.9%	1,770	2,147	-17.5%
Adjusted operating profit at constant FX	1,305	1,124	16.1%	2,461	2,147	14.6%

Highlights

3 months quarter-to-date 2015 (April-June)

- Adjusted operating profit at constant FX grew 16.1%, driven by strong price/mix and GFB shipment volume growth in several key markets. On a reported basis, adjusted operating profit declined 20.9% due to currency fluctuations.
- Core revenue at constant FX was up 6.9%, while it declined 13.6% on a reported basis due to currency fluctuations.
- Total and GFB shipment volumes were up 0.2% and 6.2%, respectively, as a result of a positive performance in the Benelux markets, Czech Republic, France, Germany, Italy, Kazakhstan, Spain, Turkey and Ukraine. GFB fine cut shipment volume increased 36.6% resulting in total fine cut shipment volume growth of 13.9%.
- Year-on-year market share[3] increased in the key markets of France, Spain, Taiwan, Turkey and the UK. In Russia, GFB market share continued to grow driven by Winston and LD.

6 months year-to-date 2015 (January-June)

- Core revenue and adjusted operating profit grew 6.7% and 14.6% at constant FX, respectively, due to robust price/mix and positive GFB momentum.
- On a reported basis, core revenue and adjusted operating profit declined 13.9% and 17.5%, respectively, due to currency fluctuations.
- Total and GFB shipment volumes were up 0.3% and 7.2%, respectively, driven by the Benelux markets, Czech Republic, France, Germany, Italy, Spain, Taiwan and Turkey, as well as a favorable impact of the last year's trade inventory adjustments in the Middle East and Turkey. GFB fine cut shipment volume grew 34.2% resulting in total fine cut shipment volume growth of 13.8%.

Performance review

3 months quarter-to-date 2015 (April-June)

Core revenue at constant FX grew 6.9% or US$216 million to US$3,331 million, driven by US$235 million in price/mix improvement.

Adjusted operating profit at constant FX increased 16.1% or US$181 million to US$1,305 million, due to a positive price/mix of US$227 million.

On a reported basis, core revenue and adjusted operating profit declined 13.6% and 20.9%, respectively, due to currency fluctuations.

Total shipment volume

Total shipment volume increased 0.2% to 103.1 billion cigarette equivalent units. This was mainly driven by growth in the Benelux markets, Czech Republic, France, Germany, Italy, Kazakhstan, Spain, Turkey and Ukraine, which offset the negative impact of industry contraction in Russia and non-GFB volume decline in Middle East and African markets. Fine cut shipment volume grew 13.9%, primarily driven by the Benelux markets, France, Germany and Spain.

(billions of units)	Apr-Jun		Change
Cluster	**2015**	**2014**	**vs. prior year**
South & West Europe	16.9	16.0	5.0%
North & Central Europe	13.2	13.0	2.0%
CIS+	42.2	43.2	-2.3%
Rest-of-the-World	30.8	30.7	0.3%
Total JTI	**103.1**	**102.9**	**0.2%**

GFB shipment volume

GFB shipment volume grew 6.2% to 71.9 billion cigarette equivalent units, mainly driven by the Benelux markets, Czech Republic, France, Germany, Italy, Kazakhstan, Romania, Spain, Turkey and Ukraine. GFB fine cut shipment volume increased 36.6% led by the Benelux markets, France, Germany and Spain. GFB represented 69.7% of total shipment volume, up 4.0ppt compared to the same period last year.

Winston: Shipment volume increased 2.2% to 34.8 billion cigarette equivalent units, reflecting growth in the Benelux markets, Czech Republic, France, Germany, Poland, Spain and Turkey. Fine cut shipment volume grew 48.7%, led by the Benelux markets, France, Germany and Spain.

Camel: Shipment volume grew 12.2% to 13.2 billion cigarette equivalent units, driven by growth in the Benelux markets, Czech Republic, Italy, Korea and Turkey. Fine cut shipment volume increased 28.3%, led by the Benelux markets and Spain.

Mevius: Shipment volume declined 0.9% to 4.3 billion cigarette equivalent units. Positive performance in Malaysia, South East Asia and Taiwan was offset by volume decline in Korea due to industry contraction following the sharp increase of the excise tax in January 2015.

LD: Shipment volume increased 17.7% to 13.3 billion cigarette equivalent units, primarily driven by growth in Canada, Kazakhstan and Ukraine. Fine cut shipment volume grew 5.7%, mainly led by Poland.

Cluster results

South and West Europe

(billions of units, millions of US$)	Apr-Jun 2015	Apr-Jun 2014	Change vs. prior year
Total shipment volume	16.9	16.0	5.0%
GFB shipment volume	14.8	13.7	8.0%
Core revenue at constant FX	616	574	7.3%

Total and GFB shipment volumes grew 5.0% and 8.0%, respectively, primarily driven by a positive performance in the Benelux markets, France, Italy and Spain. Market share increased in the Benelux markets, France, Greece, Spain and Switzerland.

Core revenue at constant FX increased 7.3%, driven by solid volume performance and price/mix of US$21 million.

In France, total and GFB shipment volumes increased 6.7% and 9.9%, respectively, driven by Winston. Fine cut shipment volume grew 18.0% reflecting positive momentum of Winston, Camel and Fleur du Pays. Market share increased 0.7ppt to 21.1%, led by Winston and Camel.

In Italy, total and GFB shipment volumes increased 5.0% and 5.6%, respectively, driven by Camel, Winston and Benson & Hedges. Fine cut shipment volume grew 15.8%. Market share declined 0.9ppt to 20.0%. Compared to the previous quarter, 3-month rolling average share of market improved 1.1ppt to 21.0% driven by Camel and Benson & Hedges.

In Spain, total and GFB shipment volumes grew 4.0% and 7.0%, respectively, led by Winston, Camel and Benson & Hedges. Fine cut shipment volume increased 38.3%, driven by Winston, Camel and Amber Leaf. Market share grew 0.7ppt to 22.0% led by Winston.

North and Central Europe

(billions of units, millions of US$)	Apr-Jun 2015	Apr-Jun 2014	Change vs. prior year
Total shipment volume	13.2	13.0	2.0%
GFB shipment volume	7.6	7.1	7.8%
Core revenue at constant FX	638	594	7.4%

Total and GFB shipment volumes grew 2.0% and 7.8%, respectively, mainly driven by Czech Republic, Germany, Hungary and Poland. Market share increased in Czech Republic, Germany, Hungary, Ireland, Poland, Sweden and the UK.

Core revenue at constant FX increased 7.4%, driven by positive price/mix of US$41 million and GFB volume gains.

In Austria, GFB shipment volume grew 2.0% driven by Winston and Camel, while total shipment volume decreased 4.0% mainly due to industry contraction. Compared to the same period last year, market share[4] declined 0.2ppt to 31.4%.

In Poland, total and GFB shipment volumes grew 4.5% and 5.0%, respectively, driven by Winston.

Market share increased 0.9ppt to 16.4%, led by LD, Camel and Winston.

In the UK, total and GFB shipment volumes declined 2.8% and 9.3%, respectively, due to industry contraction and downtrading to the value segment. Fine cut shipment volume grew 2.3%. Market share increased 0.5ppt to 41.6% led by Amber Leaf and Sterling. Amber Leaf has further strengthened its number one tobacco brand position.

CIS+

(billions of units, millions of US$)	Apr-Jun		Change
	2015	2014	vs. prior year
Total shipment volume	42.2	43.2	-2.3%
GFB shipment volume	30.9	30.2	2.4%
Core revenue at constant FX	1,181	1,052	12.3%

GFB shipment volume grew 2.4% led by Kazakhstan, Romania and Ukraine. Total shipment volume declined 2.3% primarily due to industry contraction in Russia.

Core revenue at constant FX increased 12.3% as a result of US$167 million positive price/mix.

In Romania, GFB shipment volume grew 19.8% driven by Winston, Sobranie and Benson & Hedges, while total shipment volume decreased 0.8%. Market share increased 0.1ppt to 25.2%, led by GFBs.

In Russia, total and GFB shipment volumes declined 5.7% and 3.9%, respectively. This was mainly due to quarterly industry contraction[5] estimated at 4.5%, as well as competitive pressure at the low-end of the market. Share of market and share of value declined 1.5ppt to 34.2% and 1.3ppt to 35.1%, respectively. GFB market share grew 0.3ppt to 23.8% led by Winston's 15.2% share and LD's 6.1% share.

Rest-of-the-World

(billions of units, millions of US$)	Apr-Jun		Change
	2015	2014	vs. prior year
Total shipment volume	30.8	30.7	0.3%
GFB shipment volume	18.5	16.6	11.2%
Core revenue at constant FX	896	895	0.1%

Total shipment volume grew 0.3%. GFB shipment volumes increased 11.2% led by Canada, the Middle East, South East Asia, Taiwan and Turkey. Market share increased in Canada, Korea, Malaysia, Taiwan and Turkey.

Core revenue at constant FX grew 0.1%.

In Taiwan, total and GFB shipment volumes grew 2.3% and 2.8%, respectively, led by Mevius, Winston and LD. Share of market and share of value increased 0.3ppt to 39.0% and 0.5ppt to 44.8%, respectively, consolidating our leadership position.

In Turkey, total and GFB shipment volumes increased 28.2% and 28.8%, respectively, driven by strong performance of Camel and Winston. Camel share grew 9.2ppt to 12.0% becoming the leading brand in the market and driving our total market share to 30.8% (+3.9ppt).

Performance review
6 months year-to-date 2015 (January-June)

Core revenue at constant FX grew 6.7% or US$396 million to US$6,272 million, driven by US$446 million in price/mix improvement.

Adjusted operating profit at constant FX increased 14.6% or US$314 million to US$2,461 million, driven by positive price/mix of US$429 million.

Total and GFB shipment volumes grew 0.3% and 7.2%, respectively, mainly driven by growth in the Benelux markets, Czech Republic, France, Germany, Italy, Spain, Taiwan and Turkey, as well as from a favorable impact of the last year's trade inventory adjustments in the Middle East and Turkey. Fine cut shipment volume increased 13.8% driven by positive GFB momentum in several European markets, such as the Benelux markets, France, Germany and Spain.

Shipment volume

(billions of units)	Total Jan-Jun		Change vs. prior year	GFB Jan-Jun		Change vs. prior year
Cluster	**2015**	**2014**		**2015**	**2014**	
South & West Europe	32.0	30.0	6.5%	28.2	25.6	10.0%
North & Central Europe	25.8	25.3	2.0%	14.6	13.6	6.9%
CIS+	73.5	79.4	-7.4%	54.0	54.5	-1.0%
Rest-of-the-World	59.9	55.9	7.2%	35.2	29.2	20.4%
Total JTI	**191.2**	**190.6**	**0.3%**	**131.9**	**123.0**	**7.2%**

Core revenue at constant FX

(millions of US$)	Jan-Jun		Change vs. prior year
Cluster	**2015**	**2014**	
South & West Europe	1,166	1,062	9.8%
North & Central Europe	1,274	1,167	9.2%
CIS+	2,079	1,989	4.5%
Rest-of-the-World	1,753	1,658	5.7%
Total JTI	**6,272**	**5,876**	**6.7%**

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Notes:

[1] Including fine cut, cigars, pipe tobacco and snus, but excluding contract manufactured products, waterpipe tobacco and emerging products.
[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 June 2015. Benelux markets, France, Germany, Greece, Ireland, Romania, Spain, Switzerland and the UK are on a 12-month rolling average at the end of May 2015. 12-month share of market growth for May 2015 markets is calculated against a 12-month share of market at the end of June 2014.
[4] Source: JTI estimates on a 3-month rolling average for cigarettes and fine cut at the end of June 2015.
[5] Source: JTI estimates based on April-May 2015 data versus the same period last year.

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

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