Supplementary Document

Tokyo, November 4, 2015
Japan Tobacco Inc.

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

Solid financial performance driven by GFBs and pricing

(billions of units, millions of US$)	Jul-Sep		Change vs. prior year	Jan-Sep		Change vs. prior year
	2015	2014		2015	2014	
Total shipment volume[1]	104.3	106.0	-1.5%	295.6	296.6	-0.4%
GFB shipment volume[1]	73.5	71.4	3.0%	205.4	194.3	5.7%
Core revenue[2]	2,761	3,225	-14.4%	7,823	9,101	-14.0%
Core revenue at constant FX	3,492	3,225	8.3%	9,764	9,101	7.3%
Adjusted operating profit	945	1,308	-27.7%	2,715	3,454	-21.4%
Adjusted operating profit at constant FX	1,454	1,308	11.2%	3,915	3,454	13.3%

Highlights

3 months quarter-to-date 2015 (July-September)

- Adjusted operating profit at constant FX grew 11.2%, driven by robust price/mix and GFB shipment volume growth in several markets. On a reported basis, adjusted operating profit declined 27.7%, due to currency fluctuations.
- Core revenue at constant FX increased 8.3%, while it declined 14.4% on a reported basis.
- GFB shipment volume grew 3.0%, reflecting strong growth in the Benelux, Germany, Italy, Romania and Ukraine. GFB fine cut shipment volume increased 30.9% resulting in total fine cut shipment volume growth of 12.9%. Total shipment volume declined 1.5%, mainly due to industry contraction in CIS+ and the Middle East.
- Year-on-year market share[3] increased in the key markets of France, Italy, Spain, Taiwan, Turkey and the UK. In Russia, GFB market share continued to grow driven by Winston and LD.

9 months year-to-date 2015 (January-September)

- Core revenue and adjusted operating profit grew 7.3% and 13.3% at constant FX, respectively, led by strong price/mix and positive GFB performance.
- On a reported basis, core revenue and adjusted operating profit declined 14.0% and 21.4%, respectively, due to currency fluctuations.
- GFB shipment volume increased 5.7%, driven by the Benelux, Czech Republic, France, Germany, Iran, Italy, Romania, Turkey and Ukraine. GFB fine cut shipment volume grew 33.0% resulting in total fine cut shipment volume growth of 13.4%. Total shipment volume decreased 0.4%, mainly due to the Middle East and Russia.

Performance review

3 months quarter-to-date 2015 (July-September)

Core revenue at constant FX grew 8.3% or US$267 million to US$3,492 million, driven by US$293 million in price/mix contribution.

Adjusted operating profit at constant FX increased 11.2% or US$146 million to US$1,454 million. Positive price/mix of US$288 million offset total volume decline and accelerated investments.

On a reported basis, core revenue and adjusted operating profit declined 14.4% and 27.7%.

Total shipment volume

Total shipment volume decreased 1.5% to 104.3 billion cigarette equivalent units. Positive volume performance in the Benelux, Czech Republic, France, Germany, Hungary, Iran, Italy, the Philippines and Romania was offset by industry contraction in Kazakhstan, the Middle East and Russia. Fine cut shipment volume increased 12.9%, led by the Benelux, France, Germany, Hungary and Italy.

(billions of units)	Jul-Sep		Change
Cluster	**2015**	**2014**	**vs. prior year**
South & West Europe	16.8	16.1	4.4%
North & Central Europe	14.3	13.7	3.8%
CIS+	41.4	44.0	-5.9%
Rest-of-the-World	31.9	32.2	-0.9%
Total JTI	**104.3**	**106.0**	**-1.5%**

GFB shipment volume

GFB shipment volume grew 3.0% to 73.5 billion cigarette equivalent units, mainly driven by the Benelux, Czech Republic, France, Germany, Iran, Italy, Romania, South East Asia and Ukraine. GFB fine cut shipment volume increased 30.9%, primarily led by growth in the Benelux, France, Germany, Hungary and Italy. GFBs represented 70.4% of total shipment volume, up 3.1ppt from last year.

Winston: Shipment volume grew 1.4% to 35.1 billion cigarette equivalent units, primarily driven by the Benelux, Czech Republic, France, Germany, Iran, Italy, Poland and Turkey. Fine cut shipment volume increased 35.9%, led by the Benelux, France and Germany.

Camel: Shipment volume grew 1.6% to 13.7 billion cigarette equivalent units, reflecting growth in the Benelux, Czech Republic, France, Italy and Korea. Fine cut shipment volume increased 24.8%, led by the Benelux and France.

Mevius: Shipment volume declined 3.2% to 4.6 billion cigarette equivalent units. Positive performance in Malaysia and South East Asia was offset by volume decline in Korea due to industry contraction following the excise tax increase of January 2015.

LD: Shipment volume increased 12.5% to 13.6 billion cigarette equivalent units, primarily driven by growth in Canada – where LD was the fastest growing brand, the Caucasus markets, Kazakhstan, Romania and Ukraine. Fine cut shipment volume grew 9.9%, mainly led by Poland.

Cluster results

South and West Europe

(billions of units, millions of US$)	Jul-Sep 2015	Jul-Sep 2014	Change vs. prior year
Total shipment volume	16.8	16.1	4.4%
GFB shipment volume	14.9	14.0	6.4%
Core revenue at constant FX	591	557	6.1%

Total and GFB shipment volumes grew 4.4% and 6.4%, respectively, primarily driven by positive performance in the Benelux, France and Italy. Market share increased in the Benelux, France, Italy, Greece, Spain and Switzerland.

Core revenue at constant FX increased 6.1%, driven by strong volume performance and price/mix of US$12 million.

In France, total and GFB shipment volumes grew 3.8% and 6.6%, respectively, driven by Winston and Camel. Fine cut shipment volume increased 13.3% led by Winston, Camel and Fleur du Pays. Market share grew 0.7ppt to 21.2%, driven by Winston, Camel and Fleur du Pays.

In Italy, Camel and Winston drove strong total and GFB shipment volume growth of 13.6% and 13.9%, respectively. Fine cut shipment volume grew 39.2%. Market share increased 0.2ppt to 20.5%, driven by Camel and Benson & Hedges. Compared to the same quarter last year, share of market[4] grew 2.0ppt to 21.6%, reaching a record 21.7% in August.

In Spain, total and GFB shipment volumes both declined 11.8%, mainly due to quarterly phasing adjustments affecting Winston. Despite continuous growth of Amber Leaf, fine cut shipment volume decreased 1.3%. Market share grew 0.5ppt to 22.2%, primarily led by Winston and Camel.

North and Central Europe

(billions of units, millions of US$)	Jul-Sep 2015	Jul-Sep 2014	Change vs. prior year
Total shipment volume	14.3	13.7	3.8%
GFB shipment volume	8.3	7.4	12.8%
Core revenue at constant FX	700	634	10.4%

Total and GFB shipment volumes increased 3.8% and 12.8%, respectively, mainly driven by Czech Republic, Germany, Hungary and Poland. Market share grew in Czech Republic, Germany, Hungary, Ireland, Poland, Sweden and the UK.

Core revenue at constant FX increased 10.4%, driven by positive volume and price/mix of US$54 million.

In Austria, total and GFB shipment volumes grew 1.5% and 10.5%, respectively, driven by Benson & Hedges, Winston and Camel. Compared to the same quarter last year, market share[4] increased 0.2ppt to 31.5%, led by Benson & Hedges and Camel.

In Poland, total and GFB shipment volumes grew 4.0% and 4.7%, respectively, driven by Winston. Market share increased 0.8ppt to 16.5%, led by Winston.

In the UK, GFB shipment volume grew 2.0%, driven by Benson & Hedges. Total shipment volume declined 4.1%, mainly due to industry contraction and downtrading. Fine cut shipment volume increased 0.7%. Market share grew 0.7ppt to 41.8%, with Amber Leaf and Sterling strengthening their number one position in total tobacco and cigarettes, respectively.

CIS+

(billions of units, millions of US$)	Jul-Sep		Change
	2015	2014	vs. prior year
Total shipment volume	41.4	44.0	-5.9%
GFB shipment volume	31.0	31.0	-0.1%
Core revenue at constant FX	1,240	1,117	11.0%

GFB shipment volume was stable, with growth in Romania and Ukraine compensating for a decline in Russia, where GFB market share continued to grow. Total shipment volume decreased 5.9%, primarily due to Kazakhstan and Russia. Market share increased in Ukraine.

Core revenue at constant FX grew 11.0% as a result of US$190 million of price/mix.

In Romania, total and GFB shipment volumes increased 8.2% and 38.6%, respectively, driven by Winston, LD and Sobranie. GFB shipment volume growth was supported by the successful migration of More to LD. Market share declined 0.1ppt to 25.2%.

In Russia, total and GFB shipment volumes declined 6.6% and 3.9%, respectively. This was mainly due to quarterly industry contraction[5] estimated at 4.2%, as well as competitive pressure at the low-end of the market. Share of market and share of value declined 1.6ppt to 33.8% and 1.4ppt to 34.7%, respectively. GFB market share grew 0.1ppt to 23.8%, led by Winston and LD.

Rest-of-the-World

(billions of units, millions of US$)	Jul-Sep		Change
	2015	2014	vs. prior year
Total shipment volume	31.9	32.2	-0.9%
GFB shipment volume	19.3	19.0	1.6%
Core revenue at constant FX	960	916	4.8%

GFB shipment volume increased 1.6%, mainly driven by Canada, Iran, the Philippines and South East Asia. Total shipment volume declined 0.9%, with growth in Iran, the Philippines and South East Asia being offset by declines in Korea, Malaysia and the Middle East. Market share grew in Canada, Korea, Taiwan and Turkey.

Core revenue at constant FX increased 4.8%, mainly led by positive price/mix of US$36 million.

In Taiwan, total and GFB shipment volumes grew 0.6% and 1.2%, respectively, led by Winston and LD. Share of market and share of value increased 0.9ppt to 39.2% and 1.0ppt to 45.1%, respectively, driven by Mevius, Winston and LD.

In Turkey, despite positive performance of Winston, total and GFB shipment volumes decreased 0.9% and 3.1%, respectively, due to unfavorable comparison versus the same period last year. Camel consolidated its number one position driving total market share to 30.5% (+2.5ppt).

Performance review
9 months year-to-date 2015 (January-September)

Core revenue at constant FX grew 7.3% or US$662 million to US$9,764 million, driven by price/mix contribution of US$739 million.

Adjusted operating profit at constant FX increased 13.3% or US$460 million to US$3,915 million, driven by robust price/mix of US$717 million.

GFB shipment volume grew 5.7%, mainly driven by the Benelux, Canada, Czech Republic, France, Germany, Iran, Italy, Romania, South East Asia, Spain, Taiwan, Turkey and Ukraine. Total shipment volume slightly declined by 0.4%, mainly due to the Middle East and Russia, partly offset by GFB growth and favorable trade inventory movements in Iran and Turkey. Fine cut shipment volume grew 13.4%, led by the strong GFB growth momentum in the European clusters.

Shipment volume

(billions of units)	Total Jan-Sep		Change vs. prior year	GFB Jan-Sep		Change vs. prior year
Cluster	**2015**	**2014**		**2015**	**2014**	
South & West Europe	48.8	46.1	5.8%	43.0	39.6	8.7%
North & Central Europe	40.1	39.0	2.7%	22.9	21.0	9.0%
CIS+	114.9	123.4	-6.9%	84.9	85.5	-0.7%
Rest-of-the-World	91.8	88.1	4.2%	54.5	48.2	13.0%
Total JTI	**295.6**	**296.6**	**-0.4%**	**205.4**	**194.3**	**5.7%**

Core revenue at constant FX

(millions of US$)	Jan-Sep		Change vs. prior year
Cluster	**2015**	**2014**	
South & West Europe	1,757	1,619	8.5%
North & Central Europe	1,974	1,801	9.6%
CIS+	3,319	3,107	6.8%
Rest-of-the-World	2,714	2,574	5.4%
Total JTI	**9,764**	**9,101**	**7.3%**

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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 September 2015. The Benelux, Germany, Ireland, Spain and Switzerland are on a 12-month rolling average at the end of August 2015. 12-month share of market growth for August 2015 markets is calculated against a 12-month share of market at the end of September 2014.
[4] Source: JTI estimates on a 3-month rolling average for cigarettes and fine cut at the end of September 2015.
[5] Source: JTI estimates based on Jul-Sep 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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