Announcement ：February 4, 2016
Investors' Meeting：February 5, 2016

JTG consolidated financial results for 2015 and forecasts for 2016

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*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 20.

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 for 2015

Like-for-Like basis

※Reported-basis results are disclosed in page 18 of the attached supplemental material.

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Consolidated financial results

Continuing operations
・L-f-L basis

Achieved strong profit growth and fulfilled dividend payout ratio commitment

Adjusted Operating Profit[1] (at constant FX)	**+9.9%** (Year-on-year)
Adjusted EPS[3] (at constant FX)	**+16.3%** (Year-on-year)
Dividend Payout Ratio (vs. profit from continuing operations)	**53.2%**

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Profit increased despite significant negative FX impact

【Continuing operations】

(JPY BN)	2015 Actual	Vs. PY
Revenue	2,252.9	-0.3%
Adjusted Operating Profit[1] (at constant FX)	726.5	+9.9%
Adjusted Operating Profit[1]	626.7	-5.2%
Operating Profit	565.2	-1.3%
Profit[2]	398.5	+1.8%

【Continuing operations+ Discontinued operations】

(JPY BN)	2015 Actual	Vs. PY
Profit[2]	485.7	+24.8%
Free Cash Flow	386.7	-68.7 (JPY BN)

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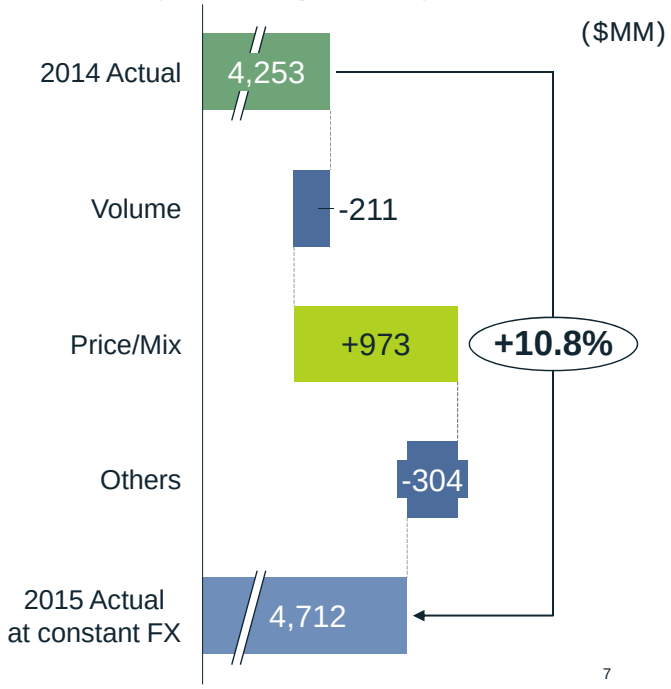
Results by business segment

Like-for-Like basis

Achieved robust profit growth while accelerating investment for the future

(BNU, $MM)	2015 Actual	vs. PY
Shipment volume		
• Total[4]	393.9	-1.0%
• GFB	273.6	+4.3%
At constant FX in USD		
• Core revenue[5]	12,739	+7.0%
• Adjusted Operating Profit[1]	4,712	+10.8%

Adjusted Operating Profit[1]



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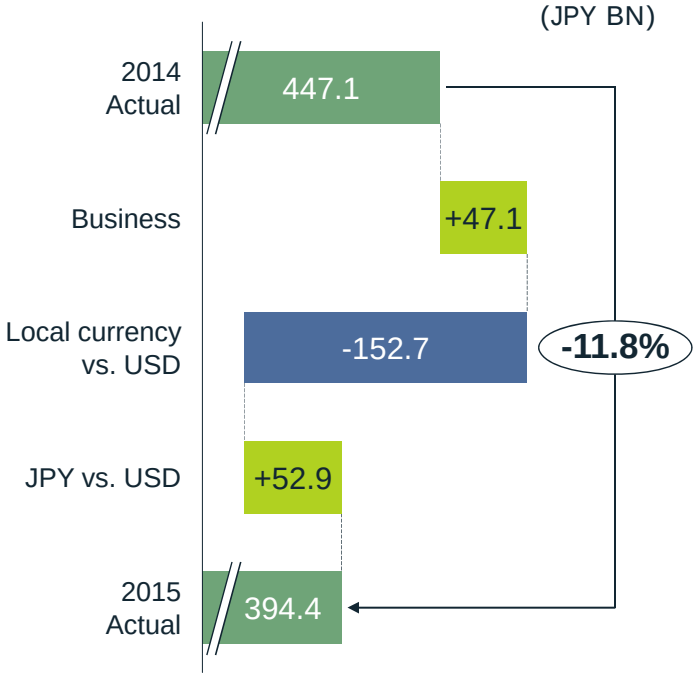
FX movements adversely impacting earnings

($MM, JPY BN)	2015 Actual	vs. PY
At actual FX in USD		
• Core revenue[5]	10,338	-13.2%
• Adjusted Operating Profit[1]	3,257	-23.4%
At actual FX in JPY		
• Core revenue[5]	1,252.5	-0.5%
• Adjusted Operating Profit[1]	394.4	-11.8%

Adjusted Operating Profit[1]



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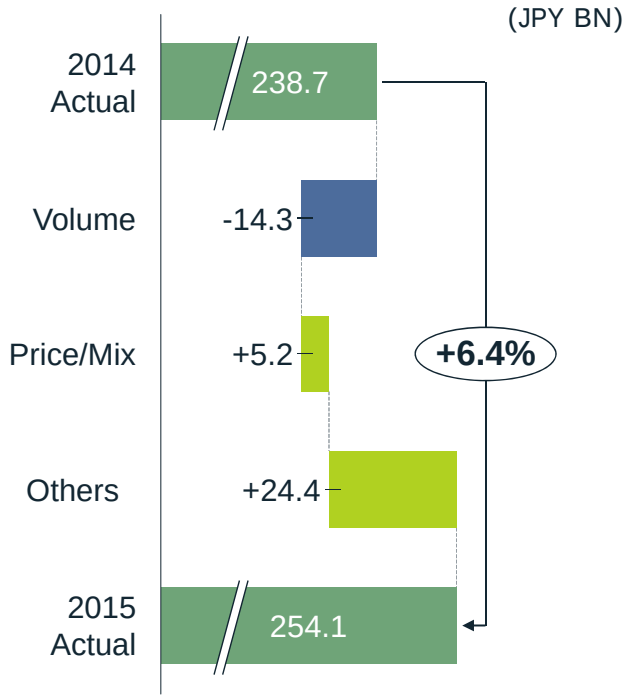
Profit grew driven by solid top-line and cost decrease

(BNU, JPY BN)	2015 Actual	vs. PY
• Sales volume[6]	109.2	-2.8%
• Core revenue[7]	642.2	-1.2%
• Adjusted Operating Profit[1]	254.1	+6.4%
• SOM	59.9%	-0.4ppt
• MEVIUS SOM	32.1%	0.0ppt

Adjusted Operating Profit[1]



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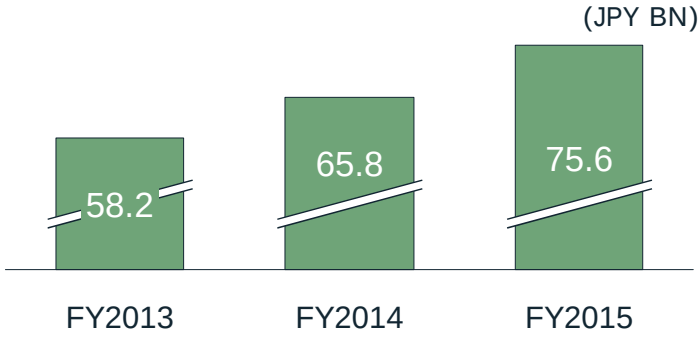
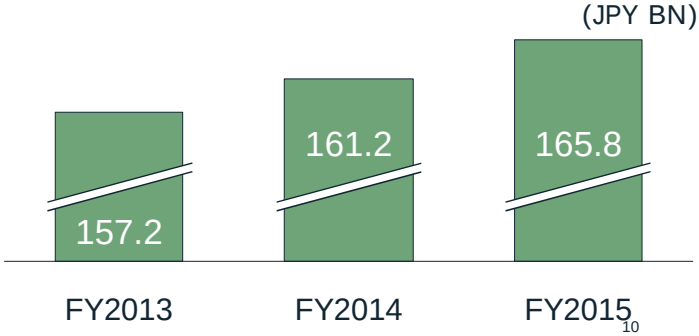
Profit continued to improve through top-line growth

(JPY BN)	2015 Actual	vs. PY
Pharmaceutical		
• Revenue	75.6	+9.8
• Adjusted Operating Profit[1]	-2.3	+5.0
Processed food		
• Revenue	165.8	+4.7
• Adjusted Operating Profit[1]	2.7	+1.3

Pharmaceutical : Revenue



Processed food : Revenue



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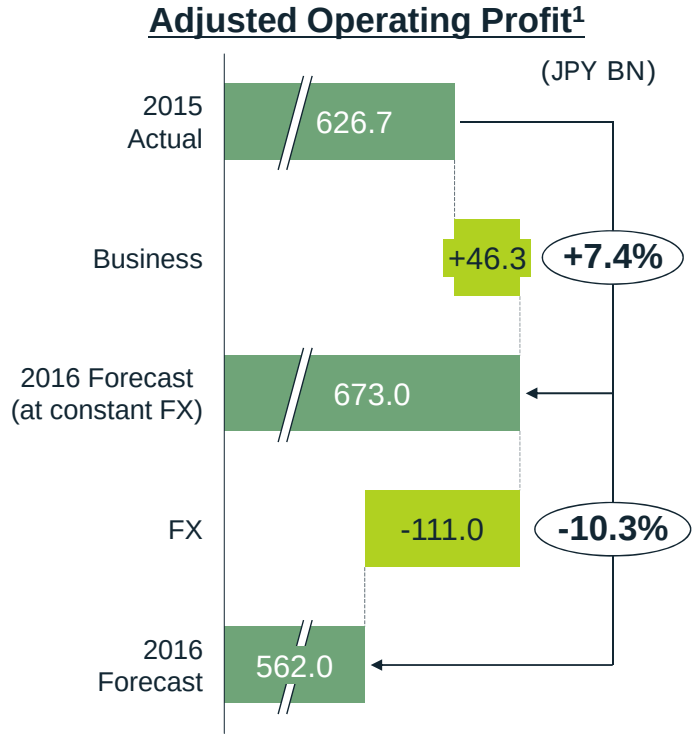
Forecasts for 2016

Consolidated financial forecasts

Aiming at over 7% adjusted operating profit growth at constant FX by maintaining strong business momentum

(JPY BN)	2016 Forecast	vs. PY
Revenue	2,200.0	-2.3%
Adjusted Operating Profit[1] (at constant FX)	673.0	+7.4%
Adjusted Operating Profit[1]	562.0	-10.3%
Operating Profit	566.0	+0.1%
Profit*	399.0	+0.1%
FCF**	-235.0	-621.7 (JPY BN)



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* Profit in 2016 forecast is compared with profit from continuing operations in 2015.
** 2016 forecast FCF includes payment of approximately 600 billion yen for acquiring Natural American Spirit.

Forecasts by business segment

Delivering strong profit growth while accelerating business investments

(BNU, $MM)	2016 Forecast	vs. PY
Shipment volume		
• Total[4]	394.0	0.0%
• GFB	279.0	+2.0%
At constant FX in USD		
• Core revenue[5]	10,900	+5.4%
• Adjusted Operating Profit[1]	3,550	+9.0%

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Significant FX impact on profits again

($MM)	2016 Forecast	vs. PY
Reported basis in USD		
• Core revenue[5]	10,000	-3.3%
• Adjusted Operating Profit[1]	2,700	-17.1%

(JPY BN)	2016 Forecast	vs. PY
Reported basis in JPY		
• Core revenue[5]	1,180.0	-5.8%
• Adjusted Operating Profit[1]	319.0	-19.1%

FX impacts on adjusted operating profit

(JPY BN)	2015 Actual	2016 Forecast
• Local Currency vs USD	-152.7	-103.0
• JPY vs USD	+52.9	-8.0
• Total	-99.8	-111.0

Currency movements (vs USD)

	2015 vs.2014	2016 vs. 2015
RUB：	-37.0%	-23.8%
GBP：	-7.2%	-3.8%
EUR：	-16.4%	-3.2%
CHF：	-5.0%	-3.7%
TWD：	-4.6%	-2.9%
TRY：	-19.5%	-9.4%
JPY：	+14.5%	-2.6%

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Increase investments for top-line growth over mid- to long-term

(BNU, JPY BN)	2016 Forecast	vs. PY
• Sales volume[6]	108.0	-1.1%
• Core revenue[7]	659.0	+2.6%
• Adjusted Operating Profit[1]	261.0	+2.7%

Investment initiatives

- Top-line growth over mid- to long-term
  - ✓ Acquisition of Natural American Spirit
  - ✓ Position key brand at each of price segments and invest for brand equity building
  - ✓ Launch Ploom TECH
- Strengthen marketing activities before and after retail price amendment for MEVIUS

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Pharmaceutical business starts profit contribution Processed food continues steady profit growth

[Pharmaceutical]

(JPY BN)	2016 Forecast	vs. PY
Revenue	85.0	+9.4
Adjusted Operating Profit[1]	7.0	+9.3

[Processed food]

(JPY BN)	2016 Forecast	vs. PY
Revenue	172.0	+6.2
Adjusted Operating Profit[1]	3.0	+0.3

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Closing

- 2015 Results
  - ✓ Achieved strong profit growth
  - ✓ Invested for sustainable profit growth over the mid- to long-term
  - ✓ Fulfilled the committed dividend payout ratio of 50%
- 2016 Target
  - ✓ Adjusted operating profit growth at constant FX: +7.4%
- 2016 Shareholder return commitment
  - ✓ Dividend per share JPY 128

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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. 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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