



**Financial Results
Supplemental Material**

FY2016 First Quarter

【2015 results for comparison】

- From FY2015, Beverage Business has been classified as discontinued operations. Consequently, profit (loss) and some items from continuing operations and discontinued operations are presented separately for 2015 results.
 - In the continuing operations, transactions with Beverage Business are now treated as if they were transactions with a third party. As a result, financial results from discontinued operations (which is compiled by subtracting ‘results from continued operation’ from ‘result of combined operations’) are not equal to the financial results of Beverage Business.
 - Adjusted operating profit is disclosed on continuing basis.

[Abbreviations]

Continuing: Results from continuing operations Discontinued: Results from discontinued operations

Combined: Results from continuing and discontinued operations combined

Profits: Profit, Profit attributable to owners of the parent company

2015 Results for Comparison		
BS		Combined
PL	From Revenue to Profit before Tax	Continuing
	Profits	Continuing, Discontinued, Combined
Basic EPS		Continuing, Combined
Consolidated Statement of Comprehensive Income		Combined
Consolidated Statement of Changes in Equity		Combined
CF		Combined, Discontinued
Others		CAPEX : Continuing

*All 2016 results are on continuing basis

Definitions of the terms in this supplemental material are as follows:

Terms	Definitions
Adjusted Operating Profit	Operating profit + Amortization cost of acquired intangibles + Adjusted items (income and costs)*
Total Shipment Volume : (International Tobacco Business)	Includes fine cut, cigars, pipe tobacco and snus but excludes contract manufactured products, waterpipe tobacco, and emerging products
Core Revenue (International Tobacco Business)	Includes revenue from waterpipe tobacco and emerging products, but excludes revenues from distribution, contract manufacturing and other peripheral businesses
Core Revenue/ Adjusted Operating Profit at Constant FX	The same foreign exchange rates between local currencies vs USD as previous fiscal year are applied.
Core Revenue (Japanese Domestic Tobacco Business)	Excludes revenue from distribution of imported tobacco in the Japanese domestic tobacco business, among others.
Consolidated Adjusted Operating Profit at Constant FX	For International Tobacco Business, the same foreign exchange rates between local currencies vs USD and JPY vs USD as previous fiscal year are applied

*Adjusted items (income and costs) = impairment losses on goodwill ± restructuring income and costs ± others



Data Sheets

Results for 2016 First Quarter

Please refer to notes in page 1 regarding the separation of continuing operations and discontinued operations due to the withdrawal from Beverage Business in 2015.

1. Consolidated results highlight

(Unit: JPY billion)

	2015 Jan-Mar	2016 Jan-Mar	Variance (abs)	Variance (%)
Continuing operations				
Revenue	516.7	534.1	+17.4	+3.4%
Operating profit	144.1	203.7	+59.6	+41.3%
Adjusted operating profit	159.2	164.4	+5.1	+3.2%
Profit before income tax	146.1	200.3	+54.3	+37.2%
Profit	105.7	146.4	+40.7	+38.4%
Profit (attributable to owners of the parent)	105.1	145.4	+40.4	+38.4%
Basic EPS* (JPY)	58.09	81.22	+23.13	+39.8%
Discontinued operations				
Profit	-0.7	-	-	-
Profit (attributable to owners of the parent)	-0.9	-	-	-
Continuing and discontinued operations combined				
Profit	105.0	146.4	+41.4	+39.4%
Profit (attributable to owners of the parent)	104.2	145.4	+41.2	+39.6%
Basic EPS* (JPY)	57.59	81.22	+23.63	+41.0%

*Based on profit attributable to owners of the parent company

• [reference] Consolidated results (continuing operations)

(Unit: JPY billion)

	2015 Jan-Mar	2016 Jan-Mar	Variance (abs)	Variance (%)
Adjusted operating profit at constant FX	159.2	192.0	+32.7	+20.6%

2. Revenue by business segment (continuing operations)

(Unit: JPY billion)

	2015 Jan-Mar	2016 Jan-Mar	Variance (abs)	Variance (%)
Revenue	516.7	534.1	+17.4	+3.4%
Japanese domestic tobacco	157.8	168.4	+10.6	+6.7%
Core revenue	149.6	160.6	+11.0	+7.4%
International tobacco	299.9	301.8	+2.0	+0.7%
Core revenue	282.3	284.7	+2.4	+0.9%
Pharmaceutical	16.6	21.5	+4.9	+29.5%
Processed food	38.9	39.4	+0.5	+1.3%
Others	3.4	2.9	-0.5	-15.2%

• [reference] International tobacco business (USD basis)

(Unit: USD million)

	2015 Jan-Mar	2016 Jan-Mar	Variance (abs)	Variance (%)
Core revenue	2,369	2,468	+99	+4.2%
Core revenue at constant FX	2,369	2,696	+327	+13.8%

Results for 2016 First Quarter

3. Adjusted operating profit (and total adjustments) by business segment (continuing operations) (Unit: JPY billion)

	2015 Jan-Mar	2016 Jan-Mar	Variance (abs)	Variance (%)
Consolidated: operating profit	144.1	203.7	+59.6	+41.3%
Adjustments, total	15.1	-39.3	-54.4	
Consolidated: adjusted operating profit	159.2	164.4	+5.1	+3.2%
Japanese domestic tobacco: operating profit	55.8	61.9	+6.1	+11.0%
Adjustments, total	1.2	3.9	+2.7	
Japanese domestic tobacco: adjusted operating profit	57.0	65.7	+8.8	+15.4%
International tobacco: operating profit	97.0	90.6	-6.4	-6.6%
Adjustments, total	7.9	8.9	+0.9	
International tobacco: adjusted operating profit	105.0	99.5	-5.5	-5.2%
Pharmaceutical: operating profit	-0.8	3.2	+4.0	-
Adjustments, total	-	-	-	
Pharmaceutical: adjusted operating profit	-0.8	3.2	+4.0	-
Processed food: operating profit	0.9	1.2	+0.2	+26.1%
Adjustments, total	-0.0	0.0	+0.0	
Processed food: adjusted operating profit	0.9	1.2	+0.3	+29.4%
Others / Elimination: operating profit	-8.7	46.9	+55.6	-
Adjustments, total	6.0	-52.1	-58.1	
Others / Elimination: adjusted operating profit	-2.7	-5.2	-2.5	-

• [reference] International tobacco business

(Unit: USD million)

	2015 Jan-Mar	2016 Jan-Mar	Variance (abs)	Variance (%)
Adjusted operating profit (USD basis)	881	863	-18	-2.1%
Adjusted operating profit at constant FX (USD basis)	881	1,067	+186	+21.1%

4. Depreciation and amortization (continuing operations)

(Unit: JPY billion)

	2015 Jan-Mar	2016 Jan-Mar	Variance (abs)
Consolidated	32.4	36.4	+4.0
Japanese domestic tobacco	11.2	14.6	+3.4
International tobacco	18.1	18.4	+0.4
Pharmaceutical	1.2	1.3	+0.1
Processed food	1.6	1.5	-0.1
Others/Elimination	0.4	0.6	+0.2

5. Consolidated financial position (continuing & discontinued operations combined)

(Unit: JPY billion)

	2015 Dec. end	2016 Mar. end	Variance (abs)
Total assets	4,558.2	4,699.5	+141.3
Total equity	2,521.5	2,441.3	-80.2
Equity attributable to owners of the parent	2,451.6	2,370.9	-80.7
BPS (attributable to owners of the parent) (JPY)	1,369.06	1,323.95	-45.11

6. Liquidity and interest-bearing debt (continuing & discontinued operations combined)

(Unit: JPY billion)

	2015 Dec. end	2016 Mar. end	Variance (abs)
Liquidity ^{*1}	529.0	161.9	-367.1
Interest-bearing debt ^{*2}	255.3	716.8	+461.5

*1: Cash and deposits + marketable securities + securities purchased under repurchase agreements

*2: Short-term bank loans + CP + bonds + long-term borrowings + lease obligations

Results for 2016 First Quarter

7. Consolidated cash flow (continuing & discontinued operations combined) (Unit: JPY billion)

	2015 Jan-Mar	2016 Jan-Mar	Variance (abs)
Cash flows from operating activities	-140.3	-172.3	-32.0
Cash flows from investing activities	-34.9	-558.9	-523.9
Cash flows from financing activities	-12.2	370.5	+382.8
Cash and cash equivalents, beginning of the year	385.8	526.8	+140.9
Foreign currency translation adj. on cash & cash equivalents	-3.2	-6.9	-3.7
Cash and cash equivalents, end of the period	195.2	159.2	-35.9
FCF *	-178.3	-729.3	-551.0

*: FCF is sum of cash flows from operating activities and investing activities, but excludes the following items;

- From operating CF: interest received, dividends received, interest paid and income taxes related to these items
- From investing CF: purchase of investment securities (for both short-term and long-term), payments into time deposits, proceeds from sale or redemption of investment securities (for both short-term and long-term), proceeds from withdrawal of time deposits and other investing activities not for business operation purposes

8. Capital expenditures (continuing operations) (Unit: JPY billion)

	2015 Jan-Mar	2016 Jan-Mar	Variance (abs)
Consolidated	28.5	19.0	-9.5
Japanese domestic tobacco	13.8	5.2	-8.6
International tobacco	11.2	11.4	+0.2
Pharmaceutical	0.8	0.8	+0.0
Processed food	1.3	0.8	-0.5
Others/Elimination	1.4	0.8	-0.5

9. Business data

● Japanese domestic tobacco business

	2015 Jan-Mar	2016 Jan-Mar	Variance (abs)	Variance (%)	
JT sales volume *	25.5	27.2	+1.7	+6.7%	BNU
Industry volume	42.5	43.5	+1.0	+2.3%	BNU
JT market share	59.9%	62.4%	+2.6 ppt		
JT revenue per 1,000 cigarettes	5,671	5,672	+1	+0.0%	JPY

*: Excludes volumes of duty-free in Japan and China business (0.9 BNU in Jan-Mar, 2015 and 1.0 BNU in Jan-Mar, 2016, respectively)

● International tobacco business

	2015 Jan-Mar	2016 Jan-Mar	Variance (abs)	Variance (%)	
Total shipment volume	88.1	94.4	+6.3	+7.1%	BNU
GFB shipment volume	60.0	66.4	+6.4	+10.7%	BNU
JPY/USD	119.16	115.35	-3.81	-3.2%	JPY
RUB/USD	62.27	74.68	+12.41	-16.6%	RUB
GBP/USD	0.66	0.70	+0.04	-5.5%	GBP
EUR/USD	0.89	0.91	+0.02	-2.3%	EUR
CHF/USD	0.95	0.99	+0.04	-4.0%	CHF
TWD/USD	31.56	33.09	+1.53	-4.6%	TWD
TRY/USD	2.46	2.94	+0.48	-16.5%	TRY

● Pharmaceutical business

(Unit: JPY billion)

	2015 Jan-Mar	2016 Jan-Mar	Variance (abs)	Variance (%)
R&D expenses	7.1	7.6	+0.5	+6.8%

FY2016 Forecasts (as of February 4, 2016)

Please refer to notes in page1 regarding the separation of continuing operations and discontinued operations due to the withdrawal from Beverage Business in 2015. FY2015 results from continuing operations are provided for the purpose of comparison of FY2016 forecasts.

1. Summary of consolidated forecasts

(Unit: JPY billion)

	FY2015	FY2016	Variance (abs)	Variance (%)
Revenue	2,252.9	2,200.0	-52.9	-2.3%
Operating profit	565.2	566.0	+0.8	+0.1%
Adjusted operating profit	626.7	562.0	-64.7	-10.3%
Profit (attributable to owners of the parent)	398.5	399.0	+0.5	+0.1%

• [reference] Consolidated results

(Unit: JPY billion)

	FY2015	FY2016	Variance (abs)	Variance (%)
Adjusted operating profit at constant FX	626.7	673.0	+46.3	+7.4%

2. EPS, DPS, ROE

(Unit: JPY)

	FY2015	FY2016	Variance (abs)	Variance (%)
Basic EPS (JPY)	221.95	222.82	+0.87	+0.4%
DPS	118.00	128.00	+10.00	+8.5%
ROE (attributable to owner of the parent)	19.5%	16.1%	-3.4ppt	

*ROE for FY2015 is based on continuing and discontinued operations.

3. Revenue by business segment

(Unit: JPY billion)

	FY2015	FY2016	Variance (abs)	Variance (%)
Revenue	2,252.9	2,200.0	-52.9	-2.3%
Japanese domestic tobacco	677.3	692.0	+14.7	+2.2%
Core revenue	642.2	659.0	+16.8	+2.6%
International tobacco	1,317.2	1,247.0	-70.2	-5.3%
Core revenue	1,252.5	1,180.0	-72.5	-5.8%
Pharmaceutical	75.6	85.0	+9.4	+12.5%
Processed food	165.8	172.0	+6.2	+3.7%
Others	17.0	8.0	-9.0	-52.9%

• [reference] International tobacco business (USD basis)

(Unit: USD million)

	FY2015	FY2016	Variance (abs)	Variance (%)
Core revenue	10,338	10,000	-338	-3.3%
Core revenue at constant FX	10,338	10,900	+562	+5.4%

FY2016 Forecasts
(as of February 4, 2016)

4. Adjusted operating profit by business segment (continuing operations) (Unit: JPY billion)

	FY2015	FY2016	Variance (abs)	Variance (%)
Consolidated: operating profit	565.2	566.0	+0.8	+0.1%
Japanese domestic tobacco	249.2	245.0	-4.2	-1.7%
International tobacco	346.9	278.0	-68.9	-19.9%
Pharmaceutical	-2.3	7.0	+9.3	-
Processed food	3.2	3.0	-0.2	-5.7%
Others	-31.8	31.0	+62.8	-
Adjusted operating profit	626.7	562.0	-64.7	-10.3%
Japanese domestic tobacco	254.1	261.0	+6.9	+2.7%
International tobacco	394.4	319.0	-75.4	-19.1%
Pharmaceutical	-2.3	7.0	+9.3	-
Processed food	2.7	3.0	+0.3	+10.0%
Others	-22.2	-29.0	-6.8	-

● [reference] International tobacco business (Unit: USD million)

	FY2015	FY2016	Variance (abs)	Variance (%)
Adjusted operating profit (USD basis)	3,257	2,700	-557	-17.1%
Adjusted operating profit at constant FX (USD basis)	3,257	3,550	+293	+9.0%

5. Free cash flow (Unit: JPY billion)

	FY2015	FY2016	Variance (abs)
FCF *	386.7	-235.0	-621.7

- *: FCF is sum of cash flows from operating activities and investing activities, but excludes the following items;
- From operating CF: interest received, dividends received, interest paid and income taxes related to these items
 - From investing CF: purchase of investment securities (for both short-term and long-term), payments into time deposits, proceeds from sale or redemption of investment securities (for both short-term and long-term), proceeds from withdrawal of time deposits and other investing activities not for business operation purposes

6. Capital expenditures (Unit: JPY billion)

	FY2015	FY2016	Variance (abs)
Consolidated	129.8	122.0	-7.8
Japanese domestic tobacco	37.4	32.0	-5.4
International tobacco	77.2	73.0	-4.2
Pharmaceutical	6.2	3.0	-3.2
Processed food	5.7	7.0	+1.3
Others/Elimination	3.3	6.0	+2.7

7. Business data

● Japanese domestic tobacco business

	FY2015	FY2016	Variance (abs)	Variance (%)
JT sales volume *	109.2	108.0	-1.2	-1.1%

*: Excludes volumes of duty-free in Japan and China business

● International tobacco business

	FY2015	FY2016	Variance (abs)	Variance (%)
Total shipment volume	393.9	394.0	+0.1	+0.0%
GFB shipment volume	273.6	279.0	+5.4	+2.0%
JPY/USD	121.10	118.00	-3.10	-2.6%
RUB/USD	60.98	80.00	+19.02	-23.8%
GBP/USD	0.65	0.68	+0.03	-3.8%
EUR/USD	0.90	0.93	+0.03	-3.2%
CHF/USD	0.96	1.00	+0.04	-3.7%
TWD/USD	31.76	32.70	+0.94	-2.9%
TRY/USD	2.72	3.00	+0.28	-9.4%

Data of JT products in Japanese market

* Excludes sales from the China, Hong Kong, and Macau markets and domestic duty-free sales.

Japanese Domestic Tobacco Business Results

1. Quarterly Sales Volume

(billions of cigarettes)

	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
2014	30.4	24.7	28.8	28.4	112.4
2015	25.5	27.6	28.2	28.0	109.2
2016	27.2				

2. Quarterly Net Sales Excluding Excise Tax/ Revenue Per Thousand Cigarettes

(JPY)

	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
2014	5,483	5,652	5,675	5,670	5,617
2015	5,671	5,662	5,666	5,647	5,661
2016	5,672				

* Net sales excluding excise tax

Revenue per thousand cigarettes = (retail price sales-retailer margins-consumption tax-excise taxes)/sales volume×1,000

3. Quarterly JT Market Share

(%)

	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
2014	61.5	59.6	60.1	60.0	60.4
2015	59.9	60.0	59.7	60.1	59.9
2016	62.4				

Quarterly Market Share of Brands

1. MEVIUS

(%)

	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
2015	32.1	32.3	31.9	32.0	32.1
2016	33.2				

2. Winston

(%)

	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
2015	7.5	7.5	7.5	8.0	7.6
2016	7.6				

**"Cabin" and "Caster" which integrated into "Winston" in Aug, 2015, is retrospectively reflected.

3. Seven Stars

(%)

	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
2015	7.4	7.4	7.6	7.4	7.5
2016	7.3				

4. Natural American Spirit

(%)

	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
2015	1.0	1.1	1.3	1.3	1.2
2016	1.4				

*The source of market share before completing the acquisition is JT estimate

Market Share in Growing Segments

1. Menthol

(1) JT Menthol Product Share

(%)

	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
2014	9.0	9.6	9.4	9.5	9.4
2015	10.1	10.1	10.3	10.5	10.2
2016	10.7				

(2) Menthol Market Share

(%)

	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
2014	26.1	27.3	26.7	27.1	26.8
2015	27.7	27.8	28.2	28.1	28.0
2016	27.9				

Japan Tobacco Inc. Clinical Development as of May 2, 2016

<In-house development>

Code (Generic Name)	Potential Indication/Dosage form	Mechanism		Phase	Note
JTK303(elvitegravir)/ cobicistat/emtricitabine/ tenofovir alafenamide fumarate	HIV infection /Oral	HIV integrase inhibitor/ Nucleoside reverse transcriptase inhibitor	Suppresses blood HIV levels by inhibiting the activities of integrase and reverse transcriptase, enzymes involved in the replication of HIV.	NDA filed (Japan)	JTK-303(elvitegravir); In-house Cobicistat, Emtricitabine, Tenofovir Alafenamide; In-license (Gilead Sciences)
emtricitabine/ tenofovir alafenamide fumarate	HIV infection /Oral	Nucleoside reverse transcriptase inhibitor	Suppresses blood HIV levels by inhibiting the activity of reverse transcriptase, an enzyme involved in the replication of HIV.	Preparing to file (Japan)	In-license (Gilead Sciences)
JTT-851	Type 2 diabetes mellitus /Oral	G protein-coupled receptor 40 agonist	Decreases blood glucose by stimulation of glucose-dependent insulin secretion.	Phase2 (Japan) Phase2 (Overseas)	In-house
JTZ-951	Anemia associated with chronic kidney disease /Oral	HIF-PHD inhibitor	Increases red blood cells by stimulating production of erythropoietin, an erythropoiesis- stimulating hormone, via inhibition of HIF-PHD.	Phase2(Japan) Phase1(Overseas)	In-house
JTE-052	Autoimmune/allergic diseases /Oral, Topical	JAK inhibitor	Suppresses overactive immune response via inhibition of Janus kinase (JAK) related to immune signal.	Phase2(Japan)	In-house
JTE-051	Autoimmune/allergic diseases /Oral	Interleukin-2 inducible T cell kinase inhibitor	Suppresses overactive immune response via inhibition of the signal to activate T cells related to immune response.	Phase1(Overseas)	In-house
JTT-251	Type 2 diabetes mellitus /Oral	PDHK inhibitor	Decreases blood glucose by activation of pyruvate dehydrogenase (PDH) related to carbohydrate metabolism.	Phase1(Overseas)	In-house
JTK-351	HIV infection /Oral	HIV integrase inhibitor	Suppresses blood HIV levels by inhibiting the activity of integrase, an enzyme involved in the replication of HIV.	Phase1(Japan)	In-house

Clinical trial phase presented above is based on the first dose.

<Licensed compounds>

Compound (JT's code)	Licensee	Mechanism		Note
trametinib	Novartis	MEK inhibitor	Inhibits cellular growth by specifically inhibiting the activity of MAPK/ERK Kinase (MEK1/2).	
Anti-ICOS monoclonal antibody	MedImmune	ICOS antagonist	Suppresses overactive immune response via inhibition of ICOS which regulates activation of T cells.	
JTE-052	LEO Pharma	JAK inhibitor	Suppresses overactive immune response via inhibition of Janus kinase (JAK) related to immune signal.	

Updates since the previous announcement on February 4, 2016:

<In-house development>

- elvitegravir/cobicistat/emtricitabine/tenofovir alafenamide (E/C/F/TAF) : filed NDA for marketing approval in Japan (March 4, 2016)
- JTE-151: terminated

<Licensed compounds>

- Mekinist (trametinib):
Novartis Pharma K.K. announced Mekinist has been approved in Japan, in combination with Tafinlar (dabrafenib), for the treatment of unresectable BRAF V600 mutation-positive malignant melanoma. (March 28, 2016)



Appendix



International Tobacco Business January-March 2016 results

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Definitions

Term	Definition
Total Shipment Volume	Includes fine cut, cigars, pipe tobacco and snus but excludes contract manufactured products, waterpipe tobacco, and emerging products
Core Revenue	Includes revenue from waterpipe tobacco and emerging products, but excludes revenues from distribution, contract manufacturing and other peripheral businesses
Core Revenue at Constant FX	The same foreign exchange rates between local currencies vs USD as previous fiscal year are applied.

International Tobacco Business (Jan-March 2016) Cluster Results

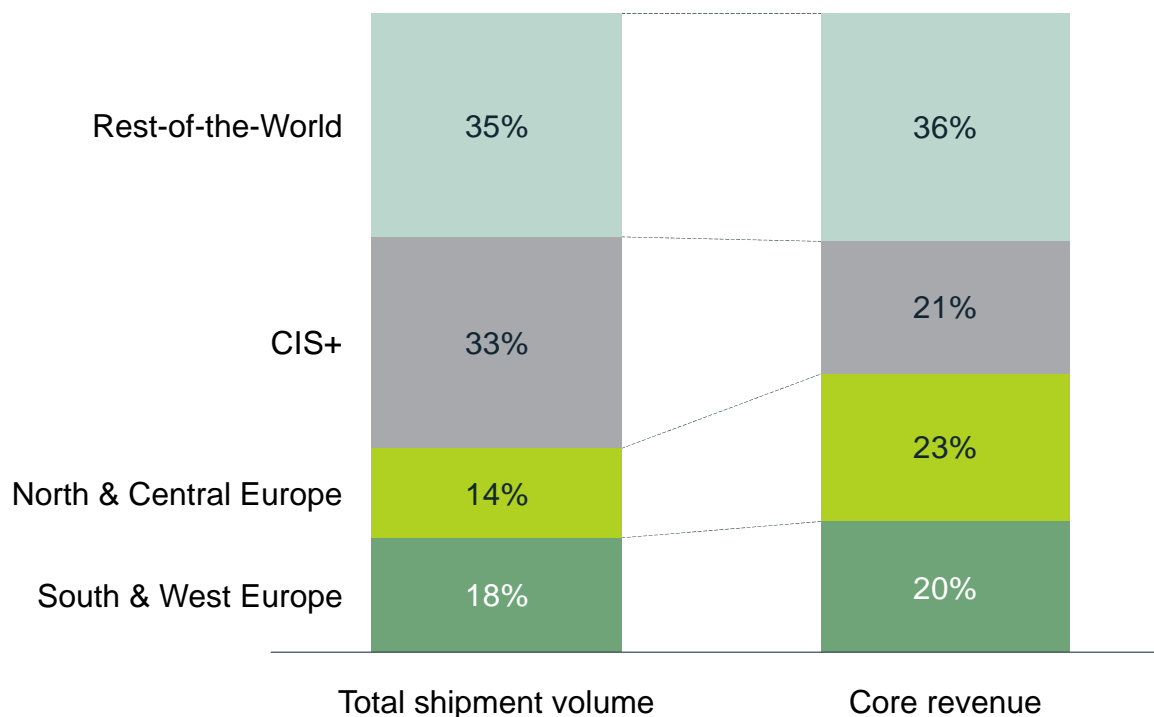
Volume, Core revenue, at constant currency

2016 Jan-Mar	Total shipment volume (BnU)		GFB shipment volume (BnU)		Core revenue (US\$ MM)	
	Actual	vs. 2015	Actual	vs. 2015	at constant FX	vs. 2015
South & West Europe	17.0	12.2%	15.2	14.3%	517	14.8%
North & Central Europe	13.2	4.5%	8.0	15.6%	596	6.4%
CIS+	31.1	-0.6%	23.7	3.1%	628	13.9%
Rest-of-the-World	33.2	13.9%	19.4	16.3%	954	18.3%

Note : % figures are change rates versus previous year

International Tobacco Business (Jan-March 2016) Cluster Split

Contribution to Volume, Core revenue, reported



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International Tobacco Business (Jan-March 2016) Total Shipment Volume Growth Rate vs. PY

	2016 Jan-Mar
JTI	7.1%
South & West Europe	12.2%
France	7.4%
Italy	29.2%
Spain	4.6%
Switzerland	16.5%
North & Central Europe	4.5%
Austria	3.4%
Ireland	7.5%
Poland	0.4%
Sweden	2.1%
UK	-4.2%
CIS+	-0.6%
Kazakhstan	20.1%
Romania	3.2%
Russia	-0.1%
Ukraine	2.7%
Rest of the World	13.9%
Canada	17.6%
Malaysia	-30.1%
Taiwan	-3.3%
Turkey	4.9%

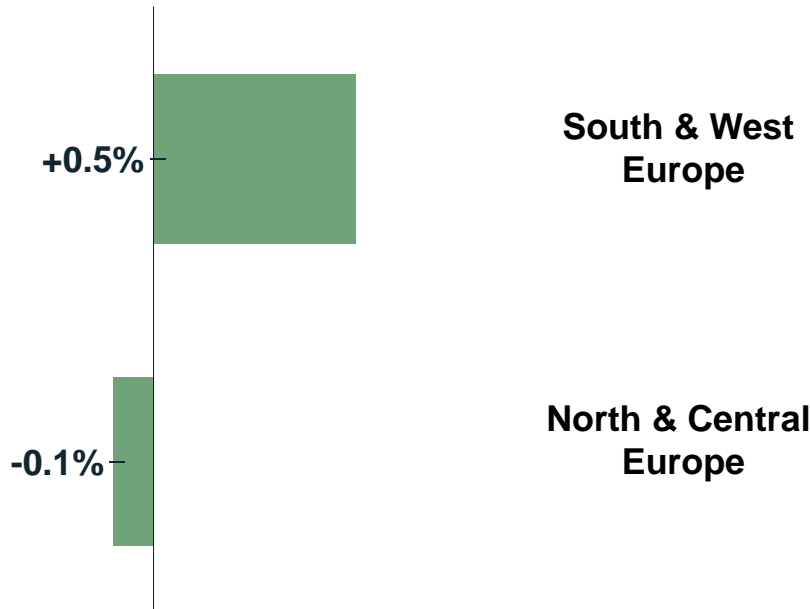
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International Tobacco Business

Industry size & Share of Market variance in S&WE and N&CE cluster

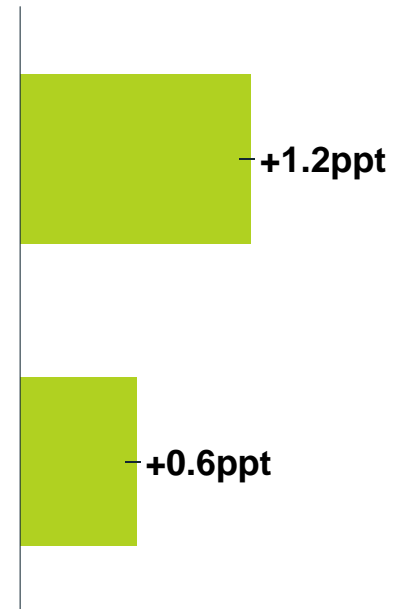
Industry size variance (%)

12 month moving average Feb.16 vs. 12 month moving average Feb.15



Share of Market variance (ppt)










12 month moving average Feb.16 vs. 12 month moving average Feb.15



Source: JTI estimate

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International Tobacco Business (Jan-March 2016) GFB Shipment Volume and Growth Rate vs. PY

(BnU)	<u>2016</u> <u>Jan-Mar</u>		<u>2016</u> <u>Jan-Mar</u>
GFB Shipment Volume	66.4		
	10.7%		
Winston	31.6		France 8.2%
	10.3%		
Camel	12.8		Italy 29.9%
	8.8%		
MEVIUS	4.3		Russia 4.5%
	8.9%		
LD	11.3		Spain 3.6%
	9.2%		
B&H	3.3		Taiwan -2.2%
	20.8%		
Glamour	1.4		Turkey 4.5%
	0.5%		
Sobranie	0.7		UK 24.8%
	24.9%		
Silk Cut	0.6		
	-2.5%		
Natural American Spirit	0.4		
	-		

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International Tobacco Business

Share of market in key markets(12 month moving average)

	<u>2015</u> <u>Mar</u>	<u>2016</u> <u>Mar</u>	<u>change</u>
France	21.0%	21.4% *	+0.5ppt
Italy	19.7%	21.6%	+1.9ppt
Russia	34.5%	33.5% *	-0.9ppt
(GFB)	24.0%	24.2% *	+0.3ppt
Spain	22.0%	22.4% *	+0.4ppt
Taiwan	38.6%	39.3%	+0.7ppt
Turkey	30.1%	29.9%	-0.2ppt
UK	41.5%	42.1%	+0.6ppt

* 12 month moving average as of Feb 2016
Source: IRI, Nielsen, Logista

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International Tobacco Business

Share of market in key markets(3 month average)

	<u>2015</u> <u>Jan-Mar</u>	<u>2015</u> <u>Apr-Jun</u>	<u>2015</u> <u>Jul-Sep</u>	<u>2015</u> <u>Oct-Dec</u>	<u>2016</u> <u>Jan-Mar</u>
France	21.2%	21.3%	21.5%	21.5%	21.6% *
Italy	19.9%	21.0%	21.6%	21.7%	22.1%
Russia	33.9%	33.8%	33.6%	33.3%	33.4% *
(GFB)	24.1%	24.2%	24.2%	24.2%	24.5% *
Spain	22.2%	22.3%	22.2%	22.5%	22.4% *
Taiwan	39.2%	39.5%	39.3%	38.9%	39.6%
Turkey	31.0%	30.2%	29.8%	29.8%	29.7%
UK	41.7%	41.8%	42.0%	42.5%	42.3%

* 2 month average as of Feb 2016
Source: IRI, Nielsen, Logista

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International Tobacco Business Tax and Price Increase

	excise tax change	price increase
France	-	-
Italy	Jan 2015	Jan 2015
Russia	Jan 2015 Jan 2016	Jan, Apr, Jul, Nov 2015 Jan, Apr 2016
Spain	-	Jan 2015
Taiwan	-	Aug 2015 ⁱ⁾
Turkey	Jan, Jul 2015 Jan 2016	Jan 2015 Jan 2016
UK	Mar 2015 Mar 2016	Mar, Sep 2015 Mar 2016

i) Price increase for some brands

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FX actual vs.PY

	<u>2015</u> <u>Jan-March</u>	<u>2016</u> <u>Jan-March</u>	<u>Variance</u> <u>%</u>
RUB/\$	62.27	74.68	-16.6%
GBP/\$	0.66	0.70	-5.5%
EUR/\$	0.89	0.91	-2.3%
CHF/\$	0.95	0.99	-4.0%
TWD/\$	31.56	33.09	-4.6%
TRY/\$	2.46	2.94	-16.5%
JPY/\$	119.16	115.35	-3.2%

*Local currency vs USD variance: (Local currency exchange rates of same period in previous year / Local currency exchange rates of current period) -1
JPY vs USD variance: (Local currency exchange rates of current period / Local currency exchange rates of same period in previous year) -1

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