



Japan Tobacco Inc.

Fact Sheets

FY2016

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Fact Sheets

Financial Data

In FY2015, beverage business has been classified as discontinued operations in accordance with IFRS requirements. Consequently, profit (loss) and some items from continuing operations and discontinued operations are presented separately for the financial results of FY2015. To provide a fair business performance comparison with the results of FY2016, we provide the figures with a focus on continuing operations of FY2015 except those related to the balance sheet, which are on a continuing and discontinued operations combined basis.

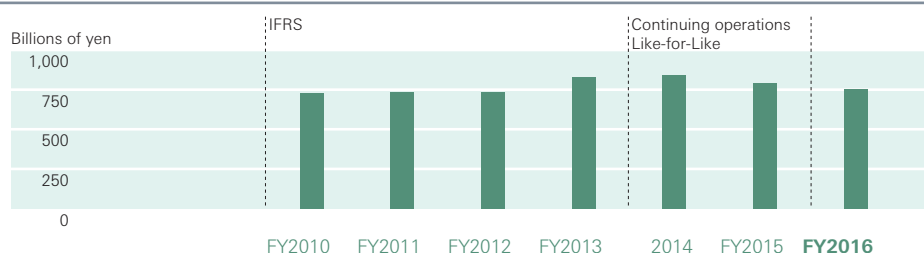
In addition, FY2014 was a transitional period due to the unification of accounting period. For the purpose of fair business performance comparison, we are providing figures for the twelve-month (January 1 – December 31, 2014) period with regard to all business segments in continuing operations (Like-for-Like basis).

Net Sales Excluding Excise Taxes/Revenue



	FY2010	FY2011	FY2010	FY2011	FY2012	FY2013	2014	FY2015	FY2016
● Total	2,432.6	2,547.1	2,059.4	2,033.8	2,120.2	2,399.8	2,259.2	2,252.9	2,143.3
International Tobacco Business	963.5	966.3	963.5	966.3	1,010.7	1,270.0	1,328.0	1,317.2	1,199.2
Japanese Domestic Tobacco Business	1,027.9	1,147.5	665.8	646.2	687.1	710.3	687.4	677.3	684.2
Pharmaceutical Business	47.0	50.6	44.1	47.4	53.2	64.4	65.8	75.6	87.2
Food Business	375.0	367.0	367.5						
Beverage Business				188.8	185.5	184.5	—	—	—
Processed Food Business				170.7	168.7	156.9	161.2	165.8	164.1
Other Business	19.2	15.7	18.5	14.6	15.0	13.6	16.9	17.0	8.6
Adjusted Net Sales Excluding Excise Taxes/ Core Revenue									
International Tobacco Business	887.8	894.6	887.8	894.6	943.1	1,200.7	1,258.2	1,252.5	1,138.8
Japanese Domestic Tobacco Business	617.9	596.8	632.2	611.9	654.0	676.2	649.8	642.2	649.7

SG&A Expenses (IFRS)



	FY2010	FY2011	FY2012	FY2013	2014	FY2015	FY2016
● SG&A	727.1	733.2	733.5	828.9	839.6	789.3	754.1
Advertising expenses	21.4	21.5	20.6	21.7	23.1	25.6	26.1
Promotion expenses	131.5	128.0	137.5	147.8	117.7	120.3	124.8
Shipping, warehousing expenses	28.0	27.9	27.1	27.1	24.7	26.9	26.8
Commission	42.2	41.0	41.2	49.3	50.0	51.3	50.9
Employee benefit expenses	231.2	235.1	241.5	275.8	321.8	264.7	241.8
Research and development expenses	48.9	51.5	56.9	57.1	56.0	57.8	58.2
Depreciation and amortization	61.7	58.5	59.1	68.8	60.9	66.0	79.1
Impairment losses on other than financial assets	6.2	7.0	3.2	2.4	22.3	9.5	1.2
Regulatory fine in Canada	12.8	—	—	—	—	—	—
Losses on sale and disposal of property, plant and equipment, intangible assets, and investment property	10.0	11.5	9.3	9.5	16.7	19.2	11.3
Cooperation fee for terminating leaf tobacco farming	—	12.5	—	—	—	—	—
Impairment losses of investments in associates	—	—	—	9.7	—	—	—
Other	133.2	138.7	137.2	159.7	146.3	148.1	134.1

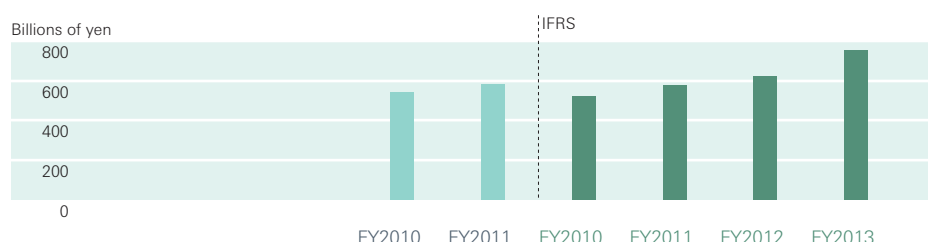
R&D Expenses



	FY2010	FY2011	FY2010	FY2011	FY2012	FY2013	2014	FY2015	FY2016
● R&D	53.3	53.6	48.9	51.5	56.9	57.1	56.0	57.8	58.2
International Tobacco Business	5.0	5.2	5.0	5.2	5.8	6.9	7.9	8.3	8.3
Japanese Domestic Tobacco Business	19.5	20.2	19.1	20.0	19.0	18.4	18.0	17.4	17.8
Pharmaceutical Business	27.2	26.7	23.4	24.9	30.7	30.5	28.9	30.7	30.7
Food Business	0.8	0.6	0.8						
Beverage Business				—	—	—	—	—	—
Processed Food Business				0.6	0.6	0.6	0.5	0.5	0.6

Note: The aforementioned research and development expenses included 0.7 and 0.8 billion yen for 2015 and 2016, respectively (IFRS), relating to basic research not affiliated to any segment (plant biotechnology related research, etc.) and conducted by JT corporate division.

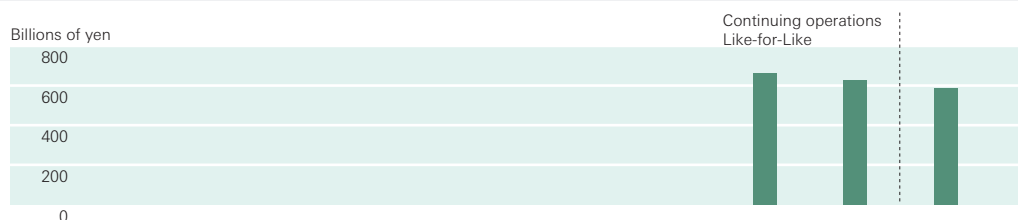
EBITDA/ Adjusted EBITDA



	FY2010	FY2011	FY2010	FY2011	FY2012	FY2013
● EBITDA/Adjusted EBITDA	542.6	581.1	522.0	577.1	622.0	751.7
International Tobacco Business	293.0	312.6	277.9	314.8	343.2	451.6
Japanese Domestic Tobacco Business	257.7	272.5	247.2	262.3	281.3	302.1
Pharmaceutical Business	(13.3)	(12.3)	(9.8)	(10.0)	(12.7)	(5.4)
Food Business	17.3	21.5	17.7			
Beverage Business				14.6	12.4	8.7
Processed Food Business				5.4	7.4	7.5
Other Business	(12.1)	(13.3)	(11.0)	(9.8)	(9.6)	(12.7)

Note: From FY2010, "Other Business" means "Others/Elimination and corporate."

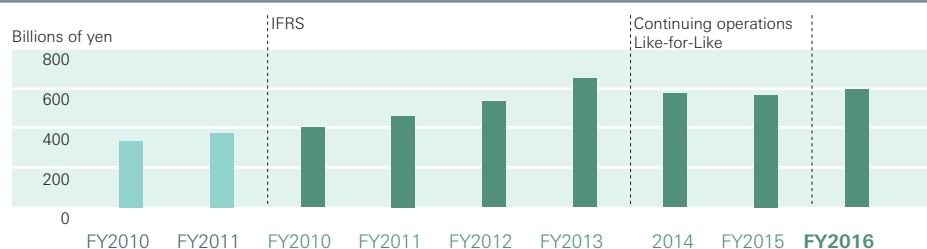
Adjusted Operating Profit (IFRS)



	2014	FY2015	FY2016
● Adjusted Operating Profit	661.0	626.7	586.8
International Tobacco Business	447.1	394.4	336.2
Japanese Domestic Tobacco Business	238.7	254.1	260.2
Pharmaceutical Business	(7.3)	(2.3)	9.7
Processed Food Business	1.4	2.7	5.0
Other Business/Elimination	(18.9)	(22.2)	(24.4)

Note: Adjusted operating profit of 2014 was unaudited figure.

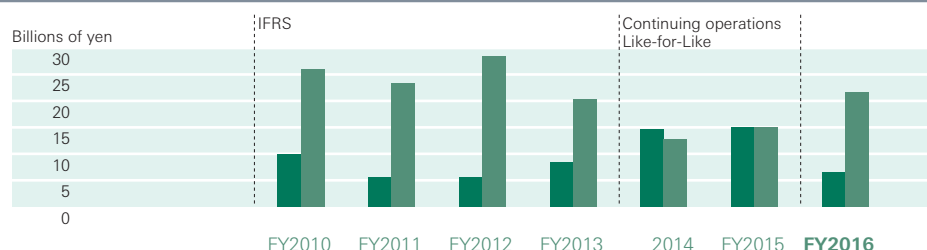
Operating Income/ Operating Profit



	FY2010	FY2011	FY2010	FY2011	FY2012	FY2013	2014	FY2015	FY2016
●● Operating Income/Operating Profit	333.2	374.7	401.3	459.2	532.2	648.3	572.6	565.2	593.3
International Tobacco Business	164.1	185.3	225.9	252.4	289.4	376.4	379.5	346.9	301.8
Japanese Domestic Tobacco Business	212.9	229.6	202.3	209.3	241.3	258.1	181.5	249.2	244.1
Pharmaceutical Business	(17.4)	(16.1)	(13.3)	(13.5)	(16.2)	(9.0)	(7.3)	(2.3)	9.7
Food Business	(9.4)	(6.3)	(3.6)						
Beverage Business				4.5	2.3	(2.1)	—	—	—
Processed Food Business				(2.5)	(5.8)	(0.2)	(1.2)	3.2	5.0
Other Business	(16.9)	(17.9)	(9.9)	9.0	21.2	25.0	20.2	(31.8)	32.7

Note: From FY2010, "Other Business" means "Others/Elimination and corporate."

Financial Income and Expenses (IFRS)



	FY2010	FY2011	FY2012	FY2013	2014	FY2015	FY2016
● Financial Income	9.9	5.6	5.5	8.4	14.7	15.0	6.6
● Financial Expenses	(25.9)	(23.4)	(28.4)	(20.4)	(12.8)	(15.1)	(21.7)

Net Income/Profit (attributable to owners of the parent company)

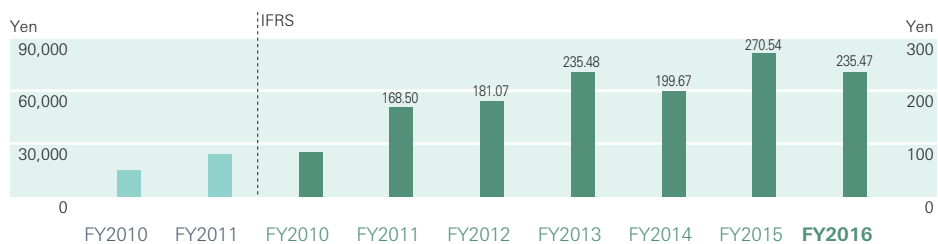


	FY2010	FY2011	FY2010	FY2011	FY2012	FY2013	2014	FY2015	FY2016
●● Net Income/Profit (attributable to owners of the parent company)	145.4	227.4	243.3	320.9	343.6	428.0	391.4	398.5	421.7

FY2014, a transitional period for the change in accounting period, covers nine months from April 1, 2014 to December 31, 2014 for the Japanese domestic business. The same change in accounting period is applied to the Company's consolidated subsidiaries whose current closing date was other than December 31 (Reported basis).

For the purpose of fair comparison and reference, twelve-month (January 1–December 31) period of results with regard to all business segments in continuing operations would be disclosed for 2014 (Like-for-Like basis).

Earnings per Share (EPS)/ Basic Earning per Share



	FY2010	FY2011	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
● EPS/Basic Earning per Share	15,184	23,883	25,414	168.50	181.07	235.48	199.67	270.54	235.47
● Diluted EPS	15,179	23,873	25,407	168.44	180.98	235.35	199.56	270.37	235.33

Notes: A 200 for 1 stock split went into effect on July 1, 2012.

Calculated on the assumption that this share split was conducted at the beginning of FY2011 (April 1, 2011).

The IFRS figures for FY2011 and the following fiscal years refer to the right hand scale in the graph.

Return on Equity (ROE)/ ROE (attributable to owners of the parent company)



	FY2010	FY2011	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
◆ ROE/ROE (attributable to owners of the parent company)	9.3	15.0	15.3	20.3	20.0	19.9	14.4	19.5	17.2

Return on Assets (ROA)



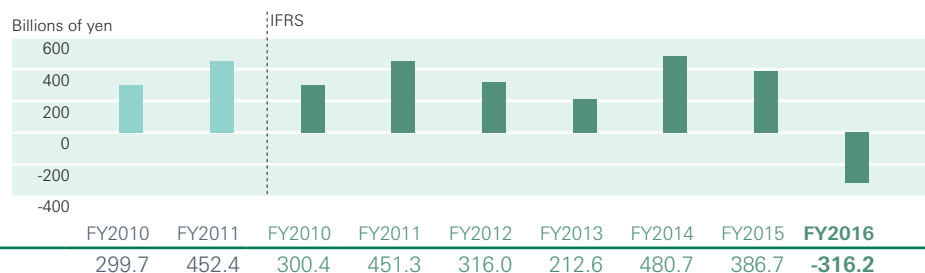
	FY2010	FY2011	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
◆ ROA	8.4	10.3	10.2	12.1	13.5	15.0	10.8	14.8	12.4

Operating Income Margin/ Operating Profit Margin

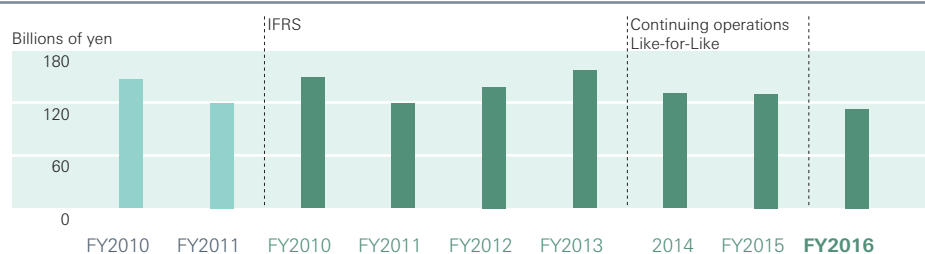


	FY2010	FY2011	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
◆ Operating Income Margin/ Operating Profit Margin	13.7	14.7	19.5	22.6	25.1	27.0	23.2	29.2	27.7

Free Cash Flow (FCF)



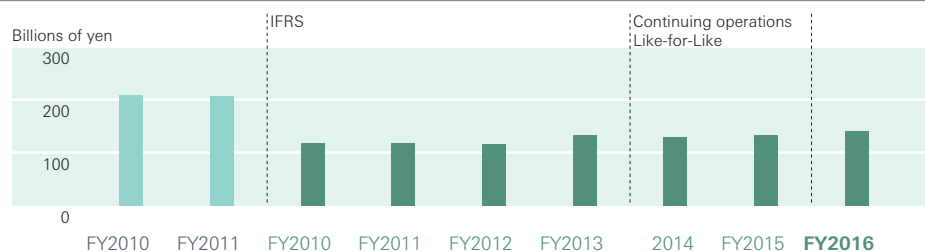
Capital Expenditure (CAPEX)



●● Capital Expenditure	146.0	119.5	148.4	119.0	137.4	156.2	130.2	129.8	113.0
International Tobacco Business	60.9	39.1	60.9	39.1	37.5	78.5	74.2	77.2	70.6
Japanese Domestic Tobacco Business	56.0	57.2	55.4	56.2	71.2	49.1	41.0	37.4	29.8
Pharmaceutical Business	2.9	2.9	6.2	3.9	5.8	3.9	4.7	6.2	3.8
Food Business	25.0	15.5	25.0						
Beverage Business				8.1	12.0	14.6	—	—	—
Processed Food Business				7.3	4.6	4.9	4.7	5.7	5.7
Other Business	1.2	4.7	0.9	4.3	6.3	5.1	5.5	3.3	3.1

Note: From FY2010, "Other Business" means "Others/Elimination and corporate."

Depreciation & Amortization



●● Depreciation & Amortization	209.4	206.4	118.0	118.8	116.5	132.9	128.6	133.1	140.8
International Tobacco Business	129.0	127.3	51.6	55.2	51.1	63.7	69.9	76.0	69.1
Japanese Domestic Tobacco Business	44.8	42.9	42.8	39.6	41.1	44.4	44.7	43.7	58.0
Pharmaceutical Business	4.1	3.8	3.5	3.5	3.4	3.6	4.2	4.6	4.9
Food Business	26.7	27.8	16.5						
Beverage Business				10.1	10.1	10.8	—	—	—
Processed Food Business				7.4	7.1	6.9	6.6	6.5	6.4
Other Business	4.8	4.6	3.5	3.1	3.6	3.5	3.1	2.4	2.3

Note: From FY2010, "Other Business" means "Others/Elimination and corporate."

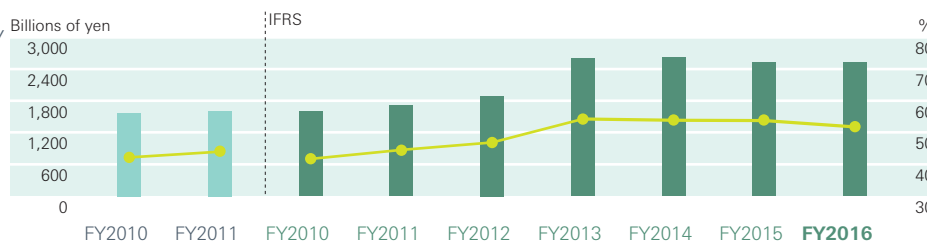
Total Assets



● Total Assets

3,544.1 3,472.6 3,655.2 3,667.0 3,852.6 4,616.8 4,704.7 4,558.2 **4,744.4**

Total Equity and Equity Ratio/ Total Equity and Equity Ratio (attributable to owners of the parent company)



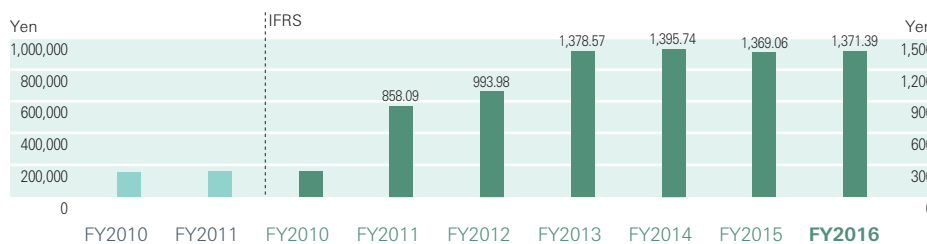
● Total Equity

1,571.8 1,610.5 1,601.3 1,714.6 1,892.4 2,596.1 2,622.5 2,521.5 **2,528.0**

◆ Equity Ratio/Total Equity and Equity Ratio
(attributable to owners of the parent
company)

42.2 44.0 41.7 44.6 46.9 54.3 53.9 53.8 **51.8**

Book Value per Share (BPS)/ Book Value per Share (attributable to owners of the parent company)



● BPS/Book Value per Share
(attributable to owners of the parent
company)

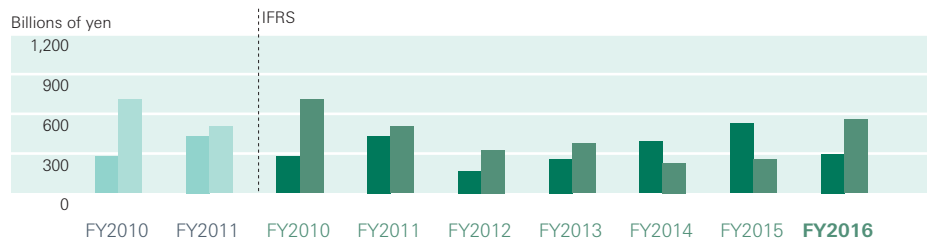
156,997 160,571 160,180 858.09 993.98 1,378.57 1,395.74 1,369.06 **1,371.39**

Notes: A 200 for 1 stock split went into effect on July 1, 2012.

Calculated on the assumption that this share split was conducted at the beginning of FY2011 (April 1, 2011).

The IFRS figures for FY2011 and the following fiscal years refer to the right hand scale in the graph.

Liquidity and Interest-Bearing Debt



	FY2010	FY2011	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
● Liquidity	276.6	431.2	276.6	431.2	168.3	259.3	389.5	529.0	297.0
● Interest-Bearing Debt	708.7	505.2	709.1	502.4	327.2	375.9	228.2	255.3	555.3

Note: Interest-Bearing Debt includes lease obligations from FY2010.

Debt/Equity Ratio



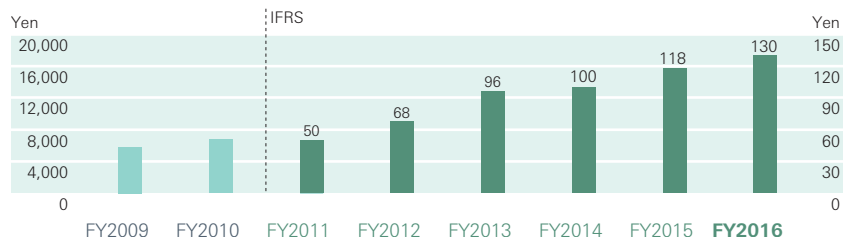
	FY2010	FY2011	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
◆ Debt/Equity Ratio	0.47	0.33	0.46	0.31	0.18	0.15	0.09	0.10	0.23

Interest Coverage Ratio



	FY2010	FY2011	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
◆ Interest Coverage Ratio	23.4	38.6	21.8	34.5	53.6	46.8	77.1	132.4	55.5

Annual Dividends per Share



● Annual Dividends per Share	5,800	6,800	10,000	68	96	100	118	130
(Retrospectively Adjusted)	—	—	50					

Notes: A 200 for 1 stock split went into effect on July 1, 2012.

Calculated on the assumption that this share split was conducted at the beginning of FY2011 (April 1, 2011).

The figures for FY2011 and the following fiscal years refer to the right hand scale in the graph.

Dividend Payout Ratio on a Consolidated Basis



● Dividend Payout Ratio	44.8	41.9	26.8	29.7	37.6	40.8	50.1	53.2**	55.2
◆ Goodwill Amortization Adjusted*	27.9	30.7							

* Payout Ratio before goodwill amortization

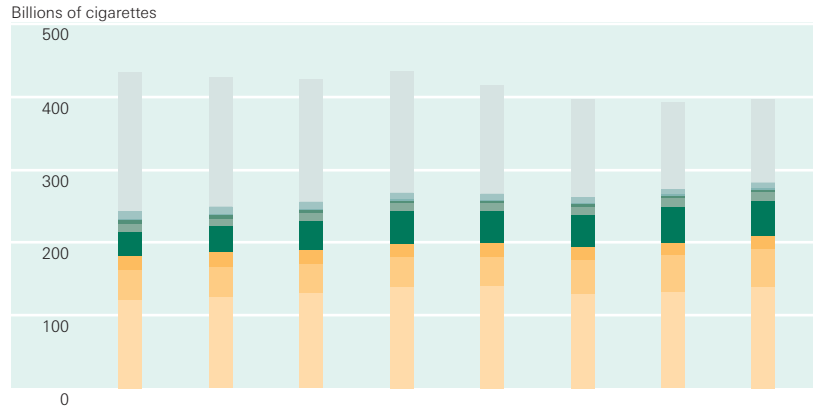
** Based on basic EPS from continuing operations

International Tobacco Business

(Results for the 12 months ended December 31)

Tobacco Shipment Volume

(by Brand)

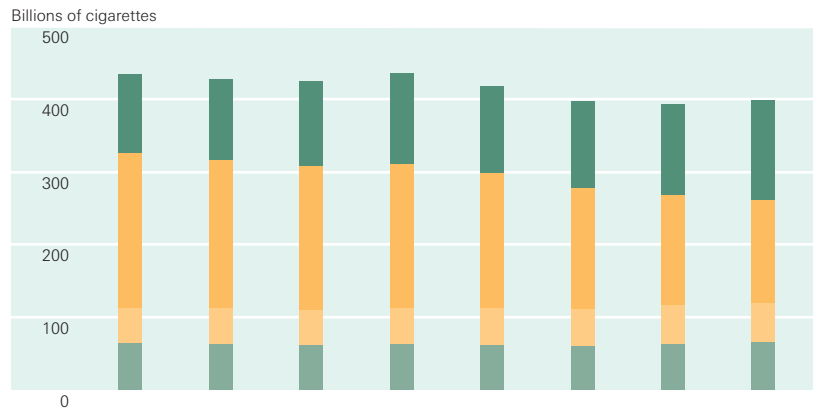


	2009	2010	2011	2012	2013	2014	2015	2016
Total	434.9	428.4	425.7	436.5	417.5	398.0	393.9	398.7
GFB Total	243.4	249.8	256.5	268.8	267.5	262.2	273.6	283.7
Winston	121.2	125.0	130.7	139.4	141.0	129.6	132.1	139.3
Camel	41.6	42.2	40.5	40.7	39.7	46.4	50.9	52.2
Mild Seven/MEVIUS	18.2	19.3	18.9	18.9	18.3	17.8	17.1	17.9
LD	34.3	36.4	40.5	45.1	45.3	44.9	49.5	47.6
Benson & Hedges	10.7	10.7	10.6	10.3	9.9	10.9	12.1	13.4
Silk Cut	4.8	4.4	4.0	3.5	3.2	2.9	2.7	2.5
Sobranie	1.4	1.3	1.3	1.8	2.2	2.6	2.7	2.9
Glamour	11.1	10.7	10.0	9.1	7.9	7.2	6.4	5.9
Natural American Spirit	—	—	—	—	—	—	—	2.0
Other Brands	191.5	178.6	169.2	167.7	150.0	135.8	120.4	115.0

Note: The figures were restated with the change of HVT conversion rate since 2013.

Tobacco Shipment Volume

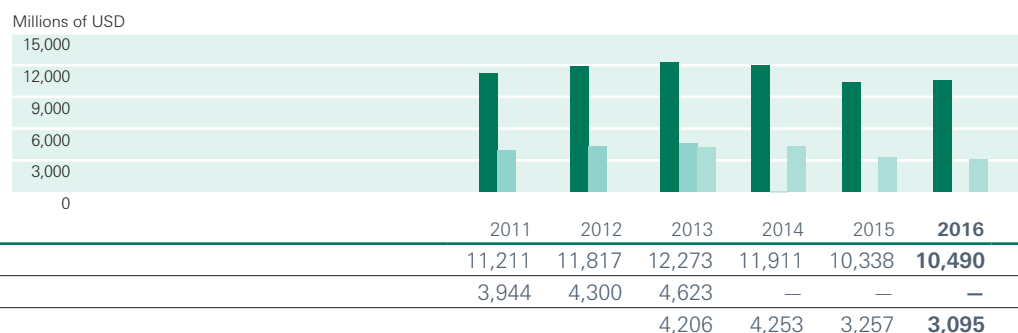
(by Cluster)



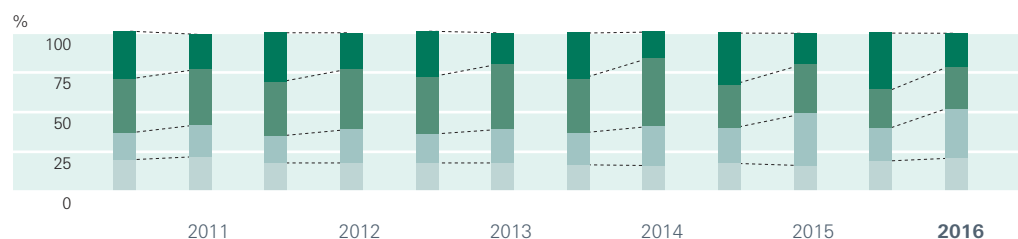
	2009	2010	2011	2012	2013	2014	2015	2016
Total	434.9	428.4	425.7	436.5	417.5	398.0	393.9	398.7
South & West Europe	64.5	63.2	60.8	62.7	61.1	59.8	63.2	65.2
North & Central Europe	47.5	49.0	49.1	49.9	51.3	51.6	53.0	54.2
CIS+	214.6	203.6	197.8	197.4	185.2	165.7	152.5	141.4
Rest-of-the-World	108.4	112.7	118.0	126.5	119.9	120.8	125.2	137.9

Note: The figures were restated with the change of HVT conversion rate since 2013.

Core Revenue & Adjusted EBITDA/ Adjusted Operating Profit



Cluster Split



*EBITA based on US GAAP

Share of Markets in Key Markets (12 month moving average, December)

	2011	2012	2013	2014	2015	2016
France	16.0%	17.5%	20.0%	20.8%	21.4%	22.0%
Italy	20.5%	21.4%	21.6%	19.9%	21.1%	22.7%
Russia	37.1%	36.4%	36.5%	34.9%	33.6%	32.8%
Spain	20.2%	20.3%	21.0%	21.7%	22.3%	22.8%
Taiwan	38.1%	38.9%	39.4%	38.4%	39.2%	39.9%
Turkey	24.1%	26.3%	26.6%	29.0%	30.2%	29.4%
UK	38.3%	39.4%	40.8%	41.3%	42.0%	41.7%

Note: The figures were restated with the change of HVT conversion rate since 2013.
Source: Nielsen, Logista and IRI

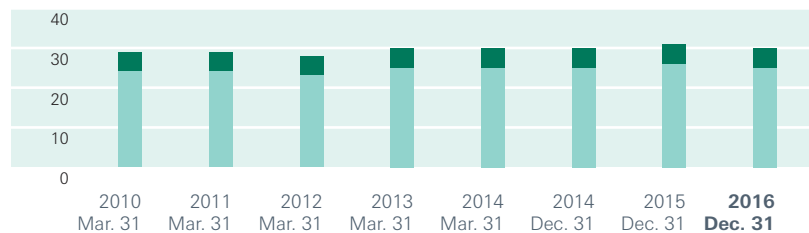
Tobacco Tax Structure (in Russia)

(RUB)	2015	2016	Change
Minimum Tax (ths. cg.)	1,330	1,680	26%
Ad valorem tax (to retail price) (%)	11%	12%	9%
Specific tax (ths. cg.)	960	1,250	30%
VAT (% of pre-VAT price)	18%	18%	0%

[To weighted average price per pack] (RUB)	2015	2016	Change
Weighted average retail price	65.88	79.42	21%
Ad valorem tax	7.25	9.53	31%
Specific tax	19.20	25.00	30%
VAT	10.05	12.11	20%
Weighted average retail price before tax	29.38	32.77	12%

Note: JTI estimates

Number of International Factories



	2010 Mar. 31	2011 Mar. 31	2012 Mar. 31	2013 Mar. 31	2014 Mar. 31	2014 Dec. 31	2015 Dec. 31	2016 Dec. 31
● International Cigarette and OTP Manufacturing Factories	24	24	23	25	25	25	26	25
● Other Tobacco-related Factories	5	5	5	5	5	5	5	5

Note: 2 leaf processing factories are integrated in international cigarette and OTP manufacturing factories, excluded from the other tobacco-related factory counts.

International Tobacco Manufacturing-related Factory Location

(As of December 31, 2016)

● Cigarette and OTP manufacturing factories ● Other tobacco-related factories

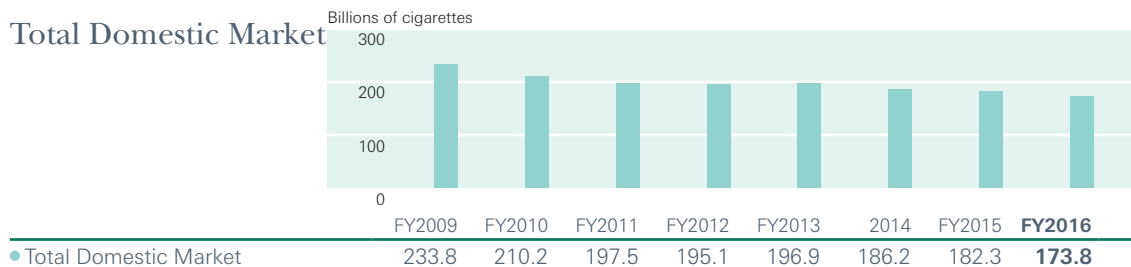


Notes: Location of manufacturing factory to be closed by the end of 2017: UK (Lisnafillan, Northern Ireland)
Location of manufacturing factory to be closed by the end of 2018: Belgium (Wervik)

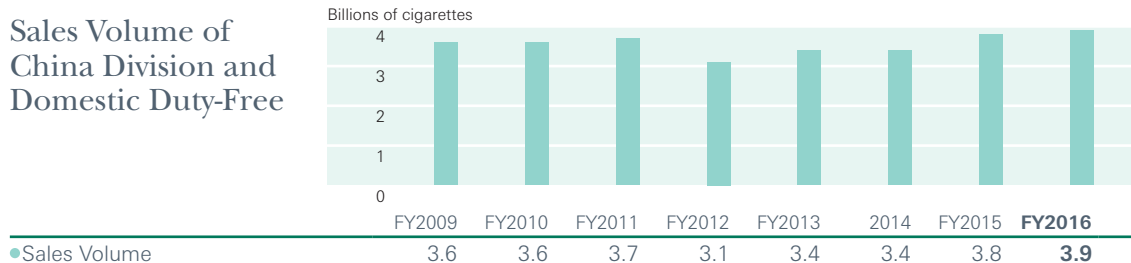
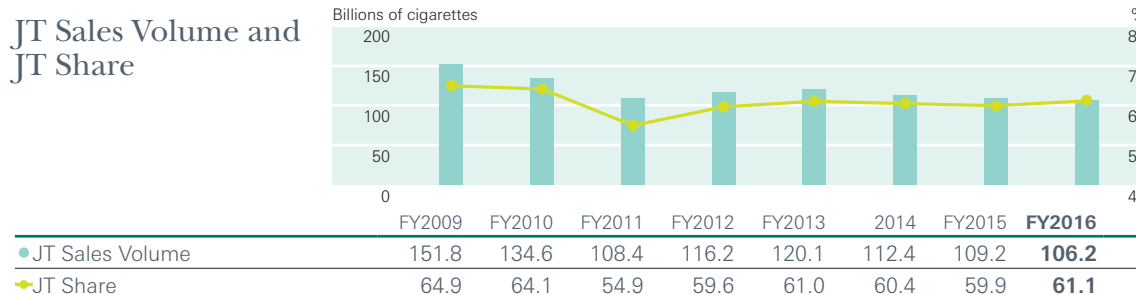
Japanese Domestic Tobacco Business

Since FY2014, the Company has changed its fiscal year ends to December 31; before FY2014, the fiscal years were ended March 31.

As a Like-for-Like basis, twelve-month (January 1 – December 31) results of Japanese domestic tobacco business have been disclosed for 2014.

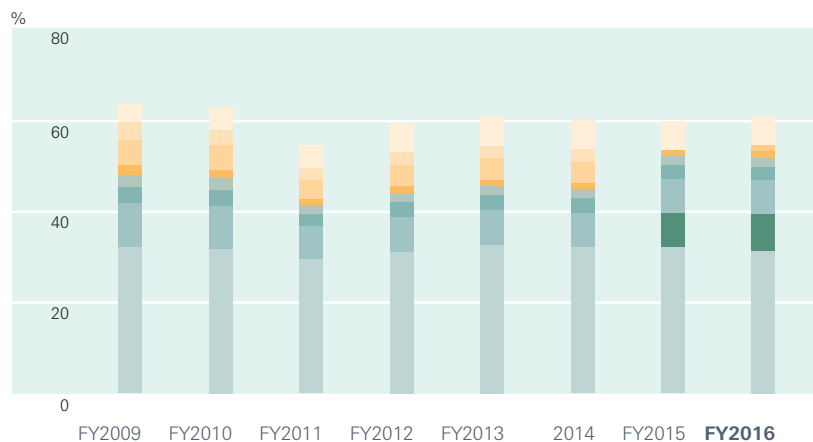


Source: Tobacco Institute of Japan



Note: China Division covers China, Hong Kong, and Macau markets.

Market Share by JT Brand Family



	FY2009	FY2010	FY2011	FY2012	FY2013	2014	FY2015	FY2016
●Mild Seven/MEVIUS	32.1	31.8	29.5	31.2	32.7	32.1	32.1	31.4
●Winston* ¹	—	—	—	—	—	—	7.6	8.0
●Seven Stars* ²	9.9	9.4	7.4	7.7	7.7	7.7	7.5	7.5
●Pianissimo* ³	3.4	3.6	2.6	3.2	3.1	3.1	3.0	2.9
●Peace	2.7	2.5	1.8	2.0	2.0	2.0	2.0	2.1
●HOPE	2.0	1.9	1.4	1.5	1.5	1.5	1.4	1.4
●Natural American Spirit* ⁴	—	—	—	—	—	—	—	1.5
●(Caster)* ¹	5.7	5.4	4.2	4.6	4.7	4.6	—	—
●(Cabin)* ¹	3.9	3.5	2.7	2.9	2.8	2.8	—	—
●Other Brands	4.1	5.0	5.1	6.3	6.5	6.6	6.3	6.2

*1 Cabin and Caster were integrated into the Winston family in August 2015.

*2 Retrospective of figures for "Alaska," which was integrated into the Seven Stars family in October 2011.

*3 Retrospective of figures for "icene" and "Lucia," which were integrated into the Pianissimo family in January 2010.

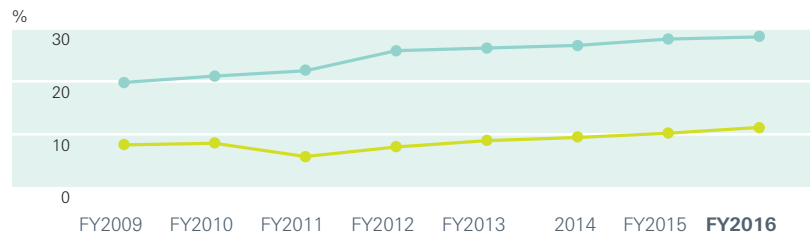
*4 Acquired on January 13, 2016.

Top 20 Selling Products in Japan by Market Share (Jan-Dec, 2016)

Product	Brand Owner	Share (%)
1 Seven Stars	JT	3.9
2 Mevius One 100's Box	JT	3.1
3 Mevius Super Lights	JT	2.9
4 Wakaba	JT	2.4
5 Echo	JT	2.3
6 Mevius Lights	JT	2.2
7 Mevius Extra Lights	JT	2.2
8 Mevius	JT	2.1
9 Seven Stars Box	JT	2.0
10 Marlboro Lights Menthol Box	PMI	1.7
11 Mevius Super Lights 100's Box	JT	1.6
12 Kent 1 100's Box	BAT	1.6
13 Mevius Extra Lights 100's Box	JT	1.5
14 Marlboro KS Box	PMI	1.5
15 Winston Caster White One 100's Box	JT	1.4
16 Mevius Extra Lights Box	JT	1.3
17 Winston Caster White 5	JT	1.3
18 Mevius One	JT	1.2
19 Mevius Premium Menthol Option 5	JT	1.2
20 Winston Cabin Red 8 Box	JT	1.1

Source: Tobacco Institute of Japan

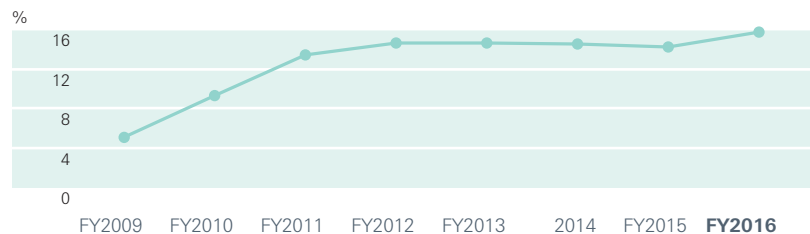
Menthol Products Market Share



	FY2009	FY2010	FY2011	FY2012	FY2013	2014	FY2015	FY2016
◆Menthol Products*	19.8	21.0	22.0	25.8	26.3	26.8	28.0	28.4
◆Menthol JT Products	8.0	8.3	5.8	7.6	8.8	9.4	10.2	11.3

* Market Share in top 100 sales products

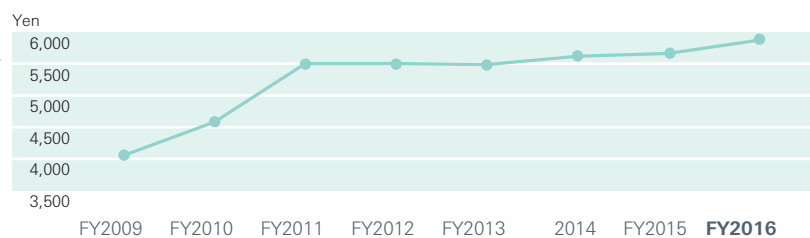
Products Priced at ¥450 or more per pack Market Share



	FY2009	FY2010	FY2011	FY2012	FY2013	2014	FY2015	FY2016
◆JT Products Priced at ¥450 or more per pack*	5.1	9.3	13.4	14.6	14.6	14.5	14.2	15.7

* Jul. 2006 ~ Sep. 2010: ¥320 or more, Oct. 2010 ~ Mar. 2014: ¥440 or more

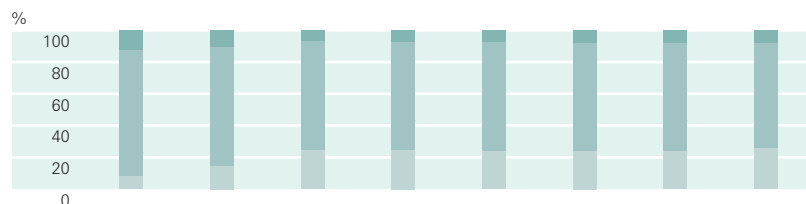
JT Net Sales per Thousand Cigarettes/ Revenue per Thousand Cigarettes



	FY2009	FY2010	FY2011	FY2012	FY2013	2014	FY2015	FY2016
◆JT Net Sales per Thousand Cigarettes/Revenue per Thousand Cigarettes	4,056	4,582	5,502	5,502	5,485	5,617	5,661	5,870

Note: JT Net sales per thousand cigarettes/Revenue per thousand cigarettes = (retail price sales – retailer margins – consumption tax – national tobacco excise tax – local tobacco excise tax – national tobacco special excise tax) / sales volume X 1,000

Composition of JT Products by Price Range



	FY2009	FY2010	FY2011	FY2012	FY2013	2014	FY2015	FY2016
● Products Priced at ¥450 or more per pack* ¹	7.9	14.7	24.3	24.6	23.9	24.0	23.7	25.8
● Products Priced at ¥420~¥440 per pack* ²	79.5	74.6	69.1	68.1	68.7	68.0	68.1	66.1
● Products Priced at ¥410 or less per pack* ³	12.6	10.7	6.6	7.3	7.4	7.9	8.2	8.2

*1 Jul. 2006 ~ Sep. 2010: ¥320 or more, Oct. 2010 ~ Mar. 2014: ¥440 or more

*2 Jul. 2006 ~ Sep. 2010: ¥300, Oct. 2010 ~ Mar. 2014: ¥410

*3 Jul. 2006 ~ Sep. 2010: ¥290 or less, Oct. 2010 ~ Mar. 2014: ¥400 or less

New Product Launches and Sales Area Expansion

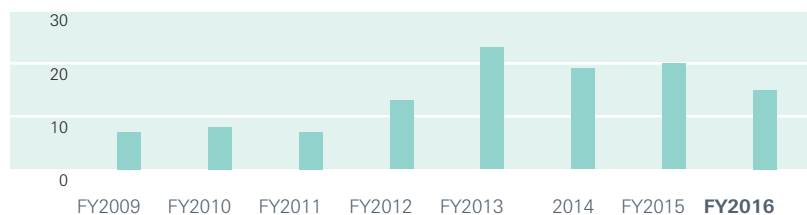
2016 (15 products)

(Menthol: 8 products, Tar 1mg: 3 products, Products at ¥450 or more per pack: 6 products)

Date	Product	Menthol	Tar (mg)	Nicotine (mg)	Price*	Sales Region
Jan. 15	Seven Stars Long Time 10 Box	—	10	1.0	480	Hokkaido
Jan. 15	Seven Stars Long Time 6 Box	—	6	0.6	480	Hokkaido
Jan. 15	Seven Stars Long Time 8 Box	—	8	0.7	480	Hokkaido
Jan. 25	Winston XS Sparkling Menthol 8 Box	○	8	0.6	420	Nationwide
Jan. 25	Winston XS Sparkling Menthol 5 Box	○	5	0.4	420	Nationwide
Jan. 25	Winston XS Sparkling Menthol One 100's Box	○	1	0.1	420	Nationwide
Mar. 6	Mevius Regular for Ploom TECH	—	—	—	460	Fukuoka and Online
Mar. 6	Mevius Cooler Green for Ploom TECH	○	—	—	460	Fukuoka and Online
Mar. 6	Mevius Cooler Purple for Ploom TECH	○	—	—	460	Fukuoka and Online
May 25	Mevius Option Rich Plus 10 Box	—	10	0.8	440	Nationwide
May 25	Mevius Option Rich Plus 6 Box	—	6	0.5	440	Nationwide
May 25	Mevius Option Rich Plus One 100's Box	—	1	0.1	440	Nationwide
Aug. 25	Mevius Premium Menthol Option Red 8 Box	○	8	0.5	440	Nationwide
Aug. 25	Mevius Premium Menthol Option Red 5 Box	○	5	0.3	440	Nationwide
Aug. 25	Mevius Premium Menthol Option Red One 100's Box	○	1	0.1	440	Nationwide

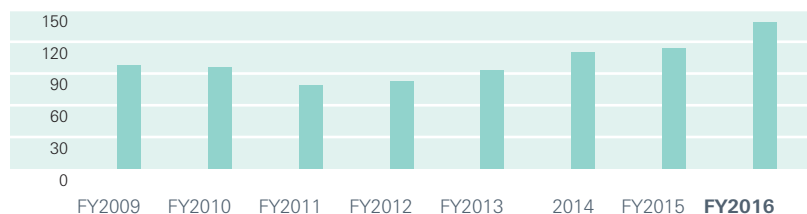
*Prices as of December 31, 2016.

Number of New Product Launches



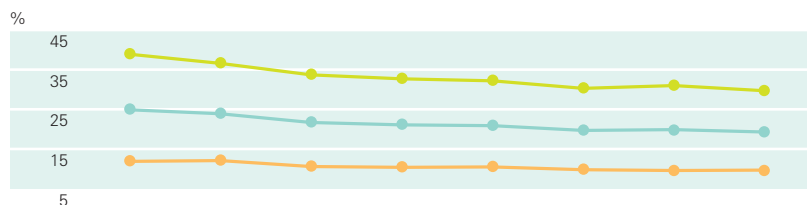
● Number of New Product Launches

Number of JT Cigarette Products



● Number of JT Cigarette Products

Smoking Rate (by gender)



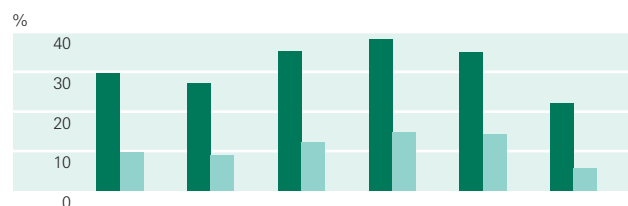
(At the time of survey)

(At the time of survey)	2009	2010	2011	2012	2013	2014	2015	2016
● All Adults	24.9	23.9	21.7	21.1	20.9	19.7	19.9	19.3
● Male	38.9	36.6	33.7	32.7	32.2	30.3	31.0	29.7
● Female	11.9	12.1	10.6	10.4	10.5	9.8	9.6	9.7

Note: The survey method, along with the sample number, was modified from 2006, resulting in a lack of comparability with results prior to 2006.

Source: JT "Japan Smoking Rate Survey"

Smoking Rate (by age)



(Survey in 2016)

(Survey in 2016)	Total	20s	30s	40s	50s	over-60s
● Male	29.7	27.2	35.1	38.2	34.9	22.0
● Female	9.7	8.9	12.3	14.8	14.2	5.7

Source: JT "Japan Smoking Rate Survey"

Taxation

All tobacco products sold in Japan are subject to the national tobacco excise tax, the national tobacco special excise tax, and local tobacco excise tax. The national tobacco excise tax is set at ¥5,302 per thousand cigarettes, the national tobacco special excise tax at ¥820 per thousand cigarettes, and the local tobacco excise tax is set at ¥6,122 per thousand cigarettes. In addition, under the

Consumption Tax Law, an 8% consumption tax is imposed as with other goods and services. All tobacco excise taxes and consumption tax are imposed not only for tobacco products manufactured in Japan but also for imported tobacco products. From April 1987, no customs duties apply to imported tobacco products.

Changes of Tobacco Excise Taxes

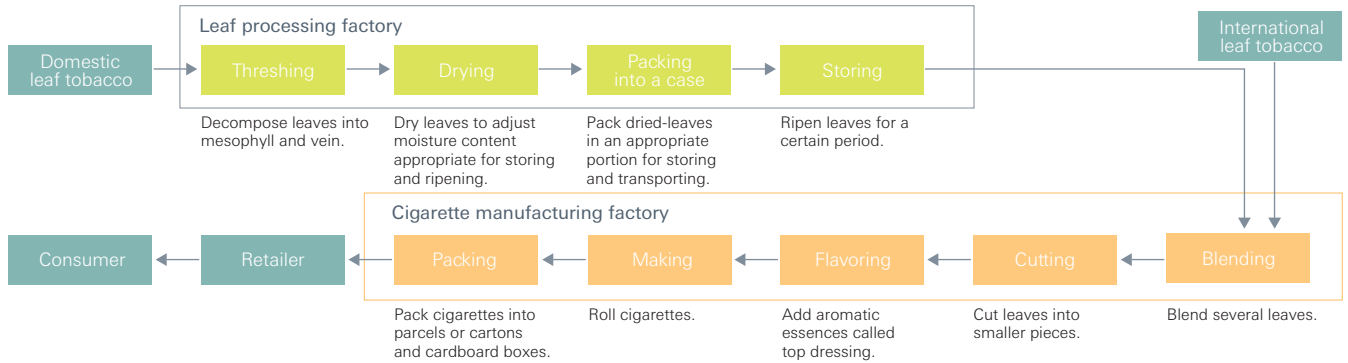
Item	Tobacco Consumption Tax				Tobacco Excise Tax							
	Apr-1985		May-1986		Apr-1989	Apr-1997	Dec-1998	May-1999	Jul-2003	Jul-2006	Oct-2010	Apr-2014
	Ad valorem (%)	Specific (¥/1,000 units)	Ad valorem* (%)	Specific (¥/1,000 units)	Specific (¥/1,000 units)	Specific (¥/1,000 units)	Specific (¥/1,000 units)	Specific (¥/1,000 units)	Specific (¥/1,000 units)	Specific (¥/1,000 units)	Specific (¥/1,000 units)	Specific (¥/1,000 units)
National Tobacco Excise Tax	23.0	582	23.0	1,032	3,126	3,126	3,126	2,716	3,126	3,552	5,302	5,302
National Tobacco Special Excise Tax	—	—	—	—	—	—	820	820	820	820	820	820
Local Tobacco Excise Tax	22.4	550	22.4	1,000	3,126	3,126	3,126	3,536	3,946	4,372	6,122	6,122
Total Excise Tax	45.4	1,132	45.4	2,032	6,252	6,252	7,072	7,072	7,892	8,744	12,244	12,244
Consumption Tax	—	—	—	—	3.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	8.0%
Tobacco Regulation Changes	<ul style="list-style-type: none"> Tobacco Consumption Tax was introduced *¥1,000 was deducted from tax base for Ad valorem Tobacco Consumption Tax was increased 				<ul style="list-style-type: none"> Consumption Tax was introduced Tobacco Consumption Tax was renamed Tobacco Excise Tax 	<ul style="list-style-type: none"> Consumption Tax was increased 	<ul style="list-style-type: none"> National Tobacco Special Excise Tax was introduced 	<ul style="list-style-type: none"> Review of budget allocations in line with a revision of laws 	<ul style="list-style-type: none"> Tobacco Excise Tax was increased 	<ul style="list-style-type: none"> Tobacco Excise Tax was increased 	<ul style="list-style-type: none"> Tobacco Excise Tax was increased 	<ul style="list-style-type: none"> Consumption Tax was increased
(Reference)												
Retail Price of Mild Seven/MEVIUS per pack	¥200	¥220	¥220	¥230	¥250	¥250	¥270	¥300	¥410	¥430		
Tax Incidence of Mild Seven/MEVIUS per pack (incl. Consumption Tax)	56.7%	59.7%	59.7%	59.1%	61.3%	61.3%	63.2%	63.1%	64.5%	64.4%		

Breakdown of Price Levels per Cigarette Package

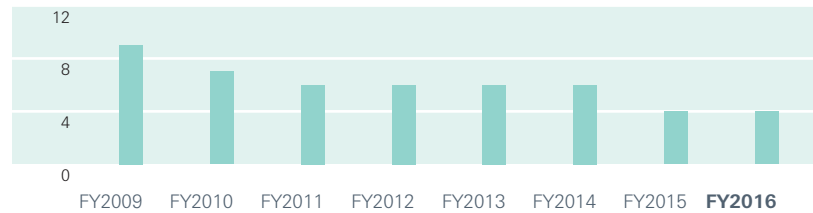
(As of April 1, 2016)

	List price ¥440 per pack		List price ¥460 per pack		
Consumption Tax	¥ 32.6	7.41%	¥ 34.1	7.41%	} Retail price sales
Retailer's Margin	¥ 44.0	10.00%	¥ 46.0	10.00%	
Total Tobacco Excise Tax	¥244.9	55.65%	¥244.9	53.23%	
National Tobacco Excise Tax	¥106.0	24.10%	¥106.0	23.05%	
Local Tobacco Excise Tax	¥122.4	27.83%	¥122.4	26.62%	
National Tobacco Special Excise Tax	¥ 16.4	3.73%	¥ 16.4	3.57%	
JT's Proceeds	¥118.5	26.94%	¥135.0	29.36%	
	} Net sales including excise taxes				} Retail price sales
	} Net sales excluding excise taxes				

Tobacco Manufacturing System



Number of Domestic Cigarette Manufacturing Factories

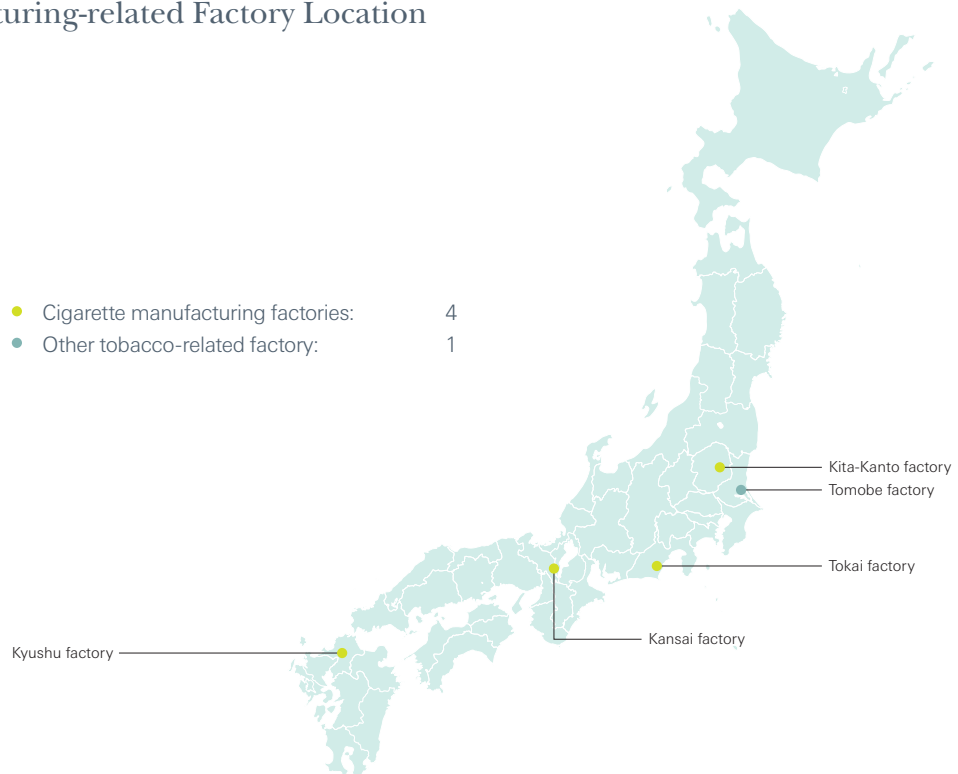


● Domestic Cigarette Manufacturing Factories

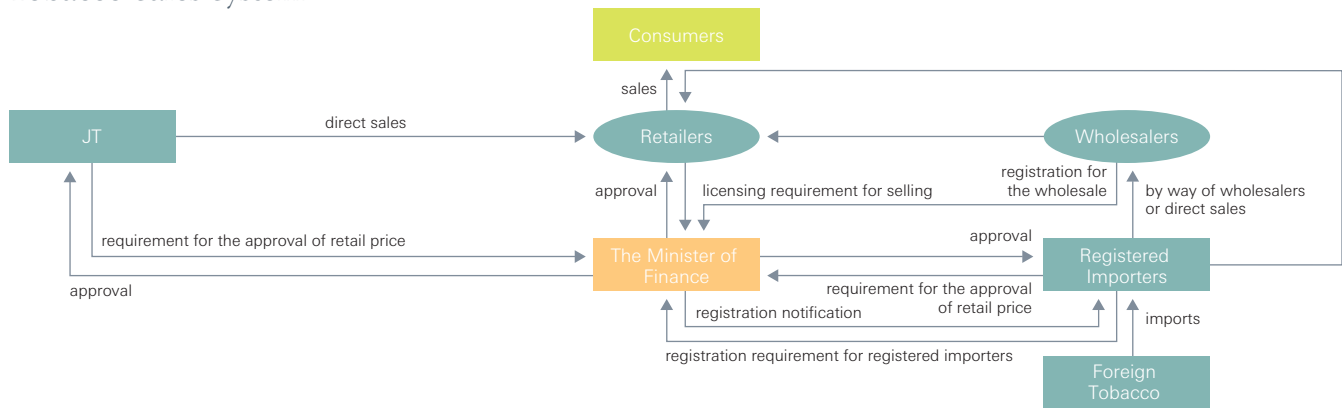
Tobacco Manufacturing-related Factory Location

(As of December 31, 2016)

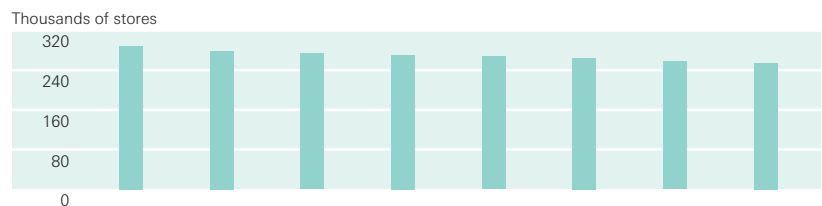
- Cigarette manufacturing factories: 4
- Other tobacco-related factory: 1



Tobacco Sales System



Number of Tobacco Retailers

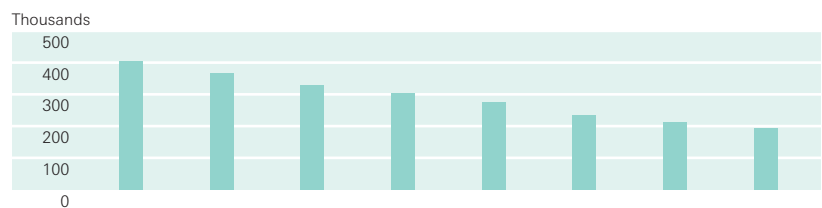


(As of March 31)

	2010	2011	2012	2013	2014	2015	2016	2017
● Tobacco Retailers	289	279	274	271	268	265	258	254

Source: Ministry of Finance

Number of Tobacco Vending Machines



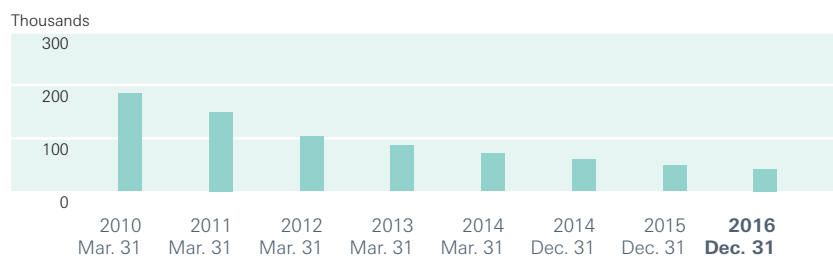
(As of December 31)

	2009	2010	2011	2012	2013	2014	2015	2016
● Total Tobacco Vending Machines	405	367	328	304	275	234	212	193

Source: Japan Vending Machine Manufacturers Association

Number of Tobacco Vending Machines

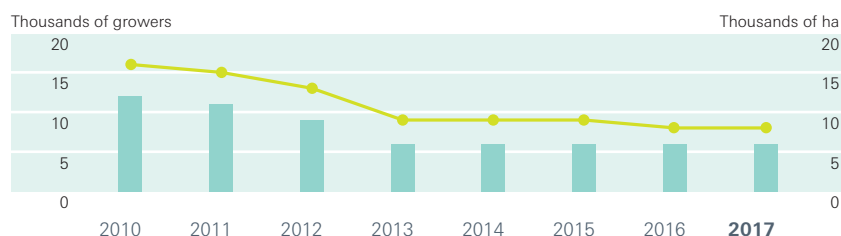
(JT Tobacco Vending Machines)



● JT Tobacco Vending Machines

Number of Domestic Tobacco Growers and Area under Domestic Leaf Tobacco Cultivation

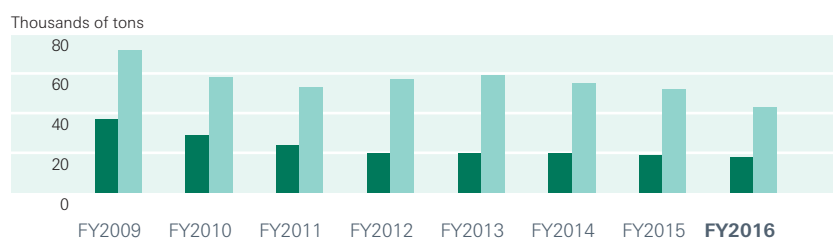
(As of March 31)



● Number of Domestic Tobacco Growers

◆ Area under Domestic Leaf Tobacco Cultivation

Volume of Domestic and International Leaf Tobacco Purchase



● Domestic*

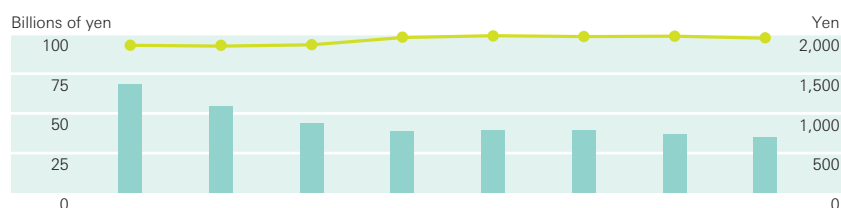
● International

* Results of period from April 1 through March 31 of the following year

** Results of January - December

Value of Domestic Leaf Tobacco Purchase and Price per 1 kg

(As of March 31)

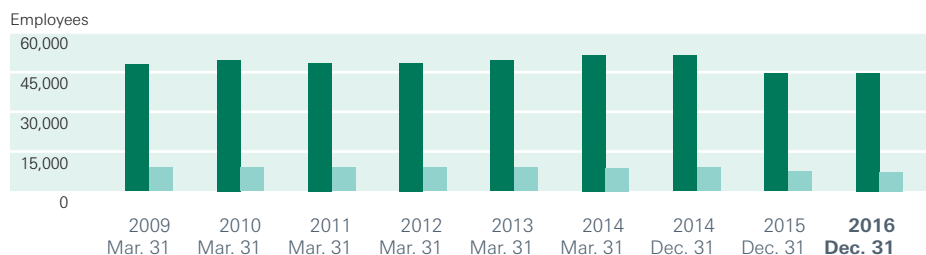


● Amount

◆ Price per 1 kg

Number of Employees/Subsidiaries and Affiliates

Number of Employees



	2009 Mar. 31	2010 Mar. 31	2011 Mar. 31	2012 Mar. 31	2013 Mar. 31	2014 Mar. 31	2014 Dec. 31	2015 Dec. 31	2016 Dec. 31
● Total	47,977	49,665	48,472	48,529	49,507	51,563	51,341	44,485	44,667
Tobacco Business									
International	23,227	24,751	23,902	24,237	24,397	26,731	25,829	26,200	26,558
Japanese Domestic	11,281	11,282	11,191	11,092	11,043	11,022	11,648	9,470	9,486
Pharmaceutical Business	1,616	1,634	1,664	1,693	1,744	1,787	1,840	1,839	1,850
Food Business	10,975	11,143	10,864	10,646					
Beverage Business					4,912	5,035	5,122	—	—
Processed Food Business					6,563	6,096	5,968	5,798	5,683
Other Business	429	352	—	—	—	—	—	—	—
Corporate	449	503	851	861	848	892	934	1,178	1,090

Note: Number of employees is counted at working basis, unless otherwise indicated.

	2009 Mar. 31	2010 Mar. 31	2011 Mar. 31	2012 Mar. 31	2013 Mar. 31	2014 Mar. 31	2014 Dec. 31	2015 Dec. 31	2016 Dec. 31
● Number of Employees (parent company)	8,908	8,961	8,928	8,936	8,925	8,774	8,915	7,549	7,298
Number of Employees Based on Enrollment (parent company)	9,973	9,883	9,842	9,824	9,782	9,628	9,804	8,194	7,965

Note: The number of employees in the international tobacco business is calculated based on the number of employees as of December 31 of each year.

Status of Subsidiaries and Affiliates

(As of December 31, 2016)

Name	Location	Capital (Millions of yen)	Principal business	Holding rate of voting rights (%)
TS Network Co., Ltd.	Taito-ku, Tokyo	460	Japanese domestic tobacco	74.5
JT Logistics Co., Ltd.	Chuo-ku, Tokyo	207	Japanese domestic tobacco	100
Japan Filter Technology Co., Ltd.	Sumida-ku, Tokyo	461	Japanese domestic tobacco	88.6
Fuji Flavor Co., Ltd.	Hamura-shi, Tokyo	196	Japanese domestic tobacco	100
JT Engineering Inc.	Sumida-ku, Tokyo	200	Japanese domestic tobacco	100
TRUE SPIRIT TOBACCO COMPANY	Minato-ku, Tokyo	45	Japanese domestic tobacco	100
JT International Group Holding B.V.	Netherlands	thousands USD 1,800,372	International tobacco	100
JT International Holding B.V.	Netherlands	thousands USD 1,800,372	International tobacco	100 (100)
JT International S.A.	Switzerland	thousands CHF 1,215,425	International tobacco	100 (100)
Gallaher Ltd.	U.K.	thousands GBP 172,495	International tobacco	100 (100)
LLC JTI Russia	Russia	thousands RUB 108,700	International tobacco	100 (100)
LLC Petro	Russia	thousands RUB 328,439	International tobacco	100 (100)
JTI Polska Sp. z o. o.	Poland	thousands PLN 200,000	International tobacco	100 (100)
JT International Germany GmbH	Germany	thousands EUR 37,394	International tobacco	100 (100)
JTI Tütün Urunleri Sanayi A.S.	Turkey	thousands TRY 148,825	International tobacco	100 (100)
Torii Pharmaceutical Co., Ltd.	Chuo-ku, Tokyo	5,190	Pharmaceutical	55.0
Akros Pharma Inc.	U.S.A.	thousands USD 1	Pharmaceutical	100 (100)
TableMark Holdings Co., Ltd.	Chuo-ku, Tokyo	47,503	Processed food	100
TableMark Co., Ltd.	Chuo-ku, Tokyo	22,500	Processed food	100 (100)

Notes: In addition to the above, JT has 183 consolidated subsidiaries and 12 companies accounted for by the equity method.

The figures in parentheses in the "Holding rate of voting rights" column are indirect holding rates included in the figures outside the parentheses.

Glossary

FY2014 (Reported basis)	Results of twelve-month period from January 1 to December 31, 2014 for the international business and results of nine-month period from April 1 to December 31, 2014 for the Japanese domestic businesses.
Like-for-Like (L-f-L) basis	For the purpose of fair comparison of business performance, results of twelve-month period with regard to all business segments in continuing operations from January 1 to December 31, 2014, in comparison to the results of fiscal year ended December 31, 2015, were disclosed for reference.
Adjusted Net Sales Excluding Excise Taxes	Excludes the imported tobacco, domestic duty free, the China Division and other peripheral businesses in the Japanese domestic tobacco business. Excludes the distribution, contract manufacturing and other peripheral businesses in the international tobacco business.
Core Revenue	Excludes revenue from distribution of imported tobacco in the Japanese Domestic Tobacco Business, among others, but includes revenue from domestic duty free, the China business and emerging products such as Ploom TECH device and capsules. Includes revenue from waterpipe tobacco products and emerging products, but excludes revenues from distribution, contract manufacturing and other peripheral businesses in the International Tobacco Business.
EBITDA	Operating income + depreciation and amortization
Adjusted EBITDA	Operating profit + depreciation and amortization + adjustment items (income and costs)* *Adjustment items (income and costs) = impairment losses on goodwill ± restructuring income and costs ± others
Adjusted Operating Profit	Operating profit + amortization of acquired intangibles arising from business acquisitions + adjustment items (income and costs)* *Adjustment items (income and costs) = impairment losses on goodwill ± restructuring income and costs ± others
ROA	JGAAP: $ROA = (\text{Ordinary income}) / \text{Total assets}$ [average of beginning and ending balance for the period] IFRS: $ROA = (\text{Profit before income taxes}) / \text{Total assets}$ [average of beginning and ending balance for the period]
FCF	FCF is the 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
Depreciation & Amortization	JGAAP: Depreciation of Tangible Fixed Assets + Amortization of Intangible Fixed Assets + Amortization of Long-Term Prepaid Expenses + Amortization of Goodwill IFRS: Depreciation of tangible fixed assets + Amortization of intangible fixed assets
Liquidity	Cash and deposits + Marketable securities + Securities purchased under repurchase agreements
Interest-Bearing Debt	Short-term bank loans + CP + bonds + long-term borrowings + lease obligations
Interest Coverage Ratio	JGAAP: Interest Coverage Ratio = Cash flow from operating activities / Interest expenses* IFRS: Interest Coverage Ratio = Cash flow from operating activities / Interest paid** * Amount on Income Statement ** Amount on Cash Flow Statement
Total Shipment Volume (International Tobacco Business)	Includes fine cut, cigars, pipe tobacco and snus but excludes contract manufactured products, waterpipe tobacco products and emerging products.
Sales volume (Japanese Domestic Tobacco Business)	Excludes sales volume of domestic duty free, the China business and emerging products
GFB (Global Flagship Brand) (International Tobacco Business)	GFB: Winston, Camel, Mild Seven/MEVIUS, LD, Benson & Hedges, Silk Cut, Sobranie, Glamour and Natural American Spirit