

Japan Tobacco Inc.

Fact Sheets

2018

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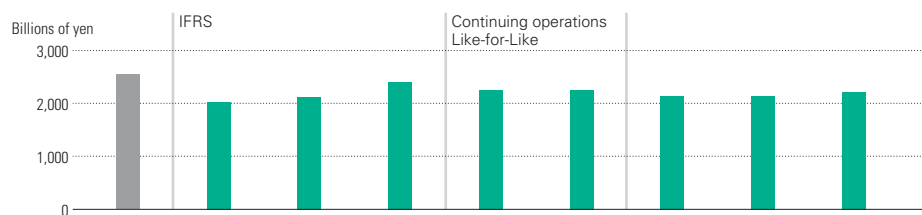
Fact Sheets

Financial Data

In 2015, the beverage business was 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 2015. To provide a fair business performance comparison with the results of 2016, we provide the figures with a focus on continuing operations of 2015, except those related to the balance sheet, which are on a continuing and discontinued operations combined basis.

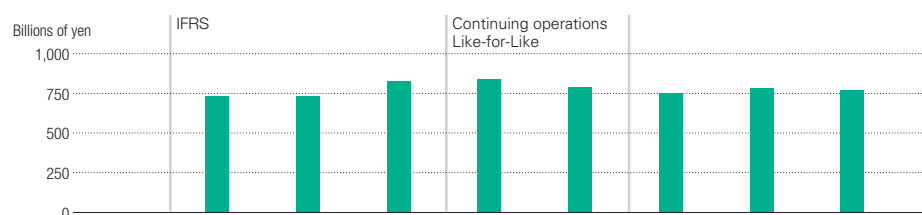
In addition, FY2014 was a transitional period due to the unification of the accounting period. For the purpose of fair business performance comparison, we are providing figures for the twelve-month (January 1 – December 31, 2014) period with regard to all business segments in continuing operations (Like-for-Like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

Net Sales Excluding Excise Taxes/Revenue



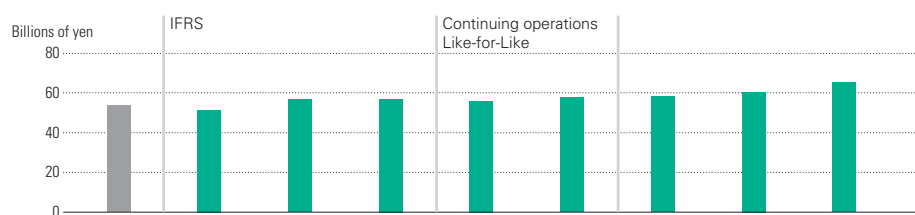
	FY2011	FY2011	FY2012	FY2013	2014	2015	2016	2017	2018
Total	2,547.1	2,033.8	2,120.2	2,399.8	2,259.2	2,252.9	2,143.3	2,139.7	2,216.0
International Tobacco Business	966.3	966.3	1,010.7	1,270.0	1,328.0	1,317.2	1,199.2	1,237.6	1,312.3
Japanese Domestic Tobacco Business	1,147.5	646.2	687.1	710.3	687.4	677.3	684.2	626.8	621.4
Pharmaceutical Business	50.6	47.4	53.2	64.4	65.8	75.6	87.2	104.7	114.0
Food Business	367.0								
Beverage Business		188.8	185.5	184.5	—	—	—	—	—
Processed Food Business		170.7	168.7	156.9	161.2	165.8	164.1	163.1	161.4
Other Business	15.7	14.6	15.0	13.6	16.9	17.0	8.6	7.5	6.8
Adjusted Net Sales Excluding Excise Taxes/ Core Revenue									
International Tobacco Business	894.6	894.6	943.1	1,200.7	1,258.2	1,252.5	1,138.8	1,177.0	1,250.7
Japanese Domestic Tobacco Business	596.8	611.9	654.0	676.2	649.8	642.2	649.7	590.6	582.4

SG&A Expenses (IFRS)



	FY2011	FY2012	FY2013	2014	2015	2016	2017	2018
SG&A	733.2	733.5	828.9	839.6	789.3	754.1	786.9	770.4
Advertising expenses	21.5	20.6	21.7	23.1	25.6	26.1	24.4	29.1
Promotion expenses	128.0	137.5	147.8	117.7	120.3	124.8	112.2	106.2
Shipping, warehousing expenses	27.9	27.1	27.1	24.7	26.9	26.8	26.9	1.2
Commission	41.0	41.2	49.3	50.0	51.3	50.9	54.5	52.7
Employee benefit expenses	235.1	241.5	275.8	321.8	264.7	241.8	254.0	269.0
Research and development expenses	51.5	56.9	57.1	56.0	57.8	58.2	60.6	65.4
Depreciation and amortization	58.5	59.1	68.8	60.9	66.0	79.1	81.3	87.9
Impairment losses on other than financial assets	7.0	3.2	2.4	22.3	9.5	1.2	3.4	8.5
Regulatory fine in Canada	—	—	—	—	—	—	—	—
Losses on sale and disposal of property, plant and equipment, intangible assets, and investment property	11.5	9.3	9.5	16.7	19.2	11.3	4.8	8.8
Cooperation fee for terminating leaf tobacco farming	12.5	—	—	—	—	—	—	—
Impairment losses of investments in associates	—	—	9.7	—	—	—	—	—
Other	138.7	137.2	159.7	146.3	148.1	134.1	164.7	141.6

R&D Expenses



	FY2011	FY2011	FY2012	FY2013	2014	2015	2016	2017	2018
R&D	53.6	51.5	56.9	57.1	56.0	57.8	58.2	60.6	65.4
International Tobacco Business	5.2	5.2	5.8	6.9	7.9	8.3	8.3	8.0	8.5
Japanese Domestic Tobacco Business	20.2	20.0	19.0	18.4	18.0	17.4	17.8	18.5	18.1
Pharmaceutical Business	26.7	24.9	30.7	30.5	28.9	30.7	30.7	32.6	37.1
Food Business	0.6								
Beverage Business		—	—	—	—	—	—	—	—
Processed Food Business		0.6	0.6	0.6	0.5	0.5	0.6	0.7	0.8

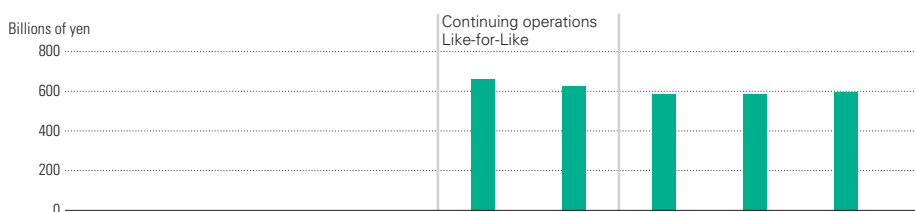
Note: The aforementioned research and development expenses included 0.8 billion yen for 2017 and 2018, respectively (IFRS), relating to basic research not affiliated to any segment (plant biotechnology related research, etc.) and conducted by JT corporate division.

EBITDA/Adjusted EBITDA



	FY2011	FY2011	FY2012	FY2013
EBITDA/Adjusted EBITDA	581.1	577.1	622.0	751.7
International Tobacco Business	312.6	314.8	343.2	451.6
Japanese Domestic Tobacco Business	272.5	262.3	281.3	302.1
Pharmaceutical Business	(12.3)	(10.0)	(12.7)	(5.4)
Food Business	21.5			
Beverage Business		14.6	12.4	8.7
Processed Food Business		5.4	7.4	7.5
Other Business	(13.3)	(9.8)	(9.6)	(12.7)

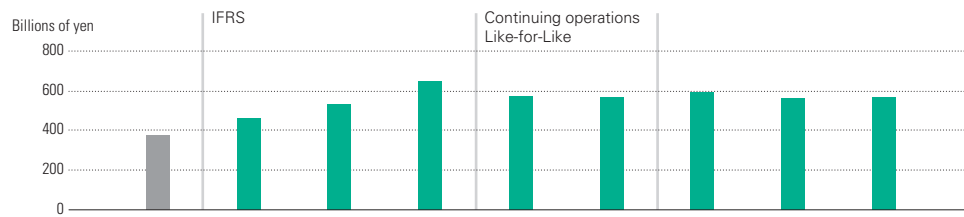
Adjusted Operating Profit (IFRS)



	2014	2015	2016	2017	2018
Adjusted Operating Profit	661.0	626.7	586.8	585.3	595.5
International Tobacco Business	447.1	394.4	336.2	351.3	384.5
Japanese Domestic Tobacco Business	238.7	254.1	260.2	232.3	209.0
Pharmaceutical Business	(7.3)	(2.3)	9.7	24.1	28.4
Processed Food Business	1.4	2.7	5.0	5.4	4.1
Other Business/Elimination	(18.9)	(22.2)	(24.4)	(27.8)	(30.6)

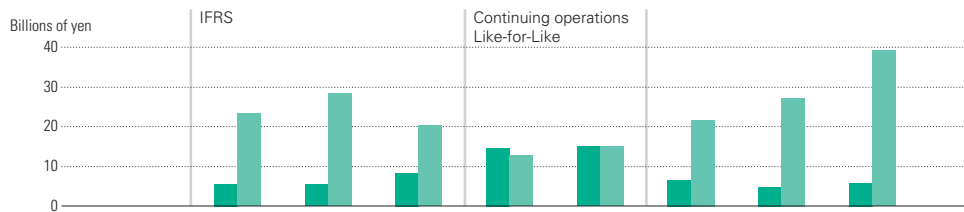
Note: Figures for adjusted operating profit of 2014 are unaudited.

Operating Income/Operating Profit



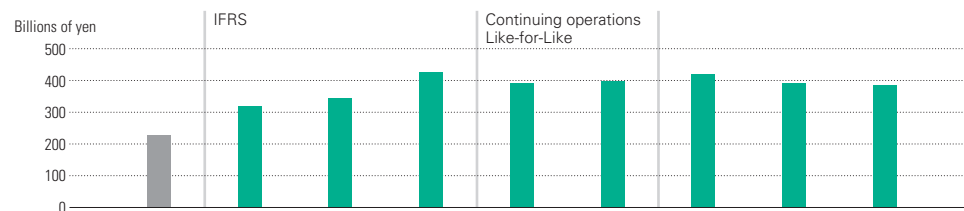
	FY2011	FY2011	FY2012	FY2013	2014	2015	2016	2017	2018
Operating Income/Operating Profit	374.7	459.2	532.2	648.3	572.6	565.2	593.3	561.1	565.0
International Tobacco Business	185.3	252.4	289.4	376.4	379.5	346.9	301.8	325.6	339.5
Japanese Domestic Tobacco Business	229.6	209.3	241.3	258.1	181.5	249.2	244.1	215.8	192.5
Pharmaceutical Business	(16.1)	(13.5)	(16.2)	(9.0)	(7.3)	(2.3)	9.7	24.1	26.3
Food Business	(6.3)								
Beverage Business		4.5	2.3	(2.1)	—	—	—	—	—
Processed Food Business		(2.5)	(5.8)	(0.2)	(1.2)	3.2	5.0	5.4	2.9
Other Business	(17.9)	9.0	21.2	25.0	20.2	(31.8)	32.7	(9.8)	3.8

Financial Income and Expenses (IFRS)



	FY2011	FY2012	FY2013	2014	2015	2016	2017	2018
Financial Income	5.6	5.5	8.4	14.7	15.0	6.6	4.8	5.8
Financial Expenses	(23.4)	(28.4)	(20.4)	(12.8)	(15.1)	(21.7)	(27.3)	(39.3)

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

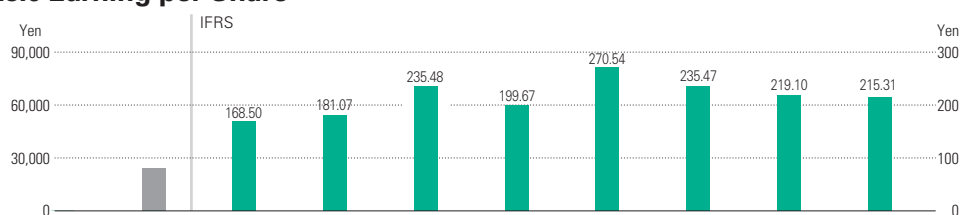


	FY2011	FY2011	FY2012	FY2013	2014	2015	2016	2017	2018
Net Income/Profit (attributable to owners of the parent company)	227.4	320.9	343.6	428.0	391.4	398.5	421.7	392.4	385.7

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 a fair comparison and reference, we are providing figures for the twelve-month (January 1–December 31) period with regard to all business segments in continuing operations (Like-for-Like basis).

Earnings per Share (EPS)/Basic Earning per Share



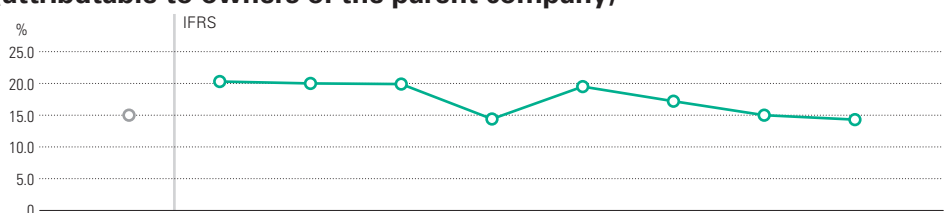
	FY2011	FY2011	FY2012	FY2013	FY2014	2015	2016	2017	2018
■ EPS/Basic Earning per Share	23,883	168.50	181.07	235.48	199.67	270.54	235.47	219.10	215.31
■ Diluted EPS	23,873	168.44	180.98	235.35	199.56	270.37	235.33	218.97	215.20

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).

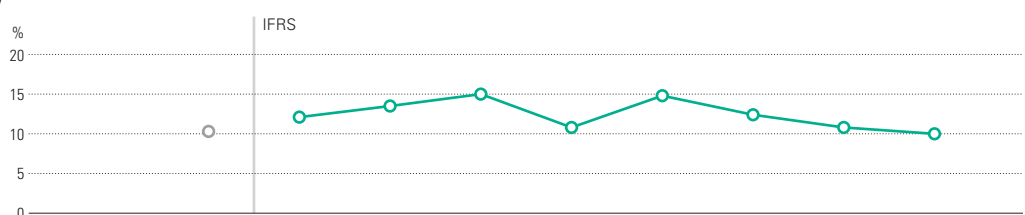
The IFRS figures refer to the right hand scale in the graph.

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



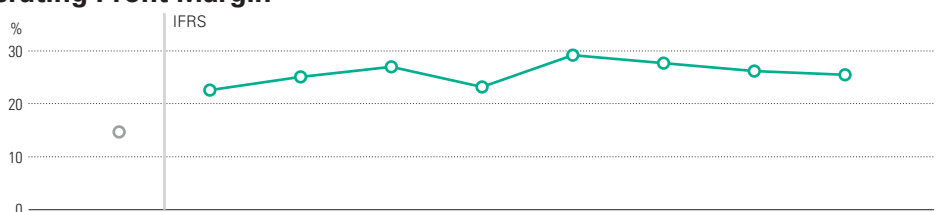
	FY2011	FY2011	FY2012	FY2013	FY2014	2015	2016	2017	2018
○ ROE/ROE (attributable to owners of the parent company)	15.0	20.3	20.0	19.9	14.4	19.5	17.2	15.0	14.3

Return on Assets (ROA)



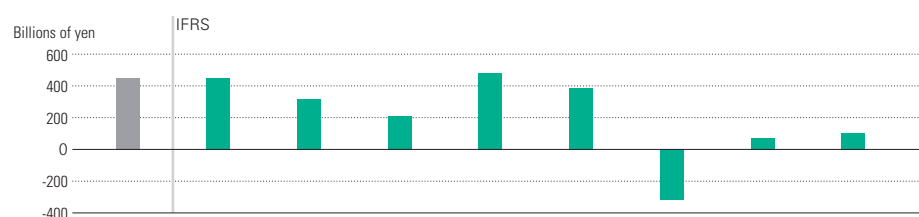
	FY2011	FY2011	FY2012	FY2013	FY2014	2015	2016	2017	2018
○ ROA	10.3	12.1	13.5	15.0	10.8	14.8	12.4	10.8	10.0

Operating Income Margin/Operating Profit Margin



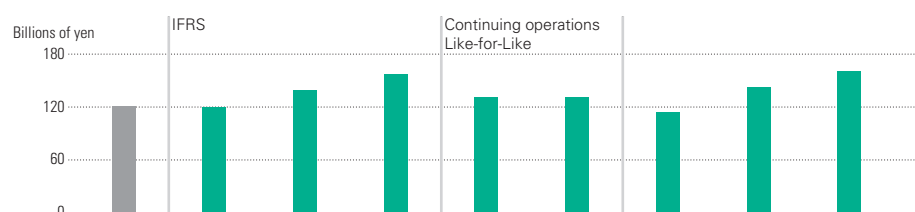
	FY2011	FY2011	FY2012	FY2013	FY2014	2015	2016	2017	2018
○ Operating Income Margin/Operating Profit Margin	14.7	22.6	25.1	27.0	23.2	29.2	27.7	26.2	25.5

Free Cash Flow (FCF)



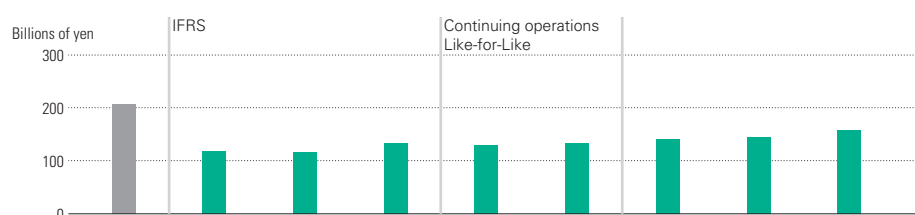
	FY2011	FY2011	FY2012	FY2013	FY2014	2015	2016	2017	2018
Free Cash Flow	452.4	451.3	316.0	212.6	480.7	386.7	-316.2	72.6	105.6

Capital Expenditure (CAPEX)



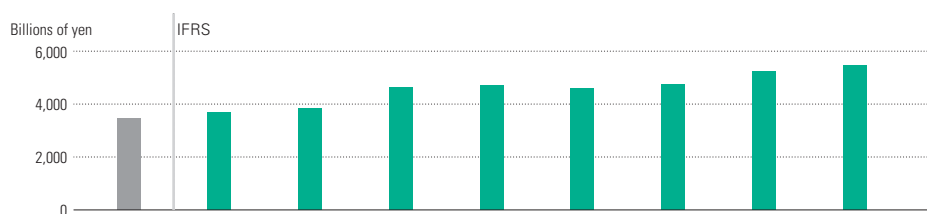
	FY2011	FY2011	FY2012	FY2013	2014	2015	2016	2017	2018
Capital Expenditure	119.5	119.0	137.4	156.2	130.2	129.8	113.0	140.9	159.8
International Tobacco Business	39.1	39.1	37.5	78.5	74.2	77.2	70.6	68.4	75.7
Japanese Domestic Tobacco Business	57.2	56.2	71.2	49.1	41.0	37.4	29.8	51.5	55.4
Pharmaceutical Business	2.9	3.9	5.8	3.9	4.7	6.2	3.8	6.2	11.3
Food Business	15.5								
Beverage Business		8.1	12.0	14.6	—	—	—	—	—
Processed Food Business		7.3	4.6	4.9	4.7	5.7	5.7	10.4	12.7
Other Business	4.7	4.3	6.3	5.1	5.5	3.3	3.1	4.3	4.6

Depreciation & Amortization



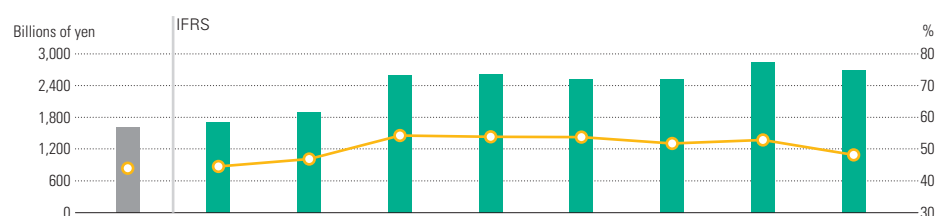
	FY2011	FY2011	FY2012	FY2013	2014	2015	2016	2017	2018
Depreciation & Amortization	206.4	118.8	116.5	132.9	128.6	133.1	140.8	145.4	158.7
International Tobacco Business	127.3	55.2	51.1	63.7	69.9	76.0	69.1	76.1	89.9
Japanese Domestic Tobacco Business	42.9	39.6	41.1	44.4	44.7	43.7	58.0	56.0	55.0
Pharmaceutical Business	3.8	3.5	3.4	3.6	4.2	4.6	4.9	5.1	5.1
Food Business	27.8								
Beverage Business		10.1	10.1	10.8	—	—	—	—	—
Processed Food Business		7.4	7.1	6.9	6.6	6.5	6.4	6.1	6.7
Other Business	4.6	3.1	3.6	3.5	3.1	2.4	2.3	2.1	2.0

Total Assets



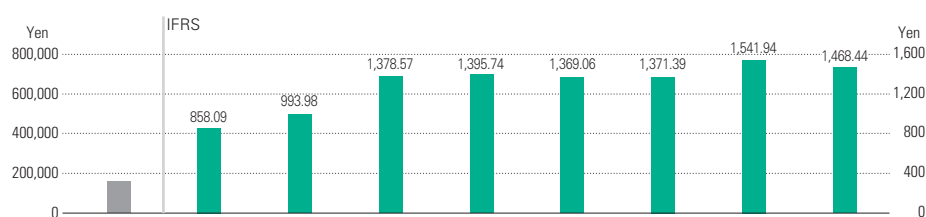
	FY2011	FY2011	FY2012	FY2013	2014	2015	2016	2017	2018
Total Assets	3,472.6	3,667.0	3,852.6	4,616.8	4,704.7	4,558.2	4,744.4	5,221.5	5,461.4

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



	FY2011	FY2011	FY2012	FY2013	2014	2015	2016	2017	2018
Total Equity	1,610.5	1,714.6	1,892.4	2,596.1	2,622.5	2,521.5	2,528.0	2,842.0	2,700.4
Equity Ratio/Total Equity and Equity Ratio (attributable to owners of the parent company)	44.0	44.6	46.9	54.3	53.9	53.8	51.8	52.9	48.2

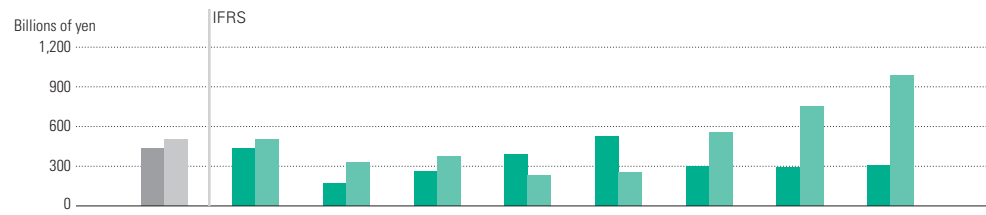
Book Value per Share (BPS)/Book Value per Share (attributable to owners of the parent company)



	FY2011	FY2011	FY2012	FY2013	2014	2015	2016	2017	2018
BPS/Book Value per Share (attributable to owners of the parent company)	160,571	858.09	993.98	1,378.57	1,395.74	1,369.06	1,371.39	1,541.94	1,468.44

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 refer to the right hand scale in the graph.

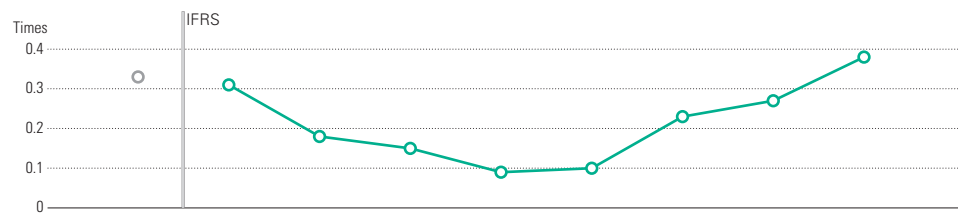
Liquidity and Interest-Bearing Debt



	FY2011	FY2011	FY2012	FY2013	2014	2015	2016	2017	2018
■ Liquidity	431.2	431.2	168.3	259.3	389.5	529.0	297.0	291.8	308.7
■ Interest-Bearing Debt	505.2	502.4	327.2	375.9	228.2	255.3	555.3	755.8	987.6

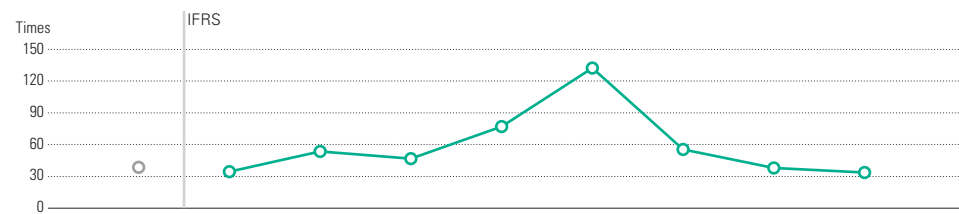
Note: Interest-Bearing Debt includes lease obligations.

Debt/Equity Ratio



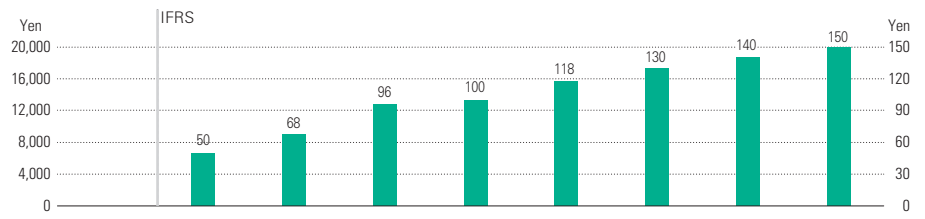
	FY2011	FY2011	FY2012	FY2013	2014	2015	2016	2017	2018
○ Debt/Equity Ratio	0.33	0.31	0.18	0.15	0.09	0.10	0.23	0.27	0.38

Interest Coverage Ratio



	FY2011	FY2011	FY2012	FY2013	FY2014	2015	2016	2017	2018
○ Interest Coverage Ratio	38.6	34.5	53.6	46.8	77.1	132.4	55.5	38.0	33.7

Annual Dividends per Share



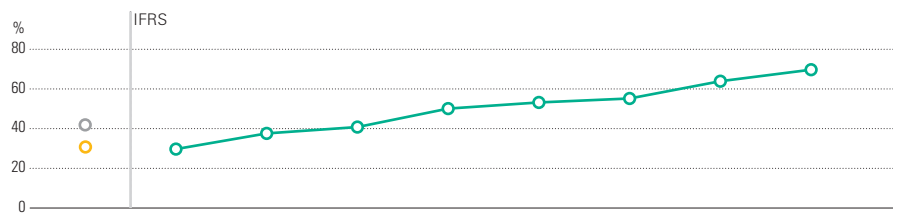
	FY2011	FY2012	FY2013	FY2014	2015	2016	2017	2018
■ Annual Dividends per Share	10,000	68	96	100	118	130	140	150
(Retrospectively Adjusted)	50							

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 IFRS figures refer to the right hand scale in the graph.

Dividend Payout Ratio on a Consolidated Basis



	FY2011	FY2011	FY2012	FY2013	FY2014	2015	2016	2017	2018
○ Dividend Payout Ratio	41.9	29.7	37.6	40.8	50.1	53.2**	55.2	63.9	69.7
◇ Goodwill Amortization Adjusted*	30.7								

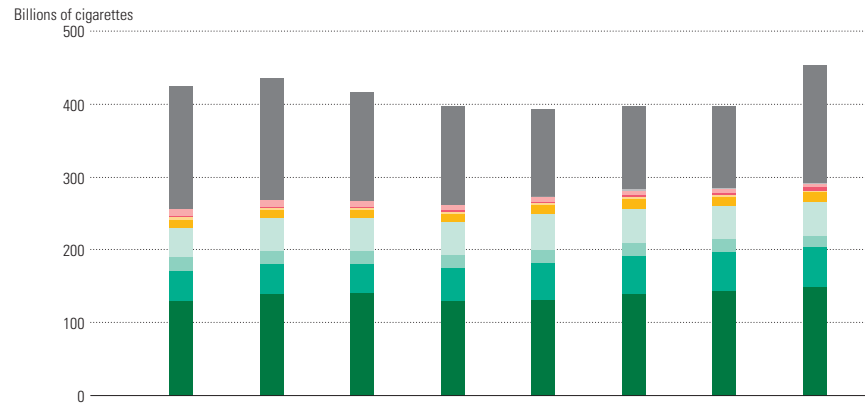
* Payout Ratio before goodwill amortization

** Based on basic EPS from continuing operations

International Tobacco Business

(Results for the 12 months ended December 31)

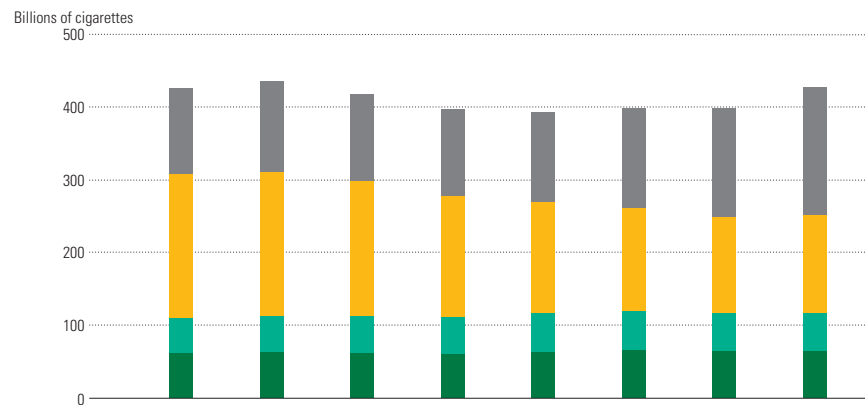
Tobacco Shipment Volume (by Brand)



	2011	2012	2013	2014	2015	2016	2017	2018
Total	425.7	436.5	417.5	398.0	393.9	398.7	398.5	427.6
GFB Total	256.5	268.8	267.5	262.2	273.6	283.7	285.9	266.4
Winston	130.7	139.4	141.0	129.6	132.1	139.3	144.3	149.9
Camel	40.5	40.7	39.7	46.4	50.9	52.2	52.7	54.2
Mild Seven/MEVIUS	18.9	18.9	18.3	17.8	17.1	17.9	17.8	15.7
LD	40.5	45.1	45.3	44.9	49.5	47.6	45.6	46.6
Benson & Hedges	10.6	10.3	9.9	10.9	12.1	13.4	12.7	13.1
Silk Cut	4.0	3.5	3.2	2.9	2.7	2.5	2.2	2.0
Sobranie	1.3	1.8	2.2	2.6	2.7	2.9	3.2	4.4
Glamour	10.0	9.1	7.9	7.2	6.4	5.9	5.3	4.8
Natural American Spirit	—	—	—	—	—	2.0	2.1	2.0
Other Brands	169.2	167.7	150.0	135.8	120.4	115.0	112.6	161.2

Note: The figures were restated with the change of HVT conversion rate since 2013.
From 2018, we changed GFB definition from 9 brands to 4 brands (Winston, Camel, MEVIUS and LD).

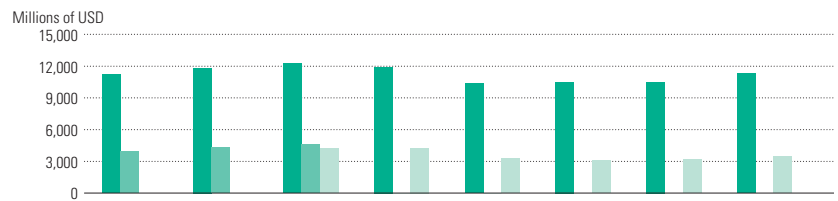
Tobacco Shipment Volume (by Cluster)



	2011	2012	2013	2014	2015	2016	2017	2018
Total	425.7	436.5	417.5	398.0	393.9	398.7	398.5	427.6
South & West Europe	60.8	62.7	61.1	59.8	63.2	65.2	64.2	63.8
North & Central Europe	49.1	49.9	51.3	51.6	53.0	54.2	51.8	53.2
CIS+	197.8	197.4	185.2	165.7	152.5	141.4	133.0	134.0
Rest-of-the-World	118.0	126.5	119.9	120.8	125.2	137.9	149.5	176.6

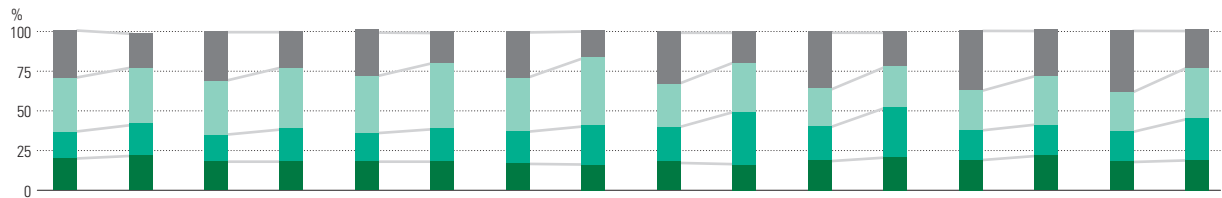
Note: The figures were restated with the change of HVT conversion rate since 2013.

Core Revenue & Adjusted EBITDA/Adjusted Operating Profit



	2011	2012	2013	2014	2015	2016	2017	2018
Core Revenue	11,211	11,817	12,273	11,911	10,338	10,490	10,498	11,330
Adjusted EBITDA	3,944	4,300	4,623	—	—	—	—	—
Adjusted Operating Profit			4,206	4,253	3,257	3,095	3,138	3,493

Cluster Split



	2011		2012		2013		2014		2015		2016		2017		2018	
	Core Revenue	EBITA*	Core Revenue	Adjusted EBITA	Core Revenue	Adjusted EBITA	Core Revenue	Adjusted Operating Profit	Core Revenue	Adjusted Operating Profit	Core Revenue	Adjusted Operating Profit	Core Revenue	Adjusted Operating Profit	Core Revenue	Adjusted Operating Profit
South & West Europe	20	22	18	18	18	18	17	16	18	16	19	21	19	22	18	19
North & Central Europe	17	20	17	21	18	21	20	25	22	33	21	31	19	19	19	26
CIS+	34	35	34	38	36	41	34	43	27	31	24	26	25	31	25	32
Rest-of-the-World	30	22	31	23	29	20	29	17	33	20	36	22	38	29	39	24

*EBITA based on US GAAP

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

	2011	2012	2013	2014	2015	2016	2017	2018
France	16.0%	17.5%	20.0%	20.8%	21.4%	22.0%	22.0%	23.2%
Italy	20.5%	21.4%	21.6%	19.9%	21.1%	22.7%	23.1%	23.9%
Russia	37.1%	36.4%	36.5%	34.9%	33.6%	32.8%	33.2%	35.6%
Spain	20.2%	20.3%	21.0%	21.7%	22.3%	22.8%	24.0%	24.8%
Taiwan	38.1%	38.9%	39.4%	38.4%	39.2%	39.9%	41.7%	42.5%
Turkey	24.1%	26.3%	26.6%	29.0%	30.2%	29.4%	28.8%	27.7%
UK	38.3%	39.4%	40.8%	41.3%	42.0%	41.7%	40.4%	41.3%

Note 1: The figures were restated with the change of HVT conversion rate since 2013.

Note 2: Market share of Russia includes Donskoy Tabak as of August 2018.

Source: Nielsen, Logista and IRI

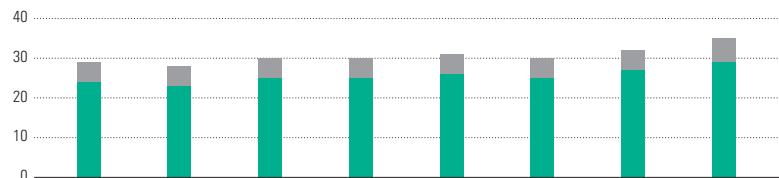
Tobacco Tax Structure (in Russia)

(RUB)	2017	2018	Change
Minimum Tax (ths. cg.)	2,123	2,335	10%
Ad valorem tax (to retail price)	14.5%	14.5%	0%
Specific tax (ths. cg.)	1,562	1,718	10%
VAT (% of pre-VAT price)	18%	18%	0%

[To weighted average price per pack] (RUB)	2017	2018	Change
Weighted average retail price	88.36	105.84	20%
Ad valorem tax	12.81	15.35	20%
Specific tax	31.24	34.36	10%
VAT	15.90	19.05	20%
Weighted average retail price before tax	28.40	37.08	31%

Note: JTI estimates

Number of International Factories



	2011 Mar. 31	2012 Mar. 31	2013 Mar. 31	2014 Dec. 31	2015 Dec. 31	2016 Dec. 31	2017 Dec. 31	2018 Dec. 31
International Finished Goods Manufacturing Factories	24	23	25	25	26	25	27	29
Other Tobacco-related Factories	5	5	5	5	5	5	5	6

Note: 3 leaf processing factories are integrated in international finished goods manufacturing factories, excluded from the other tobacco-related factory counts.

International Tobacco Manufacturing-related Factory Location

(As of December 31, 2018)

● Finished goods manufacturing factories ● Other tobacco-related factories

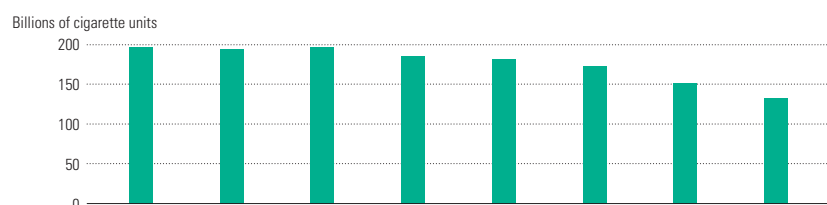


Japanese Domestic Tobacco Business

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 the Japanese domestic tobacco business have been disclosed for 2014.

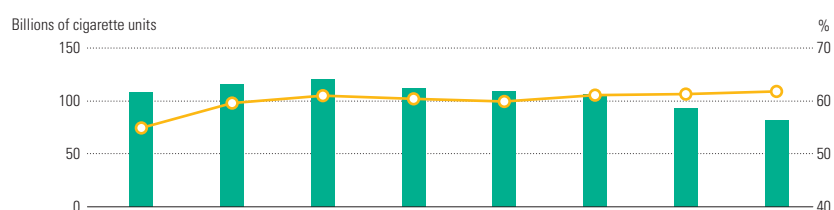
Cigarette Industry Volume



	FY2011	FY2012	FY2013	2014	2015	2016	2017	2018
Cigarette Industry Volume	197.5	195.1	196.9	186.2	182.3	173.8	151.4	132.7

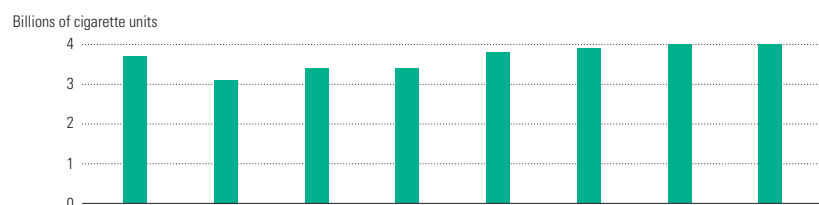
Source: Tobacco Institute of Japan

JT Cigarette Sales Volume and Market Share in Cigarette Category



	FY2011	FY2012	FY2013	2014	2015	2016	2017	2018
JT Cigarette Sales Volume	108.4	116.2	120.1	112.4	109.2	106.2	92.9	82.0
JT Market Share in Cigarette Category	54.9	59.6	61.0	60.4	59.9	61.1	61.3	61.8

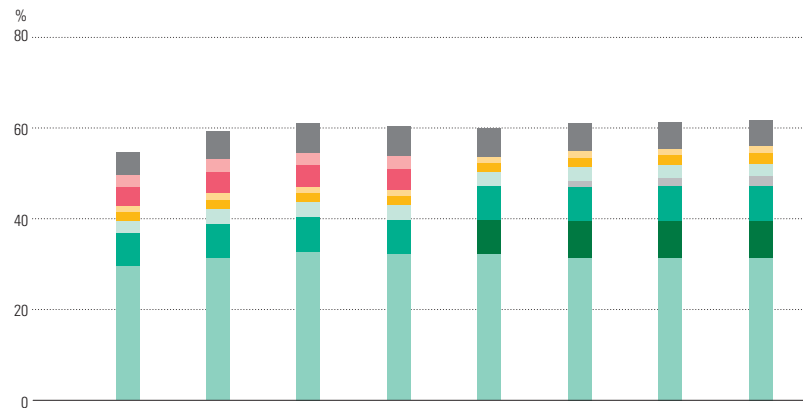
JT Sales Volume of China Business and Duty-Free in Japan



	FY2011	FY2012	FY2013	2014	2015	2016	2017	2018
JT Sales Volume of China Business and Duty-Free in Japan	3.7	3.1	3.4	3.4	3.8	3.9	4.0	4.0

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

Market Share of Brands in Cigarette Category



	FY2011	FY2012	FY2013	2014	2015	2016	2017	2018
Mild Seven/MEVIUS	29.5	31.2	32.7	32.1	32.1	31.4	31.4	31.4
Winston* ¹	—	—	—	—	7.6	8.0	8.1	8.0
Seven Stars* ²	7.4	7.7	7.7	7.7	7.5	7.5	7.6	7.9
Natural American Spirit* ³	—	—	—	—	—	1.5	1.8	2.0
Pianissimo* ^{4, 5}	2.6	3.2	3.1	3.1	3.0	2.9	2.9	2.8
Peace	1.8	2.0	2.0	2.0	2.0	2.1	2.2	2.3
Hope	1.4	1.5	1.5	1.5	1.4	1.4	1.4	1.5
(Caster)* ¹	4.2	4.6	4.7	4.6	—	—	—	—
(Cabin)* ¹	2.7	2.9	2.8	2.8	—	—	—	—
Other Brands	5.1	6.3	6.5	6.6	6.3	6.2	5.8	5.9

*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 Acquired Natural American Spirit business outside the United States in January 13, 2016.

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

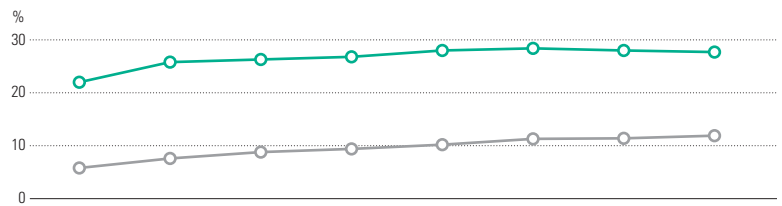
*5 "Bevel" was integrated into the Pianissimo family in March 2017.

Top 20 Selling Cigarettes Products in Japan in Cigarette Category (Apr. 2017 - Mar. 2018)

Product	Brand Owner	Market share in cigarette category (%)
1 Seven Stars	JT	4.0
2 MEVIUS One 100's Box	JT	3.1
3 MEVIUS Super Lights	JT	2.8
4 Wakaba	JT	2.2
5 MEVIUS Extra Lights	JT	2.1
6 Seven Stars Box	JT	2.1
7 MEVIUS Lights	JT	2.1
8 MEVIUS	JT	2.0
9 Echo	JT	2.0
10 MEVIUS Super Lights 100's Box	JT	1.7
11 MEVIUS Extra Lights 100's Box	JT	1.6
12 Kent 1 100's Box	BAT	1.5
13 Marlboro Menthol 8 Box	PMI	1.5
14 Winston Caster White One 100's Box	JT	1.5
15 Marlboro KS Box	PMI	1.5
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 Purple 5	JT	1.1
20 MEVIUS One Box	JT	1.1

Source: Tobacco Institute of Japan

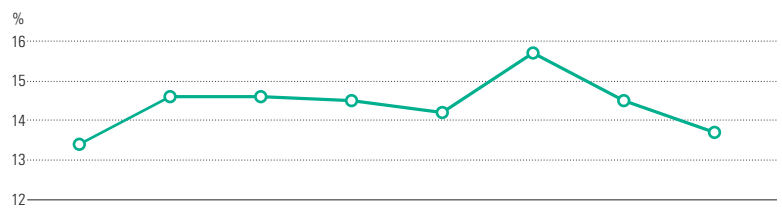
Market Share of Menthol Products in Cigarette Category



	FY2011	FY2012	FY2013	2014	2015	2016	2017	2018
Market Share of Menthol Products in Cigarette Category*	22.0	25.8	26.3	26.8	28.0	28.4	28.0	27.7
Market Share of JT's Menthol Products in Cigarette Category	5.8	7.6	8.8	9.4	10.2	11.3	11.4	11.9

* Market Share in top 100 sales products

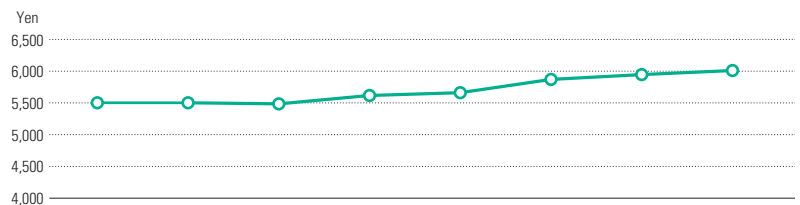
Market Share of Products Priced at ¥490 or more per pack



	FY2011	FY2012	FY2013	2014	2015	2016	2017	2018
JT Products Priced at ¥490 or more per pack*	13.4	14.6	14.6	14.5	14.2	15.7	14.5	13.7

* Jul. 2006 ~ Sep. 2010: ¥320 or more
 Oct. 2010 ~ Mar. 2014: ¥440 or more
 Apr. 2014 ~ Sep. 2018: ¥450 or more

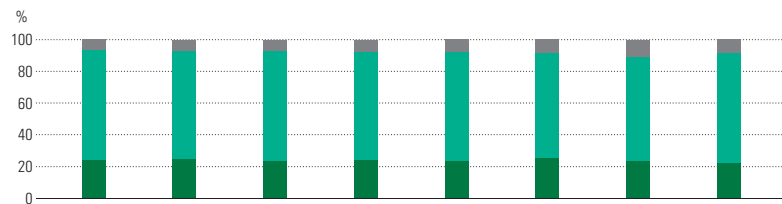
JT Revenue per Thousand Cigarettes



	FY2011	FY2012	FY2013	2014	2015	2016	2017	2018
JT Revenue per Thousand Cigarettes	5,502	5,502	5,485	5,617	5,661	5,870	5,946	6,010

Note: JT Revenue per thousand cigarettes = (retail price sales – retailer margins – consumption tax – excise taxes) / sales volume X 1,000
 From 2018, the figure includes the effects of IFRS15 application

Composition of JT Products by Price Range



	FY2011	FY2012	FY2013	2014	2015	2016	2017	2018
■ Products Priced at ¥490 or more per pack* ¹	24.3	24.6	23.9	24.0	23.7	25.8	23.6	22.2
■ Products Priced at ¥420~¥480 per pack* ²	69.1	68.1	68.7	68.0	68.1	66.1	65.3	69.4
■ Products Priced at ¥410 or less per pack* ³	6.6	7.3	7.4	7.9	8.2	8.2	11.1	8.4

*1 Jul. 2006 ~ Sep. 2010: ¥320 or more, Oct. 2010 ~ Mar. 2014: ¥440 or more, Apr. 2014 ~ Sep. 2018: ¥450 or more

*2 Jul. 2006 ~ Sep. 2010: ¥300, Oct. 2010 ~ Mar. 2014: ¥410, Apr. 2014 ~ Sep. 2018: ¥420~¥440

*3 Jul. 2006 ~ Sep. 2010: ¥290 or less, Oct. 2010 ~ Mar. 2014: ¥400 or less, Apr. 2014 ~ Sep. 2018: ¥410 or less

New Product Launches and Sales Area Expansion

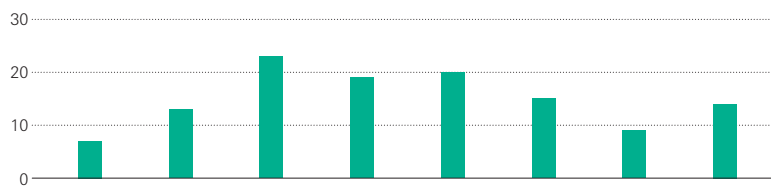
2018 (14 products)

(Menthol: 7 products, Tar 1mg: 2 products, Products at ¥490 or more per pack: 8 products)

Date	Product	Menthol	Tar (mg)	Nicotine (mg)	Price*	Sales Region
February 1	Seven Stars Prime Leaf 12 Box	—	12	1.1	480	Limited
February 1	Seven Stars Prime Leaf 8 Box	—	8	0.7	480	Limited
February 23	Natural American Spirit Organic Mint	○	12	1.5	520	Nationwide
March 19	Pianissimo Temore 6	—	6	0.4	490	Fukuoka and Okinawa
March 19	Pianissimo Temore ONE	—	1	0.1	490	Fukuoka and Okinawa
June 4	Camel Lights Box	—	6	0.6	400	Nationwide
June 4	Camel Menthol Lights Box	○	5	0.5	400	Nationwide
September 3	MEVIUS Mix Green Cooler for Ploom TECH	○	—	—	490	Nationwide
October 8	Zerostyle Snus Vanilla	—	—	—	500	Limited
October 8	Zerostyle Snus Cool Mint	○	—	—	500	Limited
November 1	Winston Compact Menthol Purple 5 Box	○	5	0.5	410 (19 sticks)	Nationwide
November 1	Winston Compact Menthol Purple One Box	○	1	0.1	410 (19 sticks)	Nationwide
December 3	Pianissimo Strawberry Mango Pink Cooler for Ploom TECH	○	—	—	490	Nationwide
December 3	Pianissimo Lemon Tea Gold Aroma for Ploom TECH	—	—	—	490	Nationwide

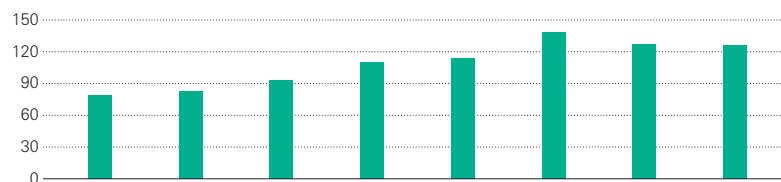
* In principle, prices on this table are as of December 31, 2018. However, the prices of Seven Stars Prime Leaf 12 Box and Seven Stars Prime Leaf 8 Box are as of their launch timing. After price increase in October 2018, these products are not available besides duty-free market in Japan.

Number of New Product Launches



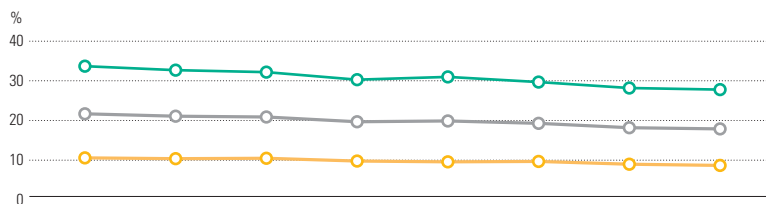
	FY2011	FY2012	FY2013	2014	2015	2016	2017	2018
Number of New Product Launches	7	13	23	19	20	15	9	14

Number of JT Cigarette Products



	FY2011	FY2012	FY2013	2014	2015	2016	2017	2018
Number of JT Cigarette Products	79	83	93	110	114	138	127	126

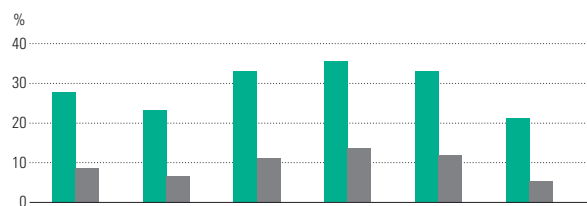
Smoking Rate (by gender)



(At the time of survey)	2011	2012	2013	2014	2015	2016	2017	2018
All Adults	21.7	21.1	20.9	19.7	19.9	19.3	18.2	17.9
Male	33.7	32.7	32.2	30.3	31.0	29.7	28.2	27.8
Female	10.6	10.4	10.5	9.8	9.6	9.7	9.0	8.7

Source: JT "Japan Smoking Rate Survey"

Smoking Rate (by age)



(Survey in 2018)	Total	20s	30s	40s	50s	over-60s
Male	27.8	23.3	33.1	35.5	33.0	21.3
Female	8.7	6.6	11.1	13.6	12.0	5.4

Source: JT "Japan Smoking Rate Survey"

Taxation

All tobacco products sold in Japan are subject to the national tobacco excise tax, national tobacco special excise tax, and local tobacco excise tax. As of March 2019, the national tobacco excise tax is set at ¥5,802 per thousand cigarettes, the national tobacco special excise tax at ¥820 per thousand cigarettes, and the local tobacco excise tax is set at ¥6,622 per thousand cigarettes.

Incremental tax hikes will be implemented on tobacco products two times in October 2020 and October 2021, by ¥1 per cigarette unit each year.

In the past, T-Vapor was classified as “pipe tobacco.” The taxable amount for T-Vapor products was determined through weight conversion to cigarette units. From October 2018, a new taxation category for T-Vapor was established, with T-Vapor products subsequently being taxed using a conversion method based on weight and retail price.

From 2018 to 2022, as a transitional measure for the change in the taxation system, the ratio of the conversion method under the former taxation system will be gradually reduced and the ratio of the conversion method under the new taxation system will be gradually increased.

In addition, the Consumption Tax Law imposes an 8% consumption tax on manufactured tobacco, as is the case with other goods and services. Manufactured tobacco is sold at retail list price, which is tax-inclusive.

All tobacco excise taxes and the consumption tax are levied not only on tobacco products manufactured in Japan but also on imported tobacco products. However, no customs duty has been imposed on imported tobacco products since April 1987.

Changes of Tobacco Excise Taxes

	Tobacco Consumption Tax			
	Apr. 1985		May 1986	
	Ad valorem (%)	Weight based (¥/1,000 units)	Ad valorem (%)	Weight based (¥/1,000 units)
National Tobacco Excise Tax	23.0	582	23.0	1,032
National Tobacco Special Excise Tax	—	—	—	—
Local Tobacco Excise Tax	22.4	550	22.4	1,000
Total Tobacco Excise Tax	45.4	1,132	45.4	2,032
Consumption Tax	—	—	—	—
Changes in Taxation	• Tobacco Consumption Tax introduced		* ¥1,000 deducted from tax base for Ad valorem • Tobacco Consumption Tax increased	
Reference				
Retail Price of Mild Seven/MEVIUS per pack	¥200		¥220	
Tax Rate on Mild Seven/MEVIUS per pack (incl. Consumption Tax)	56.7%		59.7%	

Breakdown of List Price per Pack

(As of March 2019)	Cigarette product (list price ¥480 per pack)		T-Vapor product (MEVIUS for Ploom TECH, list price ¥490 per pack)		
Consumption Tax	¥35.56	7.41%	¥36.29	7.41%	
Retailer's Margin	¥48.00	10.00%	¥49.00	10.00%	
Total Tobacco Excise Tax	¥264.88	55.18%	¥65.17	13.30%	
National Tobacco Excise Tax	¥116.04	24.18%	¥28.55	5.83%	
Local Tobacco Excise Tax	¥132.44	27.59%	¥32.59	6.65%	
National Tobacco Special Excise Tax	¥16.40	3.42%	¥4.04	0.82%	
JT's Proceeds	¥131.56	27.41%	¥339.54	69.29%	

	Tobacco Excise Tax													
	Apr. 1989	Apr. 2014	Dec. 1998	May 1999	Jul. 2013	Jul. 2006	Oct. 2010	Apr. 2014	Oct. 2018	Oct. 2019 (plan)	Oct. 2020 (plan)	Oct. 2021 (plan)	Oct. 2022 (plan)	
	Weight based (¥/1,000 units)													
National Tobacco Excise Tax	3,126	3,126	3,126	2,716	3,126	3,552	5,302	5,302	5,802	5,802	6,302	6,802	6,802	
National Tobacco Special Excise Tax	—	—	820	820	820	820	820	820	820	820	820	820	820	
Local Tobacco Excise Tax	3,126	3,126	3,126	3,536	3,946	4,372	6,122	6,122	6,622	6,622	7,122	7,622	7,622	
Total Tobacco Excise Tax	6,252	6,252	7,072	7,072	7,892	8,744	12,244	12,244	13,244	13,244	14,244	15,244	15,244	
Consumption Tax	3.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	8.0%	8.0%	10.00%	10.00%	10.00%	10.00%	
Changes in Taxation	<ul style="list-style-type: none"> Consumption Tax introduced Tobacco Consumption Tax 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 introduced 	<ul style="list-style-type: none"> Review of budget allocations in line with law revisions 	<ul style="list-style-type: none"> Tobacco Excise Tax increased 	<ul style="list-style-type: none"> Tobacco Excise Tax increased 	<ul style="list-style-type: none"> Tobacco Excise Tax increased 	<ul style="list-style-type: none"> Consumption Tax increased 	<ul style="list-style-type: none"> Tobacco Excise Tax increased Taxation system changed (first phase, only for T-Vapor) 	<ul style="list-style-type: none"> Consumption Tax increased Taxation system changed (second phase, only for T-Vapor) 	<ul style="list-style-type: none"> Tobacco Excise Tax increased Taxation system changed (third phase, only for T-Vapor) 	<ul style="list-style-type: none"> Tobacco Excise Tax increased Taxation system changed (fourth phase, only for T-Vapor) 	<ul style="list-style-type: none"> Tobacco Excise Tax increased Taxation system changed (fifth phase, only for T-Vapor) 	<ul style="list-style-type: none"> Taxation system changed
Reference														
Retail Price of Mild Seven/MEVIUS per pack	¥220	¥230	¥250	¥250	¥270	¥300	¥410	¥430	¥480	—	—	—	—	
Tax Rate on Mild Seven/MEVIUS per pack (incl. Consumption Tax)	59.7%	59.1%	61.3%	61.3%	63.2%	63.1%	64.5%	64.4%	62.60%	—	—	—	—	

Note on Former Third Class Cigarettes:

The Tobacco Tax Law was amended in the 2015 tax reform, and the reduced tax rate for the former third class cigarettes was abolished in April 2016. Transitional measures have been taken to implement tax rate changes in stages for the period from inception through October 1, 2019.

Changes of Tax Rates (T-Vapor)

Former taxation system

T-Vapor classified as “pipe tobacco” for taxation.

The tax for pipe tobacco is calculated by converting each taxable gram (the weight of leaf tobacco and roll paper or capsules) into one cigarette unit. (Our T-Vapor product, MEVIUS for Ploom TECH, had 2.8 taxable grams per pack under the former taxation system, equivalent to 2.8 cigarette units.)

New taxation system

From October 2018, a new taxation category for T-Vapor was established that applies both a weight-based tax and ad valorem tax.

New standard defining the weight-based taxable amount: the weight of leaf tobacco and glycerin filler in products (the weight of roll paper and capsules are excluded).

- Calculation method to convert the taxable portion based on weight to the number of cigarette units: 0.4 taxable grams are converted to 0.5 cigarette units.

(Our T-Vapor product, MEVIUS for Ploom TECH, has 2.5 taxable grams per pack under the new taxation system. If the new taxation system is fully applied at 100%, the weight-based tax on MEVIUS for Ploom TECH will be equivalent to 3.125 cigarette units.)

- Calculation method to convert the taxable portion based on retail price to the number of cigarette units: T-Vapor product retail price (excluding consumption tax) is divided by the amount equivalent to one cigarette unit (13.244 yen*/0.6), then multiplied by 0.5.

*As of March 2019

(The retail price of our T-Vapor product, MEVIUS for Ploom TECH, is 453.7 yen*.If the new taxation system is fully applied at 100%, the ad valorem tax of MEVIUS for Ploom TECH will be equivalent to 10.279 cigarette units.)

*As of March 2019, excluding consumption tax

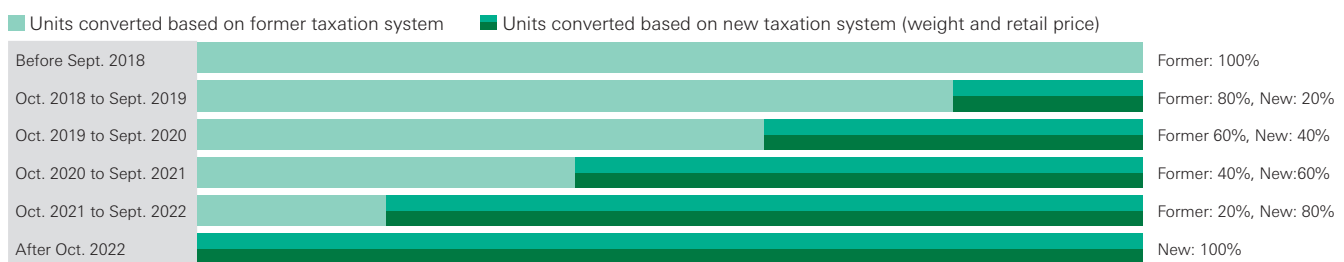
Transitional Measures

During the period from October 2018 to September 2022, the former and new taxation systems will be combined, with the application ratio of the new taxation system raised in five stages.

As a result, the taxable amount of T-Vapor products converted into cigarette units is calculated (as of March 2019) to be the sum of the:

- number of units converted based on the former taxation system x 0.8
- number of units converted based on weight under the new taxation system x 0.2
- number of units converted based on retail price under the new taxation system x 0.2

As of March 2019, the taxable amount per pack of our T-Vapor product, MEVIUS for Ploom TECH, is equivalent to 4.921 cigarette units.

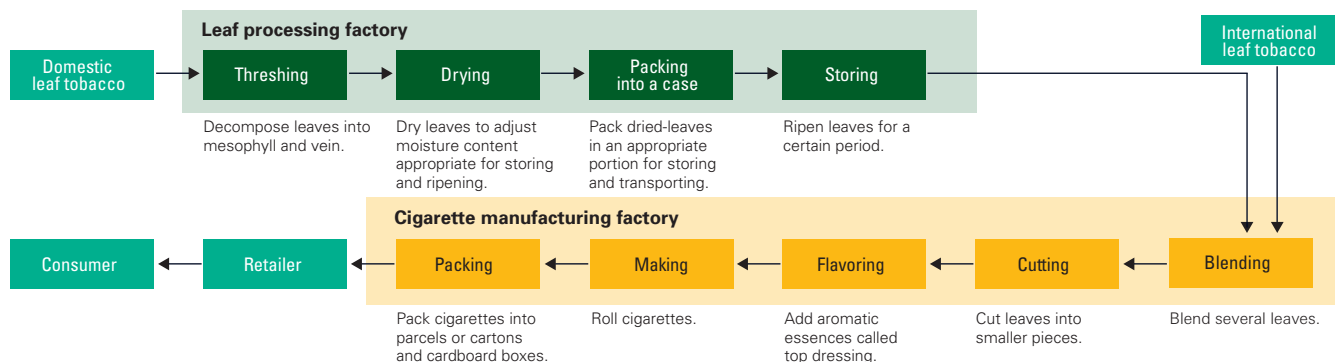


Reference

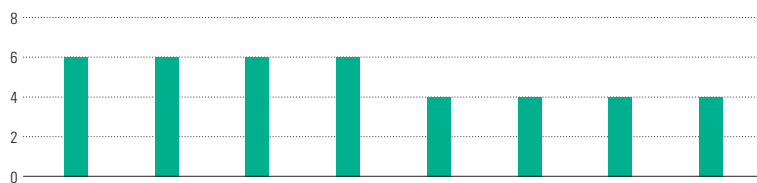
Changes of Tobacco Excise Tax on MEVIUS for Ploom TECH

	Before Sept. 2018 Former taxation system Taxable amount converted to cigarette units: 2.8 Total tobacco excise tax per unit: ¥12.244	After Oct. 2018 Former taxation system and new taxation system combined Taxable amount converted to cigarette units: 4.921 Total tobacco excise tax per unit: ¥13.244
National Tobacco Excise Tax	14.85	28.55
National Tobacco Special Excise Tax	2.30	4.04
Local Tobacco Excise Tax	17.14	32.59
Total Tobacco Excise Tax	34.28	65.17
Consumption Tax	34.07	36.29
Retail Price of MEVIUS for Ploom TECH per pack	¥460	¥490
Tax Rate on MEVIUS for Ploom TECH per pack (incl. consumption tax)	14.9%	20.7%

Tobacco Manufacturing System



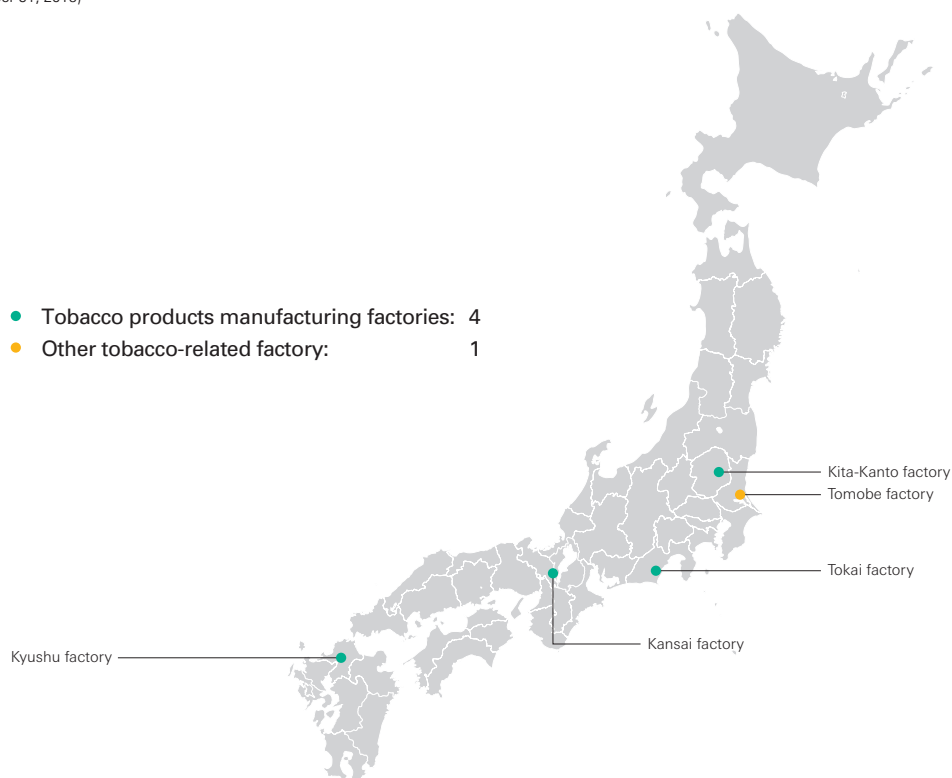
Number of Domestic Cigarette Manufacturing Factories



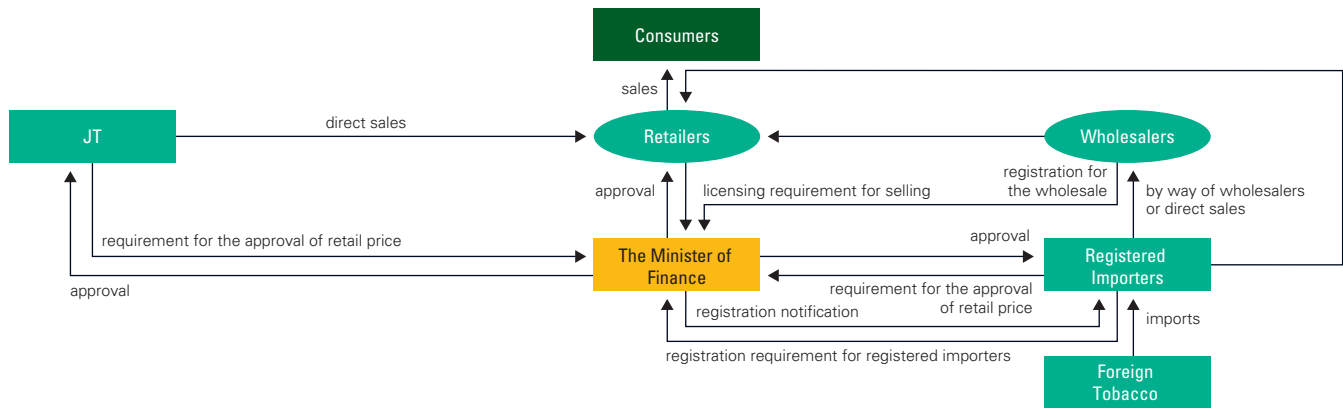
	FY2011	FY2012	FY2013	2014	2015	2016	2017	2018
Domestic Cigarette Manufacturing Factories	6	6	6	6	4	4	4	4

Tobacco Manufacturing-related Factory Location

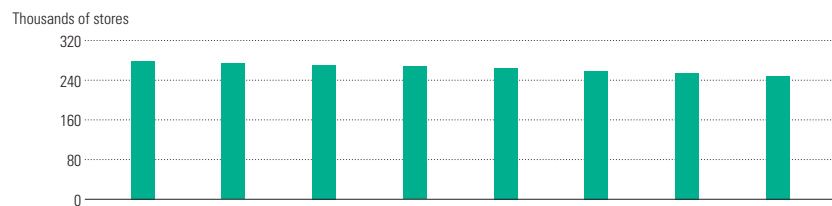
(As of December 31, 2018)



Tobacco Sales System



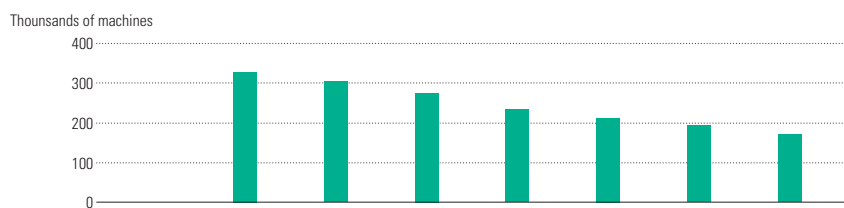
Number of Tobacco Retailers



(As of March 31)	2011	2012	2013	2014	2015	2016	2017	2018
Number of Tobacco Retailers	279	274	271	268	265	258	254	249

Source: Ministry of Finance

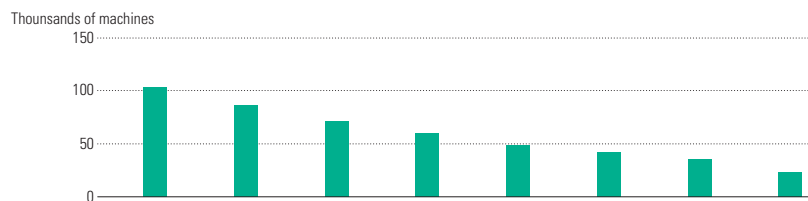
Number of Tobacco Vending Machines



(As of December 31)	2011	2012	2013	2014	2015	2016	2017
Total Tobacco Vending Machines	328	304	275	234	212	193	171

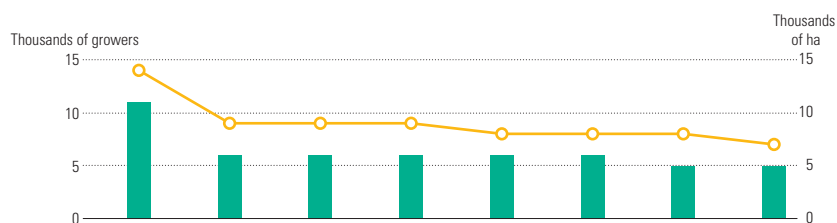
Source: Japan Vending System Manufacturers Association

Number of Tobacco Vending Machines (JT Tobacco Vending Machines)



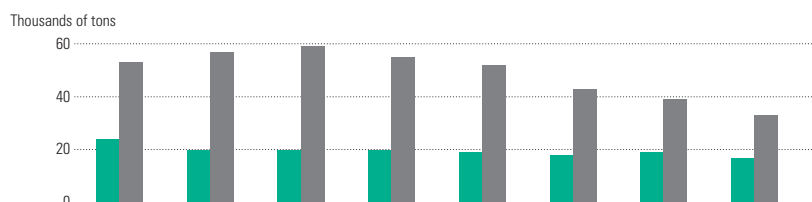
	2012 Mar. 31	2013 Mar. 31	2014 Mar. 31	2014 Dec. 31	2015 Dec. 31	2016 Dec. 31	2017 Dec. 31	2018 Dec. 31
JT Tobacco Vending Machines	103	86	71	60	49	42	35	23

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



(Contracted in that year)	2011	2012	2013	2014	2015	2016	2017	2018
Number of Domestic Tobacco Growers	11	6	6	6	6	6	5	5
Area under Domestic Leaf Tobacco Cultivation	14	9	9	9	8	8	8	7

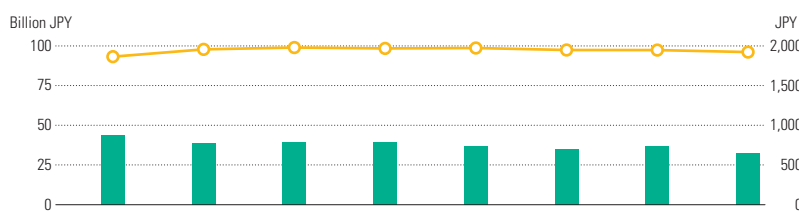
Volume of Domestic and International Leaf Tobacco Purchase



(Produced in that year)	FY2011	FY2012	FY2013	2014	2015	2016	2017	2018
Domestic Leaf Tobacco	24	20	20	20	19	18	19	17
International Leaf Tobacco	53	57	59	55*	52*	43 ²⁾	39 ³⁾	33*

* Results of January-December

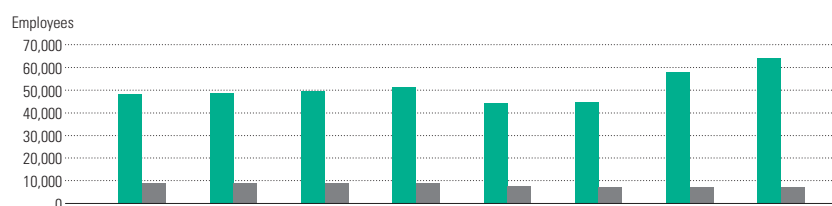
Total Payment for Domestic Leaf Tobacco and Price per 1 kg



(Produced in that year)	2011	2012	2013	2014	2015	2016	2017	2018
Total Payment for Domestic Leaf Tobacco	44.0	38.5	39.3	39.3	36.9	35.0	37.0	32.7
Price per 1 kg	1,865	1,957	1,980	1,969	1,974	1,949	1,948	1,923

Number of Employees/Subsidiaries and Affiliates

Number of Employees



	2011 Mar. 31	2012 Mar. 31	2013 Mar. 31	2014 Dec. 31	2015 Dec. 31	2016 Dec. 31	2017 Dec. 31	2018 Dec. 31
Total	48,472	48,529	49,507	51,341	44,485	44,667	57,963	63,968
Tobacco Business								
International Tobacco Business	23,902	24,237	24,397	25,829	26,200	26,558	39,281	45,319
Japanese Domestic Tobacco Business	11,191	11,092	11,043	11,648	9,470	9,486	10,291	10,566
Pharmaceutical Business	1,664	1,693	1,744	1,840	1,839	1,850	1,883	1,877
Food Business	10,864	10,646						
Beverage Business			4,912	5,122	—	—	—	—
Processed Food Business			6,563	5,968	5,798	5,683	5,489	5,303
Other Business	—	—	—	—	—	—	—	—
Corporate	851	861	848	934	1,178	1,090	1,019	903

Note: The number of employees includes only those who are presently working directly for the Group. It excludes those who are seconded, on extended leave, etc.

	2011 Mar. 31	2012 Mar. 31	2013 Mar. 31	2014 Dec. 31	2015 Dec. 31	2016 Dec. 31	2017 Dec. 31	2018 Dec. 31
Number of Employees (parent company)	8,928	8,936	8,925	8,915	7,549	7,298	7,336	7,457
Number of Employees Based on Enrollment (parent company)	9,842	9,824	9,782	9,804	8,194	7,965	8,051	8,131

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

Status of Subsidiaries and Affiliates

(As of December 31, 2018)

Name	Location	Capital (Millions of yen)	Principal business	Holding rate of voting rights (%)
TS Network Co., Ltd.	Taito-ku, Tokyo	460	Japanese Domestic Tobacco	85.3
JT Logistics Co., Ltd.	Chuo-ku, Tokyo	207	Japanese Domestic Tobacco	100
Japan Filter Technology Co., Ltd.	Sumida-ku, Tokyo	461	Japanese Domestic Tobacco	88.9
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 (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)
LLC JTI Russia	Russia	thousands RUB 108,700	International Tobacco	100 (100)
Gallaher Group Plc	UK	thousands GBP 172,495	International Tobacco	100 (100)
LLC Petro	Russia	thousands RUB 328,439	International Tobacco	100 (100)
JT International Germany GmbH	Germany	thousands EUR 37,394	International Tobacco	100 (100)
JTI Polska Sp. z o. o.	Poland	thousands PLN 200,000	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	54.9
Akros Pharma Inc.	USA	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 205 consolidated subsidiaries and 11 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 RRP* such as Ploom TECH devices and capsules. Includes revenue from waterpipe tobacco products and RRP*, 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 (both short-term and long-term), payments into time deposits, proceeds from sale or redemption of investment securities (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, snus and kretek, but excludes contract manufactured products, waterpipe tobacco products and RRP*.
JT Cigarette Sales Volume (Japanese Domestic Tobacco Business)	Excludes sales volume of domestic duty free, the China business and RRP* *Reduced-Risk Products (RRP): Products with the potential to reduce the risks associated with smoking.
GFB (Global Flagship Brand) (International Tobacco Business)	Winston, Camel, MEVIUS and LD