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## **FOR IMMEDIATE RELEASE**

### **JT Reports International Tobacco Business Results for January – March 2009**

**Tokyo, April 30, 2009** -- Japan Tobacco Inc. (JT) (TSE: 2914) today announced its international tobacco business results for the three-month period from January 1, 2009 to March 31, 2009.

#### **(1) International Tobacco Business' Top-Line Performance**

In the quarter that ended March 31, 2009, the sales volume of Japan Tobacco International (JTI), JT's international tobacco business operations, decreased by 1.4 percent to 100.9 billion cigarettes<sup>1</sup> compared to the same period last year. Excluding temporary shipment delays in some markets, sales volumes were approximately 0.3% higher than the previous year.

#### **Global Flagship Brands (GFB<sup>2</sup>)**

GFB sales volume increased 2.6 percent to 57.1 billion cigarettes compared to the same period last year.

Total sales volume for Winston grew by 3.0 percent mainly due to good performances in Turkey, Russia, France, Italy, Spain and the Near East, partially offset by decreases in the Philippines and the Ukraine.

Total sales volume for Camel went down by 1.4 percent, with growth in Italy offset by declines in the Philippines and Latin America. Total sales volume for Mild Seven increased 6.0 percent during the period with gains in Korea and Taiwan.

GFB performance also reflected the double-digit growth of LD and Glamour.

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<sup>1</sup> Total sales volume includes cigars, pipe tobacco and snus, but does not include private label products.

<sup>2</sup> Global Flagship Brands consist of eight brands: Winston, Camel, Mild Seven, Benson & Hedges, Silk Cut, LD, Sobranie and Glamour.



### **Net Sales Excluding Tax<sup>3</sup>**

Net sales excluding tax amounted to US\$ 2.145 billion, a decrease of 11.4 percent from the previous year. Net sales per thousand cigarettes<sup>4</sup>, excluding tax, amounted to US\$ 21.5, down 11.8 percent. At constant rates of exchange, net sales excluding tax would have increased 7.8 percent and net sales per thousand cigarettes would have risen 7.2 percent.

### **(2) Sales Volume by Cluster**

JT divides international markets in which it operates into four distinct clusters: South and West Europe, North and Central Europe, CIS, and the Rest of the World. Please note that these four clusters are specifically designed to provide you with insights into our business for guidance purposes only and do not reflect JTI's management structure.

In South and West Europe, JTI reported an increase in total sales volume of 0.8 percent with gains mainly in France and Italy, driven by Winston. Camel also showed continued momentum in Italy and overall GFB volume grew 3.2 percent.

In North and Central Europe, total sales volume increased by 3.0 percent mainly as a result of LD growth in Poland and Sterling in the United Kingdom despite a slight 0.1 percent decrease in GFB volume.

In the CIS, total sales volume decreased by 3.6 percent while GFB volume went up 1.4 percent. Russia posted growth primarily driven by Winston and strong performances from LD and Glamour. Volumes were severely impacted by continued enforcement of sales policies in Ukraine and a market size reduction in Kazakhstan.

In the Rest of the World, total sales volume decreased by 0.5 percent but with a solid GFB growth of 4.6 percent. Strong growth was reported for Mild Seven in Taiwan and Korea, and for Winston and LD in Turkey. This was insufficient to compensate for a decrease in the Philippines due to the business model change and temporary shipment delays in the Near East.

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<sup>3</sup> Net sales excluding tax does not account for revenue from the distribution, private label, contract manufacturing and other peripheral businesses.

<sup>4</sup> Net sales per thousand cigarettes based on total sales volume, including cigars, pipe tobacco and snus, but excluding private label and joint ventures, whose revenues are not accounted for. Please note that the company has been including revenue from cigars, pipe tobacco and snus into its net sales figure, while sales volume for those products is accounted for as of January 1, 2009.



## International Tobacco Business Results for January – March 2009

(January – March results for 2009 are preliminary)

	2008 Results	2009 Results
	Jan-Mar	Jan-Mar
Total sales volume (billions of cigarettes)	102.4	100.9
GFB sales volume (billions of cigarettes)	55.6	57.1
Net sales excluding tax (millions of US\$)	2,421	2,145
Net sales per thousand cigarettes, excluding tax (US\$)	24.3	21.5

Please note that beginning January 1, 2009, total sales volume includes cigars, pipe tobacco and snus, but does not include private label products, from which the company is in the process of withdrawing. Furthermore, for the purposes of clarifying the company's actual top-line performance, net sales excluding tax no longer include revenue from private label products, contract manufacturing and other peripheral businesses. In addition, revenue from the distribution business remains excluded from net sales.

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*Japan Tobacco Inc. is one of the leading international manufacturers of tobacco products. The company manufactures internationally recognized cigarette brands including Winston, Camel, Mild Seven and Benson & Hedges. Since its privatization in 1985, JT has actively diversified its operations into pharmaceuticals and foods. The company's net sales were ¥6.832 trillion in the fiscal year ended March 31, 2009.*