



JAPAN TOBACCO INC.  
2-1, Toranomon 2-chome, Minato-ku  
Tokyo 105-8422 JAPAN  
Phone:03-3582-3111

**FOR IMMEDIATE RELEASE**

Tokyo, December 21, 2017

**JT Becomes Majority Shareholder of Ethiopia's NTE**

**Japan Tobacco Inc. (JT) (TSE: 2914)** announced today that the JT Group has signed a share purchase agreement of USD 434 million with the Ethiopian Government for approximately 30% of the total shares in National Tobacco Enterprise Share Company (*NTE*), bringing the JT Group's share ownership to over 70% of the total number of NTE shares. The transaction is expected to be completed later today.

“This significant increase in our ownership of NTE shares reaffirms our strong belief in the company and Ethiopia as an increasingly important place to do business in Africa,” said Eddy Pirard, President and CEO of JTI. “By combining our international and newly acquired local expertise, we are confident that we can take NTE to a new level of growth.”

Since acquiring 40% of NTE's shares last year<sup>1</sup>, the JT Group, as the largest shareholder, has been contributing to NTE's growth by leveraging its international experience in the tobacco business.

“We would like to express our sincere gratitude towards the Government for their trust and for their efficient collaboration in finalizing this transaction,” added Mr. Pirard.

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<sup>1</sup> [https://www.jt.com/media/news/2016/pdf/20160715\\_12.pdf](https://www.jt.com/media/news/2016/pdf/20160715_12.pdf)

## 1. Overview of acquired companies

### Overview of NTE

(1) Address	Roosevelt Street 772 P.O. Box 522 Addis Ababa Ethiopia	
(2) Representative	Gizachew Hagos, General Manager of NTE	
(3) Business description	A company that manufactures and sells cigarettes	
(4) Paid in capital	ETB 479 million (USD 18 million)	
(5) Year of foundation	1935	
(6) Major shareholder and holding ratio	the JT Group (40.00%), the Ethiopian Government (30.95%), Sheba Group (29.05%)	
(7) Relationship with JT	Capital	The JT Group hold 40% of outstanding shares of NTE
	Personnel	Three board members and several employees are assigned from the JT Group
	Business	None
(8) Financial results for the year ended 31 December, 2016		
Net assets	ETB 864 million (USD 32 million)	
Total assets	ETB 1,213 million (USD 45 million)	
Net assets per share	ETB 1,804 (USD 66)	
Net sales	ETB 1,315 million (USD 48 million)	
Profit before income taxes	ETB 486 million (USD 18 million)	
Net income	ETB 301 million (USD 11 million)	
Net income per share	ETB 628 (USD 23)	
Dividend per share	ETB 606 (USD 22 )	

## 2. Overview of the counterparty to this acquisition

Name	Federal Democratic Republic of Ethiopia
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## 3. Status of the number of shares and consideration for acquisition

(1) Number of shares held by JT Group (before acquisition)	40.00% of the outstanding shares of NTE
(2) Number of shares to be acquired	30.95% of the outstanding shares of NTE
(3) Consideration for acquisition	The outstanding shares: USD 434.1 million

(4) Number of shares to be held by JT Group (after acquisition)	70.95% of the outstanding shares of NTE
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#### 4. Schedule

(1) Resolution of the Board of Directors (BOD)	October 6, 2017
(2) Agreement date	December 21, 2017
(3) Transfer date(planned)	December 21, 2017

Note: On October 6, the JT BOD authorized JT International (JTI) to make the final decision for signing the agreement.

#### 5. Impact on Financial Performance

The transaction will be funded by the JT Group's existing cash and loan facilities and will not have any material impact on the Group's consolidated performance for the fiscal year 2017.

#### (Reference)

#### JT Group's Consolidated Financial Outlook for FY2017 (published on November 1, 2017) and Results for FY2016

Units: Billions of Yen except where otherwise stated

	Revenue	Operating Profit	Profit attributable to owners of the parent	Basic Earnings per share (Unit: Yen)
FY2017 Forecast	2,130.0	565.0	402.0	224.46
FY2016 Results	2,143.3	593.3	421.7	235.47

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Japan Tobacco Inc. is a leading international tobacco company. Its products are sold in over 120 countries and its globally recognized brands include Winston, Camel, Mevius, LD and Natural American Spirit. With diversified operations, JT is also actively present in pharmaceuticals and processed foods. The company's revenue was ¥2.143 trillion (US\$19,703 million<sup>(\*)</sup>) in the fiscal year ended December 31, 2016.

<sup>(\*)</sup>Translated at the rate of ¥108.78 per \$1

Contacts: Masahito Shirasu, General Manager  
Media and Investor Relations Division  
Japan Tobacco Inc.  
Tokyo: +81-3-5572-4292  
E-mail: [jt.media.relations@jt.com](mailto:jt.media.relations@jt.com)

**Outline of Ethiopia\***

- Population: Approximately 91.2 million  
(Annualized growth rate of 1.6 % between 2013 - 16)
- Real GDP Growth: Approximately 8.0 % (2016)

\* Source : IMF

**Tobacco market in the Ethiopia (2016)\***

- Market size: Approximately 4.6 billion sticks in 2016 (Duty Paid)
- Share of legitimate market: NTE brands 98.8 %, Imported brands: 1.2 %

\* Source: NTE