



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

**FOR IMMEDIATE RELEASE**

Tokyo, August 6, 2018

**JT Group Agrees to Acquire Tobacco Business of Akij Group in Bangladesh**  
*Company continues to expand its presence in emerging markets*

**Japan Tobacco Inc. (JT) (TSE: 2914)** announces today that the JT Group has signed an agreement to acquire the tobacco business of Akij Group<sup>1</sup>(Akij), the second largest tobacco company in Bangladesh, further increasing its presence in Asia.

The purchase price for the transaction is estimated at around BDT 124.3 billion (USD 1,476 million).

“With this investment, we continue to accelerate our expansion in emerging markets that matter, a key component of the JT Group’s growth strategy. Akij’s substantial market share places us straight at the number two position in Bangladesh, which will expand our quality top-line growth. This transaction will also support our sustainable profit growth objectives in the mid- to long-term,” said Mutsuo Iwai, Executive Vice President and President of the Tobacco Business.

Akij holds about a 20% share of the cigarette market in Bangladesh, the eighth largest cigarette market in the world, with volumes exceeding 86 billion units and growing by about 2% year-on-year. This transaction will add around 17 billion units to the JT Group’s overall volume. Akij currently occupies the number two position in both the value and base segments, together covering up to 90% of Bangladesh’s cigarette market, with brands such as Navy and Sheikh respectively.

“Bangladesh is one of the fastest growing economies in the world with a pro-business mindset, which is why we are keen to expand our presence in the country. The tobacco business of Akij is profitable, has state-of-the-art manufacturing facilities and a strong distribution network and workforce. With our strong track record of integration, we can accelerate operational efficiencies and introduce some of our Global Flagship Brands alongside Akij’s well-established portfolio,” said Eddy Pirard, JTI’s President and CEO.

The transaction is expected to be completed in the third quarter of the fiscal year 2018 following regulatory clearance.

---

<sup>1</sup> JT Group acquires the shares of United Dhaka Tobacco Company Limited, the entity taking over the tobacco business assets of Akij, as well as all tobacco related trademarks and design rights from Akij.

## 1. Overview of newly acquired company

### Overview of United Dhaka Tobacco Company Limited (UDTC)

(1) Address	Akij House, 198, Bir Uttam Mir Shawkat Sarak, Gulshan Link Road, Tejgaon, Dhaka-1208, Bangladesh	
(2) Representative	Mr. SK. Bashiruddin	
(3) Business description	A company that manufactures and sells cigarettes	
(4) Paid in capital	BDT 20 million (USD 237,541)	
(5) Year of foundation	2018	
(6) Major shareholder and holding ratio	5 individuals (100%)	
(7) Relationship with JT	Capital	None
	Personnel	None
	Business	None
(8) Estimated financial performance		
Net assets	BDT 12.9 billion	(USD 153 million)
Total assets	BDT 12.9 billion	(USD 153 million)
Net assets per share	BDT 64 thousand	(USD 766)
Net sales	BDT 15.7 billion	(USD 186 million)
Operating profit	BDT 4.7 billion	(USD 55 million)

*Note 1: Net assets, total assets and net assets per share are prospective figures for when the assets transfer is completed, as UDTC has not completed the asset transfer from the Akij, at the time of signing. The asset transfer is expected to be completed by the time of the closing of the transaction, currently planned in the third quarter of the fiscal year 2018.*

*Note 2: Net Sales and operating profit are JTI estimates of UDTC financial performance for the period January to December 2018, as UDTC did not exist in 2017.*

## 2. Overview of the counterparties to this acquisition

(1) Name	Non-disclosure
(2) Address	Non-disclosure
(3) Relationship with JT	Akij is a contract manufacturer and distributor of the JT Group in Bangladesh

*Note 1: The JT Group will acquire shares of UDTC from 5 individuals, who are the ultimate owners. Due to a confidentiality agreement, the names and addresses of the individuals are not disclosed.*

### 3. Status of the number of shares and consideration for acquisition

(1) Number of shares held by JT Group (before acquisition)	None
(2) Number of shares to be acquired	100% of the outstanding shares of UDTC
(3) Consideration for acquisition	Total: BDT 124.3 billion (USD 1,476 million) <ul style="list-style-type: none"><li>The outstanding shares: BDT 91.8 billion (USD 1,090 million)</li><li>Trademarks and design rights: BDT 32.5 billion (USD 386 million)</li></ul>
(4) Number of shares to be held by JT Group (after acquisition)	100% of the outstanding shares of UDTC

Note 1: The total amount and breakdown of the acquisition costs would change at Closing due to the several adjustments including closing adjustment.

Note 2: In addition to the above, there are transaction costs related to this acquisition such as stamp duties payable to Bangladesh tax authorities of BDT 2.4 billion (USD 28 million).

### 4. Schedule

(1) Resolution of the Board of Directors("BOD")	August 1, 2018
(2) Agreement date	August 6, 2018
(3) Transfer date(planned)	The third quarter of the fiscal year 2018

Note 1: On August 1, JT BOD resolved to authorize JTI to make a final decision for signing the agreement, which in turn decided and signed the agreement on August 6.

### 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 2018.

#### (Reference)

#### JT Group's Consolidated Financial Outlook for FY2018 (published on August 1, 2018) and Results for FY2017

Units: Billions of JPY except where otherwise stated

	Revenue	Operating Profit	Profit attributable to owners of the parent	Basic Earnings per share (Unit: Yen)
FY2018 Forecast	2,240.0	541.0	377.0	210.46
FY2017 Results	2,139.7	561.1	392.4	219.10

###

*Japan Tobacco Inc. is a leading international tobacco company with operations in more than 130 countries. With close to 60,000 employees, it manufactures and sells some of the world's best-known brands including Winston, Camel, MEVIUS and LD. The JT Group is committed to investing in Reduced-Risk Products (RRP) and currently markets Ploom TECH, its tobacco vapor product, and various e-cigarette products under the Logic brand. The Group is also present in the pharmaceutical and processed food businesses. For more information, visit <https://www.jt.com/>.*

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)