The Moscow Times
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INDEPENDENT NEWS FROM RUSSIA

Japan Tobacco Says Demand Recovering in Russia, Ukraine

By The Moscow Times

September 29, 2010



TOKYO — Japan Tobacco, the world's third-largest publicly traded cigarette maker, said demand is recovering in Russia, Ukraine and neighboring countries, as the region emerges from the global recession.

Sales by volume of Japan Tobacco's Winston, LD and other brands in the region rose 0.6 percent in the two months ending Aug. 31 after falling 9.7 percent in the first quarter and 7.3 percent in the second, the company said in a presentation to investors.

Japan Tobacco counts on Russia and other markets in Eastern Europe to spur earnings as it expects domestic sales to fall 16 percent this fiscal year because of a planned tax increase on Oct. 1. The region accounts for almost half of Japan Tobacco's overseas cigarette sales by volume, according to the company.

There have been "initial signs of recovery observed, with the return of the historic trend of

higher consumption during the summer," the Tokyo-based company said at a presentation in St. Petersburg in Tuesday.

Japan Tobacco rose 0.1 percent to 280,700 yen ($3,381) at the close of trading on the Tokyo Stock Exchange. The stock has fallen 10 percent this year, compared with a 9.4 percent decline in the Nikkei 225 Stock Average.

The cigarette maker bought RJR Nabisco's international businesses, including the Camel and Winston brands, in 1999 and Britain's Gallaher Group in 2007.

The company's profit in the first quarter declined 47 percent after domestic sales fell 7.9 percent and a stronger yen eroded the value of overseas earnings. The Japanese government plans to raise taxes by 70 yen (84 cents) per pack of cigarettes beginning next month.

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