

# Japan Tobacco Aims to Boost Profit From Russia

By [The Moscow Times](#)

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TOKYO — Japan Tobacco, the world's third-largest publicly traded cigarette maker, aims to boost overseas profit at least 10 percent as a tax increase dampens demand at home.

The company plans to increase sales in countries including Russia, Yasushi Shingai, executive vice president of the JT International unit, said in an interview last week in Tokyo, where the company is based.

The cigarette maker will focus on its more profitable brands including Mild Seven and Winston, he said.

The company is targeting profit growth in Russia even as the country seeks to crack down on smoking through an advertising ban and higher taxes. Eastern Europe, including Russia, is the biggest overseas market for Japan Tobacco, accounting for 48 percent of its international unit's sales volume in 2010, the company said Feb. 7.

Earnings before interest, taxes, depreciation and amortization for Japan Tobacco's international business rose 7.7 percent in dollar terms — based on constant rates of exchange — last year after gaining 15 percent in 2009, Japan Tobacco said last week.

The company had a 37 percent market share in Russia. Japan Tobacco also aims to expand sales in the Middle East and North Africa, Shingai said.

Net income for the year ending March 31 may decline 1.8 percent to 136 billion yen (\$1.6 billion), Japan Tobacco said Feb. 7. The company expects domestic cigarette sales in the 12-month period will fall 12 percent after a tax increase in October pushed up prices. The average price of 20 cigarettes rose 37 percent to 410 yen (\$5) on Oct. 1, according to the Tokyo-based Tobacco Institute of Japan.

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

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