



PHILIP MORRIS ČR

In Kutná Hora on August 19, 2014

PRESS RELEASE

Philip Morris ČR a.s. reports mid-2014 financial results

Philip Morris ČR a.s. today reported consolidated revenues of CZK 6.4 billion and net income of CZK 1.1 billion for the first half of 2014; an increase of 6.2% and 23.4% respectively versus the same period in 2013.

Highlights for the half year ended June 30, 2014 include:

- Consolidated revenues, net of excise tax and VAT, up by 6.2% to CZK 6.4 billion, or by 2.1% excluding currency;
- Consolidated net income up by 23.4% to CZK 1.1 billion, or by 20.8% excluding currency;
- Total cigarette market decline of 0.7% in the Czech Republic and increase of 2.1% in Slovakia;
- Cigarette share decline of 3.3 share points in the Czech Republic and increase of 1.0 share point in Slovakia;
- Shipment volume increase of 5.0% in the Czech Republic and 5.4% in Slovakia, export volume down by 6.1%

“While our mid-year financial results were helped by favorable pricing and volume/mix in both the Czech Republic and Slovakia, this was partly offset by lower exports to other PMI affiliates. The continued rapid growth of the lower taxed fine cut tobacco category in the Czech Republic also impacted our results,” said András Tövisi, Chairman of the Board of Directors and Managing Director of Philip Morris ČR a.s., the affiliate of Philip Morris International Inc. responsible for the company’s business in the Czech Republic and Slovakia.

András Tövisi added: *“Although our cigarette market share in the Czech Republic was unfavorably impacted primarily by the continued decline of our local brands and Red & White, this was partly offset by higher shares for Marlboro, L&M as well as for Chesterfield and Philip Morris. Our market share in Slovakia continued to grow steadily, mostly driven by share gains of Marlboro, L&M and Philip Morris. To compete most effectively in both markets, in the fourth quarter of 2013 and the first quarter of 2014 we consolidated the portfolio of some of our declining local heritage brands.”*

“The outlook for the rest of the year largely depends on several factors, including changes in the economic environment, the underlying legal cigarette market decline and the extent of consumer down-trading to lower taxed products. We also remain committed to implementing our planned productivity initiatives in order to manage our cost base and to drive brand portfolio innovation to compete effectively in both the Czech Republic and Slovakia.” András Tövisi concluded.

The full 2014 Mid-Year Report is available at:

http://www.pmi.com/en_cz/about_us/philip_morris_cr_shareholder_information/documents/2014_Mid-year_Report.pdf

The Board of Directors
Philip Morris ČR a.s.

Philip Morris ČR a.s.
Sídlo: Kutná Hora
Vítězná 1
PSČ 284 03
Česká republika

IČ: 14803534
DIČ: CZ 14803534
zapsaná v obchodním rejstříku
vedeném Městským soudem
v Praze, odd. B, vložka 627

kontaktní adresa:
Karlovo náměstí 10
120 00 Praha
Tel.: (+420) 266 702 111
www.philipmorris.cz

Philip Morris ČR a.s.

Philip Morris ČR a.s., an affiliate of Philip Morris International Inc., is the largest manufacturer and distributor of tobacco products in the Czech Republic and is listed on the Prague Stock Exchange (Burza cenných papírů Praha). The company, which has been present in the country since 1992, employs approximately 1 100 people across the Czech Republic and its portfolio comprised eight brands in 2013. Philip Morris ČR a.s. has a 99% interest in Philip Morris Slovakia s.r.o. registered in the Slovak Republic. Over the past 20 years, Philip Morris ČR a.s. has supported numerous charitable projects, including the development of social programs aimed at improving living conditions in local communities. For more information, see www.philipmorris.cz.

Philip Morris International Inc. (PMI)

PMI is the leading international tobacco company, with seven of the world's top 15 international brands, including *Marlboro*, the number one cigarette brand worldwide. PMI's products are sold in more than 180 markets. In 2013, the company held an estimated 15.7% share of the international cigarette market outside of the U.S., or 28.3% excluding the People's Republic of China and the U.S. For more information, see www.pmi.com.