



## PHILIP MORRIS ČR

In Kutná Hora, on 2 July, 2012

PRESS RELEASE

### **Tobacco manufacturing in the Czech Republic enters the third centennial**

*Investments in the most modern manufacturing technology and a diverse product portfolio of Philip Morris ČR a.s. – these are the key factors underpinning the continuation of the long tradition of tobacco processing in the Czech Republic. The factory in Kutná Hora is the only company producing tobacco products in the Czech Republic today, and at the same time it maintains its market leader position on the Czech cigarette market.*

2012 is a year of significant anniversaries for the Czech tobacco industry. In 1812, exactly two centuries ago, a tobacco processing factory was set up in a former convent in Sedlec near Kutná Hora. In the very same building cigarettes are manufactured today by Philip Morris ČR a.s. This company became the successor of Tabák, a.s. after the privatization in 1992. Twenty years ago, the acquisition represented the largest U.S. investment in Central Europe and the second largest foreign investment in Czechoslovakia. Philip Morris ČR a.s., a member of the Philip Morris International group, is also a 99% owner of the subsidiary Philip Morris Slovakia s.r.o.

Since joining the Czechoslovak and Czech markets, Philip Morris ČR a.s. upgraded the Kutná Hora factory several times, while the number of employees increased from less than 600 in 1992 to about 800 today. The factory is one of the largest employers in the region of Central Bohemia. Philip Morris ČR a.s. is aware of its important role within the region and contributes actively to several regional projects, such as the unique “Green City” in Kutná Hora.

The tradition of tobacco processing in Kutná Hora is not only rich, but also diverse. In the beginning, only pipe and snuff tobaccos were produced in the factory. In 1844, the production of cigars commenced. The very first cigarettes started to be produced here 130 years ago. And twenty-five years ago, under the license by Philip Morris, the production lines started to manufacture the first American cigarette brand, Marlboro. Philip Morris ČR a.s. showed its respect for the local history during the extensive reconstruction of the monastic refectory and adjoining chapel in 1995–1997. The significant investment transformed the former cells of Cistercian monks in modern offices providing administrative facilities for the factory. During the renovation, the unique fresco paintings in the refectory were fully restored to their former beauty.

**Philip Morris ČR a.s.**

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Nowadays, due to continuing investments in 21<sup>st</sup> century manufacturing technology, the Kutná Hora factory became one of the most advanced and complex tobacco production facilities. Investments in the factory for the past three years exceeded two billion CZK. Over the past two decades, the production capacity has increased by more than 5 times (from 6,5 billion to 40 billion units). *“We are pleased with the diversity of our product portfolio,”* says András Tövisi, Managing Director of Philip Morris ČR a.s. *“We produce superior quality international and local heritage brands as well as other tobacco products, responding flexibly to the demand of adult smokers.”* In 2011 the factory served more than 50 markets globally, compared to 3 back in the early 90’s. In the first quarter of 2012, when compared to the same period last year, revenues from exports increased by more than 38%, contributing to the Philip Morris ČR a.s. consolidated net revenues overall growth by 16 %.

*“We are proud to be an integral part of the Czech industrial and economic landscape. For the future development, economic stability and the continuation of a predictable and balanced fiscal and regulatory environment are essential – these are the key factors needed by investors in their decision-making.”* adds András Tövisi.