



PHILIP MORRIS ČR

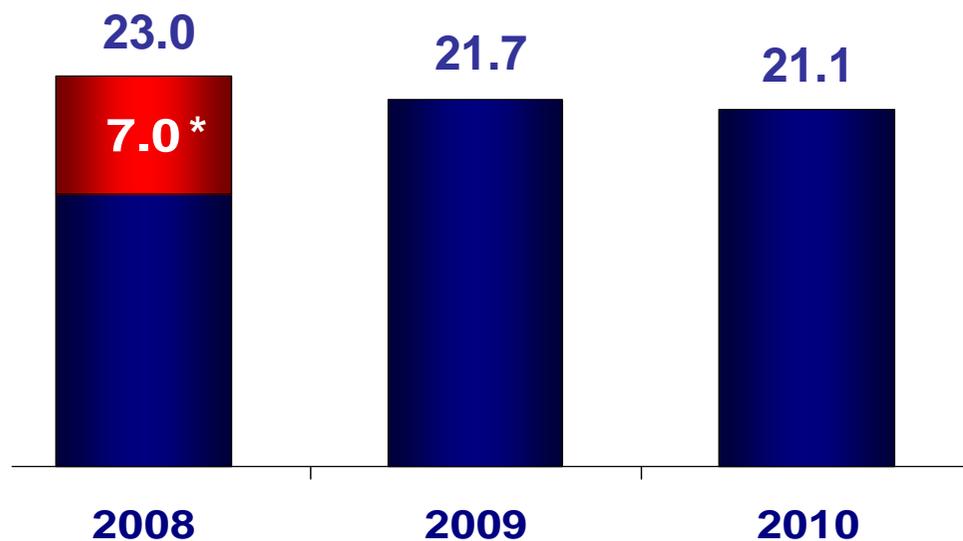
**Annual general meeting of shareholders of
Philip Morris ČR a.s.**

Kutná Hora – April 29, 2011

1 260 CZK / share

884 CZK / share - 2010 net income payout
+ 376 CZK / share - prior years accumulated retained earnings payout

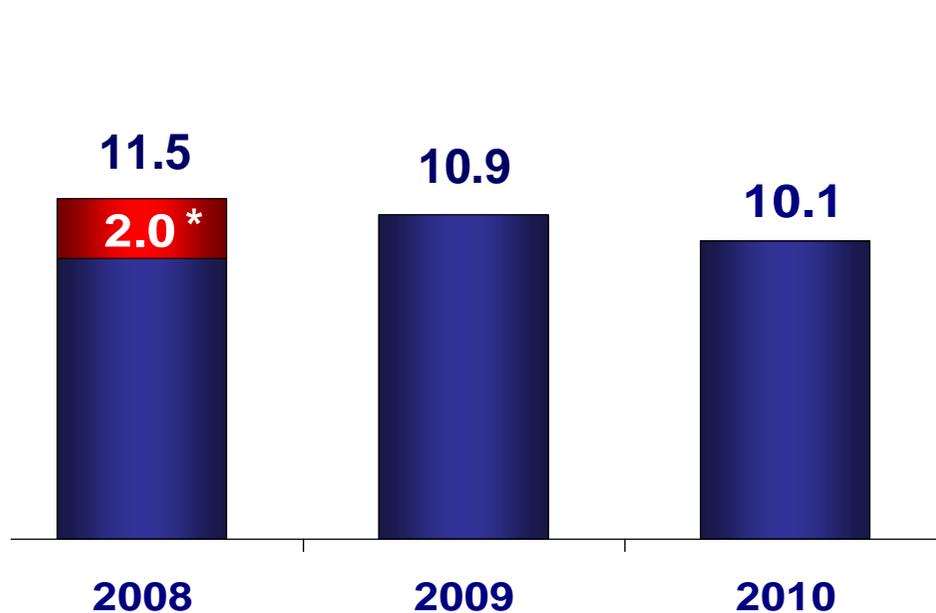
Cigarette Market, bio



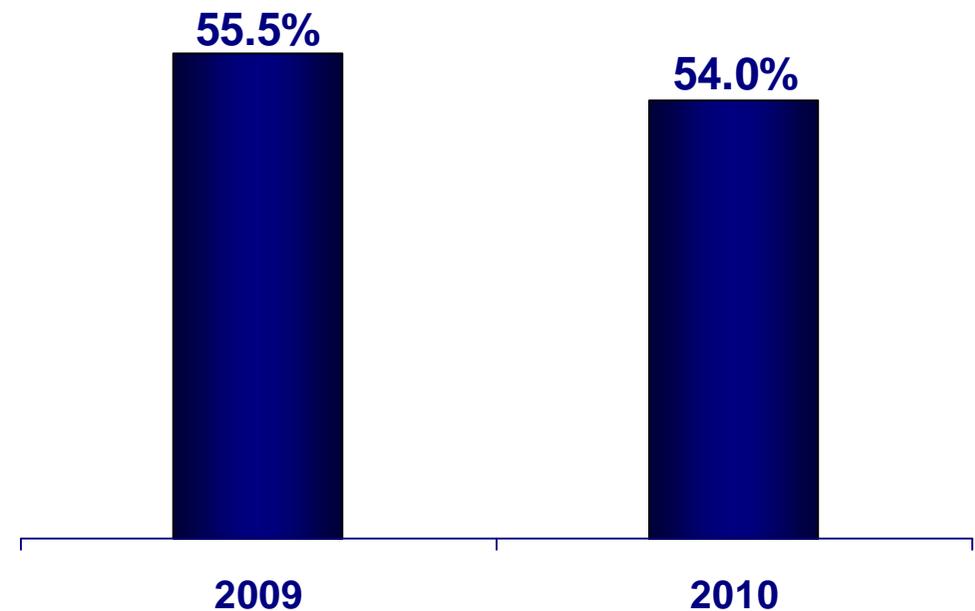
- RYO – increase in consumption of over 20%
- Illicit trade
- Down-trading to cheaper cigarettes

* Estimated trade inventory distortions prior to January 1, 2008 excise tax increase

Shipments, bio



Market Share



- Decline of local heritage brands (*Start, Petra*) partially offset by the strong performance of *L&M* and resilience of *Marlboro*

* Estimated trade inventory distortions prior to January 1, 2008 excise tax increase

- VAT increase January 1, 2010
- Excise Tax increase February 1, 2010

		<u>Q2</u>
Premium		-
Mid		+ 3 CZK / pack
Low		+ 3 CZK / pack

Marlboro Red pack upgrade (Q1)



Marlboro Flavor Plus launch (Q3)



L&M – Now the Fourth Best-selling Brand Czech Republic



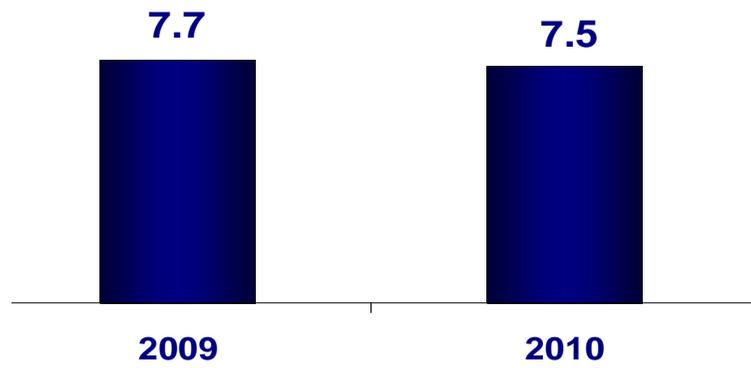
L&M pack upgrade (Q3)



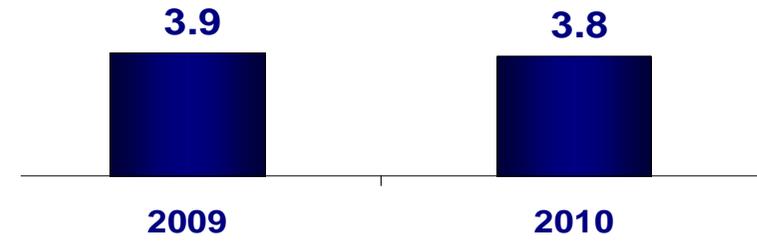
Morphing of *Next* into *Philip Morris*



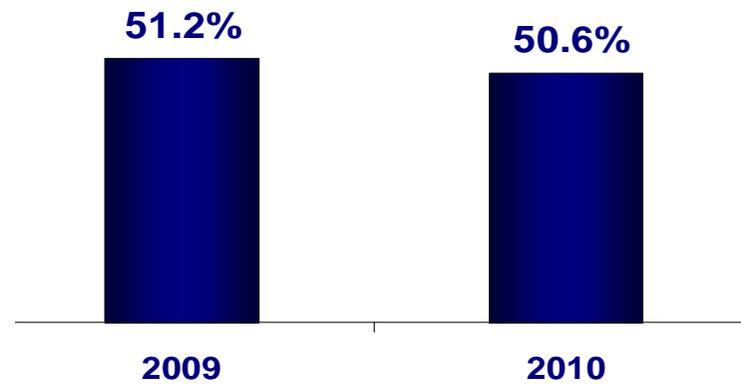
Cigarette Market, bio



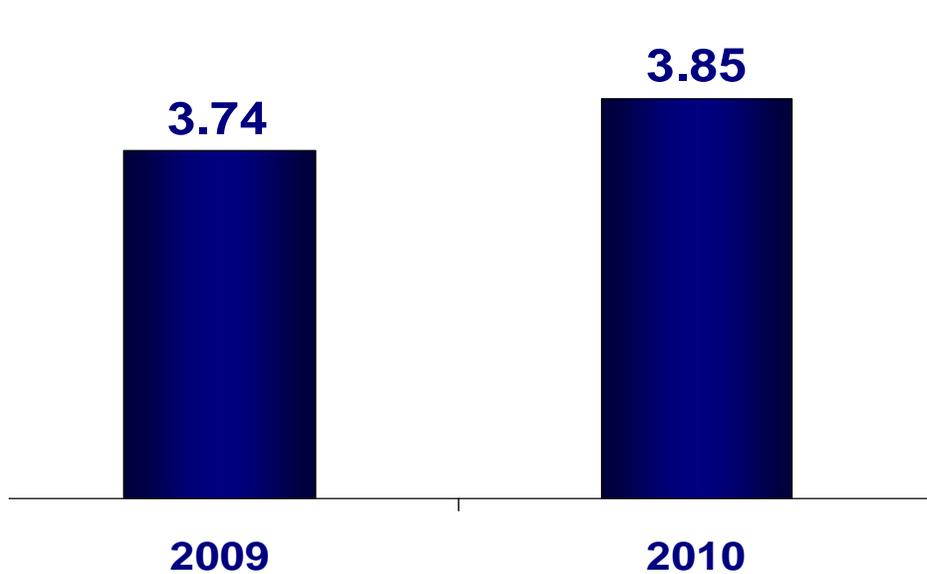
Shipments, bio



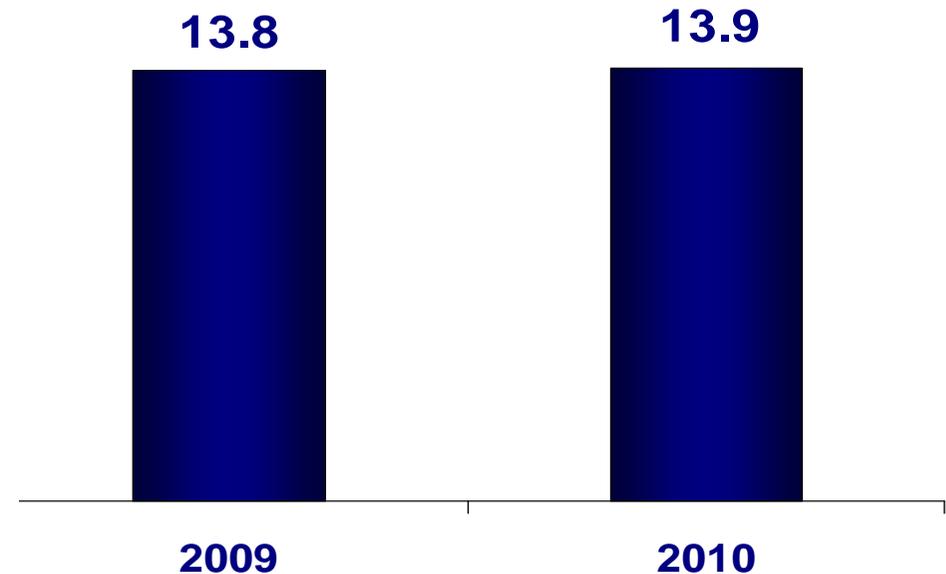
Market Share



Revenues, CZK bio

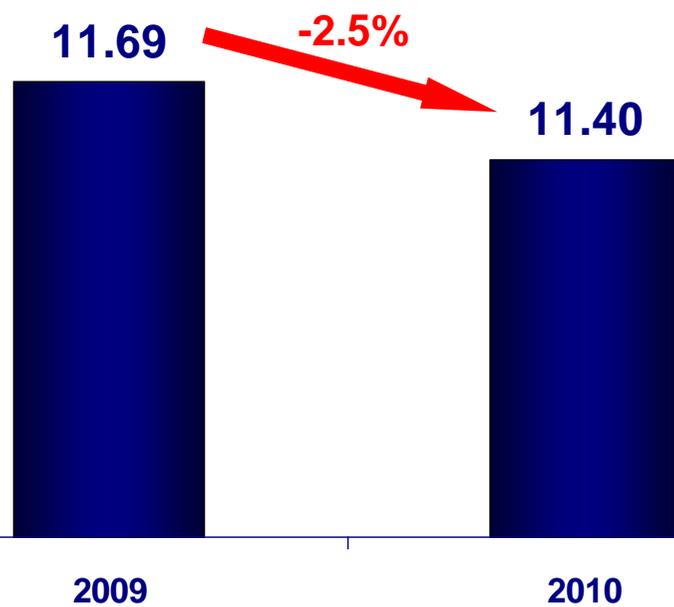


Shipments, bio

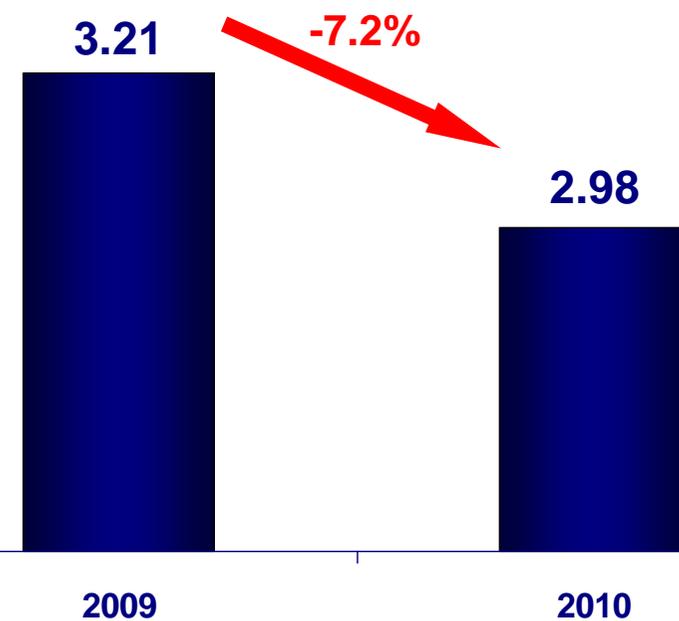


- 2010 factory investments in Kutná Hora: > CZK 0.6 bio
- Number of employees at the end of 2010: 1 094 (2009: 1 058)

Net revenues, CZK bio

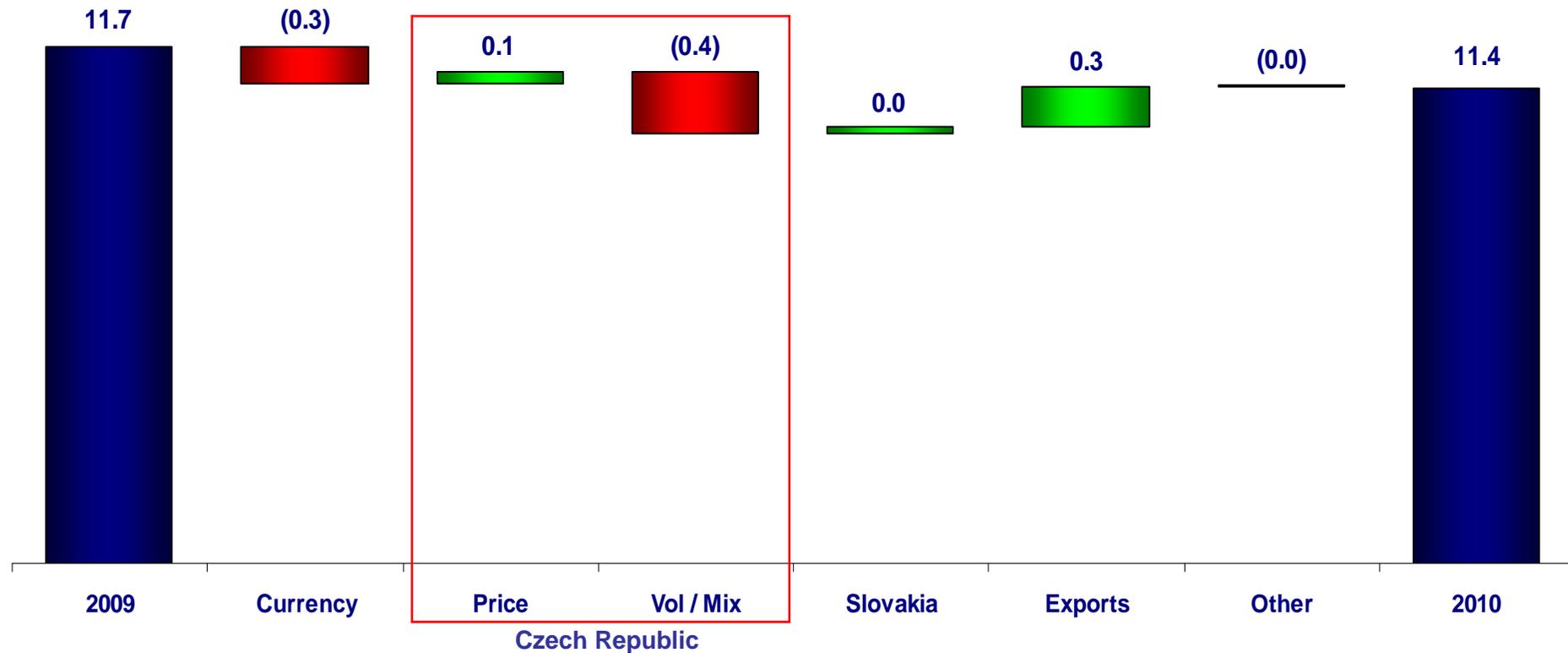


Profit from Operations, CZK bio



Revenues, Net of Excise Tax and VAT

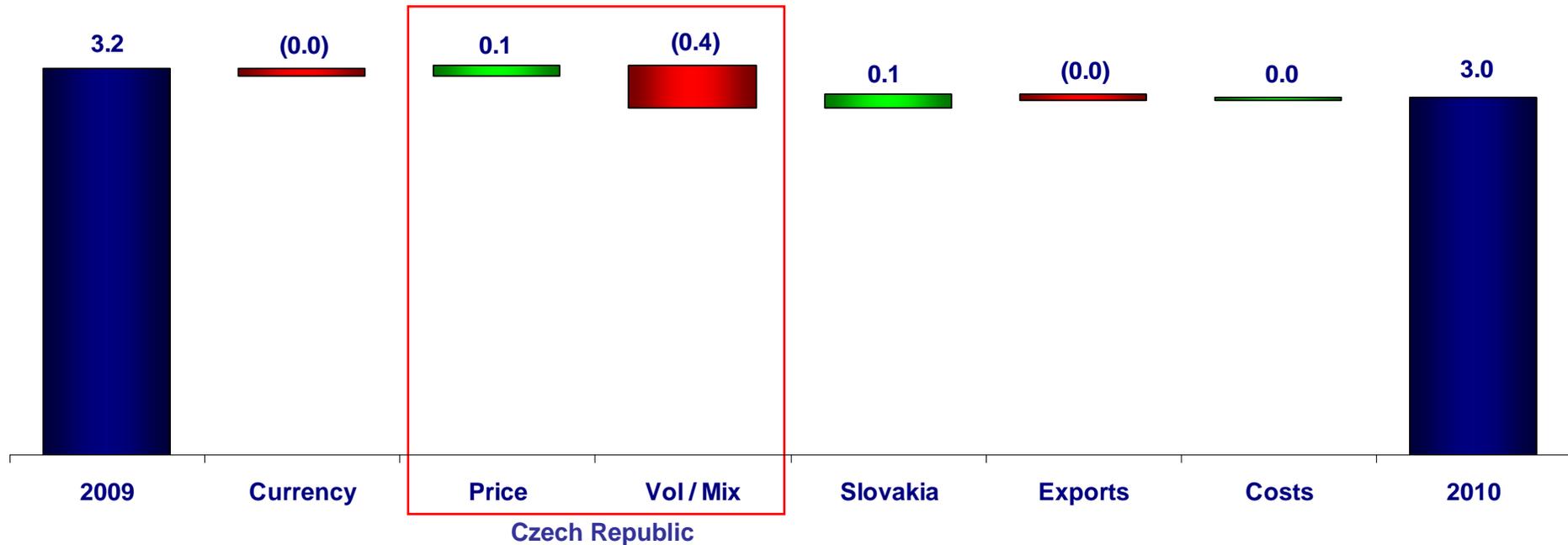
Consolidated Financial Results (CZK bio)



Excluding unfavorable currency: decline of CZK 23 mio (-0.2%) mainly due to unfavourable volume in CR and SR, partly offset by pricing in CR and SR and by higher export revenues (3%) to other PMI affiliates.

Profit from Operations

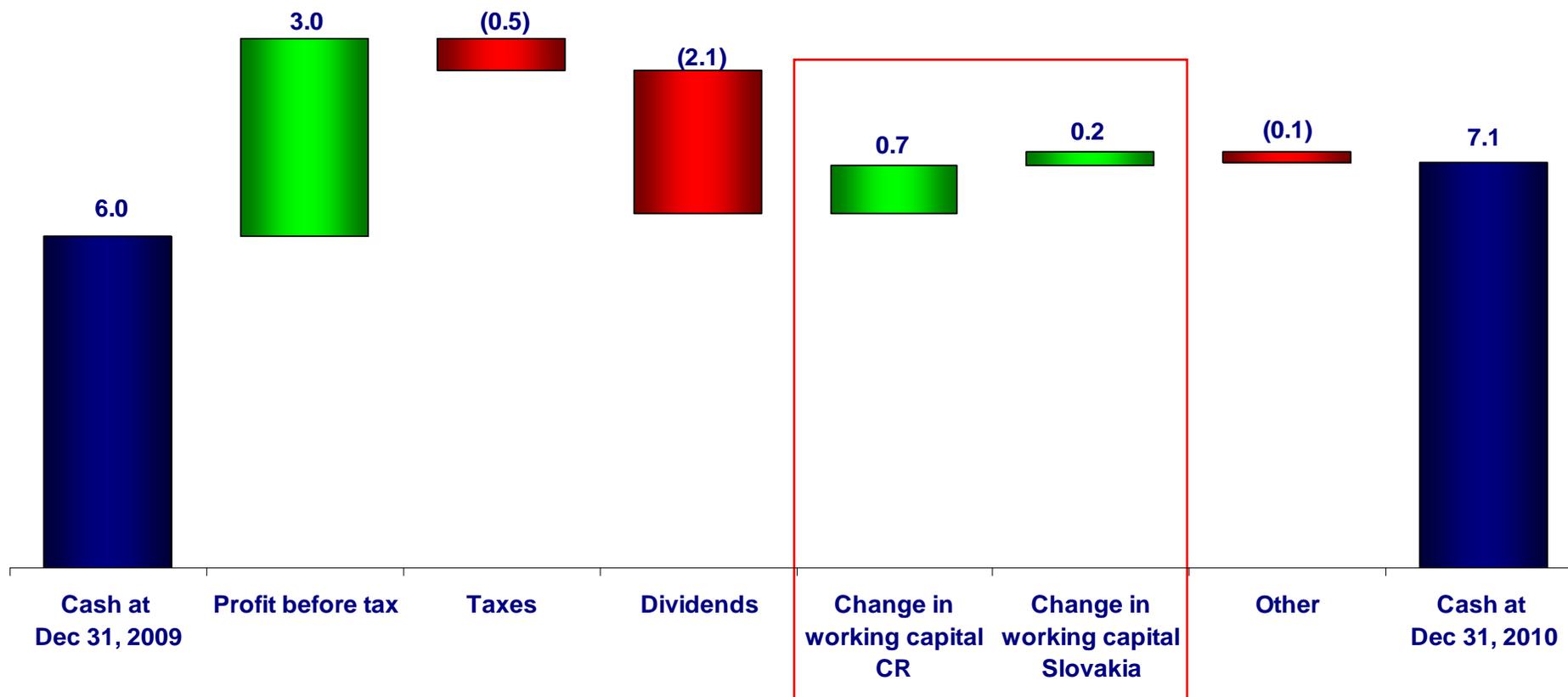
Consolidated Financial Results (CZK bio)



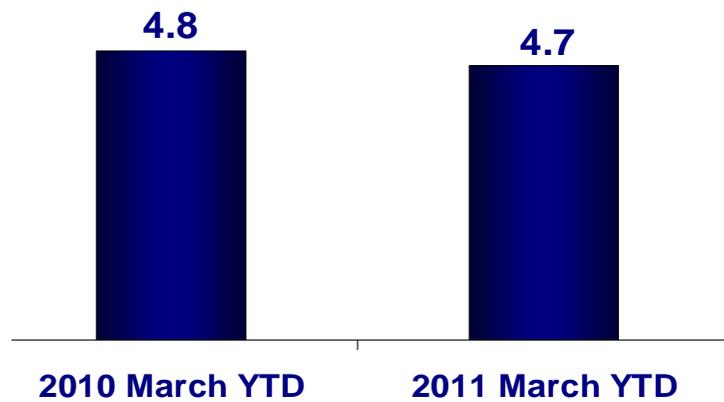
Excluding unfavorable currency: decrease of CZK 176 mio (-5.5%) primarily due to unfavorable volume in CR, partially offset by favorable pricing in CR and SK

Cash and Cash Equivalents

Consolidated Financial Results (CZK bio)



Cigarette Market, bio



		<u>December '10</u>	<u>April '11</u>	
Premium		82	84	CZK / pack
Mid		69	72	CZK / pack
Low		63	65	CZK / pack

Red & White "Big Packs"

Czech Republic



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Red & White 20's



65 CZK / 20's

Red & White 24's



70 CZK / 24's = 10% discount

Marlboro and L&M New Launch Czech Republic

Marlboro Core Flavor Marlboro Gold Touch



Price: 77 CZK / pack
Tar: 9 mg / cig.
Nicotine: 0.7 mg / cig.
Thickness: 7.1 mm



Price: 77 CZK / pack
Tar: 6 mg / cig.
Nicotine: 0.5 mg / cig.
Thickness: 7.1 mm

L&M Soft



Price: 68 CZK / pack
Tar: 10 mg / cig.
Nicotine: 0.8 mg / cig.

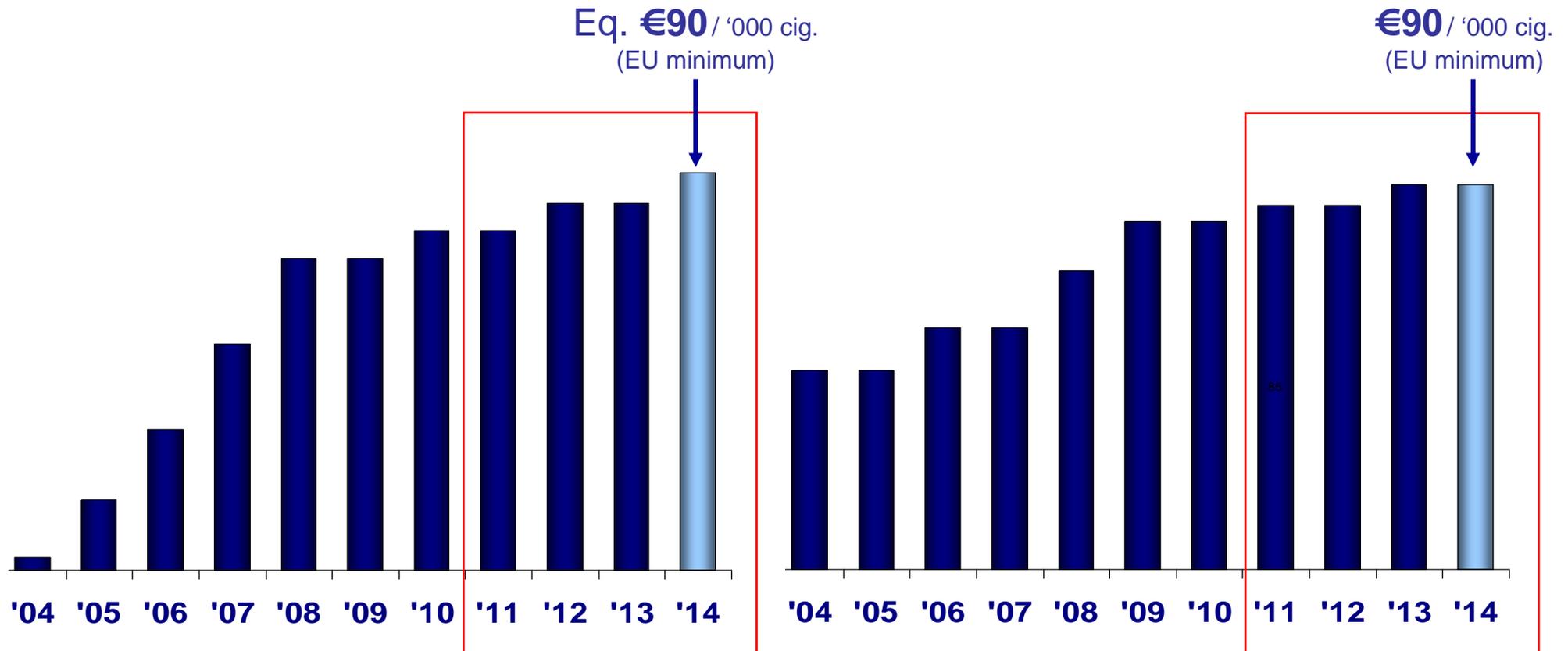


Price: 68 CZK / pack
Tar: 8 mg / cig.
Nicotine: 0.7 mg / cig.

April 1st

➤ Czech Republic

➤ Slovakia



Minimum Excise Tax Development

Dividend Proposal

**Accumulated
Retained
Earnings**

376 CZK / share

+

+

**2010
Net Income**

884 CZK / share

**2010
Proposed
Dividend**

1 260 CZK / share