



PHILIP MORRIS ČR

# General Meeting of shareholders per rollam 2022

Philip Morris ČR a.s.

**Andrea Gontkovičová**

Chairperson of the Board of Directors

**Anton Stankov**

Member of the Board of Directors

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IQOS in Czech and Slovak Republic

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Business Performance Update

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Consolidated Financial Results

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# Solid performance in 2021

- Consolidated revenues up by 5.5% (6.4% excl. currency) to CZK **18.9 billion**
- Profit from operations down by 2.0% (2.2% excl. currency) to CZK **4.4 billion**
- Consolidated net income down by 0.3% to CZK **3.5 billion**
- Total *IQOS* adult users<sup>1</sup> up by 140k to **770k** (CZ & SK combined)
- **560k** adult users have stopped smoking and switched to *IQOS*<sup>2</sup>

<sup>1</sup> Estimated number of adult *IQOS* and *LIL* users that used *HEETS* and *FIIT* for at least 5% of their daily tobacco consumption over the past seven days

<sup>2</sup> Estimated number of adult *IQOS* and *LIL* users, whose daily individual consumption of heated tobacco units represents the totality of their daily tobacco consumption over the past seven days, of which at least 70% are *HEETS* and *FIIT*

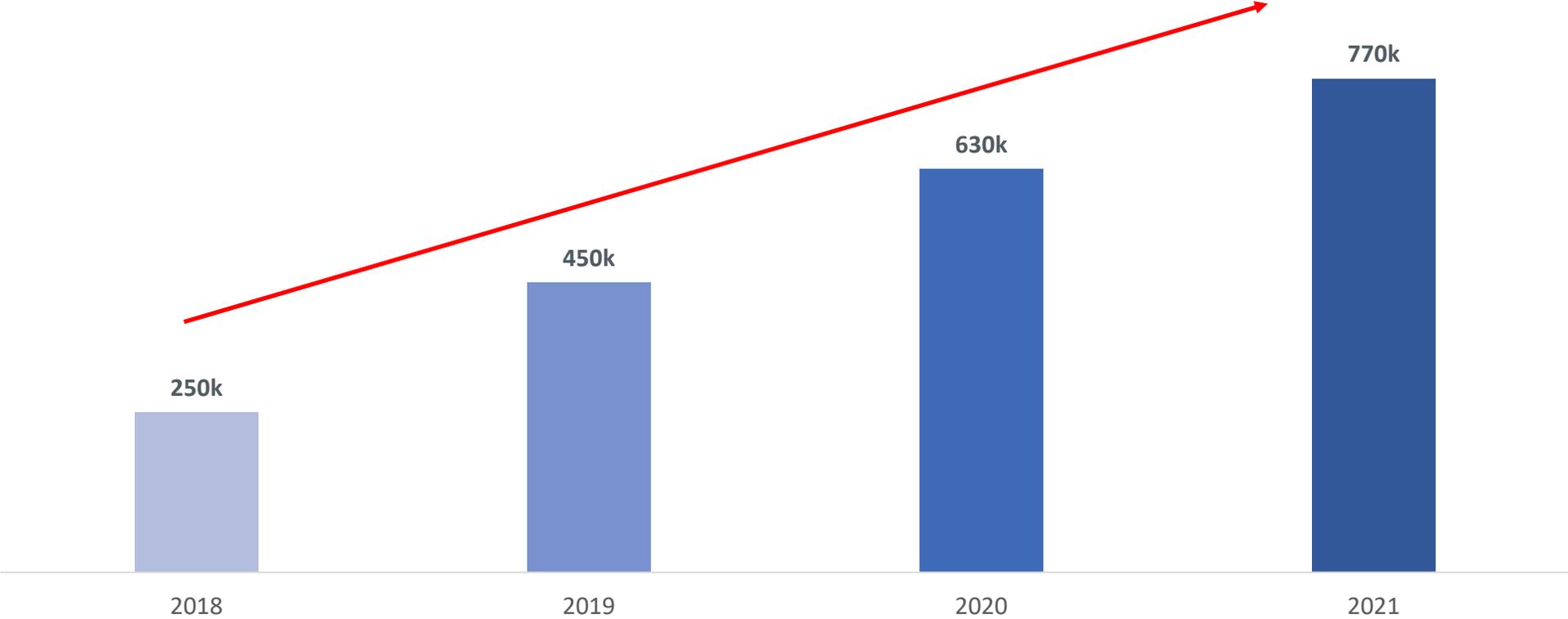
A close-up, sepia-toned photograph of a person's hands using an IQOS heated tobacco device. The person is holding the device with their right hand, which has a ring on the ring finger. The device is a sleek, cylindrical, metallic-looking object with a white tip. The person's left hand is holding a white cigarette, which is being inserted into the device. The background is a soft-focus portrait of a person's face, also in sepia tones. The overall mood is calm and sophisticated.

# IQOS performance

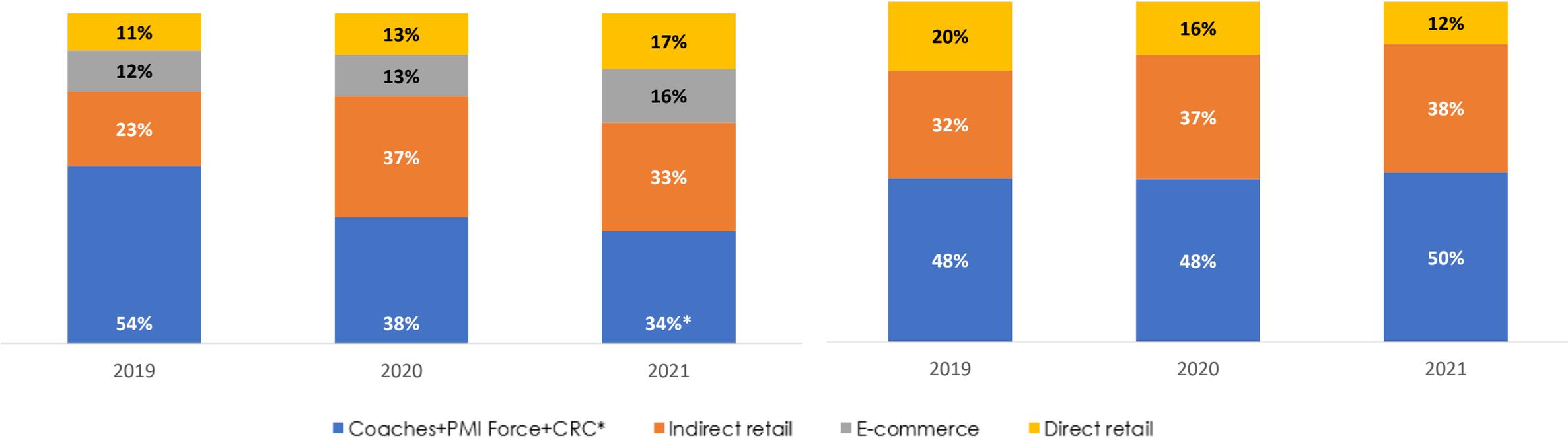
# NEW IQOS USERS' REGISTRATIONS (CUMMULATIVE)



2021: +140k users



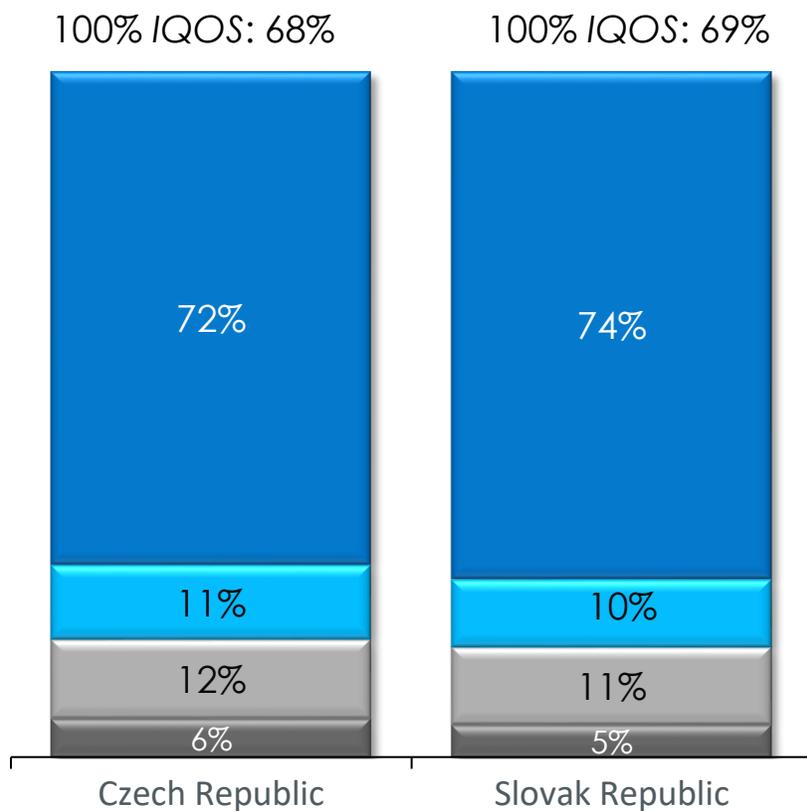
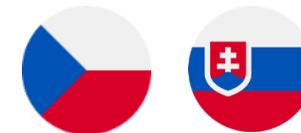
# NEW IQOS USERS' REGISTRATIONS BY CHANNEL



\* CallCenter + Central Re. Coaches

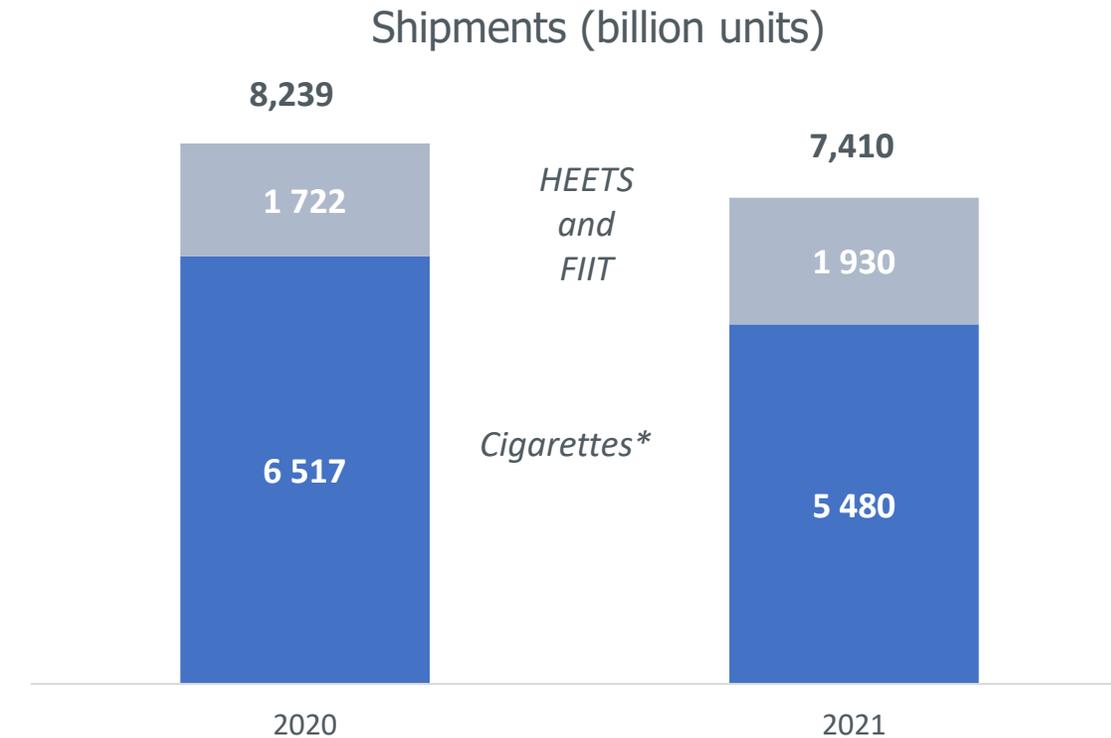
# IQOS CONVERSION RATES – CZECH & SLOVAK REPUBLIC

December 2021 Adult Smoker Conversion Rates (%)





# SHIPMENTS – CZECH REPUBLIC



Source: Philip Morris ČR a.s. financials

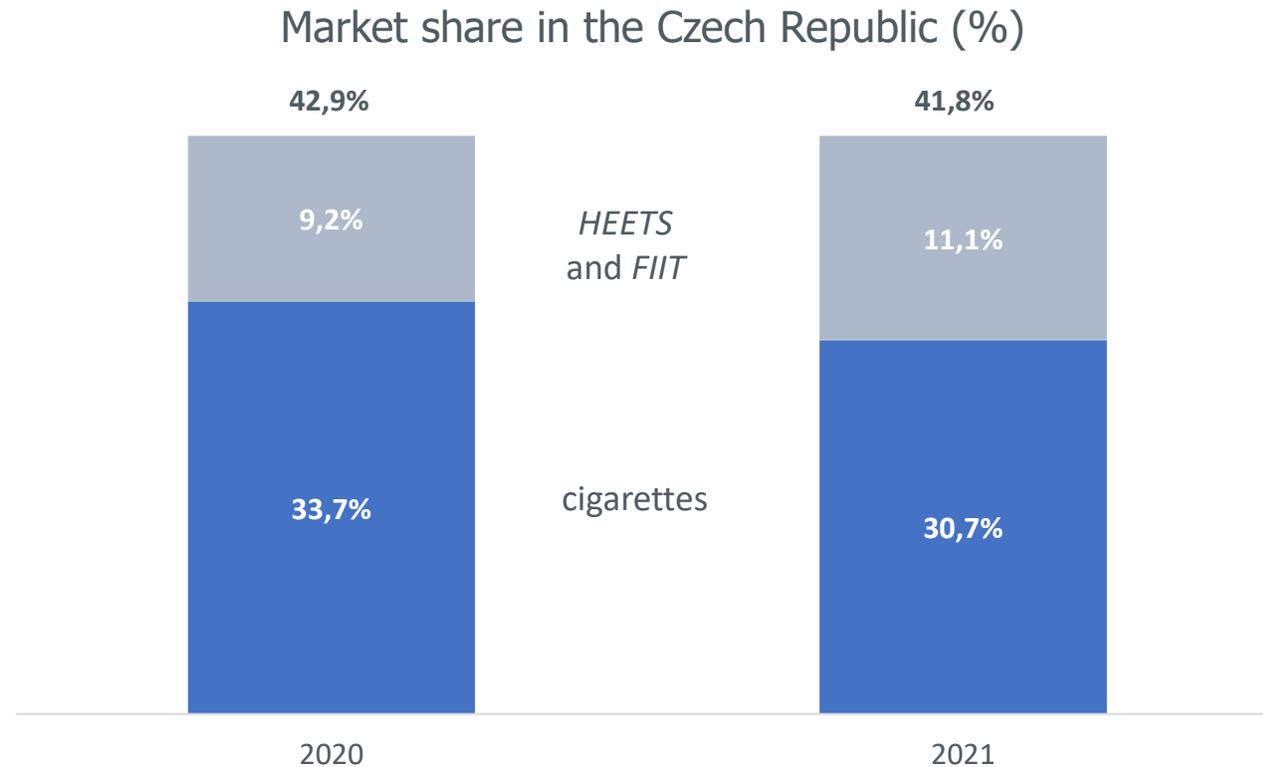
Domestic *HEETS* and *FIIT* shipments increased by 0.2 bio units

Domestic cigarette shipments down by 1 bio units mainly driven by industry shipments reduction in 2021

\*include cigarettes and other tobacco products such as cigarillos, tobacco for make-your-own cigarettes (0.73 g is equivalent to 1 cigarette) and volume tobacco for make-your-own cigarettes (0.60 g is equivalent to 1 cigarette)



# SHARE OF MARKET – CZECH REPUBLIC



Combined market share down by 1.1pp, predominantly due to:

- 2020 menthol ban and annualization into 2021
- underlying cigarettes portfolio performance (-3.0%)
- partially offset by *HEETS* and *FIIT* share increase of 1.9%

Source: Philip Morris ČR a.s. internal estimate based on a monthly tabulation of cigarette sales data by PwC

\*Participating in this tabulation are all the major companies selling tobacco products in the Czech Republic, who submit to PwC their data on cigarette sales to their direct trade partners. PwC provides back to the survey participants the anonymized aggregated total figure. Philip Morris ČR a.s. internal estimate for smoke-free products are then added to the data, which combined represents the total market as a base for market share calculation. We believe the market share reported using this methodology is more representative of the true performance of Philip Morris ČR a.s., as Nielsen Company (Europe) Sàrl research retail audit data (which we have used as a proxy for our reporting previously) is based on an extrapolated sample of retail stores' data.



# PRICE INCREASES 2018 – 2021 CZECH REPUBLIC

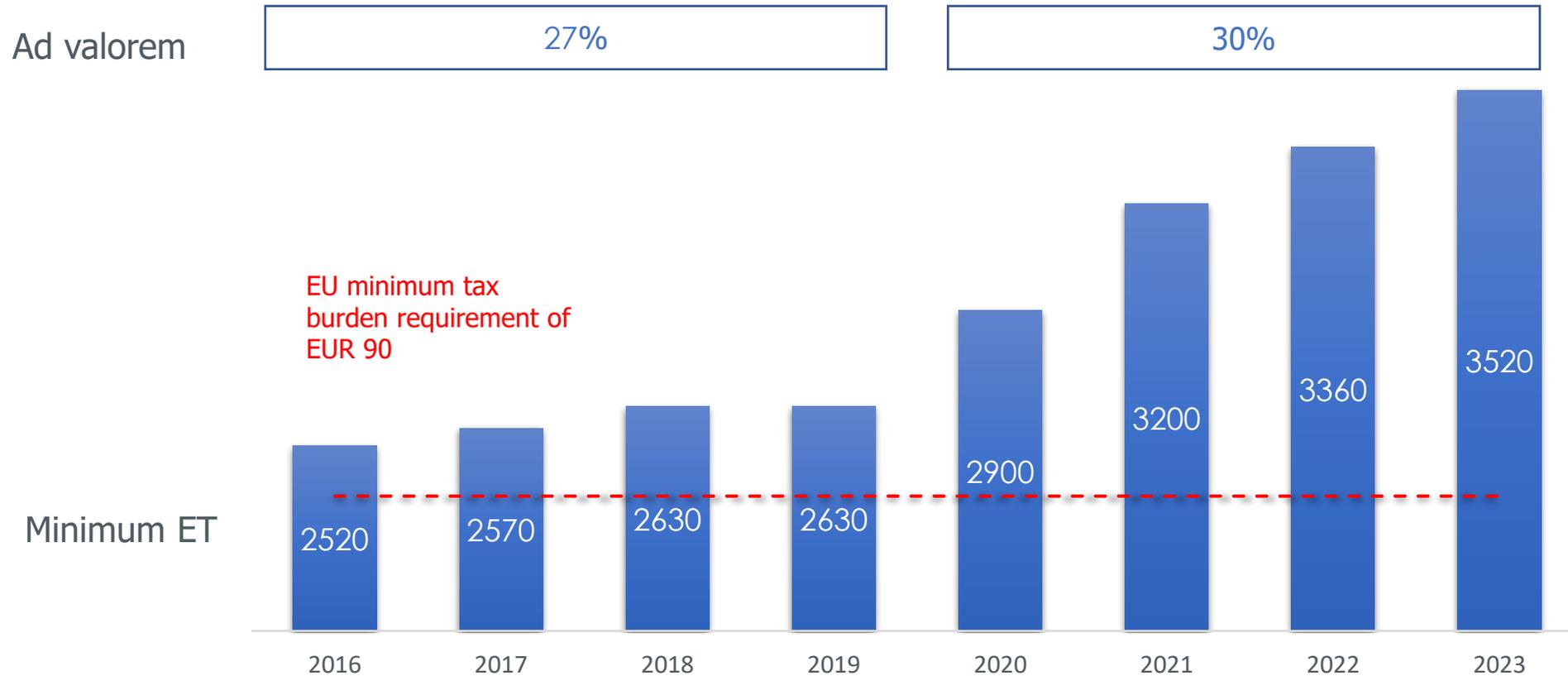
(CZK/20s PACK)

			Dec 2018	Dec 2019	Dec 2020	Dec 2021	
Cigarettes	Premium		106	109	123	134	
	Medium		95	98	112	123	
	Low		90	93	107	118	
	SuperLow		88	91	105	116	
Reduced Risk Products	HEETS		100	100	110	110	Pack*
			900	900	1000	1100	Bundle*

\*Recommended Retail Selling Price  
Source: Price Gazettes of the Ministry of Finance



# FISCAL OUTLOOK – CZECH REPUBLIC



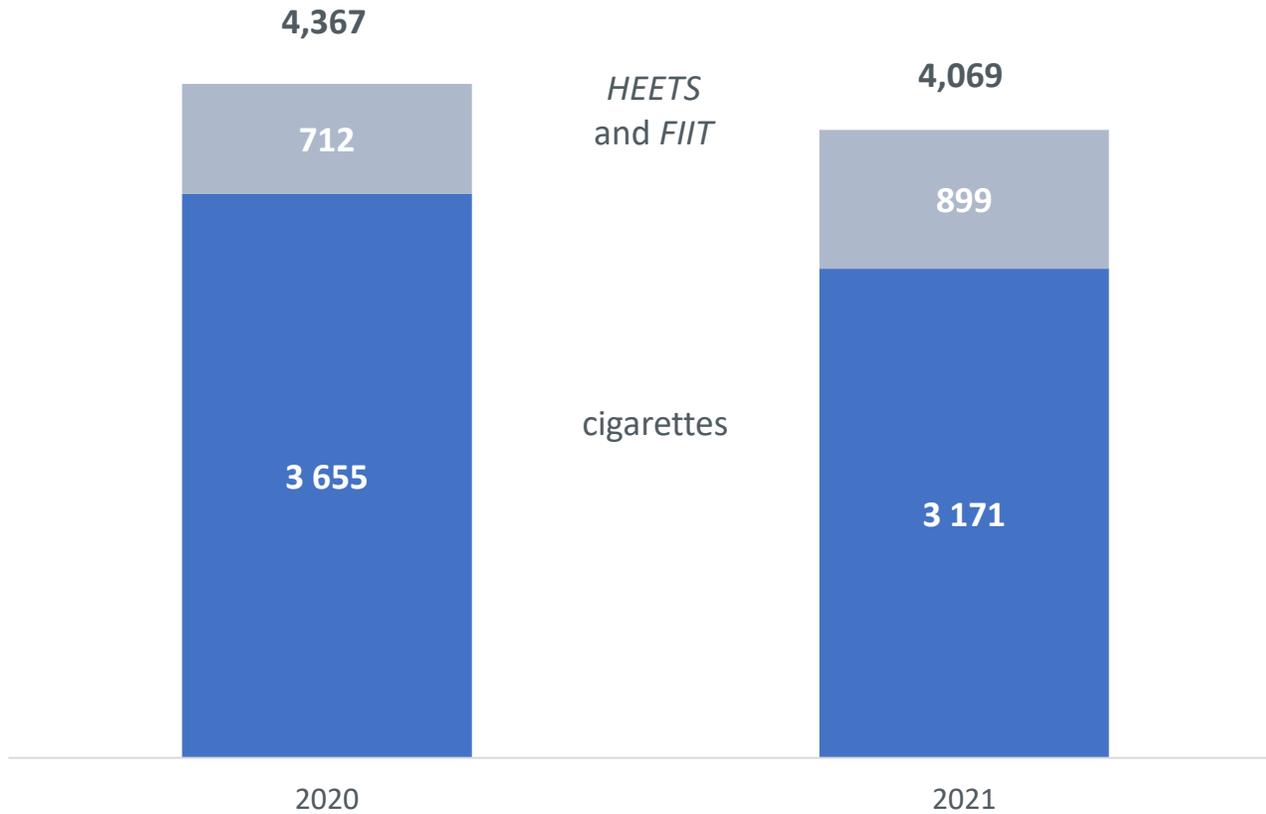
- A substantial increase in 2020, including an ad-valorem tax rate increase from 27% to 30%.
- Another substantial tax increase in 2021.
- Moderate tax increases approved for 2022-2023.

The EU minimum tax burden requirement calculated using the 2016-2021 average CZK/EUR exchange rate.



# SHIPMENTS – SLOVAK REPUBLIC

Shipments (billion units)



Domestic *HEETS* and *FIIT* shipments increased by 0.2 bio units

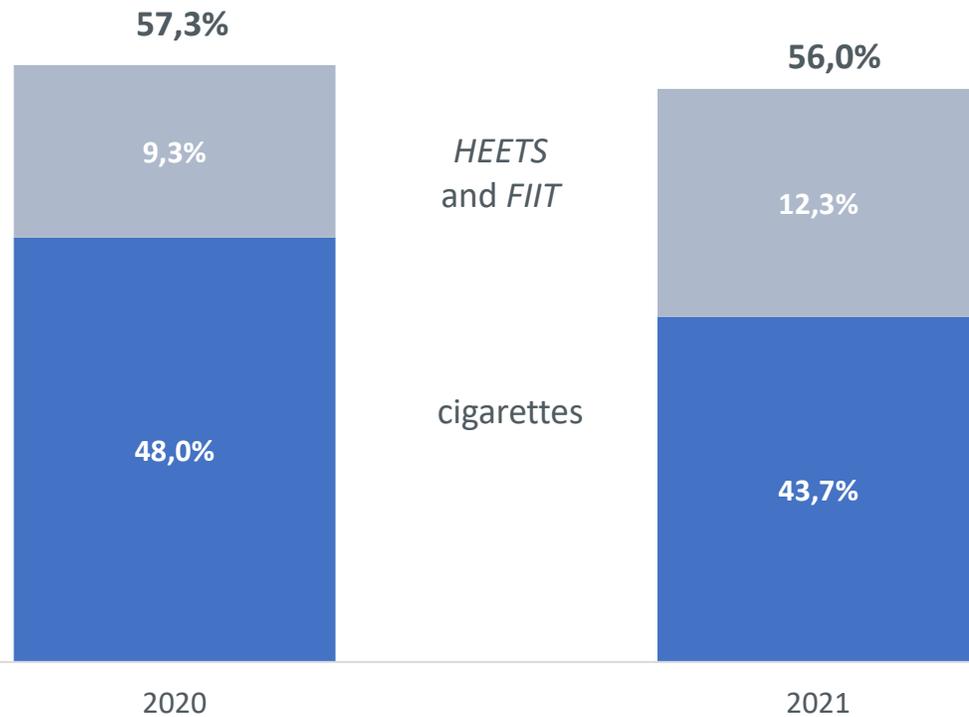
Domestic cigarette shipments down by 0.5 bio units, reflecting overall market shipments decline

Source: Philip Morris Slovakia s.r.o. financials



# SHARE OF MARKET – SLOVAK REPUBLIC

Market share in Slovak Republic (%)



Combined market share down by 1.3 pp, due predominantly to:

- 2020 menthol ban and annualization into 2021
- underlying cigarettes portfolio performance (-4.3%)
- partially offset by *HEETS* and *FIIT* share increase of 3.0%

Source: Philip Morris Slovakia s.r.o. internal estimate based on a monthly tabulation of cigarette sales data by PwC

\* Participating in this tabulation are all the major companies selling tobacco products in the Slovak Republic, who submit to PwC their data on cigarette sales to their direct trade partners. PwC provides back to the survey participants the anonymized aggregated total figure. Philip Morris Slovakia s.r.o. internal estimate for smoke-free products are then added to the data, which combined represents the total market as a base for market share calculation. We believe the market share reported using this methodology is more representative of the true performance of Philip Morris Slovakia s.r.o., as Nielsen Company (Europe) Sarl research retail audit data (which we have used as a proxy for our reporting previously) is based on an extrapolated sample of retail stores' data.



# PRICE INCREASES 2018 – 2021 SLOVAK REPUBLIC

(EUR/20s PACK)

		Dec 2018	Dec 2019	Dec 2020	Dec 2021		
Cigarettes	Premium		3.90	4.00	4.00	4.50	
	Low		3.30	3.40	3.50	4.00	
	SuperLow		3.20	3.30	3.40	3.90	
Reduced Risk Products	HEETS		3.50	3.50	3.50	3.90	Pack*

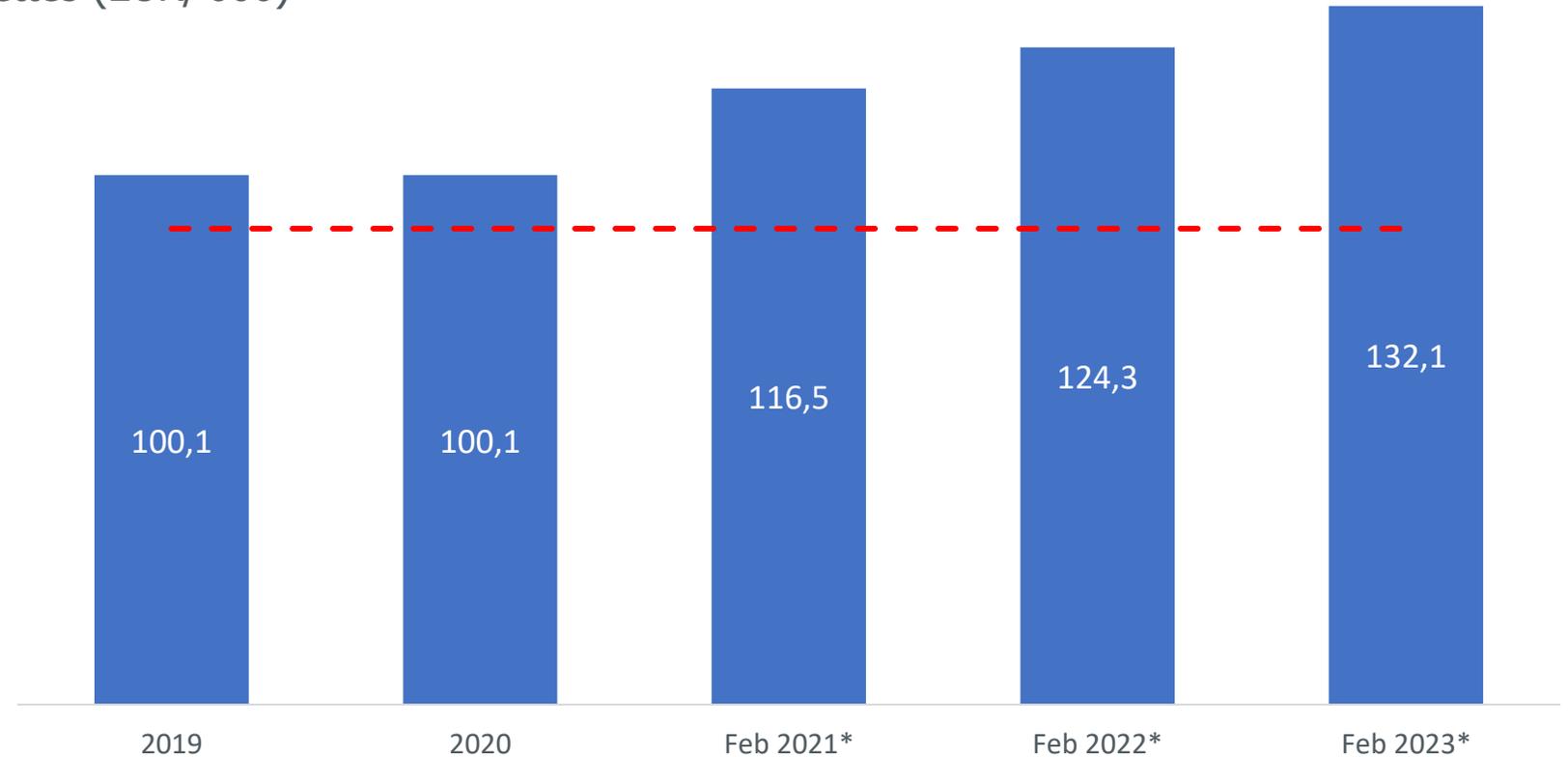
\*Recommended Retail Selling Price  
Source: Philip Morris Slovakia s.r.o. price lists



# FISCAL OUTLOOK - SLOVAK REPUBLIC

Minimum Excise Tax for Cigarettes (EUR/'000)  
Ad Valorem 23%

EU minimum tax burden  
requirement of EUR 90



- Tax Calendar adopted in 2020, introduced increases in 2021, 2022, 2023
- Forecast in External Environment regarding the need of additional budget revenues due to COVID-19 outbreak and RU invasion to UA, is negative

\*Source: Act no. 106/2004 Coll. on the Excise Duty on Tobacco Products

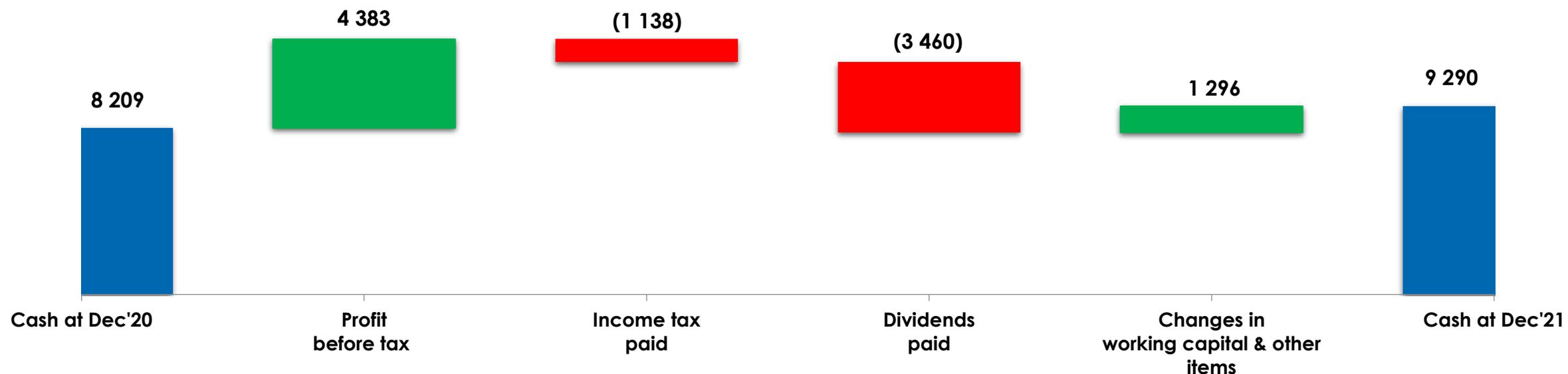


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# **CONSOLIDATED FINANCIAL PERFORMANCE 2021**

# Cash & Cash Equivalents

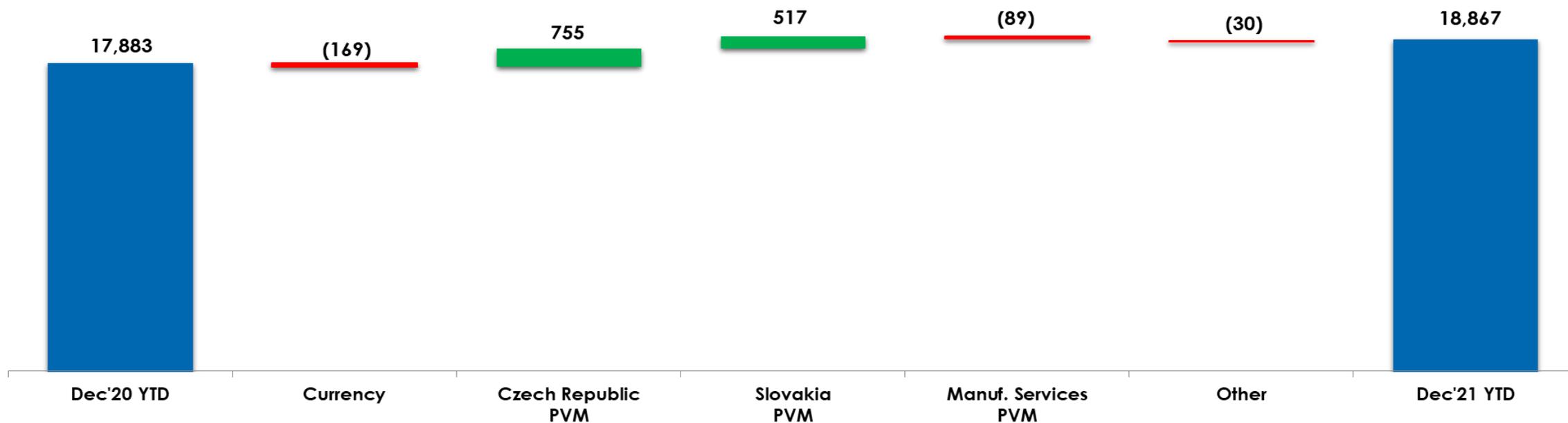
(CZK million)	Dec 2021	Dec 2020	Dec'21 vs. Dec'20	
			Incr./(Decr.)	%
Cash & Equivalen	9,290	8,209	1,081	13 %



Source: Philip Morris ČR a.s. consolidated financial results

# Net Revenues

(CZK million)	YTD Dec 2021	YTD Dec 2020	Variance Fav./((Unfav.)	% Change vs. YTD Dec 2020	
				Actual	Excl. Curr.
<b>Net Revenues</b>	<b>18,867</b>	<b>17,883</b>	<b>984</b>	<b>5.5 %</b>	<b>6.4 %</b>

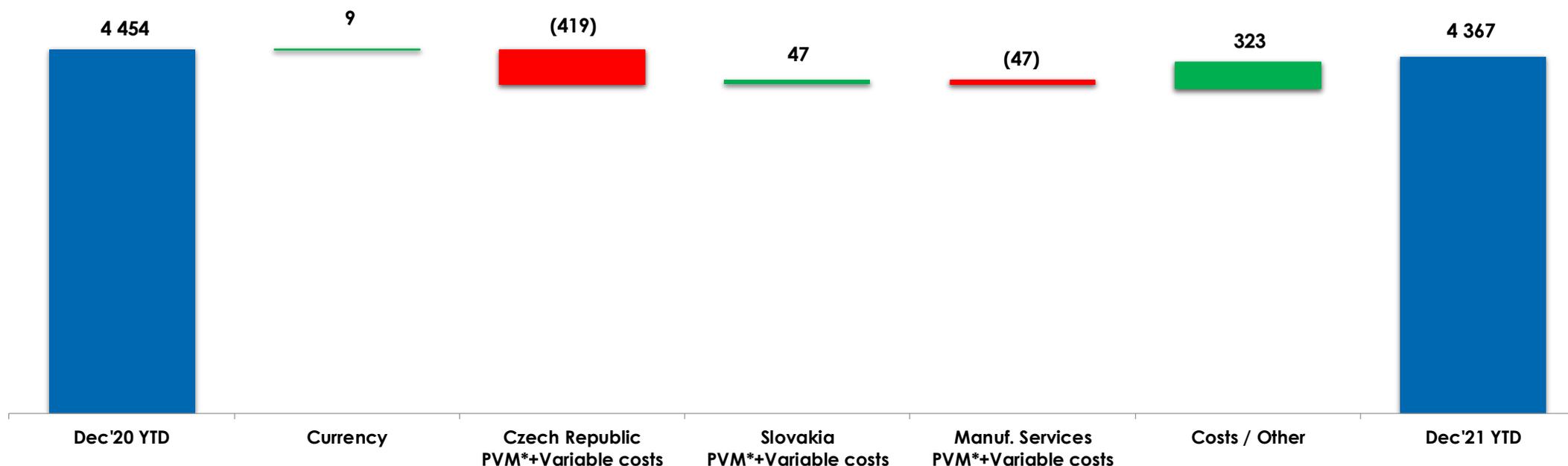


\*PVM – Price, Volume and Mix variance

Source: Philip Morris ČR a.s. consolidated financial results

# Operating Income

(CZK million)	YTD Dec 2021	YTD Dec 2020	Variance Fav./ (Unfav.)	% Change vs. YTD Dec 2020	
				Actual	Excl. Currency
Net Revenues	18 867	17 883	984	5.5 %	6.4 %
<b>Operating Income</b>	<b>4 367</b>	<b>4 454</b>	<b>-87</b>	<b>(2.0) %</b>	<b>(2.2) %</b>



\*PVM – Price, Volume and Mix variance

Source: Philip Morris ČR a.s. consolidated financial results

# Net earnings & EPS

<b>Earnings per Share Consolidated</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Earnings Current Year	1 281	1 285	1 464	1 397	1 269	1 008	936
Retained Earnings Prior Year per share	29	7	101	304	114	106	89
<b>Total Retained Earnings at December 31 /share</b>	<b>1 310</b>	<b>1 292</b>	<b>1 566</b>	<b>1 701</b>	<b>1 383</b>	<b>1 113</b>	<b>1 025</b>
<b>Dividend Paid / Proposed</b>	<b>1 310</b>	<b>1 260</b>	<b>1 560</b>	<b>1 600</b>	<b>1 080</b>	<b>1 000</b>	<b>920</b>



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**Thank you**