



PHILIP MORRIS ČR

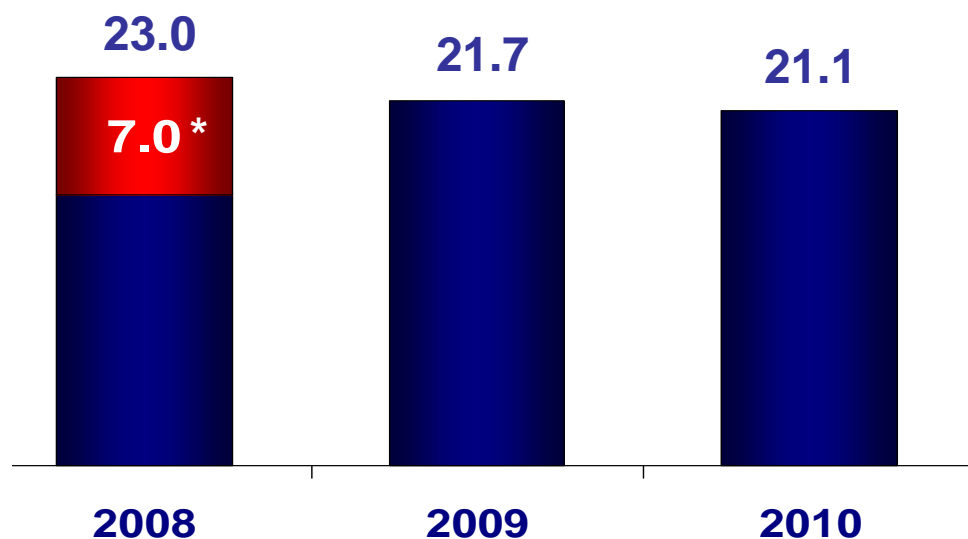
# **Annual general meeting of shareholders of Philip Morris ČR a.s.**

**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



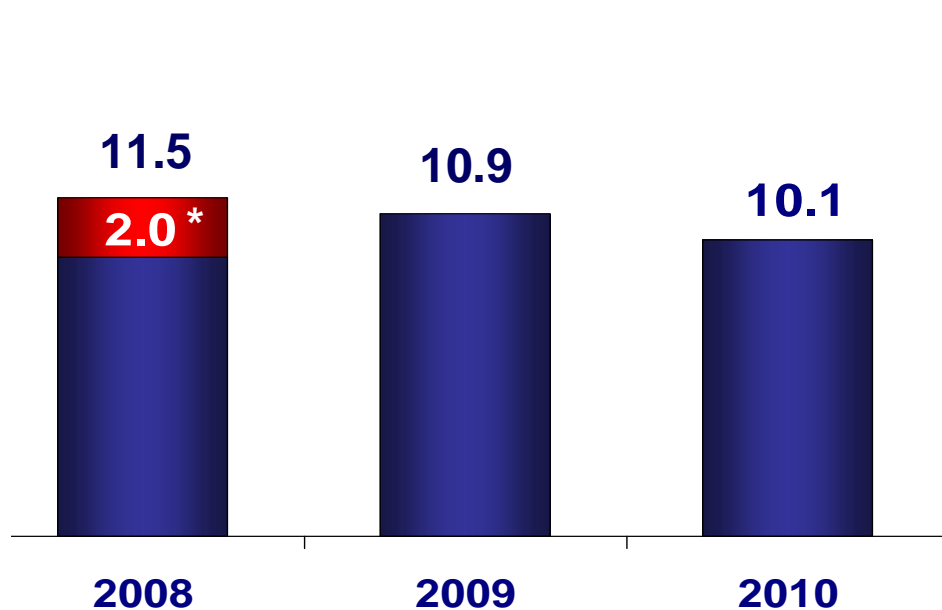
- RYO – increase in consumption of over 20%
- Illicit trade
- Down-trading to cheaper cigarettes

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

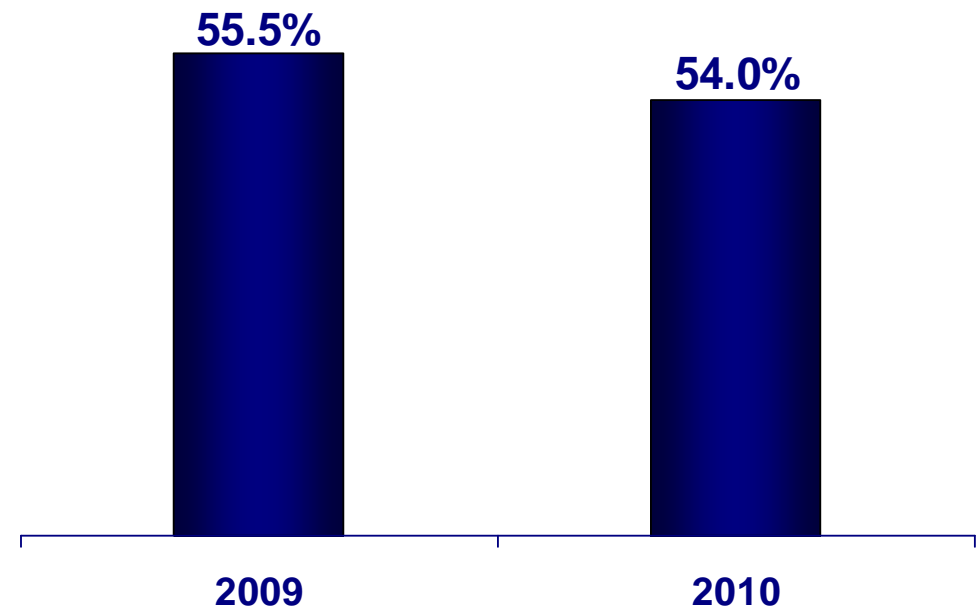
# Volume and Share Performance

Czech Republic

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

# Tax – Price Increases 2010

## Czech Republic

- 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)

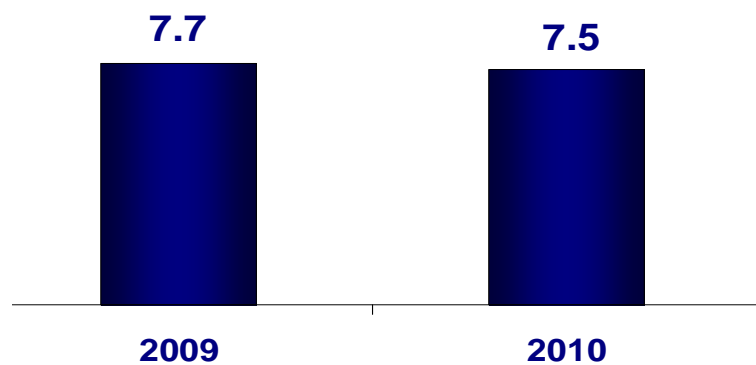


### Morphing of *Next* into *Philip Morris*

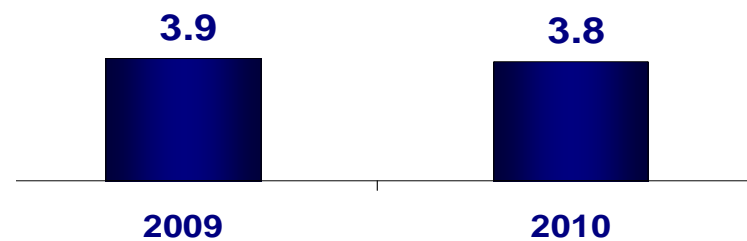




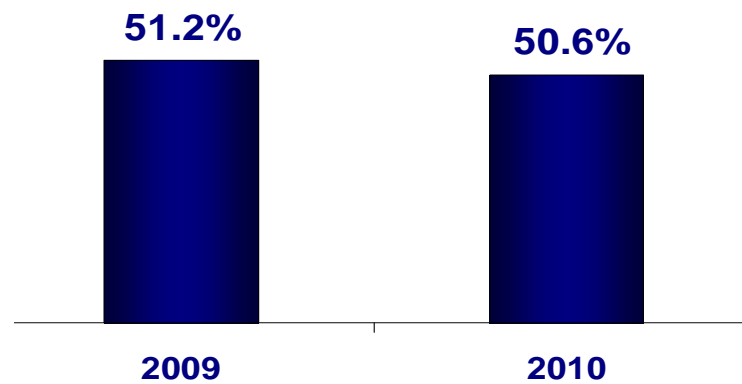
### Cigarette Market, bio



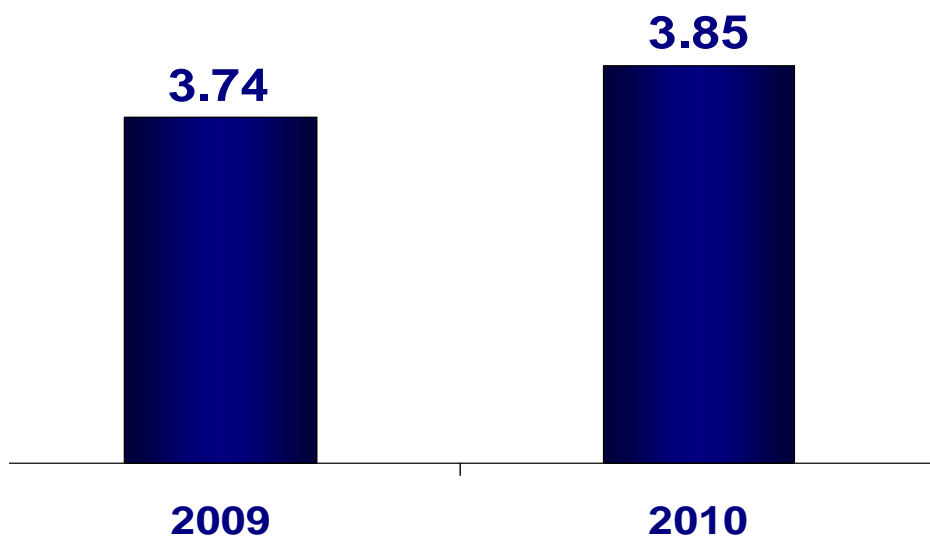
### Shipments, bio



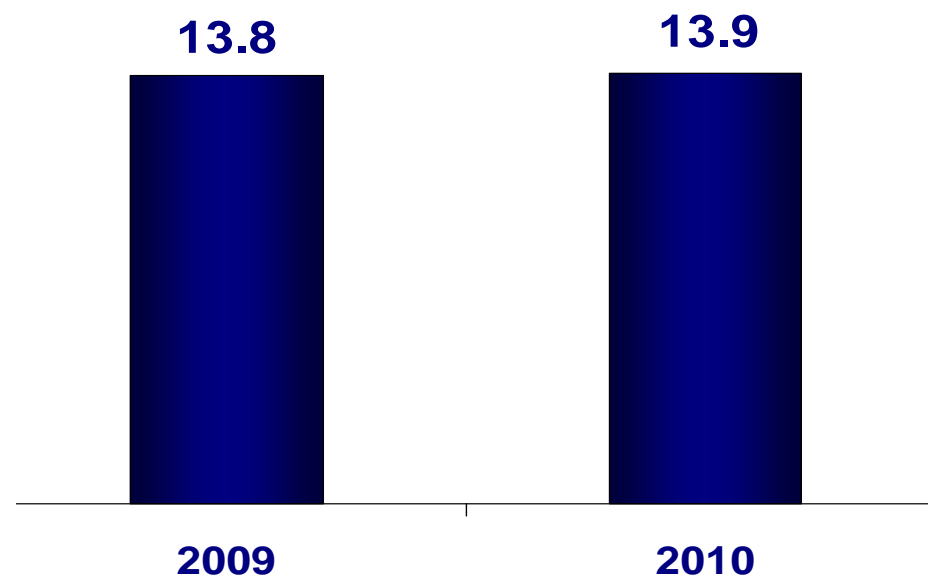
### Market Share



Revenues, CZK bio

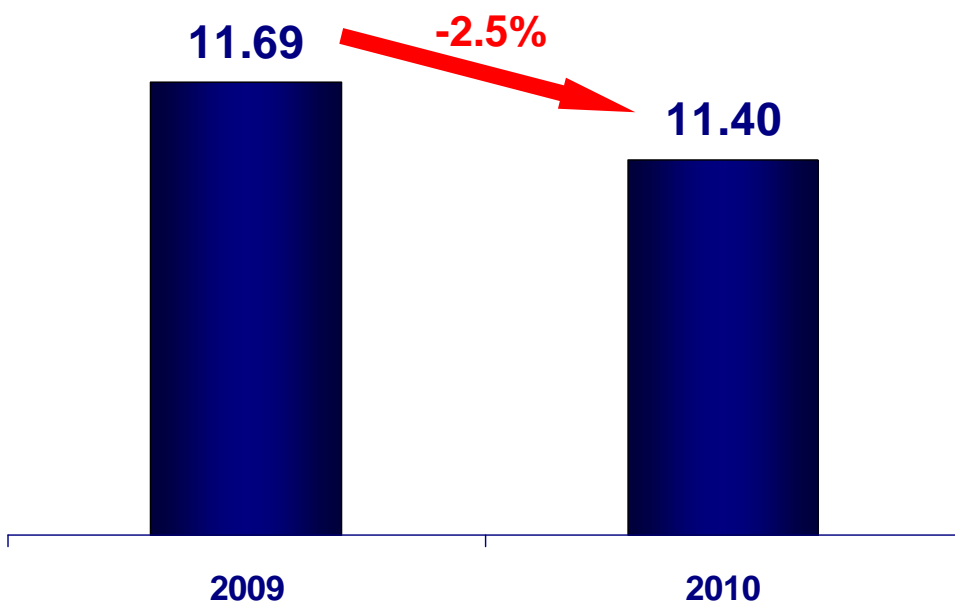


Shipments, bio

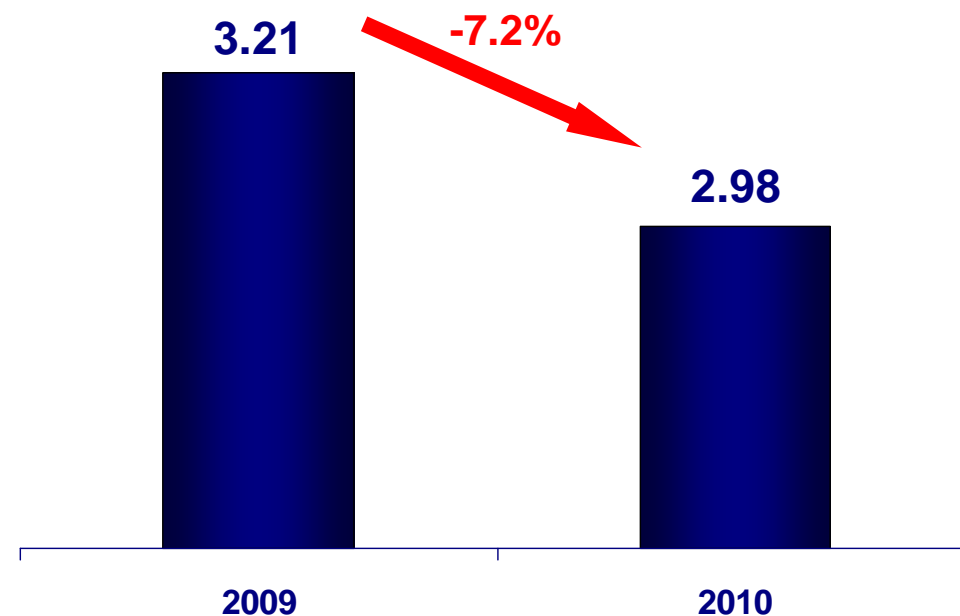


- 2010 factory investments in Kutná Hora: > CZK 0.6 bio
- Number of employees at the end of 2010: 1 094 (2009: 1 058)

Net revenues, CZK bio

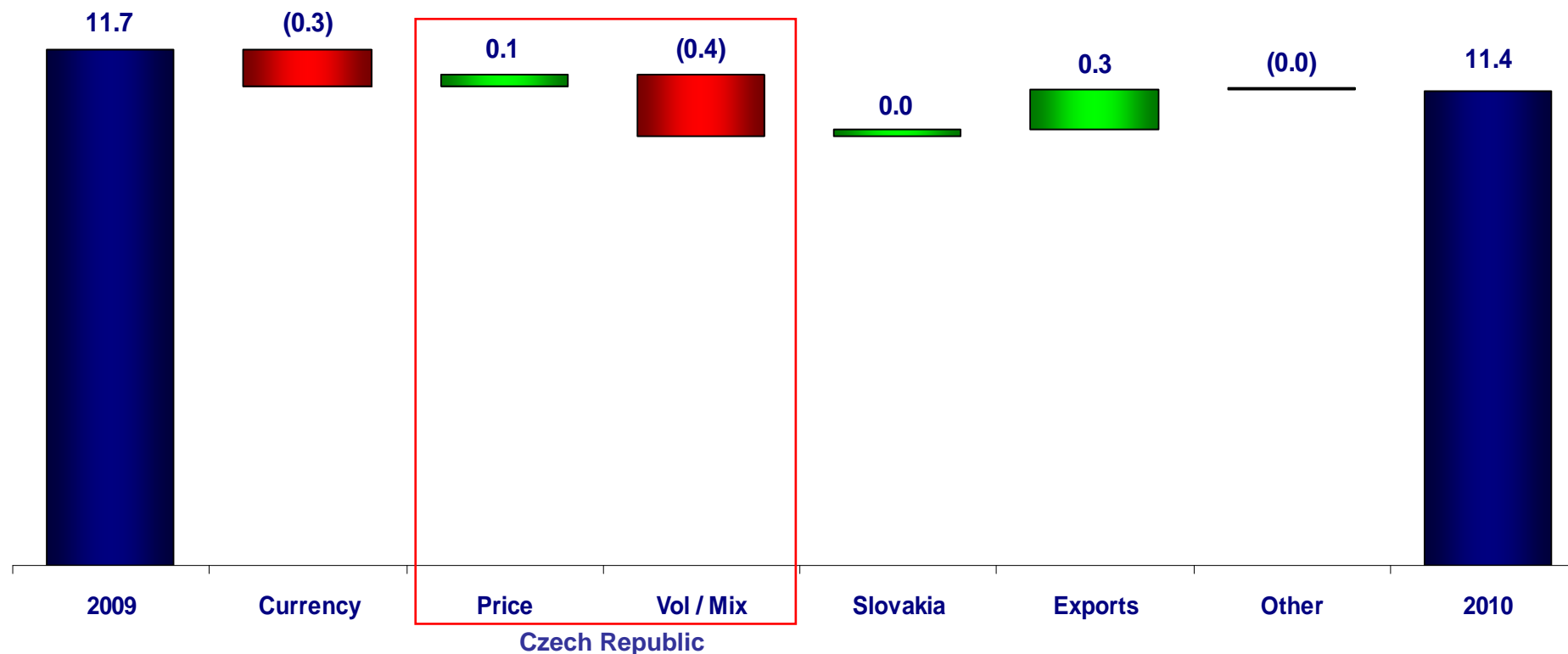


Profit from Operations, CZK bio



# Revenues, Net of Excise Tax and VAT

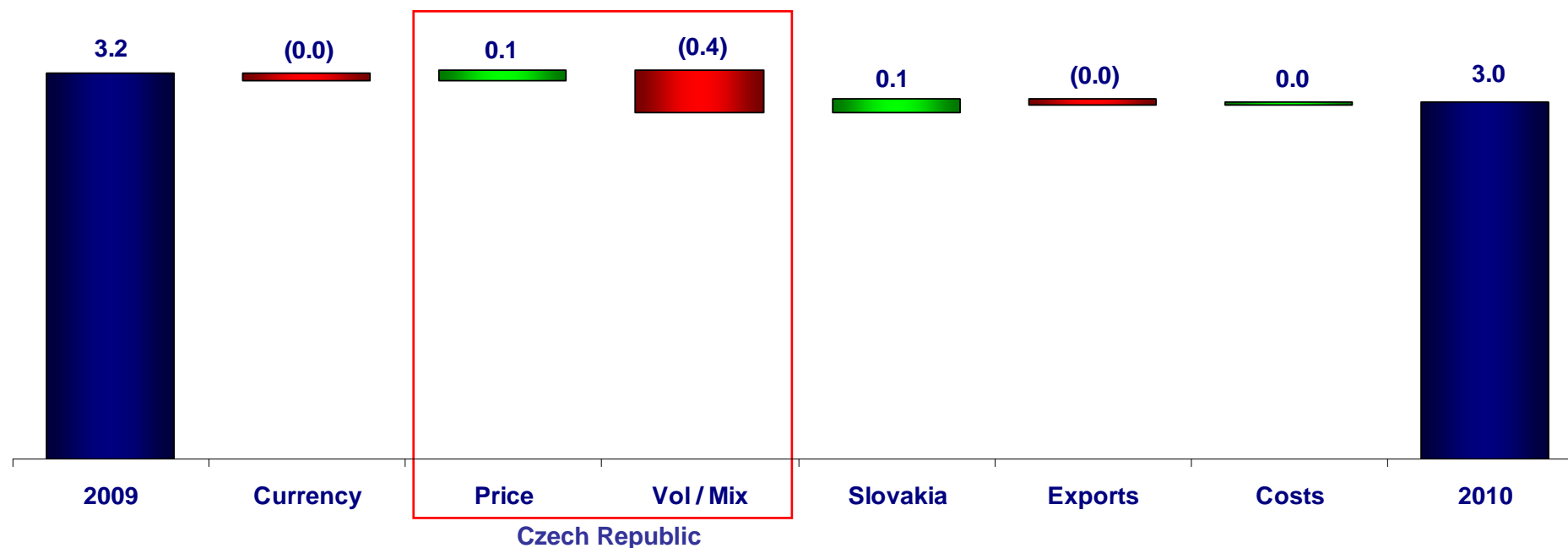
## Consolidated Financial Results (CZK bio)



**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

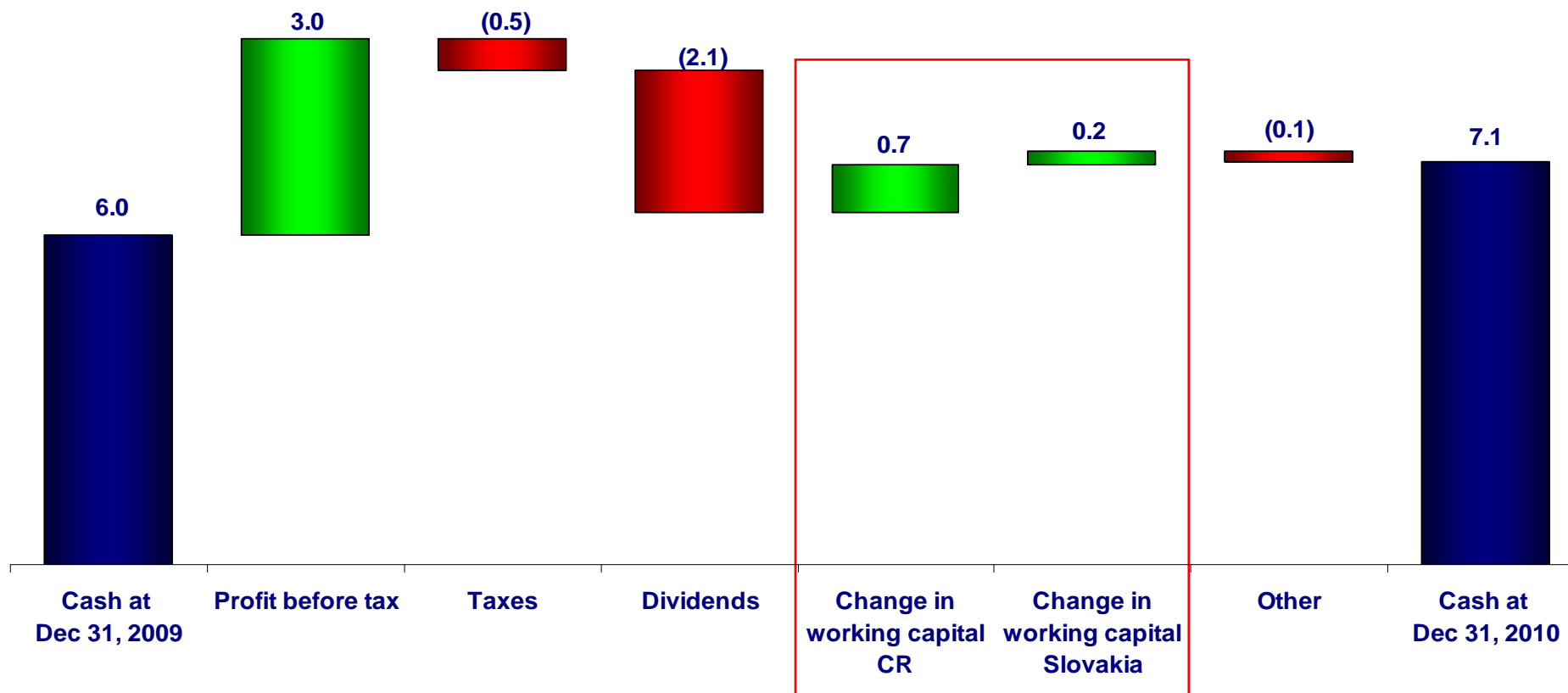
## Consolidated Financial Results (CZK bio)



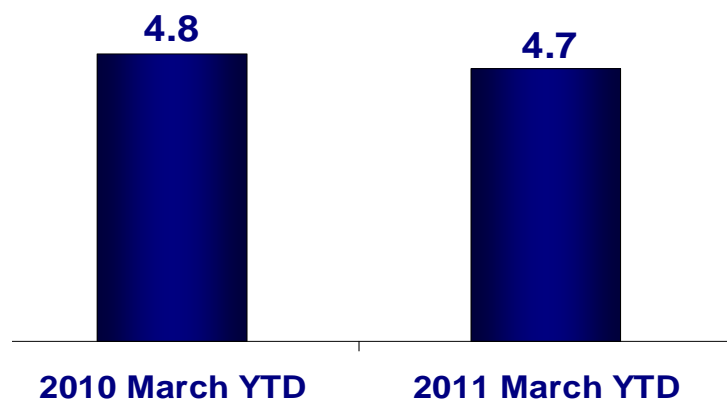
**Excluding unfavorable currency: decrease of CZK 176 mio (-5.5%) primarily due to unfavorable volume in CR, partially offset by favorable pricing in CR and SK**




# Cash and Cash Equivalents

## Consolidated Financial Results (CZK bio)



### Cigarette Market, bio



		December '10	April '11	
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 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**



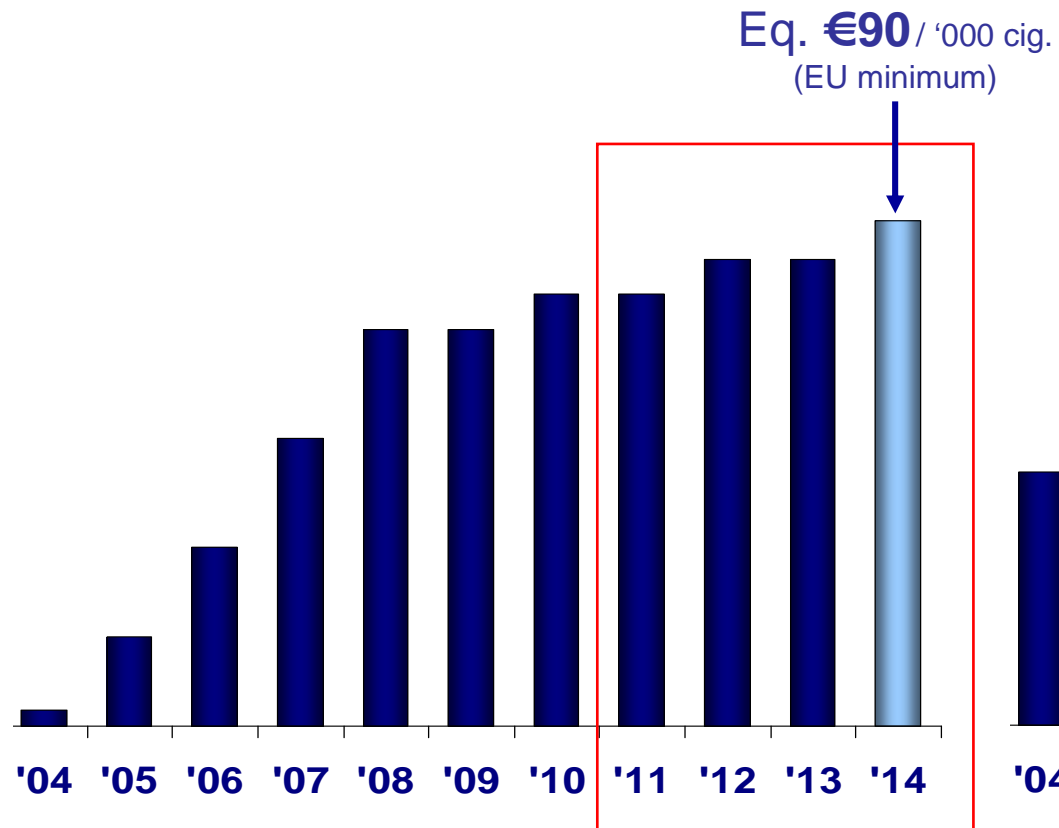
Price: 68 CZK / pack  
Tar: 10 mg / cig.  
Nicotine: 0.8 mg / cig.



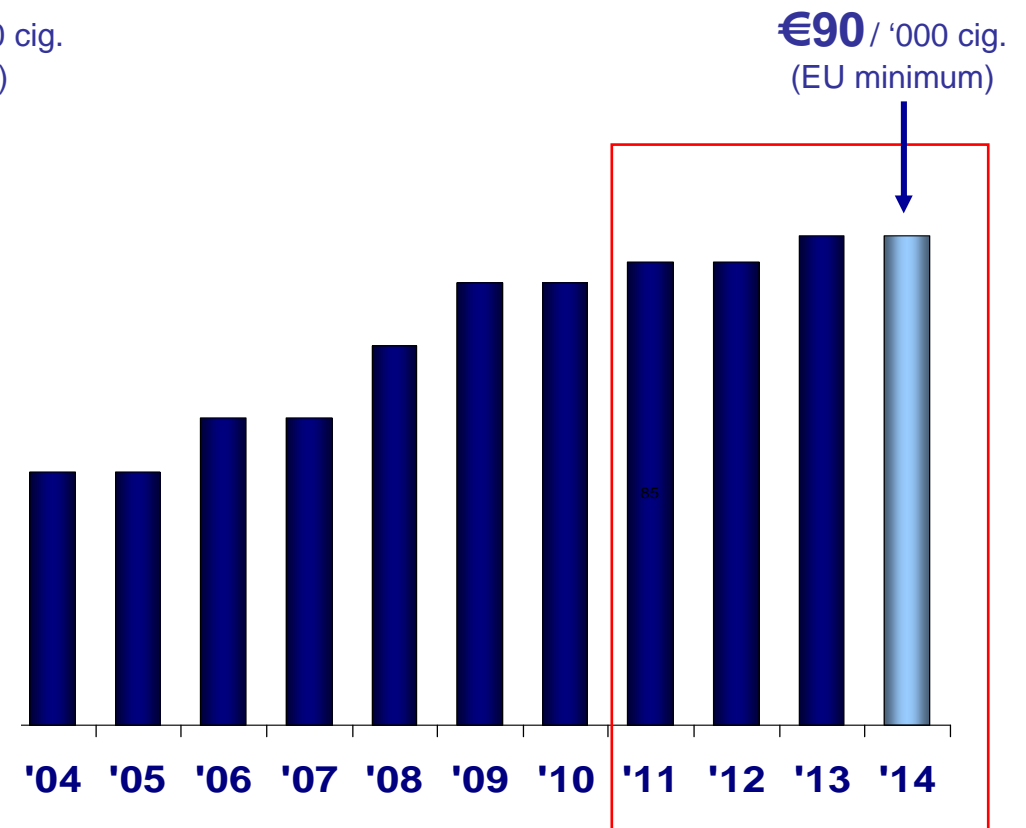
Price: 68 CZK / pack  
Tar: 8 mg / cig.  
Nicotine: 0.7 mg / cig.

**April 1<sup>st</sup>**

## ➤ Czech Republic



## ➤ Slovakia



## Minimum Excise Tax Development

# Dividend Proposal

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**Accumulated  
Retained  
Earnings**

**376 CZK / share**

**+**

**+**

**2010  
Net Income**

**884 CZK / share**

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**2010  
Proposed  
Dividend**

**1 260 CZK / share**