



PHILIP MORRIS ČR

In Kutná Hora, on August 29, 2011

PRESS RELEASE

Philip Morris ČR a.s. publishes financial results **for the first half-year of 2011**

Philip Morris ČR a.s. reports consolidated net income of CZK 1,1 billion for the first half-year of 2011, representing a modest increase of 1.0% versus the same period in 2010.

"While our mid-year financial results were helped by pricing, reflecting the favorable impact of price increases implemented by Philip Morris CR a.s. in 2010 and in the first half of 2011, our shipment volume remains under pressure in both the Czech Republic and Slovakia, due primarily to continued consumer down-trading to cheaper tobacco products, including roll-your-own tobacco," 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.

The market share of Philip Morris ČR a.s. in the Czech Republic in the first half-year of 2011 declined by 2.4 share points to 52.3%, according to ACNielsen data, reflecting share declines for lower-margin local brands, partially offset by higher share for international brands such as *Marlboro*, *L&M* and *Red & White*. In the first half-year of 2011, shipment volume of Philip Morris ČR a.s. in the Czech Republic decreased by 5.8%.

In Slovakia, the market share of Philip Morris Slovakia s.r.o. decreased in the first half-year of 2011 by 3.4 share points to 48.9%, according to ACNielsen data, primarily reflecting share declines of the company's local brands as well as consumer down-trading to competitive low-price brands. In the first half-year of 2011, shipment volume of Philip Morris Slovakia s.r.o. decreased by 3.8%.

Table: Financial results of Philip Morris ČR a.s. and its consolidated group¹ for the first half-year of 2011:

Half-year ended June 30, 2011	CZK million	Change vs. PY in %
Revenues, net of excise tax and VAT	5 622	1.5%
Profit from operations ²	1 391	1.5%
Pre-tax income	1 401	1.0%
Net Income	1 131	1.0%

¹ The consolidated financial statements of Philip Morris ČR a.s. and Philip Morris Slovakia s.r.o. are prepared in accordance with International Financial Reporting Standards as adopted by European Union ("IFRS").

² Interest income of CZK 10 million (2010: CZK 19 million) was reclassified to financial income.

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Table: Shipments per segment (billion units' equivalent)³ of Philip Morris ČR a.s. and its consolidated group for the first half year of 2011:

Half-year ended June 30, 2011	Billion units	Change vs. PY in %
Czech Republic	4.67	(5.8%)
Slovakia	1.77	(3.8%)
Exports	7.06	1.9%
Total	13.50	(1.7%)

“Although total industry volumes were resilient in both the Czech Republic and Slovakia for the first half-year of 2011, the outlook for the remainder of the year remains uncertain due to a number of factors such as the level of unemployment, the underlying market decline trend and the extent of consumer down-trading to cheaper brands or illicit products,” said Daniel Gordon, member of Philip Morris ČR a.s. Board of Directors and Director Finance.

The full 2011 Mid-Year Report is available at:

http://www.pmi.com/en_cz/about_us/philip_morris_cr_shareholder_information/pages/reports_and_statements.aspx .

The Board of Directors
Philip Morris ČR a.s.

Philip Morris ČR a.s. profile:

Philip Morris ČR a.s., an affiliate of Philip Morris International Inc., is the largest producer of tobacco products in the Czech Republic and is listed on the Prague Stock Exchange (BCPP). The company, which has been present in the country since 1992, employs approximately 1,200 people across the Czech Republic and produces nine cigarette brand families in 78 cigarette variants as well as three variants of roll-your-own tobacco. It operates the only tobacco and cigarette manufacturing facility in the Czech Republic. Philip Morris ČR a.s. has a 99% interest in Philip Morris Slovakia s.r.o. registered in the Slovak Republic. According to retail audit research conducted by ACNielsen, in the first six months of 2011 the company held a 52.3% market share in the Czech Republic and 48.9% in Slovakia. For more than 18 years, Philip Morris ČR a.s. has operated the PMČR Charitable Fund that supports several 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) profile:

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 approximately 180 countries. In 2010, the company held an estimated 16.0% share of the total international cigarette market outside of the U.S., or 27.6% excluding the People's Republic of China and the U.S. For more information, see www.pmi.com.

³ Shipments include other tobacco products such as cigarillos and make-your-own cigarettes.