



PHILIP MORRIS ČR

In Kutná Hora on August 19, 2016

PRESS RELEASE

## **Philip Morris ČR a.s. Reports Mid-2016 Financial Results**

**Philip Morris ČR a.s. today reported consolidated revenues of CZK 5.4 billion and net income of CZK 1.3 billion for the first half of 2016, representing an increase of 5.7% and a decrease of 1.9%, respectively, versus the same period in 2015.**

### **Highlights for the half-year ended June 30, 2016 include:**

- Consolidated revenues, net of excise tax and VAT, increased by 5.7% to CZK 5.4 billion, or 6.1% excluding currency, primarily due to favorable volume/mix in the Czech Republic and Slovakia, as well as higher manufacturing services;
- Consolidated net income declined by 1.9% to CZK 1.3 billion;
- Total cigarette market increased by 4.2% and 0.3% in the Czech Republic and Slovakia, respectively;
- Cigarette market share declined by 0.6 share points in the Czech Republic and increased by 0.9 share points in Slovakia; and
- Cigarette shipment volume increased by 6.6% and 3.3% in the Czech Republic and Slovakia, respectively.

*“Our consolidated revenues were primarily helped by favorable volume/mix in the Czech Republic and Slovakia, as well as higher manufacturing services, a higher total cigarette market in both countries and a higher market share in Slovakia, partially offset by a lower share in the Czech Republic. Our mid-year 2016 net income was primarily impacted by decrease of profit from operations, resulting from lower exchange rate gains and the timing of operating costs,”* said Arpad Konye, Chairman of the Board of Directors and Managing Director of Philip Morris ČR a.s., the affiliate responsible for the Philip Morris International Inc.’s business in the Czech Republic and Slovakia.

*“While the total cigarette market grew slightly in the Czech Republic, our cigarette market share was unfavorably impacted primarily by the continued share decline of local brands, partly offset by higher shares for Marlboro, L&M and Philip Morris. Our market share in Slovakia continued to grow steadily, primarily driven by the strong performance of L&M and Philip Morris, partially offset by share declines of local brands,”* Mr. Konye commented.

*“Future market trends will largely depend on developments in the operating environment, with the key component being a predictable and sustainable fiscal and regulatory environment. Such an environment would both help prevent the unintended consequence of a significantly increasing level of adult consumer down-trading to imported super-low priced cigarettes and lower-taxed fine cut tobacco products, as well as support state budget revenues and public health objectives,”* Mr. Konye added.

The full 2016 Mid-Year Report is available at:

[http://www.pmi.com/en\\_cz/about\\_us/philip\\_morris\\_cr\\_shareholder\\_information/pages/2016\\_mid-year\\_report.pdf](http://www.pmi.com/en_cz/about_us/philip_morris_cr_shareholder_information/pages/2016_mid-year_report.pdf)

The Board of Directors  
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**Philip Morris ČR a.s.**

Philip Morris ČR a.s., an affiliate of Philip Morris International Inc., is the largest manufacturer and distributor of tobacco products in the Czech Republic and is listed on the Prague Stock Exchange (Burza cenných papírů Praha). The company, which has been present in the country since 1992, employs approximately 1,100 people across the Czech Republic and its portfolio comprised seven brands in 2015. Philip Morris ČR a.s. has a 99% interest in Philip Morris Slovakia s.r.o. registered in the Slovak Republic. Over the past 25 years, Philip Morris ČR a.s. has supported numerous charitable projects, including the development of social programs aimed at improving living conditions in local communities. For more information, see [www.philipmorris.cz](http://www.philipmorris.cz).

**Philip Morris International Inc. (“PMI”)**

PMI is the world’s leading international tobacco company, with six of the world’s top 15 international brands and products sold in more than 180 markets. In addition to the manufacture and sale of cigarettes, including *Marlboro*, the number one global cigarette brand, and other tobacco products, PMI is engaged in the development and commercialization of Reduced-Risk Products (“RRPs”). RRPs is the term PMI uses to refer to products with the potential to reduce individual risk and population harm in comparison to smoking cigarettes. Through multidisciplinary capabilities in product development, state-of-the-art facilities, and industry-leading scientific substantiation, PMI aims to provide an RRP portfolio that meets a broad spectrum of adult smoker preferences and rigorous regulatory requirements. For more information, see [www.pmi.com](http://www.pmi.com) and [www.pmiscience.com](http://www.pmiscience.com).