



PHILIP MORRIS ČR

In Kutná Hora, on March 28, 2017

PRESS RELEASE

The Board of Directors of Philip Morris ČR a.s. calls for an Ordinary General Meeting; announces 2016 full-year financial results and proposes profit distribution

The Board of Directors of Philip Morris ČR a.s. announced today that the Ordinary General Meeting of its shareholders will take place on April 28, 2017, at 10:00 a.m. at the Company's registered office in Kutná Hora.

Shareholders holding shares of Philip Morris ČR a.s. on April 21, 2017 will be entitled to attend the Ordinary General Meeting and exercise their shareholder rights.

Jointly with the invitation and the agenda of the Ordinary General Meeting, the Board of Directors of Philip Morris ČR a.s. announced the financial results for the year ended December 31, 2016. The results are based on the consolidated financial statements of Philip Morris ČR a.s. and Philip Morris Slovakia s.r.o., prepared in accordance with International Financial Reporting Standards.

Highlights for the full year 2016:

- Consolidated net income up by 7.7% to CZK 2.8 billion;
- Consolidated revenues, net of excise tax and VAT, up by 5.4 % to CZK 11.5 billion, or by 5.6% excluding currency;
- Total cigarette market increase of 0.1% in the Czech Republic and decrease of 0.3% in Slovakia;
- Cigarette share increase of 0.2 share points in the Czech Republic and 0.1 share point in Slovakia; and
- Shipment volume increase of 3.9% in the Czech Republic and 0.7% in Slovakia

"The solid growth of our 2016 net income and consolidated revenues, net of excise tax and VAT, was driven by favourable volume/mix in the Czech Republic and Slovakia, as well as favorable pricing in the Czech Republic," said Árpád Könye, Chairman of the Board of Directors 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.

Árpád Könye added: *"Our market share in the Czech Republic mainly reflected the strong performance of Marlboro, L&M and Philip Morris. Marlboro performance benefited from the new Red and Gold pack design introduced in 2015. L&M's continued growth was driven by the strong performance of L&M Double Forward Purple flavour capsule proposition in the expanding capsule segment. Philip Morris' growth was primarily driven by the continued success of Philip Morris Original."*

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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. L&M's growth was driven by successful launch of two innovations in the segment of slimmer diameter cigarettes, L&M Loft 2-in-1 and L&M Loft Blue. Philip Morris benefited from the migration of Petra SSL to Philip Morris, coupled with the successful launch of Philip Morris Pearl Cap in the super slim diameter cigarettes segment."

The 2016 Annual Report is available at:

http://www.pmi.com/cs_cz/about_us/philip_morris_cr_shareholder_information/pages/vyrocní_zpráva_2016.pdf

Proposal for a profit distribution

The Board of Directors of Philip Morris ČR a.s. has made a proposal for a gross dividend distribution of the net profit of 2016 in the amount of CZK 1000 per share, i.e., a total amount of CZK 2 745 386 000.

The dividend record date is April 21, 2017. The dividend proposal has been reviewed and approved by the Supervisory Board and will be submitted for approval to shareholders at the Ordinary General Meeting.

Documents and information relating to the Ordinary General Meeting

Documents and information relating to the Ordinary General Meeting, which must be published pursuant to applicable Czech laws, as well as a template of the power of attorney granting the right to represent the shareholder at the Ordinary General Meeting, will be available at the Company's registered office: Kutná Hora, Vítězná 1, Postcode 284 03, on business days from March 28, 2017 until April 28, 2017, from 2:00 p.m. until 5:00 p.m. All the above information and documents are also published in a manner allowing remote access at www.philipmorris.cz.

The Board of Directors
Philip Morris ČR a.s.



PHILIP MORRIS ČR

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 more than 1000 people across the Czech Republic and its portfolio comprised six brands in 2016. 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.

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”). RRP is the term PMI uses to refer to products that present, are likely to present, or have the potential to present less risk of harm to smokers who switch to these products versus continued smoking. 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 and www.pmiscience.com.