



PHILIP MORRIS ČR

Kutná Hora, September 25, 2018

PRESS RELEASE

Philip Morris ČR a.s. Reports Mid-2018 Financial Results

Philip Morris ČR a.s. reported today consolidated revenues of CZK 6.4 billion and net income of CZK 1.7 billion for the first half of 2018, representing an increase of 11.2% and 6.2%, respectively, compared to the same period in 2017. The Company also announced that it has registered almost 130,000 users since the launch of the IQOS electronic device on the Czech market in July 2017. In Slovakia, where IQOS was launched in August 2017, the company has registered almost 70,000 users.

Highlights for the half-year ended June 30, 2018 include:

- Consolidated revenues, net of excise tax and VAT, increased by 11.2% (or 12.6%, excluding the exchange rate impact) to CZK 6.4 billion;
- Consolidated net income increased by 6.2% to CZK 1.7 billion;
- Cigarette shipment volume decreased by 5.4% in the Czech Republic and increased by 4.5% in Slovakia.

„Our consolidated revenues increased primarily due to the introduction of heated tobacco sticks (HEETS with IQOS devices) and cigarette price increases in both countries, implemented by Philip Morris ČR a.s. and Philip Morris Slovakia s.r.o., respectively,” said Árpád Könye, Chairman of the Board of Directors and Managing Director of Philip Morris ČR a.s., the affiliate responsible for Philip Morris International Inc.'s business in the Czech Republic and Slovakia.

The estimated total cigarette market in the Czech Republic decreased by 2.5% in the first half of 2018 compared to the same period in 2017, and the cigarette market share of Philip Morris ČR a.s. decreased by 2.6 share points.

The estimated total cigarette market in Slovakia declined by 0.2% in the first half of 2018 compared to the same period in 2017. The cigarette market share of Philip Morris Slovakia s.r.o. decreased by 0.2 share points, reflecting decline of local brands, partially offset by the strong performance of L&M.

“Based on Philip Morris ČR a.s. and Philip Morris Slovakia s.r.o. internal estimates, HEETS tobacco sticks’ offtake share, measured as sales to adult users, reached 3.5% in selected cities (focus area) of the Czech Republic and 3.7% in the selected cities (focus area) of Slovakia” Mr. Árpád Könye commented.

The full 2018 Mid-Year Report is available at:

<https://www.pmi.com/markets/czech-republic/en/investor-relations/shareholder-information>

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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 and also a limited risk distributor of the smoke-free tobacco products *HEETS*, *IQOS* devices and related accessories 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 1,000 people across the Czech Republic. Philip Morris ČR a.s. has a 99% interest in Philip Morris Slovakia s.r.o. registered in the Slovak Republic. Over the past 26 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”)

We are a leading international tobacco company engaged in the manufacture and sale of cigarettes and other nicotine-containing products in markets outside the United States of America. We are building our future on smoke-free products that are a much better consumer choice than continuing to smoke cigarettes. Through multidisciplinary capabilities in product development, state-of-the-art facilities and scientific substantiation, we aim to ensure that our smoke-free products meet adult consumer preferences and rigorous regulatory requirements. Our vision is that these products ultimately replace cigarettes to the benefit of adult smokers, society, our company and our shareholders. For more information, see www.pmi.com and www.pmiscience.com.