



PHILIP MORRIS ČR

Kutná Hora, September 30, 2020

PRESS RELEASE

Philip Morris ČR a.s. Reports Mid-2020 Financial Results

Philip Morris ČR a.s. reports consolidated revenues of CZK 8.6 billion and net income of CZK 1.7 billion for the first half of 2020.

Highlights for the half-year ended June 30, 2020 include:

- Consolidated revenues, net of excise tax and VAT, increased by 4.7% (or 3.8% excluding the impact of currency) to CZK 8.6 billion
- Consolidated net income decreased by 14.2% to CZK 1.7 billion
- Heated tobacco products shipments increased by 0.4 billion to 1.2 billion in the Czech Republic and Slovakia, combined
- Total shipments volume decreased by 0.2 billion to 6.2 billion

The estimated combined market share of cigarettes and heated tobacco products in the Czech Republic increased by 3.5 share points with *HEETS* advancing by 4.1 share points in the first half of 2020, compared to the same period in 2019. The estimated total combined market of cigarettes and heated tobacco products in the Czech Republic decreased by 11.5%.

In Slovakia, the estimated combined market share increased by 0.2 share points with *HEETS* advancing by 2.7 share points. The estimated total combined market of cigarettes and heated tobacco products in Slovakia decreased by 1.3%.

„In these extraordinary and unprecedented circumstances caused by the global COVID-19 pandemic, our primary concern continues to be the safety of our employees, their families, our partners as well as our customers. At the same time, we are determined to remain a reliable and valuable partner to our communities. We feel proud of a direct and active participation of many of our colleagues, thanks to which we were able to quickly develop and implement several charity projects and initiatives that directly contributed to those in need.”

“Despite the COVID-19 outbreak and the measures governments took to contain the spread of the virus, our performance remained solid. We estimate that as of July 30th, 2020, the number of total IQOS adult users¹ in both countries combined increased by 169,000 and reached 621,000 (448,000 in the Czech Republic and 173,000 in Slovakia). We are particularly pleased that out of them, 427,000 (306,000 in the Czech Republic and 121,000 in Slovakia) have stopped smoking and switched to IQOS², which, while not risk-free, presents a better choice for their health compared to continuing to smoke cigarettes,” said Andrea Gontkovičová, Chairperson of the Board and Managing Director of Philip Morris ČR a.s.

The full 2020 Mid-Year Report is available at www.philipmorris.cz

The Board of Directors
Philip Morris ČR a.s.

¹ Estimated number of adult IQOS users that used *HEETS* for at least 5% of their daily tobacco consumption over the past seven days

² Estimated number of adult IQOS users, whose daily individual consumption of heated tobacco units represents the totality of their daily tobacco consumption over the past seven days, of which at least 70% are *HEETS*

Philip Morris ČR a.s.
Seat: Kutná Hora
Vítězná 1
284 03
Czech Republic

ID: 14803534
Tax ID: CZ 14803534
registered in the Commercial Register
kept by the Municipal Court
in Prague, Sec. B, insert 627

contact address:
Karlovo náměstí 10
120 00 Praha
Tel.: (+420) 266 702 111
www.philipmorris.cz

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. Philip Morris CR a.s. has been repeatedly awarded by the Ministry of Finance and the General Financial Directorate for ranking among the twenty largest corporate income tax payers. Over the past 28 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: Delivering a Smoke-Free Future

Philip Morris International (PMI) is leading a transformation in the tobacco industry to create a smoke-free future and ultimately replace cigarettes with smoke-free products to the benefit of adults who would otherwise continue to smoke, society, the company and its shareholders. PMI is a leading international tobacco company engaged in the manufacture and sale of cigarettes, as well as smoke-free products and associated electronic devices and accessories, and other nicotine-containing products in markets outside the United States. In addition, PMI ships a version of its *IQOS* Platform 1 device and its consumables authorized by the U.S. Food and Drug Administration to Altria Group, Inc. for sale in the United States under license. PMI is building a future on a new category of smoke-free products that, while not risk-free, are a much better choice than continuing to smoke. Through multidisciplinary capabilities in product development, state-of-the-art facilities and scientific substantiation, PMI aims to ensure that its smoke-free products meet adult consumer preferences and rigorous regulatory requirements. PMI's smoke-free *IQOS* product portfolio includes heat-not-burn and nicotine-containing vapor products. As of June 30, 2020, PMI estimates that approximately 11.2 million adult smokers around the world have already stopped smoking and switched to PMI's heat-not-burn product, available for sale in 57 markets in key cities or nationwide under the *IQOS* brand. For more information, please visit www.pmi.com and www.pmiscience.com.

Philip Morris ČR a.s.

Seat: Kutná Hora

Vítězná 1

284 03

Czech Republic

ID: 14803534

Tax ID: CZ 14803534

registered in the Commercial Register 120 00 Praha

kept by the Municipal Court

in Prague, Sec. B, insert 627

contact address:

Karlovo náměstí 10

120 00 Praha

Tel.: (+420) 266 702 111

www.philipmorris.cz