



PHILIP MORRIS ČR

In Kutná Hora, on May 5, 2020

PRESS RELEASE

The Board of Directors of Philip Morris ČR a.s. announces the deliberation of shareholders outside the Annual General Meeting (i.e. per rollam), and proposes profit distribution.

The Board of Directors of Philip Morris ČR a.s. has announced today that it had decided, after a careful consideration, to hold, instead of the General Meeting in Kutná Hora, shareholders' votes on the individual points of the General Meeting per rollam i.e. remotely by ballot. This decision reflects an ongoing effort to continue protecting the health of its shareholders, employees and other associates at the time of the COVID-19 pandemic. The traditional Annual General Meeting of shareholders at the company's registered office in Kutná Hora will not take place this year.

The decisive day for participation in the voting and the decisive day for the payment of the dividends is May 18, 2020. This means that shareholders holding the company's shares as of May 18, 2020 will be entitled to vote and to receive the dividends.

The Board of Directors of Philip Morris ČR a.s. will send to shareholders all voting instructions, motions for resolutions as well as ballot papers by post on May 25, 2020.

Voting by ballot papers will take place from May 25 to June 30, 2020. Preliminary results of shareholders' voting will be published on July 1, 2020 and final voting results will be published on July 8, 2020.

The Board of Directors of Philip Morris ČR a.s. published the financial results for the year ended December 31, 2019 as well as the Annual Report on March 24, 2020. 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.

Key business and financial data for 2019:

- The total number of adult *IQOS* users in the Czech Republic and Slovakia increased by 196,000 compared to 2018, reaching 452,000¹, of which for 359,000², heated tobacco units account for 100% of their tobacco consumption.
- Consolidated revenues, net of excise tax and VAT increased by 21.4% to CZK 17.1 billion, or by 21.3% excluding the effect of the exchange rate.
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¹ Private source; the Panel of adult *IQOS* users, estimates by Philip Morris ČR a.s. and Philip Morris Slovakia s.r.o.

² Estimated number of adult *IQOS* users for whom heated tobacco units account for 100% of the daily consumption of tobacco products, of which at least 70% are *HEETS* heated tobacco units.

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- Consolidated net income increased by 4.8% to CZK 4.0 billion, or by 5.5% excluding the effect of the exchange rate.
- Total sales of cigarettes and heated tobacco units by Philip Morris ČR a.s. and Philip Morris Slovakia s.r.o. reached 13.3 billion units, an increase by 3.9% compared to 2018.
- The estimated market share (in the market for cigarettes and heated tobacco units) in the Czech Republic reached 41.3% (an increase of 1.6 percentage points compared to 2018). In Slovakia, the market share reached 57.9% (growth of 0.2 percentage points compared to 2018).

"Looking back at our 2019 results, I want to stress the growing number of adult users of IQOS, a product that, while not risk-free, is a much better choice than continuing to smoke. In the Czech Republic and Slovakia, their number has already reached 452,000. Thanks to the increase in sales of HEETS and IQOS devices, we enjoyed a year-on-year increase in revenues of 21 percent," said about the results Andrea Gontkovičová, the CEO and the Chairman of the Board of Directors of Philip Morris ČR a.s., affiliate of Philip Morris International Inc., which oversees the markets in the Czech Republic and Slovakia, and added: *"The better-than-expected sales of combustible tobacco products were also reflected in the year-on-year growth in net income."*

Reflecting on the current situation, Andrea Gontkovičová stated the following: *"Our last year's business success gives us stability for coping with the situation caused by the COVID-19 pandemic. In this extraordinary period, it is also a natural priority for us to support our employees and their families, to ensure their safety, health and job prospects. We also aspire to be a useful and reliable partner in the communities where we do business. Our success gives us energy and resources for a number of charitable projects, which successfully took off in recent weeks thanks to the personal commitment and initiative of our employees. It is primarily financial, material and voluntary support for medical and social services facilities and for vulnerable communities."*

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 adult smokers who would otherwise continue to smoke cigarettes, as well as society as a whole. *"The most encouraging piece of news is that in both countries, a total of 359,000 adult users have stopped smoking cigarettes and switched to IQOS,"* added Andrea Gontkovičová.

The company Philip Morris International continues to invest in science and technology to offer products that meet the needs of adult smokers and help those who would otherwise continue smoking cigarettes, to switch to better alternatives than continued cigarette smoking. *"Our range of HEETS heated tobacco units consists of seven variants, including three menthol variants. Because we know that taste is an essential prerequisite for an adult smoker to find a satisfactory alternative in heated tobacco and completely replace cigarette smoking with it, we continue to focus on expanding the range of tobacco flavors, including capsule variants. Similarly, we are innovating electronic devices. Last year, we launched the new IQOS 3 DUO, which facilitates the transition from cigarettes to heated tobacco thanks to faster charging. The new model was developed taking into account the feedback from adult users and in accordance with how they are used to using tobacco,"* said Andrea Gontkovičová.

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The 2019 Annual Report is available at:

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

Proposal for a profit distribution:

The Board of Directors of Philip Morris ČR a.s. proposes the payment of a gross dividend of **CZK 1,560**, including distribution of prior years' retained earnings of approximately **CZK 91**. The dividend record date is **May 18, 2020**. The dividend proposal has been reviewed and approved by the Supervisory Board and will be submitted for approval to shareholders by remote voting per rollam. Given the current situation associated with the COVID-19 pandemic, the protection measures taken and their economic consequences, as well as other existing risks, an estimate of our future economic results cannot be inferred from the amount of the dividend.

Documents and information concerning per rollam voting, which must be published pursuant to applicable Czech laws, as well as templates of powers of attorney granting the right to represent the shareholder in per rollam voting, will be available at www.philipmorris.cz in the "For shareholders" section. Shareholders can also obtain them at the company's registered office: Kutná Hora, Vítězná 1, Postcode 284 03, on business days from May 5, 2020 to June 30, 2020, from 2:00 p.m. until 5:00 p.m. The summary of our historical performance set forth above should be read in conjunction with our 2019 Annual Report and is not indicative of future results. Future results involve a number of business risks and uncertainties that are summarized on pages 26 to 28 in our 2019 Annual Report. 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.

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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 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.

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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 March 31, 2020, PMI estimates that approximately 10.6 million adult smokers around the world have already stopped smoking and switched to PMI's heat-not-burn product, available for sale in 53 markets in key cities or nationwide under the IQOS brand. For more information, please visit www.pmi.com and www.pmiscience.com.

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