



PHILIP MORRIS ČR

In Kutná Hora, on March 26, 2019

PRESS RELEASE

**The Board of Directors of Philip Morris ČR a.s. calls for an Ordinary General Meeting;
announces 2018 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 26, 2019, 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 18, 2019 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, 2018. 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 2018:

- Consolidated net income up by 10.1% to CZK 3.8 billion.
- Consolidated revenues, net of excise tax and VAT up by 15.4% to CZK 14.1 billion, or by 16.2% excluding currency.
- Total cigarette market decrease of an estimated 1.6% in Czechia and of an estimated 2.3% in Slovakia.
- The total combined market of cigarettes and smoke-free products in Czechia increased by an estimated 0.7% in 2018 and by an estimated 1.1% in Slovakia, respectively.
- Shipment volume decrease of 2.7% in Czechia and increase of 3.7% in Slovakia.

„The growth of our 2018 revenues, net of excise taxes and VAT, was driven by favorable pricing on our combustible portfolio¹ in both Czechia and Slovakia and sales of IQOS devices and HEETS. Our operating expenses increased by approximately CZK 1.4 bio due to incremental costs associated with IQOS commercialization. Considering the limited risk distributor arrangement with regards to commercialization of IQOS, where our remuneration model is set on the basis of margin on revenues from sales, the growth of our net operating income was driven solely by favorable pricing on our combustible products.“ 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 Czechia and Slovakia.

„We have again received a strong confirmation from adult smokers in both countries that they are switching from cigarettes to better alternatives. During 2018, we registered 165,000 and 81,000 new IQOS users in the Czech and Slovak Republic, respectively. Since the launch of IQOS in summer 2017, we registered a total of 226,000 users in Czech Republic and 111,000 in Slovak Republic that benefit from the fact that switching completely to IQOS presents less risk to health than continuing to smoke. IQOS emits 95% less harmful chemicals compared to cigarettes². It is important to add that IQOS is not risk free. It delivers nicotine, which is addictive. In terms of market share, HEETS reached 2.6% in the Czech Republic and 3.7% in Slovak Republic in 2018.“ added Árpád Könye.

¹ Combustible portfolio includes cigarettes, cigarillos, tobacco for make-your-own cigarettes and volume tobacco for make-your-own cigarettes

² Average reduction in levels of a broad range of harmful chemicals (excluding nicotine) compared to the smoke of a reference cigarette (3F4R). **It does not necessarily equal a 95% reduction in risk.**

Philip Morris ČR a.s.
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The 2018 Annual Report is available at:

<http://www.philipmorris.cz>

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 CZK 1,600 per share, including distribution of prior years' retained earnings of approximately CZK 220 per share.

The dividend record date is April 18, 2019. 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 26, 2019 until April 26, 2019, 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 2018 Annual Report and is not indicative of future results. Future results involve a number of business risks and uncertainties that are summarized on page 50 in our 2018 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.

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 27 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: Building 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, smoke-free products and associated electronic devices and accessories, and other nicotine-containing products in markets outside the U.S. 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 heated tobacco and nicotine-containing vapor products. As of Dec. 31, 2018, PMI estimates that approximately 6.6 million adult smokers around the world have already stopped smoking and switched to PMI's heated tobacco products, which are currently available for sale in 44 markets in key cities or nationwide under the *IQOS* brand. For more information, see our PMI www.pmi.com and PMIScience www.pmisience.com websites.