INTERIM MANAGEMENT STATEMENT
FOR THE THIRD-QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2013

Philip Morris ČR a.s. is the largest manufacturer and marketer of tobacco products in the Czech Republic, providing adult smokers with popular international and local brands such as *Marlboro*, *L&M*, *Red & White*, *Philip Morris*, *Chesterfield*, *Petra* and *Sparta* in more than 50 variants across different price segments.

Philip Morris ČR a.s. is an affiliate of Philip Morris International Inc. (“PMI”). Philip Morris ČR a.s. has a 99% interest in Philip Morris Slovakia s.r.o. registered in Slovakia.

Consolidated Highlights (CZK million)

	Third-Quarter			Nine Months Year-to-Date		
	2013	2012	Change in %	2013	2012	Change in %
Revenues, net of excise tax and VAT	3 260	3 302	(1.3)	9 288	9 586	(3.1)

Shipments per Segment (in million units' equivalent)[1]

	Third-Quarter			Nine Months Year-to-Date		
	2013	2012	Change in %	2013	2012	Change in %
Czech Republic	2 168	2 235	(3.0)	6 076	6 523	(6.9)
Slovakia	969	876	10.6	2 683	2 617	2.5
Exports	4 471	4 932	(9.3)	13 941	14 458	(3.6)
Total	7 608	8 043	(5.4)	22 700	23 598	(3.8)

Summary of Performance

Consolidated revenues, net of excise tax and VAT, of CZK 3.3 billion decreased by 1.3% in the third quarter of 2013 versus the same period in 2012, due to unfavorable volume/mix in the Czech Republic and lower exports to other PMI affiliates, partially offset by favorable pricing in the Czech Republic and Slovakia, favorable volume/mix in Slovakia and favorable currency of CZK 56 million. Excluding the impact of currency, consolidated revenues, net of excise tax and VAT, decreased by 3.0% versus the same period in 2012. For the first nine months of 2013, consolidated net revenues decreased by 3.1% to CZK 9.3 billion, due to unfavorable volume/mix in the Czech Republic and lower exports to other PMI affiliates, partially offset by favorable pricing in the Czech Republic and Slovakia and favorable currency of CZK 130 million. Excluding the impact of currency, consolidated revenues, net of excise tax and VAT, decreased by 4.5% versus the same period in 2012.

[1] Shipments include other tobacco products such as cigarillos, make-your-own cigarettes (0.73 g is equivalent to 1 cigarette) and make-your-own volume cigarettes (0.60 g is equivalent to 1 cigarette). These conversion rates were adopted in the fourth quarter of 2012, therefore the shipments per segment for the third-quarter and nine months ended September 30, 2012 were restated using the current conversion rates.

Business in the Czech Republic

Domestic revenues, net of excise tax and VAT, increased by 0.2% in the third quarter of 2013 versus the same period in 2012 driven by favorable pricing of CZK 73 million, partially offset by unfavorable volume/mix of CZK 70 million reflecting the impact of the excise tax and VAT driven price increases implemented by Philip Morris ČR a.s. in 2013. For the first nine months of 2013, net revenues declined by 6.3%, due to unfavorable volume/mix of CZK 329 million, reflecting mainly the impact of the excise tax-driven price increases implemented by Philip Morris ČR a.s. in 2012 and the excise tax and VAT driven price increases implemented in 2013, partially offset by favorable pricing.

In the third quarter of 2013, the total cigarette market in the Czech Republic increased by an estimated 2.0 % to 5.4 billion units versus the same period in 2012, mainly reflecting the favorable impact of estimated competitors' trade inventory movements and stronger seasonality, partly offset by the impact of the excise tax and VAT driven price increases implemented in 2013. In the first nine months of 2013, the total cigarette market was down by an estimated 1.8% to 14.9 billion units, reflecting mainly the impact of excise tax driven price increases in 2012, the excise tax and VAT driven price increases reflected in the selling prices in 2013, the weak economic and employment environment, the increased prevalence of illicit trade in tobacco products and the continued growth of the lower-taxed fine cut tobacco category.

According to retail audit research conducted by ACNielsen Czech Republic s.r.o., the cigarette market share of Philip Morris ČR a.s. declined by 2.5 points to 48.1% in the third quarter of 2013, principally reflecting the continued share declines of local brands and *Red & White*, partially offset by a higher share for *L&M*, *Philip Morris* and *Chesterfield*. *L&M's* and *Chesterfield's* growth was supported by the successful launch of *L&M* Forward in the mid-price segment in January 2013 and *Chesterfield* C-Press in the low price segment in June 2013. Both products compete in the growing category of cigarettes using a menthol capsule in the filter. In the first nine months of 2013, market share declined by 1.7 points to 49.1%, reflecting similar trends.

The Czech domestic shipments of Philip Morris ČR a.s. decreased by 3.0% in the third quarter of 2013 versus the same period in 2012, reflecting lower market share, partially offset by a higher total market as described above. In the first nine months of 2013, domestic shipments decreased by 6.9%.

In addition to PMI brands, as part of the cooperation agreement between PMI and the China National Tobacco Corporation ("CNTC"), Philip Morris ČR a.s. continues to distribute and sell *RGD* in the Czech Republic. Shipments of *RGD* are neither recorded in Philip Morris ČR a.s. reported shipment volumes nor in reported market shares. The respective financials connected with this business activity are reported in the Philip Morris ČR a.s. financial statements.

Business in Slovakia

Philip Morris Slovakia s.r.o. revenues, net of excise tax and VAT, increased by 23.5% in the third quarter of 2013 versus the same period in 2012 in local currency terms, driven primarily by favorable pricing of EUR 2.7 million, reflecting the price increases implemented by Philip Morris Slovakia s.r.o. in 2013. The net revenues increase was also driven by favorable volume/mix of EUR 1.7 million mainly reflecting the impact of the depletion of trade inventories in the third quarter of 2012, prior to the excise tax increase effective October 1, 2012 and the sell-by date regulation allowing retailers to sell products with prior excise tax rates until October 31, 2012. In the first nine months of 2013, net revenues increased by 11.9%, driven primarily by favorable pricing of EUR 6.8 million reflecting the reasons described above.

In the third quarter of 2013, the total cigarette market in Slovakia increased by an estimated 9.0% to 1.9 billion units versus the same period in 2012, mainly reflecting depletion of trade inventories in the third quarter of 2012, partially offset by the unfavorable impact of the price increases, both noted above. In the first nine months of 2013, the total cigarette market increased by 0.5% to 5.2 billion units.

According to retail audit research conducted by ACNielsen Slovakia s.r.o., in the third quarter of 2013, the market share of Philip Morris Slovakia s.r.o. increased by 0.5 points to 51.6%, primarily driven by the strong performance of *Marlboro, L&M* and *Philip Morris*, partially offset by share declines of local brands and *Red & White*. In the first nine months of 2013 market share was up by 0.9 points to 51.6%, reflecting the same trends. *L&M* further strengthened its position as the market's best-selling cigarette brand in 2013.

The shipments of Philip Morris Slovakia s.r.o. increased by 10.6% and 2.5% in the third-quarter and first nine months of 2013, respectively, both reflecting the higher total market and market share as described above.

In addition to PMI brands, as part of the cooperation agreement between PMI and CNTC, Philip Morris Slovakia s.r.o. continues to distribute and sell *RGD* in Slovakia. Shipments of *RGD* are neither recorded in Philip Morris Slovakia s.r.o. reported shipment volumes nor in reported market shares. The respective financials connected with this business activity are reported in the Philip Morris Slovakia s.r.o. financial statements.

Exports

Export revenues decreased by 12.7% in the third quarter of 2013 versus the same period in 2012, mainly due to lower shipments of cigarettes to other PMI affiliates, partially offset by higher shipments of other tobacco products and by favorable currency. For the same reasons, export revenues decreased by 6.2% in the first nine months of 2013. Excluding the impact of currency, export revenues decreased by 15.4% and 8.4% in the third-quarter and first nine months of 2013, respectively.

Financial Position

Philip Morris ČR a.s. and Philip Morris Slovakia s.r.o. (“the Group”) have sufficient financing and facilities available for the foreseeable future as at September 30, 2013, and there have been no material changes in financial arrangements since the beginning of the financial year 2013.

As of the date of the publication, there have been no material events, transactions or changes regarding the financial position of the Group other than those outlined in this Interim Management Statement. Furthermore, the Board of Directors is not aware of any material events, transactions or changes regarding the financial position of the Group, which have occurred since January 1, 2013, up to and including November 15, 2013, being the date of the publication of this Statement.

Cautionary Statements

Past performance is no guarantee to future performance. Achievement of future results is subject to risks and uncertainties. Investors should bear this in mind as they consider whether to invest, or remain invested, in the shares of Philip Morris ČR a.s.

In Kutná Hora on November 15, 2013

András Tövisi
Chairman of the Board of Directors
Philip Morris ČR a.s.

Stanislava Juríková
Member of the Board of Directors
Philip Morris ČR a.s.