



Philip Morris Lithuania

Success story in Lithuania

October 2010

Chicago

Company Overview - Philip Morris International



- World's largest international tobacco manufacturer (excl. PRC)
- Headquartered in New York City
- Center of Operations Lausanne, Switzerland
- 15.4% share of the international tobacco market, excluding USA
- Produces Marlboro - the world's most popular tobacco brand
- Products sold in more than 160 countries worldwide
- 77,600 employees, 100 different nationalities

Philip Morris in Baltic countries and Lithuania



- PMI is the leading tobacco company in the three Baltic countries
- One of the biggest investors in Lithuania
- Currently, the only tobacco manufacturer in the Baltic countries
 - More than 450 employees
 - Produce 800+ cigarette variants
 - Exports majority of products to international markets

Why Lithuania? The PMI Perspective

- Good geographic location of the country
- Reasonable size of the market
 - Good potential to expand business to Latvia and Estonia
- Government dedicated to free market values
 - Ready to develop and modernize the country
- Regional authorities foster a investor friendly environment
- Open and transparent privatization process in the region in early 90's
 - international public tender to sell state owned company



Philip Morris Lithuania – Important Dates

1993

PMI wins the first international privatization tender in Lithuania

1995

Green field investment project starts - building of the new cigarette manufacturing facility

1997

New factory begins operations

2001

Launch of the new tobacco primary line

2002

Old factory buildings handed over to the Klaipeda city municipality

2004

Expansion of the manufacturing capacities – output doubles

2005

ISO 14001 environment protection and ISO 9001 quality systems

2007

New brand line to process burley tobacco launched

2008

Automated system for transportation and palletization of finished goods installed

2010

Installation of the flash tower dryer

The Investments in Lithuania made by PMI since 1993 exceed 143 million USD

Philip Morris Lithuania – impact on the economy

- PMI is one of Lithuania's top 10 investors
- The second largest tax payer in the country (includes excise tax & corporate taxes)
- 450 direct and approximately 1,000 indirect jobs



Advantages of Lithuania – The PMI View

- Convenient infrastructure
 - Sea port, road and rail connections
- Communications and IT literacy
- Stable banking sector
- System of free economic zones and industrial parks
- Competitive labor costs & highly qualified, dedicated, quick learning work force
 - Successful PMI international careers launched from Lithuania operations
- Simple country tax structure
 - Corporate tax 15%
 - Dividends 0 to 15%
 - Real estate tax 0.3-1%



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