



KARELIA

Contact: Joanna Kamarinopoulos
Public Relations Manager
Karelia Tobacco Company
info@karelia.gr

Greece's Largest Cigarette Manufacturer and Exporter of Own Trademark Brands:

KARELIA TOBACCO COMPANY INC.

March 7, 2003 – "Karelia Tobacco Company is Greece's largest cigarette manufacturer and exporter of own trademark brands." Andrew Karelias, Managing Director, made the announcement upon the disclosure of the Company's year-end financial results for 2002. The Company's net profits before taxes rose by 11% to 24,5 mn euros compared with 22 mn euros in 2001, while net profits before income tax rose by 31% to 24 mn euros, compared to 18.2 mn euros in 2001. Net turnover sales increased by 27% as they exceeded 117 mn euros, compared to the exact brand sales in 2001, which totaled 91.5 mn euros.

KARELIA continued to assert the presence and strength of its well known brands as overall sales surpassed 8,7 bn cigarettes. Export sales totaled more than 5,6 bn cigarettes, posting a sharp increase of 62% compared with 2001. Karelia brands George Karelias and Sons, Karelia Slims and others, entered new duty-free and domestic markets in Europe, the Far East and the Middle East, bringing the Company's activities to a total of sixty markets worldwide.

Last year, KARELIA established a new subsidiary, Karelia Tobacco Company (UK) Ltd., for the purpose of selling its brands on the English domestic market. Karelia Slims was launched and distributed in all the major stores and specialist tobacconist shops. The Company is now extending the distribution to other retailers through wholesale and cash and carry trade.

On the Greek domestic market, the Company's market share rose for the third consecutive year to 8,78%. Cigarette sales surpassed 2,9 bn sticks, as brands Karelia Slims, George Karelias and Sons and Karelia Ultra Low 25's, experienced upward sales trends. Finally, "Rex Mild 25's" was introduced last October.

Karelia sales also forged ahead in the Greek Duty Free sector, increasing by 34%. Sales of Karelia brands to Hellenic Duty Free Shops, which has airports and border shops throughout the country, were second only to Philip Morris, while Karelia Slims, was and remains the best-selling cigarette brand on-board Olympic Airways. Meridian, the Company's Athens-based duty-free subsidiary, exceeded their sales to ship crews and embassy staff.

As part of its continual upgrade to meet higher production demand, Karelia is completing the largest investment program in recent years, totaling over 17 mn. euros. This includes the transformation of the filter production department, and the installation of two additional cigarette making/packing systems, one of which shall have the capability to produce 16,000 cigarettes per minute.

###