



PHILIP MORRIS INTERNATIONAL

Consumer Analyst Group of Europe (CAGE) Conference

March 17, 2015

Jacek Olczak

Chief Financial Officer

Philip Morris International



Forward-Looking and Cautionary Statements

- This presentation and related discussion contain forward-looking statements. Achievement of projected results is subject to risks, uncertainties and inaccurate assumptions, and PMI is identifying important factors that, individually or in the aggregate, could cause actual results to differ materially from those contained in any forward-looking statements made by PMI
- PMI's business risks include: significant increases in cigarette-related taxes; the imposition of discriminatory excise tax structures; fluctuations in customer inventory levels due to increases in product taxes and prices; increasing marketing and regulatory restrictions, often with the goal of reducing or preventing the use of tobacco products; health concerns relating to the use of tobacco products and exposure to environmental tobacco smoke; litigation related to tobacco use; intense competition; the effects of global and individual country economic, regulatory and political developments; changes in adult smoker behavior; lost revenues as a result of counterfeiting, contraband and cross-border purchases; governmental investigations; unfavorable currency exchange rates and currency devaluations; adverse changes in applicable corporate tax laws; adverse changes in the cost and quality of tobacco and other agricultural products and raw materials; and the integrity of its information systems. PMI's future profitability may also be adversely affected should it be unsuccessful in its attempts to produce products that have the potential to reduce exposure to harmful constituents in smoke, individual risk and population harm; if it is unable to successfully introduce new products, promote brand equity, enter new markets or improve its margins through increased prices and productivity gains; if it is unable to expand its brand portfolio internally or through acquisitions and the development of strategic business relationships; or if it is unable to attract and retain the best global talent
- PMI is further subject to other risks detailed from time to time in its publicly filed documents, including the Form 10-K for the year ended December 31, 2014. PMI cautions that the foregoing list of important factors is not a complete discussion of all potential risks and uncertainties. PMI does not undertake to update any forward-looking statement that it may make from time to time, except in the normal course of its public disclosure obligations
- A glossary of terms and a data table showing adjustments to EPS are at the end of today's webcast slides, which are also posted on our website
- Reduced-Risk Products ("RRPs") is the term we use to refer to products with the potential to reduce individual risk and population harm in comparison to smoking combustible cigarettes

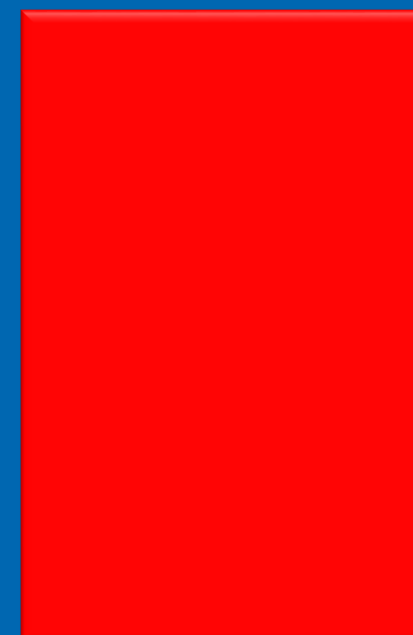


Robust Currency-Neutral Adjusted Diluted EPS Growth in 2014

- Market-specific challenges addressed
- Manufacturing footprint optimized
- *Marlboro* 2.0 introduced
- *iQOS* RRP platform and *Marlboro HeatSticks* launched in pilot cities in Japan and Italy

Variance (2014 vs. PY)

7.8%



Adjusted
Diluted EPS^(a)

(a) Excluding currency

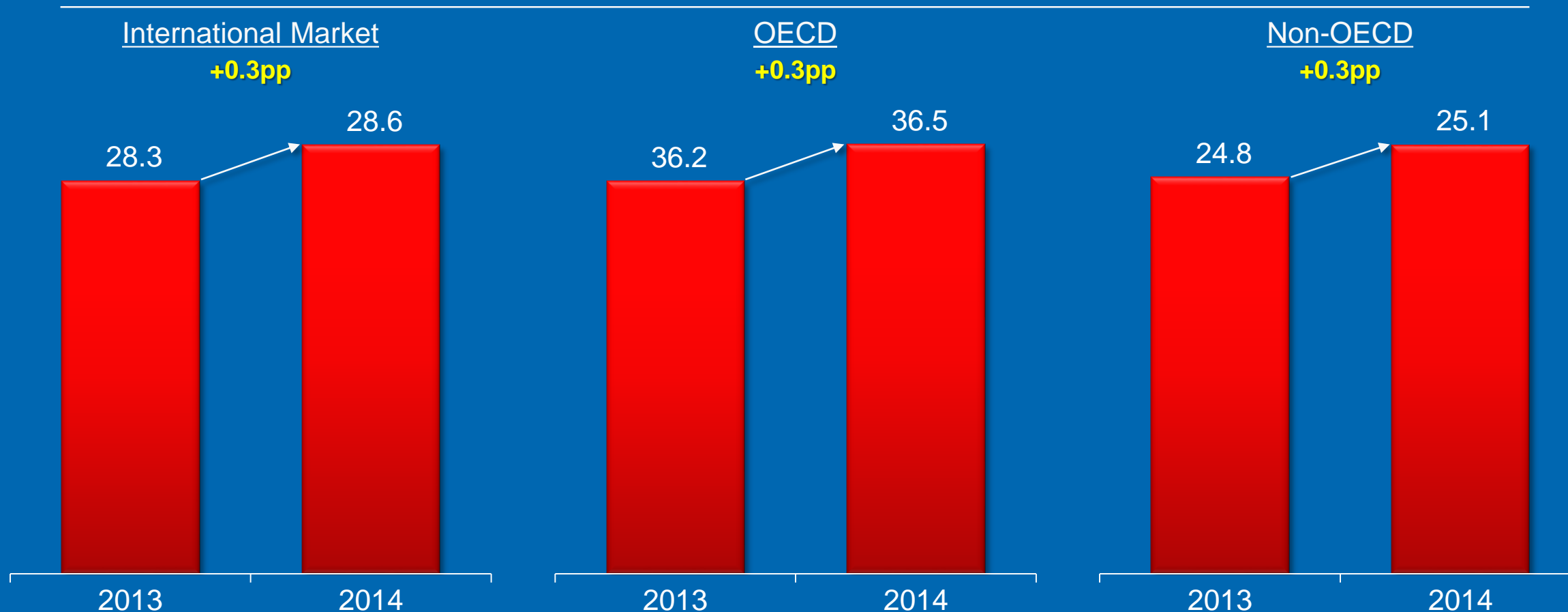
Note: Reduced-Risk Products ("RRPs") is the term we use to refer to products with the potential to reduce individual risk and population harm in comparison to smoking combustible cigarettes

Source: PMI Financials



Strong Business Momentum

PMI Market Shares (%)^(a)

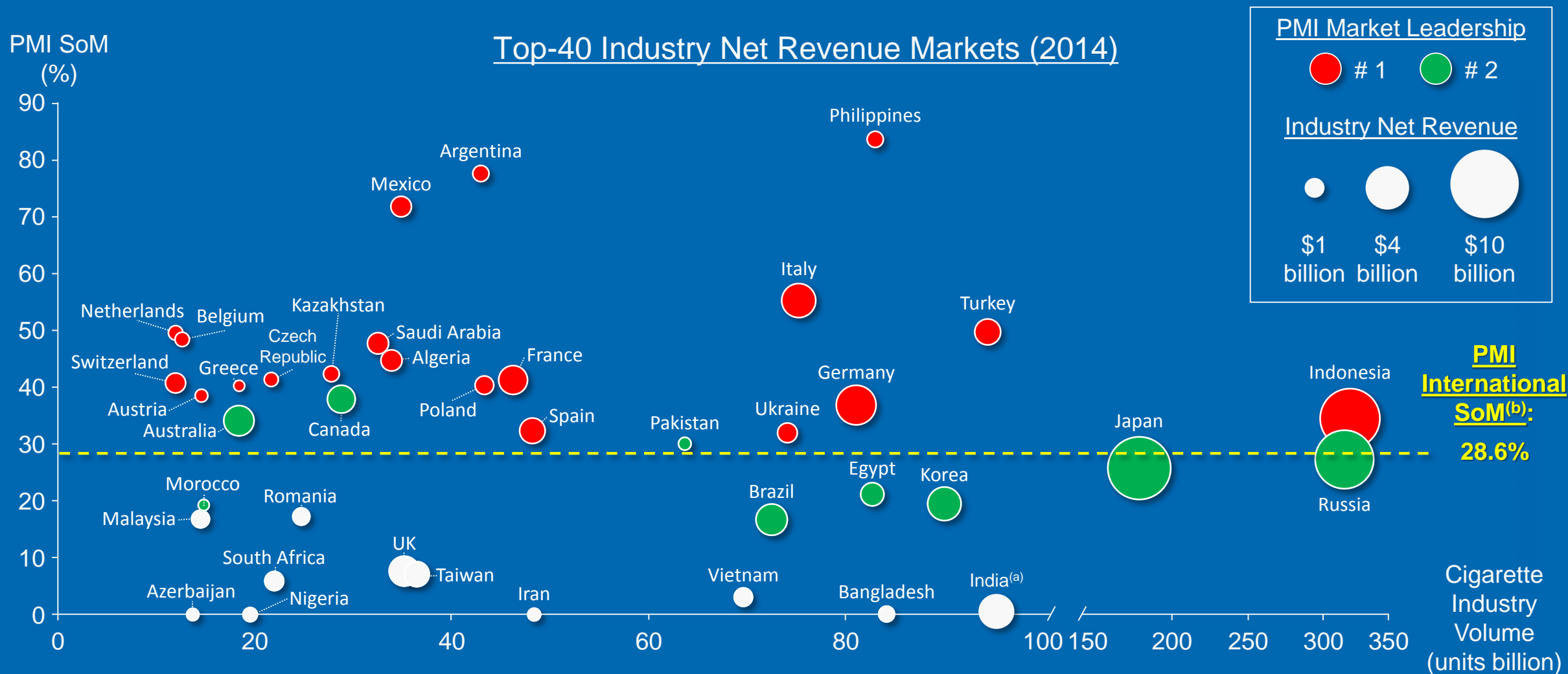


(a) Excluding China and the U.S.
Source: PMI estimates



PHILIP MORRIS
INTERNATIONAL

Global Leadership



(a) Excluding equity participation in Godfrey Phillips India Ltd.

(b) Excluding China and the U.S.

Source: PMI estimates, Hankook Research, InfoView Technologies Pty Ltd., Nielsen and Tobacco Institute of Japan



PHILIP MORRIS
INTERNATIONAL

Strong Business Momentum

PMI Share of Cigarette Price Segments (2014)^(a)

Variance
vs. PY:

(0.1)pp

+0.6pp

– pp

51.0%

22.4%

19.0%

Premium

Mid

Low

(a) Excluding China and the U.S., current view

Note: Premium includes above-premium, Low includes super-low and undefined

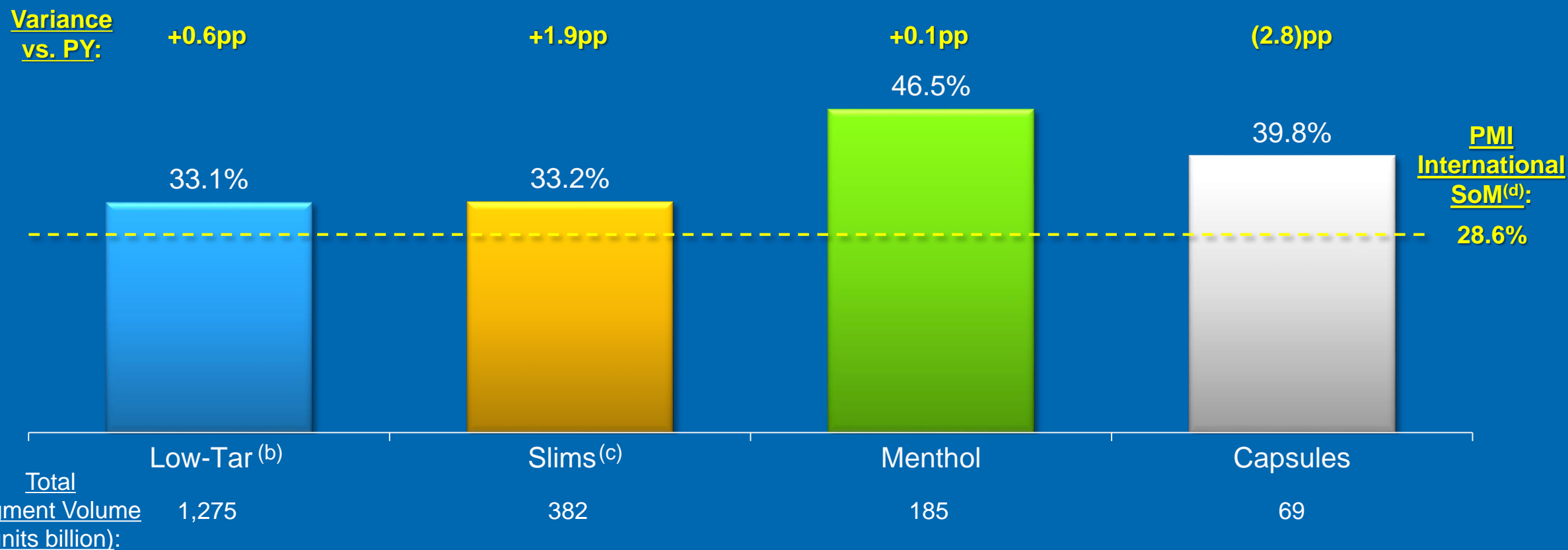
Source: PMI estimates



PHILIP MORRIS
INTERNATIONAL

Strong Business Momentum

PMI Share of Key Growth Segments (2014)^(a)



(a) Excluding China and the U.S., current view

(b) Includes lights, ultra lights and super lights

(c) Includes slims, extra slims, super slims and micro slims

(d) Excluding China and the U.S.

Source: PMI estimates

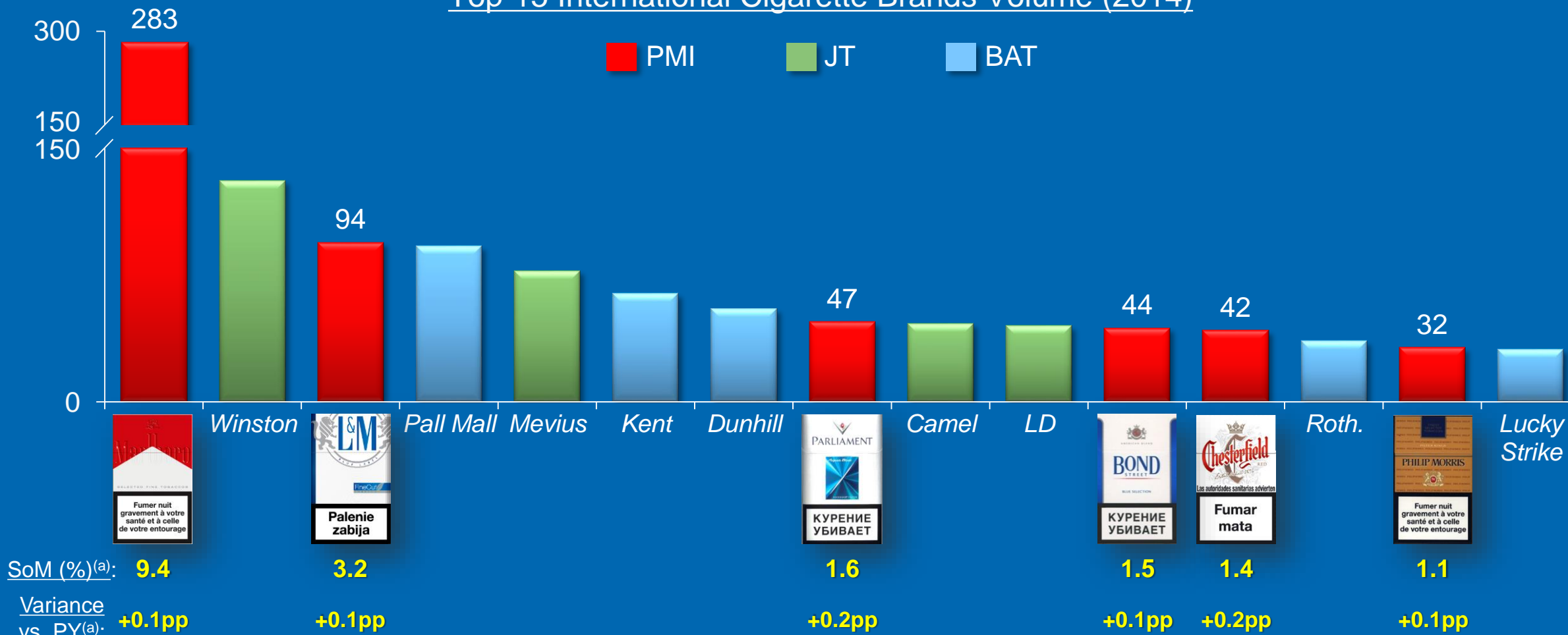


PHILIP MORRIS
INTERNATIONAL

Brand Portfolio Leadership

(units billion)

Top-15 International Cigarette Brands Volume (2014)



(a) Excluding China and the U.S.

Note: Roth. is Rothmans

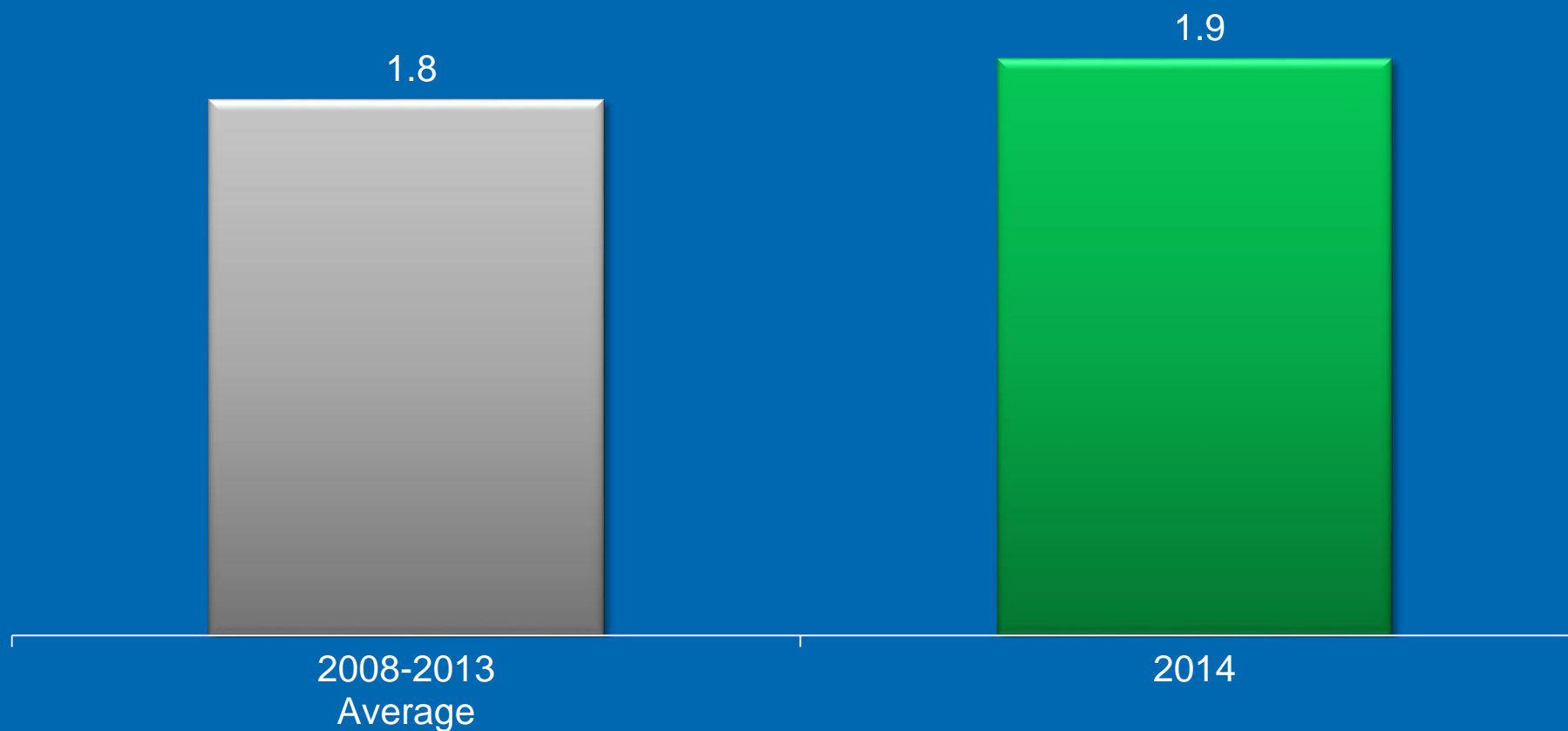
Source: PMI data from PMI Financials and PMI estimates. Competitive data for BAT and JT derived from company reports and PMI estimates



PHILIP MORRIS
INTERNATIONAL

Strong Pricing Variance

PMI Pricing Variance (\$ billion)





Positive Start to 2015

- EU Region: cigarette industry volume decline has moderated and PMI is gaining market share
- Russia: significant cigarette industry volume decline offset by large price increases. PMI market share reached a record level of 27.1% in 2014
- Indonesia: market share YTD February, 2015, increased by 0.7 points to 35.4%
- Philippines: retail price increases at the bottom end of the market are helping to improve unit margins and mix



Plain Packaging

- WTO and BIT claims are ongoing
- Evidence so far from Australia is that plain packaging:
 - Encourages illicit trade
 - Has not impacted adult smoking prevalence trends
- Plain packaging is a deprivation of property and shows a seeming indifference to adult choice
- Ireland and the UK have passed plain packaging legislation though not yet in effect
- Laws in the EU should provide a stronger basis for legal challenge than under the Australian constitution
- We will vigorously defend our intellectual property rights and protect our shareholders' interests





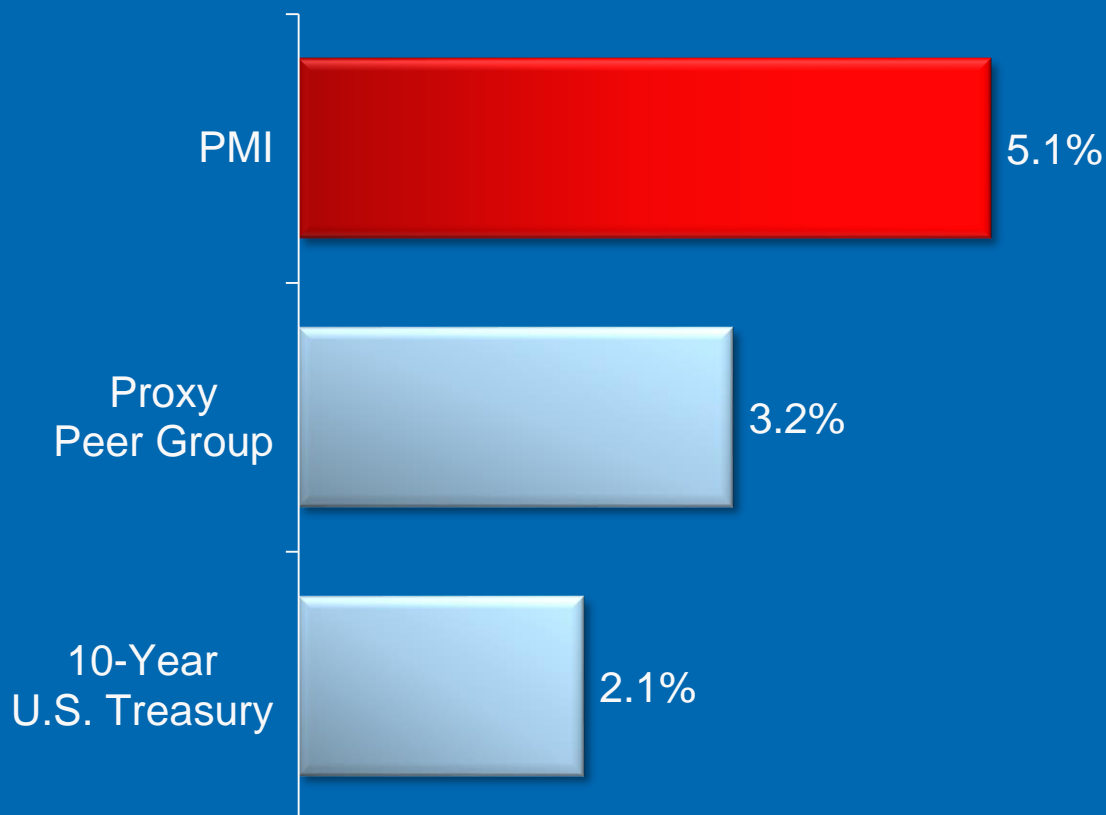
We Seek to Mitigate the Currency Headwind

- Transactional hedges
- Balance sheet hedging
- Leveraging local manufacturing and the local sourcing of supplies
- Judicious management of working capital and capital expenditures

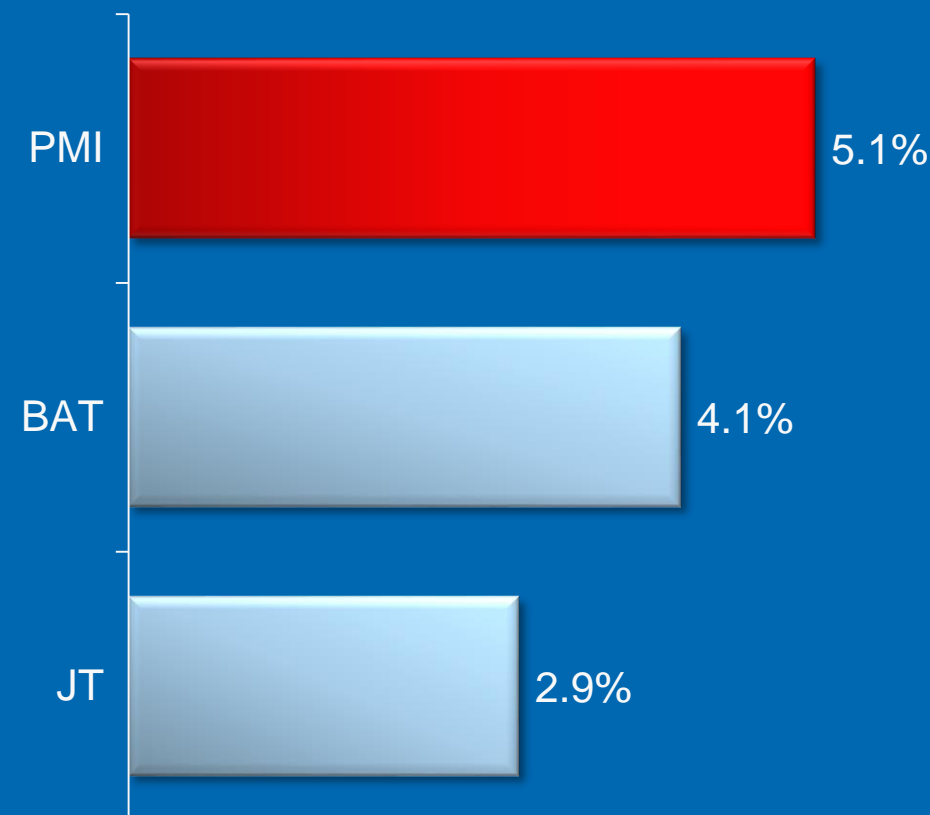


Very Attractive Dividend Yield

PMI Dividend Yield vs. Benchmarks
(March 12, 2015)



PMI Dividend Yield vs. Select Tobacco Peers
(March 12, 2015)



Note: Dividend yield represents the annualized dividend on March 12, 2015 over the closing share price on that date. The share price for PMI was \$78.73 as of March 12, 2015. The current annualized dividend for PMI was \$4.00. The Proxy Peer Group includes both the compensation survey group and the tobacco peers. A list of the companies in the compensation survey and tobacco peer groups is available in the glossary

Source: PMI Financials, FactSet and Bloomberg, compiled by Centerview



PHILIP MORRIS INTERNATIONAL

Consumer Analyst Group of Europe (CAGE) Conference March 17, 2015

Jacek Olczak
Chief Financial Officer
Philip Morris International

QUESTIONS & ANSWERS

Download PMI's
Investor Relations App at
www.pmi.com/irapp



PHILIP MORRIS INTERNATIONAL

Glossary and Reconciliation of Non-GAAP Measures



Glossary: General Terms

- PMI stands for Philip Morris International Inc. and its subsidiaries
- Until March 28, 2008, PMI was a wholly owned subsidiary of Altria Group, Inc. ("Altria"). Since that time the company has been independent and is listed on the New York Stock Exchange (ticker symbol "PM")
- PMI volumes refer to PMI cigarette shipment data, unless otherwise stated
- References to total international cigarette market, total cigarette market, total market and market shares reflect our best estimates based on a number of internal and external sources
- Trademarks are italicized



Glossary: Financial Terms

- Net revenues exclude excise taxes
- EPS stands for Earnings per Share
- Free cash flow is defined as net cash provided by operating activities less capital expenditures
- Operating Companies Income, or "OCI", is defined as operating income, excluding general corporate expenses and the amortization of intangibles, plus equity (income) or loss in unconsolidated subsidiaries, net. OCI growth rates are on an adjusted basis, which excludes asset impairment, exit and other costs
- Adjusted OCI is defined as reported OCI adjusted for asset impairment, exit and other costs
- Historical view extracts the share data as reported at a given period, while current view generates the restated data across all periods as per the latest attribute information



Glossary: Industry/Market Terms

- BIT stands for the Australia-Hong Kong Bilateral Investment Treaty
- EU refers to the European Union Region
- Illicit trade refers to domestic non-tax paid products
- OECD stands for Organisation for Economic Co-operation and Development
- SoM stands for Share of Market
- WTO stands for the World Trade Organization



Glossary: Reduced-Risk Products

- *HeatStick* tobacco sticks are novel patented tobacco products specifically designed by PMI for use with PMI's *iQOS* system. The tobacco in the *HeatStick* is heated by our *iQOS* technology to provide adult smokers with real tobacco taste and satisfaction without combustion
- *iQOS* is the new brand name under which PMI has chosen to commercialize the Platform 1 electronic system
- Reduced-Risk Products ("RRPs") is the term the company uses to refer to products with the potential to reduce individual risk and population harm in comparison to smoking combustible cigarettes. PMI's RRP's are in various stages of development, and we are conducting extensive and rigorous scientific studies to determine whether we can support claims for such products of reduced exposure to harmful and potentially harmful constituents in smoke, and ultimately claims of reduced disease risk, when compared to smoking combustible cigarettes. Before making any such claims, we will need to rigorously evaluate the full set of data from the relevant scientific studies to determine whether they substantiate reduced exposure or risk. Any such claims may also be subject to government review and approval, as is the case in the U.S. today



PHILIP MORRIS
INTERNATIONAL

PMI Peer Groups

Compensation Survey Group

- BAT
- Bayer
- Coca-Cola
- Diageo
- GlaxoSmithKline
- Heineken
- Imperial Tobacco
- Johnson & Johnson
- Kraft^(a)
- McDonald's
- Mondelēz International^(b)
- Nestlé
- Novartis
- PepsiCo
- Pfizer
- Roche
- Unilever
- Vodafone

Tobacco Peer Group

- Altria
- BAT
- Imperial Tobacco
- Japan Tobacco
- Lorillard
- Reynolds American

(a) Effective until September 30, 2012

(b) Effective as of October 1, 2012

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures



PHILIP MORRIS
INTERNATIONAL

Reconciliation of Reported Diluted EPS to Adjusted Diluted EPS and Adjusted Diluted EPS, excluding Currency
For the Years Ended December 31,
(Unaudited)

| | 2014 | 2013 | % Change |
|---|----------------|----------------|---------------|
| Reported Diluted EPS | \$ 4.76 | \$ 5.26 | (9.5)% |
| Adjustments: | | | |
| Asset impairment and exit costs | 0.26 | 0.12 | |
| Tax items | - | 0.02 | |
| Adjusted Diluted EPS | \$ 5.02 | \$ 5.40 | (7.0)% |
| Less: | | | |
| Currency impact | (0.80) | | |
| Adjusted Diluted EPS, excluding Currency | \$ 5.82 | \$ 5.40 | 7.8% |



PHILIP MORRIS INTERNATIONAL

Consumer Analyst Group of Europe (CAGE) Conference

March 17, 2015

Jacek Olczak

Chief Financial Officer

Philip Morris International