



# CECP CEO Investor Forum

New York, November 14, 2023

**Jacek Olczak**  
*Chief Executive Officer*

## Introduction

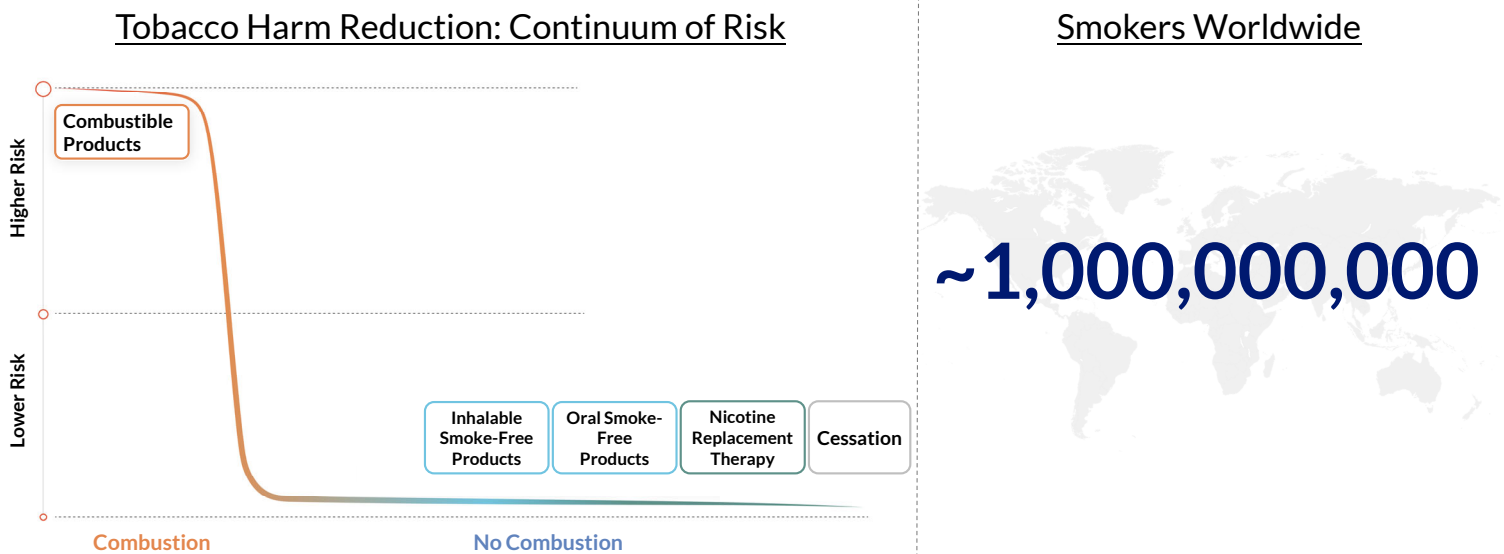
- A glossary of terms, including the definition for smoke-free products<sup>(a)</sup> as well as adjustments, other calculations and reconciliations to the most directly comparable U.S. GAAP measures for non-GAAP financial measures cited in this presentation, and additional net revenue data are available on our [Investor Relations website](#) with additional non-GAAP reconciliations available at the end of this presentation
- In this presentation and in related communications, the term “materiality,” “material,” and similar terms, when used in the context of economic, environmental, and social topics, are defined in the referenced sustainability standards, and are not meant to correspond to the concept of materiality under the U.S. securities laws and/or disclosures required by the U.S. Securities and Exchange Commission

(a) Following the acquisition of Swedish Match, PMI defines “smoke-free products” to include all Swedish Match products other than Swedish Match’s combustible tobacco products, in addition to its heat-not-burn, e-vapor, oral nicotine, and wellness and healthcare products

# Forward-Looking and Cautionary Statements

- This presentation contains projections of future results and goals and other forward-looking statements, including statements regarding business plans, expectations and strategies. Achievement of future results is subject to risks, uncertainties and inaccurate assumptions. In the event that risks or uncertainties materialize, or underlying assumptions prove inaccurate, actual results could vary materially from those contained in such forward-looking statements. Pursuant to the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995, PMI is identifying important factors that, individually or in the aggregate, could cause actual results and outcomes to differ materially from those contained in any forward-looking statements made by PMI
- PMI's business risks include: excise tax increases and discriminatory tax structures; increasing marketing and regulatory restrictions that could reduce our competitiveness, eliminate our ability to communicate with adult consumers, or ban certain of our products in certain markets or countries; health concerns relating to the use of tobacco and other nicotine-containing products and exposure to environmental tobacco smoke; litigation related to tobacco use and intellectual property; intense competition; the effects of global and individual country economic, regulatory and political developments, natural disasters and conflicts; the impact and consequences of Russia's invasion of Ukraine; changes in adult smoker behavior; the impact of COVID-19 on PMI's business; lost revenues as a result of counterfeiting, contraband and cross-border purchases; governmental investigations; unfavorable currency exchange rates and currency devaluations, and limitations on the ability to repatriate funds; adverse changes in applicable corporate tax laws; adverse changes in the cost, availability, and quality of tobacco and other agricultural products and raw materials, as well as components and materials for our electronic devices; and the integrity of its information systems and effectiveness of its data privacy policies. PMI's future profitability may also be adversely affected should it be unsuccessful in its attempts to produce and commercialize reduced-risk products or if regulation or taxation do not differentiate between such products and cigarettes; 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; if it is unable to attract and retain the best global talent, including women or diverse candidates; or if it is unable to successfully integrate and realize the expected benefits from recent transactions and acquisitions. Future results are also subject to the lower predictability of our reduced-risk product category's performance
- PMI is further subject to other risks detailed from time to time in its publicly filed documents, including PMI's quarterly report Form 10-Q for the nine months ended and the quarter ended September 30, 2023, annual report on Form 10-K for the year ended December 31, 2022. 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

# Addressing the Impact of Combustible Tobacco



Note: Charts are used for illustrative purposes; not to scale. Combustible Products include cigarettes, cigars and cigarillos. Inhalable Smoke-Free Products include Heat-not-Burn and e-vapor. Oral Smoke-Free Products include nicotine pouches and snus. Nicotine Replacement Therapy products include patches and gums  
 Source for approximate 1 billion smokers: [WHO Global Report on Trends in Tobacco Smoking 2000-2025, fourth edition](#) (Accessed: May 2023)



# Philip Morris International: Smoke-Free Transformation

~80,000  
Employees<sup>(a)</sup>

~180 Markets  
82 Sell SFPs  
(Sept. 30, 2023)

>220,000  
Contracted  
Tobacco Farmers &  
>30,000 Suppliers<sup>(b)</sup>

Accelerate the end of  
smoking by offering adult  
smokers better alternatives

~\$12bn  
Smoke-Free  
Net Revenues<sup>(c)</sup>

53 Factories<sup>(d)</sup>  
24 Produce SFPs

Ambition to reach >2/3  
smoke-free net revenues  
by 2030

~\$140bn  
Market  
Capitalization  
(Oct. 31, 2023)

Note: Figures are as of December 31, 2022 unless otherwise stated. SFPs stands for Smoke-Free Products

(a) Including Swedish Match's employees; (b) Tobacco farmers whose tobacco is included in PMI packed products, Tier 1 suppliers (parent company), respectively; (c) Pro forma including full-year 2022 Swedish Match results; (d) Including Swedish Match and Vectura Fertin Pharma

Source: PMI Financials or estimates



## Our Statement of Purpose

### Transforming for good



The Company is actively accelerating the decline of cigarette smoking beyond what traditional tobacco control measures can achieve alone.



PMI remains committed to accelerating the end of smoking and laying the foundations of a strong business in areas of wellness and healthcare as we strive to develop commercially successful products that have a net positive impact on society.



This means not only transforming the Company to deliver on its purpose but also inspiring the industry to follow its lead.



PMI's key stakeholder constituencies, which are fundamental to both the achieving of its purpose and to the pace of its progress, will be affected in different ways by PMI's transformation.



PMI believes that with the right regulatory encouragement and support from civil society, cigarette sales can end within 10 to 15 years in many countries.



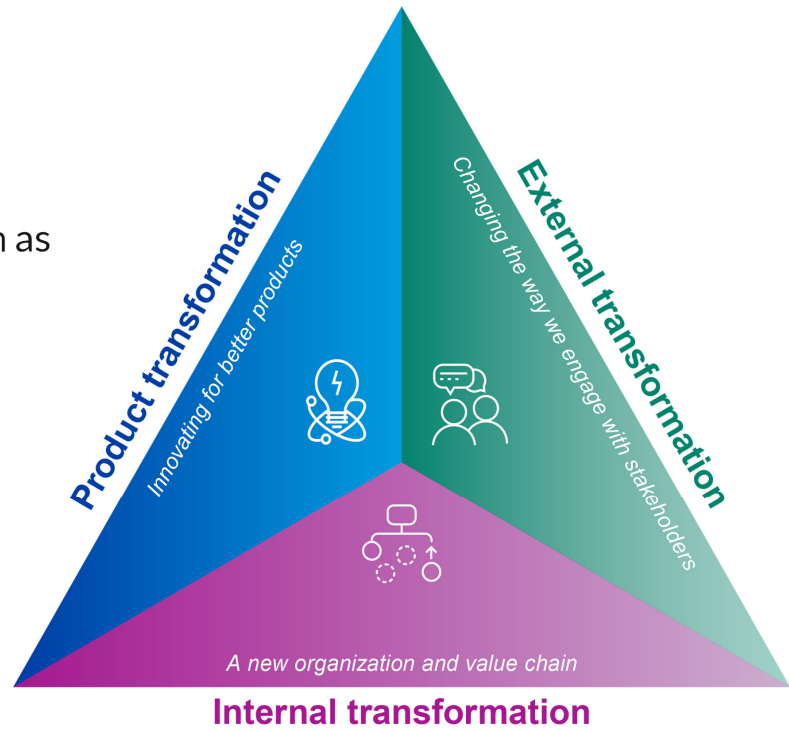
Note: Issued by PMI's Board, PMI's Statement of Purpose was published in 2022 Proxy Statement as an update to the letter to shareholders published in 2017 Proxy Statement and the Statement of Purpose published in 2020 Proxy Statement

Source: ESG Highlights, May 2023



# Transforming for Good and Driving Sustainable Growth

- While a transformation of this magnitude and complexity is not achieved overnight, we are committed to making it happen as fast as possible



Source: PMI 2022 Integrated Report



## Product Transformation: Multicategory Smoke-Free Strategy Prioritizing Heat-not-Burn and Nicotine Pouches

### INHALABLE SMOKE-FREE PRODUCTS

#### Heat-not-Burn



Drive next growth phase through expansion and innovation

#### E-Vapor



Compete in select markets with profitability focus

### ORAL SMOKE-FREE PRODUCTS

#### Nicotine Pouches



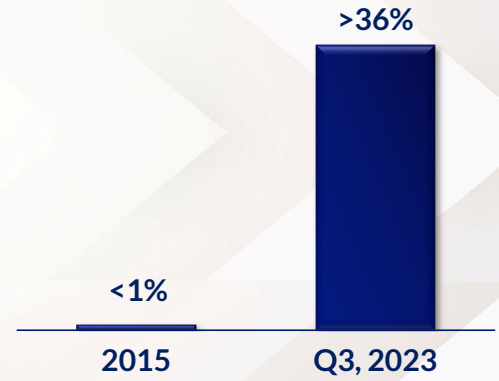
Lead category development and growth



# Unprecedented Pace and Scale of Transformation

- Transformation driving a more sustainable business, with superior growth and returns to shareholders over time
- The greatest opportunity is still ahead:
  - Around 1 billion smokers worldwide
  - Significant further market potential for smoke-free products
  - Swedish Match driving step-up in growth
  - Untapped potential of U.S. for IQOS & ZYN

Smoke-Free Net Revenues<sup>(a)</sup>  
(% of Total PMI Net Revenues)

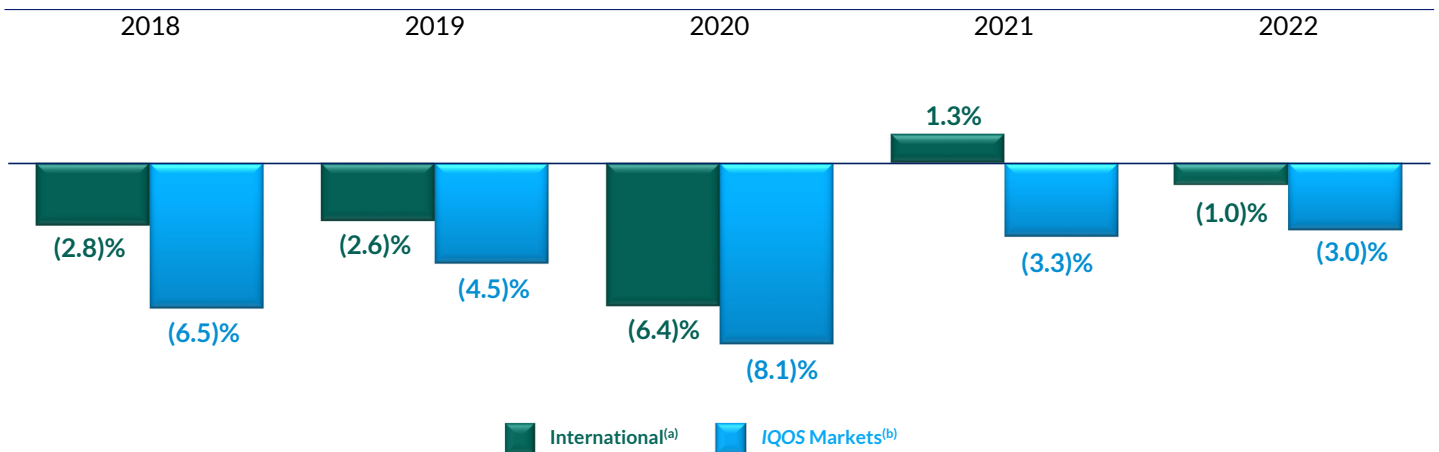


(a) Smoke-Free net revenues include Smoke-Free Products and Wellness and Healthcare segment  
Source: PMI Financials or estimates. Investor Day 2023, presented September 28, 2023



# SFPs Have Important Role to Play in Tobacco Harm Reduction

Cigarette Industry Volume % Change  
Vs. Previous Year



(a) Excluding China and the U.S. Including cigarillos in Japan

(b) Markets where IQOS was present as of Q4, 2017

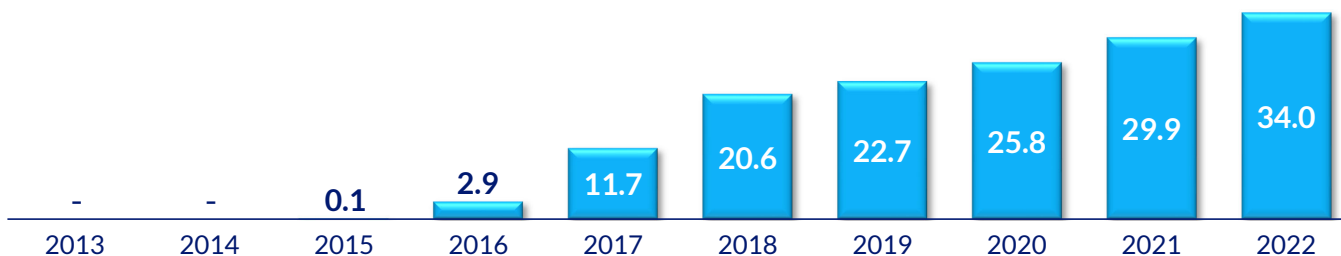
Source: PMI Financials or estimates (as of August 2023). Investor Day 2023, presented September 28, 2023

# Acceleration in Decline of Combustible Category in Japan

Combustible Industry Annual Decline (in %)



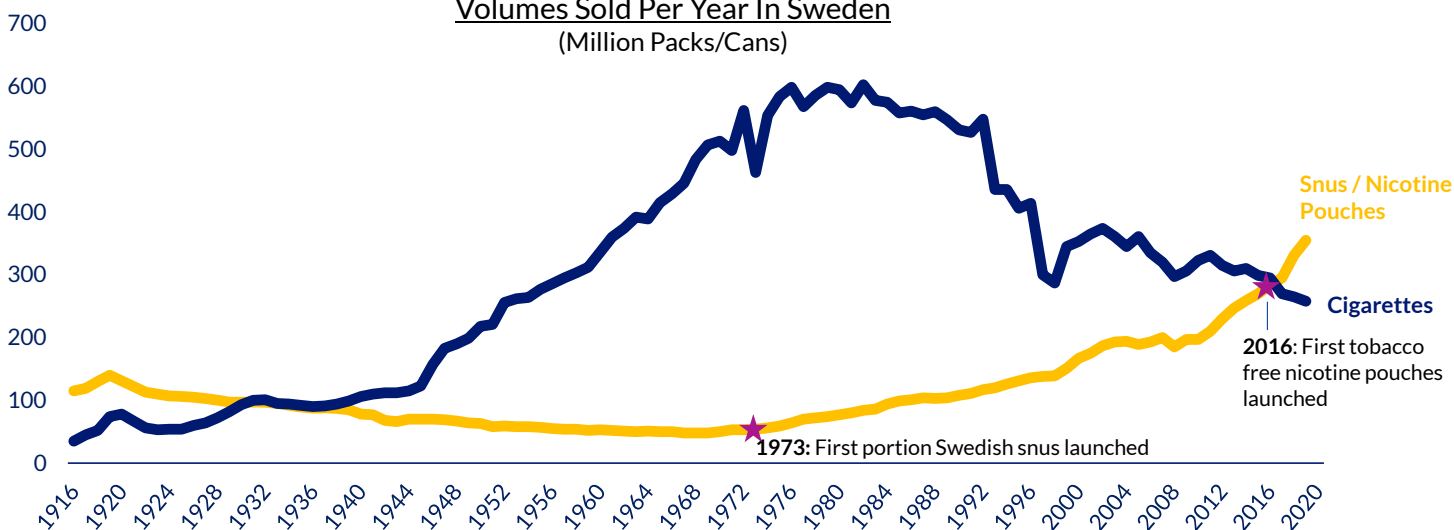
Heat-not-Burn Category Share of Total Market (in %)



Note: Including cigarettes and cigarillos. Temporal associations do not demonstrate cause and effect and are subject to inherent limitations. Specific factors associated with changing cigarette sales volumes over time have not been fully analyzed.  
Source: PMI Financials or estimates

# Significant Decline of Cigarette Sales in Sweden

Volumes Sold Per Year In Sweden  
(Million Packs/Cans)



Note: Temporal associations do not demonstrate cause and effect and are subject to inherent limitations. Specific factors associated with changing cigarette sales volumes over time have not been fully analyzed. 20 cigarettes per pack; 21 estimated average pouches in can for snus and nicotine pouches  
Source: Swedish Match Estimates, SMD Logistics; 2019 TPSAC Meeting Materials and Information | FDA. Investor Day 2023, presented September 28, 2023

# Business Transformation Metrics



	2015	2020	2021	2022
<b>R&amp;D expenditure (smoke-free/total)</b>	<b>70%</b>	<b>99%</b>	<b>99%</b>	<b>99%</b>
<b>Commercial expenditure (Marketing) (smoke-free/total)</b>	<b>8%</b>	<b>76%</b>	<b>73%</b>	<b>74%</b>
<b>Net revenues<sup>(a)</sup> (smoke-free/total)</b>	<b>0.7%</b>	<b>24.2%</b>	<b>29.5%</b>	<b>32.1%</b>
<b>Smoke-free net revenues<sup>(a)</sup> (\$ in billion)</b>	<b>0.2</b>	<b>6.9</b>	<b>9.3</b>	<b>10.2</b>
<b>Combustible tobacco product shipment volume<sup>(b)</sup> (billion units)</b>	<b>877</b>	<b>650</b>	<b>645</b>	<b>641</b>
<b>Smoke-free product shipment volume<sup>(b)</sup> (billion units)</b>	<b>5</b>	<b>80</b>	<b>99</b>	<b>114</b>
<b>Number of markets where net revenues from smoke-free products exceed 50% of total net revenues</b>	<b>-</b>	<b>6</b>	<b>10</b>	<b>17</b>

**35.4%**  
YTD Sept, 2023

**\$9.2**  
YTD Sept, 2023

(a) Smoke-free net revenues include SFP net revenues and net revenues from the Wellness and Healthcare segment  
 (b) Smoke-free products shipment volume includes volume of smoke-free products that can be converted into cigarette equivalent units, such as Heat-not-Burn, e-vapor, and oral nicotine. Total shipment volume includes the listed smoke-free products as well as combustible tobacco products: cigarettes and other tobacco products expressed in cigarette equivalent units. Data does not include Swedish Match and Wellness and Healthcare products  
 Note: R&D expenditure and Net Revenues shown on an adjusted basis  
 Source: PMI Financials or estimates

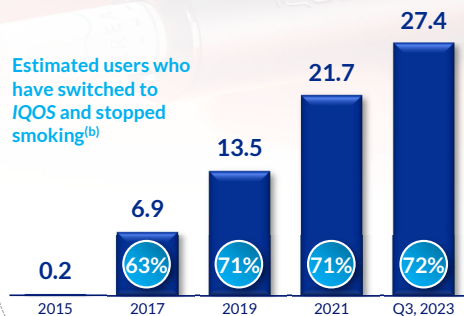
# Delivering on Our Purpose



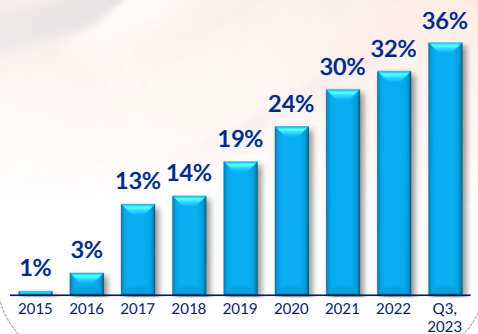
**Cumulative Smoke-Free Product Investments<sup>(a)</sup>**  
(in \$ billion)



**Total IQOS Users<sup>(b)</sup>**  
(in millions)



**Smoke-Free Net Revenues<sup>(c)</sup>**  
(% of Total PMI Adj. Net Revenues)



(a) Reflects research, product and commercial development, production capacity, scientific substantiation, and studies on adult smoker understanding. Include investment since 2008. Does not include commercial deployment costs  
 (b) See Glossary for definition  
 (c) Smoke-free net revenues include SFP and Wellness and Healthcare segment  
 Source: PMI Financials or estimates, IQOS user panels and PMI Market Research

# Transforming for Good: Becoming Substantially Smoke-Free

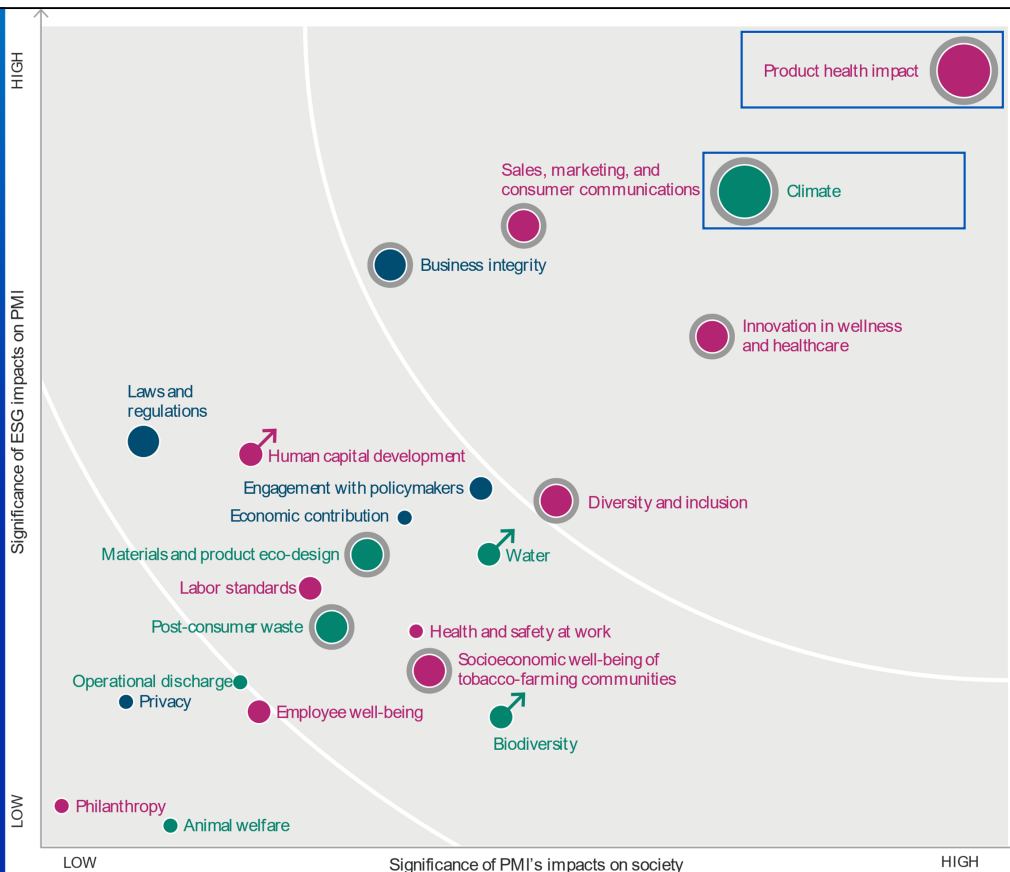
## 2030 Smoke-Free Vision



Smoke-Free  
**>2/3**  
of Net Revenue

Smoke-Free % of Net Revenue	Estimated Number of Markets
50-75%	~20
>75%	~40

Source: PMI Financials or estimates. Investor Day 2023, presented September 28, 2023



## Sustainability Materiality Assessment: the Right Focus



- E** ENVIRONMENTAL
- S** SOCIAL
- G** GOVERNANCE
- Our most material topics
- ↗ Emerging topics

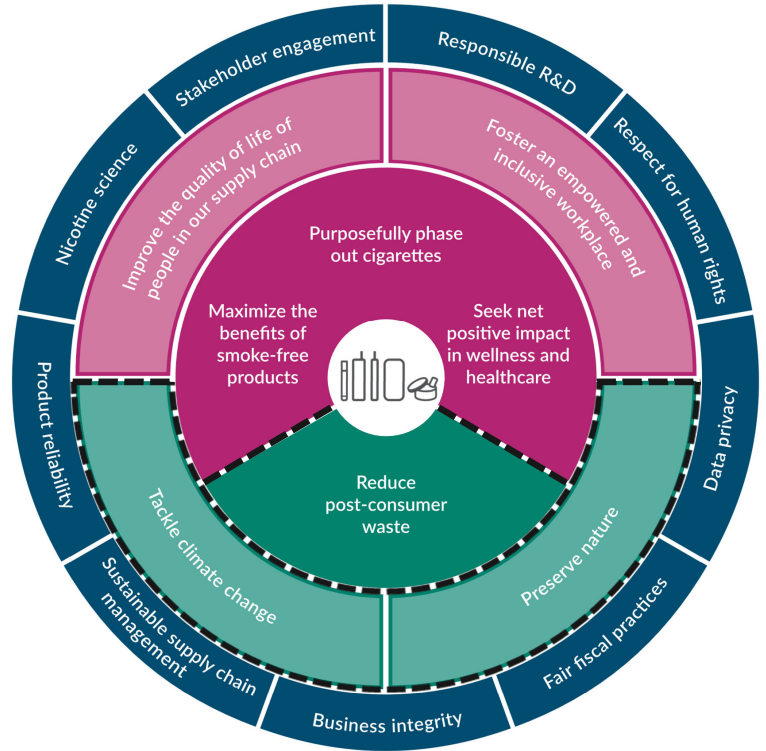
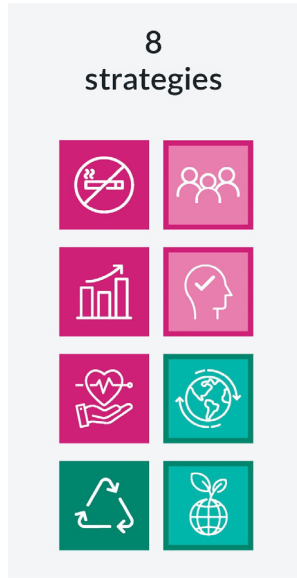
### Relevance to our stakeholders

- Very high
- High
- Medium
- Low

Source: ESG Highlights, May 2023

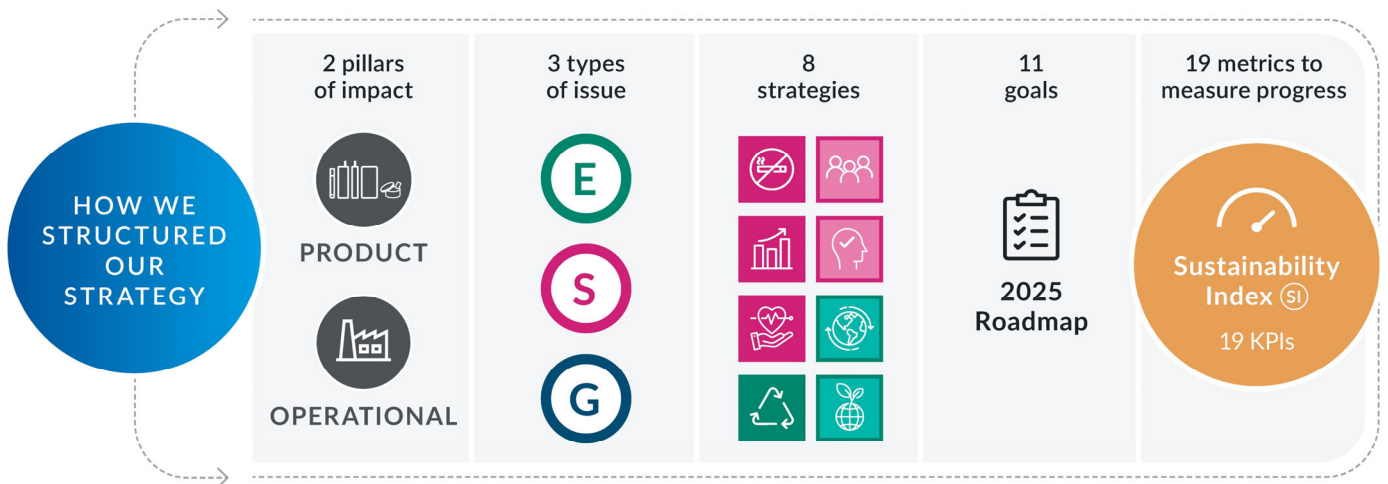


# Our Sustainability Strategy



Source: ESG Highlights, May 2023

# Our Approach to Sustainability

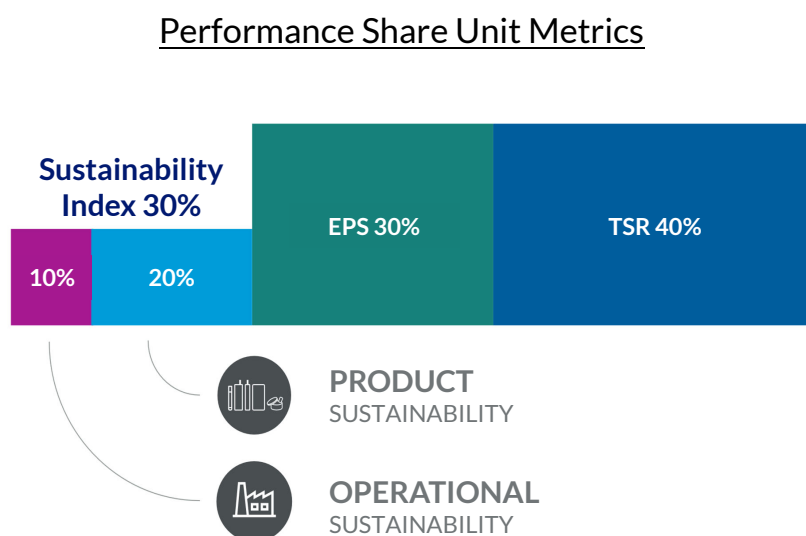


Source: ESG Highlights, May 2023



## Governance: Linking Sustainability Performance to Compensation

- Driving shareholder returns is dependent on delivering on transformation
- Product transformation at the core of sustainable growth and becoming a more sustainable company
- Increasingly direct link to our executive compensation



Source: PMI Proxy Statement 2023. Investor Day 2023, presented September 28, 2023

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## Governance: Linking Sustainability Performance to Financing

- Responds to our most material sustainability topic – product health impact
- Business transformation-linked financing instrument issued in September 2021
- Strong support from finance community for our performance-linked financing

**Revolving Credit  
Facility**

USD **2.5bn**



Source: Investor Day 2023, presented September 28, 2023

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# Our Environmental Strategy

## Tackle Climate Change

- Decarbonize our entire value chain
- Scope 1+2 (direct operation) to be carbon neutral by 2025
- Including scope 3 (indirect operations) to be net-zero by 2040

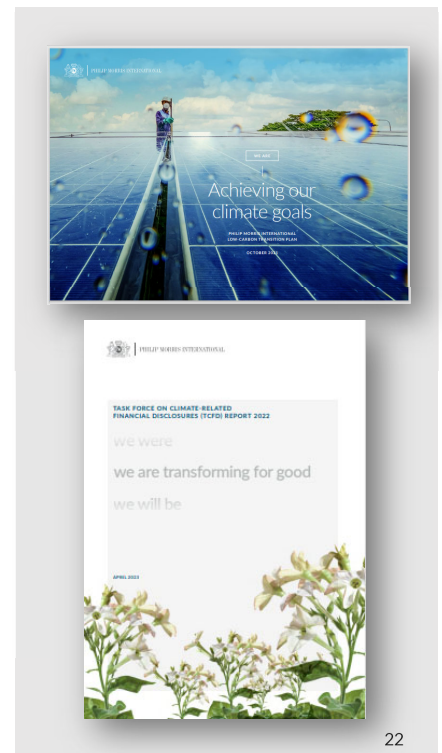
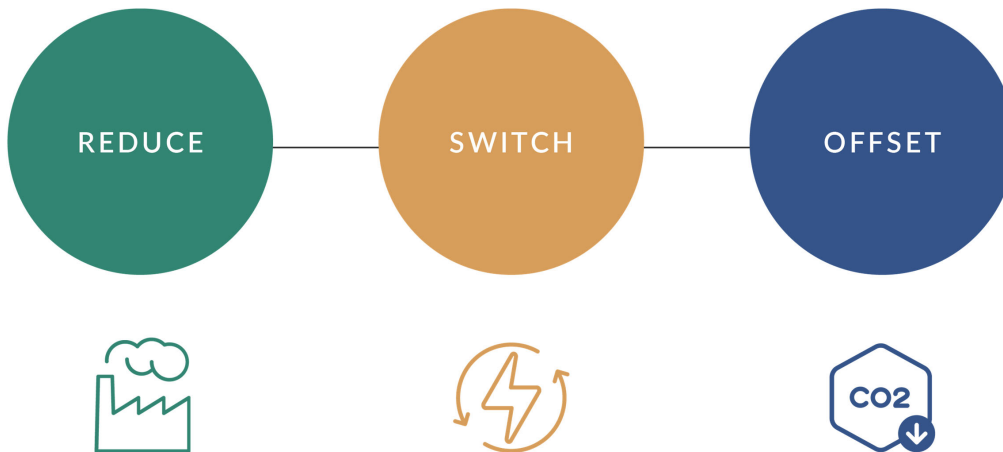
## Preserve Nature

- Protecting our forests (halting deforestation and promoting reforestation and afforestation)
- Promoting biodiversity and protecting natural ecosystems
- Managing water responsibly

## Reduce Post-Consumer Waste

- Design for sustainability, enhancing circularity and embedding eco-design principles in our product portfolio
- Ensuring responsible post-consumer waste management to reduce waste and litter

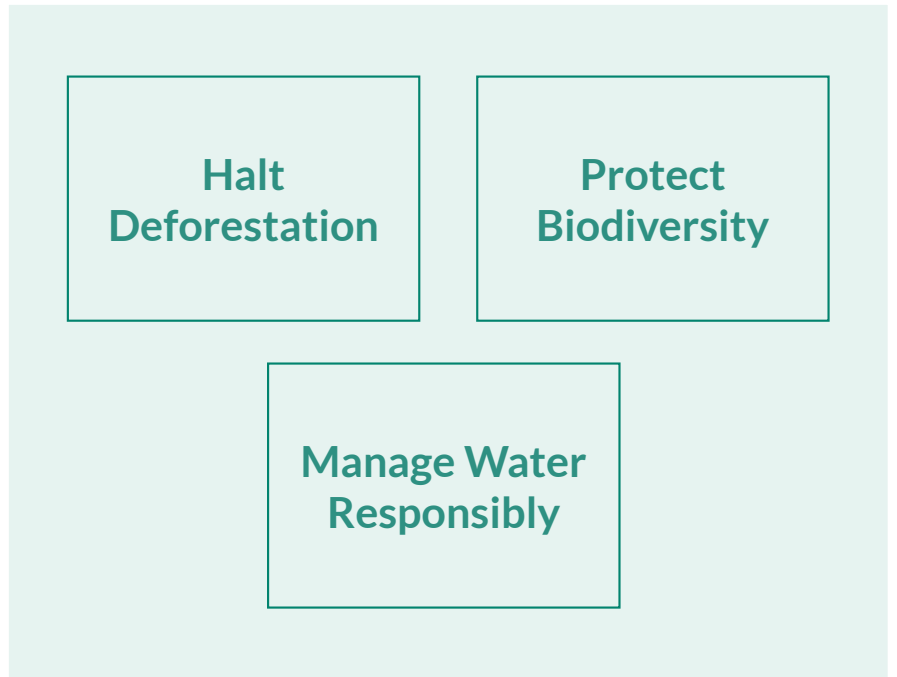
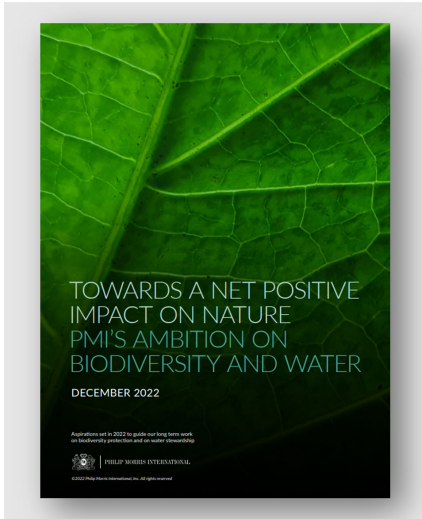
# Tackle Climate Change





## Preserve Nature

We seek to promote biodiversity, address critical water challenges, ensure no conversion of natural ecosystems, and halt deforestation in both our tobacco and pulp and paper supply chains



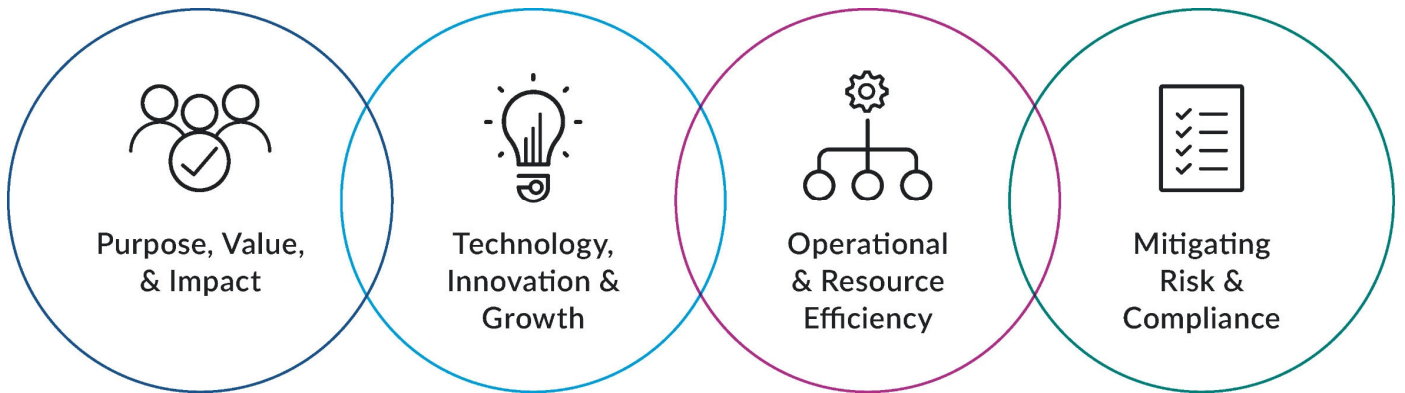
## Reduce Post-Consumer Waste

Our intention is to preserve resources, reduce waste and prevent inappropriate disposal, including littering





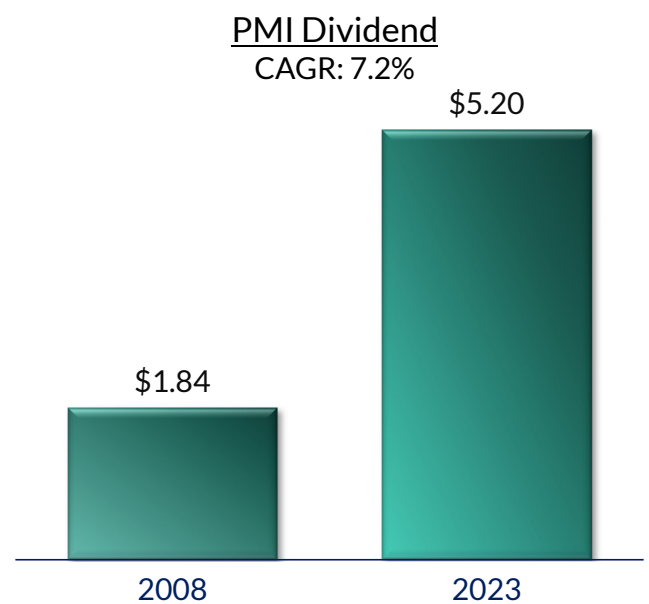
## Our Approach to Sustainable Value Creation



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## Strong Financial Performance & Rewards to Shareholders

- Unwavering commitment to progressive dividend policy
- Sixteen years of dividend growth
- Total increase of ~183% since 2008



Note: Dividends for 2008 and 2023 are annualized rates. The 2008 annualized rate is based on a quarterly dividend of \$0.46 per common share, declared June 18, 2008. The 2023 annualized rate is based on a quarterly dividend of \$1.30 per common share, declared September 13, 2023  
Source: PMI Financials or estimates. Investor Day 2023, presented September 28, 2023

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# Robust TSR, Despite Currency and Valuation Multiple

USD TSR in %  
(January 1, 2021 – October 31, 2023)



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## Transforming for Good: Becoming Substantially Smoke-Free

- Resource allocation with mission to provide all adult smokers access to smoke-free products
- Increase stakeholder engagement and outreach to support the business transformation
- Deliver sustainable growth and returns for shareholders:
  - Sustainability enables short, medium and long-term returns
- Delivering a smoke-free future to the benefit of consumers, society, the company, and our shareholders



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Questions & Answers

## Reconciliations of Non-GAAP Measures

## PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

### Restatement and Reconciliation of Adjusted Net Revenues – PMI and Swedish Match Combined

(\$ in millions) / (Unaudited)

	Year Ended December 31, 2022		
	Combustible Tobacco	Smoke-Free	Total
<b>Net Revenues Total PMI</b>	<b>\$ 21,572</b>	<b>\$ 10,190</b>	<b>\$ 31,762</b>
Swedish Match	70	246	316
<b>Net Revenues Total PMI (excl. Swedish Match)</b>	<b>\$ 21,502</b>	<b>\$ 9,944</b>	<b>\$ 31,446</b>
Swedish Match Pro Forma Financial Information	514	1,730	2,244
Less: accounting reclassification	88	23	111
<b>Swedish Match Restated Net Revenues</b>	<b>426</b>	<b>1,707</b>	<b>2,133</b>
<b>Combined Restated Net Revenues</b>	<b>\$ 21,928</b>	<b>\$ 11,651</b>	<b>\$ 33,579</b>

Note: Sum of product categories or Regions might not foot to total due to roundings

The unaudited pro forma combined financial information was prepared using the acquisition method of accounting and was based on the historical financial information of PMI and Swedish Match as disclosed in Form 10-Q for the nine months and the quarter ended September 30, 2023, Item 1, Note 2, Acquisitions

The unaudited pro forma financial information is not necessarily indicative of what the consolidated results of operations would have been had the acquisition been completed on January 1, 2021. In addition, the unaudited pro forma financial information is not a projection of future results of operations of the combined company, nor does it reflect the expected realization of any synergies or cost savings associated with the acquisition

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## PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

### Reconciliation of Non-GAAP Measures

Net Revenues by Product Category  
(\$ in millions) / (Unaudited)

Net Revenues	Years Ended December 31,								Quarter Ended March 31,	Quarter Ended June 30,	Quarter Ended September 30,	Nine Months Ended September 30,
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2023	2023	2023
Combustible Tobacco	\$ 26,595	\$ 25,818	\$ 24,970	\$ 25,378	\$ 24,083	\$ 21,747	\$ 22,067 <sup>(a)</sup>	\$ 21,572	\$ 5,223 <sup>(b)</sup>	\$ 5,790	\$ 5,832	\$ 16,845 <sup>(c)</sup>
Smoke-free excl. W&H	199	867	3,778	4,247	5,722	6,947	9,237	9,919	2,710	3,101	3,234	9,045
Wellness and Healthcare	-	-	-	-	-	-	101	271	86	76	75	237
Smoke-free incl. W&H	199	867	3,778	4,247	5,722	6,947	9,338	10,190	2,796	3,177	3,309	9,282
<b>Total PMI</b>	<b>\$ 26,794</b>	<b>\$ 26,685</b>	<b>\$ 28,748</b>	<b>\$ 29,625</b>	<b>\$ 29,805</b>	<b>\$ 28,694</b>	<b>\$ 31,405 <sup>(a)</sup></b>	<b>\$ 31,762</b>	<b>\$ 8,019 <sup>(b)</sup></b>	<b>\$ 8,967</b>	<b>\$ 9,141</b>	<b>\$ 26,127 <sup>(c)</sup></b>

(a) 2021 includes a reduction in net revenues of \$246 million related to the Saudi Arabia customs assessment. Excluding this impact total PMI adjusted net revenues are \$31,651 million and for combustible tobacco \$22,313 million

(b) First-quarter 2023 includes a reduction in net revenues of \$80 million related to the termination of distribution arrangement in the Middle East. Excluding this impact total PMI adjusted net revenues are \$8,099 million and for combustible tobacco \$5,303 million

(c) Nine Months Ended September 30, 2023 includes a reduction in net revenues of \$80 million related to the termination of distribution arrangement in the Middle East. Excluding this impact total PMI adjusted net revenues are \$26,207 million and for combustible tobacco \$16,925 million

Note: Sum of product categories might not foot to Total PMI due to roundings. "-" indicates amounts between -\$0.5 million and +\$0.5 million

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PHILIP MORRIS  
INTERNATIONAL

Transforming for Good

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