



PHILIP MORRIS
INTERNATIONAL

2023

INVESTOR DAY

Championing a Smoke-Free World

Werner Barth
*President, Combustibles Category & Global
Combustibles Marketing*

September 28, 2023

Forward-Looking and Cautionary Statements

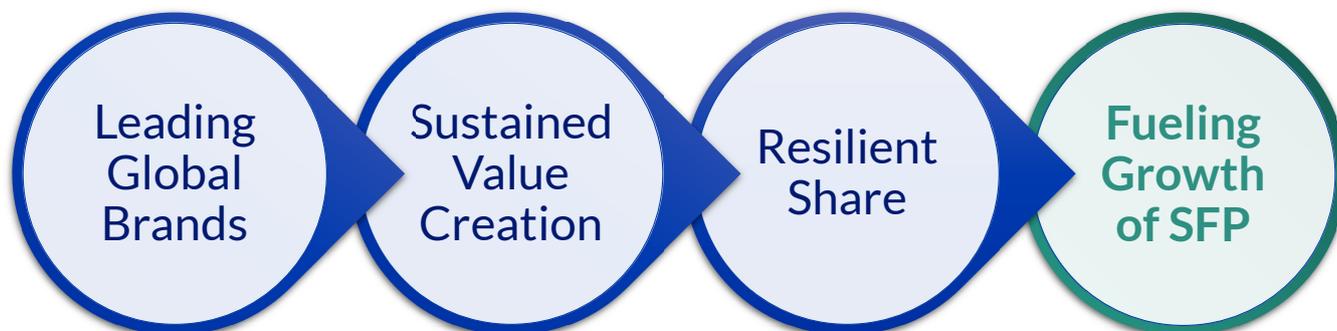
- This presentation contains projections of future results and goals and other forward-looking statements, including statements regarding business and regulatory plans, expectations, opportunities, ambitions, targets, and strategies. These forward-looking statements and anticipated results reflect the current views and assumptions of management and are inherently subject to significant 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 Annual Report on Form 10-K for the fourth quarter and year ended December 31, 2022 and Quarterly Report on Form 10-Q for the second quarter ended June 30, 2023. 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

Glossary and Key Terms and Definitions

- A glossary of terms, including the definition for smoke-free products 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 are available on our [Investor Relations website](#)
- Growth rates presented on an organic basis reflect currency-neutral adjusted results, excluding acquisitions and disposals. As such, figures and comparisons presented on an organic basis exclude Swedish Match up until November 11, 2023

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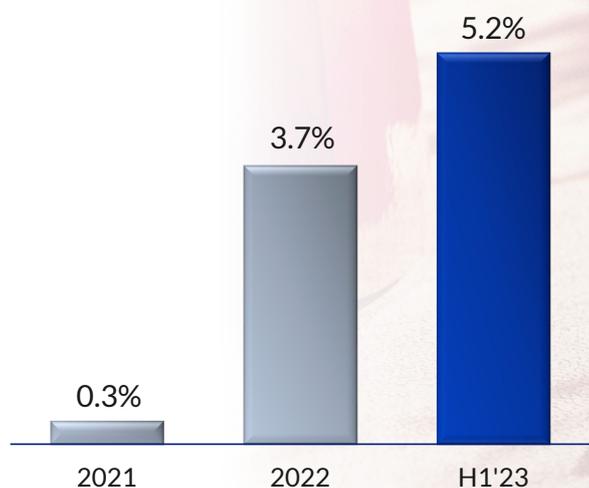
Solid Combustibles Category Value Creation



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Accelerated Combustibles Net Revenue Growth

Adj. Net Revenues Organic Change vs. Previous Year

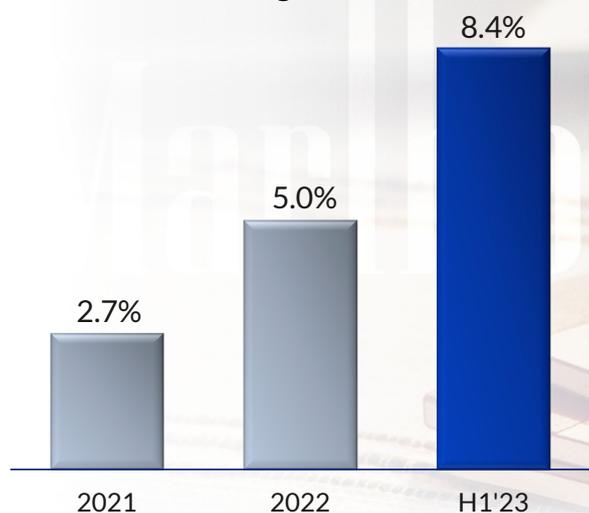


Note: Excluding 2021 impact related to Saudi Arabia customs assessment (\$246 mio) and 2023 impact related to termination of distribution arrangement in Middle East (\$80 mio)
Source: PMI Financials or estimates

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Robust Pricing Engine

Combustible Pricing Variance (change vs. PY)

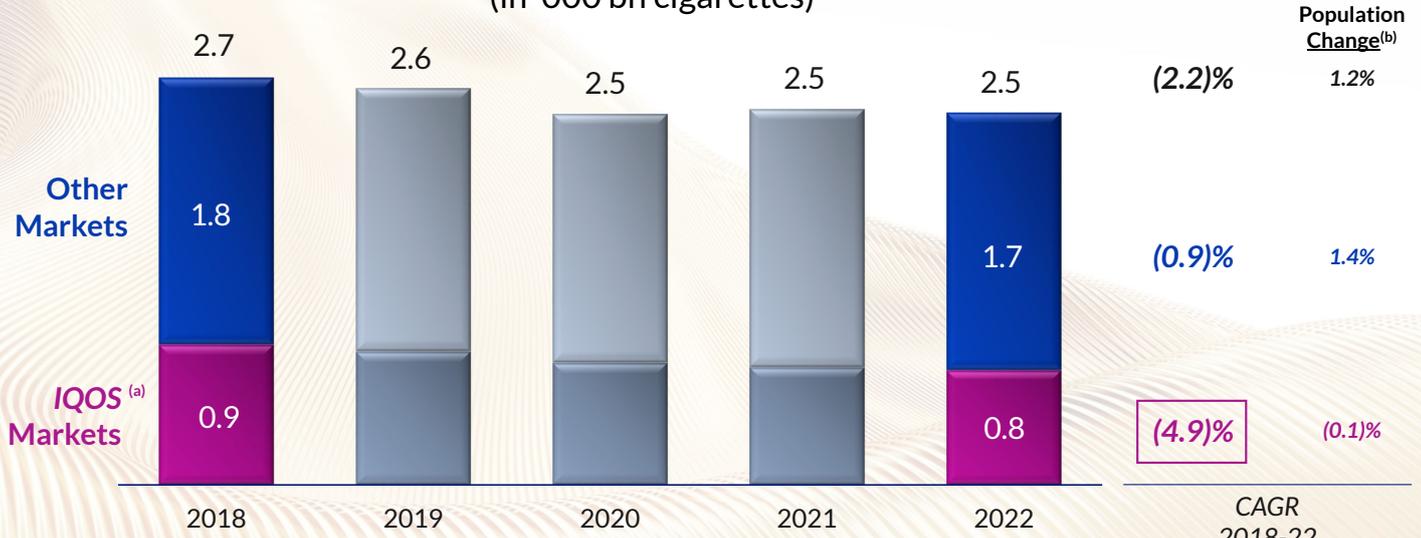


Note: Pricing variance is based on adjusted net revenues
Source: PMI Financials or estimates

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Moderate Industry Decline, More Pronounced in SFP Markets

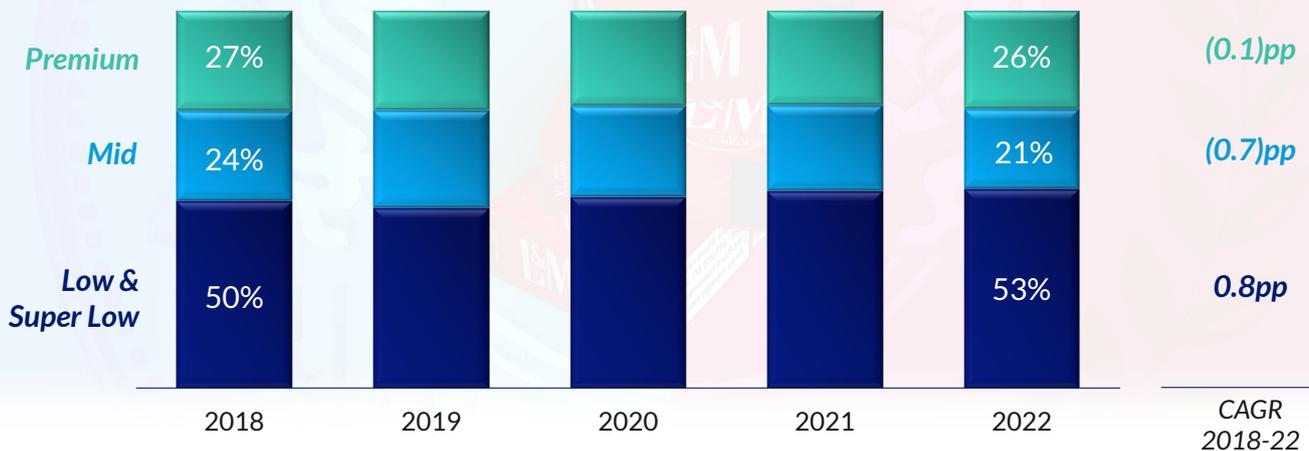
Cigarette Industry Evolution (in '000 bn cigarettes)



(a) IQOS markets include all markets that launched IQOS by 2022 and reached a share of market of >5% nationally
 (b) Total population growth used as a proxy for adult population growth
 Note: Excluding China and U.S. Reflects cigarettes industry sales volume, including cigarillos in Japan
 Source: PMI Financials or estimates as of August 2023. United Nations, World Population Prospects 2022

Resilient Premium Segment Despite Downtrading

Cigarette Industry Price Tiers



Note: Excluding China and U.S. Sum of total does not round to 100% due to rounding
 Source: PMI Financials or estimates as of August 2023

Unit Rates Attractive Across Price Points

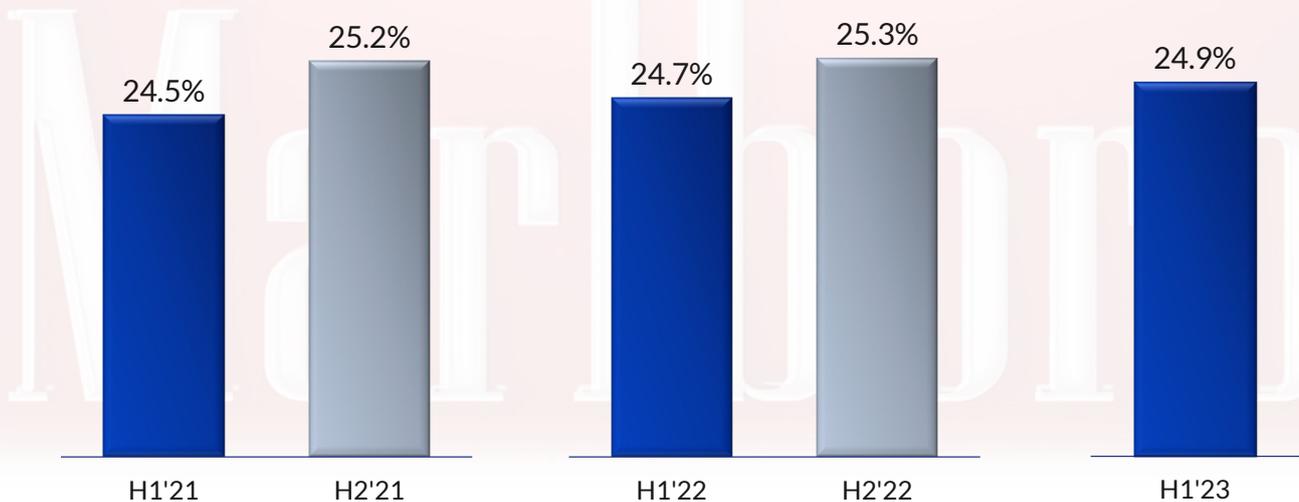
Cigarette Net Revenue Unit Rates
Top 10 PMI Pricing Markets
 (index = Premium 2018)



Note: Unit rates are net revenues per '000 sticks, evolution indexed in local currency, aggregated for Top 10 PMI pricing contribution markets (2018-2022)
 Source: PMI Financials or estimates

Positive Share of Category Evolution

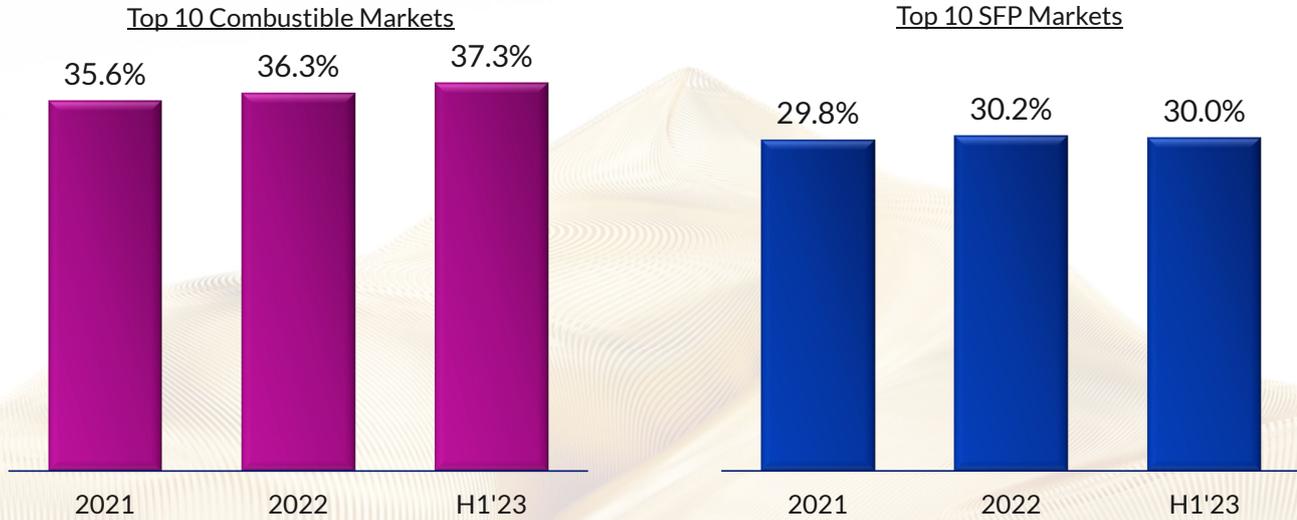
Cigarettes Share Performance



Note: Excluding China and U.S. Reflects sales volumes of PMI cigarettes as a percentage of cigarette industry sales volume, including cigarillos in Japan
 Source: PMI Financials or estimates as of August 2023

Strong Performance Across Top Markets

Cigarette Share Performance



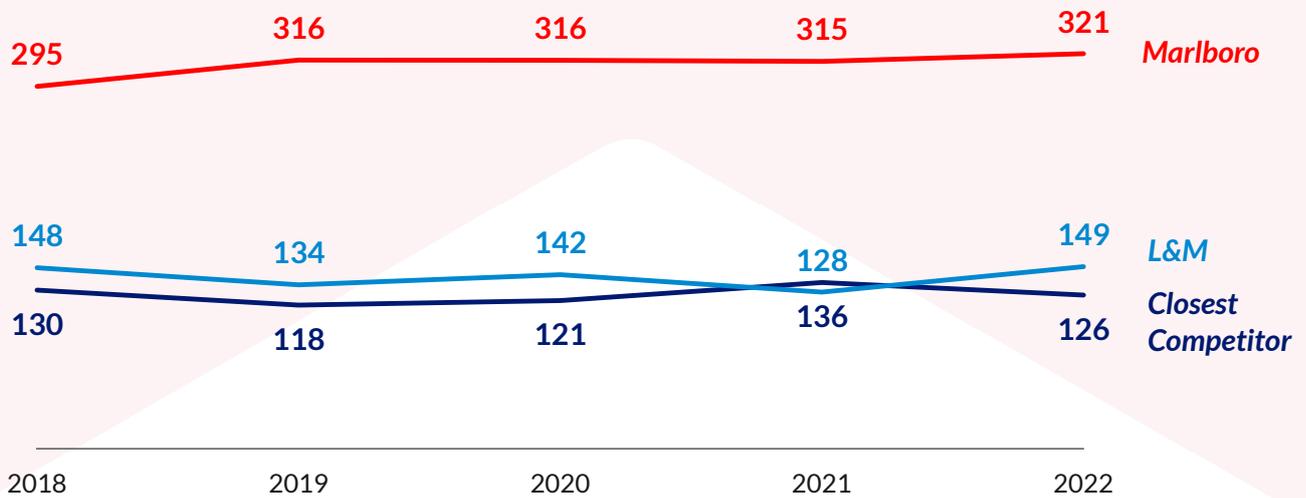
Note: Excluding China and U.S. Reflects sales volumes of PMI cigarettes as a percentage of cigarette industry sales volume, including cigarillos in Japan.
Top 10 SFP markets based on estimated PMI SFP Legal Age Nicotine Users. Top 10 Combustible markets based on a combination of Net Revenue and Volume outside of Top 10 SFP markets
Source: PMI Financials or estimates as of August 2023

Our Global Brands Portfolio



Unparalleled Portfolio with Leading Brand Equity

Marlboro Brand Power 2.5x Stronger than Closest Competitor



Note: Brand power index represents global average. Baseline average of 100. Brand power measures the proportion of Legal Age Smokers who are predisposed to choose a given brand vs. other brands
Brand Power measured in 13 markets
Source: PMI Market Research

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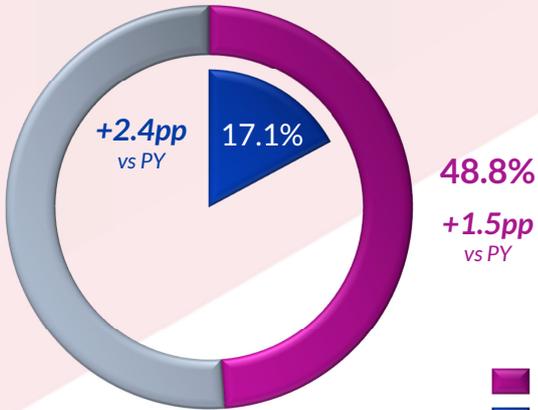
Objective: Sustained Value Creation for PMI Margin Expansion

Leveraging the **pricing power**
of our strong equity **Global Brands**
across **price points**
and relevant **consumer segments**

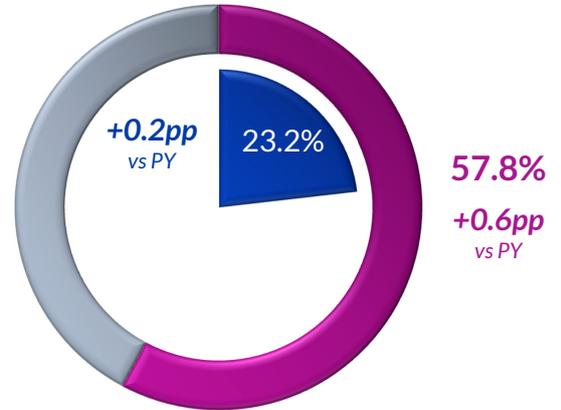
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Global Brands Catering To LAS Preferences

Low & Super Low Segment
(2022, Top 20 Combustible Markets)



Full Flavor Segment
(2022, Top 20 Combustible Markets)

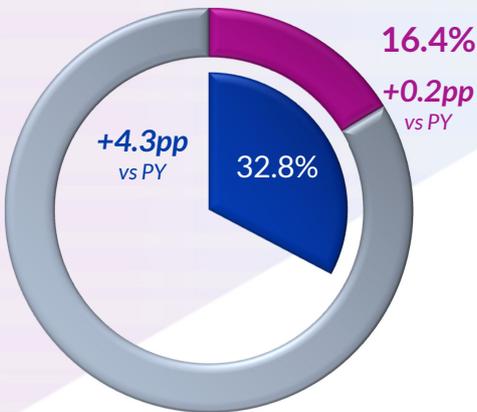


■ Segment Share of Industry
■ PMI Global Brands Share of Segment

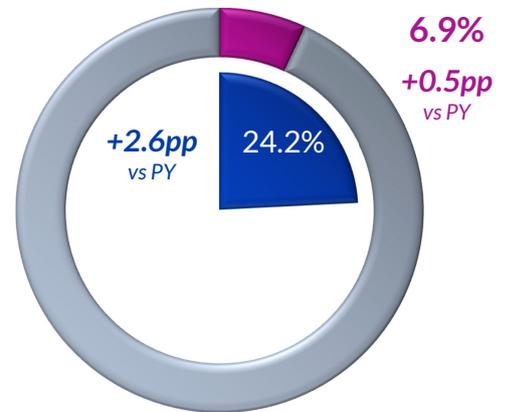
Note: LAS stands for Legal Age Smokers. Certain combustible products are included in more than one segment depending on the attributes of the particular products
Top 20 Combustible Markets based on a combination of Net Revenue and Volume
Source: PMI Financials or estimates as of August 2023

Global Brands Catering To LAS Preferences

Slims Segment
(2022, Top 20 Combustible Markets)



Capsule (NTDs)^(a) Segment
(2022, Top 20 Combustible Markets)



■ Segment Share of Industry
■ PMI Global Brands Share of Segment

(a) NTD stands for New Taste Dimensions
Note: LAS stands for Legal Age Smokers. Certain combustible products are included in more than one segment depending on the attributes of the particular products
Top 20 Combustible Markets based on a combination of Net Revenue and Volume
Slims Segment excludes Indonesia, which is over indexed in Kretek cigarettes
Source: PMI Financials or estimates as of August 2023

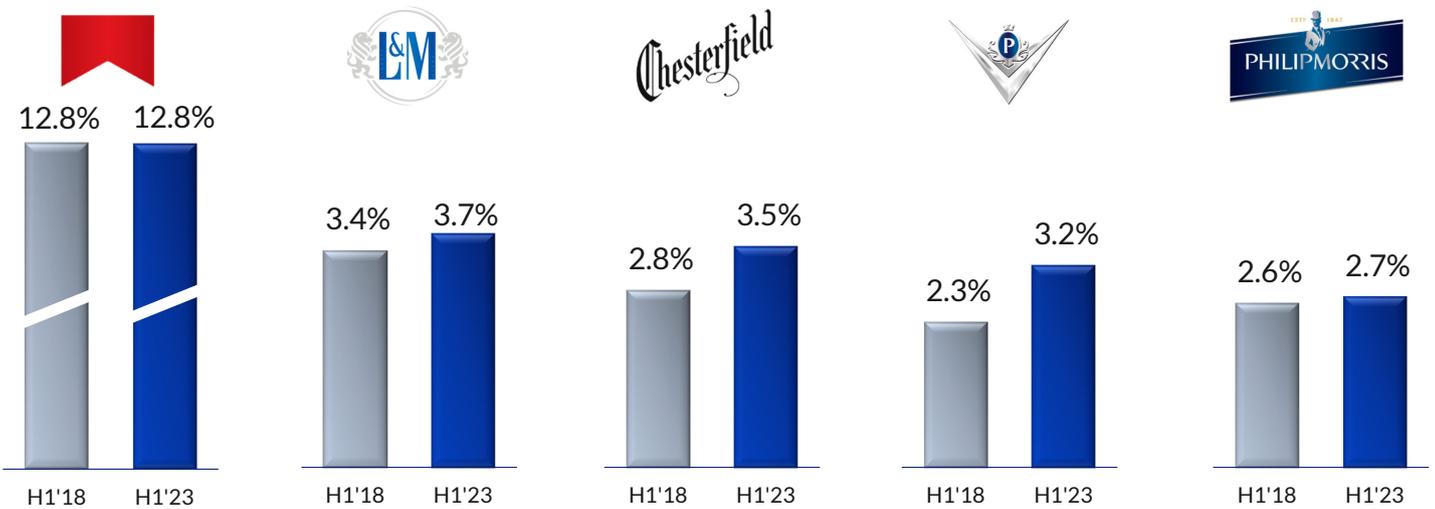
Marlboro: Strong Across LAS Preferences and Price Ladders



(a) Includes Capsule Menthol and NTDs where legally available
 Note: Ranking based on Global Brands global share of volume, excluding China and the U.S.
 Source: PMI Financials or estimates as of August 2023

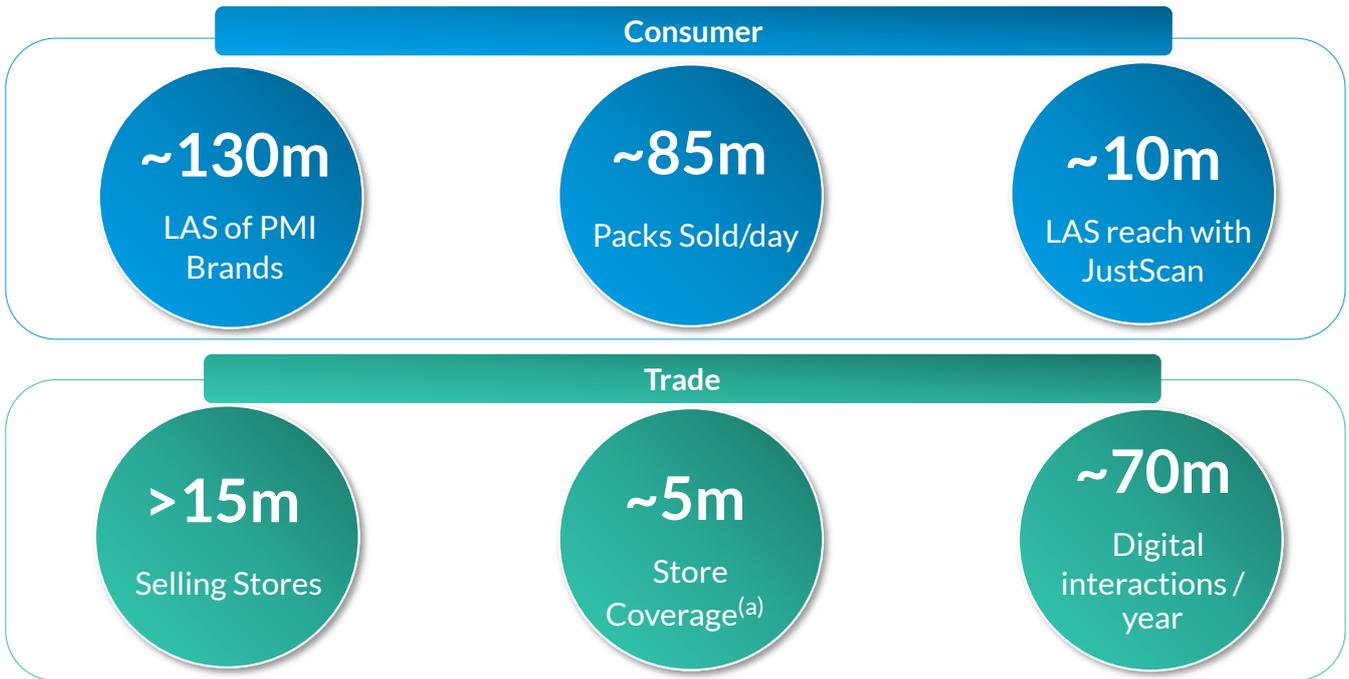
Growing Global Brands Performance

Share of Cigarettes Evolution by Brand, Top 20 Markets



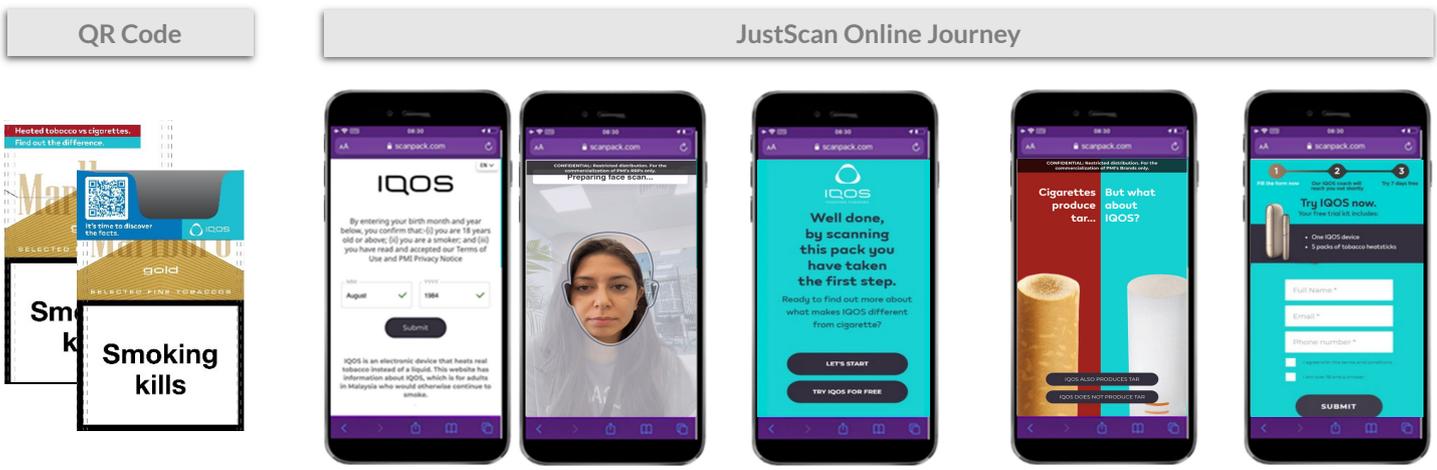
Note: Excluding China and U.S. Reflects Top 20 CC Markets sales volumes of PMI cigarettes as a percentage of cigarette industry sales volume, including cigarillos in Japan
 Philip Morris includes Philip Morris/Dubliis
 Top 20 Combustible Markets based on a combination of Net Revenue and Volume
 Source: PMI Financials or estimates as of August 2023

Enabling Bridging to SFP



(a) Coverage with PMI business building force and distributor sales force
 Source: PMI Financials or estimates, Digital Trade Engagement (DTE) and Einstein analytics, JustScan Dashboard

JustScan: Leveraging the Reach of our Brands



60 Markets
 96m LAS

Source: PMI Financials or estimates

Category Outlook and Targets 2024-26

2% to 4%
Total Cigarettes Industry Decline^(a)

Target Stable
Share of Category^(a)

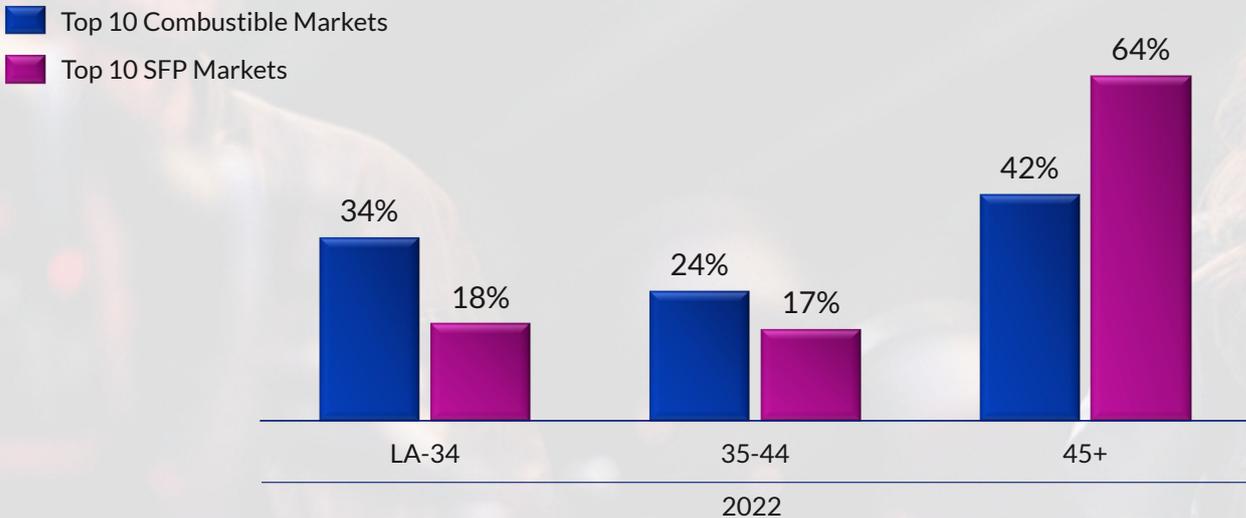
Positive to 3%
Net Revenue Organic Growth

Supporting PMI Margin Expansion
(Adjusted OI)

^(a) Excluding China and U.S. PMI Financials or estimates

Changing Smoker Demographics

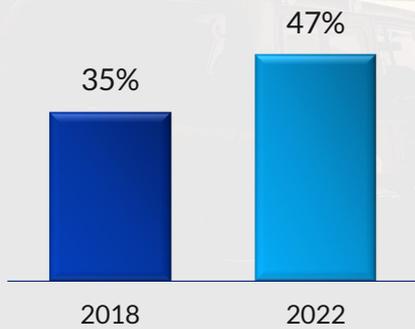
Distribution of LAS across Age Groups



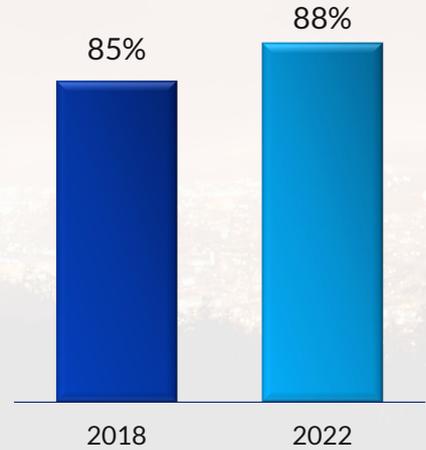
Note: Top 10 SFP markets based on estimated PMI SFP Legal Age Nicotine Users. Top 10 Combustible markets based on a combination of Net Revenue and Volume outside of Top 10 SFP markets. Excludes US
 Source: Nicotine Containing Products Tracker

Evolving Smoker Preferences in SFP Markets

Low & Super Low Price Segment^(a)



Tobacco Flavor Segment^(b)



(a) Industry % of volume in Low & Super Low Price Segment, Top 10 SFP Markets
(b) Industry % of volume in non-Menthol and non-NTD propositions, Top 10 SFP Markets
Note: Top 10 SFP markets based on estimated PMI SFP Legal Age Nicotine Users. Excludes US
Source: PMI Financials or estimates

Extrapolated LAS Profile in SFP Markets Beyond 2030

LAS Base



Value Conscious



Flavor Preference



Combustibles Business as a Foundation for SFP Growth

- Accelerated industry decline, driven in part by SFP growth
- Robust combustibles pricing engine
- Positive share of category evolution
- Support PMI margin expansion over time
- Unparalleled global brands portfolio, with *Marlboro* at the helm
- Combustible leadership supports switching to smoke-free products

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