



PHILIP MORRIS INTERNATIONAL

2015 Second-Quarter Results

July 16, 2015



Introduction

- Unless otherwise stated, we will be talking about results for the second quarter of 2015 and comparing them to the same period in 2014
- A glossary of terms, data tables showing adjustments to net revenues and OCI for currency and acquisitions, asset impairment, exit and other costs, free cash flow calculations, adjustments to EPS, and reconciliations to U.S. GAAP measures, are at the end of today's webcast slides, which are also posted on our website
- 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 commercialization, 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 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



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 with 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-Q for the quarter ended March 31, 2015. 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



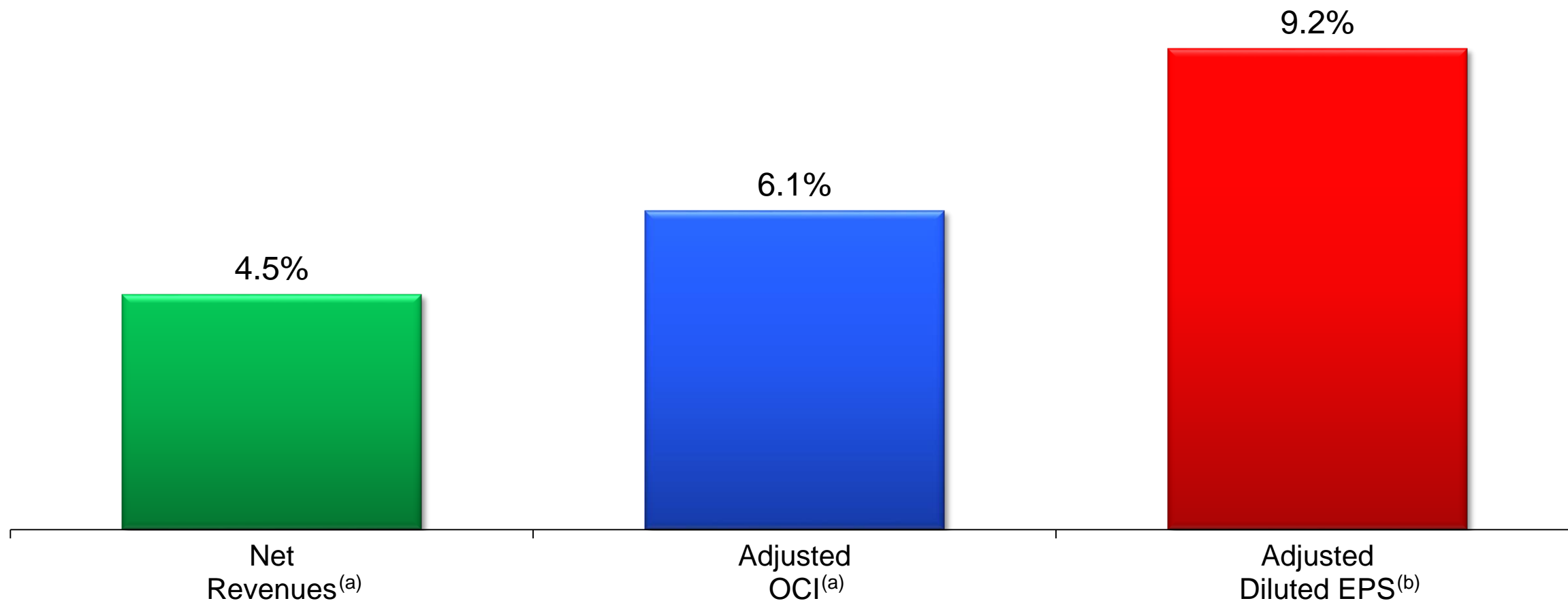
Q2, 2015: Strong PMI Volume Performance

- Organic cigarette volume down by a modest 1.4%, due to:
 - Lower cigarette industry volume across all Regions
 - Partly offset by market share gains in the Asia, EEMA and LA&C Regions
- Organic cigarette volume essentially flat in H1, 2015, or down by approximately 1% excluding inventory movements
- Forecast full-year 2015 organic cigarette volume decline of 1.0% to 1.5%



Q2, 2015: Strong Currency-Neutral Financial Results

Growth (Q2, 2015 vs. PY)



(a) Excluding currency and acquisitions

(b) Excluding currency

Source: PMI Financials or estimates



2015 EPS Guidance Reaffirmed

- Reaffirming 2015 reported diluted EPS guidance of \$4.32 to \$4.42, at prevailing exchange rates
- Guidance includes approximately \$1.15 of unfavorable currency at prevailing exchange rates
- Excluding currency, guidance represents a growth rate of 9% to 11% compared to adjusted diluted EPS of \$5.02 in 2014
- Expect to be towards the upper end of this range, given better-than-anticipated volume and market share performance



Currency: Impact on PMI EPS Guidance

(\$ per share)

Currency Variance Impact on PMI EPS Guidance (vs. PY)

	<u>February 2015 Guidance</u>	<u>April 2015 Guidance</u>	<u>July 2015 Guidance</u>	<u>July vs. April Guidance</u>
Japanese Yen	(0.13)	(0.14)	(0.14)	-
Euro	(0.15)	(0.19)	(0.15)	0.04
Other Developed ^(a)	(0.15)	(0.09)	(0.10)	(0.01)
Russian Ruble	(0.48)	(0.35)	(0.38)	(0.03)
Indonesian Rupiah	(0.06)	(0.08)	(0.08)	-
Other Emerging ^(b)	(0.18)	(0.30)	(0.30)	-
Total Currency Impact	(1.15)	(1.15)	(1.15)	-

(a) Australian Dollar, British Pound, Canadian Dollar, Danish Krone, Hong Kong Dollar, Israeli Shekel, New Zealand Dollar, Norwegian Krone, Singapore Dollar, South Korean Won, Swedish Krona, Swiss Franc and U.S. Dollar

(b) Includes notably the Argentine Peso, Brazilian Real, Kazakhstan Tenge, Mexican Peso, Polish Zloty, Turkish Lira and Ukrainian Hryvnia

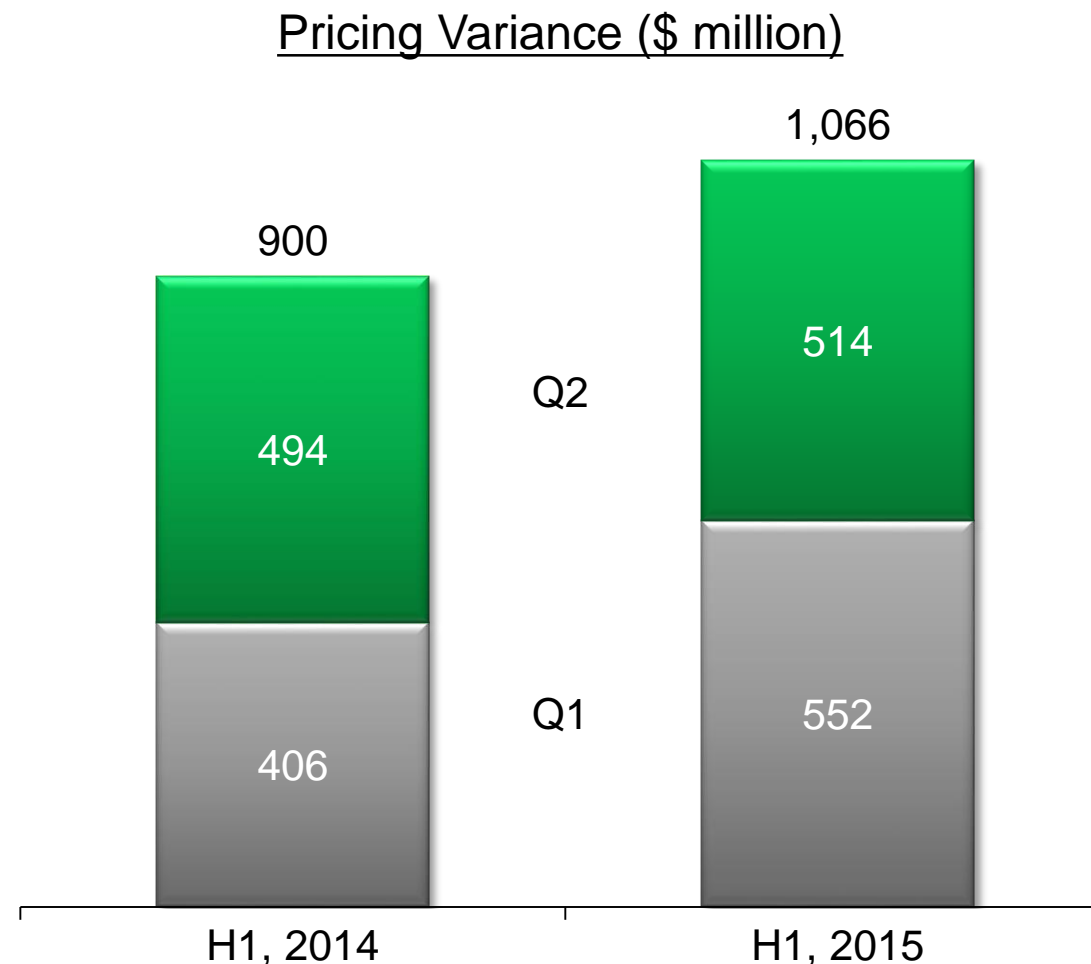
Note: List of emerging markets based on Dow Jones

Source: PMI Financials or estimates



Strong Pricing: The Key Driver of Our Financial Performance

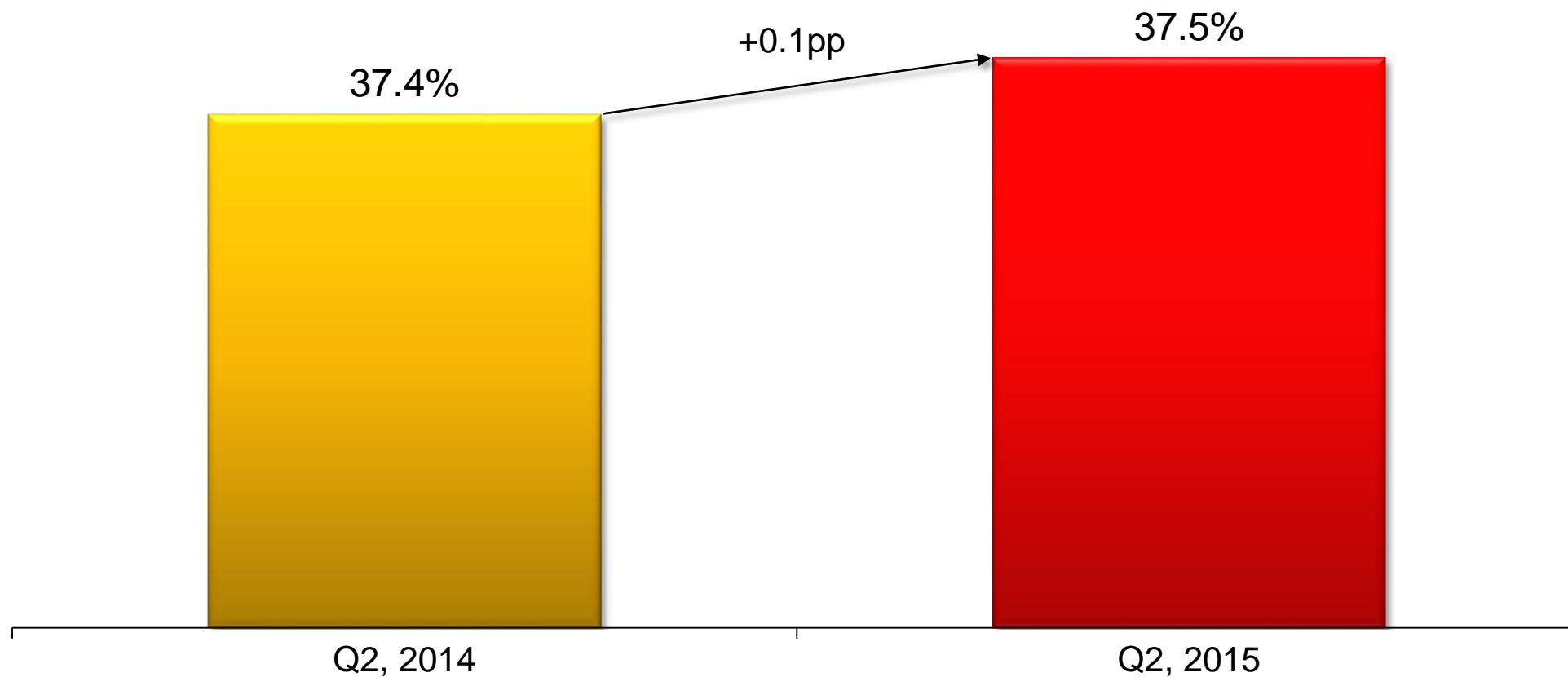
- Pricing variance of \$514 million in Q2, 2015, reflecting higher pricing across all four Regions
- Q2, 2015 retail price increases in key markets such as Argentina, Germany, Indonesia and Russia
- Cumulative pricing variance of \$1.1 billion in H1, 2015





Top-30 OCI Markets: Continued Market Share Gains

PMI Market Share in Top-30 OCI Markets



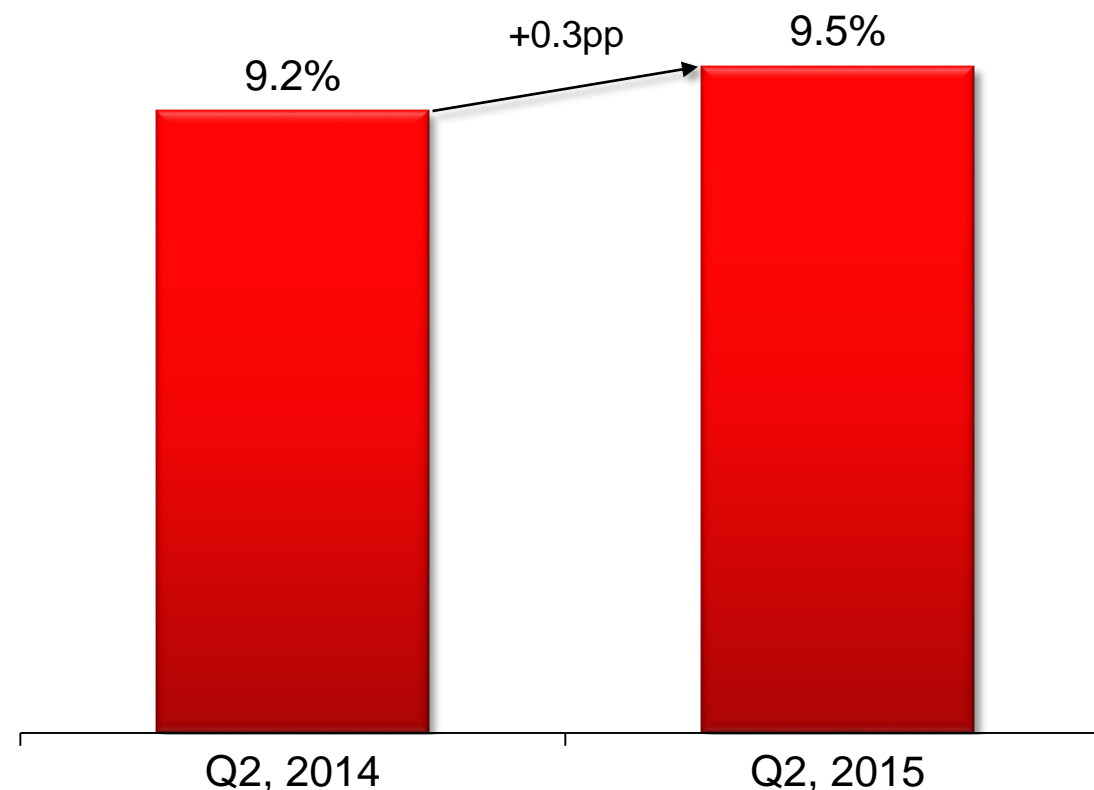
Note: Excluding duty free
Source: PMI Financials or estimates



Marlboro: Key Contributor to Market Share Growth

- *Marlboro* gained share in all four Regions in Q2, 2015
- In Q2, 2015, introduced *Marlboro 2.0* in some 20 additional markets, predominantly in the EEMA Region
- By year-end 2015, expect to have rolled out *Marlboro 2.0* in approximately 100 markets

Marlboro Share of International Market^(a)



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



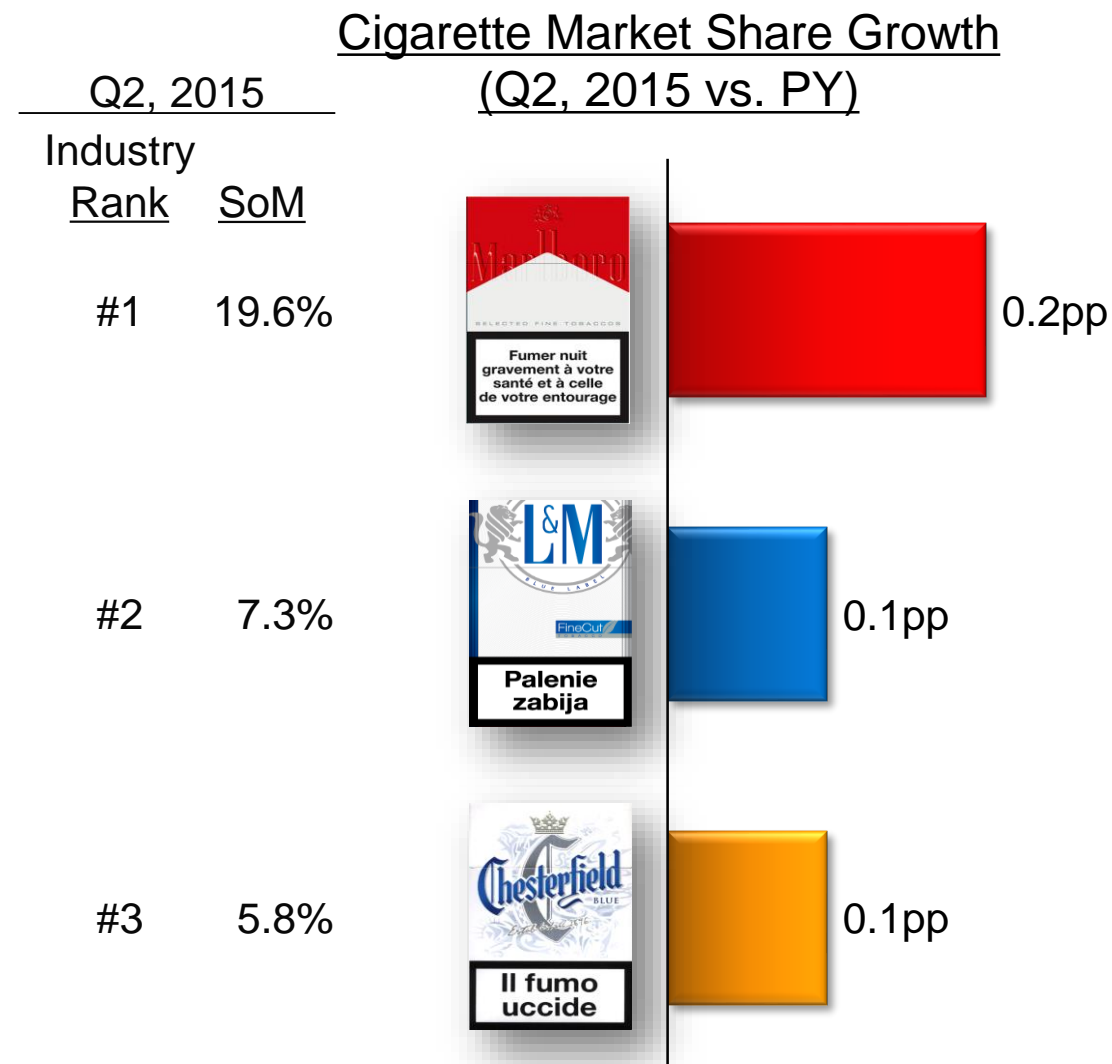
EU Region: Improving Cigarette Industry Volume Trend

- Cigarette industry volume down by an estimated 2.3% in Q2, 2015, excluding trade inventory movements
- Expect 2015 cigarette industry volume decline of 3.0% to 3.5% (vs. previous forecast of approximately 4%):
 - Improving macroeconomic conditions
 - Moderation in the level of illicit trade
 - Less out-switching to fine cut products
 - Lower prevalence of e-vapor products



EU Region: Strong Brands Driving OCI Growth, Ex-Currency

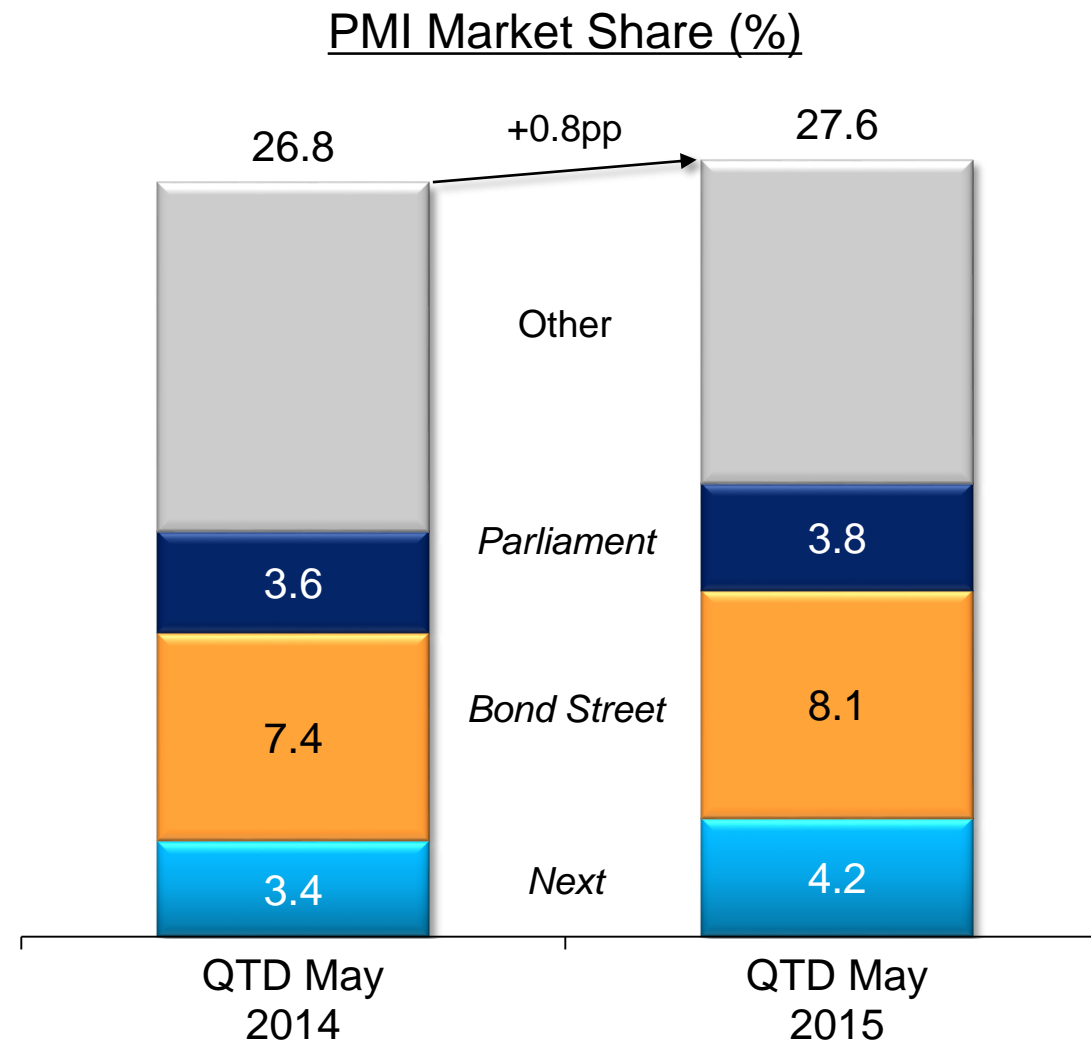
- Regional cigarette share stable at 40.4% in Q2, 2015
- Marlboro* cigarette share was up in four of the top six largest EU Region markets by industry volume in Q2, 2015, with particularly strong growth in Germany and Spain
- Adjusted OCI growth of 4.9%, ex-currency and acquisitions, in Q2, 2015, driven by strong pricing





Russia: Excellent Performance

- Cigarette industry volume decreased by 6.5% in H1, 2015
- Forecast 2015 cigarette industry volume decline towards the lower end of our 8% to 10% range
- Economic environment remains fragile with some signs of down-trading
- PMI cigarette volume growth of 5.3% in Q2, 2015
- Strong double-digit OCI growth, ex-currency, in Q2, 2015, driven by significant retail price increases

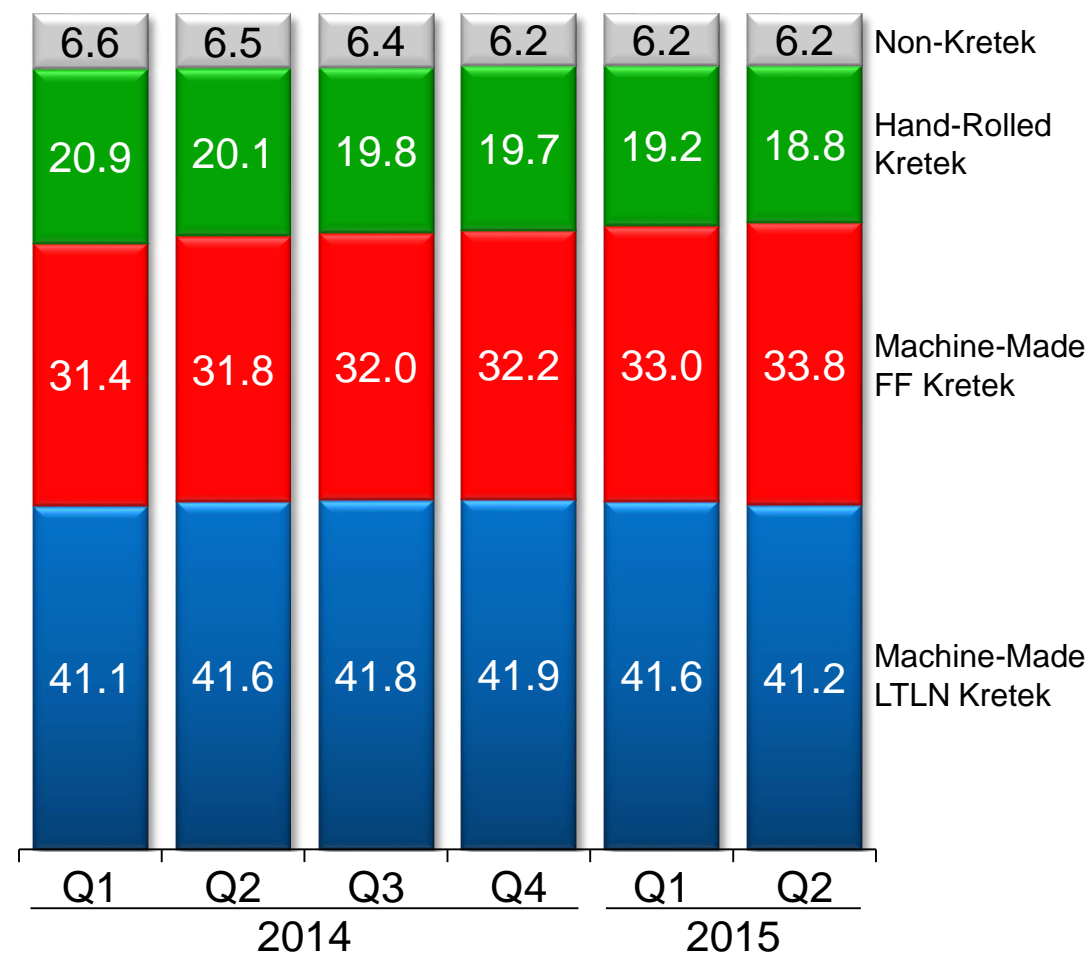




Indonesia: Growing Share Driven by Machine-Made Kretek Brands

- Cigarette industry volume increased by 0.4% in H1, 2015
- Market share grew by 0.5 points to 35.2% in Q2, 2015, led by *Dji Sam Soe Magnum* and *Sampoerna A*
- Further realigned our production from hand-rolled to machine-made kretek cigarettes in Q2, 2015
- Cigarette industry volume growth forecast:
 - Mid to long-term: 1% to 3% annually
 - 2015: towards lower end of the range

Industry Category Segmentation (%)



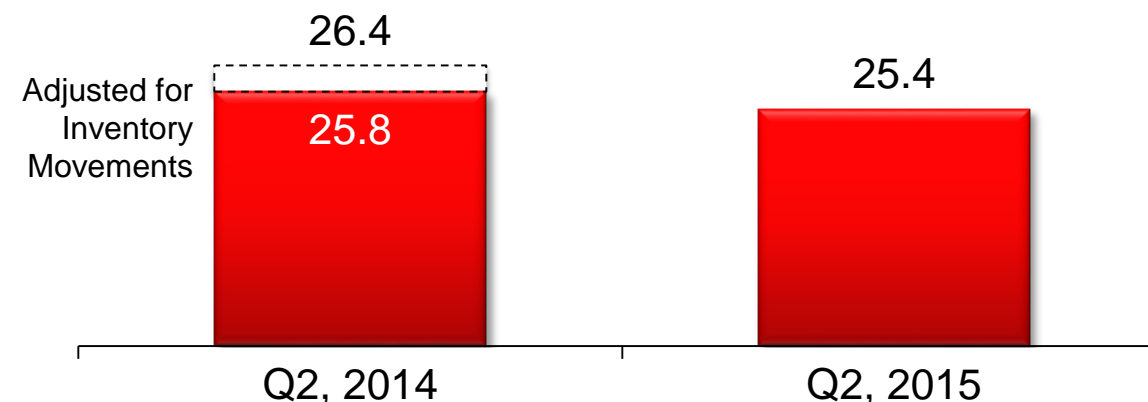
Japan: Investing in Our Brands

- Cigarette industry volume decreased by 2.6%^(a) in H1, 2015
- Forecast 2015 cigarette industry volume decline of 2.5% to 3.0%
- Expect full-year 2015 share to be broadly in line with 2014 level:
 - *Marlboro 2.0 Architecture* roll-out
 - Strong pipeline of innovations: recent launch of two *Lark* variants in the rapidly growing new taste menthol segment

Marlboro 2.0 Architecture



PMI Market Share (%)

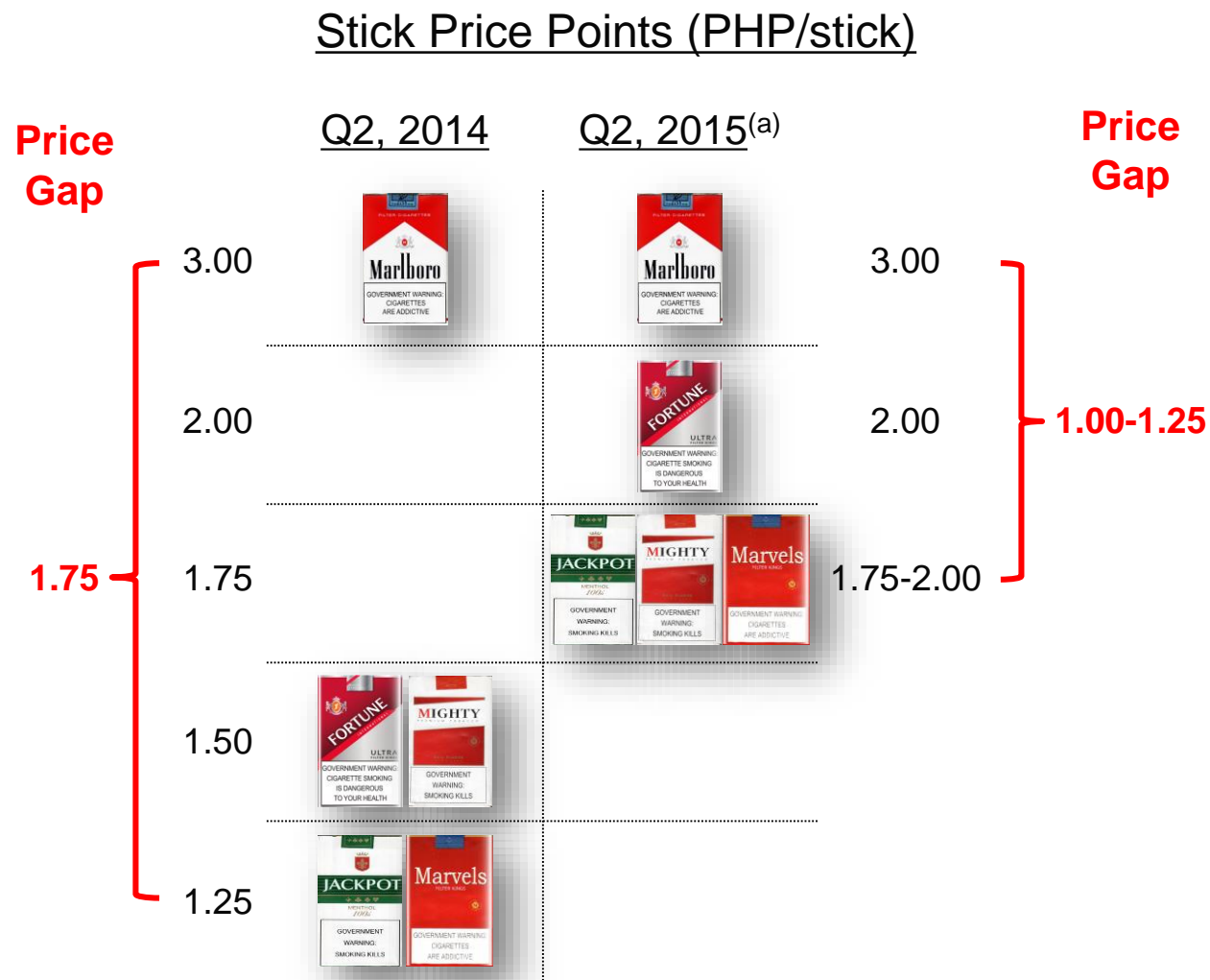


(a) Adjusted for inventory movements

Source: PMI Financials or estimates and Tobacco Institute of Japan

Philippines: Expecting Strong OCI Growth, Ex-Currency

- Competitive environment benefiting from introduction of tax stamps
- Moderating sequential decline in adult average daily consumption
- *Marlboro* cigarette volume grew by 18.1% in Q2, 2015, driven by improved price gaps
- Expecting strong OCI growth, ex-currency, in 2015



(a) Stick price points are as of May 2015

Note: Stick price points represent recommended retail selling price or estimates. Pack designs are for illustrative purposes only

Source: PMI Financials or estimates

iQOS: National Expansion in Japan and Italy

Japan:

- National expansion to commence in September:
 - Roll-out across key regions
 - Upgraded version of iQOS priced at JPY 9,980

Italy:

- On track with expansion plan for later this year

アイコス
iQOS 選べる、満足の味わい。
Marlboro HeatStick™ シリーズ

NEW バランスド レギュラー NEW ミント

レギュラー メンソール

深く豊かな味わい バランスのとれた洗練の味わい 軽快な爽快テイスト 力強い爽快テイスト

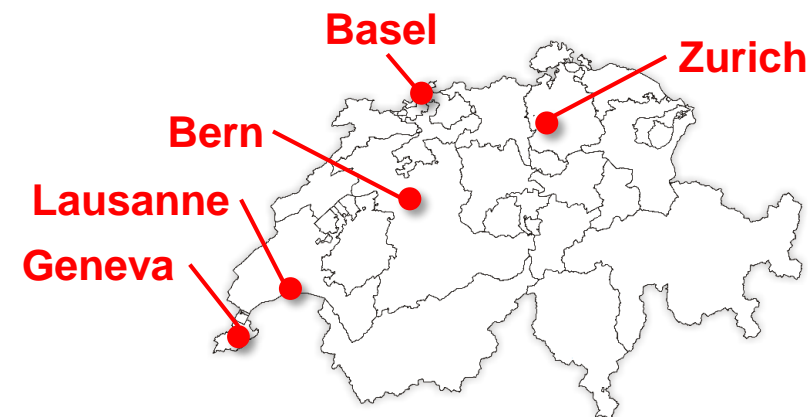
MARLBORO
DESIGNED FOR IQOS
Marlboro HeatStick™ 460円 (税込)

喫煙は、あなたにとって肺がんの原因の一つとなり、心筋梗塞・脳卒中の危険性や肺炎を悪化させる危険性を高めます。未成年者の喫煙は、健康に対する悪影響やたばこへの依存をより強めます。周りの人から勧められても決して吸ってはいけません。たばこの煙は、あなたの周りの人、特に乳幼児、子供、お年寄りなどの健康に悪影響を及ぼします。喫煙の際には、周りの人の迷惑にならないように注意しましょう。

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 cigarette. Translation from Japanese: "iQOS. Satisfying tastes that you can choose. Marlboro HeatStick series. Regular: Deep and Rich Taste. NEW Balanced Regular: Balanced, Sophisticated Taste. NEW Mint: Light, Refreshing Taste. Menthol: Strong, Refreshing taste".

iQOS: Launch in Switzerland

- Launch: August 2015
- Five major cities with retail distribution in approximately 250 outlets by end of October
- *Marlboro HeatSticks* available in regular, smooth and menthol variants



iQOS Kit
CHF 80^(a)



Marlboro HeatSticks
CHF 8/pack^(a)



(a) Retail selling price on www.iqos.ch, subject to change

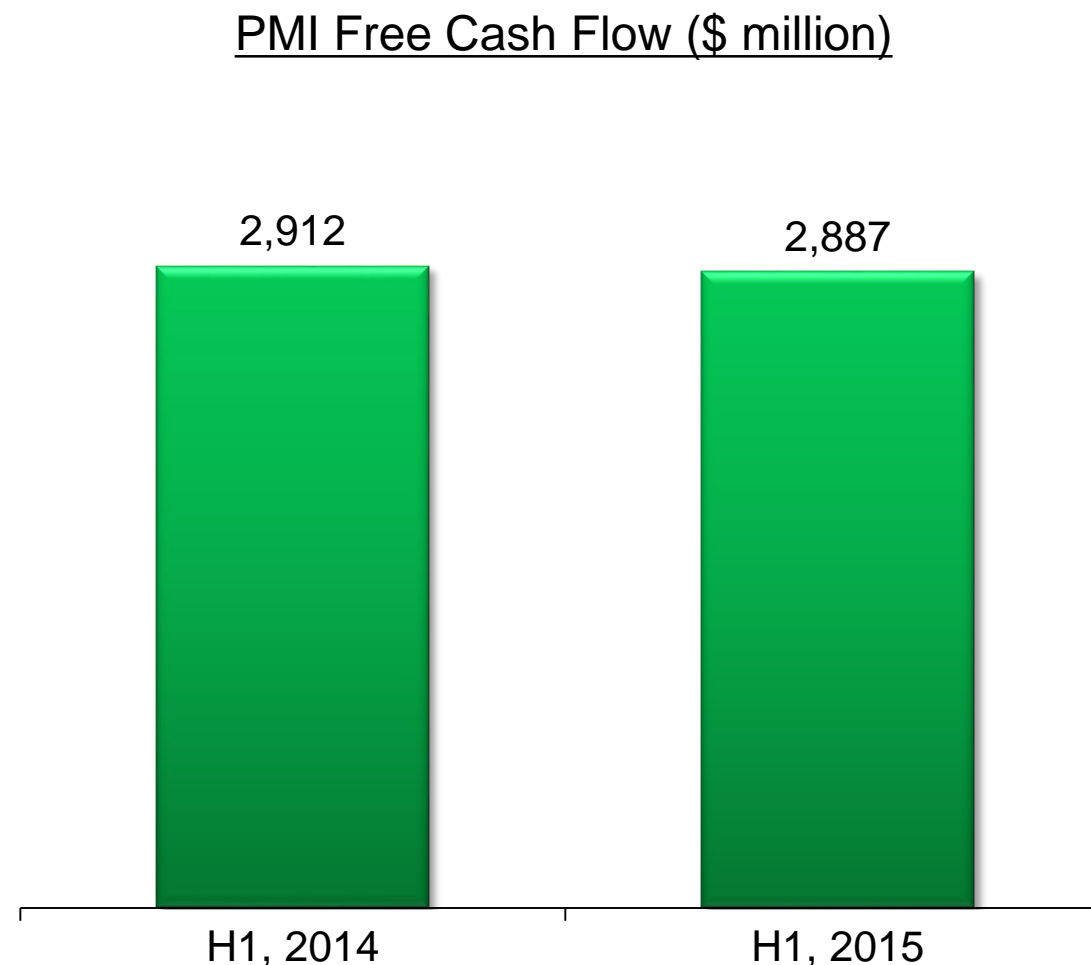
Note: Reduced-Risk Products ("RRPs") is the term we use to refer to products with the potential to reduce individual risk and population harm in comparison to smoking combustible cigarettes.

Visuals are for illustrative purposes only. 20 HeatStick tobacco sticks per pack



Free Cash Flow: Resilient Performance in H1, 2015

- H1, 2015 free cash flow in line with prior year
- Prudent cash flow management, particularly with regard to working capital and capital expenditures
- Forecast 2015 free cash flow to be broadly in line with 2014, despite significant currency headwind





Conclusion: Strong Outlook for 2015

- Modest organic cigarette volume decline and strong currency-neutral financial results, driven by robust business fundamentals
- Superior brands, supported by a superb commercial organization, driving strong pricing and continued market share gains
- *iQOS* on track in Japan and Italy. Launch in Switzerland in August
- Committed to returning around 100% of free cash flow to shareholders
- Attractive dividend yield of 4.9%
- 2015 EPS guidance, ex-currency, reflects a growth rate of 9% to 11% versus 2014 adjusted diluted EPS of \$5.02
- Expect to be towards the upper end of our guidance range

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. Dividend yield represents the annualized dividend on July 10, 2015, over the closing share price on that date. The current annualized dividend rate for PMI is \$4.00. The closing share price for PMI was \$82.16 on July 10, 2015

Source: PMI Financials or estimates



PHILIP MORRIS INTERNATIONAL

2015 Second-Quarter Results

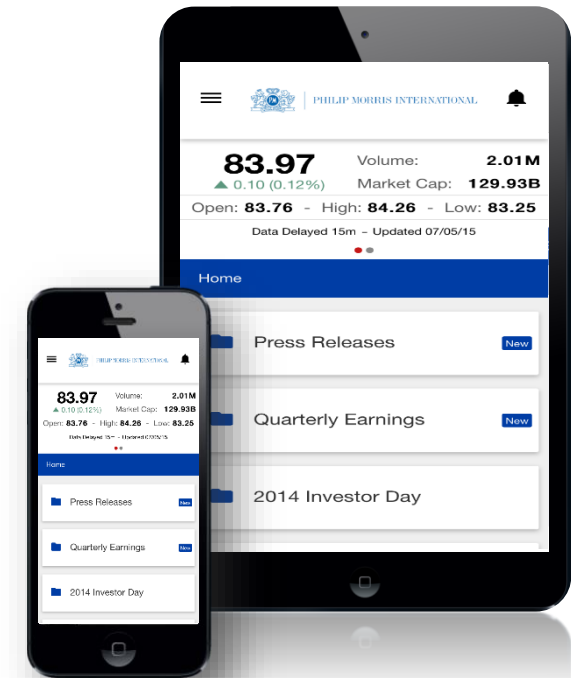
Questions & Answers

[Download PMI's Investor Relations App](#)

iOS



Android





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")
- Unless otherwise stated, results are compared to those of the same period in the preceding year
- PMI volumes refer to PMI cigarette shipment data, unless otherwise stated
- Organic volume refers to volume excluding acquisitions
- 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
- 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
- Adjusted OCI is defined as reported OCI adjusted for asset impairment, exit and other costs
- OCI growth rates are on an adjusted basis
- EPS stands for Earnings per Share
- Free cash flow is defined as net cash provided by operating activities less capital expenditures



Glossary: Industry/Market Terms

- EEMA refers to the Eastern Europe, Middle East & Africa Region
- EU refers to the European Union Region
- FF stands for full flavor
- Fine cut includes Make Your Own (MYO), MYO volume tobacco and Roll Your Own
- Illicit trade refers to domestic non-tax paid products
- LA&C refers to the Latin America & Canada Region
- LTLN stands for low tar/low nicotine
- Smoking prevalence refers to the percentage of the adult population that regularly smoke factory-made cigarettes in a given time period
- SoM stands for Share of Market



Glossary: Reduced-Risk Products

- E-vapor products are products that generate nicotine containing aerosols
- *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 commercialization, 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 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



PMI Peer Groups

Compensation Survey Group

- BAT
- Bayer
- Coca-Cola
- Diageo
- GlaxoSmithKline
- Heineken
- Imperial Tobacco
- Johnson & Johnson
- Kraft^(a)
- McDonald's
- Mondelez 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

Adjustments for the Impact of Currency and Acquisitions
For the Quarters Ended June 30,
(\$ in millions)
(Unaudited)

2015							2014			% Change in Reported Net Revenues excluding Excise Taxes		
Reported Net Revenues	Less Excise Taxes	Reported Net Revenues excluding Excise Taxes	Less Currency	Reported Net Revenues excluding Excise Taxes & Currency	Less Acquisitions	Reported Net Revenues excluding Excise Taxes, Currency & Acquisitions	Reported Net Revenues	Less Excise Taxes	Reported Net Revenues excluding Excise Taxes	Reported	Reported excluding Currency	Reported excluding Currency & Acquisitions
\$ 6,336	\$ 4,348	\$ 1,988	\$ (488)	\$ 2,476	\$ 4	\$ 2,472	\$ 7,829	\$ 5,436	\$ 2,393	(16.9)%	3.5%	3.3%
4,994	3,075	1,919	(464)	2,383	1	2,382	5,674	3,391	2,283	(15.9)%	4.4%	4.3%
5,039	2,894	2,145	(229)	2,374	-	2,374	5,097	2,786	2,311	(7.2)%	2.7%	2.7%
2,394	1,587	807	(112)	919	3	916	2,451	1,641	810	(0.4)%	13.5%	13.1%
\$ 18,763	\$ 11,904	\$ 6,859	\$ (1,293)	\$ 8,152	\$ 8	\$ 8,144	\$ 21,051	\$ 13,254	\$ 7,797	(12.0)%	4.6%	4.5%

2015							2014			% Change in Reported Operating Companies Income		
Reported Operating Companies Income	Less Currency	Reported Operating Companies Income excluding Currency	Less Acquisitions	Reported Operating Companies Income excluding Currency & Acquisitions	Reported Operating Companies Income	Less Currency	Reported Operating Companies Income	Reported	Reported excluding Currency	Reported excluding Currency & Acquisitions		
\$ 977	\$ (279)	\$ 1,256	\$ (2)	\$ 1,258	\$ 711	\$ 711	37.4%	76.7%	76.9%			
881	(253)	1,134	(1)	1,135	1,087	1,087	(19.0)%	4.3%	4.4%			
797	(97)	894	-	894	900	900	(11.4)%	(0.7)%	(0.7)%			
325	(51)	376	2	374	265	265	22.6%	41.9%	41.1%			
\$ 2,980	\$ (680)	\$ 3,660	\$ (1)	\$ 3,661	\$ 2,963	\$ 2,963	0.6%	23.5%	23.6%			

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures



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Reconciliation of Reported Operating Companies Income to Adjusted Operating Companies Income &
Reconciliation of Adjusted Operating Companies Income Margin, excluding Currency and Acquisitions
For the Quarters Ended June 30,
(\$ in millions)
(Unaudited)

2015							2014			% Change in Adjusted Operating Companies Income			
Reported Operating Companies Income	Less Asset Impairment & Exit Costs	Adjusted Operating Companies Income	Less Currency	Adjusted Operating Companies Income excluding Currency	Less Acquisitions	Adjusted Operating Companies Income excluding Currency & Acquisitions	Reported Operating Companies Income	Less Asset Impairment & Exit Costs	Adjusted Operating Companies Income	Adjusted	Adjusted excluding Currency	Adjusted excluding Currency & Acquisitions	
\$ 977	\$ -	\$ 977	\$ (279)	\$ 1,256	\$ (2)	\$ 1,258	European Union	\$ 711	\$ (488)	\$ 1,199	(18.5)%	4.8%	4.9%
881	-	881	(253)	1,134	(1)	1,135	EEMA	1,087	-	1,087	(19.0)%	4.3%	4.4%
797	-	797	(97)	894	-	894	Asia	900	(1)	901	(11.5)%	(0.8)%	(0.8)%
325	-	325	(51)	376	2	374	Latin America & Canada	265	-	265	22.6%	41.9%	41.1%
\$ 2,980	\$ -	\$ 2,980	\$ (680)	\$ 3,660	\$ (1)	\$ 3,661	PMI Total	\$ 2,963	\$ (489)	\$ 3,452	(13.7)%	6.0%	6.1%

2015							2014			% Points Change	
Adjusted Operating Companies Income excluding Currency	Net Revenues excluding Excise Taxes & Currency ^(a)	Adjusted Operating Companies Income Margin excluding Currency	Adjusted Operating Companies Income excluding Currency & Acquisitions	Net Revenues excluding Excise Taxes, Currency & Acquisitions ^(a)	Adjusted Operating Companies Income Margin excluding Currency & Acquisitions	Adjusted Operating Companies Income	Net Revenues excluding Excise Taxes ^(a)	Adjusted Operating Companies Income Margin	Adjusted Operating Companies Income Margin excluding Currency	Adjusted Operating Companies Income Margin excluding Currency & Acquisitions	
\$ 1,256	\$ 2,476	50.7%	\$ 1,258	\$ 2,472	50.9%	European Union	\$ 1,199	\$ 2,393	50.1%	0.6	0.8
1,134	2,383	47.6%	1,135	2,382	47.6%	EEMA	1,087	2,283	47.6%	-	-
894	2,374	37.7%	894	2,374	37.7%	Asia	901	2,311	39.0%	(1.3)	(1.3)
376	919	40.9%	374	916	40.8%	Latin America & Canada	265	810	32.7%	8.2	8.1
\$ 3,660	\$ 8,152	44.9%	\$ 3,661	\$ 8,144	45.0%	PMI Total	\$ 3,452	\$ 7,797	44.3%	0.6	0.7

(a) For the calculation of net revenues excluding excise taxes, currency and acquisitions, refer to previous slide

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures



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Reconciliation of Reported Diluted EPS to Adjusted Diluted EPS and Adjusted Diluted EPS, excluding Currency
For the Quarters Ended June 30,
(Unaudited)

	2015	2014	% Change
Reported Diluted EPS	\$ 1.21	\$ 1.17	3.4%
Adjustments:			
Asset impairment and exit costs	-	0.24	
Tax items	-	-	
Adjusted Diluted EPS	\$ 1.21	\$ 1.41	(14.2)%
Less:			
Currency impact	(0.33)		
Adjusted Diluted EPS, excluding Currency	\$ 1.54	\$ 1.41	9.2%

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures



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Reconciliation of Reported Diluted EPS to Reported Diluted EPS, excluding Currency
For the Quarters Ended June 30,
(Unaudited)

	<u>2015</u>	<u>2014</u>	<u>% Change</u>
Reported Diluted EPS	\$ 1.21	\$ 1.17	3.4%
Less:			
Currency impact	(0.33)		
Reported Diluted EPS, excluding Currency	<u><u>\$ 1.54</u></u>	<u><u>\$ 1.17</u></u>	31.6%

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures



PHILIP MORRIS
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Reconciliation of Reported Diluted EPS to Adjusted Diluted EPS and Adjusted Diluted EPS, excluding Currency
For the Six Months Ended June 30,
(Unaudited)

	<u>2015</u>	<u>2014</u>	<u>% Change</u>
Reported Diluted EPS	\$ 2.37	\$ 2.35	0.9%
Adjustments:			
Asset impairment and exit costs	-	0.25	
Tax items	-	-	
Adjusted Diluted EPS	\$ 2.37	\$ 2.60	(8.8)%
Less:			
Currency impact	(0.64)		
Adjusted Diluted EPS, excluding Currency	\$ 3.01	\$ 2.60	15.8%

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures



PHILIP MORRIS
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Reconciliation of Reported Diluted EPS to Reported Diluted EPS, excluding Currency
For the Six Months Ended June 30,
(Unaudited)

	<u>2015</u>	<u>2014</u>	<u>% Change</u>
Reported Diluted EPS	\$ 2.37	\$ 2.35	0.9%
Less:			
Currency impact	(0.64)		
Reported Diluted EPS, excluding Currency	\$ 3.01	\$ 2.35	28.1%

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures



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Reconciliation of Reported Diluted EPS to Adjusted Diluted EPS
For the Year Ended December 31,
(Unaudited)

	<u>2014</u>
Reported Diluted EPS	\$ 4.76
Adjustments:	
Asset impairment and exit costs	0.26
Tax items	-
Adjusted Diluted EPS	<u><u>\$ 5.02</u></u>

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures



PHILIP MORRIS
INTERNATIONAL

Reconciliation of Operating Cash Flow to Free Cash Flow and Free Cash Flow, excluding Currency
For the Quarters and Six Months Ended June 30,
(\$ in millions)
(Unaudited)

	For the Quarters Ended			For the Six Months Ended		
	June 30,		% Change	June 30,		% Change
	2015	2014		2015	2014	
Net cash provided by operating activities^(a)	\$ 3,675	\$ 2,705	35.9%	\$ 3,300	\$ 3,420	(3.5)%
Less:						
Capital expenditures	210	252		413	508	
Free Cash Flow	\$ 3,465	\$ 2,453	41.3%	\$ 2,887	\$ 2,912	(0.9)%
Less:						
Currency impact	(598)			(1,554)		
Free Cash Flow, excluding Currency	<u>\$ 4,063</u>	<u>\$ 2,453</u>	65.6%	<u>\$ 4,441</u>	<u>\$ 2,912</u>	52.5%

(a) Operating Cash Flow



PHILIP MORRIS INTERNATIONAL

2015 Second-Quarter Results

July 16, 2015