



PHILIP MORRIS INTERNATIONAL

**Annual Meeting of Shareholders**  
**New York**  
**May 6, 2015**

Louis C. Camilleri  
*Chairman*

André Calantzopoulos  
*Chief Executive Officer*



# 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
- A glossary of terms, data tables showing adjustments to net revenues and OCI for currency and acquisitions, asset impairment, exit and other costs, 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 we use to refer to products with the potential to reduce individual risk and population harm in comparison to smoking combustible cigarettes



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# **Annual Meeting of Shareholders May 6, 2015**



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## 2014: Successful Investment Year Hampered by Currency

	2014 <u>Results</u>	<u>% Change (2014 vs. PY)</u>	
		<u>Actual</u>	<u>Excluding Curr. &amp; Acquisitions</u>
Cigarette Volume (units billion)	856.0	(2.8)%	(2.8)% <sup>(a)</sup>
Net Revenues (\$ billion)	29.8	(4.6)%	2.0 %
Adjusted OCI (\$ billion)	12.6	(10.5)%	—
Adjusted Diluted EPS (\$)	5.02	(7.0)%	7.8 % <sup>(b)</sup>

(a) Excluding acquisitions only

(b) Excluding currency only

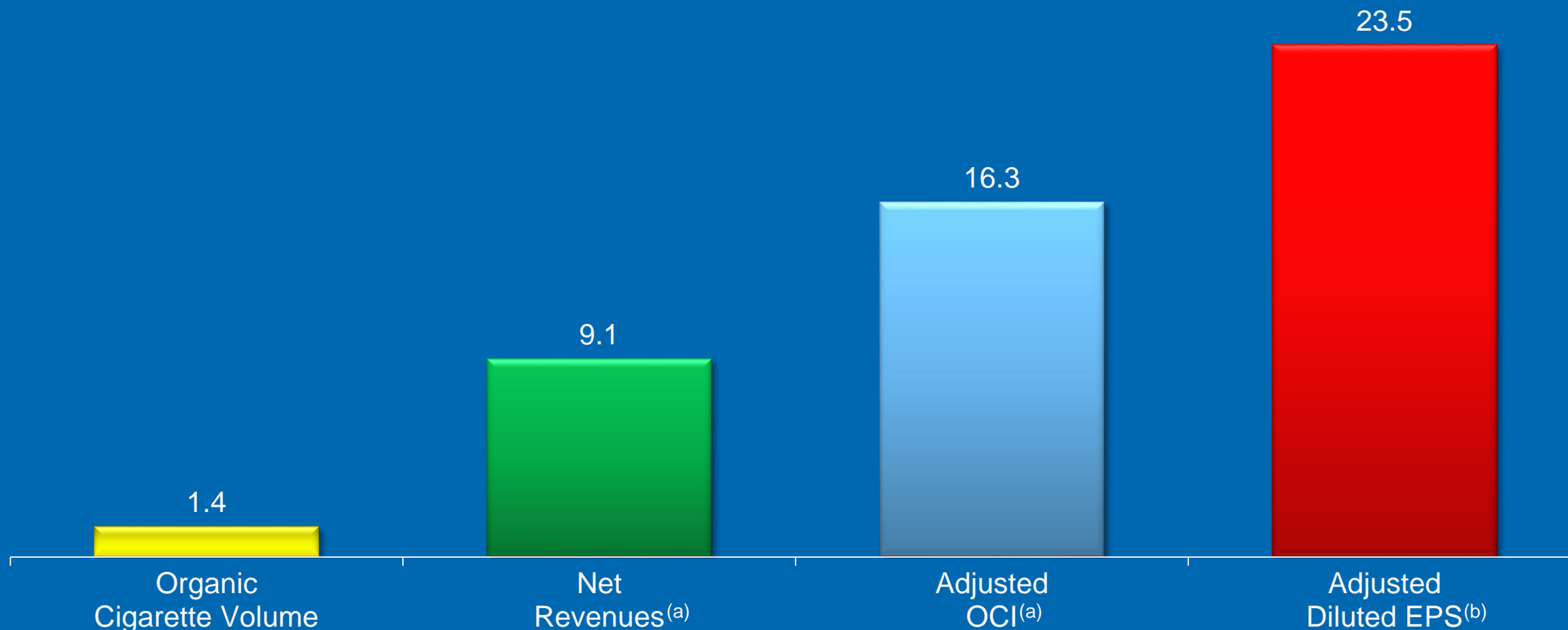
Source: PMI Financials or estimates



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# Q1, 2015: Strong Business Fundamentals

% Change (Q1, 2015 vs. PY)



(a) Excluding currency and acquisitions

(b) Excluding currency

Source: PMI Financials or estimates



## April 2015 EPS Guidance Reaffirmed

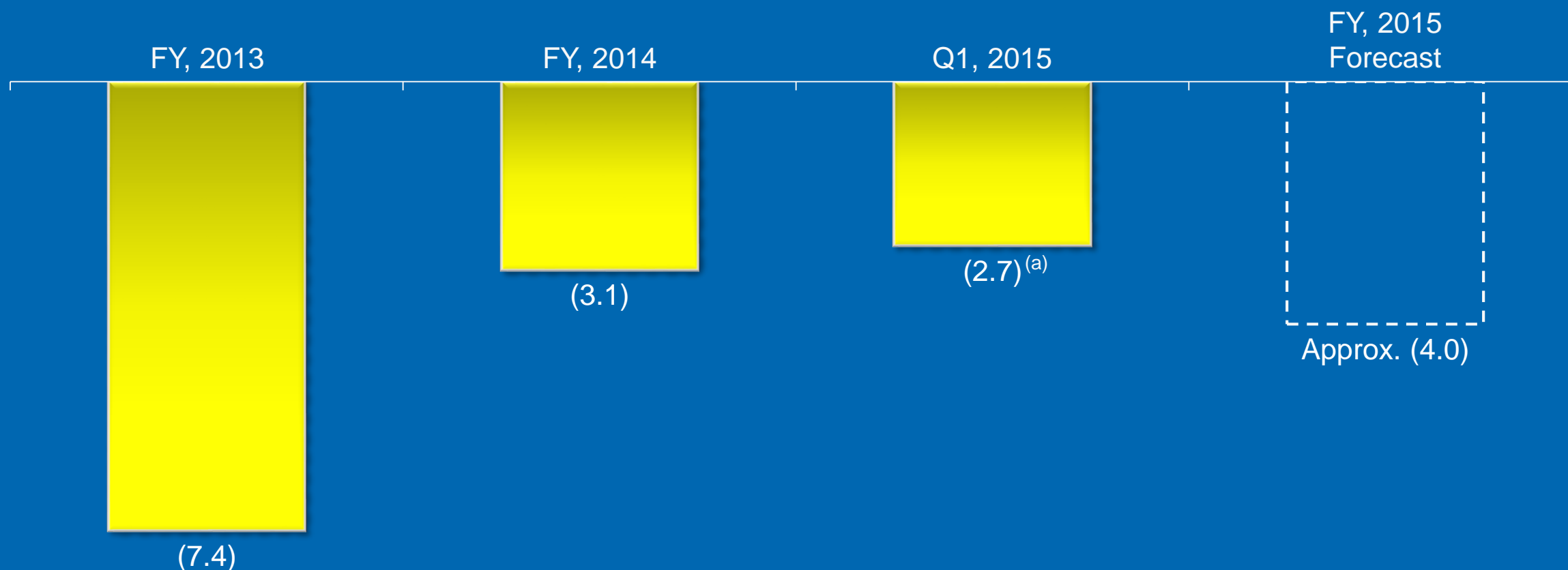
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- Reaffirming 2015 reported diluted EPS guidance of \$4.32 to \$4.42, at prevailing exchange rates, compared to \$4.76 in 2014
- Guidance continues to include approximately \$1.15 of unfavorable currency and to assume no share repurchases
- Excluding currency, guidance represents a growth rate of 9% to 11% compared to adjusted diluted EPS of \$5.02 in 2014



# EU Region: Moderation in Cigarette Industry Volume Decline

EU Region Cigarette Industry Volume (% Change vs. PY)



(a) Adjusted for trade inventory movements  
Source: PMI Financials or estimates

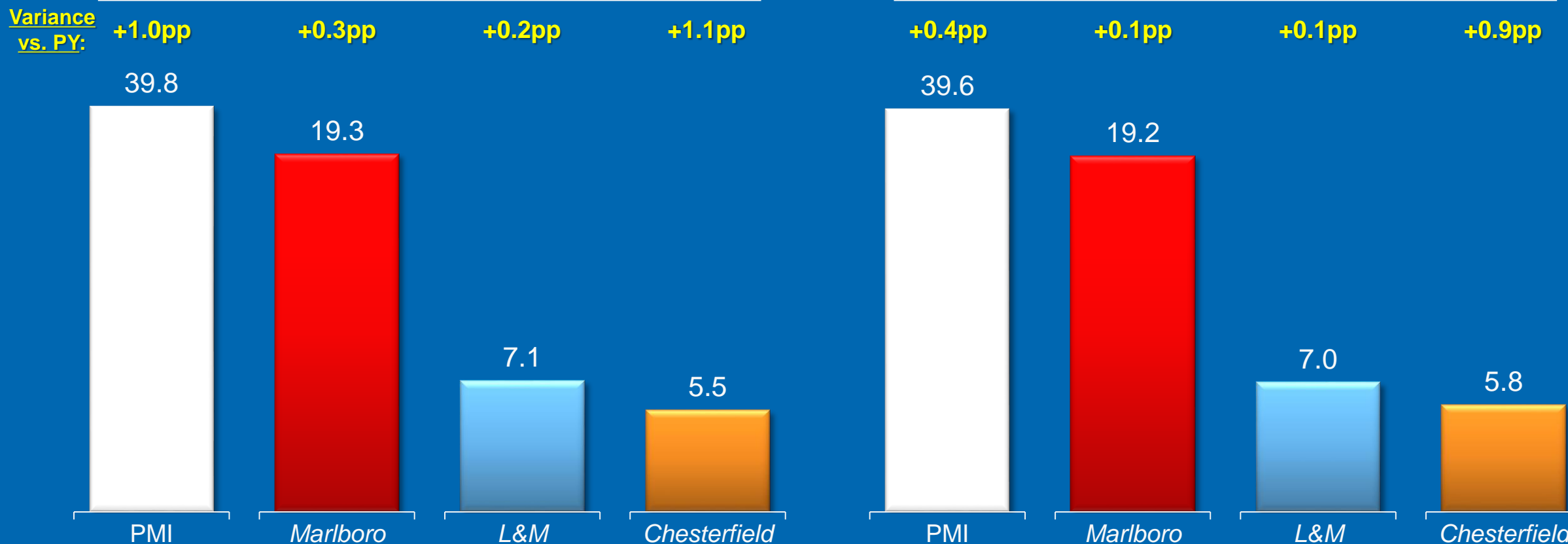


# EU Region: Cigarette Share Growth Momentum

## Cigarette Market Shares (%)

FY, 2014

Q1, 2015

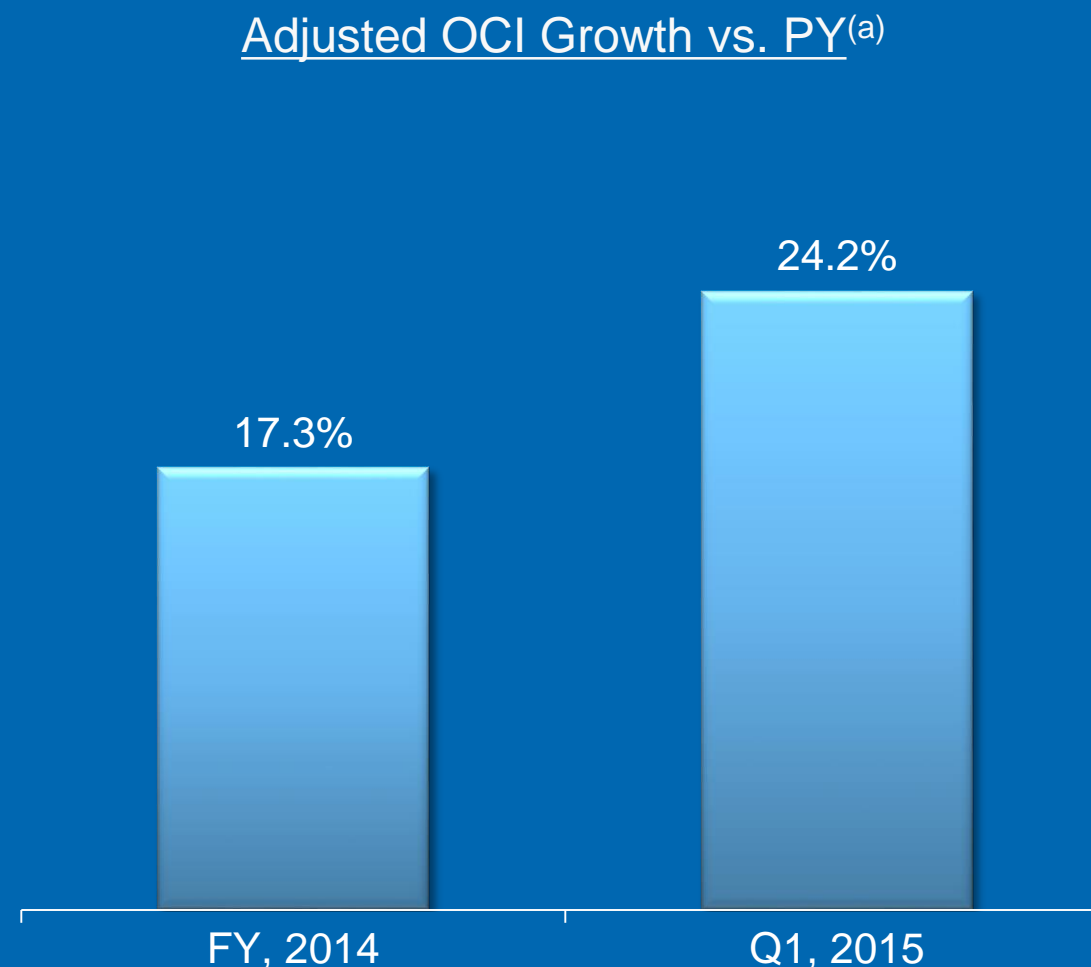






## EEMA Region: Largest Contributor to Currency-Neutral OCI Growth

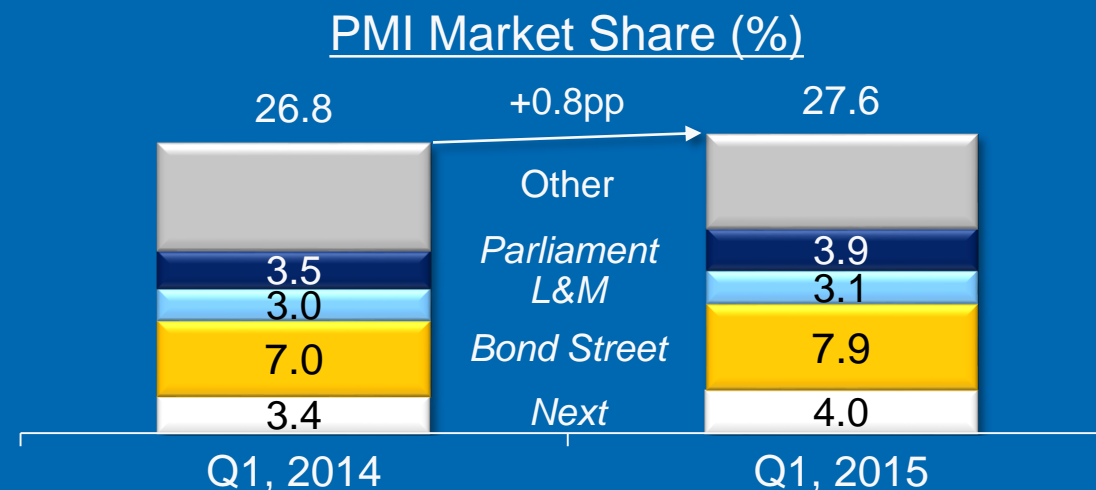
- Regional share grew by 0.3 points to 25.4% in 2014, and by 0.7 points to 24.9% in Q1, 2015
- *Parliament, Marlboro and L&M* performing well





## Russia: Very Strong Performance

- Cigarette industry volume decreased by 9.3% in 2014. An 8% to 10% rate of decline is forecast in 2015
- Local currency unit margins have grown at a faster pace than the market has declined, resulting in double-digit OCI growth



MRSP Evolution (RUB/pack)

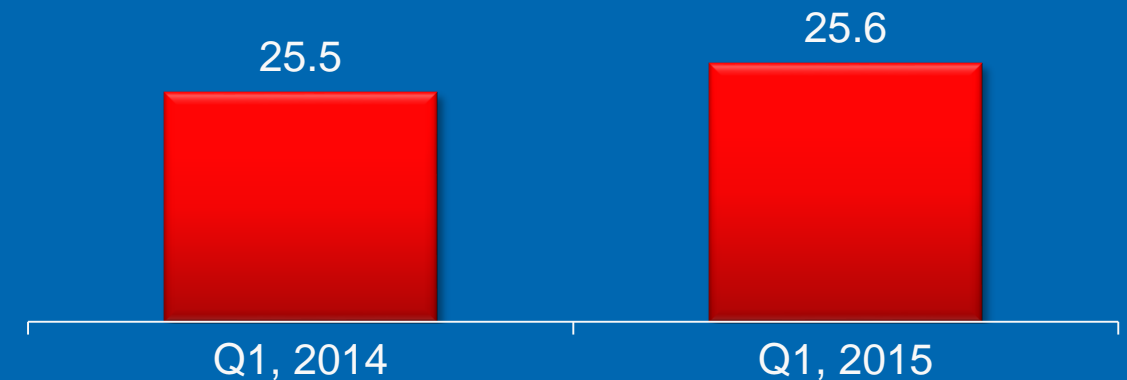
	December <u>2013</u>	April <u>2015</u>	<u>Variance</u>
<i>Parliament</i>	95	112	18%
<i>Marlboro</i>	83	100	20%
<i>L&amp;M</i>	56	73	30%
<i>Bond Street</i>	53	70	32%
<i>Next</i>	47	60	28%

## Japan: Market Share Stabilization

- Cigarette industry volume decreased by 3.4% in 2014. We forecast a 2.5% to 3.0% decline this year
- Market share stabilized at around 25.9% in 2014
- Roll-out of *Marlboro* 2.0 in March, *Lark* and *Parliament* line extensions, and strong pipeline of innovations

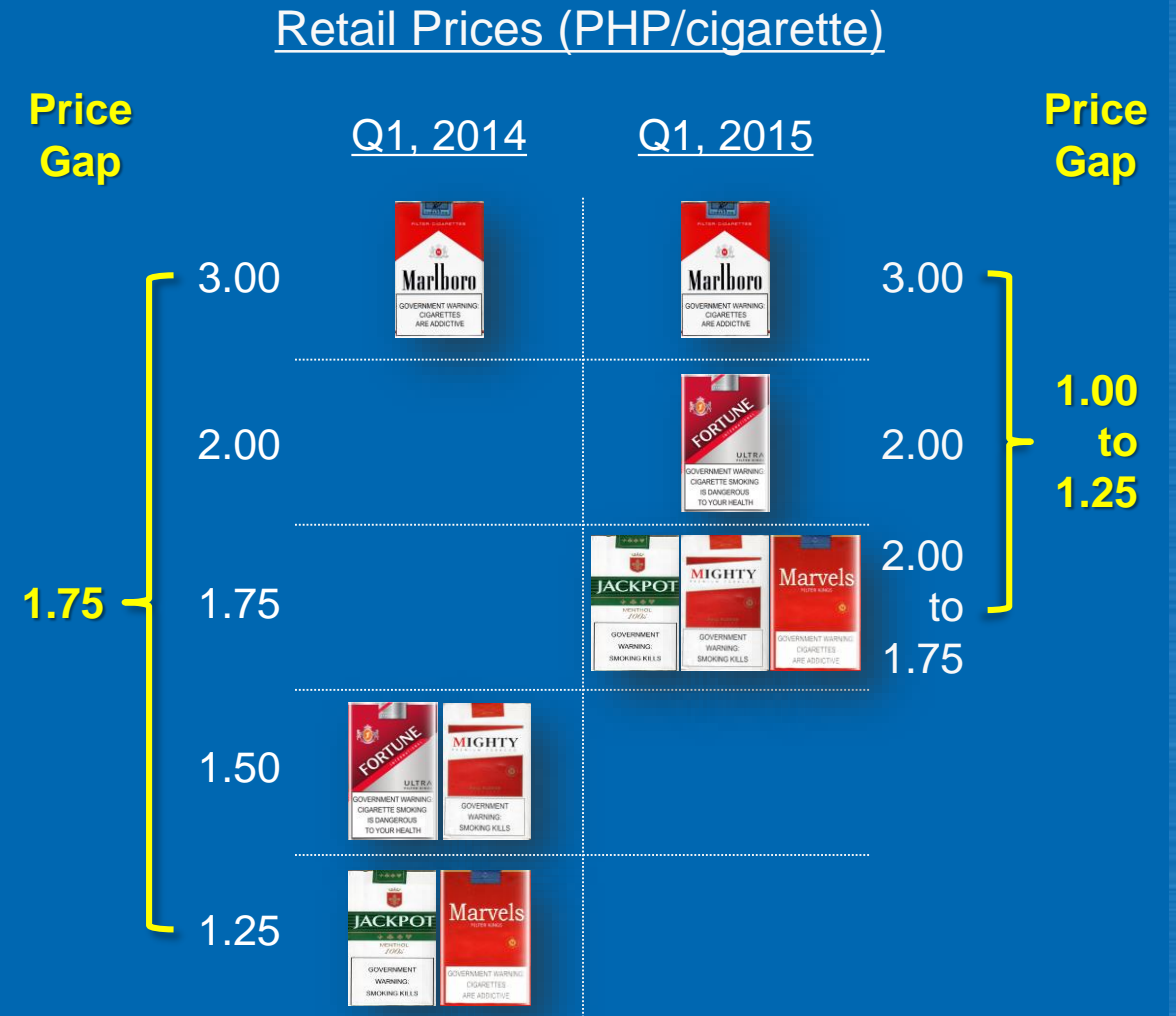


PMI Market Share (%)



# Philippines: Price Increases Restoring Margins

- Improved unit margins and narrowed price gaps
- Weighted-average super-low price per cigarette has increased by an estimated 27% since Q3, 2014
- Introduction of tax stamps
- Cigarette consumption of around 100 billion units
- Single excise tax tier as of January 2017

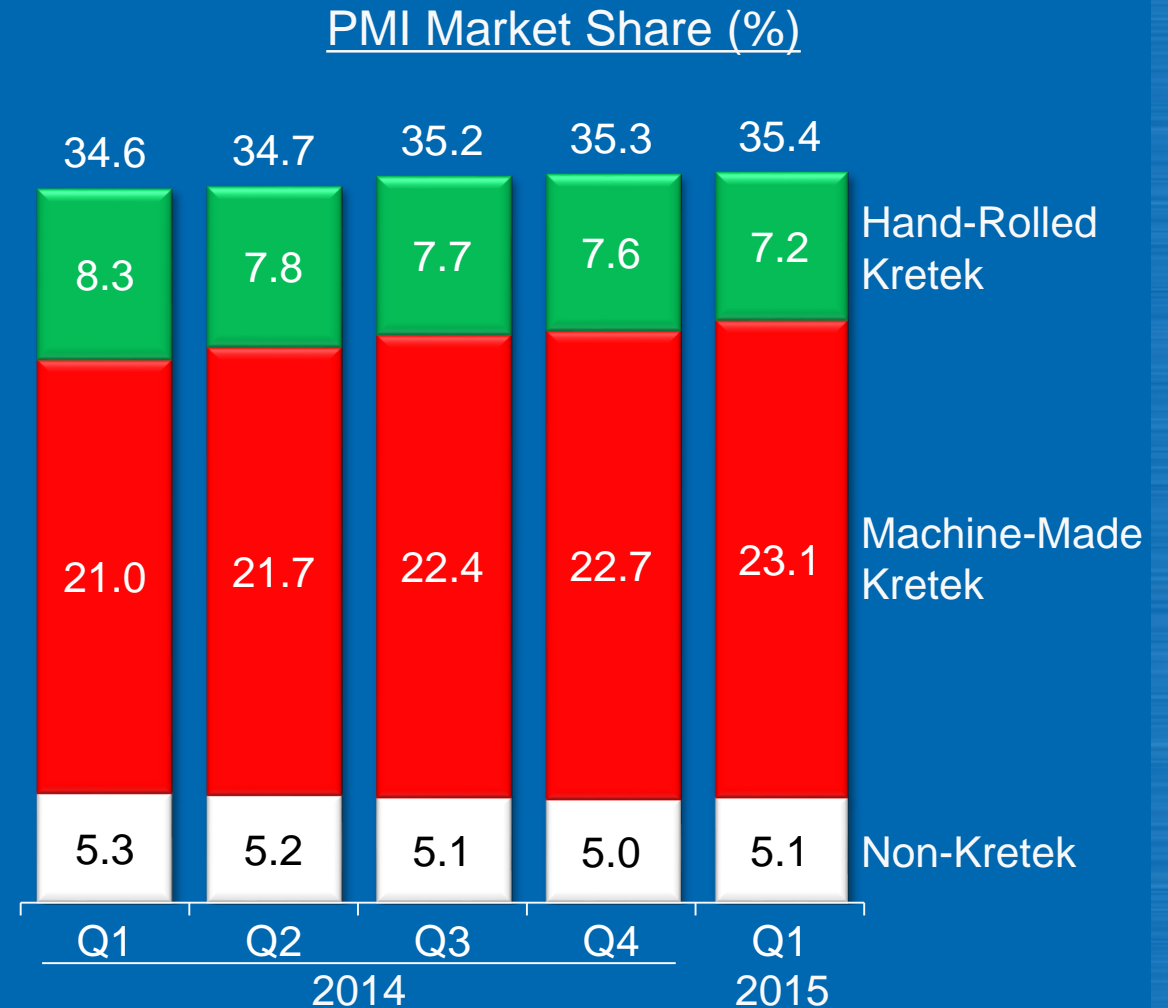


Note: Retail prices per cigarette represent recommended retail selling prices or estimates.  
Pack designs are for illustrative purposes only  
Source: PMI Financials or estimates



## Indonesia: Reinforcing Our Leading Position

- Cigarette industry volume anticipated to grow at around 2% this year, driven by the increase in adult population
- Sampoerna gaining share in the growing full-flavor and lighter-tasting machine-made kretek segments
- *U Bold* launched in March to further boost our position in the full-flavor machine-made segment

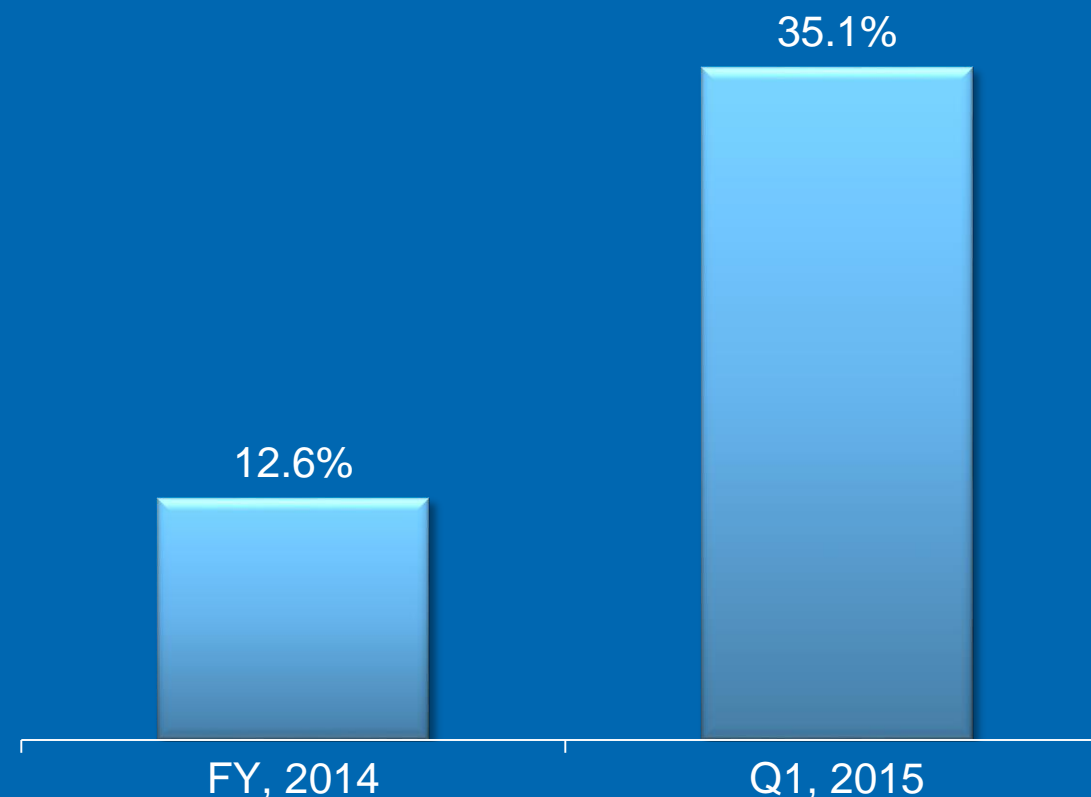




## LA&C Region: Growing Market Share and Profitability

- Double-digit adjusted OCI growth in 2014 and in Q1, 2015, driven by pricing
- Regional share increased by 0.4 points to 38.4% in 2014
- Market share gains notably in Argentina and Brazil

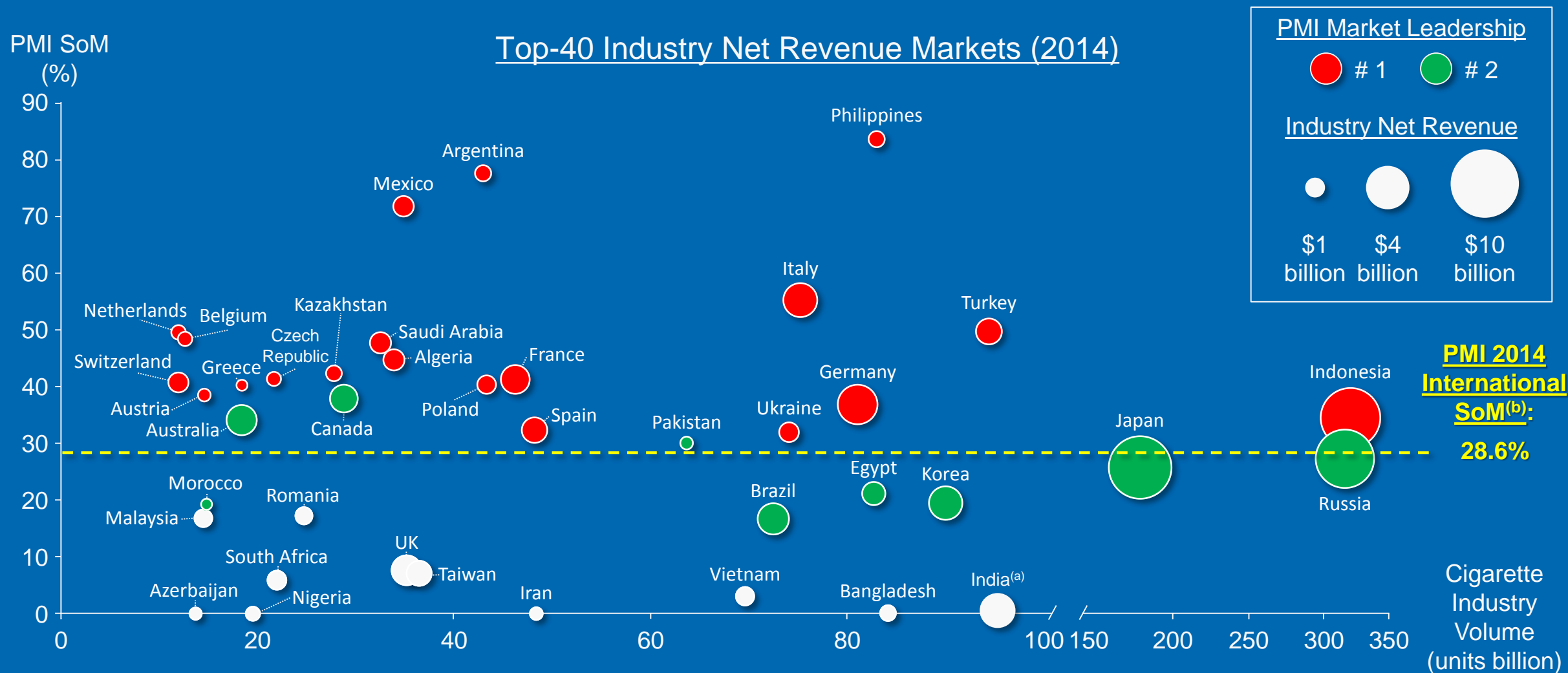
Adjusted OCI Growth vs. PY<sup>(a)</sup>





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# Global Market Leadership



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

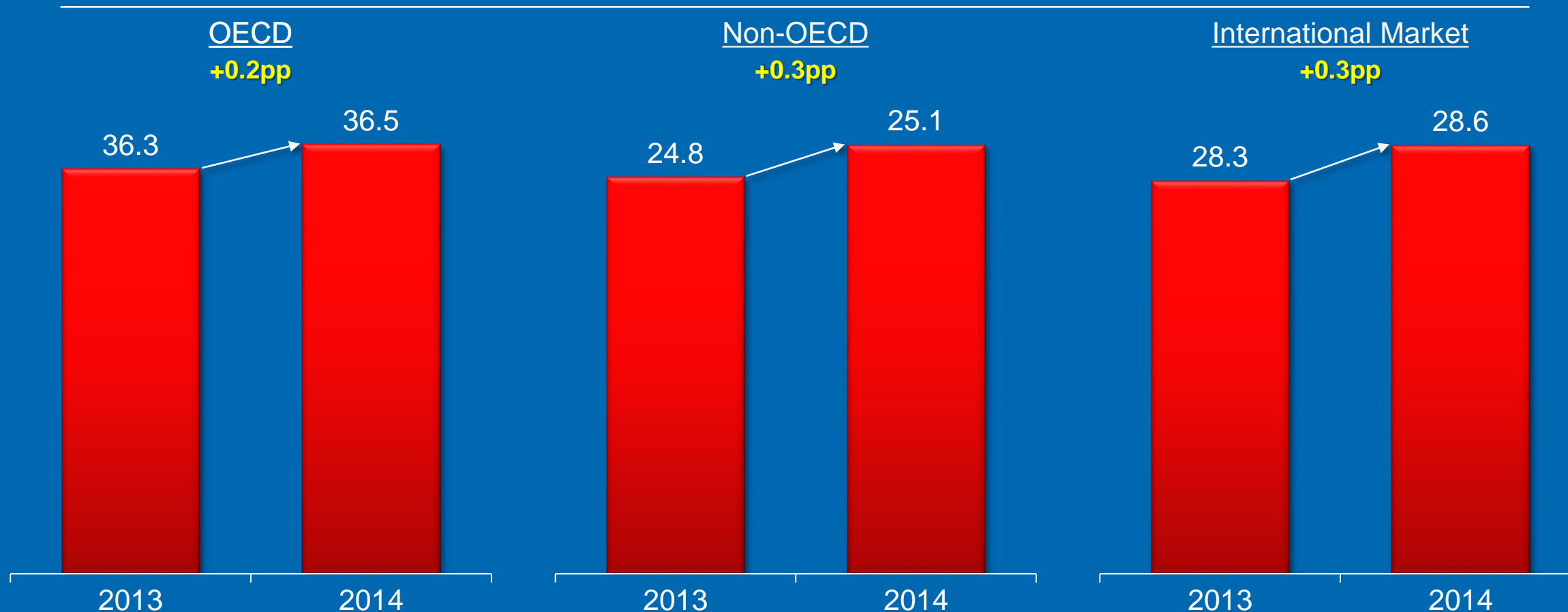
(b) Excluding China and the U.S.

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



# Strong Market Share Momentum: OECD and Non-OECD

PMI Market Shares (%)<sup>(a)</sup>



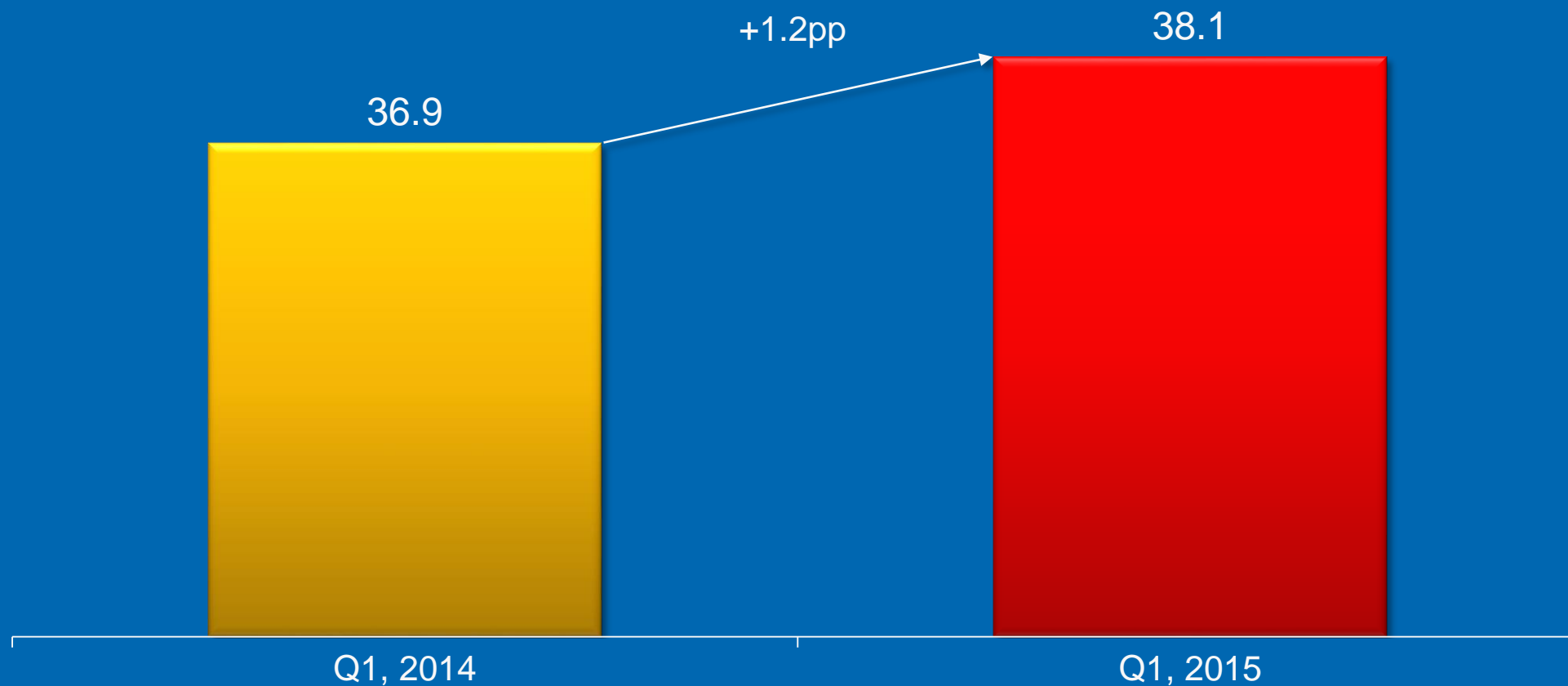
(a) Excluding China and the U.S.  
Source: PMI Financials or estimates





# Strong Market Share Momentum: Top-30 OCI Markets

PMI Market Share in Top-30 OCI Markets (%)



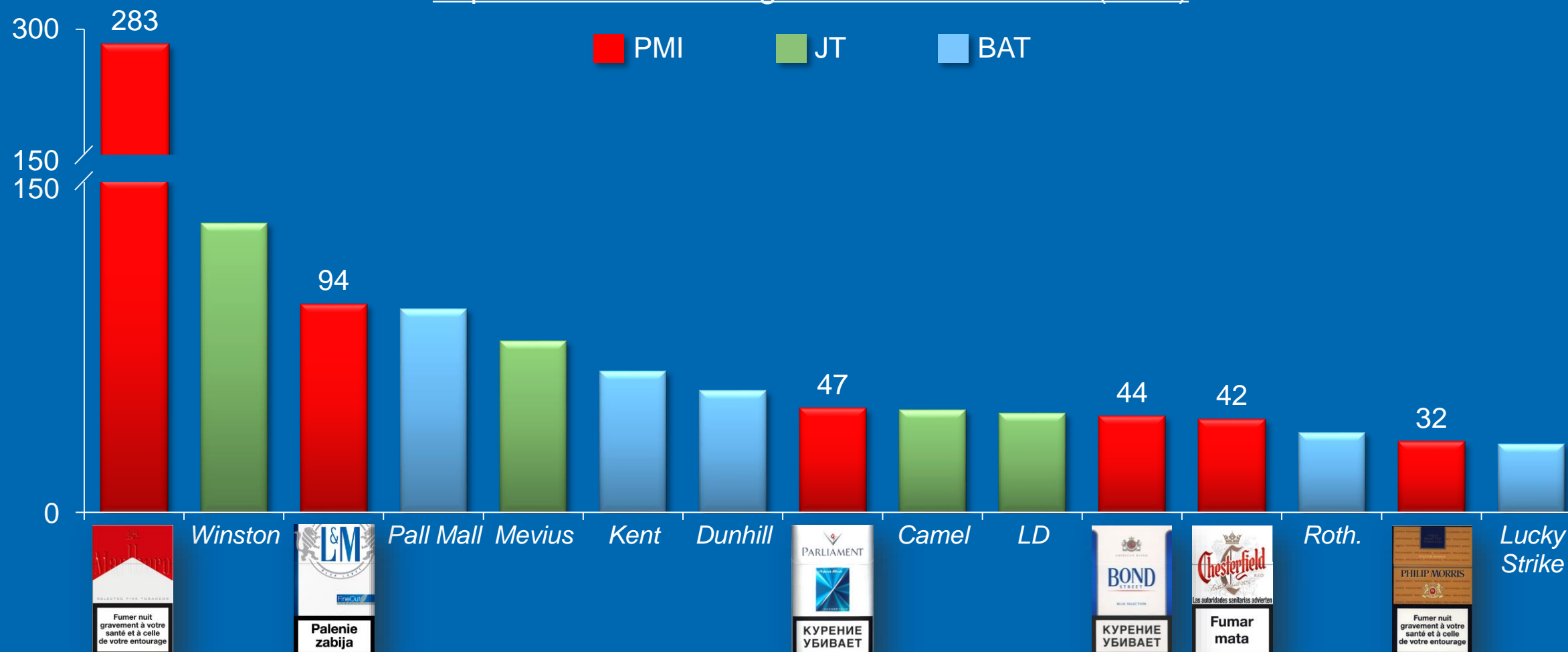


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# Superior Brand Portfolio

(units billion)

Top-15 International Cigarette Brands Volume (2014)



Note: Roth. is Rothmans. Pack designs are for illustrative purposes only

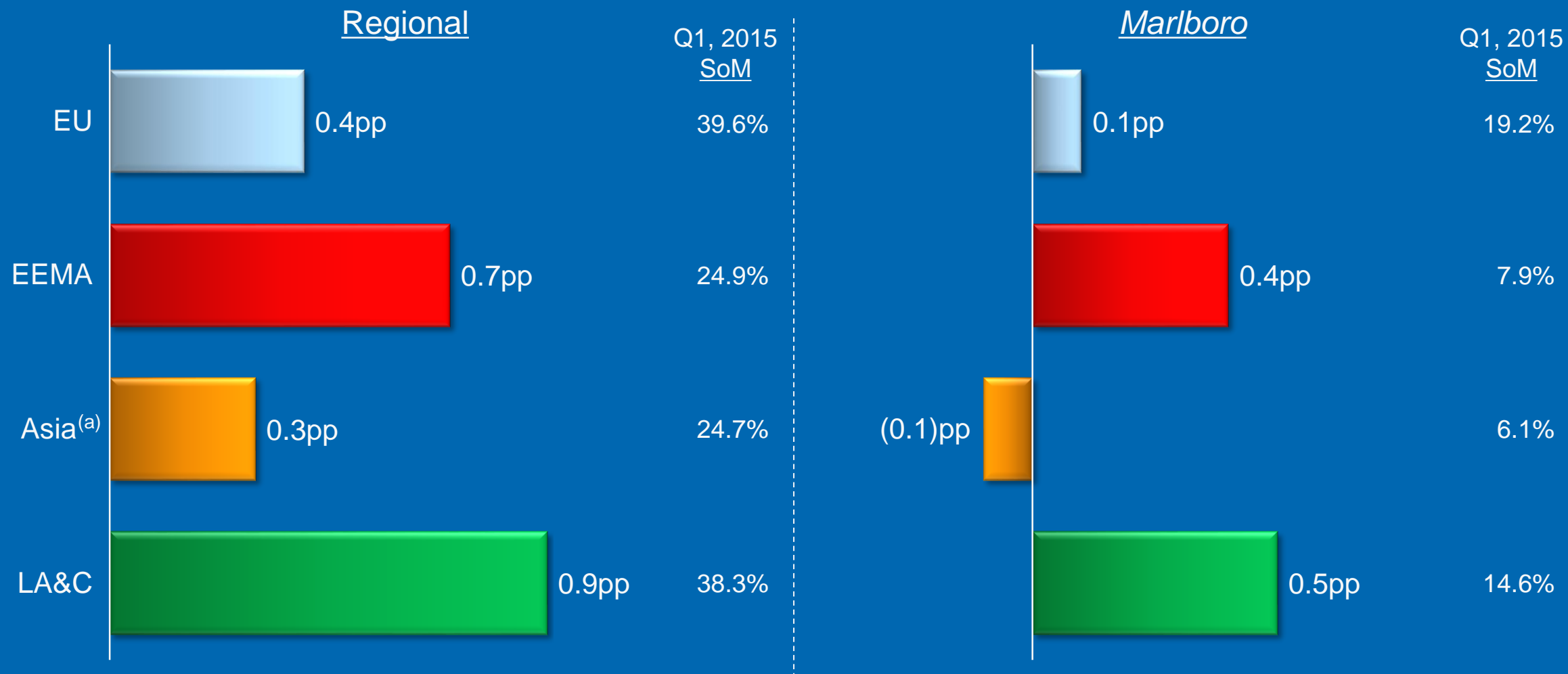
Source: PMI Financials or estimates. Competitive data for BAT and JT also derived from company reports



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# Regional Market Share Gains Underpinned by *Marlboro*

## PMI Share Variance (Q1, 2015 vs. PY)



(a) Excluding China

Source: PMI Financials or estimates



## Marlboro Round Taste 2.0

Note: Pack designs are for illustrative purposes only



## Marlboro Smooth Taste 2.0



## Marlboro Fresh Taste 2.0



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## Superior Brands Reinforced by New Commercial Approach

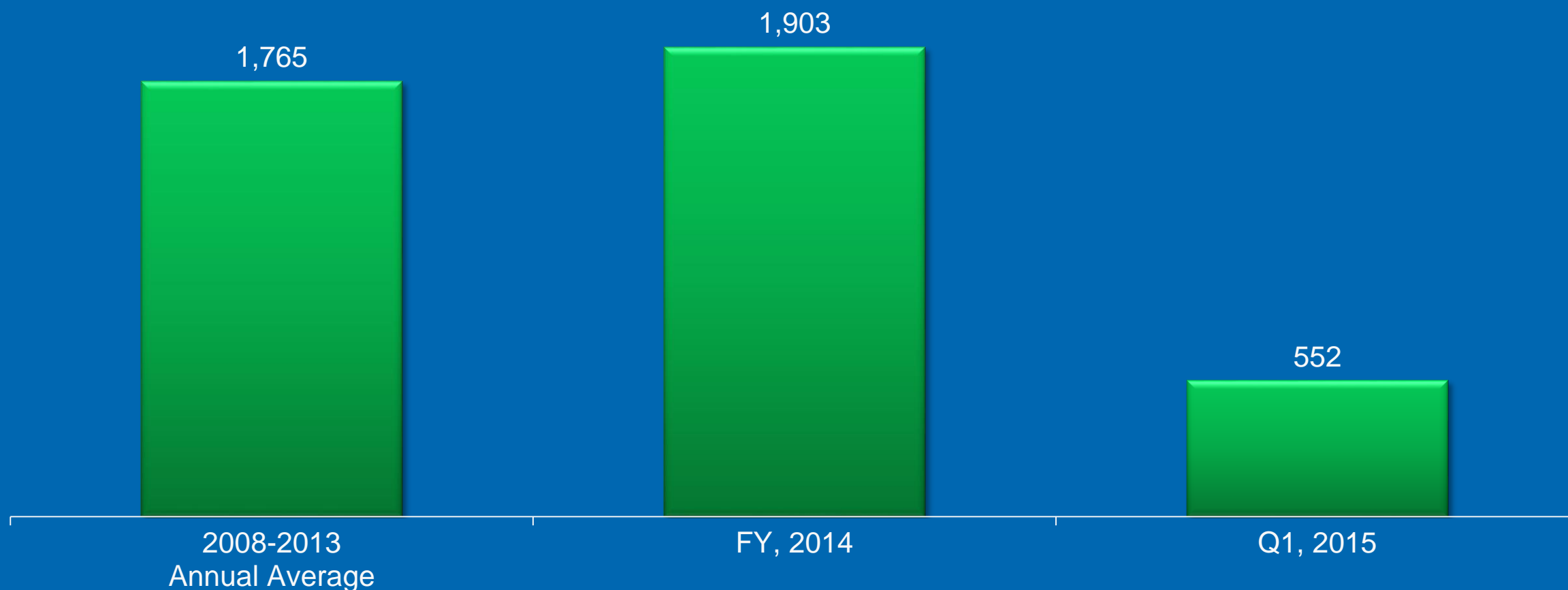
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- Provides a sustainable competitive advantage
- Implemented in 48 markets by year-end 2014
- Some 11,000 employees have received training



# Pricing: Key Driver of Profitability Growth

Pricing Variance (\$ million)





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## Rigorously Addressing Our Cost Base

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- Enhanced manufacturing footprint
- Productivity initiatives across our supply chain
- Structure and process simplification
- Improved efficiency in trade and marketing activities
- Expect to limit the growth of our total company cost base to approximately 1% in 2015, excluding RRP's and currency



## Focus on RRP Regulations and Excise Tax Systems

- PMI has long been active in supporting regulation
- At times, we have drawn the line at what we consider excessive measures
- Focused on obtaining the appropriate regulatory framework for Reduced-Risk Products
- Advocating for rational excise tax systems





# Plain Packaging is an Excessive Measure

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- Plain packaging bans trademarks
- Implementation in Australia has failed to deliver on the Government's promises
- PMI claim against Australia under BIT
- Five countries are challenging Australia at the WTO

# *iQOS*: Successful Pilot Launches in Japan and Italy

- Introduced in Nagoya and Milan in November last year
- Initial results ahead of expectations
- Pilot launches providing valuable learnings
- About 30% of adult smokers who have purchased *iQOS* are fully or predominantly using it
- National expansion in Japan and Italy and planned launches in other markets during the second half of this year

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  
Source: PMI Financials or estimates

## *iQOS* Kit

JPY 6,980 / EUR 70



## Marlboro HeatSticks

Japan  
(JPY 460/pack)

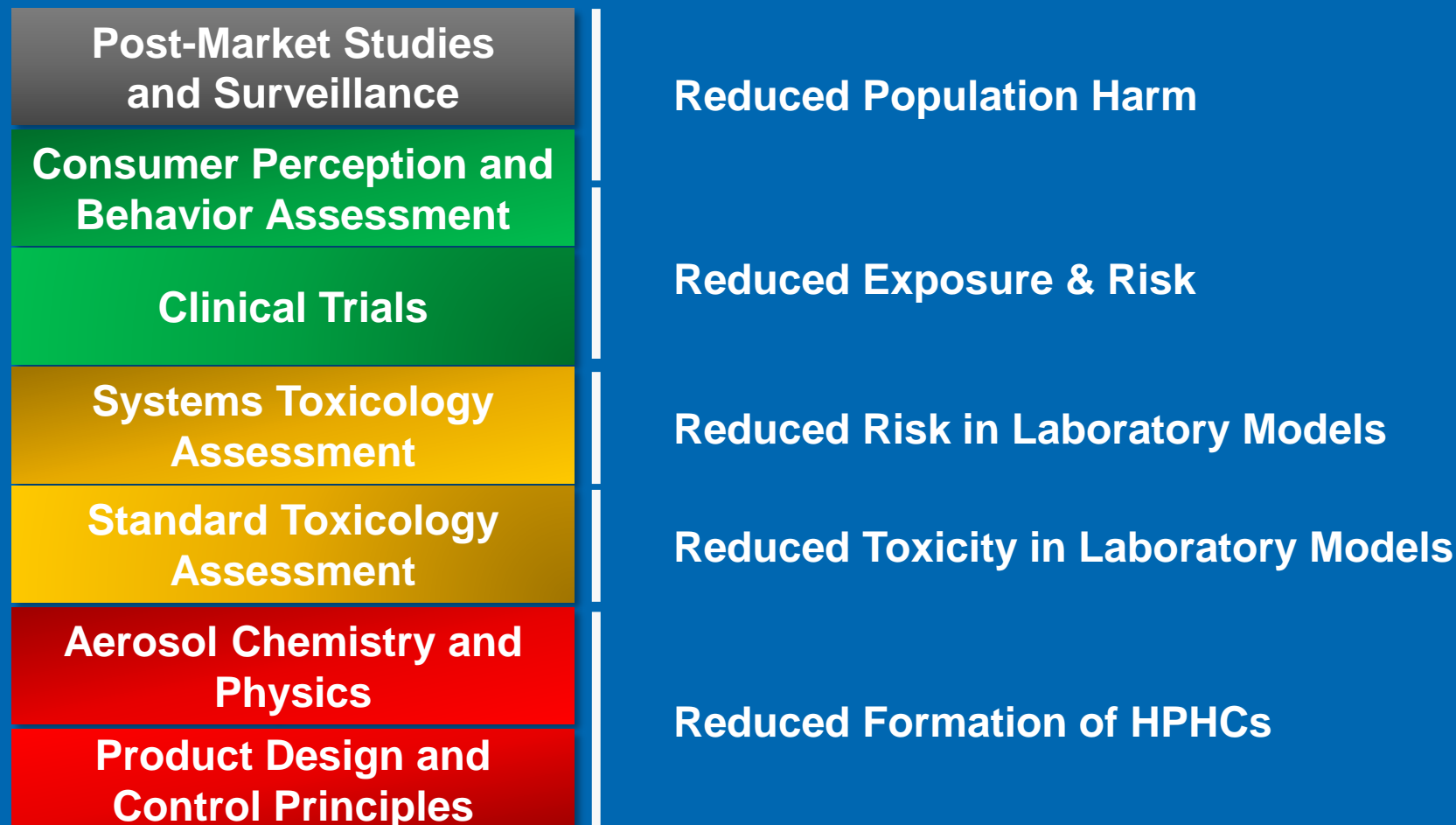
Italy  
(EUR 5/pack)





## iQOS: Substantiating Reduced Risk

- Developing robust scientific evidence packages based on state-of-the-art science



# RRPs: Our Portfolio

## Heat-Not-Burn Products



Platform 1  
(iQOS)



Platform 2

## Nicotine-Containing Products



Platform 3



Platform 4



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. The products depicted are subject to ongoing development and therefore the visuals are illustrative and do not necessarily represent the latest stages of product development



# RRPs: Our Portfolio

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>iQOS</b>	Pilot Launches	National	Geographic Expansion	
<b>Platform 2</b>	Final Phase of Development	Clinical Trials	Pilot Launches	National
<b>Platform 4 (current generation)</b>	Altria Agreement / Nicocigs Acquisition	Geographic Expansion		
<b>Platforms 3 and 4 (next generation)</b>	Product Development			Commercialization



# iQOS

## 革新のたばこヒートテクノロジー



MARLBORO   
DESIGNED FOR iQOS

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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気腫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。人により程度は異なりますが、ニコチンにより喫煙への依存が生じます。

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.  
Translation from Japanese: "iQOS. The Advanced Tobacco Heating Technology"



## Returning Cash to Our Shareholders

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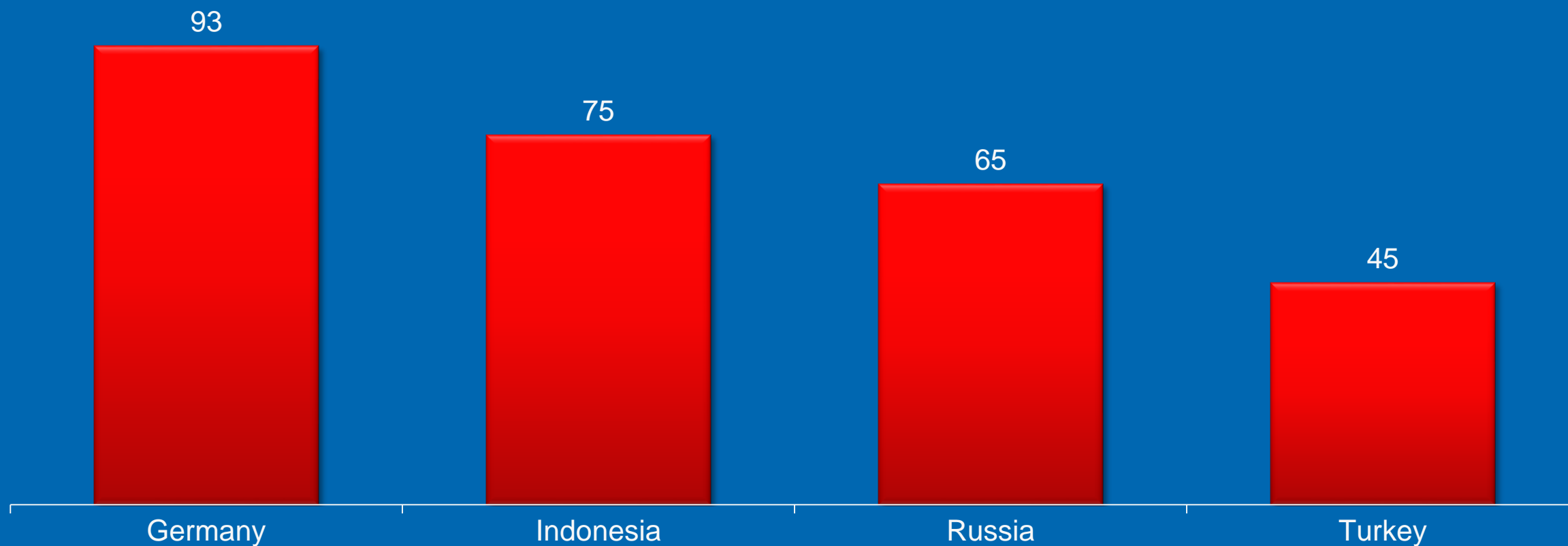
- Fully committed to returning around 100% of our free cash flow to our shareholders
- Desire to maintain single-A credit rating
- Judicious management of working capital and capital expenditures
- Steadfast determination to provide an attractive dividend



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# Local Content

% of PMI Costs in Local Currency (2014)







## Costs by Currency

	2014 Total (\$ billion)	Currency (%)			
		<u>USD</u>	<u>EUR</u>	<u>CHF</u>	<u>Other</u>
Tobacco Leaf <sup>(a)</sup>	3.3	20	51	—	29
Direct Materials	2.9	39	47	—	14
Other COGS <sup>(b)</sup>	4.2	7	25	7	61
Marketing, O/H and Other Costs above OCI	9.1	9	24	12	55
<b>Total Costs<sup>(c)</sup></b>	<b>19.6</b>	<b>15</b>	<b>32</b>	<b>7</b>	<b>46</b>

(a) Including cloves

(b) Other manufacturing related costs and shipping

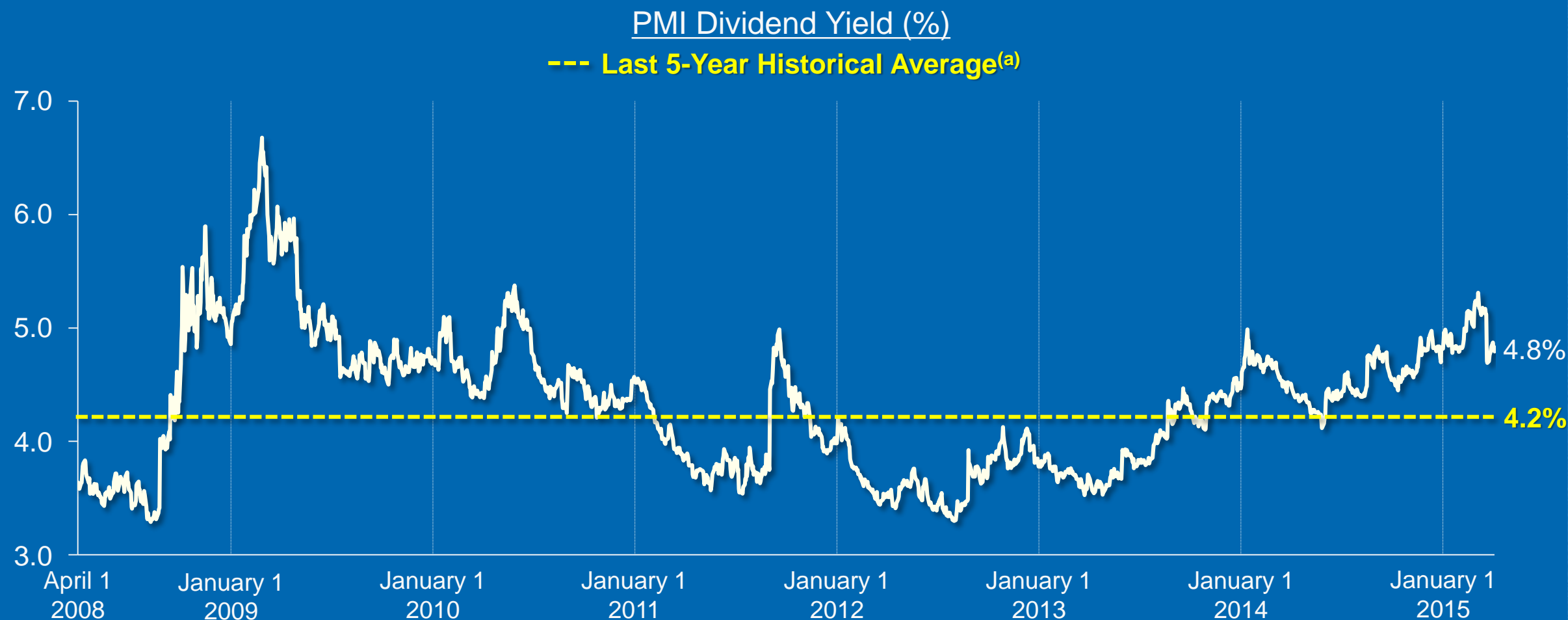
(c) Total costs above reported OCI and including sales allowances

Note: 2014 total costs does not add to \$19.6 billion due to rounding. O/H stands for overhead costs

Source: PMI Financials or estimates



# Attractive Dividend Yield



(a) Average with daily data points

Note: Reflects annualized announced dividends from time of first PMI dividend of \$0.46 in June 2008 through April 30, 2015. Assumes quarterly dividend of \$0.46 prior to June 2008. Dividend yield represents the annualized dividend 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 \$83.47 on April 30, 2015.

Average last 5-year historical dividend yield represents the annualized dividend over the closing share price computed on a daily basis from April 30, 2010 to April 30, 2015

Source: FactSet, compiled by Centerview (as of April 30, 2015)



## Attractive Dividend Yield

	Last 5-Year <u>Historical Average</u> <sup>(a)</sup>	<u>Current</u> <sup>(b)</sup>
PMI Dividend Yield	4.2%	4.8%
Proxy Peer Group Dividend Yield	3.8%	3.2%
<i>Spread vs. PMI Dividend Yield</i>	<i>35 bps</i>	<b><i>156 bps</i></b>
10-Year US Treasury Yield	2.4%	2.0%
<i>Spread vs. PMI Dividend Yield</i>	<i>178 bps</i>	<b><i>275 bps</i></b>

(a) Average with daily data points

(b) On April 30, 2015

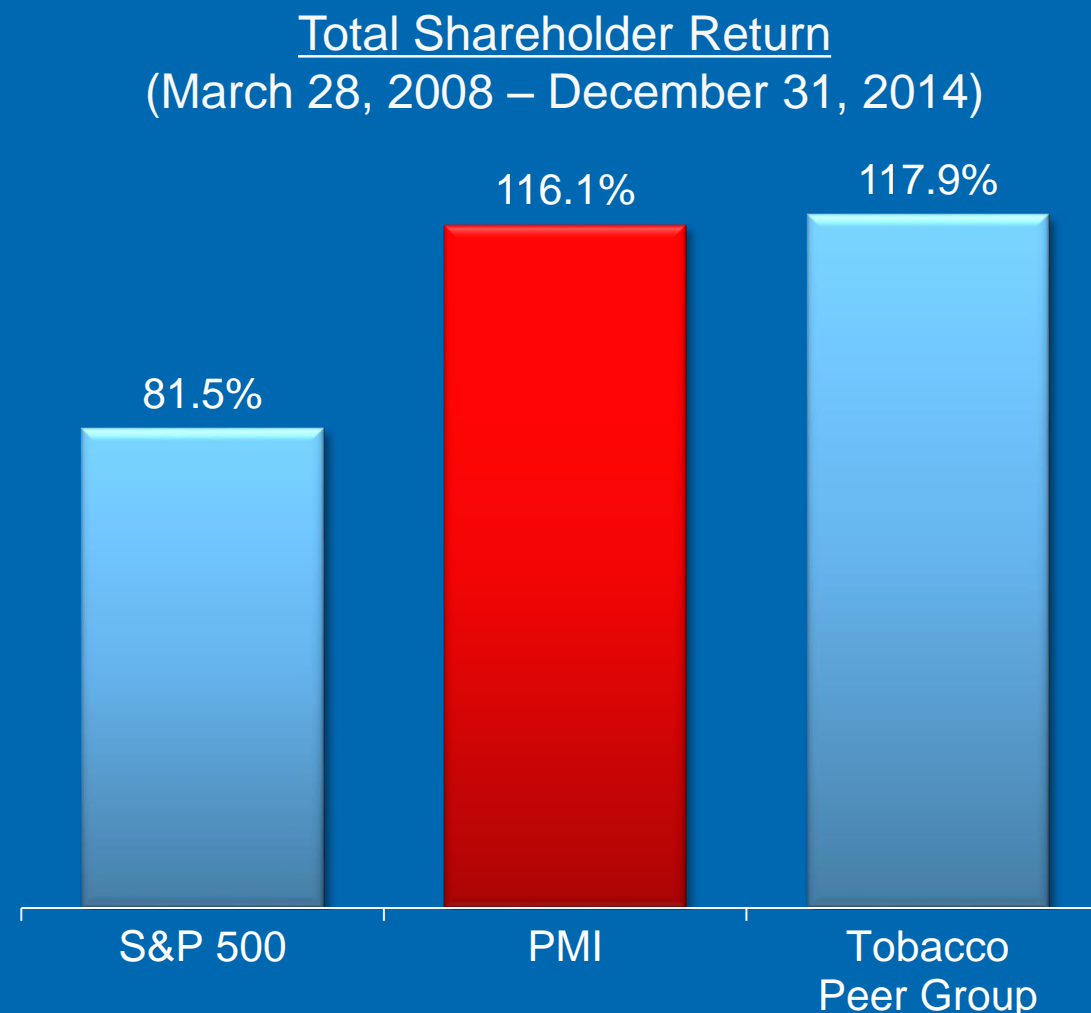
Note: Average last 5-year historical dividend yield represents the annualized dividend over the closing share price computed on a daily basis from April 30, 2010 to April 30, 2015. The current dividend yield represents the annualized dividend on April 30, 2015 over the closing share price on that date. The closing share price for PMI was \$83.47 on April 30, 2015. The current annualized dividend for PMI was \$4.00. The Proxy Peer Group includes the Compensation Survey and Tobacco Peer Groups, which are both defined in the glossary

Source: FactSet and Bloomberg, compiled by Centerview



## Total Shareholder Return Impacted by Currency Headwind

- TSR trailed in 2014 due to significant currency headwind
- TSR in line with tobacco peers since 2008 spin
- Uncompromising commitment to invest for the long-term



Note: TSR is Total Shareholder Return. In USD. The Tobacco Peer Group represents the market weighted-average return of the group. PMI TSR pro forma for additional \$0.46 per share dividend paid in April 2008 impacts the period March 28, 2008 – December 31, 2014. Exchange rates are as of March 28, 2008 and December 31, 2014. The Tobacco Peer Group is defined in the glossary  
Source: FactSet, compiled by Centerview



## Conclusion: An Excellent Start to 2015

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- Strong business fundamentals
- Reaffirmed guidance reflects a currency-neutral growth rate of 9% to 11% versus 2014 adjusted diluted EPS of \$5.02
- Market share momentum and strong pricing variance
- *iQOS* performing above expectations
- Aim to provide an attractive dividend and yield
- Investing behind the business in order to generate long-term growth



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# **Annual Meeting of Shareholders May 6, 2015**



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# **Annual Meeting of Shareholders May 6, 2015**

## **Question and Comment Session**



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# **Annual Meeting of Shareholders May 6, 2015**

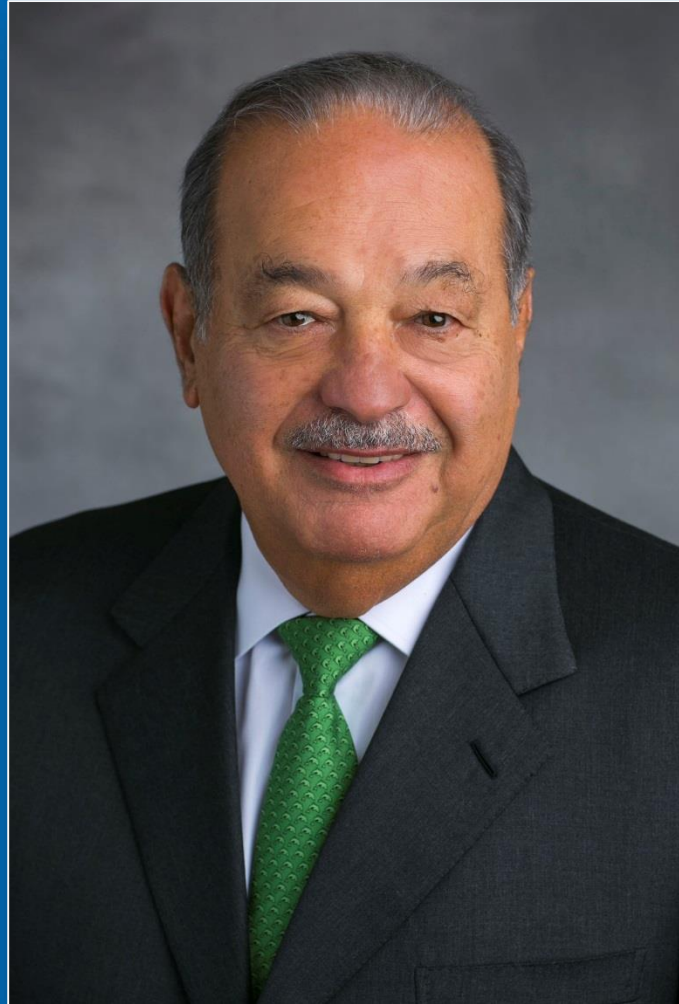


# Carlos Slim Helú

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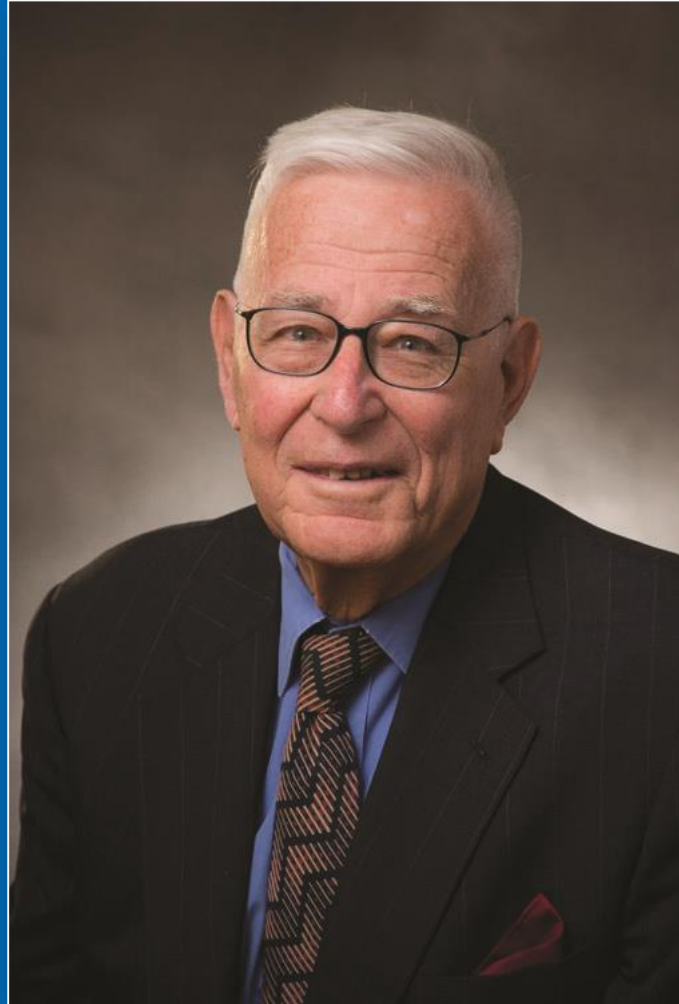


# Harold Brown

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# André Calantzopoulos

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# Louis C. Camilleri

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# Werner Geissler

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# Jennifer Li

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# Jun Makihara

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# Sergio Marchionne

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# Kalpana Morparia



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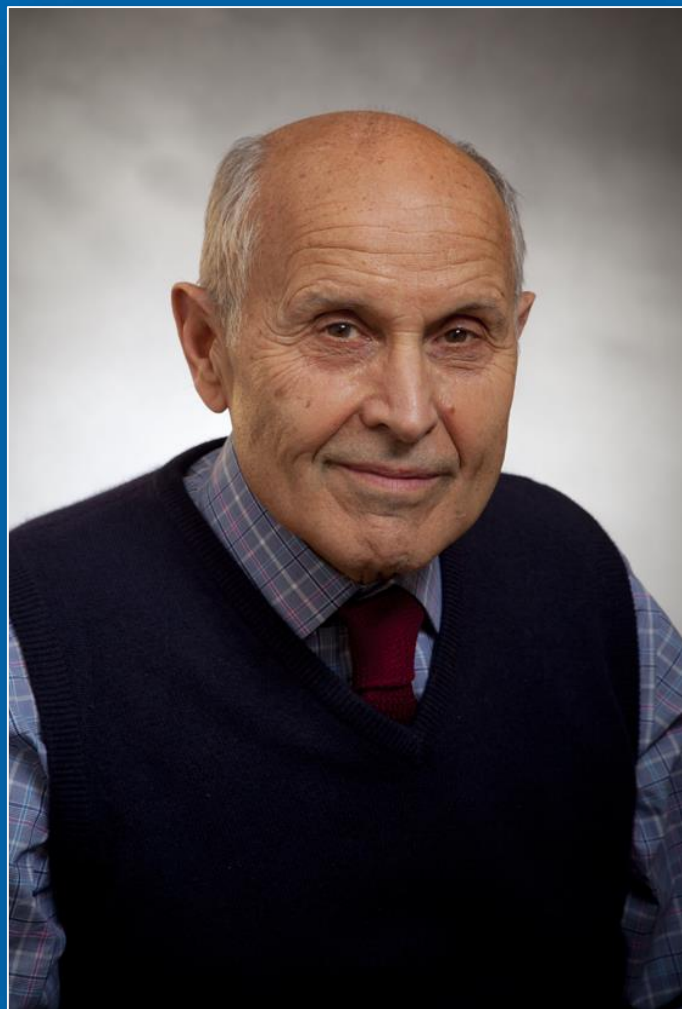


# Lucio A. Noto

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# Frederik Paulsen

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# Robert B. Polet

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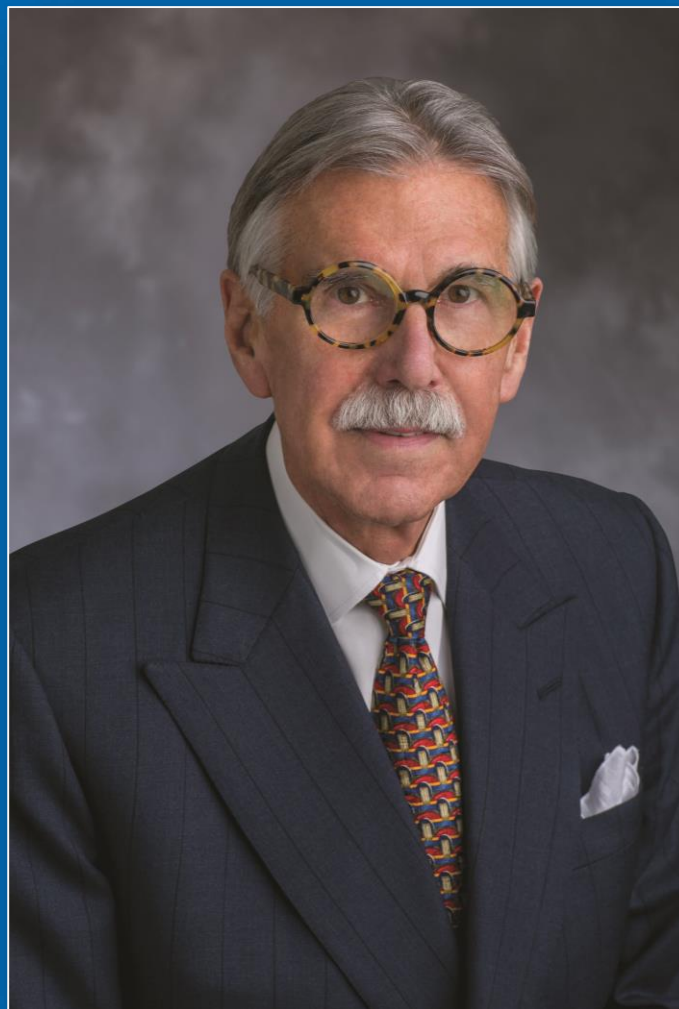


# Stephen M. Wolf

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# Glossary and Reconciliation of Non-GAAP Measures



## Glossary: General Terms

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- 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

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- 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



## Glossary: Industry/Market Terms

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- Eastern Europe: Armenia, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Mongolia, Russia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan
- EEMA refers to the Eastern Europe, Middle East & Africa Region
- EU refers to the European Union Region
- LA&C refers to the Latin America & Canada 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
- BIT stands for the Australia-Hong Kong Bilateral Investment Treaty
- WTO stands for the World Trade Organization



## 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
- Modified Risk Tobacco Product ("MRTP") is the term used by the U.S. FDA to refer to RRP's
- 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 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



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# PMI Peer Groups

## Compensation Survey Group

- BAT
- Bayer
- Coca-Cola
- Diageo
- GlaxoSmithKline
- Heineken
- Imperial Tobacco
- Johnson & Johnson
- Kraft<sup>(a)</sup>
- McDonald's
- Mondelēz International<sup>(b)</sup>
- 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



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Adjustments for the Impact of Currency and Acquisitions  
For the Years Ended December 31,  
(\$ in millions)  
(Unaudited)

2014								2013			% 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 Acquisi- tions	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
\$ 29,058	\$ 20,219	\$ 8,839	\$ 122	\$ 8,717	\$ 11	\$ 8,706	European Union	\$ 28,303	\$ 19,707	\$ 8,596	2.8%	1.4%	1.3%
21,928	13,006	8,922	(761)	9,683	1	9,682	EEMA	20,695	11,929	8,766	1.8%	10.5%	10.4%
19,255	10,527	8,728	(1,022)	9,750	-	9,750	Asia	20,987	10,486	10,501	(16.9)%	(7.2)%	(7.2)%
9,865	6,587	3,278	(431)	3,709	1	3,708	Latin America & Canada	10,044	6,690	3,354	(2.3)%	10.6%	10.6%
<b>\$ 80,106</b>	<b>\$ 50,339</b>	<b>\$ 29,767</b>	<b>\$ (2,092)</b>	<b>\$ 31,859</b>	<b>\$ 13</b>	<b>\$ 31,846</b>	<b>PMI Total</b>	<b>\$ 80,029</b>	<b>\$ 48,812</b>	<b>\$ 31,217</b>	<b>(4.6)%</b>	<b>2.1%</b>	<b>2.0%</b>

2014					2013					% Change in Reported Operating Companies Income		
Reported Operating Companies Income	Less Currency	Reported Operating Companies Income excluding Currency	Less Acquisi-tions	Reported Operating Companies Income excluding Currency & Acquisitions		Reported Operating Companies Income	Reported	Reported excluding Currency	Reported excluding Currency & Acquisitions			
\$ 3,727	\$ 37	\$ 3,690	\$ (1)	\$ 3,691	European Union	\$ 4,238	(12.1)%	(12.9)%	(12.9)%			
4,121	(611)	4,732	(8)	4,740	EEMA	3,779	9.1%	25.2%	25.4%			
3,187	(656)	3,843	-	3,843	Asia	4,622	(31.0)%	(16.9)%	(16.9)%			
1,030	(243)	1,273	(1)	1,274	Latin America & Canada	1,134	(9.2)%	12.3%	12.3%			
\$ 12,065	\$ (1,473)	\$ 13,538	\$ (10)	\$ 13,548	PMI Total	\$ 13,773	(12.4)%	(1.7)%	(1.6)%			

# PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

## Reconciliation of Non-GAAP Measures



PHILIP MORRIS  
INTERNATIONAL

Reconciliation of Reported Operating Companies Income to Adjusted Operating Companies Income &  
Reconciliation of Adjusted Operating Companies Income Margin, excluding Currency and Acquisitions  
For the Years Ended December 31,  
(\$ in millions)  
(Unaudited)

2014							2013			% 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
\$ 3,727	\$ (490)	\$ 4,217	\$ 37	\$ 4,180	\$ (1)	\$ 4,181	European Union	\$ 4,238	\$ (13)	\$ 4,251	(0.8)%	(1.7)%	(1.6)%
4,121	(2)	4,123	(611)	4,734	(8)	4,742	EEMA	3,779	(264)	4,043	2.0%	17.1%	17.3%
3,187	(35)	3,222	(656)	3,878	-	3,878	Asia	4,622	(27)	4,649	(30.7)%	(16.6)%	(16.6)%
1,030	(8)	1,038	(243)	1,281	(1)	1,282	Latin America & Canada	1,134	(5)	1,139	(8.9)%	12.5%	12.6%
\$ 12,065	\$ (535)	\$ 12,600	\$ (1,473)	\$ 14,073	\$ (10)	\$ 14,083	PMI Total	\$ 13,773	\$ (309)	\$ 14,082	(10.5)%	(0.1)%	-

2014							2013			% Points Change	
Adjusted Operating Companies Income excluding Currency	Net Revenues excluding Excise Taxes & Currency <sup>(a)</sup>	Adjusted Operating Companies Income Margin excluding Currency	Adjusted Operating Companies Income excluding Currency & Acquisitions	Net Revenues excluding Excise Taxes, Currency & Acquisitions <sup>(a)</sup>	Adjusted Operating Companies Income Margin excluding Currency & Acquisitions		Adjusted Operating Companies Income	Net Revenues excluding Excise Taxes <sup>(a)</sup>	Adjusted Operating Companies Income Margin	Adjusted Operating Companies Income Margin excluding Currency	Adjusted Operating Companies Income Margin excluding Currency & Acquisitions
\$ 4,180	\$ 8,717	48.0%	\$ 4,181	\$ 8,706	48.0%	European Union	\$ 4,251	\$ 8,596	49.5%	(1.5)	(1.5)
4,734	9,683	48.9%	4,742	9,682	49.0%	EEMA	4,043	8,766	46.1%	2.8	2.9
3,878	9,750	39.8%	3,878	9,750	39.8%	Asia	4,649	10,501	44.3%	(4.5)	(4.5)
1,281	3,709	34.5%	1,282	3,708	34.6%	Latin America & Canada	1,139	3,354	34.0%	0.5	0.6
\$ 14,073	\$ 31,859	44.2%	\$ 14,083	\$ 31,846	44.2%	PMI Total	\$ 14,082	\$ 31,217	45.1%	(0.9)	(0.9)

(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



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

# PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

## Reconciliation of Non-GAAP Measures

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

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



# 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 March 31,  
(\$ 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 Acquisi- tions	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		
\$ 5,940	\$ 4,048	\$ 1,892	\$ (278)	\$ 2,170	\$ 7	\$ 2,163	European Union	\$ 6,619	\$ 4,606	\$ 2,013	(6.0)%	7.8%	7.5%		
4,429	2,586	1,843	(445)	2,288	-	2,288	EEMA	4,562	2,553	2,009	(8.3)%	13.9%	13.9%		
4,764	2,609	2,155	(128)	2,283	-	2,283	Asia	4,475	2,293	2,182	(1.2)%	4.6%	4.6%		
2,219	1,493	726	(88)	814	1	813	Latin America & Canada	2,123	1,410	713	1.8%	14.2%	14.0%		
\$ 17,352	\$ 10,736	\$ 6,616	\$ (939)	\$ 7,555	\$ 8	\$ 7,547	PMI Total	\$ 17,779	\$ 10,862	\$ 6,917	(4.4)%	9.2%	9.1%		

2015					2014					% Change in Reported Operating Companies Income		
Reported Operating Companies Income	Less Currency	Reported Operating Companies Income excluding Currency	Less Acquisi-tions	Reported Operating Companies Income excluding Currency & Acquisitions		Reported Operating Companies Income	Reported	Reported excluding Currency	Reported excluding Currency & Acquisitions			
\$ 913	\$ (191)	\$ 1,104	\$ -	\$ 1,104	European Union	\$ 978	(6.6)%	12.9%	12.9%			
880	(271)	1,151	-	1,151	EEMA	927	(5.1)%	24.2%	24.2%			
934	(79)	1,013	-	1,013	Asia	915	2.1%	10.7%	10.7%			
230	(44)	274	1	273	Latin America & Canada	202	13.9%	35.6%	35.1%			
<b>\$ 2,957</b>	<b>\$ (585)</b>	<b>\$ 3,542</b>	<b>\$ 1</b>	<b>\$ 3,541</b>	<b>PMI Total</b>	<b>\$ 3,022</b>	<b>(2.2)%</b>	<b>17.2%</b>	<b>17.2%</b>			

# PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

## Reconciliation of Non-GAAP Measures



PHILIP MORRIS  
INTERNATIONAL

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 March 31,**  
(\$ 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
\$ 913	\$ -	\$ 913	\$ (191)	\$ 1,104	\$ -	\$ 1,104	European Union	\$ 978	\$ -	\$ 978	(6.6)%	12.9%	12.9%
880	-	880	(271)	1,151	-	1,151	EEMA	927	-	927	(5.1)%	24.2%	24.2%
934	-	934	(79)	1,013	-	1,013	Asia	915	(23)	938	(0.4)%	8.0%	8.0%
230	-	230	(44)	274	1	273	Latin America & Canada	202	-	202	13.9%	35.6%	35.1%
\$ 2,957	\$ -	\$ 2,957	\$ (585)	\$ 3,542	\$ 1	\$ 3,541	PMI Total	\$ 3,022	\$ (23)	\$ 3,045	(2.9)%	16.3%	16.3%

2015								2014			% Points Change		
Adjusted Operating Companies Income excluding Currency	Net Revenues excluding Excise Taxes & Currency <sup>(a)</sup>	Adjusted Operating Companies Income Margin excluding Currency		Adjusted Operating Companies Income excluding Currency & Acquisitions	Net Revenues excluding Excise Taxes, Currency & Acquisitions <sup>(a)</sup>	Adjusted Operating Companies Income Margin excluding Currency & Acquisitions		Adjusted Operating Companies Income	Net Revenues excluding Excise Taxes <sup>(a)</sup>	Adjusted Operating Companies Income Margin		Adjusted Operating Companies Income Margin excluding Currency	Adjusted Operating Companies Income Margin excluding Currency & Acquisitions
\$ 1,104	\$ 2,170	50.9%		\$ 1,104	\$ 2,163	51.0%	European Union	\$ 978	\$ 2,013	48.6%		2.3	2.4
1,151	2,288	50.3%		1,151	2,288	50.3%	EEMA	927	2,009	46.1%		4.2	4.2
1,013	2,283	44.4%		1,013	2,283	44.4%	Asia	938	2,182	43.0%		1.4	1.4
274	814	33.7%		273	813	33.6%	Latin America & Canada	202	713	28.3%		5.4	5.3
\$ 3,542	\$ 7,555	46.9%		\$ 3,541	\$ 7,547	46.9%	PMI Total	\$ 3,045	\$ 6,917	44.0%		2.9	2.9

(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



PHILIP MORRIS  
INTERNATIONAL

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

	2015	2014	% Change
<b>Reported Diluted EPS</b>	<b>\$ 1.16</b>	<b>\$ 1.18</b>	<b>(1.7)%</b>
Adjustments:			
Asset impairment and exit costs	-	0.01	
Tax items	-	-	
<b>Adjusted Diluted EPS</b>	<b>\$ 1.16</b>	<b>\$ 1.19</b>	<b>(2.5)%</b>
Less:			
Currency impact	(0.31)		
<b>Adjusted Diluted EPS, excluding Currency</b>	<b>\$ 1.47</b>	<b>\$ 1.19</b>	<b>23.5%</b>



PHILIP MORRIS INTERNATIONAL

# **Annual Meeting of Shareholders May 6, 2015**