Remarks by Jacek Olczak
Chief Financial Officer
Philip Morris International Inc.

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(SLIDE 1.)

Thank you Matt and good morning everyone. It is a pleasure to be here again at the Morgan Stanley Global Consumer and Retail Conference. I would also like to welcome those who are joining us via the webcast. I will begin with some brief remarks and then join Matt for the Q&A session.

(SLIDE 2.)

Today's presentation and related discussion contain forward-looking statements. Accordingly, I direct your attention to the Forward-Looking and Cautionary Statements slide for a review of various factors that could cause actual results to differ materially from forward-looking statements. In addition, please note that Reduced-Risk Products, or "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.

(SLIDE 3.)

Since 2013, we have witnessed a continued moderation in the rate of cigarette industry volume decline, most notably in the EU Region. This year, we expect the decline in industry volume, excluding China and the U.S., to be around 2.5%. The key reasons behind this favorable development include improving macroeconomic conditions and a moderation in the level of illicit trade.

(SLIDE 4.)

During the first three quarters of 2015, we achieved a strong performance driven by the combination of improved cigarette industry volume developments, market share growth behind our superior brand portfolio, led by *Marlboro* and the roll-out of the *Marlboro* 2.0 Architecture, and strong pricing, supported by an overall reasonable excise tax environment.

As previously communicated, our fourth quarter results will be impacted by incremental investments to support the expansion of *iQOS* – including accelerated spending behind forthcoming launches – and to further reinforce the favorable momentum of our cigarette brand portfolio. Our results will be supported by the continued strength of our underlying business. We have notably increased the prices of our low and super-low price brands in the Philippines and announced higher prices in Russia that will be reflected at retail during the first quarter of next year.

(SLIDE 5.)

I am pleased to reaffirm our 2015 reported diluted EPS guidance range of $4.35 to $4.40 at prevailing exchange rates.

Our guidance includes a full-year unfavorable currency impact of approximately $1.22 per share and one cent for the favorable impact of tax items recorded in the third quarter of this year. Excluding currency and tax items, our 2015 guidance represents a growth rate of 11% to 12% compared to adjusted diluted EPS of $5.02 in 2014. We now expect that we will achieve results toward the upper end of this range as volumes are expected to be slightly higher than previously forecast.

(SLIDE 6.)

This month, we are continuing the geographical expansion of *iQOS* with city launches in Moscow, Lisbon and Bucharest. These new launches will be gradual and staged, focusing initially on such activities as flagship stores, word of mouth recommendations and internet sales, where appropriate.

The Moscow launch will feature *Parliament HeatSticks*, with a recessed filter. This will be the first launch that features a brand other than *Marlboro*, reinforcing *HeatSticks*' positioning as a premium product. In Moscow, *Parliament HeatSticks* will sell for 150 Rubles per pack, compared to 122 Rubles for *Parliament* cigarettes.

In addition to continued activities behind *iQOS* in Switzerland, we will start our gradual expansion during this quarter in Italy, beginning with Rome and Turin. Finally, we are continuing the national expansion in Japan and expect to cover over 60% of the adult smoker population by year-end.

(SLIDE 7.)

In the face of unprecedented adverse currency movements, we have focused on optimizing our free cash flow through the prudent management of working capital and capital expenditures. The successful implementation of this strategy is expected to generate a free cash flow in 2015 broadly in line with the previous year, this in spite of an unfavorable currency impact of some $1.8 billion during the first nine months of the year.

Our strong cash flow allowed us to increase our annual dividend again this year to $4.08 per share. This was our eighth consecutive annual dividend increase since the spin in 2008, representing a total increase of approximately 122% and a compound annual growth rate of 12%.

(SLIDE 8.)

Our dividend yield at the end of last week was 4.9%. This is attractive in comparison with our compensation survey group and other tobacco companies.

(SLIDE 9.)

The outlook for 2016 is positive. International cigarette industry volume developments, excluding China and the U.S., have improved. We have favorable momentum driven by our superior brand portfolio, led by *Marlboro*. Pricing has remained strong, supported by a reasonable excise tax environment.

We will provide our 2016 EPS guidance in February. We expect that currency will again affect our reported results next year, although to a significantly lesser extent than in 2015. At prevailing exchange rates applied to PMI's anticipated full-year 2015 financial results, PMI estimates a full-year unfavorable currency impact in 2016 of approximately 27 cents per share.

(SLIDE 10.)

Thank you for your interest in our company. I will now join Matt.