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INTERNATIONAL

# 2023

## INVESTOR DAY

# Championing a Smoke-Free World

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**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

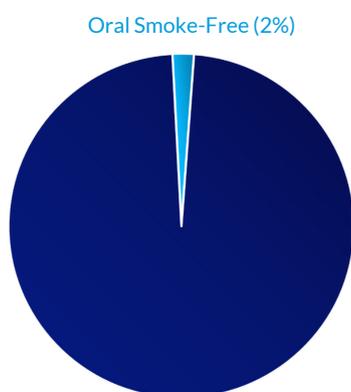
## Glossary and Key Terms and Definitions

- 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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## Nicotine Pouches: The Fastest Growing SFP Category

Oral Smoke-Free Share  
of Global Nicotine Industry 2022<sup>(a)</sup>



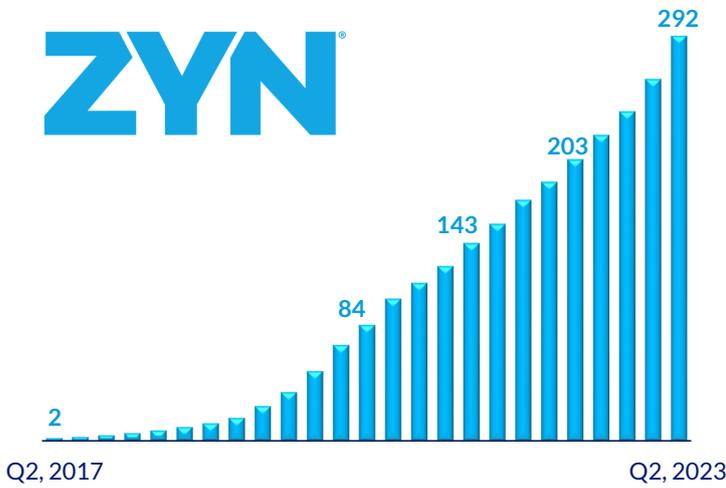
(a) Source: Euromonitor, Retail Value  
(b) 12-month rolling shipments, 3 years to Q2, 2023  
Source: PMI Financials or estimates

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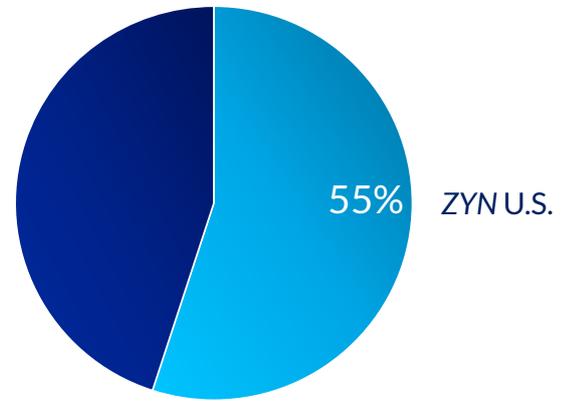


# The Phenomenal Progress of ZYN

U.S. ZYN shipment volumes  
(rolling 4 quarters, million cans)



Net Revenue Split PMI Smoke-Free Oral  
(Q2, 2023)

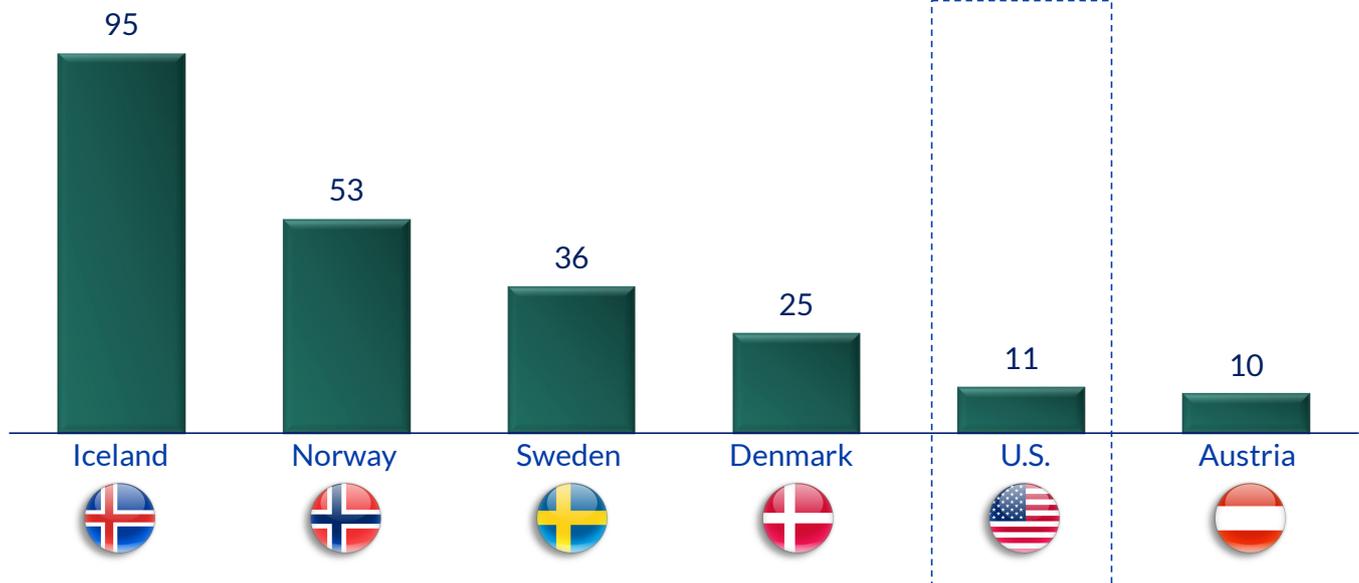


Source: PMI Financials or Estimates



# U.S. Nicotine Pouch Category Still in its Infancy

NP Annual Consumption per Legal Age Nicotine User



Source: PMI Financials or Estimates

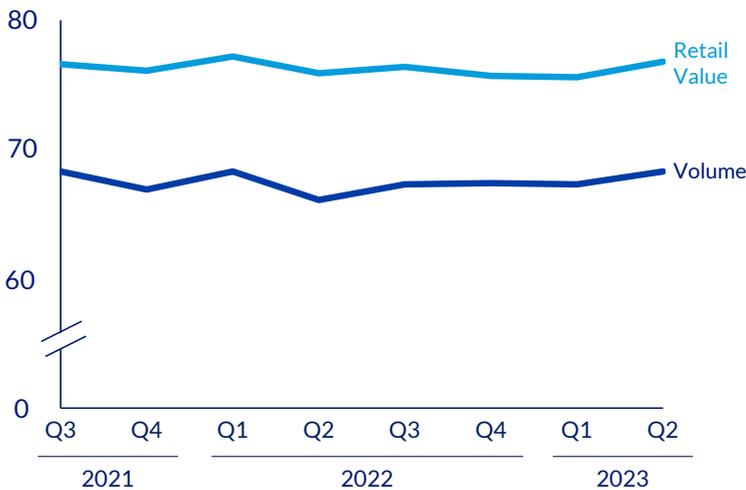
# Strong & Growing ZYN Brand Equity



# ZYN Brand Equity Demonstrated by Impressive Performance



**ZYN U.S. Nicotine Pouches Category Share**  
(in %)



**ZYN Velocity Continues to Grow**  
(cans per store per week)



Source: Company estimates based on IRI Unify

# ZYN Consumer Fact Sheet



## Demographics

**39yrs**  
Average Age

**33%**  
Women

## Average Weekly Consumption (cans)

**4.2**  
ZYN Rewards Members

**3.2**  
Total Average

## Split on Flavor & Nicotine Strength

**62%**  
Mint Flavors

**70%**  
6mg Nicotine

## Primary Use Before ZYN<sup>(a)</sup>

**36%**  
Traditional Oral

**20%** Cigarettes    **25%** Vape

## Income & Education

**\$89k**  
Avg Household Income

**60%**  
College Graduates

(a) Other primary uses before ZYN include cigars, snus, OTP, other nicotine pouch brands  
Source: Company consumer research reports, 2023

# Attractive Category Dynamics, Best-in-Class Economics



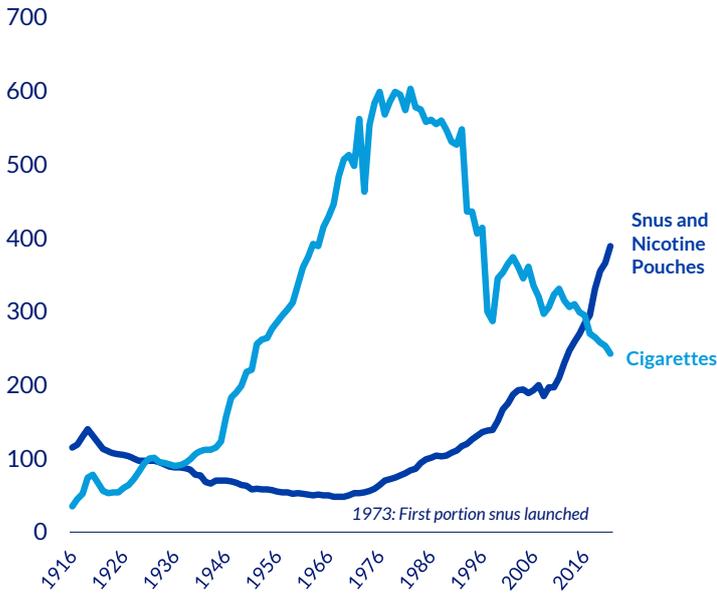
- Stellar growth – Increasing adoption among LANU
- Significant RSP discount vs. cigarettes
- Evolving State excise tax treatment
- Best-in-class unit profitability, accretive to PMI SFP average



Note: LANU stands for Legal Age Nicotine Users; RSP stands for Retail Selling Price  
Source: Company estimate based on IRI Unify

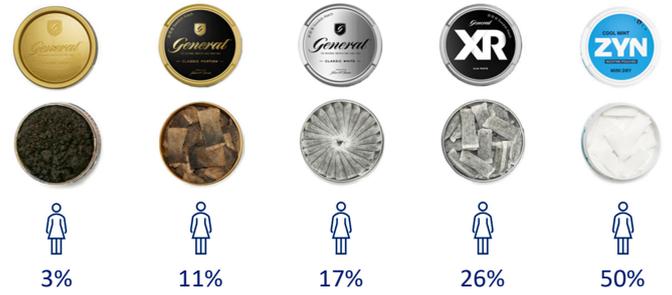
# Nordics Show The True & Exciting Worldwide Potential

"The Swedish Experience"<sup>(a)</sup>

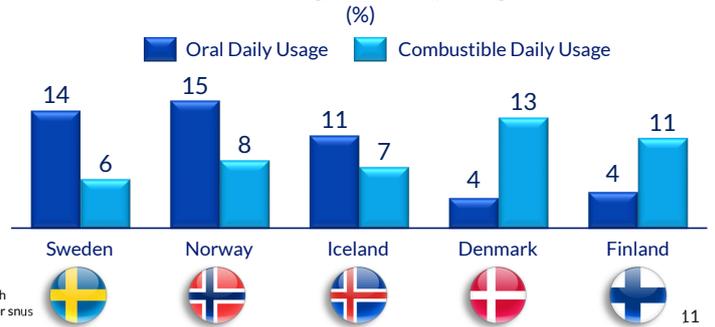


(a) Volumes Sold Per Year in Sweden (million packs / cans)  
 (b) Company estimate based on relevant national tobacco incidence data  
 Note: Temporal associations do not demonstrate cause and effect and are subject to inherent limitations. Specific factors associated with changing cigarette sales volumes 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

Percent of Legal Age Female Users in Nordics



Combustible vs. Oral Categories Daily Usage in the Nordics<sup>(b)</sup>



## Nordics: Clear Strategic Focus in Growing Category

Lead Within Snus; Improve Position Within Nicotine Pouches

PMI Volume Share:  
Total Oral Category H1, 2023

**44%**

PMI Volume Share:  
Snus Market H1, 2023

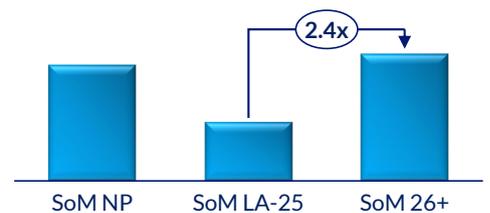
**58%**

PMI Volume Share:  
Nicotine Pouches (NP) H1, 2023

**15%**



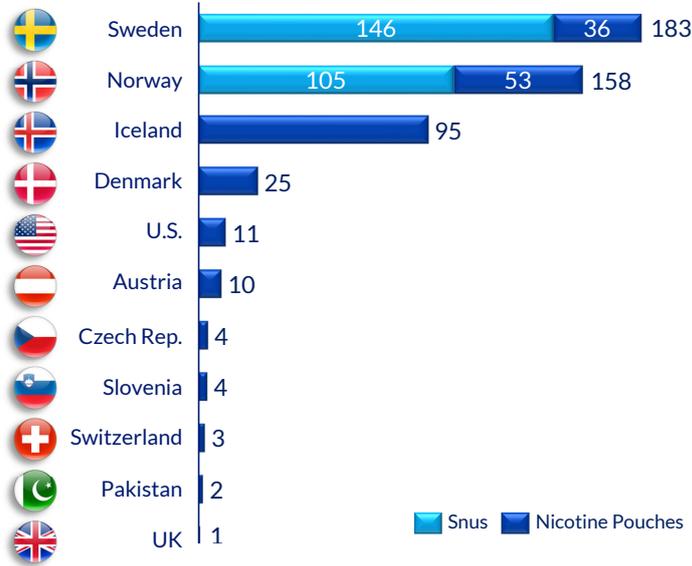
NP SoM by Age, Swedish Online Retailer (H1 2023)



Source: Company estimates based on Nielsen Data, available online sales data and other accessible data

# Global Nicotine Pouch Category Still Underdeveloped

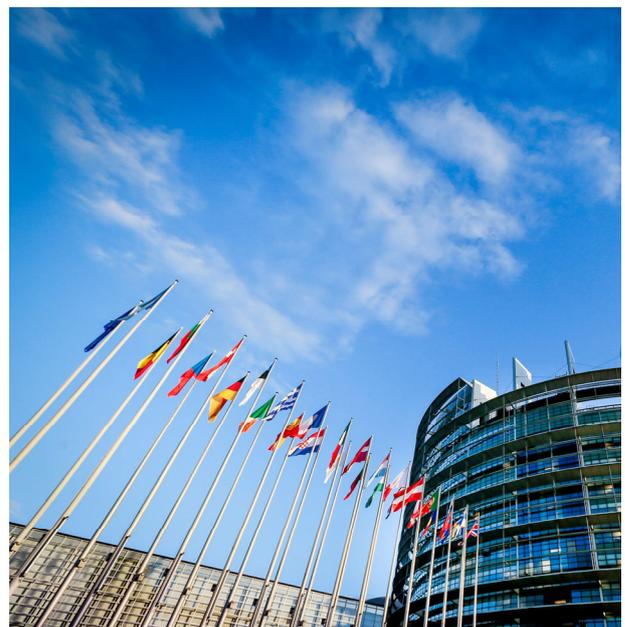
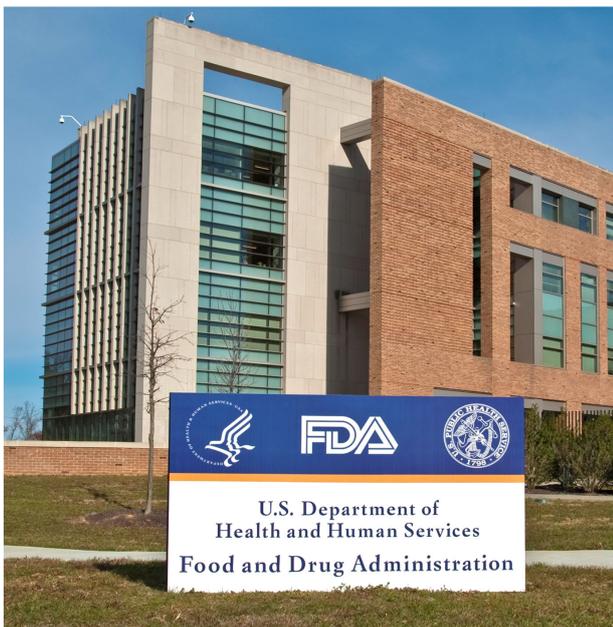
Nicotine Pouch and Snus Consumption in Select Countries  
 Yearly Consumption per Legal Age Nicotine User<sup>(a)</sup>  
 (cans/year)



Illustrative  
**50bn**  
 Annual pouches  
 (3.3bn U.S. can equivalent)  
 if Top 20 PMI Markets<sup>(b)</sup>  
 Reach U.S. Penetration

(a) Source: Company estimate  
 (b) Top 20 PMI Markets by LANU, excl. U.S.

# Securing Appropriate Regulations is a Key Priority



# Swedish Match & PMI: Improved Capabilities to Capitalize on International Opportunities

Deployment of ZYN in IQOS shops in Dubai Duty-Free: an early example of the strength in a multi-category strategy



Before



After



## ZYN Launches / Re-Launches: Sizable Mid-to-Long Term Opportunity Readiness to Scale Up and Invest for Future Growth

### 2023 Select Markets

-  Pakistan
-  Hungary
-  South Africa
-  Switzerland
-  Finland
-  Balkans
-  DF Select Duty Free
-  Asia: 1 additional market<sup>(a)</sup>
-  Europe: 4 additional markets<sup>(a)</sup>

### Additional Markets in Plan<sup>(b)</sup>



(a) Not disclosed at this stage for competitive reasons  
(b) Subject to change, e.g. regulatory strategy imperatives

# Strong Category Outlook 2024-26

## U.S.:

ZYN driving strong top and bottom-line of total PMI U.S. business

## International:

Leveraging IQOS infrastructure with disciplined investments to drive mid-term growth

## Overall Oral Smoke-Free:

Continue innovating with high quality, serious propositions for adult nicotine users

Target 800m-1bn Nicotine Pouch Cans by 2026, mostly from U.S.

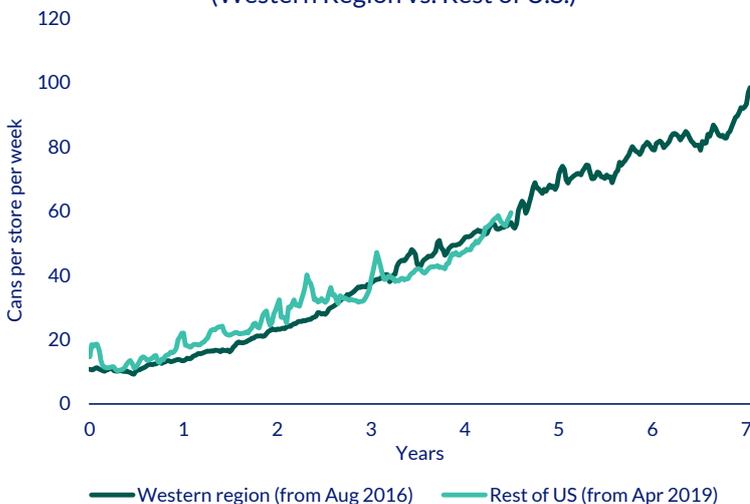


Source: PMI Financials or estimates

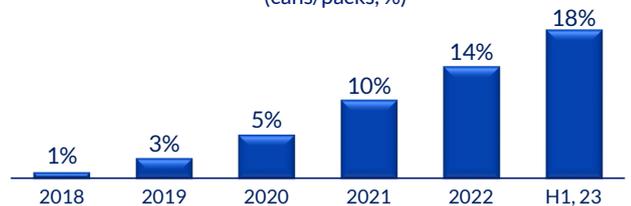
# U.S. Potential: The West Shows the Way



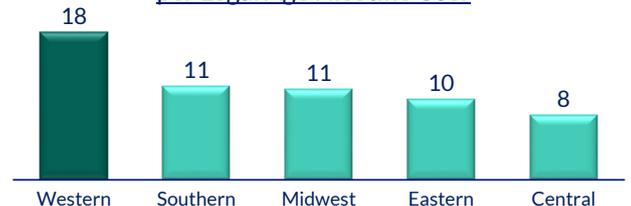
Nicotine Pouch Category Velocity<sup>(a)</sup>  
(Western Region vs. Rest of U.S.)



Western Region: Nicotine Pouch Category % of Combustible<sup>(b)</sup>  
(cans/packs, %)



Annual Nicotine Pouch Can Consumption per Legal Age Nicotine User<sup>(c)</sup>

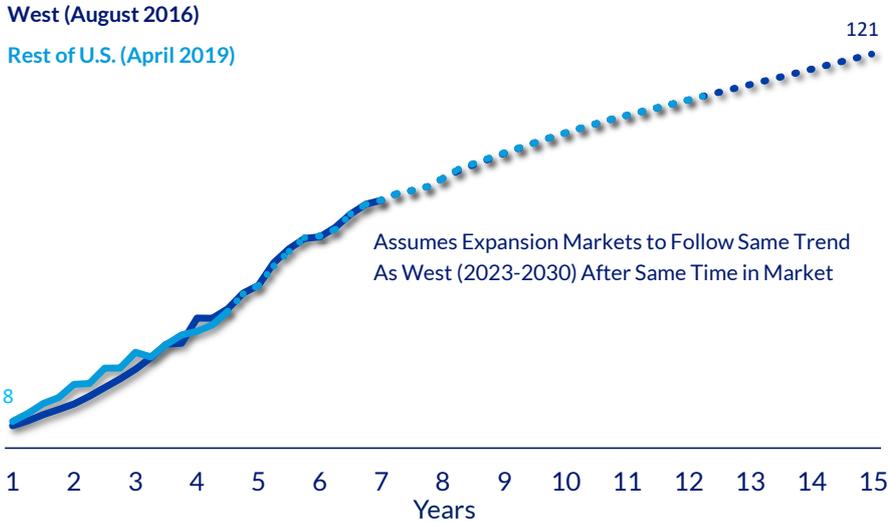


(a) Company estimate based on MSA (distributor shipments to trade)  
 (b) Company estimate based on IRI Unify. Average ~16 pouches per can, 20 sticks per cigarette pack  
 (c) Company estimate



# How Big Can This Category be in 2030?

## Category Cans/Store/Week (13W rolling)



Potential Scenario of Velocity Growth Would Imply a 2030 Category Size of:

**~3x**

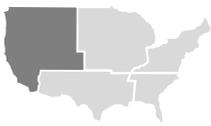
Current Category Size

Note: Expansion of store universe assumed to be 5% per year for modelling purpose; expansion markets assumed to follow same trend as West (2023-2030) after same time in market  
Source: Company illustrative calculations based on IRI Unify



# How Big Can This Category be in 2030? (Cont'd)

## Western



10%

3.3

## Rest of U.S.



NP Penetration  
(% of LANU, Q2, 2023)

6%

Avg Consumption  
(Cans/week)

3.2<sup>(a)</sup>

## Total U.S.



7%

3.2

## Market potential 2030?

		Penetration		
		10%	20%	30%
Avg Consumption	3.3	1.6x	3.1x	4.7x
	3.5	1.7x	3.2x	4.9x
	4.0	1.9x	3.7x	5.6x

At Q2 2023 category share & pricing, a 3.2x bigger category would imply ~\$3.5bn PMI net revenues at best-in-class SFP margins

(a) ZYN average can consumption taken as proxy for category  
Source: Company illustrative calculations based on IRI Unify and company consumer research reports

# Outstanding Prospects to Remain Undisputed Global Leader

Active  
Innovation  
Pipeline

Responsible  
Marketing  
Practices



Leverage SFP  
Multi-Category  
Portfolio

U.S. First-Mover  
Advantage and  
Strength of  
Brand



Commercial and  
Operational  
Infrastructure

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