PHILIP MORRIS INTERNATIONAL

Citi and Deutsche Bank 2012 Consumer Staples Field Trip to Mexico

March 8, 2012

Mindaugas Trumpaitis
Managing Director Mexico & Ecuador
Philip Morris International

Agenda

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- Presentation and Q&A on Mexico by Mindaugas Trumpaitis, Managing Director Mexico & Ecuador
- Market visit
- Lunch with the PMI team

Forward-Looking and Cautionary Statements

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- This presentation and related discussion contain statements that, to the extent they do not relate strictly to historical or current facts, constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on current plans, estimates and expectations, and are not guarantees of future performance. They are based on management’s expectations that involve a number of business risks and uncertainties, any of which could cause actual results to differ materially from those expressed in or implied by the forward-looking statements. PMI undertakes no obligation to publicly update or revise any forward-looking statements, except in the normal course of its public disclosure obligations. The risks and uncertainties relating to the forward-looking statements in this presentation include those described under Item 1A. “Risk Factors” in PMI’s Form 10-K for the year ended December 31, 2011, filed with the Securities and Exchange Commission

PM Mexico Management Team

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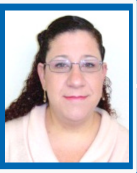
MINDAUGAS TRUMPAITIS
Managing Director

WERNER BIEBL
Director Finance

ENRIQUE LLAMAS
Director Operations

MATTHIAS KUERTEN
Director Marketing

MARIA DEL CARMEN ORDOÑEZ
Senior Counsel



ALEXANDER REISCH
Director Sales

HERNAN GARCIA
Director HR

EFREN CASTILLO
Manager IS

HERNAN IRIGOYEN
Director Corporate Affairs

ANNEL DERGAL
Manager Strategic Planning

PHILIPPE BIENTZ
Director Compliance

Mexico at a Glance

- Tobacco growing areas
- Tobacco processing and cigarette manufacturing plants
- Headquarters

ECONOMIC INDICATORS (2011)

Population:	112 million
GDP growth:	3.9%
GDP/capita[(a)]:	US$ 10,398
Unemployment:	5.2%
Inflation:	3.8%

CIGARETTE INDUSTRY (2011)

Market Size:	34.3 bio units
Smoking Incidence[(b)]:	8.2%
Daily Average Consumption:	7.9 cigs

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1972 *Marlboro* introduced in Mexico

1990 *Marlboro* becomes #1 brand in Mexico

1997 Carso and PMI partner on a 50/50 basis

1998 PMI becomes market leader

2007 PMI increased participation to 80/20 basis

(a) Santander's projection for 2011

(b) Minimum 3 cigarettes a day

Source: INEGI, Santander, PMI estimates and General Consumer Tracking Study 2011

PMM Key Strategies

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- Promote reasonable regulatory and excise tax environment
- Further develop and fully leverage our well-established and broad brand portfolio
- Reinforce brand equity through an effective trade channel strategy
- Continuously develop a highly motivated, skilled and agile organization

Regulatory Environment

- Highly regulated market
- Minimum age law: 18
- Public smoking restricted
- Descriptors banned
- Graphic health warnings
- Advertising limited to magazines with adult audiences, printed materials in LAMPs[a] and 1-to-1 materials sent through regular mail
- Promotion to the trade permitted

(a) Legal age meeting points accessible only to adults
Source: PM Mexico

Excise Taxation

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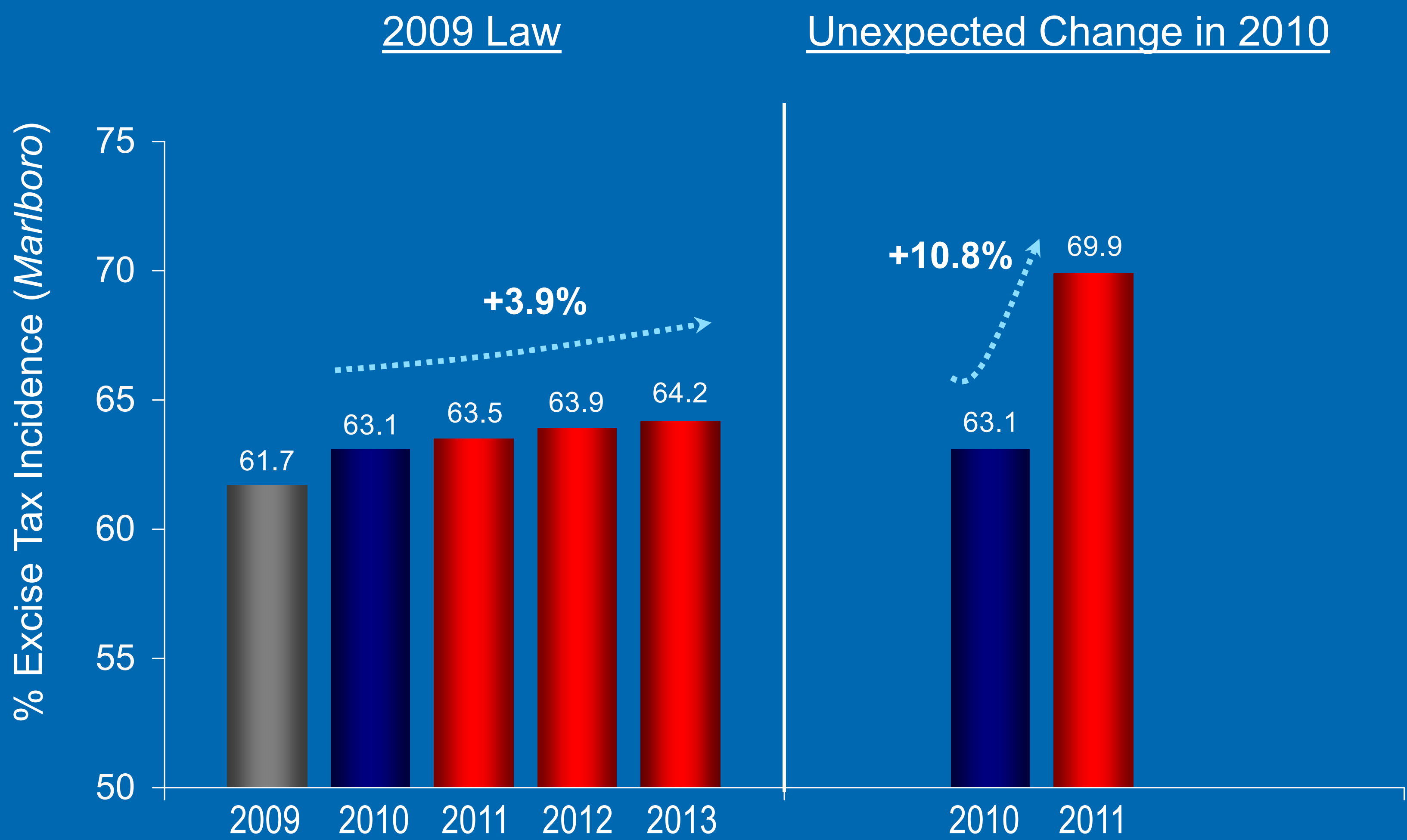
• Ad valorem (% of price to trade)	160%
• Specific (MXN / 000)	350
• Tax incidence (*Marlboro*)	69.9%
• VAT	16%

Source: PM Mexico

Excise Taxation Evolution



Source: PMI estimates and Mexican I.R.S.

Government Excise Tax Revenues from Cigarettes

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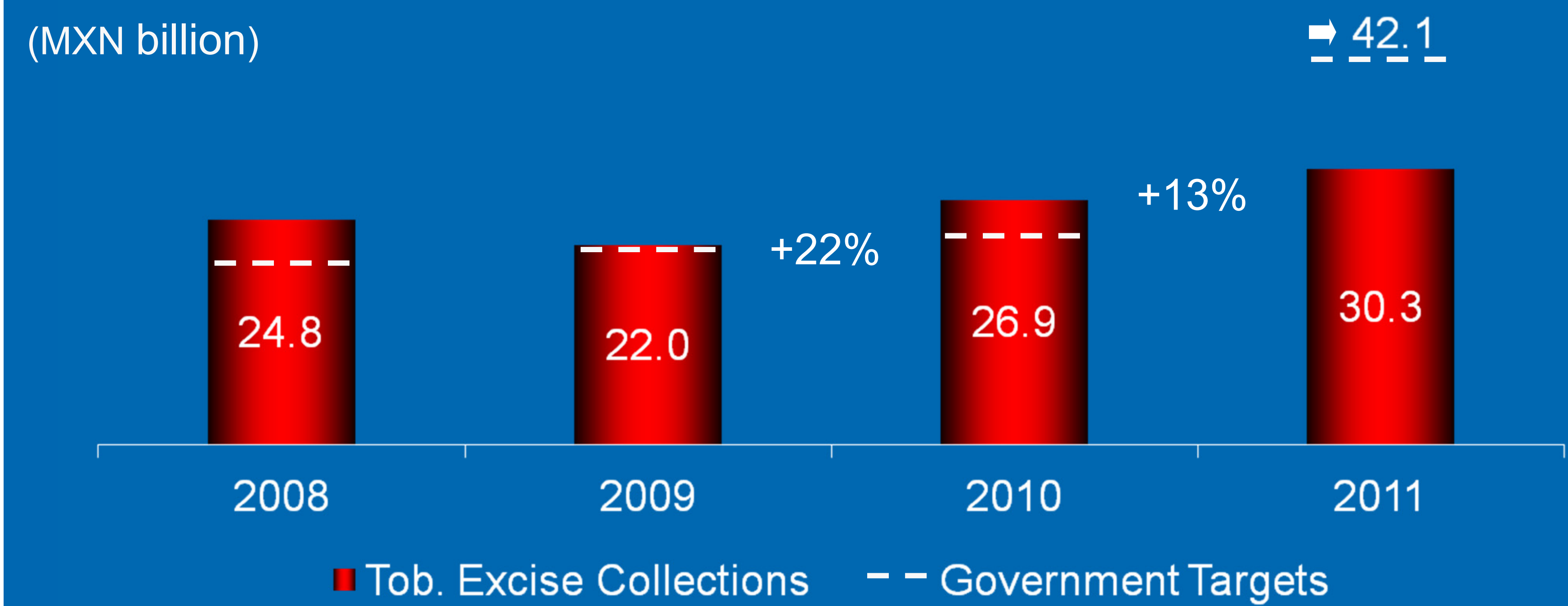

Source: Finance Ministry Report

Industry Performance

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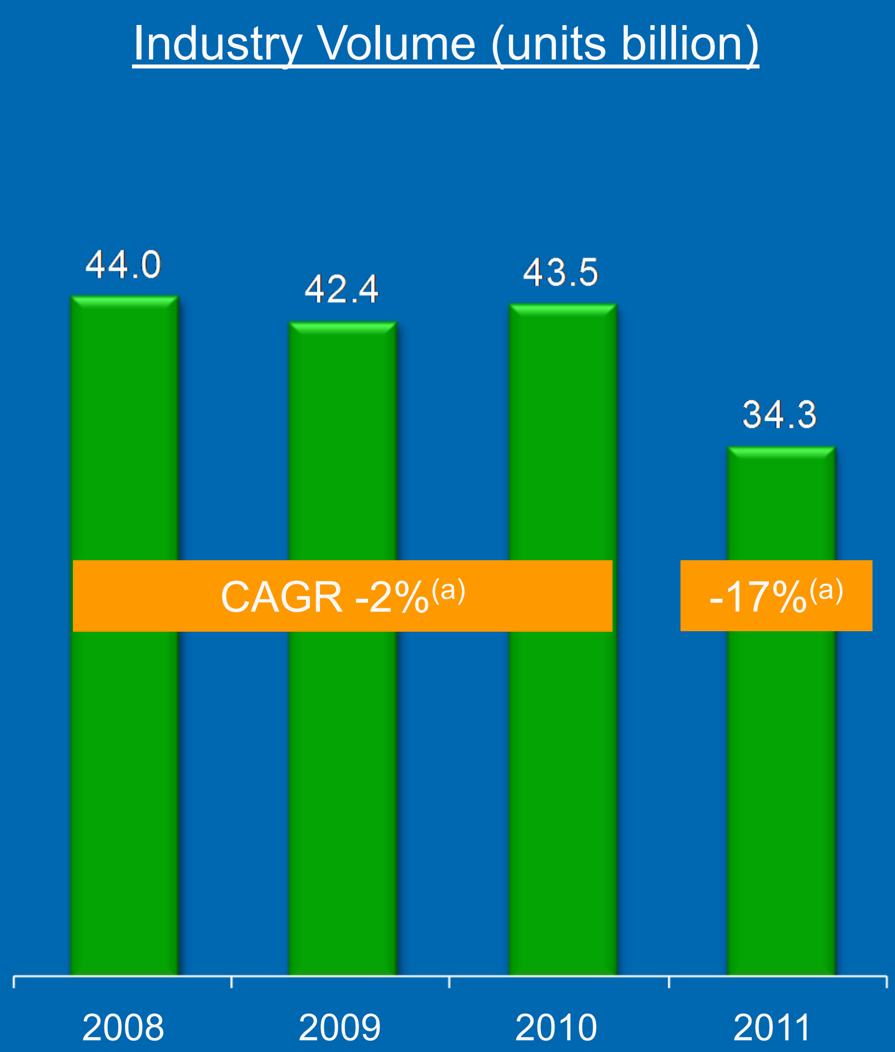
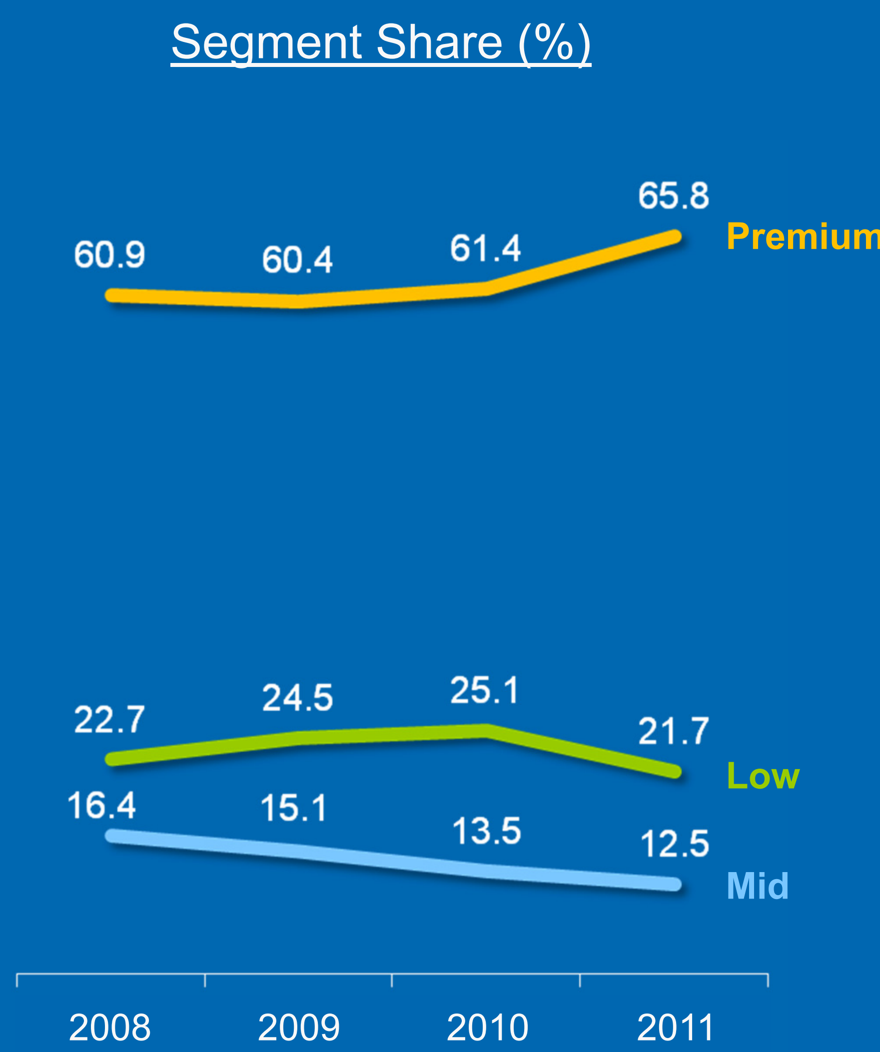
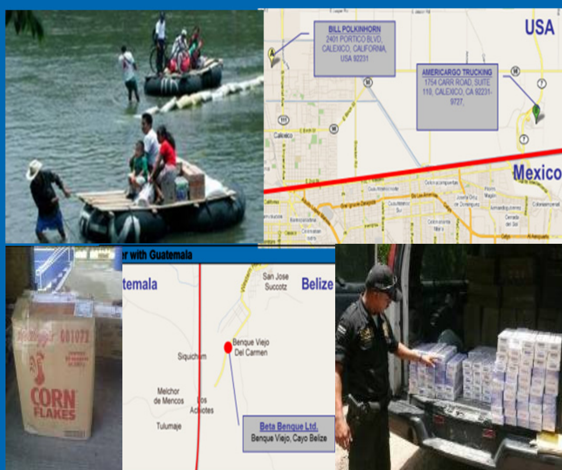




(a) Excluding impact of trade inventory movements at the end of 2010
Source: PMI estimates

Actions Against Illicit Trade

Law Enforcement	Stakeholder Mobilization	Taxes



Government high level group

Sharing intelligence

300%+ increase in seizures

Anti-illegal trade coalition

Media coverage

Trade communication

No excise increase for 2012

Seek moderate future changes

Tobacco Taxation

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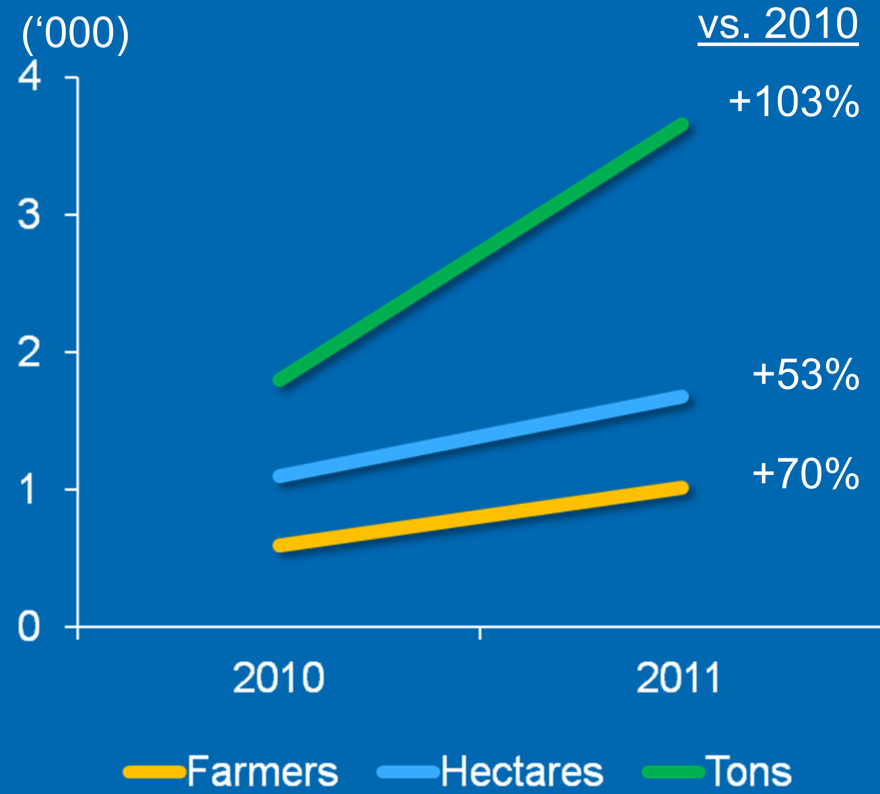
- Tobacco sometimes seen as an easy source of incremental government revenues
- Excessive increase in 2011 led to:
  - Lower government revenues than forecast
  - Growth in illicit trade
- No excise tax increase in 2012
- Key PMM objective is adoption of multi-year program of moderate and predictable excise tax increases

PMM Important Investor and Employer in Tobacco Growing

- Tobacco growing areas
- Tobacco processing and cigarette manufacturing plants
- Headquarters

PMM Tobacco Leaf



Source: PMM Operations Planning

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PMM Market Leadership

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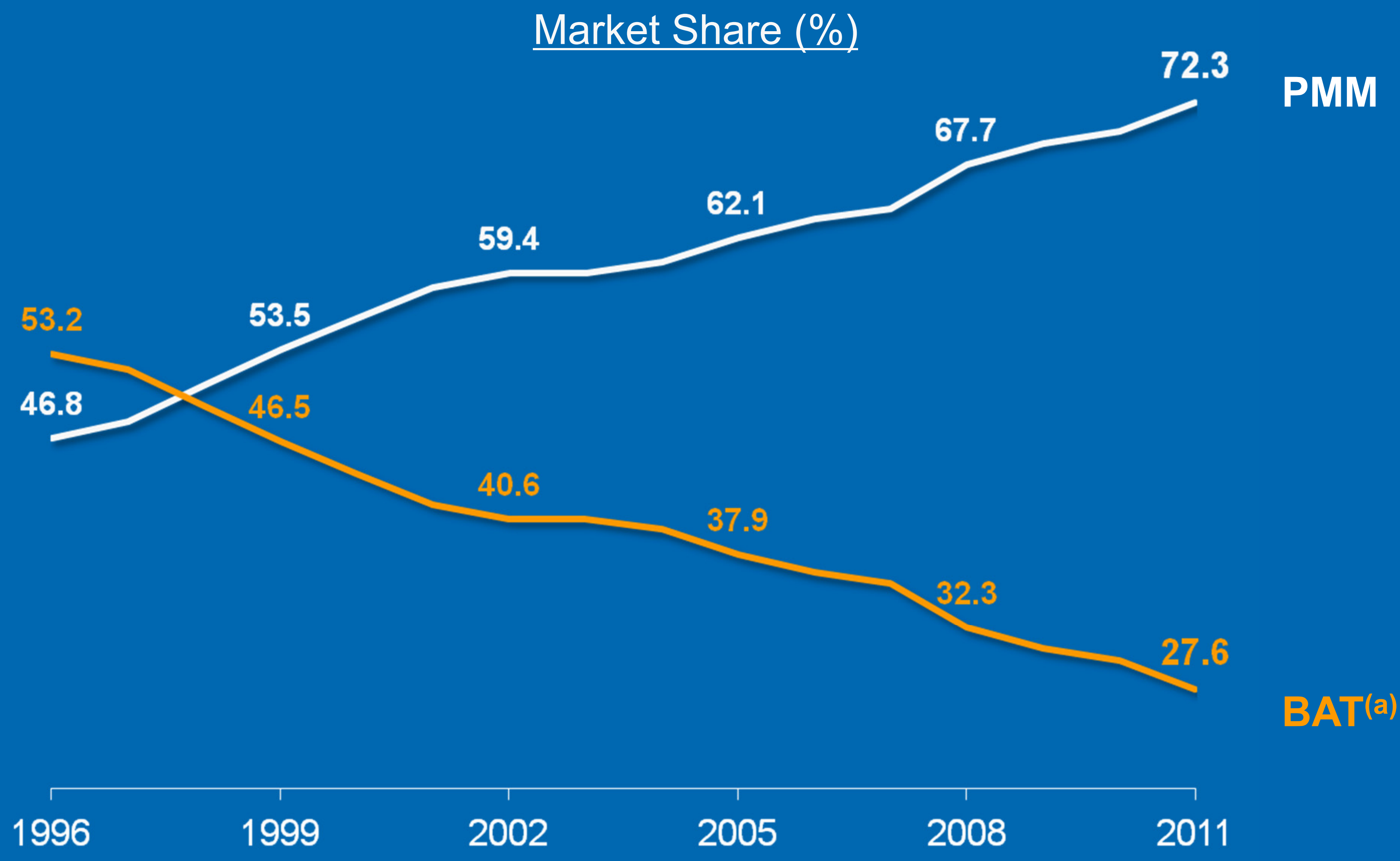
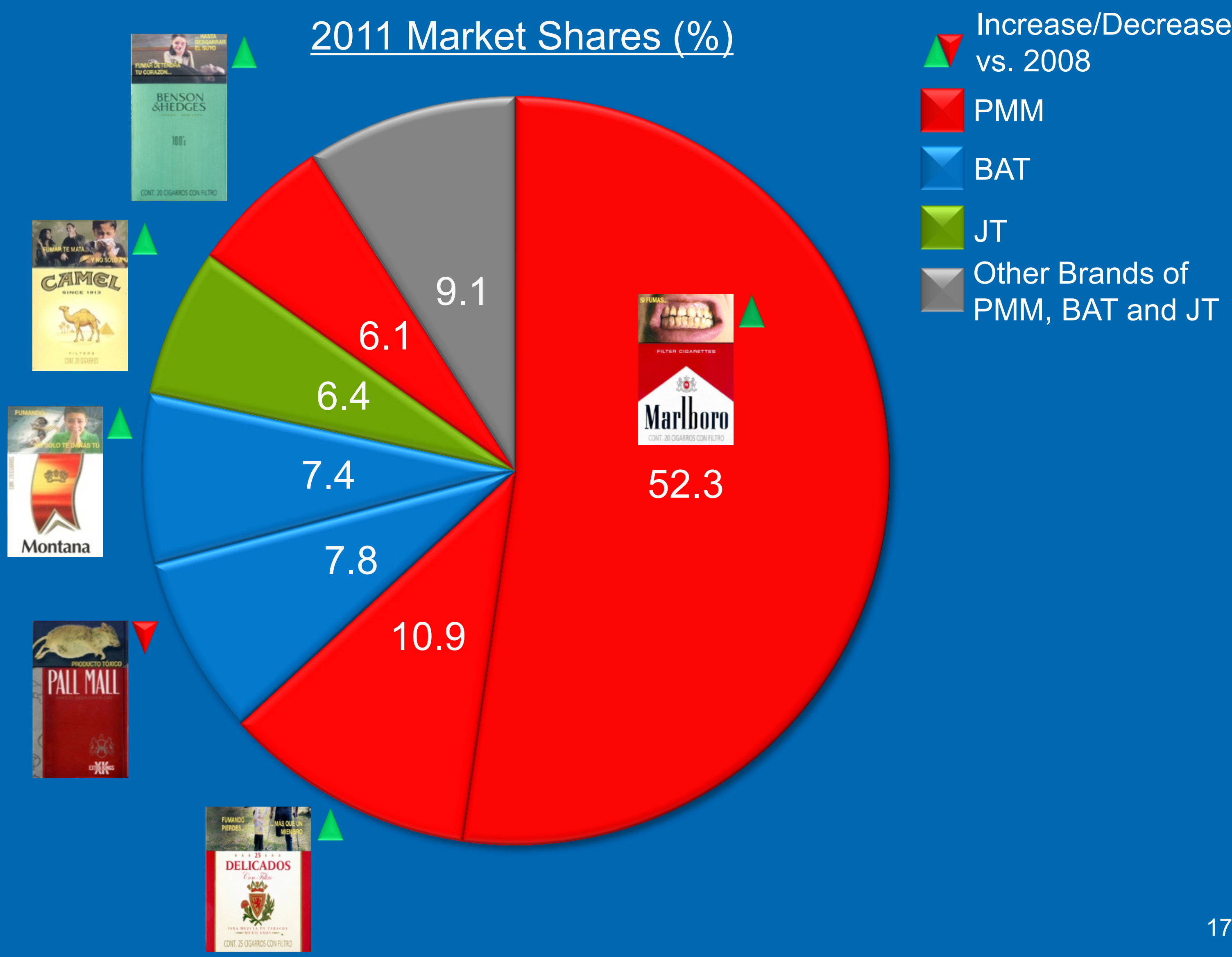


(a) Includes JT brands under BAT's license
Source: PMI estimates

Leading Brands in Mexico



Source: PMI estimates


Marlboro

Marlboro Share of Market Evolution

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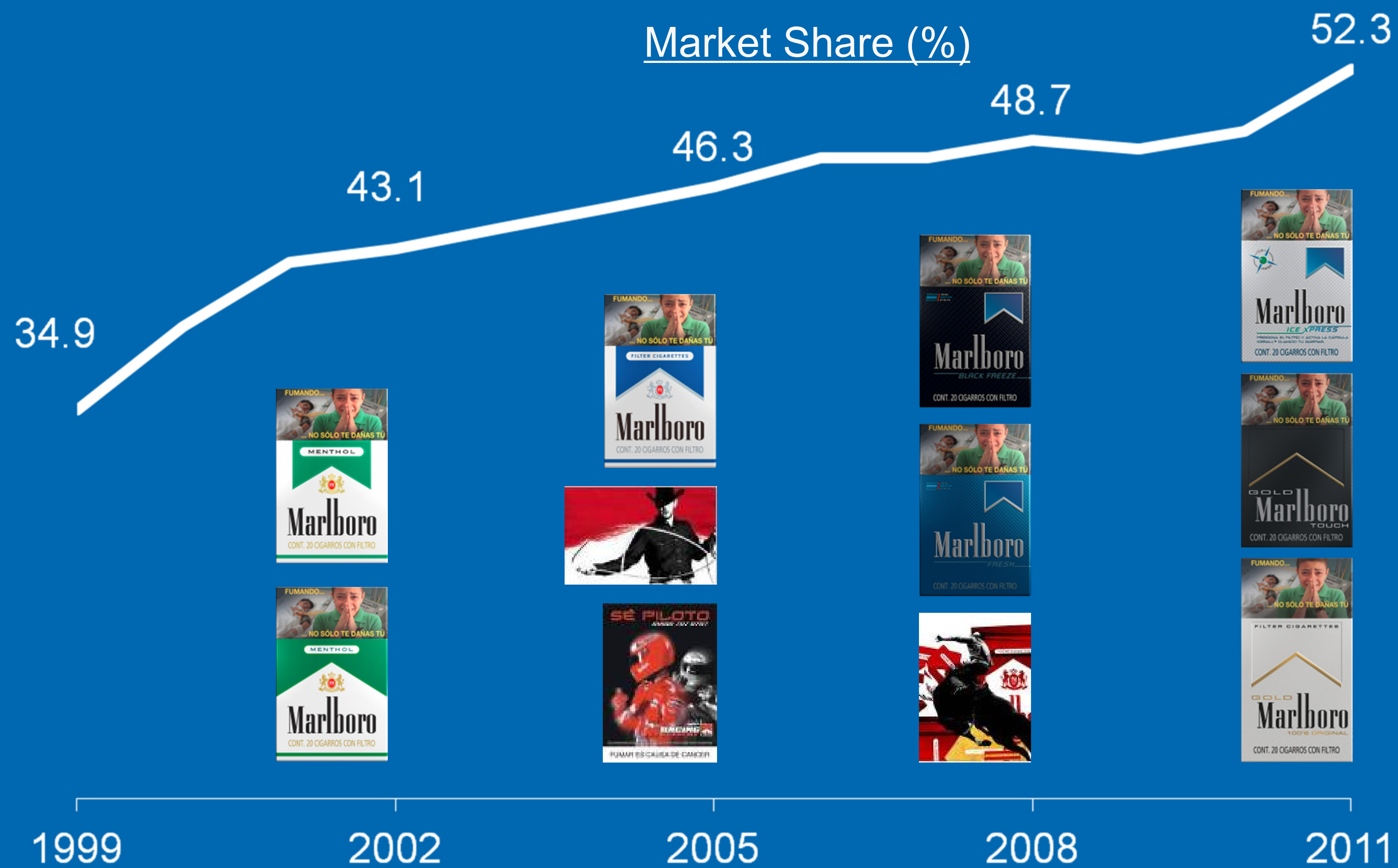
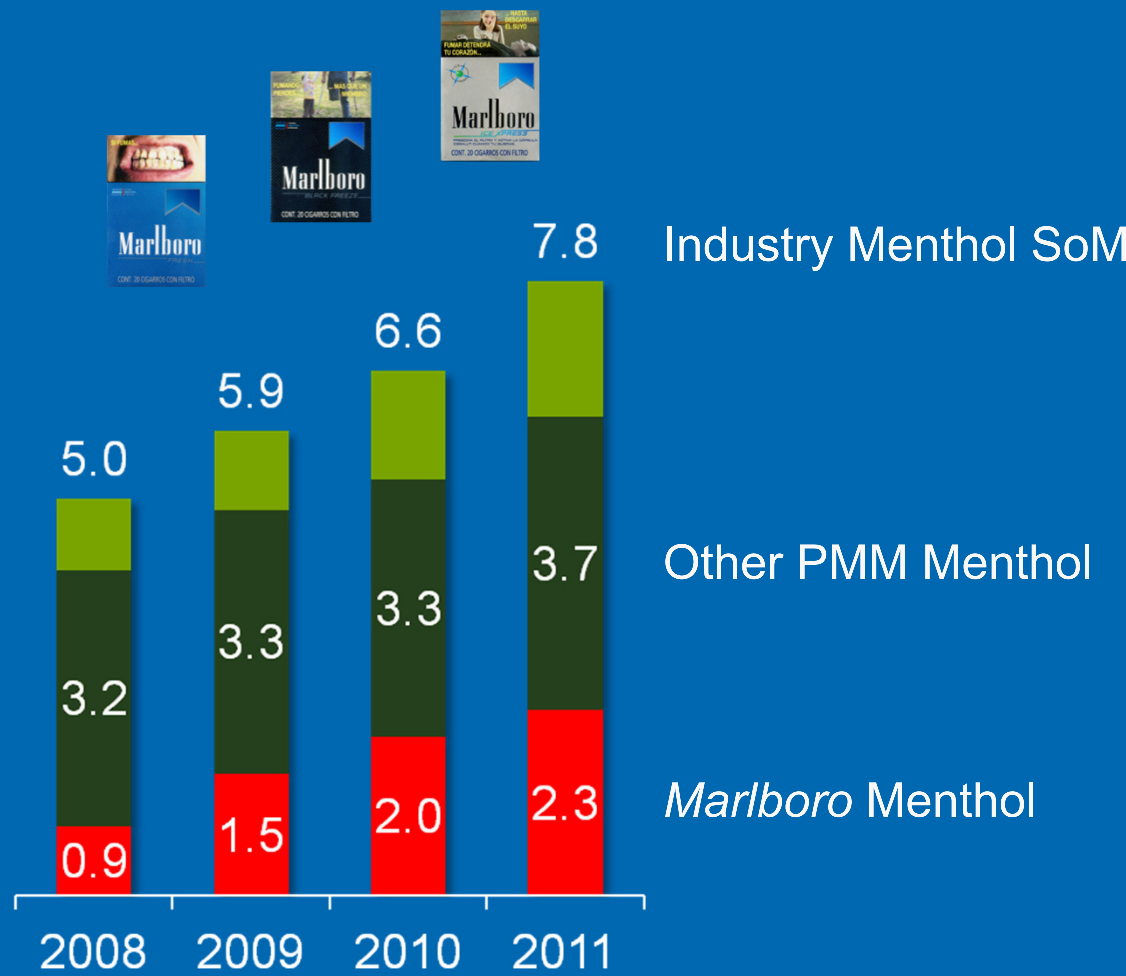


Source: PMI estimates

Marlboro Fresh Initiatives



Source: PMI estimates

Marlboro Red Pack Upgrade Reinforced its Quality Image

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Note: Spanish: *"REDISEÑADO, Nuevo empaque, Mismo sabor."* English: *"New image, New package, Same flavor."*

Marlboro Market Share Growth

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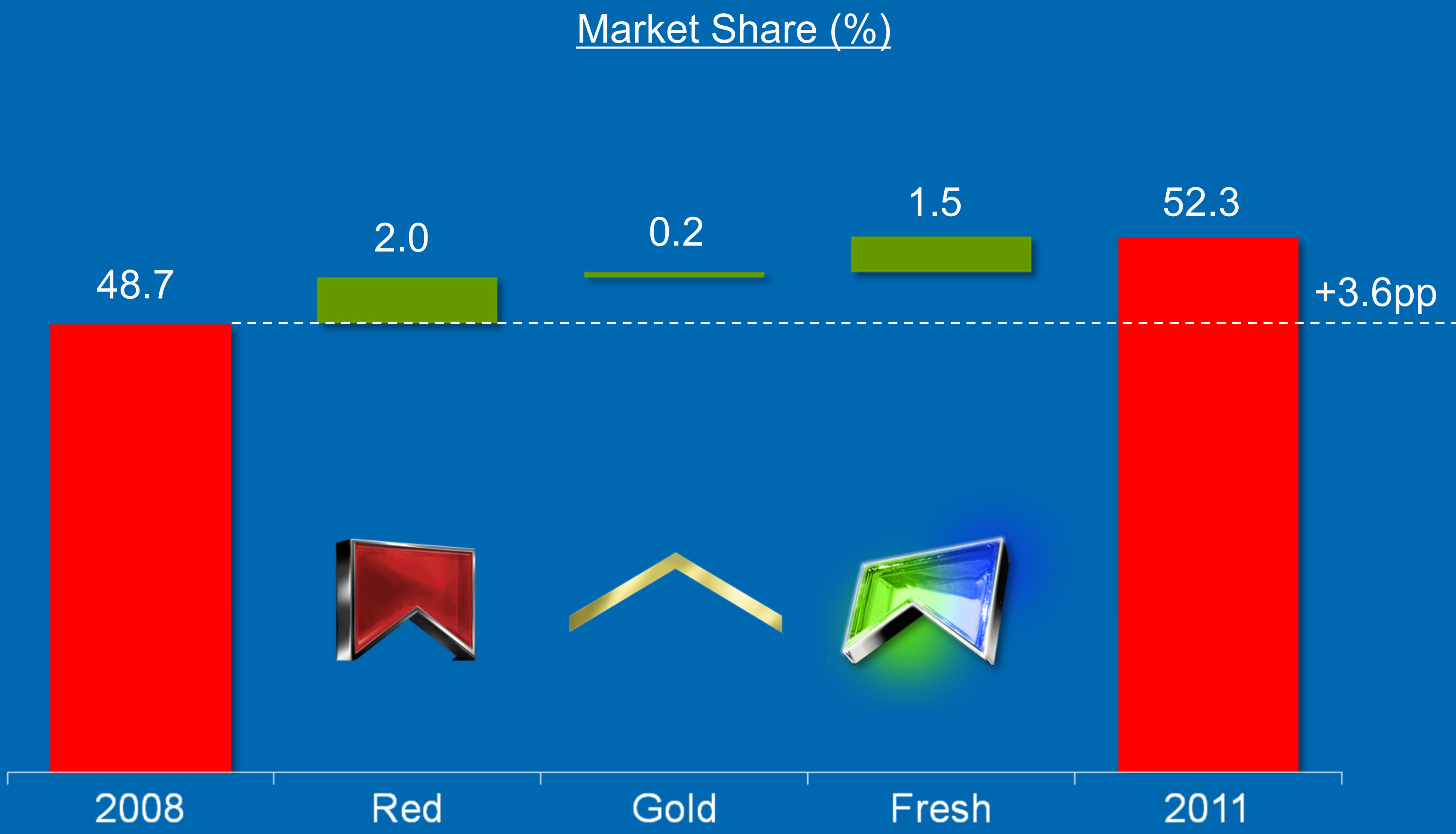

Note: Total does not add up due to rounding
Source: PMI estimates

New *Marlboro* Campaign

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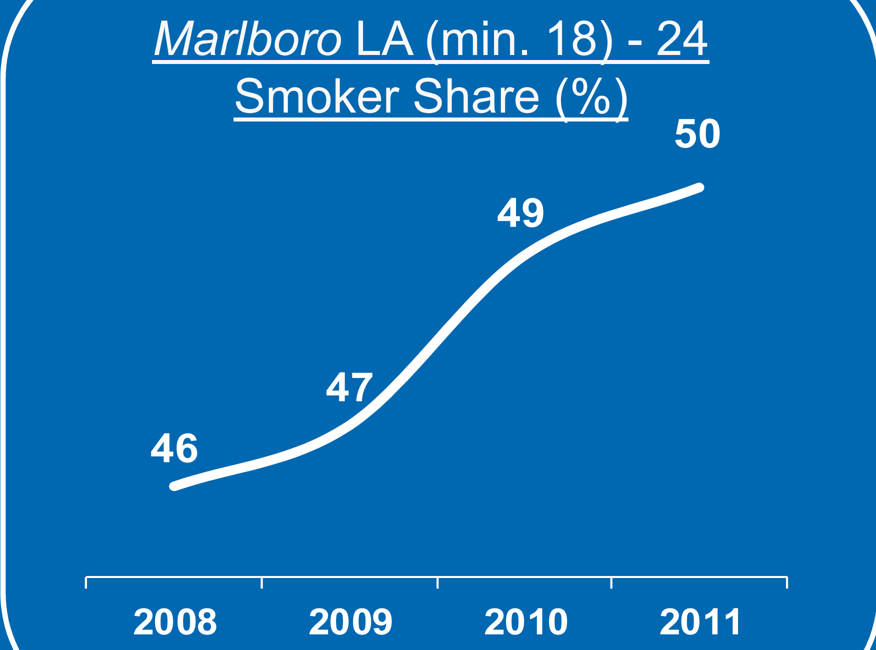
Note: Spanish: *"Tu marcas el ritmo, ¿qué te detiene?"* English: *"You set the rhythm, what's stopping you?"*
Spanish: *"Puedes romper el silencio, ¿qué te detiene?"* English: *"You can break the silence, what's stopping you?"*

Marlboro LA (minimum 18) - 24 Smoker Share Growth



Concentration[a] LA – 24 (%)

Mexico City	36
Guadalajara	6
Monterrey	5

(a) Percentage based on total sample
Source: General Consumer Tracking Study 2011


BENSON &HEDGES
BENSON &HEDGES

Benson & Hedges

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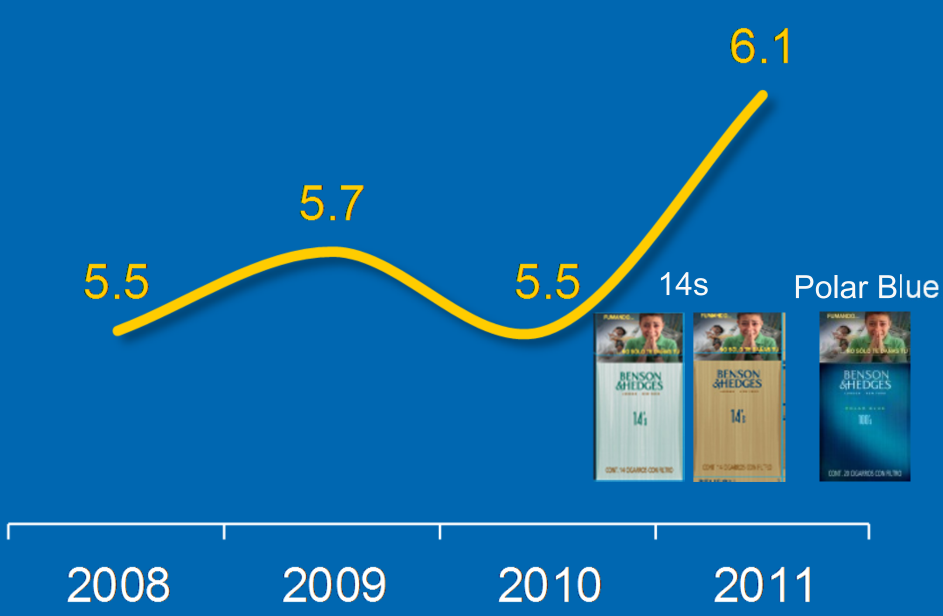
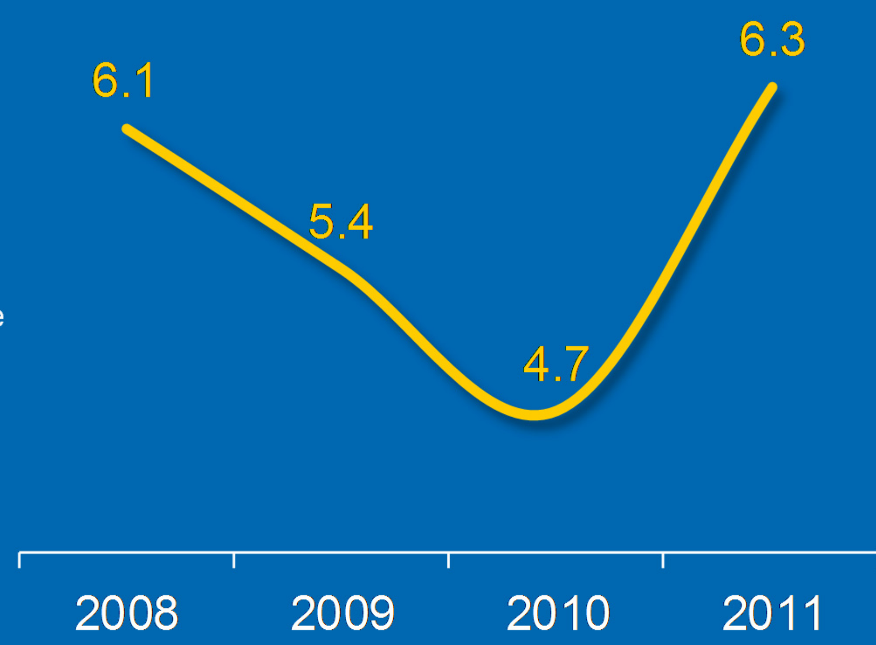
Market Share (%)



National 25-34[(a)] Smoker Share (%)



(a) General Consumer Tracking Study 2011
Source: PMI estimates

DELICADOS

Low-Price Segment

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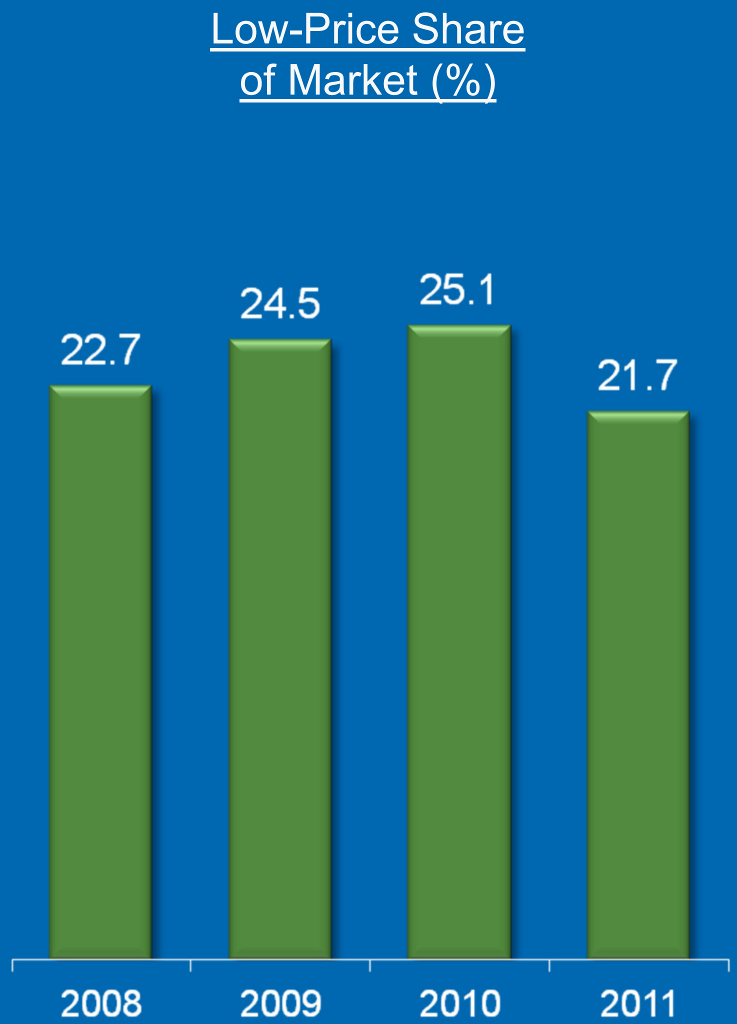

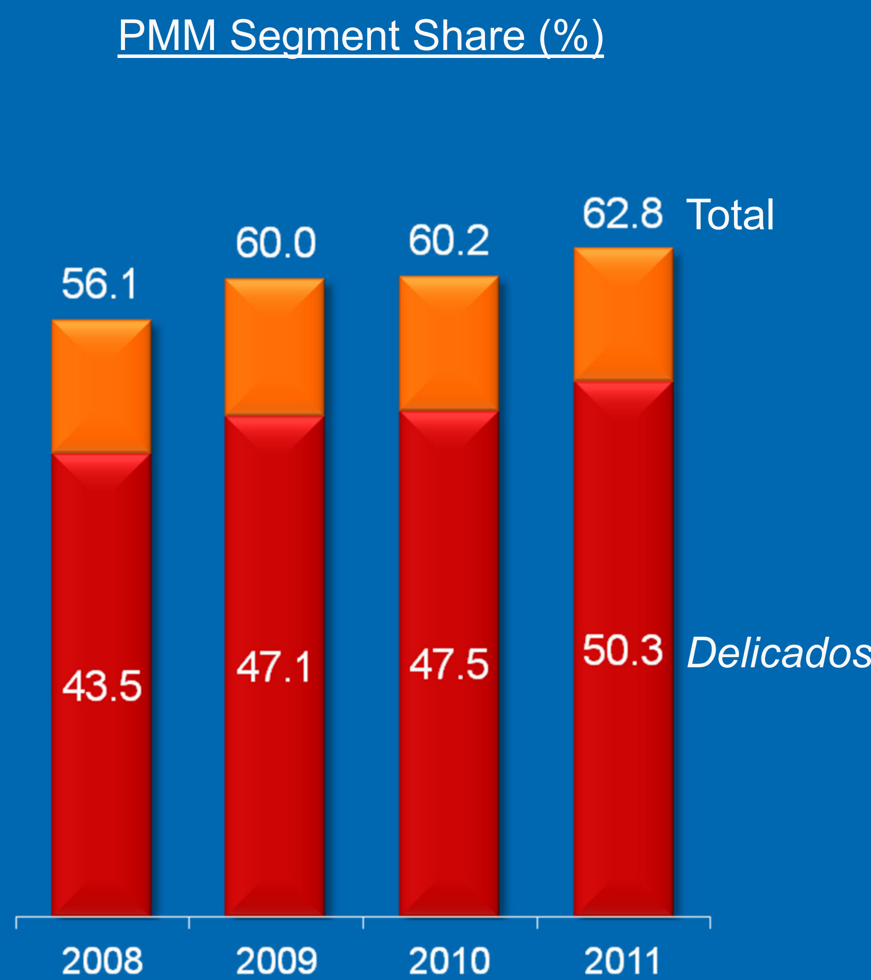

Source: PMI estimates

Delicados

Second best-selling brand

100 years local tradition

Constantly refreshed

From 24's to 25's

Dorados 14's Launch

Length increase (RS-LS)

Filter 14's Launch

2010 **2011**

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PMM Sales Architecture

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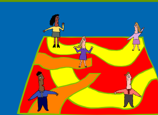
#1 in Field Force Execution

Distribution capabilities	Investing in growing channels	Consumer oriented	Decision making at territory level
 Focus on Effectiveness and Efficiencies	 Focus on C-Stores	 Listen to consumers and partners	 Understand your territory and consumers
 Standardized Service Level	 Long term partnership with key players	 Adult Smoker Dialogue	 Provide tools and programs to the Field Sales Force

Sales & Distribution Infrastructure

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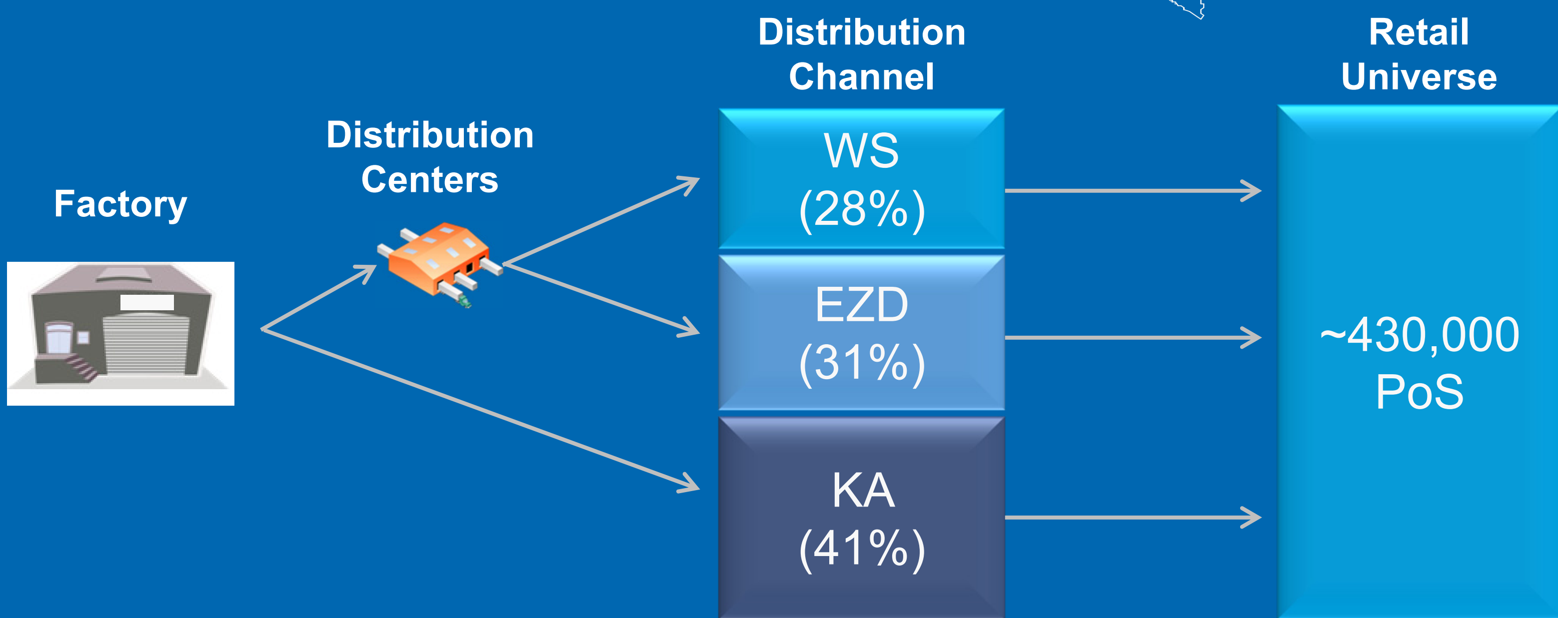
• EZD Logistic Centers



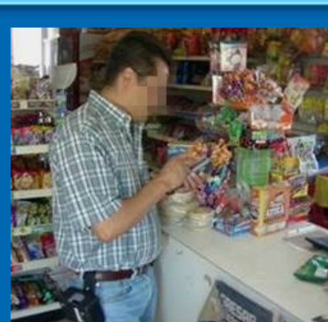
Note: EZD is Exclusive Zonified Distributor, WS is Wholesalers and KA is Key Accounts
Source: PM Mexico

Sales & Distribution Infrastructure

Philip Morris Mexico

Distribution Centers
(4 owned and 15 third-party)

Independents
59% (-6.4pp)[a]



411,286 outlets

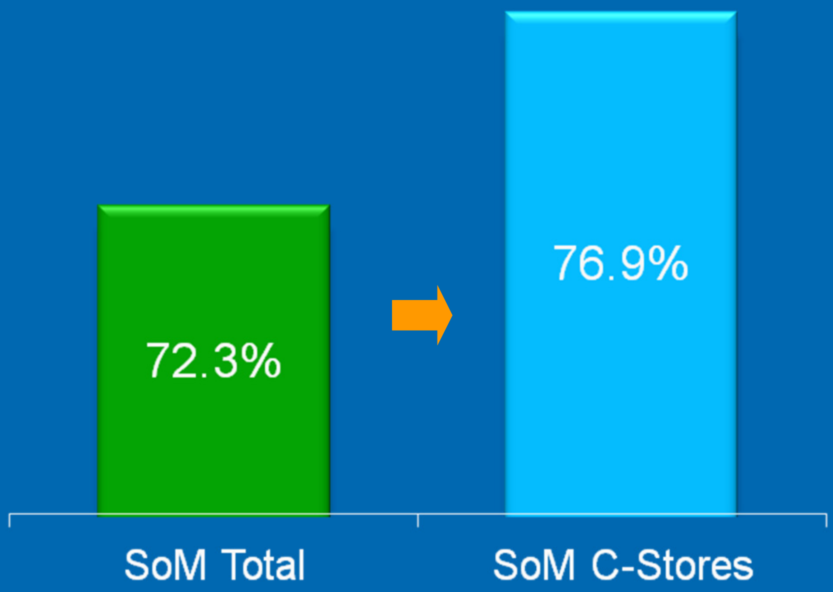
Key Accounts
41% (+6.4pp)[a]

18,714 outlets[b]

(a) Variance 2011 vs. 2009
(b) PoS tracking study
Source: PM Mexico

PMM Growth in C-Stores

PMM SoM Comparison (2011)



Source: PMI estimates and information shared by C-stores

Marlboro Leadership in Growing Channels

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From

Visible

and

One of many

To

Inviting

and

Outstanding

Black Box

Brackets

Adult Smoker-Oriented Approach

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Adult smoker dialogue:

- Provide product information
- Train clerks and owners

Share of Market Performance by State (2011)

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	PMM	BAT[a]
Market Share	72.3%	27.6%

PMM Share Growth (2011 vs. 2010) in 28 of 32 states

(a) Includes JT brands under BAT's license
Note: Distrito Federal and Estado de Mexico evaluated together as Metropolitan Area
Source: PMI estimates

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Organizational Readiness

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- 2,200 employees:
  - 90% in Sales, Marketing, Manufacturing
  - >15 nationalities
- Desirable employer:
  - Focus on talent recruitment
  - Talent source for PMI
  - Retention above norms for international consumer product companies
- Drive for growth & agility:
  - Employee engagement index +14pp
  - Managerial effectiveness +4pp

Source: PM Mexico

Concluding Remarks

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- Large and profitable market
- Successful strategies resulting in:
  - Market share growth from 67.7% to 72.3% in the last three years
  - *Marlboro* being the clear leader among Legal Age (minimum 18) to 24 year old smokers with a 52.3% market share
  - Superior, balanced portfolio
  - Excellent sales and distribution infrastructure
- No excise tax increase in 2012
- Experienced and talented organization

Well-positioned for continued profitable growth over the long-term

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QUESTIONS AND ANSWERS