



PHILIP MORRIS INTERNATIONAL

**Annual Meeting of Shareholders**  
**New York**  
**May 7, 2014**

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 the risk of smoking-related diseases; 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, 2014. 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 and reconciliations of non-GAAP measures included in this presentation to the most comparable GAAP measures are provided at the end of this presentation and are posted on our web site at [www.pmi.com](http://www.pmi.com)



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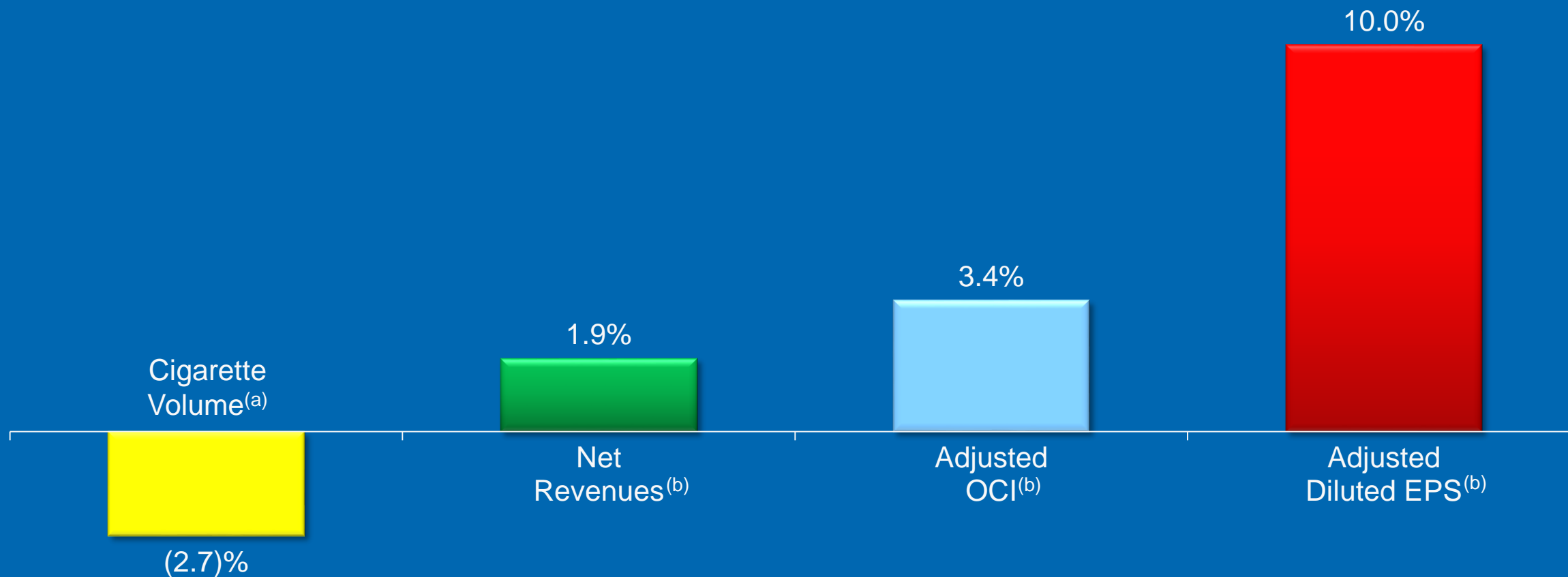
# **Annual Meeting of Shareholders May 7, 2014**



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# 2013 Results: Solid Performance in a Challenging Year

Growth (2013 vs. 2012)



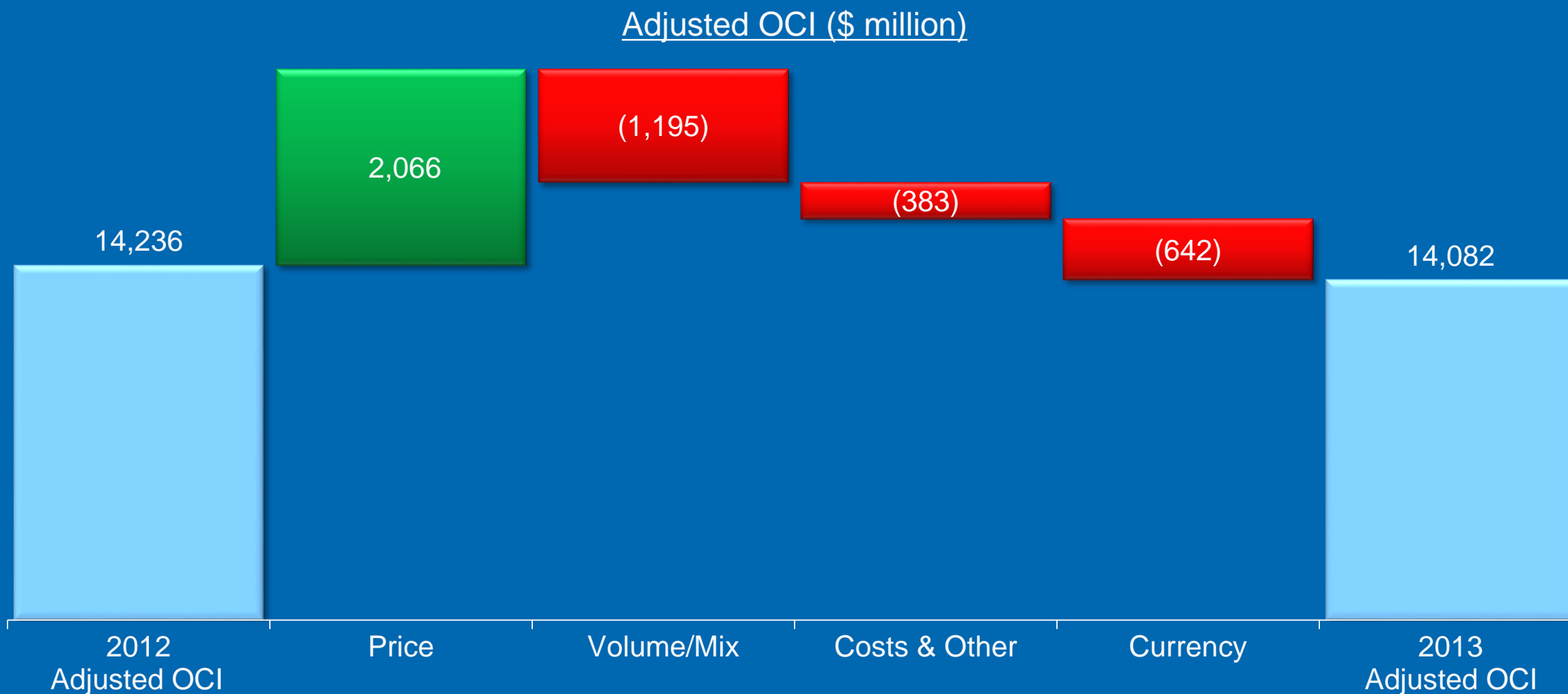
(a) Excluding the Philippines

(b) Excluding currency

Source: PMI Financials



## 2013 Results: Key Drivers





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## 2014: Key Business Challenges Being Addressed

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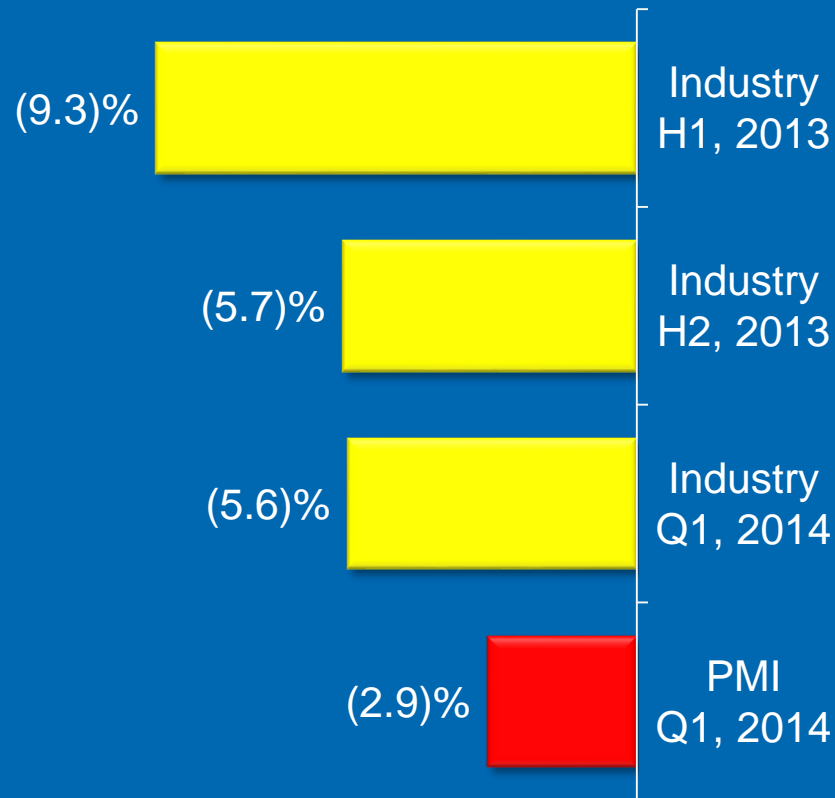
- Volume in the European Union
- Market share in Japan
- Business environment in the Philippines

# EU Region: Moderation in Cigarette Industry Volume Decline and Strong PMI Share Performance

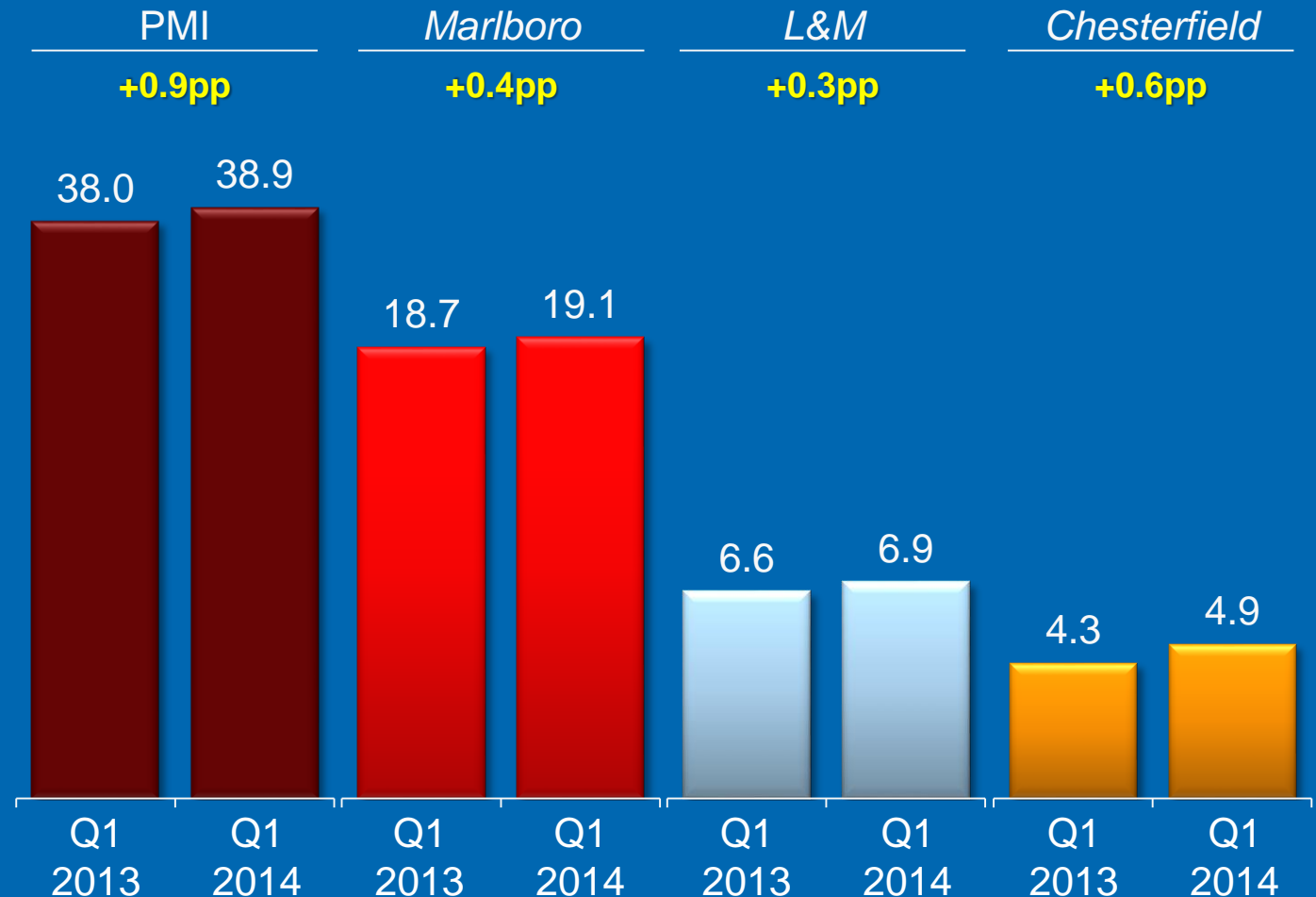


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Cigarette Volume Decline (vs. PY)



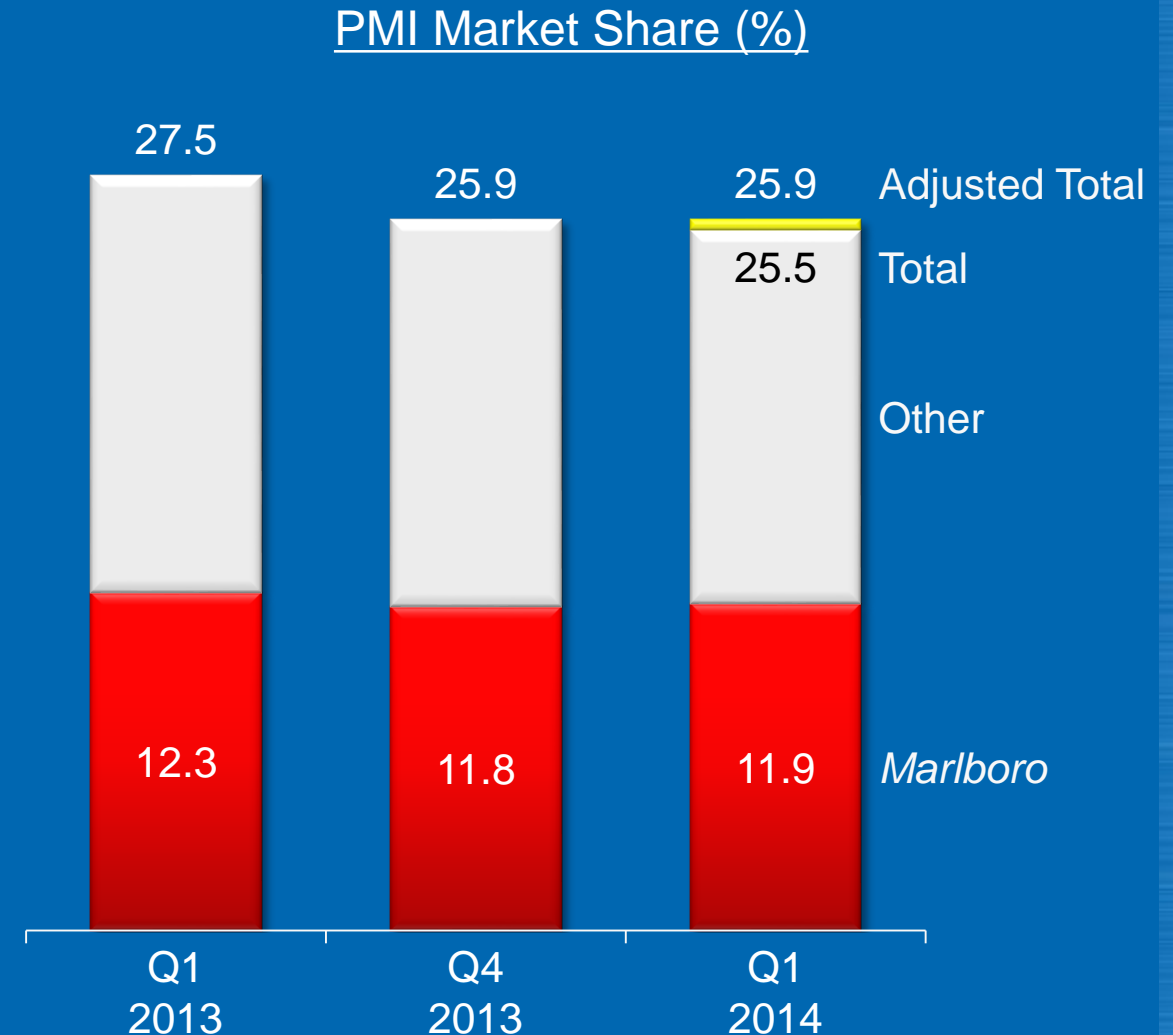
Cigarette Market Shares (%)





## Japan: Market Share Under Pressure

- Cigarette industry volume increased by 9.6% in the first quarter 2014
- PMI volume decreased by 9.1% due to the adverse timing of PMI shipments and a lower market share
- PMI Q1, 2014 market share distorted by the pattern of trade purchases
- *Marlboro's* new campaign and our new product initiatives should enable us to eventually generate sequential share gains

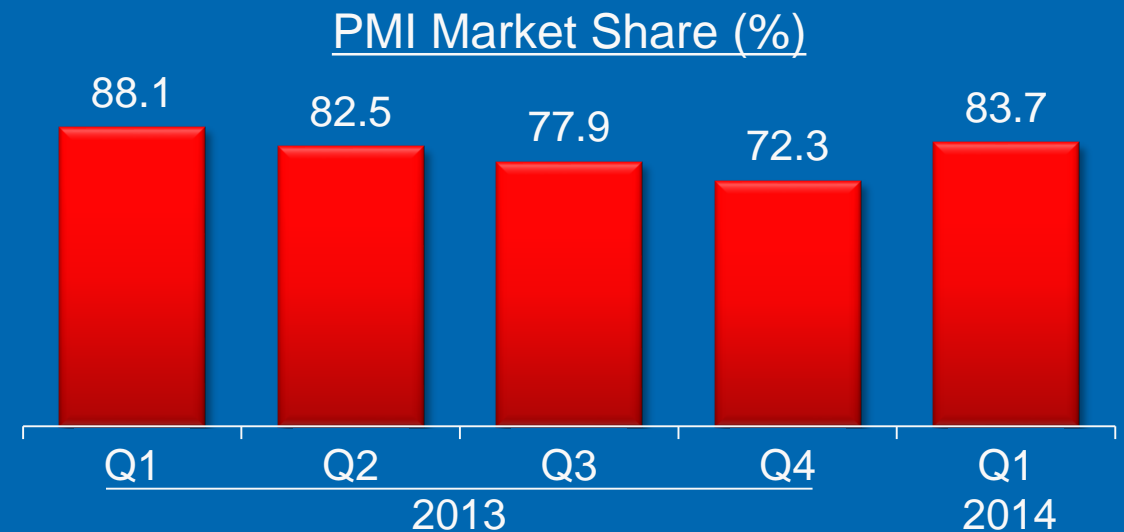
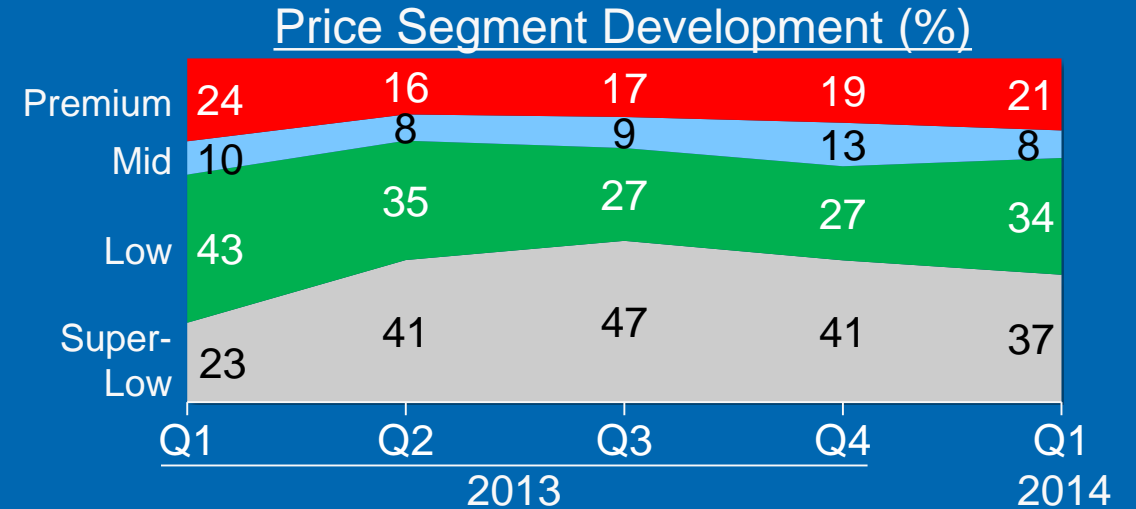






## Philippines: PMI Regaining Share and Mix Improving

- Mighty continues to declare about half of its production volume for tax purposes
- *Mighty* priced at PHP 1.50/stick and *Marvels* at PHP 1.25/stick
- We have responded with *Jackpot* at PHP 1.25/stick and *Champion* at PHP 1.50/stick, while maintaining *Fortune* at slightly below PHP 2.00/stick and *Marlboro* at PHP 3.00/stick
- Going forward, we should be able to further improve our market share, product mix and, over time, increase our margins

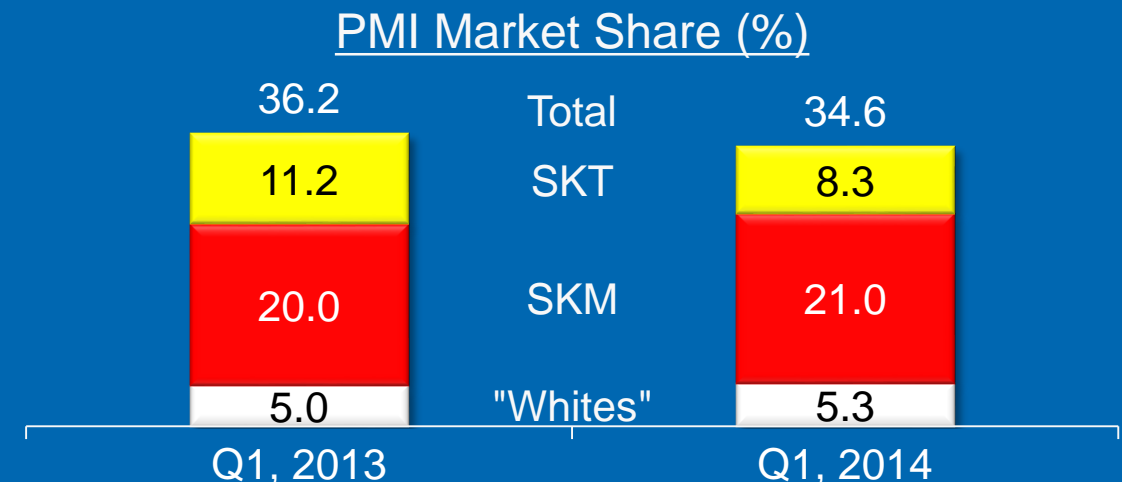
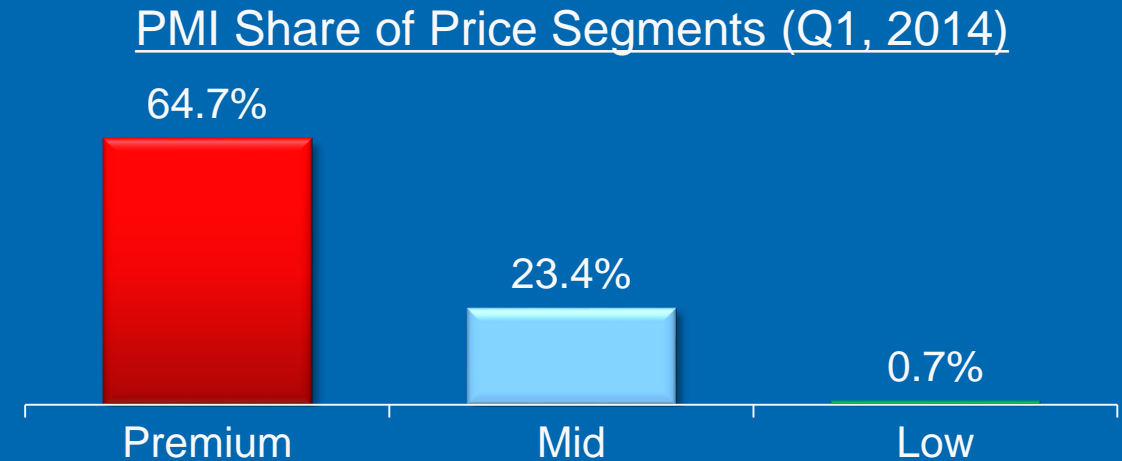


# Indonesia: PMI Market Share Impacted by Decline in Hand-Rolled Kretek ("SKT") Segment



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- Cigarette industry volume declined by 1.0% in Q1, 2014, but forecast to grow by up to 1% in the full-year 2014
- Acceleration in the decline of the low-price and SKT segments
- *Dji Sam Soe* impacted by move above IDR 1,000/stick
- PMI performing well in SKM and "Whites"





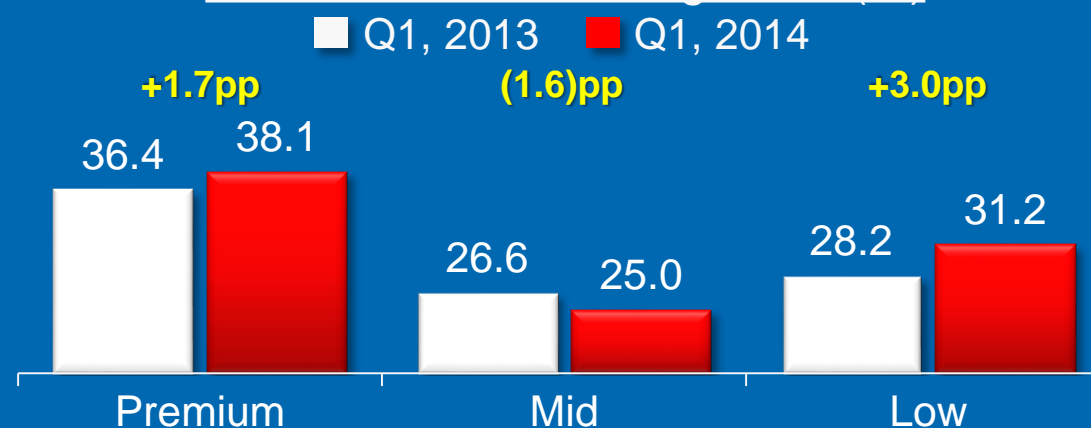
## Russia: Growing Market Share and Profitability

- Profits grew at a double-digit rate ex-currency in the quarter
- Cigarette industry volume declined by an estimated 6.7% in Q1, 2014
- Full-year volume decrease expected to reach 9% to 11% reflecting mainly the full impact of higher prices, a weakening economy, and a foreseen increase in illicit trade
- Strong PMI market share performance led by *Parliament*, *L&M* and *Bond Street*

PMI Market Share (%)



PMI Share of Price Segments (%)



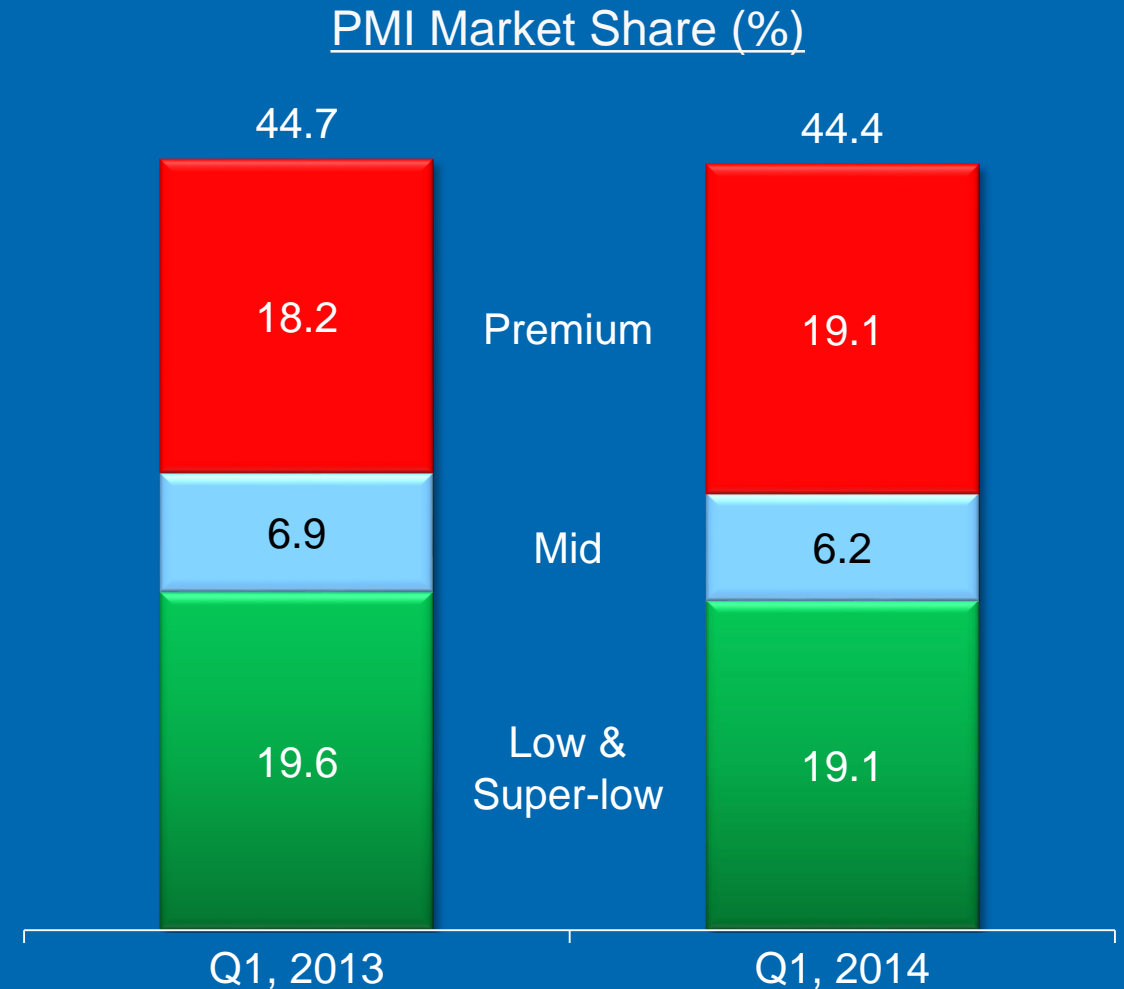
Note: Low segment excludes Super-Low

Source: PMI Financials, PMI estimates, PMI forecasts and Nielsen



## Turkey: Strong Share and Improving Mix

- Cigarette industry volume increased by 1.3% in Q1, 2014, reflecting lower trade inventory movements at the end of 2013 compared to the previous year and a stabilization of illicit trade
- Expectations for the full-year 2014 are that industry volume will be stable to slightly up
- Strong performance of *Parliament* in the premium segment driving an improvement in mix





## Q1, 2014: Underlying Results Were Solid

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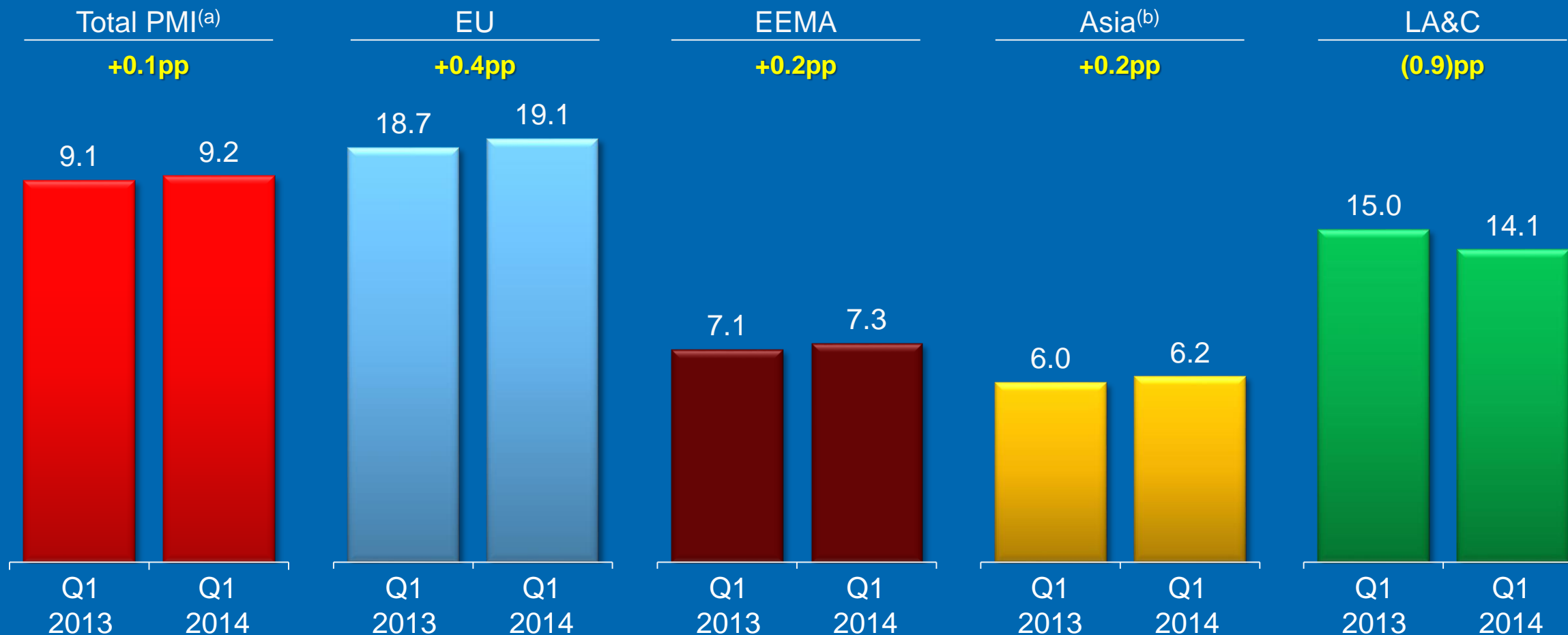
- Underlying cigarette volume decline of around 2.0%
- Net revenues and adjusted OCI, excluding distortions, were essentially stable, excluding currency
- Adjusted diluted EPS increased by 4.7%, excluding currency



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# Q1, 2014: *Marlboro* Performed Strongly

## Market Shares (%)



(a) Excluding China and the USA

(b) Excluding China

Source: PMI estimates

# Marlboro Architecture 2.0: New Flavor Line-up



Note: Pack designs are for illustrative purposes only



## Rigorously Addressing Our Cost Base

- Focus on efficiency of our trade and marketing spending, productivity initiatives across our entire supply chain, our factory footprint and simplification of organizational structure and processes
- Our productivity gains aim to limit the annual growth of our cost base to 1% to 3% a year on average
- On track to achieve our 2014 annual cost savings and productivity target of \$300 million
- Optimization of our global footprint:
  - Announced the closure of our manufacturing facility in Melbourne, Australia
  - Initiated consultations on a proposal to discontinue cigarette production at our facility in Bergen op Zoom, Netherlands





## 2014 Expectations

- Remain confident that we should be able to achieve a 6% to 8% growth in adjusted diluted EPS, excluding currency, for full-year 2014
- Expect to deliver stronger second and third-quarter adjusted diluted EPS growth rates, ex-currency, compared to the first quarter
- Anticipate continued improvement in the fourth quarter, though will face a difficult comparison with previous year's 19.4% quarterly ex-currency adjusted diluted EPS growth rate

# Regulatory Environment: Plain Packaging and EU Tobacco Products Directive ("TPD")

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- Plain packaging:
  - The experience of Australia confirms it is a flawed policy
  - Update on World Trade Organization ("WTO") proceeding
  - Update on Australia-Hong Kong Bilateral Investment Treaty ("BIT") proceeding
- EU Tobacco Products Directive:
  - Adopted in March
  - Transposition into national legislation should take 18-24 months



## Plain Packaging: Data Shows No Impact on Smoking Prevalence

- We oppose plain packaging because it expropriates our valuable intellectual property and it encourages the commoditization of the industry
- Early data from Australia:
  - No impact on smoking prevalence
  - Acceleration of down-trading
  - Growth of illicit branded products



## Plain Packaging: WTO Challenges

- WTO challenges by Cuba, Dominican Republic, Honduras, Indonesia and Ukraine
- Cases consolidated into a single panel of dispute experts
- Panel to decide if the Australian plain packaging law contravenes WTO treaties and in particular TRIPS
- Panel decision expected in 2015, with final resolution after appeals in 2016



## Plain Packaging: BIT Case

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- PM Asia ("PMA") legal case under Australia-Hong Kong Bilateral Investment Treaty
- PMA seeking substantial compensation
- Arbitration tribunal decided to divide proceedings into two phases: jurisdiction and core of the case
- May take one to three years to complete



## Regulatory Environment: New TPD Adopted by the EU

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- TPD key measures:
  - 65% health warning
  - Ban on menthol cigarettes after a six-year transition period
  - Does not mandate plain packaging
- Transposition into national legislation within 18 to 24 months
- We nevertheless believe that the regulatory environment in the EU will remain manageable

# Agricultural Labor Practices ("ALP")

- Our ALP program focuses on seven basic principles:
  - Eliminate child labor
  - Fair income and work hours
  - Fair treatment of workers
  - Providing a safe work environment
  - Eliminate forced labor
  - Freedom of association
  - Compliance with the law
- We are committed to progressively eliminating child labor and other labor abuses found on farms where we source tobacco
- Approximately 500,000 farmers are enrolled in the ALP program in more than 30 countries





## ALP: PMI Collaboration With Verité

- Verité is a US-based international not-for-profit organization, whose mission is to ensure people worldwide work under safe, fair and legal conditions
- While we are pleased with our results so far, much more remains to be done





# Minimizing Our Environmental Impact

- We are committed to ensuring the efficiency and low environmental impact of our operations
- PMI awarded a disclosure score of 97% by the Carbon Disclosure Project ("CDP") in 2013
- PMI recognized by the CDP as one of only five Global 500 Consumer Staples companies to be a carbon disclosure leader in 2013



## PMI's Charitable Contributions Programs

- We are committed to vigorously addressing the variety of issues faced by the communities where we operate and source tobacco
- In 2013, our charitable contributions amounted to approximately \$39 million provided to some 245 organizations in over 60 markets



Philippines



## 2014: Pivotal Year for Reduced-Risk Products ("RRPs")

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- Completion of eight clinical studies
- Finalization of packaging and labeling of RRP
- City tests in Q4 for Platform 1
- National launch readiness for 2015
- \$100 million additional expenditures in 2014
- Construction of 30 billion unit *HeatStick* tobacco sticks plant – to be completed in 2016

# Reduced-Risk Products: Developing a Portfolio

## Heated Tobacco Products



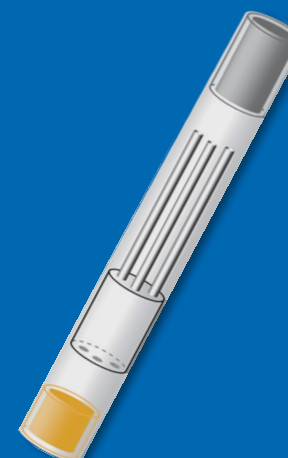
Platform 1

**Ready for  
Commercialization**



Platform 2

**Product Development  
Ongoing**



Platform 3



Platform 4

**Ready for  
Commercialization**



## Reduced-Risk Products: Very Positive Consumer Tests

- Four-week usage studies in Japan and Italy
- Large representative samples
- Platform 1 has broad appeal:
  - 54% and 68% of respondents, respectively, declared a positive purchase intention
  - 30% and 12% of home usage participants, respectively, adopted the product
- Test results surpassed our expectations and provided us with valuable insights
- We believe that the commercialization of Platform 1 could generate additional margins of \$720 million to \$1.2 billion assuming full scale-up and modest share assumptions over time





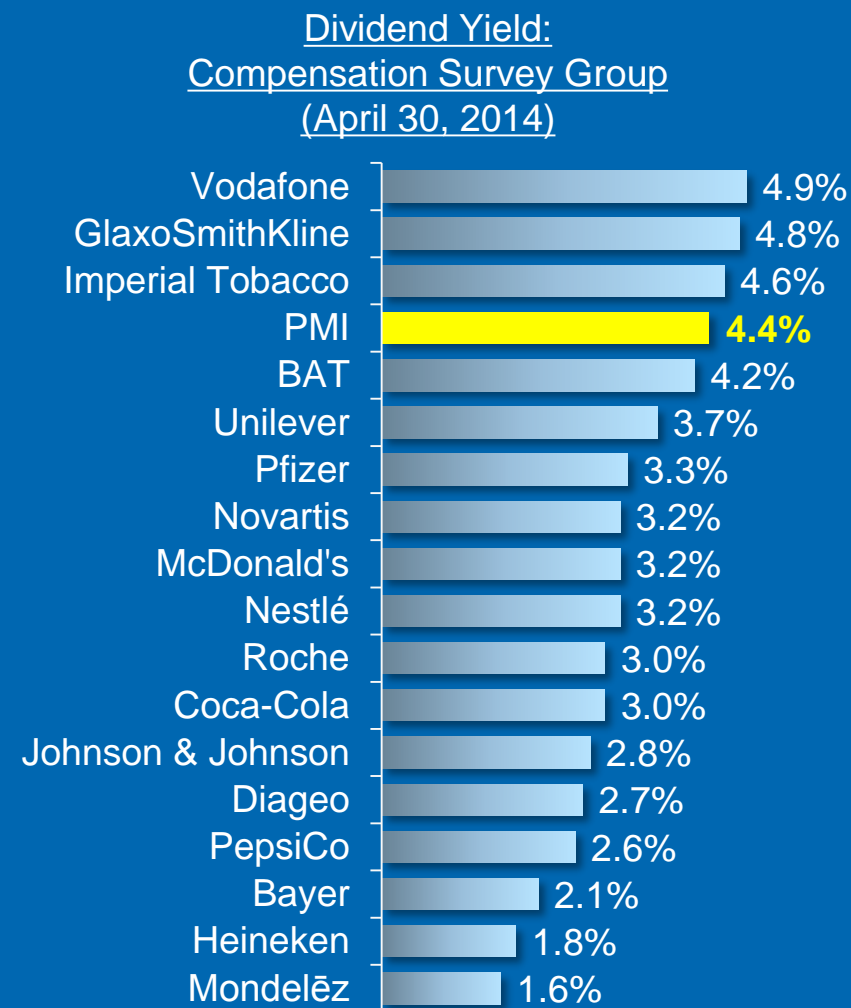
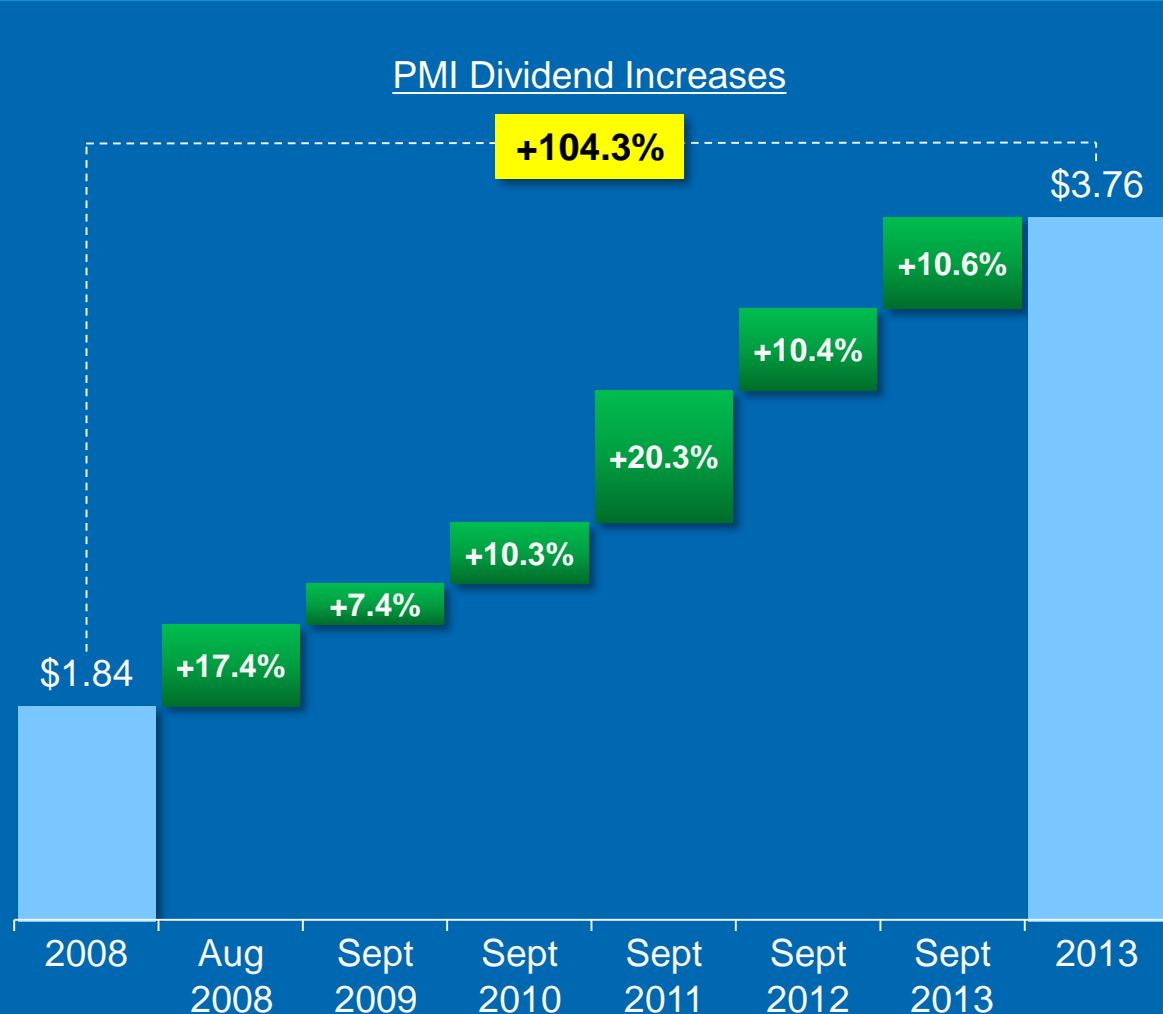
## 2015 Expectations

- As of 2015, we expect to meet our mid to long-term annual currency-neutral net revenue and adjusted OCI growth targets of 4% to 6% and 6% to 8%, respectively
- This expectation is based on:
  - Our superior brand portfolio, led by an invigorated *Marlboro*
  - Strong pricing power based on our brands
  - Improved outlook for cigarette industry volume
  - Continued structural improvements in excise tax systems
  - Sequential improvements in our performance in challenging markets
  - Benefits from recently completed business development projects
  - Increased focus on cost controls and productivity gains



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# Rewarding Our Shareholders: Very Significant Dividend Increases



Note: Dividends for 2008 and 2013 are annualized rates. 2008 annualized rate is based on a quarterly dividend of \$0.46 per common share, declared June 18, 2008. The annualized rate for 2013 is based on a quarterly dividend of \$0.94 per common share, declared September 11, 2013. Dividend yield represents the annualized dividend on April 30, 2014, over the closing share price on that date. The share price for PMI was \$85.43 as of April 30, 2014. The annualized dividend was \$3.76

Source: PMI Financials. FactSet, compiled by Centerview



## Rewarding Our Shareholders: Share Repurchases

- We intend to maintain our single A credit rating
- This implies a limited ability to further increase debt
- Business development projects totaling \$2.3 billion in 2013/2014
- At prevailing exchange rates, anticipated unfavorable currency impact in 2014 of around \$1.2 billion on EBITDA and free cash flow, and some \$3.6 billion on ability to carry out buybacks
- Target \$4.0 billion in share repurchases this year
- PMI is committed to share buybacks. Level will be impacted by currency movements, interest rates and, longer-term, corporate tax reform in the USA

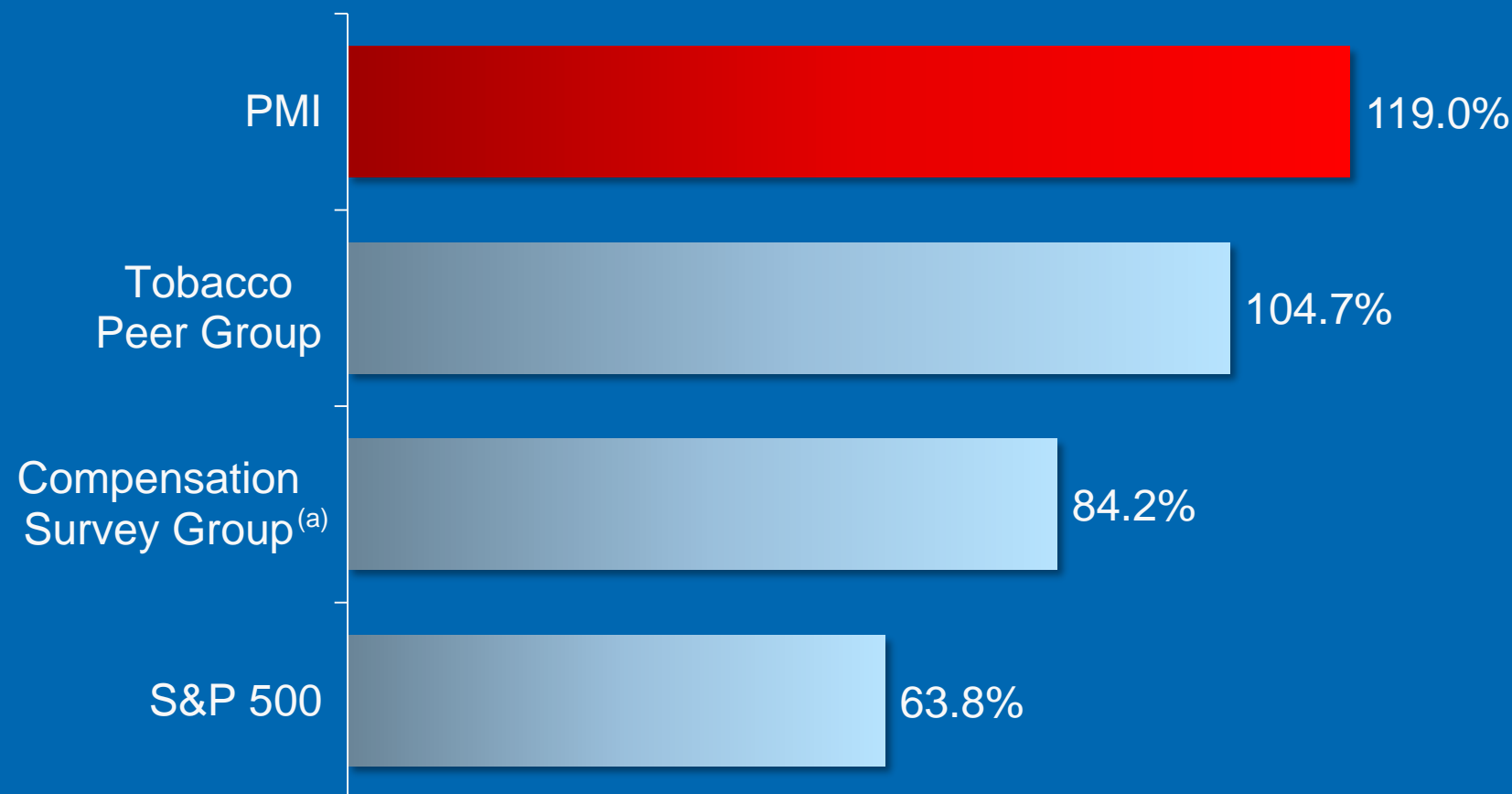


# Rewarding Our Shareholders: Superior Total Shareholder Return Since the Spin



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March 28, 2008 – April 30, 2014



(a) The compensation survey group's total shareholder return (TSR) weights Mondelēz's TSR at 65% of historical Kraft's market capitalization on March 28, 2008, based on Mondelēz's initial market capitalization relative to the combined Mondelēz and Kraft Foods Group on October 2, 2012

Note: In USD. The compensation survey and tobacco peer groups represent the market weighted-average return of the groups. PMI TSR pro forma for additional \$0.46 per share dividend paid in April 2008 impacts the period March 28, 2008 – April 30, 2014. Exchange rates are as of March 28, 2008 and April 30, 2014. A list of the companies in the compensation survey and tobacco peer groups is available in the reconciliation section

Source: FactSet, compiled by Centerview



## PMI Remains an Attractive Investment

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- Leadership in both OECD and non-OECD markets
- Superior brand portfolio, led by *Marlboro*
- Strong, sustainable pricing power based on our brands
- Limited input cost increases, largely covered by cost savings and productivity gains
- Substantial cash flow generation and a strong balance sheet
- Ability to take advantage of attractive business development opportunities
- Dividend growth and share repurchase programs
- Superior R&D capabilities and development of Reduced-Risk Products



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# **Annual Meeting of Shareholders May 7, 2014**



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**Annual Meeting of Shareholders  
May 7, 2014**

**Question and Comment Session**



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# **Annual Meeting of Shareholders May 7, 2014**

# Graham Mackay

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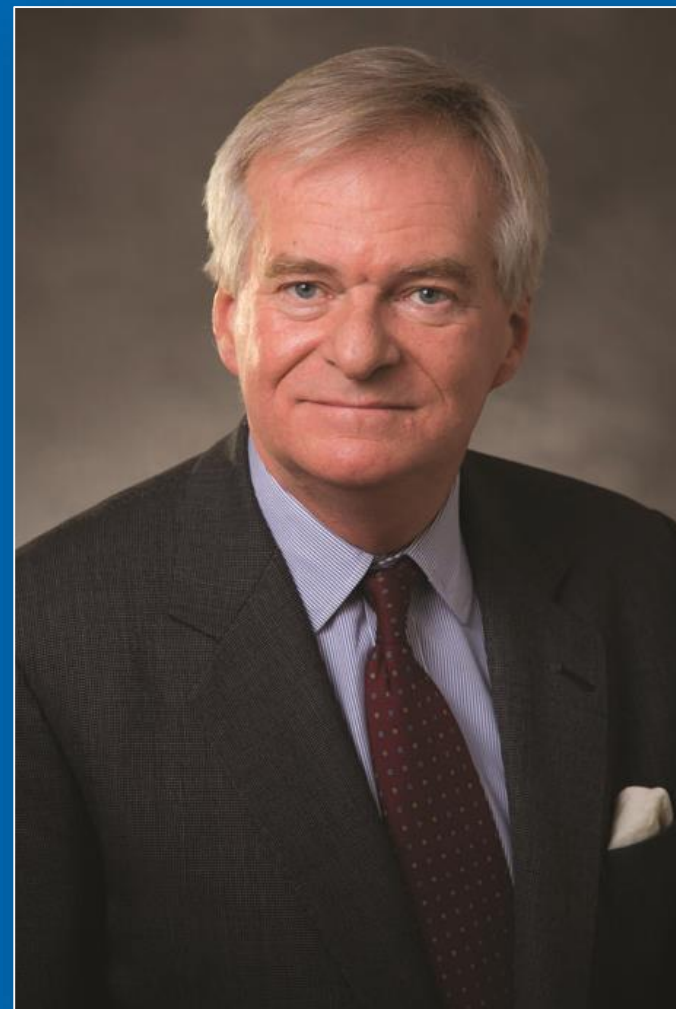
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## Mathis Cabiallavetta / J. Dudley Fishburn

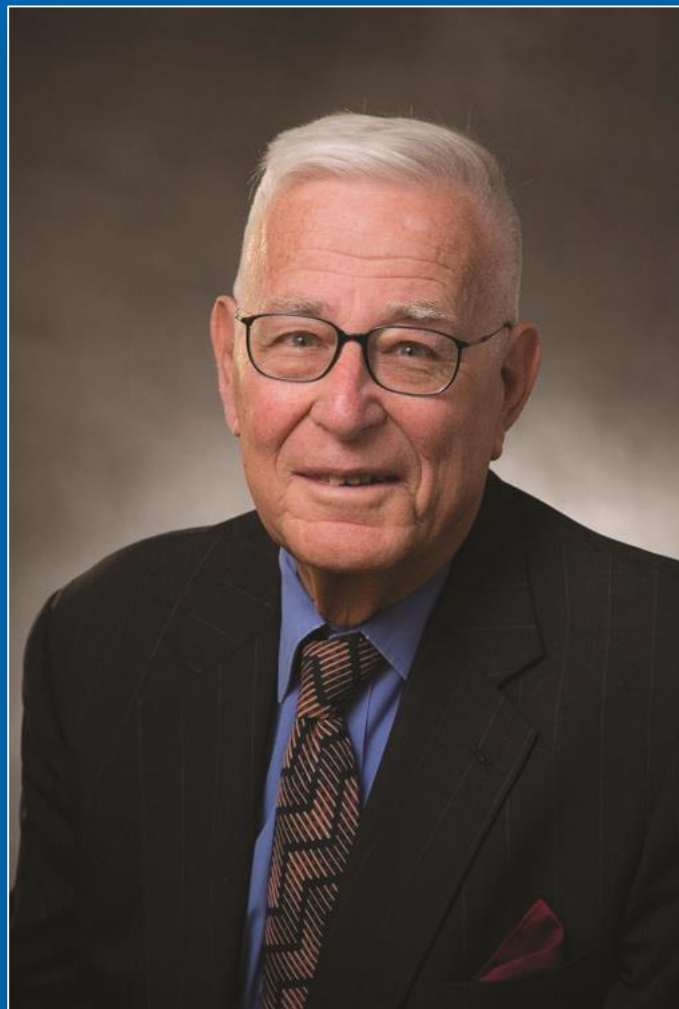


# Harold Brown

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# André Calantzopoulos

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# Louis C. Camilleri

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# Jennifer Li

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# Sergio Marchionne

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# Kalpana Morparia

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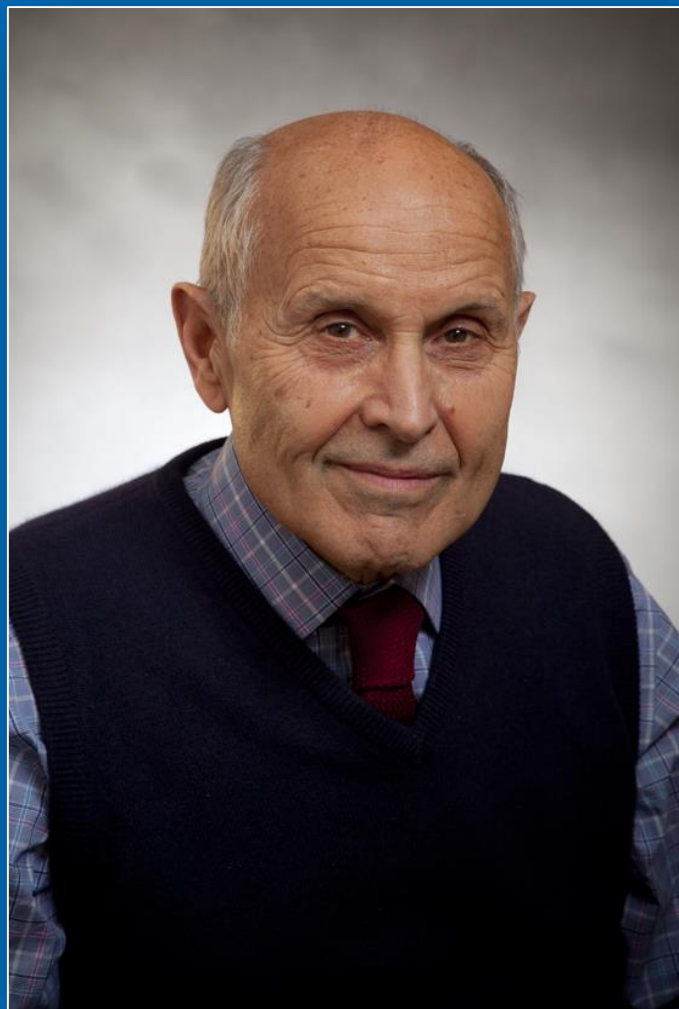


# Lucio A. Noto

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# Robert B. Polet

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# Carlos Slim Helú



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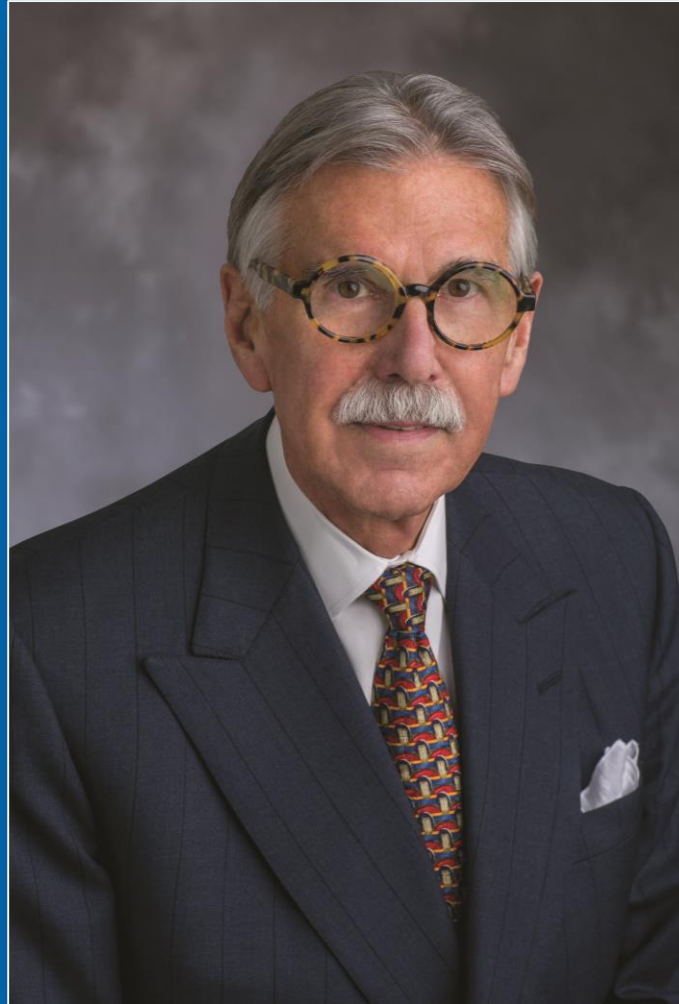


# Stephen M. Wolf

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# **Annual Meeting of Shareholders May 7, 2014**

# Our Talented Employees

- Over 91,000 from some 140 countries
- Spectacular progress in overall employee engagement and managerial effectiveness, well above global norms
- Excellent working environment and development opportunities
- Certain areas identified for further improvement



Germany



South Africa



Indonesia



Colombia



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# **Annual Meeting of Shareholders**

## **May 7, 2014**



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## **Glossary and Reconciliation of Non-GAAP Measures**



# Glossary

- Unless otherwise stated, results are compared with those of the same period in the preceding year
- PMI stands for Philip Morris International Inc. and its subsidiaries
- PMI volumes refer to PMI cigarette shipment data, unless otherwise stated
- 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
- Acquisitions, for the purposes of this presentation, also include our business combination with Fortune Tobacco Corporation in the Philippines
- 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. 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
- EPS stands for Earnings per Share
- Trademarks in this presentation are italicized
- Illicit trade refers to domestic non-tax paid products
- WTO stands for World Trade Organization
- BIT stands for the Australia-Hong Kong Bilateral Investment Treaty
- ALP stands for Agricultural Labor Practices
- Reduced-Risk Products ("RRPs") is the term we use to refer to products that have the potential to reduce individual risk and population harm
- EBITDA stands for Earnings Before Interest, Taxes, Depreciation and Amortization
- OECD stands for Organisation for Economic Co-operation and Development



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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)

2013								2012			% 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
\$ 28,303	\$ 19,707	\$ 8,596	\$ 205	\$ 8,391	\$ -	\$ 8,391	European Union	\$ 27,338	\$ 18,812	\$ 8,526	0.8%	(1.6)%	(1.6)%
20,695	11,929	8,766	(98)	8,864	-	8,864	EEMA	19,272	10,940	8,332	5.2%	6.4%	6.4%
20,987	10,486	10,501	(726)	11,227	-	11,227	Asia	21,071	9,873	11,198	(6.2)%	0.3%	0.3%
10,044	6,690	3,354	(146)	3,500	-	3,500	Latin America & Canada	9,712	6,391	3,321	1.0%	5.4%	5.4%
<b>\$ 80,029</b>	<b>\$ 48,812</b>	<b>\$ 31,217</b>	<b>\$ (765)</b>	<b>\$ 31,982</b>	<b>\$ -</b>	<b>\$ 31,982</b>	<b>PMI Total</b>	<b>\$ 77,393</b>	<b>\$ 46,016</b>	<b>\$ 31,377</b>	<b>(0.5)%</b>	<b>1.9%</b>	<b>1.9%</b>

2013					2012					% 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			
\$ 4,238	\$ 92	\$ 4,146	\$ -	\$ 4,146	European Union	\$ 4,187	1.2%	(1.0)%	(1.0)%			
3,779	(122)	3,901	-	3,901	EEMA	3,726	1.4%	4.7%	4.7%			
4,622	(548)	5,170	-	5,170	Asia	5,197	(11.1)%	(0.5)%	(0.5)%			
1,134	(64)	1,198	-	1,198	Latin America & Canada	1,043	8.7%	14.9%	14.9%			
\$ 13,773	\$ (642)	\$ 14,415	\$ -	\$ 14,415	PMI Total	\$ 14,153	(2.7)%	1.9%	1.9%			



# 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 Years Ended December 31,  
(\$ in millions)  
(Unaudited)

2013							2012			% 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
\$ 4,238	\$ (13)	\$ 4,251	\$ 92	\$ 4,159	\$ -	\$ 4,159	\$ 4,187	\$ (5)	\$ 4,192	1.4%	(0.8)%	(0.8)%
3,779	(264)	4,043	(122)	4,165	-	4,165	3,726	(5)	3,731	8.4%	11.6%	11.6%
4,622	(27)	4,649	(548)	5,197	-	5,197	5,197	(39)	5,236	(11.2)%	(0.7)%	(0.7)%
1,134	(5)	1,139	(64)	1,203	-	1,203	1,043	(34)	1,077	5.8%	11.7%	11.7%
<b>\$ 13,773</b>	<b>\$ (309)</b>	<b>\$ 14,082</b>	<b>\$ (642)</b>	<b>\$ 14,724</b>	<b>\$ -</b>	<b>\$ 14,724</b>	<b>\$ 14,153</b>	<b>\$ (83)</b>	<b>\$ 14,236</b>	<b>(1.1)%</b>	<b>3.4%</b>	<b>3.4%</b>

2013						2012			% 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
\$ 4,159	\$ 8,391	49.6%	\$ 4,159	\$ 8,391	49.6%	\$ 4,192	\$ 8,526	49.2%	0.4	0.4
4,165	8,864	47.0%	4,165	8,864	47.0%	3,731	8,332	44.8%	2.2	2.2
5,197	11,227	46.3%	5,197	11,227	46.3%	5,236	11,198	46.8%	(0.5)	(0.5)
1,203	3,500	34.4%	1,203	3,500	34.4%	1,077	3,321	32.4%	2.0	2.0
<b>\$ 14,724</b>	<b>\$ 31,982</b>	<b>46.0%</b>	<b>\$ 14,724</b>	<b>\$ 31,982</b>	<b>46.0%</b>	<b>\$ 14,236</b>	<b>\$ 31,377</b>	<b>45.4%</b>	<b>0.6</b>	<b>0.6</b>

(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)

	2013	2012	% Change
<b>Reported Diluted EPS</b>	\$ 5.26	\$ 5.17	1.7%
Adjustments:			
Asset impairment and exit costs	0.12	0.03	
Tax items	0.02	0.02	
<b>Adjusted Diluted EPS</b>	\$ 5.40	\$ 5.22	3.4%
Less:			
Currency impact	(0.34)		
<b>Adjusted Diluted EPS, excluding Currency</b>	\$ 5.74	\$ 5.22	10.0%

# 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)

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
\$ 6,619	\$ 4,606	\$ 2,013	\$ 51	\$ 1,962	\$ -	\$ 1,962	European Union	\$ 6,523	\$ 4,553	\$ 1,970	2.2%	(0.4)%	(0.4)%
4,562	2,553	2,009	(126)	2,135	-	2,135	EEMA	4,423	2,380	2,043	(1.7)%	4.5%	4.5%
4,475	2,293	2,182	(366)	2,548	-	2,548	Asia	5,251	2,461	2,790	(21.8)%	(8.7)%	(8.7)%
2,123	1,410	713	(101)	814	-	814	Latin America & Canada	2,330	1,549	781	(8.7)%	4.2%	4.2%
<b>\$ 17,779</b>	<b>\$ 10,862</b>	<b>\$ 6,917</b>	<b>\$ (542)</b>	<b>\$ 7,459</b>	<b>\$ -</b>	<b>\$ 7,459</b>	<b>PMI Total</b>	<b>\$ 18,527</b>	<b>\$ 10,943</b>	<b>\$ 7,584</b>	<b>(8.8)%</b>	<b>(1.6)%</b>	<b>(1.6)%</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 Operating Companies Income	Reported	Reported excluding Currency	Reported excluding Currency & Acquisitions
\$ 978		\$ 28	\$ 950	\$ -	\$ 950	European Union		\$ 938			4.3%	1.3%	1.3%
927		(80)	1,007	-	1,007	EEMA		935			(0.9)%	7.7%	7.7%
915		(215)	1,130	-	1,130	Asia		1,342			(31.8)%	(15.8)%	(15.8)%
202		(52)	254	-	254	Latin America & Canada		254			(20.5)%	-	-
<b>\$ 3,022</b>		<b>\$ (319)</b>	<b>\$ 3,341</b>	<b>\$ -</b>	<b>\$ 3,341</b>	<b>PMI Total</b>		<b>\$ 3,469</b>			<b>(12.9)%</b>	<b>(3.7)%</b>	<b>(3.7)%</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)

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
\$ 978	\$ -	\$ 978	\$ 28	\$ 950	\$ -	\$ 950	European Union	\$ 938	\$ -	\$ 938	4.3%	1.3%
927	-	927	(80)	1,007	-	1,007	EEMA	935	-	935	(0.9)%	7.7%
915	(23)	938	(215)	1,153	-	1,153	Asia	1,342	(3)	1,345	(30.3)%	(14.3)%
202	-	202	(52)	254	-	254	Latin America & Canada	254	-	254	(20.5)%	-
<b>\$ 3,022</b>	<b>\$ (23)</b>	<b>\$ 3,045</b>	<b>\$ (319)</b>	<b>\$ 3,364</b>	<b>\$ -</b>	<b>\$ 3,364</b>	<b>PMI Total</b>	<b>\$ 3,469</b>	<b>\$ (3)</b>	<b>\$ 3,472</b>	<b>(12.3)%</b>	<b>(3.1)%</b>

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	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
\$ 950	\$ 1,962	48.4%	\$ 950	\$ 1,962	48.4%	European Union	\$ 938	\$ 1,970	47.6%	0.8	0.8
1,007	2,135	47.2%	1,007	2,135	47.2%	EEMA	935	2,043	45.8%	1.4	1.4
1,153	2,548	45.3%	1,153	2,548	45.3%	Asia	1,345	2,790	48.2%	(2.9)	(2.9)
254	814	31.2%	254	814	31.2%	Latin America & Canada	254	781	32.5%	(1.3)	(1.3)
<b>\$ 3,364</b>	<b>\$ 7,459</b>	<b>45.1%</b>	<b>\$ 3,364</b>	<b>\$ 7,459</b>	<b>45.1%</b>	<b>PMI Total</b>	<b>\$ 3,472</b>	<b>\$ 7,584</b>	<b>45.8%</b>	<b>(0.7)</b>	<b>(0.7)</b>

(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)

	2014	2013	% Change
<b>Reported Diluted EPS</b>	\$ 1.18	\$ 1.28	(7.8)%
Adjustments:			
Asset impairment and exit costs	0.01	-	
Tax items	-	0.01	
<b>Adjusted Diluted EPS</b>	\$ 1.19	\$ 1.29	(7.8)%
Less:			
Currency impact	(0.16)		
<b>Adjusted Diluted EPS, excluding Currency</b>	\$ 1.35	\$ 1.29	4.7%

# 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 December 31,  
(Unaudited)

	2013	2012	% Change
<b>Reported Diluted EPS</b>	\$ 1.24	\$ 1.25	(0.8)%
Adjustments:			
Asset impairment and exit costs	0.12	0.01	
Tax items	0.01	(0.02)	
<b>Adjusted Diluted EPS</b>	\$ 1.37	\$ 1.24	10.5%
Less:			
Currency impact	(0.11)		
<b>Adjusted Diluted EPS, excluding Currency</b>	\$ 1.48	\$ 1.24	19.4%



PHILIP MORRIS INTERNATIONAL

# **Annual Meeting of Shareholders May 7, 2014**