

**2021**  
**INVESTOR DAY**

Delivering a Smoke-Free Future

## **The Next Growth Phase**

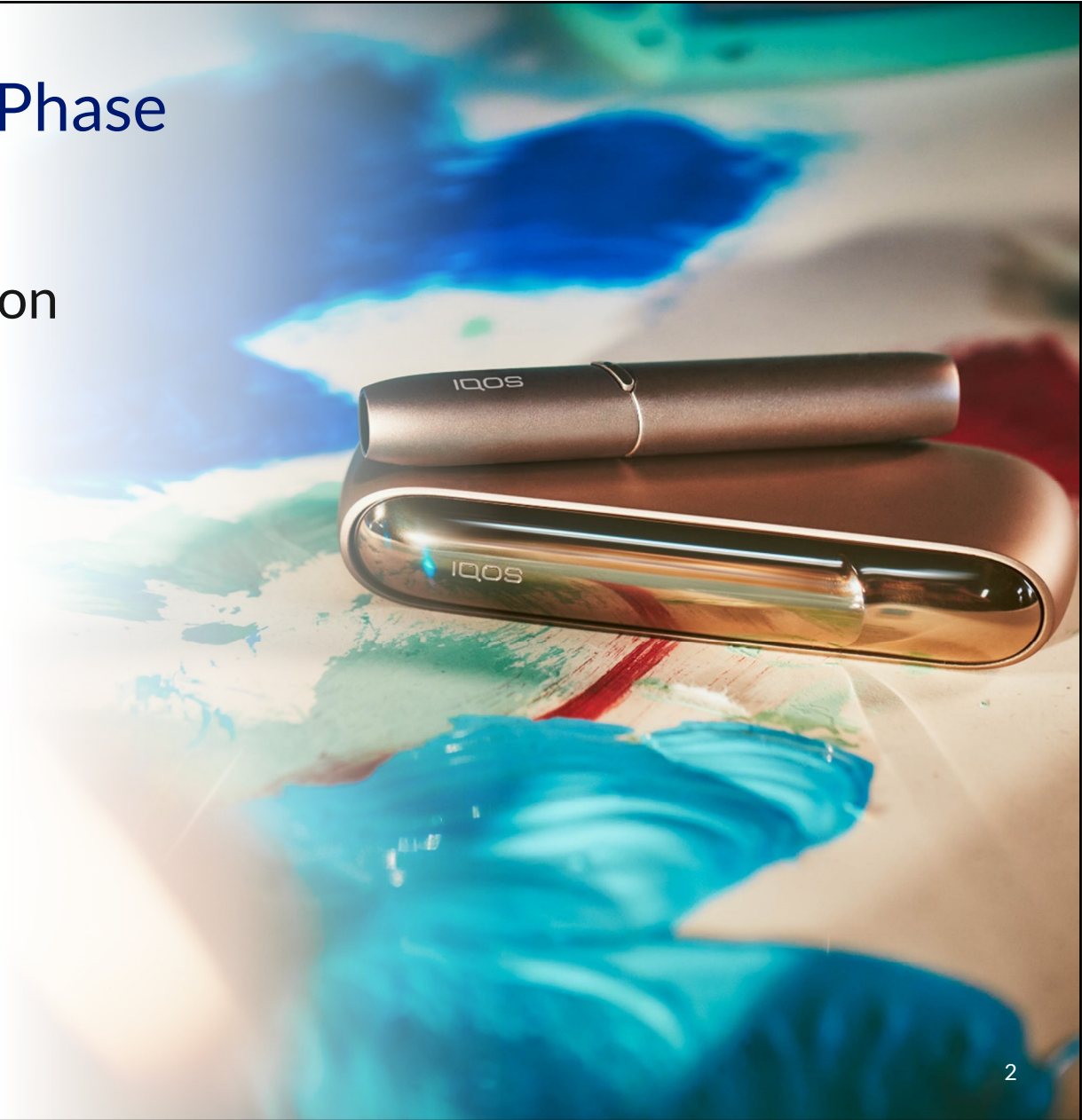
**Jacek Olczak, Chief Operating Officer  
Philip Morris International**

**February 10, 2021**

**PHILIP MORRIS  
INTERNATIONAL**

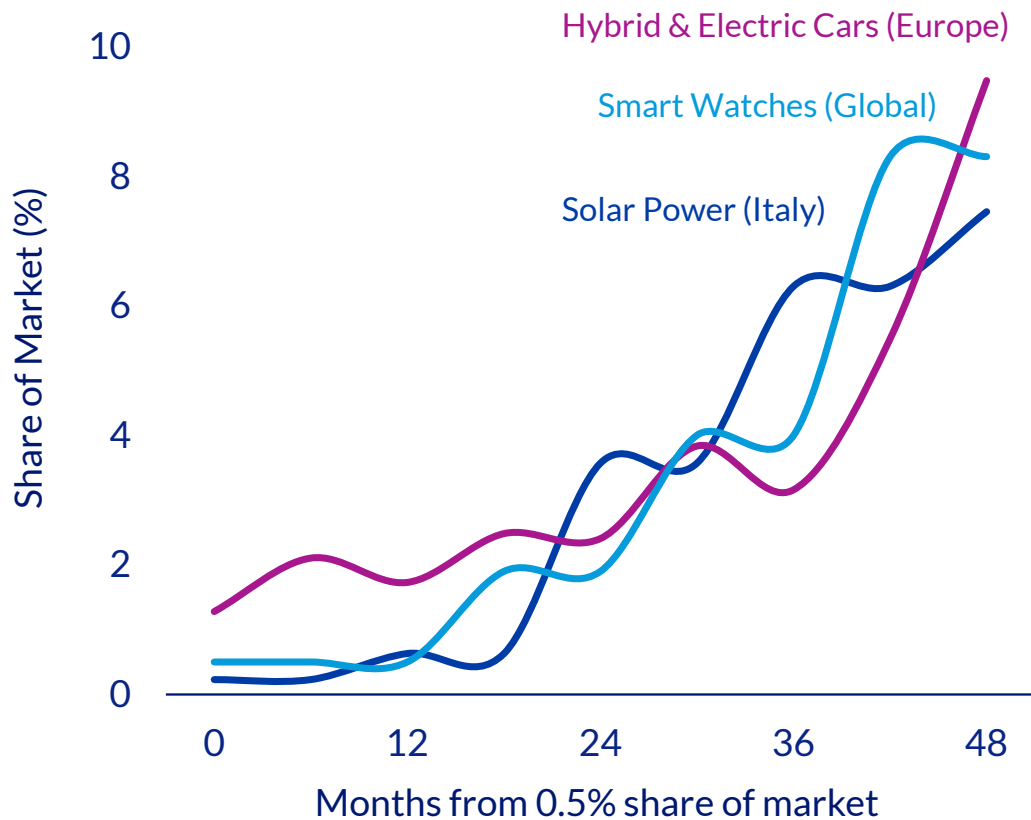
# Delivering The Next Growth Phase

- Leading Industry Transformation
- IQOS Performance
- Consumer at the Core
- Commercial Model
- The Next Stage of Growth
- Combustibles Performance

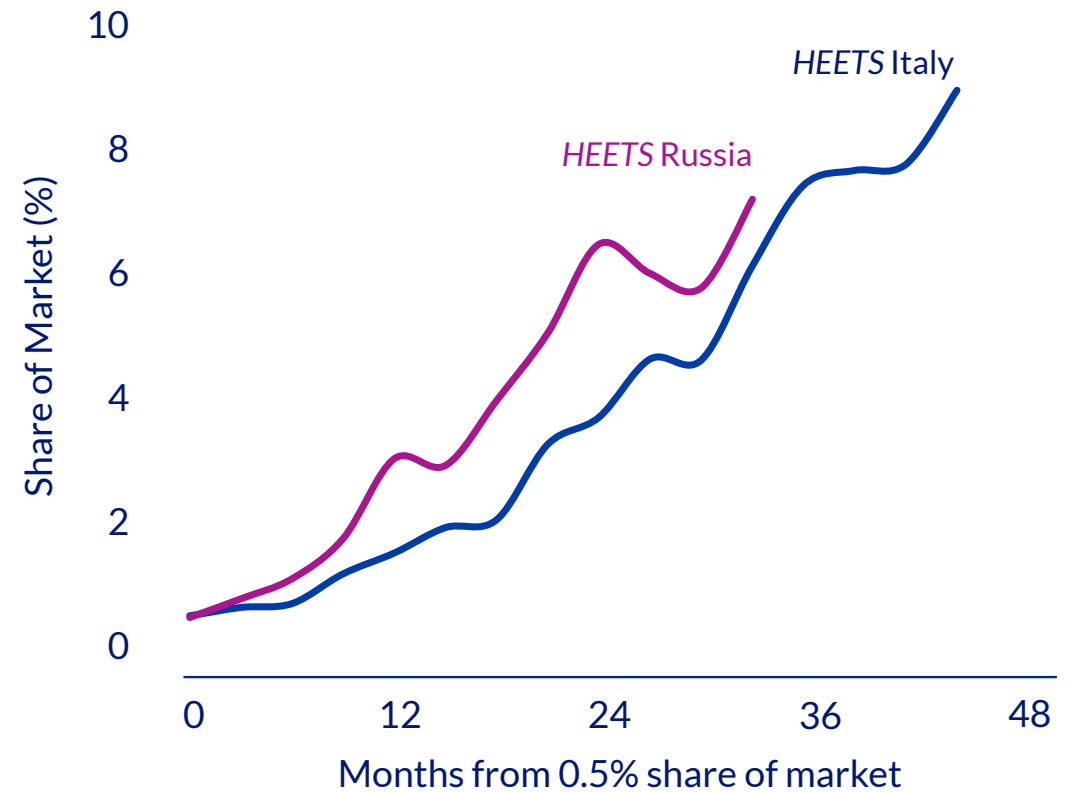


# IQOS: Rapid Adoption of New Technologies

## Other Technologies



## IQOS HEETS (3-month moving average)

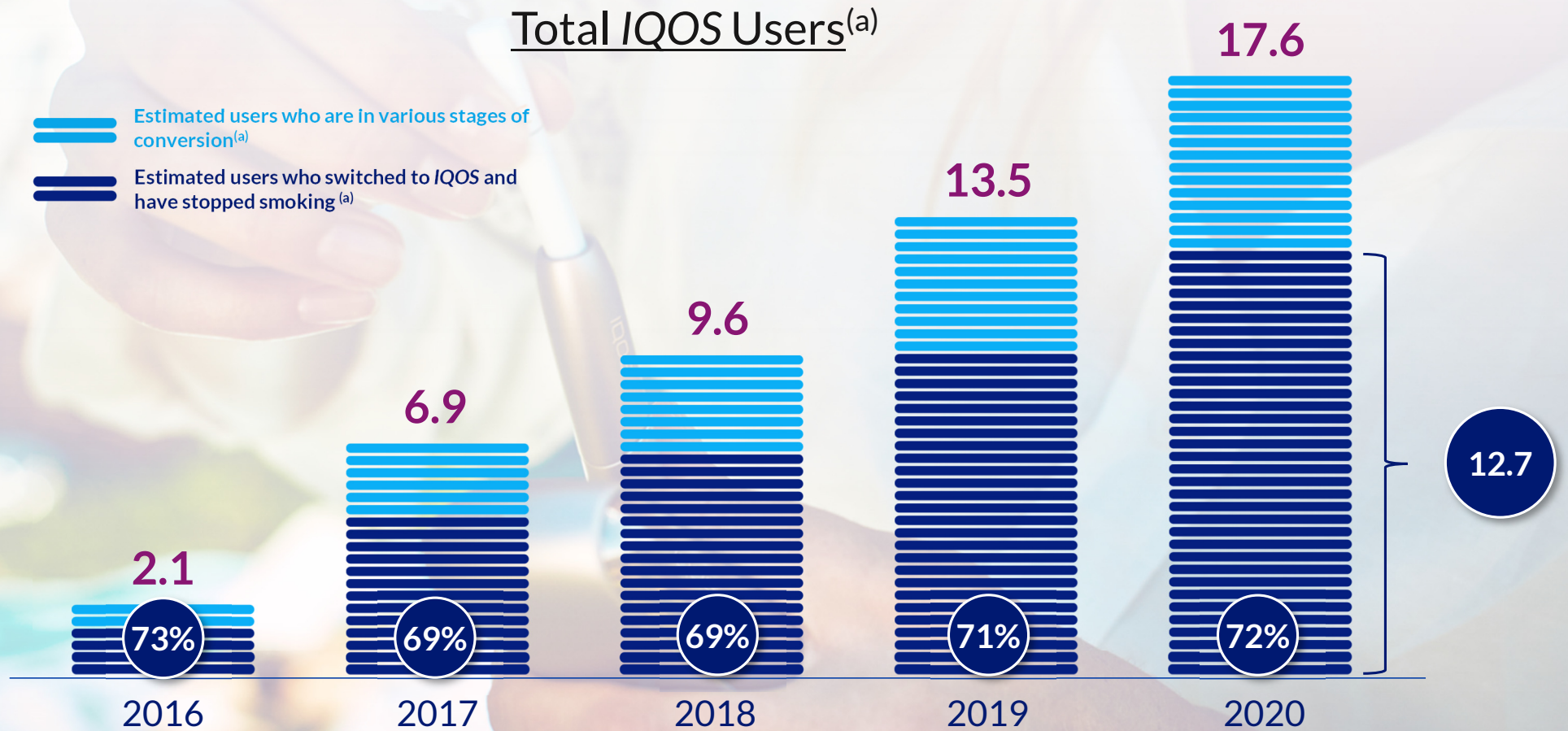


# Undisputed Leader of Industry Transformation

- Biggest positive impact on harm reduction
- Segment leader, strongest brand, first mover advantage
- Highest investments
- Most advanced internal transformation
- Rigor around scientific validation / standards
- Leading responsible and sustainable marketing practices



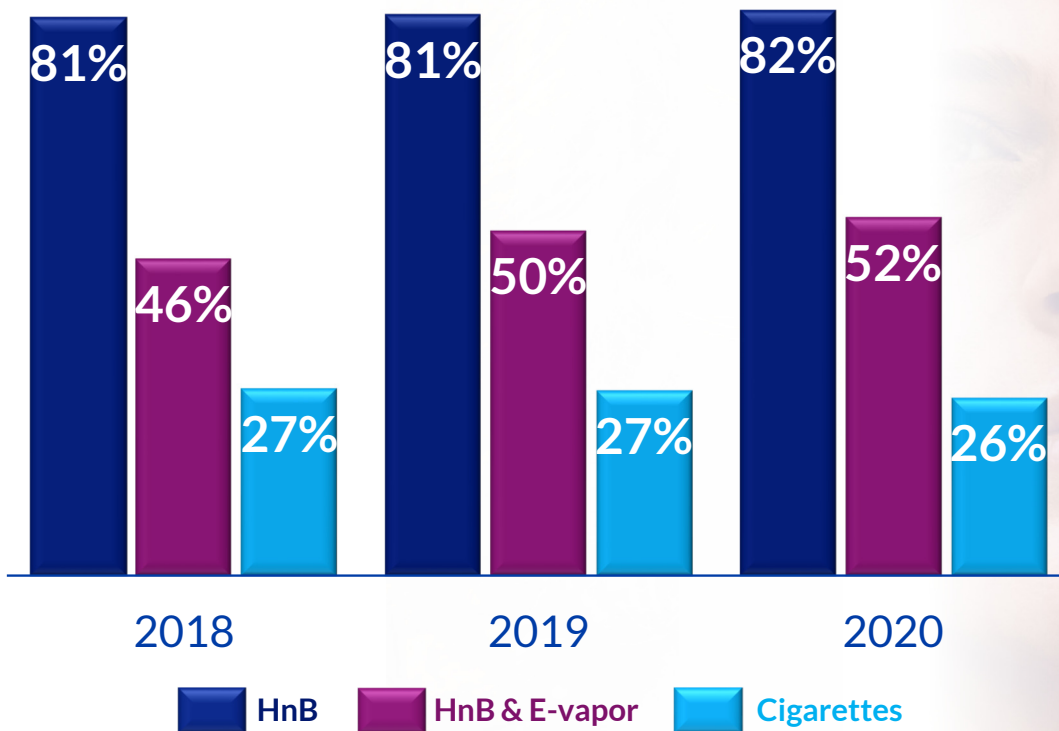
# Almost 13 Million Users Switched to IQOS and Stopped Smoking



(a) In millions. See Glossary for definition  
Source: PMI Financials or estimates, IQOS user panels and PMI Market Research

# Clear Leadership of the Biggest Smoke-Free Category

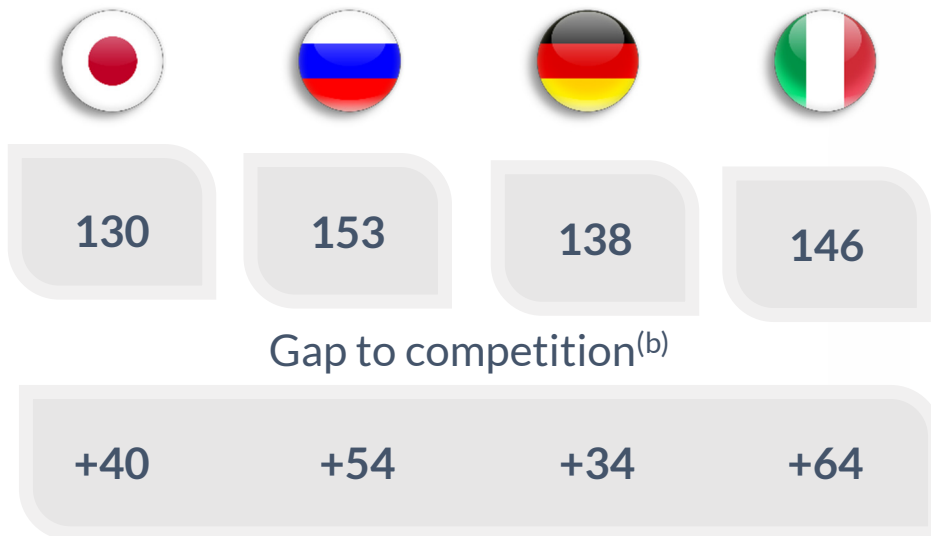
PMI Category Share



International volume share excl. China and the U.S.  
Source: PMI Financials or estimates

# IQOS Brand Equity is Strong

## Brand Equity Score<sup>(a)</sup>



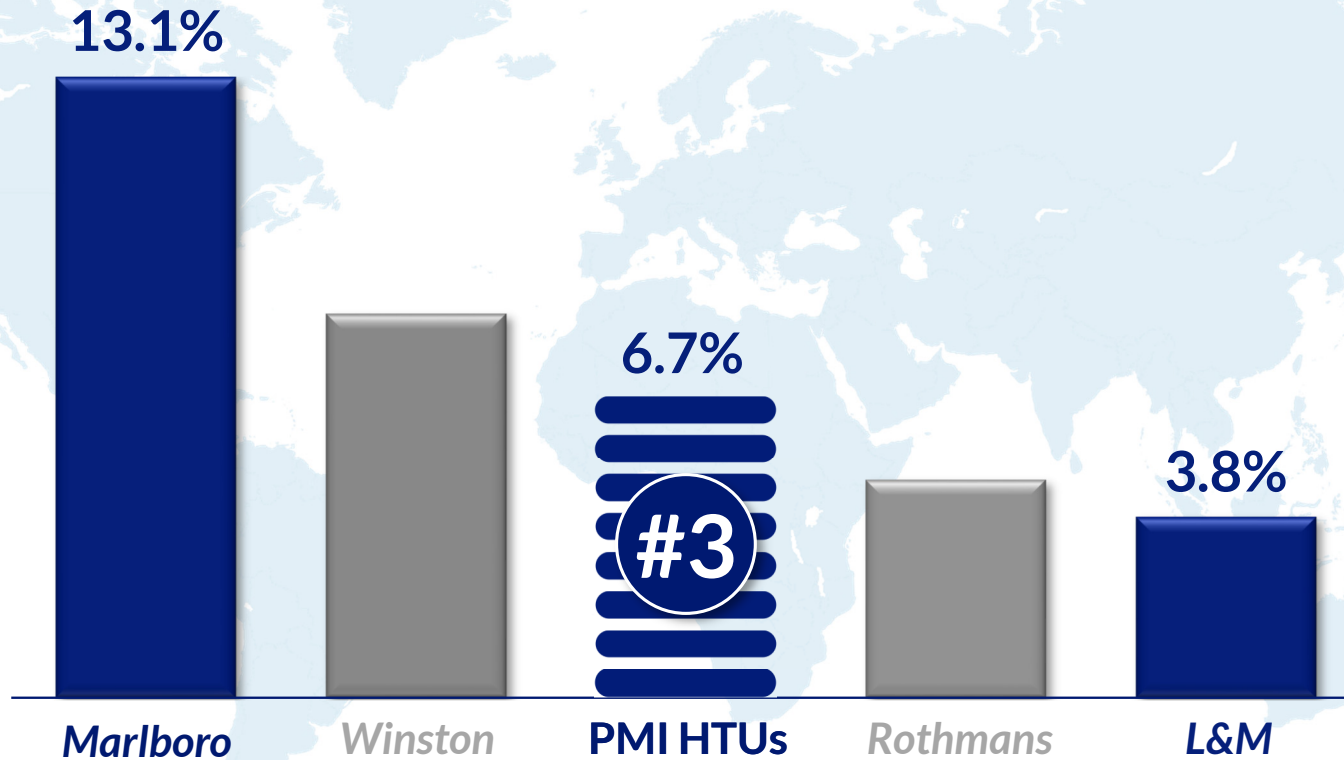
(a) Meaningful difference index: meaningful refers to the capacity of brands to drive affinity among Legal Age Smokers (LAS) and address their needs; difference refers to the ability of brands to generate perceptions of uniqueness and trendsetting among LAS. Meaningful difference is reported as a combined index score, where 100 represents the category average

(b) Represents index point gap to closest competitor



# Third-Largest 'Brand' in IQOS Markets

Share in IQOS Markets (Q4, 2020)<sup>(a)</sup>



(a) Reflects 63 markets where IQOS is available in key cities or nationwide at December 31, 2020. Excludes the U.S.

Note: All 'brands' except 'PMI HTUs' include cigarettes only.

Reflects sales volume as a percentage of the total industry sales volume for cigarettes and HTUs

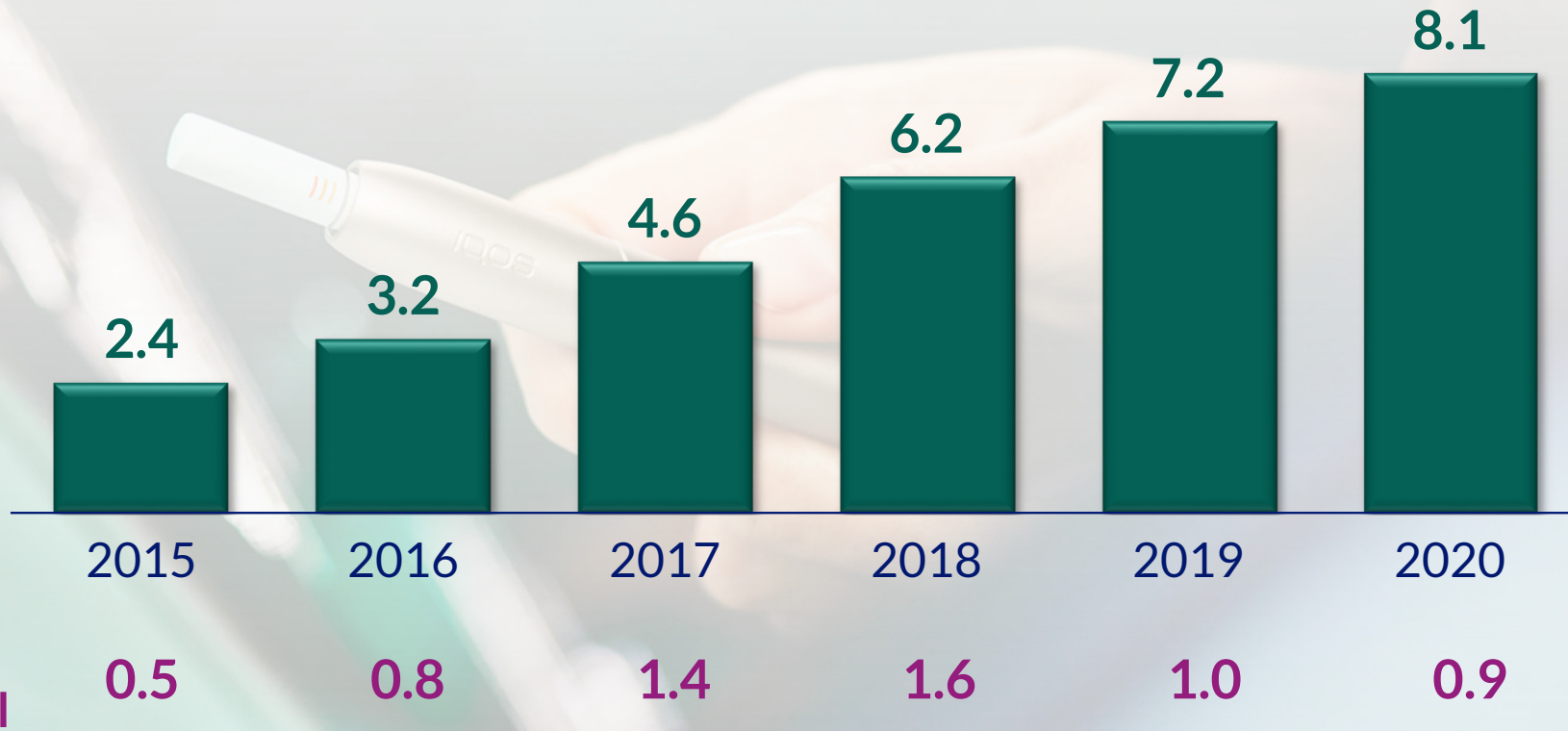
Source: PMI Financials or estimates



# Substantial Investment in Best-in-Class Capabilities

(in \$ billion)

## Cumulative RRP Investments



Note: Investments reflect research, product and commercial development, production capacity, scientific substantiation, and studies on adult smoker understanding. Does not include commercial deployment costs.

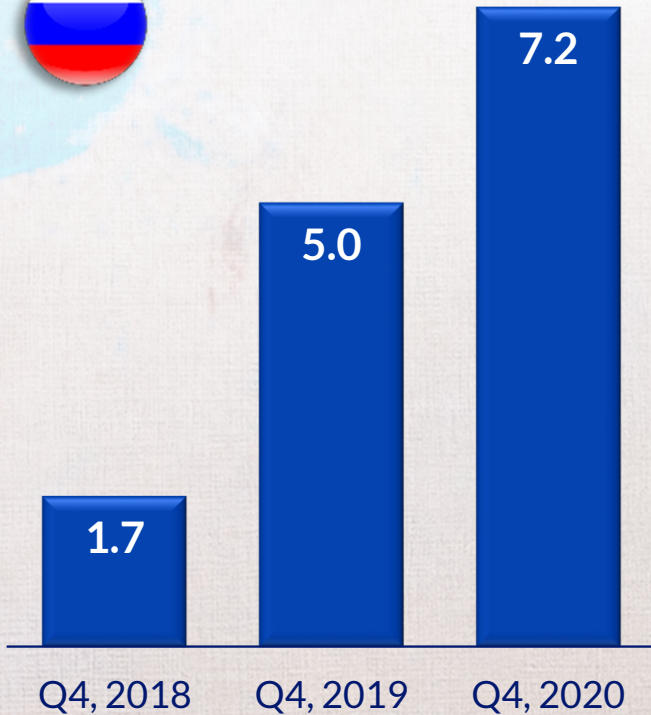
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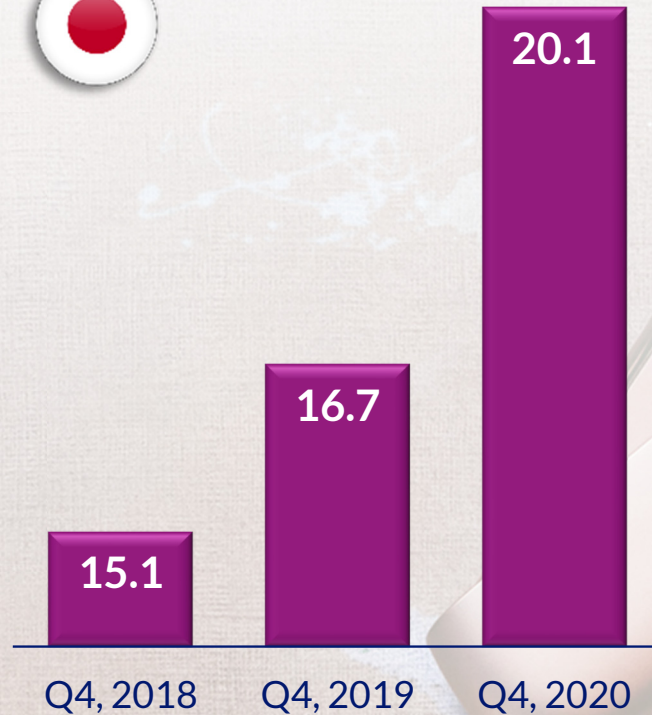


# Strong Market Share Growth in Key Geographies

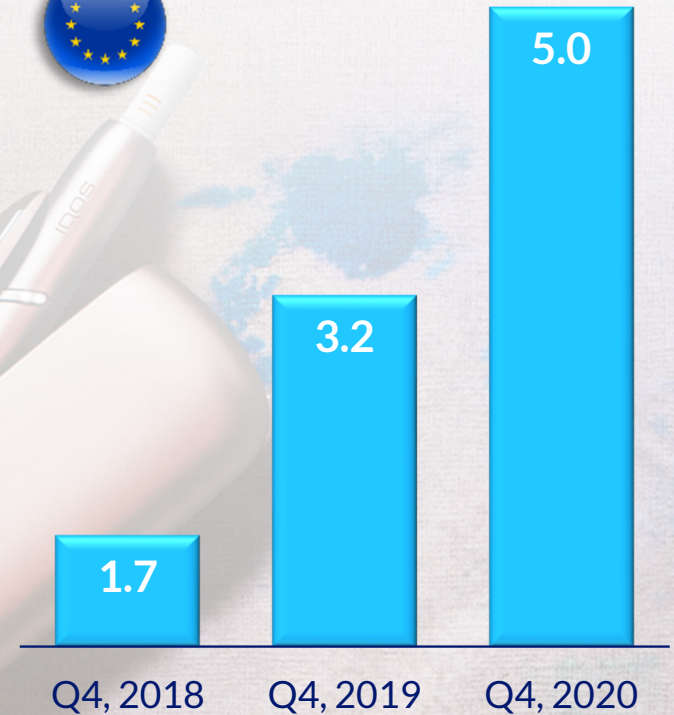
HTU Share of Market in Russia (%)



HTU Share of Market in Japan (%)<sup>(a)</sup>



HTU Share of Market in EU (%)

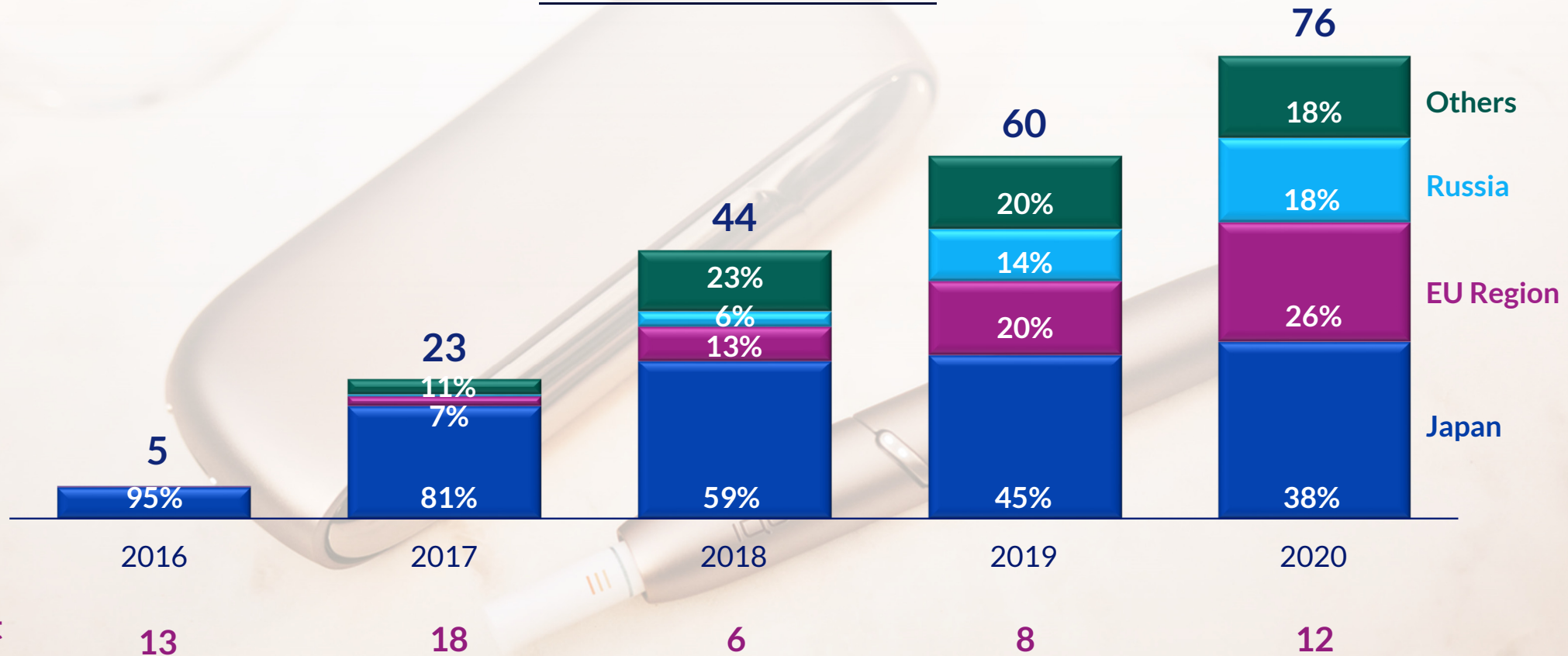


(a) Including the cigarillo category  
Source: PMI Financials or estimates

# Broadening Geographic Sources of IQOS Growth

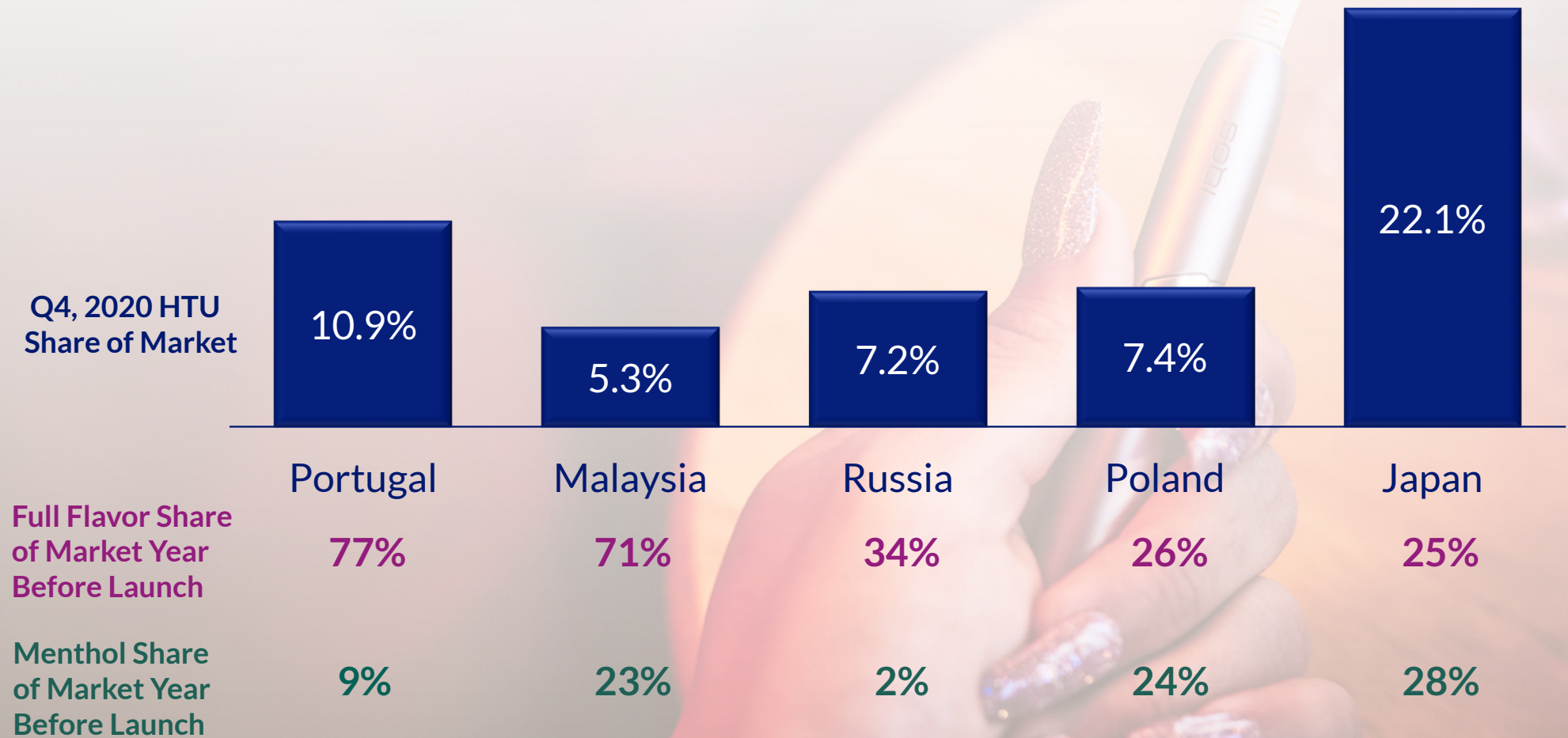
(in billion units)

## HTU In-Market Sales



Note: Does not sum up to 100% due to rounding  
 Source: PMI Financials or estimates

# IQOS Successful Across Market Archetypes



Source: PMI Financials or estimates

# Strong Double-Digit Shares in Many Key Cities

(PMI HTU offtake share)

Vilnius



Prague



Tokyo<sup>(a)</sup>



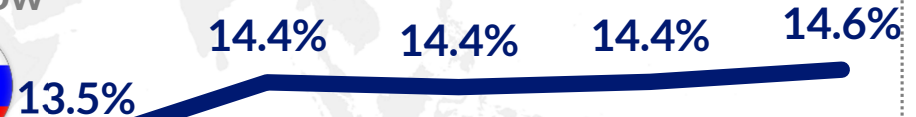
Rome



Kiev



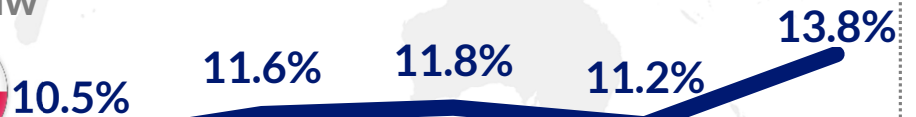
Moscow



Athens



Warsaw



Q4'19    Q1'20    Q2'20    Q3'20    Q4'20

(a) Japan total market includes the cigarillo category

Source: PMI Financials or estimates

# Accelerating Key City Shares in Western Europe

(PMI HTU offtake share)

London



Zurich



Madrid



Lisbon



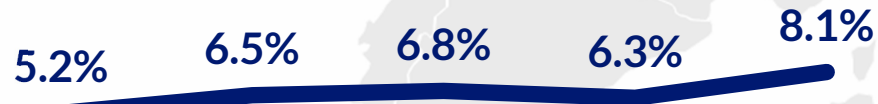
Milan



Munich



Torino



Stuttgart



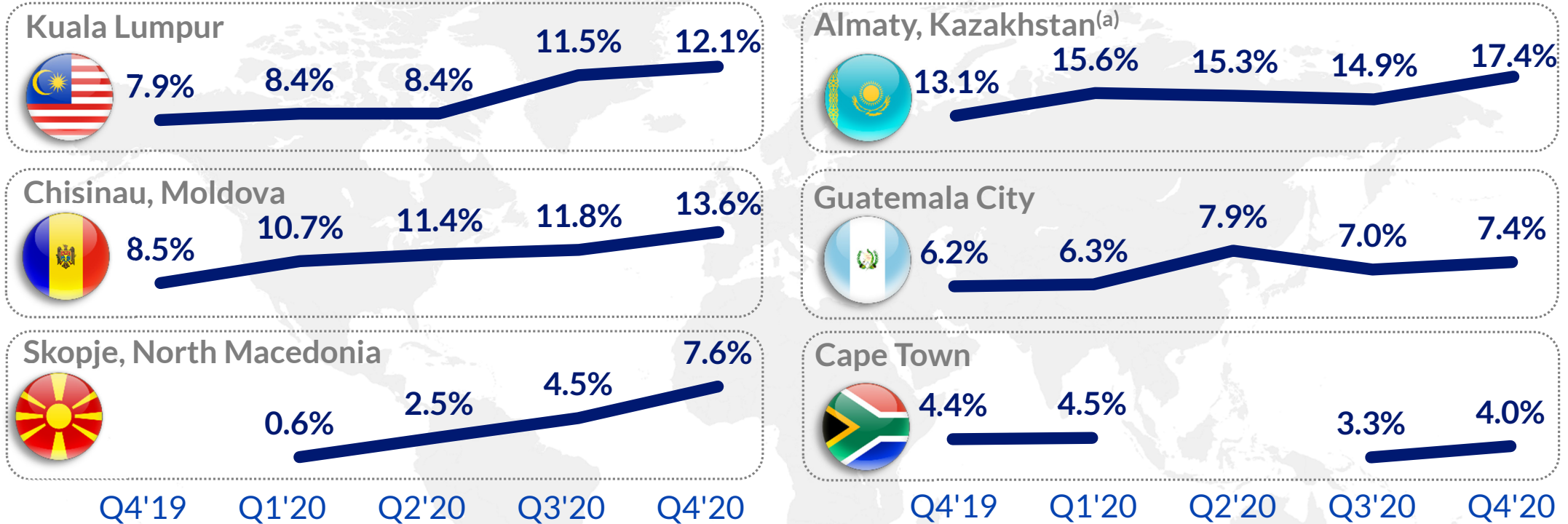
Q4'19 Q1'20 Q2'20 Q3'20 Q4'20

Q4'19 Q1'20 Q2'20 Q3'20 Q4'20

Source: PMI Financials or estimates

# Growing City Shares in Emerging Markets

(PMI HTU offtake share)

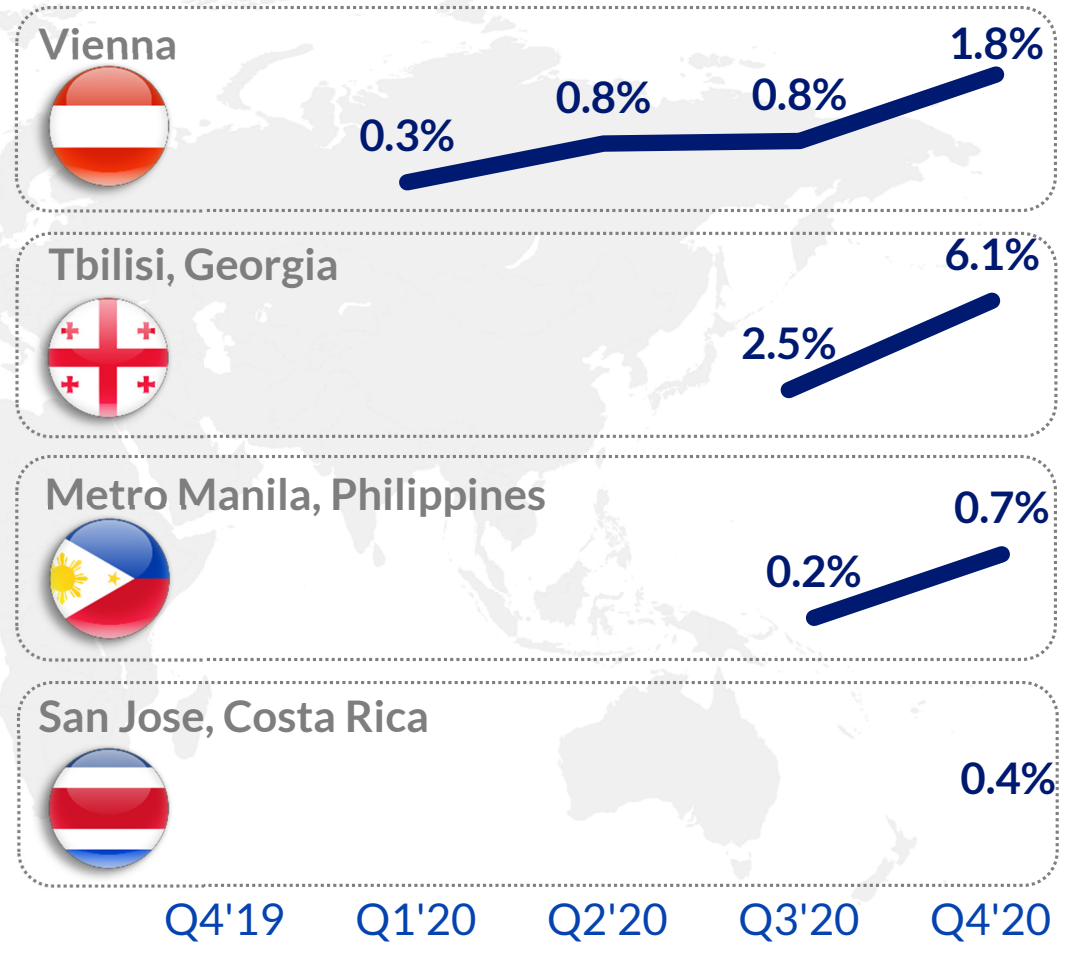
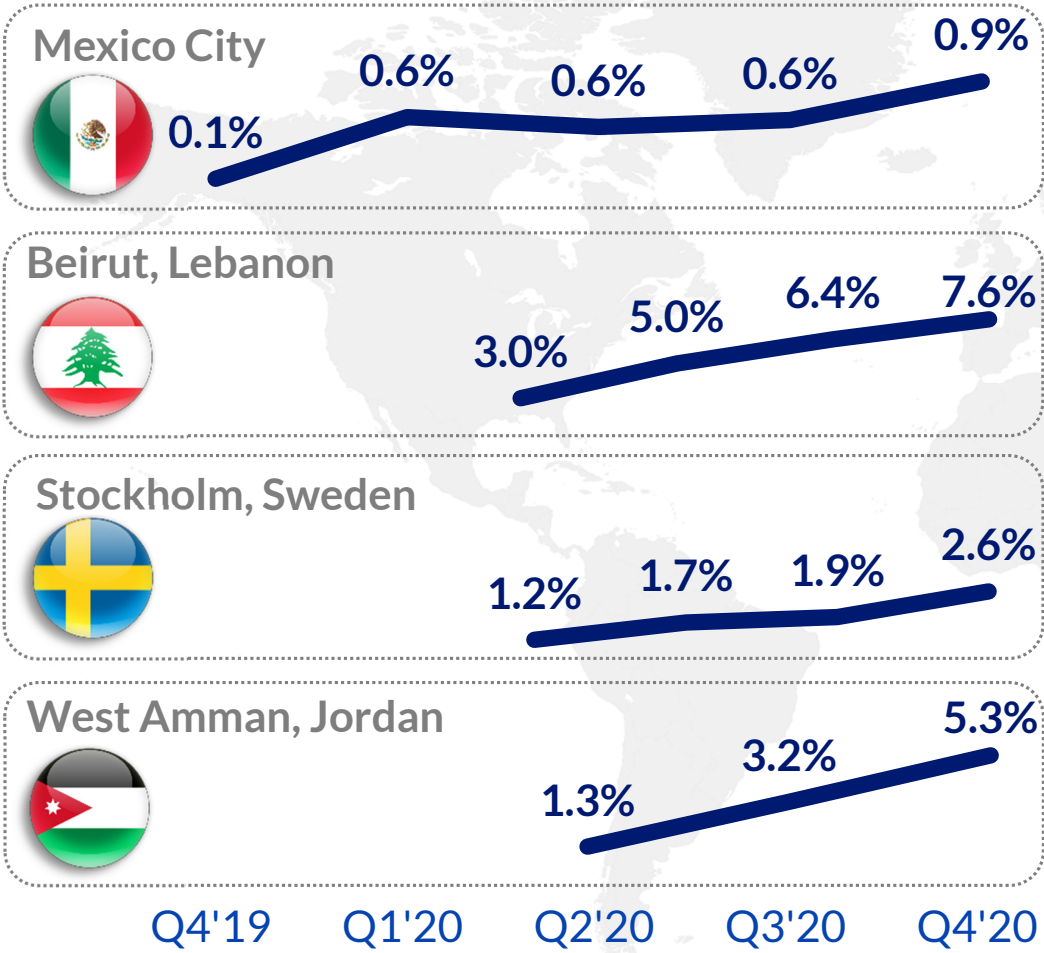


(a) Estimated underlying offtake share  
Source: PMI Financials or estimates



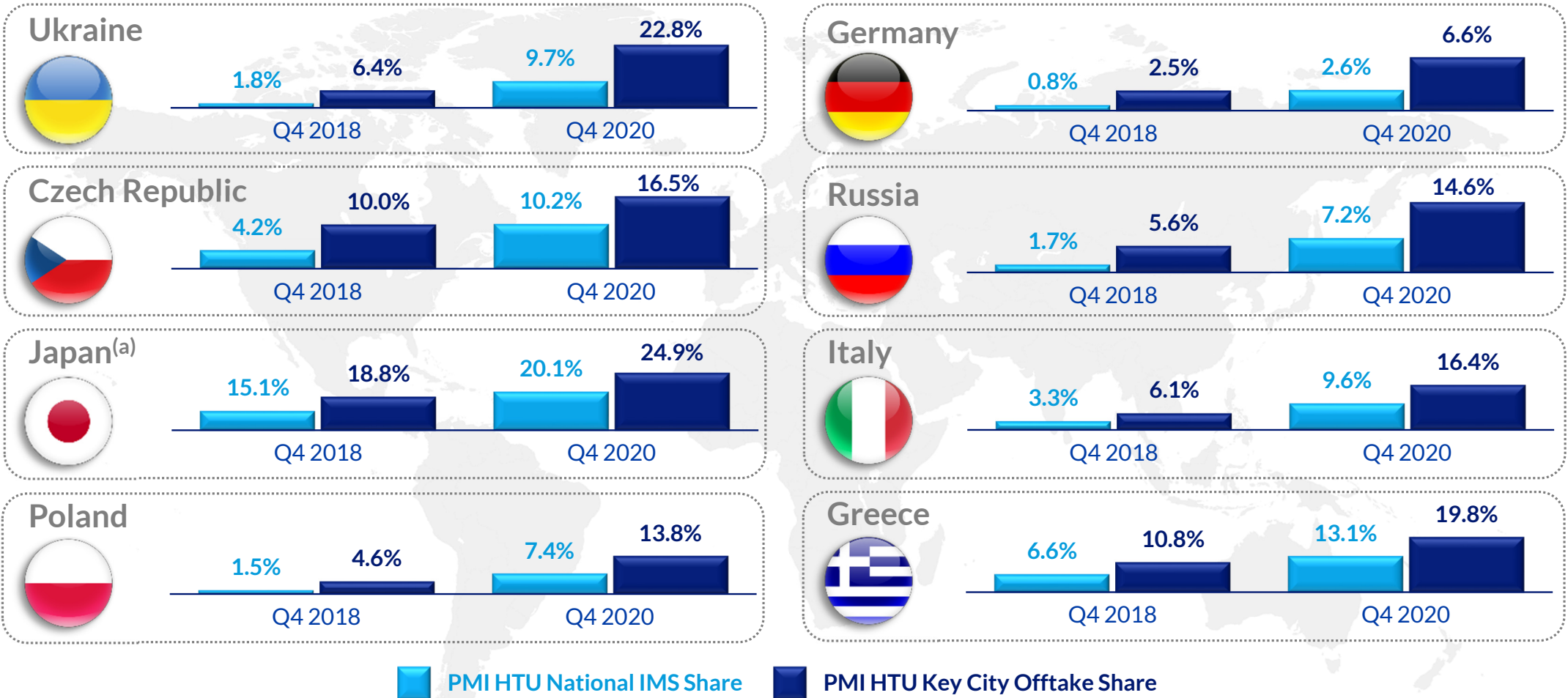
# Excellent Progress in Recent Launch Cities

(PMI HTU offtake share)



Source: PMI Financials or estimates

# National Shares in Q4'20 Above Key City Shares in Q4'18



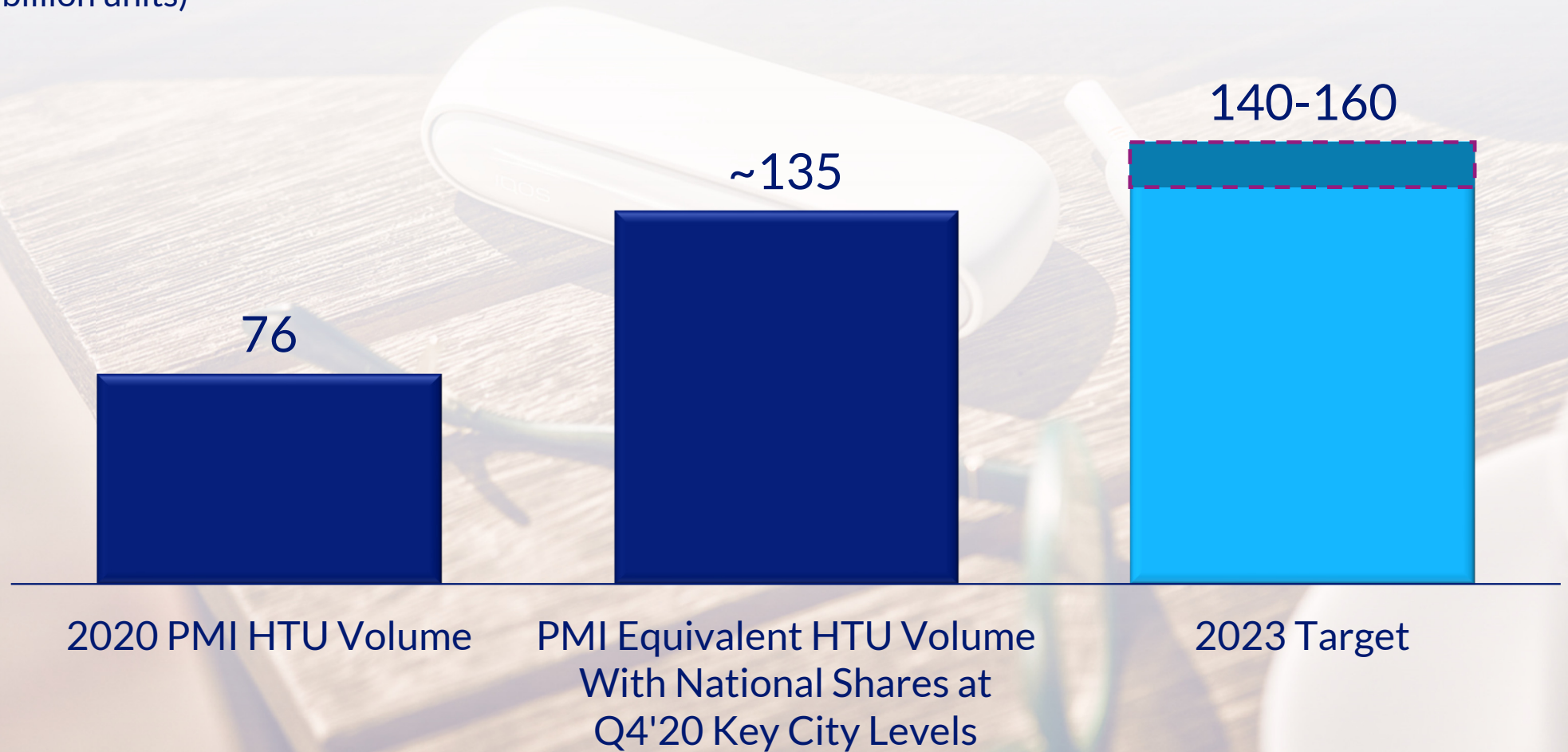
(a) Including cigarillos industry

Note: Key Cities selected are respectively: Kiev, Prague, Tokyo, Warsaw, Munich, Moscow, Rome and Athens

Source: PMI Financials or estimates

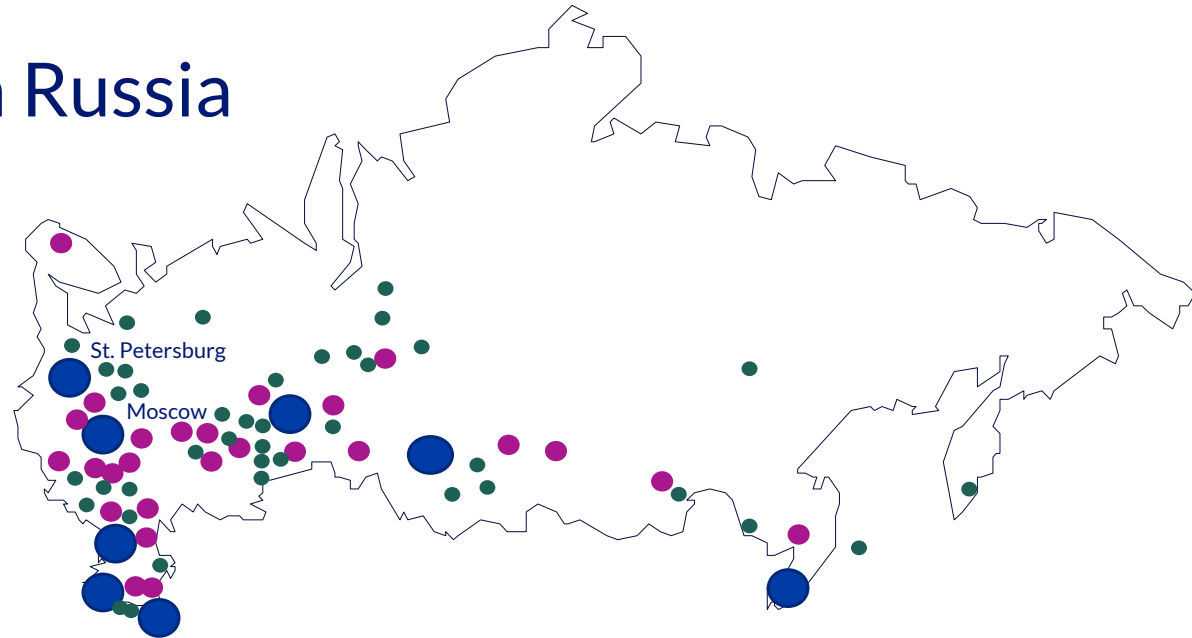
# Growth Path to 2023 HTU Target

(in billion units)



# Successful IQOS Expansion in Russia

	Wave 1	Wave 2	Wave 3
<b>Number of Cities</b>	8	27	40
<b>2017 IQOS Users (in millions)</b>	0.1		
<b>2018 IQOS Users (in millions)</b>	0.6	0.1	
<b>2019 IQOS Users (in millions)</b>	1.3	0.6	0.3
<b>2020 IQOS Users (in millions)</b>	1.7	0.9	0.5
<b>Total Legal Age Smokers (in millions)</b>	7.4	5.8	4.2



- Total of 75 cities in 2020
- Total of 3.6 million LAUs in 2020<sup>(a)</sup>
- Approximately 50% direct coverage
- Ongoing expansion to indirect channels

(a) Including 0.5 million outside expansion area  
 (b) Estimated total LAS in Russia is 37m  
 Note: Wave 2 includes Kaliningrad not shown on map  
 Source: PMI Financials or estimates

# Delivering The Next Growth Phase

- Leading Industry Transformation
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# Consumer at the Core: IQOS Consumer Journey Drives Development and Commercialization



**2.1 million**  
NPS<sup>(a)</sup> surveys  
from over  
**1.6 million**  
unique  
consumers

**180,000**  
call backs

Over **600**  
improvement  
initiatives

(a) Net Promoter Score (NPS) = Promoters less Detractors  
Source: PMI estimates, 2020

# Innovation Pipeline Responding to Consumer Feedback



*IQOS 2.4+*

- Faster charging
- Bluetooth connectivity



*IQOS 3*

*IQOS 3  
Multi*

- Faster charging, Sequential heating
- More intuitive

**Conversion rate  
+6pp  
vs. IQOS 2.4+**

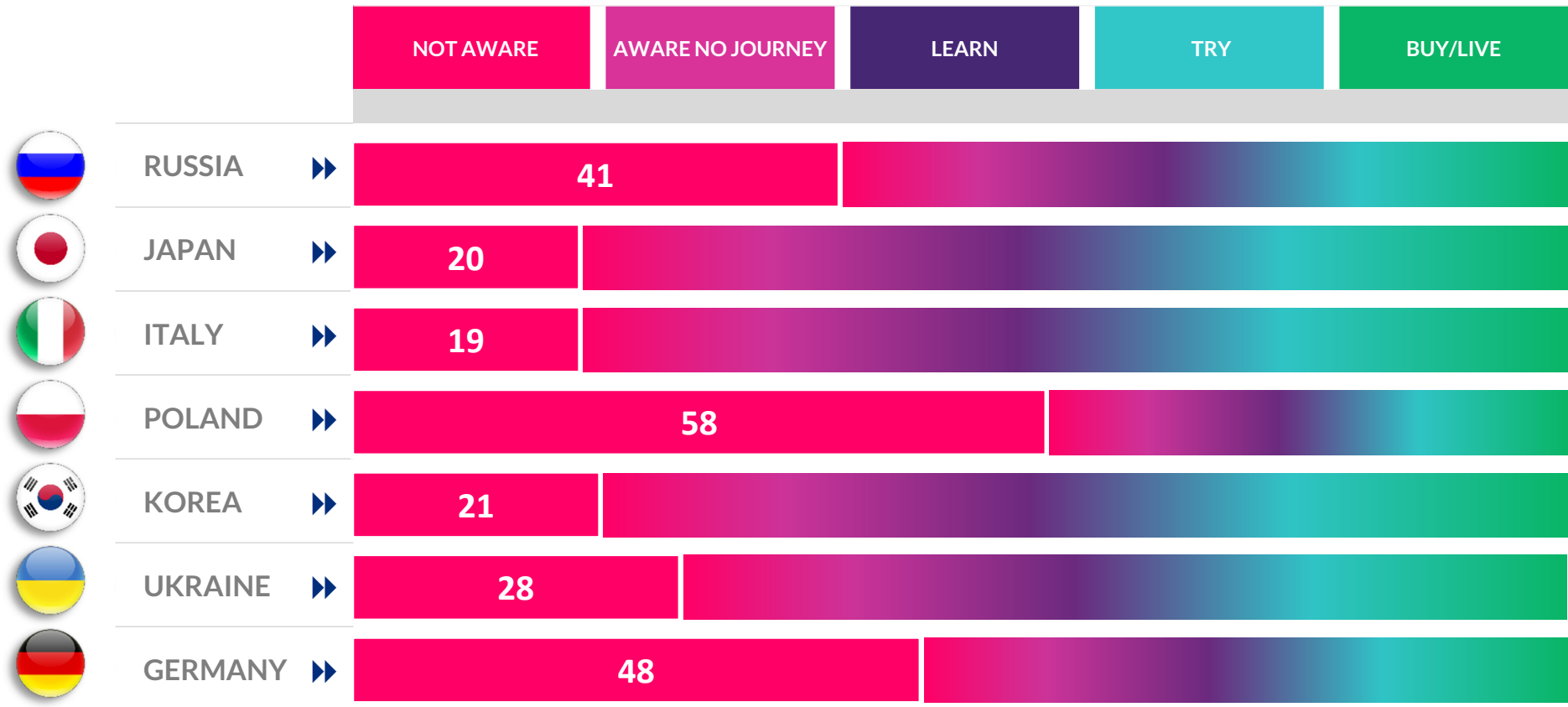


*IQOS 3  
DUO*

- Faster charging
- Two consecutive uses without recharging the holder

**Conversion rate  
+5pp  
vs. IQOS 3/3 Multi**

# Major Growth Opportunity Remains in Key Markets



Note: Percentage of Legal Age Smokers in PMI Research panel not aware of IQOS  
 Source: Consumer Journey Tracker Oct'20



# Misperceptions on Main Causes of Smoking Harm

Legal-Age Smokers  
(spontaneous number of mentions)

**Nicotine** 67%

Tar 52%

Burning 1%

Legal-Age Smokers  
(selection from list)<sup>(a)</sup>

Tar 30%

**Nicotine** 27%

Burning 4%

*IQOS* Users  
(selection from list)<sup>(a)</sup>

Tar 38%

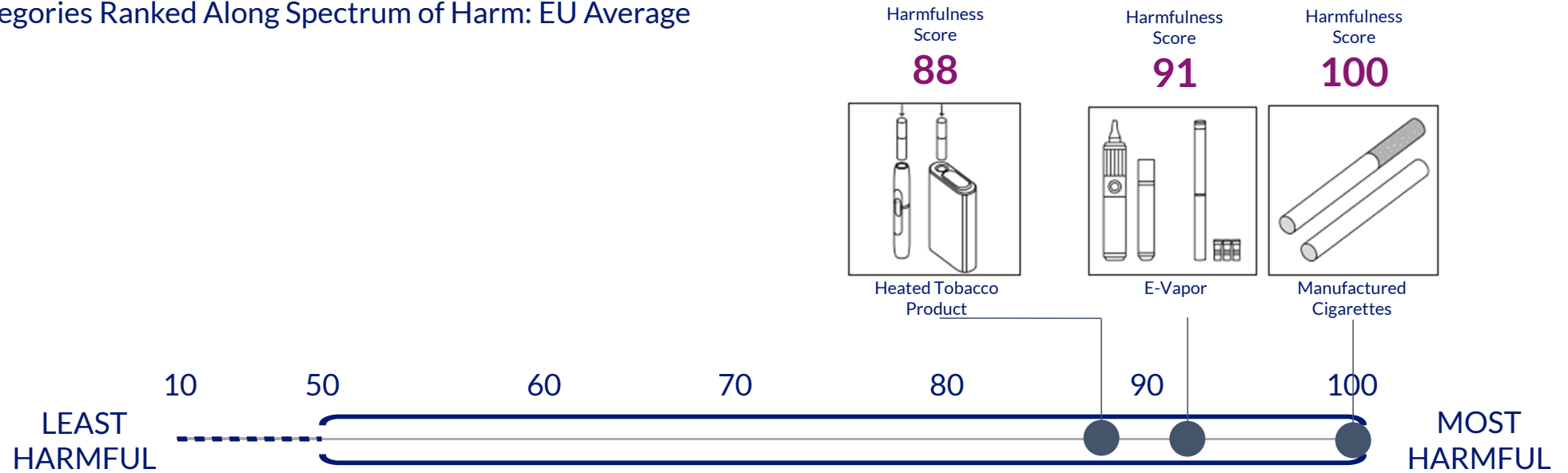
**Nicotine** 12%

Burning 10%

(a) 9 options provided: tar, nicotine, quantity of smoking, carbon monoxide, additives, burning, tobacco, smoke and flavors  
Note: PMI Market Research, average results for Japan, Germany and the U.K.

# Misperceptions of Relative Risk Profile

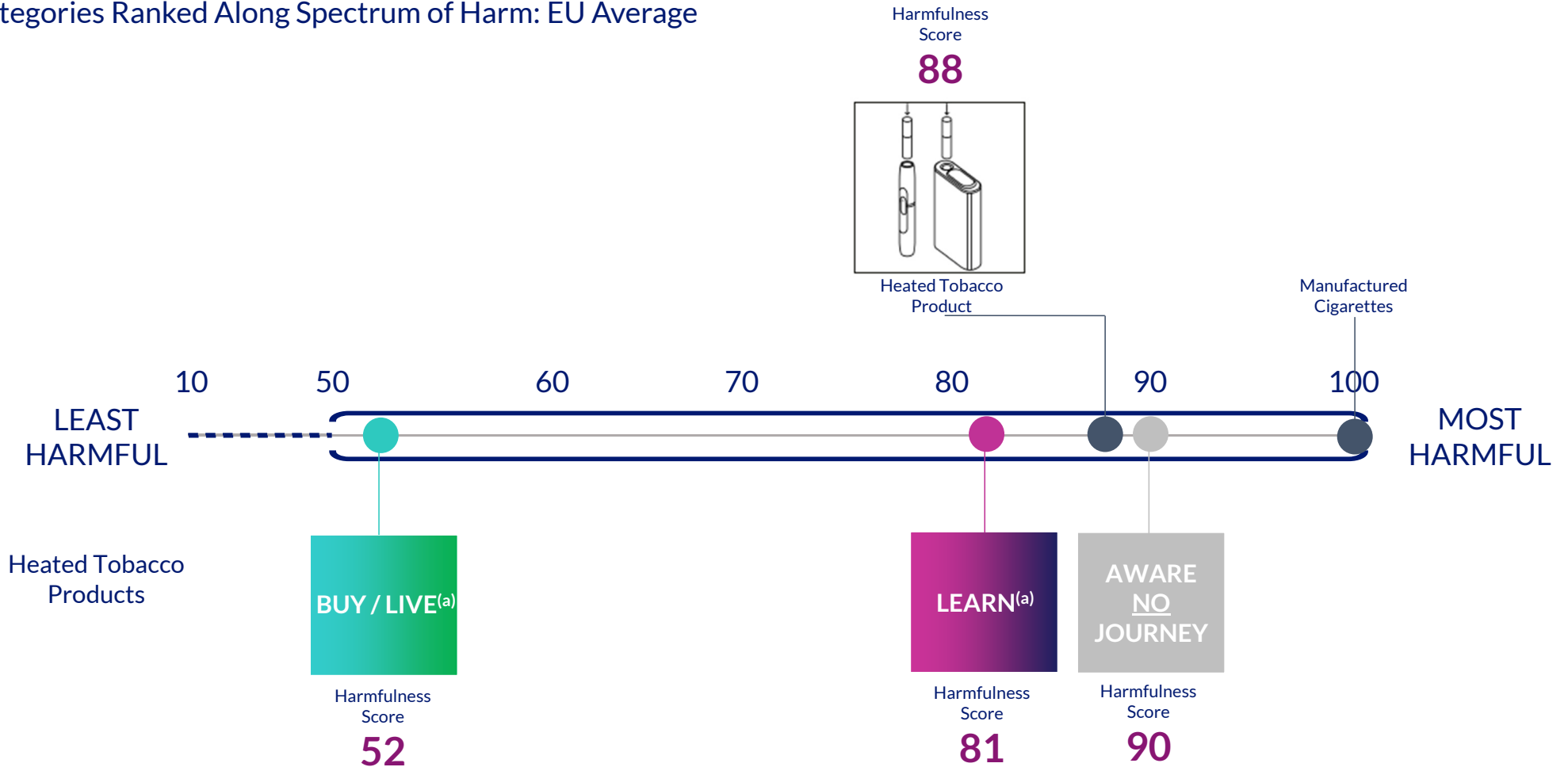
Categories Ranked Along Spectrum of Harm: EU Average



Note: Harmfulness score indexed to perceived harm of manufactured cigarettes at 100  
Source: PMI Market Research, EU Region

# Misperceptions of Relative Risk Profile

Categories Ranked Along Spectrum of Harm: EU Average



(a) Exclude markets with insufficient sample sizes

Note: Harmfulness score indexed to perceived harm of manufactured cigarettes at 100

Source: PMI Market Research, EU Region



**Better  
not burnt.**



**Same goes  
for tobacco.**

**IQOS heats tobacco  
instead of burning it,  
so it doesn't produce  
fire, ash or smoke.**

This makes IQOS a better choice  
compared to continued smoking.

IMPORTANT INFORMATION: IQOS is not risk-free,  
it delivers nicotine which is addictive.



This product is not risk-free. It contains nicotine, which is addictive. Only for use by adults who would otherwise continue to smoke or use nicotine products.



Flying pigs.  
**Impossible.**

Cigarette-like  
satisfaction  
without smoke.  
**Possible.**



**IQOS heats tobacco  
instead of burning it,  
so it doesn't produce  
fire, ash or smoke.**

Studies\* show that the satisfaction of those who switch completely to IQOS is comparable to those who continue to smoke cigarettes.

\*Source: 3-month clinical studies conducted in US and Japan with 160 adult smokers, each under real conditions (ambulatory).



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Flying elephants.  
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# Growing Recognition of Tobacco Harm Reduction



## COMERCIALIZACIÓN

FDA autorizó a IQOS como producto de tabaco de riesgo modificado

*IQOS es el primer y único producto electrónico de nicotina que se le otorgan órdenes de comercialización a través del proceso MRTP de la FDA.*

## Pulse by Maell Business News Korea

Blz | Bio&Tech | Market | Economy | Seoul | Asia | K-wave

WKF: Tobacco companies must use science to reduce harms of smoking



Africa: Alternatives to Conventional Tobacco: The Unwavering Stance of Scientists and Experts



Clip: www.vizualiz



## Sociedad

El 97% de los españoles recomendaría dejar de fumar



US ruling a boost to smoke-free alternatives

Louella Desiderio (The Philippine Star) - July 12, 2020 - 12:00am

MANILA, Philippines — The move of the US Food and Drug Administration (FDA) to allow the marketing of electrically heated tobacco product IQOS as a modified risk tobacco product (MRTP) to reduce exposure to harmful substances showed how smoke-free alternatives to cigarettes could be regulated differently from cigarette products to promote public health, Philip Morris International (PMI) said.

## LE TEMPS

TABAC | ABONNÉ

Philip Morris gagne une bataille aux Etats-Unis

L'administration américaine autorise le géant du tabac à communiquer sur les risques réduits de ses produits aux cigarettes traditionnelles. Les milieux de la santé craignent un « danger » pour les jeunes.

HOME | MONEY

Philip Morris Malaysia welcomes US agency's decision on marketing IQOS system as historic milestone

Thursday, 09 Jul 2020 09:48 PM MYT  
BY JERRY CHOONG



Following FDA's decision, PMI repeats need for differentiated policies

## Bloomberg

Philip Morris Wants Governments To Help Convert Smokers (Radio)

February 12, 2020 - 11:38 AM EST



Dr. Moira Gilchrist PhD, Vice President at Philip Morris International, on providing the world's 1.1 billion adult smokers with less harmful smoking products. Hosted by Lisa Abramowicz and Paul Sweeney.

Running time 07:34



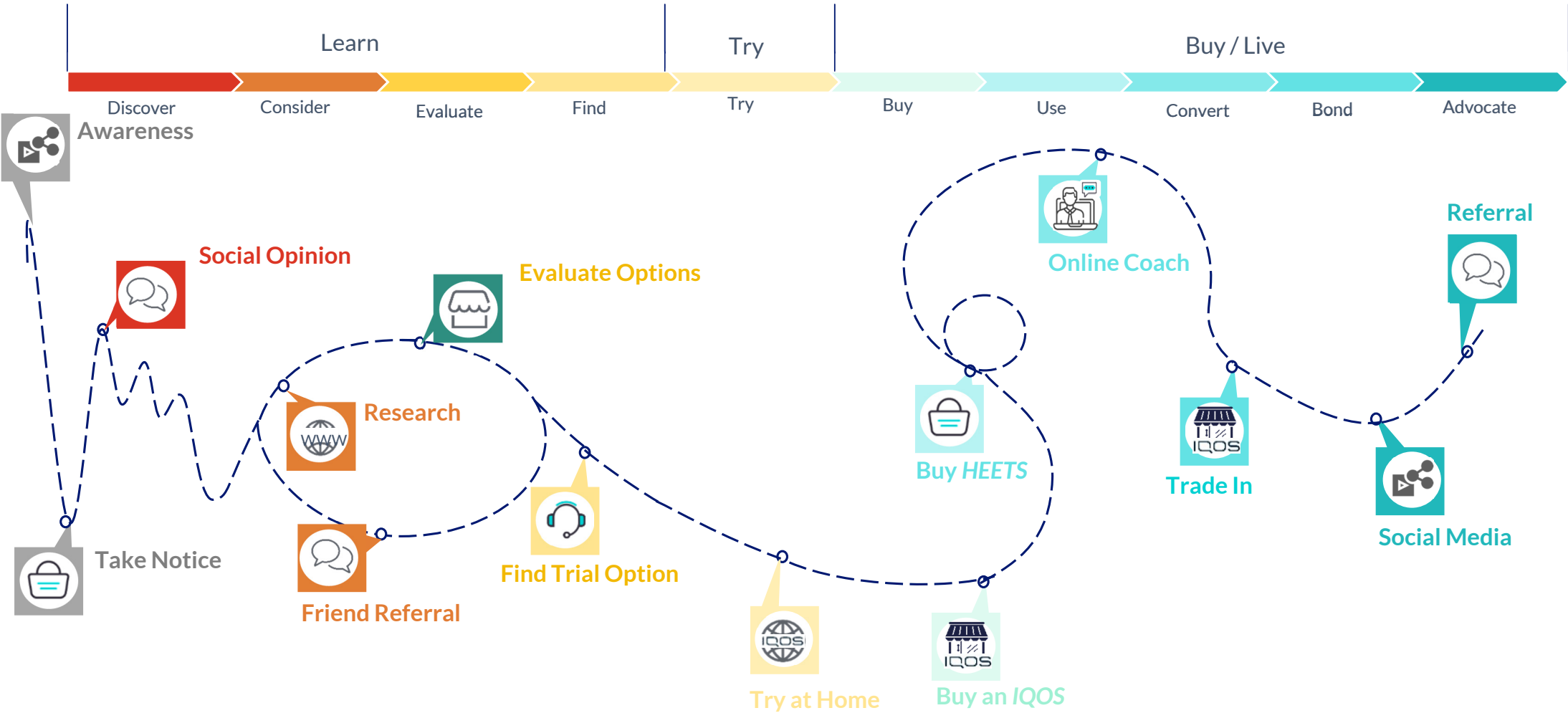
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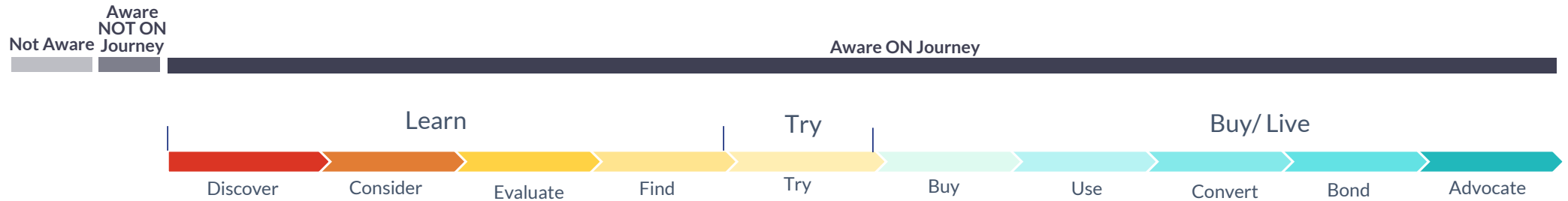




# Consumer Journey: Unique Combination of Episodes & Channels



# Consumer Journey: Unique Combination of Episodes & Channels



## Online



iqos.com website



Virtual Coach



Paid / Earned Media (where permitted)



Social Interactions (where permitted)

## Offline - Owned



IQOS Boutiques or Kiosks



IQOS Coaches



Customer Service Centers

## Offline - Not Owned



Indirect Retail (Key Accounts / tobacconists)



Indirect Retail (General Trade)



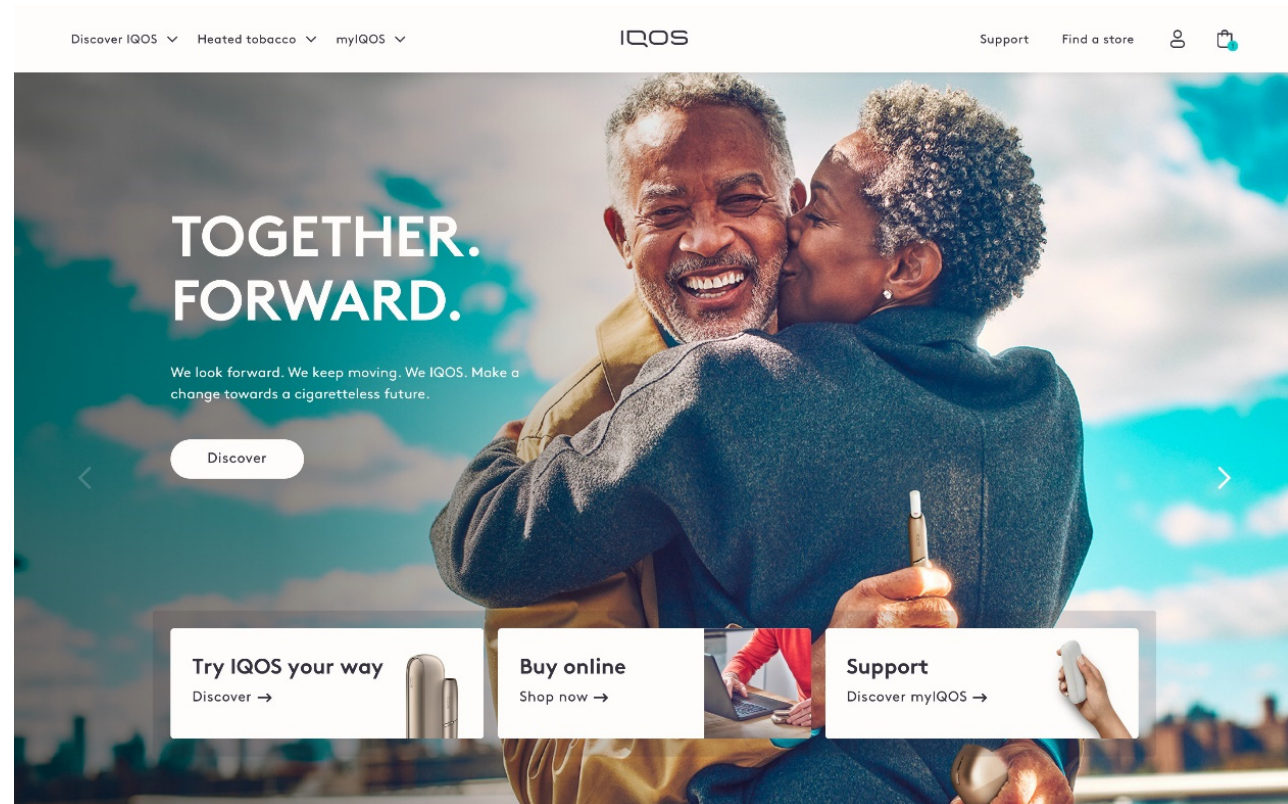
Social Engagement



Paid / Earned Media (where permitted)

# Digital Transformation Win-Win: Driving Growth & Efficiency

- Multi-channel to omnichannel
- One consolidated IQOS digital platform across markets:
  - Consistent brand experience & communication
- IQOS.com as our number one flagship store
- ‘Digital-first’ consumer journey



# Unmatched Digital and Physical Infrastructure

**259**

IQOS Stores<sup>(a)</sup>

**+30%**

vs. PY

**2.2**

thousand

Exclusive  
IQOS Retail  
Touchpoints

**(20)%**

vs. PY

**3.8**

thousand

Indirect Retail  
Brand Experience  
Touchpoints

**10.5**

thousand

Commercial  
Salespeople  
(Sales experts and  
IQOS coaches)

**(10)%**

vs. PY

**24**

Call Centers

**+5%**

vs. PY

**2.1**

million

Adult Consumer  
Feedback  
in 2020

**+50%**

vs. PY

**69**

million

Unique Visits to  
IQOS Digital Assets  
in 2020

**+40%**

vs. PY

(a) Includes: Flagship stores, small, large and temporary boutiques

Note: Status at December 31, 2020

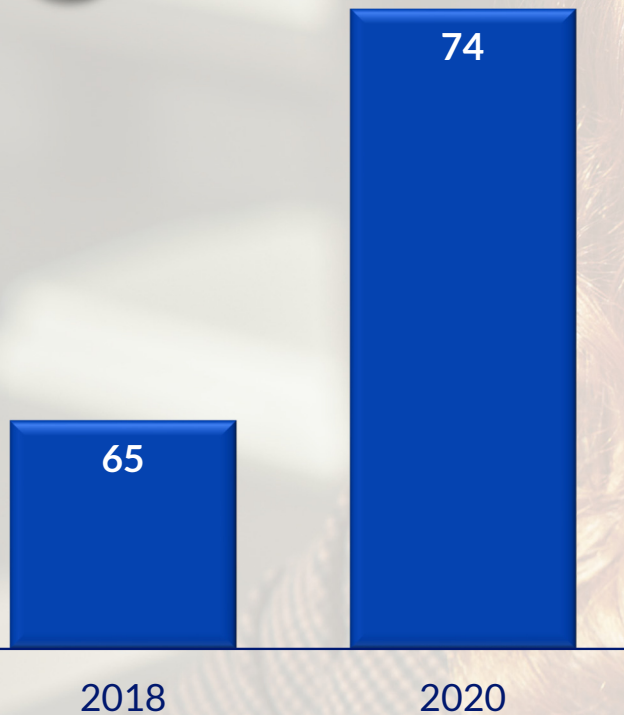
Source: PMI Financials or estimates

# Shift to 'Organic' User Acquisition as Momentum Grows

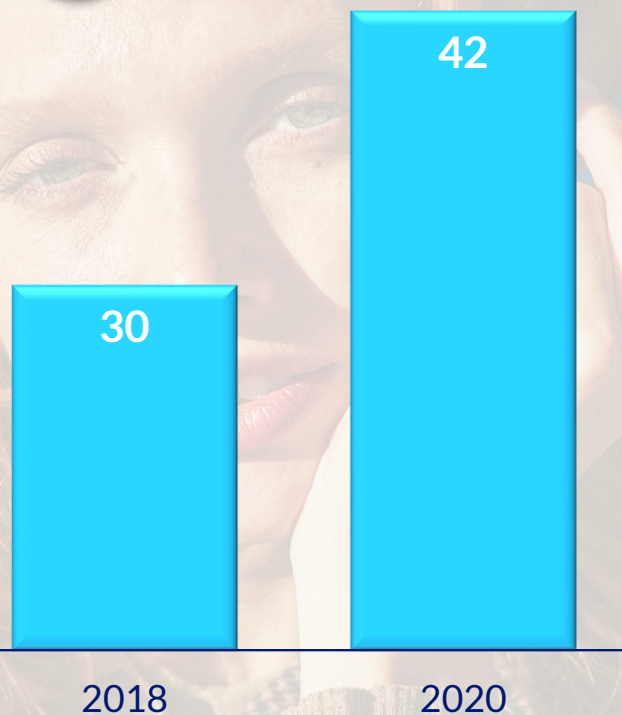
(in %)



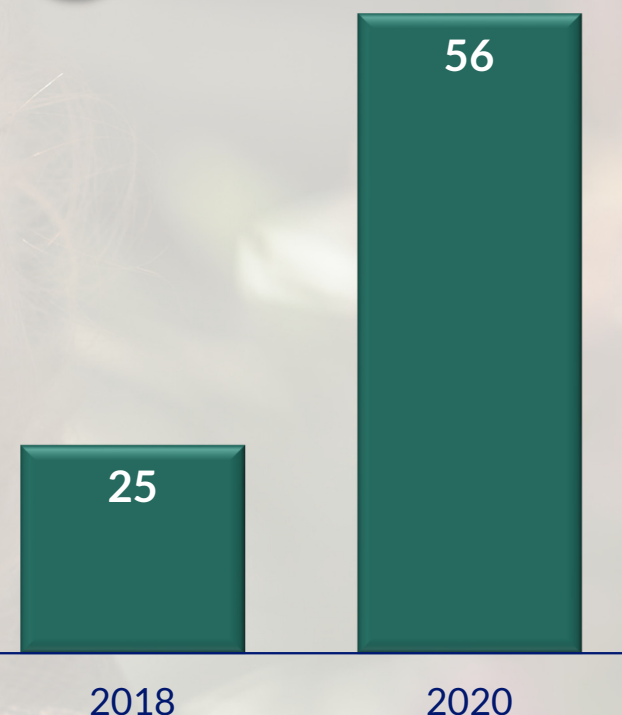
Italy



Portugal



Russia



Note: Organic sales are defined as those coming from demand-driven purchase decisions; unprompted by our commercial programs  
Source: PMI Financials or estimates

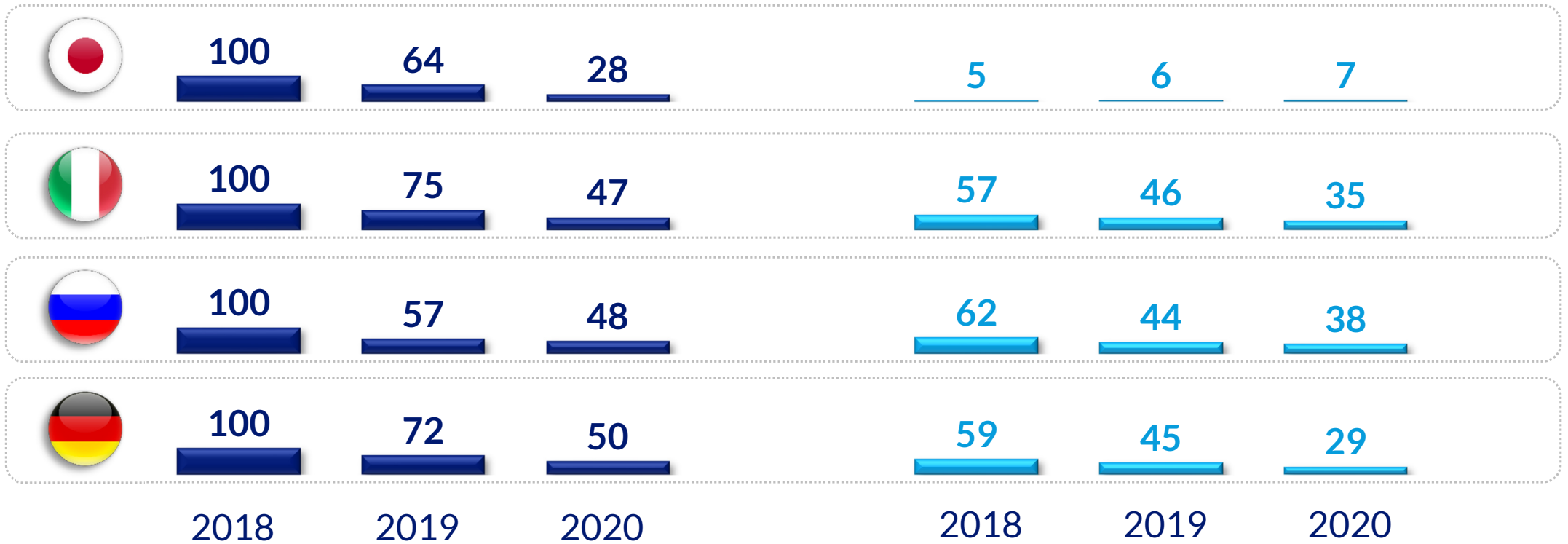
# Digitalization and Scale Increasing Commercial Efficiency

## Acquisition

Cost per user (indexed to Acquisition 2018)

## Retention

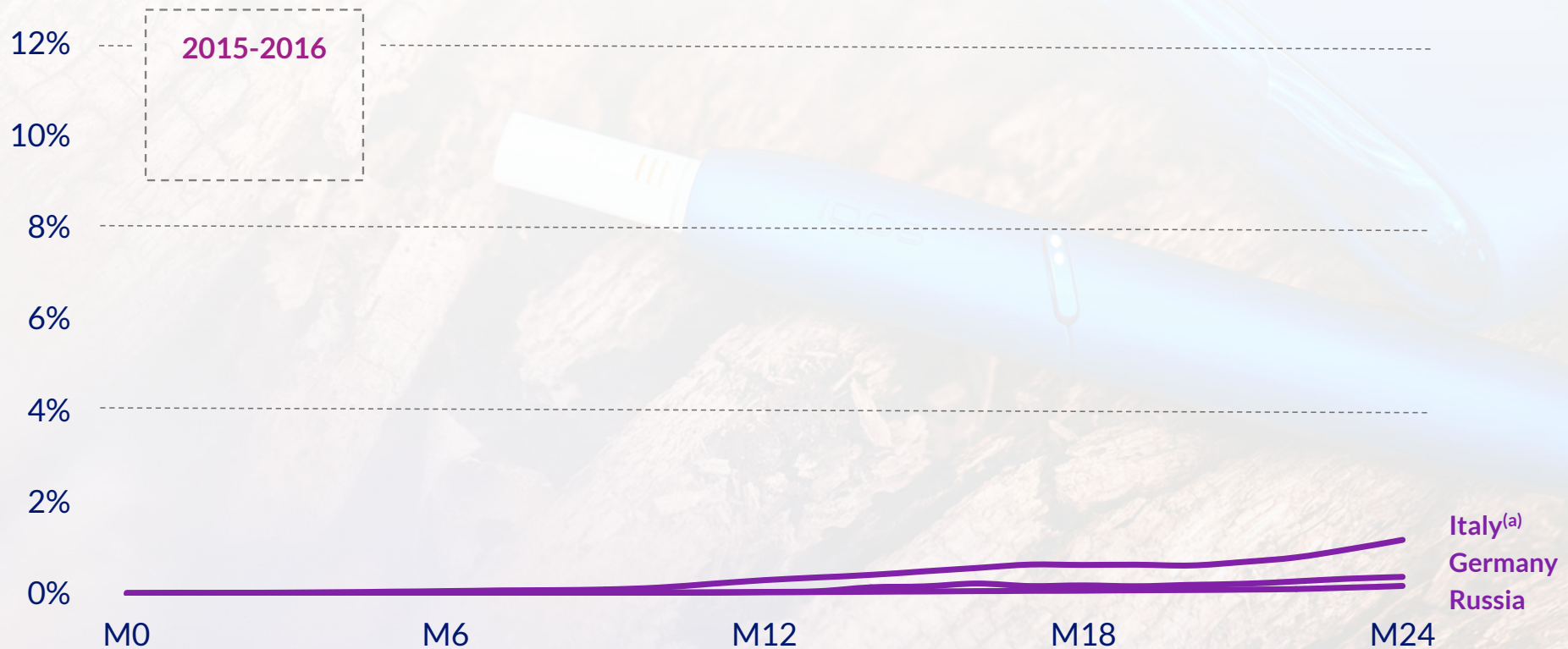
Cost per user (indexed to Acquisition 2018)



Source: PMI Financials or estimates. Acquisition and retention costs include allocated infrastructure costs

# Execution Learnings Drive Faster Results

## PMI HTU SoM Performance Since Initial Commercial Launch (3-month moving average)

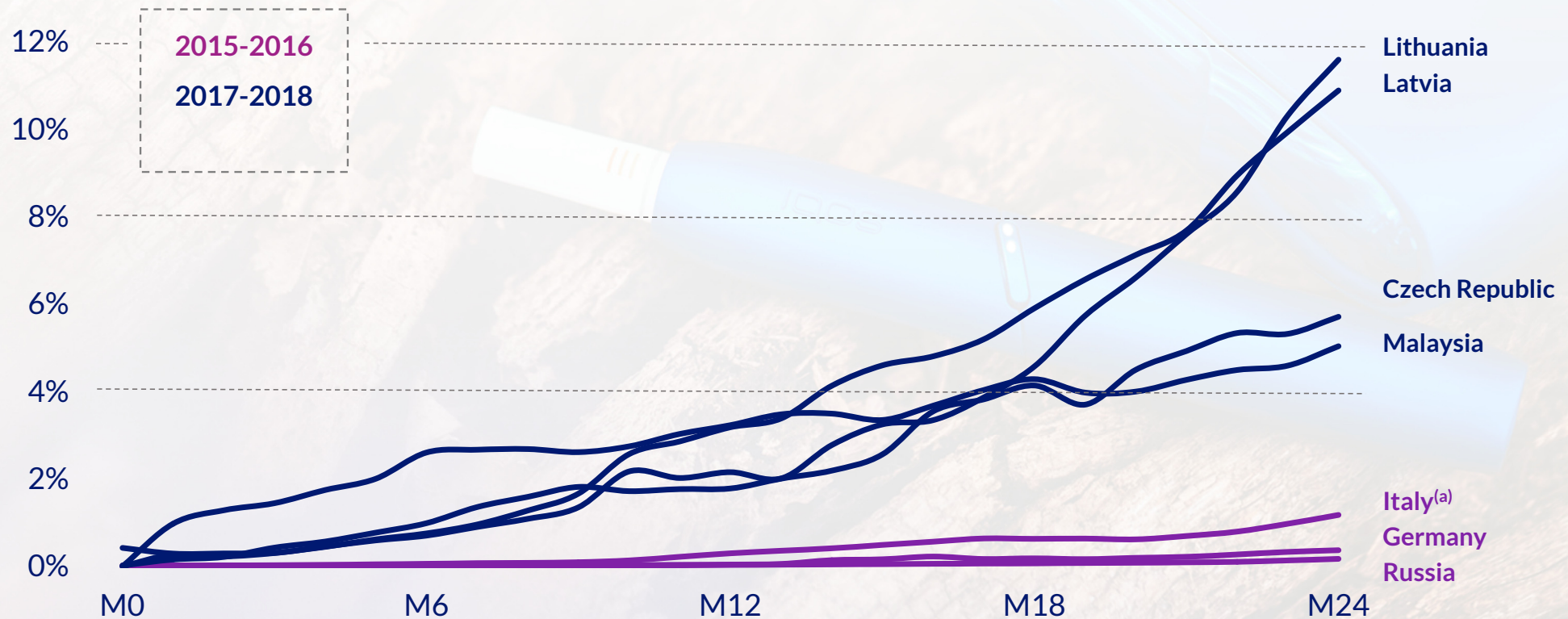


(a) Reflects date of initial geographic expansion beyond pilot launch city

Source: PMI Financials or estimates

# Execution Learnings Drive Faster Results

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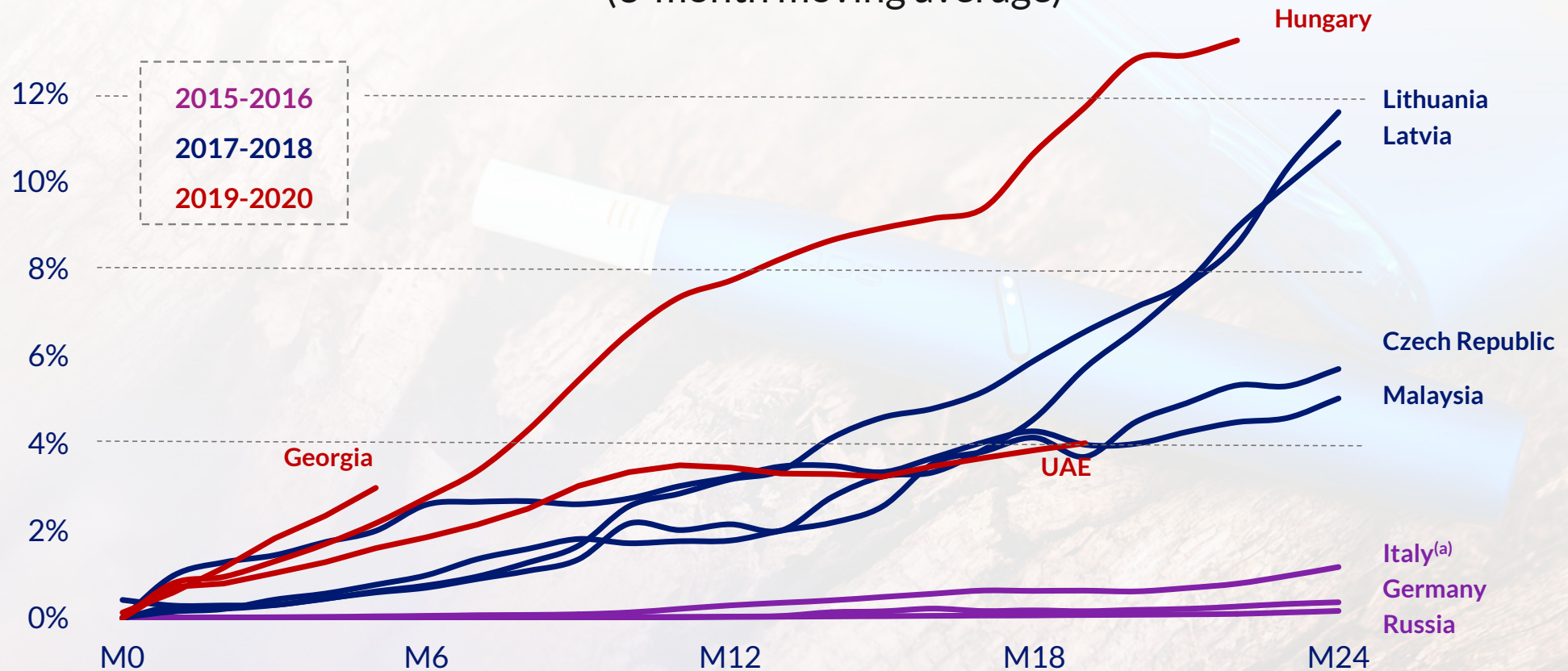
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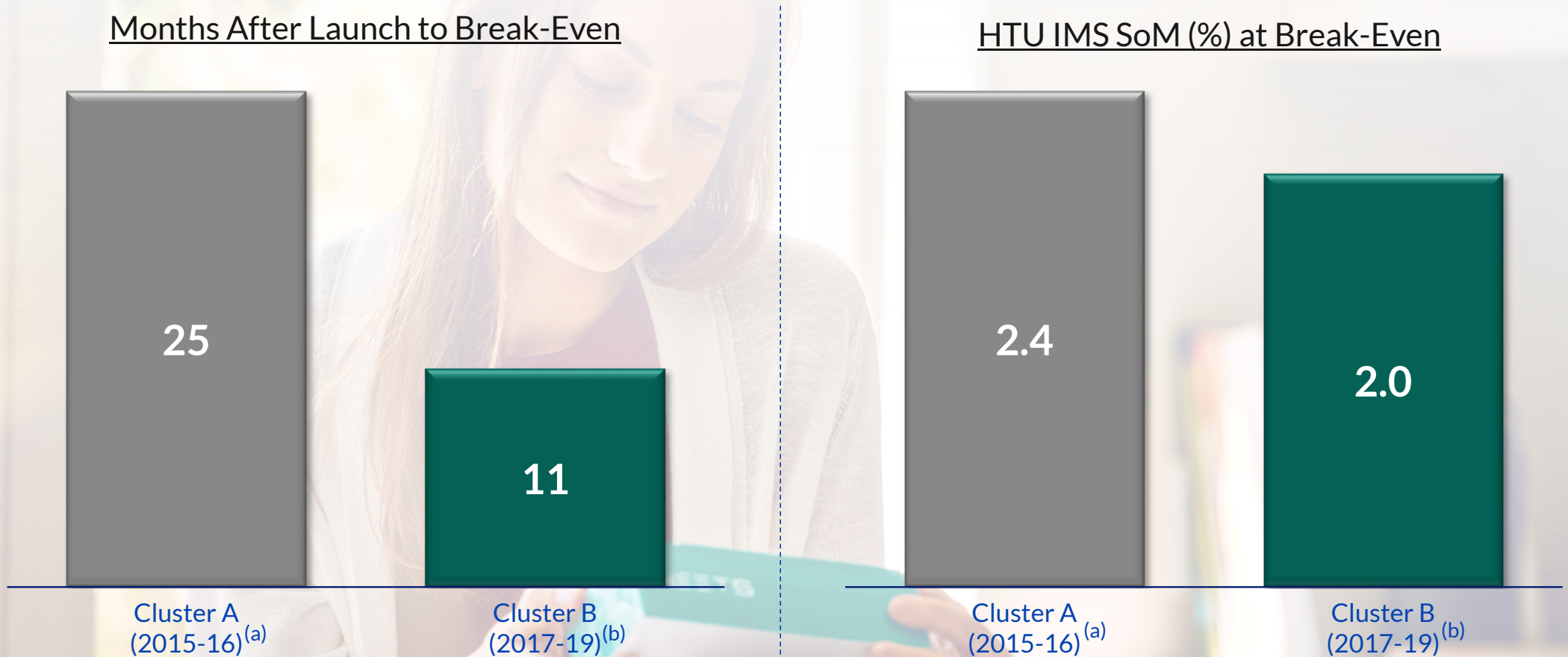


(a) Reflects date of initial geographic expansion beyond pilot launch city  
Source: PMI Financials or estimates

# IQOS Break-Even Faster in Recent Launch Markets

Months After Launch to Break-Even

HTU IMS SoM (%) at Break-Even



(a) Japan, Italy, Greece, Ukraine, Russia and Kazakhstan

(b) Poland, the Czech Republic, Hungary, the Slovak Republic, Korea and South Eastern Europe

Source: PMI Financials or estimates. Break-even at Product contribution level, where product contribution represents gross profit less related commercial expenditure

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# IQOS: One Brand Across Smoke-Free Products

- IQOS is the leading smoke-free brand
- Taking IQOS to the next level:
  - From functional benefits to category understanding, brand appeal, points of difference, emotional connection
- No brand fragmentation, strong brand identity, hard to build





**IQOS Brand  
Video**

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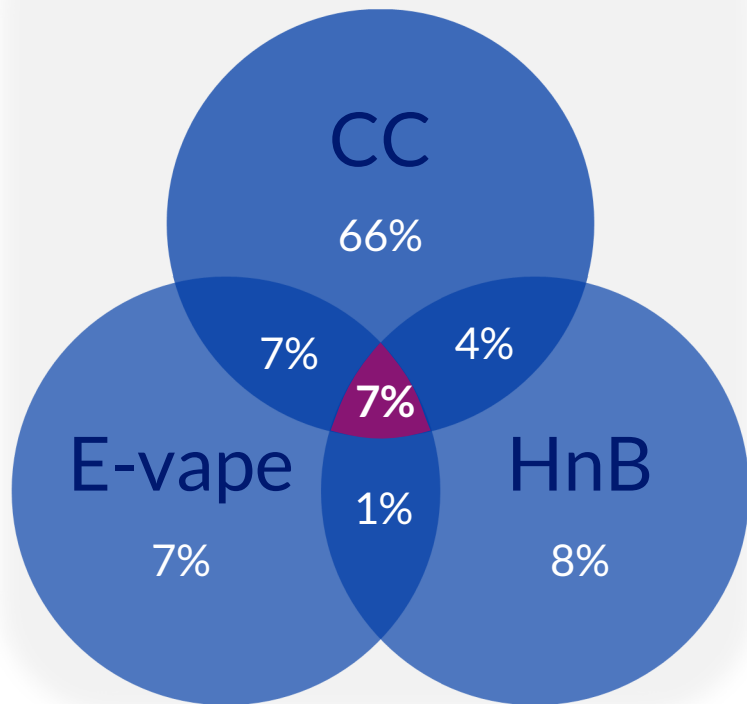
# IQOS Portfolio Expansion

- Untapped consumer occasions, adult smoker segments and geographies:
  - Driving awareness among legal-age smokers as a key enabler
- Broadening and enriching the category
- User acquisition and volume growth
- Premiumization, pricing and segmentation



# Poly-Use: Multi-Category Opportunity for IQOS

2019 nicotine product use<sup>(a)</sup>



*“Transforming rapidly to a multi-category company”*

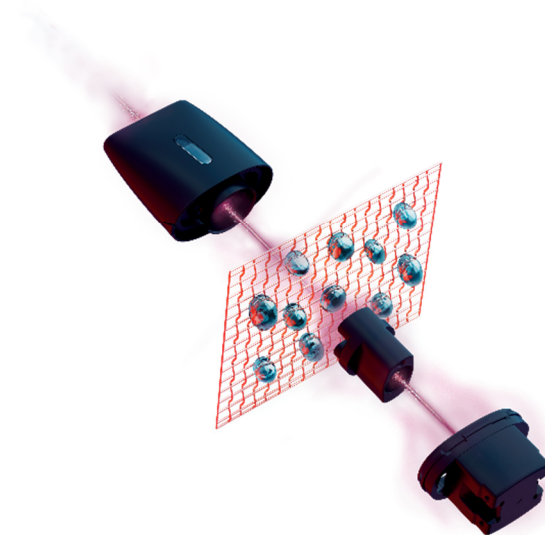
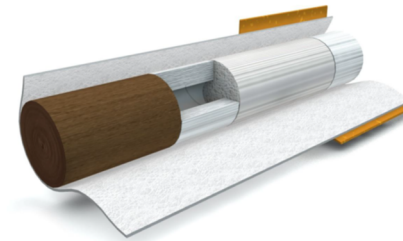
PMI Investor Day, September 2016

Significant dual and poly-usage of nicotine products

(a) PMI Market Research in the U.K., Germany, Japan and Russia, Q3 2019  
Source: PMI Financials or estimates

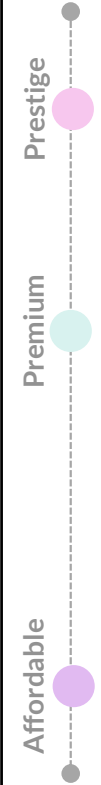
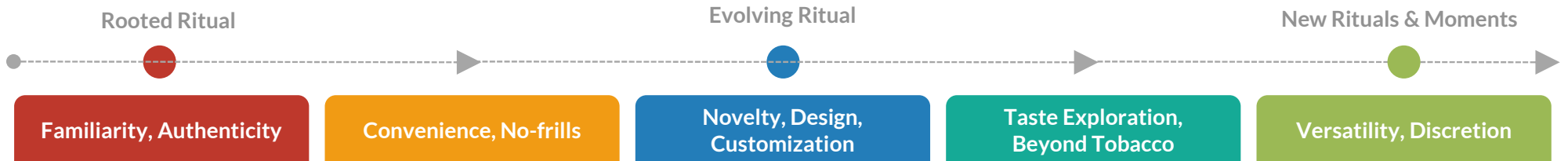
# RRP Portfolio Expansion – Innovation & Technology

- Technological prowess begets winning products:
  - Early and sustained investment
  - Strong R&D capabilities
- Technology expansion: blade internal heating, pin and induction technologies, e-vapor and pouches:
  - Further pipeline of future innovations
- Consumable technologies and innovation:
  - Different experiences, tastes (P1 and P4)
- Innovation drives higher conversion and enables faster expansion at lower incremental cost

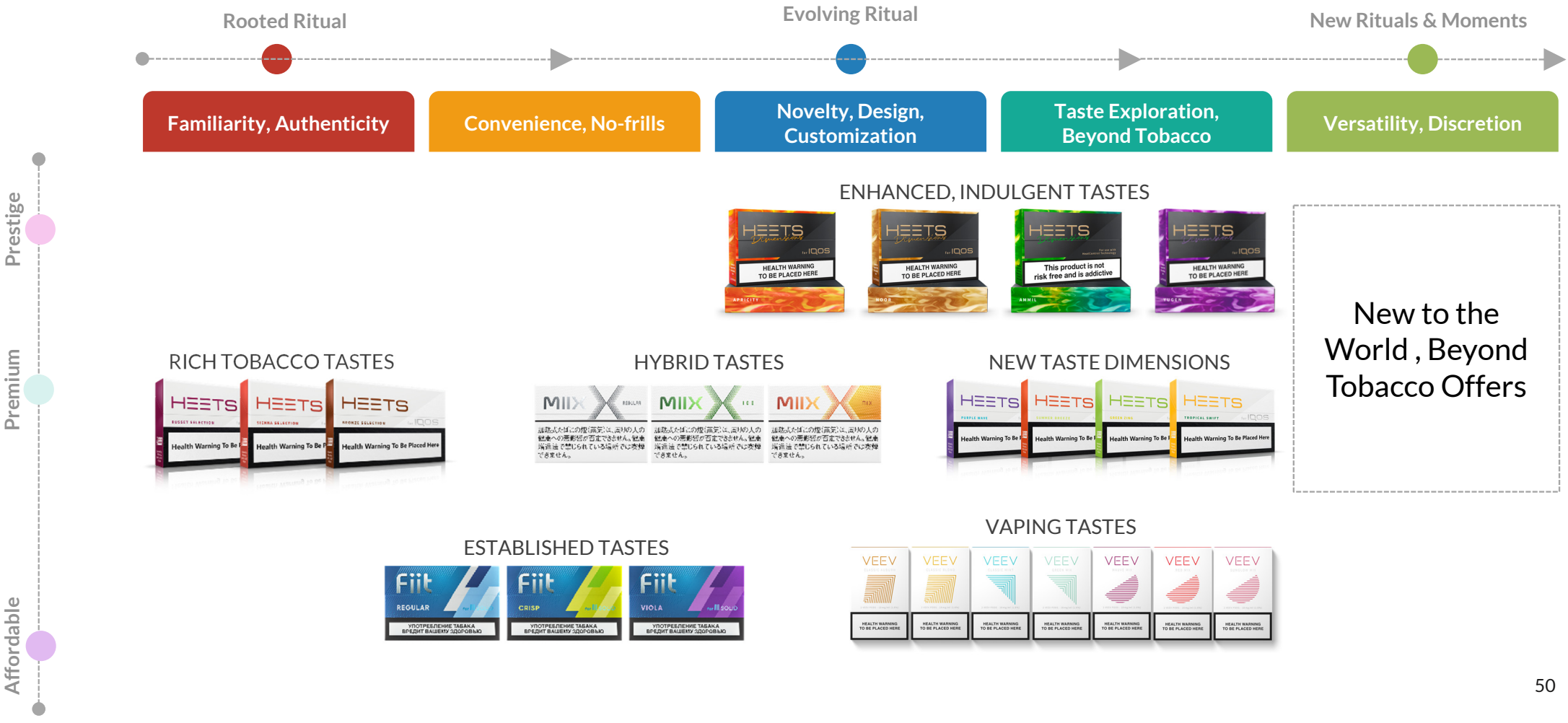




# Multi-Category Portfolio Addressing Range of Consumer Preferences

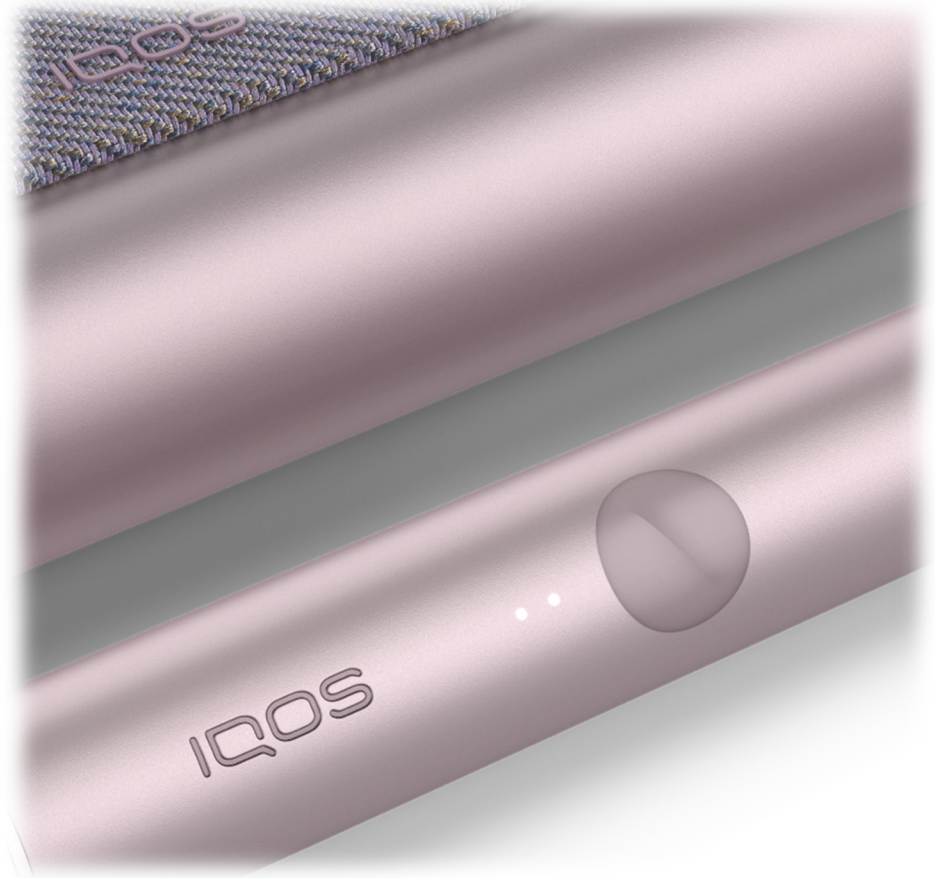


# Expanded Reach Via Differentiated Portfolio of Consumables



## Platform 1: Introducing *IQOS ILUMA*

- Major new launch in second half of 2021
- Next generation of *IQOS*
- *IQOS ILUMA*: Pleasure simplified
- New internal heating technology
  - Based on Smartcore™ induction
- Same great taste



# IQOS ILUMA: Intuitive Product for Acquisition and Retention

- Addresses consumer feedback on IQOS blade heating product
- Robust and reliable, superior satisfaction
- Simple and Intuitive:
  - No maintenance and simple use
  - Self-activation
- Less explanation needed, positive for:
  - Time and cost of acquisition
  - After-care and retention
- Supports easier switching, higher conversion for legal-age smokers



## *IQOS ILUMA*: Premium & Ground-Breaking

- Premium design and customization for enhanced lifestyle appeal, advanced features
- 3 device designs covering 3 price points
- New broad range of consumables



## Heat-not-Burn: *LIL* and *LIL HYBRID*

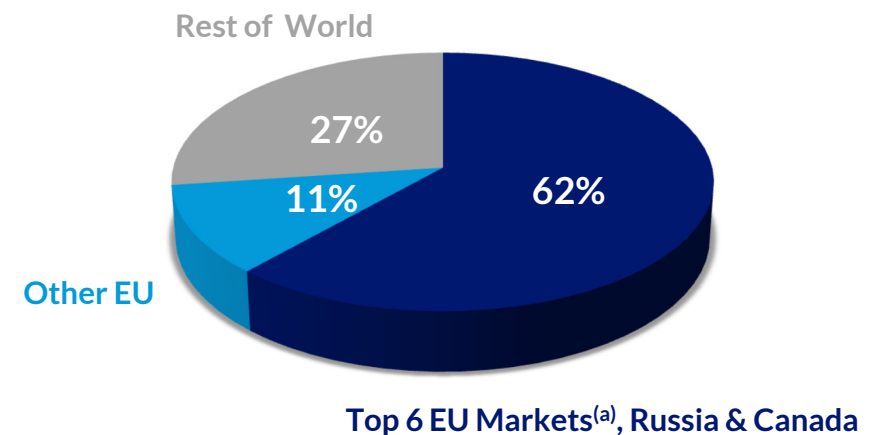
- Broadening our portfolio to accelerate user acquisition and grow the category, expand target audience of adult smokers:
  - High conversion, driving new users in-switching from cigarettes
- IQOS introduction drives awareness and credibility
- PMI commercial engine drives take-up and retention
- *LIL SOLID*: simple, intuitive, cost-effective, reliable
- *LIL HYBRID*: addresses need for vapor-type experience
- HTU unit margins more than 2x combustible products at the same price



# E-Vapor: The Right Time For The Right Product

- Category is growing and consolidating...
  - Expected annual growth in users 7-10% over next 5y, albeit concentrated in specific geographies
  - Different consumer experience and occasions to Heat-not-Burn
- ...but returns remain low for existing business models:
  - Low conversion to the category
  - Low loyalty within category
  - High number of devices per user driving up acquisition and retention cost

## International E-Vapor Category (2020)

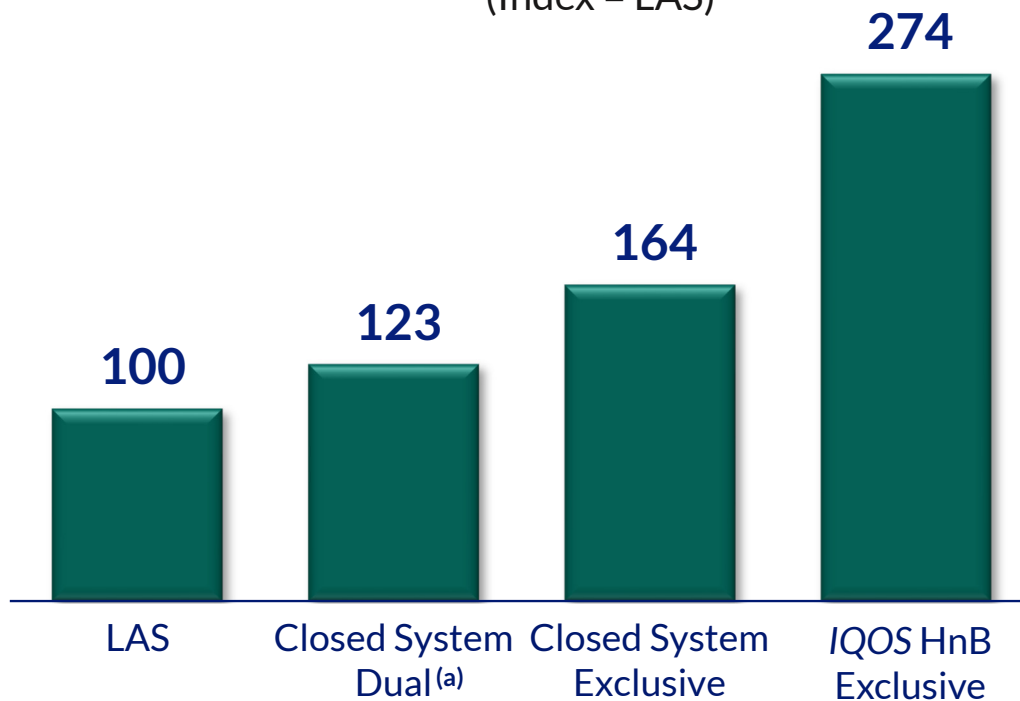


(a) Top 6 EU Markets includes: France, the U.K., Germany, Italy, Spain and Poland  
Source: PMI Financials or estimates

# Full Conversion and Investment Drives Returns

EU illustration, where IQOS HEETS are at current accessible price points

European Union Estimated Yearly Gross Margin per  
User Consumables Only  
(Index = LAS)



(a) "Dual" reflects dual usage of closed system dual e-vapor and cigarettes

Note: Reflects index of dollar gross margin. Average numbers for 5 key markets: Germany, Poland, Italy, France, UK

Source: PMI Financials or estimates







**IQOS VEEV  
Video  
Vaping Made Right**

# IQOS VEEV: Vaping Made Right

- Power of *IQOS* brand
- Premium product with superior experience to existing offers
- Leveraging *IQOS* infrastructure with bespoke route-to-market approach
- Potential accelerator of conversion to *IQOS* franchise for RRP poly-users, dual users with cigarettes
- Plan to launch in 20+ markets this year
- Youth access prevention key to sustainable category

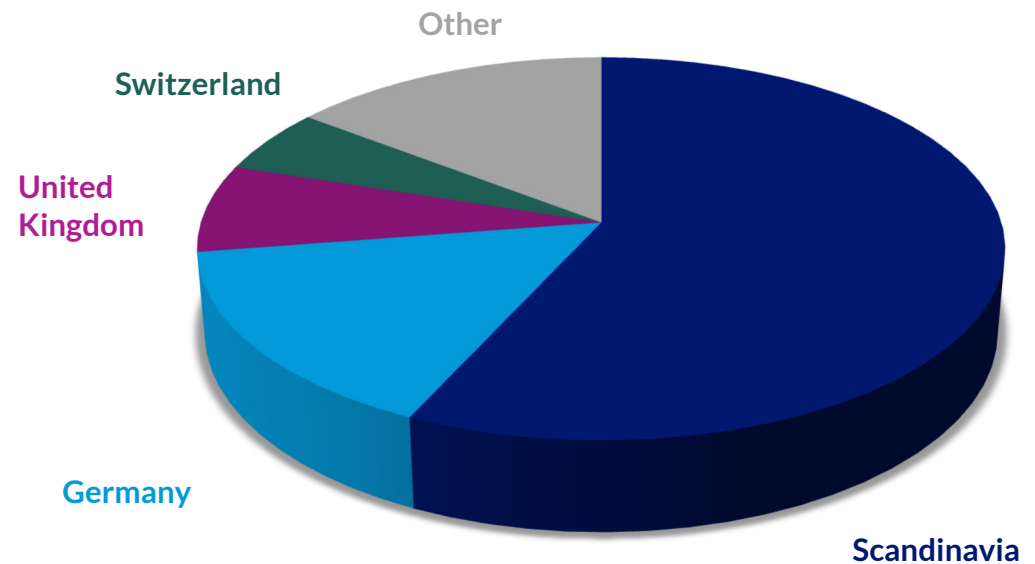


# Portfolio Expansion: Nicotine Pouches

- Small & concentrated, but growing category with potential to advance harm reduction:
  - Still very early in category development
  - Convenience, discretion, flexibility and satisfaction
  - Attractive economics
  - Evolving regulatory landscape
- Plan to enter category later this year



## International Nicotine Pouch Category (2020)



Estimated category size <5 billion stick equivalents

(a) Scandinavia includes: Sweden, Norway and Denmark  
Source: PMI Financials or estimates

# Portfolio Expansion: P2/P3

## P2: Heated Tobacco Product

- Closest to cigarette ritual and experience
- New consumer test in 2021

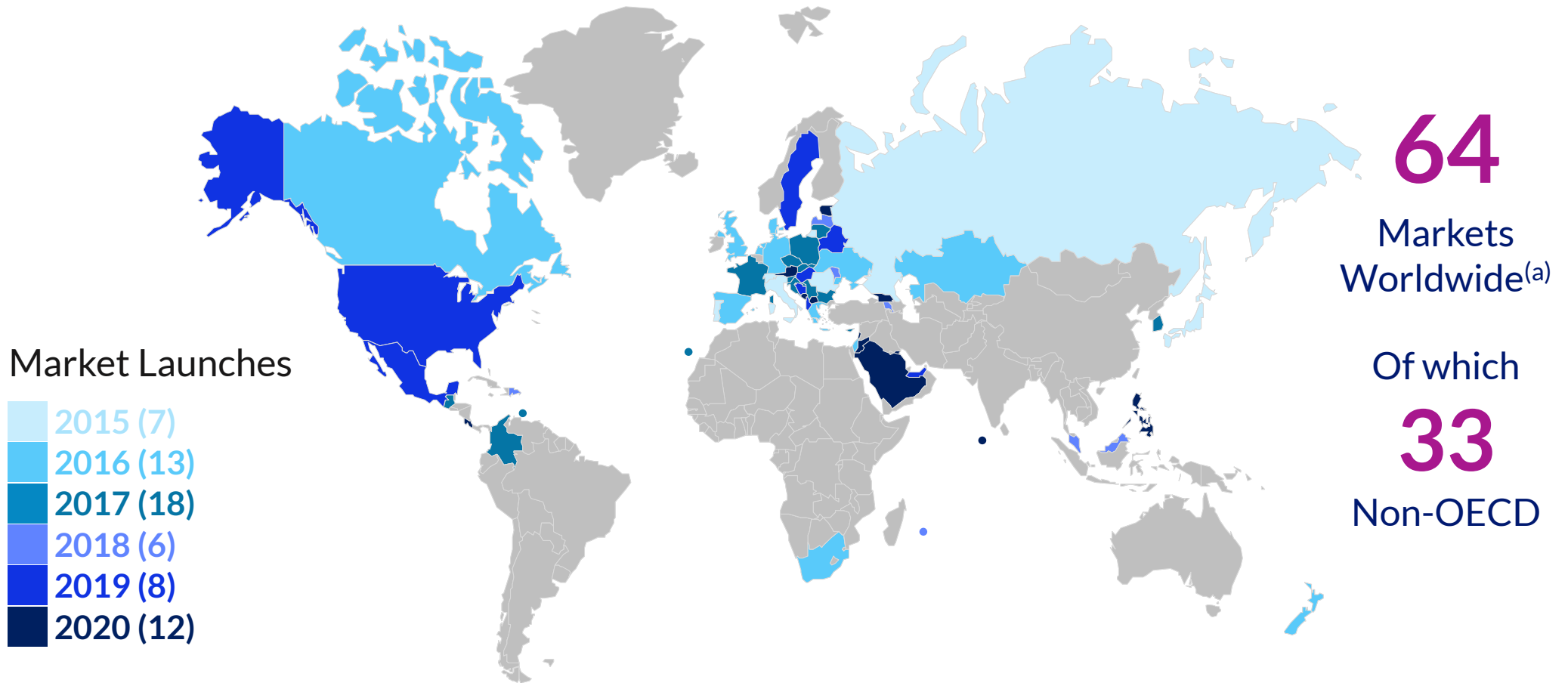


## P3: Electronic-free Nicotine Product

- Hygiene, simplicity, convenience from a novel and complex technology
- Aim to commercialize within 3 years



# IQOS Geographic Expansion



(a) Status at December 31, 2020

Note: Reflects markets where IQOS is available in key cities or nationwide. Reflects date of initial geographic expansion beyond pilot launch city. The number of markets includes International Duty Free. While IQOS is currently available for sale in Mexico, the country recently banned the importation of e-cigarettes and devices that heat tobacco

Source: PMI Q4 2020 Results, February 4, 2021

# IQOS Geographic Expansion



(a) Status at December 31, 2020

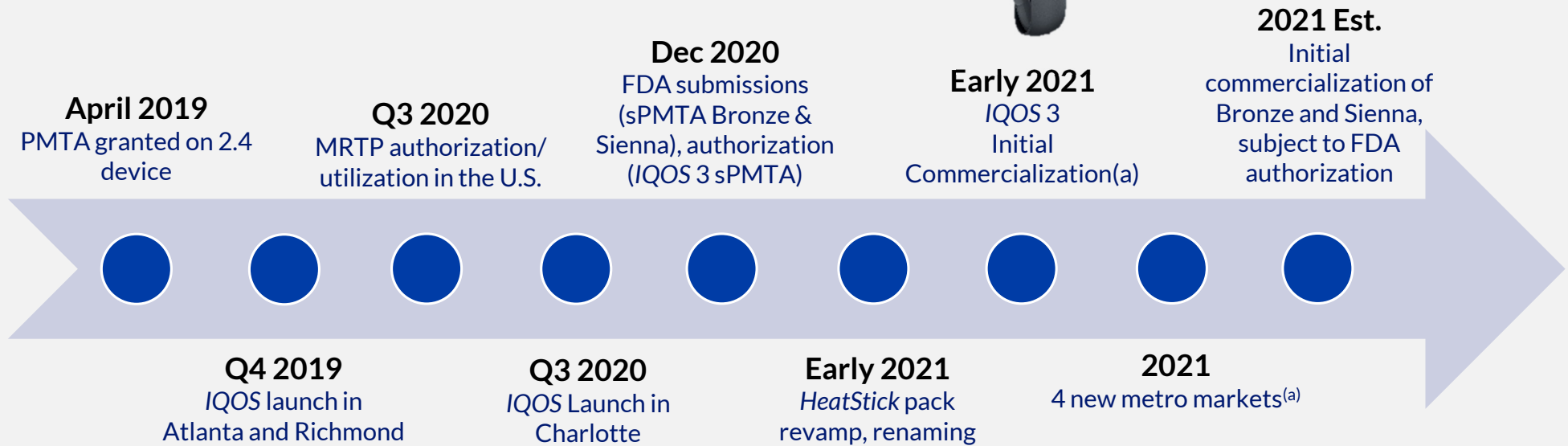
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Source: PMI Q4 2020 Results, February 4, 2021

# IQOS in the U.S.: Large Opportunity

- U.S. adult smokers display a high interest in smoke-free alternatives
- Taste and satisfaction preferences addressed by IQOS:
  - Full-flavor market with large menthol segment
- Rational and robust regulatory environment for building awareness:
  - Clear and rigorous science-based evaluation
  - Ability to communicate with adult smokers for RRP significantly more helpful than the vast majority of international markets

# IQOS in the U.S.: Key Developments



(a) Altria Q4 2020 Earnings results



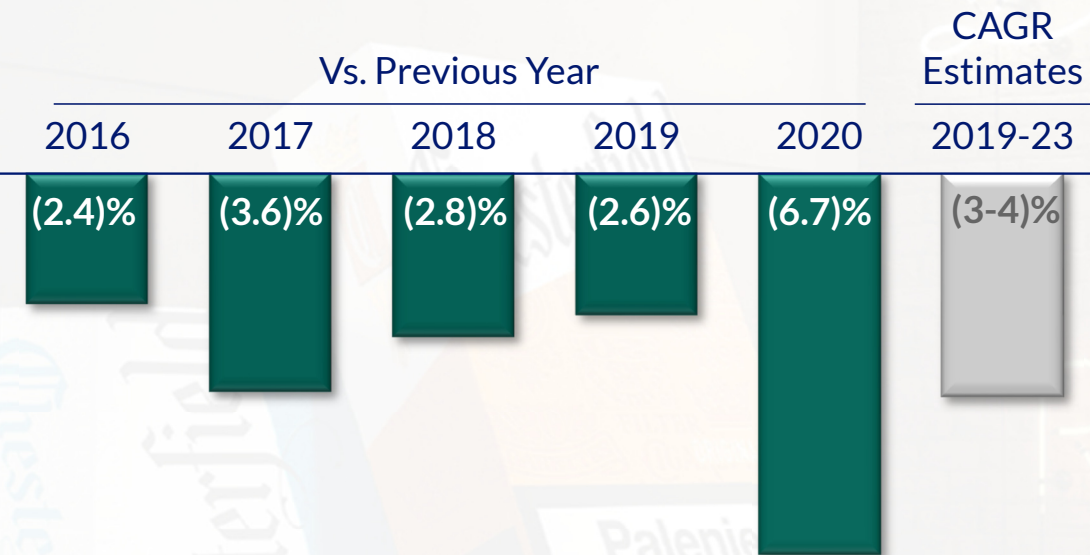
# Delivering The Next Growth Phase

- Leading Industry Transformation
- *IQOS* Performance
- Consumer at the Core
- Commercial Model
- The Next Stage of Growth
- **Combustibles Performance**

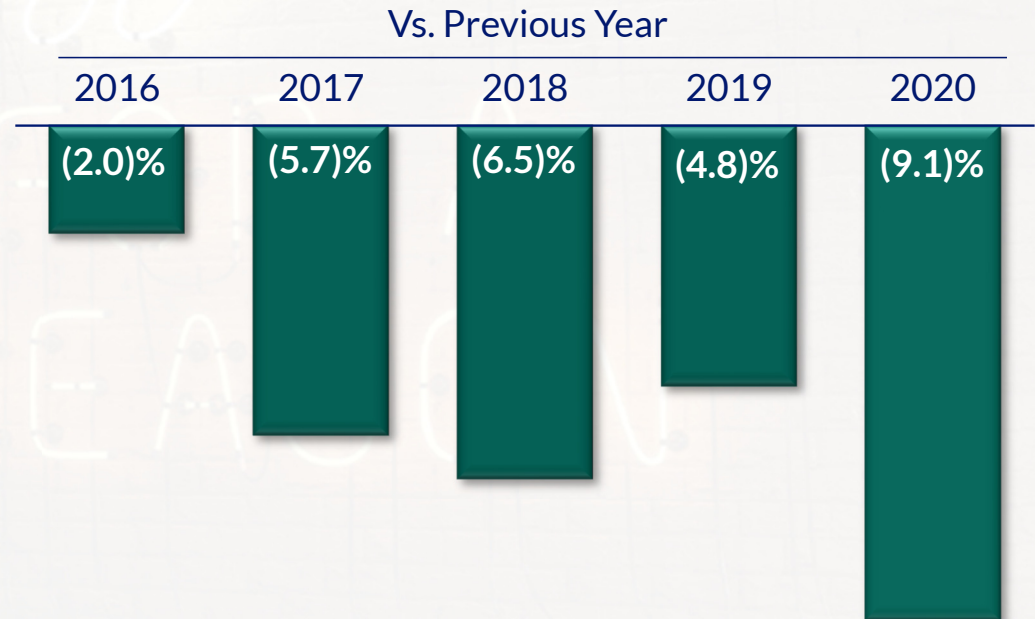


# Combustible Market Declines Reflect Growth of RRPs

Cigarette Industry<sup>(a)</sup> % Change



Cigarette Industry<sup>(a)</sup> % Change in IQOS<sup>(b)</sup> Markets



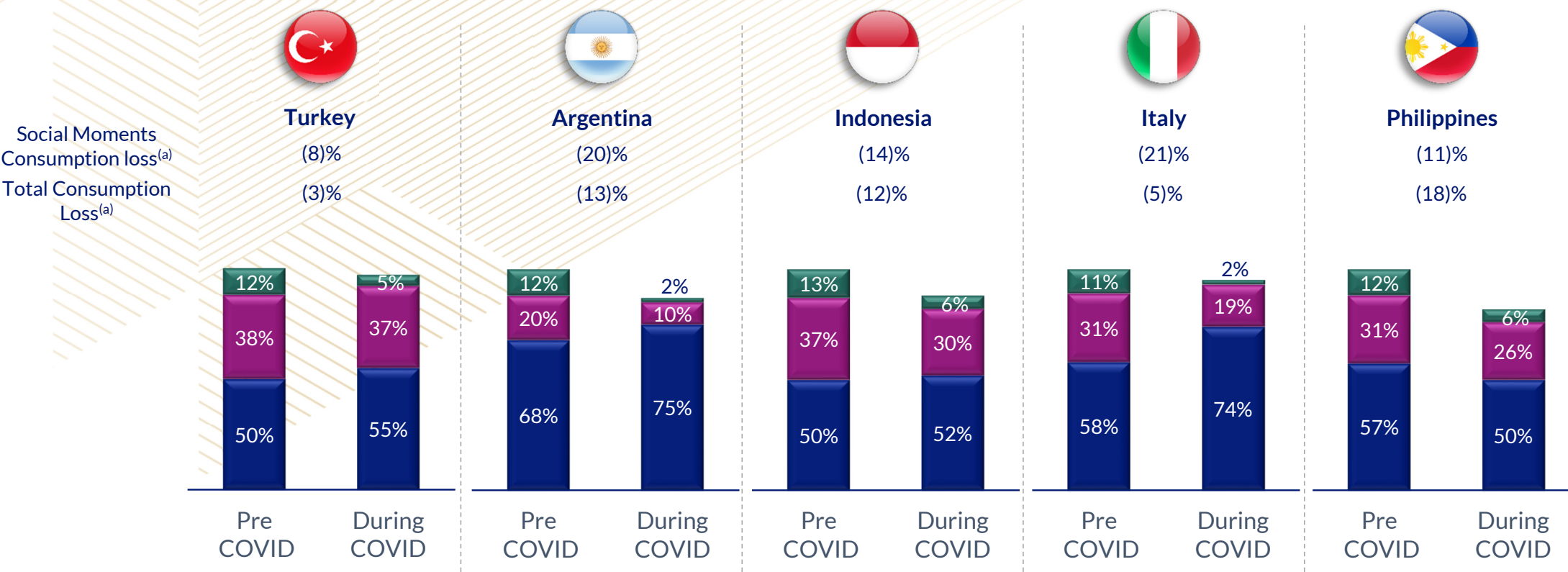
(a) Excluding China and the U.S.

(b) Markets where IQOS was present in Q1 2018

Source: PMI Financials or estimates

# Cigarette Consumption Driven by Reduction of Social Smoking Moments During Height of COVID Restrictions

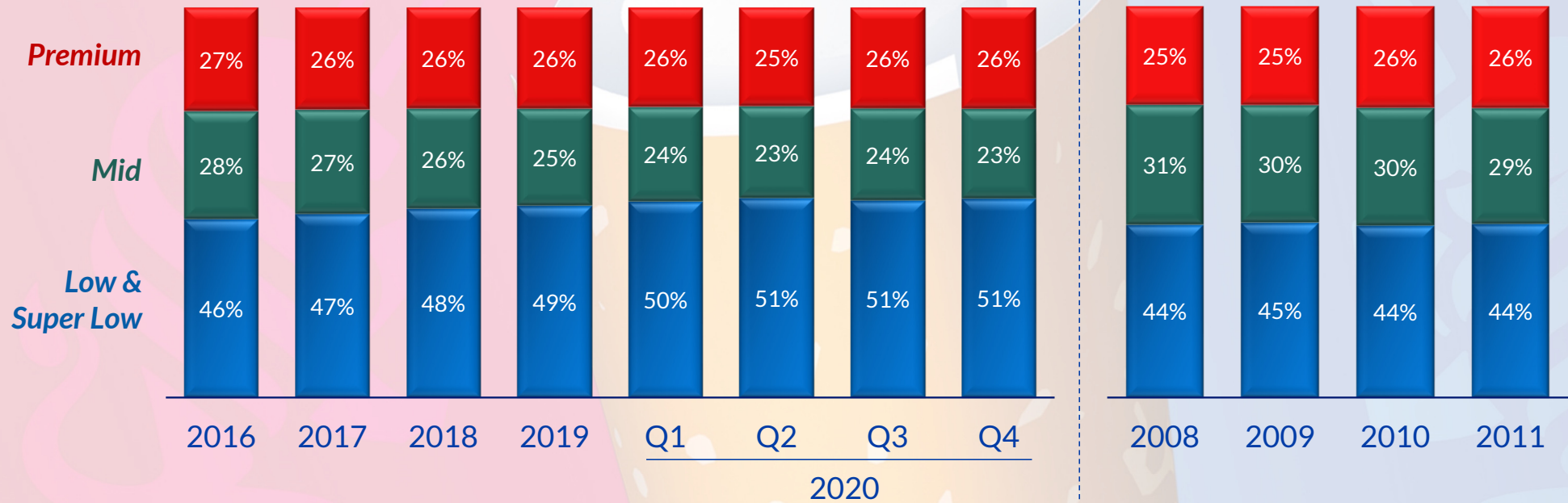
■ SOLO  
■ SOCIAL - EVERYDAY  
■ SOCIAL - SPECIAL



(a) Consumption Loss is the volume loss due to the drop in the average daily consumption (ADC) of LAS  
 Note: Pre-COVID represents estimated daily consumption in Q1, 2020 for Italy, Indonesia, Turkey and the Philippines, 2019 in Argentina  
 Source: Smoking Moments Quantitative Research April-May 2020, Kantar

# Majority of Downtrading From Mid to Low & Super-Low

Cigarette Industry Price Tiers (%)

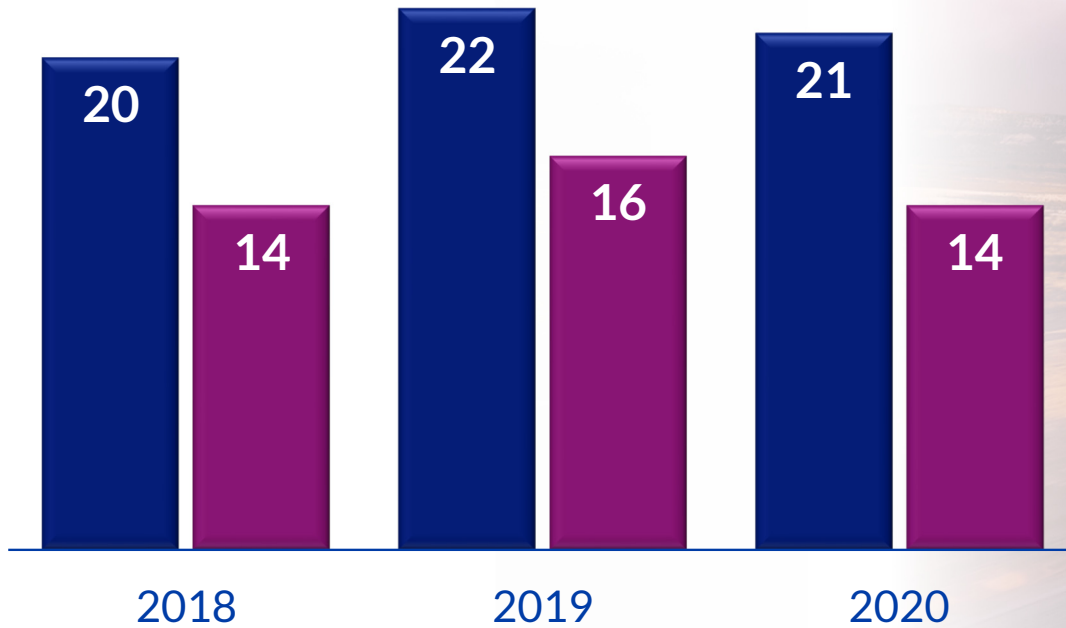


PMI CC SoM	27.7%	27.2%	27.2%	26.9%	25.7%	27.2%	27.5%	27.9%	28.2%
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Note: Excluding China and the U.S. Reflects sales volume of PMI cigarettes as a percentage of cigarette industry sales volume. Sum of the total does not sum to 100% due to rounding  
 Source: PMI Financials or estimates

# Total PMI Market Share

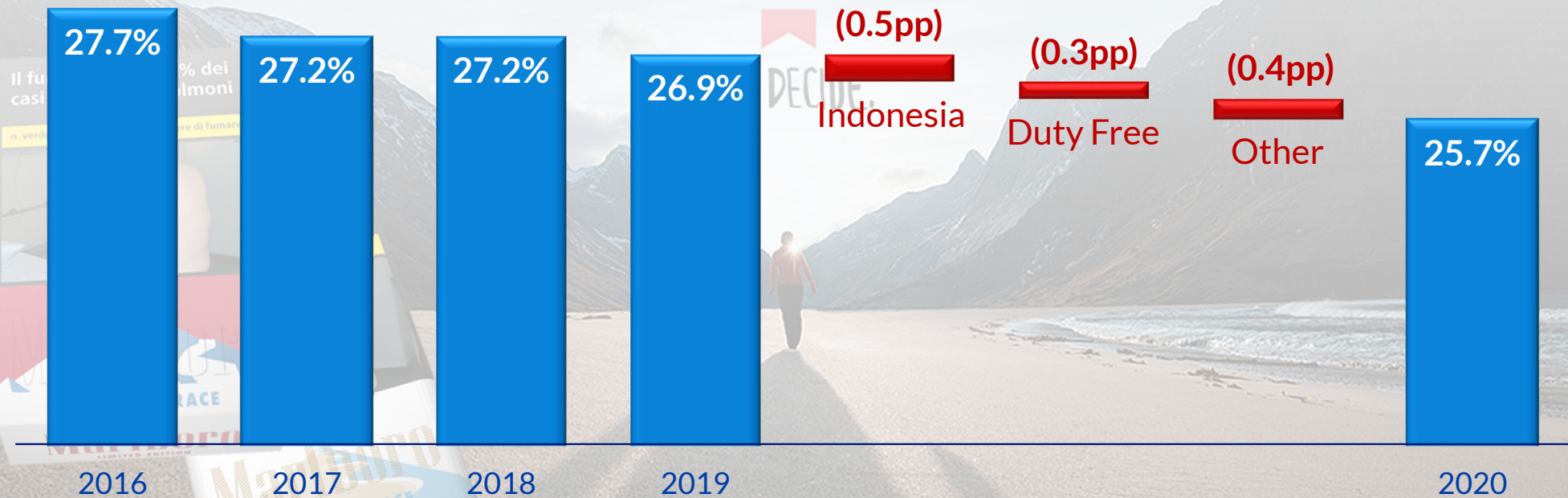
- # of Top 30 RRP Markets Where Total PMI Share is Growing or Stable
- # of Top 30 CC Markets Where Share of CC over CC is Growing or Stable



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

# Combustible Share Performance

- Modest underlying decline despite IQOS cannibalization and market mix impacts
- Impacted by pandemic effects in 2020, notable challenges in Indonesia
- Target stable/growing share of combustibles over next 3 years



Note: Excluding China and the U.S. Reflects sales volume of PMI cigarettes as a percentage of cigarette industry sales volume

Source: PMI Financials or estimates

# Strong Marlboro Brand Equity Endures

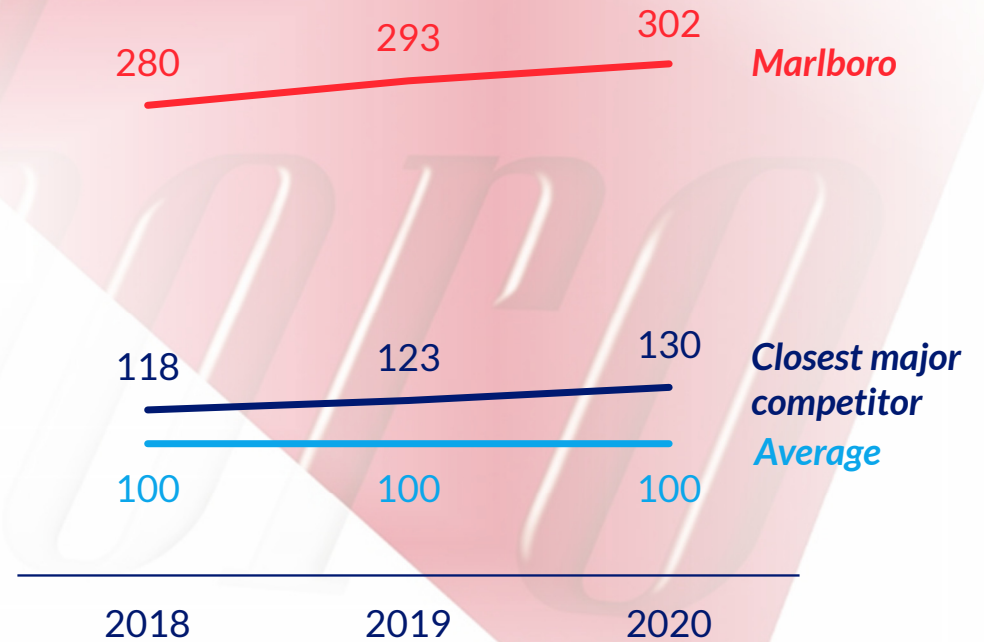
Temporary Headwind From Reduced Social Consumption Occasions in 2020, Evidence of Recovery as Restrictions Ease



### 2020 Marlboro Share of Market



### Marlboro brand power 3x market average



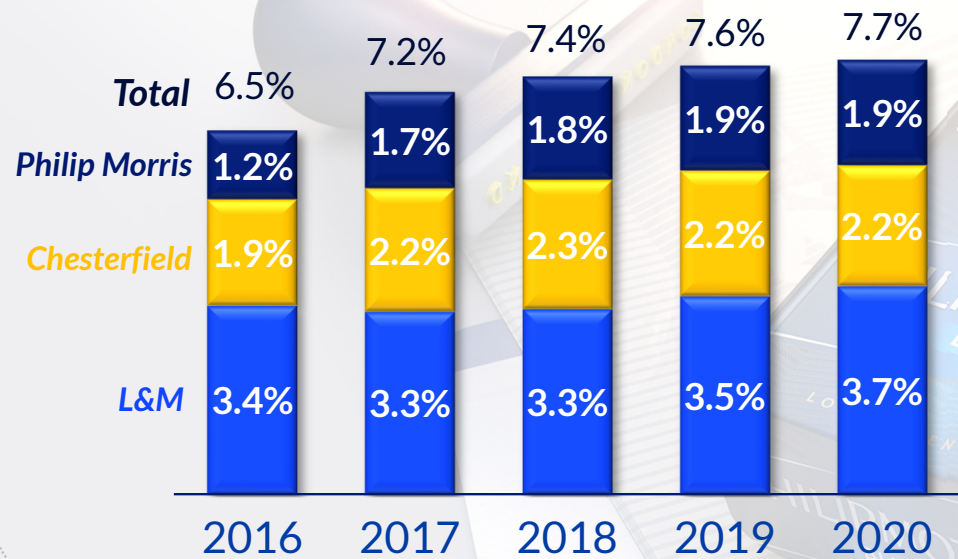
Note: Excluding China and the U.S. Reflects sales volume of PMI cigarettes as a percentage of cigarette industry sales volume

Source: PMI Financials or estimates. Kantar, PMI Market Research, 17 markets. Brand Power measures the proportion of Legal Age Smokers who are predisposed to a given brand vs. other brands.

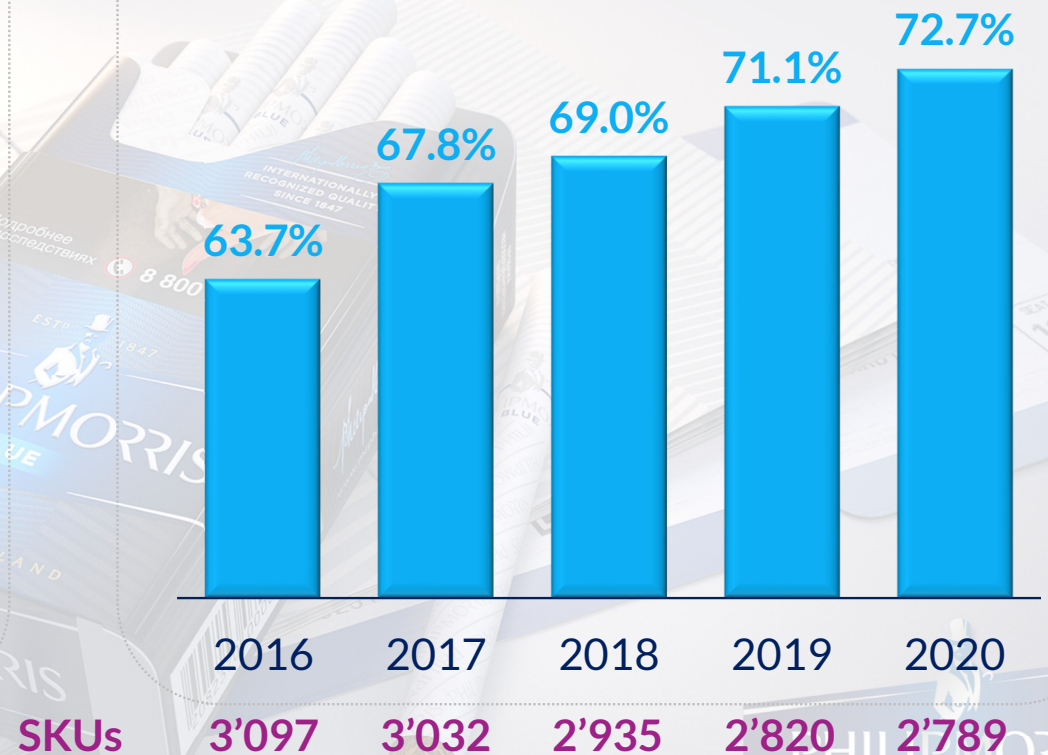
# Strong Global Brands in Downtrading Environment



PMI Share of Market



Global Brands<sup>(a)</sup> as a % of Total IMS Volume



SKUs

3'097    3'032    2'935    2'820    2'789

(a) Global Brands include Marlboro, Parliament, L&M, Chesterfield and Philip Morris (includes Philip Morris/Dubliiss)  
 Note: Excluding China and the U.S. Reflects sales volume of PMI cigarettes as a percentage of cigarette industry sales volume  
 Source: PMI Financials or estimates

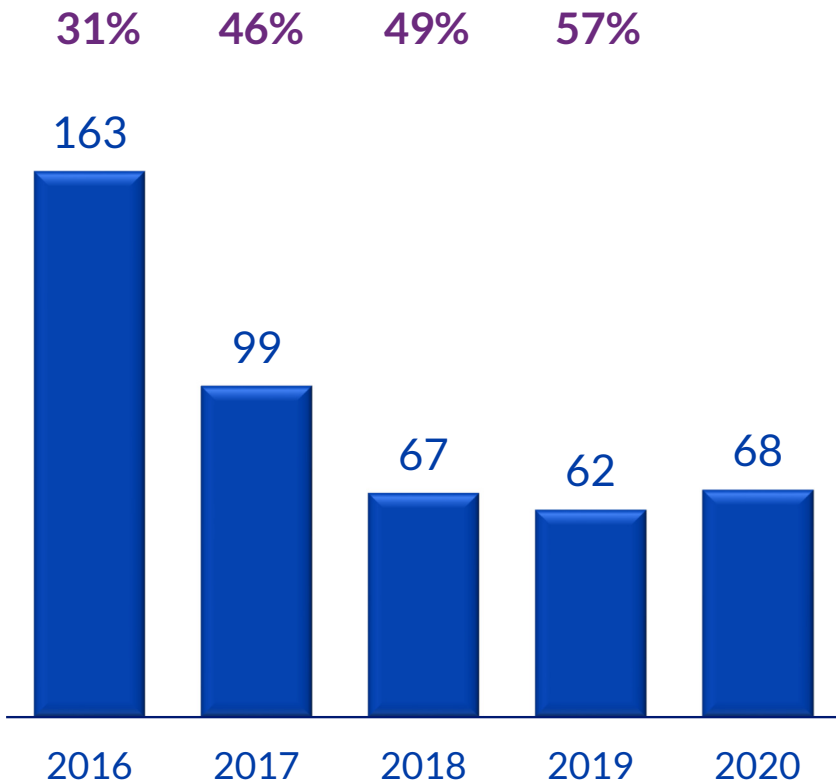




# New Product Launches and Brand Equity Building

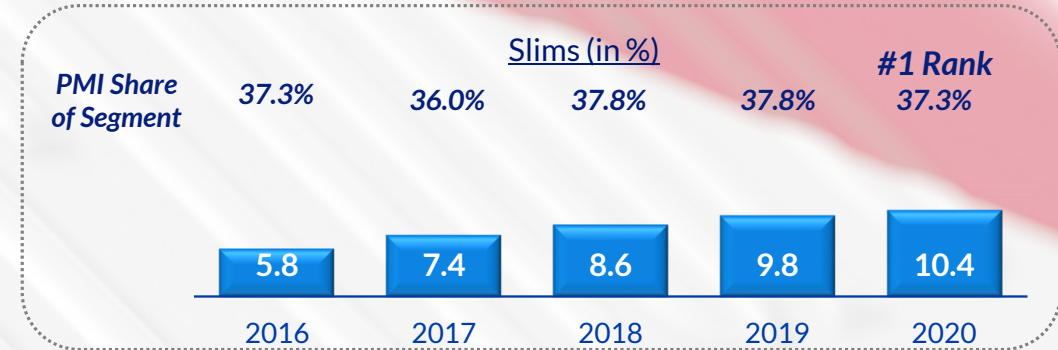
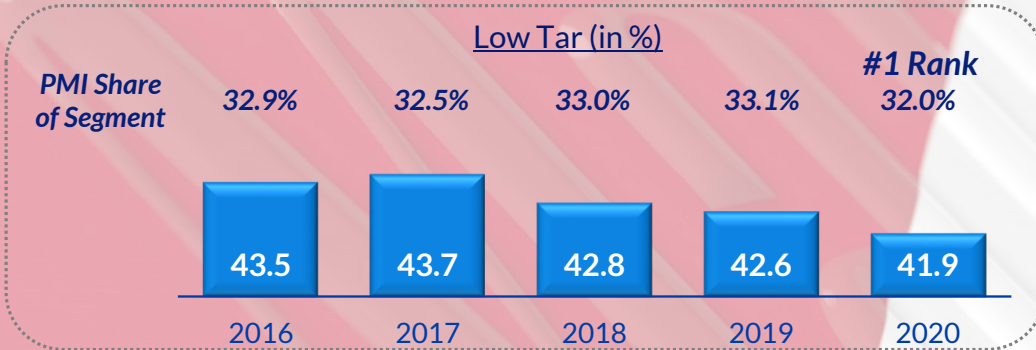
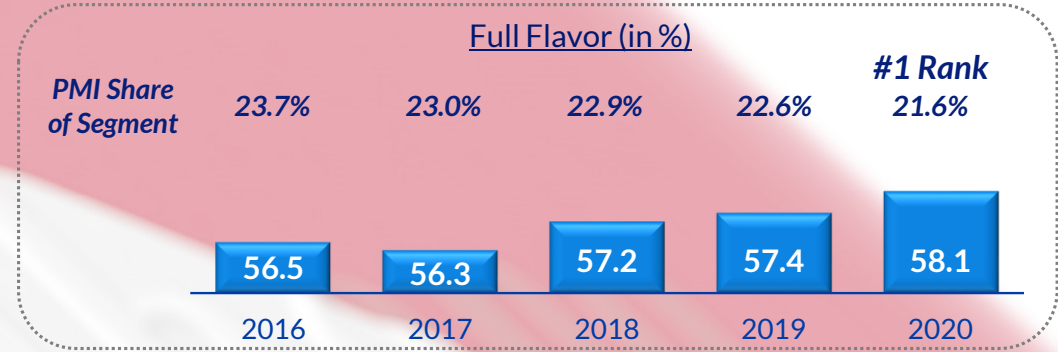
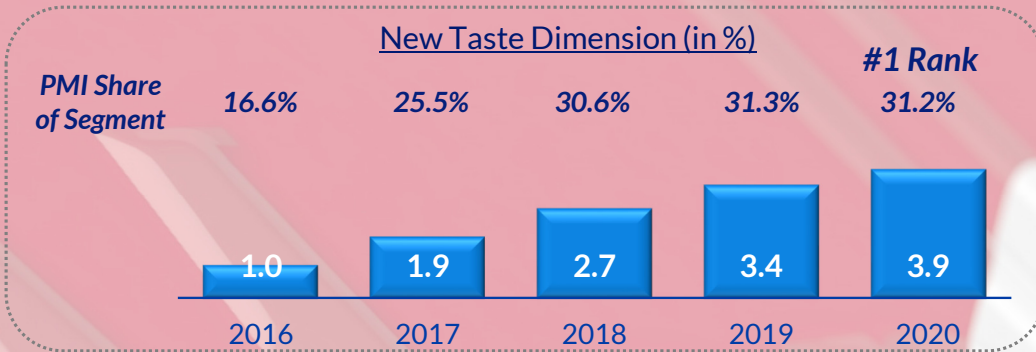
Number of New Product Launches

Strike Rate



Source: PMI estimates. Strike rate is 0.7% share of market within 12 months of launch

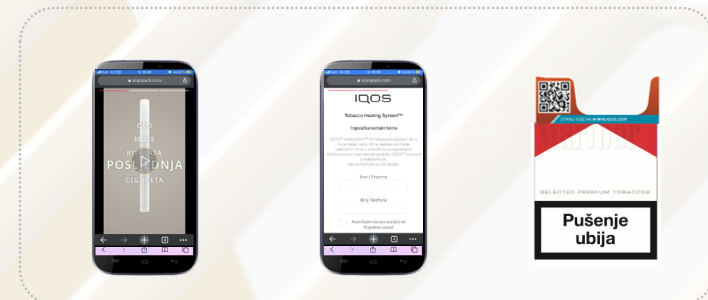
# Leadership in Key Segments



Slims is excluding Indonesia  
Source: PMI Financials or estimates

# Leveraging Leadership in Combustibles to Continue Supporting Smoke-Free Expansion and Sustainability Efforts

- Anti-littering initiatives:
  - *Our world is not an ashtray*
- Excellence in digital execution with trade:
  - Productivity and effectiveness of operation
  - Trade advocacy to convert smokers to *IQOS*
- Leveraging the reach of our brands:
  - Scanpack deployed in 30 markets for support & bridging to *IQOS*
  - Engaged ~850k LAS in 2020



# Remaining Competitive and Maintaining Leadership in Combustibles: Key Pillar of Smoke-Free Strategy

- Leading combustible portfolio
- Infrastructure and expertise (manufacturing, regulatory, commercial)
- Responsible stewardship: market leader driving the obsolescence of the category
- Target at least stable combustible share net of cannibalization
- Selectively investing to continue leadership
- Driving returns from pricing, digital efficiency and productivity

# The Next Growth Phase

- We continue as the undisputed leader of the industry transformation
- IQOS is a compelling proposition across markets
- We have an exciting innovation pipeline across smoke-free categories
- Our business is built on the consumer at the core
- Unparalleled capability in profitably deploying RRP's platform at scale
- Combustibles continues to play an important role in fueling and enabling our smoke-free strategy
- We will work relentlessly to achieve our vision



# 2021 INVESTOR DAY

Delivering a Smoke-Free Future

## The Next Growth Phase

Break

10:55 – 11:05 ET

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