



# PHILIP MORRIS INTERNATIONAL

## INVESTOR FACT SHEET FULL-YEAR 2008

### PROFILE

- March 28, 2008 Altria Group, Inc. completed the spin-off of Philip Morris International Inc. (PMI)
- PMI is an independent U.S. corporation with headquarters in New York
- Our center of operations is in Lausanne, Switzerland
- We employ over 75,000 people — over 100 nationalities
- PMI is the leading international tobacco company
- Our brands are sold in approximately 160 countries
- We own 7 of the top 15 brands in the world
- We held an estimated 15.6% cigarette market share outside the USA in 2008

### NEWS

- **On February 4, 2009:**  
Philip Morris International Inc. reported 2008 Full-Year results.
  - Diluted earnings per share of \$3.32, were up 16.1% from \$2.86 in 2007.
  - Adjusted 2008 full-year diluted earnings per share of \$3.32, up 18.6% from the 2007 adjusted diluted earnings per share of \$2.80. Excluding currency, adjusted 2008 full-year diluted earnings per share were up 13.2%.
  - A Reconciliation of Non-GAAP Measures is included at the end of this fact sheet.

Additional information is available at [www.pmintl.com/investors](http://www.pmintl.com/investors)

### SHAREHOLDER INFORMATION



- Philip Morris International Inc. is listed on the New York Stock Exchange under the ticker symbol "PM."
- **Investor Relations:**  
New York: 917-663-2233  
Lausanne: 41(0)58-242-4666
- **Shareholder Response Center:**  
Computershare Trust Company, N.A., our transfer agent, will be happy to answer questions about your accounts, certificates, dividends or the Direct Stock Purchase and Dividend Reinvestment Plan.

- **Computershare Contact Information:**  
Computershare Investment Plan  
for Philip Morris International Inc.  
P.O. Box 43078  
Providence, RI 02940-3078 USA  
1-877-745-9350 (Within U.S. and Canada)  
1-781-575-4310 (Outside U.S. and Canada)  
E-mail address: [pmi@computershare.com](mailto:pmi@computershare.com)

- **Direct Stock Purchase and Dividend Reinvestment Plan:**  
For more information, or to purchase shares directly through the Plan, please contact Computershare.
- **Shareholder Publications:**  
For filings with the Securities and Exchange Commission, please visit: [www.pmintl.com/investors](http://www.pmintl.com/investors).

## CONSOLIDATED FINANCIAL REVIEW<sup>(1)</sup>

(in millions of dollars, except per share data)

■ SELECTED FINANCIAL HIGHLIGHTS	For the Years Ended December 31,		
	2008	2007	% Change
Net revenues	\$63,640	\$55,243	15.2%
Cost of sales	9,328	8,711	7.1
Excise taxes on products	37,935	32,433	17.0
Gross profit	16,377	14,099	16.2
Operating income	10,248	8,894	15.2
Earnings before income taxes and minority interest	9,937	8,884	11.9
Provision for income taxes	2,787	2,570	8.4
Net earnings	6,890	6,038	14.1
Basic earnings per share <sup>(2)</sup>	3.33	2.86	16.4
Diluted earnings per share <sup>(2)</sup>	3.32	2.86	16.1

■ RESULTS BY BUSINESS SEGMENT <sup>(1)</sup>	For the Years Ended December 31,		
	2008	2007	% Change
<b>European Union</b>			
Net revenues	\$30,265	\$26,829	12.8%
Net revenues, excluding excise taxes on products	9,688	8,835	9.7
Operating companies income <sup>(3)</sup>	4,738	4,195	12.9
<b>Eastern Europe, Middle East &amp; Africa</b>			
Net revenues	14,817	12,166	21.8
Net revenues, excluding excise taxes on products	7,504	6,346	18.2
Operating companies income <sup>(3)</sup>	3,119	2,431	28.3
<b>Asia</b>			
Net revenues	12,222	11,097	10.1
Net revenues, excluding excise taxes on products	6,185	5,648	9.5
Operating companies income <sup>(3)</sup>	2,057	1,803	14.1
<b>Latin America &amp; Canada</b>			
Net revenues	6,336	5,151	23.0
Net revenues, excluding excise taxes on products	2,328	1,981	17.5
Operating companies income <sup>(3)</sup>	520	514	1.2



■ BALANCE SHEET HIGHLIGHTS AND RATIOS	As of December 31,	
	2008	2007
Property, plant and equipment, net	\$ 6,348	\$ 6,435
Inventories	9,664	9,371
Total assets	32,972	31,777
Total debt	11,961	6,069
Stockholders' equity	7,500	15,595
Ratio of total debt to stockholders' equity	1.59 to 1	0.39 to 1

■ CASH FLOW STATEMENT HIGHLIGHTS	For the Years Ended December 31,	
	2008	2007
Net cash provided by operating activities	\$ 7,935	\$ 5,550
Capital expenditures	1,099	1,072
Purchases of businesses, net of acquired cash	1,663	1,519
Repurchases of common stock	5,256	—
Dividends paid to public shareholders	2,060	—

(1) Results have been revised to reflect the movement of certain subsidiaries to a December 31 closing date. See Note 1. *Background and Basis of Presentation* in the consolidated financial statements of our 2008 Annual Report for additional information.

(2) Basic and diluted earnings per share in 2007 are calculated based on the number of our shares distributed by Altria on the Distribution Date.

(3) PMI's management reviews operating companies income, which is defined as operating income before corporate expenses and amortization of intangibles, to evaluate segment performance and allocate resources. For a reconciliation of operating companies income to operating income, see Note 11. *Segment Reporting* in the consolidated financial statements of our 2008 Annual Report.

HISTORICAL INFORMATION

■ ESTIMATED INTERNATIONAL CIGARETTE MARKET	2008		2007	
	Including the PRC	Excluding the PRC	Including the PRC	Excluding the PRC
	(billions of cigarettes)		(billions of cigarettes)	
European Union	622.9	622.9	652.8	652.8
EEMA <sup>(a)</sup>	1,238.6	1,238.6	1,203.2	1,203.2
Asia	3,377.8	1,174.1	3,233.7	1,162.1
Latin America & Canada	305.2	305.2	312.0	312.0
Total <sup>(b)(c)</sup>	5,602.8	3,399.0	5,455.0	3,383.5

(a) Excluding international duty free.  
(b) Including PMI's estimates for the total industry international duty free volume of 53.4 billion units for 2007 and 58.2 billion units for 2008.  
(c) May not foot due to rounding.

■ ESTIMATED PMI MARKET SHARE BY REGION	2008		2007	
	Including the PRC	Excluding the PRC	Including the PRC	Excluding the PRC
European Union	39.1%	39.1%	39.3%	39.3%
EEMA <sup>(a)</sup>	22.7	22.7	22.1	22.1
Asia	6.6	19.1	6.6	18.3
Latin America & Canada	34.8	34.8	30.0	30.0
Total <sup>(b)</sup>	15.6%	25.8%	15.6%	25.2%

(a) Excluding international duty free.  
(b) Including PMI's estimated 45.0% and 36.9% share of the international duty free market for 2007 and 2008, respectively.

■ PMI SHARE OF MARKET AND PRICE SEGMENTS 2003 – 2008 <sup>(a)</sup>	2003	2008	% pts increase
<b>Total</b>			
OECD Markets <sup>(b)</sup>	32.3%	34.6%	2.3
Non-OECD	14.7	20.8	6.1
<b>Price Segments</b>			
Premium <sup>(c)</sup>	50.4%	52.5%	2.1
Non-Premium	13.3	16.9	3.6

(a) Excluding the PRC and international duty free.  
(b) The 29 member countries of the Organization for Economic Co-operation and Development (excluding the United States) are: Australia, Austria, Belgium, Canada, the Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Korea, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, the Slovak Republic, Spain, Sweden, Switzerland, Turkey and the United Kingdom.  
(c) Including above premium.

■ MARLBORO SHIPMENT VOLUME AND ESTIMATED MARKET SHARES	2008			2007 <sup>(c)</sup>		
	Volume		Market Share	Volume		Market Share
	Billions of cigarettes	%		Billions of cigarettes	%	
European Union	116.4	37.5%	18.7%	123.8	39.9%	18.9%
EEMA	85.3	27.5	5.8 <sup>(a)</sup>	83.0	26.8	5.6 <sup>(a)</sup>
Asia	67.0	21.6	5.7 <sup>(b)</sup>	63.0	20.3	5.5 <sup>(b)</sup>
Latin America & Canada	42.0	13.5	13.7	40.4	13.0	12.9
Total <sup>(d)</sup>	310.7	100.0%	9.1% <sup>(b)</sup>	310.2	100.0%	9.2% <sup>(b)</sup>

(a) Excluding international duty free.  
(b) Excluding the PRC.  
(c) Prior to 2008, certain of our subsidiaries reported their results up to ten days before the end of December rather than on December 31. During 2008, these subsidiaries moved to a December 31 closing date. As a result, the first and fourth quarter results of previous periods have been revised to reflect this change.  
(d) May not foot due to rounding.

RECONCILIATION OF NON-GAAP MEASURES

Adjustments for the Impact of Currency and Acquisitions

(\$ millions)	Full Year 2008						Full Year 2007			
	Reported	Less Excise Taxes	Revenues Excluding Excise Taxes	Less		Organic	Reported	Less Excise Taxes	Organic	% Change
				Currency	Acquisitions					
Net Revenues										
EU	\$30,265	\$20,577	\$ 9,688	\$ 899	\$ 26	\$ 8,763	\$26,829	\$17,994	\$ 8,835	(0.8%)
EEMA	14,817	7,313	7,504	296		7,208	12,166	5,820	6,346	13.6%
Asia	12,222	6,037	6,185	140	46	5,999	11,097	5,449	5,648	6.2%
Latin America & Canada	6,336	4,008	2,328	47	157	2,124	5,151	3,170	1,981	7.2%
Total	\$63,640	\$37,935	\$25,705	\$1,382	\$229	\$24,094	\$55,243	\$32,433	\$22,810	5.6%
Operating Companies Income										
EU	\$ 4,738			\$ 432	\$ 20	\$ 4,286	\$ 4,195		\$ 4,195	2.2%
EEMA	3,119			21		3,098	2,431		2,431	27.4%
Asia	2,057			32	5	2,020	1,803		1,803	12.0%
Latin America & Canada	520			(4)	100	424	514		514	(17.5%)
Total	\$10,434			\$ 481	\$125	\$ 9,828	\$ 8,943		\$ 8,943	9.9%

Reconciliation of Reported OCI to Adjusted OCI

(\$ millions)	Full Year 2008						Full Year 2007			
	Reported	Add		Less		Adjusted	Reported	Add		Adjusted % Change
		Asset Impairment and Exit Costs	Equity Loss from RBH Legal Settlement	Currency	Acquisitions			Asset Impairment and Exit Costs	Adjusted	
OCI*										
EU	\$ 4,738	\$66	\$ —	\$ 432	\$ 20	\$ 4,352	\$ 4,195	\$ 137	\$ 4,332	0.5%
EEMA	3,119	1		21		3,099	2,431	12	2,443	26.9%
Asia	2,057	14		32	5	2,034	1,803	28	1,831	11.1%
Latin America & Canada	520	3	124	(4)	100	551	514	18	532	3.6%
Total	\$10,434	\$84	\$124	\$ 481	\$125	\$10,036	\$ 8,943	\$ 195	\$ 9,138	9.8%

\*Operating Companies Income (OCI)

Reconciliation of Reported Diluted EPS to Adjusted Diluted EPS and Adjusted Diluted EPS Ex-Currency

	2008	2007	% Change
Reported Diluted EPS	\$3.32	\$2.86	16.1%
Adjustments:			
Asset Impairment and Exit Costs	0.02	0.07	
Tax Items	(0.08)	(0.03)	
Equity Loss from RBH Legal Settlement	0.06		
Gain on Sale of Business		(0.01)	
Incremental costs related to services previously provided by Altria		(0.03)	
Interest expense on borrowings to fund special dividends to Altria prior to spin-off		(0.06)	
Adjusted Diluted EPS	\$3.32	\$2.80	18.6%
Less:			
Currency Impact	(0.15)		
Adjusted Diluted EPS Ex-Currency	\$3.17	\$2.80	13.2%

Reconciliation of Operating Cash Flow to Free Cash Flow

(\$ millions)	Full Year 2008	Full Year 2007
Net cash provided by operating activities	\$7,935	\$5,550
Less: Capital expenditures	(1,099)	(1,072)
Free cash flow	\$6,836	\$4,478

Reconciliation of Net Debt to EBITDA Ratio— 2008

(\$ millions)	2008
Net Debt as of December 31,	
Total Debt:	
Short-term borrowings	\$ 375
Current portion of long-term debt	209
Long-term debt	11,377
	11,961
Less: Cash and cash equivalents	(1,531)
Net Debt	\$10,430
EBITDA <sup>(1)</sup> — Full Year 2008	
Earnings before income taxes and minority interest	\$ 9,937
Interest expense, net	311
Depreciation and amortization	842
EBITDA	\$11,090
Net Debt to EBITDA Ratio	0.94

<sup>(1)</sup> Earnings before interest, taxes, depreciation and amortization (EBITDA)