



PHILIP MORRIS INTERNATIONAL

**Consumer Analyst Group of New York
(CAGNY) Conference
February 18, 2014**

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Chief Executive Officer
Philip Morris International



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 September 30, 2013. 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



Agenda

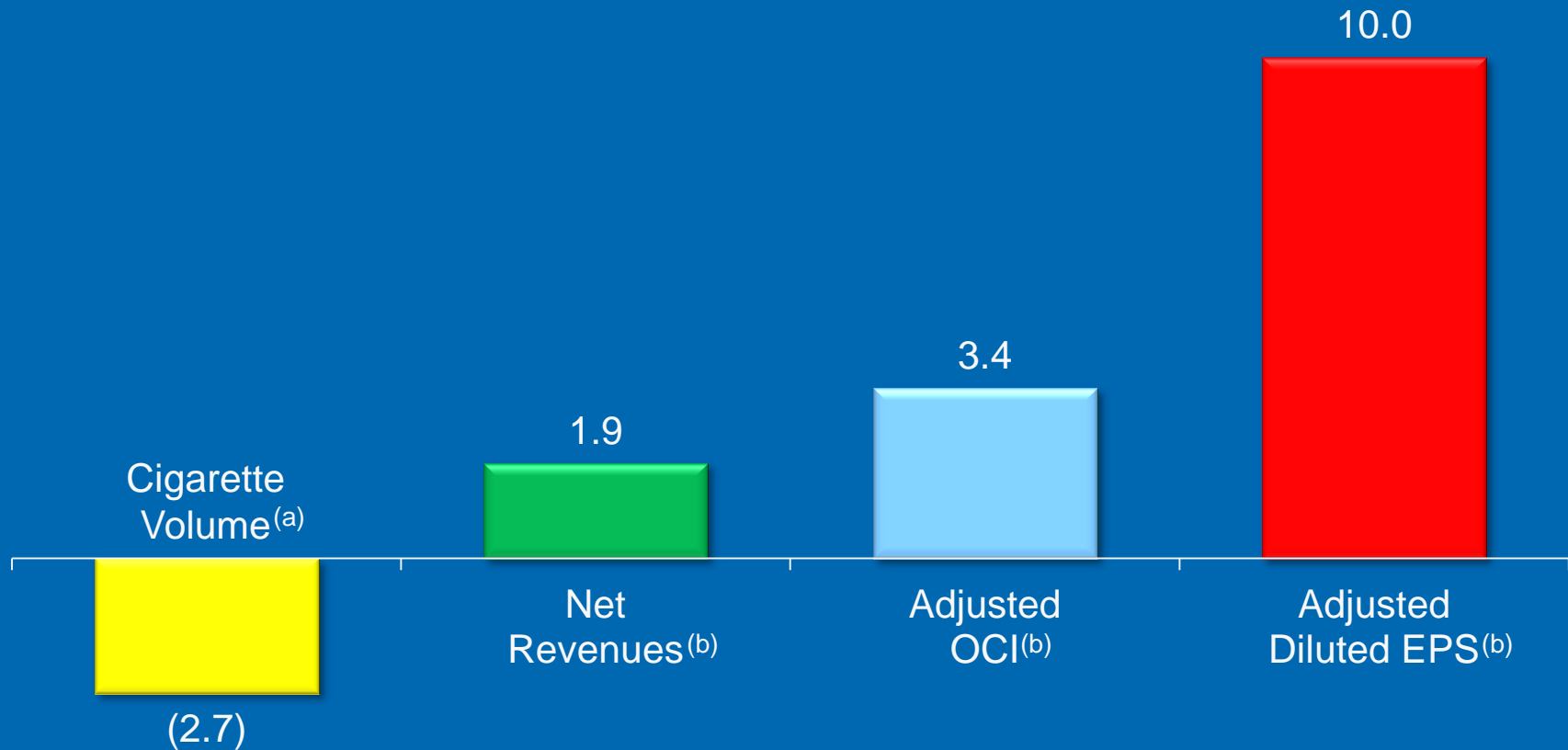
- Strong business fundamentals:
 - Positive market share momentum
 - Superior brand portfolio
 - Strong pricing power
 - Reasonable excise tax environment
 - Cost savings and productivity initiatives
- Emerging markets are attractive, despite currency headwind
- Reduced-Risk Products growth opportunity
- Accretive business development initiatives
- Rewarding shareholders through dividends and share repurchases

Solid 2013 Performance in a Challenging Environment



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% Variance
(2013 vs. PY)



(a) Excluding the Philippines

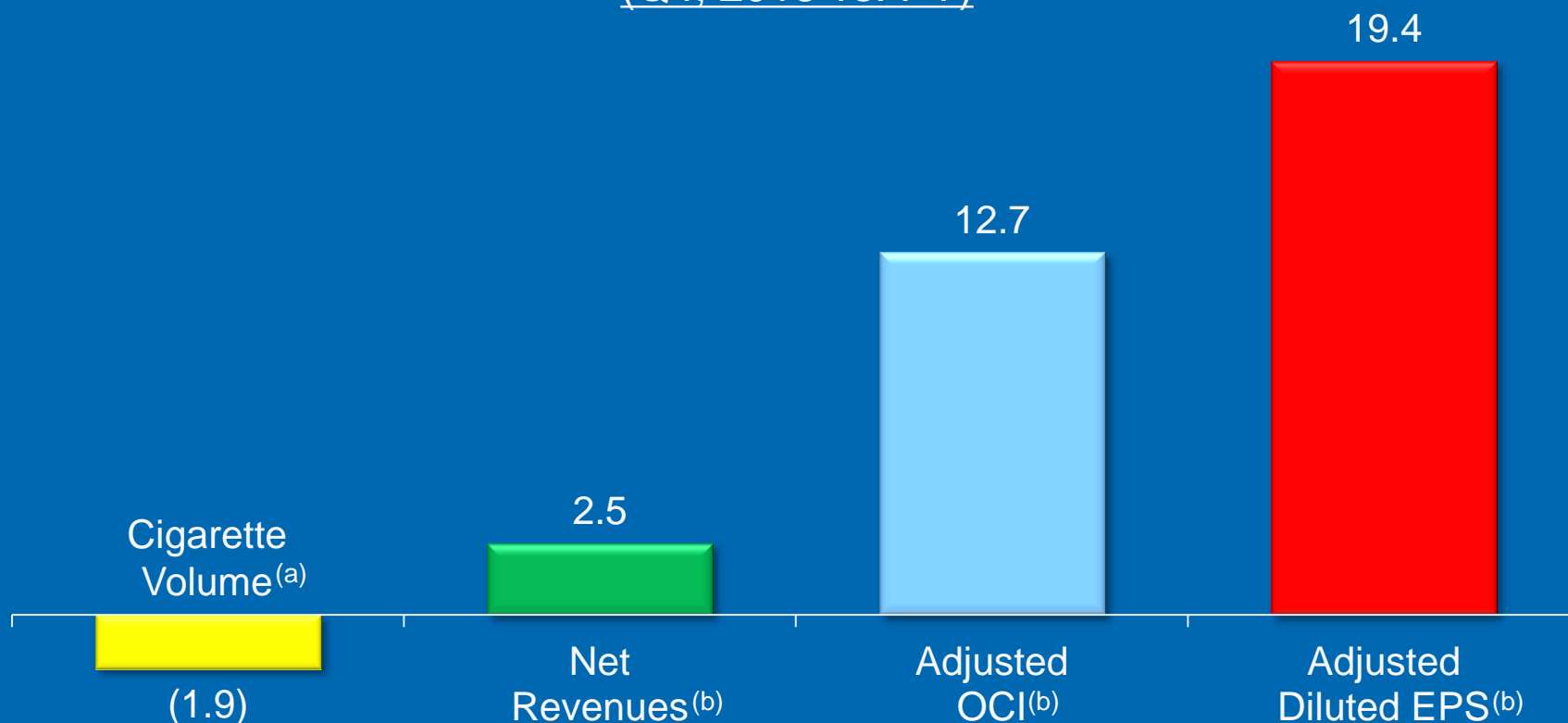
(b) Excluding currency

Source: PMI Financials



Strong Fourth-Quarter 2013 Financial Results

% Variance
(Q4, 2013 vs. PY)



(a) Excluding the Philippines

(b) Excluding currency

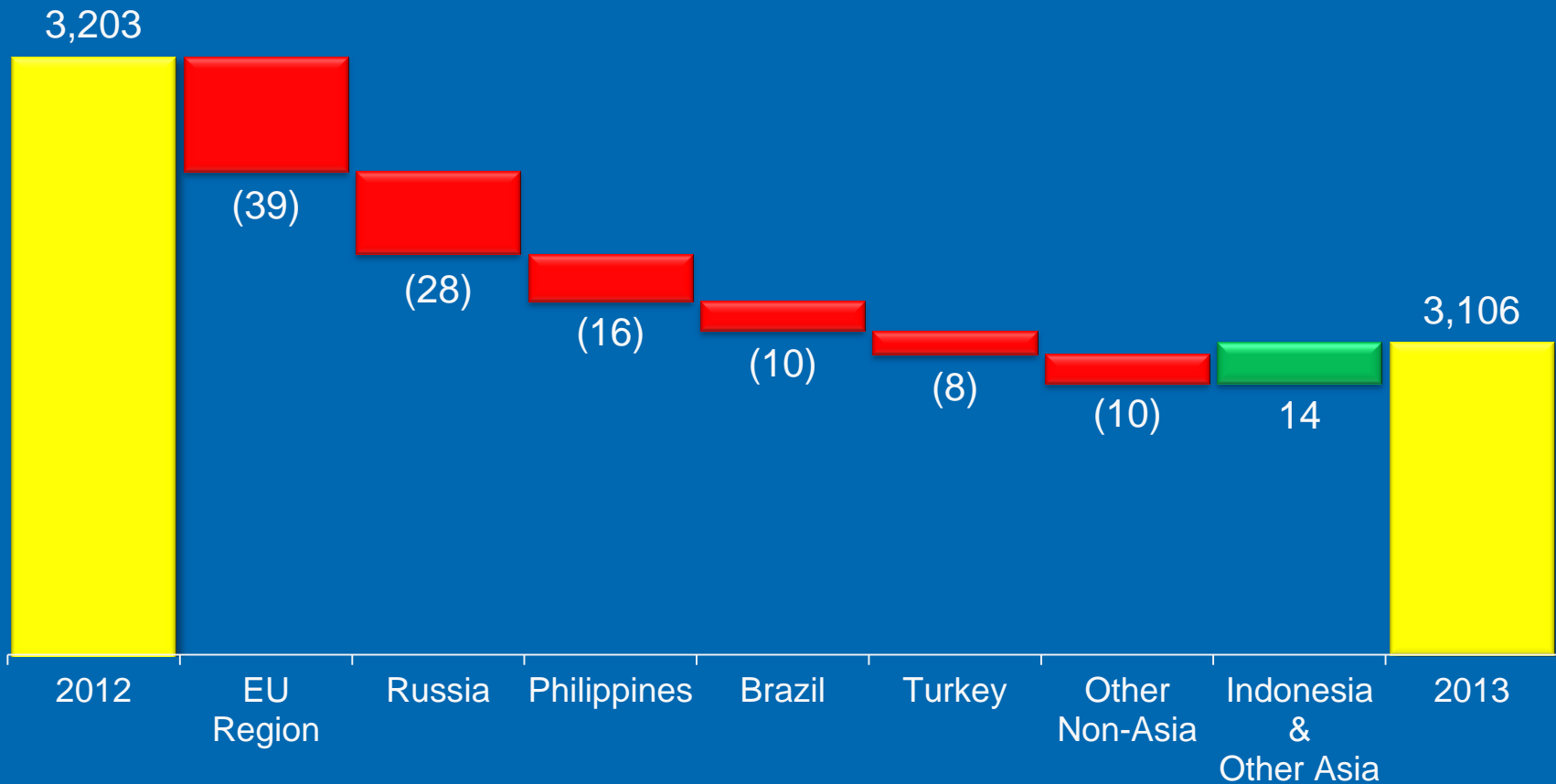
Source: PMI Financials

International Cigarette Industry Volume Declined by 3.0% in 2013



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International Cigarette Industry Volume Decline (units billion)^(a)
Variance: (3.0)%

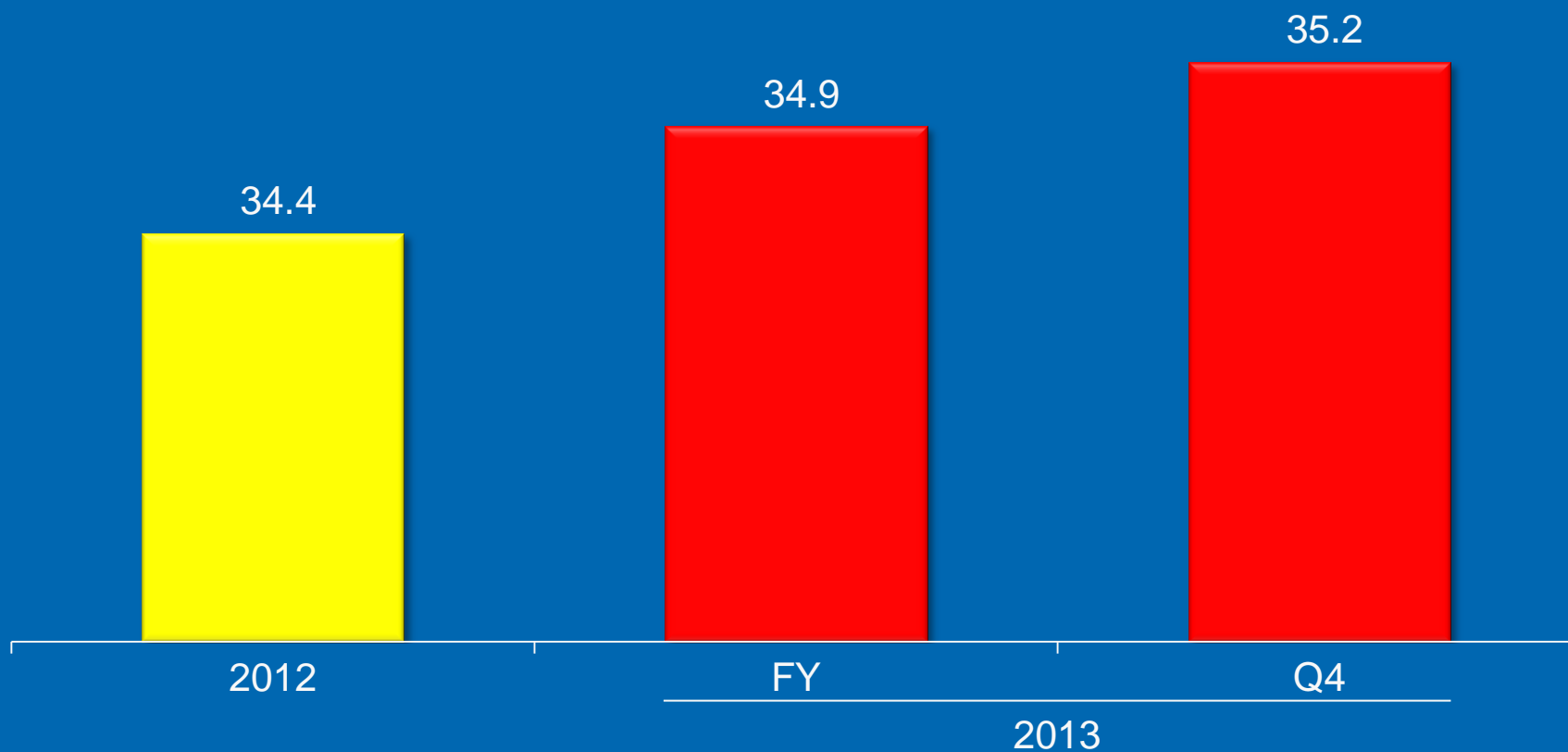


(a) Excluding China and the USA
Source: PMI estimates



Market Share Momentum: Global

PMI Share in Top 30 OCI Markets (%)^(a)

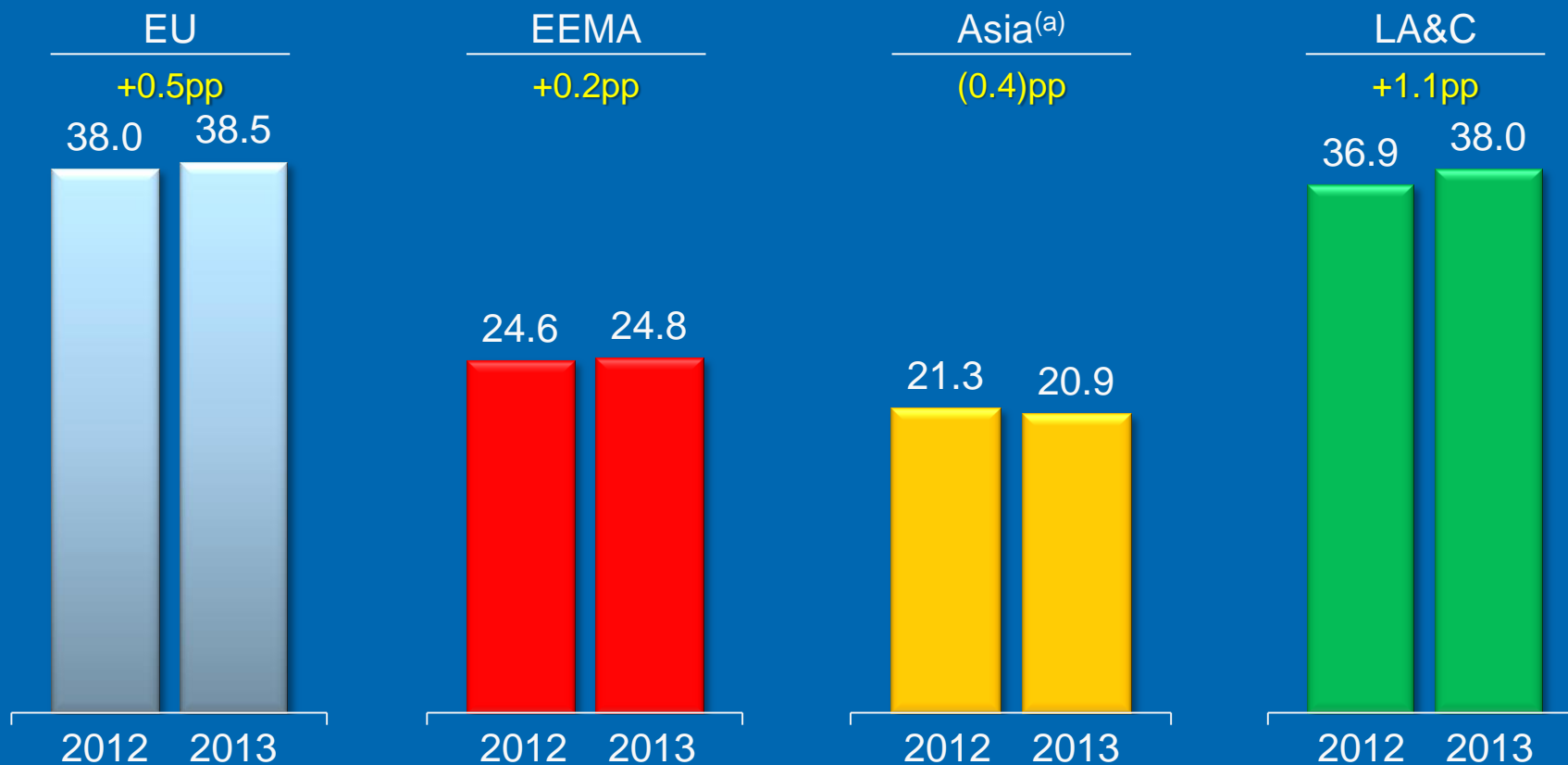


(a) Excluding the Philippines and duty free
Source: PMI Financials and PMI estimates



Market Share Momentum: Regional

Regional PMI Market Shares (%)

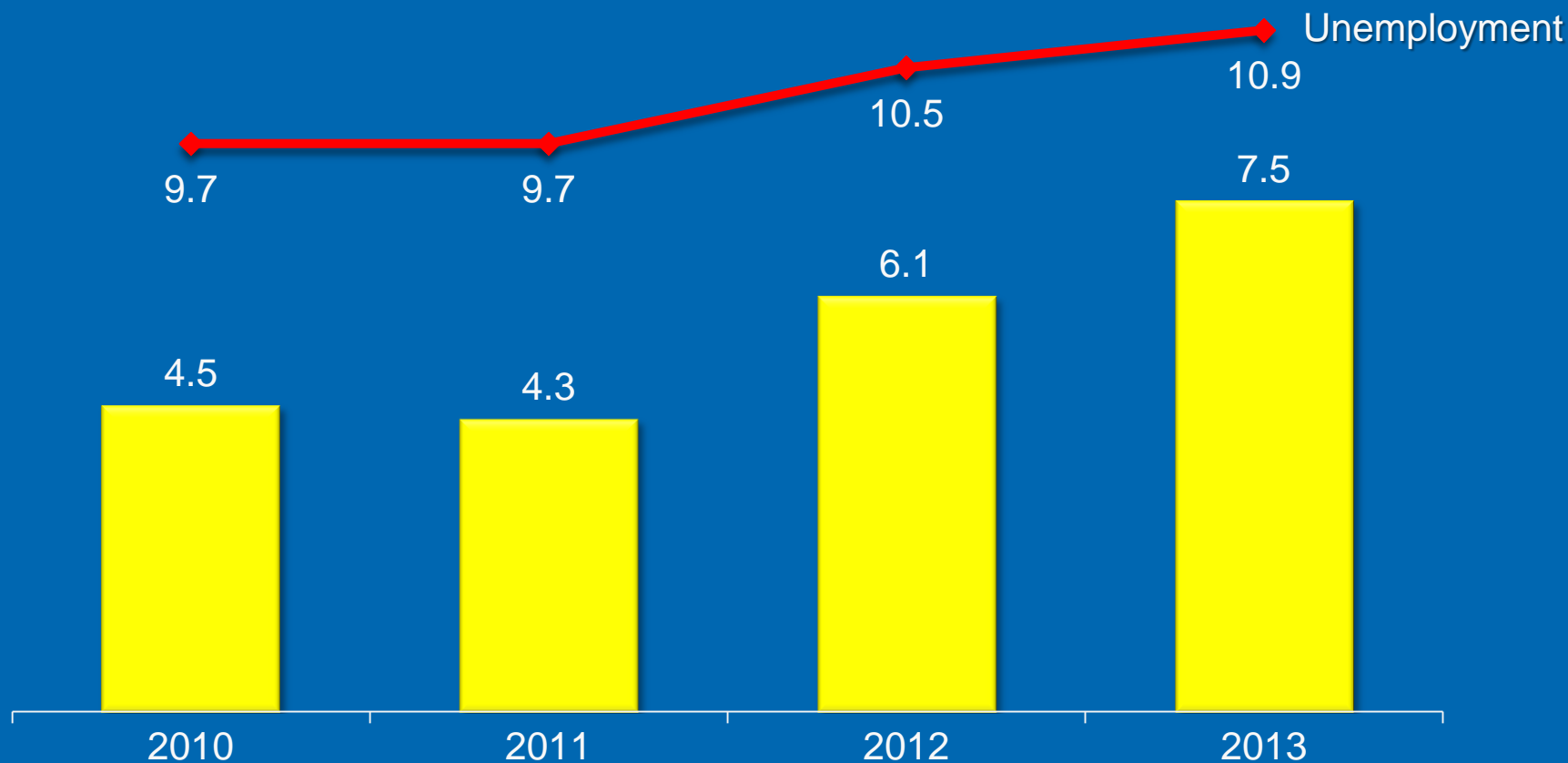


(a) Excluding China and the Philippines
Source: PMI estimates



EU Region: Decline Driven by Weak Economies

Cigarette Industry Volume Decline vs. PY and
EU Region Unemployment Rates (%)

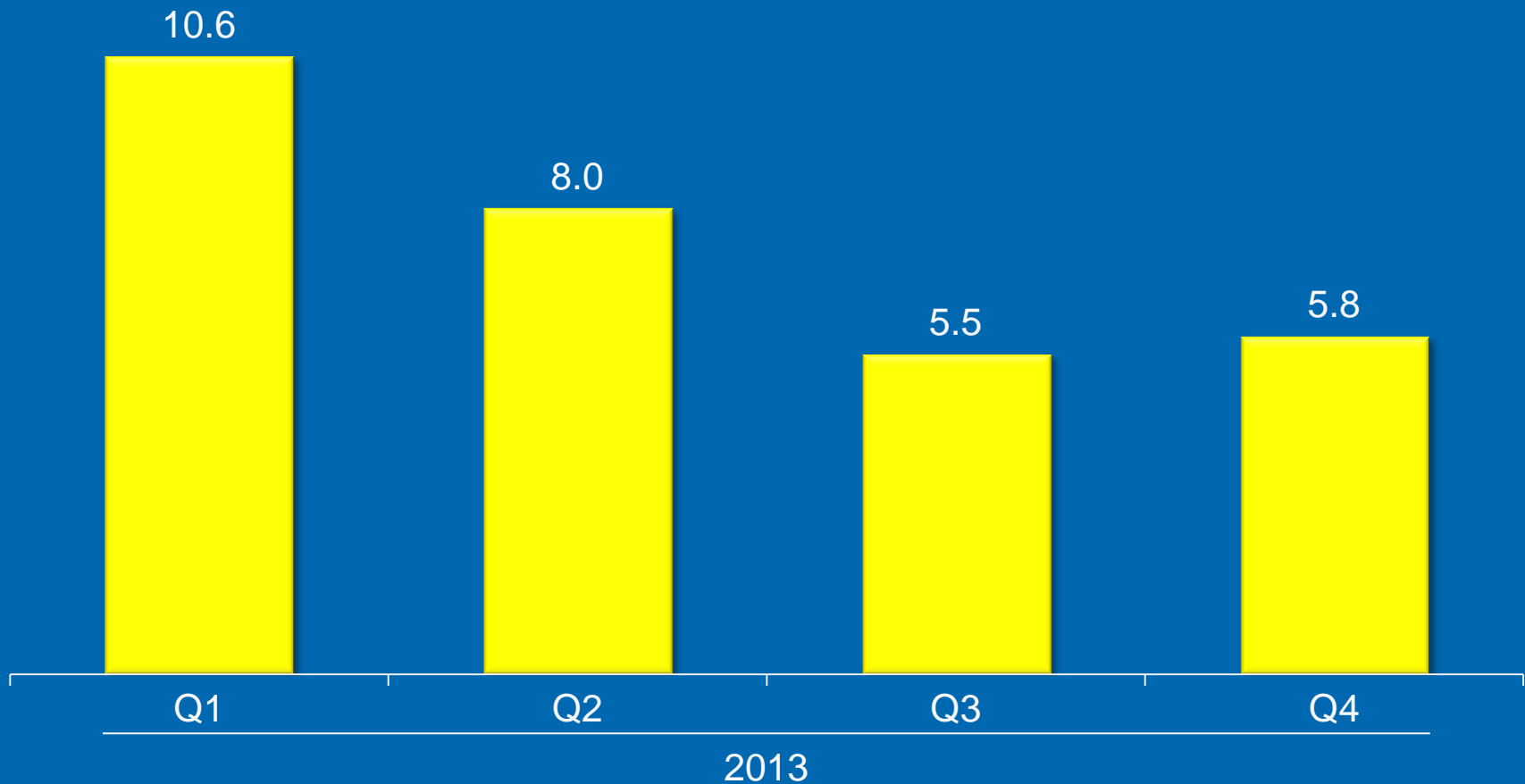


EU Region: Moderation in Cigarette Industry Volume Decline in Second Half of 2013



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Cigarette Industry Volume Decline vs. PY (%)





EU Region: Strong Share Growth Momentum

EU Region Cigarette Market Shares (%)



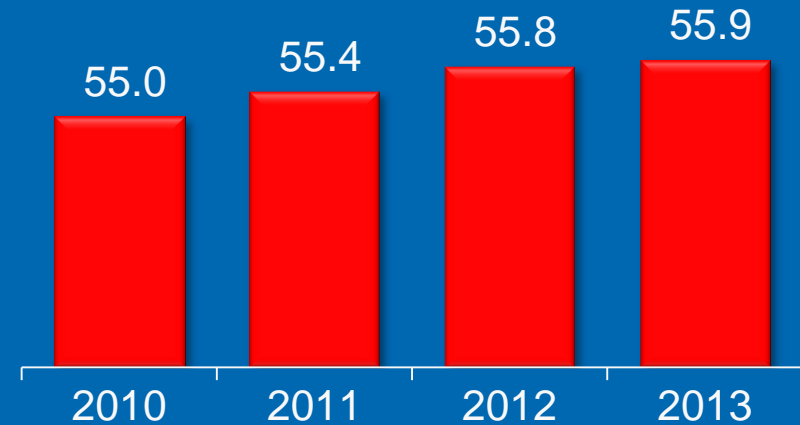
EU Region: *Marlboro* Steadily Reinforcing Its Leading Position in the Premium Segment



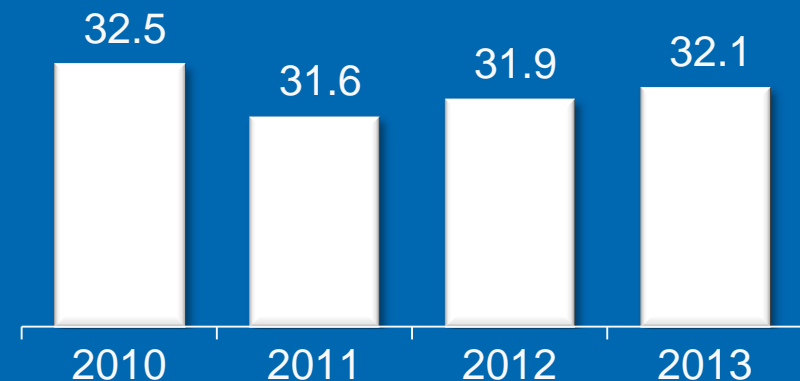
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Marlboro Share of Premium (%)^(a)



Premium Share of Market (%)^(a)



(a) Includes above premium
Source: PMI estimates

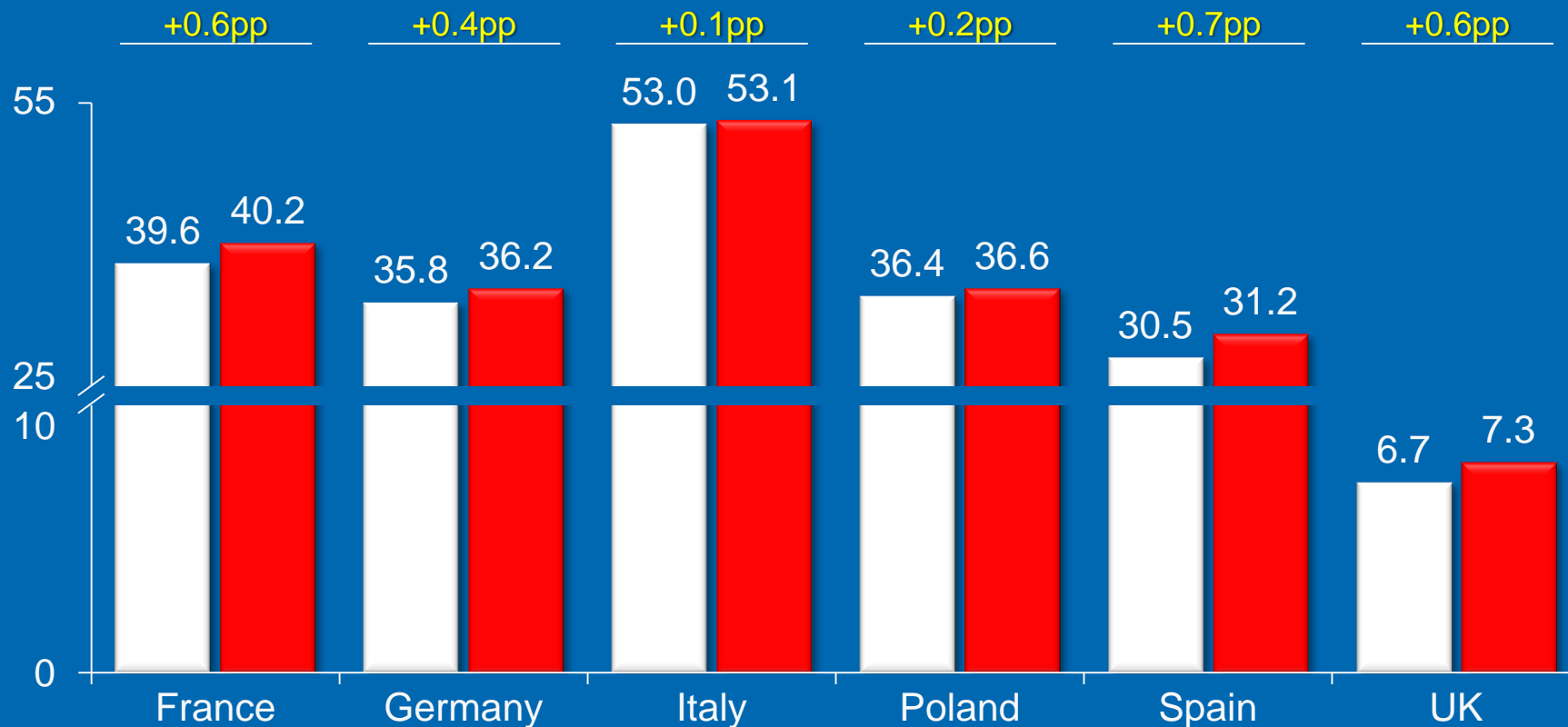
EU Region: PMI Gained Share in the Top Six Cigarette Markets by Volume



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PMI Cigarette Shares (%)

■ 2012 ■ 2013

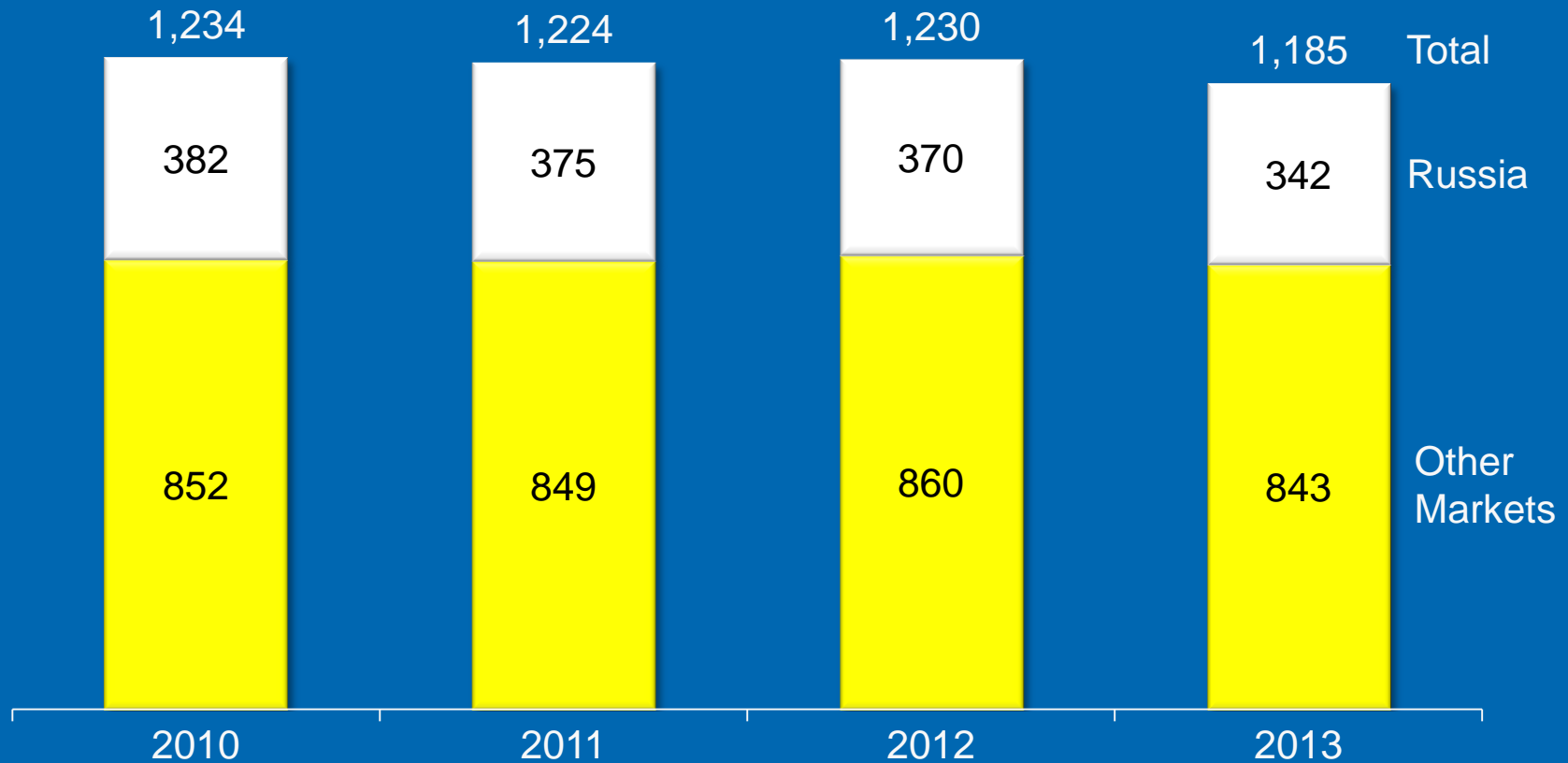


EEMA Region: Stable Industry Volume, Excluding Russia



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EEMA Region Cigarette Industry Volume (units billion)

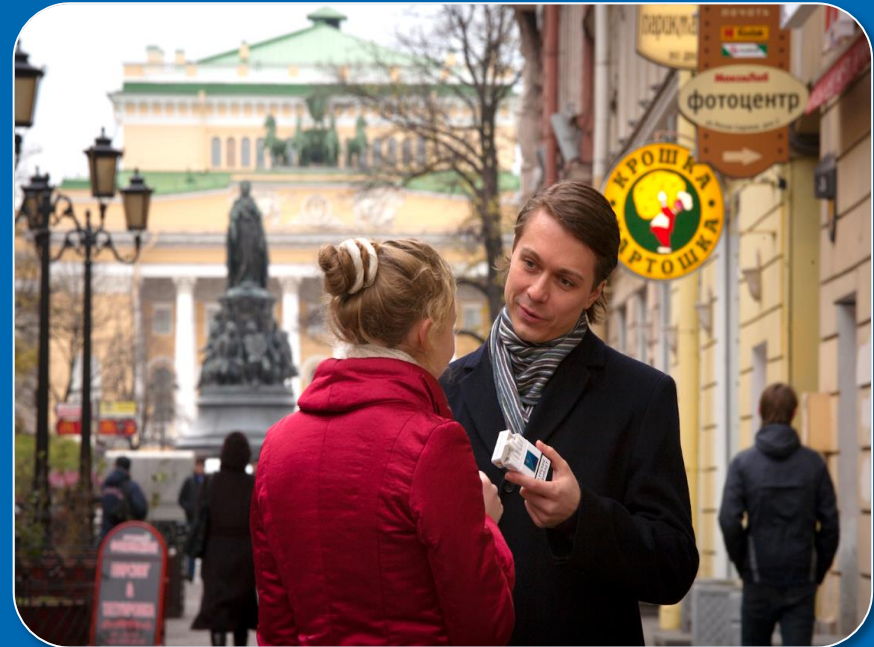
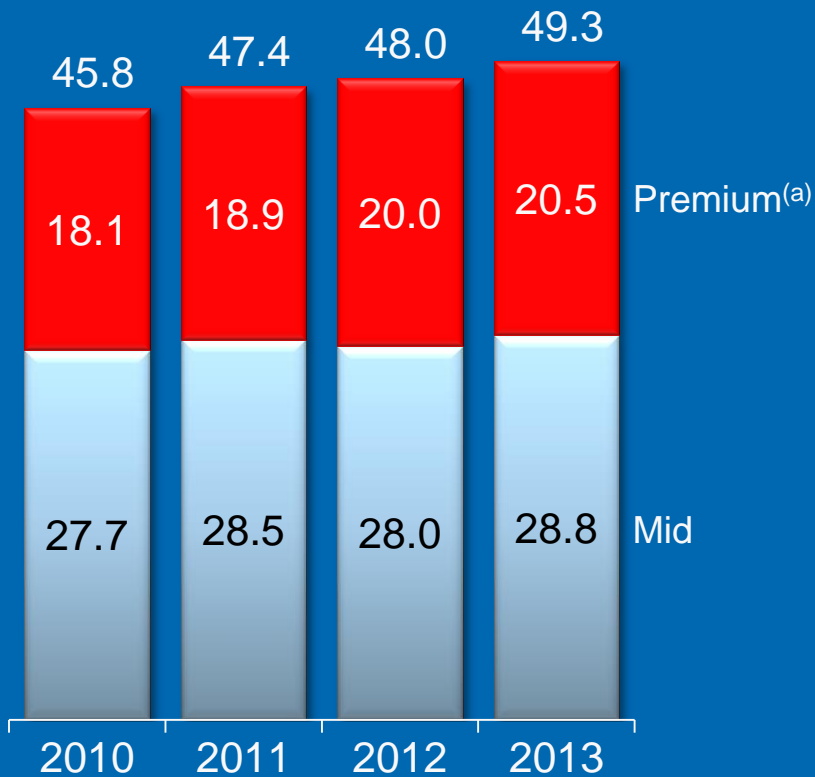


EEMA Region: Adult Consumer Up-trading Continues



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Cigarette Industry Segment Shares (%)



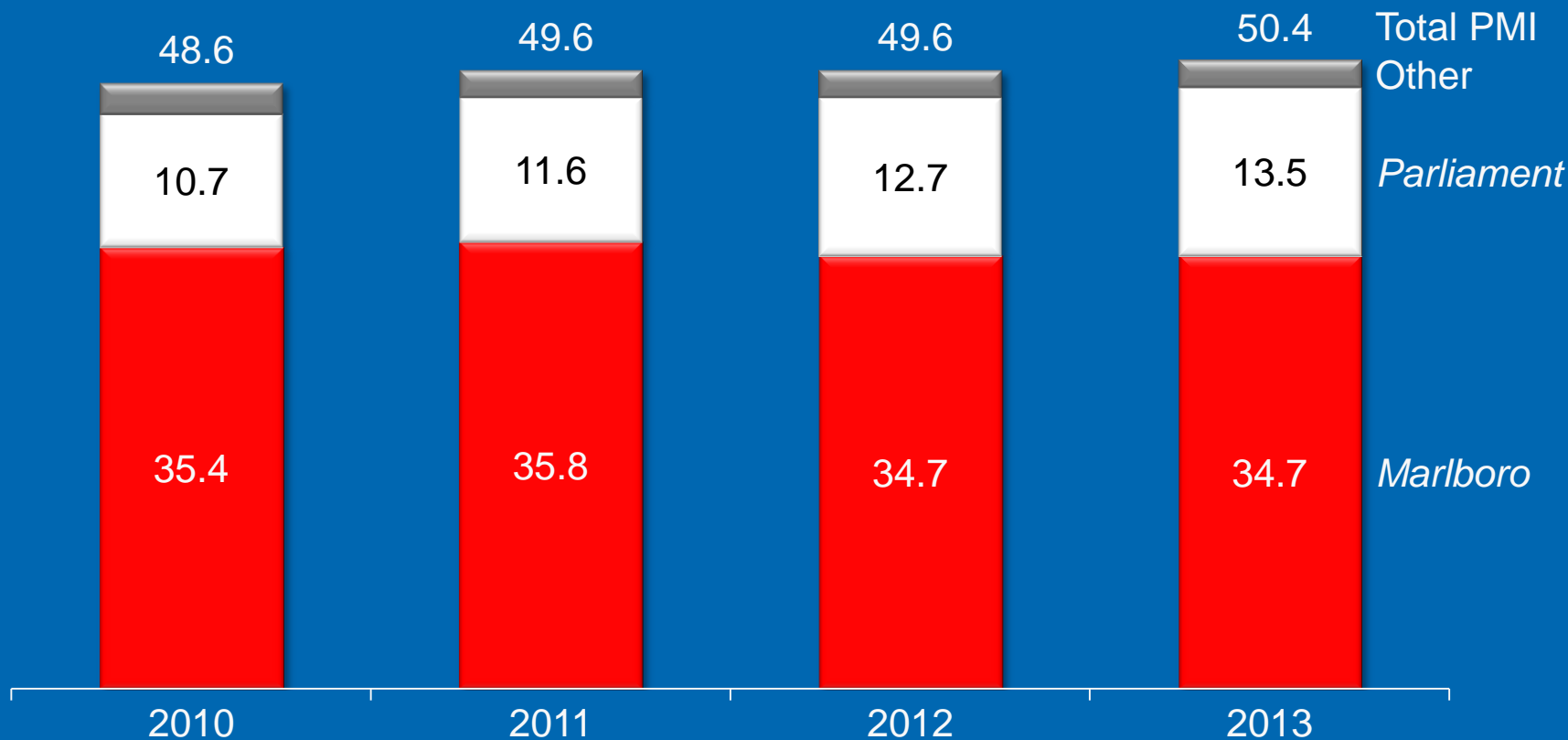
(a) Includes above premium
Source: PMI estimates

EEMA Region: PMI Reinforcing Its Leadership in the Premium Segment



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PMI Share of Premium (%)^(a)

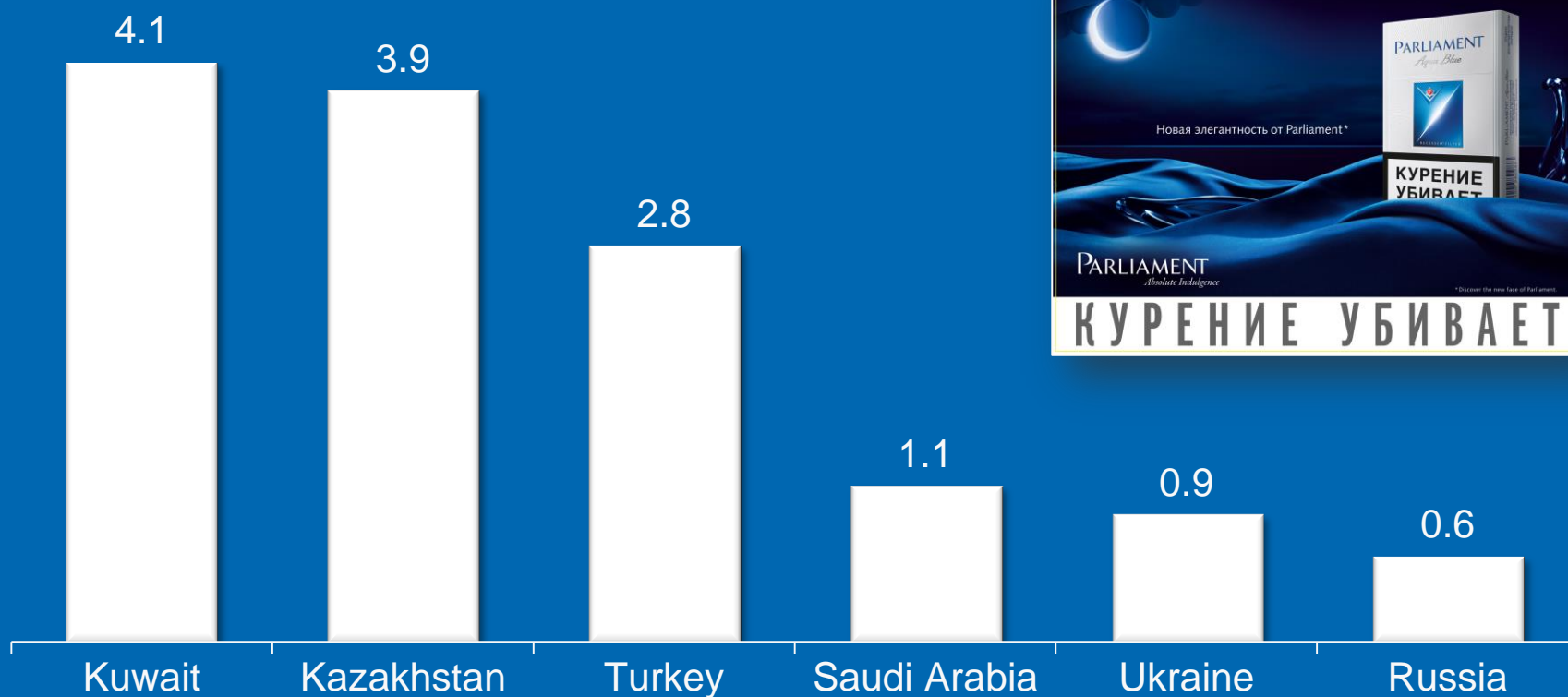


(a) Includes above premium
Source: PMI estimates



EEMA Region: *Parliament* Gaining Share

Parliament Market Share Growth (pp)
(2013 vs. 2010)





Russia: Multi-Year Excise Tax Plan

Excise Tax Structure (2010-2016)

| | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | Current <u>2014</u> | <u>2015</u> | <u>2016</u> |
|--|-------------|-------------|-------------|-------------|--------------------------------|-------------|-------------|
| Ad-Valorem Excise Tax (% of MRSP) | 6.5% | 7.0% | 7.5% | 8.0% | 8.5% | 9.0% | 9.5% |
| Specific Excise Tax (RUB/000) | 205 | 280 | 390 | 550 | 800 | 960 | 1,200 |
| Minimum Excise Tax (RUB/000) | 250 | 360 | 510 | 730 | 1,040 | 1,250 | 1,600 |
| Tax pass-on ^(a) (RUB/pack) | 1.90 | 2.60 | 3.70 | 5.20 | 8.00 | 5.30 | 7.80 |

(a) Approximate average across PMI portfolio
Note: MRSP stands for Maximum Retail Selling Price

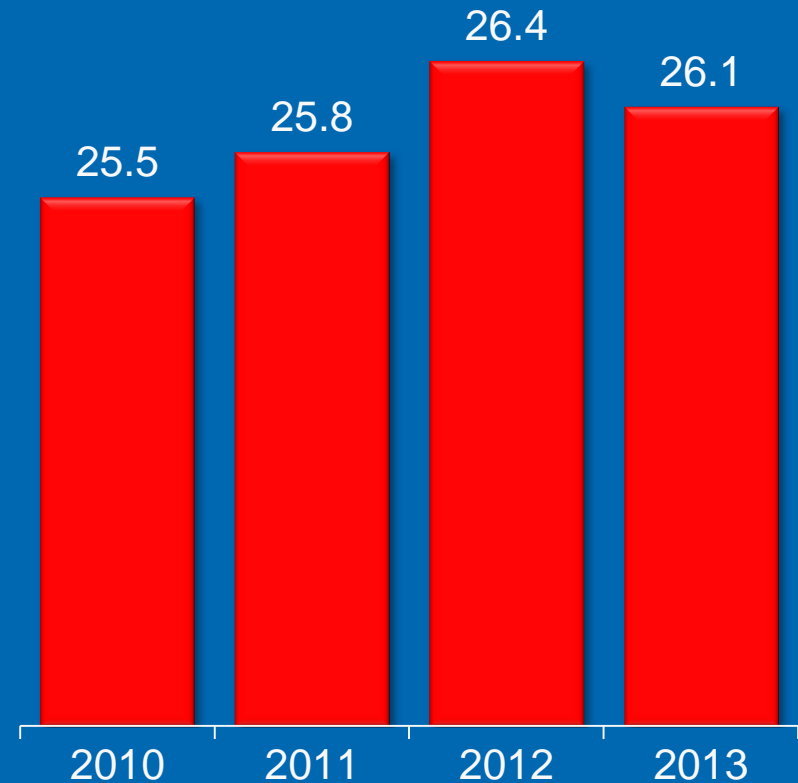
Russia: Increased Profitability in a Declining Market



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- Our pricing has enabled us to expand profitability at a high single-digit rate, excluding currency
- Broad portfolio, strong brand support and innovative activities should enable us to regain share growth momentum

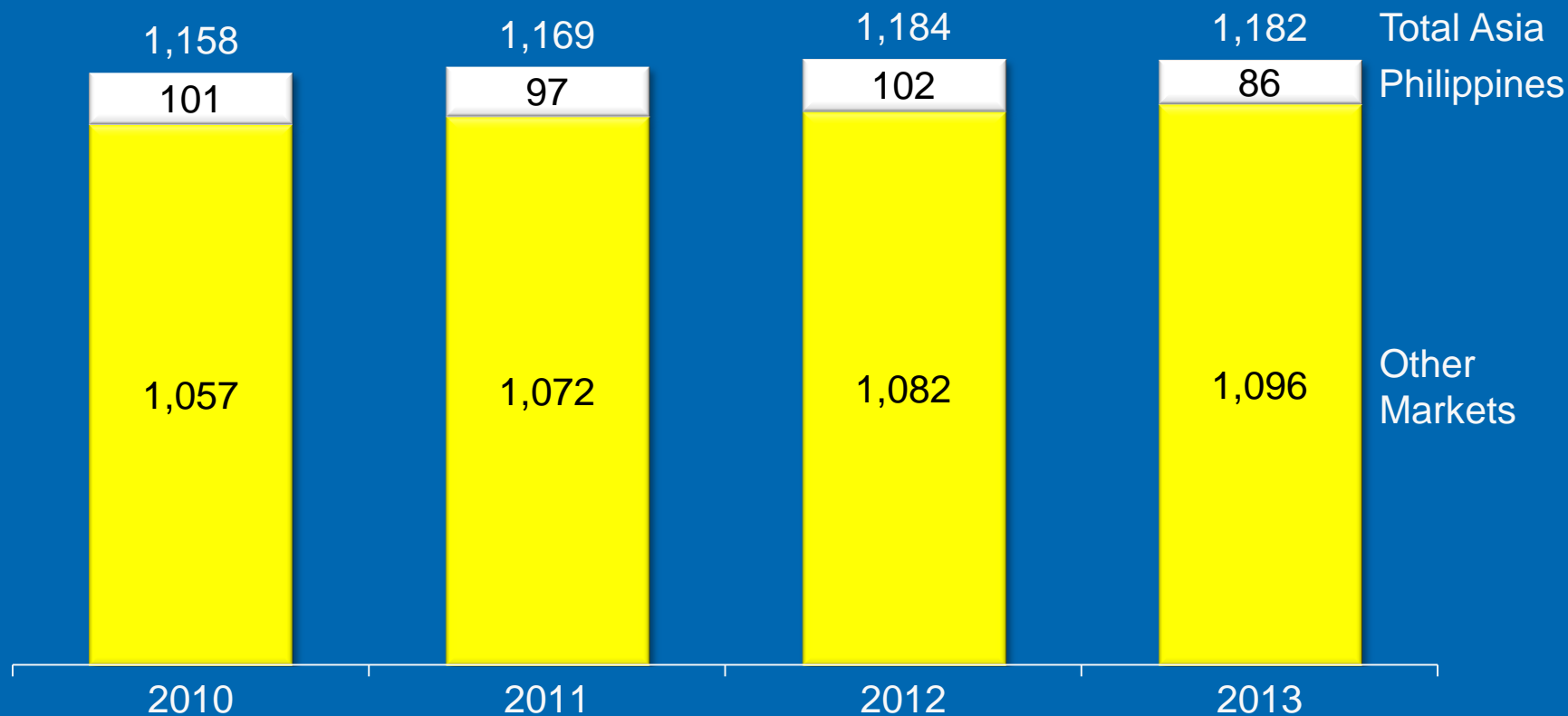
PMI Market Share (%)





Asia Region: Steady Growth

Asia Region Industry Volume (units billion)^(a)



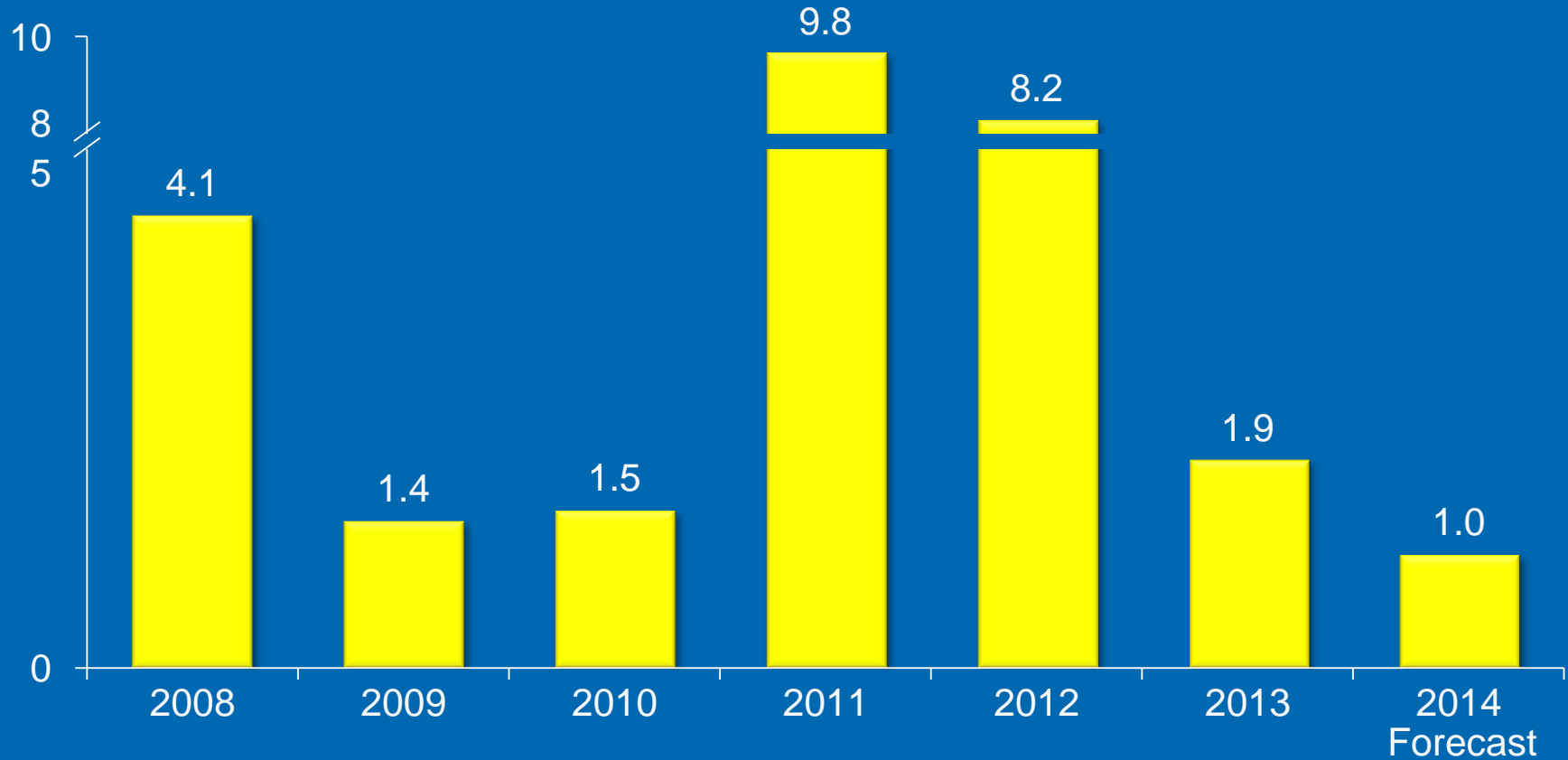
(a) Excluding China
Source: PMI estimates

Indonesia: Industry Volume Growth Rate Has Fluctuated



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Cigarette Industry Volume Growth vs. PY (%)



Indonesia: Increasing Preference for Machine-Made and Higher-Priced Kreteks



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Industry Share of Taste Segments (%)



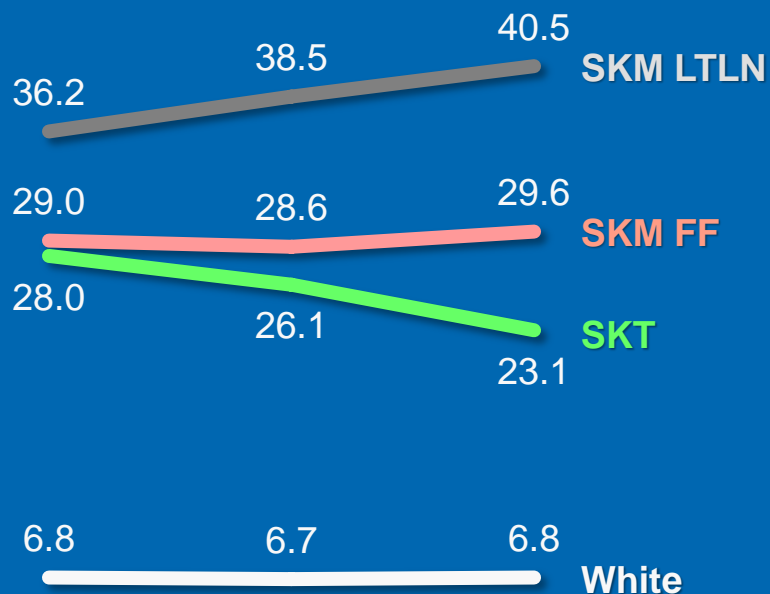
Note: SKM stands for machine-made krettek. LTLN stands for low tar/low nicotine. FF stands for full flavor. SKT stands for hand-made krettek
Source: PMI estimates

Indonesia: Increasing Preference for Machine-Made and Higher-Priced Kreteks

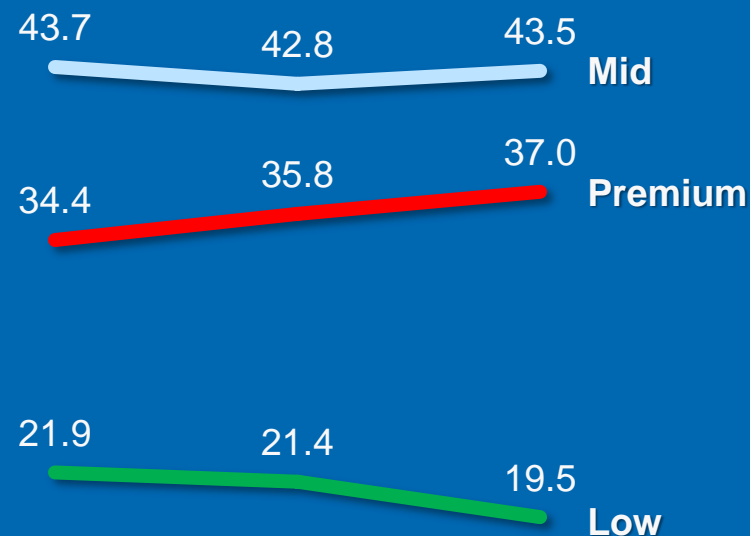


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Industry Share of Taste Segments
(%)



Industry Share of Price Segments
(%)



2011 2012 2013

2011 2012 2013

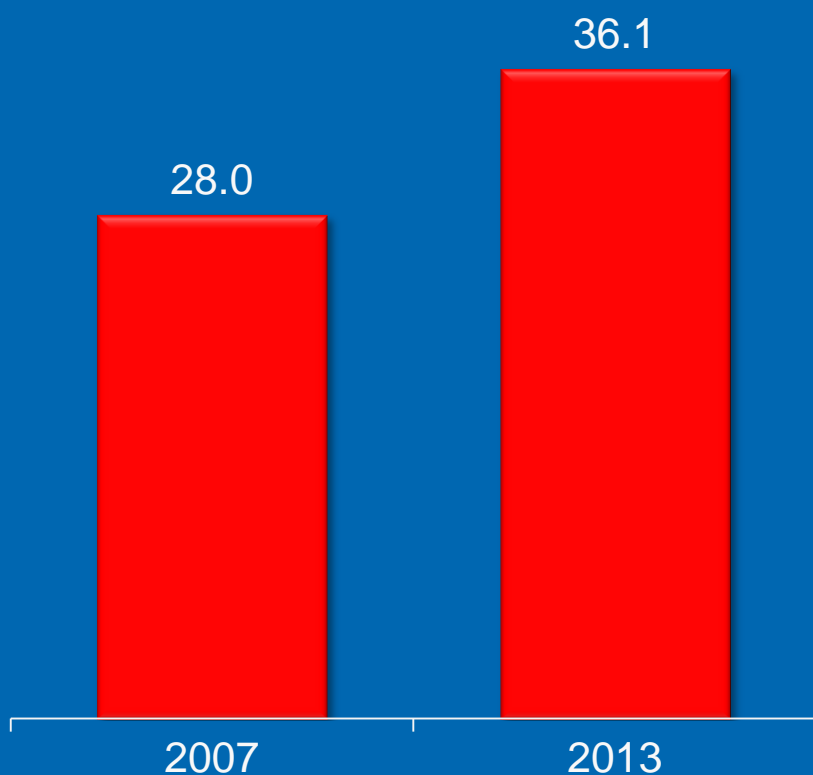
Note: SKM stands for machine-made kretek. LTLN stands for low tar/low nicotine. FF stands for full flavor. SKT stands for hand-made kretek
Source: PMI estimates

Indonesia: PMI Portfolio Skewed Towards Expanding Segments

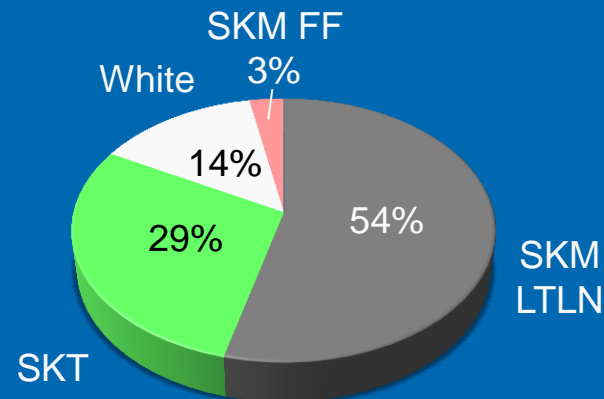


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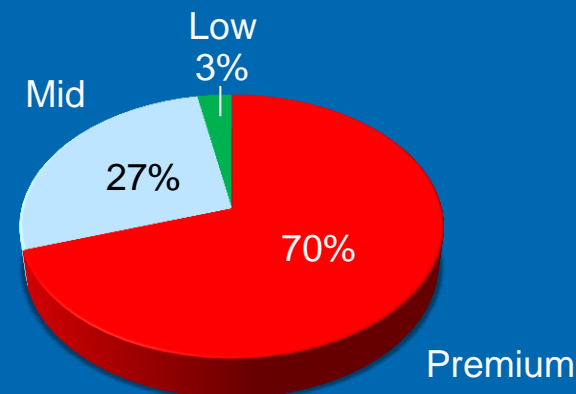
PMI Market Share (%)



PMI Portfolio by Taste Segment (2013)



PMI Portfolio by Price Segment (2013)



Note: SKM stands for machine-made kretek. LTLN stands for low tar/low nicotine. FF stands for full flavor. SKT stands for hand-made kretek
Source: PMI estimates

Indonesia: PMI Portfolio Skewed Towards Expanding Segments



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Sampoerna A:

- 14.4% market share (+0.6pp vs. PY)
- 36% share of SKM LTLN segment
- 39% share of premium segment



Dji Sam Soe Magnum:

- Growing segment share in SKM FF
- 1.0% market share (+0.4pp vs. PY)



U Mild:

- Growing segment share in mid-price
- 4.4% market share (+1.1pp vs. PY)

Philippines: Strong Potential Supported by Excise Tax Reform



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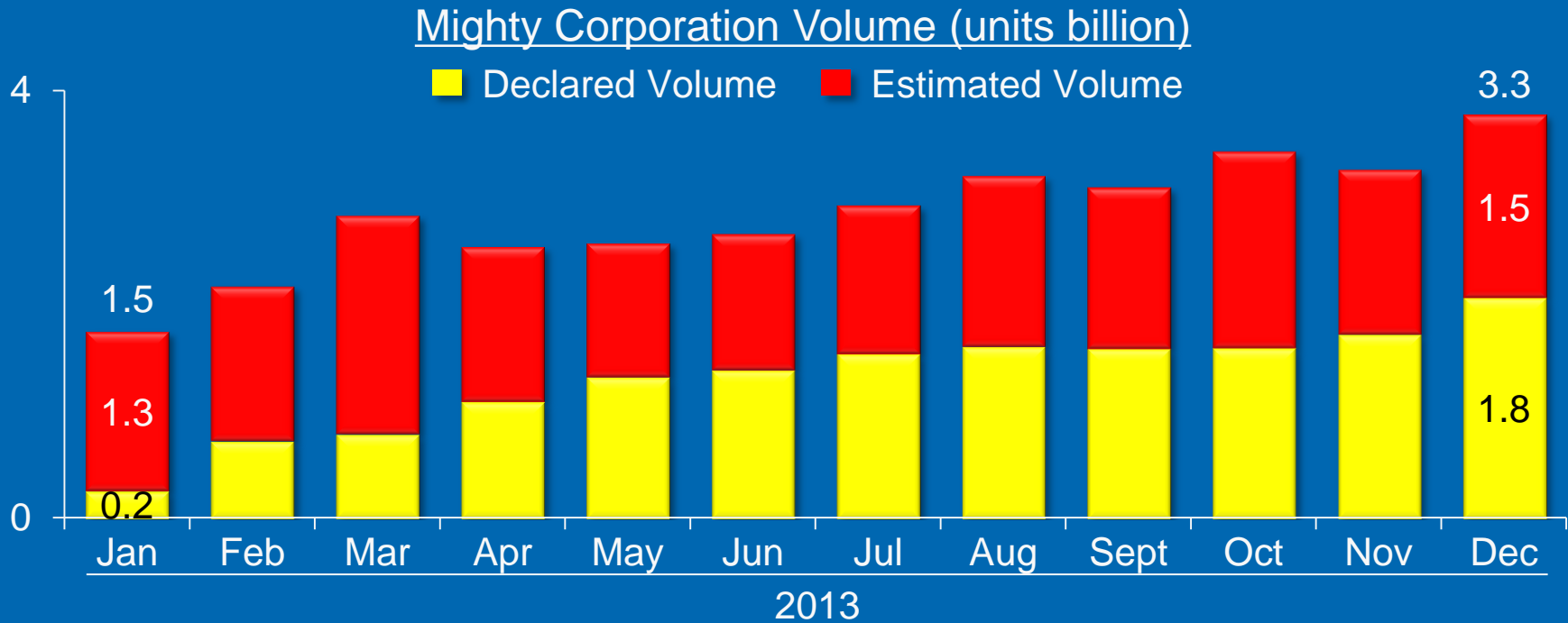
- Growing adult population
- Economy backed by foreign remittances
- Excise tax reform:
 - Highly disruptive in 2013
 - Structure: single tier as of 2017

| Tax Tier | Net Retail Price (PHP/pack) | Share of Total Market (2013) | Excise Tax (PHP/pack) | | | | | |
|----------|-----------------------------|------------------------------|-----------------------|-------------|----------------|-------------|-------------|-------------|
| | | | Old Law | New Law | | | | |
| | | | <u>2012</u> | <u>2013</u> | <u>Current</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
| 1 | > 11.50 | 40% | 12 | 25 | 27 | 28 | 29 | 30 |
| 2 | ≤ 11.50 | 60% | 2.72 | 12 | 17 | 21 | 25 | |

Philippines: Mighty Corporation Tax Under-Declaration is Central Issue



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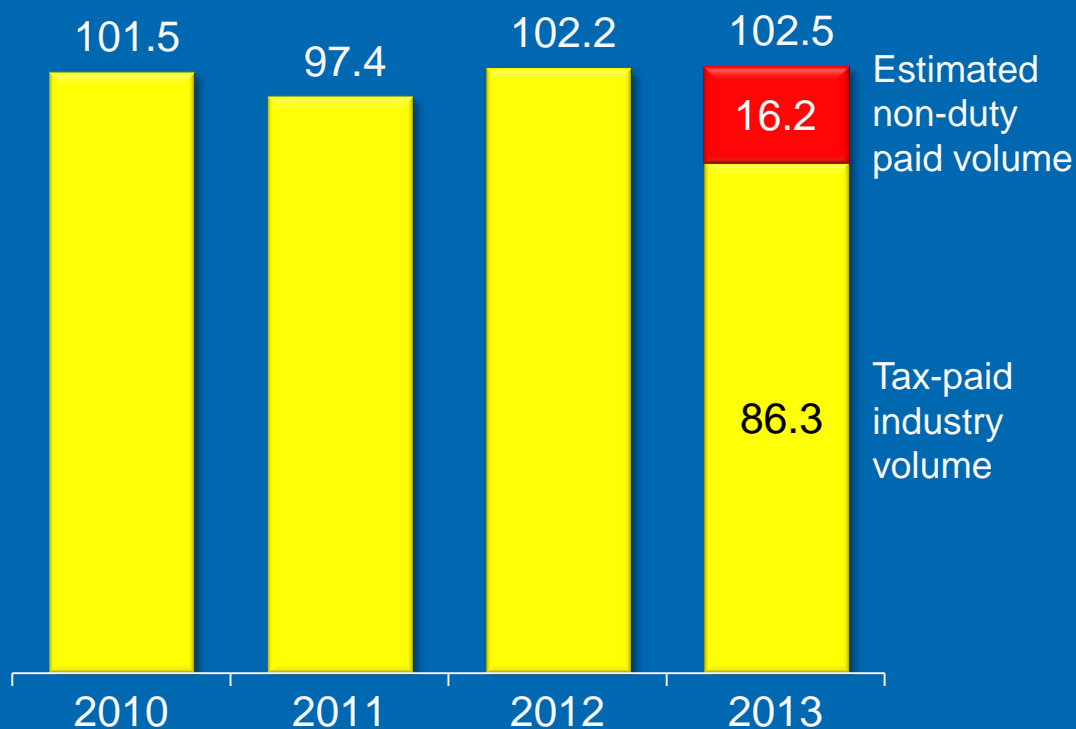


- 2013 volume declared for tax purposes: 13.7 billion
- Volume sold as estimated using Nielsen data: 29.9 billion
- Estimated loss of government revenues: approximately \$250 million

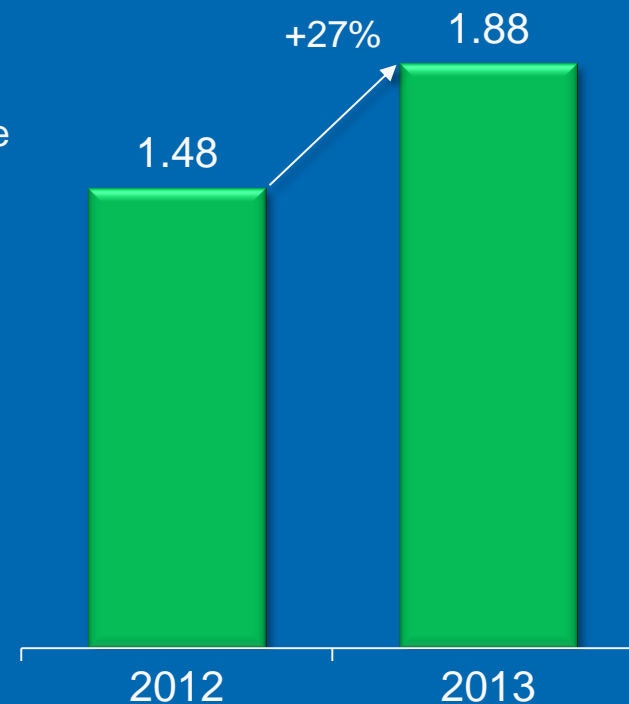


Philippines: Stable Consumption

Cigarette Industry Volume
(units billion)



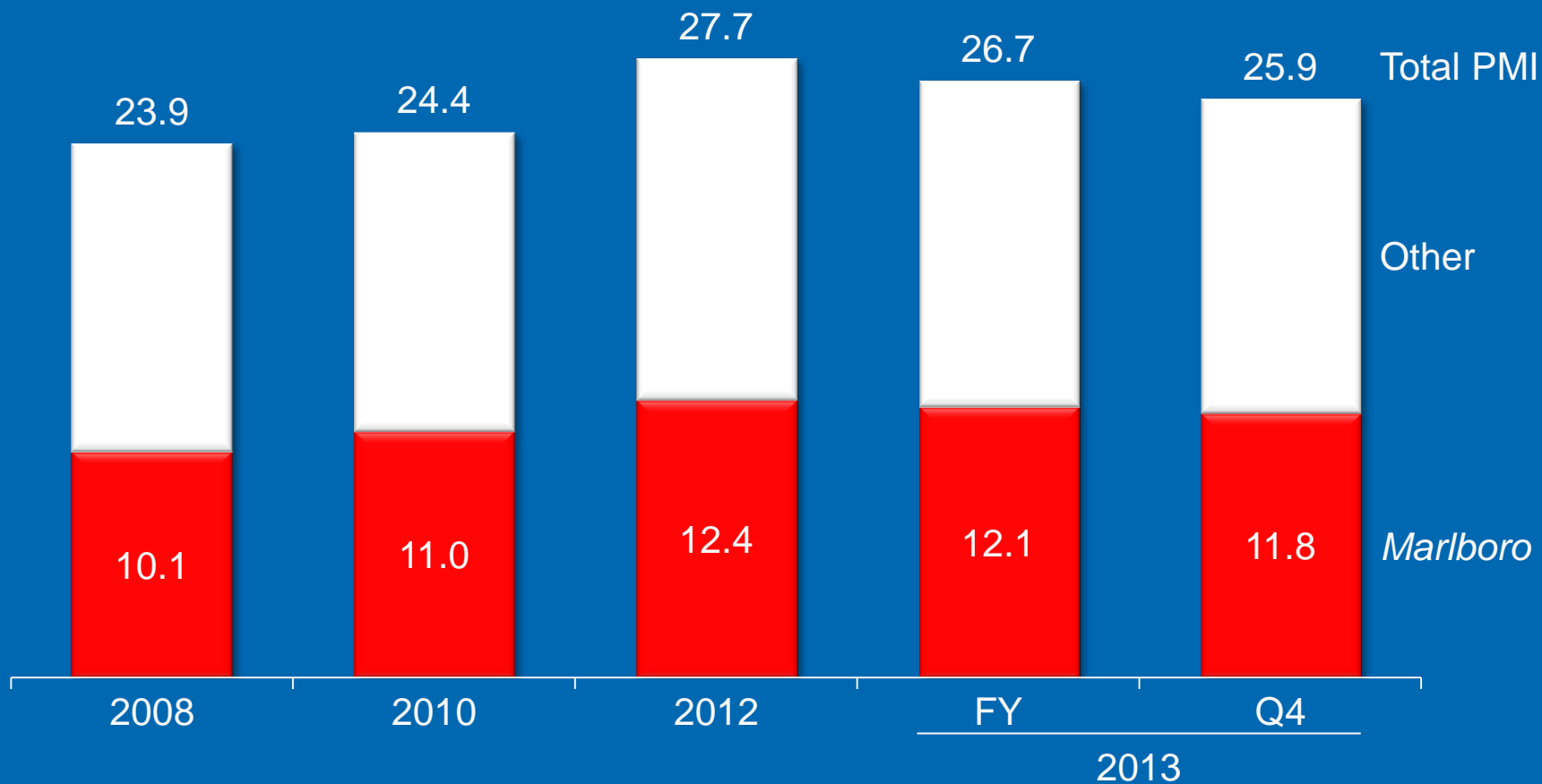
Weighted-Average Stick Price
(PHP/stick)





Japan: Recent Market Share Decline

PMI Market Share (%)

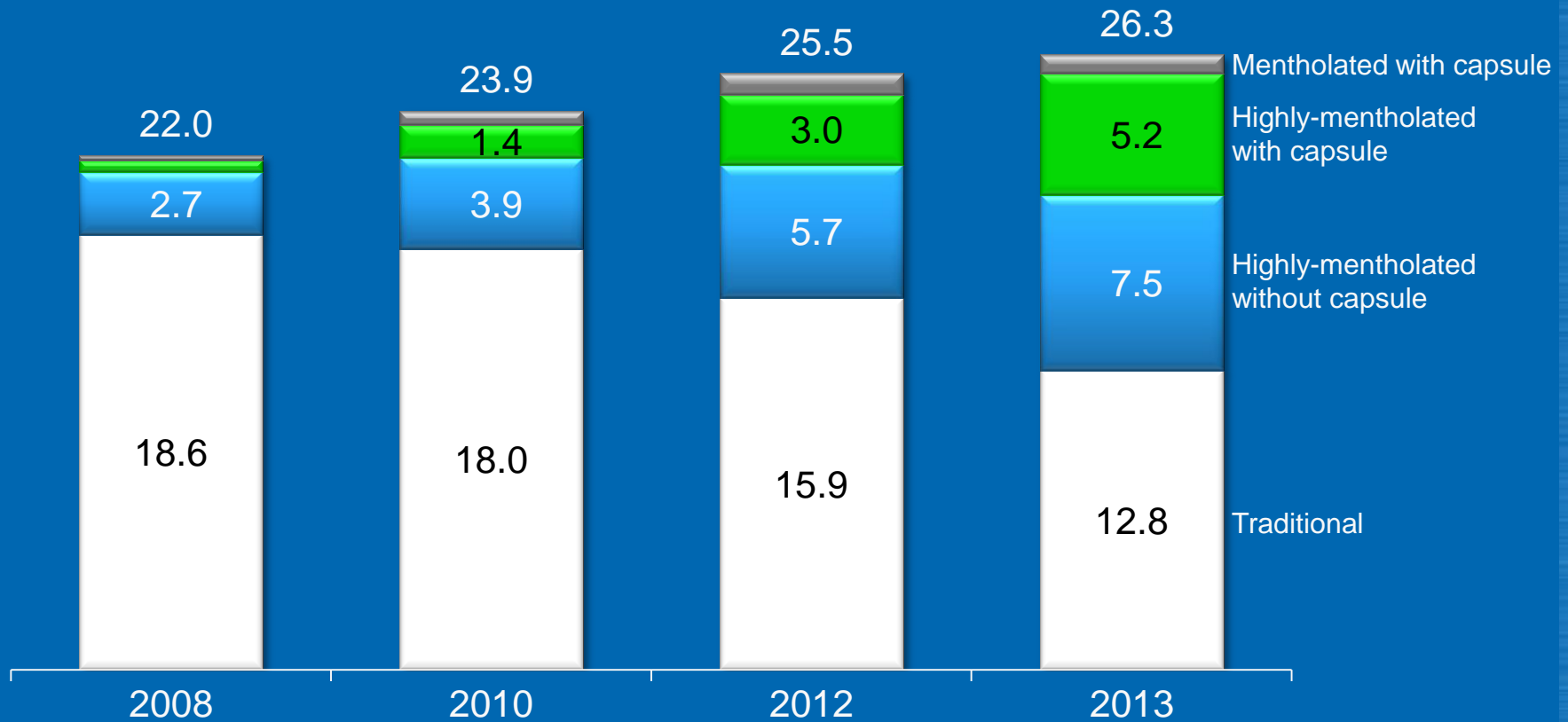


Japan: Innovation Driving Menthol Segment Growth



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Menthol Share of Market (%)

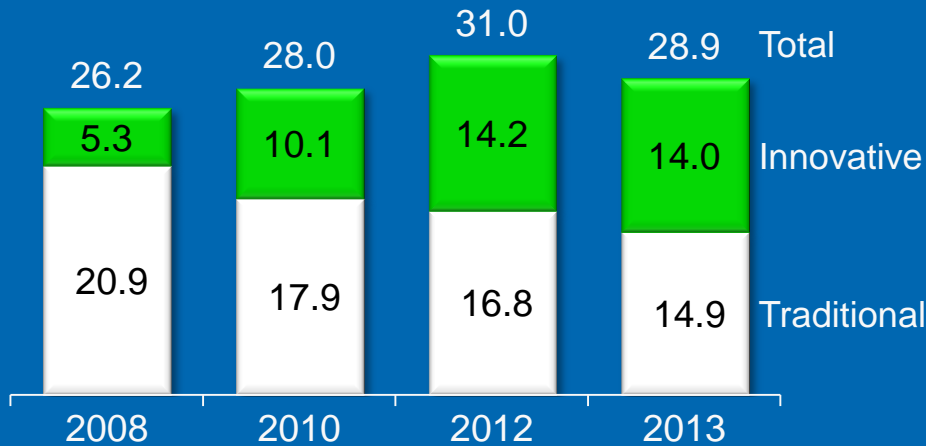


Japan: Innovation Driving Menthol Segment Share



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Marlboro Share of Segment (%)



Mevius Share of Segment (%)

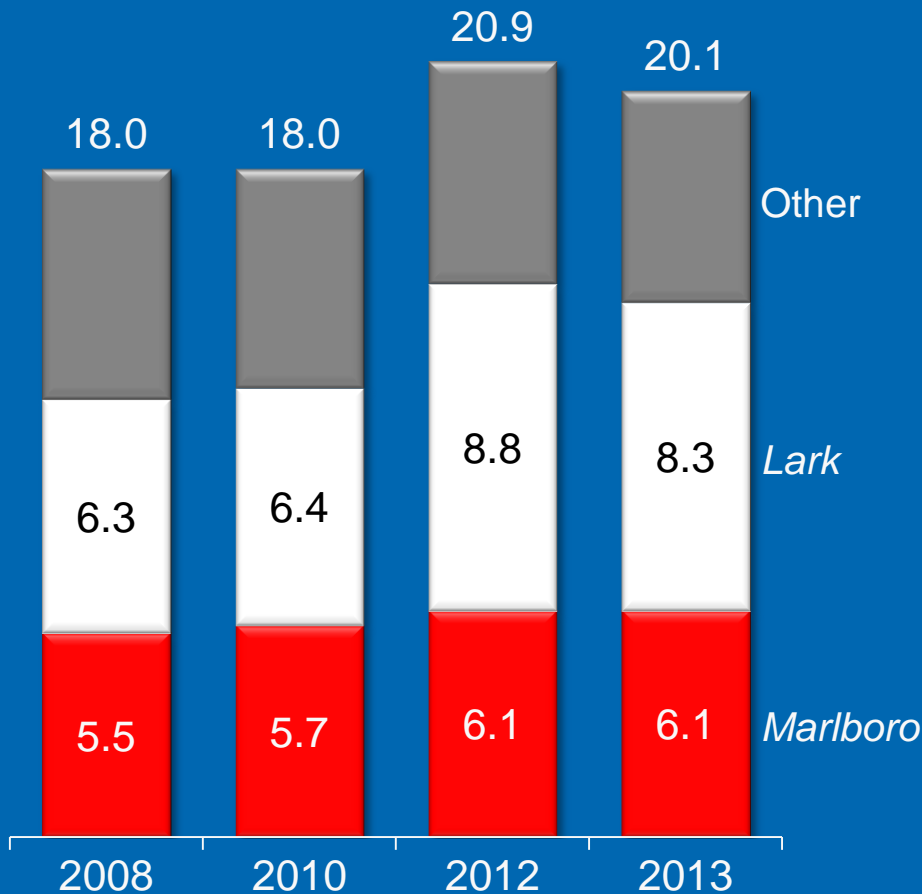


Japan: Defending *Lark* and Expanding *Marlboro* in Non-Menthol



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Shares of Non-Menthol Segment (%)

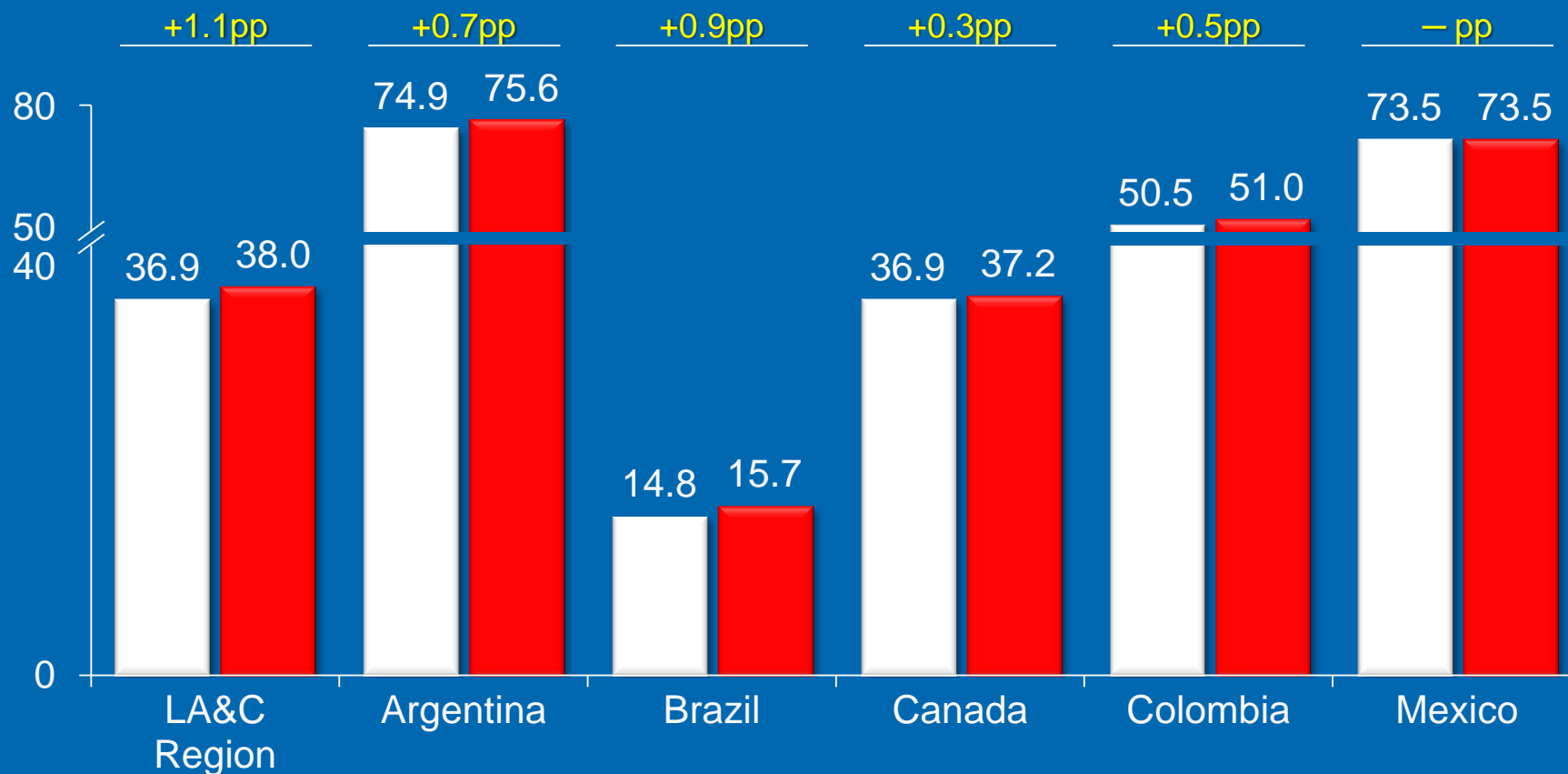




LA&C Region: Strong Market Share Momentum

PMI Cigarette Shares (%)

■ 2012 ■ 2013



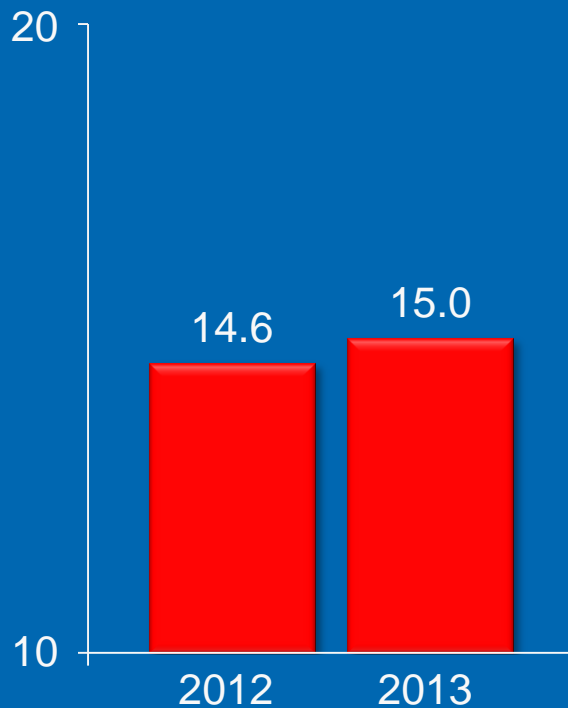
LA&C Region: *Marlboro* Growing in an Expanding Premium Segment



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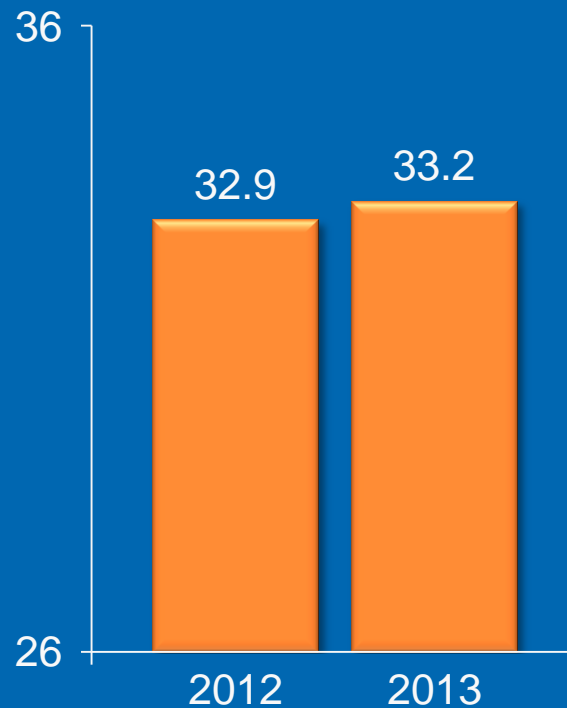
Marlboro
Share of Market (%)

+0.4pp



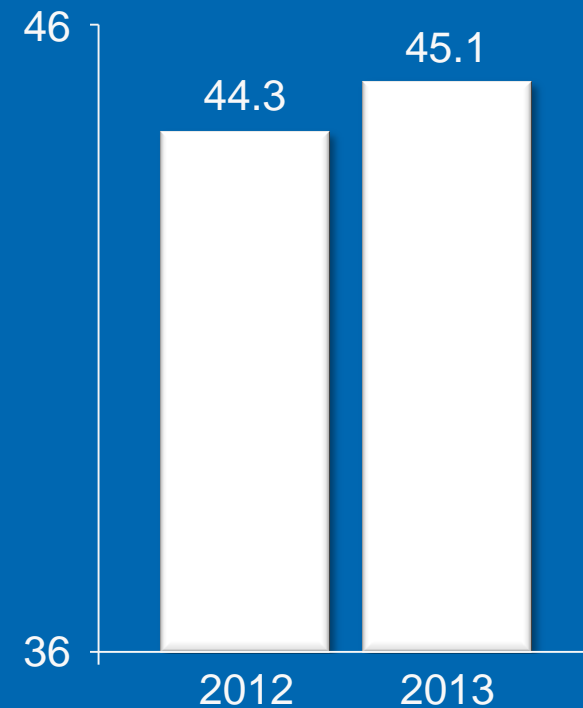
Premium^(a)
Share of Market (%)

+0.3pp



Marlboro
Share of Segment (%)

+0.8pp



(a) Includes above premium
Source: PMI estimates



Marlboro: Market Share Momentum

| | Market Shares (%) | | |
|---------------------|-------------------|-------------|-------------|
| | <u>2011</u> | <u>2012</u> | <u>2013</u> |
| EU | 18.4 | 18.6 | 19.0 |
| EEMA | 6.8 | 7.0 | 7.1 |
| Asia ^(a) | 5.1 | 5.2 | 5.3 |
| LA&C | 14.0 | 14.6 | 15.0 |

(a) Excluding China and the Philippines
Source: PMI estimates



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Marlboro: Key Drivers of Growth

- New architecture
- Consumer-relevant innovation
- New marketing campaign



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Marlboro: Architecture

Flavor Line
“Flavor enjoyment”



Gold Line
“Smooth taste and progressiveness”

Fresh Line
“Differentiated taste sensations”



Note: Pack designs are for illustrative purposes only

TASTE BY DESIGN



NEW
MARLBORO
FILTER PLUS

Advanced filter technology and innovative sliding pack.
Brought to you by the world's No.1 selling cigarette.

© 2013 Philip Morris Inc. All rights reserved. Marlboro and the chevron logo are trademarks of Philip Morris Inc. in the U.S. and other countries. Filter Plus and the sliding pack are trademarks of Philip Morris Inc. in the U.S. and other countries. Health Warning: Smoking is a main cause of lung cancer, lung diseases and of heart and arteries diseases.

تحذير صحي: التدخين سبب رئيسي لسرطان وأمراض الرئة وأمراض القلب والشرايين.
Health Warning: Smoking is a main cause of lung cancer, lung diseases and of heart and arteries diseases.



IN TOUCH

NUEVO
MARLBORO
TOUCH



BE MARLBORO

Fumar perjudica gravemente su salud y la de los que están a su alrededor

衝撃、極まる。2つの強靱メンソール。

BLACK

BLACK MENTHOL
EDGE

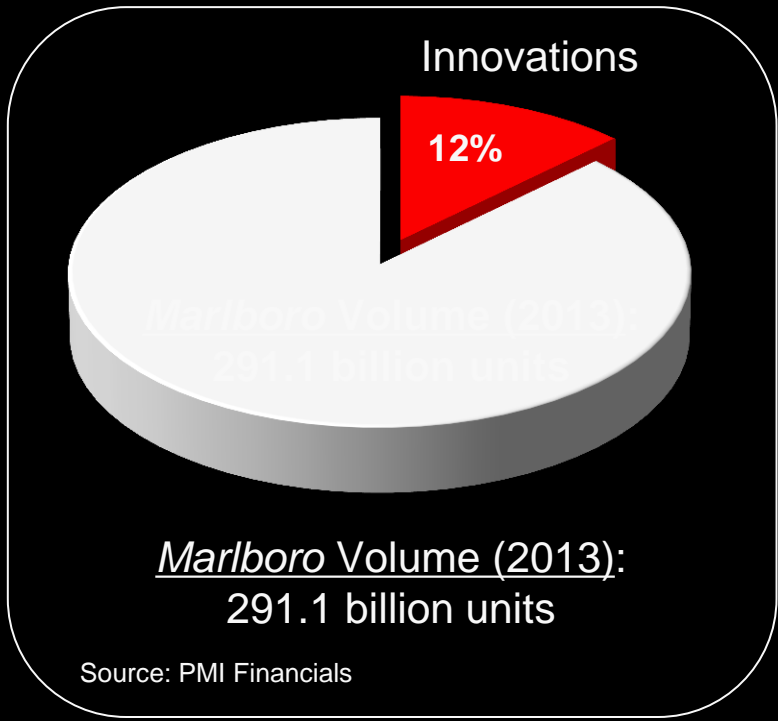


喫煙は、あなたにとって肺がんの原因の一つとなり、心筋梗塞・脳卒中の危険性や肺気腫を悪化させる危険性を高めます。
未成年者の喫煙は、健康に対する悪影響やたばこの依存をより強めます。周りの人から勧められても決して吸ってはいけません。

CHOOSE CHANGE
REGULAR TO FRESH TASTE



Roken is dodelijk



~~MAYBE~~
I WILL
REACH A
DECISION



التدخين يحرق أعضاء الجسد بأكثر من ٢٥ مرضاً بما في ذلك السرطان والأمراض القلبية
Smoking increases risk of more than 25 diseases including cancer and cardiovascular disease

**NEVER SAY
MAYBE**

BE **MARLBORO**

MEROKOK DAPAT MENYEBABKAN KANKER, SERANGAN JANTUNG, IMPOTENSI DAN GANGGUAN KEHAMILAN DAN JANIN





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***Marlboro* Architecture 2.0**

- The next level of the brand's evolution
- Objective: expand *Marlboro's* appeal

Marlboro Architecture 2.0: New Flavor Line-up



Note: Pack designs are for illustrative purposes only

Marlboro Architecture 2.0: New Fresh Line-up



Note: Pack designs are for illustrative purposes only

RED IS a new
design



Nur in Stuttgart und Nürnberg.
Die Menge an Teer, Nikotin und Kohlenmonoxid, die Sie inhalieren,
variiert, je nachdem, wie Sie Ihre Zigarette rauchen.

Rauchen kann tödlich sein. Der Rauch einer Zigarette dieser Marke enthält
10 mg Teer, 0,8 mg Nikotin und 10 mg Kohlenmonoxid. (Durchschnittswerte nach ISO)

**RED
IS
FEARLESS**

BE > MARLBORO



Smoking kills

Marlboro
ADVANCE

不 思 議 的 藍

全 新 萬 寶 路 進 化 藍



今年12月 為你進化

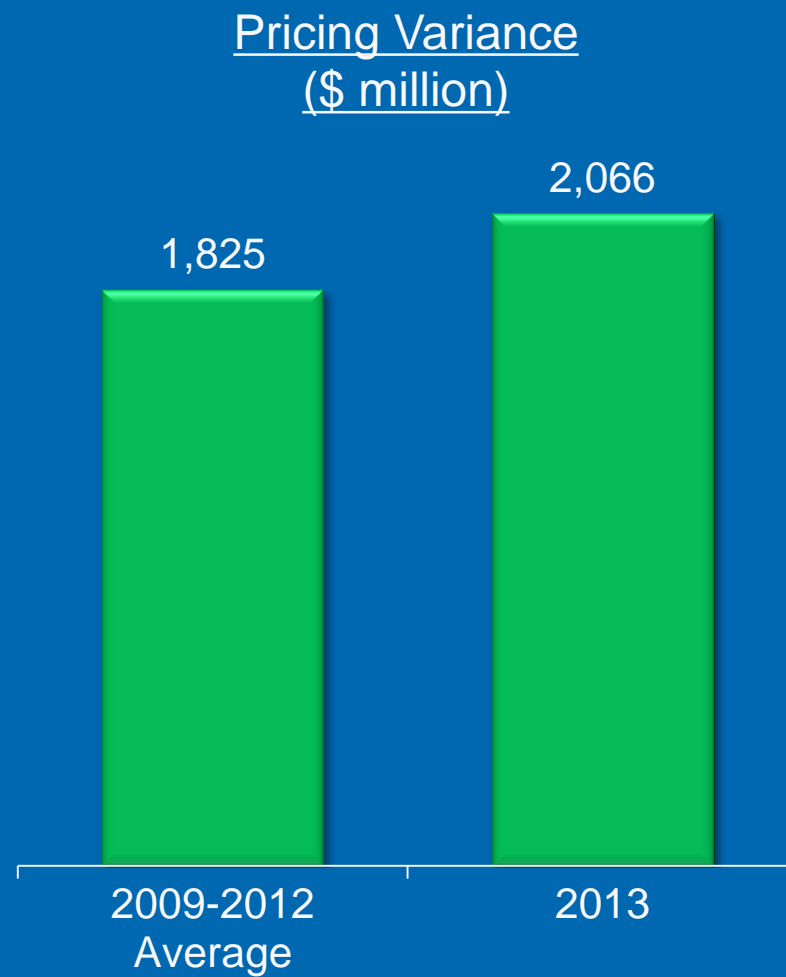
菸品不得售予未滿十八歲者。本文件僅供菲利普莫里斯相關人員及零售業者內部使用，請勿對外公開，亦勿置於消費者可見處。

吸 菸 會 導 致 肺 癌 、 肺 氣 腫



Pricing Power Based on Superior Brand Portfolio

- We remain confident in the long-term sustainability of our pricing strategy
- 2013 pricing variance reflects the timing of tax-driven price increases and unusually large gains due to inventory movements, most notably in the Philippines
- In Q1, 2014, we expect the EPS growth rate, excluding currency, to be below our average for the year

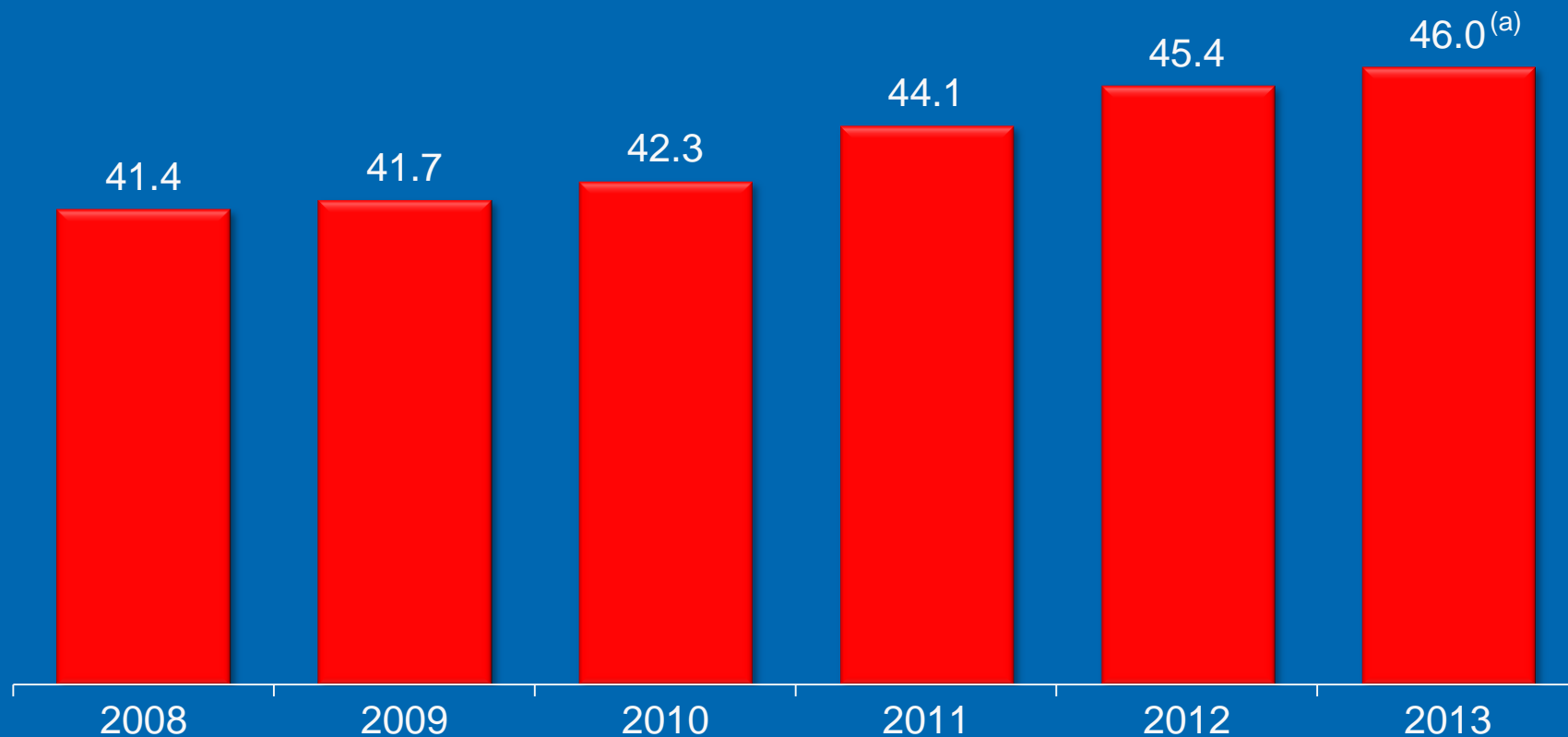


Margin Improvements Driven by Pricing and Productivity Gains



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Adjusted OCI Margin (%)



(a) Excluding currency

Note: Margins are calculated as adjusted OCI, divided by net revenues

Source: PMI Financials



Currencies: Impact on EPS

| | 2013 Actuals | | 2014 Guidance | |
|-------------------------|----------------|------------|----------------|------------|
| | EPS/share (\$) | % Total | EPS/share (\$) | % Total |
| Emerging Markets | (0.16) | 47 | (0.45) | 63 |
| Japanese Yen | (0.16) | 47 | (0.20) | 28 |
| Other Developed Markets | (0.02) | 6 | (0.06) | 9 |
| Total PMI | (0.34) | 100 | (0.71) | 100 |



Why Emerging Markets Are Important to PMI

- Growing adult population
- Increasing consumer purchasing power
- Adult smokers up-trading
- Predominantly specific excise taxes
- Local competitors

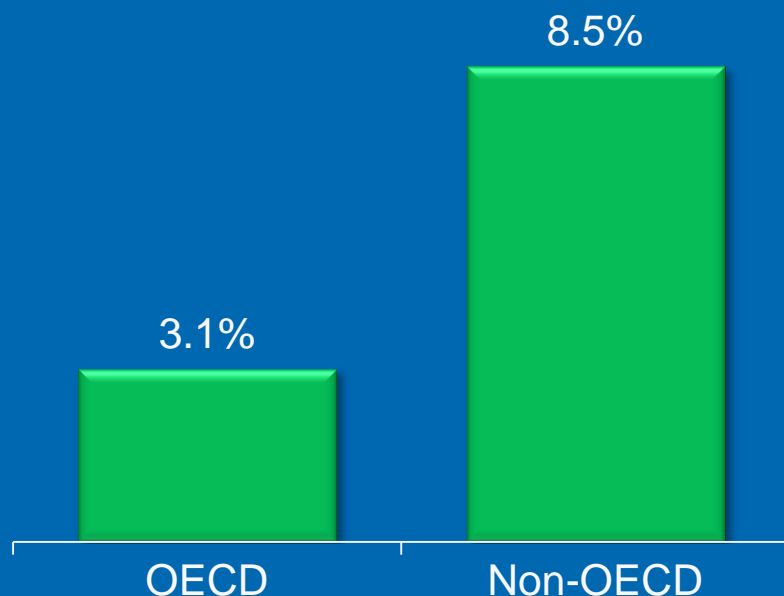


Faster expansion of margins in emerging markets

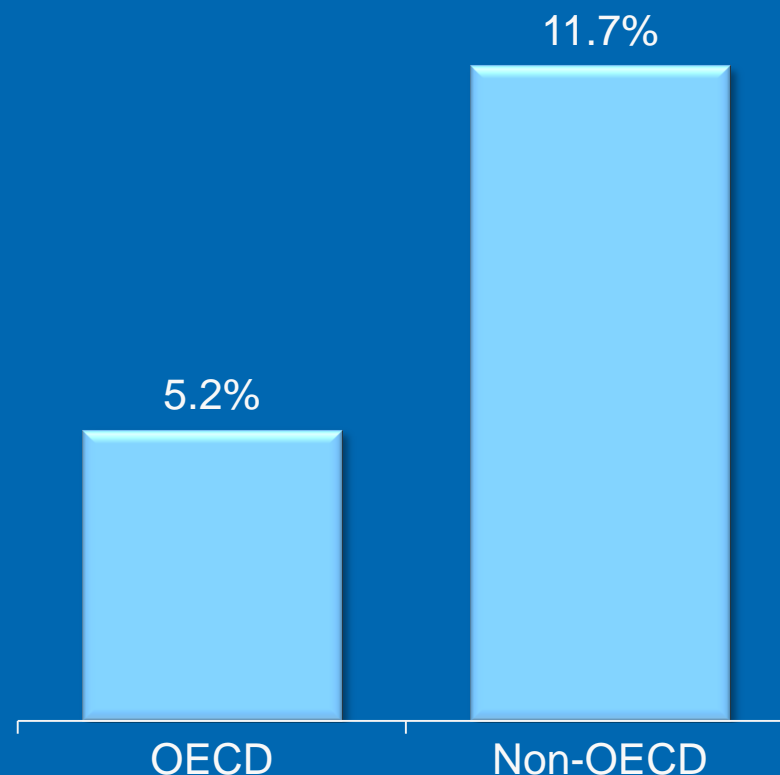


Emerging Markets: Growing in Importance

Net Revenues
CAGR (2007 Pro Forma – 2013)



Adjusted OCI
CAGR (2007 Pro Forma – 2013)

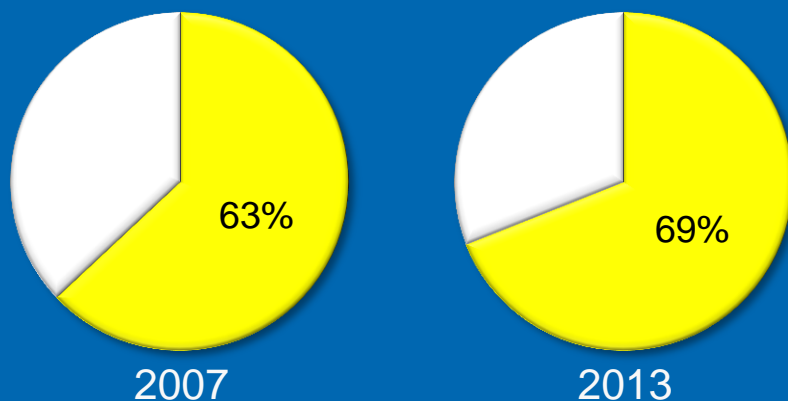




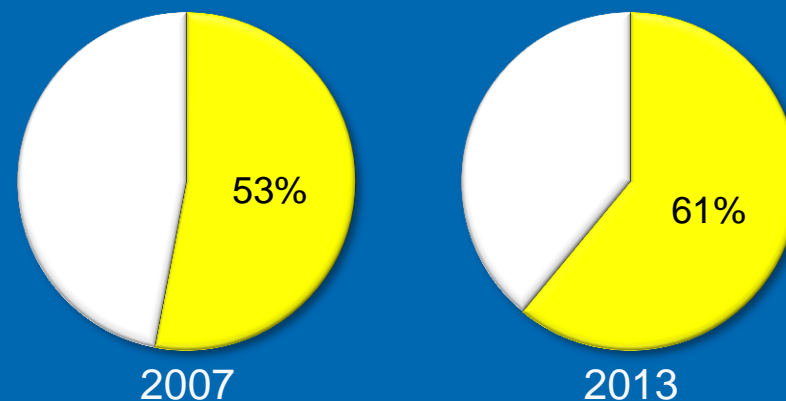
Emerging Markets: Growing in Importance

■ OECD ■ Non-OECD

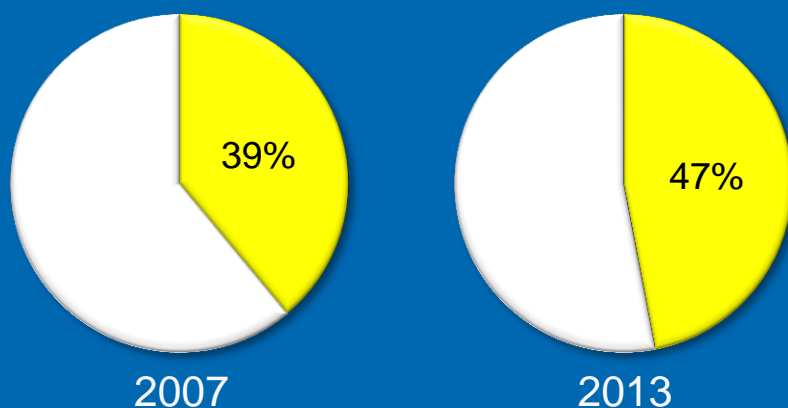
Industry Volume^(a)



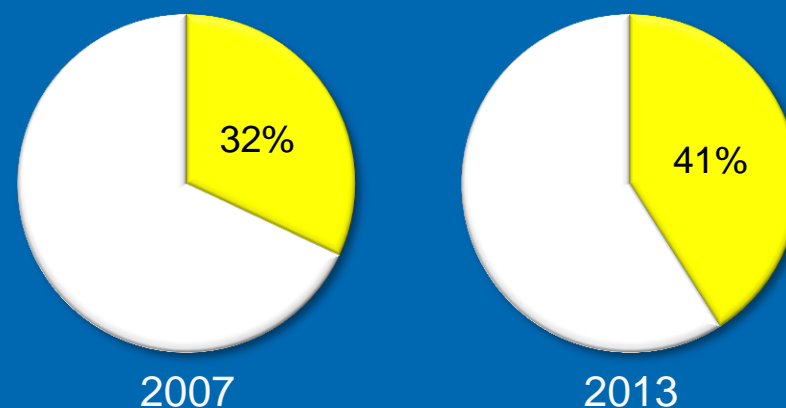
PMI Volume^(b)



PMI Net Revenues^(b)



PMI Adjusted OCI^(b)



(a) OECD excludes the USA and duty free. Non-OECD excludes China and duty free

(b) OECD excludes the USA

Source: PMI estimates and PMI Financials

Reduced-Risk Products: Our Greatest Growth Opportunity



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- 2012: exploratory clinical trials confirmed we were on the right track
- 2013/14: further eight clinical trials initiated in different locations worldwide
- 2014: initiation of longer-term clinical trials
- 2014: results and analysis, an important part of our evidence package

Reduced-Risk Products: Very Positive Consumer Tests in Japan and Italy



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- Four-week usage studies
- Large representative samples
- Platform 1 has broad appeal:
 - 54% and 68%, respectively, of respondents declared a positive purchase intention
 - 30% and 12%, respectively, of home usage participants adopted the product
- Test results surpassed our expectations and provided us with valuable insights

Reduced-Risk Products: Platform 1 Launch Preparation



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- 2014: continuation of perception and behavioral studies
- 2014: finalization of packaging and labeling
- Q4, 2014: two city tests
- 2015: first national launch



Reduced-Risk Products: Manufacturing

- PMI to produce the *HeatSticks* and outsource the Platform 1 electronics
- Building 30 billion unit capacity plant near Bologna, Italy
- Plant to be completed in 2016
- Up to €500 million in capital expenditures



Reduced-Risk Products: Developing a Portfolio

- Platforms 1 and 2: heat-not-burn tobacco products
- E-cigarettes, including “next generation”
- Platform 3: aerosol technology
- Additional platforms

Reduced-Risk Products: The Potential in Perspective



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- Potential adult smoker volume base estimated at 1 trillion units
- If adoption rate is 3%-5%, net incremental annual volume could be 30-50 billion units
- Potential additional margins of \$720 million to \$1.2 billion over time



Business Development: Accretive to Earnings

- Expected net EPS impact of approximately 10 cents in 2014
- Remaining 20% shareholding in Mexico
- 20% shareholding in our Russian distributor, Megapolis
- 49% participation in Arab Investors-TA (Algeria)
- Business restructuring in Egypt



Megapolis (Russia)

Business Development: Growth Opportunities in North Africa

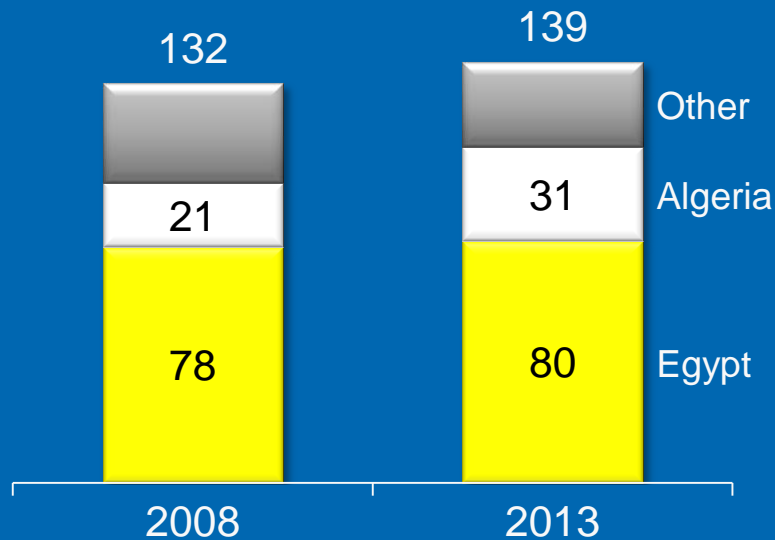


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- Reinforcing our competitive position and enhancing our participation in the local profit pool

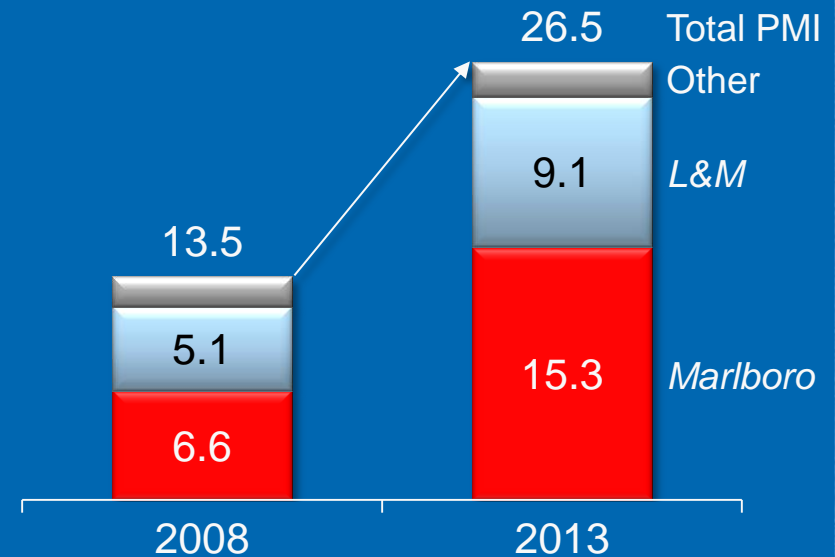
North Africa:
Cigarette Industry Volume (units billion)

CAGR: 1.0%



North Africa:
PMI Market Share (%)

+13.0pp



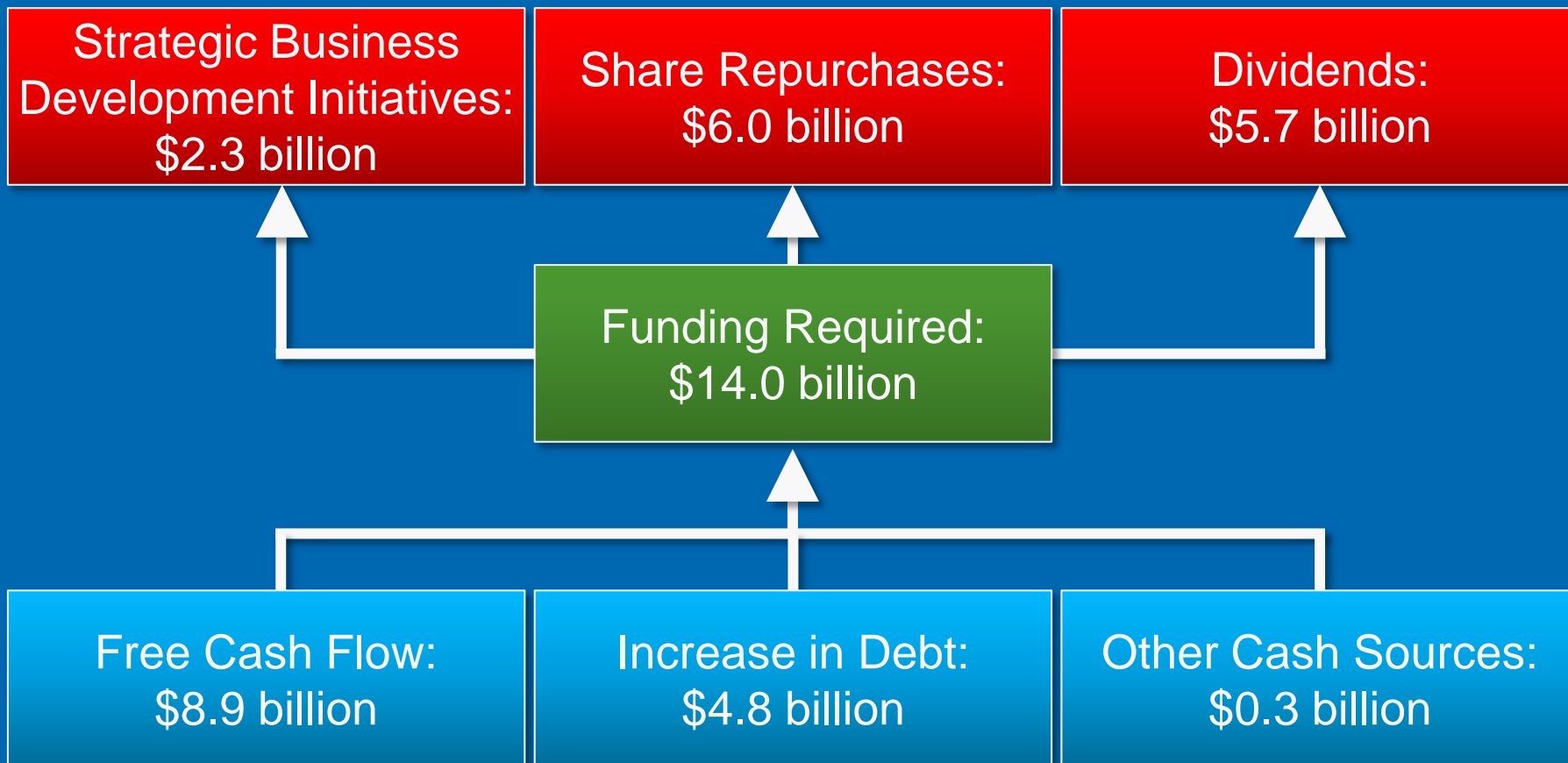
Note: North Africa includes Algeria, Egypt, Libya, Morocco and Tunisia
Source: PMI estimates

Cash Outflow, Free Cash Flow and Borrowing in 2013



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INTERNATIONAL

2013



Note: Free cash flow is defined as net cash provided by operating activities less capital expenditures

Source: PMI Financials

Rewarding Our Shareholders: Share Repurchases and Dividends



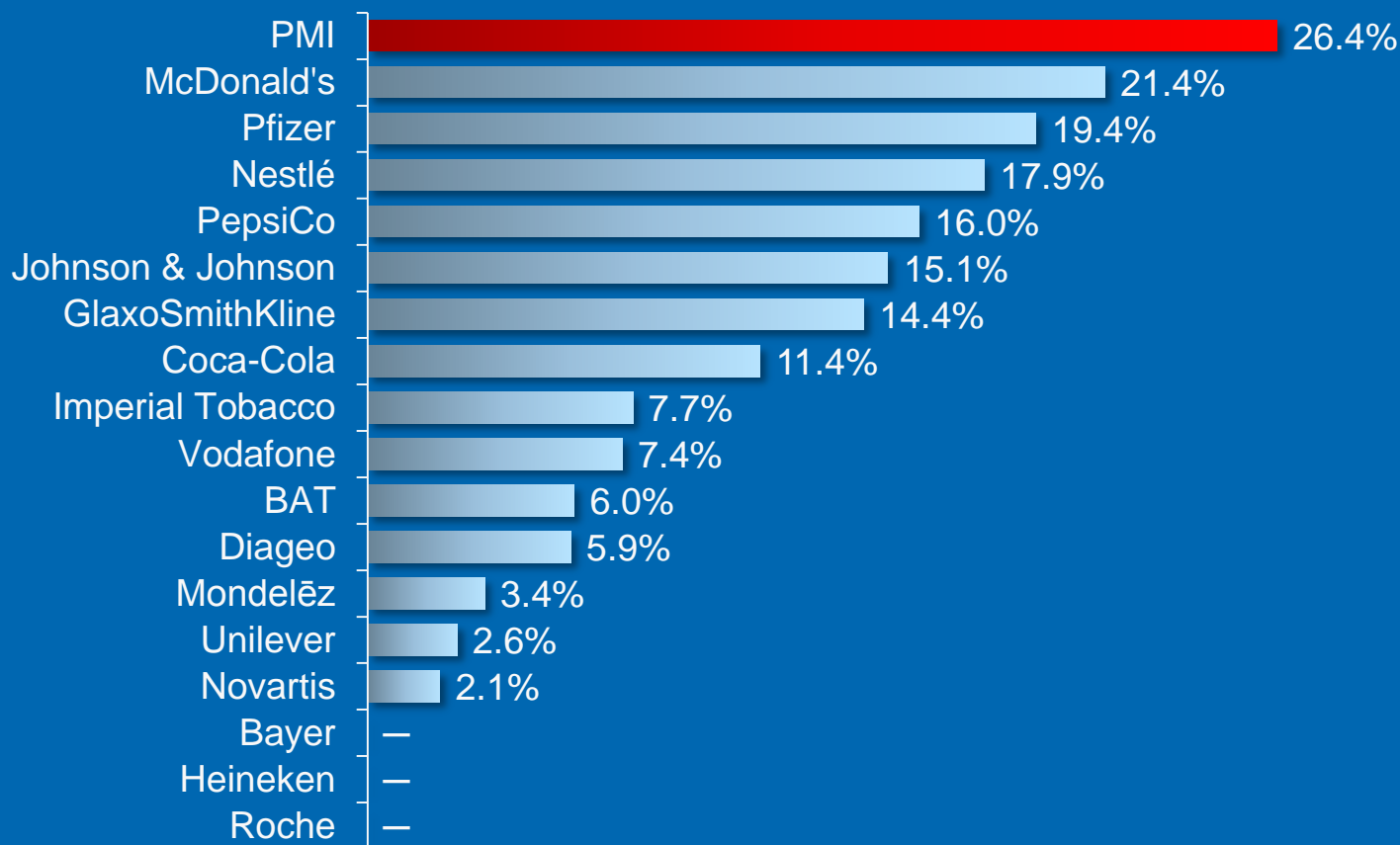
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- Intent on maintaining our “single A” credit rating
- Target 2014 share repurchases is \$4.0 billion
- Target dividend payout ratio remains 65%
- Need to bring our cash outlays gradually in line with our cash inflows



Rewarding Our Shareholders: Share Repurchases

Share Repurchases as a Percentage of Shares Outstanding at Spin: Compensation Survey Group (2008 – 2013)



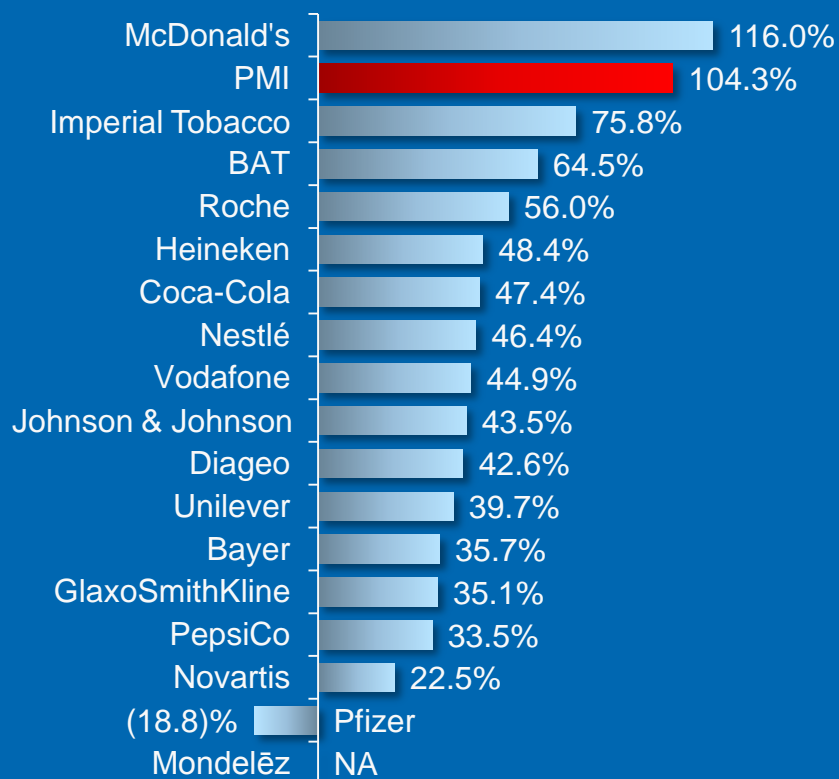
Note: Share repurchases as a percentage of shares outstanding at spin is defined as total 2008-2013 repurchases over total shares outstanding as of December 31, 2007

Source: Company filings, compiled by Centerview

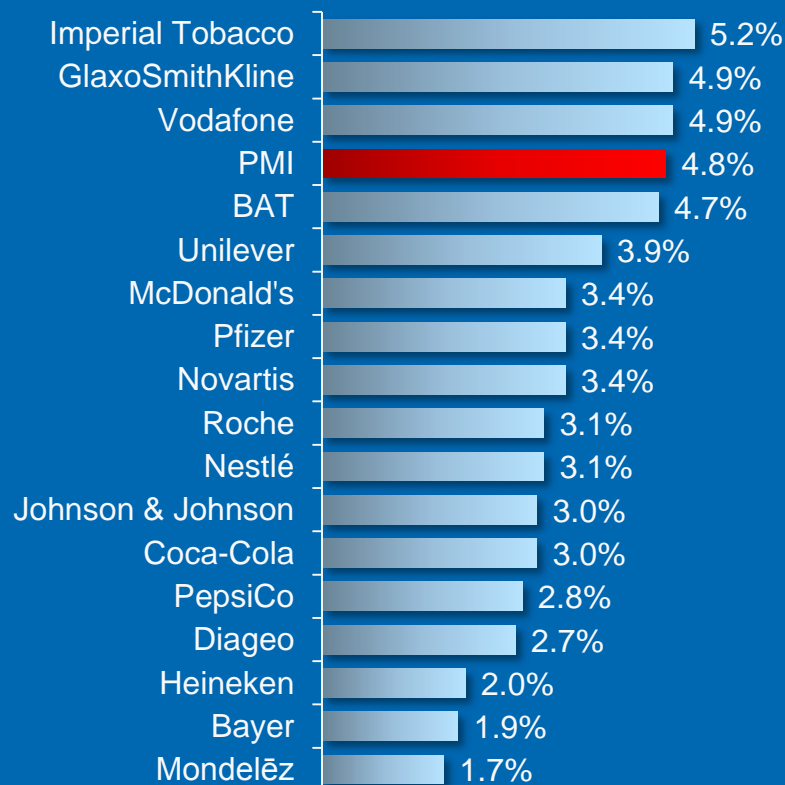


Rewarding Our Shareholders: Dividends

Dividend Growth:
Compensation Survey Group
(2008 – January 31, 2014)



Dividend Yield:
Compensation Survey Group
(January 31, 2014)



Note: PMI reflects absolute growth in annualized announced dividends from time of first PMI dividend of \$0.46 in June 2008 through January 31, 2014. Companies in the compensation survey group reflect absolute growth from FY 2008 dividends or Q2, 2008 annualized dividend through current last twelve months dividends or current last quarter annualized dividend as appropriate. Dividend yield represents the annualized dividend on January 31, 2014, over the closing share price on that date. The share price for PMI was \$78.14 as of January 31, 2014. The annualized dividend was \$3.76

Source: FactSet, compiled by Centerview



Conclusion: PMI is an Attractive Investment

- 2014 is an investment year during which we will address certain key market-specific challenges
- As of 2015, we expect to meet our annual currency-neutral net revenues and adjusted OCI growth targets
- Leveraging OCI to EPS will depend on the size of our share repurchases



Conclusion: PMI is an Attractive Investment

- Strong business fundamentals:
 - Global market leadership
 - Superior brand portfolio
 - Strong pricing power
 - Moderation in the growth of our cost base
 - Strong cash flow
- Reasonable excise tax environment
- Business development initiatives
- Significant opportunity for Reduced-Risk Products



PHILIP MORRIS INTERNATIONAL

**Consumer Analyst Group of New York
(CAGNY) Conference
February 18, 2014**

André Calantzopoulos
Chief Executive Officer
Philip Morris International

QUESTIONS & ANSWERS



PHILIP MORRIS INTERNATIONAL

**Consumer Analyst Group of New York
(CAGNY) Conference
February 18, 2014**

André Calantzopoulos
Chief Executive Officer
Philip Morris International



PHILIP MORRIS INTERNATIONAL

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
- Organic volume refers to volume excluding acquisitions
- 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



Glossary

- Trademarks and service marks in this presentation are italicized
- EEMA refers to the Eastern Europe, Middle East & Africa Region
- EU refers to the European Union Region
- LA&C refers to the Latin America & Canada Region
- SKM stands for machine-made kretek
- SKT stands for hand-made kretek
- FF stands for full flavor
- LTLN stands for low tar/low nicotine
- Illicit trade refers to domestic non-tax paid products
- Free cash flow is defined as net cash provided by operating activities less capital expenditures

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures



PHILIP MORRIS
INTERNATIONAL

Adjustments for the Impact of Currency and Acquisitions For the Years Ended December 31, (\$ in millions) (Unaudited)

| 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 Acquisitions | 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 | \$ 27,338 | \$ 18,812 | \$ 8,526 | 0.8% | (1.6)% | (1.6)% | | | | |
| 20,695 | 11,929 | 8,766 | (98) | 8,864 | - | 8,864 | 19,272 | 10,940 | 8,332 | 5.2% | 6.4% | 6.4% | | | | |
| 20,987 | 10,486 | 10,501 | (726) | 11,227 | - | 11,227 | 21,071 | 9,873 | 11,198 | (6.2)% | 0.3% | 0.3% | | | | |
| 10,044 | 6,690 | 3,354 | (146) | 3,500 | - | 3,500 | 9,712 | 6,391 | 3,321 | 1.0% | 5.4% | 5.4% | | | | |
| \$ 80,029 | \$ 48,812 | \$ 31,217 | \$ (765) | \$ 31,982 | \$ - | \$ 31,982 | \$ 77,393 | \$ 46,016 | \$ 31,377 | (0.5)% | 1.9% | 1.9% | | | | |

| 2013 | | | | | | | 2012 | | | | | | | % Change in Reported Operating Companies Income | | |
|-------------------------------------|-----------------|--|-------------------|---|-------------------------------------|---|-------------------------------------|-------------------------------------|-------------|-----------------------------|--|--|--|---|--|--|
| Reported Operating Companies Income | Less Currency | Reported Operating Companies Income excluding Currency | Less Acquisitions | Reported Operating Companies Income excluding Currency & Acquisitions | Reported Operating Companies Income | Reported Operating Companies Income excluding Currency & Acquisitions | Reported Operating Companies Income | Reported Operating Companies Income | Reported | Reported excluding Currency | Reported excluding Currency & Acquisitions | | | | | |
| \$ 4,238 | \$ 92 | \$ 4,146 | \$ - | \$ 4,146 | \$ 4,187 | \$ 4,187 | \$ 4,187 | 1.2% | (1.0)% | (1.0)% | | | | | | |
| 3,779 | (122) | 3,901 | - | 3,901 | 3,726 | 3,726 | 3,726 | 1.4% | 4.7% | 4.7% | | | | | | |
| 4,622 | (548) | 5,170 | - | 5,170 | 5,197 | 5,197 | 5,197 | (11.1)% | (0.5)% | (0.5)% | | | | | | |
| 1,134 | (64) | 1,198 | - | 1,198 | 1,043 | 1,043 | 1,043 | 8.7% | 14.9% | 14.9% | | | | | | |
| \$ 13,773 | \$ (642) | \$ 14,415 | \$ - | \$ 14,415 | \$ 14,153 | \$ 14,153 | \$ 14,153 | (2.7)% | 1.9% | 1.9% | | | | | | |

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 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% |
| \$ 13,773 | \$ (309) | \$ 14,082 | \$ (642) | \$ 14,724 | \$ - | \$ 14,724 | \$ 14,153 | \$ (83) | \$ 14,236 | (1.1)% | 3.4% | 3.4% |
| | | | | | | | European Union | | | | | |
| | | | | | | | EEMA | | | | | |
| | | | | | | | Asia | | | | | |
| | | | | | | | Latin America & Canada | | | | | |
| | | | | | | | PMI Total | | | | | |

| 2013 | | | | | | | 2012 | | | % Points Change | |
|--|---|---|---|---|--|-------------------------------------|-------------------------------------|--|--|---|--|
| Adjusted Operating Companies Income excluding Currency | Net Revenues excluding Excise Taxes & Currency ^(a) | Adjusted Operating Companies Income Margin excluding Currency | Adjusted Operating Companies Income excluding Currency & Acquisitions | Net Revenues excluding Excise Taxes, Currency & Acquisitions ^(a) | Adjusted Operating Companies Income Margin excluding Currency & Acquisitions | Adjusted Operating Companies Income | Adjusted Operating Companies Income | Net Revenues excluding Excise Taxes ^(a) | 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% | 49.2% | 0.4 | 0.4 |
| 4,165 | 8,864 | 47.0% | 4,165 | 8,864 | 47.0% | 3,731 | 8,332 | 44.8% | 44.8% | 2.2 | 2.2 |
| 5,197 | 11,227 | 46.3% | 5,197 | 11,227 | 46.3% | 5,236 | 11,198 | 46.8% | 46.8% | (0.5) | (0.5) |
| 1,203 | 3,500 | 34.4% | 1,203 | 3,500 | 34.4% | 1,077 | 3,321 | 32.4% | 32.4% | 2.0 | 2.0 |
| \$ 14,724 | \$ 31,982 | 46.0% | \$ 14,724 | \$ 31,982 | 46.0% | \$ 14,236 | \$ 31,377 | 45.4% | 45.4% | 0.6 | 0.6 |
| | | | | | | | European Union | | | | |
| | | | | | | | EEMA | | | | |
| | | | | | | | Asia | | | | |
| | | | | | | | Latin America & Canada | | | | |
| | | | | | | | PMI Total | | | | |

(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)

| | <u>2013</u> | <u>2012</u> | <u>% Change</u> |
|---|----------------|----------------|-----------------|
| Reported Diluted EPS | \$ 5.26 | \$ 5.17 | 1.7% |
| Adjustments: | | | |
| Asset impairment and exit costs | 0.12 | 0.03 | |
| Tax items | 0.02 | 0.02 | |
| Adjusted Diluted EPS | \$ 5.40 | \$ 5.22 | 3.4% |
| Less: | | | |
| Currency impact | (0.34) | | |
| Adjusted Diluted EPS, excluding Currency | <u>\$ 5.74</u> | <u>\$ 5.22</u> | 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 December 31, (\$ in millions) (Unaudited)

| 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 Acquisitions | 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 | |
| \$ 7,048 | \$ 4,909 | \$ 2,139 | \$ 85 | \$ 2,054 | \$ - | \$ 2,054 | European Union | \$ 6,684 | \$ 4,621 | \$ 2,063 | 3.7% | (0.4)% | (0.4)% | |
| 5,349 | 3,092 | 2,257 | (50) | 2,307 | - | 2,307 | EEMA | 5,016 | 2,877 | 2,139 | 5.5% | 7.9% | 7.9% | |
| 5,211 | 2,735 | 2,476 | (268) | 2,744 | - | 2,744 | Asia | 5,403 | 2,598 | 2,805 | (11.7)% | (2.2)% | (2.2)% | |
| 2,782 | 1,865 | 917 | (66) | 983 | - | 983 | Latin America & Canada | 2,639 | 1,757 | 882 | 4.0% | 11.5% | 11.5% | |
| \$ 20,390 | \$ 12,601 | \$ 7,789 | \$ (299) | \$ 8,088 | \$ - | \$ 8,088 | PMI Total | \$ 19,742 | \$ 11,853 | \$ 7,889 | (1.3)% | 2.5% | 2.5% | |

| 2013 | | | | | | | | 2012 | | | | % Change in Reported Operating Companies Income | | |
|-------------------------------------|--|-----------------|--|-------------------|---|--|------------------|-------------------------------------|--|-------------------------------------|---------------|---|--|--|
| Reported Operating Companies Income | | Less Currency | Reported Operating Companies Income excluding Currency | Less Acquisitions | Reported Operating Companies Income excluding Currency & Acquisitions | | | Reported Operating Companies Income | | Reported Operating Companies Income | Reported | Reported excluding Currency | Reported excluding Currency & Acquisitions | |
| \$ 1,011 | | \$ 39 | \$ 972 | \$ - | \$ 972 | | | \$ 955 | | \$ 955 | 5.9% | 1.8% | 1.8% | |
| 811 | | (59) | 870 | - | 870 | | | 921 | | 921 | (11.9)% | (5.5)% | (5.5)% | |
| 1,055 | | (155) | 1,210 | - | 1,210 | | | 1,129 | | 1,129 | (6.6)% | 7.2% | 7.2% | |
| 358 | | (39) | 397 | - | 397 | | | 290 | | 290 | 23.4% | 36.9% | 36.9% | |
| \$ 3,235 | | \$ (214) | \$ 3,449 | \$ - | \$ 3,449 | | PMI Total | \$ 3,295 | | \$ 3,295 | (1.8)% | 4.7% | 4.7% | |

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 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 |
| \$ 1,011 | \$ (13) | \$ 1,024 | \$ 39 | \$ 985 | \$ - | \$ 985 | \$ 955 | \$ (5) | \$ 960 | 6.7% | 2.6% | 2.6% |
| 811 | (264) | 1,075 | (59) | 1,134 | - | 1,134 | 921 | (5) | 926 | 16.1% | 22.5% | 22.5% |
| 1,055 | (19) | 1,074 | (155) | 1,229 | - | 1,229 | 1,129 | (15) | 1,144 | (6.1)% | 7.4% | 7.4% |
| 358 | (5) | 363 | (39) | 402 | - | 402 | 290 | (8) | 298 | 21.8% | 34.9% | 34.9% |
| \$ 3,235 | \$ (301) | \$ 3,536 | \$ (214) | \$ 3,750 | \$ - | \$ 3,750 | \$ 3,295 | \$ (33) | \$ 3,328 | 6.3% | 12.7% | 12.7% |

| 2013 | | | | | | | 2012 | | | % Points Change | |
|--|---|---|---|---|--|-------------------------------------|--|--|--|--|--|
| Adjusted Operating Companies Income excluding Currency | Net Revenues excluding Excise Taxes & Currency ^(a) | Adjusted Operating Companies Income Margin excluding Currency | Adjusted Operating Companies Income excluding Currency & Acquisitions | Net Revenues excluding Excise Taxes, Currency & Acquisitions ^(a) | Adjusted Operating Companies Income Margin excluding Currency & Acquisitions | Adjusted Operating Companies Income | Net Revenues excluding Excise Taxes ^(a) | Adjusted Operating Companies Income Margin | Adjusted Operating Companies Income excluding Currency | Adjusted Operating Companies Income Margin excluding Currency & Acquisitions | |
| \$ 985 | \$ 2,054 | 48.0% | \$ 985 | \$ 2,054 | 48.0% | \$ 960 | \$ 2,063 | 46.5% | 1.5 | 1.5 | |
| 1,134 | 2,307 | 49.2% | 1,134 | 2,307 | 49.2% | 926 | 2,139 | 43.3% | 5.9 | 5.9 | |
| 1,229 | 2,744 | 44.8% | 1,229 | 2,744 | 44.8% | 1,144 | 2,805 | 40.8% | 4.0 | 4.0 | |
| 402 | 983 | 40.9% | 402 | 983 | 40.9% | 298 | 882 | 33.8% | 7.1 | 7.1 | |
| \$ 3,750 | \$ 8,088 | 46.4% | \$ 3,750 | \$ 8,088 | 46.4% | \$ 3,328 | \$ 7,889 | 42.2% | 4.2 | 4.2 | |

(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 December 31,
(Unaudited)

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

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures



PHILIP MORRIS
INTERNATIONAL

Calculation of Adjusted Operating Companies Income Margins
(\$ in millions)
(Unaudited)

For the Year Ended December 31, 2008

| | Reported Operating Companies Income | Less Asset Impairment, Exit Costs & Other | Adjusted Operating Companies Income | Reported Net Revenues | Less Excise Taxes | Reported Net Revenues excluding Excise Taxes | Adjusted Operating Companies Income Margin |
|------------------------|--|--|--|--------------------------|-------------------------|---|---|
| European Union | \$ 4,738 | \$ (66) | \$ 4,804 | \$ 30,265 | \$ 20,577 | \$ 9,688 | 49.6% |
| EEMA | 3,119 | (1) | 3,120 | 14,817 | 7,313 | 7,504 | 41.6% |
| Asia | 2,057 | (14) | 2,071 | 12,222 | 6,037 | 6,185 | 33.5% |
| Latin America & Canada | 520 | (127) ^(a) | 647 | 6,336 | 4,008 | 2,328 | 27.8% |
| PMI Total | \$ 10,434 | \$ (208) | \$ 10,642 | \$ 63,640 | \$ 37,935 | \$ 25,705 | 41.4% |

For the Year Ended December 31, 2009

| | Reported Operating Companies Income | Less Asset Impairment, Exit Costs & Other | Adjusted Operating Companies Income | Reported Net Revenues | Less Excise Taxes | Reported Net Revenues excluding Excise Taxes | Adjusted Operating Companies Income Margin |
|------------------------|--|--|--|--------------------------|-------------------------|---|---|
| European Union | \$ 4,506 | \$ (29) | \$ 4,535 | \$ 28,550 | \$ 19,509 | \$ 9,041 | 50.2% |
| EEMA | 2,663 | - | 2,663 | 13,865 | 7,070 | 6,795 | 39.2% |
| Asia | 2,436 | - | 2,436 | 12,413 | 5,885 | 6,528 | 37.3% |
| Latin America & Canada | 666 | (135) ^(b) | 801 | 7,252 | 4,581 | 2,671 | 30.0% |
| PMI Total | \$ 10,271 | \$ (164) | \$ 10,435 | \$ 62,080 | \$ 37,045 | \$ 25,035 | 41.7% |

(a) Includes equity loss from RBH Legal Settlement (\$124 million)

(b) Represents the 2009 Colombian Investment and Cooperation Agreement charge

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures



PHILIP MORRIS
INTERNATIONAL

Calculation of Adjusted Operating Companies Income Margins
(\$ in millions)
(Unaudited)

For the Year Ended December 31, 2010

| | Reported Operating Companies Income | Less Asset Impairment & Exit Costs | Adjusted Operating Companies Income | Reported Net Revenues | Less Excise Taxes | Reported Net Revenues excluding Excise Taxes | Adjusted Operating Companies Income Margin |
|------------------------|--|--|--|--------------------------|-------------------------|---|---|
| European Union | \$ 4,311 | \$ (27) | \$ 4,338 | \$ 28,050 | \$ 19,239 | \$ 8,811 | 49.2% |
| EEMA | 3,152 | - | 3,152 | 15,928 | 8,519 | 7,409 | 42.5% |
| Asia | 3,049 | (20) | 3,069 | 15,235 | 7,300 | 7,935 | 38.7% |
| Latin America & Canada | 953 | - | 953 | 8,500 | 5,447 | 3,053 | 31.2% |
| PMI Total | \$ 11,465 | \$ (47) | \$ 11,512 | \$ 67,713 | \$ 40,505 | \$ 27,208 | 42.3% |

For the Year Ended December 31, 2011

| | Reported Operating Companies Income | Less Asset Impairment & Exit Costs | Adjusted Operating Companies Income | Reported Net Revenues | Less Excise Taxes | Reported Net Revenues excluding Excise Taxes | Adjusted Operating Companies Income Margin |
|------------------------|--|--|--|--------------------------|-------------------------|---|---|
| European Union | \$ 4,560 | \$ (45) | \$ 4,605 | \$ 29,768 | \$ 20,556 | \$ 9,212 | 50.0% |
| EEMA | 3,229 | (25) | 3,254 | 17,452 | 9,571 | 7,881 | 41.3% |
| Asia | 4,836 | (15) | 4,851 | 19,590 | 8,885 | 10,705 | 45.3% |
| Latin America & Canada | 988 | (24) | 1,012 | 9,536 | 6,237 | 3,299 | 30.7% |
| PMI Total | \$ 13,613 | \$ (109) | \$ 13,722 | \$ 76,346 | \$ 45,249 | \$ 31,097 | 44.1% |

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures



PHILIP MORRIS
INTERNATIONAL

Reconciliation of Operating Cash Flow to Free Cash Flow and Free Cash Flow, excluding Currency
For the Quarters and Years Ended December 31,
(\$ in millions)
(Unaudited)

| | For the Quarters Ended December 31, | | | For the Years Ended December 31, | | |
|--|--|----------|----------|-------------------------------------|----------|----------|
| | 2013 | 2012 | % Change | 2013 | 2012 | % Change |
| Net cash provided by operating activities^(a) | \$ 2,320 | \$ 1,650 | 40.6% | \$ 10,135 | \$ 9,421 | 7.6% |
| Less: | | | | | | |
| Capital expenditures | 379 | 337 | | 1,200 | 1,056 | |
| Free Cash Flow | \$ 1,941 | \$ 1,313 | 47.8% | \$ 8,935 | \$ 8,365 | 6.8% |
| Less: | | | | | | |
| Currency impact | (285) | | | (420) | | |
| Free Cash Flow, excluding Currency | \$ 2,226 | \$ 1,313 | 69.5% | \$ 9,355 | \$ 8,365 | 11.8% |



PHILIP MORRIS INTERNATIONAL

**Consumer Analyst Group of New York
(CAGNY) Conference
February 18, 2014**

André Calantzopoulos
Chief Executive Officer
Philip Morris International