



PHILIP MORRIS INTERNATIONAL

2014 Third-Quarter Results

October 16, 2014



Introduction

- Unless otherwise stated, we will be talking about results for the third quarter of 2014 and comparing them to the same period in 2013
- A glossary of terms, data tables showing adjustments to net revenues and OCI for currency and acquisitions, asset impairment, exit and other costs, free cash flow calculations, adjustments to EPS, and reconciliations to U.S. GAAP measures are at the end of today's webcast slides, which are also posted on our web site
- Reduced-Risk Products ("RRPs") is the term the company uses to refer to products with the potential to reduce individual risk and population harm in comparison to smoking combustible cigarettes. PMI's RRP's are in various stages of development, and we are conducting extensive and rigorous scientific studies to determine whether we can support claims for such products of reduced exposure to harmful and potentially harmful constituents in smoke, and ultimately claims of reduced disease risk, when compared to smoking combustible cigarettes. Before making any such claims, we will need to rigorously evaluate the full set of data from the relevant scientific studies to determine whether they substantiate reduced exposure or risk. Any such claims may also be subject to government review and approval, as is the case in the USA today



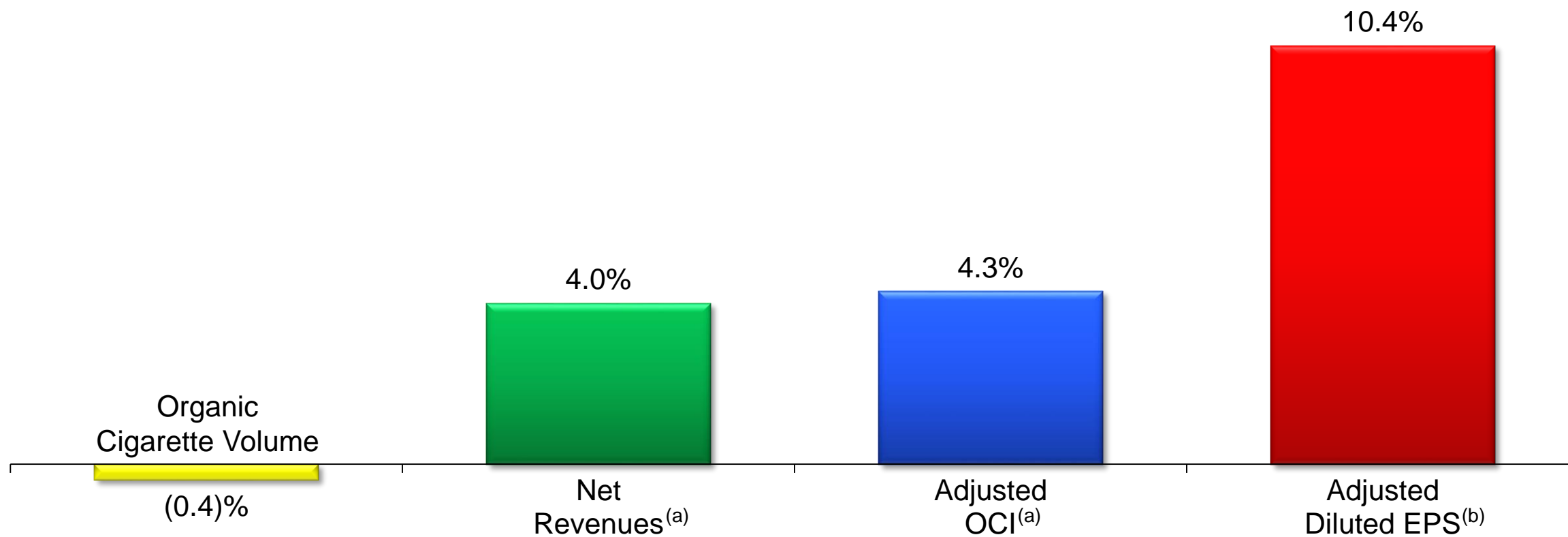
Forward-Looking and Cautionary Statements

- 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 that have the potential to reduce exposure to harmful constituents in smoke, individual risk and population harm; 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 June 30, 2014. PMI cautions that the foregoing list of important factors is not a complete discussion of all potential risks and uncertainties. PMI does not undertake to update any forward-looking statement that it may make from time to time, except in the normal course of its public disclosure obligations



Solid Results in Q3, 2014

Variance (Q3, 2014 vs. PY)



(a) Excluding currency and acquisitions

(b) Excluding currency

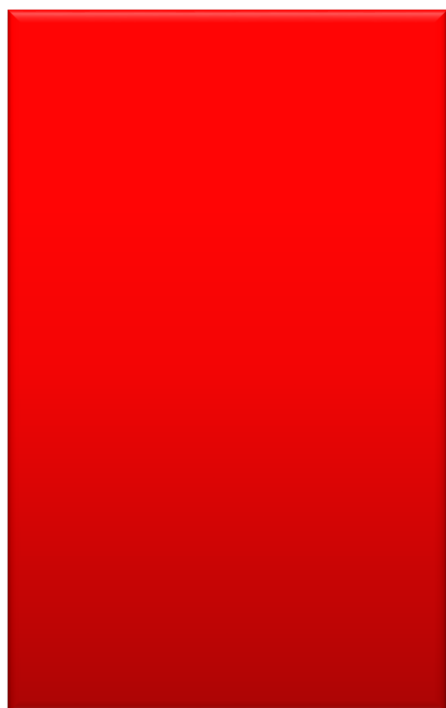
Source: PMI Financials



More Challenging Comparison in Q4, 2014

Variance (YTD Sept, 2014 vs. PY)

11.9%



Adjusted
Diluted EPS^(a)

- Q4, 2014 adjusted diluted EPS growth rate, ex-currency, will be impacted by:
 - More challenging year-on-year comparison (19.4% growth rate in Q4, 2013)
 - Greater weighting of expenses this year to the remainder of the year
 - Investments in the commercialization of Reduced-Risk Products
 - Roll-out of *Marlboro* Red 2.0
 - Underlying costs related to the optimization of our manufacturing footprint

(a) Excluding currency

Note: Reduced-Risk Products ("RRPs") is the term we use to refer to products with the potential to reduce individual risk and population harm in comparison to smoking combustible cigarettes

Source: PMI Financials and PMI forecasts



2014 EPS Guidance

- Revised reported diluted EPS guidance for 2014 to \$4.76 to \$4.81 at prevailing exchange rates, compared to \$5.26 in 2013
- Revised guidance reflects:
 - 72 cents of unfavorable currency at prevailing exchange rates (versus 61 cents previously)
 - 25 cents of already announced after-tax asset impairment and exit costs related to the optimization of our manufacturing footprint
 - One additional cent in after-tax asset impairment and exit costs in the Netherlands in Q3
 - An anticipated additional cent in after-tax asset impairment and exit costs in Australia in Q4
- On a currency-neutral basis, and excluding after-tax asset impairment and exit costs, our adjusted diluted EPS are projected to increase by approximately 6.5% to 7.5%, compared to \$5.40 in 2013

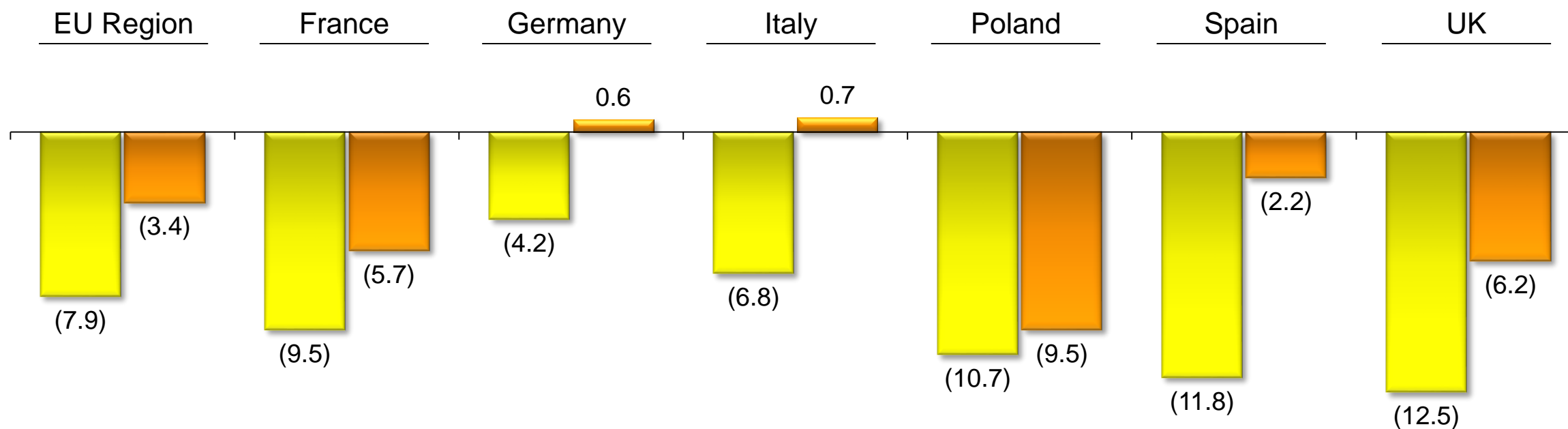


EU Region: Moderating Cigarette Industry Volume Decline

- Cigarette industry volume declined by 3.4% in Q3, 2014
- Our updated full-year cigarette industry volume forecast is a decline of approximately 4%

Total Cigarette Industry Volume (% Change vs. PY)

■ YTD Sept, 2013 ■ YTD Sept, 2014

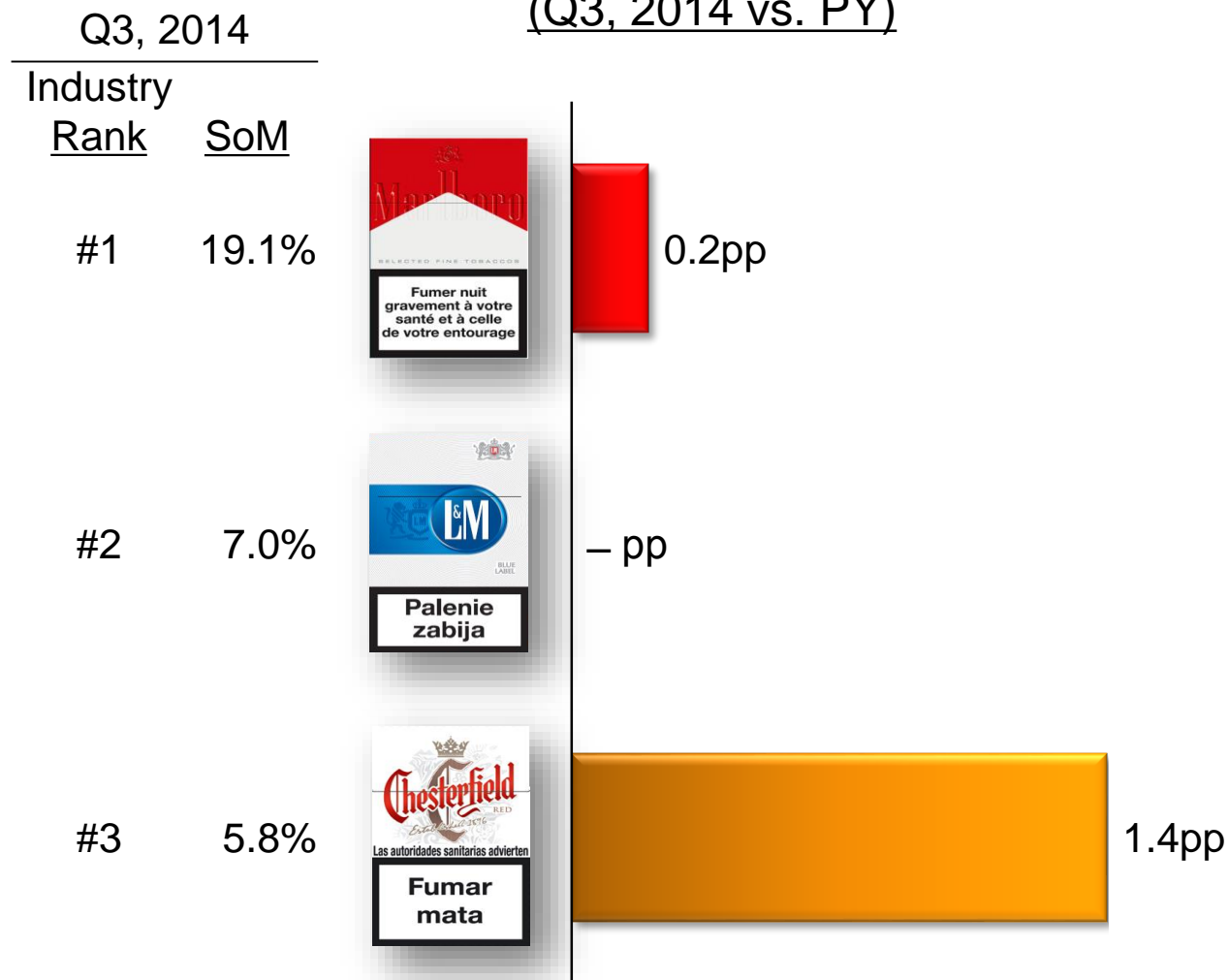




EU Region: Strong Market Share Performance

- Regional market share up by 1.2pp in Q3, to 39.7%, and by 1.0pp YTD Sept, 2014, to 39.8%
- Share growth in all six of the largest EU Region markets by industry volume YTD Sept, 2014

Cigarette Market Share Growth (Q3, 2014 vs. PY)

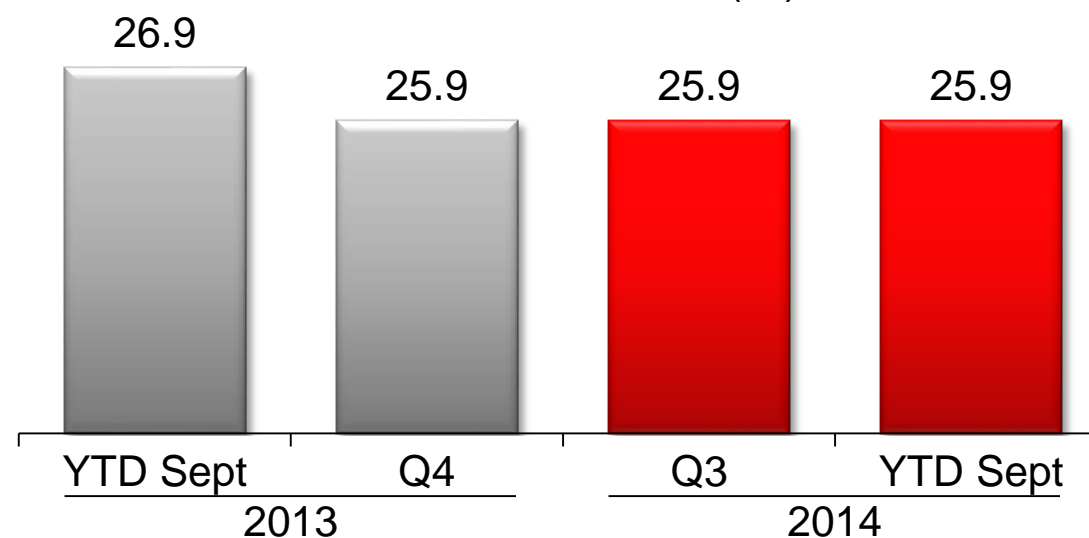


Japan: Share Stabilization

- Cigarette industry volume declined by 3.2% YTD September, 2014, in line with our forecast decline of around 3.0% to 3.5% for the full year
- PMI's underlying market share has stabilized around 25.9%:
 - Successful morphing of *Philip Morris* into *Lark*, and the recent revamp of the *Lark* brand family
 - "Be *Marlboro*" marketing campaign
 - Launch of *Marlboro Clear Hybrid*: share of 0.6% in September



PMI Market Share (%)

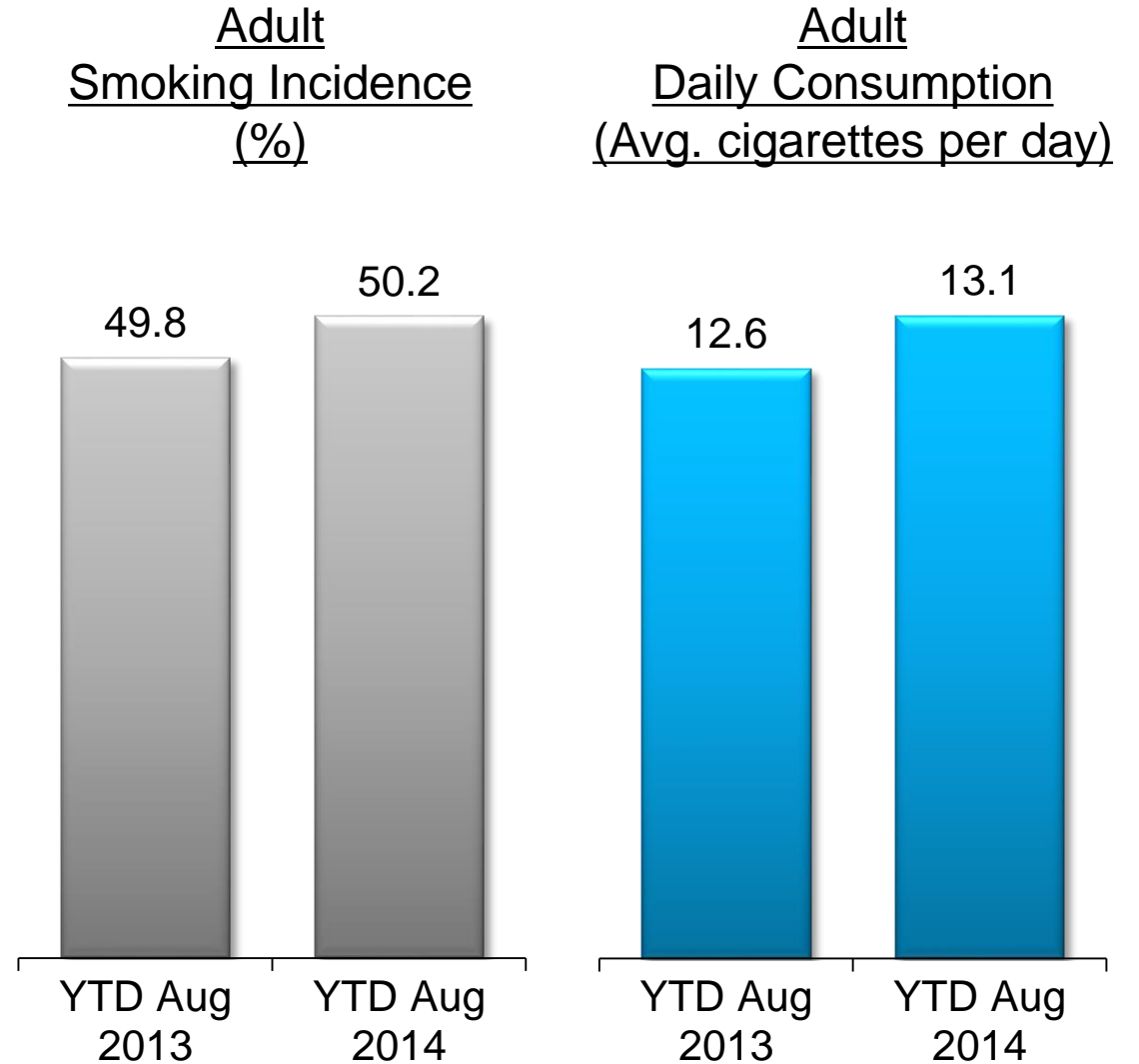


Philippines: Resilient Consumption but Mighty Corporation Under-Declaration Continues



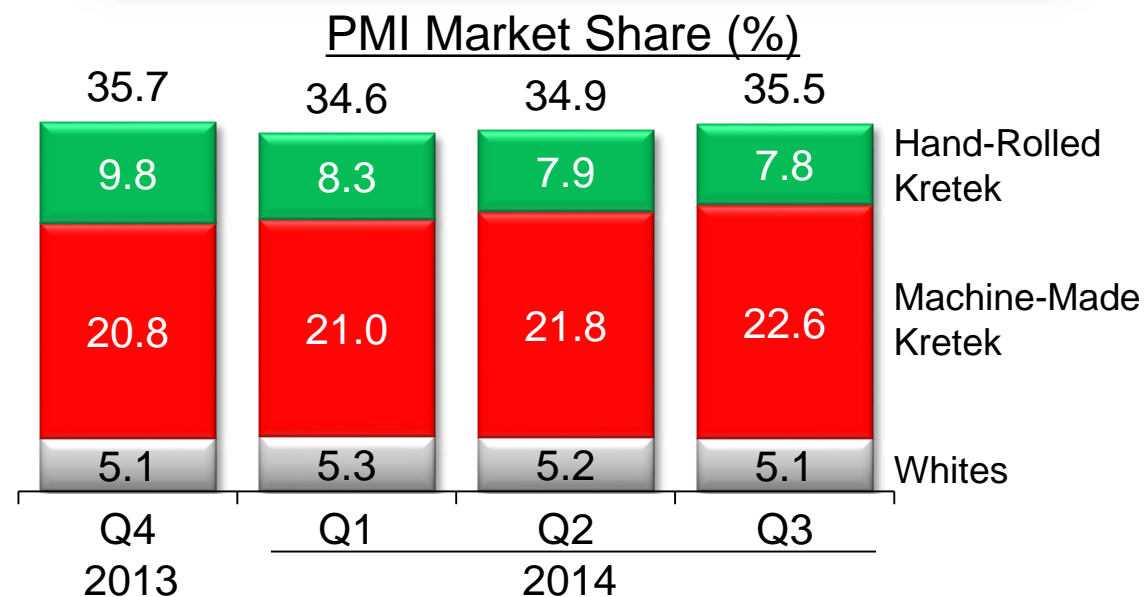
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- Tax-paid cigarette industry volume down by 3.2% in Q3, 2014
- Mighty Corporation continues to significantly under-declare its sales volume for excise tax purposes
- Regulation for tax stamps issued. However, technical issues are delaying its implementation



Indonesia: Sequential Market Share Improvement

- Cigarette industry volume increased by 4.9% in Q3, 2014
- Full-year forecast for industry volume growth in 2014 of around 2%
- Sequential improvement in PMI market share driven by:
 - Continued solid performance of *Sampoerna A*
 - Expansion of *U Mild*, *Dji Sam Soe Magnum* and *Magnum Blue*
 - Moderation in the decline of the hand-rolled segment and stabilization of *Dji Sam Soe's* share

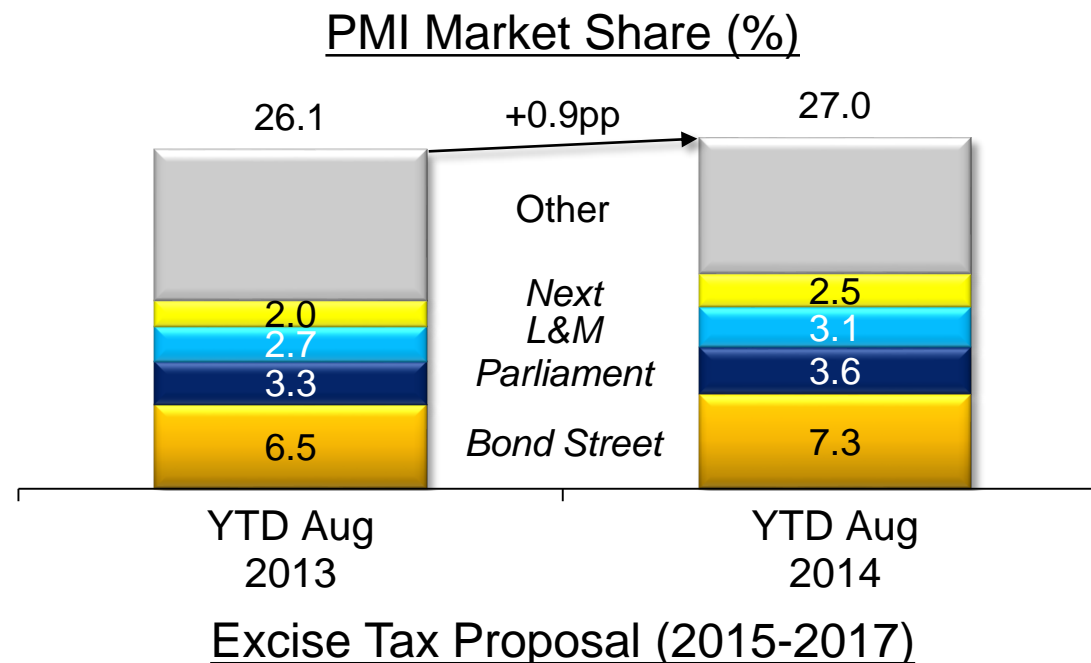


Note: Translation from Indonesian: "MAGNUM BLUE. STYLE WITHOUT BORDERS". "Whites" stands for non-kretek cigarettes
Source: PMI estimates and PMI forecasts



Russia: PMI Gaining Share While Increasing Prices

- YTD August, 2014, share up by 0.9 points to 27.0%
- Cigarette industry volume decline of 9.4% YTD September, 2014
- Full-year cigarette industry volume decline expected to be in a range of 9% to 10%
- New excise tax plan proposal for 2015-17 currently being reviewed by the State Duma

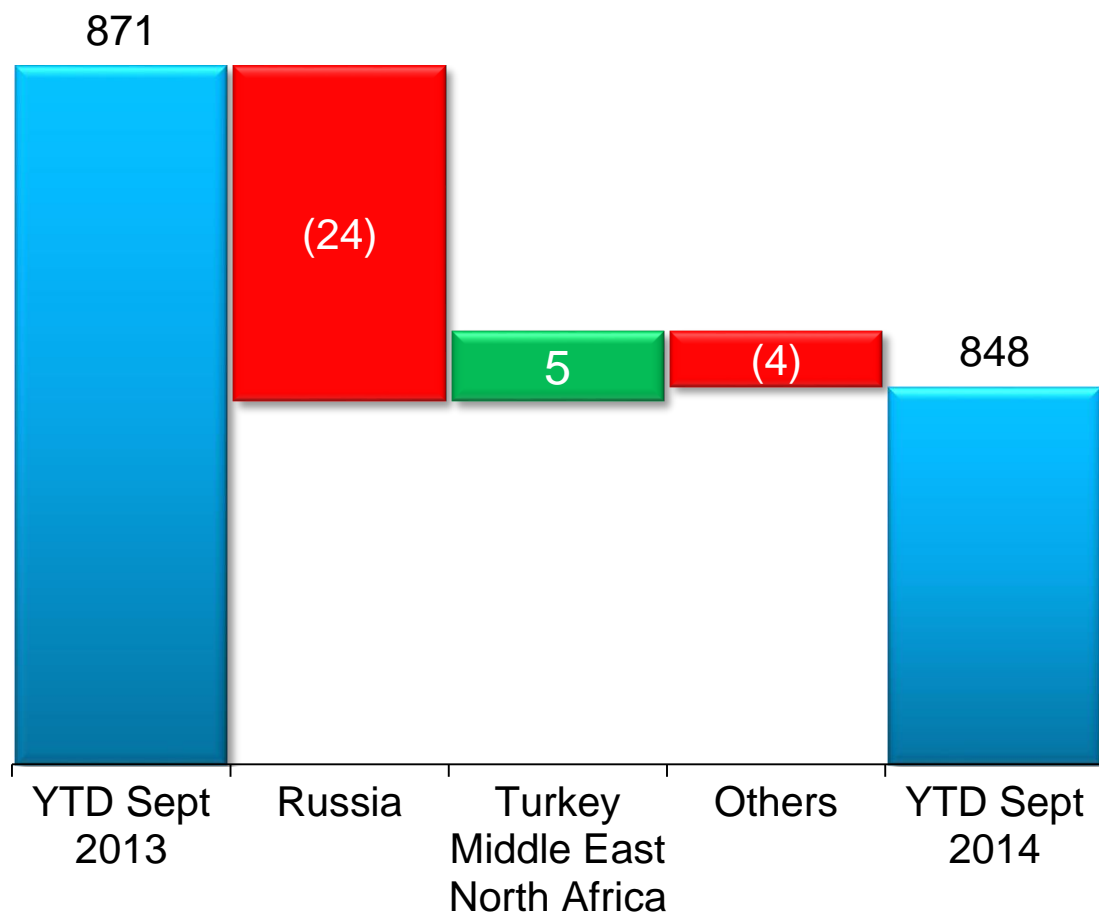


	2014	2015	2016	2017
Ad-Valorem Excise Tax (% of MRSP)	8.5%	9.5%	10.0%	10.5%
Specific Excise Tax (RUB/000)	800	960	1,200	1,350
% Change to Specific Excise Tax	45.5%	20.0%	25.0%	12.5%
Minimum Excise Tax (RUB/000)	1,040	1,330	1,680	1,930

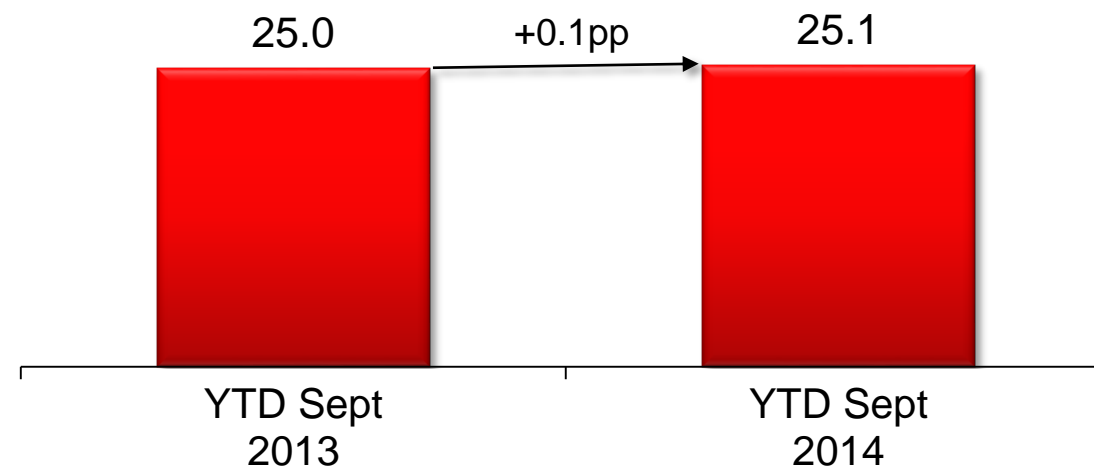


EEMA Region: Strong Engine of PMI OCI Growth

EEMA Region Cigarette Industry Volume
(units billion)



PMI Regional Market Share
(%)



- Regional adjusted OCI, excluding currency and acquisitions, increased by 20.8% YTD Sept, 2014



Market Share: *Marlboro*

Market Shares

	<u>Q3, 2013</u>	<u>Q3, 2014</u>	<u>Variance</u>
EU	18.9%	19.1%	0.2 pp
EEMA	7.4	7.6	0.2
Asia ^(a)	6.3	6.3	—
LA&C	14.4	14.7	0.3
Total PMI^{(a)(b)}	9.5	9.6	0.1

(a) Excluding China

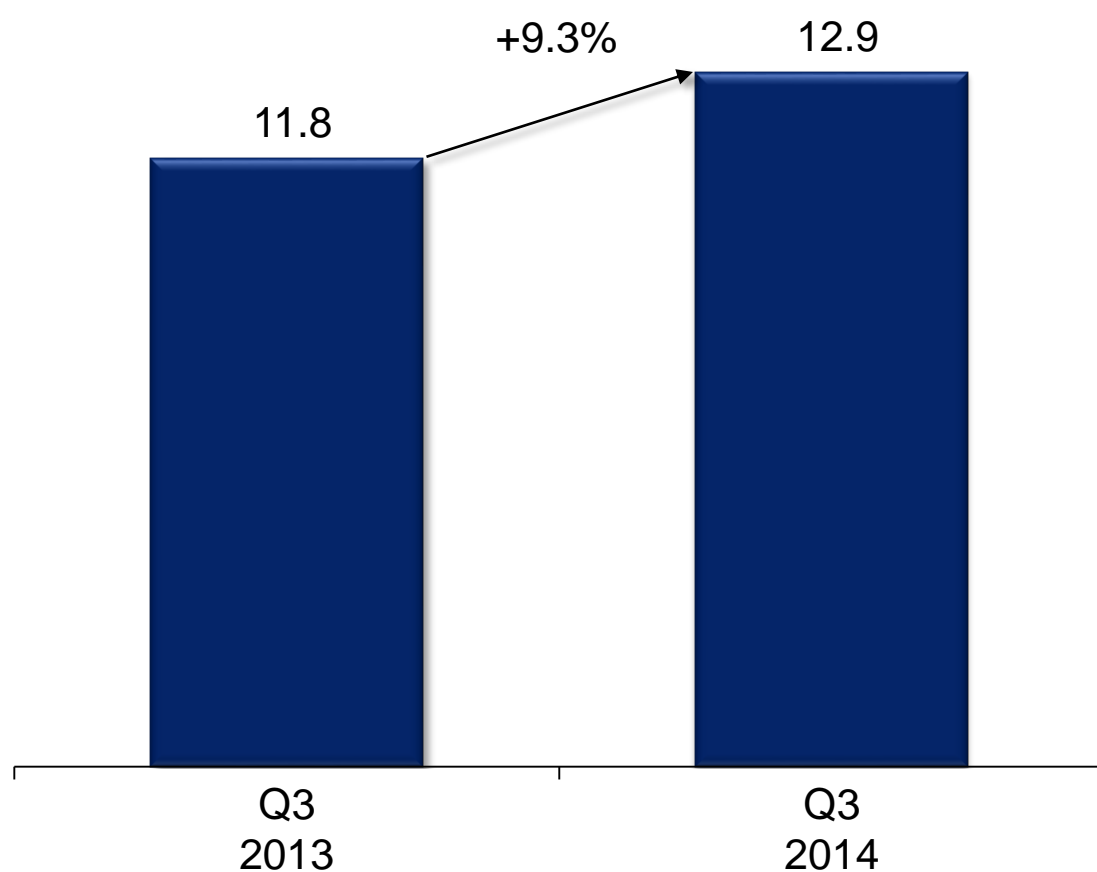
(b) Also excluding the USA

Source: PMI estimates



Strong Performance of *Parliament*

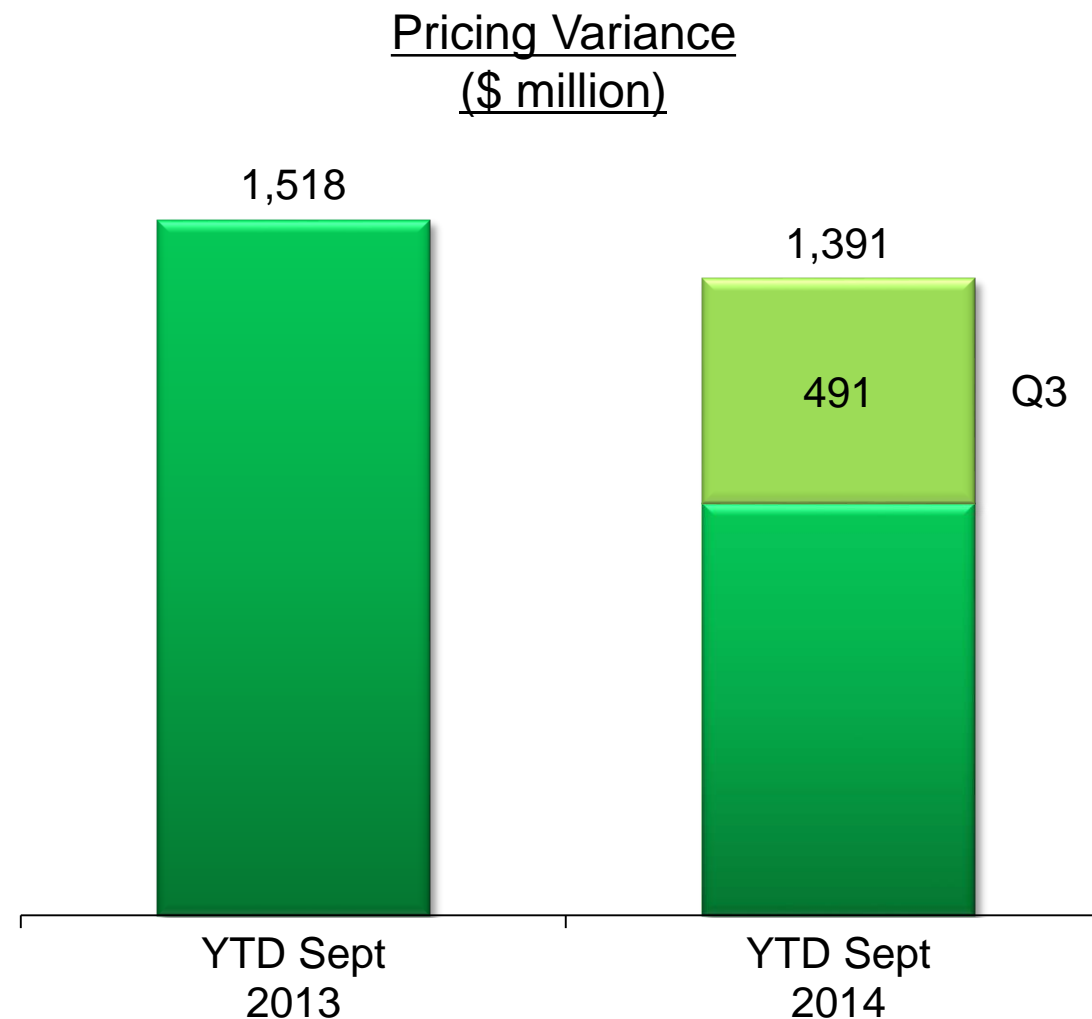
Total Volume (units billion)





Pricing: Key Driver of Higher Adjusted OCI

- Pricing variance of \$491 million in Q3, 2014 and \$1.4 billion YTD Sept, 2014. Boosted by new business structure in Egypt, partially offset by Italy
- We increased prices in Q3, notably in Argentina, Germany, Indonesia and Spain
- On track to be in line with our annual historical average of approximately \$1.8 billion, in 2014



iQOS

革新のたばこヒートテクノロジー



MARLBORO 
DESIGNED FOR iQOS

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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へ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。人により程度は異なりますが、ニコチンにより喫煙への依存が生じます。

Note: Translation from Japanese: "iQOS, The advanced tobacco heating technology"



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RRPs: *iQOS* Pilot Launch in Nagoya, Japan

- Launch date: November 4, 2014
- Over 1,000 retail outlets
- Retail price in line with *Marlboro* cigarettes
- *HeatSticks* classified by the Ministry of Finance in a category that results in an effective excise tax rate that is lower than cigarettes



iQOS Kit
JPY 6,980



Marlboro HeatSticks
JPY 460/pack



Note: Reduced-Risk Products ("RRPs") is the term we use to refer to products with the potential to reduce individual risk and population harm in comparison to smoking combustible cigarettes. Visuals are for illustrative purposes only. 20 *HeatStick* tobacco sticks per pack



Continued Focus on Returning Cash to Shareholders

- Dividend increased by 6.4% in September to an annualized rate of \$4.00 per share
- Target dividend payout ratio of 65% will be exceeded in 2014
- Dividend yield of 4.7% as of last Friday
- During the third quarter, we spent \$750 million to repurchase 8.9 million shares at an average price of \$84.54
- Target for share repurchases remains \$4.0 billion in 2014
- Since the spin through September 2014, we have returned over \$70 billion to our shareholders through dividends and share repurchases



Conclusion

- Third-quarter and year-to-date 2014 results, as well as market-level trends, slightly above our expectations. Much more challenging comparison in Q4
- Revised 2014 reported diluted EPS guidance of \$4.76 to \$4.81. On a currency-neutral, adjusted diluted basis, we have narrowed the growth range around the mid-point to approximately 6.5% to 7.5%
- *iQOS* pilot launches represent an important milestone
- For 2015/2016, we have the following currency-neutral targets:
 - 4% to 6% annual growth in net revenues^(a)
 - 6% to 8% annual growth in adjusted OCI^(a)
 - 8% to 10% annual growth in adjusted diluted EPS

(a) Excluding acquisitions

Source: PMI Financials and PMI forecasts



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2014 Third-Quarter Results

Questions & Answers



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Glossary and Reconciliation of Non-GAAP Measures



Glossary: General Terms

- PMI stands for Philip Morris International Inc. and its subsidiaries
- Until March 28, 2008, PMI was a wholly owned subsidiary of Altria Group, Inc. ("Altria"). Since that time the company has been independent and is listed on the New York Stock Exchange (ticker symbol "PM")
- PMI volumes refer to PMI cigarette shipment data, unless otherwise stated
- Organic volume refers to volume excluding acquisitions
- References to total international cigarette market, total cigarette market, total market and market shares reflect our best estimates based on a number of internal and external sources
- Acquisitions, for the purposes of this presentation, also include our business combination with Fortune Tobacco Corporation in the Philippines
- Trademarks are italicized



Glossary: Financial Terms

- Adjusted OCI is defined as reported OCI adjusted for asset impairment, exit and other costs
- EPS stands for Earnings per Share
- 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



Glossary: Industry/Market Terms

- 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
- Middle East: Bahrain, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Oman, the Palestine Authority Area ("PAA"), Qatar, Saudi Arabia, Syria, the United Arab Emirates ("UAE") and Yemen
- North Africa: Algeria, Egypt, Libya, Morocco and Tunisia



Glossary: Reduced-Risk Products

- *HeatStick* tobacco sticks are novel patented tobacco products specifically designed by PMI for use with PMI's *iQOS* system. The tobacco in the *HeatStick* is heated by our *iQOS* technology to provide adult smokers with real tobacco taste and satisfaction without combustion
- *iQOS* is the new brand name under which PMI has chosen to commercialize the Platform 1 electronic system
- Reduced-Risk Products ("RRPs") is the term the company uses to refer to products with the potential to reduce individual risk and population harm in comparison to smoking combustible cigarettes. PMI's RRP's are in various stages of development, and we are conducting extensive and rigorous scientific studies to determine whether we can support claims for such products of reduced exposure to harmful and potentially harmful constituents in smoke, and ultimately claims of reduced disease risk, when compared to smoking combustible cigarettes. Before making any such claims, we will need to rigorously evaluate the full set of data from the relevant scientific studies to determine whether they substantiate reduced exposure or risk. Any such claims may also be subject to government review and approval, as is the case in the USA today

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures



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Adjustments for the Impact of Currency and Acquisitions For the Quarters Ended September 30, (\$ in millions) (Unaudited)

2014							2013					% Change in Reported Net Revenues excluding Excise Taxes		
Reported Net Revenues	Less Excise Taxes	Reported Net Revenues excluding Excise Taxes	Less Currency	Reported Net Revenues excluding Excise Taxes & Currency	Less 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		
\$ 7,777	\$ 5,420	\$ 2,357	\$ 64	\$ 2,293	\$ 5	\$ 2,288	\$ 7,487	\$ 5,206	\$ 2,281	3.3%	0.5%	0.3%		
6,111	3,677	2,434	(155)	2,589	-	2,589	5,546	3,261	2,285	6.5%	13.3%	13.3%		
4,943	2,711	2,232	(210)	2,442	-	2,442	5,144	2,601	2,543	(12.2)%	(4.0)%	(4.0)%		
2,504	1,671	833	(93)	926	1	925	2,452	1,634	818	1.8%	13.2%	13.1%		
\$ 21,335	\$ 13,479	\$ 7,856	\$ (394)	\$ 8,250	\$ 6	\$ 8,244	\$ 20,629	\$ 12,702	\$ 7,927	(0.9)%	4.1%	4.0%		

2014							2013					% 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	Less Currency	Reported Operating Companies Income	Reported	Reported excluding Currency	Reported excluding Currency & Acquisitions				
\$ 1,186	\$ 8	\$ 1,178	\$ -	\$ 1,178	\$ 1,207	\$ 1,088	(1.7)%	(2.4)%	(2.4)%					
1,204	(158)	1,362	-	1,362	1,088	1,097	10.7%	25.2%	25.2%					
799	(148)	947	-	947	1,097	267	(27.2)%	(13.7)%	(13.7)%					
267	(73)	340	-	340	267		0.0%	27.3%	27.3%					
\$ 3,456	\$ (371)	\$ 3,827	\$ -	\$ 3,827	\$ 3,659		(5.5)%	4.6%	4.6%					

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Reconciliation of Non-GAAP Measures



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Reconciliation of Reported Operating Companies Income to Adjusted Operating Companies Income &
Reconciliation of Adjusted Operating Companies Income Margin, excluding Currency and Acquisitions
For the Quarters Ended September 30,
(\$ in millions)
(Unaudited)

2014							2013			% Change in Adjusted Operating Companies Income		
Reported Operating Companies Income	Less Asset Impairment & Exit Costs	Adjusted Operating Companies Income	Less Currency	Adjusted Operating Companies Income excluding Currency	Less Acquisitions	Adjusted Operating Companies Income excluding Currency & Acquisitions	Reported Operating Companies Income	Less Asset Impairment & Exit Costs	Adjusted Operating Companies Income	Adjusted	Adjusted excluding Currency	Adjusted excluding Currency & Acquisitions
\$ 1,186	\$ 16	\$ 1,170	\$ 8	\$ 1,162	\$ -	\$ 1,162	\$ 1,207	\$ -	\$ 1,207	(3.1)%	(3.7)%	(3.7)%
1,204	-	1,204	(158)	1,362	-	1,362	1,088	-	1,088	10.7%	25.2%	25.2%
799	-	799	(148)	947	-	947	1,097	-	1,097	(27.2)%	(13.7)%	(13.7)%
267	(7)	274	(73)	347	-	347	267	-	267	2.6%	30.0%	30.0%
\$ 3,456	\$ 9	\$ 3,447	\$ (371)	\$ 3,818	\$ -	\$ 3,818	\$ 3,659	\$ -	\$ 3,659	(5.8)%	4.3%	4.3%

2014							2013			% 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 Margin excluding Currency	Adjusted Operating Companies Income Margin excluding Currency & Acquisitions	
\$ 1,162	\$ 2,293	50.7%	\$ 1,162	\$ 2,288	50.8%	\$ 1,207	\$ 2,281	52.9%	(2.2)	(2.1)	
1,362	2,589	52.6%	1,362	2,589	52.6%	1,088	2,285	47.6%	5.0	5.0	
947	2,442	38.8%	947	2,442	38.8%	1,097	2,543	43.1%	(4.3)	(4.3)	
347	926	37.5%	347	925	37.5%	267	818	32.6%	4.9	4.9	
\$ 3,818	\$ 8,250	46.3%	\$ 3,818	\$ 8,244	46.3%	\$ 3,659	\$ 7,927	46.2%	0.1	0.1	

(a) For the calculation of net revenues excluding excise taxes, currency and acquisitions, refer to previous slide

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Reconciliation of Non-GAAP Measures



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Reconciliation of Reported Diluted EPS to Adjusted Diluted EPS and Adjusted Diluted EPS, excluding Currency
For the Quarters Ended September 30,
(Unaudited)

	<u>2014</u>	<u>2013</u>	<u>% Change</u>
Reported Diluted EPS	\$ 1.38	\$ 1.44	(4.2)%
Adjustments:			
Asset impairment and exit costs	0.01	-	
Tax items	-	-	
Adjusted Diluted EPS	\$ 1.39	\$ 1.44	(3.5)%
Less:			
Currency impact	(0.20)		
Adjusted Diluted EPS, excluding Currency	\$ 1.59	\$ 1.44	10.4%

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Reconciliation of Non-GAAP Measures



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Reconciliation of Reported Diluted EPS to Reported Diluted EPS, excluding Currency
For the Quarters Ended September 30,
(Unaudited)

	<u>2014</u>	<u>2013</u>	<u>% Change</u>
Reported Diluted EPS	\$ 1.38	\$ 1.44	(4.2)%
Less:			
Currency impact	(0.20)		
Reported Diluted EPS, excluding Currency	<u>\$ 1.58</u>	<u>\$ 1.44</u>	9.7%

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Reconciliation of Non-GAAP Measures



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Adjustments for the Impact of Currency and Acquisitions For the Nine Months Ended September 30, (\$ in millions) (Unaudited)

2014							2013							% Change in Reported Net Revenues excluding Excise Taxes		
Reported Net Revenues	Less Excise Taxes	Reported Net Revenues excluding Excise Taxes	Less Currency	Reported Net Revenues excluding Excise Taxes & Currency	Less 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				
\$ 22,225	\$ 15,462	\$ 6,763	\$ 243	\$ 6,520	\$ 5	\$ 6,515	\$ 21,255	\$ 14,798	\$ 6,457	4.7%	1.0%	0.9%				
16,347	9,621	6,726	(477)	7,203	-	7,203	15,346	8,837	6,509	3.3%	10.7%	10.7%				
14,515	7,790	6,725	(861)	7,586	-	7,586	15,776	7,751	8,025	(16.2)%	(5.5)%	(5.5)%				
7,078	4,722	2,356	(316)	2,672	1	2,671	7,262	4,825	2,437	(3.3)%	9.6%	9.6%				
\$ 60,165	\$ 37,595	\$ 22,570	\$ (1,411)	\$ 23,981	\$ 6	\$ 23,975	\$ 59,639	\$ 36,211	\$ 23,428	(3.7)%	2.4%	2.3%				

2014							2013							% 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 Operating Companies Income	Reported Operating Companies Income	Reported Operating Companies Income	Reported	Reported excluding Currency	Reported excluding Currency & Acquisitions				
\$ 2,875	\$ 117	\$ 2,758	\$ -	\$ 2,758	\$ 3,227	(10.9)%	(14.5)%	(14.5)%	\$ 3,227	(10.9)%	(14.5)%	(14.5)%				
3,218	(368)	3,586	-	3,586	2,968	8.4%	20.8%	20.8%	2,968	8.4%	20.8%	20.8%				
2,614	(544)	3,158	-	3,158	3,567	(26.7)%	(11.5)%	(11.5)%	3,567	(26.7)%	(11.5)%	(11.5)%				
734	(184)	918	-	918	776	(5.4)%	18.3%	18.3%	776	(5.4)%	18.3%	18.3%				
\$ 9,441	\$ (979)	\$ 10,420	\$ -	\$ 10,420	\$ 10,538	(10.4)%	(1.1)%	(1.1)%	\$ 10,538	(10.4)%	(1.1)%	(1.1)%				

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Reconciliation of Non-GAAP Measures



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Reconciliation of Reported Operating Companies Income to Adjusted Operating Companies Income &
Reconciliation of Adjusted Operating Companies Income Margin, excluding Currency and Acquisitions
For the Nine Months Ended September 30,
(\$ in millions)
(Unaudited)

2014							2013					% Change in Adjusted Operating Companies Income		
Reported Operating Companies Income	Less Asset Impairment & Exit Costs	Adjusted Operating Companies Income	Less Currency	Adjusted Operating Companies Income excluding Currency	Less Acquisitions	Adjusted Operating Companies Income excluding Currency & Acquisitions	Reported Operating Companies Income	Less Asset Impairment & Exit Costs	Adjusted Operating Companies Income	Adjusted	Adjusted excluding Currency	Adjusted excluding Currency & Acquisitions		
\$ 2,875	\$ (472)	\$ 3,347	\$ 117	\$ 3,230	\$ -	\$ 3,230	\$ 3,227	\$ -	\$ 3,227	3.7%	0.1%	0.1%		
3,218	-	3,218	(368)	3,586	-	3,586	2,968	-	2,968	8.4%	20.8%	20.8%		
2,614	(24)	2,638	(544)	3,182	-	3,182	3,567	(8)	3,575	(26.2)%	(11.0)%	(11.0)%		
734	(7)	741	(184)	925	-	925	776	-	776	(4.5)%	19.2%	19.2%		
\$ 9,441	\$ (503)	\$ 9,944	\$ (979)	\$ 10,923	\$ -	\$ 10,923	\$ 10,538	\$ (8)	\$ 10,546	(5.7)%	3.6%	3.6%		

2014							2013					% 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		
\$ 3,230	\$ 6,520	49.5%	\$ 3,230	\$ 6,515	49.6%	\$ 3,227	\$ 6,457	50.0%		(0.5)	(0.4)		
3,586	7,203	49.8%	3,586	7,203	49.8%	2,968	6,509	45.6%		4.2	4.2		
3,182	7,586	41.9%	3,182	7,586	41.9%	3,575	8,025	44.5%		(2.6)	(2.6)		
925	2,672	34.6%	925	2,671	34.6%	776	2,437	31.8%		2.8	2.8		
\$ 10,923	\$ 23,981	45.5%	\$ 10,923	\$ 23,975	45.6%	\$ 10,546	\$ 23,428	45.0%		0.5	0.6		

(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 Nine Months Ended September 30,
(Unaudited)

	<u>2014</u>	<u>2013</u>	<u>% Change</u>
Reported Diluted EPS	\$ 3.73	\$ 4.02	(7.2)%
Adjustments:			
Asset impairment and exit costs	0.26	-	
Tax items	-	0.01	
Adjusted Diluted EPS	\$ 3.99	\$ 4.03	(1.0)%
Less:			
Currency impact	(0.52)		
Adjusted Diluted EPS, excluding Currency	\$ 4.51	\$ 4.03	11.9%

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures



PHILIP MORRIS
INTERNATIONAL

Reconciliation of Reported Diluted EPS to Reported Diluted EPS, excluding Currency
For the Nine Months Ended September 30,
(Unaudited)

	<u>2014</u>	<u>2013</u>	<u>% Change</u>
Reported Diluted EPS	\$ 3.73	\$ 4.02	(7.2)%
Less:			
Currency impact	(0.52)		
Reported Diluted EPS, excluding Currency	\$ 4.25	\$ 4.02	5.7%

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures



PHILIP MORRIS
INTERNATIONAL

Reconciliation of Reported Diluted EPS to Adjusted Diluted EPS and Adjusted Diluted EPS, excluding Currency
For the Quarters Ended December 31,
(Unaudited)

	<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	\$ 1.48	\$ 1.24	19.4%

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures



PHILIP MORRIS
INTERNATIONAL

Reconciliation of Reported Diluted EPS to Adjusted Diluted EPS
For the Year Ended December 31,
(Unaudited)

	<u>2013</u>
Reported Diluted EPS	\$ 5.26
Adjustments:	
Asset impairment and exit costs	0.12
Tax items	0.02
	<hr/>
Adjusted Diluted EPS	<u><u>\$ 5.40</u></u>



PHILIP MORRIS INTERNATIONAL

2014 Third-Quarter Results

October 16, 2014