

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): March 23, 2018

Philip Morris International Inc.
(Exact name of registrant as specified in its charter)

Virginia
(State or other jurisdiction
of incorporation)

1-33708
(Commission
File Number)

13-3435103
(I.R.S. Employer
Identification No.)

120 Park Avenue, New York, New York
(Address of principal executive offices)

10017-5592
(Zip Code)

Registrant's telephone number, including area code: (917) 663-2000

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934.

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 7.01. Regulation FD Disclosure.

As set forth in the Form 10-K for the fiscal year ended December 31, 2017 (the “2017 Form 10-K”), filed with the U.S. Securities and Exchange Commission on February 13, 2018 by Philip Morris International Inc. (the “Company”), effective January 1, 2018, the Company began managing its business in six reporting segments as follows:

- The European Union Region;
- The Eastern Europe Region;
- The Middle East & Africa Region;
- The South & Southeast Asia Region;
- The East Asia & Australia Region; and
- The Latin America & Canada Region.

On March 23, 2018, the Company posted on its website certain recast historical shipment volume and financial information that reflects the change in reportable segments described above and the additional changes summarized below. All changes are effective January 1, 2018. The recast shipment volume and financial information is available at <https://www.pmi.com/investor-relations/overview> in the Investor Kit.

- As discussed in the Company's 2017 Form 10-K, the Company has adopted Accounting Standard Update ASU 2014-09 "Revenue from Contracts with Customers" as of January 1, 2018 retrospectively. The Company made an accounting policy election to exclude excise taxes collected from customers from the measurement of the transaction price, thereby presenting revenues, net of excise taxes in all periods. The underlying principles of the new standard, relating to the measurement of revenue and the timing of recognition, are closely aligned with the Company's current business model and practices.
- The Company adopted Accounting Standard Update ASU 2017-07 "Compensation - Retirement Benefits" as of January 1, 2018 retrospectively. Previously, total pension and other employee benefit costs were included in operating income. Beginning January 1, 2018, only the service cost component is required to be shown in operating income, while all other cost components will be presented in a new line item “pension and other employee benefit costs” below operating income.
- Effective January 1, 2018, the Company began using operating income to evaluate business segment performance and allocate resources, replacing operating companies income used previously.

The foregoing changes impact only the manner in which the results for the Company's performance were previously reported, and have no material impact on the Company's previously reported

consolidated financial position or results of operations. The unaudited recast historical information is being furnished solely to aid investors by providing supplemental information and does not represent a restatement of the Company's previously issued consolidated financial statements that were included in the Company's 2017 Form 10-K. The Company's 2017 and 2016 quarterly and annual recast shipment volume and financial information, previously presented in earnings releases for the same periods, as well as other financial information, is attached as Exhibit 99.1. The Company's 2016 and 2015 recast shipment volume and financial information, previously presented in earnings releases for the same periods, as well as other financial information, is attached as Exhibit 99.2.

The information in this Current Report on Form 8-K, including Exhibits 99.1 and 99.2, should be read in conjunction with the Company's 2017 Form 10-K.

Key terms, definitions and explanatory notes, as well as reconciliations of non-GAAP financial measures to the most directly comparable GAAP measures are set forth on Exhibits 99.1 and 99.2.

In accordance with General Instruction B.2 of Form 8-K, the information in Item 7.01 of this Current Report on Form 8-K, including Exhibits 99.1 and 99.2, shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section. The information in Item 7.01 of this Current Report on Form 8-K shall not be incorporated by reference into any filing or other document pursuant to the Securities Act of 1933, as amended, except as may be expressly set forth by specific reference in such filing or document.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

99.1 [Recast Shipment Volume and Financial Information - 2017 vs. 2016](#)

99.2 [Recast Shipment Volume and Financial Information - 2016 vs. 2015](#)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PHILIP MORRIS INTERNATIONAL INC.

By: /s/ MARTIN G. KING
Name: Martin G. King
Title: Chief Financial Officer

DATE: March 23, 2018



PHILIP MORRIS INTERNATIONAL

Recast Shipment Volume and Financial Information

2017 vs. 2016

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Key Terms, Definitions and Explanatory Notes

General

- “PMI” refers to Philip Morris International Inc. and its subsidiaries. Trademarks and service marks that are the registered property of, or licensed by, the subsidiaries of PMI, are italicized.
- The recast 2017 and 2016 shipment volumes in this document reflect PMI’s new geographic segmentation, announced on September 28, 2017, effective January 1, 2018. PMI’s total shipment volumes presented in this document do not differ from previously disclosed results.
- The recast 2017 and 2016 financial information in this document reflect U.S. GAAP changes, effective January 1, 2018, in revenue recognition – excise taxes, pension and other employee benefit cost presentation, and the change of performance measure from Operating Companies Income (defined below) to Operating Income, as well as PMI’s new geographic segmentation mentioned above. The foregoing changes impact only the manner in which the results for PMI’s performance were previously reported, and have no material impact on PMI’s previously reported consolidated financial position or results of operations.
- Comparisons are made to the same prior-year period unless otherwise stated.
- “Combustible products” is the term PMI uses to refer to cigarettes and OTP, combined.
- “OTP” is defined as other tobacco products, primarily roll-your-own and make-your-own cigarettes, pipe tobacco, cigars and cigarillos, and does not include reduced-risk products.
- “Total shipment volume” is defined as the combined total of cigarette shipment volume and heated tobacco unit shipment volume.

Financial

- Net revenues related to combustible products refer to the operating revenues generated from the sale of these products, net of sales and promotion incentives, and excise taxes.
- The recast financials in this document reflect the change in performance measure from Operating Companies Income, or “OCI,” to Operating Income, or “OI.” OCI is defined as operating income, excluding general corporate expenses and the amortization of intangibles, plus equity (income)/loss in unconsolidated subsidiaries, net.
- Prior to 2018, management evaluated business segment performance, and allocated resources, based on OCI. Effective January 1, 2018, management evaluates business segment performance, and allocates resources, based on OI.

- “Adjusted EBITDA” is defined as earnings before interest, taxes, depreciation and amortization, excluding asset impairment and exit costs, and unusual items.
- “Net debt” is defined as total debt, less cash and cash equivalents.
- Management reviews net revenues, OI, OI margins, operating cash flow and earnings per share, or “EPS,” on an adjusted basis, which may exclude the impact of currency and other items such as acquisitions, asset impairment and exit costs, tax items and other special items.
- Management reviews these measures because they exclude changes in currency exchange rates and other factors that may distort underlying business trends, thereby improving the comparability of PMI’s business performance between reporting periods. Furthermore, PMI uses several of these measures in its management compensation program to promote internal fairness and a disciplined assessment of performance against company targets. PMI discloses these measures to enable investors to view the business through the eyes of management.
- Non-GAAP measures presented in this document should neither be considered in isolation nor as a substitute for the financial measures prepared in accordance with U.S. GAAP. Reconciliations of non-GAAP measures to the most directly comparable GAAP measures are provided in this document.

Reduced-Risk Products

- “Reduced-risk products,” or “RRPs,” is the term PMI uses to refer to products that present, are likely to present, or have the potential to present less risk of harm to smokers who switch to these products versus continued smoking. PMI has a range of RRP’s in various stages of development, scientific assessment and commercialization. Because PMI’s RRP’s do not burn tobacco, they produce an aerosol that contains far lower quantities of harmful and potentially harmful constituents than found in cigarette smoke.
- “Heated tobacco units” is the term PMI uses to refer to heated tobacco consumables, which include *HEETS*, *HEETS Marlboro* and *HEETS FROM MARLBORO*, defined collectively as *HEETS*, as well as *Marlboro HeatSticks* and *Parliament HeatSticks*.
- Net revenues related to RRP’s represent the sale of heated tobacco units, IQOS devices and related accessories, and other nicotine-containing products, primarily e-vapor products, net of sales and promotion incentives, and excise taxes.

New Geographic Segmentation (effective January 1, 2018)

| European Union | Eastern Europe | Middle East & Africa | South & Southeast Asia | East Asia & Australia | Latin America & Canada |
|-----------------|----------------------|--------------------------------|------------------------|------------------------------|--------------------------|
| Andorra | Albania | Algeria | Afghanistan | Australia | Argentina |
| Austria | Armenia | Bahrain | Bangladesh | Hong Kong | Bolivia |
| Baltic States | Belarus | Central Africa ⁽¹⁾ | Cambodia | Japan | Brazil |
| Belgium | Bosnia & Herzegovina | Duty Free | East Timor | South Korea | Canada |
| Bulgaria | Georgia | Eastern Africa ⁽²⁾ | India | Macau | Caribbean ⁽⁶⁾ |
| Canary Islands | Israel | Egypt | Indonesia | Malaysia | Chile |
| Croatia | Kazakhstan | Iraq | Laos | New Zealand | Colombia |
| Czech Republic | Kosovo | Jordan | Maldives | People's Republic of China | Costa Rica |
| Denmark | Kyrgyzstan | Kuwait | Nepal | Singapore | Dominican Republic |
| Finland | Macedonia | Lebanon | Pakistan | South Pacific ⁽⁵⁾ | Ecuador |
| France | Moldova | Libya | Philippines | Taiwan | El Salvador |
| Germany | Mongolia | Morocco | Sri Lanka | | Guatemala |
| Greece | Montenegro | Oman | Thailand | | Honduras |
| Hungary | Russia | Palestine Auth. Area | Vietnam | | Mexico |
| Iceland | Serbia | Qatar | | | Nicaragua |
| Italy | Tajikistan | Saudi Arabia | | | Panama |
| Luxembourg | Turkmenistan | South Africa | | | Paraguay |
| Netherlands | Ukraine | Southern Africa ⁽³⁾ | | | Peru |
| Norway | Uzbekistan | Tunisia | | | Uruguay |
| Poland | | Turkey | | | Venezuela |
| Portugal | | Turkish Cyprus | | | |
| Romania | | United Arab Emirates (UAE) | | | |
| Slovak Republic | | West Africa ⁽⁴⁾ | | | |
| Slovenia | | Yemen | | | |
| Spain | | | | | |
| Sweden | | | | | |
| Switzerland | | | | | |
| United Kingdom | | | | | |

(1) Central Africa includes Angola, Cameroon, Democratic Republic of the Congo, Equatorial Guinea and Gabon

(2) Eastern Africa includes Djibouti, Ethiopia, Kenya, Malawi, Mozambique, Somalia and Tanzania

(3) Southern Africa includes Botswana, Lesotho, Mauritius, Mayotte, Namibia, Reunion and Swaziland

(4) West Africa includes Benin, Burkina Faso, Cape Verde, The Gambia, Guinea, Ivory Coast, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone and Togo

(5) South Pacific includes Christmas Islands, French Polynesia, Marshall Islands, Nauru, New Caledonia, Palau, Papua New Guinea, Tonga, Vanuatu and other South Pacific islands

(6) Caribbean includes Aruba, Bahamas, Bermuda, Bonaire, Cayman Islands, Curacao, Guadeloupe, Martinique, St. Barth's, St. Maarten, St. Martin and other Caribbean markets

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Shipment Volume by Product Category

(million units) / (unaudited)

| | Quarters Ended March 31 | | | Quarters Ended June 30 | | | Quarters Ended September 30 | | | Quarters Ended December 31 | | | Full Year Ended December 31 | | |
|------------------------|----------------------------|----------------|----------------|---------------------------|----------------|---------------|--------------------------------|----------------|---------------|-------------------------------|----------------|---------------|--------------------------------|----------------|---------------|
| | 2017 | 2016 | % Change | 2017 | 2016 | % Change | 2017 | 2016 | % Change | 2017 | 2016 | % Change | 2017 | 2016 | % Change |
| Cigarettes | | | | | | | | | | | | | | | |
| European Union | 42,540 | 45,993 | (7.5)% | 49,758 | 50,399 | (1.3)% | 49,114 | 52,001 | (5.6)% | 45,881 | 45,193 | 1.5 % | 187,293 | 193,586 | (3.3)% |
| Eastern Europe | 24,596 | 28,810 | (14.6)% | 32,081 | 33,638 | (4.6)% | 31,749 | 34,230 | (7.2)% | 30,972 | 32,778 | (5.5)% | 119,398 | 129,456 | (7.8)% |
| Middle East & Africa | 31,978 | 34,316 | (6.8)% | 32,333 | 34,694 | (6.8)% | 37,088 | 37,942 | (2.3)% | 35,360 | 34,985 | 1.1 % | 136,759 | 141,937 | (3.6)% |
| South & Southeast Asia | 37,899 | 46,312 | (18.2)% | 42,025 | 50,404 | (16.6)% | 44,731 | 43,180 | 3.6 % | 46,945 | 45,383 | 3.4 % | 171,600 | 185,279 | (7.4)% |
| East Asia & Australia | 17,243 | 18,910 | (8.8)% | 15,790 | 18,895 | (16.4)% | 15,331 | 18,513 | (17.2)% | 14,289 | 18,432 | (22.5)% | 62,653 | 74,750 | (16.2)% |
| Latin America & Canada | 19,296 | 21,700 | (11.1)% | 21,553 | 21,259 | 1.4 % | 20,452 | 21,185 | (3.5)% | 22,922 | 23,794 | (3.7)% | 84,223 | 87,938 | (4.2)% |
| Total PMI | 173,552 | 196,041 | (11.5)% | 193,540 | 209,289 | (7.5)% | 198,465 | 207,051 | (4.1)% | 196,369 | 200,565 | (2.1)% | 761,926 | 812,946 | (6.3)% |

Heated Tobacco Units

| | | | | | | | | | | | | | | | |
|------------------------|--------------|------------|-----------------|--------------|--------------|-----------------|--------------|--------------|-----------------|---------------|--------------|-----------------|---------------|--------------|-----------------|
| European Union | 184 | 16 | +100.0 % | 392 | 31 | +100.0 % | 464 | 56 | +100.0 % | 849 | 121 | +100.0 % | 1,889 | 224 | +100.0 % |
| Eastern Europe | 54 | 2 | +100.0 % | 117 | 7 | +100.0 % | 180 | 18 | +100.0 % | 323 | 37 | +100.0 % | 674 | 64 | +100.0 % |
| Middle East & Africa | 51 | — | — | 112 | 1 | +100.0 % | 247 | 9 | +100.0 % | 497 | 26 | +100.0 % | 907 | 36 | +100.0 % |
| South & Southeast Asia | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| East Asia & Australia | 4,145 | 435 | +100.0 % | 5,726 | 1,118 | +100.0 % | 8,826 | 2,005 | +100.0 % | 14,032 | 3,512 | +100.0 % | 32,729 | 7,070 | +100.0 % |
| Latin America & Canada | 1 | — | — | 3 | — | — | 8 | — | — | 15 | — | — | 27 | — | — |
| Total PMI | 4,435 | 453 | +100.0 % | 6,350 | 1,157 | +100.0 % | 9,725 | 2,088 | +100.0 % | 15,716 | 3,696 | +100.0 % | 36,226 | 7,394 | +100.0 % |

Cigarettes and Heated Tobacco Units

| | | | | | | | | | | | | | | | |
|------------------------|----------------|----------------|---------------|----------------|----------------|---------------|----------------|----------------|---------------|----------------|----------------|--------------|----------------|----------------|---------------|
| European Union | 42,724 | 46,009 | (7.1)% | 50,150 | 50,430 | (0.6)% | 49,578 | 52,057 | (4.8)% | 46,730 | 45,314 | 3.1 % | 189,182 | 193,810 | (2.4)% |
| Eastern Europe | 24,650 | 28,812 | (14.4)% | 32,198 | 33,645 | (4.3)% | 31,929 | 34,248 | (6.8)% | 31,295 | 32,815 | (4.6)% | 120,072 | 129,520 | (7.3)% |
| Middle East & Africa | 32,029 | 34,316 | (6.7)% | 32,445 | 34,695 | (6.5)% | 37,335 | 37,951 | (1.6)% | 35,857 | 35,011 | 2.4 % | 137,666 | 141,973 | (3.0)% |
| South & Southeast Asia | 37,899 | 46,312 | (18.2)% | 42,025 | 50,404 | (16.6)% | 44,731 | 43,180 | 3.6 % | 46,945 | 45,383 | 3.4 % | 171,600 | 185,279 | (7.4)% |
| East Asia & Australia | 21,388 | 19,345 | 10.6 % | 21,516 | 20,013 | 7.5 % | 24,157 | 20,518 | 17.7 % | 28,321 | 21,944 | 29.1 % | 95,382 | 81,820 | 16.6 % |
| Latin America & Canada | 19,297 | 21,700 | (11.1)% | 21,556 | 21,259 | 1.4 % | 20,460 | 21,185 | (3.4)% | 22,937 | 23,794 | (3.6)% | 84,250 | 87,938 | (4.2)% |
| Total PMI | 177,987 | 196,494 | (9.4)% | 199,890 | 210,446 | (5.0)% | 208,190 | 209,139 | (0.5)% | 212,085 | 204,261 | 3.8 % | 798,152 | 820,340 | (2.7)% |

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

PMI Shipment Volume by Brand

(million units) / (unaudited)

| Quarters Ended March 31 | | | Quarters Ended June 30 | | | Quarters Ended September 30 | | | Quarters Ended December 31 | | | Full Year Ended December 31 | | |
|----------------------------|------|-------------|---------------------------|------|-------------|--------------------------------|------|-------------|-------------------------------|------|-------------|--------------------------------|------|-------------|
| 2017 | 2016 | % Change | 2017 | 2016 | % Change | 2017 | 2016 | % Change | 2017 | 2016 | % Change | 2017 | 2016 | % Change |

European Union

| | | | | | | | | | | | | | | | |
|-----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|----------------|----------------|---------------|
| <i>Marlboro</i> | 20,924 | 22,700 | (7.8)% | 24,600 | 24,939 | (1.4)% | 24,246 | 25,943 | (6.5)% | 23,317 | 22,663 | 2.9 % | 93,088 | 96,245 | (3.3)% |
| <i>L&M</i> | 7,933 | 8,188 | (3.1)% | 9,069 | 8,986 | 0.9 % | 8,990 | 9,454 | (4.9)% | 8,269 | 8,063 | 2.6 % | 34,261 | 34,691 | (1.2)% |
| <i>Chesterfield</i> | 6,496 | 7,148 | (9.1)% | 7,772 | 7,907 | (1.7)% | 8,002 | 8,055 | (0.7)% | 6,818 | 7,029 | (3.0)% | 29,087 | 30,140 | (3.5)% |
| <i>Philip Morris</i> | 3,696 | 4,054 | (8.8)% | 4,161 | 4,238 | (1.8)% | 3,779 | 4,330 | (12.7)% | 3,523 | 3,668 | (4.0)% | 15,158 | 16,290 | (6.9)% |
| Others | 3,491 | 3,903 | (10.6)% | 4,156 | 4,329 | (4.0)% | 4,097 | 4,219 | (2.9)% | 3,954 | 3,770 | 4.9 % | 15,699 | 16,220 | (3.2)% |
| Total Cigarettes | 42,540 | 45,993 | (7.5)% | 49,758 | 50,399 | (1.3)% | 49,114 | 52,001 | (5.6)% | 45,881 | 45,193 | 1.5 % | 187,293 | 193,586 | (3.3)% |
| Heated Tobacco Units | 184 | 16 | +100.0 % | 392 | 31 | +100.0 % | 464 | 56 | +100.0 % | 849 | 121 | +100.0 % | 1,889 | 224 | +100.0 % |
| Total European Union | 42,724 | 46,009 | (7.1)% | 50,150 | 50,430 | (0.6)% | 49,578 | 52,057 | (4.8)% | 46,730 | 45,314 | 3.1 % | 189,182 | 193,810 | (2.4)% |

Eastern Europe

| | | | | | | | | | | | | | | | |
|-----------------------------|---------------|---------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|---------------|
| <i>Marlboro</i> | 2,873 | 2,926 | (1.8)% | 3,652 | 3,542 | 3.1 % | 3,931 | 3,966 | (0.9)% | 3,777 | 3,677 | 2.7 % | 14,234 | 14,111 | 0.9 % |
| <i>L&M</i> | 3,066 | 3,701 | (17.1)% | 4,125 | 4,393 | (6.1)% | 4,042 | 4,298 | (6.0)% | 3,850 | 4,056 | (5.1)% | 15,082 | 16,447 | (8.3)% |
| <i>Bond Street</i> | 7,875 | 8,919 | (11.7)% | 9,684 | 10,521 | (8.0)% | 9,237 | 10,929 | (15.5)% | 8,645 | 10,993 | (21.4)% | 35,441 | 41,361 | (14.3)% |
| <i>Parliament</i> | 3,019 | 3,788 | (20.3)% | 4,165 | 4,494 | (7.3)% | 4,188 | 4,588 | (8.7)% | 5,120 | 4,479 | 14.3 % | 16,492 | 17,349 | (4.9)% |
| <i>Philip Morris</i> | 3,168 | 173 | +100.0 % | 5,023 | 192 | +100.0 % | 5,437 | 255 | +100.0 % | 5,228 | 1,152 | +100.0 % | 18,856 | 1,772 | +100.0 % |
| Others | 4,595 | 9,303 | (50.6)% | 5,432 | 10,496 | (48.2)% | 4,914 | 10,194 | (51.8)% | 4,352 | 8,421 | (48.3)% | 19,293 | 38,416 | (49.8)% |
| Total Cigarettes | 24,596 | 28,810 | (14.6)% | 32,081 | 33,638 | (4.6)% | 31,749 | 34,230 | (7.2)% | 30,972 | 32,778 | (5.5)% | 119,398 | 129,456 | (7.8)% |
| Heated Tobacco Units | 54 | 2 | +100.0 % | 117 | 7 | +100.0 % | 180 | 18 | +100.0 % | 323 | 37 | +100.0 % | 674 | 64 | +100.0 % |
| Total Eastern Europe | 24,650 | 28,812 | (14.4)% | 32,198 | 33,645 | (4.3)% | 31,929 | 34,248 | (6.8)% | 31,295 | 32,815 | (4.6)% | 120,072 | 129,520 | (7.3)% |

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

PMI Shipment Volume by Brand

(million units) / (unaudited)

| Quarters Ended March 31 | | | Quarters Ended June 30 | | | Quarters Ended September 30 | | | Quarters Ended December 31 | | | Full Year Ended December 31 | | |
|----------------------------|------|-------------|---------------------------|------|-------------|--------------------------------|------|-------------|-------------------------------|------|-------------|--------------------------------|------|-------------|
| 2017 | 2016 | % Change | 2017 | 2016 | % Change | 2017 | 2016 | % Change | 2017 | 2016 | % Change | 2017 | 2016 | % Change |

Middle East & Africa

| | | | | | | | | | | | | | | | |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|----------------|----------------|---------------|
| <i>Marlboro</i> | 13,243 | 14,606 | (9.3)% | 13,385 | 13,849 | (3.4)% | 14,724 | 16,116 | (8.6)% | 14,536 | 15,137 | (4.0)% | 55,888 | 59,707 | (6.4)% |
| <i>L&M</i> | 8,423 | 9,164 | (8.1)% | 7,666 | 8,767 | (12.6)% | 8,598 | 9,188 | (6.4)% | 7,154 | 8,617 | (17.0)% | 31,841 | 35,736 | (10.9)% |
| <i>Bond Street</i> | 257 | 331 | (22.2)% | 160 | 381 | (58.1)% | 236 | 230 | 2.8 % | 241 | 250 | (3.4)% | 895 | 1,191 | (24.9)% |
| <i>Parliament</i> | 3,522 | 3,514 | 0.2 % | 4,108 | 4,443 | (7.5)% | 4,522 | 4,673 | (3.2)% | 4,655 | 3,960 | 17.5 % | 16,807 | 16,590 | 1.3 % |
| <i>Philip Morris</i> | 69 | 58 | 18.8 % | 51 | 56 | (9.0)% | 64 | 89 | (27.9)% | 46 | 83 | (44.7)% | 230 | 287 | (19.6)% |
| Others | 6,464 | 6,643 | (2.7)% | 6,963 | 7,198 | (3.3)% | 8,944 | 7,646 | 17.0 % | 8,728 | 6,938 | 25.8 % | 31,098 | 28,426 | 9.4 % |
| Total Cigarettes | 31,978 | 34,316 | (6.8)% | 32,333 | 34,694 | (6.8)% | 37,088 | 37,942 | (2.3)% | 35,360 | 34,985 | 1.1 % | 136,759 | 141,937 | (3.6)% |
| Heated Tobacco Units | 51 | — | — | 112 | 1 | +100.0 % | 247 | 9 | +100.0 % | 497 | 26 | +100.0 % | 907 | 36 | +100.0 % |
| Total Middle East & Africa | 32,029 | 34,316 | (6.7)% | 32,445 | 34,695 | (6.5)% | 37,335 | 37,951 | (1.6)% | 35,857 | 35,011 | 2.4 % | 137,666 | 141,973 | (3.0)% |

South & Southeast Asia

| | | | | | | | | | | | | | | | |
|---|---------------|---------------|----------------|---------------|---------------|----------------|---------------|---------------|--------------|---------------|---------------|--------------|----------------|----------------|---------------|
| <i>Marlboro</i> | 10,215 | 10,359 | (1.4)% | 11,386 | 11,426 | (0.3)% | 11,281 | 10,700 | 5.4 % | 12,704 | 10,798 | 17.7 % | 45,587 | 43,284 | 5.3 % |
| <i>Lark</i> | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| <i>Parliament</i> | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Others | 27,684 | 35,953 | (23.0)% | 30,639 | 38,978 | (21.4)% | 33,450 | 32,480 | 3.0 % | 34,241 | 34,585 | (1.0)% | 126,013 | 141,995 | (11.3)% |
| Total Cigarettes | 37,899 | 46,312 | (18.2)% | 42,025 | 50,404 | (16.6)% | 44,731 | 43,180 | 3.6 % | 46,945 | 45,383 | 3.4 % | 171,600 | 185,279 | (7.4)% |
| Heated Tobacco Units | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Total South & Southeast Asia | 37,899 | 46,312 | (18.2)% | 42,025 | 50,404 | (16.6)% | 44,731 | 43,180 | 3.6 % | 46,945 | 45,383 | 3.4 % | 171,600 | 185,279 | (7.4)% |

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

PMI Shipment Volume by Brand

(million units) / (unaudited)

| Quarters Ended March 31 | | | Quarters Ended June 30 | | | Quarters Ended September 30 | | | Quarters Ended December 31 | | | Full Year Ended December 31 | | |
|----------------------------|------|-------------|---------------------------|------|-------------|--------------------------------|------|-------------|-------------------------------|------|-------------|--------------------------------|------|-------------|
| 2017 | 2016 | % Change | 2017 | 2016 | % Change | 2017 | 2016 | % Change | 2017 | 2016 | % Change | 2017 | 2016 | % Change |

East Asia & Australia

| | | | | | | | | | | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|----------------|---------------|---------------|----------------|---------------|---------------|----------------|---------------|---------------|----------------|
| <i>Marlboro</i> | 7,519 | 8,514 | (11.7)% | 6,908 | 8,011 | (13.8)% | 6,946 | 8,267 | (16.0)% | 6,487 | 8,388 | (22.7)% | 27,859 | 33,180 | (16.0)% |
| <i>Lark</i> | 4,566 | 4,302 | 6.1 % | 3,291 | 4,845 | (32.1)% | 3,539 | 4,274 | (17.2)% | 3,078 | 4,178 | (26.3)% | 14,474 | 17,600 | (17.8)% |
| <i>Parliament</i> | 2,326 | 2,410 | (3.5)% | 2,532 | 2,580 | (1.8)% | 2,269 | 2,545 | (10.8)% | 2,096 | 2,608 | (19.6)% | 9,224 | 10,142 | (9.1)% |
| Others | 2,832 | 3,684 | (23.1)% | 3,059 | 3,459 | (11.6)% | 2,577 | 3,427 | (24.8)% | 2,628 | 3,258 | (19.3)% | 11,096 | 13,828 | (19.8)% |
| Total Cigarettes | 17,243 | 18,910 | (8.8)% | 15,790 | 18,895 | (16.4)% | 15,331 | 18,513 | (17.2)% | 14,289 | 18,432 | (22.5)% | 62,653 | 74,750 | (16.2)% |
| Heated Tobacco Units | 4,145 | 435 | +100.0 % | 5,726 | 1,118 | +100.0 % | 8,826 | 2,005 | +100.0 % | 14,032 | 3,512 | +100.0 % | 32,729 | 7,070 | +100.0 % |
| Total East Asia & Australia | 21,388 | 19,345 | 10.6 % | 21,516 | 20,013 | 7.5 % | 24,157 | 20,518 | 17.7 % | 28,321 | 21,944 | 29.1 % | 95,382 | 81,820 | 16.6 % |

Latin America & Canada

| | | | | | | | | | | | | | | | |
|---|---------------|---------------|----------------|---------------|---------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <i>Marlboro</i> | 7,625 | 8,880 | (14.1)% | 8,899 | 8,336 | 6.7 % | 7,758 | 8,345 | (7.0)% | 9,429 | 9,632 | (2.1)% | 33,711 | 35,194 | (4.2)% |
| <i>Philip Morris</i> | 3,440 | 4,631 | (25.7)% | 3,210 | 4,126 | (22.2)% | 3,335 | 3,793 | (12.1)% | 3,335 | 3,912 | (14.8)% | 13,320 | 16,463 | (19.1)% |
| <i>Chesterfield</i> | 1,887 | 171 | +100.0 % | 2,111 | 223 | +100.0 % | 2,537 | 667 | +100.0 % | 3,317 | 1,565 | +100.0 % | 9,852 | 2,626 | +100.0 % |
| Others | 6,344 | 8,018 | (20.9)% | 7,333 | 8,574 | (14.5)% | 6,822 | 8,380 | (18.6)% | 6,841 | 8,685 | (21.2)% | 27,340 | 33,655 | (18.8)% |
| Total Cigarettes | 19,296 | 21,700 | (11.1)% | 21,553 | 21,259 | 1.4 % | 20,452 | 21,185 | (3.5)% | 22,922 | 23,794 | (3.7)% | 84,223 | 87,938 | (4.2)% |
| Heated Tobacco Units | 1 | — | — | 3 | — | — | 8 | — | — | 15 | — | — | 27 | — | — |
| Total Latin America & Canada | 19,297 | 21,700 | (11.1)% | 21,556 | 21,259 | 1.4 % | 20,460 | 21,185 | (3.4)% | 22,937 | 23,794 | (3.6)% | 84,250 | 87,938 | (4.2)% |

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Diluted Earnings Per Share (EPS)

(Unaudited)

| | Quarters Ended March 31 | Quarters Ended June 30 | Quarters Ended September 30 | Quarters Ended December 31 | Full Year Ended December 31 |
|--|----------------------------|---------------------------|--------------------------------|-------------------------------|--------------------------------|
| Diluted Earnings Per Share | | | | | |
| 2017 Diluted Earnings Per Share (1) | \$ 1.02 | \$ 1.14 | \$ 1.27 | \$ 0.44 | \$ 3.88 |
| 2016 Diluted Earnings Per Share (1) | \$ 0.98 | \$ 1.15 | \$ 1.25 | \$ 1.10 | \$ 4.48 |
| Change | \$ 0.04 | \$ (0.01) | \$ 0.02 | \$ (0.66) | \$ (0.60) |
| % Change | 4.1% | (0.9)% | 1.6% | (60.0)% | (13.4)% |

Reconciliation:

| | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|
| 2016 Diluted Earnings Per Share (1) | \$ 0.98 | \$ 1.15 | \$ 1.25 | \$ 1.10 | \$ 4.48 |
| 2016 Asset impairment and exit costs | — | — | — | — | — |
| 2016 Tax items | — | — | — | — | — |
| 2017 Asset impairment and exit costs | — | — | — | — | — |
| 2017 Tax items | 0.04 | — | — | (0.88) | (0.84) |
| Currency | — | (0.11) | (0.12) | 0.01 | (0.21) |
| Interest | 0.02 | 0.01 | — | (0.02) | 0.01 |
| Change in tax rate | 0.01 | 0.01 | (0.02) | (0.04) | (0.03) |
| Operations (2) | (0.03) | 0.08 | 0.16 | 0.27 | 0.47 |
| 2017 Diluted Earnings Per Share (1) | \$ 1.02 | \$ 1.14 | \$ 1.27 | \$ 0.44 | \$ 3.88 |

(1) Basic and diluted EPS were calculated using the following (in millions):

| | Quarters Ended March 31 | | Quarters Ended June 30 | | Quarters Ended September 30 | | Quarters Ended December 31 | | Full Year Ended December 31 | |
|--|----------------------------|-----------------|---------------------------|-----------------|--------------------------------|-----------------|-------------------------------|-----------------|--------------------------------|-----------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Net Earnings attributable to PMI | \$ 1,590 | \$ 1,530 | \$ 1,781 | \$ 1,788 | \$ 1,970 | \$ 1,938 | \$ 694 | \$ 1,711 | \$ 6,035 | \$ 6,967 |
| Less distributed and undistributed earnings attributable to share-based payment awards | 3 | 5 | 5 | 5 | 4 | 5 | 4 | 5 | 14 | 19 |
| Net Earnings for basic and diluted EPS | \$ 1,587 | \$ 1,525 | \$ 1,776 | \$ 1,783 | \$ 1,966 | \$ 1,933 | \$ 690 | \$ 1,706 | \$ 6,021 | \$ 6,948 |
| Weighted-average shares for basic EPS | 1,552 | 1,550 | 1,553 | 1,551 | 1,553 | 1,551 | 1,553 | 1,552 | 1,552 | 1,551 |
| Plus Contingently Issuable Performance Stock Units | 1 | — | 1 | — | 1 | — | 1 | — | 1 | — |
| Weighted-average shares for diluted EPS | 1,553 | 1,550 | 1,554 | 1,551 | 1,554 | 1,551 | 1,554 | 1,552 | 1,553 | 1,551 |

(2) Includes the impact of shares outstanding and share-based payments

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures

**Reconciliation of Reported Diluted EPS to Reported Diluted EPS, excluding Currency,
and Reconciliation of Reported Diluted EPS to Adjusted Diluted EPS and Adjusted Diluted EPS, excluding Currency**

(Unaudited)

| | Quarters Ended March 31 | | | Quarters Ended June 30 | | | Quarters Ended September 30 | | | Quarters Ended December 31 | | | Full Year Ended December 31 | | |
|---|----------------------------|----------------|-------------|---------------------------|----------------|---------------|--------------------------------|----------------|--------------|-------------------------------|----------------|----------------|--------------------------------|----------------|----------------|
| | 2017 | 2016 | % Change | 2017 | 2016 | % Change | 2017 | 2016 | % Change | 2017 | 2016 | % Change | 2017 | 2016 | % Change |
| Reported Diluted EPS | \$ 1.02 | \$ 0.98 | 4.1% | \$ 1.14 | \$ 1.15 | (0.9)% | \$ 1.27 | \$ 1.25 | 1.6% | \$ 0.44 | \$ 1.10 | (60.0)% | \$ 3.88 | \$ 4.48 | (13.4)% |
| Currency | — | | | (0.11) | | | (0.12) | | | 0.01 | | | (0.21) | | |
| Reported Diluted EPS, excluding Currency | \$ 1.02 | \$ 0.98 | 4.1% | \$ 1.25 | \$ 1.15 | 8.7 % | \$ 1.39 | \$ 1.25 | 11.2% | \$ 0.43 | \$ 1.10 | (60.9)% | \$ 4.09 | \$ 4.48 | (8.7)% |

| | Quarters Ended March 31 | | | Quarters Ended June 30 | | | Quarters Ended September 30 | | | Quarters Ended December 31 | | | Full Year Ended December 31 | | |
|---|----------------------------|----------------|-------------|---------------------------|----------------|---------------|--------------------------------|----------------|--------------|-------------------------------|----------------|----------------|--------------------------------|----------------|----------------|
| | 2017 | 2016 | % Change | 2017 | 2016 | % Change | 2017 | 2016 | % Change | 2017 | 2016 | % Change | 2017 | 2016 | % Change |
| Reported Diluted EPS | \$ 1.02 | \$ 0.98 | 4.1% | \$ 1.14 | \$ 1.15 | (0.9)% | \$ 1.27 | \$ 1.25 | 1.6% | \$ 0.44 | \$ 1.10 | (60.0)% | \$ 3.88 | \$ 4.48 | (13.4)% |
| Asset impairment and exit costs | — | — | | — | — | | — | — | | — | — | | — | — | |
| Tax items | (0.04) | — | | — | — | | — | — | | 0.88 | — | | 0.84 | — | |
| Adjusted Diluted EPS | \$ 0.98 | \$ 0.98 | — | \$ 1.14 | \$ 1.15 | (0.9)% | \$ 1.27 | \$ 1.25 | 1.6% | \$ 1.32 | \$ 1.10 | 20.0 % | \$ 4.72 | \$ 4.48 | 5.4 % |
| Currency | — | | | (0.11) | | | (0.12) | | | 0.01 | | | (0.21) | | |
| Adjusted Diluted EPS, excluding Currency | \$ 0.98 | \$ 0.98 | — | \$ 1.25 | \$ 1.15 | 8.7 % | \$ 1.39 | \$ 1.25 | 11.2% | \$ 1.31 | \$ 1.10 | 19.1 % | \$ 4.93 | \$ 4.48 | 10.0 % |

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures

Net Revenues by Product Category and Adjustments of Net Revenues for the Impact of Currency and Acquisitions

(\$ in millions) / (Unaudited)

| Net Revenues | Currency | Net Revenues excluding Currency | Acquisitions | Net Revenues excluding Currency & Acquisitions | Quarters Ended March 31 | Net Revenues | Total | Excluding Currency | Excluding Currency & Acquisitions |
|-----------------|-----------------|---------------------------------|--------------|--|------------------------------|-----------------|-----------------|--------------------|-----------------------------------|
| 2017 | | | | | Combustible Products | 2016 | % Change | | |
| \$ 1,709 | \$ (55) | \$ 1,764 | \$ — | \$ 1,764 | European Union | \$ 1,855 | (7.9)% | (4.9)% | (4.9)% |
| 513 | 57 | 456 | — | 456 | Eastern Europe | 492 | 4.3 % | (7.4)% | (7.4)% |
| 957 | (157) | 1,114 | — | 1,114 | Middle East & Africa | 1,111 | (13.9)% | 0.3 % | 0.3 % |
| 1,031 | 11 | 1,020 | — | 1,020 | South & Southeast Asia | 1,058 | (2.6)% | (3.6)% | (3.6)% |
| 813 | 27 | 786 | — | 786 | East Asia & Australia | 863 | (5.7)% | (8.9)% | (8.9)% |
| 605 | (22) | 627 | — | 627 | Latin America & Canada | 650 | (6.8)% | (3.5)% | (3.5)% |
| \$ 5,629 | \$ (137) | \$ 5,766 | \$ — | \$ 5,766 | Total Combustible | \$ 6,028 | (6.6)% | (4.3)% | (4.3)% |
| 2017 | | | | | Reduced-Risk Products | 2016 | % Change | | |
| \$ 31 | \$ (1) | \$ 33 | \$ — | \$ 33 | European Union | \$ 9 | +100 % | +100 % | +100 % |
| 3 | — | 3 | — | 3 | Eastern Europe | (1) | +100 % | +100 % | +100 % |
| 4 | — | 4 | — | 4 | Middle East & Africa | — | — | — | — |
| — | — | — | — | — | South & Southeast Asia | — | — | — | — |
| 396 | 18 | 379 | — | 379 | East Asia & Australia | 47 | +100 % | +100 % | +100 % |
| — | — | — | — | — | Latin America & Canada | — | — | — | — |
| \$ 435 | \$ 17 | \$ 418 | \$ — | \$ 418 | Total RRPs | \$ 55 | +100 % | +100 % | +100 % |
| 2017 | | | | | Total | 2016 | % Change | | |
| \$ 1,740 | \$ (55) | \$ 1,795 | \$ — | \$ 1,795 | European Union | \$ 1,863 | (6.6)% | (3.7)% | (3.7)% |
| 516 | 58 | 458 | — | 458 | Eastern Europe | 491 | 5.1 % | (6.7)% | (6.7)% |
| 961 | (157) | 1,118 | — | 1,118 | Middle East & Africa | 1,111 | (13.5)% | 0.6 % | 0.6 % |
| 1,031 | 11 | 1,020 | — | 1,020 | South & Southeast Asia | 1,058 | (2.6)% | (3.6)% | (3.6)% |
| 1,210 | 45 | 1,165 | — | 1,165 | East Asia & Australia | 910 | 33.0 % | 28.0 % | 28.0 % |
| 606 | (22) | 628 | — | 628 | Latin America & Canada | 650 | (6.8)% | (3.4)% | (3.4)% |
| \$ 6,064 | \$ (120) | \$ 6,184 | \$ — | \$ 6,184 | Total PMI | \$ 6,083 | (0.3)% | 1.7 % | 1.7 % |

Note: Sum of product categories or Regions might not foot to total PMI due to roundings. "-" indicates amounts between -\$0.5 million and +\$0.5 million.

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures

Net Revenues by Product Category and Adjustments of Net Revenues for the Impact of Currency and Acquisitions

(\$ in millions) / (Unaudited)

| Net Revenues | Currency | Net Revenues excluding Currency | Acquisitions | Net Revenues excluding Currency & Acquisitions | Quarters Ended June 30 | Net Revenues | Total | Excluding Currency | Excluding Currency & Acquisitions |
|-----------------|-----------------|---------------------------------|--------------|--|------------------------------|-----------------|-----------------|--------------------|-----------------------------------|
| 2017 | | | | | Combustible Products | 2016 | % Change | | |
| \$ 2,060 | \$ (89) | \$ 2,150 | \$ — | \$ 2,150 | European Union | \$ 2,143 | (3.8)% | 0.3 % | 0.3 % |
| 691 | 73 | 618 | — | 618 | Eastern Europe | 616 | 12.2 % | 0.4 % | 0.4 % |
| 968 | (134) | 1,102 | — | 1,102 | Middle East & Africa | 1,048 | (7.7)% | 5.1 % | 5.1 % |
| 1,046 | (18) | 1,064 | — | 1,064 | South & Southeast Asia | 1,129 | (7.4)% | (5.8)% | (5.8)% |
| 790 | (1) | 790 | — | 790 | East Asia & Australia | 892 | (11.5)% | (11.4)% | (11.4)% |
| 748 | (21) | 768 | — | 768 | Latin America & Canada | 697 | 7.3 % | 10.2 % | 10.2 % |
| \$ 6,302 | \$ (190) | \$ 6,493 | \$ — | \$ 6,493 | Total Combustible | \$ 6,526 | (3.4)% | (0.5)% | (0.5)% |
| 2017 | | | | | Reduced-Risk Products | 2016 | % Change | | |
| \$ 50 | \$ (2) | \$ 52 | \$ — | \$ 52 | European Union | \$ 11 | +100 % | +100 % | +100 % |
| 6 | — | 6 | — | 6 | Eastern Europe | — | — | — | — |
| 10 | — | 11 | — | 11 | Middle East & Africa | — | — | — | — |
| — | — | — | — | — | South & Southeast Asia | — | — | — | — |
| 549 | (2) | 551 | — | 551 | East Asia & Australia | 111 | +100 % | +100 % | +100 % |
| 1 | — | 1 | — | 1 | Latin America & Canada | — | — | — | — |
| \$ 615 | \$ (4) | \$ 620 | \$ — | \$ 620 | Total RRPs | \$ 123 | +100 % | +100 % | +100 % |
| 2017 | | | | | Total | 2016 | % Change | | |
| \$ 2,110 | \$ (92) | \$ 2,202 | \$ — | \$ 2,202 | European Union | \$ 2,155 | (2.1)% | 2.2 % | 2.2 % |
| 697 | 72 | 625 | — | 625 | Eastern Europe | 616 | 13.1 % | 1.5 % | 1.5 % |
| 978 | (134) | 1,112 | — | 1,112 | Middle East & Africa | 1,048 | (6.7)% | 6.1 % | 6.1 % |
| 1,046 | (18) | 1,064 | — | 1,064 | South & Southeast Asia | 1,129 | (7.4)% | (5.8)% | (5.8)% |
| 1,338 | (3) | 1,341 | — | 1,341 | East Asia & Australia | 1,004 | 33.3 % | 33.6 % | 33.6 % |
| 748 | (20) | 768 | — | 768 | Latin America & Canada | 697 | 7.3 % | 10.2 % | 10.2 % |
| \$ 6,917 | \$ (195) | \$ 7,112 | \$ — | \$ 7,112 | Total PMI | \$ 6,649 | 4.0 % | 7.0 % | 7.0 % |

Note: Sum of product categories or Regions might not foot to total PMI due to roundings. "-" indicates amounts between -\$0.5 million and +\$0.5 million.

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures

Net Revenues by Product Category and Adjustments of Net Revenues for the Impact of Currency and Acquisitions

(\$ in millions) / (Unaudited)

| Net Revenues | Currency | Net Revenues excluding Currency | Acquisitions | Net Revenues excluding Currency & Acquisitions | Quarters Ended September 30 | Net Revenues | Total | Excluding Currency | Excluding Currency & Acquisitions |
|-----------------|-----------------|---------------------------------|--------------|--|------------------------------|-----------------|-----------------|--------------------|-----------------------------------|
| 2017 | | | | | Combustible Products | 2016 | % Change | | |
| \$ 2,139 | \$ 53 | \$ 2,086 | \$ — | \$ 2,086 | European Union | \$ 2,188 | (2.2)% | (4.6)% | (4.6)% |
| 696 | 46 | 651 | — | 651 | Eastern Europe | 684 | 1.8 % | (4.8)% | (4.8)% |
| 1,045 | (153) | 1,198 | — | 1,198 | Middle East & Africa | 1,248 | (16.2)% | (4.0)% | (4.0)% |
| 1,129 | (19) | 1,148 | — | 1,148 | South & Southeast Asia | 1,015 | 11.2 % | 13.1 % | 13.1 % |
| 760 | (7) | 767 | — | 767 | East Asia & Australia | 926 | (17.9)% | (17.2)% | (17.2)% |
| 755 | (14) | 769 | — | 769 | Latin America & Canada | 710 | 6.4 % | 8.4 % | 8.4 % |
| \$ 6,526 | \$ (95) | \$ 6,620 | \$ — | \$ 6,620 | Total Combustible | \$ 6,770 | (3.6)% | (2.2)% | (2.2)% |
| 2017 | | | | | Reduced-Risk Products | 2016 | % Change | | |
| \$ 65 | \$ 1 | \$ 63 | \$ — | \$ 63 | European Union | \$ 13 | +100 % | 100 % | +100 % |
| 9 | — | 9 | — | 9 | Eastern Europe | 3 | +100 % | +100 % | +100 % |
| 31 | (1) | 32 | — | 32 | Middle East & Africa | 1 | +100 % | +100 % | +100 % |
| — | — | — | — | — | South & Southeast Asia | — | — | — | — |
| 841 | (42) | 883 | — | 883 | East Asia & Australia | 196 | +100 % | +100 % | +100 % |
| 1 | — | 1 | — | 1 | Latin America & Canada | — | — | — | — |
| \$ 947 | \$ (41) | \$ 988 | \$ — | \$ 988 | Total RRPs | \$ 212 | +100 % | +100 % | +100 % |
| 2017 | | | | | Total | 2016 | % Change | | |
| \$ 2,204 | \$ 53 | \$ 2,151 | \$ — | \$ 2,151 | European Union | \$ 2,200 | 0.2 % | (2.2)% | (2.2)% |
| 705 | 46 | 659 | — | 659 | Eastern Europe | 687 | 2.6 % | (4.1)% | (4.1)% |
| 1,078 | (153) | 1,231 | — | 1,231 | Middle East & Africa | 1,249 | (13.7)% | (1.4)% | (1.4)% |
| 1,129 | (19) | 1,148 | — | 1,148 | South & Southeast Asia | 1,015 | 11.2 % | 13.1 % | 13.1 % |
| 1,601 | (49) | 1,650 | — | 1,650 | East Asia & Australia | 1,121 | 42.8 % | 47.2 % | 47.2 % |
| 756 | (14) | 770 | — | 770 | Latin America & Canada | 710 | 6.5 % | 8.5 % | 8.5 % |
| \$ 7,473 | \$ (136) | \$ 7,609 | \$ — | \$ 7,609 | Total PMI | \$ 6,982 | 7.0 % | 9.0 % | 9.0 % |

Note: Sum of product categories or Regions might not foot to total PMI due to roundings. "-" indicates amounts between -\$0.5 million and +\$0.5 million.

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures

Net Revenues by Product Category and Adjustments of Net Revenues for the Impact of Currency and Acquisitions

(\$ in millions) / (Unaudited)

| Net Revenues | Currency | Net Revenues excluding Currency | Acquisitions | Net Revenues excluding Currency & Acquisitions | Quarters Ended December 31 | Net Revenues | Total | Excluding Currency | Excluding Currency & Acquisitions |
|-----------------|----------------|---------------------------------|--------------|--|------------------------------|-----------------|-----------------|--------------------|-----------------------------------|
| 2017 | | | | | Combustible Products | 2016 | % Change | | |
| \$ 2,140 | \$ 130 | \$ 2,009 | \$ — | \$ 2,009 | European Union | \$ 1,919 | 11.5 % | 4.7 % | 4.7 % |
| 756 | 51 | 705 | — | 705 | Eastern Europe | 686 | 10.2 % | 2.8 % | 2.8 % |
| 923 | (73) | 996 | — | 996 | Middle East & Africa | 1,106 | (16.5)% | (9.9)% | (9.9)% |
| 1,211 | (37) | 1,248 | — | 1,248 | South & Southeast Asia | 1,194 | 1.4 % | 4.5 % | 4.5 % |
| 793 | 1 | 792 | — | 792 | East Asia & Australia | 938 | (15.4)% | (15.5)% | (15.5)% |
| 828 | 2 | 826 | — | 826 | Latin America & Canada | 785 | 5.5 % | 5.3 % | 5.3 % |
| \$ 6,651 | \$ 75 | \$ 6,576 | \$ — | \$ 6,576 | Total Combustible | \$ 6,628 | 0.3 % | (0.8)% | (0.8)% |
| 2017 | | | | | Reduced-Risk Products | 2016 | % Change | | |
| \$ 124 | \$ 7 | \$ 116 | \$ — | \$ 116 | European Union | \$ 25 | +100 % | +100 % | +100 % |
| 36 | 2 | 34 | — | 34 | Eastern Europe | 4 | +100 % | +100 % | +100 % |
| 49 | (3) | 51 | — | 51 | Middle East & Africa | 2 | +100 % | +100 % | +100 % |
| — | — | — | — | — | South & Southeast Asia | — | — | — | — |
| 1,432 | (68) | 1,500 | — | 1,500 | East Asia & Australia | 312 | +100 % | +100 % | +100 % |
| 3 | — | 3 | — | 3 | Latin America & Canada | — | — | — | — |
| \$ 1,643 | \$ (60) | \$ 1,704 | \$ — | \$ 1,704 | Total RRP s | \$ 343 | +100 % | +100 % | +100 % |
| 2017 | | | | | Total | 2016 | % Change | | |
| \$ 2,264 | \$ 139 | \$ 2,125 | \$ — | \$ 2,125 | European Union | \$ 1,944 | 16.5 % | 9.3 % | 9.3 % |
| 793 | 53 | 740 | — | 740 | Eastern Europe | 690 | 14.9 % | 7.2 % | 7.2 % |
| 971 | (76) | 1,047 | — | 1,047 | Middle East & Africa | 1,108 | (12.4)% | (5.5)% | (5.5)% |
| 1,211 | (37) | 1,248 | — | 1,248 | South & Southeast Asia | 1,194 | 1.4 % | 4.5 % | 4.5 % |
| 2,224 | (67) | 2,291 | — | 2,291 | East Asia & Australia | 1,250 | 77.9 % | 83.3 % | 83.3 % |
| 831 | 2 | 829 | — | 829 | Latin America & Canada | 785 | 5.9 % | 5.6 % | 5.6 % |
| \$ 8,294 | \$ 14 | \$ 8,280 | \$ — | \$ 8,280 | Total PMI | \$ 6,971 | 19.0 % | 18.8 % | 18.8 % |

Note: Sum of product categories or Regions might not foot to total PMI due to roundings. "-" indicates amounts between -\$0.5 million and +\$0.5 million.

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures

Net Revenues by Product Category and Adjustments of Net Revenues for the Impact of Currency and Acquisitions

(\$ in millions) / (Unaudited)

| Net Revenues | Currency | Net Revenues excluding Currency | Acquisitions | Net Revenues excluding Currency & Acquisitions | Full Year Ended December 31 | Net Revenues | Total | Excluding Currency | Excluding Currency & Acquisitions |
|------------------|-----------------|---------------------------------|--------------|--|------------------------------|------------------|-----------------|--------------------|-----------------------------------|
| 2017 | | | | | Combustible Products | 2016 | % Change | | |
| \$ 8,048 | \$ 39 | \$ 8,009 | \$ — | \$ 8,009 | European Union | \$ 8,105 | (0.7)% | (1.2)% | (1.2)% |
| 2,657 | 227 | 2,430 | — | 2,430 | Eastern Europe | 2,478 | 7.2 % | (1.9)% | (1.9)% |
| 3,893 | (517) | 4,410 | — | 4,410 | Middle East & Africa | 4,513 | (13.7)% | (2.3)% | (2.3)% |
| 4,417 | (63) | 4,480 | — | 4,480 | South & Southeast Asia | 4,396 | 0.5 % | 1.9 % | 1.9 % |
| 3,156 | 21 | 3,135 | — | 3,135 | East Asia & Australia | 3,619 | (12.8)% | (13.4)% | (13.4)% |
| 2,937 | (54) | 2,991 | — | 2,991 | Latin America & Canada | 2,841 | 3.4 % | 5.3 % | 5.3 % |
| \$ 25,107 | \$ (348) | \$ 25,456 | \$ — | \$ 25,456 | Total Combustible | \$ 25,952 | (3.3)% | (1.9)% | (1.9)% |
| 2017 | | | | | Reduced-Risk Products | 2016 | % Change | | |
| \$ 269 | \$ 5 | \$ 264 | \$ — | \$ 264 | European Union | \$ 57 | +100 % | +100 % | +100 % |
| 55 | 3 | 52 | — | 52 | Eastern Europe | 6 | +100 % | +100 % | +100 % |
| 94 | (3) | 98 | — | 98 | Middle East & Africa | 4 | +100 % | +100 % | +100 % |
| — | — | — | — | — | South & Southeast Asia | — | — | — | — |
| 3,218 | (94) | 3,312 | — | 3,312 | East Asia & Australia | 666 | +100 % | +100 % | +100 % |
| 4 | — | 4 | — | 4 | Latin America & Canada | 1 | +100 % | +100 % | +100 % |
| \$ 3,640 | \$ (89) | \$ 3,729 | \$ — | \$ 3,729 | Total RRPs | \$ 733 | +100 % | +100 % | +100 % |
| 2017 | | | | | Total | 2016 | % Change | | |
| \$ 8,318 | \$ 45 | \$ 8,273 | \$ — | \$ 8,273 | European Union | \$ 8,162 | 1.9 % | 1.4 % | 1.4 % |
| 2,711 | 229 | 2,482 | — | 2,482 | Eastern Europe | 2,484 | 9.1 % | (0.1)% | (0.1)% |
| 3,988 | (520) | 4,508 | — | 4,508 | Middle East & Africa | 4,516 | (11.7)% | (0.2)% | (0.2)% |
| 4,417 | (63) | 4,480 | — | 4,480 | South & Southeast Asia | 4,396 | 0.5 % | 1.9 % | 1.9 % |
| 6,373 | (74) | 6,447 | — | 6,447 | East Asia & Australia | 4,285 | 48.7 % | 50.5 % | 50.5 % |
| 2,941 | (54) | 2,995 | — | 2,995 | Latin America & Canada | 2,842 | 3.5 % | 5.4 % | 5.4 % |
| \$ 28,748 | \$ (437) | \$ 29,185 | \$ — | \$ 29,185 | Total PMI | \$ 26,685 | 7.7 % | 9.4 % | 9.4 % |

Note: Sum of product categories or Regions might not foot to total PMI due to roundings. "-" indicates amounts between -\$0.5 million and +\$0.5 million.

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures

Adjustments of Operating Income for the Impact of Currency and Acquisitions

(\$ in millions) / (Unaudited)

| Operating Income | Currency | Operating Income excluding Currency | Acquisitions | Operating Income excluding Currency & Acquisitions | | Operating Income | Total | Excluding Currency | Excluding Currency & Acquisitions |
|------------------|-----------------|-------------------------------------|--------------|--|------------------------------------|------------------|-----------------|--------------------|-----------------------------------|
| 2017 | | | | | Quarters Ended March 31 | 2016 | % Change | | |
| \$ 748 | \$ (27) | \$ 775 | \$ — | \$ 775 | European Union | \$ 885 | (15.5)% | (12.4)% | (12.4)% |
| 159 | 35 | 124 | — | 124 | Eastern Europe | 137 | 16.1 % | (9.5)% | (9.5)% |
| 491 | (47) | 538 | — | 538 | Middle East & Africa | 476 | 3.2 % | 13.0 % | 13.0 % |
| 370 | 12 | 358 | — | 358 | South & Southeast Asia | 375 | (1.3)% | (4.5)% | (4.5)% |
| 472 | 42 | 430 | — | 430 | East Asia & Australia | 393 | 20.1 % | 9.4 % | 9.4 % |
| 176 | (26) | 202 | — | 202 | Latin America & Canada | 230 | (23.5)% | (12.2)% | (12.2)% |
| \$ 2,416 | \$ (11) | \$ 2,427 | \$ — | \$ 2,427 | Total PMI | \$ 2,496 | (3.2)% | (2.8)% | (2.8)% |
| 2017 | | | | | Quarters Ended June 30 | 2016 | % Change | | |
| \$ 944 | \$ (61) | \$ 1,005 | \$ — | \$ 1,005 | European Union | \$ 1,053 | (10.4)% | (4.6)% | (4.6)% |
| 224 | 15 | 209 | — | 209 | Eastern Europe | 223 | 0.4 % | (6.3)% | (6.3)% |
| 477 | (104) | 581 | — | 581 | Middle East & Africa | 531 | (10.2)% | 9.4 % | 9.4 % |
| 319 | (15) | 334 | — | 334 | South & Southeast Asia | 351 | (9.1)% | (4.8)% | (4.8)% |
| 510 | (10) | 520 | — | 520 | East Asia & Australia | 394 | 29.4 % | 32.0 % | 32.0 % |
| 263 | (26) | 289 | — | 289 | Latin America & Canada | 222 | 18.5 % | 30.2 % | 30.2 % |
| \$ 2,737 | \$ (201) | \$ 2,938 | \$ — | \$ 2,938 | Total PMI | \$ 2,774 | (1.3)% | 5.9 % | 5.9 % |
| 2017 | | | | | Quarters Ended September 30 | 2016 | % Change | | |
| \$ 1,025 | \$ 8 | \$ 1,017 | \$ — | \$ 1,017 | European Union | \$ 1,100 | (6.8)% | (7.5)% | (7.5)% |
| 244 | 36 | 208 | — | 208 | Eastern Europe | 256 | (4.7)% | (18.8)% | (18.8)% |
| 495 | (122) | 617 | — | 617 | Middle East & Africa | 663 | (25.3)% | (6.9)% | (6.9)% |
| 411 | (11) | 422 | — | 422 | South & Southeast Asia | 329 | 24.9 % | 28.3 % | 28.3 % |
| 648 | (44) | 692 | — | 692 | East Asia & Australia | 423 | 53.2 % | 63.6 % | 63.6 % |
| 265 | (8) | 273 | — | 273 | Latin America & Canada | 225 | 17.8 % | 21.3 % | 21.3 % |
| \$ 3,088 | \$ (141) | \$ 3,229 | \$ — | \$ 3,229 | Total PMI | \$ 2,996 | 3.1 % | 7.8 % | 7.8 % |

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures

Adjustments of Operating Income for the Impact of Currency and Acquisitions

(\$ in millions) / (Unaudited)

| Operating Income | Currency | Operating Income excluding Currency | Acquisitions | Operating Income excluding Currency & Acquisitions | | Operating Income | Total | Excluding Currency | Excluding Currency & Acquisitions |
|------------------|-----------------|-------------------------------------|--------------|--|------------------------------------|------------------|-----------------|--------------------|-----------------------------------|
| 2017 | | | | | Quarters Ended December 31 | 2016 | % Change | | |
| \$ 974 | \$ 37 | \$ 937 | \$ — | \$ 937 | European Union | \$ 882 | 10.4 % | 6.2 % | 6.2 % |
| 260 | (2) | 262 | — | 262 | Eastern Europe | 274 | (5.1)% | (4.4)% | (4.4)% |
| 421 | 267 | 154 | — | 154 | Middle East & Africa | 320 | 31.6 % | (51.9)% | (51.9)% |
| 414 | (33) | 447 | — | 447 | South & Southeast Asia | 419 | (1.2)% | 6.7 % | 6.7 % |
| 978 | (63) | 1,041 | — | 1,041 | East Asia & Australia | 481 | +100 % | +100 % | +100 % |
| 293 | (10) | 303 | — | 303 | Latin America & Canada | 261 | 12.3 % | 16.1 % | 16.1 % |
| \$ 3,340 | \$ 196 | \$ 3,144 | \$ — | \$ 3,144 | Total PMI | \$ 2,637 | 26.7 % | 19.2 % | 19.2 % |
| 2017 | | | | | Full Year Ended December 31 | 2016 | % Change | | |
| \$ 3,691 | \$ (43) | \$ 3,734 | \$ — | \$ 3,734 | European Union | \$ 3,920 | (5.8)% | (4.7)% | (4.7)% |
| 887 | 84 | 803 | — | 803 | Eastern Europe | 890 | (0.3)% | (9.8)% | (9.8)% |
| 1,884 | (6) | 1,890 | — | 1,890 | Middle East & Africa | 1,990 | (5.3)% | (5.0)% | (5.0)% |
| 1,514 | (47) | 1,561 | — | 1,561 | South & Southeast Asia | 1,474 | 2.7 % | 5.9 % | 5.9 % |
| 2,608 | (75) | 2,683 | — | 2,683 | East Asia & Australia | 1,691 | 54.2 % | 58.7 % | 58.7 % |
| 997 | (70) | 1,067 | — | 1,067 | Latin America & Canada | 938 | 6.3 % | 13.8 % | 13.8 % |
| \$ 11,581 | \$ (157) | \$ 11,738 | \$ — | \$ 11,738 | Total PMI | \$ 10,903 | 6.2 % | 7.7 % | 7.7 % |

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Net Revenues and Operating Income: Price and Volume/Mix Variances

(\$ in millions) / (Unaudited)

| | 2017 vs. 2016 | | | | | | | | | |
|-------------------------|-------------------------|-----------------|------------------------|----------------|-----------------------------|----------------|----------------------------|-----------------|-----------------------------|-----------------|
| | Quarters Ended March 31 | | Quarters Ended June 30 | | Quarters Ended September 30 | | Quarters Ended December 31 | | Full Year Ended December 31 | |
| | Price | Volume/Mix | Price | Volume/Mix | Price | Volume/Mix | Price | Volume/Mix | Price | Volume/Mix |
| Net Revenues | | | | | | | | | | |
| European Union | \$ 47 | \$ (115) | \$ 38 | \$ 9 | \$ 37 | \$ (86) | \$ 34 | \$ 147 | \$ 156 | \$ (45) |
| Eastern Europe | 45 | (78) | 20 | (11) | 32 | (60) | 60 | (10) | 157 | (159) |
| Middle East & Africa | 108 | (101) | 107 | (43) | 33 | (51) | (41) | (20) | 207 | (215) |
| South & Southeast Asia | 95 | (133) | 101 | (166) | 110 | 23 | 47 | 7 | 353 | (269) |
| East Asia & Australia | 48 | 207 | 27 | 310 | 12 | 517 | 119 | 922 | 206 | 1,956 |
| Latin America & Canada | 65 | (87) | 74 | (3) | 85 | (25) | 83 | (39) | 307 | (154) |
| Total PMI | \$ 408 | \$ (307) | \$ 367 | \$ 96 | \$ 309 | \$ 318 | \$ 302 | \$ 1,007 | \$ 1,386 | \$ 1,114 |
| Operating Income | | | | | | | | | | |
| European Union | \$ 47 | \$ (109) | \$ 38 | \$ (23) | \$ 37 | \$ (88) | \$ 34 | \$ 101 | \$ 156 | \$ (119) |
| Eastern Europe | 45 | (73) | 20 | (17) | 32 | (54) | 60 | (20) | 157 | (164) |
| Middle East & Africa | 108 | (62) | 107 | (26) | 33 | (67) | (41) | (25) | 207 | (180) |
| South & Southeast Asia | 95 | (98) | 101 | (119) | 110 | (8) | 47 | (11) | 353 | (236) |
| East Asia & Australia | 48 | 42 | 27 | 100 | 12 | 234 | 119 | 482 | 206 | 858 |
| Latin America & Canada | 65 | (75) | 74 | (4) | 85 | (37) | 83 | (36) | 307 | (152) |
| Total PMI | \$ 408 | \$ (375) | \$ 367 | \$ (89) | \$ 309 | \$ (20) | \$ 302 | \$ 491 | \$ 1,386 | \$ 7 |

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures

Reconciliation of Operating Income to Adjusted Operating Income, excluding Currency and Acquisitions

(\$ in millions) / (Unaudited)

| Operating Income | Asset Impairment & Exit Costs | Adjusted Operating Income | Currency | Adjusted Operating Income excluding Currency | Acquisitions | Adjusted Operating Income excluding Currency & Acquisitions | | Operating Income | Asset Impairment & Exit Costs | Adjusted Operating Income | Total | Excluding Currency | Excluding Currency & Acquisitions |
|------------------|-------------------------------|---------------------------|-----------------|--|--------------|---|------------------------------------|------------------|-------------------------------|---------------------------|-----------------|--------------------|-----------------------------------|
| 2017 | | | | | | | Quarters Ended March 31 | 2016 | | | % Change | | |
| \$ 748 | \$ — | \$ 748 | \$ (27) | \$ 775 | \$ — | \$ 775 | European Union | \$ 885 | \$ — | \$ 885 | (15.5)% | (12.4)% | (12.4)% |
| 159 | — | 159 | 35 | 124 | — | 124 | Eastern Europe | 137 | — | 137 | 16.1 % | (9.5)% | (9.5)% |
| 491 | — | 491 | (47) | 538 | — | 538 | Middle East & Africa | 476 | — | 476 | 3.2 % | 13.0 % | 13.0 % |
| 370 | — | 370 | 12 | 358 | — | 358 | South & Southeast Asia | 375 | — | 375 | (1.3)% | (4.5)% | (4.5)% |
| 472 | — | 472 | 42 | 430 | — | 430 | East Asia & Australia | 393 | — | 393 | 20.1 % | 9.4 % | 9.4 % |
| 176 | — | 176 | (26) | 202 | — | 202 | Latin America & Canada | 230 | — | 230 | (23.5)% | (12.2)% | (12.2)% |
| \$ 2,416 | \$ — | \$ 2,416 | \$ (11) | \$ 2,427 | \$ — | \$ 2,427 | Total PMI | \$ 2,496 | \$ — | \$ 2,496 | (3.2)% | (2.8)% | (2.8)% |
| 2017 | | | | | | | Quarters Ended June 30 | 2016 | | | % Change | | |
| \$ 944 | \$ — | \$ 944 | \$ (61) | \$ 1,005 | \$ — | \$ 1,005 | European Union | \$ 1,053 | \$ — | \$ 1,053 | (10.4)% | (4.6)% | (4.6)% |
| 224 | — | 224 | 15 | 209 | — | 209 | Eastern Europe | 223 | — | 223 | 0.4 % | (6.3)% | (6.3)% |
| 477 | — | 477 | (104) | 581 | — | 581 | Middle East & Africa | 531 | — | 531 | (10.2)% | 9.4 % | 9.4 % |
| 319 | — | 319 | (15) | 334 | — | 334 | South & Southeast Asia | 351 | — | 351 | (9.1)% | (4.8)% | (4.8)% |
| 510 | — | 510 | (10) | 520 | — | 520 | East Asia & Australia | 394 | — | 394 | 29.4 % | 32.0 % | 32.0 % |
| 263 | — | 263 | (26) | 289 | — | 289 | Latin America & Canada | 222 | — | 222 | 18.5 % | 30.2 % | 30.2 % |
| \$ 2,737 | \$ — | \$ 2,737 | \$ (201) | \$ 2,938 | \$ — | \$ 2,938 | Total PMI | \$ 2,774 | \$ — | \$ 2,774 | (1.3)% | 5.9 % | 5.9 % |
| 2017 | | | | | | | Quarters Ended September 30 | 2016 | | | % Change | | |
| \$ 1,025 | \$ — | \$ 1,025 | \$ 8 | \$ 1,017 | \$ — | \$ 1,017 | European Union | \$ 1,100 | \$ — | \$ 1,100 | (6.8)% | (7.5)% | (7.5)% |
| 244 | — | 244 | 36 | 208 | — | 208 | Eastern Europe | 256 | — | 256 | (4.7)% | (18.8)% | (18.8)% |
| 495 | — | 495 | (122) | 617 | — | 617 | Middle East & Africa | 663 | — | 663 | (25.3)% | (6.9)% | (6.9)% |
| 411 | — | 411 | (11) | 422 | — | 422 | South & Southeast Asia | 329 | — | 329 | 24.9 % | 28.3 % | 28.3 % |
| 648 | — | 648 | (44) | 692 | — | 692 | East Asia & Australia | 423 | — | 423 | 53.2 % | 63.6 % | 63.6 % |
| 265 | — | 265 | (8) | 273 | — | 273 | Latin America & Canada | 225 | — | 225 | 17.8 % | 21.3 % | 21.3 % |
| \$ 3,088 | \$ — | \$ 3,088 | \$ (141) | \$ 3,229 | \$ — | \$ 3,229 | Total PMI | \$ 2,996 | \$ — | \$ 2,996 | 3.1 % | 7.8 % | 7.8 % |

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures

Reconciliation of Operating Income to Adjusted Operating Income, excluding Currency and Acquisitions

(\$ in millions) / (Unaudited)

| Operating Income | Asset Impairment & Exit Costs | Adjusted Operating Income | Currency | Adjusted Operating Income excluding Currency | Acquisitions | Adjusted Operating Income excluding Currency & Acquisitions | | Operating Income | Asset Impairment & Exit Costs | Adjusted Operating Income | Total | Excluding Currency | Excluding Currency & Acquisitions |
|------------------|-------------------------------|---------------------------|-----------------|--|--------------|---|------------------------------------|------------------|-------------------------------|---------------------------|-----------------|--------------------|-----------------------------------|
| 2017 | | | | | | | Quarters Ended December 31 | 2016 | | | % Change | | |
| \$ 974 | \$ — | \$ 974 | \$ 37 | \$ 937 | \$ — | \$ 937 | European Union | \$ 882 | \$ — | \$ 882 | 10.4 % | 6.2 % | 6.2 % |
| 260 | — | 260 | (2) | 262 | — | 262 | Eastern Europe | 274 | — | 274 | (5.1)% | (4.4)% | (4.4)% |
| 421 | — | 421 | 267 | 154 | — | 154 | Middle East & Africa | 320 | — | 320 | 31.6 % | (51.9)% | (51.9)% |
| 414 | — | 414 | (33) | 447 | — | 447 | South & Southeast Asia | 419 | — | 419 | (1.2)% | 6.7 % | 6.7 % |
| 978 | — | 978 | (63) | 1,041 | — | 1,041 | East Asia & Australia | 481 | — | 481 | +100 % | +100 % | +100 % |
| 293 | — | 293 | (10) | 303 | — | 303 | Latin America & Canada | 261 | — | 261 | 12.3 % | 16.1 % | 16.1 % |
| \$ 3,340 | \$ — | \$ 3,340 | \$ 196 | \$ 3,144 | \$ — | \$ 3,144 | Total PMI | \$ 2,637 | \$ — | \$ 2,637 | 26.7 % | 19.2 % | 19.2 % |
| 2017 | | | | | | | Full Year Ended December 31 | 2016 | | | % Change | | |
| \$ 3,691 | \$ — | \$ 3,691 | \$ (43) | \$ 3,734 | \$ — | \$ 3,734 | European Union | \$ 3,920 | \$ — | \$ 3,920 | (5.8)% | (4.7)% | (4.7)% |
| 887 | — | 887 | 84 | 803 | — | 803 | Eastern Europe | 890 | — | 890 | (0.3)% | (9.8)% | (9.8)% |
| 1,884 | — | 1,884 | (6) | 1,890 | — | 1,890 | Middle East & Africa | 1,990 | — | 1,990 | (5.3)% | (5.0)% | (5.0)% |
| 1,514 | — | 1,514 | (47) | 1,561 | — | 1,561 | South & Southeast Asia | 1,474 | — | 1,474 | 2.7 % | 5.9 % | 5.9 % |
| 2,608 | — | 2,608 | (75) | 2,683 | — | 2,683 | East Asia & Australia | 1,691 | — | 1,691 | 54.2 % | 58.7 % | 58.7 % |
| 997 | — | 997 | (70) | 1,067 | — | 1,067 | Latin America & Canada | 938 | — | 938 | 6.3 % | 13.8 % | 13.8 % |
| \$ 11,581 | \$ — | \$ 11,581 | \$ (157) | \$ 11,738 | \$ — | \$ 11,738 | Total PMI | \$ 10,903 | \$ — | \$ 10,903 | 6.2 % | 7.7 % | 7.7 % |

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures

Reconciliation of Adjusted Operating Income Margin, excluding Currency and Acquisitions

(\$ in millions) / (Unaudited)

| Adjusted Operating Income (1) | Net Revenues | Adjusted Operating Income Margin | Adjusted Operating Income excluding Currency (1) | Net Revenues excluding Currency (2) | Adjusted Operating Income Margin excluding Currency | Adjusted Operating Income excluding Currency & Acquisitions (1) | Net Revenues excluding Currency & Acquisitions (2) | Adjusted Operating Income Margin excluding Currency & Acquisitions | | Adjusted Operating Income (1) | Net Revenues | Adjusted Operating Income Margin | Adjusted Operating Income Margin | Adjusted Operating Income Margin excluding Currency | Adjusted Operating Income Margin excluding Currency & Acquisitions |
|-------------------------------|-----------------|----------------------------------|--|-------------------------------------|---|---|--|--|-----------------------------|-------------------------------|-----------------|----------------------------------|----------------------------------|---|--|
| 2017 | | | | | | | | | Quarters Ended March 31 | 2016 | | | % Points Change | | |
| \$ 748 | \$ 1,740 | 43.0% | \$ 775 | \$ 1,795 | 43.2% | \$ 775 | \$ 1,795 | 43.2% | European Union | \$ 885 | \$ 1,863 | 47.5% | (4.5) | (4.3) | (4.3) |
| 159 | 516 | 30.8% | 124 | 458 | 27.1% | 124 | 458 | 27.1% | Eastern Europe | 137 | 491 | 27.9% | 2.9 | (0.8) | (0.8) |
| 491 | 961 | 51.1% | 538 | 1,118 | 48.1% | 538 | 1,118 | 48.1% | Middle East & Africa | 476 | 1,111 | 42.8% | 8.3 | 5.3 | 5.3 |
| 370 | 1,031 | 35.9% | 358 | 1,020 | 35.1% | 358 | 1,020 | 35.1% | South & Southeast Asia | 375 | 1,058 | 35.4% | 0.5 | (0.3) | (0.3) |
| 472 | 1,210 | 39.0% | 430 | 1,165 | 36.9% | 430 | 1,165 | 36.9% | East Asia & Australia | 393 | 910 | 43.2% | (4.2) | (6.3) | (6.3) |
| 176 | 606 | 29.0% | 202 | 628 | 32.2% | 202 | 628 | 32.2% | Latin America & Canada | 230 | 650 | 35.4% | (6.4) | (3.2) | (3.2) |
| \$ 2,416 | \$ 6,064 | 39.8% | \$ 2,427 | \$ 6,184 | 39.2% | \$ 2,427 | \$ 6,184 | 39.2% | Total PMI | \$ 2,496 | \$ 6,083 | 41.0% | (1.2) | (1.8) | (1.8) |
| 2017 | | | | | | | | | Quarters Ended June 30 | 2016 | | | % Points Change | | |
| \$ 944 | \$ 2,110 | 44.7% | \$ 1,005 | \$ 2,202 | 45.6% | \$ 1,005 | \$ 2,202 | 45.6% | European Union | \$ 1,053 | \$ 2,155 | 48.9% | (4.2) | (3.3) | (3.3) |
| 224 | 697 | 32.1% | 209 | 625 | 33.4% | 209 | 625 | 33.4% | Eastern Europe | 223 | 616 | 36.2% | (4.1) | (2.8) | (2.8) |
| 477 | 978 | 48.8% | 581 | 1,112 | 52.2% | 581 | 1,112 | 52.2% | Middle East & Africa | 531 | 1,048 | 50.7% | (1.9) | 1.5 | 1.5 |
| 319 | 1,046 | 30.5% | 334 | 1,064 | 31.4% | 334 | 1,064 | 31.4% | South & Southeast Asia | 351 | 1,129 | 31.1% | (0.6) | 0.3 | 0.3 |
| 510 | 1,338 | 38.1% | 520 | 1,341 | 38.8% | 520 | 1,341 | 38.8% | East Asia & Australia | 394 | 1,004 | 39.2% | (1.1) | (0.4) | (0.4) |
| 263 | 748 | 35.2% | 289 | 768 | 37.6% | 289 | 768 | 37.6% | Latin America & Canada | 222 | 697 | 31.9% | 3.3 | 5.7 | 5.7 |
| \$ 2,737 | \$ 6,917 | 39.6% | \$ 2,938 | \$ 7,112 | 41.3% | \$ 2,938 | \$ 7,112 | 41.3% | Total PMI | \$ 2,774 | \$ 6,649 | 41.7% | (2.1) | (0.4) | (0.4) |
| 2017 | | | | | | | | | Quarters Ended September 30 | 2016 | | | % Points Change | | |
| \$ 1,025 | \$ 2,204 | 46.5% | \$ 1,017 | \$ 2,151 | 47.3% | \$ 1,017 | \$ 2,151 | 47.3% | European Union | \$ 1,100 | \$ 2,200 | 50.0% | (3.5) | (2.7) | (2.7) |
| 244 | 705 | 34.6% | 208 | 659 | 31.6% | 208 | 659 | 31.6% | Eastern Europe | 256 | 687 | 37.3% | (2.7) | (5.7) | (5.7) |
| 495 | 1,078 | 45.9% | 617 | 1,231 | 50.1% | 617 | 1,231 | 50.1% | Middle East & Africa | 663 | 1,249 | 53.1% | (7.2) | (3.0) | (3.0) |
| 411 | 1,129 | 36.4% | 422 | 1,148 | 36.8% | 422 | 1,148 | 36.8% | South & Southeast Asia | 329 | 1,015 | 32.4% | 4.0 | 4.4 | 4.4 |
| 648 | 1,601 | 40.5% | 692 | 1,650 | 41.9% | 692 | 1,650 | 41.9% | East Asia & Australia | 423 | 1,121 | 37.7% | 2.8 | 4.2 | 4.2 |
| 265 | 756 | 35.1% | 273 | 770 | 35.5% | 273 | 770 | 35.5% | Latin America & Canada | 225 | 710 | 31.7% | 3.4 | 3.8 | 3.8 |
| \$ 3,088 | \$ 7,473 | 41.3% | \$ 3,229 | \$ 7,609 | 42.4% | \$ 3,229 | \$ 7,609 | 42.4% | Total PMI | \$ 2,996 | \$ 6,982 | 42.9% | (1.6) | (0.5) | (0.5) |

(1) For the calculation of Adjusted Operating Income, Adjusted Operating Income excluding currency and Adjusted Operating Income excluding currency and acquisitions, refer to Schedule 8

(2) For the calculation of Net Revenues excluding currency and Net Revenues excluding currency and acquisitions, refer to Schedule 5

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures

Reconciliation of Adjusted Operating Income Margin, excluding Currency and Acquisitions

(\$ in millions) / (Unaudited)

| Adjusted Operating Income (1) | Net Revenues | Adjusted Operating Income Margin | Adjusted Operating Income excluding Currency (1) | Net Revenues excluding Currency (2) | Adjusted Operating Income Margin excluding Currency | Adjusted Operating Income excluding Currency & Acquisitions (1) | Net Revenues excluding Currency & Acquisitions (2) | Adjusted Operating Income Margin excluding Currency & Acquisitions | | Adjusted Operating Income (1) | Net Revenues | Adjusted Operating Income Margin | Adjusted Operating Income Margin | Adjusted Operating Income Margin excluding Currency | Adjusted Operating Income Margin excluding Currency & Acquisitions |
|-------------------------------|------------------|----------------------------------|--|-------------------------------------|---|---|--|--|------------------------------------|-------------------------------|------------------|----------------------------------|----------------------------------|---|--|
| 2017 | | | | | | | | | Quarters Ended December 31 | 2016 | | | % Points Change | | |
| \$ 974 | \$ 2,264 | 43.0% | \$ 937 | \$ 2,125 | 44.1% | \$ 937 | \$ 2,125 | 44.1% | European Union | \$ 882 | \$ 1,944 | 45.4% | (2.4) | (1.3) | (1.3) |
| 260 | 793 | 32.8% | 262 | 740 | 35.4% | 262 | 740 | 35.4% | Eastern Europe | 274 | 690 | 39.7% | (6.9) | (4.3) | (4.3) |
| 421 | 971 | 43.4% | 154 | 1,047 | 14.7% | 154 | 1,047 | 14.7% | Middle East & Africa | 320 | 1,108 | 28.9% | 14.5 | (14.2) | (14.2) |
| 414 | 1,211 | 34.2% | 447 | 1,248 | 35.8% | 447 | 1,248 | 35.8% | South & Southeast Asia | 419 | 1,194 | 35.1% | (0.9) | 0.7 | 0.7 |
| 978 | 2,224 | 44.0% | 1,041 | 2,291 | 45.4% | 1,041 | 2,291 | 45.4% | East Asia & Australia | 481 | 1,250 | 38.5% | 5.5 | 6.9 | 6.9 |
| 293 | 831 | 35.3% | 303 | 829 | 36.6% | 303 | 829 | 36.6% | Latin America & Canada | 261 | 785 | 33.2% | 2.1 | 3.4 | 3.4 |
| \$ 3,340 | \$ 8,294 | 40.3% | \$ 3,144 | \$ 8,280 | 38.0% | \$ 3,144 | \$ 8,280 | 38.0% | Total PMI | \$ 2,637 | \$ 6,971 | 37.8% | 2.5 | 0.2 | 0.2 |
| 2017 | | | | | | | | | Full Year Ended December 31 | 2016 | | | % Points Change | | |
| \$ 3,691 | \$ 8,318 | 44.4% | \$ 3,734 | \$ 8,273 | 45.1% | \$ 3,734 | \$ 8,273 | 45.1% | European Union | \$ 3,920 | \$ 8,162 | 48.0% | (3.6) | (2.9) | (2.9) |
| 887 | 2,711 | 32.7% | 803 | 2,482 | 32.4% | 803 | 2,482 | 32.4% | Eastern Europe | 890 | 2,484 | 35.8% | (3.1) | (3.4) | (3.4) |
| 1,884 | 3,988 | 47.2% | 1,890 | 4,508 | 41.9% | 1,890 | 4,508 | 41.9% | Middle East & Africa | 1,990 | 4,516 | 44.1% | 3.1 | (2.2) | (2.2) |
| 1,514 | 4,417 | 34.3% | 1,561 | 4,480 | 34.8% | 1,561 | 4,480 | 34.8% | South & Southeast Asia | 1,474 | 4,396 | 33.5% | 0.8 | 1.3 | 1.3 |
| 2,608 | 6,373 | 40.9% | 2,683 | 6,447 | 41.6% | 2,683 | 6,447 | 41.6% | East Asia & Australia | 1,691 | 4,285 | 39.5% | 1.4 | 2.1 | 2.1 |
| 997 | 2,941 | 33.9% | 1,067 | 2,995 | 35.6% | 1,067 | 2,995 | 35.6% | Latin America & Canada | 938 | 2,842 | 33.0% | 0.9 | 2.6 | 2.6 |
| \$ 11,581 | \$ 28,748 | 40.3% | \$ 11,738 | \$ 29,185 | 40.2% | \$ 11,738 | \$ 29,185 | 40.2% | Total PMI | \$ 10,903 | \$ 26,685 | 40.9% | (0.6) | (0.7) | (0.7) |

(1) For the calculation of Adjusted Operating Income, Adjusted Operating Income excluding currency and Adjusted Operating Income excluding currency and acquisitions, refer to Schedule 8

(2) For the calculation of Net Revenues excluding currency and Net Revenues excluding currency and acquisitions, refer to Schedule 5

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Condensed Statements of Earnings

(\$ in millions, except per share data) / (Unaudited)

| | Quarters Ended March 31 | | | Quarters Ended June 30 | | | Quarters Ended September 30 | | | Quarters Ended December 31 | | | Full Year Ended December 31 | | |
|---|----------------------------|-----------------|---------------|---------------------------|-----------------|---------------|--------------------------------|-----------------|-------------|-------------------------------|-----------------|----------------|--------------------------------|------------------|----------------|
| | 2017 | 2016 | % Change | 2017 | 2016 | % Change | 2017 | 2016 | % Change | 2017 | 2016 | % Change | 2017 | 2016 | % Change |
| Revenues Including Excise Taxes | \$ 16,556 | \$ 16,788 | (1.4)% | \$ 19,319 | \$ 19,041 | 1.5 % | \$ 20,638 | \$ 19,935 | 3.5% | \$ 21,585 | \$ 19,189 | 12.5 % | \$ 78,098 | \$ 74,953 | 4.2 % |
| Excise taxes on products | 10,492 | 10,705 | (2.0)% | 12,402 | 12,392 | 0.1 % | 13,165 | 12,953 | 1.6% | 13,291 | 12,218 | 8.8 % | 49,350 | 48,268 | 2.2 % |
| Net Revenues | \$ 6,064 | \$ 6,083 | (0.3)% | \$ 6,917 | \$ 6,649 | 4.0 % | \$ 7,473 | \$ 6,982 | 7.0% | \$ 8,294 | \$ 6,971 | 19.0 % | \$ 28,748 | \$ 26,685 | 7.7 % |
| Cost of sales | 2,177 | 2,096 | 3.9 % | 2,519 | 2,364 | 6.6 % | 2,735 | 2,432 | 12.5% | 3,001 | 2,499 | 20.1 % | 10,432 | 9,391 | 11.1 % |
| Gross profit | 3,887 | 3,987 | (2.5)% | 4,398 | 4,285 | 2.6 % | 4,738 | 4,550 | 4.1% | 5,293 | 4,472 | 18.4 % | 18,316 | 17,294 | 5.9 % |
| Marketing, administration and research costs | 1,449 | 1,473 | (1.6)% | 1,639 | 1,492 | 9.9 % | 1,629 | 1,535 | 6.1% | 1,930 | 1,817 | 6.2 % | 6,647 | 6,317 | 5.2 % |
| Asset impairment and exit costs | — | — | | — | — | | — | — | | — | — | | — | — | |
| Amortization of intangibles | 22 | 18 | | 22 | 19 | | 21 | 19 | | 23 | 18 | | 88 | 74 | |
| Operating Income | 2,416 | 2,496 | (3.2)% | 2,737 | 2,774 | (1.3)% | 3,088 | 2,996 | 3.1% | 3,340 | 2,637 | 26.7 % | 11,581 | 10,903 | 6.2 % |
| Interest expense, net | 219 | 247 | (11.3)% | 213 | 223 | (4.5)% | 223 | 220 | 1.4% | 259 | 201 | 28.9 % | 914 | 891 | 2.6 % |
| Pension and other employee benefit costs | 20 | 23 | (13.0)% | 16 | 21 | (23.8)% | 20 | 19 | 5.3% | 22 | 25 | (12.0)% | 78 | 88 | (11.4)% |
| Earnings before income taxes | 2,177 | 2,226 | (2.2)% | 2,508 | 2,530 | (0.9)% | 2,845 | 2,757 | 3.2% | 3,059 | 2,411 | 26.9 % | 10,589 | 9,924 | 6.7 % |
| Provision for income taxes | 541 | 630 | (14.1)% | 689 | 716 | (3.8)% | 812 | 764 | 6.3% | 2,265 | 658 | +100.0 % | 4,307 | 2,768 | 55.6 % |
| Equity investments and securities (income)/loss, net | (22) | (9) | | (23) | (28) | | (12) | (35) | | (2) | (22) | | (59) | (94) | |
| Net Earnings | 1,658 | 1,605 | 3.3 % | 1,842 | 1,842 | — | 2,045 | 2,028 | 0.8% | 796 | 1,775 | (55.2)% | 6,341 | 7,250 | (12.5)% |
| Net Earnings attributable to noncontrolling interests | 68 | 75 | | 61 | 54 | | 75 | 90 | | 102 | 64 | | 306 | 283 | |
| Net Earnings attributable to PMI | \$ 1,590 | \$ 1,530 | 3.9 % | \$ 1,781 | \$ 1,788 | (0.4)% | \$ 1,970 | \$ 1,938 | 1.7% | \$ 694 | \$ 1,711 | (59.4)% | \$ 6,035 | \$ 6,967 | (13.4)% |
| Per share data (1): | | | | | | | | | | | | | | | |
| Basic Earnings Per Share | \$ 1.02 | \$ 0.98 | 4.1 % | \$ 1.14 | \$ 1.15 | (0.9)% | \$ 1.27 | \$ 1.25 | 1.6% | \$ 0.44 | \$ 1.10 | (60.0)% | \$ 3.88 | \$ 4.48 | (13.4)% |
| Diluted Earnings Per Share | \$ 1.02 | \$ 0.98 | 4.1 % | \$ 1.14 | \$ 1.15 | (0.9)% | \$ 1.27 | \$ 1.25 | 1.6% | \$ 0.44 | \$ 1.10 | (60.0)% | \$ 3.88 | \$ 4.48 | (13.4)% |

(1) Net Earnings and weighted-average shares used in the basic and diluted Earnings Per Share computations are shown on Schedule 3, Footnote 1.

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Condensed Balance Sheets

(\$ in millions) / (Unaudited)

| | March 31, 2017 | June 30, 2017 | September 30, 2017 | December 31, 2017 | December 31, 2016 |
|--|---------------------------|--------------------------|-------------------------------|------------------------------|------------------------------|
| <u>Assets</u> | | | | | |
| Cash and cash equivalents | \$ 5,076 | \$ 6,197 | \$ 7,667 | \$ 8,447 | \$ 4,239 |
| All other current assets | 11,808 | 12,235 | 13,192 | 13,147 | 13,369 |
| Property, plant and equipment, net | 6,264 | 6,629 | 6,857 | 7,271 | 6,064 |
| Goodwill | 7,485 | 7,614 | 7,681 | 7,666 | 7,324 |
| Other intangible assets, net | 2,517 | 2,527 | 2,501 | 2,432 | 2,470 |
| Investments in unconsolidated subsidiaries and equity securities | 1,079 | 1,072 | 1,080 | 1,074 | 1,011 |
| Other assets | 2,398 | 2,386 | 2,973 | 2,931 | 2,374 |
| Total assets | \$ 36,627 | \$ 38,660 | \$ 41,951 | \$ 42,968 | \$ 36,851 |
| <u>Liabilities and Stockholders' (Deficit) Equity</u> | | | | | |
| Short-term borrowings | \$ 1,004 | \$ 898 | \$ 2,905 | \$ 499 | \$ 643 |
| Current portion of long-term debt | 1,754 | 4,254 | 3,005 | 2,506 | 2,573 |
| All other current liabilities | 10,597 | 12,091 | 12,604 | 12,957 | 13,251 |
| Long-term debt | 28,588 | 26,595 | 28,065 | 31,334 | 25,851 |
| Deferred income taxes | 1,739 | 1,362 | 1,037 | 799 | 1,897 |
| Other long-term liabilities | 3,502 | 3,737 | 3,968 | 5,103 | 3,536 |
| Total liabilities | 47,184 | 48,937 | 51,584 | 53,198 | 47,751 |
| Total PMI stockholders' deficit | (12,392) | (12,008) | (11,407) | (12,086) | (12,688) |
| Noncontrolling interests | 1,835 | 1,731 | 1,774 | 1,856 | 1,788 |
| Total stockholders' (deficit) equity | (10,557) | (10,277) | (9,633) | (10,230) | (10,900) |
| Total liabilities and stockholders' (deficit) equity | \$ 36,627 | \$ 38,660 | \$ 41,951 | \$ 42,968 | \$ 36,851 |

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures

Calculation of Total Debt to Adjusted EBITDA and Net Debt to Adjusted EBITDA Ratios

(\$ in millions, except ratios) / (Unaudited)

| | Year Ended | | | | | | | | | Year Ended | |
|--|-----------------------------|----------------------------|----------------------|----------------------------|---------------------------|----------------------|-------------------------------|--------------------------------|----------------------|------------------|------------------|
| | March 31, 2017 | | | June 30, 2017 | | | September 30, 2017 | | | December 31, | |
| | April ~ December 2016 | January ~ March 2017 | 12 months rolling | July ~ December 2016 | January ~ June 2017 | 12 months rolling | October ~ December 2016 | January ~ September 2017 | 12 months rolling | 2017 | 2016 |
| | | | | | | | | | | | |
| Net Earnings | \$ 5,645 | \$ 1,658 | \$ 7,303 | \$ 3,803 | \$ 3,500 | \$ 7,303 | \$ 1,775 | \$ 5,545 | \$ 7,320 | \$ 6,341 | \$ 7,250 |
| Equity investments and securities (income)/loss, net | (85) | (22) | (107) | (57) | (45) | (102) | (22) | (57) | (79) | (59) | (94) |
| Provision for Income Taxes | 2,138 | 541 | 2,679 | 1,422 | 1,230 | 2,652 | 658 | 2,042 | 2,700 | 4,307 | 2,768 |
| Interest expense, net | 644 | 219 | 863 | 421 | 432 | 853 | 201 | 655 | 856 | 914 | 891 |
| Depreciation and amortization | 568 | 197 | 765 | 383 | 407 | 790 | 195 | 632 | 827 | 875 | 743 |
| Asset impairment and exit costs | — | — | — | — | — | — | — | — | — | — | — |
| Adjusted EBITDA | \$ 8,910 | \$ 2,593 | \$ 11,503 | \$ 5,972 | \$ 5,524 | \$ 11,496 | \$ 2,807 | \$ 8,817 | \$ 11,624 | \$ 12,378 | \$ 11,558 |

| | March 31, 2017 | June 30, 2017 | September 30, 2017 | December 31, 2017 | December 31, 2016 |
|-----------------------------------|-------------------|------------------|-----------------------|----------------------|----------------------|
| Short-term borrowings | \$ 1,004 | \$ 898 | \$ 2,905 | \$ 499 | \$ 643 |
| Current portion of long-term debt | 1,754 | 4,254 | 3,005 | 2,506 | 2,573 |
| Long-term debt | 28,588 | 26,595 | 28,065 | 31,334 | 25,851 |
| Total Debt | \$ 31,346 | \$ 31,747 | \$ 33,975 | \$ 34,339 | \$ 29,067 |
| Cash and cash equivalents | 5,076 | 6,197 | 7,667 | 8,447 | 4,239 |
| Net Debt | \$ 26,270 | \$ 25,550 | \$ 26,308 | \$ 25,892 | \$ 24,828 |

Ratios:

| | | | | | |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Total Debt to Adjusted EBITDA | 2.73 | 2.76 | 2.92 | 2.77 | 2.51 |
| Net Debt to Adjusted EBITDA | 2.28 | 2.22 | 2.26 | 2.09 | 2.15 |

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures

Reconciliation of Operating Cash Flow to Operating Cash Flow, excluding Currency

(\$ in millions) / (Unaudited)

| | Quarters Ended March 31 | | | Quarters Ended June 30 | | | Quarters Ended September 30 | | | Quarters Ended December 31 | | | Full Year Ended December 31 | | |
|--|----------------------------|---------------|--------------|---------------------------|-----------------|--------------|--------------------------------|-----------------|----------------|-------------------------------|-----------------|--------------|--------------------------------|-----------------|--------------|
| | 2017 | 2016 | % Change | 2017 | 2016 | % Change | 2017 | 2016 | % Change | 2017 | 2016 | % Change | 2017 | 2016 | % Change |
| Net cash provided by operating activities⁽¹⁾ | \$ 843 | \$ 462 | 82.5% | \$ 3,228 | \$ 2,374 | 36.0% | \$ 1,920 | \$ 3,092 | (37.9)% | \$ 2,921 | \$ 2,149 | 35.9% | \$ 8,912 | \$ 8,077 | 10.3% |
| Currency | (118) | | | 429 | | | (113) | | | 194 | | | 392 | | |
| Net cash provided by operating activities, excluding currency | \$ 961 | \$ 462 | +100% | \$ 2,799 | \$ 2,374 | 17.9% | \$ 2,033 | \$ 3,092 | (34.2)% | \$ 2,727 | \$ 2,149 | 26.9% | \$ 8,520 | \$ 8,077 | 5.5% |

(1) Operating cash flow



PHILIP MORRIS INTERNATIONAL

Recast Shipment Volume and Financial Information

2016 vs. 2015

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries
Key Terms, Definitions and Explanatory Notes

General

- "PMI" refers to Philip Morris International Inc. and its subsidiaries. Trademarks and service marks that are the registered property of, or licensed by, the subsidiaries of PMI, are italicized.
- The recast 2016 and 2015 shipment volumes in this document reflect PMI's new geographic segmentation, announced on September 28, 2017, effective January 1, 2018. PMI's total shipment volumes presented in this document do not differ from previously disclosed results.
- The recast 2016 and 2015 financial information in this document reflect U.S. GAAP changes, effective January 1, 2018, in revenue recognition – excise taxes, pension and other employee benefit cost presentation, and the change of performance measure from Operating Companies Income (defined below) to Operating Income, as well as PMI's new geographic segmentation mentioned above. The foregoing changes impact only the manner in which the results for PMI's performance were previously reported, and have no material impact on PMI's previously reported consolidated financial position or results of operations.
- Comparisons are made to the same prior-year period unless otherwise stated.
- "Combustible products" is the term PMI uses to refer to cigarettes and OTP, combined.
- "OTP" is defined as other tobacco products, primarily roll-your-own and make-your-own cigarettes, pipe tobacco, cigars and cigarillos, and does not include reduced-risk products.
- "Total shipment volume" is defined as the combined total of cigarette shipment volume and heated tobacco unit shipment volume.

Financial

- Net revenues related to combustible products refer to the operating revenues generated from the sale of these products, net of sales and promotion incentives, and excise taxes.
- The recast financials in this document reflect the change in performance measure from Operating Companies Income, or "OCI," to Operating Income, or "OI." OCI is defined as operating income, excluding general corporate expenses and the amortization of intangibles, plus equity (income)/loss in unconsolidated subsidiaries, net.
- Prior to 2018, management evaluated business segment performance, and allocated resources, based on OCI. Effective January 1, 2018, management evaluates business segment performance, and allocates resources, based on OI.

- "Adjusted EBITDA" is defined as earnings before interest, taxes, depreciation and amortization, excluding asset impairment and exit costs, and unusual items.
- "Net debt" is defined as total debt, less cash and cash equivalents.
- Management reviews net revenues, OI, OI margins, operating cash flow and earnings per share, or "EPS," on an adjusted basis, which may exclude the impact of currency and other items such as acquisitions, asset impairment and exit costs, tax items and other special items.
- Management reviews these measures because they exclude changes in currency exchange rates and other factors that may distort underlying business trends, thereby improving the comparability of PMI's business performance between reporting periods. Furthermore, PMI uses several of these measures in its management compensation program to promote internal fairness and a disciplined assessment of performance against company targets. PMI discloses these measures to enable investors to view the business through the eyes of management.
- Non-GAAP measures presented in this document should neither be considered in isolation nor as a substitute for the financial measures prepared in accordance with U.S. GAAP. Reconciliations of non-GAAP measures to the most directly comparable GAAP measures are provided in this document.

Reduced-Risk Products

- "Reduced-risk products," or "RRPs," is the term PMI uses to refer to products that present, are likely to present, or have the potential to present less risk of harm to smokers who switch to these products versus continued smoking. PMI has a range of RRP's in various stages of development, scientific assessment and commercialization. Because PMI's RRP's do not burn tobacco, they produce an aerosol that contains far lower quantities of harmful and potentially harmful constituents than found in cigarette smoke.
- "Heated tobacco units" is the term PMI uses to refer to heated tobacco consumables, which include *HEETS*, *HEETS Marlboro* and *HEETS FROM MARLBORO*, defined collectively as *HEETS*, as well as *Marlboro HeatSticks* and *Parliament HeatSticks*.
- Net revenues related to RRP's represent the sale of heated tobacco units, IQOS devices and related accessories, and other nicotine-containing products, primarily e-vapor products, net of sales and promotion incentives, and excise taxes.

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries
New Geographic Segmentation (effective January 1, 2018)

| European Union | Eastern Europe | Middle East & Africa | South & Southeast Asia | East Asia & Australia | Latin America & Canada |
|-----------------|----------------------|--------------------------------|------------------------|------------------------------|--------------------------|
| Andorra | Albania | Algeria | Afghanistan | Australia | Argentina |
| Austria | Armenia | Bahrain | Bangladesh | Hong Kong | Bolivia |
| Baltic States | Belarus | Central Africa ⁽¹⁾ | Cambodia | Japan | Brazil |
| Belgium | Bosnia & Herzegovina | Duty Free | East Timor | South Korea | Canada |
| Bulgaria | Georgia | Eastern Africa ⁽²⁾ | India | Macau | Caribbean ⁽⁶⁾ |
| Canary Islands | Israel | Egypt | Indonesia | Malaysia | Chile |
| Croatia | Kazakhstan | Iraq | Laos | New Zealand | Colombia |
| Czech Republic | Kosovo | Jordan | Maldives | People's Republic of China | Costa Rica |
| Denmark | Kyrgyzstan | Kuwait | Nepal | Singapore | Dominican Republic |
| Finland | Macedonia | Lebanon | Pakistan | South Pacific ⁽⁵⁾ | Ecuador |
| France | Moldova | Libya | Philippines | Taiwan | El Salvador |
| Germany | Mongolia | Morocco | Sri Lanka | | Guatemala |
| Greece | Montenegro | Oman | Thailand | | Honduras |
| Hungary | Russia | Palestine Auth. Area | Vietnam | | Mexico |
| Iceland | Serbia | Qatar | | | Nicaragua |
| Italy | Tajikistan | Saudi Arabia | | | Panama |
| Luxembourg | Turkmenistan | South Africa | | | Paraguay |
| Netherlands | Ukraine | Southern Africa ⁽³⁾ | | | Peru |
| Norway | Uzbekistan | Tunisia | | | Uruguay |
| Poland | | Turkey | | | Venezuela |
| Portugal | | Turkish Cyprus | | | |
| Romania | | United Arab Emirates (UAE) | | | |
| Slovak Republic | | West Africa ⁽⁴⁾ | | | |
| Slovenia | | Yemen | | | |
| Spain | | | | | |
| Sweden | | | | | |
| Switzerland | | | | | |
| United Kingdom | | | | | |

(1) Central Africa includes Angola, Cameroon, Democratic Republic of the Congo, Equatorial Guinea and Gabon

(2) Eastern Africa includes Djibouti, Ethiopia, Kenya, Malawi, Mozambique, Somalia and Tanzania

(3) Southern Africa includes Botswana, Lesotho, Mauritius, Mayotte, Namibia, Reunion and Swaziland

(4) West Africa includes Benin, Burkina Faso, Cape Verde, The Gambia, Guinea, Ivory Coast, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone and Togo

(5) South Pacific includes Christmas Islands, French Polynesia, Marshall Islands, Nauru, New Caledonia, Palau, Papua New Guinea, Tonga, Vanuatu and other South Pacific islands

(6) Caribbean includes Aruba, Bahamas, Bermuda, Bonaire, Cayman Islands, Curacao, Guadeloupe, Martinique, St. Barth's, St. Maarten, St. Martin and other Caribbean markets

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Shipment Volume by Product Category

(million units) / (unaudited)

| | Quarters Ended March 31 | | | Quarters Ended June 30 | | | Quarters Ended September 30 | | | Quarters Ended December 31 | | | Full Year Ended December 31 | | |
|------------------------|----------------------------|----------------|---------------|---------------------------|----------------|---------------|--------------------------------|----------------|---------------|-------------------------------|----------------|---------------|--------------------------------|----------------|---------------|
| | 2016 | 2015 | % Change | 2016 | 2015 | % Change | 2016 | 2015 | % Change | 2016 | 2015 | % Change | 2016 | 2015 | % Change |
| Cigarettes | | | | | | | | | | | | | | | |
| European Union | 45,993 | 44,810 | 2.6 % | 50,399 | 50,798 | (0.8)% | 52,001 | 51,771 | 0.4 % | 45,193 | 47,210 | (4.3)% | 193,586 | 194,589 | (0.5)% |
| Eastern Europe | 28,810 | 29,495 | (2.3)% | 33,638 | 35,760 | (5.9)% | 34,230 | 36,663 | (6.6)% | 32,778 | 30,559 | 7.3 % | 129,456 | 132,477 | (2.3)% |
| Middle East & Africa | 34,316 | 33,137 | 3.6 % | 34,694 | 35,430 | (2.1)% | 37,942 | 39,655 | (4.3)% | 34,985 | 38,712 | (9.6)% | 141,937 | 146,934 | (3.4)% |
| South & Southeast Asia | 46,312 | 51,754 | (10.5)% | 50,404 | 54,164 | (6.9)% | 43,180 | 48,604 | (11.2)% | 45,383 | 50,887 | (10.8)% | 185,279 | 205,409 | (9.8)% |
| East Asia & Australia | 18,910 | 18,371 | 2.9 % | 18,895 | 21,092 | (10.4)% | 18,513 | 19,182 | (3.5)% | 18,432 | 17,296 | 6.6 % | 74,750 | 75,941 | (1.6)% |
| Latin America & Canada | 21,700 | 21,190 | 2.4 % | 21,259 | 22,589 | (5.9)% | 21,185 | 23,036 | (8.0)% | 23,794 | 25,105 | (5.2)% | 87,938 | 91,920 | (4.3)% |
| Total PMI | 196,041 | 198,757 | (1.4)% | 209,289 | 219,833 | (4.8)% | 207,051 | 218,911 | (5.4)% | 200,565 | 209,769 | (4.4)% | 812,946 | 847,270 | (4.1)% |

Heated Tobacco Units

| | | | | | | | | | | | | | | | |
|------------------------|------------|----------|-----------------|--------------|-----------|-----------------|--------------|------------|-----------------|--------------|-----------|-----------------|--------------|------------|-----------------|
| European Union | 16 | 1 | +100.0 % | 31 | 3 | +100.0 % | 56 | 6 | +100.0 % | 121 | 14 | +100.0 % | 224 | 24 | +100.0 % |
| Eastern Europe | 2 | — | — | 7 | — | — | 18 | — | — | 37 | 2 | +100.0 % | 64 | 2 | +100.0 % |
| Middle East & Africa | — | — | — | 1 | — | — | 9 | — | — | 26 | — | — | 36 | — | — |
| South & Southeast Asia | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| East Asia & Australia | 435 | 3 | +100.0 % | 1,118 | 49 | +100.0 % | 2,005 | 272 | +100.0 % | 3,512 | 46 | +100.0 % | 7,070 | 370 | +100.0 % |
| Latin America & Canada | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Total PMI | 453 | 4 | +100.0 % | 1,157 | 52 | +100.0 % | 2,088 | 278 | +100.0 % | 3,696 | 62 | +100.0 % | 7,394 | 396 | +100.0 % |

Cigarettes and Heated Tobacco Units

| | | | | | | | | | | | | | | | |
|------------------------|----------------|----------------|---------------|----------------|----------------|---------------|----------------|----------------|---------------|----------------|----------------|---------------|----------------|----------------|---------------|
| European Union | 46,009 | 44,811 | 2.7 % | 50,430 | 50,801 | (0.7)% | 52,057 | 51,777 | 0.5 % | 45,314 | 47,224 | (4.0)% | 193,810 | 194,613 | (0.4)% |
| Eastern Europe | 28,812 | 29,495 | (2.3)% | 33,645 | 35,760 | (5.9)% | 34,248 | 36,663 | (6.6)% | 32,815 | 30,561 | 7.4 % | 129,520 | 132,479 | (2.2)% |
| Middle East & Africa | 34,316 | 33,137 | 3.6 % | 34,695 | 35,430 | (2.1)% | 37,951 | 39,655 | (4.3)% | 35,011 | 38,712 | (9.6)% | 141,973 | 146,934 | (3.4)% |
| South & Southeast Asia | 46,312 | 51,754 | (10.5)% | 50,404 | 54,164 | (6.9)% | 43,180 | 48,604 | (11.2)% | 45,383 | 50,887 | (10.8)% | 185,279 | 205,409 | (9.8)% |
| East Asia & Australia | 19,345 | 18,374 | 5.3 % | 20,013 | 21,141 | (5.3)% | 20,518 | 19,454 | 5.5 % | 21,944 | 17,342 | 26.5 % | 81,820 | 76,311 | 7.2 % |
| Latin America & Canada | 21,700 | 21,190 | 2.4 % | 21,259 | 22,589 | (5.9)% | 21,185 | 23,036 | (8.0)% | 23,794 | 25,105 | (5.2)% | 87,938 | 91,920 | (4.3)% |
| Total PMI | 196,494 | 198,761 | (1.1)% | 210,446 | 219,885 | (4.3)% | 209,139 | 219,189 | (4.6)% | 204,261 | 209,831 | (2.7)% | 820,340 | 847,666 | (3.2)% |

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

PMI Shipment Volume by Brand

(million units) / (unaudited)

| Quarters Ended March 31 | | | Quarters Ended June 30 | | | Quarters Ended September 30 | | | Quarters Ended December 31 | | | Full Year Ended December 31 | | |
|----------------------------|------|-------------|---------------------------|------|-------------|--------------------------------|------|-------------|-------------------------------|------|-------------|--------------------------------|------|-------------|
| 2016 | 2015 | % Change | 2016 | 2015 | % Change | 2016 | 2015 | % Change | 2016 | 2015 | % Change | 2016 | 2015 | % Change |

European Union

| | | | | | | | | | | | | | | | |
|-----------------------------|---------------|---------------|--------------|---------------|---------------|---------------|---------------|---------------|--------------|---------------|---------------|---------------|----------------|----------------|---------------|
| <i>Marlboro</i> | 22,700 | 21,904 | 3.6 % | 24,939 | 25,003 | (0.3)% | 25,943 | 25,463 | 1.9 % | 22,663 | 23,219 | (2.4)% | 96,245 | 95,588 | 0.7 % |
| <i>L&M</i> | 8,188 | 7,833 | 4.5 % | 8,986 | 9,054 | (0.7)% | 9,454 | 9,570 | (1.2)% | 8,063 | 8,553 | (5.7)% | 34,691 | 35,010 | (0.9)% |
| <i>Chesterfield</i> | 7,148 | 6,506 | 9.9 % | 7,907 | 7,151 | 10.6 % | 8,055 | 7,432 | 8.4 % | 7,029 | 7,189 | (2.2)% | 30,140 | 28,278 | 6.6 % |
| <i>Philip Morris</i> | 4,054 | 2,424 | 67.2 % | 4,238 | 3,689 | 14.9 % | 4,330 | 4,101 | 5.6 % | 3,668 | 3,990 | (8.1)% | 16,290 | 14,205 | 14.7 % |
| Others | 3,903 | 6,143 | (36.5)% | 4,329 | 5,901 | (26.6)% | 4,219 | 5,205 | (18.9)% | 3,770 | 4,259 | (11.5)% | 16,220 | 21,508 | (24.6)% |
| Total Cigarettes | 45,993 | 44,810 | 2.6 % | 50,399 | 50,798 | (0.8)% | 52,001 | 51,771 | 0.4 % | 45,193 | 47,210 | (4.3)% | 193,586 | 194,589 | (0.5)% |
| Heated Tobacco Units | 16 | 1 | +100.0 % | 31 | 3 | +100.0 % | 56 | 6 | +100.0 % | 121 | 14 | +100.0 % | 224 | 24 | +100.0 % |
| Total European Union | 46,009 | 44,811 | 2.7 % | 50,430 | 50,801 | (0.7)% | 52,057 | 51,777 | 0.5 % | 45,314 | 47,224 | (4.0)% | 193,810 | 194,613 | (0.4)% |

Eastern Europe

| | | | | | | | | | | | | | | | |
|-----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|----------------|----------------|---------------|
| <i>Marlboro</i> | 2,926 | 3,094 | (5.4)% | 3,542 | 3,587 | (1.2)% | 3,966 | 3,903 | 1.6 % | 3,677 | 3,457 | 6.4 % | 14,111 | 14,041 | 0.5 % |
| <i>L&M</i> | 3,701 | 3,348 | 10.5 % | 4,393 | 3,872 | 13.4 % | 4,298 | 3,777 | 13.8 % | 4,056 | 3,250 | 24.8 % | 16,447 | 14,247 | 15.4 % |
| <i>Bond Street</i> | 8,919 | 8,311 | 7.3 % | 10,521 | 10,802 | (2.6)% | 10,929 | 11,144 | (1.9)% | 10,993 | 9,604 | 14.5 % | 41,361 | 39,861 | 3.8 % |
| <i>Parliament</i> | 3,788 | 3,855 | (1.7)% | 4,494 | 4,560 | (1.4)% | 4,588 | 4,625 | (0.8)% | 4,479 | 4,153 | 7.8 % | 17,349 | 17,193 | 0.9 % |
| <i>Philip Morris</i> | 173 | 136 | 27.0 % | 192 | 193 | (0.4)% | 255 | 241 | 5.6 % | 1,152 | 163 | +100.0 % | 1,772 | 733 | +100.0 % |
| Others | 9,303 | 10,751 | (13.5)% | 10,496 | 12,746 | (17.7)% | 10,194 | 12,973 | (21.4)% | 8,421 | 9,932 | (15.2)% | 38,416 | 46,402 | (17.2)% |
| Total Cigarettes | 28,810 | 29,495 | (2.3)% | 33,638 | 35,760 | (5.9)% | 34,230 | 36,663 | (6.6)% | 32,778 | 30,559 | 7.3 % | 129,456 | 132,477 | (2.3)% |
| Heated Tobacco Units | 2 | — | — | 7 | — | — | 18 | — | — | 37 | 2 | +100.0 % | 64 | 2 | +100.0 % |
| Total Eastern Europe | 28,812 | 29,495 | (2.3)% | 33,645 | 35,760 | (5.9)% | 34,248 | 36,663 | (6.6)% | 32,815 | 30,561 | 7.4 % | 129,520 | 132,479 | (2.2)% |

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

PMI Shipment Volume by Brand

(million units) / (unaudited)

| Quarters Ended March 31 | | | Quarters Ended June 30 | | | Quarters Ended September 30 | | | Quarters Ended December 31 | | | Full Year Ended December 31 | | |
|----------------------------|------|-------------|---------------------------|------|-------------|--------------------------------|------|-------------|-------------------------------|------|-------------|--------------------------------|------|-------------|
| 2016 | 2015 | % Change | 2016 | 2015 | % Change | 2016 | 2015 | % Change | 2016 | 2015 | % Change | 2016 | 2015 | % Change |

Middle East & Africa

| | | | | | | | | | | | | | | | |
|---------------------------------------|---------------|---------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|---------------|
| <i>Marlboro</i> | 14,606 | 16,114 | (9.4)% | 13,849 | 16,046 | (13.7)% | 16,116 | 17,583 | (8.3)% | 15,137 | 16,885 | (10.4)% | 59,707 | 66,628 | (10.4)% |
| <i>L&M</i> | 9,164 | 8,495 | 7.9 % | 8,767 | 8,848 | (0.9)% | 9,188 | 9,891 | (7.1)% | 8,617 | 9,737 | (11.5)% | 35,736 | 36,971 | (3.3)% |
| <i>Bond Street</i> | 331 | 242 | 36.6 % | 381 | 343 | 10.9 % | 230 | 283 | (19.0)% | 250 | 371 | (32.6)% | 1,191 | 1,240 | (3.9)% |
| <i>Parliament</i> | 3,514 | 3,395 | 3.5 % | 4,443 | 4,061 | 9.4 % | 4,673 | 4,612 | 1.3 % | 3,960 | 4,327 | (8.5)% | 16,590 | 16,395 | 1.2 % |
| <i>Philip Morris</i> | 58 | 53 | 10.0 % | 56 | 46 | 23.0 % | 89 | 62 | 43.1 % | 83 | 61 | 36.2 % | 287 | 222 | 29.2 % |
| Others | 6,643 | 4,838 | 37.3 % | 7,198 | 6,086 | 18.3 % | 7,646 | 7,224 | 5.8 % | 6,938 | 7,331 | (5.4)% | 28,426 | 25,478 | 11.6 % |
| Total Cigarettes | 34,316 | 33,137 | 3.6 % | 34,694 | 35,430 | (2.1)% | 37,942 | 39,655 | (4.3)% | 34,985 | 38,712 | (9.6)% | 141,937 | 146,934 | (3.4)% |
| Heated Tobacco Units | — | — | — | 1 | — | — | 9 | — | — | 26 | — | — | 36 | — | — |
| Total Middle East & Africa | 34,316 | 33,137 | 3.6 % | 34,695 | 35,430 | (2.1)% | 37,951 | 39,655 | (4.3)% | 35,011 | 38,712 | (9.6)% | 141,973 | 146,934 | (3.4)% |

South & Southeast Asia

| | | | | | | | | | | | | | | | |
|---|---------------|---------------|----------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|---------------|----------------|----------------|----------------|---------------|
| <i>Marlboro</i> | 10,359 | 9,563 | 8.3 % | 11,426 | 9,690 | 17.9 % | 10,700 | 9,729 | 10.0 % | 10,798 | 10,921 | (1.1)% | 43,284 | 39,902 | 8.5 % |
| <i>Lark</i> | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| <i>Parliament</i> | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Others | 35,953 | 42,191 | (14.8)% | 38,978 | 44,474 | (12.4)% | 32,480 | 38,875 | (16.5)% | 34,585 | 39,966 | (13.5)% | 141,995 | 165,507 | (14.2)% |
| Total Cigarettes | 46,312 | 51,754 | (10.5)% | 50,404 | 54,164 | (6.9)% | 43,180 | 48,604 | (11.2)% | 45,383 | 50,887 | (10.8)% | 185,279 | 205,409 | (9.8)% |
| Heated Tobacco Units | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Total South & Southeast Asia | 46,312 | 51,754 | (10.5)% | 50,404 | 54,164 | (6.9)% | 43,180 | 48,604 | (11.2)% | 45,383 | 50,887 | (10.8)% | 185,279 | 205,409 | (9.8)% |

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

PMI Shipment Volume by Brand

(million units) / (unaudited)

| Quarters Ended March 31 | | | Quarters Ended June 30 | | | Quarters Ended September 30 | | | Quarters Ended December 31 | | | Full Year Ended December 31 | | |
|----------------------------|------|-------------|---------------------------|------|-------------|--------------------------------|------|-------------|-------------------------------|------|-------------|--------------------------------|------|-------------|
| 2016 | 2015 | % Change | 2016 | 2015 | % Change | 2016 | 2015 | % Change | 2016 | 2015 | % Change | 2016 | 2015 | % Change |

East Asia & Australia

| | | | | | | | | | | | | | | | |
|--|---------------|---------------|--------------|---------------|---------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <i>Marlboro</i> | 8,514 | 8,391 | 1.5 % | 8,011 | 9,216 | (13.1)% | 8,267 | 8,609 | (4.0)% | 8,388 | 7,381 | 13.7 % | 33,180 | 33,596 | (1.2)% |
| <i>Lark</i> | 4,302 | 4,557 | (5.6)% | 4,845 | 5,672 | (14.6)% | 4,274 | 4,317 | (1.0)% | 4,178 | 3,747 | 11.5 % | 17,600 | 18,293 | (3.8)% |
| <i>Parliament</i> | 2,410 | 1,876 | 28.5 % | 2,580 | 2,443 | 5.6 % | 2,545 | 2,577 | (1.3)% | 2,608 | 2,538 | 2.7 % | 10,142 | 9,434 | 7.5 % |
| Others | 3,684 | 3,547 | 3.9 % | 3,459 | 3,761 | (8.0)% | 3,427 | 3,679 | (6.8)% | 3,258 | 3,630 | (10.2)% | 13,828 | 14,618 | (5.4)% |
| Total Cigarettes | 18,910 | 18,371 | 2.9 % | 18,895 | 21,092 | (10.4)% | 18,513 | 19,182 | (3.5)% | 18,432 | 17,296 | 6.6 % | 74,750 | 75,941 | (1.6)% |
| Heated Tobacco Units | 435 | 3 | +100.0 % | 1,118 | 49 | +100.0 % | 2,005 | 272 | +100.0 % | 3,512 | 46 | +100.0 % | 7,070 | 370 | +100.0 % |
| Total East Asia & Australia | 19,345 | 18,374 | 5.3 % | 20,013 | 21,141 | (5.3)% | 20,518 | 19,454 | 5.5 % | 21,944 | 17,342 | 26.5 % | 81,820 | 76,311 | 7.2 % |

Latin America & Canada

| | | | | | | | | | | | | | | | |
|---|---------------|---------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <i>Marlboro</i> | 8,880 | 8,182 | 8.5 % | 8,336 | 8,780 | (5.1)% | 8,345 | 8,897 | (6.2)% | 9,632 | 9,967 | (3.4)% | 35,194 | 35,827 | (1.8)% |
| <i>Philip Morris</i> | 4,631 | 4,815 | (3.8)% | 4,126 | 4,596 | (10.2)% | 3,793 | 4,708 | (19.4)% | 3,912 | 5,322 | (26.5)% | 16,463 | 19,443 | (15.3)% |
| <i>Chesterfield</i> | 171 | 132 | 29.8 % | 223 | 164 | 36.0 % | 667 | 168 | +100.0 % | 1,565 | 189 | +100.0 % | 2,626 | 653 | +100.0 % |
| Others | 8,018 | 8,061 | (0.5)% | 8,574 | 9,049 | (5.2)% | 8,380 | 9,263 | (9.5)% | 8,685 | 9,627 | (9.8)% | 33,655 | 35,997 | (6.5)% |
| Total Cigarettes | 21,700 | 21,190 | 2.4 % | 21,259 | 22,589 | (5.9)% | 21,185 | 23,036 | (8.0)% | 23,794 | 25,105 | (5.2)% | 87,938 | 91,920 | (4.3)% |
| Heated Tobacco Units | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Total Latin America & Canada | 21,700 | 21,190 | 2.4 % | 21,259 | 22,589 | (5.9)% | 21,185 | 23,036 | (8.0)% | 23,794 | 25,105 | (5.2)% | 87,938 | 91,920 | (4.3)% |

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Diluted Earnings Per Share (EPS)

(Unaudited)

| | Quarters Ended March 31 | Quarters Ended June 30 | Quarters Ended September 30 | Quarters Ended December 31 | Full Year Ended December 31 |
|--|----------------------------|---------------------------|--------------------------------|-------------------------------|--------------------------------|
| Diluted Earnings Per Share | | | | | |
| 2016 Diluted Earnings Per Share (1) | \$ 0.98 | \$ 1.15 | \$ 1.25 | \$ 1.10 | \$ 4.48 |
| 2015 Diluted Earnings Per Share (1) | \$ 1.16 | \$ 1.21 | \$ 1.25 | \$ 0.80 | \$ 4.42 |
| Change | \$ (0.18) | \$ (0.06) | \$ — | \$ 0.30 | \$ 0.06 |
| % Change | (15.5)% | (5.0)% | — | 37.5% | 1.4% |

Reconciliation:

| | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|
| 2015 Diluted Earnings Per Share (1) | \$ 1.16 | \$ 1.21 | \$ 1.25 | \$ 0.80 | \$ 4.42 |
| 2015 Asset impairment and exit costs | — | — | — | 0.03 | 0.03 |
| 2015 Tax items | — | — | (0.01) | (0.02) | (0.03) |
| 2016 Asset impairment and exit costs | — | — | — | — | — |
| 2016 Tax items | — | — | — | — | — |
| Currency | (0.19) | (0.08) | (0.04) | (0.13) | (0.46) |
| Interest | 0.01 | 0.02 | 0.01 | 0.01 | 0.05 |
| Change in tax rate | 0.03 | — | 0.01 | (0.02) | 0.03 |
| Operations (2) | (0.03) | — | 0.03 | 0.43 | 0.44 |
| 2016 Diluted Earnings Per Share (1) | \$ 0.98 | \$ 1.15 | \$ 1.25 | \$ 1.10 | \$ 4.48 |

(1) Basic and diluted EPS were calculated using the following (in millions):

| | Quarters Ended March 31 | | Quarters Ended June 30 | | Quarters Ended September 30 | | Quarters Ended December 31 | | Full Year Ended December 31 | |
|--|----------------------------|-----------------|---------------------------|-----------------|--------------------------------|-----------------|-------------------------------|-----------------|--------------------------------|-----------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Net Earnings attributable to PMI | \$ 1,530 | \$ 1,795 | \$ 1,788 | \$ 1,887 | \$ 1,938 | \$ 1,942 | \$ 1,711 | \$ 1,249 | \$ 6,967 | \$ 6,873 |
| Less distributed and undistributed earnings attributable to share-based payment awards | 5 | 7 | 5 | 6 | 5 | 7 | 5 | 4 | 19 | 24 |
| Net Earnings for basic and diluted EPS | \$ 1,525 | \$ 1,788 | \$ 1,783 | \$ 1,881 | \$ 1,933 | \$ 1,935 | \$ 1,706 | \$ 1,245 | \$ 6,948 | \$ 6,849 |
| Weighted-average shares for basic EPS | 1,550 | 1,548 | 1,551 | 1,549 | 1,551 | 1,549 | 1,552 | 1,549 | 1,551 | 1,549 |
| Plus Contingently Issuable Performance Stock Units | — | — | — | — | — | — | — | — | — | — |
| Weighted-average shares for diluted EPS | 1,550 | 1,548 | 1,551 | 1,549 | 1,551 | 1,549 | 1,552 | 1,549 | 1,551 | 1,549 |

(2) Includes the impact of shares outstanding and share-based payments

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures

**Reconciliation of Reported Diluted EPS to Reported Diluted EPS, excluding Currency,
and Reconciliation of Reported Diluted EPS to Adjusted Diluted EPS and Adjusted Diluted EPS, excluding Currency**

(Unaudited)

| | Quarters Ended March 31 | | | Quarters Ended June 30 | | | Quarters Ended September 30 | | | Quarters Ended December 31 | | | Full Year Ended December 31 | | |
|---|----------------------------|----------------|----------------|---------------------------|----------------|---------------|--------------------------------|----------------|-------------|-------------------------------|----------------|--------------|--------------------------------|----------------|--------------|
| | 2016 | 2015 | % Change | 2016 | 2015 | % Change | 2016 | 2015 | % Change | 2016 | 2015 | % Change | 2016 | 2015 | % Change |
| Reported Diluted EPS | \$ 0.98 | \$ 1.16 | (15.5)% | \$ 1.15 | \$ 1.21 | (5.0)% | \$ 1.25 | \$ 1.25 | — | \$ 1.10 | \$ 0.80 | 37.5% | \$ 4.48 | \$ 4.42 | 1.4% |
| Currency | (0.19) | | | (0.08) | | | (0.04) | | | (0.13) | | | (0.46) | | |
| Reported Diluted EPS, excluding Currency | \$ 1.17 | \$ 1.16 | 0.9 % | \$ 1.23 | \$ 1.21 | 1.7 % | \$ 1.29 | \$ 1.25 | 3.2% | \$ 1.23 | \$ 0.80 | 53.8% | \$ 4.94 | \$ 4.42 | 11.8% |

| | Quarters Ended March 31 | | | Quarters Ended June 30 | | | Quarters Ended September 30 | | | Quarters Ended December 31 | | | Full Year Ended December 31 | | |
|---|----------------------------|----------------|----------------|---------------------------|----------------|---------------|--------------------------------|----------------|-------------|-------------------------------|----------------|--------------|--------------------------------|----------------|--------------|
| | 2016 | 2015 | % Change | 2016 | 2015 | % Change | 2016 | 2015 | % Change | 2016 | 2015 | % Change | 2016 | 2015 | % Change |
| Reported Diluted EPS | \$ 0.98 | \$ 1.16 | (15.5)% | \$ 1.15 | \$ 1.21 | (5.0)% | \$ 1.25 | \$ 1.25 | — | \$ 1.10 | \$ 0.80 | 37.5% | \$ 4.48 | \$ 4.42 | 1.4% |
| Asset impairment and exit costs | — | — | | — | — | | — | — | | — | 0.03 | | — | 0.03 | |
| Tax items | — | — | | — | — | | — | (0.01) | | — | (0.02) | | — | (0.03) | |
| Adjusted Diluted EPS | \$ 0.98 | \$ 1.16 | (15.5)% | \$ 1.15 | \$ 1.21 | (5.0)% | \$ 1.25 | \$ 1.24 | 0.8% | \$ 1.10 | \$ 0.81 | 35.8% | \$ 4.48 | \$ 4.42 | 1.4% |
| Currency | (0.19) | | | (0.08) | | | (0.04) | | | (0.13) | | | (0.46) | | |
| Adjusted Diluted EPS, excluding Currency | \$ 1.17 | \$ 1.16 | 0.9 % | \$ 1.23 | \$ 1.21 | 1.7 % | \$ 1.29 | \$ 1.24 | 4.0% | \$ 1.23 | \$ 0.81 | 51.9% | \$ 4.94 | \$ 4.42 | 11.8% |

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures

Net Revenues and Adjustments of Net Revenues for the Impact of Currency and Acquisitions

(\$ in millions) / (Unaudited)

| Net Revenues | Currency | Net Revenues excluding Currency | Acquisitions | Net Revenues excluding Currency & Acquisitions | | Net Revenues | Total | Excluding Currency | Excluding Currency & Acquisitions |
|-----------------|-----------------|---------------------------------|--------------|--|-------------------------|-----------------|---------------|--------------------|-----------------------------------|
| 2016 | | | | | Quarters Ended March 31 | 2015 | % Change | | |
| \$ 1,863 | \$ (155) | \$ 2,018 | \$ — | \$ 2,018 | European Union | \$ 1,951 | (4.5)% | 3.4 % | 3.4 % |
| 491 | (109) | 600 | — | 600 | Eastern Europe | 600 | (18.2)% | — | — |
| 1,111 | (94) | 1,205 | — | 1,205 | Middle East & Africa | 1,184 | (6.2)% | 1.8 % | 1.8 % |
| 1,058 | (94) | 1,152 | — | 1,152 | South & Southeast Asia | 1,093 | (3.2)% | 5.4 % | 5.4 % |
| 910 | (56) | 966 | — | 966 | East Asia & Australia | 1,062 | (14.3)% | (9.0)% | (9.0)% |
| 650 | (183) | 833 | — | 833 | Latin America & Canada | 726 | (10.5)% | 14.7 % | 14.7 % |
| \$ 6,083 | \$ (691) | \$ 6,774 | \$ — | \$ 6,774 | Total PMI | \$ 6,616 | (8.1)% | 2.4 % | 2.4 % |
| 2016 | | | | | Quarters Ended June 30 | 2015 | % Change | | |
| \$ 2,155 | \$ 39 | \$ 2,116 | \$ — | \$ 2,116 | European Union | \$ 2,060 | 4.6 % | 2.7 % | 2.7 % |
| 616 | (128) | 744 | — | 744 | Eastern Europe | 737 | (16.4)% | 0.9 % | 0.9 % |
| 1,048 | (43) | 1,091 | — | 1,091 | Middle East & Africa | 1,110 | (5.6)% | (1.7)% | (1.7)% |
| 1,129 | (29) | 1,158 | — | 1,158 | South & Southeast Asia | 1,072 | 5.3 % | 8.0 % | 8.0 % |
| 1,004 | (6) | 1,010 | — | 1,010 | East Asia & Australia | 1,073 | (6.4)% | (5.9)% | (5.9)% |
| 697 | (136) | 833 | — | 833 | Latin America & Canada | 807 | (13.6)% | 3.2 % | 3.2 % |
| \$ 6,649 | \$ (303) | \$ 6,952 | \$ — | \$ 6,952 | Total PMI | \$ 6,859 | (3.1)% | 1.4 % | 1.4 % |

Note: Sum of product categories or Regions might not foot to total PMI due to roundings. "-" indicates amounts between -\$0.5 million and +\$0.5 million.

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures

Net Revenues and Adjustments of Net Revenues for the Impact of Currency and Acquisitions

(\$ in millions) / (Unaudited)

| Net Revenues | Currency | Net Revenues excluding Currency | Acquisitions | Net Revenues excluding Currency & Acquisitions | | Net Revenues | Total | Excluding Currency | Excluding Currency & Acquisitions |
|-----------------|-----------------|---------------------------------|--------------|--|-----------------------------|-----------------|--------------|--------------------|-----------------------------------|
| 2016 | | | | | Quarters Ended September 30 | 2015 | % Change | | |
| \$ 2,200 | \$ (6) | \$ 2,206 | \$ — | \$ 2,206 | European Union | \$ 2,123 | 3.6 % | 3.9 % | 3.9 % |
| 687 | (95) | 782 | — | 782 | Eastern Europe | 788 | (12.8)% | (0.8)% | (0.8)% |
| 1,249 | (46) | 1,295 | — | 1,295 | Middle East & Africa | 1,228 | 1.7 % | 5.5 % | 5.5 % |
| 1,015 | 5 | 1,010 | — | 1,010 | South & Southeast Asia | 1,004 | 1.1 % | 0.6 % | 0.6 % |
| 1,121 | 54 | 1,067 | — | 1,067 | East Asia & Australia | 980 | 14.4 % | 8.9 % | 8.9 % |
| 710 | (108) | 818 | — | 818 | Latin America & Canada | 804 | (11.7)% | 1.7 % | 1.7 % |
| \$ 6,982 | \$ (196) | \$ 7,178 | \$ — | \$ 7,178 | Total PMI | \$ 6,927 | 0.8 % | 3.6 % | 3.6 % |
| 2016 | | | | | Quarters Ended December 31 | 2015 | % Change | | |
| \$ 1,944 | \$ (25) | \$ 1,969 | \$ — | \$ 1,969 | European Union | \$ 1,934 | 0.5 % | 1.8 % | 1.8 % |
| 690 | (8) | 698 | — | 698 | Eastern Europe | 610 | 13.1 % | 14.4 % | 14.4 % |
| 1,108 | (77) | 1,185 | — | 1,185 | Middle East & Africa | 1,107 | 0.1 % | 7.0 % | 7.0 % |
| 1,194 | 47 | 1,147 | — | 1,147 | South & Southeast Asia | 1,119 | 6.7 % | 2.5 % | 2.5 % |
| 1,250 | 71 | 1,179 | — | 1,179 | East Asia & Australia | 800 | 56.3 % | 47.4 % | 47.4 % |
| 785 | (98) | 883 | — | 883 | Latin America & Canada | 822 | (4.5)% | 7.4 % | 7.4 % |
| \$ 6,971 | \$ (90) | \$ 7,061 | \$ — | \$ 7,061 | Total PMI | \$ 6,392 | 9.1 % | 10.5 % | 10.5 % |

Note: Sum of product categories or Regions might not foot to total PMI due to roundings. "-" indicates amounts between -\$0.5 million and +\$0.5 million.

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures

Net Revenues by Product Category and Adjustments of Net Revenues for the Impact of Currency and Acquisitions

(\$ in millions) / (Unaudited)

| Net Revenues | Currency | Net Revenues excluding Currency | Acquisitions | Net Revenues excluding Currency & Acquisitions | Full Year Ended December 31 | Net Revenues | Total | Excluding Currency | Excluding Currency & Acquisitions |
|------------------|-------------------|---------------------------------|--------------|--|------------------------------|------------------|-----------------|--------------------|-----------------------------------|
| 2016 | | | | | Combustible Products | 2015 | % Change | | |
| \$ 8,105 | \$ (143) | \$ 8,248 | \$ — | \$ 8,248 | European Union | \$ 8,039 | 0.8 % | 2.6 % | 2.6 % |
| 2,478 | (340) | 2,818 | — | 2,818 | Eastern Europe | 2,735 | (9.4)% | 3.0 % | 3.0 % |
| 4,513 | (261) | 4,773 | — | 4,773 | Middle East & Africa | 4,629 | (2.5)% | 3.1 % | 3.1 % |
| 4,396 | (71) | 4,467 | — | 4,467 | South & Southeast Asia | 4,288 | 2.5 % | 4.2 % | 4.2 % |
| 3,619 | (6) | 3,625 | — | 3,625 | East Asia & Australia | 3,880 | (6.7)% | (6.6)% | (6.6)% |
| 2,841 | (525) | 3,366 | — | 3,366 | Latin America & Canada | 3,159 | (10.1)% | 6.5 % | 6.5 % |
| \$ 25,952 | \$ (1,347) | \$ 27,299 | \$ — | \$ 27,299 | Total Combustible | \$ 26,730 | (2.9)% | 2.1 % | 2.1 % |
| 2016 | | | | | Reduced-Risk Products | 2015 | % Change | | |
| \$ 57 | \$ (2) | \$ 60 | \$ — | \$ 60 | European Union | \$ 29 | 96.4 % | +100 % | +100 % |
| 6 | — | 6 | — | 6 | Eastern Europe | — | — | — | — |
| 4 | 1 | 3 | — | 3 | Middle East & Africa | — | — | — | — |
| — | — | — | — | — | South & Southeast Asia | — | — | — | — |
| 666 | 70 | 597 | — | 597 | East Asia & Australia | 35 | +100 % | +100 % | +100 % |
| 1 | — | 1 | — | 1 | Latin America & Canada | — | — | — | — |
| \$ 733 | \$ 67 | \$ 666 | \$ — | \$ 666 | Total RRP s | \$ 64 | +100 % | +100 % | +100 % |
| 2016 | | | | | Total | 2015 | % Change | | |
| \$ 8,162 | \$ (147) | \$ 8,309 | \$ — | \$ 8,309 | European Union | \$ 8,068 | 1.2 % | 3.0 % | 3.0 % |
| 2,484 | (340) | 2,824 | — | 2,824 | Eastern Europe | 2,735 | (9.2)% | 3.3 % | 3.3 % |
| 4,516 | (260) | 4,776 | — | 4,776 | Middle East & Africa | 4,629 | (2.4)% | 3.2 % | 3.2 % |
| 4,396 | (71) | 4,467 | — | 4,467 | South & Southeast Asia | 4,288 | 2.5 % | 4.2 % | 4.2 % |
| 4,285 | 63 | 4,222 | — | 4,222 | East Asia & Australia | 3,915 | 9.5 % | 7.8 % | 7.8 % |
| 2,842 | (525) | 3,367 | — | 3,367 | Latin America & Canada | 3,159 | (10.0)% | 6.6 % | 6.6 % |
| \$ 26,685 | \$ (1,280) | \$ 27,965 | \$ — | \$ 27,965 | Total PMI | \$ 26,794 | (0.4)% | 4.4 % | 4.4 % |

Note: Sum of product categories or Regions might not foot to total PMI due to roundings. "-" indicates amounts between -\$0.5 million and +\$0.5 million.

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures

Adjustments of Operating Income for the Impact of Currency and Acquisitions

(\$ in millions) / (Unaudited)

| Operating Income | Currency | Operating Income excluding Currency | Acquisitions | Operating Income excluding Currency & Acquisitions | | Operating Income | Total | Excluding Currency | Excluding Currency & Acquisitions |
|------------------|-----------------|-------------------------------------|--------------|--|------------------------------------|------------------|-----------------|--------------------|-----------------------------------|
| 2016 | | | | | Quarters Ended March 31 | 2015 | % Change | | |
| \$ 885 | \$ (55) | \$ 940 | \$ — | \$ 940 | European Union | \$ 915 | (3.3)% | 2.7 % | 2.7 % |
| 137 | (80) | 217 | — | 217 | Eastern Europe | 223 | (38.6)% | (2.7)% | (2.7)% |
| 476 | (92) | 568 | — | 568 | Middle East & Africa | 609 | (21.8)% | (6.7)% | (6.7)% |
| 375 | (52) | 427 | — | 427 | South & Southeast Asia | 371 | 1.1 % | 15.1 % | 15.1 % |
| 393 | (10) | 403 | — | 403 | East Asia & Australia | 555 | (29.2)% | (27.4)% | (27.4)% |
| 230 | (89) | 319 | — | 319 | Latin America & Canada | 230 | — | 38.7 % | 38.7 % |
| \$ 2,496 | \$ (378) | \$ 2,874 | \$ — | \$ 2,874 | Total PMI | \$ 2,903 | (14.0)% | (1.0)% | (1.0)% |
| 2016 | | | | | Quarters Ended June 30 | 2015 | % Change | | |
| \$ 1,053 | \$ 32 | \$ 1,021 | \$ — | \$ 1,021 | European Union | \$ 994 | 5.9 % | 2.7 % | 2.7 % |
| 223 | (101) | 324 | — | 324 | Eastern Europe | 287 | (22.3)% | 12.9 % | 12.9 % |
| 531 | (41) | 572 | — | 572 | Middle East & Africa | 530 | 0.2 % | 7.9 % | 7.9 % |
| 351 | (13) | 364 | — | 364 | South & Southeast Asia | 258 | 36.0 % | 41.1 % | 41.1 % |
| 394 | 7 | 387 | — | 387 | East Asia & Australia | 527 | (25.2)% | (26.6)% | (26.6)% |
| 222 | (77) | 299 | — | 299 | Latin America & Canada | 324 | (31.5)% | (7.7)% | (7.7)% |
| \$ 2,774 | \$ (193) | \$ 2,967 | \$ — | \$ 2,967 | Total PMI | \$ 2,920 | (5.0)% | 1.6 % | 1.6 % |
| 2016 | | | | | Quarters Ended September 30 | 2015 | % Change | | |
| \$ 1,100 | \$ 31 | \$ 1,069 | \$ — | \$ 1,069 | European Union | \$ 1,036 | 6.2 % | 3.2 % | 3.2 % |
| 256 | (88) | 344 | — | 344 | Eastern Europe | 369 | (30.6)% | (6.8)% | (6.8)% |
| 663 | (36) | 699 | — | 699 | Middle East & Africa | 602 | 10.1 % | 16.1 % | 16.1 % |
| 329 | 26 | 303 | — | 303 | South & Southeast Asia | 285 | 15.4 % | 6.3 % | 6.3 % |
| 423 | 31 | 392 | — | 392 | East Asia & Australia | 403 | 5.0 % | (2.7)% | (2.7)% |
| 225 | (53) | 278 | — | 278 | Latin America & Canada | 296 | (24.0)% | (6.1)% | (6.1)% |
| \$ 2,996 | \$ (89) | \$ 3,085 | \$ — | \$ 3,085 | Total PMI | \$ 2,991 | 0.2 % | 3.1 % | 3.1 % |

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures

Adjustments of Operating Income for the Impact of Currency and Acquisitions

(\$ in millions) / (Unaudited)

| Operating Income | Currency | Operating Income excluding Currency | Acquisitions | Operating Income excluding Currency & Acquisitions | | Operating Income | Total | Excluding Currency | Excluding Currency & Acquisitions |
|------------------|-------------------|-------------------------------------|--------------|--|------------------------------------|------------------|-----------------|--------------------|-----------------------------------|
| 2016 | | | | | Quarters Ended December 31 | 2015 | % Change | | |
| \$ 882 | \$ 28 | \$ 854 | \$ — | \$ 854 | European Union | \$ 585 | 50.8 % | 46.0 % | 46.0 % |
| 274 | (26) | 300 | — | 300 | Eastern Europe | 194 | 41.2 % | 54.6 % | 54.6 % |
| 320 | (364) | 684 | — | 684 | Middle East & Africa | 464 | (31.0)% | 47.4 % | 47.4 % |
| 419 | 29 | 390 | — | 390 | South & Southeast Asia | 272 | 54.0 % | 43.4 % | 43.4 % |
| 481 | 34 | 447 | — | 447 | East Asia & Australia | 181 | +100 % | +100 % | +100 % |
| 261 | (61) | 322 | — | 322 | Latin America & Canada | 235 | 11.1 % | 37.0 % | 37.0 % |
| \$ 2,637 | \$ (360) | \$ 2,997 | \$ — | \$ 2,997 | Total PMI | \$ 1,931 | 36.6 % | 55.2 % | 55.2 % |
| 2016 | | | | | Full Year Ended December 31 | 2015 | % Change | | |
| \$ 3,920 | \$ 36 | \$ 3,884 | \$ — | \$ 3,884 | European Union | \$ 3,530 | 11.0 % | 10.0 % | 10.0 % |
| 890 | (295) | 1,185 | — | 1,185 | Eastern Europe | 1,073 | (17.1)% | 10.4 % | 10.4 % |
| 1,990 | (533) | 2,523 | — | 2,523 | Middle East & Africa | 2,205 | (9.8)% | 14.4 % | 14.4 % |
| 1,474 | (10) | 1,484 | — | 1,484 | South & Southeast Asia | 1,186 | 24.3 % | 25.1 % | 25.1 % |
| 1,691 | 62 | 1,629 | — | 1,629 | East Asia & Australia | 1,666 | 1.5 % | (2.2)% | (2.2)% |
| 938 | (280) | 1,218 | — | 1,218 | Latin America & Canada | 1,085 | (13.5)% | 12.3 % | 12.3 % |
| \$ 10,903 | \$ (1,020) | \$ 11,923 | \$ — | \$ 11,923 | Total PMI | \$ 10,745 | 1.5 % | 11.0 % | 11.0 % |

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Net Revenues and Operating Income: Price and Volume/Mix Variances

(\$ in millions) / (Unaudited)

| | 2016 vs. 2015 | | | | | | | | | |
|-------------------------|----------------------------|-----------------|---------------------------|-----------------|--------------------------------|-----------------|-------------------------------|---------------|--------------------------------|-----------------|
| | Quarters Ended March 31 | | Quarters Ended June 30 | | Quarters Ended September 30 | | Quarters Ended December 31 | | Full Year Ended December 31 | |
| | Price | Volume/Mix | Price | Volume/Mix | Price | Volume/Mix | Price | Volume/Mix | Price | Volume/Mix |
| Net Revenues | | | | | | | | | | |
| European Union | \$ 73 | \$ (6) | \$ 106 | \$ (50) | \$ 93 | \$ (10) | \$ 118 | \$ (83) | \$ 390 | \$ (149) |
| Eastern Europe | 33 | (33) | 67 | (60) | 48 | (54) | 27 | 61 | 175 | (86) |
| Middle East & Africa | 78 | (57) | 44 | (63) | 132 | (65) | 155 | (77) | 409 | (262) |
| South & Southeast Asia | 147 | (88) | 96 | (10) | 91 | (85) | 134 | (106) | 468 | (289) |
| East Asia & Australia | (138) | 42 | (43) | (20) | 4 | 83 | 44 | 335 | (133) | 440 |
| Latin America & Canada | 79 | 28 | 74 | (48) | 72 | (58) | 87 | (26) | 312 | (104) |
| Total PMI | \$ 272 | \$ (114) | \$ 344 | \$ (251) | \$ 440 | \$ (189) | \$ 565 | \$ 104 | \$ 1,621 | \$ (450) |
| Operating Income | | | | | | | | | | |
| European Union | \$ 73 | \$ (12) | \$ 106 | \$ (53) | \$ 93 | \$ (19) | \$ 118 | \$ (84) | \$ 390 | \$ (168) |
| Eastern Europe | 33 | (33) | 67 | (50) | 48 | (52) | 27 | 35 | 175 | (100) |
| Middle East & Africa | 78 | (73) | 44 | (56) | 132 | (53) | 155 | (51) | 409 | (233) |
| South & Southeast Asia | 147 | (55) | 96 | (2) | 91 | (58) | 134 | (79) | 468 | (194) |
| East Asia & Australia | (138) | (33) | (43) | (113) | 4 | 23 | 44 | 211 | (133) | 88 |
| Latin America & Canada | 79 | 23 | 74 | (39) | 72 | (50) | 87 | (19) | 312 | (85) |
| Total PMI | \$ 272 | \$ (183) | \$ 344 | \$ (313) | \$ 440 | \$ (209) | \$ 565 | \$ 13 | \$ 1,621 | \$ (692) |

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures

Reconciliation of Operating Income to Adjusted Operating Income, excluding Currency and Acquisitions

(\$ in millions) / (Unaudited)

| Operating Income | Asset Impairment & Exit Costs | Adjusted Operating Income | Currency | Adjusted Operating Income excluding Currency | Acquisitions | Adjusted Operating Income excluding Currency & Acquisitions | | Operating Income | Asset Impairment & Exit Costs | Adjusted Operating Income | Total | Excluding Currency | Excluding Currency & Acquisitions |
|------------------|-------------------------------|---------------------------|-----------------|--|--------------|---|------------------------------------|------------------|-------------------------------|---------------------------|-----------------|--------------------|-----------------------------------|
| 2016 | | | | | | | Quarters Ended March 31 | 2015 | | | % Change | | |
| \$ 885 | \$ — | \$ 885 | \$ (55) | \$ 940 | \$ — | \$ 940 | European Union | \$ 915 | \$ — | \$ 915 | (3.3)% | 2.7 % | 2.7 % |
| 137 | — | 137 | (80) | 217 | — | 217 | Eastern Europe | 223 | — | 223 | (38.6)% | (2.7)% | (2.7)% |
| 476 | — | 476 | (92) | 568 | — | 568 | Middle East & Africa | 609 | — | 609 | (21.8)% | (6.7)% | (6.7)% |
| 375 | — | 375 | (52) | 427 | — | 427 | South & Southeast Asia | 371 | — | 371 | 1.1 % | 15.1 % | 15.1 % |
| 393 | — | 393 | (10) | 403 | — | 403 | East Asia & Australia | 555 | — | 555 | (29.2)% | (27.4)% | (27.4)% |
| 230 | — | 230 | (89) | 319 | — | 319 | Latin America & Canada | 230 | — | 230 | — | 38.7 % | 38.7 % |
| \$ 2,496 | \$ — | \$ 2,496 | \$ (378) | \$ 2,874 | \$ — | \$ 2,874 | Total PMI | \$ 2,903 | \$ — | \$ 2,903 | (14.0)% | (1.0)% | (1.0)% |
| 2016 | | | | | | | Quarters Ended June 30 | 2015 | | | % Change | | |
| \$ 1,053 | \$ — | \$ 1,053 | \$ 32 | \$ 1,021 | \$ — | \$ 1,021 | European Union | \$ 994 | \$ — | \$ 994 | 5.9 % | 2.7 % | 2.7 % |
| 223 | — | 223 | (101) | 324 | — | 324 | Eastern Europe | 287 | — | 287 | (22.3)% | 12.9 % | 12.9 % |
| 531 | — | 531 | (41) | 572 | — | 572 | Middle East & Africa | 530 | — | 530 | 0.2 % | 7.9 % | 7.9 % |
| 351 | — | 351 | (13) | 364 | — | 364 | South & Southeast Asia | 258 | — | 258 | 36.0 % | 41.1 % | 41.1 % |
| 394 | — | 394 | 7 | 387 | — | 387 | East Asia & Australia | 527 | — | 527 | (25.2)% | (26.6)% | (26.6)% |
| 222 | — | 222 | (77) | 299 | — | 299 | Latin America & Canada | 324 | — | 324 | (31.5)% | (7.7)% | (7.7)% |
| \$ 2,774 | \$ — | \$ 2,774 | \$ (193) | \$ 2,967 | \$ — | \$ 2,967 | Total PMI | \$ 2,920 | \$ — | \$ 2,920 | (5.0)% | 1.6 % | 1.6 % |
| 2016 | | | | | | | Quarters Ended September 30 | 2015 | | | % Change | | |
| \$ 1,100 | \$ — | \$ 1,100 | \$ 31 | \$ 1,069 | \$ — | \$ 1,069 | European Union | \$ 1,036 | \$ — | \$ 1,036 | 6.2 % | 3.2 % | 3.2 % |
| 256 | — | 256 | (88) | 344 | — | 344 | Eastern Europe | 369 | — | 369 | (30.6)% | (6.8)% | (6.8)% |
| 663 | — | 663 | (36) | 699 | — | 699 | Middle East & Africa | 602 | — | 602 | 10.1 % | 16.1 % | 16.1 % |
| 329 | — | 329 | 26 | 303 | — | 303 | South & Southeast Asia | 285 | — | 285 | 15.4 % | 6.3 % | 6.3 % |
| 423 | — | 423 | 31 | 392 | — | 392 | East Asia & Australia | 403 | — | 403 | 5.0 % | (2.7)% | (2.7)% |
| 225 | — | 225 | (53) | 278 | — | 278 | Latin America & Canada | 296 | — | 296 | (24.0)% | (6.1)% | (6.1)% |
| \$ 2,996 | \$ — | \$ 2,996 | \$ (89) | \$ 3,085 | \$ — | \$ 3,085 | Total PMI | \$ 2,991 | \$ — | \$ 2,991 | 0.2 % | 3.1 % | 3.1 % |

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures

Reconciliation of Operating Income to Adjusted Operating Income, excluding Currency and Acquisitions

(\$ in millions) / (Unaudited)

| Operating Income | Asset Impairment & Exit Costs | Adjusted Operating Income | Currency | Adjusted Operating Income excluding Currency | Acquisitions | Adjusted Operating Income excluding Currency & Acquisitions | | Operating Income | Asset Impairment & Exit Costs | Adjusted Operating Income | Total | Excluding Currency | Excluding Currency & Acquisitions |
|------------------|-------------------------------|---------------------------|-------------------|--|--------------|---|------------------------------------|------------------|-------------------------------|---------------------------|-----------------|--------------------|-----------------------------------|
| 2016 | | | | | | | Quarters Ended December 31 | 2015 | | | % Change | | |
| \$ 882 | \$ — | \$ 882 | \$ 28 | \$ 854 | \$ — | \$ 854 | European Union | \$ 585 | \$ (68) | \$ 653 | 35.1 % | 30.8 % | 30.8 % |
| 274 | — | 274 | (26) | 300 | — | 300 | Eastern Europe | 194 | — | 194 | 41.2 % | 54.6 % | 54.6 % |
| 320 | — | 320 | (364) | 684 | — | 684 | Middle East & Africa | 464 | — | 464 | (31.0)% | 47.4 % | 47.4 % |
| 419 | — | 419 | 29 | 390 | — | 390 | South & Southeast Asia | 272 | — | 272 | 54.0 % | 43.4 % | 43.4 % |
| 481 | — | 481 | 34 | 447 | — | 447 | East Asia & Australia | 181 | — | 181 | +100 % | +100 % | +100 % |
| 261 | — | 261 | (61) | 322 | — | 322 | Latin America & Canada | 235 | — | 235 | 11.1 % | 37.0 % | 37.0 % |
| \$ 2,637 | \$ — | \$ 2,637 | \$ (360) | \$ 2,997 | \$ — | \$ 2,997 | Total PMI | \$ 1,931 | \$ (68) | \$ 1,999 | 31.9 % | 49.9 % | 49.9 % |
| 2016 | | | | | | | Full Year Ended December 31 | 2015 | | | % Change | | |
| \$ 3,920 | \$ — | \$ 3,920 | \$ 36 | \$ 3,884 | \$ — | \$ 3,884 | European Union | \$ 3,530 | \$ (68) | \$ 3,598 | 8.9 % | 7.9 % | 7.9 % |
| 890 | — | 890 | (295) | 1,185 | — | 1,185 | Eastern Europe | 1,073 | — | 1,073 | (17.1)% | 10.4 % | 10.4 % |
| 1,990 | — | 1,990 | (533) | 2,523 | — | 2,523 | Middle East & Africa | 2,205 | — | 2,205 | (9.8)% | 14.4 % | 14.4 % |
| 1,474 | — | 1,474 | (10) | 1,484 | — | 1,484 | South & Southeast Asia | 1,186 | — | 1,186 | 24.3 % | 25.1 % | 25.1 % |
| 1,691 | — | 1,691 | 62 | 1,629 | — | 1,629 | East Asia & Australia | 1,666 | — | 1,666 | 1.5 % | (2.2)% | (2.2)% |
| 938 | — | 938 | (280) | 1,218 | — | 1,218 | Latin America & Canada | 1,085 | — | 1,085 | (13.5)% | 12.3 % | 12.3 % |
| \$ 10,903 | \$ — | \$ 10,903 | \$ (1,020) | \$ 11,923 | \$ — | \$ 11,923 | Total PMI | \$ 10,745 | \$ (68) | \$ 10,813 | 0.8 % | 10.3 % | 10.3 % |

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures

Reconciliation of Adjusted Operating Income Margin, excluding Currency and Acquisitions

(\$ in millions) / (Unaudited)

| Adjusted Operating Income (1) | Net Revenues | Adjusted Operating Income Margin | Adjusted Operating Income excluding Currency (1) | Net Revenues excluding Currency (2) | Adjusted Operating Income Margin excluding Currency | Adjusted Operating Income excluding Currency & Acquisitions (1) | Net Revenues excluding Currency & Acquisitions (2) | Adjusted Operating Income Margin excluding Currency & Acquisitions | | Adjusted Operating Income (1) | Net Revenues | Adjusted Operating Income Margin | Adjusted Operating Income Margin | Adjusted Operating Income Margin excluding Currency | Adjusted Operating Income Margin excluding Currency & Acquisitions |
|-------------------------------|-----------------|----------------------------------|--|-------------------------------------|---|---|--|--|-----------------------------|-------------------------------|-----------------|----------------------------------|----------------------------------|---|--|
| 2016 | | | | | | | | | Quarters Ended March 31 | 2015 | | | % Points Change | | |
| \$ 885 | \$ 1,863 | 47.5% | \$ 940 | \$ 2,018 | 46.6% | \$ 940 | \$ 2,018 | 46.6% | European Union | \$ 915 | \$ 1,951 | 46.9% | 0.6 | (0.3) | (0.3) |
| 137 | 491 | 27.9% | 217 | 600 | 36.2% | 217 | 600 | 36.2% | Eastern Europe | 223 | 600 | 37.2% | (9.3) | (1.0) | (1.0) |
| 476 | 1,111 | 42.8% | 568 | 1,205 | 47.1% | 568 | 1,205 | 47.1% | Middle East & Africa | 609 | 1,184 | 51.4% | (8.6) | (4.3) | (4.3) |
| 375 | 1,058 | 35.4% | 427 | 1,152 | 37.1% | 427 | 1,152 | 37.1% | South & Southeast Asia | 371 | 1,093 | 33.9% | 1.5 | 3.2 | 3.2 |
| 393 | 910 | 43.2% | 403 | 966 | 41.7% | 403 | 966 | 41.7% | East Asia & Australia | 555 | 1,062 | 52.3% | (9.1) | (10.6) | (10.6) |
| 230 | 650 | 35.4% | 319 | 833 | 38.3% | 319 | 833 | 38.3% | Latin America & Canada | 230 | 726 | 31.7% | 3.7 | 6.6 | 6.6 |
| \$ 2,496 | \$ 6,083 | 41.0% | \$ 2,874 | \$ 6,774 | 42.4% | \$ 2,874 | \$ 6,774 | 42.4% | Total PMI | \$ 2,903 | \$ 6,616 | 43.9% | (2.9) | (1.5) | (1.5) |
| 2016 | | | | | | | | | Quarters Ended June 30 | 2015 | | | % Points Change | | |
| \$ 1,053 | \$ 2,155 | 48.9% | \$ 1,021 | \$ 2,116 | 48.3% | \$ 1,021 | \$ 2,116 | 48.3% | European Union | \$ 994 | \$ 2,060 | 48.3% | 0.6 | — | — |
| 223 | 616 | 36.2% | 324 | 744 | 43.5% | 324 | 744 | 43.5% | Eastern Europe | 287 | 737 | 38.9% | (2.7) | 4.6 | 4.6 |
| 531 | 1,048 | 50.7% | 572 | 1,091 | 52.4% | 572 | 1,091 | 52.4% | Middle East & Africa | 530 | 1,110 | 47.7% | 3.0 | 4.7 | 4.7 |
| 351 | 1,129 | 31.1% | 364 | 1,158 | 31.4% | 364 | 1,158 | 31.4% | South & Southeast Asia | 258 | 1,072 | 24.1% | 7.0 | 7.3 | 7.3 |
| 394 | 1,004 | 39.2% | 387 | 1,010 | 38.3% | 387 | 1,010 | 38.3% | East Asia & Australia | 527 | 1,073 | 49.1% | (9.9) | (10.8) | (10.8) |
| 222 | 697 | 31.9% | 299 | 833 | 35.9% | 299 | 833 | 35.9% | Latin America & Canada | 324 | 807 | 40.1% | (8.2) | (4.2) | (4.2) |
| \$ 2,774 | \$ 6,649 | 41.7% | \$ 2,967 | \$ 6,952 | 42.7% | \$ 2,967 | \$ 6,952 | 42.7% | Total PMI | \$ 2,920 | \$ 6,859 | 42.6% | (0.9) | 0.1 | 0.1 |
| 2016 | | | | | | | | | Quarters Ended September 30 | 2015 | | | % Points Change | | |
| \$ 1,100 | \$ 2,200 | 50.0% | \$ 1,069 | \$ 2,206 | 48.5% | \$ 1,069 | \$ 2,206 | 48.5% | European Union | \$ 1,036 | \$ 2,123 | 48.8% | 1.2 | (0.3) | (0.3) |
| 256 | 687 | 37.3% | 344 | 782 | 44.0% | 344 | 782 | 44.0% | Eastern Europe | 369 | 788 | 46.8% | (9.5) | (2.8) | (2.8) |
| 663 | 1,249 | 53.1% | 699 | 1,295 | 54.0% | 699 | 1,295 | 54.0% | Middle East & Africa | 602 | 1,228 | 49.0% | 4.1 | 5.0 | 5.0 |
| 329 | 1,015 | 32.4% | 303 | 1,010 | 30.0% | 303 | 1,010 | 30.0% | South & Southeast Asia | 285 | 1,004 | 28.4% | 4.0 | 1.6 | 1.6 |
| 423 | 1,121 | 37.7% | 392 | 1,067 | 36.7% | 392 | 1,067 | 36.7% | East Asia & Australia | 403 | 980 | 41.1% | (3.4) | (4.4) | (4.4) |
| 225 | 710 | 31.7% | 278 | 818 | 34.0% | 278 | 818 | 34.0% | Latin America & Canada | 296 | 804 | 36.8% | (5.1) | (2.8) | (2.8) |
| \$ 2,996 | \$ 6,982 | 42.9% | \$ 3,085 | \$ 7,178 | 43.0% | \$ 3,085 | \$ 7,178 | 43.0% | Total PMI | \$ 2,991 | \$ 6,927 | 43.2% | (0.3) | (0.2) | (0.2) |

(1) For the calculation of Adjusted Operating Income, Adjusted Operating Income excluding currency and Adjusted Operating Income excluding currency and acquisitions, refer to Schedule 8

(2) For the calculation of Net Revenues excluding currency and Net Revenues excluding currency and acquisitions, refer to Schedules 5a and 5b

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures

Reconciliation of Adjusted Operating Income Margin, excluding Currency and Acquisitions

(\$ in millions) / (Unaudited)

| Adjusted Operating Income (1) | Net Revenues | Adjusted Operating Income Margin | Adjusted Operating Income excluding Currency (1) | Net Revenues excluding Currency (2) | Adjusted Operating Income Margin excluding Currency | Adjusted Operating Income excluding Currency & Acquisitions (1) | Net Revenues excluding Currency & Acquisitions (2) | Adjusted Operating Income Margin excluding Currency & Acquisitions | | Adjusted Operating Income (1) | Net Revenues | Adjusted Operating Income Margin | Adjusted Operating Income Margin | Adjusted Operating Income Margin excluding Currency | Adjusted Operating Income Margin excluding Currency & Acquisitions |
|-------------------------------|------------------|----------------------------------|--|-------------------------------------|---|---|--|--|-----------------------------|-------------------------------|------------------|----------------------------------|----------------------------------|---|--|
| 2016 | | | | | | | | | Quarters Ended December 31 | 2015 | | | % Points Change | | |
| \$ 882 | \$ 1,944 | 45.4% | \$ 854 | \$ 1,969 | 43.4% | \$ 854 | \$ 1,969 | 43.4% | European Union | \$ 653 | \$ 1,934 | 33.8% | 11.6 | 9.6 | 9.6 |
| 274 | 690 | 39.7% | 300 | 698 | 43.0% | 300 | 698 | 43.0% | Eastern Europe | 194 | 610 | 31.8% | 7.9 | 11.2 | 11.2 |
| 320 | 1,108 | 28.9% | 684 | 1,185 | 57.7% | 684 | 1,185 | 57.7% | Middle East & Africa | 464 | 1,107 | 41.9% | (13.0) | 15.8 | 15.8 |
| 419 | 1,194 | 35.1% | 390 | 1,147 | 34.0% | 390 | 1,147 | 34.0% | South & Southeast Asia | 272 | 1,119 | 24.3% | 10.8 | 9.7 | 9.7 |
| 481 | 1,250 | 38.5% | 447 | 1,179 | 37.9% | 447 | 1,179 | 37.9% | East Asia & Australia | 181 | 800 | 22.6% | 15.9 | 15.3 | 15.3 |
| 261 | 785 | 33.2% | 322 | 883 | 36.5% | 322 | 883 | 36.5% | Latin America & Canada | 235 | 822 | 28.6% | 4.6 | 7.9 | 7.9 |
| \$ 2,637 | \$ 6,971 | 37.8% | \$ 2,997 | \$ 7,061 | 42.4% | \$ 2,997 | \$ 7,061 | 42.4% | Total PMI | \$ 1,999 | \$ 6,392 | 31.3% | 6.5 | 11.1 | 11.1 |
| 2016 | | | | | | | | | Full Year Ended December 31 | 2015 | | | % Points Change | | |
| \$ 3,920 | \$ 8,162 | 48.0% | \$ 3,884 | \$ 8,309 | 46.7% | \$ 3,884 | \$ 8,309 | 46.7% | European Union | \$ 3,598 | \$ 8,068 | 44.6% | 3.4 | 2.1 | 2.1 |
| 890 | 2,484 | 35.8% | 1,185 | 2,824 | 42.0% | 1,185 | 2,824 | 42.0% | Eastern Europe | 1,073 | 2,735 | 39.2% | (3.4) | 2.8 | 2.8 |
| 1,990 | 4,516 | 44.1% | 2,523 | 4,776 | 52.8% | 2,523 | 4,776 | 52.8% | Middle East & Africa | 2,205 | 4,629 | 47.6% | (3.5) | 5.2 | 5.2 |
| 1,474 | 4,396 | 33.5% | 1,484 | 4,467 | 33.2% | 1,484 | 4,467 | 33.2% | South & Southeast Asia | 1,186 | 4,288 | 27.7% | 5.8 | 5.5 | 5.5 |
| 1,691 | 4,285 | 39.5% | 1,629 | 4,222 | 38.6% | 1,629 | 4,222 | 38.6% | East Asia & Australia | 1,666 | 3,915 | 42.6% | (3.1) | (4.0) | (4.0) |
| 938 | 2,842 | 33.0% | 1,218 | 3,367 | 36.2% | 1,218 | 3,367 | 36.2% | Latin America & Canada | 1,085 | 3,159 | 34.3% | (1.3) | 1.9 | 1.9 |
| \$ 10,903 | \$ 26,685 | 40.9% | \$ 11,923 | \$ 27,965 | 42.6% | \$ 11,923 | \$ 27,965 | 42.6% | Total PMI | \$ 10,813 | \$ 26,794 | 40.4% | 0.5 | 2.2 | 2.2 |

(1) For the calculation of Adjusted Operating Income, Adjusted Operating Income excluding currency and Adjusted Operating Income excluding currency and acquisitions, refer to Schedule 8

(2) For the calculation of Net Revenues excluding currency and Net Revenues excluding currency and acquisitions, refer to Schedules 5a and 5b

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Condensed Statements of Earnings

(\$ in millions, except per share data) / (Unaudited)

| | Quarters Ended March 31 | | | Quarters Ended June 30 | | | Quarters Ended September 30 | | | Quarters Ended December 31 | | | Full Year Ended December 31 | | |
|---|----------------------------|-----------------|----------------|---------------------------|-----------------|---------------|--------------------------------|-----------------|---------------|-------------------------------|-----------------|---------------|--------------------------------|------------------|---------------|
| | 2016 | 2015 | % Change | 2016 | 2015 | % Change | 2016 | 2015 | % Change | 2016 | 2015 | % Change | 2016 | 2015 | % Change |
| Revenues Including Excise Taxes | \$ 16,788 | \$ 17,352 | (3.3)% | \$ 19,041 | \$ 18,763 | 1.5 % | \$ 19,935 | \$ 19,422 | 2.6 % | \$ 19,189 | \$ 18,371 | 4.5 % | \$ 74,953 | \$ 73,908 | 1.4 % |
| Excise taxes on products | 10,705 | 10,736 | (0.3)% | 12,392 | 11,904 | 4.1 % | 12,953 | 12,495 | 3.7 % | 12,218 | 11,979 | 2.0 % | 48,268 | 47,114 | 2.4 % |
| Net Revenues | \$ 6,083 | \$ 6,616 | (8.1)% | \$ 6,649 | \$ 6,859 | (3.1)% | \$ 6,982 | \$ 6,927 | 0.8 % | \$ 6,971 | \$ 6,392 | 9.1 % | \$ 26,685 | \$ 26,794 | (0.4)% |
| Cost of sales | 2,096 | 2,229 | (6.0)% | 2,364 | 2,378 | (0.6)% | 2,432 | 2,383 | 2.1 % | 2,499 | 2,375 | 5.2 % | 9,391 | 9,365 | 0.3 % |
| Gross profit | 3,987 | 4,387 | (9.1)% | 4,285 | 4,481 | (4.4)% | 4,550 | 4,544 | 0.1 % | 4,472 | 4,017 | 11.3 % | 17,294 | 17,429 | (0.8)% |
| Marketing, administration and research costs | 1,473 | 1,462 | 0.8 % | 1,492 | 1,540 | (3.1)% | 1,535 | 1,534 | 0.1 % | 1,817 | 1,998 | (9.1)% | 6,317 | 6,534 | (3.3)% |
| Asset impairment and exit costs | — | — | | — | — | | — | — | | — | 68 | | — | 68 | |
| Amortization of intangibles | 18 | 22 | | 19 | 21 | | 19 | 19 | | 18 | 20 | | 74 | 82 | |
| Operating Income | 2,496 | 2,903 | (14.0)% | 2,774 | 2,920 | (5.0)% | 2,996 | 2,991 | 0.2 % | 2,637 | 1,931 | 36.6 % | 10,903 | 10,745 | 1.5 % |
| Interest expense, net | 247 | 275 | (10.2)% | 223 | 259 | (13.9)% | 220 | 247 | (10.9)% | 201 | 227 | (11.5)% | 891 | 1,008 | (11.6)% |
| Pension and other employee benefit costs | 23 | 32 | (28.1)% | 21 | 28 | (25.0)% | 19 | 32 | (40.6)% | 25 | 30 | (16.7)% | 88 | 122 | (27.9)% |
| Earnings before income taxes | 2,226 | 2,596 | (14.3)% | 2,530 | 2,633 | (3.9)% | 2,757 | 2,712 | 1.7 % | 2,411 | 1,674 | 44.0 % | 9,924 | 9,615 | 3.2 % |
| Provision for income taxes | 630 | 785 | (19.7)% | 716 | 743 | (3.6)% | 764 | 748 | 2.1 % | 658 | 412 | 59.7 % | 2,768 | 2,688 | 3.0 % |
| Equity investments and securities (income)/loss, net | (9) | (23) | | (28) | (26) | | (35) | (20) | | (22) | (36) | | (94) | (105) | |
| Net Earnings | 1,605 | 1,834 | (12.5)% | 1,842 | 1,916 | (3.9)% | 2,028 | 1,984 | 2.2 % | 1,775 | 1,298 | 36.7 % | 7,250 | 7,032 | 3.1 % |
| Net Earnings attributable to noncontrolling interests | 75 | 39 | | 54 | 29 | | 90 | 42 | | 64 | 49 | | 283 | 159 | |
| Net Earnings attributable to PMI | \$ 1,530 | \$ 1,795 | (14.8)% | \$ 1,788 | \$ 1,887 | (5.2)% | \$ 1,938 | \$ 1,942 | (0.2)% | \$ 1,711 | \$ 1,249 | 37.0 % | \$ 6,967 | \$ 6,873 | 1.4 % |
| Per share data (1): | | | | | | | | | | | | | | | |
| Basic Earnings Per Share | \$ 0.98 | \$ 1.16 | (15.5)% | \$ 1.15 | \$ 1.21 | (5.0)% | \$ 1.25 | \$ 1.25 | — | \$ 1.10 | \$ 0.80 | 37.5 % | \$ 4.48 | \$ 4.42 | 1.4 % |
| Diluted Earnings Per Share | \$ 0.98 | \$ 1.16 | (15.5)% | \$ 1.15 | \$ 1.21 | (5.0)% | \$ 1.25 | \$ 1.25 | — | \$ 1.10 | \$ 0.80 | 37.5 % | \$ 4.48 | \$ 4.42 | 1.4 % |

(1) Net Earnings and weighted-average shares used in the basic and diluted Earnings Per Share computations are shown on Schedule 3, Footnote 1.

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Condensed Balance Sheets

(\$ in millions) / (Unaudited)

| | March 31, 2016 | June 30, 2016 | September 30, 2016 | December 31, 2016 | December 31, 2015 |
|--|-------------------|------------------|-----------------------|----------------------|----------------------|
| <u>Assets</u> | | | | | |
| Cash and cash equivalents | \$ 2,944 | \$ 3,814 | \$ 4,884 | \$ 4,239 | \$ 3,417 |
| All other current assets | 12,984 | 12,232 | 11,690 | 13,369 | 12,387 |
| Property, plant and equipment, net | 5,865 | 5,931 | 6,133 | 6,064 | 5,721 |
| Goodwill | 7,683 | 7,622 | 7,646 | 7,324 | 7,415 |
| Other intangible assets, net | 2,664 | 2,603 | 2,578 | 2,470 | 2,623 |
| Investments in unconsolidated subsidiaries and equity securities | 942 | 948 | 986 | 1,011 | 890 |
| Other assets | 1,539 | 1,652 | 1,660 | 2,374 | 1,503 |
| Total assets | \$ 34,621 | \$ 34,802 | \$ 35,577 | \$ 36,851 | \$ 33,956 |
| <u>Liabilities and Stockholders' (Deficit) Equity</u> | | | | | |
| Short-term borrowings | \$ 673 | \$ 696 | \$ 710 | \$ 643 | \$ 825 |
| Current portion of long-term debt | 2,437 | 1,175 | 2,417 | 2,573 | 2,405 |
| All other current liabilities | 10,981 | 10,801 | 11,131 | 13,251 | 12,156 |
| Long-term debt | 26,683 | 28,098 | 26,960 | 25,851 | 25,250 |
| Deferred income taxes | 1,378 | 1,463 | 1,376 | 1,897 | 1,543 |
| Other long-term liabilities | 3,363 | 3,368 | 3,300 | 3,536 | 3,253 |
| Total liabilities | 45,515 | 45,601 | 45,894 | 47,751 | 45,432 |
| Total PMI stockholders' deficit | (12,753) | (12,556) | (12,142) | (12,688) | (13,244) |
| Noncontrolling interests | 1,859 | 1,757 | 1,825 | 1,788 | 1,768 |
| Total stockholders' (deficit) equity | (10,894) | (10,799) | (10,317) | (10,900) | (11,476) |
| Total liabilities and stockholders' (deficit) equity | \$ 34,621 | \$ 34,802 | \$ 35,577 | \$ 36,851 | \$ 33,956 |

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures

Calculation of Total Debt to Adjusted EBITDA and Net Debt to Adjusted EBITDA Ratios

(\$ in millions, except ratios) / (Unaudited)

| | Year Ended | | | | | | | | | Year Ended | |
|--|-----------------------------|----------------------------|----------------------|----------------------------|---------------------------|----------------------|-------------------------------|--------------------------------|----------------------|------------------|------------------|
| | March 31, 2016 | | | June 30, 2016 | | | September 30, 2016 | | | December 31, | |
| | April ~ December 2015 | January ~ March 2016 | 12 months rolling | July ~ December 2015 | January ~ June 2016 | 12 months rolling | October ~ December 2015 | January ~ September 2016 | 12 months rolling | 2016 | 2015 |
| | | | | | | | | | | | |
| Net Earnings | \$ 5,198 | \$ 1,605 | \$ 6,803 | \$ 3,282 | \$ 3,447 | \$ 6,729 | \$ 1,298 | \$ 5,475 | \$ 6,773 | \$ 7,250 | \$ 7,032 |
| Equity investments and securities (income)/loss, net | (82) | (9) | (91) | (56) | (37) | (93) | (36) | (72) | (108) | (94) | (105) |
| Provision for Income Taxes | 1,903 | 630 | 2,533 | 1,160 | 1,346 | 2,506 | 412 | 2,110 | 2,522 | 2,768 | 2,688 |
| Interest expense, net | 733 | 247 | 980 | 474 | 470 | 944 | 227 | 690 | 917 | 891 | 1,008 |
| Depreciation and amortization | 562 | 175 | 737 | 377 | 360 | 737 | 193 | 548 | 741 | 743 | 754 |
| Asset impairment and exit costs | 68 | — | 68 | 68 | — | 68 | 68 | — | 68 | — | 68 |
| Adjusted EBITDA | \$ 8,382 | \$ 2,648 | \$ 11,030 | \$ 5,305 | \$ 5,586 | \$ 10,891 | \$ 2,162 | \$ 8,751 | \$ 10,913 | \$ 11,558 | \$ 11,445 |

| | March 31, 2016 | June 30, 2016 | September 30, 2016 | December 31, 2016 | December 31, 2015 |
|-----------------------------------|-------------------|------------------|-----------------------|----------------------|----------------------|
| Short-term borrowings | \$ 673 | \$ 696 | \$ 710 | \$ 643 | \$ 825 |
| Current portion of long-term debt | 2,437 | 1,175 | 2,417 | 2,573 | 2,405 |
| Long-term debt | 26,683 | 28,098 | 26,960 | 25,851 | 25,250 |
| Total Debt | \$ 29,793 | \$ 29,969 | \$ 30,087 | \$ 29,067 | \$ 28,480 |
| Cash and cash equivalents | 2,944 | 3,814 | 4,884 | 4,239 | 3,417 |
| Net Debt | \$ 26,849 | \$ 26,155 | \$ 25,203 | \$ 24,828 | \$ 25,063 |

Ratios:

| | | | | | |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Total Debt to Adjusted EBITDA | 2.70 | 2.75 | 2.76 | 2.51 | 2.49 |
| Net Debt to Adjusted EBITDA | 2.43 | 2.40 | 2.31 | 2.15 | 2.19 |

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures

Reconciliation of Operating Cash Flow to Operating Cash Flow, excluding Currency

(\$ in millions) / (Unaudited)

| | Quarters Ended March 31 | | | Quarters Ended June 30 | | | Quarters Ended September 30 | | | Quarters Ended December 31 | | | Full Year Ended December 31 | | |
|---|----------------------------|----------|-------------|---------------------------|----------|-------------|--------------------------------|----------|-------------|-------------------------------|----------|-------------|--------------------------------|----------|-------------|
| | 2016 | 2015 | % Change | 2016 | 2015 | % Change | 2016 | 2015 | % Change | 2016 | 2015 | % Change | 2016 | 2015 | % Change |
| Net cash provided by operating activities ⁽¹⁾ | \$ 462 | \$ (375) | +100% | \$ 2,374 | \$ 3,675 | (35.4)% | \$ 3,092 | \$ 2,693 | 14.8% | \$ 2,149 | \$ 1,872 | 14.8% | \$ 8,077 | \$ 7,865 | 2.7% |
| Currency | 751 | | | (612) | | | (202) | | | (346) | | | (409) | | |
| Net cash provided by operating activities, excluding currency | \$ (289) | \$ (375) | 22.9% | \$ 2,986 | \$ 3,675 | (18.7)% | \$ 3,294 | \$ 2,693 | 22.3% | \$ 2,495 | \$ 1,872 | 33.3% | \$ 8,486 | \$ 7,865 | 7.9% |

(1) Operating cash flow