



PHILIP MORRIS INTERNATIONAL

2016 First-Quarter Results

April 19, 2016



Introduction

- Unless otherwise stated, we will be talking about results for the first quarter of 2016 and comparing them to the same period in 2015
- A glossary of terms, data tables showing adjustments to net revenues and OCI for currency and acquisitions, asset impairment, exit and other costs, free cash flow calculations, adjustments to EPS, and reconciliations to U.S. GAAP measures, are at the end of today's webcast slides, which are also posted on our website
- Reduced-Risk Products ("RRPs") is the term the company uses to refer to products with the potential to reduce individual risk and population harm in comparison to smoking cigarettes. PMI's RRP's are in various stages of development and commercialization, and we are conducting extensive and rigorous scientific studies to determine whether we can support claims for such products of reduced exposure to harmful and potentially harmful constituents in smoke, and ultimately claims of reduced disease risk, when compared to smoking cigarettes. Before making any such claims, we will rigorously evaluate the full set of data from the relevant scientific studies to determine whether they substantiate reduced exposure or risk. Any such claims may also be subject to government review and authorization, as is the case in the U.S. today



Forward-Looking and Cautionary Statements

- This presentation and related discussion contain forward-looking statements. Achievement of projected results is subject to risks, uncertainties and inaccurate assumptions, and PMI is identifying important factors that, individually or in the aggregate, could cause actual results to differ materially from those contained in any forward-looking statements made by PMI
- PMI's business risks include: significant increases in cigarette-related taxes; the imposition of discriminatory excise tax structures; fluctuations in customer inventory levels due to increases in product taxes and prices; increasing marketing and regulatory restrictions, often with the goal of reducing or preventing the use of tobacco products; health concerns relating to the use of tobacco products and exposure to environmental tobacco smoke; litigation related to tobacco use; intense competition; the effects of global and individual country economic, regulatory and political developments; changes in adult smoker behavior; lost revenues as a result of counterfeiting, contraband and cross-border purchases; governmental investigations; unfavorable currency exchange rates and currency devaluations; adverse changes in applicable corporate tax laws; adverse changes in the cost and quality of tobacco and other agricultural products and raw materials; and the integrity of its information systems. PMI's future profitability may also be adversely affected should it be unsuccessful in its attempts to produce and commercialize products with the potential to reduce exposure to harmful constituents in smoke, individual risk and population harm; if it is unable to successfully introduce new products, promote brand equity, enter new markets or improve its margins through increased prices and productivity gains; if it is unable to expand its brand portfolio internally or through acquisitions and the development of strategic business relationships; or if it is unable to attract and retain the best global talent
- PMI is further subject to other risks detailed from time to time in its publicly filed documents, including the Form 10-K for the year ended December 31, 2015. PMI cautions that the foregoing list of important factors is not a complete discussion of all potential risks and uncertainties. PMI does not undertake to update any forward-looking statement that it may make from time to time, except in the normal course of its public disclosure obligations



Raising 2016 EPS Guidance for Currency Only

- Raising 2016 reported diluted EPS guidance to \$4.40 to \$4.50, at prevailing exchange rates, compared to \$4.42 in 2015; revision driven solely by currency
- Guidance now includes 45 cents of unfavorable currency at prevailing exchange rates (vs. 60 cents previously)
- Excluding currency, our guidance continues to represent a growth rate of approximately 10% to 12% compared to adjusted diluted EPS of \$4.42 in 2015
- Expect 2016 currency-neutral adjusted diluted EPS growth to be skewed towards H2, in particular Q4
- Guidance does not include any share repurchases



Currency Impact on PMI EPS Guidance

(\$ per share)

Currency Variance Impact on PMI EPS Guidance (vs. PY)

	February 2016 Guidance	April 2016 Guidance	April vs. February Guidance
Argentine Peso	(0.08)	(0.07)	0.01
Egyptian Pound	(0.03)	(0.04)	(0.01)
Euro	(0.02)	(0.01)	0.01
Indonesian Rupiah	(0.05)	(0.01)	0.04
Japanese Yen	(0.07)	—	0.07
Mexican Peso	(0.03)	(0.03)	—
Russian Ruble	(0.16)	(0.11)	0.05
Turkish Lira	(0.02)	(0.03)	(0.01)
Other	(0.14)	(0.15)	(0.01)
Total Currency Impact	(0.60)	(0.45)	0.15

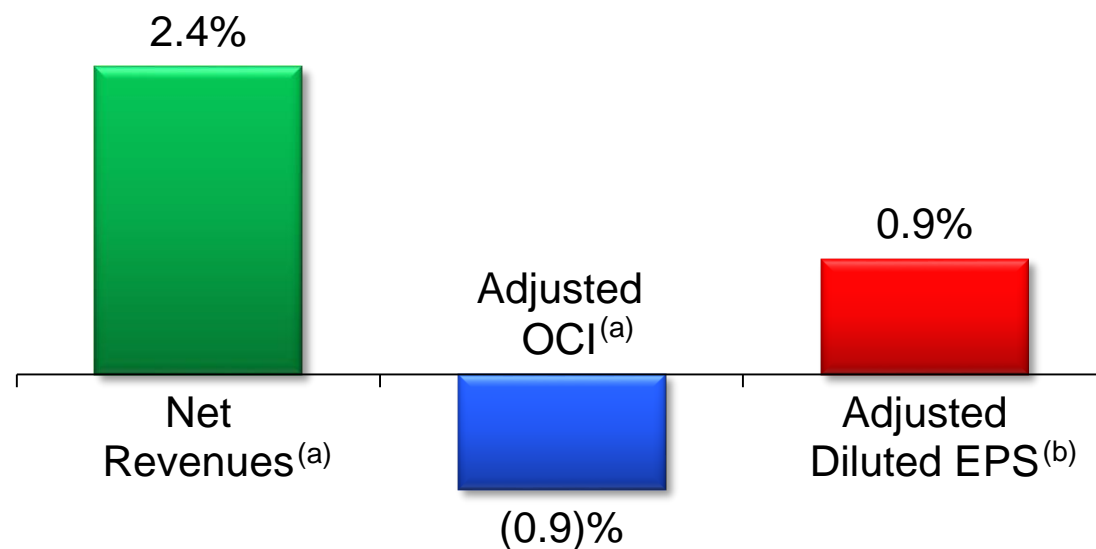
Q1, 2016: Strong Organic Volume Performance From Our Top-Seven International Cigarette Brands

- Difficult comparison vs. exceptionally strong results in Q1, 2015
- Organic cigarette volume down by 1.4%, due mainly to the Asia Region:
 - Indonesia, Pakistan and the Philippines
- Decline partly offset by organic volume growth in the EU and LA&C Regions, and the favorable estimated impact of the leap year
- Strong cigarette volume performance from our international brands:
 - Top seven brands grew volume
 - *Marlboro* and *Parliament* increased by 1.1% and 5.9%, respectively
- Forecast our 2016 organic cigarette volume to decline by 1.0% to 1.5%, and 2016 cigarette industry volume^(a) to decline by 2.0% to 2.5%



Q1, 2016: Financial Results Impacted by Difficult Comparisons

Variance (Q1, 2016 vs. PY)



9.1% ^(a)	16.3% ^(a)	23.5% ^(b)
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Q1, 2015 vs. PY

Adjusted OCI Variance vs. PY^(a)

	<u>Q1, 2016</u>	<u>Q1, 2015</u>
EU	3.6 %	12.9 %
EEMA	(6.5)	24.3
Asia	(10.0)	8.0
LA&C	38.3	35.1

(a) Excluding currency and acquisitions

(b) Excluding currency

Source: PMI Financials or estimates



Favorable Pricing Variance in Q1, 2016

- Pricing variance of \$272 million, driven by:
 - EU, EEMA and LA&C Regions
 - Slightly positive variance in the Asia Region, despite unfavorable comparison for Korea
- In Q1, 2016, we announced or implemented price increases in a wide range of markets, notably in Argentina, Australia, Brazil, Canada, Germany, Indonesia, the Netherlands, Poland, Russia, Saudi Arabia and Turkey
- Anticipate 2016 pricing variance to be around 6% of 2015 net revenues



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PMI and *Marlboro* Cigarette Market Shares in Q1, 2016

	PMI		<i>Marlboro</i>	
	<u>Q1, 2016</u>	<u>Var. vs. PY</u>	<u>Q1, 2016</u>	<u>Var. vs. PY</u>
EU	38.7%	0.6 pp	19.1%	0.4 pp
EEMA	25.0	(0.1)	6.6	(1.1)
Asia ^(a)	23.8	(1.0)	6.6	0.5
LA&C	39.3	1.1	15.9	1.2
Total PMI^{(a)(b)}	28.0	(0.2)	9.5	—

(a) Excluding China

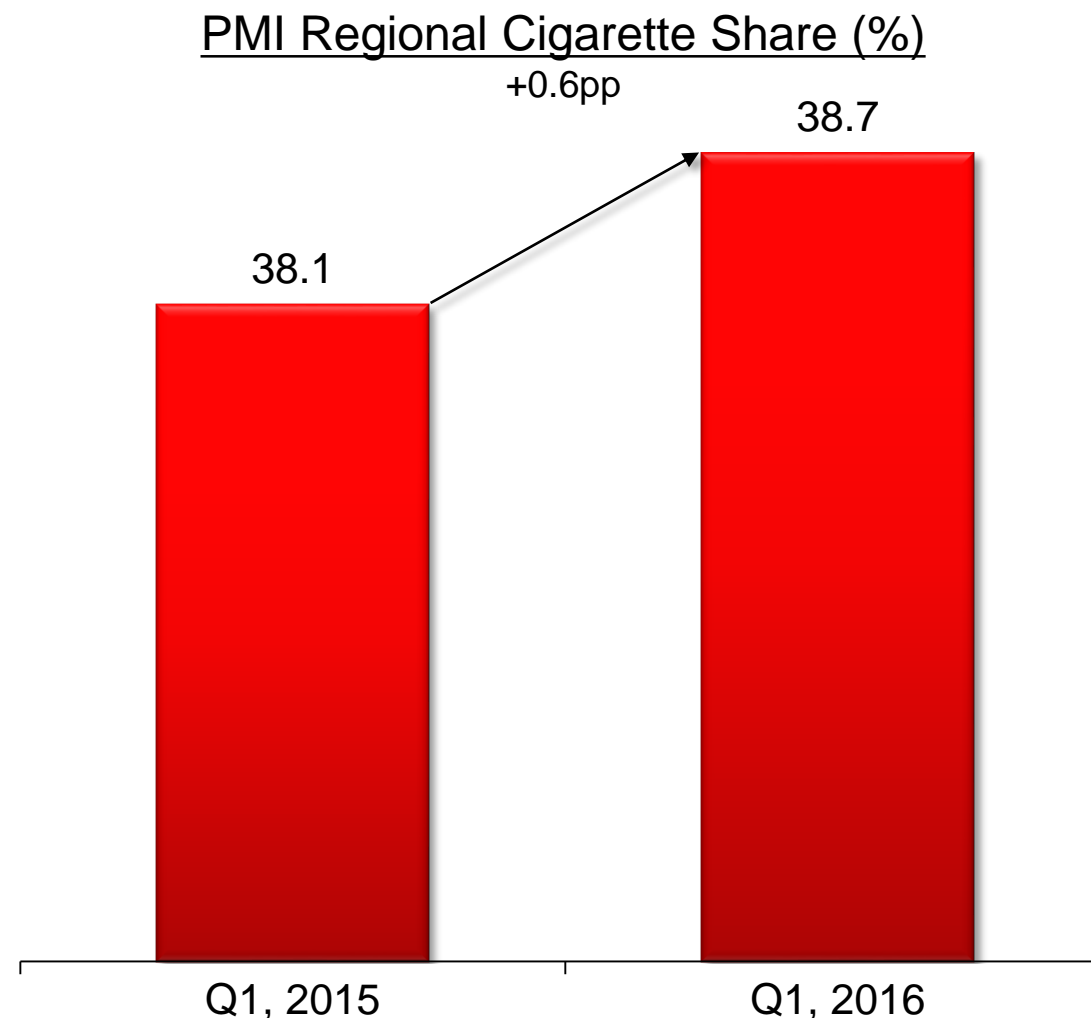
(b) Also excluding the U.S.

Source: PMI Financials or estimates



EU Region: Strong Performance Continued in Q1, 2016

- Cigarette industry volume up by 0.6%
- Continued cigarette share growth from the top-three selling industry brands in the Region:
 - *Marlboro* (+0.4pp to 19.1%)
 - *L&M* (+0.2pp to 7.0%)
 - *Chesterfield* (+0.2pp to 6.0%)



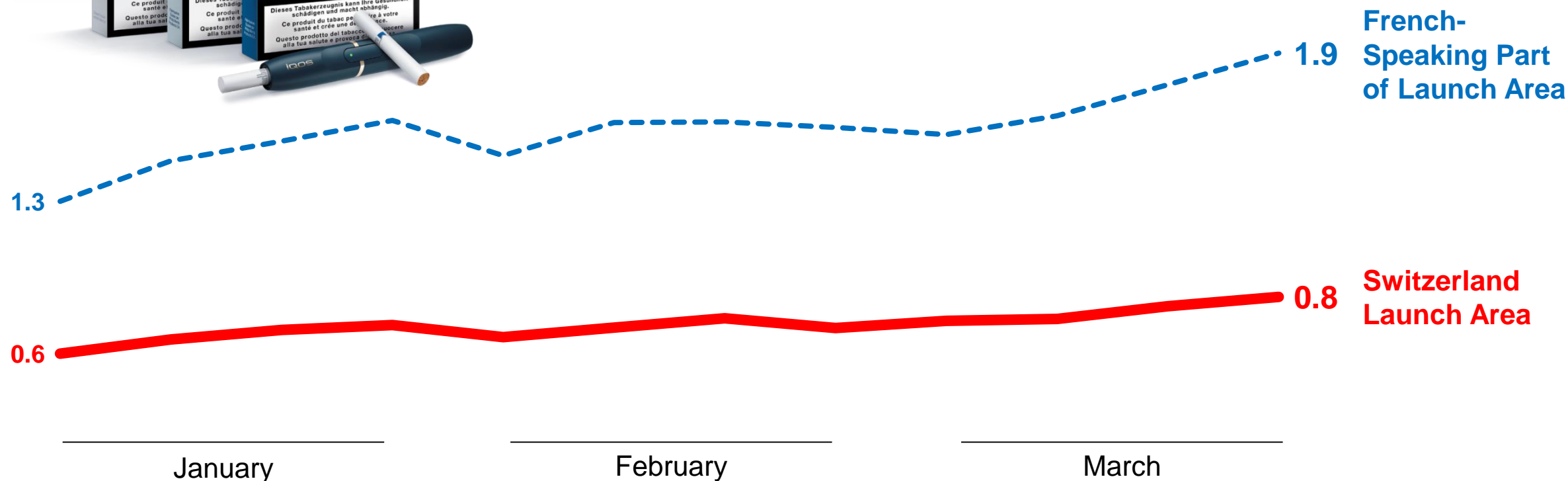


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EU Region: Commercialization of *iQOS* is Progressing Well



Switzerland: Weekly *HeatStick* Offtake Share (%)
(Q1, 2016)



Note: Reduced-Risk Products ("RRPs") is the term the company uses to refer to products with the potential to reduce individual risk and population harm in comparison to smoking cigarettes. Offtake share represents *HeatStick* sales volume as a percentage of the total estimated retail sales volume for cigarettes and *HeatSticks* in the six-city launch area (representing approximately one-third of total cigarette industry volume). Switzerland Launch Area: Basel, Bern, Geneva, Lausanne, Neuchâtel and Zurich. French-Speaking Part of Launch Area: Geneva, Lausanne and Neuchâtel
Source: PMI Financials or estimates

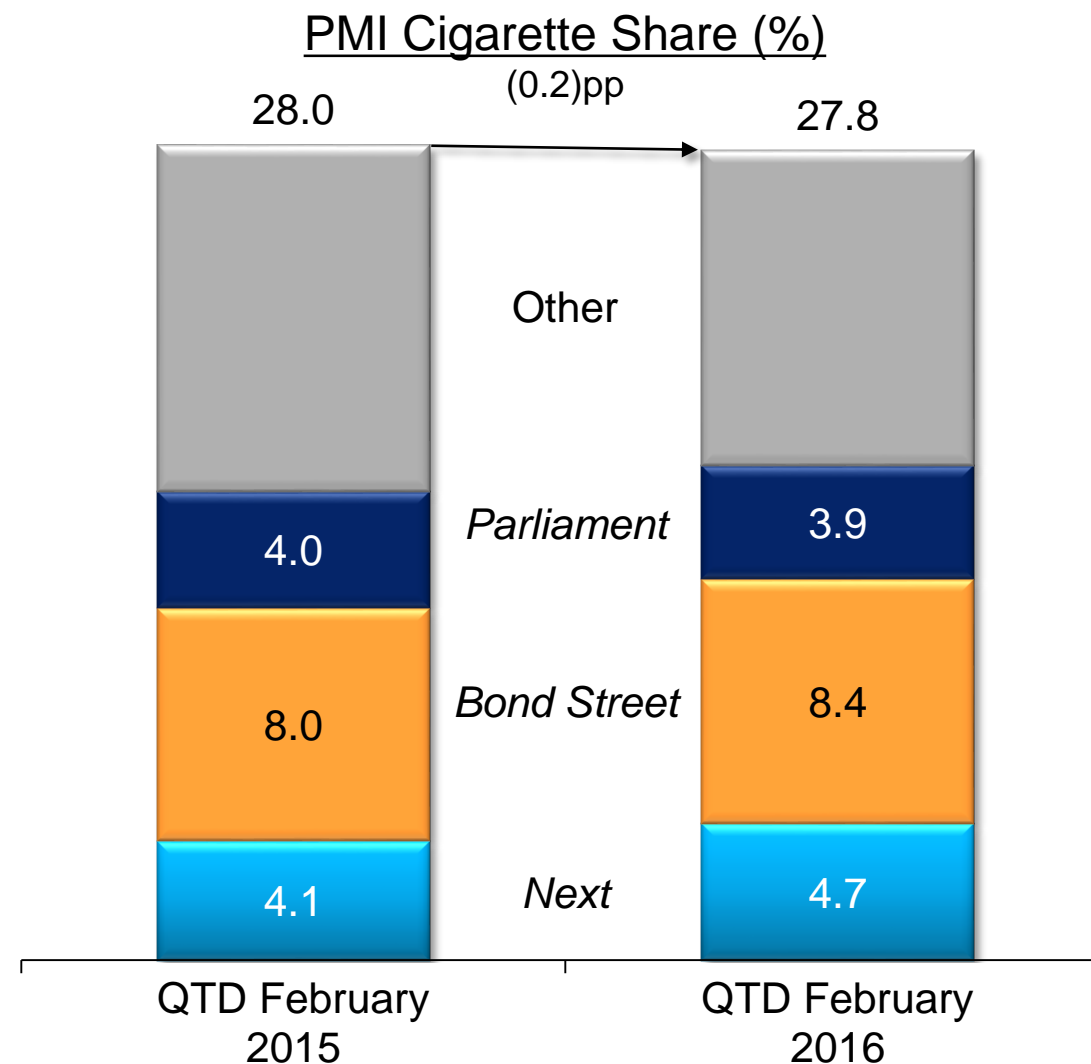


EEMA Region: Confident in the Full-Year 2016 Outlook

- Difficult Q1 comparison vs. exceptionally strong financial results in Q1, 2015
- Ukraine: very competitive pricing environment, though starting to improve
- Algeria: sizable excise tax-driven retail price increases over the past year putting pressure on *Marlboro* share; partly offset by strong performance of *L&M*
- Remain confident in the full-year 2016 outlook

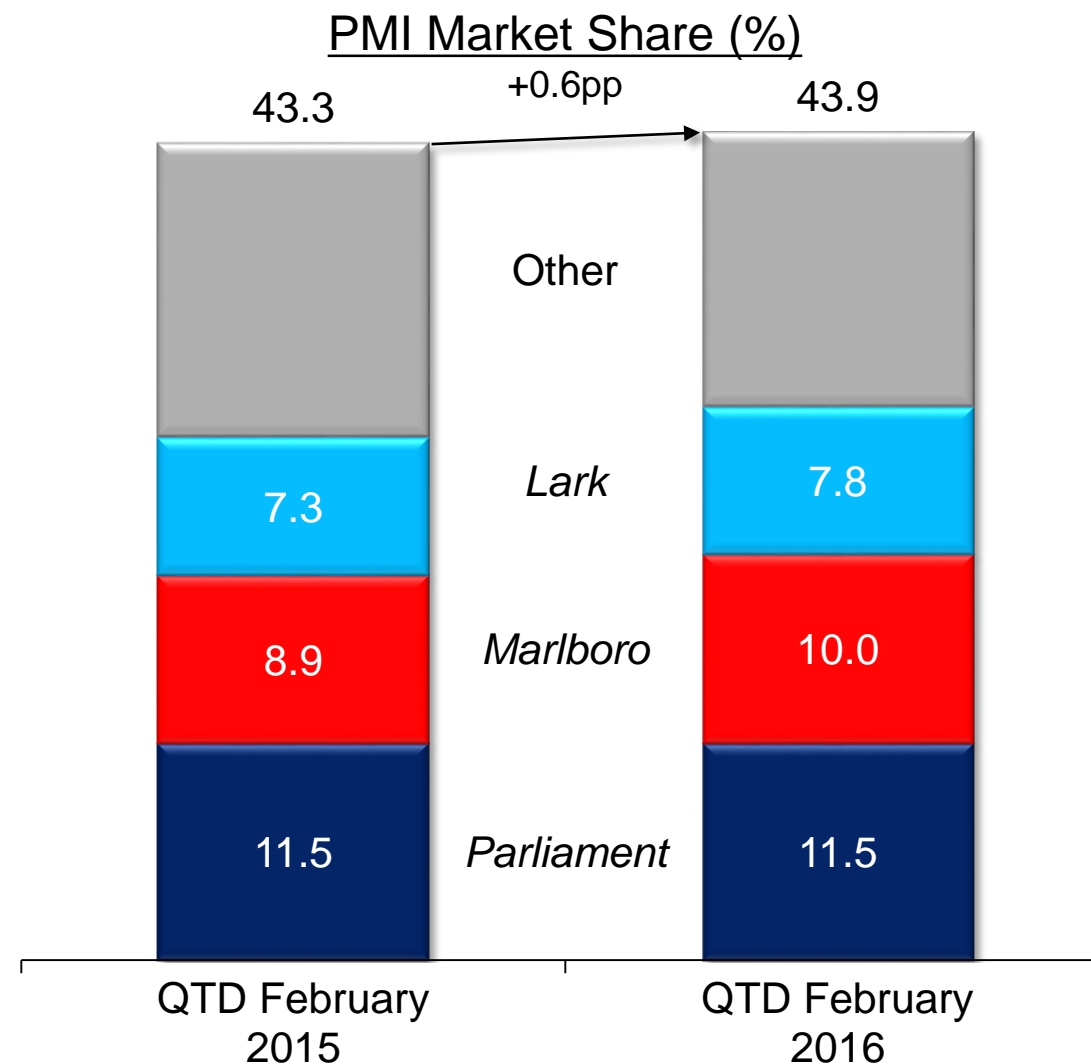
Russia: Resilient Cigarette Industry Volume

- Resilient cigarette industry volume, down by 6.0% in Q1, 2016
- Forecast 2016 cigarette industry volume decline of around 9%
- PMI share impacted mainly by timing of competitor price increases
- Solid double-digit OCI growth in Q1, 2016, ex-currency, driven by strong pricing. Target similar growth for the full year



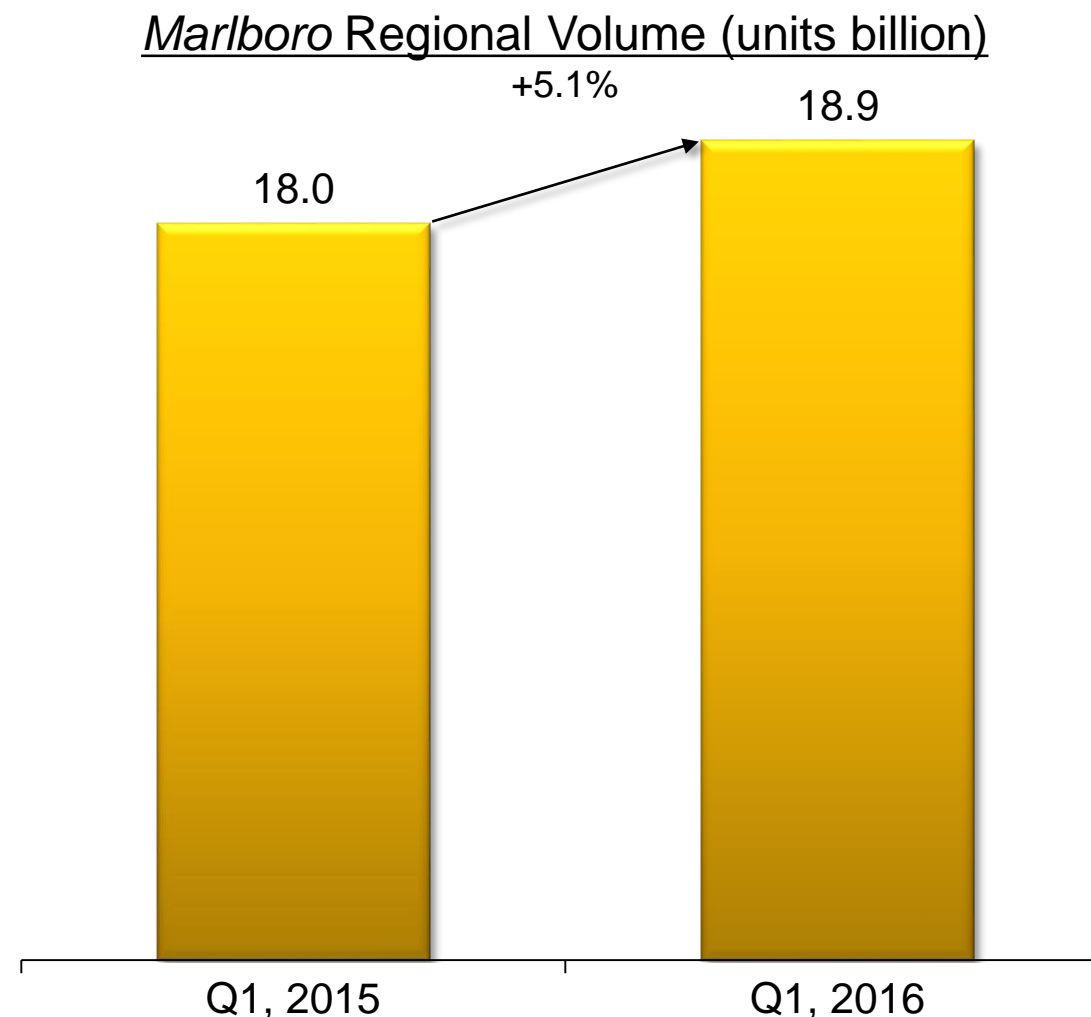
Turkey: Cigarette Industry Growth Supporting Strong Performance

- Cigarette industry volume up by 11.7% in Q1, 2016, driven mainly by a significant reduction in illicit trade
- Share growth driven by *Marlboro*
- Exceptional adjusted OCI growth in Q1, 2016, ex-currency, driven by:
 - January price increases
 - Higher cigarette volume



Asia Region: Q1, 2016 Performance Impacted by Korea

- Financial results impacted by Q1, 2015 gain in Korea
- *Marlboro* share up by 0.5 points^(a)
- Australia:
 - Super-low price segment showing signs of stabilization; recent price increases above excise tax pass-on
 - PMI share grew by 1.1 points to 36.4%, driven by *Bond Street* and *choice*
- Philippines:
 - Narrowed price gaps supporting our share growth of 1.4 points to 73.6%



(a) Excluding China

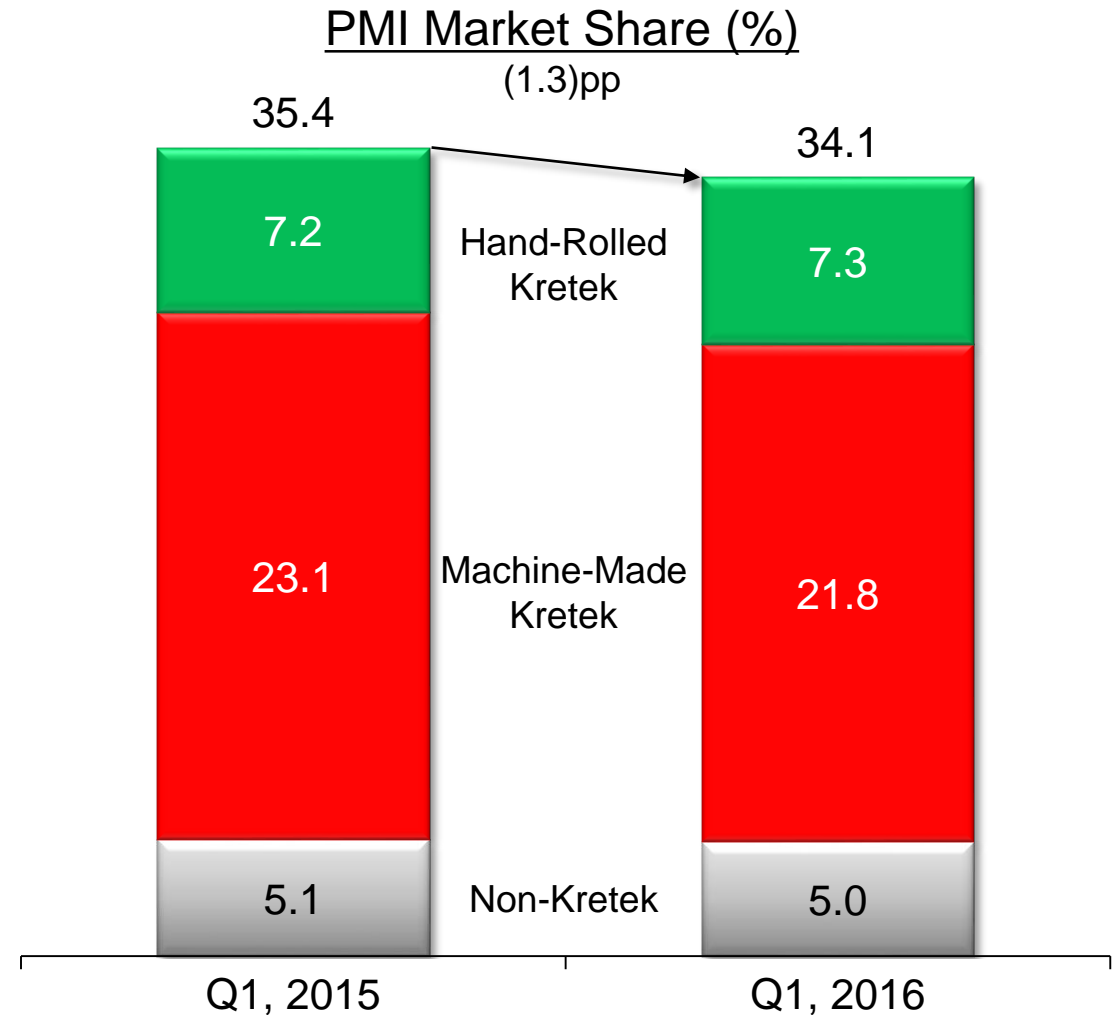
Source: PMI Financials or estimates, and InfoView Technologies Pty Ltd.

Indonesia: Despite Challenging Quarter, Target Double-Digit OCI Growth, Ex-Currency, for the Full-Year



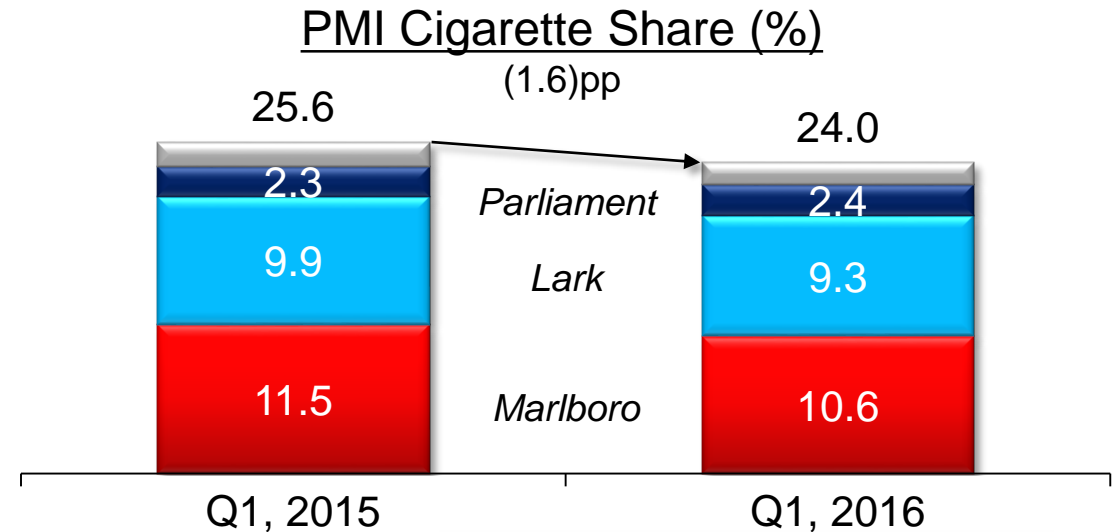
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- Cigarette industry volume declined by 5.9% in Q1, 2016
- PMI share under pressure in Q1, 2016:
 - Share loss in the machine-made kretek segment due to the growth of competitors' "plus-4 cigarette" offers
 - Partly offset by our favorable performance in the hand-rolled kretek segment
- Initiatives in place to restore share growth
- Forecast 2016 cigarette industry volume to decline by 1% to 2%
- Target double-digit OCI growth in 2016, ex-currency



Japan: Cigarette Market Share Under Pressure in Q1, 2016

- Cigarette industry volume up by 2.3%, and essentially flat excluding inventory movements^(a)
- PMI cigarette share impacted by:
 - Inventory movements
 - Competitors' offerings in the differentiated menthol taste segment
 - Cannibalization by *HeatSticks*
- National roll-out of *Parliament Crystal Blast* in March
- Submitted application to Ministry of Finance for approval to increase prices for nearly all *Lark* and some *Parliament* variants by JPY 10/pack effective August 1st



(a) Mainly related to estimated retail trade inventory movements and adult smoker purchases in Q1, 2016, ahead of price increases for select competitor brands effective April 1st

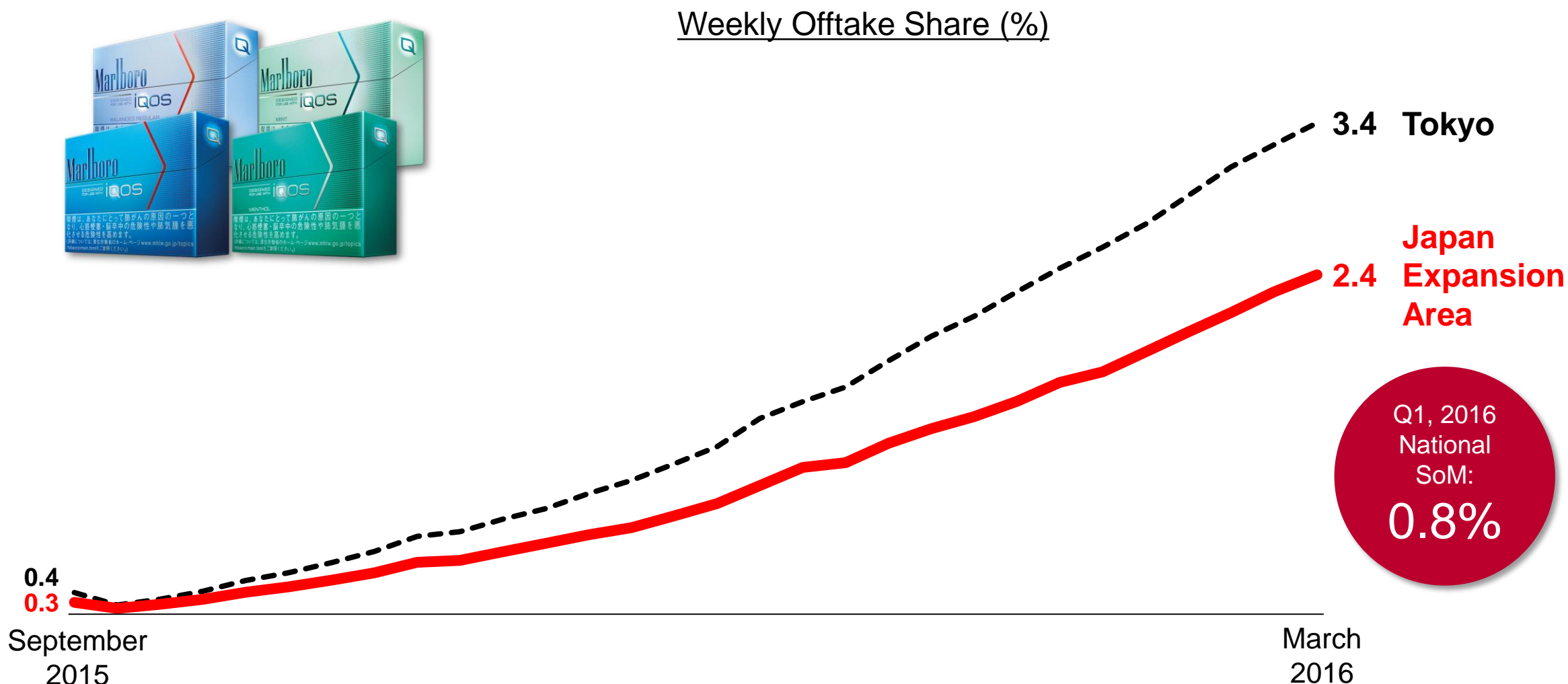
Note: Reduced-Risk Products ("RRPs") is the term the company uses to refer to products with the potential to reduce individual risk and population harm in comparison to smoking cigarettes

Source: PMI Financials or estimates, and Tobacco Institute of Japan



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Japan: *HeatStick* Offtake Share Growth Continues

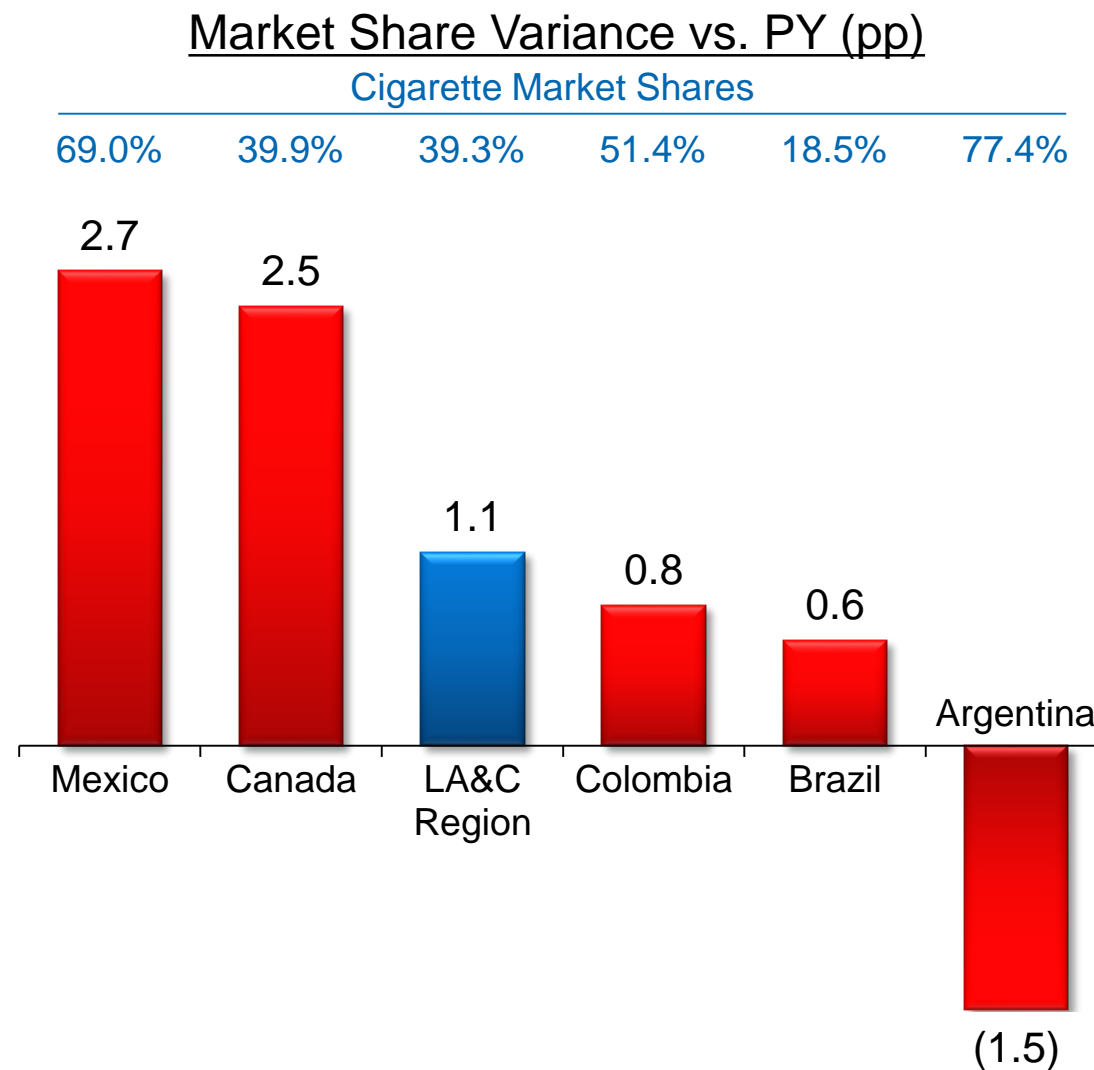


Note: Reduced-Risk Products ("RRPs") is the term the company uses to refer to products with the potential to reduce individual risk and population harm in comparison to smoking cigarettes. Offtake share represents select C-Store sales volume for *HeatSticks* as a percentage of the total estimated retail sales volume for cigarettes and *HeatSticks*.
Source: PMI Financials or estimates, and Tobacco Institute of Japan



LA&C Region: Strong Overall Performance in Q1, 2016

- PMI cigarette volume up by 2.4%, driven by Mexico, partially offset by Argentina
- Strong performance of *Marlboro*:
 - Share growth of 1.2 points to 15.9%
 - Volume up by 8.5%
- Impressive growth rates in net revenues and adjusted OCI, ex-currency, driven mainly by pricing in Argentina and Canada





Conclusion: Outlook for 2016 Remains Strong

- Q1, 2016 results in line with our expectations, reflecting a difficult comparison
- Underlying business fundamentals continue to be strong
- Exciting progress with *iQOS* commercialization, as demonstrated by the continued *HeatStick* offtake share growth in Japan
- Forecast 2016 free cash flow to be broadly in line with that of 2015
- Raising EPS guidance solely due to an improved currency environment. Ex-currency, our guidance continues to represent a growth rate of approximately 10% to 12% compared to adjusted diluted EPS of \$4.42 in 2015



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2016 First-Quarter Results

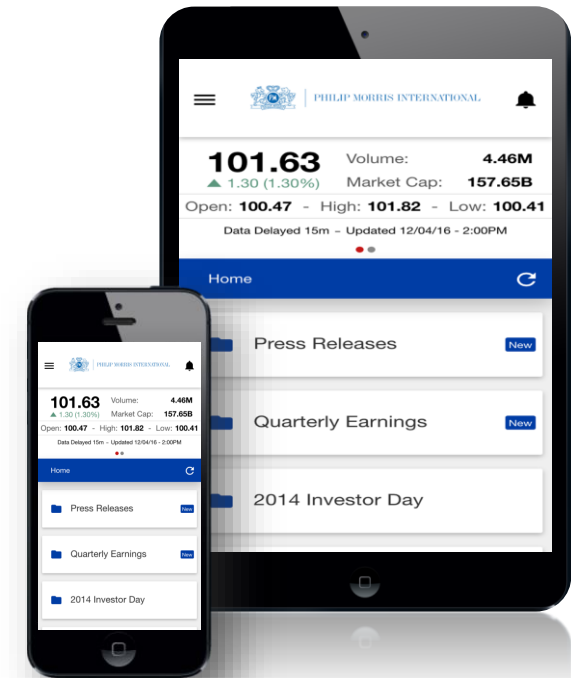
Questions & Answers

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Glossary and Reconciliation of Non-GAAP Measures



Glossary: General Terms

- PMI stands for Philip Morris International Inc. and its subsidiaries
- Until March 28, 2008, PMI was a wholly owned subsidiary of Altria Group, Inc. ("Altria"). Since that time the company has been independent and is listed on the New York Stock Exchange (ticker symbol "PM")
- Unless otherwise stated, results are compared to those of the same period in the preceding year
- PMI volumes refer to PMI cigarette shipment data, unless otherwise stated
- Organic volume refers to volume excluding acquisitions
- References to total international cigarette market, defined as worldwide cigarette volume excluding the U.S., total cigarette market, total market and market shares are PMI tax-paid estimates based on the latest available data from a number of internal and external sources and may, in defined instances, exclude China and/or PMI's duty free business
- Trademarks are italicized



Glossary: Financial Terms

- Net revenues exclude excise taxes
- Operating Companies Income, or "OCI", is defined as operating income, excluding general corporate expenses and the amortization of intangibles, plus equity (income) or loss in unconsolidated subsidiaries, net
- Adjusted OCI is defined as reported OCI adjusted for asset impairment, exit and other costs
- OCI growth rates are on an adjusted basis
- EPS stands for Earnings per Share
- Free cash flow is defined as net cash provided by operating activities less capital expenditures



Glossary: Industry/Market Terms

- EEMA refers to the Eastern Europe, Middle East & Africa Region and includes our international duty free business
- EU refers to the European Union Region
- LA&C refers to the Latin America & Canada Region
- SoM stands for Share of Market



Glossary: Reduced-Risk Products

- An e-vapor product is an electrical product that generates an aerosol by heating a nicotine or non-nicotine containing liquid, such as electronic cigarettes (or "e-cigarettes")
- *HeatStick* tobacco sticks are novel patented tobacco products specifically designed by PMI for use with PMI's *iQOS* system. The tobacco in the *HeatStick* is heated by our *iQOS* technology to provide adult smokers with real tobacco taste and satisfaction without combustion
- *iQOS* is the new brand name under which PMI has chosen to commercialize its Platform 1 controlled heating device
- "Converted *iQOS* Users" means the estimated number of Legal Age (minimum 18-year-old) *iQOS* users that used *HeatSticks* for 95% or more of their daily tobacco consumption over the past seven days
- "Predominant *iQOS* Users" means the estimated number of Legal Age (minimum 18-year-old) *iQOS* users that used *HeatSticks* for between 70% and 94.9% of their daily tobacco consumption over the past seven days
- Reduced-Risk Products ("RRPs") is the term the company uses to refer to products with the potential to reduce individual risk and population harm in comparison to smoking cigarettes. PMI's RRP's are in various stages of development and commercialization, and we are conducting extensive and rigorous scientific studies to determine whether we can support claims for such products of reduced exposure to harmful and potentially harmful constituents in smoke, and ultimately claims of reduced disease risk, when compared to smoking cigarettes. Before making any such claims, we will rigorously evaluate the full set of data from the relevant scientific studies to determine whether they substantiate reduced exposure or risk. Any such claims may also be subject to government review and authorization, as is the case in the U.S. today

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Reconciliation of Non-GAAP Measures

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

	2015
Reported Diluted EPS	\$ 4.42
Adjustments:	
Asset impairment and exit costs	0.03
Tax items	(0.03)
Adjusted Diluted EPS	\$ 4.42

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Reconciliation of Non-GAAP Measures



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

2016							2015					% Change in Reported Net Revenues excluding Excise Taxes		
Reported Net Revenues	Less Excise Taxes	Reported Net Revenues excluding Excise Taxes	Less Currency	Reported Net Revenues excluding Excise Taxes & Currency	Less Acquisi- tions	Reported Net Revenues excluding Excise Taxes, Currency & Acquisitions		Reported Net Revenues	Less Excise Taxes	Reported Net Revenues excluding Excise Taxes		Reported	Reported excluding Currency	Reported excluding Currency & Acquisitions
\$ 6,143	\$ 4,280	\$ 1,863	\$ (155)	\$ 2,018	\$ -	\$ 2,018	European Union	\$ 6,222	\$ 4,271	\$ 1,951		(4.5)%	3.4%	3.4%
3,997	2,395	1,602	(203)	1,805	-	1,805	EEMA	4,147	2,363	1,784		(10.2)%	1.2%	1.2%
4,689	2,721	1,968	(150)	2,118	-	2,118	Asia	4,764	2,609	2,155		(8.7)%	(1.7)%	(1.7)%
1,959	1,309	650	(183)	833	-	833	Latin America & Canada	2,219	1,493	726		(10.5)%	14.7%	14.7%
\$ 16,788	\$ 10,705	\$ 6,083	\$ (691)	\$ 6,774	\$ -	\$ 6,774	PMI Total	\$ 17,352	\$ 10,736	\$ 6,616		(8.1)%	2.4%	2.4%

2016							2015					% Change in Reported Operating Companies Income		
Reported Operating Companies Income		Less Currency	Reported Operating Companies Income excluding Currency	Less Acquisi- tions	Reported Operating Companies Income excluding Currency & Acquisitions			Reported Operating Companies Income		Reported Operating Companies Income		Reported	Reported excluding Currency	Reported excluding Currency & Acquisitions
\$ 906		\$ (54)	\$ 960	\$ -	\$ 960	European Union		\$ 927		(2.3)%		3.6%		3.6%
633		(177)	810	-	810	EEMA		866		(26.9)%		(6.5)%		(6.5)%
778		(63)	841	-	841	Asia		934		(16.7)%		(10.0)%		(10.0)%
229		(89)	318	-	318	Latin America & Canada		230		(0.4)%		38.3%		38.3%
\$ 2,546		\$ (383)	\$ 2,929	\$ -	\$ 2,929	PMI Total		\$ 2,957		(13.9)%		(0.9)%		(0.9)%

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Reconciliation of Non-GAAP Measures



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Reconciliation of Reported Operating Companies Income to Adjusted Operating Companies Income &
Reconciliation of Adjusted Operating Companies Income Margin, excluding Currency and Acquisitions
For the Quarters Ended March 31,
(\$ in millions)
(Unaudited)

2016							2015							% Change in Adjusted Operating Companies Income		
Reported Operating Companies Income	Less Asset Impairment & Exit Costs	Adjusted Operating Companies Income	Less Currency	Adjusted Operating Companies Income excluding Currency	Less Acquisitions	Adjusted Operating Companies Income excluding Currency & Acquisitions		Reported Operating Companies Income	Less Asset Impairment & Exit Costs	Adjusted Operating Companies Income	Adjusted	Adjusted excluding Currency	Adjusted excluding Currency & Acquisitions			
\$ 906	\$ -	\$ 906	\$ (54)	\$ 960	\$ -	\$ 960	European Union	\$ 927	\$ -	\$ 927	(2.3)%	3.6%	3.6%			
633	-	633	(177)	810	-	810	EEMA	866	-	866	(26.9)%	(6.5)%	(6.5)%			
778	-	778	(63)	841	-	841	Asia	934	-	934	(16.7)%	(10.0)%	(10.0)%			
229	-	229	(89)	318	-	318	Latin America & Canada	230	-	230	(0.4)%	38.3%	38.3%			
\$ 2,546	\$ -	\$ 2,546	\$ (383)	\$ 2,929	\$ -	\$ 2,929	PMI Total	\$ 2,957	\$ -	\$ 2,957	(13.9)%	(0.9)%	(0.9)%			

2016							2015							% Points Change		
Adjusted Operating Companies Income excluding Currency	Net Revenues excluding Excise Taxes & Currency ^(a)	Adjusted Operating Companies Income Margin excluding Currency	Adjusted Operating Companies Income excluding Currency & Acquisitions	Net Revenues excluding Excise Taxes, Currency & Acquisitions ^(a)	Adjusted Operating Companies Income Margin excluding Currency & Acquisitions		Adjusted Operating Companies Income	Net Revenues excluding Excise Taxes ^(a)	Adjusted Operating Companies Income Margin	Adjusted Operating Companies Income Margin excluding Currency	Adjusted Operating Companies Income Margin excluding Currency & Acquisitions					
\$ 960	\$ 2,018	47.6%	\$ 960	\$ 2,018	47.6%	European Union	\$ 927	\$ 1,951	47.5%		0.1	0.1				
810	1,805	44.9%	810	1,805	44.9%	EEMA	866	1,784	48.5%		(3.6)	(3.6)				
841	2,118	39.7%	841	2,118	39.7%	Asia	934	2,155	43.3%		(3.6)	(3.6)				
318	833	38.2%	318	833	38.2%	Latin America & Canada	230	726	31.7%		6.5	6.5				
\$ 2,929	\$ 6,774	43.2%	\$ 2,929	\$ 6,774	43.2%	PMI Total	\$ 2,957	\$ 6,616	44.7%		(1.5)	(1.5)				

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

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Reconciliation of Non-GAAP Measures

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

	<u>2016</u>	<u>2015</u>	<u>% Change</u>
Reported Diluted EPS	\$ 0.98	\$ 1.16	(15.5)%
Adjustments:			
Asset impairment and exit costs	-	-	
Tax items	-	-	
Adjusted Diluted EPS	\$ 0.98	\$ 1.16	(15.5)%
Less:			
Currency impact	(0.19)		
Adjusted Diluted EPS, excluding Currency	\$ 1.17	\$ 1.16	0.9%

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Reconciliation of Non-GAAP Measures

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

	<u>2016</u>	<u>2015</u>	<u>% Change</u>
Reported Diluted EPS	\$ 0.98	\$ 1.16	(15.5)%
Less:			
Currency impact	<u>(0.19)</u>	<u></u>	
Reported Diluted EPS, excluding Currency	<u>\$ 1.17</u>	<u>\$ 1.16</u>	0.9%

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Reconciliation of Non-GAAP Measures



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

2015								2014			% Change in Reported Net Revenues excluding Excise Taxes		
Reported Net Revenues	Less Excise Taxes	Reported Net Revenues excluding Excise Taxes	Less Currency	Reported Net Revenues excluding Excise Taxes & Currency	Less Acquisi- tions	Reported Net Revenues excluding Excise Taxes, Currency & Acquisitions		Reported Net Revenues	Less Excise Taxes	Reported Net Revenues excluding Excise Taxes	Reported	Reported excluding Currency	Reported excluding Currency & Acquisitions
\$ 6,222	\$ 4,271	\$ 1,951	\$ (287)	\$ 2,238	\$ 7	\$ 2,231	European Union	\$ 6,915	\$ 4,839	\$ 2,076	(6.0)%	7.8%	7.5%
4,147	2,363	1,784	(436)	2,220	-	2,220	EEMA	4,266	2,320	1,946	(8.3)%	14.1%	14.1%
4,764	2,609	2,155	(128)	2,283	-	2,283	Asia	4,475	2,293	2,182	(1.2)%	4.6%	4.6%
2,219	1,493	726	(88)	814	1	813	Latin America & Canada	2,123	1,410	713	1.8%	14.2%	14.0%
\$ 17,352	\$ 10,736	\$ 6,616	\$ (939)	\$ 7,555	\$ 8	\$ 7,547	PMI Total	\$ 17,779	\$ 10,862	\$ 6,917	(4.4)%	9.2%	9.1%

2015								2014			% Change in Reported Operating Companies Income		
Reported Operating Companies Income		Less Currency	Reported Operating Companies Income excluding Currency	Less Acquisi- tions	Reported Operating Companies Income excluding Currency & Acquisitions			Reported Operating Companies Income		Reported Operating Companies Income	Reported	Reported excluding Currency	Reported excluding Currency & Acquisitions
\$ 927		\$ (194)	\$ 1,121	\$ -	\$ 1,121	European Union		\$ 993			(6.6)%	12.9%	12.9%
866		(268)	1,134	-	1,134	EEMA		912			(5.0)%	24.3%	24.3%
934		(79)	1,013	-	1,013	Asia		915			2.1%	10.7%	10.7%
230		(44)	274	1	273	Latin America & Canada		202			13.9%	35.6%	35.1%
\$ 2,957		\$ (585)	\$ 3,542	\$ 1	\$ 3,541	PMI Total		\$ 3,022			(2.2)%	17.2%	17.2%

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures



PHILIP MORRIS
INTERNATIONAL

Reconciliation of Reported Operating Companies Income to Adjusted Operating Companies Income &
Reconciliation of Adjusted Operating Companies Income Margin, excluding Currency and Acquisitions
For the Quarters Ended March 31,
(\$ in millions)
(Unaudited)

2015							2014			% Change in Adjusted Operating Companies Income			
Reported Operating Companies Income	Less Asset Impairment & Exit Costs	Adjusted Operating Companies Income	Less Currency	Adjusted Operating Companies Income excluding Currency	Less Acquisitions	Adjusted Operating Companies Income excluding Currency & Acquisitions		Reported Operating Companies Income	Less Asset Impairment & Exit Costs	Adjusted Operating Companies Income	Adjusted	Adjusted excluding Currency	Adjusted excluding Currency & Acquisitions
\$ 927	\$ -	\$ 927	\$ (194)	\$ 1,121	\$ -	\$ 1,121	European Union	\$ 993	\$ -	\$ 993	(6.6)%	12.9%	12.9%
866	-	866	(268)	1,134	-	1,134	EEMA	912	-	912	(5.0)%	24.3%	24.3%
934	-	934	(79)	1,013	-	1,013	Asia	915	(23)	938	(0.4)%	8.0%	8.0%
230	-	230	(44)	274	1	273	Latin America & Canada	202	-	202	13.9%	35.6%	35.1%
\$ 2,957	\$ -	\$ 2,957	\$ (585)	\$ 3,542	\$ 1	\$ 3,541	PMI Total	\$ 3,022	\$ (23)	\$ 3,045	(2.9)%	16.3%	16.3%

2015							2014			% Points Change	
Adjusted Operating Companies Income excluding Currency	Net Revenues excluding Excise Taxes & Currency ^(a)	Adjusted Operating Companies Income Margin excluding Currency	Adjusted Operating Companies Income excluding Currency & Acquisitions	Net Revenues excluding Excise Taxes, Currency & Acquisitions ^(a)	Adjusted Operating Companies Income Margin excluding Currency & Acquisitions		Adjusted Operating Companies Income	Net Revenues excluding Excise Taxes ^(a)	Adjusted Operating Companies Income Margin	Adjusted Operating Companies Income Margin excluding Currency	Adjusted Operating Companies Income Margin excluding Currency & Acquisitions
\$ 1,121	\$ 2,238	50.1%	\$ 1,121	\$ 2,231	50.2%	European Union	\$ 993	\$ 2,076	47.8%	2.3	2.4
1,134	2,220	51.1%	1,134	2,220	51.1%	EEMA	912	1,946	46.9%	4.2	4.2
1,013	2,283	44.4%	1,013	2,283	44.4%	Asia	938	2,182	43.0%	1.4	1.4
274	814	33.7%	273	813	33.6%	Latin America & Canada	202	713	28.3%	5.4	5.3
\$ 3,542	\$ 7,555	46.9%	\$ 3,541	\$ 7,547	46.9%	PMI Total	\$ 3,045	\$ 6,917	44.0%	2.9	2.9

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

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures

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

	<u>2015</u>	<u>2014</u>	<u>% Change</u>
Reported Diluted EPS	\$ 1.16	\$ 1.18	(1.7)%
Adjustments:			
Asset impairment and exit costs	-	0.01	
Tax items	-	-	
Adjusted Diluted EPS	\$ 1.16	\$ 1.19	(2.5)%
Less:			
Currency impact	(0.31)		
Adjusted Diluted EPS, excluding Currency	\$ 1.47	\$ 1.19	23.5%

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures



PHILIP MORRIS
INTERNATIONAL

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

	For the Quarters Ended March 31,		
	2016	2015	% Change
Net cash provided by operating activities^(a)	\$ 462	\$ (375)	+100.0%
Less:			
Capital expenditures	226	203	
Free cash flow	\$ 236	\$ (578)	+100.0%
Less:			
Currency impact	785		
Free cash flow, excluding currency	\$ (549)	\$ (578)	5.0%

	For the Quarters Ended March 31,		
	2016	2015	% Change
Net cash provided by operating activities^(a)	\$ 462	\$ (375)	+100.0%
Less:			
Currency impact	751		
Net cash provided by operating activities, excluding currency	\$ (289)	\$ (375)	22.9%

(a) Operating Cash Flow



PHILIP MORRIS INTERNATIONAL

2016 First-Quarter Results

April 19, 2016